

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2011



CITY OF
**West
Linn**
OREGON

CITY OF WEST LINN, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2011

prepared by

Finance Department
City of West Linn, Oregon

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



*THIS REPORT WAS PRINTED
ON RECYCLED PAPER*



This report was printed on recycled paper

CITY OF WEST LINN, OREGON
 Comprehensive Annual Financial Report
 For the fiscal year ended June 30, 2011

TABLE OF CONTENTS

	Page
I. INTRODUCTORY SECTION	
Letter of Transmittal	1
Certificate of Achievement for Excellence in Financial Reporting	6
Elected and Appointed Officials	7
Organizational Chart	8
Audit Committee	9
II. FINANCIAL SECTION	
Independent Auditor’s Report	13
Management’s Discussion and Analysis	15
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	26
Statement of Activities	27
Fund Financial Statements	
Balance Sheet – Governmental Funds	28
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Statement of Net Assets – Proprietary Funds	31
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	32
Statement of Cash Flows – Proprietary Funds	33
Notes to Basic Financial Statements	34
Required Supplementary Information	
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	
General Fund	55
Public Safety Fund	56
Parks and Recreation Fund	57
Street Fund	58
Schedule of Funding Progress	
Oregon Public Employees Retirement System	59
Other Postemployment Benefits Plan	59
Notes to Required Supplementary Information	60

CITY OF WEST LINN, OREGON

Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2011

TABLE OF CONTENTS, CONTINUED

	Page
Other Supplementary Information	
Combining and Individual Fund Statements and Schedules	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Major Governmental Fund – Capital Projects Systems Development Charges Fund	64
Combining Balance Sheet – Nonmajor Governmental Funds	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	67
Combining Balance Sheet – Nonmajor Special Revenue Funds	68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	69
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Governmental Funds	
Library Fund	70
Communications Fund	71
Building Inspections Fund	72
Planning Fund	73
Debt Service Fund	74
Parks Bond Construction Fund	75
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Proprietary Funds	
Water Fund	77
Environmental Services Fund	78
Other Financial Schedules	
Schedule of Future Debt Service Requirements	80
Schedule of Property Tax Transactions and Outstanding Balances	81
Schedule of Accountability of Independently Elected Officials	82

CITY OF WEST LINN, OREGON

Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2011

TABLE OF CONTENTS, CONTINUED

	Page
III. STATISTICAL SECTION	
Net Assets by Component	85
Changes in Net Assets	86
Governmental Funds Tax Revenues by Source	88
Fund Balances of Governmental Funds	89
Changes in Fund Balances of Governmental Funds	90
Assessed Value and Estimated Real Market Value of Taxable Property	91
Property Tax Rates – Direct and Overlapping Governments	92
Principal Property Taxpayers	93
Property Tax Levies and Collections	94
Ratios of Outstanding Debt by Type	95
Ratios of General Bonded Debt Outstanding	96
Direct and Overlapping Governmental Activities Debt	97
Legal Debt Margin Information	98
Pledged-Revenue Coverage	99
Demographic and Economic Statistics	100
Principal Employers	101
Full-time Equivalent City Government Employees by Function	102
Operating Indicators by Function	103
Capital Assets Statistics by Function	104
IV. COMPLIANCE SECTION	
Independent Auditor’s Report Required by Oregon State Regulations	107

This page intentionally left blank

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

SECTION I

INTRODUCTORY SECTION

This page intentionally left blank



CITY OF West Linn

December 16, 2011

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, 2011 is hereby submitted.

This report presents the financial position of the City as of June 30, 2011 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, 2011. 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 25,150. 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 parks 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, 2011, a five percent rate increase for water, sewer, and surface water management fees was approved and effective July 1, 2011, 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 \$6.9 million outstanding in two general obligation bond issues, \$6.7 million outstanding in two full faith and credit obligations, and \$1.1 million outstanding in a water revenue bond issue, for a total of \$14.7 million in long-term debt outstanding as of June 30, 2011.

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.

Bond Refundings

In September 2010, 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.

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 the 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 moved forward with the City's first biennial budget allowing better alignment of the City's budget with the State's biennial budget and increasing the focus on a longer term. With this financial report ending June 2011, the actual results reflect the second year of the biennium. Additionally, the City's Audit Committee, consisting of Councilors Kovash and Tan, partnering with a citizen member who is a West Linn resident and a certified public accountant, Nikki Kobliha, continue their focus on audit oversight and improving all finance processes.

Voters Pass Police Station Bond Measure

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 is estimated that this measure will increase the property tax rate by \$0.16 per \$1,000 of assessed value and that the tax impact on an average West Linn home with an assessed value of \$285,000 is estimated at \$46 per year.

Awards

Comprehensive Annual Financial Reporting Award. For the third consecutive time since the late nineties, 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, 2010. The *Certificate of Achievement for Excellence in Finance Reporting* is a prestigious national award that recognizes conformance with the highest standards for 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. Also for the City's third consecutive time, the GFOA has given their *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, 2010. 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 also received the *Distinguished Budget Presentation Award* for its 2012-2013 biennial budget from the GFOA, making this the third budget document in a row 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.

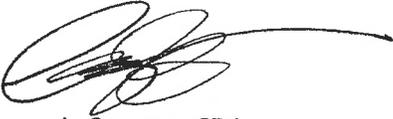
Respectfully submitted,



Christopher A. Jordan
City Manager



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



Casey A. Camors, CPA
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, 2010

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



Nancy L. Zjelke

President

Jeffrey R. Emer

Executive Director

CITY OF WEST LINN, OREGON
Elected and Appointed Officials

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

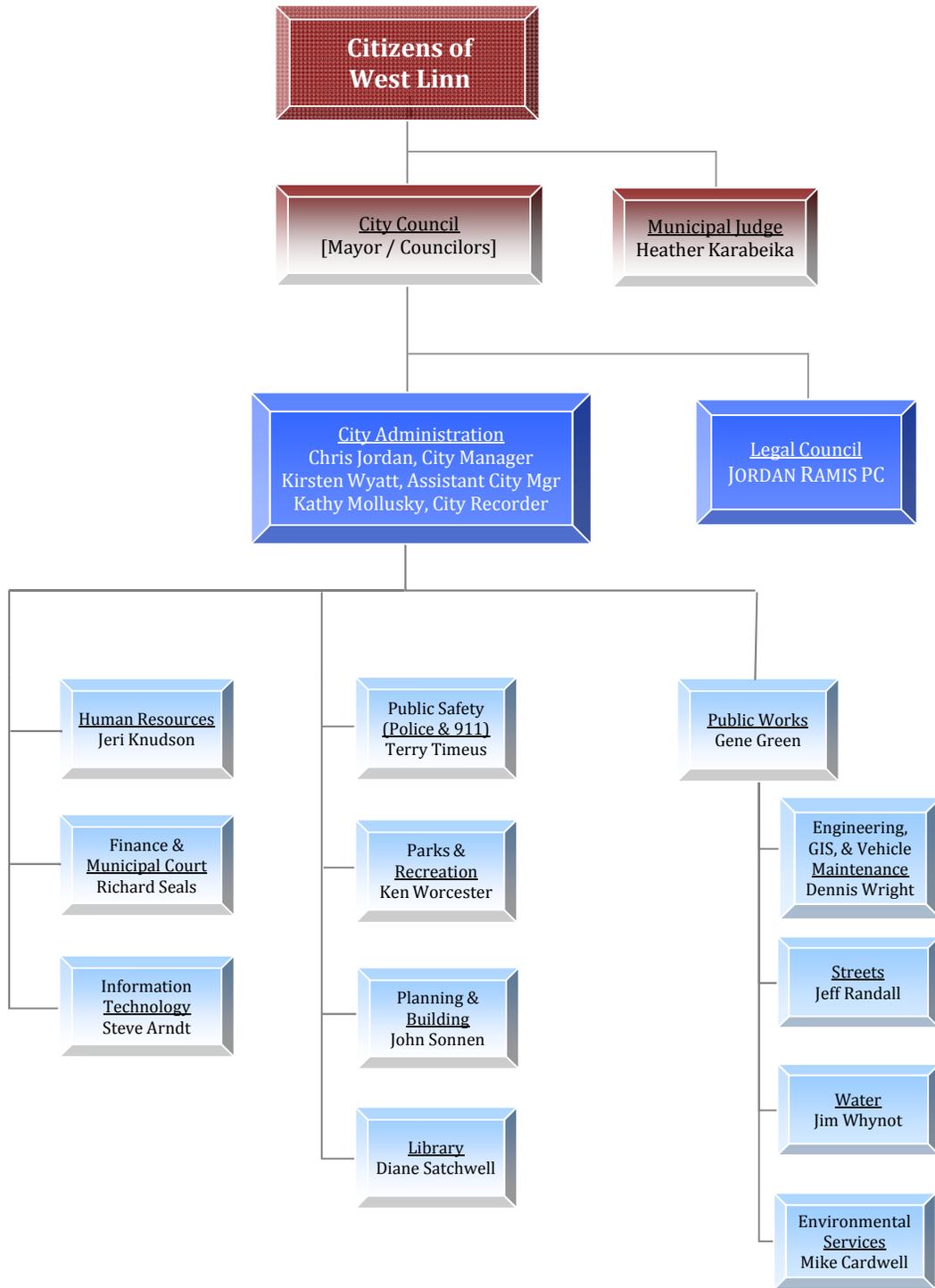
Appointed Officials	Position
Christopher A. Jordan	City Manager
JORDAN RAMIS PC	Legal Counsel

Management Team:

Steve Arndt	Chief Technology Officer
Casey Camors, CPA	Deputy Chief Financial Officer
Gene Green	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



CITY OF WEST LINN, OREGON
Audit Committee

Resolution 06-33 passed in July 2006 establishing an Audit Committee to ensure that audits are completed annually in accordance with Oregon state law, provide oversight of the 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 passed in June 2009 adding one citizen member 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:	
John Kovash, Mayor	December 31, 2012
Jenni Tan, Councilor	December 31, 2012
One Citizen Member:	
Nikki Kobliha, CPA	December 31, 2012

This page intentionally left blank

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

SECTION II

FINANCIAL SECTION

This page intentionally left blank



**Talbot, Korvola
& Warwick, LLP**

Certified Public Accountants
& Consultants

4800 SW Macadam Ave, Suite 400
Portland, Oregon 97239-3973

P 503.274.2849
F 503.274.2853

www.tkw.com

INDEPENDENT AUDITOR'S REPORT

December 16, 2011

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, 2011, 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, 2011, 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.

Management's Discussion and Analysis and the Schedules of Funding Progress (included in the Required Supplementary Information), as listed in the Table of Contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

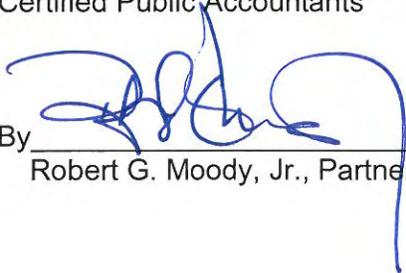
INDEPENDENT AUDITOR'S REPORT (Continued)

City Council
City of West Linn, Oregon
December 16, 2011
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary comparison information for the General Fund and Major Special Revenue Funds presented as Required Supplementary Information and Notes to Required Supplementary Information, as listed in the Table of Contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. The Other Supplementary Information and Other Financial Schedules, 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying Introductory and Statistical Sections, 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. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants

By  _____
Robert G. Moody, Jr., Partner

CITY OF WEST LINN, OREGON

Management's Discussion and Analysis

For the fiscal year ended June 30, 2011

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, 2011. 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

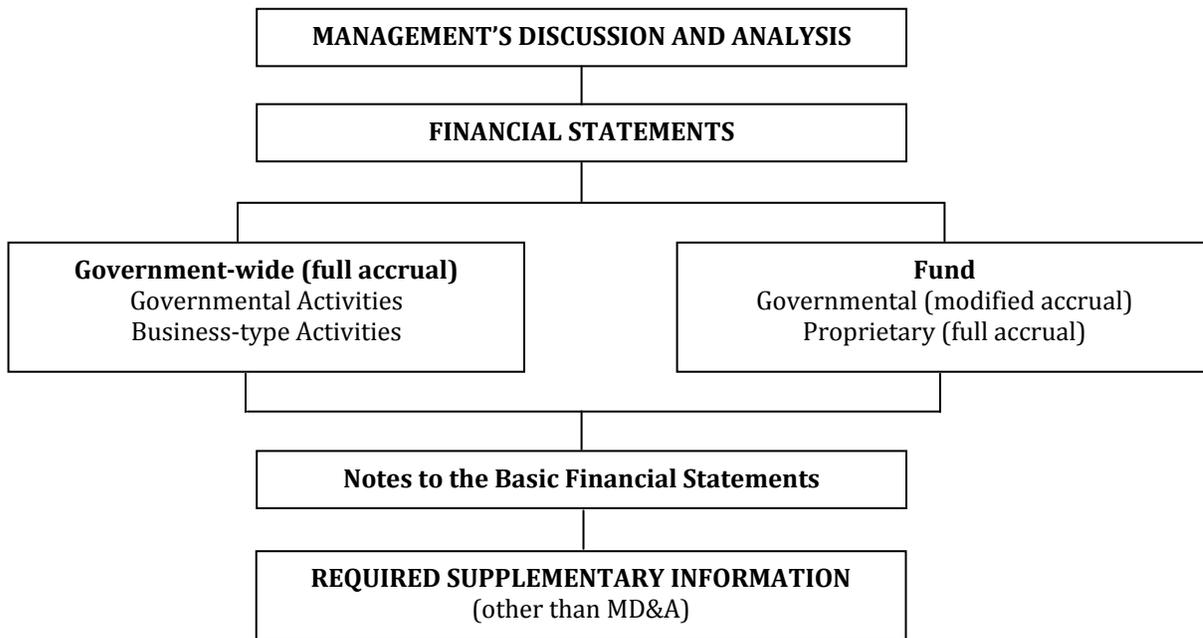
- The City's assets totaled \$283.1 million at June 30, 2011, consisting of \$260.3 million in capital assets, \$7.0 million in unrestricted cash and investments, \$5.2 million in restricted cash and investments, and \$10.6 million in investment in joint venture and other assets. Total assets increased by \$0.7 million from the previous fiscal year.
- The City's liabilities totaled \$18.1 million at June 30, 2011 consisting of \$15.4 million in long-term liabilities and \$2.7 million in accounts payable and other liabilities.
- The assets of the City exceeded its liabilities by \$265.0 million at the close of fiscal year 2011. Unrestricted net assets totaled \$14.2 million with the remainder of the City's net assets invested in capital assets net of related debt (\$245.9 million) and restricted for endowment, capital projects, building operations, and debt service (\$4.9 million).
- For its governmental activities, the City generated \$10.5 million in charges for services and received \$4.5 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$22.7 million for the year, resulting in a net expense of \$7.7 million. \$9.3 million of general revenues received and \$0.4 million of transfers out resulted in a change in net assets of \$1.3 million.
- For its business-type activities, the City generated \$5.8 million in charges for services and in capital grants and contributions to fund direct expenses of \$5.7 million.
- Fund balance in the City's governmental funds was \$9.1 million at June 30, 2011, down by \$1.0 million from June 30, 2010.

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 \$265.0 million at the close of the most recent fiscal year.

By far, the largest portion of the City's net assets (93 percent) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. 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	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 11.2	\$ 12.3	\$ 11.6	\$ 11.0	\$ 22.8	\$ 23.3
Capital assets	232.2	230.8	28.1	28.3	260.3	259.1
Total assets	<u>243.4</u>	<u>243.1</u>	<u>39.7</u>	<u>39.3</u>	<u>283.1</u>	<u>282.4</u>
Long-term liabilities	13.2	15.0	1.1	1.3	14.3	16.3
Other liabilities	3.3	2.4	0.5	0.4	3.8	2.8
Total liabilities	<u>16.5</u>	<u>17.4</u>	<u>1.6</u>	<u>1.7</u>	<u>18.1</u>	<u>19.1</u>
Net assets:						
Invested in capital assets, net of related debt	219.0	218.3	27.0	27.1	246.0	245.4
Restricted for:						
Library endowment	0.1	0.1	-	-	0.1	0.1
Debt service	0.1	0.1	0.2	0.2	0.3	0.3
Building operations	0.2	0.1	-	-	0.2	0.1
Capital projects	4.4	6.1	-	-	4.4	6.1
Unrestricted	<u>3.1</u>	<u>1.0</u>	<u>10.9</u>	<u>10.3</u>	<u>14.0</u>	<u>11.3</u>
Total net assets	<u>\$ 226.9</u>	<u>\$ 225.7</u>	<u>\$ 38.1</u>	<u>\$ 37.6</u>	<u>\$ 265.0</u>	<u>\$ 263.3</u>

A portion of the City's net assets (\$5.0 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* (\$14.0 million or about five percent) may be used to meet the City's ongoing obligations to citizens and creditors.

As of June 30, 2011, 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 remained even from the prior year at \$265.0 million representing a commensurate increase in ongoing revenues and 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)

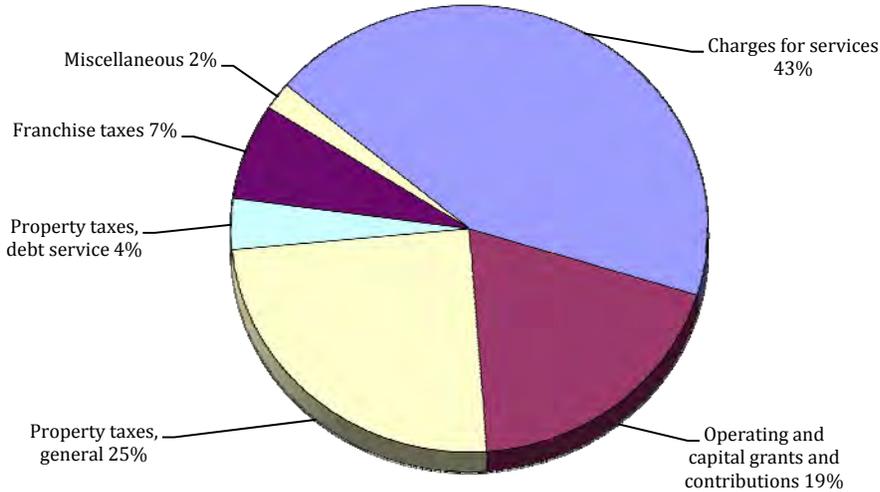
	Governmental Activities		Business-type Activities		Total	
	FY10-11	FY09-10	FY10-11	FY09-10	FY10-11	FY09-10
Revenues						
Program revenues						
Charges for services	\$ 10.5	\$ 9.9	\$ 5.6	\$ 5.3	\$ 16.1	\$ 15.2
Operating grants and contributions	4.0	3.0	-	-	4.0	3.0
Capital grants and contributions	0.5	0.8	0.2	0.1	0.7	0.9
General revenues						
Property taxes	6.8	6.6	-	-	6.8	6.6
Franchise taxes	1.7	1.9	-	-	1.7	1.9
Grants and contributions not restricted to specific programs	0.7	0.4	-	-	0.7	0.4
Miscellaneous	0.2	-	-	-	0.2	-
Total revenues	24.4	22.6	5.8	5.4	30.2	28.0
Expenses						
Governmental activities						
General government	6.7	6.3	-	-	6.7	6.3
Culture and recreation	5.8	5.5	-	-	5.8	5.5
Public safety	6.4	6.5	-	-	6.4	6.5
Highways and streets	3.5	3.5	-	-	3.5	3.5
Interest on long-term debt	0.4	0.6	-	-	0.4	0.6
Business-type activities						
Water	-	-	3.1	3.1	3.1	3.1
Environmental services	-	-	2.6	2.5	2.6	2.5
Total expenses	22.8	22.4	5.7	5.6	28.5	28.0
Change in net assets before transfers	1.6	0.2	0.1	(0.2)	1.7	-
Transfers	(0.4)	(0.1)	0.4	0.1	-	-
Change in net assets	1.2	0.1	0.5	(0.1)	1.7	-
Net assets - beginning	225.7	225.6	37.6	37.7	263.3	263.3
Net assets - ending	\$ 226.9	\$ 225.7	\$ 38.1	\$ 37.6	\$ 265.0	\$ 263.3

Governmental Activities

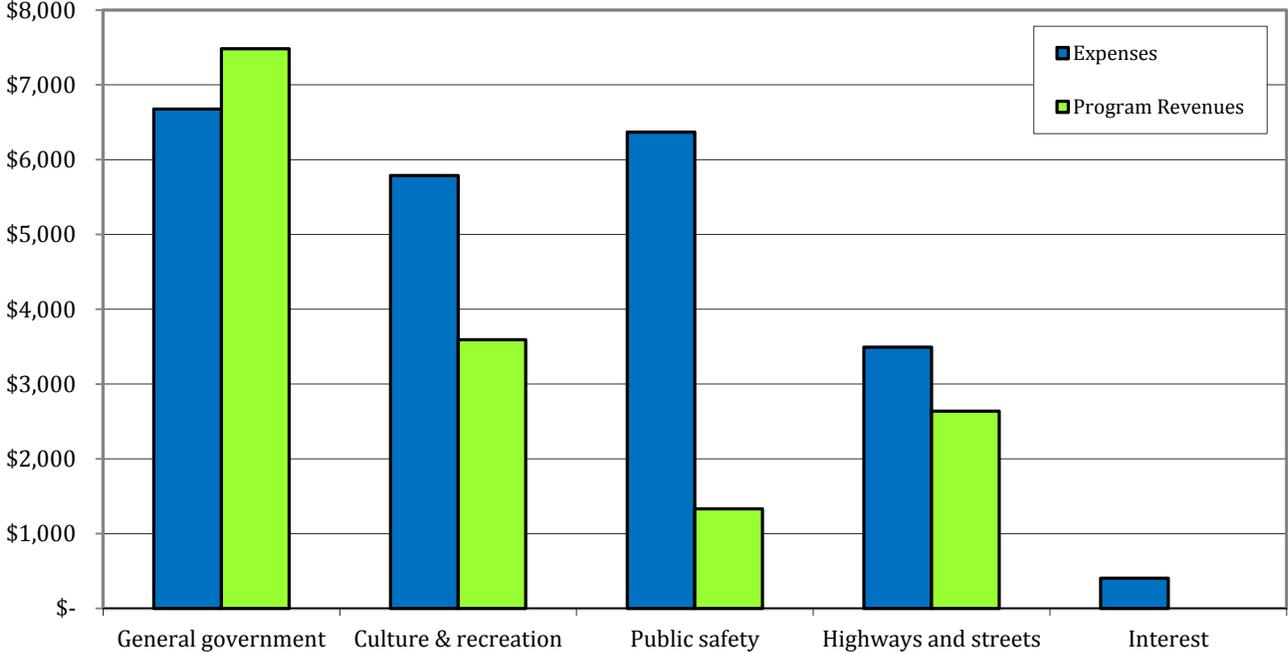
Governmental activities increased the City's net assets by \$1.3 million in fiscal year 2010-11, as compared to a \$0.1 million increase in the prior fiscal year, 2009-10. Key elements of these changes are illustrated in Table 2 above.

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)

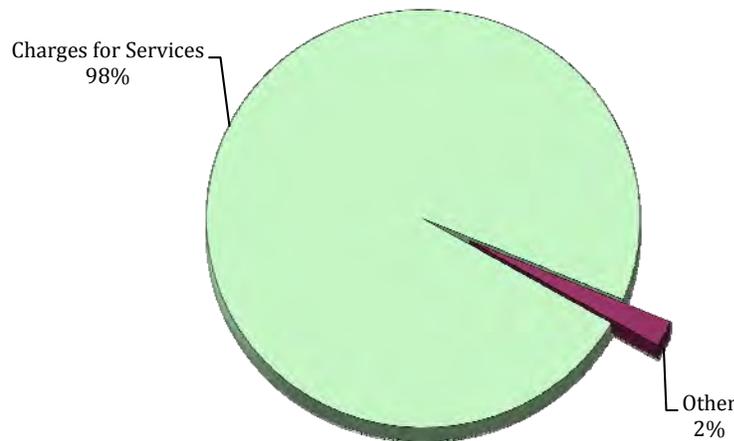


Business-type Activities

The water fund revenues represent approximately 55 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.

The environmental services fund revenues represent approximately 45 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. Sewer operations realized a positive margin while surface water management operation had a negative margin.

Revenues by Source - 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, unreserved 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, 2011, the City's governmental funds reported a combined ending fund balance of \$9.1 million, an decrease of \$1.0 million when compared to the prior year. Unassigned fund balance combined with committed fund balance as of June 30, 2011, was \$4.2 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, 2011, total fund balance was \$1.2 million, reflecting no change from the prior year, of which \$1.1 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 remained consistent at \$5.1 million as in the prior year. Expenditures in the general fund increased by \$0.1 million from \$5.7 million in the prior year to \$6.0 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 \$6.3 million from \$6.0 million in the prior year attributed to an increased property tax revenue allocation. Expenditures in the public safety fund increased by \$1.5 million from the prior year due to a capital outlay one-time expenditure. This capital expenditure used the funding from full faith and credit obligations issued in 2009 in the amount of \$1.5 million for land acquisition which was completed in fiscal year 2011.

Parks and Recreation Fund

This special revenue fund is used to account for funding parks and recreation programs throughout the City. Overall revenues increased slightly from the prior year to \$4.0 million which includes \$0.5 million received from the sale of park land. Overall expenditures increased to \$3.9 million. These increases had the combined effect of an overall change to fund balance an increase of \$0.1 million in the current year. Additionally, the new debt service payments commenced on the full faith and credit obligations issued in the prior year for park projects.

Street Fund

This special revenue fund accounts for the operation and maintenance of the City's street and sidewalk systems, including medians. Revenue increased from \$2.1 million in the 2009-10 fiscal year to \$2.6 million in the 2010-11 fiscal year. This increase is attributable to increase in the state gas tax rate by the State of Oregon in January 2011. Overall street expenditures increased to \$2.2 million from \$2.0 million in the 2009-10 fiscal year due to additional capital expenditures in the current year. The street fund had an overall increase in fund balance of \$0.4 million for the fiscal year ended June 30, 2011.

Systems Development Charges Fund

This capital projects fund accounts for systems development charges and improvements including those for the street, water, surface water, sewer, park, and bike/pedestrian systems. Revenues decreased from \$1.3 million in the 2009-10 fiscal year to \$1.0 million in the 2010-11 fiscal year due to new development slowing down with the economy. Expenditures in the systems development charges fund decreased by \$0.7 million the 2010-11 fiscal year reflecting declining projects as well.

General Fund Budgetary Highlights

The original appropriated budget of the general fund for the 2010-2011 biennium budget period amounted to \$13.1 million including \$0.6 million for contingencies. There were no differences between the general fund's original budget and final budget. As fiscal year 2011 is the second year of the budget biennium, this fiscal year completes the general fund's first original biennial budget. The general fund shows no over expenditures in the biennial budget amounts and overall spent 89 percent of it's expenditure budget as originally budgeted with no supplemental adjustments. These positive variances remaining are all within current expectations planned for the biennium and no unusual variances from the original or final budget of the general fund are noted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2011, the City had invested \$260.3 million in capital assets, net of depreciation as reflected in the following table. This represents a net increase (additions, deductions and depreciation) of \$1.2 million in fiscal year 2011. Governmental capital assets totaled \$232.2 million while business-type capital assets totaled \$28.1 million.

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land and easements	\$ 190.3	\$ 188.5	\$ 0.4	\$ 0.4	\$ 190.7	\$ 188.9
Buildings and improvements	16.5	16.7	0.7	0.7	17.2	17.4
Vehicles and equipment	1.2	1.2	0.6	0.6	1.8	1.8
Infrastructure	22.7	23.7	26.2	26.4	48.9	50.1
Construction in progress	1.5	0.7	0.2	0.2	1.7	0.9
Capital assets, net	<u>\$ 232.2</u>	<u>\$ 230.8</u>	<u>\$ 28.1</u>	<u>\$ 28.3</u>	<u>\$ 260.3</u>	<u>\$ 259.1</u>

The following table reconciles the change in capital assets for the fiscal year. Expenditures for construction projects in progress at fiscal year-end are included in additions. Reductions are for capital 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	
	FY10-11	FY09-10	FY10-11	FY09-10	FY10-11	FY09-10
Beginning balance	\$ 230.8	\$ 231.7	\$ 28.3	\$ 28.7	\$ 259.1	\$ 260.4
Additions	4.8	2.0	0.7	0.9	5.5	2.9
Reductions and adjustments	(0.6)	(0.1)	0.3	(0.1)	(0.3)	(0.2)
Depreciation	(2.8)	(2.8)	(1.2)	(1.2)	(4.0)	(4.0)
Ending balance	<u>\$ 232.2</u>	<u>\$ 230.8</u>	<u>\$ 28.1</u>	<u>\$ 28.3</u>	<u>\$ 260.3</u>	<u>\$ 259.1</u>

Assets utilized in governmental activities increased by a net \$1.4 million which includes increases in land, building, machinery and equipment, and sidewalk improvements. Capital asset additions include completion of various projects throughout the community. More detailed information about the City’s capital assets is presented beginning on page 42 in the notes to the basic financial statements.

Debt Outstanding

As of the end of the fiscal year, the City had \$14.7 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 on pages 44 and 45 in the notes to the basic financial statements.

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

	2011	2010
Governmental:		
General obligation bonds	\$ 6.9	\$ 7.6
Full faith and credit obligations	6.7	6.9
Sub-total	13.6	14.5
Business-type:		
Water revenue bonds	1.1	1.2
Total	\$ 14.7	\$ 15.7

During the fiscal year ended June 30, 2011, the Standard and Poor’s bond rating was upgraded from AA- to AA following a similar upgrade by Moody’s the fiscal year before. For current refunding information, refer to the current refunding note in the notes to the financial statements.

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 \$6.9 million in general obligation debt applicable to this limit is well below the \$110 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 43 percent, consisted of charges for service, including permits, licenses, recreation charges, and system development charges. Property tax revenue, the next largest revenue sources, provided 28 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, 2007, 2008, 2009, 2010, and 2011, 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. 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, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 3,934,163	\$ 3,077,477	\$ 7,011,640
Restricted cash and investments	5,041,073	154,500	5,195,573
Property taxes receivable	447,856	-	447,856
Accounts receivable, net of allowance	1,295,206	943,029	2,238,235
Prepaid expenses	150,378	-	150,378
Bond issuance costs	360,457	65,217	425,674
Capital assets not being depreciated:			
Land and easements	190,330,748	403,590	190,734,338
Construction in progress	1,468,831	187,625	1,656,456
Capital assets net of accumulated depreciation:			
Buildings and improvements	16,449,710	670,659	17,120,369
Vehicles and equipment	1,198,371	590,646	1,789,017
Infrastructure	22,747,330	26,237,287	48,984,617
Investment in joint venture	-	7,349,803	7,349,803
TOTAL ASSETS	243,424,123	39,679,833	283,103,956
LIABILITIES:			
Accounts payable	535,500	301,915	837,415
Accrued salaries and payroll taxes payable	457,806	37,938	495,744
Accrued compensated absences payable	811,808	83,300	895,108
Accrued interest payable	35,890	16,872	52,762
Deposits payable	367,700	-	367,700
Noncurrent liabilities:			
Long-term debt obligations, due within one year	1,065,000	85,000	1,150,000
Long-term debt obligations, due in more than one year	12,552,289	1,060,000	13,612,289
Accrued other postemployment benefit obligations	606,677	51,780	658,457
TOTAL LIABILITIES	16,432,670	1,636,805	18,069,475
NET ASSETS:			
Invested in capital assets, net of related debt	218,577,701	26,944,807	245,522,508
Restricted for:			
Library endowment, nonexpendable	157,300	-	157,300
Debt service	125,395	154,500	279,895
Building operations	243,425	-	243,425
Capital projects	4,404,616	-	4,404,616
Unrestricted	3,483,016	10,943,721	14,426,737
TOTAL NET ASSETS	\$ 226,991,453	\$ 38,043,028	\$ 265,034,481

See notes to basic financial statements

CITY OF WEST LINN, OREGON

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

FUNCTION / PROGRAM	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES:							
General government	\$ 6,675,728	\$ 7,231,694	\$ 255,336	\$ -	\$ 811,302	\$ -	\$ 811,302
Culture and recreation	5,787,089	1,763,111	1,827,212	-	(2,196,766)	-	(2,196,766)
Public safety	6,367,739	692,589	581,577	-	(5,093,573)	-	(5,093,573)
Highways and streets	3,492,445	792,586	1,351,087	492,866	(855,906)	-	(855,906)
Interest on long-term debt	404,337	-	-	-	(404,337)	-	(404,337)
TOTAL GOVERNMENTAL ACTIVITIES	22,727,338	10,479,980	4,015,212	492,866	(7,739,280)	-	(7,739,280)
BUSINESS-TYPE ACTIVITIES:							
Water	3,060,633	3,071,063	-	46,138	-	56,568	56,568
Environmental services	2,640,245	2,499,966	-	160,072	-	19,793	19,793
TOTAL BUSINESS-TYPE ACTIVITIES	5,700,878	5,571,029	-	206,210	-	76,361	76,361
TOTAL ACTIVITIES	\$ 28,428,216	\$ 16,051,009	\$ 4,015,212	\$ 699,076	(7,739,280)	76,361	(7,662,919)
GENERAL REVENUES:							
Property taxes, levied for general purposes					5,918,512	-	5,918,512
Property taxes, levied for debt service					883,723	-	883,723
Franchise taxes					1,662,509	-	1,662,509
Grants and contributions not restricted to specific programs					674,790	-	674,790
Unrestricted investment earnings					17,718	2,846	20,564
Gain on disposition of capital assets					221,867	662	222,529
TRANSFERS					(365,155)	365,155	-
TOTAL GENERAL REVENUES AND TRANSFERS					9,013,964	368,663	9,382,627
CHANGE IN NET ASSETS					1,274,684	445,024	1,719,708
NET ASSETS - beginning					225,716,769	37,598,004	263,314,773
NET ASSETS - ending					\$ 226,991,453	\$ 38,043,028	\$ 265,034,481

See notes to basic financial statements

CITY OF WEST LINN, OREGON

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2011

	General Fund	Public Safety Fund	Parks and Recreation Fund	Street Fund	Systems Development Charges Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:							
Cash and investments	\$ 1,551,445	\$ 914,092	\$ -	\$ 1,143,083	\$ -	\$ 325,543	\$ 3,934,163
Restricted cash and investments	-	-	-	-	4,269,899	771,174	5,041,073
Property taxes receivable	-	257,585	88,823	-	-	101,448	447,856
Accounts receivable	154,792	90,135	707,436	252,913	-	89,930	1,295,206
Prepaid expenditures	150,378	-	-	-	-	-	150,378
TOTAL ASSETS	\$ 1,856,615	\$ 1,261,812	\$ 796,259	\$ 1,395,996	\$ 4,269,899	\$ 1,288,095	\$ 10,868,676
LIABILITIES:							
Accounts payable	\$ 151,565	\$ 22,090	\$ 184,845	\$ 39,210	\$ 525	\$ 137,265	\$ 535,500
Accrued salaries and payroll taxes	193,806	129,300	48,200	14,600	-	71,900	457,806
Deposits payable	308,382	-	-	51,091	-	8,227	367,700
Deferred revenue	-	215,118	74,179	-	-	84,722	374,019
TOTAL LIABILITIES	653,753	366,508	307,224	104,901	525	302,114	1,735,025
FUND BALANCES:							
Non-spendable	150,378	-	-	-	-	157,300	307,678
Restricted	-	-	-	-	4,269,374	504,062	4,773,436
Committed	-	895,304	489,035	1,291,095	-	324,619	3,000,053
Unassigned	1,052,484	-	-	-	-	-	1,052,484
TOTAL FUND BALANCES	1,202,862	895,304	489,035	1,291,095	4,269,374	985,981	9,133,651
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,856,615	\$ 1,261,812	\$ 796,259	\$ 1,395,996	\$ 4,269,899	\$ 1,288,095	

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.	232,194,990
Other assets are not available to pay for current-period expenditures and therefore, are deferred in the funds: Bond issuance costs	360,457
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 property taxes Accrued compensated absences payable Accrued interest payable Long-term debt obligations Bond premium Accrued other postemployment benefit obligations	\$ 374,019 (811,808) (35,890) (13,225,000) (392,289) (606,677) (14,697,645)
Net assets of governmental activities	<u>\$ 226,991,453</u>

CITY OF WEST LINN, OREGON

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Public Safety Fund	Parks and Recreation Fund	Street Fund	Systems Development Charges Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:							
Property taxes	\$ -	\$ 4,213,922	\$ 1,326,790	\$ -	\$ -	\$ 1,293,336	\$ 6,834,048
Intergovernmental	41,667	581,577	559,998	1,351,087	-	1,480,883	4,015,212
Franchise taxes	30,932	1,372,104	-	103,189	-	156,284	1,662,509
Fines and forfeitures	421,535	35,815	-	-	-	62,737	520,087
Licenses and permits	194,593	14,158	-	-	-	803,434	1,012,185
Charges for services	5,078,681	-	1,700,374	792,586	-	349,000	7,920,641
Systems development charges	-	-	-	-	1,027,067	-	1,027,067
Investment earnings	5,953	3,619	-	722	4,299	3,125	17,718
Miscellaneous	273,233	61,443	5,643	323,902	-	10,569	674,790
TOTAL REVENUES	6,046,594	6,282,638	3,592,805	2,571,486	1,031,366	4,159,368	23,684,257
EXPENDITURES:							
Current:							
General government	5,627,506	-	-	-	36,351	856,442	6,520,299
Cultural and recreation	-	-	3,005,226	-	-	1,929,137	4,934,363
Public safety	-	5,789,015	-	-	-	472,526	6,261,541
Highways and streets	-	-	-	1,545,578	-	-	1,545,578
Debt service:							
Principal	6,173,478	56,000	19,000	75,000	-	680,000	7,003,478
Interest	66,812	56,000	19,723	76,000	-	200,120	418,655
Capital outlay	93,224	1,571,400	945,271	516,782	453,257	773,841	4,353,775
TOTAL EXPENDITURES	11,961,020	7,472,415	3,989,220	2,213,360	489,608	4,912,066	31,037,689
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,914,426)	(1,189,777)	(396,415)	358,126	541,758	(752,698)	(7,353,432)
OTHER FINANCING SOURCES:							
Proceeds from sale of capital asset	891	-	483,000	3,996	-	-	487,887
Refunding bonds issued	5,640,000	-	-	-	-	-	5,640,000
Bond premium on issuance of debt	294,861	-	-	-	-	-	294,861
TOTAL OTHER FINANCING SOURCES	5,935,752	-	483,000	3,996	-	-	6,422,748
OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCES	21,326	(1,189,777)	86,585	362,122	541,758	(752,698)	(930,684)
FUND BALANCES - beginning	1,181,536	2,085,081	402,450	928,973	3,727,616	1,738,679	10,064,335
FUND BALANCES - ending	\$ 1,202,862	\$ 895,304	\$ 489,035	\$ 1,291,095	\$ 4,269,374	\$ 985,981	\$ 9,133,651

See notes to basic financial statements

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, 2011

Net change in fund balances - total governmental funds (page 29) \$ (930,684)

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

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	\$ 4,353,775	
Depreciation expense	<u>(2,878,306)</u>	1,475,469

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and transfers) is to decrease net assets. (138,309)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (31,813)

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.

Refunding bonds issued	(5,640,000)	
Long-term debt principal repayments	1,070,000	
Payment for current refunding	<u>5,933,478</u>	1,363,478

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	10,940	
Accrued interest payable	14,318	
Accrued other postemployment benefit obligations	(129,161)	
Amortization of bond issuance costs	(107,393)	
Amortization of bond premium	<u>(252,161)</u>	<u>(463,457)</u>

Change in net assets of governmental activities (page 27) \$ 1,274,684

CITY OF WEST LINN, OREGON

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2011

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
ASSETS:			
Current assets:			
Cash and investments	\$ 346,539	\$ 2,730,938	\$ 3,077,477
Restricted cash and investments	154,500	-	154,500
Accounts receivable, net of allowance for doubtful accounts	375,345	567,684	943,029
Bond issuance costs	6,522	-	6,522
	882,906	3,298,622	4,181,528
Noncurrent assets:			
Capital assets not being depreciated	307,854	283,361	591,215
Capital assets, net of accumulated depreciation	9,703,552	17,795,040	27,498,592
Investment in joint venture	7,349,803	-	7,349,803
Bond issuance costs	58,695	-	58,695
	17,419,904	18,078,401	35,498,305
TOTAL ASSETS	18,302,810	21,377,023	39,679,833
LIABILITIES:			
Current liabilities:			
Accounts payable	132,119	169,796	301,915
Accrued salaries and payroll taxes payable	20,700	17,238	37,938
Accrued compensated absences payable	48,866	34,434	83,300
Accrued interest payable	16,872	-	16,872
Bonds payable - due within one year	85,000	-	85,000
	303,557	221,468	525,025
Noncurrent liabilities:			
Bonds payable	1,060,000	-	1,060,000
Accrued other postemployment benefit obligations	28,244	23,536	51,780
	1,088,244	23,536	1,111,780
TOTAL LIABILITIES	1,391,801	245,004	1,636,805
NET ASSETS:			
Invested in capital assets, net of related debt	8,866,406	18,078,401	26,944,807
Restricted for debt service	154,500	-	154,500
Unrestricted	7,890,103	3,053,618	10,943,721
	16,911,009	21,132,019	38,043,028
TOTAL NET ASSETS	\$ 16,911,009	\$ 21,132,019	\$ 38,043,028

See notes to basic financial statements

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, 2011

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 2,902,041	\$ 2,341,643	\$ 5,243,684
Systems development charges	35,699	105,261	140,960
Licenses and permits	-	53,006	53,006
Other operating revenues	58,818	56	58,874
TOTAL OPERATING REVENUES	2,996,558	2,499,966	5,496,524
OPERATING EXPENSES:			
Salaries and wages	522,158	475,767	997,925
Materials and supplies	2,041,375	1,348,645	3,390,020
Depreciation	428,492	815,833	1,244,325
TOTAL OPERATING EXPENSES	2,992,025	2,640,245	5,632,270
OPERATING INCOME (LOSS)	4,533	(140,279)	(135,746)
NONOPERATING INCOME (EXPENSE):			
Investment earnings	7	2,839	2,846
Net gain on investment in joint venture	74,505	-	74,505
Gain (loss) on disposal of capital assets	(1,781)	2,443	662
Interest expense	(68,608)	-	(68,608)
TOTAL NONOPERATING INCOME (EXPENSE)	4,123	5,282	9,405
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	8,656	(134,997)	(126,341)
CAPITAL CONTRIBUTIONS	28,588	542,777	571,365
CHANGE IN NET ASSETS	37,244	407,780	445,024
NET ASSETS - beginning	16,873,765	20,724,239	37,598,004
NET ASSETS - ending	\$ 16,911,009	\$ 21,132,019	\$ 38,043,028

See notes to basic financial statements

CITY OF WEST LINN, OREGON

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users of services	\$ 2,973,539	\$ 2,412,273	\$ 5,385,812
Payments to suppliers for goods and services	(2,037,374)	(1,340,445)	(3,377,819)
Payments to employees for services	(512,292)	(467,325)	(979,617)
NET CASH FROM OPERATING ACTIVITIES	<u>423,873</u>	<u>604,503</u>	<u>1,028,376</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid on capital debt	(80,000)	-	(80,000)
Interest paid on capital debt	(69,728)	-	(69,728)
Acquisition and construction of capital assets	(57,920)	(389,856)	(447,776)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(207,648)</u>	<u>(389,856)</u>	<u>(597,504)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest earnings received on investments	7	2,839	2,846
NET DECREASE IN CASH AND INVESTMENTS	216,232	217,486	433,718
CASH AND INVESTMENTS - beginning	<u>284,807</u>	<u>2,513,452</u>	<u>2,798,259</u>
CASH AND INVESTMENTS - ending	<u>\$ 501,039</u>	<u>\$ 2,730,938</u>	<u>\$ 3,231,977</u>
Cash and investments are shown in the <i>Statement of Net Assets</i> as follows:			
Cash and investments	\$ 346,539	\$ 2,730,938	\$ 3,077,477
Restricted cash and investments	154,500	-	154,500
	<u>\$ 501,039</u>	<u>\$ 2,730,938</u>	<u>\$ 3,231,977</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ 4,533	\$ (140,279)	\$ (135,746)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	428,492	815,833	1,244,325
Amortization of bond issuance costs	6,522	-	6,522
Increase in accounts receivable	(23,019)	(87,693)	(110,712)
Increase (decrease) in accounts payable	(2,521)	8,200	5,679
Increase in accrued salaries and payroll taxes payable	1,700	1,474	3,174
Increase in accrued compensated absences payable	2,153	1,958	4,111
Increase in accrued postemployment benefit obligations	6,013	5,010	11,023
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 423,873</u>	<u>\$ 604,503</u>	<u>\$ 1,028,376</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Net gain on investment in joint venture	\$ 74,505	\$ -	\$ 74,505
Capital assets transferred from (to) governmental funds	(17,548)	382,703	365,155
Capital assets contributed by developers	46,136	160,074	206,210

See notes to basic financial statements

CITY OF WEST LINN, OREGON

Notes to Basic Financial Statements

June 30, 2011

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. The financial statements have incorporated all applicable GASB pronouncements as well as, for the proprietary funds, the Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, unless that guidance conflicts with or contradicts GASB pronouncements. No FASB guidance issued after November 30, 1989 has been applied.

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 include 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.

Government-wide and Fund 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.

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 supplementary information section.

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.

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 funds 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.

GASB Statement No. 34 sets forth minimum criteria for the determination of major funds. Nonmajor funds are combined in a column in the fund financial statements and detailed in the supplementary information section.

The City reports the following major governmental funds:

- *General Fund*
Accounts for the City's legislative 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 miscellaneous income.
- *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 parks and recreation programs. The primary sources of revenue include a commitment of the City's property tax levy and charges for services.
- *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 dedicated revenue sources.

- *Debt Service Fund*
This fund accounts for the accumulation of resources for the payment of general obligation bond principal and interest.
- *Park Bond Construction Fund*
Accounts for bond proceeds used for the acquisition of park 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 systems.

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 Payables

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 received 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 uncollectibles.

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 uncollectibles, which is determined based upon an estimated percentage of the receivable balance.

Capital Assets

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

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

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

Investment in Joint Venture

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

Accrued Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability reported for unpaid accumulated sick leave since the City, by policy, does not pay out sick leave banks when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. 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 the 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 Equity

The City implemented GASB Statement No. 54 for the year ending June 30, 2011. GASB Statement No. 54 requires analysis and presentation of fund balance in five categories. The new 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 the City Council, by resolution of the 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 implementation 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.

GASB Statement No. 54 also requires a spending policy, as it relates to ending fund balance. The spending policy states in what order fund balance categories are spent. On June 14, 2010, the Council approved the following fund balance order of spending: (1) restricted fund balance first, then (2) committed fund balance, then (3) assigned fund balance, and (4) unassigned fund balance last. The City maintains a minimum fund balance policy equal to 15 percent of operations.

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* presented on page 26 and restricted cash and restricted fund balance on the library fund's *Balance Sheet* presented on page 68.

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, 2011, the City's cash and investments were comprised of the following:

Cash on hand	\$	1,700
Deposits with financial institutions		3,486,435
Oregon State Treasurer's Local Government Investment Pool		8,719,078
Total cash and investments	\$	<u>12,207,213</u>

	Government Activities	Business-type Activities	Total
Cash and investments	\$ 3,934,163	\$ 3,077,477	\$ 7,011,640
Restricted cash and investments	5,041,073	154,500	5,195,573
Total cash and investments	<u>\$ 8,975,236</u>	<u>\$ 3,231,977</u>	<u>\$ 12,207,213</u>

Deposits. Deposits with financial institutions are comprised of bank demand deposits. The combined total bank balance is \$3,509,632. Of these deposits, \$500,000 is covered by federal depository insurance. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were 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, 2011, all the City deposits are insured or collateralized.

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. These funds are invested exercising reasonable care, skill and caution. 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, 2011 is stated at fair market value, which is 100 percent of pool shares.

Receivables

As of June 30, 2011, 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	\$ 2,257,235
Allowance for uncollectible accounts	(19,000)
Total accounts receivable	<u>\$ 2,238,235</u>
Accounts receivable - governmental activities	\$ 1,295,206
Accounts receivable - business-type activities	943,029
Total accounts receivable	<u>\$ 2,238,235</u>

Investment in Joint Venture

South Fork Water Board (SFWB) operates a water distribution system jointly with the City of West Linn and the City of Oregon City, each party owning 50 percent. Revenues earned by SFWB are expended for the continued operation and maintenance of facilities within the municipal boundaries of these two cities. Upon dissolution of the SFWB, the net 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 \$74,505 from a net gain of the joint venture in fiscal year 2010-11. 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, 2011, was as follows:

	Beginning balance as of June 30, 2010	Additions	Reductions and adjustments	Ending balance as of June 30, 2011
Governmental activities:				
Capital assets not being depreciated:				
Land and easements	\$ 188,514,929	\$ 2,013,156	\$ (197,337)	\$ 190,330,748
Construction in progress	710,338	1,371,842	(613,349)	1,468,831
Total capital assets not being depreciated	<u>189,225,267</u>	<u>3,384,998</u>	<u>(810,686)</u>	<u>191,799,579</u>
Capital assets being depreciated:				
Buildings and improvements	26,120,012	123,677	384,383	26,628,072
Vehicles and equipment	2,559,094	177,802	(133,039)	2,603,857
Infrastructure	56,757,833	1,160,164	(218,881)	57,699,116
Total capital assets being depreciated	<u>85,436,939</u>	<u>1,461,643</u>	<u>32,463</u>	<u>86,931,045</u>
Less accumulated depreciation for:				
Buildings and improvements	(9,429,143)	(780,296)	31,077	(10,178,362)
Vehicles and equipment	(1,346,751)	(174,706)	115,971	(1,405,486)
Infrastructure	(33,028,482)	(1,923,304)	-	(34,951,786)
Total accumulated depreciation	<u>(43,804,376)</u>	<u>(2,878,306)</u>	<u>147,048</u>	<u>(46,535,634)</u>
Total capital assets being depreciated, net	<u>41,632,563</u>	<u>(1,416,663)</u>	<u>179,511</u>	<u>40,395,411</u>
Total capital assets, net	<u>\$ 230,857,830</u>	<u>\$ 1,968,335</u>	<u>\$ (631,175)</u>	<u>\$ 232,194,990</u>

	Beginning balance as of June 30, 2010	Additions	Reductions and adjustments	Ending balance as of June 30, 2011
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 403,590	\$ -	\$ -	\$ 403,590
Construction in progress	219,832	63,912	(96,119)	187,625
Total capital assets not being depreciated	623,422	63,912	(96,119)	591,215
Capital assets being depreciated:				
Buildings and improvements	1,579,504	512	-	1,580,016
Vehicles and equipment	1,203,050	78,426	(50,975)	1,230,501
Infrastructure	55,305,491	515,422	481,688	56,302,601
Total capital assets being depreciated	58,088,045	594,360	430,713	59,113,118
Less accumulated depreciation for:				
Buildings and improvements	(877,757)	(31,600)	-	(909,357)
Vehicles and equipment	(577,674)	(86,674)	24,493	(639,855)
Infrastructure	(28,941,707)	(1,126,051)	2,444	(30,065,314)
Total accumulated depreciation	(30,397,138)	(1,244,325)	26,937	(31,614,526)
Total capital assets being depreciated, net	27,690,907	(649,965)	457,650	27,498,592
Total capital assets, net	\$ 28,314,329	\$ (586,053)	\$ 361,531	\$ 28,089,807

Depreciation expense for governmental activities in the amount of \$2,878,306 and for business-type activities the amount of \$1,244,325 was charged to functions/programs as follows:

	Governmental activities	Business-type activities	Total
General government	\$ 51,019	\$ -	\$ 51,019
Culture and recreation	813,708	-	813,708
Public safety	71,110	-	71,110
Highways and streets	1,942,469	-	1,942,469
Water	-	428,492	428,492
Environmental services	-	815,833	815,833
Depreciation expense	\$ 2,878,306	\$ 1,244,325	\$ 4,122,631

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 fiscal year ended June 30, 2011, all City transfers are properly classified under 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 under 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 \$83,000 for the year ended June 30, 2011. The future minimum lease payments for noncancelable operating leases are as follows:

Fiscal year ending June 30,	Amount
2012	\$ 17,072
2013	1,605
2014	420
2015	210
2016	-
	<u>\$ 19,307</u>

Long-term Debt Obligations

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

	Beginning balance as of June 30, 2010	Additions	Reductions	Ending balance as of June 30, 2011	Due within one year
Governmental activities:					
General Obligation bonds					
Series 2000 Library Expansion, interest at 4.7-5.4%, original issue of \$3,900,000, due 2021	\$ 3,050,000	\$ -	\$ (3,050,000)	\$ -	\$ -
Series 2009-A Park Refundings, interest at 3.0-4.0%, original issue of \$4,915,000, due 2019	4,510,000	-	(470,000)	4,040,000	490,000
Series 2010-A Library Refundings, interest at 2.0-3.0%, original issue of \$3,900,000, due 2021	-	3,065,000	(210,000)	2,855,000	200,000
Full Faith and Credit obligations					
Series 2000 City Hall, interest at 4.3-5.25%, original issue of \$4,300,000, due 2021	2,865,000	-	(2,865,000)	-	-
Series 2009-B Str/Police/Parks, interest at 3.0-4.35%, original issue of \$4,035,000, due 2029	3,945,000	-	(150,000)	3,795,000	155,000
Series 2010-B City Hall Refunding, interest at 3.0-4.0%, original issue of \$4,300,000, due 2021	-	2,575,000	(40,000)	2,535,000	220,000
Plus: Bond issuance premium	140,128	294,861	(42,700)	392,289	-
Long-term bonded debt obligations	14,510,128	5,934,861	(6,827,700)	13,617,289	1,065,000
Compensated absences for governmental activities	822,748	1,013,060	(1,024,000)	811,808	811,808
Total governmental activities	<u>15,332,876</u>	<u>6,947,921</u>	<u>(7,851,700)</u>	<u>14,429,097</u>	<u>1,876,808</u>
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	1,225,000	-	(80,000)	1,145,000	85,000
Compensated absences for business-type activities	79,189	52,311	(48,200)	83,300	83,300
Total business-type activities	<u>1,304,189</u>	<u>52,311</u>	<u>(128,200)</u>	<u>1,228,300</u>	<u>168,300</u>
Total long-term debt obligations					
General Obligation bonds	7,560,000	3,065,000	(3,730,000)	6,895,000	690,000
Full Faith and Credit obligations	6,810,000	2,575,000	(3,055,000)	6,330,000	375,000
Revenue bonds	1,225,000	-	(80,000)	1,145,000	85,000
Plus: Bond issuance premium	140,128	294,861	(42,700)	392,289	-
Long-term bonded debt obligations	15,735,128	5,934,861	(6,907,700)	14,762,289	1,150,000
Compensated absences	901,937	1,065,371	(1,072,200)	895,108	895,108
Total long-term debt obligations	<u>\$ 16,637,065</u>	<u>\$ 7,000,232</u>	<u>\$ (7,979,900)</u>	<u>\$ 15,657,397</u>	<u>\$ 2,045,108</u>

Future maturities of bond principal and interest at June 30, 2011, are as follows:

Year	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 1,065,000	\$ 427,374	\$ 85,000	\$ 65,044	\$ 1,150,000	\$ 492,418
2013	1,110,000	395,351	90,000	60,011	1,200,000	455,362
2014	1,150,000	364,174	95,000	54,694	1,245,000	418,868
2015	1,195,000	331,924	105,000	48,944	1,300,000	380,868
2016	1,250,000	298,499	110,000	42,763	1,360,000	341,262
2017-2021	5,450,000	890,415	660,000	104,100	6,110,000	994,515
2022-2026	1,175,000	330,613	-	-	1,175,000	330,613
2027-2029	830,000	73,298	-	-	830,000	73,298
	<u>\$ 13,225,000</u>	<u>\$ 3,111,648</u>	<u>\$ 1,145,000</u>	<u>\$ 375,556</u>	<u>\$ 14,370,000</u>	<u>\$ 3,487,204</u>

Current Refunding. On September 2, 2010, the City issued \$3,065,000 of general obligation bonds for a current refunding of \$3,050,000 of the Series 2000 general obligation bonds. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$53,026. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The transaction also resulted in an economic gain of \$552,514 and a reduction of \$616,376 in future debt service payments.

Also on September 2, 2010, the City issued \$2,575,000 of full faith and credit obligation bonds for a current refunding of \$2,665,000 of the Series 2000 full faith and credit obligation bonds. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$67,480. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The transaction also resulted in an economic gain of \$426,227 and a reduction of \$471,790 in future debt service payments.

The above two refundings resulted in a combined economic gain of \$978,741 and a reduction of \$1,088,166 in future debt service payments. During this refunding process, the City received a credit upgrade from Standard and Poor's Rating Services to the AA level and Moody's Investors Service reaffirmed the City's Aa2 credit rating which was previously upgraded from the Aa3 level in May 2010.

Employee Retirement Pension Plan

Plan Description. The City is a participating employer in the Oregon Public Employees Retirement System ("PERS"), an agent 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. PERS 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 PERS. 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 PERS member contributions go into the IAP portion of OPSRP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account. Those employees who had established a PERS 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 PERS 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 PERS web site at www.pers.state.or.us.

Funding Policy. The rate of employer contributions to PERS is determined periodically by PERS based on actuarial valuations performed at least every two years. Members of PERS and OPSRP are required to contribute 6 percent of their salary covered under the plan. The City is required by ORS 238.225 to contribute at an actuarially determined rate. The City's rate is 10.89 percent for PERS and 9.12 percent for OPSRP – general employees, and 11.83 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, 2011, 2010, and 2009 the City's annual pension costs were approximately \$869,000, \$839,000, and \$1,113,000 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 the 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 fiscal year ended June 30, 2011, 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, 2011.

	Medical		Dental	
	HealthNet	Kaiser	CIS-ODS	Kaiser
Employee	\$ 588	\$ 471	\$ 56	\$ 53
Employee + child(ren]	1,059	848	NA	80
Employee + spouse	1,163	943	97	93
Employee + family	1,630	1,414	180	171

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	\$ 115,000
Amortization of UAAL with interest	117,467
Annual Required Contribution (ARC)	232,467
Interest on prior year net OPEB obligation	23,322
Adjustment to ARC	(36,583)
Annual OPEB cost	219,206
Less contribution (amounts paid during year for OPEB)	-
Less implicit benefit payments	(79,022)
Increase in net OPEB obligation	140,184
OPEB obligation at beginning of fiscal year	518,273
OPEB obligation at end of fiscal year	\$ 658,457

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 ended were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percent of Annual OPEB Cost Contribution	Net OPEB Obligation
6/30/2011	\$ 219,206	36%	\$ 658,457
6/30/2010	\$ 208,533	28%	\$ 518,273
6/30/2009	\$ 239,118	22%	\$ 368,316

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 0.29 percent of annual covered payroll for Tier 1/Tier 2, and .19 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 year ended June 30, 2011 and 2010, were approximately \$23,500 and \$22,900 respectively which equaled 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 \$8,333 per month indexed by 3 percent after twelve months.

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 and proposed costs going forward:

<u>Year of Arrangement</u>	<u>Fiscal Year</u>	<u>Payment for services</u>	<u>Computer replacement</u>	<u>Annual Contract Amt</u>	<u>Percentage increase</u>
Year 1	2004-05	\$ 200,000	\$ 20,000	\$ 220,000	
Year 2	2005-06	212,000	20,000	232,000	5.5%
Year 3	2006-07	224,720	20,000	244,720	5.5%
Year 4	2007-08	238,203	20,000	258,203	5.5%
Year 5	2008-09	252,495	20,000	272,495	5.5%
Year 6	2009-10	267,644	20,000	287,644	5.6%
Year 7	2010-11	283,702	100,000	383,702	33.4%
		<u>\$ 1,678,764</u>	<u>\$ 220,000</u>	<u>\$ 1,898,764</u>	
<i>Proposed:</i>					
Year 8	2011-12	\$ 382,000	\$ -	\$ 382,000	-0.4%
Year 9	2012-13	394,670	-	394,670	3.3%
Year 10	2013-14	407,783	-	407,783	3.3%
Year 11	2014-15	421,356	-	421,356	3.3%
Year 12	2015-16	435,403	-	435,403	3.3%
		<u>\$ 2,041,212</u>	<u>\$ -</u>	<u>\$ 2,041,212</u>	

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, 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, 2011 and the prior fiscal year end reclassified to conform to new reporting requirements:

Fund balances by classification for the fiscal year ended June 30, 2011:

	General Fund	Public Safety Fund	Parks and Recreation Fund	Systems Development Charges Fund	Street Fund	Other Governmental Funds	Total Governmental Funds
Non-spendable							
Prepaid items	\$ 150,378	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,378
Library endowment	-	-	-	-	-	157,300	157,300
	<u>150,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,300</u>	<u>307,678</u>
Restricted							
Systems development	-	-	-	4,269,374	-	-	4,269,374
Building operations	-	-	-	-	-	243,425	243,425
Debt service	-	-	-	-	-	125,395	125,395
Park improvements	-	-	-	-	-	135,242	135,242
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,269,374</u>	<u>-</u>	<u>504,062</u>	<u>4,773,436</u>
Committed							
Public safety	-	895,304	-	-	-	-	895,304
Parks and Rec	-	-	489,035	-	-	-	489,035
Street services	-	-	-	-	1,291,095	-	1,291,095
Library services	-	-	-	-	-	61,762	61,762
Planning services	-	-	-	-	-	262,857	262,857
	<u>-</u>	<u>895,304</u>	<u>489,035</u>	<u>-</u>	<u>1,291,095</u>	<u>324,619</u>	<u>3,000,053</u>
Assigned	-	-	-	-	-	-	-
Unassigned	1,052,484	-	-	-	-	-	1,052,484
	<u>\$ 1,202,862</u>	<u>\$ 895,304</u>	<u>\$ 489,035</u>	<u>\$ 4,269,374</u>	<u>\$ 1,291,095</u>	<u>\$ 985,981</u>	<u>\$ 9,133,651</u>

Fund balances as previously stated for the fiscal year ended June 30, 2010:

	General Fund	Public Safety Fund	Parks and Recreation Fund	Systems Development Charges Fund	Street Fund	Other Governmental Funds	Total Governmental Funds
Reserved for:							
Library endowment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 157,300	\$ 157,300
Debt service	-	-	-	-	-	117,054	117,054
Building operations	-	-	-	-	-	72,657	72,657
Capital projects	-	1,500,000	-	3,727,616	-	874,833	6,102,449
	<u>-</u>	<u>1,500,000</u>	<u>-</u>	<u>3,727,616</u>	<u>-</u>	<u>1,221,844</u>	<u>6,449,460</u>
Unreserved, reported in:							
General fund	1,181,536	-	-	-	-	-	1,181,536
Special revenue funds	-	585,081	402,450	-	928,973	516,835	2,433,339
	<u>1,181,536</u>	<u>585,081</u>	<u>402,450</u>	<u>-</u>	<u>928,973</u>	<u>516,835</u>	<u>3,614,875</u>
	<u>\$ 1,181,536</u>	<u>\$ 2,085,081</u>	<u>\$ 402,450</u>	<u>\$ 3,727,616</u>	<u>\$ 928,973</u>	<u>\$ 1,738,679</u>	<u>\$ 10,064,335</u>

Fund balances as restated for the fiscal year ended June 30, 2010:

	General Fund	Public Safety Fund	Parks and Recreation Fund	Systems Development Charges Fund	Street Fund	Other Governmental Funds	Total Governmental Funds
Non-spendable							
Prepaid items	\$ 36,838	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,838
Library endowment	-	-	-	-	-	157,300	157,300
	<u>36,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,300</u>	<u>194,138</u>
Restricted							
Systems development	-	-	-	3,727,616	-	-	3,727,616
Building operations	-	-	-	-	-	72,657	72,657
Debt service	-	-	-	-	-	117,054	117,054
Park improvements	-	1,500,000	-	-	-	874,833	2,374,833
	<u>-</u>	<u>1,500,000</u>	<u>-</u>	<u>3,727,616</u>	<u>-</u>	<u>1,064,544</u>	<u>6,292,160</u>
Committed							
Public safety	-	585,081	-	-	-	-	585,081
Parks and Rec	-	-	402,450	-	-	-	402,450
Street services	-	-	-	-	928,973	-	928,973
Library services	-	-	-	-	-	89,690	89,690
Planning services	-	-	-	-	-	325,543	325,543
	<u>-</u>	<u>585,081</u>	<u>402,450</u>	<u>-</u>	<u>928,973</u>	<u>415,233</u>	<u>2,331,737</u>
Assigned	-	-	-	-	-	101,602	101,602
Unassigned	<u>1,144,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,144,698</u>
	<u>\$ 1,181,536</u>	<u>\$ 2,085,081</u>	<u>\$ 402,450</u>	<u>\$ 3,727,616</u>	<u>\$ 928,973</u>	<u>\$ 1,637,077</u>	<u>\$ 9,962,733</u>

Subsequent Event

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 is estimated that this measure will increase the property tax rate by \$0.16 per \$1,000 of assessed value and that the tax impact on an average West Linn home with an assessed value of \$285,000 is estimated at \$46 per year.

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedules 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
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, 2011

	Budget for the 2010-2011 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2009-10	2nd Year FY 2010-11	Total	
REVENUES:						
Intergovernmental	\$ -	\$ -	\$ 8,441	\$ 41,667	\$ 50,108	\$ 50,108
Fines and forfeitures	1,001,000	1,001,000	428,171	421,535	849,706	(151,294)
Licenses and permits	689,000	689,000	177,743	194,593	372,336	(316,664)
Franchise taxes	-	-	-	30,932	30,932	30,932
Investment earnings	91,000	91,000	3,118	5,953	9,071	(81,929)
Miscellaneous	202,000	202,000	207,676	273,233	480,909	278,909
TOTAL REVENUES	1,983,000	1,983,000	825,149	967,913	1,793,062	(189,938)
EXPENDITURES:						
City Council	118,000	118,000	55,448	52,039	107,487	10,513
City Administration	1,919,000	1,919,000	916,256	992,800	1,909,056	9,944
Human Resources	704,000	704,000	333,165	342,133	675,298	28,702
Finance	1,973,000	1,973,000	944,439	976,712	1,921,151	51,849
Information Technology	1,938,000	1,938,000	740,381	826,205	1,566,586	371,414
Municipal Court	579,000	579,000	221,073	327,591	548,664	30,336
Facility Services	963,000	963,000	441,427	482,333	923,760	39,240
Public Works Support Services	2,600,000	2,600,000	1,238,473	1,205,769	2,444,242	155,758
Vehicle and Equipment Maintenance	749,000	749,000	340,878	367,641	708,519	40,481
Nondepartmental:						
General services	230,000	230,000	104,383	115,507	219,890	10,110
Debt service	683,000	683,000	341,095	306,812	647,907	35,093
Contingency	599,000	599,000	-	-	-	599,000
TOTAL EXPENDITURES	13,055,000	13,055,000	5,677,018	5,995,542	11,672,560	1,382,440
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(11,072,000)	(11,072,000)	(4,851,869)	(5,027,629)	(9,879,498)	1,192,502
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	10,931,000	10,931,000	5,079,000	5,078,681	10,157,681	(773,319)
Transfers to other funds	(277,000)	(277,000)	(31,000)	(32,000)	(63,000)	214,000
Proceeds from sale of capital asset	-	-	-	891	891	891
Refunding bonds issued	-	-	-	5,640,000	5,640,000	5,640,000
Bond premium on issuance of debt	-	-	-	294,861	294,861	294,861
Payment to refunded bond escrow agent	-	-	-	(5,933,478)	(5,933,478)	(5,933,478)
TOTAL OTHER FINANCING SOURCES (USES)	10,654,000	10,654,000	5,048,000	5,048,955	10,096,955	(557,045)
NET CHANGE IN FUND BALANCES	(418,000)	(418,000)	196,131	21,326	217,457	635,457
FUND BALANCES - beginning	717,000	717,000	985,405	1,181,536	985,405	268,405
FUND BALANCES - ending	\$ 299,000	\$ 299,000	\$ 1,181,536	\$ 1,202,862	\$ 1,202,862	\$ 903,862

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, 2011

	Budget for the 2010-2011 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2009-10	2nd Year FY 2010-11	Total	
REVENUES:						
Property taxes	\$ 7,806,000	\$ 7,806,000	\$ 3,850,870	\$ 4,213,922	\$ 8,064,792	\$ 258,792
Intergovernmental	785,000	785,000	428,445	581,577	1,010,022	225,022
Franchise taxes	3,006,000	3,006,000	1,568,040	1,372,104	2,940,144	(65,856)
Fines and forfeitures	193,000	193,000	78,248	35,815	114,063	(78,937)
Licenses and permits	67,000	67,000	27,078	14,158	41,236	(25,764)
Investment earnings	77,000	77,000	4,487	3,619	8,106	(68,894)
Miscellaneous	106,000	106,000	49,725	61,443	111,168	5,168
TOTAL REVENUES	12,040,000	12,040,000	6,006,893	6,282,638	12,289,531	249,531
EXPENDITURES:						
Personal services	7,705,000	7,705,000	3,923,723	3,739,493	7,663,216	41,784
Materials and services	1,120,000	1,120,000	510,095	694,522	1,204,617	(84,617)
Debt service:						
Principal	90,000	90,000	34,000	56,000	90,000	-
Interest	136,000	136,000	79,000	56,000	135,000	1,000
Capital outlay	1,700,000	1,700,000	75,531	1,571,400	1,646,931	53,069
Contingency	682,000	682,000	-	-	-	682,000
TOTAL EXPENDITURES	11,433,000	11,433,000	4,622,349	6,117,415	10,739,764	693,236
EXCESS OF REVENUES OVER EXPENDITURES	607,000	607,000	1,384,544	165,223	1,549,767	942,767
OTHER FINANCING USES:						
Transfers to other funds	(2,814,000)	(2,814,000)	(1,459,000)	(1,355,000)	(2,814,000)	-
NET CHANGE IN FUND BALANCES	(2,207,000)	(2,207,000)	(74,456)	(1,189,777)	(1,264,233)	942,767
FUND BALANCES - beginning	2,433,000	2,433,000	2,159,537	2,085,081	2,159,537	(273,463)
FUND BALANCES - ending	\$ 226,000	\$ 226,000	\$ 2,085,081	\$ 895,304	\$ 895,304	\$ 669,304

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, 2011

	Budget for the 2010-2011 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2009-10	2nd Year FY 2010-11	Total	
REVENUES:						
Property taxes	\$ 2,832,000	\$ 2,832,000	\$ 1,527,886	\$ 1,326,790	\$ 2,854,676	\$ 22,676
Intergovernmental	997,000	997,000	47,900	559,998	607,898	(389,102)
Charges for services	3,234,000	3,234,000	1,530,990	1,700,374	3,231,364	(2,636)
Investment earnings	20,000	20,000	530	-	530	(19,470)
Miscellaneous	52,000	52,000	25,150	5,643	30,793	(21,207)
TOTAL REVENUES	7,135,000	7,135,000	3,132,456	3,592,805	6,725,261	(409,739)
EXPENDITURES:						
Personal services	2,870,000	2,870,000	1,386,426	1,416,006	2,802,432	67,568
Materials and services	1,506,000	1,506,000	669,486	786,220	1,455,706	50,294
Debt service:						
Principal	30,000	30,000	11,000	19,000	30,000	-
Interest	50,000	50,000	26,186	19,723	45,909	4,091
Capital outlay	1,297,000	1,297,000	350,742	945,271	1,296,013	987
Contingency	347,000	347,000	-	-	-	347,000
TOTAL EXPENDITURES	6,100,000	6,100,000	2,443,840	3,186,220	5,630,060	469,940
EXCESS OF REVENUES OVER EXPENDITURES	1,035,000	1,035,000	688,616	406,585	1,095,201	60,201
OTHER FINANCING SOURCES (USES):						
Transfers to other funds	(1,583,000)	(1,583,000)	(780,000)	(803,000)	(1,583,000)	-
Proceeds from sale of capital asset	-	-	-	483,000	483,000	483,000
TOTAL OTHER FINANCING SOURCES (USES)	(1,583,000)	(1,583,000)	(780,000)	(320,000)	(1,100,000)	483,000
NET CHANGE IN FUND BALANCES	(548,000)	(548,000)	(91,384)	86,585	(4,799)	543,201
FUND BALANCES - beginning	660,000	660,000	493,834	402,450	493,834	(166,166)
FUND BALANCES - ending	\$ 112,000	\$ 112,000	\$ 402,450	\$ 489,035	\$ 489,035	\$ 377,035

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, 2011

	Budget for the 2010-2011 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2009-10	2nd Year FY 2010-11	Total	
REVENUES:						
Intergovernmental	\$ 3,507,000	\$ 3,507,000	\$ 1,159,718	\$ 1,351,087	\$ 2,510,805	\$ (996,195)
Franchise taxes	136,000	136,000	100,875	103,189	204,064	68,064
Charges for services	1,492,000	1,492,000	778,226	792,586	1,570,812	78,812
Investment earnings	12,000	12,000	2,141	722	2,863	(9,137)
Miscellaneous	40,000	40,000	64,816	323,902	388,718	348,718
TOTAL REVENUES	5,187,000	5,187,000	2,105,776	2,571,486	4,677,262	(509,738)
EXPENDITURES:						
Personal services	873,000	873,000	410,546	453,082	863,628	9,372
Materials and services	1,170,000	1,170,000	487,504	433,496	921,000	249,000
Debt service:						
Principal	120,000	120,000	45,000	75,000	120,000	-
Interest	182,000	182,000	105,000	76,000	181,000	1,000
Capital outlay	2,959,000	2,959,000	279,925	516,782	796,707	2,162,293
Contingency	155,000	155,000	-	-	-	155,000
TOTAL EXPENDITURES	5,459,000	5,459,000	1,327,975	1,554,360	2,882,335	2,576,665
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(272,000)	(272,000)	777,801	1,017,126	1,794,927	2,066,927
OTHER FINANCING SOURCES (USES):						
Transfers to other funds	(1,330,000)	(1,330,000)	(671,000)	(659,000)	(1,330,000)	-
Proceeds from sale of capital asset	-	-	-	3,996	3,996	3,996
TOTAL OTHER FINANCING SOURCES (USES)	(1,330,000)	(1,330,000)	(671,000)	(655,004)	(1,326,004)	3,996
NET CHANGE IN FUND BALANCES	(1,602,000)	(1,602,000)	106,801	362,122	468,923	2,070,923
FUND BALANCES - beginning	1,654,000	1,654,000	822,172	928,973	822,172	(831,828)
FUND BALANCES - ending	\$ 52,000	\$ 52,000	\$ 928,973	\$ 1,291,095	\$ 1,291,095	\$ 1,239,095

CITY OF WEST LINN, OREGON

Required Supplementary Information

June 30, 2011

Oregon Public Employees Retirement System – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Asset)	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability (Asset) as a Percent of Covered Payroll
12/31/2009	\$ 36,537,972	\$ 43,536,793	\$ 6,998,821	84 %	\$ 8,017,150	87 %
12/31/2007	41,594,000	38,664,625	(2,929,375)	108	6,684,358	(44)
12/31/2005	35,196,000	36,127,000	931,000	97	6,342,000	15

Other Postemployment Benefits Plan – Schedule of Funding Progress

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

CITY OF WEST LINN, OREGON

Notes to Required Supplementary Information

June 30, 2011

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

1. Budgetary Information

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

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

The City Council legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and sets the level by which expenditures cannot legally exceed appropriations. In the general fund, the levels of budgetary control established by resolution are set at the department level. For all other funds, the levels of budgetary control are personal services, materials and services, debt service, capital outlay, transfers and operating contingency. Appropriations lapse at the end of the fiscal year 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 biennium ended June 30, 2011, no supplemental budget resolutions were proposed or approved.

OTHER SUPPLEMENTARY INFORMATION

Combining and Individual Fund Financial Statements and Schedules

This page intentionally left blank

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 expenditures 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 for expenditures of a particular purpose.

Library Fund – accounts for the operation of the City’s library facility. Primary revenue sources include an allocation of the City’s property tax levy, intergovernmental revenues, and fines and forfeitures.

Communications Fund – accounts for the expenditure of funds for public access television and other communication functions. The primary revenue source is a partial allocation of cable TV franchise taxes.

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 – is a nonmajor fund that 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

Parks 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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SYSTEMS DEVELOPMENT CHARGES FUND	Budget for the 2010-2011 Biennium		1st Year Actual
	Original	Final	FY 2009-10
REVENUES:			
Systems development charges:			
Street - systems development charges	\$ 41,000	\$ 41,000	\$ 181,558
Surface water - systems development charges	18,000	18,000	13,266
Water - systems development charges	138,000	138,000	191,264
Sewer - systems development charges	65,000	65,000	91,954
Parks - systems development charges	254,000	254,000	123,878
Bike/Pedestrian - systems development charges	-	-	6,807
Intergovernmental	667,000	667,000	633,600
Investment earnings	207,000	207,000	8,402
TOTAL REVENUES	1,390,000	1,390,000	1,250,729
EXPENDITURES:			
Materials and services	100,000	100,000	-
Capital outlay	4,600,000	4,600,000	1,213,688
Contingency	251,000	251,000	-
TOTAL EXPENDITURES	4,951,000	4,951,000	1,213,688
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,561,000)	(3,561,000)	37,041
OTHER FINANCING USES:			
Transfers to other funds	(71,000)	(71,000)	(35,000)
NET CHANGE IN FUND BALANCES	(3,632,000)	(3,632,000)	2,041
FUND BALANCES - beginning	3,632,000	3,632,000	3,725,575
FUND BALANCES - ending	\$ -	\$ -	\$ 3,727,616

Continued on next page

2nd Year Actual FY 2010-11							Actual	Variance with Final Budget
Street	Surface Water	Water	Sewer	Parks	Bike/ Pedestrian	Total	Total Biennium	
\$ 219,107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 219,107	\$ 400,665	\$ 359,665
-	10,484	-	-	-	-	10,484	23,750	5,750
-	-	302,362	-	-	-	302,362	493,626	355,626
-	-	-	115,017	-	-	115,017	206,971	141,971
-	-	-	-	167,338	-	167,338	291,216	37,216
-	-	-	-	-	212,759	212,759	219,566	219,566
-	-	-	-	-	-	-	633,600	(33,400)
641	768	1,133	1,753	-	4	4,299	12,701	(194,299)
<u>219,748</u>	<u>11,252</u>	<u>303,495</u>	<u>116,770</u>	<u>167,338</u>	<u>212,763</u>	<u>1,031,366</u>	<u>2,282,095</u>	<u>892,095</u>
-	-	-	-	106	245	351	351	99,649
474	-	190	385,569	67,024	-	453,257	1,666,945	2,933,055
-	-	-	-	-	-	-	-	251,000
<u>474</u>	<u>-</u>	<u>190</u>	<u>385,569</u>	<u>67,130</u>	<u>245</u>	<u>453,608</u>	<u>1,667,296</u>	<u>3,283,704</u>
219,274	11,252	303,305	(268,799)	100,208	212,518	577,758	614,799	4,175,799
-	-	(16,000)	-	(20,000)	-	(36,000)	(71,000)	-
219,274	11,252	287,305	(268,799)	80,208	212,518	541,758	543,799	4,175,799
591,639	684,031	1,288,285	1,220,286	(63,446)	6,821	3,727,616	3,725,575	93,575
<u>\$ 810,913</u>	<u>\$ 695,283</u>	<u>\$ 1,575,590</u>	<u>\$ 951,487</u>	<u>\$ 16,762</u>	<u>\$ 219,339</u>	<u>\$ 4,269,374</u>	<u>\$ 4,269,374</u>	<u>\$ 4,269,374</u>

Continued from previous page

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

JUNE 30, 2011

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
ASSETS:				
Cash and investments	\$ 325,543	\$ -	\$ -	\$ 325,543
Restricted cash and investments	501,846	115,259	154,069	771,174
Property taxes receivable	39,970	61,478	-	101,448
Accounts receivable	89,930	-	-	89,930
TOTAL ASSETS	<u>\$ 957,289</u>	<u>\$ 176,737</u>	<u>\$ 154,069</u>	<u>\$ 1,288,095</u>
LIABILITIES:				
Accounts payable	\$ 118,438	\$ -	\$ 18,827	\$ 137,265
Accrued salaries and payroll taxes	71,900	-	-	71,900
Deposits payable	8,227	-	-	8,227
Deferred revenue	33,380	51,342	-	84,722
TOTAL LIABILITIES	<u>231,945</u>	<u>51,342</u>	<u>18,827</u>	<u>302,114</u>
FUND BALANCES:				
Non-spendable	157,300	-	-	157,300
Restricted	243,425	125,395	135,242	504,062
Committed	324,619	-	-	324,619
TOTAL FUND BALANCES	<u>725,344</u>	<u>125,395</u>	<u>135,242</u>	<u>985,981</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 957,289</u>	<u>\$ 176,737</u>	<u>\$ 154,069</u>	<u>\$ 1,288,095</u>

CITY OF WEST LINN, OREGON

NONMAJOR GOVERNMENTAL FUNDS

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
REVENUES:				
Property taxes	\$ 405,055	\$ 888,281	\$ -	\$ 1,293,336
Intergovernmental	1,480,883	-	-	1,480,883
Franchise taxes	156,284	-	-	156,284
Licenses and permits	803,434	-	-	803,434
Fines and forfeitures	62,737	-	-	62,737
Charges for services	349,000	-	-	349,000
Investment earnings	1,076	180	1,869	3,125
Miscellaneous	10,569	-	-	10,569
TOTAL REVENUES	3,269,038	888,461	1,869	4,159,368
EXPENDITURES:				
Current:				
General government	\$ 856,442	\$ -	\$ -	\$ 856,442
Cultural and recreation	1,926,894	-	2,243	1,929,137
Public safety	472,526	-	-	472,526
Debt service:				
Principal	-	680,000	-	680,000
Interest	-	200,120	-	200,120
Capital outlay	34,624	-	739,217	773,841
TOTAL EXPENDITURES	3,290,486	880,120	741,460	4,912,066
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCES	(21,448)	8,341	(739,591)	(752,698)
FUND BALANCES - beginning	746,792	117,054	874,833	1,738,679
FUND BALANCES - ending	\$ 725,344	\$ 125,395	\$ 135,242	\$ 985,981

CITY OF WEST LINN, OREGON

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2011

	Library Fund	Communications Fund	Building Inspections Fund	Planning Fund	Total
ASSETS:					
Cash and investments	\$ 111,502	\$ 514	\$ -	\$ 213,527	\$ 325,543
Restricted cash and investments	157,300	-	344,546	-	501,846
Property taxes receivable	39,970	-	-	-	39,970
Accounts receivable	-	-	-	89,930	89,930
TOTAL ASSETS	\$ 308,772	\$ 514	\$ 344,546	\$ 303,457	\$ 957,289
LIABILITIES:					
Accounts payable	\$ 14,330	\$ 514	\$ 90,179	\$ 13,415	\$ 118,438
Accrued salaries and payroll taxes	42,000	-	8,300	21,600	71,900
Deposits payable	-	-	2,642	5,585	8,227
Deferred revenue	33,380	-	-	-	33,380
TOTAL LIABILITIES	89,710	514	101,121	40,600	231,945
FUND BALANCES:					
Non-spendable	157,300	-	-	-	157,300
Restricted	-	-	243,425	-	243,425
Committed	61,762	-	-	262,857	324,619
TOTAL FUND BALANCES	219,062	-	243,425	262,857	725,344
TOTAL LIABILITIES AND FUND BALANCES	\$ 308,772	\$ 514	\$ 344,546	\$ 303,457	\$ 957,289

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, 2011

	Library Fund	Communications Fund	Building Inspections Fund	Planning Fund	Total
REVENUES:					
Property taxes	\$ 405,055	\$ -	\$ -	\$ -	\$ 405,055
Intergovernmental	1,267,214	-	-	213,669	1,480,883
Franchise taxes	-	91,884	-	64,400	156,284
Licenses and permits	-	-	642,616	160,818	803,434
Fines and forfeitures	62,737	-	-	-	62,737
Charges for services	-	-	-	349,000	349,000
Investment earnings	594	-	-	482	1,076
Miscellaneous	4,503	-	678	5,388	10,569
TOTAL REVENUES	1,740,103	91,884	643,294	793,757	3,269,038
EXPENDITURES:					
Current:					
General government	-	-	-	856,442	856,442
Cultural and recreation	1,768,032	158,862	-	-	1,926,894
Public safety	-	-	472,526	-	472,526
Debt service:					
Interest	-	-	-	-	-
Capital outlay	-	34,624	-	-	34,624
TOTAL EXPENDITURES	1,768,032	193,486	472,526	856,442	3,290,486
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCE	(27,929)	(101,602)	170,768	(62,685)	(21,448)
FUND BALANCES - beginning	246,991	101,602	72,657	325,542	746,792
FUND BALANCES - ending	\$ 219,062	\$ -	\$ 243,425	\$ 262,857	\$ 725,344

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, 2011

	Budget for the 2010-2011 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2009-10	2nd Year FY 2010-11	Total	
REVENUES:						
Property taxes	\$ 1,128,000	\$ 1,128,000	\$ 397,550	\$ 405,055	\$ 802,605	\$ (325,395)
Intergovernmental	3,525,000	3,525,000	1,193,937	1,267,214	2,461,151	(1,063,849)
Fines and forfeitures	166,000	166,000	58,732	62,737	121,469	(44,531)
Investment earnings	16,000	16,000	817	594	1,411	(14,589)
Miscellaneous	25,000	25,000	6,132	4,503	10,635	(14,365)
TOTAL REVENUES	4,860,000	4,860,000	1,657,168	1,740,103	3,397,271	(1,462,729)
EXPENDITURES:						
Personal services	2,496,000	2,496,000	1,083,161	1,186,953	2,270,114	225,886
Materials and services	464,000	464,000	189,221	202,079	391,300	72,700
Capital outlay	1,075,000	1,075,000	-	-	-	1,075,000
Contingency	233,000	233,000	-	-	-	233,000
TOTAL EXPENDITURES	4,268,000	4,268,000	1,272,382	1,389,032	2,661,414	1,606,586
EXCESS OF REVENUES OVER EXPENDITURES	592,000	592,000	384,786	351,071	735,857	143,857
OTHER FINANCING USES:						
Transfers to other funds	(748,000)	(748,000)	(369,000)	(379,000)	(748,000)	-
NET CHANGE IN FUND BALANCES	(156,000)	(156,000)	15,786	(27,929)	(12,143)	143,857
FUND BALANCES - beginning	314,000	314,000	231,205	246,991	231,205	(82,795)
FUND BALANCES - ending	\$ 158,000	\$ 158,000	\$ 246,991	\$ 219,062	\$ 219,062	\$ 61,062

CITY OF WEST LINN, OREGON

COMMUNICATIONS FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budget for the 2010-2011 Biennium		Actual		Total	Variance with Final Budget
	Original	Final	1st Year FY 2009-10	2nd Year FY 2010-11		
REVENUES:						
Franchise taxes	\$ 265,000	\$ 265,000	\$ 114,708	\$ 91,884	\$ 206,592	\$ (58,408)
Investment earnings	28,000	28,000	228	-	228	(27,772)
TOTAL REVENUES	293,000	293,000	114,936	91,884	206,820	(86,180)
EXPENDITURES:						
Materials and services	334,000	334,000	169,856	137,181	307,037	26,963
Capital outlay	100,000	100,000	-	34,624	34,624	65,376
Contingency	15,000	15,000	-	-	-	15,000
TOTAL EXPENDITURES	449,000	449,000	169,856	171,805	341,661	107,339
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(156,000)	(156,000)	(54,920)	(79,921)	(134,841)	21,159
OTHER FINANCING USES:						
Transfers to other funds	-	-	-	(21,681)	(21,681)	(21,681)
NET CHANGE IN FUND BALANCE	(156,000)	(156,000)	(54,920)	(101,602)	(156,522)	(522)
FUND BALANCES - beginning	164,000	164,000	156,522	101,602	156,522	(7,478)
FUND BALANCES - ending	\$ 8,000	\$ 8,000	\$ 101,602	\$ -	\$ -	\$ (8,000)

CITY OF WEST LINN, OREGON

BUILDING INSPECTIONS FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budget for the 2010-2011 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2009-10	2nd Year FY 2010-11	Total	
REVENUES:						
Licenses and permits	\$ 788,000	\$ 788,000	\$ 557,682	\$ 642,616	\$ 1,200,298	\$ 412,298
Investment earnings	-	-	248	-	248	248
Miscellaneous	-	-	6,614	678	7,292	7,292
TOTAL REVENUES	788,000	788,000	564,544	643,294	1,207,838	419,838
EXPENDITURES:						
Personal services	531,000	531,000	289,805	383,253	673,058	(142,058)
Materials and services	59,000	59,000	8,980	16,273	25,253	33,747
Debt service:						
Principal	120,000	120,000	119,552	-	119,552	448
Interest	1,000	1,000	491	-	491	509
Contingency	28,000	28,000	-	-	-	28,000
TOTAL EXPENDITURES	739,000	739,000	418,828	399,526	818,354	(79,354)
EXCESS OF REVENUES OVER EXPENDITURES	49,000	49,000	145,716	243,768	389,484	340,484
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	214,000	214,000	-	-	-	(214,000)
Transfers to other funds	(144,000)	(144,000)	(71,000)	(73,000)	(144,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	70,000	70,000	(71,000)	(73,000)	(144,000)	(214,000)
NET CHANGE IN FUND BALANCES	119,000	119,000	74,716	170,768	245,484	126,484
FUND BALANCES (DEFICIT) - beginning	-	-	(2,059)	72,657	(2,059)	(2,059)
FUND BALANCES - ending	\$ 119,000	\$ 119,000	\$ 72,657	\$ 243,425	\$ 243,425	\$ 124,425

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, 2011

	Budget for the 2010-2011 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2009-10	2nd Year FY 2010-11	Total	
REVENUES:						
Intergovernmental	\$ 444,000	\$ 444,000	\$ 206,831	\$ 213,669	\$ 420,500	\$ (23,500)
Franchise taxes	298,000	298,000	168,636	64,400	233,036	(64,964)
Licenses and permits	231,000	231,000	274,505	160,818	435,323	204,323
Investment earnings	2,000	2,000	755	482	1,237	(763)
Miscellaneous	2,000	2,000	357	5,388	5,745	3,745
TOTAL REVENUES	977,000	977,000	651,084	444,757	1,095,841	118,841
EXPENDITURES:						
Personal services	1,284,000	1,284,000	573,688	611,293	1,184,981	99,019
Material and services	76,000	76,000	36,647	38,149	74,796	1,204
Contingency	120,000	120,000	-	-	-	120,000
TOTAL EXPENDITURES	1,480,000	1,480,000	610,335	649,442	1,259,777	220,223
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(503,000)	(503,000)	40,749	(204,685)	(163,936)	339,064
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	630,000	630,000	276,000	349,000	625,000	(5,000)
Transfers to other funds	(409,000)	(409,000)	(202,000)	(207,000)	(409,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	221,000	221,000	74,000	142,000	216,000	(5,000)
NET CHANGE IN FUND BALANCES	(282,000)	(282,000)	114,749	(62,685)	52,064	334,064
FUND BALANCES - beginning	318,000	318,000	210,793	325,542	210,793	(107,207)
FUND BALANCES - ending	\$ 36,000	\$ 36,000	\$ 325,542	\$ 262,857	\$ 262,857	\$ 226,857

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, 2011

	Budget for the 2010-2011 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2009-10	2nd Year FY 2010-11	Total	
REVENUES:						
Property taxes	\$ 1,770,000	\$ 1,770,000	\$ 827,126	\$ 888,281	\$ 1,715,407	\$ (54,593)
Investment earnings	12,000	12,000	314	180	494	(11,506)
TOTAL REVENUES	<u>1,782,000</u>	<u>1,782,000</u>	<u>827,440</u>	<u>888,461</u>	<u>1,715,901</u>	<u>(66,099)</u>
EXPENDITURES:						
Debt service:						
Principal	1,170,000	1,170,000	545,000	680,000	1,225,000	(55,000)
Interest	690,000	690,000	379,772	200,120	579,892	110,108
TOTAL EXPENDITURES	<u>1,860,000</u>	<u>1,860,000</u>	<u>924,772</u>	<u>880,120</u>	<u>1,804,892</u>	<u>55,108</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCE	(78,000)	(78,000)	(97,332)	8,341	(88,991)	(10,991)
FUND BALANCES - beginning	<u>222,000</u>	<u>222,000</u>	<u>214,386</u>	<u>117,054</u>	<u>214,386</u>	<u>(7,614)</u>
FUND BALANCES - ending	<u>\$ 144,000</u>	<u>\$ 144,000</u>	<u>\$ 117,054</u>	<u>\$ 125,395</u>	<u>\$ 125,395</u>	<u>\$ (18,605)</u>

CITY OF WEST LINN, OREGON

PARK BOND CONSTRUCTION FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budget for the 2010-2011 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2009-10	2nd Year FY 2010-11	Total	
REVENUES:						
Investment earnings	\$ 10,000	\$ 10,000	\$ 1,950	\$ 1,869	\$ 3,819	\$ (6,181)
EXPENDITURES:						
Materials and services	40,000	40,000	260	2,243	2,503	37,497
Capital outlay	1,016,000	1,016,000	94,985	739,217	834,202	181,798
TOTAL EXPENDITURES	1,056,000	1,056,000	95,245	741,460	836,705	219,295
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(1,046,000)	(1,046,000)	(93,295)	(739,591)	(832,886)	213,114
FUND BALANCES - beginning	1,046,000	1,046,000	968,128	874,833	968,128	(77,872)
FUND BALANCES - ending	\$ -	\$ -	\$ 874,833	\$ 135,242	\$ 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, 2011

	Budget for the 2010-2011 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2009-10	2nd Year FY 2010-11	Total	
REVENUES:						
Water charges	\$ 6,579,000	\$ 6,579,000	\$ 2,908,269	\$ 2,902,041	\$ 5,810,310	\$ (768,690)
Systems development charges	13,000	13,000	13,367	35,699	49,066	36,066
Investment earnings	83,000	83,000	775	7	782	(82,218)
Miscellaneous	80,000	80,000	47,671	58,818	106,489	26,489
TOTAL REVENUES	<u>6,755,000</u>	<u>6,755,000</u>	<u>2,970,082</u>	<u>2,996,565</u>	<u>5,966,647</u>	<u>(788,353)</u>
EXPENDITURES:						
Personal services	1,236,000	1,236,000	580,497	522,158	1,102,655	133,345
Materials and services	2,882,000	2,882,000	1,312,707	1,298,377	2,611,084	270,916
Debt service	304,000	304,000	152,866	148,608	301,474	2,526
Capital outlay	680,000	680,000	390,385	62,205	452,590	227,410
Contingency	360,000	360,000	-	-	-	360,000
TOTAL EXPENDITURES	<u>5,462,000</u>	<u>5,462,000</u>	<u>2,436,455</u>	<u>2,031,348</u>	<u>4,467,803</u>	<u>994,197</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,293,000</u>	<u>1,293,000</u>	<u>533,627</u>	<u>965,217</u>	<u>1,498,844</u>	<u>205,844</u>
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of capital assets	-	-	-	4,287	4,287	4,287
Transfers to other funds	(2,229,000)	(2,229,000)	(686,000)	(743,000)	(1,429,000)	800,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,229,000)</u>	<u>(2,229,000)</u>	<u>(686,000)</u>	<u>(738,713)</u>	<u>(1,424,713)</u>	<u>804,287</u>
NET CHANGE IN FUND BALANCES	(936,000)	(936,000)	(152,373)	226,504	74,131	1,010,131
FUND BALANCES - beginning	<u>1,087,000</u>	<u>1,087,000</u>	<u>620,669</u>	<u>468,296</u>	<u>620,669</u>	<u>(466,331)</u>
FUND BALANCES - ending	<u>\$ 151,000</u>	<u>\$ 151,000</u>	<u>468,296</u>	<u>694,800</u>	<u>\$ 694,800</u>	<u>\$ 543,800</u>
RECONCILIATION TO GAAP BASIS:						
Adjustment for capital assets not being depreciated			460,403	307,854		
Adjustment for capital assets, net of accumulated depreciation			9,894,768	9,703,552		
Adjustment for investment in joint venture			7,275,298	7,349,803		
Adjustment for bonds payable - due within one year			(80,000)	(85,000)		
Adjustment for bonds payable			(1,145,000)	(1,060,000)		
FUND BALANCES - GAAP BASIS, ending			<u>\$ 16,873,765</u>	<u>\$ 16,911,009</u>		

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, 2011

	Budget for the 2010-2011 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2009-10	2nd Year FY 2010-11	Total	
REVENUES:						
Sewer charges	\$ 3,233,000	\$ 3,233,000	\$ 1,632,385	\$ 1,714,474	\$ 3,346,859	\$ 113,859
Surface water charges	1,187,000	1,187,000	592,883	627,169	1,220,052	33,052
Intergovernmental	63,000	63,000	56,381	53,006	109,387	46,387
Systems development charges	58,000	58,000	75,209	105,261	180,470	122,470
Investment earnings	126,000	126,000	6,153	2,839	8,992	(117,008)
Miscellaneous	57,000	57,000	5,000	56	5,056	(51,944)
TOTAL REVENUES	4,724,000	4,724,000	2,368,011	2,502,805	4,870,816	146,816
EXPENDITURES:						
Personal services	1,024,000	1,024,000	462,996	475,767	938,763	85,237
Materials and services	635,000	635,000	247,249	229,645	476,894	158,106
Capital outlay	3,000,000	3,000,000	217,298	389,856	607,154	2,392,846
Contingency	241,000	241,000	-	-	-	241,000
TOTAL EXPENDITURES	4,900,000	4,900,000	927,543	1,095,268	2,022,811	2,877,189
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(176,000)	(176,000)	1,440,468	1,407,537	2,848,005	3,024,005
OTHER FINANCING USES:						
Transfers to other funds	(2,170,000)	(2,170,000)	(1,051,000)	(1,119,000)	(2,170,000)	-
NET CHANGE IN FUND BALANCES	(2,346,000)	(2,346,000)	389,468	288,537	678,005	3,024,005
FUND BALANCES - beginning	2,388,000	2,388,000	2,375,613	2,765,081	2,375,613	(12,387)
FUND BALANCES - ending	\$ 42,000	\$ 42,000	2,765,081	3,053,618	\$ 3,053,618	\$ 3,011,618
RECONCILIATION TO GAAP BASIS:						
Adjustment for capital assets not being depreciated			163,019	283,361		
Adjustment for capital assets, net of accumulated depreciation			17,796,139	17,795,040		
FUND BALANCES - GAAP BASIS, ending			\$20,724,239	\$21,132,019		

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

FUTURE BOND PRINCIPAL

Fiscal year	General Obligation Bonds		Full Faith and Credit Obligations Bonds		Revenue Bonds	Total
	Series 2009-A Refunded Parks	Series 2010-A Refunded Library	Series 2009-B Str/Police/Parks	Series 2010-B Refunded City Hall	Water Series 2000	
	Jan. 21, 2009	Sep. 2, 2010	Jan. 21, 2009	Sep. 2, 2010	Oct. 1, 2000	
2012	\$ 490,000	\$ 200,000	\$ 155,000	\$ 220,000	\$ 85,000	\$ 1,150,000
2013	505,000	220,000	160,000	225,000	90,000	1,200,000
2014	515,000	240,000	165,000	230,000	95,000	1,245,000
2015	535,000	250,000	170,000	240,000	105,000	1,300,000
2016	555,000	275,000	175,000	245,000	110,000	1,360,000
2017	570,000	290,000	180,000	255,000	115,000	1,410,000
2018	590,000	310,000	185,000	265,000	125,000	1,475,000
2019	280,000	330,000	190,000	275,000	130,000	1,205,000
2020	-	355,000	200,000	285,000	140,000	980,000
2021	-	385,000	210,000	295,000	150,000	1,040,000
2022	-	-	215,000	-	-	215,000
2023	-	-	225,000	-	-	225,000
2024	-	-	235,000	-	-	235,000
2025	-	-	245,000	-	-	245,000
2026	-	-	255,000	-	-	255,000
2027	-	-	265,000	-	-	265,000
2028	-	-	275,000	-	-	275,000
2029	-	-	290,000	-	-	290,000
	<u>\$ 4,040,000</u>	<u>\$ 2,855,000</u>	<u>\$ 3,795,000</u>	<u>\$ 2,535,000</u>	<u>\$ 1,145,000</u>	<u>\$ 14,370,000</u>

FUTURE BOND INTEREST

Fiscal year	General Obligation Bonds		Full Faith and Credit Obligations Bonds		Revenue Bonds	Total
	Series 2009-A Refunded Parks	Series 2010-A Refunded Library	Series 2009-B Str/Police/Parks	Series 2010-B Refunded City Hall	Water Series 2000	
	Jan. 21, 2009	Sep. 2, 2010	Jan. 21, 2009	Sep. 2, 2010	Oct. 1, 2000	
2012	\$ 131,188	\$ 69,538	\$ 147,223	\$ 79,425	\$ 65,044	\$ 492,418
2013	116,488	63,538	142,573	72,750	60,013	455,362
2014	101,338	59,138	137,773	65,925	54,694	418,868
2015	85,888	54,338	132,823	58,875	48,944	380,868
2016	69,838	49,338	127,723	51,600	42,763	341,262
2017	51,800	43,838	122,035	42,825	36,150	296,648
2018	31,850	37,313	115,735	32,425	28,950	246,273
2019	5,600	29,563	108,335	23,000	21,300	187,798
2020	-	21,313	100,735	14,600	13,200	149,848
2021	-	11,550	92,735	5,163	4,500	113,948
2022	-	-	84,335	-	-	84,335
2023	-	-	75,735	-	-	75,735
2024	-	-	66,623	-	-	66,623
2025	-	-	57,105	-	-	57,105
2026	-	-	46,815	-	-	46,815
2027	-	-	36,105	-	-	36,105
2028	-	-	24,578	-	-	24,578
2029	-	-	12,615	-	-	12,615
	<u>\$ 593,990</u>	<u>\$ 439,467</u>	<u>\$ 1,631,601</u>	<u>\$ 446,588</u>	<u>\$ 375,558</u>	<u>\$ 3,487,204</u>

CITY OF WEST LINN, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Tax Year</u>	<u>Uncollected Property Taxes as of June 30, 2010</u>	<u>Add Tax Levy Extended by Assessor</u>	<u>Add (deduct) Adjustments and Discounts</u>	<u>Deduct Cash Collections</u>	<u>Uncollected Property Taxes as of June 30, 2011</u>
Current fiscal year 2010-11	\$ -	\$ 7,032,330	\$ (209,788)	(6,567,529)	\$ 255,013
Prior fiscal years					
2009-10	286,542	-	(15,948)	(168,390)	102,204
2008-09	119,808	-	(4,892)	(58,437)	56,479
2007-08	44,198	-	(1,721)	(24,106)	18,371
2006-07	21,912	-	(1,143)	(15,221)	5,548
2005-06 & prior	17,630	-	(5,553)	(1,836)	10,241
Sub-total prior	<u>490,090</u>	<u>-</u>	<u>(29,258)</u>	<u>(267,989)</u>	<u>192,843</u>
Total	<u>\$ 490,090</u>	<u>\$ 7,032,330</u>	<u>\$ (239,046)</u>	<u>\$ (6,835,518)</u>	<u>\$ 447,856</u>

Parks and Recreation Fund	\$ 88,823
Library Fund	39,970
Public Safety Fund	257,585
Debt Service Fund	<u>61,478</u>
	<u>\$ 447,856</u>

CITY OF WEST LINN, OREGON
SCHEDULE OF ACCOUNTABILITY OF INDEPENDENTLY ELECTED OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

SECTION III

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how financial performance has changed over time.	85
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.	91
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	95
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	100
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	102

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 nine fiscal years ¹
(accrual basis of accounting)
(in thousands)

	Fiscal Year Ended								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
Restricted	-	3,867	4,080	2,854	3,526	4,479	6,565	6,450	4,930
Unrestricted (deficit)	(2,069)	5,893	3,921	2,996	3,995	2,514	(248)	1,279	3,483
Total governmental activities net assets	<u>22,647</u>	<u>24,464</u>	<u>25,454</u>	<u>23,801</u>	<u>249,508</u>	<u>225,991</u>	<u>225,594</u>	<u>225,717</u>	<u>226,991</u>
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
Restricted	-	-	-	-	-	-	155	155	155
Unrestricted	8,944	8,458	7,085	8,442	9,939	10,090	10,082	10,354	10,943
Total business-type activities net assets	<u>27,000</u>	<u>27,469</u>	<u>27,532</u>	<u>29,501</u>	<u>30,662</u>	<u>36,291</u>	<u>37,691</u>	<u>37,598</u>	<u>38,043</u>
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
Restricted	-	3,867	4,080	2,854	3,526	4,479	6,720	6,605	5,085
Unrestricted	6,875	14,351	11,006	11,438	13,934	12,604	9,834	11,633	14,426
Total primary government net assets	<u>\$ 49,647</u>	<u>\$ 51,933</u>	<u>\$ 52,986</u>	<u>\$ 53,302</u>	<u>\$ 280,170</u>	<u>\$ 262,282</u>	<u>\$ 263,285</u>	<u>\$ 263,315</u>	<u>\$ 265,034</u>

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 nine fiscal years ¹
(accrual basis of accounting)
(in thousands)**

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

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
Net (Expense) Revenue									
Governmental activities	\$ (8,002)	\$ (9,937)	\$ (7,087)	\$ (8,453)	\$ (8,535)	\$ (7,288)	\$ (9,231)	\$ (8,697)	\$ (7,739)
Business-type activities	585	445	43	59	2,144	60	1,183	(243)	76
Total primary government expenses	<u>\$ (7,417)</u>	<u>\$ (9,492)</u>	<u>\$ (7,044)</u>	<u>\$ (8,394)</u>	<u>\$ (6,391)</u>	<u>\$ (7,228)</u>	<u>\$ (8,048)</u>	<u>\$ (8,940)</u>	<u>\$ (7,663)</u>
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
Property taxes, levied for debt service	1,132	911	811	854	931	769	942	828	884
Franchise taxes	1,706	1,829	1,711	1,460	2,098	1,686	1,728	1,952	1,662
Unrestricted grants and contributions	253	-	-	382	279	263	604	361	675
Interest and investment earnings	254	144	171	210	468	420	51	23	18
Gain on disposition of capital assets	-	-	-	-	-	-	-	-	222
Transfers	112	180	165	(1,866)	1,092	(132)	(27)	(129)	(365)
Total governmental activities	<u>7,580</u>	<u>10,792</u>	<u>8,378</u>	<u>6,800</u>	<u>11,543</u>	<u>8,270</u>	<u>8,834</u>	<u>8,820</u>	<u>9,014</u>
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
Total business-type activities	<u>81</u>	<u>47</u>	<u>20</u>	<u>1,910</u>	<u>(982)</u>	<u>241</u>	<u>217</u>	<u>150</u>	<u>369</u>
Total primary government	<u>\$ 7,661</u>	<u>\$ 10,839</u>	<u>\$ 8,398</u>	<u>\$ 8,710</u>	<u>\$ 10,561</u>	<u>\$ 8,511</u>	<u>\$ 9,051</u>	<u>\$ 8,970</u>	<u>\$ 9,383</u>
Change in Net Assets									
Governmental activities	\$ (422)	\$ 855	\$ 1,291	\$ (1,653)	\$ 3,008	\$ 982	\$ (397)	\$ 123	\$ 1,275
Business-type activities	666	492	63	1,969	1,162	301	1,400	(93)	445
Total primary government	<u>\$ 244</u>	<u>\$ 1,347</u>	<u>\$ 1,354</u>	<u>\$ 316</u>	<u>\$ 4,170</u>	<u>\$ 1,283</u>	<u>\$ 1,003</u>	<u>\$ 30</u>	<u>\$ 1,720</u>

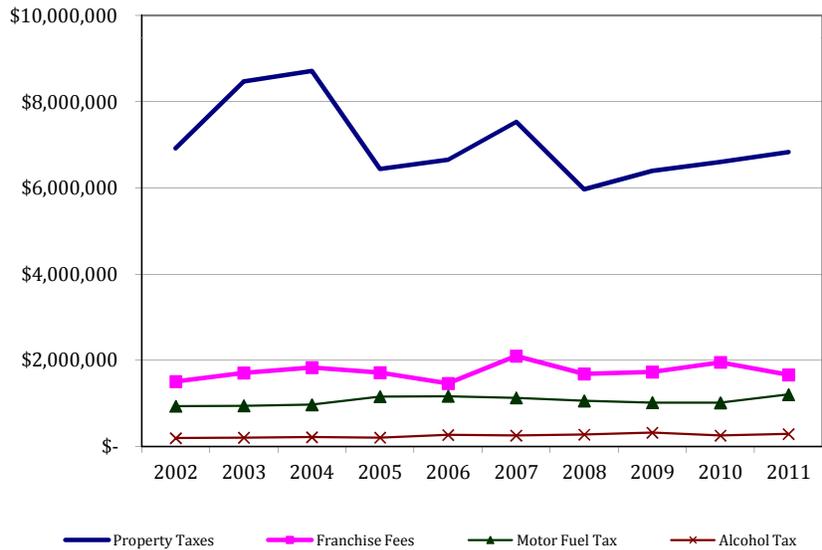
Continued from previous page previous page

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

Fiscal year	Property tax	Franchise tax	Motor fuel tax¹	Alcoholic beverage tax¹	Total
2002	\$ 6,916,387	\$ 1,503,792	\$ 934,479	\$ 192,801	\$ 9,547,459
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

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 nine fiscal years ¹
(modified accrual basis of accounting)

	Fiscal Year Ended								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund									
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 104,342	\$ 142,264	\$ -	\$ 36,838	\$ 150,378
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
Total general fund	<u>\$ 620,683</u>	<u>\$ 644,507</u>	<u>\$ 439,342</u>	<u>\$ 1,232,657</u>	<u>\$ 847,341</u>	<u>\$ 837,563</u>	<u>\$ 985,405</u>	<u>\$ 1,181,536</u>	<u>\$ 1,202,862</u>
All other governmental funds									
Nonspendable	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000	\$ 157,298	\$ 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
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
Assigned	-	-	-	317,384	425,586	240,620	156,522	101,602	-
Unassigned	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 8,278,912</u>	<u>\$ 8,635,552</u>	<u>\$ 7,746,492</u>	<u>\$ 4,880,287</u>	<u>\$ 6,715,767</u>	<u>\$ 6,403,273</u>	<u>\$ 8,860,541</u>	<u>\$ 8,882,799</u>	<u>\$ 7,930,789</u>

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 nine fiscal years ¹
(modified accrual basis of accounting)

	Fiscal Year Ended								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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
Fines and forfeitures	378,226	314,451	463,254	513,503	567,159	517,662	586,145	565,151	520,087
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
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
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
Investment earnings	256,499	142,692	173,518	202,996	467,203	419,705	50,420	22,990	17,718
Miscellaneous	1,000,893	150,248	164,664	382,899	279,634	263,531	604,187	360,470	674,790
Total revenues	<u>17,176,424</u>	<u>16,376,751</u>	<u>15,155,262</u>	<u>15,821,452</u>	<u>16,135,107</u>	<u>19,066,406</u>	<u>20,665,174</u>	<u>22,493,125</u>	<u>23,684,257</u>
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
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
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
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
Debt service:									
Principal	425,000	616,092	654,887	590,000	625,000	670,000	705,000	825,000	1,070,000
Interest	536,800	729,153	694,268	669,356	639,505	626,604	472,048	741,544	418,655
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
Total expenditures	<u>18,046,217</u>	<u>16,511,236</u>	<u>16,249,486</u>	<u>17,280,642</u>	<u>15,655,431</u>	<u>19,396,284</u>	<u>27,181,980</u>	<u>22,274,736</u>	<u>31,037,689</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(869,793)</u>	<u>(134,485)</u>	<u>(1,094,224)</u>	<u>(1,459,190)</u>	<u>479,676</u>	<u>(329,878)</u>	<u>(6,516,806)</u>	<u>218,389</u>	<u>(7,353,432)</u>
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
Full faith and credit obligation bonds issue	-	-	-	-	-	-	4,035,000	-	-
Refunding bonds issued	-	-	-	-	-	-	4,915,000	-	5,640,000
Bond premium on issuance of debt	-	-	-	-	-	-	171,916	-	294,861
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(613,702)</u>	<u>970,488</u>	<u>7,606</u>	<u>9,121,916</u>	<u>-</u>	<u>6,422,748</u>
Net change in fund balances	<u>\$ (869,793)</u>	<u>\$ (134,485)</u>	<u>\$ (1,094,224)</u>	<u>\$ (2,072,892)</u>	<u>\$ 1,450,164</u>	<u>\$ (322,272)</u>	<u>\$ 2,605,110</u>	<u>\$ 218,389</u>	<u>\$ (930,684)</u>
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%

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.

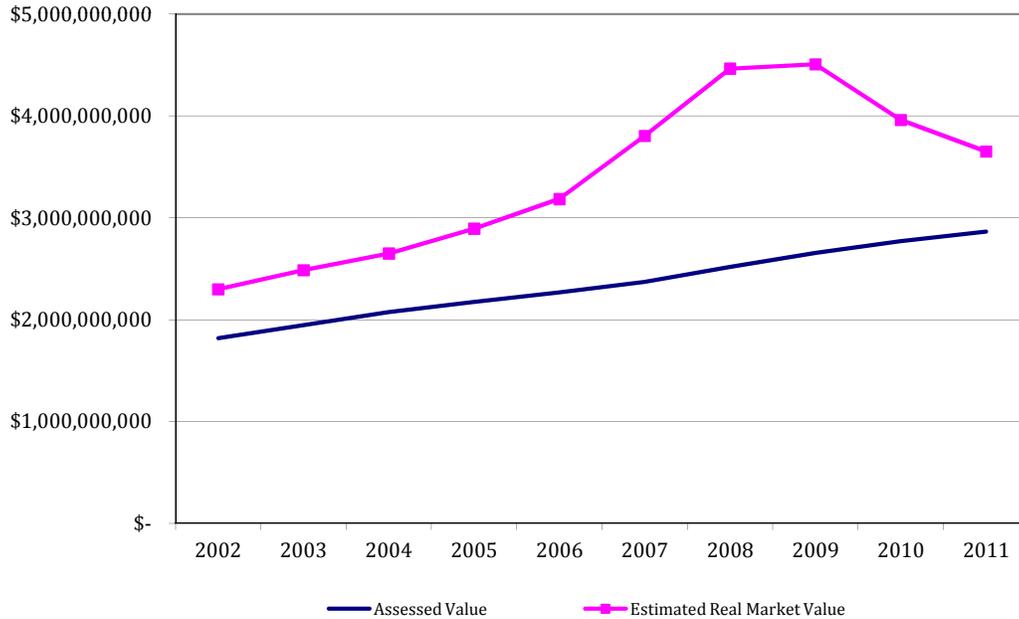
CITY OF WEST LINN, OREGON

Assessed Value and Estimated Real Market Value of Taxable Property for the last ten fiscal years

Fiscal year	Assessed Value					Total direct tax rate	RMV	Assessed value as a percentage of RMV
	Real property	Personal property	Manuf'd structure	Public utility	Total assessed value		Estimated real market value (RMV)	
2002	\$ 1,756,061,644	\$ 19,608,575	\$ 3,889,686	\$ 39,342,078	\$ 1,818,901,983	3.9159	\$ 2,298,004,436	79 %
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

Source: Clackamas County Assessor's Office

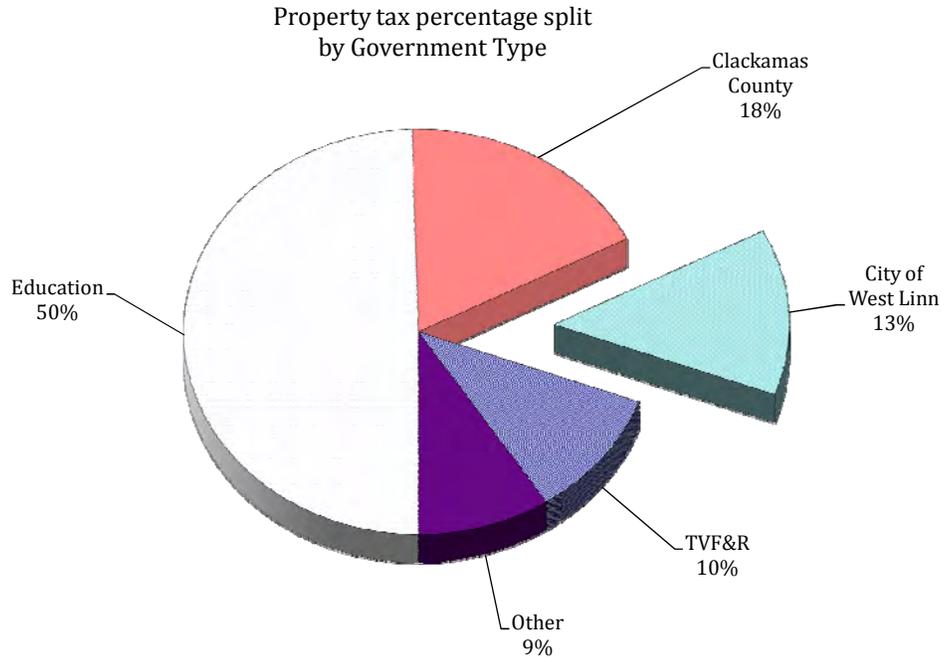
The gap between Assessed Value and Estimated Real Market Value



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

Fiscal year	City direct rates				Overlapping rates							Total direct and overlapping
	Permanent tax rate	Local option levy rate	Bonded debt tax rate	Total direct	West Linn Wilsonville School District	Clackamas County	Clackamas Community College	Education Service District	Tualain Valley Fire and Rescue	Other		
2002	\$ 2.1200	\$ 1.1666	\$ 0.6293	\$ 3.9159	\$ 8.97	\$ 2.57	\$ 0.86	\$ 0.37	\$ -	\$ 0.93	\$ 17.62	
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	

Source: Clackamas County Assessor's Office



CITY OF WEST LINN, OREGON

Principal Property Taxpayers

current year and nine years ago

Name	2011			2002		
	Assessed value	Rank	% of total value	Assessed value	Rank	% of total value
Portland General Electric	\$ 63,383,000	1	2.2%	\$ 16,849,200	2	0.9%
Simpson Realty Group	24,989,998	2	0.9%	16,924,440	1	0.9%
West Linn Paper Prop. Co.	22,090,838	3	0.8%	-		
West Linn Shopping Ctr. Assoc. LLC A	18,539,571	4	0.6%	-		
Retail Opportunity Investments Corp.	16,754,259	5	0.6%	-		
Comcast Corporation	16,082,400	6	0.6%	-		
Blackhawk Nevada LLC	16,079,312	7	0.6%	-		
Northwest Natural Gas Company	13,960,500	8	0.5%	6,531,720	5	0.4%
Elliott Associates Inc	10,796,947	9	0.4%	-		
Blackhawk LLC	9,659,168	10	0.3%	-		
West Linn Paper Co.	-			16,638,340	3	0.9%
Deerpoint LLC	-			7,365,730	4	0.4%
Tanner Spring LLC	-			5,553,050	6	0.3%
EA West Family LLC	-			4,495,030	7	0.2%
West Linn Associates	-			4,464,580	8	0.2%
Bean Terrence	-			4,333,380	9	0.2%
US West Communications	-			3,522,570	10	0.2%
Sub-total, top ten	212,335,993		7.4%	86,678,040		4.8%
All other City taxpayers	2,652,708,475		92.6%	1,732,223,943		95.2%
Total City taxpayers	\$ 2,865,044,468		100.0%	\$ 1,818,901,983		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
2002	\$ 7,130,296	\$ 6,661,853	93 %	\$ 270,393	\$ 6,932,246	97 %
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	244,951	7,555,828	97
2008	6,123,920	5,725,655	93	216,895	5,942,550	97
2009	6,639,388	6,163,584	93	256,182	6,419,766	97
2010	6,783,509	6,337,912	93	168,390	6,506,302	96
2011	7,032,330	6,567,529	93	-	6,567,529	93

Source: Annual financial statements of the City of West Linn



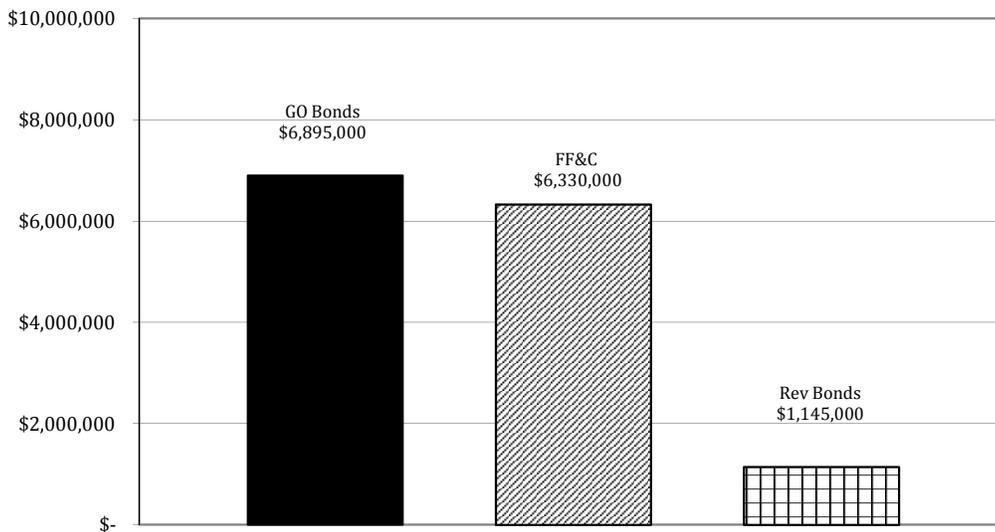
CITY OF WEST LINN, OREGON
Ratios of Outstanding Debt by Type
for the last ten fiscal years

Fiscal year	Governmental Activities		Business-type Activities		Percentage of income	Per capita
	General Obligation bonds	Full Faith and Credit obligations	Water Revenue bonds	Total primary government		
2002	\$ 11,230,000	\$ 4,170,000	\$ 1,750,000	\$ 17,150,000	2.07 %	\$ 732
2003	10,805,000	4,030,000	1,695,000	16,530,000	1.93	694
2004	10,425,000	3,885,000	1,640,000	15,950,000	1.77	665
2005	10,020,000	3,735,000	1,580,000	15,335,000	1.63	637
2006	9,590,000	3,575,000	1,515,000	14,680,000	1.47	607
2007	9,130,000	3,410,000	1,450,000	13,990,000	1.50	579
2008	8,635,000	3,235,000	1,380,000	13,250,000	1.36	543
2009	8,105,000	7,090,000	1,305,000	16,500,000	*	676
2010	7,560,000	6,810,000	1,225,000	15,595,000	*	621
2011	6,895,000	6,330,000	1,145,000	14,370,000	*	571

* Information unavailable at this time.

Source: Annual financial statements of the City of West Linn

Outstanding Debt by Type



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

Fiscal year	General Obligation bonds	Less: amounts available in debt service fund	Net	Percentage of net over assessed value of property¹	Per capita²
2002	\$ 11,230,000	\$ (119,711)	\$ 11,110,289	0.61 %	\$ 474
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

¹ Assessed value data of property can be found on page 91.

² Population data can be found on page 100.

CITY OF WEST LINN, OREGON
Direct and Overlapping Governmental Activities Debt
as of June 30, 2011

<u>Governmental unit</u>	<u>Real Market Values of Overlapping Districts</u>	<u>Tax-Supported Debt Outstanding</u>	<u>Percentage Overlapping¹</u>	<u>Overlapping Debt Applicable to the City of West Linn</u>
Debt repaid with property taxes:				
West Linn Wilsonville School District	\$ 7,591,047,720	\$ 223,127,238	47.60%	\$ 106,212,135
Clackamas Community College	35,664,395,610	32,605,000	10.13%	3,303,473
Clackamas County	49,233,660,124	76,195,000	7.41%	5,649,631
Clackamas County ESD	46,889,463,367	-	0.00%	-
Metro	204,123,947,819	158,020,000	1.79%	2,826,030
Tualatin Valley Fire and Rescue	60,517,135,639	49,865,000	6.03%	3,008,006
Tri-Met	203,265,967,775	9,800,000	1.80%	175,998
Lake Oswego School District No. 7J	8,841,054,110	111,094,222	0.42%	466,040
Port of Portland	223,151,821,692	-	0.00%	-
Portland Community College	<u>164,112,266,666</u>	<u>199,390,000</u>	0.02%	<u>45,062</u>
Subtotal, overlapping debt	1,003,390,760,522	860,096,460		121,686,375
Direct debt outstanding:				
City of West Linn	<u>3,650,547,820</u>	<u>13,225,000</u>	100.00%	<u>13,225,000</u>
Total direct and overlapping debt outstanding	<u>\$ 1,007,041,308,342</u>	<u>\$ 873,321,460</u>		<u>\$ 134,911,375</u>

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

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

Source: Oregon State Treasury Department, Debt Management Division

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt maximum limitation	\$ 68,940,133	\$ 74,551,427	\$ 79,490,550	\$ 86,791,327	\$ 95,521,596
Debt applicable to maximum limit	<u>11,110,289</u>	<u>10,459,198</u>	<u>10,060,174</u>	<u>9,734,522</u>	<u>9,338,545</u>
Legal debt margin available	<u>\$ 57,829,844</u>	<u>\$ 64,092,229</u>	<u>\$ 69,430,376</u>	<u>\$ 77,056,805</u>	<u>\$ 86,183,051</u>
Debt applicable to the maximum limit as a percentage of debt limitation	16.12%	14.03%	12.66%	11.22%	9.78%

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt maximum limitation	\$ 114,122,736	\$ 133,930,441	\$ 135,214,845	\$ 118,820,046	\$ 109,516,435
Debt applicable to maximum limit	<u>8,857,290</u>	<u>8,518,227</u>	<u>7,890,614</u>	<u>7,442,946</u>	<u>6,769,605</u>
Legal debt margin available	<u>\$ 105,265,446</u>	<u>\$ 125,412,214</u>	<u>\$ 127,324,231</u>	<u>\$ 111,377,100</u>	<u>\$ 102,746,830</u>
Debt applicable to the maximum limit as a percentage of debt limitation	7.76%	6.36%	5.84%	6.26%	6.18%

Legal debt margin calculation for fiscal year ended June 30, 2011

Total property real market value	\$ 3,650,547,820
	3%
Debt maximum limitation (3% of total property real market value) ¹	<u>109,516,435</u>
Amount of debt applicable to debt limit:	
Total bonded debt	14,370,000
Less debt excluded from debt limit:	
Full Faith and Credit obligations	(6,330,000)
Water Revenue bonds	(1,145,000)
Less funds applicable to the payment of principal in the debt service fund per ORS 287.004	<u>(125,395)</u>
Net amount of debt applicable to limit	<u>6,769,605</u>
Legal debt margin - amount available for future indebtedness	<u>\$ 102,746,830</u>
Percentage of City's indebtedness to total allowed	6.18%

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

Fiscal year	Water Revenue Bonds						Coverage
	Utility service charges ¹	Less: operating expenses ²	Net available revenue	Debt service requirements			
				Principal	Interest		
2002	\$ 2,288,510	\$ 1,921,713	\$ 366,797	\$ 50,000	\$ 101,070	2.43	
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	2,996,558	2,563,533	433,025	80,000	68,608	2.91	

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

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

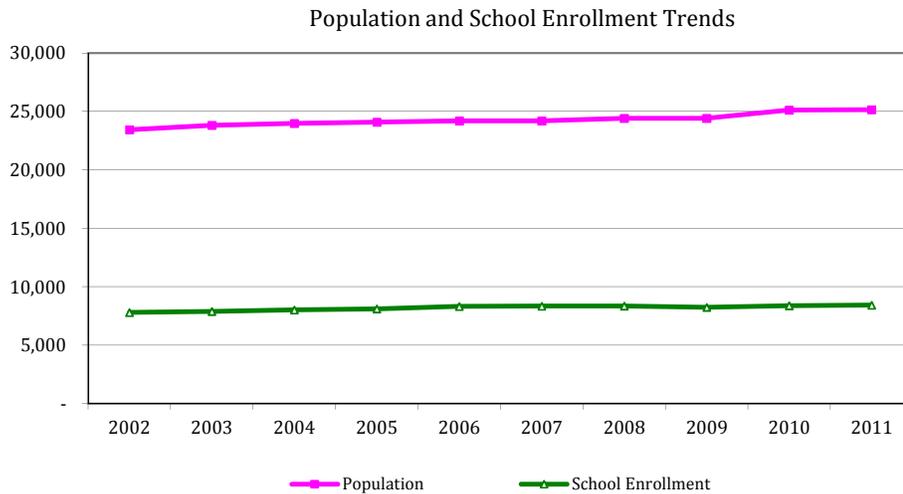
Source: Annual financial statements of the City of West Linn

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

<u>Fiscal year</u>	<u>Population</u>	<u>Personal income (in thousands)</u>	<u>Per capita personal income</u>	<u>School enrollment</u>	<u>Unemployment rate</u>
2002	23,430	\$ 827,454	\$ 35,316	7,793	5.5 %
2003	23,820	856,877	35,973	7,895	6.7
2004	23,970	902,015	37,631	8,016	7.5
2005	24,075	941,718	39,116	8,104	6.9
2006	24,180	1,000,520	41,378	8,315	5.3
2007	24,180	931,196	38,511	8,340	4.1
2008	24,400	974,585	39,942	8,350	5.3
2009	24,400	*	*	8,237	10.7
2010	25,109	*	*	8,378	10.1
2011	25,150	*	*	8,422	-

* 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*

<u>Employer</u>	<u>2011</u>			<u>2002</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of total City employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of total City employment</u>
West Linn - Wilsonville SD	372	1	4.28%	608	1	4.08%
West Linn Paper Company	250	2	2.87%	*		
Safeway Inc.	170	3	1.95%	*		
City of West Linn	130	4	1.49%	149	7	1.00
New Albertsons Inc.	87	5	1.00%	*		
American Golf Corporation	80	6	0.92%	*		
Rose Linn Vintage Place	80	7	0.92%	*		
Pond Maintenance Services	75	8	0.86%	*		
Elton Enterprises IV Inc	70	9	0.80%	*		
First Student Inc.	70	10	0.80%	*		
Zupans	70	11	0.80%	*		
Coffee Rush Inc	55	12	0.63%	*		
Ho Lock Security	40	13	0.46%	*		
Fisher Corporation	40	14	0.46%	*		
Thriftway Stores	40	15	0.46%	*		
Total	<u>1,629</u>		<u>6.52%</u>			

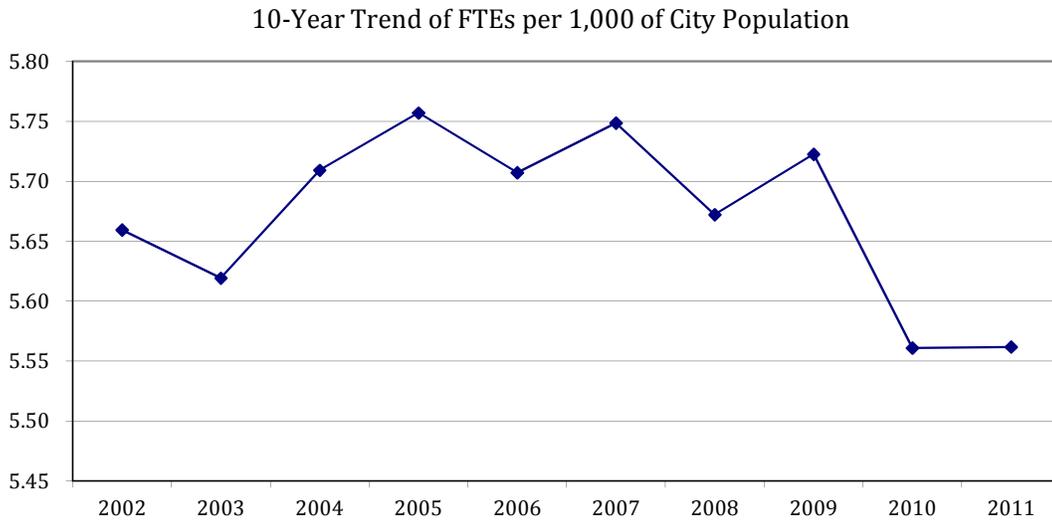
* Historical number of employees information unavailable for this fiscal year nine years ago.

Sources: Chamber of Commerce and Clackamas County

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

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	15.50	15.75	16.75	17.50	18.00	19.00	17.00	16.60	19.60	19.60
Public safety	37.50	37.50	39.00	40.00	44.60	44.60	44.60	45.50	43.25	43.00
Culture and recreation	33.80	34.80	34.80	34.80	38.80	38.80	39.20	40.43	40.43	40.43
Community development	11.00	11.00	11.50	11.50	5.00	5.00	5.50	5.50	6.50	6.50
Highways and streets	5.25	5.25	4.95	5.30	7.00	7.00	7.00	7.00	7.00	7.00
Water	7.81	7.81	7.91	7.56	7.00	7.00	6.00	6.00	6.00	6.00
Sewer and surface water	9.44	10.04	10.24	10.24	7.00	7.00	7.00	6.00	5.00	5.00
Public works	12.30	11.70	11.70	11.70	10.60	10.60	12.10	12.60	12.10	11.60
Total FTEs	132.60	133.85	136.85	138.60	138.00	139.00	138.40	139.63	139.88	139.13
City Population	23,430	23,820	23,970	24,075	24,180	24,180	24,400	24,400	25,109	25,150
FTEs per 1,000 of population	5.66	5.62	5.71	5.76	5.71	5.75	5.67	5.72	5.56	5.56

Source: City of West Linn's Finance department



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

Function/Program	Fiscal Year Ended							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:								
Public safety								
Citations:								
Traffic	2,274	2,141	2,435	2,109	2,153	2,556	2,772	2,584
Criminal	87	98	90	103	74	157	248	159
Parking	801	1,068	845	1,029	922	1,094	532	541
City Ordinance	57	68	48	59	69	23	38	23
Non-Traffic Violation	49	54	71	86	120	77	30	30
Impound Hearing	-	-	-	-	1	1	1	1
Culture and recreation								
Library volunteer hours	4231	4409	4454	4634	5803	5896	6353	6254
Library - average items circulated per capita	21.96	23.87	24.43	25.01	25.75	28.65	28.58	30.87
Community development								
Residential building permits issued	47	67	58	81	67	54	52	38
Land use applications processed	36	48	-	-	-	-	131	101
Business-type activities: ¹								
Water								
Service connections	7,308	7,613	7,848	8,175	8,322	8,428	8,514	8,521
Average daily consumption (in thousands of gallons)	5,087	5,299	5,463	5,691	5,733	5,867	5,474	5,413
Sanitary sewer								
Service connections	7,234	7,457	7,768	8,008	8,198	8,342	5,404	5,502
Average daily sewage treatment (in thousands of gallons)	4,608	4,750	4,948	5,101	5,200	5,314	4,957	5,012

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

Source: City of West Linn's Finance department

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

<u>Function/Program</u>	<u>2011</u>	<u>2002</u>
Governmental activities:		
General government		
City-owned building facilities	5	4
Public safety		
Police stations	1	1
Patrol units	13	8
Culture and recreation		
Park and open space acreage	632	620
Baseball/softball fields	7	5
Community development		
Value of new building construction (in thousands)	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	115 *
Maximum daily capacity (in thousands of gallons)	6,480	6,400 *
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 SW Macadam Ave, Suite 400
Portland, Oregon 97239-3973

P 503.274.2849
F 503.274.2853

www.tkw.com

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

December 16, 2011

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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Minimum Standards for Audits of Oregon Municipal Corporations*.

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).

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

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*, except for over expenditures of appropriations as noted below:

Public Safety Fund:		
Materials and services	\$	84,617
Building Inspections Fund:		
Personal services	\$	142,058

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 opinions 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.

* * * * *

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



<http://westlinnoregon.gov/finance>

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

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

This is the **second** 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