CITY OF WEST LINN, OREGON

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2003

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City of West Linn, Oregon

Annual Finencial Report
For The Fiscal Year Ended June 30, 2003

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City of West Linn, Oregon

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Introductory Section

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City of West Linn, Oregon

CITY COUNCIL MEMBERS AS OF JUNE 30, 2003

NAME	TERM EXPIRES
David Dodds, Mayor 18931 Old River Drive West Linn, OR 97068	December 31, 2004
Michael P. Kapigian 19482 View Drive West Linn, OR 97068	December 31, 2004
David M. Tripp 4999 Prospect Street West Linn, OR 97068	December 31, 2004
Bill Wilson 19363 Willamette Drive West Linn, OR 97068	December 31, 2004
Norman B. King 19420 Wilderness Drive West Linn, OR 97068	December 31, 2004

Sandy Farley, City Manager

Administrative Offices
22500 Salamo Road
West Linn, Oregon 97068

Legal Counsel:

Ramis, Crew, Corrigan and Bachrach, LLP
1727 N.W. Hoyt Street
Portland, Oregon 97209

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Financial Section

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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

• 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
• (503) 620-2632 • FAX (503) 684-7523

June 24, 2005

To the Honorable Mayor and
Members of the City Council
City of West Linn
West Linn, Oregon

INDEPENDENT AUDITORS' REPORT

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Linn, Oregon, as of June 30, 2004 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, City of West Linn, Oregon adopted the provisions of Governmental Accounting Standards Board Statement (GASBS) Number 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as of July 1, 2002. GASBS No. 34 requires the City to report and depreciate new infrastructure assets effective with the beginning of the current year. The retroactive reporting of infrastructure is subject to an extended implementation period and is required for the fiscal year beginning July 1, 2005. The City has elected to implement the general provisions of GASBS No. 34 in the current year and to defer the retroactive reporting of infrastructure as allowed.

City of West Linn, Oregon, has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information including the budgetary comparison information for the General Fund and the other major Special Revenue Funds (which are required supplementary information). The combining and individual nonmajor fund statements and the combined schedule of property tax transactions, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Talbot, Rogers and Co, P.C.

City of West Linn, Oregon

Basic Financial Statements

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City of West Linn, Oregon
Statement of Net Assets
June 30, 2003

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	$ 10,826,307	$ 3,297,322	$ 14,123,629
Restricted Cash	-	153,854	153,854
Cash Held by County Treasurer	71,946	-	71,946
Property Taxes Receivable	478,845	-	478,845
Accounts Receivable, Net	75,001	924,135	999,136
Accrued Interest Receivable	73,067	21,743	94,810
Security Deposits	11,960	-	11,960
Due from Other Governments	94,467	-	94,467
Inventory	37,628	109,273	146,901
Capital Assets, Net of Accumulated Depreciation	28,746,160	19,751,235	48,497,395
Investment in South Fork Water Board	-	5,299,199	5,299,199
Prepaid / Other Assets	166	-	166
Total Assets	40,415,547	29,556,761	69,972,308
LIABILITIES			
Current Liabilities			
Accounts Payable	1,083,060	434,099	1,517,159
Internal Balances	46,419	(46,419)	-
Other Short-term Liabilities	453,212	94,043	547,255
Compensated Absences Payable	549,872	66,306	616,178
Due To Other Governments	79,825	218,025	297,850
Accrued Interest Payable	721,359	95,811	817,170
Curent Portion - Bonds Payable	525,000	55,000	580,000
Total Current Liabilities	3,458,747	916,865	4,375,612
Long-term Liabilities			
Bonds Payable - Due In More Than One Year	14,310,000	1,640,000	15,950,000
Total Liabilities	17,768,747	2,556,865	20,325,612
NET ASSETS (DEFICIT)			
Invested in capital assets, net of related debt	24,716,160	18,056,235	42,772,395
Restricted for capital projects	-	153,854	153,854
Reserved for Inventory	37,628	109,273	146,901
Undesignated	(2,106,988)	8,680,534	6,573,546
Total net assets	$ 22,646,800	$ 26,999,896	$ 49,646,696

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

City of West Linn, Oregon
Statement of Activities
For the Year Ended June 30, 2003

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Total
Governmental activities:						
General Government	$ 6,520,727	$ 3,335,968	$ 58,377	$ (3,126,382)	$ -	$ (3,126,382)
Cultural and Recreation	2,848,927	1,200,788	952,577	(695,562)	-	(695,562)
Public Safety	6,088,293	334,737	3,332,813	(2,420,743)	-	(2,420,743)
Highways and Streets	1,235,196	23,873	943,841	(267,482)	-	(267,482)
Sanitation	1,242,161	263,086	-	(979,075)	-	(979,075)
Interest on long-term debt	513,209	-	-	(513,209)	-	(513,209)
Total governmental activities	18,448,513	5,158,452	5,287,608	(8,002,453)	-	(8,002,453)
Business-type activities:						
Water	2,474,289	2,747,226	-	-	272,937	272,937
Environmental Services	1,851,314	1,812,582	-	-	(38,732)	(38,732)
Total business-type activities	4,325,603	4,559,808	-	-	234,205	234,205
Total	$ 22,774,116	$ 9,718,260	$ 5,287,608	(8,002,453)	234,205	(7,768,248)
General Revenues:						
Property Taxes				5,254,832	-	5,254,832
Franchise Taxes				1,706,007	-	1,706,007
Excise Taxes				253,283	-	253,283
Investment Earnings				253,706	80,749	334,455
Miscellaneous				112,699	351,070	463,769
Total general revenues				7,580,527	431,819	8,012,346
Change in net assets				(421,926)	666,024	244,098
Net Assets - beginning of year				23,068,726	26,333,872	49,402,598
Net Assets - end of year				$ 22,646,800	$ 26,999,896	$ 49,646,696

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

City of West Linn, Oregon
Governmental Funds
Balance Sheet
June 30, 2003

	General Fund	State Revenue Sharing Fund	Police Local Option Levy Fund	Fire Local Option Levy Fund	System Development Fund	Senior Center Construction Fund	Other Governmental Funds	Totals Governmental Funds
ASSETS								
Cash and Investments	$ 1,590,076	$ 1,162,433	$ 303,508	$ 404,569	$ 3,939,823	$ 353,657	$ 2,889,154	$ 10,643,220
Cash Held by County Treasurer	34,160	-	12,172	15,558	-	-	10,036	71,946
Property Taxes Receivable	249,405	-	65,407	82,177	-	-	81,856	478,845
Accounts Receivable	68,250	-	-	-	4,965	-	701	73,916
Accrued Interest Receivable	10,887	7,136	1,784	1,600	27,981	1,541	20,902	71,831
Security Deposits	11,960	-	-	-	-	-	-	11,960
Due from Other Governments	16,283	-	-	-	-	-	78,184	94,467
Prepaid Expenses	37	-	-	-	-	-	129	166
Total Assets	$ 1,981,078	$ 1,169,569	$ 382,871	$ 503,904	$ 3,972,769	$ 355,198	$ 3,080,962	$ 11,446,351
LIABILITIES								
Accounts Payable	$ 374,706	$ -	$ 3,071	$ 4,005	$ 287,782	$ 297,130	$ 94,099	$ 1,060,773
Accrued Salaries and Payroll Taxes	396,163	-	52,891	-	-	-	96,993	546,047
Accrued Liabilities	1,978	-	-		-	-	83,424	85,402
Due to Other Governments	77,325	-	-	-	-	-	2,500	79,825
Deposits Payable	294,998	-	-	-	72,812	-	-	367,810
Deferred Revenue	215,225	-	53,235	66,619	-	-	71,820	406,899
Total Liabilities	1,360,395	-	109,197	70,624	360,574	297,130	348,836	2,546,756
FUND BALANCES								
Reserved for Systems Development	-	-	-	-	3,612,195	-	-	3,612,195
Unreserved, reported in:								
General Fund	620,683	-	-	-	-	-	-	620,683
Special Revenue Funds	-	1,169,569	273,674	433,280	-	-	988,787	2,865,310
Debt Service Fund	-	-	-	-	-	-	345,802	345,802
Capital Project Funds	-	-	-	-	-	58,068	1,397,537	1,455,605
Total Fund Balances	620,683	1,169,569	273,674	433,280	3,612,195	58,068	2,732,126	8,899,595
Total Liabilities and Fund Balances	$ 1,981,078	$ 1,169,569	$ 382,871	$ 503,904	$ 3,972,769	$ 355,198	$ 3,080,962	

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.	28,710,989
Long-term taxes receivable are not available to pay for current-period expenditures and therefore, are deferred in the funds.	406,899
The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	185,676
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(14,835,000)
Bond interest is not accrued as a liability in the government funds.	(721,359)
Net assets of governmental activities	$ 22,646,800

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

City of West Linn, Oregon
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2003

	General Fund	State Revenue Sharing Fund	Police Local Option Levy Fund	Fire Local Option Levy Fund	System Development Fund	Senior Center Construction Fund	Other Governmental Funds	Totals Governmental Funds
REVENUES:								
Taxes	$ 4,044,265	$ -	$ 1,423,686	$ 1,818,904	$ -	$ -	$ 1,184,214	$ 8,471,069
Intergovernmental Revenues	278,363	131,221	-	-	-	370,000	1,573,454	2,353,038
Franchise Fees	1,441,168	-	-	-	-	-	264,839	1,706,007
Licenses and Permits	197,529	-	-	-	-	-	430,996	628,525
Fines and Forfeitures	378,226	-	-	-	-	-	-	378,226
Charges for Services	1,201,757	-	-	-	-	-	15,190	1,216,947
Systems Development Fees	-	-	-	-	1,165,220	-	-	1,165,220
Donations	-	-	-	-	-	2,207	24,216	26,423
Interest	38,786	28,780	7,641	7,939	103,685	7,808	61,860	256,499
Reimbursements	-	-	-	-	-	-	861,771	861,771
Miscellaneous	70,674	-	25,009	521	1,500	-	14,995	112,699
TOTAL REVENUES	7,650,768	160,001	1,456,336	1,827,364	1,270,405	380,015	4,431,535	17,176,424
EXPENDITURES:								
Current:								
General Government	2,891,464	-	-	-	-	1,023,090	1,682,760	5,597,314
Cultural and Recreation	2,430,986	-	-	-	253,083	-	103,731	2,787,800
Public Safety	2,246,512	-	1,346,387	2,298,887	-	-	249,993	6,141,779
Highways and Streets	-	-	-	-	531	-	1,314,832	1,315,363
Sanitation	-	-	-	-	1,242,161	-	-	1,242,161
Debt Service:								
Principal	-	-	-	-	-	-	425,000	425,000
Interest	-	-	-	-	-	-	536,800	536,800
TOTAL EXPENDITURES	7,568,962	-	1,346,387	2,298,887	1,495,775	1,023,090	4,313,116	18,046,217
Excess of revenues over (under) expenditures	81,806	160,001	109,949	(471,523)	(225,370)	(643,075)	118,419	(869,793)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	759,799	-	-	789,740	-	586,000	144,388	2,279,927
Operating Transfers Out	(899,128)	(15,000)	-	-	(586,000)	-	(779,799)	(2,279,927)
TOTAL OTHER FINANCING SOURCES	(139,329)	(15,000)	-	789,740	(586,000)	586,000	(635,411)	-
Change in Fund Balances	(57,523)	145,001	109,949	318,217	(811,370)	(57,075)	(516,992)	(869,793)
FUND BALANCES, June 30, 2002	678,206	1,024,568	163,725	115,063	4,423,565	115,143	3,249,118	9,769,388
FUND BALANCES, June 30, 2003	$ 620,683	$ 1,169,569	$ 273,674	$ 433,280	$ 3,612,195	$ 58,068	$ 2,732,126	$ 8,899,595

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

City of West Linn, Oregon
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2003

Net change in fund balance - total government funds (page 6)	$	(869,793)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report all capital outlays as expenditures. However, in the Statement of Activities the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of $545,227 exceeded capital outlays of $389,868 in the current period.		(155,359)
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		26,103
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 income of the funds for the year.		(11,468)
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		565,000
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:		
Change in bond interest payable		23,591
Change in net assets of governmental activities (page 4)	$	(421,926)

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

City of West Linn, Oregon
Proprietary Funds
Statement of Net Assets
June 30, 2003

	Business-type Activities Enterprise Funds			Governmental Activities
	Water Fund	Environmental Service Fund	Totals	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Investments	$ 1,080,161	$ 2,217,161	$ 3,297,322	$ 183,087
Restricted Cash	153,854	-	153,854	-
Accounts Receivable	437,067	487,068	924,135	1,085
Accrued Interest Receivable	7,509	14,234	21,743	1,236
Inventory	92,970	16,303	109,273	37,628
Total Current Assets	1,771,561	2,734,766	4,506,327	223,036
Fixed Assets, Net	11,441,542	8,309,693	19,751,235	35,171
Investment in South Fork Water Board	5,299,199	-	5,299,199	-
Total Assets	$ 18,512,302	$ 11,044,459	$ 29,556,761	$ 258,207
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts Payable	$ 245,124	$ 188,975	$ 434,099	$ 22,287
Deposits	49,830	22,023	71,853	-
Accrued Liabilities	22,190	-	22,190	-
Accrued Salaries and Payroll Taxes	44,177	22,129	66,306	3,825
Due to Other Governments	56,140	161,885	218,025	-
Accrued Interest Payable	95,811	-	95,811	-
Bonds Payable - Due Within One Year	55,000	-	55,000	-
Total Current Liabilities	568,272	395,012	963,284	26,112
Noncurrent Liabilities:				
Bonds Payable - Due In More Than One Year	1,640,000	-	1,640,000	-
Total Liabilities	2,208,272	395,012	2,603,284	26,112
Net Assets:				
Invested in capital assets, net of related debt	9,746,542	8,309,693	18,056,235	35,171
Restricted for capital projects	153,854	-	153,854	-
Reserved for inventory	92,970	16,303	109,273	37,628
Unrestricted	6,310,664	2,323,451	8,634,115	159,296
Total Net Assets	$ 16,304,030	$ 10,649,447	26,953,477	$ 232,095
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			46,419	
Net assets of business-type activities			$ 26,999,896	

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

City of West Linn, Oregon
Proprietary Funds
Combining Statement of Revenues, Expenses and Changes in Retained Earnings

For the Year Ended June 30, 2003

	Business-type Activities Enterprise Funds			Governmental Activities
	Water Fund	Environmental Service Fund	Totals	Total Internal Service Funds
OPERATING REVENUES:				
Charges for Services	$ 2,670,745	$ 1,772,920	$ 4,443,665	$ 444,461
Connection Fees	45,502	-	45,502	-
Other Operating Revenues	30,979	39,662	70,641	-
Total Operating Revenues	2,747,226	1,812,582	4,559,808	444,461
OPERATING EXPENSES:				
Salaries and Wages	528,328	615,215	1,143,543	167,307
System Repairs and Maintenance	17,826	72,822	90,648	-
Operating Supplies, Repairs and Services	100,715	218,683	319,398	229,750
South Fork Water Board Expenses	892,777	-	892,777	-
Utilities	135,056	20,303	155,359	-
Insurance	24,341	28,708	53,049	-
Administrative Charges from General Fund	285,587	609,115	894,702	55,221
Depreciation	295,300	286,468	581,768	10,636
Total Operating Expenses	2,279,930	1,851,314	4,131,244	462,914
Operating Income (Loss)	467,296	(38,732)	428,564	(18,453)
NON-OPERATING REVENUES (EXPENSES):				
Interest Income	19,696	61,053	80,749	4,118
Net Income from Joint Venture	353,937	-	353,937	-
Interest Expense and Bond Issuance Fees	(194,359)	-	(194,359)	-
Total Non-Operating Revenues	179,274	61,053	240,327	4,118
Net Income (Loss)	646,570	22,321	668,891	(14,335)
RETAINED EARNINGS, June 30, 2002	15,657,460	10,627,126	26,284,586	246,430
RETAINED EARNINGS, June 30, 2003	$ 16,304,030	$ 10,649,447	26,953,477	$ 232,095
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			46,419	
Net assets of business-type activities			$ 26,999,896	

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

City of West Linn, Oregon
Proprietary Funds
Combining Statement of Cash Flows
For the year ended June 30, 2003

	Business-type Activities Enterprise Funds			Governmental Activities
	Water Fund	Environmental Service Fund	Totals	Total Internal Service Funds
Cash Flows from Operating Activities:				
Received from Customers	$ 2,542,412	$ 1,757,152	$ 4,299,564	$ -
Receipts - From Other City Funds	-	-	-	444,461
Paid to Suppliers	(294,892)	(270,451)	(565,343)	(229,821)
Payments to Employees for Services	(522,170)	(608,892)	(1,131,062)	(168,214)
Payment to Utility District	(840,512)	-	(840,512)	-
Other Operating Revenues	30,979	39,662	70,641	-
Payments - to Other City Funds	(312,964)	(609,115)	(922,079)	(55,221)
Net Cash Provided by (Used by) Operating Activities	602,853	308,356	911,209	(8,795)
Cash Flows from Capital and Related Financing Activities				
Repayment of Debt	(55,000)	-	(55,000)	-
Interest Expense	(98,548)	-	(98,548)	-
Acquisition of Capital Assets	(507,040)	(185,992)	(693,032)	(6,906)
Net Cash (Used by) Financing Activities	(660,588)	(185,992)	(846,580)	(6,906)
Cash Flows from Investing Activities				
Interest Earnings	19,696	61,053	80,749	3,634
Net Increase (Decrease) in Cash and Investments	(38,039)	183,418	145,379	(12,067)
Cash and Investments, June 30, 2002	1,272,054	2,033,743	3,305,797	195,154
Cash and Investments, June 30, 2003	$ 1,234,015	$ 2,217,161	$ 3,451,176	$ 183,087
Unrestricted Cash and Investments	$ 1,080,161	$ 2,217,161	$ 3,297,322	$ 183,087
Restricted Cash	153,854	-	153,854	-
Total Cash and Investments	$ 1,234,015	$ 2,217,161	$ 3,451,176	$ 183,087

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

Continued on page 11

City of West Linn, Oregon
Proprietary Funds
Combining Statement of Cash Flows
For the year ended June 30, 2003

	Business-type Activities Enterprise Funds			Governmental Activities
	Water Fund	Environmental Service Fund	Totals	Total Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES:				
Operating Revenue (Loss)	$ 467,296	$ (32,409)	$ 434,887	$ (18,453)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used by) Operating Activities:				
Depreciation	295,300	286,468	581,768	10,636
Changes in Assets and Liabilities:				
Accounts Receivable	(59,167)	(10,170)	(69,337)	-
Accrued Interest Receivable	(2,910)	(5,598)	(8,508)	-
Inventory	(4,538)	3,649	(889)	(2,122)
Accounts Payable	(24,382)	38,983	14,601	11,806
Other Accrued Liabilities	(121,011)	(22,678)	(143,689)	(10,662)
Due to Other Governments	52,265	35,575	87,840	-
Retainage Payable	-	14,536	14,536	-
Total Adjustments	135,557	340,765	476,322	9,658
Net Cash Provided by (Used by) Operating Activities	$ 602,853	$ 308,356	$ 911,209	$ (8,795)

Continued from page 10

City of West Linn, Oregon
Caufield Trust Fund
Statement of Fiduciary Net Assets
June 30, 2003

ASSETS	
Cash and Investments	$ 211,299
Accrued Interest Receivable	1,422
Total Assets	$ 212,721
NET ASSETS	
Held in Trust for Endowments	$ 212,721

City of West Linn, Oregon
Caufield Trust Fund
Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2003

ADDITIONS:	
Interest	$ 5,358
DEDUCTIONS	
Materials and Services	17,361
Change in Net Assets	(12,003)
NET ASSETS - June 30, 2002	224,724
NET ASSETS - June 30, 2003	$ 212,721

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City of West Linn, Oregon

Notes to the Basic Financial Statements

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City of West Linn, Oregon
Notes to General Purpose Financial Statements

1. Summary of Significant Accounting Policies:

The City of West Linn, Oregon was incorporated in 1913 and operates under the provision of its own charter and applicable State law with a Manager-Council form of government. The Mayor, who serves a two-year term, chairs City Council meetings. The Mayor and Council vote on all ordinances and legislative powers of the City and determine matters of policy. The City Manager is appointed by the City Council. Other City department heads are appointed by the City Manager. The City of West Linn provides a full range of municipal services to the community which includes police service, traffic control and improvement, street maintenance and improvement, water, sewer and storm drain service, planning and zoning regulation (building inspection and regulation), community library service, municipal court and parks and recreation.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Options and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradicts GASB pronouncements.

In June 1999, the GASB approved Statement No. 34 *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments* (GASB34). This Statement provides for significant changes in financial reporting. These changes include:

- For the first time the financial statements include:
  - A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations, which management has opted not to include for the year ended June 30, 2003.
  - Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure – (see Capital Assets section in Summary of Significant Accounting Policies).
- A change in the fund financial statements to focus on the major funds.

Basic Financial Statements

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

Government-wide financial statements display information about the reporting government as a whole. For the most part, the effect of interfund activity ha been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Assets and the Statement of Activities. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

1. Summary of Significant Accounting Policies, Continued:

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. These charges are included in direct program expense.

Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The new GASB34 model sets forth minimum criteria (percentage of the assets liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Non-major funds are combined in a column in the fund financial statements and detailed elsewhere in the financial report.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus.

The Government-wide financial statements and the proprietary funds financial statements are presented on a *full accrual* basis of accounting with an *economic resource* measurement focus. An economic resource focus concentrates on an entity or fund's net assets. All transactions and events that affect the total economic resources (net assets) during the period are reported. An economic resources measurement focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

Governmental funds financial statements are presented on a modified accrual basis of accounting with a *current financial resource* measurement focus. This measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under modified accrual accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible with then current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

1. Summary of Significant Accounting Policies, Continued:

A deferred revenue liability arises in the governmental funds balance sheet when potential revenue does not meet both the measurable and available criteria for recognition in the current period. This unavailable deferred revenue consists primarily of uncollected property taxes and assessments not deemed available to finance operation of the current period. In the government-wide Statement of Activities, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the liability created on the governmental fund balance sheet for unavailable deferred revenue is eliminated. Note that deferred revenues also arise outside the scope of measurement focus and basis of accounting, such as when the City receives resources before it has a legal claim to them. For instance, when grant monies are received prior to the occurrence of qualifying expenditures.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund expenditures only to the extent that they are expected to be liquidated with expendable financial resources. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized. Thus, the expense and related accrued liability for long term portions of debt and compensated absences must be included.

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

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

Proprietary funds 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Environmental Services and Water Funds are charges to customers for sales and services. The Environmental Services and Water Funds also recognize fees intended to recover the cost of connecting new customers to the City's utility systems as operating revenues. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and overheads, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities, and Equity

Inventories
Inventories of parts, materials and supplies are valued at lower of cost or market in the proprietary funds and charged against operations as used. The purchases method is used in accounting for inventory for all funds on the budgetary basis.

1. Summary of Significant Accounting Policies, Continued:

Capital Assets

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

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

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

Asset	Years
Buildings and improvements	25-50
Improvements other than buildings	10-20
Machinery and equipment	5-30
Vehicles	5-10
Utility systems	25-50
Infrastructure	20-50

GASBS No. 34 requires the City to report and depreciate new infrastructure assets effective with the beginning of the current year. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest class of the City. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2006. The City has elected to implement the general provisions of GASBS No. 34 in the current year and plan to implement the retroactive infrastructure provisions in the fiscal year ending June 30, 2005.

Compensated Absences

Earned but unpaid vacation pay is recorded as an expense or expenditure in the Proprietary Fund Types and Governmental Fund Types when earned. The entire amount of $412,423 accrued in the Governmental Fund Types and included in accrued salaries is recognized as expenditures in the funds because the City has provided currently available financial resources for these expenditures. Earned but unpaid sick pay does not vest and is recorded as an expense or expenditure when paid.

Long-term Debt

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

1. Summary of Significant Accounting Policies, Continued:

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

Fund Equity

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

Use of Estimates

In preparing the City's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Restricted Cash and Investments

Cash and investments which may only be used for construction of capital assets in accordance with applicable laws and regulations have been reported as restricted cash on the government-wide statement of net assets.

Investments

Investments included in cash and investments are stated at fair value. Investments in the Deferred Compensation Fund are stated at fair value.

For purposes of the statement of cash flows, the City considers the proprietary funds' cash and investments with initial maturities to the City of two months or less, and the amounts in the Oregon State Treasurer's Investment Pool, to be cash.

Inventory

Inventories of operating supplies and repair parts in the Proprietary Funds are valued at the lower of cost or market (average cost) and charged against operations as used.

Budget

A budget is prepared and legally adopted for each fund, essentially in accordance with the modified accrual basis of accounting used by governmental funds, which is in accordance with the legal requirements of Oregon Local Budget Law.

The resolution authorizing appropriations sets the maximum level of expenditures for each fund. Appropriations may not legally be overexpended. Appropriations lapse at the end of each fiscal year.

1. Summary of Significant Accounting Policies, Continued:

The resolution establishes a departmental level of control for the General Fund. For all other fund types the levels of control are personal services, materials and services, capital outlay, special payments, contingency and transfers. The detail budget document is required to contain more detailed information for the above-mentioned expenditure categories. Budget amounts include original approved amounts and all subsequent appropriation transfers approved by the City Council. After budget approval, the City Council may approve supplemental budgeted appropriations if an occurrence, condition, or need exists which had not been ascertained at the time the budget was adopted. A supplemental budget may require publication of notices in a newspaper, hearings before the public, and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the City Council. Management may not amend the budget without Council approval. The City adopted one supplemental budget and made one appropriation transfer during the year ended June 30, 2003.

For GAAP presentation, the transfers from operating funds for services to the internal service funds and the General Fund are considered revenues and expenses/expenditures, as appropriate, but are considered to be interfund transfers for budgetary purposes.

Joint Venture

The South Fork Water Board (SFWB) operates a water distribution system jointly with the City and the City of Oregon City. 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. As more fully discussed in the notes, the City's net investment and its share of the operating results of the SFWB are reported in the City's Water Revenue Fund (an Enterprise Fund). Complete financial statements for the SFWB can be obtained from the City of Oregon City Finance Department, 320 Warner-Milne Road, Oregon City, Oregon 97045. The investment in South Fork Water Board is accounted for using the equity method.

2. Funds Types:

The City's financial operations are accounted for in the following funds:

Governmental Funds

Governmental funds finance most governmental functions of the City. The acquisition, use and balances of the City's expendable financial resources and the related liabilities, excluding those accounted for in proprietary funds, are accounted for through governmental funds. The measurement focus is upon determination of changes in current financial resources, rather than upon net income determination. The following are the City's major governmental funds:

General Fund - This fund accounts for the City's general operations. It is used to account for all transactions not specifically related to the City's other funds.

State Revenue Sharing Fund – This fund accounts for the receipt and expenditure of revenue sharing funds received from the State of Oregon.

Police Local Option Levy Fund – This fund accounts for the expenditure of taxes received from a three-year serial levy. Proceeds from the serial levy are used to provide police personnel and services at their present level, and to finance new vehicle and equipment purchases.

2. Funds Types, Continued:

Fire Local Option Levy Fund – This fund accounts for the expenditure of taxes received from a three-year serial levy. Proceeds from the serial levy are used to increase fire personnel and services.

System Development Fund – This fund accounts for the receipt and expenditure of system development charges. These charges, paid by builders and developers, are imposed on properties which, as part of their development and use, create the need for these facilities.

Senior Center Construction Fund – This fund accounts for the resources used for the construction and equipping of the Senior Center.

Proprietary Funds

Proprietary funds are used to account for the acquisition, operation and maintenance of sanitary sewer, storm drainage, and water systems in the City. These funds are entirely or predominantly self-supported through user charges to customers. The measurement focus is upon net income determination, rather than upon determination of changes in current financial resources. The following are the City's major proprietary funds:

Enterprise Funds:

Water Fund – This fund accounts for the City's water operations which consists of the following two budgetary funds: Water Fund, Water Bond Construction Fund.

Environmental Service Fund – This fund accounts for the City's sanitary sewer and storm drain operations which consists of the following two budgetary funds: Environmental Service Fund, Sewer Fund.

Additionally, the City reports the following fund type. Neither of these funds are a major fund:

Internal Service Funds:

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

Insurance Fund – This fund accounts for all 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.

2. Funds Types, Continued:

Nonmajor Governmental Funds

Other governmental funds include Nonmajor special revenue, debt service, and capital projects funds of the City. The following lists all other governmental funds by governmental fund type:

Special Revenue Funds:

- 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
- Public Education Government Fund
- Storm Drain Fund
- Building Inspection Fund
- Public Works Support Services Fund
- 2000 Federal Grant fund
- Public Safety Grant Fund

Debt Service Fund:

- General Obligation Debt Service Fund

Capital Projects Fund:

- Capital Development Fund
- Integrated M.I.S. Fund
- Park Bond Fund #2
- Library Construction Fund
- City Hall Building Fund

2. Funds Types, Continued:

Fiduciary Fund Type

Nonexpendable Trust Fund

Caufield Trust Fund – This fund accounts for an endowment held by the City under terms of a bequest. The principal of the Trust Fund may not be expended.

3. Cash and Investments:

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is presented on the combined balance sheet as "Cash and Investments". Cash and investments, carried at cost except for certain agency investments, are comprised of the following at June 30, 2003:

Cash on hand	$ 2,000
Demand deposits with financial institutions	(140,643)
Investments	14,639,385
Total	$14,500,742

Cash and investments are reflected in the basic financial statements as follows:

Cash and investments:	
Governmental and business-type activities	$14,123,629
Trust Fund	211,299
Restricted cash	153,854
Security deposits	11,960
Total	$14,500,742

Deposits

Deposits with financial institutions include bank demand deposits and time deposits. The total bank balance per the bank statements is $88,210. All of these deposits were covered by federal depository insurance. The balance was fully collateralized in accordance with state law. Oregon Revised Statutes require the depository institution to maintain on deposit with a collateral pool manager securities having a value of not less than 25% of the outstanding certificates of participation issued by the pool manager.

3. Cash and Investments, Continued:

Investments

State statutes authorize the City to invest primarily in general obligations of the U.S. government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial paper and the state Treasurer's Investment pool, among others.

The City participates in the Oregon State Treasurer's Local Government Investment Pool (LGIP), an open-ended; no-load diversified portfolio created under ORS 294.805 to 294.895. The LGIP is administered by the State Treasurer and the Oregon Investment Council with the advice of the Oregon Short-Term Fund Board. The Oregon State Treasurer's Office has calculated the fair value of the underlying investments of the LGIP and the City's share of fair value is reflected below.

The City's investments are categorized below to give an indication of the level of credit risk assumed by the City at June 30, 2003. Category 1 includes uninsured investments for which the securities are held by the City or its agent in the City's name by the trust department of the financial institution selling the security to the City. Category 2 includes uninsured and unregistered, investments for which the securities are held by the trust department of the bank which acquired the securities for the City, in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution selling the security to the City, but not in the City's name. The City does not use brokers or dealers for its investments.

At June 30, 2003 the carrying amount and market value of the investments were:

	Categories			Carrying
	1	2	3	Amount
Federal instruments	$ 2,060,870	$ -	$ -	$ 2,060,870
Corporate bonds	3,762,455			3,762,455
	$ 5,823,325	$ -	$ -	5,823,325
Investment not subject to categorization:				
Oregon state treasurer's local government investment pool, variable interest rate				8,816,060
Total				$ 14,639,385

4. Contracts Receivable:

Contracts receivable represents amounts due from certain property owners for payments arising from sewer connection services provided to these property owners. The contract is collateralized by a lien against the benefited property and, therefore, an allowance for uncollectible amounts is not deemed necessary. Contracts receivable are included in "Accounts Receivable, Net" in the basic financial statements.

5. Capital Assets:

Capital assets activity for business-type activities for the fiscal year ended June 30, 2003 was as follows:

	Enterprise Funds			
	Balance June 30, 2002	Additions	Deletions	Balance June 30, 2003
Land (non-depreciable)	$ 502,086	$ -	$ -	$ 502,086
Buildings and improvements	1,979,382	-	-	1,979,382
Water and sewer system	22,767,790	1,875,376	-	24,643,166
Storm system	-	110,303	-	110,303
Equipment	1,231,445	10,360	-	1,241,805
Vehicles	495,331	-	-	495,331
Construction in progress	1,371,124	68,117	(1,371,124)	68,117
Total Fixed Assets	28,347,158	2,064,156	(1,371,124)	29,040,190
Less accumulated depreciation	(8,707,187)	(581,768)	-	(9,288,955)
Total Net Fixed Assets	$ 19,639,971	$ 1,482,388	$(1,371,124)	$ 19,751,235

	Internal Service Funds			
	Balance June 30, 2002	Additions	Deletions	Balance June 30, 2003
Buildings	$ 26,328	$ -	$ -	$ 26,328
Equipment	125,580	6,906	-	132,486
Vehicles	26,003	-	-	26,003
Total Fixed Assets	177,911	6,906	-	184,817
Less accumulated depreciation	(139,010)	(10,636)	-	(149,646)
Total Net Fixed Assets	$ 38,901	$ (3,730)	$ -	$ 35,171

5. Capital Assets, Continued:

Capital assets activity for governmental activities for the fiscal year ended June 30, 2003 was as follows:

	Balance June 30, 2002	Additions	Deletions	Balance June 30, 2003
Land (non-depreciable)	$ 18,505,302	$ 20,700	$ -	$ 18,526,002
Buildings and improvements	10,833,662	-	-	10,833,662
Vehicles	1,702,506	93,200	-	1,795,706
Equipment	1,047,363	177,168	-	1,224,531
Infrastructure	-	98,800	-	98,800
Total Fixed Assets	32,088,833	389,868	-	32,478,701
Less accumulated depreciation	(3,222,485)	(545,227)	-	(3,767,712)
	$ 28,866,348	$ (155,359)	$ -	$ 28,710,989

6. Deferred Compensation Plans:

The City offers its employees deferred compensation plans created in accordance with Internal Revenue Code (IRC) Section 457. There are four separate plans. The plans, available to all City employees, permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The June 30, 2003, deferred compensation assets include the accumulation of amounts deferred since the inception of the plan and investment earnings thereon, less participant withdrawals. The assets of the plans are held by the plan administrator for the sole benefit of the participants and are not considered assets or liabilities of the City.

7. Transfers:

The City utilizes three types of interfund transfers. The first type of transfer is for services provided by one fund to another. These transfers are reflected as expenses of the appropriate activity in the government-wide statements. The second type of transfer is a transfer of resources. Typically, these transfers are made to close out funds that are no longer needed for financial reporting. The third type of transfer is for direct costs that can be specifically identified and billed directly to the benefiting fund. These transfers are also reflected as expenses of the appropriate activity in the government-wide statements.

8. Long-term Debt:

General Obligation Bonds

General obligation bonds consist of the unmatured balance of four issues with interest rates ranging from 2.6% to 5.4% (original issue $13,315,000). Maturities of bond principal and interest are as follows:

Fiscal Year	Principal Outstanding June 30, 2002	Principal Matured and Paid	Principal Outstanding June 30, 2003	Future Interest
2003	$ 425,000	$ 425,000	$ -	$ -
2004	380,000		380,000	523,307
2005	405,000		405,000	506,967
2006	430,000		430,000	489,367
2007	460,000		460,000	470,467
2008-2021	9,130,000		9,130,000	3,521,426
Total	$ 11,230,000	$ 425,000	$ 10,805,000	$ 5,511,534

Full Faith and Credit Bonds

Full faith and credit bonds, issued October 30, 2000, consist of the unmatured balance of one issue with interest rates ranging from 4.3% to 5.25% (original issue $4,300,000). Maturities of bond principal and interest are as follows:

Fiscal Year	Principal Outstanding June 30, 2002	Principal Matured and Paid	Principal Outstanding June 30, 2003	Future Interest
2003	$ 140,000	$ 140,000	$ -	$ -
2004	145,000		145,000	198,051
2005	150,000		150,000	190,450
2006	160,000		160,000	183,435
2007	165,000		165,000	176,000
2008-2020	3,410,000		3,410,000	1,374,258
Total	$ 4,170,000	$ 140,000	$ 4,030,000	$ 2,122,194

8. Long-term Debt, Continued:

Water System Revenue Bonds

Water system revenue bonds, issued October 3, 2000, consist of the unmatured balance of one issue with interest rates ranging from 4.7% to 6.0% (original issue $1,800,000). Maturities of bond principal and interest are as follows:

Fiscal Year	Principal Outstanding June 30, 2002	Principal Matured and Paid	Principal Outstanding June 30, 2003	Future Interest
2003	$ 55,000	$ 55,000	$ -	$ -
2004	55,000		55,000	95,811
2005	60,000		60,000	92,862
2006	65,000		65,000	89,580
2007	65,000		65,000	86,102
2008-2020	1,450,000		1,450,000	680,383
Total	$ 1,750,000	$ 55,000	$ 1,695,000	$ 1,044,738

Contracts Payable

In 1998 the City entered into a lease-financing agreement with Bank of America, to finance the acquisition of a citywide management information system, LAN/WAN systems, other computer equipment and software in an aggregate principal amount of not more than $600,000. The lease obligates the City to make twenty-eight quarterly payments of $24,971.81. Remaining commitments under the 1998 Financing Agreement are as follows:

Fiscal Year	Payments	Principal Portion	Interest Portion	Balance at June 30
2004	$ 99,887	$ 91,092	$ 8,795	$ 144,518
2005	99,887	95,128	4,759	49,390
2006	49,944	49,390	554	-
Total	$ 249,718	$ 235,610	$ 14,108	

9. Pension Plan:

Plan Description

The City is a member of the State of Oregon Public Employees Retirement System (PERS) an agent multiple-employer defined benefit public employee retirement system. All employees of the City are covered by the plan after six months of employment. The Public Employees Retirement Plan is a defined benefit pension plan to which employees and employer both contribute. Benefits are established by State statutes and consist of a retirement benefit paid for life upon a qualifying retirement, which is generally age 58. Benefits fully vest on reaching 5 years of service. The plan requires, and it is the policy of the City, to fund all current and prior service pension costs. The total pension contribution for fiscal year 2003 was $992,762. This was comprised of $629,268 in employer contributions and $363,494 of employee contributions.

The 6 percent employee contribution, established by law, of $363,494 was paid by the City in accordance with collective bargaining agreements.

The City's payroll for employees covered by PERS for 2002-2003 was $6,375,562. The City's total payroll was $6,392,748.

The rate of employer contribution to the plan is set periodically by the PERS Board, based upon actuarial evaluations. Under the plan, a contribution rate is determined for each employer. The City's employer contribution rate for fiscal year 2003 was 9.87 percent of employee compensation. The rate will increase to 13.07 percent effective July 1, 2003.

The PERS Board has statutory authority to revise employer contributions as necessary to ensure the promised benefits will be funded on a sound basis.

GASB Statement No. 27 disclosures are based on the actuarial assumptions and methods contained in the December 31, 1999 Actuarial Valuation of the PERS plan. The Actuarial Value of Assets is equal to Market Value. Liabilities and contributions are calculated using the Entry Age Actuarial Cost Method. The Unfunded Actuarial Liability is amortized as a level percentage of covered payroll over an open thirty year period.

The significant actuarial assumptions used in the December 31, 1997 valuation include (1) a rate of return on present and future investments of 8% per year, (2) projected salary increases of 4.25% per year attributable to general wage adjustments, with additional increases for promotion and longevity that vary by age and service, (3) projected automatic cost of living benefit increases of 2% per year, and (4) demographic assumptions that have been chosen to best estimate emerging experience of the system members.

9. Pension Plan, Continued:

Contribution information for the years ended June 30, 2003, 2002 and 2001 were as follows:

	Employer Contributions			Employee Contributions		
Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	Paid by Employer	Paid by Employee	Total Contributions
2003	$ 629,268	100%	$ -	$ 363,494	$ -	$ 992,762
2002	$ 515,827	100%	$ -	$ 327,696	$ -	$ 843,523
2001	$ 477,411	100%	$ -	$ 332,842	$ -	$ 810,253

Funding Status:

The information presented below is the latest available. PERS only performs actuarial valuations on a biennial basis.

Dec. 31 Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Actuarial Assets in Excess of (Less than) Accrued Liability	Funded Percent	Covered Payroll	Overfunded (Underfunded) Actuarial Liability as a % of Payroll
1999	$ 25,828,917	$ 24,877,287	$ 951,630	104%	$ 5,244,047	18%
1997	$ 15,423,979	$ 14,598,019	$ 825,960	106%	$ 5,245,167	16%
1995	$ 10,263,057	$ 10,628,586	$ (365,529)	97%	$ 4,367,416	-8%

Trend information showing the system's progress in accumulating sufficient assets to pay benefits when due may be found in the June 30, 1999 stand-alone audit report of the Oregon Public Employees Retirement System. A copy of that report may be obtained by writing PERS, P.O. Box 23700, Tigard, OR 97281-3700.

10. Segment Information:

The City maintains two enterprise funds which provide water, sanitary sewer, and storm sewer services. Segment information as of and for the year ended June 30, 2003 is as follows:

	Water Fund	Environmental Service Fund	Total
Operating revenues	$ 2,479,131	$ 1,810,336	$ 4,289,467
Depreciation expense	295,300	286,468	581,768
Operating income (loss)	163,947	(34,655)	129,292
Proceeds of debt	-	-	-
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Net income	480,444	26,398	506,842
Fixed assets (net)	11,441,542	8,309,693	19,751,235
Investment in South Fork Water Board	5,299,199	-	5,299,199
Total assets	18,512,282	11,042,213	29,554,495
Total working capital	1,360,238	2,343,831	3,704,069
Total fund equity	16,405,979	10,653,524	27,059,503

The investment in South Fork Water Board (SFWB) is accounted for on the equity method. Significant financial information for the SFWB as of and for the year ended June 30, 2003 is as follows:

Operating revenues	$ 3,087,382
Operating income	977,149
Net income	707,875
Total assets	16,304,181
Total working capital	2,809,188
Bonds payable	5,419,742
Total SFWB equity	10,598,399

11. 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 2002 to 2003. 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. The 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 has recorded the following changes in the balance of claims liabilities for the years ended June 30, 2003 and 2002 as follows:

	2003	2002
Unpaid claims, beginning of year	$ -	$ -
Incurred claims	14,161	1,424
Claim payments	(14,161)	(1,424)
Unpaid claims, end of year	$ -	$ -

12. Commitments and Contingencies:

The City has an agreement 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 collection facilities; bill and collect user charges, and bill and collect connection charges.

- The City will collect and remit all connection and user charges to the District, except for a portion to reimburse administrative costs and maintain the City's sewer system.

- Should the District fail to perform services outlined in this agreement, the City can terminate the agreement upon 30 days written notice.

The City entered into a Cooperative Improvement Agreement with the State of Oregon Department of Transportation (ODOT) in fiscal year 1997 for a street improvement project with total estimated costs of approximately $1,575,000. ODOT will pay up to $746,000 of the total project costs; the balance to complete the project is solely the responsibility of the City. Actual construction on the project commenced late in fiscal year 1998, and is on-going.

13. Property Tax Limitations:

The State of Oregon has a constitutional limit on property taxes for schools and nonschool government operations. The limitation provides that property taxes for nonschool operations are limited to $10.00 for each $1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. Also, the State of Oregon has a second limit on property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit.

This second limit reduced the amount of operating property tax revenues available to the City for its 1997-98 fiscal year, and thereafter. This reduction was accomplished by rolling assessed property values back to their 1995-96 values less 10% and limiting future assessment value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The Constitution also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues.

14. Expenditures In Excess Of Budgeted Amounts and Negative Fund Balances

Expenditures of the various funds were within authorized appropriations and all budgetary funds had positive fund balances, except in the following funds:

Fund	Appropriation	Excess Amount	Ending Fund Balance
Street	Personal Services	$ 8,082	$ (43,747)
	Materials and Services	36,811	
	Capital Outlay	94	
Library Levy	Capital Outlay	1,359	
911 Emergency Communications	Materials and Services	45,306	(52,531)
Police Local Option Levy	Personal Services	82,969	
	Materials and Services	9,820	
Community Center Operating		-	(1,652)
Public Education Government	Capital Outlay	9,917	
Public Works Support Services	Special Payments	2,719	
2000 Federal Grant	Capital Outlay	1,110	
Public Service Grant	Materials and Services	3,981	
	Capital Outlay	2,059	
Library Construction	Materials and Services	2,777	
Water	Special Payments	230	

15. Restatements:

As of and for the year ended June 30, 2003 the City implemented the following Governmental Accounting Standards Board Statements:

No. 33 – Accounting and Financing Reporting for Non-exchange Transactions

No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments

No. 36 – Recipient Reporting for Certain Shared Non-exchange Revenues – An Amendment of GASB No. 33

No. 37 – Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments: Omnibus

No. 38 – Certain Financial Statement Note Disclosures

The most significant changes required by the new standard included:

- Management's discussion and analysis
- Basic financial statements that included:
  - Government-wide financial statements, prepared using the economic resources measurement focus and accrual basis of accounting
  - Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds
  - Schedules to reconcile the fund financial statements to the government-wide financial statements
  - Notes to the basic financial statements
  - Required supplementary information, including certain budgetary schedules.

As a result of implementing these pronouncements the following restatements to the June 30, 2002 fund balances were made to determine July 1, 2002 beginning net assets:

	Governmental Activities	Business-Type Activities
Fund balances - June 30, 2002	$ 9,769,388	$ 26,284,586
Capital assets	32,088,833	-
Accumulated depreciation on capital assets	(3,222,485)	-
Deferred revenues - property taxes, assessment liens	380,796	-
Bonds and capital leases payable, net of discounts/(premiums)	(15,400,000)	-
Accrued interest on bonds, and capital leases payable	(744,950)	-
Reclassification of internal service funds	197,144	49,286
Net assets - July 1, 2002	$ 23,068,726	$ 26,333,872

Required Supplementary Information

City of West Linn, Oregon
General Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes:				
Current Year's Levy	$ 3,803,308	$ 3,803,308	$ 3,867,855	$ 64,547
Prior Years' Levies	140,000	140,000	162,363	22,363
Interest on Delinquent Taxes	10,200	10,200	14,047	3,847
Total Property Taxes	3,953,508	3,953,508	4,044,265	90,757
Intergovernmental Revenues:				
Cigarette Taxes	46,137	46,137	44,868	(1,269)
Liquor Taxes	199,530	199,530	202,288	2,758
Federal, State and Other Grants	4,000	4,000	31,207	27,207
Total Intergovernmental Revenues	249,667	249,667	278,363	28,696
Franchise Fees:				
Cable Television	135,800	135,800	117,562	(18,238)
Northwest Natural Gas	373,560	373,560	373,308	(252)
US West Communications	172,344	172,344	539	(171,805)
Portland General Electric	798,229	798,229	949,759	151,530
Total Franchise Fees	1,479,933	1,479,933	1,441,168	(38,765)
Licenses and Permits:				
Alarm Permits	12,700	12,700	13,990	1,290
Business Licenses	64,000	64,000	48,120	(15,880)
Home Occupation	8,200	8,200	6,219	(1,981)
City Liquor Licenses	1,000	1,000	1,620	620
Dog Licenses	54,000	54,000	59,246	5,246
Zoning and Land Use Fees	66,074	66,074	68,484	2,410
Street Tree Permits and Fees	20,000	20,000	(150)	(20,150)
Total Licenses and Permits	225,974	225,974	197,529	(28,445)
Fines and Forfeitures	392,739	392,739	378,226	(14,513)

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City of West Linn, Oregon
General Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Charges for Services:				
Lien Search Charges	$ 12,000	$ 12,000	$ 38,722	$ 26,722
Park Facility User Charges	10,000	10,000	13,513	3,513
Recreation Program Fees	200,000	200,000	206,744	6,744
Accounting and Financial Services	369,158	369,158	369,158	-
Administrative Services	388,696	388,696	388,696	-
Planning and Development Services	80,907	80,907	80,907	-
Parks Department Charges and Services	60,000	60,000	35,000	(25,000)
Police Reports, Etc.	2,000	2,000	1,000	(1,000)
Court Attorney Fees	6,000	6,000	2,943	(3,057)
SDC Administrative Fees	54,000	54,000	65,074	11,074
Total Charges for Services	1,182,761	1,182,761	1,201,757	18,996
Interest Earnings:				
Interest Earned on Investments	35,000	35,000	36,995	1,995
Interest on Unsegregated Taxes	7,500	7,500	1,791	(5,709)
Total Interest Earnings	42,500	42,500	38,786	(3,714)
Miscellaneous:				
Donations and Contributions	5,000	5,000	3,297	(1,703)
Facility Rental	30,500	30,500	47,938	17,438
Souvenirs and Merchandise	8,140	8,140	1,781	(6,359)
Insurance Reimbursements	17,000	17,000	11,597	(5,403)
Sale of Property	500	500	4,512	4,012
Tax Title Land Sales	1,500	1,500	-	(1,500)
Other	21,860	30,000	1,549	(28,451)
Total Miscellaneous Revenues	84,500	92,640	70,674	(13,826)
Total Revenues	7,611,582	7,619,722	7,650,768	39,186

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City of West Linn, Oregon
General Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
OTHER FINANCING SOURCES -				
TRANSFERS FROM OTHER FUNDS				
State Revenue Sharing Fund	$ 15,000	$ 15,000	$ 15,000	$ -
Library Levy Fund	756,540	756,540	744,799	(11,741)
Total Other Funding Sources -	771,540	771,540	759,799	(11,741)
Total Revenues and Other Financing Sources	$ 8,383,122	$ 8,391,262	$ 8,410,567	$ 27,445

EXPENDITURES:	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
City Council	$ 62,714	$ 87,714	$ 56,556	$ 31,158
City Manager's Office	683,630	693,370	661,749	31,621
Finance Department	544,807	544,807	466,114	78,693
Information Services Department	218,668	218,668	160,370	58,298
Library Department	1,063,092	1,063,092	1,108,773	(45,681)
Municipal Court Department	222,242	222,242	216,319	5,923
Police Department	2,120,395	2,188,395	1,949,608	238,787
Fire Department	105,603	115,572	80,584	34,988

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City of West Linn, Oregon
General Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Planning and Development Department	$ 665,815	$ 646,037	$ 521,746	$ 124,291
Parks Department	1,319,850	1,334,850	1,322,213	12,637
General Facility Services	230,357	230,357	211,628	18,729
General Services Department	970,657	1,021,866	813,302	208,564
Total Expenditures	8,207,830	8,366,970	7,568,962	638,868
OTHER FINANCING USES - TRANSFERS TO OTHER FUNDS				
Street Fund	45,457	45,457	45,457	-
Arts Commission Fund	4,000	4,000	4,000	-
Fire Serial Levy Fund	789,740	789,740	789,740	-
Community Center Operating Fund	59,931	59,931	59,931	-
Total Other Financing Uses	899,128	899,128	899,128	-
Total Expenditures and Other Financing Uses	9,106,958	9,266,098	8,468,090	638,868
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses	(723,836)	(874,836)	(57,523)	817,313
FUND BALANCE - June 30, 2002	723,836	874,836	678,206	(196,630)
FUND BALANCE - June 30, 2003	$ -	$ -	$ 620,683	$ 620,683

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City of West Linn, Oregon
State Revenue Sharing Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State Revenue Sharing	$ 90,000	$ 90,000	$ 131,221	$ 41,221
Interest	18,000	18,000	28,780	10,780
Total Revenues	108,000	108,000	160,001	52,001
OTHER FINANCING SOURCES - TRANSFERS FROM OTHER FUNDS				
City Hall Building Fund	6,845	6,845	-	(6,845)
Total Revenues and Other Financing Sources	114,845	114,845	160,001	45,156
EXPENDITURES:				
Contingency	1,063,578	1,063,578	-	1,063,578
OTHER FINANCING USES - TRANSFERS TO OTHER FUNDS				
General fund	15,000	15,000	15,000	-
Total Expenditures and Other Financing Uses	1,078,578	1,078,578	15,000	1,063,578
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses	(963,733)	(963,733)	145,001	1,108,734
FUND BALANCE - June 30, 2002	963,733	963,733	1,024,568	60,835
FUND BALANCE - June 30, 2003	$ -	$ -	$ 1,169,569	$ 1,169,569

City of West Linn, Oregon
Police Local Option Levy Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property Taxes:				
Current Year's Levy	$ 1,354,480	$ 1,354,480	$ 1,380,663	$ 26,183
Prior Years' Levies	21,029	21,029	39,597	18,568
Interest on Delinquent Taxes	2,313	2,313	3,426	1,113
Tax Title Land Sales	100	100	-	(100)
Interest	9,682	9,682	7,641	(2,041)
Miscellaneous	-	23,948	25,009	1,061
Total Revenues	1,387,604	1,411,552	1,456,336	44,784
EXPENDITURES:				
Personal Services	1,011,143	1,011,143	1,094,112	(82,969)
Materials and Services	129,000	92,000	101,820	(9,820)
Capital Outlay	131,175	161,416	130,593	30,823
Contingency	186,923	178,186	-	178,186
Total Expenditures	1,458,241	1,442,745	1,326,525	116,220
SPECIAL PAYMENTS				
Vehicle/Equipment Maintenance Fund	19,862	19,862	19,862	-
OTHER FINANCING USES -				
TRANSFERS TO OTHER FUNDS				
911 Emergency Communications Fund	-	39,444	-	39,444
Total Expenditures, Special Payments and Other Financing Uses	1,478,103	1,502,051	1,346,387	155,664
Excess of Expenditures, Special Payments and Other Financing Uses Over Revenues	(90,499)	(90,499)	109,949	200,448
FUND BALANCE - June 30, 2002	90,499	90,499	163,725	73,226
FUND BALANCE - June 30, 2003	$ -	$ -	$ 273,674	$ 273,674

City of West Linn, Oregon
Fire Local Option Levy Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property Taxes:				
Current Year's Levy	$ 1,731,223	$ 1,731,223	$ 1,769,493	$ 38,270
Prior Years' Levies	28,809	28,809	45,403	16,594
Interest on Delinquent Taxes	4,840	4,840	4,008	(832)
Tax Title Land Sales	500	500	-	(500)
Interest	14,200	14,200	7,939	(6,261)
Miscellaneous	-	-	521	521
Total Revenues	1,779,572	1,779,572	1,827,364	47,792
OTHER FINANCING SOURCES - TRANSFERS FROM OTHER FUNDS				
General Fund	789,740	789,740	789,740	-
Total Revenues and Other Financing Sources	2,569,312	2,569,312	2,617,104	47,792
EXPENDITURES:				
Materials and Services	2,329,318	2,329,318	2,298,887	30,431
Contingency	251,935	251,935	-	251,935
Total Expenditures	2,581,253	2,581,253	2,298,887	282,366
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(11,941)	(11,941)	318,217	330,158
FUND BALANCE - June 30, 2002	11,941	11,941	115,063	103,122
FUND BALANCE - June 30, 2003	$ -	-	$ 433,280	$ 433,280

City of West Linn, Oregon
System Development Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
System Development Fees:				
Street SDC Fund	$ 113,527	$ 113,527	$ 17,391	$ (96,136)
Storm Drain SDC Fund	30,600	30,600	50,758	20,158
Water SDC Fund	69,000	69,000	60,249	(8,751)
Sewer SDC Fund	37,200	37,200	38,417	1,217
Parks SDC Fund	423,000	423,000	876,370	453,370
Tanner Basin Storm SDC Fund	1,320	1,320	-	(1,320)
Tanner Basin Water SDC Fund	17,600	17,600	16,133	(1,467)
Tanner Basin Sewer SDC Fund	8,400	8,400	8,985	585
Street SDC Reimbursement Fund	1,948	1,948	6,482	4,534
Storm Drain SDC Reimbursement Fund	3,300	3,300	4,808	1,508
Water SDC Reimbursement Fund	55,200	55,200	59,959	4,759
Sewer SDC Reimbursement Fund	21,800	21,800	23,777	1,977
Park SDC Reimbursement Fund	31,700	31,700	1,891	(29,809)
Interest	55,200	55,200	103,685	48,485
Miscellaneous	-	-	1,500	1,500
Total Revenues	869,795	869,795	1,270,405	400,610
EXPENDITURES:				
Materials and Services	30,000	30,000	21,230	8,770
Capital Outlay	1,496,377	2,389,900	1,439,545	950,355
Contingency	2,258,327	1,841,909	-	1,841,909
Total Expenditures	3,784,704	4,261,809	1,460,775	2,801,034
SPECIAL PAYMENTS:				
General Fund:				
Parks Department Charges	35,000	35,000	35,000	-
OTHER FINANCING USES - TRANSFERS TO OTHER FUNDS				
Senior Center Construction Fund	275,000	586,000	586,000	-
Total Expenditures, Special Payments and Other Financing Uses	4,094,704	4,882,809	2,081,775	(2,801,034)
Excess (Deficiency) of Revenues Over (Under) Expenditures and Special Payments	(3,224,909)	(4,013,014)	(811,370)	3,201,644
FUND BALANCE - June 30, 2002	3,224,909	4,013,014	4,423,565	410,551
FUND BALANCE - June 30, 2003	$ -	$ -	$ 3,612,195	$ 3,612,195

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Supplementary Information

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City of West Linn, Oregon
Nonmajor Governmental Funds
Combining Balance Sheets by Fund Types
June 30, 2003

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Fund	Total Nonmajor Capital Project Funds	Total
ASSETS				
Cash and Investments	$ 1,071,982	$ 407,507	$ 1,409,665	$ 2,889,154
Cash Held by County Treasurer	-	10,036	-	10,036
Property Taxes Receivable	-	81,856	-	81,856
Accounts Receivable	701	-	-	701
Accrued Interest Receivable	8,955	1,647	10,300	20,902
Due from Other Governments	78,184	-	-	78,184
Prepaid Expenses	129	-	-	129
Total Assets	$ 1,159,951	$ 501,046	$ 1,419,965	$ 3,080,962
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts Payable	$ 71,671	$ -	$ 22,428	$ 94,099
Accrued Salaries and Payroll Taxes	96,993	-	-	96,993
Accrued Liabilities	-	83,424	-	83,424
Due to Other Governments	2,500	-	-	2,500
Deferred Revenue	-	71,820	-	71,820
Total Liabilities	171,164	155,244	22,428	348,836
FUND BALANCES:				
Unreserved:				
Designated for Debt Service	-	345,802	-	345,802
Undesignated	988,787	-	1,397,537	2,386,324
Total Fund Balances	988,787	345,802	1,397,537	2,732,126
Total Liabilities And Fund Balances	$ 1,159,951	$ 501,046	$ 1,419,965	$ 3,080,962

City of West Linn, Oregon
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2003

	Street Fund	Library Levy Fund	911 Emergency Communication Fund	Cable TV Public Access Fund	Solid Waste Recycling Program Fund	Arts Commission Fund
ASSETS						
Cash and Investments	$ (54,122)	$ 218,892	$ (58,033)	$ 7,936	$ 133,797	$ 9,967
Accounts Receivable	401	-	-	-	-	300
Accrued Interest Receivable	553	2,252	64	149	758	73
Due from Other Governments	78,184	-	-	-	-	-
Prepaid Expenses	-	-	-	-	129	-
Total Assets	$ 25,016	$ 221,144	$ (57,969)	$ 8,085	$ 134,684	$ 10,340
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	$ 43,504	$ (27,673)	$ 20,195	$ 306	$ 102	$ 3,128
Accrued Salaries and Payroll Taxes	25,259	-	-	-	-	-
Due to Other Governments	-	-	-	-	-	-
Total Liabilities	68,763	(27,673)	20,195	306	102	3,128
Fund Balances:						
Undesignated	(43,747)	248,817	(78,164)	7,779	134,582	7,212
Total Liabilities and Fund Balances	$ 25,016	$ 221,144	$ (57,969)	$ 8,085	$ 134,684	$ 10,340

Community Center Operating Fund	Public Education Government Fund	Storm Drain Fund	Building Inspection Fund	Public Works Support Services Fund	2000 Federal Grant Fund	Public Safety Grant Fund	Totals
$ 8,338	$ 404,115	$ 15,097	$ 180,683	$ 203,432	$ 335	$ 1,546	$ 1,071,982
-	-	-	-	-	-	-	701
56	2,164	-	1,416	1,458	6	5	8,955
-	-	-	-	-	-	-	78,184
-	-	-	-	-	-	-	129
$ 8,394	$ 406,279	$ 15,097	$ 182,099	$ 204,890	$ 341	$ 1,551	$ 1,159,951
$ 9,165	$ 16,430	$ -	$ 458	$ 5,531	$ -	$ 525	$ 71,671
881	-	9,294	18,768	42,791	-	-	96,993
-	-	-	2,500	-	-	-	2,500
10,046	16,430	9,294	21,726	48,322	-	525	171,164
(1,652)	389,849	5,803	160,373	156,568	341	1,026	988,787
$ 8,394	$ 406,279	$ 15,097	$ 182,099	$ 204,890	$ 341	$ 1,551	$ 1,159,951

City of West Linn, Oregon
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2003

	Capital Development Fund	Integrated M.I.S. Fund	Bolton Pump Station Construction Fund *	Park Bond Fund #2	Library Construction Fund	City Hall Building Fund	Total
ASSETS							
Pooled Cash and Investments	$ 409,712	$ 17,270	$ -	$ 967,725	$ 2,637	$ 12,321	$ 1,409,665
Accrued Interest Receivable	2,760	129	-	6,573	838	-	10,300
Total Assets	$ 412,472	$ 17,399	$ -	$ 974,298	$ 3,475	$ 12,321	$ 1,419,965
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable	$ -	$ -	$ -	$ 22,428	$ -	$ -	$ 22,428
Fund Balances							
Undesignated	412,472	17,399	-	951,870	3,475	12,321	1,397,537
Total Liabilities and Fund Balances	$ 412,472	$ 17,399	$ -	$ 974,298	$ 3,475	$ 12,321	$ 1,419,965

* = Closed during the year ended June 30, 2003

City of West Linn, Oregon
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances by Fund Types
For the Year Ended June 30, 2003

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Fund	Total Nonmajor Capital Project Funds	Total
REVENUES:				
Property taxes	$ -	$ 1,184,214	$ -	$ 1,184,214
Licenses, permits and fees	430,996	-	-	430,996
Franchise Fees	264,839	-	-	264,839
Charges for services	15,190	-	-	15,190
Intergovernmental	1,573,454	-	-	1,573,454
Donations	24,216	-	-	24,216
Interest	30,665	3,572	27,623	61,860
Reimbursements	861,771	-	-	861,771
Miscellaneous	14,890	105	-	14,995
Total Revenues	3,216,021	1,187,891	27,623	4,431,535
EXPENDITURES:				
Program				
General Government	1,587,775	-	94,985	1,682,760
Cultural and Recreation	103,731	-	-	103,731
Public Safety	249,993	-	-	249,993
Highways and Streets	1,314,832	-	-	1,314,832
Total Program	3,256,331	-	94,985	3,351,316
Debt Service				
Bond principal	-	425,000	-	425,000
Bond interest	-	536,800	-	536,800
Total Debt Service	-	961,800	-	961,800
Total Expenditures	3,256,331	961,800	94,985	4,313,116
Excess of revenues over (under) expenditures	(40,310)	226,091	(67,362)	118,419
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	144,388	-	-	144,388
Operating Transfers Out	(744,799)	-	(35,000)	(779,799)
Total Other Financing Sources (Uses)	(600,411)	-	(35,000)	(635,411)
Excess of revenues and other financing sources over (under) expenditures	(640,721)	226,091	(102,362)	(516,992)
FUND BALANCES, June 30, 2002	1,629,508	119,711	1,499,899	3,249,118
FUND BALANCES, June 30, 2003	$ 988,787	$ 345,802	$ 1,397,537	$ 2,732,126

City of West Linn, Oregon
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances by Fund Types
For the Year Ended June 30, 2003

	Street Fund	Library Levy Fund	911 Emergency Communication Fund	Cable TV Public Access Fund	Solid Waste Recycling Program Fund	Arts Commission Fund
REVENUES:						
Licenses, permits and fees	$ -	$ -	$ -	$ -	$ -	$ -
Franchise Fees	-	-	-	78,375	56,464	-
Charges for services	-	-	-	-	-	-
Intergovernmental	943,841	552,960	69,599	-	-	-
Donations	-	4,000	-	-	-	-
Interest	124	6,555	-	-	3,259	277
Reimbursements	-	-	-	-	-	-
Miscellaneous	5,003	-	-	604	3,000	307
Total Revenues	948,968	563,515	69,599	78,979	62,723	584
EXPENDITURES:						
Program						
General Government	-	14,683	-	76,910	19,456	-
Cultural and Recreation	-	-	-	-	-	7,912
Public Safety	-	-	242,843	-	-	-
Highways and Streets	1,314,832	-	-	-	-	-
Total Expenditures	1,314,832	14,683	242,843	76,910	19,456	7,912
Excess of revenues over (under) expenditures	(365,864)	548,832	(173,244)	2,069	43,267	(7,328)
OTHER FINANCING SOURCES (USES):						
Operating Transfers In	80,457	-	-	-	-	4,000
Operating Transfers Out	-	(744,799)	-	-	-	-
Total Other Financing Sources (Uses)	80,457	(744,799)	-	-	-	4,000
Excess of revenues and other financing sources over (under) expenditures	(285,407)	(195,967)	(173,244)	2,069	43,267	(3,328)
FUND BALANCES, June 30, 2002	241,660	444,784	95,080	5,710	91,315	10,540
FUND BALANCES, June 30, 2003	$ (43,747)	$ 248,817	$ (78,164)	$ 7,779	$ 134,582	$ 7,212

Community Center Operating Fund	Public Education Government Fund	Storm Drain Fund	Building Inspection Fund	Public Works Support Services Fund	2000 Federal Grant Fund	Public Safety Grant Fund	Total
$ -	$ -	$ -	$ 403,247	$ 27,749	$ -	$ -	$ 430,996
-	130,000	-	-	-	-	-	264,839
15,190	-	-	-	-	-	-	15,190
-	-	-	-	-	-	7,054	1,573,454
20,216	-	-	-	-	-	-	24,216
132	9,282	-	4,861	6,154	9	12	30,665
-	-	-	-	861,771	-	-	861,771
-	-	-	553	5,423	-	-	14,890
35,538	139,282	-	408,661	901,097	9	7,066	3,216,021
-	23,447	-	481,851	971,428	-	-	1,587,775
95,819	-	-	-	-	-	-	103,731
-	-	-	-	-	1,110	6,040	249,993
-	-	-	-	-	-	-	1,314,832
95,819	23,447	-	481,851	971,428	1,110	6,040	3,256,331
(60,281)	115,835	-	(73,190)	(70,331)	(1,101)	1,026	(40,310)
59,931	-	-	-	-	-	-	144,388
-	-	-	-	-	-	-	(744,799)
59,931	-	-	-	-	-	-	(600,411)
(350)	115,835	-	(73,190)	(70,331)	(1,101)	1,026	(640,721)
(1,302)	274,014	5,803	233,563	226,899	1,442	-	1,629,508
$ (1,652)	$ 389,849	$ 5,803	$ 160,373	$ 156,568	$ 341	$ 1,026	$ 988,787

City of West Linn, Oregon
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2003

	Capital Development Fund	Integrated M.I.S. Fund	Bolton Pump Station Construction Fund	Park Bond Fund #2	Library Construction Fund	City Hall Building Fund	Total
REVENUES:							
Interest	$ 10,220	$ 437	$ -	$ 11,489	$ -	$ 5,477	$ 27,623
EXPENDITURES							
General Government	-	4,391	512	87,305	2,777	-	94,985
Excess of Revenues Over (Under) Expenditures	10,220	(3,954)	(512)	(75,816)	(2,777)	5,477	(67,362)
OTHER FINANCING SOURCES (USES)							
Operating Transfers Out	(35,000)	-	-	-	-	-	(35,000)
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(24,780)	(3,954)	(512)	(75,816)	(2,777)	5,477	(102,362)
FUND BALANCES, June 30, 2002	437,252	21,363	512	1,027,686	6,252	6,844	1,499,899
FUND BALANCES, June 30, 2003	$ 412,472	$ 17,399	$ -	$ 951,870	$ 3,475	$ 12,321	$ 1,397,537

Special Revenue Funds

The balance sheet and statement of revenues, expenditures, and changes in fund balance of the nonmajor special revenue funds is reported in the combining nonmajor governmental fund statements. Fund statements for the major special revenue funds are reported in the basic financial statements.

Schedules of revenues, expenditures, and changes in fund balance - budget and actual are also presented here for each nonmajor special revenue fund.

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 a county-wide library serial levy, which is 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 revenues.

Arts Commission Fund - accounts for the receipt and expenditure of fund received for arts commission activities.

Community Center Operating Fund - accounts for the receipt and expenditure of fund 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 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 2000 federal law enforcement grant.

Public Safety Grant Fund – accounts for the receipt and expenditure of the public safety grant.

City of West Linn, Oregon
Street Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State Gas Tax	$ 934,633	$ 934,633	$ 943,841	$ 9,208
Interest	6,000	6,000	124	(5,876)
Miscellaneous	5,000	5,000	5,003	3
Total Revenues	945,633	945,633	948,968	3,335
OTHER FINANCING SOURCES -				
TRANSFERS FROM OTHER FUNDS				
General Fund	45,457	45,457	45,457	-
Capital Development Fund	35,000	35,000	35,000	-
Total Other Financing Sources	80,457	80,457	80,457	-
Total Revenues and Other Financing Sources	1,026,090	1,026,090	1,029,425	3,335
EXPENDITURES:				
Personal Services	354,842	354,842	362,924	(8,082)
Materials and Services	472,847	484,058	520,869	(36,811)
Capital Outlay	-	50,000	50,094	(94)
Total Expenditures	827,689	888,900	933,887	(44,987)
SPECIAL PAYMENTS:				
General Fund:				
Accounting and Financial Services	24,621	24,621	24,621	-
Planning and Development Services	49,591	49,591	49,591	-
Administrative Services	27,067	27,067	27,067	-
Public Works Support Services				
Operation Services	34,156	34,156	34,156	-
Engineering Services	174,763	174,763	174,763	-
GIS Services	26,129	26,129	26,129	-
Vehicle/Equipment Maintenance Fund	69,219	69,219	44,618	24,601
Total Special Payments	405,546	405,546	380,945	24,601
Total Expenditures and Special Payments	1,233,235	1,294,446	1,314,832	(20,386)
Excess of Expenditures and Special Payments Over Revenues and Other Financing Sources	(207,145)	(268,356)	(285,407)	(17,051)
FUND BALANCE - June 30, 2002	207,145	268,356	241,660	(26,696)
FUND BALANCE (DEFICIT) - June 30, 2003	$ -	$ -	$ (43,747)	$ (43,747)

City of West Linn, Oregon
Library Levy Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
County Library Levy	$ 558,508	$ 558,508	$ 552,960	$ (5,548)
Interest	12,000	12,000	6,555	(5,445)
Donations	-	-	4,000	4,000
Total Revenues	570,508	570,508	563,515	(6,993)
EXPENDITURES:				
Materials and Services	4,610	4,610	3,911	699
Capital Outlay	9,413	9,413	10,772	(1,359)
Contingency	228,326	228,326	-	228,326
Total Expenditures	242,349	242,349	14,683	227,666
OTHER FINANCING USES - TRANSFERS TO OTHER FUNDS				
General Fund	756,540	756,540	744,799	11,741
Total Expenditures and Other Financing Uses	998,889	998,889	759,482	239,407
Excess of Expenditures and Other Financing Uses Over Revenues	(428,381)	(428,381)	(195,967)	232,414
FUND BALANCE - June 30, 2002	428,381	428,381	444,784	16,403
FUND BALANCE - June 30, 2003	$ -	$ -	$ 248,817	$ 248,817

City of West Linn, Oregon
911 Emergency Communications Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
911 Emergency Telephone Tax	$ 100,835	$ 100,835	$ 69,599	$ (31,236)
Interest	1,500	1,500	-	(1,500)
Total Revenues	102,335	102,335	69,599	(32,736)
OTHER FINANCING SOURCES - TRANSFERS FROM OTHER FUNDS				
Police Local Option Levy Fund	-	39,444	-	(39,444)
Total Revenues and Other Financing Sources	102,335	141,779	69,599	(72,180)
EXPENDITURES:				
Materials and Services	96,642	197,537	242,843	(45,306)
Capital Outlay	12,000	-	-	-
Contingency	49,451	-	-	-
Total Expenditures	158,093	197,537	242,843	(45,306)
Excess of Expenditures Over Revenues	(55,758)	(55,758)	(173,244)	(117,486)
FUND BALANCE - June 30, 2002	55,758	55,758	95,080	39,322
FUND BALANCE (DEFICIT) - June 30, 2003	$ -	$ -	$ (78,164)	$ (78,164)

City of West Linn, Oregon
Cable TV / Public Access Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Franchise Fees	$ 70,000	$ 70,000	$ 78,375	$ 8,375
Interest	400	400	604	204
Total Revenues	70,400	70,400	78,979	8,579
EXPENDITURES:				
Materials and Services	74,444	74,444	74,338	106
Contingency	11,060	11,060	-	11,060
Total Expenditures	85,504	85,504	74,338	11,166
SPECIAL PAYMENTS:				
General Fund				
Accounting and Financial Services	2,572	2,572	2,572	-
Total Special Payments	2,572	2,572	2,572	-
Total Expenditures and Special Payments	88,076	88,076	76,910	11,166
Excess of Expenditures and Special Payments Over Revenues	(17,676)	(17,676)	2,069	19,745
FUND BALANCE - June 30, 2002	17,676	17,676	5,710	(11,966)
FUND BALANCE - June 30, 2003	$ -	$ -	$ 7,779	$ 7,779

City of West Linn, Oregon
Solid Waste Recycling Program Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Franchise Fees	$ 47,500	$ 47,500	$ 56,464	$ 8,964
Interest	1,200	1,200	3,259	2,059
Miscellaneous	2,400	2,400	3,000	600
Total Revenues	51,100	51,100	62,723	11,623
EXPENDITURES:				
Materials and Services	11,400	11,400	3,030	8,370
Contingency	107,463	107,463	-	107,463
Total Expenditures	118,863	118,863	3,030	115,833
SPECIAL PAYMENTS:				
General Fund:				
Accounting and Financial Services	4,996	4,996	4,996	-
Public Works Support Services	8,503	8,503	8,503	-
Administrative Services	2,927	2,927	2,927	-
Total Special Payments	16,426	16,426	16,426	-
Total Expenditures and Special Payments	135,289	135,289	19,456	115,833
Excess (Deficiency) of Revenues Over (Under) Expenditures and Special Payments	(84,189)	(84,189)	43,267	127,456
FUND BALANCE - June 30, 2002	84,189	84,189	91,315	7,126
FUND BALANCE - June 30, 2003	$ -	$ -	$ 134,582	$ 134,582

City of West Linn, Oregon
Arts Commission Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Interest	$ -	$ -	$ 277	$ 277
Miscellaneous	4,000	4,000	307	(3,693)
Total Revenues	4,000	4,000	584	(3,416)
OTHER FINANCING SOURCES - TRANSFERS FROM OTHER FUNDS				
General Fund	4,000	4,000	4,000	-
Total Revenues and Other Financing Sources	8,000	8,000	4,584	(3,416)
EXPENDITURES				
Materials and Services	12,150	12,150	7,912	4,238
Contingency	2,755	2,755	-	2,755
Total Expenditures	14,905	14,905	7,912	6,993
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(6,905)	(6,905)	(3,328)	3,577
FUND BALANCE - June 30, 2002	6,905	6,905	10,540	3,635
FUND BALANCE - June 30, 2003	$ -	$ -	$ 7,212	$ 7,212

City of West Linn, Oregon
Community Center Operating Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Recreation Program Fees	$ 20,000	$ 20,000	$ 15,190	$ (4,810)
Donations	15,000	15,000	20,216	5,216
Interest	-	-	132	132
Toral Revenues	35,000	35,000	35,538	538
OTHER FINANCING SOURCES - TRANSFERS FROM OTHER FUNDS				
General Fund	59,931	59,931	59,931	-
Total Revenues and Other Financing Sources	94,931	94,931	95,469	538
EXPENDITURES:				
Personal Services	53,359	53,359	52,633	726
Materials and Services	43,230	43,230	43,186	44
Total Expenditures	96,589	96,589	95,819	770
Excess of Revenues and Other Financing Sources Over Expenditures	(1,658)	(1,658)	(350)	1,308
FUND BALANCE - June 30, 2002	1,658	1,658	(1,302)	(2,960)
FUND BALANCE (DEFICIT) - June 30, 2003	$ -	$ -	$ (1,652)	$ (1,652)

City of West Linn, Oregon
Public Education Government Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Franchise Fees	$ -	$ -	$ 130,000	$ 130,000
Interest	5,000	5,000	9,282	4,282
Total Revenues	5,000	5,000	139,282	134,282
EXPENDITURES:				
Capital Outlay	29,960	29,960	23,447	6,513
Contingency	91,609	91,609	-	91,609
Reserve for Equipment Replacement	142,702	142,702	-	142,702
Total Expenditures	264,271	264,271	23,447	240,824
Excess of Expenditures Over Revenues	(259,271)	(259,271)	115,835	375,106
FUND BALANCE - June 30, 2002	259,271	259,271	274,014	14,743
FUND BALANCE - June 30, 2003	$ -	$ -	$ 389,849	$ 389,849

City of West Linn, Oregon
Storm Drain Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:	$ -	$ -	$ -	$ -
EXPENDITURES:	-	-	-	-
Excess of Revenue Over Expenditures	-	-	-	-
FUND BALANCE - June 30, 2002	-	-	5,803	5,803
FUND BALANCE - June 30, 2003	$ -	$ -	$ 5,803	$ 5,803

City of West Linn, Oregon
Building Inspection Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Building Permit Fees	$ 396,807	$ 396,807	$ 394,244	$ (2,563)
Plan Check Fees	2,500	2,500	9,003	6,503
Interest	2,000	2,000	4,861	2,861
Miscellaneous	200	200	553	353
Total Revenues	401,507	401,507	408,661	7,154
EXPENDITURES:				
Personal Services	410,677	410,677	372,817	37,860
Materials and Services	27,805	27,805	18,486	9,319
Capital Outlay	1,940	1,940	898	1,042
Contingency	41,014	41,014	-	41,014
Total Expenditures	481,436	481,436	392,201	89,235
SPECIAL PAYMENTS:				
General Fund:				
Accounting and Financial Services	11,932	11,932	11,932	-
Planning and Development Services	14,113	14,113	14,113	-
Administrative Services	41,014	41,014	41,014	-
City Hall Office Rent	17,600	17,600	17,600	-
Vehicle/Equipment Maintenance Fund	6,012	6,012	4,991	1,021
Total Special Payments	90,671	90,671	89,650	1,021
Total Expenditures and Special Payments	572,107	572,107	481,851	90,256
Excess (Deficiency) of Revenues Over (Under) Expenditures and Special Payments	(170,600)	(170,600)	(73,190)	97,410
FUND BALANCE - June 30, 2002	170,600	170,600	233,563	62,963
FUND BALANCE - June 30, 2003	$ -	$ -	$ 160,373	$ 160,373

City of West Linn, Oregon
Public Works Support Services
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Public Inspection Charges	$ 140,000	$ 140,000	$ 21,945	$ (118,055)
Engineer Building Review Fees	1,000	1,000	220	(780)
Public Works Construction Permits and Fees	4,000	4,000	5,584	1,584
Interest	200	200	6,154	5,954
Miscellaneous	6,500	6,500	5,423	(1,077)
Total Revenues	151,700	151,700	39,326	(112,374)
REIMBURSEMENTS FROM OTHER FUNDS				
Public Works Operations Service Charges	220,793	220,793	220,634	(159)
Public Works Engineering Service Charges	507,620	507,620	477,620	(30,000)
Public Works GIS Service Charges	163,517	163,517	163,517	-
Total Reimbursements	891,930	891,930	861,771	(30,159)
Total Revenues and Reimbursements	1,043,630	1,043,630	901,097	(142,533)
EXPENDITURES:				
Personal Services	696,140	696,140	641,992	54,148
Materials and Services	129,850	129,850	90,278	39,572
Capital Outlay	8,500	8,500	6,912	1,588
Contingency	40,860	40,860	-	40,860
Total Expenditures	875,350	875,350	739,182	136,168
SPECIAL PAYMENTS:				
General Fund:				
Accounting and Financial Services	29,861	29,861	29,861	-
Administrative Services	129,752	129,752	129,752	-
City Hall Office Rent	60,393	60,393	60,393	-
Vehicle/Equipment Maintenance Fund	9,521	9,521	12,240	(2,719)
Total Special Payments	229,527	229,527	232,246	(2,719)
Total Expenditures and Special Payments	1,104,877	1,104,877	971,428	133,449
Deficiency of Revenues and Reimbursements Under Expenditures and Special Payments	(61,247)	(61,247)	(70,331)	(9,084)
FUND BALANCE - June 30, 2002	61,247	61,247	226,899	165,652
FUND BALANCE - June 30, 2003	$ -	$ -	$ 156,568	$ 156,568

City of West Linn, Oregon
2000 Federal Grant Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Interest	$ -	$ -	$ 9	$ 9
Toral Revenues	-	-	9	9
EXPENDITURES				
Materials and Services	1,224	1,224	-	1,224
Capital Outlay	-	-	1,110	(1,110)
Total Expenditures	1,224	1,224	1,110	114
Excess of Expenditures Over Revenues	(1,224)	(1,224)	(1,101)	123
FUND BALANCE - June 30, 2002	1,224	1,224	1,442	218
FUND BALANCE - June 30, 2003	$ -	$ -	$ 341	$ 341

City of West Linn, Oregon
Public Safety Grant Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Fedreal Grants	$ -	$ -	$ 7,054	$ 7,054
Interest	-	-	12	12
Total Revenues	-	-	7,066	7,066
EXPENDITURES:				
Materials and Services	-	-	3,981	(3,981)
Capital Outlay	-	-	2,059	(2,059)
Total Expenditures	-	-	6,040	(6,040)
Excess of Expenditures Over Revenues	-	-	1,026	1,026
FUND BALANCE - June 30, 2002	-	-	-	-
FUND BALANCE - June 30, 2003	$ -	$ -	$ 1,026	$ 1,026

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Debt Service Fund

The debt service fund does not meet the criteria for major fund reporting. The balance sheet and statement of revenues, expenditures, and changes in fund balance of the nonmajor debt service fund is reported in the combining nonmajor governmental fund statements.

The schedule of revenues, expenditures, and changes in fund balance – budget and actual are also presented here for the 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 and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property Taxes:				
Current Year's Levy	$ 1,138,839	$ 1,138,839	$ 1,131,848	$ (6,991)
Prior Years' Levies	25,000	25,000	48,196	23,196
Interest on Delinquent Taxes	1,500	1,500	4,170	2,670
Tax Title Land Sales	100	100	-	(100)
Interest	5,500	5,500	3,572	(1,928)
Miscellaneous	-	-	105	105
Total Revenues	1,170,939	1,170,939	1,187,891	16,952
EXPENDITURES:				
Debt Service:				
Principal	425,000	425,000	425,000	-
Interest	541,594	541,594	536,800	4,794
Reserve for Future Debt Service	315,869	315,869	-	315,869
Total Expenditures	1,282,463	1,282,463	961,800	320,663
Excess of Expenditures Over Revenues	(111,524)	(111,524)	226,091	337,615
FUND BALANCE - June 30, 2002	111,524	111,524	119,711	8,187
FUND BALANCE - June 30, 2003	$ -	$ -	$ 345,802	$ 345,802

Capital Project Funds

The balance sheet and statement of revenues, expenditures, and changes in fund balance of the nonmajor capital project funds is reported in the combining nonmajor governmental fund statements. Fund statements for the major capital project fund are reported in the basic financial statements.

Schedules of revenues, expenditures, and changes in fund balance - budget and actual are also presented here for each nonmajor capital project fund.

Major Special Revenue Fund:

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

Nonmajor Special Revenue 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.

Bolton Pump Station Construction Fund – accounts for the resources used for the construction of the Bolton Pump Station.

Park Bond Fund #2 – accounts for the funding of the parks capital improvement program from the sale of bonds.

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
Capital Development Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Interest	$ 12,000	$ 12,000	$ 10,220	$ (1,780)
EXPENDITURES:				
Contingency	412,015	412,015	-	412,015
OTHER FINANCING USES - TRANSFERS TO OTHER FUNDS				
Street Fund	35,000	35,000	35,000	-
Total Expenditures and Other Financing Uses	447,015	447,015	35,000	412,015
Excess Expenditures and Other Financing Uses Over Revenues	(435,015)	(435,015)	(24,780)	410,235
FUND BALANCE - June 30, 2002	435,015	435,015	437,252	2,237
FUND BALANCE - June 30, 2003	$ -	$ -	$ 412,472	$ 412,472

City of West Linn, Oregon
Integrated M.I.S. Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Interest	$ 200	$ 200	$ 437	$ 237
EXPENDITURES				
Capital Outlay	13,185	13,185	4,391	8,794
Excess of Expenditures Over Revenues	(12,985)	(12,985)	(3,954)	9,031
FUND BALANCE - June 30, 2002	12,985	12,985	21,353	8,368
FUND BALANCE - June 30, 2003	$ -	$ -	$ 17,399	$ 17,399

City of West Linn, Oregon
Senior Center Construction Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Federal, State and Other Grants	$ -	$ 375,000	$ 370,000	$ (5,000)
Senior Center Donations	15,000	15,000	2,207	(12,793)
Interest	-	-	7,808	7,808
Total Revenues	15,000	390,000	380,015	(9,985)
OTHER FINANCING SOURCES - TRANSFERS FROM OTHER FUNDS				
Park SDC Fund	275,000	586,000	586,000	-
Total Revenues and Other Financing Sources	290,000	976,000	966,015	(9,985)
EXPENDITURES				
Capital Outlay	305,500	1,083,500	1,023,090	60,410
Excess of Expenditures Over Revenues	(15,500)	(107,500)	(57,075)	50,425
FUND BALANCE - June 30, 2002	15,500	107,500	115,143	7,643
FUND BALANCE - June 30, 2003	$ -	$ -	$ 58,068	$ 58,068

City of West Linn, Oregon
Bolton Pump Station Construction Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES:				
Materials and Services	$ 512	$ 512	$ 512	$ -
FUND BALANCE - June 30, 2002	512	512	512	-
FUND BALANCE - June 30, 2003	$ -	$ -	$ -	$ -

City of West Linn, Oregon
Park Bond Fund #2
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Interest	$ 23,000	$ 23,000	$ 11,489	$ (11,511)
EXPENDITURES:				
Materials and Services	-	48,800	7,044	41,756
Capital Outlay	1,279,924	1,231,124	80,261	1,150,863
Total Expenditures	1,279,924	1,279,924	87,305	1,192,619
Excess of Expenditures Over Revenues	(1,256,924)	(1,256,924)	(75,816)	1,181,108
FUND BALANCE - June 30, 2002	1,256,924	1,256,924	1,027,686	(229,238)
FUND BALANCE - June 30, 2003	$ -	$ -	$ 951,870	$ 951,870

City of West Linn, Oregon
Library Construction Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES:				
Materials and Services	$ -	$ -	$ 2,777	$ (2,777)
Excess of Expenditures Over Revenues	-	-	(2,777)	(2,777)
FUND BALANCE - June 30, 2002	-	-	6,252	6,252
FUND BALANCE - June 30, 2003	$ -	$ -	$ 3,475	$ 3,475

City of West Linn, Oregon
City Hall Building Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Interest	$ -	$ -	$ 5,477	$ 5,477
EXPENDITURES:				
Excess of revenues over expenditures	-	-	5,477	5,477
FUND BALANCE - June 30, 2002	-	-	6,844	6,844
FUND BALANCE - June 30, 2003	$ -	$ -	$ 12,321	$ 12,321

Enterprise Funds

For GAAP reporting purposes, the City reports two proprietary funds as major funds. These funds are the Water Fund, which consists of the Water Fund and the Water Bond Construction Fund; and the Environmental Service Fund, which consists of the Sewer Fund and the Environmental Service Fund. However, for budgetary and legal purposes these funds are accounted for separately as listed below.

All of the City's enterprise funds are major funds and are reported in the basic financial statements.

Schedules of revenues, expenditures, and changes in fund net assets – budget and actual are presented here for each individual enterprise fund as required by Oregon regulations.

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

Water Fund (budgetary basis financial statements only)

Water Bond Construction Fund (budgetary basis financial statements only)

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

Environmental Service Fund (budgetary basis financial statements only)

Sewer Fund (budgetary basis financial statements only)

City of West Linn, Oregon
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Service Charges and Other Fees:				
Water Sales	$ 2,212,339	$ 2,212,339	$ 2,402,650	$ 190,311
Water Connection Fees	55,000	55,000	45,502	(9,498)
Customer Service Charges	3,000	3,000	4,689	1,689
Interest	15,000	15,000	18,334	3,334
Miscellaneous	22,035	22,035	26,290	4,255
Total Revenues	2,307,374	2,307,374	2,497,465	190,091
EXPENDITURES:				
Personal Services	551,454	551,454	522,170	29,284
Materials and Services	1,305,041	1,305,041	1,251,597	53,444
Capital Outlay	356,475	356,475	233,505	122,970
Contingency	357,530	357,530	-	357,530
Total Expenditures	2,570,500	2,570,500	2,007,272	563,228
SPECIAL PAYMENTS:				
General Fund:				
Accounting/Financial Services	114,989	114,989	114,989	-
Planning/Development Services	7,311	7,311	7,311	-
Public Works Operational Support Services	45,475	45,475	45,475	-
Administrative Services	31,202	31,202	31,202	-
Engineering Services	60,481	60,481	60,481	-
Bond Principal and Interest	153,548	153,548	153,548	-
GIS Services	26,129	26,129	26,129	-
Vehicle/Equipment Maintenance Fund	27,147	27,147	27,377	(230)
Total Special Payments	466,282	466,282	466,512	(230)
Total Expenditures and Special Payments	3,036,782	3,036,782	2,473,784	562,998
Excess of Revenues Over (Under) Expenditures and Special Payments	(729,408)	(729,408)	23,681	753,089
FUND BALANCE - June 30, 2002	729,408	729,408	1,149,557	420,149
FUND BALANCE - June 30, 2003	$ -	$ -	$ 1,173,238	$ 1,173,238

City of West Linn, Oregon
Water Bond Construction Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Interest	$ 1,000	$ 1,000	$ 1,362	$ 362
EXPENDITURES:				
Capital Outlay	51,696	51,696	7,811	43,885
Excess of Expenditures Over Revenues	(50,696)	(50,696)	(6,449)	44,247
FUND BALANCE - June 30, 2002	50,696	50,696	56,576	5,880
FUND BALANCE - June 30, 2003	$ -	$ -	$ 50,127	$ 50,127

City of West Linn, Oregon
Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Interest	$ 9,200	$ 9,200	$ 20,439	$ 11,239
Miscellaneous	-	-	2,246	2,246
Total Revenues	9,200	9,200	22,685	13,485
EXPENDITURES:				
Capital Outlay	77,000	77,000	3,073	73,927
Contingency	413,649	413,649	-	413,649
Total Expenditures	490,649	490,649	3,073	487,576
Excess of Expenditures Over Revenues	(481,449)	(481,449)	19,612	501,061
FUND BALANCE - June 30, 2002	481,449	481,449	592,176	110,727
FUND BALANCE - June 30, 2003	$ -	$ -	$ 611,788	$ 611,788

City of West Linn, Oregon
Environmental Service Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Service Charges and Other Fees:				
Sewer Charges	$ 1,222,430	$ 1,222,430	$ 1,305,128	$ 82,698
Storm Drain charges	443,215	443,215	467,792	24,577
Interest	23,000	23,000	40,614	17,614
Miscellaneous	8,000	8,000	37,416	29,416
Total Revenues	1,696,645	1,696,645	1,850,950	154,305
EXPENDITURES:				
Personal Services	614,217	614,217	608,892	5,325
Materials and Services	494,288	494,288	277,599	216,689
Capital Outlay	965,125	1,113,729	182,918	930,811
Contingency	263,620	115,016	-	115,016
Total Expenditures	2,337,250	2,337,250	1,069,409	1,267,841
SPECIAL PAYMENTS:				
General Fund:				
Accounting/Financial Services	156,173	156,173	156,173	-
Administrative Services	67,196	67,196	67,196	-
Planning/Development Services	9,892	9,892	9,892	-
Public Works Operational Support Services	112,838	112,838	112,838	-
Engineering Services	210,758	210,758	210,758	-
GIS Services	52,258	52,258	52,258	-
Vehicle/Equipment Maintenance Fund	85,028	85,028	63,265	21,763
Total Special Payments	694,143	694,143	672,380	21,763
Total Expenditures and Special Payments	3,031,393	3,031,393	1,741,789	1,289,604
Excess (Deficiency) of Revenues Over (Under) Expenditures and Special Payments	(1,334,748)	(1,334,748)	109,161	1,443,909
FUND BALANCE - June 30, 2002	1,334,748	1,334,748	1,620,793	286,045
FUND BALANCE - June 30, 2003	$ -	$ -	$ 1,729,954	$ 1,729,954

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Internal Service Funds

Combining statements for internal service funds are reported here. The combined totals are reported alongside the enterprise funds in the basic financial statements.

Schedules of revenues, expenses, and changes in fund net assets – budget and actual are also presented here for each internal service fund as required by Oregon regulations.

The 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.

The Insurance Fund - accounts for all 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
Vehicle/Equipment Maintenance Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Interest	$ 400	$ 400	$ 444	$ 44
REIMBURSEMENTS FROM OTHER FUNDS:				
General Fund:				
City Manager's Office	3,556	3,556	1,430	(2,126)
Police Department	169,981	169,981	180,954	10,973
Fire Department	-	-	126	126
Engineering Department	6,078	6,078	9,171	3,093
Operation Support	3,443	3,443	3,068	(375)
Parks Department	55,919	55,919	85,830	29,911
General Services Department	1,504	1,504	3,772	2,268
Building Inspection Fund	6,012	6,012	4,987	(1,025)
Street Fund	69,219	69,219	44,619	(24,600)
Water Fund	27,147	27,147	27,377	230
Environmental Services Fund	85,028	85,028	63,265	(21,763)
Police Serial Levy	19,862	19,862	19,862	-
Total Reimbursements	447,749	447,749	444,461	(3,288)
Total Revenues and Reimbursements	448,149	448,149	444,905	(3,244)
EXPENDITURES:				
Personal Services	178,115	178,115	168,214	9,901
Materials and Services	226,034	226,034	196,676	29,358
Capital Outlay	8,800	8,800	8,185	615
Contingency Budget	11,298	11,298	-	11,298
Total Expenditures	424,247	424,247	373,075	51,172
SPECIAL PAYMENTS				
General Fund:				
Accounting and Financial Services	22,511	22,511	22,511	-
Public Works Support Services	19,662	19,662	19,662	-
Administrative Services	10,800	10,800	10,800	-
Total Special Payments	52,973	52,973	52,973	-
Total Expenditures and Special Payments	477,220	477,220	426,048	51,172
Excess of Revenues and Reimbursements Over (Under) Expenditures and Special Payments	(29,071)	(29,071)	18,857	47,928
FUND BALANCE - June 30, 2002	29,071	29,071	20,877	(8,194)
FUND BALANCE - June 30, 2003	$ -	$ -	$ 39,734	$ 39,734

City of West Linn, Oregon
Insurance Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Interest	$ 1,900	$ 1,900	$ 3,674	$ 1,774
EXPENDITURES:				
Materials and Services	85,000	85,000	33,916	51,084
Contingency	72,672	72,672	-	72,672
Total Expenditures	157,672	157,672	33,916	123,756
SPECIAL PAYMENTS:				
General Fund:				
Accounting and Financial Services	1,503	1,503	1,503	-
Administrative Services	745	745	745	-
Total Special Payments	2,248	2,248	2,248	-
Total Expenditures and Special Payments	159,920	159,920	36,164	123,756
Excess of Expenditures and Special Payments Over Revenues	(158,020)	(158,020)	(32,490)	125,530
FUND BALANCE - June 30, 2002	158,020	158,020	166,852	8,832
FUND BALANCE - June 30, 2003	$ -	$ -	$ 134,362	$ 134,362

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Fiduciary Fund

The fiduciary fund does not meet the criteria for major fund reporting. The statement of fiduciary net assets and the statement of changes in fiduciary net assets are reported in the basic financial statements.

The schedule of revenues, expenditures, and changes in fund balance – budget and actual are also presented here for the fiduciary fund as required by Oregon regulations.

Caufield Trust Fund - accounts for an endowment held by the City under terms of a bequest. The principal of the trust fund may not be expended.

City of West Linn, Oregon
Caufield Trust Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Interest	$ 4,100	$ 4,100	$ 5,358	$ 1,258
EXPENDITURES:				
Materials and Services	50,000	50,000	17,361	32,639
Contingency	20,942	20,942	-	20,942
Endowment Reserve	157,298	157,298	-	157,298
Total Expenditures	228,240	228,240	17,361	210,879
Excess of Expenditures Over Revenues	(224,140)	(224,140)	(12,003)	212,137
FUND BALANCE - June 30, 2002	224,140	224,140	224,724	584
FUND BALANCE - June 30, 2003	$ -	$ -	$ 212,721	$ 212,721

City of West Linn, Oregon
Combined Schedule of Property Tax Transactions
All Funds
For the Year Ended June 30, 2003

Tax Year	Taxes Uncollected June 30, 2002	Add Levy Extended by Assessor	Discounts Allowed	Cancellation Adjustments	Interest	Collections	Property Taxes Uncollected June 30, 2003
2002-03		$ 8,704,534	$ (203,578)	$ (28,531)	$ 4,186	$ (8,169,273)	$ 307,338
2001-02	$ 280,292	-	-	(6,677)	8,460	(183,186)	98,889
2000-01	117,911	-	-	(2,502)	7,670	(73,909)	49,170
1999-00	49,015	-	-	(1,356)	5,931	(38,213)	15,377
1998-99	11,908	-	-	(889)	1,739	(9,352)	3,406
1997-98 & Prior	6,864	-	-	(744)	(358)	(1,096)	4,665
Total Prior	465,990	-	-	(12,168)	23,442	(305,756)	171,507
Grand Total	$ 465,990	$ 8,704,534	$ (203,578)	$ (40,699)	$ 27,628	$ (8,475,029)	$ 478,845

	Property Taxes		Interest on Property Taxes	Collections		Total Tax Collections as of June 30, 2003	Property Taxes Uncollected June 30, 2003	Deferred Revenue June 30, 2003
	Current Year Levy	Prior Years' Levies		July 1 - August 31, 2002	July 1 - August 31, 2003			
General Fund	$ 4,252,761	$ 147,042	$ 14,390	$ (46,073)	$ 34,180	$ 4,402,300	$ 249,405	$ 215,225
Debt Service Fund	1,395,781	48,260	4,723	(13,767)	10,036	1,445,033	81,856	71,820
Police Serial Levy Fund	1,115,294	38,562	3,774	(11,237)	12,172	1,158,565	65,407	53,235
Fire Serial Levy Fund	1,401,251	48,449	4,741	(14,117)	15,558	1,455,883	82,177	66,619
Total	$ 8,165,087	$ 282,314	$ 27,628	$ (85,194)	$ 71,946	$ 8,461,781	$ 478,845	$ 406,899

Audit Comments and Disclosures Required By State Regulations

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PAULY, ROGERS AND CO., P.C.
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June 24, 2005

AUDITORS' COMMENTS AND DISCLOSURES

Oregon Administrative Rules 162-10-000 through 162-16-000 of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. Certain required disclosures, statements and schedules are set forth in preceding pages of this report. Additional required comments and disclosures related to our audit of such statements and schedules are set forth as follows:

REPORT ON INTERNAL ACCOUNTING CONTROL

We have audited the general purpose financial statements of the City of West Linn, Oregon, as of and for the year ended June 30, 2003, and have issued our report thereon dated June 24, 2005.

In planning and performing our audit of the general purpose financial statements of the City of West Linn, Oregon, for the year ended June 30, 2003, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of management, the Mayor, City Council, and the State of Oregon, Secretary of State, Division of Audits. However, this report is a matter of public record and its distribution is not limited.

ACCOUNTING RECORDS

The City's accounting records are adequate for audit, except for the lack of detailed fixed asset records as noted in our management letter dated June 24, 2005.

BUDGET TRANSACTIONS

Expenditures of the various funds were within authorized appropriations, except for the items noted in Note 13 to the basic financial statements. Additionally there were several funds with negative fund balances, which have been defined as violations of Oregon Local Budget Law by the Oregon Department of Revenue. The City also made a budget transfer in excess of 10% of a fund budgetary category without the required public hearing or supplemental budget.

2002-2003 and 2003-2004 BUDGETS

The budgets adopted by the City for the current and ensuing fiscal year were reviewed during the audit. It was determined that budget preparation and adoption procedures followed by the City were in compliance with the Oregon Local Budget Law.

STATE HIGHWAY FUNDS

The City's compliance with requirements of Article IX, Section 3a of the Oregon Constitution and ORS 294 and 373 was reviewed and found to comply with the restrictions on the use of revenue from taxes on motor vehicle use and fuel.

COLLATERAL SECURING BANK DEPOSITS

Based on our testing, collateral pledged by the depositories was adequate at all times during the year to meet requirements of Oregon Law. Each depository is required by OR Chapter 295 to maintain securities having a value of not less than 25% of the face amount of the collateral certificate issued by the pool manager, for funds deposited in the depository in excess of the amounts insured by the Federal Deposit Insurance Corporation. Deposits in the State Local Government Investment Pool and Deferred Compensation are not required to be collateralized.

INVESTMENTS

The City's investments for the year ending June 30, 2003 were reviewed and found to comply with the legal requirements pertaining to the investment of public funds contained in ORS 294.035.

PUBLIC CONTRACTS AND PURCHASING

The City's procedures for awarding public contracts were reviewed and found to be in compliance with ORS Chapter 279.

INSURANCE AND FIDELITY BONDS

Details concerning insurance and fidelity bond coverage were reviewed during the audit. The coverage provided appears to meet legal requirements. We do not have the professional expertise to state whether the insurance coverage is adequate.

STATUTORY BONDED DEBT LIMITATION

The City's bonded debt outstanding was within the limitation established by Oregon Law.

OUTSTANDING WARRANTS

The City did not have any outstanding endorsed warrants at June 30, 2003.

PROGRAMS FUNDED FROM OUTSIDE SOURCES

We reviewed and tested, to the extent we considered necessary in the circumstances, transactions and reports relative to federal and state grant programs. Since federal financial expenditures were less than $500,000, it was not necessary to perform, nor did we perform, tests in accordance with the requirements of U.S. OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

Vavly, Rogers and Co., P.C.

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