

CITY OF WEST LINN, OREGON

Annual Financial Report

Year Ended June 30, 2005

Prepared by:
City Finance Department

CITY OF WEST LINN, OREGON

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION:</u>	
City Councilors	i
<u>FINANCIAL SECTION:</u>	
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Assets	3
Statement of Activities	4
Governmental Fund Financial Statements:	
Balance Sheet	5
Statement of Revenues, Expenditures, and Changes in Fund Balance	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds to Statement of Activities	7
Proprietary Fund Financial Statements:	
Statement of Net Assets	8
Statement of Revenues, Expenses, and Changes in Fund Net Assets	9
Statement of Cash Flows	10
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund	11
State Revenue Sharing Fund	12
Fire Local Option Levy Fund	13
System Development Fund	14
NOTES TO BASIC FINANCIAL STATEMENTS	15
SUPPLEMENTARY INFORMATION:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	31
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	32
Nonmajor Special Revenue Funds:	
Description of Funds	33
Combining Balance Sheet	34
Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)	35

CITY OF WEST LINN, OREGON

TABLE OF CONTENTS (Continued)

Page

FINANCIAL SECTION (Continued):

SUPPLEMENTARY INFORMATION (Continued):

Nonmajor Special Revenue Funds (Continued):

Schedules of Revenues, Expenditures and Changes in Fund Balance –

Budget and Actual (Deficit):

Street Fund	36
Library Levy Fund	37
911 Emergency Communications Fund	38
Cable TV/Public Access Fund	39
Solid Waste Recycling Program Fund	40
Arts Commission Fund	41
Community Center Operating Fund	42
Public Education Government Fund	43
Building Inspection Fund	44
Public Works Support Services Fund	45
2000 Federal Grant Fund	46
Public Safety Grant Fund	47
Police Local Option Levy Fund	48
Caufield Trust Fund	49

Debt Service Fund:

Description of Fund	50
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	51

Nonmajor Capital Projects Funds:

Description of Funds	52
Combining Balance Sheet	53
Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)	54
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Capital Development Fund	55
Senior Center Construction Fund	56
Park Bond Construction Fund	57

Enterprise Funds:

Description of Funds	58
----------------------	----

Water Fund:

Combining Statement of Net Assets	59
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	60
Combining Statement of Cash Flows	61

Environmental Service Fund:

Combining Statement of Net Assets	62
Combining Statement of Revenues, Expenses and Changes In Fund Net Assets	63
Combining Statement of Cash Flows	64

CITY OF WEST LINN, OREGON

TABLE OF CONTENTS (Continued)

Page

FINANCIAL SECTION (Continued):

SUPPLEMENTARY INFORMATION (Continued):

Enterprise Funds (Continued):

Schedules of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual:

Water Fund	65
Water Bond Construction Fund	66
Environmental Service Fund	67
Sewer Fund	68

Internal Service Funds:

Description of Funds	69
Combining Statement of Net Assets	70
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	71
Combining Statement of Cash Flows	72
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Vehicle/Equipment Maintenance Fund	73
Insurance Fund	74
Other Financial Schedule:	
Schedule of Property Tax Transactions	75

**AUDIT COMMENTS AND DISCLOSURES REQUIRED
BY STATE REGULATIONS**

76

CITY OF WEST LINN, OREGON

CITY COUNCILORS AS OF JUNE 30, 2005

<u>NAME</u>	<u>TERM EXPIRES</u>
Norm King, Mayor 22500 Salamo Road West Linn, OR 97068	December 31, 2006
Scott Burgess, Council President 22500 Salamo Road West Linn, OR 97068	December 31, 2006
Mike Gates, Councilor 22500 Salamo Road West Linn, OR 97068	December 31, 2006
Michele Eberle, Councilor 22500 Salamo Road West Linn, OR 97068	December 31, 2006
Teri Commins, Councilor 22500 Salamo Road West Linn, OR 97068	December 31, 2006

Sandy Farley, City Manager

Administrative Offices
22500 Salamo Road
West Linn, Oregon 97068

Legal Counsel:

Ramis, Crew, Corrigan and Bachrach, LLP
1727 NW Hoyt Street
Portland, Oregon 97209

INDEPENDENT AUDITOR'S REPORT



4800 S.W. Macadam, Suite 400 • Portland, Oregon 97239-3973
503/274-2849 • Fax 503/274-2853

INDEPENDENT AUDITOR'S REPORT

August 20, 2007

Honorable Mayor and City Councilors
City of West Linn
West Linn, Oregon

We have audited the accompanying Statement of Net Assets, Governmental Funds Balance Sheet and Proprietary Funds Statement of Net Assets (the financial statements) of the City of West Linn, Oregon (the City), as of June 30, 2005. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The City does not maintain adequate capital assets records to support amounts recorded in the financial statements and we were unable to perform adequate alternative procedures to determine the cost and accumulated depreciation of capital assets.

The City has elected not to include Management's Discussion and Analysis which is required by accounting principles generally accepted in the United States of America.

In our opinion, except for the effects of such adjustments, if any, as might have been necessary had we been able to examine evidence regarding the cost and accumulated depreciation of capital assets, the financial statements present fairly, in all material respects the financial position of the City as of June 30, 2005, in conformity with accounting principles generally accepted in the United States of America.

Substantially all of the City's books of original entry: general and subsidiary ledgers; records such as worksheets and spreadsheets supporting allocations, computations, and reconciliations; as well as corroborating evidence in support of the Statement of Activities, Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balance, Proprietary Funds Statement of Revenues, Expenses and Changes in Fund Net Assets and Statement of Cash Flows and the budgetary comparisons for the

INDEPENDENT AUDITOR'S REPORT (Continued)

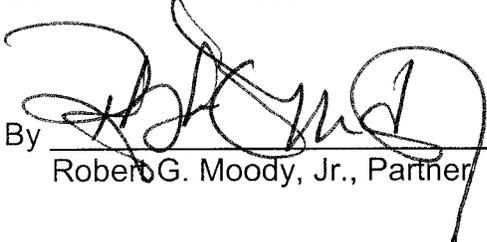
Honorable Mayor and City Councilors
City of West Linn
August 20, 2007
Page 2

General, State Revenue Sharing, Fire Local Option Levy and the System Development Funds have been the subject of misappropriation of cash and therefore cannot be relied upon. Since the City was not able to provide certain evidence or corroborating evidence in support of these financial statements and did not have adequate internal control and we were not able to apply other auditing procedures to satisfy ourselves whether these financial statements are presented in accordance with accounting principles generally accepted in the United States of America, the scope of our work was not sufficient to enable us to express, and we do not express, opinions on these financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements as described in the first paragraph of this report. The accompanying Supplementary Information relating to the Nonmajor Governmental Funds Combining Balance Sheet, Nonmajor Special Revenue Funds Combining Balance Sheet, Nonmajor Capital Projects Funds Combining Balance Sheet, Water Fund Combining Statement of Net Assets, Environmental Service Fund Combining Statement of Net Assets and Internal Service Funds Combining Statement of Net Assets are presented for purposes of additional analysis and are not a required part of the financial statements described in the first paragraph of this report. Such information has been subjected to the auditing procedures applied in the audit of the financial statements described in the first paragraph of this report.

For the reasons described in the second preceding paragraph, we are unable to, and do not, express an opinion on the Supplementary Information on pages 32, 35-49, 51, 54-57, 60-61, 63-68, 71-75.

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants

By  _____
Robert G. Moody, Jr., Partner

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF WEST LINN, OREGON

STATEMENT OF NET ASSETS

JUNE 30, 2005

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and investments	\$ 9,224,834	\$ 1,140,531	\$ 10,365,365
Restricted cash	-	173,791	173,791
Cash held by fiscal agent	4,637	-	4,637
Cash held by County Treasurer	48,959	-	48,959
Property taxes receivable	330,630	-	330,630
Accounts receivable, net	216,971	911,073	1,128,044
Due from other governments	110,001	-	110,001
Capital assets, net of accumulated depreciation	31,258,265	21,748,332	53,006,597
Investment in joint venture	-	5,864,163	5,864,163
Other assets	96,788	-	96,788
TOTAL ASSETS	41,291,085	29,837,890	71,128,975
LIABILITIES:			
Current liabilities:			
Accounts payable	589,880	308,882	898,762
Accrued salaries and payroll taxes payable	311,426	8,918	320,344
Accrued vacation payable	454,902	90,590	545,492
Accrued interest payable	120,498	23,606	144,104
Deposits payable	425,620	22,023	447,643
Other liabilities	130,076	271,492	401,568
Capital lease payable	49,944	-	49,944
Current portion of bonds payable	590,000	65,000	655,000
Total current liabilities	2,672,346	790,511	3,462,857
Non-current liabilities:			
Bonds payable	13,165,000	1,515,000	14,680,000
TOTAL LIABILITIES	15,837,346	2,305,511	18,142,857
NET ASSETS:			
Invested in capital assets, net of related debt	17,453,321	20,446,735	37,900,056
Restricted for capital projects	4,079,592	-	4,079,592
Unrestricted	3,920,826	7,085,644	11,006,470
TOTAL NET ASSETS	\$ 25,453,739	\$ 27,532,379	\$ 52,986,118

See notes to basic financial statements.

CITY OF WEST LINN, OREGON

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2005

FUNCTION / PROGRAM	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
GOVERNMENTAL ACTIVITIES:							
General government	\$ 3,837,890	3,133,595	\$ 881,442	\$ -	\$ 177,147	\$ -	\$ 177,147
Culture and recreation	2,776,275	-	617,188	-	(2,159,087)	-	(2,159,087)
Public safety	4,315,369	-	61,732	-	(4,253,637)	-	(4,253,637)
Highways and streets	609,130	-	-	1,156,516	547,386	-	547,386
Interest on long-term debt	773,038	-	-	-	(773,038)	-	(773,038)
Unallocated depreciation	625,744	-	-	-	(625,744)	-	(625,744)
TOTAL GOVERNMENTAL ACTIVITIES	12,937,446	3,133,595	1,560,362	1,156,516	(7,086,973)	-	(7,086,973)
BUSINESS-TYPE ACTIVITIES:							
Water	2,450,347	2,295,468	-	-	-	(154,879)	(154,879)
Environmental services	1,949,860	1,869,643	-	-	-	(80,217)	(80,217)
TOTAL BUSINESS-TYPE ACTIVITIES	4,400,207	4,165,111	-	-	-	(235,096)	(235,096)
TOTAL ACTIVITIES	\$ 17,337,653	\$ 7,298,706	\$ 1,560,362	\$ 1,156,516	(7,086,973)	(235,096)	(7,322,069)
GENERAL REVENUES:							
Property taxes levied for:							
General purposes					4,397,486	-	4,397,486
Public safety					1,122,390	-	1,122,390
Debt service					810,929	-	810,929
Franchise fees					1,711,039	-	1,711,039
Equity in joint venture					-	278,076	278,076
Earnings on investments					171,408	20,029	191,437
Miscellaneous					164,966	-	164,966
TOTAL GENERAL REVENUES					8,378,218	298,105	8,676,323
CHANGE IN NET ASSETS					1,291,245	63,009	1,354,254
NET ASSETS, July 1, 2004					24,162,494	27,469,370	51,631,864
NET ASSETS, June 30, 2005					\$ 25,453,739	\$ 27,532,379	\$ 52,986,118

See notes to basic financial statements.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

CITY OF WEST LINN, OREGON

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2005

	General Fund	State Revenue Sharing Fund	Fire Local Option Levy Fund	System Development Fund	Park Bond Construction Fund	Nonmajor Funds	Total Governmental Funds
ASSETS:							
Cash and investments	\$ 1,120,509	\$ 1,032,425	\$ 6,175	\$ 4,068,775	\$ 936,936	\$ 2,220,888	\$ 9,385,708
Cash held by fiscal agent	-	-	-	-	-	4,637	4,637
Cash held by County Treasurer	24,870	-	11,320	-	-	12,769	48,959
Property taxes receivable	172,182	-	56,733	-	-	101,715	330,630
Accounts receivable	139,682	10,379	51	40,673	9,423	19,260	219,468
Due from other governments	110,001	-	-	-	-	-	110,001
Other assets	96,788	-	-	-	-	-	96,788
TOTAL ASSETS	\$ 1,664,032	\$ 1,042,804	\$ 74,279	\$ 4,109,448	\$ 946,359	\$ 2,359,269	\$ 10,196,191
LIABILITIES:							
Book overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 188,741	\$ 188,741
Accounts payable	209,331	-	-	29,856	10,955	385,863	636,005
Accrued salaries and payroll taxes	292,904	-	-	-	-	17,150	310,054
Accrued vacation payable	88,966	-	-	-	-	31,471	120,437
Deposits payable	425,620	-	-	-	-	-	425,620
Deferred revenue	137,951	-	40,482	-	-	75,473	253,906
Other liabilities	69,918	-	-	-	-	5,676	75,594
TOTAL LIABILITIES	1,224,690	-	40,482	29,856	10,955	704,374	2,010,357
FUND BALANCE:							
Reserved for construction	-	-	-	4,079,592	-	-	4,079,592
Unreserved, reported in:							
General Fund	439,342	-	-	-	-	-	439,342
Special Revenue Funds	-	1,042,804	33,797	-	-	896,853	1,973,454
Debt Service Fund	-	-	-	-	-	285,478	285,478
Capital Project Funds	-	-	-	-	935,404	472,564	1,407,968
TOTAL FUND BALANCE	439,342	1,042,804	33,797	4,079,592	935,404	1,654,895	8,185,834
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,664,032	\$ 1,042,804	\$ 74,279	\$ 4,109,448	\$ 946,359	\$ 2,359,269	\$ 10,196,191
Total fund balances							\$ 8,185,834
Amounts reported for governmental activities in the Statement of Net Assets are different because:							
Capital assets used in governmental activities are not financial resources and therefore, are not reported in funds.							31,249,632
Long-term taxes receivable are not available to pay for current-period expenditures and therefore, are deferred in the funds.							253,906
The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets.							19,231
Long-term liabilities, including bonds payable, capital leases and accrued vacation, are not due and payable in the current period and therefore are not reported in the funds.							(14,134,367)
Bond interest is not accrued as a liability in the government funds.							(120,497)
Net assets of governmental activities							\$ 25,453,739

CITY OF WEST LINN, OREGON

GOVERNMENTAL FUNDS

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

YEAR ENDED JUNE 30, 2005

	General Fund	State Revenue Sharing Fund	Fire Local Option Levy Fund	System Development Fund	Park Bond Construction Fund	Nonmajor Funds	Total Governmental Funds
REVENUES:							
Taxes	\$ 4,473,366	\$ -	\$ 61,680	\$ -	\$ -	\$ 1,905,097	\$ 6,440,143
Intergovernmental revenues	728,642	152,800	-	-	-	1,835,436	2,716,878
Franchise fees	1,557,784	-	-	-	-	153,255	1,711,039
Licenses and permits	342,929	-	-	-	-	360,240	703,169
Fines and forfeitures	463,254	-	-	-	-	-	463,254
Charges for services	1,152,919	-	-	-	-	1,007,579	2,160,498
Systems development fees	-	-	-	622,099	-	-	622,099
Interest	45,717	16,875	(2,116)	65,610	15,478	31,954	173,518
Miscellaneous	150,340	-	-	(4,650)	-	18,974	164,664
TOTAL REVENUES	<u>8,914,951</u>	<u>169,675</u>	<u>59,564</u>	<u>683,059</u>	<u>15,478</u>	<u>5,312,535</u>	<u>15,155,262</u>
EXPENDITURES:							
Current:							
General government	3,163,816	-	-	-	-	1,451,359	4,615,175
Cultural and recreation	3,292,443	-	-	34,897	-	263,786	3,591,126
Public safety	2,471,825	-	500,000	-	-	1,351,232	4,323,057
Highways and streets	-	-	-	-	-	1,614,965	1,614,965
Capital outlay	-	277,278	-	435,500	43,230	-	756,008
Debt service:							
Principal	249,887	-	-	-	-	405,000	654,887
Interest	190,450	-	-	-	-	503,818	694,268
TOTAL EXPENDITURES	<u>9,368,421</u>	<u>277,278</u>	<u>500,000</u>	<u>470,397</u>	<u>43,230</u>	<u>5,590,160</u>	<u>16,249,486</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(453,470)</u>	<u>(107,603)</u>	<u>(440,436)</u>	<u>212,662</u>	<u>(27,752)</u>	<u>(277,625)</u>	<u>(1,094,224)</u>
OTHER FINANCING SOURCES (USES):							
Operating transfers in	913,156	-	-	-	-	742,780	1,655,936
Operating transfers out	(664,851)	(25,000)	(236,078)	-	-	(730,007)	(1,655,936)
TOTAL OTHER FINANCING SOURCES (USES)	<u>248,305</u>	<u>(25,000)</u>	<u>(236,078)</u>	<u>-</u>	<u>-</u>	<u>12,773</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>(205,165)</u>	<u>(132,603)</u>	<u>(676,514)</u>	<u>212,662</u>	<u>(27,752)</u>	<u>(264,852)</u>	<u>(1,094,224)</u>
FUND BALANCE, July 1, 2004	<u>644,507</u>	<u>1,175,407</u>	<u>710,311</u>	<u>3,866,930</u>	<u>963,156</u>	<u>1,919,747</u>	<u>9,280,058</u>
FUND BALANCE, June 30, 2005	<u>\$ 439,342</u>	<u>\$ 1,042,804</u>	<u>\$ 33,797</u>	<u>\$ 4,079,592</u>	<u>\$ 935,404</u>	<u>\$ 1,654,895</u>	<u>\$ 8,185,834</u>

See notes to basic financial statements.

CITY OF WEST LINN, OREGON

RECONCILIATION OF STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE, GOVERNMENTAL
FUNDS TO STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2005

NET CHANGE IN FUND BALANCE			\$ (1,094,224)
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation.			2,116,198
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			(109,036)
Internal service funds are used to account for all costs arising from the operations of the City's central services activities and insurance programs. The primary funding sources are charges to the other funds. This is the net loss of the funds for the year.			(164,082)
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which repayments exceed proceeds:			
Principal payments			654,887
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Accrued vacation payable		(33,728)	
Accrued interest payable		(78,770)	(112,498)
CHANGE IN NET ASSETS			<u>\$ 1,291,245</u>

PROPRIETARY FUND FINANCIAL STATEMENTS

CITY OF WEST LINN, OREGON

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2005

	Business-Type Activities - Enterprise Funds			Governmental
	Water Fund	Environmental Service Fund	Total	Type Activity Internal Service Funds
ASSETS:				
Current assets:				
Cash and investments	\$ 101,021	\$ 1,039,510	\$ 1,140,531	\$ 27,866
Restricted cash	173,791	-	173,791	-
Accounts receivable, net of allowance for doubtful accounts	376,514	534,559	911,073	(2,497)
TOTAL CURRENT ASSETS	651,326	1,574,069	2,225,395	25,369
Capital assets not being depreciated	649,028	262,776	911,804	-
Capital assets, net	11,746,150	9,090,378	20,836,528	8,633
Investment in joint venture	5,864,163	-	5,864,163	-
TOTAL ASSETS	18,910,667	10,927,223	29,837,890	34,002
LIABILITIES:				
Current liabilities:				
Accounts payable	141,264	167,618	308,882	8,355
Deposits	-	22,023	22,023	-
Other liabilities	90,681	180,811	271,492	-
Accrued payroll payable	4,116	4,802	8,918	1,372
Accrued vacation payable	49,776	40,814	90,590	5,044
Accrued interest payable	23,606	-	23,606	-
Bonds payable - due within one year	65,000	-	65,000	-
TOTAL CURRENT LIABILITIES	374,443	416,068	790,511	14,771
Long-term liabilities:				
Bonds payable	1,515,000	-	1,515,000	-
TOTAL LIABILITIES	1,889,443	416,068	2,305,511	14,771
NET ASSETS:				
Invested in capital assets, net of related debt	10,815,178	9,631,557	20,446,735	8,633
Unrestricted	6,206,046	879,598	7,085,644	10,598
TOTAL NET ASSETS	<u>\$ 17,021,224</u>	<u>\$ 10,511,155</u>	<u>\$ 27,532,379</u>	<u>\$ 19,231</u>

See notes to basic financial statements.

CITY OF WEST LINN, OREGON

PROPRIETARY FUNDS

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

YEAR ENDED JUNE 30, 2005

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water</u>	<u>Environmental</u>	<u>Total</u>	<u>Type</u>
	<u>Fund</u>	<u>Service Fund</u>		<u>Activity</u>
				<u>Internal</u>
				<u>Service Funds</u>
OPERATING REVENUES:				
Charges for services	\$ 2,191,532	\$ 1,787,284	\$ 3,978,816	\$ 342,069
Licenses and permits	-	36,928	36,928	-
Other operating revenues	103,936	45,431	149,367	-
TOTAL OPERATING REVENUES	<u>2,295,468</u>	<u>1,869,643</u>	<u>4,165,111</u>	<u>342,069</u>
OPERATING EXPENSES:				
Salaries and wages	552,001	708,380	1,260,381	189,621
Materials and supplies	84,395	84,971	169,366	220,588
Training	-	-	-	9,224
Claims expense	-	-	-	2,230
Professional services	-	5,159	5,159	-
Purchase of water	784,133	-	784,133	-
Utilities	101,885	11,585	113,470	-
Insurance	33,928	40,529	74,457	-
Street cleaning	-	84,506	84,506	-
Support services	446,958	694,964	1,141,922	66,467
Depreciation	354,184	319,766	673,950	15,908
TOTAL OPERATING EXPENSES	<u>2,357,484</u>	<u>1,949,860</u>	<u>4,307,344</u>	<u>504,038</u>
OPERATING LOSS	<u>(62,016)</u>	<u>(80,217)</u>	<u>(142,233)</u>	<u>(161,969)</u>
NONOPERATING INCOME (EXPENSE):				
Interest income	5,627	14,402	20,029	(2,113)
Net income from equity in joint venture	278,076	-	278,076	-
Interest expense	(92,863)	-	(92,863)	-
TOTAL NONOPERATING INCOME (EXPENSE)	<u>190,840</u>	<u>14,402</u>	<u>205,242</u>	<u>(2,113)</u>
CHANGE IN NET ASSETS	128,824	(65,815)	63,009	(164,082)
NET ASSETS, July 1, 2004	<u>16,892,400</u>	<u>10,576,970</u>	<u>27,469,370</u>	<u>183,313</u>
NET ASSETS, June 30, 2005	<u>\$ 17,021,224</u>	<u>\$ 10,511,155</u>	<u>\$ 27,532,379</u>	<u>\$ 19,231</u>

See notes to basic financial statements.

CITY OF WEST LINN, OREGON

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2005

	Business-Type Activities - Enterprise Funds			Governmental
	Water Fund	Environmental Service Fund	Total	Type Activity Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
ACTIVITIES:				
Cash received for services	\$ 2,323,250	\$ 1,820,859	\$ 4,144,109	\$ 346,218
Cash paid to suppliers for goods and services	(1,587,920)	(980,079)	(2,567,999)	(301,089)
Cash paid to employees for services	(566,206)	(706,247)	(1,272,453)	(196,682)
NET CASH FROM OPERATING ACTIVITIES	<u>169,124</u>	<u>134,533</u>	<u>303,657</u>	<u>(151,553)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Bond principal paid	(60,000)	-	(60,000)	-
Interest paid	(92,863)	-	(92,863)	-
Acquisition of capital assets	(710,016)	(1,061,169)	(1,771,185)	-
Transfer to restricted cash	(3,689)	-	(3,689)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(866,568)</u>	<u>(1,061,169)</u>	<u>(1,927,737)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments	5,357	14,402	19,759	(2,113)
NET CHANGE IN CASH AND INVESTMENTS	<u>(692,087)</u>	<u>(912,234)</u>	<u>(1,604,321)</u>	<u>(153,666)</u>
CASH AND INVESTMENTS, July 1, 2004	<u>793,108</u>	<u>1,951,744</u>	<u>2,744,852</u>	<u>181,532</u>
CASH AND INVESTMENTS, June 30, 2005	<u>\$ 101,021</u>	<u>\$ 1,039,510</u>	<u>\$ 1,140,531</u>	<u>\$ 27,866</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES:				
Operating loss	\$ (62,016)	\$ (80,217)	\$ (142,233)	\$ (161,969)
Adjustments to reconcile operating loss to net cash from operating activities:				
Depreciation	354,184	319,766	673,950	15,908
Change in assets and liabilities:				
Accounts receivable	77,612	(59,723)	17,889	4,149
Deposits payable	(49,830)	10,939	(38,891)	-
Accounts payable	(148,994)	(237,156)	(386,150)	(2,580)
Accrued payroll payable	(19,804)	(27,705)	(47,509)	(7,061)
Accrued vacation payable	5,599	29,838	35,437	-
Other liabilities	12,373	178,791	191,164	-
Total adjustments	<u>231,140</u>	<u>214,750</u>	<u>445,890</u>	<u>10,416</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 169,124</u>	<u>\$ 134,533</u>	<u>\$ 303,657</u>	<u>\$ (151,553)</u>
NON-CASH TRANSACTIONS:				
Net income from equity in joint venture	<u>\$ 278,078</u>	<u>\$ -</u>	<u>\$ 278,078</u>	<u>\$ -</u>

See notes to basic financial statements.

CITY OF WEST LINN, OREGON

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2005

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Property taxes	\$ 4,540,363	\$ 4,540,363	\$ 4,473,366	\$ (66,997)
Intergovernmental	358,000	453,250	728,642	275,392
Franchise fees	1,686,562	1,686,562	1,557,784	(128,778)
Licenses and permits	155,500	155,500	342,929	187,429
Fines and forfeitures	415,000	415,000	463,254	48,254
Charges for services	336,000	336,000	247,965	(88,035)
Interest earnings	23,000	23,000	45,717	22,717
Miscellaneous	115,000	115,000	150,340	35,340
TOTAL REVENUES	<u>7,629,425</u>	<u>7,724,675</u>	<u>8,009,997</u>	<u>285,322</u>
EXPENDITURES:				
City Council	65,900	65,900	57,785	8,115
City manager's office	855,859	857,859	887,410	(29,551)
Finance	597,014	597,014	555,276	41,738
Information Services	271,114	271,114	236,398	34,716
Library	1,187,556	1,187,556	1,201,919	(14,363)
Municipal Court	241,791	241,791	227,983	13,808
Police	2,284,958	2,284,958	2,243,842	41,116
Planning and development	587,761	605,736	554,054	51,682
Parks	2,059,285	2,154,535	2,090,524	64,011
General facility services	239,797	239,797	9,905	229,892
Nondepartmental:				
General services department	479,887	459,912	777,627	(317,715)
Debt service	340,450	340,450	340,450	-
Contingency	2,000	2,000	-	2,000
Reserve for future expenditures	404,949	404,949	-	404,949
Embezzlement	-	-	185,248	(185,248)
TOTAL EXPENDITURES	<u>9,618,321</u>	<u>9,713,571</u>	<u>9,368,421</u>	<u>345,150</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,988,896)</u>	<u>(1,988,896)</u>	<u>(1,358,424)</u>	<u>630,472</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,877,465	1,877,465	1,818,110	(59,355)
Transfers out	(664,851)	(664,851)	(664,851)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,212,614</u>	<u>1,212,614</u>	<u>1,153,259</u>	<u>(59,355)</u>
NET CHANGE IN FUND BALANCE	(776,282)	(776,282)	(205,165)	571,117
NET ASSETS, July 1, 2004	<u>776,282</u>	<u>776,282</u>	<u>644,507</u>	<u>(131,775)</u>
FUND BALANCE, June 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 439,342</u>	<u>\$ 439,342</u>

See notes to basic financial statements.

CITY OF WEST LINN, OREGON

STATE REVENUE SHARING FUND

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

YEAR ENDED JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 152,800	\$ 52,800
Interest	10,000	10,000	16,875	6,875
TOTAL REVENUES	<u>110,000</u>	<u>110,000</u>	<u>169,675</u>	<u>59,675</u>
EXPENDITURES:				
Capital outlay	-	246,054	277,278	(31,224)
Contingency	961,248	715,194	-	715,194
TOTAL EXPENDITURES	<u>961,248</u>	<u>961,248</u>	<u>277,278</u>	<u>683,970</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(851,248)</u>	<u>(851,248)</u>	<u>(107,603)</u>	<u>743,645</u>
OTHER FINANCING USES:				
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(876,248)</u>	<u>(876,248)</u>	<u>(132,603)</u>	<u>743,645</u>
FUND BALANCE, July 1, 2004	<u>876,248</u>	<u>876,248</u>	<u>1,175,407</u>	<u>299,159</u>
FUND BALANCE, June 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,042,804</u>	<u>\$ 1,042,804</u>

See notes to basic financial statements.

CITY OF WEST LINN, OREGON

FIRE LOCAL OPTION LEVY FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2005

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Property taxes	\$ 45,000	\$ 61,680	\$ 16,680
Interest	3,000	(2,116)	(5,116)
TOTAL REVENUES	48,000	59,564	11,564
EXPENDITURES:			
Materials and services	500,000	500,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(452,000)	(440,436)	11,564
OTHER FINANCING USES:			
Transfers out	(236,078)	(236,078)	-
NET CHANGE IN FUND BALANCE	(688,078)	(676,514)	11,564
FUND BALANCE, July 1, 2004	688,078	710,311	22,233
FUND BALANCE, June 30, 2005	<u>\$ -</u>	<u>\$ 33,797</u>	<u>\$ 33,797</u>

See notes to basic financial statements.

CITY OF WEST LINN, OREGON

SYSTEM DEVELOPMENT FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2005

	Original Budget	Final Budget	Actual		
			Street	Storm Drain	Water
REVENUES:					
System development fees:					
Street	\$ 94,722	\$ 94,722	\$ 10,618	\$ -	\$ -
Storm drain	24,100	24,100	-	17,495	-
Water	103,000	103,000	-	-	225,004
Sewer	29,500	29,500	-	-	-
Parks	320,320	320,320	-	-	-
Interest	30,000	30,000	206	11,507	19,299
Miscellaneous	-	-	-	-	(4,965)
TOTAL REVENUES	601,642	601,642	10,824	29,002	239,338
EXPENDITURES:					
Materials and services	21,000	54,800	-	-	-
Capital outlay	1,151,343	1,305,230	-	27,121	43,493
Contingency	2,658,507	2,470,820	-	-	-
TOTAL EXPENDITURES	3,830,850	3,830,850	-	27,121	43,493
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(3,229,208)	(3,229,208)	10,824	1,881	195,845
OTHER FINANCING USES:					
Transfers to other funds	(35,000)	(35,000)	-	-	-
NET CHANGE IN FUND BALANCE	(3,264,208)	(3,264,208)	10,824	1,881	195,845
FUND BALANCE, July 1, 2004	3,264,208	3,264,208	2,669	708,529	1,010,531
FUND BALANCE, June 30, 2005	\$ -	\$ -	\$ 13,493	\$ 710,410	\$ 1,206,376

Actual			Variance
Sewer	Parks	Total	Positive (Negative)
\$ -	\$ -	\$ 10,618	\$ (84,104)
-	-	17,495	(6,605)
-	-	225,004	122,004
71,632	-	71,632	42,132
-	297,350	297,350	(22,970)
16,400	18,198	65,610	35,610
-	315	(4,650)	(4,650)
88,032	315,863	683,059	81,417
-	34,897	34,897	19,903
75,035	289,851	435,500	869,730
-	-	-	2,470,820
75,035	324,748	470,397	3,360,453
12,997	(8,885)	212,662	3,441,870
-	-	-	35,000
12,997	(8,885)	212,662	3,476,870
1,008,472	1,136,729	3,866,930	602,722
\$ 1,021,469	\$ 1,127,844	\$ 4,079,592	\$ 4,079,592

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF WEST LINN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of West Linn, Oregon (the City) operates under its own charter with a manager – council form of government. The Board of Councilors, composed of the Mayor and four council members, comprises the legislative branch of the government. Individual departments are under the direction of the City Manager who is appointed by the Councilors.

The City provides a full range of municipal services to the community, which include police and fire protection, traffic control and improvement, street maintenance and improvement, water, sewer and storm drain services, planning and zoning regulation, building inspection and regulation, parks and recreation services, and community library services.

As required by accounting principles generally accepted in the United States of America (GAAP), these basic financial statements present all operations of the City.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the City. These statements include the financial activities of the overall City. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities are financed through charges for services, property taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed primarily by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each activity of its governmental and business-type programs. Direct expenses are those that are specifically associated with an activity and, therefore, are clearly identifiable to that activity. Program revenues include fees, fines, and charges paid by the recipients of goods or services and grants and contributions that are restricted to meeting operational requirements. Revenues that are not classified as program revenues, including property taxes and interest earnings, are presented as general revenues. The effect of interfund activity such as transfers is eliminated. Net assets are reported as restricted when constraints placed on their use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws), or through constitutional provisions or enabling resolutions.

CITY OF WEST LINN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category - governmental and proprietary are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds.

The City reports the following major funds:

Governmental

General Fund - This is the City's primary operating fund. It accounts for all revenues and expenditures, except those required to be accounted for in another fund.

State Revenue Sharing Fund – Accounts for receipt and expenditure of state revenue sharing funds.

Fire Local Option Levy Fund – Accounts for the receipt of taxes and expenditures for fire personnel and services.

System Development Fund – Accounts for the receipt and expenditures of system development funds dedicated to streets, and parks, storm drain, water and sewer.

Park Bond Construction Fund – Accounts for the expenditures of bond proceeds for the acquisition of park land and improvements.

Proprietary (Enterprise)

Water Fund – This fund accounts for the operation and maintenance of water service and distribution facilities.

Environmental Services Fund – This fund accounts for the operation and maintenance of the sewer service and collection system.

Nonmajor

The City also reports the following nonmajor fund types:

Special Revenue Funds – These funds account for the receipt and expenditures of dedicated revenue source.

Debt Service Fund – This fund accounts for the accumulation of resources for the payment of general obligation bond principal and interest.

CITY OF WEST LINN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

Nonmajor (Continued)

Capital Projects Funds – These funds account for the acquisition and construction of capital facilities other than those financed by Proprietary Funds.

Internal Service Fund – This fund accounts for fleet maintenance, motor vehicle use and insurance activities.

Measurement Focus and Basis of Accounting

Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Under terms of grant agreements, the City funds certain programs with a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general-long term debt and acquisitions under capital leases are reported as other financing sources.

CITY OF WEST LINN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

For purposes of the government-wide and proprietary fund financial statements the City follows private-sector standards of accounting and financial reporting issued on or before November 30, 1989, unless those pronouncements conflict or contradict the guidance of Governmental Accounting Standards Board pronouncements. The City has elected not to follow subsequent private-sector guidance.

The proprietary fund types distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the funds' ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the costs of sales and services, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from those estimates.

Cash and Investments

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

Investments consist of investments in the Oregon State Treasurer's Local Government Investment Pool (LGIP), U.S. Government obligations and municipal and corporate bonds. Investments in the LGIP are stated at cost, which approximates fair value and its share value. All other investments are stated at fair value. The individual funds' portion of the pool's fair value is presented as "Cash and Investments" in the basic financial statements.

The LGIP is administered by the Oregon State Treasury. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State who by law is made the custodian of, or has control of, any public funds. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP.

CITY OF WEST LINN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

Real and personal property taxes are levied and assessed and become a lien against the property as of July 1 each year. Property taxes are payable in three installments, following the lien date, on November 15, February 15 and May 15. Discounts are allowed if the amount is paid by November 15 or February 15. Taxes unpaid and outstanding on May 15 are considered delinquent.

All accounts, property taxes, grants and other receivables are shown net of an allowance for uncollectible accounts.

Investment in Joint Ventures

Investment in joint venture with other governments is reported at cost plus or minus the City's share of operating income or loss (equity method).

Capital Assets

Purchased or constructed capital assets are recorded at estimated historical cost with subsequent additions at cost. Donated capital assets are recorded at their estimated fair value at the time of donation. Infrastructure (bridges, roads, and drainage systems) acquired during the year have been recorded at cost or fair value if donated by developers. The City defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life of more than five years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and structures	25-50
Improvements other than buildings	10-20
Machinery and equipment	5-30
Utility system	25-50
Vehicles	5-10
Infrastructure	20 to 50

CITY OF WEST LINN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability reported for unpaid accumulated sick leave since the City by policy does not pay out sick leave banks when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of termination or retirement.

Long-term Debt

In the government-wide financial statements, long-term debt issued for construction and acquisition of capital assets is reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the governmental fund financial statements, bond premiums and discounts are recognized when incurred and not deferred. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

Pension Plan

Substantially all of the City's employees are participants in the Oregon Public Employees Retirement Fund (OPERF), a statewide agent multi-employer defined benefit pension plan. Contributions to OPERF are made on a current basis as required by the plan and are charged to expenditures/expenses as funded.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Budget

The City is required by state law to budget all funds. Budgets for all funds are prepared on the modified accrual basis of accounting. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The resolution established the level of budgetary control at the department level for the General Fund. All remaining funds of the City establish the levels of budgetary control at the category level (personal services, materials and services, capital outlay, contingency and debt service).

CITY OF WEST LINN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget (Continued)

All annual appropriations lapse at fiscal year end. The City over expended its appropriations for the following funds:

<u>Fund</u>	<u>Amount</u>
General:	
City manager's office	\$ 29,551
Library	14,363
General services	317,715
Nondepartmental	185,248
State Revenue Sharing - Capital Outlay	31,224
Library Levy - Materials and Services	1,476
Cable TV/Public Access - Materials and Services	18,839
Solid Waste Recycling - Materials and Services	1,649
- Capital Outlay	17,075
Community Center Operating - Materials and Services	4,618
Public Education Government - Capital Outlay	120
Building Inspection - Capital Outlay	802
Police Local Option Levy - Materials and Services	10,522

The following Funds had a deficit fund balance:

911 Emergency Communications	\$ 191,476
Cable TV/Public Access	10,517
Arts Commission	3,647
Community Center Operating	43,080
Building Inspection	85,391
Public Works Support	68,307
Integrated M.I.S.	85
Vehicle/Equipment Maintenance	98,926

The City adopted supplemental budgets to transfer appropriations from operating contingencies to other categories of appropriations when there was either no contingency originally appropriated, or the original contingency was less than amount transferred.

The following funds had no original contingency appropriation to transfer to other categories:

Public Works Support Services	\$ 3,500
Senior Center Construction	5,112
Park Bond Construction	45,000

The Sewer Fund had an original contingency appropriation of \$24,885 but transferred out \$293,030 to another appropriation category.

CITY OF WEST LINN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget (Continued)

The detail budget document is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. Supplemental budgets less than 10% of the fund's original budget may be adopted by the Board of Councilors at a regular meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board of Councilors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the Board of Councilors for the City. The City adopted one supplemental budget and made several appropriation transfers during the year ended June 30, 2005.

2. CASH AND INVESTMENTS

The City maintains a common cash and investment pool for all city funds. The types of investments in which the City may invest are restricted by State of Oregon statutes and a Council adopted investment policy. Authorized investments include U.S. Treasury obligations including treasury notes, bond and strips; Federal instrumentality securities from specific Federal Agencies; commercial paper rated at least A-1 or an equivalent rating; corporate bonds rated at least Aa or an equivalent rating; bankers acceptances rated at least Aa or an equivalent rating; the Oregon State Treasurer's Local Government Investment Pool limited by state statute; certificates of deposits; repurchase agreements and obligations of the states of Oregon, California, Idaho and Washington rated AA or better.

At June 30, 2005, the City's cash and investments were comprised of the following:

Cash on hand	\$	2,225
Deposits with financial institutions		839,937
Investments:		
Oregon State Treasurer's Local Government Investment Pool		4,243,783
U.S. Agency obligations		3,973,175
Municipal bonds		526,360
Corporate bonds		779,885
Total pooled cash and investments	<u>\$</u>	<u>10,365,365</u>

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Cash and investments	<u>\$ 9,224,834</u>	<u>\$ 1,140,531</u>	<u>\$ 10,365,365</u>

CITY OF WEST LINN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2005

2. CASH AND INVESTMENTS (Continued)

Deposits

The total balance as shown on the bank statements at June 30, 2005, was \$1,275,741. Of these deposits, \$111,237 was covered by Federal depository insurance, \$625,000 was collateralized with securities held in the pledging bank's trust department in the City's name, and \$539,504 was uninsured and uncollateralized.

Oregon Revised Statutes require the depository institution to maintain on deposit, with a collateral pool manager, securities having a value not less than 25% of the outstanding certificates of participation issued by the pool manager. However, in accordance with state statutes, the State Treasurer allows certain depository banks to be the custodian with respect to their own pledged collateral securities. For these institutions, the State Treasurer is the collateral pool manager.

Interest Rate Risk

The City does not have a formal investment policy that limits its investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Maturities for the City's investments are as follows:

	<u>Maturities</u>	<u>Fair Value</u>
Oregon State Treasurer's Local Government Investment Pool	Under 1 year	\$ 4,243,783
U.S. Agency obligations	Under 1 year	3,748,812
U.S. Agency obligations	1 year - 15 months	224,363
Government bonds	Under 1 year	526,360
Corporate bonds	Under 1 year	<u>779,885</u>
		<u>\$ 9,523,203</u>

Credit Risk

As mentioned above, Oregon Revised Statutes limits the investments that the City may have. The City is in compliance with these Statutes at June 30, 2005.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. At June 30, 2005, the City does not have investments exposed to custodial credit risk.

CITY OF WEST LINN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2005

3. ACCOUNTS RECEIVABLE

As of June 30, 2005, accounts receivable consisted of the following:

Accounts, contracts and grants	\$ 1,064,281
Interest	73,663
Allowance for uncollectible accounts	<u>(9,900)</u>
Total	<u><u>\$ 1,128,044</u></u>

The allowance for uncollectible accounts pertains to utility billing collections and impacts only the business-type activities.

Accounts receivable are reflected in the basic financial statements as follows:

Accounts receivable - governmental activities	\$ 216,971
Accounts receivable - business-type activities	<u>911,073</u>
Total	<u><u>\$ 1,128,044</u></u>

4. JOINT VENTURE

The South Fork Water Board (SFWB) operates a water distribution system jointly with the City and the City of Oregon City, each party owning 50%. Revenues earned by SFWB are expended for the continued operation and maintenance of facilities within the municipal boundaries of these cities. Upon dissolution of the SFWB, the net assets will be shared 50 percent to each city. The SFWB is governed by a five-member board composed of three appointees from Oregon City and two from West Linn. The City's net investment and its share of the operating results of the SFWB are reported in the City's Water Fund. Complete financial statements for the SFWB can be obtained from the City of Oregon City Finance Department, 320 Warne-Milne Road, Oregon City, Oregon 97045. The investment in South Fork Water Board is accounted for using the equity method.

CITY OF WEST LINN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2005

5. CAPITAL ASSETS

Capital asset activity for year ended June 30, 2005, was as follows:

	<u>Balance</u> <u>July 1, 2004</u>	<u>Increases/ (Decreases)</u>	<u>Balance</u> <u>June 30, 2005</u>
Governmental activities:			
Capital assets not being depreciated:			
Land and easements	\$ 19,345,270	\$ 1,195,221	\$ 20,540,491
Capital assets being depreciated:			
Buildings and improvements	10,874,124	32,460	10,906,584
Vehicles and equipment	3,318,556	538,327	3,856,883
Infrastructure	123,439	960,026	1,083,465
Total capital assets being depreciated	14,316,119	1,530,813	15,846,932
Less accumulated depreciation	(4,503,413)	(625,745)	(5,129,158)
Total capital assets being depreciated, net	9,812,706	905,068	10,717,774
Total capital assets, net	<u>\$ 29,157,976</u>	<u>\$ 2,100,289</u>	<u>\$ 31,258,265</u>
	<u>Balance</u> <u>July 1, 2004</u>	<u>Increases/ (Decreases)</u>	<u>Balance</u> <u>June 30, 2005</u>
Business-type activities:			
Capital assets not being depreciated:			
Land	\$ 315,313	\$ 19,429	\$ 334,742
Construction in progress	563,304	13,758	577,062
Total capital assets not being depreciated	878,617	33,187	911,804
Capital assets being depreciated:			
Buildings and improvements	2,270,508	8,058	2,278,566
Vehicles and equipment	1,745,472	195,260	1,940,732
Utility system	25,640,371	1,534,680	27,175,051
Total capital assets being depreciated	29,656,351	1,737,998	31,394,349
Less accumulated depreciation for:			
Buildings and improvements	(926,840)	(58,257)	(985,097)
Vehicles and equipment	(1,354,568)	(151,783)	(1,506,351)
Utility system	(7,602,463)	(463,910)	(8,066,373)
Total accumulated depreciation	(9,883,871)	(673,950)	(10,557,821)
Total capital assets being depreciated, net	19,772,480	1,064,048	20,836,528
Total capital assets, net	<u>\$ 20,651,097</u>	<u>\$ 1,097,235</u>	<u>\$ 21,748,332</u>

Depreciation expense of \$354,184 and \$319,766 was charged to the Water and Environmental Services Funds, respectively.

CITY OF WEST LINN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2005

6. LONG-TERM DEBT

Bonds Payable

Bonds payable transactions for the year are as follows:

	<u>Original Amount</u>	<u>Outstanding July 1, 2004</u>	<u>Redeemed</u>	<u>Outstanding June 30, 2005</u>
Governmental activities:				
General obligation				
interest 2.6%-5.4%	\$ 13,315,000	\$ 10,425,000	\$ 405,000	\$ 10,020,000
Full Faith and credit bonds, interest 4.3% - 5.25%	4,300,000	3,885,000	150,000	3,735,000
	<u>\$ 17,615,000</u>	<u>\$ 14,310,000</u>	<u>\$ 555,000</u>	13,755,000
Current portion				590,000
Long-term portion				<u>\$ 13,165,000</u>
Business-type activities:				
2000 Water System Revenue and refunding				
bonds interest 4.7% - 6%	\$ 1,800,000	\$ 1,640,000	\$ 60,000	\$ 1,580,000
Current portion				65,000
Long-term portion				<u>\$ 1,515,000</u>

Future maturities of bond principal and interest at June 30, 2005, are as follows:

<u>Governmental activities:</u>			<u>Business-type activities:</u>		
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 590,000	\$ 672,803	2006	\$ 65,000	\$ 89,580
2007	625,000	646,468	2007	65,000	86,102
2008	670,000	618,064	2008	70,000	82,440
2009	705,000	587,325	2009	75,000	78,470
2010	750,000	554,428	2010	80,000	74,188
2011-2015	4,520,000	2,190,795	2011-2015	455,000	298,421
2016-2020	5,130,000	921,232	2016-2020	770,000	142,362
2021	765,000	32,014		-	-
	<u>\$ 13,755,000</u>	<u>\$ 6,223,129</u>		<u>\$ 1,580,000</u>	<u>\$ 851,563</u>

The City did not meet its bond covenant related to timely completion of audits.

CITY OF WEST LINN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2005

7. TRANSFERS TO/FROM OTHER FUNDS

Transfers to/from other funds consisted of the following:

<u>Amount</u>	<u>Description</u>
\$ 677,078	Library Levy Fund to General Fund for library operations.
236,078	Fire Operation Levy Fund to General Fund for fire operations.
25,000	State Revenue Sharing to Street Fund for street maintenance
664,851	General Fund to nonmajor funds for street repairs, 911 service, and cultural and recreation activities.
<u>52,929</u>	Between nonmajor funds for 911 services.
<u><u>\$ 1,655,936</u></u>	

8. PENSION PLAN

Pension Plan Description

Substantially all City employees, after six months of employment, are participants in the State of Oregon Public Employees Retirement System (PERS). The City's policy is to fund pension costs as determined by actuarial valuations.

The City contributes to the PERS and to the Oregon Public Service Retirement Plan (OPSRP). PERS is an agent multi-employer defined benefit public employee retirement system. OPSRP is a hybrid retirement plan with two components: the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan) and the Individual Account Program (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan). A defined benefit plan is benefit-based and uses predictable criteria such as a pension determined by salary multiplied by length of service multiplied by a factor. A defined contribution plan has no guarantee. OPSRP is administered by PERS. PERS acts as a common investment and administrative agent for political subdivisions in the State of Oregon.

The 2003 Oregon Legislature established OPSRP. Public employees hired on or after August 29, 2003, become part of OPSRP, unless membership was previously established in PERS.

Benefits generally vest after five years of continuous service. Retirement is allowed at age fifty-eight with unreduced benefits, but retirement is generally available after age fifty-five with reduced benefits. Retirement benefits based on salary and length of service are calculated using a formula and are payable in a lump sum or monthly using several payment options. PERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statutes.

CITY OF WEST LINN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2005

8. PENSION PLAN (Continued)

Pension Plan Description (Continued)

The State of Oregon PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700 or by calling 1-888-320-7377.

Funding Policy

Members of PERS and OPSRP are required to contribute 6% and 8.04%, respectively, of their salary covered under the plan. The City is required by ORS 238.225 to contribute at an actuarially determined rate. The current rate is 13.07% for PERS and 11.65% for OPSRP of salary covered under the plan. The contribution requirements for plan members and the City are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Annual Pension Cost

For the years ended June 30, 2005, 2004, and 2003, the City's annual pension costs were approximately \$781,900, \$741,400 and \$515,900 respectively, and were equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2003, actuarial valuation, using the entry age actuarial cost method, performed as of that date. This method does not amortize unfunded actuarial accrued liabilities. The actuarial assumptions included (a) 8.0% investment rate of return (net of administrative expenses), (b) projected salary increases of 5.0% per year, and (c) 2.0% per year post-retirement cost-of-living increases. The underlying long-term assumed rate of inflation was 4.25% per year. The actuarial value of PERS assets is valued on the Expected Value Method. The City's unfunded actuarial liability is being amortized as a level percentage of payrolls over 30 years on an open basis.

The following table presents a schedule of funding progress for the City:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Asset)	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percent of Covered Payroll
12/31/2003	\$ 26,970,000	\$ 32,807,000	\$ (5,837,000)	82 %	\$ 5,626,000	17 %
12/31/2001	26,727,000	25,058,000	(1,669,000)	107	5,367,000	21
12/31/1999	25,829,000	24,877,000	952,000	104	4,367,000	18

CITY OF WEST LINN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2005

9. OTHER INFORMATION

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Except for unemployment compensation, the City purchases commercial insurance to minimize its exposure to these risks. There has been no reduction in commercial insurance coverage from fiscal year 2004 to 2005. Workers compensation claims are insured through incurred loss retrospective policies. Settled claims have not exceeded this commercial coverage for any of the past three years. This City is self-insured for unemployment compensation claims.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

The Insurance Fund (Internal Service) has recorded the following changes in the balance of claims liabilities for the years ended June 30, 2005 and 2004 as follows:

	<u>2005</u>	<u>2004</u>
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	2,230	1,290
Claims payments	(2,230)	(1,290)
Unpaid claims, end of year	<u>\$ -</u>	<u>\$ -</u>

Deferred Compensation Plan

The City has a deferred compensation plan created in accordance with the Internal Revenue Code Section 457(g). The Plan is administered by independent plan administrators through administrative service agreements. The Plan is available to all employees of the City. Employees may defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or financial hardship. The Plan's assets are held in a custodial account for the exclusive benefit of participants and beneficiaries, and are not subject to the claims of the City's creditors, nor can they be used by the City for any purpose other than the payment of benefits to the Plan participants. Accordingly, these Plan assets and related liability are not recorded in the City's basic financial statements.

CITY OF WEST LINN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2005

10. COMMITMENTS AND CONTINGENCIES

The City has agreements with the Tri-City Service District to treat sewage wastewater. Pertinent terms of this agreement are as follows:

- The City will process and review all permit applications for hookup and inspection thereof; operate and maintain local collections facilities; bill and collect user charges, and bill and collect connection charges.
- Should the District fail to perform services outlined in this agreement, the City can terminate the agreement upon 30 days written notice.

11. SUBSEQUENT EVENTS

In fiscal 2006, the City discovered that its former Finance Director had embezzled approximately \$1,420,000 over a five-year period. The City and its forensic auditors determined that the funds were embezzled from the General Fund although specific accounts could not be identified.

In fiscal 2007, the former Finance Director admitted to the embezzlement in an agreement with legal authorities. The agreement entitles the City to restitution of the \$1,420,000 plus statutory interest of 9% per annum. The former Finance Director has agreed to transfer to the City, 75% of the equity in her personal residence (estimated to be \$100,000) and her Public Employee Retirement System personal retirement account (estimated to be worth \$175,000). The City received \$100,000 from its insurance carrier during fiscal 2007 related to the embezzlement.

The City is in mediation with its former auditors and their insurance carrier to recover a portion of the embezzled funds. The amount of recovery, if any, cannot be determined at this time.

SUPPLEMENTARY INFORMATION

GOVERNMENTAL FUNDS

CITY OF WEST LINN, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2005

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total
ASSETS:				
Cash and investments	\$ 1,481,636	\$ 266,184	\$ 473,068	\$ 2,220,888
Cash held by County Treasurer	8,857	3,912	-	12,769
Cash held by fiscal agent	-	4,637	-	4,637
Property taxes receivable	45,175	56,540	-	101,715
Accounts receivable	17,274	1,646	340	19,260
TOTAL ASSETS	\$ 1,552,942	\$ 332,919	\$ 473,408	\$ 2,359,269
LIABILITIES AND FUND BALANCE:				
Book overdraft	\$ 188,656	\$ -	\$ 85	\$ 188,741
Accounts payable	385,104	-	759	385,863
Accrued salaries and payroll taxes	17,150	-	-	17,150
Accrued vacation payable	31,471	-	-	31,471
Other accrued liabilities	-	3,320	-	3,320
Intergovernmental payables	2,356	-	-	2,356
Deferred revenue	31,352	44,121	-	75,473
TOTAL LIABILITIES	656,089	47,441	844	704,374
FUND BALANCE:				
Unreserved:				
Designated for debt service	-	285,478	-	285,478
Undesignated	896,853	-	472,564	1,369,417
TOTAL FUND BALANCE	896,853	285,478	472,564	1,654,895
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,552,942	\$ 332,919	\$ 473,408	\$ 2,359,269

CITY OF WEST LINN, OREGON

NONMAJOR GOVERNMENTAL FUNDS

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

YEAR ENDED JUNE 30, 2005

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 1,080,171	\$ 824,926	\$ -	\$ 1,905,097
Licenses, permits and fees	360,240	-	-	360,240
Franchise fees	153,255	-	-	153,255
Charges for services	1,007,579	-	-	1,007,579
Intergovernmental	1,835,436	-	-	1,835,436
Interest	24,952	4,432	2,570	31,954
Miscellaneous	18,862	112	-	18,974
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	4,480,495	829,470	2,570	5,312,535
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:				
Program:				
General government	1,451,359	-	-	1,451,359
Cultural and recreation	259,045	-	4,741	263,786
Public safety	1,351,232	-	-	1,351,232
Highways and streets	1,614,965	-	-	1,614,965
Debt service:				
Bond principal	-	405,000	-	405,000
Bond interest	-	503,818	-	503,818
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	4,676,601	908,818	4,741	5,590,160
	<hr/>	<hr/>	<hr/>	<hr/>
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(196,106)	(79,348)	(2,171)	(277,625)
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):				
Transfers in	742,780	-	-	742,780
Transfers out	(730,007)	-	-	(730,007)
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	12,773	-	-	12,773
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(183,333)	(79,348)	(2,171)	(264,852)
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES, July 1, 2004	1,080,186	364,826	474,735	1,919,747
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES, June 30, 2005	<u>\$ 896,853</u>	<u>\$ 285,478</u>	<u>\$ 472,564</u>	<u>\$ 1,654,895</u>

Nonmajor Special Revenue Funds

Street Fund – accounts for the receipt and expenditure of state gasoline taxes apportioned to cities under Article IX, Section 3 of the Constitution of the State of Oregon.

Library Levy Fund – accounts for the receipt and expenditure of funds received from county-wide library serial levy, apportioned to city libraries by Clackamas County, Oregon.

911 Emergency Communication Fund – accounts for the receipt and expenditure of funds received from a telephone tax for emergency communications systems.

Cable TV/Public Access Fund – accounts for the receipt and expenditure of funds received from television cable system franchise fees for public access television.

Solid Waste Recycling Program Fund – accounts for the receipt and expenditure of recycling program revenue.

Arts Commission Fund – accounts for the receipt and expenditure of funds received for arts commission activities.

Community Center Operating Fund – accounts for the receipt and expenditure of funds received for community center activities.

Public Education Government Fund - accounts for receipt and expenditure of franchise fee revenues to operate, supervise and promote public education and a governmental access cable channel.

Storm Drain Fund – accounts for the planning, design, construction, regulation maintenance and administration of the City's storm drainage system.

Building inspection Fund – accounts for the receipt and expenditure of building permit revenues to enforce the city building code, inspect construction in the City and promote public safety.

Public Works Support Services Fund – accounts for the receipt and expenditure of license and permit revenues from public works construction projects.

2000 Federal Grant Fund – accounts for the receipt and expenditure of the public safety grant.

Public Safety Grant Fund – accounts for the receipt of property taxes and expenditures for police operations.

Police Local Option Levy Fund – accounts for the receipts from a property tax levy to fund police operations.

Caufield Trust Fund – accounts for an endowment held by the City under terms of the bequest. Expenditures are made for cultural and recreation purposes.

CITY OF WEST LINN, OREGON
NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2005

	Street Fund	911 Emergency Communication Fund	Cable TV/ Public Access Fund	Solid Waste Recycling Program Fund	Arts Commission Fund	Community Center Operating Fund
ASSETS:						
Cash and investments	\$ 137,316	\$ -	\$ 45,895	\$ 195,320	\$ -	\$ -
Cash held with County Treasurer	-	-	-	-	-	-
Accounts receivable	1,598	-	628	1,964	-	-
Taxes receivable	-	-	-	-	-	-
TOTAL ASSETS	\$ 138,914	\$ -	\$ 46,523	\$ 197,284	\$ -	\$ -
LIABILITIES AND FUND BALANCE (DEFICIT):						
Liabilities:						
Book overdraft	\$ -	\$ 27,250	\$ -	\$ -	\$ 2,647	\$ 33,571
Accounts payable	33,968	164,226	57,040	2,520	1,000	8,677
Accrued salaries and payroll taxes	2,744	-	-	-	-	686
Accrued vacation payable	7,191	-	-	-	-	146
Deposits payable	-	-	-	-	-	-
Intergovernmental payable	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
TOTAL LIABILITIES	43,903	191,476	57,040	2,520	3,647	43,080
FUND BALANCE (DEFICIT):						
Undesignated	95,011	(191,476)	(10,517)	194,764	(3,647)	(43,080)
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 138,914	\$ -	\$ 46,523	\$ 197,284	\$ -	\$ -

Public Education Government Fund	Building Inspection Fund	Public Works Support Services Fund	2000 Federal Grant Fund	Public Safety Grant Fund	Police Local Option Levy Fund	Caufield Trust Fund	Totals
\$ 394,012	\$ -	\$ -	\$ 342	\$ 11,292	\$ 500,736	\$ 196,723	\$ 1,481,636
-	-	-	-	-	8,857	-	8,857
3,797	-	43	3	2,230	5,033	1,978	17,274
-	-	-	-	-	45,175	-	45,175
<u>\$ 397,809</u>	<u>\$ -</u>	<u>\$ 43</u>	<u>\$ 345</u>	<u>\$ 13,522</u>	<u>\$ 559,801</u>	<u>\$ 198,701</u>	<u>\$ 1,552,942</u>
\$ -	\$ 75,286	\$ 49,902	\$ -	\$ -	\$ -	\$ -	\$ 188,656
-	2,453	10,739	-	-	104,481	-	385,104
-	2,058	3,430	-	-	8,232	-	17,150
-	3,778	4,279	-	-	16,077	-	31,471
-	-	-	-	-	-	-	-
-	2,356	-	-	-	-	-	2,356
-	-	-	-	-	31,352	-	31,352
-	85,931	68,350	-	-	160,142	-	656,089
397,809	(85,931)	(68,307)	345	13,522	399,659	198,701	896,853
<u>\$ 397,809</u>	<u>\$ -</u>	<u>\$ 43</u>	<u>\$ 345</u>	<u>\$ 13,522</u>	<u>\$ 559,801</u>	<u>\$ 198,701</u>	<u>\$ 1,552,942</u>

CITY OF WEST LINN, OREGON

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (DEFICIT)

YEAR ENDED JUNE 30, 2005

	Street Fund	Library Levy Fund	911 Emergency Communication Fund	Cable TV/ Public Access Fund	Solid Waste Recycling Program Fund	Arts Commission Fund	Community Center Operating Fund
REVENUES:							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-	-	-
Franchise fees	-	-	-	93,301	59,954	-	-
Charges for services	-	-	-	-	-	-	41,555
Intergovernmental	1,156,516	617,188	55,174	-	-	-	-
Interest	1,722	(146)	429	915	3,095	(1)	-
Miscellaneous	987	-	-	-	5,987	1,695	984
TOTAL REVENUES	1,159,225	617,042	55,603	94,216	69,036	1,694	42,539
EXPENDITURES:							
General government	-	-	-	-	58,897	-	-
Cultural and recreation	-	4,211	-	113,247	-	10,486	121,101
Public safety	-	-	100,842	-	-	-	-
Highways and streets	1,614,965	-	-	-	-	-	-
TOTAL EXPENDITURES	1,614,965	4,211	100,842	113,247	58,897	10,486	121,101
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(455,740)	612,831	(45,239)	(19,031)	10,139	(8,792)	(78,562)
OTHER FINANCING SOURCES (USES):							
Transfers in	565,000	-	105,857	-	-	2,000	69,923
Transfers out	-	(677,078)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	565,000	(677,078)	105,857	-	-	2,000	69,923
NET CHANGE IN FUND BALANCE	109,260	(64,247)	60,618	(19,031)	10,139	(6,792)	(8,639)
FUND BALANCE (DEFICIT), July 1, 2004	(14,249)	64,247	(252,094)	8,514	184,625	3,145	(34,441)
FUND BALANCES (DEFICIT), June 30, 2005	\$ 95,011	\$ -	\$ (191,476)	\$ (10,517)	\$ 194,764	\$ (3,647)	\$ (43,080)

Public Education Government Fund	Building Inspection Fund	Public Works Support Services Fund	2000 Federal Grant Fund	Public Safety Grant Fund	Police Local Option Levy Fund	Caufield Trust Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,080,171	\$ -	\$ 1,080,171
-	319,060	41,180	-	-	-	-	360,240
-	-	-	-	-	-	-	153,255
-	-	966,024	-	-	-	-	1,007,579
-	-	-	-	6,558	-	-	1,835,436
6,177	(1,035)	672	4	204	9,652	3,264	24,952
-	482	8,581	-	-	146	-	18,862
<u>6,177</u>	<u>318,507</u>	<u>1,016,457</u>	<u>4</u>	<u>6,762</u>	<u>1,089,969</u>	<u>3,264</u>	<u>4,480,495</u>
120	463,150	929,192	-	-	-	-	1,451,359
-	-	-	-	-	-	10,000	259,045
-	-	-	-	5,000	1,245,390	-	1,351,232
-	-	-	-	-	-	-	1,614,965
<u>120</u>	<u>463,150</u>	<u>929,192</u>	<u>-</u>	<u>5,000</u>	<u>1,245,390</u>	<u>10,000</u>	<u>4,676,601</u>
6,057	(144,643)	87,265	4	1,762	(155,421)	(6,736)	(196,106)
-	-	-	-	-	-	-	742,780
-	-	-	-	-	(52,929)	-	(730,007)
-	-	-	-	-	(52,929)	-	12,773
6,057	(144,643)	87,265	4	1,762	(208,350)	(6,736)	(183,333)
391,752	58,712	(155,572)	341	11,760	608,009	205,437	1,080,186
<u>\$ 397,809</u>	<u>\$ (85,931)</u>	<u>\$ (68,307)</u>	<u>\$ 345</u>	<u>\$ 13,522</u>	<u>\$ 399,659</u>	<u>\$ 198,701</u>	<u>\$ 896,853</u>

CITY OF WEST LINN, OREGON

STREET FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2005

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 1,118,568	\$ 1,156,516	\$ 37,948
Interest	1,000	1,722	722
Miscellaneous	5,000	987	(4,013)
TOTAL REVENUES	<u>1,124,568</u>	<u>1,159,225</u>	<u>34,657</u>
EXPENDITURES:			
Personal services	334,881	324,332	10,549
Materials and services	1,093,849	992,896	100,953
Capital outlay	30,000	13,422	16,578
Contingency	34,436	-	34,436
TOTAL EXPENDITURES	<u>1,493,166</u>	<u>1,330,650</u>	<u>162,516</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(368,598)</u>	<u>(171,425)</u>	<u>197,173</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	565,000	565,000	-
Transfers out	(328,465)	(284,315)	44,150
TOTAL OTHER FINANCING SOURCES (USES)	<u>236,535</u>	<u>280,685</u>	<u>44,150</u>
NET CHANGE IN FUND BALANCE	<u>(132,063)</u>	<u>109,260</u>	<u>241,323</u>
FUND BALANCE (DEFICIT), July 1, 2004	<u>132,063</u>	<u>(14,249)</u>	<u>(146,312)</u>
FUND BALANCE, June 30, 2005	<u>\$ -</u>	<u>\$ 95,011</u>	<u>\$ 95,011</u>

CITY OF WEST LINN, OREGON

LIBRARY LEVY FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2005

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 595,152	\$ 617,188	\$ 22,036
Interest	2,500	(146)	(2,646)
TOTAL REVENUES	<u>597,652</u>	<u>617,042</u>	<u>19,390</u>
EXPENDITURES:			
Materials and services	2,735	4,211	(1,476)
Capital outlay	17,300	-	17,300
Contingency	8,930	-	8,930
TOTAL EXPENDITURES	<u>28,965</u>	<u>4,211</u>	<u>24,754</u>
EXCESS OF REVENUES OVER EXPENDITURES	568,687	612,831	44,144
OTHER FINANCING USES:			
Transfers to other funds	<u>701,433</u>	<u>677,078</u>	<u>24,355</u>
NET CHANGE IN FUND BALANCE	(132,746)	(64,247)	68,499
FUND BALANCE, July 1, 2004	<u>132,746</u>	<u>64,247</u>	<u>(68,499)</u>
FUND BALANCE, June 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WEST LINN, OREGON

911 EMERGENCY COMMUNICATIONS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2005

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 103,689	\$ 55,174	\$ (48,515)
Interest	-	429	429
TOTAL REVENUES	<u>103,689</u>	<u>55,603</u>	<u>(48,086)</u>
EXPENDITURES:			
Materials and services	<u>209,546</u>	<u>100,842</u>	<u>108,704</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(105,857)</u>	<u>(45,239)</u>	<u>60,618</u>
OTHER FINANCING SOURCES:			
Transfers from other funds	<u>105,857</u>	<u>105,857</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>60,618</u>	<u>60,618</u>
FUND BALANCE (DEFICIT), July 1, 2004	<u>-</u>	<u>(252,094)</u>	<u>(252,094)</u>
FUND BALANCE (DEFICIT), June 30, 2005	<u>\$ -</u>	<u>\$ (191,476)</u>	<u>\$ (191,476)</u>

CITY OF WEST LINN, OREGON

CABLE TV/PUBLIC ACCESS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2005

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Franchise fees	\$ 81,000	\$ 93,301	\$ 12,301
Interest	-	915	915
TOTAL REVENUES	81,000	94,216	13,216
EXPENDITURES:			
Materials and services	91,569	110,408	(18,839)
Contingency	15,087	-	15,087
TOTAL EXPENDITURES	106,656	110,408	(3,752)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(25,656)	(16,192)	9,464
OTHER FINANCING USES:			
Transfers to other funds	(2,839)	(2,839)	-
NET CHANGE IN FUND BALANCE	(28,495)	(19,031)	9,464
FUND BALANCE, July 1, 2004	28,495	8,514	(19,981)
FUND BALANCE (DEFICIT), June 30, 2005	\$ -	\$ (10,517)	\$ (10,517)

CITY OF WEST LINN, OREGON

SOLID WASTE RECYCLING PROGRAM FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Franchise fees	\$ 53,000	\$ 53,000	\$ 59,954	\$ 6,954
Interest	-	-	3,095	3,095
Miscellaneous	2,400	2,400	5,987	3,587
TOTAL REVENUES	<u>55,400</u>	<u>55,400</u>	<u>69,036</u>	<u>13,636</u>
EXPENDITURES:				
Personal Services	17,496	17,496	17,184	312
Materials and services	2,400	3,400	5,049	(1,649)
Capital outlay	-	-	17,075	(17,075)
Contingency	186,526	185,526	-	185,526
TOTAL EXPENDITURES	<u>206,422</u>	<u>206,422</u>	<u>39,308</u>	<u>167,114</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(151,022)</u>	<u>(151,022)</u>	<u>29,728</u>	<u>180,750</u>
OTHER FINANCING (USES):				
Transfers to other funds	<u>(19,589)</u>	<u>(19,589)</u>	<u>(19,589)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(170,611)</u>	<u>(170,611)</u>	<u>10,139</u>	<u>180,750</u>
FUND BALANCE, July 1, 2004	<u>170,611</u>	<u>170,611</u>	<u>184,625</u>	<u>14,014</u>
FUND BALANCE, June 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,764</u>	<u>194,764</u>

CITY OF WEST LINN, OREGON

ARTS COMMISSION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2005

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Interest	\$ -	\$ (1)	\$ (1)
Miscellaneous	4,000	1,695	(2,305)
TOTAL REVENUES	<u>4,000</u>	<u>1,694</u>	<u>(2,306)</u>
EXPENDITURES:			
Materials and services	11,400	10,486	914
Contingency	1,034	-	1,034
TOTAL EXPENDITURES	<u>12,434</u>	<u>10,486</u>	<u>1,948</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(8,434)	(8,792)	(358)
OTHER FINANCING SOURCES:			
Transfers from other funds	2,000	2,000	-
NET CHANGE IN FUND BALANCE	(6,434)	(6,792)	(358)
FUND BALANCE, July 1, 2004	<u>6,434</u>	<u>3,145</u>	<u>(3,289)</u>
FUND BALANCE (DEFICIT), June 30, 2005	<u>\$ -</u>	<u>\$ (3,647)</u>	<u>\$ (3,647)</u>

CITY OF WEST LINN, OREGON

COMMUNITY CENTER OPERATING FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2005

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Charges for services	\$ 35,000	\$ 41,555	\$ 6,555
Donations	15,000	-	(15,000)
Miscellaneous	2,200	984	(1,216)
TOTAL REVENUES	52,200	42,539	(9,661)
EXPENDITURES:			
Personal services	66,663	62,048	4,615
Materials and services	54,435	59,053	(4,618)
TOTAL EXPENDITURES	121,098	121,101	(3)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(68,898)	(78,562)	(9,664)
OTHER FINANCING SOURCES:			
Transfers from other funds	69,923	69,923	-
NET CHANGE IN FUND BALANCE	1,025	(8,639)	(9,664)
FUND BALANCE (DEFICIT), July 1, 2004	(1,025)	(34,441)	(33,416)
FUND BALANCE (DEFICIT), June 30, 2005	\$ -	\$ (43,080)	\$ (43,080)

CITY OF WEST LINN, OREGON

PUBLIC EDUCATION GOVERNMENT FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2005

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Interest	<u>\$ 2,800</u>	<u>\$ 6,177</u>	<u>\$ 3,377</u>
EXPENDITURES:			
Capital outlay	-	120	(120)
Contingency	167,802	-	167,802
Reserve for equipment replacement	<u>200,000</u>	<u>-</u>	<u>200,000</u>
TOTAL EXPENDITURES	<u>367,802</u>	<u>120</u>	<u>367,682</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(365,002)	6,057	371,059
FUND BALANCE, July 1, 2004	<u>365,002</u>	<u>391,752</u>	<u>26,750</u>
FUND BALANCE, June 30, 2005	<u>\$ -</u>	<u>\$ 397,809</u>	<u>\$ 397,809</u>

CITY OF WEST LINN, OREGON

BUILDING INSPECTION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2005

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Licenses and fees	\$ 391,523	\$ 319,060	\$ (72,463)
Interest	1,000	(1,035)	(2,035)
Miscellaneous	200	482	282
TOTAL REVENUES	392,723	318,507	(74,216)
EXPENDITURES:			
Personal services	358,926	351,646	7,280
Materials and services	28,923	16,617	12,306
Capital outlay	1,539	2,341	(802)
Contingency	10,039	-	10,039
TOTAL EXPENDITURES	399,427	370,604	28,823
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,704)	(52,097)	(45,393)
OTHER FINANCING USES:			
Transfers to other funds	(96,787)	(92,546)	4,241
NET CHANGE IN FUND BALANCE	(103,491)	(144,643)	(41,152)
FUND BALANCE , July 1, 2004	103,491	58,712	(44,779)
FUND BALANCE (DEFICIT), June 30, 2005	\$ -	\$ (85,931)	\$ (85,931)

CITY OF WEST LINN, OREGON

PUBLIC WORKS SUPPORT SERVICES FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Charges for services	\$ 1,040,218	\$ 1,040,218	\$ 966,024	\$ (74,194)
Fees and permits	6,500	6,500	41,180	34,680
Interest	-	-	672	672
Miscellaneous	5,000	5,000	8,581	3,581
TOTAL REVENUES	<u>1,051,718</u>	<u>1,051,718</u>	<u>1,016,457</u>	<u>(35,261)</u>
EXPENDITURES:				
Personal services	631,845	631,845	594,484	37,361
Materials and services	119,778	119,778	85,006	34,772
Capital outlay	-	3,500	3,293	207
Contingency	-	(3,500)	-	(3,500)
TOTAL EXPENDITURES	<u>751,623</u>	<u>751,623</u>	<u>682,783</u>	<u>68,840</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	300,095	300,095	333,674	33,579
OTHER FINANCING USES:				
Transfers to other funds	(248,740)	(248,740)	(246,409)	2,331
NET CHANGE IN FUND BALANCE	51,355	51,355	87,265	35,910
FUND BALANCE (DEFICIT), July 1, 2004,	<u>(51,355)</u>	<u>(51,355)</u>	<u>(155,572)</u>	<u>(104,217)</u>
FUND BALANCE (DEFICIT), June 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (68,307)</u>	<u>\$ (68,307)</u>

CITY OF WEST LINN, OREGON

2000 FEDERAL GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Interest	-	4	4
NET CHANGE IN FUND BALANCE	-	4	4
FUND BALANCE, July 1, 2004	-	341	341
FUND BALANCE, June 30, 2005	<u>\$ -</u>	<u>\$ 345</u>	<u>\$ 345</u>

CITY OF WEST LINN, OREGON

PUBLIC SAFETY GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Federal grants	\$ 7,052	\$ 6,558	\$ (494)
Interest	-	204	204
TOTAL REVENUES	7,052	6,762	(290)
EXPENDITURES:			
Materials and services	7,757	5,000	2,757
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(705)	1,762	2,467
OTHER FINANCING USES:			
Transfers from other funds	705	-	(705)
NET CHANGE IN FUND BALANCE	-	1,762	1,762
FUND BALANCE, July 1, 2004	-	11,760	11,760
FUND BALANCE, June 30, 2005	<u>\$ -</u>	<u>\$ 13,522</u>	<u>\$ 13,522</u>

CITY OF WEST LINN, OREGON

POLICE LOCAL OPTION LEVY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Property taxes	\$ 1,073,428	\$ 1,073,428	\$ 1,080,171	\$ 6,743
Interest	12,000	12,000	9,652	(2,348)
Miscellaneous	100	100	146	46
TOTAL REVENUES	<u>1,085,528</u>	<u>1,085,528</u>	<u>1,089,969</u>	<u>4,441</u>
EXPENDITURES:				
Personal services	1,024,166	1,024,166	951,021	73,145
Materials and services	153,839	153,839	164,361	(10,522)
Capital outlay	141,800	172,300	130,008	42,292
Contingency	391,543	361,043	-	361,043
TOTAL EXPENDITURES	<u>1,711,348</u>	<u>1,711,348</u>	<u>1,245,390</u>	<u>465,958</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(625,820)</u>	<u>(625,820)</u>	<u>(155,421)</u>	<u>470,399</u>
OTHER FINANCING USES:				
Transfers to other funds	<u>(86,075)</u>	<u>(86,075)</u>	<u>(52,929)</u>	<u>33,146</u>
NET CHANGE IN FUND BALANCE	<u>(711,895)</u>	<u>(711,895)</u>	<u>(208,350)</u>	<u>503,545</u>
FUND BALANCE (DEFICIT), July 1, 2004	<u>711,895</u>	<u>711,895</u>	<u>608,009</u>	<u>(103,886)</u>
FUND BALANCE, June 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 399,659</u>	<u>\$ 399,659</u>

CITY OF WEST LINN, OREGON

CAUFIELD TRUST FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Interest	<u>\$ 2,000</u>	<u>\$ 3,264</u>	<u>\$ 1,264</u>
EXPENDITURES:			
Materials and services	10,000	10,000	-
Contingency	35,291	-	35,291
Endowment reserve	<u>157,298</u>	<u>-</u>	<u>157,298</u>
TOTAL EXPENDITURES	<u>202,589</u>	<u>10,000</u>	<u>192,589</u>
EXCESS (DEFICIENCY) OF EXPENDITURES OVER REVENUES AND NET CHANGE IN FUND BALANCE	<u>(200,589)</u>	<u>(6,736)</u>	<u>193,853</u>
FUND BALANCE, July 1, 2004	<u>200,589</u>	<u>205,437</u>	<u>4,848</u>
FUND BALANCE, June 30, 2005	<u>\$ -</u>	<u>\$ 198,701</u>	<u>\$ 198,701</u>

Debt Service Fund

Debt Service Fund – accounts for payment of general obligation bond principal and interest. The principal source of revenue is from property taxes.

CITY OF WEST LINN, OREGON

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Property taxes	\$ 813,632	\$ 824,926	\$ 11,294
Interest	1,700	4,432	2,732
Miscellaneous	100	112	12
TOTAL REVENUES	<u>815,432</u>	<u>829,470</u>	<u>14,038</u>
EXPENDITURES:			
Debt service:			
Principal	405,000	405,000	-
Interest	506,969	503,818	3,151
Reserve for future debt service	311,072	-	311,072
TOTAL EXPENDITURES	<u>1,223,041</u>	<u>908,818</u>	<u>314,223</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(407,609)	(79,348)	328,261
FUND BALANCE, July 1, 2004	<u>407,609</u>	<u>364,826</u>	<u>(42,783)</u>
FUND BALANCE, June 30, 2005	<u>\$ -</u>	<u>\$ 285,478</u>	<u>\$ 285,478</u>

Nonmajor Capital Projects Funds

Capital Development Fund – accounts for the resources set aside for future City capital developments.

Integrated M.I.S. Fund – accounts for the resources used for improvements to the City's network of computers.

Senior Center Construction Fund – accounts for resources related to the construction of the Senior Center.

Library Construction Fund – accounts for the resources used for the construction of the Library.

City Hall Building Fund – accounts for the resources used for the purchase of the City Hall.

CITY OF WEST LINN, OREGON

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2005

	<u>Capital Development Fund</u>	<u>Integrated M.I.S. Fund</u>	<u>Senior Center Construction Fund</u>	<u>Library Construction Fund</u>	<u>City Hall Building Fund</u>	<u>Total</u>
ASSETS:						
Pooled cash and investments	\$ 419,943	\$ -	\$ 37,329	\$ 3,475	\$ 12,321	\$ 473,068
Accounts receivable	-	-	340	-	-	340
TOTAL ASSETS	<u>\$ 419,943</u>	<u>\$ -</u>	<u>\$ 37,669</u>	<u>\$ 3,475</u>	<u>\$ 12,321</u>	<u>\$ 473,408</u>
LIABILITIES AND FUND BALANCE:						
Book overdraft	\$ -	\$ 85	\$ -	\$ -	\$ -	\$ 85
Accounts payable	-	-	759	-	-	759
TOTAL LIABILITIES	<u>-</u>	<u>85</u>	<u>759</u>	<u>-</u>	<u>-</u>	<u>844</u>
FUND BALANCE (DEFICIT):						
Undesignated	<u>419,943</u>	<u>(85)</u>	<u>36,910</u>	<u>3,475</u>	<u>12,321</u>	<u>472,564</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 419,943</u>	<u>\$ -</u>	<u>\$ 37,669</u>	<u>\$ 3,475</u>	<u>\$ 12,321</u>	<u>\$ 473,408</u>

CITY OF WEST LINN, OREGON

NONMAJOR CAPITAL PROJECTS FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (DEFICIT)**

YEAR ENDED JUNE 30, 2005

	<u>Capital Development Fund</u>	<u>Integrated M.I.S. Fund</u>	<u>Senior Center Construction Fund</u>	<u>Library Construction Fund</u>	<u>City Hall Building Fund</u>	<u>Total</u>
REVENUES:						
Interest	\$ 1,984	\$ -	\$ 586	\$ -	\$ -	\$ 2,570
EXPENDITURES:						
Cultural and recreation	-	-	4,741	-	-	4,741
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	1,984	-	(4,155)	-	-	(2,171)
FUND BALANCE (DEFICIT), July 1, 2004	<u>417,959</u>	<u>(85)</u>	<u>41,065</u>	<u>3,475</u>	<u>12,321</u>	<u>474,735</u>
FUND BALANCE (DEFICIT), June 30, 2005	<u>\$ 419,943</u>	<u>\$ (85)</u>	<u>\$ 36,910</u>	<u>\$ 3,475</u>	<u>\$ 12,321</u>	<u>\$ 472,564</u>

CITY OF WEST LINN, OREGON

CAPITAL DEVELOPMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Interest	\$ 4,000	\$ 4,000	\$ 1,984	\$ (2,016)
EXPENDITURES:				
Contingency	<u>412,235</u>	<u>312,235</u>	<u>-</u>	<u>312,235</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(408,235)</u>	<u>(308,235)</u>	<u>1,984</u>	<u>310,219</u>
OTHER FINANCING USES:				
Transfers to other funds	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
NET CHANGE IN FUND BALANCE	<u>(408,235)</u>	<u>(408,235)</u>	<u>1,984</u>	<u>410,219</u>
FUND BALANCE, July 1, 2004	<u>408,235</u>	<u>408,235</u>	<u>417,959</u>	<u>9,724</u>
FUND BALANCE, June 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 419,943</u>	<u>\$ 419,943</u>

CITY OF WEST LINN, OREGON

SENIOR CENTER CONSTRUCTION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 586</u>	<u>\$ 586</u>
EXPENDITURES:				
Capital outlay	<u>-</u>	<u>5,112</u>	<u>4,741</u>	<u>371</u>
Contingencies	<u>-</u>	<u>(5,112)</u>	<u>-</u>	<u>(5,112)</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>4,741</u>	<u>(4,741)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(4,155)</u>	<u>(4,155)</u>
FUND BALANCE, July 1, 2004	<u>-</u>	<u>-</u>	<u>41,065</u>	<u>41,065</u>
FUND BALANCE, June 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,910</u>	<u>\$ 36,910</u>

CITY OF WEST LINN, OREGON

PARK BOND CONSTRUCTION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Interest	\$ 12,000	\$ 12,000	\$ 15,478	\$ 3,478
EXPENDITURES:				
Capital outlay	958,746	1,003,746	43,230	960,516
Contingencies	-	(45,000)	-	(45,000)
	<u>958,746</u>	<u>958,746</u>	<u>43,230</u>	<u>915,516</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(946,746)	(946,746)	(27,752)	918,994
FUND BALANCE, July 1, 2004	<u>946,746</u>	<u>946,746</u>	<u>963,156</u>	<u>16,410</u>
FUND BALANCE, June 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 935,404</u>	<u>\$ 935,404</u>

Enterprise Funds

Water Fund – accounts for the City's water utility operations.

Water Fund

Water Bond Construction Fund

Environmental Service Fund – accounts for the City's sewer utility operations.

Environmental Service Fund

Sewer Fund

CITY OF WEST LINN, OREGON

WATER FUND

COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2005

	Water Fund	Water Bond Construction Fund	Total
ASSETS:			
Current assets:			
Cash and investments	\$ 49,997	\$ 51,024	101,021
Restricted cash	173,791	-	173,791
Accounts receivable, net of allowance for doubtful accounts	376,001	513	376,514
TOTAL CURRENT ASSETS	599,789	51,537	651,326
Noncurrent assets:			
Capital assets not being depreciated	649,028	-	649,028
Other capital assets, net	11,746,150	-	11,746,150
Investment in joint venture	5,864,163	-	5,864,163
TOTAL NONCURRENT ASSETS	18,259,341	-	18,259,341
TOTAL ASSETS	18,859,130	51,537	18,910,667
LIABILITIES:			
Current liabilities:			
Accounts payable	141,264	-	141,264
Accrued payroll payable	4,116	-	4,116
Accrued vacation payable	49,776	-	49,776
Other liabilities	90,681	-	90,681
Accrued interest payable	23,606	-	23,606
Current portion of bonds payable	65,000	-	65,000
TOTAL CURRENT LIABILITIES	374,443	-	374,443
Long-term liabilities:			
Bonds payable	1,515,000	-	1,515,000
TOTAL LIABILITIES	1,889,443	-	1,889,443
NET ASSETS:			
Invested in capital assets, net of related debt	10,815,178	-	10,815,178
Unrestricted	6,154,509	51,537	6,206,046
TOTAL NET ASSETS	\$ 16,969,687	\$ 51,537	\$ 17,021,224

CITY OF WEST LINN, OREGON

WATER FUND

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS**

YEAR ENDED JUNE 30, 2005

	<u>Water Fund</u>	<u>Water Bond Construction Fund</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for services, net of remittances to Tri-City Service District and allowance for doubtful accounts	\$ 2,191,532	\$ -	\$ 2,191,532
Other	103,936	-	103,936
TOTAL OPERATING REVENUES	<u>2,295,468</u>	<u>-</u>	<u>2,295,468</u>
OPERATING EXPENSES:			
Salaries and fringe benefits	552,001	-	552,001
Materials and services	84,395	-	84,395
Insurance	33,928	-	33,928
Utilities	101,885	-	101,885
Purchase of water	784,133	-	784,133
Depreciation	354,184	-	354,184
Support services	446,958	-	446,958
TOTAL OPERATING EXPENSES	<u>2,357,484</u>	<u>-</u>	<u>2,357,484</u>
OPERATING LOSS	<u>(62,016)</u>	<u>-</u>	<u>(62,016)</u>
NONOPERATING INCOME (EXPENSE):			
Interest income	4,791	836	5,627
Net income from equity in joint venture	278,076	-	278,076
Interest expense	(92,863)	-	(92,863)
TOTAL NONOPERATING INCOME (EXPENSE)	<u>190,004</u>	<u>836</u>	<u>190,840</u>
CHANGE IN NET ASSETS	127,988	836	128,824
NET ASSETS, July 1, 2004	<u>16,841,699</u>	<u>50,701</u>	<u>16,892,400</u>
NET ASSETS, June 30, 2005	<u>\$ 16,969,687</u>	<u>\$ 51,537</u>	<u>\$ 17,021,224</u>

CITY OF WEST LINN, OREGON

WATER FUND

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2005

	Water Fund	Water Bond Construction Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
ACTIVITIES:			
Cash received for services	\$ 2,323,250	\$ -	\$ 2,323,250
Cash paid to suppliers for goods and services	(1,587,920)	-	(1,587,920)
Cash paid to employees for services	(566,206)	-	(566,206)
NET CASH FROM OPERATING ACTIVITIES	<u>169,124</u>	<u>-</u>	<u>169,124</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(710,016)	-	(710,016)
Bond principal payment	(60,000)	-	(60,000)
Interest paid on bonds	(92,863)	-	(92,863)
Transfer to restricted cash	(3,689)	-	(3,689)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(866,568)</u>	<u>-</u>	<u>(866,568)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments	4,791	566	5,357
NET CHANGE IN CASH AND INVESTMENTS	(692,653)	566	(692,087)
CASH AND INVESTMENTS, July 1, 2004	<u>742,650</u>	<u>50,458</u>	<u>793,108</u>
CASH AND INVESTMENTS, July 1, 2005	<u>\$ 49,997</u>	<u>\$ 51,024</u>	<u>\$ 101,021</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES:			
Operating loss	\$ (62,016)	\$ -	\$ (62,016)
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation	354,184	-	354,184
Changes in assets and liabilities:			
Accounts receivable	77,612	-	77,612
Accounts payable	(148,994)	-	(148,994)
Accrued payroll payable	(19,804)	-	(19,804)
Accrued vacation payable	5,599	-	5,599
Deposits payable	(49,830)	-	(49,830)
Other liabilities	12,373	-	12,373
Total adjustments	<u>231,140</u>	<u>-</u>	<u>231,140</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 169,124</u>	<u>\$ -</u>	<u>\$ 169,124</u>
NON-CASH TRANSACTIONS:			
Net income from equity in joint venture	<u>\$ 278,078</u>	<u>\$ -</u>	<u>\$ 278,078</u>

CITY OF WEST LINN, OREGON

ENVIRONMENTAL SERVICE FUND

COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2005

	Environmental Service Fund	Sewer Fund	Total
ASSETS:			
Current assets:			
Cash and investments	\$ 953,380	\$ 86,130	\$ 1,039,510
Accounts receivable, net of allowance for doubtful accounts	533,335	1,224	534,559
TOTAL CURRENT ASSETS	1,486,715	87,354	1,574,069
NONCURRENT ASSETS:			
Capital assets not being depreciated	-	262,776	262,776
Other capital assets, net	8,811,975	278,403	9,090,378
TOTAL NONCURRENT ASSETS	8,811,975	541,179	9,353,154
TOTAL ASSETS	10,298,690	628,533	10,927,223
LIABILITIES:			
Current liabilities:			
Accounts payable	167,618	-	167,618
Accrued payroll payable	4,802	-	4,802
Accrued vacation payable	40,814	-	40,814
Deposits	22,023	-	22,023
Other liabilities	180,811	-	180,811
TOTAL CURRENT LIABILITIES	416,068	-	416,068
NET ASSETS:			
Invested in capital assets, net of related debt	8,811,975	541,179	9,353,154
Unrestricted	1,070,647	87,354	1,158,001
TOTAL NET ASSETS	\$ 9,882,622	\$ 628,533	\$ 10,511,155

CITY OF WEST LINN, OREGON
ENVIRONMENTAL SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30, 2005

	Environmental Service Fund	Sewer Fund	Total
OPERATING REVENUES:			
Charges for services, net of allowance for doubtful accounts	\$ 1,787,284	\$ -	\$ 1,787,284
Licenses and permits	36,928	-	36,928
Other	45,431	-	45,431
TOTAL OPERATING REVENUES	1,869,643	-	1,869,643
OPERATING EXPENSES:			
Salaries and fringe benefits	708,380	-	708,380
Materials and supplies	84,971	-	84,971
Utilities	11,585	-	11,585
Insurance	40,529	-	40,529
Professional services	5,159	-	5,159
Street cleaning	84,506	-	84,506
Depreciation	319,766	-	319,766
Support services	694,964	-	694,964
TOTAL OPERATING EXPENSES	1,949,860	-	1,949,860
OPERATING LOSS	(80,217)	-	(80,217)
NONOPERATING INCOME:			
Interest income	14,521	(119)	14,402
CHANGE IN NET ASSETS	(65,696)	(119)	(65,815)
NET ASSETS, July 1, 2004	9,948,318	628,652	10,576,970
NET ASSETS, June 30, 2005	\$ 9,882,622	\$ 628,533	\$ 10,511,155

CITY OF WEST LINN, OREGON
ENVIRONMENTAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2005

	Environmental Service Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
ACTIVITIES:			
Cash received for services	\$ 1,831,035	\$ (10,176)	\$ 1,820,859
Cash paid to suppliers for goods and services	(962,790)	(17,289)	(980,079)
Cash paid to employees for services	(706,247)	-	(706,247)
NET CASH FROM OPERATING ACTIVITIES	161,998	(27,465)	134,533
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(778,171)	(282,998)	(1,061,169)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments	14,521	(119)	14,402
NET CHANGE IN CASH AND INVESTMENTS	(601,652)	(310,582)	(912,234)
CASH AND INVESTMENTS, July 1, 2004	1,555,032	396,712	1,951,744
CASH AND INVESTMENTS, July 1, 2005	\$ 953,380	\$ 86,130	\$ 1,039,510
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES:			
Operating loss	\$ (80,217)	\$ -	\$ (80,217)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation	319,766	-	319,766
Changes in assets and liabilities:			-
Accounts receivable	(60,631)	908	(59,723)
Deposits payable	22,023	(11,084)	10,939
Accounts payable	(221,887)	(15,269)	(237,156)
Accrued payroll payable	(27,705)	-	(27,705)
Accrued vacation payable	29,838	-	29,838
Other liabilities	180,811	(2,020)	178,791
Total adjustments	242,215	(27,465)	214,750
NET CASH FROM OPERATING ACTIVITIES	\$ 161,998	\$ (27,465)	\$ 134,533

CITY OF WEST LINN, OREGON

WATER FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Water sales	\$ 2,461,326	\$ 2,461,326	\$ 2,191,532	\$ (269,794)
Water connection fees	56,000	56,000	-	(56,000)
Interest	12,000	12,000	4,791	(7,209)
Miscellaneous	<u>57,035</u>	<u>57,035</u>	<u>382,012</u>	<u>324,977</u>
TOTAL REVENUES	<u>2,586,361</u>	<u>2,586,361</u>	<u>2,578,335</u>	<u>(8,026)</u>
EXPENDITURES:				
Personal services	559,101	559,101	552,001	7,100
Materials and services	1,366,152	1,366,152	1,086,227	279,925
Capital outlay	323,029	637,751	628,130	9,621
Debt service	152,863	152,863	152,863	-
Reserve for debt service	155,000	155,000	-	155,000
Contingency	<u>327,840</u>	<u>13,118</u>	<u>-</u>	<u>13,118</u>
TOTAL EXPENDITURES	<u>2,883,985</u>	<u>2,883,985</u>	<u>2,419,221</u>	<u>464,764</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(297,624)	(297,624)	159,114	456,738
OTHER FINANCING USES:				
Transfers to other funds	<u>(452,426)</u>	<u>(452,426)</u>	<u>(446,958)</u>	<u>5,468</u>
NET CHANGE IN FUND BALANCE	(750,050)	(750,050)	(287,844)	462,206
FUND BALANCE, July 1, 2004	<u>750,050</u>	<u>750,050</u>	<u>879,874</u>	<u>129,824</u>
FUND BALANCE, June 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 592,030</u>	<u>\$ 592,030</u>

CITY OF WEST LINN, OREGON

WATER BOND CONSTRUCTION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Interest	<u>\$ -</u>	<u>\$ 836</u>	<u>\$ 836</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>836</u>	<u>836</u>
FUND BALANCE, July 1, 2004	<u>-</u>	<u>50,701</u>	<u>50,701</u>
FUND BALANCE, June 30, 2005	<u><u>\$ -</u></u>	<u><u>\$ 51,537</u></u>	<u><u>\$ 51,537</u></u>

CITY OF WEST LINN, OREGON

ENVIRONMENTAL SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2005

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Sewer charges	\$ 1,324,320	\$ 1,324,320	\$ 1,317,814	\$ (6,506)
Storm drain charges	475,938	475,938	469,470	(6,468)
Interest	25,000	25,000	14,521	(10,479)
Miscellaneous	10,000	11,300	82,359	71,059
TOTAL REVENUES	<u>1,835,258</u>	<u>1,836,558</u>	<u>1,884,164</u>	<u>47,606</u>
EXPENDITURES:				
Personal services	757,764	757,764	708,380	49,384
Materials and services	342,021	342,021	234,808	107,213
Capital outlay	886,184	1,017,931	770,113	247,818
Contingency	221,564	89,817	-	89,817
TOTAL EXPENDITURES	<u>2,207,533</u>	<u>2,207,533</u>	<u>1,713,301</u>	<u>494,232</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(372,275)</u>	<u>(370,975)</u>	<u>170,863</u>	<u>541,838</u>
OTHER FINANCING USES:				
Transfers to other funds	<u>(726,950)</u>	<u>(726,950)</u>	<u>(694,964)</u>	<u>31,986</u>
NET CHANGE IN FUND BALANCE	<u>(1,099,225)</u>	<u>(1,097,925)</u>	<u>(524,101)</u>	<u>573,824</u>
FUND BALANCE, July 1, 2004	<u>1,099,225</u>	<u>1,097,925</u>	<u>1,578,096</u>	<u>480,171</u>
FUND BALANCE, June 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,053,995</u>	<u>\$ 1,053,995</u>

CITY OF WEST LINN, OREGON

SEWER FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Interest	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ (119)</u>	<u>\$ (1,619)</u>
EXPENDITURES:				
Capital outlay	<u>100,000</u>	<u>393,030</u>	<u>282,998</u>	<u>110,032</u>
Contingency	<u>24,885</u>	<u>(268,145)</u>	<u>-</u>	<u>(268,145)</u>
TOTAL EXPENDITURES	<u>124,885</u>	<u>124,885</u>	<u>282,998</u>	<u>(158,113)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	<u>(123,385)</u>	<u>(123,385)</u>	<u>(283,117)</u>	<u>(159,732)</u>
FUND BALANCE, July 1, 2004	<u>391,530</u>	<u>391,530</u>	<u>370,471</u>	<u>(21,059)</u>
FUND BALANCE, June 30, 2005	<u>\$ 268,145</u>	<u>\$ 268,145</u>	<u>\$ 87,354</u>	<u>\$ (180,791)</u>

Internal Service Funds

Vehicle/Equipment Maintenance Fund – accounts for the maintenance of the City's vehicles and equipment. Charges are made to other City funds to recover the costs of providing services.

Insurance Fund – accounts for some costs incurred by the City under its insurance programs, primarily unemployment insurance claims up to policy deductible limits. Funding sources are revenues from investment income, proceeds from insurance claims and charges to other funds.

CITY OF WEST LINN, OREGON

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET ASSETS (DEFICIT)

JUNE 30, 2005

	Vehicle/ Equipment Maintenance Fund	Insurance Fund	Total
ASSETS:			
Current assets:			
Cash and investments	\$ -	\$ 109,723	\$ 109,723
Accounts receivable	(3,571)	1,074	(2,497)
TOTAL CURRENT ASSETS	(3,571)	110,797	107,226
Noncurrent assets:			
Other capital assets, net	8,633	-	8,633
TOTAL ASSETS	5,062	110,797	115,859
LIABILITIES:			
Current liabilities:			
Deficit in cash and investments	81,857	-	81,857
Accounts payable	8,302	53	8,355
Accrued vacation payable	5,044	-	5,044
Accrued payroll payable	1,372	-	1,372
TOTAL CURRENT LIABILITIES	96,575	53	96,628
NET ASSETS (DEFICIT):			
Invested in capital assets, net of related debt	8,633	-	8,633
Unrestricted	(100,146)	110,744	10,598
TOTAL NET ASSETS (DEFICIT)	<u>\$ (91,513)</u>	<u>\$ 110,744</u>	<u>\$ 19,231</u>

CITY OF WEST LINN, OREGON

INTERNAL SERVICE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS (DEFICIT)**

YEAR ENDED JUNE 30, 2005

	Vehicle/ Equipment Maintenance Fund	Insurance Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 342,069	\$ -	\$ 342,069
OPERATING EXPENSES:			
Salaries and fringe benefits	189,621	-	189,621
Repairs and maintenance	220,588	-	220,588
Claims expense	-	2,230	2,230
Training	-	9,224	9,224
Support services	63,999	2,468	66,467
Depreciation	15,908	-	15,908
TOTAL OPERATING EXPENSES	<u>490,116</u>	<u>13,922</u>	<u>504,038</u>
OPERATING LOSS	<u>(148,047)</u>	<u>(13,922)</u>	<u>(161,969)</u>
NONOPERATING INCOME			
Interest income	<u>(3,879)</u>	<u>1,766</u>	<u>(2,113)</u>
CHANGE IN NET ASSETS	<u>(151,926)</u>	<u>(12,156)</u>	<u>(164,082)</u>
NET ASSETS, July 1, 2004	<u>60,413</u>	<u>122,900</u>	<u>183,313</u>
NET ASSETS (DEFICIT), June 30, 2005	<u>\$ (91,513)</u>	<u>\$ 110,744</u>	<u>\$ 19,231</u>

CITY OF WEST LINN, OREGON

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2005

	<u>Vehicle/ Equipment Maintenance Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received for services	\$ 345,640	\$ 578	\$ 346,218
Cash paid to suppliers for goods and services	(287,114)	(13,975)	(301,089)
Cash paid to employees for services	(196,682)	-	(196,682)
NET CASH FROM OPERATING ACTIVITIES	<u>(138,156)</u>	<u>(13,397)</u>	<u>(151,553)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments	(3,879)	1,766	(2,113)
NET CHANGE IN CASH AND INVESTMENTS	(142,035)	(11,631)	(153,666)
CASH AND INVESTMENTS, July 1, 2004	<u>60,178</u>	<u>121,354</u>	<u>181,532</u>
CASH AND INVESTMENTS, July 1, 2005	<u>\$ (81,857)</u>	<u>\$ 109,723</u>	<u>\$ 27,866</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES:			
Operating loss	\$ (148,047)	\$ (13,922)	\$ (161,969)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation	15,908	-	15,908
Changes in assets and liabilities:			
Accounts receivable	3,571	578	4,149
Accounts payable	(2,527)	(53)	(2,580)
Accrued payroll payable	(7,061)	-	(7,061)
Total adjustments	<u>9,891</u>	<u>525</u>	<u>10,416</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (138,156)</u>	<u>\$ (13,397)</u>	<u>\$ (151,553)</u>

CITY OF WEST LINN, OREGON

VEHICLE/EQUIPMENT MAINTENANCE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2005

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 485,891	\$ 342,069	\$ (143,822)
Interest income	-	(3,879)	(3,879)
TOTAL REVENUES	<u>485,891</u>	<u>338,190</u>	<u>(147,701)</u>
EXPENDITURES:			
Personal services	195,841	189,621	6,220
Materials and services	229,609	220,588	9,021
Capital outlay	2,950	-	2,950
Contingency	8,046	-	8,046
TOTAL EXPENDITURES	<u>436,446</u>	<u>410,209</u>	<u>26,237</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	49,445	(72,019)	(121,464)
OTHER FINANCING USES:			
Transfers to other funds	<u>(63,999)</u>	<u>(63,999)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(14,554)	(136,018)	(121,464)
FUND BALANCE, July 1, 2004	<u>14,554</u>	<u>35,873</u>	<u>21,319</u>
FUND BALANCE (DEFICIT), June 30, 2005	<u>\$ -</u>	<u>\$ (100,145)</u>	<u>\$ (100,145)</u>

CITY OF WEST LINN, OREGON

INSURANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Interest Income	\$ 1,000	\$ 1,766	\$ 766
EXPENDITURES:			
Materials and services	87,000	11,454	75,546
Contingency	479	-	479
TOTAL EXPENDITURES	<u>87,479</u>	<u>11,454</u>	<u>76,025</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(86,479)	(9,688)	76,791
OTHER FINANCING USES:			
Transfers to other funds	<u>(2,468)</u>	<u>(2,468)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(88,947)	(12,156)	76,791
FUND BALANCE, July 1, 2004	<u>88,947</u>	<u>122,900</u>	<u>33,953</u>
FUND BALANCE, June 30, 2005	<u>\$ -</u>	<u>\$ 110,744</u>	<u>\$ 110,744</u>

OTHER FINANCIAL SCHEDULE

CITY OF WEST LINN, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS

FOR THE YEAR ENDED JUNE 30, 2005

<u>Tax Year</u>	<u>Taxes Uncollected June 1, 2004</u>	<u>Add Levy Extended by Assessor</u>	<u>Discounts Allowed</u>	<u>Cancellation Adjustments</u>	<u>Interest</u>	<u>Collections</u>	<u>Property Taxes Uncollected June 30, 2005</u>
2004-05		\$ 6,553,401	\$ (157,825)	\$ (26,104)	\$ 3,218	\$ (6,197,891)	\$ 174,799
2003-04	\$ 273,679	-		(24,262)	9,914	(177,484)	81,847
2002-03	104,286	-	-	(14,972)	6,941	(47,340)	48,915
2001-02	44,364	-	-	(10,200)	5,253	(24,622)	14,795
2000-01	16,633	-	-	(2,503)	2,658	(12,934)	3,854
1999-00 & prior	9,358	-	-	(3,485)	(11,229)	11,776	6,420
Total prior	448,320	-	-	(55,422)	13,537	(250,604)	155,831
Grand total	<u>\$ 448,320</u>	<u>\$ 6,553,401</u>	<u>\$ (157,825)</u>	<u>\$ (81,526)</u>	<u>\$ 16,755</u>	<u>\$ (6,448,495)</u>	<u>\$ 330,630</u>
General Fund							\$ 172,182
Fire Option Levy Fund							56,733
Police Option Levy Fund							45,175
Debt Service Fund							56,540
							<u>\$ 330,630</u>

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS**

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, and comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth in the following pages.



4800 S.W. Macadam, Suite 400 • Portland, Oregon 97239-3973
503/274-2849 • Fax 503/274-2853

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

August 20, 2007

Honorable Mayor and City Councilors
City of West Linn
West Linn, Oregon

We have audited the Statement of Net Assets, Governmental Funds Balance Sheet and Proprietary Funds Statement of Net Assets (collectively, the financial statements) of the City of West Linn, Oregon (the City), as of June 30, 2005, and have issued our report dated August 20, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on internal control over financial reporting. However, we noted the following matters involving the internal control and its operation that we consider to be reportable conditions under Standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

- The City does not maintain adequate capital assets records to support amounts reported on the financial statements.
- The City's former Finance Director reconciled bank accounts, prepared journal entries and entered them into the accounting records without adequate supervisory review.
- An accounting clerk had the ability to adjust utility rates, bill, receive cash and record transactions.
- In some instances one individual was responsible for receiving and approving invoices and recording the transaction.
- The payroll clerk was responsible for printing and distributing payroll checks after review and approval of a supervisory individual.
- Finance Department personnel prepared journal entries, approved them and recorded them in the accounting records without adequate supervisory review.

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS (Continued)**

Page 2

INTERNAL CONTROL OVER FINANCIAL REPORTING (Continued)

- Documentation was not maintained to support journal entries made to record or correct items in the accounting system.
- The accounts payable process did not, in some instances, identify specific invoices to be paid.
- Documentation was not maintained to support some accounting transactions.
- Detail utility billing records were not reconciled to accounting records.
- Water purchased from South Fork Water Board was not reconciled to the amounts billed to customers.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily be all reportable conditions that are also considered to be material weaknesses as defined above. However, the reportable conditions noted above are considered to be material weaknesses.

ADEQUACY OF ACCOUNTING RECORDS

The City's accounting records were adequate to support our opinions on the audit of the financial statements except as described above with regards to capital assets.

ADEQUACY OF COLLATERAL SECURING DEPOSITORY BALANCES

Oregon Revised Statutes (ORS) Chapter 295 requires that each depository throughout the period of its possession of public funds deposits shall maintain on deposit with its custodians, at its own expense, securities having a value of not less than 25% of the certificates of participation issued by the pool manager for funds in excess of those insured by the Federal Deposit Insurance Corporation. Our review of adequacy of collateral securing depository balances indicated the collateral was insufficient at times, during the year ended June 30, 2005.

INVESTMENTS

Our review of deposit and investment balances indicated that, during the year ended June 30, 2005, the City was in compliance with ORS 294 as it pertains to investment of public funds.

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS (Continued)**

Page 3

LEGAL REQUIREMENTS RELATING TO DEBT

We noted the indebtedness of the City was in compliance with ORS 287.004 during the year ended June 30, 2005. We noted no defaults in principal, interest, sinking fund or redemption provisions with respect to any of the City's bonded debt, and no breach of the bond agreements, at June 30, 2005. The City did not meet its bond covenant related to timely completion of audits.

BUDGET COMPLIANCE

The City appears to have complied with Local Budget Law (ORS 294.305 to 294.520) in the preparation, adoption and execution of its budget and tax levy for the year ended June 30, 2005, and the preparation and adoption of its budget for the year ending June 30, 2006, except as noted below:

All annual appropriations lapse at fiscal year end. The City over expended its appropriations for the following funds:

<u>Fund</u>	<u>Amount</u>
General:	
City manager's office	\$ 29,551
Library	14,363
General services	317,715
Nondepartmental	185,248
State Revenue Sharing - Capital Outlay	31,224
Library Levy - Materials and Services	1,476
Cable TV/Public Access - Materials and Services	18,839
Solid Waste Recycling - Materials and Services	1,649
- Capital Outlay	17,075
Community Center Operating - Materials and Services	4,618
Public Education Government - Capital Outlay	120
Building Inspection - Capital Outlay	802
Police Local Option Levy - Materials and Services	10,522

The following Funds had a deficit fund balance:

911 Emergency Communications	\$ 191,476
Cable TV/Public Access	10,517
Arts Commission	3,647
Building Inspection	85,391
Community Center Operating	43,080
Public Works Support	68,307
Integrated M.I.S.	85
Vehicle/Equipment Maintenance	98,926

Because the budgetary statements could not be audited, there could be other over-expenditures and other deficit fund balances.

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS (Continued)**

Page 4

BUDGET COMPLIANCE (Continued)

The City adopted supplemental budgets to transfer appropriations from operating contingencies to other categories of appropriations when there was either no contingency originally appropriated, or the original contingency was less than amount transferred.

The following funds had no original contingency appropriation to transfer to other categories:

Public Works Support Services	\$	3,500
Senior Center Construction		5,112
Park Bond Construction		45,000

The Sewer Fund had an original contingency appropriation of \$24,885 but transferred out \$293,030 to another appropriation category.

INSURANCE POLICIES AND FIDELITY BONDS

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2005. We ascertained that such policies appeared to be in force and in compliance with legal requirements relating to insurance and fidelity bond coverage. The City's fidelity bond may be inadequate to cover the misappropriation of cash. We are not competent by training to comment on the adequacy of the insurance policies covering City-owned property at June 30, 2005.

PUBLIC CONTRACTS

Due to the state of the accounting records we were unable to review the City's procedures for awarding public contracts to determine compliance with ORS Chapter 279.

HIGHWAY FUNDS

Due to the state of the accounting records we were unable to review the City's procedures for the expenditure of gas tax funds to determine compliance with ORS Chapter 294.

OTHER

The following audit comments and disclosures do not apply to the City for the year ended June 30, 2005:

- Programs funded from outside sources
- Financial reporting requirements

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS (Continued)**

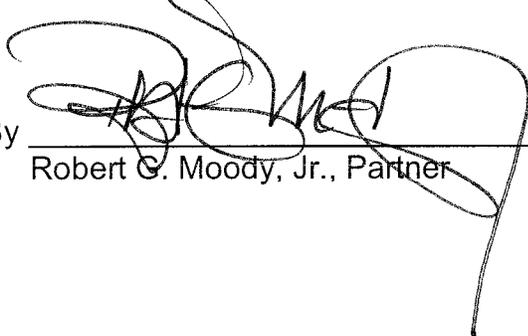
Page 5

* * * * *

This report is intended solely for the information and use of the Board of Councilors, management, and the Oregon Secretary of State Audits Division and is not intended to be and should not be used by anyone other than these specified parties.

TALBOT, KORVOLA & WARWICK, LLP

Certified Public Accountants

By  _____
Robert G. Moody, Jr., Partner