Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2012

City of West Linn
OREGON

CITY OF WEST LINN, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2012

prepared by

Finance Department
City of West Linn, Oregon

available online at
http://westlinnoregon.gov

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CITY OF WEST LINN, OREGON

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For the fiscal year ended June 30, 2012

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CITY OF WEST LINN, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SECTION I

INTRODUCTORY SECTION

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CITY HALL 22500 Salamo Rd. West Linn Oregon 97068 telephone: (503) 657 0331 fax: (503) 650 9041

City of
West Linn

December 13, 2012

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, 2012 is hereby submitted.

This report presents the financial position of the City as of June 30, 2012 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 unqualified or "clean" opinion on the City's financial statements for the fiscal year ended June 30, 2012. The independent auditor's opinion is located at page 13 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 on 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 25,250. 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 School District and Safeway Inc. The largest manufacturing employer is the West Linn Paper Mill.

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 2012-2013 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, 2012, a five percent rate increase for water, sewer, and surface water management fees was approved and effective July 1, 2012, a five percent rate increase was approved for parks and street maintenance fees.

In regards to the City’s long-term debt obligations, the City had $14.7 million outstanding in three general obligation bond issues, $5.9 million outstanding in two full faith and credit obligations, and $1.1 million outstanding in a water revenue bond issue, for a total of $21.7 million in long-term debt outstanding as of June 30, 2012.

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."

Standard & Poor's Downgrades U.S. Debt to AA+

The United States government has been rated Aaa and AAA with Moody's Investors Service and Standard & Poor's respectively since 1917. Accordingly, U.S. Treasury obligations have been the benchmark for risk-free investments for just about one hundred years. On July 13, 2011, Moody's Investors Service placed the Aaa bond rating of the United States government on review for possible downgrade given the rising possibility that the statutory debt limit would not be raised on a timely basis, leading to a default on treasury debt obligations.

In August 2011, Moody's and Fitch maintained their Aaa rating on U.S. debt, but issued a negative outlook. Standard & Poor's however lowered their rating one level to AA+, the first-ever reduction for U.S. debt. Standard & Poor's then lowered 11,500 municipal bond ratings tied to the federal government, but stated that they would not make further downgrades of state and local government credits dependent on federal funding until details of U.S. spending cuts are settled.

The City of West Linn is an AA rated city, does not have any federal secured debt, and was not immediately/directly affected by these downgrades. Over the long term, the downgrades of AAA debt may eventually trickle-down and could affect all municipal debt holdings and general interest rates – it is hard to say the impact at this time.

General Obligation Bonds Issued to Fund 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.

Bond Refundings

In the previous fiscal year, 2010-11, the City closed on two current refundings totaling $5.6 million in outstanding bonds originally issued in fiscal year 2000, effectively reducing the overall interest rates from 5.25 percent to 2.09 percent. These bond refundings resulted in a reduction of $1.1 million dollars in future debt service payments. Savings on these future interest costs translates into lower property taxes in the future for all citizens of West Linn. In the current fiscal year, 2011-12, there were no bond refundings.

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 2012-2013 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: locating a police station site, recreation and culture, urban and growth management, library services, utility infrastructure, finances, and partnerships with other agencies.

The Citizens' Budget Committee continued with biennial budgeting and approved the City's second 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, 2012, the actual results reflect the first year of the biennium. Additionally, the City's Audit Committee, consisting of Councilors Jenni Tan and Mike Jones, partnering with a West Linn resident and certified public accountant, Nikki Kobliha, continue their focus on audit oversight and improving all finance processes.

Awards

Comprehensive Annual Financial Reporting Award. For the fourth 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, 2011. 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 fourth 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, 2011. 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 2012-2013 biennial budget from the GFOA, making this the third 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 and Casey Camors. 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

Casey A. Camors, CPA CMA CPFO
Deputy 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, 2011

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.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

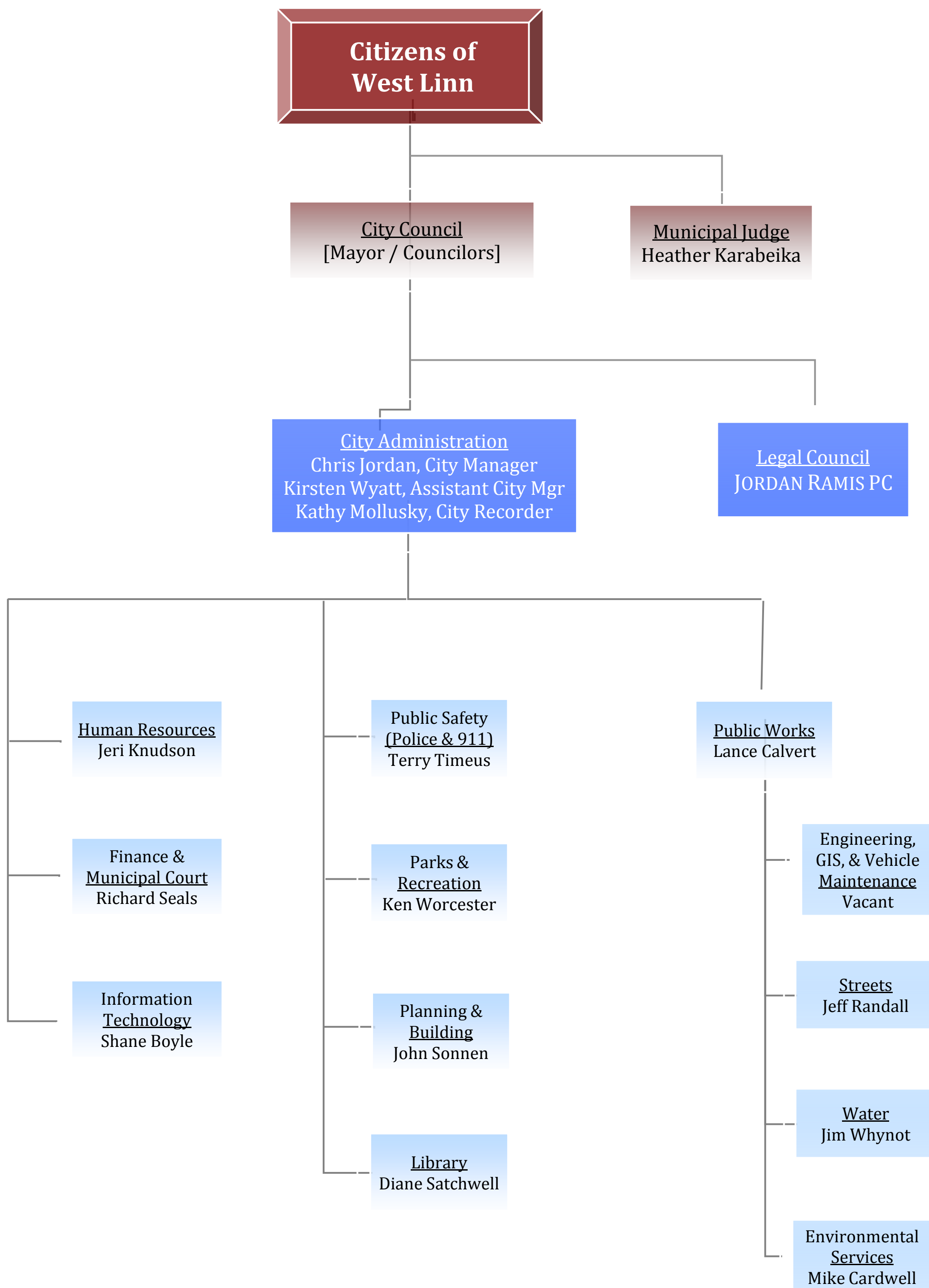
President

Executive Director

Elected Officials	**Term Expires**
John Kovash, Mayor	December 31, 2012
Jody Carson, Council President	December 31, 2014
Teri Cummings, Councilor	December 31, 2012
Mike Jones, Councilor	December 31, 2014
Jenni Tan, Councilor	December 31, 2012
Heather Karabeika, Municipal Court Judge	December 31, 2014

Appointed Officials	**Position**
Christopher A. Jordan	City Manager
JORDAN RAMIS PC	Legal Counsel
Management Team:	
Shane Boyle	Chief Technology Officer
Casey Camors, CPA CMA CPFO	Deputy Chief Financial Officer
Lance Calvert, PE	Public Works Director
Jeri Knudson	Human Resources Director
Kathy Mollusky	City Recorder
Diane Satchwell	Library Director
Richard Seals, CPA CMA CFM CFE	Chief Financial Officer
John Sonnen, AICP	Planning Director
Terry Timeus	Police Chief
Ken Worcester	Parks and Recreation Director
Kirsten Wyatt	Assistant City Manager

CITY OF WEST LINN, OREGON
Organizational Chart



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:	
Jenni Tan, Councilor	December 31, 2012
Mike Jones, Councilor	December 31, 2013
One Citizen Member:	
Nikki Kobliha, CPA	December 31, 2013

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CITY OF WEST LINN, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SECTION II

FINANCIAL SECTION

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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

December 13, 2012

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Linn, Oregon, (the City) as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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, 2012, and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and 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 the 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.

Honorable Mayor and City Councilors
City of West Linn, Oregon
December 13, 2012

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, Public Safety, Parks and Recreation, Library, and Street Funds listed in the Table of Contents as Required Supplementary Information, is not a part of the basic financial statements and is presented for purposes of additional analysis, as required by the Governmental Accounting Standards Board, who considers it to be an essential part of basic 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 relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 Other Supplementary Information and Other Financial Schedules, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Other Supplementary Information and Other Financial Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory and Statistical Sections, as listed in the Table of Contents, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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.

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants

By ______________________
Robert G. Moody, Jr., Partner

Management's Discussion and Analysis

For the fiscal year ended June 30, 2012

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, 2012. 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

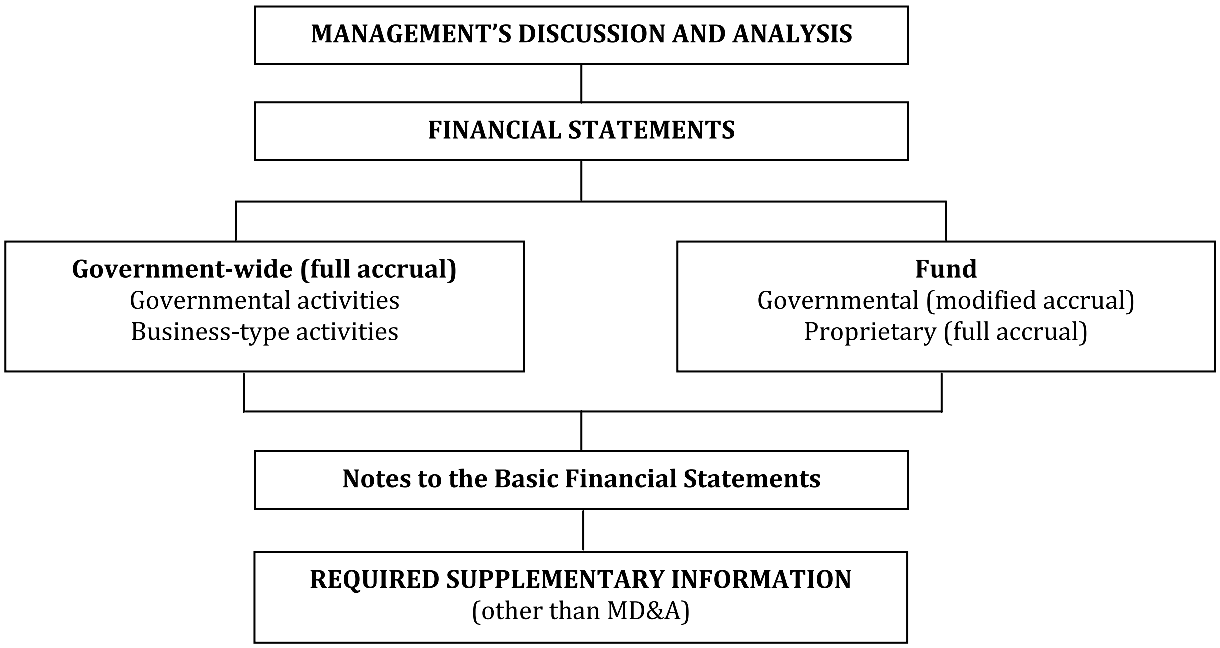
- The City's assets totaled $294.8 million at June 30, 2012, consisting of $260.6 million in capital assets, $9.9 million in unrestricted cash and investments, $13.4 million in restricted cash and investments, and $10.9 million in investment in joint venture and other assets. Total assets increased by $11.7 million from the previous fiscal year.
- The City's liabilities totaled $25.9 million at June 30, 2012 consisting of $22.9 million in long-term liabilities and $3.0 million in accounts payable and other liabilities.
- The assets of the City exceeded its liabilities by $268.9 million at the close of fiscal year 2012. Unrestricted net assets totaled $17.2 million with the remainder of the City's net assets invested in capital assets net of related debt ($245.4 million) and restricted for endowment, capital projects, building operations, and debt service ($6.3 million).
- For its governmental activities, the City generated $11.7 million in charges for services and received $5.4 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were $23.9 million for the year, resulting in a net direct expense of $6.8 million. $9.1 million of general revenues received and $0.1 million of transfers out resulted in a change in net assets of $2.2 million.
- For its business-type activities, the City generated $7.3 million in charges for services and capital grants and contributions to fund direct expenses of $5.7 million.
- Fund balance in the City's governmental funds was $19.1 million at June 30, 2012, increased by $9.9 million from June 30, 2011.

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 Assets* 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 assets* and how they have changed. Net assets—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 assets are 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 Assets

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $268.9 million at the close of the most recent fiscal year.

By far, the largest portion of the City's net assets (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 Assets as of June 30th
(in millions)

	Government activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	$ 21.3	$ 11.2	$ 12.9	$ 11.6	$ 34.2	$ 22.8
Capital assets	232.1	232.2	28.5	28.1	260.6	260.3
Total assets	253.4	243.4	41.4	39.7	294.8	283.1
Long-term liabilities	21.8	13.2	1.1	1.1	22.9	14.3
Other liabilities	2.4	3.3	0.6	0.5	3.0	3.8
Total liabilities	24.2	16.5	1.7	1.6	25.9	18.1
Net assets:						
Invested in capital assets, net of related debt	217.9	219.0	27.5	27.0	245.4	246.0
Restricted for:						
Library endownment	0.1	0.1	-	-	0.1	0.1
Debt service	0.1	0.1	0.2	0.2	0.3	0.3
Building operations	0.3	0.2	-	-	0.3	0.2
Capital projects	5.6	4.4	-	-	5.6	4.4
Unrestricted	5.1	3.1	12.1	10.9	17.2	14.0
Total net assets	$ 229.1	$ 226.9	$ 39.8	$ 38.1	$ 268.9	$ 265.0

A portion of the City's net assets ($6.3 million or about two percent) represents resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net assets* ($17.2 million or about six percent) may be used to meet the City's ongoing obligations to citizens and creditors.

As of June 30, 2012, the City had positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

Total net assets increased by $3.9 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 Assets*, 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 Assets
(in millions)

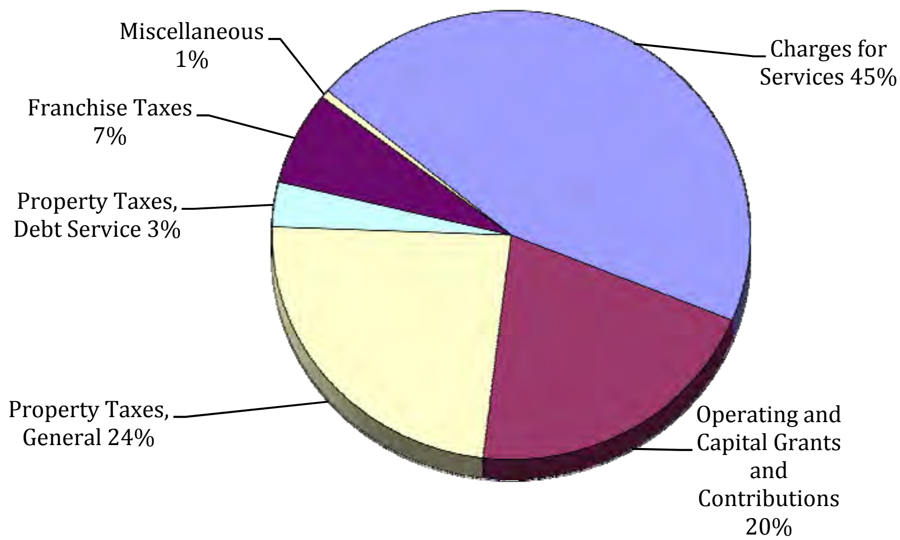
	Governmental Activities		Business-type Activities		Total	
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011
Revenues						
Program revenues						
Charges for services	$ 11.7	$ 10.5	$ 6.3	$ 5.6	$ 18.0	$ 16.1
Operating grants and contributions	3.9	4.0	-	-	3.9	4.0
Capital grants and contributions	1.5	0.5	1.0	0.2	2.5	0.7
General revenues						
Property taxes	7.0	6.8	-	-	7.0	6.8
Franchise taxes	1.8	1.7	-	-	1.8	1.7
Grants and contributions not restricted to specific programs	0.3	0.7	-	-	0.3	0.7
Miscellaneous	-	0.2	-	-	-	0.2
Total revenues	26.2	24.4	7.3	5.8	33.5	30.2
Expenses						
Governmental activities						
General government	7.1	6.7	-	-	7.1	6.7
Culture and recreation	6.0	5.8	-	-	6.0	5.8
Public safety	6.8	6.4	-	-	6.8	6.4
Highways and streets	3.5	3.5	-	-	3.5	3.5
Interest on long-term debt	0.5	0.4	-	-	0.5	0.4
Business-type activities						
Water	-	-	3.0	3.1	3.0	3.1
Environmental services	-	-	2.7	2.6	2.7	2.6
Total expenses	23.9	22.8	5.7	5.7	29.6	28.5
Change in net assets before transfers	2.3	1.6	1.6	0.1	3.9	1.7
Transfers	(0.1)	(0.4)	0.1	0.4	-	-
Change in net assets	2.2	1.2	1.7	0.5	3.9	1.7
Net assets - beginning	226.9	225.7	38.1	37.6	265.0	263.3
Net assets - ending	$ 229.1	$ 226.9	$ 39.8	$ 38.1	$ 268.9	$ 265.0

Governmental Activities

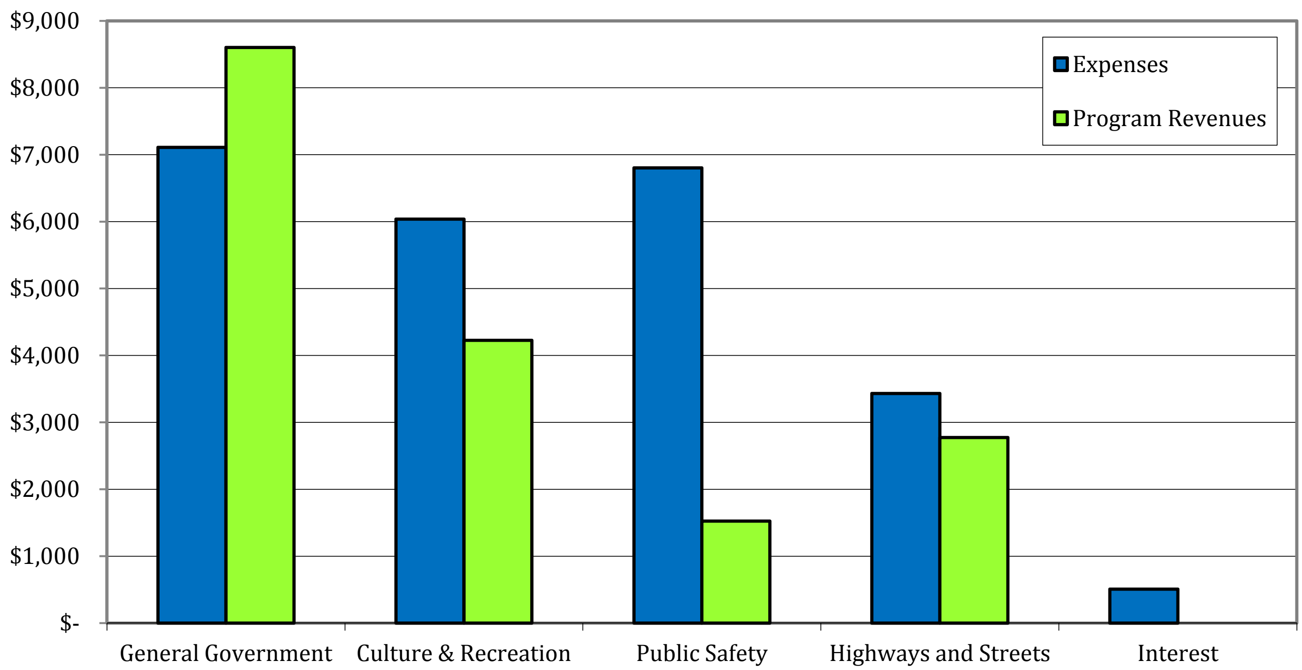
Governmental activities increased the City's net assets by $2.2 million in fiscal year 2011-12, as compared to a $1.2 million increase in the prior fiscal year, 2010-11. Key elements of these changes are illustrated in Table 2 above.

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)

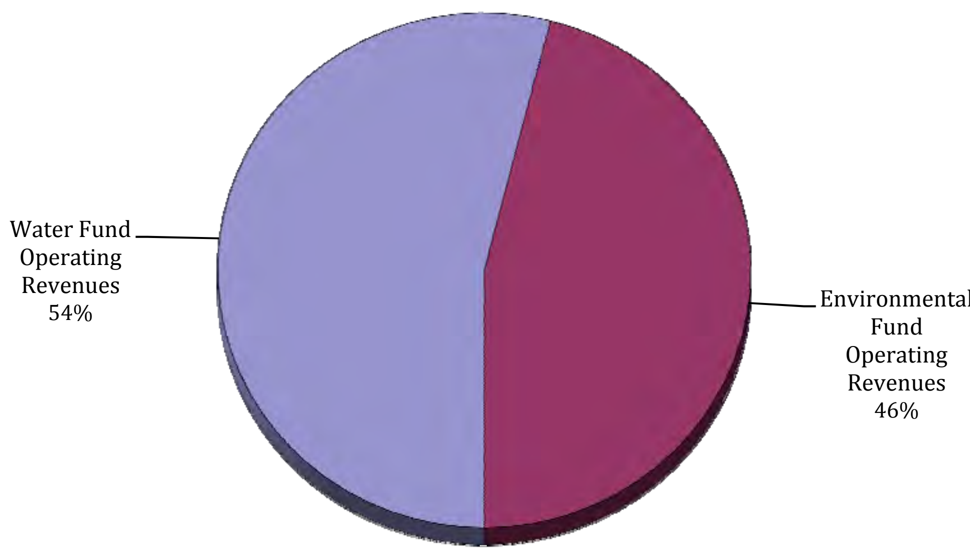


Business-type Activities

Water fund revenues represent approximately 54 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 46 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, 2012, the City's governmental funds reported a combined ending fund balance of $19.1 million, an increase of $9.9 million when compared to the prior year. Unassigned fund balance combined with committed fund balance as of June 30, 2012, was $5.8 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, 2012, total fund balance was $1.5 million, reflecting an increase of $0.3 million from the prior year, of which $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 $5.4 million from the prior year. Expenditures in the general fund decreased by $5.8 million from $12.0 million in the prior year to $6.2 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 increased to $6.4 million from $6.3 million in the prior year attributed to an increased property tax revenue allocation. Expenditures in the public safety fund remained the same 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 continue to be steady at $3.1 million. Overall expenditures were also steady at $3.1 million. There was no change to the overall fund balance. 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 increased to $3.2 million with the one-time receipt of an intergovernmental grant from Clackamas County. Overall expenditures also increased to $2.4 million, including the acquisition of parking lot land. Overall fund balance increased by $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 decreased to $2.0 million from $2.2 million in the 2010-11 fiscal year. The street fund had an overall increase in fund balance of $0.5 million for the fiscal year ended June 30, 2012.

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 increased from $1.0 million in the 2010-11 fiscal year to $1.8 million in the 2011-12 fiscal year due to new development in the City. Expenditures in the systems development charges fund increased to $0.6 million from $0.5 million in the 2010-11 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 adopted during the first fiscal year of the biennium, 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. This site change also re-classified the prior site location and its associated debt service to the general fund.

As fiscal year 2011-12 is the first year of the budget biennium, the general fund shows no over expenditures in the biennial budget amounts and most all appropriated Department categories closed this first fiscal year at just around 50 percent of their appropriated expenditure budgets. These positive variances will carry forward to the second fiscal year and are all within current expectations planned for the 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, 2012, the City had invested $260.6 million in capital assets, net of depreciation as reflected in the following table. This represents a net increase (additions, deductions and depreciation) of $0.3 million in fiscal year 2011-12. Governmental capital assets totaled $232.1 million while business-type capital assets totaled $28.5 million.

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and easements	$ 192.1	$ 190.3	$ 0.5	$ 0.4	$ 192.6	$ 190.7
Buildings and improvements	15.7	16.5	0.7	0.7	16.4	17.2
Vehicles and equipment	1.1	1.2	0.4	0.6	1.5	1.8
Infrastructure	21.8	22.7	26.8	26.2	48.6	48.9
Construction in progress	1.4	1.5	0.1	0.2	1.5	1.7
Capital assets, net	$ 232.1	$ 232.2	$ 28.5	$ 28.1	$ 260.6	$ 260.3

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 assets 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 Activities		Business-type Activities		Total	
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011
Beginning balance	$ 232.2	$ 230.8	$ 28.1	$ 28.3	$ 260.3	$ 259.1
Additions	3.2	4.8	1.7	0.7	4.9	5.5
Reductions and adjustments	(0.4)	(0.6)	-	0.3	(0.4)	(0.3)
Depreciation	(2.9)	(2.8)	(1.3)	(1.2)	(4.2)	(4.0)
Ending balance	$ 232.1	$ 232.2	$ 28.5	$ 28.1	$ 260.6	$ 260.3

Assets utilized in governmental activities decreased by a net $0.1 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 $21.7 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)

	2012	2011
Governmental:		
General obligation bonds	$ 14.7	$ 6.9
Full faith and credit obligations	5.9	6.4
Sub-total	20.6	13.3
Business-type:		
Water revenue bonds	1.1	1.1
Total	$ 21.7	$ 14.4

During the 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 $14.7 million in general obligation debt applicable to this limit is well below the City's $105 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 80 percent); therefore, real market values would have to decrease an additional 20 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 27 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 Assets

Statement of Activities

Fund Financial Statements

Notes to Basic Financial Statements

CITY OF WEST LINN, OREGON

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	$ 6,059,950	$ 3,796,042	$ 9,855,992
Restricted cash and investments	13,202,756	154,500	13,357,256
Property taxes receivable	501,287	-	501,287
Accounts receivable, net of allowance	967,986	1,181,540	2,149,526
Prepaid expenses	164,462	-	164,462
Bond issuance costs	416,085	58,695	474,780
Capital assets not being depreciated:			
Land and easements	192,066,762	482,625	192,549,387
Construction in progress	1,350,168	168,556	1,518,724
Capital assets net of accumulated depreciation:			
Buildings and improvements	15,716,377	663,671	16,380,048
Vehicles and equipment	1,089,688	459,454	1,549,142
Infrastructure	21,827,513	26,768,325	48,595,838
Investment in joint venture	-	7,638,115	7,638,115
TOTAL ASSETS	253,363,034	41,371,523	294,734,557
LIABILITIES:			
Accounts payable	702,012	369,234	1,071,246
Accrued salaries and payroll taxes payable	514,500	42,869	557,369
Accrued compensated absences payable	876,388	84,513	960,901
Accrued interest payable	115,684	15,650	131,334
Deposits payable	191,236	-	191,236
Noncurrent liabilities:			
Long-term debt obligations, due within one year	1,245,000	90,000	1,335,000
Long-term debt obligations, due in more than one year	19,857,008	970,000	20,827,008
Accrued other postemployment benefit obligations	710,589	57,852	768,441
TOTAL LIABILITIES	24,212,417	1,630,118	25,842,535
NET ASSETS:			
Invested in capital assets, net of related debt	217,951,328	27,482,631	245,433,959
Restricted for:			
Library endowment, nonexpendable	157,300	-	157,300
Debt service	68,681	154,500	223,181
Building operations	255,045	-	255,045
Capital projects	5,595,549	-	5,595,549
Unrestricted	5,122,714	12,104,274	17,226,988
TOTAL NET ASSETS	$ 229,150,617	$ 39,741,405	$ 268,892,022

CITY OF WEST LINN, OREGON

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

FUNCTION / PROGRAM	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
GOVERNMENTAL ACTIVITIES:							
General government	$ 7,109,598	$ 8,227,546	$ 375,389	$ -	$ 1,493,337	$ -	$ 1,493,337
Culture and recreation	6,038,493	1,904,864	1,321,963	1,000,000	(1,811,666)	-	(1,811,666)
Public safety	6,802,592	740,560	782,502	-	(5,279,530)	-	(5,279,530)
Highways and streets	3,431,106	870,438	1,372,076	531,312	(657,280)	-	(657,280)
Interest on long-term debt	507,160	-	-	-	(507,160)	-	(507,160)
TOTAL GOVERNMENTAL ACTIVITIES	23,888,949	11,743,408	3,851,930	1,531,312	(6,762,299)	-	(6,762,299)
BUSINESS-TYPE ACTIVITIES:							
Water	3,025,201	3,554,226	-	213,935	-	742,960	742,960
Environmental services	2,720,703	2,783,707	-	722,476	-	785,480	785,480
TOTAL BUSINESS-TYPE ACTIVITIES	5,745,904	6,337,933	-	936,411	-	1,528,440	1,528,440
TOTAL ACTIVITIES	$ 29,634,853	$ 18,081,341	$ 3,851,930	$ 2,467,723	(6,762,299)	1,528,440	(5,233,859)
GENERAL REVENUES:							
Property taxes, levied for general purposes					6,180,872	-	6,180,872
Property taxes, levied for debt service					839,615	-	839,615
Franchise taxes					1,748,619	-	1,748,619
Grants and contributions not restricted to specific programs					303,350	-	303,350
Unrestricted investment earnings					18,944	-	18,944
TRANSFERS					(169,937)	169,937	-
TOTAL GENERAL REVENUES					8,921,463	169,937	9,091,400
CHANGE IN NET ASSETS					2,159,164	1,698,377	3,857,541
NET ASSETS - beginning					226,991,453	38,043,028	265,034,481
NET ASSETS - ending					$ 229,150,617	$ 39,741,405	$ 268,892,022

CITY OF WEST LINN, OREGON

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2012

	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	$ 1,827,915	$ 1,271,100	$ 355,916	$ 855,016	$ 1,747,911	$ -	$ 2,092	$ 6,059,950
Restricted cash and investments	-	7,002,828	-	157,300	-	5,465,380	577,248	13,202,756
Property taxes receivable	-	297,212	79,257	59,442	-	-	65,376	501,287
Accounts receivable	9,081	248,217	222,319	101,860	285,668	-	100,841	967,986
Deferred expenditures	-	62,000	-	-	-	-	-	62,000
Prepaid expenditures	164,462	-	-	-	-	-	-	164,462
TOTAL ASSETS	$ 2,001,458	$ 8,881,357	$ 657,492	$ 1,173,618	$ 2,033,579	$ 5,465,380	$ 745,557	$ 20,958,441
LIABILITIES:								
Accounts payable	$ 178,116	$ 98,421	$ 75,189	$ 20,685	$ 214,967	$ 5,073	$ 109,561	$ 702,012
Accrued salaries and payroll taxes	155,300	175,400	62,800	53,400	20,500	-	47,100	514,500
Deposits payable	177,696	-	3,365	3,013	1,095	-	6,067	191,236
Deferred revenue	-	320,923	69,046	51,784	-	-	56,953	498,706
TOTAL LIABILITIES	511,112	594,744	210,400	128,882	236,562	5,073	219,681	1,906,454
FUND BALANCES:								
Non-spendable	164,462	-	-	157,300	-	-	-	321,762
Restricted	-	7,002,828	-	-	-	5,460,307	458,968	12,922,103
Committed	-	1,283,785	447,092	887,436	1,797,017	-	66,908	4,482,238
Unassigned	1,325,884	-	-	-	-	-	-	1,325,884
TOTAL FUND BALANCES	1,490,346	8,286,613	447,092	1,044,736	1,797,017	5,460,307	525,876	19,051,987
TOTAL LIABILITIES AND FUND BALANCES	$ 2,001,458	$ 8,881,357	$ 657,492	$ 1,173,618	$ 2,033,579	$ 5,465,380	$ 745,557	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in funds.		232,050,508
Other assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:		
Bond issuance costs	$ 416,085	
Deferred expenditures	(62,000)	354,085
Liabilities, including accrued liabilities and bonds payable, that are not due and and payable in the current period and therefore, are not reported in funds:		
Deferred revenue	498,706	
Accrued compensated absences payable	(876,388)	
Accrued interest payable	(115,684)	
Long-term debt obligations	(20,660,000)	
Bond premium	(442,008)	
Accrued other postemployment benefit obligations	(710,589)	(22,305,963)
Net assets of governmental activities		$ 229,150,617

CITY OF WEST LINN, OREGON

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	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	$ -	$ 4,128,714	$ 1,198,978	$ 796,103	$ -	$ -	$ 834,004	$ 6,957,799
Intergovernmental	112,040	720,502	12,900	2,309,063	1,372,076	-	263,349	4,789,930
Franchise taxes	93,957	1,485,623	-	-	112,895	-	56,144	1,748,619
Fines and forfeitures	332,386	4,350	-	66,429	-	-	-	403,165
Licenses and permits	284,218	20,465	-	-	-	-	913,800	1,218,483
Charges for services	5,436,000	-	1,838,435	-	870,438	-	211,000	8,355,873
Systems development charges	-	-	-	-	-	1,765,887	-	1,765,887
Investment earnings	18,445	-	-	-	-	499	-	18,944
Miscellaneous	105,829	4,484	8,290	10,310	168,683	-	5,754	303,350
TOTAL REVENUES	6,382,875	6,364,138	3,058,603	3,181,905	2,524,092	1,766,386	2,284,051	25,562,050
EXPENDITURES:								
Current:								
General government	5,750,825	-	-	-	-	23,378	930,251	6,704,454
Cultural and recreation	-	-	3,029,849	2,152,336	-	-	-	5,182,185
Public safety	-	6,007,785	-	-	-	-	704,125	6,711,910
Highways and streets	-	-	-	-	1,452,551	-	-	1,452,551
Debt service:								
Principal	278,000	-	19,000	-	78,000	-	690,000	1,065,000
Interest	135,425	-	17,223	-	74,000	-	200,718	427,366
Capital outlay	15,597	1,571,123	34,912	203,895	415,419	552,075	-	2,793,021
TOTAL EXPENDITURES	6,179,847	7,578,908	3,100,984	2,356,231	2,019,970	575,453	2,525,094	24,336,487
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	203,028	(1,214,770)	(42,381)	825,674	504,122	1,190,933	(241,043)	1,225,563
OTHER FINANCING SOURCES:								
Proceeds from sale of capital assets	84,456	3,391	438	-	1,800	-	-	90,085
General obligation bonds issued	-	8,500,000	-	-	-	-	-	8,500,000
Bond premium on issuance of debt	-	102,688	-	-	-	-	-	102,688
TOTAL OTHER FINANCING SOURCES	84,456	8,606,079	438	-	1,800	-	-	8,692,773
NET CHANGE IN FUND BALANCES	287,484	7,391,309	(41,943)	825,674	505,922	1,190,933	(241,043)	9,918,336
FUND BALANCES - beginning	1,202,862	895,304	489,035	219,062	1,291,095	4,269,374	766,919	9,133,651
FUND BALANCES - ending	$ 1,490,346	$ 8,286,613	$ 447,092	$ 1,044,736	$ 1,797,017	$ 5,460,307	$ 525,876	$ 19,051,987

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, 2012

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds (page 29)		$ 9,918,336
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	$ 2,793,021	
Depreciation expense	(2,899,802)	(106,781)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and transfers) is to decrease net assets.		(37,702)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		62,688
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 assets. 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.		
General obligation bonds issued	(8,500,000)	
Bond premium	(102,688)	
Long-term debt principal repayments	1,065,000	(7,537,688)
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	(64,580)	
Accrued interest payable	(79,794)	
Accrued other postemployment benefit obligations	(103,912)	
Amortization of bond issuance costs	55,628	
Amortization of bond premium	52,969	(139,689)
Change in net assets of governmental activities (page 27)		$ 2,159,164

CITY OF WEST LINN, OREGON

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
ASSETS:			
Current assets:			
Cash and investments	$ 856,594	$ 2,939,448	$ 3,796,042
Restricted cash and investments	154,500	-	154,500
Accounts receivable, net of allowance for doubtful accounts	471,932	709,608	1,181,540
Bond issuance costs	6,522	-	6,522
Total current assets	1,489,548	3,649,056	5,138,604
Noncurrent assets:			
Capital assets not being depreciated	440,082	211,099	651,181
Capital assets, net of accumulated depreciation	9,549,526	18,341,924	27,891,450
Investment in joint venture	7,638,115	-	7,638,115
Bond issuance costs	52,173	-	52,173
Total noncurrent assets	17,679,896	18,553,023	36,232,919
TOTAL ASSETS	19,169,444	22,202,079	41,371,523
LIABILITIES:			
Current liabilities:			
Accounts payable	169,793	199,441	369,234
Accrued salaries and payroll taxes payable	21,700	21,169	42,869
Accrued compensated absences payable	49,469	35,044	84,513
Accrued interest payable	15,650	-	15,650
Bonds payable - due within one year	90,000	-	90,000
Total current liabilities	346,612	255,654	602,266
Noncurrent liabilities:			
Bonds payable	970,000	-	970,000
Accrued other postemployment benefit obligations	28,926	28,926	57,852
Total noncurrent liabilities	998,926	28,926	1,027,852
TOTAL LIABILITIES	1,345,538	284,580	1,630,118
NET ASSETS:			
Invested in capital assets, net of related debt	8,929,608	18,553,023	27,482,631
Restricted for debt service	154,500	-	154,500
Unrestricted	8,739,798	3,364,476	12,104,274
TOTAL NET ASSETS	$ 17,823,906	$ 21,917,499	$ 39,741,405

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 AND CHANGES IN FUND NET ASSETS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
OPERATING REVENUES:			
Charges for services	$ 3,152,123	$ 2,601,284	$ 5,753,407
Systems development charges	53,360	106,068	159,428
Other operating revenues	60,431	76,355	136,786
TOTAL OPERATING REVENUES	3,265,914	2,783,707	6,049,621
OPERATING EXPENSES:			
Salaries and wages	522,988	524,754	1,047,742
Materials and supplies	2,004,850	1,359,293	3,364,143
Depreciation	433,541	827,586	1,261,127
TOTAL OPERATING EXPENSES	2,961,379	2,711,633	5,673,012
OPERATING INCOME	304,535	72,074	376,609
NONOPERATING INCOME (EXPENSE):			
Net gain on investment in joint venture	288,312	-	288,312
Loss on disposal of capital assets	-	(9,070)	(9,070)
Interest expense	(63,822)	-	(63,822)
TOTAL NONOPERATING INCOME (EXPENSE)	224,490	(9,070)	215,420
INCOME BEFORE CAPITAL CONTRIBUTIONS	529,025	63,004	592,029
CAPITAL CONTRIBUTIONS	383,872	722,476	1,106,348
CHANGE IN NET ASSETS	912,897	785,480	1,698,377
NET ASSETS - beginning	16,911,009	21,132,019	38,043,028
NET ASSETS - ending	$ 17,823,906	$ 21,917,499	$ 39,741,405

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, 2012

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users of services	$ 3,169,326	$ 2,641,783	$ 5,811,109
Payments to suppliers for goods and services	(1,960,653)	(1,329,649)	(3,290,302)
Payments to employees for services	(520,703)	(514,823)	(1,035,526)
NET CASH FROM OPERATING ACTIVITIES	687,970	797,311	1,485,281
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid on capital debt	(85,000)	-	(85,000)
Interest paid on capital debt	(65,044)	-	(65,044)
Acquisition and construction of capital assets	(27,871)	(588,801)	(616,672)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(177,915)	(588,801)	(766,716)
NET INCREASE IN CASH AND INVESTMENTS	510,055	208,510	718,565
CASH AND INVESTMENTS - beginning	501,039	2,730,938	3,231,977
CASH AND INVESTMENTS - ending (including $154,500 for the water fund reported in a restricted account)	$ 1,011,094	$ 2,939,448	$ 3,950,542
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:			
Operating income	$ 304,535	$ 72,074	$ 376,609
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	433,541	827,586	1,261,127
Amortization of bond issuance costs	6,522	-	6,522
Increase in accounts receivable	(96,587)	(141,924)	(238,511)
Increase in accounts payable	37,674	29,644	67,318
Increase in accrued salaries and payroll taxes payable	1,000	3,931	4,931
Increase in accrued compensated absences payable	603	610	1,213
Increase in accrued postemployment benefit obligations	682	5,390	6,072
NET CASH FROM OPERATING ACTIVITIES	$ 687,970	$ 797,311	$ 1,485,281
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Net gain on investment in joint venture	$ 288,312	$ -	$ 288,312
Capital assets transferred from governmental funds	169,937	-	169,937
Capital assets contributed by developers	213,935	722,476	936,411

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

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 Assets* and the *Statement of Activities*.

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

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 assets. All transactions and events that affect the total economic resources (net assets) 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.

A deferred 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 deferred 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 deferred 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 Equity

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 State of Oregon Local Government Investment Pool.

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 deferred revenue.

Assessments are recognized as receivables at the time property owners are assessed on property improvements. These receivables are entirely offset by deferred revenue, as assessment revenue is recognized upon collection.

In the government-wide financial statements, property taxes and assessment receivables are recognized as revenue when earned and are shown 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.

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 (in years)
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. As compensated absences are due and payable on demand, they are considered due within one year. 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 No. 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 assets. 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 No. 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 No. 2010-23.

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 assets section of the *Statement of Net Assets* 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 State of Oregon 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, 2012, the City's cash and investments were comprised of the following:

Cash on hand	$ 1,300
Deposits with financial institutions	6,262,757
Oregon State Treasurer's Local Government Investment Pool	16,949,191
Total cash and investments	$ 23,213,248

	Government Activities	Business-type Activities	Total
Cash and investments	$ 6,059,950	$ 3,796,042	$ 9,855,992
Restricted cash and investments	13,202,756	154,500	13,357,256
Total cash and investments	$ 19,262,706	$ 3,950,542	$ 23,213,248

Deposits. Deposits with financial institutions are comprised of bank demand deposits. The combined total bank balance, which is all covered by federal depository insurance, is $6,350,971. As required by Oregon Revised Statues, any deposits in excess of federal depository insurance are held at qualified depositories for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer.

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 State of Oregon 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, 2012, all the City deposits are insured and are therefore not subject to custodial credit risk.

The City participates in an external investment pool, the State of Oregon Treasury Local Government Investment Pool (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 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 St. NE, Salem, Oregon 97310-0840.

The City's position in the LGIP at June 30, 2012 is stated at fair market value, which is 100.08 percent of pool shares.

Receivables

As of June 30, 2012, accounts receivable are reflected in the basic financial statements net of an allowance for uncollectible accounts. The allowance for uncollectible accounts pertains only to utility billing collections in the business-type activities.

Accounts, contracts and grants	$ 2,173,526
Allowance for uncollectible accounts	(24,000)
Total accounts receivable	$ 2,149,526
Accounts receivable - governmental activities	$ 967,986
Accounts receivable - business-type activities	1,181,540
Total accounts receivable	$ 2,149,526

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 assets will be shared 50 percent to each city. The SFWB is governed by a five-member board composed of three appointees from Oregon City and two from West Linn. The City's net investment and its share of the operating results of the SFWB are reported in the City's water fund. Net assets of the City's water fund were increased $288,312 from a net gain of the joint venture in fiscal year 2011-12. 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 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, 2012, was as follows:

	Beginning balance as of June 30, 2011	Additions	Reductions and adjustments	Ending balance as of June 30, 2012
Governmental activities:				
Capital assets not being depreciated:				
Land and easements	$ 190,330,748	$ 1,736,014	$ -	$ 192,066,762
Construction in progress	1,468,831	463,409	(582,072)	1,350,168
Total capital assets not being depreciated	191,799,579	2,199,423	(582,072)	193,416,930
Capital assets being depreciated:				
Buildings and improvements	26,628,072	37,140	11,042	26,676,254
Vehicles and equipment	2,603,857	105,917	(143,401)	2,566,373
Infrastructure	57,699,116	811,917	214,333	58,725,366
Total capital assets being depreciated	86,931,045	954,974	81,974	87,967,993
Less accumulated depreciation for:				
Buildings and improvements	(10,178,362)	(781,515)	-	(10,959,877)
Vehicles and equipment	(1,405,486)	(172,220)	101,021	(1,476,685)
Infrastructure	(34,951,786)	(1,946,067)	-	(36,897,853)
Total accumulated depreciation	(46,535,634)	(2,899,802)	101,021	(49,334,415)
Total capital assets being depreciated, net	40,395,411	(1,944,828)	182,995	38,633,578
Total capital assets, net	$ 232,194,990	$ 254,595	$ (399,077)	$ 232,050,508

Business-type activities:	Beginning balance as of June 30, 2011	Additions	Reductions and adjustments	Ending balance as of June 30, 2012
Capital assets not being depreciated:				
Land	$ 403,590	$ 79,035	$ -	$ 482,625
Construction in progress	187,625	121,141	(140,210)	168,556
Total capital assets not being depreciated	591,215	200,176	(140,210)	651,181
Capital assets being depreciated:				
Buildings and improvements	1,580,016	25,115	-	1,605,131
Vehicles and equipment	1,230,501	-	(65,869)	1,164,632
Infrastructure	56,302,601	1,497,730	180,844	57,981,175
Total capital assets being depreciated	59,113,118	1,522,845	114,975	60,750,938
Less accumulated depreciation for:				
Buildings and improvements	(909,357)	(32,103)	-	(941,460)
Vehicles and equipment	(639,855)	(82,842)	17,519	(705,178)
Infrastructure	(30,065,314)	(1,146,182)	(1,354)	(31,212,850)
Total accumulated depreciation	(31,614,526)	(1,261,127)	16,165	(32,859,488)
Total capital assets being depreciated, net	27,498,592	261,718	131,140	27,891,450
Total capital assets, net	$ 28,089,807	$ 461,894	$ (9,070)	$ 28,542,631

Depreciation expense for governmental activities in the amount of $2,899,802 and for business-type activities the amount of $1,261,127 was charged to functions/programs as follows:

	Governmental activities	Business-type activities	Total
General government	$ 49,978	$ -	$ 49,978
Culture and recreation	811,974	-	811,974
Public safety	68,295	-	68,295
Highways and streets	1,969,555	-	1,969,555
Water	-	433,541	433,541
Environmental services	-	827,586	827,586
Depreciation expense	$ 2,899,802	$ 1,261,127	$ 4,160,929

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, 2012, 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.

Leases

Leases which meet certain criteria established by the GASB are classified as capital leases. When these leases are incurred, the assets and related liabilities are recorded at the lesser of the present value of minimum lease payments or the fair value of the lease. Leases, which do not meet the criteria of a capital lease, are classified as operating leases and related rental payments are charged to operations in their respective funds. Currently, all of the City's leases are classified as operating leases.

The City leases various pieces of equipment for use in its operations under cancelable and noncancelable operating leases. Total costs for such leases were approximately $17,000 for the year ended June 30, 2012. The future minimum lease payments for noncancelable operating leases are as follows:

Fiscal year ending June 30,	Amount
2013	$ 1,605
2014	420
2015	210
2016	-
2017	-
	$ 2,235

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. As compensated absences are due and payable on demand, they are considered due within one year.

	Beginning balance as of June 30, 2011	Additions	Reductions	Ending balance as of June 30, 2012	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	$ 4,040,000	$ -	$ (490,000)	$ 3,550,000	$ 505,000
Series 2010-A Library Refundings, interest at 2.0-3.0%, original issue of $3,900,000, due 2021	2,855,000	-	- (200,000)	2,655,000	220,000
Series 2012 Police Station, interest at 1.0-2.75%, original issue of $8,500,000, due 2031	-	8,500,000	-	8,500,000	135,000
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	3,795,000	-	(155,000)	3,640,000	160,000
Series 2010-B City Hall Refunding, interest at 3.0-4.0%, original issue of $4,300,000, due 2021	2,535,000	-	(220,000)	2,315,000	225,000
Plus: Bond issuance premium	392,289	102,688	(52,969)	442,008	-
Long-term bonded debt obligations	13,617,289	8,602,688	(1,117,969)	21,102,008	1,245,000
Compensated absences for governmental activities	811,808	1,088,580	(1,024,000)	876,388	876,388
Total governmental activities	$14,429,097	$ 9,691,268	$(2,141,969)	$21,978,396	$ 2,121,388

	Beginning balance as of June 30, 2011	Additions	Reductions	Ending balance as of June 30, 2012	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	$ 1,145,000	$ -	$ (85,000)	$ 1,060,000	$ 90,000
Compensated absences for business-type activities	83,300	49,413	(48,200)	84,513	84,513
Total business-type activities	$ 1,228,300	$ 49,413	$ (133,200)	$ 1,144,513	$ 174,513
Total long-term debt obligations					
General Obligation bonds	$ 6,895,000	$ 8,500,000	$ (690,000)	$ 14,705,000	$ 860,000
Full Faith and Credit obligations	6,330,000	-	(375,000)	5,955,000	385,000
Revenue bonds	1,145,000	-	(85,000)	1,060,000	90,000
Plus: Bond issuance premium	392,289	102,688	(52,969)	442,008	-
Long-term bonded debt obligations	14,762,289	8,602,688	(1,202,969)	22,162,008	1,335,000
Compensated absences	895,108	1,137,993	(1,072,200)	960,901	960,901
Total long-term debt obligations	$ 15,657,397	$ 9,740,681	$(2,275,169)	$ 23,122,909	$ 2,295,901

General Obligation Bonds Issued. In the November 8, 2011 election, the voters of West Linn 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. On January 12, 2012, the City issued $8,500,000 of general obligation bonds with an overall true interest cost of 2.25 percent.

Future Principal and Interest. Future maturities of bond principal and interest at June 30, 2012, are as follows:

	Governmental Activities		Business-type Activities		Total	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2013	$ 1,245,000	$ 651,832	$ 90,000	$ 60,013	$ 1,335,000	$ 711,845
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
2018-2022	6,145,000	1,487,340	545,000	67,950	6,690,000	1,555,290
2023-2027	3,610,000	853,839	-	-	3,610,000	853,839
2028-2032	3,735,000	291,605	-	-	3,735,000	291,605
	$ 20,660,000	$ 5,265,761	$ 1,060,000	$ 310,514	$ 21,720,000	$ 5,576,275

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, P.O. Box 23700, Tigard, OR 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 $488,000 for the year ended June 30, 2012.

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, 2012, 2011, and 2010 the City's annual pension costs were approximately $1,040,000, $869,000, and $839,000 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 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, 2012, 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, 2012.

	Medical		Dental	
	HealthNet	Kaiser	CIS-ODS	Kaiser
Employee	$ 646	$ 509	$ 57	$ 57
Employee + child(ren)	1,163	915	NA	85
Employee + spouse	1,277	1,017	100	99
Employee + family	1,790	1,526	186	183

Annual OPEB Cost and Net OPEB Obligation. The City's annual other post employment benefit 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 15 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	$ 110,770
Amortization of UAAL with interest	112,243
Annual Required Contribution (ARC)	223,013
Interest on prior year net OPEB obligation	26,338
Adjustment to ARC	(44,748)
Annual OBEB cost	204,603
Less contribution (amounts paid during year for OPEB)	-
Less implicit benefit payments	(94,619)
Increase in net OPEB obligation	109,984
OPEB obligation at beginning of fiscal year	658,457
OPEB obligation at end of fiscal year	$ 768,441
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	$ 7,897,000
UAAL as a percentage of covered payroll	19%

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
06/30/2012	$ 204,603	46%	$ 768,441
06/30/2011	$ 219,206	36%	$ 658,457
06/30/2010	$ 208,533	28%	$ 518,273

Funded Status and Funding Progress. As of August 1, 2010, representing the date of the most recent actuarial valuation, the plan was zero percent funded. The actuarial accrued liability for benefits was $1,535,710, and the actuarial value of assets was zero, resulting in an unfunded accrued liability of $1,535,710.

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. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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, 2010 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.5 percent, reduced incrementally to an ultimate rate of 5 percent. The UAAL is being amortized using the level percentage of payroll over an open period of fifteen 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, OR 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, 2012, 2011 and 2010 were approximately $48,600, $23,500 and $22,900 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 continues through June 30, 2013, 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 agrees to pay the City $8,583 per month.

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 October 7, 2004 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 9-1-1 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.
- Below is a summary of the annual contract costs going forward:

Fiscal Year	Annual Contract Amt
2012-13	394,670
2013-14	407,783
2014-15	421,356
2015-16	435,403
	$ 1,659,212

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 $1,000 assessed value. Assessed values can only grow by a maximum of 3 percent per year, exclusive of new construction and annexations.

Fund Balance Classification

In accordance with the requirements of GASB Statement No. 54, below are schedules of ending fund balances as of June 30, 2012:

	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	$ 164,462	$ -	$ -	$ -	$ -	$ -	$ -	$ 164,462
Library endowment	-	-	-	157,300	-	-	-	157,300
	164,462	-	-	157,300	-	-	-	321,762
Restricted								
Police station bond	-	7,002,828	-	-	-	-	-	7,002,828
Systems development	-	-	-	-	-	5,460,307	-	5,460,307
Building operations	-	-	-	-	-	-	255,045	255,045
Debt service	-	-	-	-	-	-	68,681	68,681
Park improvements	-	-	-	-	-	-	135,242	135,242
	-	7,002,828	-	-	-	5,460,307	458,968	12,922,103
Committed								
Police services	-	1,283,785	-	-	-	-	-	1,283,785
Parks and Rec	-	-	447,092	-	-	-	-	447,092
Street services	-	-	-	-	1,797,017	-	-	1,797,017
Library services	-	-	-	887,436	-	-	-	887,436
Planning services	-	-	-	-	-	-	66,908	66,908
	-	1,283,785	447,092	887,436	1,797,017	-	66,908	4,482,238
Assigned	-	-	-	-	-	-	-	-
Unassigned	1,325,884	-	-	-	-	-	-	1,325,884
	$ 1,490,346	$ 8,286,613	$ 447,092	$ 1,044,736	$ 1,797,017	$ 5,460,307	$ 525,876	$ 19,051,987

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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, 2012

	Budget for the 2012-2013 Biennium		Actual	
	Original	Final	1st Year FY 2012	Variance with Final Budget
REVENUES:				
Intergovernmental	$ -	$ -	$ 112,040	$ 112,040
Fines and forfeitures	942,000	942,000	332,386	(609,614)
Licenses and permits	618,000	618,000	284,218	(333,782)
Franchise taxes	325,000	325,000	93,957	(231,043)
Investment earnings	10,000	10,000	18,445	8,445
Miscellaneous	252,000	252,000	105,829	(146,171)
TOTAL REVENUES	2,147,000	2,147,000	946,875	(1,200,125)
EXPENDITURES:				
City Council	529,000	529,000	246,611	282,389
City Administration	1,737,000	1,737,000	819,412	917,588
Communications	130,000	130,000	73,812	56,188
Human Resources	823,000	823,000	335,771	487,229
Finance	2,083,000	2,083,000	1,018,354	1,064,646
Information Technology	1,859,000	1,859,000	756,757	1,102,243
Municipal Court	677,000	677,000	284,037	392,963
Facility Services	976,000	976,000	453,578	522,422
Public Works Support Services	2,455,000	2,455,000	1,155,908	1,299,092
Vehicle and Equipment Maintenance	771,000	771,000	355,284	415,716
Nondepartmental:				
General services	384,000	384,000	143,898	240,102
Debt service	600,000	828,000	413,425	414,575
Contingency	700,000	472,000	-	472,000
TOTAL EXPENDITURES	13,724,000	13,724,000	6,056,847	7,667,153
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(11,577,000)	(11,577,000)	(5,109,972)	6,467,028
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	11,186,000	11,186,000	5,436,000	(5,750,000)
Transfers to other funds	(314,000)	(314,000)	(123,000)	191,000
Proceeds from sale of capital asset	-	-	84,456	84,456
TOTAL OTHER FINANCING SOURCES (USES)	10,872,000	10,872,000	5,397,456	(5,474,544)
NET CHANGE IN FUND BALANCES	(705,000)	(705,000)	287,484	992,484
FUND BALANCES - beginning	1,275,000	1,275,000	1,202,862	(72,138)
FUND BALANCES - ending	$ 570,000	$ 570,000	$ 1,490,346	$ 920,346

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, 2012

	Budget for the 2012-2013 Biennium		Actual	
	Original	Final	1st Year FY 2012	Variance with Final Budget
REVENUES:				
Property taxes	$ 8,599,000	$ 8,599,000	$ 4,128,714	$ (4,470,286)
Intergovernmental	1,072,000	1,072,000	720,502	(351,498)
Franchise taxes	3,288,000	3,288,000	1,485,623	(1,802,377)
Fines and forfeitures	156,000	156,000	4,350	(151,650)
Licenses and permits	71,000	71,000	20,465	(50,535)
Investment earnings	16,000	16,000	-	(16,000)
Miscellaneous	113,000	113,000	4,484	(108,516)
TOTAL REVENUES	13,315,000	13,315,000	6,364,138	(6,950,862)
EXPENDITURES:				
Personal services	8,759,000	8,759,000	4,114,092	4,644,908
Materials and services	1,427,000	1,530,000	777,693	752,307
Debt service:				
Principal	118,000	-	-	-
Interest	110,000	-	-	-
Capital outlay	520,000	9,020,000	1,571,123	7,448,877
Contingency	600,000	828,000	-	828,000
TOTAL EXPENDITURES	11,534,000	20,137,000	6,462,908	13,674,092
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,781,000	(6,822,000)	(98,770)	6,723,230
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(2,291,000)	(2,291,000)	(1,116,000)	1,175,000
Proceeds from sale of capital asset	-	-	3,391	3,391
General obligation bonds issued	-	8,500,000	8,500,000	-
Bond premium on issuance of debt	-	103,000	102,688	(312)
TOTAL OTHER FINANCING SOURCES (USES)	(2,291,000)	6,312,000	7,490,079	1,178,079
NET CHANGE IN FUND BALANCES	(510,000)	(510,000)	7,391,309	7,901,309
FUND BALANCES - beginning	1,031,000	1,031,000	895,304	(135,696)
FUND BALANCES - ending	$ 521,000	$ 521,000	$ 8,286,613	$ 7,765,613

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, 2012

	Budget for the 2012-2013 Biennium		Actual	
	Original	Final	1st Year FY 2012	Variance with Final Budget
REVENUES:				
Property taxes	$ 2,292,000	$ 2,292,000	$ 1,198,978	$ (1,093,022)
Intergovernmental	1,331,000	1,331,000	12,900	(1,318,100)
Charges for services	3,458,000	3,458,000	1,838,435	(1,619,565)
Investment earnings	2,000	2,000	-	(2,000)
Miscellaneous	53,000	53,000	8,290	(44,710)
TOTAL REVENUES	7,136,000	7,136,000	3,058,603	(4,077,397)
EXPENDITURES:				
Personal services	3,137,000	3,137,000	1,476,027	1,660,973
Materials and services	1,420,000	1,420,000	723,822	696,178
Debt service:				
Principal	39,000	39,000	19,000	20,000
Interest	35,000	35,000	17,223	17,777
Capital outlay	935,000	935,000	34,912	900,088
Contingency	350,000	350,000	-	350,000
TOTAL EXPENDITURES	5,916,000	5,916,000	2,270,984	3,645,016
EXCESS OF REVENUES OVER EXPENDITURES	1,220,000	1,220,000	787,619	(432,381)
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(1,695,000)	(1,695,000)	(830,000)	865,000
Proceeds from sale of capital asset	-	-	438	438
TOTAL OTHER FINANCING SOURCES (USES)	(1,695,000)	(1,695,000)	(829,562)	865,438
NET CHANGE IN FUND BALANCES	(475,000)	(475,000)	(41,943)	433,057
FUND BALANCES - beginning	590,000	590,000	489,035	(100,965)
FUND BALANCES - ending	$ 115,000	$ 115,000	$ 447,092	$ 332,092

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, 2012

	Budget for the 2012-2013 Biennium		Actual	
	Original	Final	1st Year FY 2012	Variance with Final Budget
REVENUES:				
Property taxes	$ 1,705,000	$ 1,705,000	$ 796,103	$ (908,897)
Intergovernmental	3,824,000	3,824,000	2,309,063	(1,514,937)
Fines and forfeitures	126,000	126,000	66,429	(59,571)
Investment earnings	6,000	6,000	-	(6,000)
Miscellaneous	20,000	20,000	10,310	(9,690)
TOTAL REVENUES	5,681,000	5,681,000	3,181,905	(2,499,095)
EXPENDITURES:				
Personal services	2,676,000	2,676,000	1,184,157	1,491,843
Materials and services	460,000	460,000	230,179	229,821
Capital outlay	1,000,000	1,000,000	203,895	796,105
Contingency	100,000	100,000	-	100,000
TOTAL EXPENDITURES	4,236,000	4,236,000	1,618,231	2,617,769
EXCESS OF REVENUES OVER EXPENDITURES	1,445,000	1,445,000	1,563,674	118,674
OTHER FINANCING USES:				
Transfers to other funds	(1,507,000)	(1,507,000)	(738,000)	769,000
NET CHANGE IN FUND BALANCES	(62,000)	(62,000)	825,674	887,674
FUND BALANCES - beginning	291,000	291,000	219,062	(71,938)
FUND BALANCES - ending	$ 229,000	$ 229,000	$ 1,044,736	$ 815,736

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, 2012

	Budget for the 2012-2013 Biennium Original	Budget for the 2012-2013 Biennium Final	Actual 1st Year FY 2012	Variance with Final Budget
REVENUES:				
Intergovernmental	$ 2,279,000	$ 2,279,000	$ 1,372,076	$ (906,924)
Franchise taxes	252,000	252,000	112,895	(139,105)
Charges for services	1,759,000	1,759,000	870,438	(888,562)
Investment earnings	8,000	8,000	-	(8,000)
Miscellaneous	107,000	107,000	168,683	61,683
TOTAL REVENUES	4,405,000	4,405,000	2,524,092	(1,880,908)
EXPENDITURES:				
Personal services	1,025,000	1,025,000	490,123	534,877
Materials and services	1,020,000	1,020,000	433,428	586,572
Debt service:				
Principal	158,000	158,000	78,000	80,000
Interest	146,000	146,000	74,000	72,000
Capital outlay	1,000,000	1,000,000	415,419	584,581
Contingency	600,000	600,000	-	600,000
TOTAL EXPENDITURES	3,949,000	3,949,000	1,490,970	2,458,030
EXCESS OF REVENUES OVER EXPENDITURES	456,000	456,000	1,033,122	577,122
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(1,079,000)	(1,079,000)	(529,000)	550,000
Proceeds from sale of capital asset	-	-	1,800	1,800
TOTAL OTHER FINANCING SOURCES (USES)	(1,079,000)	(1,079,000)	(527,200)	551,800
NET CHANGE IN FUND BALANCES	(623,000)	(623,000)	505,922	1,128,922
FUND BALANCES - beginning	873,000	873,000	1,291,095	418,095
FUND BALANCES - ending	$ 250,000	$ 250,000	$ 1,797,017	$ 1,547,017

Schedule of Funding Progress

June 30, 2012

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
8/1/2010	$ -	$ 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
8/1/2006	-	1,449,903	1,449,903	0	6,646,000	22

Notes to Required Supplementary Information

June 30, 2012

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 of 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 first fiscal year of the biennium, Resolution 2012-04 was adopted adjusting the budget for the 2012-2013 biennium by adopting a supplemental budget and revising appropriations and bonded debt property tax levy. This resolution was effective as of April 9, 2012.

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, 2012

	Budget for the 2012-2013 Biennium	
	Original	Final
REVENUES:		
Systems development charges:		
Street - systems development charges	$ 315,000	$ 315,000
Surface water - systems development charges	30,000	30,000
Water - systems development charges	1,608,000	1,608,000
Sewer - systems development charges	189,000	189,000
Parks - systems development charges	262,000	262,000
Bike/Pedestrian - systems development charges	20,000	20,000
Investment earnings	38,000	38,000
TOTAL REVENUES	2,462,000	2,462,000
EXPENDITURES:		
Materials and services	100,000	100,000
Capital outlay	3,530,000	3,530,000
Contingency	1,103,000	1,103,000
TOTAL EXPENDITURES	4,733,000	4,733,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,271,000)	(2,271,000)
OTHER FINANCING USES:		
Transfers to other funds	(203,000)	(203,000)
NET CHANGE IN FUND BALANCES	(2,474,000)	(2,474,000)
FUND BALANCES - beginning	3,555,000	3,555,000
FUND BALANCES - ending	$ 1,081,000	$ 1,081,000

Continued on next page

			1st Year Actual FY 2012					
Street	Surface Water	Water	Sewer	Parks	Bike/ Pedestrian	Total		Variance with Final Budget
$ 263,854	$ -	$ -	$ -	$ -	$ -	$ 263,854		$ (51,146)
-	11,296	-	-	-	-	11,296		(18,704)
-	-	500,617	-	-	-	500,617		(1,107,383)
-	-	-	198,594	-	-	198,594		9,594
-	-	-	-	694,250	-	694,250		432,250
-	-	-	-	-	97,276	97,276		77,276
444	-	-	55	-	-	499		(37,501)
264,298	11,296	500,617	198,649	694,250	97,276	1,766,386		(695,614)
2,152	1,546	4,365	2,516	1,105	694	12,378		87,622
116,782	39,518	130,419	39,518	225,838	-	552,075		2,977,925
-	-	-	-	-	-	-		1,103,000
118,934	41,064	134,784	42,034	226,943	694	564,453		4,168,547
145,364	(29,768)	365,833	156,615	467,307	96,582	1,201,933		3,472,933
(11,000)	-	-	-	-	-	(11,000)		192,000
134,364	(29,768)	365,833	156,615	467,307	96,582	1,190,933		3,664,933
810,913	695,283	1,575,590	951,487	16,762	219,339	4,269,374		714,374
$ 945,277	$ 665,515	$ 1,941,423	$ 1,108,102	$ 484,069	$ 315,921	$ 5,460,307		$ 4,379,307

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CITY OF WEST LINN, OREGON

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2012

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
ASSETS:				
Cash and investments	$ 2,092	$ -	$ -	$ 2,092
Restricted cash and investments	381,748	60,258	135,242	577,248
Property taxes receivable	-	65,376	-	65,376
Accounts receivable	100,841	-	-	100,841
TOTAL ASSETS	$ 484,681	$ 125,634	$ 135,242	$ 745,557
LIABILITIES:				
Accounts payable	$ 109,561	$ -	$ -	$ 109,561
Accrued salaries and payroll taxes	47,100	-	-	47,100
Deposits payable	6,067	-	-	6,067
Deferred revenue	-	56,953	-	56,953
TOTAL LIABILITIES	162,728	56,953	-	219,681
FUND BALANCES:				
Restricted	255,045	68,681	135,242	458,968
Committed	66,908	-	-	66,908
TOTAL FUND BALANCES	321,953	68,681	135,242	525,876
TOTAL LIABILITIES AND FUND BALANCES	$ 484,681	$ 125,634	$ 135,242	$ 745,557

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, 2012

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
REVENUES:				
Property taxes	$ -	$ 834,004	$ -	$ 834,004
Intergovernmental	263,349	-	-	263,349
Franchise taxes	56,144	-	-	56,144
Licenses and permits	913,800	-	-	913,800
Charges for services	211,000	-	-	211,000
Miscellaneous	5,754	-	-	5,754
TOTAL REVENUES	1,450,047	834,004	-	2,284,051
EXPENDITURES:				
Current:				
General government	930,251	-	-	930,251
Public safety	704,125	-	-	704,125
Debt service:				
Principal	-	690,000	-	690,000
Interest	-	200,718	-	200,718
TOTAL EXPENDITURES	1,634,376	890,718	-	2,525,094
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCES	(184,329)	(56,714)	-	(241,043)
FUND BALANCES - beginning	506,282	125,395	135,242	766,919
FUND BALANCES - ending	$ 321,953	$ 68,681	$ 135,242	$ 525,876

CITY OF WEST LINN, OREGON

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2012

	Building Inspections Fund	Planning Fund	Total
ASSETS:			
Cash and investments	$ -	$ 2,092	$ 2,092
Restricted cash and investments	381,748	-	381,748
Accounts receivable	-	100,841	100,841
TOTAL ASSETS	$ 381,748	$ 102,933	$ 484,681
LIABILITIES:			
Accounts payable	$ 108,003	$ 1,558	$ 109,561
Accrued salaries and payroll taxes	17,200	29,900	47,100
Deposits payable	1,500	4,567	6,067
TOTAL LIABILITIES	126,703	36,025	162,728
FUND BALANCES:			
Restricted	255,045	-	255,045
Committed	-	66,908	66,908
TOTAL FUND BALANCES	255,045	66,908	321,953
TOTAL LIABILITIES AND FUND BALANCES	$ 381,748	$ 102,933	$ 484,681

CITY OF WEST LINN, OREGON

NONMAJOR SPECIAL REVENUE FUNDS

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Building Inspections Fund	Planning Fund	Total
REVENUES:			
Intergovernmental	$ -	$ 263,349	$ 263,349
Franchise taxes	-	56,144	56,144
Licenses and permits	715,745	198,055	913,800
Charges for services	-	211,000	211,000
Miscellaneous	-	5,754	5,754
TOTAL REVENUES	715,745	734,302	1,450,047
EXPENDITURES:			
Current:			
General government	-	930,251	930,251
Public safety	704,125	-	704,125
TOTAL EXPENDITURES	704,125	930,251	1,634,376
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCE	11,620	(195,949)	(184,329)
FUND BALANCES - beginning	243,425	262,857	506,282
FUND BALANCES - ending	$ 255,045	$ 66,908	$ 321,953

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, 2012

	Budget for the 2012-2013 Biennium		Actual	
	Original	Final	1st Year FY 2012	Variance with Final Budget
REVENUES:				
Licenses and permits	$ 1,392,000	$ 1,392,000	$ 715,745	$ (676,255)
Miscellaneous	10,000	10,000	-	(10,000)
TOTAL REVENUES	1,402,000	1,402,000	715,745	(686,255)
EXPENDITURES:				
Personal services	860,000	860,000	415,503	444,497
Materials and services	41,000	41,000	10,622	30,378
Contingency	50,000	50,000	-	50,000
TOTAL EXPENDITURES	951,000	951,000	426,125	524,875
EXCESS OF REVENUES OVER EXPENDITURES	451,000	451,000	289,620	(161,380)
OTHER FINANCING USES:				
Transfers to other funds	(579,000)	(579,000)	(278,000)	301,000
NET CHANGE IN FUND BALANCES	(128,000)	(128,000)	11,620	139,620
FUND BALANCES - beginning	200,000	200,000	243,425	43,425
FUND BALANCES - ending	$ 72,000	$ 72,000	$ 255,045	$ 183,045

CITY OF WEST LINN, OREGON

PLANNING FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budget for the 2012-2013 Biennium		Actual	
	Original	Final	1st Year FY 2012	Variance with Final Budget
REVENUES:				
Intergovernmental	$ 512,000	$ 512,000	$ 263,349	$ (248,651)
Franchise taxes	375,000	375,000	56,144	(318,856)
Licenses and permits	551,000	551,000	198,055	(352,945)
Investment earnings	2,000	2,000	-	(2,000)
Miscellaneous	2,000	2,000	5,754	3,754
TOTAL REVENUES	1,442,000	1,442,000	523,302	(918,698)
EXPENDITURES:				
Personal services	1,497,000	1,497,000	591,131	905,869
Material and services	193,000	193,000	44,120	148,880
Contingency	50,000	50,000	-	50,000
TOTAL EXPENDITURES	1,740,000	1,740,000	635,251	1,104,749
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(298,000)	(298,000)	(111,949)	186,051
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	673,000	673,000	211,000	(462,000)
Transfers to other funds	(663,000)	(663,000)	(295,000)	368,000
TOTAL OTHER FINANCING SOURCES (USES)	10,000	10,000	(84,000)	(94,000)
NET CHANGE IN FUND BALANCES	(288,000)	(288,000)	(195,949)	92,051
FUND BALANCES - beginning	381,000	381,000	262,857	(118,143)
FUND BALANCES - ending	$ 93,000	$ 93,000	$ 66,908	$ (26,092)

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, 2012

	Budget for the 2012-2013 Biennium		Actual	
	Original	Final	1st Year FY 2012	Variance with Final Budget
REVENUES:				
Property taxes	$ 1,715,000	$ 2,107,000	$ 834,004	$ (1,272,996)
Investment earnings	2,000	2,000	-	(2,000)
TOTAL REVENUES	1,717,000	2,109,000	834,004	(1,274,996)
EXPENDITURES:				
Debt service:				
Principal	1,440,000	1,550,000	690,000	860,000
Interest	365,000	647,000	200,718	446,282
TOTAL EXPENDITURES	1,805,000	2,197,000	890,718	1,306,282
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(88,000)	(88,000)	(56,714)	31,286
FUND BALANCES - beginning	137,000	137,000	125,395	(11,605)
FUND BALANCES - ending	$ 49,000	$ 49,000	$ 68,681	$ 19,681

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, 2012

	Budget for the 2012-2013 Biennium		Actual	
	Original	Final	1st Year FY 2012	Variance with Final Budget
EXPENDITURES:				
Capital outlay	$ 177,000	$ 177,000	$ -	$ 177,000
TOTAL EXPENDITURES	177,000	177,000	-	177,000
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(177,000)	(177,000)	-	177,000
FUND BALANCES - beginning	177,000	177,000	135,242	(41,758)
FUND BALANCES - ending	$ -	$ -	$ 135,242	$ 135,242

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, 2012

	Budget for the 2012-2013 Biennium		Actual	
	Original	Final	1st Year FY 2012	Variance with Final Budget
REVENUES:				
Water charges	$ 6,555,000	$ 6,555,000	$ 3,152,123	$ (3,402,877)
Systems development charges	-	-	53,360	53,360
Investment earnings	6,000	6,000	-	(6,000)
Miscellaneous	83,000	83,000	60,431	(22,569)
TOTAL REVENUES	6,644,000	6,644,000	3,265,914	(3,378,086)
EXPENDITURES:				
Personal services	1,080,000	1,080,000	522,988	557,012
Materials and services	3,014,000	3,014,000	1,347,850	1,666,150
Debt service	302,000	302,000	148,822	153,178
Capital outlay	750,000	750,000	27,871	722,129
Contingency	450,000	450,000	-	450,000
TOTAL EXPENDITURES	5,596,000	5,596,000	2,047,531	3,548,469
EXCESS OF REVENUES OVER EXPENDITURES	1,048,000	1,048,000	1,218,383	170,383
OTHER FINANCING USES:				
Transfers to other funds	(1,341,000)	(1,341,000)	(657,000)	684,000
NET CHANGE IN FUND BALANCES	(293,000)	(293,000)	561,383	854,383
FUND BALANCES - beginning	619,000	619,000	694,800	75,800
FUND BALANCES - ending	$ 326,000	$ 326,000	1,256,183	$ 930,183

RECONCILIATION TO NET ASSETS - GAAP BASIS:	
Adjustment for capital assets not being depreciated	440,082
Adjustment for capital assets, net of accumulated depreciation	9,549,526
Adjustment for investment in joint venture	7,638,115
Adjustment for bonds payable - due within one year	(90,000)
Adjustment for bonds payable	(970,000)
NET ASSETS - GAAP BASIS	$ 17,823,906

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, 2012

	Budget for the 2012-2013 Biennium		Actual	
	Original	Final	1st Year FY 2012	Variance with Final Budget
REVENUES:				
Sewer charges	$ 3,692,000	$ 3,692,000	$ 1,934,533	$ (1,757,467)
Surface water charges	1,341,000	1,341,000	666,751	(674,249)
Systems development charges	140,000	140,000	106,068	(33,932)
Investment earnings	20,000	20,000	-	(20,000)
Miscellaneous	117,000	117,000	76,355	(40,645)
TOTAL REVENUES	5,310,000	5,310,000	2,783,707	(2,526,293)
EXPENDITURES:				
Personal services	1,055,000	1,055,000	524,754	530,246
Materials and services	613,000	613,000	289,294	323,706
Capital outlay	1,600,000	1,600,000	588,801	1,011,199
Contingency	2,000,000	2,000,000	-	2,000,000
TOTAL EXPENDITURES	5,268,000	5,268,000	1,402,849	3,865,151
EXCESS OF REVENUES OVER EXPENDITURES	42,000	42,000	1,380,858	1,338,858
OTHER FINANCING USES:				
Transfers to other funds	(2,187,000)	(2,187,000)	(1,070,000)	1,117,000
NET CHANGE IN FUND BALANCES	(2,145,000)	(2,145,000)	310,858	2,455,858
FUND BALANCES - beginning	2,549,000	2,549,000	3,053,618	504,618
FUND BALANCES - ending	$ 404,000	$ 404,000	3,364,476	$ 2,960,476
RECONCILIATION TO NET ASSETS - GAAP BASIS:				
Adjustment for capital assets not being depreciated			211,099	
Adjustment for capital assets, net of accumulated depreciation			18,341,924	
NET ASSETS - GAAP BASIS			$21,917,499	

OTHER FINANCIAL SCHEDULES

Schedule of Future Debt Service Requirements

Schedule of Property Tax Transactions and Outstanding Balance

Schedule of Accountability of Independently Elected Officials

CITY OF WEST LINN, OREGON

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS

JUNE 30, 2012

F U T U R E   B O N D   P R I N C I P A L

	General Obligation Bonds			Full Faith and Credit Obligations Bonds		Revenue Bonds	
Fiscal year	Series 2009-A Refunded Parks Jan. 21, 2009	Series 2010-A Refunded Library Sep. 2, 2010	Series 2012 Police Station Jan. 25, 2012	Series 2009-B Str/Police/Parks Jan. 21, 2009	Series 2010-B Refunded City Hall Sep. 2, 2010	Water Series 2000 Oct. 1, 2000	Total
2013	$ 505,000	$ 220,000	$ 135,000	$ 160,000	$ 225,000	$ 90,000	$ 1,335,000
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
	$ 3,550,000	$ 2,655,000	$ 8,500,000	$ 3,640,000	$ 2,315,000	$ 1,060,000	$ 21,720,000

F U T U R E   B O N D   I N T E R E S T

	General Obligation Bonds			Full Faith and Credit Obligations Bonds		Revenue Bonds	
Fiscal year	Series 2009-A Refunded Parks Jan. 21, 2009	Series 2010-A Refunded Library Sep. 2, 2010	Series 2012 Police Station Jan. 25, 2012	Series 2009-B Str/Police/Parks Jan. 21, 2009	Series 2010-B Refunded City Hall Sep. 2, 2010	Water Series 2000 Oct. 1, 2000	Total
2013	$ 116,488	$ 63,538	$ 256,483	$ 142,573	$ 72,750	$ 60,013	$ 711,845
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
	$ 462,802	$ 369,929	$ 2,581,489	$ 1,484,378	$ 367,163	$ 310,514	$ 5,576,275

CITY OF WEST LINN, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Tax Year	Uncollected Property Taxes as of June 30, 2011	Add Tax Levy Extended by Assessor	Add (deduct) Adjustments and Discounts	Deduct Cash Collections	Uncollected Property Taxes as of June 30, 2012
Current fiscal year 2011-12	$ -	$ 7,174,440	$ (118,774)	(6,799,324)	$ 256,342
Prior fiscal years					
2010-11	255,013	-	16,505	(148,813)	122,705
2009-10	102,204	-	(1,449)	(21,373)	79,382
2008-09	56,479	-	(952)	(28,286)	27,241
2007-08	18,371	-	(379)	(13,538)	4,454
2006-07 & prior	15,789	-	(694)	(3,932)	11,163
Sub-total prior	447,856	-	13,031	(215,942)	244,945
Total	$ 447,856	$ 7,174,440	$ (105,743)	$ (7,015,266)	$ 501,287

Public Safety Fund	$ 297,212
Parks and Recreation Fund	79,257
Library Fund	59,442
Debt Service Fund	65,376
	$ 501,287

CITY OF WEST LINN, OREGON

SCHEDULE OF ACCOUNTABILITY OF INDEPENDENTLY ELECTED OFFICIALS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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**

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, and GASB Statement 54 in fiscal year 2010-11.

CITY OF WEST LINN, OREGON

Net Assets by Component

for the last ten fiscal years [1]

(accrual basis of accounting)

(in thousands)

	Fiscal Year Ended									
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Governmental activities										
Invested in capital assets, net of related debt	$ 24,716	$ 14,704	$ 17,453	$ 17,951	$ 241,987	$ 218,998	$ 219,277	$ 217,988	$ 218,578	$ 217,951
Restricted	-	3,867	4,080	2,854	3,526	4,479	6,565	6,450	4,930	6,077
Unrestricted (deficit)	(2,069)	5,893	3,921	2,996	3,995	2,514	(248)	1,279	3,483	5,123
Total governmental activities net assets	22,647	24,464	25,454	23,801	249,508	225,991	225,594	225,717	226,991	229,151
Business-type activities										
Invested in capital assets, net of related debt	18,056	19,011	20,447	21,059	20,723	26,201	27,454	27,089	26,945	27,482
Restricted	-	-	-	-	-	-	155	155	155	155
Unrestricted	8,944	8,458	7,085	8,442	9,939	10,090	10,082	10,354	10,943	12,104
Total business-type activities net assets	27,000	27,469	27,532	29,501	30,662	36,291	37,691	37,598	38,043	39,741
Primary government										
Invested in capital assets, net of related debt	42,772	33,715	37,900	39,010	262,710	245,199	246,731	245,077	245,523	245,433
Restricted	-	3,867	4,080	2,854	3,526	4,479	6,720	6,605	5,085	6,232
Unrestricted	6,875	14,351	11,006	11,438	13,934	12,604	9,834	11,633	14,426	17,227
Total primary government net assets	$ 49,647	$ 51,933	$ 52,986	$ 53,302	$ 280,170	$ 262,282	$ 263,285	$ 263,315	$ 265,034	$ 268,892

[1] Fiscal year 2002-03 was the first year that the new reporting requirements of GASB 34 were implemented, except for the infrastructure provisions which were implemented in fiscal year 2007-08.

CITY OF WEST LINN, OREGON

Changes in Net Assets

***for the last ten fiscal years* [1]**

(accrual basis of accounting)

(in thousands)

	Fiscal Year Ended									
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Expenses										
Governmental activities:										
General government	$ 6,520	$ 3,637	$ 3,838	$ 4,040	$ 4,695	$ 6,007	$ 5,970	$ 6,305	$ 6,676	$ 7,110
Culture and recreation	2,849	2,725	2,776	2,846	2,973	4,279	5,433	5,492	5,788	6,038
Public safety	6,088	5,767	4,315	4,414	4,490	5,658	6,318	6,472	6,368	6,803
Highways and streets	1,235	1,200	609	1,442	994	1,235	3,528	3,492	3,492	3,431
Interest on long-term debt	513	724	773	591	640	631	599	626	404	507
Unallocated depreciation	1,242	550	626	1,486	644	2,395	-	-	-	-
Total governmental activities expenses	18,447	14,603	12,937	14,819	14,436	20,205	21,848	22,387	22,728	23,889
Business-type activities:										
Water	2,474	2,362	2,450	2,732	2,270	2,914	3,269	3,071	3,061	3,025
Environmental services	1,851	1,880	1,950	2,094	1,409	2,814	2,704	2,560	2,640	2,721
Total business-type activities expenses	4,325	4,242	4,400	4,826	3,679	5,728	5,973	5,631	5,701	5,746
Total primary government expenses	$ 22,772	$ 18,845	$ 17,337	$ 19,645	$ 18,115	$ 25,933	$ 27,821	$ 28,018	$ 28,429	$ 29,635
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 3,336	$ 2,564	$ 3,134	$ 3,955	$ 3,527	$ 6,473	$ 6,364	$ 6,844	$ 7,232	$ 8,228
Culture and recreation	1,201	-	-	-	-	1,321	1,543	1,590	1,764	1,905
Public safety	334	-	-	-	-	753	664	663	693	741
Highways and streets	24	-	-	-	-	243	833	778	792	870
Operating grants and contributions	5,550	2,102	2,716	2,411	2,374	2,372	2,486	3,045	4,015	3,852
Capital grants and contributions	-	-	-	-	-	1,755	727	770	493	1,531
Total governmental activities program revenues	10,445	4,666	5,850	6,366	5,901	12,917	12,617	13,690	14,989	17,127
Business-type activities:										
Charges for services:										
Water	3,098	2,876	2,573	2,986	3,579	2,903	3,069	2,926	3,071	3,554
Environmental services	1,812	1,811	1,870	1,899	2,244	2,020	2,452	2,362	2,500	2,784
Capital grants and contributions	-	-	-	-	-	865	1,635	100	206	936
Total business-type activities program revenues	4,910	4,687	4,443	4,885	5,823	5,788	7,156	5,388	5,777	7,274
Total primary government program revenues	$ 15,355	$ 9,353	$ 10,293	$ 11,251	$ 11,724	$ 18,705	$ 19,773	$ 19,078	$ 20,766	$ 24,401

Continued on next page

[1] Fiscal year 2002-03 was the first year that the new reporting requirements of GASB 34 were implemented, except for the infrastructure provisions which were implemented in fiscal year 2007-08.

	Fiscal Year Ended									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (Expense) Revenue										
Governmental activities	$ (8,002)	$ (9,937)	$ (7,087)	$ (8,453)	$ (8,535)	$ (7,288)	$ (9,231)	$ (8,697)	$ (7,739)	$ (6,762)
Business-type activities	585	445	43	59	2,144	60	1,183	(243)	76	1,528
Total primary government expenses	$ (7,417)	$ (9,492)	$ (7,044)	$ (8,394)	$ (6,391)	$ (7,228)	$ (8,048)	$ (8,940)	$ (7,663)	$ (5,234)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes, levied for general purposes	$ 4,123	$ 7,728	$ 5,520	$ 5,760	$ 6,675	$ 5,264	$ 5,536	$ 5,785	$ 5,918	$ 6,181
Property taxes, levied for debt service	1,132	911	811	854	931	769	942	828	884	839
Franchise taxes	1,706	1,829	1,711	1,460	2,098	1,686	1,728	1,952	1,662	1,749
Unrestricted grants and contributions	253	-	-	382	279	263	604	361	675	303
Interest and investment earnings	254	144	171	210	468	420	51	23	18	19
Gain on disposition of capital assets	-	-	-	-	-	-	-	-	222	-
Transfers	112	180	165	(1,866)	1,092	(132)	(27)	(129)	(365)	(170)
Total governmental activities	7,580	10,792	8,378	6,800	11,543	8,270	8,834	8,820	9,014	8,921
Business-type activities:										
Investment earnings	81	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
Total business-type activities	81	47	20	1,910	(982)	241	217	150	369	170
Total primary government	$ 7,661	$ 10,839	$ 8,398	$ 8,710	$ 10,561	$ 8,511	$ 9,051	$ 8,970	$ 9,383	$ 9,091
Change in Net Assets										
Governmental activities	$ (422)	$ 855	$ 1,291	$ (1,653)	$ 3,008	$ 982	$ (397)	$ 123	$ 1,275	$ 2,159
Business-type activities	666	492	63	1,969	1,162	301	1,400	(93)	445	1,698
Total primary government	$ 244	$ 1,347	$ 1,354	$ 316	$ 4,170	$ 1,283	$ 1,003	$ 30	$ 1,720	$ 3,857

Continued from previous page revious page

CITY OF WEST LINN, OREGON

Governmental Activities Tax Revenues by Source

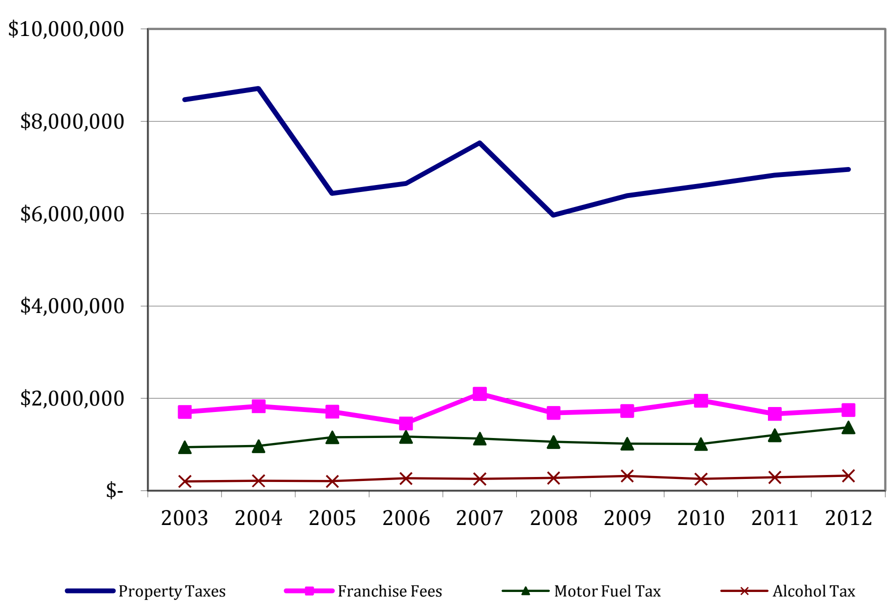
for the last ten fiscal years

(modified accrual basis of accounting)

Fiscal year	Property tax	Franchise tax	Motor fuel tax[1]	Alcoholic beverage tax[1]	Total
2003	$ 8,471,069	$ 1,706,007	$ 943,841	$ 202,288	$ 11,323,205
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

[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 [1]

(modified accrual basis of accounting)

	Fiscal Year Ended									
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
General fund										
Nonspendable	$ -	$ -	$ -	$ -	$ 104,342	$ 142,264	$ -	$ 36,838	$ 150,378	$ 164,462
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	620,683	644,507	439,342	1,232,657	742,999	695,299	985,405	1,144,698	1,052,484	1,325,884
Total general fund	$ 620,683	$ 644,507	$ 439,342	$1,232,657	$ 847,341	$ 837,563	$ 985,405	$1,181,536	$1,202,862	$ 1,490,346
All other governmental funds										
Nonspendable	$ -	$ -	$ -	$ 250,000	$ 250,000	$ 157,298	$ 157,300	$ 157,300	$ 157,300	$ 157,300
Restricted	5,413,602	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
Committed	2,865,310	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
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	317,384	425,586	240,620	156,522	101,602	-	-
Total all other governmental funds	$8,278,912	$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

[1] Fiscal year 2002-03 was the first year that the new reporting requirements of GASB 34 were implemented, except for the infrastructure provisions which were implemented in fiscal year 2007-08, and GASB 54 was implemented in fiscal year 2010-11

CITY OF WEST LINN, OREGON

Changes in Fund Balances of Governmental Funds

for the last ten fiscal years [1]

(modified accrual basis of accounting)

	Fiscal Year Ended									
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Revenues:										
Property taxes	$8,471,069	$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
Intergovernmental	2,353,038	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
Franchise taxes	1,706,007	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
Fines and forfeitures	378,226	314,451	463,254	513,503	567,159	517,662	586,145	565,151	520,087	403,165
Licenses and fees	628,525	548,215	703,169	672,024	1,155,020	1,108,494	1,006,790	1,037,008	1,012,185	1,218,483
Charges for services	1,216,947	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
Systems development charges	1,165,220	774,017	622,099	1,155,017	1,209,582	963,567	618,819	608,727	1,027,067	1,765,887
Investment earnings	256,499	142,692	173,518	202,996	467,203	419,705	50,420	22,990	17,718	18,944
Miscellaneous	1,000,893	150,248	164,664	382,899	279,634	263,531	604,187	360,470	674,790	303,350
Total revenues	17,176,424	16,376,751	15,155,262	15,821,452	16,135,107	19,066,406	20,665,174	22,493,125	23,684,257	25,562,050
Expenditures:										
Current:										
General government	5,597,314	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
Culture and recreation	2,787,800	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
Public safety	6,141,779	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
Highways and streets	1,315,363	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
Debt service:										
Principal	425,000	616,092	654,887	590,000	625,000	670,000	705,000	825,000	1,070,000	1,065,000
Interest	536,800	729,153	694,268	669,356	639,505	626,604	472,048	741,544	418,655	427,366
Current refunding	-	-	-	-	-	-	4,992,519	-	5,933,478	-
Capital outlay	1,242,161	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
Total expenditures	18,046,217	16,511,236	16,249,486	17,280,642	15,655,431	19,396,284	27,181,980	22,274,736	31,037,689	24,336,487
Excess (deficiency) of revenues over (under) expenditures	(869,793)	(134,485)	(1,094,224)	(1,459,190)	479,676	(329,878)	(6,516,806)	218,389	(7,353,432)	1,225,563
Other financing sources (uses):										
Transfers from other funds	2,279,927	1,909,921	1,655,936	3,731,852	3,908,392	713,200	322,500	-	-	-
Transfers to other funds	(2,279,927)	(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 issuec	-	-	-	-	-	-	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
Total other financing sources (uses)	-	-	-	(613,702)	970,488	7,606	9,121,916	-	6,422,748	8,692,773
Net change in fund balances	$ (869,793)	$ (134,485)	$(1,094,224)	$(2,072,892)	$1,450,164	$ (322,272)	$2,605,110	$ 218,389	$ (930,684)	$9,918,336
Debt service as a percentage of noncapital expenditures	5.7%	8.5%	8.7%	8.3%	8.8%	7.3%	4.9%	7.7%	5.6%	6.9%

[1] Fiscal year 2002-03 was the first year that the new reporting requirements of GASB 34 were implemented, except for the infrastructure provisions which were implemented in fiscal year 2007-08.

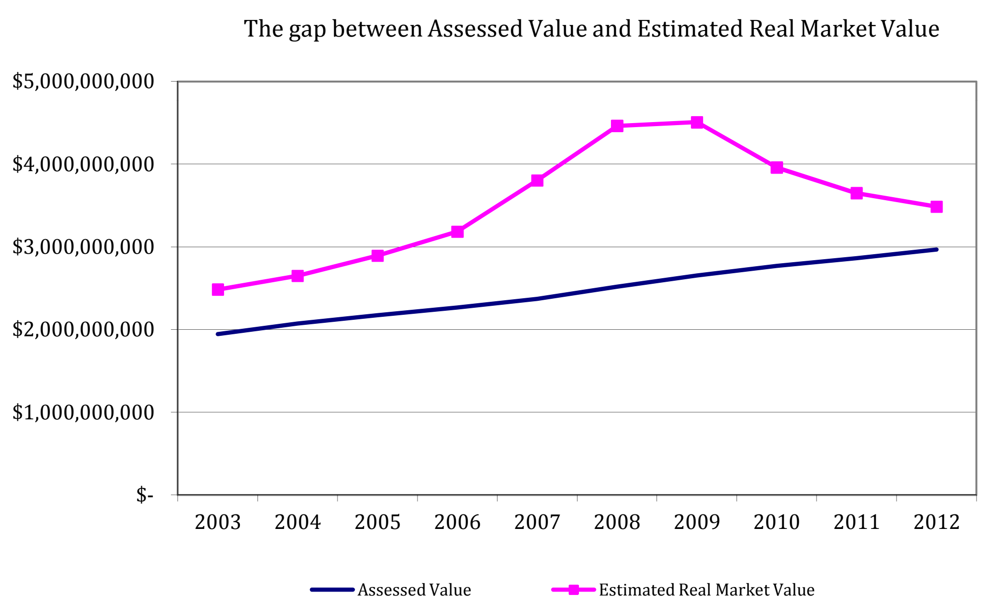
CITY OF WEST LINN, OREGON

Assessed Value and Estimated Real Market Value of Taxable Property

for the last ten fiscal years

	Assessed Value						RMV	
Fiscal year	Real property	Personal property	Manuf'd structure	Public utility	Total assessed value	Total direct tax rate	Estimated real market value (RMV)	Assessed value as a percentage of RMV
2003	$ 1,883,294,435	$ 19,826,228	$ 2,979,343	$ 40,872,922	$ 1,946,972,928	$ 4.4625	$ 2,485,047,559	78 %
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

Source: Clackamas County Assessor's Office



CITY OF WEST LINN, OREGON

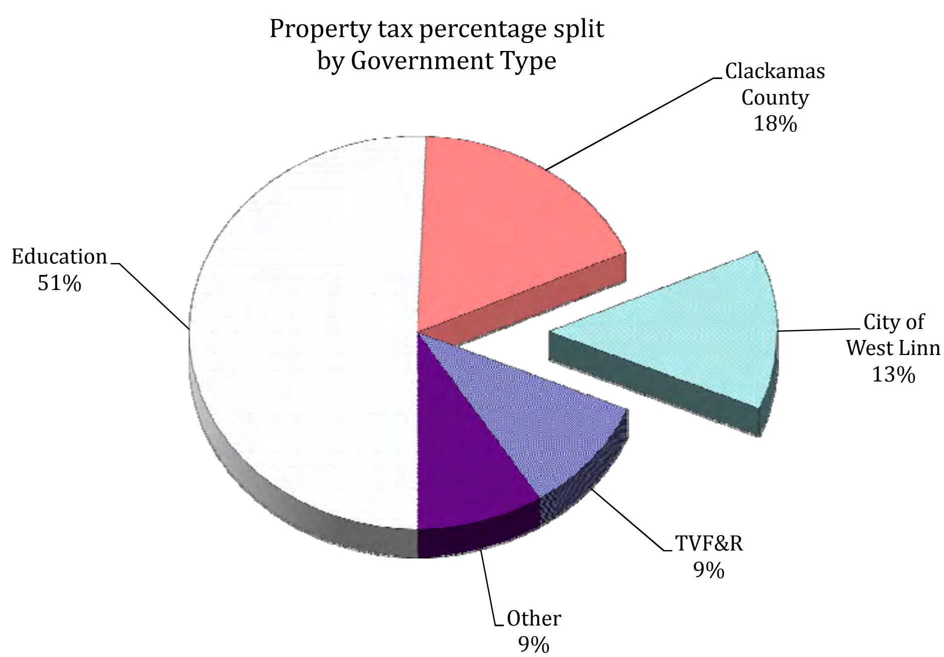
Property Tax Rates - Direct and Overlapping Governments

for the last ten fiscal years

(rate per $1,000 of assessed value)

	City direct rates				Overlapping rates						
Fiscal year	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	Total direct and overlapping
2003	$ 2.1200	$ 1.7200	$ 0.6225	$ 4.4625	$ 9.15	$ 2.59	$ 0.74	$ 0.36	$ -	$ 0.47	$ 17.77
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

Source: Clackamas County Assessor's Office



CITY OF WEST LINN, OREGON

Principal Property Taxpayers

current year and nine years ago

	2012			2003		
Name	**Assessed value**	**Rank**	**% of total value**	**Assessed value**	**Rank**	**% of total value**
Portland General Electric	$ 63,383,000	1	2.1%	$ 22,513,900	1	1.2%
Simpson Realty Group	24,989,998	2	0.8%	10,963,228	5	0.6%
West Linn Paper Prop. Co.	22,090,838	3	0.7%	17,854,603	2	0.9%
West Linn Shopping Ctr. Assoc. LLC	18,539,571	4	0.6%			
Retail Opportunity Investments Corp.	16,754,259	5	0.6%			
Comcast Corporation	16,082,400	6	0.5%			
Blackhawk Nevada LLC	16,079,312	7	0.5%			
NW Natural Gas Company	13,960,500	8	0.5%	9,456,500	7	0.5%
Elliott Associates Inc	10,796,947	9	0.4%			
Blackhawk LLC	9,659,168	10	0.3%			
Koss-Brod-Goodrich & Assoc						
West Linn Corporate Park LLC				12,078,256	4	0.6%
Maier-Traub Gloria				10,474,368	6	0.5%
Siegman Jerome				8,189,525	8	0.4%
Tanner Spring LLC				6,405,677	9	0.3%
Qwest Communications				5,166,725	10	0.3%
Sub-total, top ten	212,335,993		7.2%	103,102,782		5.3%
All other City taxpayers	2,753,582,695		92.8%	1,843,870,146		94.7%
Total City taxpayers	$ 2,965,918,688		100.0%	$ 1,946,972,928		100.0%

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
2003	$ 8,704,528	$ 8,169,273	94 %	$ 289,309	$ 8,458,582	97 %
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	230,433	5,956,088	97
2009	6,639,388	6,163,584	93	284,468	6,448,052	97
2010	6,783,509	6,337,912	93	189,763	6,527,675	96
2011	7,032,330	6,567,529	93	148,813	6,716,342	96
2012	7,174,440	6,799,324	95	-	6,799,324	95

Source: Annual financial statements of the City of West Linn

CITY OF WEST LINN, OREGON

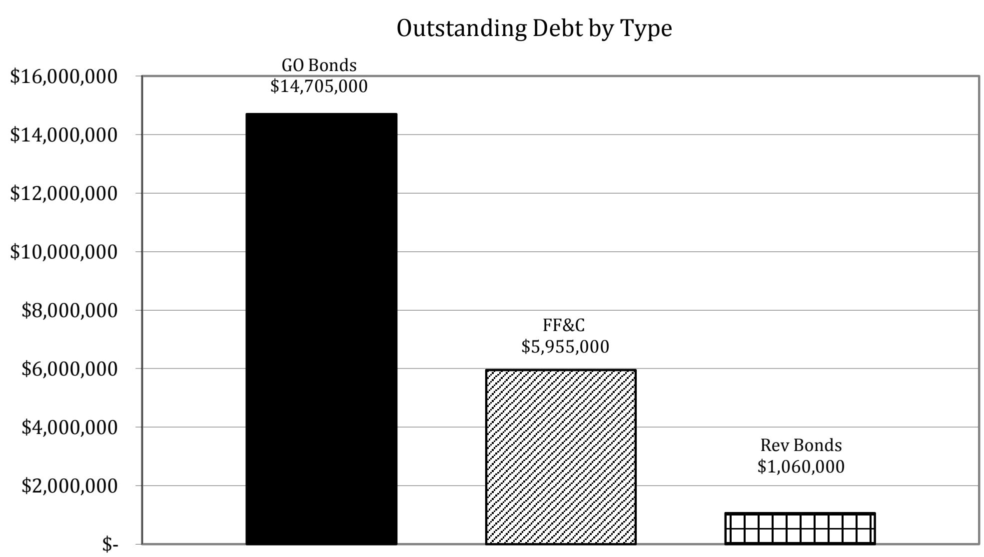
Ratios of Outstanding Debt by Type

for the last ten fiscal years

	Governmental Activities		Business-type Activities			
Fiscal year	General Obligation bonds	Full Faith and Credit obligations	Water Revenue bonds	Total primary government	Percentage of income	Per capita
2003	$ 10,805,000	$ 4,030,000	$ 1,695,000	$ 16,530,000	2.06 %	$ 694
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	*	860

* Information unavailable at this time.

Source: Annual financial statements of the City of West Linn



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 property [1]	Per capita [2]
2003	$ 10,805,000	$ (345,802)	$ 10,459,198	0.54 %	$ 439
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	580

[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, 2012

Governmental unit	Real market values of overlapping districts	Tax-supported debt outstanding	Percentage overlapping[1]	Overlapping debt applicable to the City of West Linn
Debt repaid with property taxes:				
West Linn Wilsonville School District	$ 7,105,548,919	$ 211,427,238	48.59%	$ 102,732,495
Clackamas Community College	33,484,751,034	30,100,000	10.31%	3,103,581
Clackamas County	46,272,270,083	72,910,000	7.54%	5,494,862
Clackamas County ESD	44,081,280,604	-	0.00%	-
Metro	188,213,817,015	273,485,000	1.85%	5,067,130
Tualatin Valley Fire and Rescue	55,724,813,188	47,470,000	6.26%	2,970,720
Tri-Met	187,637,038,973	240,000	1.86%	4,460
Lake Oswego School District No. 7J	8,387,014,112	110,703,506	0.41%	458,313
Port of Portland	206,003,917,447	-	0.00%	-
Portland Community College	151,131,432,801	188,165,000	0.02%	43,278
Subtotal, overlapping debt	928,041,884,176	934,500,744		119,874,839
Direct debt outstanding:				
City of West Linn	3,487,305,552	20,660,000	100.00%	20,660,000
Total direct and overlapping debt outstanding	$ 931,529,189,728	$ 955,160,744		$ 140,534,839

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

	2003	2004	2005	2006	2007
Debt maximum limitation	$ 74,551,427	$ 79,490,550	$ 86,791,327	$ 95,521,596	$ 114,122,736
Debt applicable to maximum limit	10,459,198	10,060,174	9,734,522	9,338,545	8,857,290
Legal debt margin available	$ 64,092,229	$ 69,430,376	$ 77,056,805	$ 86,183,051	$ 105,265,446
Debt applicable to the maximum limit as a percentage of debt limitation	14.03%	12.66%	11.22%	9.78%	7.76%

	2008	2009	2010	2011	2012
Debt maximum limitation	$ 133,930,441	$ 135,214,845	$ 118,820,046	$ 109,516,435	$ 104,619,167
Debt applicable to maximum limit	8,518,227	7,890,614	7,442,946	6,769,605	14,636,319
Legal debt margin available	$ 125,412,214	$ 127,324,231	$ 111,377,100	$ 102,746,830	$ 89,982,848
Debt applicable to the maximum limit as a percentage of debt limitation	6.36%	5.84%	6.26%	6.18%	13.99%

Legal debt margin calculation for fiscal year ended June 30, 2012

Total property real market value	$ 3,487,305,552
	3%
Debt maximum limitation (3% of total property real market value) [1]	104,619,167
Amount of debt applicable to debt limit:	
Total bonded debt	21,720,000
Less debt excluded from debt limit:	
Full Faith and Credit obligations	(5,955,000)
Water Revenue bonds	(1,060,000)
Less funds applicable to the payment of principal in the debt service fund per ORS 287.004	(68,681)
Net amount of debt applicable to limit	14,636,319
Legal debt margin - amount available for future indebtedness	$ 89,982,848
Percentage of City's indebtedness to total allowed	13.99%

[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 charges[1]	Less: operating expenses[2]	Net available revenue	Debt service requirements: Principal	Debt service requirements: Interest	Coverage
2003	$ 2,766,922	$ 1,984,630	$ 782,292	$ 55,000	$ 98,548	5.09
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

[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

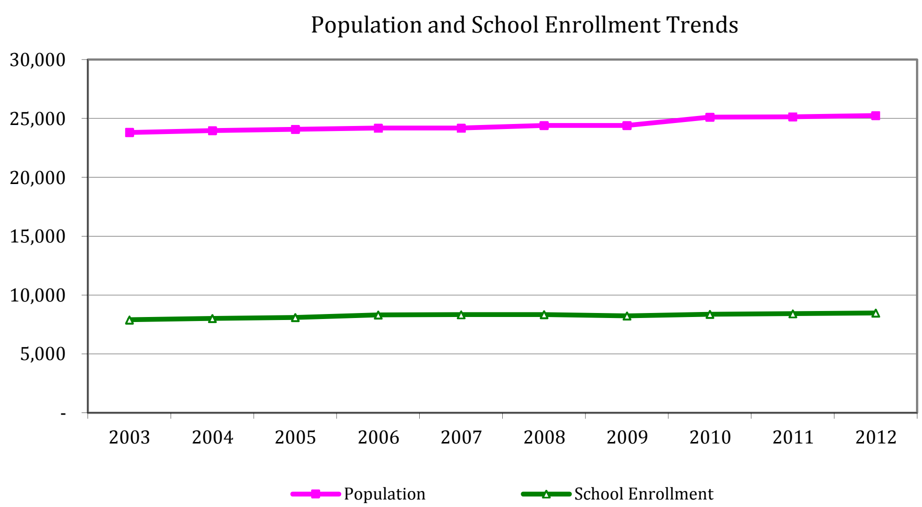
Demographic and Economic Statistics

for the last ten fiscal years

Fiscal year	Population	Personal income (in thousands)	Per capita personal income	School enrollment	Unemployment rate
2003	23,820	$ 802,853	$ 33,705	7,895	6.7 %
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	*	*	8,422	9.6
2012	25,250	*	*	8,479	8.7

* 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

	2012			2003		
Employer	**Employees**	**Rank**	**Percentage of total City employment**	**Employees**	**Rank**	**Percentage of total City employment**
West Linn - Wilsonville SD	425	1	3.20%	608	1	4.08%
West Linn Paper Company	300	2	2.26%	*		
Safeway Inc.	114	3	0.86%	*		
City of West Linn	133	4	1.00%	133	N/A	1.00
First Transit, Inc.	100	5	0.75%			
New Albertsons Inc.	90	6	0.68%	*		
American Golf Corporation	80	7	0.60%	*		
Rose Linn Vintage Place	80	8	0.60%	*		
Pond Maintenance Services	75	9	0.56%	*		
Tanner Springs Assisted Living	63	10	0.47%			
Elton Enterprises IV Inc	70	11	0.53%	*		
John Scott Real Estate	60	12	0.45%			
Total	1,590		11.95%			

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

Sources: Chamber of Commerce, Clackamas County, and ReferenceUSA

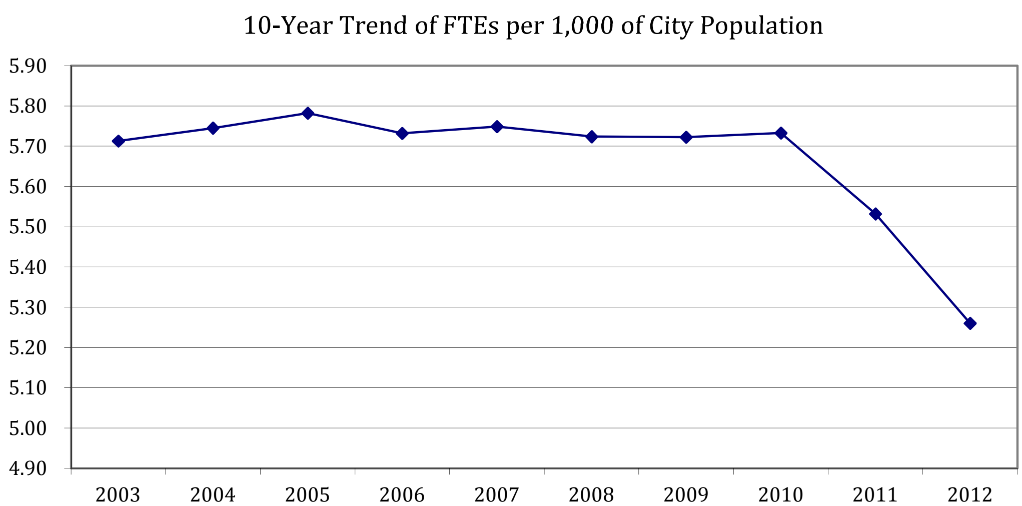
CITY OF WEST LINN, OREGON

Full-time Equivalent City Government Employees by Function

for the last ten fiscal years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	15.75	16.75	17.50	18.00	19.00	17.00	16.60	19.60	19.60	17.80
Public safety	37.50	39.00	40.00	44.60	44.60	44.60	45.50	43.25	43.00	42.50
Culture and recreation	34.80	34.80	34.80	38.80	38.80	39.20	40.43	40.43	40.43	39.03
Community development	11.00	11.50	11.50	5.00	5.00	5.50	5.50	6.50	6.50	6.50
Highways and streets	5.25	4.95	5.30	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Water	7.81	7.91	7.56	7.00	7.00	6.00	6.00	6.00	6.00	5.00
Sewer and surface water	10.04	10.24	10.24	7.00	7.00	7.00	6.00	5.00	5.00	5.00
Public works	11.70	11.70	11.70	10.60	10.60	12.10	12.60	12.10	11.60	10.00
Total FTEs	133.85	136.85	138.60	138.00	139.00	138.40	139.63	139.88	139.13	132.83
City Population	23,430	23,820	23,970	24,075	24,180	24,180	24,400	24,400	25,150	25,250
FTEs per 1,000 of population	5.71	5.75	5.78	5.73	5.75	5.72	5.72	5.73	5.53	5.26

Source: City of West Linn's Finance department



CITY OF WEST LINN, OREGON

Operating Indicators by Function

for the last nine fiscal years

Function/Program	Fiscal Year Ended 2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:									
Public safety									
Citations:									
Traffic	2,274	2,141	2,435	2,109	2,153	2,556	2,772	2,584	1,735
Criminal	87	98	90	103	74	157	248	159	258
Parking	801	1,068	845	1,029	922	1,094	532	541	334
City Ordinance	57	68	48	59	69	23	38	23	1
Non-Traffic Violation	49	54	71	86	120	77	30	30	68
Impound Hearing	-	-	-	-	1	1	1	1	0
Culture and recreation									
Library volunteer hours	4,231	4,409	4,454	4,634	5,803	5,896	6,353	6,254	5,588
Library - average items circulated per capita	21.96	23.87	24.43	25.01	25.75	28.65	28.58	30.87	29.04
Community development									
Residential building permits issued	47	67	58	81	67	54	52	38	96
Land use applications processed	36	48	-	-	-	-	131	101	103
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
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
Sanitary sewer									
Service connections	5,382	5,394	5,398	5,410	5,412	5,392	5,404	5,502	5,495
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

[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

Function/Program	2012		2003	
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)	17,137		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		203	*
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 13, 2012

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of West Linn, Oregon, (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

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).

COMPLIANCE (Continued)

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.*

OAR 162-10-230 INTERNAL CONTROL

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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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.

Certified Public Accountants

City of West Linn

FINANCE

http://westlinnoregon.gov/finance

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

Casey Camors, CPA CMA CPFO CGMA
Deputy Chief Financial Officer
ccamors@westlinnoregon.gov

Lauren DeLorenzo, CPA
Accounting Manager
ldelorenzo@westlinnoregon.gov

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

Biennial Budget 2Q 2011

2011 Comprehensive Annual Financial Report 4Q 2011

2011 Popular Annual Financial Report 4Q 2011

Five Year Financial Forecast 1Q 2012

Budget Overview 2Q 2012

2012 Comprehensive Annual Financial Report 4Q 2012

2012 Popular Annual Financial Report 4Q 2012

Six Year Capital Improvement Plan 1Q 2012

Five Year Financial Forecast 1Q 2013