

***CLACKAMAS COUNTY FIRE DISTRICT
NO. 1, Clackamas County, Oregon
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2002***

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
BOARD OF DIRECTORS
JUNE 30, 2002

BOARD OF DIRECTORS

TERM EXPIRES

Marilyn Wall, Chairperson
3385 SE Aldercrest Road
Milwaukie, Oregon 97222

June 30, 2005

George Warren, Vice-Chair
23590 S Beatie Road
Oregon City, Oregon 97045

June 30, 2005

Tiny Lidstrom, Secretary/Treasurer
8975 SE Spencer Drive
Portland, Oregon 97266

June 30, 2005

Milo Haas, RPH
4912 SE Robin Road
Milwaukie, Oregon 97267

June 30, 2003

David Mansfield
11506 SE 147th Avenue
Portland, Oregon 97236

June 30, 2003

OFFICERS

Randy R. Bruegman, Fire Chief

ADMINISTRATION

Kyle R. Gorman, Executive Officer

Randy R. Bruegman, Registered Agent
11300 SE Fuller Road
Milwaukie, Oregon 97222

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
TABLE OF CONTENTS
JUNE 30, 2002

	<u>Page</u>
<i>FINANCIAL SECTION</i>	
Independent Auditor's Report	1
General Purpose Financial Statements	
Combined Balance Sheet - All Governmental Fund Types and Account Groups	2
Combined Statement of Revenue, Expenditures, and Changes in Fund Balance - All Governmental Fund Types	3
Combined Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - All Governmental Fund Types	4
Statement of Revenues, Expenses and Change in Retained Earnings - Proprietary Fund Type - Enterprise Fund - Training Fund	5
Statement of Cash Flows - Proprietary Fund Type - Enterprise Fund - Training Fund	6
Notes to General Purpose Financial Statements	7-14
Supplemental Data (Combining, Individual Fund, and Other Financial Statements)	
General Fund	
Statement of Revenue and Expenditures and Changes in Fund Balance - Budget and Actual	15-18
Special Revenue Fund	
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual	19
Debt Service Fund	
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual	20
Capital Projects Funds	
Combining Balance Sheet	21
Combining Statement of Revenue, Expenditures, and Changes in Fund Balance	22
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual	
Bond Fund	23
Capital Projects Fund	24
Proprietary Fund	
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - Enterprise Fund - Training Fund	25
Statement of Property Tax Transactions	26
Schedule of Insurance in Force	27
 <i>AUDITOR'S COMMENTS AND DISCLOSURES</i>	 28-29



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Clackamas County Fire District No. 1
Milwaukie, Oregon

We have audited the accompanying general purpose financial statements of Clackamas County Fire District No. 1, Milwaukie, Oregon, as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose 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 overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Clackamas County Fire District No. 1 as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and the accompanying financial information listed as supplemental data in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the District. The information in these schedules 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.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 

Charles A. Swank, Shareholder
October 8, 2002

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GENERAL PURPOSE FINANCIAL STATEMENTS

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
COMBINED BALANCE SHEET - ALL GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2002

	<i>Governmental Fund Types</i>			
	<i>General</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>
ASSETS				
Cash and investments	\$ 4,737,302	\$ -	\$ 69,061	\$ 6,050,653
Receivables				
Accounts	119,428	-	-	-
Undistributed tax collections	119,301	-	-	-
Property taxes	1,035,845	-	5,117	-
Prepaid expenses	303,255	-	-	-
Inventories	243,300	-	-	-
Due from other funds	24,864	-	-	-
Note receivable	-	-	-	31,052
Investment in general fixed assets	-	-	-	-
Amount available for debt service	-	-	-	-
Amount to be provided for long-term obligations	-	-	-	-
Total Assets	\$ 6,583,295	\$ -	\$ 74,178	\$ 6,081,705
LIABILITIES AND EQUITY				
Liabilities				
Accounts payable	\$ 944,936	\$ -	\$ -	\$ -
Due to other funds	-	24,864	-	-
Deferred revenue	1,035,845	-	5,117	31,052
Accrued vacation pay	-	-	-	-
Capital leases payable	-	-	-	-
Bonds payable	-	-	-	-
Total Liabilities	1,980,781	24,864	5,117	31,052
Fund Equity				
Investment in fixed assets	-	-	-	-
Fund balance				
Reserved for debt service	-	-	69,061	-
Reserved for inventories	243,300	-	-	-
Reserved for prepaid expenses	303,255	-	-	-
Reserved for capital projects	-	-	-	6,050,653
Unreserved	4,055,959	(24,864)	-	-
Total Fund Equity	4,602,514	(24,864)	69,061	6,050,653
Total Liabilities and Fund Equity	\$ 6,583,295	\$ -	\$ 74,178	\$ 6,081,705

<i>Account Groups</i>		
<i>General Fixed Assets</i>	<i>General Long-Term Debt</i>	<i>Total (Memorandum Only)</i>
\$ -	\$ -	\$ 10,857,016
-	-	119,428
-	-	119,301
-	-	1,040,962
-	-	303,255
-	-	243,300
-	-	24,864
-	-	31,052
23,186,491	-	23,186,491
-	69,061	69,061
-	12,072,187	12,072,187
<u>\$ 23,186,491</u>	<u>\$ 12,141,248</u>	<u>\$ 48,066,917</u>
\$ -	\$ -	\$ 944,936
-	-	24,864
-	-	1,072,014
-	900,082	900,082
-	996,166	996,166
-	10,245,000	10,245,000
-	12,141,248	14,183,062
23,186,491	-	23,186,491
-	-	69,061
-	-	243,300
-	-	303,255
-	-	6,050,653
-	-	4,031,095
<u>23,186,491</u>	<u>-</u>	<u>33,883,855</u>
<u>\$ 23,186,491</u>	<u>\$ 12,141,248</u>	<u>\$ 48,066,917</u>

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

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
COMBINED STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2002

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
REVENUES					
Taxes and assessments	\$ 14,516,928	\$ -	\$ 1,015,495	\$ -	\$ 15,532,423
Interest on investments	2,939,503	-	-	-	2,939,503
Other local sources	143,782	7,090	7,130	204,924	362,926
Miscellaneous	<u>20,711</u>	<u>10,088</u>	<u>-</u>	<u>4,200</u>	<u>34,999</u>
<i>Total Revenues</i>	17,620,924	17,178	1,022,625	209,124	18,869,851
EXPENDITURES					
Current					
Personal services	14,456,405	-	-	-	14,456,405
Materials and services	2,562,706	-	-	-	2,562,706
Capital outlay	483,204	461,881	-	3,270,207	4,215,292
Debt service	<u>-</u>	<u>-</u>	<u>991,195</u>	<u>-</u>	<u>991,195</u>
<i>Total Expenditures</i>	<u>17,502,315</u>	<u>461,881</u>	<u>991,195</u>	<u>3,270,207</u>	<u>22,225,598</u>
REVENUES OVER (UNDER) EXPENDITURES	118,609	(444,703)	31,430	(3,061,083)	(3,355,747)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	312,151	-	245,000	557,151
Transfers out	<u>(557,151)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(557,151)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(557,151)</u>	<u>312,151</u>	<u>-</u>	<u>245,000</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDI- TURES AND OTHER FINANCING SOURCES (USES)	(438,542)	(132,552)	31,430	(2,816,083)	(3,355,747)
FUND BALANCE, Beginning of year	5,029,082	107,688	37,631	8,866,736	14,041,137
Residual Equity Transfer	<u>11,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,974</u>
FUND BALANCE, End of year	<u>\$ 4,602,514</u>	<u>\$ (24,864)</u>	<u>\$ 69,061</u>	<u>\$ 6,050,653</u>	<u>\$ 10,697,364</u>

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

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
COMBINED STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2002

	<u>General</u>			<u>Special Revenue</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES						
Taxes and assessments	\$ 14,516,928	\$ 14,533,013	\$ (16,085)	\$ -	\$ -	\$ -
Other local sources	2,939,503	3,076,832	(137,329)	-	-	-
Interest on investments	143,782	376,362	(232,580)	7,090	12,165	(5,075)
Miscellaneous	<u>20,711</u>	<u>-</u>	<u>20,711</u>	<u>10,087</u>	<u>25,000</u>	<u>(14,913)</u>
<i>Total Revenues</i>	<u>17,620,924</u>	<u>17,986,207</u>	<u>(365,283)</u>	<u>17,177</u>	<u>37,165</u>	<u>(19,988)</u>
EXPENDITURES						
Personnel services	14,456,405	14,496,117	39,712	-	-	-
Materials and services	2,562,706	2,580,982	18,276	-	-	-
Capital outlay	483,204	487,669	4,465	461,880	480,330	18,450
Debt service	-	-	-	-	-	-
Operating contingency	<u>-</u>	<u>1,733,454</u>	<u>1,732,454</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
<i>Total Expenditures</i>	<u>17,502,315</u>	<u>19,298,222</u>	<u>1,795,907</u>	<u>461,880</u>	<u>485,330</u>	<u>23,450</u>
REVENUES OVER (UNDER) EXPENDITURES	118,609	(1,312,015)	1,430,624	(444,703)	(448,165)	3,462
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	312,151	312,151	-
Transfers out	<u>(557,151)</u>	<u>(557,151)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(557,151)</u>	<u>(557,151)</u>	<u>-</u>	<u>312,151</u>	<u>312,151</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(438,542)	(1,869,166)	1,430,624	(132,552)	(136,014)	3,462
FUND BALANCE, Beginning of year	5,029,082	5,166,896	(137,814)	107,688	225,000	(117,312)
Residual Equity Transfer	<u>11,974</u>	<u>-</u>	<u>11,974</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 4,602,514</u>	<u>\$ 3,297,730</u>	<u>\$ 1,304,784</u>	<u>\$ (24,864)</u>	<u>\$ 88,986</u>	<u>\$ (113,850)</u>

<u>Debt Service</u>			<u>Capital Projects</u>		
<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 1,015,495	\$ 1,015,995	\$ (500)	\$ -	\$ -	\$ -
-	-	-	-	-	-
7,130	200	6,930	204,924	374,179	(169,255)
-	-	-	4,200	-	4,200
1,022,625	1,016,195	6,430	209,124	374,179	(165,055)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,270,207	6,326,000	3,055,793
991,195	991,195	-	-	-	-
-	15,000	15,000	-	150,000	150,000
991,195	1,006,195	15,000	3,270,207	6,476,000	3,205,793
31,430	10,000	21,430	(3,061,083)	(6,101,821)	3,040,738
-	-	-	245,000	245,000	-
-	-	-	-	-	-
-	-	-	245,000	245,000	-
31,430	10,000	21,430	(2,816,083)	(5,856,821)	3,040,738
37,631	10,000	27,631	8,866,736	7,502,177	1,364,559
-	-	-	-	-	-
<u>\$ 69,061</u>	<u>\$ 20,000</u>	<u>\$ 49,061</u>	<u>\$ 6,050,653</u>	<u>\$ 1,645,356</u>	<u>\$ 4,405,297</u>

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

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN RETAINED EARNINGS -
PROPRIETARY FUND TYPE - ENTERPRISE FUND - TRAINING FUND
YEAR ENDED JUNE 30, 2002

OPERATING REVENUES	
Charges for services	\$ 400
OPERATING EXPENSES	<u>—</u>
OPERATING INCOME	400
INTEREST INCOME	<u>390</u>
NET INCOME	790
RETAINED EARNINGS, Beginning of year	11,184
Residual Equity Transfer	<u>(11,974)</u>
RETAINED EARNINGS, End of year	<u><u>\$ —</u></u>

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

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE - ENTERPRISE FUND - TRAINING FUND
YEAR ENDED JUNE 30, 2002

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income	\$ 400
Due from other funds	<u>(15,494)</u>
<i>Total Cash Flows from Operating Activities</i>	(15,094)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>390</u>
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NET DECREASE IN CASH (14,704)

CASH, Beginning of year 14,704

CASH, End of year \$ -

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

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Clackamas County Fire District No. 1 was incorporated under the provisions of Oregon statutes. The District provides fire protection, safety, first aid and public education as authorized by its charter. The administration of the District is governed by a five member board of directors.

On July 1, 1998, Oak Lodge Rural Fire Protection District No. 51 was merged into Clackamas County Fire District No. 1. Beginning fund balances have been restated to include Oak Lodge.

On October 1, 1999, a contract for services became effective, and equipment and personnel from Clarkes Rural Fire Protection District No. 68 were transferred to Clackamas County Fire District No. 1.

The District under contract provides fire protection and emergency medical services to the City of Milwaukie. The contract is through June 30, 2008.

The financial statements of the Clackamas County Fire District No. 1 have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

Reporting Entity

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts which provide services within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these financial statements.

Fund Accounting

The government uses funds and account groups to report on its financial position and the results of its operations. 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 recorded in the funds because they do not directly affect net expendable available financial resources.

Governmental funds are used to account for all or most of the District's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental 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.

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2002

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes as available as they are collected. Expenditures are recorded when the related fund liability is incurred.

The government reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Use of Estimates

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

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year end.

Prior to July 1 of each fiscal year, a budget is prepared by management, approved by the budget committee and adopted and appropriated by the Board of Directors by resolution. The tax levy is certified to the County Tax Assessor by July 15.

The budget is prepared 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 resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total expenditures by the categories of personal services, materials and services and capital outlay is the level of control established by the resolution.

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 newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the Board of Directors. No supplemental budgets were made during the year ended June 30, 2002.

Inventories

Inventories are recorded at cost using the first-in, first-out method. Inventories are charged to expense as consumed.

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2002

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fixed Assets

General fixed assets are not capitalized in the 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 valued at cost where historical records are available and at an estimated historical cost where no historical records exist.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is not recorded on general fixed assets. Upon disposal, the General Fixed Assets Account Group is relieved of the related cost.

Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Debt Account Group. No expenditure is reported for these amounts. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Debt Account Group.

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 expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

During the course of operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2002

ORGANIZATION AND OPERATION

The District's financial operations are accounted for in the following funds and account groups:

Governmental Fund Types

General Fund

This fund accounts for the financial operations of the District not accounted for in any other fund. Principal sources of revenue are property taxes and contract revenues. Primary expenditures are for fire protection and administration.

Special Revenue Fund

This fund accounts for the equipment reserve. Revenue is primarily from transfers from the General Fund.

Debt Service Fund

This fund is used to accumulate resources for payment of general long-term debt. Property taxes are the primary revenue source.

Capital Projects Funds

These funds are used to account for resources set aside for capital improvements. Revenue is from bond proceeds and transfers from the General Fund.

Proprietary Fund Type

Enterprise Fund

This fund accounts for the training activities of the District. The fund was closed as of June 30, 2002.

Account Groups

General Fixed Assets Account Group

This account group accounts for the District's investment in fixed assets.

General Long-Term Debt Account Group

This account group accounts for unmatured long-term obligations and accrued vacation amounts.

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2002

CASH AND INVESTMENTS

Oregon Revised Statutes (294.035) authorizes the Authority to invest in obligations of the U.S. Treasury and agencies, time certificates of deposit, bankers' acceptances, repurchase agreements, and the State of Oregon Local Government Investment Pool. Such investments are stated at cost, increased by accretion of discounts and reduced by amortization of premiums, both computed by the straight-line method, which approximates fair value.

At June 30, 2002, the District had overdrawn its checking account on a book basis. As checks are presented at the bank for payment, funds are transferred from the sweep account. These overdrafts have been used to maximize interest income during the float period (the time period between the writing of a check and the day the bank receives and honors the check). The District had sufficient assets in the form of investments to cover the overdrafts. The District's deposits in its checking accounts were entirely covered by Federal Depository Insurance and certificates of participation as authorized by Oregon Statutes. The bank sweep account represents an investment in repurchase agreements and is collateralized by the underlying securities.

	<u>Total</u>
Cash on hand and in checking accounts	\$ (227,294)
Bank sweep account	<u>379,033</u>
<i>Total Cash and Investments</i>	151,739
Investments in Local Government Investment Pool (fair value \$10,715,982)	<u>10,705,277</u>
	<u>\$ 10,857,016</u>

The State Treasurer of the State of Oregon maintains the Oregon Short-Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with the Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill, and caution. The investment is carried at cost, which approximates fair value.

NOTE RECEIVABLE

10% note due from Bradley Fleck Properties; monthly payments of \$350 for 15 years. The note is collateralized by an office building and land. Balance owing at June 30, 2002 was \$31,052 and is recorded in the Capital Projects Fund.

FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group during the period July 1, 2001 through June 30, 2002:

	<u>Balance July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2002</u>
Land and buildings	\$ 10,943,232	\$ 2,813,714	\$ -	\$ 13,756,946
Equipment and furniture	<u>8,218,359</u>	<u>1,285,121</u>	<u>73,935</u>	<u>9,429,545</u>
<i>Totals</i>	<u>\$ 19,161,591</u>	<u>\$ 4,098,835</u>	<u>\$ 73,935</u>	<u>\$ 23,186,491</u>

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2002

LONG-TERM DEBT

Changes in long-term debt for the year were as follows:

	<i>Balance July 1, 2001</i>	<i>Additions</i>	<i>Payments</i>	<i>Balance June 30, 2002</i>
Series 1995 bonds payable	\$ 1,625,000	\$ -	\$ 285,000	\$ 1,340,000
Series 2002 bonds payable	9,000,000	-	95,000	8,905,000
Capital leases	1,115,881	-	149,715	966,166
Lease option	60,000	-	30,000	30,000
Accrued compensated absences	911,295	-	11,213	900,082
	<u>\$ 12,712,176</u>	<u>\$ -</u>	<u>\$ 570,928</u>	<u>\$ 12,141,248</u>

At June 30, 2002, future maturities of bond principal and interest are as follows:

<i>Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2003	\$ 615,000	\$ 458,601	\$ 1,073,601
2004	690,000	431,346	1,121,346
2005	940,000	400,536	1,340,536
2006	980,000	358,699	1,338,699
2007	650,000	323,705	973,705
Thereafter	<u>6,370,000</u>	<u>1,409,950</u>	<u>7,779,950</u>
	<u>\$ 10,245,000</u>	<u>\$ 3,382,837</u>	<u>\$ 13,627,837</u>

At June 30, 2002, future maturities of capital leases principal and interest are as follows:

<i>Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2003	\$ 157,125	\$ 45,348	\$ 202,473
2004	164,903	37,571	202,474
2005	173,065	29,458	202,523
2006	181,631	20,842	202,473
2007	190,622	11,852	202,474
Thereafter	<u>98,820</u>	<u>2,416</u>	<u>101,236</u>
	<u>\$ 966,166</u>	<u>\$ 147,487</u>	<u>\$ 1,113,653</u>

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2002

LONG-TERM DEBT (Continued)

At June 30, 2002, future maturities in the lease option are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 30,000	\$ 2,700	\$ 32,700
	<u>\$ 30,000</u>	<u>\$ 2,700</u>	<u>\$ 32,700</u>

PENSION PLAN

Plan Description

District employees participate in the Oregon Public Employees Retirement System (PERS). Contributions are made for employees after six months of employment unless they are members of PERS, and eligible for contributions when they begin employment. PERS is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for government units in the State of Oregon. Benefits generally vest after five years of continuous service in a PERS covered position. Retirement is allowed at age 58 with unreduced benefits, but retirement is generally available after age 55 with reduced benefits. Compulsory retirement age is 70. Contributions made by, or on behalf of, the employee are payable in a lump sum or monthly amounts using several payment options. Contributions made on behalf of the employee to the employer account can only be taken in monthly payments. PERS also provides death and disability benefits. These benefit provisions and other requirements are established by Oregon revised Statutes, Chapter 238. PERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplement information. The stand-alone report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

Funding Policy

The District's contributions rate, based on the most current actuarial valuation, was 10.12% of covered payroll. The required employee contribution is 6% of covered compensation. The contribution requirements of the District are established or may be amended by the PERS Retirement Board while the employees' rate is set by the state statute, ORS 238.200. The District's payroll for employees covered by PERS for the year ended June 30, 2002 was \$10,636,964, the District's total payroll was \$10,841,156.

Annual Pension Cost

For fiscal 2001-02, the District's annual pension cost of approximately \$1,721,476 for PERS was equal to the District's required and actual contributions, including the employee portion of \$621,536. The required contributions and liabilities were determined as part of the December 31, 1999 actuarial valuation using the entry age actuarial cost method. Because all PERS employers are required by law to submit the contributions adopted by the Retirement Board, and the employer contributions are calculated in conformance with the standards of Statement No. 27, there is no net pension obligation. The contributions actually made are the equivalent to the annual pension cost. Significant actuarial assumptions used in the valuation include (1) a rate of return on the investment of present and future assets of 8.5% per year; (b) projected annual salary increases for inflation and merit of 4.25% per year; (c) projected automatic post-retirement benefit increases of 2.0% per year; and (d) demographic assumptions that have been chosen to reflect the best estimate of emerging experience of the members of PERS. The unfunded actuarial liability is amortized as a level percentage of covered payroll over a thirty year period on an open basis.

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2002

PENSION PLAN (Continued)

Annual Pension Cost (Continued)

The following table presents three-year trend information for the District's defined benefit pension plan:

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/00	\$ 1,688,673	100%	\$ 1,688,673
6/30/01	1,704,407	100	1,704,407
6/30/02	1,721,476	100	1,721,476

The following table presents a schedule of funding progress for the District's defined benefit pension plan:

<u>Actuarial Valuation Ending December 31</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Liability (UAL)</u>	<u>Funded Percent</u>	<u>Covered Payroll</u>	<u>UAL as a Percentage of Covered Payroll</u>
12/31/97	\$23,240,850	\$22,618,239	\$ (622,611)	103%	\$ 5,760,150	(11)%
12/31/99	58,225,274	60,164,335	1,939,061	97	9,768,912	20
12/31/00	76,304,850	81,289,823	4,984,973	94	10,841,156	46

DEFICIT FUND BALANCE

The Special Revenue Fund has a deficit fund balance at June 30,2002 of \$24,864.

PENDING GASB STATEMENTS

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, which has not yet been implemented by the District. The District will be required to implement this statement for the fiscal year ending June 30, 2003. This Statement imposes new standard for financial reporting. Financial managers will be required to provide a management's discussion and analysis (MD&A) that gives readers an analysis of the Authority's overall financial position and results of the previous year's operations. The titles and formats of the financial statements change significantly. Governmental units will continue to provide budgetary information in their reports; however, under this Statement, they will be required to provide the government's original budget as well as the final budget and actual results.

SUBSEQUENT EVENT

In October 2002, the District signed a contract with the City of Oregon City to provide fire protection and emergency medical services over a ten year period beginning July 1, 2003. The annual contract fee will be \$3,035,704 with cost of living and other specified increases.

SUPPLEMENTAL DATA

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2002

<u>Function</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE			
Current year taxes	\$ 13,882,460	\$ 13,947,013	\$ (64,553)
Prior years taxes	628,571	586,000	42,571
Other taxes	5,897	-	5,897
Interest	143,782	376,362	(232,580)
Training income	20,719	-	20,719
Contract income	2,869,848	2,976,832	(106,984)
Income, sales of goods and services	7,679	-	7,679
Other income	5,055	70,000	(64,945)
Response income	<u>56,913</u>	<u>30,000</u>	<u>26,913</u>
<i>Total Revenue</i>	17,620,924	17,986,207	(365,283)

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
YEAR ENDED JUNE 30, 2002

<i>Function</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance Favorable (Unfavorable)</i>
PERSONNEL SERVICES			
<i>Personnel</i>			
Fire Chief	\$ 97,852	\$ 97,852	\$ -
Assistant Chief	135,104	140,284	5,180
Deputy Chief	362,461	358,540	(3,921)
Battalion Chief	553,487	554,885	1,398
Program Manager	387,651	331,513	(56,138)
Fire Prevention Officers	288,735	374,629	85,894
Captain	757,877	867,342	109,465
Lieutenant	1,726,733	1,707,912	(18,821)
Apparatus Operator	2,491,665	2,512,404	20,738
Fire Fighter	1,577,718	1,589,006	11,288
Clerical	228,481	237,555	9,074
Finance/Acctg/Support	328,856	327,230	(1,626)
Temporary labor	74,580	38,892	(35,688)
EMT Certification	522,303	490,935	(31,368)
<i>Relief</i>			
School replacement	2,906	27,830	24,924
Vacation/sick leave	464,810	426,820	(37,960)
Administrative leave	16,912	30,000	13,088
Overtime	334,112	213,844	(120,268)
<i>Benefits</i>			
Social security	761,169	748,368	(12,801)
Tri-Met taxes	67,872	63,588	(4,284)
Workers compensation	189,524	196,006	6,482
PERS pickup	521,139	511,717	(9,422)
PERS retirement	1,099,939	1,030,761	(69,178)
Deferred compensation	270,651	386,112	115,461
Unemployment	1,032	12,000	10,968
Life insurance	20,090	22,248	2,158
Medical/dental insurance	1,131,874	1,148,414	16,540
Vehicle allowance	40,470	48,600	8,130
Sick leave incentive	400	800	400
<i>Total Personnel Services</i>	14,456,405	14,496,117	39,712

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
YEAR ENDED JUNE 30, 2002

<u>Function</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
MATERIALS AND SERVICES			
<i>Administration</i>			
Discounts	\$ (1,655)	\$ -	\$ 1,655
Meeting expense	13,647	15,450	1,803
Short-term interest	14,543	15,000	457
Civil service	11,239	18,500	7,261
Bank charges	3,047	3,000	(47)
Dues and publications	22,092	17,960	(4,132)
Awards & Recognition	11,777	20,000	8,223
Program R & D	1,248	4,350	3,102
Operating expenses	54,135	55,040	905
<i>Materials</i>			
Fire fighting supplies	41,918	28,689	(13,229)
EMS & Rescue supplies	32,552	39,335	(6,783)
Expired medical supplies	2,369	-	(2,369)
Fuel	54,526	63,110	8,584
Uniforms and protective equipment	172,610	167,247	(5,363)
Office supplies	45,091	45,450	359
Computer/Video software	93,255	80,710	(12,545)
Photo supplies	3,773	5,750	1,977
Operating supplies	39,093	34,435	(4,658)
<i>Services</i>			
Professional services	403,356	402,811	(545)
Dispatch services	435,129	442,000	6,871
Utilities	149,747	145,740	(4,007)
Telephone services	191,415	221,378	29,963
Property/Casualty insurance	92,223	86,676	(5,547)
Medical exams	111,614	135,470	23,856
Conference and schools	76,498	80,000	3,502
Taxes and assessments	12,848	2,000	(10,848)
Volunteer Fire Fighters	68,688	60,400	(8,288)
<i>Maintenance Services</i>			
Vehicle maintenance	143,410	130,000	(13,410)
Equipment maintenance	25,808	56,070	30,262
Radio maintenance	32,814	15,000	(17,814)
Facility maintenance	149,364	101,775	(47,589)
Office equipment maintenance	11,160	35,428	24,268
Computer/Video maintenance	7,121	10,500	3,379

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
YEAR ENDED JUNE 30, 2002

<u>Function</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
MATERIALS AND SERVICES			
<i>Operating</i>			
Training	\$ 14,064	\$ 22,125	\$ 8,061
Fire prevention	13,790	11,083	(2,707)
Safety	509	500	(9)
Miscellaneous	<u>7,890</u>	<u>8,000</u>	<u>110</u>
<i>Total Materials and Services</i>	2,562,706	2,580,982	18,276
CAPITAL OUTLAY			
Fire apparatus	(2,790)	2,110	4,900
Fire hose	21,672	20,000	(1,672)
Fire fighting equipment	91,735	93,030	1,295
EMS & Rescue equipment	3,888	25,645	21,757
Communication equipment	(1,964)	31,500	33,464
Facility improvements	35,654	46,190	10,536
Furniture, appliances and tools	62,202	86,569	24,367
Office equipment	8,929	16,775	7,846
Computer and A/V hardware	<u>263,877</u>	<u>165,850</u>	<u>(98,027)</u>
<i>Total Capital Outlay</i>	<u>483,204</u>	<u>487,669</u>	<u>4,465</u>
OPERATING CONTINGENCY	<u>—</u>	<u>1,733,454</u>	<u>1,733,454</u>
<i>Total Expenditures</i>	<u>17,502,324</u>	<u>19,608,662</u>	<u>2,106,338</u>
REVENUES OVER (UNDER) EXPENDITURES	118,609	(1,312,015)	1,430,624
OTHER FINANCING SOURCES (USES)			
Transfers out	(557,151)	(557,151)	—
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(438,542)	(1,869,166)	1,430,624
FUND BALANCE, Beginning of year	5,029,082	5,166,896	(137,814)
Residual Equity Transfer	<u>11,974</u>	<u>—</u>	<u>11,974</u>
FUND BALANCE, End of year	<u>\$ 4,602,514</u>	<u>\$ 3,297,730</u>	<u>\$ 1,304,784</u>

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2002

	<u>Actual</u>	<u>Budget</u>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Interest	\$ 7,090	\$ 12,165	\$ (5,075)
Miscellaneous	<u>10,087</u>	<u>25,000</u>	<u>(14,913)</u>
<i>Total Revenues</i>	17,177	37,165	(19,988)
EXPENDITURES			
Capital outlay	461,880	480,330	18,450
Contingency	<u>—</u>	<u>5,000</u>	<u>5,000</u>
<i>Total Expenditures</i>	<u>461,880</u>	<u>485,330</u>	<u>23,450</u>
REVENUES OVER (UNDER) EXPENDITURES	(444,703)	(448,165)	3,462
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>312,151</u>	<u>312,151</u>	<u>—</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(132,552)	(136,014)	3,462
FUND BALANCE, Beginning of year	<u>107,688</u>	<u>225,000</u>	<u>(117,312)</u>
FUND BALANCE, End of year	<u>\$ (24,864)</u>	<u>\$ 88,986</u>	<u>\$ (113,850)</u>

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2002

	<u>Actual</u>	<u>Budget</u>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Taxes and assessments	\$ 1,015,495	\$ 1,015,995	\$ (500)
Interest on investments	<u>7,130</u>	<u>200</u>	<u>6,930</u>
<i>Total Revenues</i>	1,022,625	1,016,195	6,430
EXPENDITURES			
Debt service	991,195	991,195	-
Operating contingency	<u>-</u>	<u>15,000</u>	<u>15,000</u>
<i>Total Expenditures</i>	<u>991,195</u>	<u>1,006,195</u>	<u>15,000</u>
REVENUES OVER (UNDER) EXPENDITURES	31,430	10,000	21,430
FUND BALANCE, Beginning of year	<u>37,631</u>	<u>10,000</u>	<u>27,631</u>
FUND BALANCE, End of year	<u>\$ 69,061</u>	<u>\$ 20,000</u>	<u>\$ 49,061</u>

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
COMBINING BALANCE SHEET - ALL CAPITAL PROJECTS FUNDS
JUNE 30, 2002

	<u>Bond</u>	<u>Capital Projects</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 5,913,445	\$ 137,208	\$ 6,050,653
Notes receivable	—	31,052	31,052
<i>Total Assets</i>	<u>\$ 5,913,445</u>	<u>\$ 168,260</u>	<u>\$ 6,081,705</u>
 LIABILITIES AND FUND EQUITY			
Liabilities			
Deferred revenue	\$ —	\$ 31,052	\$. 31,052
Fund Balances - unreserved	<u>5,913,445</u>	<u>137,208</u>	<u>6,050,653</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$ 5,913,445</u>	<u>\$ 168,260</u>	<u>\$ 6,081,705</u>

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2002

	<u>Bond</u>	<u>Capital Projects</u>	<u>Totals</u>
REVENUES			
Interest on investments	\$ 203,152	\$ 1,772	\$ 204,924
Miscellaneous	<u>—</u>	<u>4,200</u>	<u>4,200</u>
<i>Total Revenues</i>	203,152	5,972	209,124
EXPENDITURES			
Capital outlay	<u>3,110,876</u>	<u>159,331</u>	<u>3,270,207</u>
<i>Total Expenditures</i>	<u>3,110,876</u>	<u>159,331</u>	<u>3,270,207</u>
REVENUES OVER (UNDER) EXPENDITURES	(2,907,724)	(153,359)	(3,061,083)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>—</u>	<u>245,000</u>	<u>245,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES			
	(2,907,724)	91,641	(2,816,083)
FUND BALANCES, Beginning of year	<u>8,821,169</u>	<u>45,567</u>	<u>8,866,736</u>
FUND BALANCES, End of year	<u>\$ 5,913,445</u>	<u>\$ 137,208</u>	<u>\$ 6,050,653</u>

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUNDS - SINKING FUND
YEAR ENDED JUNE 30, 2002

	<u>Actual</u>	<u>Budget</u>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Interest on investments	\$ 203,152	\$ 373,250	\$ (170,098)
 EXPENDITURES			
Capital outlay	3,110,876	6,166,000	3,055,124
Operating contingency	—	150,000	150,000
 <i>Total Expenditures</i>	<u>3,110,876</u>	<u>6,316,000</u>	<u>3,205,124</u>
 REVENUES OVER (UNDER) EXPENDITURES	(2,907,724)	(5,942,750)	3,035,026
 FUND BALANCE, Beginning of year	<u>8,821,169</u>	<u>7,465,000</u>	<u>1,356,169</u>
 FUND BALANCE, End of year	<u>\$ 5,913,445</u>	<u>\$ 1,522,250</u>	<u>\$ 4,391,195</u>

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUNDS - CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2002

	<u>Actual</u>	<u>Budget</u>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Interest in investments	\$ 1,772	\$ 929	\$ 843
Miscellaneous	<u>4,200</u>	<u>—</u>	<u>4,200</u>
<i>Total Revenues</i>	5,972	929	5,043
EXPENDITURES			
Capital outlay	<u>159,331</u>	<u>160,000</u>	<u>669</u>
REVENUES OVER (UNDER) EXPENDITURES	(153,359)	(159,071)	5,712
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>245,000</u>	<u>245,000</u>	<u>—</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	91,641	85,929	5,712
FUND BALANCE, Beginning of year	<u>45,567</u>	<u>37,177</u>	<u>8,390</u>
FUND BALANCE, End of year	<u>\$ 137,208</u>	<u>\$ 123,106</u>	<u>\$ 14,102</u>

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
PROPRIETARY FUND TYPE - ENTERPRISE FUND - TRAINING FUND
YEAR ENDED JUNE 30, 2002

	<u>Actual</u>	<u>Budget</u>	<i>Variance Favorable (Unfavorable)</i>
OPERATING REVENUES			
Charges for services	\$ 400	\$ 2,000	\$ (1,600)
Interest	<u>390</u>	<u>267</u>	<u>123</u>
<i>Total Revenues</i>	790	2,267	(1,477)
OPERATING EXPENSES			
Contingency	<u>—</u>	<u>10,000</u>	<u>10,000</u>
REVENUES OVER (UNDER) EXPENSES	790	(7,733)	8,523
FUND BALANCE, Beginning of year	11,184	10,661	523
Residual Equity Transfer	<u>(11,974)</u>	<u>—</u>	<u>(11,974)</u>
FUND BALANCE, End of year	<u>\$ —</u>	<u>\$ 2,928</u>	<u>\$ (2,928)</u>

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
STATEMENT OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2002

<u>Tax Roll Year</u>	<u>Taxes Uncollected July 1, 2001</u>	<u>2001-2002 Tax Levy</u>	<u>Taxes Collected Current Year</u>	<u>Net Adjustment to Tax Roll</u>	<u>Taxes Uncollected June 30, 2002</u>
Clackamas County					
Prior years	\$ 4,958	\$ -	\$ 1,066	\$ 724	\$ 4,616
1993-1994	1,702	-	533	49	1,218
1994-1995	1,803	-	491	73	1,385
1995-1996	3,248	-	787	(229)	2,232
1996-1997	6,761	-	1,517	(410)	4,834
1997-1998	24,958	-	14,360	(4,211)	6,387
1998-1999	96,139	-	62,230	(4,832)	29,077
1999-2000	225,866	-	106,515	(7,130)	112,221
2000-2001	594,043	-	298,266	(47,918)	247,859
2001-2002	-	16,055,277	14,993,514	(430,630)	631,133
	<u>\$ 959,478</u>	<u>\$ 16,055,277</u>	15,479,279	<u>\$ (494,514)</u>	<u>\$ 1,040,962</u>
Multnomah County					
			53,144		
			<u>\$ 15,532,423</u>		

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 2002

<u>Company</u>	<u>Policy Number</u>	<u>Policy Term</u>	<u>Amount of Insurance</u>	<u>Coverage</u>
Special Districts Insurance Services	17P52015	1/1/02-03	Various	Property Liability Crime General - Automobiles
Provident Agency	DCC6442314	7/1/01-02	\$ 25,000 2,500 1,000	Accidental Death & Dismemberment Accidental Medical Expense Weekly Disability Income
Hartford Fire Insurance Company	52BPEAI9284	10/1/01-02	200,000	Public Employee Fidelity Bond
SAIF	431322138	7/1/01- 6/30/02	500,000 500,000 500,000	Each Accident Disease - Policy Limit Disease - Employee Limit

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS
YEAR ENDED JUNE 30, 2002

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

Significant Accounting Policies

The significant accounting policies followed in preparing the District's financial statements are summarized in the notes to the general purpose financial statements.

Organization and Fund Structure

The organization and fund structure of the District is documented on the title page and in the notes to the general purpose financial statements.

Internal Accounting Control

We have audited the general purpose financial statements of Clackamas County Fire District No. 1 as of and for the year ended June 30, 2002, and have issued our report thereon dated October 8, 2002. As part of our audit, we made a study and evaluation of accounting systems and controls as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the District's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control of the District taken as a whole. However, our study and evaluation disclosed no condition that we believe to be a material weakness.

Depositories and Collateral

The depositories and the amount of collateral pledged by these depositories to secure funds of the District were reviewed and appeared to be in compliance with Oregon Revised Statutes.

Investments

Our review of deposit and investment balances and the investment policies of the District appear to be in compliance with ORS 295, as it pertains to the investment of public funds during the year ended June 30, 2002.

Indebtedness

We reviewed compliance relating to short-term debt, including limitations on the amount of debt which may be incurred, liquidation of debt within other agreements, including any restrictions on the use of monies available to retire indebtedness. We found no instances in which the District had not complied with these legal or contractual provisions relating to short-term debt.

Budget

The District has complied with Local Budget Law (ORS 294) and ORS 264.300 in the preparation and adoption of its budget and tax levy for fiscal years ending June 30, 2002 and 2003, except as noted by the Department of Revenue.

CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON
AUDITOR'S COMMENTS AND DISCLOSURES (Continued)
YEAR ENDED JUNE 30, 2002

Public Contracts and Purchasing

The District appears to have complied in all material respects with ORS 279 pertaining to purchasing and the awarding of public contracts.

Insurance and Fidelity Bonds

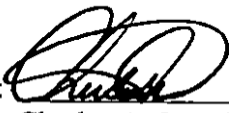
We reviewed the insurance policies and fidelity bonds of the District and have included a Schedule of Insurance in Force at June 30, 2002, in this report. Our professional training does not qualify us to state whether insurance coverage is adequate.

Schedule of Accountability of Independently Elected Officials

There are no elected District officials who collect or receive funds on behalf of the District.

This report is intended for the information of the Board of Directors and management of Clackamas County Fire District No. 1. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 

Charles A. Swank, Shareholder
October 8, 2002