



CITY OF
**West
Linn**

State of City Finances

Presentation to Advisory Board Review Meeting

March 12, 2009



From Audits to Budgets to Taxes to Debt

- Timely annual audits ensure compliance and accountability

- On February 27, 2009, the City's independent auditing firm issued a clean opinion on the FY08 financials, thus, completely catching up the previous back log of five years of audit work.

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

Notable Budget Accomplishments



🌿 Budget Awards Received by National GFOA Organization

- ~ 2007-08 Budget received the GFOA award for Distinguished Budget Presentation (first year)
- ~ 2008-09 Budget received the GFOA award for Distinguished Budget Presentation (second year)

🌿 2009-10 Budget is currently being developed

- ~ Citizens Budget Committee meetings will be scheduled shortly, in April/May
- ~ As a reminder, in FY 2009 budget, reserves for 12 of 15 funds meet or exceed policy levels
- ~ Economy certainly makes for challenging budget times



Taxes and Fees ... come with limitations

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



Debt ... where art thou?

- **Total Debt of \$13 million on \$260 million of City Assets**
 - Too much, or too little? Keeping up with maintaining infrastructure?
 - Bond Rating agencies restored City's bond rating last summer
 - Bond rating agencies reaffirmed AA- in January bond sale
 - Refinanced older 5.5% debt with 3.5% debt saving \$436,000

- **Three Types of Debt Outstanding**

- General obligation bonds
- Full Faith and Credit Obligations
- Revenue Bonds

Reserves ... not much



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

The Future?



🌱 Things are changing at City Hall

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



Questions and Answers

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

- Questions?