

OREGON

Pacific Ocean

Future Joint Treatment Facility



Mayors Celebrate Agreement



North Santiam River
South Santiam River
Calapooia River
Millersburg ●
Albany ●

Water Intake Location

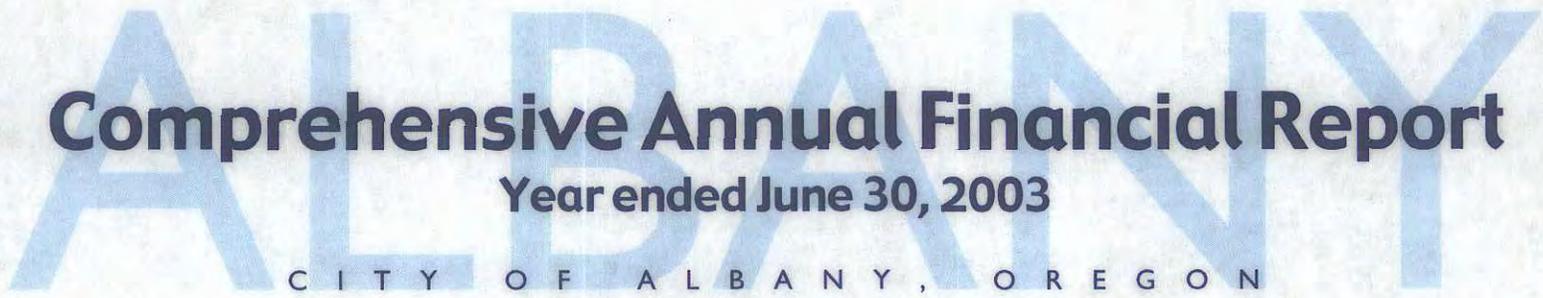


Albany/Millersburg Joint Water Project: Two communities working together for the future

Comprehensive Annual Financial Report

Year ended June 30, 2003

CITY OF ALBANY, OREGON



City of Albany, Oregon

Comprehensive Annual Financial Report

for the Fiscal Year Ended

June 30, 2003

* * * * *

Steve W. Bryant, City Manager

D. Gary Holliday, Interim Assistant City Manager

Prepared by:

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

City of Albany, Oregon
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"Pleasure in the job puts perfection in the work."
Aristotle (384 B.C. - 322 B.C.)

City of Albany, Oregon

333 Broadalbin Street SW
Albany, Oregon 97321

www.ci.albany.or.us

Officers, Council Members, and Administrative Staff
as of June 30, 2003

Council Members

Ward	Council	Years of Service	Term Expires
	Chuck McLaran, Mayor	9	December 31, 2004
I	Dick Olsen	5	December 31, 2006
I	Doug Killin	6	December 31, 2004
II	Sharon Konopa	6	December 31, 2004
II	Ralph Reid, Jr., Council President	9	December 31, 2006
III	Bessie Johnson	1	December 31, 2006
III	Leonard Smith	2	December 31, 2004

Administrative Staff

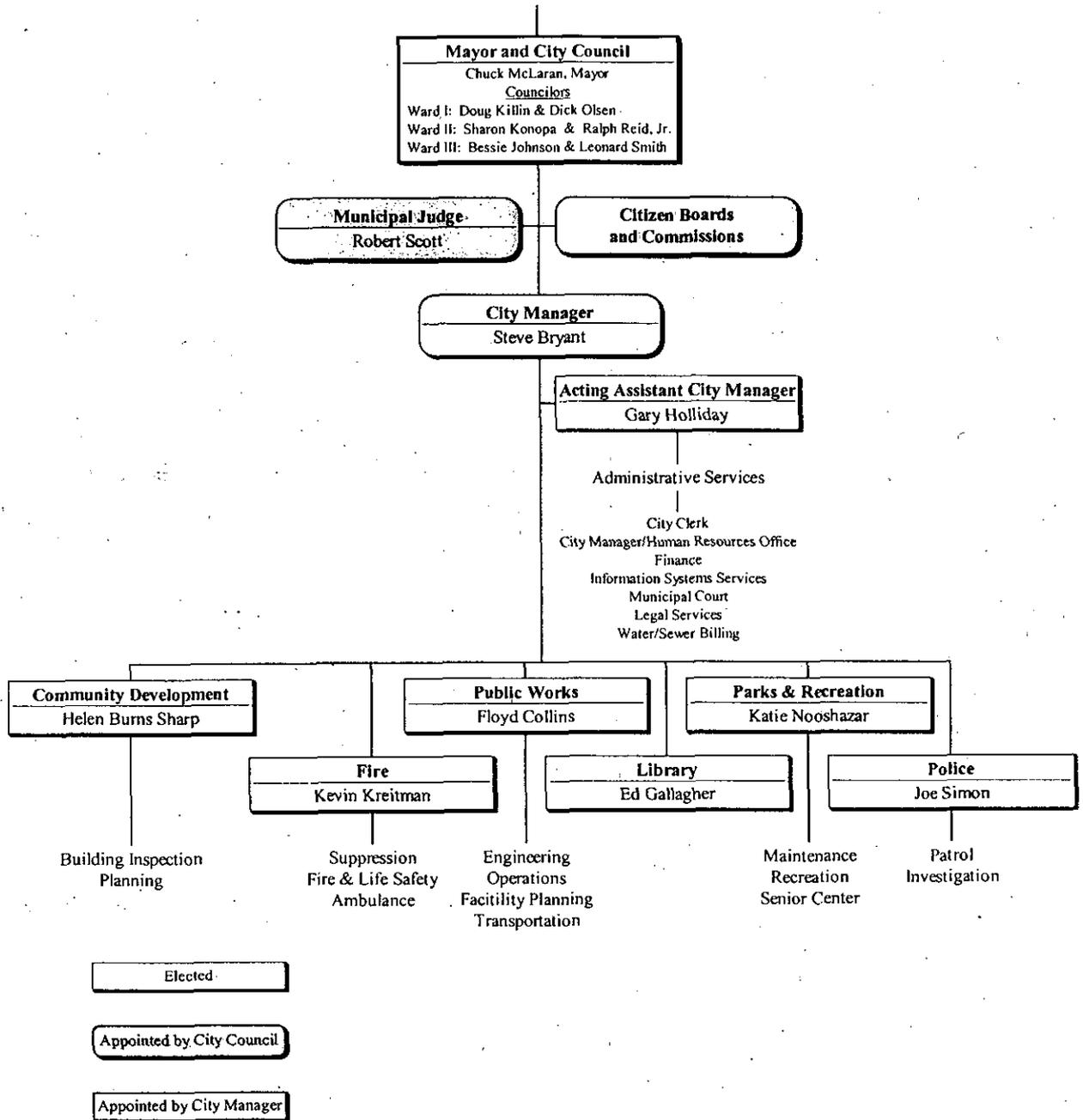
		Years in this Position	Years of Service with the City of Albany
City Manager	Steve Bryant	19	29
Interim Assistant City Manager	D. Gary Holliday	n/a	23
Public Works Director	Floyd Collins (retired June 30, 2003)	5	5
Public Works Director	Diane Taniguchi-Dennis	07/01/03	4
Community Development Director	Helen Burns Sharp	14	14
Interim Parks Director	Katherine Nooshazar	8 months	17
Parks Director	Ed Hodney	07/01/03	07/01/03
Library Director	Ed Gallagher	02/01/03	5
Police Chief	Joe Simon	3	3
Fire Chief	Kevin Kreitman	4	22

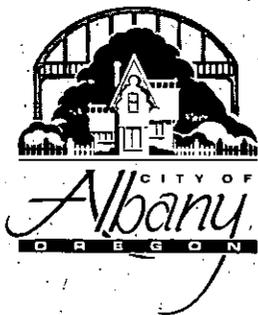
Principal Finance Staff

Interim Assistant City Manager
D. Gary Holliday

Finance Manager
John Stahl

Citizens of the City of Albany





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

(541) 917-7500

ADMINISTRATIVE SERVICES

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

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

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

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

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

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

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

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

**PUBLIC WORKS
Engineering**
(541) 917-7676
FAX (541) 917-7573

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

September 24, 2003

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

The Comprehensive Annual Financial Report of the City of Albany, Oregon (the City) for the fiscal year ended June 30, 2003, together with the unqualified opinion therein of our independent certified public accountants, Koontz & Perdue, P.C., is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical, and Audit Comments. The Introductory Section includes the transmittal letter, the City organization chart, a list of principal officials, and a copy of the 2002 Certificate of Achievement for Excellence in Financial Reporting. The Financial Section includes the basic financial statements, management's discussion and analysis, and schedules. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Audit Comment Section includes auditor disclosures required by State regulations and reports required by Government Auditing Standards.

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

ABOUT ALBANY, OREGON

Albany is located in the heart of the Willamette Valley, 24 miles south of Salem, the State capital, and 40 miles north of Eugene, the state's second largest city. With a 2003 population of 42,280 Albany is the state's 11th largest city. It is the county seat and largest city in Linn County. It is the second largest city in Benton County.

Population: City of Albany, Linn and Benton Counties

<u>Year</u>	<u>City of Albany</u>	<u>Linn County</u>	<u>Benton County</u>
1970 Census	18,181	71,914	53,776
1980 Census	26,678	89,495	68,211
1990 Census	29,540	91,227	70,811
2000 Census	40,010	103,000	77,100
2003 Estimated	42,280	104,000	79,500

The City was founded in 1848, incorporated in 1864, and adopted its first charter in 1891. A directly elected nonpartisan Mayor with a two-year term leads a six member City Council elected to four-year, overlapping terms. A full-time City Manager administers the affairs of the City for the Council, and supervises a staff of seven department directors and 334 permanent employees.

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

ECONOMIC OUTLOOK AND CONDITION

The City's economic base is one of diversity. Oregon State University in nearby Corvallis and Linn-Benton Community College in Albany, employ almost 11,000 people. In Corvallis, Hewlett Packard, a worldwide electronics manufacturing company, employs 4,300. The development of the U. S. Bureau of Mines in Albany in the 1940's, led to the location in the Albany area of a significant rare metals industry. Today, Albany is known as the "Rare Metals Capital of the World" due to the significant production volume of specialized metals. Manufacturing firms, such as OREMET/Wah Chang, create specialized products for the fields of aerospace, super conductivity, fiber optics, nuclear energy generation, and photography.

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

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

Region 4, in which Albany is located, is one of the most varied of the state's workforce regions, ranging from the coast in Lincoln County, to Benton County with Oregon State University, to Linn County with an area from the I-5 corridor east to the crest of the Cascades. The Oregon Employment Department has published employment projections by industry for 2002-2012. Growth in the region (+10.2%) is expected to be roughly consistent with statewide growth, with nearly 9,430 jobs to be added during the period. Manufacturing is anticipated to remain at the current level (-140, -0.8%). Most new jobs in the region are expected in nonmanufacturing sectors, led by services (+4,520; 19.6%); trade (+2,520, 12.4%); government (+1,340, 6.0%); and finance, insurance and real estate (+410, 12.7%).

Unemployment rates continue to be a concern for the region. Statistics published by the Oregon Employment Department show that as of June 30, 2003, the unemployment rates for Linn and Benton Counties were 11.4% and 4.3%, respectively. These rates are up from 9.5% and 3.4% for June 30, 2002.

Linn County's jobless rate is almost two full percentage points above June of 2002. While there are more people employed this year compared to last (+224), the increase in unemployment is due to an increase in the total labor force size compared to last year (+1308). This indicates that not only has the population increased, but the number of residents deciding to look for work also increased.

Benton County's jobless rate increased almost a full percentage point above June 2002. The county's low jobless rates are the result of several factors: a high cost of living causing the unemployed to move, a high student population employed in part time jobs, and a high percentage of residents with college degrees.

On a more positive note, another factor in measuring the economic condition of a community is its overall real market value. For properties within the City, the real market value increased by 6.61% from \$2.367 billion to \$2.524 billion in the last fiscal year. Since 1998-99, the real market value has increased by 20%.

MAJOR INITIATIVES

For the Year

The City Council and administrative staff meet each year to review the accomplishments of City activities in relationship to previously established goals and objectives and also to discuss and set operational goals and objectives for the next fiscal year. After the Council sets the overall goals and objectives, each department prepares a list of high priority activities in support of those goals and objectives and develops a plan of implementation to achieve those priorities, usually within the forthcoming fiscal year. This method of planning provides the foundation for annual budget projections and data for the evaluation of current staffing levels and helps in making projections for future budgetary and staffing requirements.

Council Goals for 2002-03:

In March 2002, the City council set the following four priority goals for the year:

- Replace Swanson Pool
- Develop a stormwater utility for drainage and flood management
- Submit a public safety levy to voters
- Develop a community economic development strategy

Secondary priorities included:

- Develop a transportation funding strategy
- Replace aging park facilities
- Enhance library services
- Improve community appearance

Replace Swanson Pool.

A fund raising committee including both private citizens and City officials has raised more than \$700,000 in gifts, grants, and pledges. The City Council has pledged up to \$1,000,000 in matching funds, leaving about \$600,000 to raise.

Develop a stormwater utility for drainage and flood management.

This project will come to the council in a future work session for additional discussion. It has been added as a goal for the 2003-04 fiscal year.

Submit a public safety levy to voters.

The City's highest priority, it was among the minority of money measures that succeeded on the November ballot. The five year levy will raise approximately \$1,900,000 annually for the City's police and fire operations.

Develop a community economic development strategy.

This goal has involved a number of related efforts beginning with the adoption of the Central Albany Revitalization Area (CARA) plan and the ongoing work of the CARA task forces and the Advisory Board. The Council conducted over 12 work sessions and other public meetings on updating the City's economic development policies, commercial and industrial zoning districts, and related Development Code standards. The City participated in three Leadership Roundtable Town Hall forums focused on development issues. The City has discussed a strategy for enacting a "quick response team" when a prospective business has run into difficulty with permitting issues, state agency hurdles, or other obstacles. The City is actively participating in statewide discussions for helping to bring Oregon out of the recession.

Albany Millersburg Joint Water Project.

On July 25, 2002, the City entered into an intergovernmental agreement with the City of Millersburg to plan, design, permit, construct, operate, and maintain a joint water supply system that will provide treated water to meet the needs of each community. The joint water supply system will include facilities constructed over time that will have the capacity to meet the long-term needs of both cities. The joint water supply system facilities will be sized to provide 26 million gallons per day (mgd) of total treated water capacity, with 20 mgd for Albany and six mgd for Millersburg. The City's share of the costs to plan, design, and construct the joint water system will be approximately \$33 million. The City plans to sell water revenue bonds in the fall of 2003 to finance its share of the project.

For the Future

Council Goals for 2003-04

- Complete Swanson Family Aquatic Park for operations beginning in July 2004.
- Refer the goal for developing a detailed plan for the riverfront area to the Central Albany Revitalization Area Advisory Board.
- Improve Albany's potential as an ideal community for the retention and attraction of businesses that will enhance local economic conditions and add to our overall quality of life.
- Develop a balanced budget for 2003-2004 that reflects changing costs, revenues, and the need to establish base funding levels for General Fund and Parks Fund services.
- Develop a multiyear strategic plan for funding the City's capital and operating needs.
- Develop a stormwater utility.
- Develop funding strategy for improving the condition of Albany's roads.

FINANCIAL INFORMATION

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

Financial and Accounting Policies

This report is prepared in conformance with the guidelines for financial reporting developed by the Government Finance Officers Association of the United States and Canada and the Governmental Accounting Standards Board (GASB), including all effective GASB pronouncements. It presents fairly the financial position of the various funds of the City at June 30, 2003, and the results of operations of such funds and cash flow of the proprietary fund types for the year ended in conformity with generally accepted accounting principles.

For the year ended June 30, 2003, the City adopted GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" and the related Omnibus Statement No. 37. Implementation of these GASB statements has dramatically changed how the City's financial information is reported in this year in comparison to prior years. Major changes include the following:

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

The City maintains a total of 29 funds, of which 23 are governmental fund types and six are proprietary fund types. The modified accrual basis of accounting is used for the governmental fund types (General Fund, special revenues funds, debt service funds, capital project funds, and permanent funds). The accrual basis is used in the proprietary fund types.

Risk Management

The City is a member of the City/County Insurance Services Trust. This is a general liability and auto liability self-insurance pool set up for city and county entities in Oregon. The pool pays all claims up to \$500,000, and purchases insurance to cover excess liability up to a limit selected by the participating entity. Small losses for the City are those under \$5,000. Any claim over \$5,000 is shared with the pool's experience. In addition to the premium, the City is also obligated to pay annually up to \$75,000 in claims and settlement costs. At June 30, 2003, \$24,774 was recorded as a liability for claims not yet reported and/or settled.

Debt Administration

As of June 30, 2003 the City had a number of debt issues and loans outstanding including \$16,336,123 of general obligation bonds; \$2,577,645 of limited tax assessment Bancroft bonds; \$5,127,458 of sewer revenue bonds; \$4,770,995 of water revenue bonds; \$6,826,913 of limited tax pension; \$1,570,000 of motel tax revenue bonds; \$2,543,550 of certificates of participation; \$1,449,723 outstanding loan balance from Oregon DEQ; and \$338,356 outstanding loan balance from Oregon Economic Development Department; for a total of \$41,540,763 of outstanding debt.

Oregon Revised Statutes, Chapter 287, provides a debt limit for general obligation bonds of three percent (3%) of the true cash value of all taxable property within the city's boundaries. As of June 30, 2003, the City's net general obligation bonded debt, \$16,055,142 was well below the legal limit of \$75,705,895. The City did not issue any debt in fiscal 2002/2003.

Cash Management

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

The City ended the fiscal year with a total investment portfolio of \$40,605,242 earning a yield of 1.72% at year end. The majority of these idle funds are from capital project reserves and unspent bond proceeds.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Koontz & Perdue, P.C. performed the audit for the fiscal year ended June 30, 2003. Such audit is conducted in accordance with generally accepted accounting standards, Government Auditing Standards, and Minimum Standards for Audits or Oregon Municipal Corporations as prescribed by the Secretary of State. The auditor must determine whether the City followed generally accepted accounting and reporting principles.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Albany for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2002. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a Comprehensive Annual Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. The City has received a Certificate of Achievement for the last 19 consecutive years (fiscal years 1984-2002). We believe our current report continues to conform to the Certificate of Achievement standards.

Acknowledgements

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Office and the certified public accountants of Koontz & Perdue, P.C. Each has our sincere appreciation for the contributions made in the preparation of this report.

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

Respectfully submitted,



John Stahl
Finance Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Albany,
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

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



President

Executive Director

Financial Section

(page numbers in parentheses)

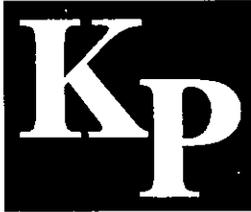
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- Management's Discussion and Analysis (3-10)

- Basic Financial Statements (11-50)

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 - Budgetary Comparisons (73-108)
 - Capital Assets Used in the Operation of Governmental Funds (109-114)
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 - Schedule of Debt Interest Transactions (117)
 - Schedule of Future Debt Principal and Interest Requirements - Governmental Activities (118)
 - Schedule of Future Debt Principal and Interest Requirements - Business-Type Activities (119)
 - Schedule of Property Tax Transactions and Outstanding Balances (120)

"A billion here, a billion there, pretty soon you're talking about real money."
Everett Dirkson



Koontz & Perdue, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Albany
Albany, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Albany, Oregon as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Albany, Oregon management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Albany, Oregon as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 4, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as of June 30, 2003.

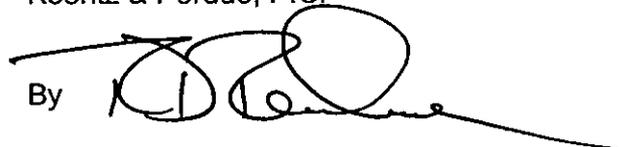
The management's discussion and analysis and required supplementary information on pages 3 through 10 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of

America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2003, on our consideration of City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Albany, Oregon basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, capital assets schedules, other financial schedules, statistical tables and the accompanying Schedule of Expenditures of Federal Awards as required by the U.S. office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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.

Koontz & Perdue, P.C.

By 

Albany, Oregon
September 24, 2003

Management's Discussion and Analysis

As management of the City of Albany, Oregon, we offer the readers of the City's financial statements this narrative overview and analysis of the City for the fiscal year ended June 30, 2003. We encourage readers to consider the information here in conjunction with the additional information that we have furnished in our letter of transmittal which can be found starting on page iii.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$169,201,723 (net assets). Of this amount, \$22,067,669 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,564,997, a decrease of \$1,574,566 in comparison with the previous year. Of the combined fund balances, \$11,088,740 is available for spending at the government's discretion. The combined fund balance decrease is attributable to the 53rd Avenue Local Improvement District in the Improvement Fund. Expenditures for the project total \$2.337 million in the current fiscal year. The costs will be recovered through assessments to affected properties when the project is completed.
- Governmental net assets increased \$12,962,093 (22%) primarily due to street infrastructure construction contributions and construction progress on the Regional Multimodal Transportation Center.
- Business-type net assets increased \$4,684,053 (5%) as a result of water/sewer rate increases and utility construction contributions.
- Charges for services in the business-type activities increased by 10% reflecting water and sewer rate increases of 10% and 9% respectively.

Overview of Financial Statements

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

Government-wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The governmental activities of the City include general government, public safety, streets and highways, and culture and recreation. The business-type activities of the City are water and sanitary sewer.

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

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

Fund financial statements.

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

Governmental funds.

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

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

The City maintains 23 individual governmental funds. Information is presented separately on the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General Fund, Parks & Recreation Fund, and Improvement Fund, all of which are considered to be major governmental funds. Data from the remaining governmental funds, (nonmajor governmental funds) are combined into a single aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements starting on page 53 of this report.

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

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

Proprietary funds:

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

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

The basic proprietary fund financial statements can be found starting on page 22.

Notes to the basic financial statements.

The notes provide additional information that is essential to a full understanding of the financial data provided in the government wide and fund financial statements. The notes to the financial statements can be found starting on page 26.

Supplementary data.

The combining statements, referred to earlier in connection with nonmajor governmental funds, can be found starting on page 53.

Government-wide Financial Analysis.

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. The City's assets exceeded liabilities by \$169,201,723 at the close of the most recent fiscal year.

At June 30, 2003, the City had \$117,040,451 invested in capital assets, net of related debt, and an unrestricted net asset balance of \$22,067,669.

The City did not issue any bonds in the fiscal year ended June 30, 2003. The total outstanding debt at June 30, 2003 was \$41,540,763 consisting of \$39,752,684 of outstanding bonds and certificates of participation and \$1,788,079 in outstanding loans. The ratio of the City's capital assets, net of related debt, as compared to total net assets is 69%.

By far the largest portion of the City's net assets is the investment in capital assets (e.g. land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, the assets are not available for future spending. Although the City's investment in its capital assets is reported net of the related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt. An additional portion of net assets (\$30,093,603, 18%) represents resources that are subject to external restrictions on how they may be used.

Statement of Net Assets as of June 30, 2003.

Table 1
Net Assets at Year End

	Governmental Activities	Business-type Activities	Total Government
Cash and investments	\$ 19,394,765	\$ 21,399,346	\$ 40,794,111
Other assets	16,695,147	3,712,579	20,407,726
Capital assets	65,514,287	89,802,415	155,316,702
Total assets	101,604,199	114,914,340	216,518,539
Other liabilities	4,060,015	1,716,038	5,776,053
Long term debt outstanding	24,677,914	16,862,849	41,540,763
Total liabilities	28,737,929	18,578,887	47,316,816
Net assets:			
Invested in capital assets, net of related debt	44,220,359	72,820,092	117,040,451
Restricted	21,037,117	9,056,486	30,093,603
Unrestricted	7,608,794	14,458,875	22,067,669
Total net assets	\$ 72,866,270	\$ 96,335,453	\$ 169,201,723

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The City's net assets increased by \$11,140,015 during the current fiscal year due primarily to increased tax revenues, water/sewer services charge increases in anticipation of utility infrastructure construction, capital contributions in the form of systems development fees (streets, parks, water, and sewer), capital contributions by developers, and construction costs associated the Regional Multimodal Transportation Center.

Statement of Activities for the year ended June 30, 2003:

Table 2
Governmental and Business-type Activities
for the year ended June 30, 2003

	Governmental Activities	Business-type Activities	Total Government
REVENUES			
Program revenues			
Charges for services	\$ 6,239,968	\$ 14,727,021	\$ 20,966,989
Grants and contributions	13,506,933	2,891,061	16,397,994
General Revenues			
Taxes	15,046,834	778,058	15,824,892
Franchise fees	2,834,061	-	2,834,061
Interest	327,154	377,023	704,177
Other	541,398	352,592	893,990
Total revenues	<u>38,496,348</u>	<u>19,125,755</u>	<u>57,622,103</u>
EXPENSES			
Governmental activities	32,134,417	-	32,134,417
Business-type activities	-	14,322,701	14,322,701
Total expenses	<u>32,134,417</u>	<u>14,322,701</u>	<u>46,457,118</u>
Loss on disposal capital assets	1,018	23,952	24,970
Transfers	(95,049)	95,049	-
Increase in net assets	<u>6,360,913</u>	<u>4,779,102</u>	<u>11,140,015</u>
Beginning net assets	<u>66,410,308</u>	<u>91,651,400</u>	<u>158,061,708</u>
Ending net assets	<u>\$ 72,771,221</u>	<u>\$ 96,430,502</u>	<u>\$ 169,201,723</u>

Since this is the City's first year of reporting under the requirements of Governmental Accounting Standards Board Statement No. 34 (GASB 34), comparisons of prior and current years revenues and expenses are not available. However, following is a discussion of reasons for significant changes in revenues and expenses for the upcoming fiscal year 2003-04:

Governmental Activities

Property taxes (total taxes less transient room taxes) account for \$14,532,724 (38%) of total governmental activities revenues while grants and contributions total \$13,506,933 (35%). For 2003-04, property tax revenues will increase by about \$1,900,000 due to a \$.95 per \$1000 of assessed value five year public safety levy approved by the City's voters in November 2002. Proceeds of the levy will be used to hire additional fire and police personnel as well as to cover inflationary costs over the next five years.

Grants and contributions will increase as a result of the construction of the Regional Multimodal Transportation Center. Estimated federal grants proceeds of \$8,900,000, a \$1,000,000 grant from Amtrak, and \$1,350,000 in city matching funds will finance construction of the \$11,250,000 project. Opening of the facility is expected during fiscal 2005-2006.

Components of the revenue categories are as follows:

Taxes. Property taxes and transient room taxes are included in this category.

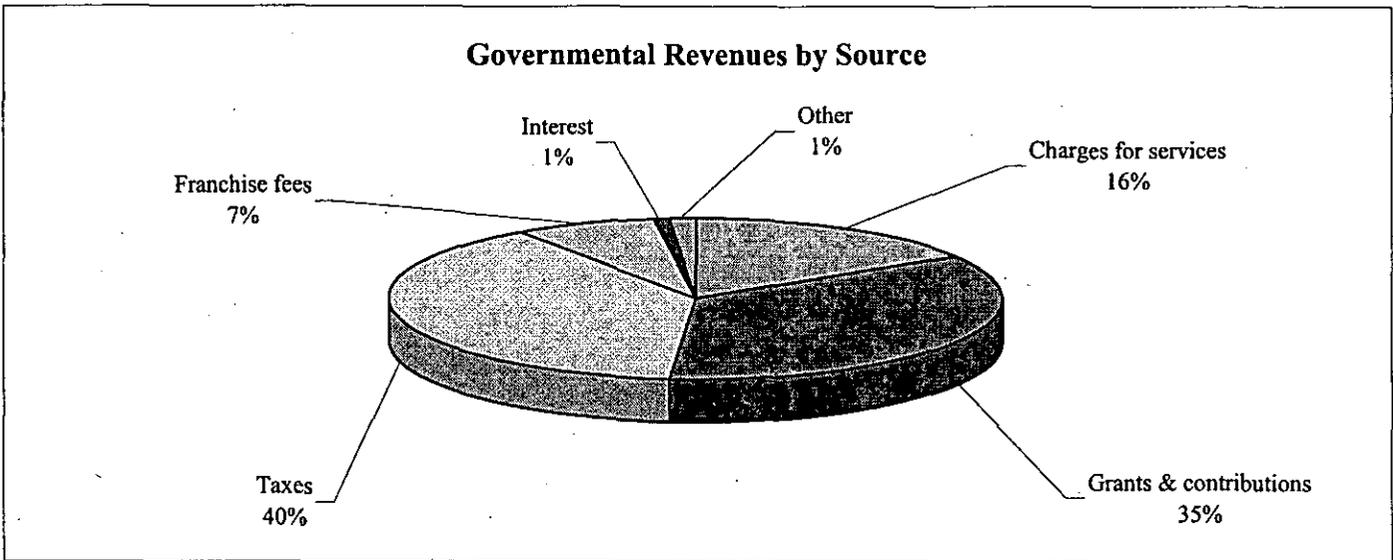
Franchise fees. This category includes franchise fees imposed on the gross revenues of the following external utilities: natural gas, electricity, garbage collection, cable television, telephone, and communications systems.

Charges for services. The major items in this category are fees and charges for ambulance, parks and recreation, public transit, airport hangar rentals, library fees, court fines, and building permits.

Grants and contributions. Federal, state, local, and private grants, as well as systems development fees, state shared revenues (gasoline, liquor, cigarette), and rural fire protection payments are the major items in this category.

Interest. This category reflects interest earnings on the City's investments.

Other. Miscellaneous items.



Components of the expense program areas are as follows:

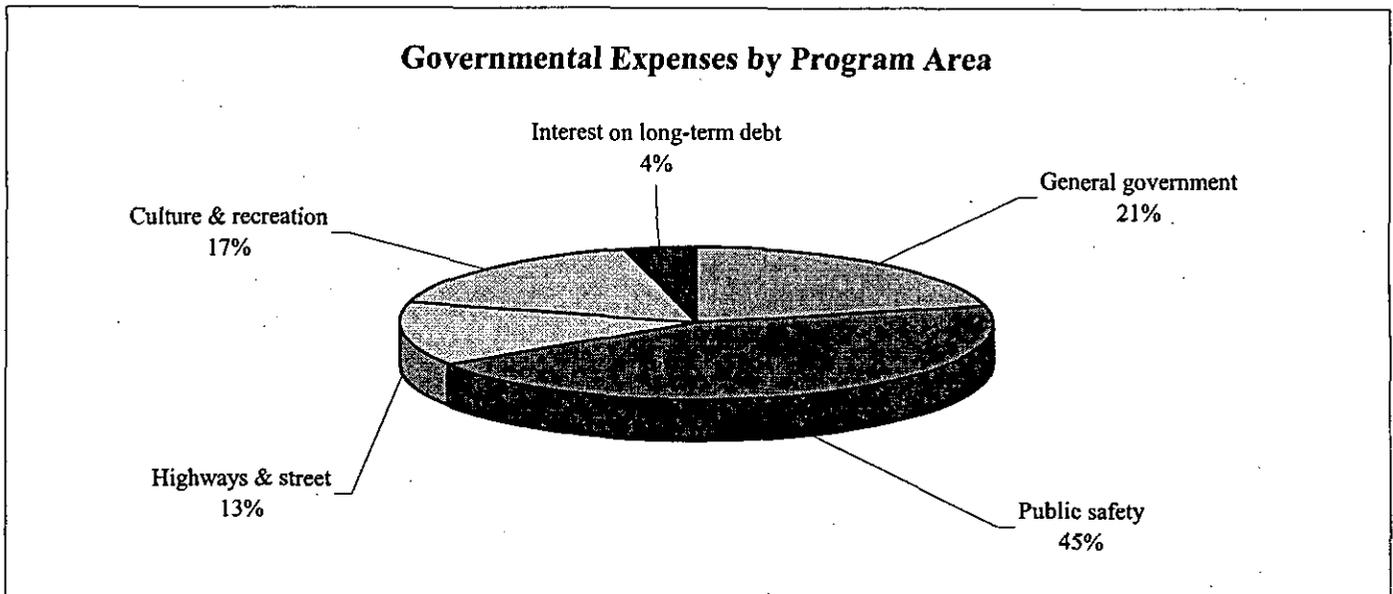
General government. The main activities in this program are building inspection, planning and community development, historic preservation, building maintenance, economic improvement and development, and public transit.

Public safety. In this category are police, fire suppression, fire prevention, environmental safety services, and ambulance.

Highways & streets. Street maintenance, urban forestry management, and transportation management are the primary activities in this program.

Culture & recreation. This category includes all of the functions of the city libraries and parks and recreation activities.

Interest on long-term debt. Interest payments on the following long-term debt are included in this program: the 1994 City Hall Certificates of Participation, the 1995 Fairgrounds Revenue Bonds, the 1996 Fire Substation General Obligation Bonds, the 1996 General Obligation Street Bonds, the 1997 and 2002 Limited Tax Assessment Bonds, and the 2002 Limited Tax Pension Obligations.



Business-type Activities

In October, 2003, the City will be selling approximately \$40,000,000 of water revenue bonds to finance several projects, most significantly the building of a water treatment plant in a joint effort with the City of Millersburg. The plant, operated by the City of Albany, will supply water to the cities of Albany and Millersburg. Completion of the project is expected to be in Spring 2005 with an estimated cost of \$32,300,000. Remaining funds, supplemented by grants and city water reserves, will be used for dam and fish screen improvements (\$3,818,000), hydroelectric system improvements (\$1,057,000), and the refunding and defeasance of the Water Revenue Advance Refunding Bonds, Series 1993B. Water rates will increase by 28% in October 2003 to provide funds for the debt service requirements.

On July 1, 2003, sewer rates will increase by 9% to cover inflationary costs of operation and provide funds for sewer capital projects. Also on July 1, sewer and water systems development charge fees will increase by 1.58% and 1.32%, respectively, to provide funding for projects which increase capacity as a result of growth and development or maintain the the capacity of existing plant facilities or collection system lines.

BUDGETARY HIGHLIGHTS

The City Council approved 15 resolutions which changed the adopted 2002-03 budget. Thirteen of the resolutions, totaling \$479,988 were to make appropriations for grant awards. There were two supplemental budget resolutions increasing appropriations by \$460,612 (0.32%). The majority of the changes occurred in the Parks & Recreation Fund where appropriations increased by \$308,600 as a result of higher than anticipated beginning balance, operating, and capital costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2003, the City had invested \$155,316,702 in capital assets as reflected in the table below.

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

	Governmental Activities	Business-type Activities	Total Government
Land, land rights, & land improvements	\$ 4,053,489	\$ 1,540,577	\$ 5,594,066
Buildings and improvements	9,499,009	16,664,404	26,163,413
Vehicles and equipment	3,467,956	2,243,015	5,710,971
Infrastructure	41,813,337	62,429,741	104,243,078
Construction in progress	6,680,496	6,924,678	13,605,174
	<u>\$ 65,514,287</u>	<u>\$ 89,802,415</u>	<u>\$ 155,316,702</u>

The following table details the change in capital assets. Additions include assets acquired or under construction at year-end. Reductions are for disposition of assets and depreciation.

Table 4
Capital Assets at Year-end
(Net of Depreciation)

	Governmental Activities	Business-type Activities	Total Government
Beginning Balance	\$ 60,247,252	\$ 85,083,777	\$ 145,331,029
Additions	8,500,629	7,635,980	16,136,609
Retirements	(1,018)	(23,952)	(24,970)
Depreciation	(3,232,576)	(2,893,390)	(6,125,966)
Ending balance	<u>\$ 65,514,287</u>	<u>\$ 89,802,415</u>	<u>\$ 155,316,702</u>

Governmental capital assets increased \$8.5 million. The major projects were: Regional Multimodal Transportation Center (\$1.90 million), Columbus Street local improvement district (\$2.34 million), vehicles and equipment (\$1.12 million), and 5th Avenue rehabilitation project (\$1.09). An additional \$1.15 million was spent for Gold Fish Farm Road, North Albany Road, the airport access road, and 34th Avenue rehabilitation.

Business-type capital assets increased \$7.636 million. The major projects were: Maple Street pump station (\$1.75 million), Joint Water Project (\$1.85 million), Madison Area Perpetual Life Replacement (\$.75 million), 21st Avenue water/sewer extension (\$.49 million), vehicles and equipment (\$.32 million), system automation improvements (\$.31 million), Maple Street water line (\$.26 million), and 53rd Avenue water line loop (\$.15 million).

Debt Outstanding

As of June 30, 2003, the City had \$41,540,763 in debt outstanding compared to \$44,382,407 on June 30, 2002. Of the amount outstanding as of June 30, 2003, \$3,028,037 is due within one year.

The decrease in outstanding debt of \$2,841,644 was fully attributable to debt payments. The City did not issue any debt during the 2002-03 fiscal year.

Table 5
Outstanding Debt at Year End

	<u>June 30, 2002</u>	<u>June 30, 2003</u>
Governmental		
General obligation	\$ 11,885,000	\$ 11,375,000
Local improvements	2,806,255	2,577,645
Certificates of participation	1,715,000	1,570,000
Limited tax pension	6,826,913	6,826,913
Revenue	2,125,000	1,990,000
Oregon Economic Development Department loan	356,433	338,356
Sub-total	<u>\$ 25,714,601</u>	<u>\$ 24,677,914</u>
Business-type		
Water revenue	\$ 5,230,595	\$ 4,770,995
Water general obligation	5,540,435	4,961,123
Water certificates of deposit	600,000	553,550
Sewer revenue	5,685,973	5,127,458
Department of Environmental Quality loan	1,610,803	1,449,723
Sub-total	<u>18,667,806</u>	<u>16,862,849</u>
Total	<u>\$ 44,382,407</u>	<u>\$ 41,540,763</u>

Oregon Revised Statutes, Chapter 287, provides a debt limit of three percent of the true cash value of all property within the City. The current debt limitation for the City's general obligation debt is \$75,705,895, which is well above the City's outstanding general obligation debt, \$16,336,123.

Additional information on the City's long-term-debt can be found in the notes to the basic financial statements, starting on page 37.

Key Economic Factors and Budget Information for the Future.

As mentioned earlier, in November 2002, city voters passed a five year public safety levy to start in fiscal 2003-04. The levy is expected to raise \$1.9 million in 2003-04 with estimated increases of two to four percent annually for the life of the levy. A total of seventeen new positions will be added to police and fire.

As previously mentioned, in October 2003, the City will sell approximately \$40 million of water revenue bonds primarily to finance the construction of a joint water facility with the City of Millerburg.

The unemployment rate for Linn and Benton counties at the close of the fiscal year was 9.5% and 3.4% respectively. At the time of preparation of this report, the unemployment rates were 10% and 4%. The rates are not expected to significantly improve before the end of the fiscal year.

It is anticipated that the costs of providing medical insurance coverage to employees will continue to rise by approximately 20% in the next fiscal year.

The state of Oregon's tax receipts have been less than the amounts it has budgeted to receive. Although the City receives a variety of revenues from the State, the State's revenue shortfall and its actions to address that shortfall do not appear likely to have a material and adverse impact on the financial condition of the city.

The 2003 Legislature has approved and the Governor signed legislation requiring significant modifications to Public Employees Retirement System (PERS). The actuarial report dated December 20, 2002, recommended increasing the City's contribution rate from 11.99% to 17.36%. Similar contribution rate increases were projected for all plan members statewide. The Legislature enacted bills that amended the PERS benefit structure and reduced the funding requirements to PERS. As a result of the PERS actuary recalculation of the 2001 Actuarial Valuation, the City's contribution rate became 12.21% compared to the prior proposed 17.36% contribution rate. The rate was further reduced to 9.48% when the City's March 2002 lump sum payment of \$6.7 million was taken into consideration. The 2003 legislation will be reviewed by the Oregon Supreme Court. If the Court voids all or part of the legislation, PERS may adjust employer contribution rates accordingly at a later date. Consequently, the City has elected to set aside the 5.15% legislatively enacted savings into a reserve on a monthly basis until the issues have been settled by court action.

All of these factors were considered in preparing the City's budget for fiscal year 2003-04.

Request for Information

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

CITY OF ALBANY, OREGON
STATEMENT OF NET ASSETS

June 30, 2003

	Govern- mental Activities	Business- type Activities	Total
ASSETS			
Cash and Investments	\$ 12,203,953	\$ 12,333,232	\$ 24,537,185
Internal Balances	51,087	(51,087)	-
Receivables:			
Property taxes	1,304,659	70,006	1,374,665
Accounts receivable, net	622,447	3,126,487	3,748,934
Assessments	7,174,643	516,629	7,691,272
Interest	46,189	43,460	89,649
Loans	398,757	-	398,757
Grants	548,233	-	548,233
Other assets	11,648	7,084	18,732
Restricted cash and investments	7,190,812	9,066,114	16,256,926
Land and construction in progress	11,421,412	10,543,757	21,965,169
Other capital assets, net of depreciation	54,092,875	79,258,658	133,351,533
Net pension asset	6,537,484	-	6,537,484
Total assets	101,604,199	114,914,340	216,518,539
LIABILITIES			
Accounts payable	2,055,822	1,266,948	3,322,770
Salaries, withholdings, vacation, and taxes payable	1,582,908	303,225	1,886,133
Insurance liability	18,395	6,379	24,774
Interest Payable	122,293	-	122,293
Refundable deposits and advances	156,044	139,486	295,530
Deferred revenue	108,790	-	108,790
Amount held in trust	15,763	-	15,763
Long-term liabilities			
Due within one year:			
Bonds payable	1,079,773	1,768,960	2,848,733
Loan payable	18,224	161,080	179,304
Due in more than one year			
Bonds payable	23,259,785	13,644,166	36,903,951
Loan payable	320,132	1,288,643	1,608,775
Total liabilities	28,737,929	18,578,887	47,316,816
NET ASSETS			
Invested in capital assets, net of related debt	44,220,359	72,820,092	117,040,451
Restricted for:			
Capital projects	11,874,423	5,457,116	17,331,539
Debt service	8,621,474	3,599,370	12,220,844
Other purposes - expendable	440,845	-	440,845
Other purposes - nonexpendable	100,375	-	100,375
Unrestricted	7,608,794	14,458,875	22,067,669
Total net assets	\$ 72,866,270	\$ 96,335,453	\$ 169,201,723

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

CITY OF ALBANY, OREGON
STATEMENT OF ACTIVITIES
for the year ended June 30, 2003

FUNCTIONS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 6,887,965	\$ 3,553,443	\$ 2,100,640	\$ 4,052,173
Public safety	14,262,937	2,155,430	1,302,499	319,715
Highways & streets	4,327,021	-	1,735,583	2,823,005
Culture and recreation	5,391,355	531,095	329,332	843,986
Interest on long-term debt	1,265,139	-	-	-
Total governmental activities	32,134,417	6,239,968	5,468,054	8,038,879
Business-type activities:				
Water	7,135,802	8,196,881	-	1,025,658
Sewer	7,186,899	6,530,140	-	1,865,403
Total business-type activities	14,322,701	14,727,021	-	2,891,061
Total primary government	\$ 46,457,118	\$ 20,966,989	\$ 5,468,054	\$ 10,929,940

General revenues:

Taxes:

Property taxes

Transient room taxes

Franchise fees

Contributions to permanent funds

Grants and contributions not restricted to specific program

Unrestricted investment earnings

Miscellaneous

Total general revenues

Loss on disposal of capital assets

Transfers

Change in net assets

Net assets - beginning

Net assets - ending

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

Net (Expense) Revenue and

Change in Net Assets

<u>Governmental Activities</u>	<u>Buisnees- type Activities</u>	<u>Total</u>
\$ 2,818,291	-	\$ 2,818,291
(10,485,293)	-	(10,485,293)
231,567	-	231,567
(3,686,942)	-	(3,686,942)
(1,265,139)	-	(1,265,139)
<u>(12,387,516)</u>	<u>-</u>	<u>(12,387,516)</u>
-	\$ 2,086,737	2,086,737
-	1,208,644	1,208,644
-	3,295,381	3,295,381
<u>\$ (12,387,516)</u>	<u>\$ 3,295,381</u>	<u>\$ (9,092,135)</u>
14,532,724	778,058	15,310,782
514,110	-	514,110
2,834,061	-	2,834,061
3,828	-	3,828
537,570	-	537,570
327,154	377,023	704,177
-	352,592	352,592
<u>18,749,447</u>	<u>1,507,673</u>	<u>20,257,120</u>
(1,018)	(23,952)	(24,970)
95,049	(95,049)	-
6,455,962	4,684,053	11,140,015
66,410,308	91,651,400	158,061,708
<u>\$ 72,866,270</u>	<u>\$ 96,335,453</u>	<u>\$ 169,201,723</u>

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

CITY OF ALBANY, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2003

	General Fund	Parks & Recreation Fund	Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 1,617,190	\$ 772,055	\$ -	\$ 9,011,873	\$ 11,401,118
Receivables:	-	-	-	-	-
Property taxes	928,804	260,698	-	115,157	1,304,659
Accounts receivable (net)	102,631	104,617	-	413,999	621,247
Assessments	-	-	5,611,265	1,563,378	7,174,643
Interest	8,618	4,112	-	31,780	44,510
Loans	-	-	-	398,757	398,757
Grants	-	-	-	548,233	548,233
Due from other funds	1,691,802	-	-	-	1,691,802
Other assets	7,393	150	-	1,365	8,908
Restricted cash and investments	-	1,342,477	-	5,848,335	7,190,812
Total assets	\$ 4,356,438	\$ 2,484,109	\$ 5,611,265	\$ 17,932,877	\$ 30,384,689
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 108,029	\$ 105,143	\$ 768,764	\$ 924,589	\$ 1,906,525
Salaries, withholdings, vacations, and taxes	632,399	-	-	-	632,399
Net pension obligation	-	-	-	-	-
Insurance liability	10,957	1,704	-	5,734	18,395
Due to other funds	-	-	1,301,913	389,889	1,691,802
Deposits	6,000	2,539	144,505	3,000	156,044
Deferred revenue	868,813	338,702	5,611,265	2,579,984	9,398,764
Amounts held in trust	15,763	-	-	-	15,763
Total liabilities	1,641,961	448,088	7,826,447	3,903,196	13,819,692
Fund balances:					
Reserved for:					
Capital projects	-	1,325,291	(2,215,182)	3,645,658	2,755,767
Debt service	-	-	-	2,179,270	2,179,270
Library programs	-	-	-	74,296	74,296
Parks and Recreation programs	-	348,493	-	11,225	359,718
Perpetual care	-	-	-	107,206	107,206
Unreserved, reported in:					
General fund	2,714,477	-	-	-	2,714,477
Special revenue funds	-	362,237	-	5,433,502	5,795,739
Capital project funds	-	-	-	2,578,524	2,578,524
Total fund balances	2,714,477	2,036,021	(2,215,182)	14,029,681	16,564,997
Total liabilities and fund balances	\$ 4,356,438	\$ 2,484,109	\$ 5,611,265	\$ 17,932,877	\$ 30,384,689

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

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

June 30, 2003

Total fund balances per governmental funds balance sheet (page 14). \$ 16,564,997

Amounts reported for governmental activities in the statement of net assets are different because:

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

Capital assets - land	4,053,489	
Capital assets - construction in progress	7,367,923	
Capital assets - other	81,633,903	
Accumulated depreciation	<u>(27,541,028)</u>	
Capital assets, net	65,514,287	
Less: Internal service funds net assets reported as governmental activities	<u>126,932</u>	
Total adjustment		65,387,355

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

Property taxes	1,218,279	
Accounts receivable	615,281	
Assessments	7,174,643	
Loans	281,771	
Net pension asset	<u>6,537,484</u>	
Total deferred revenue adjustments		15,827,458

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

Net assets reported as governmental activities	843,337	
(Profit)/loss reported as governmental activities	<u>(95,438)</u>	
Net adjustments for internal service funds		747,899

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

Long-term debt	(24,677,914)	
Compensated absences	(861,232)	
Interest payable on long-term debt	<u>(122,293)</u>	
Total long-term debt adjustments		(25,661,439)
Net assets of governmental activities (page 11)...		<u>\$ 72,866,270</u>

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

CITY OF ALBANY, OREGON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
for the year ended June 30, 2003

	General Fund	Parks and Recreation Fund	Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 10,182,095	\$ 2,873,152	\$ -	\$ 1,412,483	\$ 14,467,730
Transient room tax	-	-	-	514,110	514,110
Special assessments	-	-	26,612	594,394	621,006
Franchise fees, licenses, and permits	2,981,550	753,523	-	2,733,421	6,468,494
Intergovernmental revenues	1,527,918	32,000	108,050	4,843,374	6,511,342
Charges for services	299,294	512,978	-	5,191,213	6,003,485
Fines and forfeitures	614,142	-	-	-	614,142
Gifts and donations	-	-	-	3,828	3,828
Interest on investments	73,582	33,058	-	276,115	382,755
Miscellaneous	80,571	115,945	-	264,334	460,850
Total revenues	<u>15,759,152</u>	<u>4,320,656</u>	<u>134,662</u>	<u>15,833,272</u>	<u>36,047,742</u>
EXPENDITURES					
Current:					
General government	1,287,028	-	746	5,362,581	6,650,355
Public safety	12,024,911	-	-	1,820,024	13,844,935
Highways and streets	-	-	-	2,183,939	2,183,939
Culture and recreation	1,434,597	3,354,124	-	198,988	4,987,709
Debt service:					
Principal	-	-	-	1,036,687	1,036,687
Interest	-	-	-	1,269,338	1,269,338
Capital outlay	82,272	236,215	2,296,461	5,162,282	7,777,230
Total expenditures	<u>14,828,808</u>	<u>3,590,339</u>	<u>2,297,207</u>	<u>17,033,839</u>	<u>37,750,193</u>
Excess (deficiency) of revenues over (under) expenditures	<u>930,344</u>	<u>730,317</u>	<u>(2,162,545)</u>	<u>(1,200,567)</u>	<u>(1,702,451)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	41,400	-	1,299,768	1,341,168
Transfers out	(822,605)	(24,612)	-	(366,066)	(1,213,283)
Total other financing sources (uses)	<u>(822,605)</u>	<u>16,788</u>	<u>-</u>	<u>933,702</u>	<u>127,885</u>
Net change in fund balances	107,739	747,105	(2,162,545)	(266,865)	(1,574,566)
Fund balance - beginning	2,606,738	1,288,916	(52,637)	14,296,546	18,139,563
Fund balance - ending	<u>\$ 2,714,477</u>	<u>\$ 2,036,021</u>	<u>\$ (2,215,182)</u>	<u>\$ 14,029,681</u>	<u>\$ 16,564,997</u>

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

CITY OF ALBANY, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
for the year ended June 30, 2003

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

Net change in fund balances - total governmental funds (page 16).		\$ (1,574,566)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay	7,777,230	
Depreciation for the current fiscal year	<u>(3,194,345)</u>	
Net capital outlay adjustment		4,582,885
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, disposals, and donations) is to decrease net assets.</p>		
Loss on the disposal of capital assets		(1,018)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property taxes	64,994	
Capital asset donations	642,484	
Principal portion of loan receipts	(33,344)	
Ambulance charges	(86,562)	
Other fees and charges	(95,334)	
Assessments	<u>1,942,006</u>	
Total revenue adjustments		2,434,244
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		1,036,687
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Compensated absences	33,205	
Accrued interest on long-term debt	4,199	
Net pension asset amortization	<u>35,764</u>	
Total adjustment		73,168
<p>The net expense of certain activities of internal service funds is reported with governmental activities.</p>		
Equipment Maintenance Fund	422	
Information Systems Fund	(111,876)	
Central Services Fund	36,982	
Geographic Information Systems Fund	<u>(20,966)</u>	
Total internal service fund adjustments		(95,438)
Change in net assets of the governmental activities (pages 12-13)		<u>\$ 6,455,962</u>

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

CITY OF ALBANY, OREGON
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 9,635,800	\$ 9,635,800	\$ 9,722,183	\$ 86,383
Delinquent	340,000	340,000	459,912	119,912
Electric franchise fee	1,330,000	1,330,000	1,393,107	63,107
Communications franchise fees	34,000	34,000	17,393	(16,607)
Telephone franchise fees	340,000	340,000	308,889	(31,111)
Garbage franchise fees	266,000	266,000	281,723	15,723
Natural gas franchise fees	532,000	532,000	503,289	(28,711)
TV cable franchise fees	254,000	254,000	329,659	75,659
Licenses	7,000	7,000	9,372	2,372
Permit, variance and annexation fees	75,000	75,000	112,537	37,537
DUII Enforcement Grant	-	6,500	6,496	(4)
Greater Albany Public Schools police grant	25,000	25,000	25,000	-
State of Oregon	-	-	300	300
Linn County	10,000	10,000	10,000	-
State liquor taxes	346,000	346,000	374,864	28,864
State cigarette taxes	82,000	82,000	82,101	101
Albany Rural Fire Protection District	779,000	779,000	769,121	(9,879)
North Albany Rural Fire Protection District	169,000	169,000	178,236	9,236
Palestine Rural Fire Protection District	80,000	80,000	81,799	1,799
False alarm fees	22,000	22,000	25,581	3,581
Space rental charges	299,300	299,300	299,294	(6)
Library fees	51,000	51,000	59,769	8,769
Municipal Court fines	523,900	523,900	542,206	18,306
Parking violations	4,000	4,000	5,668	1,668
Nuisance vehicle administration fee	15,000	15,000	6,500	(8,500)
Interest on investments	120,000	120,000	73,582	(46,418)
Loan principal	4,000	4,000	-	(4,000)
Loan interest	400	400	-	(400)
Pay phones	-	-	195	195
Miscellaneous revenues	75,000	75,000	78,420	3,420
Gifts and donations	100	85,000	1,690	(83,310)
DARE donations	15,000	15,000	266	(14,734)
Total revenues	<u>15,434,500</u>	<u>15,525,900</u>	<u>15,759,152</u>	<u>233,252</u>
Fund balance, beginning	<u>1,854,000</u>	<u>1,854,000</u>	<u>2,718,024</u>	<u>864,024</u>
Amount available for appropriation	<u>\$ 17,288,500</u>	<u>\$ 17,379,900</u>	<u>\$ 18,477,176</u>	<u>\$ 1,097,276</u>

Continued

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

CITY OF ALBANY, OREGON
GENERAL FUND, Continued
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Municipal Court	\$ 428,100	\$ 448,100	\$ 446,778	\$ 1,322
Code Enforcement	30,000	30,000	21,314	8,686
Planning	647,800	647,800	595,722	52,078
Library	1,368,500	1,368,500	1,324,333	44,167
Police	6,473,100	6,479,600	6,234,503	245,097
Animal Control	69,300	69,300	67,197	2,103
Fire Suppression	4,381,000	4,481,000	4,422,879	58,121
Fire Prevention	426,100	426,100	425,922	178
Building Maintenance	360,900	372,900	353,891	19,009
Nondepartmental:				
Personal services	188,800	51,800	3,971	47,829
Materials and services	1,276,700	1,276,700	1,252,627	24,073
Capital	-	84,900	-	84,900
General operating contingency	1,039,500	1,039,500	-	1,039,500
Total expenditures	<u>16,689,800</u>	<u>16,776,200</u>	<u>15,149,137</u>	<u>1,627,063</u>
Other financing use				
Transfers to other funds	598,700	603,700	602,605	1,095
Total expenditures and other financing use	<u>\$ 17,288,500</u>	<u>\$ 17,379,900</u>	<u>\$ 15,751,742</u>	<u>\$ 1,628,158</u>
Fund balance, ending			<u>\$ 2,725,434</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 15,759,152	\$ 15,149,137	\$ 2,725,434
Reconciling items:			
Insurance liability	-	-	(10,957)
Change in net pension obligation	-	(106,852)	-
Change in insurance liability	-	6,523	-
Reclassify PERS departmental debt service charges to transfers out	-	(220,000)	-
Balances from Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds (page 16)	<u>\$ 15,759,152</u>	<u>\$ 14,828,808</u>	<u>\$ 2,714,477</u>

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

CITY OF ALBANY, OREGON
PARKS AND RECREATION FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 2,717,800	\$ 2,717,800	\$ 2,742,165	\$ 24,365
Delinquent	105,000	105,000	130,987	25,987
Park system development charges	300,000	300,000	728,937	428,937
Financed park system development charges:				
Principal	10,000	10,000	15,152	5,152
Interest	2,500	2,500	9,434	6,934
Loan proceeds	1,000,000	1,000,000	-	(1,000,000)
Grant proceeds	250,000	250,000	-	(250,000)
Special transit fund - Linn County	18,400	21,500	23,000	1,500
State Marine Board	6,000	6,000	9,000	3,000
Call-a-Ride fares	9,300	9,300	8,233	(1,067)
Recreation fees	43,500	43,500	34,205	(9,295)
Senior Center fees	36,000	36,000	36,586	586
Concession sales	17,800	17,800	16,521	(1,279)
Maple Lawn preschool fees	56,900	56,900	47,432	(9,468)
Maple Lawn preschool fund raising	4,500	4,500	5,140	640
Maple Lawn preschool materials & services fee	2,800	2,800	640	(2,160)
Sports program fees	106,500	95,300	95,138	(162)
Ski school fees/equipment rentals	8,100	8,100	6,939	(1,161)
Children's Performing Arts Series	10,000	10,000	7,207	(2,793)
Waverly boat rentals	6,100	6,100	6,722	622
Park permits	14,000	14,000	13,699	(301)
Fitness program fees	16,000	16,000	14,711	(1,289)
Extreme Sports Entry Fees	-	-	700	700
Souvenir sales	10,500	10,500	12,405	1,905
Food Faire revenues	16,500	16,500	14,969	(1,531)
NW Art & Air Festival Sponsors	54,800	54,800	40,520	(14,280)
NW Art & Air Festival Fees	4,900	13,000	7,944	(5,056)
Hot Air Balloon Rides	5,000	5,000	-	(5,000)
Street Banner Revenues	19,400	19,400	500	(18,900)
Charges for services - Park Maintenance	-	159,900	159,880	(20)
Charges for services - Landscape Maintenance	12,000	12,000	5,662	(6,338)
Brochure advertising	2,500	2,500	3,025	525
Senior newsletter	2,100	2,100	2,512	412
Trip revenue	42,500	42,500	38,259	(4,241)
Gifts and donations	760,200	770,200	71,696	(698,504)
Park fixture donations	-	-	3,035	3,035
Monday night concert series sponsor donations	8,000	8,000	7,841	(159)
Monteith Concert Series sponsor donations	2,500	2,500	15,025	12,525
Monteith Concert Series advance sponsor donations	65,000	65,000	67,350	2,350
Pre-concert activity sponsors	1,000	1,000	1,812	812
Pass-the-hat donations	15,200	15,200	23,513	8,313
Miscellaneous revenues	1,000	1,000	24,645	23,645
Interest on investments	37,200	37,200	33,058	(4,142)
Total revenues	5,801,500	5,971,400	4,486,199	(1,485,201)

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

Continued

CITY OF ALBANY, OREGON
PARKS AND RECREATION FUND (Continued)
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

	Original Budget	Final Budget	Actual	Over (Under)
Other financing source				
From State Revenue Sharing Fund	41,400	41,400	41,400	-
Fund balance, beginning	877,900	1,026,600	1,302,886	276,286
Amount available for appropriation	<u>\$ 6,720,800</u>	<u>\$ 7,039,400</u>	<u>\$ 5,830,485</u>	<u>\$ (1,208,915)</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Sports Programs	\$ 180,200	\$ 197,200	\$ 196,888	\$ 312
Recreation	257,900	250,400	247,662	2,738
Maple Lawn Preschool	84,500	84,500	74,201	10,299
Park Maintenance	1,422,100	1,652,100	1,379,491	272,609
Parks and Recreation Administration	1,041,300	945,300	930,903	14,397
Senior Center	365,500	365,500	342,203	23,297
Aquatics	7,000	11,000	8,080	2,920
Park System Development Charge Projects	415,000	574,900	298,623	276,277
Monteith Concert Series	183,200	183,200	132,554	50,646
Paratransit System	70,800	73,900	73,500	400
Northwest Art & Air Festival	90,500	98,600	98,387	213
Street Banner Program	20,700	20,700	4,011	16,689
Couplet Landscape Maintenance	324,600	324,600	5,662	318,938
Swanson Aquatic Facility	2,257,500	2,257,500	595	2,256,905
Total expenditures	<u>\$ 6,720,800</u>	<u>\$ 7,039,400</u>	<u>\$ 3,792,760</u>	<u>\$ 3,246,640</u>
Fund balance, ending			<u>\$ 2,037,725</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 4,486,199	\$ 3,792,760	\$ 2,037,725
Reconciling items:			
Insurance liability	-	-	(1,704)
Eliminate intrafund transfer	(165,543)	(165,543)	-
Change in net pension obligation	-	(13,312)	-
Change in insurance liability	-	1,046	-
Reclassify PERS departmental debt service charges to transfers out	-	(24,612)	-
Balances from Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds (page 16)	<u>\$ 4,320,656</u>	<u>\$ 3,590,339</u>	<u>\$ 2,036,021</u>

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

CITY OF ALBANY, OREGON
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2003

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 8,627,582	\$ 3,622,515	\$ 12,250,097	\$ 885,970
Receivables:				
Property taxes	70,006	-	70,006	-
Accounts receivable, net	1,505,830	1,620,657	3,126,487	1,200
Accrued interest	22,107	21,229	43,336	1,803
Total current assets	<u>10,225,525</u>	<u>5,264,401</u>	<u>15,489,926</u>	<u>888,973</u>
Other assets	3,613	3,083	6,696	3,128
Cash and investments restricted for debt service and construction	2,171,583	6,894,531	9,066,114	-
Assessments receivable	-	516,629	516,629	-
Capital assets (net)	38,566,783	51,116,158	89,682,941	246,406
Total assets	<u>\$ 50,967,504</u>	<u>\$ 63,794,802</u>	<u>\$ 114,762,306</u>	<u>\$ 1,138,507</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,038,549	\$ 188,958	\$ 1,227,507	\$ 188,738
Salaries, withholdings, vacations, and taxes payable	126,053	150,445	276,498	116,004
Insurance	2,678	3,409	6,087	292
Refundable deposits and advances	139,486	-	139,486	-
Loan payable, current portion	-	161,080	161,080	-
Bonds payable, current portion	1,173,960	595,000	1,768,960	-
Total current liabilities	<u>2,480,726</u>	<u>1,098,892</u>	<u>3,579,618</u>	<u>305,034</u>
Loan payable - long-term portion	-	1,288,643	1,288,643	-
Bonds payable - long-term portion	9,111,708	4,532,458	13,644,166	-
Total liabilities	<u>11,592,434</u>	<u>6,919,993</u>	<u>18,512,427</u>	<u>305,034</u>
NET ASSETS				
Invested in capital assets, net of related debt	28,281,115	44,538,977	72,820,092	140,232
Restricted for capital projects	1,384,305	4,072,811	5,457,116	-
Restricted for debt service	785,378	2,813,992	3,599,370	-
Unrestricted	8,924,272	5,449,029	14,373,301	693,241
Total net assets	<u>\$ 39,375,070</u>	<u>\$ 56,874,809</u>	<u>\$ 96,249,879</u>	<u>\$ 833,473</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			85,574	
Net assets of business-type activities (page 11)			<u>96,335,453</u>	

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

CITY OF ALBANY, OREGON
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
for the fiscal year ended June 30, 2003

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Total	
OPERATING REVENUES:				
Service charges and fees	\$ 8,196,881	\$ 6,530,140	\$ 14,727,021	\$ 3,857,440
Miscellaneous	61,063	291,529	352,592	39,679
Total operating revenues	<u>8,257,944</u>	<u>6,821,669</u>	<u>15,079,613</u>	<u>3,897,119</u>
OPERATING EXPENSES:				
Salaries and wages	2,397,563	2,339,151	4,736,714	2,157,483
Contracted services	374,775	191,124	565,899	474,303
Operating supplies	532,176	216,644	748,820	477,590
Utilities	301,799	374,144	675,943	36,088
Depreciation and amortization	1,227,572	1,709,623	2,937,195	41,999
Repairs and maintenance	386,529	498,987	885,516	206,013
Charges for services	1,139,934	1,291,258	2,431,192	470,963
Printing, duplication and postage	85,328	70,219	155,547	54,423
Miscellaneous	163,853	138,334	302,187	89,989
Total operating expenses	<u>6,609,529</u>	<u>6,829,484</u>	<u>13,439,013</u>	<u>4,008,851</u>
Operating income (loss)	<u>1,648,415</u>	<u>(7,815)</u>	<u>1,640,600</u>	<u>(111,732)</u>
NONOPERATING REVENUES (EXPENSES):				
Property Taxes	778,058	-	778,058	-
Interest on investments	189,937	186,207	376,144	15,241
Interest expense	(510,090)	(338,830)	(848,920)	-
Loss on the disposal of fixed assets	(7,968)	(15,984)	(23,952)	-
Total nonoperating revenues (expenses)	<u>449,937</u>	<u>(168,607)</u>	<u>281,330</u>	<u>15,241</u>
Net income (loss) before capital contributions	2,098,352	(176,422)	1,921,930	(96,491)
Capital Contributions	1,025,658	1,865,403	2,891,061	-
Transfers out	(43,810)	(42,843)	(86,653)	(41,232)
Change in net assets	3,080,200	1,646,138	4,726,338	(137,723)
Net assets - beginning	36,294,870	55,228,671		971,196
Net assets - ending	<u>\$ 39,375,070</u>	<u>\$ 56,874,809</u>		<u>\$ 833,473</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.			(42,285)	
Change in net assets of business-type activities (pages 12-13)			<u>\$ 4,684,053</u>	

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

CITY OF ALBANY, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
for the fiscal year ended June 30, 2003

	<u>Enterprise Funds</u>			Internal Service Funds
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 8,052,862	\$ 6,330,065	\$ 14,382,927	\$ 3,856,240
Cash payments to suppliers of goods and services	(2,312,036)	(3,130,430)	(5,442,466)	(1,659,168)
Cash payments to employees for services	(2,430,829)	(2,350,809)	(4,781,638)	(2,180,223)
Other operating revenues	61,063	291,529	352,592	39,679
Net cash provided by operating activities	<u>3,371,060</u>	<u>1,140,355</u>	<u>4,511,415</u>	<u>56,528</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property Taxes	774,901	-	774,901	-
Operating transfers out	(43,810)	(42,843)	(86,653)	-
Net cash provided (used in) by noncapital financing activities	<u>731,091</u>	<u>(42,843)</u>	<u>688,248</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND AND RELATED FINANCING ACTIVITIES:				
Acquisition of fixed assets	(3,281,538)	(3,278,799)	(6,560,337)	(80,915)
Bond sale expenses	(2,380)	-	(2,380)	-
Receipt of assessments and fees	50,390	262,666	313,056	-
Principal paid on loan	-	(161,080)	(161,080)	-
Principal paid on bonds	(1,070,000)	(575,000)	(1,645,000)	-
Principal paid on certificates of participation	(46,450)	-	(46,450)	-
Interest paid on long-term debt	(510,090)	(338,830)	(848,920)	-
System development charges collected	656,218	1,110,327	1,766,545	-
Receipt of installment note payment	-	(3,083)	(3,083)	-
Net cash used in capital and related financing activities	<u>(4,203,850)</u>	<u>(2,983,799)</u>	<u>(7,187,649)</u>	<u>(80,915)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	259,592	271,024	530,616	21,519
Net increase (decrease) in cash and investments	<u>157,893</u>	<u>(1,615,263)</u>	<u>(1,457,370)</u>	<u>(2,868)</u>
Cash and investments, July 1, 2002	10,641,272	12,132,309	22,773,581	930,070
Cash and investments, June 30, 2003	<u>\$ 10,799,165</u>	<u>\$ 10,517,046</u>	<u>\$ 21,316,211</u>	<u>\$ 927,202</u>

continued

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

**CITY OF ALBANY, OREGON
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (continued)**

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss) (page 23)	\$ 1,648,415	\$ (7,815)	\$ 1,640,600	\$ (111,732)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,227,572	1,709,623	2,937,195	\$ 41,999
Changes in assets and liabilities:				
Accounts receivable	(157,034)	(200,076)	(357,110)	(1,200)
Other assets	3,935	614	4,549	(2,849)
Accounts payable	666,796	(352,368)	314,428	152,874
Salaries, withholdings, vacation and taxes payable	(13,944)	8,624	(5,320)	(1,640)
Net pension obligation	(19,322)	(20,282)	(39,604)	(21,100)
Insurance liability	1,627	2,035	3,662	176
Refundable deposits	13,015	-	13,015	-
Total adjustments	1,722,645	1,148,170	2,870,815	168,260
Net cash provided by operating activities	<u>\$ 3,371,060</u>	<u>\$ 1,140,355</u>	<u>\$ 4,511,415</u>	<u>\$ 56,528</u>

STATEMENT OF NET ASSETS RECONCILIATION

Cash and investments from above	\$ 10,799,165	\$ 10,517,046	\$ 21,316,211	\$ 927,202
Less: restricted cash and investments	(2,171,583)	(6,894,531)	(9,066,114)	-
Cash and investments per Statements of Net Assets for Proprietary Funds (page 22)	<u>\$ 8,627,582</u>	<u>\$ 3,622,515</u>	<u>\$ 12,250,097</u>	<u>\$ 927,202</u>

NONCASH CAPITAL ACTIVITIES:

Amortization of bonds issuance costs	\$ 20,960	\$ 16,485	\$ 37,445
Contribution of fixed assets to government	<u>\$ 1,025,658</u>	<u>\$ 1,865,403</u>	<u>\$ 2,891,061</u>

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In June 1999, the GASB approved Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments. GASB No. 34 provides for significant changes in financial reporting and is scheduled for phased implementation based on the size of the government, starting with fiscal years ending in 2002. As part of this statement, there is a new reporting requirement regarding local government's infrastructure (roads, streets, parks, etc.). The City of Albany's financial statements for the fiscal year ended June 30, 2003, comply with the requirements of GASB No. 34.

In prior years, the City report fiduciary funds in its financial statements. However, the City's fiduciary funds do not meet the criteria as fiduciary in nature as redefines in GASB Statement No. 34. Therefore all fiduciary funds have been included with governmental funds appropriate.

Reporting Entity

The City of Albany is a municipal corporation governed by an elected mayor and six member council. As required by GAAP, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and, therefore, data from these units are combined with the data of the City of Albany. The City's single blended component unit as of year end also has a June 30 year end. No other organization met the criteria for inclusion in the reporting entity.

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

Basic Financial Statements

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

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

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basic Financial Statements, continued

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column in the financial section of the basic financial statements and are detailed in the supplemental information.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The City reports the following major governmental funds:

General Fund

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

Parks and Recreation Fund

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

Improvement Fund

All local improvement district construction projects are accounted for in this fund. The sources of revenue are intergovernmental revenues and assessments to affected properties.

The City reports the following major proprietary funds:

Water Fund

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

Sewer Fund

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Additionally, the City reports the following fund types:

Special Revenue Funds

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

Debt Service Funds

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

Permanent Funds

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

Internal Service Funds

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

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

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

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

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

Cash and Investments

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

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Restricted Assets

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

Receivables

Uncollected property taxes receivable for the governmental fund types which are collected within 60 days following the year end are considered measurable and available and, accordingly, are recognized as revenues in the respective funds. All other uncollected property taxes receivable for the governmental fund types are offset by deferred revenues and, accordingly, have not been recorded as revenues. Uncollected property taxes, including delinquent accounts, are deemed to be substantially collectible or recoverable through foreclosure.

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

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

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

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

Capital Assets

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

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

Capital Asset (continued)

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

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

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave, as it does not vest when earned. Vacation pay is accrued as it is earned and is reported as a fund liability.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Long-term Debt

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

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

Fund Equity

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

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

A City Council order authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Either expenditures by activity within funds or total personnel services, materials and services, capital outlay, and other expenditures by fund are the levels of control established by the City Council order. The detailed budget document, however, is required to contain more specific, detailed, information for the above-mentioned expenditure categories. Budget appropriations can be changed with City Council approval only.

An election must be held to approve taxes in excess of the City's taxing authority. A tax measure may only be passed at an election with at least a 50% voter turnout unless the election is held in November of an even numbered year. In the latter case, the tax measure will pass with a more than 50% favorable vote regardless of the voter turnout percentage. As a result of Ballot Measure 50 and subsequent legislation, the City's permanent tax rate has been set at \$6.3984 per \$1,000 of assessed value. The assessed value for 2002-03 was \$2,111,294,047. Individually, the assessed value of a property is limited to a 3 per cent increase annually until the assessed value is equal to the real market value.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

Budgetary Information, continued

The City budgets the following funds at the department level:

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

Also, the City budgets the following funds by total personnel services, materials and services, capital outlay, and other expenditures:

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

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

The City made several appropriation transfers and supplemental budget changes during the fiscal year ended June 30, 2003. Increased appropriations for unanticipated grant awards during the year amounted to \$479,988. Other supplemental budget changes resulted in a net increase of \$460,612 of authorized expenditures. Expenditure appropriations may not be legally overexpended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted. The City does not use encumbrances.

Excess of Expenditures Over Appropriations

The City had no instances where expenditures exceeded approved appropriations.

Deficit Fund Equity

The Improvement Fund, a capital project fund, had a deficit of (\$2,215,182) as of June 30, 2003. This fund has incurred expenditures for local improvement district construction which will be assessed to the property when the construction is completed. At that time, special assessment bonds will be sold using the assessments as collateral for the bonds. The bond proceeds will be used to reimburse the Improvement Fund. Assessment payments will be used to pay debt service on the bonds.

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

3. DETAILED NOTES ON ALL FUNDS

CASH AND INVESTMENTS

The City pools virtually all funds for investment purposes. Each fund type's portion is displayed on the statement of net assets as 'Cash and investments' and 'Restricted cash and investments' (page 11).

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

Cash on hand	\$ 2,210
Cash held by the Department of Finance - Linn County	243,152
Bank overdrafts with financial institutions	(56,493)
State of Oregon Treasurer's short-term investment pool	26,981,732
Other investments (see Investments)	13,623,510
Total cash and investments	<u>\$40,794,111</u>

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

Cash and investments	\$24,537,185
Restricted cash and investments	16,256,926
Total cash and investments	<u>\$40,794,111</u>

Deposits with financial institutions

Deposits with financial institutions are comprised of bank demand deposits and savings accounts. At year end, the carrying amount of the City's net overdraft was (\$56,493) and the bank balance was \$480,354. The entire bank balance, \$480,354 was covered by federal depository insurance.

INVESTMENTS

Equity in Pooled Cash and Investments

The City has implemented GASB Statement No. 31, Accounting and Financial Reporting of certain Investments and for External Investment Pools as of June 30, 1998. For governmental entities other than investment pools, this statement establishes accounting and financial reporting standards for investments in interest-earning contracts, external investment pools, open-ended mutual funds, and equity securities that have readily determinable fair values. Except as provided by this statement, governmental entities are to report investments at fair value in the balance sheet, or other statement of financial position. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement or other statement of activities, of the fund holding the underlying investments.

The equity position of each fund participating in an internal investment pool is reported as assets of those funds. The City carries all investments at amortized cost as is allowed by GASB No. 31. The implementation of GASB No. 31 was immaterial to the general purpose financial statements for the fiscal years ended June 30, 2002 and 2003.

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

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

3. DETAILED NOTES ON ALL FUNDS, continued

INVESTMENTS, continued

The City's investments are categorized below to give an indication of the level of risk assumed by the City on June 30, 2003. Category 1 includes investments that are insured or registered for which securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which securities are held by the bank's trust department in the City's name. The City has no investments in categories 1 or 2. Category 3 includes uninsured and unregistered investments for which the securities are held by the bank's trust department but not in the City's name.

	Category 3	Amortized Cost	Fair Value
United States Government instrumentality securities	\$ 13,623,510	\$ 13,623,510	\$ 13,638,586

State of Oregon Treasurer's short-term investment pool.

The reported market rate of 100.001% is determined by the Oregon Short-Term Fund Audited Financial Statements. It represents the City's market percentage of their investment in the Local Government Investment Pool as of June 30, 2003.

	26,981,732	26,982,002
	\$ 40,605,242	\$ 40,620,588

The State Treasurer's Investment Pool is not registered with the SEC as an investment company. The State's investment policies are governed by the Oregon Revised Statutes and the Oregon Investment Council.

ASSESSMENT LIENS RECEIVABLE

Assessment liens receivable represent the uncollected amounts levied against property for the cost of local improvements. Total delinquent assessments receivable at June 30, 2003 amounted to \$151,569, which represented approximately 2% of the outstanding receivables. Since assessments are liens against the benefited property, an allowance for uncollectible amount is not deemed unnecessary. Assessments are payable for a period of five to twenty years and bear an interest rate of 9% for unbonded assessments and at the bond sale rate plus 1.5% for financed assessments.

RECEIVABLES

Receivables as of year end for the City's individual, major, and nonmajor governmental funds in the aggregate, net of applicable allowances for uncollectible accounts, are as follows:

	Major Funds			Total Nonmajor	Total
	General	Parks & Recreation	Improvement		
Receivables:					
Property taxes	\$ 928,804	\$ 260,698	\$ -	\$ 115,157	\$ 1,304,659
Accounts receivable (net)	102,631	104,617	-	413,999	621,247
Assessments	-	-	5,611,265	1,563,378	7,174,643
Interest	8,618	4,112	-	31,780	44,510
Loans	-	-	-	398,757	398,757
Grants	-	-	-	548,233	548,233
Total receivables	\$ 1,040,053	\$ 369,427	\$ 5,611,265	\$ 3,071,304	\$ 10,092,049

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

RECEIVABLES (continued)

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

	Unavailable	Unearned
Delinquent property taxes receivable		
General Fund	\$ 868,813	\$ -
Parks & Recreation Fund	234,085	-
Debt Service Fund	90,220	-
Central Albany Revitalization Area	17,091	-
Accounts receivable, net	506,365	-
Assessments receivable	7,174,643	-
Community development loans	116,986	-
Economic development loans	281,771	-
Grants received but unspent	-	108,790
Total deferred revenue	\$ 9,289,974	\$ 108,790

RECONCILIATION OF INTERFUND TRANSFERS, PAYABLES, AND RECEIVABLES

Interfund Transfers

	Transfers In		
<u>Transfers out</u>	Parks & Recreation	Nonmajor Govern- mental	Total
Governmental Funds			
General Fund	\$ -	\$ 822,605	\$ 822,605
Parks & Recreation Fund	-	24,612	24,612
Nonmajor governmental funds	41,400	324,666	366,066
Internal service funds related to governmental activities	-	32,836	32,836
Total Governmental Funds	41,400	1,204,719	1,246,119
Business-type Funds			
Water Fund	-	43,810	43,810
Sewer Fund	-	42,843	42,843
Internal service funds related to business-type activities	-	8,396	8,396
Total Business-type Funds	-	95,049	95,049
Total transfers	\$ 41,400	\$ 1,299,768	\$ 1,341,168

The composition of interfund balances as of June 30, 2003 is as follows:

Payables:	
General Fund	\$ 386,909
Environmental Safety Fund	2,980
Improvement Fund	1,301,913
Total Payables	\$ 1,691,802
Receivables:	
General Fund	\$ 1,691,802

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

CAPITAL ASSETS

Governmental Activities

Capital activity for the year ended June 30, 2003 was as follows:

	July 1, 2002			June 30, 2003
	Balance	Increases	Decreases	Balance
Land	\$ 4,053,489	\$ -	\$ -	\$ 4,053,489
Construction in progress	1,150,072	5,530,424	-	6,680,496
Total non-depreciable	<u>5,203,561</u>	<u>5,530,424</u>	<u>-</u>	<u>10,733,985</u>
Buildings and improvements	12,267,236	83,716	-	12,350,952
Vehicles and equipment	6,998,742	1,207,152	(96,600)	8,109,294
Infrastructure	60,181,747	1,679,337	-	61,861,084
Total depreciable	<u>79,447,725</u>	<u>2,970,205</u>	<u>(96,600)</u>	<u>82,321,330</u>
Total capital assets	<u>84,651,286</u>	<u>8,500,629</u>	<u>(96,600)</u>	<u>93,055,315</u>
Accumulated depreciation				
Buildings and improvements	(2,605,885)	(246,058)	-	(2,851,943)
Vehicles and equipment	(4,182,145)	(554,775)	95,582	(4,641,338)
Infrastructure	(17,616,004)	(2,431,743)	-	(20,047,747)
Total accumulated depreciation	<u>(24,404,034)</u>	<u>(3,232,576)</u>	<u>95,582</u>	<u>(27,541,028)</u>
Governmental activities, capital assets, net	<u>\$60,247,252</u>	<u>\$ 5,268,053</u>	<u>\$ (1,018)</u>	<u>\$65,514,287</u>

Depreciation expense for governmental activities has been charged as follows:

General government	\$ 264,209
Public safety	395,158
Highways & streets	2,142,010
Culture and recreation	392,968
Internal service funds reported as governmental activities:	
Information Systems Fund	34,712
Central Services Fund	1,272
Geographic Information Systems Fund	2,247
Total depreciation for governmental activities	<u>\$ 3,232,576</u>

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

Total capital assets from above	\$93,055,315
Internal service fund capital assets reported as governmental activities	
Information Systems Fund	(488,287)
Central Services Fund	(38,181)
Geographic Information Systems Fund	(73,900)
Schedule of Governmental Capital Assets - By Source, Total investment in governmental capital assets (page 110).	<u>\$92,454,947</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

CAPITAL ASSETS, continued

Business-type Activities

Capital activity for the year ended June 30, 2003 was as follows:

	July 1, 2002			June 30, 2003
	Balance	Increases	Decreases	Balance
Land	\$ 1,524,369	\$ 600	\$ -	\$ 1,524,969
Construction in progress	1,790,090	5,134,588	-	6,924,678
Total non-depreciable	<u>3,314,459</u>	<u>5,135,188</u>	<u>-</u>	<u>8,449,647</u>
Land rights	19,794	-	-	19,794
Land improvements	25,178	-	-	25,178
Buildings and improvements	23,657,417	355,025	-	24,012,442
Vehicles and equipment	5,901,602	409,993	(6,394)	6,305,201
Infrastructure	83,126,015	1,735,774	(49,736)	84,812,053
Total depreciable	<u>112,730,006</u>	<u>2,500,792</u>	<u>(56,130)</u>	<u>115,174,668</u>
Total capital assets	<u>116,044,465</u>	<u>7,635,980</u>	<u>(56,130)</u>	<u>123,624,315</u>
Accumulated depreciation				
Land rights	(11,549)	(659)	-	(12,208)
Land improvements	(16,057)	(1,099)	-	(17,156)
Buildings and improvements	(6,571,154)	(776,884)	-	(7,348,038)
Vehicles and equipment	(3,775,379)	(293,201)	6,394	(4,062,186)
Infrastructure	(20,586,549)	(1,821,547)	25,784	(22,382,312)
Total accumulated depreciation	<u>(30,960,688)</u>	<u>(2,893,390)</u>	<u>32,178</u>	<u>(33,821,900)</u>
Business-type activities, capital assets, net	<u>\$85,083,777</u>	<u>\$ 4,742,590</u>	<u>\$ (23,952)</u>	<u>\$89,802,415</u>

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

Water Fund	\$ 1,196,484
Sewer Fund	1,693,138
Internal service fund reported as business-type activity:	
Equipment Maintenance Fund	3,768
Total depreciation for governmental activities	<u>\$ 2,893,390</u>

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

Total business-type capital assets, net of depreciation, from above	\$89,802,415
Internal service fund capital assets reported as business-type activities	
Equipment Maintenance Fund	(119,474)
Capital assets (net), Statement of Net Assets of Proprietary Funds (page 22).	<u>\$89,682,941</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

LONG-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Amortization of Discounts and Issue Costs</u>	<u>Ending Balance</u>	<u>Due in Current Year</u>
Governmental Activities						
General Obligation Bonds						
Series 1996 Fire Substation	\$ 3,045,000	\$ -	\$ 150,000	\$ -	\$ 2,895,000	\$ 155,000
Series 1999 Street Rehabilitation	8,840,000	-	360,000	-	8,480,000	375,000
Bancroft Bonds						
Series 1997	2,070,000	-	180,000	-	1,890,000	185,000
Series 2002	736,255	-	48,610	-	687,645	51,096
Revenue Bonds						
Series 1995 Hotel/Motel Tax	1,715,000	-	145,000	-	1,570,000	160,000
Limited Tax Pension Obligations						
Series 2002	6,826,913	-	-	-	6,826,913	13,677
Certificates of Participation						
City Hall	2,125,000	-	135,000	-	1,990,000	140,000
Notes Payable, OEDD						
Target Infrastructure	356,433	-	18,077	-	338,356	18,224
Total Governmental Activities	<u>\$ 25,714,601</u>	<u>\$ -</u>	<u>\$ 1,036,687</u>	<u>\$ -</u>	<u>\$ 24,677,914</u>	<u>\$ 1,097,997</u>
Business-type Activities						
General Obligation Bonds						
1998 Water Refunding	\$ 5,540,435	\$ -	\$ 600,000	\$ 20,688	\$ 4,961,123	\$ 630,000
Water Revenue Bonds						
1993B Water Refunding	5,230,595	-	470,000	10,400	4,770,995	495,000
Sewer Revenue Bonds						
1993A Sewer Refunding	4,276,728	-	455,000	12,909	3,834,637	475,000
1993C Sewer Refunding	1,409,245	-	120,000	3,576	1,292,821	120,000
Certificates of Participation						
Joint Water Project	600,000	-	46,450	-	553,550	48,960
Notes Payable, Oregon DEQ						
North Albany Sewer Project	1,610,803	-	161,080	-	1,449,723	161,080
Total Business-type Activities	<u>\$ 18,667,806</u>	<u>\$ -</u>	<u>\$ 1,852,530</u>	<u>\$ 47,573</u>	<u>\$ 16,862,849</u>	<u>\$ 1,930,040</u>

Governmental Activities

General Obligation Bonds

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

The City issued \$3,700,000 in general obligation bonds in October 1996, to finance the construction of two fire substations and a firefighter training facility. Interest rates range from 4.5% to 5.5% for the 19 year bonds. Final maturity is December 1, 2015. The balance outstanding at June 30, 2003 is \$2,895,000.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

LONG-TERM DEBT, continued
Governmental Activities, continued

The City issued \$9,850,000 in general obligation bonds in March 1999, to finance the reconstruction of portions of Santiam Road, 34th Avenue, Elm Street, and Salem Avenue. Interest rates range from 3.1% to 4.85% for the 20 year bonds. Final maturity is March 1, 2019. The balance outstanding at June 30, 2003 is \$8,480,000.

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

Year Ending June 30	Principal	Interest	Total
2004	\$ 530,000	\$ 526,841	\$ 1,056,841
2005	555,000	504,800	1,059,800
2006	580,000	480,953	1,060,953
2007	610,000	455,435	1,065,435
2008	635,000	428,199	1,063,199
2009-2013	3,670,000	1,670,441	5,340,441
2014-2019	4,795,000	756,026	5,551,026
Totals	\$ 11,375,000	\$ 4,822,695	\$ 16,197,695

Special Assessment Bonds

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

In June 1997, the City issued \$3,000,000 in limited tax assessment bonds to finance the following LID's: Springhill Sewer, 5th Street, Price Road, Pebblebrook, Howard Street, Timber Street/Dogwood Avenue, and Hickory Road. Interest rates range from 4% to 4.65% for the 10 year bonds. Final maturity is June 1, 2007. The balance outstanding at June 30, 2003 is \$1,890,000.

In June 2002, the City issued \$736,255 in limited tax assessment bonds to finance the following LID's: Alandale, Hickory Street, Marion Street, Riverside Drive, Timber Street, 12th Avenue, and Lehigh/Ryderwood. The interest rate is 5.5% for the 10 year bonds. Final maturity is June 17, 2012. The balance outstanding at June 30, 2003 is \$687,645.

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

Year Ending June 30	Principal	Interest	Total
2004	\$ 236,096	\$ 121,687	\$ 357,783
2005	243,709	110,563	354,272
2006	256,455	99,078	355,533
2007	1,374,342	86,990	1,461,332
2008	62,377	22,808	85,185
2009-2012	404,666	57,660	462,326
Totals	\$ 2,577,645	\$ 498,786	\$ 3,076,431

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

LONG-TERM DEBT, continued
Governmental Activities, continued

Revenue Bonds

The City issues revenue bonds and pledges income derived from the acquired or constructed assets to pay debt service. In August 1995, the City issued \$2,300,000 in hotel/motel tax revenue bonds to finance the City's share of the capital construction of a new Linn County Fairgrounds and Exposition Center. Debt service requirements will be met through the collection of hotel/motel taxes. Interest rates range from 3.9% to 5.75% for the 15 year bonds. Final maturity is August 1, 2010. The balance outstanding at June 30, 2003 is \$1,570,000.

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

Year Ending June 30	Principal	Interest	Total
2004	\$ 160,000	\$ 82,065	\$ 242,065
2005	180,000	73,305	253,305
2006	200,000	63,325	263,325
2007	200,000	52,625	252,625
2008	200,000	41,725	241,725
2009-2011	630,000	54,338	684,338
Totals	\$ 1,570,000	\$ 367,383	\$ 1,937,383

Limited Tax Pension Obligations

In March 2002, the City sold \$6,851,826 of Limited Tax Pension Obligations. Net proceeds in the amount of \$6,700,000 were used to finance a portion of the City's estimated unfunded liability in the Oregon Public Employees Retirement System. Debt service requirements are payable from available general funds, including taxes and other funds. Interest rates range from 2% to 7.36% for the 26 year bonds. Final maturity is June 1, 2028. The balance outstanding at June 30, 2003 is \$6,826,913.

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

Year Ending June 30	Principal	Interest	Total
2004	\$ 13,677	\$ 372,380	\$ 386,057
2005	29,847	376,211	406,058
2006	43,958	382,099	426,057
2007	55,650	390,407	446,057
2008	65,043	401,015	466,058
2009-2011	6,618,738	8,067,791	14,686,529
Totals	\$ 6,826,913	\$ 9,989,903	\$ 16,816,816

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

LONG-TERM DEBT, continued
Governmental Activities, continued

Certificates of Participation

The issuance of certificates of participation (COP's) is a mechanism for providing capital to purchase equipment, finance construction projects, or refinance existing leases which provides long-term financing through a lease with an option to purchase or a conditional sales agreement.

In January 1994, the City issued \$3,000,000 in certificates of participation to finance the renovation, remodeling, and expansion of the Albany Elks Club Building for use as the Albany City Hall. Debt service requirements are payable solely from appropriated funding legally available to the City. Interest rates range from 3% to 5.25% for the 20 year certificates. Final maturity is January 1, 2014. The balance outstanding at June 30, 2003 is \$1,990,000.

Annual debt service requirements to maturity of governmental certificates of participation are as follows:

Year Ending June 30	Principal	Interest	Total
2004	\$ 140,000	\$ 102,550	\$ 242,550
2005	145,000	95,550	240,550
2006	155,000	88,300	243,300
2007	160,000	80,550	240,550
2008	170,000	72,550	242,550
2009-2014	1,220,000	233,887	1,453,887
Totals	\$ 1,990,000	\$ 673,387	\$ 2,663,387

Notes Payable

In 1996, the City borrowed \$441,137 from the Oregon Economic Development Department, Special Public Works Fund, to finance infrastructure (water, sewer, and street) improvements in the Linn-Benton Business Park to serve a 650,000 square foot Target Stores, Inc. regional distribution center. Dayton Hudson Corporation DBA Target Stores, Inc. is responsible for \$390,000. The remaining balance, \$51,137 is the payable by the City from resources of the Economic Development Fund. The interest rate is 5.47% for the 20 year note. Final maturity is December 15, 2015. The balance outstanding at June 30, 2003 is \$338,356 (Dayton Hudson Corporation, \$299,133; City, \$39,223).

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

Year Ending June 30	Principal	Interest	Total
2004	\$ 18,224	\$ 18,772	\$ 36,996
2005	18,383	17,879	36,262
2006	18,552	16,959	35,511
2007	23,736	15,995	39,731
2008	23,925	14,746	38,671
2009-2013	133,195	54,260	187,455
2014-2015	102,341	12,097	114,438
Totals	\$ 338,356	\$ 150,705	\$ 489,061

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

Business-type Activities

General Obligation Bonds

In April 1998, the City issued \$7,865,000 in general obligation bonds to advance refund the Advance Refunding General Obligation Water Bonds, Series 1987. Debt service requirements are payable from a direct ad valorem tax upon all of the taxable property within the City. Interest rates range from 3.6% to 4.5% for the 12 year bonds. Final maturity is November 1, 2009. The balance outstanding of the bonds at June 30, 2003 is \$5,085,000.

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

Year Ending June 30	Principal	Interest	Total
2004	\$ 630,000	\$ 206,120	\$ 836,120
2005	660,000	179,187	839,187
2006	680,000	150,877	830,877
2007	725,000	121,021	846,021
2008	760,000	89,085	849,085
2009-2010	1,630,000	78,897	1,708,897
Less - unamortized discounts and issuance costs and loss on refunding	(123,877)		
<u>Totals</u>	<u>\$ 4,961,123</u>	<u>\$ 825,187</u>	<u>\$ 5,910,187</u>

Revenue Bonds

In February 1993, the City issued \$5,985,000 in Sewer Refunding Bonds, Series A, to refund the 1987 Sewer Refunding Bonds and the 1989 Sewer Revenue Bonds. Debt service requirements are payable from sewer system revenues. Interest rates range from 2.85% to 5.6% for the 20 year bonds. Final maturity is February 1, 2012. The balance outstanding of the bonds at June 30, 2003 is \$3,925,000.

In October 1993, the City issued \$6,365,000 in Water Refunding Bonds, Series B, to advance refund the 1989 Water Revenue Bonds, the 1990 Water Revenue Bonds, and the 1992 Water Revenue Bonds. Debt service requirements are payable from water system revenues. Interest rates range from 2.75% to 5% for the 20 year bonds. Final maturity is February 1, 2012. The balance outstanding of the bonds at June 30, 2003 is \$4,875,000.

Also, in October 1993, the City issued \$1,690,000 in Sewer Refunding Bonds, Series C, to refund the 1991 Sewer Revenue Bonds. Debt service requirements are payable from sewer system revenues. Interest rates range from 2.75% to 5% for the 20 year bonds. Final maturity is February 1, 2012. The balance outstanding of the bonds at June 30, 2003 is \$1,325,000.

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

Year Ending June 30	Principal	Interest	Total
2004	\$ 1,090,000	\$ 487,090	\$ 1,577,090
2005	1,135,000	434,091	1,569,091
2006	1,200,000	377,407	1,577,407
2007	1,260,000	315,875	1,575,875
2008	1,325,000	250,383	1,575,383
2009-2013	4,115,000	371,252	4,486,252
Less - unamortized discounts and issuance costs	(226,547)		
<u>Totals</u>	<u>\$ 9,898,453</u>	<u>\$ 2,236,098</u>	<u>\$ 12,361,098</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

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

Loans Payable

In April 1992, the City borrowed \$5,202,059 from the Oregon Department of Environmental Quality State Revolving Fund to finance the collector sewers for the North Albany Health Hazard Abatement project. Loan repayment requirements are payable solely from the net revenues of the City's sewer system. The interest rate is 3% for the 20 year loan. Final maturity is February 1, 2012. The balance outstanding at June 30, 2003 is \$1,449,723.

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

Year Ending June 30	Principal	Interest	Total
2004	\$ 161,080	\$ 204,572	\$ 365,652
2005	161,080	199,740	360,820
2006	161,080	194,907	355,987
2007	161,080	190,075	351,155
2008	161,080	185,242	346,323
2009-2012	644,321	692,645	1,336,966
Totals	\$ 1,449,723	\$ 1,667,181	\$ 3,116,903

Certificates of Participation

In March 2002, the City issued \$600,000 in certificates of participation to finance the cost of the acquisition of real and personal property to be used as a City water intake, pumping station, and raw water transmission facility. Debt service requirements are payable solely from the net revenues of the City's water system. The interest rate is 5.5% for the 10 year certificates. Final maturity is March 1, 2012. The balance outstanding at June 30, 2003 is \$553,550.

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

Year Ending June 30	Principal	Interest	Total
2004	48,960	29,869	\$ 78,829
2005	51,770	27,059	78,829
2006	54,657	24,172	78,829
2007	57,704	21,125	78,829
2008	60,875	17,955	78,830
2009-2012	279,584	35,733	315,317
Totals	\$ 553,550	\$ 155,913	\$ 709,463

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains two Enterprise Funds which provide water and sewer services. Segment information for the year ended June 30, 2003 is as follows:

CONDENSED STATEMENT OF NET ASSETS

	Water	Sewer	Total
Assets:			
Current assets	\$ 10,229,138	\$ 5,784,113	\$ 16,013,251
Restricted assets	2,171,583	6,894,531	9,066,114
Capital assets	38,566,783	51,116,158	89,682,941
Total assets	50,967,504	63,794,802	114,762,306
Liabilities:			
Current liabilities	2,480,726	1,098,892	3,579,618
Noncurrent liabilities	9,111,708	5,821,101	14,932,809
Total liabilities	11,592,434	6,919,993	18,512,427
Net assets:			
Invested in capital assets, net of related debt	28,281,115	44,538,977	72,820,092
Restricted	2,169,683	6,886,803	9,056,486
Unrestricted	8,924,272	5,449,029	14,373,301
Total net assets	<u>\$ 39,375,070</u>	<u>\$ 56,874,809</u>	<u>\$ 96,249,879</u>

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Charges for services	\$ 8,196,881	\$ 6,530,140	\$ 14,727,021
Other operating revenues	61,063	291,529	352,592
Depreciation and amortization expense	(1,227,572)	(1,709,623)	(2,937,195)
Other operating expenses	(5,381,957)	(5,119,861)	(10,501,818)
Operating income (loss)	1,648,415	(7,815)	1,640,600
Nonoperating revenues (expenses)			
Property taxes	778,058	-	778,058
Interest on investments	189,937	186,207	376,144
Interest expense	(510,090)	(338,830)	(848,920)
Loss on disposal of fixed assets	(7,968)	(15,984)	(23,952)
Capital contributions	1,025,658	1,865,403	2,891,061
Transfers out	(43,810)	(42,843)	(86,653)
Change in net assets	3,080,200	1,646,138	4,726,338
Beginning net assets	36,294,870	55,228,671	91,523,541
Ending net assets	<u>\$ 39,375,070</u>	<u>\$ 56,874,809</u>	<u>\$ 96,249,879</u>

CONDENSED STATEMENT OF CASH FLOWS

Net cash provided (used) by:			
Operating activities	\$ 3,371,060	\$ 1,140,355	\$ 4,511,415
Noncapital financing activities	774,901	-	774,901
Capital and related financing activities	(4,203,850)	(2,983,799)	(7,187,649)
Investing activities	259,592	271,024	530,616
Net increase (decrease)	201,703	(1,572,420)	(1,370,717)
Beginning cash and investments	10,641,272	12,132,309	22,773,581
Ending cash and investments	<u>\$ 10,842,975</u>	<u>\$ 10,559,889</u>	<u>\$ 21,402,864</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

CONSTRUCTION COMMITMENTS

The city has active construction projects as of June 30, 2003. The projects include street construction in areas with newly developed housing, 53rd Avenue; utility extensions, 21st Avenue; airport improvements, access road and tied owns; and water supply facilities, joint water project. At year end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to date</u>	<u>Remaining Commitment</u>
53rd Avenue Local Improvement District (LID)	\$ 3,059,683	\$ 846,094
21st Ave Water/Sewer utility extensions	509,094	44,424
Albany Municipal Airport access road and tied owns	292,474	268,407
Albany/Millersburg joint water project	312,875	312,875
Totals	<u>\$ 4,174,126</u>	<u>\$ 1,471,800</u>

The 53rd Avenue LID is being financed through a combination of a state grant, sewer capital project resources, and assessments to the benefiting property owners. The commitment for the utility extension project is provided from capital projects resources of the Water and Sewer Funds. A federal grant with a 10% match from the Economic Development fund is financing the construction at the airport. The commitment for the joint water project is being financed by revenue bonds secured by water revenues.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION

PENSION PLAN

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

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

Plan Description

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

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

Funding Policy

Employer contributions are required by state statute and made at actuarially determined rates as adopted by the Public Employees Retirement Board. Covered employees are required by state statute to contribute 6% of their annual salary to the system, but the employer is allowed to contribute any or all of the employees' contribution in addition to the required employer contribution. The City has elected to contribute the 6% "pick-up", \$936,092 (5.66% of covered payroll), in lieu of a 6% pay increase.

In addition, the City contributed \$1,511,539 (9.14% of the covered employees' salaries) based on actuarially determined requirements. The 9.14% contribution rate consists of 7.37% for the normal cost, .64% for healthcare benefits, and 1.13% to amortize the unfunded actuarial liability. The contribution rate is determined based on actuarial valuations which are performed by PERS every two years.

Annual Pension Cost

All PERS participating employers are required by law to submit the contributions as adopted by the Retirement Board. For the fiscal year ended June 30, 2003, the City's annual pension expenditure/expenses exclusive of the 6% "pick-up" was \$1,475,775. This amount consisted of the annual required contribution of \$1,511,539 and (\$35,764) in amortization of pension assets. The City's annual pension cost and pension assets for the fiscal year ended June 30, 2003, were as follows:

Annual required contribution	\$ 1,511,539
Interest on pension assets	(532,608)
Adjustment to the annual required contribution	496,844
Annual pension cost	<u>1,475,775</u>
Contributions made	<u>1,511,539</u>
Increase in pension assets	35,764
Pension assets, beginning of year	<u>6,501,720</u>
Pension assets, end of year	<u>\$ 6,537,484</u>

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

4. OTHER INFORMATION, continued

PENSION PLAN (continued)

Annual Pension Cost (continued)

The following table presents three-year trend information of the City's employee pension plan.

<u>Fiscal year ended</u>	<u>Beginning Net Pension Asset (Obligation)</u>	<u>Annual Pension Cost (APC)</u>	<u>Annual Pension Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Ending Net Pension Asset (Obligation)</u>
June 30, 2001	\$ (254,959)	\$ 1,686,938	\$ 1,703,046	101%	\$ (238,851)
June 30, 2002	(238,851)	1,676,952	8,417,523	502%	6,501,720
June 30, 2003	6,501,720	1,475,775	1,511,539	102%	6,537,484

In 2001, state legislation, Senate Bill 134 (SB134), was passed creating the State & Local Government Rate Pool (LGRP) allowing local governments to pool their PERS employer costs with those of the state of Oregon. Employers that elected to join the pool by December 31, 2001, will pay, starting on July 1, 2003, a rate based on their membership in the new pool. On December 12, 2001, the City Council approved resolution number 4559 electing application for entry into the pool. Election is not revocable.

The 72nd session of the Oregon Legislature ended August 27, 2003. There were 15 bills passed which were PERS-related. A majority of the legislation will impact PERS benefits for employees hired in the future. However, three bills affected the benefits of PERS members included in the 2001 actuarial valuation. As a result of the legislation, the City's rate starting on July 1, 2003, will be reduced 5.15% from 17.36% to 12.21%. Subsequent litigation involves the sustainability of the 2003 legislation, which will be reviewed by the Oregon Supreme Court. If the Court voids all or part of the 2003 legislation, the PERS Retirement Board may adjust employer contribution rates accordingly at a future date.

Consequently, on a monthly basis beginning in July 2003, the City has opted to set aside in reserve 5.15% of eligible wages until the Supreme Court has ruled.

Below is a table of the last four actuarial valuations including the most recent, December 31, 2001.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (Asset)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Liability (Asset) as a % of Covered Payroll</u>
December 31, 1995	\$ 28,257,069	\$ 32,661,900	\$ 4,404,831	87%	\$ 11,062,657	40%
December 31, 1997	40,308,278	43,932,599	3,624,321	92%	11,289,347	32%
December 31, 1999	82,057,138	84,551,560	2,494,422	97%	13,170,258	19%
December 31, 2001 Restated	Pooled	Pooled	(5,012,481)	Pooled	14,460,737	-35%

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

PENSION PLAN (continued)

Actuarial Methods

The actuarial funding method used is the Entry Age Cost Method. Projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual costs as a percent of pay in each year from the age at entry until the assumed age at exit from the active membership. The cost allocated to the current year is the Normal Cost. The Actuarial Liability for active members is calculated as the portion of the total cost of benefits allocated to prior years. The Actuarial Liability for members currently receiving benefits, and for members entitled to deferred benefits, is equal to the present value of the benefits expected to be paid. No Normal Costs are applicable for these members.

The excess of the total Actuarial Liability over the Value of the Assets is called the Unfunded Actuarial Liability. Employer contributions are determined by adding the Normal Cost, less the Member contribution rate, and a 30 year amortization of the Unfunded Actuarial Liability as a level percentage of the projected annual payroll. The amortization period is open. The fair market value of all PERS assets, reduced by the sum of all member contribution accounts and the value of all benefits currently being paid, is allocated to all participating employers in proportion to the funds in each employer's account.

Asset Valuation Method

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

Economic Assumptions

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

RISK MANAGEMENT

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

The City participates in self-insurance pools of City/County Insurance Trust for general, auto, and workers' compensation liability with self-insurance retention limits per occurrence. The pool pays all claims up to \$500,000 and purchases insurance to cover any excess liability up to a limit selected by the participating entity. Small losses for the City are those under \$5,000. Any claim over \$5,000 is shared with the pool's experience.

The City is assessed an annual maximum premium for auto and workers' compensation liability. For the years ended June 30, 2002 and 2003, the City was obligated to pay up to \$75,000 in claims and settlement costs. At June 30, 2003, amounts accrued as a liability for fiscal years 2001-02 and 2002-03 were \$10,000 and \$14,774, respectively.

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

Settlements did not exceed insurance coverage on any of the last three fiscal years,

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

4. OTHER INFORMATION, continued

RISK MANAGEMENT (continued)

Fiscal Year Ended June 30,	Claims and Changes in Estimates	Claim Payments	Liability Balance at the End of the Year
2001	\$ 50,000	\$ 50,000	\$ -
2002	37,886	27,886	10,000
2003	27,375	12,601	14,774

COMMITMENTS AND CONTINGENT LIABILITIES

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operation. Claims are generally covered by insurance. In the opinion of City management, based on the advice of counsel with respect to such litigation and claims, the ultimate disposition of these matters will not have a material adverse affect on the financial position, results of operation, or cash flows of the City's funds.

JOINT VENTURE

In 1993, the City entered into an intergovernmental agreement to build, operate, and maintain the Linn Regional Fueling Facility (LRFF) along with Linn County, Greater Albany Public School District 8J, Linn-Benton Community College, and Linn-Benton-Lincoln Educational Service District. The agreement specifies that the land and improvements constituting the regional fueling facility shall be owned by Linn County and that capital costs of designing and building the facility will be repaid by all parties through surcharges and capital cost payments. The capital cost payments will end when the total capital cost of the facility has been recovered.

After five years' participation in the Agreement, a party becomes vested as a capital cost shareholder. If, after the five year point, a party withdraws from the Agreement, the remaining parties agree to pay the withdrawing party an amount equal to 80% of that party's total capital cost payments. Operation and maintenance costs are shared by the parties proportionately in accordance with each party's usage of the facility. These costs are covered through surcharges and fees set by the Linn Regional Fuel Facility Board.

At June 30, 2003, the Linn Regional Fueling Facility's equity balance as reported in its audited financial statements totaled \$486,350. A copy of the Linn Regional Fueling Facility audit report may be obtained from Linn County.

INTERGOVERNMENTAL AGREEMENT

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

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

INTERGOVERNMENTAL AGREEMENT (continued)

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

GASB No. 34 RESTATEMENTS

As discussed in Note 1, the City has prepared a government-wide Statement of Activities for the fiscal year ended June, 30, 2003. In order to accurately reflect the current year activity, the City computed net assets at July 1, 2002. The following schedule reconciles prior year's combined total equity and other credits as of June 30, 2002, to this year's net assets as of July 1, 2002.

Total equity and other credits, June 30, 2002	\$ 133,429,904
General long-term obligations, June 30, 2002	(19,096,917)
Reclassification of agency fund to special revenue fund	4,410
GASB No. 34 adjustments:	
Capital assets	61,331,819
Accumulated depreciation on capital assets	(23,968,829)
Earned revenues previously deferred due to availability	7,380,566
Accrued compensated absences	(892,753)
Accrued interest expense on noncurrent liabilities	(126,492)
Net assets - beginning (pages 12-13)	<u>\$ 158,061,708</u>

SUBSEQUENT EVENT

On October 15, 2003, the City successfully sold \$40,560,000 of water revenue and refunding bonds. The proceeds of the sale will be used to provide sufficient funds to refund and defease the City's Second Lien Water Revenue Advance Refunding Bonds, Series 1993B; to finance the costs of acquiring real and personal property, and additions, replacements, expansions, or improvements to the City's water system; and to pay costs of issuance.

Costs of improvements to the water system total \$36,000,000, including \$32,300,000 for projects relating to the new joint water treatment plant with the City of Millersburg. Other major projects include hydroelectric system improvements and dam and fish screen improvements to the existing water system.

"There are no shortcuts to any place worth going."
Publilius Syrus (about 100 B. C.)

SUPPLEMENTARY DATA

Included in this section are the combining statements for nonmajor governmental funds and the budget and actual schedules for all funds. Additional schedules relating to bonds and property taxes are also included.

"We are what we repeatedly do. Excellence, then, is not an act, but a habit."
Aristotle (384 B.C. - 322 B. C.)

CITY OF ALBANY, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2003

	<u>NONMAJOR GOVERNMENTAL FUNDS</u>				
	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 5,948,538	\$ -	\$ 3,063,335	\$ -	\$ 9,011,873
Receivables:					
Property taxes	-	96,700	18,457	-	115,157
Accounts receivable, net	413,104	-	895	-	413,999
Assessments	-	1,563,378	-	-	1,563,378
Interest	17,034	4,555	9,940	251	31,780
Loans	398,757	-	-	-	398,757
Grants	548,233	-	-	-	548,233
Other assets	1,365	-	-	-	1,365
Restricted cash and investments	3,596,073	2,130,588	-	121,674	5,848,335
Total assets	<u>\$ 10,923,104</u>	<u>\$ 3,795,221</u>	<u>\$ 3,092,627</u>	<u>\$ 121,925</u>	<u>\$ 17,932,877</u>
LIABILITIES					
Accounts payable	\$ 582,771	\$ -	\$ 341,818	\$ -	\$ 924,589
Insurance	5,734	-	-	-	5,734
Due to other funds	389,889	-	-	-	389,889
Refundable deposits and advances	3,000	-	-	-	3,000
Deferred revenue	909,295	1,653,598	17,091	-	2,579,984
Total liabilities	<u>1,890,689</u>	<u>1,653,598</u>	<u>358,909</u>	<u>-</u>	<u>3,903,196</u>
FUND BALANCES					
Reserved for capital assets	3,490,464	-	155,194	-	3,645,658
Reserved for debt service	37,647	2,141,623	-	-	2,179,270
Reserved for other purposes	70,802	-	-	-	70,802
Reserved for perpetual care	-	-	-	107,206	107,206
Unreserved	5,433,502	-	2,578,524	14,719	8,026,745
Total fund balances	<u>9,032,415</u>	<u>2,141,623</u>	<u>2,733,718</u>	<u>121,925</u>	<u>14,029,681</u>
Total liabilities and fund balances	<u>\$ 10,923,104</u>	<u>\$ 3,795,221</u>	<u>\$ 3,092,627</u>	<u>\$ 121,925</u>	<u>\$ 17,932,877</u>

CITY OF ALBANY, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the fiscal year ended June 30, 2003

	NONMAJOR GOVERNMENTAL FUNDS				Total
	Special Revenue	Debt Service	Capital Projects	Permanent	
REVENUES					
Taxes	\$ 283,589	\$ 1,299,828	\$ 343,176	\$ -	\$ 1,926,593
Licenses and fees	2,733,421	-	-	-	2,733,421
Intragovernmental revenues	4,160,119	-	683,255	-	4,843,374
Charges for services	4,743,477	-	447,736	-	5,191,213
Interest on investments	144,582	594,394	89,112	2,143	830,231
Miscellaneous	164,337	40,278	99,997	3,828	308,440
Total revenues	<u>12,229,525</u>	<u>1,934,500</u>	<u>1,663,276</u>	<u>5,971</u>	<u>15,833,272</u>
EXPENDITURES					
General government	5,204,117	2,654	155,810	-	5,362,581
Public safety	1,820,024	-	-	-	1,820,024
Highways and streets	2,183,939	-	-	-	2,183,939
Culture and recreation	198,988	-	-	-	198,988
Capital outlay	1,938,369	-	3,223,913	-	5,162,282
Debt service:					
Principal	18,077	1,018,610	-	-	1,036,687
Interest	19,640	1,249,698	-	-	1,269,338
Total expenditures	<u>11,383,154</u>	<u>2,270,962</u>	<u>3,379,723</u>	<u>-</u>	<u>17,033,839</u>
Revenues under (over) expenditures	<u>846,371</u>	<u>(336,462)</u>	<u>(1,716,447)</u>	<u>5,971</u>	<u>(1,200,567)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	599,876	665,540	24,000	10,352	1,299,768
Transfers out	(325,076)	-	(40,990)	-	(366,066)
Total other financing sources (uses)	<u>274,800</u>	<u>665,540</u>	<u>(16,990)</u>	<u>10,352</u>	<u>933,702</u>
Net change in fund balances	1,121,171	329,078	(1,733,437)	16,323	(266,865)
Fund balance - beginning	7,911,244	1,812,545	4,467,155	105,602	14,296,546
Fund balance - ending	<u>\$ 9,032,415</u>	<u>\$ 2,141,623</u>	<u>\$ 2,733,718</u>	<u>\$ 121,925</u>	<u>\$ 14,029,681</u>

Combining Statements

Nonmajor Governmental Funds

Special Revenue Funds

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

- **Street**-responsible for street cleaning, pavement management, traffic control, storm drain maintenance, bridge maintenance, airport inspection, and right-of-way maintenance.
- **Grants**-receives monies from agencies of the state and federal governments as well as private organizations for various projects within the City.
- **Building Inspection**-conducts inspections, administers state building codes and the City's municipal code, and assists the public with information relating to building and development codes.
- **Community Development**-receives repayments on deferred payment loans and expends funds for community development projects and activities.
- **Library Memorial**-purchases books or materials with funds donated to the library from individuals and organizations.
- **Payroll Insurance**-accounts for the expenditures relating to insurance for City personnel.
- **Environmental Safety Services**-conducts hazardous materials inspections; provides environmental safety training to outside entities; and provides information and education on the safe use, storage, and generation of hazardous materials.
- **Economic Improvement District**-collects fees assessed on properties in the Economic Improvement District which provides funding to operate the Albany Downtown Association.
- **Economic Development**-receives proceeds from the City's hotel/motel tax to enhance economic development in the City. This fund also accounts for funds used for the maintenance of the Albany Municipal Airport.
- **State Revenue Sharing**-receives funds from the state of Oregon which are used to offset the operating costs of public transit (Paratransit System, Albany Transit System, and Linn-Benton Loop System).
- **Ambulance**-provides all emergency and nonemergency ambulance transportation for the City of Albany and portions of Linn, Benton, and Marion Counties.
- **Public Transit**-operates the Albany Transit System which transports customers to destinations in the City and the Linn-Benton Loop Bus which transports riders between the Cities of Albany and Corvallis.
- **Senior Center Foundation**-accounts for the revenues and expenditures of the foundation which operates the gift shop at the Senior Center, conducts fund raising activities, and receives gifts and donations.

CITY OF ALBANY, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
 June 30, 2003

	Streets	Grants	Building Inspection	Community Development	Library Memorial	Payroll Insurance
ASSETS						
Cash and cash equivalents	\$ 3,147,083	\$ 91,552	\$ 608,252	\$ 431,459	\$ -	\$ 1,204,504
Receivables:						
Accounts receivable, net	170,317	-	-	-	-	-
Interest	12,128	210	1,142	108	154	2,368
Loans	-	-	-	116,986	-	-
Grants	-	548,233	-	-	-	-
Other assets	-	-	385	-	-	-
Restricted cash and investments	3,484,111	-	-	-	74,390	-
Total assets	\$ 6,813,639	\$ 639,995	\$ 609,779	\$ 548,553	\$ 74,544	\$ 1,206,872
LIABILITIES						
Accounts payable	\$ 84,087	\$ 144,296	\$ 14,735	\$ 26	\$ 3,742	\$ 317,232
Net pension obligation	-	-	-	-	-	-
Insurance	3,165	-	-	-	-	-
Due to other funds	-	386,909	-	-	-	-
Refundable deposits and advances	1,000	-	-	-	-	-
Deferred revenue	170,318	108,790	-	116,986	-	-
Total liabilities	258,570	639,995	14,735	117,012	3,742	317,232
FUND BALANCES						
Reserved for capital assets	3,490,464	-	-	-	-	-
Reserved for debt service	-	-	-	-	-	-
Reserved for other purposes	-	-	-	-	70,802	-
Unreserved	3,064,605	-	595,044	431,541	-	889,640
Total fund balances	6,555,069	-	595,044	431,541	70,802	889,640
Total liabilities and fund balances	\$ 6,813,639	\$ 639,995	\$ 609,779	\$ 548,553	\$ 74,544	\$ 1,206,872

Environmental Safety Services	Economic Improvement District	Economic Development	State Revenue Sharing	Ambulance	Public Transit	Senior Center Foundation	Total
\$ -	\$ 3,125	\$ 283,391	\$ 8,066	\$ 155,087	\$ 10,280	\$ 5,739	\$ 5,948,538
8,809	14,741	1,312	-	216,689	1,222	14	413,104
-	8	571	24	285	24	12	17,034
-	-	281,771	-	-	-	-	398,757
-	-	-	-	-	-	-	548,233
-	-	330	-	650	-	-	1,365
-	-	37,572	-	-	-	-	3,596,073
<u>\$ 8,809</u>	<u>\$ 17,874</u>	<u>\$ 604,947</u>	<u>\$ 8,090</u>	<u>\$ 372,711</u>	<u>\$ 11,526</u>	<u>\$ 5,765</u>	<u>\$ 10,923,104</u>
\$ 2,854	\$ 543	\$ 1,602	\$ -	\$ 5,853	\$ 7,425	\$ 376	\$ 582,771
12	-	438	-	1,704	415	-	5,734
2,980	-	-	-	-	-	-	389,889
-	-	2,000	-	-	-	-	3,000
-	14,741	281,771	-	216,689	-	-	909,295
<u>5,846</u>	<u>15,284</u>	<u>285,811</u>	<u>-</u>	<u>224,246</u>	<u>7,840</u>	<u>376</u>	<u>1,890,689</u>
-	-	-	-	-	-	-	3,490,464
-	-	37,647	-	-	-	-	37,647
-	-	-	-	-	-	-	70,802
2,963	2,590	281,489	8,090	148,465	3,686	5,389	5,433,502
<u>2,963</u>	<u>2,590</u>	<u>319,136</u>	<u>8,090</u>	<u>148,465</u>	<u>3,686</u>	<u>5,389</u>	<u>9,032,415</u>
<u>\$ 8,809</u>	<u>\$ 17,874</u>	<u>\$ 604,947</u>	<u>\$ 8,090</u>	<u>\$ 372,711</u>	<u>\$ 11,526</u>	<u>\$ 5,765</u>	<u>\$ 10,923,104</u>

CITY OF ALBANY, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the fiscal year ended June 30, 2003

	Streets	Grants	Building Inspection	Community Development	Library Memorial	Payroll Insurance
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and fees	1,570,382	-	1,126,317	-	-	-
Intragovernmental revenues	1,841,495	1,743,174	-	85,004	-	-
Charges for services	-	-	-	-	-	3,048,236
Interest on investments	101,339	-	9,239	6,218	1,306	19,902
Miscellaneous	27,654	35,471	292	-	50,585	-
Total revenues	3,540,870	1,778,645	1,135,848	91,222	51,891	3,068,138
EXPENDITURES						
General government	-	326,463	948,052	16,884	-	3,070,812
Public safety	-	185,176	-	-	-	-
Highways and streets	2,183,741	198	-	-	-	-
Culture and recreation	-	159,436	-	-	39,552	-
Capital outlay	774,241	1,164,128	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	2,957,982	1,835,401	948,052	16,884	39,552	3,070,812
Revenues under (over) expenditures	582,888	(56,756)	187,796	74,338	12,339	(2,674)
OTHER FINANCING SOURCES (USES)						
Transfers in	320,000	57,776	-	-	-	-
Transfers out	(11,726)	(1,020)	(10,521)	-	(10,352)	-
Total other financing sources (uses)	308,274	56,756	(10,521)	-	(10,352)	-
Net change in fund balances	891,162	-	177,275	74,338	1,987	(2,674)
Fund balance - beginning	5,663,907	-	417,769	357,203	68,815	892,314
Fund balance - ending	\$ 6,555,069	\$ -	\$ 595,044	\$ 431,541	\$ 70,802	\$ 889,640

Environmental Safety Services	Economic Improvement District	Economic Development	State Revenue Sharing	Ambulance	Public Transit	Senior Center Foundation	Total
\$ -	\$ -	\$ 283,589	\$ -	\$ -	\$ -	\$ -	\$ 283,589
-	36,722	-	-	-	-	-	2,733,421
79,401	-	-	240,264	-	170,781	-	4,160,119
100,059	-	35,118	-	1,485,103	68,440	6,521	4,743,477
(722)	100	4,461	221	2,371	48	99	144,582
7,719	249	33,444	-	2,110	-	6,813	164,337
<u>186,457</u>	<u>37,071</u>	<u>356,612</u>	<u>240,485</u>	<u>1,489,584</u>	<u>239,269</u>	<u>13,433</u>	<u>12,229,525</u>
-	36,415	341,378	-	-	451,659	12,454	5,204,117
185,521	-	-	-	1,449,327	-	-	1,820,024
-	-	-	-	-	-	-	2,183,939
-	-	-	-	-	-	-	198,988
-	-	-	-	-	-	-	1,938,369
-	-	18,077	-	-	-	-	18,077
-	-	19,640	-	-	-	-	19,640
<u>185,521</u>	<u>36,415</u>	<u>379,095</u>	<u>-</u>	<u>1,449,327</u>	<u>451,659</u>	<u>12,454</u>	<u>11,383,154</u>
<u>936</u>	<u>656</u>	<u>(22,483)</u>	<u>240,485</u>	<u>40,257</u>	<u>(212,390)</u>	<u>979</u>	<u>846,371</u>
-	-	-	-	-	222,100	-	599,876
-	-	(16,786)	(246,500)	(23,662)	(4,509)	-	(325,076)
-	-	(16,786)	(246,500)	(23,662)	217,591	-	291,588
936	656	(39,269)	(6,015)	16,595	5,201	979	1,121,171
2,027	1,934	358,405	14,105	131,870	(1,515)	4,410	7,911,244
<u>\$ 2,963</u>	<u>\$ 2,590</u>	<u>\$ 319,136</u>	<u>\$ 8,090</u>	<u>\$ 148,465</u>	<u>\$ 3,686</u>	<u>\$ 5,389</u>	<u>\$ 9,032,415</u>

"Nothing is particularly hard if you divide it into pieces."
Henry Ford

Combining Statements

Nonmajor Governmental Funds

Debt Service Funds

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

- **Debt Service Fund**-accounts for the repayment of general obligation and revenue bond debt issues financed by general property taxes and transient room tax revenues. In addition, this fund accounts for the 2002 limited tax pension bonds whose debt service requirements are met through charges to other funds.
- **Bancroft Bond Redemption**-accounts for the accumulation of resources and the payment of the debt related to completed special assessment projects. The benefited property owners chose to defer payment to the City for improvements, and the City sold limited assessment bonds backed by liens on the assessed property, under provisions of the State's Bancroft Bonding Act.

CITY OF ALBANY, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2003

	<u>Debt Service</u>	<u>Bancroft Bond Redemption</u>	<u>Total</u>
ASSETS			
Receivables:			
Property taxes	\$ 96,700	\$ -	\$ 96,700
Assessments	-	1,563,378	1,563,378
Interest	1,653	2,902	4,555
Restricted cash and investments	786,181	1,344,407	2,130,588
Total assets	<u>\$ 884,534</u>	<u>\$ 2,910,687</u>	<u>\$ 3,795,221</u>
LIABILITIES			
Deferred revenue	\$ 90,220	\$ 1,563,378	\$ 1,653,598
Total liabilities	<u>90,220</u>	<u>1,563,378</u>	<u>1,653,598</u>
FUND BALANCES			
Reserved for debt service	794,314	1,347,309	2,141,623
Total fund balances	<u>794,314</u>	<u>1,347,309</u>	<u>2,141,623</u>
Total liabilities and fund balances	<u>\$ 884,534</u>	<u>\$ 2,910,687</u>	<u>\$ 3,795,221</u>

CITY OF ALBANY, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the fiscal year ended June 30, 2003

	Debt Service	Bancroft Bond Redemption	Total
REVENUES			
Property taxes	\$ 1,069,307	\$ -	\$ 1,069,307
Transient room taxes	230,521	-	230,521
Assessment collections	-	594,394	594,394
Interest on investments	15,886	24,392	40,278
Total revenues	<u>1,315,714</u>	<u>618,786</u>	<u>1,934,500</u>
EXPENDITURES			
Current:			
General government	2,504	150	2,654
Debt service:			
Principal	790,000	228,610	1,018,610
Interest	1,117,426	132,272	1,249,698
Total expenditures	<u>1,909,930</u>	<u>361,032</u>	<u>2,270,962</u>
Revenues under (over) expenditures	<u>(594,216)</u>	<u>257,754</u>	<u>(336,462)</u>
OTHER FINANCING SOURCE			
Transfers in	665,540	-	665,540
Net change in fund balances	71,324	257,754	329,078
Fund balance - beginning	722,990	1,089,555	1,812,545
Fund balance - ending	<u>\$ 794,314</u>	<u>\$ 1,347,309</u>	<u>\$ 2,141,623</u>

"Never tell people how to do things. Tell them what to do and they will surprise you with their ingenuity."
George S. Patton

Combining Statements

Nonmajor Governmental Funds

Capital Project Funds

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

- **Equipment Replacement**-accumulates monies from charges to the various funds for the replacement of equipment.
- **Capital Projects Fund**-accounts for the construction of the fire training facility, street reconstruction projects financed by the 1999 general obligation bonds, and the construction of the Regional Multimodal Transportation Center financed by a federal grant, a grant from Amtrak, and City funds.

CITY OF ALBANY, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
BALANCE SHEET
June 30, 2003

	Equipment Replacement	Capital Projects	Central Albany Revitalization Area	Totals
ASSETS				
Cash and cash equivalents	\$ 2,283,816	\$ 438,085	\$ 341,434	\$ 3,063,335
Receivables:				
Property taxes	-	-	18,457	18,457
Accounts receivable, net	895		-	895
Interest	4,731	4,515	694	9,940
Total assets	<u>\$ 2,289,442</u>	<u>\$ 442,600</u>	<u>\$ 360,585</u>	<u>\$ 3,092,627</u>
LIABILITIES				
Accounts payable	\$ 44,218	\$ 287,406	\$ 10,194	\$ 341,818
Deferred revenue	-	-	17,091	17,091
Total liabilities	<u>44,218</u>	<u>287,406</u>	<u>27,285</u>	<u>358,909</u>
FUND BALANCES				
Reserved for capital assets	-	155,194	-	155,194
Unreserved	2,245,224	-	333,300	2,578,524
Total fund balances	<u>2,245,224</u>	<u>155,194</u>	<u>333,300</u>	<u>2,733,718</u>
Total liabilities and fund balances	<u>\$ 2,289,442</u>	<u>\$ 442,600</u>	<u>\$ 360,585</u>	<u>\$ 3,092,627</u>

CITY OF ALBANY, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the fiscal year ended June 30, 2003

	Equipment Replacement	Capital Projects	Central Albany Revitalization Area	Totals
REVENUES				
Property Taxes	\$ -	\$ -	\$ 343,176	\$ 343,176
Special assessments	-	-	-	-
Intergovernmental revenues	-	683,255	-	683,255
Charges for services	447,736	-	-	447,736
Interest on investments	38,367	43,722	7,023	89,112
Miscellaneous	99,997	-	-	99,997
Total revenues	<u>586,100</u>	<u>726,977</u>	<u>350,199</u>	<u>1,320,100</u>
EXPENDITURES				
Current:				
General government	131,914	6,997	16,899	155,810
Capital outlay	469,196	2,754,717	-	3,223,913
Total expenditures	<u>601,110</u>	<u>2,761,714</u>	<u>16,899</u>	<u>3,379,723</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,010)</u>	<u>(2,034,737)</u>	<u>333,300</u>	<u>(2,059,623)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	24,000	-	-	24,000
Transfers out	(40,990)	-	-	(40,990)
Total other financing uses	<u>(16,990)</u>	<u>-</u>	<u>-</u>	<u>(16,990)</u>
Net change in fund balances	<u>(32,000)</u>	<u>(2,034,737)</u>	<u>333,300</u>	<u>(1,733,437)</u>
Fund balance - beginning	<u>2,277,224</u>	<u>2,189,931</u>	<u>-</u>	<u>4,467,155</u>
Fund balance - ending	<u>\$ 2,245,224</u>	<u>\$ 155,194</u>	<u>\$ 333,300</u>	<u>\$ 2,733,718</u>

"Why not go out on a limb, that is where the fruit is."
Frank Scully

Combining Statements

Nonmajor Governmental Funds

Permanent Funds

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

- **Senior Center Endowment**-receives private gifts and donations which are pooled with the City's other investments. Interest earnings may be used for operation of the Senior Center.

- **Library Trust Fund**-accounts for transactions of two trusts associated with the Albany Public Library. Interest earnings on the Veda. O. Torney Trust (\$10,000) may be used to purchase children's picture books. Investment proceeds of the Manela Trust (\$69,429) may be used to purchase scientific, educational, and technical books.

CITY OF ALBANY, OREGON
NONMAJOR PERMANENT FUNDS
BALANCE SHEET
June 30, 2003

	<u>Senior Center Endowment</u>	<u>Library Trust</u>	<u>Total</u>
ASSETS			
Interest receivable	\$ 79	\$ 172	\$ 251
Restricted cash and investments	<u>38,923</u>	<u>82,751</u>	<u>121,674</u>
Total assets	<u>\$ 39,002</u>	<u>\$ 82,923</u>	<u>\$ 121,925</u>
FUND BALANCES			
Reserved for perpetual care	\$ 27,777	\$ 79,429	\$ 107,206
Unreserved	<u>11,225</u>	<u>3,494</u>	<u>14,719</u>
Total fund balances	<u>39,002</u>	<u>82,923</u>	<u>121,925</u>
Total liabilities and fund balances	<u>\$ 39,002</u>	<u>\$ 82,923</u>	<u>\$ 121,925</u>

CITY OF ALBANY, OREGON
NONMAJOR PERMANENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the fiscal year ended June 30, 2003

	Senior Center Endowment	Library Trust	Total
REVENUES			
Interest on investments	\$ 659	\$ 1,484	\$ 2,143
Gifts and donations	3,828	-	3,828
Total revenues	<u>4,487</u>	<u>1,484</u>	<u>5,971</u>
EXPENDITURES			
General government	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over expenditures	<u>4,487</u>	<u>1,484</u>	<u>5,971</u>
OTHER FINANCING SOURCES			
Transfers in	-	10,352	10,352
Net change in fund balances	4,487	11,836	16,323
Fund balance - beginning	34,515	71,087	105,602
Fund balance - ending	<u>\$ 39,002</u>	<u>\$ 82,923</u>	<u>\$ 121,925</u>

"A budget is just a method of worrying before you spend the money, as well as afterward."
Anonymous

Budgetary Comparison Schedules

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

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

"Numbers are like people; torture them enough and they'll tell you anything."
Anonymous

Schedule of Revenues and Expenditures - Budget and Actual

(page numbers in parentheses)

Governmental Funds

Special Revenue Funds

Street (76)
Grants (77-78)
Building Inspection (79)
Community Development (80)
Library Memorial (81)
Payroll Insurance (82)
Environmental Safety (83)
Economic Improvement District (84)
Economic Development (85)
State Revenue Sharing (86)
Ambulance (87)
Public Transit (88)
Senior Center Foundation (89)

Debt Service Funds

Debt Service (90)
Bancroft Bond Redemption (91)

Capital Project Funds

Equipment Replacement (92)
Capital Project (93)
Improvement (94)
Central Albany Revitalization Area (95)

Permanent Funds

Senior Center Endowment (96)
Library Trust (97)

CITY OF ALBANY, OREGON
STREET FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues	Original Budget	Final Budget	Actual	Over (Under)
State gasoline tax	\$ 1,670,200	\$ 1,670,200	\$ 1,707,732	\$ 37,532
Linn County - Urban Forestry	10,000	16,100	-	(16,100)
Linn County	-	-	133,763	133,763
Oregon Department of Transportation	200,000	200,000	-	(200,000)
Sewer in-lieu-of franchise fee	291,000	291,000	292,706	1,706
Water in-lieu-of franchise fee	354,000	354,000	350,989	(3,011)
Transportation system development charges	540,000	540,000	898,750	358,750
Financed street system development charges				
Principal	21,000	21,000	1,047	(19,953)
Interest	5,200	5,200	178	(5,022)
Financed transportation system development charges				
Principal	-	-	8,619	8,619
Interest	-	-	18,093	18,093
Miscellaneous	6,300	6,300	26,154	19,854
Gifts and donations	-	1,500	1,500	-
Interest on investments	61,800	61,800	101,339	39,539
Total revenues	<u>3,159,500</u>	<u>3,167,100</u>	<u>3,540,870</u>	<u>373,770</u>
Other financing sources				
Transfer from General Fund - Street lights	280,000	280,000	280,000	-
Transfer from General Fund - Franchise fees	40,000	40,000	40,000	-
Total other financing sources	<u>320,000</u>	<u>320,000</u>	<u>320,000</u>	
Fund balance, beginning	<u>6,251,300</u>	<u>6,251,300</u>	<u>5,672,197</u>	<u>(579,103)</u>
Amount available for appropriation	<u>\$ 9,730,800</u>	<u>\$ 9,738,400</u>	<u>\$ 9,533,067</u>	<u>\$ (205,333)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel Services	\$ 814,300	\$ 814,300	\$ 722,363	\$ 91,937
Materials and Services	1,195,000	1,499,600	1,478,229	21,371
Capital	7,721,500	7,424,500	774,241	6,650,259
Total expenditures	<u>\$ 9,730,800</u>	<u>\$ 9,738,400</u>	<u>\$ 2,974,833</u>	<u>\$ 6,763,567</u>
Fund balance, ending			<u>\$ 6,558,234</u>	

**Reconciliation of+recomb1 budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 3,540,870	\$ 2,974,833	\$ 6,558,234
Reconciling items:			
Insurance liability	-	-	(3,165)
Change in net pension obligation	-	(7,032)	-
Change in insurance liability	-	1,907	-
Reclassify PERS departmental debt service charges to transfers out	-	(11,726)	-
Balances from Statement of Revenues, Expenditures and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 58-59)	<u>\$ 3,540,870</u>	<u>\$ 2,957,982</u>	<u>\$ 6,555,069</u>

CITY OF ALBANY, OREGON
GRANTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues	Original Budget	Final Budget	Actual	Over (Under)
United States Department of Justice	\$ 1,100	\$ 22,400	\$ 100,799	\$ 78,399
Federal Transit Administration	198,100	198,100	198,063	(37)
Title XIX Medical Assistance Grant	111,000	111,000	114,672	3,672
Federal Aviation Administration	350,000	350,000	151,075	(198,925)
Federal Emergency Management Agency	-	212,900	212,850	(50)
State of Oregon	1,403,900	1,499,100	958,384	(540,716)
Oregon Parks and Recreation Department	-	80,900	4,243	(76,657)
Oregon Watershed Enhancement Board	60,000	68,200	3,537	(64,663)
Oregon Emergency Management	-	31,200	-	(31,200)
Gifts and donations	46,000	78,900	35,471	(43,429)
Miscellaneous	-	15,000	-	(15,000)
Interest on investments	9,200	9,200	-	(9,200)
Total revenues	<u>2,179,300</u>	<u>2,676,900</u>	<u>1,779,094</u>	<u>(897,806)</u>
Other financing source				
Transfer from General Fund	94,900	94,900	57,776	(37,124)
Fund balance, beginning	185,300	111,500	-	(111,500)
Amount available for appropriation	<u>\$ 2,459,500</u>	<u>\$ 2,883,300</u>	<u>\$ 1,836,870</u>	<u>\$ (1,046,430)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Library Foundation Grants	\$ 35,000	\$ 35,000	\$ 2,550	\$ 32,450
City Hall Arts Grant	12,900	12,900	41	12,859
State Library Grant	20,700	20,700	10,762	9,938
911 Emergency Dispatch Grant	210,000	210,000	148,725	61,275
Title XIX Transportation Grant	143,700	143,700	114,672	29,028
FTA Section 5309 Bus Grant	280,000	280,000	264,990	15,010
2000-2001 SHPO Historic Preservation Grant	-	1,100	1,070	30
1999 Law Enforcement Block Grant	20,800	21,100	21,022	78
Cox Creek Multiuse Path Grant	-	1,300	1,244	56
CDBG Housing Rehab Program	375,000	375,000	188,811	186,189
2000 Law Enforcement Block Grant	19,000	19,000	17,668	1,332
Albany Fish Survey Grant	-	3,600	3,537	63
FAA Entitlement Grant	388,900	388,900	167,861	221,039
2001-2002 SHPO Historic Preservation Grant	3,000	5,000	4,927	73
2001-2003 TGM Refinement Plan Grant	35,000	78,000	59,427	18,573
2001-2003 LCDC Local Goal 5 Review	25,000	25,000	7,716	17,284
DOJ Bulletproof Vest Grant	1,100	7,500	1,976	5,524
OEWB Periwinkle Fish Screen Grant	60,000	60,000	-	60,000
2001 Law Enforcement Block Grant	19,000	19,000	12,321	6,679
DOJ COPS More Grant	88,000	88,000	86,502	1,498
Willamette Multi-purpose Path Grant	229,200	229,200	3,799	225,401
5th Ave Canal Bridge Grant	493,200	493,200	463,007	30,193

Continued

CITY OF ALBANY, OREGON
GRANTS FUND (Continued)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Expenditures, continued	Original Budget	Final Budget	Actual	(Over) Under
Hackleman Park Playground Grant	-	-	(1,088)	1,088
Oak Tree Trail Grant	-	10,000	4,243	5,757
Gates Foundation Grant	-	32,900	32,880	20
2002 Law Enforcement Grant	-	14,900	-	14,900
Mill Site Redevelopment Plan Grant	-	55,000	-	55,000
Fire Act Grant	-	212,900	212,850	50
2002-2003 SHPO Historic Preservation Grant	-	3,200	1,332	1,868
Traffic Safety Mini-Grant	-	3,000	198	2,802
DUII Mini-Grant	-	3,000	900	2,100
OEM Hazard Analysis Grant	-	31,200	2,927	28,273
Total expenditures	<u>\$ 2,459,500</u>	<u>\$ 2,883,300</u>	<u>\$ 1,836,870</u>	<u>\$ 1,046,430</u>
Fund balance, ending			<u>\$ -</u>	

**Reconciliation of+recomb1 budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 1,779,094	\$ 1,836,870	\$ -
Reconciling items:			
Change in net pension obligation	(449)	(449)	-
Reclassify PERS departmental debt service charges to transfers out	-	(1,020)	-
Balances from Statement of Revenues, Expenditures and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 58-59)	<u>\$ 1,778,645</u>	<u>\$ 1,835,401</u>	<u>\$ -</u>

CITY OF ALBANY, OREGON
BUILDING INSPECTION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Building permit surcharge	\$ 45,800	\$ 45,800	\$ 52,967	\$ 7,167
Electrical master permit	5,700	5,700	4,906	(794)
Electrical minor labels	2,000	2,000	825	(1,175)
Residential building permits	590,000	590,000	799,735	209,735
Commercial building permits	333,800	333,800	115,623	(218,177)
Manufactured home set-up fees	3,100	3,100	5,010	1,910
Fire sprinkler permits	6,400	6,400	4,933	(1,467)
Fire sprinkler plan review	2,500	2,500	2,480	(20)
Parking lot permits	2,100	2,100	1,809	(291)
Parking lot plan review	-	-	1,694	1,694
Residential electrical permits	81,900	81,900	116,108	34,208
Commercial electrical permits	48,000	48,000	7,256	(40,744)
Fire alarm permits	2,200	2,200	1,725	(475)
Fire alarm plan review	2,400	2,400	1,335	(1,065)
Sign permits	3,800	3,800	2,288	(1,512)
Document imaging fees	2,000	2,000	7,623	5,623
Miscellaneous	200	200	292	92
Interest on investments	14,800	14,800	9,239	(5,561)
Total revenues	<u>1,146,700</u>	<u>1,146,700</u>	<u>1,135,848</u>	<u>(10,852)</u>
Fund balance, beginning	338,900	338,900	423,049	84,149
Amount available for appropriation	<u>\$ 1,485,600</u>	<u>\$ 1,485,600</u>	<u>\$ 1,558,897</u>	<u>\$ 73,297</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Building Inspection	\$ 1,291,600	\$ 1,291,600	\$ 820,124	\$ 471,476
Electrical Permit Program	194,000	194,000	143,729	50,271
Total expenditures	<u>\$ 1,485,600</u>	<u>\$ 1,485,600</u>	<u>\$ 963,853</u>	<u>\$ 521,747</u>
Fund balance, ending			<u>\$ 595,044</u>	

**Reconciliation of+recomb1 budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 1,135,848	\$ 963,853	\$ 595,044
Reconciling items:			
Change in net pension obligation	-	(5,280)	-
Reclassify PERS departmental debt service charges to transfers out	-	(10,521)	-
Balances from Statement of Revenues, Expenditures and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 58-59)	<u>\$ 1,135,848</u>	<u>\$ 948,052</u>	<u>\$ 595,044</u>

CITY OF ALBANY, OREGON
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Community Development Block Grant loan repayments:				
Principal	\$ 15,000	\$ 15,000	\$ 29,234	\$ 14,234
Interest	500	500	728	228
HUD rental rehab loan repayments	25,000	25,000	55,042	30,042
Interest on investments	15,400	15,400	6,218	(9,182)
Total revenues	<u>55,900</u>	<u>55,900</u>	<u>91,222</u>	<u>35,322</u>
Fund balance, beginning	322,400	322,400	357,203	34,803
Amount available for appropriation	<u>\$ 378,300</u>	<u>\$ 378,300</u>	<u>\$ 448,425</u>	<u>\$ 70,125</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Community Development	\$ 370,500	\$ 370,500	\$ 16,878	\$ 353,622
Historic Preservation	7,800	7,800	6	7,794
Total expenditures	<u>\$ 378,300</u>	<u>\$ 378,300</u>	<u>\$ 16,884</u>	<u>\$ 361,416</u>
Fund balance, ending			<u>\$ 431,541</u>	

**Reconciliation of+recomb1 budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 91,222	\$ 16,884	\$ 431,541
No adjustments required	-	-	-
Balances from Statement of Revenues, Expenditures and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 58-59)	<u>\$ 91,222</u>	<u>\$ 16,884</u>	<u>\$ 431,541</u>

CITY OF ALBANY, OREGON
LIBRARY MEMORIAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Gifts and donations	\$ 12,000	\$ 12,000	\$ 47,665	\$ 35,665
Miscellaneous	-	-	2,920	2,920
Interest on investments	1,900	1,900	1,306	(594)
Total revenues	<u>13,900</u>	<u>13,900</u>	<u>51,891</u>	<u>37,991</u>
Fund balance, beginning	55,000	65,400	68,815	3,415
Amount available for appropriation	<u>\$ 68,900</u>	<u>\$ 79,300</u>	<u>\$ 120,706</u>	<u>\$ 41,406</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Veda O. Torney Trust	\$ 10,400	\$ 20,800	\$ 10,352	\$ 10,448
Library Memorial	58,500	58,500	39,552	18,948
Total expenditures	<u>\$ 68,900</u>	<u>\$ 79,300</u>	<u>\$ 49,904</u>	<u>\$ 29,396</u>
Fund balance, ending			<u>\$ 70,802</u>	

**Reconciliation of+recomb1 budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 51,891	\$ 49,904	\$ 70,802
Reconciling items:			
Transfers out	-	(10,352)	-
Balances from Statement of Revenues, Expenditures and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 58-59)	<u>\$ 51,891</u>	<u>\$ 39,552</u>	<u>\$ 70,802</u>

CITY OF ALBANY, OREGON
PAYROLL INSURANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Departmental Workers' Compensation Premiums	\$ 228,000	\$ 228,000	\$ 188,365	\$ (39,635)
Health insurance	1,812,000	1,812,000	2,025,988	213,988
Dental/Vision insurance	207,000	207,000	279,555	72,555
Blue Cross/Blue Shield	432,000	432,000	396,289	(35,711)
Life/disability insurance	174,000	174,000	122,801	(51,199)
Life/disability insurance (Fire Union)	13,900	13,900	9,420	(4,480)
Disability insurance (Fire Union)	27,900	27,900	19,320	(8,580)
Workers' compensation refunds	1,000	1,000	6,498	5,498
Interest on investments	38,000	38,000	19,902	(18,098)
Total revenues	<u>2,933,800</u>	<u>2,933,800</u>	<u>3,068,138</u>	<u>134,338</u>
Fund balance, beginning	874,000	874,000	892,314	18,314
Amount available for appropriation	<u>\$ 3,807,800</u>	<u>\$ 3,807,800</u>	<u>\$ 3,960,452</u>	<u>\$ 152,652</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Workers' Compensation	\$ 644,000	\$ 644,000	\$ 201,664	\$ 442,336
Health Insurance	2,869,800	2,869,800	2,580,986	288,814
Dental/Vision Insurance	294,000	294,000	288,162	5,838
Total expenditures	<u>\$ 3,807,800</u>	<u>\$ 3,807,800</u>	<u>\$ 3,070,812</u>	<u>\$ 736,988</u>
Fund balance, ending			<u>\$ 889,640</u>	

**Reconciliation of+recomb1 budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 3,068,138	\$ 3,070,812	\$ 889,640
No adjustments required	-	-	-
Balances from Statement of Revenues, Expenditures and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 58-59)	<u>\$ 3,068,138</u>	<u>\$ 3,070,812</u>	<u>\$ 889,640</u>

CITY OF ALBANY, OREGON
ENVIRONMENTAL SAFETY SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Fire and hazardous materials training	\$ 60,000	\$ 100,000	\$ 94,052	\$ (5,948)
Water rescue training	-	-	3,165	3,165
SCBA repair and maintenance	2,000	2,000	317	(1,683)
Permit fees	1,000	3,000	2,525	(475)
Conflagration response reimbursement	10,000	65,000	65,513	513
Oregon State Fire Marshall Hazmat reimbursement	4,500	9,600	10,388	788
Research and development revenues	30,000	30,000	3,500	(26,500)
Miscellaneous	3,000	3,000	7,719	4,719
Interest on investments	300	-	(722)	(722)
Total revenues	<u>110,800</u>	<u>212,600</u>	<u>186,457</u>	<u>(26,143)</u>
Fund balance, beginning	<u>25,000</u>	<u>2,000</u>	<u>2,032</u>	<u>32</u>
Amount available for appropriation	<u>\$ 135,800</u>	<u>\$ 214,600</u>	<u>\$ 188,489</u>	<u>\$ (26,111)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 36,000	\$ 116,000	\$ 86,390	\$ 29,610
Materials and services	72,300	98,600	99,124	(524)
Contingencies	27,500	-	-	-
Total expenditures	<u>\$ 135,800</u>	<u>\$ 214,600</u>	<u>\$ 185,514</u>	<u>\$ 29,086</u>
Fund balance, ending			<u>\$ 2,975</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 186,457	\$ 185,514	\$ 2,975
Reconciling items:			
Insurance liability	-	-	(12)
Change in insurance liability	-	7	-
Balances from Statement of Revenues, Expenditures and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 58-59)	<u>\$ 186,457</u>	<u>\$ 185,521</u>	<u>\$ 2,963</u>

CITY OF ALBANY, OREGON
ECONOMIC IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Economic improvement district fees	\$ 51,000	\$ 51,000	\$ 36,722	\$ (14,278)
Economic improvement district fees - interest	200	200	249	49
Interest on investments	300	300	100	(200)
Total revenues	<u>51,500</u>	<u>51,500</u>	<u>37,071</u>	<u>(14,429)</u>
Fund balance, beginning	-	-	1,934	1,934
Amount available for appropriation	<u>\$ 51,500</u>	<u>\$ 51,500</u>	<u>\$ 39,005</u>	<u>\$ (12,495)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 51,500	\$ 51,500	\$ 36,415	\$ 15,085
Fund balance, ending			<u>\$ 2,590</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 37,071	\$ 36,415	\$ 2,590
No adjustments required	-	-	-
Balances from Statement of Revenues, Expenditures and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 58-59)	<u>\$ 37,071</u>	<u>\$ 36,415</u>	<u>\$ 2,590</u>

CITY OF ALBANY, OREGON
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Transient room tax	\$ 252,400	\$ 252,400	\$ 283,589	\$ 31,189
Dayton Hudson Corp. (Target)	33,400	33,400	33,344	(56)
Sternwheeler moorage revenues	-	-	800	800
Airport fuel	3,100	3,100	786	(2,314)
Airport tie down rentals	4,500	4,500	6,827	2,327
Airport lease	9,500	9,500	13,934	4,434
A T & T lease	3,500	3,500	2,415	(1,085)
Fixed base operator revenues	12,000	12,000	10,356	(1,644)
Miscellaneous revenue	-	-	100	100
Interest on investments	6,200	6,200	4,461	(1,739)
Total revenues	<u>324,600</u>	<u>324,600</u>	<u>356,612</u>	<u>32,012</u>
Fund balance, beginning	<u>138,400</u>	<u>138,400</u>	<u>358,581</u>	<u>220,181</u>
Amount available for appropriation	<u>\$ 463,000</u>	<u>\$ 463,000</u>	<u>\$ 715,193</u>	<u>\$ 252,193</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Economic Development Activity	\$ 386,900	\$ 386,900	\$ 357,902	\$ (28,998)
Target Utilities	76,100	76,100	37,717	(38,383)
Total expenditures	<u>\$ 463,000</u>	<u>\$ 463,000</u>	<u>\$ 395,619</u>	<u>\$ 67,381</u>
Fund balance, ending			<u>\$ 319,574</u>	

**Reconciliation of+recomb1 budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 356,612	\$ 395,619	\$ 319,574
Reconciling items:			
Insurance liability	-	-	(438)
Change in insurance liability	-	262	-
Transfers out	-	(16,786)	-
Balances from Statement of Revenues, Expenditures and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 58-59)	<u>\$ 356,612</u>	<u>\$ 379,095</u>	<u>\$ 319,136</u>

CITY OF ALBANY, OREGON
STATE REVENUE SHARING FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues	Original Budget	Final Budget	Actual	Over (Under)
State revenue sharing entitlements	\$ 242,200	\$ 242,200	\$ 240,264	\$ (1,936)
Interest on investments	100	100	221	121
Total revenues	<u>242,300</u>	<u>242,300</u>	<u>240,485</u>	<u>(1,815)</u>
Fund balance, beginning	4,200	4,200	14,105	9,905
Amount available for appropriation	<u>\$ 246,500</u>	<u>\$ 246,500</u>	<u>\$ 254,590</u>	<u>\$ 8,090</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 246,500	\$ 246,500	\$ 246,500	\$ -
Fund balance, ending			<u>\$ 8,090</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 240,485	\$ 246,500	\$ 8,090
Reconciling items:			
Transfers out	-	(246,500)	-
Balances from Statement of Revenues, Expenditures and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 58-59)	<u>\$ 240,485</u>	<u>\$ -</u>	<u>\$ 8,090</u>

CITY OF ALBANY, OREGON
AMBULANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Ambulance service fees	\$ 1,404,400	\$ 1,404,400	\$ 1,381,831	\$ (22,569)
Ambulance subscription fees	120,000	120,000	103,273	(16,727)
Gifts and donations	-	-	500	500
Miscellaneous	500	500	1,609	1,109
Interest on investments	3,000	3,000	2,371	(629)
Total revenues	<u>1,527,900</u>	<u>1,527,900</u>	<u>1,489,584</u>	<u>(38,316)</u>
Fund balance, beginning	125,000	125,000	144,132	19,132
Amount available for appropriation	<u>\$ 1,652,900</u>	<u>\$ 1,652,900</u>	<u>\$ 1,633,716</u>	<u>\$ (19,184)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 1,215,800	\$ 1,215,800	\$ 1,210,521	\$ 5,279
Materials and services	335,600	335,600	273,026	62,574
Contingencies	101,500	101,500	-	101,500
Total expenditures	<u>\$ 1,652,900</u>	<u>\$ 1,652,900</u>	<u>\$ 1,483,547</u>	<u>\$ 169,353</u>
Fund balance, ending			<u>\$ 150,169</u>	

**Reconciliation of+recomb1 budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 1,489,584	\$ 1,483,547	\$ 150,169
Reconciling items:			
Insurance liability	-	-	(1,704)
Change in net pension obligation	-	(11,612)	-
Change in insurance liability	-	1,054	-
Reclassify PERS departmental debt service charges to transfers out	-	(23,662)	-
Balances from Statement of Revenues, Expenditures and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 58-59)	<u>\$ 1,489,584</u>	<u>\$ 1,449,327</u>	<u>\$ 148,465</u>

CITY OF ALBANY, OREGON
PUBLIC TRANSIT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues	Original Budget	Final Budget	Actual	Over (Under)
State of Oregon operating match grant	\$ 112,600	\$ 112,600	\$ 113,448	\$ 848
Local funds	42,200	42,200	44,834	2,634
Oregon cigarette tax transit grant - Linn County	7,900	7,900	7,900	-
Oregon cigarette tax transit grant - Benton County	4,000	4,000	4,600	600
Linn Benton Community College fare match program	27,000	27,000	27,000	-
Bus fares	46,300	46,300	37,201	(9,099)
Trolley rental charges	3,200	3,200	3,490	290
Advertising revenues	3,700	3,700	748	(2,952)
Interest on investments	1,000	1,000	48	(952)
Total revenues	247,900	247,900	239,269	(8,631)
Other financing sources				
Transfer from General Fund	17,000	17,000	17,000	-
Transfer from State Revenue Sharing Fund	205,100	205,100	205,100	-
Total other financing sources	222,100	222,100	222,100	-
Fund balance, beginning	14,200	14,200	1,242	(12,958)
Amount available for appropriation	\$ 484,200	\$ 484,200	\$ 462,611	\$ (21,589)

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Albany Transit System	\$ 317,600	\$ 317,600	\$ 294,820	\$ 22,780
Transit Loop System	166,600	166,600	163,690	2,910
Total expenditures	\$ 484,200	\$ 484,200	\$ 458,510	\$ 25,690
Fund balance, ending			\$ 4,101	

**Reconciliation of recomb1 budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 239,269	\$ 458,510	\$ 4,101
Reconciling items:			
Insurance Liability	-	-	(415)
Change in net pension obligation	-	(2,590)	-
Change in insurance liability	-	248	-
Reclassify PERS departmental debt service charges to transfers out	-	(4,509)	-
Balances from Statement of Revenues, Expenditures and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 58-59)	\$ 239,269	\$ 451,659	\$ 3,686

CITY OF ALBANY, OREGON
SENIOR CENTER FOUNDATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Gift shop sales	\$ 6,500	\$ 6,500	\$ 6,521	\$ 21
General fund raising	400	400	266	(134)
Gifts and donations	7,000	7,000	6,547	(453)
Interest on investments	300	300	99	(201)
Total revenues	<u>14,200</u>	<u>14,200</u>	<u>13,433</u>	<u>(767)</u>
Fund balance, beginning	<u>2,000</u>	<u>2,000</u>	<u>4,410</u>	<u>2,410</u>
Amount available for appropriation	<u>\$ 16,200</u>	<u>\$ 16,200</u>	<u>\$ 17,843</u>	<u>\$ 1,643</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 16,200	\$ 16,200	\$ 12,454	\$ 3,746
Fund balance, ending			<u>\$ 5,389</u>	

**Reconciliation of+recomb1 budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 13,433	\$ 12,454	\$ 5,389
No adjustments required	-	-	-
Balances from Statement of Revenues, Expenditures and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 58-59)	<u>\$ 13,433</u>	<u>\$ 12,454</u>	<u>\$ 5,389</u>

CITY OF ALBANY, OREGON
DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 1,013,600	\$ 1,013,600	\$ 1,020,694	\$ 7,094
Delinquent	37,000	37,000	48,613	11,613
Transient room tax	228,200	232,700	230,521	(2,179)
Departmental charges	372,100	372,100	423,935	51,835
Interest on investments	25,000	15,500	15,886	386
Total revenues	<u>1,675,900</u>	<u>1,670,900</u>	<u>1,739,649</u>	<u>68,749</u>
Other financing source				
Transfer from General Fund	237,700	242,700	241,605	(1,095)
Fund balance, beginning	<u>662,700</u>	<u>662,700</u>	<u>722,990</u>	<u>60,290</u>
Amount available for appropriation	<u>\$ 2,576,300</u>	<u>\$ 2,576,300</u>	<u>\$ 2,704,244</u>	<u>\$ 127,944</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
2002 Limited Tax Pension Obligations	\$ 372,100	\$ 372,100	\$ 371,059	\$ 1,041
Fairgrounds Revenue Bonds	499,200	499,200	235,272	263,928
City Hall Construction Certificates of Deposit	490,400	490,400	245,263	245,137
1999 General Obligation Street Bonds	804,500	804,500	751,828	52,672
1996 Fire Substation General Obligation Bonds	410,100	410,100	306,508	103,592
Total expenditures	<u>\$ 2,576,300</u>	<u>\$ 2,576,300</u>	<u>\$ 1,909,930</u>	<u>\$ 666,370</u>
Fund balance, ending			<u>\$ 794,314</u>	

**Reconciliation of+recomb1 budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Debt Service Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 1,739,649	\$ 1,909,930	\$ 794,314
No adjustments required	-	-	-
Balances from Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Debt Service Funds (page 63)	<u>\$ 1,739,649</u>	<u>\$ 1,909,930</u>	<u>\$ 794,314</u>

CITY OF ALBANY, OREGON
BANCROFT BOND REDEMPTION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Bonded assessment collections:				
Principal	\$ 250,000	\$ 250,000	\$ 429,182	\$ 179,182
Interest	100,000	100,000	165,212	65,212
Interest on investments	25,000	25,000	24,392	(608)
Total revenues	<u>375,000</u>	<u>375,000</u>	<u>618,786</u>	<u>243,786</u>
Fund balance, beginning	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,089,555</u>	<u>(10,445)</u>
Amount available for appropriation	<u>\$ 1,475,000</u>	<u>\$ 1,475,000</u>	<u>\$ 1,708,341</u>	<u>\$ 233,341</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 1,000	\$ 1,000	\$ 150	\$ 850
Debt service	1,474,000	1,474,000	360,882	1,113,118
Total expenditures	<u>\$ 1,475,000</u>	<u>\$ 1,475,000</u>	<u>\$ 361,032</u>	<u>\$ 1,113,968</u>
Fund balance, ending			<u>\$ 1,347,309</u>	

**Reconciliation of+recomb1 budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Debt Service Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 618,786	\$ 361,032	\$ 1,347,309
No adjustments required	-	-	-
Balances from Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Debt Service Funds (page 63)	<u>\$ 618,786</u>	<u>\$ 361,032</u>	<u>\$ 1,347,309</u>

CITY OF ALBANY, OREGON
EQUIPMENT REPLACEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Equipment replacement charges	\$ 575,000	\$ 575,000	\$ 372,700	\$ (202,300)
Telephone system replacement charges	75,000	75,000	75,036	36
Miscellaneous	30,000	30,000	99,997	69,997
Interest on investments	82,000	82,000	38,367	(43,633)
Total revenues	<u>762,000</u>	<u>762,000</u>	<u>586,100</u>	<u>(175,900)</u>
Other financing source				
Transfer from General Fund	24,000	24,000	24,000	-
Fund balance, beginning	2,302,000	2,302,000	2,277,224	(24,776)
Amount available for appropriation	<u>\$ 3,088,000</u>	<u>\$ 3,088,000</u>	<u>\$ 2,887,324</u>	<u>\$ (200,676)</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Equipment replacement	\$ 2,494,000	\$ 2,494,000	\$ 500,607	\$ 1,993,393
Building Maintenance Projects	594,000	594,000	141,493	452,507
Total expenditures	<u>\$ 3,088,000</u>	<u>\$ 3,088,000</u>	<u>\$ 642,100</u>	<u>\$ 2,445,900</u>
Fund balance, ending			<u>\$ 2,245,224</u>	

**Reconciliation of+recomb1 budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Capital Project Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 586,100	\$ 642,100	\$ 2,245,224
Reconciling items:			
Transfers out	-	(40,990)	-
Balances from Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Capital Project Funds (page 67)	<u>\$ 586,100</u>	<u>\$ 601,110</u>	<u>\$ 2,245,224</u>

CITY OF ALBANY, OREGON
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

REVENUES:	Original Budget	Final Budget	Actual	Over (Under)
Federal TEA Grant	\$ 3,584,000	\$ 3,584,000	\$ 433,255	\$ (3,150,745)
Amtrak Grant	1,000,000	1,000,000	250,000	(750,000)
State of Oregon	314,000	314,000	-	(314,000)
Interest on investments	56,300	56,300	43,722	(12,578)
Total revenues	<u>4,954,300</u>	<u>4,954,300</u>	<u>726,977</u>	<u>(4,227,323)</u>
Fund balance, beginning	<u>2,509,900</u>	<u>2,509,900</u>	<u>2,189,931</u>	<u>(319,969)</u>
Amount available for appropriation	<u>\$ 7,464,200</u>	<u>\$ 7,464,200</u>	<u>\$ 2,916,908</u>	<u>\$ (4,547,292)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Fire Substation Construction	\$ 216,200	\$ 216,200	\$ 92,945	\$ 123,255
1999 General Obligation Street Improvement Bond Projects	2,350,000	2,350,000	887,754	1,462,246
Regional Multimodal Transportation Center - Local Match	1,314,000	1,314,000	240,000	1,074,000
Regional Multimodal Transportation Center - Federal TEA Grant	3,584,000	3,584,000	1,541,015	2,042,985
Total expenditures	<u>\$ 7,464,200</u>	<u>\$ 7,464,200</u>	<u>\$ 2,761,714</u>	<u>\$ 4,702,486</u>
Fund balance, ending			<u>\$ 155,194</u>	

**Reconciliation of+recomb1 budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Capital Project Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 726,977	\$ 2,761,714	\$ 155,194
No adjustments required	-	-	-
Balances from Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Capital Project Funds (page 67)	<u>\$ 726,977</u>	<u>\$ 2,761,714</u>	<u>\$ 155,194</u>

CITY OF ALBANY, OREGON
IMPROVEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Financed assessment collections:				
Principal	\$ 25,000	\$ 25,000	\$ 210	\$ (24,790)
Interest	5,000	5,000	24,162	19,162
Unbonded assessment collections:				
Principal	1,620,000	1,620,000	1,863	(1,618,137)
Interest	-	-	377	377
Oregon Department of Transportation	-	-	108,050	108,050
State of Oregon	1,680,000	1,680,000	-	(1,680,000)
Interest on investments	2,000	2,000	-	(2,000)
Total revenues	<u>3,332,000</u>	<u>3,332,000</u>	<u>134,662</u>	<u>(3,197,338)</u>
Fund balance, beginning	600,000	600,000	(52,637)	(652,637)
Amount available for appropriation	<u>\$ 3,932,000</u>	<u>\$ 3,932,000</u>	<u>\$ 82,025</u>	<u>\$ (3,849,975)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 20,000	\$ 20,000	\$ 746	\$ 19,254
Capital	3,912,000	3,912,000	2,296,461	1,615,539
Total expenditures	<u>\$ 3,932,000</u>	<u>\$ 3,932,000</u>	<u>\$ 2,297,207</u>	<u>\$ 1,634,793</u>
Fund balance, ending			<u>\$ (2,215,182)</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 134,662	\$ 2,297,207	\$ (2,215,182)
No adjustments required	-	-	-
Balances from Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds (page 16)	<u>\$ 134,662</u>	<u>\$ 2,297,207</u>	<u>\$ (2,215,182)</u>

CITY OF ALBANY, OREGON
CENTRAL ALBANY REVITALIZATION AREA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes - current	\$ 400,000	\$ 400,000	\$ 343,176	\$ (56,824)
Interest on investments	-	-	7,023	7,023
Total revenues	<u>400,000</u>	<u>400,000</u>	<u>350,199</u>	<u>(49,801)</u>
Fund balance, beginning	-	-	-	-
Amount available for appropriation	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 350,199</u>	<u>\$ (49,801)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 100,000	\$ 100,000	\$ 16,899	\$ 83,101
Capital	300,000	300,000	-	300,000
Total expenditures	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 16,899</u>	<u>\$ 383,101</u>
Fund balance, ending			<u>\$ 333,300</u>	

**Reconciliation of+recomb1 budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Capital Project Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 350,199	\$ 16,899	\$ 333,300
No adjustments required	-	-	-
Balances from Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Capital Project Funds (page 67)	<u>\$ 350,199</u>	<u>\$ 16,899</u>	<u>\$ 333,300</u>

CITY OF ALBANY, OREGON
SENIOR CENTER ENDOWMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Gifts and donations	\$ 2,000	\$ 2,000	\$ 3,828	\$ 1,828
Interest on investments	1,200	1,200	659	(541)
Total revenues	<u>3,200</u>	<u>3,200</u>	<u>4,487</u>	<u>1,287</u>
Fund balance, beginning	<u>32,800</u>	<u>32,800</u>	<u>34,515</u>	<u>1,715</u>
Amount available for appropriation	<u>\$ 36,000</u>	<u>\$ 36,000</u>	<u>\$ 39,002</u>	<u>\$ 3,002</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 400	\$ 400	\$ -	\$ 400
Unappropriated	35,600	35,600	-	35,600
Total expenditures	<u>\$ 36,000</u>	<u>\$ 36,000</u>	<u>\$ -</u>	<u>\$ 36,000</u>
Fund balance, ending			<u>\$ 39,002</u>	

**Reconciliation of+recomb1 budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Permanent Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 4,487	\$ -	\$ 39,002
No adjustments required	-	-	-
Balances from Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Permanent Funds (page 71)	<u>\$ 4,487</u>	<u>\$ -</u>	<u>\$ 39,002</u>

CITY OF ALBANY, OREGON
LIBRARY TRUST FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Interest on investments	\$ 2,700	\$ 2,700	\$ 1,484	\$ (1,216)
Total revenues	<u>2,700</u>	<u>2,700</u>	<u>1,484</u>	<u>(1,216)</u>
Other financing source				
Transfer from Library Memorial Fund	-	10,400	10,352	(48)
Fund balance, beginning	69,500	69,500	71,087	1,587
Amount available for appropriation	<u>\$ 72,200</u>	<u>\$ 82,600</u>	<u>\$ 82,923</u>	<u>\$ 323</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Materials and services	\$ 2,700	\$ 3,100	\$ -	\$ 3,100
Unappropriated	69,500	79,500	-	79,500
Total expenditures	<u>\$ 72,200</u>	<u>\$ 82,600</u>	<u>\$ -</u>	<u>\$ 82,600</u>
Fund balance, ending			<u>\$ 82,923</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 1,484	\$ -	\$ 82,923
No adjustments required	-	-	-
Balances from Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Permanent Funds (page 71)	<u>\$ 1,484</u>	<u>\$ -</u>	<u>\$ 82,923</u>

"An honor is not diminished by being shared."
Lois McMaster Bujold

Schedule of Revenues and Expenditures - Budget and Actual

(page numbers in parentheses)

Proprietary Funds

Enterprise Funds

Water (100-101)

Sewer (102-102)

Internal Service Funds

Equipment Maintenance (104)

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Central Services (106)

Geographic Information Systems (107)

Reconciliation of internal service
funds budgetary revenues and
expenditures to Statement of
Revenues, Expenses, and Changes in
Net Assets of Enterprise Funds (108)

CITY OF ALBANY, OREGON
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Property taxes:				
Current	\$ 735,900	\$ 735,900	\$ 741,051	\$ 5,151
Delinquent	25,000	25,000	33,117	8,117
Water service revenues:				
Water service charges	7,515,000	7,515,000	7,487,050	(27,950)
Water service charges-Millersburg	85,000	85,000	85,000	-
Service restoration fees	10,000	10,000	10,920	920
North Albany Service district debt service charges	35,000	35,000	31,543	(3,457)
North Albany capital charges	22,500	22,500	22,500	-
Financed system development charges:				
Principal	28,200	28,200	35,306	7,106
Interest	4,300	4,300	22,535	18,235
Financed in-lieu-of assessment fees:				
Principal	2,100	2,100	9,523	7,423
Interest	1,200	1,200	3,986	2,786
Water expansion:				
Public facility construction permits	40,000	40,000	107,556	67,556
Administrative fees	2,000	2,000	1,147	(853)
Water systems development charges	384,100	384,100	620,912	236,812
Fees in lieu of assessment	8,900	8,900	40,867	31,967
Water service installation fee	50,000	50,000	117,282	67,282
Charges for services:				
City of Lebanon	74,100	74,100	59,445	(14,655)
Engineering, legal and administrative fees	50,000	50,000	90,882	40,882
Equipment replacement charges	37,100	37,100	39,300	2,200
Miscellaneous	15,000	15,000	21,764	6,764
Interest on investments	373,000	373,000	189,937	(183,063)
Total revenues	<u>9,498,400</u>	<u>9,498,400</u>	<u>9,771,623</u>	<u>273,223</u>
Other financing source				
Long-term debt proceeds	37,591,000	37,591,000	-	(37,591,000)
Fund balance, beginning	10,485,400	10,485,400	10,245,087	(240,313)
Amount available for appropriation	<u>\$ 57,574,800</u>	<u>\$ 57,574,800</u>	<u>\$ 20,016,710</u>	<u>\$ (37,558,090)</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Personnel Services	\$ 2,512,400	\$ 2,512,400	\$ 2,474,639	\$ 37,761
Materials and Services	4,034,900	4,034,900	2,985,147	1,049,753
Capital	44,550,300	44,550,300	3,281,538	41,268,762
Debt Service	5,717,200	5,717,200	1,626,540	4,090,660
Contingencies	760,000	760,000	-	760,000
Total expenditures	<u>\$ 57,574,800</u>	<u>\$ 57,574,800</u>	<u>\$ 10,367,864</u>	<u>\$ 47,206,936</u>
Fund balance, ending			<u>\$ 9,648,846</u>	

Continued

CITY OF ALBANY, OREGON
WATER FUND
RECONCILIATION OF BUDGETARY REVENUES, EXPENDITURES, AND FUND BALANCE TO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS OF PROPRIETARY FUNDS
for the fiscal year ended June 30, 2003

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Total revenues, total expenditures, and fund balance from above	\$ 9,771,623	\$ 10,367,864	\$ 9,648,846
Reconciling items:			
June 30, 2002 asset and liability balances:			
Capital assets, net	-	-	36,137,278
Accounts receivable	-	-	1,443,905
Unamortized issue costs/loss on defeasance	-	-	258,970
Salaries, withholdings, and vacations payable	-	-	(139,997)
Insurance liability	-	-	(1,051)
Bonds payable	-	-	(11,630,000)
Adjustments to current year revenues			
Property taxes	(774,168)	-	-
Interest on investments	(189,937)	-	-
System development charges	(656,218)	-	-
In-lieu-of assessment fees	(50,390)	-	-
Change in accounts receivable	157,034	-	-
Adjustments to current year expenses			
Interest expense	-	(510,090)	-
Change in vacation payable	-	(13,944)	-
Bond principal	-	(1,070,000)	1,070,000
Certificate of participation principal	-	(46,450)	46,450
Depreciation and amortization	-	1,227,572	(1,227,572)
Expenditures capitalized	-	(3,281,538)	3,281,538
Bond sale expenses	-	(2,380)	2,380
Change in net pension obligation	-	(19,322)	-
Change in insurance liability	-	1,627	(1,627)
Reclassify PERS departmental debt service charges to transfers out	-	(43,810)	-
Other adjustments			
Change in accounts receivable	-	-	127,555
Change in vacation accrual	-	-	13,944
Loss on disposal of fixed assets	-	-	(7,968)
Capital contributions	-	-	352,419
Operating revenues, operating expenses, and ending net assets from Statement of Revenues, Expenses, and Changes in Net Assets of Proprietary Funds (page 23)	<u>\$ 8,257,944</u>	<u>\$ 6,609,529</u>	<u>\$ 39,375,070</u>

CITY OF ALBANY, OREGON
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Sewer service charges:				
Albany sewer service charges	\$ 6,100,000	\$ 6,100,000	\$ 6,099,439	\$ (561)
Millersburg sewer service charges	30,000	30,000	-	(30,000)
Financed system development charges:				
Principal	93,000	93,000	80,987	(12,013)
Interest	39,300	39,300	50,376	11,076
Financed assessments:				
Principal	125,000	125,000	150,101	25,101
Interest	40,000	40,000	35,918	(4,082)
Financed in-lieu-of assessment fees:				
Principal	31,000	31,000	85,159	54,159
Interest	9,000	9,000	9,374	374
Sewer oversizing and expansion:				
Public facility construction permits	44,000	44,000	32,455	(11,545)
Sewer systems development charges	542,000	542,000	1,029,340	487,340
Fees in lieu of assessment	1,000	1,000	27,406	26,406
Charges collected through property taxes	-	-	26,237	26,237
Charges for services:				
Engineering, legal and administrative fees	10,000	10,000	76,472	66,472
Equipment replacement charges	45,900	45,900	79,894	33,994
Miscellaneous	195,000	195,000	211,636	16,636
Interest on investments	382,600	382,600	186,207	(196,393)
Total revenues	<u>7,687,800</u>	<u>7,687,800</u>	<u>8,181,001</u>	<u>493,201</u>
Fund balance, beginning	<u>11,929,500</u>	<u>11,929,500</u>	<u>11,698,185</u>	<u>(231,315)</u>
Amount available for appropriation	<u>\$ 19,617,300</u>	<u>\$ 19,617,300</u>	<u>\$ 19,879,186</u>	<u>\$ 261,886</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel Services	\$ 2,528,300	\$ 2,528,300	\$ 2,393,652	\$ 134,648
Materials and Services	3,092,600	3,092,600	2,778,675	313,925
Capital	9,499,400	9,499,400	3,278,799	6,220,601
Debt Service	3,884,000	3,884,000	1,074,910	2,809,090
Contingencies	613,000	613,000	-	613,000
Total expenditures	<u>\$ 19,617,300</u>	<u>\$ 19,617,300</u>	<u>\$ 9,526,036</u>	<u>\$ 10,091,264</u>
Fund balance, ending			<u>\$ 10,353,150</u>	

Continued

CITY OF ALBANY, OREGON
SEWER FUND
RECONCILIATION OF BUDGETARY REVENUES, EXPENDITURES, AND FUND BALANCE TO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS OF PROPRIETARY FUNDS
for the fiscal year ended June 30, 2003

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Total revenues, total expenditures, and fund balance from above	\$ 8,181,001	\$ 9,526,036	10,353,150
Reconciling items:			
June 30, 2002 asset and liability balances:			
Capital assets, net	-	-	48,823,257
Accounts receivable	-	-	2,167,482
Unamortized issue costs/loss on defeasance	-	-	139,027
Salaries, withholdings, and vacations payable	-	-	(141,821)
Insurance liability	-	-	(1,374)
Bonds payable	-	-	(7,435,803)
Adjustments to current year revenues			
Interest on investments	(186,207)	-	-
System development charges	(1,110,327)	-	-
In-lieu-of assessment fees	(112,565)	-	-
Change in accounts receivable	199,868	-	-
Sewer construction assessments	(150,101)	-	-
Adjustments to current year expenses			
Interest expense	-	(338,830)	-
Change in vacation payable	-	8,624	-
Bond principal	-	(575,000)	575,000
Loan principal	-	(161,080)	161,080
Depreciation and amortization	-	1,709,623	(1,709,623)
Expenditures capitalized	-	(3,278,799)	3,278,799
Change in net pension obligation	-	(20,282)	-
Change in insurance liability	-	2,035	(2,035)
Reclassify PERS departmental debt service charges to transfers out	-	(42,843)	-
Other adjustments			
Change in accounts receivable	-	-	(30,946)
Change in vacation accrual	-	-	(8,624)
Loss on disposal of fixed assets	-	-	(15,984)
Capital contributions	-	-	723,224
Operating revenues, operating expenses, and ending net assets from Statement of Revenues, Expenses, and Changes in Net Assets of Proprietary Funds (page 23)	<u>\$ 6,821,669</u>	<u>\$ 6,829,484</u>	<u>\$ 56,874,809</u>

CITY OF ALBANY, OREGON
EQUIPMENT MAINTENANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Charges to other funds:				
Operational charges	\$ 61,900	\$ 61,900	\$ 62,000	\$ 100
Sewer facility maintenance charges	486,000	486,000	446,211	(39,789)
Water facility maintenance charges	324,000	324,000	297,474	(26,526)
Space rental	46,200	46,200	46,200	-
Interest on investments	300	300	879	579
Total revenues	<u>918,400</u>	<u>918,400</u>	<u>852,764</u>	<u>(65,636)</u>
Fund balance, beginning	5,000	5,000	36,756	31,756
Amount available for appropriation	<u>\$ 923,400</u>	<u>\$ 923,400</u>	<u>\$ 889,520</u>	<u>\$ (33,880)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Equipment Maintenance	\$ 113,400	\$ 113,400	\$ 101,629	\$ 11,771
Treatment Facilities Maintenance	810,000	810,000	743,685	66,315
Total expenditures	<u>\$ 923,400</u>	<u>\$ 923,400</u>	<u>\$ 845,314</u>	<u>\$ 78,086</u>
Fund balance, ending			<u>\$ 44,206</u>	

For the Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes In Net Assets of Enterprise Funds, see page 108.

CITY OF ALBANY, OREGON
INFORMATION SYSTEMS SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Charges to other funds:				
Information systems service charges	\$ 569,000	\$ 569,000	\$ 573,900	\$ 4,900
Equipment replacement charges	172,300	172,300	174,300	2,000
Interest on investments	11,000	11,000	11,724	724
Total revenues	<u>752,300</u>	<u>752,300</u>	<u>759,924</u>	<u>7,624</u>
Fund balance, beginning	813,100	813,100	742,219	(70,881)
Amount available for appropriation	<u>\$ 1,565,400</u>	<u>\$ 1,565,400</u>	<u>\$ 1,502,143</u>	<u>\$ (63,257)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Information Systems Services	\$ 575,100	\$ 575,100	\$ 573,599	\$ 1,501
Data Processing Equipment Replacement	990,300	990,300	410,060	580,240
Total expenditures	<u>\$ 1,565,400</u>	<u>\$ 1,565,400</u>	<u>\$ 983,659</u>	<u>\$ 581,741</u>
Fund balance, ending			<u>\$ 518,484</u>	

For the Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes In Net Assets of Enterprise Funds, see page 108.

CITY OF ALBANY, OREGON
CENTRAL SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Charges to other funds	\$ 1,895,500	\$ 1,895,500	\$ 1,851,200	\$ (44,300)
Bicycle/commuter map revenues	-	-	392	392
Miscellaneous	11,000	11,000	37,012	26,012
Interest on investments	1,400	1,400	253	(1,147)
Total revenues	<u>1,907,900</u>	<u>1,907,900</u>	<u>1,888,857</u>	<u>(19,043)</u>
Fund balance, beginning	21,100	21,100	4,327	(16,773)
Amount available for appropriation	<u>\$ 1,929,000</u>	<u>\$ 1,929,000</u>	<u>\$ 1,893,184</u>	<u>\$ (35,816)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Council and Nondepartmental	\$ 231,100	\$ 231,100	\$ 206,784	\$ 24,316
Administrative Services	1,697,900	1,697,900	1,630,010	67,890
Total expenditures	<u>\$ 1,929,000</u>	<u>\$ 1,929,000</u>	<u>\$ 1,836,794</u>	<u>\$ 92,206</u>
Fund balance, ending			<u>\$ 56,390</u>	

For the Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes In Net Assets of Enterprise Funds, see page 108.

CITY OF ALBANY, OREGON
GEOGRAPHIC INFORMATION SYSTEMS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the fiscal year ended June 30, 2003

Revenues:	Original Budget	Final Budget	Actual	Over (Under)
Charges to other funds	\$ 405,000	\$ 405,000	\$ 405,000	\$ -
GIS information sales	-	-	1,155	1,155
Miscellaneous	-	-	2,275	2,275
Interest on investments	2,000	2,000	2,385	385
Total revenues	<u>407,000</u>	<u>407,000</u>	<u>410,815</u>	<u>3,815</u>
Fund balance, beginning	20,900	20,900	119,264	98,364
Amount available for appropriation	<u>\$ 427,900</u>	<u>\$ 427,900</u>	<u>\$ 530,079</u>	<u>\$ 102,179</u>

Expenditures	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
GIS Services	\$ 363,500	\$ 363,500	\$ 393,399	\$ (29,899)
Sierra Services	64,400	64,400	52,397	12,003
Total expenditures	<u>\$ 427,900</u>	<u>\$ 427,900</u>	<u>\$ 445,796</u>	<u>\$ (17,896)</u>
Fund balance, ending			<u>\$ 84,283</u>	

For the Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes In Net Assets of Enterprise Funds, see page 108.

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
RECONCILIATION OF BUDGETARY REVENUES, EXPENDITURES, FUND BALANCE TO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS OF ENTERPRISE FUNDS
for the fiscal year ended June 30, 2003

	<u>Equipment Maintenance</u>	<u>Information Systems</u>	<u>Central Services</u>	<u>Geographic Information Systems</u>	<u>Total Internal Service</u>
<u>REVENUES</u>					
Total revenues from Schedule of Revenues and Expenditures - Budget and Actual	\$ 852,764	\$ 759,924	\$ 1,888,857	\$ 410,815	\$ 3,912,360
Reconciling item:					
Interest on investments	(879)	(11,724)	(253)	(2,385)	(15,241)
Operating revenues from Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Assets (page 23)	<u>\$ 851,885</u>	<u>\$ 748,200</u>	<u>\$ 1,888,604</u>	<u>\$ 408,430</u>	<u>\$ 3,897,119</u>
<u>EXPENDITURES</u>					
Total expenditures from Schedule of Revenues and Expenditures - Budget and Actual	\$ 845,314	\$ 983,659	\$ 1,836,794	\$ 445,796	\$ 4,111,563
Reconciling items:					
Depreciation	3,768	34,712	1,272	2,247	41,999
Expenditures capitalized	-	(80,915)	-	-	(80,915)
Change in vacation payable	(477)	(1,705)	(1,791)	2,333	(1,640)
Change in net pension obligation	(4,819)	(2,791)	(11,157)	(2,333)	(21,100)
Change in insurance liability	176	-	-	-	176
Reclassify PERS departmental debt service charges to transfers out	(8,396)	(6,441)	(21,768)	(4,627)	(41,232)
Operating expenses from Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Assets (page 23)	<u>\$ 835,566</u>	<u>\$ 926,519</u>	<u>\$ 1,803,350</u>	<u>\$ 443,416</u>	<u>\$ 4,008,851</u>
<u>FUND BALANCE</u>					
Fund balance from Schedule of Revenues and Expenditures - Budget and Actual	\$ 44,206	\$ 518,484	\$ 56,390	\$ 84,283	\$ 703,363
Reconciling items:					
June 30, 2002 asset balance:					
Capital assets, net	123,242	59,971	17,531	6,746	207,490
June 30, 2002 liability balances:					
Salaries, withholdings, and vacations payable	(27,204)	(7,707)	(73,057)	(9,676)	(117,644)
Insurance liability	(116)	-	-	-	(116)
Depreciation	(3,768)	(34,712)	(1,272)	(2,247)	(41,999)
Expenditures capitalized	-	80,915	-	-	80,915
Change in vacation payable	477	1,705	1,791	(2,333)	1,640
Change in insurance liability	(176)	-	-	-	(176)
Net assets from Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Assets (page 23)	<u>\$ 136,661</u>	<u>\$ 618,656</u>	<u>\$ 1,383</u>	<u>\$ 76,773</u>	<u>\$ 833,473</u>

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

CITY OF ALBANY, OREGON
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY SOURCE
as of June 30, 2003

	<u>Balance</u> <u>June 30, 2003</u>
Governmental capital assets	
Land	\$ 4,053,489
Buildings	12,350,952
Equipment	7,508,926
Infrastructure	61,861,084
Construction in process	6,680,496
Total governmental capital assets	<u>\$92,454,947</u>
Investment in fixed assets from:	
Balance as of June 30, 1993	\$ 6,890,842
Capital Project Funds:	
General Obligation Bonds	10,549,496
Certificates of Participation	3,352,252
Federal Grants	9,109,302
State Grants	203,008
Transfer from General Fund	3,243,471
Transfer from Special Revenue Funds	2,652,862
Other sources	771,157
General Fund	1,810,953
Special Revenue Funds	25,252,187
Local Improvement Districts	14,170,576
Urban Renewal Districts	1,853,934
Donations of capital assets	12,594,907
Total investment in governmental capital assets	<u>\$92,454,947</u>

CITY OF ALBANY, OREGON
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS
for the fiscal year ended June 30, 2003

	<u>Balances</u> July 1, 2002	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u> June 30, 2003
<u>CAPITAL ASSETS:</u>				
Land	\$ 4,053,489	\$ -	\$ -	\$ 4,053,489
Buildings and improvements	12,267,236	83,716	-	12,350,952
Machinery and equipment	6,479,289	1,126,237	(96,600)	7,508,926
Infrastructure	60,181,747	1,679,337	-	61,861,084
Construction in process	1,150,072	5,530,424	-	6,680,496
Total capital assets	<u>\$84,131,833</u>	<u>\$ 8,419,714</u>	<u>\$ (96,600)</u>	<u>\$92,454,947</u>

CITY OF ALBANY, OREGON
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
as of June 30, 2003

Function and Activity:	Land	Buildings	Equipment	Infrastructure	Construction in Process	Total
General Government:						
Municipal Court	\$ -	\$ -	\$ 23,571	\$ -	\$ -	\$ 23,571
Planning	-	-	-	-	-	-
Building Maintenance	-	-	31,334	-	-	31,334
Building Inspection	-	-	27,677	-	-	27,677
General Fund	1,239,081	4,819,724	308,946	712,765	-	7,080,516
Airport Maintenance	33,510	68,215	-	910,369	-	1,012,094
Public Transit	-	-	1,176,833	-	-	1,176,833
Total general government	1,272,591	4,887,939	1,568,361	1,623,134		9,352,025
Public Safety:						
Police	-	1,118,984	827,789	-	-	1,946,773
Animal Control	-	-	12,602	-	-	12,602
Fire	118,771	3,773,843	2,456,770	-	-	6,349,384
Enviromental Safety Services	-	-	3,303	-	-	3,303
Ambulance	-	-	781,173	-	-	781,173
Total public safety	118,771	4,892,827	4,081,637			9,093,235
Culture and Recreation:						
Library	14,010	789,922	83,841	-	-	887,773
Sports Programs	-	-	-	-	-	-
Park Maintenance	-	266,439	674,322	5,397,465	-	6,338,226
Park Administration	1,921,334	-	186,779	-	-	2,108,113
Senior Center	-	1,221,518	-	-	-	1,221,518
Senior Center Foundation	-	-	-	-	-	-
Aquatics	-	254,373	-	-	-	254,373
Paratranist System	-	-	124,365	-	-	124,365
Parks Serial Levy	-	-	-	-	-	-
Total culture and recreation	1,935,344	2,532,252	1,069,307	5,397,465		10,934,368
Highways and Streets:						
Street Maintenance	726,783	37,934	789,621	54,840,485	-	56,394,823
Total highways and streets	726,783	37,934	789,621	54,840,485		56,394,823
Construction in process	-	-	-	-	6,680,496	6,680,496
Total capital assets	\$ 4,053,489	\$ 12,350,952	\$ 7,508,926	\$ 61,861,084	\$ 6,680,496	\$ 92,454,947

CITY OF ALBANY, OREGON
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
for the fiscal year ended June 30, 2003

Function and Activity:	Fixed Assets July 1, 2002	Increases	Decreases	Fixed Assets June 30, 2003
General Government:				
Municipal Court	\$ 23,571	\$ -	\$ -	\$ 23,571
Planning	-	-	-	-
Building Maintenance	31,334	-	-	31,334
Code Enforcement	27,677	-	-	27,677
General Fund	7,030,370	50,146	-	7,080,516
Economic Development (Airport)	1,012,094	-	-	1,012,094
Public Transit	914,342	262,491	-	1,176,833
Total general government	<u>9,039,388</u>	<u>312,637</u>	<u>-</u>	<u>9,352,025</u>
Public Safety:				
Police	1,774,395	192,246	(19,868)	1,946,773
Animal Control	12,602	-	-	12,602
Fire	5,952,205	448,621	(51,442)	6,349,384
Enviromental Safety Services	3,303	-	-	3,303
Ambulance	781,173	-	-	781,173
Total public safety	<u>8,523,678</u>	<u>640,867</u>	<u>(71,310)</u>	<u>9,093,235</u>
Culture and Recreation:				
Library	808,705	79,068	-	887,773
Sports Programs	-	-	-	-
Park Maintenance	6,260,678	92,838	(15,290)	6,338,226
Park Administration	2,108,113	-	-	2,108,113
Senior Center	1,221,518	-	-	1,221,518
Senior Center Foundation	-	-	-	-
Swimming Pool	254,373	-	-	254,373
Paratransit System	124,365	-	-	124,365
Parks Serial Levy	-	-	-	-
Total culture and recreation	<u>10,777,752</u>	<u>171,906</u>	<u>(15,290)</u>	<u>10,934,368</u>
Highways and Streets:				
Street Maintenance	54,640,943	1,763,880	(10,000)	56,394,823
Total highways and streets	<u>54,640,943</u>	<u>1,763,880</u>	<u>(10,000)</u>	<u>56,394,823</u>
Construction in process	1,150,072	5,530,424	-	6,680,496
Total capital assets	<u>\$ 84,131,833</u>	<u>\$ 8,419,714</u>	<u>\$ (96,600)</u>	<u>\$ 92,454,947</u>

"If you don't know where you are going you might not get there."
Yogi Berra

Other Financial Schedules

CITY OF ALBANY, OREGON
SCHEDULE OF DEBT PRINCIPAL TRANSACTIONS
for the fiscal year ended June 30, 2003

	Interest Rate	Date of Issue	Years of Maturity	Outstanding July 1, 2002	Bonds Matured During Year	Outstanding June 30, 2003
GENERAL OBLIGATION AND OTHER BONDS:						
1994 Certificates of Participation	3.00-5.25	01/01/94	1995-2014	\$ 2,125,000	\$ 135,000	\$ 1,990,000
1995 Motel/Hotel Tax Revenue	3.90-5.75	08/01/95	1996-2011	1,715,000	145,000	1,570,000
1996 Fire Substation Construction	4.50-5.50	12/01/96	1997-2014	3,045,000	150,000	2,895,000
1997 Limited Tax Assessment Bancroft	4.00-4.65	06/01/97	1998-2007	2,070,000	180,000	1,890,000
1998 Water Refunding	3.60-4.50	05/01/98	1999-2010	5,685,000	600,000	5,085,000
1999 General Obligation	3.10-4.85	03/01/99	2000-2019	8,840,000	360,000	8,480,000
2002 Limited Tax Pension Obligations	2.00-7.36	03/15/02	2002-2028	6,826,913	-	6,826,913
2002 Limited Tax Assessment Bancroft	5.05	06/17/02	2003-2012	736,255	48,610	687,645
Total general obligation and other bonds				<u>\$31,043,168</u>	<u>\$ 1,618,610</u>	<u>\$29,424,558</u>
REVENUE BONDS RECORDED IN ENTERPRISE FUNDS:						
1993 Series A Sewer Refunding	2.85-5.60	01/15/93	1993-2009	\$ 4,380,000	\$ 455,000	\$ 3,925,000
1993 Series B Water Refunding	2.75-5.00	09/15/93	1994-2013	5,345,000	470,000	4,875,000
1993 Series C Sewer Refunding	2.75-5.00	09/15/93	1994-2013	1,445,000	120,000	1,325,000
2002 Water Certificates of Participation	5.50	03/01/02	2002-2012	600,000	46,450	553,550
Total revenue bonds recorded in Enterprise Funds				<u>\$11,770,000</u>	<u>\$ 1,091,450</u>	<u>\$10,678,550</u>

The City did not issue any bonds in the 2002/03 fiscal year.

CITY OF ALBANY, OREGON
SCHEDULE OF DEBT INTEREST TRANSACTIONS
for the fiscal year ended June 30, 2003

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Outstanding July 1, 2002</u>	<u>Interest Retired During Year</u>	<u>Outstanding June 30, 2003</u>
GENERAL OBLIGATION AND OTHER BONDS:					
1994 Certificates of Participation	3.00-5.25	01/01/94	\$ 782,552	\$ 109,165	\$ 673,387
1995 Motel/Hotel Tax Revenue	3.90-5.75	08/01/95	457,153	89,770	367,383
1996 Fire Substation Construction	4.50-5.50	12/01/96	1,293,557	156,005	1,137,552
1997 Limited Tax Assessment Bancroft	4.00-4.65	06/01/97	393,877	95,697	298,180
1998 Water Refunding	3.60-4.50	05/01/98	1,051,486	231,343	820,143
1999 General Obligation	3.10-4.85	03/01/99	4,076,571	391,428	3,685,143
2002 Limited Tax Pension Obligations	2.00-7.36	03/15/02	10,360,961	371,058	9,989,903
2002 Limited Tax Assessment Bancroft	5.05	06/17/02	237,181	36,575	200,606
Total general obligation and other bonds			<u>\$ 18,653,338</u>	<u>\$ 1,481,041</u>	<u>\$ 17,172,297</u>
REVENUE BONDS RECORDED IN ENTERPRISE FUNDS:					
1993 Series A Sewer Refunding	2.85-5.60	01/15/93	\$ 1,013,379	\$ 220,048	\$ 793,331
1993 Series B Water refunding	2.75-5.00	09/15/93	1,338,044	246,368	1,091,676
1993 Series C Sewer Refunding	2.75-5.00	09/15/93	421,549	70,458	351,091
2002 Water Certificates of Participation	5.50	03/01/02	188,292	32,379	155,913
Total revenue bonds recorded in Enterprise Funds			<u>\$ 2,961,264</u>	<u>\$ 569,253</u>	<u>\$ 2,392,011</u>

The City did not issue any bonds in the 2002/03 fiscal year.

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

June 30, 2003

Year of Maturity	Total Requirements			1994 Certificates of Participation		1996 Fire Substation Construction General Obligation		1995 Hotel/Motel Tax Revenue	
	Principal	Interest	Total	Principal	Interest	Principal	Interest	Principal	Interest
2003-2004	\$ 1,079,773	\$ 1,205,523	\$ 2,285,296	\$ 140,000	\$ 102,550	\$ 155,000	\$ 148,913	\$ 160,000	\$ 82,065
2004-2005	1,153,556	1,160,429	2,313,985	145,000	95,550	165,000	141,310	180,000	73,305
2005-2006	1,235,413	1,113,755	2,349,168	155,000	88,300	175,000	133,063	200,000	63,325
2006-2007	2,399,992	1,066,007	3,465,999	160,000	80,550	185,000	124,150	200,000	52,625
2007-2008	1,132,420	966,297	2,098,717	170,000	72,550	195,000	114,552	200,000	41,725
2008-2009	1,193,798	925,880	2,119,678	180,000	64,050	205,000	104,250	210,000	30,188
2009-2010	1,241,059	886,514	2,127,573	185,000	54,600	215,000	93,223	210,000	18,111
2010-2011	1,299,305	844,176	2,143,481	195,000	44,887	230,000	81,315	210,000	6,039
2011-2012	1,270,686	808,312	2,078,998	210,000	34,650	245,000	68,490	-	-
2012-2013	1,122,868	771,606	1,894,474	220,000	23,625	255,000	54,862	-	-
2013-2014	1,181,687	742,188	1,923,875	230,000	12,075	275,000	40,287	-	-
2014-2015	1,000,019	715,080	1,715,099	-	-	290,000	24,750	-	-
2015-2016	1,047,498	698,107	1,745,605	-	-	305,000	8,387	-	-
2016-2017	779,483	687,890	1,467,373	-	-	-	-	-	-
2017-2018	811,140	684,408	1,495,548	-	-	-	-	-	-
2018-2019	851,257	680,690	1,531,947	-	-	-	-	-	-
2019-2020	159,604	631,454	791,058	-	-	-	-	-	-
2020-2021	460,000	366,605	826,605	-	-	-	-	-	-
2021-2022	530,000	335,095	865,095	-	-	-	-	-	-
2022-2023	600,000	298,790	898,790	-	-	-	-	-	-
2023-2024	685,000	257,690	942,690	-	-	-	-	-	-
2024-2025	770,000	210,767	980,767	-	-	-	-	-	-
2025-2026	865,000	159,947	1,024,947	-	-	-	-	-	-
2026-2027	970,000	100,694	1,070,694	-	-	-	-	-	-
2027-2028	500,000	34,250	534,250	-	-	-	-	-	-
	<u>\$24,339,558</u>	<u>\$16,352,154</u>	<u>\$40,691,712</u>	<u>\$ 1,990,000</u>	<u>\$ 673,387</u>	<u>\$ 2,895,000</u>	<u>\$ 1,137,552</u>	<u>\$ 1,570,000</u>	<u>\$ 367,383</u>

Year of Maturity	1997 Limited Tax Assessment Bancroft Bonds		1999 Street Reconstruction General Obligation		2002 Limited Tax Pension Obligations		2002 Limited Tax Assessment Bancroft Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2003-2004	\$ 185,000	\$ 87,598	\$ 375,000	\$ 377,928	\$ 13,677	\$ 372,380	\$ 51,096	\$ 34,089
2004-2005	190,000	79,087	390,000	363,490	29,847	376,211	53,709	31,476
2005-2006	200,000	70,348	405,000	347,890	43,958	382,099	56,455	28,730
2006-2007	1,315,000	61,147	425,000	331,285	55,650	390,407	59,342	25,843
2007-2008	-	-	440,000	313,647	65,043	401,015	62,377	22,808
2008-2009	-	-	460,000	294,947	73,231	412,827	65,567	19,618
2009-2010	-	-	480,000	275,397	82,139	428,918	68,920	16,265
2010-2011	-	-	505,000	254,997	86,861	444,197	72,444	12,741
2011-2012	-	-	525,000	233,030	92,951	463,106	197,735	9,036
2012-2013	-	-	550,000	209,930	97,868	483,189	-	-
2013-2014	-	-	575,000	185,455	101,687	504,371	-	-
2014-2015	-	-	605,000	159,292	105,019	531,038	-	-
2015-2016	-	-	635,000	131,160	107,498	558,560	-	-
2016-2017	-	-	670,000	101,315	109,483	586,575	-	-
2017-2018	-	-	700,000	69,490	111,140	614,918	-	-
2018-2019	-	-	740,000	35,890	111,257	644,800	-	-
2019-2020	-	-	-	-	159,604	631,454	-	-
2020-2021	-	-	-	-	460,000	366,605	-	-
2021-2022	-	-	-	-	530,000	335,095	-	-
2022-2023	-	-	-	-	600,000	298,790	-	-
2023-2024	-	-	-	-	685,000	257,690	-	-
2024-2025	-	-	-	-	770,000	210,767	-	-
2025-2026	-	-	-	-	865,000	159,947	-	-
2026-2027	-	-	-	-	970,000	100,694	-	-
2027-2028	-	-	-	-	500,000	34,250	-	-
	<u>\$ 1,890,000</u>	<u>\$ 298,180</u>	<u>\$ 8,480,000</u>	<u>\$ 3,685,143</u>	<u>\$ 6,826,913</u>	<u>\$ 9,989,903</u>	<u>\$ 687,645</u>	<u>\$ 200,606</u>

CITY OF ALBANY, OREGON
SCHEDULE OF FUTURE DEBT PRINCIPAL AND INTEREST REQUIREMENTS
BUSINESS-TYPE ACTIVITIES
 June 30, 2003

Year of Maturity	Total Requirements			1993 Sewer Series A Revenue Bonds		1993 Water Series B Revenue Bonds	
	Principal	Interest	Total	Principal	Interest	Principal	Interest
2003-2004	\$ 1,768,960	\$ 723,079	\$ 2,492,039	\$ 475,000	\$ 197,025	\$ 495,000	\$ 225,007
2004-2005	1,846,770	640,337	2,487,107	495,000	172,528	515,000	202,025
2005-2006	1,934,657	552,456	2,487,113	525,000	146,255	540,000	177,490
2006-2007	2,042,704	458,021	2,500,725	560,000	117,765	565,000	151,028
2007-2008	2,145,875	357,423	2,503,298	585,000	87,130	595,000	122,753
2008-2009	2,269,316	249,477	2,518,793	625,000	54,148	630,000	92,500
2009-2010	2,377,902	134,071	2,511,973	660,000	18,480	655,000	60,375
2010-2011	611,687	59,391	671,078	-	-	370,000	34,750
2011-2012	505,679	31,401	537,080	-	-	250,000	19,250
2012-2013	260,000	6,498	266,498	-	-	260,000	6,498
	<u>\$15,763,550</u>	<u>\$ 3,212,154</u>	<u>\$18,975,704</u>	<u>\$ 3,925,000</u>	<u>\$ 793,331</u>	<u>\$ 4,875,000</u>	<u>\$ 1,091,676</u>

Year of Maturity	1993 Sewer Series C Revenue Bonds		1998 Water (1) General Obligation (1)		2002 Water COP	
	Principal	Interest	Principal	Interest	Principal	Interest
2003-2004	\$ 120,000	\$ 65,058	\$ 630,000	\$ 206,120	\$ 48,960	\$ 29,869
2004-2005	125,000	59,538	660,000	179,187	51,770	27,059
2005-2006	135,000	53,662	680,000	150,877	54,657	24,172
2006-2007	135,000	47,082	725,000	121,021	57,704	21,125
2007-2008	145,000	40,500	760,000	89,085	60,875	17,955
2008-2009	155,000	33,250	795,000	55,065	64,316	14,514
2009-2010	160,000	25,500	835,000	18,788	67,902	10,928
2010-2011	170,000	17,500	-	-	71,687	7,141
2011-2012	180,000	9,001	-	-	75,679	3,150
2012-2013	-	-	-	-	-	-
	<u>\$ 1,325,000</u>	<u>\$ 351,091</u>	<u>\$ 5,085,000</u>	<u>\$ 820,143</u>	<u>\$ 553,550</u>	<u>\$ 155,913</u>

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

CITY OF ALBANY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
for the fiscal year ended June 30, 2003

Tax Year	Taxes Receivable June 30, 2002	Levy as extended by assessor	Collections	Discounts & Adjustments	Taxes Receivable June 30, 2003
2002-03	\$ -	\$ 15,615,495	\$(14,569,267)	\$ (278,377)	\$ 767,851
2001-02	716,220	-	(352,867)	(33,036)	330,317
2000-01	340,025	-	(156,369)	701	184,357
1999-00	164,979	-	(114,307)	9,163	59,835
1998-99	55,964	-	(34,943)	(8,634)	12,387
1997-98	15,821	-	(10,572)	3,255	8,504
1996-97	2,698	-	(1,441)	(30)	1,227
1995-96	1,041	-	(995)	751	797
1994-95	762	-	-	(158)	604
1993-94	586	-	(132)	(25)	429
1992-93	400	-	(184)	(42)	174
and prior	8,526	-	(821)	478	8,183
	<u>\$ 1,307,022</u>	<u>\$ 15,615,495</u>	<u>\$(15,241,898)</u>	<u>\$ (305,954)</u>	<u>\$ 1,374,665</u>

COLLECTIONS AND BALANCES RECEIVABLE SUMMARY
BY FUND AND FUND TYPE

General Fund	\$ 10,182,095	\$ 928,804
Special Revenue Funds:		
Parks and Recreation	2,873,152	260,698
Debt Service Funds:		
Debt Service Fund	1,069,307	96,700
Capital Project Funds:		
Central Albany Revitalization Area	343,176	18,457
Enterprise Funds:		
Water	774,168	70,006
	<u>\$ 15,241,898</u>	<u>\$ 1,374,665</u>

	Collections from Above	Accrual of Taxes	Total
General Fund	\$ 10,182,095	\$ 38,974	\$ 10,221,069
Parks and Recreation fund	2,873,152	1,329	2,874,481
Debt Service Fund	1,069,307	7,600	1,076,907
Capital Projects Fund	343,176	17,091	360,267
Water Fund	774,168	3,890	778,058
Property taxes from Statement of Activities (pages 12-13)	<u>\$ 15,241,898</u>	<u>\$ 68,884</u>	<u>\$ 15,310,782</u>
Total collections from above			\$ 15,241,898
Taxes collected in the Water Fund			(774,168)
Property taxes from Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (page 16)			<u>\$ 14,467,730</u>

STATISTICAL SECTION

(page numbers in parentheses)

- General Governmental Expenditures by Function (121)
- General Revenues by Source (122)
- Property Tax Levies and Collections (123)
- Assessed Value of Taxable Property (124)
- Property Tax Rates - All Overlapping Governments (125)
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and Net Bonded Debt Per Capita (127)
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"Few things are harder to put up with than the annoyance of a good example."
Mark Twain (1835-1910)

CITY OF ALBANY, OREGON
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
last ten fiscal years

Fiscal Year Ended June 30,	General Government	Public Safety	Highways and Streets	Culture and Recreation	Capital Outlay	Debt Service	Total
1994	\$ 4,880,026	\$ 7,911,458	\$ 1,367,571	\$ 2,842,924	\$ 3,754,070	\$ 206,040	\$ 20,962,089
1995	5,421,682	8,359,225	1,420,181	3,356,250	4,558,913	466,294	23,582,545
1996	8,066,480	8,777,402	1,544,809	3,607,658	9,190,043	659,260	31,845,652
1997	7,430,949	9,339,625	1,590,979	3,793,806	6,844,444	536,988	29,536,791
1998	6,064,000	9,429,253	1,444,217	3,368,290	7,248,150	1,214,471	28,768,381
1999	6,115,379	10,146,996	1,487,553	3,764,432	6,090,408	1,072,868	28,677,636
2000	6,176,795	10,917,763	1,636,738	4,126,949	5,143,791	1,734,262	29,736,298
2001	6,923,805	11,418,871	1,716,599	4,329,659	7,633,500	1,793,045	33,815,479
2002	14,129,300	(2) 12,157,504	1,928,070	4,556,160	5,635,038	1,896,696	40,302,766
2003	6,650,355	13,844,935	2,183,939	4,987,709	7,777,230	2,306,025	37,750,193

(1) Includes General, Special Revenue, Debt Service, Capital Project Funds, and Permanent Funds

(2) General governmental expenditures for 2002 include a one-time payment of \$6,700,000 to the Oregon Public Employees Retirement System to partially finance the City's unfunded actuarial liability. Proceeds from the 2002 Limited Tax Pension Obligations were used to make the payment.

CITY OF ALBANY, OREGON
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
 last ten fiscal years

Fiscal Year Ended June 30,	Taxes	Franchises Licenses and Permits	Inter- governmental Revenues	Charges for Services	Fines and Forfeitures	Special Assessments	Miscellaneous Including Interest	Total
1994	\$ 8,795,518	\$ 2,516,302	\$ 4,159,915	\$ 3,888,999	\$ 285,580	\$ 137,776	\$ 693,195	\$ 20,477,285
1995	9,991,337	3,150,967	3,715,551	3,937,351	351,333	384,472	979,545	22,510,556
1996	10,516,993	3,087,464	4,639,101	4,577,179	470,935	1,348,947	1,031,805	25,672,424
1997	11,454,013	4,003,609	5,849,989	4,760,385	571,698	546,499	1,018,767	28,204,960
1998	11,452,307	4,045,026	4,081,580	4,867,356	514,375	2,081,112	1,235,046	28,276,802
1999	10,425,555	4,463,958	3,919,176	5,031,850	599,080	614,436	1,061,993	26,116,048
2000	12,417,367	4,963,837	4,394,900	4,831,553	645,140	604,826	2,557,419	30,415,042
2001	13,151,492	5,356,917	4,622,000	5,037,361	576,427	533,127	1,544,062	30,821,386
2002	14,053,132	5,787,913	5,188,361	5,531,010	597,223	831,361	1,221,913	33,210,913
2003	14,981,840	6,468,494	6,511,342	6,003,485	614,142	621,006	847,433	36,047,742

(1) Includes General, Special Revenue, Debt Service, and Capital Project Funds

CITY OF ALBANY, OREGON
PROPERTY TAX LEVIES AND COLLECTIONS
last ten fiscal years

Fiscal Year Ended June 30,	Total Tax Levy and Adjustments	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collection to Tax Levy(1)	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
1994	\$ 8,734,528	\$ 8,259,119	94.56%	\$ 621,120	\$ 8,880,239	101.67%	\$ 516,991	5.92%
1995	10,397,640	9,863,975	94.87	747,652	10,611,627	102.06	435,178	4.19
1996	11,038,193	10,553,272	95.61	606,479	11,159,751	101.10	474,785	4.30
1997	11,931,567	11,384,093	95.41	688,686	12,072,779	101.18	354,091	2.97
1998	11,977,045	11,342,321	94.70	620,204	11,962,525	99.88	424,275	3.54
1999	10,983,511	10,468,911	95.31	522,828	10,991,739	100.07	456,195	4.15
2000	12,474,308	11,858,395	95.06	499,928	12,358,323	99.07	426,678	3.42
2001	13,683,864	12,926,133	94.46	523,237	13,449,370	98.29	521,130	3.81
2002	14,422,742	13,706,523	95.03	623,983	14,330,506	99.36	590,804	4.10
2003	15,337,118	14,569,267	94.99	672,631	15,241,898	99.38	606,814	3.96

(1) Includes penalty and interest on delinquent tax accounts

CITY OF ALBANY, OREGON
ASSESSED VALUE OF TAXABLE PROPERTY
last ten fiscal years

Fiscal Year Ended June 30,	Gross Assessed Value	Less: Urban Renewal District (1)	Net Assessed Value
1994	\$ 1,053,048,881	\$ -	\$ 1,053,048,881
1995	1,462,003,612	-	1,462,003,612
1996	1,643,660,879	-	1,643,660,879
1997	1,803,942,045	-	1,803,942,045
1998	1,581,071,829	-	1,581,071,829
1999	1,666,644,415	-	1,666,644,415
2000	1,783,650,135	-	1,783,650,135
2001	1,911,817,066	-	1,911,817,066
2002	2,022,331,990	-	2,022,331,990
2003	2,111,294,047	24,211,634	2,087,082,413

(1) Established on September 7, 2001, with the first taxes collected in the fiscal year 2002-03.

CITY OF ALBANY, OREGON
DIRECT AND OVERLAPPING PROPERTY TAX RATES - ALL GOVERNMENTS (1)
last ten fiscal years

Fiscal Year Ended June 30,	County	City of Albany	Linn & Benton Counties	ESD/Linn Benton Counties	Greater Albany Public School District #8	Linn-Benton Community College	Albany Urban Renewal	North Albany Service District	Total Tax Rate
1994	Linn	\$ 7.50	\$ 2.69	\$ 0.62	\$ 13.06	\$ 1.42	\$ -	\$ -	\$ 25.29
	Benton	7.50	2.57	0.62	13.06	1.42		0.76	25.93
1995	Linn	7.29	2.49	0.32	6.46	0.73		-	17.29
	Benton	7.29	2.19	0.32	6.46	0.73		0.55	17.54
1996	Linn	6.93	2.68	0.22	4.31	0.69		-	14.83
	Benton	6.93	2.15	0.22	4.31	0.69		0.50	14.80
1997	Linn	6.82	2.60	0.22	4.77	0.69		-	15.10
	Benton	6.82	2.02	0.22	4.77	0.69		0.53	15.05
1998	Linn	7.74	3.43	0.31	5.93	0.73		-	18.14
	Benton	7.74	2.18	0.31	5.93	0.77		0.53	17.46
1999	Linn	6.70	3.11	0.31	5.23	0.72		-	16.07
	Benton	6.70	2.21	0.31	5.23	0.72		0.54	15.71
2000	Linn	7.16	3.19	0.31	5.54	0.70		-	16.90
	Benton	7.16	2.53	0.31	5.54	0.70		0.50	16.74
2001	Linn	7.36	3.20	0.30	5.50	0.71		-	17.07
	Benton	7.36	2.55	0.30	5.50	0.71		0.46	16.88
2002	Linn	7.30	3.05	0.30	5.07	0.72		-	16.44
	Benton	7.30	2.85	0.30	5.07	0.70		0.46	16.68
2003	Linn	7.23	3.04	0.30	4.93	0.69	0.18	-	16.37
	Benton	7.23	2.85	0.30	4.93	0.70	0.18	0.46	16.65

(1) Source: Summary of Assessments and Tax Roll, Linn and Benton Counties, Oregon

CITY OF ALBANY, OREGON
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS (1)
 last ten fiscal years

Fiscal Year Ended June 30,	Assessments Outstanding at July 1,	Assessments & Adjustments Made During Year	Assessments Collected During Year	Assessments Outstanding at June 30,	Ratio of Collection to Outstanding at June 30,
1994	\$ 5,326,382	\$ 239,171	\$ 1,346,996	\$ 4,218,557	31.93%
1995	4,218,557	3,948,863	956,585	7,210,835	13.27
1996	7,210,835	257,269	1,927,496	5,540,608	34.79
1997	5,540,608	2,485,344	947,626	7,078,326	13.39
1998	7,078,326	(98,553)	1,918,271	4,679,165	41.00
1999	4,679,165	155,785	768,593	4,066,357	18.90
2000	4,066,357	348,450	650,562	3,764,245	17.28
2001	3,764,245	747,563	521,837	3,989,971	13.08
2002	3,989,971	2,711,285	801,889	5,899,367	13.59
2003	5,899,367	2,373,259	581,354	7,691,272	7.56

(1) Governmental Fund Types

CITY OF ALBANY, OREGON
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
last ten fiscal years

Fiscal Year Ended June 30,	Population	Assessed Value	Gross Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed value	Net Bonded Debt Per Capita
1994	34,350	\$1,053,048,881	\$ 373,000	\$ 355,026	\$ 17,974	0.1700%	\$ 0.52
1995	36,205	1,462,003,612	8,958,703 (1)	251,412	8,707,291	0.5956	240.50
1996	36,214	1,643,660,879	8,502,789	168,248	8,334,541	0.5071	230.15
1997	37,109	1,803,942,405	11,741,875 (2)	408,710	11,333,165	0.6282	305.40
1998	37,830	1,581,071,829	11,217,683	366,091	10,851,592	0.6863	286.85
1999	37,925	1,666,644,415	20,453,371 (3)	383,204	20,070,167	1.2042	529.21
2000	40,010	1,783,650,135	19,484,059	310,682	19,173,377	1.0750	479.21
2001	41,145	1,911,817,066	18,479,747	265,384	18,214,363	0.9527	442.69
2002	41,650	2,022,331,990	17,425,435	234,695	17,190,740	0.8500	412.74
2003	42,280	2,087,082,413	16,336,123	280,981 (4)	16,055,142	0.7693	379.73

(1) Includes the 1987 Senior Center Bonds and the 1987 Advance Refunding General Obligation Water Bonds. In years prior to 1995, debt service requirements on the Water Bonds were met using water revenues.

(2) In December 1996, \$3,700,000 of general obligation bonds were issued to finance the construction and equipping of two new fire stations and a firefighter training facility.

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

(4) Consists of \$144,016 for the 1996 Fire Substation General Obligation Bonds, \$72,606 for the 1999 General Obligation Bonds, and \$64,359 for the 1998 General Obligation Water Bonds.

CITY OF ALBANY, OREGON
COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2003

Oregon Revised Statutes, Chapter 287, provides a debt limit of three percent (3%) of the true cash value of all property within City boundaries.

True Cash Value (1)		\$ 2,523,529,834
		3%
General Obligation Debt Limit - 3% of True Cash Value		<u>\$ 75,705,895</u>
Gross bonded debt principal (2)	\$ 18,913,768	
Less: Improvement bonds	2,577,645	
Less: Debt service monies available:		
Debt Service Fund	216,622	
Water Fund	<u>64,359</u>	
Net Debt Subject to 3% Limitation		<u>16,055,142</u>
Legal Debt Margin - General Obligation		<u><u>\$ 59,650,753</u></u>

(1) Source: Tax Roll - Linn and Benton County Assessors

(2) Source: Note 7 to the General Purpose Financial Statements

CITY OF ALBANY, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)
June 30, 2003

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Albany	Amount Applicable to City of Albany
Direct Debt			
City of Albany (2)	\$ 23,286,913	100.0000%	\$ 23,286,913
Overlapping Debt			
Benton County	11,617,907	6.7008	778,493
North Albany County Service District	1,085,832	99.8588	1,084,299
Linn County	2,830,000	31.3247	886,489
Grand Prairie Water Control District	990,422	69.9344	692,646
Greater Albany Public School District 8J	5,010,000	68.6719	3,440,462
Linn Benton Community College	19,558,258	20.7021	4,048,970
Total Overlapping Debt	<u>41,092,419</u>		<u>10,931,359</u>
Total Direct and Overlapping Debt	<u>\$ 64,379,332</u>		<u>\$ 34,218,272</u>

(1) Source - State of Oregon, Treasury Department

(2) City of Albany Net Outstanding Debt

Limited Tax Pension Obligations, Series 2002	\$ 6,826,913
1996 Fire Substation Construction General Obligation Bonds	2,895,000
1999 Street Reconstruction General Obligation Bonds	8,480,000
1998 General Obligation Water Refunding Bonds	5,085,000
Total direct debt	<u>\$ 23,286,913</u>

CITY OF ALBANY, OREGON
RATIO OF ANNUAL GENERAL OBLIGATION BONDED DEBT SERVICE EXPENDITURES
TO GENERAL GOVERNMENTAL EXPENDITURES (1)
last ten fiscal years

Fiscal Year Ended June 30,	Principal	Interest	Total	Total General Expenditures	Ratio of Debt Service to Total General Expenditures
1994	\$ 107,500	\$ 27,905	\$ 135,405	\$ 24,785,623	0.55%
1995	463,000 (2)	620,613	1,083,613	20,962,089	5.17
1996	465,000	585,653	1,050,653	23,582,545	4.46
1997	470,000	553,223	1,023,223	31,845,652	3.21
1998	745,000	835,875	1,580,875	29,536,791	5.35
1999	635,000	496,941	1,131,941	28,768,381	3.93
2000	990,000 (3)	805,192	1,795,192	28,677,636	6.26
2001	1,025,000	861,672	1,886,672	33,815,479	5.58
2002	1,075,000	821,839	1,896,839	40,302,768	4.71
2003	1,110,000	778,776	1,888,776	37,750,193	5.00

(1) Bancroft Improvement Bonds are not included. These bonds are payable first from assessments to benefited property owners and second, if necessary, from general property tax revenues.

(2) In November 1984, the City issued General Obligation/Revenue Bonds to purchase the city-wide water system from Pacific Power & Light. Through 1994, the annual debt service requirements were made from revenues generated through water user charges. Beginning in 1995, the City has levied property taxes to meet debt service requirements.

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

CITY OF ALBANY, OREGON
REVENUE BOND COVERAGE - ENTERPRISE FUNDS
last ten fiscal years

Fiscal Year Ended June 30,	Operating Revenues	Operating Expenses (1)	Net Operating Revenues	Debt Requirements		Total Debt Requirements	Coverage
				Principal (2)	Interest (2)		
1994	\$ 9,037,688	\$ 5,133,355	\$ 3,904,333	\$ 735,000	\$ 1,354,573	\$ 2,089,573	186.85%
1995	9,760,583	5,138,808	4,621,775	745,000	897,719	1,642,719	281.35
1996	9,848,363	5,805,091	4,043,272	730,000	858,540	1,588,540	254.53
1997	10,625,772	6,400,969	4,224,803	770,000	816,161	1,586,161	266.35
1998	10,812,600	6,442,518	4,370,082	800,000	771,892	1,571,892	278.01
1999	12,024,171	7,384,109	4,640,062	850,000	725,692	1,575,692	294.48
2000	12,942,813	8,237,264	4,705,549	710,000	675,529	1,385,529	339.62
2001	13,195,007	9,599,974	3,595,033	930,000	632,375	1,562,375	230.10
2002	13,740,259	10,058,642	3,681,617	990,000	584,371	1,574,371	233.85
2003	15,079,613	10,501,818	4,577,795	1,045,000	536,874	1,581,874	289.39

NOTE: In November 1984, the City issued General Obligation/Revenue Bonds to purchase the city wide water system from Pacific Power & Light. Through 1994, the annual debt service requirements were made from revenues generated through water user charges. Beginning in 1995, the City levied property taxes to meet debt service requirements. Principal and interest payments covered by property taxes amounted to \$831,343 for the fiscal year ended June 30, 2003.

(1) Operating expenditures less depreciation.

(2) Includes principal and interest amounts paid from water and sewer revenues only. Principal and interest payments from property tax levies are not included.

CITY OF ALBANY, OREGON
DEMOGRAPHIC STATISTICS
 last ten fiscal years

Fiscal Year Ended June 30,	Population (1)	Unemployment Rate (2)	School Enrollment (3)
1994	34,350	7.40%	7,625
1995	36,205	5.20	7,722
1996	36,214	6.10	7,660
1997	37,109	6.10	7,770
1998	37,830	8.30	7,983
1999	37,925	7.50	8,060
2000	40,010	6.30	8,015
2001	41,145	7.60	8,075
2002	41,650	8.90	8,235
2003	42,280	11.40	8,438

(1) Portland State University, Population Research and Census Center
 (2) State of Oregon, Employment Division for Linn County
 (3) Greater Albany Public School District 8J

CITY OF ALBANY, OREGON
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
 last ten fiscal years

Fiscal Year Ended June 30,	<u>Commercial Construction</u>		<u>Residential Construction</u>		Bank Deposits (3) (000's)
	Number of Permits (1)	Value	Number of Permits (2)	Value	
1994	33	\$ 7,813,844	344	\$ 25,355,229	\$ 213,626
1995	50	34,803,438	363	21,001,800	342,123
1996	38	9,028,807	232	21,928,385	344,574
1997	46	8,585,048	283	31,696,926	333,746
1998	35	11,356,985	373	37,287,967	335,751
1999	32	6,093,634	274	28,918,408	314,123
2000	64	9,003,458	232	36,110,312	333,113
2001	16	14,330,985	373	26,995,349	335,837
2002	20	10,237,499	458	40,510,833	348,450
2003	21	2,369,673	583	53,381,857	356,378

(1) Source: City of Albany Code Enforcement Division records

(2) Includes residential mobile home setup fees

(3) State of Oregon, Banking Division Annual Report of the Superintendent of Banks

CITY OF ALBANY, OREGON
ALBANY AREA MAJOR EMPLOYERS

June 30, 2003

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees (1)</u>
Oregon State University	Public education	9,011
Hewlett Packard	Electronics manufacturing	4,200
Alvac Albany	Rare metals manufacturing	1,256
Linn Benton Community College	Public education	1,069
Greater Albany Public School District 8J	Public education	937
Samaritan Health Services	Health care	881
Weyerhaeuser	Wood and paper products	817
Dayton/Hudson Corporation	Warehouse distribution	779
Linn County	Government	747
City of Albany	Municipal government	334

(1) Source: Employer Personnel offices

CITY OF ALBANY, OREGON
TAX REVENUES BY SOURCE
 last ten fiscal years

Fiscal Year Ended June 30,	Total Tax	General Property Tax (1)	Franchise Fees, Licenses and Permits (2)	Transient Room Tax (3)
1994	\$ 11,591,074	\$ 8,880,239	\$ 2,516,301	\$ 194,534
1995	14,044,898	10,611,627	3,150,967	282,304
1996	14,567,598	11,159,751	3,087,464	320,383
1997	16,426,460	12,072,779	4,003,609	350,072
1998	16,316,206	11,962,525	4,003,609	350,072
1999	15,786,959	10,991,739	4,463,958	331,262
2000	17,709,296	12,358,323	4,963,837	387,136
2001	19,241,297	13,449,370	5,356,917	435,010
2002	20,601,102	14,330,506	5,787,913	482,683
2003	22,293,386	15,310,782	6,468,494	514,110

(1) Statement of Activities (page 12)

(2) Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Fund (page 16)

(3) Statement of Activities (page 12)

**CITY OF ALBANY, OREGON
PRINCIPAL TAXPAYERS (1)**

June 30, 2003

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2003 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation(2)</u>
<u>Nonutility:</u>			
Dayton Hudson Corporation	Warehousing	\$ 69,281,650	3.28%
Alvac Albany	Rare metals	28,006,140	1.33
Waverly Land Management	Retail	21,893,530	1.04
Oregon Freeze Dry	Food processing	21,738,380	1.03
Synthetec	Biotech manufacturing	20,891,370	0.99
Heritage Mall Assoc.	Retail	17,763,230	0.84
Pacific Cast Technologies	Rare metals manufacturing	16,932,340	0.80
Met Life (Fred Meyer)	Retail	15,103,950	0.72
Nationwide Health Properties	Residential care	11,903,850	0.56
Eugene Freezing and Storage Co.	Warehousing	11,817,890	0.56
		<u>\$ 235,332,330</u>	<u>11.15%</u>
<u>Utilities:</u>			
Qwest, Pacific Power, NW Natural, Consumers Power	Utilities	<u>\$ 66,799,389</u>	<u>3.16%</u>

(1) Source: Linn County and Benton County Assessors

(2) City of Albany assessed value = \$2,111,294,047.

CITY OF ALBANY, OREGON
MISCELLANEOUS STATISTICAL DATA

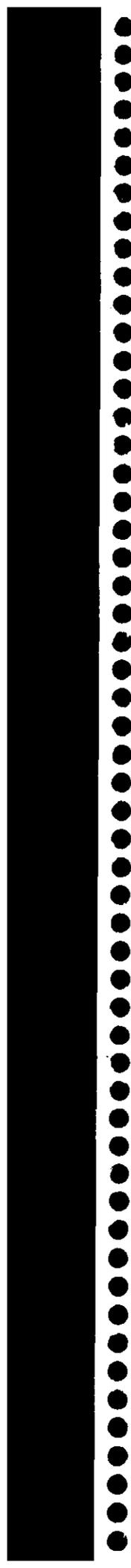
June 30, 2003

Year Founded	1848
Date of Incorporation	October 24, 1864
Date first Charter adopted	February 24, 1891
Date present Charter amended	March 10, 1998
Form of Government	Council-Manager
Total assessed value of property in Albany, Oregon (Linn and Benton Counties)	\$ 2,111,294,047
Police Protection:	
Number of stations	1
Number of employees	87
Number of police officer reserves	6
Fire Protection:	
Number of stations	4
Number of fire administration personnel	6
Number of emergency services shift personnel	51
Number of prevention division personnel	3
Number of fire clerical/support staff	5
Number of emergency calls	4,992
Number of FIREMED subscribers	2,194
Recreation and Culture:	
Number of libraries	2
Number of volumes	141,221
Number of developed park sites	29
Number of acres of developed park land	621
Annual class attendance:	
Parks and Recreation classes (322)	37,365
Senior Center (registered participants)	35,119
Sports programs	30,324
Aquatics	4,134
Permanent City Employees:	
Policy formulation, administration and other services	33
Community development and conservation	15
Protection of persons and property	138
Community infrastructure	95
Education and leisure time activities	53
Streets:	
Miles of improved roads	150.40
Miles of unimproved roads	20.05
Miles of gravel streets	7.35
Sewer:	
Miles of sanitary sewers	198.70
Miles of storm sewers (12 inches and larger)	84.99

CITY OF ALBANY, OREGON
MISCELLANEOUS STATISTICAL DATA, continued
June 30, 2003

Sewage disposal:	
Average number of gallons treated per day	8,155,230
Hookups	18,827
Water:	
Miles of water lines	246
Hookups	15,493
Water Treatment:	
Average number of gallons treated per day	8,004,000
Daily capacity	16,500,000
Peak daily flow	16,480,000
Street lights:	
Number in the City (Consumers Power-93, Pacific Power-2344)	2,437
Education(1):	
Schools:	
Number of elementary schools	14
Number of middle schools	3
Number of high schools	2
Number of alternative schools	1
Administration:	
Number of principals	17
Number of assistant principals	7
Number of teachers	436
Number of other administrative personnel	12
Support staff	465
Population (2):	
City population for the last six censuses:	
1950	10,115
1960	12,926
1970	18,181
1980	26,678
1990	29,160
2000	40,010
2003 (Estimated)	42,280

(1) Greater Albany Public School District 8J
(2) United State Census Reports



AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

- Report of Independent Accountants
- Government Auditing Standards Reports

"The ability to quote is a serviceable substitute for wit."
Somerset Maugham

CITY OF ALBANY, OREGON

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

Year Ended June 30, 2003

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

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

The City has no independently elected officials that receive cash.

Outstanding Warrants (OAR 162-10-230)

The City had no outstanding warrants at June 30, 2003.

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

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

Collateral (OAR 162-10-240)

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

Indebtedness (OAR 162-10-250)

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

Budget (OAR 162-10-260)

The City's compliance with the provisions of the Oregon Revised Statutes as they apply to the preparation, adoption, and execution of the annual budget for the 2002-2003 fiscal year and the preparation and adoption of the annual budget for the 2003-2004 fiscal year was reviewed. Our review showed that the City was in compliance with the Statutes.

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

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

CITY OF ALBANY, OREGON

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

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

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

Highway Funds (OAR 162-10-295)

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

Investments (OAR 162-10-300)

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

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

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

GOVERNMENT AUDITING STANDARDS REPORTS

"Nothing endures but change"
Heraclitus



Shareholders:

Fredrick M. Koontz, CPA
Richard D. Perdue, CPA
Debra L. Blasquez, CPA
Wesley B. Price, CPA-Retired

Koontz & Perdue, P.C.
Certified Public Accountants

Staff:

Glen O. Kearns, CPA
Pam S. Strutz, CPA
Susan D. Davis
Danielle R. Volk
Adam M. Huskey
Irina O. Stein

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

To the City Council
City of Albany
Albany, Oregon

We have audited the financial statements of the City of Albany as of and for the year ended June 30, 2003, and have issued our report thereon dated September 24, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

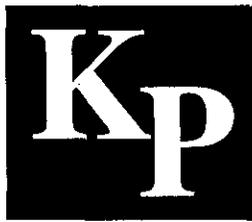
In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Koontz & Perdue P.C.

Koontz & Perdue, P.C.
Albany, Oregon

September 24, 2003



Koontz & Perdue, P.C.
Certified Public Accountants

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

To the City Council
City of Albany
Albany, Oregon

Compliance

We have audited the compliance of the City of Albany with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The City of Albany's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Albany's management. Our responsibility is to express an opinion on the City of Albany's compliance based on our audit.

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

In our opinion, the City of Albany complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the City of Albany is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Albany's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

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



Koontz & Perdue, P.C.
Albany, Oregon

September 24, 2003

CITY OF ALBANY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2003

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Albany.
2. No reportable conditions relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City of Albany were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the City of Albany expresses an unqualified opinion.
6. No audit findings relative to the major federal award programs for the City of Albany are reported in this Schedule.
7. The programs tested as major programs include: Federal Highway Administration, CFDA No. 20.312.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The City of Albany did qualify as a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

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

None

CITY OF ALBANY
Albany, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2003

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. Dept. Housing and Urban Development		
Community Development Block Grants/Small Cities Program	14.219	188,811
U.S. Dept. of the Interior		
Acquisition, Development and Planning	15.905	7,329
U.S. Dept. of Justice		
Bulletproof Vest Partnership Program	16.607	1,976
Law Enforcement Block Grant	16.592	51,011
COPS More Grant	16.710	86,502
U.S. Dept. of Transportation		
Airport Improvement Program	20.106	167,861
High Speed Ground Transportation – Next Generation High Speed Rail Program	20.312	1,541,015 *
Formula Grants for Other Than Urbanized Areas	20.509	113,448
Elderly and Persons with Disabilities Program	20.513	198,063
State and Community Highway Safety	20.600	6,497
General Services Administration		
Donation of Federal Surplus Personal Property	39.003	154
Department of Health and Human Services		
Medical Assistance Program	93.778	<u>114,672</u>
 Total Federal Awards		 <u>\$2,477,339</u>

* DENOTES MAJOR PROGRAMS

CITY OF ALBANY, OREGON

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Albany and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

"A wise man sees as much as he ought, not as much as he can."
Michel de Montaigne