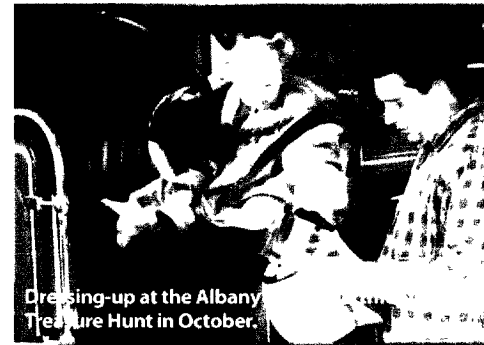
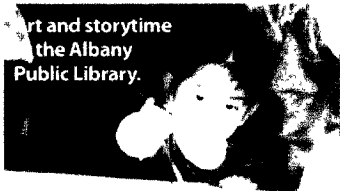




...Riverside' ...ams



Dressing-up at the Albany Treasure Hunt in October.



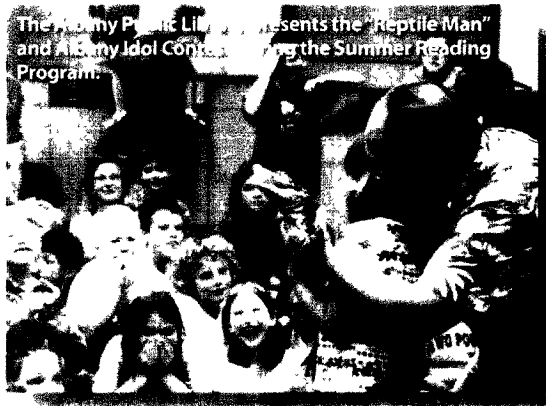
Art and storytime at the Albany Public Library.



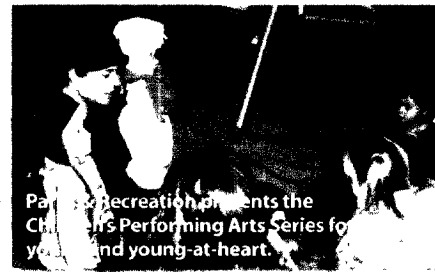
...to clean-up ...ball field ...Albany parks



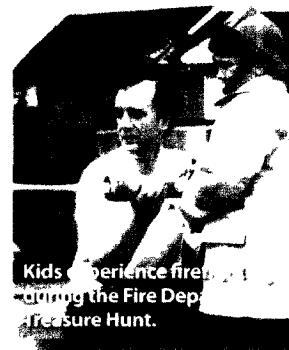
Library changes the healthy



The Albany Public Library presents the "Reptile Man" and Albany Idol Contest during the Summer Reading Program.



Parks & Recreation presents the Children's Performing Arts Series for young and young-at-heart.



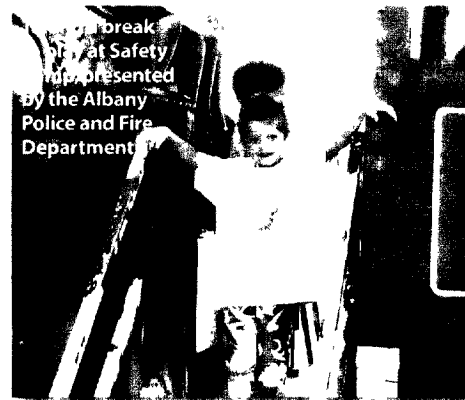
Kids experience fire during the Fire Department Treasure Hunt.



Fun for the whole family at the Northwest Art & Music Festival presented by Parks & Recreation.



Making new friends at Maple Lawn Park presented by Parks & Recreation.



Breakfast at Safety presented by the Albany Police and Fire Department.

CITY OF ALBANY, OREGON

YEAR ENDED JUNE 30 2004

2004

City of Albany, Oregon

**Comprehensive Annual Financial Report
for the Fiscal Year Ended
June 30, 2004**

* * * * *

Steve W. Bryant, City Manager

Susan Busbice, Assistant City Manager/Chief Financial Officer

Prepared by:

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

City of Albany, Oregon
Table of Contents

Page

INTRODUCTORY SECTION

List of Officers, Council Members, and Administrative Staff.....	i
Organization Chart.....	ii
Letter of Transmittal.....	iii
Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2003.....	x

FINANCIAL SECTION

Report of Independent Auditors.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets.....	11
Statement of Activities.....	12
Fund Financial Statements	
Major Governmental Funds:	
Balance Sheet.....	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets.....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	17
Statement of Revenues and Expenditures, Budget and Actual General Fund.....	18
Street Fund.....	21
Parks & Recreation Fund.....	22
Proprietary Funds:	
Statement of Net Assets.....	24
Statement of Revenues, Expenses, and Changes in Net Assets.....	25
Statement of Cash Flows.....	26
Notes to the Basic Financial Statements.....	28
Supplementary Data	
Combining Statements - Nonmajor Governmental Funds	
Governmental Funds - Combining Balance Sheet.....	55
Governmental Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	56
Special Revenue Funds - Combining Balance Sheet.....	58
Special Revenue Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	60

City of Albany, Oregon
Table of Contents, continued

	<u>Page</u>
Debt Service Funds - Combining Balance Sheet.....	64
Debt Service Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	65
Capital Project Funds - Combining Balance Sheet.....	68
Capital Project Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	69
Permanent Funds - Combining Balance Sheet.....	72
Permanent Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	73
Combining Statements - Nonmajor Internal Service Funds	
Internal Service Funds - Combining Statement of Net Assets.....	76
Internal Service Funds - Combining Statement of Revenues, Expenses, and Changes in Net Assets.....	77
Internal Service Funds - Combining Statement of Cash Flows.....	78
 Budgetary Comparisons	
Schedule of Revenues and Expenditures - Budget and Actual	
Governmental Funds:	
Special Revenue	
Grants.....	82
Building Inspection.....	84
Community Development.....	85
Public Safety Levy.....	86
Library Memorial.....	87
Payroll Insurance.....	88
Environmental Safety.....	89
PERS Reserve.....	90
VALIANT.....	91
Economic Improvement District.....	92
Economic Development.....	93
State Revenue Sharing.....	94
Ambulance.....	95
Public Transit.....	96
Senior Center Foundation.....	97
Debt Service	
Debt Service.....	98
Bancroft Bond Redemption.....	99
Capital Project	
Equipment Replacement.....	100
Capital Projects.....	101
Improvement.....	102
Central Albany Revitalization Area.....	103

City of Albany, Oregon
Table of Contents, continued

Page

Permanent	
Senior Center Endowment.....	104
Library Trust.....	105
Proprietary Funds:	
Enterprise	
Water.....	108
Sewer.....	110
Internal Service	
Equipment Maintenance.....	112
Information Systems.....	113
Central Services.....	114
Geographic Information Systems.....	115
Reconciliation of Budgetary Revenues, Expenditures, and Fund Balances to Statement of Revenues, Expenses, and Changes in Net Assets of Enterprise Funds.....	116
Capital Assets Used in the Operation of Governmental Funds	
Schedule of Governmental Capital Assets - By Source.....	118
Schedule of Changes in Governmental Capital Assets.....	119
Schedule of Governmental Capital Assets - By Function and Activity.....	120
Schedule of Changes in Governmental Capital Assets - By Function and Activity.....	121
Other Financial Schedules	
Schedule of Debt Principal Transactions.....	124
Schedule of Debt Interest Transactions.....	125
Schedule of Future Debt Principal and Interest Requirements - Governmental Activities.....	126
Schedule of Future Debt Principal and Interest Requirements - Business-Type Activities.....	128
Schedule of Property Tax Transactions and Outstanding Balances.....	130

STATISTICAL SECTION

General Governmental Expenditures by Function.....	131
General Governmental Revenues by Source.....	132
Property Tax Levies and Collections.....	133
Assessed Value of Taxable Property.....	134
Direct and Overlapping Property Tax Rates - All Governments.....	135
Special Assessment Billings and Collections.....	136
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita.....	137
Computation of Legal Debt Margin.....	138
Computation of Direct and Overlapping Debt.....	139
Ratio of Annual General Obligation Bonded Debt Service Expenditures to General Governmental Expenditures.....	140
Revenue Bond Coverage - Enterprise Funds.....	141
Demographic Statistics.....	142

City of Albany, Oregon
Table of Contents, continued

Page

STATISTICAL SECTION, continued

Property Value, Construction, and Bank Deposits.....	143
Albany Area Major Employers.....	144
Tax Revenues by Source.....	145
Principal Taxpayers.....	146
Miscellaneous Statistical Data.....	147

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE

REGULATIONS SECTION

Disclosures and Independent Auditor's Comments Required by the Minimum Standards for Audits of Oregon Municipal Corporations.....	149
---	-----

Government Auditing Standards Reports

Report of Independent Accountants on Compliance and Internal Control Over Financial Reporting Based on an Audit of the Basic Financial Statements Performed in Accordance with Government Auditing Standards.....	153
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	155
Schedule of Expenditures of Federal Awards.....	157
Notes to Schedule of Expenditures of Federal Awards.....	158
Schedule of Current-year Findings and Questioned Costs.....	159

Introductory Section

(page numbers in parentheses)

- **List of Officers, Council Members, and Administrative Staff (i)**
- **Organization Chart (ii)**
- **Letter of Transmittal (iii-ix)**
- **Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Year Ended June 30, 2003 (x)**

I choose a block of marble and chop off whatever I don't need.

Francois-Auguste Rodin, when asked how he managed to make his remarkable statues

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, 2004

Council Members

Ward	Council	Years of Service	Term Expires
	Chuck McLaran, Mayor	10	December 31, 2004
I	Dick Olsen	6	December 31, 2006
I	Doug Killin	7	December 31, 2004
II	Sharon Konopa	7	December 31, 2004
II	Ralph Reid, Jr., Council President	10	December 31, 2006
III	Bessie Johnson	2	December 31, 2006
III	Leonard Smith (resigned June 30, 2004)	3	December 31, 2004
III	Glenda Fleming (appointed July 1, 2004)		December 31, 2004

Administrative Staff

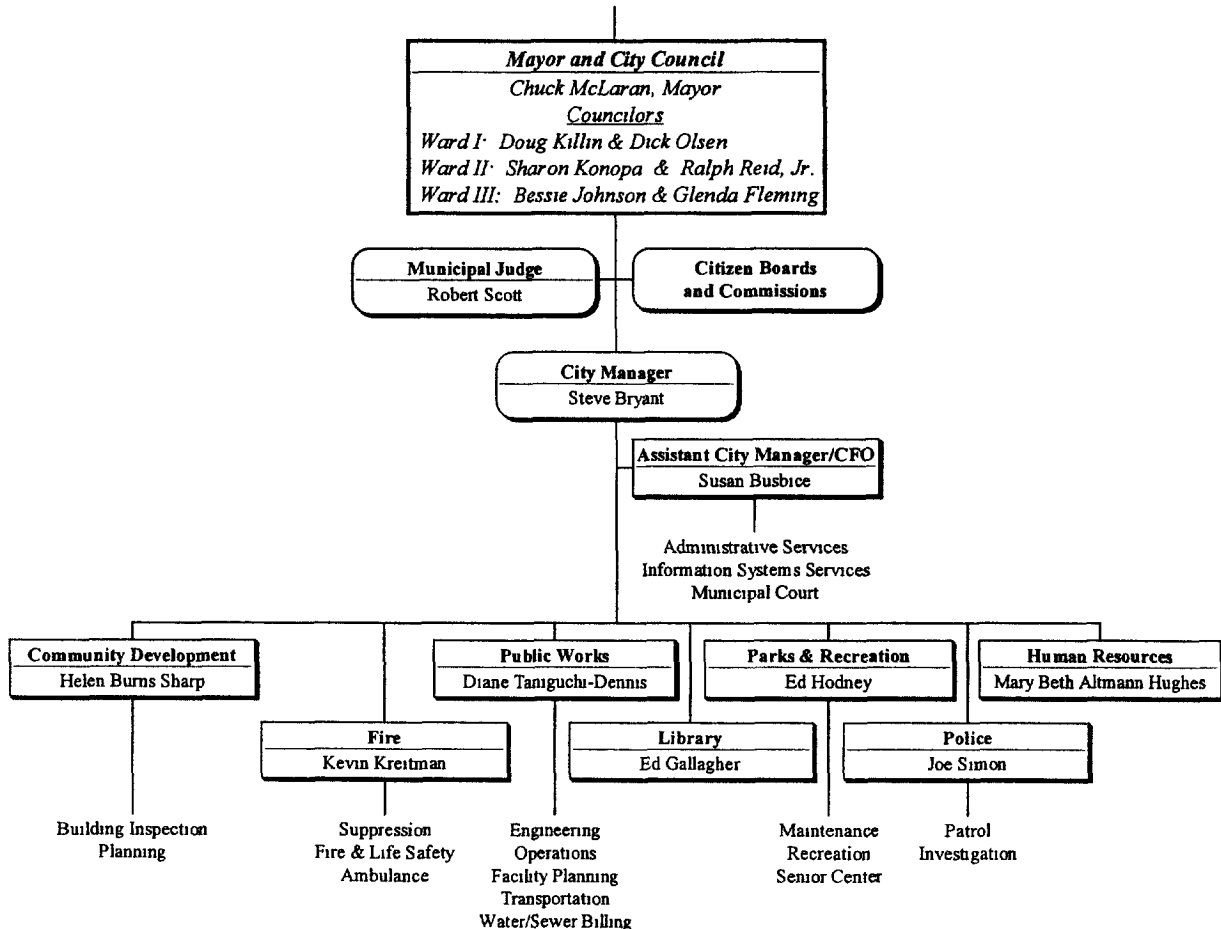
		Years in this Position	Years of Service with the City of Albany
City Manager	Steve Bryant	20	30
Assistant City Manager/CFO	Susan Busbice	01/19/04	1
Public Works Director	Diane Taniguchi-Dennis	07/01/03	5
Community Development Director	Helen Burns Sharp	15	15
Parks Director	Ed Hodney	1	1
Library Director	Ed Gallagher	1	6
Police Chief	Joe Simon	4	4
Fire Chief	Kevin Kreitman	5	23

Principal Finance Staff

Assistant City Manager/CFO
Susan Busbice

Finance Manager
John Stahl

Citizens of the City of Albany



ELECTED

Appointed by City Council

Appointed by City Manager



CITY OF
Albany
OREGON

September 30, 2004

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

CITY HALL

333 Broadalbin SW
P.O. Box 490
Albany, OR 97321 0744
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) 917-7673

Transit

(541) 917-7777
FAX (541) 917-7777
TDD (541) 917-7777

The Comprehensive Annual Financial Report of the City of Albany, Oregon (the City) for the fiscal year ended June 30, 2004, 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 2003 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. In addition, financial data for the Albany Public Library Foundation has been included as a discretely presented component unit. The City provides a full range of services which include police and fire protection; sewer services; water services; construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events.

ABOUT ALBANY, OREGON

Albany is located in the heart of the Willamette Valley, 24 miles south of Salem, the State capital, and 40 miles north of Eugene, the state's second largest city. With a 2004 population of 43,600 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
2004 Estimated	43,600	104,900	80,500

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 356 permanent employees.

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

ECONOMIC OUTLOOK AND CONDITION

The City's economic base is one of diversity. Oregon State University in nearby Corvallis and Linn-Benton Community College in Albany, employ almost 11,000 people. In Corvallis, Hewlett Packard, a worldwide electronics manufacturing company, employs 4,200. 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 ALVAC Albany, create specialized products for the fields of aerospace, super conductivity, fiber optics, nuclear energy generation, and photography.

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

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

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%).

Although improving, unemployment rates continue to be a concern for the region. Statistics published by the Oregon Employment Department show that as of June 30, 2004, the unemployment rates for Linn and Benton Counties were 9.7% and 3.4%, respectively. These rates are down from 11.4% and 4.3% for June 30, 2003.

Linn County's jobless rate is almost two full percentage points below June of 2003. While there are more people employed this year compared to last (+260), the total labor force size was 722 less than June 2003. This indicates that while the population has increased, the number of residents deciding to look for work decreased.

Benton County's jobless rate decreased almost a full percentage point below June 2003. 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.

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 from \$2.524 billion to \$2.572 billion in the last fiscal year.

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 2003-04:

In March 2003, the City Council set the following seven priority goals for the year:

Improve Albany's potential as an ideal community for the retention and attraction of business that will enhance local economic conditions and add to the overall quality of life.

· The City completed the LCDC Periodic Review requirement for Goal 9 (Economy of the State) including refinement of industrial land inventory information, hosting the State Industrial Lands Committee, and presentation of local sites for future state listing as "Certified Industrial Sites".

- The City assisted the Albany/Millersburg Economic Development Corporation in hosting several industrial prospects and working with existing industries in retention and expansion activities.
- Additional funding was added to Water and Sewer Economic Development activities for potential assistance to new or expanding industries.
- Central Albany Redevelopment Agency (CARA) urban renewal projects were expanded including development of a streetscape master plan, remodeling assistance to several downtown building owners, and development of second floor living spaces.

Develop a multiyear strategic plan for funding the City's capital and operating needs.

- Conducted several successful community forums on these topics.
- Conducted a community survey and tabulated results to assist City Council in prioritizing initiatives.

Balanced Economic Growth

- A new stormwater connection fee was established by the Council.
- Staff research was conducted on other community stormwater utilities.
- No further action has been scheduled to adopt a stormwater utility at this time.

Develop a funding strategy for improving Albany's road conditions.

- The City Council explored the possible creation of a multi-year gas tax. Each of the jurisdictions in Linn and Benton Counties were surveyed and little support emerged for the concept at this time.
- The Council continued to discuss the concept of a street utility fee, and this idea was presented at each of the community forums as part of the multiyear strategic plan.

Complete Swanson Family Aquatic Park for operations beginning July 2004.

This project is one year behind schedule and operations will begin in the summer of 2005.

Develop a balanced budget for 2003-2004 that reflects changing costs, revenues, and the need to establish base funding for General Fund and Parks Fund services.

This goal was accomplished while continuing to build fund reserves while also anticipating possible negative results from employer PERS rates, rising health care insurance rates, and threats to telecom franchise fees.

Refer to the CARA Advisory Board the goal of developing a detailed plan for the riverfront area.

- Considerable progress on this goal was achieved through the work of a consultant, George Crandall, and the presentation of master plan concepts, extension of the riverfront bike path, and presentation of riverfront properties to prospective developers.

For the Future

In January 2004, the City Council and administrative staff met to set goals for the 2004-05 budget.

Council Goals for 2004-05

To maintain and improve the City's physical capital through the active management and sustainability of public infrastructure.

To strengthen our economic capital by capitalizing on Albany's unique advantages, developing and promoting a strategic economic plan, and leveraging public and private resources to maintain and attract family-wage jobs.

To raise Albany's social capital by enabling civic leadership, community involvement, and development of great neighborhoods.

To build political capital to meet the broader long-range public service needs of Albany and the surrounding

To protect and enhance environmental capital through strategic management of our natural resources.

To safeguard and enhance the human capital of our organization as an important building block necessary to achieve our other goals.

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, 2004, the results of operations of such funds, and cash flow of the proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

The City adopted GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" and the related Omnibus Statement No. 37 beginning with the 2002-03 report. Implementation of these GASB statements has dramatically changed how the City's financial information is reported 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 32 funds, of which 26 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 Revenue funds, Debt Service funds, Capital Project funds, and Permanent funds). The accrual basis is used for the proprietary fund types.

Risk Management

The City is a member of the City/County Insurance Services Trust. This is a general liability and auto liability self-insurance pool set up for city and county entities in Oregon. The pool pays all claims up to \$500,000, and purchases insurance to cover excess liability up to a limit selected by the participating entity. Small losses for the City are those under \$5,000. Any claim over \$5,000 is shared with the pool's claims experience. In addition to the premium, the City is also obligated to pay annually up to \$75,000 in claims and settlement costs. At June 30, 2004, \$6,134 was recorded as a liability for claims not yet reported and/or settled.

Debt Administration

As of June 30, 2004 the City had a number of debt issues and loans outstanding including \$15,196,811 of general obligation bonds; \$2,341,549 of limited tax assessment Bancroft bonds; \$2,699,857 of sewer revenue bonds; \$40,192,681 of water revenue bonds; \$6,813,236 of limited tax pension; \$1,410,000 of motel tax revenue bonds; \$2,354,589 of certificates of participation; \$1,288,642 outstanding loan balance from Oregon DEQ; and \$320,132 outstanding loan balance from Oregon Economic Development Department; for a total of \$72,617,496 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, 2004, the City's net general obligation bonded debt, \$14,858,797 was well below the legal limit of \$77,149,570.

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 \$79,921,647, earning a yield of 1.52% 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, 2004. Such audit is conducted in accordance with generally accepted accounting standards, Government Auditing Standards, and Minimum Standards for Audits of Oregon Municipal Corporations as prescribed by the Secretary of State. The auditor must determine whether the City followed generally accepted accounting and reporting principles.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Albany for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. 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 20 consecutive years (fiscal years 1984-2003). 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, 2003

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



President

Executive Director

Financial Section

(page numbers in parentheses)

- Report of Independent Auditors (1-2)

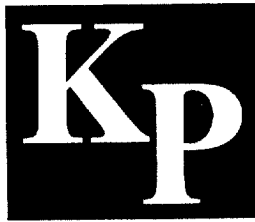
- Management's Discussion and Analysis (3-10)

- Basic Financial Statements (11-52)

- Supplementary Data
 - Combining Statements - Nonmajor Governmental Funds (55-74)
 - Combining Statements - Nonmajor Internal Service Funds (75-78)
 - Budgetary Comparisons (80-116)
 - Capital Assets Used in the Operation of Governmental Funds (117-122)
 - Other Financial Schedules
 - Schedule of Debt Principal Transactions (124)
 - Schedule of Debt Interest Transactions (125)
 - Schedule of Future Debt Principal and Interest Requirements - Governmental Activities (126)
 - Schedule of Future Debt Principal and Interest Requirements - Business-Type Activities (128)
 - Schedule of Property Tax Transactions and Outstanding Balances (130)

Imagination is more important than knowledge, for knowledge is limited while imagination embraces the entire world.

Albert Einstein



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, 2004, 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.

Except as discussed in the following paragraph, 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.

The financial statements of the Albany Public Library Foundation have not been audited, and we were not engaged to audit the Foundation's financial statements as part of our audit of the City's basic financial statements. The Foundation's financial activities are included in the City's basic financial statements as a discretely presented component unit and represent 100 percent of the assets, net assets, and revenues of the City's aggregate discretely presented component units.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the Foundation's financial statements been audited, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units for the City of Albany, Oregon, as of June 30, 2004, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each

major fund, and the aggregate remaining fund information of the City of Albany, Oregon as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.


In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2004, on our consideration of City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

The management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 18 through 23 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 required supplementary information. However, we did not audit the information and express no opinion on it.

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

Koontz & Perdue, P.C.

By



Albany, Oregon
September 30, 2004

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, 2004. 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 \$183,882,240 (net assets). Of this amount, \$37,019,097 (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 \$20,616,110, a decrease of (\$4,051,113) in comparison with the previous year. Of the combined fund balances, \$11,474,211 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 \$19,574,509 (33%) primarily due to street infrastructure construction contributions and construction progress on the Regional Multimodal Transportation Center.
- Business-type net assets increased \$12,752,154 (14%) as a result of water/sewer rate increases and utility construction contributions.
- Charges for services in the business-type activities increased by 37 percent reflecting water and sewer rate increases of 28 percent and seven percent 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 statement for some items that will result in cash flows in future periods (e.g. uncollected taxes and earned but unused vacation leave).

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

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

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

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

Fund financial statements

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

Governmental funds

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

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

The City maintains 26 individual governmental funds. Information is presented separately on the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General, Street, Parks and Recreation, and Improvement Funds, all of which are considered to be major governmental funds. Data from the remaining governmental funds, (nonmajor governmental funds) are combined into a single aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements starting on page 55 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 24.

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 28.

Supplementary data.

The combining statements, referred to earlier in connection with nonmajor governmental funds, can be found starting on page 55

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 \$183,882,240 at the close of the most recent fiscal year.

At fiscal year end, June 30, 2004, the City had \$119,182,788 invested in capital assets, net of related debt, and an unrestricted net asset balance of \$37,019,097.

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 percent) represents resources that are subject to external restrictions on how they may be used.

City of Albany's Net Assets

**Table 1
Net Assets at Year End**

	Governmental Activities		Business-type Activities		Total	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
Cash and investments	\$ 24,896,371	\$ 19,394,765	\$ 55,268,522	\$ 21,399,346	\$ 80,164,893	\$ 40,794,111
Other assets	15,261,710	16,695,147	3,574,191	3,712,579	18,835,901	20,407,726
Capital assets	68,264,708	65,514,287	98,446,736	89,802,415	166,711,444	155,316,702
Total assets	108,422,789	101,604,199	157,289,449	114,914,340	265,712,238	216,518,539
Other liabilities	5,364,186	4,060,015	3,848,316	1,716,038	9,212,502	5,776,053
Long term debt outstanding	23,579,917	24,677,914	49,037,579	16,862,849	72,617,496	41,540,763
Total liabilities	28,944,103	28,737,929	52,885,895	18,578,887	81,829,998	47,316,816
Net assets:						
Invested in capital assets, net of related debt	42,539,526	44,220,359	76,643,262	72,820,092	119,182,788	117,040,451
Restricted	18,279,315	21,037,117	9,401,040	9,056,486	27,680,355	30,093,603
Unrestricted	18,659,845	7,608,794	18,359,252	14,458,875	37,019,097	22,067,669
Total net assets	\$ 79,478,686	\$ 72,866,270	\$104,403,554	\$ 96,335,453	\$183,882,240	\$169,201,723

The City was quite active in the bond market in 2003-04. In August, 2003, the City used \$1,357,529 of available sewer assessment revenues to exercise the 10-year call feature on the 1993 Series C Sewer Refunding Bonds. In October, 2003, the City issued \$40,485,000 of Water Revenue and Refunding Bonds, Series 2003. Bond proceeds totaling \$3,764,435 were used to refund and defease the Water Revenue Advance Refunding Bonds, Series 1993B. The remaining proceeds are being used to finance the Joint Water Project and other water capital improvements. In February 2004, the City issued \$2,835,000 of 2004 Sewer Current Refunding Bonds to refund the 1993 Series A Sewer Refunding Bonds. The total outstanding debt at June 30, 2004 was \$72,617,496 consisting of \$71,008,723 of outstanding bonds and certificates of participation and \$1,608,774 in outstanding loans. The ratio of the City's capital assets, net of related debt, as compared to total net assets is 65 percent.

In the governmental activities, the June 30, 2004 net asset balance of the Improvement Fund has been classified as unrestricted. In fiscal 2002-03, the Improvement fund net asset balance was reported in the restricted category. Applying the reclassification results in revised 2002-03 balances of \$15,344,573 for restricted net assets and \$13,301,338 for unrestricted net assets.

In the business-type activities, the large increases in cash and investments, long-term debt outstanding, and capital assets are directly attributable to the sale of the Water Revenue and Refunding Bonds, Series 2003. As of June 30, 2004, \$27,367,217 of the proceeds had not been spent, while \$9,051,846 had been used for the construction of capital assets.

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 \$14,680,517 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 grants associated with the Regional Multimodal Transportation Center.

Statement of Activities for the year ended June 30, 2004:

Table 2
Governmental and Business-type Activities
for the year ended June 30, 2004

	Governmental Activities		Business-type Activities		Total	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
REVENUES						
Program revenues						
Charges for services	\$ 3,297,211	\$ 6,239,968	\$ 18,225,258	\$ 14,727,021	\$ 21,522,469	\$ 20,966,989
Grants and contributions	13,857,218	13,506,933	3,928,599	2,891,061	17,785,817	16,397,994
General Revenues						
Taxes	17,566,996	15,046,834	787,570	778,058	18,354,566	15,824,892
Franchise fees/privilege taxes	2,875,905	2,834,061	-	-	2,875,905	2,834,061
Interest	243,671	327,154	286,658	377,023	530,329	704,177
Other	516,013	541,398	578,916	352,592	1,094,929	893,990
Total revenues	38,357,014	38,496,348	23,807,001	19,125,755	62,164,015	57,622,103
EXPENSES						
Governmental activities	32,048,383	32,135,435	-	-	32,048,383	32,135,435
Business-type activities	-	-	15,435,115	14,346,653	15,435,115	14,346,653
Total expenses	32,048,383	32,135,435	15,435,115	14,346,653	47,483,498	46,482,088
Transfers	303,785	95,049	(303,785)	(95,049)	-	-
Increase in net assets	6,612,416	6,455,962	8,068,101	4,684,053	14,680,517	11,140,015
Beginning net assets	72,866,270	66,410,308	96,335,453	91,651,400	169,201,723	158,061,708
Ending net assets	\$ 79,478,686	\$ 72,866,270	\$104,403,554	\$ 96,335,453	\$183,882,240	\$169,201,723

Governmental Activities

In the November 2002 General Election, a five-year local option levy for public safety was passed by the voters of the City of Albany. Beginning with the 2003-04 fiscal year, the properties within the City were assessed \$0.95 per \$1,000 of assessed value. During fiscal year 2003-04, \$1,797,480 was received by the City from the levy. In addition, general property taxes increased 5.6 percent which generated \$819,000 of tax revenues above the fiscal year 2002-03 level.

The decrease in charges for services is attributable to the elimination of intragovernmental charges in the Payroll Insurance Fund for fiscal 2003-04. The amount of \$3,048,236 was included in the charges for services category as well as the governmental activities expenses category in the fiscal year 2002-03 statements. As a result of this adjustment, expenses of governmental activities increased by just less than \$3 million in 2003-04. Increases in Police and Fire expenses due to the levy account for \$1.1 million. The remaining increase, \$1.9 million, about 6 percent, is not attributable to any specific item.

Components of the revenue categories are as follows:

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

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

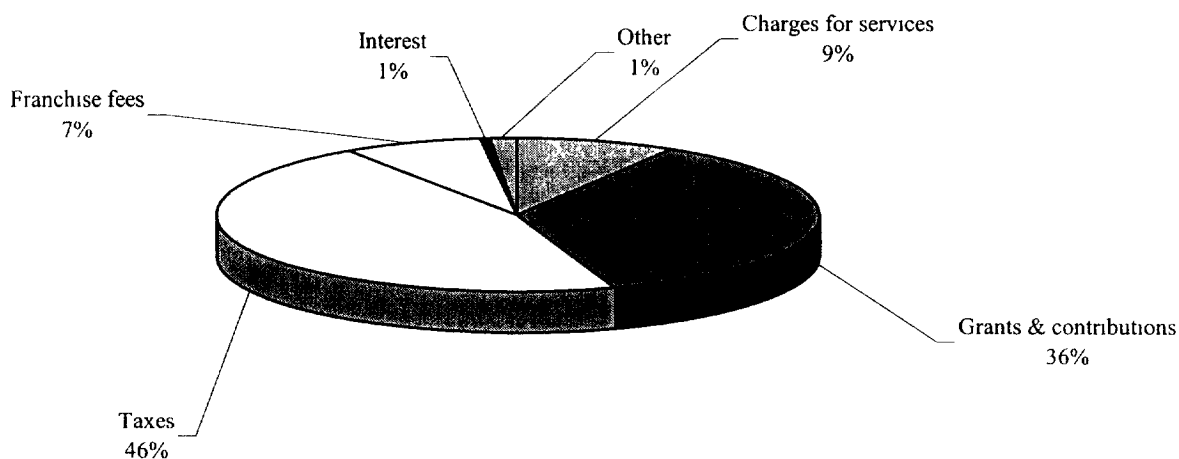
Charges for services. The major items in this category are fees and charges for ambulance, parks and recreation, public transit, airport hangar rentals, library fees, court fines, and building permits.

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.

Governmental Revenues by Source



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.

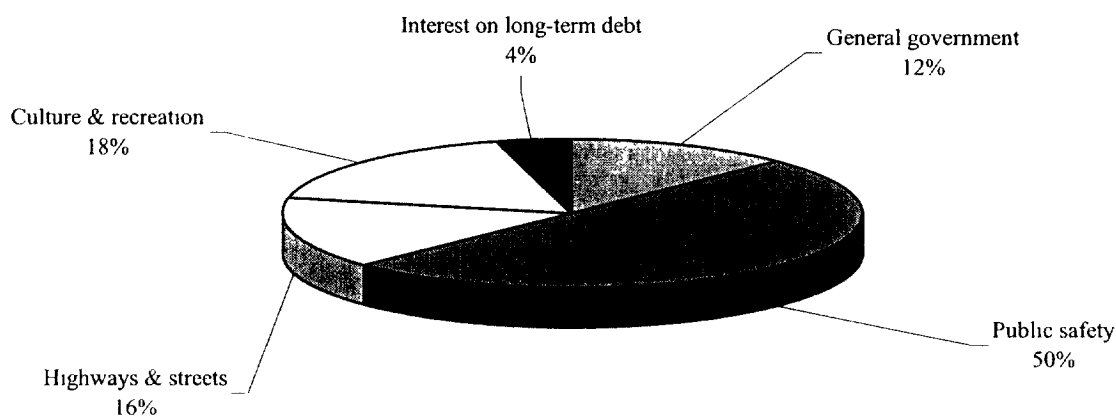
Public safety. In this category are police, fire suppression, fire prevention, environmental safety services, and ambulance

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

Governmental Expenses by Program Area



Business-type Activities

In October, 2003, the City sold approximately \$40,485,000 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. Remaining funds, supplemented by grants and city water reserves, have been 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 increased by 28 percent in October 2003 to provide funds for the debt service requirements

On July 1, 2003, sewer rates increased by seven percent to cover inflationary costs of operation and provide funds for sewer capital projects. In addition, on July 1, 2004, sewer and water systems development charge fees increased by 1.58 percent and 1.32 percent, respectively, to provide funding for projects which increase capacity as a result of growth and development, or maintain the capacity of existing plant facilities or collection system lines.

BUDGETARY HIGHLIGHTS

The City Council approved 11 resolutions which changed the adopted 2003-04 budget. Seven of the resolutions, totaling \$403,660 were to make appropriations for grant awards. There was one supplemental budget resolution increasing appropriations by \$3,460,540 (2.42 percent). The majority of the changes occurred in the Sewer Fund where appropriations increased by \$2,835,000 as a result of a bond call and a bond refunding, not anticipated in the adopted budget.

In the General Fund the following appropriations were made from contingency: \$160,000 to construct a modular building for police; \$30,000 for increased building maintenance items; \$20,100 for the Carnegie Library restoration project; \$8,000 increase to interfund transfer for the Transit Loop System, and \$2,500 increase to the debt service transfer for the city hall certificates of

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2004, the City had invested \$166,711,444 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	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
Land, land rights, & land improvements	\$ 3,784,903	\$ 4,053,489	\$ 1,539,282	\$ 1,540,577	\$ 5,324,185	\$ 5,594,066
Buildings and improvements	9,424,372	9,499,009	19,442,764	16,664,404	28,867,136	26,163,413
Vehicles and equipment	3,311,112	3,467,956	2,273,558	2,243,015	5,584,670	5,710,971
Infrastructure	43,440,228	41,813,337	64,437,686	62,429,741	107,877,914	104,243,078
Construction in progress	8,304,093	6,680,496	10,753,446	6,924,678	19,057,539	13,605,174
	<u>\$ 68,264,708</u>	<u>\$ 65,514,287</u>	<u>\$ 98,446,736</u>	<u>\$ 89,802,415</u>	<u>\$ 166,711,444</u>	<u>\$ 155,316,702</u>

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

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

	Governmental Activities		Business-type Activities		Total	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
Beginning Balance	\$ 65,514,287	\$ 60,247,252	\$ 89,802,415	\$ 85,083,777	\$ 155,316,702	\$ 145,331,029
Additions	6,554,142	8,500,629	11,856,453	7,635,980	18,410,595	16,136,609
Retirements	(277,332)	(1,018)	(11,738)	(23,952)	(289,070)	(24,970)
Depreciation	(3,526,389)	(3,232,576)	(3,200,394)	(2,893,390)	(6,726,783)	(6,125,966)
Ending balance	<u>\$ 68,264,708</u>	<u>\$ 65,514,287</u>	<u>\$ 98,446,736</u>	<u>\$ 89,802,415</u>	<u>\$ 166,711,444</u>	<u>\$ 155,316,702</u>

Governmental capital assets increased \$6.554 million. The major projects were: Regional Multimodal Transportation Center, \$343,154; 53rd Ave local improvement district, \$1,114,351; vehicles and equipment, \$466,257; Geary/14th Avenue/Clay restoration, \$877,395; Highway 20/99E project, \$316,000; Hill Street, 9th Avenue to Clay, \$421,064; airport access road, \$265,094; Willamette multi-use path, \$472,947; Timberlinn Park restroom, \$157,948; and the police modular office building, \$161,313.

Business-type capital assets increased \$11,856,453. The major projects were: Joint Water Project, \$6,370,259; fish screen and diversion dam project, \$539,484; and the Oak Street/Queen Ave area sanitary sewer, \$607,699.

Debt Outstanding

As of June 30, 2004, the City had \$72,617,496 in debt outstanding compared to \$41,540,763 on June 30, 2003. Of the amount outstanding as of June 30, 2004, \$3,704,789 is due within one year.

As previously stated above, the City had the following long-term activity during fiscal 2003-04: called the 1993 Series C Sewer Refunding bonds (\$1,325,000); issued \$40,485,000 of water revenue/refunding bonds; refunded the 1993 Series B Water Refunding bonds (\$4,380,000); and refunded the 1993 Series A Sewer Refunding bonds (\$3,450,000).

Table 5
Outstanding Debt at Year End

	June 30, 2004	June 30, 2003
Governmental		
General obligation	\$ 10,845,000	\$ 11,375,000
Local improvements	2,341,549	2,577,645
Certificates of participation	1,410,000	1,570,000
Limited tax pension	6,813,236	6,826,913
Revenue	1,850,000	1,990,000
Oregon Economic Development Department note	320,132	338,356
Sub-total	\$ 23,579,917	\$ 24,677,914
Business-type		
Water revenue	\$ 40,192,681	\$ 4,770,995
Water general obligation	4,351,811	4,961,123
Water certificates of deposit	504,589	553,550
Sewer revenue	2,699,857	5,127,458
Oregon DEQ State Revolving Fund loan	1,288,642	1,449,723
Sub-total	49,037,579	16,862,849
Total	\$ 72,617,496	\$ 41,540,763

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 \$77,149,570, which is well above the City's outstanding general obligation debt, \$15,196,811.

Additional information on the City's long-term debt can be found in the notes to the basic financial statements, starting on page 41.

Key Economic Factors and Budget Information for the Future

In November 2002, city voters passed a five year, \$0.95 per \$1,000 of assessed value, public safety levy which started in fiscal 2003-04. Tax collections in 2003-04 were \$1,797,480. Annual collections are estimated to increase two to four percent annually for the life of the levy. A total of seventeen new positions were added to police and fire.

As previously mentioned, in October 2003, the City sold \$40,485,000 of water revenue bonds primarily to finance the construction of a joint water facility with the City of Millersburg.

The unemployment rate for Linn and Benton counties at the close of the fiscal year was 9.7 percent and 3.4 percent respectively. At the time of preparation of this report, the unemployment rates were 9.2 percent and 3.6 percent. The rates are not expected to improve significantly 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 12 percent in the next fiscal year.

The state of Oregon's income 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 approved and the Governor signed legislation requiring significant modifications to the Public Employees Retirement System (PERS). The actuarial report dated December 20, 2002, recommended increasing the City's contribution rate from 11.99 percent to 17.36 percent. Similar contribution rate increases were projected for all plan members statewide. The Legislature enacted bills that amended the PERS benefit structure and reduced the City's funding requirements. As a result of the actuary recalculation of the 2001 Actuarial Valuation, the City's contribution rate became 12.21 percent compared to the prior proposed 17.36 percent contribution rate. The rate was further reduced to 9.48 percent when the City's March, 2002, B41 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 percent legislatively enacted savings into a reserve on a monthly basis until the issues have All of these factors were considered in preparing the City's budget for fiscal year 2004-05.

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, 2004

Component Unit:
Albany Public
Library
Foundation

	Govern- mental Activities	Business- type Activities	Total	
ASSETS				
Cash and investments	\$ 15,860,840	\$ 16,029,857	\$ 31,890,697	\$ 785,838
Internal balances	15,139	(15,139)	-	-
Receivables:				
Property taxes	1,349,026	66,799	1,415,825	-
Accounts receivable	481,397	2,879,061	3,360,458	-
Assessments	6,299,598	441,578	6,741,176	-
Interest	94,981	191,600	286,581	-
Loans	376,289	-	376,289	-
Grants	34,647	-	34,647	-
Other assets	47,093	10,292	57,385	-
Restricted cash and investments	9,035,531	39,238,665	48,274,196	-
Land and construction in progress	12,088,996	12,296,126	24,385,122	-
Other capital assets, net of depreciation	56,175,712	86,150,610	142,326,322	333
Net pension asset	6,563,540	-	6,563,540	-
Total assets	108,422,789	157,289,449	265,712,238	786,171
LIABILITIES				
Accounts payable	1,545,816	3,341,771	4,887,587	-
Salaries, withholdings, vacation, and taxes payable	1,858,569	364,352	2,222,921	-
Short-term debt - letter of credit	100,000	-	100,000	-
Insurance liability	3,627	2,507	6,134	-
Interest payable	215,824	-	215,824	-
Refundable deposits and advances	1,558,266	139,686	1,697,952	-
Deferred revenue	64,150	-	64,150	-
Amount held in trust	17,934	-	17,934	-
Long-term liabilities				
Due within one year:				
Bonds payable	1,153,556	2,371,770	3,525,326	-
Loan payable	18,383	161,080	179,463	-
Due in more than one year				
Bonds payable	22,106,229	45,377,167	67,483,396	-
Loan payable	301,749	1,127,562	1,429,311	-
Total liabilities	28,944,103	52,885,895	81,829,998	-
NET ASSETS				
Invested in capital assets, net of related debt	42,539,526	76,643,262	119,182,788	-
Restricted for:				
Capital projects	9,216,703	8,610,940	17,827,643	-
Debt service	8,555,932	790,100	9,346,032	-
Other purposes - expendable	395,851	-	395,851	-
Other purposes - nonexpendable	110,829	-	110,829	-
Unrestricted	18,659,845	18,359,252	37,019,097	786,171
Total net assets	\$ 79,478,686	\$ 104,403,554	\$ 183,882,240	\$ 786,171

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, 2004

FUNCTIONS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,975,367	\$ 569,291	\$ 1,884,306	\$ 3,793,898
Public safety	16,138,117	2,185,452	1,582,682	-
Highways and streets	4,983,961	-	1,957,014	3,312,326
Culture and recreation	5,633,112	542,468	222,448	1,104,544
Interest on long-term debt	1,317,826	-	-	-
Total governmental activities	32,048,383	3,297,211	5,646,450	8,210,768
 Business-type activities:				
Water	7,797,815	11,072,300	-	1,556,794
Sewer	7,637,300	7,152,958	-	2,371,805
Total business-type activities	15,435,115	18,225,258	-	3,928,599
Total primary government	\$ 47,483,498	\$ 21,522,469	\$ 5,646,450	\$ 12,139,367

General revenues:

- Taxes:
 - Property taxes
 - Transient room taxes
- Franchise fees, privilege taxes
- 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			Component Unit
Governmental Activities	Business- type Activities	Total	Albany Public Library Foundation
\$ 2,272,128	-	\$ 2,272,128	\$ -
(12,369,983)	-	(12,369,983)	-
285,379	-	285,379	-
(3,763,652)	-	(3,763,652)	(7,195)
(1,317,826)	-	(1,317,826)	-
(14,893,954)	-	(14,893,954)	(7,195)
-	\$ 4,831,279	4,831,279	-
-	1,887,463	1,887,463	-
-	6,718,742	6,718,742	-
\$ (14,893,954)	\$ 6,718,742	\$ (8,175,212)	(7,195)
17,057,229	787,570	17,844,799	-
509,767	-	509,767	-
2,875,905	-	2,875,905	-
454	-	454	-
515,559	-	515,559	-
243,671	286,658	530,329	115,271
-	578,916	578,916	-
21,202,585	1,653,144	22,855,729	115,271
-	-	-	-
303,785	(303,785)	-	-
6,612,416	8,068,101	14,680,517	108,076
72,866,270	96,335,453	169,201,723	678,095
\$ 79,478,686	\$ 104,403,554	\$ 183,882,240	\$ 786,171

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

CITY OF ALBANY, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2004

	General Fund	Street Fund	Parks & Recreation Fund	Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 2,934,491	\$ 3,731,958	\$ 566,579	\$ (186,711)	\$ 8,033,110	\$ 15,079,427
Receivables:						
Property taxes	897,150	-	250,903	-	200,973	1,349,026
Accounts receivable	80,196	79,989	20,631	-	300,581	481,397
Assessments	-	-	-	5,376,634	922,964	6,299,598
Interest	13,975	27,747	10,196	-	40,205	92,123
Loans	-	-	-	-	376,289	376,289
Grants	-	-	-	-	34,647	34,647
Other assets	12,886	475	5,089	330	2,002	20,782
Restricted cash and investments	-	4,071,820	2,161,725	-	2,801,986	9,035,531
Total assets	<u>\$ 3,938,698</u>	<u>\$ 7,911,989</u>	<u>\$ 3,015,123</u>	<u>\$ 5,190,253</u>	<u>\$ 12,712,757</u>	<u>\$ 32,768,820</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 144,648	\$ 122,592	\$ 150,501	\$ 120,621	\$ 917,770	\$ 1,456,132
Salaries, withholdings, vacations, and taxes payable	702,369	-	-	-	-	702,369
Net pension obligation	-	-	-	-	100,000	100,000
Insurance liability	1,996	451	449	-	414	3,310
Deposits	-	1,000	20	1,452,089	105,157	1,558,266
Deferred revenue	781,395	79,989	251,304	5,376,634	1,825,377	8,314,699
Amounts held in trust	17,934	-	-	-	-	17,934
Total liabilities	<u>1,648,342</u>	<u>204,032</u>	<u>402,274</u>	<u>6,949,344</u>	<u>2,948,718</u>	<u>12,152,710</u>
Fund balances:						
Reserved for:						
Capital projects	-	4,086,410	1,830,153	-	95,681	6,012,244
Debt service	-	-	-	-	2,616,579	2,616,579
Library programs	-	-	-	-	89,886	89,886
Parks and Recreation programs	-	-	305,774	-	8,510	314,284
Perpetual care	-	-	-	-	108,906	108,906
Unreserved, reported in:						
General fund	2,290,356	3,621,547	-	-	(3,621,547)	2,290,356
Special revenue funds	-	-	476,922	-	7,544,092	8,021,014
Capital project funds	-	-	-	(1,759,091)	2,921,932	1,162,841
Total fund balances	<u>2,290,356</u>	<u>7,707,957</u>	<u>2,612,849</u>	<u>(1,759,091)</u>	<u>9,764,039</u>	<u>20,616,110</u>
Total liabilities and fund balances	<u>\$ 3,938,698</u>	<u>\$ 7,911,989</u>	<u>\$ 3,015,123</u>	<u>\$ 5,190,253</u>	<u>\$ 12,712,757</u>	<u>\$ 32,768,820</u>

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

CITY OF ALBANY, OREGON
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2004

Total fund balances per Governmental Funds Balance Sheet (page 14). \$ 20,616,110

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	3,784,903	
Capital assets - construction in progress	8,304,093	
Capital assets - other	86,901,878	
Accumulated depreciation	<u>(30,726,166)</u>	
Capital assets, net	68,264,708	
Less: Internal service funds net assets reported as governmental activities	<u>102,617</u>	
Total adjustment		68,162,091

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

Property taxes	1,180,483	
Accounts receivable	487,446	
Assessments	6,299,598	
Loans	283,022	
Net pension asset	<u>6,563,540</u>	
Total deferred revenue adjustments		14,814,089

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	747,899	
(Profit)/loss reported as governmental activities	<u>(12,178)</u>	
Net adjustments for internal service funds		735,721

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	(23,579,917)	
Compensated absences	(1,053,584)	
Interest payable on long-term debt	<u>(215,824)</u>	
Total long-term debt adjustments		<u>(24,849,325)</u>
Net assets of governmental activities (page 11).		<u>\$ 79,478,686</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, 2004

	General Fund	Street Fund	Parks and Recreation Fund	Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 10,782,290	\$ -	\$ 3,041,580	\$ -	\$ 3,271,155	\$ 17,095,025
Transient room tax	-	-	-	-	509,767	509,767
Special assessments	-	-	-	252,537	728,115	980,652
Franchise fees, privilege taxes, licenses, and permits	3,062,141	1,585,706	848,574	-	1,180,448	6,676,869
Intergovernmental revenues	1,713,528	2,111,549	32,000	1,235,040	3,227,695	8,319,812
Charges for services	299,300	-	528,965	-	2,244,617	3,072,882
Fines and forfeitures	556,974	-	-	-	-	556,974
Gifts and donations	-	-	-	-	454	454
Interest on investments	43,429	93,938	33,000	-	135,685	306,052
Miscellaneous	55,546	286,137	58,002	-	174,149	573,834
Total revenues	16,513,208	4,077,330	4,542,121	1,487,577	11,472,085	38,092,321
EXPENDITURES						
Current:						
General government	1,314,006	-	-	17,437	2,361,368	3,692,811
Public safety	13,654,648	-	-	-	1,923,234	15,577,882
Highways and streets	-	2,614,831	-	-	2,800	2,617,631
Culture and recreation	1,514,703	-	3,568,045	-	148,841	5,231,589
Debt service:						
Principal	-	-	-	-	1,097,997	1,097,997
Interest	-	-	-	-	1,224,295	1,224,295
Capital outlay	248,527	613,739	440,104	1,014,049	2,683,768	5,000,187
Total expenditures	16,731,884	3,228,570	4,008,149	1,031,486	9,442,303	34,442,392
Excess (deficiency) of revenues over (under) expenditures	(218,676)	848,760	533,972	456,091	2,029,782	3,649,929
OTHER FINANCING SOURCES (USES)						
Transfers in	1,186,899	337,992	113,100	-	1,846,881	3,484,872
Transfers out	(1,392,344)	(33,864)	(70,244)	-	(1,587,236)	(3,083,688)
Total other financing sources (uses)	(205,445)	304,128	42,856	-	259,645	401,184
Net change in fund balances	(424,121)	1,152,888	576,828	456,091	2,289,427	4,051,113
Fund balance - beginning	2,714,477	6,555,069	2,036,021	(2,215,182)	7,474,612	16,564,997
Fund balance - ending	\$ 2,290,356	\$ 7,707,957	\$ 2,612,849	\$ (1,759,091)	\$ 9,764,039	\$ 20,616,110

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, 2004

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

Net change in fund balances - total governmental funds (page 16).		\$ 4,051,113
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay	5,000,187	
Depreciation for the current fiscal year	(3,473,199)	
Net capital outlay adjustment		1,526,988
<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>		
		(277,332)
<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	(37,796)	
Capital asset donations	1,525,080	
Principal portion of loan receipts	1,251	
Ambulance charges	57,745	
Other fees and charges	(185,580)	
Assessments	(875,045)	
Total revenue adjustments		485,655
<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>		
		1,097,997
<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	(192,352)	
Accrued interest on long-term debt	(93,531)	
Net pension asset amortization	26,056	
Total adjustment		(259,827)
<p>The net expense of certain activities of internal service funds is reported with governmental activities</p>		
Equipment Maintenance Fund	1,471	
Information Systems Fund	4,403	
Central Services Fund	(12,646)	
Geographic Information Systems Fund	(5,406)	
Total internal service fund adjustments		(12,178)
Change in net assets of the governmental activities (pages 12-13)		<u>\$ 6,612,416</u>

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

CITY OF ALBANY, OREGON
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 9,992,600	\$ 9,992,600	\$ 10,307,282	\$ 314,682
Delinquent	480,400	480,400	475,008	(5,392)
Privilege tax electric	1,435,000	1,435,000	1,411,916	(23,084)
Franchise fee: communications facilities	35,400	35,400	32,609	(2,791)
Franchise fee: telephone	301,600	301,600	262,447	(39,153)
Franchise fee: garbage	282,000	282,000	290,202	8,202
Privilege tax: natural gas	553,200	553,200	576,035	22,835
Franchise fee: cable television	320,000	320,000	317,940	(2,060)
Licenses	7,300	7,300	6,939	(361)
Permit, variance and annexation fees	98,000	98,000	142,317	44,317
DUII Enforcement Grant	5,500	5,500	2,513	(2,987)
Greater Albany Public Schools police grant	25,000	25,000	25,000	-
State liquor taxes	346,000	346,000	389,873	43,873
State cigarette taxes	82,000	82,000	79,257	(2,743)
Albany Rural Fire Protection District	890,000	890,000	919,801	29,801
North Albany Rural Fire Protection District	202,000	202,000	195,908	(6,092)
Palestine Rural Fire Protection District	98,000	98,000	101,176	3,176
False alarm fees	23,000	23,000	21,736	(1,264)
Space rental charges	299,300	299,300	299,300	-
Library fees	53,000	53,000	64,238	11,238
Municipal Court fines	542,000	542,000	483,444	(58,556)
Parking violations	5,000	5,000	3,042	(1,958)
Nuisance vehicle administration fee	10,000	10,000	6,250	(3,750)
Interest on investments	80,000	80,000	43,429	(36,571)
Grass Abatement Fee Principal	-	-	153	153
Grass Abatement Fee Interest	-	-	26	26
Pay phones	-	-	225	225
Miscellaneous revenues	74,000	74,000	44,528	(29,472)
Gifts and donations	1,500	1,500	970	(530)
DARE donations	10,000	10,000	9,644	(356)
Total revenues	<u>16,251,800</u>	<u>16,251,800</u>	<u>16,513,208</u>	<u>261,408</u>
Other financing sources				
From Public Safety Fund	514,500	514,500	92,002	(422,498)
From Public Safety Fund-Police	618,600	618,600	390,711	(227,889)
From Public Safety Fund-Fire	769,000	729,000	679,186	(49,814)
From CARA Fund	25,000	25,000	25,000	-
Total other financing sources	<u>1,927,100</u>	<u>1,887,100</u>	<u>1,186,899</u>	<u>(700,201)</u>
Fund balance, beginning	<u>2,709,900</u>	<u>2,709,900</u>	<u>2,725,434</u>	<u>15,534</u>
Amount available for appropriation	<u>\$ 20,888,800</u>	<u>\$ 20,848,800</u>	<u>\$ 20,425,541</u>	<u>\$ (423,259)</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 year ended June 30, 2004

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Municipal Court	\$ 458,100	\$ 458,100	\$ 456,716	\$ 1,384
Code Enforcement	30,000	30,000	16,907	13,093
Planning	699,900	699,900	638,083	61,817
Library	1,465,800	1,465,800	1,433,470	32,330
Police	7,038,400	7,038,400	6,689,157	349,243
Public Safety Levy - Police	618,600	618,600	391,076	227,524
Fire Suppression	4,750,400	4,895,400	4,852,457	42,943
Public Safety Levy - Fire	769,000	729,000	679,444	49,556
Fire Prevention	486,000	486,000	455,859	30,141
Building Maintenance	381,300	411,300	386,755	24,545
Nondepartmental:				
Personal services	188,300	43,300	9,718	33,582
Materials and services	1,262,100	1,282,200	1,235,294	46,906
Capital	45,000	205,000	192,753	12,247
General operating contingency	1,988,300	1,767,700	-	1,767,700
Total expenditures	<u>20,181,200</u>	<u>20,130,700</u>	<u>17,437,689</u>	<u>2,693,011</u>
Other financing uses				
Transfers to other funds	707,600	718,100	695,500	22,600
Total expenditures and other financing uses	<u>\$ 20,888,800</u>	<u>\$ 20,848,800</u>	<u>\$ 18,133,189</u>	<u>\$ 2,715,611</u>
Fund balance, ending			<u>\$ 2,292,352</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	\$ 16,513,208	\$ 17,437,689	\$ 2,292,352
Reconciling items:			
Insurance liability	-	-	(1,996)
Change in insurance liability	-	(8,961)	-
Reclassify PERS departmental debt service charges to transfers out	-	(696,844)	-
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (page 16)	<u>\$ 16,513,208</u>	<u>\$ 16,731,884</u>	<u>\$ 2,290,356</u>

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

But the fact that some geniuses were laughed at does not imply that all who are laughed at are geniuses. They laughed at Columbus, they laughed at Fulton, they laughed at the Wright brothers.
But they also laughed at Bozo the Clown.

Carl Sagan

CITY OF ALBANY, OREGON
STREET FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
State gasoline tax	\$ 1,596,500	\$ 1,596,500	\$ 1,898,605	\$ 302,105
Oregon Watershed Enhancement Board	39,000	39,000	-	(39,000)
Linn County - Urban Forestry	-	-	-	-
Linn County	-	-	-	-
Oregon Department of Transportation	-	-	212,944	212,944
Sewer in-lieu-of franchise fee	299,000	299,000	329,233	30,233
Water in-lieu-of franchise fee	354,000	354,000	435,223	81,223
Transportation system development charges	600,800	600,800	717,816	117,016
Financed street system development charges				
Principal	1,000	1,000	483	(517)
Interest	200	200	127	(73)
Financed transportation system development charges				
Principal	5,000	5,000	97,456	92,456
Interest	6,000	6,000	5,368	(632)
Charges for Services - Street Capital	388,200	388,200	388,200	-
Miscellaneous	12,000	12,000	55,610	43,610
Land Sales	-	-	230,527	230,527
Interest on investments	80,100	80,100	93,938	13,838
Total revenues	<u>3,381,800</u>	<u>3,381,800</u>	<u>4,465,530</u>	<u>1,083,730</u>
Other financing sources				
Transfer from General Fund - Street lights	320,000	320,000	320,000	-
Transfer from General Fund - Franchise fees	40,000	40,000	17,992	(22,008)
Total other financing sources	<u>360,000</u>	<u>360,000</u>	<u>337,992</u>	<u>(22,008)</u>
Fund balance, beginning	<u>6,475,000</u>	<u>6,475,000</u>	<u>6,558,234</u>	<u>83,234</u>
Amount available for appropriation	<u>\$ 10,216,800</u>	<u>\$ 10,216,800</u>	<u>\$ 11,361,756</u>	<u>\$ 1,144,956</u>

Expenditures	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Personnel services	\$ 821,600	\$ 821,600	\$ 711,377	\$ 110,223
Materials and services	1,576,100	2,108,100	1,940,032	168,068
Capital	7,392,700	6,860,700	613,739	6,246,961
Transfers	388,200	388,200	388,200	-
Contingencies	38,200	38,200	-	38,200
Total expenditures	<u>\$ 10,216,800</u>	<u>\$ 10,216,800</u>	<u>\$ 3,653,348</u>	<u>\$ 6,563,452</u>
Fund balance, ending			<u>\$ 7,708,408</u>	

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

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Total revenues, total expenditures, and fund balance from above	\$ 4,465,530	\$ 3,653,348	\$ 7,708,408
Reconciling items:			
Insurance liability	-	-	(451)
Eliminate intrafund transfer	(388,200)	(388,200)	-
Change in insurance liability	-	(2,714)	-
Reclassify PERS departmental debt service charges to transfers out	-	(33,864)	-
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (page 16)	<u>\$ 4,077,330</u>	<u>\$ 3,228,570</u>	<u>\$ 7,707,957</u>

CITY OF ALBANY, OREGON
PARKS AND RECREATION FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 2,818,400	\$ 2,818,400	\$ 2,907,132	\$ 88,732
Delinquent	105,000	105,000	134,448	29,448
Park system development charges	450,000	450,000	754,017	304,017
Financed park system development charges:				
Principal	10,000	10,000	91,135	81,135
Interest	5,000	5,000	3,422	(1,578)
Special transit fund - Linn County	23,000	23,000	23,000	-
State Marine Board	9,000	9,000	9,000	-
Call-a-ride fares	9,300	9,300	8,704	(596)
Batting aage revenues	-	-	3,892	3,892
Recreation fees	35,800	35,800	27,456	(8,344)
Senior Center fees	30,000	30,000	38,729	8,729
Concession sales	17,800	17,800	18,929	1,129
Maple Lawn preschool fees	56,400	56,400	51,304	(5,096)
Maple Lawn preschool fundraising	5,500	5,500	5,510	10
Maple Lawn preschool materials & services fee	2,900	2,900	5,211	2,311
Sports program fees	100,000	100,000	101,888	1,888
Ski school fees/equipment rentals	7,500	7,500	7,672	172
Children's Performing Arts Series	9,000	9,000	6,874	(2,126)
Waverly boat rentals	7,000	7,000	5,423	(1,577)
Park permits	14,000	14,000	6,734	(7,266)
Fitness program fees	16,000	16,000	16,366	366
Extreme sports entry fees	-	-	400	400
Souvenir sales	10,500	10,500	7,465	(3,035)
Food Faire revenues	20,700	20,700	18,997	(1,703)
NW Art & Air Festival sponsors	48,600	48,600	49,046	446
NW Art & Air Festival fees	4,900	4,900	7,510	2,610
Hot air balloon rides	5,100	5,100	8,915	3,815
Charges for services	-	-	2,592	2,592
Charges for services - landscape maintenance	5,500	5,500	4,420	(1,080)
Brochure advertising	2,500	2,500	1,434	(1,066)
Senior newsletter	2,100	2,100	2,659	559
Trip revenue	42,500	42,500	46,593	4,093
Gifts and donations	877,700	877,700	25,708	(851,992)
Park fixture donations	1,500	1,500	50	(1,450)
Monday night concert series sponsor donations	8,000	8,000	10,879	2,879
Monteith Concert Series sponsor donations	7,500	7,500	10,153	2,653
Monteith Concert Series advance sponsor donations	73,200	73,200	60,275	(12,925)
Pre-concert activity sponsors	1,000	1,000	1,500	500
Pass-the-hat donations	24,600	24,600	14,105	(10,495)
Miscellaneous revenues	4,500	4,500	13,994	9,494
Interest on investments	29,200	29,200	33,000	3,800
Total revenues	4,901,200	4,901,200	4,546,541	(354,659)

Continued

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

CITY OF ALBANY, OREGON
PARKS AND RECREATION FUND (Continued)
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

	Original Budget	Final Budget	Actual	Over (Under)
Other financing sources				
From State Revenue Sharing Fund	45,300	45,300	45,300	-
From General Fund	67,800	67,800	67,800	-
From Equipment Replacement Fund	1,000,000	1,000,000	-	(1,000,000)
Total other financing sources	<u>1,113,100</u>	<u>1,113,100</u>	113,100	(1,000,000)
Fund balance, beginning	1,470,900	1,695,800	2,037,725	341,925
Amount available for appropriation	<u>\$ 7,485,200</u>	<u>\$ 7,710,100</u>	<u>\$ 6,697,366</u>	<u>\$ (1,012,734)</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Sports Programs	\$ 193,800	\$ 212,100	\$ 211,921	\$ 179
Recreation	267,800	267,800	263,985	3,815
Maple Lawn Preschool	89,100	89,100	84,802	4,298
Park Maintenance	1,590,100	1,760,300	1,507,073	253,227
Parks and Recreation Administration	1,008,700	1,037,500	993,016	44,484
Senior Center	382,200	382,200	333,066	49,134
Aquatics	9,800	9,800	7,417	2,383
Park System Development Charge Projects	1,125,000	1,125,000	329,322	795,678
Monteith Concert Series	172,500	172,500	124,129	48,371
Paratransit System	79,100	86,700	83,278	3,422
Northwest Art & Air Festival	99,000	99,000	91,112	7,888
Couplet Landscape Maintenance	318,100	318,100	4,420	313,680
Swanson Aquatic Facility	2,150,000	2,150,000	50,527	2,099,473
Total expenditures	<u>\$ 7,485,200</u>	<u>\$ 7,710,100</u>	<u>\$ 4,084,068</u>	<u>\$ 3,626,032</u>
Fund balance, ending			<u>\$ 2,613,298</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	\$ 4,546,541	\$ 4,084,068	\$ 2,613,298
Reconciling items:			
Insurance liability	-	-	(449)
Eliminate intrafund transfer	(4,420)	(4,420)	-
Change in insurance liability	-	(1,255)	-
Reclassify PERS departmental debt service charges to transfers out	-	(70,244)	-
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (page 16)	<u>\$ 4,542,121</u>	<u>\$ 4,008,149</u>	<u>\$ 2,612,849</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, 2004

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 11,998,005	\$ 3,941,304	\$ 15,939,309	\$ 871,961
Receivables:				
Property taxes	66,799	-	66,799	-
Accounts receivable	1,471,861	1,407,200	2,879,061	-
Accrued interest	154,671	36,711	191,382	3,076
Total current assets	<u>13,691,336</u>	<u>5,385,215</u>	<u>19,076,551</u>	<u>875,037</u>
Other assets	7,891	2,401	10,292	26,311
Cash and investments restricted for debt service and construction	33,001,809	6,236,856	39,238,665	-
Assessments receivable	-	441,578	441,578	-
Capital assets (net)	46,687,213	51,626,411	98,313,624	235,729
Total assets	<u>\$ 93,388,249</u>	<u>\$ 63,692,461</u>	<u>\$ 157,080,710</u>	<u>\$ 1,137,077</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 2,899,246	\$ 417,757	\$ 3,317,003	\$ 114,452
Salaries, withholdings, vacations, and taxes payable	178,974	150,840	329,814	137,154
Insurance	901	1,551	2,452	372
Refundable deposits and advances	139,686	-	139,686	-
Loan payable, current portion	-	161,080	161,080	-
Bonds payable, current portion	1,926,770	445,000	2,371,770	-
Total current liabilities	<u>5,145,577</u>	<u>1,176,228</u>	<u>6,321,805</u>	<u>251,978</u>
Loan payable - long-term portion	-	1,127,562	1,127,562	-
Bonds payable - long-term portion	43,122,310	2,254,857	45,377,167	-
Total liabilities	<u>48,267,887</u>	<u>4,558,647</u>	<u>52,826,534</u>	<u>251,978</u>
NET ASSETS				
Invested in capital assets, net of related debt	29,005,350	47,637,912	76,643,262	150,342
Restricted for capital projects	3,086,048	5,524,892	8,610,940	-
Restricted for debt service	103,765	686,335	790,100	-
Unrestricted	12,925,199	5,284,675	18,209,874	734,757
Total net assets	<u>\$ 45,120,362</u>	<u>\$ 59,133,814</u>	<u>\$ 104,254,176</u>	<u>\$ 885,099</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			149,378	
Net assets of business-type activities (page 11)			<u>\$ 104,403,554</u>	

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

CITY OF ALBANY, OREGON
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
for the year ended June 30, 2004

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Total	
OPERATING REVENUES:				
Service charges and fees	\$ 11,072,300	\$ 7,152,958	\$ 18,225,258	\$ 4,257,532
Miscellaneous	132,636	446,280	578,916	54,489
Total operating revenues	<u>11,204,936</u>	<u>7,599,238</u>	<u>18,804,174</u>	<u>4,312,021</u>
OPERATING EXPENSES:				
Salaries and wages	2,668,928	2,438,988	5,107,916	2,533,590
Contracted services	423,189	298,625	721,814	392,224
Operating supplies	503,505	203,235	706,740	298,252
Utilities	295,523	371,674	667,197	44,098
Depreciation and amortization	1,410,113	1,964,346	3,374,459	57,263
Repairs and maintenance	525,063	542,117	1,067,180	177,177
Charges for services	1,357,291	1,420,486	2,777,777	482,691
Printing, duplication and postage	60,058	60,644	120,702	55,149
Miscellaneous	134,213	114,911	249,124	104,185
Total operating expenses	<u>7,377,883</u>	<u>7,415,026</u>	<u>14,792,909</u>	<u>4,144,629</u>
Operating income	<u>3,827,053</u>	<u>184,212</u>	<u>4,011,265</u>	<u>167,392</u>
NONOPERATING REVENUES (EXPENSES):				
Property Taxes	787,570	-	787,570	-
Interest on investments	162,214	123,561	285,775	10,548
Interest expense	(460,996)	(273,046)	(734,042)	-
Total nonoperating revenues (expenses)	<u>488,788</u>	<u>(149,485)</u>	<u>339,303</u>	<u>10,548</u>
Income before capital contributions and transfers	4,315,841	34,727	4,350,568	177,940
Capital contributions	1,556,794	2,371,805	3,928,599	-
Transfers out	(127,343)	(147,527)	(274,870)	(126,314)
Change in net assets	5,745,292	2,259,005	8,004,297	51,626
Net assets - beginning	39,375,070	56,874,809		833,473
Net assets - ending	<u>\$ 45,120,362</u>	<u>\$ 59,133,814</u>		<u>\$ 885,099</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.			63,804	
Change in net assets of business-type activities (pages 12-13)			<u>\$ 8,068,101</u>	

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

CITY OF ALBANY, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
for the year ended June 30, 2004

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 10,956,825	\$ 7,111,888	\$ 18,068,713	\$ 4,258,732
Cash payments to suppliers of goods and services	(1,446,580)	(2,784,069)	(4,230,649)	(1,651,448)
Cash payments to employees for services	(2,616,007)	(2,438,593)	(5,054,600)	(2,512,157)
Other operating revenues	132,636	446,280	578,916	54,489
Net cash provided by operating activities	<u>7,026,874</u>	<u>2,335,506</u>	<u>9,362,380</u>	<u>149,616</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property Taxes	790,777	-	790,777	-
Operating transfers out	(127,343)	(147,527)	(274,870)	(126,314)
Net cash provided (used in) by noncapital financing activities	<u>663,434</u>	<u>(147,527)</u>	<u>515,907</u>	<u>(126,314)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from the issuance of capital debt	40,485,000	2,835,000	43,320,000	-
Acquisition of fixed assets	(8,354,512)	(1,252,549)	(9,607,061)	(46,586)
Interest capitalized	(430,514)	-	(430,514)	-
Bond sale expenses	(297,437)	(46,720)	(344,157)	-
Receipt of assessments and fees	52,329	173,929	226,258	-
Principal paid on loan	-	(161,081)	(161,081)	-
Principal paid on bonds	(5,505,000)	(5,250,000)	(10,755,000)	-
Principal paid on certificates of participation	(48,961)	-	(48,961)	-
Interest paid on long-term debt	(460,996)	(284,875)	(745,871)	-
System development charges collected	766,708	1,340,238	2,106,946	-
Loss on the retirement of capital assets	624	11,114	11,738	-
Net cash provided by (used in) capital and related financing activities	<u>26,207,241</u>	<u>(2,634,944)</u>	<u>23,572,297</u>	<u>(46,586)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	303,100	108,079	411,179	9,275
Net increase (decrease) in cash and investments	<u>34,200,649</u>	<u>(338,886)</u>	<u>33,861,763</u>	<u>(14,009)</u>
Cash and investments, July 1, 2003	<u>10,799,165</u>	<u>10,517,046</u>	<u>21,316,211</u>	<u>885,970</u>
Cash and investments, June 30, 2004	<u>\$ 44,999,814</u>	<u>\$ 10,178,160</u>	<u>\$ 55,177,974</u>	<u>\$ 871,961</u>

Continued

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

CITY OF ALBANY, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (continued)
for the year ended June 30, 2004

	<u>Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (page 25)	\$ 3,827,053	\$ 184,212	\$ 4,011,265	\$ 167,392
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	1,410,113	1,964,346	3,374,459	\$ 57,263
Changes in assets and liabilities:				
Accounts receivable	(115,675)	(41,070)	(156,745)	1,200
Other assets	(6,658)	682	(5,976)	(23,183)
Accounts payable	1,860,697	228,800	2,089,497	(74,286)
Salaries, withholdings, vacation and taxes payable	52,921	395	53,316	21,150
Insurance liability	(1,777)	(1,858)	(3,635)	80
Refundable deposits	200	-	200	-
Rounding adjustment	-	(1)	(1)	-
Total adjustments	<u>3,199,821</u>	<u>2,151,294</u>	<u>5,351,115</u>	<u>(17,776)</u>
Net cash provided by operating activities	<u>\$ 7,026,874</u>	<u>\$ 2,335,506</u>	<u>\$ 9,362,380</u>	<u>\$ 149,616</u>

STATEMENT OF NET ASSETS RECONCILIATION

Cash and investments from above	\$ 44,999,814	\$ 10,178,160	\$ 55,177,974	\$ 871,961
Less: restricted cash and investments	(33,001,809)	(6,236,856)	(39,238,665)	-
Cash and investments per Statements of Net Assets for Proprietary Funds (page 24)	<u>\$ 11,998,005</u>	<u>\$ 3,941,304</u>	<u>\$ 15,939,309</u>	<u>\$ 871,961</u>

NONCASH CAPITAL ACTIVITIES:

Amortization of bond issuance costs	\$ 122,062	\$ 38,853	\$ 160,915
Contribution of fixed assets to government	<u>\$ 1,556,794</u>	<u>\$ 2,371,805</u>	<u>\$ 3,928,599</u>

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In June 1999, the GASB approved Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments. GASB No. 34 provides for significant changes in financial reporting and is scheduled for phased implementation based on the size of the government, starting with fiscal years ending in 2002. As part of this statement, there is a new reporting requirement regarding local government's infrastructure (roads, streets, parks, etc.). The City of Albany's financial statements for the fiscal year ended June 30, 2004, comply with the requirements of GASB No. 34.

Reporting Entity

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

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

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

Basic Financial Statements

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

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

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basic Financial Statements, continued

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The City reports the following major governmental funds:

General Fund

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

Street Fund

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

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.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

The City reports the following major proprietary funds:

Water Fund

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

Sewer Fund

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

Additionally, the City reports the following fund types:

Special Revenue Funds

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

Debt Service Funds

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

Capital Project Funds

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

Permanent Funds

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

Internal Service Funds

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

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

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

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

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Investments

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

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

Restricted Assets

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

Receivables

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

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

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

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

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

Capital Assets

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

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

Compensated Absences

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

Long-term Debt

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

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

Fund Equity

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

Budgetary Information, continued

A City Council 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 percent voter turnout unless the election is held in November of an even numbered year. In the latter case, the tax measure will pass with a more than 50 percent favorable vote regardless of the voter turnout percentage. As a result of Ballot Measure 50 and subsequent legislation, the City's permanent tax rate has been set at \$6.3984 per \$1,000 of assessed value. The assessed value for 2003-04 was \$2,309,190,848. Individually, the assessed value of a property is limited to a three percent increase annually until the assessed value is equal to the real market value.

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
Public Safety Levy Fund	Permanent Funds:
Library Memorial Fund	Library Trust Fund
Environmental Safety Fund	Senior Center Endowment Fund
PERS Reserve Fund	Enterprise Funds:
VALIANT Fund	Water Fund
Economic Improvement District Fund	Sewer Fund
State Revenue Sharing Fund	
Ambulance Fund	
Senior Center Foundation 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, notice postings, and approval by the City Council. Original and supplemental budgets may be modified during the fiscal year by use of appropriation transfers between legal categories. Such transfers require approval of the City Council.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

Budgetary Information, continued

During the fiscal year ended June 30, 2004, the City made several appropriation transfers and supplemental budget changes. Increased appropriations for unanticipated grant awards during the year amounted to \$403,660. Other supplemental budget changes resulted in a net increase of \$3,460,540 of authorized expenditures, most of which, \$2,735,000, were appropriated for calling 1993C Sewer Refunding bonds and refunding the 1993A Sewer Refunding bonds. 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.

The City established three new funds in fiscal 2003-2004: the Public Safety Levy Fund, the PERS Reserve Fund, and the VALIANT Fund. The Public Safety Levy Fund is used to account for the receipt and transfer to the General Fund of the property tax proceeds of the \$0.95/\$1,000 of assessed value, voter-approved, five year, local option levy. The PERS (Public Employees Retirement System) Reserve Fund is set up to hold potential retirement plan savings pending the outcome of litigation concerning the legislative revamping of the PERS system. The legislation, effective August 2003, lowered the City's contribution rate from 12.21 percent to 9.48 percent. The VALIANT (Valley Interagency Narcotic Team) Fund is used to account for resources used to interdict area drug marketing and distribution operations in order to arrest and prosecute drug offenders.

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 (\$1,759,091) as of June 30, 2004. 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	250,226
Bank overdrafts with financial institutions	(9,190)
State of Oregon Treasurer's short-term investment pool	34,084,102
Other investments (see Investments)	45,837,545
Total cash and investments	<u>\$80,164,893</u>

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

Cash and investments	\$31,890,697
Restricted cash and investments	48,274,196
Total cash and investments	<u>\$80,164,893</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 (\$9,190) and the bank balance was \$1,152,554. The entire bank balance, \$1,152,554 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 government-wide financial statements for the fiscal years ended June 30, 2003 and 2004.

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 the Albany City Council, specifies the City's investment objectives, required diversification, and certain limitations and reporting requirements.

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, 2004. 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	\$ 45,837,545	\$ 45,837,545	\$ 45,687,393
State of Oregon Treasurer's Short-term Investment Pool.			
The reported market rate of 99.9% 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, 2004.		34,084,102	34,050,018
		<u>\$ 79,921,647</u>	<u>\$ 79,737,411</u>

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, 2004 amounted to \$103,810, which represented approximately 1.5 percent of the outstanding receivables. Since assessments are liens against the benefited properties, an allowance for uncollectible accounts is not deemed necessary. Assessments are payable for a period of five to twenty years and bear an interest rate of 9 percent for unbonded assessments and the bond sale rate plus 1.5 percent for financed assessments.

DEFERRED REVENUE

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

	Unavailable	Unearned
Delinquent property taxes receivable		
General Fund	\$ 781,395	\$ -
Parks & Recreation Fund	230,673	-
Debt Service Fund	78,673	-
Public Safety Levy Fund	74,636	-
Central Albany Revitalization Area	23,935	-
Accounts receivable	385,350	-
Assessments receivable	6,299,598	-
Community development loans	93,267	-
Economic development loans	283,022	-
Grants received but unspent	-	64,150
Total deferred revenue	<u>\$ 8,250,549</u>	<u>\$ 64,150</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

INTERFUND TRANSFERS

<u>Transfers out</u>	<u>Transfers In</u>			<u>Total</u>
	<u>General</u>	<u>Parks & Recreation</u>	<u>Nonmajor Governmental</u>	
Governmental Funds				
General Fund	\$ -	\$ 67,800	\$ 1,324,544	\$ 1,392,344
Parks & Recreation Fund	-	-	70,244	70,244
Nonmajor governmental funds	1,186,899	45,300	388,901	1,621,100
Internal service funds related to governmental activities	-	-	97,399	97,399
Total Governmental Funds	1,186,899	113,100	1,881,088	3,181,087
Business-type Funds				
Water Fund	-	-	127,343	127,343
Sewer Fund	-	-	147,527	147,527
Internal service funds related to business-type activities	-	-	28,915	28,915
Total Business-type Funds	-	-	303,785	303,785
Total transfers	\$ 1,186,899	\$ 113,100	\$ 2,184,873	\$ 3,484,872

In the November 2002 General Election, voters of the City of Albany approved a \$0.95 per \$1000 of assessed value local option levy for Public Safety. Fiscal 2003-04 was the first year of the five-year levy. The City created a new special revenue fund, Public Safety Levy Fund, to account for the collection and transfer of the taxes levied. During 2003-04, \$1,161,899 was transferred to the General Fund to pay for public safety activities. In addition, the Central Albany Revitalization Area transferred \$25,000 to the General Fund for administrative services. Transfers from the General Fund to the Street Fund included \$320,000 for the cost street lighting and \$17,992 in support of the Urban Forestry Program. General Fund support of the Albany Transit System was \$16,700, and Transit Loop System support totaled \$8,000. The General Fund transferred \$67,800 to the Parks and Recreation Fund as additional funding for the Albany Community Pool.

The amount of \$241,008 was transferred from the General Fund to the Debt Service Fund to make principal and interest payments on the 1994 City Hall Certificates of Participation. The final General Fund transfers were \$213,760 to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds, and \$483,084 to the PERS Reserve Fund.

Other transfers to the Debt Service Fund for the 2002 Limited Tax Pension Bonds were as follows: Street Fund, \$10,388; Parks and Recreation Fund, \$21,548; Grants Fund, \$1,031; Building Inspection Fund, \$11,423; Ambulance Fund, \$22,236; Public Transit Fund, \$4,833; Water Fund, \$39,063; Sewer Fund, \$45,255; Equipment Maintenance Fund, \$8,870; Information Systems Services Fund, \$6,394; Central Services Fund, \$18,906; and Geographic Information Systems Fund, \$4,578.

Other transfers to the PERS Reserve Fund were as follows: Street Fund, \$23,476; Parks and Recreation Fund, \$48,696; Grants Fund, \$2,330; Building Inspection Fund, \$25,814; Ambulance Fund, \$50,252; Public Transit Fund, \$10,922; Water Fund, \$88,280; Sewer Fund, \$102,272; Equipment Maintenance Fund, \$20,045; Information Systems Services Fund, \$14,450; Central Services Fund, \$42,726; and Geographic Information Systems Fund, \$10,345.

The City used state revenue sharing proceeds to support public transit activities. Transfers from the State Revenue Sharing Fund were as follows: Parks and Recreation Fund, Paratransit System, \$45,300; Public Transit Fund, Albany Transit System, \$192,100, and Public Transit Fund, Transit Loop System, \$13,300.

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, 2004 was as follows:

	July 1, 2003		Deletions,	June 30, 2004
	Balance	Additions	Transfers in, Transfers out	Balance
Land	\$ 4,053,489	\$ -	\$ (268,586)	\$ 3,784,903
Construction in progress	6,680,496	3,079,516	(1,455,919)	8,304,093
Total non-depreciable	10,733,985	3,079,516	(1,724,505)	12,088,996
Buildings and improvements	12,350,952	161,313	-	12,512,265
Vehicles and equipment	8,109,294	495,132	(349,997)	8,254,429
Infrastructure	61,861,084	2,818,181	1,455,919	66,135,184
Total depreciable	82,321,330	3,474,626	1,105,922	86,901,878
Total capital assets	93,055,315	6,554,142	(618,583)	98,990,874
Accumulated depreciation				
Buildings and improvements	(2,851,943)	(235,950)	-	(3,087,893)
Vehicles and equipment	(4,641,338)	(643,230)	341,251	(4,943,317)
Infrastructure	(20,047,747)	(2,647,209)	-	(22,694,956)
Total accumulated depreciation	(27,541,028)	(3,526,389)	341,251	(30,726,166)
Governmental activities, capital assets, net	<u>\$65,514,287</u>	<u>\$ 3,027,753</u>	<u>\$ (277,332)</u>	<u>\$68,264,708</u>

Depreciation expense for governmental activities has been charged as follows:

General government	\$ 262,485
Public safety	434,981
Highways & streets	2,370,908
Culture and recreation	404,825
Internal service funds reported as governmental activities:	
Information Systems Fund	49,662
Central Services Fund	1,275
Geographic Information Systems Fund	2,253
Total deprecation for governmental activities	<u>\$ 3,526,389</u>

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

Total capital assets from above	\$98,990,874
Internal service fund capital assets reported as governmental activities:	
Information Systems Fund	(514,182)
Central Services Fund	(33,084)
Geographic Information Systems Fund	(73,900)
Schedule of Governmental Capital Assets - By Source, Total investment in governmental capital assets (page 118).	<u>\$98,369,708</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, 2004 was as follows:

	July 1, 2003 Balance	Additions	Deletions, Transfers in, Transfers out	June 30, 2004 Balance
Land	\$ 1,524,969	\$ -	\$ -	\$ 1,524,969
Construction in progress	6,924,678	8,302,133	(4,473,365)	10,753,446
Total non-depreciable	<u>8,449,647</u>	<u>8,302,133</u>	<u>(4,473,365)</u>	<u>12,278,415</u>
Land rights	19,794	-	-	19,794
Land improvements	25,178	-	-	25,178
Buildings and improvements	24,012,442	348,942	3,400,632	27,762,016
Vehicles and equipment	6,305,201	364,513	(304,166)	6,365,548
Infrastructure	84,812,053	2,840,865	1,072,733	88,725,651
Total depreciable	<u>115,174,668</u>	<u>3,554,320</u>	<u>4,169,199</u>	<u>122,898,187</u>
Total capital assets	<u>123,624,315</u>	<u>11,856,453</u>	<u>(304,166)</u>	<u>135,176,602</u>
Accumulated depreciation				
Land rights	(12,208)	(661)	-	(12,869)
Land improvements	(17,156)	(634)	-	(17,790)
Buildings and improvements	(7,348,038)	(971,214)	-	(8,319,252)
Vehicles and equipment	(4,062,186)	(322,232)	292,428	(4,091,990)
Infrastructure	(22,382,312)	(1,905,653)	-	(24,287,965)
Total accumulated depreciation	<u>(33,821,900)</u>	<u>(3,200,394)</u>	<u>292,428</u>	<u>(36,729,866)</u>
Business-type activities, capital assets, net	<u>\$89,802,415</u>	<u>\$ 8,656,059</u>	<u>\$ (11,738)</u>	<u>\$98,446,736</u>

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

Water Fund	\$ 1,277,923
Sewer Fund	1,918,398
Internal service fund reported as business-type activity:	
Equipment Maintenance Fund	4,073
Total depreciation for governmental activities	<u>\$ 3,200,394</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	\$98,446,736
Internal service fund capital assets reported as business-type activities:	
Equipment Maintenance Fund	(133,112)
Capital assets (net), Statement of Net Assets of Proprietary Funds (page 24).	<u>\$98,313,624</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, 2004. The projects include street construction in areas with newly developed housing, 53rd Avenue. Water and Sewer capital projects include 21st Utility Extensions, Valley View West Water Line, Hill Street Rehabilitation, the 14th Avenue to Queen Avenue Sewer Line Replacement, and the Albany/Millersburg 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>
Water/Sewer Fund Capital Projects:		
Valley View West Waterline	\$ 187,488	\$ 52,001
21st Avenue Utility Extensions	507,492	18,428
Hill Street Rehabilitation: 9th Avenue to Queen Avenue	386,727	1,213,238
14th Avenue to Queen Ave, Oak to Tudor Sanitary Sewer Replacement	586,768	262,367
53rd Avenue Local Improvement District	2,697,183	453,446
Albany/Millersburg Joint Water Project	5,043,047	21,163,798
Totals	<u>\$ 9,408,705</u>	<u>\$ 23,163,278</u>

The Water and Sewer capital projects are financed from capital project resources of the Water and Sewer Funds. 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 joint water project is being financed by revenue bonds secured by water revenues.

SHORT-TERM DEBT

Non-revolving Line of Credit

In May 2004, the Central Albany Revitalization Area (Agency), a blended component unit of the City, issued a \$3,900,000 Non-Revolving Line of Credit (Bond Anticipation Line of Credit (BALC)), which will be used to finance a number of approved projects in the Agency's Urban Renewal Plan. The fully floating, annualized taxable rate equals the greater of two percent (2 percent) or the Prime Rate minus 1.80 percent. The tax-exempt rate is a fully floating, annualized rate which equals the greater of 1.5 percent or 65 percent of the result of subtracting 1.40 percent from the Prime Rate. The prime rate is designated by the Bank. The maturity date for the BALC is June 1, 2006, or the date on which the Agency obtains long-term financing or refinances this line. The payment of the principal and interest on the BALC shall be secured by the property tax increment revenues generated in the Urban Renewal Plan area.

During the 2003-04 fiscal year, the Agency borrowed \$100,000 (tax-exempt) from the BALC. Subsequent to the end of the fiscal year, on October 19, 2004, the Agency borrowed \$200,000 (taxable draw). Tax increment bonds will be issued, as authorized in ORS 457.420 through 457.450, in fiscal year 2005-06 to pay off the BALC and fund remaining projects.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

LONG-TERM DEBT

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

	Beginning Balance	Increase	Decrease	Amortization of Discounts & Issue Costs	Ending Balance	Due in 2004/05
Governmental Activities						
General Obligation Bonds						
Series 1996 Fire Substation	\$ 2,895,000	\$ -	\$ 155,000	\$ -	\$ 2,740,000	\$ 165,000
Series 1999 Street Rehabilitation	8,480,000	-	375,000	-	8,105,000	390,000
Bancroft Bonds						
Series 1997	1,890,000	-	185,000	-	1,705,000	190,000
Series 2002	687,645	-	51,096	-	636,549	53,709
Revenue Bonds						
Series 1995 Hotel/Motel Tax	1,570,000	-	160,000	-	1,410,000	180,000
Limited Tax Pension Obligations						
Series 2002	6,826,913	-	13,677	-	6,813,236	29,847
Certificates of Participation						
City Hall	1,990,000	-	140,000	-	1,850,000	145,000
Notes Payable, OEDD						
Target Infrastructure	338,356	-	18,224	-	320,132	18,383
Total Governmental Activities	\$ 24,677,914	\$ -	\$ 1,097,997	\$ -	\$ 23,579,917	\$ 1,171,939
Business-type Activities						
General Obligation Bonds						
1998 Water Refunding	\$ 4,961,123	\$ -	\$ 630,000	\$ 20,688	\$ 4,351,811	\$ 660,000
Water Revenue Bonds						
1993B Water Refunding	4,770,995	-	4,875,000	104,005	-	-
2003 Water Revenue/Refunding	-	40,185,184	-	7,497	40,192,681	1,215,000
Sewer Revenue Bonds						
1993A Sewer Refunding	3,834,637	-	3,925,000	90,363	-	-
1993C Sewer Refunding	1,292,821	-	1,325,000	32,179	-	-
2004 Sewer Current Refunding	-	2,686,088	-	13,769	2,699,857	445,000
Certificates of Participation						
Joint Water Project	553,550	-	48,961	-	504,589	51,770
Notes Payable, Oregon DEQ						
North Albany Sewer Project	1,449,723	-	161,081	-	1,288,642	161,080
Total Business-type Activities	\$ 16,862,849	\$ 42,871,272	\$ 10,965,042	\$ 268,501	\$ 49,037,579	\$ 2,532,850

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 percent to 5.5 percent for the 19 year bonds. Final maturity is December 1, 2015. The balance outstanding at June 30, 2004 is \$2,740,000

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 percent to 4.85 percent for the 20 year bonds. Final maturity is March 1, 2019. The balance outstanding at June 30, 2004 is \$8,105,000.

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

Year Ending June 30	Principal	Interest	Total
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	665,000	399,197	1,064,197
2010-2014	3,855,000	1,496,986	5,351,986
2015-2019	3,945,000	530,284	4,475,284
Totals	\$ 10,845,000	\$ 4,295,854	\$ 15,140,854

Special Assessment Bancroft 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 Street. Interest rates range from 4percent to 4.65 percent for the 10 year bonds. Final maturity is June 1, 2007. The balance outstanding at June 30, 2004 is

In June 2002, the City issued \$736,255 in limited tax assessment bonds to finance the following LID's: Alandale, Hickory Street, Marion Street, Riverside Drive, Timber Street, 12th Avenue, and Lehigh/Riderwood. The interest rate is 5.5 percent for the 10 year bonds. Final maturity is June 17, 2012. The balance outstanding at June 30, 2004 is \$636,549.

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

Year Ending June 30	Principal	Interest	Total
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	65,567	19,618	85,185
2010-2012	339,099	38,042	377,141
Totals	\$ 2,341,549	\$ 377,099	\$ 2,718,648

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

LONG-TERM DEBT, continued
Governmental Activities, continued

Governmental 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 percent to 5.75 percent for the 15 year bonds. Final maturity is August 1, 2010. The balance outstanding at June 30, 2004 is \$1,410,000.

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

Year Ending June 30	Principal	Interest	Total
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	210,000	30,188	240,188
2010-2011	420,000	24,150	444,150
Totals	\$ 1,410,000	\$ 285,318	\$ 1,695,318

Limited Tax Pension Obligations

In March 2002, the City sold \$6,851,826 of Limited Tax Pension Obligations. Net proceeds in the amount of \$6,700,000 were used to finance a portion of the City's estimated unfunded liability in the Oregon Public Employees Retirement System. Debt service requirements are payable from available general funds, including taxes and other funds. Interest rates range from 2 percent to 7.36 percent for the 26 year bonds. Final maturity is June 1, 2028. The balance outstanding at June 30, 2004 is \$6,813,236.

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

Year Ending June 30	Principal	Interest	Total
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	73,231	412,827	486,058
2010-2028	6,545,507	7,654,964	14,200,471
Totals	\$ 6,813,236	\$ 9,617,523	\$ 16,430,759

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 percent to 5.25 percent for the 20 year certificates. Final maturity is January 1, 2014. The balance outstanding at June 30, 2004 is \$1,850,000.

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

Year Ending June 30	Principal	Interest	Total
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	180,000	64,050	244,050
2010-2014	1,040,000	169,837	1,209,837
Totals	\$ 1,850,000	\$ 570,837	\$ 2,420,837

Notes Payable

In 1995, the City borrowed \$441,137 from the Oregon Economic Development Department, Special Public Works Fund, to finance infrastructure (water, sewer, and street) improvements in the Linn-Benton Business Park to serve a 650,000 square foot Target Stores, Inc. regional distribution center. Dayton Hudson Corporation DBA Target Stores, Inc. is responsible for \$390,000. The remaining balance, \$51,137 is the payable by the City from resources of the Economic Development Fund. The interest rate is 5.47 percent for the 20 year note. Final maturity is December 15, 2015. The balance outstanding at June 30, 2004 is \$320,132 (Dayton Hudson Corporation, \$283,022; City, \$37,110).

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

Year Ending June 30	Principal	Interest	Total
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	24,155	13,436	37,591
2010-2015	211,381	52,921	264,302
Totals	\$ 320,132	\$ 131,936	\$ 452,068

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

LONG-TERM DEBT, continued

Business-type Activities

General Obligation Bonds

In April 1998, the City issued \$7,865,000 in general obligation bonds to advance refund the Advance Refunding General Obligation Water Bonds, Series 1987. Debt service requirements are payable from a direct ad valorem tax upon all of the taxable property within the City. Interest rates range from 3.6 percent to 4.5 percent for the 12 year bonds. Final maturity is November 1, 2009. The balance outstanding of the bonds at June 30, 2004 is \$4,455,000.

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

Year Ending June 30	Principal	Interest	Total
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	795,000	55,065	850,065
2010	835,000	18,788	853,788
Less - unamortized discounts and issuance costs and loss on refunding	(103,189)	-	(103,189)
<u>Totals</u>	<u>\$ 4,351,811</u>	<u>\$ 614,023</u>	<u>\$ 4,965,834</u>

Revenue Bonds

In November 2003, the City issued \$40,485,000 in Water Revenue and Refunding Bonds, Series 2003, to refund the Second Lien Water Revenue Advance Refunding Bonds, Series 1993B and to finance the costs of acquiring real and necessary equipment and appurtenances. Debt service requirements are payable from water system revenues. Interest rates range from 2.00 percent to 5.125 percent for the 30 year bonds. Final maturity is August 1, 2033. The balance outstanding of the bonds at June 30, 2004 is \$40,485,000.

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

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

Year Ending June 30	Principal	Interest	Total
2005	\$ 1,660,000	\$ 1,833,719	\$ 3,493,719
2006	1,680,000	1,802,212	3,482,212
2007	1,715,000	1,765,286	3,480,286
2008	1,755,000	1,708,331	3,463,331
2009	1,805,000	1,630,729	3,435,729
2010-2034	34,705,000	24,082,596	58,787,596
Less - unamortized discounts, issuance costs, and loss on defeasance	(427,462)	-	(427,462)
<u>Totals</u>	<u>\$ 42,892,538</u>	<u>\$ 32,822,873</u>	<u>\$ 75,715,411</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

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

Certificates of Participation

In March 2002, the City issued \$600,000 in certificates of participation to finance the cost of the acquisition of real and personal property to be used as a City water intake, pumping station, and raw water transmission facility. Debt service requirements are payable solely from the net revenues of the City's water system. The interest rate is 5.5 percent for the 10 year certificates. Final maturity is March 1, 2012. The balance outstanding at June 30, 2004 is \$504,589.

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

Year Ending June 30	Principal	Interest	Total
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	64,316	14,514	78,830
2010-2012	215,267	21,219	236,486
Totals	\$ 504,589	\$ 126,044	\$ 630,633

Loans Payable

In April 1992, the City borrowed \$5,202,059 from the Oregon Department of Environmental Quality State Revolving Fund to finance the collector sewers for the North Albany Health Hazard Abatement project. Loan repayment requirements are payable solely from the net revenues of the City's sewer system. The interest rate is 3 percent for the 20 year loan. Final maturity is February 1, 2012. The balance outstanding at June 30, 2004 is \$1,288,642.

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

Year Ending June 30	Principal	Interest	Total
2005	\$ 161,080	\$ 38,659	\$ 199,739
2006	161,080	33,827	194,907
2007	161,080	28,994	190,074
2008	161,080	24,162	185,242
2009	161,080	19,330	180,410
2010-2012	483,242	28,994	512,236
Totals	\$ 1,288,642	\$ 173,966	\$ 1,462,608

During fiscal year 2003/04, the City defeased the 1993 Sewer Refunding Bonds Series A by placing cash and investments in such amounts and at such interest rates that the debt service will be fully paid off for the remaining life of the bonds. Accordingly, the liability related to that issuance is not shown as debt of the City on the Statement of Net Assets. The outstanding balance of the bonds defeased was \$3,450,000 on June 30, 2004. The final payment will be in August 2009.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

SEGMENT INFORMATION FOR DISCRETELY PRESENTED COMPONENT UNIT

ALBANY PUBLIC LIBRARY FOUNDATION

Condensed Statement of Net Assets

Assets:	
Cash and Investments	\$ 785,838
Fixed Assets (net)	333
Total assets	<u>786,171</u>
Net Assets:	
Unrestricted	786,171
Total Net Assets	<u>\$ 786,171</u>

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

Operating revenues	\$ 20,996
Operating expenses	(27,691)
Depreciation	500
Operating loss	<u>(6,195)</u>
Nonoperating revenues:	
Investment income	115,271
Change in net assets	109,076
Beginning net assets	678,095
Ending net assets	<u>\$ 787,171</u>

Condensed Statement of Cash Flows

Net cash provided (used) by:	
Operating activities	\$ (7,195)
Capital and related financing activities	500
Noncapital financing activities	115,271
Net increase	108,576
Beginning cash and investments	677,262
Ending cash and investments	<u>\$ 785,838</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION

PENSION PLAN

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

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

Plan Description

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

Benefits generally vest after five years of continuous 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, P.O. Box 73, Portland, Oregon 97207-0073.

Funding Policy

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

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

Employer contributions are required by state statute and made at actuarially determined rates as adopted by the Public Employees Retirement Board. Covered employees are required by state statute to contribute six percent of their annual salary to the system, but the employer is allowed to make any or all of the employees' contribution in addition to the required employer contribution. In fiscal year 1980-81, the City elected to contribute the six percent "pick-up", \$974,463 (5.66 percent of covered payroll), in lieu of a six percent pay increase.

In addition, the City contributed \$1,548,451 based on actuarially determined requirements. OPSRP legislation calls for all employers to be pooled for the purposes of calculating contribution rates. For the City, OPSRP rates for general service employees is 8.04 percent and the rate for police and fire employees is 11.65 percent. The rate for employees in the PERS system is 9.48 percent

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

PENSION PLAN (continued)

Annual Pension Cost

All PERS and OPSRP participating employers are required by law to submit the contributions as adopted by the Retirement Board. For the fiscal year ended June 30, 2004, the City's annual pension expenditure/expenses exclusive of the six percent "pick-up" was \$1,522,395. This amount consisted of the annual required contribution of \$1,548,451 and (\$26,056) in amortization of pension assets. The City's annual pension cost and pension assets for the fiscal year ended June 30, 2004, were as follows:

Annual required contribution	\$ 1,548,451
Interest on pension assets	(522,999)
Adjustment to the annual required contribution	496,943
Annual pension cost	1,522,395
Contributions made	1,548,451
Increase in pension assets	26,056
Pension assets, beginning of year	6,537,484
Pension assets, end of year	\$ 6,563,540

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

Fiscal year ended	Beginning Net Pension Asset (Obligation)	Annual Pension Cost (APC)	Annual Pension Contribution	Percentage of APC Contributed	Ending Net Pension Asset (Obligation)
June 20, 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
June 30, 2004	6,537,484	1,522,395	1,548,451	102%	6,563,540

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

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Asset)	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability (Asset) as a % of Covered Payroll
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 percent per year, (b) an assumed earnings rate of 8 percent net of investment and administrative expenses, (c) wage growth of 4.25 percent annually, and (d) a post-retirement benefits increase of 2 percent per year.

RISK MANAGEMENT

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

The City participates in self-insurance pools of City/County Insurance 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 fiscal years ended June 30, 2002, 2003, and 2004, the City was obligated to pay up to \$75,000 in claims and settlement costs. At June 30, 2004, amounts accrued as a liability for fiscal years 2001-02 and 2003-04 were \$2,069 and \$4,065, 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 in 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
2002	\$ 66,196	\$ 64,127	\$ 2,069
2003	75,000	75,000	-
2004	22,391	18,326	4,065

COMMITMENTS AND CONTINGENT LIABILITIES

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

JOINT VENTURE

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

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

At June 30, 2004, the Linn Regional Fueling Facility's equity balance as reported in its audited financial statements totaled \$493,131. A copy of the Linn Regional Fueling Facility audit report may be obtained from Linn County, P.O. Box 100, Albany, Oregon 97321.

INTERGOVERNMENTAL AGREEMENT

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

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

INTERGOVERNMENTAL AGREEMENT (continued)

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

SUBSEQUENT EVENT

On October 28, 2004, the Central Albany Redevelopment Area (CARA), a blended component unit of the City, issued a one day bond known as a "Du Jour Bond" in the amount of \$640,610 as allowed under ORS 457.440. This statute requires that property tax revenues collected within the urban renewal district be spent on "bonded indebtedness", as defined by bonds, notes, lines of credit, contracts, and other forms of indebtedness. The one day bond payback transaction was completed on October 29, 2004.

SUPPLEMENTARY DATA

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

Not everything that can be counted counts; and not everything that counts can be counted.

Albert Einstein

CITY OF ALBANY, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 June 30, 2004

	<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	\$ 4,443,398	-	\$ 3,589,712	\$ -	\$ 8,033,110
Receivables:					
Property taxes	83,827	90,615	26,531	-	200,973
Accounts receivable	300,581	-	-	-	300,581
Assessments	-	922,964	-	-	922,964
Interest	15,270	10,199	14,275	461	40,205
Loans	376,289	-	-	-	376,289
Grants	34,647	-	-	-	34,647
Other assets	2,002	-	-	-	2,002
Restricted cash and investments	118,868	2,560,651	-	122,467	2,801,986
Total assets	<u>\$ 5,374,882</u>	<u>\$ 3,584,429</u>	<u>\$ 3,630,518</u>	<u>\$ 122,928</u>	<u>\$ 12,712,757</u>
LIABILITIES					
Accounts payable	\$ 428,618	\$ -	\$ 488,970	\$ 182	\$ 917,770
Insurance	414	-	-	-	414
Refundable deposits and advances	105,157	-	-	-	105,157
Short-term debt - letter of credit	-	-	100,000	-	100,000
Deferred revenue	799,805	1,001,637	23,935	-	1,825,377
Total liabilities	<u>1,333,994</u>	<u>1,001,637</u>	<u>612,905</u>	<u>182</u>	<u>2,948,718</u>
FUND BALANCES					
Reserved for capital assets	-	-	95,681	-	95,681
Reserved for debt service	33,787	2,582,792	-	-	2,616,579
Reserved for other purposes	84,556	-	-	-	84,556
Reserved for perpetual care	-	-	-	108,906	108,906
Unreserved	3,922,545	-	2,921,932	13,840	6,858,317
Total fund balances	<u>4,040,888</u>	<u>2,582,792</u>	<u>3,017,613</u>	<u>122,746</u>	<u>9,764,039</u>
Total liabilities and fund balances	<u>\$ 5,374,882</u>	<u>\$ 3,584,429</u>	<u>\$ 3,630,518</u>	<u>\$ 122,928</u>	<u>\$ 12,712,757</u>

CITY OF ALBANY, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2004

	NONMAJOR GOVERNMENTAL FUNDS				
	Special Revenue	Debt Service	Capital Projects	Permanent	Total
REVENUES					
Taxes	\$ 2,067,707	\$ 1,316,832	\$ 396,383	\$ -	\$ 3,780,922
Special assessments	-	728,115	-	-	728,115
Licenses and fees	1,180,448	-	-	-	1,180,448
Intragovernmental revenues	1,666,501	-	1,561,194	-	3,227,695
Charges for services	1,626,681	-	617,936	-	2,244,617
Interest on investments	47,537	35,862	50,673	1,613	135,685
Miscellaneous	131,383	-	42,766	454	174,603
Total revenues	<u>6,720,257</u>	<u>2,080,809</u>	<u>2,668,952</u>	<u>2,067</u>	<u>11,472,085</u>
EXPENDITURES					
General government	2,060,096	3,637	297,635	-	2,361,368
Public safety	1,923,234	-	-	-	1,923,234
Highways and streets	2,800	-	-	-	2,800
Culture and recreation	147,595	-	-	1,246	148,841
Capital outlay	597,346	-	2,086,422	-	2,683,768
Debt service:					
Principal	18,224	1,079,773	-	-	1,097,997
Interest	18,772	1,205,523	-	-	1,224,295
Total expenditures	<u>4,768,067</u>	<u>2,288,933</u>	<u>2,384,057</u>	<u>1,246</u>	<u>9,442,303</u>
Revenues under (over) expenditures	<u>1,952,190</u>	<u>(208,124)</u>	<u>284,895</u>	<u>821</u>	<u>2,029,782</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,173,588	649,293	24,000	-	1,846,881
Transfers out	(1,562,236)	-	(25,000)	-	(1,587,236)
Total other financing sources (uses)	<u>(388,648)</u>	<u>649,293</u>	<u>(1,000)</u>	<u>-</u>	<u>259,645</u>
Net change in fund balances	1,563,542	441,169	283,895	821	2,289,427
Fund balance - beginning	2,477,346	2,141,623	2,733,718	121,925	7,474,612
Fund balance - ending	<u>\$ 4,040,888</u>	<u>\$ 2,582,792</u>	<u>\$ 3,017,613</u>	<u>\$ 122,746</u>	<u>\$ 9,764,039</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.

- **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.
- **Public Safety Levy**-provides independent accounting of property tax revenues collected from the Public Safety Levy passed by the voters of the City in the November 2002 General Election.
- **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.
- **PERS Reserve**-provides an independent accounting of monies collected through the payroll system which are held in reserve pursuant to pending court litigation.
- **VALIANT**-accounts for the activity of the multi-agency task force whose function is to interdict drug marketing and distribution in Linn and Benton counties.
- **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 the City has elected to use 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 System which transports riders between the Cities of Albany and Corvallis.
- **Senior Center Foundation**-accounts for the revenues and expenditures of the foundation which operates the gift shop at the Senior Center, conducts fund raising activities, and receives gifts and donations.

CITY OF ALBANY, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
 June 30, 2004

	Grants	Building Inspection	Community Development	Public Safety Levy	Library Memorial	Payroll Insurance
ASSETS						
Cash and cash equivalents	\$ 30,740	\$ 658,252	\$ 450,983	\$ 631,664	\$ -	\$ 1,239,274
Receivables:						
Property Taxes	-	-	-	83,827	-	-
Accounts receivable	-	-	-	-	-	-
Interest	200	2,286	1,487	2,522	302	4,371
Loans	-	-	93,267	-	-	-
Grants	34,647	-	-	-	-	-
Other assets	-	297	-	-	-	-
Restricted cash and investments	-	-	-	-	85,203	-
Total assets	<u>\$ 65,587</u>	<u>\$ 660,835</u>	<u>\$ 545,737</u>	<u>\$ 718,013</u>	<u>\$ 85,505</u>	<u>\$ 1,243,645</u>
LIABILITIES						
Accounts payable	\$ 1,437	\$ 29,620	\$ -	\$ -	\$ 949	\$ 352,214
Insurance	-	59	-	-	-	-
Refundable deposits and advances	-	-	-	-	-	-
Deferred revenue	64,150	-	93,267	74,636	-	-
Total liabilities	<u>65,587</u>	<u>29,679</u>	<u>93,267</u>	<u>74,636</u>	<u>949</u>	<u>352,214</u>
FUND BALANCES						
Reserved for debt service	-	-	-	-	-	-
Reserved for other purposes	-	-	-	-	84,556	-
Unreserved	-	631,156	452,470	643,377	-	891,431
Total fund balances	<u>-</u>	<u>631,156</u>	<u>452,470</u>	<u>643,377</u>	<u>84,556</u>	<u>891,431</u>
Total liabilities and fund balances	<u>\$ 65,587</u>	<u>\$ 660,835</u>	<u>\$ 545,737</u>	<u>\$ 718,013</u>	<u>\$ 85,505</u>	<u>\$ 1,243,645</u>

Environmental Safety Services	PERS Reserve	VALIANT	Economic Improvement District	Economic Development	State Revenue Sharing	Ambulance	Public Transit	Senior Center Foundation	Total
\$ 32,334	\$ 926,705	\$ 148,016	\$ 4,620	\$ 269,694	\$ 8,001	\$ 14,871	\$ 21,018	\$ 7,226	\$ 4,443,398
-	-	-	-	-	-	-	-	-	83,827
13,625	-	-	10,296	1,249	-	274,434	977	-	300,581
69	2,506	522	21	793	47	68	52	24	15,270
-	-	-	-	283,022	-	-	-	-	376,289
-	-	-	-	-	-	-	-	-	34,647
-	-	-	-	50	-	1,300	355	-	2,002
-	-	-	-	33,665	-	-	-	-	118,868
<u>\$ 46,028</u>	<u>\$ 929,211</u>	<u>\$ 148,538</u>	<u>\$ 14,937</u>	<u>\$ 588,473</u>	<u>\$ 8,048</u>	<u>\$ 290,673</u>	<u>\$ 22,402</u>	<u>\$ 7,250</u>	<u>\$ 5,374,882</u>
\$ 6,320	\$ -	\$ 6,932	\$ 1,970	\$ 21,059	\$ -	\$ 3,488	\$ 4,261	\$ 368	\$ 428,618
8	-	59	-	42	-	118	128	-	414
-	-	103,157	-	2,000	-	-	-	-	105,157
-	-	-	10,296	283,022	-	274,434	-	-	799,805
<u>6,328</u>	<u>-</u>	<u>110,148</u>	<u>12,266</u>	<u>306,123</u>	<u>-</u>	<u>278,040</u>	<u>4,389</u>	<u>368</u>	<u>1,538,026</u>
-	-	-	-	33,787	-	-	-	-	33,787
-	-	-	-	-	-	-	-	-	84,556
39,700	929,211	38,390	2,671	248,563	8,048	12,633	18,013	6,882	3,922,545
39,700	929,211	38,390	2,671	282,350	8,048	12,633	18,013	6,882	4,040,888
<u>\$ 46,028</u>	<u>\$ 929,211</u>	<u>\$ 148,538</u>	<u>\$ 14,937</u>	<u>\$ 588,473</u>	<u>\$ 8,048</u>	<u>\$ 290,673</u>	<u>\$ 22,402</u>	<u>\$ 7,250</u>	<u>\$ 5,374,882</u>

CITY OF ALBANY, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2004

	Grants	Building Inspection	Community Development	Public Safety Levy	Library Memorial	Payroll Insurance
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 1,797,480	\$ -	\$ -
Licenses and fees	-	1,138,282	-	-	-	-
Intragovernmental revenues	1,021,449	-	23,719	-	-	-
Charges for services	-	-	-	-	-	2,585
Interest on investments	-	8,062	5,054	7,796	1,036	15,034
Miscellaneous	25,036	264	-	-	29,240	23,900
Total revenues	<u>1,046,485</u>	<u>1,146,608</u>	<u>28,773</u>	<u>1,805,276</u>	<u>30,276</u>	<u>41,519</u>
EXPENDITURES						
General government	99,759	1,073,259	7,844	-	-	39,728
Public safety	241,939	-	-	-	-	-
Highways and streets	2,800	-	-	-	-	-
Culture and recreation	131,073	-	-	-	16,522	-
Capital outlay	588,349	-	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>1,063,920</u>	<u>1,073,259</u>	<u>7,844</u>	<u>-</u>	<u>16,522</u>	<u>39,728</u>
Revenues under (over) expenditures	<u>(17,435)</u>	<u>73,349</u>	<u>20,929</u>	<u>1,805,276</u>	<u>13,754</u>	<u>1,791</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	20,796	-	-	-	-	-
Transfers out	(3,361)	(37,237)	-	(1,161,899)	-	-
Total other financing sources (uses)	<u>17,435</u>	<u>(37,237)</u>	<u>-</u>	<u>(1,161,899)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	36,112	20,929	643,377	13,754	1,791
Fund balance - beginning	-	595,044	431,541	-	70,802	889,640
Fund balance - ending	<u>\$ -</u>	<u>\$ 631,156</u>	<u>\$ 452,470</u>	<u>\$ 643,377</u>	<u>\$ 84,556</u>	<u>\$ 891,431</u>

Environmental Safety Services	PERS Reserve	VALIANT	Economic Improvement District	Economic Development	State Revenue Sharing	Ambulance	Public Transit	Senior Center Foundation	Total
\$ -	\$ -	\$ -	\$ -	\$ 270,227	\$ -	\$ -	\$ -	\$ -	\$ 2,067,707
-	-	-	42,166	-	-	-	-	-	1,180,448
97,393	-	73,955	-	-	250,562	-	199,423	-	1,666,501
84,797	-	-	-	39,971	-	1,433,100	59,457	6,771	1,626,681
43	6,519	1,495	80	1,536	96	598	109	79	47,537
5,042	-	2,494	1,152	33,755	-	3,158	-	7,342	131,383
187,275	6,519	77,944	43,398	345,489	250,658	1,436,856	258,989	14,192	6,720,257
-	-	-	43,317	324,483	-	-	459,007	12,699	2,060,096
141,541	-	39,554	-	-	-	1,500,200	-	-	1,923,234
-	-	-	-	-	-	-	-	-	2,800
-	-	-	-	-	-	-	-	-	147,595
8,997	-	-	-	-	-	-	-	-	597,346
-	-	-	-	18,224	-	-	-	-	18,224
-	-	-	-	18,772	-	-	-	-	18,772
150,538	-	39,554	43,317	361,479	-	1,500,200	459,007	12,699	4,768,067
36,737	6,519	38,390	81	(15,990)	250,658	(63,344)	(200,018)	1,493	1,952,190
-	922,692	-	-	-	-	-	230,100	-	1,173,588
-	-	-	-	(20,796)	(250,700)	(72,488)	(15,755)	-	(1,562,236)
-	922,692	-	-	(20,796)	(250,700)	(72,488)	214,345	-	(84,520)
36,737	929,211	38,390	81	(36,786)	(42)	(135,832)	14,327	1,493	1,563,542
2,963	-	-	2,590	319,136	8,090	148,465	3,686	5,389	2,477,346
\$ 39,700	\$ 929,211	\$ 38,390	\$ 2,671	\$ 282,350	\$ 8,048	\$ 12,633	\$ 18,013	\$ 6,882	\$ 4,040,888

The truth is more important than the facts.

Frank Lloyd Wright

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, 2004

	<u>Debt Service</u>	<u>Bancroft Bond Redemption</u>	<u>Total</u>
ASSETS			
Receivables:			
Property taxes	\$ 90,615	\$ -	\$ 90,615
Assessments	-	922,964	922,964
Interest	3,355	6,844	10,199
Restricted cash and investments	826,921	1,733,730	2,560,651
Total assets	<u>\$ 920,891</u>	<u>\$ 2,663,538</u>	<u>\$ 3,584,429</u>
LIABILITIES			
Deferred revenue	<u>\$ 78,673</u>	<u>\$ 922,964</u>	<u>\$ 1,001,637</u>
Total liabilities	<u>78,673</u>	<u>922,964</u>	<u>1,001,637</u>
FUND BALANCES			
Reserved for debt service	<u>842,218</u>	<u>1,740,574</u>	<u>2,582,792</u>
Total fund balances	<u>842,218</u>	<u>1,740,574</u>	<u>2,582,792</u>
Total liabilities and fund balances	<u>\$ 920,891</u>	<u>\$ 2,663,538</u>	<u>\$ 3,584,429</u>

CITY OF ALBANY, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2004

	Debt Service	Bancroft Bond Redemption	Total
REVENUES			
Property taxes	\$ 1,077,292	\$ -	\$ 1,077,292
Transient room taxes	239,540	-	239,540
Assessment collections	-	728,115	728,115
Interest on investments	12,090	23,772	35,862
Total revenues	<u>1,328,922</u>	<u>751,887</u>	<u>2,080,809</u>
EXPENDITURES			
Current:			
General government	2,798	839	3,637
Debt service:			
Principal	843,677	236,096	1,079,773
Interest	1,083,836	121,687	1,205,523
Total expenditures	<u>1,930,311</u>	<u>358,622</u>	<u>2,288,933</u>
Revenues under (over) expenditures	<u>(601,389)</u>	<u>393,265</u>	<u>(208,124)</u>
OTHER FINANCING SOURCE			
Transfers in	649,293	-	649,293
Net change in fund balances	47,904	393,265	441,169
Fund balance - beginning	794,314	1,347,309	2,141,623
Fund balance - ending	<u>\$ 842,218</u>	<u>\$ 1,740,574</u>	<u>\$ 2,582,792</u>

Whenever you are asked if you can do a job, tell 'em, "Certainly, I can!" Then get busy and find out how to do it.

Theodore Roosevelt

Combining Statements

Nonmajor Governmental Funds

Capital Project Funds

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

- **Equipment Replacement**-accumulates monies through charges to the various funds for the replacement of equipment.
- **Capital Projects**-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 PROJECT FUNDS
COMBINING BALANCE SHEET
June 30, 2004

	<u>Equipment Replacement</u>	<u>Capital Projects</u>	<u>Central Albany Revitalization Area</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 2,463,729	\$ 505,464	\$ 620,519	\$ 3,589,712
Receivables:				
Property taxes	-	-	26,531	26,531
Interest	9,010	3,220	2,045	14,275
Total assets	<u>\$ 2,472,739</u>	<u>\$ 508,684</u>	<u>\$ 649,095</u>	<u>\$ 3,630,518</u>
 LIABILITIES				
Accounts payable	\$ 39,417	\$ 413,003	\$ 36,550	\$ 488,970
Short-term debt - letter of credit	-	-	100,000	100,000
Deferred revenue	-	-	23,935	23,935
Total liabilities	<u>39,417</u>	<u>413,003</u>	<u>160,485</u>	<u>612,905</u>
 FUND BALANCES				
Reserved for capital assets	-	95,681	-	95,681
Unreserved	2,433,322	-	488,610	2,921,932
Total fund balances	<u>2,433,322</u>	<u>95,681</u>	<u>488,610</u>	<u>3,017,613</u>
Total liabilities and fund balances	<u>\$ 2,472,739</u>	<u>\$ 508,684</u>	<u>\$ 649,095</u>	<u>\$ 3,630,518</u>

CITY OF ALBANY, OREGON
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
for the year ended June 30, 2004

	Equipment Replacement	Capital Projects	Central Albany Revitalization Area	Totals
REVENUES				
Property taxes	\$ -	\$ -	\$ 396,383	\$ 396,383
Intergovernmental revenues	-	1,561,194	-	1,561,194
Charges for services	617,936	-	-	617,936
Interest on investments	31,187	13,073	6,413	50,673
Miscellaneous	41,766	1,000	-	42,766
Total revenues	<u>690,889</u>	<u>1,575,267</u>	<u>402,796</u>	<u>2,668,952</u>
EXPENDITURES				
Current:				
General government	99,018	31,540	167,077	297,635
Capital outlay	427,773	1,603,240	55,409	2,086,422
Total expenditures	<u>526,791</u>	<u>1,634,780</u>	<u>222,486</u>	<u>2,384,057</u>
Excess (deficiency) of revenues over (under) expenditures	<u>164,098</u>	<u>(59,513)</u>	<u>180,310</u>	<u>284,895</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	24,000	-	-	24,000
Transfers out	-	-	(25,000)	(25,000)
Total other financing sources	<u>24,000</u>	<u>-</u>	<u>(25,000)</u>	<u>(1,000)</u>
Net change in fund balances	188,098	(59,513)	155,310	283,895
Fund balance - beginning	2,245,224	155,194	333,300	2,733,718
Fund balance - ending	<u>\$ 2,433,322</u>	<u>\$ 95,681</u>	<u>\$ 488,610</u>	<u>\$ 3,017,613</u>

Duct tape is like the force. It has a light side, and a dark side, and it holds the universe together.

Carl Zwanzig

Combining Statements

Nonmajor Governmental Funds

Permanent Funds

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

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

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

CITY OF ALBANY, OREGON
NONMAJOR PERMANENT FUNDS
COMBINING BALANCE SHEET
June 30, 2004

	<u>Senior Center Endowment</u>	<u>Library Trust</u>	<u>Total</u>
ASSETS			
Interest receivable	\$ 149	\$ 312	\$ 461
Restricted cash and investments	39,826	82,641	122,467
Total assets	<u>\$ 39,975</u>	<u>\$ 82,953</u>	<u>\$ 122,928</u>
LIABILITIES			
Accounts payable	<u>\$ -</u>	<u>\$ 182</u>	<u>\$ 182</u>
FUND BALANCES			
Reserved for perpetual care	31,465	77,441	108,906
Unreserved	8,510	5,330	13,840
Total fund balances	<u>39,975</u>	<u>82,771</u>	<u>122,746</u>
Total liabilities and fund balances	<u>\$ 39,975</u>	<u>\$ 82,953</u>	<u>\$ 122,928</u>

CITY OF ALBANY, OREGON
NONMAJOR PERMANENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2004

	Senior Center Endowment	Library Trust	Total
REVENUES			
Interest on investments	\$ 519	\$ 1,094	\$ 1,613
Gifts and donations	454	-	454
Total revenues	<u>973</u>	<u>1,094</u>	<u>2,067</u>
EXPENDITURES			
Culture and recreation	-	1,246	1,246
Total expenditures	<u>-</u>	<u>1,246</u>	<u>1,246</u>
Excess (deficiency) of revenues over (under) expenditures	<u>973</u>	<u>(152)</u>	<u>821</u>
Fund balance - beginning	39,002	82,923	121,925
Fund balance - ending	<u>\$ 39,975</u>	<u>\$ 82,771</u>	<u>\$ 122,746</u>

The only way to discover the limits of the possible is to go beyond them into the impossible.

Arthur C. Clark (1917 -), *"Technology and the Future"* (Clarke's second law)

Combining Statements

Nonmajor Proprietary Funds

Internal Service Funds

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

- **Equipment Maintenance**-provides maintenance, repair, and minor construction for the Water and Sewer utilities.

- **Information Systems**-assists the City's departments in responding to the needs of citizens by enabling City employees to quickly access vital information.

- **Central Service**-provides administrative services to all City departments. Services include Mayor and Council, City Manager's office, Finance office, Graphic Services, and Human Resources.

- **Geographical Information Systems (GIS)**-provides a planned implementation of a computerized system incorporating all components of the City's mapping efforts into an integrated geographic information system, accessible to all departments.

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2004

	Equipment Maintenance	Information Systems Services	Central Services	Geographic Information Systems Services	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 90,548	\$ 610,135	\$ 94,454	\$ 76,824	\$ 871,961
Accrued interest	218	2,121	382	355	3,076
Other assets	-	6,525	2,217	17,569	26,311
Total current assets	<u>90,766</u>	<u>618,781</u>	<u>97,053</u>	<u>94,748</u>	<u>901,348</u>
Fixed assets (net)	133,112	85,387	14,984	2,246	235,729
Total assets	<u>\$ 223,878</u>	<u>\$ 704,168</u>	<u>\$ 112,037</u>	<u>\$ 96,994</u>	<u>\$ 1,137,077</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 24,768	\$ 62,431	\$ 25,301	\$ 1,952	\$ 114,452
Salaries, withholdings, vacations, and taxes payable	34,538	9,729	76,419	16,468	137,154
Insurance	55	34	260	23	372
Total liabilities	<u>59,361</u>	<u>72,194</u>	<u>101,980</u>	<u>18,443</u>	<u>251,978</u>
NET ASSETS					
Invested in capital assets, net of related debt	133,112	-	14,984	2,246	150,342
Unrestricted	31,405	631,974	(4,927)	76,305	734,757
Total net assets	<u>\$ 164,517</u>	<u>\$ 631,974</u>	<u>\$ 10,057</u>	<u>\$ 78,551</u>	<u>\$ 885,099</u>

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
for the year ended June 30, 2004

	Equipment Maintenance	Information Systems Services	Central Services	Geographic Information Systems Services	Total
OPERATING REVENUES					
Service charges and fees	\$ 980,059	\$ 802,100	\$ 2,066,800	\$ 408,573	\$ 4,257,532
Miscellaneous	-	-	52,214	2,275	54,489
Total operating revenues	<u>980,059</u>	<u>802,100</u>	<u>2,119,014</u>	<u>410,848</u>	<u>4,312,021</u>
OPERATING EXPENSES					
Salaries and wages	559,657	407,074	1,305,896	260,963	2,533,590
Contracted services	31,250	43,019	252,081	65,874	392,224
Operating supplies	77,782	177,581	36,654	6,235	298,252
Utilities	11,609	14,468	15,799	2,222	44,098
Depreciation	4,073	49,662	1,275	2,253	57,263
Repairs and maintenance	166,540	10,124	-	513	177,177
Charges for services	59,905	66,850	308,136	47,800	482,691
Printing, duplication and postage	275	2,191	51,924	759	55,149
Miscellaneous	13,080	4,186	78,144	8,775	104,185
Total operating expenses	<u>924,171</u>	<u>775,155</u>	<u>2,049,909</u>	<u>395,394</u>	<u>4,144,629</u>
Operating income	<u>55,888</u>	<u>26,945</u>	<u>69,105</u>	<u>15,454</u>	<u>167,392</u>
NONOPERATING REVENUES					
Interest on investments	883	7,217	1,201	1,247	10,548
Income before transfers	56,771	34,162	70,306	16,701	177,940
Transfers out	(28,915)	(20,844)	(61,632)	(14,923)	(126,314)
Change in net assets	27,856	13,318	8,674	1,778	51,626
Net assets, July 1, 2003	136,661	618,656	1,383	76,773	833,473
Net assets, June 30, 2004	<u>\$ 164,517</u>	<u>\$ 631,974</u>	<u>\$ 10,057</u>	<u>\$ 78,551</u>	<u>\$ 885,099</u>

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
for the year ended June 30, 2004

	Equipment Maintenance	Information Systems Services	Central Services	Geographic Information Systems Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 980,059	\$ 802,100	\$ 2,068,000	\$ 408,573	\$ 4,258,732
Cash payments to suppliers of goods and services	(374,963)	(310,218)	(735,633)	(230,634)	(1,651,448)
Cash payments to employees for services	(551,846)	(403,347)	(1,300,483)	(256,481)	(2,512,157)
Other operating revenues	-		52,214	2,275	54,489
Net cash provided by (used in) operating activities	<u>53,250</u>	<u>88,535</u>	<u>84,098</u>	<u>(76,267)</u>	<u>149,616</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out	<u>(28,915)</u>	<u>(20,844)</u>	<u>(61,632)</u>	<u>(14,923)</u>	<u>(126,314)</u>
CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of fixed assets	<u>(17,711)</u>	<u>(28,875)</u>	<u>-</u>	<u>-</u>	<u>(46,586)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	789	6,357	924	1,205	9,275
Net increase (decrease) in cash and investments	7,413	45,173	23,390	(89,985)	(14,009)
CASH AND INVESTMENTS, July 1, 2003	<u>83,135</u>	<u>564,962</u>	<u>71,064</u>	<u>166,809</u>	<u>885,970</u>
CASH AND INVESTMENTS, June 30, 2004	<u>\$ 90,548</u>	<u>\$ 610,135</u>	<u>\$ 94,454</u>	<u>\$ 76,824</u>	<u>\$ 871,961</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income	\$ 55,888	\$ 26,945	\$ 69,105	\$ 15,454	\$ 167,392
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	4,073	49,662	1,275	2,253	57,263
Changes in assets and liabilities:					
Accounts receivable, net	-	-	1,200	-	1,200
Other assets	388	(6,525)	523	(17,569)	(23,183)
Accounts payable	(14,673)	14,692	6,582	(80,887)	(74,286)
Salaries, withholdings, vacations and taxes payable	7,811	3,727	5,153	4,459	21,150
Insurance liability	(237)	34	260	23	80
Total adjustments	<u>(2,638)</u>	<u>61,590</u>	<u>14,993</u>	<u>(91,721)</u>	<u>(17,776)</u>
Net cash provided by (used in) operating activities	<u>\$ 53,250</u>	<u>\$ 88,535</u>	<u>\$ 84,098</u>	<u>\$ (76,267)</u>	<u>\$ 149,616</u>

Budgetary Comparison Schedules

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

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

... I have not failed. I've just found 10,000 ways that won't work.

Thomas Edison

Schedule of Revenues and Expenditures - Budget and Actual

(page numbers in parentheses)

Governmental Funds

Special Revenue Funds

Grants (82-83)
Building Inspection (84)
Community Development (85)
Public Safety Levy (86)
Library Memorial (87)
Payroll Insurance (88)
Environmental Safety (89)
PERS Reserve (90)
VALIANT (91)
Economic Improvement District (92)
Economic Development (93)
State Revenue Sharing (94)
Ambulance (95)
Public Transit (96)
Senior Center Foundation (97)

Debt Service Funds

Debt Service (98)
Bancroft Bond Redemption (99)

Capital Project Funds

Equipment Replacement (100)
Capital Projects (101)
Improvement (102)
Central Albany Revitalization Area (103)

Permanent Funds

Senior Center Endowment (104)
Library Trust (105)

CITY OF ALBANY, OREGON
GRANTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	Original Budget	Final Budget	Actual	Over (Under)
United States Department of Justice	\$ 4,000	\$ 15,900	\$ 11,926	\$ (3,974)
Federal Transit Administration	-	216,500	-	(216,500)
BLM-US Forest Service	-	50,000	-	(50,000)
Title XIX Medical Assistance Grant	110,700	110,700	95,418	(15,282)
Federal Aviation Administration	335,700	335,700	187,154	(148,546)
Federal Emergency Management Agency	-	16,500	-	(16,500)
State of Oregon	581,200	746,200	635,204	(110,996)
Oregon Parks and Recreation Department	10,000	10,000	5,757	(4,243)
Oregon Watershed Enhancement Board	73,000	73,000	60,000	(13,000)
Land & Water Conservation Fund	287,500	287,500	-	(287,500)
Oregon Emergency Management	-	23,400	20,415	(2,985)
Linn County Special Transportation Grant	-	44,000	-	(44,000)
OHSU Office of Rural Health	-	5,600	5,575	(25)
Gifts and donations	53,500	34,300	25,036	(9,264)
Interest on investments	2,800	2,800	-	(2,800)
Total revenues	1,458,400	1,972,100	1,046,485	(925,615)
Other financing source				
Transfer from General Fund	38,900	97,600	20,796	(76,804)
Fund balance, beginning	86,200	57,200	-	(57,200)
Amount available for appropriation	\$ 1,583,500	\$ 2,126,900	\$ 1,067,281	\$ (1,059,619)

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Library Foundation Grants	\$ 25,000	\$ 30,800	\$ 25,000	\$ 5,800
City Hall Arts Grant	12,900	12,900	36	12,864
State Library Grant	19,000	21,800	13,980	7,820
911 Emergency Dispatch Grant	210,000	210,000	201,729	8,271
Title XIX Transportation Grant	161,000	161,000	95,418	65,582
CDBG Housing Rehab Program	75,000	152,000	151,997	3
2000 Law Enforcement Block Grant	-	500	363	137
FAA Entitlement Grant	374,600	374,600	207,950	166,650
2001-2003 TGM Refinement Plan Grant	5,000	5,000	-	5,000
2001-2003 LCDC Local Goal 5 Review	5,000	5,000	(322)	5,322
DOJ Bulletproof Vest Grant	9,000	9,000	5,929	3,071
OEWB Periwinkle Fish Screen Grant	60,000	60,000	60,000	-
2001 Law Enforcement Block Grant	19,300	19,300	5,997	13,303
Willamette Multi-purpose Path Grant	217,900	217,900	214,074	3,826
5th Ave Canal Bridge Grant	-	26,000	28,667	(2,667)
Oak Tree Trail Grant	5,700	5,700	5,757	(57)
2002 Law Enforcement Grant	15,100	15,100	-	15,100
2002-2003 SHPO Historic Preservation Grant	1,000	3,200	1,868	1,332
Traffic Safety Mini-Grant	-	2,800	2,800	-
DUII Mini-Grant	-	2,000	1,931	69
Takena Park Playground Grant	52,500	52,500	-	52,500
Swanson Aquatic Facility Land Acquisition Grant	37,500	37,500	-	37,500
2003-04 SHPO Historic Preservation Grant	15,000	15,000	1,564	13,436
Swanson Aquatic Facility Construction Grant	250,000	250,000	-	250,000

Continued

CITY OF ALBANY, OREGON
GRANTS FUND (Continued)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Expenditures, continued	Original Budget	Final Budget	Actual	(Over) Under
OWEB 2nd Ave Culvert Removal Grant	13,000	13,000	-	13,000
OEM Hazard Analysis Grant	-	20,600	20,415	185
Portable Defibrilator Grant	-	5,600	5,575	25
2003 Law Enforcement Grant	-	11,900	-	11,900
Title II Dam, Fish Screen Grant	-	50,000	-	50,000
ODOT Vehicle Preservation Program Grant	-	48,600	16,053	32,547
FEMA Grant	-	16,500	-	16,500
State of Oregon Grants	-	500	500	-
FTA ATS Bus Grant	-	270,600	-	270,600
Total expenditures	<u>\$ 1,583,500</u>	<u>\$ 2,126,900</u>	<u>\$ 1,067,281</u>	<u>\$ 1,059,619</u>
Fund balance, ending			<u>\$ -</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 1,046,485	\$ 1,067,281	\$ -
Reconciling items:			
Reclassify PERS departmental debt service charges to transfers out	-	(3,361)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 60-61)	<u>\$ 1,046,485</u>	<u>\$ 1,063,920</u>	<u>\$ -</u>

CITY OF ALBANY, OREGON
BUILDING INSPECTION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Building permit surcharge	\$ 50,500	\$ 50,500	\$ 53,211	\$ 2,711
Electrical master permit	6,200	6,200	2,319	(3,881)
Electrical minor labels	500	500	1,950	1,450
Residential building permits	702,000	702,000	797,790	95,790
Commercial building permits	112,000	112,000	139,205	27,205
Manufactured home set-up fees	4,500	4,500	4,676	176
Fire sprinkler permits	4,000	4,000	3,456	(544)
Fire sprinkler plan review	1,800	1,800	1,937	137
Parking lot permits	1,300	1,300	2,595	1,295
Parking lot plan review	1,300	1,300	195	(1,105)
Residential electrical permits	109,000	109,000	116,102	7,102
Commercial electrical permits	11,000	11,000	-	(11,000)
Fire alarm permits	2,200	2,200	1,975	(225)
Fire alarm plan review	800	800	350	(450)
Sign permits	2,400	2,400	3,282	882
Document imaging fees	7,400	7,400	9,240	1,840
Miscellaneous	300	300	263	(37)
Interest on investments	9,000	9,000	8,062	(938)
Total revenues	<u>1,026,200</u>	<u>1,026,200</u>	<u>1,146,608</u>	<u>120,408</u>
Fund balance, beginning	<u>591,400</u>	<u>591,400</u>	<u>595,044</u>	<u>3,644</u>
Amount available for appropriation	<u>\$ 1,617,600</u>	<u>\$ 1,617,600</u>	<u>\$ 1,741,652</u>	<u>\$ 124,052</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Building Inspection	\$ 1,482,200	\$ 1,482,200	\$ 975,658	\$ 506,542
Electrical Permit Program	135,400	135,400	134,779	621
Total expenditures	<u>\$ 1,617,600</u>	<u>\$ 1,617,600</u>	<u>\$ 1,110,437</u>	<u>\$ 507,163</u>
Fund balance, ending			<u>\$ 631,215</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 1,146,608	\$ 1,110,437	\$ 631,215
Reconciling items:			
Insurance liability	-	-	(59)
Change in insurance liability	-	59	-
Reclassify PERS departmental debt service charges to transfers out	-	(37,237)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 60-61)	<u>\$ 1,146,608</u>	<u>\$ 1,073,259</u>	<u>\$ 631,156</u>

CITY OF ALBANY, OREGON
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Community Development Block Grant loan repayments:				
Principal	\$ 15,000	\$ 15,000	\$ -	\$ (15,000)
Interest	1,000	1,000	-	(1,000)
HUD rental rehab loan repayments	44,100	44,100	23,719	(20,381)
Interest on investments	10,200	10,200	5,054	(5,146)
Total revenues	<u>70,300</u>	<u>70,300</u>	<u>28,773</u>	<u>(41,527)</u>
Fund balance, beginning	<u>367,300</u>	<u>367,300</u>	<u>431,541</u>	<u>64,241</u>
Amount available for appropriation	<u>\$ 437,600</u>	<u>\$ 437,600</u>	<u>\$ 460,314</u>	<u>\$ 22,714</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Community Development	\$ 430,100	\$ 430,100	\$ 7,714	\$ 422,386
Historic Preservation	7,500	7,500	130	7,370
Total expenditures	<u>\$ 437,600</u>	<u>\$ 437,600</u>	<u>\$ 7,844</u>	<u>\$ 429,756</u>
Fund balance, ending			<u>\$ 452,470</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	\$ 28,773	\$ 7,844	\$ 452,470
No adjustments required	-	-	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 60-61)	<u>\$ 28,773</u>	<u>\$ 7,844</u>	<u>\$ 452,470</u>

CITY OF ALBANY, OREGON
PUBLIC SAFETY LEVY FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Revenues				
Property taxes				
Current	\$ 1,902,100	\$ 1,902,100	\$ 1,797,480	\$ (104,620)
Interest on investments	-	-	7,796	7,796
Total revenues	<u>1,902,100</u>	<u>1,902,100</u>	<u>1,805,276</u>	<u>(96,824)</u>
Fund balance, beginning	-	-	-	-
Amount available for appropriation	<u>\$ 1,902,100</u>	<u>\$ 1,902,100</u>	<u>\$ 1,805,276</u>	<u>\$ (96,824)</u>

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Other financing use				
Transfers out	<u>\$ 1,902,100</u>	<u>\$ 1,902,100</u>	<u>\$ 1,161,899</u>	<u>\$ 740,201</u>
Fund balance, ending			<u>\$ 643,377</u>	

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

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Total revenues, total expenditures, and fund balance from above	\$ 1,805,276	\$ -	\$ 643,377
No adjustments required	-	-	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 60-61)	<u>\$ 1,805,276</u>	<u>\$ -</u>	<u>\$ 643,377</u>

**CITY OF ALBANY, OREGON
LIBRARY MEMORIAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004**

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Gifts and donations	\$ 13,000	\$ 13,000	\$ 20,379	\$ 7,379
Miscellaneous	-	-	8,861	8,861
Interest on investments	1,500	1,500	1,036	(464)
Total revenues	<u>14,500</u>	<u>14,500</u>	<u>30,276</u>	<u>15,776</u>
Fund balance, beginning	45,000	45,000	70,802	25,802
Amount available for appropriation	<u>\$ 59,500</u>	<u>\$ 59,500</u>	<u>\$ 101,078</u>	<u>\$ 41,578</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 59,500	\$ 59,500	\$ 16,522	\$ 42,978
Fund balance, ending			<u>\$ 84,556</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	\$ 30,276	\$ 16,522	\$ 84,556
No adjustments required	-	-	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 60-61)	<u>\$ 30,276</u>	<u>\$ 16,522</u>	<u>\$ 84,556</u>

CITY OF ALBANY, OREGON
PAYROLL INSURANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Departmental Workers' Compensation Premiums	\$ 224,000	\$ 224,000	\$ 214,354	\$ (9,646)
Health insurance	2,174,400	2,174,400	2,504,942	330,542
Dental/Vision insurance	362,700	362,700	314,052	(48,648)
Blue Cross/Blue Shield	518,400	518,400	455,681	(62,719)
Life/disability insurance	154,300	154,300	128,652	(25,648)
Life/disability insurance (Fire Union)	12,000	12,000	10,253	(1,747)
Disability insurance (Fire Union)	24,500	24,500	21,558	(2,942)
Workers' compensation refunds	10,000	10,000	2,585	(7,415)
Insurance refund	-	-	23,900	23,900
Interest on investments	22,500	22,500	15,034	(7,466)
Total revenues	<u>3,502,800</u>	<u>3,502,800</u>	<u>3,691,011</u>	<u>188,211</u>
Fund balance, beginning	<u>916,000</u>	<u>916,000</u>	<u>889,640</u>	<u>(26,360)</u>
Amount available for appropriation	<u>\$ 4,418,800</u>	<u>\$ 4,418,800</u>	<u>\$ 4,580,651</u>	<u>\$ 161,851</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Workers' Compensation	\$ 644,000	\$ 644,000	\$ 221,910	\$ 422,090
Health Insurance	3,289,600	3,289,600	3,123,485	166,115
Dental/Vision Insurance	485,200	485,200	343,825	141,375
Total expenditures	<u>\$ 4,418,800</u>	<u>\$ 4,418,800</u>	<u>\$ 3,689,220</u>	<u>\$ 729,580</u>
Fund balance, ending			<u>\$ 891,431</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	\$ 3,691,011	\$ 3,689,220	\$ 891,431
Eliminate interfund charges	(3,649,492)	(3,649,492)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 60-61)	<u>\$ 41,519</u>	<u>\$ 39,728</u>	<u>\$ 891,431</u>

CITY OF ALBANY, OREGON
ENVIRONMENTAL SAFETY SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Fire and hazardous materials training	\$ 115,000	\$ 115,000	\$ 80,244	\$ (34,756)
Water rescue training	2,000	2,000	2,170	170
SCBA repair and maintenance	2,000	2,000	332	(1,668)
Permit fees	1,000	1,000	2,050	1,050
Conflagration response reimbursement	65,000	65,000	79,480	14,480
Oregon State Fire Marshall Hazmat reimbursement	10,000	10,000	8,964	(1,036)
Research and development revenues	5,000	5,000	8,950	3,950
Miscellaneous	1,000	1,000	542	(458)
Gifts and donations	-	-	4,500	4,500
Interest on investments	300	300	43	(257)
Total revenues	<u>201,300</u>	<u>201,300</u>	<u>187,275</u>	<u>(14,025)</u>
Fund balance, beginning	<u>5,000</u>	<u>5,000</u>	<u>2,975</u>	<u>(2,025)</u>
Amount available for appropriation	<u>\$ 206,300</u>	<u>\$ 206,300</u>	<u>\$ 190,250</u>	<u>\$ (16,050)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Environmental Safety Training	\$ 97,300	\$ 97,300	\$ 77,273	\$ 20,027
Fire Reimbursable Programs	109,000	109,000	73,269	35,731
Total expenditures	<u>\$ 206,300</u>	<u>\$ 206,300</u>	<u>\$ 150,542</u>	<u>\$ 55,758</u>
Fund balance, ending			<u>\$ 39,708</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	\$ 187,275	\$ 150,542	\$ 39,708
Reconciling items:			
Insurance liability	-	-	(8)
Change in insurance liability	-	(4)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 60-61)	<u>\$ 187,275</u>	<u>\$ 150,538</u>	<u>\$ 39,700</u>

CITY OF ALBANY, OREGON
PERS RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Interest on investments	\$ 10,000	\$ 10,000	\$ 6,519	\$ (3,481)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>6,519</u>	<u>(3,481)</u>
Other financing source				-
Transfers in	<u>1,000,000</u>	<u>1,000,000</u>	<u>922,692</u>	<u>(77,308)</u>
Fund balance, beginning	-	-	-	-
Amount available for appropriation	<u>\$ 1,010,000</u>	<u>\$ 1,010,000</u>	<u>\$ 929,211</u>	<u>\$ (80,789)</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Materials and services	<u>\$ 1,010,000</u>	<u>\$ 1,010,000</u>	<u>\$ -</u>	<u>\$ 1,010,000</u>
Fund balance, ending			<u>\$ 929,211</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	\$ 6,519	\$ -	\$ 929,211
No adjustments required	-	-	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 60-61)	<u>\$ 6,519</u>	<u>\$ -</u>	<u>\$ 929,211</u>

CITY OF ALBANY, OREGON
VALIANT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	Original Budget	Final Budget	Actual	Over (Under)
WSIN Grant Proceeds	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Benton County	8,900	8,900	15,855	6,955
Philomath Police Department	3,100	3,100	3,100	-
Benton County Sheriff's Office	12,000	12,000	12,000	-
Albany Police Department	12,000	12,000	12,000	-
Lebanon Police Department	12,000	12,000	12,000	-
Linn County Sheriff's Office	12,000	12,000	12,000	-
Sweet Home Police Department	12,000	12,000	7,000	(5,000)
Restitution payments	1,000	1,000	2,415	1,415
Miscellaneous	-	-	79	79
Interest on investments	800	800	1,495	695
Total revenues	<u>83,800</u>	<u>83,800</u>	<u>77,944</u>	<u>(5,856)</u>
Fund balance, beginning	-	-	-	-
Amount available for appropriation	<u>\$ 83,800</u>	<u>\$ 83,800</u>	<u>\$ 77,944</u>	<u>\$ (5,856)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 76,000	\$ 76,000	\$ 39,495	\$ 36,505
Contingencies	7,800	7,800	-	7,800
Total expenditures	<u>\$ 83,800</u>	<u>\$ 83,800</u>	<u>\$ 39,495</u>	<u>\$ 44,305</u>
Fund balance, ending			<u>\$ 38,449</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	\$ 77,944	\$ 39,495	\$ 38,449
Reconciling items:			
Insurance liability	-	-	(59)
Change in insurance liability	-	59	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 60-61)	<u>\$ 77,944</u>	<u>\$ 39,554</u>	<u>\$ 38,390</u>

CITY OF ALBANY, OREGON
ECONOMIC IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Economic improvement district fees	\$ 51,000	\$ 51,000	\$ 42,166	\$ (8,834)
Economic improvement district fees - interest	200	200	1,152	952
Interest on investments	300	300	80	(220)
Total revenues	<u>51,500</u>	<u>51,500</u>	<u>43,398</u>	<u>(8,102)</u>
Fund balance, beginning	-	-	2,590	2,590
Amount available for appropriation	<u>\$ 51,500</u>	<u>\$ 51,500</u>	<u>\$ 45,988</u>	<u>\$ (5,512)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	<u>\$ 51,500</u>	<u>\$ 51,500</u>	<u>\$ 43,317</u>	<u>\$ 8,183</u>
Fund balance, ending			<u>\$ 2,671</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	\$ 43,398	\$ 43,317	\$ 2,671
No adjustments required	-	-	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 60-61)	<u>\$ 43,398</u>	<u>\$ 43,317</u>	<u>\$ 2,671</u>

CITY OF ALBANY, OREGON
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Transient room tax	\$ 258,500	\$ 258,500	\$ 270,227	\$ 11,727
Oregon Department of Aviation	-	10,000	-	(10,000)
Dayton Hudson Corp. (Target)	32,800	32,800	32,707	(93)
Airport fuel	2,000	2,000	9,797	7,797
Airport tie down rentals	4,500	4,500	5,957	1,457
Airport lease	12,000	12,000	14,594	2,594
Fixed base operator revenues	12,000	12,000	9,623	(2,377)
Miscellaneous revenue	-	-	1,048	1,048
Land sales	395,000	395,000	-	(395,000)
Interest on investments	2,700	2,700	1,536	(1,164)
Total revenues	<u>719,500</u>	<u>729,500</u>	<u>345,489</u>	<u>(384,011)</u>
Fund balance, beginning	<u>283,000</u>	<u>283,000</u>	<u>319,574</u>	<u>36,574</u>
Amount available for appropriation	<u>\$ 1,002,500</u>	<u>\$ 1,012,500</u>	<u>\$ 665,063</u>	<u>\$ (347,437)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Economic Development Activity	\$ 931,000	\$ 941,000	\$ 345,675	\$ (595,325)
Target Utilities	71,500	71,500	36,996	(34,504)
Total expenditures	<u>\$ 1,002,500</u>	<u>\$ 1,012,500</u>	<u>\$ 382,671</u>	<u>\$ 629,829</u>
Fund balance, ending			<u>\$ 282,392</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	\$ 345,489	\$ 382,671	\$ 282,392
Reconciling items:			
Insurance liability	-	-	(42)
Change in insurance liability	-	(396)	-
Transfers out	-	(20,796)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 60-61)	<u>\$ 345,489</u>	<u>\$ 361,479</u>	<u>\$ 282,350</u>

CITY OF ALBANY, OREGON
STATE REVENUE SHARING FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	Original Budget	Final Budget	Actual	Over (Under)
State revenue sharing entitlements	\$ 244,200	\$ 244,200	\$ 250,562	\$ 6,362
Interest on investments	100	100	96	(4)
Total revenues	<u>244,300</u>	<u>244,300</u>	<u>250,658</u>	<u>6,358</u>
Fund balance, beginning	6,400	6,400	8,090	1,690
Amount available for appropriation	<u>\$ 250,700</u>	<u>\$ 250,700</u>	<u>\$ 258,748</u>	<u>\$ 8,048</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	<u>\$ 250,700</u>	<u>\$ 250,700</u>	<u>\$ 250,700</u>	<u>\$ -</u>
Fund balance, ending			<u>\$ 8,048</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	\$ 250,658	\$ 250,700	\$ 8,048
Reconciling items:			
Transfers out	-	(250,700)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 60-61)	<u>\$ 250,658</u>	<u>\$ -</u>	<u>\$ 8,048</u>

CITY OF ALBANY, OREGON
AMBULANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Ambulance service fees	\$ 1,513,900	\$ 1,513,900	\$ 1,334,365	\$ (179,535)
Ambulance subscription fees	105,000	105,000	98,735	(6,265)
Gifts and donations	-	-	100	100
Miscellaneous	2,500	2,500	3,058	558
Interest on investments	3,000	3,000	598	(2,402)
Total revenues	<u>1,624,400</u>	<u>1,624,400</u>	<u>1,436,856</u>	<u>(187,544)</u>
Other financing sources				
From Public Safety Levy Fund	-	40,000	-	(40,000)
Fund balance, beginning	<u>125,000</u>	<u>125,000</u>	<u>150,169</u>	<u>25,169</u>
Amount available for appropriation	<u>\$ 1,749,400</u>	<u>\$ 1,789,400</u>	<u>\$ 1,587,025</u>	<u>\$ (202,375)</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Personnel services	\$ 1,355,100	\$ 1,385,100	\$ 1,318,285	\$ 66,815
Materials and services	299,300	309,300	255,989	53,311
Contingencies	95,000	95,000	-	95,000
Total expenditures	<u>\$ 1,749,400</u>	<u>\$ 1,789,400</u>	<u>\$ 1,574,274</u>	<u>\$ 215,126</u>
Fund balance, ending			<u>\$ 12,751</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 1,436,856	\$ 1,574,274	\$ 12,751
Reconciling items:			
Insurance liability	-	-	(118)
Change in insurance liability	-	(1,586)	-
Reclassify PERS departmental debt service charges to transfers out	-	(72,488)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 60-61)	<u>\$ 1,436,856</u>	<u>\$ 1,500,200</u>	<u>\$ 12,633</u>

CITY OF ALBANY, OREGON
PUBLIC TRANSIT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	Original Budget	Final Budget	Actual	Over (Under)
State of Oregon operating match grant	\$ 112,900	\$ 119,000	\$ 123,704	\$ 4,704
Local funds	77,200	77,200	59,494	(17,706)
Oregon cigarette tax transit grant - Linn County	7,900	10,000	11,625	1,625
Oregon cigarette tax transit grant - Benton County	4,600	4,600	4,600	-
Linn Benton Community College fare match program	27,000	27,000	27,000	-
Bus fares	41,400	41,400	28,956	(12,444)
Trolley rental charges	3,000	3,000	3,000	-
Advertising revenues	2,200	2,200	501	(1,699)
Interest on investments	400	400	109	(291)
Miscellaneous revenue	100	100	-	(100)
Total revenues	<u>276,700</u>	<u>284,900</u>	<u>258,989</u>	<u>(25,911)</u>
Other financing sources				
Transfer from General Fund	16,700	24,700	24,700	-
Transfer from State Revenue Sharing Fund	205,400	205,400	205,400	-
Total other financing sources	<u>222,100</u>	<u>230,100</u>	<u>230,100</u>	<u>-</u>
Fund balance, beginning	200	4,500	4,101	(399)
Amount available for appropriation	<u>\$ 499,000</u>	<u>\$ 519,500</u>	<u>\$ 493,190</u>	<u>\$ (26,310)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Albany Transit System	\$ 299,300	\$ 311,800	\$ 293,794	\$ 18,006
Transit Loop System	199,700	207,700	181,255	26,445
Total expenditures	<u>\$ 499,000</u>	<u>\$ 519,500</u>	<u>\$ 475,049</u>	<u>\$ 44,451</u>
Fund balance, ending			<u>\$ 18,141</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	\$ 258,989	\$ 475,049	\$ 18,141
Reconciling items:			
Insurance Liability	-	-	(128)
Change in insurance liability	-	(287)	-
Reclassify PERS departmental debt service charges to transfers out	-	(15,755)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 60-61)	<u>\$ 258,989</u>	<u>\$ 459,007</u>	<u>\$ 18,013</u>

CITY OF ALBANY, OREGON
SENIOR CENTER FOUNDATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Gift shop sales	\$ 6,500	\$ 6,500	\$ 6,771	\$ 271
General fund raising	500	500	162	(338)
Gifts and donations	7,000	7,000	7,180	180
Interest on investments	100	100	79	(21)
Total revenues	<u>14,100</u>	<u>14,100</u>	<u>14,192</u>	<u>92</u>
Fund balance, beginning	<u>3,000</u>	<u>3,000</u>	<u>5,389</u>	<u>2,389</u>
Amount available for appropriation	<u>\$ 17,100</u>	<u>\$ 17,100</u>	<u>\$ 19,581</u>	<u>\$ 2,481</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 17,100	\$ 17,100	\$ 12,699	\$ 4,401
Fund balance, ending			<u>\$ 6,882</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	\$ 14,192	\$ 12,699	\$ 6,882
No adjustments required	-	-	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 60-61)	<u>\$ 14,192</u>	<u>\$ 12,699</u>	<u>\$ 6,882</u>

CITY OF ALBANY, OREGON
DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 1,012,500	\$ 1,012,500	\$ 1,027,291	\$ 14,791
Delinquent	42,000	42,000	50,001	8,001
Transient room tax	236,500	236,500	239,540	3,040
Interest on investments	17,600	15,100	12,090	(3,010)
Total revenues	<u>1,308,600</u>	<u>1,306,100</u>	<u>1,328,922</u>	<u>22,822</u>
Other financing sources				
Transfer from General Fund	239,100	241,600	241,008	(592)
PERS debt service transfers in	416,800	416,800	408,285	(8,515)
Total other financing sources	<u>655,900</u>	<u>658,400</u>	<u>649,293</u>	<u>(9,107)</u>
Fund balance, beginning	<u>669,100</u>	<u>669,100</u>	<u>794,314</u>	<u>125,214</u>
Amount available for appropriation	<u>\$ 2,633,600</u>	<u>\$ 2,633,600</u>	<u>\$ 2,772,529</u>	<u>\$ 138,929</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
2002 Limited Tax Pension Obligations (PERS)	\$ 474,300	\$ 474,300	\$ 386,057	\$ 88,243
1995 Fairgrounds Revenue Bonds	506,500	506,500	242,567	263,933
1994 City Hall Construction Certificates of Deposit	488,800	488,800	243,946	244,854
1999 General Obligation Street Bonds	806,000	806,000	753,328	52,672
1996 Fire Substation General Obligation Bonds	358,000	358,000	304,413	53,587
Total expenditures	<u>\$ 2,633,600</u>	<u>\$ 2,633,600</u>	<u>\$ 1,930,311</u>	<u>\$ 703,289</u>
Fund balance, ending			<u>\$ 842,218</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 1,328,922	\$ 1,930,311	\$ 842,218
No adjustments required	-	-	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Debt Service Funds (page 65)	<u>\$ 1,328,922</u>	<u>\$ 1,930,311</u>	<u>\$ 842,218</u>

CITY OF ALBANY, OREGON
BANCROFT BOND REDEMPTION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Bonded assessment collections:				
Principal	\$ 400,000	\$ 400,000	\$ 640,413	\$ 240,413
Interest	175,000	175,000	87,702	(87,298)
Interest on investments	25,000	25,000	23,772	(1,228)
Total revenues	<u>600,000</u>	<u>600,000</u>	<u>751,887</u>	<u>151,887</u>
Fund balance, beginning	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,347,309</u>	<u>47,309</u>
Amount available for appropriation	<u>\$ 1,900,000</u>	<u>\$ 1,900,000</u>	<u>\$ 2,099,196</u>	<u>\$ 199,196</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 1,000	\$ 1,000	\$ 838	\$ 162
Debt service	1,899,000	1,899,000	357,784	1,541,216
Total expenditures	<u>\$ 1,900,000</u>	<u>\$ 1,900,000</u>	<u>\$ 358,622</u>	<u>\$ 1,541,378</u>
Fund balance, ending			<u>\$ 1,740,574</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 751,887	\$ 358,622	\$ 1,740,574
No adjustments required	-	-	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Debt Service Funds (page 65)	<u>\$ 751,887</u>	<u>\$ 358,622</u>	<u>\$ 1,740,574</u>

CITY OF ALBANY, OREGON
EQUIPMENT REPLACEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Equipment replacement charges	\$ 545,000	\$ 545,000	\$ 542,900	\$ (2,100)
Telephone system replacement charges	75,000	75,000	75,036	36
Miscellaneous	40,000	40,000	41,766	1,766
Interest on investments	33,000	33,000	31,187	(1,813)
Total revenues	<u>693,000</u>	<u>693,000</u>	<u>690,889</u>	<u>(2,111)</u>
Other financing source				
Transfer from General Fund	24,000	24,000	24,000	-
Fund balance, beginning	<u>2,530,000</u>	<u>2,530,000</u>	<u>2,245,224</u>	<u>(284,776)</u>
Amount available for appropriation	<u>\$ 3,247,000</u>	<u>\$ 3,247,000</u>	<u>\$ 2,960,113</u>	<u>\$ (286,887)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Equipment Replacement	\$ 2,790,000	\$ 2,790,000	\$ 479,654	\$ 2,310,346
Building Maintenance Projects	457,000	457,000	47,137	409,863
Total expenditures	<u>\$ 3,247,000</u>	<u>\$ 3,247,000</u>	<u>\$ 526,791</u>	<u>\$ 2,720,209</u>
Fund balance, ending			<u>\$ 2,433,322</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 690,889	\$ 526,791	\$ 2,433,322
No adjustments required	-	-	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Capital Projects Funds (page 69)	<u>\$ 690,889</u>	<u>\$ 526,791</u>	<u>\$ 2,433,322</u>

CITY OF ALBANY, OREGON
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Federal Transportation Equity Act (TEA) Grant	\$ 7,858,400	\$ 7,858,400	\$ 1,561,194	\$ (6,297,206)
Amtrak Grant	1,000,000	1,000,000	-	(1,000,000)
Oregon Transportation Investment Act (OTIA) Grant	356,000	456,000	-	(456,000)
Miscellaneous revenue	-	-	1,000	1,000
Interest on investments	2,500	2,500	13,073	10,573
Total revenues	<u>9,216,900</u>	<u>9,316,900</u>	<u>1,575,267</u>	<u>(7,741,633)</u>
Fund balance, beginning	<u>1,741,000</u>	<u>1,741,000</u>	<u>155,194</u>	<u>(1,585,806)</u>
Amount available for appropriation	<u>\$10,957,900</u>	<u>\$11,057,900</u>	<u>\$ 1,730,461</u>	<u>\$ (9,327,439)</u>

Expenditures	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Fire Substation Construction	\$ 138,500	\$ 138,500	\$ -	\$ 138,500
1999 General Obligation Street Improvement Bond Projects	1,605,000	1,605,000	988,904	616,096
Regional Multimodal Transportation Center - Local Match	1,000,000	1,000,000	11,000	989,000
Regional Multimodal Transportation Center - Federal TEA Grant	7,858,400	7,858,400	318,868	7,539,532
OTIA Projects	356,000	456,000	316,008	139,992
Total expenditures	<u>\$10,957,900</u>	<u>\$11,057,900</u>	<u>\$ 1,634,780</u>	<u>\$ 9,423,120</u>
Fund balance, ending			<u>\$ 95,681</u>	

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

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Total revenues, total expenditures, and fund balance from above	\$ 1,575,267	\$ 1,634,780	\$ 95,681
No adjustments required	-	-	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Capital Projects Funds (page 69)	<u>\$ 1,575,267</u>	<u>\$ 1,634,780</u>	<u>\$ 95,681</u>

CITY OF ALBANY, OREGON
IMPROVEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Financed assessment collections:				
Principal	\$ -	\$ -	\$ 200,517	\$ 200,517
Interest	-	-	16,209	16,209
Unbonded assessment collections:				
Principal	1,320,000	1,320,000	24,592	(1,295,408)
Interest	-	-	11,219	11,219
Oregon Department of Transportation	-	-	1,235,040	1,235,040
State of Oregon	1,680,000	1,680,000	-	(1,680,000)
Total revenues	<u>3,000,000</u>	<u>3,000,000</u>	<u>1,487,577</u>	<u>(1,512,423)</u>
Fund balance, beginning	-	-	(2,215,182)	(2,215,182)
Amount available for appropriation	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ (727,605)</u>	<u>\$ (3,727,605)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ -	\$ 30,000	\$ 17,437	\$ 12,563
Capital	3,000,000	2,970,000	1,014,049	1,955,951
Total expenditures	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 1,031,486</u>	<u>\$ 1,968,514</u>
Fund balance, ending			<u>\$ (1,759,091)</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	\$ 1,487,577	\$ 1,031,486	\$ (1,759,091)
No adjustments required	-	-	-
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (page 16)	<u>\$ 1,487,577</u>	<u>\$ 1,031,486</u>	<u>\$ (1,759,091)</u>

CITY OF ALBANY, OREGON
CENTRAL ALBANY REVITALIZATION AREA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes - current	\$ 330,000	\$ 330,000	\$ 387,274	\$ 57,274
Property taxes - delinquent	-	-	9,108	9,108
Interest on investments	10,000	10,000	6,414	(3,586)
Total revenues	340,000	340,000	402,796	62,796
Other financing source				
Letter of credit proceeds	-	-	100,000	100,000
Fund balance, beginning	322,000	322,000	333,300	11,300
Amount available for appropriation	<u>\$ 662,000</u>	<u>\$ 662,000</u>	<u>\$ 836,096</u>	<u>\$ 174,096</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 337,500	\$ 337,500	\$ 167,077	\$ 170,423
Capital	299,500	299,500	55,409	244,091
Total expenditures	637,000	637,000	222,486	414,514
Other financing use				
Transfer to General Fund	25,000	25,000	25,000	-
Total expenditures and other financing use	<u>\$ 662,000</u>	<u>\$ 662,000</u>	<u>\$ 247,486</u>	<u>\$ 414,514</u>
Fund balance, ending			<u>\$ 588,610</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 402,796	\$ 222,486	\$ 588,610
Letter of credit proceeds	-	-	(100,000)
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Capital Projects Funds (page 69)	<u>\$ 402,796</u>	<u>\$ 222,486</u>	<u>\$ 488,610</u>

CITY OF ALBANY, OREGON
SENIOR CENTER ENDOWMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Gifts and donations	\$ 3,000	\$ 3,000	\$ 454	\$ (2,546)
Interest on investments	600	600	519	(81)
Total revenues	<u>3,600</u>	<u>3,600</u>	<u>973</u>	<u>(2,627)</u>
Fund balance, beginning	38,300	38,300	39,002	702
Amount available for appropriation	<u>\$ 41,900</u>	<u>\$ 41,900</u>	<u>\$ 39,975</u>	<u>\$ (1,925)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 400	\$ 400	\$ -	\$ 400
Unappropriated	41,500	41,500	-	41,500
Total expenditures	<u>\$ 41,900</u>	<u>\$ 41,900</u>	<u>\$ -</u>	<u>\$ 41,900</u>
Fund balance, ending			<u>\$ 39,975</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 973	\$ -	\$ 39,975
No adjustments required	-	-	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Permanent Funds (page 73)	<u>\$ 973</u>	<u>\$ -</u>	<u>\$ 39,975</u>

CITY OF ALBANY, OREGON
LIBRARY TRUST FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Interest on investments	\$ 1,900	\$ 1,900	\$ 1,094	\$ (806)
Fund balance, beginning	<u>79,500</u>	<u>80,100</u>	<u>82,923</u>	<u>2,823</u>
Amount available for appropriation	<u>\$ 81,400</u>	<u>\$ 82,000</u>	<u>\$ 84,017</u>	<u>\$ 2,017</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 1,900	\$ 2,500	\$ 1,246	\$ 1,254
Unappropriated	79,500	79,500	-	79,500
Total expenditures	<u>\$ 81,400</u>	<u>\$ 82,000</u>	<u>\$ 1,246</u>	<u>\$ 80,754</u>
Fund balance, ending			<u>\$ 82,771</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 1,094	\$ 1,246	\$ 82,771
No adjustments required	-	-	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Permanent Funds (page 73)	<u>\$ 1,094</u>	<u>\$ 1,246</u>	<u>\$ 82,771</u>

After all, life is really simple; we ourselves create the circumstances that complicate it.

Author Unknown

Schedule of Revenues and Expenditures - Budget and Actual

(page numbers in parentheses)

Proprietary Funds

Enterprise Funds

Water (108-109)

Sewer (110-111)

Internal Service Funds

Equipment Maintenance (112)

Information Systems (113)

Central Services (114)

Geographic Information Systems (115)

Reconciliation of internal service
funds budgetary revenues and
expenditures to Statement of
Revenues, Expenses, and Changes in
Net Assets of Enterprise Funds (116)

CITY OF ALBANY, OREGON
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 748,200	\$ 748,200	\$ 759,124	\$ 10,924
Delinquent	25,000	25,000	36,066	11,066
Water service revenues:				
Water service charges	11,949,600	11,949,600	9,616,225	(2,333,375)
Water service charges-Millersburg	85,000	85,000	85,000	-
Service restoration fees	10,000	10,000	12,689	2,689
North Albany Service District debt service charges	30,000	30,000	28,099	(1,901)
North Albany capital charges	22,500	22,500	22,500	-
Financed system development charges:				
Principal	20,000	20,000	130,828	110,828
Interest	13,500	13,500	13,610	110
Financed in-lieu-of assessment fees:				
Principal	5,000	5,000	25,355	20,355
Interest	1,000	1,000	1,994	994
Water expansion:				
Public facility construction permits	50,000	50,000	230,373	180,373
Administrative fees	-	-	2,058	2,058
Water connection fees	-	-	13,719	13,719
Water systems development charges	501,600	501,600	635,880	134,280
Fees in lieu of assessment	30,000	30,000	13,255	(16,745)
Water service installation fee	60,000	60,000	109,592	49,592
Charges for services:				
City of Lebanon	76,600	76,600	69,059	(7,541)
Engineering, legal and administrative fees	50,000	50,000	81,290	31,290
Equipment replacement charges	109,300	109,300	109,300	-
Energy Trust of Oregon	475,000	475,000	-	(475,000)
City of Millersburg	6,233,600	6,233,600	693,847	(5,539,753)
VA-HUD Joint Water Project Grant	450,000	450,000	-	(450,000)
Miscellaneous	15,000	15,000	23,336	8,336
Interest on investments	161,800	161,800	435,664	273,864
Total revenues	<u>21,122,700</u>	<u>21,122,700</u>	<u>13,148,863</u>	<u>(7,973,837)</u>
Other financing source				
Long-term debt proceeds	<u>42,068,500</u>	<u>42,068,500</u>	<u>40,485,000</u>	<u>(1,583,500)</u>
Fund balance, beginning	<u>9,842,500</u>	<u>9,842,500</u>	<u>9,648,846</u>	<u>(193,654)</u>
Amount available for appropriation	<u>\$ 73,033,700</u>	<u>\$ 73,033,700</u>	<u>\$ 63,282,709</u>	<u>\$ (9,750,991)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 2,742,500	\$ 2,742,500	\$ 2,743,350	\$ (850)
Materials and services	4,554,400	4,594,800	3,597,433	997,367
Capital	56,902,800	56,902,800	8,354,512	48,548,288
Debt service	8,074,000	8,074,000	6,445,470	1,628,530
Contingencies	760,000	719,600	-	719,600
Total expenditures	<u>\$ 73,033,700</u>	<u>\$ 73,033,700</u>	<u>\$ 21,140,765</u>	<u>\$ 51,892,935</u>
Fund balance, ending			<u>\$ 42,141,944</u>	

Continued

CITY OF ALBANY, OREGON
WATER FUND
RECONCILIATION OF BUDGETARY REVENUES, EXPENDITURES, AND FUND BALANCE TO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS OF PROPRIETARY FUNDS
for the year ended June 30, 2004

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Total revenues, total expenditures, and fund balance from above	\$ 13,148,863	\$ 21,140,765	\$ 42,141,944
Reconciling items:			
June 30, 2003 asset and liability balances:			
Capital assets, net	-	-	38,566,783
Accounts receivable	-	-	1,571,460
Unamortized issue costs/loss on defeasance	-	-	227,882
Other assets	-	-	2,380
Salaries, withholdings, and vacations payable	-	-	(126,053)
Insurance liability	-	-	(2,678)
Bonds payable	-	-	(10,513,550)
Adjustments to current year revenues			
Property taxes	(795,190)	-	-
Interest on investments	(162,214)	-	-
Interest capitalized	(273,450)	-	-
System development charges	(766,708)	-	-
In-lieu-of assessment fees	(52,329)	-	-
Change in accounts receivable	105,964	-	-
Adjustments to current year expenses			
Interest expense	-	(460,996)	-
Interest capitalized	-	(430,514)	-
Change in vacations payable	-	52,921	-
Bond principal	-	(5,505,000)	5,505,000
Certificate of participation principal	-	(48,961)	48,961
Depreciation and amortization	-	1,410,113	(1,410,113)
Expenditures capitalized	-	(8,354,512)	8,354,512
Bond sale expenses	-	(297,437)	297,437
Change in insurance liability	-	(1,777)	1,777
Reclassify PERS departmental debt service charges to transfers out	-	(127,343)	-
Other adjustments			
Change in accounts receivable	-	-	(51,300)
Change in vacation accrual	-	-	(52,921)
Loss on disposal of fixed assets	-	624	(624)
Capital contributions	-	-	887,401
Net interest capitalized	-	-	157,064
Bond sale proceeds	-	-	(40,485,000)
Operating revenues, operating expenses, and ending net assets from Statement of Revenues, Expenses, and Changes in Net Assets of Proprietary Funds (page 25)	<u>\$ 11,204,936</u>	<u>\$ 7,377,883</u>	<u>\$ 45,120,362</u>

CITY OF ALBANY, OREGON
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Sewer service charges:				
Albany sewer service charges	\$ 6,566,000	\$ 6,566,000	\$ 6,888,632	\$ 322,632
Millersburg sewer service charges	30,000	30,000	-	(30,000)
Financed system development charges:				
Principal	42,200	42,200	232,644	190,444
Interest	31,200	31,200	25,622	(5,578)
Financed assessments:				
Principal	100,000	100,000	75,052	(24,948)
Interest	30,000	30,000	26,635	(3,365)
Financed in-lieu-of assessment fees:				
Principal	53,500	53,500	81,378	27,878
Interest	7,500	7,500	8,676	1,176
Sewer oversizing and expansion:				
Public facility construction permits	38,000	38,000	15,963	(22,037)
Sewer systems development charges	858,800	858,800	1,107,594	248,794
Fees in lieu of assessment	13,300	13,300	17,501	4,201
Charges collected through property taxes	20,000	20,000	29,571	9,571
Charges for services:				
Engineering, legal and administrative fees	60,000	60,000	117,487	57,487
Equipment replacement charges	115,700	115,700	115,700	-
Miscellaneous	125,000	125,000	330,579	205,579
Interest on investments	145,800	145,800	123,561	(22,239)
Total revenues	<u>8,237,000</u>	<u>8,237,000</u>	<u>9,196,595</u>	<u>959,595</u>
Other financing source				
Long-term debt proceeds	-	2,835,000	2,835,000	-
Fund balance, beginning	<u>8,706,800</u>	<u>8,706,800</u>	<u>10,353,150</u>	<u>1,646,350</u>
Amount available for appropriation	<u>\$ 16,943,800</u>	<u>\$ 19,778,800</u>	<u>\$ 22,384,745</u>	<u>\$ 2,605,945</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 2,767,700	\$ 2,767,700	\$ 2,586,121	\$ 181,579
Materials and services	2,988,600	3,270,000	3,049,155	220,845
Capital	6,907,300	6,807,300	1,252,549	5,554,751
Debt Service	3,638,200	6,423,200	5,695,956	727,244
Contingencies	642,000	510,600	-	510,600
Total expenditures	<u>\$ 16,943,800</u>	<u>\$ 19,778,800</u>	<u>\$ 12,583,781</u>	<u>\$ 7,195,019</u>
Fund balance, ending			<u>\$ 9,800,964</u>	

Continued

CITY OF ALBANY, OREGON
SEWER FUND
RECONCILIATION OF BUDGETARY REVENUES, EXPENDITURES, AND FUND BALANCE TO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS OF PROPRIETARY FUNDS
for the year ended June 30, 2004

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Total revenues, total expenditures, and fund balance from above	\$ 9,196,595	\$ 12,583,781	9,800,964
Reconciling items:			
June 30, 2003 asset and liability balances:			
Capital assets, net	-	-	51,116,158
Accounts receivable	-	-	2,136,536
Unamortized issue costs/loss on defeasance	-	-	122,542
Salaries, withholdings, and vacations payable	-	-	(150,445)
Insurance liability	-	-	(3,409)
Bonds payable	-	-	(6,699,723)
Adjustments to current year revenues			
Interest on investments	(123,561)	-	-
System development charges	(1,340,238)	-	-
In-lieu-of assessment fees	(98,878)	-	-
Change in accounts receivable	40,371	-	-
Sewer construction assessments	(75,051)	-	-
Adjustments to current year expenses			
Interest expense	-	(273,046)	-
Change in vacations payable	-	395	-
Bond principal	-	(5,250,000)	5,250,000
Loan principal	-	(161,081)	161,081
Depreciation and amortization	-	1,964,346	(1,964,346)
Expenditures capitalized	-	(1,252,549)	1,252,549
Bond sale expenses	-	(46,720)	46,720
Change in insurance liability	-	(1,858)	1,858
Reclassify PERS departmental debt service charges to transfers out	-	(147,527)	-
Reclassify bond interest to unamortized loss on defeasance	-	(11,829)	11,829
Other adjustments			
Change in accounts receivable	-	-	(289,207)
Change in vacation accrual	-	-	(395)
Loss on disposal of fixed assets	-	11,114	(11,114)
Capital contributions	-	-	1,187,216
Bond sale proceeds	-	-	(2,835,000)
Operating revenues, operating expenses, and ending net assets from Statement of Revenues, Expenses, and Changes in Net Assets of Proprietary Funds (page 25)	<u>\$ 7,599,238</u>	<u>\$ 7,415,026</u>	<u>\$ 59,133,814</u>

CITY OF ALBANY, OREGON
EQUIPMENT MAINTENANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Charges to other funds:				
Operational charges	\$ 64,200	\$ 64,200	\$ 62,014	\$ (2,186)
Sewer facility maintenance charges	462,500	522,900	506,076	(16,824)
Water facility maintenance charges	334,000	374,400	365,469	(8,931)
Space rental	48,200	48,200	46,500	(1,700)
Interest on investments	500	500	883	383
Total revenues	<u>909,400</u>	<u>1,010,200</u>	<u>980,942</u>	<u>(29,258)</u>
Fund balance, beginning	8,000	8,000	44,206	36,206
Amount available for appropriation	<u>\$ 917,400</u>	<u>\$ 1,018,200</u>	<u>\$ 1,025,148</u>	<u>\$ 6,948</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Equipment Maintenance	\$ 120,900	\$ 120,900	\$ 87,607	\$ 33,293
Treatment Facilities Maintenance	796,500	897,300	871,543	25,757
Total expenditures	<u>\$ 917,400</u>	<u>\$ 1,018,200</u>	<u>\$ 959,150</u>	<u>\$ 59,050</u>
Fund balance, ending			<u>\$ 65,998</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 116.

CITY OF ALBANY, OREGON
INFORMATION SYSTEMS SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Charges to other funds:				
Information systems service charges	\$ 636,200	\$ 636,200	\$ 636,200	\$ -
Equipment replacement charges	178,900	178,900	165,900	(13,000)
Interest on investments	12,000	12,000	7,217	(4,783)
Total revenues	<u>827,100</u>	<u>827,100</u>	<u>809,317</u>	<u>(17,783)</u>
Fund balance, beginning	602,900	602,900	518,484	(84,416)
Amount available for appropriation	<u>\$ 1,430,000</u>	<u>\$ 1,430,000</u>	<u>\$ 1,327,801</u>	<u>\$ (102,199)</u>

Expenditures	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Information Systems Services	\$ 639,100	\$ 639,100	\$ 637,471	\$ 1,629
Data Processing Equipment Replacement	790,900	790,900	133,980	656,920
Total expenditures	<u>\$ 1,430,000</u>	<u>\$ 1,430,000</u>	<u>\$ 771,451</u>	<u>\$ 658,549</u>
Fund balance, ending			<u>\$ 556,350</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 116.

CITY OF ALBANY, OREGON
CENTRAL SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Charges to other funds	\$ 2,016,800	\$ 2,016,800	\$ 2,066,800	\$ 50,000
Bicycle/commuter map revenues	200	200	544	344
Miscellaneous	30,000	47,000	51,670	4,670
Interest on investments	100	100	1,201	1,101
Total revenues	<u>2,047,100</u>	<u>2,064,100</u>	<u>2,120,215</u>	<u>56,115</u>
Fund balance, beginning	26,400	56,400	56,390	(10)
Amount available for appropriation	<u>\$ 2,073,500</u>	<u>\$ 2,120,500</u>	<u>\$ 2,176,605</u>	<u>\$ 56,105</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Council and Nondepartmental	\$ 231,200	\$ 235,200	\$ 219,884	\$ 15,316
Administrative Services	1,842,300	1,885,300	1,884,969	331
Total expenditures	<u>\$ 2,073,500</u>	<u>\$ 2,120,500</u>	<u>\$ 2,104,853</u>	<u>\$ 15,647</u>
Fund balance, ending			<u>\$ 71,752</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 116.

CITY OF ALBANY, OREGON
GEOGRAPHIC INFORMATION SYSTEMS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2004

Revenues:	Original Budget	Final Budget	Actual	Over (Under)
Charges to other funds	\$ 423,000	\$ 423,000	\$ 407,970	\$ (15,030)
GIS information sales	-	-	603	603
Miscellaneous	-	-	2,275	2,275
Interest on investments	2,000	2,000	1,247	(753)
Total revenues	<u>425,000</u>	<u>425,000</u>	<u>412,095</u>	<u>(12,905)</u>
Fund balance, beginning	64,300	64,300	84,283	19,983
Amount available for appropriation	<u>\$ 489,300</u>	<u>\$ 489,300</u>	<u>\$ 496,378</u>	<u>\$ 7,078</u>

Expenditures	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
GIS Services	\$ 419,500	\$ 419,500	\$ 343,279	\$ 76,221
Sierra Services	69,800	69,800	60,303	9,497
Total expenditures	<u>\$ 489,300</u>	<u>\$ 489,300</u>	<u>\$ 403,582</u>	<u>\$ 85,718</u>
Fund balance, ending			<u>\$ 92,796</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 116.

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
RECONCILIATION OF BUDGETARY REVENUES, EXPENDITURES, FUND BALANCE TO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS OF ENTERPRISE FUNDS
for the year ended June 30, 2004

	Equipment Maintenance	Information Systems	Central Services	Geographic Information Systems	Total Internal Service
REVENUES					
Total revenues from Schedule of Revenues and Expenditures - Budget and Actual	\$ 980,942	\$ 809,317	\$ 2,120,215	\$ 412,095	\$ 4,322,569
Reconciling item:					
Interest on investments	(883)	(7,217)	(1,201)	(1,247)	(10,548)
Operating revenues from Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Assets (page 25)	<u>\$ 980,059</u>	<u>\$ 802,100</u>	<u>\$ 2,119,014</u>	<u>\$ 410,848</u>	<u>\$ 4,312,021</u>
EXPENDITURES					
Total expenditures from Schedule of Revenues and Expenditures - Budget and Actual	\$ 959,150	\$ 771,451	\$ 2,104,853	\$ 403,582	\$ 4,239,036
Reconciling items:					
Depreciation	4,073	49,662	1,275	2,253	57,263
Expenditures capitalized	(17,711)	(28,875)	-	-	(46,586)
Change in vacations payable	7,811	3,727	5,153	4,459	21,150
Change in insurance liability	(237)	34	260	23	80
Reclassify PERS departmental debt service charges to transfers out	(28,915)	(20,844)	(61,632)	(14,923)	(126,314)
Operating expenses from Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Assets (page 25)	<u>\$ 924,171</u>	<u>\$ 775,155</u>	<u>\$ 2,049,909</u>	<u>\$ 395,394</u>	<u>\$ 4,144,629</u>
FUND BALANCE					
Fund balance from Schedule of Revenues and Expenditures - Budget and Actual	\$ 65,998	\$ 556,350	\$ 71,752	\$ 92,796	\$ 786,896
Reconciling items:					
June 30, 2003 asset balance:					
Capital assets, net	119,474	106,174	16,259	4,499	246,406
June 30, 2003 liability balances:					
Salaries, withholdings, and vacations payable	(26,727)	(6,002)	(71,266)	(12,009)	(116,004)
Insurance liability	(292)	-	-	-	(292)
Depreciation	(4,073)	(49,662)	(1,275)	(2,253)	(57,263)
Expenditures capitalized	17,711	28,875	-	-	46,586
Change in vacation payable	(7,811)	(3,727)	(5,153)	(4,459)	(21,150)
Change in insurance liability	237	(34)	(260)	(23)	(80)
Net assets from Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Assets (page 25)	<u>\$ 164,517</u>	<u>\$ 631,974</u>	<u>\$ 10,057</u>	<u>\$ 78,551</u>	<u>\$ 885,099</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, 2004

	Balance <u>June 30, 2004</u>
Governmental capital assets	
Land	\$ 3,784,903
Buildings	12,512,265
Equipment	7,633,263
Infrastructure	66,135,184
Construction in process	8,304,093
Total governmental capital assets	<u>\$98,369,708</u>
Investment in fixed assets from:	
Balance as of June 30, 1993	\$ 6,655,537
Capital Project Funds:	
General Obligation Bonds	10,591,377
Certificates of Participation	3,352,252
Federal Grants	10,332,528
State Grants	203,008
Transfer from General Fund	3,476,915
Transfer from Special Revenue Funds	2,633,239
Other sources	771,157
General Fund	2,066,538
Special Revenue Funds	27,140,779
Local Improvement Districts	15,172,457
Urban Renewal Districts	1,853,934
Donations of capital assets	14,119,987
Total investment in governmental capital assets	<u>\$98,369,708</u>

CITY OF ALBANY, OREGON
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS
for the fiscal year ended June 30, 2004

	<u>Balances</u> July 1, 2003	<u>Additions</u>	<u>Deletions</u> Transfers in, Transfers out	<u>Balances</u> June 30, 2004
<u>CAPITAL ASSETS:</u>				
Land	\$ 4,053,489	\$ -	\$ (268,586)	\$ 3,784,903
Buildings and improvements	12,350,952	161,313	-	12,512,265
Machinery and equipment	7,508,926	466,257	(341,920)	7,633,263
Infrastructure	61,861,084	2,818,181	1,455,919	66,135,184
Construction in process	6,680,496	3,079,516	(1,455,919)	8,304,093
Total capital assets	<u>\$92,454,947</u>	<u>\$ 6,525,267</u>	<u>\$ (610,506)</u>	<u>\$98,369,708</u>

CITY OF ALBANY, OREGON
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
as of June 30, 2004

Function and Activity:	Land	Buildings	Equipment	Infrastructure	Construction in Process	Total
General Government:						
Municipal Court	\$ -	\$ -	\$ 23,571	\$ -	\$ -	\$ 23,571
Building Maintenance	-	-	31,334	-	-	31,334
Building Inspection	-	-	27,677	-	-	27,677
General Fund	1,238,706	4,819,724	308,946	753,809	-	7,121,185
Airport Maintenance	33,510	68,215	-	910,369	-	1,012,094
Public Transit	-	-	1,025,562	-	-	1,025,562
Total general government	1,272,216	4,887,939	1,417,090	1,664,178		9,241,423
Public Safety:						
Police	-	1,280,297	972,994	-	-	2,253,291
Fire	118,771	3,773,843	2,499,274	-	-	6,391,888
Ambulance	-	-	781,173	-	-	781,173
Total public safety	118,771	5,054,140	4,253,441			9,426,352
Culture and Recreation:						
Library	14,010	789,922	58,821	-	-	862,753
Parks & Recreation	1,921,334	1,742,330	1,021,302	6,445,088	-	11,130,054
Total culture and recreation	1,935,344	2,532,252	1,080,123	6,445,088		11,992,807
Highways and Streets:						
Street Maintenance	458,572	37,934	882,609	58,025,918	-	59,405,033
Total highways and streets	458,572	37,934	882,609	58,025,918		59,405,033
Construction in process	-	-	-	-	8,304,093	8,304,093
Total capital assets	\$ 3,784,903	\$ 12,512,265	\$ 7,633,263	\$ 66,135,184	\$ 8,304,093	\$ 98,369,708

CITY OF ALBANY, OREGON
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
for the fiscal year ended June 30, 2004

Function and Activity:	Fixed Assets July 1, 2003	Additions	Deletions Transfers in, Transfers out	Fixed Assets June 30, 2004
General Government:				
Municipal Court	\$ 23,571	\$ -	\$ -	\$ 23,571
Building Maintenance	31,334	-		31,334
Code Enforcement	27,677	-		27,677
General Fund	7,080,516	41,044	(375)	7,121,185
Economic Development (Airport)	1,012,094	-		1,012,094
Public Transit	1,176,833	-	(151,271)	1,025,562
Total general government	<u>9,352,025</u>	<u>41,044</u>	<u>(151,646)</u>	<u>9,241,423</u>
Public Safety:				
Police	1,959,375	355,410	(61,494)	2,253,291
Fire	6,352,687	103,925	(64,724)	6,391,888
Ambulance	781,173	-		781,173
Total public safety	<u>9,093,235</u>	<u>459,335</u>	<u>(126,218)</u>	<u>9,426,352</u>
Culture and Recreation:				
Library	887,773	-	(25,020)	862,753
Parks & Recreation	10,046,595	708,746	374,713	11,130,054
Total culture and recreation	<u>10,934,368</u>	<u>708,746</u>	<u>349,693</u>	<u>11,992,807</u>
Highways and Streets:				
Street Maintenance	56,394,823	2,236,626	773,584	59,405,033
Total highways and streets	<u>56,394,823</u>	<u>2,236,626</u>	<u>773,584</u>	<u>59,405,033</u>
Construction in process				
	6,680,496	3,079,516	(1,455,919)	8,304,093
Total capital assets	<u>\$92,454,947</u>	<u>\$ 6,525,267</u>	<u>\$ (610,506)</u>	<u>\$98,369,708</u>

An economic forecaster is like a cross-eyed javelin thrower: they don't win many accuracy contests, but they keep the crowd's attention.

Anonymous

OTHER FINANCIAL SCHEDULES

Schedule of Debt Principal Transactions

Schedule of Debt Interest Transactions

Schedule of Future Debt Principal and Interest Requirements - Governmental Activities

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

Schedule of Property Tax Transactions and Outstanding Balances

CITY OF ALBANY, OREGON
SCHEDULE OF DEBT PRINCIPAL TRANSACTIONS
for the fiscal year ended June 30, 2004

	Interest Rate	Date of Issue	Years of Maturity	Outstanding July 1, 2003	Issued During Year	Matured During Year	Outstanding June 30, 2004
GENERAL OBLIGATION AND OTHER LONG-TERM DEBT:							
1992 OEDD Notes Payable (1)	5.47	12/01/95	2015-2016	\$ 338,356	\$ -	\$ 18,224	\$ 320,132
1994 Certificates of Participation	3.00-5.25	01/01/94	1995-2014	1,990,000	-	140,000	1,850,000
1995 Motel/Hotel Tax Revenue	3.90-5.75	08/01/95	1996-2011	1,570,000	-	160,000	1,410,000
1996 Fire Substation Construction	4.50-5.50	12/01/96	1997-2014	2,895,000	-	155,000	2,740,000
1997 Limited Tax Assessment Bancroft	4.00-4.65	06/01/97	1998-2007	1,890,000	-	185,000	1,705,000
1998 Water Refunding	3.60-4.50	05/01/98	1999-2010	5,085,000	-	630,000	4,455,000
1999 General Obligation	3.10-4.85	03/01/99	2000-2019	8,480,000	-	375,000	8,105,000
2002 Limited Tax Pension Obligations	2.00-7.36	03/15/02	2002-2028	6,826,913	-	13,677	6,813,236
2002 Limited Tax Assessment Bancroft	5.05	06/17/02	2003-2012	687,645	-	51,096	636,549
Total general obligation and other bonds				<u>\$29,762,914</u>	<u>\$ -</u>	<u>\$ 1,727,997</u>	<u>\$28,034,917</u>
REVENUE BONDS AND LONG-TERM NOTES RECORDED IN ENTERPRISE FUNDS:							
1993 Series A Sewer Refunding	2.85-5.60	01/15/93	1993-2009	\$ 3,925,000	\$ -	\$ 3,925,000	\$ -
1993 Series B Water Refunding	2.75-5.00	09/15/93	1994-2013	4,875,000	-	4,875,000	-
1993 Series C Sewer Refunding	2.75-5.00	09/15/93	1994-2013	1,325,000	-	1,325,000	-
2002 Water Certificates of Participation	5.50	03/01/02	2002-2012	553,550	-	48,961	504,589
2003 Series Water Bonds	2.00-5.125	08/01/03	2004-2033	-	40,485,000	-	40,485,000
2004 Sewer Current Refunding Bonds	2.65	02/01/04	2004-2010	-	2,835,000	-	2,835,000
1992 Oregon DEQ SRF Notes Payable (2)	3.00	04/01/92	2011-2012	1,449,723	-	161,081	1,288,642
Total revenue bonds recorded in Enterprise Funds				<u>\$ 12,128,273</u>	<u>\$43,320,000</u>	<u>\$ 10,335,042</u>	<u>\$45,113,231</u>

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

CITY OF ALBANY, OREGON
SCHEDULE OF DEBT INTEREST TRANSACTIONS
for the fiscal year ended June 30, 2004

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Outstanding July 1, 2003</u>	<u>Unmatured Interest on Bonds Issued, Called, or Refunded During Year</u>	<u>Interest Retired During Year</u>	<u>Outstanding June 30, 2004</u>
GENERAL OBLIGATION AND OTHER LONG-TERM DEBT:						
1992 OEDD Notes Payable (1)	5.47	12/01/95	\$ 150,708	\$ -	\$ 18,772	\$ 131,936
1994 Certificates of Participation	3.00-5.25	01/01/94	673,387	-	102,550	570,837
1995 Motel/Hotel Tax Revenue	3.90-5.75	08/01/95	367,383	-	82,065	285,318
1996 Fire Substation Construction	4.50-5.50	12/01/96	1,137,552	-	148,913	988,639
1997 Limited Tax Assessment Bancroft	4.00-4.65	06/01/97	298,180	-	87,598	210,582
1998 Water Refunding	3.60-4.50	05/01/98	820,143	-	206,120	614,023
1999 General Obligation	3.10-4.85	03/01/99	3,685,143	-	377,928	3,307,215
2002 Limited Tax Pension Obligations	2.00-7.36	03/15/02	9,989,903	-	372,380	9,617,523
2002 Limited Tax Assessment Bancroft	5.05	06/17/02	200,606	-	34,089	166,517
Total general obligation and other bonds			<u>\$17,323,005</u>	<u>\$ -</u>	<u>\$ 1,430,415</u>	<u>\$15,892,590</u>
REVENUE BONDS AND OTHER LONG-TERM DEBT RECORDED IN ENTERPRISE FUNDS:						
1993 Series A Sewer Refunding	2.85-5.60	01/15/93	\$ 793,331	\$ (584,477)	\$ 208,854	\$ -
1993 Series B Water Refunding	2.75-5.00	09/15/93	1,091,676	(866,669)	225,007	-
1993 Series C Sewer Refunding	2.75-5.00	09/15/93	351,091	(318,562)	32,529	-
2002 Water Certificates of Participation	5.50	03/01/02	155,913	-	29,869	126,044
2003 Series Water Bonds	2.00-5.125	08/01/03	-	33,026,908	430,514	32,596,394
2004 Sewer Current Refunding	2 65	02/01/04	-	226,479	-	226,479
1992 Oregon DEQ SRF Notes Payable (2)	3 00	04/01/92	217,458	-	43,492	173,966
Total revenue bonds recorded in Enterprise Funds			<u>\$ 2,609,469</u>	<u>\$ 31,483,679</u>	<u>\$ 970,265</u>	<u>\$33,122,883</u>

(1) Oregon Economic Development Department

(2) Department of Environmental Quality State Revolving Loan

CITY OF ALBANY, OREGON
SCHEDULE OF FUTURE DEBT PRINCIPAL AND INTEREST REQUIREMENTS
GOVERNMENTAL ACTIVITIES
June 30, 2004

Years 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
2004-2005	\$ 1,171,939	\$ 1,178,308	\$ 2,350,247	\$ 145,000	\$ 95,550	\$ 165,000	\$ 141,310	\$ 180,000	\$ 73,305
2005-2006	1,253,965	1,130,714	2,384,679	155,000	88,300	175,000	133,063	200,000	63,325
2006-2007	2,423,728	1,082,002	3,505,730	160,000	80,550	185,000	124,150	200,000	52,625
2007-2008	1,156,345	981,043	2,137,388	170,000	72,550	195,000	114,552	200,000	41,725
2008-2009	1,217,953	939,316	2,157,269	180,000	64,050	205,000	104,250	210,000	30,188
2009-2010	1,265,432	899,631	2,165,063	185,000	54,600	215,000	93,223	210,000	18,111
2010-2011	1,323,924	854,929	2,178,853	195,000	44,887	230,000	81,315	210,000	6,039
2011-2012	1,300,570	817,649	2,118,219	210,000	34,650	245,000	68,490	-	-
2012-2013	1,153,032	779,225	1,932,257	220,000	23,625	255,000	54,862	-	-
2013-2014	1,212,147	748,074	1,960,221	230,000	12,075	275,000	40,287	-	-
2014-2015	1,035,793	719,214	1,755,007	-	-	290,000	24,750	-	-
2015-2016	1,083,605	700,182	1,783,787	-	-	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>\$23,579,917</u>	<u>\$15,278,567</u>	<u>\$38,858,484</u>	<u>\$ 1,850,000</u>	<u>\$ 570,837</u>	<u>\$ 2,740,000</u>	<u>\$ 988,639</u>	<u>\$ 1,410,000</u>	<u>\$ 285,318</u>

1997 Limited Tax Assessment Bancroft Bonds		1999 Street Reconstruction General Obligation		2002 Limited Tax Pension Obligations		2002 Limited Tax Assessment Bancroft Bonds		Oregon Economic Development Department Notes Payable		Years of Maturity
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
\$ 190,000	\$ 79,087	\$ 390,000	\$ 363,490	\$ 29,847	\$ 376,211	\$ 53,709	\$ 31,476	\$ 18,383	\$ 17,879	2004-2005
200,000	70,348	405,000	347,890	43,958	382,099	56,455	28,730	18,552	16,959	2005-2006
1,315,000	61,147	425,000	331,285	55,650	390,407	59,342	25,843	23,736	15,995	2006-2007
-	-	440,000	313,647	65,043	401,015	62,377	22,808	23,925	14,746	2007-2008
-	-	460,000	294,947	73,231	412,827	65,567	19,618	24,155	13,436	2008-2009
-	-	480,000	275,397	82,139	428,918	68,920	16,265	24,373	13,117	2009-2010
-	-	505,000	254,997	86,861	444,197	72,444	12,741	24,619	10,753	2010-2011
-	-	525,000	233,030	92,951	463,106	197,735	9,036	29,884	9,337	2011-2012
-	-	550,000	209,930	97,868	483,189	-	-	30,164	7,619	2012-2013
-	-	575,000	185,455	101,687	504,371	-	-	30,460	5,886	2013-2014
-	-	605,000	159,292	105,019	531,038	-	-	35,774	4,134	2014-2015
-	-	635,000	131,160	107,498	558,560	-	-	36,107	2,075	2015-2016
-	-	670,000	101,315	109,483	586,575	-	-	-	-	2016-2017
-	-	700,000	69,490	111,140	614,918	-	-	-	-	2017-2018
-	-	740,000	35,890	111,257	644,800	-	-	-	-	2018-2019
-	-	-	-	159,604	631,454	-	-	-	-	2019-2020
-	-	-	-	460,000	366,605	-	-	-	-	2020-2021
-	-	-	-	530,000	335,095	-	-	-	-	2021-2022
-	-	-	-	600,000	298,790	-	-	-	-	2022-2023
-	-	-	-	685,000	257,690	-	-	-	-	2023-2024
-	-	-	-	770,000	210,767	-	-	-	-	2024-2025
-	-	-	-	865,000	159,947	-	-	-	-	2025-2026
-	-	-	-	970,000	100,694	-	-	-	-	2026-2027
-	-	-	-	500,000	34,250	-	-	-	-	2027-2028
<u>\$1,705,000</u>	<u>\$ 210,582</u>	<u>\$8,105,000</u>	<u>\$3,307,215</u>	<u>\$6,813,236</u>	<u>\$9,617,523</u>	<u>\$636,549</u>	<u>\$166,517</u>	<u>\$320,132</u>	<u>\$131,936</u>	

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

June 30, 2004

Years of Maturity	Total Requirements			1998 Water (1) General Obligation (1)		2002 Water COP	
	Principal	Interest	Total	Principal	Interest	Principal	Interest
2004-2005	\$ 2,532,850	\$ 2,078,624	\$ 4,611,474	\$ 660,000	\$ 179,187	\$ 51,770	\$ 27,059
2005-2006	2,575,737	2,011,088	4,586,825	680,000	150,877	54,657	24,172
2006-2007	2,658,784	1,936,426	4,595,210	725,000	121,021	57,704	21,125
2007-2008	2,736,955	1,839,533	4,576,488	760,000	89,085	60,875	17,955
2008-2009	2,825,396	1,719,638	4,545,034	795,000	55,065	64,316	14,514
2009-2010	2,913,982	1,608,767	4,522,749	835,000	18,788	67,902	10,928
2010-2011	1,287,768	1,538,009	2,825,777	-	-	71,687	7,141
2011-2012	1,196,759	1,495,900	2,692,659	-	-	75,678	3,150
2012-2013	830,000	1,455,556	2,285,556	-	-	-	-
2013-2014	865,000	1,422,694	2,287,694	-	-	-	-
2014-2015	900,000	1,387,394	2,287,394	-	-	-	-
2015-2016	940,000	1,350,594	2,290,594	-	-	-	-
2016-2017	980,000	1,311,581	2,291,581	-	-	-	-
2017-2018	1,025,000	1,269,587	2,294,587	-	-	-	-
2018-2019	1,070,000	1,221,056	2,291,056	-	-	-	-
2019-2020	1,120,000	1,166,306	2,286,306	-	-	-	-
2020-2021	1,170,000	1,109,056	2,279,056	-	-	-	-
2021-2022	1,230,000	1,049,056	2,279,056	-	-	-	-
2022-2023	1,290,000	986,056	2,276,056	-	-	-	-
2023-2024	1,355,000	921,625	2,276,625	-	-	-	-
2024-2025	1,420,000	855,719	2,275,719	-	-	-	-
2025-2026	1,495,000	786,488	2,281,488	-	-	-	-
2026-2027	1,575,000	710,622	2,285,622	-	-	-	-
2027-2028	1,655,000	630,956	2,285,956	-	-	-	-
2028-2029	1,740,000	550,325	2,290,325	-	-	-	-
2029-2030	1,835,000	463,125	2,298,125	-	-	-	-
2030-2031	1,930,000	369,000	2,299,000	-	-	-	-
2031-2032	2,030,000	270,000	2,300,000	-	-	-	-
2032-2033	2,135,000	165,875	2,300,875	-	-	-	-
2033-2034	2,250,000	56,250	2,306,250	-	-	-	-
	<u>\$49,568,231</u>	<u>\$33,736,906</u>	<u>\$83,305,137</u>	<u>\$ 4,455,000</u>	<u>\$ 614,023</u>	<u>\$ 504,589</u>	<u>\$ 126,044</u>

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

2003 Water Revenue/Refunding		2004 Sewer Current Refunding		1992 Oregon DEQ State Revolving Fund Loan		Years of Maturity
Principal	Interest	Principal	Interest	Principal	Interest	
\$ 1,215,000	\$ 1,769,288	\$ 445,000	\$ 64,431	\$ 161,080	\$ 38,659	2004-2005
1,230,000	1,744,839	450,000	57,373	161,080	33,827	2005-2006
1,250,000	1,720,037	465,000	45,249	161,080	28,994	2006-2007
1,280,000	1,675,537	475,000	32,794	161,080	24,162	2007-2008
1,310,000	1,610,788	495,000	19,941	161,080	19,330	2008-2009
1,345,000	1,557,863	505,000	6,691	161,080	14,497	2009-2010
1,055,000	1,521,203	-	-	161,081	9,665	2010-2011
960,000	1,487,918	-	-	161,081	4,832	2011-2012
830,000	1,455,556	-	-	-	-	2012-2013
865,000	1,422,694	-	-	-	-	2013-2014
900,000	1,387,394	-	-	-	-	2014-2015
940,000	1,350,594	-	-	-	-	2015-2016
980,000	1,311,581	-	-	-	-	2016-2017
1,025,000	1,269,587	-	-	-	-	2017-2018
1,070,000	1,221,056	-	-	-	-	2018-2019
1,120,000	1,166,306	-	-	-	-	2019-2020
1,170,000	1,109,056	-	-	-	-	2020-2021
1,230,000	1,049,056	-	-	-	-	2021-2022
1,290,000	986,056	-	-	-	-	2022-2023
1,355,000	921,625	-	-	-	-	2023-2024
1,420,000	855,719	-	-	-	-	2024-2025
1,495,000	786,488	-	-	-	-	2025-2026
1,575,000	710,622	-	-	-	-	2026-2027
1,655,000	630,956	-	-	-	-	2027-2028
1,740,000	550,325	-	-	-	-	2028-2029
1,835,000	463,125	-	-	-	-	2029-2030
1,930,000	369,000	-	-	-	-	2030-2031
2,030,000	270,000	-	-	-	-	2031-2032
2,135,000	165,875	-	-	-	-	2032-2033
2,250,000	56,250	-	-	-	-	2033-2034
<u>\$40,485,000</u>	<u>\$32,596,394</u>	<u>\$ 2,835,000</u>	<u>\$ 226,479</u>	<u>\$ 1,288,642</u>	<u>\$ 173,966</u>	

CITY OF ALBANY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
for the year ended June 30, 2004

Tax Year	Taxes Receivable June 30, 2003	Levy as extended by assessor	Collections	Discounts & Adjustments	Taxes Receivable June 30, 2004
2003-04	\$ -	\$ 18,341,731	\$(17,185,584)	\$ (354,634)	\$ 801,513
2002-03	767,851	-	(378,513)	(56,875)	332,463
2001-02	330,317	-	(149,955)	1,169	181,531
2000-01	184,357	-	(126,226)	15,291	73,422
1999-00	59,835	-	(35,493)	(13,632)	10,710
1998-99	12,387	-	(7,113)	(1,544)	3,730
1997-98	8,504	-	(6,110)	(945)	1,449
1996-97	1,227	-	(322)	(79)	826
1995-96	797	-	(222)	105	680
1994-95	604	-	(25)	1	580
1993-94	429	-	(92)	14	351
and prior	8,357	-	(560)	773	8,570
	<u>\$ 1,374,665</u>	<u>\$ 18,341,731</u>	<u>\$(17,890,215)</u>	<u>\$ (410,356)</u>	<u>\$ 1,415,825</u>

COLLECTIONS AND BALANCES RECEIVABLE SUMMARY
BY FUND AND FUND TYPE

General Fund	\$ 10,782,290	\$ 897,150
Special Revenue Funds:		
Parks and Recreation	3,041,580	250,903
Public Safety Levy	1,797,480	83,827
Debt Service Funds:		
Debt Service	1,077,292	90,615
Capital Project Funds:		
Central Albany Revitalization Area	396,383	26,531
Enterprise Funds:		
Water	795,190	66,799
	<u>\$ 17,890,215</u>	<u>\$ 1,415,825</u>

	Collections from Above	Tax Accrual - Net Change	Total
General Fund	\$ 10,782,290	\$ (87,945)	\$ 10,694,345
Parks and Recreation	3,041,580	(19,784)	3,021,796
Public Safety Levy	1,797,480	74,636	1,872,116
Debt Service	1,077,292	(11,547)	1,065,745
Capital Projects	396,383	6,844	403,227
Water	795,190	(7,620)	787,570
Property taxes from Statement of Activities (pages 12-13)	<u>\$ 17,890,215</u>	<u>\$ (45,416)</u>	<u>\$ 17,844,799</u>

Total collections from above	\$ 17,890,215
Taxes collected in the Water Fund	(795,190)
Property taxes from Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (page 16)	<u>\$ 17,095,025</u>

STATISTICAL SECTION

(page numbers in parentheses)

- General Governmental Expenditures by Function (131)
- General Revenues by Source (132)
- Property Tax Levies and Collections (133)
- Assessed Value of Taxable Property (134)
- Property Tax Rates - All Overlapping Governments (135)
- Special Assessment Billings and Collections (136)
- Ratio of Net General Obligation Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita (137)
- Computation of Legal Debt Margin (138)
- Computation of Direct and Overlapping Debt (139)
- Ratio of Annual General Obligation Bonded Debt Service Expenditures to
General Governmental Expenditures (140)
- Revenue Bond Coverage (141)
- Demographic Statistics (142)
- Property Value, Construction, and Bank Deposits (143)
- Albany Area Major Employers (144)
- Tax Revenues by Source (145)
- Principal Taxpayers (146)
- Miscellaneous Statistical Data (147-148)

We are drowning in information, but starved for knowledge.

John Naisbitt

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
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
2004	3,692,811 (3)	15,577,882	2,617,631	5,231,589	5,000,187	2,322,292	34,442,389

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

(3) In fiscal years prior to 2004, expenditures for employee health insurance in the Payroll Insurance Fund were included in General Government expenditures. Beginning in fiscal 2004, those amounts have been classified as interfund transfers. The total amount of the transfers in fiscal 2004 was \$3,649,492.

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

Fiscal Year Ended June 30,	Taxes	Franchise Fees, Privilege Taxes, Licenses, and Permits	Inter-governmental Revenues	Charges for Services	Fines and Forfeitures	Special Assessments	Miscellaneous Including Interest	Total
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
2004	17,604,792	6,676,869	8,319,812	3,072,882 ⁽²⁾	556,974	980,652	880,340	38,092,321

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

(2) In fiscal years prior to 2004, charges to City departments for employee health insurance in the Payroll Insurance Fund were included in Charges for Services. Beginning in fiscal 2004, those amounts have been classified as interfund transfers. The total amount of the transfers in fiscal 2004 was \$3,649,492.

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
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	623,983	15,241,898	99.38	606,814	3.96
2004	17,987,097	17,185,584	95.54	704,631	17,890,215	99.46	614,312	3.42

(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
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
2004	2,220,141,106	24,077,227	2,196,063,879

(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
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
2004	Linn	8.12	3.34	0.30	4.92	0.67	0.20	-	17.55
	Benton	8.12	2.86	0.28	4.64	0.64	0.15	0.39	17.08

(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,
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
2004	7,691,272	(9,523)	940,573	6,741,176	13.95

(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
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	16,055,142	0.7693	379.73
2004	43,600	2,196,063,879	15,196,811	338,014 (4)	14,858,797	0.6766	340.80

(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 \$147,863 for the 1996 Fire Substation General Obligation Bonds, \$86,142 for the 1999 General Obligation Bonds, and \$104,009 for the 1998 General Obligation Water Bonds.

CITY OF ALBANY, OREGON
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2004

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)		\$ 2,571,652,333
		<u>3%</u>
General Obligation Debt Limit - 3% of True Cash Value		\$ 77,149,570
Gross bonded debt principal (2)	\$ 17,538,360	
Less: Improvement bonds	2,341,549	
Less: Debt service monies available:		
Debt Service Fund	234,005	
Water Fund	<u>104,009</u>	
Net Debt Subject to 3% Limitation		<u>14,858,797</u>
Legal Debt Margin - General Obligation		<u>\$ 62,290,773</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)	\$ 22,113,236	100.0000%	\$ 22,113,236
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>\$ 63,205,655</u>		<u>\$ 33,044,595</u>

(1) Source - State of Oregon, Treasury Department.

(2) City of Albany Net Outstanding Debt

Limited Tax Pension Obligations, Series 2002	\$ 6,813,236
1996 Fire Substation Construction General Obligation Bonds	2,740,000
1999 Street Reconstruction General Obligation Bonds	8,105,000
1998 General Obligation Water Refunding Bonds	4,455,000
Total direct debt	<u>\$ 22,113,236</u>

CITY OF ALBANY, OREGON
RATIO OF ANNUAL GENERAL OBLIGATION BONDED DEBT SERVICE EXPENDITURE
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
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
2004	1,160,000	732,961	1,892,961	34,442,389	5.50

(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

(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)		
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
2004	18,804,174 (3)	11,418,450	7,385,724	1,090,000	940,396	2,030,396	363.76

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 by water user charges. Beginning in 1995, the City levied property taxes to meet debt service requirements. Principal and interest payments were covered by property tax collections totaling \$836,120 for the fiscal year ended June 30, 2004.

(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.

(3) In October, 2003, the City sold \$40,485,000 of water revenue/refunding bonds. As a result water rates were increased by 28 percent to cover the \$2.9 million of annual debt service.

CITY OF ALBANY, OREGON
DEMOGRAPHIC STATISTICS
 last ten fiscal years

Fiscal Year Ended June 30,	Population (1)	Unemployment Rate (2)	School Enrollment (3)
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
2004	43,600	9.70	82

(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	
1995	33	\$ 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
2004	17	1,957,822	440	56,735,039	383,822

(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, 2004

Employer	Type of Business	Number of Employees (1)
Oregon State University	Public education	8,753
Hewlett Packard	Electronics manufacturing	4,200
Linn Benton Community College	Public education	1,400
Alvac Albany	Rare metals manufacturing	1,000
Greater Albany Public School District 8J	Public education	984
Samaritan Health Services	Health care	842
Weyerhaeuser	Wood and paper products	827
Linn County	Government	765
Dayton/Hudson Corporation	Warehouse distribution	680
National Frozen foods	Food processing	600

(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, Privilege Taxes, Licenses and Permits (2)	Transient Room Tax (1)
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
2004	25,031,435	17,844,799	6,676,869	509,767

(1) Statement of Activities (page 12)

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

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

June 30, 2004

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation(2)</u>
<u>Nonutility:</u>			
Dayton Hudson Corporation	Warehousing	\$ 70,212,970	3.16%
Alvac Albany	Rare metals	26,791,050	1.21
Waverly Land Management	Retail	23,230,550	1.05
Oregon Freeze Dry	Food processing	22,236,430	1.00
Heritage Mall Assoc.	Retail	17,526,540	0.79
Pacific Cast Technologies	Rare metals manufacturing	16,295,040	0.73
Met Life (Fred Meyer)	Retail	16,236,180	0.73
Synthetech, Inc.	Biotech manufacturing	15,271,950	0.69
National Frozen Foods	Food processing	12,032,390	0.54
Nationwide Health Properties	Residential care	11,758,690	0.53
		<u>\$ 231,591,790</u>	<u>10.43%</u>
<u>Utilities:</u>			
Qwest, Pacific Power, NW Natural, Consumers Power	Utilities	<u>\$ 71,787,114</u>	<u>3.23%</u>

(1) Source: Linn County and Benton County Assessors

(2) City of Albany assessed value = \$2,220,141,106.

CITY OF ALBANY, OREGON
MISCELLANEOUS STATISTICAL DATA

June 30, 2004

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)	\$ 2,220,141,106
Police Protection:	
Number of stations	1
Number of employees	87
Number of police officer reserves	1
Fire Protection:	
Number of stations	4
Number of fire administration personnel	6
Number of emergency services shift personnel	60
Number of prevention division personnel	5
Number of fire clerical/support staff	5
Number of emergency calls	5,343
Number of FIREMED subscribers	2,067
Recreation and Culture:	
Number of libraries	2
Number of volumes	150,210
Number of developed park sites	29
Number of acres of developed park land	621
Performance series attendance	72,011
Annual class attendance:	
Parks and Recreation classes (322)	15,317
Senior Center (registered participants)	36,911
Sports programs	33,006
Aquatics	3,989
Permanent City Employees:	
Policy formulation, administration and other services	38
Community development and conservation	17
Protection of persons and property	155
Community infrastructure	96
Education and leisure time activities	50
Streets:	
Miles of improved roads	152.00
Miles of unimproved roads	20.05
Miles of gravel streets	7.67
Sewer:	
Miles of sanitary sewers	200.00
Miles of storm sewers (12 inches and larger)	85.10

CITY OF ALBANY, OREGON
MISCELLANEOUS STATISTICAL DATA, continued
June 30, 2004

Sewage disposal:	
Average number of gallons treated per day	7,766,600
Hookups	14,860
Water:	
Miles of water lines	263
Hookups	15,549
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-2374)	2,467
Education (1):	
Schools:	
Number of elementary schools	14
Number of middle schools	3
Number of high schools	2
Number of alternative schools	2
Administration:	
Number of principals	16
Number of assistant principals	7
Number of teachers	452
Number of other administrative personnel	14
Support staff	503
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
2004 (Estimated)	43,600

(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 most beautiful thing we can experience is the mysterious.

Albert Einstein

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, 2004

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, 2004.

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.

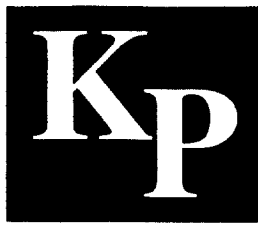
Public Contracts and Purchasing (OAR 162-10-310)

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

To accomplish great things, we must dream as well as act.

Anatole France (1844-1924)



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 INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

To the City Council
City of Albany
Albany, Oregon

We have audited the financial statements of the governmental activities, the businesstype 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, 2004, which collectively comprise the City of Albany, Oregon's basic financial statements and have issued our report thereon dated September 30, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Albany, Oregon's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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.

Compliance and Other Matters

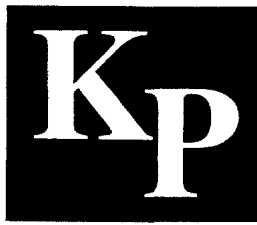
As part of obtaining reasonable assurance about whether the City of Albany, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct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

This report is intended for the information and use of management, the City Council, 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 30, 2004



Shareholders:

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

Wesley B. Price, CPA-Retired

Koontz & Perdue, P.C.
Certified Public Accountants

Staff:

Pam S. Strutz, CPA
Danielle R. Uerlings
Adam M. Huskey
Irina O. Stein
Kimberly R. Comer

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

To the City Council
City of Albany
Albany, Oregon

Compliance

We have audited the compliance of the City of Albany, Oregon, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The City of Albany, Oregon's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Albany, Oregon's management. Our responsibility is to express an opinion on the City of Albany, Oregon's compliance based on our audit.

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

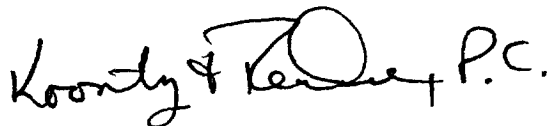
In our opinion, the City of Albany, Oregon, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

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

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

This report is intended solely for the information and use of management, the City Council, 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.

A handwritten signature in cursive script that reads "Koontz & Perdue, P.C.".

Koontz & Perdue, P.C.

Albany, Oregon
September 30, 2004

CITY OF ALBANY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2004

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 qualified 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, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2004

Program Title	Federal CFDA Number	Program Expenditures	
U. S. Department of Housing and Urban Deveopment			
Community Development Block Grants/Small Cities Program	14.219	\$ 151,997	
U. S. Department of the Interior			
Outddoor Recreation - Acquisition, Development and Planning	15.916	1,868	
Outddoor Recreation - Acquisition, Development and Planning	15.916	<u>1,564</u>	
Outddoor Recreation - Acquisition, Development and Planning		3,432	
U.S. Department of Justice			
2000 Law Enforecement Block Grant	16.592	363	
2001 Law Enforecement Block Grant	16.592	<u>5,997</u>	
Local Law Enforcement Block Grants		6,360	
Bulletproof Vest Partnership Program	16.607	5,930	
U.S. Department of Transportation			
Airport Improvement Program	20.106	207,949	
U.S. Department of Transportation			
Recreational Trails Program	20.219	5,757	
U.S. Department of Transportation			
High Speed Ground Transportation-Next Generation High Speed Rail Program	20.312	318,868	*
U.S. Department of Transportation			
UMTA Capital Assistance Grant	20.509	67,359	
UMTA & FWHA Operating Grant	20.509	<u>56,345</u>	
Formula Grants for Other Than Urbanized Areas		123,704	
U.S. Department of Transportation			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	16,053	
U.S. Department of Transportation			
State and Community Highway Safety	20.600	2,513	
U.S. General Services Administration			
Donation of Federal Surplus Personal Property	39.003	94	
U.S. Department of Health and Human Services			
Medical Assistance Program	93.778	<u>95,418</u>	
TOTAL		<u>\$ 938,075</u>	

* DENOTES MAJOR PROGRAMS

CITY OF ALBANY, OREGON

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2004

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.

You cannot create experience. You must undergo it.

Albert Camus