

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2013



CITY OF
**West
Linn**

OREGON

100 Years • 1913 - 2013

Courtesy of Old Oregon Photos

CITY OF WEST LINN, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2013

prepared by

Finance Department
City of West Linn, Oregon

available online at
<http://westlinnoregon.gov>



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CITY OF WEST LINN, OREGON

Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2013

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CITY OF WEST LINN, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT

SECTION I

INTRODUCTORY SECTION

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CITY OF West Linn

December 9, 2013

Mayor, City Councilors, Audit Committee and
Citizens of the City of West Linn, Oregon

The Comprehensive Annual Financial Report (CAFR) of the City of West Linn, Oregon (the City) for the fiscal year ended June 30, 2013 is hereby submitted.

This report presents the financial position of the City as of June 30, 2013 and the results of its operations for the fiscal year then ended. The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and meet the requirements of the standards prescribed by the Oregon Secretary of State Audits Division. We believe the data, as presented, is accurate in all material respects and presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City.

The accuracy of the City's financial statements and the completeness and fairness of their presentation is the responsibility of City management. The City maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded against loss or unauthorized use and that financial records can be relied upon to produce financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that the cost of maintaining the system of internal accounting controls should not exceed benefits likely to be derived.

Talbot, Korvola & Warwick LLP, Certified Public Accountants, have issued an unmodified or "clean" opinion on the City's financial statements for the fiscal year ended June 30, 2013. The independent auditor's opinion is located at page 12 in the Financial Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A is located at page 15 immediately following the independent auditor's opinion.

Profile of the Government

West Linn is a community where citizens, civic organizations, businesses and city government work together to ensure that the community retains its hometown identity, high quality of life and its natural beauty. The City incorporated in 1913 and today serves a population of 25,370. It is close to the region's business core and urban amenities, with Portland approximately twenty miles to the north. At the same time, the City provides a

small-town atmosphere and distinct neighborhoods that range from the Historic Willamette District with its pioneer-era dwellings, to the contemporary architecture of newer homes. The City is approximately twenty miles from the Portland International Airport.

The City is a full-service municipality that operates under a council/manager form of government. The elected City Council consists of the Mayor and four Councilors who act as the board of directors. The Council sets policies for city government, enacts ordinances and hires, directs and evaluates the city manager. In turn, the city manager is the City's chief executive officer, responsible for overall management and administration.

Municipal services are provided by City employees and headed by the city manager. The City operates its own police department, a municipal court, water, sewer and surface water utilities, street operations, planning, engineering, fleet management, library and extensive year-round park and recreation programs.

The Tualatin Valley Fire and Rescue District provides fire and emergency services to the community. The City lies within Clackamas County, which is headed by a board of commissioners and based in neighboring Oregon City. The City is also part of Metro, the tri-county urban services district based in Portland.

Local Economy

The City's economy is linked with that of the entire Portland Metropolitan area, but is more insulated from economic downturns because of the high education and skill level of its population. Per capita income is one of the highest of any city in the state of Oregon.

West Linn is primarily a residential community with a low ratio of heavy industry and retail-based commercial activity. The largest non-manufacturing employers are the West Linn/Wilsonville School District and Safeway Inc. The largest manufacturing employer is the West Linn Paper Company.

Long-term Financial Planning

Long-term financial planning is performed on an ongoing basis. The controlling document is the City's five year financial forecasting plan which includes reserves by fund that fall within the policy guidelines set by the Council and reviewed by the Citizens' Budget Committee during the budget process. Reserve policy guidelines are measured as a percentage of annual operating expenses and generally range between 15 and 20 percent depending on the fund.

Along with the adoption of the 2014-2015 biennial budget, certain utility rate fee increases were approved by City Council with the support of the Citizens' Budget Committee and the Utility Advisory Board. Effective January 1, 2013, a five percent rate increase for water, sewer, and surface water management fees was approved. Effective July 1, 2013, a five percent rate increase was approved for the parks fees. Effective September 1, 2013, a \$4.42 per month increase was approved for the residential street fee and effective January 1, 2014, a five percent rate increase was approved for water, sewer, and surface water management.

In regards to the City's long-term debt obligations, the City had \$13.8 million outstanding in three general obligation bond issues, \$5.6 million outstanding in two full faith and credit obligations, and \$1.0 million outstanding in a water revenue bond issue, for a total of \$20.4 million in long-term debt outstanding as of June 30, 2013.

City's Credit Ratings

In May 2010, Moody's Investors Service upgraded the City's credit rating on its outstanding general obligation debt to Aa2 as part of their global recalibration effort. Later, in August 2010, Moody's reaffirmed this higher Aa2 credit rating stating "these rating assignments primarily reflect the City's improved managerial oversight and stronger financial position."

In August 2010, Standard & Poor's also upgraded the City's credit rating on its outstanding general obligation debt to their AA level noting the "City's use of a five-year financial forecast to build budgets and its quarterly reports on budgeted numbers compared to actual performance to the City Council."

New Police Station

On November 8, 2011, voters approved Ballot Measure 3-377 authorizing the issuance of up to \$8.5 million in general obligation bonds to allow for the acquisition, construction and furnishing of a new police station to be located at 8th Avenue and 13th Street. It was estimated at the time that this measure would increase the property tax rates by \$0.16 cents per thousand of assessed value and that the tax impact on an average West Linn home with an assessed value of \$285,000 was estimated at \$46 per year.

In January 2012, the City marketed and subsequently sold \$8.5 million in general obligation bonds. The Official Statement outlined the demographics and financial condition of the City. With bond interest rates at historic lows, it was an excellent time to sell municipal bonds and resulted in the City receiving an overall true interest cost rate over twenty years of 2.25 percent. Commencing with the November 2012 property tax bills, the bonded debt tax rate increased by \$0.14 cents per thousand of assessed value to cover the debt service payments.

Aquatic Center

After decades of debate surrounding an aquatic center in West Linn, City Council placed Ballot Measure 3-432 on the November 5, 2013 election for voters to consider. This measure was to request authority to issue up to \$24 million in general obligation bonds to construct, equip, and furnish a new indoor aquatic and community center. The new aquatic and community center would be constructed on City-owned property on Parker Road next to Tanner Creek Park. Approximately \$1.5 million of the proceeds from the bond sale would be used to refinance the City's previous acquisition of this property.

Initial plans for the aquatic and community center included an indoor pool with aquatic park-like features, a gym, running track, classrooms and fitness areas. The facility design was expected to accommodate the future addition of a multi-lane lap pool.

Ballot Measure 3-432 did not pass by a margin of 75 percent voting no to 25 percent voting yes. If it passed, property taxes were estimated to increase by approximately \$0.53 cents per thousand of assessed value or \$152 per year on a home assessed at \$285,000.

History of City's Low Permanent Property Tax Rate

Two serial levies were in place for the City of West Linn in fiscal years 1994-95, 1995-96 and 1996-97. Both of these serial levies expired before the Measure 50 permanent property tax rates were established. Hence, neither of these two serial levies rolled into the permanent

rate for the City of West Linn. Later, West Linn voters approved two local option levies in March 1997 which replaced the two serial levies; however, this election was too late for the permanent rate calculation which occurred in late 1996. Today, the permanent property tax rate for the City of West Linn is at \$2.12 per thousand of assessed value, the lowest property tax rate for cities in the surrounding area.

Major Initiatives

The City has continued to establish and work toward clearly defined goals and objectives. During the budget review process, goals and objectives are developed and prioritized by the City Council and staff. The process is a continuing cycle of setting goals and objectives, reviewing short- and long-term goals, evaluating results, and reassessing the goals and their priority.

In preparing the budget for the 2014-2015 biennium, the City Council adopted various goals that were then incorporated into budgeted operations. The City Council updated their previous goal list and established guidelines for achievement in the following major areas: enhancing pedestrian safety and bike/pedestrian opportunities, decide upon an aquatic center, create master plan for the Blue Heron property, utility infrastructure, economic development, and plan for a successful Centennial celebration.

The Citizens' Budget Committee continued with biennial budgeting and approved the City's third biennial budget allowing better alignment of the City's budget with the State's and an increased focus on a longer term. With this financial report for the fiscal year ended June 30, 2013, the actual results reflect the second year of the biennium. Additionally, the City's Audit Committee, consisting of Councilors Thomas Frank and Mike Jones, partnering with a West Linn resident and Certified Public Accountant (currently vacant), continue their focus on audit oversight and improving all finance processes.

Awards

Comprehensive Annual Financial Reporting Award. For the fifth consecutive year, the City received the *Certificate of Achievement for Excellence in Financial Reporting* award from the Government Finance Officer's Association (GFOA) for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. The *Certificate of Achievement for Excellence in Finance Reporting* is a prestigious national award that recognizes conformance with the highest standards of preparation of state and local government financial reports. In order to receive this award, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards and satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

Popular Annual Financial Reporting Award. For the City's fifth consecutive year, the GFOA has given the *Award for Outstanding Achievement in Popular Annual Financial Reporting* for the City's Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2012. The *Award for Outstanding Achievement in Popular Annual Financial Reporting* is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government popular reports. In order to receive this award, a government unit must publish a PAFR, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

Distinguished Budget Presentation Award. The City received the *Distinguished Budget Presentation Award* for its 2014-2015 biennial budget from the GFOA, making this the fourth consecutive City budget document to receive this award. This award is the highest form of recognition in governmental budgeting. Its attainment represents a significant accomplishment by a governmental entity, its financial staff, and its management. This international award program was first established in 1984 to encourage exemplary budgetary practices and to provide peer recognition for government finance officers who prepare budget documents. Budget proficiency is rated in four major categories: as a policy document, an operations guide, a financial plan, and a communications device.

Acknowledgements

The preparation of this Comprehensive Annual Financial Report was a combined effort of the dedicated Finance staff under the direction of Richard Seals. We wish to express our appreciation to everyone who contributed to the preparation of this report. Credit is also given to the Mayor, the Councilors, and the Audit Committee for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Christopher A. Jordan
City Manager



Richard W. Seals, CPA CMA CFM CFE
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of West Linn,
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2012

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zielle

President

Jeffrey R. Emer

Executive Director

CITY OF WEST LINN, OREGON
Elected and Appointed Officials

Elected Officials	Term Expires
John Kovash, Mayor	December 31, 2016
Jody Carson, Council President	December 31, 2014
Thomas Frank, Councilor	December 31, 2016
Mike Jones, Councilor	December 31, 2014
Jenni Tan, Councilor	December 31, 2016
Rhett Bernstein, Municipal Court Judge	December 31, 2014

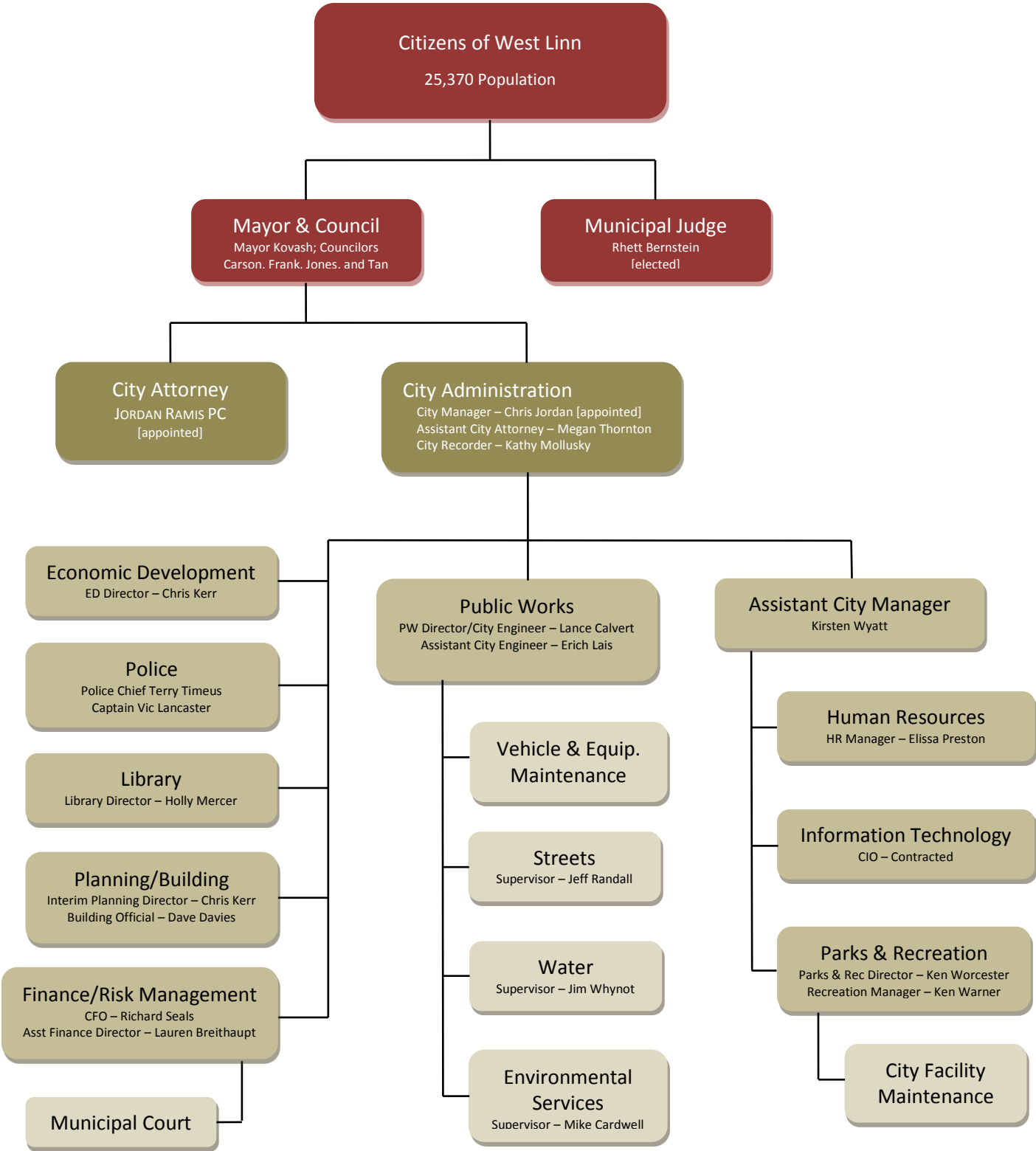
Appointed Officials	Position
Christopher A. Jordan	City Manager
JORDAN RAMIS PC	Legal Counsel/City Attorney

Management Team:

Lauren Breithaupt, CPA	Assistant Finance Director
Lance Calvert, PE	Public Works Director
Chris Kerr	ED/Interim Planning Director
Holly Mercer	Library Director
Kathy Mollusky, CMC	City Recorder
Elissa Preston	Human Resource Manager
Richard Seals, CPA CMA CFM CFE	Chief Financial Officer
Megan Thornton	Assistant City Attorney
Terry Timeus	Police Chief
Ken Worcester	Parks and Recreation Director
Kirsten Wyatt	Assistant City Manager

CITY OF WEST LINN, OREGON

Organizational Chart



CITY OF WEST LINN, OREGON
Audit Committee

Resolution 06-33 adopted in July 2006 established an Audit Committee to ensure that audits are completed annually in accordance with Oregon state law, provide oversight of the independent auditors, assist in the review and selection of audit firms, and ensure transparent communication back to the Council and citizens of West Linn.

Resolution 09-11 adopted in June 2009 added one citizen member to the Committee for a four-year term with an interest and experience in City government financial operations, preferably a Certified Public Accountant residing within City limits.

Audit Committee Members	Term Expires
Two Council Members:	
Thomas Frank, Councilor	December 31, 2016
Mike Jones, Councilor	December 31, 2014
One Citizen Member:	
<i>Currently vacant</i>	December 31, 2013

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**CITY OF WEST LINN, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

SECTION II

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

December 9, 2013

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Linn, Oregon (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of South Fork Water Board, a joint venture equity investment, which statements reflect the City's investment constituting 3 percent of total assets at June 30, 2013, and the City's revenues constituting 1 percent of total revenues for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for South Fork Water Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Talbot, Korvola
& Warwick, LLP

Certified Public Accountants
& Consultants

4800 Meadows Road, Suite 200
Lake Oswego, Oregon 97035-4293

P 503.274.2849
F 503.274.2853

www.tkw.com

INDEPENDENT AUDITOR'S REPORT (Continued)

Honorable Mayor and City Councilors
City of West Linn, Oregon
December 9, 2013

OPINIONS

In our opinion, based on our audits and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as Management's Discussion and Analysis and the Schedule of Funding Progress as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to this required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying budgetary comparison information for the General Fund, Public Safety Fund, Parks and Recreation Fund, Library Fund, and the Street Fund, as listed in the Table of Contents as Required Supplementary Information, is not a required part of the basic financial statements and is presented for purposes of additional analysis, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Required Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other schedules as listed in the Table of Contents as Other Supplementary Information and Other Financial Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

INDEPENDENT AUDITOR'S REPORT (Continued)

Honorable Mayor and City Councilors
City of West Linn, Oregon
December 9, 2013

OTHER MATTERS (Continued)

Other Information (Continued)

The Other Supplementary Information and Other Financial Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information and Other Financial Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


The Introductory and Statistical Sections, as listed in the Table of Contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY OREGON MINIMUM STANDARDS

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 9, 2013, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

TALBOT, KORVOLA & WARWICK, LLP

Certified Public Accountants

By  _____
Angelique Whitlow, Partner

CITY OF WEST LINN, OREGON

Management's Discussion and Analysis

For the fiscal year ended June 30, 2013

Management's Discussion and Analysis (MD&A) is presented to facilitate financial analysis and provide an overview of the financial activities of the City of West Linn (the City) for the fiscal year ended June 30, 2013. Information in the MD&A is based on currently known facts, decisions and conditions. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

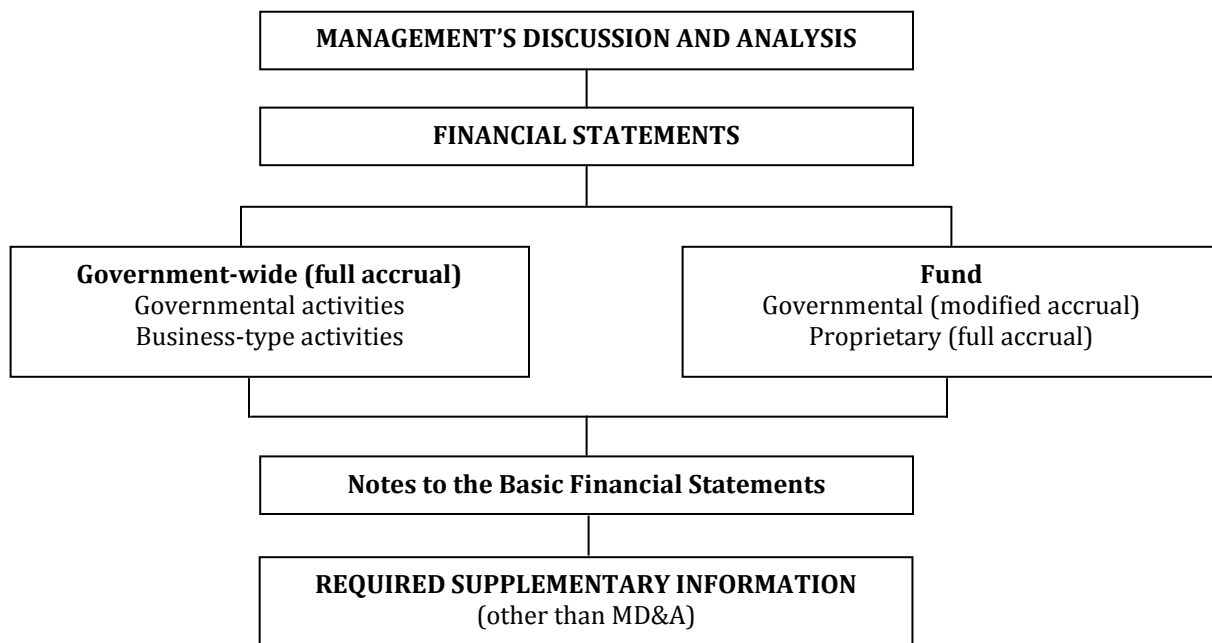
- The City's assets totaled \$295.6 million at June 30, 2013, consisting of \$260.8 million in capital assets, \$10.2 million in unrestricted cash and investments, \$13.2 million in restricted cash and investments, and \$11.4 million in investment in joint venture and other assets. Total assets increased by \$0.8 million from the previous fiscal year.
- The City's liabilities totaled \$25.2 million at June 30, 2013 consisting of \$22.5 million in long-term liabilities and \$2.7 million in accounts payable and other liabilities.
- The assets of the City exceeded its liabilities by \$270.4 million at the close of fiscal year 2013. Unrestricted net position totaled \$17.6 million with the remainder of the City's net position invested in capital assets net of related debt (\$246.2 million) and restricted for endowment, capital projects, building operations, and debt service (\$6.6 million).
- For its governmental activities, the City generated \$11.6 million in charges for services and received \$4.2 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$24.9 million for the year, resulting in a net direct expense of \$9.1 million. \$9.5 million of general revenues received and \$0.4 million of transfers out resulted in no change in net position.
- For its business-type activities, the City generated \$7.1 million in charges for services and capital grants and contributions to fund direct expenses of \$6.0 million.
- Fund balance in the City's governmental funds was \$18.3 million at June 30, 2013, decreased by \$0.7 million from June 30, 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to this discussion and analysis, the financial section of this annual report contains the *basic financial statements, required supplementary information, and other supplementary information*, including the *combining statements and schedules* of the nonmajor funds.

The basic financial statements also include *notes* that explain the information in the financial statements and provide additional details. The following chart illustrates how the various sections of this annual report are arranged relative to one another.

Chart 1 - Required Elements of the Comprehensive Annual Financial Report



Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The *Statement of Net Position* includes *all* of the City's assets and liabilities. All of the current year's revenues and expenses are accounted for in the *Statement of Activities* regardless of when cash is received or paid.

The two government-wide statements report the City's *net position* and how it has changed. Net position—the difference between assets and liabilities—is one way to measure the City's *financial health* or *position*.

- Over time, increases or decreases in the City's net position is one indicator of whether its *financial health* is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as changes in the City's property tax base and the condition of the City's roads.

The government-wide financial statements of the City are divided into two categories:

- Governmental activities—Most of the City's basic services are included here, such as police, parks and recreation, library, public works, and general administration. Property taxes, charges for services, and operating and capital grants and contributions fund most of these activities.
- Business-type activities—The City charges fees to customers to help cover the costs of certain services it provides. The City's water and environmental services, including sanitary sewer and surface water management systems, are included here.

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$270.4 million at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (91 percent) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, and infrastructure), less any related debt outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves either cannot or are not expected to be used or liquidated to repay these liabilities.

Table 1
Net Position as of June 30th
(in millions)

	Government activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 21.1	\$ 21.3	\$ 13.7	\$ 12.9	\$ 34.8	\$ 34.2
Capital assets	231.5	232.1	29.3	28.5	260.8	260.6
Total assets	<u>252.6</u>	<u>253.4</u>	<u>43.0</u>	<u>41.4</u>	<u>295.6</u>	<u>294.8</u>
Long-term liabilities	21.4	21.8	1.1	1.1	22.5	22.9
Other liabilities	2.0	2.4	0.7	0.6	2.7	3.0
Total liabilities	<u>23.4</u>	<u>24.2</u>	<u>1.8</u>	<u>1.7</u>	<u>25.2</u>	<u>25.9</u>
Net position:						
Net investment in capital assets	217.9	218.0	28.3	27.4	246.2	245.4
Restricted for:						
Library endowment	0.1	0.1	-	-	0.1	0.1
Debt service	0.1	0.1	0.2	0.2	0.3	0.3
Building operations	0.1	0.3	-	-	0.1	0.3
Capital projects	6.1	5.6	-	-	6.1	5.6
Unrestricted	<u>4.9</u>	<u>5.1</u>	<u>12.7</u>	<u>12.1</u>	<u>17.6</u>	<u>17.2</u>
Total net position	<u>\$ 229.2</u>	<u>\$ 229.2</u>	<u>\$ 41.2</u>	<u>\$ 39.7</u>	<u>\$ 270.4</u>	<u>\$ 268.9</u>

A portion of the City's net position (\$6.6 million or about two percent) represents resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net position* (\$17.6 million or about six percent) may be used to meet the City's ongoing obligations to citizens and creditors.

As of June 30, 2013, the City had positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

Total net position increased by \$1.5 million during the fiscal year. This increase represents the degree to which ongoing revenues have exceeded similar increases in ongoing expenses.

Statement of Activities

As with the *Statement of Net Position*, the City reports governmental activities on a consolidated basis. A summary of the *Statement of Activities* is in Table 2 below.

Table 2
Changes in Net Position
(in millions)

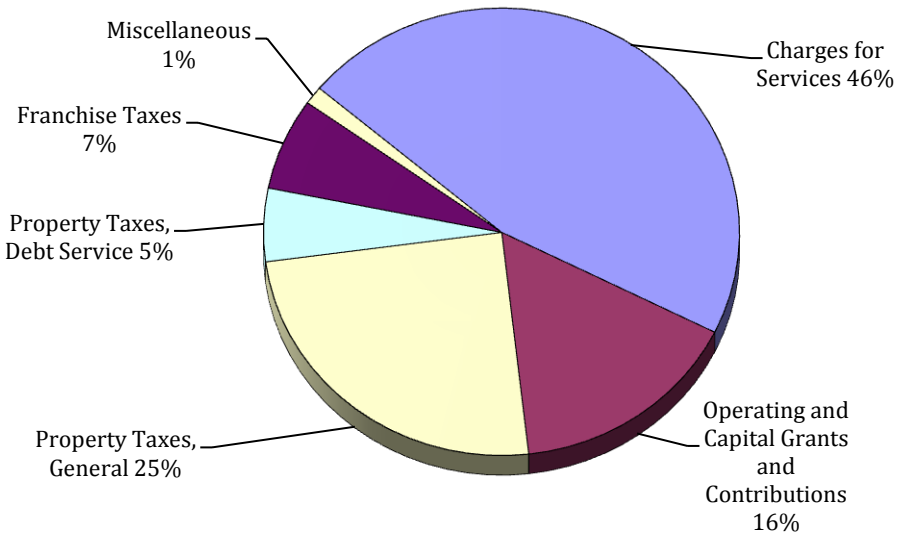
	Governmental Activities		Business-type Activities		Total	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Revenues						
Program revenues						
Charges for services	\$ 11.6	\$ 11.7	\$ 6.9	\$ 6.3	\$ 18.5	\$ 18.0
Operating grants and contributions	4.0	3.9	-	-	4.0	3.9
Capital grants and contributions	0.2	1.6	0.2	0.9	0.4	2.5
General revenues						
Property taxes	7.5	7.0	-	-	7.5	7.0
Franchise taxes	1.7	1.8	-	-	1.7	1.8
Grants and contributions not restricted to specific programs	0.3	0.3	-	-	0.3	0.3
Total revenues	<u>25.3</u>	<u>26.3</u>	<u>7.1</u>	<u>7.2</u>	<u>32.4</u>	<u>33.5</u>
Expenses						
Governmental activities						
General government	7.3	7.1	-	-	7.3	7.1
Culture and recreation	6.3	6.0	-	-	6.3	6.0
Public safety	7.1	6.8	-	-	7.1	6.8
Highways and streets	3.6	3.5	-	-	3.6	3.5
Interest on long-term debt	0.6	0.5	-	-	0.6	0.5
Business-type activities						
Water	-	-	3.2	3.0	3.2	3.0
Environmental services	-	-	2.8	2.7	2.8	2.7
Total expenses	<u>24.9</u>	<u>23.9</u>	<u>6.0</u>	<u>5.7</u>	<u>30.9</u>	<u>29.6</u>
Change in net position before transfers	0.4	2.4	1.1	1.5	1.5	3.9
Transfers	<u>(0.4)</u>	<u>(0.1)</u>	<u>0.4</u>	<u>0.1</u>	<u>-</u>	<u>-</u>
Change in net position	(0.0)	2.3	1.5	1.6	1.5	3.9
Net position - beginning	<u>229.2</u>	<u>226.9</u>	<u>39.7</u>	<u>38.1</u>	<u>268.9</u>	<u>265.0</u>
Net position - ending	<u>\$ 229.2</u>	<u>\$ 229.2</u>	<u>\$ 41.2</u>	<u>\$ 39.7</u>	<u>\$ 270.4</u>	<u>\$ 268.9</u>

Governmental Activities

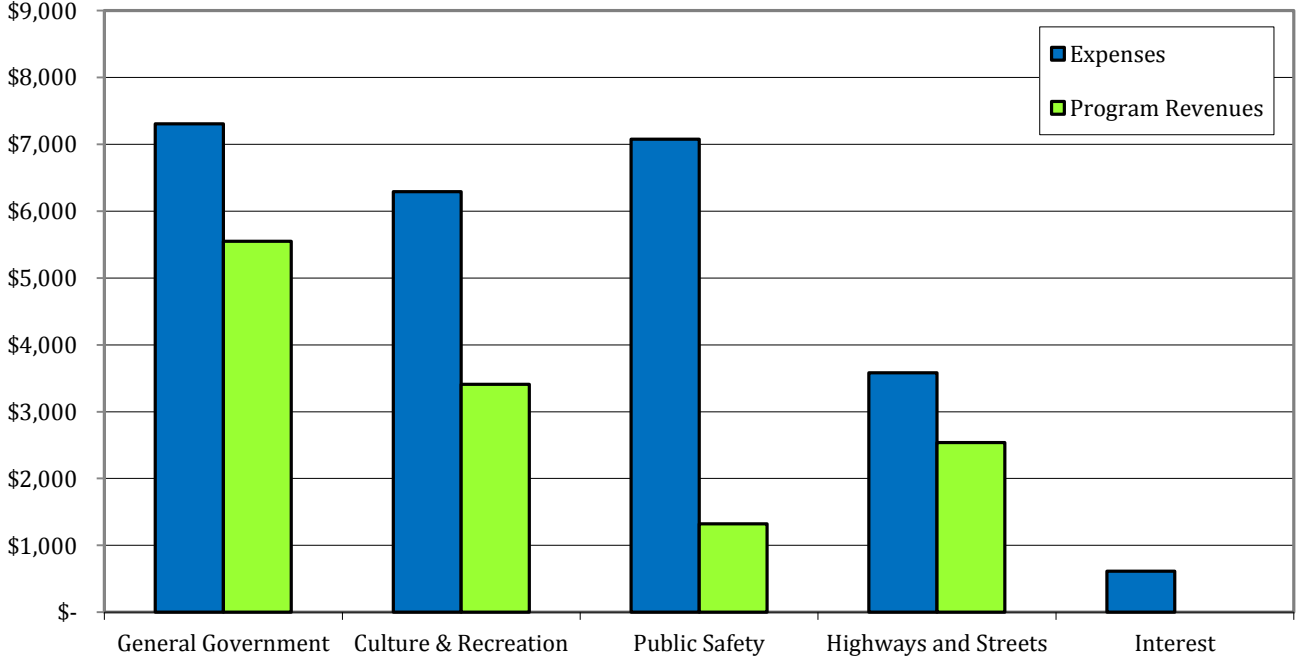
For governmental activities, there was no change in the City's net position as compared to a \$2.3 million increase in the prior fiscal year 2012. Key elements of these changes, as illustrated in Table 2 above, include the receipt of \$1.5 million in developer contributions in fiscal year 2012.

The revenues charted in the following pie chart include all program and general revenues for governmental activities such as property taxes, franchise taxes, charges for services, operating and capital grants and contributions, and miscellaneous revenues. Property taxes continue to be the major source of revenue for the City's governmental activities, once interfund service payments are factored out of charges for services.

Revenues by Source - Governmental Activities



Expenses and Program Revenues - Governmental Activities (in thousands)

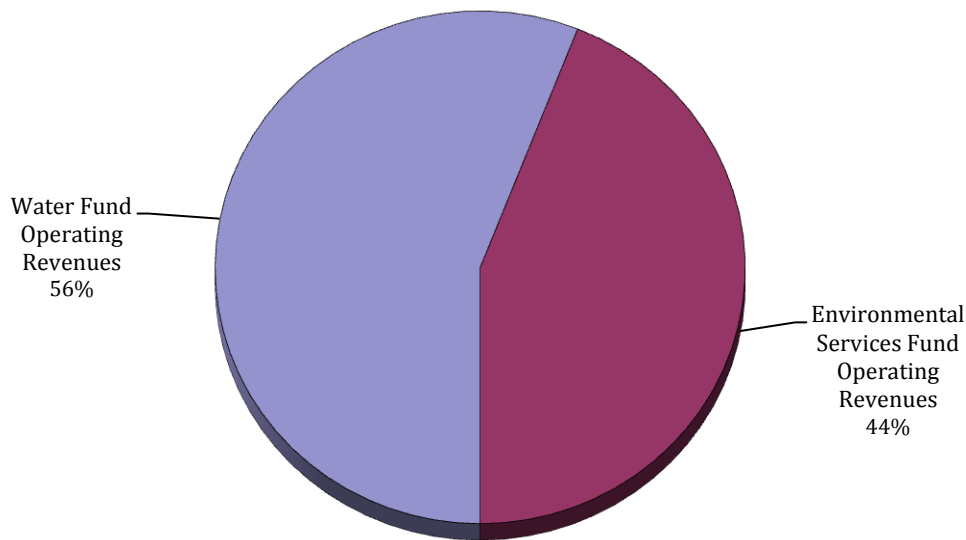


Business-type Activities

Water fund revenues represent approximately 56 percent of all utility revenues for the City. The City continues to contribute capital investment to the water system while maintaining a consistent level of service.

Environmental services fund revenues represent approximately 44 percent of all utility revenues for the City. The fund provides sewer collection services and surface water management services. Overall the fund continues to realize improved operating results. Both sewer and surface water management operations realized positive margins.

Utility Revenues - Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2013, the City's governmental funds reported a combined ending fund balance of \$18.3 million, a decrease of \$0.7 million when compared to the prior year. Unassigned fund balance combined with committed fund balance as of June 30, 2013, was \$5.4 million and is available for spending at the City's discretion.

General Fund

The general fund is the chief operating fund of the City. At June 30, 2013, total fund balance was \$1.5 million, reflecting no change from the prior year. Within the general fund ending balance, \$1.3 million is considered unassigned. The City's general fund continues to be funded with charges for services from other funds, including the three special revenue funds receiving property tax revenues: public safety, parks and recreation, and library. General fund revenues from charges for services increased slightly to \$6.7 million from the prior year. Expenditures in the general fund increased by \$0.5 million from \$6.2 million in the prior year to \$6.7 million in the current year.

Public Safety Fund

This special revenue fund accounts for police, 911 dispatch, and overall safety activities within city limits. Revenues decreased to \$6.2 million from \$6.4 million in the prior year attributed to a decreased property tax revenue allocation. Expenditures in the public safety fund decreased slightly to \$7.2 million from the prior year. Funding for the new police station came from \$8.5 million in general obligation bonds issued in January 2012.

Parks and Recreation Fund

This special revenue fund is used to account for funding parks and recreation programs throughout the City. Overall revenues increased by \$0.3 million from \$3.1 million in the prior year to \$3.4 million in the current year. Overall expenditures increased to \$3.5 million resulting in an overall fund balance decrease of \$0.1 million. Debt service payments continued for the full faith and credit obligations issued in 2009 for the Parker Road property.

Library Fund

This special revenue fund is used to account for funding the City's library operations. Overall revenues decreased to \$2.1 million as the one-time receipt of a \$1.0 million intergovernmental grant from Clackamas County was received in the prior year. Overall expenditures remained the same at \$2.4 million, including the parking lot project. Overall fund balance decreased to \$0.8 million.

Street Fund

This special revenue fund accounts for the operation and maintenance of the City's street and sidewalk systems, including medians. Revenue increased to \$2.5 million attributable to state gas taxes and the street maintenance fee. Overall street expenditures increased to \$2.1 million from \$2.0 million in the 2011-12 fiscal year. The street fund had an overall increase in fund balance of \$0.4 million for the fiscal year ended June 30, 2013.

Systems Development Charges Fund

This capital projects fund accounts for systems development charges and improvements including those for the street, water, surface water, sewer, park, and bike/pedestrian systems. Revenues decreased from \$1.8 million in the 2011-12 fiscal year to \$1.4 million in the 2012-13 fiscal year due to less new development in the City. Expenditures in the systems development charges fund increased to \$0.9 million from \$0.6 million in the 2011-12 fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original appropriated budget of the general fund for the 2012-2013 biennium budget period amounted to \$14.0 million including \$0.7 million for contingencies. There was one supplemental budget adjusting the general fund's original budget by increasing debt service by \$228,000 and decreasing contingency by the same. This supplemental budget adjustment related to the passing of Measure 3-377 for a new police station which changed the site location to 8th Avenue and 13th Street. A second supplemental budget adjustment increased the city administration department by \$240,000 relating to the move of a senior planner in the planning fund to the general fund.

As fiscal year 2012-13 is the second year of the budget biennium, this year completes the biennial period. All of the variances were positive and will carry forward to the next biennium. There are no unusual variances from the original or final budget of the general fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2013, the City had invested \$260.8 million in capital assets, net of depreciation as reflected in the following table. This represents a net increase (additions, deductions and depreciation) of \$0.2 million in fiscal year 2012-13. Governmental capital assets totaled \$231.5 million while business-type capital assets totaled \$29.3 million.

Table 3
Capital Assets as of June 30th
(net of depreciation, in millions)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land and easements	\$ 192.1	\$ 192.1	\$ 0.5	\$ 0.5	\$ 192.6	\$ 192.6
Buildings and improvements	16.5	15.7	0.6	0.7	17.1	16.4
Vehicles and equipment	1.2	1.1	0.7	0.4	1.9	1.5
Infrastructure	20.6	21.8	27.2	26.8	47.8	48.6
Construction in progress	1.1	1.4	0.3	0.1	1.4	1.5
Capital assets, net	<u>\$ 231.5</u>	<u>\$ 232.1</u>	<u>\$ 29.3</u>	<u>\$ 28.5</u>	<u>\$ 260.8</u>	<u>\$ 260.6</u>

The following table reconciles the change in capital assets for the fiscal year. Expenditures for construction projects in progress at fiscal year-end are included in additions. Reductions are for capital asset dispositions and transfers of construction projects in progress that were completed during the fiscal year. Additions include capital contributions from outside developers with the revenue from these contributions reflected in program revenues on the *Statement of Activities*.

Table 4
Change in Capital Assets
(in millions)

	Governmental		Business-type		Total	
	Activities		Activities			
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Beginning balance	\$ 232.1	\$ 232.2	\$ 28.5	\$ 28.1	\$ 260.6	\$ 260.3
Additions	2.4	3.2	2.1	1.7	4.5	4.9
Reductions and adjustments	(0.1)	(0.4)	-	-	(0.1)	(0.4)
Depreciation	(2.9)	(2.9)	(1.3)	(1.3)	(4.2)	(4.2)
Ending balance	<u>\$ 231.5</u>	<u>\$ 232.1</u>	<u>\$ 29.3</u>	<u>\$ 28.5</u>	<u>\$ 260.8</u>	<u>\$ 260.6</u>

Assets utilized in governmental activities decreased by a net \$0.6 million. This change includes increases in land, building, machinery and equipment, and sidewalk improvements, offset by depreciation. Capital asset additions include completion of various projects throughout the community. More detailed information about the City's capital assets is presented in the capital assets note in the notes to the basic financial statements.

Debt Outstanding

As of the end of the fiscal year, the City had \$20.4 million in long-term bonded debt obligations outstanding – a decrease of six percent from the prior year – as shown in Table 5. More detailed information about the City's long-term debt obligations is presented in the long-term debt obligation note in the notes to the basic financial statements.

Table 5
Outstanding Long-term Debt Obligations as of June 30th
(in millions)

	2013	2012
Governmental:		
General obligation bonds	\$ 13.8	\$ 14.7
Full faith and credit obligations	5.6	5.9
Sub-total	19.4	20.6
Business-type:		
Water revenue bonds	1.0	1.1
Total	<u>\$ 20.4</u>	<u>\$ 21.7</u>

During the prior fiscal year ended June 30, 2012, \$8.5 million of general obligation bonds were issued for a new police station. With this bond issue which closed in January 2012, both Standard and Poor's and Moody's reaffirmed the City's bond ratings of AA and Aa2 respectively.

Under Oregon Revised Statutes, general obligation debt issues are limited to three percent of the real market value of all taxable property within the City's boundaries. The \$13.8 million in general obligation debt applicable to this limit is well below the City's \$99 million maximum limitation.

Economic Factors

The City of West Linn is predominantly residential in nature, with commercial property representing less than five percent of the City's taxable assessed value. Therefore the City receives a significant share of its revenue directly from local residents in the form of property taxes and charges for services.

The State of Oregon does not have a sales tax, making property taxes a primary funding source for general government, public safety, and culture and recreation services provided by the City. The underlying taxable assessed value continues to be below real market values (currently about 91 percent); therefore, real market values would have to decrease an additional 9 percent before the City's property tax revenue stream would be negatively impacted.

The largest resource used for governmental activities, at 45 percent, consisted of charges for service, including permits, licenses, recreation charges, and system development charges. Property tax revenue, the next largest revenue sources, provided 30 percent of the resources used for governmental activities. A special tax levy of approximately \$1.8 million (24 percent of total levy) that provided public safety funding expired as of June 30, 2007. To maintain service levels and reduce the reliance on a local option levy requiring a vote every five years, the City implemented fees for parks and street maintenance to offset the foregone property tax revenue. Property taxes for general operations increased slightly over the last year and investment earnings were down due to the decline in interest rates.

The business-type activities are funded with utility fees and charges. After several years in which the City decided to defer utility rate increases, effective July 1, 2005, July 1, 2006 and subsequently on January 1, of every year since, the City increased utility rates by five percent each. The rate increases are restricted by a Charter provision limiting annual utility rate increases to no more than five percent without a vote of the citizens. The rate increases are consistent with financial proformas prepared with the issuance of revenue bonds in 1999 and were necessary to maintain a revenue coverage ratio above the rate promised to the bond holders in the revenue bond covenants. Similar rate increases are anticipated over the next several years to generate sufficient revenue to fund operations and provide adequate funds for anticipated capital replacement projects.

Requests for Information

This City's financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability of the resources it receives and expends. If you have questions about this report, or need additional financial information, contact the Chief Financial Officer at City of West Linn, 22500 Salamo Road, West Linn, Oregon 97068 or e-mail rseals@westlinnoregon.gov.

BASIC FINANCIAL STATEMENTS

Statement of Net Position

Statement of Activities

Fund Financial Statements

Notes to Basic Financial Statements

CITY OF WEST LINN, OREGON

STATEMENT OF NET POSITION

JUNE 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 6,096,628	\$ 4,110,654	\$ 10,207,282
Restricted cash and investments	13,079,856	154,500	13,234,356
Property taxes receivable	521,817	-	521,817
Accounts receivable, net of allowance	884,096	1,300,091	2,184,187
Prepaid expenses	169,275	-	169,275
Bond issuance costs	370,865	52,173	423,038
Capital assets not being depreciated:			
Land and easements	192,113,825	482,625	192,596,450
Construction in progress	1,085,499	257,091	1,342,590
Capital assets net of accumulated depreciation:			
Buildings and improvements	16,511,729	631,568	17,143,297
Vehicles and equipment	1,192,654	702,236	1,894,890
Infrastructure	20,547,144	27,244,966	47,792,110
Investment in joint venture	-	8,068,437	8,068,437
TOTAL ASSETS	252,573,388	43,004,341	295,577,729
LIABILITIES:			
Accounts payable	1,082,261	638,984	1,721,245
Accrued salaries and payroll taxes payable	598,400	52,690	651,090
Accrued interest payable	78,794	14,356	93,150
Deposits payable	213,264	-	213,264
Noncurrent liabilities:			
Due within one year	1,689,527	133,938	1,823,465
Due in more than one year	19,714,016	995,917	20,709,933
TOTAL LIABILITIES	23,376,262	1,835,885	25,212,147
NET POSITION:			
Net investment in capital assets	217,876,388	28,348,486	246,224,874
Restricted for:			
Library endowment, nonexpendable	157,300	-	157,300
Debt service	80,690	154,500	235,190
Building operations	133,703	-	133,703
Capital projects	6,095,249	-	6,095,249
Unrestricted	4,853,796	12,665,470	17,519,266
TOTAL NET POSITION	\$ 229,197,126	\$ 41,168,456	\$ 270,365,582

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

CITY OF WEST LINN, OREGON

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

FUNCTION / PROGRAM	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES:							
General government	\$ 7,305,164	\$ 8,166,545	\$ 382,270	\$ -	\$ 1,243,651	\$ -	\$ 1,243,651
Culture and recreation	6,291,070	1,910,802	1,497,273	-	(2,882,995)	-	(2,882,995)
Public safety	7,074,418	611,857	710,713	-	(5,751,848)	-	(5,751,848)
Highways and streets	3,580,707	903,952	1,384,642	248,799	(1,043,314)	-	(1,043,314)
Interest on long-term debt	614,941	-	-	-	(614,941)	-	(614,941)
TOTAL GOVERNMENTAL ACTIVITIES	24,866,300	11,593,156	3,974,898	248,799	(9,049,447)	-	(9,049,447)
BUSINESS-TYPE ACTIVITIES:							
Water	3,219,543	4,021,140	-	27,100	-	828,697	828,697
Environmental services	2,755,757	2,813,473	-	128,058	-	185,774	185,774
TOTAL BUSINESS-TYPE ACTIVITIES	5,975,300	6,834,613	-	155,158	-	1,014,471	1,014,471
TOTAL ACTIVITIES	\$ 30,841,600	\$ 18,427,769	\$ 3,974,898	\$ 403,957	(9,049,447)	1,014,471	(8,034,976)
GENERAL REVENUES:							
Property taxes, levied for general purposes					6,197,146	-	6,197,146
Property taxes, levied for debt service					1,320,822	-	1,320,822
Franchise taxes					1,661,718	-	1,661,718
Grants and contributions not restricted to specific programs					319,017	-	319,017
Unrestricted investment earnings					9,833	-	9,833
TRANSFERS					(412,580)	412,580	-
TOTAL GENERAL REVENUES AND TRANSFERS					9,095,956	412,580	9,508,536
CHANGE IN NET POSITION					46,509	1,427,051	1,473,560
NET POSITION - beginning					229,150,617	39,741,405	268,892,022
NET POSITION - ending					\$ 229,197,126	\$ 41,168,456	\$ 270,365,582

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

CITY OF WEST LINN, OREGON

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2013

	General Fund	Public Safety Fund	Parks and Recreation Fund	Library Fund	Street Fund	Systems Development Charges Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:								
Cash and investments	\$ 1,819,525	\$ 1,204,137	\$ 290,746	\$ 684,362	\$ 2,097,858	\$ -	\$ -	\$ 6,096,628
Restricted cash and investments	-	6,234,711	-	157,300	-	6,279,300	408,545	13,079,856
Property taxes receivable	-	301,938	80,517	60,387	-	-	78,975	521,817
Accounts receivable	124,640	172,561	207,839	322	284,652	-	94,082	884,096
Deferred expenditures	-	62,000	-	-	-	-	-	62,000
Prepaid expenditures	169,275	-	-	-	-	-	-	169,275
TOTAL ASSETS	\$ 2,113,440	\$ 7,975,347	\$ 579,102	\$ 902,371	\$ 2,382,510	\$ 6,279,300	\$ 581,602	\$ 20,813,672
LIABILITIES:								
Accounts payable	\$ 264,193	\$ 110,249	\$ 76,092	\$ 9,791	\$ 142,391	\$ 309,982	\$ 169,563	\$ 1,082,261
Accrued salaries and payroll taxes	181,400	201,800	73,300	62,700	24,000	-	55,200	598,400
Deposits payable	197,489	-	565	3,013	1,095	-	11,102	213,264
Unearned revenue	-	388,790	70,611	52,957	-	-	69,258	581,616
TOTAL LIABILITIES	643,082	700,839	220,568	128,461	167,486	309,982	305,123	2,475,541
FUND BALANCES:								
Non-spendable	169,275	-	-	157,300	-	-	-	326,575
Restricted	-	6,234,711	-	-	-	5,969,318	340,324	12,544,353
Committed	-	1,039,797	358,534	616,610	2,215,024	-	(63,845)	4,166,120
Unassigned	1,301,083	-	-	-	-	-	-	1,301,083
TOTAL FUND BALANCES	1,470,358	7,274,508	358,534	773,910	2,215,024	5,969,318	276,479	18,338,131
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,113,440	\$ 7,975,347	\$ 579,102	\$ 902,371	\$ 2,382,510	\$ 6,279,300	\$ 581,602	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in funds.		231,450,851
Other assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:		
Bond issuance costs	\$ 370,865	
Deferred expenditures	(62,000)	308,865
Liabilities, including accrued liabilities and bonds payable, that are not due and payable in the current period and therefore, are not reported in funds:		
Unearned revenue	581,616	
Accrued compensated absences payable	(720,322)	
Accrued interest payable	(78,794)	
Capital lease	(46,072)	
Long-term bonded debt obligations	(19,415,000)	
Bond premium	(394,174)	
Net other postemployment benefit obligations	(827,975)	(20,900,721)
Net position of governmental activities		<u>\$ 229,197,126</u>

CITY OF WEST LINN, OREGON

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	Public Safety Fund	Parks and Recreation Fund	Library Fund	Street Fund	Systems Development Charges Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:								
Property taxes	\$ -	\$ 4,113,984	\$ 1,311,238	\$ 763,319	\$ -	\$ -	\$ 1,308,517	\$ 7,497,058
Intergovernmental	140,621	648,713	183,400	1,313,873	1,384,642	-	241,649	3,912,898
Franchise taxes	151,141	1,313,529	-	-	112,842	-	84,206	1,661,718
Fines and forfeitures	349,548	15,660	-	67,732	-	-	-	432,940
Licenses and permits	225,109	18,665	-	-	-	-	805,993	1,049,767
Charges for services	5,714,000	-	1,843,070	-	903,952	-	281,629	8,742,651
Systems development charges	-	-	-	-	-	1,367,798	-	1,367,798
Investment earnings	9,052	-	-	-	-	781	-	9,833
Miscellaneous	77,640	59,281	8,047	7,617	163,589	-	2,843	319,017
TOTAL REVENUES	6,667,111	6,169,832	3,345,755	2,152,541	2,565,025	1,368,579	2,724,837	24,993,680
EXPENDITURES:								
Current:								
General government	6,224,139	-	-	-	-	15,851	969,541	7,209,531
Cultural and recreation	-	-	3,201,440	2,239,005	-	-	-	5,440,445
Public safety	-	6,342,510	-	-	-	-	698,874	7,041,384
Highways and streets	-	-	-	-	1,591,059	-	-	1,591,059
Debt service:								
Principal	285,000	-	20,000	-	80,000	-	860,000	1,245,000
Interest	126,750	-	16,573	-	72,000	-	436,508	651,831
Capital outlay	51,210	839,427	246,476	184,362	403,959	843,717	9,311	2,578,462
TOTAL EXPENDITURES	6,687,099	7,181,937	3,484,489	2,423,367	2,147,018	859,568	2,974,234	25,757,712
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(19,988)	(1,012,105)	(138,734)	(270,826)	418,007	509,011	(249,397)	(764,032)
OTHER FINANCING SOURCES:								
Capital lease	-	-	50,176	-	-	-	-	50,176
NET CHANGE IN FUND BALANCES	(19,988)	(1,012,105)	(88,558)	(270,826)	418,007	509,011	(249,397)	(713,856)
FUND BALANCES - beginning	1,490,346	8,286,613	447,092	1,044,736	1,797,017	5,460,307	525,876	19,051,987
FUND BALANCES - ending	\$ 1,470,358	\$ 7,274,508	\$ 358,534	\$ 773,910	\$ 2,215,024	\$ 5,969,318	\$ 276,479	\$ 18,338,131

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

CITY OF WEST LINN, OREGON

RECONCILIATION OF STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

Net change in fund balances - total governmental funds (page 29)		\$	(713,856)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation was greater than capital outlay.			
Capital outlay	\$	2,578,462	
Depreciation expense		<u>(2,946,343)</u>	(367,881)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and transfers) is to decrease net position.			(231,779)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			82,913
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Capital lease financing		(50,176)	
Principal repayments on capital lease		4,104	
Principal repayments on long-term bonded debt		<u>1,245,000</u>	1,198,928
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Accrued compensated absences payable		156,066	
Accrued interest payable		36,890	
Net other postemployment benefit obligations		(117,386)	
Amortization of bond issuance costs		(45,220)	
Amortization of bond premium		<u>47,834</u>	<u>78,184</u>
Change in net position of governmental activities (page 27)			<u>\$ 46,509</u>

CITY OF WEST LINN, OREGON

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2013

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
ASSETS:			
Current assets:			
Cash and investments	\$ 1,111,795	\$ 2,998,859	\$ 4,110,654
Restricted cash and investments	154,500	-	154,500
Accounts receivable, net of allowance for doubtful accounts	528,754	771,337	1,300,091
Bond issuance costs	6,522	-	6,522
Total current assets	1,801,571	3,770,196	5,571,767
Noncurrent assets:			
Capital assets not being depreciated	526,106	213,610	739,716
Capital assets, net of accumulated depreciation	10,060,192	18,518,578	28,578,770
Investment in joint venture	8,068,437	-	8,068,437
Bond issuance costs	45,651	-	45,651
Total noncurrent assets	18,700,386	18,732,188	37,432,574
TOTAL ASSETS	20,501,957	22,502,384	43,004,341
LIABILITIES:			
Current liabilities:			
Accounts payable	338,091	300,893	638,984
Accrued salaries and payroll taxes payable	25,100	27,590	52,690
Accrued compensated absences payable	23,386	15,552	38,938
Accrued interest payable	14,356	-	14,356
Bonds payable - due within one year	95,000	-	95,000
Total current liabilities	495,933	344,035	839,968
Noncurrent liabilities:			
Bonds payable	875,000	-	875,000
Accrued compensated absences payable	32,137	21,372	53,509
Net other postemployment benefit obligations	33,704	33,704	67,408
Total noncurrent liabilities	940,841	55,076	995,917
TOTAL LIABILITIES	1,436,774	399,111	1,835,885
NET POSITION:			
Net investment in capital assets	9,616,298	18,732,188	28,348,486
Restricted for debt service	154,500	-	154,500
Unrestricted	9,294,385	3,371,085	12,665,470
TOTAL NET POSITION	\$ 19,065,183	\$ 22,103,273	\$ 41,168,456

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

CITY OF WEST LINN, OREGON

PROPRIETARY FUNDS

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 3,484,998	\$ 2,665,581	\$ 6,150,579
Systems development charges	42,274	76,036	118,310
Other operating revenues	63,546	71,856	135,402
TOTAL OPERATING REVENUES	3,590,818	2,813,473	6,404,291
OPERATING EXPENSES:			
Salaries and wages	546,359	498,132	1,044,491
Materials and supplies	2,171,982	1,408,708	3,580,690
Depreciation	442,483	848,917	1,291,400
TOTAL OPERATING EXPENSES	3,160,824	2,755,757	5,916,581
OPERATING INCOME	429,994	57,716	487,710
NONOPERATING INCOME (EXPENSE):			
Net gain on investment in joint venture	430,322	-	430,322
Interest expense	(58,719)	-	(58,719)
TOTAL NONOPERATING INCOME (EXPENSE)	371,603	-	371,603
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	801,597	57,716	859,313
CAPITAL CONTRIBUTIONS TRANSFERS IN	27,100 412,580	128,058 -	155,158 412,580
CHANGE IN NET POSITION	1,241,277	185,774	1,427,051
NET POSITION - beginning	17,823,906	21,917,499	39,741,405
NET POSITION - ending	\$ 19,065,183	\$ 22,103,273	\$ 41,168,456

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

CITY OF WEST LINN, OREGON

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users of services	\$ 3,533,996	\$ 2,751,744	\$ 6,285,740
Payments to suppliers for goods and services	(1,997,162)	(1,307,256)	(3,304,418)
Payments to employees for services	(532,127)	(485,053)	(1,017,180)
NET CASH FROM OPERATING ACTIVITIES	<u>1,004,707</u>	<u>959,435</u>	<u>1,964,142</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid on capital debt	(90,000)	-	(90,000)
Interest paid on capital debt	(60,013)	-	(60,013)
Acquisition and construction of capital assets	(599,493)	(900,024)	(1,499,517)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(749,506)</u>	<u>(900,024)</u>	<u>(1,649,530)</u>
NET INCREASE IN CASH AND INVESTMENTS	255,201	59,411	314,612
CASH AND INVESTMENTS - beginning	<u>1,011,094</u>	<u>2,939,448</u>	<u>3,950,542</u>
CASH AND INVESTMENTS - ending (including \$154,500 for the water fund reported in a restricted account)	<u>\$ 1,266,295</u>	<u>\$ 2,998,859</u>	<u>\$ 4,265,154</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:			
Operating income	\$ 429,994	\$ 57,716	\$ 487,710
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	442,483	848,917	1,291,400
Amortization of bond issuance costs	6,522	-	6,522
Increase in accounts receivable	(56,822)	(61,729)	(118,551)
Increase in accounts payable	168,298	101,452	269,750
Increase in accrued salaries and payroll taxes payable	3,400	6,421	9,821
Increase in accrued compensated absences payable	6,054	1,880	7,934
Increase in net other postemployment benefit obligations	4,778	4,778	9,556
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 1,004,707</u>	<u>\$ 959,435</u>	<u>\$ 1,964,142</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Net gain on investment in joint venture	\$ 430,322	\$ -	\$ 430,322
Capital assets contributed by developers	27,100	128,058	155,158
Capital assets transferred from governmental funds	412,580	-	412,580

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

CITY OF WEST LINN, OREGON

Notes to Basic Financial Statements

June 30, 2013

1. Summary of Significant Accounting Policies

The financial statements of the City of West Linn, Oregon (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP statements require the application of all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Reporting Entity

The City is a municipal corporation, incorporated in 1913. It operates under its own charter with a Council/City Manager form of government. The Councilors, composed of the Mayor and four council members, comprise the legislative branch of the government. Individual departments are under the direction of the City Manager who is appointed by the Council.

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

Basis of Presentation – Government-wide Financial Statements

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

Government-wide financial statements display information about the City as a whole. The effect of interfund activity has been removed from these statements except for interfund services provided and used and reimbursements between funds which if eliminated would distort the direct costs and program revenues reported for the various functions. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not attributable to a specific program are reported as general revenues.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include charges between the City's business-type activities/enterprise funds, as well as some special revenue funds, and the General Fund. The City allocates charges as reimbursement for services provided by the General Fund in support of those functions based on levels of service provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These charges are included in direct program expenses.

Basis of Presentation – Fund Financial Statements

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

The City reports the following major governmental funds:

- *General Fund*
Accounts for the City's legislative activities and administration, human resources, finance, information technology, municipal court, facilities, public works support services, vehicle and equipment maintenance, and related debt service. The primary revenue sources are reimbursement charges for services to other funds, fines and forfeitures, licenses and permits, and intergovernmental revenues.
- *Public Safety Fund*
Accounts for the activities of the City's police department. The primary revenues are an allocation of the City's property tax levy, franchise taxes, and intergovernmental revenue, committed to that purpose.
- *Parks and Recreation Fund*
Accounts for the operation and maintenance of the City's park and recreation programs. The primary sources of revenue include a commitment of the City's property tax levy and charges for services.
- *Library Fund*
Accounts for the operation of the City's library facility. Primary revenue sources include the County's library district levy, an allocation of the City's property tax levy, intergovernmental revenues, and fines and forfeitures.
- *Street Fund*
Accounts for the operation and maintenance of the City's street and sidewalk systems including medians. The primary sources of revenue are intergovernmental revenues and charges for services committed to construction and maintenance of these systems.
- *Systems Development Charges Fund*
Accounts for the receipt and expenditures of systems development charges (SDCs) restricted to streets, surface water, water, sewer, parks, and bike/pedestrian.

Additionally, the City reports non-major funds within the governmental fund types:

- *Special Revenue Funds*
These funds account for the receipt and expenditures of restricted and committed revenue sources.
- *Debt Service Fund*
This fund accounts for the accumulation of resources for the payment of general obligation bond principal and interest.
- *Capital Projects Fund*
This fund accounts for bond proceeds used for the acquisition of land and improvements.

The City reports each of its two proprietary funds as major funds:

- *Water Fund*
This fund accounts for the operation and maintenance of water service and distribution facilities.
- *Environmental Services Fund*
This fund accounts for the operation and maintenance of the sewer and surface water collection and treatment systems.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded. The government-wide financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus, as are the proprietary fund financial statements. An economic resource focus concentrates on an entity or fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurements focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

Governmental fund financial statements are presented on a modified accrual basis of accounting with a current financial resource measurement focus. The measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual basis of accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become *measurable* and *available*). *Measurable* means the amount of the transaction can be determined and revenues are considered *available* when they are collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues considered susceptible to accrual are property taxes, state, county and local shared revenues, franchise taxes, intergovernmental revenues, and investment income.

An unearned revenue liability arises on the balance sheets of the governmental funds when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. This unavailable revenue consists primarily of uncollected property taxes not

deemed available to finance operations of the current period. In the government-wide statement of activities, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the liability created on the balance sheets of the governmental funds for unavailable revenue, is eliminated.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenses affecting the economic resource status of the government are recognized.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of sales and services, administrative overhead, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities and Net Position

Cash and Investments

Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments consist of funds held in the Oregon State Treasurer's Local Government Investment Pool (LGIP). The individual funds' portion of the LGIP's fair value is presented as "Cash and Investments" in the basic financial statements.

The LGIP is administered by the Oregon State Treasury. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State who by law is made the custodian of, or has control of, any public funds. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP.

The City's investment policy, adopted by the City Council, essentially mirrors the requirements of the Oregon Revised Statutes. Currently, the City's investment portfolio includes primarily investments in the LGIP.

Receivables and Revenues

Property taxes are levied on and become a lien against property on July 1 of the year in which they are due. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is paid by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

In the fund financial statements, property tax receivables that are collected within 60 days after the end of fiscal year are considered *measurable* and *available*, and therefore, are recognized as

revenue. The property taxes receivable portion beyond 60 days is recorded as unearned revenue. Assessments are recognized as receivables at the time property owners are assessed on property improvements. These receivables are entirely offset by unearned revenue, as assessment revenue is recognized upon collection.

In the government-wide financial statements, property tax receivables and billings for parks and street fees are recognized as revenue when earned net of an allowance for uncollectible amounts.

In the proprietary funds, receivables include services provided but not billed. The enterprise funds' receivables include billings for residential and commercial customers utilizing the City's water, sewer, and storm water services and are reported net of an allowance for uncollectible amounts, which is determined based upon an estimated percentage of the receivable balance.

Prepaid Expenses

In both government-wide and fund financial statements, certain payments to vendors reflect costs applicable to future City accounting periods and are recorded as prepaid expenses. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Purchased or constructed capital assets acquired prior to June 30, 2008 are recorded at estimated historical cost with subsequent additions at cost. Donated capital assets are recorded at their estimated fair value at the time of donation. Infrastructure (bridges, roads, and drainage systems) acquired during the year have been recorded at cost or fair value if donated by developers. The City defines capital assets as assets with an initial cost of more than \$10,000 and an estimated useful life of more than one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' useful lives are not capitalized.

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

	Useful Lives <u>(in years)</u>
Buildings and structures	25 – 50
Improvements other than buildings	10 – 20
Machinery and equipment	5 – 30
Vehicles	5 – 10
Infrastructure	20 – 50

Investment in Joint Venture

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

Accrued Compensated Absences

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

Other Postemployment Benefit Obligations

In accordance with Governmental Accounting Standards Board (GASB) Statement 45, *Accounting and Financial Reporting by Employers for the Postemployment Benefits Other Than Pensions* (OPEB), the City's net OPEB obligation is recognized as a long-term liability in the government-wide financial statements and in the proprietary fund statements, the amount of which is actuarially determined. The annual required contribution is recognized on an accrual basis in accordance with actuarial standards.

Long-term Debt Obligations

In the government-wide financial statements, and in the proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, and proprietary fund type statement of net position. When significant, bond premiums, discounts, amounts deferred on refundings, and issuance costs are deferred and amortized over the applicable bond term. In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs, as period costs in the year of issue. The face amount of debt issued and any related premium is reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance

The City reports fund balance in the governmental funds within categories according to the relative constraints placed on these balances. These fund balance categories are:

- *Non-spendable* – Includes items that are not in a spendable form because they are either legally or contractually required to be maintained intact.
- *Restricted* – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.
- *Committed* – Includes items committed by resolution of the City Council. Commitments may be modified or rescinded by similar resolution.
- *Assigned* – Includes items assigned by specific uses, authorized by the City Manager and/or Finance Director/Chief Financial Officer.
- *Unassigned* – This is the residual classification used for those balances not assigned to another category in the General Fund. Deficit fund balance in other governmental funds are also presented as unassigned.

GASB Statement 54 requires the highest legal authority to approve authorized commitments of fund balance and to approve who can authorize making assignments of fund balance. These requirements, to include designating the City Manager and/or Finance Director/Chief Financial Officer to make assignments of fund balance, were approved by the City Council on June 14, 2010, utilizing the highest relevant means appropriate for such action with Resolution 2010-23.

Net Position Flow Assumptions

The City may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which resources are considered to have been applied. It is the City's policy to deplete restricted net position first before unrestricted net position is depleted.

Fund Balance Flow Assumptions

The City may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which resources are considered to have been applied. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. When components of restricted fund balance can be used for the same purpose, committed fund balance is depleted second, followed by assigned fund balance. Unassigned fund balance is applied last.

Library Endowment

In 1981 the Wallace B. Caufield Trust endowed funds to the City where the principal is to be legally preserved and the interest can be used only to purchase books for the library. This Trust called for an initial distribution followed by the splitting of the proceeds from the sale of a building with the City of Oregon City. The final distribution of this Trust occurred in 1982 after the Trust completed the sale of the building. As the amount of this endowment is immaterial to the financial statements as a whole, a separate permanent fund is not utilized. The City properly accounts for the legally restricted principal in the net position section of the *Statement of Net Position* and restricted cash and non-spendable fund balance on the library fund's *Balance Sheet*.

Use of Estimates

The preparation of the 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, the 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 amounts could differ from those estimates.

2. Detailed Notes on All Funds

Deposits and Investments

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

As of June 30, 2013, the City's cash and investments were comprised of the following:

Cash on hand	\$ 1,375
Deposits with financial institutions	6,351,723
Oregon State Treasurer's Local Government Investment Pool	<u>17,088,540</u>
Total cash and investments	<u><u>\$ 23,441,638</u></u>

	<u>Government Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and investments	\$ 6,096,628	\$ 4,110,654	\$ 10,207,282
Restricted cash and investments	<u>13,079,856</u>	<u>154,500</u>	<u>13,234,356</u>
Total cash and investments	<u><u>\$ 19,176,484</u></u>	<u><u>\$ 4,265,154</u></u>	<u><u>\$ 23,441,638</u></u>

Deposits. Deposits with financial institutions are comprised of bank demand deposits. To provide additional security required and authorized by Oregon Revised Statutes, Chapter 295, deposits above insurance limits are covered by collateral held in a multiple financial institution collateral pool administered by the State of Oregon. At the fiscal year end, bank balances of \$6,886,687 were covered by federal depository insurance (FDIC) or by collateral held by one or more of the State's authorized collateral pool managers. Cash on hand balances representing petty cash accounts are uninsured and uncollateralized.

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair value by limiting the individual maturities in its investment portfolio to eighteen months or less.

Credit risk. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City's policy to limit its use of these investment types to the top two ratings issued by NRSROs, where applicable. The Oregon State Treasurer's Local Government Investment Pool (LGIP) is not rated by NRSROs.

Concentration of credit risk. The City's investment policy, as it relates to investing outside of the LGIP, does not allow for an investment in any one issuer that is in excess of five percent of the City's total investments (ORS 294.035).

Custodial credit risk. Custodial risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. As of June 30, 2013, all the City deposits are insured and are therefore not subject to custodial credit risk.

The City participates in an external investment pool, the LGIP. The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by the Oregon Revised Statutes (ORS) and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury.

Investments in the LGIP are stated at share value, which approximates fair value, and is the value at which the shares can be withdrawn. These investments are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establishes diversification percentages and specifies investment types and maturities. The portion of the external investment pool belonging to local government participants is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report. A copy of the State's Comprehensive Annual Financial Report may be obtained online at www.ost.state.or.us or by mail at the Oregon State Treasury, 350 Winter Street NE, Salem, Oregon 97310-0840.

Receivables

As of June 30, 2013, accounts receivable are reflected in the basic financial statements net of an allowance for uncollectible accounts. The allowance for uncollectible accounts pertains to utility billing collections for parks, streets, water, sewer and surface water management fees.

Accounts, contracts and grants	\$ 2,271,187
Allowance for uncollectible accounts	<u>(87,000)</u>
Total accounts receivable	<u>\$ 2,184,187</u>
Accounts receivable - governmental activities	\$ 884,096
Accounts receivable - business-type activities	<u>1,300,091</u>
Total accounts receivable	<u>\$ 2,184,187</u>

Investment in Joint Venture

South Fork Water Board (SFWB) operates a water distribution system jointly with the City of West Linn and the City of Oregon City, each party owning 50 percent. Revenues earned by SFWB are expended for the continued operation and maintenance of facilities within the municipal boundaries of these two cities. Upon dissolution of the SFWB, the net position will be shared 50 percent to each city. The SFWB is governed by a five-member board composed of three appointees from Oregon City and two from West Linn. The City's net investment and its share of the operating results of the SFWB are reported in the City's water fund. Net position of the City's water fund increased \$430,322 due to a net gain in fiscal year 2012-13. Complete financial statements for the SFWB can be obtained from the City of Oregon City Finance Department, 625 Center Street, Oregon City, Oregon 97045. The City's \$8.1 million investment in South Fork Water Board is accounted for using the equity method.

Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Beginning balance as of June 30, 2012	Additions	Reductions and adjustments	Ending balance as of June 30, 2013
Governmental activities:				
Capital assets not being depreciated:				
Land and easements	\$ 192,066,762	\$ 47,063	\$ -	\$ 192,113,825
Construction in progress	1,350,168	779,559	(1,044,228)	1,085,499
Total capital assets not being depreciated	<u>193,416,930</u>	<u>826,622</u>	<u>(1,044,228)</u>	<u>193,199,324</u>
Capital assets being depreciated:				
Buildings and improvements	26,676,254	763,394	840,593	28,280,241
Vehicles and equipment	2,566,373	339,682	(343,487)	2,562,568
Infrastructure	58,725,366	484,983	203,637	59,413,986
Total capital assets being depreciated	<u>87,967,993</u>	<u>1,588,059</u>	<u>700,743</u>	<u>90,256,795</u>
Less accumulated depreciation for:				
Buildings and improvements	(10,959,877)	(808,635)	-	(11,768,512)
Vehicles and equipment	(1,476,685)	(168,719)	275,490	(1,369,914)
Infrastructure	(36,897,853)	(1,968,989)	-	(38,866,842)
Total accumulated depreciation	<u>(49,334,415)</u>	<u>(2,946,343)</u>	<u>275,490</u>	<u>(52,005,268)</u>
Total capital assets being depreciated, net	<u>38,633,578</u>	<u>(1,358,284)</u>	<u>976,233</u>	<u>38,251,527</u>
Total capital assets, net	<u>\$ 232,050,508</u>	<u>\$ (531,662)</u>	<u>\$ (67,995)</u>	<u>\$ 231,450,851</u>
	Beginning balance as of June 30, 2012	Additions	Reductions and adjustments	Ending balance as of June 30, 2013
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 482,625	\$ -	\$ -	\$ 482,625
Construction in progress	168,556	123,593	(35,058)	257,091
Total capital assets not being depreciated	<u>651,181</u>	<u>123,593</u>	<u>(35,058)</u>	<u>739,716</u>
Capital assets being depreciated:				
Buildings and improvements	1,605,131	-	-	1,605,131
Vehicles and equipment	1,164,632	325,926	(59,143)	1,431,415
Infrastructure	57,981,175	1,617,736	35,059	59,633,970
Total capital assets being depreciated	<u>60,750,938</u>	<u>1,943,662</u>	<u>(24,084)</u>	<u>62,670,516</u>
Less accumulated depreciation for:				
Buildings and improvements	(941,460)	(32,103)	-	(973,563)
Vehicles and equipment	(705,178)	(83,146)	59,145	(729,179)
Infrastructure	(31,212,850)	(1,176,151)	(3)	(32,389,004)
Total accumulated depreciation	<u>(32,859,488)</u>	<u>(1,291,400)</u>	<u>59,142</u>	<u>(34,091,746)</u>
Total capital assets being depreciated, net	<u>27,891,450</u>	<u>652,262</u>	<u>35,058</u>	<u>28,578,770</u>
Total capital assets, net	<u>\$ 28,542,631</u>	<u>\$ 775,855</u>	<u>\$ -</u>	<u>\$ 29,318,486</u>

Depreciation expense for governmental activities in the amount of \$2,946,343 and for business-type activities the amount of \$1,291,400 was charged to functions/programs as follows:

	Governmental activities	Business-type activities	Total
General government	\$ 50,399	\$ -	\$ 50,399
Culture and recreation	838,834	-	838,834
Public safety	63,515	-	63,515
Highways and streets	1,993,595	-	1,993,595
Water	-	442,483	442,483
Environmental services	-	848,917	848,917
Depreciation expense	<u>\$ 2,946,343</u>	<u>\$ 1,291,400</u>	<u>\$ 4,237,743</u>

Interfund Transfers

Transfers between funds provide support for various City programs in accordance with budgetary authorizations and are utilized to cover administrative services, provide for additional funding for reserve purposes, contribute towards the cost of capital projects, and to provide for other operational resources. For the fiscal year ended June 30, 2013, all City cash transfers are properly classified as charges for services for financial reporting purposes. Transfers of capital assets are also made between funds to ensure full utilization of useable assets and are classified as transfers for financial statement purposes.

Capital Lease

This year, the City entered into a lease agreement as lessee for financing the acquisition of park maintenance equipment valued at \$50,176. The equipment has a ten-year estimated useful life. This year, \$2,509 was included in depreciation expense. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013, were as follows:

Fiscal year ending June 30	Governmental Activities
2014	\$ 17,793
2015	17,793
2016	<u>13,346</u>
Total minimum lease payments	48,932
Less: amount representing interest	<u>(2,860)</u>
Present value of minimum lease payments	<u>\$ 46,072</u>

Long-term Debt Obligations

In the following paragraphs, long-term debt information is presented separately with respect to governmental and business-type activities. The following table presents current year changes in those obligations and the current portions due for each issue. For the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

	Beginning balance as of June 30, 2012	Additions	Reductions	Ending balance as of June 30, 2013	Due within one year
Governmental activities:					
General Obligation bonds					
Series 2009-A Park Refundings, interest at 3.0-4.0%, original issue of \$4,915,000, due 2019	\$ 3,550,000	\$ -	\$ (505,000)	\$ 3,045,000	\$ 515,000
Series 2010-A Library Refundings, interest at 2.0-3.0%, original issue of \$3,900,000, due 2021	2,655,000	-	(220,000)	2,435,000	240,000
Series 2012 Police Station, interest at 1.0-2.75%, original issue of \$8,500,000, due 2032	8,500,000	-	(135,000)	8,365,000	220,000
Full Faith and Credit obligations					
Series 2009-B Str/Police/Parks, interest at 3.0-4.35%, original issue of \$4,035,000, due 2029	3,640,000	-	(160,000)	3,480,000	165,000
Series 2010-B City Hall Refunding, interest at 3.0-4.0%, original issue of \$4,300,000, due 2021	2,315,000	-	(225,000)	2,090,000	230,000
Plus: Bond issuance premium	442,008	-	(47,834)	394,174	-
Long-term bonded debt obligations	21,102,008	-	(1,292,834)	19,809,174	1,370,000
Capital lease	-	50,176	(4,104)	46,072	16,127
Compensated absences for governmental activities	876,388	867,934	(1,024,000)	720,322	303,400
Net other postemployment benefit obligations	710,589	117,386	-	827,975	-
Total governmental activities	<u>\$ 22,688,985</u>	<u>\$ 1,035,496</u>	<u>\$ (2,320,938)</u>	<u>\$ 21,403,543</u>	<u>\$ 1,689,527</u>
	Beginning balance as of June 30, 2012	Additions	Reductions	Ending balance as of June 30, 2013	Due within one year
Business-type activities:					
Revenue bonds					
Series 2000 Water Revenue and Refunding, interest at 5.75-6.0%, original issue of \$1,800,000, due 2021	\$ 1,060,000	\$ -	\$ (90,000)	\$ 970,000	\$ 95,000
Compensated absences for business-type activities	84,513	50,313	(42,379)	92,447	38,938
Net other postemployment benefit obligations	57,852	9,556	-	67,408	-
Total business-type activities	<u>\$ 1,202,365</u>	<u>\$ 59,869</u>	<u>\$ (132,379)</u>	<u>\$ 1,129,855</u>	<u>\$ 133,938</u>
Total long-term debt obligations					
General Obligation bonds	\$ 14,705,000	\$ -	\$ (860,000)	\$ 13,845,000	\$ 975,000
Full Faith and Credit obligations	5,955,000	-	(385,000)	5,570,000	395,000
Revenue bonds	1,060,000	-	(90,000)	970,000	95,000
Plus: Bond issuance premium	442,008	-	(47,834)	394,174	-
Long-term bonded debt obligations	22,162,008	-	(1,382,834)	20,779,174	1,465,000
Capital lease	-	50,176	(4,104)	46,072	16,127
Compensated absences	960,901	918,247	(1,066,379)	812,769	342,338
Net other postemployment benefit obligations	768,441	126,942	-	895,383	-
Total long-term debt obligations	<u>\$ 23,891,350</u>	<u>\$ 1,095,365</u>	<u>\$ (2,453,317)</u>	<u>\$ 22,533,398</u>	<u>\$ 1,823,465</u>

Future Principal and Interest. Future maturities of bond principal and interest at June 30, 2013, are as follows:

Year	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 1,370,000	\$ 552,812	\$ 95,000	\$ 54,694	\$ 1,465,000	\$ 607,506
2015	1,440,000	516,161	105,000	48,944	1,545,000	565,105
2016	1,525,000	477,837	110,000	42,763	1,635,000	520,600
2017	1,590,000	434,335	115,000	36,150	1,705,000	470,485
2018	1,660,000	385,261	125,000	28,950	1,785,000	414,211
2019-2023	5,135,000	1,310,251	420,000	39,000	5,555,000	1,349,251
2024-2028	3,800,000	753,026	-	-	3,800,000	753,026
2029-2032	2,895,000	184,246	-	-	2,895,000	184,246
	<u>\$ 19,415,000</u>	<u>\$ 4,613,929</u>	<u>\$ 970,000</u>	<u>\$ 250,501</u>	<u>\$ 20,385,000</u>	<u>\$ 4,864,430</u>

Employee Retirement Pension Plan

Plan Description. The City is a participating employer in the Oregon Public Employees Retirement System (“OPERS”), a cost-sharing multiple-employer public employee retirement system established under Oregon Revised Statutes 238.600 that acts as a common investment and administrative agent for public employers in the State of Oregon. OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute.

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (“OPSRP”) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who return to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the “Pension Program”) and a defined contribution portion (the Individual Account Program or “IAP”). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on type of service (general versus police or fire).

Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS members retain their existing OPERS accounts, but any future member contributions are deposited into the member’s IAP, not the member’s OPERS account. Those employees who had established an OPERS membership prior to creation of OPSRP will be members of both the PERS and OPSRP system as long as they remain in covered employment.

Both OPERS and OPSRP are administered by the Oregon Public Employees Retirement Board (“OPERB”). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700, by calling (503)598-7377, or by accessing the OPERS web site at www.pers.state.or.us.

Funding Policy. The rate of employer contributions to OPERS is determined periodically by OPERS based on actuarial valuations performed as of December 31 of odd numbered years for new rates to be implemented July 1 of the next odd numbered year. Thus rates for the biennium beginning July 1, 2011 are based on the actuarial valuation as of December 31, 2009.

Members of PERS and OPSRP are required to contribute 6 percent of their salary covered under the plan which is invested in the IAP. The City makes this contribution on behalf of its employees. The City contributed approximately \$516,000 for the year ended June 30, 2013.

The City is required by ORS 238.225 to contribute at an actuarially determined rate. The City's rate is 12.78 percent for OPERS and 9.02 percent for OPSRP – general employees, and 11.73 percent for OPSRP – police employees, of salary covered under the plan. These rates are reported inclusive of the retiree healthcare rates disclosed in a separate note disclosure. The contribution requirements for plan members and the City are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Annual Pension Cost. For the years ended June 30, 2013, 2012, and 2011 the City's annual pension costs were approximately \$1,100,000, \$1,040,000, and \$869,000 respectively, and were equal to the City's required and actual contributions. The required contribution was determined as part of the actuarial valuation at December 31, 2009, using the projected unit credit actuarial cost method. The fair market value method is used to determine the actuarial value of the plan's assets. Significant actuarial assumptions used in the valuation include: (i) consumer price inflation of 2.75 percent per year, (ii) healthcare cost inflation assumed at 7 percent in 2010, then declining by 0.5 percent per year until the rate of 4.5 percent is reached in 2029; (iii) a rate of return on the future investment earnings of the assets of the members' regular accounts are assumed to accrue at an annual rate of 8 percent compounded annually; (iv) a rate of return on the future investment earnings of the members' variable accounts are assumed to accrue at an annual rate of 8.5 percent, compounded annually; (v) projected annual rate of wage inflation of 3.75 percent, compounded annually, excluding merit or longevity increases; (vi) unfunded actuarial liability is amortized on a level percentage of combined annual payroll on a closed group fixed term basis over twenty years.

Postemployment Healthcare Plan (implicit subsidy)

Plan Description. The City does not have a formal post employment benefits plan for employees; however the City is required by Oregon Revised Statutes 243.303 to provide retirees with group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. GASB Statement 45 is applicable to the City due to the implicit rate subsidy. This "plan" is a single-employer plan that does not stand-alone and therefore does not issue its own financial statements.

Funding Policy. The City collects insurance premiums from all retirees each month and deposits them into a restricted insurance premium account. The City then pays health insurance premiums for all retirees at tiered rates to the insurance company. The required contributions to the plan include the employer's pay-as-you-go amount, an amount paid by retirees, and an additional amount calculated to prefund future benefits as determined by the actuary.

For the fiscal year ended June 30, 2013, the City retirees paid 100 percent of their insurance premium costs. The required monthly contributions of the plan members were as follows for the fiscal year ended June 30, 2013.

	Medical		Dental	
	HealthNet	Kaiser	CIS-ODS	Kaiser
Employee	\$ 631	\$ 499	\$ 55	\$ 63
Employee + child(ren)	1,136	922	157	94
Employee + spouse	1,247	998	97	110
Employee + family	1,749	1,537	181	203

Annual OPEB Cost and Net OPEB Obligation. The City's annual Other Post Employment Benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of ten years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's OPEB obligation to the plan.

City's normal cost at year end	\$ 117,305
Amortization of UAAL with interest	119,037
Annual Required Contribution (ARC)	<u>236,342</u>
Interest on prior year net OPEB obligation	30,738
Adjustment to ARC	<u>(52,223)</u>
Annual OPEB cost	214,857
Less contribution (amounts paid during year for OPEB)	-
Less implicit benefit payments	<u>(87,915)</u>
Increase in net OPEB obligation	126,942
OPEB obligation at beginning of fiscal year	<u>768,441</u>
OPEB obligation at end of fiscal year	<u><u>\$ 895,383</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 8,240,000
UAAL as a percentage of covered payroll	18%

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percent of Annual OPEB Cost Contribution	Net OPEB Obligation
6/30/2013	\$ 214,857	41%	\$ 895,383
6/30/2012	204,603	46%	768,441
6/30/2011	219,206	36%	658,457

Funded Status and Funding Progress. As of August 1, 2012, representing the date of the most recent actuarial valuation, the plan was zero percent funded. The actuarial accrued liability for benefits was \$1,444,381 and the actuarial value of assets was zero, resulting in an unfunded accrued liability of \$1,444,381.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. These actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial

methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the August 1, 2012 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 3.50 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.25 percent, reduced incrementally to an ultimate rate of 5.50 percent. The UAAL is being amortized using the level percentage of payroll over an open period of ten years.

Retirement Health Insurance Account (RHIA)

Plan Description. As a member of Oregon Public Employees Retirement System (OPERS) the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS 238.420) established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700.

Funding Policy. Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. An eligible surviving spouse or dependent of a deceased PERS retiree may receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.59 percent of annual covered payroll for Tier 1/Tier 2, and 0.50 percent for OPSRP. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution (ARC) of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to RHIA for the fiscal years ended June 30, 2013, 2012 and 2011 were approximately \$51,000, \$48,600 and \$23,500 respectively which equals the required contributions for that year.

Deferred Compensation Plan

The City has a deferred compensation plan created in accordance with the Internal Revenue Code Section 457(g). The Plan is managed by independent plan administrators. The Plan is available to all employees of the City. Employees may defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or financial hardship. The Plan's assets are held in a custodial account for the exclusive benefit of participants

and beneficiaries, and are not subject to the claims of the City's creditors, nor can they be used by the City for any purpose other than the payment of benefits to the Plan participants. Accordingly, these Plan assets and related liability are not recorded in the City's basic financial statements.

3. Other Information

Commitments and Contingencies

The City is a defendant in various litigation proceedings. Management believes any losses arising from these actions will not materially affect the City's financial position. Following this paragraph are various commitments and contingencies that the City is involved with.

Sewage Treatment Arrangement – 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 collections facilities; bill and collect user charges, and bill and collect connection charges.
- Should the District fail to perform services outlined in the agreement, the City can terminate the agreement upon thirty-day written notice.

Financial Management Services – The City entered into an intergovernmental agreement effective February 1, 2011 with the City of Milwaukie to provide professional financial management services for both cities at the Finance Director level overseeing both Finance Departments. Pertinent terms of this agreement are as follows:

- The term of the agreement was extended to June 30, 2014, may be extended or renewed for one-year periods, and expires annually each June 30th by mutual agreement of each City with written acknowledgement no less than sixty days prior.
- It includes providing the financial management services for each City targeting one contract director to be present on-site at each City, five days per week. The City of Milwaukie reimburses the City of West Linn for the services provided.

Public Safety 911/Communication Services – The City has an agreement with the City of Lake Oswego to provide public safety dispatching services for West Linn's Police Department. Pertinent terms of this agreement are as follows:

- Intergovernmental Cooperative Agreement was entered July 2011 for dispatching public safety services and is currently being proposed to be renewed for the next five years through fiscal year 2015-16.
- The dispatching services include, but are not limited to 24-hour-per-day answering of emergency telephone lines (including 911 calls) for fire, police, and emergency medical service requests; radio communications with police personnel regarding emergency and routine police matters; and other dispatching services for law enforcement purposes.
- As part of this agreement, the State redirects the City's state-allocated 911 monies directly to the City of Lake Oswego to help offset the annual contract costs summarized below. These annual monies from the State average approximately \$120,000 per fiscal year.
- Following is a summary of the annual contract costs going forward:

<u>Fiscal Year</u>	<u>Annual Contract Amt</u>
2013-14	\$ 407,783
2014-15	421,356
2015-16	435,403

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 the previous fiscal year. Workers compensation claims are insured through incurred loss retrospective policies and the City is self-insured for unemployment compensation claims.

Settled claims have not exceeded coverage for any of the past three fiscal years. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Property Tax Limitation

The citizens of the State of Oregon approved the first property tax limitation in 1990 – Measure 5. This limitation divides property taxes into an education category and a non-education category. The tax rate in the education category was limited to \$5 per thousand of real market value for fiscal year 1995-96 and thereafter. The non-education category was limited to \$10 per thousand of real market value. Although all non-education taxes to the City currently do not exceed the \$10 per \$1,000 of property real market value limitation; this limitation may affect the availability of future tax revenues for the City.

A second property tax limitation was approved in November 1996 and later modified in May 1997 – Measures 47 and 50, respectively. This limitation set a maximum permanent tax rate for the City exclusive of bonded debt at \$2.12 per thousand of assessed value. Assessed values can only grow by a maximum of 3 percent per year, exclusive of new construction and annexations.

Deficit Fund Balance

At June 30, 2013, the planning fund had a deficit fund balance of \$63,845. The Citizens’ Budget Committee and City Council adopted a biennium budget with an operating plan that includes staff reductions in order to return to a positive fund balance.

Fund Balance Classification

In accordance with the requirements of GASB Statement 54, below are schedules of ending fund balances as of June 30, 2013:

	General Fund	Public Safety Fund	Parks and Recreation Fund	Library Fund	Street Fund	Systems Development Charges Fund	Other Governmental Funds	Total Governmental Funds
Non-spendable								
Prepaid expenditures	\$ 169,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 169,275
Library endowment	-	-	-	157,300	-	-	-	157,300
	<u>169,275</u>	<u>-</u>	<u>-</u>	<u>157,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>326,575</u>
Restricted								
Police station bond	-	6,234,711	-	-	-	-	-	6,234,711
Systems development	-	-	-	-	-	5,969,318	-	5,969,318
Building operations	-	-	-	-	-	-	133,703	133,703
Debt service	-	-	-	-	-	-	80,690	80,690
Park improvements	-	-	-	-	-	-	125,931	125,931
	<u>-</u>	<u>6,234,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,969,318</u>	<u>340,324</u>	<u>12,544,353</u>
Committed								
Police services	-	1,039,797	-	-	-	-	-	1,039,797
Parks and Rec	-	-	358,534	-	-	-	-	358,534
Street services	-	-	-	-	2,215,024	-	-	2,215,024
Library services	-	-	-	616,610	-	-	-	616,610
Planning services	-	-	-	-	-	-	-	-
	<u>-</u>	<u>1,039,797</u>	<u>358,534</u>	<u>616,610</u>	<u>2,215,024</u>	<u>-</u>	<u>-</u>	<u>4,229,965</u>
Assigned								
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned								
	<u>1,301,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,845)</u>	<u>1,237,238</u>
	<u>\$ 1,470,358</u>	<u>\$ 7,274,508</u>	<u>\$ 358,534</u>	<u>\$ 773,910</u>	<u>\$ 2,215,024</u>	<u>\$ 5,969,318</u>	<u>\$ 276,479</u>	<u>\$18,338,131</u>

Subsequent Event

After decades of debate surrounding an aquatic center in West Linn, City Council placed Ballot Measure 3-432 on the November 5, 2013 election for voters to consider. This measure was to request authority to issue up to \$24 million in general obligation bonds to construct, equip, and furnish a new indoor aquatic and community center. The new aquatic and community center would be constructed on City-owned property on Parker Road next to Tanner Creek Park. Approximately \$1.5 million of the proceeds from the bond sale would be used to refinance the City's previous acquisition of this property.

Initial plans for the aquatic and community center included an indoor pool with aquatic park-like features, a gym, running track, classrooms and fitness areas. The facility design was expected to accommodate the future addition of a multi-lane lap pool.

Ballot Measure 3-432 did not pass by a margin of 75 percent voting no to 25 percent voting yes. If it passed, property taxes were estimated to increase by approximately \$0.53 cents per thousand of assessed value or \$152 per year on a home assessed at \$285,000.

REQUIRED SUPPLEMENTARY INFORMATION

*Schedules of Revenues, Expenditures and Changes
in Fund Balances – Budget and Actual*

Schedule of Funding Progress

Notes to Required Supplementary Information

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
(required supplementary information)

General Fund

Special Revenue Funds

- Public Safety Fund
- Parks and Recreation Fund
- Library Fund
- Street Fund

CITY OF WEST LINN, OREGON

GENERAL FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budget for the 2012-2013 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2011-12	2nd Year FY 2012-13	Total	
REVENUES:						
Intergovernmental	\$ -	\$ -	\$ 112,040	\$ 140,621	\$ 252,661	\$ 252,661
Fines and forfeitures	942,000	942,000	332,386	349,548	681,934	(260,066)
Licenses and permits	618,000	618,000	284,218	225,109	509,327	(108,673)
Franchise taxes	325,000	325,000	93,957	151,141	245,098	(79,902)
Investment earnings	10,000	10,000	18,445	9,052	27,497	17,497
Miscellaneous	252,000	252,000	105,829	77,640	183,469	(68,531)
TOTAL REVENUES	2,147,000	2,147,000	946,875	953,111	1,899,986	(247,014)
EXPENDITURES:						
City Council	529,000	529,000	246,611	234,331	480,942	48,058
City Administration	1,737,000	1,977,000	819,412	1,151,274	1,970,686	6,314
Communications	130,000	130,000	73,812	-	73,812	56,188
Human Resources	823,000	823,000	335,771	418,461	754,232	68,768
Finance	2,083,000	2,083,000	1,018,354	1,049,302	2,067,656	15,344
Information Technology	1,859,000	1,859,000	756,757	977,686	1,734,443	124,557
Municipal Court	677,000	677,000	284,037	294,808	578,845	98,155
Facility Services	976,000	976,000	453,578	465,146	918,724	57,276
Public Works Support Services	2,455,000	2,455,000	1,155,908	1,036,750	2,192,658	262,342
Vehicle and Equipment Maintenance	771,000	771,000	355,284	363,744	719,028	51,972
Nondepartmental	984,000	1,212,000	557,323	504,597	1,061,920	150,080
Contingency	700,000	232,000	-	-	-	232,000
TOTAL EXPENDITURES	13,724,000	13,724,000	6,056,847	6,496,099	12,552,946	1,171,054
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(11,577,000)	(11,577,000)	(5,109,972)	(5,542,988)	(10,652,960)	924,040
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	11,186,000	11,186,000	5,436,000	5,714,000	11,150,000	(36,000)
Transfers to other funds	(314,000)	(314,000)	(123,000)	(191,000)	(314,000)	-
Proceeds from sale of capital assets	-	-	84,456	-	84,456	84,456
TOTAL OTHER FINANCING SOURCES (USES)	10,872,000	10,872,000	5,397,456	5,523,000	10,920,456	48,456
NET CHANGE IN FUND BALANCES	(705,000)	(705,000)	287,484	(19,988)	267,496	972,496
FUND BALANCES - beginning	1,275,000	1,275,000	1,202,862	1,490,346	1,202,862	(72,138)
FUND BALANCES - ending	\$ 570,000	\$ 570,000	\$ 1,490,346	\$ 1,470,358	\$ 1,470,358	\$ 900,358

CITY OF WEST LINN, OREGON

PUBLIC SAFETY FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budget for the 2012-2013 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2011-12	2nd Year FY 2012-13	Total	
REVENUES:						
Property taxes	\$ 8,599,000	\$ 8,599,000	\$ 4,128,714	\$ 4,113,984	\$ 8,242,698	\$ (356,302)
Intergovernmental	1,072,000	1,072,000	720,502	648,713	1,369,215	297,215
Franchise taxes	3,288,000	3,288,000	1,485,623	1,313,529	2,799,152	(488,848)
Fines and forfeitures	156,000	156,000	4,350	15,660	20,010	(135,990)
Licenses and permits	71,000	71,000	20,465	18,665	39,130	(31,870)
Investment earnings	16,000	16,000	-	-	-	(16,000)
Miscellaneous	113,000	113,000	4,484	59,281	63,765	(49,235)
TOTAL REVENUES	13,315,000	13,315,000	6,364,138	6,169,832	12,533,970	(781,030)
EXPENDITURES:						
Personal services	8,759,000	8,759,000	4,114,092	4,442,056	8,556,148	202,852
Materials and services	1,427,000	1,640,000	777,693	725,454	1,503,147	136,853
Debt service:						
Principal	118,000	-	-	-	-	-
Interest	110,000	-	-	-	-	-
Capital outlay	520,000	9,020,000	1,571,123	839,427	2,410,550	6,609,450
Contingency	600,000	718,000	-	-	-	718,000
TOTAL EXPENDITURES	11,534,000	20,137,000	6,462,908	6,006,937	12,469,845	7,667,155
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,781,000	(6,822,000)	(98,770)	162,895	64,125	6,886,125
OTHER FINANCING SOURCES (USES):						
Transfers to other funds	(2,291,000)	(2,291,000)	(1,116,000)	(1,175,000)	(2,291,000)	-
Proceeds from sale of capital assets	-	-	3,391	-	3,391	3,391
General obligation bonds issued	-	8,500,000	8,500,000	-	8,500,000	-
Bond premium on issuance of debt	-	103,000	102,688	-	102,688	(312)
TOTAL OTHER FINANCING SOURCES (USES)	(2,291,000)	6,312,000	7,490,079	(1,175,000)	6,315,079	3,079
NET CHANGE IN FUND BALANCES	(510,000)	(510,000)	7,391,309	(1,012,105)	6,379,204	6,889,204
FUND BALANCES - beginning	1,031,000	1,031,000	895,304	8,286,613	895,304	(135,696)
FUND BALANCES - ending	\$ 521,000	\$ 521,000	\$ 8,286,613	\$ 7,274,508	\$ 7,274,508	\$ 6,753,508

CITY OF WEST LINN, OREGON

PARKS AND RECREATION FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budget for the 2012-2013 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2011-12	2nd Year FY 2012-13	Total	
REVENUES:						
Property taxes	\$ 2,292,000	\$ 2,292,000	\$ 1,198,978	\$ 1,311,238	\$ 2,510,216	\$ 218,216
Intergovernmental	1,331,000	1,331,000	12,900	183,400	196,300	(1,134,700)
Charges for services	3,458,000	3,458,000	1,838,435	1,843,070	3,681,505	223,505
Investment earnings	2,000	2,000	-	-	-	(2,000)
Miscellaneous	53,000	53,000	8,290	8,047	16,337	(36,663)
TOTAL REVENUES	7,136,000	7,136,000	3,058,603	3,345,755	6,404,358	(731,642)
EXPENDITURES:						
Personal services	3,137,000	3,137,000	1,476,027	1,591,650	3,067,677	69,323
Materials and services	1,420,000	1,470,000	723,822	744,790	1,468,612	1,388
Debt service:						
Principal	39,000	39,000	19,000	20,000	39,000	-
Interest	35,000	35,000	17,223	16,573	33,796	1,204
Capital outlay	935,000	885,000	34,912	246,476	281,388	603,612
Contingency	350,000	350,000	-	-	-	350,000
TOTAL EXPENDITURES	5,916,000	5,916,000	2,270,984	2,619,489	4,890,473	1,025,527
EXCESS OF REVENUES OVER EXPENDITURES	1,220,000	1,220,000	787,619	726,266	1,513,885	293,885
OTHER FINANCING SOURCES (USES):						
Transfers to other funds	(1,695,000)	(1,695,000)	(830,000)	(865,000)	(1,695,000)	-
Capital lease	-	-	-	50,176	50,176	50,176
Proceeds from sale of capital assets	-	-	438	-	438	438
TOTAL OTHER FINANCING SOURCES (USES)	(1,695,000)	(1,695,000)	(829,562)	(814,824)	(1,644,386)	50,614
NET CHANGE IN FUND BALANCES	(475,000)	(475,000)	(41,943)	(88,558)	(130,501)	344,499
FUND BALANCES - beginning	590,000	590,000	489,035	447,092	489,035	(100,965)
FUND BALANCES - ending	\$ 115,000	\$ 115,000	\$ 447,092	\$ 358,534	\$ 358,534	\$ 243,534

CITY OF WEST LINN, OREGON

LIBRARY FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budget for the 2012-2013 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2011-12	2nd Year FY 2012-13	Total	
REVENUES:						
Property taxes	\$ 1,705,000	\$ 1,705,000	\$ 796,103	\$ 763,319	\$ 1,559,422	\$ (145,578)
Intergovernmental	3,824,000	3,824,000	2,309,063	1,313,873	3,622,936	(201,064)
Fines and forfeitures	126,000	126,000	66,429	67,732	134,161	8,161
Investment earnings	6,000	6,000	-	-	-	(6,000)
Miscellaneous	20,000	20,000	10,310	7,617	17,927	(2,073)
TOTAL REVENUES	5,681,000	5,681,000	3,181,905	2,152,541	5,334,446	(346,554)
EXPENDITURES:						
Personal services	2,676,000	2,676,000	1,184,157	1,271,523	2,455,680	220,320
Materials and services	460,000	460,000	230,179	198,482	428,661	31,339
Capital outlay	1,000,000	1,000,000	203,895	184,362	388,257	611,743
Contingency	100,000	100,000	-	-	-	100,000
TOTAL EXPENDITURES	4,236,000	4,236,000	1,618,231	1,654,367	3,272,598	963,402
EXCESS OF REVENUES OVER EXPENDITURES	1,445,000	1,445,000	1,563,674	498,174	2,061,848	616,848
OTHER FINANCING USES:						
Transfers to other funds	(1,507,000)	(1,507,000)	(738,000)	(769,000)	(1,507,000)	-
NET CHANGE IN FUND BALANCES	(62,000)	(62,000)	825,674	(270,826)	554,848	616,848
FUND BALANCES - beginning	291,000	291,000	219,062	1,044,736	219,062	(71,938)
FUND BALANCES - ending	\$ 229,000	\$ 229,000	\$ 1,044,736	\$ 773,910	\$ 773,910	\$ 544,910

CITY OF WEST LINN, OREGON

STREET FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budget for the 2012-2013 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2011-12	2nd Year FY 2012-13	Total	
REVENUES:						
Intergovernmental	\$ 2,279,000	\$ 2,279,000	\$ 1,372,076	\$ 1,384,642	\$ 2,756,718	\$ 477,718
Franchise taxes	252,000	252,000	112,895	112,842	225,737	(26,263)
Charges for services	1,759,000	1,759,000	870,438	903,952	1,774,390	15,390
Investment earnings	8,000	8,000	-	-	-	(8,000)
Miscellaneous	107,000	107,000	168,683	163,589	332,272	225,272
TOTAL REVENUES	4,405,000	4,405,000	2,524,092	2,565,025	5,089,117	684,117
EXPENDITURES:						
Personal services	1,025,000	1,025,000	490,123	514,202	1,004,325	20,675
Materials and services	1,020,000	1,020,000	433,428	526,857	960,285	59,715
Debt service:						
Principal	158,000	158,000	78,000	80,000	158,000	-
Interest	146,000	146,000	74,000	72,000	146,000	-
Capital outlay	1,000,000	1,000,000	415,419	403,959	819,378	180,622
Contingency	600,000	600,000	-	-	-	600,000
TOTAL EXPENDITURES	3,949,000	3,949,000	1,490,970	1,597,018	3,087,988	861,012
EXCESS OF REVENUES OVER EXPENDITURES	456,000	456,000	1,033,122	968,007	2,001,129	1,545,129
OTHER FINANCING SOURCES (USES):						
Transfers to other funds	(1,079,000)	(1,079,000)	(529,000)	(550,000)	(1,079,000)	-
Proceeds from sale of capital assets	-	-	1,800	-	1,800	1,800
TOTAL OTHER FINANCING SOURCES (USES)	(1,079,000)	(1,079,000)	(527,200)	(550,000)	(1,077,200)	1,800
NET CHANGE IN FUND BALANCES	(623,000)	(623,000)	505,922	418,007	923,929	1,546,929
FUND BALANCES - beginning	873,000	873,000	1,291,095	1,797,017	1,291,095	418,095
FUND BALANCES - ending	\$ 250,000	\$ 250,000	\$ 1,797,017	\$ 2,215,024	\$ 2,215,024	\$ 1,965,024

CITY OF WEST LINN, OREGON
Schedule of Funding Progress
June 30, 2013

Other Postemployment Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percent of Covered Payroll
8/1/2012	\$ -	\$ 1,444,381	\$ 1,444,381	0 %	\$ 8,240,000	18 %
8/1/2010	-	1,535,710	1,535,710	0	7,897,000	19
8/1/2008	-	1,422,086	1,422,086	0	6,986,000	20

CITY OF WEST LINN, OREGON

Notes to Required Supplementary Information

June 30, 2013

Required Supplementary Information includes budgetary comparisons for the general fund, public safety fund, parks and recreation fund, library fund, and street fund. The budgetary comparison information for all other funds can be found in Other Supplementary Information which follows this section.

1. Budgetary Information

Municipal budgets are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 – Local Budget Law). The City Manager is responsible for submitting a proposed budget to the Citizens Budget Committee comprised of the City Council and an equal number of citizens of the City. The City is required to prepare a budget for each fund that is balanced in accordance with Oregon Revised Statutes. Each fund is budgeted on the modified accrual basis of accounting.

The Citizens' Budget Committee conducts public hearings for the purpose of obtaining citizens' comments, and then approves a budget and submits it to the City Council for final adoption. The approved expenditures for each fund may not be increased by more than 10 percent by Council without returning to the Citizens Budget Committee for a second approval. After the Council adopts the budget and certifies the total ad valorem taxes to be levied, no additional tax levy may be made for that budget period.

The City Council legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and sets the level by which expenditures cannot legally exceed appropriations. In the general fund, the levels of budgetary control established by resolution are set at the department level. For all other funds, the levels of budgetary control are personal services, materials and services, debt service, capital outlay, transfers and operating contingency. Appropriations lapse at the end of the biennium for goods or services not yet received.

The City Council may modify the budget by transferring appropriations between levels of control and by adopting supplemental budgets. Unexpected additional resources may be added to the budget through the use of a supplemental budget. Some supplemental budgets require hearings before the public, publications in newspapers and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the City Council. For the 2012-2013 biennium, two supplemental budget adjustments were adopted adjusting the budget for the 2012-2013 biennium and revising appropriations and bonded debt property tax levy. These resolutions were adopted by City Council on April 9, 2012 and June 17, 2013 respectively.

OTHER SUPPLEMENTARY INFORMATION

*Combining and Individual Fund Financial
Statements and Schedules*

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**
For Major and Nonmajor Governmental Funds

MAJOR

Capital Projects Fund

Systems Development Charges Fund – accounts for the receipt and expenditure of systems development charges (SDCs) dedicated to streets, surface water, water, sewer, parks, and bike/pedestrian.

NONMAJOR

Special Revenue Funds

These nonmajor funds are used to account for specific revenues that are legally restricted and committed to expenditure of a particular purpose.

Building Inspections Fund – accounts for the City’s building inspection activities. The primary revenue source is license and permit fees.

Planning Fund – accounts for the City’s planning activities. Primary revenue sources are license and permit fees, intergovernmental revenues, franchise taxes, and charges for services.

Debt Service Fund

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

Capital Projects Fund

Park Bond Construction Fund - accounts for the voter-approved general obligation bond funds for the acquisition of land and construction of park facilities.

CITY OF WEST LINN, OREGON

MAJOR GOVERNMENTAL FUND - CAPITAL PROJECTS
SYSTEMS DEVELOPMENT CHARGES FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budget for the 2012-2013 Biennium		1st Year Actual
	Original	Final	FY 2011-12
REVENUES:			
Systems development charges:			
Street - systems development charges	\$ 315,000	\$ 315,000	\$ 263,854
Surface water - systems development charges	30,000	30,000	11,296
Water - systems development charges	1,608,000	1,608,000	500,617
Sewer - systems development charges	189,000	189,000	198,594
Parks - systems development charges	262,000	262,000	694,250
Bike/Pedestrian - systems development charges	20,000	20,000	97,276
Investment earnings	38,000	38,000	499
TOTAL REVENUES	2,462,000	2,462,000	1,766,386
EXPENDITURES:			
Materials and services	100,000	100,000	12,378
Capital outlay	3,530,000	3,530,000	552,075
Contingency	1,103,000	1,103,000	-
TOTAL EXPENDITURES	4,733,000	4,733,000	564,453
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,271,000)	(2,271,000)	1,201,933
OTHER FINANCING USES:			
Transfers to other funds	(203,000)	(203,000)	(11,000)
NET CHANGE IN FUND BALANCES	(2,474,000)	(2,474,000)	1,190,933
FUND BALANCES - beginning	3,555,000	3,555,000	4,269,374
FUND BALANCES - ending	\$ 1,081,000	\$ 1,081,000	\$ 5,460,307

Continued on next page

2nd Year Actual FY 2012-13							Actual	Variance with
Street	Surface Water	Water	Sewer	Parks	Bike/ Pedestrian	Total	Total Biennium	Final Budget
\$ 279,321	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 279,321	\$ 543,175	\$ 228,175
-	11,695	-	-	-	-	11,695	22,991	(7,009)
-	-	356,432	-	-	-	356,432	857,049	(750,951)
-	-	-	136,288	-	-	136,288	334,882	145,882
-	-	-	-	502,911	-	502,911	1,197,161	935,161
-	-	-	-	-	81,151	81,151	178,427	158,427
672	-	-	109	-	-	781	1,280	(36,720)
<u>279,993</u>	<u>11,695</u>	<u>356,432</u>	<u>136,397</u>	<u>502,911</u>	<u>81,151</u>	<u>1,368,579</u>	<u>3,134,965</u>	<u>672,965</u>
853	476	1,336	874	404	279	4,222	16,600	83,400
-	-	412,580	-	431,137	-	843,717	1,395,792	2,134,208
-	-	-	-	-	-	-	-	1,103,000
<u>853</u>	<u>476</u>	<u>413,916</u>	<u>874</u>	<u>431,541</u>	<u>279</u>	<u>847,939</u>	<u>1,412,392</u>	<u>3,320,608</u>
279,140	11,219	(57,484)	135,523	71,370	80,872	520,640	1,722,573	3,993,573
(11,629)	-	-	-	-	-	(11,629)	(22,629)	180,371
267,511	11,219	(57,484)	135,523	71,370	80,872	509,011	1,699,944	4,173,944
945,277	665,515	1,941,423	1,108,102	484,069	315,921	5,460,307	4,269,374	714,374
<u>\$1,212,788</u>	<u>\$ 676,734</u>	<u>\$1,883,939</u>	<u>\$1,243,625</u>	<u>\$ 555,439</u>	<u>\$ 396,793</u>	<u>\$5,969,318</u>	<u>\$ 5,969,318</u>	<u>\$ 4,888,318</u>

Continued from previous page

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

JUNE 30, 2013

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
ASSETS:				
Restricted cash and investments	\$ 211,641	\$ 70,973	\$ 125,931	\$ 408,545
Property taxes receivable	-	78,975	-	78,975
Accounts receivable	94,082	-	-	94,082
TOTAL ASSETS	<u>\$ 305,723</u>	<u>\$ 149,948</u>	<u>\$ 125,931</u>	<u>\$ 581,602</u>
LIABILITIES:				
Accounts payable	\$ 169,563	\$ -	\$ -	\$ 169,563
Accrued salaries and payroll taxes	55,200	-	-	55,200
Deposits payable	11,102	-	-	11,102
Unearned revenue	-	69,258	-	69,258
TOTAL LIABILITIES	<u>235,865</u>	<u>69,258</u>	<u>-</u>	<u>305,123</u>
FUND BALANCES:				
Restricted	133,703	80,690	125,931	340,324
Unassigned	(63,845)	-	-	(63,845)
TOTAL FUND BALANCES	<u>69,858</u>	<u>80,690</u>	<u>125,931</u>	<u>276,479</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 305,723</u>	<u>\$ 149,948</u>	<u>\$ 125,931</u>	<u>\$ 581,602</u>

CITY OF WEST LINN, OREGON

NONMAJOR GOVERNMENTAL FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
REVENUES:				
Property taxes	\$ -	\$ 1,308,517	\$ -	\$ 1,308,517
Intergovernmental	241,649	-	-	241,649
Franchise taxes	84,206	-	-	84,206
Licenses and permits	805,993	-	-	805,993
Charges for services	281,629	-	-	281,629
Miscellaneous	2,843	-	-	2,843
TOTAL REVENUES	<u>1,416,320</u>	<u>1,308,517</u>	<u>-</u>	<u>2,724,837</u>
EXPENDITURES:				
Current:				
General government	969,541	-	-	969,541
Public safety	698,874	-	-	698,874
Debt service:				
Principal	-	860,000	-	860,000
Interest	-	436,508	-	436,508
Capital outlay	-	-	9,311	9,311
TOTAL EXPENDITURES	<u>1,668,415</u>	<u>1,296,508</u>	<u>9,311</u>	<u>2,974,234</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCES	(252,095)	12,009	(9,311)	(249,397)
FUND BALANCES - beginning	<u>321,953</u>	<u>68,681</u>	<u>135,242</u>	<u>525,876</u>
FUND BALANCES - ending	<u>\$ 69,858</u>	<u>\$ 80,690</u>	<u>\$ 125,931</u>	<u>\$ 276,479</u>

CITY OF WEST LINN, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013

	Building Inspections Fund	Planning Fund	Total
ASSETS:			
Restricted cash and investments	\$ 211,641	\$ -	\$ 211,641
Accounts receivable	1,885	92,197	94,082
	<u>1,885</u>	<u>92,197</u>	<u>94,082</u>
TOTAL ASSETS	<u>\$ 213,526</u>	<u>\$ 92,197</u>	<u>\$ 305,723</u>
LIABILITIES:			
Accounts payable	\$ 58,223	\$ 111,340	\$ 169,563
Accrued salaries and payroll taxes	20,100	35,100	55,200
Deposits payable	1,500	9,602	11,102
	<u>1,500</u>	<u>9,602</u>	<u>11,102</u>
TOTAL LIABILITIES	<u>79,823</u>	<u>156,042</u>	<u>235,865</u>
FUND BALANCES (DEFICIT):			
Restricted	133,703	-	133,703
Unassigned	-	(63,845)	(63,845)
	<u>-</u>	<u>(63,845)</u>	<u>(63,845)</u>
TOTAL FUND BALANCES (DEFICIT)	<u>133,703</u>	<u>(63,845)</u>	<u>69,858</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 213,526</u>	<u>\$ 92,197</u>	<u>\$ 305,723</u>

CITY OF WEST LINN, OREGON

NONMAJOR SPECIAL REVENUE FUNDS

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Building Inspections Fund	Planning Fund	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUES:			
Intergovernmental	\$ -	\$ 241,649	\$ 241,649
Franchise taxes	-	84,206	84,206
Licenses and permits	577,532	228,461	805,993
Charges for services	-	281,629	281,629
Miscellaneous	-	2,843	2,843
	<u>577,532</u>	<u>838,788</u>	<u>1,416,320</u>
TOTAL REVENUES			
EXPENDITURES:			
Current:			
General government	-	969,541	969,541
Public safety	698,874	-	698,874
	<u>698,874</u>	<u>969,541</u>	<u>1,668,415</u>
TOTAL EXPENDITURES			
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(121,342)	(130,753)	(252,095)
FUND BALANCES - beginning	<u>255,045</u>	<u>66,908</u>	<u>321,953</u>
FUND BALANCES (DEFICIT) - ending	<u>\$ 133,703</u>	<u>\$ (63,845)</u>	<u>\$ 69,858</u>

CITY OF WEST LINN, OREGON

BUILDING INSPECTIONS FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budget for the 2012-2013 Biennium		Actual		Total	Variance with Final Budget
	Original	Final	1st Year FY 2011-12	2nd Year FY 2012-13		
REVENUES:						
Licenses and permits	\$ 1,392,000	\$ 1,392,000	\$ 715,745	\$ 577,532	\$ 1,293,277	\$ (98,723)
Miscellaneous	10,000	10,000	-	-	-	(10,000)
TOTAL REVENUES	1,402,000	1,402,000	715,745	577,532	1,293,277	(108,723)
EXPENDITURES:						
Personal services	860,000	860,000	415,503	393,692	809,195	50,805
Materials and services	41,000	41,000	10,622	10,182	20,804	20,196
Contingency	50,000	50,000	-	-	-	50,000
TOTAL EXPENDITURES	951,000	951,000	426,125	403,874	829,999	121,001
EXCESS OF REVENUES OVER EXPENDITURES	451,000	451,000	289,620	173,658	463,278	12,278
OTHER FINANCING USES:						
Transfers to other funds	(579,000)	(579,000)	(278,000)	(295,000)	(573,000)	6,000
NET CHANGE IN FUND BALANCES	(128,000)	(128,000)	11,620	(121,342)	(109,722)	18,278
FUND BALANCES - beginning	200,000	200,000	243,425	255,045	243,425	43,425
FUND BALANCES - ending	\$ 72,000	\$ 72,000	\$ 255,045	\$ 133,703	\$ 133,703	\$ 61,703

CITY OF WEST LINN, OREGON

PLANNING FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budget for the 2012-2013 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2011-12	2nd Year FY 2012-13	Total	
REVENUES:						
Intergovernmental	\$ 512,000	\$ 512,000	\$ 263,349	\$ 241,649	\$ 504,998	\$ (7,002)
Franchise taxes	375,000	375,000	56,144	84,206	140,350	(234,650)
Licenses and permits	551,000	551,000	198,055	228,461	426,516	(124,484)
Investment earnings	2,000	2,000	-	-	-	(2,000)
Miscellaneous	2,000	2,000	5,754	2,843	8,597	6,597
TOTAL REVENUES	1,442,000	1,442,000	523,302	557,159	1,080,461	(361,539)
EXPENDITURES:						
Personal services	1,497,000	1,257,000	591,131	593,547	1,184,678	72,322
Material and services	193,000	193,000	44,120	37,994	82,114	110,886
Contingency	50,000	290,000	-	-	-	290,000
TOTAL EXPENDITURES	1,740,000	1,740,000	635,251	631,541	1,266,792	473,208
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(298,000)	(298,000)	(111,949)	(74,382)	(186,331)	111,669
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	673,000	673,000	211,000	281,629	492,629	(180,371)
Transfers to other funds	(663,000)	(663,000)	(295,000)	(338,000)	(633,000)	30,000
TOTAL OTHER FINANCING SOURCES (USES)	10,000	10,000	(84,000)	(56,371)	(140,371)	(150,371)
NET CHANGE IN FUND BALANCES	(288,000)	(288,000)	(195,949)	(130,753)	(326,702)	(38,702)
FUND BALANCES - beginning	381,000	381,000	262,857	66,908	262,857	(118,143)
FUND BALANCES (DEFICIT) - ending	\$ 93,000	\$ 93,000	\$ 66,908	\$ (63,845)	\$ (63,845)	\$ (156,845)

CITY OF WEST LINN, OREGON

DEBT SERVICE FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budget for the 2012-2013 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2011-12	2nd Year FY 2012-13	Total	
REVENUES:						
Property taxes	\$ 1,715,000	\$ 2,107,000	\$ 834,004	\$ 1,308,517	\$ 2,142,521	\$ 35,521
Investment earnings	2,000	2,000	-	-	-	(2,000)
TOTAL REVENUES	<u>1,717,000</u>	<u>2,109,000</u>	<u>834,004</u>	<u>1,308,517</u>	<u>2,142,521</u>	<u>33,521</u>
EXPENDITURES:						
Debt service:						
Principal	1,440,000	1,550,000	690,000	860,000	1,550,000	-
Interest	365,000	647,000	200,718	436,508	637,226	9,774
TOTAL EXPENDITURES	<u>1,805,000</u>	<u>2,197,000</u>	<u>890,718</u>	<u>1,296,508</u>	<u>2,187,226</u>	<u>9,774</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCES	(88,000)	(88,000)	(56,714)	12,009	(44,705)	43,295
FUND BALANCES - beginning	<u>137,000</u>	<u>137,000</u>	<u>125,395</u>	<u>68,681</u>	<u>125,395</u>	<u>(11,605)</u>
FUND BALANCES - ending	<u>\$ 49,000</u>	<u>\$ 49,000</u>	<u>\$ 68,681</u>	<u>\$ 80,690</u>	<u>\$ 80,690</u>	<u>\$ 31,690</u>

CITY OF WEST LINN, OREGON

PARK BOND CONSTRUCTION FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budget for the 2012-2013 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2011-12	2nd Year FY 2012-13	Total	
EXPENDITURES:						
Capital outlay	\$ 177,000	\$ 177,000	\$ -	\$ 9,311	\$ 9,311	\$ 167,689
TOTAL EXPENDITURES	<u>177,000</u>	<u>177,000</u>	<u>-</u>	<u>9,311</u>	<u>9,311</u>	<u>167,689</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(177,000)	(177,000)	-	(9,311)	(9,311)	167,689
FUND BALANCES - beginning	<u>177,000</u>	<u>177,000</u>	<u>135,242</u>	<u>135,242</u>	<u>135,242</u>	<u>(41,758)</u>
FUND BALANCES - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,242</u>	<u>\$ 125,931</u>	<u>\$ 125,931</u>	<u>\$ 125,931</u>

**INDIVIDUAL FUND FINANCIAL
SCHEDULES**
Proprietary Funds

Proprietary Funds

These funds account for operations of the City's enterprise activities. All proprietary funds are major funds of the City.

Water Fund – accounts for the City's water utility operations including maintenance and operations. All water related revenues and expenditures, including capital replacement, are included in this fund.

Environmental Services Fund – accounts for the City's sewer and surface water operations. It includes the maintenance and operations of sewer and surface water infrastructure.

CITY OF WEST LINN, OREGON

WATER FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budget for the 2012-2013 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2011-12	2nd Year FY 2012-13	Total	
REVENUES:						
Water charges	\$ 6,555,000	\$ 6,555,000	\$ 3,152,123	\$ 3,484,998	\$ 6,637,121	\$ 82,121
Systems development charges	-	-	53,360	42,274	95,634	95,634
Investment earnings	6,000	6,000	-	-	-	(6,000)
Miscellaneous	83,000	83,000	60,431	63,546	123,977	40,977
TOTAL REVENUES	6,644,000	6,644,000	3,265,914	3,590,818	6,856,732	212,732
EXPENDITURES:						
Personal services	1,080,000	1,080,000	522,988	457,132	980,120	99,880
Materials and services	3,014,000	3,014,000	1,347,850	1,524,505	2,872,355	141,645
Debt service	302,000	302,000	148,822	150,013	298,835	3,165
Capital outlay	750,000	750,000	27,871	599,493	627,364	122,636
Contingency	450,000	450,000	-	-	-	450,000
TOTAL EXPENDITURES	5,596,000	5,596,000	2,047,531	2,731,143	4,778,674	817,326
EXCESS OF REVENUES OVER EXPENDITURES	1,048,000	1,048,000	1,218,383	859,675	2,078,058	1,030,058
OTHER FINANCING USES:						
Transfers to other funds	(1,341,000)	(1,341,000)	(657,000)	(684,000)	(1,341,000)	-
NET CHANGE IN FUND BALANCES	(293,000)	(293,000)	561,383	175,675	737,058	1,030,058
FUND BALANCES - beginning	619,000	619,000	694,800	1,256,183	694,800	75,800
FUND BALANCES - ending	\$ 326,000	\$ 326,000	\$ 1,256,183	\$ 1,431,858	1,431,858	\$ 1,105,858

RECONCILIATION TO NET POSITION - GAAP BASIS:

Adjustment for bond issuance costs being amortized	52,173
Adjustment for compensated absences being accrued	(55,523)
Adjustment for OPEB liability being accrued	(33,704)
Adjustment for interest payable being accrued	(14,356)
Adjustment for capital assets not being depreciated	526,106
Adjustment for capital assets, net of accumulated depreciation	10,060,192
Adjustment for investment in joint venture	8,068,437
Adjustment for bonds payable - due within one year	(95,000)
Adjustment for long term bonds payable	(875,000)

NET POSITION - GAAP BASIS

\$ 19,065,183

CITY OF WEST LINN, OREGON

ENVIRONMENTAL SERVICES FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budget for the 2012-2013 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2011-12	2nd Year FY 2012-13	Total	
REVENUES:						
Sewer charges	\$ 3,692,000	\$ 3,692,000	\$ 1,934,533	\$ 1,969,845	\$ 3,904,378	\$ 212,378
Surface water charges	1,341,000	1,341,000	666,751	695,736	1,362,487	21,487
Systems development charges	140,000	140,000	106,068	76,036	182,104	42,104
Investment earnings	20,000	20,000	-	-	-	(20,000)
Miscellaneous	117,000	117,000	76,355	71,856	148,211	31,211
TOTAL REVENUES	5,310,000	5,310,000	2,783,707	2,813,473	5,597,180	287,180
EXPENDITURES:						
Personal services	1,055,000	1,055,000	524,754	427,504	952,258	102,742
Materials and services	613,000	613,000	289,294	291,708	581,002	31,998
Capital outlay	1,600,000	1,600,000	588,801	900,024	1,488,825	111,175
Contingency	2,000,000	2,000,000	-	-	-	2,000,000
TOTAL EXPENDITURES	5,268,000	5,268,000	1,402,849	1,619,236	3,022,085	2,245,915
EXCESS OF REVENUES OVER EXPENDITURES	42,000	42,000	1,380,858	1,194,237	2,575,095	2,533,095
OTHER FINANCING USES:						
Transfers to other funds	(2,187,000)	(2,187,000)	(1,070,000)	(1,117,000)	(2,187,000)	-
NET CHANGE IN FUND BALANCES	(2,145,000)	(2,145,000)	310,858	77,237	388,095	2,533,095
FUND BALANCES - beginning	2,549,000	2,549,000	3,053,618	3,364,476	3,053,618	504,618
FUND BALANCES - ending	\$ 404,000	\$ 404,000	\$ 3,364,476	\$ 3,441,713	3,441,713	\$ 3,037,713
RECONCILIATION TO NET POSITION - GAAP BASIS:						
Adjustment for compensated absences being accrued					(36,924)	
Adjustment for OPEB liability being accrued					(33,704)	
Adjustment for capital assets not being depreciated					213,610	
Adjustment for capital assets, net of accumulated depreciation					18,518,578	
NET POSITION - GAAP BASIS					\$ 22,103,273	

OTHER FINANCIAL SCHEDULES

Schedule of Future Debt Service Requirements

Schedule of Property Tax Transactions and Outstanding Balances

Schedule of Accountability of Independently Elected Officials

CITY OF WEST LINN, OREGON

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS

JUNE 30, 2013

FUTURE BOND PRINCIPAL

Fiscal year	General Obligation Bonds			Full Faith and Credit Obligations Bonds		Revenue Bonds	Total
	Series 2009-A	Series 2010-A	Series 2012	Series 2009-B	Series 2010-B	Water	
	Refunded Parks	Refunded Library	Police Station	Str/Police/Parks	Refunded City Hall	Series 2000	
	Jan. 21, 2009	Sep. 2, 2010	Jan. 25, 2012	Jan. 21, 2009	Sep. 2, 2010	Oct. 1, 2000	
2014	\$ 515,000	\$ 240,000	\$ 220,000	\$ 165,000	\$ 230,000	\$ 95,000	\$ 1,465,000
2015	535,000	250,000	245,000	170,000	240,000	105,000	1,545,000
2016	555,000	275,000	275,000	175,000	245,000	110,000	1,635,000
2017	570,000	290,000	295,000	180,000	255,000	115,000	1,705,000
2018	590,000	310,000	310,000	185,000	265,000	125,000	1,785,000
2019	280,000	330,000	335,000	190,000	275,000	130,000	1,540,000
2020	-	355,000	355,000	200,000	285,000	140,000	1,335,000
2021	-	385,000	375,000	210,000	295,000	150,000	1,415,000
2022	-	-	400,000	215,000	-	-	615,000
2023	-	-	425,000	225,000	-	-	650,000
2024	-	-	450,000	235,000	-	-	685,000
2025	-	-	475,000	245,000	-	-	720,000
2026	-	-	505,000	255,000	-	-	760,000
2027	-	-	530,000	265,000	-	-	795,000
2028	-	-	565,000	275,000	-	-	840,000
2029	-	-	595,000	290,000	-	-	885,000
2030	-	-	630,000	-	-	-	630,000
2031	-	-	665,000	-	-	-	665,000
2032	-	-	715,000	-	-	-	715,000
	<u>\$ 3,045,000</u>	<u>\$ 2,435,000</u>	<u>\$ 8,365,000</u>	<u>\$ 3,480,000</u>	<u>\$ 2,090,000</u>	<u>\$ 970,000</u>	<u>\$ 20,385,000</u>

FUTURE BOND INTEREST

Fiscal year	General Obligation Bonds			Full Faith and Credit Obligations Bonds		Revenue Bonds	Total
	Series 2009-A	Series 2010-A	Series 2012	Series 2009-B	Series 2010-B	Water	
	Refunded Parks	Refunded Library	Police Station	Str/Police/Parks	Refunded City Hall	Series 2000	
	Jan. 21, 2009	Sep. 2, 2010	Jan. 25, 2012	Jan. 21, 2009	Sep. 2, 2010	Oct. 1, 2000	
2014	\$ 101,338	\$ 59,138	\$ 188,638	\$ 137,773	\$ 65,925	\$ 54,694	\$ 607,506
2015	85,888	54,338	184,237	132,823	58,875	48,944	565,105
2016	69,838	49,338	179,338	127,723	51,600	42,763	520,600
2017	51,800	43,838	173,837	122,035	42,825	36,150	470,485
2018	31,850	37,313	167,938	115,735	32,425	28,950	414,211
2019	5,600	29,563	161,737	108,335	23,000	21,300	349,535
2020	-	21,313	155,038	100,735	14,600	13,200	304,886
2021	-	11,550	147,937	92,735	5,163	4,500	261,885
2022	-	-	140,438	84,335	-	-	224,773
2023	-	-	132,437	75,735	-	-	208,172
2024	-	-	123,938	66,623	-	-	190,561
2025	-	-	114,937	57,105	-	-	172,042
2026	-	-	105,438	46,815	-	-	152,253
2027	-	-	94,706	36,105	-	-	130,811
2028	-	-	82,781	24,578	-	-	107,359
2029	-	-	69,363	12,615	-	-	81,978
2030	-	-	54,487	-	-	-	54,487
2031	-	-	37,950	-	-	-	37,950
2032	-	-	9,831	-	-	-	9,831
	<u>\$ 346,314</u>	<u>\$ 306,391</u>	<u>\$ 2,325,006</u>	<u>\$ 1,341,805</u>	<u>\$ 294,413</u>	<u>\$ 250,501</u>	<u>\$ 4,864,430</u>

CITY OF WEST LINN, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Tax Year</u>	<u>Uncollected Property Taxes as of June 30, 2012</u>	<u>Add Tax Levy Extended by Assessor</u>	<u>Add (deduct) Adjustments and Discounts</u>	<u>Deduct Cash Collections</u>	<u>Uncollected Property Taxes as of June 30, 2013</u>
Current fiscal year 2012-13	\$ -	\$ 7,724,400	\$ (189,746)	(7,283,059)	\$ 251,595
Prior fiscal years					
2011-12	256,342	-	(8,795)	(123,226)	124,321
2010-11	122,705	-	(6,153)	(37,270)	79,282
2009-10	79,382	-	(923)	(32,069)	46,390
2008-09	27,241	-	(455)	(18,829)	7,957
2007-08 & prior	15,617	-	(755)	(2,590)	12,272
Sub-total prior	<u>501,287</u>	<u>-</u>	<u>(17,081)</u>	<u>(213,984)</u>	<u>270,222</u>
Total	<u>\$ 501,287</u>	<u>\$ 7,724,400</u>	<u>\$ (206,827)</u>	<u>\$ (7,497,043)</u>	<u>\$ 521,817</u>

Public Safety Fund	\$ 301,938
Parks and Recreation Fund	80,517
Library Fund	60,387
Debt Service Fund	<u>78,975</u>
	<u>\$ 521,817</u>

CITY OF WEST LINN, OREGON
SCHEDULE OF ACCOUNTABILITY OF INDEPENDENTLY ELECTED OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Oregon Revised Statutes (ORS) Section 297 requires a statement of accountability for each independently elected official collecting or receiving money in the municipal corporation. In compliance with ORS 297, there are no independently elected officials that collect or receive money on behalf of the City of West Linn.

CITY OF WEST LINN, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT

SECTION III

STATISTICAL SECTION

STATISTICAL SECTION

This section provides further details as a context for a better understanding of the financial statements.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how financial performance has changed over time.	83
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.	89
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	93
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	98
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	100

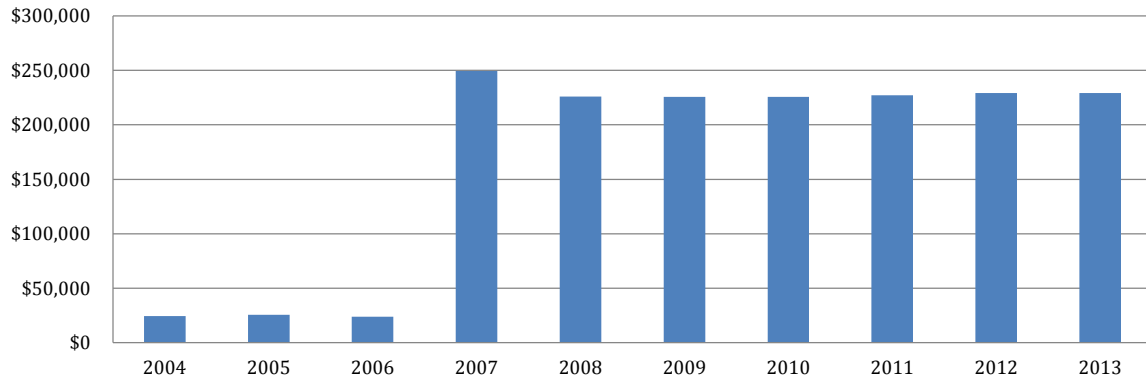
Sources: The information in these schedules is derived from the comprehensive annual financial reports for the relevant year, unless otherwise noted. The City implemented GASB Statement 34 in fiscal year 2002-03, except for the infrastructure provisions which were implemented in fiscal year 2007-08, GASB Statement 44 in fiscal year 2007-08, GASB Statement 54 in fiscal year 2010-11, and GASB Statement 63 in fiscal year 2012-13.

CITY OF WEST LINN, OREGON

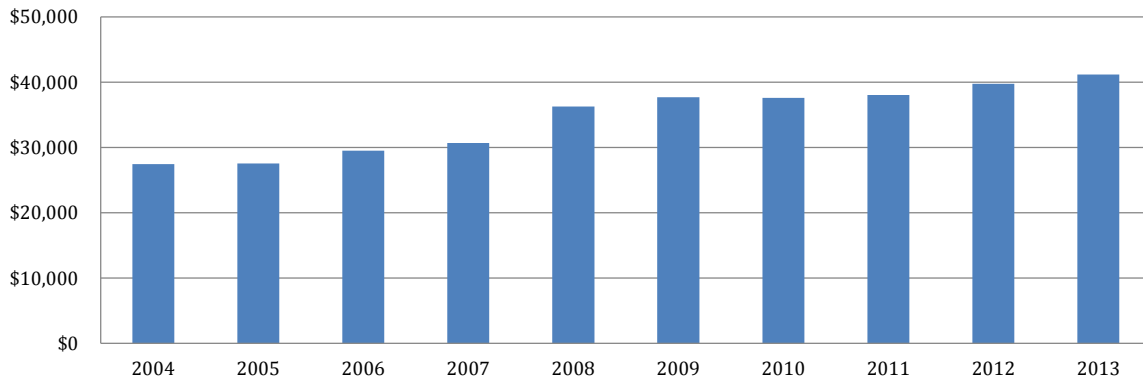
Net Position by Component for the last ten fiscal years (accrual basis of accounting) (in thousands)

	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 14,704	\$ 17,453	\$ 17,951	\$ 241,987	\$ 218,998	\$ 219,277	\$ 217,988	\$ 218,578	\$ 217,951	\$ 217,876
Restricted	3,867	4,080	2,854	3,526	4,479	6,565	6,450	4,930	6,077	6,467
Unrestricted (deficit)	5,893	3,921	2,996	3,995	2,514	(248)	1,279	3,483	5,123	4,854
Total governmental activities net position	<u>24,464</u>	<u>25,454</u>	<u>23,801</u>	<u>249,508</u>	<u>225,991</u>	<u>225,594</u>	<u>225,717</u>	<u>226,991</u>	<u>229,151</u>	<u>229,197</u>
Business-type activities										
Net investment in capital assets	19,011	20,447	21,059	20,723	26,201	27,454	27,089	26,945	27,482	28,348
Restricted	-	-	-	-	-	155	155	155	155	155
Unrestricted	8,458	7,085	8,442	9,939	10,090	10,082	10,354	10,943	12,104	12,666
Total business-type activities net position	<u>27,469</u>	<u>27,532</u>	<u>29,501</u>	<u>30,662</u>	<u>36,291</u>	<u>37,691</u>	<u>37,598</u>	<u>38,043</u>	<u>39,741</u>	<u>41,169</u>
Primary government										
Net investment in capital assets	33,715	37,900	39,010	262,710	245,199	246,731	245,077	245,523	245,433	246,224
Restricted	3,867	4,080	2,854	3,526	4,479	6,720	6,605	5,085	6,232	6,622
Unrestricted	14,351	11,006	11,438	13,934	12,604	9,834	11,633	14,426	17,227	17,520
Total primary government net position	<u>\$ 51,933</u>	<u>\$ 52,986</u>	<u>\$ 53,302</u>	<u>\$ 280,170</u>	<u>\$ 262,282</u>	<u>\$ 263,285</u>	<u>\$ 263,315</u>	<u>\$ 265,034</u>	<u>\$ 268,892</u>	<u>\$ 270,366</u>

Net Position - Governmental Activities ('000s)



Net Position - Business-type Activities ('000s)



CITY OF WEST LINN, OREGON

**Changes in Net Position
for the last ten fiscal years
(accrual basis of accounting)
(in thousands)**

	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 3,637	\$ 3,838	\$ 4,040	\$ 4,695	\$ 6,007	\$ 5,970	\$ 6,305	\$ 6,676	\$ 7,110	\$ 7,305
Culture and recreation	2,725	2,776	2,846	2,973	4,279	5,433	5,492	5,788	6,038	6,291
Public safety	5,767	4,315	4,414	4,490	5,658	6,318	6,472	6,368	6,803	7,074
Highways and streets	1,200	609	1,442	994	1,235	3,528	3,492	3,492	3,431	3,581
Interest on long-term debt	724	773	591	640	631	599	626	404	507	615
Unallocated depreciation	550	626	1,486	644	2,395	-	-	-	-	-
Total governmental activities expenses	<u>14,603</u>	<u>12,937</u>	<u>14,819</u>	<u>14,436</u>	<u>20,205</u>	<u>21,848</u>	<u>22,387</u>	<u>22,728</u>	<u>23,889</u>	<u>24,866</u>
Business-type activities:										
Water	2,362	2,450	2,732	2,270	2,914	3,269	3,071	3,061	3,025	3,219
Environmental services	1,880	1,950	2,094	1,409	2,814	2,704	2,560	2,640	2,721	2,756
Total business-type activities expenses	<u>4,242</u>	<u>4,400</u>	<u>4,826</u>	<u>3,679</u>	<u>5,728</u>	<u>5,973</u>	<u>5,631</u>	<u>5,701</u>	<u>5,746</u>	<u>5,975</u>
Total primary government expenses	<u>\$ 18,845</u>	<u>\$ 17,337</u>	<u>\$ 19,645</u>	<u>\$ 18,115</u>	<u>\$ 25,933</u>	<u>\$ 27,821</u>	<u>\$ 28,018</u>	<u>\$ 28,429</u>	<u>\$ 29,635</u>	<u>\$ 30,841</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,564	\$ 3,134	\$ 3,955	\$ 3,527	\$ 6,473	\$ 6,364	\$ 6,844	\$ 7,232	\$ 8,228	\$ 8,167
Culture and recreation	-	-	-	-	1,321	1,543	1,590	1,764	1,905	1,911
Public safety	-	-	-	-	753	664	663	693	741	612
Highways and streets	-	-	-	-	243	833	778	792	870	904
Operating grants and contributions	2,102	2,716	2,411	2,374	2,372	2,486	3,045	4,015	3,852	3,974
Capital grants and contributions	-	-	-	-	1,755	727	770	493	1,531	248
Total governmental activities program revenues	<u>4,666</u>	<u>5,850</u>	<u>6,366</u>	<u>5,901</u>	<u>12,917</u>	<u>12,617</u>	<u>13,690</u>	<u>14,989</u>	<u>17,127</u>	<u>15,816</u>
Business-type activities:										
Charges for services:										
Water	2,876	2,573	2,986	3,579	2,903	3,069	2,926	3,071	3,554	4,021
Environmental services	1,811	1,870	1,899	2,244	2,020	2,452	2,362	2,500	2,784	2,813
Capital grants and contributions	-	-	-	-	865	1,635	100	206	936	155
Total business-type activities program revenues	<u>4,687</u>	<u>4,443</u>	<u>4,885</u>	<u>5,823</u>	<u>5,788</u>	<u>7,156</u>	<u>5,388</u>	<u>5,777</u>	<u>7,274</u>	<u>6,989</u>
Total primary government program revenues	<u>\$ 9,353</u>	<u>\$ 10,293</u>	<u>\$ 11,251</u>	<u>\$ 11,724</u>	<u>\$ 18,705</u>	<u>\$ 19,773</u>	<u>\$ 19,078</u>	<u>\$ 20,766</u>	<u>\$ 24,401</u>	<u>\$ 22,805</u>

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	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense) Revenue										
Governmental activities	\$ (9,937)	\$ (7,087)	\$ (8,453)	\$ (8,535)	\$ (7,288)	\$ (9,231)	\$ (8,697)	\$ (7,739)	\$ (6,762)	\$ (9,050)
Business-type activities	445	43	59	2,144	60	1,183	(243)	76	1,528	1,014
Total primary government expenses	<u>\$ (9,492)</u>	<u>\$ (7,044)</u>	<u>\$ (8,394)</u>	<u>\$ (6,391)</u>	<u>\$ (7,228)</u>	<u>\$ (8,048)</u>	<u>\$ (8,940)</u>	<u>\$ (7,663)</u>	<u>\$ (5,234)</u>	<u>\$ (8,036)</u>
General Revenues										
Governmental activities:										
Property taxes, levied for general purposes	\$ 7,728	\$ 5,520	\$ 5,760	\$ 6,675	\$ 5,264	\$ 5,536	\$ 5,785	\$ 5,918	\$ 6,181	\$ 6,197
Property taxes, levied for debt service	911	811	854	931	769	942	828	884	839	1,321
Franchise taxes	1,829	1,711	1,460	2,098	1,686	1,728	1,952	1,662	1,749	1,662
Unrestricted grants and contributions	-	-	382	279	263	604	361	675	303	319
Interest and investment earnings	144	171	210	468	420	51	23	18	19	10
Gain on disposition of capital assets	-	-	-	-	-	-	-	222	-	-
Transfers	180	165	(1,866)	1,092	(132)	(27)	(129)	(365)	(170)	(413)
Total governmental activities	<u>10,792</u>	<u>8,378</u>	<u>6,800</u>	<u>11,543</u>	<u>8,270</u>	<u>8,834</u>	<u>8,820</u>	<u>9,014</u>	<u>8,921</u>	<u>9,096</u>
Business-type activities:										
Investment earnings	47	20	44	110	109	190	7	3	-	-
Gain on disposition of capital assets	-	-	-	-	-	-	14	1	-	-
Transfers	-	-	1,866	(1,092)	132	27	129	365	170	413
Total business-type activities	<u>47</u>	<u>20</u>	<u>1,910</u>	<u>(982)</u>	<u>241</u>	<u>217</u>	<u>150</u>	<u>369</u>	<u>170</u>	<u>413</u>
Total primary government	<u>\$ 10,839</u>	<u>\$ 8,398</u>	<u>\$ 8,710</u>	<u>\$ 10,561</u>	<u>\$ 8,511</u>	<u>\$ 9,051</u>	<u>\$ 8,970</u>	<u>\$ 9,383</u>	<u>\$ 9,091</u>	<u>\$ 9,509</u>
Change in Net Position										
Governmental activities	\$ 855	\$ 1,291	\$ (1,653)	\$ 3,008	\$ 982	\$ (397)	\$ 123	\$ 1,275	\$ 2,159	\$ 46
Business-type activities	492	63	1,969	1,162	301	1,400	(93)	445	1,698	1,427
Total primary government	<u>\$ 1,347</u>	<u>\$ 1,354</u>	<u>\$ 316</u>	<u>\$ 4,170</u>	<u>\$ 1,283</u>	<u>\$ 1,003</u>	<u>\$ 30</u>	<u>\$ 1,720</u>	<u>\$ 3,857</u>	<u>\$ 1,473</u>

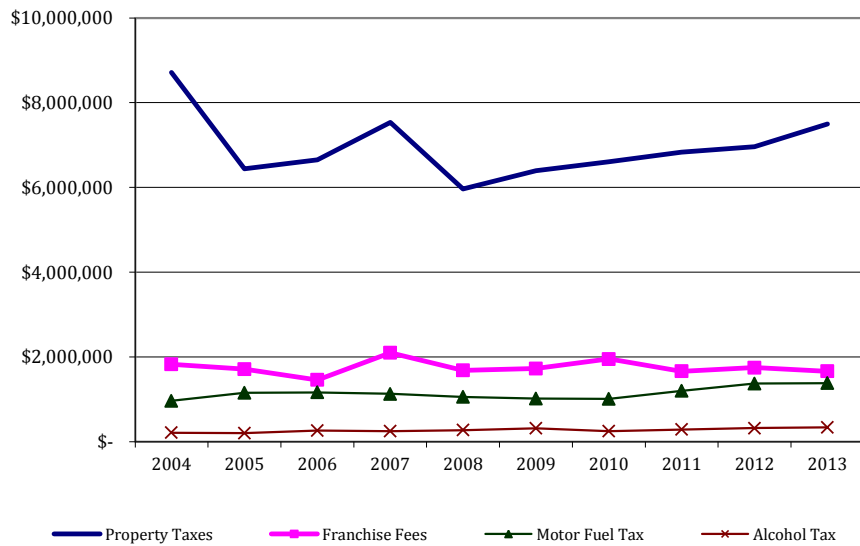
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CITY OF WEST LINN, OREGON
Governmental Activities Tax Revenues by Source
for the last ten fiscal years
(modified accrual basis of accounting)

Fiscal year	Property tax	Franchise tax	Motor fuel tax¹	Alcoholic beverage tax¹	Total
2004	\$ 8,712,331	\$ 1,828,703	\$ 967,752	\$ 214,322	\$ 11,723,108
2005	6,440,143	1,711,039	1,156,516	203,690	9,511,388
2006	6,650,854	1,459,842	1,166,254	266,193	9,543,143
2007	7,531,540	2,098,041	1,129,618	252,951	11,012,150
2008	5,965,524	1,685,632	1,057,792	275,206	8,984,154
2009	6,392,688	1,727,918	1,018,039	319,257	9,457,902
2010	6,603,432	1,952,259	1,012,955	252,198	9,820,844
2011	6,834,048	1,662,509	1,204,209	289,005	9,989,771
2012	6,957,799	1,748,619	1,372,076	321,952	10,400,446
2013	7,497,058	1,661,718	1,384,642	337,394	10,880,812

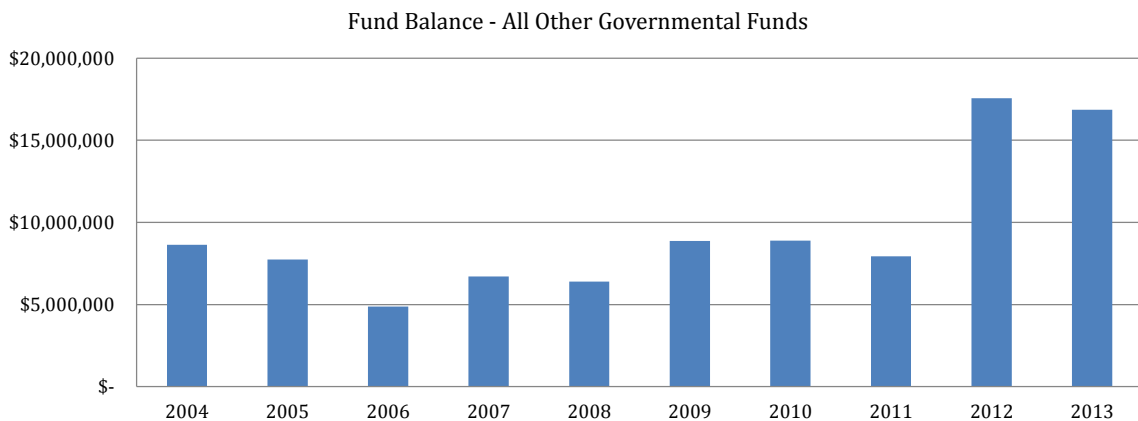
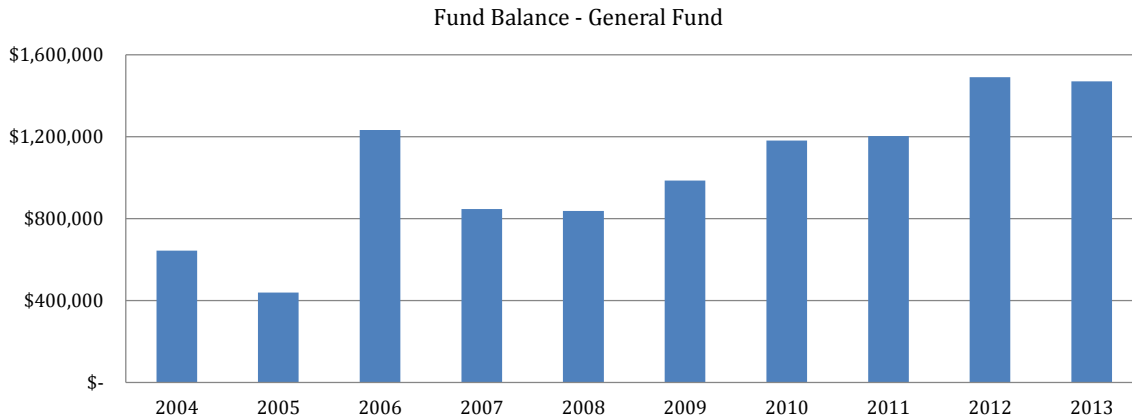
¹ Motor fuel and alcoholic beverage taxes are not directly assessed by the City of West Linn, but rather by the State of Oregon, then a portion is allocated to the City based upon population.

Trend Lines of Tax Revenues by Source



CITY OF WEST LINN, OREGON
Fund Balances of Governmental Funds
for the last ten fiscal years
(modified accrual basis of accounting)

	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ 104,342	\$ 142,264	\$ -	\$ 36,838	\$ 150,378	\$ 164,462	\$ 169,275
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	644,507	439,342	1,232,657	742,999	695,299	985,405	1,144,698	1,052,484	1,325,884	1,301,083
Total general fund	\$ 644,507	\$ 439,342	\$ 1,232,657	\$ 847,341	\$ 837,563	\$ 985,405	\$ 1,181,536	\$ 1,202,862	\$ 1,490,346	\$ 1,470,358
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ 250,000	\$ 250,000	\$ 157,298	\$ 157,300	\$ 157,300	\$ 157,300	\$ 157,300	\$ 157,300
Restricted	5,669,648	5,773,038	3,798,139	3,558,887	4,322,104	6,408,089	6,292,160	4,773,436	12,922,103	12,544,353
Committed	2,965,904	1,973,454	514,764	2,481,294	1,683,251	2,138,630	2,331,737	3,000,053	4,482,238	4,229,965
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	317,384	425,586	240,620	156,522	101,602	-	-	(63,845)
Total all other governmental funds	\$8,635,552	\$7,746,492	\$4,880,287	\$6,715,767	\$6,403,273	\$8,860,541	\$8,882,799	\$7,930,789	\$17,561,641	\$16,867,773



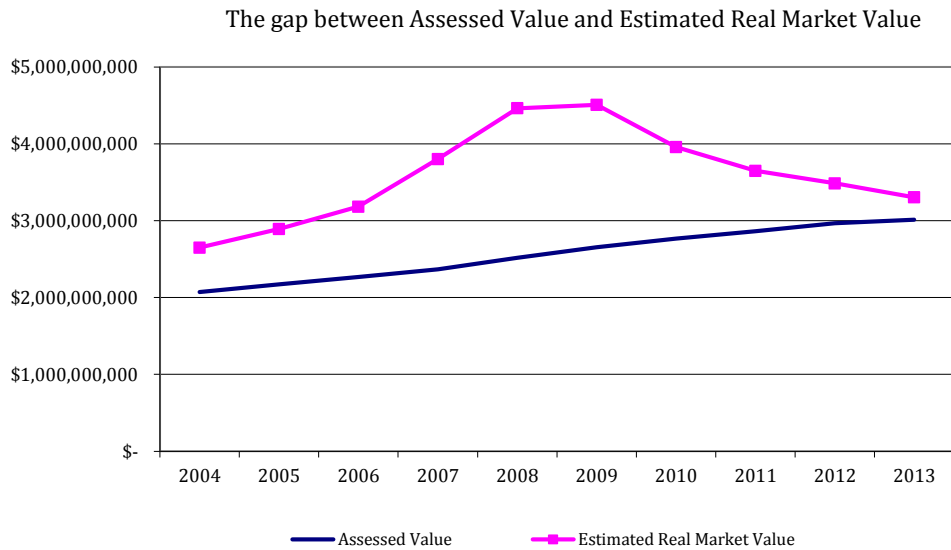
CITY OF WEST LINN, OREGON
Changes in Fund Balances of Governmental Funds
for the last ten fiscal years
(modified accrual basis of accounting)

	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Property taxes	\$8,712,331	\$ 6,440,143	\$ 6,650,854	\$ 7,531,540	\$5,965,524	\$6,392,688	\$6,603,432	\$6,834,048	\$6,957,799	\$ 7,497,058
Intergovernmental	2,102,137	2,716,878	2,410,889	2,374,184	2,371,677	2,486,047	3,678,872	4,015,212	4,789,930	3,912,898
Franchise taxes	1,828,703	1,711,039	1,459,842	2,098,041	1,685,632	1,727,918	1,952,259	1,662,509	1,748,619	1,661,718
Fines and forfeitures	314,451	463,254	513,503	567,159	517,662	586,145	565,151	520,087	403,165	432,940
Licenses and permits	548,215	703,169	672,024	1,155,020	1,108,494	1,006,790	1,037,008	1,012,185	1,218,483	1,049,767
Charges for services	1,803,957	2,160,498	2,373,428	452,744	5,770,614	7,192,160	7,664,216	7,920,641	8,355,873	8,742,651
Systems development charges	774,017	622,099	1,155,017	1,209,582	963,567	618,819	608,727	1,027,067	1,765,887	1,367,798
Investment earnings	142,692	173,518	202,996	467,203	419,705	50,420	22,990	17,718	18,944	9,833
Miscellaneous	150,248	164,664	382,899	279,634	263,531	604,187	360,470	674,790	303,350	319,017
Total revenues	<u>16,376,751</u>	<u>15,155,262</u>	<u>15,821,452</u>	<u>16,135,107</u>	<u>19,066,406</u>	<u>20,665,174</u>	<u>22,493,125</u>	<u>23,684,257</u>	<u>25,562,050</u>	<u>24,993,680</u>
Expenditures:										
Current:										
General government	4,419,135	4,615,175	4,810,789	4,464,283	5,334,764	5,944,189	6,194,465	6,520,299	6,704,454	7,209,531
Culture and recreation	2,810,471	3,591,126	2,908,948	2,973,587	4,274,399	4,548,376	4,647,411	4,934,363	5,182,185	5,440,445
Public safety	5,971,735	4,323,057	4,578,620	4,545,133	5,642,339	5,940,429	6,262,603	6,261,541	6,711,910	7,041,384
Highways and streets	1,199,738	1,614,965	1,534,138	1,043,943	1,236,200	1,634,945	1,569,050	1,545,578	1,452,551	1,591,059
Debt service:										
Principal	616,092	654,887	590,000	625,000	670,000	705,000	825,000	1,070,000	1,065,000	1,245,000
Interest	729,153	694,268	669,356	639,505	626,604	472,048	741,544	418,655	427,366	651,831
Current refunding	-	-	-	-	-	4,992,519	-	5,933,478	-	-
Capital outlay	764,912	756,008	2,188,791	1,363,980	1,611,978	2,944,474	2,034,663	4,353,775	2,793,021	2,578,462
Total expenditures	<u>16,511,236</u>	<u>16,249,486</u>	<u>17,280,642</u>	<u>15,655,431</u>	<u>19,396,284</u>	<u>27,181,980</u>	<u>22,274,736</u>	<u>31,037,689</u>	<u>24,336,487</u>	<u>25,757,712</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(134,485)</u>	<u>(1,094,224)</u>	<u>(1,459,190)</u>	<u>479,676</u>	<u>(329,878)</u>	<u>(6,516,806)</u>	<u>218,389</u>	<u>(7,353,432)</u>	<u>1,225,563</u>	<u>(764,032)</u>
Other financing sources (uses):										
Transfers from other funds	1,909,921	1,655,936	3,731,852	3,908,392	713,200	322,500	-	-	-	-
Transfers to other funds	(1,909,921)	(1,655,936)	(4,345,554)	(2,937,904)	(705,594)	(322,500)	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	487,887	90,085	-
Full faith and credit obligation bonds	-	-	-	-	-	4,035,000	-	-	-	-
Refunding bonds issued	-	-	-	-	-	4,915,000	-	5,640,000	-	-
General obligation bonds issued	-	-	-	-	-	-	-	-	8,500,000	-
Bond premium on issuance of debt	-	-	-	-	-	171,916	-	294,861	102,688	-
Capital lease	-	-	-	-	-	-	-	-	-	50,176
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(613,702)</u>	<u>970,488</u>	<u>7,606</u>	<u>9,121,916</u>	<u>-</u>	<u>6,422,748</u>	<u>8,692,773</u>	<u>50,176</u>
Net change in fund balances	<u>\$ (134,485)</u>	<u>\$ (1,094,224)</u>	<u>\$ (2,072,892)</u>	<u>\$ 1,450,164</u>	<u>\$ (322,272)</u>	<u>\$2,605,110</u>	<u>\$ 218,389</u>	<u>\$ (930,684)</u>	<u>\$9,918,336</u>	<u>\$ (713,856)</u>
Debt service as a percentage of noncapital expenditures	8.5%	8.7%	8.3%	8.8%	7.3%	4.9%	7.7%	5.6%	6.9%	8.2%

CITY OF WEST LINN, OREGON
Assessed Value and Estimated Real Market Value of Taxable Property
for the last ten fiscal years

Fiscal year	Assessed Value					Total direct tax rate	RMV	Assessed value as a percentage of RMV
	Real property	Personal property	Manuf'd structure	Public utility	Total assessed value		Estimated real market value (RMV)	
2004	\$ 2,008,413,161	\$ 20,002,100	\$ 2,720,712	\$ 43,154,797	\$ 2,074,290,770	\$ 4.2794	\$ 2,649,685,014	78 %
2005	2,101,719,925	19,893,788	2,842,100	49,379,559	2,173,835,372	3.0127	2,893,044,240	75
2006	2,195,743,606	19,493,768	2,639,830	49,034,500	2,266,911,704	3.0265	3,184,053,186	71
2007	2,297,035,876	19,771,894	1,529,407	51,125,300	2,369,462,477	3.2626	3,804,091,192	62
2008	2,429,084,775	23,088,571	97,310	64,467,300	2,516,737,956	2.4317	4,464,348,037	56
2009	2,551,018,947	24,133,819	13,260	80,383,350	2,655,549,376	2.4984	4,507,161,484	59
2010	2,651,268,406	21,528,027	12,220	95,893,520	2,768,702,173	2.4493	3,960,668,206	70
2011	2,746,237,479	20,571,834	5,760	98,229,395	2,865,044,468	2.4522	3,650,547,820	78
2012	2,844,388,454	20,971,094	5,720	100,553,420	2,965,918,688	2.4180	3,487,305,552	85
2013	2,896,939,017	20,871,017	5,740	93,960,465	3,011,776,239	2.5629	3,305,208,425	91

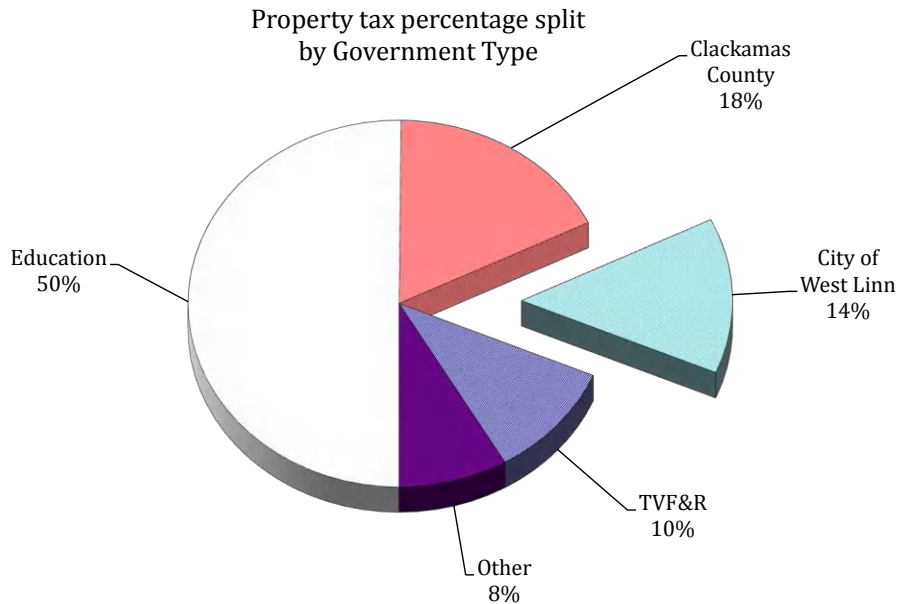
Source: Clackamas County Assessor's Office



CITY OF WEST LINN, OREGON
Property Tax Rates - Direct and Overlapping Governments
for the last ten fiscal years
(rate per \$1,000 of assessed value)

Fiscal year	City direct rates				Overlapping rates							Total direct and overlapping
	Permanent tax rate	Local option levy rate	Bonded debt tax rate	Total direct	West Linn Wilsonville School District	Clackamas County	Clackamas Community College	Education Service District	Tualain Valley Fire and Rescue	Other		
2004	\$ 2.1200	\$ 1.7200	\$ 0.4394	\$ 4.2794	\$ 9.28	\$ 2.58	\$ 0.74	\$ 0.36	\$ -	\$ 0.46	\$ 17.69	
2005	2.1200	0.5050	0.3877	3.0127	9.18	2.58	0.78	0.36	1.83	0.46	18.19	
2006	2.1200	0.4844	0.4221	3.0265	9.23	2.59	0.77	0.36	1.82	0.49	18.28	
2007	2.1200	0.7550	0.3876	3.2626	9.31	2.53	0.73	0.36	1.82	0.47	18.48	
2008	2.1200	-	0.3117	2.4317	9.24	2.80	0.74	0.36	1.87	0.61	18.05	
2009	2.1200	-	0.3784	2.4984	9.05	2.81	0.74	0.36	1.84	0.57	17.88	
2010	2.1200	-	0.3293	2.4493	9.18	3.30	0.72	0.36	1.89	0.62	18.52	
2011	2.1200	-	0.3322	2.4522	9.34	3.29	0.70	0.36	1.78	0.70	18.62	
2012	2.1200	-	0.2980	2.4180	9.36	3.28	0.68	0.36	1.78	0.62	18.50	
2013	2.1200	-	0.4429	2.5629	9.38	3.29	0.70	0.36	1.91	0.50	18.71	

Source: Clackamas County Assessor's Office



CITY OF WEST LINN, OREGON

Principal Property Taxpayers
current year and nine years ago

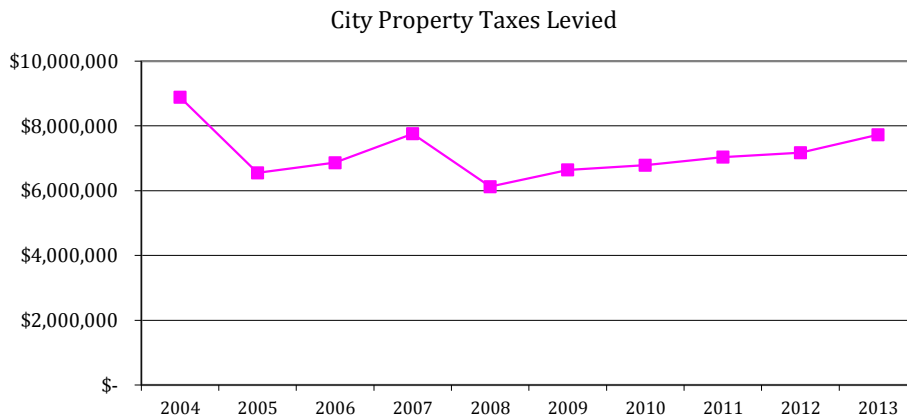
Name	2013			2004		
	Assessed value	Rank	% of total value	Assessed value	Rank	% of total value
Portland General Electric Co	\$ 60,840,000	1	2.0%	\$ 26,037,000	1	1.3%
Simpson Realty Group LP	25,739,698	2	0.9%	11,292,125	5	0.5%
West Linn Paper Company	22,505,756	3	0.7%	17,266,933	2	0.8%
West Linn Shopping Ctr. Assoc. LLC	19,169,796	4	0.6%	5,485,812	10	
Comcast Corporation	16,779,500	5	0.6%			
Blackhawk Nevada LLC	15,500,000	6	0.5%			
Elliott Associates Inc	11,179,964	7	0.4%			
ROIC Cascade Summit LLC	9,892,642	8	0.3%			
NW Natural Gas Company	9,645,800	9	0.3%	9,386,800	7	0.5%
BHSUM LLC	9,474,982	10	0.3%			
West Linn Corporate Park LLC				14,164,887	3	0.7%
Maier-Traub Gloria				10,788,600	6	0.5%
Siegman Jerome				8,435,211	8	0.4%
Tanner Spring LLC				6,597,847	9	0.3%
Blankenship Properties LLC				12,693,157	4	0.6%
Sub-total, top ten	200,728,138		6.7%	122,148,372		5.9%
All other City taxpayers	2,811,048,101		93.3%	1,952,142,398		94.1%
Total City taxpayers	<u>\$ 3,011,776,239</u>		<u>100.0%</u>	<u>\$ 2,074,290,770</u>		<u>100.0%</u>

Source: Clackamas County Assessor's Office

CITY OF WEST LINN, OREGON
Property Tax Levies and Collections
for the last ten fiscal years

Fiscal year	Taxes levied for the fiscal year	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
		Amount	Percentage of levy		Amount	Percentage of levy
2004	\$ 8,879,234	\$ 8,368,846	94 %	\$ 258,565	\$ 8,627,411	97 %
2005	6,553,401	6,197,891	95	174,247	6,372,138	97
2006	6,864,067	6,523,682	95	165,180	6,688,862	97
2007	7,759,907	7,310,877	94	248,883	7,559,760	97
2008	6,123,920	5,725,655	93	233,023	5,958,678	97
2009	6,639,388	6,163,584	93	303,297	6,466,881	97
2010	6,783,509	6,337,912	93	221,832	6,559,744	97
2011	7,032,330	6,567,529	93	186,083	6,753,612	96
2012	7,174,440	6,799,324	95	123,226	6,922,550	96
2013	7,724,400	7,283,059	94	-	7,283,059	94

Source: Annual financial statements of the City of West Linn



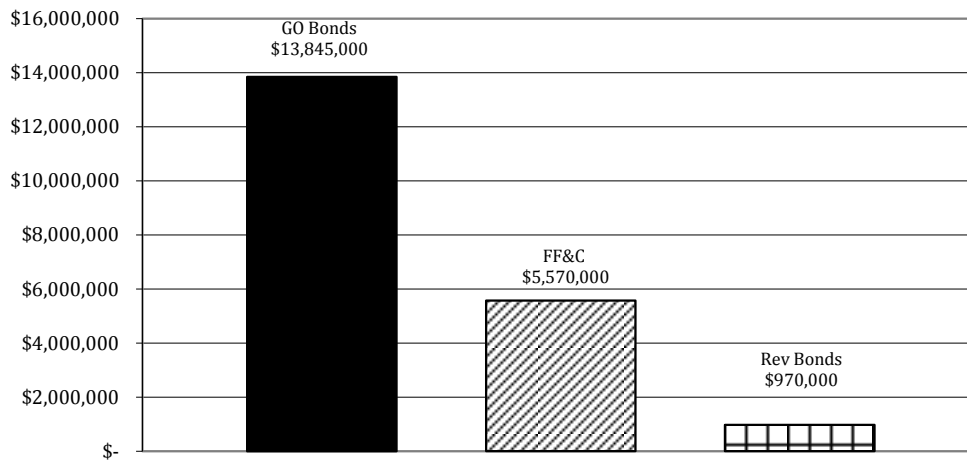
CITY OF WEST LINN, OREGON
Ratios of Outstanding Debt by Type
for the last ten fiscal years

Fiscal year	Governmental Activities		Business-type Activities		Percentage of income	Per capita
	General Obligation bonds	Full Faith and Credit obligations	Water Revenue bonds	Total primary government		
2004	\$ 10,425,000	\$ 3,885,000	\$ 1,640,000	\$ 15,950,000	1.91 %	\$ 665
2005	10,020,000	3,735,000	1,580,000	15,335,000	1.76	637
2006	9,590,000	3,575,000	1,515,000	14,680,000	1.58	607
2007	9,130,000	3,410,000	1,450,000	13,990,000	1.45	579
2008	8,635,000	3,235,000	1,380,000	13,250,000	1.31	543
2009	8,105,000	7,090,000	1,305,000	16,500,000	1.74	676
2010	7,560,000	6,810,000	1,225,000	15,595,000	1.56	621
2011	6,895,000	6,330,000	1,145,000	14,370,000	*	571
2012	14,705,000	5,955,000	1,060,000	21,720,000	*	864
2013	13,845,000	5,570,000	970,000	20,385,000	*	804

* Information unavailable at this time.

Source: Annual financial statements of the City of West Linn

Outstanding Debt by Type



CITY OF WEST LINN, OREGON
Ratios of General Bonded Debt Outstanding
for the last ten fiscal years

Fiscal year	General obligation bonds	Less: amounts available in debt service fund	Net	Percentage of net over assessed value of property¹	Per capita²
2004	\$ 10,425,000	\$ (364,826)	\$ 10,060,174	0.48 %	\$ 420
2005	10,020,000	(285,478)	9,734,522	0.45	404
2006	9,590,000	(251,455)	9,338,545	0.41	386
2007	9,130,000	(272,710)	8,857,290	0.37	366
2008	8,635,000	(116,773)	8,518,227	0.34	349
2009	8,105,000	(214,386)	7,890,614	0.30	323
2010	7,560,000	(117,054)	7,442,946	0.27	296
2011	6,895,000	(125,395)	6,769,605	0.24	269
2012	14,705,000	(68,681)	14,636,319	0.49	582
2013	13,845,000	(80,690)	13,764,310	0.46	543

¹ Assessed value data of property can be found on page 89.

² Population data can be found on page 98.

CITY OF WEST LINN, OREGON
Direct and Overlapping Governmental Activities Debt
as of June 30, 2013

<u>Governmental unit</u>	<u>Real market values of overlapping districts</u>	<u>Tax-supported debt outstanding</u>	<u>Percentage overlapping¹</u>	<u>Overlapping debt applicable to the City of West Linn</u>
Debt repaid with property taxes:				
West Linn Wilsonville School District	\$ 6,924,456,093	\$ 198,367,238	47.26%	\$ 93,746,571
Clackamas Community College	32,758,218,777	27,365,000	9.99%	2,733,681
Clackamas County	45,255,621,135	108,260,000	7.30%	7,906,661
Clackamas County ESD	42,890,152,354	2,093,395	0.00%	161,321
Metro	184,584,369,182	248,275,000	1.79%	4,445,612
Tualatin Valley Fire and Rescue	54,413,305,959	45,050,000	6.07%	2,736,472
Lake Oswego School District No. 7J	8,088,851,271	102,979,109	0.41%	417,271
Port of Portland	201,509,268,013	-	0.00%	-
Portland Community College	148,235,007,021	176,450,000	0.02%	38,995
Subtotal, overlapping debt	<u>724,659,249,805</u>	<u>908,839,742</u>		<u>112,186,584</u>
Direct debt outstanding:				
City of West Linn	<u>3,305,208,425</u>	<u>19,415,000</u>	100.00%	<u>19,415,000</u>
Total direct and overlapping debt outstanding	<u><u>\$ 727,964,458,230</u></u>	<u><u>\$ 928,254,742</u></u>		<u><u>\$ 131,601,584</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the government's boundaries and dividing it by the City's total taxable assessed value.

Source: Oregon State Treasury Department, Debt Management Division

CITY OF WEST LINN, OREGON
Legal Debt Margin Information
for the last ten fiscal years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt maximum limitation	\$ 79,490,550	\$ 86,791,327	\$ 95,521,596	\$ 114,122,736	\$ 133,930,441
Debt applicable to maximum limit	<u>10,060,174</u>	<u>9,734,522</u>	<u>9,338,545</u>	<u>8,857,290</u>	<u>8,518,227</u>
Legal debt margin available	<u>\$ 69,430,376</u>	<u>\$ 77,056,805</u>	<u>\$ 86,183,051</u>	<u>\$ 105,265,446</u>	<u>\$ 125,412,214</u>
Debt applicable to the maximum limit as a percentage of debt limitation	12.66%	11.22%	9.78%	7.76%	6.36%

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt maximum limitation	\$ 135,214,845	\$ 118,820,046	\$ 109,516,435	\$ 104,619,167	\$ 99,156,253
Debt applicable to maximum limit	<u>7,890,614</u>	<u>7,442,946</u>	<u>6,769,605</u>	<u>14,636,319</u>	<u>13,764,310</u>
Legal debt margin available	<u>\$ 127,324,231</u>	<u>\$ 111,377,100</u>	<u>\$ 102,746,830</u>	<u>\$ 89,982,848</u>	<u>\$ 85,391,943</u>
Debt applicable to the maximum limit as a percentage of debt limitation	5.84%	6.26%	6.18%	13.99%	13.88%

Legal debt margin calculation for fiscal year ended June 30, 2013:

Total property real market value	\$ 3,305,208,425
	<u>3%</u>
Debt maximum limitation (3% of total property real market value) ¹	<u>99,156,253</u>
Amount of debt applicable to debt limit:	
Total bonded debt	20,385,000
Less debt excluded from debt limit:	
Full Faith and Credit obligations	(5,570,000)
Water Revenue bonds	(970,000)
Less funds applicable to the payment of principal in the debt service fund per ORS 287.004	<u>(80,690)</u>
Net amount of debt applicable to limit	<u>13,764,310</u>
Legal debt margin - amount available for future indebtedness	<u>\$ 85,391,943</u>
Percentage of City's indebtedness to total allowed	13.88%

¹ Pursuant to Oregon Revised Statutes 287.004, outstanding general obligation debt is limited to three percent of real market value.

Source: Clackamas County Department of Assessment and Taxation

CITY OF WEST LINN, OREGON
Pledged-Revenue Coverage
for the last ten fiscal years

Water Revenue Bonds						
Fiscal year	Utility service charges¹	Less: operating expenses²	Net available revenue	Debt service requirements		Coverage
				Principal	Interest	
2004	\$ 2,610,461	\$ 2,007,494	\$ 602,967	\$ 55,000	\$ 95,811	4.00
2005	2,301,095	2,003,300	297,795	60,000	92,863	1.95
2006	2,512,238	2,266,952	245,286	65,000	89,580	1.59
2007	2,977,884	2,347,364	630,520	65,000	86,103	4.17
2008	2,640,413	2,396,602	243,811	70,000	82,440	1.60
2009	3,096,470	2,786,354	310,116	75,000	78,470	2.02
2010	2,970,082	2,579,204	390,878	80,000	72,866	2.56
2011	2,996,565	2,563,535	433,030	80,000	68,608	2.91
2012	3,265,914	2,527,838	738,076	85,000	63,822	4.96
2013	3,590,818	2,665,637	925,181	90,000	60,013	6.17

¹ Charges include operating revenue plus interest income on operating earnings.

² Expenses include operating expenses except for depreciation, net income from joint venture, and transfers pursuant to bond covenants coverage requirements.

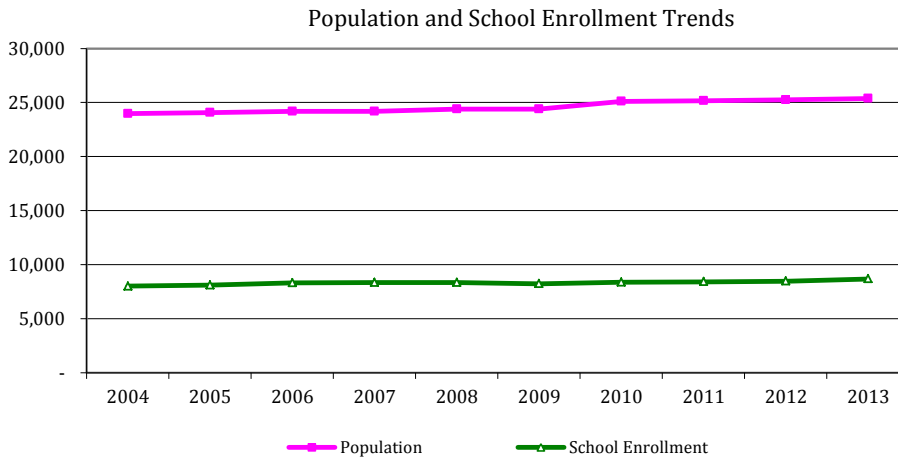
Source: Annual financial statements of the City of West Linn

CITY OF WEST LINN, OREGON
Demographic and Economic Statistics
for the last ten fiscal years

<u>Fiscal year</u>	<u>Population</u>	<u>Personal income (in thousands)</u>	<u>Per capita personal income</u>	<u>School enrollment</u>	<u>Unemployment rate</u>
2004	23,970	\$ 833,677	\$ 34,780	8,016	7.5 %
2005	24,075	870,504	36,158	8,104	6.9
2006	24,180	928,899	38,416	8,315	5.3
2007	24,180	964,855	39,903	8,340	4.1
2008	24,400	1,010,404	41,410	8,350	5.3
2009	24,400	950,844	38,969	8,237	10.7
2010	25,109	1,000,418	39,843	8,378	10.1
2011	25,150	1,038,745	41,302	8,422	9.6
2012	25,250	*	*	8,479	8.7
2013	25,370	*	*	8,687	7.8

* Information unavailable at this time.

Sources: Center for Population Research and Census, Portland State University
 Bureau of Economic Analysis
 State of Oregon Employment Department
 Oregon Department of Education



CITY OF WEST LINN, OREGON

Principal Employers *current year and nine years ago*

Employer	2013			2004		
	Employees	Rank	Percentage of total City employment	Employees	Rank	Percentage of total City employment
West Linn - Wilsonville SD	425	1	3.73%	608	*	5.33%
West Linn Paper Company	300	2	2.63%	*	*	
City of West Linn	133	3	1.17%	137	*	1.20%
Safeway Inc.	114	4	1.00%	*	*	
First Transit, Inc.	100	5	0.88%	*	*	
Oregon Golf Club	100	6	0.88%	*	*	
Rose Linn Vintage Place	100	7	0.88%	*	*	
Albertsons	90	8	0.79%	*	*	
Pond Maintenance Services	75	9	0.66%	*	*	
Tanner Springs Assisted Living	63	10	0.55%	*	*	
Total	1,500		13.16%			

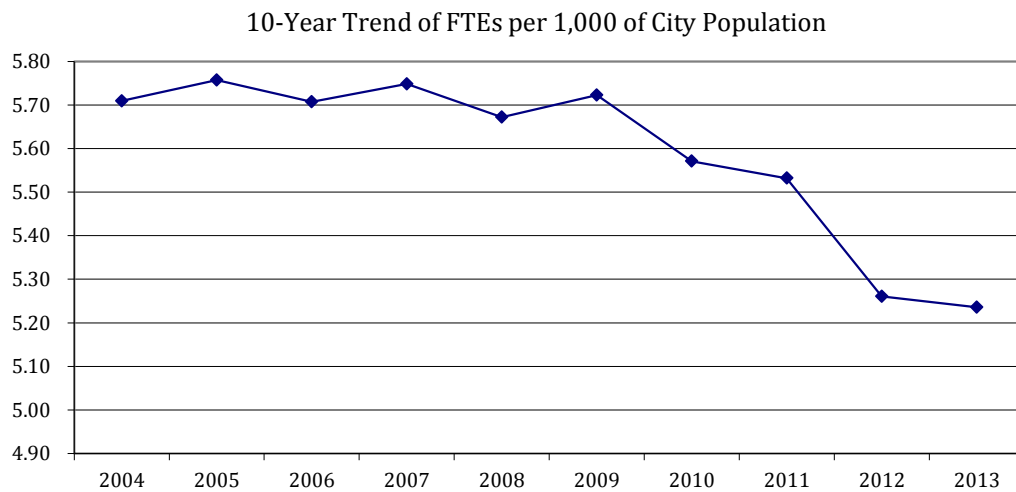
* Historical number of employees information unavailable for this fiscal year nine years ago.

Sources: Chamber of Commerce, Clackamas County, and ReferenceUSA

CITY OF WEST LINN, OREGON
Full-time Equivalent City Government Employees by Function
for the last ten fiscal years

Function/Program	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	16.75	17.50	18.00	19.00	17.00	16.60	19.60	19.60	17.80	17.80
Public safety	39.00	40.00	44.60	44.60	44.60	45.50	43.25	43.00	42.50	42.50
Culture and recreation	34.80	34.80	38.80	38.80	39.20	40.43	40.43	40.43	39.03	39.03
Community development	11.50	11.50	5.00	5.00	5.50	5.50	6.50	6.50	6.50	6.50
Highways and streets	4.95	5.30	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Water	7.91	7.56	7.00	7.00	6.00	6.00	6.00	6.00	5.00	5.00
Sewer and surface water	10.24	10.24	7.00	7.00	7.00	6.00	5.00	5.00	5.00	5.00
Public works	11.70	11.70	10.60	10.60	12.10	12.60	12.10	11.60	10.00	10.00
Total FTEs	136.85	138.60	138.00	139.00	138.40	139.63	139.88	139.13	132.83	132.83
City Population	23,970	24,075	24,180	24,180	24,400	24,400	25,109	25,150	25,250	25,370
FTEs per 1,000 of population	5.71	5.76	5.71	5.75	5.67	5.72	5.57	5.53	5.26	5.24

Source: City of West Linn's Finance department



CITY OF WEST LINN, OREGON
Operating Indicators by Function
for the last ten fiscal years

Function/Program	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Public safety										
Citations:										
Traffic	2,274	2,141	2,435	2,109	2,153	2,556	2,772	2,584	1,735	1,875
Criminal	87	98	90	103	74	157	248	159	258	261
Parking	801	1,068	845	1,029	922	1,094	532	541	334	312
City Ordinance	57	68	48	59	69	23	38	23	1	-
Non-Traffic Violation	49	54	71	86	120	77	30	30	68	72
Impound Hearing	-	-	-	-	1	1	1	1	-	-
Culture and recreation										
Library volunteer hours	4,231	4,409	4,454	4,634	5,803	5,896	6,353	6,254	5,588	5,972
Library - average items circulated per capita	21.96	23.87	24.43	25.01	25.75	28.65	28.58	30.87	29.04	27.02
Community development										
Residential building permits issued	47	67	58	81	67	54	52	38	96	56
Land use applications processed	36	48	-	-	-	-	131	101	103	117
Business-type activities: ¹										
Water										
Service connections	7,308	7,613	7,848	8,175	8,322	8,428	8,514	8,490	8,498	8,505
Average daily consumption (in thousands of gallons)	3,287	2,949	3,041	2,955	2,445	2,550	2,718	2,665	2,598	2,620
Sanitary sewer										
Service connections	5,382	5,394	5,398	5,410	5,412	5,392	5,404	5,502	5,495	5,509
Average daily sewage treatment (in thousands of gallons)	4,608	4,750	4,948	5,101	5,200	5,314	4,957	5,012	5,050	5,079

¹ These are estimated statistics based upon best historic information available.

Source: City of West Linn's Finance department

CITY OF WEST LINN, OREGON
Capital Assets Statistics by Function
current year and nine years ago

<u>Function/Program</u>	<u>2013</u>	<u>2004</u>
Governmental activities:		
General government		
City-owned building facilities	5	4
Public safety		
Police stations	1	1
Patrol units	13	8
Culture and recreation		
Park and open space acreage	632	620
Baseball/softball fields	7	5
Community development		
Value of new building construction (in thousands)	19,262	40,504 *
Highways and streets		
Miles of streets	107	104
Miles of bikeways	70 *	43
Surface water catch basins	2,815	2,075 *
Miles of sidewalk	122 *	70 *
Business-type activities:		
Water		
Water mains (miles)	118	105 *
Maximum daily capacity (in thousands of gallons)	6,480	6,800 *
Sanitary sewer		
Sanitary sewer (miles)	193	174 *
Maximum daily treatment capacity (in thousands of gallons)	8,500	6,000 *

* These are estimated statistics based upon best historic information available.

Source: City of West Linn's Finance department

**CITY OF WEST LINN, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

SECTION IV

COMPLIANCE SECTION

COMPLIANCE SECTION

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.

The following reports from Talbot, Korvola & Warwick LLP are contained in this section:

- Independent Auditor's Report Required by Oregon State Regulations.



**Talbot, Korvola
& Warwick, LLP**

Certified Public Accountants
& Consultants

4800 Meadows Road, Suite 200
Lake Oswego, Oregon 97035-4293

P 503.274.2849
F 503.274.2853

www.tkw.com

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

December 9, 2013

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of West Linn, Oregon (the City), as of and for the year ended June 30, 2013, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 9, 2013.

COMPLIANCE

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed the procedures to the extent we considered necessary to address the required comments and disclosures, which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows:

- The Planning Fund, a nonmajor special revenue fund, has a deficit fund balance of \$63,845 as of June 30, 2013.

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS (Continued)**

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OAR 162-10-230 INTERNAL CONTROL

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

RESTRICTIONS ON USE

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

Talbot, Kervola & Warwick, LLP

Certified Public Accountants

CITY OF
**West
Linn**
FINANCE

This is the sixth publication in a biennial series of financial communications tools:

Biennial Budget

2012 Comprehensive Annual Financial Report

2012 Popular Annual Financial Report

Five Year Financial Forecast

Budget Overview

2013 Comprehensive Annual Financial Report

2013 Popular Annual Financial Report

Six Year Capital Improvement Plan

Five Year Financial Forecast

Richard Seals, CPA CMA CFM CFE CGMA
Chief Financial Officer
rseals@westlinnoregon.gov

Lauren Breithaupt, CPA
Assistant Finance Director
lbreithaupt@westlinnoregon.gov



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Printed on recycled paper

City of West Linn, Oregon | 22500 Salamo Road, West Linn, Oregon 97068
Phone: 503-657-0331 | Fax: 503-650-9041 | <http://westlinnoregon.gov/finance>