



CITY OF  
**West  
Linn**

## **Annual Financial Report**

Year Ended June 30, 2006



**CITY OF WEST LINN, OREGON**

Annual Financial Report

Year Ended June 30, 2006

Prepared by:  
City Finance Department

**CITY OF WEST LINN, OREGON**

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**CITY OF WEST LINN, OREGON**

**CITY COUNCILORS AS OF JUNE 30, 2006**

**NAME**

**TERM EXPIRES**

Norm King, Mayor  
22500 Salamo Road  
West Linn, OR 97068

December 31, 2008

Scott Burgess, Council President  
22500 Salamo Road  
West Linn, OR 97068

December 31, 2010

Michele Eberle, Councilor  
22500 Salamo Road  
West Linn, OR 97068

December 31, 2008

Mike Gates, Councilor  
22500 Salamo Road  
West Linn, OR 97068

December 31, 2008

Jody Carson, Councilor  
22500 Salamo Road  
West Linn, OR 97068

December 31, 2010

Chris Jordan, City Manager

Administrative Offices  
22500 Salamo Road  
West Linn, Oregon 97068

Legal Counsel:

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

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## **INDEPENDENT AUDITOR'S REPORT**

March 18, 2008

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Linn, Oregon, (the City) as of and for the year ended June 30, 2006, 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 opinions on these financial statements based on our audit.

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

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

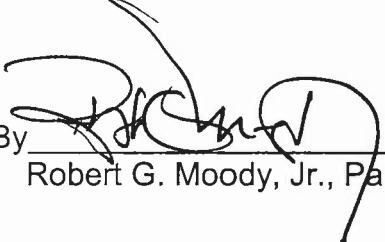
The City has elected not to include Management's Discussion and Analysis which is required by accounting principles generally accepted in the United States of America.

In our opinion, except for the effects of such adjustments, if any, as might have been necessary had we been able to examine evidence regarding the cost and accumulated depreciation of capital assets, the financial statements 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 as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General, 911 Emergency Communication Public Safety, Building Inspection, System Development and Park Bond Construction Funds, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and other schedule, listed in the Table of Contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**TALBOT, KORVOLA & WARWICK, LLP**  
Certified Public Accountants

By  \_\_\_\_\_  
Robert G. Moody, Jr., Partner

**CITY OF WEST LINN, OREGON**

**STATEMENT OF NET ASSETS**

**JUNE 30, 2006**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and investments	\$ 7,257,648	\$ 1,870,288	\$ 9,127,936
Restricted cash	-	180,760	180,760
Cash held by fiscal agent	4,637	-	4,637
Property taxes receivable	282,156	-	282,156
Accounts receivable, net	45,725	863,479	909,204
Capital assets, net of accumulated depreciation	31,115,748	22,574,232	53,689,980
Investment in joint venture	-	6,352,237	6,352,237
Other assets	130,834	-	130,834
<b>TOTAL ASSETS</b>	<b>38,836,748</b>	<b>31,840,996</b>	<b>70,677,744</b>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	482,305	604,954	1,087,259
Accrued salaries and payroll taxes payable	305,114	26,861	331,975
Accrued vacation payable	483,032	63,210	546,242
Accrued interest payable	41,938	22,208	64,146
Deposits payable	12,201	-	12,201
Other liabilities	546,386	107,885	654,271
Current portion of bonds payable	625,000	65,000	690,000
Total current liabilities	2,495,976	890,118	3,386,094
Non-current liabilities:			
Bonds payable	12,540,000	1,450,000	13,990,000
<b>TOTAL LIABILITIES</b>	<b>15,035,976</b>	<b>2,340,118</b>	<b>17,376,094</b>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	17,950,748	21,059,232	39,009,980
Restricted for capital projects	2,602,105	-	2,602,105
Restricted for debt service	251,455	-	251,455
Unrestricted	2,996,464	8,441,646	11,438,110
<b>TOTAL NET ASSETS</b>	<b>\$ 23,800,772</b>	<b>\$ 29,500,878</b>	<b>\$ 53,301,650</b>

See notes to basic financial statements.

**CITY OF WEST LINN, OREGON**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2006**

FUNCTION / PROGRAM	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES:</b>						
General government	\$ 4,040,208	\$ 3,954,968	\$ 581,506	\$ 496,266	\$ -	\$ 496,266
Culture and recreation	2,846,267	-	525,429	(2,320,838)	-	(2,320,838)
Public safety	4,414,247	-	137,701	(4,276,546)	-	(4,276,546)
Highways and streets	1,441,389	-	1,166,253	(275,136)	-	(275,136)
Interest on long-term debt	590,797	-	-	(590,797)	-	(590,797)
Unallocated depreciation	1,486,334	-	-	(1,486,334)	-	(1,486,334)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>14,819,242</b>	<b>3,954,968</b>	<b>2,410,889</b>	<b>(8,453,385)</b>	<b>-</b>	<b>(8,453,385)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>						
Water	2,732,134	2,498,158	-	-	(233,976)	(233,976)
Environmental services	2,094,239	1,899,360	-	-	(194,879)	(194,879)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>4,826,373</b>	<b>4,397,518</b>	<b>-</b>	<b>-</b>	<b>(428,855)</b>	<b>(428,855)</b>
<b>TOTAL ACTIVITIES</b>	<b>\$ 19,645,615</b>	<b>\$ 8,352,486</b>	<b>\$ 2,410,889</b>	<b>(8,453,385)</b>	<b>(428,855)</b>	<b>(8,882,240)</b>
<b>GENERAL REVENUES:</b>						
Property taxes levied for:						
General purposes				4,503,769	-	4,503,769
Public safety				1,256,067	-	1,256,067
Debt service				854,316	-	854,316
Franchise fees				1,459,842	-	1,459,842
Income from equity in joint venture				-	488,074	488,074
Earnings on investments				210,220	42,584	252,804
Transfers in from other funds - equity				(675,579)	675,579	-
Transfer of capital assets from governmental funds				(1,191,119)	1,191,119	-
Miscellaneous				382,902	-	382,902
<b>TOTAL GENERAL REVENUES</b>				<b>6,800,418</b>	<b>2,397,355</b>	<b>9,197,774</b>
<b>CHANGE IN NET ASSETS</b>				<b>(1,652,967)</b>	<b>1,968,500</b>	<b>315,533</b>
<b>NET ASSETS, July 1, 2005</b>				<b>25,453,739</b>	<b>27,532,378</b>	<b>52,986,117</b>
<b>NET ASSETS, June 30, 2006</b>				<b>\$ 23,800,772</b>	<b>\$ 29,500,878</b>	<b>\$ 53,301,650</b>

See notes to basic financial statements.

## CITY OF WEST LINN, OREGON

## GOVERNMENTAL FUNDS

## BALANCE SHEET

JUNE 30, 2006

	General Fund	911 Emergency Communication Public Safety Fund	Building Inspection Fund	System Development Fund	Park Bond Construction Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS:</b>							
Cash and investments	\$ 2,176,323	\$ 560,437	\$ 62,232	\$ 2,434,026	\$ 955,327	\$ 1,020,655	\$ 7,209,000
Cash held by fiscal agent	-	-	-	-	-	4,637	4,637
Property taxes receivable	-	244,345	-	-	-	37,811	282,156
Accounts receivable	45,725	-	-	-	-	-	45,725
Interfund loan	-	-	-	250,000	-	-	250,000
Other assets	130,834	-	-	-	-	-	130,834
<b>TOTAL ASSETS</b>	<b>\$ 2,352,882</b>	<b>\$ 804,782</b>	<b>\$ 62,232</b>	<b>\$ 2,684,026</b>	<b>\$ 955,327</b>	<b>\$ 1,063,103</b>	<b>\$ 7,922,352</b>
<b>LIABILITIES:</b>							
Accounts payable	\$ 298,649	\$ 51,179	\$ 5,653	\$ 81,921	\$ -	\$ 44,672	\$ 482,074
Accrued salaries and payroll taxes	278,510	-	7,004	-	-	16,029	301,543
Deposits payable	-	-	-	-	-	12,201	12,201
Deferred revenue	-	188,120	-	-	-	29,084	217,204
Interfund loan	-	-	250,000	-	-	-	250,000
Other liabilities	543,066	-	-	-	-	3,320	546,386
<b>TOTAL LIABILITIES</b>	<b>1,120,225</b>	<b>239,299</b>	<b>262,657</b>	<b>81,921</b>	<b>-</b>	<b>105,306</b>	<b>1,809,408</b>
<b>FUND BALANCE:</b>							
Reserved for interfund loan	-	-	-	250,000	-	-	250,000
Reserved for debt service	-	-	-	-	-	251,455	251,455
Unreserved, reported in:							
General Fund	1,232,657	-	-	-	-	-	1,232,657
Special Revenue Funds	-	565,483	(200,425)	-	-	706,342	1,071,400
Capital Project Funds	-	-	-	2,352,105	955,327	-	3,307,432
<b>TOTAL FUND BALANCE</b>	<b>1,232,657</b>	<b>565,483</b>	<b>(200,425)</b>	<b>2,602,105</b>	<b>955,327</b>	<b>957,797</b>	<b>6,112,944</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,352,882</b>	<b>\$ 804,782</b>	<b>\$ 62,232</b>	<b>\$ 2,684,026</b>	<b>\$ 955,327</b>	<b>\$ 1,063,103</b>	<b>\$ 7,922,352</b>
Total fund balances							\$ 6,112,944
Amounts reported for governmental activities in the Statement of Net Assets are different because:							
Capital assets used in governmental activities are not financial resources and therefore, are not reported in funds.							31,115,748
Long-term taxes receivable are not available to pay for current-period expenditures and therefore, are deferred in the funds.							217,204
The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets.							37,650
Long-term liabilities, including bonds payable, capital leases and accrued vacation, are not due and payable in the current period and therefore are not reported in the funds.							(13,640,836)
Bond interest is not accrued as a liability in the government funds.							(41,938)
<b>Net assets of governmental activities</b>							<b>\$ 23,800,772</b>

See notes to basic financial statements.

## CITY OF WEST LINN, OREGON

## GOVERNMENTAL FUNDS

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

YEAR ENDED JUNE 30, 2006

	General Fund	911 Emergency Communication Public Safety Fund	Building Inspection Fund	System Development Fund	Park Bond Construction Fund	Nonmajor Funds	Total Governmental Funds
<b>REVENUES:</b>							
Taxes	\$4,641,720	\$ 9,447	\$ -	\$ -	\$ -	\$1,999,687	\$6,650,854
Intergovernmental revenues	358,183	137,701	-	-	-	1,915,005	2,410,889
Franchise fees	1,299,088	-	-	-	-	160,754	1,459,842
Licenses and permits	291,987	-	378,143	-	-	1,894	672,024
Fines and forfeitures	513,503	-	-	-	-	-	513,503
Charges for services	1,277,475	-	-	-	-	1,095,953	2,373,428
Systems development fees	-	-	-	1,155,017	-	-	1,155,017
Interest	2,478	551	2,075	87,535	22,806	87,551	202,996
Miscellaneous	99,207	-	715	218,505	-	64,473	382,900
<b>TOTAL REVENUES</b>	<b>8,483,640</b>	<b>147,699</b>	<b>380,933</b>	<b>1,461,057</b>	<b>22,806</b>	<b>5,325,317</b>	<b>15,821,452</b>
<b>EXPENDITURES:</b>							
Current:							
General government	3,628,433	-	-	-	-	1,182,356	4,810,789
Cultural and recreation	2,658,448	-	-	53,299	-	197,201	2,908,948
Public safety	2,396,475	232,000	495,427	-	-	1,454,718	4,578,620
Highways and streets	-	-	-	-	-	1,534,138	1,534,138
Capital outlay	-	-	-	2,185,908	2,883	-	2,188,791
Debt service:							
Principal	160,000	-	-	-	-	430,000	590,000
Interest	183,435	-	-	-	-	485,921	669,356
<b>TOTAL EXPENDITURES</b>	<b>9,026,791</b>	<b>232,000</b>	<b>495,427</b>	<b>2,239,207</b>	<b>2,883</b>	<b>5,284,334</b>	<b>17,280,642</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(543,151)</b>	<b>(84,301)</b>	<b>(114,494)</b>	<b>(778,150)</b>	<b>19,923</b>	<b>40,983</b>	<b>(1,459,189)</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers from other funds	1,597,064	841,260	-	-	-	1,293,528	3,731,852
Transfers to other funds	(260,598)	-	-	(699,337)	-	(3,385,619)	(4,345,554)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,336,466</b>	<b>841,260</b>	<b>-</b>	<b>(699,337)</b>	<b>-</b>	<b>(2,092,091)</b>	<b>(613,702)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>793,315</b>	<b>756,959</b>	<b>(114,494)</b>	<b>(1,477,487)</b>	<b>19,923</b>	<b>(2,051,108)</b>	<b>(2,072,892)</b>
<b>FUND BALANCE (DEFICIT), July 1, 2005</b>	<b>439,342</b>	<b>(191,476)</b>	<b>(85,931)</b>	<b>4,079,592</b>	<b>935,404</b>	<b>3,008,905</b>	<b>8,185,836</b>
<b>FUND BALANCE (DEFICIT), June 30, 2006</b>	<b>\$1,232,657</b>	<b>\$ 565,483</b>	<b>\$ (200,425)</b>	<b>\$ 2,602,105</b>	<b>\$ 955,327</b>	<b>\$ 957,797</b>	<b>\$6,112,944</b>

See notes to basic financial statements.

CITY OF WEST LINN, OREGON

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

YEAR ENDED JUNE 30, 2006

**NET CHANGE IN FUND BALANCE**

**\$ (2,072,892)**

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay was less than depreciation.

(133,884)

Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

(36,702)

Internal service funds are used to account for all costs arising from the operations of the City's central services activities and insurance programs. The primary funding sources are charges to the other funds. This is the net loss of the funds for the year.

18,417

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

639,944

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued vacation payable

(146,409)

Accrued interest payable

78,559

**CHANGE IN NET ASSETS**

\$ (1,652,967)

**CITY OF WEST LINN, OREGON**

**PROPRIETARY FUNDS**

**STATEMENT OF NET ASSETS**

**JUNE 30, 2006**

	Business-Type Activities - Enterprise Funds			Governmental Type Activity
	Water Fund	Environmental Service Fund	Total	Internal Service Fund
<b>ASSETS:</b>				
Current assets:				
Cash and investments	\$ 155,870	\$ 1,714,418	\$ 1,870,288	\$ 48,648
Restricted cash	180,760	-	180,760	-
Accounts receivable, net of allowance for doubtful accounts	395,533	467,946	863,479	-
<b>TOTAL CURRENT ASSETS</b>	<b>732,163</b>	<b>2,182,364</b>	<b>2,914,527</b>	<b>48,648</b>
Capital assets not being depreciated	460,195	262,776	722,971	-
Capital assets, net	12,832,737	9,018,524	21,851,261	-
Investment in joint venture	6,352,237	-	6,352,237	-
<b>TOTAL ASSETS</b>	<b>20,377,332</b>	<b>11,463,664</b>	<b>31,840,996</b>	<b>48,648</b>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	203,228	401,726	604,954	231
Other liabilities	107,885	-	107,885	-
Accrued payroll payable	11,550	15,311	26,861	3,571
Accrued vacation payable	33,958	29,252	63,210	7,196
Accrued interest payable	22,208	-	22,208	-
Bonds payable - due within one year	65,000	-	65,000	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>443,829</b>	<b>446,289</b>	<b>890,118</b>	<b>10,998</b>
Long-term liabilities:				
Bonds payable	1,450,000	-	1,450,000	-
<b>TOTAL LIABILITIES</b>	<b>1,893,829</b>	<b>446,289</b>	<b>2,340,118</b>	<b>10,998</b>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	11,777,932	9,281,300	21,059,232	-
Unrestricted	6,705,571	1,736,075	8,441,646	37,650
<b>TOTAL NET ASSETS</b>	<b>\$ 18,483,503</b>	<b>\$ 11,017,375</b>	<b>\$ 29,500,878</b>	<b>\$ 37,650</b>

See notes to basic financial statements.



**CITY OF WEST LINN, OREGON**

**PROPRIETARY FUNDS**

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

**YEAR ENDED JUNE 30, 2006**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Type Activity Internal Service Funds</b>
	<b>Water Fund</b>	<b>Environmental Service Fund</b>	<b>Total</b>	
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 2,474,673	\$ 1,818,759	\$ 4,293,432	\$ 599,234
Licenses and permits	-	53,176	53,176	-
Other operating revenues	23,485	27,425	50,910	-
<b>TOTAL OPERATING REVENUES</b>	<b>2,498,158</b>	<b>1,899,360</b>	<b>4,397,518</b>	<b>599,234</b>
<b>OPERATING EXPENSES:</b>				
Salaries and wages	580,531	736,492	1,317,023	203,428
Materials and supplies	198,396	119,108	317,504	201,509
Training	-	-	-	9,330
Claims expense	-	-	-	39,439
Purchase of water	852,141	-	852,141	-
Utilities	111,395	15,838	127,233	-
Insurance	33,983	40,595	74,578	-
Street cleaning	-	79,259	79,259	-
Support services	490,505	764,874	1,255,379	63,826
Depreciation	377,000	338,073	715,073	8,634
<b>TOTAL OPERATING EXPENSES</b>	<b>2,643,952</b>	<b>2,094,239</b>	<b>4,738,191</b>	<b>526,166</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>(145,794)</b>	<b>(194,879)</b>	<b>(340,673)</b>	<b>73,068</b>
<b>NONOPERATING INCOME (EXPENSE):</b>				
Interest income	14,080	28,503	42,584	7,224
Net income from equity in joint venture	488,074	-	488,074	-
Interest expense	(88,182)	-	(88,182)	-
<b>TOTAL NONOPERATING INCOME (EXPENSE)</b>	<b>413,972</b>	<b>28,503</b>	<b>442,476</b>	<b>7,224</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>268,178</b>	<b>(166,376)</b>	<b>101,802</b>	<b>80,292</b>
<b>TRANSFERS IN (OUT):</b>				
Transfers from other funds	148,964	665,506	814,470	
Transfers to other funds	(51,537)	(87,354)	(138,891)	(61,875)
Transfers of capital assets from governmental funds	1,096,674	94,445	1,191,119	-
<b>TOTAL TRANSFERS</b>	<b>1,194,101</b>	<b>672,597</b>	<b>1,866,698</b>	<b>(61,875)</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,462,279</b>	<b>506,221</b>	<b>1,968,500</b>	<b>18,417</b>
<b>NET ASSETS, July 1, 2005</b>	<b>17,021,224</b>	<b>10,511,154</b>	<b>27,532,378</b>	<b>19,233</b>
<b>NET ASSETS, June 30, 2006</b>	<b>\$ 18,483,503</b>	<b>\$ 11,017,375</b>	<b>\$ 29,500,878</b>	<b>\$ 37,650</b>

See notes to basic financial statements.

**CITY OF WEST LINN, OREGON**

**PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2006**

	Business-Type Activities - Enterprise Funds			Governmental Type Activity
	Water Fund	Environmental Service Fund	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received for services	\$ 2,479,138	\$ 1,965,974	\$ 4,445,112	\$ 595,665
Cash paid to suppliers for goods and services	(1,607,252)	(988,400)	(2,595,652)	(321,154)
Cash paid to employees for services	(588,915)	(737,545)	(1,326,460)	(199,078)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>282,971</b>	<b>240,029</b>	<b>523,000</b>	<b>75,433</b>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED ACTIVITY</b>				
Transfers from other funds	148,964	665,506	814,470	-
Transfers to other funds	(51,537)	(87,354)	(138,891)	(61,875.00)
<b>NET CASH FROM NONCAPITAL AND RELATED ACTIVITIES</b>	<b>97,427</b>	<b>578,152</b>	<b>675,579</b>	<b>(61,875.00)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Bond principal paid	(65,000)	-	(65,000)	-
Interest paid	(89,580)	-	(89,580)	-
Acquisition of capital assets	(178,080)	(171,777)	(349,857)	-
Transfer to restricted cash	(6,969)	-	(6,969)	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(339,629)</b>	<b>(171,777)</b>	<b>(511,406)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received on investments	14,080	28,503	42,583	7,223.91
<b>NET CHANGE IN CASH AND INVESTMENTS</b>	<b>54,849</b>	<b>674,907</b>	<b>729,756</b>	<b>20,781.91</b>
<b>CASH AND INVESTMENTS, July 1, 2005</b>	<b>101,021</b>	<b>1,039,511</b>	<b>1,140,532</b>	<b>27,866.00</b>
<b>CASH AND INVESTMENTS, June 30, 2006</b>	<b>\$ 155,870</b>	<b>\$ 1,714,418</b>	<b>\$ 1,870,288</b>	<b>\$ 48,648</b>
<b>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>				
Operating income/(loss)	\$ (145,794)	\$ (194,879)	\$ (340,673)	\$ 73,068
Adjustments to reconcile operating income/ (loss) to net cash from operating activities:				
Depreciation	377,000	338,073	715,073	8,634
Change in assets and liabilities:				
Accounts receivable	(19,020)	66,614	47,594	(2,495)
Deposits payable	-	(22,023)	(22,023)	-
Accounts payable	61,965	234,108	296,073	(8,124)
Accrued payroll payable	7,434	10,509	17,943	2,198
Accrued vacation payable	(15,818)	(11,562)	(27,380)	2,152
Other liabilities	17,204	(180,811)	(163,607)	-
<b>Total adjustments</b>	<b>428,765</b>	<b>434,908</b>	<b>863,673</b>	<b>2,365</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 282,971</b>	<b>\$ 240,029</b>	<b>\$ 523,000</b>	<b>\$ 75,433</b>
<b>NON-CASH TRANSACTIONS:</b>				
Net income from equity in joint venture	\$ 488,074	\$ -	\$ 488,074	\$ -
Transfer of capital assets from governmental fund	1,096,674	94,445	1,191,119	-
<b>TOTAL NON-CASH TRANSACTIONS</b>	<b>\$ 1,584,748</b>	<b>\$ 94,445</b>	<b>\$ 1,679,193</b>	<b>\$ -</b>

See notes to basic financial statements.

**CITY OF WEST LINN, OREGON**

**GENERAL FUND**

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

**YEAR ENDED JUNE 30, 2006**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 4,707,606	\$ 4,707,606	\$ 4,641,720	\$ (65,886)
Intergovernmental	725,027	725,027	358,183	(366,844)
Franchise fees	1,281,204	1,281,204	1,299,088	17,884
Licenses and permits	269,895	269,895	291,987	22,092
Fines and forfeitures	366,000	366,000	513,503	147,503
Charges for services	1,238,170	1,238,170	1,277,475	39,305
Interest earnings	21,000	21,000	2,478	(18,522)
Miscellaneous	129,930	129,930	99,207	(30,723)
<b>TOTAL REVENUES</b>	<b>8,738,832</b>	<b>8,738,832</b>	<b>8,483,640</b>	<b>(255,192)</b>
<b>EXPENDITURES:</b>				
City Council	58,425	63,425	54,547	8,878
City Manager	266,984	266,984	264,136	2,848
Human Resources	315,420	319,420	311,150	8,270
Community Services	363,267	395,117	378,843	16,274
Finance	602,647	862,647	801,323	61,324
Information Services	212,556	212,556	186,346	26,210
Library	1,136,178	1,211,178	1,182,146	29,032
Municipal Court	237,530	249,530	240,932	8,598
Police	2,373,831	2,476,831	2,396,475	80,356
Planning and development	588,952	663,952	629,654	34,298
Parks	2,080,709	2,080,709	1,476,302	604,407
General facility services	242,445	282,445	266,668	15,777
Nondepartmental:				
General services department	374,883	494,883	494,833	50
Debt service	343,435	343,435	343,435	-
Contingency	728,886	3,036	-	3,036
Reserve for future expenditures	2,000	2,000	-	2,000
<b>TOTAL EXPENDITURES</b>	<b>9,928,148</b>	<b>9,928,148</b>	<b>9,026,791</b>	<b>901,357</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(1,189,316)</b>	<b>(1,189,316)</b>	<b>(543,151)</b>	<b>646,165</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	607,152	607,152	1,597,064	989,912
Transfers to other funds	(260,599)	(260,599)	(260,598)	1
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>346,553</b>	<b>346,553</b>	<b>1,336,466</b>	<b>989,913</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(842,763)</b>	<b>(842,763)</b>	<b>793,315</b>	<b>1,636,078</b>
<b>FUND BALANCE, July 1, 2005</b>	<b>842,763</b>	<b>842,763</b>	<b>439,342</b>	<b>(403,421)</b>
<b>FUND BALANCE, June 30, 2006</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,232,657</b>	<b>\$ 1,232,657</b>

See notes to basic financial statements.

CITY OF WEST LINN, OREGON

911 EMERGENCY COMMUNICATIONS/PUBLIC SAFETY FUND

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

YEAR ENDED JUNE 30, 2006

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Property taxes	\$ -	\$ 9,447	\$ 9,447
Intergovernmental	108,355	137,701	29,346
Interest	-	551	551
<b>TOTAL REVENUES</b>	<u>108,355</u>	<u>147,699</u>	<u>39,344</u>
<b>EXPENDITURES:</b>			
Materials and services	<u>232,000</u>	<u>232,000</u>	<u>-</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(123,645)</u>	<u>(84,301)</u>	<u>39,344</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers from other funds	<u>123,645</u>	<u>841,260</u>	<u>717,615</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	756,959	756,959
<b>FUND BALANCE (DEFICIT), July 1, 2005</b>	<u>-</u>	<u>(191,476)</u>	<u>(191,476)</u>
<b>FUND BALANCE, June 30, 2006</b>	<u>\$ -</u>	<u>\$ 565,483</u>	<u>\$ 565,483</u>

See notes to basic financial statements.

CITY OF WEST LINN, OREGON

BUILDING INSPECTION FUND

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

YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>				
Licenses and fees	\$ 478,533	\$ 478,533	\$ 378,143	\$ (100,390)
Interest	800	800	2,075	1,275
Miscellaneous	500	500	715	215
<b>TOTAL REVENUES</b>	<b>479,833</b>	<b>479,833</b>	<b>380,933</b>	<b>(98,900)</b>
<b>EXPENDITURES:</b>				
Personal services	366,855	380,355	374,859	5,496
Materials and services	22,765	22,765	22,701	64
Contingency	17,886	1,386		1,386
<b>TOTAL EXPENDITURES</b>	<b>407,506</b>	<b>404,506</b>	<b>397,560</b>	<b>6,946</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>72,327</b>	<b>75,327</b>	<b>(16,627)</b>	<b>(91,954)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan from Systems Development Fund	-	-	250,000	250,000
Transfers to other funds	(96,145)	(99,145)	(97,867)	1,278
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(96,145)</b>	<b>(99,145)</b>	<b>152,133</b>	<b>251,278</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(23,818)</b>	<b>(23,818)</b>	<b>135,506</b>	<b>159,324</b>
<b>FUND BALANCE (DEFICIT) , July 1, 2005</b>	<b>23,818</b>	<b>23,818</b>	<b>(85,931)</b>	<b>(109,749)</b>
<b>FUND BALANCE, June 30, 2006</b>	<b>\$ -</b>	<b>\$ -</b>	<b>49,575</b>	<b>\$ 49,575</b>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Adjustment for loan from other funds			(250,000)	
<b>FUND BALANCE (DEFICIT) GAAP BASIS, June 30, 2006</b>			<b>\$ (200,425)</b>	

See notes to basic financial statements.

## CITY OF WEST LINN, OREGON

## SYSTEM DEVELOPMENT FUND

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

YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual		
			Street	Storm Drain	Water
<b>REVENUES:</b>					
System development fees:					
Street	\$ 85,282	\$ 85,282	\$ 25,414	\$ -	\$ -
Storm drain	33,400	33,400	-	47,201	-
Water	199,000	199,000	-	-	330,072
Sewer	58,000	58,000	-	-	-
Parks	273,520	273,520	-	-	-
Interest	44,450	44,450	838	16,699	19,713
Miscellaneous	-	230,000	-	-	218,505
<b>TOTAL REVENUES</b>	<b>693,652</b>	<b>923,652</b>	<b>26,252</b>	<b>63,900</b>	<b>568,290</b>
<b>EXPENDITURES:</b>					
Materials and services	16,000	25,000	-	-	3,606
Capital outlay	1,521,972	2,185,908	-	94,442	1,096,674
Contingency	1,795,920	1,337,984	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>3,333,892</b>	<b>3,548,892</b>	<b>-</b>	<b>94,442</b>	<b>1,100,280</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,640,240)</b>	<b>(2,625,240)</b>	<b>26,252</b>	<b>(30,542)</b>	<b>(531,990)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Loan to other funds	-	(250,000)	-	(250,000)	-
Transfers to other funds	(35,000)	(35,000)	(23,759)	(28,578)	(97,427)
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<b>(35,000)</b>	<b>(285,000)</b>	<b>(23,759)</b>	<b>(278,578)</b>	<b>(97,427)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,675,240)</b>	<b>(2,910,240)</b>	<b>2,493</b>	<b>(309,120)</b>	<b>(629,417)</b>
<b>FUND BALANCE, July 1, 2005</b>	<b>2,675,240</b>	<b>2,910,240</b>	<b>13,493</b>	<b>710,410</b>	<b>1,206,376</b>
<b>FUND BALANCE, June 30, 2006</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,986</b>	<b>401,290</b>	<b>\$ 576,959</b>
<b>RECONCILIATION TO GAAP BASIS:</b>					
Adjustment for loan to other funds				250,000	
<b>FUND BALANCE GAAP BASIS, June 30, 2006</b>				<b>\$ 651,290</b>	

See notes to basic financial statements.

Actual			Variance
Sewer	Parks	Total	Positive (Negative)
\$ -	\$ -	\$ 25,414	\$ (59,868)
-	-	47,201	13,801
-	-	330,072	131,072
190,645	-	190,645	132,645
-	561,685	561,685	288,165
28,862	21,423	87,535	43,085
-	-	218,505	(11,495)
219,507	583,108	1,461,057	537,405
-	14,693	18,299	6,701
-	994,792	2,185,908	-
-	-	-	1,337,984
-	1,009,485	2,204,207	1,344,685
219,507	(426,377)	(743,150)	1,882,090
-	-	(250,000)	-
(549,573)	(35,000)	(734,337)	(699,337)
(549,573)	(35,000)	(984,337)	(699,337)
(330,066)	(461,377)	(1,727,487)	1,182,753
1,021,469	1,127,844	4,079,592	1,169,352
\$ 691,403	\$ 666,467	2,352,105	\$ 2,352,105
		250,000	
		\$ 2,602,105	

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## **Notes to Basic Financial Statements**

**CITY OF WEST LINN, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

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

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

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

**Basis of Presentation**

**Government-wide Financial Statements**

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

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

**CITY OF WEST LINN, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

**Fund Financial Statements**

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

The City reports the following major funds:

**Governmental**

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

911 Emergency Communications Public Safety Fund – Accounts for the emergency dispatch contract in the fiscal year.

Building Inspection Fund – Accounts for the City's building code compliance operations.

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

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

**Proprietary (Enterprise)**

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

Environmental Services Fund – This fund accounts for the operation and maintenance of the sewer service and collection system, as well as storm water operations.

**Nonmajor**

The City also reports the following nonmajor fund types:

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

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

**CITY OF WEST LINN, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

**Fund Financial Statements (Continued)**

**Nonmajor (Continued)**

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

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

**Measurement Focus and Basis of Accounting**

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

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

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

**CITY OF WEST LINN, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus and Basis of Accounting (Continued)**

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

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

**Use of Estimates**

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

**Cash and Investments**

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

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

The LGIP is administered by the Oregon State Treasury. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State who by law is made the custodian of, or has control of, any

**CITY OF WEST LINN, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Investments (Continued)**

public funds. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP.

**Receivables**

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

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

**Investment in Joint Ventures**

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

**Capital Assets**

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

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

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

**CITY OF WEST LINN, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Compensated Absences**

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

**Long-term Debt**

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

**Pension Plan**

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

**Fund Equity**

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

**Budget**

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

**CITY OF WEST LINN, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budget (Continued)**

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

<u>Fund</u>	<u>Amount</u>
2000 Federal Grant Fund	\$ 345

The overexpenditure was incurred to liquidate the remaining balance of federal grant monies received in 2000. The expenditure was consistent with grant requirements to close the fund.

There are several transfers to other funds that exceed appropriation. All such instances are the result of transferring funds to other funds to close those funds as authorized by City Council resolution.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. Supplemental budgets less than 10% of the fund's original budget may be adopted by the City Council at a regular meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the 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. The City adopted two supplemental budgets and made several appropriation transfers during the year ended June 30, 2006.

The City recorded an interfund loan between the System Development Fund and the Building Inspection Fund in the amount of \$250,000, to relieve a budget-basis deficit in the Building Inspection Fund. The term for repayment of the loan is five years.

**Fund Balance Deficits**

The Building Inspection Fund has a GAAP basis deficit fund balance of \$200,425. An interfund loan of \$250,000 payable with interest of five percent (5%) due June 30, 2011 from the System Development Fund provides a positive budget basis fund balance of \$49,575.



**CITY OF WEST LINN, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2006**

**2. CASH AND INVESTMENTS**

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

At June 30, 2006, the City's cash and investments were comprised of the following:

Cash on hand	\$ 2,675
Deposits with financial institutions	257,608
Investments:	
Oregon State Treasurer's Local Government Investment Pool	8,442,878
U.S. Agency obligations	424,775
	<hr/>
Total pooled cash and investments	<u><u>\$ 9,127,936</u></u>

	Governmental Activities	Business Type Activities	Total
Cash and investments	<u><u>\$ 7,257,648</u></u>	<u><u>\$ 1,870,288</u></u>	<u><u>\$ 9,127,936</u></u>

**Deposits**

The total balance as shown on the bank statements at June 30, 2006, was \$545,490. Of these deposits, \$100,000 was covered by Federal depository insurance, \$445,490 was collateralized with securities held in the pledging bank's trust department in the City's name.

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

**CITY OF WEST LINN, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2006**

**2. CASH AND INVESTMENTS (Continued)**

**Interest Rate Risk**

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

Maturities for the City's investments are as follows:

	<u>Maturities</u>	<u>Fair Value</u>
Oregon State Treasurer's Local Government Investment Pool	Under 1 year	\$ 8,442,878
U.S. Agency obligations	Under 1 year	424,775
		<u>\$ 8,867,653</u>

**Credit Risk**

As mentioned above, Oregon Revised Statutes limits the investments that the City may have. The City is in compliance with these Statutes at June 30, 2006.

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. At June 30, 2006, the City does not have investments exposed to custodial credit risk.

**3. ACCOUNTS RECEIVABLE**

As of June 30, 2006, accounts receivable consisted of the following:

Accounts, contracts and grants	\$ 919,104
Allowance for uncollectible accounts	<u>(9,900)</u>
Total	<u>\$ 909,204</u>

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

**CITY OF WEST LINN, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2006**

**3. ACCOUNTS RECEIVABLE (Continued)**

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

Accounts receivable - governmental activities	\$ 45,725
Accounts receivable - business-type activities	<u>863,479</u>
Total	<u>\$ 909,204</u>

**4. JOINT VENTURE**

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

**CITY OF WEST LINN, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2006**

**5. CAPITAL ASSETS**

Capital asset activity for year ended June 30, 2006, was as follows:

	Balance July 1, 2005	Increases/ (Decreases)	Balance June 30, 2006
<b>Governmental activities:</b>			
Capital assets not being depreciated:			
Land and easements	\$ 20,540,491	\$ 3,237	\$ 20,543,728
Capital assets being depreciated:			
Buildings and improvements	10,906,584	991,555	11,898,139
Vehicles and equipment	3,856,883	340,391	4,197,274
Infrastructure	1,083,465	-	1,083,465
Total capital assets being depreciated	15,846,932	1,331,946	17,178,878
Less accumulated depreciation for:			
Buildings and improvements	(2,064,946)	(594,907)	(2,659,853)
Vehicles and equipment	(2,913,782)	(839,455)	(3,753,237)
Infrastructure	(150,430)	(43,338)	(193,768)
Total accumulated depreciation	(5,129,158)	(1,477,700)	(6,606,858)
Total capital assets being depreciated, net	10,717,774	(145,754)	10,572,020
Total capital assets, net	\$ 31,258,265	\$ (142,517)	\$ 31,115,748
<b>Business-type activities:</b>			
Capital assets not being depreciated:			
Land	\$ 334,742	\$ -	\$ 334,742
Construction in progress	577,062	(188,833)	388,229
Total capital assets not being depreciated	911,804	(188,833)	722,971
Capital assets being depreciated:			
Buildings and improvements	2,278,566	-	2,278,566
Vehicles and equipment	1,940,732	-	1,940,732
Utility system	27,175,051	1,729,806	28,904,857
Total capital assets being depreciated	31,394,349	1,729,806	33,124,155
Less accumulated depreciation for:			
Buildings and improvements	(985,097)	(64,673)	(1,049,770)
Vehicles and equipment	(1,506,351)	(86,876)	(1,593,227)
Utility system	(8,066,373)	(563,524)	(8,629,897)
Total accumulated depreciation	(10,557,821)	(715,073)	(11,272,894)
Total capital assets being depreciated, net	20,836,528	1,014,733	21,851,261
Total capital assets, net	\$ 21,748,332	\$ 825,900	\$ 22,574,232

Depreciation expense of \$377,000 and \$338,073 was charged to the Water and Environmental Services Funds, respectively. Additionally, \$1,477,700 of depreciation was incurred for governmental activities: \$839,000 on vehicles and equipment, \$595,000 on improvements, and \$43,000 on infrastructure.

**CITY OF WEST LINN, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2006**

**6. LONG-TERM DEBT**

**Bonds Payable**

Bonds payable transactions for the year are as follows:

	<u>Original Amount</u>	<u>Outstanding July 1, 2005</u>	<u>Redeemed</u>	<u>Outstanding June 30, 2006</u>
<b>Governmental activities:</b>				
General obligation				
interest 2.6%-5.4%	\$ 13,315,000	\$ 10,020,000	\$ 430,000	\$ 9,590,000
Full Faith and credit bonds, interest 4.3% - 5.25%	4,300,000	3,735,000	160,000	3,575,000
	<u>\$ 17,615,000</u>	<u>\$ 13,755,000</u>	<u>\$ 590,000</u>	13,165,000
Current portion				625,000
Long-term portion				<u>\$ 12,540,000</u>
<b>Business-type activities:</b>				
2000 Water System Revenue and refunding				
bonds interest 4.7% - 6%	\$ 1,800,000	\$ 1,580,000	\$ 65,000	\$ 1,515,000
Current portion				65,000
Long-term portion				<u>\$ 1,450,000</u>

Future maturities of bond principal and interest at June 30, 2006, are as follows:

	<b><u>Governmental activities:</u></b>		<b><u>Enterprise activities:</u></b>		<b><u>Total</u></b>	
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 625,000	\$ 646,468	\$ 65,000	\$ 86,102	\$ 690,000	\$ 732,570
2008	670,000	618,064	70,000	82,440	740,000	700,504
2009	705,000	587,325	75,000	78,470	780,000	665,795
2010	750,000	554,428	80,000	74,188	830,000	628,616
2011	795,000	519,454	80,000	69,728	875,000	589,182
2012-2016	4,810,000	1,964,279	485,000	271,456	5,295,000	2,235,735
2017-2021	4,810,000	660,308	660,000	99,599	5,470,000	759,907
	<u>\$ 13,165,000</u>	<u>\$ 5,550,326</u>	<u>\$ 1,515,000</u>	<u>\$ 761,983</u>	<u>\$ 14,680,000</u>	<u>\$ 6,312,309</u>

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

**CITY OF WEST LINN, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2006**

**7. TRANSFERS TO/FROM OTHER FUNDS**

Transfers to/from other funds consisted of the following:

<u>Amount</u>	<u>Description</u>
\$ 1,597,064	Nonmajor funds to General Fund to fund cultural and recreation, and to close funds.
198,776	General Fund to nonmajor funds for public safety, highways and streets, and cultural and recreation activities.
61,822	General Fund to 911 Emergency Communications/Public Safety Fund for public safety.
779,438	Nonmajor fund to 911 Emergency Communications/Public Safety Fund for public safety, and to close funds.
1,070,993	Between nonmajor funds for recycling, cultural and recreation activities, public safety, and to close funds.
675,578	System Development Fund to enterprise funds for sewer and water projects.
23,759	System Development Fund to nonmajor funds for operations.
138,891	Between enterprise funds to close funds.
<u>\$ 4,546,321</u>	

**8. PENSION PLAN**

**Plan Description**

The City contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the City's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: The Pension Program, the defined benefit portion of the plan, applies to qualifying City employees hired after August 29, 2003; and to inactive employees who return to employment following a six-month or greater break in service. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

**CITY OF WEST LINN, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2006**

**8. PENSION PLAN (Continued)**

**Employee Retirement Pension Plan**

Both PERS plans provide retirement and disability benefits, post employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to PERS, PO Box 23700, Tigard, OR 97281-3700 or by calling 503-598-7377.

**Funding Policy**

Members of PERS are required to contribute 6% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The City is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan. The rate in effect for the year ended June 30, 2006, for OPERF was 17.56% and 11.95% for OPSRP for general service employees and 15.56% for police. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

**Annual Pension Cost**

The City's contributions to PERS for the years ending June 30, 2004, 2005, and 2006 were approximately \$741,400, \$781,900, and \$1,115,600, respectively, which equaled the required contribution for the year. Approximately \$274,000 of the additional contributions incurred in 2006 represented funding of the City's Unfunded Actuarial Liability (UAL).

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Asset)	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percent of Covered Payroll
12/31/05	\$ 35,196,000	\$ 36,127,000	\$ (931,000)	97 %	\$ 6,342,000	15 %
12/31/04	30,297,000	35,652,000	(5,355,000)	85	6,186,000	87
12/31/03	26,970,000	32,807,000	(5,837,000)	82	5,626,000	104
12/31/01	26,727,000	25,058,000	(1,669,000)	107	5,367,000	21
12/31/99	25,829,000	24,877,000	952,000	104	4,367,000	18

**CITY OF WEST LINN, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2006**

**9. OTHER INFORMATION**

**Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Except for unemployment compensation, the City purchases commercial insurance to minimize its exposure to these risks. There has been no reduction in commercial insurance coverage from fiscal year 2005 to 2006. 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.

**Deferred Compensation Plan**

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

**10. COMMITMENTS AND CONTINGENCIES**

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

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

The City has various construction commitments amounting to approximately \$140,000 at June 30, 2006.



**CITY OF WEST LINN, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2006**

**11. SUBSEQUENT EVENTS**

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

In fiscal 2007, the former Finance Director admitted to the embezzlement in an agreement with legal authorities. The agreement entitles the City to restitution of the \$1,420,000 plus statutory interest of 9% per annum. The former Finance Director has agreed to transfer to the City, 75% of the equity in her personal residence (estimated to be \$100,000) and her Public Employee Retirement System personal retirement account (estimated to be worth \$175,000). The City received \$100,000 from its insurance carrier during fiscal 2007 and \$100,692 from the proceeds of her personal residence during fiscal year 2008, related to the embezzlement.

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

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## **Supplementary Information**

## **Governmental Funds**

CITY OF WEST LINN, OREGON  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2006

	Special Revenue Funds	Debt Service Fund	Total
<b>ASSETS:</b>			
Cash and investments	\$ 779,244	\$ 241,411	\$ 1,020,655
Cash held by fiscal agent	-	4,637	4,637
Property taxes receivable	-	37,811	37,811
<b>TOTAL ASSETS</b>	<u>\$ 779,244</u>	<u>\$ 283,859</u>	<u>\$ 1,063,103</u>
<b>LIABILITIES AND FUND BALANCE:</b>			
Accounts payable	\$ 44,672	\$ -	\$ 44,672
Accrued salaries and payroll taxes	16,029	-	16,029
Other accrued liabilities	-	3,320	3,320
Deposits payable	12,201	-	12,201
Deferred revenue	-	29,084	29,084
<b>TOTAL LIABILITIES</b>	<u>72,902</u>	<u>32,404</u>	<u>105,306</u>
<b>FUND BALANCE:</b>			
Reserved for debt service	-	251,455	251,455
Unreserved	706,342	-	706,342
<b>TOTAL FUND BALANCE</b>	<u>706,342</u>	<u>251,455</u>	<u>957,797</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 779,244</u>	<u>\$ 283,859</u>	<u>\$ 1,063,103</u>

CITY OF WEST LINN, OREGON

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2006

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total Governmental Funds
<b>REVENUES:</b>				
Property taxes	\$ 1,130,334	\$ 869,353	\$ -	\$ 1,999,687
Licenses, permits and fees	1,894	-	-	1,894
Franchise fees	160,754	-	-	160,754
Charges for services	1,095,953	-	-	1,095,953
Intergovernmental	1,915,005	-	-	1,915,005
Interest	56,188	12,545	18,818	87,551
Miscellaneous	64,473	-	-	64,473
<b>TOTAL REVENUES</b>	<u>4,424,601</u>	<u>881,898</u>	<u>18,818</u>	<u>5,325,317</u>
<b>EXPENDITURES:</b>				
Program:				
General government	1,182,356	-	-	1,182,356
Cultural and recreation	197,201	-	-	197,201
Public safety	1,454,718	-	-	1,454,718
Highways and streets	1,534,138	-	-	1,534,138
Debt service:				
Bond principal	-	430,000	-	430,000
Bond interest	-	485,921	-	485,921
<b>TOTAL EXPENDITURES</b>	<u>4,368,413</u>	<u>915,921</u>	<u>-</u>	<u>5,284,334</u>
<b>(DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>56,188</u>	<u>(34,023)</u>	<u>18,818</u>	<u>40,983</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	990,526	-	303,002	1,293,528
Transfers to other funds	(2,591,234)	-	(794,385)	(3,385,619)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,600,708)</u>	<u>-</u>	<u>(491,383)</u>	<u>(2,092,091)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(1,544,520)</u>	<u>(34,023)</u>	<u>(472,565)</u>	<u>(2,051,108)</u>
<b>FUND BALANCES, July 1, 2005</b>	<u>2,250,862</u>	<u>285,478</u>	<u>472,565</u>	<u>3,008,905</u>
<b>FUND BALANCES, June 30, 2006</b>	<u>\$ 706,342</u>	<u>\$ 251,455</u>	<u>\$ -</u>	<u>\$ 957,797</u>

## **Nonmajor Special Revenue Funds**

**Street Fund** – accounts for the City's streets, sidewalks, median, and other right-of-way maintenance and operation.

**Library Fund** – accounts for the City's library operations.

**State Revenue Sharing Fund** - accounts for the receipt and expenditure of state shared revenues. This fund was eliminated as of June 30, 2006 with the remaining balance transferred to the General Fund.

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

**Solid Waste Recycling Program Fund** – accounts for solid waste activities. To reduce and consolidate funds, this fund was eliminated as of June 30, 2006 with the remaining balance transferred into the Street Fund.

**Arts Commission Fund** – accounts for the receipt and expenditure of funds received for arts commission activities. To reduce and consolidate funds, this fund was eliminated as of June 30, 2006 with the remaining balance transferred into the General Fund.

**Community Center Operating Fund** – accounts for the community center activities. To reduce and consolidate funds, this fund was eliminated as of June 30, 2006 with the remaining balance transferred into the General Fund.

**Public Education Government Fund** - accounts for the receipt and expenditure of cable TV franchise fees for public access television. This fund was eliminated as of June 30, 2006 with the remaining balance transferred to the General Fund.

**Public Works Support Services Fund** – accounts for the professional and administrative support services provide by public works administrative and engineering staff.

**2000 Federal Grant Fund** – accounts for federal grant proceeds. This fund was closed as of June 30, 2006.

**Public Safety Grant Fund** – accounts for federal grant proceeds. This fund was closed as of June 30, 2006.

**Police Local Option Levy Fund** – accounts for the receipt and expenditure of a voter approved local property tax levy. The levy was not renewed for fiscal year 2007. This fund was closed as of June 30, 2006

## **Nonmajor Special Revenue Funds (Continued)**

**Fire Local Option Levy Fund** – accounts for the receipt and expenditure of a voter approved local property tax levy. The special levy was discontinued in fiscal year 2004 after the annexation of the City into Tualatin Valley Fire District. This fund was closed as of June 30, 2006 with the remaining funds transferred to the Public Safety Fund.

**Caufield Trust Fund** – accounts for an endowment for library purposes. The fund was closed and the balance transferred to the Library Fund as of June 30, 2006.



**CITY OF WEST LINN, OREGON**

**NONMAJOR SPECIAL REVENUE FUNDS**

**COMBINING BALANCE SHEET**

**JUNE 30, 2006**

	Street Fund	Library Fund	Cable TV/ Public Access Fund	Public Works Support Services Fund	Totals
<b>ASSETS:</b>					
Cash and investments	\$ 184,807	\$ 220,685	\$ 339,426	\$ 34,326	\$ 779,244
<b>LIABILITIES AND FUND BALANCE (DEFICIT):</b>					
Liabilities:					
Accounts payable	\$ 21,886	\$ -	\$ 22,042	\$ 744	\$ 44,672
Accrued salaries and payroll taxes	8,498	-	-	7,531	16,029
Deposits payable	7,701	-	-	4,500	12,201
<b>TOTAL LIABILITIES</b>	38,085	-	22,042	12,775	72,902
<b>FUND BALANCE:</b>					
Undesignated	146,722	220,685	317,384	21,551	706,342
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	\$ 184,807	\$ 220,685	\$ 339,426	\$ 34,326	\$ 779,244

CITY OF WEST LINN, OREGON

NONMAJOR SPECIAL REVENUE FUNDS

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

YEAR ENDED JUNE 30, 2006

	Street Fund	Library Fund	State Revenue Sharing Fund	Cable TV/ Public Access Fund	Solid Waste Recycling Program Fund	Arts Commission Fund	Community Center Operating Fund
<b>REVENUES:</b>							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-	-	-
Franchise fees	-	-	-	98,818	61,936	-	-
Charges for services	-	-	-	-	-	-	47,091
Intergovernmental	1,166,253	525,429	223,323	-	-	-	-
Interest	1,032	5,885	26,546	303	3,272	55	195
Miscellaneous	37,655	-	-	-	6,058	7,485	-
<b>TOTAL REVENUES</b>	<u>1,204,940</u>	<u>531,314</u>	<u>249,869</u>	<u>99,121</u>	<u>71,266</u>	<u>7,540</u>	<u>47,286</u>
<b>EXPENDITURES:</b>							
General government	-	-	84,072	-	37,880	-	-
Cultural and recreation	-	-	-	81,266	-	20,225	88,965
Public safety	-	-	-	-	-	-	-
Highways and streets	1,534,138	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>1,534,138</u>	<u>-</u>	<u>84,072</u>	<u>81,266</u>	<u>37,880</u>	<u>20,225</u>	<u>88,965</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(329,198)</u>	<u>531,314</u>	<u>165,797</u>	<u>17,855</u>	<u>33,386</u>	<u>(12,685)</u>	<u>(41,679)</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers from other funds	380,909	196,523	-	310,046	-	16,332	86,717
Transfers to other funds	-	(507,152)	(1,208,601)	-	(228,150)	-	(1,958)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>380,909</u>	<u>(310,629)</u>	<u>(1,208,601)</u>	<u>310,046</u>	<u>(228,150)</u>	<u>16,332</u>	<u>84,759</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>51,711</u>	<u>220,685</u>	<u>(1,042,804)</u>	<u>327,901</u>	<u>(194,764)</u>	<u>3,647</u>	<u>43,080</u>
<b>FUND BALANCE (DEFICIT), July 1, 2005</b>	<u>95,011</u>	<u>-</u>	<u>1,042,804</u>	<u>(10,517)</u>	<u>194,764</u>	<u>(3,647)</u>	<u>(43,080)</u>
<b>FUND BALANCES, June 30, 2006</b>	<u>\$ 146,722</u>	<u>\$ 220,685</u>	<u>\$ -</u>	<u>\$ 317,384</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Public Education Government Fund	Public Works Support Services Fund	2000 Federal Grant Fund	Public Safety Grant Fund	Police Local Option Levy Fund	Fire Local Option Levy Fund	Caufield Trust Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ 1,130,334	\$ -	\$ -	\$ 1,130,334
-	1,894	-	-	-	-	-	1,894
-	-	-	-	-	-	-	160,754
-	1,048,862	-	-	-	-	-	1,095,953
-	-	-	-	-	-	-	1,915,005
7,296	-	-	308	6,729	-	4,567	56,188
-	2,489	-	-	10,786	-	-	64,473
7,296	1,053,245	-	308	1,147,849	-	4,567	4,424,601
97,017	963,387	-	-	-	-	-	1,182,356
-	-	-	-	-	-	6,745	197,201
-	-	345	2,378	1,451,995	-	-	1,454,718
-	-	-	-	-	-	-	1,534,138
97,017	963,387	345	2,378	1,451,995	-	6,745	4,368,413
(89,721)	89,858	(345)	(2,070)	(304,146)	-	(2,178)	56,188
-	-	-	-	-	-	-	990,526
(308,088)	-	-	(11,452)	(95,513)	(33,797)	(196,523)	(2,591,234)
(308,088)	-	-	(11,452)	(95,513)	(33,797)	(196,523)	(1,600,708)
(397,809)	89,858	(345)	(13,522)	(399,659)	(33,797)	(198,701)	(1,544,520)
397,809	(68,307)	345	13,522	399,659	33,797	198,701	2,250,862
\$ -	\$ 21,551	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 706,342

CITY OF WEST LINN, OREGON

STREET FUND

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

YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 1,182,125	\$ 1,182,125	\$ 1,166,253	\$ (15,872)
Interest	500	500	1,032	532
Miscellaneous	2,000	2,000	37,655	35,655
<b>TOTAL REVENUES</b>	<u>1,184,625</u>	<u>1,184,625</u>	<u>1,204,940</u>	<u>20,315</u>
<b>EXPENDITURES:</b>				
Personal services	405,680	416,680	366,293	50,387
Materials and services	791,421	846,421	818,671	27,750
Contingency	12,935	12,935	-	12,935
<b>TOTAL EXPENDITURES</b>	<u>1,210,036</u>	<u>1,276,036</u>	<u>1,184,964</u>	<u>91,072</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(25,411)</u>	<u>(91,411)</u>	<u>19,976</u>	<u>111,387</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	264,000	354,000	380,909	26,909
Transfers to other funds	(328,807)	(352,807)	(349,174)	3,633
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(64,807)</u>	<u>1,193</u>	<u>31,735</u>	<u>30,542</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(90,218)</u>	<u>(90,218)</u>	<u>51,711</u>	<u>141,929</u>
<b>FUND BALANCE, July 1, 2005</b>	<u>90,218</u>	<u>90,218</u>	<u>95,011</u>	<u>4,793</u>
<b>FUND BALANCE, June 30, 2006</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,722</u>	<u>\$ 146,722</u>

CITY OF WEST LINN, OREGON

LIBRARY FUND

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

YEAR ENDED JUNE 30, 2006

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental	\$ 524,792	\$ 525,429	\$ 637
Interest	1,000	5,885	4,885
<b>TOTAL REVENUES</b>	<b>525,792</b>	<b>531,314</b>	<b>5,522</b>
<b>EXPENDITURES:</b>			
Contingency	28,438	-	28,438
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>497,354</b>	<b>531,314</b>	<b>33,960</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers from other funds	-	196,523	196,523
Transfers to other funds	(507,152)	(507,152)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(507,152)</b>	<b>(310,629)</b>	<b>196,523</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(9,798)</b>	<b>220,685</b>	<b>230,483</b>
<b>FUND BALANCE, July 1, 2005</b>	<b>9,798</b>	<b>-</b>	<b>(9,798)</b>
<b>FUND BALANCE, June 30, 2006</b>	<b>\$ -</b>	<b>\$ 220,685</b>	<b>\$ 220,685</b>

**CITY OF WEST LINN, OREGON**

**STATE REVENUE SHARING FUND**

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

**YEAR ENDED JUNE 30, 2006**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 124,000	\$ 124,000	\$ 223,323	\$ 99,323
Interest	10,000	10,000	26,546	16,546
<b>TOTAL REVENUES</b>	<u>134,000</u>	<u>134,000</u>	<u>249,869</u>	<u>115,869</u>
<b>EXPENDITURES:</b>				
Capital outlay	6,200	84,200	84,072	128
Contingency	572,224	459,224	-	459,224
<b>TOTAL EXPENDITURES</b>	<u>578,424</u>	<u>543,424</u>	<u>84,072</u>	<u>459,352</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(444,424)	(409,424)	165,797	575,221
<b>OTHER FINANCING USES:</b>				
Transfers to other funds	(300,000)	(335,000)	(1,208,601)	(873,601)
<b>NET CHANGE IN FUND BALANCE</b>	(744,424)	(744,424)	(1,042,804)	(298,380)
<b>FUND BALANCE, July 1, 2005</b>	<u>744,424</u>	<u>744,424</u>	<u>1,042,804</u>	<u>298,380</u>
<b>FUND BALANCE, June 30, 2006</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WEST LINN, OREGON

CABLE TV/PUBLIC ACCESS FUND

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

YEAR ENDED JUNE 30, 2006

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Franchise fees	\$ 87,000	\$ 98,818	\$ 11,818
Interest	500	303	(197)
<b>TOTAL REVENUES</b>	<u>87,500</u>	<u>99,121</u>	<u>11,621</u>
<b>EXPENDITURES:</b>			
Materials and services	94,541	78,437	16,104
Contingency	6,834	-	6,834
<b>TOTAL EXPENDITURES</b>	<u>101,375</u>	<u>78,437</u>	<u>22,938</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(13,875)</u>	<u>20,684</u>	<u>34,559</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers from other funds	-	310,046	310,046
Transfers to other funds	(2,829)	(2,829)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(2,829)</u>	<u>307,217</u>	<u>310,046</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(16,704)</u>	<u>327,901</u>	<u>344,605</u>
<b>FUND BALANCE (DEFICIT), July 1, 2005</b>	<u>16,704</u>	<u>(10,517)</u>	<u>(27,221)</u>
<b>FUND BALANCE, June 30, 2006</b>	<u>\$ -</u>	<u>\$ 317,384</u>	<u>\$ 317,384</u>

CITY OF WEST LINN, OREGON

SOLID WASTE RECYCLING PROGRAM FUND

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

YEAR ENDED JUNE 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>				
Franchise fees	\$ 55,385	\$ 55,385	\$ 61,936	\$ 6,551
Interest	-	-	3,272	3,272
Miscellaneous	6,000	6,000	6,058	58
<b>TOTAL REVENUES</b>	<u>61,385</u>	<u>61,385</u>	<u>71,266</u>	<u>9,881</u>
<b>EXPENDITURES:</b>				
Personal Services	17,915	18,915	18,508	407
Materials and services	2,400	2,400	2,400	-
Contingency	86,403	85,403	-	85,403
<b>TOTAL EXPENDITURES</b>	<u>106,718</u>	<u>106,718</u>	<u>20,908</u>	<u>85,810</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(45,333)	(45,333)	50,358	95,691
<b>OTHER FINANCING USES:</b>				
Transfers to other funds	(126,973)	(126,973)	(245,122)	(118,149)
<b>NET CHANGE IN FUND BALANCE</b>	(172,306)	(172,306)	(194,764)	(22,458)
<b>FUND BALANCE, July 1, 2005</b>	<u>172,306</u>	<u>172,306</u>	<u>194,764</u>	<u>22,458</u>
<b>FUND BALANCE, June 30, 2006</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



CITY OF WEST LINN, OREGON

ARTS COMMISSION FUND

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

YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>				
Interest	\$ -	\$ -	\$ 55	\$ 55
Miscellaneous	4,000	4,000	7,485	3,485
<b>TOTAL REVENUES</b>	<u>4,000</u>	<u>4,000</u>	<u>7,540</u>	<u>3,540</u>
<b>EXPENDITURES:</b>				
Materials and services	12,600	23,100	20,225	2,875
Contingency	1,810	1,810	-	1,810
<b>TOTAL EXPENDITURES</b>	<u>14,410</u>	<u>24,910</u>	<u>20,225</u>	<u>4,685</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(10,410)	(20,910)	(12,685)	8,225
<b>OTHER FINANCING SOURCES:</b>				
Transfers from other funds	9,200	19,700	16,332	(3,368)
<b>NET CHANGE IN FUND BALANCE</b>	(1,210)	(1,210)	3,647	4,857
<b>FUND BALANCE, July 1, 2005</b>	<u>1,210</u>	<u>1,210</u>	<u>(3,647)</u>	<u>(4,857)</u>
<b>FUND BALANCE, June 30, 2006</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WEST LINN, OREGON

COMMUNITY CENTER OPERATING FUND

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

YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 38,000	\$ 38,000	\$ 47,091	\$ 9,091
Interest	-	-	195	195
Miscellaneous	7,200	7,200	-	(7,200)
<b>TOTAL REVENUES</b>	<u>45,200</u>	<u>45,200</u>	<u>47,286</u>	<u>2,086</u>
<b>EXPENDITURES:</b>				
Personal services	71,165	71,165	63,581	7,584
Materials and services	19,140	27,340	25,384	1,956
Contingency	1,893	1,893	-	1,893
<b>TOTAL EXPENDITURES</b>	<u>92,198</u>	<u>100,398</u>	<u>88,965</u>	<u>11,433</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(46,998)</u>	<u>(55,198)</u>	<u>(41,679)</u>	<u>13,519</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	60,577	68,777	86,717	17,940
Transfers to other funds	-	-	(1,958)	(1,958)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>60,577</u>	<u>68,777</u>	<u>84,759</u>	<u>15,982</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>13,579</u>	<u>13,579</u>	<u>43,080</u>	<u>29,501</u>
<b>FUND BALANCE (DEFICIT), July 1, 2005</b>	<u>(13,579)</u>	<u>(13,579)</u>	<u>(43,080)</u>	<u>(29,501)</u>
<b>FUND BALANCE, June 30, 2006</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WEST LINN, OREGON

PUBLIC EDUCATION GOVERNMENT FUND

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

YEAR ENDED JUNE 30, 2006

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Interest	\$ 3,600	\$ 7,296	\$ 3,696
<b>EXPENDITURES:</b>			
Capital outlay	103,522	97,017	6,505
Contingency	68,580	-	68,580
Reserve for equipment replacement	200,000	-	200,000
<b>TOTAL EXPENDITURES</b>	<b>372,102</b>	<b>97,017</b>	<b>275,085</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(368,502)</b>	<b>(89,721)</b>	<b>278,781</b>
<b>OTHER FINANCING USES:</b>			
Transfers to other funds	-	(308,088)	(308,088)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(368,502)</b>	<b>(397,809)</b>	<b>(29,307)</b>
<b>FUND BALANCE, July 1, 2005</b>	<b>368,502</b>	<b>397,809</b>	<b>29,307</b>
<b>FUND BALANCE, June 30, 2006</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

CITY OF WEST LINN, OREGON

PUBLIC WORKS SUPPORT SERVICES FUND

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

YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 988,388	\$ 988,388	\$ 1,048,862	\$ 60,474
Fees and permits	27,642	27,642	1,894	(25,748)
Miscellaneous	7,500	7,500	2,489	(5,011)
<b>TOTAL REVENUES</b>	<u>1,023,530</u>	<u>1,023,530</u>	<u>1,053,245</u>	<u>29,715</u>
<b>EXPENDITURES:</b>				
Personal services	599,662	599,662	588,553	11,109
Materials and services	102,050	104,050	88,109	15,941
Capital outlay	45,100	45,100	35,178	9,922
Contingency	22,194	16,194	-	16,194
<b>TOTAL EXPENDITURES</b>	<u>769,006</u>	<u>765,006</u>	<u>711,841</u>	<u>53,165</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>254,524</u>	<u>258,524</u>	<u>341,404</u>	<u>82,880</u>
<b>OTHER FINANCING USES:</b>				
Transfers to other funds	<u>(248,808)</u>	<u>(252,808)</u>	<u>(251,546)</u>	<u>1,262</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>5,716</u>	<u>5,716</u>	<u>89,858</u>	<u>84,142</u>
<b>FUND BALANCE (DEFICIT), July 1, 2005</b>	<u>(5,716)</u>	<u>(5,716)</u>	<u>(68,307)</u>	<u>(62,591)</u>
<b>FUND BALANCE, June 30, 2006</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,551</u>	<u>\$ 21,551</u>

CITY OF WEST LINN, OREGON

2000 FEDERAL GRANT FUND

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

YEAR ENDED JUNE 30, 2006

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>EXPENDITURES:</b>			
Materials and services	\$ -	\$ 345	\$ (345)
<b>FUND BALANCE, July 1, 2005</b>	<u>-</u>	<u>345</u>	<u>345</u>
<b>FUND BALANCE, June 30, 2006</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WEST LINN, OREGON

PUBLIC SAFETY GRANT FUND

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

YEAR ENDED JUNE 30, 2006

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental	\$ 7,500	\$ -	\$ (7,500)
Interest	-	308	308
<b>TOTAL REVENUES</b>	7,500	308	(7,192)
<b>EXPENDITURES:</b>			
Materials and services	7,500	2,378	5,122
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	-	(2,070)	(2,070)
<b>OTHER FINANCING USES:</b>			
Transfer to other funds	-	(11,452)	(11,452)
<b>NET CHANGE IN FUND BALANCE</b>	-	(13,522)	(13,522)
<b>FUND BALANCE, July 1, 2005</b>	-	13,522	13,522
<b>FUND BALANCE, June 30, 2006</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WEST LINN, OREGON

POLICE LOCAL OPTION LEVY FUND

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

YEAR ENDED JUNE 30, 2006

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Property taxes	\$ 1,088,978	\$ 1,130,334	\$ 41,356
Interest	8,000	6,729	(1,271)
Miscellaneous	100	10,786	10,686
<b>TOTAL REVENUES</b>	<u>1,097,078</u>	<u>1,147,849</u>	<u>50,771</u>
<b>EXPENDITURES:</b>			
Personal services	1,117,376	1,112,241	5,135
Materials and services	154,839	154,213	626
Capital outlay	152,436	121,241	31,195
Contingency	71,243	-	71,243
<b>TOTAL EXPENDITURES</b>	<u>1,495,894</u>	<u>1,387,695</u>	<u>108,199</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(398,816)	(239,846)	158,970
<b>OTHER FINANCING USES:</b>			
Transfers to other funds	(96,100)	(159,813)	(63,713)
<b>NET CHANGE IN FUND BALANCE</b>	(494,916)	(399,659)	95,257
<b>FUND BALANCE, July 1, 2005</b>	<u>494,916</u>	<u>399,659</u>	<u>(95,257)</u>
<b>FUND BALANCE, June 30, 2006</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WEST LINN, OREGON

FIRE LOCAL OPTION LEVY FUND

**SCHEDULE OF OTHER FINANCING USES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2006

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>OTHER FINANCING USES:</b>			
Transfers to other funds	\$ -	\$ (33,797)	\$ (33,797)
<b>NET CHANGE IN FUND BALANCE</b>	-	(33,797)	(33,797)
<b>FUND BALANCE, July 1, 2005</b>	-	33,797	33,797
<b>FUND BALANCE, June 30, 2006</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



CITY OF WEST LINN, OREGON

CAUFIELD TRUST FUND

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

YEAR ENDED JUNE 30, 2006

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Interest	\$ 2,800	\$ 4,567	\$ 1,767
<b>EXPENDITURES:</b>			
Materials and services	10,000	6,745	3,255
Contingency	28,291	-	28,291
Endowment reserve	157,298	-	157,298
<b>TOTAL EXPENDITURES</b>	195,589	6,745	188,844
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(192,789)	(2,178)	190,611
<b>OTHER FINANCING USES:</b>			
Transfers to other funds	-	(196,523)	(196,523)
<b>NET CHANGE IN FUND BALANCE</b>	(192,789)	(198,701)	(5,912)
<b>FUND BALANCE, July 1, 2005</b>	192,789	198,701	5,912
<b>FUND BALANCE, June 30, 2006</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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## **Debt Service Fund**

**Debt Service Fund** - accounts for the payment of general obligation bond principal and interest. The principal source of revenue is property taxes, which for general obligation debt is exempt from tax limitation.

CITY OF WEST LINN, OREGON

DEBT SERVICE FUND

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

YEAR ENDED JUNE 30, 2006

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Property taxes	\$ 928,850	\$ 869,353	\$ (59,497)
Interest	6,300	12,545	6,245
Miscellaneous	100	-	(100)
<b>TOTAL REVENUES</b>	<u>935,250</u>	<u>881,898</u>	<u>(53,352)</u>
<b>EXPENDITURES:</b>			
Debt service:			
Principal	430,000	430,000	-
Interest	489,369	485,921	3,448
Reserve for future debt service	337,355	-	337,355
<b>TOTAL EXPENDITURES</b>	<u>1,256,724</u>	<u>915,921</u>	<u>340,803</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE</b>	(321,474)	(34,023)	287,451
<b>FUND BALANCE, July 1, 2005</b>	<u>321,474</u>	<u>285,478</u>	<u>(35,996)</u>
<b>FUND BALANCE, June 30, 2006</b>	<u>\$ -</u>	<u>\$ 251,455</u>	<u>\$ 251,455</u>

## **Nonmajor Capital Projects Funds**

**Capital Development Fund** – accounts for the resources set aside for future City capital developments. This fund was closed as of June 30, 2006 with the remaining balance transferred to the Public Safety Fund for working capital and future police station construction funding.

**Integrated M.I.S. Fund** – accounts for the resources used for improvements to the City's computer systems. This fund was inactive during the fiscal year and was closed as of June 30, 2006. A transfer was made to replenish the small fund balance deficiency.

**Senior Center Construction Fund** – this fund accounted for the construction of the Senior Center. The remaining balance was transferred to the General Fund as of June 30, 2006 to close the fund.

**Library Construction Fund** - this fund accounted for the construction of the Library. The remaining balance was transferred to the General Fund as of June 30, 2006 to close the fund.

**City Hall Building Fund** - this fund accounted for the acquisition and financing of the City Hall facility. The remaining balance was transferred to the General Fund as of June 30, 2006 to close the fund.

**Police Facility Reserve Fund** - this fund was established to account for funds set aside for a future police facility. To reduce the number of funds and consolidate accounting this fund was closed as of June 30, 2006, with the remaining balance transferred to the Public Safety Fund.

CITY OF WEST LINN, OREGON

NONMAJOR CAPITAL PROJECTS FUNDS

**COMBINING STATEMENT OF REVENUES, OTHER FINANCING SOURCES (USES)  
AND CHANGES IN FUND BALANCE (DEFICIT)**

YEAR ENDED JUNE 30, 2006

	Capital Development Fund	Integrated M.I.S. Fund	Senior Center Construction Fund	Library Construction Fund	City Hall Building Fund	Police Facility Reserve Fund	Total
<b>REVENUES:</b>							
Interest	\$ 15,731	\$ 85	\$ -	\$ -	\$ -	\$ 3,002	\$ 18,818
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers from other funds	203,002	-				100,000	303,002
Transfers to other funds	(638,676)		(36,910)	(3,476)	(12,321)	(103,002)	(794,385)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(435,674)</b>	<b>-</b>	<b>(36,910)</b>	<b>(3,476)</b>	<b>(12,321)</b>	<b>(3,002)</b>	<b>(491,383)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(419,943)</b>	<b>85</b>	<b>(36,910)</b>	<b>(3,476)</b>	<b>(12,321)</b>	<b>-</b>	<b>(472,565)</b>
<b>FUND BALANCE (DEFICIT), July 1, 2005</b>	<b>419,943</b>	<b>(85)</b>	<b>36,910</b>	<b>3,476</b>	<b>12,321</b>	<b>-</b>	<b>472,565</b>
<b>FUND BALANCE, June 30, 2006</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

CITY OF WEST LINN, OREGON

PARK BOND CONSTRUCTION FUND

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

YEAR ENDED JUNE 30, 2006

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Interest	\$ 15,000	\$ 22,806	\$ 7,806
<b>EXPENDITURES:</b>			
Capital outlay	843,246	2,883	840,363
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE</b>	(828,246)	19,923	848,169
<b>FUND BALANCE, July 1, 2005</b>	828,246	935,404	107,158
<b>FUND BALANCE, June 30, 2006</b>	<u>\$ -</u>	<u>\$ 955,327</u>	<u>\$ 955,327</u>

CITY OF WEST LINN, OREGON

CAPITAL DEVELOPMENT FUND

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

YEAR ENDED JUNE 30, 2006

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Interest	\$ 5,700	\$ 15,731	\$ 10,031
<b>EXPENDITURES:</b>			
Contingency	218,635	-	218,635
Reserve for future expenditures	402,500	-	402,500
<b>TOTAL EXPENDITURES</b>	<u>621,135</u>	<u>-</u>	<u>621,135</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(615,435)</u>	<u>15,731</u>	<u>631,166</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers from other funds	302,500	203,002	(99,498)
Transfers to other funds	<u>-</u>	<u>(638,676)</u>	<u>(638,676)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>302,500</u>	<u>(435,674)</u>	<u>(738,174)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(312,935)</u>	<u>(419,943)</u>	<u>(107,008)</u>
<b>FUND BALANCE, July 1, 2005</b>	<u>312,935</u>	<u>419,943</u>	<u>107,008</u>
<b>FUND BALANCE, June 30, 2006</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



CITY OF WEST LINN, OREGON

INTEGRATED M.I.S. FUND

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

YEAR ENDED JUNE 30, 2006

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Interest	\$ -	\$ 85	\$ 85
FUND BALANCE (DEFICIT), July 1, 2005	-	(85)	(85)
FUND BALANCE, June 30, 2006	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WEST LINN, OREGON

SENIOR CENTER CONSTRUCTION FUND

**SCHEDULE OF OTHER FINANCING USES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2006

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers to other funds	\$ -	\$ (36,910)	\$ (36,910)
<b>FUND BALANCE, July 1, 2005</b>	-	36,910	36,910
<b>FUND BALANCE, June 30, 2006</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WEST LINN, OREGON

LIBRARY CONSTRUCTION FUND

**SCHEDULE OF OTHER FINANCING USES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2006

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers to other funds	\$ -	\$ (3,476)	\$ (3,476)
<b>FUND BALANCE, July 1, 2005</b>	<u>-</u>	<u>3,476</u>	<u>3,476</u>
<b>FUND BALANCE, June 30, 2006</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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## **Enterprise Funds**

**Water Fund** - accounts for the City's water utility operations. It includes the Water Fund and Water Bond Construction Fund. The Water Bond Construction Fund was closed, with the remaining balance transferred to the Water Fund as of June 30, 2006.

**Environmental Services Fund** – accounts for the City's wastewater and stormwater operations. It includes the Environmental Services Fund and the Sewer Fund. The Sewer Fund was closed, with the remaining balance transferred to the Environmental Services Fund as of June 30, 2006.

CITY OF WEST LINN, OREGON

WATER FUND

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

YEAR ENDED JUNE 30, 2006

	<u>Water Fund</u>	<u>Water Bond Construction Fund</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges for services, net of allowance for doubtful accounts	\$ 2,474,673	\$ -	\$ 2,474,673
Other	23,485	-	23,485
<b>TOTAL OPERATING REVENUES</b>	<u>2,498,158</u>	<u>-</u>	<u>2,498,158</u>
<b>OPERATING EXPENSES:</b>			
Salaries and fringe benefits	580,531	-	580,531
Materials and services	198,396	-	198,396
Insurance	33,983	-	33,983
Utilities	111,395	-	111,395
Purchase of water	852,141	-	852,141
Depreciation	377,000	-	377,000
Support services	490,505	-	490,505
<b>TOTAL OPERATING EXPENSES</b>	<u>2,643,952</u>	<u>-</u>	<u>2,643,952</u>
<b>OPERATING LOSS</b>	<u>(145,794)</u>	<u>-</u>	<u>(145,794)</u>
<b>NONOPERATING INCOME (EXPENSE):</b>			
Interest income	14,080	-	14,080
Net income from equity in joint venture	488,074	-	488,074
Interest expense	(88,182)	-	(88,182)
<b>TOTAL NONOPERATING INCOME (EXPENSE)</b>	<u>413,972</u>	<u>-</u>	<u>413,972</u>
<b>INCOME BEFORE TRANSFERS</b>	<u>268,178</u>	<u>-</u>	<u>268,178</u>
<b>TRANSFERS FROM (TO) OTHER FUNDS</b>			
Transfers from other funds	148,964	-	148,964
Transfers to other funds	-	(51,537)	(51,537)
Transfer of capital assets from governmental fund	1,096,674	-	1,096,674
<b>TOTAL TRANSFERS IN (OUT)</b>	<u>1,245,638</u>	<u>(51,537)</u>	<u>1,194,101</u>
<b>CHANGE IN NET ASSETS</b>	<u>1,513,816</u>	<u>(51,537)</u>	<u>1,462,279</u>
<b>NET ASSETS, July 1, 2005</b>	<u>16,969,687</u>	<u>51,537</u>	<u>17,021,224</u>
<b>NET ASSETS, June 30, 2006</b>	<u>\$ 18,483,503</u>	<u>\$ -</u>	<u>\$ 18,483,503</u>

**CITY OF WEST LINN, OREGON**

**WATER FUND**

**COMBINING STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2006**

	<u>Water Fund</u>	<u>Water Bond Construction Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
<b>ACTIVITIES:</b>			
Cash received for services	\$ 2,478,625	\$ 513	\$ 2,479,138
Cash paid to suppliers for goods and services	(1,607,252)	-	(1,607,252)
Cash paid to employees for services	(588,915)	-	(588,915)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>282,458</u>	<u>513</u>	<u>282,971</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Transfer from other funds	148,964	-	148,964
Transfer to other funds	-	(51,537)	(51,537)
<b>NET CASH FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>148,964</u>	<u>(51,537)</u>	<u>97,427</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of capital assets	(178,080)	-	(178,080)
Bond principal payment	(65,000)	-	(65,000)
Interest paid on bonds	(89,580)	-	(89,580)
Transfer to restricted cash	(6,969)	-	(6,969)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(339,629)</u>	<u>-</u>	<u>(339,629)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received on investments	14,080		14,080
<b>NET CHANGE IN CASH AND INVESTMENTS</b>	105,873	(51,024)	54,849
<b>CASH AND INVESTMENTS, July 1, 2005</b>	<u>49,997</u>	<u>51,024</u>	<u>101,021</u>
<b>CASH AND INVESTMENTS, July 1, 2006</b>	<u><u>\$ 155,870</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 155,870</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES:</b>			
Operating loss	\$ (145,794)	\$ -	\$ (145,794)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation	377,000	-	377,000
Changes in assets and liabilities:			
Accounts receivable	(19,533)	513	(19,020)
Accounts payable	61,965	-	61,965
Accrued payroll payable	7,434	-	7,434
Accrued vacation payable	(15,818)	-	(15,818)
Other liabilities	17,204	-	17,204
Total adjustments	<u>428,252</u>	<u>513</u>	<u>428,765</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u><u>\$ 282,458</u></u>	<u><u>\$ 513</u></u>	<u><u>\$ 282,971</u></u>
<b>NON-CASH TRANSACTIONS:</b>			
Net income from equity in joint venture	\$ 488,074	\$ -	\$ 488,074
Transfer of capital assets from governmental fund	1,096,674	-	1,096,674
<b>TOTAL NON-CASH TRANSACTIONS</b>	<u><u>\$ 1,584,748</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,584,748</u></u>

CITY OF WEST LINN, OREGON

ENVIRONMENTAL SERVICE FUND

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

YEAR ENDED JUNE 30, 2006

	Environmental Service Fund	Sewer Fund	Total
<b>OPERATING REVENUES:</b>			
Charges for services, net of allowance for doubtful accounts	\$ 1,818,759	\$ -	\$ 1,818,759
Licenses and permits	53,176	-	53,176
Other	27,425	-	27,425
<b>TOTAL OPERATING REVENUES</b>	<u>1,899,360</u>	<u>-</u>	<u>1,899,360</u>
<b>OPERATING EXPENSES:</b>			
Salaries and fringe benefits	736,492	-	736,492
Materials and supplies	119,108	-	119,108
Utilities	15,838	-	15,838
Insurance	40,595	-	40,595
Street cleaning	79,259	-	79,259
Depreciation	338,073	-	338,073
Support services	764,874	-	764,874
<b>TOTAL OPERATING EXPENSES</b>	<u>2,094,239</u>	<u>-</u>	<u>2,094,239</u>
<b>OPERATING LOSS</b>	(194,879)	-	(194,879)
<b>NONOPERATING INCOME:</b>			
Interest income	28,503	-	28,503
<b>LOSS BEFORE TRANSFERS</b>	<u>(166,376)</u>	<u>-</u>	<u>(166,376)</u>
<b>TRANSFERS FROM (TO) OTHER FUNDS:</b>			
Transfers from other funds	665,506	-	665,506
Transfers to other funds	-	(87,354)	(87,354)
Transfer of capital assets from (to) other funds, net of depreciation	635,624	(541,179)	94,445
<b>TOTAL TRANSFERS FROM (TO) OTHER FUNDS</b>	<u>1,301,130</u>	<u>(628,533)</u>	<u>672,597</u>
<b>CHANGE IN NET ASSETS</b>	1,134,754	(628,533)	506,221
<b>NET ASSETS, July 1, 2005</b>	<u>9,882,621</u>	<u>628,533</u>	<u>10,511,154</u>
<b>NET ASSETS, June 30, 2006</b>	<u>\$ 11,017,375</u>	<u>\$ -</u>	<u>\$ 11,017,375</u>



**CITY OF WEST LINN, OREGON**

**ENVIRONMENTAL SERVICE FUND**

**COMBINING STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2006**

	Environmental Service Fund	Sewer Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
<b>ACTIVITIES:</b>			
Cash received for services	\$ 1,964,750	\$ 1,224	\$ 1,965,974
Cash paid to suppliers for goods and services	(988,400)	-	(988,400)
Cash paid to employees for services	(737,545)	-	(737,545)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>238,805</b>	<b>1,224</b>	<b>240,029</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfer from other funds	665,506	-	665,506
Transfer to other funds	-	(87,354)	(87,354)
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES</b>	<b>665,506</b>	<b>(87,354)</b>	<b>578,152</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of capital assets	(171,777)	-	(171,777)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received on investments	28,503	-	28,503
<b>NET CHANGE IN CASH AND INVESTMENTS</b>	<b>761,037</b>	<b>(86,130)</b>	<b>674,907</b>
<b>CASH AND INVESTMENTS, July 1, 2005</b>	<b>953,381</b>	<b>86,130</b>	<b>1,039,511</b>
<b>CASH AND INVESTMENTS, July 1, 2006</b>	<b>\$ 1,714,418</b>	<b>\$ -</b>	<b>\$ 1,714,418</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES:</b>			
Operating loss	\$ (194,879)	\$ -	\$ (194,879)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation	338,073	-	338,073
Changes in assets and liabilities:			
Accounts receivable	65,390	1,224	66,614
Deposits payable	(22,023)	-	(22,023)
Accounts payable	234,108	-	234,108
Accrued payroll payable	10,509	-	10,509
Accrued vacation payable	(11,562)	-	(11,562)
Other liabilities	(180,811)	-	(180,811)
Total adjustments	433,684	1,224	434,908
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 238,805</b>	<b>\$ 1,224</b>	<b>\$ 240,029</b>
<b>NONCASH TRANSACTIONS:</b>			
Transfer of capital assets from governmental funds	\$ 94,445	\$ -	\$ 94,445
Transfer of capital assets from (to) enterprise funds	541,179	(541,179)	-
<b>TOTAL NONCASH TRANSACTIONS</b>	<b>\$ 635,624</b>	<b>\$ (541,179)</b>	<b>\$ 94,445</b>

**CITY OF WEST LINN, OREGON**

**WATER FUND**

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

**YEAR ENDED JUNE 30, 2006**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>				
Water sales	\$ 2,709,140	\$ 2,709,140	\$ 2,435,534	\$ (273,606)
Water connection fees	62,000	62,000	39,139	(22,861)
Interest	10,000	10,000	14,080	4,080
Miscellaneous	32,035	32,035	23,485	(8,550)
<b>TOTAL REVENUES</b>	<b>2,813,175</b>	<b>2,813,175</b>	<b>2,512,238</b>	<b>(300,937)</b>
<b>EXPENDITURES:</b>				
Personal services	558,823	638,823	580,531	58,292
Materials and services	1,446,826	1,446,826	1,195,916	250,910
Capital outlay	264,722	336,822	178,080	158,742
Debt service	154,580	154,580	153,182	1,398
Contingency	217,669	50,569	-	50,569
Reserve for debt service	202,254	202,254	-	202,254
<b>TOTAL EXPENDITURES</b>	<b>2,844,874</b>	<b>2,829,874</b>	<b>2,107,709</b>	<b>722,165</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(31,699)</b>	<b>(16,699)</b>	<b>404,528</b>	<b>421,227</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	-	-	148,964	148,964
Transfers to other funds	(475,608)	(490,608)	(490,505)	103
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(475,608)</b>	<b>(490,608)</b>	<b>(341,541)</b>	<b>149,067</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(507,307)</b>	<b>(507,307)</b>	<b>62,988</b>	<b>570,295</b>
<b>FUND BALANCE, July 1, 2005</b>	<b>507,307</b>	<b>507,307</b>	<b>592,030</b>	<b>84,723</b>
<b>FUND BALANCE, June 30, 2006</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 655,018</b>	<b>\$ 655,018</b>

CITY OF WEST LINN, OREGON

WATER BOND CONSTRUCTION FUND

**SCHEDULE OF OTHER FINANCING USES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2006

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>OTHER FINANCING USES:</b>			
Transfer to other funds	\$ -	\$ (51,537)	\$ (51,537)
<b>NET CHANGE IN FUND BALANCE</b>	-	(51,537)	(51,537)
<b>FUND BALANCE, July 1, 2005</b>	-	51,537	51,537
<b>FUND BALANCE, June 30, 2006</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WEST LINN, OREGON

ENVIRONMENTAL SERVICE FUND

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

YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>				
Sewer charges	\$ 1,377,789	\$ 1,377,789	\$ 1,340,672	\$ (37,117)
Storm drain charges	495,153	495,153	478,087	(17,066)
Interest	15,000	15,000	28,503	13,503
Miscellaneous	47,000	47,000	80,601	33,601
<b>TOTAL REVENUES</b>	<u>1,934,942</u>	<u>1,934,942</u>	<u>1,927,863</u>	<u>(7,079)</u>
<b>EXPENDITURES:</b>				
Personal services	792,767	757,767	736,492	21,275
Materials and services	352,479	352,479	254,800	97,679
Capital outlay	200,000	260,393	171,777	88,616
Contingency	56,987	1,987	-	1,987
<b>TOTAL EXPENDITURES</b>	<u>1,402,233</u>	<u>1,372,626</u>	<u>1,163,069</u>	<u>209,557</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>532,709</u>	<u>562,316</u>	<u>764,794</u>	<u>202,478</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan to other funds	-	(250,000)	-	250,000
Transfers from other funds	-	-	665,506	665,506
Transfers to other funds	(739,884)	(779,884)	(764,874)	15,010
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(739,884)</u>	<u>(1,029,884)</u>	<u>(99,368)</u>	<u>930,516</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(207,175)</u>	<u>(467,568)</u>	<u>665,426</u>	<u>1,132,994</u>
<b>FUND BALANCE, July 1, 2005</b>	<u>207,175</u>	<u>467,568</u>	<u>1,053,995</u>	<u>586,427</u>
<b>FUND BALANCE, June 30, 2006</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,719,421</u>	<u>\$ 1,719,421</u>

CITY OF WEST LINN, OREGON

SEWER FUND

**SCHEDULE OF OTHER FINANCING USES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL**

JUNE 30, 2006

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>OTHER FINANCING USES:</b>			
Transfers to other funds	\$ -	\$ (87,354)	\$ (87,354)
<b>NET CHANGE IN FUND BALANCE</b>	-	(87,354)	(87,354)
<b>FUND BALANCE, July 1, 2005</b>	-	87,354	87,354
<b>FUND BALANCE, June 30, 2006</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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## **Internal Service Funds**

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

**Insurance Fund** – accounts for some costs incurred by the City under its insurance programs, primarily unemployment insurance claims up to policy deductible limits. Due to the low dollar volume of activity this fund was closed to the General Fund as of June 30, 2006.

CITY OF WEST LINN, OREGON

INTERNAL SERVICE FUNDS

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

YEAR ENDED JUNE 30, 2006

	<u>Vehicle/ Equipment Maintenance Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges for services	<u>\$ 599,234</u>	<u>\$ -</u>	<u>\$ 599,234</u>
<b>OPERATING EXPENSES:</b>			
Salaries and fringe benefits	203,428	-	203,428
Repairs and maintenance	201,509	-	201,509
Claims expense	-	39,439	39,439
Training	-	9,330	9,330
Support services	61,445	2,381	63,826
Depreciation	<u>8,634</u>	<u>-</u>	<u>8,634</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>475,016</u>	<u>51,150</u>	<u>526,166</u>
<b>OPERATING INCOME (LOSS)</b>	124,218	(51,150)	73,068
<b>NONOPERATING INCOME</b>			
Interest income	4,943	2,281	7,224
<b>TRANSFER TO OTHER FUNDS</b>	<u>-</u>	<u>(61,875)</u>	<u>(61,875)</u>
<b>CHANGE IN NET ASSETS</b>	129,161	(110,744)	18,417
<b>NET ASSETS (DEFICIT), July 1, 2005</b>	<u>(91,511)</u>	<u>110,744</u>	<u>19,233</u>
<b>NET ASSETS, June 30, 2006</b>	<u><u>\$ 37,650</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 37,650</u></u>



CITY OF WEST LINN, OREGON

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2006

	Vehicle/ Equipment Maintenance Fund	Insurance Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received for services	\$ 595,665	\$ -	\$ 595,665
Cash paid to suppliers for goods and services	(271,025)	(50,129)	(321,154)
Cash paid to employees for services	(199,078)	-	(199,078)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>125,562</u>	<u>(50,129)</u>	<u>75,433</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED ACTIVITIES:</b>			
Transfers to other funds	-	(61,875)	(61,875)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received on investments	<u>4,943</u>	<u>2,281</u>	<u>7,224</u>
<b>NET CHANGE IN CASH AND INVESTMENTS</b>	130,505	(109,723)	20,782
<b>CASH AND INVESTMENTS, July 1, 2005</b>	<u>(81,857)</u>	<u>109,723</u>	<u>27,866</u>
<b>CASH AND INVESTMENTS, July 1, 2006</b>	<u>\$ 48,648</u>	<u>\$ -</u>	<u>\$ 48,648</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 124,218	\$ (51,150)	\$ 73,068
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation	8,634	-	8,634
Changes in assets and liabilities:			
Accounts receivable	(3,569)	1,074	(2,495)
Accounts payable	(8,071)	(53)	(8,124)
Accrued vacation payable	2,152	-	2,152
Accrued payroll payable	<u>2,198</u>	<u>-</u>	<u>2,198</u>
Total adjustments	<u>1,344</u>	<u>1,021</u>	<u>2,365</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 125,562</u>	<u>\$ (50,129)</u>	<u>\$ 75,433</u>

CITY OF WEST LINN, OREGON

VEHICLE/EQUIPMENT MAINTENANCE FUND

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

YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 510,339	\$ 510,339	\$ 599,234	\$ 88,895
Interest income	-	-	4,943	4,943
<b>TOTAL REVENUES</b>	<u>510,339</u>	<u>510,339</u>	<u>604,177</u>	<u>93,838</u>
<b>EXPENDITURES:</b>				
Personal services	201,923	205,923	203,428	2,495
Materials and services	252,872	252,872	201,509	51,363
Contingency	16,554	10,054	-	10,054
<b>TOTAL EXPENDITURES</b>	<u>471,349</u>	<u>468,849</u>	<u>404,937</u>	<u>63,912</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	38,990	41,490	199,240	157,750
<b>OTHER FINANCING USES:</b>				
Transfers to other funds	(61,445)	(63,945)	(61,445)	2,500
<b>NET CHANGE IN FUND BALANCE</b>	(22,455)	(22,455)	137,795	160,250
<b>FUND BALANCE (DEFICIT), July 1, 2005</b>	<u>22,455</u>	<u>22,455</u>	<u>(100,145)</u>	<u>(122,600)</u>
<b>FUND BALANCE, June 30, 2006</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,650</u>	<u>\$ 37,650</u>

CITY OF WEST LINN, OREGON

INSURANCE FUND

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

YEAR ENDED JUNE 30, 2006

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Charges for services	\$ 31,200	\$ -	\$ (31,200)
Interest income	1,296	2,281	985
<b>TOTAL REVENUE</b>	<b>32,496</b>	<b>2,281</b>	<b>(30,215)</b>
<b>EXPENDITURES:</b>			
Materials and services	87,000	48,769	38,231
Contingency	13,194	-	13,194
<b>TOTAL EXPENDITURES</b>	<b>100,194</b>	<b>48,769</b>	<b>51,425</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(67,698)</b>	<b>(46,488)</b>	<b>21,210</b>
<b>OTHER FINANCING USES:</b>			
Transfers to other funds	(2,381)	(64,256)	(61,875)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(70,079)</b>	<b>(110,744)</b>	<b>(40,665)</b>
<b>FUND BALANCE, July 1, 2005</b>	<b>70,079</b>	<b>110,744</b>	<b>40,665</b>
<b>FUND BALANCE, June 30, 2006</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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## **Other Financial Schedule**

CITY OF WEST LINN, OREGON  
SCHEDULE OF PROPERTY TAX TRANSACTIONS  
FOR THE YEAR ENDED JUNE 30, 2006

<u>Tax Year</u>	<u>Taxes Uncollected July 1, 2005</u>	<u>Add Levy Extended by Assessor</u>	<u>Discounts Allowed</u>	<u>Cancellation Adjustments</u>	<u>Interest</u>	<u>Collections</u>	<u>Property Taxes Uncollected June 30, 2006</u>
2005-06		\$ 6,864,067	\$ (167,009)	\$ (10,770)	\$ 3,057	\$ (6,523,682)	\$ 165,663
2004-05	174,799	-	124	(8,162)	6,636	(123,302)	50,095
2003-04	81,847	-	57	(7,642)	5,953	(43,613)	36,602
2002-03	48,915	-	98	(7,130)	5,837	(27,728)	19,992
2001-02	14,795	-	48	(5,824)	2,102	(6,118)	5,003
2000-01	3,854	-	20	(1,805)	349	(804)	1,614
1999-00 & prior	6,420	-	65	(7,912)	(12,670)	17,284	3,187
Total prior	330,630	-	412	(38,475)	8,207	(184,281)	116,493
Grand total	<u>\$ 330,630</u>	<u>\$ 6,864,067</u>	<u>\$ (166,597)</u>	<u>\$ (49,245)</u>	<u>\$ 11,264</u>	<u>\$ (6,707,963)</u>	<u>\$ 282,156</u>
911 Emergency Communications Public Safety Fund							\$ 244,345
Debt Service Fund							37,811
							<u>\$ 282,156</u>

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

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

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

March 18, 2008

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

We have audited the 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 (the City), as of June 30, 2006, and have issued our report dated March 18, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

- The City did not provide capital asset records for audit to support beginning balances reported on the financial statements.
- The City's former Finance Director reconciled bank accounts, prepared journal entries and entered them into the accounting records without adequate supervisory review. Subsequent to the Finance Director's resignation, the reconciliation process was changed.
- An accounting clerk had the ability to adjust utility rates, bill, receive cash and record transactions.
- In some instances one individual was responsible for receiving and approving invoices and recording the transaction.
- The payroll clerk was responsible for printing and distributing payroll checks after review and approval of a supervisory individual.



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

Page 2

**INTERNAL CONTROL OVER FINANCIAL REPORTING (Continued)**

- Finance Department personnel prepared journal entries, approved them and recorded them in the accounting records without adequate supervisory review. Documentation was not maintained to support journal entries made to record or correct items in the accounting system. Subsequent to the Finance Director's departure, the process and required documentation for journal entries was also changed.
- The accounts payable process did not, in some instances, identify specific invoices to be paid.
- Documentation was not maintained to support some accounting transactions.
- Detail utility billing records were not reconciled to accounting records.
- Water purchased from South Fork Water Board was not reconciled to the amounts billed to customers.

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

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

**ADEQUACY OF ACCOUNTING RECORDS**

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

**ADEQUACY OF COLLATERAL SECURING DEPOSITORY BALANCES**

Oregon Revised Statutes (ORS) Chapter 295 requires that each depository throughout the period of its possession of public funds deposits shall maintain on deposit with its custodians, at its own expense, securities having a value of not less than 25% of the certificates of participation issued by the pool manager for funds in excess of those insured by the Federal Deposit Insurance Corporation. Our review of adequacy of collateral securing depository balances indicated the collateral was insufficient at times, during the year ended June 30, 2006.

**INVESTMENTS**

Our review of deposit and investment balances indicated that, during the year ended June 30, 2006, the City was in compliance with ORS 294 as it pertains to investment of public funds.

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

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**LEGAL REQUIREMENTS RELATING TO DEBT**

We noted the indebtedness of the City was in compliance with ORS 287.004 during the year ended June 30, 2006. We noted no defaults in principal, interest, sinking fund or redemption provisions with respect to any of the City's bonded debt, and no breach of the bond agreements, at June 30, 2006. The City did not meet its bond covenant related to timely completion of audits or the City's minimum required debt ratio.

**BUDGET COMPLIANCE**

The City appears to have complied with Local Budget Law (ORS 294.305 to 294.520) in the preparation, adoption and execution of its budget and tax levy for the year ended June 30, 2006, and the preparation and adoption of its budget for the year ending June 30, 2007, except as noted below:

1. The City over expended its appropriation for Materials and Services by \$345 in the 2000 Federal Grant Fund.
2. The City recorded an interfund loan between the System Development Fund and the Building Inspection Fund, with a repayment term of five years. ORS 294.460(a) requires repayment of non-capital interfund loans within the ensuing fiscal year.
3. The interfund loan of Systems Development monies to the Building Inspection Fund is inconsistent with the restricted use of those monies, and this violates ORS 24.460(d).
4. The budget document for the year ended June 30, 2007, did not contain the required statement of outstanding indebtedness.
5. We were unable to verify that the budget hearing related to the budget for the year ended June 30, 2007, was publicized as required by Local Budget Law.

**INSURANCE POLICIES AND FIDELITY BONDS**

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2006. We ascertained that such policies appeared to be in force and in compliance with legal requirements relating to insurance and fidelity bond coverage. The City's fidelity bond may be inadequate to cover the misappropriation of cash. We are not competent by training to comment on the adequacy of the insurance policies covering City-owned property at June 30, 2006.

**PUBLIC CONTRACTS**

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

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

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**HIGHWAY FUNDS**

The City's procedures for utilizing gas tax funds were reviewed and found to be in accordance with ORS Chapter 294.

**OTHER**

The following audit comments and disclosures do not apply to the City:

- Programs funded from outside sources.
- Financial reporting requirements.

\* \* \* \* \*

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

**TALBOT, KORVOLA & WARWICK, LLP**  
Certified Public Accountants

By

  
Robert G. Moody, Jr., Partner

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