



CITY OF
**West
Linn**

State of City Finances

Presentation to West Linn Rotary

July 14, 2010



From Audits to Budgets to Taxes to Debt

- Timely annual audits ensure compliance and accountability

- In February 2009, the City's independent auditing firm issued a clean opinion on the FY08 financials, thus, completely catching up the previous back log of five years of audit work.

- Firsts with the FY08 audit document include:
 - *It's a Comprehensive Annual Financial Report*
 - *Includes a totally clean opinion on finances and capital assets*
 - *Includes new sections like demographics and statistics*
 - *Submitted to national GFOA review and award program*

Notable Accomplishments



Audits

- 2006 , 2007, 2008, and 2009 Audit s caught up, completed, and clean opinions
- Internal controls revamped, enforced, and periodically reviewed by auditing firm

Financial Reports & Awards

- Budget are receiving the GFOA award for Distinguished Budget Presentation.
- Audits are receiving the GFOA award for the Certificate of Excellence.
- Annual Report are receiving the GFOA award for the Distinguished PAFR Award.

Financial Condition of West Linn

- Bond rating restored to AA- with S&P; Moody's upgraded credit to Aa2 in May 2010
 - *\$436,000 in interest savings with 2009 Bond Refunding*
- Policy reserves continue to improve
 - *In FY 2009 budget, reserves for 12 of 15 funds meet or exceed policy levels*



Taxes and Fees ... come with limitations

- 🍃 Inflation ~ running between 3 and 5% annually
- 🍃 Taxes ~ limited to only a 3% increase each year, without a vote
- 🍃 Fees ~ utilities rates are limited by 5% increase each year, without a vote
- 🍃 Challenging and Frustrating:
 - The above revenue constraints on City taxes and fees means that City budgets get harder and harder to balance their costs to within their revenues, while still providing the same current level of services
 - Citizens wants new programs, new services, and higher level of service
 - We are doing more with less



Debt ... where art thou?

🍃 Total Debt of \$16 million on \$260 million of City Assets

- Too much, or too little? Keeping up with maintaining infrastructure?
- Bond Rating agencies restored City's bond rating last summer
- Bond rating agencies reaffirmed AA- in January bond sale
- Refinanced older 5.5% debt with 3.5% debt saving \$436,000
- Working on two more refundings to save approximately \$730,000 in Aug 2010

🍃 Three Types of Debt Outstanding

- General obligation bonds, paid from property taxes
- Full Faith and Credit Obligations, paid from general fund revenues
- Revenue Bonds, paid from utility rates

Reserves ... not much



- ✦ With the FY09 budget, only 12 of the 15 funds met reserve policy minimums
- ✦ With the BN11 budget, all 15 funds met reserve policy minimums
 - All of things being equal, throw in the economy, and it will be just that much harder next year
 - Bond Rating agencies look to reserve management in their annual review and evaluations
 - Reserves provide stability for economic downturns, emergencies, and unexpected items
 - West Linn is a AA rated city and has \$10 million in reserves across 15 funds
 - AAA rated cities have 5 times the amount of reserves



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Investment in West Linn's Water System

Water Main Breaks, How to Pay, and Conservation Pricing Options

May 24, 2010

Aging Water Pipes

Water System Map Pipe Age

Map Legend

West LinnWater Mains

Age in Years*

- 1981-2010 (1-29 years old)
- 1961-1980 (30-49 years old)
- 1951-1960 (50-59 years old)
- 1929-1950 (60-81 years old)
- Unspecified Age
- Range Estimated

Asbestos Pipe

- Areas in the City with Asbestos Concrete Pipes
- Bolton Reservoir 100 years
- City Reservoirs & Lake Oswego Intertie
- Major Streets

Age of Pipe Greater than 50 Years

*Year of installation is approximate in some locations





Water Break – May 17, 2010 on Broadway Street





City Crews Worked Round the Clock to Patch





Water Break – December 2, 2009 on Skyline Circle

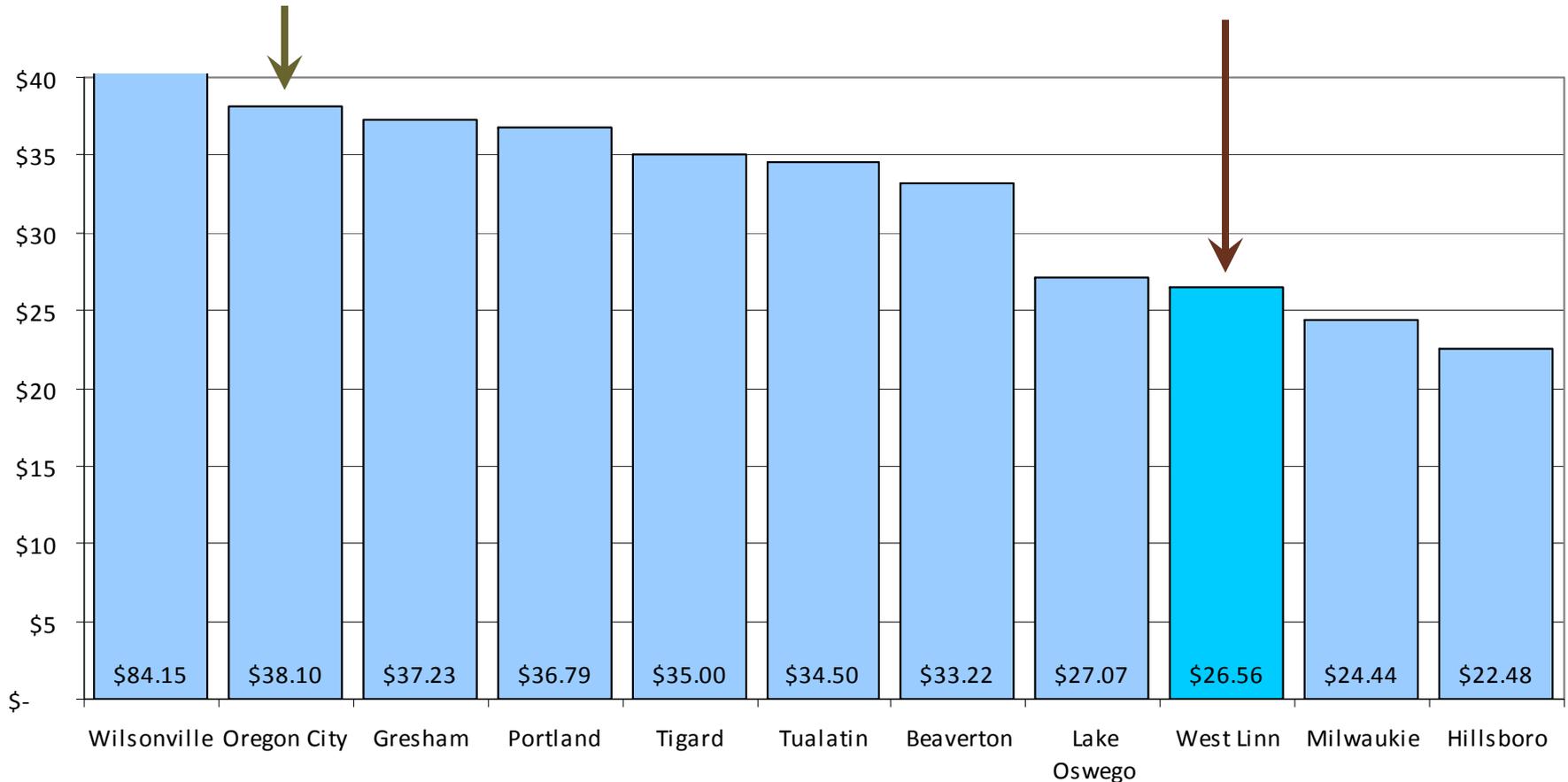


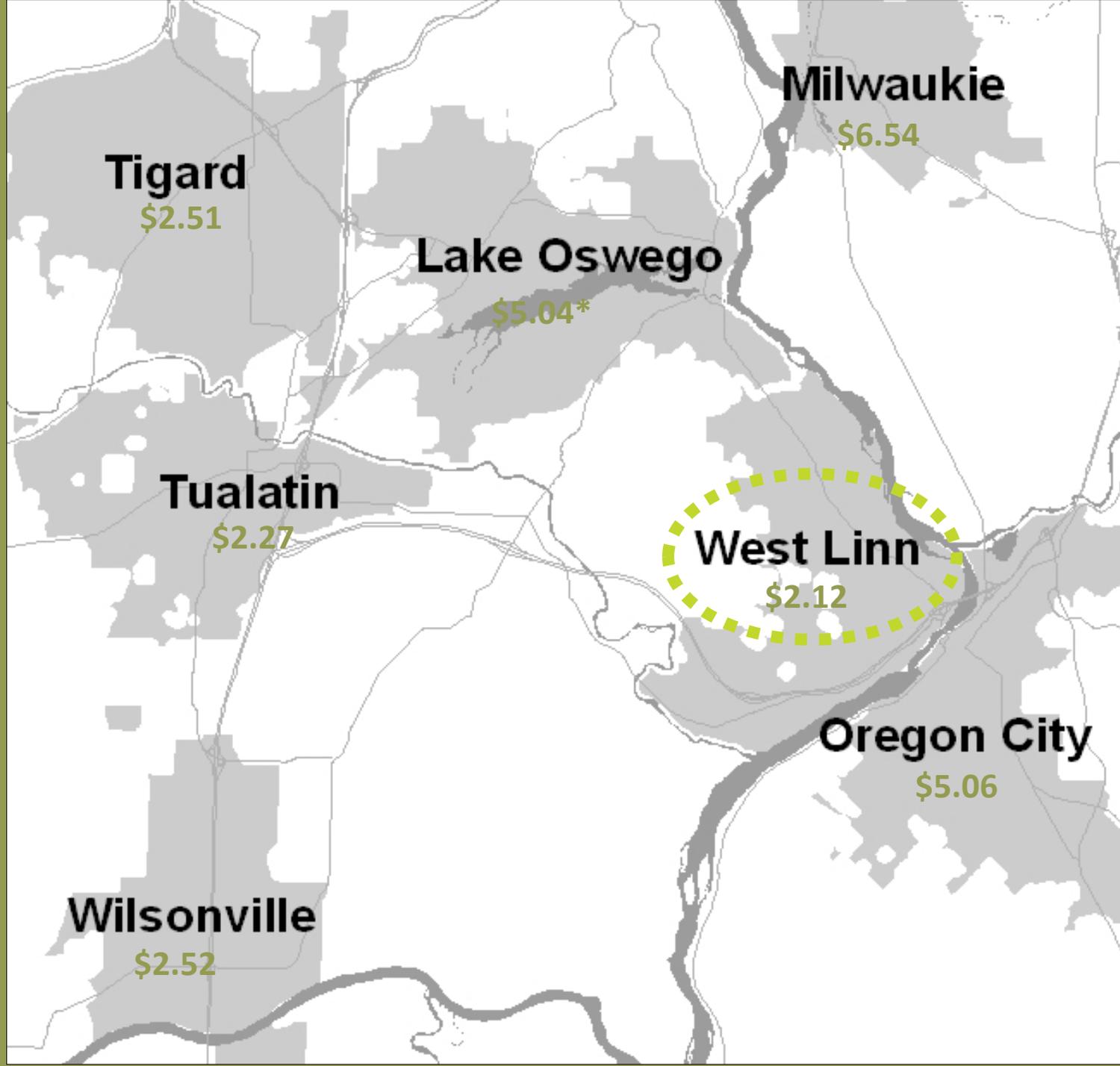
Still one of the Lowest Water Bills after Proposed Increases



Comparison of Neighboring Cities' Average Monthly Water Bills

Hypothetical FY 2013: Assumes West Linn adopts Conservation Pricing, and a modest 5% annual increase for all other cities





Tigard

\$2.51

Lake Oswego

\$5.04*

Milwaukie

\$6.54

Tualatin

\$2.27

West Linn

\$2.12

Oregon City

\$5.06

Wilsonville

\$2.52



The Future?



🌱 Things are changing at City Hall

- Good employees doing the right things
- Oversight by top managers and leadership
- Internal Controls have improved greatly
- Audits are up to date
- Bond issues are being refinanced
- Awards are being received for top three products: Audits, Budgets, and Annual Report
- Credit Rating agencies are excited with West Linn - suggesting that an upgrade could be coming in our near future, they commented on the new leadership, and like their focus 5-year projection planning and biennial budgeting intentions

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Welcome Home to West Linn

Finance Department

Address: [Map to City Hall](#)
Phone: 503-656-4261
Utility Billing: 503-656-4262
Payment service: 1-800-701-8560

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Finance Headlines



Paying your Utility Bill

Finance offers several ways to efficiently make payments towards your Utility Bill account.

Automatic - direct from your Bank Account

[read more](#)

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Key Topics



FY 2009 PAFR

This document is the City's second Regular Annual Financial



City Council Adopts Biennial Budget

On June 23, 2009, the City

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Questions and Answers



- It's taken some time to recover, but with good employees and good leadership we have gained much ground
- Your support is key
- Your feedback is key
- We work for you

- Questions?