

City of Albany

For the Fiscal Year Ended June 30, 2008

*Comprehensive
Annual
Financial
Report*



CITY OF ALBANY, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Prepared by:
Department of Finance and Administrative Services

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CITY OF ALBANY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
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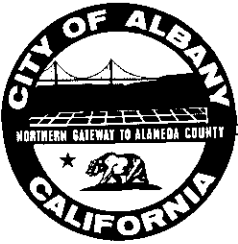
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City of Albany

405 KAINS AVENUE • ALBANY, CALIFORNIA 94706

December 15, 2008

Honorable Mayor and
Members of the City Council
City of Albany, California

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- Friendship Club/
Childcare Program
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- Senior Center
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- Teen Center
PH. (510) 525-0576

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Albany for the fiscal year ended June 30, 2008. This report consists of management's representations concerning the finances of the City of Albany. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Albany has established a comprehensive internal control framework that is designed to both protect the City's assets from loss, theft, or misuse, and to compile reliable information for the preparation of the City of Albany's financial statements, in conformity with United States generally accepted accounting principles (GAAP).

The cost of internal controls should not outweigh their benefits; therefore, the City of Albany's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Caporicci & Larson, a firm of licensed certified public accountants, has audited the accompanying City of Albany's financial statements. The goal of their independent audit was to provide reasonable assurance that the financial statements of the City of Albany, for the fiscal year ended June 30, 2008, are free of material misstatement. Their independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon their audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Albany's financial statements for the fiscal year ended June 30, 2008 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report

The engagement for this independent audit of the financial statements of the City of Albany includes performance of a "Single Audit" designed to meet the special needs of federal grantor agencies. However, the City's expenditures of federal funds for the year ended June 30, 2008 were below the level for which a separate "Single Audit" is required by federal guidelines.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Albany's MD&A can be found immediately following the report of the independent auditors.

The City of Albany is dedicated to maintaining its small town ambience, responding to the needs of the community, and providing a safe, healthy environment now and in the future.



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AWARDS

The City of Albany's CAFR for the year ended June 30, 2007 was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). This was the fifteenth consecutive year that the City has received this prestigious award that is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and acceptable legal requirements.

The GFOA certificate is valid for a period of one year only. We believe that our current CAFR continues to meet the certificate award requirements, and we shall submit it to the GFOA for review and consideration for award.

PROFILE OF THE CITY

The City lies in the northwestern corner of Alameda County, bordered by the cities of El Cerrito and Richmond on the north and the City of Berkeley on the east and south sides. The most distinguishing geographical feature in the city is Albany Hill, which anchors the northwest corner of the city. The City was incorporated in 1908 as the City of Ocean View, but the name was changed to Albany in 1909. In 1927 the City adopted its first charter, giving the City full control over its own affairs as long as there is no conflict with state or federal laws.

The City is governed by a five-member City Council who annually elects a council member to serve as Mayor. Council members serve four year staggered terms. Other elected officials are the City Treasurer and the City Attorney. A City Administrator is appointed by the Council to carryout the policies and ordinances of the Council and to supervise the daily activities of City employees.

The City provides a full range of services including police and fire protection, paramedic service, street and sewer maintenance, recreational activities and cultural events. A public library is operated by the County of Alameda, in facilities provided by the City.

The 2000 Census reported the following demographic information for the City:

❖ Population	16,444	
❖ Race		
○ White	9,461	57.6%
○ Asian	4,094	24.9%
○ Hispanic (any race)	1,312	8.0%
○ African American	644	3.9%
○ Other	153	.9%
○ Two or more races	780	4.7%
❖ Sex	Male 46.6%, Female 53.4%	
❖ Age		
○ Under 5 years		6.0%
○ 5 to 17 years		16.8%
○ 18 to 64 years		66.1%
○ 65 years and over		11.1%
❖ Housing Occupancy		
○ Occupied housing units	7,011	
○ Owner occupied	3,550	50.6%
○ Renter occupied	3,461	49.4%
❖ Highest Education (25 years and over)		
○ High school graduate		10.9%
○ Bachelor's degree		30.0%
○ Graduate or professional degree		34.0%

The estimated population of the City at January 1, 2008 was 16,887.

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

The City of Albany maintains its financial records and prepares financial statements in accordance with generally accepted accounting principles applicable to governmental entities. The general ledger accounts of the City are organized on the basis of funds with each fund considered an individual accounting entity. The funds are categorized into three major fund types: Governmental, Proprietary and Fiduciary.

A biannual operating budget and a capital improvement program budget are adopted by the City Council prior to the beginning of the fiscal year, with budget reviews and revisions occurring within the fiscal year when necessary. The City Council may amend the budget through resolution or minute action throughout the fiscal year. In addition, the City Administrator and the Finance & Administrative Services Director may approve intrafund and interfund line-item transfers throughout the year, provided that the interfund transfer does not exceed the total initial appropriation. Operating appropriations not expended within the fiscal year are not carried over to the following fiscal year. Capital improvement program funds not expended within the fiscal year are carried forward each fiscal year until the project is completed or terminated.

Internal accounting controls that have been previously developed and implemented, as well as any new controls adopted during the year, are reviewed annually, to ensure that they provide for reasonable safeguarding of assets and reliability of financial records. To the extent feasible, the City maintains separation of duties so that no individual has access to both the City's assets and the City's accounting records. Additional accounting and administrative controls in place include dual custody check writer keys, serial numbered purchase orders, protected check stock, fund transfer restrictions, monthly bank account reconciliation, review of payroll registers, and restricted access to computer programs and files.

REPORTING ENTITY

As of June 30, 2008, four separate legal entities exist, which are controlled by or dependent upon the City of Albany. These entities are:

- ❖ ***The City of Albany Police and Fire Relief or Pension Plan*** is a separate legal trust established to provide pension benefits for eligible City employees. The Trust's governing board is comprised of the Mayor or designee, City Treasurer, City Clerk, Fire and Police representatives and appointed alternates. All accounting and administrative functions are performed by the City and the financial activities of the Trust are included in the accompanying financial statements as the Police and Fire Pension Trust Fund.
- ❖ ***The City of Albany Public Facilities Financing Authority*** was established to facilitate financing, by the City, of the acquisition of real property and improvements for the benefit of the community. The Authority's board is comprised of the City Council, all accounting and administrative functions are performed by City staff, and the Authority is financially dependent upon the City. The financial activities of the Authority are included in the accompanying financial statements in the Public Facilities Financing Authority Debt Service Fund.
- ❖ ***The Albany Community Reinvestment Agency*** was formed to promote economic development and redevelopment within the City. The redevelopment project area was formed in 1997 along the Cleveland Avenue/Eastshore Highway. The Agency is a component unit of the City and its financial activities have been included within the financial statements of the City.
- ❖ ***The Albany Municipal Services Joint Powers Authority (JPA)*** was established by the City of Albany and the Albany Community Reinvestment Agency to employ management employees of the City that are not members of an organized bargaining unit. Members of the Albany City Council serve on the governing board of the JPA, and all expenses of the JPA are reimbursed by the City of Albany.

GENERAL GOVERNMENT FUNCTIONS

The City Council and staff management have established as a citywide objective, quick and efficient response to the needs of the citizens of Albany. Local government functions are performed by the nine departments listed below:

- City Administrator
- City Clerk
- City Treasurer
- City Attorney
- Finance & Administrative Services
- Police
- Fire & Emergency Medical Services (EMS)
- Recreation & Community Services
- Community Development

The functions of each department and major accomplishments, within the last year follow:

City Administrator

The City Administrator advises and makes recommendations to the City Council concerning conditions or situations that require Council direction or policy determination. It is the responsibility of the City Administrator to implement the policies of the Council. In conjunction with the Finance and Administrative Services Director, the City Administrator prepares the recommended operating and capital improvement program budgets for Council consideration and adoption.

The City Administrator serves as the Municipal Employee Relations Officer, the City's Risk Manager, and as the Executive Director of the Albany Public Facilities Financing Authority and the Albany Community Reinvestment Agency. Personnel administration, city economic development activities, franchise agreement administration, and public information programs are all under the direct supervision of the City Administrator who is assisted by three staff members.

Staff accomplishments during this last year include planning and coordinating the temporary relocation of City Hall, Police, and Fire services due to commencement of the Civic Center retrofit project; launching of the City Centennial year; new City website; shop local campaign; initiation of economic development consultation; partnership with another city to prepare grant-funded carbon emissions reduction plan; continued sewer, paving, and creek restoration work; and completion of three park renovation projects.

City Clerk

The City Clerk is the custodian of the official records of the City. The City Clerk prepares the agenda packet for City Council meetings, records official minutes of Council proceedings, and prepares and distributes the official documents for actions taken by the City Council. In addition, the City Clerk maintains the legislative history, certifies copies of official documents, receives and opens bid documents, publishes legal notices, administers oaths, receives claims and lawsuits against the City, and serves as the City's Elections Officer. The City Clerk is also certified as a passport agent and accepts applications at Albany City Hall. In addition, the City Clerk serves as the Deputy City Treasurer and is a member of the Police and Fire Relief and Pension Fund Board of Trustees. The City Clerk performs the above duties as a department of one person, with back-up support from Administrative staff.

City Treasurer

The City Treasurer is an elected, part-time position responsible for the receipt and safe keeping of the City's financial assets. The Treasurer works closely with the Finance and Administrative Services Department, but the treasurer's position is independent from that department, and as such, provides enhanced internal control through segregation of duties, such as signing checks that are prepared by the Finance and Administrative Services Department. The Treasurer is responsible for investing the City's cash reserves and any other available funds, such as bond proceeds prior to their expenditure. The Treasurer is responsible for administration and compliance enforcement of the City's business license program. Business licensing generated revenue of \$531,244 in fiscal year 2007-08.

The City Treasurer also serves as a Trustee of the Police and Fire Relief or Pension Fund, oversees the investment of the Fund's assets, and is responsible for the administration of the Fund. The City Treasurer performs the above duties as a department of one person, with support from Finance staff.

City Attorney

The City Attorney is an elected official whose duty is to advise the City Council and staff on all matters of general and municipal law. The City Attorney provides legal counsel on municipal legal matters, including application of the California Environmental Quality Act, planning and development legislation, conduct of public meetings, employee-employer relations, contracts, real property transactions and other matters. The City Attorney also either oversees litigation matters that are being handled by special outside counsel or represents the City in litigation.

Finance & Administrative Services

The Finance & Administrative Services Department has three primary areas of responsibility: (1) general accounting and financial reporting, (2) budget preparation and financial planning, and (3) telephonic communications systems.

General accounting and financial reporting includes accounts payable, accounts receivable, payroll, business license, pet license, and general cashier functions. The department prepares monthly revenue and expenditure reports for internal management purposes, quarterly general fund revenue and expenditure statements for the City Council. Annual reports include the City's Comprehensive Annual Financial Report (CAFR), Police and Fire Relief or Pension Fund, and the Albany Reinvestment Agency. The department prepares numerous reports required by the state, including the Cities Financial Transactions Report.

Budget preparation and financial planning responsibilities include preparation of the biannual operating budget, the five-year capital improvement program (CIP), analyses of labor contract proposals, budget oversight and control, debt issuance, and the financial component of grant administration. The department is also called upon to perform special tasks such as reviewing the financial reports of organizations with close ties to the City, and budget review and analysis for such organizations.

The department administers the telephonic communications facilities of the City, including cellular phones and voicemail. The Finance & Administrative Services Directors serves as City liaison to the Albany Library Board.

Major activities of the department in the past year were: preparation of the 2008-09 and 2009-10 operating budgets, updating the Capital Improvement Plan for 2009-09 through 2012-13, and updating and publication of the Master Fee Schedule.

The staff of the Finance and Administrative Services Department consists of the Director, Accounting Supervisor, and three Accounting Technicians.

Police

The Albany Police Department is responsible for the preservation of public peace, enforcement of laws, and protection of life and property. These responsibilities are accomplished through police patrol, traffic control and enforcement, criminal investigation and the ongoing dispatch and records management support functions.

The Albany Police Department provides a high level of service to the community by responding quickly to all calls for service. The department operates its own police and fire dispatch center, insuring that emergency calls (911) are answered by dispatchers who are supervised by Albany Police Department Sergeants under the direction of a Police Lieutenant.

The Albany Police Department focuses on crime prevention through an active community policing effort. In addition, the Police Department sponsors the City's Police Athletic League (PAL). The Albany PAL program provides a myriad of structured year-round athletic activities as well as supervised field excursions for teenagers. The Albany PAL also serves high school students who are interested in community service projects, through the Youth Directors Council (YDC).

The Police Department is staffed by the Department Chief, two Lieutenants, five Sergeants, sixteen patrol officers, two Detectives, one School Resource Officer, five Dispatchers, and various support personnel for the equivalent of thirty-seven full-time employees.

Fire and Emergency Medical Services

The Albany Fire and Emergency Services Department provides the community with a wide range of services, including fire suppression and rescue services, paramedic emergency medical response and ambulance transport, fire prevention services, and community education and disaster preparedness. The Fire Department is also responsible for the City's Emergency Operations Center (EOC). The EOC facility will serve as the central command and communications center in the event of a major disaster.

The Fire Department conducts fire and life safety inspections of businesses and commercial properties located in the city. Additionally, the Fire Prevention Office reviews plans and inspects all residential properties that require smoke detectors and fire extinguishing systems. The Department also has responsibilities in the areas of hazardous materials management and emergency response, and storm water inspections. These responsibilities require extensive interaction with merchants, vendors and the public, with a focus on customer service.

The Department is noted for its many successful community service programs and activities such as the sale of low cost bicycle helmets, CPR courses, smoke alarm installation for residents, annual open house and pancake breakfast, and collection of Christmas toys for underprivileged children.

The Department is staffed by a Fire Chief, Battalion Chief/Fire Marshal, 18 line personnel of which 15 are paramedics, and a part-time secretary.

Recreation and Community Services Department

The Recreation and Community Services Department creates community through people, parks, and programs. The department was instrumental in creating and coordinating the 2008 Centennial Celebration, which took place in September of 2008 and brought together over 2000 Albany residents in celebration of the City's 100th birthday. In addition to City-wide special events, the Recreation and Community Services Department provides services in the following areas:

- o Civic arts
- o Facility administration
- o Child care and summer camps
- o Recreation classes, sports classes and special events
- o Teen activities
- o Senior services
- o Paratransit services
- o Volunteer Services
- o Coordination of the local access station KALB Channel 33

The Department manages four city-owned facilities:

- o Albany Community Center
- o Senior Center
- o Memorial Park Child Care Center
- o Teen Center

Management and rental of the City's tennis courts, athletic fields and picnic areas are also the responsibility of this department.

Administrative responsibilities include staff support to the Park and Recreation Commission, the Arts Committee, Citizen's Community Media Access Committee, Ad Hoc Dog Committee, and the Youth Task Force. Staff is also actively involved with the Friends of Albany Seniors, the Albany Police Activities League Board of Directors and the Prevention Council. The Department maintains a collaborative relationship with community groups and organizations such as the YMCA, Albany Unified School District, University Village, service groups, the Albany Chamber of Commerce and other similar entities.

Youth and Childcare Services

The Recreation and Community Services Department offers a range of programs for youth. There are pre-school classes and activities, school-age programs and a vibrant teen program. The Albany Teen Center offers recreational and social activities geared toward middle-school age youth. In the past year the Teen Center has instituted a new program called the Epicenter. Local high school bands perform while students learn to book bands and promote the event as well as learn how to use the audio-visual equipment. Youth activities include sports, arts and crafts, enrichment classes, music video production activities, community service projects, special events and trips, as well as homework assistance.

The department's childcare program provides school year and summer camps at the Child Care Center in Memorial Park for children in first through fifth grade. Other programs include a wide variety of weekly arts and crafts activities, daily homework assistance, and special excursions during mid-winter and spring breaks to meet the changing needs of community youth.

Classes, Facility Rentals and Special Events

The Recreation and Community Services Department provides over 200 special interest classes each quarter that are publicized in the Recreation and Community Services Activity Guide. The community may also rent facilities for meetings, parties and special events. The department also sponsors community building special events such as Movie nights, Concerts in the Park, the Spring Arts and Music, and the July 4th Celebration.

Senior Services

The City of Albany is committed to providing quality senior services and a variety of activities for its senior citizens. Some services like Paratransit are also provided to those who are disabled and are under the age of 60. Activities and services include: classes, trips, meals, transportation, and information and referral services.

Volunteer Services

The Recreation and Community Services Department is responsible for maintaining the City's Volunteer Program. This program, designed to both encourage volunteer participation and to create a cohesive system for tracking and managing volunteers. Current activities of the program include creating and producing volunteer application materials, establishing a database for volunteer participation and advertising and expanding the program.

The Recreation and Community Services Department is staffed by a Director, 11.75 full-time staff members and 15 to 30 part-time and volunteer staff members, depending on the number of programs and activities in progress at any one time.

Community Development

The Community Development Department provides a broad array of services to the citizens of Albany. The department's primary responsibility is to maintain and improve the physical environment of the City. As such, the department coordinates the current development of the City with the future needs and expectations of the community.

The department is composed of three divisions, Planning and Building, Public Works, and Environmental Resources. The Planning and Building Division is responsible for reviewing and processing all plans for private development in the City, to ensure compliance with applicable zoning and building codes. Approximately 200 zoning applications are processed each year, 850 building permits issued and 30-40 building inspections are conducted each week.

The Public Works Division is responsible for the design, construction, and maintenance of all City-owned public facilities, including streets, sewers, storm drains, parks, public building and grounds. Typical Public Works activities include reviewing the design of planned park improvements, managing the renovation of City buildings, maintaining street signs and markings, engineering plan checking of proposed new private construction, cleaning and repairing sewer lines, street sweeping, collecting trash from public receptacles, mowing parks, maintaining play fields and irrigation, and many others.

Activities of the Environmental Resources Division include management of the City's urban forestry program, Waterfront area, Clean Water Program, Waste Management Program, administration of various environmental grants such as oil recycling, building material recycling, and procurement of recycled products. The City Engineer is a contract employee of the City who reports to the Director of Community Development. The City Engineer provides technical oversight for City construction projects and computes the various special assessments collected by the County Tax Collector.

Department staff provides technical and administrative support for the Planning and Zoning Commission, Traffic and Safety Commission, Waterfront Committee, and the Reinvestment Agency. Staff members also represent the City and provide technical support on a number of interagency and multi-agency ventures, including the Alameda County Department of Housing and Community Development, the Alameda County Congestion Management Agency, the Alameda County Clean Water Program, and the Alameda County Waste Management Authority.

The department's staff consists of a Director, Planning Manager, Public Works Manager, and 17 planners, engineers, inspectors, maintenance workers and administrative staff.

ECONOMIC CONDITIONS AND OUTLOOK

Economic conditions in the City for the fiscal year ended June 30, 2008 were favorable, but the outlook for the fiscal year ending June 30, 2009 is uncertain and could be significantly depressed. Total revenues in 2008 increased \$1,185,000 (5.2%) over the prior fiscal year. Property Tax Revenue (including vehicle license fee in-lieu payments from the State) increased \$1,404,000 (14%). Earnings on Investments increased \$127,000 (9.3%).

The largest decline in revenue for fiscal year 2007-08 was in Property Transfer Taxes. These taxes declined \$103,000 in 2006-07 and in 2007-08 they declined \$272,000 from the prior year. This trend is expected to continue in fiscal year 2008-09. We have budgeted a decline of \$18,000, but it now appears that the decline will be several times the amount budgeted.

Reflective of the current economic climate, the bright spots in the Albany revenue forecast are expressed in the negative tense. Property tax revenue is unlikely to decline because assessed values of homes have declined only moderately, and the City has seen relatively few home foreclosures. Sales tax revenue appears to be holding steady, as the largest sales tax generators in the City have outperformed similar retail business in the County and the State.

The most positive forecast for fiscal years 2008-09 and 2009-10 is for racetrack revenue. Due to the closing of the Bay Meadows Race Track in San Mateo and restructuring of county fair racing, which has resulted in racing at Golden Gate Fields in Albany from 127 days in calendar year 2008 to 181 days in calendar year 2009.

Operating expenses for the City will increase in several areas in the next year. Salaries will increase 3% to 8%, as a result of rate increases, step progression, reclassification of employees, and filling of vacant positions. Health care costs are projected to continue to increase as a result of increased rates charged by the providers, and by employee labor agreements that require the City to pay a greater portion of the health care cost, but the rate of increase may decline from the double-digit rates seen in recent years.

The stock market crash will result in increased contributions to CalPERS retirement plans, but due to the smoothing actuarial procedures employed by CalPERS in computing the contribution rates, the 2008-09 losses will not be reflected in the contribution rates until 2010-11. CalPERS has advised members that the increase in 2010-11 may be as much as 5% of payroll.

Workers compensation insurance costs, general liability insurance and property damage self-insurance costs, and excess insurance premiums for these coverages are expected to remain near current levels unless unforeseen events create higher than normal losses.

A summary assessment of the economic forecast for the City of Albany is that the City can expect its principal sources of revenues to grow only moderately in the next year, or possibly decline, while expenses increase as a result of contractual labor agreements and general inflation. This means a shrinking operating surplus, and a possible requirement for modification or reduction of services, in order to balance the budgets for 2008-09 and 2009-10.

MAJOR INITIATIVES

Economic Development/Redevelopment

City officials continue to view the strengthening of the commercial base of the City as a necessary activity, in order for the growth of operating revenues to match the expected increases in expenses over the next several years. The City's economic development strategy is to enhance existing businesses and to attract and cultivate new businesses in the commercial areas of Solano Avenue, San Pablo Avenue, and the Cleveland Avenue/Eastshore Highway area. The City Council has added to the economic agenda an objective of promoting ecological responsibility and benefit in growth that may occur in the City.

Solano Avenue, the "*Main Street*" of "*small town Albany*" continues to be a strong regional attraction, visited by thousands of shoppers, diners and strollers each year. The City has continued its support of Solano Avenue merchants with cash and in-kind contributions to the annual "Solano Stroll." The City Council has also supported the Solano Ave Merchants Association.

The City Council continues to support retail development of San Pablo Avenue as outlined in the Streetscape Master Plan. The plan is designed to retain and attract retail business, improve aesthetics, and make the corridor more pedestrian friendly.

The Cleveland Avenue/Eastshore Highway corridor is included in the City's Redevelopment Area. In order to increase the attractiveness of this area for retail development, a freeway connector between the Eastshore Highway and Interstate 80/580 was completed in August 2002. This strategy has proven successful, as retail outlets, Target, PetsMart, and Toyota of Berkeley have opened new locations on Eastshore Highway. The sales tax revenues generate by Target has grown steadily and continues to exceed projections. Toyota of Berkeley has expanded its operations from services to used car sales.

Open Space, Recreational Playfields and Creek Restoration

In November 1996, the citizens of Albany approved Measure R to provide an annual parcel assessment for the acquisition, development and maintenance of Open Space, Recreational

Playfields, and Creek Restoration. The proceeds are divided fifty percent (50%) for open space on Albany Hill and twenty five percent (25%) each for playfields and creek restoration.

In February 1999, the City issued a \$6.2 million limited obligation bond and pledged the revenues of the Measure R annual assessment to pay the bondholders. Utilizing the revenue from Measure R and the bond proceeds, the City purchased five acres of open space on Albany Hill.

The City is working with the City of Berkeley and the University of California on a project to restore Codornices Creek, and has successfully competed for grant monies to assist in this restoration effort. Creek restoration work along Cerrito Creek near Albany Hill is also being pursued. The latter project is a follow-up to the joint Albany-Berkeley sewer project in the Cerrito Creek area.

During fiscal year 2008-09, the City of Albany will work with four other cities and agencies to develop two lighted playing fields with artificial turf, on the waterfront at the end of Gilman Street adjacent to the Eastshore State Park.

The City acquisition of the Veterans' Building in Memorial Park and the development of park on Pierce Street on property adjacent to the Eastshore Freeway, on property owned by CalTrans, remain as objectives of the City, but there are no pending financial proposal to finance these projects.

Capital Projects

The following is a brief description of the City's most significant capital projects or programs.

Renovation of Central Facilities

In November 2006, Albany voters approve a bond measure of \$5 million to augment the previously approved project to improve Albany's fire safety and emergency response capability by renovating and expanding the Fire Station to better accommodate emergency equipment and personnel; to better serve the community during and after an emergency by constructing an Emergency Operations Center at the Fire/Police complex; and to add sustainable building features to the Fire/Police/Civic Center complex. Construction began in May 2008.

Sewer Operations

Albany is continuing its multi-phase sewer rehabilitation program that will result in the replacement or rehabilitation of most of the City's sanitary sewer system. The purpose of the program is to comply with the Clean Water Act and federal and state mandates to reduce groundwater inflow and infiltration as well as to address and correct substandard sewer lines. To finance the sewer rehabilitation program, the existing Sewer Revenue Bonds were issued in September 2004.

Storm Drain

In November 2007, the voters approved Measure F, - "City of Albany Street Paving and Storm Drain Facility Improvement Tax." Revenue from this tax is being used to finance the "Neilson Storm Drain Project." This is a \$2.9 million project to construct a new storm drain from Neilson Street to Santa Fe Avenue to Codornices Creek. The project is schedule to be completed by the end of 2008.

Traffic Management Plan

In May 2000, the City Council approved the Traffic Management Plan. This plan recommends a variety of improvements and programs designed to enhance pedestrian and bicycle safety, as well as traffic safety. Implementation is a multi-year process and has included a number of grant submittals and development of design and the implementation of plans for traffic calming measures, including the reconfiguration of Marin Avenue. Current funding is from the Alameda County's Measure B transportation funds and the City's Measure F funds.

Park Improvements

Phase II of the Memorial Park Improvement Project and improvements to Terrace and Ocean View Parks were completed in 2008. The Memorial Park improvements included upgrading of infrastructure and landscaping, including renovation of the entry promenade, turf improvements on the north side of the park, replacing all ball field elements, and several improvements to the picnic area. Terrace Park improvements included a renovation of the picnic area, new landscaping, drainage upgrades, repaved pathways and basketball courts, and a new restroom. Improvements at Ocean View Park included a new restroom, renovated picnic area, new playground area, new landscaping and pathways, community gardens, and renovated baseball/softball diamond and field lights.

The Ocean View Sports Field Improvement Project is scheduled to begin in 2009. The project will be funded by State Parks Bond grants. Project improvements include addition of a batting cage, a bullpen, foul ball netting to the backstop, an electronic scoreboard, and a snack shop.

Sidewalk Repair Program

This is a program in which the City reimburses homeowners a portion of the repair cost when a city owned tree is involved in the damage of a sidewalk. A pilot program involving about 50 sites in the Marin Avenue area commenced in fiscal year 2006-07.

Sewer Compliance Program

This is a 5-year program that commenced in fiscal year 2006-07, completed projects are the sewer line on San Pablo Avenue from Dartmouth to Brighton Streets, the easement sewers between Pomona and Key Route from Washington to Marin, and the easement line between Adams and Madison Avenue. Projects currently underway or schedule to begin in fiscal year 2008-09 are easement sewers on the east side of Albany Hill, and rehabilitation of the sewers in Madison from Solano to Washington and in Polk from 200 feet north of Buchanan to Solano, and on Solano Avenue 200 feet west of Madison Street.

Neilson Storm Drain

Construction of a 24-inch storm drain from Neilson Street to Santa Fe Avenue to Codornices Creek began in October 2008. Completion is scheduled for early 2009, at a cost of \$2.5 million, funded by the storm drain and street paving tax (Measure F) passed in 2006. This project is designed to resolve flooding problems on Neilson and Curtis Streets. In addition, to the storm drain construction, sanitary sewer will be performed by the contractor, at a cost of \$408,000, funded from sewer bond funds.

PENSION

The City participates in the California Public Employees Retirement System (PERS) and maintains a City pension plan for police officers and firefighters employed by the City before July 1, 1971.

All qualified permanent and probationary employees are eligible to participate in PERS. Benefits vest after five years of service and are payable monthly for life upon retirement. Currently PERS requires City miscellaneous employees to contribute 8% and safety employees 9.8% of their annual salary, which is paid by the City. Benefit provisions and all other requirements are established by state statute and city ordinance.

Stock market declines in 2008 have significantly reduced the value of assets held in the Police and Fire Pension Fund, and as a result, the fund has an unfunded liability of \$860,000. The City will resume contributions to the fund in fiscal year 2009-10, from the pension override property tax, in an amount sufficient to amortize the unfunded liability over 15 years.

CalPERS has incurred significant losses in its investment portfolio as a result of the stock market decline in 2008, and they have advised member agencies to plan for increases in required contributions of .1% to 5% of payroll beginning in fiscal year 2010-11.

DEBT ADMINISTRATION

The City currently has general obligation bonded indebtedness of \$18.9 million, and other long-term obligations of \$13.6 million that are comprised of the: 1997 Refunding Certificates of Participation, the 2004 Sewer Revenue Bonds, and the Special Assessment District 1999 Limited Obligation Bonds.

In December 1997 the City refunded, through Certificates of Participation, the 1989 and 1992 Lease Revenue Bonds. The 1989 Lease Revenue bonds financed the purchase of the Library/Community Center site, as well as, improvements to a new maintenance center. The 1992 Lease Revenue bonds financed the construction of the Library/Community Center complex.

The 2004 Sewer Revenue Bonds of \$8.674 million were issued to finance a comprehensive sewer rehabilitation program. Semi-annual interest and principal payments are secured by and payable from the Sewer Enterprise Fund's operating revenues.

In 1999 the City issued Limited Obligation Bonds (Measure R) in the amount of \$6,230,000, the outstanding balance of these bonds at June 30, 2008 is \$4,330,000.

Long-term debt is discussed in greater detail in the Notes to Financial Statements.

RISK MANAGEMENT

The City of Albany is a member of the Bay Cities Joint Powers Insurance Authority (BCJPIA). This seventeen-member entity provides general liability insurance, property insurance, earthquake and automobile insurance and legal assistance. The City also carries employment practices insurance through BCJPIA.

Albany is self-insured for workers' compensation costs up to \$150,000 per occurrence, and the City maintains a funded reserve workers' compensation claims. The Local Agency Workers' Excess Compensation (LAWXC) Joint Powers Authority covers claims in excess of \$150,000. The City is also self-insured for general liability claims up to \$50,000.

CASH MANAGEMENT

The City Treasurer manages the City of Albany's investment portfolio. Cash that is not required for current operations is pooled and invested in accordance with City Council policy, which adheres to the "prudent man rule" (California Civil Code §2261, et seq.). This policy affords the City considerable discretion in pursuing investment opportunities provided that the investment is prudent and safe with respect to the protection of principal and is allowable under the current laws of the State of California (Government Code §53600, et seq.).

The City maintains a conservative investment philosophy that emphasizes liquidity and the protection of principal; hence, the City has not invested any funds in high-risk securities, including derivatives and mortgage-backed securities. In fiscal year 2007-08, the City's available cash (not including debt service accounts) was invested in the Local Agency Investment Fund (LAIF), a governmental agency pooled money fund managed by the California State Treasurer, and Cal Trust, a Joint Powers Agency Authority composed of local public agencies, for the purpose of pooling assets for investment purposes.

ACKNOWLEDGEMENTS

The preparation of the Comprehensive Annual Financial Report was accomplished through the coordinated efforts of Department of Finance and Administrative Services staff members Susan Hsieh, Stephanie Wellemeyer, Minnie Swygert and Maria Ligaya-Cantiller. Guidance in preparation of the report was provided by the City's independent auditors, Caporicci & Larson, Certified Public Accountants, under the direction of Ahmed Badawi - Partner, and Nafeesa London – field supervisor. We also wish to express our appreciation to the Albany City Council for their support in our pursuit of excellence in financial reporting.

Respectfully submitted,



Beth A. Pollard
City Administrator



Charles A. Adams
Finance and Administrative
Services Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Albany
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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.



Oliver S. Cox

President

Jeffrey R. Emen

Executive Director

CITY OF ALBANY
PRINCIPAL OFFICERS
JUNE 30, 2008

CITY COUNCIL

Mayor	Robert Lieber
Vice Mayor	Marge Atkinson
Councilmember	Farid Javandel
Councilmember	Jewel Okawachi
Councilmember	Joanne Wile

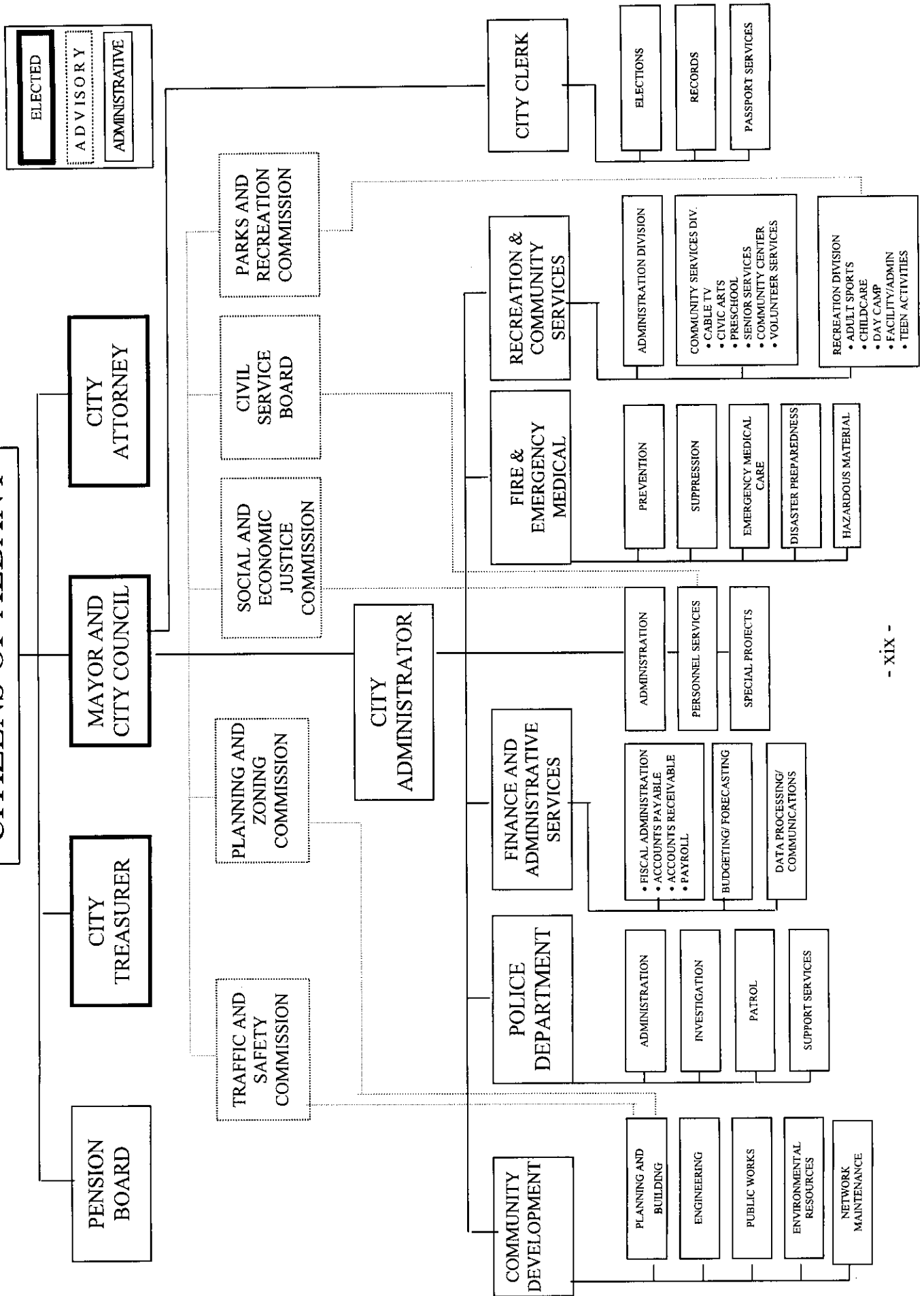
ELECTED OFFICIALS

Treasurer	Kim Denton
City Attorney	Robert Zweben

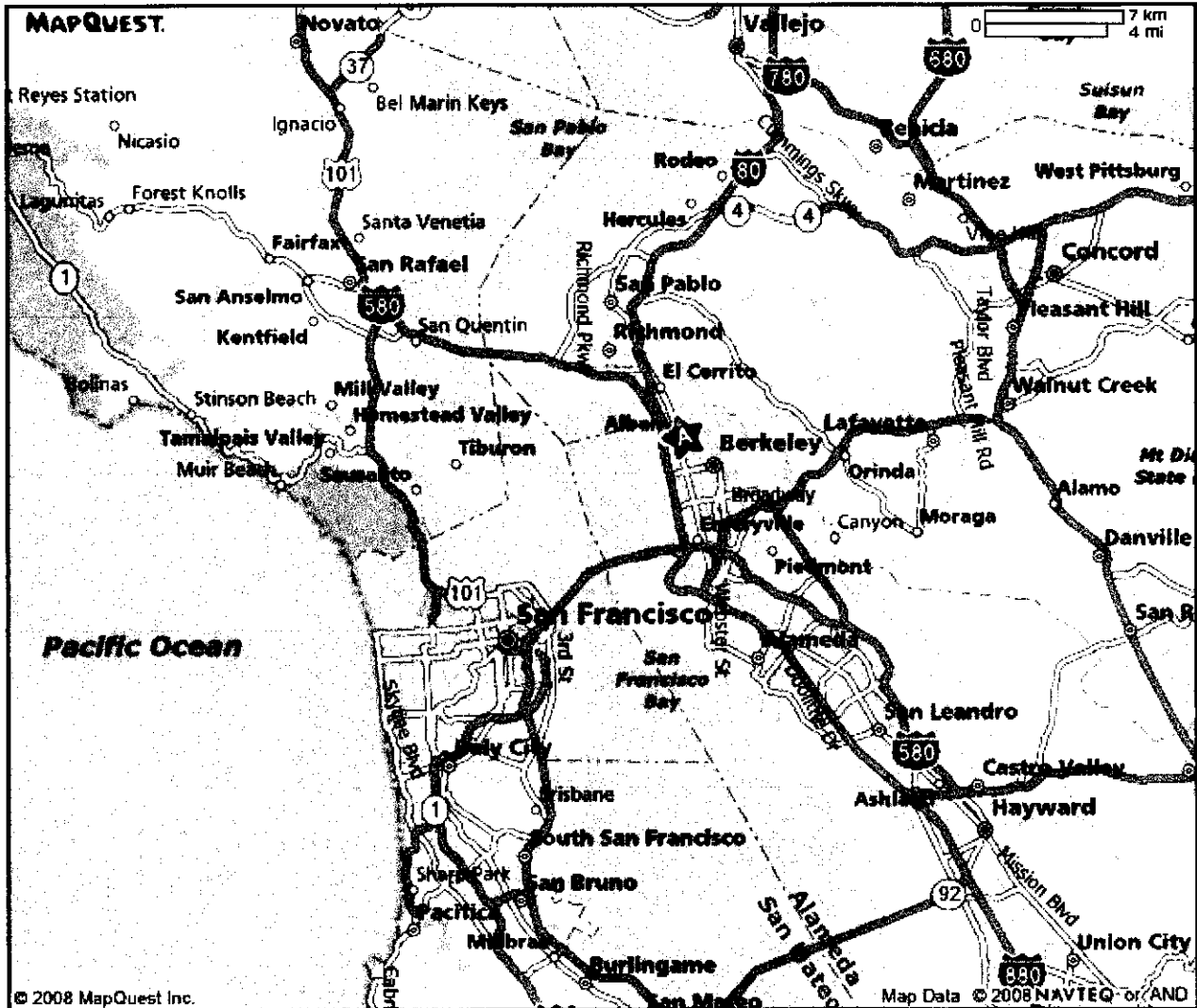
APPOINTED DEPARTMENT HEADS

City Administrator	Beth Pollard
Finance and Administrative Services Director	Charles Adams
City Clerk	Jacqueline Bucholz
Community Development Director	Ann Chaney
Recreation & Community Services Director	Penelope Leach
Fire Chief	Marc McGinn
Chief of Police	Mike McQuiston

ORGANIZATION CHART - CITY OF ALBANY CITIZENS OF ALBANY



ALBANY CALIFORNIA 94706



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
of the City of Albany
Albany, California

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 the City of Albany, California (City), as of and for the year ended June 30, 2008, 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 an opinion on these financial statements based on our audit. The financial statements of the City as of June 30, 2007, were audited by other auditors whose report dated October 26, 2007, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards in the United States 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 significant estimates made by management, as well as evaluating the overall basic 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 as of June 30, 2008, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

Subsequent to the basic financial statement date of June 30, 2008 and the year then ended, the United States has entered into a Financial Credit Crisis. Although the United States Federal Government has taken actions that, at least in part, are intended to relieve and correct this Financial Credit Crisis, investments are subject to significant impairment and losses. To date, the City has not been informed and is not aware of any investment losses other than that described below. Accordingly, such investment losses, if any, have not been reflected in the accompanying basic financial Statements.

As explained in Note 19 to the basic financial statements, the investments of the Albany Police and Fire Relief or Pension Fund declined by 9% as of September 30, 2008. The decline occurred after the end of the fiscal year and the impact on the City was approximately \$1,100,000.

To the Honorable Mayor and Members of City Council
of the City of Albany
Albany, California
Page Two

As described in Note 1 to the basic financial statements, the City adopted Statement of Governmental Accounting Standards Board No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, and No. 50, Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27.

In accordance with Government Auditing Standards, we have also issued our report dated December 3, 2008 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 grants. 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 *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis, budgetary comparison information and other information as listed in the table of contents are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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 an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and Statistical Tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Capricci & Larson

Oakland, California
December 3, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

This is management's discussion and analysis of the City of Albany's financial activities and performance for the fiscal year ended June 30, 2008. Please read this discussion and analysis in conjunction with the transmittal letter, which can be found in the introductory section at the front of this report, and with the City's financial statements, which follow.

FINANCIAL HIGHLIGHTS

Government-wide Financial Statements

- The Government-wide Statement of Net Assets is the first statement of the Basic Financial Statements (page B1) and is summarized on page A8 of this Management's Discussion and Analysis. The statement shows the City's assets of \$88,736,000, liabilities of \$35,809,000, and net assets of \$52,927,000.
- Net assets, as measured in the government-wide financial statements, increased \$5,017,000. Capital assets increased \$3,772,000 and net long-term debt increased \$10,950,000. The major capital asset additions were Police Department, Fire Department, City Hall buildings, and park improvements. Construction of structural improvements to the Police, Fire and City Hall buildings began in May 2008. Projects at Memorial, Ocean View and Terrace Parks were completed during the fiscal year. The increase in long-term debt resulted from the issuance of general obligation bonds of \$5,000,000 pursuant to Measure C, approved in 2006, and \$6,500,000 of the second series of bond pursuant to Measure F, approved in 2002. The Measure C bonds were issued to augment funds previously designated for the City Center renovation. The Measure F bond proceeds are being used for various capital projects including the City Center renovation, park improvements, and street projects.
- The Government-wide statement of activities and changes in net assets is summarized on page A9. This statement shows an increase in net assets of \$5,017,000 for the fiscal year ended June 30, 2008, as compared to an increase of \$4,446,000 for the fiscal year ended June 30, 2007. Revenues for the year increased \$1,377,000 and expenses increased by \$806,000 over the prior year. The major increases in revenue occurred in property taxes and charges for services. Property tax revenue increased \$1,404,000 as the results of increases in assessed value of property taxed, and the levying of an additional tax of .0405% to pay for the interest and principal on the bonds issued during the year. Charges for services revenue increased \$346,000, primarily due to the collection of parkland in-lieu fees from a new development, increased revenues from ambulance fees, and increases in vehicle and parking fines. The increase in revenues was reduced by decreases incurred in other revenue categories.
- Total expenses increased \$806,000 over the prior year. The largest increase was in the general government category, where expenses related to relocation for City Center renovation were recorded. During the year, the City Administration Office, Community Development Department, and Finance Department moved to temporary offices at 405 Kains Ave., and 979 San Pablo Ave. The Police and Fire Departments moved into temporary modular buildings at 1051 Monroe Street in August 2008.

Governmental Funds Financial Statements

- A more targeted view of the financial status of the City is provided in the Governmental Funds Financial Statements. These statements appear on pages B3 – B4 of this report, and are discussed in detail in the Fund Financial Statements section of this Management's Discussion and Analysis.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The core operations of the City are accounted for in the General Fund, and the General Fund fund balance is a key measure of the financial health of the City. As of June 30, 2008, the General Fund balance was \$4,779,000, a net increase of \$176,000 over the balance at June 30, 2007. As of June 30, 2008, the unreserved-undesignated fund balance for the General Fund was \$3,209,000.
- Transfers of \$3,038,000 were made to the General Fund from the Sewer Enterprise Fund and other Special Revenue Funds. These transfers to the General Fund are to reimburse the General Fund for expenditures made in support of activities funded outside the General Fund. Transfers of \$1,775,000 from the General Fund were made to reserve funds of Safety equipment replacement - \$99,000, self insurance reserve accounts - \$507,000, accrued liabilities for compensated absences - \$209,000, waterfront plan for funding of planning activities - \$260,000, and to reserve funds for capital expenditures - \$700,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's Basic Financial Statements consist of three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to Basic Financial Statements. This Financial Section of this report also contains supplementary information in pension funding, combining financial statements, and budgetary comparisons for individual funds.

Government-wide Financial Statements

The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. They provide information about the activities of the City as a whole and present a long-term view of the City's finances.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between assets and liabilities 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 of Albany is strengthening or weakening.

The Statement of Activities and Changes in Net Assets presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash receipts or disbursements (full accrual basis accounting). Thus, revenues and expenses are reported in this statement for some items that will only result in cash receipts or disbursements in future fiscal periods, such as property taxes assessed for the year ended June 30, but received between July 1 and August 31, or vacation leave earned in the current year but not utilized until a subsequent year.

In the government-wide financial statements, the activities of the City are classified as governmental or business-type. Total activities are presented for both the current and prior years.

Governmental activities are activities that are principally supported by taxes and intergovernmental revenues. For the City of Albany, governmental activities include police services, fire and emergency medical services, community development and environmental

MANAGEMENT'S DISCUSSION AND ANALYSIS

resources, recreation and community services, general government administration, and the activities of four component units.

Component units are organizations whose governing body is: (1) either the governing body of the primary reporting government or (2) a body who reports to the governing body of the primary reporting government, or (3) organizations for which the nature and significance of their relationship with the primary reporting government is such that exclusion would cause the reporting government's financial statements to be misleading or incomplete.

The City of Albany is the primary reporting government in this report, and incorporated into these financial statements are the financial statements of the City of Albany Police and Fire Relief or Pension Fund (Trust), the City of Albany Public Facilities Financing Authority, the Albany Community Reinvestment Agency, and the Albany Municipal Services Joint Powers Authority.

Business-type activities are activities that are primarily funded through user charges. The only business-type activity to be reported by the City of Albany is sewer services.

Governmental Funds 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 of Albany, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds used by the City are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, which focus on the long-term, governmental funds financial statements focus on short-term inflows and outflows of spendable resources and the balances of these resources that are available for spending. This information is useful in evaluating a government's short-term financing requirements.

To assist the user of these financial statements in understanding the differences and the relationship between the government-wide financial statements and the governmental funds financial statements, reconciliations between the two sets of statements have been included in this report.

The reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Assets highlights the inclusion of capital assets and long-term liabilities in the government-wide financial statements.

The 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 highlights the exclusion of capital expenditures, depreciation of capital assets, amortization of intangible assets, and cash flows related to long-term debt from the governmental funds statements.

The City of Albany maintains numerous individual governmental funds, which for financial reporting are grouped according to their type (general fund, special revenue, capital projects, and debt service). Funds whose expenditures exceed 10% of the total expenditures for all

MANAGEMENT'S DISCUSSION AND ANALYSIS

governmental funds, or that meet other specific criteria for determining their importance to the financial statement user, are designated Major Funds, and are reported separately in the governmental funds statements. All other funds are grouped together for reporting purposes. Major funds for the City of Albany are:

- General Fund
- General Obligation Bond 2003
- Civic Center Improvement Bonds
- General Obligation Bond II

Individual fund data for each non-major governmental fund is provided in combining statements included in the *Combining Financial Statements and Other Supplementary Information* section of this report.

Proprietary funds

Proprietary funds have as their focus the determination of operating income or cost recovery. There are two types of proprietary funds: enterprise funds and internal service funds.

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.
- Internal service funds are used to accumulate and allocate costs internally among the City's various funds and departments, and to record assets and liabilities related to self-insurance programs and compensated absences.

The City accounts for the construction and maintenance of City sewers in the Sewer Enterprise Fund. Revenues are obtained through special district assessments collected with property taxes. The assessment rate for fiscal year 2007-08 was \$269.52 per residential unit. Total assessment revenue for the year was \$1,987,000; this was an increase of \$149,000 from the prior year. Revenues less expenditures and transfers, including interest on bonds of \$293,000, resulted in an increase in net assets of \$684,000.

The City uses an internal service fund to account for anticipated replacement costs of public works and park equipment. Because this reserve predominantly benefits governmental activities, it has been included within the governmental activities in the government-wide financial statements.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the reporting government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City utilizes two types of fiduciary funds:

- Trust funds are used to record the assets and liabilities held for the benefit of others, under a trust agreement that specifies the degree of management performed by the trustee organization. The City accounts for the activities of the City of Albany Police and Fire Relief or Pension Fund in the Police and Fire Relief or Pension Trust Fund. There are no current employee members of this plan, but the City will continue to hold its assets in trust and administer the plan as long as there are members receiving benefits.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Agency funds are used to record assets of separate organizations for which the City serves as a custodian for the organization. All assets in agency funds are offset by a liability to the organization on whose behalf they are held. The City currently maintains four agency funds that are reported in the Statement of Fiduciary Net Assets.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

This section consists of schedules of funding progress for the City's PERS (California Public Employee Retirement System) pension plans and the Albany Police and Fire Relief Pension Plan.

Combining Financial Statements and Other Supplementary Information

This section contains combining financial statements and budgetary comparison statements for the summary fund groups reported in the basic financial statements.

Statistical Section

Graphic presentations of financial information and non-financial information, and statistical tables are included in this section, as an aid to understanding and evaluating the overall operation and status of the City.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Assets

Net assets are a measure of a government's financial position and, over time, a trend of increasing or decreasing net assets is an indicator of the financial health of the organization. The City of Albany's net assets exceeded liabilities by \$52,927,000 at June 30, 2008. A schedule of net assets is presented in the following table.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Assets June 30, 2008 and 2007 (thousands)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2008	2007	2008	2007	2008	2007	
Current and other assets	\$ 40,358	\$ 27,661	\$ 7,172	\$ 6,834	\$ 47,530	\$ 34,495	38%
Capital assets	28,605	24,939	12,601	12,495	41,206	37,434	10%
Total assets	68,963	52,600	19,773	19,329	88,736	71,929	23%
Current liabilities	4,135	5,072	513	432	4,648	5,504	-16%
Noncurrent liabilities	23,934	10,967	7,227	7,548	31,161	18,515	68%
Total liabilities	28,069	16,039	7,740	7,980	35,809	24,019	49%
Net assets:							
Invested in capital assets, net of related debt	21,476	19,778	7,263	7,191	28,739	26,969	7%
Restricted	14,448	12,086	2,164	3,041	16,612	15,127	10%
Unrestricted	4,970	4,697	2,606	1,117	7,576	5,814	30%
Total net assets	\$ 40,894	\$ 36,561	\$ 12,033	\$ 11,349	\$ 52,927	\$ 47,910	10%

Net assets invested in capital assets (e.g., land, buildings, equipment and infrastructure) of \$28,739,000 represent the cost of these assets less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future expenditures. Resources needed to repay the outstanding debt must be provided from other sources other than the related assets, because the capital assets themselves cannot be used to repay these debts.

Restricted net assets of \$16,612,000 represent resources that are subject to restrictions on how they may be used. The largest component of restricted net assets is \$11,645,000 that is restricted for future capital projects, special revenue funds have combined restricted net assets of \$3,730,000, and the balance of restricted net assets of \$1,237,000 is contained in bond debt service funds.

Unrestricted net assets of \$7,576,000 may be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. However, all net assets are not liquid, meaning that they are not cash or securities that could be converted to cash within a year. (An analysis of liquid fund balance is provided in the funds financial statements at B3 and B7.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Changes in Net Assets

The City's net assets increased \$5,017,000 during the current fiscal year. This growth in the City's net assets is principally from the governmental activities. Information about changes in net assets is presented in the summary table below:

**Activities and Changes in Net Assets
For the Fiscal Years Ended June 30, 2008 and 2007
(thousands)**

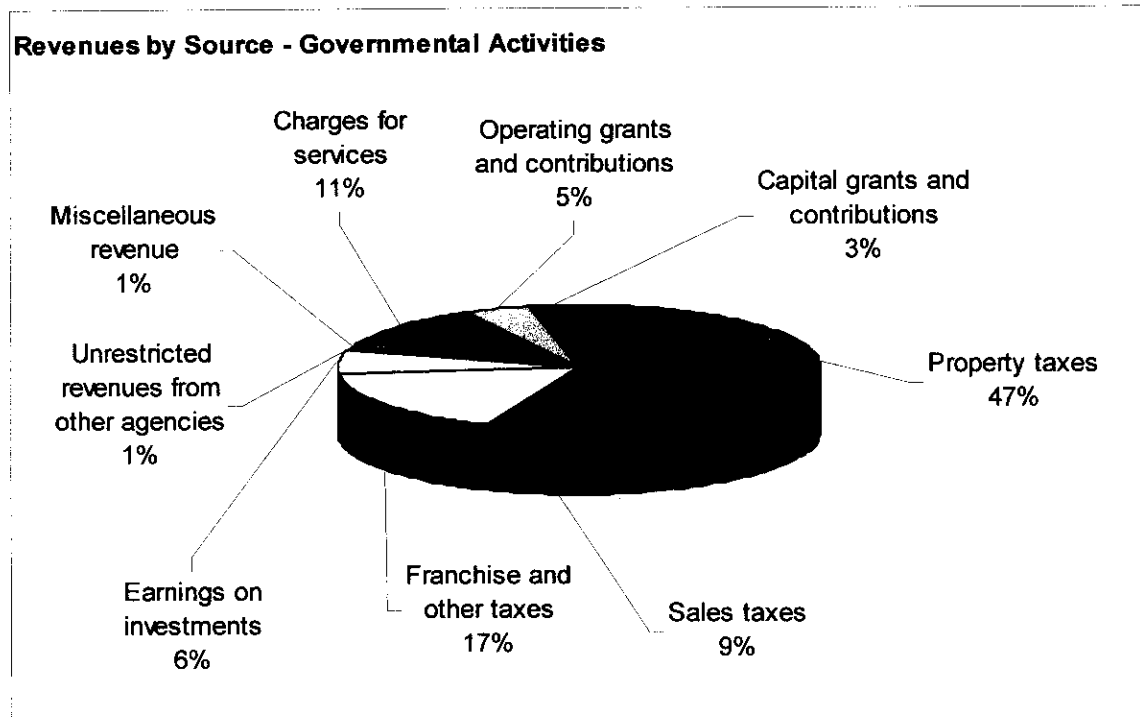
	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2008	2007	2008	2007	2008	2007	
Revenues:							
Program revenues:							
Charges for services	\$ 2,505	\$ 2,159	\$ 1,987	\$ 1,838	\$ 4,492	\$ 3,997	12%
Operating grants and contributions	1,085	1,017	-	-	1,085	1,017	7%
Capital grants and contributions	773	1,181	-	-	773	1,181	-35%
General revenues:							
Property taxes	11,166	9,762	-	-	11,166	9,762	14%
Sales taxes	2,183	2,242	-	-	2,183	2,242	-3%
Franchise and other taxes	4,135	4,317	-	-	4,135	4,317	-4%
Earnings on investment	1,467	1,237	262	325	1,729	1,562	11%
Unrestricted revenues from other agencies	183	281	-	-	183	281	-35%
Other revenue	332	342	-	-	332	342	-3%
Total revenues	23,829	22,538	2,249	2,163	26,078	24,701	6%
Program expenses:							
General government	3,330	2,511	-	-	3,330	2,511	33%
Police	5,319	5,226	-	-	5,319	5,226	2%
Fire and emergency medical services	4,220	4,046	-	-	4,220	4,046	4%
Community development and environmental resources	4,122	5,105	-	-	4,122	5,105	-19%
Recreation and community services	2,528	2,268	-	-	2,528	2,268	11%
Interest on long-term debt	856	398	-	-	856	398	115%
Sewer	-	-	686	701	686	701	-2%
Total program expenses	20,375	19,554	686	701	21,061	20,255	4%
Increase/(decrease) in net assets before transfers and other sources	3,454	2,984	1,563	1,462	5,017	4,446	13%
Transfers	879	864	(879)	(864)	-	-	
Change in net assets	4,333	3,848	684	598	5,017	4,446	13%
Net assets - beginning of year	36,561	32,713	11,349	10,751	47,910	43,464	10%
Net assets - end of year	\$ 40,894	\$ 36,561	\$ 12,033	\$ 11,349	\$ 52,927	\$ 47,910	10%

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

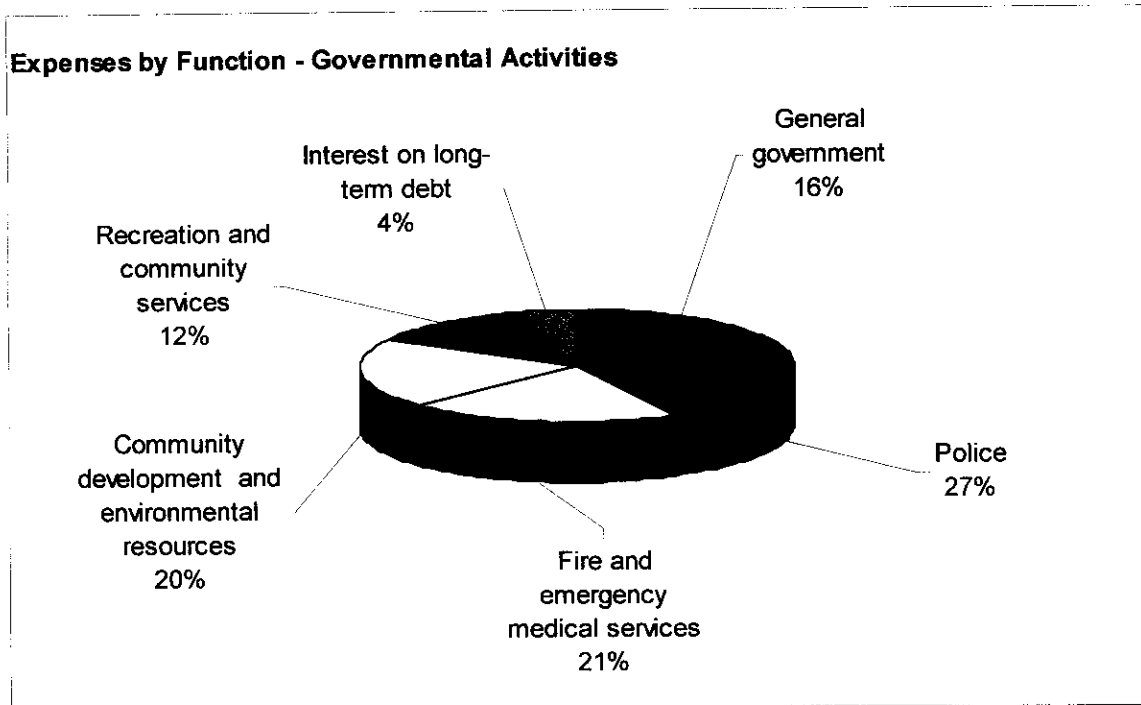
Net assets of governmental activities increased \$4,333,000 in fiscal year 2007-08. An increase in net assets occurs when revenue exceeds expenditures or when capital assets are acquired utilizing revenues received in the current year, and the cost of the acquired asset is to be expensed over the useful life of the asset.

The largest revenue source is property taxes; they increased 4 percentage points over the prior year, and are now 47% of total revenue. This increase in proportionate revenue share is due to the increase in the property tax rate of .0405%, to service the principal and interest payments on the Civic Center Improvement and General Obligation Bonds issued during the year. The additional tax revenue totaled \$717,000.



The chart of revenues by source above, illustrates that property taxes are the largest source of operating revenue for the City. It is also one of the most stable and consistent growth revenues. Property taxes, at 47% of revenue, include the safety pension override tax, special district assessments, and bonded indebtedness, as well as the City's share of the 1.0% countywide tax. Franchise and other taxes are the second largest source of operating revenue, representing 17% of total revenues. Major components of this revenue category are: business license, property transfer taxes, utility user taxes, race track taxes, garbage collection franchise fees and cable TV transmission franchise fees. Property transfer taxes composed 29% of this revenue category. Property transfer taxes declined from \$1,457,000 for fiscal year 2006-07 to \$1,185,000 for fiscal year 2007-08, a decrease of 20%.

MANAGEMENT'S DISCUSSION AND ANALYSIS



The chart of expenses graphically portrays the relative proportion of expenditures by function, as listed in the summary statement on page A9 and the Statement of Activities and Changes in Net Assets Statement on page B2. The percentages for all expense categories are comparable to prior year except for the Community Development and Environmental Resources Department. Expenses for this department represent 20% of the total expenses, down from 26% in the prior year. The decrease is due to completion of the Codornice Creek Restoration Phase II project in prior fiscal year. Majority of the restoration costs incurred during fiscal year 2006-07.

Business-type Activities

The increase in business-type activities net assets of \$684,000 represents activity in the Sewer Enterprise Fund. The principal source of revenue of \$1,987,000 for this fund is charges for usage, and users are assessed on the basis of equivalent residential units (ERU). The assessment for this fiscal year was \$269.52/ERU, an increase of 6.34% over the prior year rate. Earnings on investments decreased from \$325,000 to \$262,000 as a result of lower earnings rate of LAIF (Local Agency Investment Fund). Bond interest expense and major maintenance expenses are recorded in this fund. Routine sewer operating and maintenance expenses are recorded in the General Fund, and net transfers of \$879,000 were made from the Sewer Fund to the General Fund to cover these expenditures.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to ensure compliance with legal and grantor requirements and restrictions on expenditures of funds. The fund basis financial statements presented in this report demonstrate the City's compliance with financial restrictions, and they allow users of the statements to separately analyze individual funds. The City maintains three types of funds: Governmental, Proprietary and Fiduciary.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds

Activity of the Governmental funds is summarized in the following table (the full statement is located on page B4):

Governmental Funds
Revenues, Expenditures and Other Changes in Fund Balances
For the Fiscal Year Ended June 30, 2008
 (thousands)

	General Fund	Other Major Funds	Other Governmental Funds	Total Governmental Funds
Revenues	\$ 13,878	\$ 992	\$ 8,989	\$ 23,859
Current expenditures	14,964	20	3,409	18,393
Capital outlay	-	2,526	1,806	4,332
Debt service	-	-	1,211	1,211
	<u>14,964</u>	<u>2,546</u>	<u>6,426</u>	<u>23,936</u>
Net transfers & debt proceeds	1,263	11,500	(788)	11,975
Net change in fund balances	177	9,946	1,775	11,898
Fund balances, beginning of year	4,602	4,808	12,239	21,649
Fund balances, end of year	<u>\$ 4,779</u>	<u>\$ 14,754</u>	<u>\$ 14,014</u>	<u>\$ 33,547</u>

The focus of the City's governmental funds is to provide information on cash near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2008, the City's combined governmental funds reported an ending fund balance of \$33,547,000, an increase of \$11,898,000 from the prior year. The increase was primarily resulted from bond issuance of \$11,500,000. Two general obligation bond issuances took place during the year for \$5,000,000 and \$6,500,000, respectively. The proceeds are restricted for the City Hall Retrofit project and various other capital projects. More discussion about these bonds is presented below. Of the \$33,547,000 fund balance: \$1,169,000 is reserved for prepaid expenses and long-term receivables (notes receivable and advances to the Redevelopment Agency), \$23,800,000 is reserved to fund capital projects, \$1,238,000 is reserved for debt service, \$4,131,000 has been designated for specific purposes or is held in special revenue funds, and unreserved fund balances are a net of \$3,209,000.

The General Fund is the principal operating fund of the City. At June 30, 2008, the total fund balance was \$4,779,000, of which \$3,209,000 was unreserved and undesignated. The unreserved-undesignated fund balance serves as an operating reserve, and as such, it is important that it is maintained at an appropriate level in relationship to annual operating expenditures. The unreserved-undesignated fund balance increased by \$27,000 over the prior years balance, and it was 21% of General Fund expenditures. Current year surplus contributed to the increase in fund balance.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Other Major Funds are: 2003 General Obligation Bond Fund, Civic Center Improvement Bond Fund, and the General Obligation Bond II Fund. Descriptions of these funds are provided at Page D44. The designation as a major fund is based upon a fund having either assets, liabilities, revenues or expenditures equal to or greater than 10% of their fund type total or 5% of the grand total of all funds. Funds designated as major funds in fiscal year 2007-08 differ from those of fiscal year 2006-07; thus, comparisons to the prior year funds are not meaningful.

The 2003 General Obligation Bond Fund, commonly referred to as Measure F, had expenditures of \$2,545,000 for various projects. At June 30, 2008 the fund remained a fund balance of \$2,820,000, which is fully committed to current capital projects.

The Civic Center Improvement Bond Fund is a new capital projects fund created during fiscal year 2007-08. This fund was used to record debt proceeds of \$5,000,000, which the funds will be used for the civic center improvements. In addition, the interest earnings from the proceeds were recorded in this fund. The fund balance was \$5,189,000 at the end of the fiscal year.

The General Obligation Bond II Fund is another new capital projects fund created during fiscal year 2007-08. This fund was used to record debt proceeds of \$6,500,000, which will be used for the civic center improvements and various other capital projects. Interest earnings from the proceeds were recorded in this fund. The fund balance was \$6,746,000 at the end of the fiscal year.

Other Governmental Funds are a combination of 38 funds that are scheduled at pages D8 through D52.

Proprietary Funds

At June 30, 2008, net assets of the Sewer Fund (an enterprise fund) were \$12,033,000 and net assets of the internal service funds were \$255,000. The Sewer Fund net assets increased \$684,000 over their balance at June 30, 2007. The increase was attributed to excess revenues over expenses and transfers. Total revenues increased by 6% and expenses decreased by 2% over prior year. Because the Sewer Fund is an enterprise fund, its fund balance largely represents capital assets, not assets that are available for future expenditures. The unrestricted fund balance is \$2,606,000, and it is planned that these funds will be utilized in completion of a five-year plan for renovation of the sewer system.

The internal service funds consist of the following four funds:

- Community Development Reserve Fund
- Workers' Compensation Claims
- General Insurance Retention
- Compensated Absences Reserves

The Community Development Reserve Fund is used to fund replacement costs for public works and park equipment. The Workers Compensation and General Liability Funds are funded by transfers from the General Fund that are based upon actuarial estimates of future claims expenses, and are fully funded at the end of the year. The Compensated Absence Fund is funded by transfers from the General Fund, based an actual recorded vacation, compensatory time and sick leave. The accrued benefits were fully funded at the end of June 30, 2008. Cash and investments held in these funds were \$3,602,000 at June 30, 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiduciary Funds

The major fiduciary fund maintained by the City is the Police and Fire Relief or Pension Fund. The net assets of this fund totaled \$12,413,000 at June 30, 2008, a decrease of \$2,479,000 from the prior year. The decrease is the result of depreciation in fair value of investments. As discussed in Note 12 of the financial statements, the projected liability for future pension payments exceeds actuarial value of plan assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original Fiscal Year 2007-08 budget was adopted in June 2006 as the second year of a two-year budget. The budget was amended during fiscal year 2007-08. The budget projected an excess of resources over charges to appropriations of \$27,000. The table below summarizes the variances between budget and actual results for the year ended June 30, 2008.

**General Fund Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2008
(thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget</u>
Beginning fund balances, July 1, 2007	\$ 4,550	\$ 4,602	\$ 4,602	\$ -
Resources:				
Revenues	12,845	13,067	13,878	811
Transfers in	2,931	2,831	3,038	207
Total Resources	<u>15,776</u>	<u>15,898</u>	<u>16,916</u>	<u>1,018</u>
Appropriations:				
Expenditures	16,063	15,264	14,964	(300)
Transfers out	102	607	1,775	1,168
Total Appropriations	<u>16,165</u>	<u>15,871</u>	<u>16,739</u>	<u>868</u>
Resources over (under) appropriations	<u>(389)</u>	<u>27</u>	<u>177</u>	<u>150</u>
Ending fund balances, June 30, 2008	<u>\$ 4,161</u>	<u>\$ 4,629</u>	<u>\$ 4,779</u>	<u>\$ 150</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Transfers

Transfers in to the General Fund are generally made to match restricted revenue with related costs that have been recorded in the General Fund. An example of this type of transfer is the special assessment revenue for EMS (Emergency Medical Services) that is used to pay wages of firefighters/paramedics. Transfers out of the General Fund are most frequently made to fund reserves or to provide for capital expenditures that have been recorded in capital project funds.

Actual transfers to other funds were above budget by \$1,168,000. There were transfers to capital projects funds and special revenue funds of \$960,000 for future equipment replacement, acquisition of a permanent maintenance center, and funding of waterfront planning activities. In addition, a transfer was made to the Compensated Absences Reserve Fund for \$209,000, to fully fund the accrued vacation and sick leave at June 30, 2008.

Operating Variances

The City experienced positive results for the year in a comparison of actual resources and appropriations to the budget. The budget projected a net increase in fund balance of \$27,000, but the actual results were a net increase of \$177,000, a positive variance of \$150,000.

Total revenues exceeded budget by \$811,000. The major components of this budget variance were:

- Property taxes exceeded budget by \$201,000, as increases in assessed values and reassessments of properties due to improvements and change of ownership were greater than projected in the budget.
- Franchise and other taxes exceeded budget by \$191,000. All of the major components: property transfer taxes, telephone and gas utility user taxes, racetrack taxes, and Cable TV franchise fees generated revenue above the budgeted amounts.
- Earnings on investments exceeded budget by \$129,000, largely due to the maintaining of larger than projected cash balances in investment accounts during the year.
- Other revenue exceeded budget by \$122,000, the major items exceeding the budget were the school resource officer and fire strike team reimbursements.

Total expenditures were under budget by \$300,000, largely due to savings from salaries and benefits for vacant positions. Salaries were \$151,000 below budget, fringe benefits were \$58,000 below budget, and overtime expenditures were \$40,000 below budget. These savings resulted from vacant salaried positions that existed during the year in the Police and Community Development and Environmental Resources Departments. Overtime savings were from the Police and Fire Departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Detailed information regarding composition and activity in capital assets is provided in Note 5 to the financial statements. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2008 amounted to \$41,206,000 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings,

MANAGEMENT'S DISCUSSION AND ANALYSIS

furniture and fixtures, machinery and equipment, vehicles, streets, highways, drainage systems, and construction in progress.

Major events affecting capital assets during the current fiscal year included the following:

- Additions to Oceanview Park, Memorial Park and Terrace Park improvements totaled \$2,062,000. These park projects were completed during the year.
- Addition to construction in progress for City Hall Retrofit project amounted \$925,000.

Capital Assets, Net of Accumulated Depreciation June 30, 2008 and 2007 (thousands)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land and construction in progress	\$ 14,553	\$ 11,203	\$ -	\$ -	\$ 14,553	\$ 11,203
Facilities, infrastructure, and equipment, net	14,052	13,736	12,601	12,495	26,653	26,231
Total	\$ 28,605	\$ 24,939	\$ 12,601	\$ 12,495	\$ 41,206	\$ 37,434

Additional information about the City's capital assets can be found in Note 5 to the financial statements.

Long-term Debt

At June 30, 2008, the City had total long-term debts and obligations as summarized below.

Outstanding Long-term Obligations June 30, 2008 and 2007 (thousands)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
1997 Refunding COPS	\$ 1,590	\$ 1,965	\$ -	\$ -	\$ 1,590	\$ 1,965
2003 general obligation bonds	7,385	7,550	-	-	7,385	7,550
Civic Center Improvement					-	-
general obligation bonds	5,000	-	-	-	5,000	-
General obligation bonds II	6,500	-	-	-	6,500	-
Sewer revenue bonds	-	-	7,567	7,878	7,567	7,878
Unamortized bond premium	301	-	-	-	301	-
Other long-term obligations	750	750	-	-	750	750
Total	\$ 21,526	\$ 10,265	\$ 7,567	\$ 7,878	\$ 29,093	\$ 18,143

The City issued Sewer Revenue bonds in the amount of \$8,675,000 in September 2004. The bond proceeds were used for defeasance of outstanding bonds of \$2,750,000, and the balance will be used for major sewer rehabilitation and replacement projects over the next

MANAGEMENT'S DISCUSSION AND ANALYSIS

four years. Additional information about the City's long-term debt can be found in Notes 6, 7 and 8 to the financial statements.

In November 2002, voters passed Measure F to authorize the issuance of \$14.5 million of general obligation bonds. The first issuance of \$8 million took place in fiscal year 2003. In November 2006, voters also passed Measure C to authorize the issuance of \$5 million of general obligation bonds. The Measure C bonds and the remaining \$6.5 million Measure F bonds were issued in August 2007. The proceeds from both issuances will be used for various capital facilities as approved by the voters of the City.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Albany is a full-service city, responsible for providing most of the essential services required by its citizens. The City's abilities to provide high level of services to its citizens requires the support of a stable revenue stream and consistent revenue growth over time. While the City's economic health is tied to the state and the nation's economy, the economic fluctuations for the City have been moderate, and we expect them to continue to be moderate.

The City's major revenues include property taxes, sales taxes, and property transfer taxes. The growth of these tax revenues depends on the well being of the overall economy. The economy's impacts on these three revenue sources are discussed below. The State currently has a budget deficit and there is no solution in sight. In the past, the State has taken revenues from cities to balance its budget; however, passage of Proposition 1A in 2004 has limited the State's abilities to redirect local revenues, but it can still borrow funds from local governments under certain conditions, and those conditions exist at this time.

The State has ordered a redistribution of redevelopment district tax increment revenue for fiscal year 2008-09, and this will mean the loss of \$30,000 to the Albany Reinvestment Agency. If the State chooses to borrow other local revenue, such as property or sales taxes, to balance its budget, it will have a negative effect on the City's fiscal year 2008-09 and 2009-10 budgets. The recent meltdown in the financial market caused by the subprime mortgage and credit crisis has a substantial impact on the City's investment earnings, but this City has not lost principal in its General Fund investments.

The investments held in the City's Police & Fire Pension Fund have suffered major declines and the Plan has gone from being funded to having an unfunded liability of approximately \$1,319,000 at September 30, 2008. The City will have to resume contributions to the Plan in fiscal year 2009-10, but these contributions will come from the Pension Override Tax, and will not impact the General Fund.

Property tax is the City's largest revenue source and we expect it to continue to grow at a rate of two to three percent per year, which is significantly below the six to eight percent growth experienced in recent years. For the budget year 2008-09, the General Fund property tax revenue is projected to grow 2% over the fiscal year 2007-08 actual revenue. Some counties in the state, including Alameda County, may experience declining property tax revenue as a result of reduced appraised value of homes sold in the last five years. The decline in property values has been moderate in Albany, but the possibility exists that overall county declines could affect the allocation of property taxes to Albany. Home foreclosures are at all time highs in California, but Albany has seen only moderate increases in foreclosure activity, and while property sales are likely to remain below the average of recent years, severe price declines are not projected.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Sales tax is the third largest revenue source for the City. Albany has consistently outperformed surrounding cities in sale tax generation in the past. However, the City is likely to generate less sales tax due to the gloomy economy and cutback from consumer spending. We have reduced the fiscal year 2008-09 projection to 92% of the fiscal year 2007-08 actual revenue.

Property transfer tax is part of the franchise and other taxes category, which is the second largest revenue source for the City. The number of home sales in the first quarter of 2008-09 was 43, down from 64 in the same quarter in fiscal year 2007-08. The first quarter revenue decreased 40% over prior year's revenue for the same period. We have revised the projection to \$860,000 from the budgeted amount of \$1,165,000 for fiscal year 2008-09 to reflect the current housing market condition.

CalPERS, the state administered retirement system, to which Albany belongs, has incurred significant losses in its investment portfolio in 2008, and had negative earnings in the third quarter. These losses will almost certainly result in increases in required employer contributions for all CalPERS plans. CalPERS has projected increases ranging from .1% to 5.0% of payroll in fiscal year 2011-12. Albany has chosen to maintain its retirement benefits at levels that can be sustained by reasonably expected growth in revenues, and it has chosen to use excess revenues to reduce its unfunded retirement plan liabilities. As a result, the City will be better able to absorb the increase in costs, but planning for the increased costs will have to begin in the fiscal year 2009-10 budget, in order to avoid a budget crisis in 2011-12.

Labor agreements expire March 2009 for administrative employees, October 2009 for Police and December 2010 for Fire/Paramedics. There are no wage re-openers in the agreements and the City expects to be able to absorb the scheduled wage increases. Increases in the costs of medical care benefits remain a matter of concern, but the announced increases for fiscal year 2008-09 are within the City's budget provisions.

The City has no unfunded obligations for post employment benefits.

Renovation of the City Hall, Police Department and Fire Station began during this fiscal year, and the project is expected to be complete in late 2009. City administrative and safety services have been relocated to temporary locations. Current projections are that construction and relocation costs will be within the approved budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a comprehensive and understandable portrayal of the City's finances, and to fulfill the City's financial accountability to Albany citizens, governmental entities, and other interested parties. This report is available on the City's website at: <http://www.albanyca.org>, click Departments, Finance, Financial Reports. Questions about this report, requests to purchase printed or computer disk copies of this report, and requests for separate financial statements for the Albany Community Reinvestment Agency, and the City of Albany Police and Fire Relief or Pension Fund may be addressed to:

Finance Department
City of Albany
405 Kains Avenue
Albany, CA 94706

**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			1,300,447	1,300,447	1,136,964
Total business-type activities		686,487			1,300,447	1,300,447	1,136,964
Change in net assets:					1,300,447	(14,712,177)	(14,060,583)
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	5,016,466
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

See accompanying notes to basic financial statements.

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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				Other Governmental Funds	Total Governmental Funds	
	General Fund	General Obligation Bond 2003	Civic Center Improvement	General Obligation Bond II		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
Amounts reported for governmental activities in the Statement of Activities and Changes in Net Assets are different because:		
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.		
Capitalized expenditures	4,331,648	3,053,018
Depreciation expense	(656,847)	(672,071)
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.		
	(4,124)	(10,061)
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.		
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
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.		
Amortization of bond premium	9,495	-
Amortization of bond issuance costs	(23,035)	(14,560)
Change in accrued interest payable	(224,280)	8,210
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.		
	(29,987)	(135,370)
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.		
	29,987	40,175
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.		
	(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	12,845,105	13,067,124	13,877,612	810,488
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	16,063,008	15,264,532	14,963,976	300,556
REVENUES OVER (UNDER) EXPENDITURES	(3,217,903)	(2,197,408)	(1,086,364)	1,111,044
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)	2,828,696	2,224,545	1,262,576	(961,969)
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing uses	<u>\$ (389,207)</u>	<u>\$ 27,137</u>	176,212	<u>\$ 149,075</u>
Fund balances, beginning of year			4,602,490	
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	
	<u>Pension Trust Fund (Police and Fire Pension)</u>	<u>Agency Funds</u>	<u>Pension Trust Fund (Police and Fire Pension)</u>	<u>Agency Funds</u>
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.

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting/Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government - wide Financial Statements

The City Government-wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-Type Activities for the City, accompanied by a total column. Internal Service Funds activities are excluded to avoid “doubling up” revenues and expenses. Fiduciary activities of the City are not included in the government-wide statements.

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities and Changes in Net Assets presents revenues, expenditure and fund transfers that produce changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which the liability is incurred.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

Certain eliminations have been made as prescribed by Governmental Accounting Standards Board Statement No. 34 in regards to interfund activities, payables and receivables. The City does not have internal payments that are treated as program revenue. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, transactions between governmental and business-type activities have not been eliminated.

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other purposes result from special revenue funds and the restrictions on their net asset use.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements.

Revenues subject to accrual are property taxes, franchise taxes, interest revenue, and charges for services. Sales taxes collected and held by the State at year-end on behalf of the City also are recognized as revenue. Licenses and permits are not subject to accrual because, generally, they are not measurable until received in cash.

Expenditures are generally recognized when a liability is incurred, under the modified accrual basis of accounting. Principal and interest on general long-term debt are recognized when due. Financial resources are appropriated in other funds for transfer to a debt service fund in the period in which maturing debt principal and interest must be paid. Thus, amounts are not current liabilities of the debt service fund, as their settlement will not require expenditure of existing fund assets.

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2 – Summary of Significant Accounting Policies (Continued)

All governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The statement of revenues, expenditures and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as subject to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The major governmental funds of the City are:

- *General Fund* – This is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- *General Obligation Bond 2003* - This fund is used to account for the General Obligation Bond, Series 2003, issued to finance the repair and improvement of recreational facilities; structural improvements to the fire department, police department and city hall buildings; residential street improvements; bike path improvements, construction and safety lighting; create and improve new and existing parks; and resurface city streets.
- *Civic Center Improvement Bonds* – This fund is used to account for the General Obligation Bond, Series 2007, issued to finance the structural improvements of the fire department, police department and city hall buildings.
- *General Obligation Bond II* – This fund is used to account for the General Obligation Bond, Series 2007, issued to finance the repair and improvement of recreational facilities; structural improvements to the fire department, police department and city hall buildings; residential street improvements; bike path improvements, construction and safety lighting; create and improve new and existing parks; and resurface city streets. This is the second issuance of the 2002 Election Bonds. The first issuance was issued in June 2003 for \$8,000,000.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

The City of Albany reports the Sewer Enterprise Fund as a major proprietary fund type. The Sewer Enterprise Fund accounts for sewage transmission provided to City residents. The cost of this service, including depreciation, is recovered through user charges.

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2 – Summary of Significant Accounting Policies (Continued)

The City's internal service funds at June 30, 2008 are the Community Development Equipment Reserve Fund, Worker's Compensation Fund, General Liability Fund, and the Compensated Absences Fund. The Community Development Equipment Reserve Fund is used to accumulate resources to be used for replacement of public works and park equipment. The Worker's Compensation Fund is used to cover known and unknown claims that may occur relating to worker injuries. The General Liability Fund is used to cover future general liability claims against the City. The Compensated Absences Fund is used to reserve funds required to pay off accrued liabilities for vacations, compensatory time and sick leave upon employees' retirement or other termination of employment.

Proprietary funds are accounted for using the *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund; all other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund, and all other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a statement of net assets and a statement of changes in net assets. The City's fiduciary funds represent agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City includes in its Comprehensive Annual Financial Report (CAFR) the Police and Fire Pension Trust Fund, which accounts for the activities of the City of Albany Police and Fire Relief or Pension Fund.

Agency funds are custodial in nature and do not require reporting of the results of operations and no measurement focus is applied to these funds. The accrual basis of accounting is utilized for reporting revenues and expenditures in agency funds. The City collects and distributes fees, special assessments, and deposits for outside parties based on agreements. Agency fund transactions are presented in the statement of changes in fiduciary assets and liabilities on page D51.

C. Budgetary Policies

Procedures followed in establishing the budgetary data reflected in the financial statements are presented below:

1. By June 1, of even-numbered years, the City Administrator submits to the City Council an operating budget and capital improvement budget for the two fiscal years commencing the following July 1. The operating budget includes proposed expenditures and the sources of financing.

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2 – Summary of Significant Accounting Policies (Continued)

2. Public hearings and work sessions are conducted to obtain comments from interested individuals and organizations.
3. The budget is formalized and legally enacted through City Council resolution.
4. All intrafund transfers above \$5,000 require the approval of the City Administrator (or designee). All intrafund transfers below \$5,000 require the approval of the Finance and Administrative Services Director (or designee). Interfund transfer approval must be obtained from both the City Administrator and Finance and Administrative Services Director. Such approval shall only be given provided the interfund transfer does not change the total initial appropriation for all funds requiring budgets. Changes in appropriations at the fund level must be approved by the City Council.
5. Formal budgetary integration, in the form of the annual budgets, is employed as a management control device during the year for the General Fund, Special Revenue Funds and all Capital Projects Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is achieved through general obligation bond indenture provisions and other debt agreements.
6. Budgets for General, Special Revenue, and Capital Projects Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations lapse at the end of the fiscal year.
7. As needed, budgeted amounts are subjected to amendments presented to City Council for approval. Budgeted amounts appearing in these statements are as amended by the City Council through June 30, 2008.

D. Revenue Recognition for the Sewer Enterprise Fund

Sewer service charges are billed and collected by the County Auditor-Controller's Office. Semi-annual payments are due November 1 and February 1 of the fiscal year in which the service is provided. Any charges billed but not received, as of the end of the fiscal year, are accrued.

E. Compensated Absences

City employees have a vested interest in accrued vacation time and twenty-five percent of accrued sick leave time. This accrued leave time will eventually be used by employees or paid-off by the City. The City has obligations for accrued vacation and sick leave in the amount of \$1,244,152, which is recorded in the Compensated Absences Internal Service Fund. The current portion of the liability is \$2,000, and the noncurrent portion is \$1,242,152.

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2 – Summary of Significant Accounting Policies (Continued)

F. Property Tax

Alameda County officials assess property, issue assessments and collect the tax proceeds. The County distributes taxes, plus any related interest and penalties, to the City.

Secured property tax is due in two installments, on November 1 and March 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and become delinquent on August 31.

The term “unsecured” refers to taxes on personal property other than real estate, land, and buildings, which are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available as defined above.

G. Cash and Cash Equivalents, and Cash Flows

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Proprietary fund types operating cash and investments have been used to prepare the statements of cash flows. Debt service reserves with trustees have original maturity terms of more than three months, and are not included as cash equivalent in the statement of cash flows.

H. Capital Assets

Governmental activity capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. Infrastructure assets include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Capital assets are recorded at cost and depreciated over their estimated useful lives. Depreciation is charged to governmental activities, by function.

Business-type activity capital assets are recorded at cost and depreciated over their estimated useful lives. The purpose of depreciation is to spread the costs of business-type capital assets equitably among all customers over the life of these assets, so that each customer’s bill includes a pro rata share of the cost of these assets. The amount charged to depreciation expense each year represents that year’s pro rata share of the cost of business-type activities capital assets.

The capitalization threshold for capital assets is \$5,000 with a useful life of at least two years. Depreciation of capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, accumulated depreciation, is reported on the Statement of Net Assets as a reduction in the book value of capital assets.

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Depreciation of capital assets in service is provided using the straight-line method, which means the cost of the asset is divided by its expected useful life in years, and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets.

Furniture and Equipment	5-10 years
Sewer transmission lines	50 years
Vehicles	5 years
Buildings	20-50 years
Infrastructure	20-70 years

I. Deferred Compensation Plan

City employees may defer a portion of their compensation under a City sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until it is distributed to them; distributions may be made only at termination of employment, retirement, death, or in an emergency as defined by the plan.

J. New Accounting Pronouncements

In September 2006, the GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. GASB Statement 48 established criteria to determine whether certain transactions should be regarded as sales or collateralized borrowings. It also requires employers to disclose future revenues pledged to support debt and intra-entity transfers of assets and future revenues. Implementation of GASB Statement 48 is required for the City of Albany effective this fiscal year. Disclosure for the City's future revenues pledged to support debt is included in Notes 6 and 8.

In May 2007, the GASB issued Statement No. 50, *Pension Disclosures*. GASB Statement 50 is an amendment of GASB Statements No. 25 and No. 27. This statement more closely aligns the financial requirements for pensions with those for other postemployment benefits. Implementation of GASB Statement 50 is required for the City of Albany effective this fiscal year. Disclosure of the City's pension plan is included in Notes 12 and 13.

K. Use of Estimates

The preparation of the basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2 – Summary of Significant Accounting Policies (Continued)

L. Reclassifications/Comparative Data

Changes in the level of activities in selected funds have required that funds be grouped differently in the current year than they were grouped in the prior year. To provide comparative prior year totals, some funds have been reclassified from the prior year classifications to conform with the current year classifications. Prior year total columns on the accompanying financial statements are not necessary for a fair presentation of the financial statements, but are presented to facilitate financial analysis.

NOTE 3 – Cash and Investments

The City's dependence on property tax receipts and seasonal revenue sources requires it to maintain significant cash reserves to finance operations. Except debt service reserves with trustees, bond proceeds from special assessment districts, and bond proceeds from sewer revenue bonds, the City pools cash from all sources and funds, so that these funds may be invested at the maximum yield, consistent with safety and liquidity, while allowing expenditures from individual funds at any time. Disclosure for the Albany Police and Fire Relief or Pension Plan investments can be found in Note 12.

A. Summary of Cash and Investments

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 44,056,071
Debt service reserves held with trustee	198,145
Fiduciary funds:	
Cash and investments	13,068,089
Debt service reserves held with trustee	483,107
Total cash and investments	<u>\$ 57,805,412</u>

B. Cash and investments as of June 30, 2008 consist of the following:

Cash on hand	\$ 15,351
Deposits with financial institutions	227,350
Investments	<u>57,562,711</u>
Total cash and investments	<u>\$ 57,805,412</u>

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 3 – Cash and Investments (Continued)

C. Authorized Investments

The table below identifies the investment types that are authorized by the City's Investment Policy. The table also identifies certain provisions of the City's Investment Policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of *Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	N/A	N/A	N/A
U.S. Agency Securities	N/A	N/A	N/A
Banker's Acceptance	180 days	40%	10%
Commercial Paper	270 days	15%	10%
Medium-Term Notes	One year	15%	5%
Money Market Mutual Funds	N/A	N/A	N/A
Repurchase Agreements	7 days	N/A	N/A
Local Agency Investment Fund (LAIF)	N/A	N/A	N/A
Investment Trust of California (CalTrust)	N/A	25%	N/A
Negotiable Certificates of Deposits	One year	15%	N/A

*Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

Debt Service Reserves with trustee are invested in accordance with indentures governing the related debt. The trustee may invest in U.S. treasury notes and bonds, and in pooled investments that invest in those securities.

D. Risk Disclosures

Interest Rate Risk. This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City monitors the interest rate risk inherent in its portfolio by measuring the maturity of its portfolio. In accordance with the City's investment policy, the City is not allowed to invest more than 25% of its investment portfolio in maturities greater than one year. Investments which exceed five years in maturity require City Council's approval. Further, each individual security is limited to one million dollars.

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 3 – Cash and Investments (Continued)

Investment Type	Fair Value	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Federal agency securities	\$ 515,724	\$ 515,724	-	-	-
State investment pool	37,886,021	37,886,021	-	-	-
CalTrust investment pool	6,071,369	6,071,369	-	-	-
Money market funds	63	63	-	-	-
Held by bond trustee:					
Money market funds	681,253	681,253	-	-	-
Total	\$ 45,154,430	\$ 45,154,430	\$ -	\$ -	\$ -

Credit Risk. This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. That is measured by the assignment of a rating by a nationally recognized credit rating organization. Presented below is the actual rating as of year end for each investment type.

Investment Type	Fair Value	Exempt From Disclosure	Rating as of Year End	
			AAA	Not Rated
Federal agency securities	\$ 515,724		\$ 515,724	
State investment pool	37,886,021			\$ 37,886,021
CalTrust investment pool	6,071,369			6,071,369
Money market funds	63			63
Held by bond trustee:				
Money market funds	681,253	\$ 681,253		
Total	\$ 45,154,430	\$ 681,253	\$ 515,724	\$ 43,957,453

The City's general policy is to apply the prudent-investor rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. As of June 30, 2008, there are no investments in any one issuer that represent 5% or more of total City investments.

Custodial Credit Risk. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a depositor will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counter party (e.g., broker-dealer) to a transaction, a depositor will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governments units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 3 – Cash and Investments (Continued)

As of June 30, 2008, City deposits of \$100,000 were held in accounts covered by depository insurance, and deposits of \$1,055,232 were held in accounts collateralized with securities held by the financial institution. As of June 30, 2008, there were no investments held by the same broker-dealer that was used by the City to buy the securities. Securities purchased through Wells Fargo Institutional Securities, LLC are held in the custody of Wells Fargo Bank National Association, in the name of the City.

E. Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The City is required to disclose its methods and assumptions used to estimate the fair value of its holdings in LAIF. The City relied upon information provided by the State Treasurer in estimating the City's fair value position of its holding in LAIF. The City had a contractual withdrawal value of \$37,886,021 whose pro-rata share of fair value was estimated by the state Treasurer to be \$37,884,135. The fair value change in this investment for the year came to an amount that was not material for presentation in the financial statements.

The City's investments with LAIF at June 30, 2008 included a portion of the pooled funds invested in structured notes and asset-backed securities. Structured notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options. Asset-backed securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMS) or credit card receivables.

As of June 30 2008, the State Treasurer had invested 14.72% of the pool's funds in structured notes and asset-backed securities. Fair value of LAIF investments was calculated by applying a factor of 0.999950219 to total book value of investments held by LAIF.

F. Fair Value of Investments

Accounting pronouncement GASB Statement 31 generally applies to investments in external investment pools, investments purchased with maturities greater than one year, mutual funds, and certain investment pools/agreements. Generally, governmental entities need to report the "fair value" changes for these investments at year-end and records these gains or losses on their income statement.

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 3 – Cash and Investments (Continued)

Methods and assumptions used to estimate fair value: The City maintains investment accounting records on amortized cost, and adjusts those records to “fair value” for external reporting purpose. The Funds investment custodians provide market values on each investment instrument on a monthly basis. The investments held by the Funds are widely traded in the financial markets, and trading values are readily available from numerous published sources. The Funds have elected to report their money market investments (those investments with maturities of less than one year) at amortized cost adjusted to fair value. Unrealized gains and losses are recorded and the carrying value of their investments is considered “fair value”.

NOTE 4 – Receivables

Note Receivable

Per the employment agreement between the City and the City Administrator, the City, in September 2001, loaned the City Administrator \$400,000 to be used toward the purchase of her principal residence. The loan includes interest at one-eighth of a percentage point above the interest that the City earned from LAIF (Local Agency Investment Fund Account) as of the date of the loan. The outstanding principal balance of the loan at June 30, 2008, was \$352,903, and is recorded in the General Fund as a note receivable.

NOTE 5 – Capital Assets

The following is a summary of capital assets as of June 30, 2008:

	Governmental Activities	Business- Type Activities	Total
Capital assets not being depreciated:			
Land and improvements	\$ 12,030,253	\$ -	\$ 12,030,253
Construction in progress	2,522,409	-	2,522,409
	<u>14,552,662</u>	<u>-</u>	<u>14,552,662</u>
Depreciable capital assets:			
Buildings	8,254,565	-	8,254,565
Furniture and fixtures	547,249	-	547,249
Machinery and equipment	848,309	56,928	905,237
Vehicles	1,907,764	-	1,907,764
Sewer lines	-	15,981,681	15,981,681
Infrastructure	8,917,045	-	8,917,045
Total	<u>20,474,932</u>	<u>16,038,609</u>	<u>36,513,541</u>
Less: accumulated depreciation	6,422,285	3,437,262	9,859,547
Depreciable capital assets, net	<u>14,052,647</u>	<u>12,601,347</u>	<u>26,653,994</u>
Total capital assets, net	<u>\$ 28,605,309</u>	<u>\$ 12,601,347</u>	<u>\$ 41,206,656</u>

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 5 – Capital Assets (Continued)

Transactions and balances of capital assets were as follows:

	<u>Balances June 30, 2007</u>	<u>Additions</u>	<u>Transfers/ Retirements</u>	<u>Balances June 30, 2008</u>
Governmental activities:				
Nondepreciable assets:				
Land and improvements	\$ 8,027,131	\$ 4,003,122	\$ -	\$ 12,030,253
Construction in progress	3,313,459	1,211,475	2,002,525	2,522,409
Total nondepreciable assets	<u>11,340,590</u>	<u>5,214,597</u>	<u>2,002,525</u>	<u>14,552,662</u>
Depreciable assets:				
Buildings	8,254,565	-	-	8,254,565
Furniture and fixtures	180,357	366,892	-	547,249
Machinery and equipment	786,293	97,474	35,458	848,309
Vehicles	1,559,406	115,336	167,116	1,507,626
Infrastructure	8,377,168	539,877	-	8,917,045
Total depreciable assets	<u>19,157,789</u>	<u>1,119,579</u>	<u>202,574</u>	<u>20,074,794</u>
Less accumulated depreciation for:				
Buildings	2,618,019	164,380	-	2,782,399
Furniture and fixtures	86,065	27,029	-	113,094
Machinery and equipment	527,176	77,305	35,458	569,023
Vehicles	1,242,816	122,664	162,988	1,202,492
Infrastructure	1,089,670	265,469	-	1,355,139
Total accumulated depreciation	<u>5,563,746</u>	<u>656,847</u>	<u>198,446</u>	<u>6,022,147</u>
Total depreciable assets, net	<u>13,594,043</u>	<u>462,732</u>	<u>4,128</u>	<u>14,052,647</u>
Internal service fund fixed assets:				
Depreciable assets:				
Vehicles	431,043	-	30,905	400,138
Total depreciable assets	<u>431,043</u>	<u>-</u>	<u>30,905</u>	<u>400,138</u>
Less: accumulated depreciation	426,920	3,090	29,872	400,138
Total depreciable assets, net	<u>4,123</u>	<u>(3,090)</u>	<u>1,033</u>	<u>-</u>
Total governmental activities	<u>\$ 24,938,756</u>	<u>\$ 5,674,239</u>	<u>\$ 2,007,686</u>	<u>\$ 28,605,309</u>

Depreciation was charged to function as follows:

Governmental activities:	
General government	\$ 51,199
Police	100,662
Fire and emergency medical services	31,071
Community development and environmental resources	310,170
Recreation and community services	166,835
Total governmental activities depreciation expense	<u>\$ 659,937</u>

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 5 – Capital Assets (Continued)

	<u>Balances</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>June 30, 2008</u>
Business-type activities:				
Sewer Enterprise Fund fixed assets:				
Depreciable Assets:				
Sewer lines	\$ 15,606,492	\$ 375,189	\$ -	\$ 15,981,681
Machinery and equipment	10,565	46,363	-	56,928
Total depreciable assets	<u>15,617,057</u>	<u>421,552</u>	<u>-</u>	<u>16,038,609</u>
Less accumulated depreciation for:				
Sewer lines	3,118,312	311,838	-	3,430,150
Machinery and equipment	4,226	2,886	-	7,112
Total accumulated depreciation	<u>3,122,538</u>	<u>314,724</u>	<u>-</u>	<u>3,437,262</u>
 Total depreciable assets, net	 <u>\$ 12,494,519</u>	 <u>\$ 106,828</u>	 <u>\$ -</u>	 <u>\$ 12,601,347</u>

NOTE 6 – Governmental Activities Debt

The City generally incurs debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt. The City's debt issues and transactions related to governmental activities are summarized below and discussed in detail subsequently.

<u>Debt-Governmental Activities</u>	<u>Balances</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>June 30, 2008</u>	<u>Due within</u> <u>one year</u>
Long-term debt:					
1997 Refunding COPS					
4.25-4.8%, 9/1/12	\$ 1,965,000	\$ -	\$ 375,000	\$ 1,590,000	\$ 395,000
2003 general obligation					
bonds 3.00-4.00%, 8/1/33	7,550,000	-	165,000	7,385,000	170,000
Civic Center Improvement					
general obligation bonds					
4.00-8.00%, 8/1/37	-	5,000,000	-	5,000,000	70,000
General obligation					
bonds II 4.00-7.00%, 8/1/37	-	6,500,000	-	6,500,000	95,000
	<u>9,515,000</u>	<u>11,500,000</u>	<u>540,000</u>	<u>20,475,000</u>	<u>730,000</u>
Unamortized bond premium	-	310,756	9,495	301,261	-
Landfill postclosure costs	750,000	-	-	750,000	-
Total long-term debt	<u>\$ 10,265,000</u>	<u>\$ 11,810,756</u>	<u>\$ 549,495</u>	<u>\$ 21,526,261</u>	<u>\$ 730,000</u>

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 6 – Governmental Activities Debt (Continued)

The liability for landfill postclosure costs relates to a construction landfill known as the Albany Bulb. It is anticipated that this land will be transferred to Eastshore State Park without additional costs to the City.

A. 1997 Refunding Certificates of Participation

On December 1, 1997 the City issued \$4,760,000 in Refunding Certificates of Participation (COPS) with interest rates ranging from 4.25 percent to 4.80 percent, to advance refund the \$1,465,000 1989 Refunding COPS with interest rates ranging from 6.6 percent to 7.85 percent, and the \$2,980,000 1992 Refunding COPS with interest rates ranging from 4.75 percent to 6.9 percent. The Net proceeds of \$ 4,579,934 (after payment of \$180,466 in underwriting fees, insurance, and other issuance costs) plus an additional \$500,516 of 1989 and 1992 reserve funds, were deposited into trust to defease the 1989 and 1992 bonds. The 1989 and 1992 lease revenue bonds that have been advanced refunded financed improvements to the maintenance center, and the acquisition of the Library/Community Center complex site and construction of the Center. The 1997 COPS are collateralized by the City's non-cancelable lease covering the Library/Community Center Complex, which terminates September 1, 2012.

A portion of the assessments from the City's Lighting and Landscape Assessment District Fund are being pledged to pay for the debt. Annual principal and interest payments on the debt require about 67% of the assessments (the portion contributed from assessments). The total principal and interest remaining to be paid on the bonds is \$1,763,794. Principal and interest paid for the current year and assessments were \$470,698 and \$526,974, respectively.

B. 2003 General Obligation Bonds

In November 2002, voters passed a ballot measure authorizing the issuance of general obligation bonds in the amount of \$14,500,000, the proceeds to be used for various capital improvements over a period of several years. In June 2003, the City issued \$8,000,000 of the bonds. Interest payments are due February 1st and August 1st and principal payments are due August 1st of each year, with the final payment due August 1, 2033.

C. Civic Center Improvement General Obligation Bonds

In November 2006, voters passed a ballot measure authorizing the issuance of general obligation bonds in the amount of \$5,000,000, the proceeds to be used for the structural improvements of the fire department, police department and city hall buildings. The bonds were issued In August 2007. Interest payments are due February 1st and August 1st and principal payments are due August 1st of each year, with the final payment due August 1, 2037.

D. General Obligation Bonds II

This is the second issuance of the \$14,500,000 bonds approved by the voters in November 2002. The first issuance of \$8,000,000 was issued in June 2003. The remaining \$6,500,000 was issued in August 2007 along with the \$5,000,000 Civic Center Improvement bonds. The proceeds to be used for various capital improvements including the civic center retrofit project. Interest payments are due February 1st and August 1st and principal payments are due August 1st of each year, with the final payment due August 1, 2037.

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 6 – Governmental Activities Debt (Continued)

E. Arbitrage

Arbitrage calculations for outstanding bonds have not resulted in potential arbitrage liabilities.

F. Landfill Postclosure Costs

See Note 16 for a complete discussion of the landfill postclosure costs.

G. Future Governmental Activities Debt Service

Debt service schedules for the COPS, general obligation bonds and lease purchases are as follows:

	Principal				
	1997 COPS	2003 GO Bonds	Civic Center Improvement GO Bonds	GO Bonds II	Total
2009	\$ 395,000	\$ 170,000	\$ 70,000	\$ 95,000	\$ 730,000
2010	415,000	175,000	80,000	105,000	775,000
2011	245,000	180,000	85,000	110,000	620,000
2012	260,000	185,000	90,000	120,000	655,000
2013	275,000	190,000	100,000	125,000	690,000
2014-2018		1,075,000	575,000	740,000	2,390,000
2019-2023		1,305,000	690,000	905,000	2,900,000
2024-2028		1,625,000	855,000	1,125,000	3,605,000
2029-2033		2,020,000	1,075,000	1,395,000	4,490,000
2034-2038		460,000	1,380,000	1,780,000	3,620,000
Totals	\$ 1,590,000	\$ 7,385,000	\$ 5,000,000	\$ 6,500,000	\$ 20,475,000

	Interest				
	1997 COPS	2003 GO Bonds	Civic Center Improvement GO Bonds	GO Bonds II	Total
2009	\$ 67,178	\$ 240,480	\$ 289,776	\$ 312,065	\$ 909,499
2010	47,936	234,479	282,876	305,065	870,356
2011	32,096	228,729	275,776	297,540	834,141
2012	19,846	223,479	268,476	289,490	801,291
2013	6,738	217,779	260,976	280,915	766,408
2014-2018		1,015,082	1,203,892	1,299,150	3,518,124
2019-2023		883,221	996,060	1,130,203	3,009,483
2024-2028		713,313	706,068	910,145	2,329,525
2029-2033		484,375	319,906	620,999	1,425,280
2034-2038		179,500	9,775	231,250	420,525
Totals	\$ 173,794	\$ 4,420,435	\$ 4,613,581	\$ 5,676,821	\$ 14,884,631

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 6 – Governmental Activities Debt (Continued)

General Fund, Sewer Fund, and Landscape and Lighting Special Revenue Fund revenues are used to service the COPS.

The City is required to maintain amounts of cash and investments with trustees or fiscal agents under the terms of the above debt issues. These funds are pledged as reserves to be used if the City fails to meet its obligations under debt issues. These reserves totaled \$198,037 and \$200,457, respectively at June 30, 2008 and 2007.

The California Government Code requires these funds to be invested in accordance with the City ordinance, bond indentures or State statute. All funds have been invested as permitted under the Code.

NOTE 7 – Special Assessment District Debt

On February 10, 1999 the City issued Limited Obligation Improvement Bonds in the amount of \$6,230,000, pursuant to the provisions of the Improvement Bond Act of 1915 and the 1972 LLMD Act. The bonds were issued to finance certain improvements and acquisitions in the City's Open Space, Recreational Playfield, and Creek Restoration Assessment District No. 1996-1 (the District). Assessments sufficient to meet annual debt service on the bonds are billed by the County of Alameda to owners of assessment parcels located within the District.

Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof is pledged to the payment of the bonds. Therefore, the debt is not recorded in the City's Government-wide Financial Statements.

The outstanding balance of the bonds as of June 30, 2008 is \$4,330,000.

NOTE 8 – Business-Type Activities Debt

On September 1, 2004, the City issued \$8,675,000 in Sewer Revenue Bonds, in which a portion of the proceeds was used to defease the City's 1993 Sewer Revenue Bonds in the amount of \$2,750,000 as of the issue date. The reacquisition price exceeded the net carrying amount of the old debt by \$142,377. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. The remaining proceeds will be used to finance certain improvements to the City's sewer system. The bonds mature serially, each September 1, and semi-annual interest payments are due each September 1 and March 1.

The Bonds are special obligations of the City and are secured by and payable solely from operating revenue of the Sewer Enterprise Fund. The bonds maturing on or before September 1, 2014, are not subject to optional redemption prior to maturity. The bonds maturing on or after September 1, 2015, are subject to redemption prior to their respective maturity dates, at the option of the City, from any source of available funds, as a whole on any date on or after September 1, 2014, at a redemption price equal to the principal amount of the bonds together with a premium. These mandatory redemptions are to be made from sinking fund payments made by the City in the year of redemption. Bonds maturing on or after September 1, 2014 may be redeemed at par plus a 2 percent premium, which decreases until September 1, 2016, at which time they may be redeemed at par. The interest rates range from 2.00% to 4.40%.

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 8 – Business-Type Activities Debt (Continued)

The City has pledged future sewer service charges, net of specified operating expenses, to repay the debt. Annual principal and interest payments on the debt require about 47% of the net revenue. The bonds are payable solely from net revenues and are payable through 2024. The total principal and interest remaining to be paid on the bonds is \$10,641,103. Principal and interest paid for the current year and net revenues were \$623,403 and \$1,321,003, respectively.

The following is a summary of changes in long-term debt.

	Balances June 30, 2007	Additions	Retirements	Balances June 30, 2008	Due within one year
Sewer revenue bonds	\$ 8,030,000	\$ -	\$ 330,000	\$ 7,700,000	\$ 340,000
Deferred amortization on refunding	(94,917)	-	(15,820)	(79,097)	-
Original issue discount	(57,283)	-	(3,369)	(53,914)	-
	<u>\$ 7,877,800</u>	<u>\$ -</u>	<u>\$ 310,811</u>	<u>\$ 7,566,989</u>	<u>\$ 340,000</u>

Annual debt service repayment requirements to repay the Sewer Revenue Bonds and amortization of bond issuance costs and refunding discount at June 30, 2008 are:

Year ending June 30,	Bond Service Payments			Amortization		
	Principal	Interest	Total	Issuance Cost	Refunding Discount	Total
2009	\$ 340,000	\$ 286,362	\$ 626,362	\$ 10,133	\$ 19,189	\$ 29,322
2010	350,000	278,160	628,160	10,133	19,189	29,322
2011	355,000	268,550	623,550	10,133	19,189	29,322
2012	370,000	257,575	627,575	10,133	19,189	29,322
2013	380,000	245,383	625,383	10,133	19,189	29,322
2014-2018	2,125,000	1,007,950	3,132,950	50,665	16,845	67,510
2019-2023	2,585,000	544,139	3,129,139	50,665	16,845	67,510
2024-2025	1,195,000	52,984	1,247,984	10,135	3,376	13,511
Totals	<u>\$ 7,700,000</u>	<u>\$ 2,941,103</u>	<u>\$10,641,103</u>	<u>\$ 162,130</u>	<u>\$ 133,011</u>	<u>\$ 295,141</u>

Internal Service Fund Debt

The liability related to compensated absences at June 30, 2008 is summarized below:

Debt	Balances June 30, 2007	Additions	Retirements	Balances June 30, 2008	Due within one year
Compensated absences	<u>\$ 1,036,997</u>	<u>\$ 208,892</u>	<u>\$ 1,737</u>	<u>\$ 1,244,152</u>	<u>\$ 2,000</u>

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 9 – Fund Equity

A. Designation

Designations are resources designated for future activities associated with special programs. The City intends to use the designated funds for Community Development, Recreation, Police, and Fire projects. These projects include various street and facility maintenance programs, park, open space and library operations, front line law enforcement activities, and safety pension plans.

B. Deficit Fund Balance

The following fund has a deficit in fund balance at June 30, 2008:

<u>Other governmental funds</u>	
Park Bond	\$36,016

Park Bond

The Park Bond Fund incurred costs for the Community Center Repairs during fiscal year 2006-07. This project is partially funded by the State's Prop 40 bond funds and will be completed in fiscal year 2008-09. Upon completion the State will reimburse the costs to the City. The payment will eliminate the deficit fund balance in the Park Bond Fund.

C. Major Fund Budget Variances – General Fund

- Property taxes were \$4,794,633, which exceeded the budgeted amount by \$200,828. The excess in taxes resulted from increase in assessed valuation and reassessment of properties due to improvements and change of ownership. Franchise and other taxes were above the budget by \$190,809. The increase was consisted of a few large components including property transfer taxes, telephone and gas utility user taxes, race track taxes, and Cable TV franchise fees. Earnings on investments of \$504,524 exceeded the budgeted amount by \$128,701. The excess revenue resulted from better than expected cash balance maintained during the year. Other revenues of \$378,051 were \$122,234 higher than budget. This was primarily contributed to the school resource officer and fire strike team reimbursements.
- Expenditures of \$1,973,817 for the General Government and \$4,882,681 for the Police Department were below budget by \$174,471 and \$128,486, respectively. The lower than budgeted expenditures mainly resulted from salary and benefit savings on vacant positions, fewer grants/donations given to non-profit organizations, and less expenditures incurred for equipment purchases.
- The transfers out of \$1,775,476 were above the budget by \$1,168,605. Transfers were made to the capital facilities reserve fund, waterfront plan fund, and the equipment replacement reserve fund. The funds will be also used to fund the waterfront planning activities, acquisition of a permanent maintenance facility, and future equipment replacement and purchase of financial software. In addition, transfers were made to the internal service fund for compensated absences reserve. All transfers are detailed in the schedule at Note 11, and all transfers were approved by the City Council.

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 10 – Net Assets

Accounting pronouncement GASB Statement 46 requires state and local government to disclose the amount of the primary government's net assets at the end of the reporting period that are restricted by enabling legislation. As of June 30, 2008, the government-wide statement of net assets reports \$14,160,728 of restricted net assets, of which \$3,730,164 is restricted by enabling legislation, grantors, and other government agencies. Restricted net assets will be used for the purposes specified by the legislation. The City's restricted net assets represent unspent resources received from grantor agencies, fees imposed to offset future costs, and taxes levied for specific programs.

NOTE 11 – Interfund Transactions

Interfund Transfers

The principal purpose of interfund transfers is to match revenue, which is recorded in funds designated for specific purposes, with the expenditures funded by these revenues. Examples are the Emergency Medical Services fees that are used to pay paramedic service expenses recorded in the General Fund, and Lighting and Landscape Assessment fees that are used to pay expenditures in the debt service funds. Interfund transfers are also used to fund insurance reserves and equipment replacement funds.

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 11 – Interfund Transactions (Continued)

Fund	Transfers in	Transfers out
MAJOR GOVERNMENTAL FUNDS		
General	\$ 3,038,052	\$ 1,775,476
Total major funds	3,038,052	1,775,476
NON-MAJOR GOVERNMENTAL FUNDS		
Special revenue funds:		
Gas Tax	-	391,224
Pension Property Tax	-	750,000
Streets	42,341	-
Lighting and Landscape Assessment District	-	386,290
Emergency Medical Services	-	1,143,491
Asset Forfeiture	981	-
	43,322	2,671,005
Debt service funds:		
Debt Service APFFA	447,742	-
	447,742	-
Capital projects funds:		
Fire Equipment	24,000	-
Police Equipment	51,000	-
Emergency Medical Service Equipment	22,500	-
Fire Operations Equipment	24,000	-
Capital Facilities Developer Fee	-	277
Capital Facilities	500,000	-
Waterfront Plan	259,713	-
Equipment Replacement Reserve	200,000	-
	1,081,213	277
Total non-major governmental funds	1,572,277	2,671,282
PROPRIETARY FUNDS		
Internal Service Funds:		
Worker's Compensation	282,220	-
General Liability	224,670	-
Compensated Absences	208,892	-
	715,782	-
Enterprise Fund		
Sewer Fund	-	879,353
	-	879,353
Total proprietary funds	715,782	879,353
Total Interfund Transfers	\$ 5,326,111	\$ 5,326,111

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 11 – Interfund Transactions (Continued)

Interfund Balances

The following is a summary of interfund balances as of June 30, 2008:

MAJOR GOVERNMENTAL FUNDS

General fund	\$ 447,923	\$ -
Total major funds	447,923	-

NON-MAJOR GOVERNMENTAL FUNDS

Special revenue funds:

Community Development Block Grant	-	7,503
Alameda County Measure B	-	31,784
Emergency Medical Services	-	80,580
Park Bond	-	101,581
	-	221,448

Capital projects funds:

Reinvestment	-	13,110
1996-1 Assessment District Bond Fund	-	100,285
	-	113,395

Debt service funds:

APFFA Debt Service	-	8,041
Reinvestment Debt Service	-	16,877
	-	24,918

Total non-major governmental funds

	-	359,761
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PROPRIETARY FUNDS

Internal Service Funds:

Worker's Compensation	-	88,162
	-	88,162

Total proprietary funds

	-	88,162
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Total

	\$ 447,923	\$ 447,923
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Funds are primarily advanced from the General Fund to cover current cash flow requirements. The amounts shown above are expected to be repaid in the following fiscal year.

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 11 – Interfund Transactions (Continued)

Advances to and from other funds at June 30, 2008 were as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
MAJOR GOVERNMENTAL FUNDS		
General	\$ 686,203	\$ -
Total major governmental funds	<u>686,203</u>	<u>-</u>
NON-MAJOR GOVERNMENTAL FUNDS		
Capital - Reinvestment	-	300,000
Debt Service - Reinvestment	-	386,203
Total non-major governmental funds	<u>-</u>	<u>686,203</u>
Total	<u>\$ 686,203</u>	<u>\$ 686,203</u>

The General Fund advanced certain monies on behalf of the Debt Service – Reinvestment Fund to finance certain costs and expenses, as set forth in the Cooperation Agreement between the City and the Albany Community Reinvestment Agency. Under the terms of the agreement, interest is accrued at rates based on the current Local Agency Investment Fund rate. Any unpaid accrued interest is added to the total obligation on an annual basis. At June 30, 2008, the balance of principal was \$386,203. The total obligation is subordinate to any external debt of the Agency as well as the \$300,000 advance discussed below. The Agency expects to repay the obligation using future incremental tax revenues. There is no fixed due date for repayment.

A \$400,000 advance from the General Fund to the Capital Projects – Reinvestment Fund was made for the specific purpose of providing funds for the development of the Buchanan-Eastshore Highway Interchange project located in the Cleveland Avenue/Eastshore Highway Project Area. This advance is expected to be repaid from property tax increment revenues, in installments of principal plus interest at rates based on the current Local Agency Investment Fund rate. At June 30, 2008, the balance of principal was \$300,000.

NOTE 12 – Albany Police and Fire Relief or Pension Fund

A. Plan Description

The Albany Police and Fire Relief or Pension Fund ("Fund") is a sole employer defined benefit pension plan for the City of Albany's police and fire employees hired before July 1, 1971. The Fund is closed to new participants. Participants in the fund are as follows:

Terminated vested participants:

Retired	13
Disabled	9
Survivor	7
	<u>29</u>

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 12 – Albany Police and Fire Relief or Pension Fund (Continued)

Employees who retire, regardless of age, with 30 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to two-thirds of the amount of the average yearly compensation attached to the rank he or she held during three years preceding retirement. A member may retire with an early allowance (computed in the same manner as above, but reduced by one-thirtieth for each year of service less than thirty) after attaining age 50 and with 25 years credited service. The Fund also provides death, disability, and survivor benefits. These benefit provisions and all other requirements are established by City Charter.

B. Cash and Investments

Investments are reported at fair value. Certain short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange, are valued at the last reported sales price. Investments that do not have an established market value are reported at estimated fair value. Net gains and losses, includes gains and losses from the sale of investments and unrealized net increases or decreases in market value.

During fiscal year 2007-08, the Fund's investment policy was modified to allow reallocation of assets. In February 2008, the investments were converted into mutual funds from common stocks, debt instruments, money market funds, and government-related securities. At June 30, 2008, the Fund's investments were held by Dodge & Cox Funds in Stock Fund, Income Fund, and International Stock Fund.

The Fund's Investment Policy and the California Government Code allow the Fund to invest in the following type of investments. Each type of investment is subject to a target allocation and includes maximum and minimum general guidelines as a percentage of the overall portfolio as set forth in the investment policy.

<u>Authorized Investment Type</u>	<u>Target Allocation</u>	<u>Minimum Percentage of Portfolio</u>	<u>Maximum Percentage of Portfolio</u>
Large Cap Equity	40%	30%	50%
International Equity	10%	5%	15%
Fixed Income	50%	40%	60%
Cash	N/A	N/A	5%

As of June 30, 2008, the Fund's allocations met the requirements set by the Fund's policy as described above.

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 12 – Albany Police and Fire Relief or Pension Fund (Continued)

The Fund's assets (except for LAIF) are in the bank's name, but are held by its Trust Department in a separate account in the Fund's name. As of June 30, 2008, the Fund held the following securities:

Investment Type	Fair Value	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Local Agency Investment Fund (LAIF)	101,576	101,576	-	-	-
Mutual funds:					
Stock fund	4,681,909	4,681,909	-	-	-
Income fund	6,387,821	6,387,821	-	-	-
International stock fund	1,236,954	1,236,954	-	-	-
Total	\$ 12,408,260	\$ 12,408,260	\$ -	\$ -	\$ -

C. Funding Status and Progress

The actuarial accrued liability presented below was determined as part of an actuarial valuation at September 30, 2008. The entry age actuarial cost method and significant actuarial assumptions were used in determining the actuarial accrued liability and included: (a) a rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, and (b) projected inflation rate of 4 percent per year.

The method for determining the actuarial value of assets adjusts market value to recognize, over a five-year period, the differences between assumed and actual investment return. That is, only 20 percent of realized and unrealized gains and losses are recognized in any one-year. These modified asset values are called the Actuarial Book Value.

The actuarial accrued liability and asset for participants at September 30, 2008 (most recent available) is as follows:

Actuarial accrued liability	
Retirees and beneficiaries currently receiving benefits	\$ 12,258,000
Current employees vested	-
Total actuarial accrued liability	<u>12,258,000</u>
Actuarial book value of assets available for benefits	10,939,000
Unfunded liability	<u>\$ (1,319,000)</u>

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 12 – Albany Police and Fire Relief or Pension Fund (Continued)

D. Contribution Requirements and Contribution Made

There are no active Plan participants and the plan is closed to new participants. Because the Plan carried an unfunded actuarial liability through June 30, 2003, an employer contribution was made each year, utilizing revenue from the property override tax initiated in 1982 to partially fund pension cost. Following the contribution of \$534,513 made in the fiscal year ended June 30, 2004, the Plan was fully funded and no additional contributions were made from fiscal year 2004-05 through fiscal year 2007-08. Due to the meltdown in the financial market after June 30, 2008, the Fund's investment value has declined significantly. Based on the actuarial valuation performed for the period ended September 30, 2008. The Fund is no longer fully funded. Additional contributions will be required effective next fiscal year. Actuarial valuation of the Plan continues on a three-year cycle under normal circumstances.

As the Plan was considered fully funded in fiscal year 2003-04, annual pension cost and net pension obligation were not applicable to the Plan for the four following years; thus there is no three-year trend information to be presented for the Plan.

E. Contributions

Annual contributions received by the Plan were as follows:

Fiscal Year	Employee	Employer	Pension Tax Override	Total
1997-1998	\$ 17,396	\$ 17,396	\$ 859,910	\$ 894,702
1998-1999	18,451	18,451	943,373	980,275
1999-2000	14,798	14,798	1,046,235	1,075,831
2000-2001	11,175	11,175	1,006,065	1,028,415
2001-2002	7,199	7,199	1,164,678	1,179,076
2002-2003	2,885	2,885	1,251,176	1,256,946
2003-2004	-	-	534,513	534,513
2005-2006	-	-	-	-
2006-2007	-	-	-	-
2007-2008	-	-	-	-

F. Separate stand-alone financial statements for the Police and Fire Relief and Pension Plan can be obtained from the City of Albany administrative offices located at 405 Kains Avenue, Albany, CA 94706.

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 13 – PERS Pension Plan

A. Plan Description

The City of Albany contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office – 400 P Street – Sacramento, California 95814.

B. Funding Policy

Participants are required to contribute 8 percent (9 percent for safety employees) of their annual covered salary. The City's actuarially determined contribution rates for fiscal year 2007-08 were:

City Miscellaneous	10.262%
Safety Police	20.244%
Safety Fire	17.778%
Albany JPA Miscellaneous	10.646%

As discussed in paragraph E of this note, the City's CalPERS plans have been placed in risk pools, and beginning in fiscal year 2005-06 the employer contribution to each of the plans will be based on a combination of a declining percentage of the normal cost of the plan as a stand-alone plan and an increasing percentage of the pools normal cost until fiscal year 2010-11 when the plans will be subject to 100% of the pool's normal cost.

C. Annual Pension

For fiscal 2007-08, the City's annual pension cost of \$1,992,648 for PERS plans was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service age, and type of employment, and (c) 3.25 percent per year payroll growth. Both (a) and (b) included an inflation component of 3.0 percent. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments such that the actuarial value of assets is 90% and 110% of the actual market value. Unfunded actuarial accrued liabilities are being amortized as a level percentage of assumed future payrolls. All changes in liability due to plan amendments are amortized separately over a closed 20-year period. Gains and losses are tracked and 10% of the net unamortized gain or loss is amortized each year.

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 13 – PERS Pension Plan (Continued)

D. Three Year Trend Information – Combined Contributions Made

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2006	1,874,797	100%	-
6/30/2007	1,826,613	100%	-
6/30/2008	1,992,648	100%	-

E. Risk Pool & Side Funds

As part of a program to smooth the changes in required employer contributions for smaller plans, resulting from changes in actuarial assumptions and short-term experience factors, PERS placed plans of 100 or fewer members into "risk pools." Funding status for individual pool plan members is not available.

Formation of the risk pools required the establishment of "side funds," that represent unfunded liabilities, which are to be amortized over periods of 9 to 18 years for the City's four plans. As of June 30, 2008, the balances of the side funds totaled \$2,180,463.

F. Social Security

The Omnibus Budget Reconciliation Act of 1990 (OBRA) mandates that public sector employees who are not members of their employer's existing systems as of January 1, 1992 be covered by either Social Security or an alternative plan.

The City's Local 790 union members and part-time employees are covered under Social Security, which requires these employees and the City to each contribute 6.2 percent of the employee's pay to the Social Security Fund. Total contributions to Social Security during the year ended June 30, 2008 were \$197,801, of which the City paid one-half.

The City's seasonal and temporary employees are covered under an ICMA alternative plan that requires these employees to contribute 7.5 percent of the pay to the plan. Total contributions to the plan during the year ended June 30, 2008 were \$18,836. There is no matching contribution requirement for the City.

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 14 – Post-Retirement Benefits

The City does not provide post-retirement benefits to retirees. However, retirees are allowed to remain in the City's health benefit plans after retirement paying for their own health premium. The City's health plans are administered by the California Public Employees Retirement System. The City does not make contributions toward retirees' portion of premium. Under the Public Employee's Medical & Hospital Care Act (PEMHCA), the City is required to pay an employer portion of the health premium. Payments are made to the plan administrator directly each month. It is based on a pay-as-you-go basis. There are 17 retired members in the City's health benefit plans. The employer rates are ranged from \$15.50 to \$67.90. In fiscal year 2007-08, the City paid \$8,348 for the employer's share. The employer's premium rates are determined by the plan administrator and not expected to increase significantly in the future. Based on past experience, a small number of retirees elect to stay in the City's health plans. Due to the small number of retirees and insignificant contribution to these plans, the City considers it is not cost-effective to perform an actuarial valuation. The disclosure in this note is deemed appropriate to satisfy the requirement of GASB Statement 43.

NOTE 15 – Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, and natural disasters. The City manages risk by participating in the public entity risk pools described below and by retaining certain risks.

Public entity risk pools are formally organized separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these risk pools exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the board. Obligations and liabilities of these risk pools are the City's responsibility.

A. Risk Pools

The City participates in the BCJPIA general liability risk pool, which in turn participates in the California Affiliated Risk Management Authorities (CARMA) risk pool. Bay Cities Joint Powers (BCJPIA) Insurance Authority covers general liability claims in an amount up to \$1,000,000. The City has a deductible or uninsured liability of up to \$50,000 per claim. Once the City's deductible is met BCJPIA becomes responsible for payments of all claims up to \$1,000,000. CARMA covers claims from \$1,000,000 to \$19,000,000. The City contributed \$129,716 for coverage during the fiscal year ended June 30, 2008.

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 15 – Risk Management (Continued)

Condensed audited financial information of BCJPIA at and for the fiscal year ended June 30, 2008 is as follows:

Total assets	\$20,055,378
Total liabilities	11,743,618
Net assets	<u>\$8,311,760</u>
Total revenues	\$11,615,012
Total expenses	8,453,122
Net revenue	<u>\$3,161,890</u>

The City is a participant in the BCJPIA workers compensation risk pool, which in turn participates in the Local Agency Workers Compensation Excess Insurance Joint Powers Authority's (LAWCX) risk pool, and LAWCX in turn purchases coverage above the \$1 million coverage provided by its pool. The City has a self-insured retention of \$150,000 for claims, and the BCJPIA pool covers claims from \$150,000 to \$1,000,000. Claims from \$1,000,000 to \$200,000,000 are covered by LAWCX.

The City's contributions with each risk pool equal the ratio of the City's payroll to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. During the fiscal year ended June 30, 2008, the City incurred costs of \$199,462 for coverage premiums and administration of the risk pools.

During the past four fiscal (claims) years, none of the above programs have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

Financial statements for BCJPIA and LAWCX may be obtained from Bickmore Risk Services, 1831 K Street, Sacramento, CA 95814.

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 15- Risk Management (Continued)

B. Liability for Uninsured Claims

The City estimates its liability for the uninsured portion of claims, including a provision for claims incurred but not reported, based on claims experience. Claims activity for the years ended June 30, 2008 and June 30, 2007 were as follows:

	2008			Fiscal
	Workers' Compensation	General Liability	Total	2007 Total
Claims liabilities, beginning of year	\$ 2,231,276	\$ 201,863	\$ 2,433,139	\$ 2,691,843
Provision for claims losses	102,823	114,954	217,777	-
Claim payments	(316,032)	(129,479)	(445,511)	(258,704)
Change of estimates	-	-	-	-
Claims liabilities, end of year	<u>\$ 2,018,067</u>	<u>\$ 187,338</u>	<u>\$ 2,205,405</u>	<u>\$ 2,433,139</u>
Due in one year	\$ 200,000	\$ 109,526	\$ 309,526	\$ 445,511
Due in more than one year	1,818,067	77,812	1,895,879	1,987,628

NOTE 16 – Landfill Postclosure Costs

The City of Albany operated a Class III landfill (construction debris only) in a 36-acre site known as the Albany Bulb, until 1974. In 1999 the California Regional Water Control Board (Board) issued a closure order for this site. On May 16, 2005, the Board issued a finding that the City was in compliance with the closure order and that no further action is required for the site. The City anticipates transferring this site to another governmental entity to be developed for public use. The City has accrued an unfunded liability of \$750,000 for potential costs related to the transfer of the site.

NOTE 17 – Related Party Transaction

In September 2001, per the employment agreement between the City and the City Administrator, the City loaned the City Administrator \$400,000 to be used toward the purchase of her principal residence. The outstanding principal balance of the loan at June 30, 2008 was \$352,903 (see Note 4).

NOTE 18 – Commitments and Contingent Liabilities

The City participates in several Federal and State grant programs. These programs have been audited by the City's independent accountants when required, in accordance with the provisions of the Federal Single Audit Act and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 18 – Commitments and Contingent Liabilities (Continued)

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney, there is no pending litigation, which is likely to have a material adverse effect on the financial position of the City.

NOTE 19 – Subsequent Events

The recent meltdown in the financial market has a negative impact on the City's investments. The fair market value of Albany Police and Fire Relief or Pension Fund's investments was declined by 9% from June 2008 to September 2008. The fair value of Investments held by Local Agency Investment Fund (LAIF) and Investment Trust of California (CalTrust) were below costs by less than 1%. Account balances with LAIF are not priced according to fair market value. LAIF allows its participants to withdraw cash based on cost. More capital losses are anticipated due to continued volatility in the market after September.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

**CITY OF ALBANY
PENSION PLANS
SCHEDULE OF FUNDING PROGRESS (UNAUDITED)**

PERS:

	Valuation Date *	(b) Entry Age Actuarial Accrued Liability	(a) Actuarial Asset Value	(c) Unfunded Liability/ (Excess Assets)	(a)/(b) Funded Ratio	(d) Annual Covered Payroll	(c)/(d) UAAL as a Percentage of Payroll
Safety	6/30/2005	1,325,510,754	1,105,298,221	220,212,533	83%	161,446,071	136%
	6/30/2006	1,473,284,852	1,252,059,468	221,225,384	85%	177,088,890	125%
	6/30/2007	1,648,159,522	1,422,143,105	226,016,417	86%	200,537,256	113%
Miscellaneous	6/30/2005	579,276,103	500,388,523	78,887,580	86%	129,379,492	61%
	6/30/2006	912,988,585	787,758,909	125,229,676	86%	200,320,145	63%
	6/30/2007	1,315,454,361	1,149,247,298	166,207,063	87%	289,090,187	57%

* The most recent actuarial valuation information is presented here. The City's CalPERS plans were consolidated into risk pools in fiscal year 2003 as part of a program to smooth the changes in required employer contributions for smaller plans. See Note 13 for details.

Albany Police and Fire Relief Pension Plan:

Valuation Date **	(b) Actuarial Accrued Liability	(a) Actuarial Asset Value	(c) Unfunded Liability/ (Excess Assets)	(a)/(b) Funded Ratio	(d) Annual Covered Payroll	(c)/(d) UAAL as a Percentage of Payroll
1992	\$ 14,785,000	\$ 5,477,000	\$ 9,308,000	37%	\$ 440,540	2113%
1993	14,785,000	5,869,000	8,916,000	40%	476,607	1871%
1994	14,785,000	6,272,000	8,513,000	42%	269,989	3153%
1995	14,528,411	7,076,325	7,452,086	49%	230,459	3234%
1998	14,861,531	9,613,552	5,247,979	65%	197,328	2660%
2000	16,020,009	11,452,836	4,567,173	71%	162,826	2805%
2002	15,573,854	13,453,340	2,120,514	86%	79,385	2671%
2003	14,950,360	14,415,847	534,513	96%	32,055	1667%
2006	14,075,219	14,479,158	(403,939)	103%	-	N/A
2008	12,258,000	10,939,000	1,319,000	89%	-	N/A

** Because this plan is closed to new participants, the Pension Board adopted a policy in 1996 to perform actuarial valuations periodically, as needed. The 2008 actuarial valuation was performed for the period ended September 30, 2008. No actuarial valuations were performed for the years not listed.

**COMBINING
STATEMENTS**

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NONMAJOR GOVERNMENTAL FUNDS

CITY OF ALBANY

Nonmajor Governmental Funds

Other Special Revenue Funds - accounts for revenues derived from specific revenue sources. These funds are required by statute or ordinance to finance particular functions or activities of government.

Other Capital Projects Funds - accounts for financial resources to be used for the acquisition or construction of major capital facilities and equipment other than those financed by proprietary funds.

Other Debt Service Funds - accounts for financial resources to be used for payment for City's long-term debt.

Note: Changes in the level of activities in selected funds have required that funds be grouped differently in the current year than they were grouped in the prior year. To provide comparative prior year totals, some funds have been reclassified from the prior year classifications to conform with the current year classifications. Prior year total columns on the accompanying financial statements are not necessary for a fair presentation of the financial statements, but are presented to facilitate financial analysis.

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

	Special Revenue Funds *	Capital Projects Funds **	Debt Service Funds ***	Totals	
				2008	2007
ASSETS					
Operating cash and investments	\$ 3,879,241	\$ 9,697,699	\$ 1,439,813	\$ 15,016,753	\$ 13,452,235
Debt service reserves held with trustee	-	-	198,145	198,145	200,457
Receivables:					
Taxes	204,392	4,128	9,219	217,739	134,975
Accounts	562,620	200,640	-	763,260	308,121
Interest	-	22,174	3,095	25,269	51,062
Total assets	<u>\$ 4,646,253</u>	<u>\$ 9,924,641</u>	<u>\$ 1,650,272</u>	<u>\$ 16,221,166</u>	<u>\$ 14,146,850</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 65,966	\$ 109,474	\$ 1,392	\$ 176,832	\$ 357,795
Accrued salaries & benefits	12,216	2,647	-	14,863	11,683
Accrued liabilities	20,986	296,615	-	317,601	87,784
Due to other funds	221,448	113,395	24,918	359,761	436,435
Deferred revenue	595,473	56,367	-	651,840	228,389
Advance from other funds	-	300,000	386,203	686,203	786,203
Total liabilities	<u>916,089</u>	<u>878,498</u>	<u>412,513</u>	<u>2,207,100</u>	<u>1,908,289</u>
Fund balances:					
Reserved	-	9,046,143	1,237,759	10,283,902	9,712,546
Unreserved					
Designated	3,730,164	-	-	3,730,164	2,621,275
Unreserved (deficit)	-	-	-	-	(95,260)
Total fund balances	<u>3,730,164</u>	<u>9,046,143</u>	<u>1,237,759</u>	<u>14,014,066</u>	<u>12,238,561</u>
Total liabilities and fund balances	<u>\$ 4,646,253</u>	<u>\$ 9,924,641</u>	<u>\$ 1,650,272</u>	<u>\$ 16,221,166</u>	<u>\$ 14,146,850</u>

* See pages D8 - D12 for schedule of funds.
** See pages D31 - D33 for schedule of funds.
*** See page D48 for schedule of funds.

CITY OF ALBANY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for the Fiscal Year Ended June 30, 2007)

	Special Revenue Funds *	Capital Projects Funds **	Debt Service Funds ***	Totals	
				2008	2007
REVENUES					
Property taxes	\$4,041,824	\$ 991,419	\$ 1,338,430	\$ 6,371,673	\$ 5,304,568
Franchise and other taxes	55,669	-	-	55,669	55,642
Licenses and permits	1,309	-	-	1,309	211
Earnings on investments	119,015	229,097	36,704	384,816	444,329
Revenues from other agencies	1,139,685	238,597	16,215	1,394,497	2,199,153
Current services charges	499,925	226,791	-	726,716	519,960
Other revenue	53,408	1,065	-	54,473	64,039
Total revenues	<u>5,910,835</u>	<u>1,686,969</u>	<u>1,391,349</u>	<u>8,989,153</u>	<u>8,587,902</u>
EXPENDITURES					
Current:					
General government	5,343	267,875	274,705	547,923	27,202
Police	26,474	298,981	-	325,455	536,229
Fire and emergency medical services	2,096	301,224	-	303,320	491,573
Community development and environmental resources	1,013,722	511,051	-	1,524,773	1,146,563
Recreation and community services	707,650	-	-	707,650	559,941
Capital outlay	418,978	1,386,593	-	1,805,571	2,586,269
Debt service:					
Principal	-	-	540,000	540,000	551,063
Interest	-	13,110	657,597	670,707	446,623
Total expenditures	<u>2,174,263</u>	<u>2,778,834</u>	<u>1,472,302</u>	<u>6,425,399</u>	<u>6,345,463</u>
REVENUES OVER (UNDER) EXPENDITURES	3,736,572	(1,091,865)	(80,953)	2,563,754	2,242,439
OTHER FINANCING SOURCES (USES)					
Bond premium	-	-	310,756	310,756	-
Transfers in	43,322	1,081,213	447,742	1,572,277	1,987,712
Transfers out	(2,671,005)	(277)	-	(2,671,282)	(2,276,650)
Total other financing sources (uses)	<u>(2,627,683)</u>	<u>1,080,936</u>	<u>758,498</u>	<u>(788,249)</u>	<u>(288,938)</u>
Net change in fund balances	1,108,889	(10,929)	677,545	1,775,505	1,953,501
Fund balances, beginning of year	<u>2,621,275</u>	<u>9,057,072</u>	<u>560,214</u>	<u>12,238,561</u>	<u>10,285,060</u>
Fund balances, end of year	<u>\$3,730,164</u>	<u>\$9,046,143</u>	<u>\$ 1,237,759</u>	<u>\$ 14,014,066</u>	<u>\$12,238,561</u>

* See pages D13 - D17 for schedule of funds.

** See pages D34 - D36 for schedule of funds.

*** See page D49 for schedules of funds.

CITY OF ALBANY

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET ASSETS**

JUNE 30, 2008

(With Comparative Reconciliation for June 30, 2007)

	<u>2008</u>	<u>2007</u>
Total Fund Balances - Total Governmental Funds (Page B3)	\$ 33,546,756	\$ 21,649,182
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Bond premiums associated with the issuance of long-term debt which are deferred and amortized over the period which the debt is outstanding. The premiums are reported as other financing sources of the current period in the governmental funds:</p>		
Civic Center Improvement General Obligation Bonds	(129,481)	-
2003 General Obligation Bonds II	(171,780)	-
<p>Deferred charges represent costs associated with the issuance of long-term debt which are deferred and amortized over the period which the debt is outstanding. The costs are reported as expenditures of the current period in the governmental funds:</p>		
1997 Refunding COPS	51,204	62,798
2003 General Obligation Bonds	73,921	76,888
Civic Center Improvement General Obligation Bonds	97,105	-
2003 General Obligation Bonds II	171,780	-
<p>Capital assets used in governmental activities are not current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet.</p>		
Nondepreciable	14,552,662	11,202,586
Depreciable	20,074,794	19,295,793
Less accumulated depreciation	(6,022,146)	(5,563,746)
<p>Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet.</p>		
	(380,422)	(156,143)
<p>Long-term liabilities are not due and payable in the current period and, therefore, were not reported in the Governmental Funds Balance Sheet. The long-term liabilities were adjusted as follows:</p>		
1997 Refunding COPS	(1,590,000)	(1,965,000)
2003 General Obligation Bonds	(7,385,000)	(7,550,000)
Civic Center Improvement General Obligation Bonds	(5,000,000)	-
2003 General Obligation Bonds II	(6,500,000)	-
Landfill postclosure cost liability	(750,000)	(750,000)
<p>Internal service funds are used by management to charge costs of certain activities such as equipment replacement, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-wide Statement of Net Assets.</p>		
	<u>255,121</u>	<u>259,243</u>
Net Assets of Governmental Activities (Page B1)	<u>\$ 40,894,514</u>	<u>\$ 36,561,601</u>

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OTHER SPECIAL REVENUE FUNDS

CITY OF ALBANY

Other Special Revenue Funds

Special Revenue Funds are used to account for revenues derived from specific revenue sources. These funds are required by statute or ordinance to finance particular functions or activities of government. The City's Other Special Revenue Funds and revenue sources are:

Proposition 1B Transportation Fund - accounts for State transportation bond money allocated to the City. The money must be expended for specific street maintenances and transportation projects.

Gas Tax Fund - accounts for revenue received and expended under the State of California, Street and Highways Code Sections 2106, 2107, and 2107.5. These revenues must be expended for street maintenance or construction.

Pension Property Tax - accounts for the property tax override passed by the voters to fund City safety retirement plans contributions.

Community Development Block Grant Fund - accounts for revenues received and expended under the Federal Community Development Act of 1974. The funds are distributed through the Alameda County Housing and Community Development Department to assist low income and disabled people in Albany.

Street Fund - accounts for capital street improvements. Monies are transferred from other funds to pay for expenditures.

Library Operations Fund - accounts for voter approved parcel taxes in support of library operations.

Storm Drain Fund - accounts for revenue and expenditures for programs and activities used to prevent non-point source pollution.

Alameda County Measure B Fund - accounts for the City's share of a one-half cent sales tax which is restricted for transportation purposes.

Waste Management Fund - accounts for monies received from the Alameda County Waste Management Authority. Expenditures are made from this fund on a variety of waste reduction programs to comply with State Legislation AB 939, and for oversight of the City's garbage franchise.

M.T.C. Tax Scrip Fund - accounts for reimbursement and purchase of van vouchers and taxi scrip.

Lighting and Landscape Assessment District Fund - accounts for assessments levied on district property and are used for landscape and lighting projects, services and maintenance, and debt service on the 1997 Refunding COPS.

Emergency Medical Services Fund - accounts for revenue received from emergency medical services including ambulance fees and Paramedic Emergency Medical Service and Advanced Life Support assessments. These funds are expended for emergency medical services provided by the City.

CITY OF ALBANY

Other Special Revenue Funds

Open Space Fund - accounts for the purchase of open space on Albany Hill, through the City of Albany Open Space, Recreational Playfield and Creek Restoration Assessment District No. 1996-1.

Recreational Playfields Fund - accounts for the acquisition, development and maintenance of recreational playfields throughout the City of Albany Open Space, Recreational Playfield and Creek Restoration Assessment District No. 1996-1.

Creek Restoration Fund - accounts for restoration of creeks through the City of Albany Open Space, Recreational Playfield and Creek Restoration Assessment District No. 1996-1.

Park Bond Fund - accounts for monies received for the City's per capita and block grant awards from the Safe Neighborhood Parks, Clean Water, Clean Air and Coastal Protection Acts of 2000 and 2002. These funds are used for rehabilitation and restoration of parks and recreation facilities.

Reinvestment Low-Moderate Housing - accounts for the set-aside requirements for the tax increment revenue received from the redevelopment area.

Law Enforcement Grants - accounts for revenues received under Legislation (AB3229) to fund various front line law enforcement activities.

Poet Laureate - accounts for revenues, donations and expenses associated with the sponsoring of a local poet to write poetry, to express and celebrate the spirit of the community.

Asset Forfeiture - accounts for assets forfeited by someone convicted of drug sales or manufacturing charges. These funds are restricted to law enforcement and/or training related expenses.

CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2008

(With Comparative Totals for June 30, 2007)

	Proposition 1B Transportation Fund	Gas Tax	Pension Property Tax	Community Development Block Grant	Streets
ASSETS					
Operating cash and investments	\$ -	\$ 77,854	\$ 1,602,549	\$ -	\$ 91,020
Receivables:					
Taxes	-	102,209	19,084	-	-
Accounts	400,000	-	-	7,825	-
Total assets	<u>\$ 400,000</u>	<u>\$ 180,063</u>	<u>\$ 1,621,633</u>	<u>\$ 7,825</u>	<u>\$ 91,020</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 856
Accrued salaries & benefits	-	-	-	322	-
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	7,503	-
Deferred revenue	400,000	-	-	-	-
Total liabilities	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>7,825</u>	<u>856</u>
Fund balances:					
Unreserved-designated (Note 9)	-	180,063	1,621,633	-	90,164
Total fund balances	<u>-</u>	<u>180,063</u>	<u>1,621,633</u>	<u>-</u>	<u>90,164</u>
 Total liabilities and fund balances	<u>\$ 400,000</u>	<u>\$ 180,063</u>	<u>\$ 1,621,633</u>	<u>\$ 7,825</u>	<u>\$ 91,020</u>

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2008
(With Comparative Totals for June 30, 2007)

	Library Operations	Storm Drain	Alameda County Measure B	Waste Management	M.T.C. Taxi Scrip
ASSETS					
Operating cash and investments	\$ 107,524	\$ 325,454	\$ -	\$ 86,510	\$ 6,209
Receivables:					
Taxes	4,293	2,571	62,422	-	4,557
Accounts	-	1,865	5,215	-	-
Total assets	<u>\$ 111,817</u>	<u>\$ 329,890</u>	<u>\$ 67,637</u>	<u>\$ 86,510</u>	<u>\$ 10,766</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 6,483	\$ 17	\$ 2,960	\$ 1,045
Accrued salaries & benefits	-	6,720	-	3,074	318
Accrued liabilities	-	420	105	3,806	122
Due to other funds	-	-	31,784	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>13,623</u>	<u>31,906</u>	<u>9,840</u>	<u>1,485</u>
Fund balances:					
Unreserved-designated (Note 9)	111,817	316,267	35,731	76,670	9,281
Total fund balances	<u>111,817</u>	<u>316,267</u>	<u>35,731</u>	<u>76,670</u>	<u>9,281</u>
 Total liabilities and fund balances	 <u>\$ 111,817</u>	 <u>\$ 329,890</u>	 <u>\$ 67,637</u>	 <u>\$ 86,510</u>	 <u>\$ 10,766</u>

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2008
(With Comparative Totals for June 30, 2007)

	Lighting and Landscape Assessment District	Emergency Medical Services	Open Space	Recreational Playfields	Creek Restoration
ASSETS					
Operating cash and investments	\$ 542,508	\$ -	\$ 190,574	\$ 70,235	\$ 175,161
Receivables:					
Taxes	3,897	5,359	-	-	-
Accounts	-	81,371	-	-	-
Total assets	<u>\$ 546,405</u>	<u>\$ 86,730</u>	<u>\$ 190,574</u>	<u>\$ 70,235</u>	<u>\$ 175,161</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 41,523	\$ -	\$ 5,116	\$ -	\$ -
Accrued salaries & benefits	1,003	-	-	-	-
Accrued liabilities	10,383	6,150	-	-	-
Due to other funds	-	80,580	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>52,909</u>	<u>86,730</u>	<u>5,116</u>	<u>-</u>	<u>-</u>
Fund balances:					
Unreserved-designated (Note 9)	493,496	-	185,458	70,235	175,161
Total fund balances	<u>493,496</u>	<u>-</u>	<u>185,458</u>	<u>70,235</u>	<u>175,161</u>
 Total liabilities and fund balances	 <u>\$ 546,405</u>	 <u>\$ 86,730</u>	 <u>\$ 190,574</u>	 <u>\$ 70,235</u>	 <u>\$ 175,161</u>

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2008
(With Comparative Totals for June 30, 2007)

	Park Bond	Reinvestment Low-Mod Housing	Law Enforcement Grants	Poet Laureate	Asset Forfeiture
ASSETS					
Operating cash and investments	\$ -	\$ 397,493	\$ 191,327	\$ 750	\$ 14,073
Receivables:					
Taxes	-	-	-	-	-
Accounts	66,344	-	-	-	-
Total assets	<u>\$ 66,344</u>	<u>\$ 397,493</u>	<u>\$ 191,327</u>	<u>\$ 750</u>	<u>\$ 14,073</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 7,966	\$ -	\$ -
Accrued salaries & benefits	779	-	-	-	-
Accrued liabilities	-	-	-	-	-
Due to other funds	101,581	-	-	-	-
Deferred revenue	-	-	182,973	-	12,500
Total liabilities	<u>102,360</u>	<u>-</u>	<u>190,939</u>	<u>-</u>	<u>12,500</u>
Fund balances:					
Unreserved-designated (Note 9)	(36,016)	397,493	388	750	1,573
Total fund balances	<u>(36,016)</u>	<u>397,493</u>	<u>388</u>	<u>750</u>	<u>1,573</u>
 Total liabilities and fund balances	 <u>\$ 66,344</u>	 <u>\$ 397,493</u>	 <u>\$ 191,327</u>	 <u>\$ 750</u>	 <u>\$ 14,073</u>

CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2008
(With Comparative Totals for June 30, 2007)

	<u>Totals</u>	
	<u>2008</u>	<u>2007</u>
ASSETS		
Operating cash and investments	\$ 3,879,241	\$ 2,901,413
Receivables:		
Taxes	204,392	134,975
Accounts	562,620	176,783
Total assets	<u>\$ 4,646,253</u>	<u>\$ 3,213,171</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 65,966	\$ 53,603
Accrued salaries & benefits	12,216	9,206
Accrued liabilities	20,986	4,940
Due to other funds	221,448	338,710
Deferred revenue	595,473	185,437
Total liabilities	<u>916,089</u>	<u>591,896</u>
Fund balances:		
Unreserved-designated (Note 9)	<u>3,730,164</u>	<u>2,621,275</u>
Total fund balances	<u>3,730,164</u>	<u>2,621,275</u>
 Total liabilities and fund balances	 <u>\$ 4,646,253</u>	 <u>\$ 3,213,171</u>

CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for the Fiscal Year Ended June 30, 2007)

	Proposition 1B Transportation Fund *	Gas Tax *	Pension Property Tax **	Community Development Block Grant **	Streets ***
REVENUES					
Property taxes	\$ -	\$ -	\$ 1,838,503	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-
License and permits	-	-	-	-	-
Earnings on investments	-	14,387	22,087	-	3,323
Revenues from other agencies	-	303,211	23,851	19,596	-
Current service charges	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenues	-	317,598	1,884,441	19,596	3,323
EXPENDITURES					
General government	-	-	5,343	-	-
Police	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-
Community development and environmental resources	-	7,647	-	5,000	42,341
Recreation and community services	-	-	-	15,030	-
Capital outlay	-	-	-	-	-
Total expenditures	-	7,647	5,343	20,030	42,341
Excess of revenues over (under) expenditures	-	309,951	1,879,098	(434)	(39,018)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	42,341
Transfers out	-	(391,224)	(750,000)	-	-
Total other financing sources (uses)	-	(391,224)	(750,000)	-	42,341
Net change in fund balances	-	(81,273)	1,129,098	(434)	3,323
Fund balances, beginning of year	-	261,336	492,535	434	86,841
Fund balances, end of year	\$ -	\$ 180,063	\$ 1,621,633	\$ -	\$ 90,164

* See page D18 for budget comparisons.
** See page D19 for budget comparisons.
*** See page D20 for budget comparisons.

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for the Fiscal Year Ended June 30, 2007)

	Library Operations *	Storm Drain **	Alameda County Measure B **	Waste Management ***	M.T.C. Taxi Scrip ***
REVENUES					
Property taxes	\$ 647,988	\$ 297,334	\$ -	\$ -	\$ -
Franchise and other taxes	-	55,669	-	-	-
License and permits	-	1,309	-	-	-
Earnings on investments	4,445	11,002	3,204	3,793	419
Revenues from other agencies	-	-	397,510	103,167	28,501
Current service charges	-	-	-	-	-
Other revenue	-	-	-	-	823
Total revenues	<u>652,433</u>	<u>365,314</u>	<u>400,714</u>	<u>106,960</u>	<u>29,743</u>
EXPENDITURES					
General government	-	-	-	-	-
Police	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-
Community development and environmental resources	-	317,598	319,347	138,036	-
Recreation and community services	639,138	-	-	-	29,035
Capital outlay	-	-	94,491	-	-
Total expenditures	<u>639,138</u>	<u>317,598</u>	<u>413,838</u>	<u>138,036</u>	<u>29,035</u>
Excess of revenues over (under) expenditures	<u>13,295</u>	<u>47,716</u>	<u>(13,124)</u>	<u>(31,076)</u>	<u>708</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	13,295	47,716	(13,124)	(31,076)	708
Fund balances, beginning of year	98,522	268,551	48,855	107,746	8,573
Fund balances, end of year	<u>\$ 111,817</u>	<u>\$ 316,267</u>	<u>\$ 35,731</u>	<u>\$ 76,670</u>	<u>\$ 9,281</u>

* See page D20 for budget comparisons.
** See page D21 for budget comparisons.
*** See page D22 for budget comparisons.

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for the Fiscal Year Ended June 30, 2007)

	Lighting and Landscape Assessment District *	Emergency Medical Services *	Open Space **	Recreational Playfields **	Creek Restoration ***
REVENUES					
Property taxes	\$ 526,974	\$ 645,662	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-
License and permits	-	-	-	-	-
Earnings on investments	18,442	-	7,478	2,343	6,634
Revenues from other agencies	-	-	-	-	-
Current service charges	-	499,925	-	-	-
Other revenue	-	-	25,917	12,959	12,959
Total revenues	<u>545,416</u>	<u>1,145,587</u>	<u>33,395</u>	<u>15,302</u>	<u>19,593</u>
EXPENDITURES					
General government	-	-	-	-	-
Police	-	-	-	-	-
Fire and emergency medical services	-	2,096	-	-	-
Community development and environmental resources	183,753	-	-	-	-
Recreation and community services	-	-	24,447	-	-
Capital outlay	167,081	-	-	-	-
Total expenditures	<u>350,834</u>	<u>2,096</u>	<u>24,447</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>194,582</u>	<u>1,143,491</u>	<u>8,948</u>	<u>15,302</u>	<u>19,593</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(386,290)	(1,143,491)	-	-	-
Total other financing sources (uses)	<u>(386,290)</u>	<u>(1,143,491)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(191,708)	-	8,948	15,302	19,593
Fund balances, beginning of year	685,204	-	176,510	54,933	155,568
Fund balances, end of year	<u>\$ 493,496</u>	<u>\$ -</u>	<u>\$ 185,458</u>	<u>\$ 70,235</u>	<u>\$ 175,161</u>

* See page D23 for budget comparisons.
** See page D24 for budget comparisons.
*** See page D25 for budget comparisons.

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CITY OF ALBANY

OTHER SPECIAL REVENUE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

	Park Bond *	Reinvestment Low-Mod Housing **	Law Enforcement Grants **	Poet Laureate ***	Asset Forfeiture ***
REVENUES					
Property taxes	\$ -	\$ 85,363	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-
License and permits	-	-	-	-	-
Earnings on investments	-	13,621	7,837	-	-
Revenues from other agencies	172,744	-	90,513	-	592
Current service charges	-	-	-	-	-
Other revenue	-	-	-	750	-
Total revenues	<u>172,744</u>	<u>98,984</u>	<u>98,350</u>	<u>750</u>	<u>592</u>
EXPENDITURES					
General government	-	-	-	-	-
Police	-	-	26,474	-	-
Fire and emergency medical services	-	-	-	-	-
Community development and environmental resources	-	-	-	-	-
Recreation and community services	-	-	-	-	-
Capital outlay	85,530	-	71,876	-	-
Total expenditures	<u>85,530</u>	<u>-</u>	<u>98,350</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>87,214</u>	<u>98,984</u>	<u>-</u>	<u>750</u>	<u>592</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	981
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>981</u>
Net change in fund balances	87,214	98,984	-	750	1,573
Fund balances, beginning of year	(123,230)	298,509	388	-	-
Fund balances, end of year	<u>\$ (36,016)</u>	<u>\$ 397,493</u>	<u>\$ 388</u>	<u>\$ 750</u>	<u>\$ 1,573</u>

* See page D25 for budget comparisons.

** See page D26 for budget comparisons.

*** See page D27 for budget comparisons.

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for the Fiscal Year Ended June 30, 2007)

	Totals	
	2008	2007
REVENUES		
Property taxes	\$ 4,041,824	\$ 3,793,610
Franchise and other taxes	55,669	55,642
License and permits	1,309	211
Earnings on investments	119,015	132,272
Revenues from other agencies	1,139,685	1,243,884
Current service charges	499,925	454,402
Other revenue	53,408	55,494
Total revenues	<u>5,910,835</u>	<u>5,735,515</u>
EXPENDITURES		
General government	5,343	7,493
Police	26,474	536,229
Fire and emergency medical services	2,096	477,986
Community development and environmental resources	1,013,722	950,066
Recreation and community services	707,650	559,941
Capital outlay	418,978	541,855
Total expenditures	<u>2,174,263</u>	<u>3,073,570</u>
Excess of revenues over (under) expenditures	<u>3,736,572</u>	<u>2,661,945</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	43,322	12,592
Transfers out	(2,671,005)	(2,214,100)
Total other financing sources (uses)	<u>(2,627,683)</u>	<u>(2,201,508)</u>
Net change in fund balances	1,108,889	460,437
Fund balances, beginning of year	2,621,275	2,160,838
Fund balances, end of year	<u>\$ 3,730,164</u>	<u>\$ 2,621,275</u>

**CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Proposition 1B Transportation Fund			Gas Tax		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	-	-	-	5,943	14,387	8,444
Revenues from other agencies	-	-	-	420,000	303,211	(116,789)
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	-	-	425,943	317,598	(108,345)
EXPENDITURES						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	7,647	(7,647)
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	-	-	-	-	7,647	(7,647)
Excess of revenues over (under) expenditures	-	-	-	425,943	309,951	(115,992)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(347,980)	(391,224)	(43,244)
Total other financing sources (uses)	-	-	-	(347,980)	(391,224)	(43,244)
Net change in fund balances	\$ -	\$ -	\$ -	\$ 77,963	(81,273)	\$ (159,236)
Fund balances, beginning of year		-			261,336	
Fund balances, end of year		\$ -			\$ 180,063	

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Pension Property Tax			Community Development Block Grant		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$1,450,000	\$1,838,503	\$ 388,503	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	86,453	22,087	(64,366)	-	-	-
Revenues from other agencies	24,000	23,851	(149)	38,860	19,596	(19,264)
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>1,560,453</u>	<u>1,884,441</u>	<u>323,988</u>	<u>38,860</u>	<u>19,596</u>	<u>(19,264)</u>
EXPENDITURES						
General government	-	5,343	(5,343)	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	15,209	5,000	10,209
Recreation and community services	-	-	-	-	15,030	(15,030)
Capital outlay	-	-	-	25,000	-	25,000
Total expenditures	<u>-</u>	<u>5,343</u>	<u>(5,343)</u>	<u>40,209</u>	<u>20,030</u>	<u>20,179</u>
Excess of revenues over (under) expenditures	<u>1,560,453</u>	<u>1,879,098</u>	<u>318,645</u>	<u>(1,349)</u>	<u>(434)</u>	<u>915</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(750,000)	(750,000)	-	-	-	-
Total other financing sources (uses)	<u>(750,000)</u>	<u>(750,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 810,453</u>	<u>1,129,098</u>	<u>\$ 318,645</u>	<u>\$ (1,349)</u>	<u>(434)</u>	<u>\$ 915</u>
Fund balances, beginning of year		<u>492,535</u>			<u>434</u>	
Fund balances, end of year		<u>\$1,621,633</u>			<u>\$ -</u>	

Continued
on next page

CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Streets			Library Operations		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ 451,200	\$ 647,988	\$ 196,788
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	4,092	3,323	(769)	-	4,445	4,445
Revenues from other agencies	208,400	-	(208,400)	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>212,492</u>	<u>3,323</u>	<u>(209,169)</u>	<u>451,200</u>	<u>652,433</u>	<u>201,233</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	52,700	42,341	10,359	-	-	-
Recreation and community services	-	-	-	449,545	639,138	(189,593)
Capital outlay	160,000	-	160,000	-	-	-
Total expenditures	<u>212,700</u>	<u>42,341</u>	<u>170,359</u>	<u>449,545</u>	<u>639,138</u>	<u>(189,593)</u>
Excess of revenues over (under) expenditures	<u>(208)</u>	<u>(39,018)</u>	<u>(38,810)</u>	<u>1,655</u>	<u>13,295</u>	<u>11,640</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	50,000	42,341	(7,659)	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>50,000</u>	<u>42,341</u>	<u>(7,659)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 49,792</u>	<u>3,323</u>	<u>\$ (46,469)</u>	<u>\$ 1,655</u>	<u>13,295</u>	<u>\$ 11,640</u>
Fund balances, beginning of year		<u>86,841</u>			<u>98,522</u>	
Fund balances, end of year		<u>\$ 90,164</u>			<u>\$ 111,817</u>	

Continued
on next page

CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Storm Drain			Alameda County Measure B		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ 305,000	\$ 297,334	\$ (7,666)	\$ -	\$ -	\$ -
Franchise and other taxes	54,000	55,669	1,669	-	-	-
License and permits	-	1,309	1,309	-	-	-
Earnings on investments	9,289	11,002	1,713	1,089	3,204	2,115
Revenues from other agencies	-	-	-	340,000	397,510	57,510
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>368,289</u>	<u>365,314</u>	<u>(2,975)</u>	<u>341,089</u>	<u>400,714</u>	<u>59,625</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	326,235	317,598	8,637	300,000	319,347	(19,347)
Recreation and community services	-	-	-	-	-	-
Capital outlay	30,000	-	30,000	-	94,491	(94,491)
Total expenditures	<u>356,235</u>	<u>317,598</u>	<u>38,637</u>	<u>300,000</u>	<u>413,838</u>	<u>(113,838)</u>
Excess of revenues over (under) expenditures	<u>12,054</u>	<u>47,716</u>	<u>35,662</u>	<u>41,089</u>	<u>(13,124)</u>	<u>(54,213)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 12,054</u>	<u>47,716</u>	<u>\$ 35,662</u>	<u>\$ 41,089</u>	<u>(13,124)</u>	<u>\$ (54,213)</u>
Fund balances, beginning of year		<u>268,551</u>			<u>48,855</u>	
Fund balances, end of year		<u>\$ 316,267</u>			<u>\$ 35,731</u>	

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Waste Management			M.T.C. Taxi Scrip		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	2,317	3,793	1,476	-	419	419
Revenues from other agencies	98,000	103,167	5,167	27,446	28,501	1,055
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	900	823	(77)
Total revenues	<u>100,317</u>	<u>106,960</u>	<u>6,643</u>	<u>28,346</u>	<u>29,743</u>	<u>1,397</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	103,812	138,036	(34,224)	-	-	-
Recreation and community services	-	-	-	29,052	29,035	17
Capital outlay	5,000	-	5,000	-	-	-
Total expenditures	<u>108,812</u>	<u>138,036</u>	<u>(29,224)</u>	<u>29,052</u>	<u>29,035</u>	<u>17</u>
Excess of revenues over (under) expenditures	<u>(8,495)</u>	<u>(31,076)</u>	<u>(22,581)</u>	<u>(706)</u>	<u>708</u>	<u>1,414</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (8,495)</u>	<u>(31,076)</u>	<u>\$ (22,581)</u>	<u>\$ (706)</u>	<u>708</u>	<u>\$ 1,414</u>
Fund balances, beginning of year		<u>107,746</u>			<u>8,573</u>	
Fund balances, end of year		<u>\$ 76,670</u>			<u>\$ 9,281</u>	

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Lighting and Landscape Assessment District			Emergency Medical Services		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ 521,000	\$ 526,974	\$ 5,974	\$ 613,332	\$ 645,662	\$ 32,330
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	17,438	18,442	1,004	-	-	-
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	402,500	499,925	97,425
Other revenue	-	-	-	-	-	-
Total revenues	<u>538,438</u>	<u>545,416</u>	<u>6,978</u>	<u>1,015,832</u>	<u>1,145,587</u>	<u>129,755</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	2,096	(2,096)
Community development and environmental resources	214,086	183,753	30,333	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	300,000	167,081	132,919	-	-	-
Total expenditures	<u>514,086</u>	<u>350,834</u>	<u>163,252</u>	<u>-</u>	<u>2,096</u>	<u>(2,096)</u>
Excess of revenues over (under) expenditures	<u>24,352</u>	<u>194,582</u>	<u>170,230</u>	<u>1,015,832</u>	<u>1,143,491</u>	<u>127,659</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(398,137)	(386,290)	11,847	(988,035)	(1,143,491)	(155,456)
Total other financing sources (uses)	<u>(398,137)</u>	<u>(386,290)</u>	<u>11,847</u>	<u>(988,035)</u>	<u>(1,143,491)</u>	<u>(155,456)</u>
Net change in fund balances	<u>\$ (373,785)</u>	<u>(191,708)</u>	<u>\$ 182,077</u>	<u>\$ 27,797</u>	<u>-</u>	<u>\$ (27,797)</u>
Fund balances, beginning of year		<u>685,204</u>			<u>-</u>	
Fund balances, end of year		<u>\$ 493,496</u>			<u>\$ -</u>	

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Open Space			Recreational Playfields		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	9,453	7,478	(1,975)	2,844	2,343	(501)
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	17,747	25,917	8,170	8,873	12,959	4,086
Total revenues	<u>27,200</u>	<u>33,395</u>	<u>6,195</u>	<u>11,717</u>	<u>15,302</u>	<u>3,585</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	24,447	(24,447)	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>24,447</u>	<u>(24,447)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>27,200</u>	<u>8,948</u>	<u>(18,252)</u>	<u>11,717</u>	<u>15,302</u>	<u>3,585</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 27,200</u>	<u>8,948</u>	<u>\$ (18,252)</u>	<u>\$ 11,717</u>	<u>15,302</u>	<u>\$ 3,585</u>
Fund balances, beginning of year		<u>176,510</u>			<u>54,933</u>	
Fund balances, end of year		<u>\$ 185,458</u>			<u>\$ 70,235</u>	

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**CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Creek Restoration			Park Bond		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	8,256	6,634	(1,622)	3,303	-	(3,303)
Revenues from other agencies	-	-	-	52,357	172,744	120,387
Current service charges	-	-	-	-	-	-
Other revenue	8,873	12,959	4,086	-	-	-
Total revenues	<u>17,129</u>	<u>19,593</u>	<u>2,464</u>	<u>55,650</u>	<u>172,744</u>	<u>117,084</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	22,726	-	22,726
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	52,357	85,530	(33,173)
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,083</u>	<u>85,530</u>	<u>(10,447)</u>
Excess of revenues over (under) expenditures	<u>17,129</u>	<u>19,593</u>	<u>2,464</u>	<u>(19,423)</u>	<u>87,214</u>	<u>106,637</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 17,129</u>	<u>19,593</u>	<u>\$ 2,464</u>	<u>\$ (19,423)</u>	<u>87,214</u>	<u>\$ 106,637</u>
Fund balances, beginning of year		<u>155,568</u>			<u>(123,230)</u>	
Fund balances, end of year		<u>\$ 175,161</u>			<u>\$ (36,016)</u>	

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on next page

CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Reinvestment Low-Mod Housing			Law Enforcement Grants		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ 75,000	\$ 85,363	\$ 10,363	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	5,995	13,621	7,626	4,478	7,837	3,359
Revenues from other agencies	-	-	-	100,000	90,513	(9,487)
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>80,995</u>	<u>98,984</u>	<u>17,989</u>	<u>104,478</u>	<u>98,350</u>	<u>(6,128)</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Police	-	-	-	10,000	26,474	(16,474)
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	70,000	71,876	(1,876)
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>98,350</u>	<u>(18,350)</u>
Excess of revenues over (under) expenditures	<u>80,995</u>	<u>98,984</u>	<u>17,989</u>	<u>24,478</u>	<u>-</u>	<u>(24,478)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 80,995</u>	<u>98,984</u>	<u>\$ 17,989</u>	<u>\$ 24,478</u>	<u>-</u>	<u>\$ (24,478)</u>
Fund balances, beginning of year		<u>298,509</u>			<u>388</u>	
Fund balances, end of year		<u>\$ 397,493</u>			<u>\$ 388</u>	

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on next page

CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Poet Laureate			Asset Forfeiture		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	-	-	-	-	-	-
Revenues from other agencies	-	-	-	-	592	592
Current service charges	-	-	-	-	-	-
Other revenue	-	750	750	-	-	-
Total revenues	-	750	750	-	592	592
EXPENDITURES						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-
Excess of revenues over (under) expenditures	-	750	750	-	592	592
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	981	981
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	981	981
Net change in fund balances	\$ -	750	\$ 750	\$ -	1,573	\$ 1,573
Fund balances, beginning of year		-			-	
Fund balances, end of year		\$ 750			\$ 1,573	

Continued
on next page

**CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Total		Variance Positive (Negative)
	Budget	Actual	
REVENUES			
Property taxes	\$ 3,415,532	\$ 4,041,824	\$ 626,292
Franchise and other taxes	54,000	55,669	1,669
License and permits	-	1,309	1,309
Earnings on investments	160,950	119,015	(41,935)
Revenues from other agencies	1,309,063	1,139,685	(169,378)
Current service charges	402,500	499,925	97,425
Other revenue	36,393	53,408	17,015
Total revenues	<u>5,378,438</u>	<u>5,910,835</u>	<u>532,397</u>
EXPENDITURES			
General government	-	5,343	(5,343)
Police	10,000	26,474	(16,474)
Fire and emergency medical services	-	2,096	(2,096)
Community development and environmental resources	1,034,768	1,013,722	21,046
Recreation and community services	478,597	707,650	(229,053)
Capital outlay	642,357	418,978	223,379
Total expenditures	<u>2,165,722</u>	<u>2,174,263</u>	<u>(8,541)</u>
Excess of revenues over (under) expenditures	<u>3,212,716</u>	<u>3,736,572</u>	<u>523,856</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	50,000	43,322	(6,678)
Transfers out	(2,484,152)	(2,671,005)	(186,853)
Total other financing sources (uses)	<u>(2,434,152)</u>	<u>(2,627,683)</u>	<u>(193,531)</u>
Net change in fund balances	<u>\$ 778,564</u>	<u>1,108,889</u>	<u>\$ 330,325</u>
Fund balances, beginning of year		<u>2,621,275</u>	
Fund balances, end of year		<u>\$ 3,730,164</u>	

OTHER CAPITAL PROJECTS FUNDS

CITY OF ALBANY

Other Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment other than those financed by proprietary funds. The City's Other Capital Projects Funds are:

Fire Equipment Reserve Fund - is used to accumulate resources for replacement of fire engines and equipment.

Police Equipment Reserve Fund - is used to accumulate resources for replacement of police vehicles and equipment.

Emergency Medical Service Equipment Reserve Fund - is used to accumulate resources for replacement of emergency medical service equipment.

Fire Operations Equipment Reserve Fund - is used to accumulate resources for replacement of fire operations equipment.

Capital Facilities Developer Fee - is used to account for a fee on new developments, to assist in paying for capital improvements in the community. The fee is based on the City's anticipated capital improvement requirements and the proportion of the cost of these improvements attributable to the new developments.

Capital Facilities Reserve Fund - is used to accumulate resources for future construction of the maintenance center and other facilities as determined by the City Council.

Street & Storm Fund – is used to fund activities for various street and storm drain projects.

Reinvestment Fund - is used to account for activities of the Albany Community Reinvestment Agency.

Waterfront Plan - is used to account for activities related to Albany waterfront on San Pablo Bay.

Equipment Replacement Reserve Fund - is used to accumulate resources for replacement of equipment not provided in other capital projects funds.

R & CS Reserve Fund (Recreation & Community Services) - is used to accumulate resources for the replacement of equipment and furniture, and for maintenance and repair of the Community Center building.

Capital Projects Fund - is used to account for major capital projects not provided for in one of the other capital projects funds.

CITY OF ALBANY

Other Capital Projects Funds

1996-1 Assessment District Bond Fund – is used to pay for the acquisition, development and maintenance of open space on Albany Hill; the acquisition, development and maintenance of recreational playfields; and the activities relating to creek restoration, as part of the Open Space, Recreational Playfields and Creek Restoration Assessment District No.1996-1.

Note: Changes in the level of activities in selected funds have required that funds be grouped differently in the current year than they were grouped in the prior year. To provide comparative prior year totals, some funds have been reclassified from the prior year classifications to conform with the current year classifications. Prior year total columns on the accompanying financial statements are not necessary for a fair presentation of the financial statements, but are presented to facilitate financial analysis.

CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2008

(With Comparative Totals for June 30, 2007)

	Fire Equipment	Police Equipment	Emergency Medical Service Equipment	Fire Operations Equipment	Capital Facilities Developer Fee
ASSETS					
Operating cash and investments	\$ 267,071	\$ 228,239	\$ 91,793	\$ 49,402	\$ 332,345
Receivables:					
Taxes	-	-	-	-	-
Accounts	14,849	-	-	-	-
Interest	-	-	-	-	-
Total assets	<u>\$ 281,920</u>	<u>\$ 228,239</u>	<u>\$ 91,793</u>	<u>\$ 49,402</u>	<u>\$ 332,345</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries & benefits	-	-	-	-	-
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	14,849	-	-	-	-
Advance from other funds	-	-	-	-	-
Total liabilities	<u>14,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Reserved for capital projects	267,071	228,239	91,793	49,402	332,345
Unreserved (deficit)	-	-	-	-	-
Total fund balances (deficit)	<u>267,071</u>	<u>228,239</u>	<u>91,793</u>	<u>49,402</u>	<u>332,345</u>
Total liabilities and fund balances	<u>\$ 281,920</u>	<u>\$ 228,239</u>	<u>\$ 91,793</u>	<u>\$ 49,402</u>	<u>\$ 332,345</u>

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CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2008

(With Comparative Totals for June 30, 2007)

	Capital Facilities	Street & Storm Fund	Reinvestment	Waterfront Plan	Equipment Replacement Reserve
ASSETS					
Operating cash and investments	\$ 1,003,461	\$ 1,177,750	\$ 583,205	\$ 566,357	\$ 613,198
Receivables:					
Taxes	-	4,128	-	-	-
Accounts	-	-	-	-	-
Interest	-	-	-	-	-
Total assets	<u>\$ 1,003,461</u>	<u>\$ 1,181,878</u>	<u>\$ 583,205</u>	<u>\$ 566,357</u>	<u>\$ 613,198</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 19,708	\$ 791	\$ 19,353	\$ -
Accrued salaries & benefits	780	-	591	-	-
Accrued liabilities	-	14,616	45,521	-	-
Due to other funds	-	-	13,110	-	-
Deferred revenue	-	-	35,782	-	-
Advance from other funds	-	-	300,000	-	-
Total liabilities	<u>780</u>	<u>34,324</u>	<u>395,795</u>	<u>19,353</u>	<u>-</u>
Fund balances:					
Reserved for capital projects	1,002,681	1,147,554	187,410	547,004	613,198
Unreserved (deficit)	-	-	-	-	-
Total fund balances (deficit)	<u>1,002,681</u>	<u>1,147,554</u>	<u>187,410</u>	<u>547,004</u>	<u>613,198</u>
Total liabilities and fund balances	<u>\$ 1,003,461</u>	<u>\$ 1,181,878</u>	<u>\$ 583,205</u>	<u>\$ 566,357</u>	<u>\$ 613,198</u>

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CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2008
(With Comparative Totals for June 30, 2007)

	R & CS Reserve	Capital Projects Fund	1996-1 Assessment District Bond Fund	Totals	
				2008	2007
ASSETS					
Operating cash and investments	\$ 122,444	\$ 1,703,716	\$ 2,958,718	\$ 9,697,699	\$ 9,783,962
Receivables:					
Taxes				4,128	130,457
Accounts	-	180,671	5,120	200,640	-
Interest	-	-	22,174	22,174	51,062
Total assets	<u>\$ 122,444</u>	<u>\$ 1,884,387</u>	<u>\$ 2,986,012</u>	<u>\$ 9,924,641</u>	<u>\$ 9,965,481</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 60,736	\$ 8,886	\$ 109,474	\$ 302,159
Accrued salaries & benefits	-	-	1,276	2,647	2,477
Accrued liabilities	-	158,690	77,788	296,615	82,844
Due to other funds	-	-	100,285	113,395	77,977
Deferred revenue	5,736	-	-	56,367	42,952
Advance from other funds	-	-	-	300,000	400,000
Total liabilities	<u>5,736</u>	<u>219,426</u>	<u>188,235</u>	<u>878,498</u>	<u>908,409</u>
Fund balances:					
Reserved for capital projects	116,708	1,664,961	2,797,777	9,046,143	9,057,072
Unreserved (deficit)	-	-	-	-	-
Total fund balances (deficit)	<u>116,708</u>	<u>1,664,961</u>	<u>2,797,777</u>	<u>9,046,143</u>	<u>9,057,072</u>
Total liabilities and fund balances	<u>\$ 122,444</u>	<u>\$ 1,884,387</u>	<u>\$ 2,986,012</u>	<u>\$ 9,924,641</u>	<u>\$ 9,965,481</u>

CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for the Fiscal Year Ended June 30, 2007)

	Fire Equipment	Police Equipment	Emergency Medical Service Equipment	Fire Operations Equipment	Capital Facilities Developer Fee
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	865	-	11,278
Revenues from other agencies	27,468	-	-	-	-
Current service charges	-	-	-	-	177,433
Other revenue	-	-	-	-	-
Total revenues	<u>27,468</u>	<u>-</u>	<u>865</u>	<u>-</u>	<u>188,711</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	-
Fire and emergency medical services	-	-	-	2,243	-
Community development and environmental resources	-	-	-	-	-
Recreation and community services	-	-	-	-	-
Capital outlay	-	72,114	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>-</u>	<u>72,114</u>	<u>-</u>	<u>2,243</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>27,468</u>	<u>(72,114)</u>	<u>865</u>	<u>(2,243)</u>	<u>188,711</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	24,000	51,000	22,500	24,000	-
Transfers out	-	-	-	-	(277)
Total other financing sources (uses)	<u>24,000</u>	<u>51,000</u>	<u>22,500</u>	<u>24,000</u>	<u>(277)</u>
Net change in fund balances	51,468	(21,114)	23,365	21,757	188,434
Fund balances, beginning of year	215,603	249,353	68,428	27,645	143,911
Fund balances, end of year	<u>\$ 267,071</u>	<u>\$ 228,239</u>	<u>\$ 91,793</u>	<u>\$ 49,402</u>	<u>\$ 332,345</u>

* See page D37 for budget comparisons.
** See page D38 for budget comparisons.
*** See page D39 for budget comparisons.

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CITY OF ALBANY

OTHER CAPITAL PROJECTS FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

	Capital Facilities *	Street & Storm Fund **	Reinvestment **	Waterfront Plan ***	Equipment Replacement Reserve ***
REVENUES					
Property taxes	\$ -	\$ 819,487	\$ 171,932	\$ -	\$ -
Earnings on investments	19,736	34,059	24,690	-	-
Revenues from other agencies	-	-	-	-	-
Current service charges	-	-	-	-	-
Other revenue	-	-	1,065	-	-
Total revenues	<u>19,736</u>	<u>853,546</u>	<u>197,687</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-
Community development and environmental resources	450	48,455	29,187	56,971	-
Recreation and community services	-	-	-	-	-
Capital outlay	-	366,047	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	13,110	-	-
Total expenditures	<u>450</u>	<u>414,502</u>	<u>42,297</u>	<u>56,971</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>19,286</u>	<u>439,044</u>	<u>155,390</u>	<u>(56,971)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	500,000	-	-	259,713	200,000
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>259,713</u>	<u>200,000</u>
Net change in fund balances	519,286	439,044	155,390	202,742	200,000
Fund balances, beginning of year	483,395	708,510	32,020	344,262	413,198
Fund balances, end of year	<u>\$ 1,002,681</u>	<u>\$ 1,147,554</u>	<u>\$ 187,410</u>	<u>\$ 547,004</u>	<u>\$ 613,198</u>

* See page D39 for budget comparisons.

** See page D40 for budget comparisons.

*** See page D41 for budget comparisons.

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CITY OF ALBANY

OTHER CAPITAL PROJECTS FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

	R & CS Reserve	Capital Projects Fund	1996-1 Assessment District Bond Fund	Totals	
				2008	2007
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ 991,419	\$ 775,935
Earnings on investments	-	-	138,469	229,097	253,009
Revenues from other agencies	-	211,129	-	238,597	948,477
Current service charges	49,358	-	-	226,791	65,558
Other revenue	-	-	-	1,065	8,545
Total revenues	<u>49,358</u>	<u>211,129</u>	<u>138,469</u>	<u>1,686,969</u>	<u>2,051,524</u>
EXPENDITURES					
Current:					
General government	-	267,875	-	267,875	6,852
Police	-	298,981	-	298,981	-
Fire and emergency medical services	-	298,981	-	301,224	13,587
Community development and environmental resources	-	300,125	75,863	511,051	196,497
Recreation and community services	-	-	-	-	-
Capital outlay	-	164,989	783,443	1,386,593	2,044,414
Debt service:					
Principal	-	-	-	-	26,063
Interest	-	-	-	13,110	21,913
Total expenditures	<u>-</u>	<u>1,330,951</u>	<u>859,306</u>	<u>2,778,834</u>	<u>2,309,326</u>
Excess of revenues over (under) expenditures	<u>49,358</u>	<u>(1,119,822)</u>	<u>(720,837)</u>	<u>(1,091,865)</u>	<u>(257,802)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	1,081,213	1,811,587
Transfers out	-	-	-	(277)	(62,550)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,080,936</u>	<u>1,749,037</u>
Net change in fund balances	49,358	(1,119,822)	(720,837)	(10,929)	1,491,235
Fund balances, beginning of year	67,350	2,784,783	3,518,614	9,057,072	7,565,837
Fund balances, end of year	<u>\$ 116,708</u>	<u>\$ 1,664,961</u>	<u>\$ 2,797,777</u>	<u>\$ 9,046,143</u>	<u>\$ 9,057,072</u>

* See page D42 for budget comparisons.

** See page D43 for budget comparisons.

**CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Fire Equipment			Police Equipment		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-	-	-
Revenues from other agencies	-	27,468	27,468	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	3,100	-	(3,100)
Total revenues	-	27,468	27,468	3,100	-	(3,100)
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	-	72,114	(72,114)
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	-	-	-	-	72,114	(72,114)
Excess of revenues over (under) expenditures	-	27,468	27,468	3,100	(72,114)	(75,214)
OTHER FINANCING SOURCES (USES)						
Transfers in	24,000	24,000	-	51,000	51,000	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	24,000	24,000	-	51,000	51,000	-
Net change in fund balances	\$ 24,000	51,468	\$ 27,468	\$ 54,100	(21,114)	\$ (75,214)
Fund balances, beginning of year		215,603			249,353	
Fund balances, end of year		\$ 267,071			\$ 228,239	

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CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Emergency Medical Service Equipment			Fire Operations Equipment		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	865	865	-	-	-
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	865	865	-	-	-
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	2,243	(2,243)
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	-	-	-	-	2,243	(2,243)
Excess of revenues over (under) expenditures	-	865	865	-	(2,243)	(2,243)
OTHER FINANCING SOURCES (USES)						
Transfers in	22,500	22,500	-	24,000	24,000	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	22,500	22,500	-	24,000	24,000	-
Net change in fund balances	<u>\$ 22,500</u>	<u>23,365</u>	<u>\$ 865</u>	<u>\$ 24,000</u>	<u>21,757</u>	<u>\$ (2,243)</u>
Fund balances, beginning of year		<u>68,428</u>			<u>27,645</u>	
Fund balances, end of year		<u>\$ 91,793</u>			<u>\$ 49,402</u>	

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CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Capital Facilities Developer Fee			Capital Facilities		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	902	11,278	10,376	17,715	19,736	2,021
Revenues from other agencies	-	-	-	-	-	-
Current service charges	20,000	177,433	157,433	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>20,902</u>	<u>188,711</u>	<u>167,809</u>	<u>17,715</u>	<u>19,736</u>	<u>2,021</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	22,725	450	22,275
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,725</u>	<u>450</u>	<u>22,275</u>
Excess of revenues over (under) expenditures	<u>20,902</u>	<u>188,711</u>	<u>167,809</u>	<u>(5,010)</u>	<u>19,286</u>	<u>24,296</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	500,000	500,000
Transfers out	-	(277)	(277)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(277)</u>	<u>(277)</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>
Net change in fund balances	<u>\$ 20,902</u>	<u>188,434</u>	<u>\$ 167,532</u>	<u>\$ (5,010)</u>	<u>519,286</u>	<u>\$ 524,296</u>
Fund balances, beginning of year		<u>143,911</u>			<u>483,395</u>	
Fund balances, end of year		<u>\$ 332,345</u>			<u>\$ 1,002,681</u>	

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CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Street & Storm Fund			Reinvestment		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ 819,487	\$ 819,487	\$ 375,000	\$ 171,932	\$ (203,068)
Earnings on investments	-	34,059	34,059	14,368	24,690	10,322
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	1,065	1,065
Total revenues	-	853,546	853,546	389,368	197,687	(191,681)
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	48,455	(48,455)	25,012	29,187	(4,175)
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	366,047	(366,047)	15,000	-	15,000
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	13,110	(13,110)
Total expenditures	-	414,502	(414,502)	40,012	42,297	(2,285)
Excess of revenues over (under) expenditures	-	439,044	439,044	349,356	155,390	(193,966)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	\$ -	439,044	\$ 439,044	\$ 349,356	155,390	\$ (193,966)
Fund balances, beginning of year		708,510			32,020	
Fund balances, end of year		\$1,147,554			\$ 187,410	

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CITY OF ALBANY
 OTHER CAPITAL PROJECTS FUNDS
 BUDGETARY COMPARISON SCHEDULE (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Waterfront Plan			Equipment Replacement Reserve		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-	-	-
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	56,971	(56,971)	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	-	56,971	(56,971)	-	-	-
Excess of revenues over (under) expenditures	-	(56,971)	(56,971)	-	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	259,713	259,713	-	200,000	200,000
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	259,713	259,713	-	200,000	200,000
Net change in fund balances	\$ -	202,742	\$ 202,742	\$ -	200,000	\$ 200,000
Fund balances, beginning of year		344,262			413,198	
Fund balances, end of year		\$ 547,004			\$ 613,198	

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CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	R & CS Reserve			Capital Projects Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-	-	-
Revenues from other agencies	-	-	-	-	211,129	211,129
Current service charges	44,500	49,358	4,858	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>44,500</u>	<u>49,358</u>	<u>4,858</u>	<u>-</u>	<u>211,129</u>	<u>211,129</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	267,875	(267,875)
Police	-	-	-	-	298,981	(298,981)
Fire and emergency medical services	-	-	-	-	298,981	(298,981)
Community development and environmental resources	-	-	-	-	300,125	(300,125)
Recreation and community services	2,225	-	2,225	-	-	-
Capital outlay	-	-	-	-	164,989	(164,989)
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>2,225</u>	<u>-</u>	<u>2,225</u>	<u>-</u>	<u>1,330,951</u>	<u>(1,330,951)</u>
Excess of revenues over (under) expenditures	<u>42,275</u>	<u>49,358</u>	<u>7,083</u>	<u>-</u>	<u>(1,119,822)</u>	<u>(1,119,822)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 42,275</u>	<u>49,358</u>	<u>\$ 7,083</u>	<u>\$ -</u>	<u>(1,119,822)</u>	<u>\$(1,119,822)</u>
Fund balances, beginning of year		<u>67,350</u>			<u>2,784,783</u>	
Fund balances, end of year		<u>\$ 116,708</u>			<u>\$1,664,961</u>	

CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	1996-1 Assessment District Bond Fund			Total		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ 375,000	\$ 991,419	\$ 616,419
Earnings on investments	244,768	138,469	(106,299)	277,753	229,097	(48,656)
Revenues from other agencies	-	-	-	-	238,597	238,597
Current service charges	-	-	-	64,500	226,791	162,291
Other revenue	-	-	-	3,100	1,065	(2,035)
Total revenues	<u>244,768</u>	<u>138,469</u>	<u>(106,299)</u>	<u>720,353</u>	<u>1,686,969</u>	<u>966,616</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	267,875	(267,875)
Police	-	-	-	-	298,981	(298,981)
Fire and emergency medical services	-	-	-	-	301,224	(301,224)
Community development and environmental resources	120,000	75,863	44,137	167,737	511,051	(343,314)
Recreation and community services	-	-	-	2,225	-	2,225
Capital outlay	-	783,443	(783,443)	15,000	1,386,593	(1,371,593)
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	13,110	(13,110)
Total expenditures	<u>120,000</u>	<u>859,306</u>	<u>(739,306)</u>	<u>184,962</u>	<u>2,778,834</u>	<u>(2,593,872)</u>
Excess of revenues over (under) expenditures	<u>124,768</u>	<u>(720,837)</u>	<u>(845,605)</u>	<u>535,391</u>	<u>(1,091,865)</u>	<u>(1,627,256)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	121,500	1,081,213	959,713
Transfers out	-	-	-	-	(277)	(277)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,500</u>	<u>1,080,936</u>	<u>959,436</u>
Net change in fund balances	<u>\$ 124,768</u>	<u>(720,837)</u>	<u>\$ (845,605)</u>	<u>\$ 656,891</u>	<u>(10,929)</u>	<u>\$ (667,820)</u>
Fund balances, beginning of year		<u>3,518,614</u>			<u>9,057,072</u>	
Fund balances, end of year		<u>\$2,797,777</u>			<u>\$9,046,143</u>	

MAJOR CAPITAL PROJECTS FUNDS

CITY OF ALBANY

Major Capital Projects Funds

The City's Major Capital Projects Funds are:

General Obligation Bond 2003 - is used to account for the General Obligation Bond, Series 2003, issued to finance the repair and improvement of recreational facilities; structural improvements to the fire department, police department and city hall buildings; residential street improvements; bike path improvements, construction and safety lighting; create and improve new and existing parks; and resurface city streets.

Civic Center Improvement Bonds - is used to account for the General Obligation Bond, Series 2007, issued to finance the structural improvements of the fire department, police department and city hall buildings.

General Obligation Bond II - is used to account for the General Obligation Bond, Series 2007, issued to finance the repair and improvement of recreational facilities; structural improvements to the fire department, police department and city hall buildings; residential street improvements; bike path improvements, construction and safety lighting; create and improve new and existing parks; and resurface city streets. This is the second issuance of the 2002 Election Bonds. The first issuance was issued in June 2003 for \$8,000,000.

CITY OF ALBANY
 CAPITAL PROJECTS FUNDS - MAJOR FUNDS
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	General Obligation Bond 2003			Civic Center Improvement		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	33,920	173,470	139,550	-	189,031	189,031
Revenues from other agencies	-	383,541	383,541	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>33,920</u>	<u>557,011</u>	<u>523,091</u>	<u>-</u>	<u>189,031</u>	<u>189,031</u>
EXPENDITURES						
Current:						
Community development and environmental resources	-	19,412	(19,412)	-	372	(372)
Recreation and community services	-	-	-	-	-	-
Capital outlay	5,214,655	2,526,076	2,688,579	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>5,214,655</u>	<u>2,545,488</u>	<u>2,669,167</u>	<u>-</u>	<u>372</u>	<u>(372)</u>
Excess of revenues over (under) expenditures	<u>(5,180,735)</u>	<u>(1,988,477)</u>	<u>3,192,258</u>	<u>-</u>	<u>188,659</u>	<u>188,659</u>
OTHER FINANCING SOURCES (USES)						
Debt proceeds	-	-	-	5,000,000	5,000,000	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>-</u>
Net change in fund balances	<u><u>\$(5,180,735)</u></u>	<u><u>(1,988,477)</u></u>	<u><u>\$3,192,258</u></u>	<u><u>\$ 5,000,000</u></u>	<u><u>5,188,659</u></u>	<u><u>\$ 188,659</u></u>
Fund balances, beginning of year		<u>4,808,131</u>			<u>-</u>	
Fund balances, end of year		<u><u>\$2,819,654</u></u>			<u><u>\$ 5,188,659</u></u>	

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on next page

CITY OF ALBANY
CAPITAL PROJECTS FUNDS - MAJOR FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	General Obligation Bond II			Total		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	245,675	245,675	33,920	608,176	574,256
Revenues from other agencies	-	-	-	-	383,541	383,541
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	245,675	245,675	33,920	991,717	957,797
EXPENDITURES						
Current:						
Community development and environmental resources	-	-	-	-	19,784	(19,784)
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	5,214,655	2,526,076	2,688,579
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	-	-	-	5,214,655	2,545,860	2,668,795
Excess of revenues over (under) expenditures	-	245,675	245,675	(5,180,735)	(1,554,143)	3,626,592
OTHER FINANCING SOURCES (USES)						
Debt proceeds	6,500,000	6,500,000	-	11,500,000	11,500,000	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	6,500,000	6,500,000	-	11,500,000	11,500,000	-
Net change in fund balances	<u>\$ 6,500,000</u>	6,745,675	<u>\$ 245,675</u>	<u>\$ 6,319,265</u>	9,945,857	<u>\$ 3,626,592</u>
Fund balances, beginning of year		-			4,808,131	
Fund balances, end of year		<u>\$ 6,745,675</u>			<u>\$ 14,753,988</u>	

OTHER DEBT SERVICE FUNDS

CITY OF ALBANY

Other Debt Service Funds

Debt Service Funds are used to account for financial resources to be used for payment for City's long-term debt. The City's Other Debt Service Funds are:

Albany Public Facilities Financing Authority Fund - accounts for accumulation of resources for the payments of special district long-term debt principal and interest.

Reinvestment Debt Service - accounts for property tax increment revenue and other revenues generated by activities in the redevelopment area, and used to service debt incurred by the Reinvestment Agency.

G.O. Bond Debt Service - accounts for accumulation of resources for the payments of general obligation bond principal and interest of the 2002 Election Bonds, Series 2003.

G.O. Bond II Debt Service - accounts for accumulation of resources for the payments of general obligation bond principal and interest of the 2002 Election Bonds, Series 2007.

Civic Center Improvement Bond Debt Service - accounts for accumulation of resources for the payments of general obligation bond principal and interest of the 2006 Election Bonds, Series 2007.

**CITY OF ALBANY
OTHER DEBT SERVICE FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2008

(With Comparative Totals for June 30, 2007)

	Debt Service APFFA	Reinvestment Debt Service	G.O. Bond Debt Service	G.O. Bond II Debt Service	Civic Center Debt Service	Totals	
						2008	2007
ASSETS							
Operating cash and investments	\$ -	\$ 428,191	\$ 496,769	\$ 274,289	\$ 240,564	\$ 1,439,813	\$ 766,860
Debt service reserves held with trustee	198,037	-	-	61	47	198,145	200,457
Receivables:							
Taxes	-	-	5,173	4,046	-	9,219	-
Accounts	-	-	-	14	3,081	3,095	881
Total assets	<u>\$ 198,037</u>	<u>\$ 428,191</u>	<u>\$ 501,942</u>	<u>\$ 278,410</u>	<u>\$ 243,692</u>	<u>\$ 1,650,272</u>	<u>\$ 968,198</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 879	\$ -	\$ 513	\$ -	\$ -	\$ 1,392	\$ 2,033
Due to other funds	8,041	16,877	-	-	-	24,918	19,748
Advances from other funds	-	386,203	-	-	-	386,203	386,203
Total liabilities	<u>8,920</u>	<u>403,080</u>	<u>513</u>	<u>-</u>	<u>-</u>	<u>412,513</u>	<u>407,984</u>
Fund balances:							
Reserved for debt service	189,117	25,111	501,429	278,410	243,692	1,237,759	655,474
Unreserved (deficit)	-	-	-	-	-	-	(95,260)
Total fund balances	<u>189,117</u>	<u>25,111</u>	<u>501,429</u>	<u>278,410</u>	<u>243,692</u>	<u>1,237,759</u>	<u>560,214</u>
Total liabilities and fund balances	<u>\$ 198,037</u>	<u>\$ 428,191</u>	<u>\$ 501,942</u>	<u>\$ 278,410</u>	<u>\$ 243,692</u>	<u>\$ 1,650,272</u>	<u>\$ 968,198</u>

CITY OF ALBANY
OTHER DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for the Fiscal Year Ended June 30, 2007)

	Debt Service APFFA	Reinvestment Debt Service	G.O. Bond Debt Service	G.O. Bond II Debt Service	Civic Center Debt Service	Totals	
						2008	2007
REVENUES							
Property taxes	\$ -	\$ 124,000	\$ 497,323	\$ 407,184	\$ 309,923	\$1,338,430	\$ 735,023
Earnings on investments	6,919	13,248	10,765	2,660	3,112	36,704	59,048
Revenues from other agencies	-	-	6,439	5,549	4,227	16,215	6,792
Total revenues	6,919	137,248	514,527	415,393	317,262	1,391,349	800,863
EXPENDITURES							
Current:							
General government	10,613	-	1,943	167,871	94,278	274,705	12,857
Debt service:							
Principal	375,000	-	165,000	-	-	540,000	525,000
Interest	85,085	16,877	296,475	146,306	112,854	657,597	424,710
Total expenditures	470,698	16,877	463,418	314,177	207,132	1,472,302	962,567
Excess of revenues over (under) expenditures	(463,779)	120,371	51,109	101,216	110,130	(80,953)	(161,704)
OTHER FINANCING SOURCES (USES)							
Bond premium	-	-	-	177,194	133,562	310,756	-
Transfers in	447,742	-	-	-	-	447,742	163,533
Total other financing sources (uses)	447,742	-	-	177,194	133,562	758,498	163,533
Net change in fund balances	(16,037)	120,371	51,109	278,410	243,692	677,545	1,829
Fund balances, beginning of year	205,154	(95,260)	450,320	-	-	560,214	558,385
Fund balances, end of year	\$ 189,117	\$ 25,111	\$ 501,429	\$ 278,410	\$ 243,692	\$1,237,759	\$ 560,214

* See page D50 for budget comparisons.
** See page D51 for budget comparisons.
*** See page D52 for budget comparisons.

**CITY OF ALBANY
OTHER DEBT SERVICE FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Debt Service APFFA			Reinvestment Debt Service		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 124,000	\$ 124,000
Earnings on investments	19,343	6,919	(12,424)	2,691	13,248	10,557
Revenues from other agencies	-	-	-	-	-	-
Total revenues	<u>19,343</u>	<u>6,919</u>	<u>(12,424)</u>	<u>2,691</u>	<u>137,248</u>	<u>134,557</u>
EXPENDITURES						
Current:						
General government	7,000	10,613	(3,613)	-	-	-
Debt Service:						
Principal	375,000	375,000	-	115,000	-	115,000
Interest	85,085	85,085	-	9,000	16,877	(7,877)
Total expenditures	<u>467,085</u>	<u>470,698</u>	<u>(3,613)</u>	<u>124,000</u>	<u>16,877</u>	<u>107,123</u>
Excess of revenues over (under) expenditures	<u>(447,742)</u>	<u>(463,779)</u>	<u>(16,037)</u>	<u>(121,309)</u>	<u>120,371</u>	<u>241,680</u>
OTHER FINANCING SOURCES (USES)						
Bond premium	-	-	-	-	-	-
Transfers in	459,589	447,742	(11,847)	-	-	-
Total other financing sources (uses)	<u>459,589</u>	<u>447,742</u>	<u>(11,847)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 11,847</u>	<u>(16,037)</u>	<u>\$ (27,884)</u>	<u>\$ (121,309)</u>	<u>120,371</u>	<u>\$ 241,680</u>
Fund balances, beginning of year		<u>205,154</u>			<u>(95,260)</u>	
Fund balances, end of year		<u>\$ 189,117</u>			<u>\$ 25,111</u>	

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CITY OF ALBANY
OTHER DEBT SERVICE FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	G.O. Bond Debt Service			G.O. Bond II Debt Service		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ 467,000	\$ 497,323	\$ 30,323	\$ 407,184	\$ 407,184	\$ -
Earnings on investments	15,776	10,765	(5,011)	-	2,660	2,660
Revenues from other agencies	8,000	6,439	(1,561)	-	5,549	5,549
Total revenues	<u>490,776</u>	<u>514,527</u>	<u>23,751</u>	<u>407,184</u>	<u>415,393</u>	<u>8,209</u>
EXPENDITURES						
Current:						
General government	4,000	1,943	2,057	107,194	167,871	(60,677)
Debt Service:						
Principal	165,000	165,000	-	-	-	-
Interest	299,775	296,475	3,300	146,306	146,306	-
Total expenditures	<u>468,775</u>	<u>463,418</u>	<u>5,357</u>	<u>253,500</u>	<u>314,177</u>	<u>(60,677)</u>
Excess of revenues over (under) expenditures	<u>22,001</u>	<u>51,109</u>	<u>29,108</u>	<u>153,684</u>	<u>101,216</u>	<u>(52,468)</u>
OTHER FINANCING SOURCES (USES)						
Bond premium	-	-	-	177,194	177,194	-
Transfers in	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,194</u>	<u>177,194</u>	<u>-</u>
Net change in fund balances	<u>\$ 22,001</u>	<u>51,109</u>	<u>\$ 29,108</u>	<u>\$ 330,878</u>	<u>278,410</u>	<u>\$ (52,468)</u>
Fund balances, beginning of year		<u>450,320</u>			<u>-</u>	
Fund balances, end of year		<u>\$ 501,429</u>			<u>\$ 278,410</u>	

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on next page

CITY OF ALBANY
OTHER DEBT SERVICE FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Civic Center Debt Service			Total		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ 309,923	\$ 309,923	\$ -	\$1,184,107	\$ 1,338,430	\$ 154,323
Earnings on investments	-	3,112	3,112	37,810	36,704	(1,106)
Revenues from other agencies	-	4,227	4,227	8,000	16,215	8,215
Total revenues	<u>309,923</u>	<u>317,262</u>	<u>7,339</u>	<u>1,229,917</u>	<u>1,391,349</u>	<u>161,432</u>
EXPENDITURES						
Current:						
General government	45,166	94,278	(49,112)	163,360	274,705	(111,345)
Debt Service:						
Principal	-	-	-	655,000	540,000	115,000
Interest	112,854	112,854	-	653,020	657,597	(4,577)
Total expenditures	<u>158,020</u>	<u>207,132</u>	<u>(49,112)</u>	<u>1,471,380</u>	<u>1,472,302</u>	<u>(922)</u>
Excess of revenues over (under) expenditures	<u>151,903</u>	<u>110,130</u>	<u>(41,773)</u>	<u>(241,463)</u>	<u>(80,953)</u>	<u>160,510</u>
OTHER FINANCING SOURCES (USES)						
Bond premium	133,562	133,562	-	310,756	310,756	-
Transfers in	-	-	-	459,589	447,742	(11,847)
Total other financing sources (uses)	<u>133,562</u>	<u>133,562</u>	<u>-</u>	<u>770,345</u>	<u>758,498</u>	<u>(11,847)</u>
Net change in fund balances	<u>\$ 285,465</u>	<u>243,692</u>	<u>\$ (41,773)</u>	<u>\$ 528,882</u>	<u>677,545</u>	<u>\$ 148,663</u>
Fund balances, beginning of year		<u>-</u>			<u>560,214</u>	
Fund balances, end of year		<u>\$ 243,692</u>			<u>\$ 1,237,759</u>	

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AGENCY FUNDS

CITY OF ALBANY

Agency Funds

Agency Funds are used to account for assets held by the City in a fiduciary capacity or as an agent for individuals, governmental entities and others. Such funds are operated to carry out the specific actions of trust agreements, ordinances, bylaws, and other governing regulations. The City's Agency Funds are:

Codornices Trail – is used to track activities of funds held for third parties, to be used to provide maintenance for Codornices Creek.

Bond and Trust Fund - is used to track security or performance bond deposits on projects that encroach upon the City facilities right of ways.

School Facility Fee Fund - accounts for development impact fees levied by and due to the Albany Unified School District.

1996-1 Assessment District Bond Fund - is used to pay for acquisition, development and maintenance of open space on Albany Hill; the acquisition, development and maintenance of recreational playfields; and the activities relating to creek restoration, as part of the Open Space, Recreational Playfields and Creek Restoration Assessment District No. 1996-1.

CITY OF ALBANY
AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2008
(With Comparative Totals for June 30, 2007)

	Codornices Trail	Bond & Trust	School Facility Fee	1996-1 Assessment District Bond Funds	Totals	
					2008	2007
ASSETS						
Operating cash and investments	\$ 63,945	\$ 209,108	\$ -	\$ 378,662	\$ 651,715	\$ 697,280
Debt service reserves held with trustee	-	-	-	483,107	483,107	488,764
Receivables	-	55,281	-	4,490	59,771	111,776
Total assets	<u>\$ 63,945</u>	<u>\$ 264,389</u>	<u>\$ -</u>	<u>\$ 866,259</u>	<u>\$ 1,194,593</u>	<u>\$ 1,297,820</u>
LIABILITIES						
Accounts payable	\$ -	\$ 23,259	\$ -	\$ -	\$ 23,259	\$ 76,791
Due to bondholders	-	-	-	866,259	866,259	861,770
Member deposits	63,945	-	-	-	63,945	-
Refundable deposits	-	241,130	-	-	241,130	359,259
Total liabilities	<u>\$ 63,945</u>	<u>\$ 264,389</u>	<u>\$ -</u>	<u>\$ 866,259</u>	<u>\$ 1,194,593</u>	<u>\$ 1,297,820</u>

CITY OF ALBANY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008
Codornices Trail				
Assets:				
Operating cash and investments	\$ 98,069	\$ -	\$ 34,124	\$ 63,945
Total assets	<u>\$ 98,069</u>	<u>\$ -</u>	<u>\$ 34,124</u>	<u>\$ 63,945</u>
Liabilities:				
Member deposits	\$ 98,069	\$ -	\$ 34,124	\$ 63,945
Total liabilities	<u>\$ 98,069</u>	<u>\$ -</u>	<u>\$ 34,124</u>	<u>\$ 63,945</u>
Bond and Trust				
Assets:				
Operating cash and investments	\$ 220,365		\$ 11,257	\$ 209,108
Receivables	111,776	-	56,495	55,281
Total assets	<u>\$ 332,141</u>	<u>\$ -</u>	<u>\$ 67,752</u>	<u>\$ 264,389</u>
Liabilities:				
Accounts payable	\$ 70,951	\$ -	\$ 49,808	\$ 21,143
Refundable deposits	261,190	-	20,060	241,130
Total liabilities	<u>\$ 332,141</u>	<u>\$ -</u>	<u>\$ 69,868</u>	<u>\$ 262,273</u>
School Facility Fees				
Assets:				
Operating cash and investments	\$ 5,840	\$ -	\$ 5,840	\$ -
Liabilities:				
Accounts payable	\$ 3,724	\$ -	\$ 3,724	\$ -
1996-1 Assessment District Bond Funds				
Assets:				
Operating cash and investments	\$ 373,006	\$ 5,656	\$ -	\$ 378,662
Debt service reserves held with trustee	488,764	-	5,657	483,107
Accounts receivable	-	4,490	-	4,490
Total assets	<u>\$ 861,770</u>	<u>\$ 10,146</u>	<u>\$ 5,657</u>	<u>\$ 866,259</u>
Liabilities:				
Due to bondholders	\$ 861,770	\$ 4,489	\$ -	\$ 866,259
Total Agency Funds				
Assets:				
Operating cash and investments	\$ 697,280	\$ 5,656	\$ 51,221	\$ 651,715
Debt service reserves held with trustee	488,764	-	5,657	483,107
Receivables	111,776	4,490	56,495	59,771
Total assets	<u>\$ 1,297,820</u>	<u>\$ 10,146</u>	<u>\$ 113,373</u>	<u>\$ 1,194,593</u>
Liabilities:				
Accounts payable	\$ 76,791	\$ -	\$ 53,532	\$ 23,259
Due to bondholders	861,770	4,489	-	866,259
Member deposits	98,069	-	34,124	63,945
Refundable deposits	261,190	-	20,060	241,130
Total liabilities	<u>\$ 1,297,820</u>	<u>\$ 4,489</u>	<u>\$ 107,716</u>	<u>\$ 1,194,593</u>

**STATISTICAL
SECTION**

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STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
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.	E2
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.	E7
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	E11
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	E15
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	E17

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Government Accounting Standard Board Statement 34 in fiscal year 2002-03, and schedules that present government-wide information include data beginning in fiscal year 2002-03.

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CITY OF ALBANY
NET ASSETS BY COMPONENT
LAST SIX FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities:						
Invested in capital assets, net of related debt	\$ 16,470,476	\$ 17,257,455	\$ 17,781,968	\$ 18,532,193	\$ 19,778,241	\$ 21,475,878
Restricted	6,026,653	6,699,173	10,216,999	10,499,672	12,086,541	14,448,400
Unrestricted	2,025,323	3,814,453	2,410,651	3,681,231	4,696,819	4,970,236
Total governmental activities assets	<u>\$ 24,522,452</u>	<u>\$ 27,771,081</u>	<u>\$ 30,409,618</u>	<u>\$ 32,713,096</u>	<u>\$ 36,561,601</u>	<u>\$ 40,894,514</u>
Business-type activities:						
Invested in capital assets, net of related debt	\$ 7,140,132	\$ 7,116,979	\$ 7,106,252	\$ 7,155,248	\$ 7,190,702	\$ 7,262,591
Restricted	-	-	-	-	3,040,947	2,164,251
Unrestricted	2,182,527	2,570,946	3,078,082	3,595,793	1,117,322	2,605,682
Total business-type activities net assets	<u>\$ 9,322,659</u>	<u>\$ 9,687,925</u>	<u>\$ 10,184,334</u>	<u>\$ 10,751,041</u>	<u>\$ 11,348,971</u>	<u>\$ 12,032,524</u>
Primary government:						
Invested in capital assets, net of related debt	\$ 23,610,608	\$ 24,374,434	\$ 24,888,220	\$ 25,687,441	\$ 26,968,943	\$ 28,738,469
Restricted	6,026,653	6,699,173	10,216,999	10,499,672	15,127,488	16,612,651
Unrestricted	4,207,850	6,385,399	5,488,733	7,277,024	5,814,141	7,575,918
Total business-type activities net assets	<u>\$ 33,845,111</u>	<u>\$ 37,459,006</u>	<u>\$ 40,593,952</u>	<u>\$ 43,464,137</u>	<u>\$ 47,910,572</u>	<u>\$ 52,927,038</u>

Source: Financial statements.

Note: The City of Albany implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available. Ten years of historical statistical data is the preferred presentation, but only 6 years are presented in this report because comparable data was not available for years prior to 2003.

CITY OF ALBANY
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses:						
Governmental activities:						
General government	\$ 4,322,523	\$ 3,554,262	\$ 3,470,925	\$ 2,184,226	\$ 2,510,778	\$ 3,330,151
Police	3,878,639	3,647,028	3,895,781	5,551,034	5,225,675	5,318,974
Fire and emergency medical services	2,805,622	2,999,573	3,211,605	4,476,642	4,045,725	4,220,435
Community development and environmental resources	3,288,021	3,570,329	4,288,600	3,647,228	5,104,975	4,121,912
Recreation and community services	2,644,832	1,901,735	1,970,000	2,079,675	2,268,245	2,527,959
Interest on long-term debt	255,332	345,487	445,989	422,768	398,238	855,504
Total governmental activities expenses	<u>17,194,969</u>	<u>16,018,414</u>	<u>17,282,900</u>	<u>18,361,573</u>	<u>19,553,636</u>	<u>20,374,935</u>
Business-type activities:						
Sewer	656,722	598,948	619,126	638,270	701,291	686,487
Total business-type activities expenses	<u>656,722</u>	<u>598,948</u>	<u>619,126</u>	<u>638,270</u>	<u>701,291</u>	<u>686,487</u>
Total primary government expenses	<u>17,851,691</u>	<u>16,617,362</u>	<u>17,902,026</u>	<u>18,999,843</u>	<u>20,254,927</u>	<u>21,061,422</u>
Program revenues:						
Governmental activities:						
Charges for services:						
General government	88,680	120,222	110,250	104,049	106,353	99,586
Police	374,842	317,736	242,783	186,682	248,400	326,035
Fire and emergency medical services	496,918	473,413	497,834	500,289	605,087	653,902
Community development and environmental resources	394,254	671,357	504,282	469,326	378,470	567,604
Recreation and community services	551,564	610,685	606,022	715,321	820,731	857,881
Operating grants and contributions	1,298,073	1,031,928	960,257	1,155,302	1,016,524	1,084,674
Capital grants and contributions	1,147,086	494,691	1,314,001	259,193	1,180,524	772,629
Total governmental activities program revenues	<u>4,351,417</u>	<u>3,720,032</u>	<u>4,235,429</u>	<u>3,390,162</u>	<u>4,356,089</u>	<u>4,362,311</u>
Business-type activities:						
Charges for services:						
Sewer	1,786,322	1,729,775	1,773,877	1,821,311	1,838,255	1,986,934
Total business-type activities program revenues	<u>1,786,322</u>	<u>1,729,775</u>	<u>1,773,877</u>	<u>1,821,311</u>	<u>1,838,255</u>	<u>1,986,934</u>
Total primary government program revenues	<u>6,137,739</u>	<u>5,449,807</u>	<u>6,009,306</u>	<u>5,211,473</u>	<u>6,194,344</u>	<u>6,349,245</u>
Net revenues (expenses):						
Governmental activities	(12,843,552)	(12,298,382)	(13,047,471)	(14,971,411)	(15,197,547)	(16,012,624)
Business-type activities	1,129,600	1,130,827	1,154,751	1,183,041	1,136,964	1,300,447
Total net revenues (expenses)	<u>(11,713,952)</u>	<u>(11,167,555)</u>	<u>(11,892,720)</u>	<u>(13,788,370)</u>	<u>(14,060,583)</u>	<u>(14,712,177)</u>

CITY OF ALBANY
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Total net revenues (expenses)	\$(11,713,952)	\$(11,167,555)	\$(11,892,720)	\$(13,788,370)	\$(14,060,583)	\$(14,712,177)
General revenues and other changes in assets:						
Governmental activities:						
Taxes:						
Property taxes	5,279,747	6,146,426	7,422,406	8,422,013	9,761,603	11,166,306
Sales taxes	1,339,720	1,356,985	1,599,449	2,042,834	2,242,377	2,182,934
Franchise and other taxes	3,656,177	4,506,463	4,557,311	4,442,459	4,317,435	4,134,888
Earnings on investments	322,236	353,941	474,975	924,454	1,237,048	1,467,529
Unrestricted revenues from other agencies	1,000,893	802,813	409,822	226,494	281,474	182,894
Other revenue	278,811	1,599,794	385,667	364,409	341,716	331,633
Transfers	769,800	780,589	836,378	852,226	864,399	879,353
Total governmental activities	<u>12,647,384</u>	<u>15,547,011</u>	<u>15,686,008</u>	<u>17,274,889</u>	<u>19,046,052</u>	<u>20,345,537</u>
Business-type activities:						
Earnings on investments	45,801	15,028	175,321	235,892	325,365	262,459
Other revenue	2,125	-	2,715	-	-	-
Transfers	(758,600)	(780,589)	(836,378)	(852,226)	(864,399)	(879,353)
Total business-type activities	<u>(710,674)</u>	<u>(765,561)</u>	<u>(658,342)</u>	<u>(616,334)</u>	<u>(539,034)</u>	<u>(616,894)</u>
Total primary government	<u>11,936,710</u>	<u>14,781,450</u>	<u>15,027,666</u>	<u>16,658,555</u>	<u>18,507,018</u>	<u>19,728,643</u>
Changes in net assets						
Governmental activities	(196,168)	3,248,629	2,638,537	2,303,478	3,848,505	4,332,913
Business-type activities	418,926	365,266	496,409	566,707	597,930	683,553
Total primary government	<u>\$ 222,758</u>	<u>\$ 3,613,895</u>	<u>\$ 3,134,946</u>	<u>\$ 2,870,185</u>	<u>\$ 4,446,435</u>	<u>\$ 5,016,466</u>

Source: Financial statements.

Note: The City of Albany implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

CITY OF ALBANY
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST SIX FISCAL YEARS
 (modified accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General fund:						
Reserved	\$ 2,565,571	\$ 1,247,459	\$ 1,258,092	\$ 1,250,254	\$ 1,147,168	\$ 1,168,666
Unreserved	1,175,158	2,614,386	2,710,845	2,938,088	3,455,322	3,610,036
Total general fund	<u>\$ 3,740,729</u>	<u>\$ 3,861,845</u>	<u>\$ 3,968,937</u>	<u>\$ 4,188,342</u>	<u>\$ 4,602,490</u>	<u>\$ 4,778,702</u>
All other governmental funds:						
Reserved	\$ 14,015,359	\$ 14,006,950	\$ 14,065,409	\$ 14,889,072	\$ 14,520,677	\$ 25,037,890
Unreserved, reported in:						
Special revenue funds	1,826,290	1,745,347	3,153,947	2,160,838	2,621,275	3,730,164
Capital project funds	(1,569,470)	(270,093)	(234,453)	-	-	-
Debt service funds	(426,778)	(432,272)	(400,232)	(372,053)	(95,260)	-
Total all other governmental funds	<u>\$ 13,845,401</u>	<u>\$ 15,049,932</u>	<u>\$ 16,584,671</u>	<u>\$ 16,677,857</u>	<u>\$ 17,046,692</u>	<u>\$ 28,768,054</u>

Source: Various City financial records.

Note: The City of Albany has elected to show only six years of data for this schedule.

CITY OF ALBANY
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST SIX FISCAL YEARS
 (modified accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Revenues:						
Taxes						
Property taxes	\$ 5,279,747	\$ 6,146,426	\$ 7,422,406	\$ 8,422,013	\$ 9,761,603	\$ 11,166,306
Sales taxes	1,339,720	1,356,985	1,599,449	2,042,834	2,242,377	2,182,934
Franchise and other taxes	3,656,177	4,506,463	4,557,311	4,442,459	4,317,435	4,134,888
Licenses and permits	175,403	347,046	211,607	198,028	154,028	177,175
Fines and forfeitures	333,702	281,592	216,450	153,619	188,961	268,989
Earnings on investments	322,236	353,941	474,975	954,645	1,369,677	1,497,516
Revenues from other agencies	3,446,053	2,329,432	2,425,620	1,535,641	2,468,194	1,939,306
Current services charges	1,397,153	1,564,775	1,533,115	1,623,230	1,816,051	2,058,844
Other revenue	275,747	1,599,794	335,769	470,547	354,783	432,524
Total revenues	<u>16,225,938</u>	<u>18,486,454</u>	<u>18,776,702</u>	<u>19,843,016</u>	<u>22,673,109</u>	<u>23,858,482</u>
Expenditures:						
Current:						
General government	3,915,322	3,906,930	3,432,867	2,439,092	2,012,690	2,521,740
Police	3,825,952	3,646,731	3,952,335	5,406,789	5,105,964	5,208,136
Fire and emergency medical services	2,742,208	2,940,876	3,184,594	4,402,565	4,012,777	4,189,362
Community development and environmental resources	2,800,042	3,275,181	3,018,197	3,353,064	3,732,634	4,054,703
Recreation and community services	1,470,303	1,650,727	1,831,098	2,003,205	2,129,736	2,418,940
Capital outlay	2,591,462	1,735,721	1,912,220	1,413,799	4,025,147	4,331,647
Debt service:						
Principal	329,952	351,083	477,923	534,540	551,063	540,000
Interest	246,333	384,147	470,372	460,800	446,623	670,707
Total expenditures	<u>17,921,574</u>	<u>17,891,396</u>	<u>18,279,606</u>	<u>20,013,854</u>	<u>22,016,634</u>	<u>23,935,235</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,695,636)</u>	<u>595,058</u>	<u>497,096</u>	<u>(170,838)</u>	<u>656,475</u>	<u>(76,753)</u>
Other financing sources (uses):						
Debt proceeds	8,002,787	-	-	-	-	11,500,000
Bond premium	-	-	-	-	-	310,756
Transfers in	3,300,298	4,668,815	3,666,021	4,596,338	4,867,586	4,610,329
Transfers out	(2,710,925)	(3,938,226)	(2,829,643)	(7,363,752)	(4,741,078)	(4,446,758)
Other sources	-	-	308,357	-	-	-
Total other financing sources (uses)	<u>8,592,160</u>	<u>730,589</u>	<u>1,144,735</u>	<u>(2,767,414)</u>	<u>126,508</u>	<u>11,974,327</u>
Net change in fund balances	<u>\$ 6,896,524</u>	<u>\$ 1,325,647</u>	<u>\$ 1,641,831</u>	<u>\$ (2,938,252)</u>	<u>\$ 782,983</u>	<u>\$ 11,897,574</u>
Debt service as a percentage of noncapital expenditures	3.9%	4.8%	6.2%	5.7%	5.9%	6.6%

Source: Financial statements.

Note: The City of Albany has elected to show only six years of data for this schedule. The deficit in fiscal year 2006 was caused by the fund transfers to the internal service fund from the general fund. The transfers were to cover the workers compensation and general claims liabilities transferred to the internal service fund. As a result of this reclassification, a prior period adjustment in the amount of \$3,250,843 was recorded in the general fund. This adjustment offsets the deficit in change of fund balances.

CITY OF ALBANY
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST SEVEN FISCAL YEARS

Fiscal Year	City				Redevelopment Agency				Total Direct Tax Rate
	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	
2002	\$ 1,099,261,478	\$ 23,877,056	\$ (40,716,651)	\$ 1,082,421,883	\$ 17,886,683	\$ 2,879,039	\$ -	\$ 20,765,722	\$ 10.993
2003	1,168,926,831	25,519,959	(44,656,389)	1,149,790,401	20,124,273	3,222,655	-	23,346,928	10.993
2004	1,254,009,051	27,641,504	(45,551,795)	1,236,098,760	21,013,185	3,743,462	-	24,756,647	11.375
2005	1,362,896,003	25,370,594	(45,609,972)	1,342,656,625	24,387,612	3,525,924	-	27,913,536	11.345
2006	1,503,322,634	26,840,708	(46,073,595)	1,484,089,747	44,405,587	4,324,536	-	48,730,123	11.311
2007	1,636,617,663	26,512,627	(46,967,897)	1,616,162,393	47,806,043	3,357,892	-	51,163,935	11.281
2008	1,744,827,893	29,760,151	(48,341,001)	1,726,247,043	48,827,463	3,702,682	-	52,530,145	11.668

Source: Alameda County Auditor-Controller Office and City financial records.

Note: In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxes. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

CITY OF ALBANY
DIRECT AND OVERLAPPING PROPERTY TAX RATES
 (Rates per \$1,000 of assessed value)
 LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Direct Rates:							
1% county tax	\$ 10.000	\$ 10.000	\$ 10.000	\$ 10.000	\$ 10.000	\$ 10.000	\$ 10.000
City Direct Rate	0.993	0.993	1.375	1.345	1.311	1.281	1.668
Total Direct Rate	10.993	10.993	11.375	11.345	11.311	11.281	11.668
Overlapping Rates:							
Albany Unified School District	1.403	1.481	1.312	1.611	1.316	1.653	1.284
Peralta Community College	0.154	0.176	0.159	0.208	0.238	0.272	0.223
Bay Area Rapid Transit	-	-	-	-	0.048	0.050	0.076
East Bay Regional Park	0.072	0.065	0.057	0.057	0.057	0.085	0.080
East Bay Mud Special District 1	0.084	0.084	0.079	0.076	0.072	0.068	0.065
Total Direct and Overlapping Rate	\$ 12.706	\$ 12.799	\$ 12.982	\$ 13.297	\$ 13.042	\$ 13.409	\$ 13.396

Source: Alameda County Treasurer and Tax Collector

Note: In 1978, California votes passed Proposition 13 which sets the property tax rate at 1.00% assessed value. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% and other direct taxes listed in the table, property owners are charged various fixed charges and special assessments.

CITY OF ALBANY
PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Assessed Name	2008		1999	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Ladbroke Land Holdings Inc	\$ 45,423,194	2.63%	\$ -	0.00%
Target Corporation	29,489,409	1.71%	-	0.00%
Eichner, Erik & Rose	7,057,039	0.41%	5,478,231	0.64%
Biggs, Edward & Charlotte	5,042,372	0.29%	5,006,362	0.58%
Safeway Inc	4,720,346	0.27%	4,186,906	0.49%
Albany Bowl Properties	4,511,321	0.26%	3,052,268	0.36%
1001 Eastshore Partners	4,415,440	0.26%	-	0.00%
Nassiri Matt & Farrokhtala Katy Trs Etal Exmp Trust	4,019,991	0.23%	-	0.00%
Biggs, Edward & Charlotte	2,857,211	0.17%	-	0.00%
Hillside Partners	1,713,783	0.10%	-	0.00%
GGF Property LLC	-	0.00%	15,944,943	1.86%
Bayside Commons, Ltd.	-	0.00%	13,474,944	1.57%
Farrokhtaka, Javad & Kafieh	-	0.00%	3,357,446	0.39%
Blank, Jerome & Muriel	-	0.00%	2,545,086	0.30%
Catellus Development Corporation	-	0.00%	2,173,257	0.25%
Top Ten Total	<u>\$ 109,250,106</u>	<u>6.33%</u>	<u>\$ 55,219,443</u>	<u>6.43%</u>
City Total	<u>\$ 1,726,247,043</u>		<u>\$ 858,578,690</u>	

Source: Alameda County Auditor-Controller Office

Note: The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

CITY OF ALBANY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST SEVEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy	
		Amount	Percent of Levy
2002	\$ 2,300,137	\$ 2,245,812	97.64%
2003	2,367,418	2,306,724	97.44%
2004	2,466,661	2,413,152	97.83%
2005	2,713,815	2,657,474	97.92%
2006	3,264,081	3,463,063	106.10%
2007	3,671,315	3,603,724	98.16%
2008	3,858,156	3,756,485	97.36%

Source: Alameda County Auditor-Controller Office

Notes:

(1) The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the Redevelopment Agency that were passed-through to other agencies.

(2) Subsequent collections are reported in year of collection.

CITY OF ALBANY
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SEVEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Certificates of Participation	Total Governmental Activities	Sewer Revenue Bonds				
2002	\$ -	\$ 3,620,000	\$ 3,620,000	\$ 3,430,000	\$ 7,050,000	1.11%	\$ 421	
2003	8,000,000	3,315,000	11,315,000	3,215,000	14,530,000	2.23%	865	
2004	8,000,000	2,995,000	10,995,000	2,990,000	13,985,000	2.05%	837	
2005	7,875,000	2,670,000	10,545,000	8,675,000	19,220,000	2.67%	1,148	
2006	7,715,000	2,325,000	10,040,000	8,355,000	18,395,000	2.41%	1,103	
2007	7,550,000	1,965,000	9,515,000	8,030,000	17,545,000	Not available	1,049	
2008	18,885,000	1,590,000	20,475,000	7,700,000	28,175,000	Not available	1,669	

Source: City of Albany financial reports
Alameda County Auditor-Controller Office
California Department of Finance

Notes:

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) The Sewer Revenue Bonds outstanding at 2004 were refunded by issuance of revenue bonds of \$8,675,000 in 2005.
- (3) The county personal income is used for the percentage of personal income calculation. The data at the city level is not available.

CITY OF ALBANY
 RATIO OF GENERAL BONDED DEBT OUTSTANDING
 LAST SIX FISCAL YEARS

Fiscal Year	Outstanding General Bonded Debt	Percentage of Assessed Value	Per Capita
Fiscal Year	General Obligation Bonds	Value	Per Capita
2003	\$ 8,000,000	0.70%	\$ 476
2004	8,000,000	0.65%	479
2005	7,875,000	0.59%	470
2006	7,715,000	0.52%	463
2007	7,550,000	0.47%	452
2008	18,885,000	1.09%	1,119

Source: City of Albany financial reports
 Alameda County Auditor-Controller Office
 California Department of Finance

Notes:

(1) Percentage of assessed value is presented because the actual value of taxable property is not readily available in the State of California.

(2) The general obligation bonds were issued in fiscal years 2002-03 and 2007-08 for \$8,000,000 and \$11,500,000, respectively .

CITY OF ALBANY
DIRECT AND OVERLAPPING DEBT
JUNE 30, 2008

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/08	% Applicable (1)	City's Share of Debt 6/30/08
Bay Area Rapid Transit District	\$467,320,000	0.403%	\$ 1,883,300
Peralta Community College District	361,690,000	3.207%	11,599,398
Albany Unified School District	36,925,000	100.000%	36,925,000
City of Albany	18,885,000	100.000%	18,885,000
East Bay Municipal Utility District, Special District No. 1	32,165,000	2.953%	949,832
East Bay Regional Park District	149,445,000	0.586%	875,748
City of Albany Assessment District No. 1996-1	4,330,000	100.000%	4,330,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$75,448,278</u>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Alameda County General Fund Obligations	\$459,688,000	1.020%	\$ 4,688,818 (2)
Alameda County Pension Obligations	228,520,122	1.020%	2,330,905
Alameda County Board of Education Certificates of Participation	250,000	1.020%	2,550
Peralta Community College District Pension Obligations	148,844,832	3.207%	4,773,454
Alameda-Contra Costa Transit District Certificates of Participation	13,500,000	1.225%	165,375
City of Albany Certificates of Participation	1,590,000	100.000%	<u>1,590,000</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$13,551,102</u>
 COMBINED TOTAL DEBT			 <u>\$88,999,380</u> (3)

- (1) Percentage of overlapping agency's assessed valuation located within the boundaries of the city.
(2) Includes share of City of Oakland-Alameda County Coliseum obligations.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2007-08 Assessed Valuation:

Direct Debt (\$18,885,000)..... 1.08%
Total Direct and Overlapping Tax and Assessment Debt..... 4.31%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$20,475,000) 1.20%
Combined Total Debt 5.20%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/08: \$0

Source: California Municipal Statistics, Inc.

Notes:

- (1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another government unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.
- (2) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

CITY OF ALBANY
LEGAL DEBT MARGIN INFORMATION
LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Assessed valuation	\$ 1,082,421,883	\$ 1,149,790,401	\$ 1,236,098,760	\$ 1,342,656,625	\$ 1,484,089,747	\$ 1,616,162,393	\$ 1,726,247,043
Conversion percentage	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	\$ 270,605,471	\$ 287,447,600	\$ 309,024,690	\$ 335,664,156	\$ 371,022,437	\$ 404,040,598	\$ 431,561,761
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%
Debt limit	40,590,821	43,117,140	46,353,704	50,349,623	55,653,366	60,606,090	64,734,264
Total net debt applicable to limit:							
General obligation bonds	-	8,000,000	8,000,000	7,875,000	7,715,000	7,550,000	18,885,000
Legal debt margin	\$ 40,590,821	\$ 35,117,140	\$ 38,353,704	\$ 42,474,623	\$ 47,938,366	\$ 53,056,090	\$ 45,849,264
Total debt applicable to the limit as a percentage of debt limit	0.00%	18.55%	17.26%	15.64%	13.86%	12.46%	29.17%

Source: City of Albany financial reports
Alameda County Auditor-Controller Office

Note: The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

CITY OF ALBANY
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST SEVEN CALENDAR YEARS

Calendar Year	City Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2001	16,700	\$ 56,121,667	\$ 38,147	4.8%
2002	16,750	55,316,772	37,755	6.7%
2003	16,800	56,424,129	38,712	6.9%
2004	16,700	59,339,211	40,915	5.9%
2005	16,743	62,166,468	42,974	5.1%
2006	16,680	66,325,334	45,689	4.5%
2007	16,722	Not available	Not available	4.8%

Source: (1) California Department of Finance
 (2) Office of Economic Development
 (3) State of California Employment Development Department

Note: Data shown for personal income, per capita personal income and unemployment is for the county.

CITY OF ALBANY
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO

Company	Product /Service	2008		1999	
		Number of Employees	Percent of Total Employment	Number of Employees	Number of Employees
United States Department of Agriculture and Research	Agricultural Research	450	4.89%	300	300
Albany Unified School District	Education	281	3.05%	381	381
Golden Gate Fields	Race Track	191	2.08%	600	600
Target Store	Department Store	185	2.01%	-	-
City of Albany	Government	106	1.15%	98	98
St. Mary's College High School	School	72	0.78%	-	-
Albany Bowl	Bowling	50	0.54%	30	30
California Orientation Center for the Blind	Skills Assessment Center	50	0.54%	-	-
Safeway Store	Retail Grocery	49	0.53%	100	100
Fonda	Restaurant	43	0.47%	-	-
Orientation Center for the Blind	Career Service	-	0.00%	41	41
United States Department of Forest Services	Forest Research	-	0.00%	76	76
Albany Ford Subaru	Automotive Dealer	-	0.00%	65	65
The Adhesive Products, Inc.	Adhesive Goods	-	0.00%	37	37

"Total Employment" as used above represents the total employment of all employers located within City limits.

Source: City of Albany business license applications and survey of employers
 State of California Employment Development Department

CITY OF ALBANY
 FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
 LAST SEVEN FISCAL YEARS

Function	Full-time Equivalent Employees as of June 30						
	2002	2003	2004	2005	2006	2007	2008
General government	12	12	12	12	12	12	12
Public safety	59	59	59	61	61	61	61
Public works	10	10	10	10	10	10	10
Community development	9	9	9	12	12	12	12
Recreation	9	9	9	9	9	11	11
Total	99	99	99	104	104	106	106

Source: City of Albany Finance Department

CITY OF ALBANY
OPERATING INDICATORS BY FUNCTION
LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Police:							
Arrests	462	506	703	537	663	850	814
Parking citations issued	Not available	13,247	9,627	6,665	4,717	7,057	8,193
Fire:							
Number of emergency calls	1,373	1,364	1,316	1,360	1,515	1,525	1,620
Inspections	750	750	750	750	750	750	750
Parks and Recreation:							
Number of recreation classes	525	670	877	871	821	780	798
Number of facility rentals	1,151	1,252	1,507	852	755	458	598

Source: Various City records.

CITY OF ALBANY
CAPITAL ASSET STATISTICS
LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Police:							
Stations	1	1	1	1	1	1	1
Fire:							
Stations	1	1	1	1	1	1	1
Public Works:							
Street (miles)	29	29	29	29	29	29	29
Streetlights	870	870	870	870	870	870	870
Traffic signals	15	15	15	15	15	15	15
Parks and Recreation:							
Parks	8	8	8	8	8	8	8
Community centers	1	1	1	1	1	1	1
Wastewater:							
Sanitary sewers (miles)	35	35	35	35	35	35	35
Storm sewers (miles)	7	7	7	7	7	7	7

Source: Various City records.