

City of West Linn, Oregon

Financial Report

For The Fiscal Year Ended June 30, 2002



PAULY, ROGERS, AND CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
TIGARD, OREGON 97223

City of West Linn, Oregon

Annual Financial Report
For The Fiscal Year Ended June 30, 2002

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City of West Linn, Oregon

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Introductory Section

City of West Linn, Oregon

CITY COUNCIL MEMBERS AS OF JUNE 30, 2002

<u>NAME</u>	<u>TERM EXPIRES</u>
David Dodds, Mayor 18931 Old River Drive West Linn, OR 97068	December 31, 2002
Michael P. Kapigian 19482 View Drive West Linn, OR 97068	December 31, 2002
David M. Tripp 4999 Prospect Street West Linn, OR 97068	December 31, 2002
Bill Wilson 19363 Willamette Drive West Linn, OR 97068	December 31, 2002
Norman B. King 19420 Wilderness Drive West Linn, OR 97068	December 31, 2002

Sandy Farley, City Manager

Administrative Offices
22500 Salamo Road
West Linn, Oregon 97068

Legal Counsel:

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

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Financial Section

CITY OF WEST LINN, OREGON
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2002

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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

August 23, 2004

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

INDEPENDENT AUDITORS' REPORT

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

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of West Linn, Oregon, as of June 30, 2002 and the results of its operations, and the cash flows of its proprietary fund types and nonexpendable trust fund 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 an opinion on the general purpose financial statements taken as a whole. The supplementary data of combining and individual fund and account group statements and other financial schedules, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Pauly, Rogers and Co., P.C.

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City of West Linn, Oregon

General Purpose Financial Statements

City of West Linn, Oregon
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Equity in Pooled Cash and Investments				
Restricted Cash	\$ 1,655,116	\$ 7,615,559	\$ 97,787	\$ 1,889,237
Cash Held by County Treasurer				
Cash with Fiscal Agent	28,470	15,690	8,507	
Property Taxes Receivable			350	
Accounts Receivable	252,007	138,679	75,304	
Accrued Interest Receivable	47,992	7,618		
Security Deposits	10,178	30,761	-	11,789
Due from Other Governments	11,960			
Inventory	22,341	106,528		
Fixed Assets, Net				
Investment in South Fork Water Board				
Amount Available for Bonded Debt Service				
Amount to be Provided for Bonded Debt Service				
Total Assets and Other Debits	<u>\$ 2,028,064</u>	<u>\$ 7,914,835</u>	<u>\$ 181,948</u>	<u>\$ 1,901,026</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	\$ 356,361	\$ 202,422	\$	\$ 285,984
Accrued Salaries and Payroll Taxes	448,839	167,887		
Accrued Liabilities	46,468			
Due to Other Governments	28,618			
Deposits Payable	259,097	73,489		
Contract Retainage Payable				
Deferred Revenue	-	-		
Matured Interest Payable	210,475	114,608	61,537	
Bonds Payable			350	
Total Liabilities	<u>1,349,858</u>	<u>558,406</u>	<u>61,887</u>	<u>285,984</u>
Fund Equity and Other Credits:				
Contributed Capital				
Investment in General Fixed Assets				
Retained Earnings				
Fund Balances:				
Reserved for Endowments				
Reserved for System Development				
Unreserved:		4,423,565		
Designated for Debt Service				
Undesignated	678,206	2,932,864	120,061	1,615,042
Total Fund Equity and Other Credits	<u>678,206</u>	<u>7,356,429</u>	<u>120,061</u>	<u>1,615,042</u>
Total Liabilities and Fund Equity	<u>\$ 2,028,064</u>	<u>\$ 7,914,835</u>	<u>\$ 181,948</u>	<u>\$ 1,901,026</u>

The accompanying notes are an integral part of the general purpose financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Nonexpendable Trust	General Fixed Assets	General Long-Term Debt	June 30, 2002	June 30, 2001
\$ 3,151,943	\$ 195,154	\$ 223,852	\$	\$	\$ 14,828,648	\$ 18,180,532
153,854					153,854	153,854
					52,667	47,087
					350	350
					465,990	436,131
					911,493	1,127,647
854,798	1,085				67,587	71,498
13,235	752	872			11,960	11,960
					128,869	215,957
					143,890	112,168
108,384	35,506				50,321,084	45,858,954
19,639,971	38,901		30,642,212		4,945,262	4,549,914
4,945,262					120,061	104,497
					15,409,939	15,940,503
<u>\$ 28,867,447</u>	<u>\$ 271,398</u>	<u>\$ 224,724</u>	<u>\$ 30,642,212</u>	<u>\$ 15,530,000</u>	<u>\$ 87,561,654</u>	<u>\$ 86,811,052</u>
\$ 419,497	\$ 10,481	\$	\$	\$	\$ 1,274,745	\$ 1,074,905
					616,726	576,679
232,079	14,487				293,034	168,639
130,185					158,803	172,972
49,830					382,416	228,000
1,270					1,270	1,270
					386,620	935,998
					350	350
					15,530,000	17,845,000
1,750,000					17,280,000	17,845,000
2,582,861	24,968				15,530,000	20,393,964
						21,003,813
21,663,889	61,135				21,725,024	21,725,025
			30,642,212		30,642,212	26,232,557
4,620,697	185,295				4,805,992	4,559,470
		224,724			224,724	220,440
					4,423,565	2,977,198
					120,061	104,497
					5,226,112	9,988,052
26,284,586	246,430	224,724	30,642,212	-	67,167,690	65,807,239
<u>\$ 28,867,447</u>	<u>\$ 271,398</u>	<u>\$ 224,724</u>	<u>\$ 30,642,212</u>	<u>\$ 15,530,000</u>	<u>\$ 87,561,654</u>	<u>\$ 86,811,052</u>

See GAAP
PAGE

The accompanying notes are an integral part of the general purpose financial statements.

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City of West Linn, Oregon
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances
 All Governmental Fund Types
 For the Year Ended June 30, 2002

	Governmental Fund Types				Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	2002	2001
REVENUES:						
Taxes	\$ 3,761,336	\$ 2,069,560	\$ 1,075,801	\$ -	\$ 6,906,697	\$ 6,625,761
Intergovernmental Revenues	262,087	1,727,396			1,989,483	2,148,050
Franchise Fees	1,368,339	135,453			1,503,792	1,336,078
Licenses and Permits	216,992	704,868			921,860	956,172
Fines and Forfeitures	365,978	-			365,978	344,096
Charges for Services	1,121,149	-			1,121,149	1,056,415
Systems Development Fees	-	1,474,125			1,474,125	1,245,109
Contributions, Donations and Fund Raising	-	188,664		13,338	202,002	73,702
Interest Earnings	52,063	152,021	9,049	103,555	316,688	738,302
Reimbursements	-	957,756			957,756	971,819
Miscellaneous	178,218	147,959	2,082	618	328,877	341,185
Total Revenues	7,326,162	7,557,802	1,086,932	117,511	16,088,407	15,836,689
EXPENDITURES:						
Current:				3,979,351	8,279,778	9,159,416
General Government	3,000,767	1,299,660			2,449,945	2,949,024
Cultural and Recreation	2,153,510	296,435			5,868,805	5,512,773
Public Safety	2,449,656	3,419,149			844,094	793,267
Highways and Streets	-	844,094			121,503	690,175
Sanitation	-	121,503				
Debt Service:			515,000		515,000	560,000
Principal			556,368		556,368	644,843
Interest						
Total Expenditures	7,603,933	5,980,841	1,071,368	3,979,351	18,635,493	20,309,498
Excess of Revenues Over (Under) Expenditures	(277,771)	1,576,961	15,564	(3,861,840)	(2,547,086)	(4,472,809)
Other Financing Sources (Uses):						
Proceeds of Debt					-	8,101,234
Special Payments		(752,923)			(752,923)	(581,119)
Operating Transfers In	712,780	1,059,174			1,771,954	1,917,849
Operating Transfers Out	(911,745)	(810,209)		(50,000)	(1,771,954)	(1,573,003)
Total Other Financing Sources (Uses)	(198,965)	(503,958)	-	(50,000)	(752,923)	7,864,961
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(476,736)	1,073,003	15,564	(3,911,840)	(3,300,009)	3,392,152
Fund Balances, June 30, 2001	1,154,942	6,283,426	104,497	5,526,882	13,069,747	9,677,595
Fund Balances, June 30, 2002	\$ 678,206	\$ 7,356,429	\$ 120,061	\$ 1,615,042	\$ 9,769,738	\$ 13,069,747

The accompanying notes are an integral part of the general purpose financial statements.

City of West Linn, Oregon
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
All Governmental Fund Types
For the Year Ended June 30, 2002

	Governmental Fund Types					
	General			Special Revenue		
	Original and Supplemental Budgets	Actual	Variance Favorable (Unfavorable)	Original and Supplemental Budgets	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Taxes	\$ 3,684,405	\$ 3,761,336	\$ 76,931	\$ 2,047,468	\$ 2,069,560	\$ 22,092
Intergovernmental Revenues	234,031	262,087	28,056	1,765,429	1,727,396	(38,033)
Franchise Fees	1,259,730	1,368,339	108,609	120,000	135,453	15,453
Licenses and Permits	254,400	216,992	(37,408)	702,200	704,868	
Fines and Forfeitures	384,500	365,978	(18,522)			
Charges for Services	1,110,555	1,121,149	10,594			
System Development Fees				598,765	1,474,125	875,360
Contributions, Donations and Fund Raising				80,000	188,664	108,664
Interest Earnings	104,950	52,063	(52,887)	230,758	152,021	(78,738)
Reimbursements				964,249	957,756	(6,493)
Miscellaneous	125,200	178,218	53,018	2,600	147,959	145,359
Total Revenues	7,157,771	7,326,162	168,391	6,511,470	7,557,802	1,046,332
EXPENDITURES:						
Current:						
General Government	3,550,451	3,000,767	549,684	1,532,220	1,299,660	232,560
Cultural and Recreation	2,277,310	2,153,510	123,800	1,467,537	296,435	1,171,102
Public Safety	2,502,857	2,449,655	53,201	3,512,748	3,419,149	93,599
Highways and Streets				1,081,613	844,094	237,519
Sanitation				808,881	121,503	687,378
Debt Service:						
Principal						
Interest						
Contingency						
Special Fire Reserve				3,725,443	-	3,725,443
Reserve for Equipment Replacement				-	-	-
Reserve for Future Debt Service				142,702	-	142,702
Total Expenditures	8,330,618	7,603,933	726,685	12,271,144	5,980,841	6,290,303
Excess of Revenues Over (Under) Expenditures	(1,172,847)	(277,771)	895,076	(5,759,674)	1,576,961	7,336,635
Other Financing Sources (Uses):						
Proceeds of Debt						
Special Payments						
Operating Transfers In	740,391	712,780	(27,611)	(750,946)	(752,923)	(1,977)
Operating Transfers Out	(911,745)	(911,745)	-	1,056,812	1,059,174	2,362
Total Other Financing Sources (Uses)	(171,354)	(198,965)	(27,611)	(529,592)	(503,958)	25,634
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,344,201)	(476,736)	867,465	(6,289,266)	1,073,003	7,362,269
Fund Balances, June 30, 2001	1,344,201	1,154,942	(189,259)	6,289,266	6,283,426	(5,840)
Fund Balances, June 30, 2002	\$ -	\$ 678,206	\$ 678,206	\$ -	\$ 7,356,429	\$ 7,356,429

The accompanying notes are an integral part of the general purpose financial statements.

City of West Linn, Oregon
Combined Statement of Revenues, Expenses and
Changes in Retained Earnings
All Proprietary Fund Types and Nonexpendable Trust Fund
For the Year Ended June 30, 2002

	Proprietary Fund Types		Fiduciary	Totals	
	Enterprise	Internal Service	Nonexpendable	(Memorandum Only)	
			Trust	2002	2001
OPERATING REVENUES:					
Charges for Services	\$ 3,875,266	\$ 377,667	\$ -	\$ 4,252,933	\$ 4,236,956
Connection Fees	67,888	-	-	67,888	49,227
Other Operating Revenues	36,320	1,067	-	37,387	111,890
Total Operating Revenues	3,979,474	378,734	-	4,358,208	4,398,073
OPERATING EXPENSES:					
Salaries and Wages	976,830	161,008	-	1,137,838	979,294
System Repairs and Maintenance	30,967	-	-	30,967	122,620
Operating Supplies, Repairs and Services	505,604	-175,233	-	680,837	613,434
Gasoline and Diesel Fuel	-	55,795	-	55,795	72,024
South Fork Water Board Expenses	750,116	-	-	750,116	834,893
Utilities	139,489	-	-	139,489	93,153
Insurance	67,883	-	-	67,883	35,829
Administrative Charges from General Fund	875,533	55,656	-	931,189	945,131
Depreciation	619,131	10,308	-	629,439	515,613
Total Operating Expenses	3,965,553	458,000	-	4,423,553	4,211,991
Operating Income	13,921	(79,266)	-	(65,345)	186,082
NON-OPERATING REVENUES (EXPENSES):					
Interest Income	64,413	3,174	4,284	71,871	251,313
Donations	-	-	-	-	38,801
Net Income from Joint Venture	395,349	-	-	395,349	589,734
Interest Expense and Bond Issuance Fees	(151,070)	-	-	(151,070)	(144,656)
Total Non-Operating Revenues (Expenses)	308,692	3,174	4,284	316,150	735,192
Income Before Operating Transfers & Special Payments	322,613	(76,092)	4,284	250,805	921,274
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	800,000
Operating Transfers Out	-	-	-	-	(1,144,846)
Net Income (Loss)	322,613	(76,092)	4,284	250,805	576,428
RETAINED EARNINGS / FUND BALANCE, June 30, 2001	4,298,084	261,387	220,440	4,779,911	4,203,482
RETAINED EARNINGS / FUND BALANCE, June 30, 2002	\$ 4,620,697	\$ 185,295	\$ 224,724	\$ 5,030,716	\$ 4,779,910

The accompanying notes are an integral part of the general purpose financial statements.

Original and Supplemental Budgets	Debt Service			Capital Projects			Totals (Memorandum Only)			
	Actual	Variance Favorable (Unfavorable)	Original and Supplemental Budgets	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 2002		Variance Favorable (Unfavorable)	Year Ended June 30, 2001	
						Original and Supplemental Budgets	Actual			
\$ 1,081,514	\$ 1,075,801	\$ (5,713)	\$ -	\$ -	\$ -	\$ 6,813,387	\$ 6,906,697	\$ 93,310	\$ 6,625,761	
						1,999,460	1,989,483	(9,977)	2,148,050	
						1,379,730	1,503,792	124,062	1,336,078	
						956,600	921,860	(34,740)	956,172	
						384,500	365,978	(18,522)	344,096	
						1,110,555	1,121,149	10,594	1,056,415	
			120,000	13,338	(106,662)	598,765	1,474,125	875,360	1,245,109	
7,775	9,049	1,274	114,847	103,555	(11,292)	200,000	202,002	2,002	73,702	
						458,331	316,688	(141,643)	738,302	
150	2,082	1,932	-	618	-	964,249	957,756	(6,493)	971,819	
						127,950	328,877	200,927	341,185	
<u>1,089,439</u>	<u>1,086,932</u>	<u>(2,507)</u>	<u>234,847</u>	<u>117,511</u>	<u>(117,336)</u>	<u>14,993,527</u>	<u>16,088,407</u>	<u>1,094,880</u>	<u>15,836,689</u>	
			5,013,595	3,979,351	1,034,244	10,096,266	8,279,778	1,816,488	9,159,416	
						3,744,847	2,449,945	1,294,902	2,949,024	
						6,015,605	5,868,805	146,800	5,512,773	
						1,081,613	844,094	237,519	793,267	
						808,881	121,503	687,378	690,175	
515,000	515,000	-				515,000	515,000	-	560,000	
563,646	556,368	7,278	449,990	-	449,990	563,646	556,368	7,278	644,843	
						4,175,433	-	4,175,433	-	
						-	-	-	-	
173,806	-	173,806				142,702	-	142,702	-	
						173,806	-	173,806	-	
<u>1,252,452</u>	<u>1,071,368</u>	<u>181,084</u>	<u>5,463,585</u>	<u>3,979,351</u>	<u>1,484,234</u>	<u>27,317,799</u>	<u>18,635,493</u>	<u>8,682,306</u>	<u>20,309,498</u>	
<u>(163,013)</u>	<u>15,564</u>	<u>178,577</u>	<u>(5,228,738)</u>	<u>(3,861,840)</u>	<u>1,366,898</u>	<u>(12,324,272)</u>	<u>(2,547,086)</u>	<u>9,777,186</u>	<u>(4,472,809)</u>	
-	-	-	-	-	-	-	-	-	8,101,234	
-	-	-	-	-	-	(750,946)	(752,923)	(1,977)	(581,119)	
-	-	-	(50,000)	(50,000)	-	1,797,203	1,771,954	(25,249)	1,917,849	
-	-	-	(50,000)	(50,000)	-	(1,797,203)	(1,771,954)	25,249	(1,573,003)	
						(750,946)	(752,923)	(1,977)	7,864,961	
(163,013)	15,564	178,577	(5,278,738)	(3,911,840)	1,366,898	(13,075,218)	(3,300,009)	9,775,209	3,392,152	
163,013	104,497	(58,516)	5,278,738	5,526,882	248,144	13,075,218	13,069,747	(5,471)	9,677,595	
<u>\$ -</u>	<u>\$ 120,061</u>	<u>\$ 120,061</u>	<u>\$ -</u>	<u>\$ 1,615,042</u>	<u>\$ 1,615,042</u>	<u>\$ -</u>	<u>\$ 9,769,738</u>	<u>\$ 9,769,738</u>	<u>\$ 13,069,747</u>	

The accompanying notes are an integral part of the general purpose financial statements.

City of West Linn, Oregon
Combined Statement of Cash Flows
All Proprietary Fund Types and Nonexpendable Trust Fund
For the Year Ended June 30, 2002

	Proprietary Fund Types		Fiduciary	Totals	
	Enterprise	Internal Service	Nonexpendable Trust	(Memorandum Only)	
				2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:					
Received from Customers	\$ 3,923,695	\$ 378,734	\$ -	\$ 4,302,429	\$ 5,051,668
Paid to Suppliers	(577,886)	(236,790)		(814,676)	(2,112,121)
Payments to Employees for Services	(976,830)	(161,008)		(1,137,838)	(979,294)
Payment to Tri-City Service District	(746,241)			(746,241)	(1,010,933)
Other Operating Revenues	32,822			32,822	111,890
Payments - to Other City Funds	(906,339)	(55,656)		(961,995)	(910,153)
Net Cash Provided by (Used by) Operating Activities	749,221	(74,720)	-	674,501	151,057
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Donations	-	-	-	-	38,801
Net Cash Provided by Noncapital Financing Activities	-	-	-	-	38,801
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds of Bond Sale	(50,000)	-		(50,000)	1,800,000
Interest Expense and Bond Issue Fees	(151,070)	-		(151,070)	(144,656)
Acquisition of Capital Assets	(678,040)	(3,874)		(681,914)	(834,103)
Net Cash Provided by (Used by) Capital and Related Financing Activities	(879,110)	(3,874)	-	(882,984)	821,241
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Earnings	64,413	4,306	4,379	73,098	250,302
Net Increase (Decrease) in Equity in Pooled Cash and Investments	(65,476)	(74,288)	4,379	(135,385)	1,261,401
Equity in Pooled Cash and Investments, June 30, 2001	3,371,272	269,442	219,473	3,860,187	2,598,786
Equity in Pooled Cash and Investments, June 30, 2002	\$ 3,305,796	\$ 195,154	\$ 223,852	\$ 3,724,802	\$ 3,860,187
Unrestricted Pooled Cash and Investments	\$ 3,151,943				
Restricted Cash	153,854				
Total Pooled Cash and Investments	\$ 3,305,797				

The accompanying notes are an integral part of the general purpose financial statements.

City of West Linn, Oregon
Combined Statement of Cash Flows
All Proprietary Fund Types and Nonexpendable Trust Fund
For the Year Ended June 30, 2002

	Proprietary Fund Types		Fiduciary	Totals	
	Enterprise	Internal Service	Fund Type Nonexpendable Trust	(Memorandum Only)	
				2002	2001
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES:					
Operating Income	\$ 13,921	\$ (79,266)	\$ -	\$ (65,345)	\$ 186,082
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used by)					
Operating Activities:					
Depreciation	619,131	10,308		629,439	515,613
Operating transfer in	-			-	800,000
Operating transfer out	-			-	(1,144,846)
Changes in Assets and Liabilities:					
Accounts Receivable	(22,760)			(22,760)	(39,179)
Accrued Interest Receivable	458			458	(7,675)
Due From Other Governments	2,114			2,114	-
Inventory	(34,190)	2,468		(31,722)	17,237
Accounts Payable	48,071	(14,538)		33,533	87,888
Other Accrued Liabilities	121,808	6,308		128,116	51,247
Due to Other Governments	3,439			3,439	(325,641)
Meter Connections Deposits	(2,770)			(2,770)	14,452
Contract Retainage Payable	-			-	(2,006)
Total Adjustments	735,300	4,546	-	739,846	(32,910)
Net Cash Provided by (Used by) Operating Activities	\$ 749,221	\$ (74,720)	\$ -	\$ 674,501	\$ 153,172

The accompanying notes are an integral part of the general purpose financial statements.

City of West Linn, Oregon

Notes to General Purpose Financial Statements

1. The Reporting Entity and Summary of Significant Accounting Policies:

The general purpose financial statements of the City of West Linn, Oregon (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

The Financial Reporting Entity

The City of West Linn, Oregon was incorporated in 1913 and operates under the provision of its own charter and applicable State law with a Manager-Council form of government. The Mayor, who serves a two-year term, chairs City Council meetings. The Mayor and Council vote on all ordinances and legislative powers of the City and determine matters of policy. The City Manager is appointed by the City Council. Other City department heads are appointed by the City Manager.

The City of West Linn provides a full range of municipal services to the community which includes police and fire protection, emergency medical services, traffic control and improvement, street maintenance and improvement, water, sewer and storm drain service, planning and zoning regulation (building inspection and regulation), community library service, municipal court and parks and recreation.

Generally accepted accounting principles require that these financial statements present the City of West Linn (the primary government) and all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement No. 14, are separate organizations that are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The City of West Linn has no component units.

Joint Venture

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

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The financial statements of the General, Special Revenue, Debt Service and Capital Projects funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

City of West Linn, Oregon

Notes to General Purpose Financial Statements

The Enterprise, Internal Service and Nonexpendable Trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheets. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The financial statements of the General, Special Revenue, Debt Service, Capital Projects and Agency funds are maintained using the modified accrual basis of accounting under which revenues are recognized when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

Exceptions to the modified accrual basis of accounting for these funds are revenues for grants that are recorded as earned and interest on general long-term debts that are recorded as due.

Those revenues susceptible to accrual are property taxes and assessment liens receivable (which are collected within 60 days after year end) interest revenue, state, county and local shared revenue and federal and state grants.

The accrual basis of accounting is utilized by the Enterprise, Internal Service and Nonexpendable Trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Proprietary Funds have applied all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict or contradict Governmental Accounting Standards Board (GASB) pronouncements.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of operations.

Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds, except the Deferred Compensation Fund. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments". The investments of the Deferred Compensation Fund are held separately from those of other City funds.

For purposes of the statement of cash flows, the Proprietary and Nonexpendable Trust Funds consider cash to include cash and investments in the common pool since it has the general characteristics of demand deposit accounts in that the Proprietary and Nonexpendable Trust Funds may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

Investments, included in cash and investments, are carried at cost, which approximate market value, except for investments in the Deferred Compensation Fund, which are stated at market value.

City of West Linn, Oregon

Notes to General Purpose Financial Statements

Receivables

Uncollected property taxes receivable which have been collected within sixty days following year-end are considered measurable and available and are recognized as revenue. The remaining balance is recorded as deferred revenue because it is not deemed available to finance operations of the current period. Uncollected taxes are deemed to be substantially collectible or recoverable through liens. Property taxes become a lien against the property and are levied as of July 1 each year and are payable in three installments on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. All property taxes are due from property owners within the City.

The State of Oregon has a constitutional limit on property taxes for schools and nonschool government operations. Under the provisions of the limitation, tax revenues are separated into those for the public school system and those for local government operations other than the public school system. The limitation specifies \$10.00 is the maximum allowable tax for each \$1,000 of property real market value imposed on by local governments other than the public school system. Although the aggregate of nonschool local government taxes in the City does not currently exceed \$10.00 per \$1,000 of assessed value; this limitation may effect the availability of future tax revenues for the City.

Assessments receivable are recognized at the time owners are assessed for property improvements. Assessments receivable expected to be collected within sixty days following year end are considered measurable and available and are recognized as revenues. All other assessments receivable are offset by deferred revenue and, accordingly, have not been recorded as revenue.

Receivables for the Proprietary Fund Types are recorded as revenue as earned, including services earned but not billed. The Proprietary Fund Type receivables relate to billing for residential and commercial customers utilizing the City's water and sewer services.

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

Inventory

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

Fixed Assets

The City does not maintain a detailed fixed asset register. The June 30, 2002 fixed assets balances were determined by adding current acquisitions, at cost, to the estimated values at June 30, 2001, and deleting the estimated cost of deletions, if applicable. General fixed assets are not capitalized in the governmental funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. All purchased fixed assets are stated at historical cost. In case of donations or gifts, fixed assets are stated at fair market value at the date of donation.

Maintenance and repairs are charged to expenditures in various governmental funds as incurred and not capitalized. Depreciation is not recorded on general fixed assets. Upon disposal, the General Fixed Assets Account Group is relieved of the related cost; proceeds from sales of general fixed assets are recorded as revenues of the appropriate fund.

City of West Linn, Oregon

Notes to General Purpose Financial Statements

Expenditures for public domain fixed assets (streets, sidewalks, curbs and gutters, lighting systems, and similar assets) that are immovable and of value only to the City as a governmental unit are reported as expenditures as incurred and not capitalized.

Fixed assets in the Proprietary Fund Types are stated at cost or, in the case of donations or gifts, at the appraised market value at the time received. Maintenance and repairs are expensed as incurred. Replacements that improve or extend the lives of property are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation and resulting gains or losses are reflected in operations. Depreciation on contributed fixed assets is recorded as an expense of operations and charged to retained earnings. Depreciation is recognized beginning with the month the asset is placed in service.

Depreciation is computed over the asset's estimated useful lives as follows:

Building and improvements	50 years
Water system	50 years
Equipment	5 - 30 years

Capitalized Interest

Interest costs are capitalized in the Proprietary Fund Types as part of the costs of fixed assets during the period of construction based on the related weighted average net borrowing costs incurred. Interest earned on temporary investments acquired with the proceeds of such borrowed funds from the date of borrowing until the assets are ready for their intended use is used to reduce the interest costs capitalized on the constructed assets. During fiscal 2002 no interest was capitalized.

Long-term Debt

Long-term debt directly related and expected to be paid from the Enterprise Funds is included in such funds. All other unmatured long-term debt is recorded in the General Long-term Debt Account Group. Repayment of General Long-term Debt Account Group liabilities will be made from the Governmental Fund Types.

Compensated Absences

Earned but unpaid vacation pay is recorded as an expense or expenditure in the Proprietary Fund Types and Governmental Fund Types when earned. The entire amount of \$258,795 accrued in the Governmental Fund Types and included in accrued salaries is recognized as expenditures in the funds because the City has provided currently available financial resources for these expenditures. Earned but unpaid sick pay does not vest and is recorded as an expense or expenditure when paid.

Contributed Capital

Contributed capital in the Proprietary Fund Types represents the accumulation of contributions in the form of cash or other assets which generally do not have to be returned to the contributor. Such contributions are recorded directly to contributed capital and, accordingly, are not recognized as revenue. The following transactions are recorded as contributions in the Proprietary Fund Types:

- Fixed assets contributed by developers.
- Fixed assets contributed from other funds.
- Contributions from customers for the acquisition of fixed assets (mainly connection fees).
- Residual equity transfers from other funds.

City of West Linn, Oregon

Notes to General Purpose Financial Statements

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as Special Payments in the reimbursing fund and as Reimbursements From Other Funds in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Reservations of Fund Balance

Reserves for endowments and system development represent portions of fund balances legally segregated for specific future use.

Budget

A budget is prepared and legally adopted for each governmental fund type in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon Local Budget Law. The budgetary basis of accounting for all budgeted funds is the same as generally accepted accounting principles basis for the governmental fund types. A budget is also prepared and legally adopted for all other fund types in accordance with the provisions of the Oregon Local Budget Law.

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The resolution establishes a departmental level of control for the General Fund. For all other fund types the levels of control are personal services, materials and services, capital outlay, special payments, contingency and transfers. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. A supplemental budget requires hearings before the public, publication in newspaper and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the level of control. Such transfers require approval by the City Council. The City adopted three supplemental budgets and made one appropriation transfer during the year ended June 30, 2002. Appropriations lapse as of year-end.

Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and results of operations. However, comparative data have not been presented for all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Totals (Memorandum Only) Columns

The Totals (Memorandum Only) columns on the general purpose financial statements represent an aggregate of the columnar statements by fund type and account group. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in aggregation of this data.

City of West Linn, Oregon

Notes to General Purpose Financial Statements

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Description of Funds and Account Groups:

The City uses funds and account groups to report on its financial position, results of its operations and cash flows. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not reported in the funds.

Governmental Fund Types

General Fund

The General Fund accounts for the financial operations of the City not accounted for in any other fund. The principal sources of revenue are property taxes, shared state revenues, franchise fees and licenses and permits. Primary expenditures are for general government, public safety and cultural and recreation.

Special Revenue Funds

These funds account for revenue derived from specific tax or other earmarked revenue sources, including federal and state grand awards, which are legally restricted to finance particular functions or activities. Funds included in this category are:

- Street Fund
- State Revenue Sharing Fund
- Library Levy Fund
- 911 Emergency Communications Fund
- Cable TV / Public Access Fund
- Street Improvement Fund
- Solid Waste Recycling Program Fund
- Police Local Option Levy Fund
- Fire Local Option Levy Fund
- Arts Commission Fund
- Community Center Operating Fund
- Public Education Government Fund
- System Development Fund
- Storm Drain Fund
- Building Inspection Fund
- Public Works Support Services Fund
- 1999 Federal Grant Fund
- 2000 Federal Grant Fund

City of West Linn, Oregon

Notes to General Purpose Financial Statements

Debt Service Fund

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

Capital Projects Fund

The Capital Projects Funds account for resources used for the acquisition or construction of capital facilities and equipment. They include:

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

Proprietary Fund Types

Enterprise Funds

These funds account for the financial operation of self-supporting activities that render services on a user charge basis to the general public. Included are the following:

- Water Fund (includes the combined activity of two budgetary funds)
- Sewer Fund (includes the combined activity of two budgetary funds)

Internal Service Funds

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

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

Fiduciary Fund Types

Nonexpendable Trust Fund

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

Account Groups

General Fixed Assets Account Group

This account group accounts for the City's investment in fixed assets with the exception of those assets held by the Proprietary Fund Types.

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

General Long-term Debt Account Group

This account group accounts for the City's general long-term bonded debt other than debt recorded in the Proprietary Fund Types.

3. Equity in Pooled Cash and Investments:

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is presented on the combined balance sheet as "Equity in Pooled Cash and Investments". Cash and investments, carried at cost except for certain agency investments, are comprised of the following at June 30, 2002:

Cash on hand	\$ 1,180
Demand deposits with financial institutions	888,139
Certificate of deposit	13,773
Investments	<u>14,090,857</u>
Total	<u>\$ 14,993,949</u>

Cash and investments are reflected on the combined balance sheet as follows:

Equity in pooled cash and investments	\$ 14,828,135
Restricted cash	153,854
Security deposits	<u>11,960</u>
Total	<u>\$ 14,993,949</u>

Deposits

Deposits with financial institutions include bank demand deposits and time deposits. The total bank balance per the bank statements is \$1,032,479. \$110,000 of these deposits were covered by federal depository insurance. The balance was fully collateralized in accordance with state law. Oregon Revised Statutes require the depository institution to maintain on deposit with a collateral pool manager securities having a value of not less than 25% of the outstanding certificates of participation issued by the pool manager.

Investments

The City's investments are categorized as follows:

1. Insured or registered, or securities held by the City or its agent in the City's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its agent; but not in the City's name.

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

At June 30, 2002 the carrying amount and market value of the investments were:

	Categories			Carrying Amount
	1	2	3	
Federal instruments	\$ 1,661,995	\$ -	\$ -	\$ 1,661,995
Corporate bonds	7,112,830			7,112,830
	<u>\$ 8,774,825</u>	<u>\$ -</u>	<u>\$ -</u>	8,774,825

Investment not subject to categorization:

Oregon state treasurer's local government investment pool,
variable interest rate

5,316,032
\$ 14,090,857

Total

4. Contracts Receivable:

Contracts receivable represents amounts due from certain property owners for payments arising from sewer connection services provided to these property owners. The contract is collateralized by a lien against the benefited property and, therefore, an allowance for uncollectible amounts is not deemed necessary.

5. Fixed Assets:

The changes in fixed assets for the fiscal year ended June 30, 2002 are as follows:

	Enterprise Funds			Balance June 30, 2002
	Balance June 30, 2001	Additions	Deletions	
Land and land improvements	\$ 502,086	\$ -	\$ -	\$ 502,086
Buildings and improvements	1,897,947	81,435	-	1,979,382
Water and sewer system	22,042,113	725,677	-	22,767,790
Equipment	1,103,803	127,642	-	1,231,445
Vehicles	367,144	128,187	-	495,331
Construction in progress	1,756,025	176,795	(561,696)	1,371,124
Total Fixed Assets	27,669,118	1,239,736	(561,696)	28,347,158
Less accumulated depreciation	(8,088,056)	(619,131)	-	(8,707,187)
Total Net Fixed Assets	<u>\$ 19,581,062</u>	<u>\$ 620,605</u>	<u>\$ (561,696)</u>	<u>\$ 19,639,971</u>

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

	Internal Service Funds			Balance June 30, 2002
	Balance June 30, 2001	Additions	Deletions	
Buildings	\$ 26,328	\$ -	\$ -	\$ 26,328
Equipment	121,706	3,874	-	125,580
Vehicles	26,003	-	-	26,003
Total Fixed Assets	174,037	3,874	-	177,911
Less accumulated depreciation	(128,702)	(10,308)	-	(139,010)
Total Net Fixed Assets	\$ 45,335	\$ (6,434)	\$ -	\$ 38,901

	General Fixed Assets Account Group			Balance June 30, 2002
	Balance June 30, 2001	Additions	Deletions	
Land and land improvements	\$ 12,218,898	\$ 260,546	\$ -	\$ 12,479,444
Buildings and improvements	6,719,289	3,743,708	-	10,462,997
Equipment	3,929,704	165,381	-	4,095,085
Vehicles	2,201,963	240,020	-	2,441,983
Leasehold improvements	204,110	-	-	204,110
Construction in progress	958,593	-	-	958,593
Total Fixed Assets	\$ 26,232,557	\$ 4,409,655	\$ -	\$ 30,642,212

6. Deferred Compensation Plans:

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

The June 30, 2002, deferred compensation assets include the accumulation of amounts deferred since the inception of the plan and investment earnings thereon, less participant withdrawals. The assets of the plans are held by the plan administrator for the sole benefit of the participants and are not considered assets and liabilities of the City.

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

7. Long-term Debt:

General Obligation Bonds

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

Fiscal Year	Principal			Future Interest
	Outstanding June 30, 2001	Matured and Paid	Outstanding June 30, 2002	
2002	\$ 515,000	\$ 515,000	\$ -	\$ -
2003	425,000		425,000	541,592
2004	380,000		380,000	523,306
2005	405,000		405,000	506,967
2006	430,000		430,000	489,367
2007-2021	9,590,000		9,590,000	4,000,054
Total	<u>\$ 11,745,000</u>	<u>\$ 515,000</u>	<u>\$ 11,230,000</u>	<u>\$ 6,061,286</u>

Full Faith and Credit Obligation Bonds

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

Fiscal Year	Principal			Future Interest
	Outstanding June 30, 2001	Matured and Paid	Outstanding June 30, 2002	
2002	\$ -	\$ -	\$ -	\$ -
2003	130,000		130,000	209,232
2004	140,000		140,000	203,357
2005	145,000		145,000	197,051
2006	150,000		150,000	190,450
2007-2020	3,735,000		3,735,000	1,733,693
Total	<u>\$ 4,300,000</u>	<u>\$ -</u>	<u>\$ 4,300,000</u>	<u>\$ 2,533,783</u>

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

Water System Revenue Obligation Bonds

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

Fiscal Year	Principal			Future Interest
	Outstanding June 30, 2001	Matured and Paid	Outstanding June 30, 2002	
2002	\$ 50,000	\$ 50,000	\$ -	\$ -
2003	55,000		55,000	98,547
2004	55,000		55,000	95,811
2005	60,000		60,000	92,862
2006	65,000		65,000	89,580
2007-2020	1,515,000		1,515,000	766,485
Total	\$ 1,800,000	\$ 50,000	\$ 1,750,000	\$ 1,143,285

Contracts Payable

In 1998 the City entered into a lease-financing agreement with Bank of America, to finance the acquisition of a citywide management information system, LAN/WAN systems, other computer equipment and software in an aggregate principal amount of not more than \$600,000. In February 1999, the City made the first of twenty-eight quarterly payments of \$24,971.81. Commitments under the 1998 Financing Agreement are as follows:

Fiscal Year	Payments	Principal Portion	Interest Portion	Balance at June 30 Year-end
2003	\$ 99,887	\$ 87,227	\$ 12,660	\$ 235,610
2004	99,887	91,092	8,795	144,518
2005	99,887	95,128	4,759	49,390
2006	49,944	49,390	554	-
Total	\$ 349,605	\$ 322,837	\$ 26,768	

City of West Linn, Oregon

Notes to General Purpose Financial Statements

8. Pension Plan:

Plan Description

The City is a member of the State of Oregon Public Employees Retirement System (PERS) an agent multiple-employer defined benefit public employee retirement system. All employees of the City are covered by the plan after six months of employment. The Public Employees Retirement Plan is a defined benefit pension plan to which employees and employer both contribute. Benefits are established by State statutes and consist of a retirement benefit paid for life upon a qualifying retirement, which is generally age 58. Benefits fully vest on reaching 5 years of service. The plan requires, and it is the policy of the City, to fund all current and prior service pension costs. The total pension contribution for fiscal year 2002 was \$843,523. This was comprised of \$515,827 in employer contributions and \$327,696 of employee contributions.

The 6 percent employee contribution, established by law, of \$327,696 was paid by the City in accordance with collective bargaining agreements.

The City's payroll for employees covered by PERS for 2001-2002 was \$5,461,614. The City's total payroll was \$5,763,740.

The rate of employer contribution to the plan is set periodically by the Public Employees Retirement Board, based upon actuarial evaluations. Under the plan, a contribution rate is determined for each employer. The City's employer contribution rate for fiscal year 2002 was 8.81 percent of employee compensation. The rate will increase to 0.00 percent effective July 1, 2002.

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

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

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

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

Contribution information for the years ended June 30, 2002, 2001 and 2000 were as follows:

Year Ended June 30	Employer Contributions			Employee Contributions		Total Contributions
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	Paid by Employer	Paid by Employee	
2002	\$ 515,827	100%	\$ -	\$ 327,696	\$ -	\$ 843,523
2001	477,411	100%	-	332,842	-	810,253
2000	415,927	100%	-	291,014	-	706,941

Funding Status:

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

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

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

9. Contributed Capital:

There were no changes in contributed capital during the year ended June 30, 2002.

10. Segment Information:

The City maintains two enterprise funds which provide water and sewer services. Segment information as of and for the year ended June 30, 2002 is as follows:

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

	Water Fund	Sewer Fund	Total
Operating revenues	\$ 2,265,705	\$ 1,713,769	\$ 3,979,474
Depreciation expense	342,904	276,227	619,131
Operating income (loss)	57,422	(21,369)	36,053
Proceeds of debt	-	-	-
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Net income	324,506	20,239	344,745
Fixed assets (net)	11,229,802	8,410,169	19,639,971
Investment in South Fork Water Board	4,945,262	-	4,945,262
Contributed capital	12,231,952	9,555,451	21,787,403
Total assets	17,918,049	10,949,398	28,867,447
Total working capital	1,232,396	2,216,957	3,449,353
Total fund equity	15,713,795	10,630,825	26,344,620

The investment in South Fork Water Board (SFWB) is accounted for on the equity method. Significant financial information for the SFWB as of and for the year ended June 30, 2002 is as follows:

Operating revenues	\$ 2,881,652
Operating income	997,334
Net income	790,697
Total assets	15,911,810
Total working capital	2,888,687
Bonds payable	5,689,295
Contributed capital	731,677
Total SFWB equity	9,890,524

11. Risk Management:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Except for unemployment compensation, the City purchases commercial insurance to minimize its exposure to these risks. There has been no reduction in commercial insurance coverage from fiscal year 2001 to 2002. Workers compensation claims are insured through incurred loss retrospective policies. Settled claims have not exceeded this commercial coverage for any of the past three years. The City is self-insured for unemployment compensation claims. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Insurance Fund has recorded the following changes in the balance of claims liabilities for the years ended June 30, 2002 and 2001 as follows:

	2002	2001
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	1,424	14,963
Claim payments	(1,424)	(14,963)
Unpaid claims, end of year	<u>\$ -</u>	<u>\$ -</u>

City of West Linn, Oregon

Notes to General Purpose Financial Statements

12. Commitments and Contingencies:

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

- The City will process and review all permit applications for hookup and inspection thereof; operate and maintain local collection facilities; bill and collect user charges, and bill and collect connection charges.
- The City will collect and remit all connection and user charges to the District, except for a portion to reimburse administrative costs and maintain the City's sewer system.
- Should the District fail to perform services outlined in this agreement, the City can terminate the agreement upon 30 days written notice.

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

13. Property Tax Limitations:

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

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

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

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

Expenditures of the various funds were within authorized appropriations, except in the following funds:

<u>Fund</u>	<u>Appropriation</u>	<u>Excess Amount</u>	<u>Ending Fund Balance</u>
General	General Facility Services	\$ 14,535	\$
911 Emergency Communications	Capital Outlay	116	
Cable TV/Public Access	Materials and Services	30,706	
Police Serial Levy	Personal Services	60,617	
Community Center Operating	Personal Services	650	(1,302)
System Development	Materials and Services	18,488	
System Development	Special Payments	32,614	
Building Inspection	Capital Outlay	311	
Building Inspection	Special Payments	1,175	
1999 Federal Grant	Materials and Services	1,349	
2000 Federal Grant	Capital Outlay	1,159	
Water -	Special Payments	7,258	

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Supplementary Data

General Fund

This fund accounts for the financial operations of the City which are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, licenses and permits, and state shared revenue. Primary expenditures are for public safety, general government, culture and recreation.

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City of West Linn, Oregon
General Fund
Balance Sheet

June 30, 2002

ASSETS

Equity in Pooled Cash and Investments	\$ 1,655,116
Cash Held by County Treasurer	28,470
Property Taxes Receivable	252,007
Accounts Receivable	47,992
Accrued Interest Receivable	10,178
Security Deposits	11,960
Due from Other Governments	22,341
	<hr/>
Total Assets	<u>\$ 2,028,064</u>

LIABILITIES AND FUND BALANCE

Liabilities:	\$ 356,361
Accounts Payable	448,839
Accrued Salaries and Payroll Taxes	46,468
Accrued Liabilities	28,618
Due to Other Governments	259,097
Deposits Payable	210,475
Deferred Revenue	<hr/>
Total Liabilities	1,349,858
Fund Balance	<hr/>
Undesignated	678,206
Total Liabilities and Fund Balance	<u>\$ 2,028,064</u>

City of West Linn, Oregon
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance

For the Year Ended June 30, 2002

REVENUES:

Taxes	\$ 3,761,336
Intergovernmental Revenues	262,087
Franchise Fees	1,368,339
Licenses and Permits	216,992
Fines and Forfeitures	365,978
Charges for Services	1,121,149
Interest Earnings	52,063
Miscellaneous	178,218
	<hr/>
Total Revenues	7,326,162
	<hr/>

EXPENDITURES:

General Government	3,000,767
Cultural and Recreation	2,153,510
Public Safety	2,449,656
	<hr/>
Total Expenditures	7,603,933
	<hr/>
Excess of Expenditures Over Revenues	(277,771)
	<hr/>

OTHER FINANCING SOURCES:

Operating Transfers In	712,780
Operating Transfers Out	(911,745)
	<hr/>
Total Other Financing Sources (Uses)	(198,965)
	<hr/>
Excess of Expenditures Over Revenues and Other Financing Sources	(476,736)
	<hr/>

FUND BALANCE, June 30, 2001

1,154,942

FUND BALANCE, June 30, 2002

\$ 678,206

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

For the Year Ended June 30, 2002

	<u>Original and Supplemental Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Property taxes:			
Current Year's Levy	\$ 3,587,605	\$ 3,509,355	\$ (78,250)
Prior Years' Levies	87,000	241,653	154,653
Interest on Delinquent Taxes	9,800	10,328	528
Total Property Taxes	<u>3,684,405</u>	<u>3,761,336</u>	<u>76,931</u>
Intergovernmental Revenues:			
Cigarette Taxes	48,885	44,972	(3,913)
Liquor Taxes	181,146	192,801	11,655
Federal, State and Other Grants	4,000	24,314	20,314
Total Intergovernmental Revenues	<u>234,031</u>	<u>262,087</u>	<u>28,056</u>
Franchise Fees:			
Cable Television	105,000	138,305	33,305
Northwest Natural Gas	295,405	339,600	44,195
U.S. West Communications	167,325	100,318	(67,007)
Portland General Electric	692,000	790,116	98,116
Total Franchise Fees	<u>1,259,730</u>	<u>1,368,339</u>	<u>108,609</u>
Licenses and Permits:			
Alarm Permits	12,700	13,315	615
Business Licenses	64,000	52,928	(11,072)
Home Occupation	8,200	8,600	400
City Liquor Licenses	1,000	1,355	355
Dog Licenses	51,000	54,431	3,431
Zoning and Land Use Fees	60,000	65,188	5,188
Street Tree Permits and Fees	57,500	21,175	(36,325)
Total Licenses and Permits	<u>254,400</u>	<u>216,992</u>	<u>(37,408)</u>
Fines and Forfeitures	<u>384,500</u>	<u>365,978</u>	<u>(18,522)</u>

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

For the Year Ended June 30, 2002

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
Charges for Services:			
Lien Search Charges	\$ 10,000	\$ 14,440	\$ 4,440
Park Facility User Charges	237,000	211,930	(25,070)
Accounting and Financial Services	288,343	288,343	-
Administrative Services	369,773	369,783	10
Planning & Development Services	82,439	82,439	-
Parks Department Charges and Services	15,000	47,614	32,614
Police Reports, Etc.	2,000	2,158	158
Court Attorney Fees	6,000	5,860	(140)
SDC Administrative Fees	100,000	98,582	(1,418)
Total Charges for Services	1,110,555	1,121,149	10,594
Interest Earnings:			
Interest Earned on Investments	95,000	49,513	(45,487)
Interest on Unisegregated Taxes	9,950	2,550	(7,400)
Total Interest Earnings	104,950	52,063	(52,887)
Miscellaneous:			
Donations and Contributions	5,000	7,157	2,157
Customer Service Charges	100	-	(100)
DARE Program	100	-	(100)
Insurance Reimbursements	28,000	11,836	(16,164)
Library Fines and Revenues	30,000	35,595	5,595
Tax Title Land Sales	1,500	502	(998)
Other	60,500	123,128	62,628
Total Miscellaneous Revenues	125,200	178,218	53,018
Total Revenues	7,157,771	7,326,162	168,391

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

For the Year Ended June 30, 2002

	<u>Original and Supplemental Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OTHER FINANCING SOURCES - TRANSFERS FROM OTHER FUNDS			
Library Levy Fund	\$ 740,391	\$ 712,780	\$ (27,611)
Total Revenues and Other Financing Sources	<u>7,898,162</u>	<u>8,038,942</u>	<u>140,780</u>

	<u>Original and Supplemental Appropriations</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES:			
Total City Council	\$ 73,677	\$ 62,892	\$ 10,785
Total City Manager's Office	729,841	621,729	108,112
Total Finance Department	593,808	459,536	134,272
Total Information Services Department	240,449	197,876	42,573
Total Library Department	1,020,985	983,145	37,840
Total Municipal Court Department	224,023	204,311	19,712
Total Police Department	2,165,768	2,135,362	30,406
Total Fire Department	113,066	109,982	3,084

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

For the Year Ended June 30, 2002

	<u>Original and Supplemental Appropriations</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Total Planning and Development Department	\$ 660,370	\$ 614,634	\$ 45,736
Total Parks Department	1,256,325	1,170,365	85,960
Total General Facility Services	180,655	195,190	(14,535)
Total General Services Department	<u>1,071,651</u>	<u>848,910</u>	<u>222,741</u>
Total Expenditures	<u>8,330,618</u>	<u>7,603,932</u>	<u>726,686</u>
OTHER FINANCING USES - TRANSFERS TO OTHER FUNDS			
Street Fund	28,804	28,804	-
Arts Commission Fund	7,500	7,500	-
Fire Serial Levy Fund	789,740	789,740	-
Community Center Operating Fund	85,701	85,701	-
Total Other Financing Uses	<u>911,745</u>	<u>911,745</u>	<u>-</u>
Total Expenditures and Other Financing Uses	9,242,363	8,515,677	726,686
Excess of Expenditures Over Revenues and Other Financing Sources	<u>(1,344,201)</u>	<u>(476,736)</u>	<u>867,465</u>
FUND BALANCE - June 30, 2001	<u>1,344,201</u>	<u>1,154,942</u>	<u>(189,259)</u>
FUND BALANCE - June 30, 2002	<u>\$ -</u>	<u>\$ 678,206</u>	<u>\$ 678,206</u>

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Special Revenue Funds

The Special Revenue Funds account for revenues derived from specific taxes or other earmarked revenue sources, which are legally restricted to finance particular functions or activities. Funds included in this fund category are:

- < Street Fund - accounts for the receipt and expenditure of state gasoline taxes apportioned to cities under Article IX, Section 3 of the Constitution of the State of Oregon.
- < State Revenue Sharing Fund - accounts for the receipt and expenditure of revenue sharing funds received from the State of Oregon.
- < Library Levy Fund - accounts for the receipt and expenditure of funds received from a county-wide library serial levy, which is apportioned to city libraries by Clackamas County, Oregon.
- < 911 Emergency Communication Fund - accounts for the receipt and expenditure of funds received from a telephone tax for emergency communications systems.
- < Cable TV Public Access Fund - accounts for the receipt and expenditure of funds received from television cable system franchise fees for public access television.
- < Street Improvement Fund - accounts for the receipt and expenditure of internal charges assessed to finance improvements to the City's existing roadway system.
- < Solid Waste Recycling Program Fund - accounts for the receipt and expenditure of recycling program revenues.
- < Police Local Option Levy Fund - accounts for the receipt and expenditure of taxes received from a three-year serial levy. Proceeds from the serial levy are used to provide police personnel and services at their present level, and to finance new vehicle and equipment purchases.
- < Fire Local Option Levy Fund - accounts for the receipt and expenditure of taxes received from a three-year serial levy. Proceeds from the serial levy are used to increase fire personnel and services.
- < Arts Commission Fund - accounts for the receipt and expenditure of fund received for arts commission activities.
- < Community Center Operating Fund - accounts for the receipt and expenditure of fund received for community center activities.
- < Public Education Government Fund - accounts for receipt and expenditure of franchise fee revenues to operate, supervise and promote public education and governmental access cable channel.
- < System Development Fund - account for receipt and expenditure of system development charges. These charges are imposed on properties which, as part of their development and use, create the need for these facilities.
- < Storm Drain Fund - accounts for the planning, design, construction, regulation, maintenance and administration of the City's storm drainage system.
- < Building Inspection Fund - accounts for the receipt and expenditure of building permit revenues to enforce the city building code, inspect construction in the city and promote public safety.

- < Public Works Support Services Fund – accounts for the receipt and expenditure of license and permit revenues from public works construction projects.
- < 1999 Federal Grant Fund – accounts for the receipt and expenditure of the 1999 federal law enforcement grant.
- < 2000 Federal Grant Fund – accounts for the receipt and expenditure of the 2000 federal law enforcement grant.

City of West Linn, Oregon
Combining Balance Sheet
All Special Revenue Funds
June 30, 2002

	<u>Street Fund</u>	<u>State Revenue Sharing Fund</u>	<u>Library Levy Fund</u>	<u>911 Emergency Communications Fund</u>	<u>Cable TV Public Access Fund</u>	<u>Street Improvement Fund</u>	<u>Solid Waste Recycling Program Fund</u>	<u>Police Local Option Levy Fund</u>
ASSETS								
Equity in Pooled Cash and Investments	\$ 225,447	\$ 1,020,720	\$ 471,156	\$ 78,351	\$ 21,212	\$ 586	\$ 90,948	\$ 243,899
Cash Held by County Treasurer	23							6,944
Property Taxes Receivable								61,464
Accounts Receivable								
Accrued Interest Receivable	1,215	3,848	1,767	309	78		129	
Due from Other Governments	80,895			25,633			345	2,064
Total Assets	\$ 307,580	\$ 1,024,568	\$ 472,923	\$ 104,293	\$ 21,290	\$ 586	\$ 91,423	\$ 314,371
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ 35,684	\$ -	\$ 28,139	\$ 9,213	\$ 15,580	\$ 586	\$ 108	\$ 894
Accrued Salaries and Payroll Taxes	30,236							99,525
Deposits Payable								
Deferred Revenue								50,227
Total Liabilities	65,920	-	28,139	9,213	15,580	586	108	150,646
Fund Balances:								
Reserved for Systems Development								
Undesignated	241,660	1,024,568	444,784	95,080	5,710	-	91,315	163,725
Total Fund Balances	241,660	1,024,568	444,784	95,080	5,710	-	91,315	163,725
Total Liabilities and Fund Balances	\$ 307,580	\$ 1,024,568	\$ 472,923	\$ 104,293	\$ 21,290	\$ 586	\$ 91,423	\$ 314,371

Fire Local Option Levy Fund	Arts Commission Fund	Community Center Operating Fund	Public Education Government Fund	System Development Fund	Storm Drain Fund	Building Inspection Fund	Public Works Support Services Fund	1999 Federal Grant Fund	2000 Federal Grant Fund	Total
\$ 87,599	\$ 12,468	\$ 8,906	\$ 274,197	\$ 4,570,121	\$ 15,097	\$ 252,493	\$ 240,774	\$ (2)	\$ 1,587	\$ 7,615,559
8,723										15,690
77,215										138,679
2,524				4,965						7,618
2,100	32	114	1,082	16,715		981	104	2	4	30,761
										106,528
<u>\$ 178,161</u>	<u>\$ 12,500</u>	<u>\$ 9,020</u>	<u>\$ 275,279</u>	<u>\$ 4,591,801</u>	<u>\$ 15,097</u>	<u>\$ 253,474</u>	<u>\$ 240,878</u>	<u>\$ -</u>	<u>\$ 1,591</u>	<u>\$ 7,914,835</u>
\$ -	\$ -	\$ 7,834	\$ 1,265	\$ 95,424	\$ -	\$ 5,034	\$ 2,512	\$ -	\$ 149	\$ 202,422
		2,488			9,294	14,877	11,467			167,887
	677			72,812						73,489
63,098	1,283									114,608
<u>63,098</u>	<u>1,960</u>	<u>10,322</u>	<u>1,265</u>	<u>168,236</u>	<u>9,294</u>	<u>19,911</u>	<u>13,979</u>	<u>-</u>	<u>149</u>	<u>558,406</u>
				4,423,565						4,423,565
115,063	10,540	(1,302)	274,014		5,803	233,563	226,899	-	1,442	2,932,864
<u>115,063</u>	<u>10,540</u>	<u>(1,302)</u>	<u>274,014</u>	<u>4,423,565</u>	<u>5,803</u>	<u>233,563</u>	<u>226,899</u>	<u>-</u>	<u>1,442</u>	<u>7,356,429</u>
<u>\$ 178,161</u>	<u>\$ 12,500</u>	<u>\$ 9,020</u>	<u>\$ 275,279</u>	<u>\$ 4,591,801</u>	<u>\$ 15,097</u>	<u>\$ 253,474</u>	<u>\$ 240,878</u>	<u>\$ -</u>	<u>\$ 1,591</u>	<u>\$ 7,914,835</u>

City of West Linn, Oregon
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
All Special Revenue Funds
For the Year Ended June 30, 2002

	Street Fund	State Revenue Sharing Fund	Library Levy Fund	911 Emergency Communications Fund	Cable TV/ Public Access Fund	Solid Waste Recycling Program Fund	Police Local Option Levy Fund
REVENUES:							
Taxes	\$	\$	\$	\$	\$	\$	\$ 917,204
Intergovernmental Revenues	934,479	122,027	571,531	99,359			
Franchise Fees					92,204	43,249	
Licenses and Permits							
System Development Fees							
Contributions, Donations and Fund Raising							
Interest Earnings	5,929	19,314	8,984	1,460	372	1,626	10,674
Reimbursements							
Miscellaneous	39,552	500			115	2,500	324
Total Revenues	979,960	141,841	580,515	100,819	92,691	47,375	928,202
EXPENDITURES:							
General Government			47,015		98,755	3,468	
Cultural and Recreation							
Public Safety				108,272			1,165,950
Highways and Streets	843,563						
Sanitation (water, sewer, and storm drain)							
Total Expenditures	843,563	-	47,015	108,272	98,755	3,468	1,165,950
Excess of Revenues Over (Under) Expenditures	136,397	141,841	533,500	(7,453)	(6,064)	43,907	(237,748)
OTHER FINANCING SOURCES (USES):							
Special Payments	(367,928)	-	-	-	(2,009)	(17,730)	(16,037)
Operating Transfers In	78,804	-	-	-	-	-	-
Operating Transfers Out	-	(95,067)	(712,780)	-	-	-	(2,362)
Total Other Financing Sources (Uses)	(289,124)	(95,067)	(712,780)	-	(2,009)	(17,730)	(18,399)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(152,727)	46,774	(179,280)	(7,453)	(8,073)	26,177	(256,147)
FUND BALANCES, June 30, 2001	394,387	977,794	624,064	102,533	13,783	65,138	419,872
FUND BALANCES, June 30, 2002	\$ 241,660	\$ 1,024,568	\$ 444,784	\$ 95,080	\$ 5,710	\$ 91,315	\$ 163,725

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

For the Year Ended June 30, 2002

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
State Gas Tax	\$ 1,039,920	\$ 934,479	\$ (105,441)
Interest Earnings	12,000	5,929	(6,071)
Miscellaneous	2,000	39,552	37,552
Total Revenues	1,053,920	979,960	(73,960)
OTHER FINANCING SOURCES - TRANSFERS FROM OTHER FUNDS			
General Fund	28,804	28,804	-
Capital Development Fund	50,000	50,000	-
Total Other Financing Sources	78,804	78,804	-
Total Revenues and Other Financing Sources	1,132,724	1,058,764	(73,960)
EXPENDITURES:			
Personal Services	334,886	329,222	5,664
Materials and Services	501,687	425,290	76,397
Capital Outlay	241,505	89,051	152,454
Contingency	85,993	-	85,993
Total Expenditures	1,164,071	843,563	320,508
SPECIAL PAYMENTS:			
General Fund:			
Accounting and Financial Services	19,231	19,231	-
Planning and Development Services	50,530	50,530	-
Administrative Services	26,378	26,378	-
Public Works Support Services			
Operation Services	44,275	44,275	-
Engineering Services	175,226	175,226	-
GIS Services	17,219	17,219	-
Vehicle/Equipment Maintenance Fund	61,528	35,069	26,459
Total Special Payments	394,387	367,928	26,459
Total Expenditures and Special Payments	1,558,458	1,211,491	346,967
Excess of Expenditures and Special Payments Over Revenues and Other Financing Sources	(425,734)	(152,727)	273,007
FUND BALANCE - June 30, 2001	425,734	394,387	(31,347)
FUND BALANCE - June 30, 2002	\$ -	\$ 241,660	\$ 241,660

City of West Linn, Oregon
State Revenue Sharing Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
State Revenue Sharing	\$ 100,000	\$ 122,027	\$ 22,027
Interest Earnings	25,000	19,314	(5,686)
Miscellaneous	-	500	500
	<u>125,000</u>	<u>141,841</u>	<u>16,841</u>
EXPENDITURES:			
Contingency	973,733	-	973,733
OTHER FINANCING USES - TRANSFERS TO OTHER FUNDS			
Fire Serial Levy Fund	95,067	95,067	-
	<u>1,068,800</u>	<u>95,067</u>	<u>973,733</u>
Total Expenditures and Other Financing Uses			
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses	(943,800)	46,774	990,574
FUND BALANCE - June 30, 2001	943,800	977,794	33,994
FUND BALANCE - June 30, 2002	<u>\$ -</u>	<u>\$ 1,024,568</u>	<u>\$ 1,024,568</u>

City of West Linn, Oregon
Library Levy Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
County Library Levy	\$ 525,909	\$ 571,531	\$ 45,622
Interest Earnings	25,000	8,984	(16,016)
Total Revenues	550,909	580,515	29,606
EXPENDITURES:			
Materials and Services	39,850	37,839	2,011
Capital Outlay	9,900	9,176	724
Contingency	367,743	-	367,743
Total Expenditures	417,493	47,015	370,478
OTHER FINANCING USES - TRANSFERS TO OTHER FUNDS			
General Fund	740,391	712,780	27,611
Total Expenditures and Other Financing Uses	1,157,884	759,795	398,089
Excess of Expenditures and Other Financing Uses Over Revenues	(606,975)	(179,280)	427,695
FUND BALANCE - June 30, 2001	606,975	624,064	17,089
FUND BALANCE - June 30, 2002	\$ -	\$ 444,784	\$ 444,784

City of West Linn, Oregon
911 Emergency Communications Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
911 Emergency Telephone Tax	\$ 99,600	\$ 99,359	\$ (241)
Interest Earnings	1,500	1,460	(40)
Total Revenues	<u>101,100</u>	<u>100,819</u>	<u>(281)</u>
EXPENDITURES:			
Materials and Services	99,257	60,156	39,101
Capital Outlay	48,000	48,116	(116)
Contingency	42,908	-	42,908
Total Expenditures	<u>190,165</u>	<u>108,272</u>	<u>81,893</u>
Excess of Expenditures Over Revenues	<u>(89,065)</u>	<u>(7,453)</u>	<u>81,612</u>
FUND BALANCE - June 30, 2001	<u>89,065</u>	<u>102,533</u>	<u>13,468</u>
FUND BALANCE - June 30, 2002	<u>\$ -</u>	<u>\$ 95,080</u>	<u>\$ 95,080</u>

City of West Linn, Oregon
Cable TV / Public Access Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Franchise Fees - Cable TV	\$ 70,000	\$ 92,204	\$ 22,204
Interest Earnings	400	372	(28)
Miscellaneous	-	115	115
Total Revenues	70,400	92,691	22,291
EXPENDITURES:			
Materials and Services	68,049	98,755	(30,706)
Contingency	15,316	-	15,316
Total Expenditures	83,365	98,755	(15,390)
SPECIAL PAYMENTS:			
General Fund			
Accounting and Financial Services	2,009	2,009	-
Vehicle/Equipment Maintenance Fund	500	-	500
Total Special Payments	2,509	2,009	500
Total Expenditures and Special Payments	85,874	100,764	(14,890)
Excess of Expenditures and Special Payments Over Revenues	(15,474)	(8,073)	7,401
FUND BALANCE - June 30, 2001	15,474	13,783	(1,691)
FUND BALANCE - June 30, 2002	\$ -	\$ 5,710	\$ 5,710

City of West Linn, Oregon
Solid Waste Recycling Program Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Franchise Fees	\$ 50,000	\$ 43,249	\$ (6,751)
Interest Earnings	3,000	1,626	(1,374)
Miscellaneous	-	2,500	2,500
Total Revenues	53,000	47,375	(5,625)
EXPENDITURES:			
Materials and Services	9,000	3,468	5,532
Contingency	114,301	-	114,301
Total Expenditures	123,301	3,468	119,833
SPECIAL PAYMENTS:			
General Fund:			
Accounting and Financial Services	3,902	3,902	-
Public Works Support Services	2,806	2,806	-
Administrative Services	11,022	11,022	-
Total Special Payments	17,730	17,730	-
Total Expenditures and Special Payments	141,031	21,198	119,833
Excess (Deficiency) of Revenues Over (Under) Expenditures and Special Payments	(88,031)	26,177	114,208
FUND BALANCE - June 30, 2001	88,031	65,138	(22,893)
FUND BALANCE - June 30, 2002	\$ -	\$ 91,315	\$ 91,315

City of West Linn, Oregon
Police Local Option Levy Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	<u>Original and Supplemental Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Property Taxes:			
Current Year's Levy	\$ 883,564	\$ 855,857	\$ (27,707)
Prior Years' Levies	21,000	58,424	37,424
Interest on Delinquent Taxes	2,410	2,923	513
Tax Title Land Sales	100	136	36
Interest Earnings	17,844	10,674	(7,170)
Miscellaneous	100	188	88
	<hr/>	<hr/>	<hr/>
Total Revenues	925,018	928,202	3,184
EXPENDITURES:			
Personal Services	857,022	917,639	(60,617)
Materials and Services	152,450	134,938	17,512
Capital Outlay	134,500	113,373	21,127
Contingency	183,544	-	183,544
	<hr/>	<hr/>	<hr/>
Total Expenditures	1,327,516	1,165,950	161,566
SPECIAL PAYMENTS			
Vehicle/Equipment Maintenance Fund	17,655	16,037	1,618
	<hr/>	<hr/>	<hr/>
OTHER FINANCING USES - TRANSFERS TO OTHER FUNDS			
1999 Federal Grant Fund	-	1,336	(1,336)
2000 Federal Grant Fund	-	1,026	(1,026)
	<hr/>	<hr/>	<hr/>
Total Other Financing Uses	-	2,362	(2,362)
	<hr/>	<hr/>	<hr/>
Total Expenditures, Special Payments and Other Financing Uses	1,345,171	1,184,349	160,822
	<hr/>	<hr/>	<hr/>
Excess of Expenditures, Special Payments and Other Financing Uses Over Revenues	(420,153)	(256,147)	164,006
	<hr/>	<hr/>	<hr/>
FUND BALANCE - June 30, 2001	420,153	419,872	(281)
	<hr/>	<hr/>	<hr/>
FUND BALANCE - June 30, 2002	\$ -	\$ 163,725	\$ 163,725
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

City of West Linn, Oregon
Fire Local Option Levy Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	<u>Original and Supplemental Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Property Taxes:			
Current Year's Levy	\$ 1,110,091	\$ 1,075,281	\$ (34,810)
Prior Years' Levies	27,437	73,403	45,966
Interest on Delinquent Taxes	2,966	3,672	706
Tax Title Land Sales	100	170	70
Interest Earnings	15,680	14,865	(815)
Miscellaneous	100	237	137
	<u>1,156,374</u>	<u>1,167,628</u>	<u>11,254</u>
OTHER FINANCING SOURCES - TRANSFERS FROM OTHER FUNDS			
General Fund	789,740	789,740	-
State Revenue Sharing Fund	95,067	95,067	-
	<u>884,807</u>	<u>884,807</u>	<u>-</u>
Total Other Financing Sources	<u>884,807</u>	<u>884,807</u>	<u>-</u>
Total Revenues and Other Financing Sources	<u>2,041,181</u>	<u>2,052,435</u>	<u>11,254</u>
EXPENDITURES:			
Materials and Services	<u>2,213,140</u>	<u>2,135,573</u>	<u>77,567</u>
Excess of Expenditures Over Revenues and Other Financing Sources	<u>(171,959)</u>	<u>(83,138)</u>	<u>88,821</u>
FUND BALANCE - June 30, 2001	<u>171,959</u>	<u>198,201</u>	<u>26,242</u>
FUND BALANCE - June 30, 2002	<u>\$ -</u>	<u>\$ 115,063</u>	<u>\$ 115,063</u>

City of West Linn, Oregon
Arts Commission Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Contributions, Donations and Fund Raising	\$ 5,000	\$ 3,650	\$ (1,350)
Interest Earnings	-	152	152
Total Revenues	5,000	3,802	(1,198)
OTHER FINANCING SOURCES - TRANSFERS FROM OTHER FUNDS			
General Fund	7,500	7,500	-
Total Revenues and Other Financing Sources	12,500	11,302	(1,198)
EXPENDITURES			
Materials and Services	12,697	4,514	8,183
Contingency	1,950	-	1,950
Total Expenditures	14,647	4,514	10,133
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(2,147)	6,788	8,935
FUND BALANCE - June 30, 2001	2,147	3,752	1,605
FUND BALANCE - June 30, 2002	\$ -	\$ 10,540	\$ 10,540

City of West Linn, Oregon
Community Center Operating Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	<u>Original and Supplemental Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Recreation Program Fees	\$ 15,000	\$ 7,881	\$ (7,119)
Senior Center Donations	10,000	4,735	(5,265)
Interest Earnings	-	1,040	1,040
	<u>25,000</u>	<u>13,656</u>	<u>(11,344)</u>
OTHER FINANCING SOURCES - TRANSFERS FROM OTHER FUNDS			
General Fund	<u>85,701</u>	<u>85,701</u>	<u>-</u>
	<u>110,701</u>	<u>99,357</u>	<u>(11,344)</u>
EXPENDITURES:			
Personal Services	44,114	44,764	(650)
Materials and Services	42,860	41,688	1,172
Contingency	137	-	137
	<u>87,111</u>	<u>86,452</u>	<u>659</u>
Excess of Revenues and Other Financing Sources Over Expenditures	<u>23,590</u>	<u>12,905</u>	<u>(10,685)</u>
FUND BALANCE - June 30, 2001	<u>(23,590)</u>	<u>(14,207)</u>	<u>9,383</u>
FUND BALANCE - June 30, 2002	<u>\$ -</u>	<u>\$ (1,302)</u>	<u>\$ (1,302)</u>

City of West Linn, Oregon
Public Education Government Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest Earnings	\$ 10,000	\$ 5,101	\$ (4,899)
Total Revenues	<u>10,000</u>	<u>5,101</u>	<u>(4,899)</u>
EXPENDITURES:			
Capital Outlay	32,725	11,228	21,497
Contingency	72,459	-	72,459
Reserve for Equipment Replacement	142,702	-	142,702
Total Expenditures	<u>247,886</u>	<u>11,228</u>	<u>236,658</u>
Excess of Expenditures Over Revenues	<u>(237,886)</u>	<u>(6,127)</u>	<u>231,759</u>
FUND BALANCE - June 30, 2001	<u>237,886</u>	<u>280,141</u>	<u>42,255</u>
FUND BALANCE - June 30, 2002	<u>\$ -</u>	<u>\$ 274,014</u>	<u>\$ 274,014</u>

City of West Linn, Oregon
System Development Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	<u>Original and Supplemental Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
System Development Fees:			
Street Fund	\$ 96,373	\$ 9,949	\$ (86,424)
Storm Drain Fund	45,174	64,216	19,042
Water Fund	75,813	139,085	63,272
Sewer Fund	37,750	71,560	33,810
Parks Fund	200,000	903,383	703,383
Tanner Basin Storm SDC Fund	3,500	2,663	(837)
Tanner Basin Water SDC Fund	25,000	35,008	10,008
Tanner Basin Sewer SDC Fund	9,000	14,780	5,780
Street SDC Reimbursement Fund	20,000	10,407	(9,593)
Storm Drain SDC Reimbursement Fund	2,625	6,773	4,148
Water SDC Reimbursement Fund	47,426	112,064	64,638
Sewer SDC Reimbursement Fund	23,364	44,289	20,925
Park SDC Reimbursement Fund	12,740	59,948	47,208
Interest Earnings	116,335	77,661	(38,674)
Contributions from Developers	50,000	172,398	122,398
Miscellaneous Revenue	-	103,000	103,000
	<u>765,100</u>	<u>1,827,184</u>	<u>1,062,084</u>
EXPENDITURES:			
Materials and Services	15,096	33,584	(18,488)
Capital Outlay	2,165,186	293,919	1,871,267
Contingency	1,808,179	-	1,808,179
	<u>3,988,461</u>	<u>327,503</u>	<u>3,660,958</u>
SPECIAL PAYMENTS:			
General Fund:			
Public Works Engineering Charges	5,700	5,700	-
Parks Department Charges	15,000	47,614	(32,614)
	<u>20,700</u>	<u>53,314</u>	<u>(32,614)</u>
Total Expenditures and Special Payments	<u>4,009,161</u>	<u>380,817</u>	<u>3,628,344</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Special Payments	<u>(3,244,061)</u>	<u>1,446,367</u>	<u>4,690,428</u>
FUND BALANCE - June 30, 2001	<u>3,244,061</u>	<u>2,977,198</u>	<u>(266,863)</u>
FUND BALANCE - June 30, 2002	<u>\$ -</u>	<u>\$ 4,423,565</u>	<u>\$ 4,423,565</u>

City of West Linn, Oregon
Storm Drain Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	<u>Original and Supplemental Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES:	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - June 30, 2001	<u>-</u>	<u>5,803</u>	<u>5,803</u>
FUND BALANCE - June 30, 2002	<u><u>\$ -</u></u>	<u><u>\$ 5,803</u></u>	<u><u>\$ 5,803</u></u>

City of West Linn, Oregon
Building Inspection Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Building Permit Fees	\$ 515,000	\$ 604,546	\$ 89,546
Plan Check Fees	2,500	3,450	950
Interest Earnings	2,000	4,678	2,678
Miscellaneous Revenue	200	245	45
Total Revenues	519,700	612,919	93,219
EXPENDITURES:			
Personal Services	408,848	399,125	9,723
Materials and Services	32,935	19,950	12,985
Capital Outlay	18,522	18,833	(311)
Contingency	24,932	-	24,932
Total Expenditures	485,237	437,908	47,329
SPECIAL PAYMENTS:			
General Fund:			
Accounting and Financial Services	9,320	9,320	-
Planning and Development Services	14,380	14,380	-
Administrative Services	39,665	39,665	-
City Hall Office Rent	17,600	17,600	-
Vehicle/Equipment Maintenance Fund	5,344	6,519	(1,175)
Total Special Payments	86,309	87,484	(1,175)
Total Expenditures and Special Payments	571,546	525,392	46,154
Excess (Deficiency) of Revenues Over (Under) Expenditures and Special Payments	(51,846)	87,527	139,373
FUND BALANCE - June 30, 2001	51,846	146,036	94,190
FUND BALANCE - June 30, 2002	\$ -	\$ 233,563	\$ 233,563

City of West Linn, Oregon
Public Works Support Services
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Public Inspection Charges	\$ 165,700	\$ 87,530	\$ (78,170)
Engineer Building Review Fees	13,000	(10,401)	(23,401)
Public Works Construction Permits and Fees	6,000	19,743	13,743
Interest Earnings	2,000	109	(1,891)
Miscellaneous Revenue	-	1,316	1,316
Total Revenues	186,700	98,297	(88,403)
REIMBURSEMENTS FROM OTHER FUNDS			
Public Works Operations Service Charges	286,205	279,712	(6,493)
Public Works Engineering Service Charges	529,703	529,703	-
Public Works GIS Service Charges	148,341	148,341	-
Total Reimbursements	964,249	957,756	(6,493)
Total Revenues and Reimbursements	1,150,949	1,056,053	(94,896)
EXPENDITURES:			
Personal Services	755,375	572,898	182,477
Materials and Services	143,416	116,223	27,193
Capital Outlay	13,600	12,165	1,435
Contingency	34,248	-	34,248
Total Expenditures	946,639	701,286	245,353
SPECIAL PAYMENTS:			
General Fund:			
Accounting and Financial Services	23,323	23,323	-
Administrative Services	119,477	119,477	-
City Hall Office Rent	60,393	60,393	-
Vehicle/Equipment Maintenance Fund	8,463	5,228	3,235
Total Special Payments	211,656	208,421	3,235
Total Expenditures and Special Payments	1,158,295	909,707	248,588
Excess (Deficiency) of Revenues and Reimbursements Over (Under) Expenditures and Special Payments	(7,346)	146,346	153,692
FUND BALANCE - June 30, 2001	7,346	80,553	73,207
FUND BALANCE - June 30, 2002	\$ -	\$ 226,899	\$ 226,899

City of West Linn, Oregon
1999 Federal Grant Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Interest Earnings	\$ -	\$ 12	\$ 12
OTHER FINANCING SOURCES - TRANSFERS FROM OTHER FUNDS			
Police Option Levy	-	1,336	1,336
Total Revenues and Other Financing Sources	-	1,348	1,348
EXPENDITURES			
Materials and Services	1,028	2,376	(1,348)
Excess of Expenditures Over Revenues	(1,028)	(1,028)	-
FUND BALANCE - June 30, 2001	1,028	1,028	-
FUND BALANCE - June 30, 2002	\$ -	\$ -	\$ -

City of West Linn, Oregon
2000 Federal Grant Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Interest Earnings	\$ -	\$ 44	\$ 44
OTHER FINANCING SOURCES - TRANSFERS FROM OTHER FUNDS			
Police Option Levy	-	1,026	1,026
Total Revenues and Other Financing Sources	-	1,070	1,070
EXPENDITURES			
Materials and Services	7,351	5,819	1,532
Capital Outlay	-	1,159	(1,159)
Total Expenditures	7,351	6,978	373
Excess of Expenditures Over Revenues	(7,351)	(5,908)	1,443
FUND BALANCE - June 30, 2001	7,351	7,350	(1)
FUND BALANCE - June 30, 2002	\$ -	\$ 1,442	\$ 1,442

Debt Service Fund

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

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City of West Linn, Oregon
Debt Service Fund
Balance Sheet

June 30, 2002

ASSETS

Equity in Pooled Cash and Investments	\$ 97,787
Cash Held by County Treasurer	8,507
Cash with Fiscal Agent	350
Property Taxes Receivable	<u>75,304</u>
 Total Assets	 <u><u>\$ 181,948</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Deferred Revenue	\$ 61,537
Matured Interest Payable	<u>350</u>
 Total Liabilities	 61,887
 Fund Balance	
Unreserved	
Designated for Debt Service	<u>120,061</u>
 Total Liabilities and Fund Balance	 <u><u>\$ 181,948</u></u>

City of West Linn, Oregon
Debt Service Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance

For the Year Ended June 30, 2002

REVENUES:

Taxes	\$ 1,075,801
Interest Earnings	9,049
Miscellaneous	2,082
	<hr/>
Total Revenues	1,086,932
	<hr/>

EXPENDITURES:

Debt Service:	
Principal	515,000
Interest	556,368
	<hr/>
Total Expenditures	1,071,368
	<hr/>
Excess of expenditures over revenues	15,564

FUND BALANCE, June 30, 2001	104,497
	<hr/>
FUND BALANCE, June 30, 2002	\$ 120,061
	<hr/> <hr/>

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

For the Year Ended June 30, 2002

	<u>Original and Supplemental Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Property Taxes:			
Current Year's Levy	\$ 1,075,514	\$ 1,048,685	\$ (26,829)
Prior Years' Levies	6,000	27,116	21,116
Interest on Delinquent Taxes	800	2,913	2,113
Tax Title Land Sales	100	125	25
Interest Earnings	6,975	6,136	(839)
Miscellaneous	50	1,957	1,907
	<u>1,089,439</u>	<u>1,086,932</u>	<u>(2,507)</u>
Total Revenues			
EXPENDITURES:			
Debt Service:			
Principal	515,000	515,000	-
Interest	563,646	556,368	7,278
Reserve for Future Debt Service	173,806	-	173,806
	<u>1,252,452</u>	<u>1,071,368</u>	<u>181,084</u>
Total Expenditures			
Excess of Expenditures Over Revenues	<u>(163,013)</u>	<u>15,564</u>	<u>178,577</u>
FUND BALANCE - June 30, 2001	<u>163,013</u>	<u>104,497</u>	<u>(58,516)</u>
FUND BALANCE - June 30, 2002	<u>\$ -</u>	<u>\$ 120,061</u>	<u>\$ 120,061</u>

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Capital Projects Funds

The Capital Projects Funds account for resources used for the acquisition and construction of capital facilities and equipment.

City of West Linn, Oregon
Capital Projects Funds
Combining Balance Sheet
June 30, 2002

	<u>Capital Development Fund</u>	<u>Senior Center Construction Fund</u>	<u>Integrated M.I.S. Fund</u>
ASSETS			
Equity in Pooled Cash and Investments	\$ 435,384	\$ 117,161	\$ 22,335
Accrued Interest Receivable	1,867	606	104
	<u>437,251</u>	<u>117,767</u>	<u>22,439</u>
Total Assets	<u>\$ 437,251</u>	<u>\$ 117,767</u>	<u>\$ 22,439</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ -	\$ 2,623	\$ -
Fund Balances			
Undesignated	<u>437,252</u>	<u>115,143</u>	<u>21,353</u>
Total Liabilities and Fund Balances	<u>\$ 437,252</u>	<u>\$ 117,766</u>	<u>\$ 21,353</u>

Bolton Pump Station Construction Fund	Park Bond Fund #2	Library Construction Fund	City Hall Building Fund	Total
\$ 512	\$ 1,043,880	\$ 263,120	\$ 6,845	\$ 1,889,237
-	4,408	4,804	-	11,789
<u>\$ 512</u>	<u>\$ 1,048,288</u>	<u>\$ 267,924</u>	<u>\$ 6,845</u>	<u>\$ 1,901,026</u>
\$ -	\$ 21,689	\$ 261,672	\$ -	\$ 285,984
512	1,027,686	6,252	6,844	1,615,042
<u>\$ 512</u>	<u>\$ 1,049,375</u>	<u>\$ 267,924</u>	<u>\$ 6,844</u>	<u>\$ 1,901,026</u>

City of West Linn, Oregon
Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

For the Year Ended June 30, 2002

	<u>Capital Development Fund</u>	<u>Senior Center Construction Fund</u>	<u>Integrated M.I.S. Fund</u>
REVENUES:			
Donations		\$ 13,338	
Interest Earnings	\$ 9,323	928	\$ 49
Miscellaneous			618
	<u>9,323</u>	<u>14,266</u>	<u>667</u>
Total Revenues			
EXPENDITURES			
General Government	<u>38,186</u>	<u>116,293</u>	<u>12,265</u>
Excess of Expenditures Over Revenues	<u>(28,863)</u>	<u>(102,027)</u>	<u>(11,598)</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers Out	<u>(50,000)</u>	<u>-</u>	<u>-</u>
Excess Expenditures and Other Financing Uses Over Revenues	<u>(78,863)</u>	<u>(102,027)</u>	<u>(11,598)</u>
FUND BALANCES, June 30, 2001	<u>516,115</u>	<u>217,170</u>	<u>32,951</u>
FUND BALANCES, June 30, 2002	<u>\$ 437,252</u>	<u>\$ 115,143</u>	<u>\$ 21,353</u>

<u>Bolton Pump Station Construction Fund</u>	<u>Park Bond Fund #2</u>	<u>Library Construction Fund</u>	<u>City Hall Building Fund</u>	<u>Total</u>
				\$ 13,338
\$ -	\$ 18,738	\$ 74,517	\$ -	103,555
				618
<u>-</u>	<u>18,738</u>	<u>74,517</u>	<u>-</u>	<u>117,511</u>
<u>-</u>	<u>202,841</u>	<u>3,609,766</u>	<u>-</u>	<u>3,979,351</u>
<u>-</u>	<u>(184,103)</u>	<u>(3,535,249)</u>	<u>-</u>	<u>(3,861,840)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>
<u>-</u>	<u>(184,103)</u>	<u>(3,535,249)</u>	<u>-</u>	<u>(3,911,840)</u>
<u>512</u>	<u>1,211,789</u>	<u>3,541,501</u>	<u>6,844</u>	<u>5,527,394</u>
<u>\$ 512</u>	<u>\$ 1,027,686</u>	<u>\$ 6,252</u>	<u>\$ 6,844</u>	<u>\$ 1,615,554</u>

Capital Development Fund

Schedule of Revenues and Expenditures

Budget and Actual

For the Year Ended June 30, 2002

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest Earnings	\$ 25,000	\$ 9,323	\$ (15,677)
Total Revenues	25,000	9,323	(15,677)
EXPENDITURES:			
Capital Outlay	38,200	38,186	14
Contingency	449,990	-	449,990
Total Expenditures	488,190	38,186	450,004
OTHER FINANCING USES - TRANSFERS TO OTHER FUNDS			
Street Fund	50,000	50,000	-
Total Expenditures and Other Financing Uses	538,190	88,186	450,004
Excess Expenditures and Other Financing Uses Over Revenues	(513,190)	(78,863)	434,327
FUND BALANCE - June 30, 2001	513,190	516,115	2,925
FUND BALANCE - June 30, 2002	\$ -	\$ 437,252	\$ 437,252

City of West Linn, Oregon
Senior Center Construction Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	<u>Original and Supplemental Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Senior Center Donations	\$ 20,000	\$ 13,338	\$ (6,662)
Interest Earnings	-	928	928
	<u>20,000</u>	<u>14,266</u>	<u>(5,734)</u>
Total Revenues			
EXPENDITURES			
Capital Outlay	<u>237,170</u>	<u>116,293</u>	<u>120,877</u>
	<u>(217,170)</u>	<u>(102,027)</u>	<u>115,143</u>
Excess of Expenditures Over Revenues			
FUND BALANCE - June 30, 2001	<u>217,170</u>	<u>217,170</u>	<u>-</u>
FUND BALANCE - June 30, 2002	<u>\$ -</u>	<u>\$ 115,143</u>	<u>\$ 115,143</u>

City of West Linn, Oregon
Integrated M.I.S. Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest Earnings	\$ 600	\$ 49	\$ (551)
Miscellaneous	-	618	618
Total Revenues	600	667	67
EXPENDITURES			
Capital Outlay	20,446	12,265	8,181
Excess of Expenditures Over Revenues	(19,846)	(11,598)	8,248
FUND BALANCE - June 30, 2001	19,846	32,951	13,105
FUND BALANCE - June 30, 2002	\$ -	\$ 21,353	\$ 21,353

City of West Linn, Oregon
Bolton Pump Station Construction Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Interest Earnings	\$ -	\$ -	\$ -
FUND BALANCE - June 30, 2001	-	512	512
FUND BALANCE - June 30, 2002	\$ -	\$ 512	\$ 512

City of West Linn, Oregon
Park Bond Fund #2
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Donations & Contributions	\$ 100,000	\$ -	\$ (100,000)
Interest Earnings	9,247	18,738	9,491
Total Revenues	109,247	18,738	(90,509)
EXPENDITURES:			
Materials and Services	13,778	10,044	3,734
Capital Outlay	1,082,500	192,797	889,703
Total Expenditures	1,096,278	202,841	893,437
Excess of Expenditures Over Revenues	(987,031)	(184,103)	802,928
FUND BALANCE - June 30, 2001	987,031	1,211,789	224,758
FUND BALANCE - June 30, 2002	\$ -	\$ 1,027,686	\$ 1,027,686

City of West Linn, Oregon
Library Construction Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	<u>Original and Supplemental Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Interest Earnings	\$ 80,000	\$ 74,517	\$ (5,483)
EXPENDITURES:			
Capital Outlay	3,621,501	3,609,766	11,735
Excess of Expenditures Over Revenues	(3,541,501)	(3,535,249)	(6,252)
FUND BALANCE - June 30, 2001	3,541,501	3,541,501	-
FUND BALANCE - June 30, 2002	<u>\$ -</u>	<u>\$ 6,252</u>	<u>\$ (6,252)</u>

City of West Linn, Oregon
City Hall Building Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:	\$ -	\$ -	\$ -
EXPENDITURES:	-	-	-
Excess of revenues over expenditures	-	-	-
FUND BALANCE - June 30, 2001	-	6,844	6,844
FUND BALANCE - June 30, 2002	\$ -	\$ 6,844	\$ 6,844

Enterprise Funds

These funds account for the financial operation of self-supporting activities that render services on a user charge to the general public. Funds included in this fund category are:

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

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City of West Linn, Oregon
Enterprise Funds
Combining Balance Sheet
June 30, 2002

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
ASSETS			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 1,118,200	\$ 2,033,743	\$ 3,151,943
Restricted Cash	153,854	-	153,854
Accounts Receivable	377,900	476,898	854,798
Accrued Interest Receivable	4,599	8,636	13,235
Inventory	88,432	19,952	108,384
	<hr/>	<hr/>	<hr/>
Total Current Assets	1,742,985	2,539,229	4,282,214
Fixed Assets, Net	11,229,802	8,410,169	19,639,971
Investment in South Fork Water Board	4,945,262	-	4,945,262
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 17,918,049</u>	<u>\$ 10,949,398</u>	<u>\$ 28,867,447</u>
LIABILITIES AND FUND EQUITY			
Current Liabilities:			
Accounts Payable	\$ 269,506	\$ 149,991	\$ 419,497
Meter Connection Deposits	49,830	-	49,830
Accrued Liabilities	187,378	44,701	232,079
Contract Retainage Payable	-	1,270	1,270
Due to Other Governments	3,875	126,310	130,185
Bonds Payable	1,750,000	-	1,750,000
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	2,260,589	322,272	2,582,861
Fund Equity:			
Contributed Capital	12,108,438	9,555,451	21,663,889
Retained Earnings	3,549,022	1,071,675	4,620,697
	<hr/>	<hr/>	<hr/>
Total Fund Equity	15,657,460	10,627,126	26,284,586
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Equity	<u>\$ 17,918,049</u>	<u>\$ 10,949,398</u>	<u>\$ 28,867,447</u>

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

For the Year Ended June 30, 2002

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Services	\$ 2,175,303	\$ 1,699,963	\$ 3,875,266
Connection Fees	67,888	-	67,888
Other Operating Revenues	22,514	13,806	36,320
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	2,265,705	1,713,769	3,979,474
OPERATING EXPENSES:			
Salaries and Wages	466,744	510,086	976,830
System Repairs and Maintenance	12,180	18,787	30,967
Operating Supplies, Repairs and Services	253,736	251,868	505,604
South Fork Water Board Expenses	750,116	-	750,116
Utilities	122,151	17,338	139,489
Insurance	22,130	45,753	67,883
Administrative Charges from General Fund	294,656	580,877	875,533
Depreciation	342,904	276,227	619,131
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	2,264,617	1,700,936	3,965,553
	<hr/>	<hr/>	<hr/>
Operating Income	1,088	12,833	13,921
NON-OPERATING REVENUES (EXPENSES):			
Interest Income	22,805	41,608	64,413
Net Income from Joint Venture	395,349	-	395,349
Interest Expense and Bond Issuance Fees	(151,070)	-	(151,070)
	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenues	267,084	41,608	308,692
	<hr/>	<hr/>	<hr/>
Net Income	268,172	54,441	322,613
	<hr/>	<hr/>	<hr/>
RETAINED EARNINGS, June 30, 2001	3,280,850	1,017,234	4,298,084
	<hr/>	<hr/>	<hr/>
RETAINED EARNINGS, June 30, 2002	<u>\$ 3,549,022</u>	<u>\$ 1,071,675</u>	<u>\$ 4,620,697</u>

City of West Linn, Oregon
Enterprise Funds
Combining Statement of Cash Flows

For the year ended June 30, 2002

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Received from Customers	\$ 2,240,365	\$ 1,683,330	\$ 3,923,695
Paid to Suppliers	(226,569)	(351,317)	(577,886)
Payments to Employees for Services	(466,744)	(510,086)	(976,830)
Payment to Tri-City Service District	(746,241)	-	(746,241)
Other Operating Revenues	19,016	13,806	32,822
Payments - to Other City Funds	(325,462)	(580,877)	(906,339)
	<u>494,365</u>	<u>254,856</u>	<u>749,221</u>
Net Cash Provided by (Used by) Operating Activities			
Cash Flows from Capital and Related Financing Activities			
Repayment of Debt	(50,000)	-	(50,000)
Interest Expense and Bond Issue Fees	(151,070)	-	(151,070)
Acquisition of Capital Assets	(410,083)	(267,957)	(678,040)
	<u>(611,153)</u>	<u>(267,957)</u>	<u>(879,110)</u>
Net Cash Provided by (Used by) Financing Activities			
Cash Flows from Investing Activities			
Interest Earnings	22,805	41,608	64,413
	<u>22,805</u>	<u>41,608</u>	<u>64,413</u>
Net Increase in Equity in Pooled Cash and Investments	(93,983)	28,508	(65,476)
Equity in Pooled Cash and Investments, June 30, 2001	<u>1,366,037</u>	<u>2,005,235</u>	<u>3,371,272</u>
Equity in Pooled Cash and Investments, June 30, 2002	<u>\$ 1,272,054</u>	<u>\$ 2,033,743</u>	<u>\$ 3,305,796</u>
Unrestricted Pooled Cash and Investments	\$ 1,118,200	2,033,743	3,151,943
Restricted Cash	<u>153,854</u>	<u>-</u>	<u>153,854</u>
Total Pooled Cash and Investments	<u>\$ 1,272,054</u>	<u>\$ 2,033,743</u>	<u>\$ 3,305,797</u>

City of West Linn, Oregon
Enterprise Funds
Combining Statement of Cash Flows

For the year ended June 30, 2002

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES:			
Operating Revenue (Loss)	\$ 1,088	\$ 12,833	\$ 13,921
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used by) Operating Activities:			
Depreciation	342,904	276,227	619,131
Changes in Assets and Liabilities:			
Accounts Receivable	(3,340)	(19,420)	(22,760)
Accrued Interest Receivable	(214)	672	458
Due from Other Governments	-	2,114	2,114
Inventory	(30,491)	(3,699)	(34,190)
Accounts Payable	73,530	(25,459)	48,071
Other Accrued Liabilities	109,784	12,024	121,808
Due to Other Governments	3,875	(436)	3,439
Meter Connections Deposits	(2,770)	-	(2,770)
	-	-	-
Total Adjustments	<u>493,277</u>	<u>242,023</u>	<u>735,300</u>
Net Cash Provided by (Used by) Operating Activities	<u>\$ 494,365</u>	<u>\$ 254,856</u>	<u>\$ 749,221</u>

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

For the Year Ended June 30, 2002

	<u>Original and Supplemental Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Service Charges and Other Fees:			
Water Sales	\$ 2,207,100	\$ 2,175,303	\$ (31,797)
Water Connection Fees	53,561	67,888	14,327
Miscellaneous Revenues:			
Customer Service Charges	5,459	3,498	(1,961)
Interest Earnings	35,000	20,643	(14,357)
Other Revenues	20,535	19,016	(1,519)
Total Revenues	<u>2,321,655</u>	<u>2,286,348</u>	<u>(35,307)</u>
EXPENDITURES:			
Personal Services	532,695	466,744	65,951
Materials and Services	1,222,379	1,073,173	149,206
Capital Outlay	569,712	323,235	246,477
Contingency	489,412	-	489,412
Total Expenditures	<u>2,814,198</u>	<u>1,863,152</u>	<u>951,046</u>
SPECIAL PAYMENTS:			
General Fund:			
Accounting/Financial Services	89,816	89,816	-
Planning/Development Services	7,450	7,450	-
Public Works Support Services	58,948	58,948	-
Administrative Services	30,503	30,503	-
Engineering Services	90,720	90,720	-
Bond Interest and Fees	150,483	151,070	(587)
GIS Services	17,219	17,219	-
Vehicle/Equipment Maintenance Fund	24,135	30,806	(6,671)
Total Special Payments	<u>469,274</u>	<u>476,532</u>	<u>(7,258)</u>
Total Expenditures and Special Payments	<u>3,283,472</u>	<u>2,339,684</u>	<u>943,788</u>
Excess of Expenditures and Special Payments Over Revenues	<u>(961,817)</u>	<u>(53,336)</u>	<u>908,481</u>
FUND BALANCE - June 30, 2001	<u>961,817</u>	<u>1,202,893</u>	<u>241,076</u>
FUND BALANCE - June 30, 2002	<u>\$ -</u>	<u>\$ 1,149,557</u>	<u>\$ 1,149,557</u>

City of West Linn, Oregon
Water Bond Construction Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	<u>Original and Supplemental Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Interest Earnings	\$ 7,500	\$ 2,162	\$ (5,338)
EXPENDITURES:			
Capital Outlay	302,699	143,182	159,517
Excess of Expenditures Over Revenues	(295,199)	(141,020)	(154,179)
FUND BALANCE - June 30, 2001	295,199	197,596	(97,603)
FUND BALANCE - June 30, 2002	<u>\$ -</u>	<u>\$ 56,576</u>	<u>\$ (251,782)</u>

City of West Linn, Oregon
Water Fund
Reconciliation of Revenues and Expenditures (Budgetary)
to Revenues and Expenses (GAAP)

For the Year Ended June 30, 2002

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis Funds:		
Water Fund	\$ 2,286,348	\$ 2,339,684
Water Bond Construction Fund	2,162	143,182
	<hr/>	<hr/>
Revenues and Expenditures - Budgetary Basis	2,288,510	2,482,866
Adjustments:		
Net Income from Joint Venture	395,349	
Depreciation Expense		342,904
Expenditures Capitalized		(410,083)
	<hr/>	<hr/>
Revenues and Expenses - GAAP Basis	<u>\$ 2,683,859</u>	<u>\$ 2,415,687</u>
Comprised as follows:		
Operating Revenues, Expenses	\$ 2,265,705	\$ 2,264,617
Non-operating Revenues:		
Net Income from Joint Venture	395,349	
Interest Income	22,805	
Non-operating Expenses:		
Interest Expense and Bond Issue Fees		151,070
	<hr/>	<hr/>
	<u>\$ 2,683,859</u>	<u>\$ 2,415,687</u>

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

For the Year Ended June 30, 2002

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Interest Earnings	\$ 26,000	\$ 11,761	\$ (14,239)
EXPENDITURES:			
Capital Outlay	245,583	196,773	48,810
Contingency	345,899	-	345,899
Total Expenditures	591,482	196,773	394,709
Excess of Expenditures Over Revenues	(565,482)	(185,012)	380,470
FUND BALANCE - June 30, 2001	565,482	714,188	148,706
FUND BALANCE - June 30, 2002	\$ -	\$ 529,176	\$ 529,176

Internal Service Funds

Funds included in this category are:

- < The Vehicle/Equipment Maintenance Fund - accounts for the maintenance of the City's vehicles and equipment. Charges are made to other City funds to recover the costs of providing services.
- < The Insurance Fund - accounts for all costs incurred by the City under its insurance programs, primarily unemployment insurance claims up to policy deductible limits. Funding sources are revenues from investment income, proceeds from insurance claims and charges to other funds.

City of West Linn, Oregon

Sewer Fund

Reconciliation of Revenues and Expenditures (Budgetary) to Revenues and Expenses (GAAP)

For the Year Ended June 30, 2002

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis Funds:		
Sewer Fund	\$ 11,761	\$ 196,773
Environmental Service Fund	1,743,616	1,495,893
	<hr/>	<hr/>
Revenues, Expenditures, and Transfers - Budgetary Basis	1,755,377	1,692,666
Adjustments:		
Depreciation Expense		276,227
Expenditures Capitalized		(267,957)
		<hr/>
Revenues and Expenses - GAAP Basis	<u>\$ 1,755,377</u>	<u>\$ 1,700,936</u>
Comprised as follows:		
Operating Revenues, Expenses	\$ 1,713,769	\$ 1,700,936
Non-operating Revenues		
Interest Income	41,608	
Operating Transfer (Out)	<hr/>	<hr/>
	<u>\$ 1,755,377</u>	<u>\$ 1,700,936</u>

City of West Linn, Oregon
Internal Service Funds
Combining Balance Sheet
June 30, 2002

	Vehicle/ Equipment Maintenance Fund	Insurance Fund	Total
ASSETS			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 23,508	\$ 171,646	\$ 195,154
Accounts Receivable	-	1,085	1,085
Accrued Interest Receivable	64	688	752
Inventory	35,506	-	35,506
	<hr/>	<hr/>	<hr/>
Total Current Assets	59,078	173,419	232,497
Fixed Assets, Net	38,901	-	38,901
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 97,979</u>	<u>\$ 173,419</u>	<u>\$ 271,398</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts Payable	\$ 9,845	\$ 636	\$ 10,481
Accrued Liabilities	8,556	5,931	14,487
	<hr/>	<hr/>	<hr/>
Total Liabilities	18,401	6,567	24,968
Fund Equity:			
Contributed Capital	61,135	-	61,135
Retained Earnings	18,443	166,852	185,295
	<hr/>	<hr/>	<hr/>
Total Fund Equity	79,578	166,852	246,430
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Equity	<u>\$ 97,979</u>	<u>\$ 173,419</u>	<u>\$ 271,398</u>

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

For the Year Ended June 30, 2002

	Vehicle/ Equipment Maintenance Fund	Insurance Fund	Total
OPERATING REVENUES:			
Charges for Services	\$ 377,667	\$ -	\$ 377,667
Miscellaneous	1,067	-	1,067
	<u>378,734</u>	<u>-</u>	<u>378,734</u>
OPERATING EXPENSES:			
Salaries and Wages	161,008	-	161,008
Operating Supplies, Repairs and Services	154,832	20,401	175,233
Gasoline and Diesel Fuel	55,795	-	55,795
Administrative Charges from General Fund	53,697	1,959	55,656
Depreciation	10,308	-	10,308
	<u>435,640</u>	<u>22,360</u>	<u>458,000</u>
Total Operating Expenses			
	<u>(56,906)</u>	<u>(22,360)</u>	<u>(79,266)</u>
NONOPERATING REVENUES:			
Interest Income	741	2,433	3,174
	<u>(56,165)</u>	<u>(19,927)</u>	<u>(76,092)</u>
Net (Loss)			
RETAINED EARNINGS, June 30, 2001	74,608	186,779	261,387
RETAINED EARNINGS, June 30, 2002	<u>\$ 18,443</u>	<u>\$ 166,852</u>	<u>\$ 185,295</u>

City of West Linn, Oregon
Internal Service Funds
Combining Statement of Cash Flows

For the Year Ended June 30, 2002

	Vehicle/ Equipment Maintenance Fund	Insurance Fund	Total
Cash Flows from Operating Activities:			
Receipts - From Other City Funds	\$ 378,734	\$ -	\$ 378,734
Paid to Suppliers	(210,659)	(26,131)	(236,790)
Payments to Employees for Services	(161,008)	-	(161,008)
Payments - To Other City Funds	(53,697)	(1,959)	(55,656)
Net Cash (Used by) Operating Activities	<u>(46,630)</u>	<u>(28,090)</u>	<u>(74,720)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(3,874)	-	(3,874)
Cash Flows from Investing Activities			
Interest Earnings	677	3,629	4,306
Net (Decrease) in Equity in Pooled Cash and Investments	(49,827)	(24,461)	(74,288)
Equity in Pooled Cash and Investments - June 30, 2001	<u>73,335</u>	<u>196,107</u>	<u>269,442</u>
Equity in Pooled Cash and Investments - June 30, 2002	<u>\$ 23,508</u>	<u>\$ 171,646</u>	<u>\$ 195,154</u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES:			
Operating Income	\$ (56,906)	\$ (22,360)	\$ (79,266)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used by) Operating Activities:			
Depreciation	10,308	-	10,308
Changes in Assets and Liabilities:			
Inventory	2,468	-	2,468
Accounts Payable	(7,742)	(6,796)	(14,538)
Accrued Liabilities	5,242	1,066	6,308
Total Adjustments	<u>10,276</u>	<u>(5,730)</u>	<u>4,546</u>
Net Cash (Used by) Operating Activities	<u>\$ (46,630)</u>	<u>\$ (28,090)</u>	<u>\$ (74,720)</u>

City of West Linn, Oregon
Vehicle/Equipment Maintenance Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Interest Earnings	\$ 500	\$ 741	\$ 241
Miscellaneous Revenue	-	1,067	1,067
Total Revenues	500	1,808	1,308
REIMBURSEMENTS FROM OTHER FUNDS:			
General Fund:			
City Manager's Office	3,161	848	(2,313)
Police Department	163,539	148,444	(15,095)
Fire Department	-	7,509	7,509
Engineering Department	5,403	2,637	(2,766)
Operation Support	3,060	2,592	(468)
Parks Department	53,261	56,085	2,824
General Services Department	1,337	1,382	45
Building Inspection Fund	5,344	6,519	1,175
Street Fund	61,528	35,068	(26,460)
Water Fund	24,131	30,806	6,675
Environmental Services Fund	75,581	71,689	(3,892)
Police Serial Levy	17,655	16,037	(1,618)
Fire Serial Levy	-	(1,949)	(1,949)
Total Reimbursements	414,000	377,667	(36,333)
Total Revenues and Reimbursements	414,500	379,475	(35,025)
EXPENDITURES:			
Personal Services	161,764	161,008	756
Materials and Services	222,658	208,158	14,500
Capital Outlay	9,050	3,874	5,176
Contingency Budget	6,753	-	6,753
Total Expenditures	400,225	373,040	27,185
SPECIAL PAYMENTS			
General Fund:			
Accounting and Financial Services	17,583	17,583	-
Public Works Support Services	10,421	10,421	-
Administrative Services	25,693	25,693	-
Total Special Payments	53,697	53,697	-
Total Expenditures and Special Payments	453,922	426,737	27,185
Excess of Expenditures and Special Payments Over Revenues and Reimbursements	(39,422)	(47,262)	(7,840)
FUND BALANCE - June 30, 2001	39,422	68,139	28,717
FUND BALANCE - June 30, 2002	\$ -	\$ 20,877	\$ 20,877

City of West Linn, Oregon
Vehicle/Equipment Maintenance Fund
Reconciliation of Revenues and Expenditures (Budgetary)
to Revenues and Expenses (GAAP)

For the Year Ended June 30, 2002

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis Funds		
Revenues and Expenditures - Budgetary Basis	\$ 379,475	\$ 426,737
Adjustments:		
Depreciation Expense		10,308
Expenditures Capitalized		(3,874)
Inventory Adjustment		2,468
	<u>379,475</u>	<u>435,640</u>
Revenues and Expenses - GAAP Basis	<u>\$ 379,475</u>	<u>\$ 435,640</u>
Comprised as follows:		
Operating Revenues, Expenses	\$ 378,734	\$ 435,640
Non-operating Revenues:		
Interest	<u>741</u>	<u> </u>
	<u>\$ 379,475</u>	<u>\$ 435,640</u>

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

For the Year Ended June 30, 2002

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Interest Earnings	\$ 12,000	\$ 2,433	\$ (9,567)
EXPENDITURES:			
Materials and Services	85,000	20,401	64,599
Contingency	111,688	-	111,688
Total Expenditures	196,688	20,401	176,287
SPECIAL PAYMENTS:			
General Fund:			
Accounting and Financial Services	1,174	1,174	-
Administrative Services	785	785	-
Total Special Payments	1,959	1,959	-
Total Expenditures and Special Payments	198,647	22,360	176,287
Excess of Expenditures and Special Payments Over Revenues	(186,647)	(19,927)	166,720
FUND BALANCE - June 30, 2001	186,647	186,779	132
FUND BALANCE - June 30, 2002	\$ -	\$ 166,852	\$ 166,852

City of West Linn, Oregon
Insurance Fund
Reconciliation of Revenues and Expenditures (Budgetary)
to Revenues and Expenses (GAAP)

For the Year Ended June 30, 2002

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis Funds		
Revenues and Expenditures - Budgetary Basis	<u>\$ 2,433</u>	<u>\$ 22,360</u>
Revenues and Expenses - GAAP Basis	<u>\$ 2,433</u>	<u>\$ 22,360</u>
Comprised as follows:		
Operating Revenues, Expenses	\$ -	\$ 22,360
Non-operating Revenues		
Interest	<u>2,433</u>	
	<u>\$ 2,433</u>	<u>\$ 22,360</u>

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Fiduciary Fund

This fund accounts for resources received and held by the City in a fiduciary capacity:

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

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City of West Linn, Oregon
Caufield Trust Fund
Balance Sheet

June 30, 2002

ASSETS

Equity in Pooled Cash and Investments	\$	223,852
Accrued Interest Receivable		<u>872</u>
Total Assets	\$	<u><u>224,724</u></u>

FUND BALANCE

Fund Balance		
Reserved for Endowments	\$	<u><u>224,724</u></u>

City of West Linn, Oregon
Caufield Trust Fund
Schedule of Revenues and Expenditures
Budget and Actual

For the Year Ended June 30, 2002

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest Income	\$ 10,000	\$ 4,284	\$ (5,716)
EXPENDITURES:			
Contingency	70,903	-	70,903
Endowment Reserve	157,298	-	157,298
Total Expenditures	228,201	-	228,201
Excess (Deficiency) of Expenditures Over (Under) Revenues	(218,201)	4,284	(222,485)
FUND BALANCE - June 30, 2001	218,201	220,440	2,239
FUND BALANCE - June 30, 2002	\$ -	\$ 224,724	\$ (220,246)

General Fixed Assets Account Group

This account group accounts for the City's investment in fixed assets with the exception of those assets held by the Proprietary Fund Types.

City of West Linn, Oregon

Statement of General Fixed Assets - By Source

June 30, 2002

GENERAL FIXED ASSETS

Land and Land Improvements	\$ 12,479,444
Buildings and Improvements	10,462,997
Equipment	4,095,085
Vehicles	2,441,983
Leasehold Improvements	204,110
Construction in Progress	958,593
	<hr/>
Total General Fixed Assets	<u><u>\$ 30,642,212</u></u>

INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE

General Fund	\$ 1,888,340 ✓
Street Fund	296,438 ✓
State Revenue Sharing	585,269 ✓
Library Levy Fund	150,659 ✓
911 Emergency Communications Fund	230,757 ✓
Cable TV Public Access Fund	11,158 ✓
Street Improvement Fund	110,831 ✓
Solid Waste Recycling Fund	13,160 ✓
Police Serial Levy Fund	814,791 ✓
Fire Serial Levy Fund	872,597 ✓
Public Education Government Fund	227,633 ✓
System Development Fund	3,213,538 ✓
Storm Drain Fund	193,517 ✓
Capital Development Fund	87,371 ✓
Senior Center Construction Fund	364,528 ✓
Integrated M.I.S. Fund	730,929 ✓
Park Bond #1 Fund	4,537,533 ✓
Park Bond #2 Fund	2,477,982 ✓
Library Bond Construction Fund	4,003,926 ✓
Building Inspection Fund	31,378 ✓
Public Works Support Services Fund	53,392 ✓
City Hall Building Fund	4,082,982 ✓
Investment in General Fixed Assets at June 30, 1990 and prior	5,663,503 ✓
	<hr/>
Total Investment in General Fixed Assets	<u><u>\$ 30,642,212</u></u>

City of West Linn, Oregon
Statement of General Fixed Assets - By Source
June 30, 2002

GENERAL FIXED ASSETS

Land and Land Improvements	\$ 12,479,444
Buildings and Improvements	10,462,997
Equipment	4,095,085
Vehicles	2,441,983
Leasehold Improvements	204,110
Construction in Progress	958,593
	<hr/>
Total General Fixed Assets	<u><u>\$ 30,642,212</u></u>

INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE

General Fund	\$ 1,888,340
Street Fund	296,438
State Revenue Sharing	585,269
Library Levy Fund	150,659
911 Emergency Communications Fund	230,757
Cable TV Public Access Fund	11,158
Street Improvement Fund	110,831
Solid Waste Recycling Fund	13,160
Police Serial Levy Fund	814,791
Fire Serial Levy Fund	872,597
Public Education Government Fund	227,633
System Development Fund	3,213,538
Storm Drain Fund	193,517
Capital Development Fund	87,371
Senior Center Construction Fund	364,528
Integrated M.I.S. Fund	730,929
Park Bond #1 Fund	4,537,533
Park Bond #2 Fund	2,477,982
Library Bond Construction Fund	4,003,926
Building Inspection Fund	31,378
Public Works Support Services Fund	53,392
City Hall Building Fund	4,082,982
Investment in General Fixed Assets at June 30, 1990 and prior	5,663,503
	<hr/>
Total Investment in General Fixed Assets	<u><u>\$ 30,642,212</u></u>

City of West Linn, Oregon
Schedule of Changes in General Fixed Assets - By Source
For the Year Ended June 30, 2002

	<u>Land and Land Improvements</u>	<u>Buildings and Improvements</u>	<u>Equipment</u>	<u>Vehicles</u>
Balances, June 30, 2001	\$ 12,218,898	\$ 6,719,289	\$ 3,929,704	\$ 2,201,963
Add:				
Expenditures (Retirements) From:				
General Fund	43,663	3,550	69,565	31,946
Street Fund				82,366
County Library Levy			9,176	
911 Emergency Fund			48,116	
Police Serial Levy Fund			5,645	107,727
Public Education Government Fund			11,228	
Capital Development Fund	38,186			
Senior Center Construction Fund		116,293		
Integrated M.I.S. Fund			8,634	
Library Construction Fund		3,609,765		
Park Bond #2 Fund	178,697	14,100		
Building Inspection Fund			852	17,981
Public Works Support Services Fund			12,165	
Total Additions	<u>260,546</u>	<u>3,743,708</u>	<u>165,381</u>	<u>240,020</u>
Deduct Transfers				
Balances, June 30, 2002	<u>\$ 12,479,444</u>	<u>\$ 10,462,997</u>	<u>\$ 4,095,085</u>	<u>\$ 2,441,983</u>

atip

6,025,858

— OS 5,640,633 } 6,209,433 37% of = 2,229,567

— OSN 568,800 }

— Parks 12,754,650 } 73% - = 3,796,291

<u>Leasehold Improvements</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 204,110	\$ 958,593	\$ 26,232,557

148,724
82,366
9,176
48,116
113,372
11,228
38,186
116,293
8,634
3,609,765
192,797
18,833
12,165

-	-	4,409,655
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<u>\$ 204,110</u>	<u>\$ 958,593</u>	<u>\$ 30,642,212</u>
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General Long-Term Debt Account Group

This account group accounts for the City's general long-term bonded debt other than debt recorded in the Proprietary Fund Types. The City's general long-term bonded debt is backed by the full faith and credit of the City.

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City of West Linn, Oregon
Statement of General Long-Term Debt
June 30, 2001

ASSETS

Amount to be Provided for Bonded Debt Service
Amount Available for Bonded Debt Service

\$ 120,061
15,409,939

Total Assets

\$ 15,530,000

LIABILITY

Bonds Payable

\$ 15,530,000

City of West Linn, Oregon

Schedule of Bond Principal and Bond Interest Transactions

For the Year Ended June 30, 2002

Issued	Interest Rates	Series	Principal				
			Original Issue	Outstanding June 30, 2001	Matured and Paid	Issued	Outstanding June 30, 2002
GENERAL OBLIGATION:							
34060	2.60-4.70 %	1993	\$ 1,415,000	\$ 295,000	\$ (210,000)	\$ -	\$ 85,000
36130	4.00-4.70	1998	4,400,000	4,150,000	(175,000)	-	3,975,000
36434	4.25-5.30	1999	3,600,000	3,530,000	(120,000)	-	3,410,000
	5.00-5.40	2000	3,900,000	3,770,000	(10,000)	-	3,760,000
			<u>13,315,000</u>	<u>11,745,000</u>	<u>(515,000)</u>	<u>-</u>	<u>11,230,000</u>
FULL FAITH AND CREDIT OBLIGATION:							
	4.30-5.25 %	2000	4,300,000	4,300,000	-	-	4,300,000
WATER SYSTEM REVENUE OBLIGATION:							
	4.70-600 %	2000	1,800,000	1,800,000	(50,000)	-	1,750,000
			<u>\$ 19,415,000</u>	<u>\$ 17,845,000</u>	<u>\$ (565,000)</u>	<u>\$ -</u>	<u>\$ 17,280,000</u>

		Interest			
		Outstanding June 30, 2001	Matured	Paid	Outstanding June 30, 2002
GENERAL OBLIGATION:					
34060	2.60-4.70	\$ -	\$ 8,720	\$ 8,720	\$ -
36130	4.00-4.70	-	178,878	178,878	-
36434	4.25-5.30	-	174,287	174,287	-
	5.00-5.40	-	194,483	194,483	-
		<u>-</u>	<u>556,368</u>	<u>556,368</u>	<u>-</u>
FULL FAITH AND CREDIT OBLIGATION:					
	4.30-5.25 %	-	-	-	-
WATER SYSTEM REVENUE OBLIGATION:					
	4.70-600 %	-	101,070	101,070	-
		<u>\$ -</u>	<u>\$ 657,438</u>	<u>\$ 657,438</u>	<u>\$ -</u>

Other Financial Schedules

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City of West Linn, Oregon
Combined Schedule of Property Tax Transactions
All Funds

For the Year Ended June 30, 2002

<u>Tax Year</u>	<u>Taxes Uncollected June 30, 2001</u>	<u>Add Levy Extended by Assessor</u>	<u>Discounts and Adjustments</u>	<u>Interest</u>	<u>Collections</u>	<u>Taxes Uncollected June 30, 2002</u>
2001-02		\$ 7,130,296	\$ (191,247)	\$ 3,096	\$ (6,661,853)	\$ 280,292
2000-01	\$ 282,599	-	(22,796)	5,709	(147,601)	117,911
1999-00	98,652	-	(3,114)	4,600	(51,123)	49,015
1998-99	39,372	-	(1,978)	3,989	(29,475)	11,908
1997-98	10,004	-	(1,687)	1,594	(7,350)	2,561
1996-97 & Prior	5,504	-	104	366	(1,671)	4,303
Total Prior	436,131	-	(29,471)	16,258	(237,220)	185,698
Grand Total	\$ 436,131	\$ 7,130,296	\$ (220,718)	\$ 19,354	\$ (6,899,073)	\$ 465,990

	<u>Property Taxes</u>		<u>Interest on Property Taxes</u>	<u>Collections</u>		<u>Total Tax Collections as of June 30, 2002</u>	<u>Property Taxes Uncollected June 30, 2002</u>	<u>Deferred Revenue June 30, 2002</u>
	<u>Current Year Levy</u>	<u>Prior Years' Levies</u>		<u>July 1 - August 31, 2001</u>	<u>July 1 - August 31, 2002</u>			
General Fund	\$ 3,601,056	\$ 119,496	\$ 10,467	\$ 49,576	\$ (46,073)	\$ 3,734,521	\$ 252,007	\$ 205,934
Debt Service Fund	1,076,055	35,707	3,128	16,271	(13,767)	1,117,394	75,304	61,537
Police Local Option Fund	878,290	29,145	2,553	13,001	(11,237)	911,752	61,464	50,227
Fire Local Option Fund	1,103,356	36,613	3,207	16,335	(14,117)	1,145,395	77,215	63,098
Total	\$ 6,658,757	\$ 220,962	\$ 19,354	\$ 95,183	\$ (85,194)	\$ 6,909,061	\$ 465,990	\$ 380,796

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***Audit Comments and
Disclosures Required
By State Regulations***



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

August 23, 2004

AUDITORS' COMMENTS AND DISCLOSURES

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

REPORT ON INTERNAL ACCOUNTING CONTROL

We have audited the general purpose financial statements of the City of West Linn, Oregon, as of and for the year ended June 30, 2002, and have issued our report thereon dated August 23, 2004.

In planning and performing our audit of the general purpose financial statements of the City of West Linn, Oregon, for the year ended June 30, 2002, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

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

ACCOUNTING RECORDS

The City's accounting records are adequate for audit, except for the lack of detailed fixed asset records as noted in our management letter dated August 23, 2004.

AUDITORS' COMMENTS AND DISCLOSURES

BUDGET TRANSACTIONS

Expenditures of the various funds were within authorized appropriations, except for the items noted in Note 14 to the general purpose financial statements. The City adopted its budget for the year in substantially all of the Special Revenue funds by appropriating at the department level. For these funds the City had only one operating unit (department). Accordingly, the budget was deemed to have been adopted at the levels prescribed by Oregon Local Budget Law.

2001-2002 and 2002-2003 BUDGETS

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

STATE HIGHWAY FUNDS

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

COLLATERAL SECURING BANK DEPOSITS

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

INVESTMENTS

The City's investments for the year ending June 30, 2002 were reviewed and found to comply with the legal requirements pertaining to the investment of public funds contained in ORS 294.035.

PUBLIC CONTRACTS AND PURCHASING

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

INSURANCE AND FIDELITY BONDS

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

STATUTORY BONDED DEBT LIMITATION

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

AUDITORS' COMMENTS AND DISCLOSURES

OUTSTANDING WARRANTS

The City did not have any outstanding endorsed warrants at June 30, 2002.

PROGRAMS FUNDED FROM OUTSIDE SOURCES

We reviewed and tested, to the extent we considered necessary in the circumstances, transactions and reports relative to federal and state grant programs. Since federal financial expenditures were less than \$300,000, it was not necessary to perform, nor did we perform, tests in accordance with the requirements of U.S. OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Souby, Rogers and Co., P.C.

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