



CITY OF
**West
Linn**

State of City Finances

Presentation to Citizen Advisors

April 4, 2011

Looking Back – Five Years Ago



NEWS

IMMEDIATE RELEASE

Contact: Chief Terry Timeus, 503-301-6295 (Pager)

April 27, 2006

FORMER CITY FINANCE DIRECTOR INDICTED ON 114 FELONY COUNTS

Elma Magkamt, the former Finance Director for the City of West Linn, has been indicted on 114 Felony Counts by a Clackamas County Grand Jury. Magkamt is under indictment on 52 counts of Aggravated Theft I, 5 counts of Theft I and 57 counts of Forgery I. These charges result from

Where We Were Then



Year 2006

- Auditors left the building and were not replaced;
- No audits performed for five-years;
- \$1.4 million embezzled by the Finance Director;
- Credit ratings suspended;
- Forensic auditors engaged;
- Community trust lost; and
- 5-year Local Option Levy not renewed

Where We Are Now



Year 2011

- Audits updated and completed every December;
- Audit Committee is engaged;
- Credit ratings reinstated and even upgraded;
- Debt has been refinanced saving \$2M;
- Reserve polices met;
- Quarterly Reports modeled;
- Five Year Financial Forecasting; and
- Six Year Capital Improvement Plan

Notable Award Accomplishments



West Linn is the only city in Oregon to receive all three national recognition awards from Government Finance Officers Association for outstanding financial communication:

- Annual Audit (CAFR)
- Annual Report (PAFR)
- Biennial Budget



Citizens' Budget Committee



Citizen Members

Thomas Frank – Chair
Karen Hensley – Vice Chair
Thomas Griffith
Jon Monson
Abigail Wojcik

Council Members

Jody Carson
Teri Cummings
Mike Jones
John Kovash
Jenni Tan

Three Phases of the Budget Process



Phase I

City Manager balances all of the budgets by Fund and presents them as a “Proposed” Budget to Budget Committee

Spring 2011

Phase II

Citizens’ Budget Committee reviews, deliberates, and then recommends “Approved” Budget to City Council

May/June 2011

Phase III

City Council reviews, deliberates, and then “Adopts” Budget with certified tax rates and bonded debt levy

Before June 30th

Today's Challenges?



- ◆ The Economy
- ◆ Maintaining City Operations when:
 - Property tax collections are down
 - Franchise fee revenues are down
 - Inflationary costs are up
 - Demand for City services is up
- ◆ Maintaining City Infrastructure

Pipes are Aging

Water System Map Pipe Age

Map Legend

West LinnWater Mains

Age in Years*

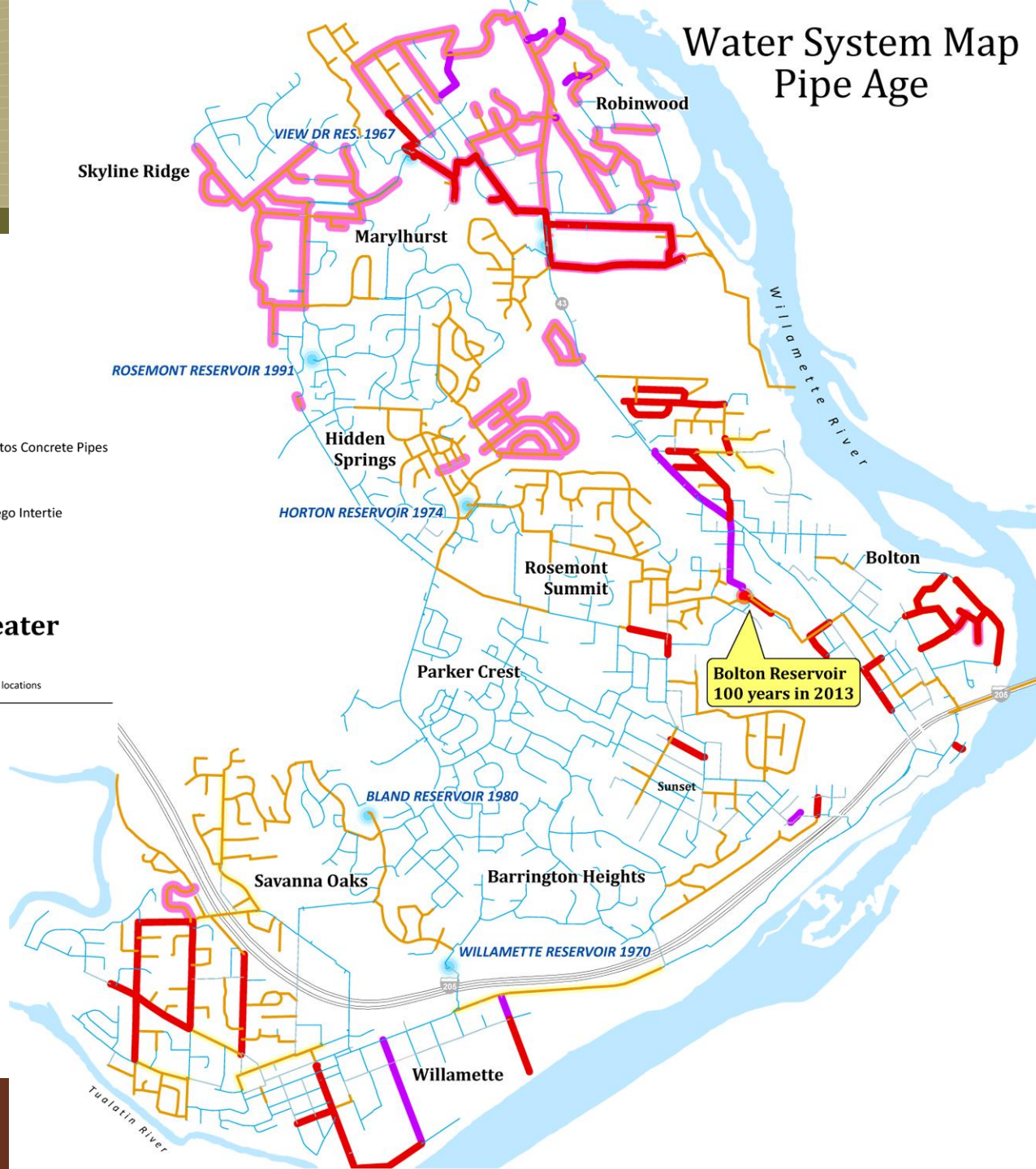
- 1981-2010 (1-29 years old)
- 1961-1980 (30-49 years old)
- 1951-1960 (50-59 years old)
- 1929-1950 (60-81 years old)
- Unspecified Age
- Range Estimated

Asbestos Pipe

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

Age of Pipe Greater than 50 Years

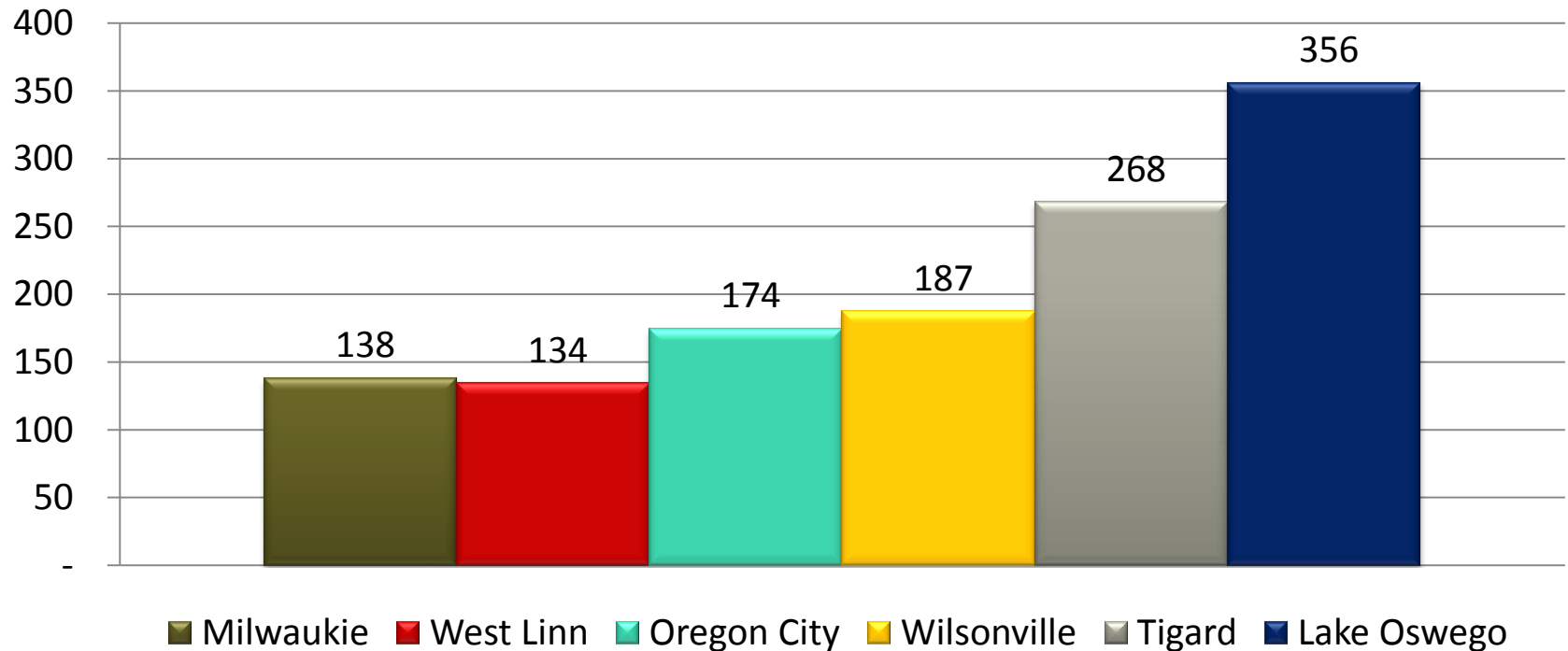
*Year of installation is approximate in some locations



Comparing Personnel



Full Time Equivalent (FTEs) by City



Reserves ... not much

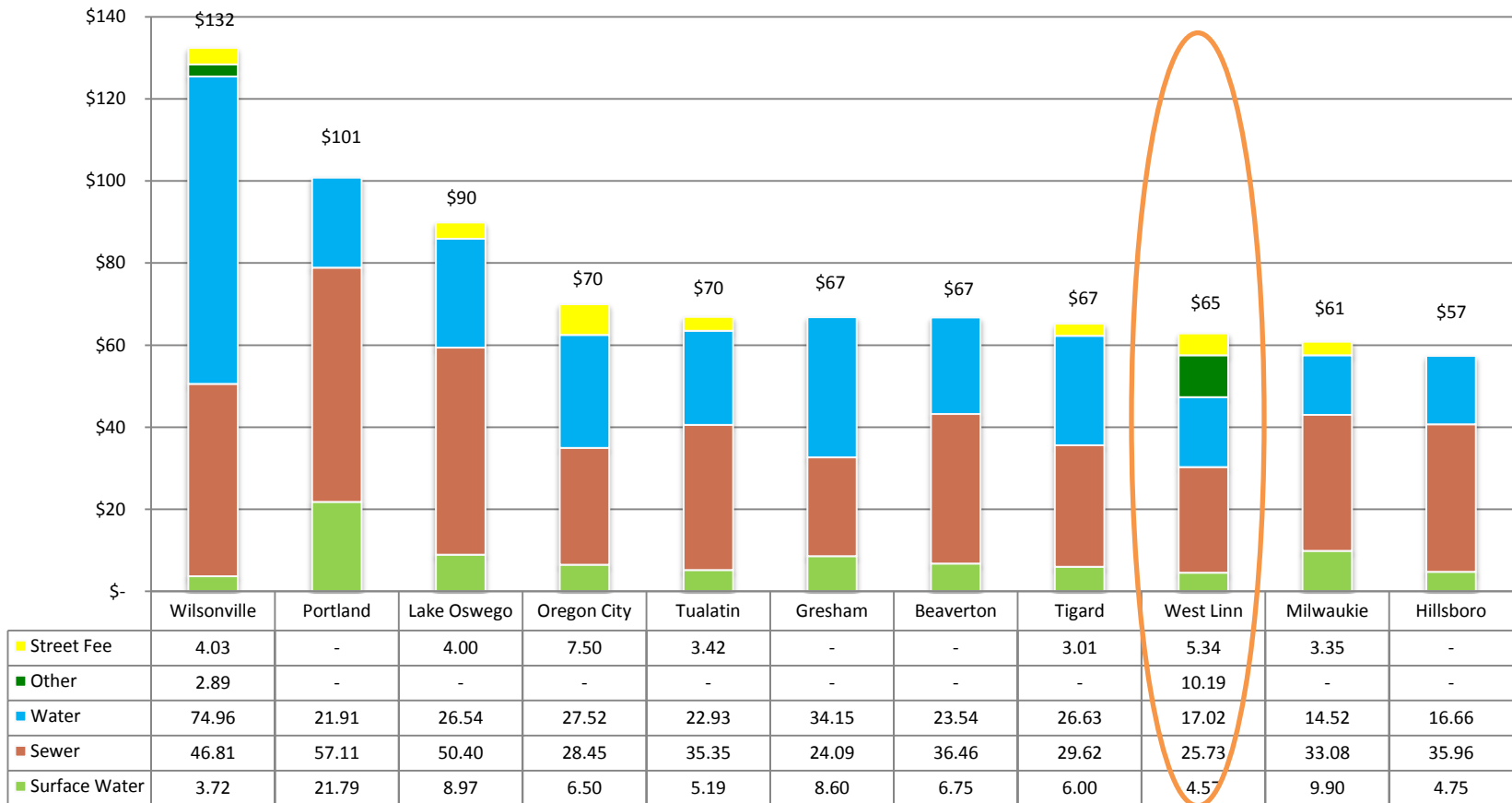


- ❖ \$10 million across 13 Funds (most is restricted)
- ❖ Triple AAA cities have five times as much
- ❖ Reserves provide stability during economic downturns
- ❖ Reserves provide for emergency funding
- ❖ Bond rating agencies look at reserve management in their annual review and evaluations

Utility Bills



Comparison of Neighboring Cities' Average Monthly Utility Bills
 {updated for July 1, 2010 increases}



For More Financial Information



Organized Tabs to Financial Reports

The screenshot displays the City of West Linn website. At the top, the logo and navigation links (Contact Us, Home, Login, My West Linn) are visible. Below the logo is a horizontal menu with tabs for RESIDENTS, BUSINESS, DEPARTMENTS, ABOUT, and ONLINE SERVICES. A search bar is located to the right of these tabs. A red arrow points from the text 'Organized Tabs to Financial Reports' to a specific set of tabs: Welcome, Audits, Budgets, Quarterly Reports, Bonds, Special Topics, Fees & Charges, and Tell Me More... This set of tabs is highlighted with a red rectangular border. Below the tabs, the 'Finance Department' contact information is shown, including address, phone, and utility billing. The main content area features a 'Finance Headlines' section with a news item about the city's credit rating and a 'Finance Home' section with a list of links.

City of West Linn

Contact Us Home Login My West Linn

RESIDENTS BUSINESS DEPARTMENTS ABOUT ONLINE SERVICES

Find it here! SEARCH

Finance Department
Address: [Map to City Hall](#)
Phone: 503-656-4261
Utility Billing: 503-656-4262

Welcome Audits Budgets Quarterly Reports Bonds Special Topics Fees & Charges Tell Me More...

Finance Headlines

Standard & Poor's Rating Services Raises City of West Linn's Credit Rating to "AA"
WEST LINN – Standard & Poor's Rating Services raised the City's credit rating on its General Obligation (GO) and Full Faith and Credit (FFCO) bonds one level from "AA".
[read more](#)

1 2 **BACK** 4 5

Finance Home

- ▼ Welcome
 - Finance Director
 - Mission Statement
- ▶ Audits
- ▶ Budgets
- ▶ Quarterly Reports
- ▶ Bonds
- ▼ Special Topics
 - ▼ Audit Topics
 - Audit Committee
 - Fraud Hotline
 - Open House

Questions?



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April 4, 2011

Richard W. Seals, CPA CMA CFM

Chief Financial Officer

City of West Linn