

**CITY OF ALBANY,
CALIFORNIA**

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

FOR THE YEAR ENDED JUNE 30, 2002

PREPARED BY

THE FINANCE AND ADMINISTRATIVE SERVICES
DEPARTMENT

CITY OF ALBANY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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November 29, 2002

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Albany for the fiscal year ended June 30, 2002. This report consists of management's representations concerning the finances of the City of Albany. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Albany has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse, and to compile reliable information for the preparation of the City of Albany's financial statements, in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the City of Albany's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Vavrinek, Trine, Day & Co., a firm of licensed certified public accountants, has audited the accompanying City of Albany's financial statements. The goal of their independent audit was to provide reasonable assurance that the financial statements of the City of Albany, for the fiscal year ended June 30, 2002, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Albany's financial statements for the fiscal year ended June 30, 2002 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Albany was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis

on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Albany's separately issued Single Audit Report.

The City of Albany's CAFR for the year ended June 30, 2001, from which Fiscal Year 2000-01 information on page viii has been drawn, was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). This was the ninth consecutive year that the City has received this prestigious award, that is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and acceptable legal requirements.

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

This report is composed of the following sections:

- ❖ Introductory Section This section includes this letter of transmittal, a directory of principal officials (as of June 30, 2002), an organization chart, and a location map.
- ❖ Financial Section This section includes the City's independent auditors' report, general-purpose financial statements, and combining statements and account group schedules.
- ❖ Statistical Section This section provides historical perspective and trend information including population, demographics, assessed valuations, revenues, expenditures and debt. This information is presented in both tabular form and graphically, where appropriate.

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

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

recognized when measurable and available and expenses are recognized when incurred. Proprietary and Fiduciary funds use the full accrual basis of accounting under which revenues are recognized when earned and expenses are recognized when incurred.

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

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

REPORTING ENTITY

The City of Albany was incorporated in 1908, and is a full service charter city operating under a Council-Administrator form of government. The City Administrator is responsible for the efficient implementation of Council policy and the effective administration of all City government affairs.

As of June 30, 2002, four separate legal entities exist, which are controlled by or dependent upon the City of Albany.

These entities are:

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

GENERAL AND DEMOGRAPHIC INFORMATION

The City of Albany prides itself on being a community-oriented city with a wide variety of programs and services for youth, the elderly and families. Albany provides its moderate income, well-educated population the charm and ambience of a small town as well as convenient access to the employment, shopping and entertainment resources of the metropolitan Bay Area. With a low crime rate, highly acclaimed school system, and convenient access to BART and freeways,

Albany is a desirable place to live for families and individuals who are retired, work locally or commute to work.

Albany's demographic characteristics include:

- ❖ A racially diverse population of 16,750, that is 61% White, 25% Asian and 14% other and mixed races.
- ❖ A median age of 36.3, with 11% - 65 years and over, and 23% - 17 years and under.
- ❖ At the 2000 census, there were 7,011 households in the city, with an average household size of 2.34.
- ❖ Housing units are evenly divided between owner-occupied and renter-occupied.

ECONOMIC CONDITIONS AND OUTLOOK

The economic climate for the City of Albany remained relatively stable during the year ended June 30, 2002, and the current outlook is for continued stability, but with caution due to the State of California budget deficit. Sales tax collections for the fiscal year as reported by MBIA, MuniServices Company, decreased .2% statewide, and 3.8% in Alameda County, while the City of Albany experienced a 6% increase. While it is likely that the City's sales tax revenue will decrease in the fiscal year ending June 30, 2003, the decrease will be less for the City of Albany than the decrease for the county and the state.

Property tax revenues have shown a steady modest increase with collections remaining between 97.5% to 98% of assessments. While the general economic slump could affect the timely collection of taxes, it is unlikely that there will be a major reduction in the percent of collections. Revenues from property transfer taxes have benefited from the continued upward movement of sales prices of homes in the city. The housing market for the Bay Area has remained strong, and while sales price growth has slowed, there have not been declines. This trend is likely to continue in fiscal year 2002-03, and home sales in the City of Albany should follow the trend of the overall Bay Area.

Statewide, the economic outlook is not as stable and favorable as for the City of Albany. State government officials have placed the state on notice that declines in

revenues will result in a budget deficit for fiscal year 2002-03 in excess of \$20 billion. State deficits will invariably impact revenues to schools, counties and cities. The City of Albany has already experienced loss of revenues for reimbursement of mandated services and police booking fees. While continued loss of these revenues will have a significant effect on the City's budget, a much greater concern is the possibility that the State may reduce motor vehicle license fees to the counties and cities, and in a worse case scenario the state could appropriate a portion of the property tax revenue now received by the counties and cities.

The outlook for construction and property development in the City of Albany is good. Two major retail/residential projects were begun in fiscal year 2001-02 and are expected to be completed in fiscal year 2002-03. The University of California is evaluating proposal for residential and commercial development in University Village. Magna Corporation is in the exploration stage for major development at the site of Golden Gate Fields. Negotiations are underway with a major retailer for development of a retail facility in the redevelopment area. These projects will generate fees for licenses, permits, and service impacts during their construction. Upon completion they will generate sales and property tax revenues, as well as service fees such as sewer fees and special assessments for emergency medical services, clean water programs, and the City's Landscape & Lighting Districts.

Operating expenses for the city will increase in several areas in the next two years. Salaries will increase 3% or more each year, as scheduled in collective bargaining agreements. Health care costs are increasing at double-digit rates, impacting both the city and its employees. Retirement benefits costs are also increasing to double-digit rates, as the California Public Employees Retirement System (PERS) sets new rates reflective of the unfavorable investment returns PERS has earned in the past year. Workers compensation costs have increased as a result of recent claims experience, and will continue at high rates for the foreseeable future. Liability insurance premiums have increased and are expected to remain at these levels or higher. Utilities expense is likely to increase as rates are increased to the levels necessary to service state bonds and generate sufficient revenue for PG&E to satisfy its suppliers of its fiscal stability.

A summary assessment is that the City of Albany can expect modest declines in some revenue sources, to be partially offset by new sources and increased rates, and modest increases in operating expenses. The greatest threats to the fiscal stability of the City are potential actions by the State of California to resolve its budget deficit at the expense of cities. The modest local revenue declines and State budget deficit will create a challenge for the City to maintain the level of basic services currently provided, without operating at a deficit.

FINANCIAL HIGHLIGHTS

The table on the next page summarizes General Fund revenues and expenditures for fiscal years 2001-02 and 2000-01. The increases and decreases in dollars and as a percentage of fiscal year 2001-01 are also included.

General Fund revenues for fiscal year 2001-02 increased a modest .44% over fiscal year 2000-01. Property taxes, earnings on investments and service charges increased by significant amounts, but these increases were offset by substantial decreases in revenue from other agencies and other revenue. The increase in property taxes is comparable to the prior year and reflects continued increases in residential property values in the City. The General Fund earnings on investments benefited from the investment of Tax Revenue Anticipation Notes funds that were not required to finance capital expenditures, as had been anticipated. The increase in service charges reflects the higher level of construction in the City, during fiscal year 2001-02.

The decrease in revenue from other agencies was principally the result of non-recurrence of the \$68,000 ERAF payment received from the State in fiscal year 2000-01 and a \$63,000 decline in Motor Vehicle License fees received from the State. The decrease in other revenue was principally the result of non-recurrence of general liability insurance rebates that were received in fiscal year 2000-01.

The decrease in general government expense in fiscal year 2001-02 as compared to fiscal year 2000-01 was largely due to salaries and benefits savings from vacancies created by resignations of administrative and finance staff during the year. Administrative recruitment costs were down, and expenditures for information technology and communications equipment and software were lower.

Increases in Police and Fire/EMS expenses resulted from salary rate increases and increased cost of benefits. While there were staff vacancies in both departments during the year, these positions were covered by overtime worked by existing staff and, therefore, the vacancies did not generate savings.

The General Fund, total fund balance increased by \$159,369 to a June 30, 2002 balance of \$2,951,980. While this increase to the fund balance was significantly less than the \$864,220 experienced in fiscal year 2000-01, it was \$334,270 greater than the change projected in the adopted budget.

**General Fund Revenues and Expenditures
Fiscal Years 2001-02 and 2000-01**

	2001-02	2000-01	Increase (Decrease)	
			Amount	Percent
Revenues				
Property taxes	\$ 2,262,775	\$ 2,130,929	\$ 131,846	6.19%
Sales taxes	1,410,461	1,435,128	(24,667)	-1.72%
Franchise fees	3,367,612	3,387,706	(20,094)	-0.59%
Licenses and permits	185,901	158,692	27,209	17.15%
Fines and Forfeitures	252,388	271,820	(19,432)	-7.15%
Earnings on Investments	225,215	134,165	91,050	67.86%
Revenue from other agencies	1,066,584	1,175,992	(109,408)	-9.30%
Current service charges	902,881	798,676	104,205	13.05%
Other revenue	154,258	291,808	(137,550)	-47.14%
Total revenues	9,828,075	9,784,916	43,159	0.44%
Other financing sources and net operating transfers	1,075,068	1,120,113	(45,045)	-4.02%
Total	\$10,903,143	\$10,905,029	\$ (1,886)	-0.02%
Expenditures				
General Government	\$ 2,100,360	\$ 2,218,180	\$ (117,820)	-5.31%
Police	3,425,363	3,146,246	279,117	8.87%
Fire & Emergency Medical	2,457,559	2,062,881	394,678	19.13%
Community Development	1,739,403	1,733,811	5,592	0.32%
Recreation	874,243	793,554	80,689	10.17%
Interest	102,610	77,153	25,457	33.00%
Total	\$10,699,538	\$10,031,825	\$ 667,713	6.66%

GENERAL GOVERNMENT FUNCTIONS

The City of Albany is comprised of the following departments:

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

Responding quickly and efficiently to citizens' needs and inquiries is a primary objective for each department, and specific customer service standards have been developed to ensure that the objective is achieved.

Major activities, initiatives and accomplishments, within the last year, are described below for each department.

City Administrator

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

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

A major accomplishment of the City Administrator this last year was the completion of the one-year objectives established by Council, and the development and adoption by the City Council of new 18-month objectives. Other accomplishments included the construction of the \$4 million Buchanan-Eastshore connection, which provides vehicular access to the City's Reinvestment Area and serves as a catalyst for economic development on Eastshore Highway.

City Clerk

The City Clerk is the custodian of the official records of the City. The City Clerk prepares the agenda packet for City Council meetings, records official minutes of Council proceedings, and prepares and distributes the official documents for actions taken by the City Council. In addition, the City Clerk maintains the legislative history, certifies copies of official documents, receives and opens bid documents, publishes legal notices, administers oaths, receives claims and lawsuits against the City, and serves as the City's Elections Officer. The City Clerk is also certified as a passport agent, thus enabling residents to apply for passports at Albany City Hall. In addition, the City Clerk serves as the Deputy City Treasurer and is a member of the Police & Fire Pension Fund. The City Clerk performs all of the above duties as a department of one person.

City Treasurer

The City Treasurer is an elected, part-time position responsible for the receipt and safe keeping of the City's financial assets. Although the City Treasurer often works in conjunction with the Finance and Administrative Services Department, the position is independent from that department, and as such, provides enhanced internal control through segregations of duties, such as signing checks that are prepared by the Finance and Administrative Services Department.

The City Treasurer is responsible for investing the City's cash reserves and other funds not required to meet current obligations. It is the Treasurer's policy to invest the City's fund in the State Treasurer's Local Agency Investment Fund (LAIF). LAIF is a multi-billion dollar investment pool that has consistently earned a greater rate of return, after administrative cost, than smaller county pools or individual city investments of comparable safety have earned.

The City Treasurer also serves on the Board of Police and Fire Pension Fund; oversees the investment of the pension funds, and is responsible for the administration of the pension fund.

City Attorney

The City Attorney is an elected official whose duty is to advise the City Council and staff on all matters of general and municipal law. The City Attorney provides legal counsel on municipal legal matters, including application of the California Environmental Quality Act, planning and development legislation, conduct of

public meetings, employee-employer relations, contracts, real property transactions and other matters.

Finance & Administrative Services

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

General accounting and financial reporting includes accounts payable, accounts receivable, payroll, business license administration and issuance of various permits and other cashier functions. The department prepares monthly revenue and expenditure reports for internal management purposes, quarterly general fund revenue and expenditure statements for the City Council, and the City's annual comprehensive annual financial report (CAFR). The department prepares numerous reports required by the state, including the Cities Financial Transactions Report.

Budget preparation and financial planning responsibilities include preparation of the annual operating budget, the five year capital improvement program (CIP), analyses of labor contract proposals, budget oversight and control, debt issuance, and the financial component of grant administration.

Information and communications systems development and maintenance includes the responsibility of planning for the computer systems needs of the City, implementing new technologies, providing computer network support, and maintaining the City's internet web page. The department administers the telephonic communications facilities of the City, including cellular phones and voice mail.

A major accomplishment of the department during the past year was the development of a quarterly General Fund Revenue and Expenditure Statement and fiscal year projection, in the CAFR format. A second accomplishment was the development of monthly department financial reports that compare actual monthly and year-to-date results with corresponding budget amounts. A major activity of the department in the coming year will be the implementation of the financial accounting model for governmental entities, prescribed by the Governmental Accounting Standards Board in its Statement 34.

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

Police

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

The Albany Police Department provides a high level of service to the community by responding quickly to all calls for service. The department operates its own dispatch center, insuring that emergency calls (911) are answered by dispatchers who are supervised by Albany Police Department officers, and who's only responsibility is to service the City of Albany.

The Albany Police Department focuses on crime prevention through an active community policing effort and neighborhood watch program. In addition, the department has continued its successful Drug Abuse Resistance Education (DARE) Program as well as other intervention programs for first-time juvenile drug offenders. The Police Department in collaboration with the Recreation and Community Services Department, sponsors the City's Police Athletic League (PAL). The Albany PAL program provides a myriad of structured year-round athletic activities as well as supervised field excursions for teenagers. Additionally, the department operates a School Resource Officer in conjunction with the Albany Unified School District.

The Department has for several years operated the Chief Operator Teen Driver Program under a grant from the California Office of Traffic Safety. This program promotes safe driving to teenagers throughout the state, and has received national recognition for its innovative approach to promoting safe driving to teenage drivers.

The Police Department is staffed by the Department Chief, two Lieutenants, five Sergeants, sixteen patrol officers, five Dispatchers, and various support personnel for the equivalent of thirty five full time employees. In November, 2001, the voters of the City approved a ballot measure to change the position of Police Chief from an elected to an appointed position, effective November, 2002.

Fire and Emergency Medical Services

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

The Fire Department conducts fire prevention efforts through its smoke detector programs and fire sprinkler requirements. It also has responsibilities in the areas of hazardous materials management and emergency response, and storm pollution prevention. These responsibilities require extensive interaction with merchants, vendors and the public, with a focus on customer service.

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

The Department is staffed by a Chief, Battalion Chief/Fire Marshal, and 19 line personnel of which 14 are paramedics.

Recreation and Community Services Department

The Recreation and Community Services Department provides services in the following areas:

- Civic arts
- Facility administration
- Child care and summer camps
- Recreation classes, sports classes and special events
- Teen activities
- Senior services.
- Volunteer Services

The Department manages four city-owned facilities:

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

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

Administrative responsibilities include staff support to the Park and Recreation Commission, the Arts Committee, and the Youth Task Force. Staff is also actively involved with the Friends of Albany Seniors and the Prevention Council. The Department maintains a collaborative relationship with community groups and organizations such as the YMCA, Albany Unified School District, University Village, service groups, the Albany Chamber of Commerce and other similar entities.

Youth and Childcare Services

The Department is responsible for implementation of the Youth Master Plan. This plan was developed to create a comprehensive, integrated system to support and strengthen youth, families, and neighborhoods by providing a wide range of readily accessible activities for youth of all ages, and by creating opportunities for personal growth. The Youth Master Plan has six specific goals:

- Community building
- Mental and physical health services
- Social and recreational activities
- Educational opportunities
- Family support services
- Community communications.

The Recreation and Community Services Department offers a range of programs for youth. There are pre-school classes and activities, school-age programs and a vibrant teen program. The Albany Teen Center offers recreational and social activities geared toward middle-school age youth. Activities include sports, computers, counseling, enrichment classes, a music video production studio, community service projects, special events and trips, and homework assistance.

The department's childcare program provides year-round licensed childcare at the Child Care Center in Memorial Park for children in first through fifth grade. The Friendship Club provides childcare throughout the year, a Holiday Camp program is offered during major school holidays and the Mega-Ton-of Fun Camp program provides activities and special excursions throughout the summer. Other summer programs include a wide variety of weekly specialty activities and special excursions to meet the changing needs of community youth.

Classes, Facility Rentals and Special Events

The Recreation and Community Services Department provides over 200 special interest classes each quarter that are publicized in the Recreation and Community Services Activity Guide. The community may also rent facilities for meetings, parties and special events.

Senior Services

The City of Albany is committed to providing quality senior services and a variety of activities for its senior citizens. Activities and services include:

- Information, assistance and referrals for issues such a home assistance, in-home support, legal, health insurance and tax assistance and family counseling.
- Modestly priced dinners offered at the Albany Senior Center and the delivery of meals for homebound elderly residents.
- Classes, including World Literature, Art, Watercolor and Drawing, Country Western Line Dancing, Quilting, and Memoir Writing.
- Senior trips, transit assistance, special support and discussion groups, health screenings, bridge and other card games, and physical fitness activities.
- Free medical equipment loans.

Volunteer Services

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

The department is staffed by a Director, 8.75 full time staff members and 15 to 30 part time and volunteer staff members, depending of the number of programs and activity in progress at any one time.

Community Development

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

The department is divided into three divisions:

- Planning and Building
- Public Works
- Environmental Resources

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

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

Environmental resource activities include maintenance of park and landscape areas in Memorial Park, Terrace Park, Dartmouth Tot Lot, Middle School Park, the Key Route Boulevard, Ohlone Greenway and the Waterfront Bay Trail.

Administrative staff of the department supports a number of City regional bodies, including the City Council, Planning and Zoning Commission, Traffic and Safety Commission, Waterfront Committee, and Reinvestment Agency.

Staff members also represent the City and provide technical support on a number of interagency and multi-agency ventures, including the Alameda County Department of Housing and Community Development, the Alameda County Congestion Management Agency, the Alameda County Clean Water Program, the

Alameda County Associated Community Action Program and the Alameda County Waste Management Authority.

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

MAJOR INITIATIVES

Economic Development/Redevelopment

Maintenance and enhancement of Albany's economic base is necessary in order for the City government to continue to provide the high level of service the residents of Albany expect. Neighboring cities of El Cerrito, Emeryville, and San Pablo have been aggressive in seeking commercial development, and Albany must continue to pursue economic development or risk financial decline as business shifts to other cities. The City is continuing its economic development strategy designed to enhance existing businesses and to attract and cultivate new businesses. These strategies address three specific areas: Solano Avenue, San Pablo Avenue, and the Cleveland Avenue/Eastshore Highway area.

Solano Avenue, the "*Main Street*" of "*small town Albany*" continues to be a strong regional attraction, visited by thousands of shoppers, diners and strollers each year. The City has continued its support of Solano Avenue merchants with cash and in-kind contributions to the annual "Solano Stroll." The recent completion of a project to correct sewer and storm drain concerns along a six block section of the avenue, and to improve the aesthetics of the area has been successful. The reconstruction also made the area more pedestrian friendly and safe. Phase II of the Solano Avenue Improvement Plan will continue the street, sidewalk and streetscape improvements eastward.

The high volume of traffic on San Pablo Avenue invites expansion of the medium size store from retail businesses currently occupying this area. The City Council has recognized this potential and in 1997 adopted a Streetscape Master Plan designed to retain and attract retail business, improve aesthetics, and make the corridor more pedestrian friendly.

The Cleveland Avenue/Eastshore Highway area provides high visibility locations along Interstates 80 and 580. Light manufacturing, warehousing and other industrial land uses are currently accommodated in this area. Away from

residential neighborhoods, this area provides an excellent opportunity for office and retail use. This corridor is included in the City's Redevelopment Project Area. In August of 2002, a freeway connector between the Eastshore Highway and Interstate 80/580 was completed. The improved access to Eastshore Highway has made retail developments feasible, and a major retailer is currently negotiating to open a retail store in this area in 2004.

Open Space, Recreational Playfields and Creek Restoration

In November 1996, the citizens of Albany approved Measure R to provide an annual parcel assessment for the acquisition, development and maintenance of Open Space, Recreational Playfields, and Creek Restoration. The proceeds are divided fifty percent (50%) for open space on Albany Hill and twenty five percent (25%) each for playfields and creek restoration.

In February 1999, the City issued a \$6.2 million limited obligation bond and pledged the revenues of this annual assessment to pay the bondholders. Utilizing the revenue from Measure R and the bond proceeds, prior to June 30, 1999 the City purchased five acres of open space on Albany Hill. The City is working with the City of Berkeley and the University of California on a project to restore Codornices Creek, and has successfully competed for grant monies to assist in this restoration effort. Creek restoration work along Cerrito Creek near Albany Hill is also being pursued. The latter project is a follow up to the joint Albany-Berkeley sewer project in the Cerrito Creek area. Creating new recreational playing fields remains a priority of the City. The City is working with the University on the replacement of the existing playing fields in University Village when the University undertakes its redevelopment project, and is working with other agencies to locate playing fields in the area of the future Eastshore State Park on the waterfront.

In 2001, the City dedicated \$20,000 of funds granted by State Proposition 12, for planning the land acquisition and development of a park on Pierce Street. Negotiations are underway with Caltrans to acquire the property, following Caltrans grading of the site in preparation for the property transfer.

Capital Projects

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

Sewer Operations

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

Traffic Management Plan

In May 2000, the City Council approved the Traffic Management Plan. This plan recommends a variety of improvements and programs designed to enhance pedestrian and bicycle safety, as well as traffic safety. Implementation will be a multi-year process and has begun with a number of grant submittals, funding from Alameda County's Measure B transportation funds, and development of procedures whereby neighborhoods may request traffic calming measures.

Landfill Closure

The City has prepared a closure plan providing environmental enhancement of the two lagoon areas on the Albany Landfill (Bulb). These environmental enhancements are necessary to secure a closure permit for the landfill. Once the area is closed as a landfill, the land will transfer to the State of California. The City is seeking grant funding to implement the proposed plan.

Teen Center Remodeling

Remodeling of the Teen Center located at Ocean View Park began in the Fall of 2002 and is expected to be completed in the Spring of 2003. The project is being funded from Community Development Block Grant and Waste Management - Green Building Grant.

Memorial Park Improvements

The Memorial Park Improvement Subcommittee of the Parks and Recreation Commission developed a Memorial Park Improvement Plan that was approved by the City Council. The plan is divided into two phases. . Phase I involves relocation of the playground, new play equipment and infrastructure improvements. The cost of Phase I is budgeted at \$932,000 and has been funded from storm drain and landscape and lighting funds, Alameda County Waste Management Authority allocations, and City of Albany general funds. The project was scheduled to commence in 2002, but construction was placed on hold until

after the completion of the Community Center/Library repair project in early 2003.

PENSION

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

All qualified permanent and probationary employees are eligible to participate in PERS. Benefits vest after five years of service and are payable monthly for life upon retirement. PERS requires City employees to contribute between 7% and 9% of their annual salary, which is paid by the City. Benefit provisions and all other requirements are established by state statute and city ordinance. PERS and its Board of Administration determine contribution necessary to fund PERS as indicated by annual actuarial projections.

Police and fire employees hired before July 1, 1971 participate in the Albany Police and Fire Relief and Pension Plan. At June 30, 2002, thirty-four retired and one active member participate in the plan. The City levied an additional property tax, effective July 1, 1982 designed to amortize the unfunded plan liability over a forty-year period. However, the latest actuarial study indicates that the pension plan will be fully funded by the year 2005. Based on the June 30, 2000 actuarial study, the total pension benefit obligation for this plan was \$16,020,009 and the net assets available for benefits, at book value, totaled \$11,452,836.

DEBT ADMINISTRATION

The City currently has no general obligation bonded indebtedness. However, the City has other long-term obligations that are comprised of the 1997 Refunding Certificates of Participation and the 1993 Sewer Revenue Bond.

In December 1997, the City refunded through Certificates of Participation (COP) the 1989 and 1992 Lease Revenue Bonds. The 1989 Lease Revenue bonds financed the purchase of the Library/Community Center site, as well as, improvements to a new maintenance center. The 1992 Lease Revenue bonds financed the construction of the Library/Community Center complex. Semi-annual interest payments are due each September and March for these bonds.

The 1993 Sewer Revenue Bonds financed the initial phases of a comprehensive sewer replacement program. Semi-annual interest payments are due each

September and March and are secured by and payable from the Sewer Enterprise Fund's operating revenues.

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

RISK MANAGEMENT

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

Albany is self-insured for workers' compensation costs up to \$250,000 per occurrence, and the City maintains a dedicated reserve fund for workers' compensation claims. The Local Agency Workers' Excess Compensation (LAWXC) Joint Powers Authority covers claims in excess of \$250,000. The Workers' Compensation and General Liability Funds are part of the City's proprietary operations as they are designated Internal Service Funds.

Additionally, adjustments have been made to both the Workers' Compensation and General Liability Funds in accordance with GASB 10 as indicated in the Notes to Financial Statements.

CASH MANAGEMENT

The City Treasurer manages the City of Albany's investment portfolio. Cash not required for current operations is pooled and invested in accordance with City Council policy, which adheres to the "prudent man rule" (California Civil Code §2261, et seq.). This policy affords the City considerable discretion in pursuing investment opportunities provided that the investment is prudent and safe with respect to the protection of principal and is allowable under the current laws of the State of California (Government Code §53600, et seq.). However, the City maintains a conservative investment philosophy that emphasizes liquidity and the protection of principal. Hence, the City has not invested any funds in high-risk securities, including derivatives. In fiscal year 2001-02, the City's available cash (not including debt service accounts) was invested in the Local Agency Investment Fund (LAIF), a governmental agency pooled money fund managed by the California State Treasurer.

ACKNOWLEDGEMENTS

The preparation of the Comprehensive Annual Financial Report was accomplished through the dedicated efforts of Department of Finance and Administrative Services staff members: Kimmy Cheung, Billie Zedd, Julie McDonald , Stephanie Wellemeier, and Kevin Pulliam, Partner, Vavrinek, Trine, Day & Co.,LLP, Certified Public Accountants, and his staff. We also wish to express our appreciation the Albany City Council for their support in our pursuit of excellence in financial reporting.

Respectfully submitted,

Beth A. Pollard
City Administrator

Charles A. Adams
Finance and Administrative
Services Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Albany,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

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.



Thomas A. Graw
President

Jeffrey L. Esser
Executive Director

CITY OF ALBANY
PRINCIPAL OFFICERS
JUNE 30, 2002

CITY COUNCIL

Mayor
Vice Mayor
Councilmember
Councilmember
Councilmember

Peggy Thomsen
Jewel Okawachi
Mario DiPrisco
Jon Ely
Allan Maris

ELECTED OFFICIALS

Treasurer
City Attorney
Chief of Police

Kim Denton
Robert Zweben
Larry Murdo

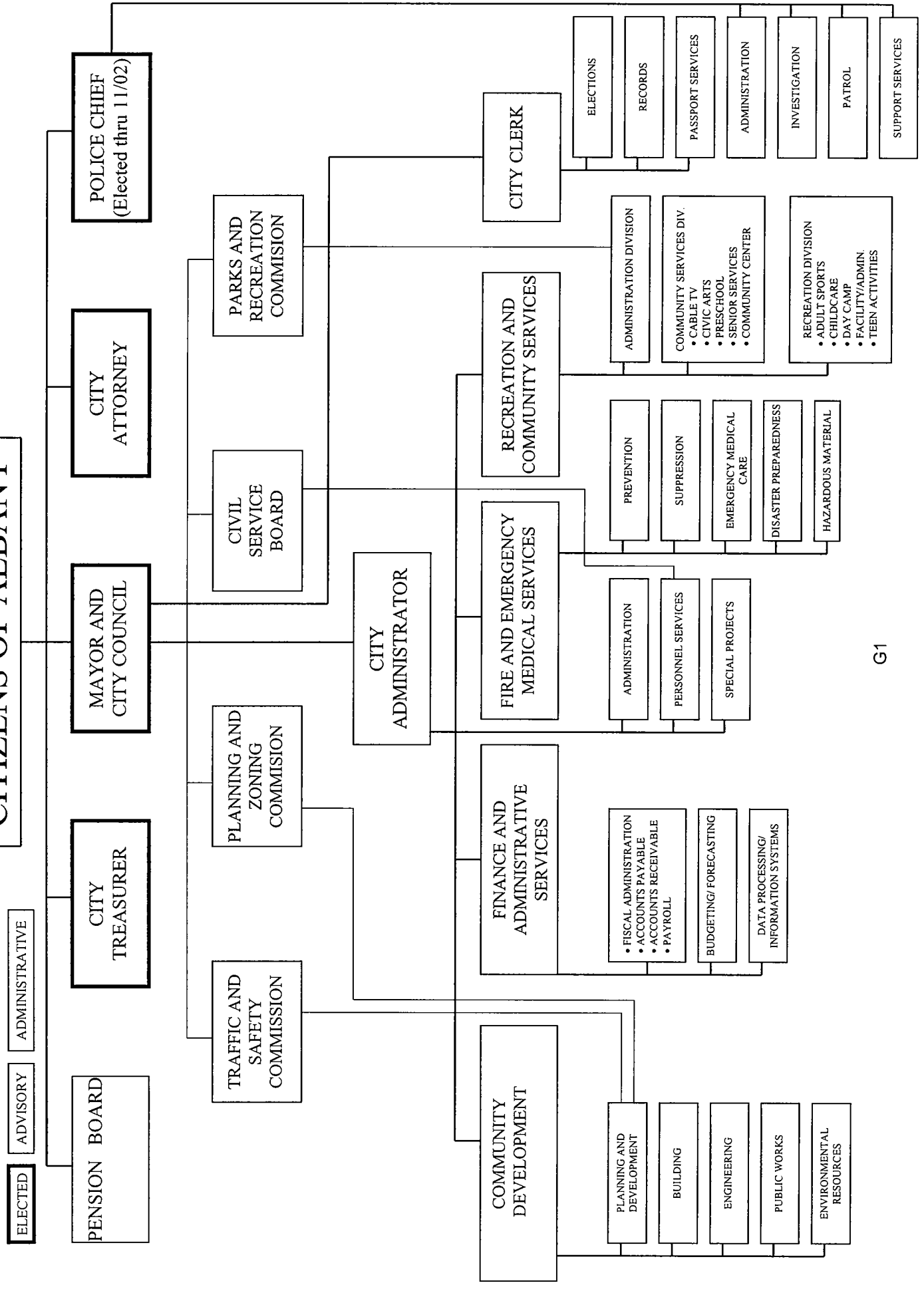
APPOINTED DEPARTMENT HEADS

City Administrator
Finance and Administrative Services Director
City Clerk
Community Development Director
Recreation & Community Services Director
Fire Chief
Assistant City Administrator

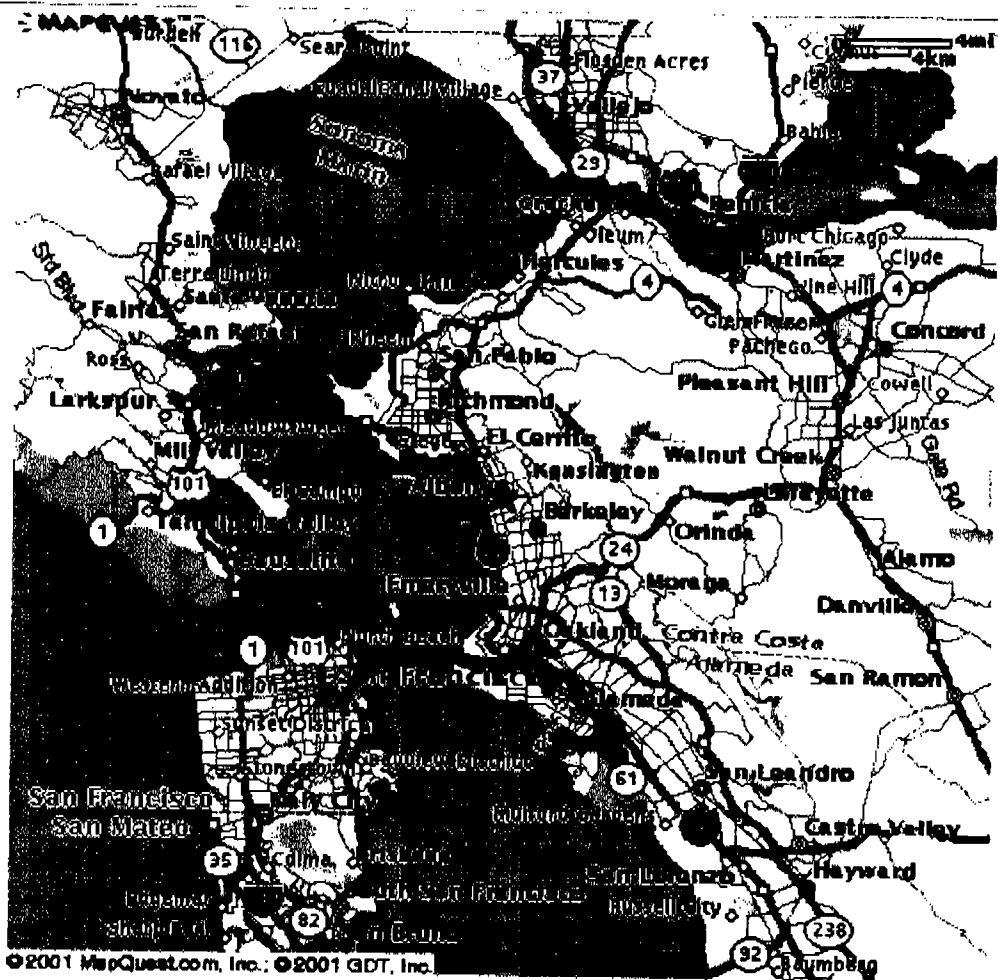
Beth A. Pollard
Charles A. Adams
Jacqueline Bucholz
Ann Chaney
Melinda Chinn
Marc McGinn
Ann Ritzma

ORGANIZATION CHART - CITY OF ALBANY

CITIZENS OF ALBANY



ALBANY CALIFORNIA 94706



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INDEPENDENT AUDITORS' REPORT

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

We have audited the general-purpose financial statements of the City of Albany, California, as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 opinion.

In our opinion the general-purpose financial statements referred to above present fairly in all material respects the financial position of the City of Albany at June 30, 2002, and the results of its operations and cash flows of its proprietary fund types 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 a report dated October 4, 2002, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the City of Albany, California. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

The statistical section listed in the table of contents was not audited by us, and accordingly, we do not express an opinion on this information.

Pleasanton, California
October 4, 2002

CITY OF ALBANY

**COMBINED BALANCE SHEETS
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2002
(With Comparative Totals for June 30, 2001)**

	GOVERNMENTAL FUND TYPES			
	General	Special Revenue	Capital Projects	Debt Service
ASSETS AND OTHER DEBITS				
Operating cash and investments (Note 3)	\$ 91,227	\$ 2,029,817	\$ 4,383,627	\$ 101,378
Debt service reserves held with trustee (Note 3)				495,147
Receivables:				
Property taxes	153,215	12,857		
Other taxes	297,937		33,105	
Accounts	48,719	628,963	3,557,738	
Interest	66,747		33,015	
Note	397,037			
Prepaid bond issuance costs, net of amortization				
Due from other funds (Note 4)	4,005,919		1,585,367	1,488
Fixed assets (net of accumulated depreciation)(Note 5)				
Police and Fire Pension cash and investments (Note 10)				
Amount available in debt service fund				
Amount to be provided for general long-term obligations				
Total Assets	\$ 5,060,801	\$ 2,671,637	\$ 9,592,852	\$ 598,013
LIABILITIES				
Accounts payable	287,990	228,895	739,905	14,606
Accrued wages	246,432	6,594	1,417	
Due to other funds (Note 4)	1,573,790	435,612	3,583,372	
Accrued accounts payable	609			
Claims payable (Note 12)				
Deferred revenue		40,264		
Refundable deposits				
Due to bondholders				
Compensated absences (Note 6)				
Long-term debt (Notes 6 and 7)				
Revenue bonds				
Capital leases				
Arbitrage liability				
Landfill postclosure costs				
Total Liabilities	2,108,821	711,365	4,324,694	14,606
FUND EQUITY AND OTHER CREDITS				
Investment in general fixed assets				
Contributed capital				
Retained earnings (Note 9)				
Reserved				
Unreserved				
Fund balances (Note 9)				
Reserved	397,037		5,268,158	583,407
Unreserved				
Designated	449,169			
Undesignated	2,105,774	1,960,272		
Total Fund Equity and Other Credits	2,951,980	1,960,272	5,268,158	583,407
Total Liabilities and Fund Equity	\$ 5,060,801	\$ 2,671,637	\$ 9,592,852	\$ 598,013

See accompanying notes to financial statements.

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTALS (Memorandum Only)	
Sewer Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General-Long Term Debt	2002	2001
\$ 1,903,980 390,428	\$ 1,766,106	\$ 2,046,954			\$ 12,323,089 885,575	\$ 13,454,814 883,668
					166,072	366,349
18,166		667,803			331,042	274,397
		121,505			4,921,389	1,664,761
					221,267	284,670
174,016					397,037	
					174,016	189,835
					5,592,774	590,525
10,604,483	126,733		\$ 19,518,136		30,249,352	29,711,510
		12,480,038			12,480,038	11,798,371
				\$ 583,407	583,407	565,132
				4,734,378	4,734,378	5,110,126
<u>\$ 13,091,073</u>	<u>\$ 1,892,839</u>	<u>\$ 15,316,300</u>	<u>\$ 19,518,136</u>	<u>\$ 5,317,785</u>	<u>\$ 73,059,436</u>	<u>\$ 64,894,158</u>
757,340		648,619			2,677,355	1,302,298
					254,443	89,436
					5,592,774	590,525
					609	
	1,741,412				1,741,412	983,901
					40,264	1,947
		317,128			317,128	220,472
		886,832			886,832	886,896
				749,312	749,312	677,431
3,430,000				3,620,000	7,050,000	7,550,000
				134,874	134,874	210,448
				63,599	63,599	127,379
				750,000	750,000	750,000
<u>4,187,340</u>	<u>1,741,412</u>	<u>1,852,579</u>		<u>5,317,785</u>	<u>20,258,602</u>	<u>13,390,733</u>
23,574			19,518,136		19,518,136	19,406,037
					23,574	23,574
8,880,159	151,427				9,031,586	8,619,753
		13,463,721			19,712,323	18,808,147
					449,169	1,037,542
					4,066,046	3,608,372
<u>8,903,733</u>	<u>151,427</u>	<u>13,463,721</u>	<u>19,518,136</u>		<u>52,800,834</u>	<u>51,503,425</u>
<u>\$ 13,091,073</u>	<u>\$ 1,892,839</u>	<u>\$ 15,316,300</u>	<u>\$ 19,518,136</u>	<u>\$ 5,317,785</u>	<u>\$ 73,059,436</u>	<u>\$ 64,894,158</u>

CITY OF ALBANY

**COMBINED STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)**

	GOVERNMENTAL FUND TYPES			
	General Fund	Special Revenue	Capital Projects	Debt Service
REVENUES				
Property taxes	\$ 2,262,775	\$ 2,701,415	\$ 110,333	\$ 1,488
Sales taxes	1,410,461			
Franchise fees	3,367,612	82,955		
Licenses and permits	185,901			
Fines and forfeitures	252,388			
Earnings on investments	225,215	39,998	197,087	18,887
Revenue from other agencies	1,066,584	1,390,015	3,344,831	
Current services charges	902,881	432,906	162,101	
Other revenue	154,258	44,965	143,282	
Total Revenues	9,828,075	4,692,254	3,957,634	20,375
EXPENDITURES				
Current:				
General government	2,097,922	1,552,657	138,044	5,300
Police	3,425,363	430,471		
Fire and Emergency Medical Services	2,457,559	31,573		
Community Development and Environmental Resources	1,739,403	574,955	142,119	
Recreation and Community Services	874,243	143,845	36,893	
Cost of bond issuance				
Capital outlay	2,438	75,346	3,799,916	
Debt service:				
Principal	51,987		19,801	290,000
Interest	50,623		7,810	172,800
Total Expenditures	10,699,538	2,808,847	4,144,583	468,100
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(871,463)	1,883,407	(186,949)	(447,725)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	2,512,449	80,000	242,982	466,000
Other source - capital lease				
Operating transfers (out)	(1,481,617)	(1,856,438)	(105,367)	
Total Other Financing Sources (Uses)	1,030,832	(1,776,438)	137,615	466,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	159,369	106,969	(49,334)	18,275
Fund Balances, Beginning of Year	2,792,611	1,853,303	5,317,492	565,132
Prior period adjustment				
Fund Balances, End of Year	\$ 2,951,980	\$ 1,960,272	\$ 5,268,158	\$ 583,407

See accompanying notes to financial statements.

TOTALS
(Memorandum Only)

2002	2001
\$ 5,076,011	\$ 4,346,091
1,410,461	1,435,128
3,450,567	3,438,161
185,901	158,692
252,388	271,820
481,187	648,551
5,801,430	3,286,659
1,497,888	1,519,300
342,505	315,288
<u>18,498,338</u>	<u>15,419,690</u>
3,793,923	4,040,796
3,855,834	3,538,676
2,489,132	2,062,924
2,456,477	2,804,457
1,054,981	933,235
3,877,700	262,683
361,788	326,173
231,233	270,753
<u>18,121,068</u>	<u>14,239,697</u>
<u>377,270</u>	<u>1,179,993</u>
3,301,431	2,868,642
	21,555
<u>(3,443,422)</u>	<u>(2,463,805)</u>
<u>(141,991)</u>	<u>426,392</u>
235,279	1,606,385
10,528,538	8,993,510
	<u>(71,357)</u>
<u>\$ 10,763,817</u>	<u>\$ 10,528,538</u>

CITY OF ALBANY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL, SPECIAL REVENUE AND CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	GENERAL FUND		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 2,139,095	\$ 2,262,775	\$ 123,680
Sales taxes	1,410,000	1,410,461	461
Franchise fees	3,457,600	3,367,612	(89,988)
Licenses and permits	165,000	185,901	20,901
Fines and forfeitures	260,000	252,388	(7,612)
Earnings on investments	400,645	225,215	(175,430)
Revenue from other agencies	1,153,800	1,066,584	(87,216)
Current services charges	807,374	902,881	95,507
Other revenue	160,427	154,258	(6,169)
Total Revenues	9,953,941	9,828,075	(125,866)
EXPENDITURES			
Current:			
General government	2,747,481	2,097,922	649,559
Police	3,710,453	3,425,363	285,090
Fire and Emergency Medical Services	2,275,958	2,457,559	(181,601)
Community Development and Environmental Resources	1,763,023	1,739,403	23,620
Recreation and Community Services	955,237	874,243	80,994
Capital outlay		2,438	(2,438)
Debt service:			
Principal	50,000	51,987	(1,987)
Interest	25,000	50,623	(25,623)
Total Expenditures	11,527,152	10,699,538	827,614
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,573,211)	(871,463)	701,748
OTHER FINANCING SOURCES (USES)			
Operating transfers in	2,237,875	2,512,449	274,574
Other source - capital lease			
Operating transfers (out)	(839,565)	(1,481,617)	(642,052)
Total Other Financing Sources (Uses)	1,398,310	1,030,832	(367,478)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ (174,901)	159,369	\$ 334,270
Fund Balances, Beginning of Year		2,792,611	
Fund Balances, End of Year		<u>\$ 2,951,980</u>	

See accompanying notes to financial statements.

SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 2,642,020	\$ 2,701,415	\$ 59,395		\$ 110,333	\$ 110,333
64,000	82,955	18,955			
	39,998	39,998	\$ 313,199	197,087	(116,112)
2,093,050	1,390,015	(703,035)	4,212,500	3,344,831	(867,669)
378,000	432,906	54,906	145,000	162,101	17,101
	44,965	44,965	33,000	143,282	110,282
<u>5,177,070</u>	<u>4,692,254</u>	<u>(484,816)</u>	<u>4,703,699</u>	<u>3,957,634</u>	<u>(746,065)</u>
1,476,020	1,552,657	(76,637)	214,974	138,044	76,930
363,785	430,471	(66,686)			
	31,573	(31,573)			
2,324,275	574,955	1,749,320	100,000	142,119	(42,119)
83,960	143,845	(59,885)	22,000	36,893	(14,893)
	75,346	(75,346)	4,867,370	3,799,916	1,067,454
			18,742	19,801	(1,059)
			8,794	7,810	984
<u>4,248,040</u>	<u>2,808,847</u>	<u>1,439,193</u>	<u>5,231,880</u>	<u>4,144,583</u>	<u>1,087,297</u>
<u>929,030</u>	<u>1,883,407</u>	<u>954,377</u>	<u>(528,181)</u>	<u>(186,949)</u>	<u>341,232</u>
80,000	80,000		114,735	242,982	128,247
<u>(1,916,438)</u>	<u>(1,856,438)</u>	<u>60,000</u>	<u>(20,000)</u>	<u>(105,367)</u>	<u>(85,367)</u>
<u>(1,836,438)</u>	<u>(1,776,438)</u>	<u>60,000</u>	<u>94,735</u>	<u>137,615</u>	<u>42,880</u>
<u>\$ (907,408)</u>	106,969	<u>\$ 1,014,377</u>	<u>\$ (433,446)</u>	(49,334)	<u>\$ 384,112</u>
	<u>1,853,303</u>			<u>5,317,492</u>	
	<u>\$ 1,960,272</u>			<u>\$ 5,268,158</u>	

CITY OF ALBANY

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)**

	PROPRIETARY FUND TYPES		TOTALS (Memorandum Only)	
	Sewer Enterprise	Internal Service	2002	2001
OPERATING REVENUES				
Service charges	\$ 1,505,843		\$ 1,505,843	\$ 1,487,304
Charges for services		\$ 312,810	312,810	531,551
Total Operating Revenues	1,505,843	312,810	1,818,653	2,018,855
OPERATING EXPENSES				
Materials, supplies and other	210,878	979,467	1,190,345	486,628
Claims expense		90,855	90,855	39,271
Depreciation	234,780	29,496	264,276	280,151
Total Operating Expenses	445,658	1,099,818	1,545,476	806,050
Operating Income (Loss)	1,060,185	(787,008)	273,177	1,212,805
NONOPERATING REVENUES (EXPENSES)				
Interest Income	48,285		48,285	129,102
Miscellaneous	1,211		1,211	471
Interest Expense	(52,831)		(52,831)	(168,834)
Total Nonoperating Revenues (Expenses)	(3,335)		(3,335)	(39,261)
Income Before Operating Transfers	1,056,850	(787,008)	269,842	1,173,544
Operating transfers in	420,000	864,598	1,284,598	378,083
Operating transfers (out)	(1,142,607)		(1,142,607)	(782,920)
Net Income	334,243	77,590	411,833	768,707
Retained Earnings, at Beginning of Year	8,545,916	73,837	8,619,753	7,851,046
Retained Earnings, at End of Year	\$ 8,880,159	\$ 151,427	\$ 9,031,586	\$ 8,619,753

See accompanying notes to financial statements.

CITY OF ALBANY

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)**

	PROPRIETARY FUND TYPES		TOTALS (Memorandum Only)	
	Sewer Enterprise	Internal Service	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,060,185	\$ (787,008)	\$ 273,177	\$ 1,212,805
Adjustments to reconcile operating income to cash flows from operating activities:				
Depreciation	234,780	29,496	264,276	280,151
Miscellaneous income (expense)	1,211		1,211	471
Net effect of changes in				
Accounts receivable	1,089		1,089	(1,237)
Interest receivable				13,516
Prepaid	15,819		15,819	
Claims payable		757,511	757,511	(80,464)
Accounts payable and other accruals	595,701		595,701	(288,447)
	<u>1,908,785</u>	<u>(1)</u>	<u>1,908,784</u>	<u>1,136,795</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (Increase) in restricted investments	2,849		2,849	2,949
Interest received	48,285		48,285	129,102
	<u>51,134</u>		<u>51,134</u>	<u>132,051</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital expenditures	(690,000)		(690,000)	
Principal payments on long term debt	(210,000)		(210,000)	(200,000)
Interest paid	(52,831)		(52,831)	(168,834)
	<u>(952,831)</u>		<u>(952,831)</u>	<u>(368,834)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating transfers in	420,000	864,598	1,284,598	378,083
Operating transfers (out)	(1,142,607)		(1,142,607)	(782,920)
	<u>(722,607)</u>	<u>864,598</u>	<u>141,991</u>	<u>(404,837)</u>
Net Cash Flows	284,481	864,597	1,149,078	495,175
Cash and Investments at Beginning of Year	1,619,499	901,509	2,521,008	1,961,169
Cash and Investments at End of Year	<u>\$ 1,903,980</u>	<u>\$ 1,766,106</u>	<u>\$ 3,670,086</u>	<u>\$ 2,456,344</u>

See accompanying notes to financial statements.

CITY OF ALBANY

**COMBINED STATEMENT OF CHANGES IN NET ASSETS
POLICE AND FIRE RELIEF AND PENSION TRUST FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	<u>TOTALS</u>	
	<u>2002</u>	<u>2001</u>
ADDITIONS		
Contributions:		
Employer	\$ 1,171,877	\$ 1,112,957
Employee	7,199	11,175
Total Contributions	<u>1,179,076</u>	<u>1,124,132</u>
Investment Income		
Net gains	117,804	1,321,028
Interest and dividends	607,611	603,269
Less Management and Custodial Expenses	<u>(101,965)</u>	<u>(99,078)</u>
Net Investment Income	<u>623,450</u>	<u>1,825,219</u>
Total Additions	<u>1,802,526</u>	<u>2,949,351</u>
DEDUCTIONS		
Pension benefits	1,239,137	1,258,545
Administrative expenses	25,191	27,531
Total Deductions	<u>1,264,328</u>	<u>1,286,076</u>
NET INCREASE	538,198	1,663,275
Beginning of Year	<u>12,925,523</u>	<u>11,262,248</u>
End of Year	<u>\$ 13,463,721</u>	<u>\$ 12,925,523</u>

See accompanying notes to financial statements.

CITY OF ALBANY

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 2002

NOTE #1 – BACKGROUND

The City of Albany is a largely residential community located on San Francisco Bay in Alameda County, California. The City was incorporated in 1908. The population as of June 30, 2002, as estimated by the California Department of Finance was 16,750.

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

In addition to finance and administrative functions, the City Administrator oversees approximately 123 fulltime-equivalent employees in the functions of:

- *Police services* - the Police Department is composed of a Chief, 23 sworn officers and 11 unsworn personnel. The fulltime police force is augmented by a force of 12 reserve officers. In addition to enforcement of laws and protection of life and property, the department is involved in numerous community programs.
- *Fire and Emergency Medical Services* - the Fire and Emergency Medical Services Department is composed of a Chief and 20 fire fighters and paramedic personnel. The Fire Department is responsible for operation of the City's Emergency Operations Center. Department personnel perform numerous services to benefit the community, such as sale of bicycle helmets and conducting of CPR courses.
- *Recreation and Community Services* - the City provides many recreational services to its citizens, with emphasis on services to youth and seniors. The Director of this department supervises the operation of City owned:
 - Community Center
 - Senior Center
 - Memorial Park Child Care Center, and
 - Albany Teen Center
- *Community Development* - the functions of maintaining the infrastructure of the City and administering licensing, permit and zoning are assigned to this department. The department is headed by a Director who supervises divisions for:
 - Planning and Building
 - Public Works, and
 - Environmental Resources.

CITY OF ALBANY

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 2002

NOTE #2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

- *The City of Albany Police and Fire Relief and Pension Plan (Trust)* is a separate legal trust whose purpose is to provide pension benefits for certain City employees. The Trust’s governing board is composed of the Mayor, City Treasurer, City Clerk, and two members of the Trust. All accounting and administrative functions are performed by the City. The activities of the Trust have been included in the Police and Fire Relief and Pension Trust Fund. Separate financial statements for the Pension Trust may be obtained from the City of Albany administrative offices located at 1000 San Pablo Avenue, Albany, CA 94706.
- *The City of Albany Public Facilities Financing Authority* is a financing authority whose purpose is to provide financing assistance to the City for acquiring real property and improvements for the benefit of the City and surrounding areas. The Authority’s board is composed of City Council, all accounting and administrative functions are performed by the City, and the Authority is dependent upon the City for its cash flows. The activities of the Authority have been included in the Public Facilities Financing Authority Debt Service Fund and the General Long-Term Debt Account Group.

The City of Albany Reinvestment Agency was activated in the 1998-99 fiscal year pursuant to the State of California Health and Safety Code Section 33000, entitled “Community Redevelopment Law.” Its purpose is to prepare and carry out plans for improvements, rehabilitation, and redevelopment of blighted areas with the territorial limits of the City of Albany. The Agency meets the definition of a “component unit”, and is presented on a “blended” basis, as if part of the primary government. Although it is a legally separate entity, the governing board of the Agency is comprised of the same membership as the City Council. The City may impose its will on the Agency, including the ability to appoint, hire, reassign, or dismiss management. There is also a financial benefit/burden relationship between the City and the Agency.

Separate financial statements for the Agency can be obtained from the City of Albany administrative offices located at 1000 San Pablo Avenue, Albany, CA 94706.

CITY OF ALBANY

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002

NOTE #2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

In order to ensure the proper identification of individual revenue sources and the expenditures made from those revenues, the accounts of the City are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures, or expenses, as appropriate. The City's resources are accounted for in these individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

In the financial statements, these funds are grouped into fund types and categorized as below:

Governmental Fund Types

- *General Fund* is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- *Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than special assessments) that are legally restricted to expenditures for specific purposes.
- *Debt Service Funds* is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.
- *Capital Projects Funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary fund type) including urban redevelopment.

Proprietary Fund Types

- *The Sewer Enterprise Fund* is used to account for operations which are financed and operated in a manner similar to private business enterprises – where the intent of the City is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.
- *Internal Service Funds* are used to account for the financing of goods and services provided by one department to other departments of the City on a cost reimbursement basis.

Fiduciary Fund Types

- *Trust and Agency Funds* – Trust and agency funds are used to account for assets held by the City as agent or trustee for others.

CITY OF ALBANY

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002

NOTE #2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Account Groups

- *General Fixed Assets Account Group* – The General Fixed Assets Account Group is used to account for the cost of capital assets acquired to perform general government functions other than those of the proprietary funds.
- *General Long-Term Debt Account Group* – The General Long-Term Debt Account Group is used to account for the outstanding long-term indebtedness of the City, except for indebtedness related to the proprietary funds.

C. Measurement Focus

All government funds are accounted for on a spending or *financial flow* measurement focus, which means that only *current* assets and *current* liabilities are generally included on their balance sheets. Their reported fund balance is their net current assets, which is considered only to be a measure of *available spendable resources*.

Governmental fund operating statements present a summary of sources and uses of available spendable resources during a period by presenting increases and decreases in net current assets.

In those cases when a governmental fund records a long-term receivable or other non-current asset, undesignated fund balance is reduced to reflect the fact that this amount is not yet available.

Because of their spending measurement focus, governmental funds exclude fixed assets and non-current liabilities. Instead, these assets and liabilities are reported in the General Fixed Assets Account Group and the General Long-Term Debt Account Group. These account groups measure only financial position; they are not funds and they do not measure results of operations. These accounts groups maintain accounting control over the City's governmental fund fixed assets and City debt, which will be repaid by governmental funds.

Proprietary funds and the Pension Trust Fund are accounted for on a cost of services or capital maintenance measurement focus, which means that all assets and all liabilities associated with their activity are included on their balance sheets. Their reported fund equity is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total assets.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental fund types are accounted for using the modified accrual basis of accounting. In these funds, revenues are recognized when they become measurable and available. Measurable means the amount of the transaction can be determined, and available means the amount is collected within the current period or soon enough thereafter (generally sixty days) to be used to pay liabilities of the current period. Amounts, which could not be measured or were not available, are not accrued as revenue in the current fiscal year.

CITY OF ALBANY

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002

NOTE #2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Proprietary fund types and the Pension Trust Fund are accounted for using the accrual basis of accounting, under which revenues are recognized when they are earned, and expenses are recognized when they are incurred. The City follows Financial Accounting Standard Board Statements issued before November 30, 1989, which do not conflict with Governmental Accounting Standards Board statements.

The Police and Fire Relief and Pension Fund uses the accrual basis of accounting, under which additions are recognized when earned and deductions are recognized when incurred. Contributions are recorded as additions when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan and City Charter.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting.

E. Budgetary Policies

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

1. By mid May, of even-numbered years, the City Administrator submits to the City Council an operating budget and capital improvement budget for the two fiscal years commencing the following July 1. The operating budget includes proposed expenditures and the sources of financing.
2. Public hearings and work sessions are conducted to obtain comments from interested individuals and organizations.
3. The budget is formalized and legally enacted through city council resolution.
4. All intrafund transfers above \$5,000 require the approval of the City Administrator (or designee). All intrafund transfers below \$5,000 require the approval of the Finance and Administrative Services Director (or designee). Interfund transfer approval must be obtained from both the City Administrator and Finance and Administrative Services Director. Such approval shall only be given provided the interfund transfer does not change the total initial appropriation for all funds requiring budgets. Changes in appropriations must be approved by the City Council.

CITY OF ALBANY

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Formal budgetary integration, in the form of the annual budgets, is employed as a management control device during the year for the General Fund, Special Revenue Funds and all Capital Projects Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is achieved through general obligation bond indenture provisions and other debt agreements.
6. Budgets for General, Special Revenue, and Capital Projects Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Appropriations lapsed at June 30, 2002, the end of the fiscal year of the current annual budget.

As needed, budgeted amounts are subjected to amendments presented to City Council for approval. Budgeted amounts appearing in the budget versus actual statements are as amended by the City through June 30, 2002.

F. Revenue Recognition for the Sewer Enterprise Fund

Revenues are billed and collected through the County. Revenues for services provided but not billed at the end of a fiscal period are accrued.

G. Compensated Absences

City employees have a vested interest in accrued vacation time and twenty-five percent of accrued sick leave time. This accrued leave time will eventually be used by the employee or paid-off by the City. The City's obligations for unpaid vacation and sick leave is not expected to be liquidated with expendable available resources and is carried in the General Long-Term Debt Account Group. During the year ended June 30, 2002, the City recorded compensated absences of \$749,312 in the General Long-Term Debt Account Group.

H. Property Tax

Alameda County assesses properties and bills, collects, and distributes property taxes and any related interest and penalties to the City.

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

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

CITY OF ALBANY

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002

NOTE #2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Cash Flows

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

J. Deferred Compensation Plan

City employees may defer a portion of their compensation under a City sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until it is distributed to them; distributions may be made only at termination of employment, retirement, death, or in an emergency as defined by the Plan. In accordance with GASB 32, the City revised the plan to no longer make the funds available to the City's general creditors and accordingly, the City does not report the assets in the financial statements.

K. New Accounting Pronouncements

Governmental Accounting Standards Board (GASB) Statement No. 34

The Governmental Accounting Standards Board has issued Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments". This Statement establishes a new financial reporting model for state and local governments. This new model requires that at a minimum the basic financial statements of a government include: (1) Management's discussion and analysis (MD&A) as a component of required supplementary information (RSI), (2) both government-wide financial statements and fund financial statements, (3) notes to the financial statements and (4) RSI other than MD&A.

The implementation of the Statement is mandated in three phases based upon a government's total annual revenues of its governmental and enterprise funds in the fiscal years ending after June 15, 1999.

Phase 1 governments, those with annual revenues of \$100 million or greater will be required to implement for periods beginning after June 15, 2001.

Phase 2 governments, those with annual revenues of \$10 million or more but less than \$100 million will be required to implement for periods beginning after June 15, 2002.

Phase 3 governments, those with annual revenues of less than \$10 million will be required to implement for periods beginning after June 15, 2003.

The Statement also requires that governments capitalize all infrastructure assets, and also include all debt of the government in the Statement of Net Assets. (Although the implementation of the infrastructure assets can be deferred until future years depending on the implementation phase as noted above).

Implementation of this statement will result in a complete change in the presentation of government financial statements. The City of Albany has already begun to develop plans and implement policies to prepare for the implementation of the new reporting model defined within GASB Statements No. 34.

CITY OF ALBANY

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Total Columns on Combined Financial Statements

Although each of the City's funds is a separate accounting entity, the Combined Financial Statements also include total columns, which are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations, or cash flow in accordance with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation, since no interfund eliminations have been made in the aggregation of this data.

M. Classifications

The classifications of certain amounts have been changed to improve the June 30, 2002, financial statement presentation. For comparative purposes, prior year amounts have been reclassified to conform with June 30, 2002, presentation.

NOTE #3 – CASH AND INVESTMENTS

The City's dependence on property tax receipts and seasonal revenue sources requires it to maintain significant cash reserves to finance operations. The City pools cash from all sources and all funds, except Debt Service Reserves with Trustee, so that they may be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. Disclosure for the Albany Police and Fire Relief and Pension Plan investments can be found in Note #10.

A. Summary of Cash and Investments

Cash deposits	\$ 867,389
Cash on hand	2,350
Investments	12,086,245
Pension cash deposits (Note #10B)	<u>252,680</u>
Total Cash and Investments	<u><u>\$ 13,208,664</u></u>

CITY OF ALBANY

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2002

NOTE #3 – CASH AND INVESTMENTS (Continued)

Cash and investments appear on the combined balance sheet as follows:

Operating cash and investments	\$ 12,323,089
Debt service reserves held with trustee	885,575
	<u>\$ 13,208,664</u>

B. Cash at June 30, 2002 is presented below, categorized separately to give an indication of the level of risk assessment with each deposit.

	Bank Balance - Category *			Bank Balance Total	Carrying Amount
	1	2	3		
Cash on hand and in banks	\$ 100,000		\$ 970,817	\$ 1,070,817	\$ 867,389

* These categories are as follows:

Category 1: Insured or collateralized with securities held by the City or by its agent in the City's name.

Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3: Uncollateralized. This includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the City's name.

C. Investments at June 30, 2002 held on behalf of the City of Albany are presented below, categorized separately to give an indication of the level of risk associated with each investment.

	Category *			Reported Amount	Fair Value
	1	2	3		
U.S. Treasury Notes			\$ 983,192	\$ 983,192	\$ 983,192
Uncategorized:					
First American Treasury Obligations (Money Market Fund) ⁽¹⁾				404,055	404,055 ⁽¹⁾
Goldman Financial ⁽¹⁾				12,266	12,266
Investment in State Treasurer's Pool ^{(1) (2)}				10,686,732	10,716,443 ⁽¹⁾
			<u>\$ 983,192</u>	<u>\$ 12,086,245</u>	<u>\$ 12,115,956</u>

* These categories are as follows:

CITY OF ALBANY

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #3 – CASH AND INVESTMENTS (Continued)

- Category 1: Insured or registered, or securities held by the City or its agent in the City's name.
- Category 2: Uninsured and unregistered, with securities held by the counter party's trust department or agent in the City's name.
- Category 3: Uninsured and unregistered, with securities held by the counter party or by its trust department or agent but no in the City's name.

(1) Not subject to categorization

(2) Investment in state treasurer's pool

The Local Agency Investment Fund (LAIF) is an external investment pool sponsored by the State of California. The fund is a voluntary program created by statute as an investment alternative for California local governments and special districts. The fund is administered by the California State Treasurer. The City deposits excess cash in LAIF for investment purposes. LAIF investments are not required to be categorized. The fair value for these deposits was provided by the pool sponsor. The management of the State of California Pooled Money Investment Account (generally referred to as LAIF) has indicated to the City that as of June 30, 2002, the carrying amount of the pool was \$47,719,552,487 and the estimated market value of the pool (including accrued interest) was \$48,082,558,174. The City's proportionate share of that value is \$10,686,732. Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes, totaling \$551,578,000 and asset-backed securities totaling \$921,063,000. LAIF's (and the City's) exposure to risk (credit, market, or legal) is not currently available.

D. Authorized Investments

The City's Investment Policy and the California Government Code, allow the City to invest in the following type of investments:

- Securities of the U.S. Government or its agencies
- Certificates of Deposit
- Bankers Acceptance
- Commercial Paper
- Local Agency Investment Fund Deposits
- Passbook Savings Account Demand Deposits
- Repurchase Agreements

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

CITY OF ALBANY

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002

NOTE #3 – CASH AND INVESTMENTS (Continued)

E. Fair Value of Investments

Accounting pronouncement GASB Statement No. 31 generally applies to investments in external investment pools, investments purchased with maturities greater than one year, mutual funds, and certain investment pools/agreements. Generally, governmental entities need to report the “fair value” changes for these investments at year-end and records these gains or losses on their income statement.

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

State of California State Treasurer’s Local Agency Investment Fund (LAIF): The City holds an investment in LAIF that is subject to being adjusted to “fair value”. The City is required to disclose its methods and assumptions used to estimate the fair value of its holdings in LAIF. The City relied upon information provided by the State Treasurer in estimating the City’s fair value position of its holding in LAIF. The City had a contractual withdrawal value of \$10,686,732 whose pro-rata share of fair value was estimated by the state Treasurer to be \$10,716,443. The fair value change in this investment for the year came to an amount that was not material for presentation in the financial statements.

The State Treasurer’s Local Agency Investment Fund (“LAIF”) is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee, comprised of California State officials and various participants, provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer’s office. The City is a voluntary participant in the investment pool.

CITY OF ALBANY

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #4 – INTERFUND TRANSACTIONS

A. Interfund Balances

During the normal course of business, individual funds may receive or pay amounts for other funds, giving rise to interfund receivables or payables, which are liquidated shortly thereafter. Interfund balances comprised the following at June 30, 2002:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 4,005,919	\$ 1,573,790
Special Revenue Funds		
Waterfront Fund		26,244
Community Development Block Grant Fund		8,673
Street Fund		23,916
Law Enforcement Grants		48,167
Chief Operator Grant Fund		328,612
Capital Projects Funds		
Capital Facilities Development Fee	85,367	
Capital Facilities		65,000
Capital Projects		3,238,612
Reinvestment		1,488
1996-1 Assessment Distirct Bond Fund	1,500,000	257,905
R&CS Reserve Fund		20,367
Debt Service Fund		
Reinvestment Debt Serivce	1,488	
Total	<u>\$ 5,592,774</u>	<u>\$ 5,592,774</u>

B. Operating Transfers

With City Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers, called operating transfers, is to reimburse a fund, which has made an expenditure on behalf of another fund. Less often, a residual equity transfer may be made to open or close a fund. Operating transfers between individual funds during the fiscal year ended June 30, 2002, are presented below. Most of these transfers were reimbursements of costs incurred on behalf of the fund making the transfer.

CITY OF ALBANY

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2002

NOTE #4 – INTERFUND TRANSACTIONS (Continued)

Fund	In	Out
General Fund	\$ 2,512,449	\$ 1,481,617
Special Revenue Funds:		
Gas Tax		400,000
Streets		5,000
Storm Drain	75,000	10,000
Alameda County Measure B		305,000
Waste Management		3,000
Lighting and Landscape District		378,438
Emergency Medical Services		715,000
Open Space	2,500	
Law Enforcement Grants		40,000
Recreational Play Fields	1,250	
Creek Restoration	1,250	
Total Special Revenue Fund	<u>80,000</u>	<u>1,856,438</u>
Capital Projects Funds:		
Fire Equipment	55,536	
Police Equipment	82,079	
Capital Facilities Developer Fee	85,367	20,000
Capital Facilities		65,000
Capital Projects	20,000	
R&CS Reserve		20367
Total Capital Projects Fund	<u>242,982</u>	<u>105,367</u>
Debt Service Funds:		
Public Facilities Authority Debt Service Fund	466,000	
Sewer Enterprise Fund	420,000	1,142,607
Internal Service Funds:		
Community Development Equipment	80,000	
General Liability		
Workers' Compensation	784,598	
Total Internal Service Funds	<u>864,598</u>	
Total	<u>\$ 4,586,029</u>	<u>\$ 4,586,029</u>

CITY OF ALBANY

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #5 – FIXED ASSETS

The General Fixed Assets Account Group provides accounting control over the cost of fixed assets used by the City's governmental funds. The General Fixed Assets Account Group is not a fund and its balances are not financial resources available for expenditure. Rather, they provide historical accounting record of resources expended on general fixed assets. Public domain (infrastructure) general fixed assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized because these assets are immovable and of value only to the public. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

Proprietary Fund fixed assets are recorded at cost and depreciated over their estimated useful lives. The purpose of depreciation is to spread the costs of proprietary fund fixed assets equitably among all customers over the life of these assets, so that each customer's bill includes a pro rata share of the cost of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of Proprietary Fund fixed assets.

Depreciation of all proprietary fund fixed assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, accumulated depreciation, is reported on the Proprietary Funds' balance sheet as a reduction in the book value of fixed assets.

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

Furniture and Equipment	5-10 years
Sewer transmission lines	50 years
Vehicles	5 years

CITY OF ALBANY

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2002

NOTE #5 – FIXED ASSETS (Continued)

Transactions and balances of capitalized fixed assets were as follows:

	Balances June 30, 2001	Additions	Transfers/ Retirements	Balances June 30, 2002
<i>General Fixed Assets:</i>				
Land and improvements	\$ 8,128,248			\$ 8,128,248
Building	8,159,207			8,159,207
Furniture and fixtures	412,596			412,596
Machinery and equipment	1,415,454	\$ 120,260	\$ 56,122	1,479,592
Vehicles	1,290,532	88,211	40,250	1,338,493
Total	<u>\$ 19,406,037</u>	<u>\$ 208,471</u>	<u>\$ 96,372</u>	<u>\$ 19,518,136</u>
<i>Sewer Enterprise Fund Fixed Assets:</i>				
Sewer lines	\$ 11,717,675	\$ 690,000		\$ 12,407,675
Equipment	32,694			32,694
Total	<u>11,750,369</u>	<u>690,000</u>		<u>12,440,369</u>
Less: accumulated depreciation	<u>(1,601,125)</u>	<u>(234,761)</u>		<u>(1,835,886)</u>
Net Book Value	<u>\$ 10,149,244</u>	<u>\$ 455,239</u>	<u>\$ -</u>	<u>\$ 10,604,483</u>
<i>Internal Service Fund Fixed Assets:</i>				
Equipment	\$ 30,888			\$ 30,888
Vehicles	459,943			459,943
Total	<u>490,831</u>			<u>490,831</u>
Less: accumulated depreciation	<u>(334,602)</u>	<u>(29,496)</u>		<u>(364,098)</u>
Net Book Value	<u>\$ 156,229</u>	<u>\$ (29,496)</u>	<u>\$ -</u>	<u>\$ 126,733</u>

CITY OF ALBANY

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #6 – GENERAL LONG-TERM DEBT

The General Long-Term Debt Account Group provides accounting control over the City’s general long-term debt and the other long-term obligations such as the non-current portion of accrued compensated absences. These obligations will be repaid out of governmental funds but are not accounted for in these funds because they do not require an appropriation or expenditure in this accounting period.

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

<u>General Long-Term Debt</u>	<u>Balances June 30, 2001</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances June 30, 2002</u>
1997 Refunding COPS 4.25-4.8%, 9/1/12	\$ 3,910,000		\$ (290,000)	\$ 3,620,000
Capital Leases				
1997 Fire Truck, 6.1%, 2/15/2007	136,906		(19,801)	117,105
1999 Computer Equipment	51,987		(51,987)	
2001 Vehicle lease	21,555		(3,786)	17,769
Compensated Absences	677,431	\$ 71,881		749,312
Arbitrage on the \$6,230,000 Bonds	114,711		(51,112)	63,599
Arbitrage on the 1997 Refunding COPS	12,668		(12,668)	
Landfill Postclosure costs	750,000			750,000
	<u>\$ 5,675,258</u>	<u>\$ 71,881</u>	<u>\$ (429,354)</u>	<u>\$ 5,317,785</u>

A. 1997 Refunding COPS

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

CITY OF ALBANY

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #6 – GENERAL LONG-TERM DEBT (Continued)

B. Capital Leases

On February 15, 1997, the City leased a fire truck in the amount of \$206,070. The lease requires annual principal and interest payments each February 15th. The City is using General Fund resources to make lease payments. Future lease payments are detailed below.

The City entered into a lease agreement during the 1999-2000 fiscal year to acquire various computer equipment. The lease requires semi-annual principal and interest payments due each April 12th and October 12th. The City is using General Fund resources to make these lease payments.

The City entered into a lease agreement during the 2000-2001 fiscal year to acquire a vehicle. The lease requires annual lease payments of \$5,187. The City is using the General Fund resources to make these payments. Future lease payments are detailed below.

C. Compensated Absences

The long-term portion of compensated absences amounted to \$749,312 at June 30, 2002.

D. Arbitrage

The City has completed arbitrage calculations for the Limited Obligation Improvement Bond issuance (see Note #7). The calculations show a liability of \$63,599.

E. Landfill Postclosure costs

See Note #13 for a complete discussion of the postclosure costs.

F. Future Debt Service

Remaining Debt Service Schedules for the COPS and for the lease purchases are as follows:

<u>Year Ended June 30:</u>	<u>1997 COPS</u>	<u>1997 Lease</u>	<u>2001 Lease</u>	<u>Total</u>
2003	\$ 465,156	\$ 27,536	\$ 5,187	\$ 497,879
2004	466,796	27,536	5,187	499,519
2005	457,765	27,536	5,187	490,488
2006	462,852	27,536	5,187	495,575
2007	461,900	27,536	-	489,436
Thereafter	2,223,873	-	-	2,223,873
Total Debt Service	4,538,342	137,680	20,748	4,696,770
Less interest portion	918,342	20,575	2,979	941,896
Total Principal Due	<u>\$ 3,620,000</u>	<u>\$ 117,105</u>	<u>\$ 17,769</u>	<u>\$ 3,754,874</u>

CITY OF ALBANY

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #6 – GENERAL LONG-TERM DEBT (Continued)

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

The City is required to maintain amounts of cash and investments with trustees or fiscal agents under the terms of the above debt issue. These funds are pledged as reserves to be used if the City fails to meet its obligations under debt issues. These reserves totaled \$489,503 and \$489,399, respectively at June 30, 2002 and 2001.

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

NOTE #7 – SPECIAL ASSESSMENT DISTRICT DEBT

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

Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof is pledged to the payment of the Bonds. Therefore, the debt is not recorded in the City's General Long Term Debt Account Group.

The outstanding balance as of June 30, 2002 is \$5,810,000.

NOTE #8 – SEWER ENTERPRISE FUND REVENUE BONDS

On October 1, 1993, Sewer Revenue Bonds in the original principal amount of \$4,885,000 were issued to provide financing for the initial improvements in a twenty-year rehabilitation plan to upgrade the City's sewer system. The bonds mature serially, each September 1, and semi-annual interest payments are due each September 1 and March 1.

The Bonds are special obligations of the City and are secured by and payable solely from operating revenue of the Sewer Enterprise Fund. Bonds maturing after September 1, 2013 are subject to mandatory redemption, at par plus accrued interest. These mandatory redemptions are to be made from sinking fund payments made by the City in the year of redemption. Bonds maturing on or after September 1, 2001 may be redeemed at par plus a 2 percent premium, which decreases until September 1, 2003, at which time, they may be redeemed at par.

The City is required to maintain amounts of cash and investments with a trustee under the terms of the Sewer Revenue Bond issue. The California Government Code requires these funds to be invested in accordance with the underlying City ordinance, bond indentures, or State statute. All of these funds have been invested as permitted under the Code.

CITY OF ALBANY

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #8 – SEWER ENTERPRISE FUND REVENUE BONDS (Continued)

These funds are pledged as reserves to be used if the City fails to meet its obligations under the Sewer Revenue Bond issue. These reserves totaled \$390,428 and \$393,277, respectively at June 30, 2002 and 2001.

Annual debt service payment requirements to repay the Sewer Revenue Bonds at June 30, 2002 are:

Year Ended June 30:	Principal	Interest	Total
2003	\$ 215,000	\$ 153,924	\$ 368,924
2004	225,000	144,574	369,574
2005	240,000	134,633	374,633
2006	250,000	123,847	373,847
2007	260,000	112,243	372,243
Thereafter	2,240,000	393,231	2,633,231
Total	<u>\$ 3,430,000</u>	<u>\$ 1,062,452</u>	<u>\$ 4,492,452</u>

NOTE #9 – FUND EQUITY

A. Fund Balance Reserves and Designations

Fund equity consists of reserved and unreserved amounts. Reserved fund equity represents that portion of a fund balance or retained earnings, which has been appropriated for expenditure or is legally segregated for a specific future use. The remaining portion is unreserved.

A portion of unreserved fund balance may be designated to indicate plans for financial resource utilization in a future period, such as for general contingencies or capital projects. Such plans are subject to change; they may never be legally authorized or result in expenditure.

The following is a summary of reserved, unreserved-designated and unreserved undesignated fund balances and/or retained earnings at June 30, 2002.

	Governmental Fund Types			Proprietary Fund Types		Trust and Agency	Total
	General	Special Revenue	Capital Projects	Debt Service	Enterprise		
Reserved for:							
Employee's retirement						\$ 13,463,721	\$ 13,463,721
Debt service				\$ 583,407			583,407
Long term note receivable	\$ 397,037						397,037
Capital outlay			\$ 5,268,158				5,268,158
Total Reserved	397,037		5,268,158	583,407		13,463,721	19,712,323
Unreserved-Designated							
Capital outlay	\$ 284,816						284,816
Future cash flow needs	164,353						164,353
Total Designated	449,169						449,169
Unreserved - Undesignated Fund Balance	2,105,774	\$ 1,960,272					4,066,046
Retained Earnings					\$ 8,880,159	\$ 151,427	9,031,586
Contributed Capital					23,574		23,574
Total Unreserved - Undesignated	2,105,774	1,960,272			8,903,733	151,427	13,121,206
Total Fund Balances/ Retained earnings	<u>\$ 2,951,980</u>	<u>\$ 1,960,272</u>	<u>\$ 5,268,158</u>	<u>\$ 583,407</u>	<u>\$ 8,903,733</u>	<u>\$ 151,427</u>	<u>\$ 33,282,698</u>

CITY OF ALBANY

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2002

NOTE #9 – FUND EQUITY (Continued)

B. Expenditures in Excess of Appropriations

At June 30, 2002, the following fund expenditures exceeded appropriations by the following:

<u>Fund</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Difference</u>
Special Revenue Funds:			
Gas and Oil		\$ 31,573	\$ 31,573
Library	\$ 376,020	387,878	11,858
M.T.C. Taxi Scrip	11,020	23,000	11,980
Open Space	1,000	1,158	158
Law Enforcement Grants		138,061	138,061
Recreational Playfields	23,245	38,340	15,095
Creek Restoration	48,695	81,347	32,652
Reinvestment Low-Mod Housing		101	101
Pension Tax Override	1,100,000	1,164,678	64,678
Capital Projects Funds:			
Capital Facilities Developer Fee	100,000	142,119	42,119
R&CS Reserve	22,000	36,893	14,893

C. Deficit Fund Balances/Retained Earnings

Capital Project Funds - Fund Balance

Capital Projects Fund	\$ 381,930
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Internal Service - Deficit Retained Earnings

Workers' Compensation	\$ 230,284
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Expenditures for construction of a highway interchanges at Buchanan Street and Eastshore Highway are estimated to be \$4,000,000, of which \$400,000 is local match to be paid by the Reinvestment Fund. Pending payment by the Reinvestment Fund, the Capital Projects Fund has a deficit fund balance. Construction of the interchange was completed in August 2002, and financial settlement is schedule for completion by March 2003.

The deficit in the Worker's Compensation Internal Service Fund will be resolved with increases in budgeted amounts transferred into the funds in future years.

CITY OF ALBANY

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002

NOTE #10 – ALBANY POLICE AND FIRE RELIEF AND PENSION PLAN

A. Plan Description

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

Terminated vested participants	
Retired	17
Disabled*	9
Survivor*	8
	<hr/>
	34
Active plan participants, fully vested	1
	<hr/>
	<u>35</u>

* One participant receives both disability and survivor benefits.

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

B. Cash and Investments

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

The Pension’s Investment Policy and the California Government Code, allow the pension to invest in the following type of investments:

- Fixed Income Securities – Fixed income securities include U.S. Government Obligations, federally sponsored credit agency securities, corporate bonds, Canadian government bonds, Yankee bonds, non-governmental asset-backed securities, collateralized mortgage obligations rated investment grade, money market funds, STIF accounts, certificates of deposit, bankers acceptances, commercial paper, or any other short-term securities rated investment grade Guaranteed Investment Contracts rated A+ by A. M. Best Company.

CITY OF ALBANY

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #10 – ALBANY POLICE AND FIRE RELIEF AND PENSION PLAN (Continued)

- Equity Securities – Equity securities are comprised of common stocks, convertible and non-convertible preferred stocks, convertible debt securities, and American Depository Receipts (ADRs) of foreign securities.
- Each type of investment is subject to a target allocation and includes maximum and minimum general guidelines as a percentage of the overall portfolio as set forth in the investment policy. No more than 5 percent of any single equity portfolio may be invested in one equity security at cost. Except for securities issued by the U.S. Government and its agencies, no more than 5 percent of any single fixed income portfolio based on market value shall be invested in securities of any one issuing corporation at the time of purchase.
- Common and convertible preferred stocks should be of investment grade quality and listed on the New York Stock Exchange, American Stock Exchange, NASDAQ system, or national market exchange. Fixed income securities must have a rating of BBB or higher by Standard & Poor’s or Baa or higher by Moody’s.

The Plan’s assets are in the bank’s name, but are held by its Trust Department in a separate account in the Plan’s name, placing them in Category 2. The definition of Category 2 is defined in the Note 3C description. The market value of the Plan assets was as follows at June 30:

Description	Fair Value	Cost
U.S. Government Securities	\$ 4,544,246	\$ 4,245,431
Corporate bonds and debentures	3,542,762	3,316,417
Common stock	4,193,580	3,337,844
Investment pools - LAIF short term investment	199,450	199,450
Total	<u>\$ 12,480,038</u>	<u>\$ 11,099,142</u>

The Plan also has operating cash; the carrying value of this cash is \$252,680 while the bank balance is \$343,488 as of June 30, 2002. The carrying balance of the cash is classified as follows: \$195,069 as Category 1, and \$148,419 as Category 3 (the Categories are defined in Note #3C).

C. Funding Status and Progress

The actuarial accrued liability presented below was determined as part of an actuarial valuation at June 30, 2000. The projected unit cost method and significant actuarial assumptions were used in determining the actuarial accrued liability and included: (a) a rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, (b) projected salary increases of 4.5 percent per year compounded annually, attributable to inflation, and (c) additional projected salary increases of .5 percent per year, attributable to seniority/merit. The plan’s unfounded actuarial accrued liability is being amortized as a level percentage of projected payroll, and a level percentage of tax override contribution on the assessed value of property on an open basis. The remaining amortization period is projected to end June 30, 2005.

CITY OF ALBANY

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2002

NOTE #10 – ALBANY POLICE AND FIRE RELIEF AND PENSION PLAN (Continued)

In valuing Plan assets used in determining funding status, the actuary spreads realized and unrealized gains and losses over five years. That is only 20 percent of realized and unrealized gains and losses are recognized in any one-year. These modified asset values are called the Actuarial Book Value.

The unfunded actuarial accrued liability for participants at June 30, 2000, the most recent valuation date, is as follows:

Actuarial Accrued Liability	
Retirees and beneficiaries currently receiving benefits	\$ 14,170,748
Current employees vested	1,849,261
Total actuarial accrued liability	<u>16,020,009</u>
Actuarial Book Value of assets available for benefits	11,452,836
Unfunded Actuarial Accrued Liability	<u><u>\$ 4,567,173</u></u>

D. Contribution requirements and contribution made

Contributions are based on the City Charter, which requires the City to contribute 9 percent of gross wages and active plan participants to contribute 9 percent of gross wages. Active plan participant’s contributions are reduced to zero percent, and the City’s required contribution is increased to 18 percent in accordance with the current union contract.

The required contributions described above are not sufficient to adequately fund the actuarial accrued liability of the Plan. As a result, since 1982 the City has levied a voter-approved property tax override. This property tax is based on assessed value and may be reduced at the option of the City. The property tax override approximates the level percentage method of amortizing the unfunded actuarial accrued liability. Since 1982, all property tax override levies have been contributed to the plan. The current actuarial study indicates that with these additional contributions, the unfunded actuarial accrual liability will be amortized by the year 2005.

The revenues from this tax have been accounted for as a revenue and an expenditure in the City’s general fund. Thus, the employer contribution on the combined statement of changes in net assets for the Police and Fire Relief Pension Fund includes these property taxes passed directly through from the general fund.

Required contributions were paid as follows for the year ended June 30, 2002:

	Amount	Percent of Covered Payroll
Contributions required by City Charter	<u>\$ 14,398</u>	<u>18%</u>
Property tax override contributions	<u><u>\$ 1,164,678</u></u>	<u><u>938%</u></u>

CITY OF ALBANY

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #10 – ALBANY POLICE AND FIRE RELIEF AND PENSION PLAN (Continued)

E. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due and an indication of whether all required contributions have been made. Assumptions used to compile data presented below are the same as those described above.

A schedule of funding status is as follows:

Valuation Date	Book Value of Assets	Accrued Liability	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
1991	\$ 5,144,000	\$ 12,763,000	\$ 7,619,000	40%	\$ 468,800	1.625%
1992	5,477,000	14,785,000	9,308,000	37%	440,540	2.113%
1993	5,869,000	14,785,000	8,916,000	40%	476,607	1.871%
1994	6,272,000	14,785,000	8,541,300	42%	269,989	3.153%
1995	7,076,325	14,528,411	7,452,086	49%	230,459	3.234%
1998 *	9,613,552	14,861,531	5,247,979	65%	197,328	2.660%
2000 *	11,452,836	16,020,009	4,567,173	71%	162,826	2.805%

* The Pension System did not perform an actuarial valuation for Fiscal years 1995-96, 1996-97, and 1998-99 and 2000-2001.

Annual contributions received by the Plan are equal to the annual required contributions, which were as follows:

Fiscal Year	Employee	Employer	Pension Tax Override	Total
1992-1993	\$ 34,444	\$ 34,444	\$ 755,792	\$ 824,680
1993-1994	24,299	24,299	774,182	822,780
1994-1995	20,704	20,704	783,008	824,416
1995-1996	23,738	23,738	815,722	863,198
1996-1997	19,110	19,110	853,184	891,404
1997-1998	17,396	17,396	859,910	894,702
1998-1999	18,451	18,451	943,373	980,275
1999-2000	14,798	14,798	1,046,235	1,075,831
2000-2001	11,175	11,175	1,006,065	1,028,415
2001-2002	7,199	7,199	1,164,678	1,179,076

CITY OF ALBANY

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #10 – ALBANY POLICE AND FIRE RELIEF AND PENSION PLAN (Continued)

- F. The City implemented Governmental Accounting Standards Board Statement No. 25, “Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans” during the 1996-97 fiscal year.
- G. Separate stand-alone financial statements for the Police and Fire Relief and Pension Plan can be obtained from the City of Albany administrative offices located at 1000 San Pablo Avenue, Albany, CA 94706.

NOTE #11 – PERS PENSION PLAN

A. Plan Description

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

B. Funding Policy

Participants are required to contribute 7 percent (9 percent for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is zero percent for non-safety and police employees, and 1.605 percent for fire employees, of annual covered payroll. The contribution requirements of plan members and the City are established by and may be amended by PERS.

C. Annual Pension

For 2002, the City’s annual pension cost of \$324,453 for PERS was equal to the City’s required and actual contributions. The required contribution was determined as part of the June 30, 2001, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service age, and type of employment, and (c) 3.75 percent per year payroll growth. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value).

CITY OF ALBANY

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #11 – PERS PENSION PLAN (Continued)

D. Three Year Trend Information – Combined Contributions Made

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
6/30/00	\$599,214	100%	\$0
6/30/01	\$475,911	100%	\$0
6/30/02	\$324,453	100%	\$0

E. Three Year Trend Information - Actuarial

	<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Entry Age</u> <u>Actuarial</u> <u>Accrued</u> <u>Liability</u>	<u>Actuarial</u> <u>Asset Value</u>	<u>Unfunded</u> <u>Liability/</u> <u>(Excess</u> <u>Assets)</u>	<u>Funded</u> <u>Status</u>	<u>Annual</u> <u>Covered</u> <u>Payroll</u>	<u>UAAL As a</u> <u>Percent of</u> <u>Payroll</u>
Safety Police	6/30/99	\$8,265,110	\$10,584,495	\$(2,319,385)	128.1%	\$1,620,403	(143.136)%
	6/30/00	\$10,334,262	\$12,302,293	\$(1,968,031)	119.0%	\$1,848,332	(106.476)%
	6/30/01	\$11,110,477	\$12,739,986	\$(1,629,509)	114.7%	\$1,892,295	(86.1)%
Safety Fire	6/30/99	\$5,753,675	\$7,237,307	\$(1,483,632)	125.8%	\$1,230,989	(120.524)%
	6/30/00	\$7,057,675	\$8,054,905	\$(997,630)	114.1%	\$1,349,515	(73.895)%
	6/30/01	\$7,675,139	\$8,331,086	\$(655,947)	108.5%	\$1,429,221	45.9%
Miscellaneous	6/30/99	\$7,037,964	\$9,133,406	\$(2,095,442)	129.77%	\$1,708,102	(122.7)%
	6/30/00	\$7,615,130	\$9,908,159	\$(2,293,029)	130.11%	\$2,078,430	(110.3)%
	6/30/01	\$8,243,994	\$10,248,523	\$(2,004,529)	124.32%	\$2,170,659	(92.3)%

F. Social Security

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

The City’s Local 790 union members, management and part-time employees are covered under Social Security, which requires these employees and the City to each contribute 6.2 percent of the employee’s pay. Total contributions to Social Security during the year ended June 30, 2002 amounted to \$135,632 of which the City paid one-half.

The City’s seasonal and temporary employees are covered under an ICMA alternative plan, which requires these employees to contribute 7.5 percent of the employees pay. Total contributions to the plan during the year, ended June 30, 2002 amounted to \$15,722. There are no matching contribution requirements for the City.

CITY OF ALBANY

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #12 – RISK MANAGEMENT

The City manages risk by participating in the public entity risk pools described below and by retaining certain risks.

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

A. Risk Pools

Bay Cities Joint Powers (BCJPIA) Insurance Authority covers general liability claims in an amount up to \$10,000,000. The City has a deductible or uninsured liability of up to \$25,000 per claim. Once the City's deductible is met BCJPIA becomes responsible for payments of all claims up to the limit. During the fiscal year ended June 30, 2002, the City contributed \$170,334 for coverage during the current year.

The Local Agency Workers Compensation Excess Insurance Joint Powers Authority (LAWCX) covers workers compensation claims up to \$500,000 and has coverage up to statutory limits. The City has a deductible or uninsured liability of up to \$250,000 per claim. During the fiscal year ended June 30, 2002, the City contributed \$18,000 for current year coverage.

The City's contributions with each risk pool equal the ratio of the City's payroll to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

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

Financial statements for BCJPIA and LAWCX may be obtained from Bickmore & Associates, 6371 Auburn Boulevard, Citrus Heights, CA 95621.

CITY OF ALBANY

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #12 – RISK MANAGEMENT (Continued)

B. Liability for Uninsured Claims

The City estimates its liability for the uninsured portion of claims, including a provision for claims incurred but not reported, based on claims experience. Claims activity for the years ended June 30, 2002 and June 30, 2001 were as follows:

	2002			2001 Total
	Worker's Compensation	General Liability	Total	
Claims payable, Beginning of Year	\$ 779,073	\$ 204,828	\$ 983,901	\$ 1,064,365
Claims liabilities for new cases	517,442	148,543	665,985	257,299
Increase (decrease) in claims from prior year	424,468	(103,855)	320,613	(63,685)
Claim payments	(217,724)	(11,363)	(229,087)	(274,078)
Claims payable, Ending Balance	\$ 1,503,259	\$ 238,153	\$ 1,741,412	\$ 983,901

NOTE #13 – LANDFILL POSTCLOSURE COSTS

The City of Albany operated a Class III landfill (construction debris only), in a 36 acre site know as the Albany Bulb, until 1974. In 1999 the California Regional Water Control Board issued a closure order for this 36 acre site. Engineering estimates for closure and post-closure cost of environmental enhancements required to comply with the closure order range from \$280,000 to \$750,000 based upon 1999 estimates.

NOTE #14 – RELATED PARTY TRANSACTION

During September 2001, per the employment agreement between the City and the City Administrator, the City loaned the City Administrator \$400,000 to be used toward the purchase of her principal residence. The loan includes interest at one-eighth of a percentage point above the interest that the City earns from LAIF (Local Agency Investment Fund Account) as of the date of the loan. The outstanding principal balance of the loan at June 30, 2002, was \$397,037, and is recorded in the General Fund as a note receivable. The same amount is also shown as Reserved Fund Balance.

CITY OF ALBANY

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #15 – CONTINGENT LIABILITIES

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

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

NOTE #16 – SUBSEQUENT EVENTS

The City participated in the California Statewide Communities Development Authority 2002 Tax and Revenue Anticipation Bond Program. The City's share of the 2002 issuance was \$4,000,000. The bonds are dated July 1, 2002, with an interest rate of 3.00 percent. The bonds mature on June 30, 2003. Repayment requirements are that 50 percent of the principal and interest accruing through the maturity date be deposited into a "Payment Account" by January 31, 2003, and 50 percent deposited by April 30, 2003. The bonds were sold to provide cash flow for expenditures for capital construction, to be reimbursed by CalTrans, and for operating expenditures, to be paid from current year property tax revenues.

In November 2002, voters passed a ballot measure authorizing the issuance of general obligation bonds in the amount of \$14,000,000. The bonds will be issued in 2003, the proceeds to be used for various capital expenditures over a period of several years.

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CITY OF ALBANY
GENERAL FUND DESCRIPTION

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF ALBANY

**COMPARATIVE BALANCE SHEETS
GENERAL FUND
JUNE 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
ASSETS		
Operating cash and investments	\$ 91,227	\$ 1,721,943
Receivables:		
Property taxes	153,215	349,480
Other taxes	297,937	274,397
Accounts	48,719	158,230
Interest	66,747	103,407
Note	397,037	-
Due from other funds	<u>4,005,919</u>	<u>590,525</u>
 Total Assets	 <u>\$ 5,060,801</u>	 <u>\$ 3,197,982</u>
LIABILITIES		
Accounts payable	287,990	319,189
Accrued wages	246,432	86,182
Due to other funds	1,573,790	
Accrued accounts payable	<u>609</u>	
 Total Liabilities	 <u>2,108,821</u>	 <u>405,371</u>
FUND BALANCES		
Fund balances		
Reserved	397,037	
Unreserved		
Designated	449,169	1,037,542
Undesignated	<u>2,105,774</u>	<u>1,755,069</u>
 Total Fund Balances	 <u>2,951,980</u>	 <u>2,792,611</u>
 Total Liabilities and Fund Balances	 <u>\$ 5,060,801</u>	 <u>\$ 3,197,982</u>

CITY OF ALBANY

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES**

GENERAL FUND

FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
REVENUES		
Property taxes	\$ 2,262,775	\$ 2,130,929
Sales taxes	1,410,461	1,435,128
Franchise fees	3,367,612	3,387,706
Licenses and permits	185,901	158,692
Fines and forfeitures	252,388	271,820
Earnings on investments	225,215	125,181
Revenue from other agencies	1,066,584	1,175,992
Current services charges	902,881	798,676
Other revenue	154,258	291,808
Total Revenues	<u>9,828,075</u>	<u>9,775,932</u>
EXPENDITURES		
Current:		
General Government		
Council	22,554	40,658
City Administrator	380,961	367,761
City Clerk	147,429	108,039
Finance and Administrative Services	413,266	422,565
City Treasurer	42,801	39,603
City Attorney	119,565	115,406
Insurance	329,647	584,471
Non-Departmental	641,699	485,691
Total General Government	2,097,922	2,164,194
Police	3,425,363	3,146,246
Fire and Emergency Medical Services	2,457,559	2,062,881
Community Development and Environmental Resources	1,739,403	1,733,811
Recreation and Community Services	874,243	793,554
Capital outlay	2,438	21,555
Debt service:		
Principal	51,987	32,431
Interest	50,623	77,153
Total Expenditures	<u>10,699,538</u>	<u>10,031,825</u>
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(871,463)</u>	<u>(255,893)</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	2,512,449	1,767,999
Other source - capital lease		21,555
Operating transfers (out)	(1,481,617)	(669,441)
Total Other Financing Sources	<u>1,030,832</u>	<u>1,120,113</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		
	159,369	864,220
Fund Balances, Beginning of Year	<u>2,792,611</u>	<u>1,928,391</u>
Fund Balances, End of Year	<u>\$ 2,951,980</u>	<u>\$ 2,792,611</u>

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CITY OF ALBANY

SPECIAL REVENUE FUNDS DESCRIPTION

These funds account for the proceeds of specific revenue sources that are legally restricted (other than expendable trusts or revenues restricted for major capital projects).

Waterfront Fund is used to account for activities relating to the Regional Water Quality Central Board Closure Order and site security-population issues.

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

Gas and Oil Fund is used to account for fuel and oil charges, which are allocated to other departments.

Community Development Block Grant Fund is used to account for revenues received and expended under the Federal Community Development Act of 1974. The funds are distributed through Alameda County Housing and Community Development Department to assist low income and disabled people in Albany. A portion of the funding must be used for housing programs.

Street Fund is used to account for capital street improvements. Monies are transferred from other funds to pay for expenditures.

Library Operations Fund is used to account for the voter approved parcel tax in support of library operations.

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

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

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

M.T.C. Tax Scrip Fund is used to account for reimbursement and purchase of van vouchers and taxi scrip.

Lighting and Landscape Assessment District Fund is used to account for assessments levied on district property and are used for landscape and lighting, projects, services and maintenance performed within district boundaries.

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

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CITY OF ALBANY

SPECIAL REVENUE FUNDS DESCRIPTION

(Continued)

Emergency Medical Services Fund is used to account for revenue received from emergency medical services including ambulance fees and Emergency Medical District assessments. These funds are expended for emergency medical services provided by the City.

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

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

Chief Operator Grant Fund accounts for Office of Traffic Safety reimbursement for the contracted time and materials for the “Elvis and the Lawman” band to conduct various programs that promote safe driving to teens.

Recreational Playfields Fund is used to account for the acquisition, development and maintenance of recreational playfields through the City of Albany Open Space, Recreational Playfield and Creek Restoration Assessment District No. 1996-1.

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

Reinvestment Low-Moderate Housing is used to account for the set-aside requirements for the tax increment received within the Reinvestment Agency.

Pension Property Tax Fund is used to account for the property tax override passed by the voters to fund the Police and Fire Relief and Pension Fund.

CITY OF ALBANY

COMBINING BALANCE SHEETS

SPECIAL REVENUE FUNDS

JUNE 30, 2002

(With Comparative Totals for June 30, 2001)

	<u>Waterfront Fund</u>	<u>Gas Tax</u>	<u>Gas and Oil</u>	<u>Community Development Block Grant</u>	<u>Streets</u>
ASSETS					
Operating cash and investments	\$ 43	\$ 70,871			\$ 100,000
Receivables:					
Property taxes					
Other taxes					
Accounts	<u>26,201</u>	<u>3,623</u>		<u>\$ 19,472</u>	
Total Assets	<u><u>\$ 26,244</u></u>	<u><u>\$ 74,494</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,472</u></u>	<u><u>\$ 100,000</u></u>
LIABILITIES					
Accounts payable				1,927	3,880
Accrued wages				172	172
Due to other funds	26,244			8,673	23,916
Deferred revenue					
Total Liabilities	<u>26,244</u>			<u>10,772</u>	<u>27,968</u>
FUND BALANCES					
Fund balances					
Unreserved					
Undesignated		<u>74,494</u>		<u>8,700</u>	<u>72,032</u>
Total Fund Balances		<u>74,494</u>		<u>8,700</u>	<u>72,032</u>
Total Liabilities and Fund Balances	<u><u>\$ 26,244</u></u>	<u><u>\$ 74,494</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,472</u></u>	<u><u>\$ 100,000</u></u>

<u>Library Operations</u>	<u>Storm Drain</u>	<u>Alameda County Measure B</u>	<u>Waste Management</u>	<u>M.T.C. Taxi Scrip</u>	<u>Lighting and Landscape Assessment District</u>	<u>Asset Forfeiture</u>	<u>Emergency Medical Services</u>
\$ 112,262	\$ 533,706	\$ 28,130	\$ 174,937	\$ 6,117	\$ 626,357	\$ 1,615	\$ 67,085
4,122	2,921				5,814		
		29,172	14,653	11,411			76,749
<u>\$ 116,384</u>	<u>\$ 536,627</u>	<u>\$ 57,302</u>	<u>\$ 189,590</u>	<u>\$ 17,528</u>	<u>\$ 632,171</u>	<u>\$ 1,615</u>	<u>\$ 143,834</u>
96,918	1,687		288	6,692	11,889		37,065
	1,270		1,586	634	172		
<u>96,918</u>	<u>2,957</u>		<u>1,874</u>	<u>7,326</u>	<u>12,061</u>		<u>37,065</u>
19,466	533,670	57,302	187,716	10,202	620,110	1,615	106,769
19,466	533,670	57,302	187,716	10,202	620,110	1,615	106,769
<u>\$ 116,384</u>	<u>\$ 536,627</u>	<u>\$ 57,302</u>	<u>\$ 189,590</u>	<u>\$ 17,528</u>	<u>\$ 632,171</u>	<u>\$ 1,615</u>	<u>\$ 143,834</u>

CITY OF ALBANY

COMBINING BALANCE SHEETS (Continued)
SPECIAL REVENUE FUNDS
JUNE 30, 2002
(With Comparative Totals for June 30, 2001)

	Open Space	Law Enforcement Grants	Chief Operator Grant	Recreational Playfields	Creek Restoration
ASSETS					
Operating cash and investments	\$ 93,759	\$ 66,838	\$ 4,423	\$ 17,371	\$ 97,216
Receivables:					
Property taxes					
Other taxes					
Accounts		49,710	389,695		
Total Assets	<u>\$ 93,759</u>	<u>\$ 116,548</u>	<u>\$ 394,118</u>	<u>\$ 17,371</u>	<u>\$ 97,216</u>
LIABILITIES					
Accounts payable	222	7,004	61,218	48	57
Accrued wages		1,470	1,118		
Due to other funds		48,167	328,612		
Deferred revenue		37,094	3,170		
Total Liabilities	<u>222</u>	<u>93,735</u>	<u>394,118</u>	<u>48</u>	<u>57</u>
FUND BALANCES					
Fund balances					
Unreserved					
Undesignated	93,537	22,813		17,323	97,159
Total Fund Balances	<u>93,537</u>	<u>22,813</u>		<u>17,323</u>	<u>97,159</u>
Total Liabilities and Fund Balances	<u>\$ 93,759</u>	<u>\$ 116,548</u>	<u>\$ 394,118</u>	<u>\$ 17,371</u>	<u>\$ 97,216</u>

Reinvestment Low-Mod Housing	Pension Property Tax	TOTALS	
		2002	2001
\$ 29,087		\$ 2,029,817	\$ 1,801,321
		12,857	16,869
8,277		628,963	367,899
<u>\$ 37,364</u>	<u>\$ -</u>	<u>\$ 2,671,637</u>	<u>\$ 2,186,089</u>
		228,895	130,632
		6,594	3,254
		435,612	196,953
		40,264	1,947
		<u>711,365</u>	<u>332,786</u>
<u>37,364</u>		<u>1,960,272</u>	<u>1,853,303</u>
<u>37,364</u>		<u>1,960,272</u>	<u>1,853,303</u>
<u>\$ 37,364</u>	<u>\$ -</u>	<u>\$ 2,671,637</u>	<u>\$ 2,186,089</u>

CITY OF ALBANY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)**

	Waterfront Fund	Gas Tax	Gas and Oil	Community Development Block Grant
REVENUES				
Property taxes				
Franchise fees				
Earnings on investments				
Revenue from other agencies	\$ 26,244	\$ 363,758		\$ 50,678
Current services charges				
Other revenue			\$ 30,408	
	<u>26,244</u>	<u>363,758</u>	<u>30,408</u>	<u>50,678</u>
Total Revenues	<u>26,244</u>	<u>363,758</u>	<u>30,408</u>	<u>50,678</u>
EXPENDITURES				
Current:				
General government				
Police				
Fire and Emergency Medical Services			31,573	
Community Development and Environmental Resources	26,244			31,844
Recreation and Community Services				
Capital outlay				21,555
	<u>26,244</u>		<u>31,573</u>	<u>53,399</u>
Total Expenditures	<u>26,244</u>		<u>31,573</u>	<u>53,399</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		<u>363,758</u>	<u>(1,165)</u>	<u>(2,721)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
Operating transfers (out)		(400,000)		
		<u>(400,000)</u>		
Total Other Financing Sources (Uses)		<u>(400,000)</u>		
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		(36,242)	(1,165)	(2,721)
Fund Balances, Beginning of Year		110,736	1,165	11,421
Prior Period Adjustment				
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ 74,494</u>	<u>\$ -</u>	<u>\$ 8,700</u>

Streets	Library Operations	Storm Drain	Alameda County Measure B	Waste Management	M.T.C. Taxi Scrip	Lighting and Landscape Assessment District	Asset Forfeiture
	\$ 382,123	\$ 282,976		\$ 82,955		\$ 507,966	
\$ 2,149			\$ 318,027	45,162	\$ 15,646	22,196	\$ 82
		5,043					
3,146					11,411		
5,295	382,123	288,019	318,027	128,117	27,057	530,162	82
	387,878						
86,698		179,943		118,545	23,000	131,681	
86,698	387,878	179,943		118,545	23,000	131,681	
(81,403)	(5,755)	108,076	318,027	9,572	4,057	398,481	82
(5,000)		75,000 (10,000)	(305,000)	(3,000)		(378,438)	
(5,000)		65,000	(305,000)	(3,000)		(378,438)	
(86,403)	(5,755)	173,076	13,027	6,572	4,057	20,043	82
158,435	25,221	360,594	44,275	181,144	6,145	600,067	1,533
\$ 72,032	\$ 19,466	\$ 533,670	\$ 57,302	\$ 187,716	\$ 10,202	\$ 620,110	\$ 1,615

CITY OF ALBANY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)**

	Emergency Medical Services	Open Space	Law Enforcement Grants	Chief Operator Grant
REVENUES				
Property taxes	\$ 336,088			
Franchise fees				
Earnings on investments		\$ 5,839	\$ 2,958	
Revenue from other agencies			175,412	\$ 346,302
Current services charges	427,863			
Other revenue				
Total Revenues	<u>763,951</u>	<u>5,839</u>	<u>178,370</u>	<u>346,302</u>
EXPENDITURES				
Current:				
General government				
Police			84,270	346,201
Fire and Emergency Medical Services				
Community Development and Environmental Resources				
Recreation and Community Services		1,158		
Capital outlay			53,791	
Total Expenditures		<u>1,158</u>	<u>138,061</u>	<u>346,201</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>763,951</u>	<u>4,681</u>	<u>40,309</u>	<u>101</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in		2,500		
Operating transfers (out)	(715,000)		(40,000)	
Total Other Financing Sources (Uses)	<u>(715,000)</u>	<u>2,500</u>	<u>(40,000)</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	48,951	7,181	309	101
Fund Balances, Beginning of Year	57,818	86,356	22,504	(101)
Prior period adjustment				
Fund Balances, End of Year	<u>\$ 106,769</u>	<u>\$ 93,537</u>	<u>\$ 22,813</u>	<u>\$ -</u>

Recreational Playfields	Creek Restoration	Reinvestment Low-Mod Housing	Pension Property Tax	TOTALS	
				2002	2001
		\$ 27,584	\$ 1,164,678	\$ 2,701,415	\$ 2,212,765
				82,955	50,455
\$ 2,026	\$ 4,359	389		39,998	109,474
	48,786			1,390,015	1,587,053
				432,906	674,376
				44,965	35,742
<u>2,026</u>	<u>53,145</u>	<u>27,973</u>	<u>1,164,678</u>	<u>4,692,254</u>	<u>4,669,865</u>
		101	1,164,678	1,552,657	1,458,101
				430,471	392,430
				31,573	43
38,340	81,347			574,955	548,656
				143,845	139,681
				75,346	241,128
<u>38,340</u>	<u>81,347</u>	<u>101</u>	<u>1,164,678</u>	<u>2,808,847</u>	<u>2,780,039</u>
<u>(36,314)</u>	<u>(28,202)</u>	<u>27,872</u>		<u>1,883,407</u>	<u>1,889,826</u>
1,250	1,250			80,000	521,019
				(1,856,438)	(1,759,691)
<u>1,250</u>	<u>1,250</u>			<u>(1,776,438)</u>	<u>(1,238,672)</u>
(35,064)	(26,952)	27,872		106,969	651,154
52,387	124,111	9,492		1,853,303	1,252,886
					(50,737)
<u>\$ 17,323</u>	<u>\$ 97,159</u>	<u>\$ 37,364</u>	<u>\$ -</u>	<u>\$ 1,960,272</u>	<u>\$ 1,853,303</u>

CITY OF ALBANY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Waterfront Fund		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Property taxes			
Franchise fees			
Earnings on investments			
Revenue from other agencies	\$ 627,500	\$ 26,244	\$ (601,256)
Current services charges			
Other revenue			
Total Revenues	<u>627,500</u>	<u>26,244</u>	<u>(601,256)</u>
EXPENDITURES			
Current:			
General government			
Police			
Fire and Emergency Medical Services			
Community Development and Environmental Resources	627,500	26,244	601,256
Recreation and Community Services			
Capital outlay			
Total Expenditures	<u>627,500</u>	<u>26,244</u>	<u>601,256</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			<u>1,202,512</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in			
Operating transfers (out)			
Total Other Financing Sources (Uses)			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ -</u>		<u>\$ 1,202,512</u>
Fund Balances, Beginning of Year			
Fund Balances, End of Year		<u>\$ -</u>	

Gas Tax			Gas and Oil			Community Development Block Grant		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 400,000	\$ 363,758	\$ (36,242)				\$ 78,592	\$ 50,678	\$ (27,914)
				\$ 30,408	\$ 30,408			
400,000	363,758	(36,242)		30,408	30,408	78,592	50,678	(27,914)
				31,573	(31,573)	78,592	31,844	46,748
							21,555	(21,555)
				31,573	(31,573)	78,592	53,399	25,193
400,000	363,758	(36,242)		(1,165)	(1,165)		(2,721)	(2,721)
(400,000)	(400,000)							
(400,000)	(400,000)							
<u>\$ -</u>	<u>(36,242)</u>	<u>\$ (36,242)</u>	<u>\$ -</u>	<u>(1,165)</u>	<u>\$ (1,165)</u>	<u>\$ -</u>	<u>(2,721)</u>	<u>\$ (2,721)</u>
	110,736			1,165			11,421	
	<u>\$ 74,494</u>			<u>\$ -</u>			<u>\$ 8,700</u>	

CITY OF ALBANY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Continued)
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Streets		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Property taxes			
Franchise fees			
Earnings on investments		\$ 2,149	\$ 2,149
Revenue from other agencies			
Current services charges			
Other revenue		3,146	3,146
Total Revenues		5,295	5,295
EXPENDITURES			
Current:			
General government			
Police			
Fire and Emergency Medical Services			
Community Development and Environmental Resources	\$ 175,120	86,698	88,422
Recreation and Community Services			
Capital outlay			
Total Expenditures	175,120	86,698	88,422
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(175,120)	(81,403)	93,717
OTHER FINANCING SOURCES (USES)			
Operating transfers in			
Operating transfers (out)	(105,000)	(5,000)	100,000
Total Other Financing Sources (Uses)	(105,000)	(5,000)	100,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ (280,120)	(86,403)	\$ 193,717
Fund Balances, Beginning of Year		158,435	
Fund Balances, End of Year		\$ 72,032	

Library Operations			Storm Drain			Alameda County Measure B		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 376,020	\$ 382,123	\$ 6,103	\$ 291,000	\$ 282,976	\$ (8,024)			
			197,000		(197,000)	\$ 305,000	\$ 318,027	\$ 13,027
			3,000	5,043	2,043			
<u>376,020</u>	<u>382,123</u>	<u>6,103</u>	<u>491,000</u>	<u>288,019</u>	<u>(202,981)</u>	<u>305,000</u>	<u>318,027</u>	<u>13,027</u>
376,020	387,878	(11,858)						
			717,590	179,943	537,647			
<u>376,020</u>	<u>387,878</u>	<u>(11,858)</u>	<u>717,590</u>	<u>179,943</u>	<u>537,647</u>			
	(5,755)	(5,755)	(226,590)	108,076	334,666	305,000	318,027	13,027
			75,000	75,000				
			(10,000)	(10,000)		(305,000)	(305,000)	
			65,000	65,000		(305,000)	(305,000)	
<u>\$ -</u>	<u>(5,755)</u>	<u>\$ (5,755)</u>	<u>\$ (161,590)</u>	173,076	<u>\$ 334,666</u>	<u>\$ -</u>	13,027	<u>\$ 13,027</u>
	<u>25,221</u>			<u>360,594</u>			<u>44,275</u>	
	<u>\$ 19,466</u>			<u>\$ 533,670</u>			<u>\$ 57,302</u>	

CITY OF ALBANY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Continued)
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Waste Management		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Property taxes			
Franchise fees	\$ 64,000	\$ 82,955	\$ 18,955
Earnings on investments			
Revenue from other agencies	89,640	45,162	(44,478)
Current services charges			
Other revenue			
Total Revenues	<u>153,640</u>	<u>128,117</u>	<u>(25,523)</u>
EXPENDITURES			
Current:			
General government			
Police			
Fire and Emergency Medical Services			
Community Development and Environmental Resources	190,000	118,545	71,455
Recreation and Community Services			
Capital outlay			
Total Expenditures	<u>190,000</u>	<u>118,545</u>	<u>71,455</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(36,360)</u>	<u>9,572</u>	<u>45,932</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in			
Operating transfers (out)	(3,000)	(3,000)	
Total Other Financing Sources (Uses)	<u>(3,000)</u>	<u>(3,000)</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ (39,360)</u>	<u>6,572</u>	<u>\$ 45,932</u>
Fund Balances, Beginning of Year		<u>181,144</u>	
Fund Balances, End of Year		<u>\$ 187,716</u>	

M.T.C. Taxi Scrip			Lighting and Landscape Assessment District			Asset Forfeiture		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
			\$ 535,000	\$ 507,966	\$ (27,034)			
				22,196	22,196	\$ 82	\$ 82	
\$ 31,533	\$ 15,646	\$ (15,887)						
	11,411	11,411						
31,533	27,057	(4,476)	535,000	530,162	(4,838)		82	82
11,020	23,000	(11,980)	535,473	131,681	403,792			
11,020	23,000	(11,980)	535,473	131,681	403,792			
20,513	4,057	(16,456)	(473)	398,481	398,954		82	82
			(378,438)	(378,438)				
			(378,438)	(378,438)				
<u>\$ 20,513</u>	4,057	<u>\$ (16,456)</u>	<u>\$ (378,911)</u>	20,043	<u>\$ 398,954</u>	<u>\$ -</u>	82	<u>\$ 82</u>
	6,145			600,067			1,533	
	<u>\$ 10,202</u>			<u>\$ 620,110</u>			<u>\$ 1,615</u>	

CITY OF ALBANY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Continued)
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Emergency Medical Services		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Property taxes	\$ 340,000	\$ 336,088	\$ (3,912)
Franchise fees			
Earnings on investments			
Revenue from other agencies			
Current services charges	375,000	427,863	52,863
Other revenue			
Total Revenues	<u>715,000</u>	<u>763,951</u>	<u>48,951</u>
EXPENDITURES			
Current:			
General government			
Police			
Fire and Emergency Medical Services			
Community Development and Environmental Resources			
Recreation and Community Services			
Capital outlay			
Total Expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>715,000</u>	<u>763,951</u>	<u>48,951</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in			
Operating transfers (out)	<u>(715,000)</u>	<u>(715,000)</u>	
Total Other Financing Sources (Uses)	<u>(715,000)</u>	<u>(715,000)</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>48,951</u>	<u>\$ 48,951</u>
Fund Balances, Beginning of Year		<u>57,818</u>	
Fund Balances, End of Year		<u>\$ 106,769</u>	

Open Space			Law Enforcement Grants			Chief Operator Grant		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
	\$ 5,839	\$ 5,839		\$ 2,958	\$ 2,958			
				175,412	175,412	\$ 363,785	\$ 346,302	\$ (17,483)
	<u>5,839</u>	<u>5,839</u>		<u>178,370</u>	<u>178,370</u>	<u>363,785</u>	<u>346,302</u>	<u>(17,483)</u>
				84,270	(84,270)	363,785	346,201	17,584
\$ 1,000	1,158	(158)		53,791	(53,791)			
<u>1,000</u>	<u>1,158</u>	<u>(158)</u>		<u>138,061</u>	<u>(138,061)</u>	<u>363,785</u>	<u>346,201</u>	<u>17,584</u>
<u>(1,000)</u>	<u>4,681</u>	<u>5,681</u>		<u>40,309</u>	<u>40,309</u>		<u>101</u>	<u>101</u>
2,500	2,500			(40,000)	40,000			
<u>2,500</u>	<u>2,500</u>			<u>(40,000)</u>	<u>40,000</u>			
<u>\$ 1,500</u>	<u>7,181</u>	<u>\$ 5,681</u>	<u>\$ -</u>	<u>309</u>	<u>\$ 80,309</u>	<u>\$ -</u>	<u>101</u>	<u>\$ 101</u>
	<u>86,356</u>			<u>22,504</u>			<u>(101)</u>	
	<u>\$ 93,537</u>			<u>\$ 22,813</u>			<u>\$ -</u>	

CITY OF ALBANY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Continued)
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Recreational Playfields		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Property taxes			
Franchise fees			
Earnings on investments		\$ 2,026	\$ 2,026
Revenue from other agencies			
Current services charges			
Other revenue			
Total Revenues		<u>2,026</u>	<u>2,026</u>
EXPENDITURES			
Current:			
General government			
Police			
Fire and Emergency Medical Services			
Community Development and Environmental Resources			
Recreation and Community Services	\$ 23,245	38,340	(15,095)
Capital outlay			
Total Expenditures	<u>23,245</u>	<u>38,340</u>	<u>(15,095)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(23,245)</u>	<u>(36,314)</u>	<u>(13,069)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	1,250	1,250	
Operating transfers (out)			
Total Other Financing Sources (Uses)	<u>1,250</u>	<u>1,250</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ (21,995)</u>	<u>(35,064)</u>	<u>\$ (13,069)</u>
Fund Balances, Beginning of Year		<u>52,387</u>	
Fund Balances, End of Year		<u>\$ 17,323</u>	

Creek Restoration			Reinvestment Low-Mod Housing			Pension Property Tax		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
				\$ 27,584	\$ 27,584	\$ 1,100,000	\$ 1,164,678	\$ 64,678
	\$ 4,359	\$ 4,359		389	389			
	48,786	48,786						
	53,145	53,145		27,973	27,973	1,100,000	1,164,678	64,678
				101	(101)	1,100,000	1,164,678	(64,678)
\$ 48,695	81,347	(32,652)						
48,695	81,347	(32,652)		101	(101)	1,100,000	1,164,678	(64,678)
(48,695)	(28,202)	20,493		27,872	27,872			
1,250	1,250							
1,250	1,250							
<u>\$ (47,445)</u>	<u>(26,952)</u>	<u>\$ 20,493</u>	<u>\$ -</u>	<u>27,872</u>	<u>\$ 27,872</u>	<u>\$ -</u>		<u>\$ -</u>
	124,111			9,492				
	<u>\$ 97,159</u>			<u>\$ 37,364</u>			<u>\$ -</u>	

CITY OF ALBANY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Continued)
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Total		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Property taxes	\$ 2,642,020	\$ 2,701,415	\$ 59,395
Franchise fees	64,000	82,955	18,955
Earnings on investments		39,998	39,998
Revenue from other agencies	2,093,050	1,390,015	(703,035)
Current services charges	378,000	432,906	54,906
Other revenue		44,965	44,965
Total Revenues	5,177,070	4,692,254	(484,816)
EXPENDITURES			
Current:			
General government	1,476,020	1,552,657	(76,637)
Police	363,785	430,471	(66,686)
Fire and Emergency Medical Services		31,573	(31,573)
Community Development and Environmental Resources	2,324,275	574,955	1,749,320
Recreation and Community Services	83,960	143,845	(59,885)
Capital outlay		75,346	(75,346)
Total Expenditures	4,248,040	2,808,847	1,439,193
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	929,030	1,883,407	954,377
OTHER FINANCING SOURCES (USES)			
Operating transfers in	80,000	80,000	
Operating transfers (out)	(1,916,438)	(1,856,438)	140,000
Total Other Financing Sources (Uses)	(1,836,438)	(1,776,438)	140,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ (907,408)	106,969	\$ 1,094,377
Fund Balances, Beginning of Year		1,853,303	
Fund Balances, End of Year		<u>\$ 1,960,272</u>	

CITY OF ALBANY

CAPITAL PROJECTS FUNDS DESCRIPTION

Capital Project Funds are used for the acquisition or construction of major capital facilities other than those financed by proprietary funds or trust funds.

Fire Equipment Reserve Fund is being used to pay for the anticipated replacement costs of fire engines and equipment.

Police Equipment Fund is used for replacement of police vehicles and equipment.

Capital Facilities Developer Fee Fund is used to account for a fee on new development to assist in paying for capital improvements in the community. The fee is based on the City's anticipated capital improvements requirements and the proportion the new development will contribute to the community.

Capital Facilities Reserve Fund is used to pay for future construction of the Community Development Maintenance Center.

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

Reinvestment Fund is used to account for activity through the Albany Community Reinvestment Agency.

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

R & CS Reserve Fund is used to pay for the anticipated replacement costs of equipment and furniture, and maintenance and repair of the Community Center building.

CITY OF ALBANY

**COMBINING BALANCE SHEETS
CAPITAL PROJECTS FUNDS**

JUNE 30, 2002

(With Comparative Totals for June 30, 2001)

	Fire Equipment	Police Equipment	Capital Facilities Developer Fee	Capital Facilites
ASSETS				
Operating cash and investments	\$ 87,767	\$ 138,194	\$ 202,282	\$ 576,512
Receivables:				
Property taxes				
Other taxes				
Accounts	30,967			
Interest				
Due from other funds			85,367	
Total Assets	\$ 118,734	\$ 138,194	\$ 287,649	\$ 576,512
LIABILITIES				
Accounts payable			141,967	6,592
Accrued wages				1,206
Due to other funds				65,000
Total Liabilities			141,967	72,798
FUND BALANCES				
Fund balances				
Reserved for Capital Projects	118,734	138,194	145,682	503,714
Total Fund Balances	118,734	138,194	145,682	503,714
Total Liabilities and Fund Balances	\$ 118,734	\$ 138,194	\$ 287,649	\$ 576,512

Capital Projects	Reinvestment	1996-1 Assessment District Bond Fund	R & CS Reserve	TOTALS	
				2002	2001
	\$ 23,239	\$ 3,326,128	\$ 29,505	\$ 4,383,627	\$ 5,301,665
\$3,440,671	33,105 86,100	33,015 1,500,000		33,105 3,557,738 33,015 1,585,367	409,971 61,336
<u>\$3,440,671</u>	<u>\$ 142,444</u>	<u>\$ 4,859,143</u>	<u>\$ 29,505</u>	<u>\$ 9,592,852</u>	<u>\$ 5,772,972</u>
583,989	70	254	7,033	739,905	126,572
3,238,612	211 1,488	257,905	20,367	1,417 3,583,372	328,908
<u>3,822,601</u>	<u>1,769</u>	<u>258,159</u>	<u>27,400</u>	<u>4,324,694</u>	<u>455,480</u>
(381,930)	140,675	4,600,984	2,105	5,268,158	5,317,492
<u>(381,930)</u>	<u>140,675</u>	<u>4,600,984</u>	<u>2,105</u>	<u>5,268,158</u>	<u>5,317,492</u>
<u>\$3,440,671</u>	<u>\$ 142,444</u>	<u>\$ 4,859,143</u>	<u>\$ 29,505</u>	<u>\$ 9,592,852</u>	<u>\$ 5,772,972</u>

CITY OF ALBANY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)**

	<u>Fire Equipment</u>	<u>Police Equipment</u>	<u>Capital Facilities Developer Fee</u>	<u>Capital Facilities</u>
REVENUES				
Property taxes				
Earnings on investments				\$ 32,768
Revenue from other agencies				
Current services charges			\$ 126,365	
Other revenue	\$ 30,967	\$ 2,315	100,000	10,000
Total Revenues	<u>30,967</u>	<u>2,315</u>	<u>226,365</u>	<u>42,768</u>
EXPENDITURES				
Current:				
General government				124,437
Community Development and Environmental Resources			142,119	
Recreation and Community Services				
Capital outlay	11,472			1,391
Debt service:				
Principal	19,801			
Interest	7,810			
Total Expenditures	<u>39,083</u>		<u>142,119</u>	<u>125,828</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(8,116)</u>	<u>2,315</u>	<u>84,246</u>	<u>(83,060)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	55,536	82,079	85,367	
Operating transfers (out)			(20,000)	(65,000)
Total Other Financing Sources (Uses)	<u>55,536</u>	<u>82,079</u>	<u>65,367</u>	<u>(65,000)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	47,420	84,394	149,613	(148,060)
Fund Balances, Beginning of Year	71,314	53,800	(3,931)	651,774
Prior Period Adjustment				
Fund Balances, End of Year	<u>\$ 118,734</u>	<u>\$ 138,194</u>	<u>\$ 145,682</u>	<u>\$ 503,714</u>

Capital Projects	Reinvestment	1996-1 Assessment District Bond Fund	R & CS Reserve	TOTALS	
				2002	2001
	\$ 110,333			\$ 110,333	
	1,489	\$ 162,830		197,087	\$ 365,468
\$ 3,344,831			\$ 35,736	3,344,831	523,614
				162,101	46,248
				\$143,282	(\$12,262)
<u>3,344,831</u>	<u>111,822</u>	<u>162,830</u>	<u>35,736</u>	<u>3,957,634</u>	<u>923,068</u>
	13,607			138,044	415,251
				142,119	521,990
			36,893	36,893	
3,786,796		257		3,799,916	
				19,801	18,742
				7,810	8,794
<u>3,786,796</u>	<u>13,607</u>	<u>257</u>	<u>36,893</u>	<u>4,144,583</u>	<u>964,777</u>
<u>(441,965)</u>	<u>98,215</u>	<u>162,573</u>	<u>(1,157)</u>	<u>(186,949)</u>	<u>(41,709)</u>
20,000				242,982	117,835
			(20,367)	(105,367)	(34,673)
<u>20,000</u>			<u>(20,367)</u>	<u>137,615</u>	<u>83,162</u>
(421,965)	98,215	162,573	(21,524)	(49,334)	41,453
40,035	42,460	4,438,411	23,629	5,317,492	5,296,659
					(20,620)
<u>\$ (381,930)</u>	<u>\$ 140,675</u>	<u>\$ 4,600,984</u>	<u>\$ 2,105</u>	<u>\$ 5,268,158</u>	<u>\$ 5,317,492</u>

CITY OF ALBANY

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Fire Equipment		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes			
Earnings on investments			
Revenue from other agencies			
Current services charges			
Other revenue	\$ 33,000	\$ 30,967	\$ (2,033)
Total Revenues	<u>33,000</u>	<u>30,967</u>	<u>(2,033)</u>
EXPENDITURES			
Current:			
General government			
Community Development and Environmental Resources			
Recreation and Community Services			
Capital outlay	20,120	11,472	8,648
Debt service:			
Principal	18,742	19,801	(1,059)
Interest	8,794	7,810	984
Total Expenditures	<u>47,656</u>	<u>39,083</u>	<u>8,573</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(14,656)</u>	<u>(8,116)</u>	<u>6,540</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	55,536	55,536	
Operating transfers (out)			
Total Other Financing Sources (Uses)	<u>55,536</u>	<u>55,536</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ 40,880</u>	47,420	<u>\$ 6,540</u>
Fund Balances, Beginning of Year		<u>71,314</u>	
Fund Balances, End of Year		<u>\$ 118,734</u>	

Police Equipment			Capital Facilities Developer Fee			Capital Facilities		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
							\$ 32,768	\$ 32,768
	\$ 2,315	\$ 2,315	\$120,000	\$ 126,365	\$ 6,365		10,000	10,000
	2,315	2,315	120,000	226,365	106,365		42,768	42,768
						\$ 175,775	124,437	51,338
			100,000	142,119	(42,119)	435,000	1,391	433,609
			100,000	142,119	(42,119)	610,775	125,828	484,947
	2,315	2,315	20,000	84,246	64,246	(610,775)	(83,060)	527,715
	82,079	82,079	(20,000)	85,367	85,367		(65,000)	65,000
	82,079	82,079	(20,000)	65,367	85,367		(65,000)	65,000
\$ -	84,394	\$ 84,394	\$ -	149,613	\$ 149,613	\$(610,775)	(148,060)	\$ 592,715
	53,800			(3,931)			651,774	
	\$138,194			\$ 145,682			\$503,714	

CITY OF ALBANY

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Continued)
CAPITAL PROJECT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Capital Projects		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes			
Earnings on investments			
Revenue from other agencies	\$ 4,212,500	\$ 3,344,831	\$ (867,669)
Current services charges			
Other revenue			
 Total Revenues	 4,212,500	 3,344,831	 (867,669)
EXPENDITURES			
Current:			
General government			
Community Development and Environmental Resources			
Recreation and Community Services			
Capital outlay	4,294,250	3,786,796	507,454
Debt service:			
Principal			
Interest			
 Total Expenditures	 4,294,250	 3,786,796	 507,454
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(81,750)	(441,965)	(360,215)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	20,000	20,000	
Operating transfers (out)			
 Total Other Financing Sources (Uses)	 20,000	 20,000	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ (61,750)	(421,965)	\$ (360,215)
Fund Balances, Beginning of Year		40,035	
Fund Balances, End of Year		\$ (381,930)	

Reinvestment			1996-1 Assessment District Bond Fund			R & CS Reserve		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 39,199	\$ 110,333 1,489	\$ 110,333 (37,710)	\$274,000	\$ 162,830	\$ (111,170)			
						\$ 25,000	\$35,736	\$ 10,736
<u>39,199</u>	<u>111,822</u>	<u>72,623</u>	<u>274,000</u>	<u>162,830</u>	<u>(111,170)</u>	<u>25,000</u>	<u>35,736</u>	<u>10,736</u>
39,199	13,607	25,592						
			118,000	257	117,743	22,000	36,893	(14,893)
<u>39,199</u>	<u>13,607</u>	<u>25,592</u>	<u>118,000</u>	<u>257</u>	<u>117,743</u>	<u>22,000</u>	<u>36,893</u>	<u>(14,893)</u>
	98,215	98,215	156,000	162,573	6,573	3,000	(1,157)	25,629
39,199		(39,199)						
							(20,367)	20,367
<u>39,199</u>		<u>(39,199)</u>					<u>(20,367)</u>	<u>20,367</u>
<u>\$ 39,199</u>	<u>98,215</u>	<u>\$ 59,016</u>	<u>\$156,000</u>	<u>162,573</u>	<u>\$ 6,573</u>	<u>\$ 3,000</u>	<u>(21,524)</u>	<u>\$ 45,996</u>
	<u>42,460</u>			<u>4,438,411</u>			<u>23,629</u>	
	<u>\$ 140,675</u>			<u>\$4,600,984</u>			<u>\$ 2,105</u>	

CITY OF ALBANY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Continued)
CAPITAL PROJECT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Total		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Property taxes		\$ 110,333	\$ 110,333
Earnings on investments	\$ 313,199	197,087	(116,112)
Revenue from other agencies	4,212,500	3,344,831	(867,669)
Current services charges	145,000	162,101	17,101
Other revenue	33,000	143,282	110,282
Total Revenues	4,703,699	3,957,634	(746,065)
EXPENDITURES			
Current:			
General government	214,974	138,044	76,930
Community Development and Environmental Resources	100,000	142,119	(42,119)
Recreation and Community Services	22,000	36,893	(14,893)
Capital outlay	4,867,370	3,799,916	1,067,454
Debt service:			
Principal	18,742	19,801	(1,059)
Interest	8,794	7,810	984
Total Expenditures	5,231,880	4,144,583	1,087,297
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(528,181)	(186,949)	341,232
OTHER FINANCING SOURCES (USES)			
Operating transfers in	114,735	242,982	128,247
Operating transfers (out)	(20,000)	(105,367)	85,367
Total Other Financing Sources (Uses)	94,735	137,615	213,614
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ (433,446)	(49,334)	\$ 554,846
Fund Balances, Beginning of Year		5,317,492	
Fund Balances, End of Year		\$ 5,268,158	

CITY OF ALBANY

DEBT SERVICE FUNDS DESCRIPTION

Public Facilities Financing Authority is used to account for the accumulation of resources for the payments of general long-term debt principal and interest.

Reinvestment Debt Service is used to account for property tax increase and other revenues generated by activities in the reinvestment area and used to service debt incurred by the Reinvestment Agency.

CITY OF ALBANY

COMBINING BALANCE SHEETS

DEBT SERVICE FUNDS

JUNE 30, 2002

(With Comparative Totals for June 30, 2001)

	Debt Service APFFA	Reinvestment Debt Service	TOTALS	
			2002	2001
ASSETS				
Operating cash and investments	\$ 78,437	\$ 22,941	\$ 101,378	\$ 74,702
Debt service reserves held with trustee	495,147		495,147	490,391
Interest				39
Due from other funds		1,488	1,488	
Total Assets	\$ 573,584	\$ 24,429	\$ 598,013	\$ 565,132
LIABILITIES				
Accounts payable	14,550	56	14,606	
Total Liabilities	14,550	56	14,606	
FUND BALANCE				
Fund balances				
Reserved for Debt Service	559,034	24,373	583,407	565,132
Total Fund Balances	559,034	24,373	583,407	565,132
Total Liabilities and Fund Balances	\$ 573,584	\$ 24,429	\$ 598,013	\$ 565,132

CITY OF ALBANY

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)**

	Debt Service APFFA	Reinvestment Debt Service	TOTALS	
			2002	2001
REVENUES				
Property taxes		\$ 1,488	\$ 1,488	\$ 2,397
Earnings on investments	\$ 18,111	776	18,887	48,428
Total Revenues	18,111	2,264	20,375	50,825
EXPENDITURES				
Current:				
General government	5,300		5,300	3,250
Debt service:				
Principal	290,000		290,000	275,000
Interest	172,800		172,800	184,806
Total Expenditures	468,100		468,100	463,056
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(449,989)	2,264	(447,725)	(412,231)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	466,000		466,000	461,789
Total Other Financing Sources (Uses)	466,000		466,000	461,789
(DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	16,011	2,264	18,275	49,558
Fund Balances, Beginning of Year	543,023	22,109	565,132	515,574
Fund Balances, End of Year	\$ 559,034	\$ 24,373	\$ 583,407	\$ 565,132

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CITY OF ALBANY

SEWER ENTERPRISE FUND DESCRIPTION

Sewer Enterprise Fund is used to account for sewage treatment and transmission provided to City residents. The cost of these services, including depreciation, are recovered primarily through user charges.

CITY OF ALBANY

COMPARATIVE BALANCE SHEETS
SEWER ENTERPRISE FUND
JUNE 30, 2002 AND 2001

ASSETS	2002	2001
Current Assets		
Operating cash and investments	\$ 1,903,980	\$ 1,619,499
Debt service reserves held with trustee	390,428	393,277
Receivables:		
Accounts	18,166	19,274
Total Current Assets	2,312,574	2,032,050
Prepaid bond issuance costs, net of amortization	174,016	189,835
Fixed assets (net of accumulated depreciation)	10,604,483	10,149,244
Total Assets	\$ 13,091,073	\$ 12,371,129
LIABILITIES		
Current Liabilities		
Accounts payable	757,340	96,975
Due to other funds		64,664
Current portion of long term debt	215,000	210,000
Total Current Liabilities	972,340	371,639
Long-term debt		
Revenue bonds	3,215,000	3,430,000
Total Liabilities	4,187,340	3,801,639
FUND EQUITY AND OTHER CREDITS		
Contributed capital	23,574	23,574
Retained earnings - unreserved	8,880,159	8,545,916
Total Fund Equity	8,903,733	8,569,490
Total Liabilities and Fund Equity	\$ 13,091,073	\$ 12,371,129

CITY OF ALBANY

**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
SEWER ENTERPRISE FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
OPERATING REVENUES		
Service charges	\$ 1,505,843	\$ 1,487,304
Total Operating Revenues	<u>1,505,843</u>	<u>1,487,304</u>
OPERATING EXPENSES		
Materials, supplies and other	210,878	69,890
Depreciation	<u>234,780</u>	<u>250,657</u>
Total Operating Expenses	<u>445,658</u>	<u>320,547</u>
Operating Income	<u>1,060,185</u>	<u>1,166,757</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	48,285	129,102
Miscellaneous	1,211	
Interest Expense	<u>(52,831)</u>	<u>(168,834)</u>
Total Nonoperating Revenues	<u>(3,335)</u>	<u>(39,732)</u>
Income Before Operating Transfers	1,056,850	1,127,025
OPERATING TRANSFERS IN	420,000	248,083
OPERATING TRANSFERS (OUT)	<u>(1,142,607)</u>	<u>(782,920)</u>
Net Income	334,243	592,188
Retained Earnings, at Beginning of Year	<u>8,545,916</u>	<u>7,953,728</u>
Retained Earnings, at End of Year	<u>\$ 8,880,159</u>	<u>\$ 8,545,916</u>

CITY OF ALBANY

**COMPARATIVE STATEMENTS OF CASH FLOWS
SEWER ENTERPRISE FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 1,060,185	\$ 1,166,757
Adjustments to reconcile operating income to cash flows from operating activities:		
Depreciation	234,780	250,657
Miscellaneous income	1,211	
Net effect of changes in:		
Accounts receivable	1,089	63,427
Interest receivable		13,516
Prepaid	15,819	
Accounts payable	660,365	12,056
Due to other funds	<u>(64,664)</u>	<u>(300,503)</u>
Cash Flows from Operating Activities	<u>1,908,785</u>	<u>1,205,910</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (Increase) in restricted investments	2,849	2,949
Interest received	<u>48,285</u>	<u>129,102</u>
Cash Flows from Investing Activities	<u>51,134</u>	<u>132,051</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital expenditures	(690,000)	
Principal payment on sewer revenue bonds	(210,000)	(200,000)
Interest paid	<u>(52,831)</u>	<u>(168,834)</u>
Cash Flows from Capital and Related Financing Activities	<u>(952,831)</u>	<u>(368,834)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers in	420,000	248,083
Operating transfers out	<u>(1,142,607)</u>	<u>(782,920)</u>
Cash Flows from Noncapital Financing Activities	<u>(722,607)</u>	<u>(534,837)</u>
Net Cash Flows	284,481	434,290
Cash and Investments at Beginning of Year	<u>1,619,499</u>	<u>1,185,209</u>
Cash and Investments at End of Year	<u>\$ 1,903,980</u>	<u>\$ 1,619,499</u>

CITY OF ALBANY

INTERNAL SERVICE FUNDS DESCRIPTION

Internal Service Funds are used to account for the financing of services provided by one department to other departments on a cost reimbursed basis.

Community Development Equipment Reserve Fund is being used to accumulate resources to be used for anticipated replacement costs of public works and park equipment.

General Liability Fund was established to cover future general liability claims against the City.

Workers' Compensation Fund was established to cover future unknown claims that may occur relating to Workers' Compensation injuries.

CITY OF ALBANY

COMBINING BALANCE SHEETS

INTERNAL SERVICE FUNDS

JUNE 30, 2002

(With Comparative Totals for June 30, 2001)

	<u>Community Development Equipment</u>	<u>General Liability</u>	<u>Workers' Compensation</u>
ASSETS			
Current Assets			
Operating cash and investments	\$ 155,121	\$ 338,010	\$ 1,272,975
Total Current Assets	155,121	338,010	1,272,975
Property, plant and equipment, net of accumulated depreciation	<u>126,733</u>		
Total Assets	<u>\$ 281,854</u>	<u>\$ 338,010</u>	<u>\$ 1,272,975</u>
LIABILITIES			
Claims payable		<u>238,153</u>	<u>1,503,259</u>
RETAINED EARNINGS			
Retained earnings - unreserved	<u>281,854</u>	<u>99,857</u>	<u>(230,284)</u>
Total Liabilities and Retained Earnings	<u>\$ 281,854</u>	<u>\$ 338,010</u>	<u>\$ 1,272,975</u>

Totals

<u>2002</u>	<u>2001</u>
<u>\$ 1,766,106</u>	<u>\$ 901,509</u>
1,766,106	901,509
<u>126,733</u>	<u>156,229</u>
<u><u>\$ 1,892,839</u></u>	<u><u>\$ 1,057,738</u></u>
<u>1,741,412</u>	<u>983,901</u>
<u>151,427</u>	<u>73,837</u>
<u><u>\$ 1,892,839</u></u>	<u><u>\$ 1,057,738</u></u>

CITY OF ALBANY

**COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS**

INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

(With Comparative Totals for the Fiscal Year Ended June 30, 2001)

	<u>Community Development Equipment</u>	<u>General Liability</u>	<u>Workers' Compensation</u>
OPERATING REVENUE			
Charges for services	\$ -	\$ 123,774	\$ 189,036
OPERATING EXPENSES			
Materials, supplies and other		157,100	822,367
Claims expense			90,855
Depreciation	29,496		
Total Operating Expense	<u>29,496</u>	<u>157,100</u>	<u>913,222</u>
Operating Income (Loss)	<u>(29,496)</u>	<u>(33,326)</u>	<u>(724,186)</u>
NONOPERATING REVENUES (EXPENSES)			
Miscellaneous			
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(29,496)	(33,326)	(724,186)
Operating transfers in	<u>80,000</u>		<u>784,598</u>
NET INCOME (LOSS)	50,504	(33,326)	60,412
Retained Earnings at Beginning of Year	<u>231,350</u>	<u>133,183</u>	<u>(290,696)</u>
Retained Earnings at End of Year	<u>\$ 281,854</u>	<u>\$ 99,857</u>	<u>\$ (230,284)</u>

CITY OF ALBANY

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

(With Comparative Amounts for the Fiscal Year Ended June 30, 2001)

	Community Development Equipment	General Liability	Workers' Compensation	<u>Totals</u>	
				2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ (29,496)	\$(33,326)	\$ (724,186)	\$ (787,008)	\$ 46,048
Adjustments to reconcile operating income to cash flows from operating activities:					
Depreciation	29,496			29,496	29,494
Miscellaneous income					471
Net effect of changes in Claims payable		33,325	724,186	757,511	(80,464)
Cash Flows from Operating Activities		(1)	-	(1)	(4,451)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating transfers in	80,000		784,598	864,598	130,000
Net Cash Flows	80,000	(1)	784,598	864,597	125,549
Cash and investments at Beginning of Year	75,121	338,011	488,377	901,509	775,960
Cash and investments at End of Year	<u>\$ 155,121</u>	<u>\$338,010</u>	<u>\$ 1,272,975</u>	<u>\$1,766,106</u>	<u>\$ 901,509</u>

CITY OF ALBANY

FIDUCIARY FUNDS DESCRIPTION

Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. Such funds are operated to carry out the specific actions of trust agreements, ordinances, bi-laws, and other governing regulations.

TRUST FUND

Police and Fire Pension Trust Fund is used to account for the activities of the City of Albany Police and Fire Relief and Pension Plan.

AGENCY FUNDS

Pension Override Fund is used to account for Pension Override tax revenues collected on behalf of the City of Albany Police and Fire Relief and Pension Plan. The City remits these revenues to the Plan upon receipt from the County.

Bond and Trust Fund is used to track security or performance bond deposits on projects that encroach upon the City facilities right of ways. As projects are completed, monies are either refunded to the depositor or transferred to the General Fund.

School Facility Fee Fund is used to account for fees levied by and due to the Albany Unified School District.

Ladbroke Deposit Fund paid a security deposit to be used for services on the card room proposal on a time and material basis. On a periodic basis, monies are transferred to the General Fund to reimburse for the costs incurred.

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

CITY OF ALBANY

COMBINING BALANCE SHEETS

FIDUCIARY FUND TYPES

JUNE 30, 2002

(With Comparative Totals for June 30, 2001)

ASSETS	PENSION TRUST FUND		TOTALS	
	Police and Fire Pension	All Agency Funds	2002	2001
Operating cash and investments	\$ 252,680	\$ 1,794,274	\$ 2,046,954	\$ 2,034,175
Receivables				
Accounts	619,873	47,930	667,803	709,387
Interest	121,505		121,505	119,888
Police and Fire Pension Plan Investments	12,480,038		12,480,038	11,798,371
Total Assets	\$ 13,474,096	\$ 1,842,204	\$ 15,316,300	\$ 14,661,821
LIABILITIES				
Accounts payable	10,375	638,244	648,619	628,930
Due to bondholders		886,832	886,832	886,896
Refundable deposits		317,128	317,128	220,472
Total Liabilities	10,375	1,842,204	1,852,579	1,736,298
FUND BALANCES				
Reserved for employee's retirement system	13,463,721		13,463,721	12,925,523
Total Liabilities and Fund Balances	\$ 13,474,096	\$ 1,842,204	\$ 15,316,300	\$ 14,661,821

CITY OF ALBANY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Balance June 30, 2001	Additions	Reductions	Balance June 30, 2002
<u>Pension Override</u>				
Operating cash and investments	\$ 557,660	\$ 19,608		\$ 577,268
Accounts Receivable	22,131	20,474		42,605
Total Assets	\$ 579,791	\$ 40,082	\$ -	\$ 619,873
Accounts payable	579,791	40,082		619,873
Total Liabilities	\$ 579,791	\$ 40,082	\$ -	\$ 619,873
<u>Bond and Trust</u>				
Operating cash and investments	\$ 233,854	\$ 97,175		\$ 331,029
Accounts payable	9,524	4,377		13,901
Refundable deposits	224,330	92,798		317,128
Total Liabilities	\$ 233,854	\$ 97,175	\$ -	\$ 331,029
<u>School Facility Fee</u>				
Operating cash and investment	\$ 33,184	\$ 124,976	\$ (153,690)	\$ 4,470
Accounts payable	\$ 33,184	\$ 124,976	\$ (153,690)	\$ 4,470
<u>Ladbroke Deposit</u>				
Operating cash and investment	\$ (3,858)	\$ 3,858		\$ -
Total Assets	\$ (3,858)	\$ 3,858	\$ -	\$ -
Refundable deposits	(3,858)	3,858		-
Total Liabilities	\$ (3,858)	\$ 3,858	\$ -	\$ -

CITY OF ALBANY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Balance June 30, 2001	Additions	Reductions	Balance June 30, 2002
<u>1996-1 Assessment District Bond Funds</u>				
Operating cash and investment	\$ 279,500	\$ 585,490	\$ (474,866)	\$ 390,124
Debt service reserves held with trustee	499,931		(8,548)	491,383
Accounts receivable	107,465		(102,140)	5,325
	<u>886,896</u>	<u>585,490</u>	<u>(585,554)</u>	<u>886,832</u>
Total Assets	<u>\$ 886,896</u>	<u>\$ 585,490</u>	<u>\$ (585,554)</u>	<u>\$ 886,832</u>
Due to bondholders	<u>\$ 886,896</u>		<u>\$ (64)</u>	<u>\$ 886,832</u>
<u>Total Agency Funds</u>				
Operating cash and investments	\$ 1,100,340	\$ 831,107	\$ (628,556)	\$ 1,302,891
Debt service reserves held with trustee	499,931		(8,548)	491,383
Accounts receivable	129,596	20,474	(102,140)	47,930
	<u>1,729,867</u>	<u>851,581</u>	<u>(739,244)</u>	<u>1,842,204</u>
Total Assets	<u>\$ 1,729,867</u>	<u>\$ 851,581</u>	<u>\$ (739,244)</u>	<u>\$ 1,842,204</u>
Accounts payable	622,499	169,435	(153,690)	638,244
Due to bondholders	886,896		(64)	886,832
Refundable deposits	220,472	96,656		317,128
	<u>1,729,867</u>	<u>266,091</u>	<u>(153,754)</u>	<u>1,842,204</u>
Total Liabilities	<u>\$ 1,729,867</u>	<u>\$ 266,091</u>	<u>\$ (153,754)</u>	<u>\$ 1,842,204</u>

CITY OF ALBANY

GENERAL FIXED ASSETS ACCOUNT GROUP DESCRIPTION

The **General Fixed Assets Account Group** is used to account for all the City's fixed assets, which are not included in the enterprise or internal service funds. Fixed assets include land, buildings, equipment, improvements other than buildings, machinery, construction in progress, furniture/fixtures, and vehicles held by the City which have a value of more than \$500 and a life expectancy of more than a year.

CITY OF ALBANY

**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY SOURCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Balance at June 30, 2001	Additions	Retirements	Balance at June 30, 2002
General Fixed Assets				
Land and improvements	\$ 8,128,248			\$ 8,128,248
Buildings	8,159,207			8,159,207
Machinery and equipment	1,415,454	\$ 88,001	\$ 23,863	1,479,592
Furniture and fixtures	412,596			412,596
Vehicles	1,290,532	88,211	40,250	1,338,493
	<u>\$ 19,406,037</u>	<u>\$ 176,212</u>	<u>\$ 64,113</u>	<u>\$ 19,518,136</u>
Investment in General Fixed Assets				
General Fund Revenues	\$ 12,320,633	\$ 176,212	\$ 64,113	\$ 12,432,732
Capital Projects Fund revenues	7,085,404			7,085,404
	<u>\$ 19,406,037</u>	<u>\$ 176,212</u>	<u>\$ 64,113</u>	<u>\$ 19,518,136</u>

CITY OF ALBANY

**SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
JUNE 30, 2002**

FUNCTION AND ACTIVITY	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Furniture and Equipment</u>
General Government			
City Council	\$ 464,143		
Administrative		\$ 681,575	\$ 128,153
City Clerk			5,528
Finance and Administrative Services			49,965
Treasury			3,655
City Attorney			2,831
Total General Government	<u>464,143</u>	<u>681,575</u>	<u>190,132</u>
Public Safety			
Police			636,550
Fire	3,280	1,365	336,334
Total Public Safety	<u>3,280</u>	<u>1,365</u>	<u>972,884</u>
Community Development and Environmental Services			
Administrative	412,041		128,053
Planning			13,173
Street Maintenance	913,309		71,454
Sewer Maintenance	232,353		
Total Community Development and Environmental Services	<u>1,557,703</u>		<u>212,680</u>
Culture and Recreation			
Recreation	241,881	1,016,768	265,196
Parks	5,379,241	52,917	54,474
Library/Community Center	482,000	6,406,582	196,822
Total Culture and Recreation	<u>6,103,122</u>	<u>7,476,267</u>	<u>516,492</u>
Total General Fixed Assets	<u>\$ 8,128,248</u>	<u>\$ 8,159,207</u>	<u>\$ 1,892,188</u>

<u>Vehicles</u>	<u>Balance at June 30, 2002</u>
	\$ 464,143
	809,728
	5,528
	49,965
	3,655
	<u>2,831</u>
	<u>1,335,850</u>
\$ 371,204	1,007,754
<u>874,693</u>	<u>1,215,672</u>
<u>1,245,897</u>	<u>2,223,426</u>
	540,094
	13,173
	984,763
	<u>232,353</u>
	<u>1,770,383</u>
46,896	1,570,741
45,700	5,532,332
	<u>7,085,404</u>
<u>92,596</u>	<u>14,188,477</u>
<u>\$ 1,338,493</u>	<u>\$ 19,518,136</u>

CITY OF ALBANY

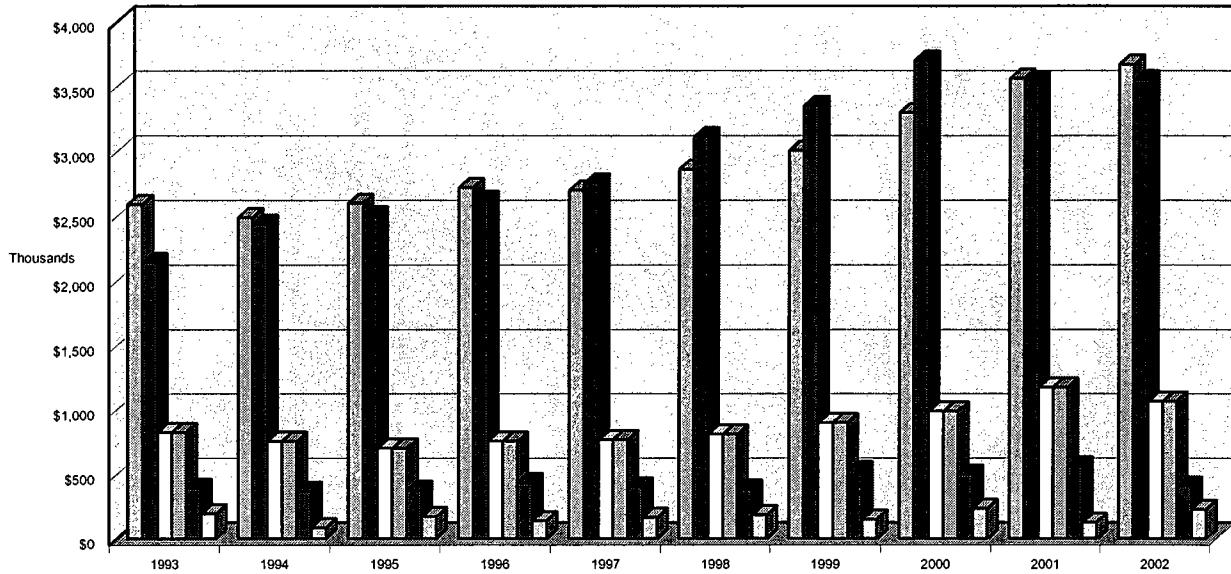
**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Balance at June 30, 2001	Additions	Retirements	Balance at June 30, 2002
FUNCTION AND ACTIVITY				
General Government				
City Council	\$ 464,143			\$ 464,143
Administrative	806,476	\$ 3,252		809,728
City Clerk	5,528			5,528
Finance and Administrative services	49,965			49,965
Treasury	3,655			3,655
City Attorney	2,831			2,831
Total General Government	1,332,598	3,252		1,335,850
Public Safety				
Police	892,646	58,089		950,735
Fire	1,171,530	84,392	\$ 64,113	1,191,809
Chief Operator	12,639			12,639
COPs	68,243			68,243
Total Public Safety	2,145,058	142,481	64,113	2,223,426
Community Development and Environmental Services				
Administrative	538,957	1,137		540,094
Planning	13,173			13,173
Street Maintenance	982,236	2,527		984,763
Sewer Maintenance	232,353			232,353
Total Community Development and Environmental Services	1,766,719	3,664		1,770,383
Culture and Recreation				
Recreation	1,543,926	26,815		1,570,741
Parks	5,532,332			5,532,332
Library/Community Center	7,085,404			7,085,404
Total Culture and Recreation	14,161,662	26,815		14,188,477
Total General Fixed Assets	\$ 19,406,037	\$ 176,212	\$ 64,113	\$ 19,518,136

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STATISTICAL SECTION

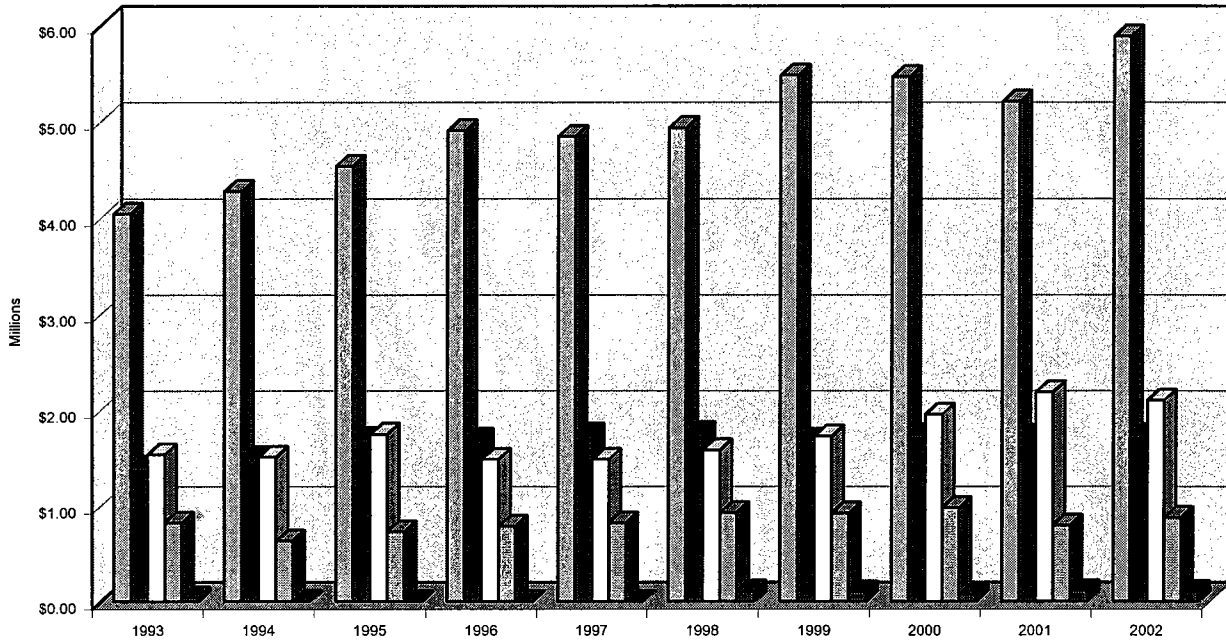
CITY OF ALBANY
GENERAL FUND REVENUES BY SOURCE
LAST TEN FISCAL YEARS



Fiscal Year	Taxes	Licenses, Permits, and Fees	Revenue from Other Agencies	Current Service Charges	Fines, Forfeits, and Misc Revenue	Use of Money and Property	Total
1993	\$ 2,594,045	\$ 2,145,544	\$ 825,671	\$ 645,420	\$ 392,375	\$ 192,964	\$ 6,796,019
1994	2,492,853	2,439,936	756,583	725,164	366,932	84,784	6,866,252
1995	2,602,853	2,506,179	701,262	790,596	374,983	170,331	7,146,204
1996	2,723,325	2,622,870	756,917	800,379	434,462	137,811	7,475,764
1997	2,703,597	2,757,162	767,614	908,612	398,936	163,727	7,699,648
1998	2,864,174	3,115,556	811,911	938,550	382,352	183,622	8,296,165
1999	3,009,731	3,351,854	899,527	994,711	525,952	148,414	8,930,189
2000	3,301,830	3,704,932	988,737	901,763	496,890	232,905	9,627,057
2001	3,566,057	3,546,397	1,175,992	798,676	563,628	125,181	9,775,931
2002	3,673,236	3,553,513	1,066,584	902,881	406,646	225,215	9,828,075

Source: City of Albany financial reports, budget reports and accounting records.

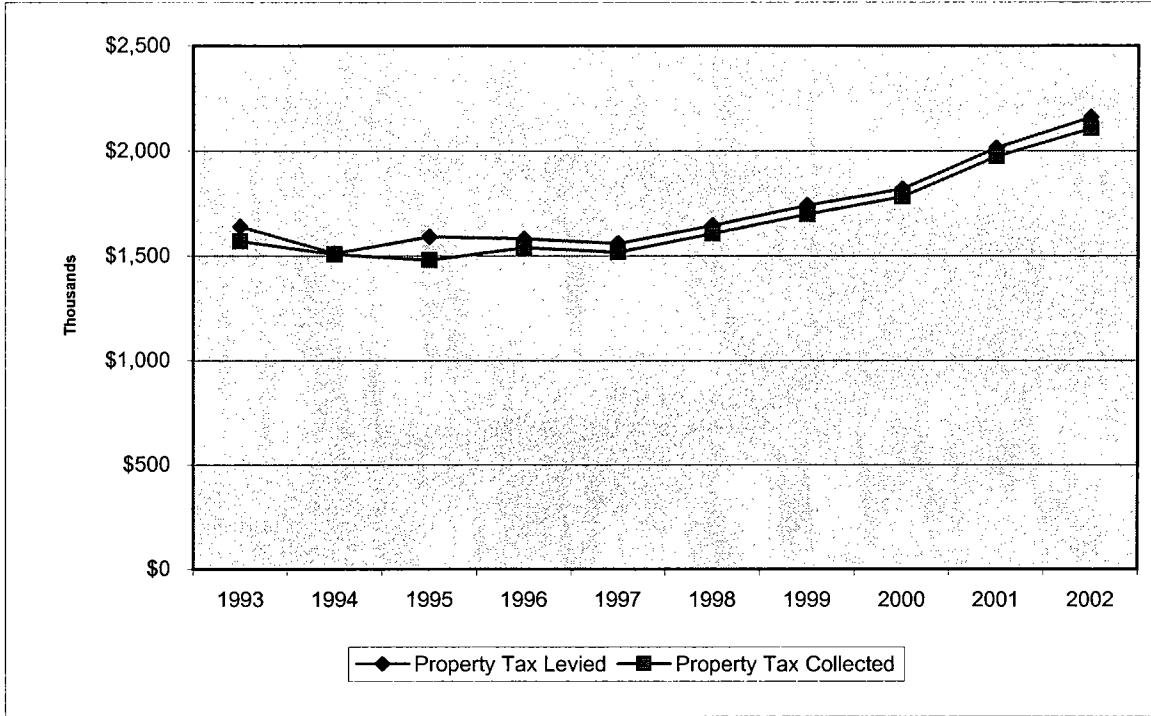
CITY OF ALBANY
GENERAL FUND EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS



Fiscal Year	Police, Fire and Emergency Medical Services	Community Development	General Government	Recreation and Community Services	Debt Service	Total
1993	\$ 4,044,424	\$ 1,405,024	\$ 1,533,769	\$ 820,617	\$ 37,903	\$ 7,841,737
1994	4,277,544	1,501,953	1,505,062	633,710	3,109	7,921,378
1995	4,538,408	1,702,983	1,744,694	726,828	0	8,712,913
1996	4,906,608	1,691,757	1,483,455	781,548	0	8,863,368
1997	4,847,997	1,747,680	1,483,110	820,012	0	8,898,799
1998	4,935,727	1,763,882	1,581,358	927,100	104,861	9,312,928
1999	5,481,958	1,688,573	1,725,914	921,140	99,843	9,917,428
2000	5,465,282	1,739,204	1,951,749	975,941	70,322	10,202,498
2001	5,209,127	1,733,811	2,185,749	793,554	109,585	10,031,826
2002	5,882,922	1,739,403	2,100,360	874,243	102,610	10,699,538

Source: City of Albany financial reports, budget reports and accounting records.

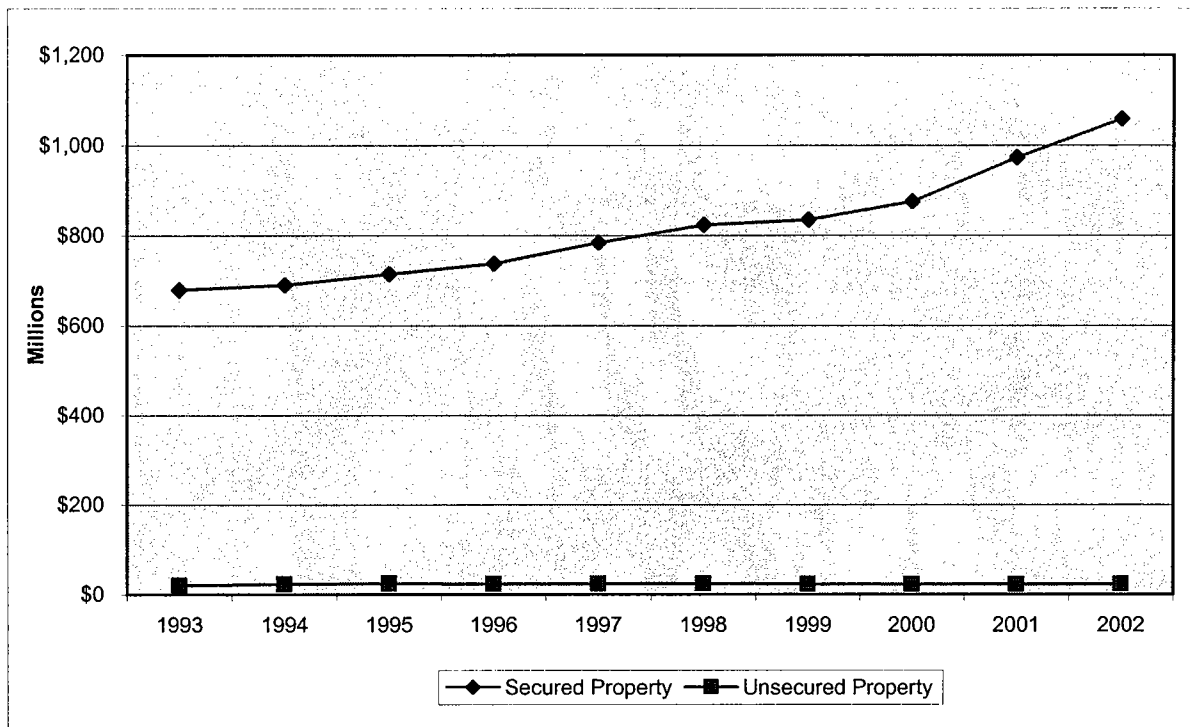
CITY OF ALBANY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS



<u>Fiscal Year</u>	<u>Property Tax Levied</u>	<u>Property Tax Collected</u>	<u>Percent Collected</u>
1993	\$ 1,640,346	\$ 1,569,764	95.70%
1994	1,511,707	1,507,875	99.75%
1995	1,591,745	1,480,246	93.00%
1996	1,582,044	1,539,165	97.29%
1997	1,559,255	1,518,008	97.35%
1998	1,645,641	1,606,487	97.62%
1999	1,741,121	1,699,031	97.58%
2000	1,819,144	1,783,414	98.04%
2001	2,015,504	1,974,254	97.95%
2002	2,160,733	2,106,408	97.49%

Source: Alameda County Auditor-Controller Office

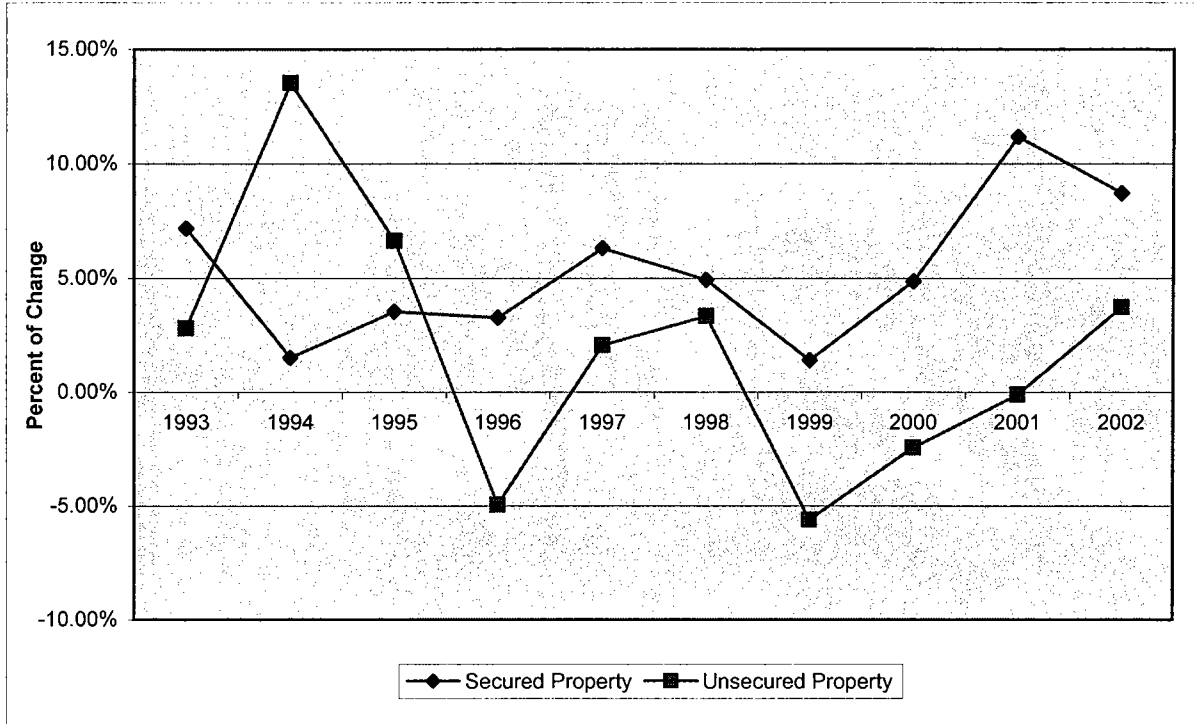
CITY OF ALBANY
 ASSESSED VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS



<u>Fiscal Year</u>	<u>Secured Property</u>	<u>Percent Change Secured Property</u>	<u>Unsecured Property</u>	<u>Percent Change Unsecured Property</u>	<u>Total Assessed</u>
1993	\$ 680,037,627	7.18%	\$ 20,506,220	2.81%	\$ 700,543,847
1994	690,369,878	1.52%	23,279,137	13.52%	713,649,015
1995	714,796,864	3.54%	24,825,989	6.64%	739,622,853
1996	738,224,153	3.28%	23,597,828	-4.95%	761,821,981
1997	784,842,580	6.31%	24,084,240	2.06%	808,926,820
1998	823,475,667	4.92%	24,889,516	3.34%	848,365,183
1999	835,085,828	1.41%	23,492,862	-5.61%	858,578,690
2000	875,791,849	4.87%	22,919,766	-2.44%	898,711,615
2001	973,731,605	11.18%	22,895,997	-0.10%	996,627,602
2002	1,058,671,736	8.72%	23,750,147	3.73%	1,082,421,883

Source: Alameda County Auditor-Controller Office

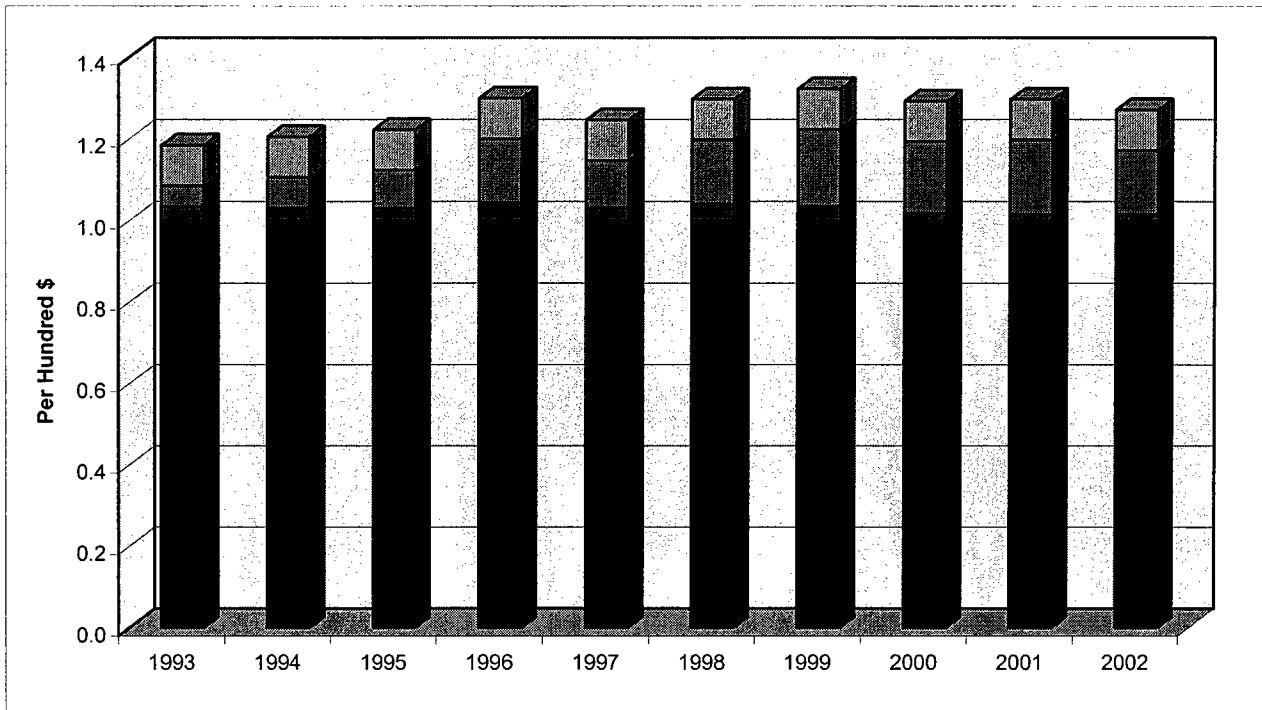
CITY OF ALBANY
 ASSESSED AND ESTIMATED ACTUAL
 VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS



Fiscal Year	Secured Property	Percent Change Secured Property	Unsecured Property	Percent Change Unsecured Property	Total Assessed
1993	\$ 680,037,627	7.18%	\$ 20,506,220	2.81%	\$ 700,543,847
1994	690,369,878	1.52%	23,279,137	13.52%	713,649,015
1995	714,796,864	3.54%	24,825,989	6.64%	739,622,853
1996	738,224,153	3.28%	23,597,828	-4.95%	761,821,981
1997	784,842,580	6.31%	24,084,240	2.06%	808,926,820
1998	823,475,667	4.92%	24,889,516	3.34%	848,365,183
1999	835,085,828	1.41%	23,492,862	-5.61%	858,578,690
2000	875,791,849	4.87%	22,919,766	-2.44%	898,711,615
2001	973,731,605	11.18%	22,895,997	-0.10%	996,627,602
2002	1,058,671,736	8.72%	23,750,147	3.73%	1,082,421,883

Source: Alameda County Auditor-Controller Office

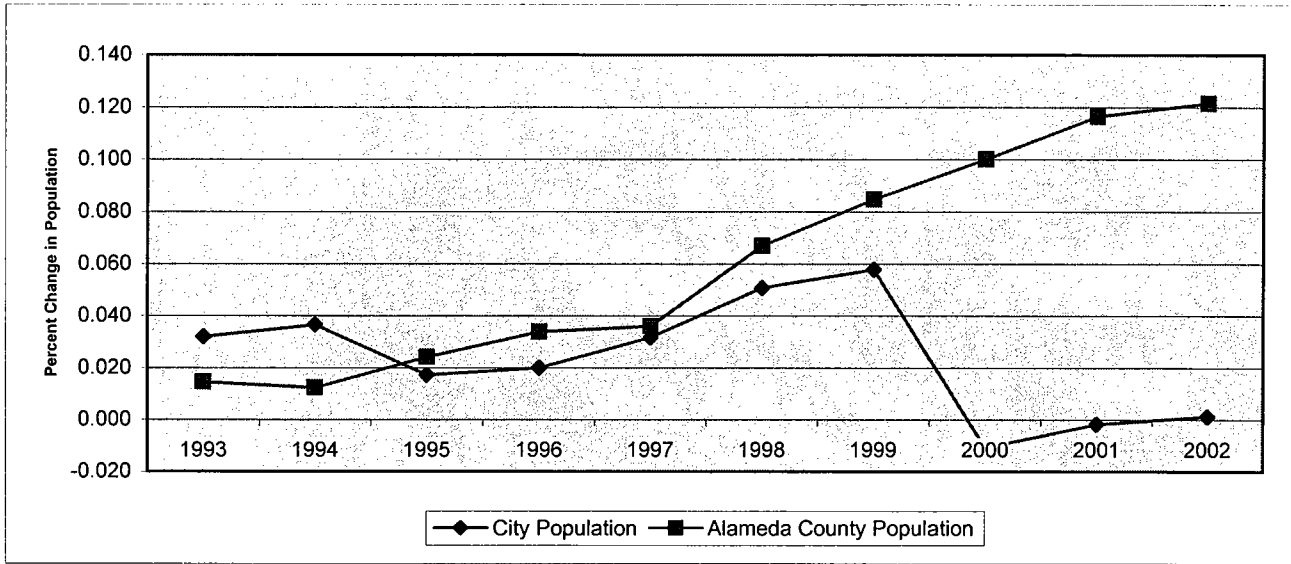
CITY OF ALBANY
PROPERTY TAX RATES
ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS



<u>Fiscal Year</u>	<u>City of Albany Pension Fund</u>	<u>School Districts</u>	<u>Special Districts</u>	<u>Basic County Wide Levy</u>
1993	0.0993	0.0514	0.0332	1.0000
1994	0.0993	0.0749	0.0309	1.0000
1995	0.0993	0.0927	0.0301	1.0000
1996	0.0993	0.1565	0.0432	1.0000
1997	0.0993	0.1156	0.0305	1.0000
1998	0.0993	0.1573	0.0397	1.0000
1999	0.0993	0.1874	0.0350	1.0000
2000	0.0993	0.1752	0.0175	1.0000
2001	0.0993	0.1823	0.0150	1.0000
2002	0.0993	0.1557	0.0156	1.0000

Source: Alameda County Tax Rates - Auditor/Controller of Alameda County

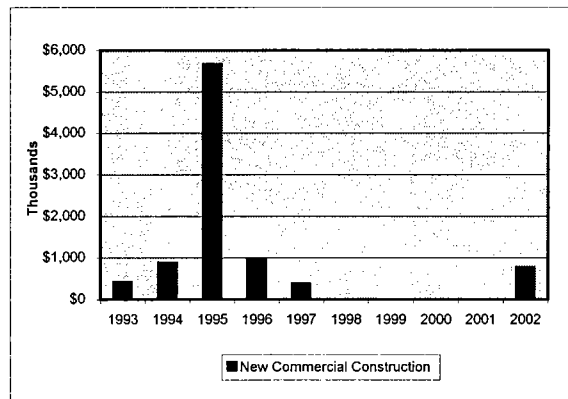
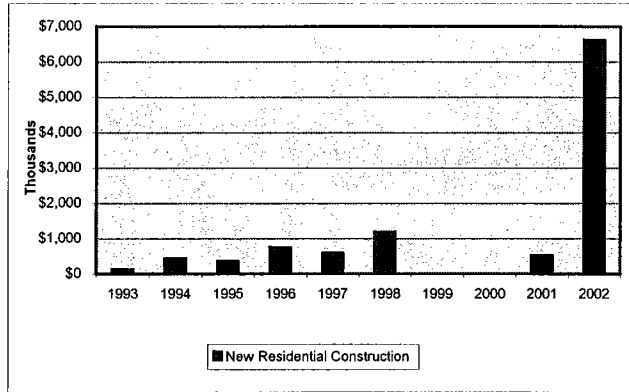
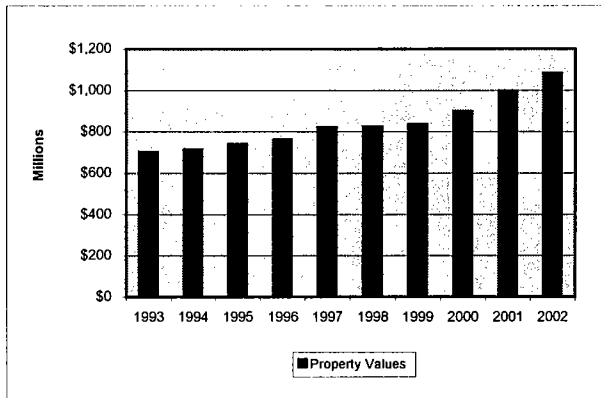
CITY OF ALBANY
 DEMOGRAPHIC STATISTICS
 CUMULATIVE PERCENTAGE CHANGE IN POPULATION
 LAST TEN FISCAL YEARS



Fiscal Year	City Population	Percent Change City Population		Alameda County Population	Percent Change County Population		City Population % of County
		Annual	Cumulative		Annual	Cumulative	
1993	17,324	3.20%	3.20%	1,337,126	1.46%	1.46%	1.30%
1994	17,404	0.46%	3.66%	1,334,127	-0.22%	1.24%	1.30%
1995	17,068	-1.93%	1.73%	1,349,768	1.17%	2.41%	1.26%
1996	17,113	0.26%	1.99%	1,362,893	0.97%	3.38%	1.26%
1997	17,315	1.18%	3.17%	1,365,938	0.22%	3.61%	1.27%
1998	17,645	1.91%	5.08%	1,408,073	3.08%	6.69%	1.25%
1999	17,770	0.71%	5.79%	1,433,309	1.79%	8.48%	1.24%
2000	16,550	-6.87%	-1.08%	1,455,300	1.53%	10.02%	1.14%
2001	16,700	0.91%	-0.17%	1,479,100	1.64%	11.65%	1.13%
2002	16,750	0.30%	0.13%	1,486,600	0.51%	12.16%	1.13%

Source: California Department of Finance

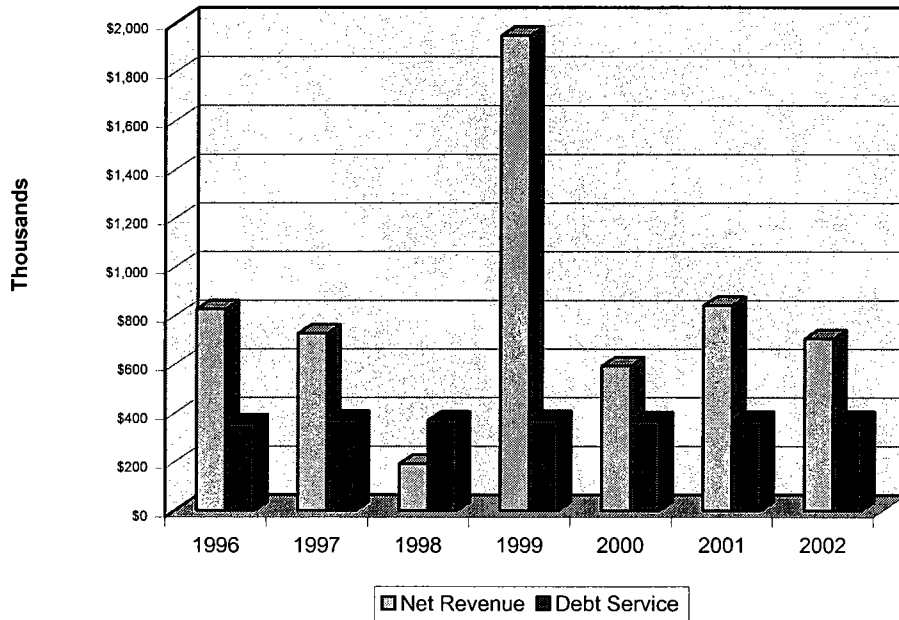
CITY OF ALBANY
PROPERTY VALUES AND CONSTRUCTION
LAST TEN FISCAL YEARS



Fiscal Year	Property Values	New Commercial Construction		New Residential Construction	
		Number of Permits	Value	Number of Permits	Value
1993	\$ 700,543,847	48	\$ 413,201	1	\$ 116,450
1994	713,649,015	30	881,300	2	424,416
1995	739,622,853	45	5,661,898	5	357,800
1996	761,821,981	10	981,600	4	748,000
1997	821,076,227	1	375,000	3	593,898
1998	823,475,667	0	0	4	1,183,345
1999	835,085,828	0	0	0	0
2000	898,711,615	0	0	0	0
2001	996,627,602	0	0	1	515,294
2002	1,082,421,883	2	771,330	5	6,610,156

Source: City of Albany Community Development Department

CITY OF ALBANY
SEWER REVENUE BOND COVERAGE
LAST SEVEN FISCAL YEARS



Fiscal Year	Revenues	Expenses (Excluding Depreciation)	Net Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
1996	\$ 1,667,508	\$ 840,949	\$ 826,559	\$ 165,000	\$ 191,866	\$ 356,866	2.32
1997	1,544,507	817,183	727,324	170,000	202,905	372,905	1.95
1998	1,867,296	1,675,802	191,494	175,000	195,574	370,574	0.52
1999	3,470,827	1,520,813	1,950,014	185,000	187,924	372,924	5.23
2000	1,667,276	1,073,544	593,732	190,000	177,263	367,263	1.62
2001	1,864,489	1,021,644	842,845	200,000	168,834	368,834	2.29
2002	2,075,339	1,369,063	706,276	210,000	159,980	369,980	1.91

Sewer Revenue Bonds were issued in 1994-95.

Revenues include operating revenues, operating transfers in and other non-operating revenues.
Expenses include operating expenses and operating transfers out.

Source: Official Statements for Sewer Revenue Bond Funds
City of Albany financial reports

CITY OF ALBANY
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 JUNE 30, 2002

	Percent	Debt
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
	<u>Applicable</u>	<u>06/30/02</u>
Peralta Community College District	3.149%	\$ 3,542,310
Albany Unified School District	100.000%	25,295,000
East Bay Municipal Utility District	1.052%	58,702
East Bay Municipal Utility District, Special District No. 1	2.867%	1,260,047
East Bay Regional Park District	0.595%	996,298
City of Albany Assessment District No. 1996-1	100.000%	<u>5,810,000</u>
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		36,962,357
Less: East Bay Municipal Utility District (100% self-supporting)		<u>58,702</u>
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		<u>36,903,655</u>
 <u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Alameda County General Fund Obligations	0.995%	5,716,761 (1)
Alameda County Pension Obligations	0.995%	4,453,303
Alameda County Board of Education Certificates of Participation	0.995%	43,730
Alameda-Contra Costa Transit District Certificates of Participation	1.174%	270,255
City of Albany Certificates of Participation	100.000%	<u>3,620,000</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>14,104,049</u>
 GROSS COMBINED TOTAL DEBT		 <u>\$51,066,406</u> (2)
NET COMBINED TOTAL DEBT		<u>\$51,007,704</u>

(1) Includes share of Oakland-Alameda County Coliseum obligations.

(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2001-02 Assessed Valuation:

Total Gross Overlapping Tax and Assessment Debt.....3.34%
 Total Net Overlapping Tax and Assessment Debt3.34%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$3,620,000).....0.33%
 Gross Combined Total Debt4.63%
 Net Combined Total Debt.....4.63%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/02: \$0

Source: California Municipal Statistics, Inc.

CITY OF ALBANY
 COMPUTATION OF LEGAL DEBT MARGIN
 June 30, 2002

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	<u>\$ 1,082,421,883</u>	
BONDED DEBT LIMIT (15% of assessed value)		\$ 162,363,282
AMOUNT OF DEBT SUBJECT TO LIMIT:		
Total Bonded Debt	3,620,000	
Less Lease Revenue Bonds, Not subject to limit	<u>3,620,000</u>	
Amount of Debt subject to limit		<u>0</u>
LEGAL DEBT MARGIN		<u>\$ 162,363,282</u>

SOURCE: City of Albany financial reports

CITY OF ALBANY
 PRINCIPAL TAXPAYERS
 June 30, 2002

<u>Assessed Name</u>	<u>Assessed Value</u>	<u>Percent of Total Assessed Value</u>
Ladbroke Land Holdings Inc	\$ 30,743,137	2.84%
Eichner, Krik & Rose	6,530,404	0.60%
TMG Albany Associates LP	5,895,600	0.54%
Biggs, Edward & Charlotte	4,996,697	0.46%
Safeway Inc	4,161,000	0.38%
Farrokhtala Javad TR	3,557,331	0.33%
Ritchey Deborah L Etal	3,537,360	0.33%
Albany Bowl Properties	3,344,696	0.31%
Biggs, Edward & Charlotte	2,543,232	0.23%
Hillside Partners	<u>1,538,302</u>	<u>0.14%</u>
Top Ten Total	<u>\$ 66,847,759</u>	<u>6.18%</u>
City Total	<u>\$ 1,082,421,883</u>	

Source: County of Alameda

CITY OF ALBANY
LARGEST EMPLOYERS
June 30, 2002

<u>Company</u>	<u>Product /Service</u>	<u>Employees</u>
United States Department of Agriculture and Research	Agricultural Research	307
Golden Gate Fields	Race Track	300
Albany Unified School District	Education	300
City of Albany	Government	123
United States Department of Forest Services	Forest Research	80
Safeway	Grocery	113
Albany Ford Subaru	Automotive Dealer	80
Albany Bowl Properties	Bowling	46
Sizzler USA Restaurants	Restaurant	32
NVT Technologies Inc.	Maintenance Services	32

Source: Albany Chamber of Commerce, City of Albany business license applications, and survey of government employers.

CITY OF ALBANY
 MISCELLANEOUS STATISTICS
 June 30, 2002

DATE OR INCORPORATION	1908	PARKS & RECREATION:	
FORM OF GOVERNMENT	Council-Administrator	PARKS	8
EMPLOYEES	123	ACRES IN PARKS	22.5
		**TAXABLE SALES	\$128,662,493
FIRE PROTECTION:		NUMBER OF REGISTERED	
		VOTERS	8,861
NUMBER OF STATIONS	1	COMMUNITY FACILITIES:	
NUMBER OF FIREFIGHTERS	20	CITY HALL	
		LIBRARY	
POLICE PROTECTION:		COMMUNITY CENTER	
		SENIOR CENTER	
NUMBER OF STATIONS	1	TEEN CENTER	
NUMBER OF POLICE OFFICERS	27	CHILD CARE CENTER	
NUMBER OF SUPPORT PERSONNEL	10	EDUCATION:	
		ELEMENTARY SCHOOLS	3
		MIDDLE SCHOOLS	1
		HIGH SCHOOLS	1
		CONTINUATION SCHOOL	1
		ADULT SCHOOL	1
LENGTH OF SEWER LINES	196,000 Lineal feet		

Source: Various City records