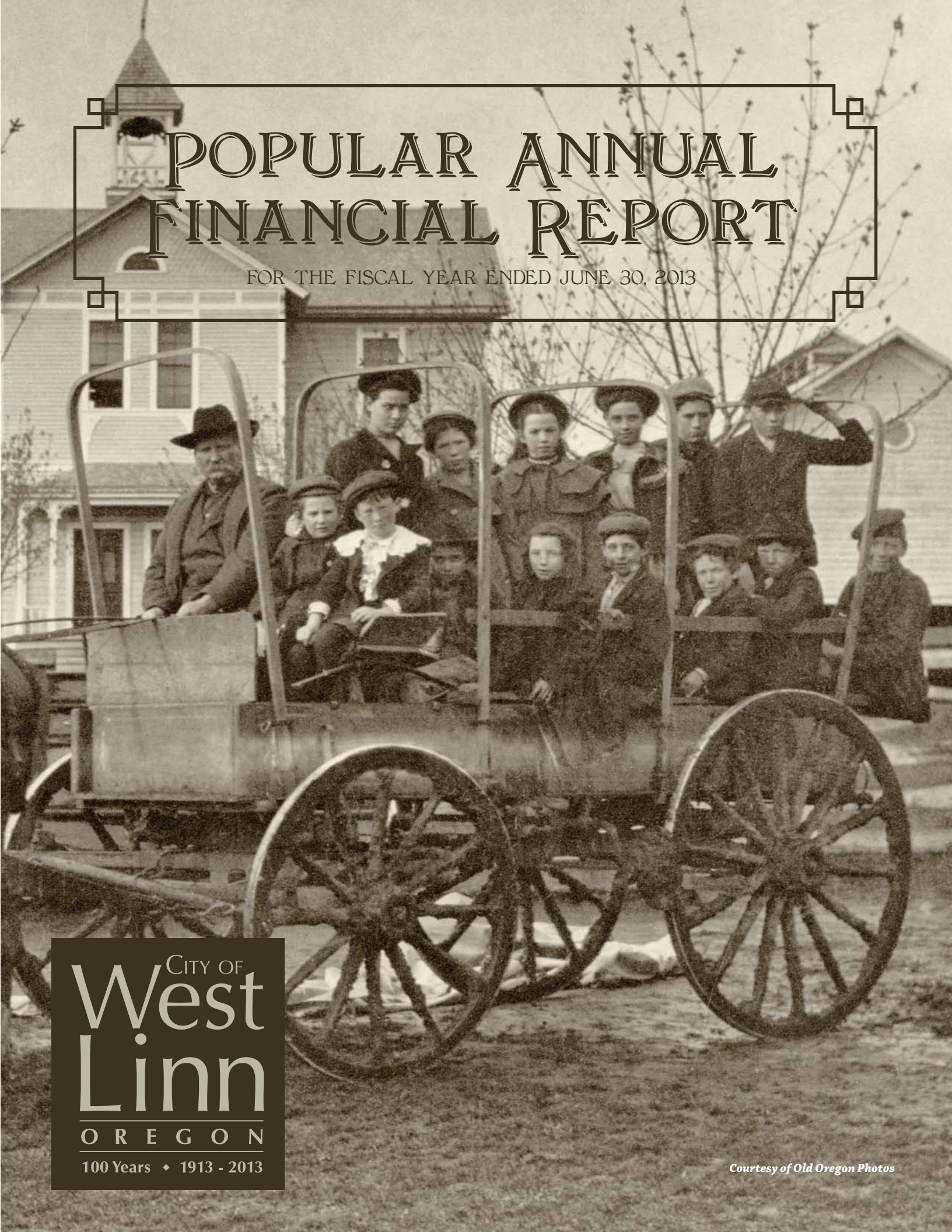


# POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2013



CITY OF  
**West  
Linn**

OREGON

100 Years ♦ 1913 - 2013

*Courtesy of Old Oregon Photos*



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## Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**City of West Linn  
Oregon**

For its Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO



*The information in this report is drawn from the City of West Linn Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. Please review the CAFR online, or email Chief Financial Officer Richard Seals at [rseals@westlinnoregon.gov](mailto:rseals@westlinnoregon.gov) to request a copy or with any questions about this report.*

# Overview of Audited Results

*The following summary highlights are taken directly from the Management's Discussion and Analysis section of the fiscal year 2013 Comprehensive Annual Financial Report (CAFR):*

## FINANCIAL HIGHLIGHTS

- Total Assets \$295 million
- Total Liabilities \$ 25 million
- Net Position \$270 million

During fiscal year ended June 30, 2013:

- Total Revenues \$32 million
- Total Expenses \$31 million
- Total Assets increased by \$800,000
- Total Liabilities decreased by \$700,000
- Net Position increased by \$1.5 million



## Definitions:

- Total Assets includes the City's cash and receivables (amounts unpaid yet) as well as all of the infrastructure (capital assets), land and buildings which the City owns at the end of the fiscal year.
- Total Liabilities includes the City's accounts payable (bills it owes) as well as the \$20 million of 20-year bond issues outstanding. These bonds outstanding include the \$8.5 million recent raised to build the new police station.
- Net Position is the amount that Total Assets exceeds Total Liabilities. Net Position can serve over time as a useful indicator of a government's financial position.
- Total Revenues includes where the City receives money. About half of the revenues come from utility fees and about a third comes from property taxes.
- Total Expenses includes where the City spends money. Mostly it spends its money on wages to pay for police, librarians, park workers, engineers, planners and utility workers as well as spending money improving City assets or paying off City liabilities.





# West Linn Leadership

West Linn operates under a Council-Manager form of government. The Mayor and City Councilors are responsible for establishing policy and providing direction to the City Manager. The Mayor and City Councilors are elected at-large and serve staggered four-year terms. The Mayor presides at official meetings and work sessions.

The City's administration is committed to professionalism and efficiency. The City operates its own police department, municipal court, water, sewer, and surface water utilities; and provides street operations, planning, inspections, engineering, general government, library, and parks and recreation services. The Tualatin Valley Fire and Rescue District provides fire and emergency services to the community. West Linn lies within Clackamas County, which is headed by five commissioners and based in Oregon City. West Linn is also part of Metro, the tri-county urban services district based in Portland.



Left to right: Jones, Carson, Kovash, Tan, Frank

## Elected Officials

- John Kovash, Mayor - term expires December 31, 2016
- Jody Carson, Council President - term expires December 31, 2014
- Thomas Frank, Councilor - term expires December 31, 2016
- Mike Jones, Councilor - term expires December 31, 2014
- Jenni Tan, Councilor - term expires December 31, 2016
- Rhett Bernstein, Municipal Court Judge - term expires December 31, 2014

## Appointed Officials

- Chris Jordan, City Manager
- Jordan Ramis PC, City Attorney (Contracted Law Firm)

# Letter from the City Manager

Dear Citizens of West Linn,

I am pleased to present the Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2013. This report is designed to provide transparency and accountability of City financial information, which is a key organizational goal.

The City of West Linn is proud to receive all three of the Government Finance Officer's Association (GFOA) awards for local government finance:

- *Distinguished Budget Presentation Award*
- *Certificate of Achievement for Excellence in Financial Reporting*
- *Award for Outstanding Achievement in Popular Annual Financial Reporting*

It is our belief that participation in GFOA award programs enhance our citizens' understanding of West Linn finances. When we attain these GFOA awards, it shows that we have shared information about how public funds are managed in a format that is consistent with the highest standards in governmental financial reporting.

The PAFR is designed to provide a summary view of the financial activities of the City. It is a high-level report for citizens who wish to learn more about West Linn finances. All information in this report can be found in greater detail in the Comprehensive Annual Financial Report (CAFR) for the City.

Throughout the year, the Finance Department works on budgets, audits, financial policies, financial forecasts, and financial management. The City of West Linn invites citizens to share their thoughts and opinions with us. Citizen involvement and transparency are cornerstones of the Finance Department's mission:

*"Being good stewards of the taxpayers' monies is the Finance Department's main focus, but that alone is not enough. We strive to develop healthy partnerships with the community; we strive to be transparent with the City finances; and we always look for cost efficiencies in all City operations."*

If you have any questions about this document, please email Chief Financial Officer Richard Seals at [rseals@westlinnoregon.gov](mailto:rseals@westlinnoregon.gov).

Chris Jordan  
City Manager



# About West Linn

The City of 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 estimated population for 2013 is 25,370.

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 the 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 the City. The largest manufacturing employer is West Linn Paper Company.

The City received the *Distinguished Budget Presentation Award* for its biennial 2013-2014 budget document from the Government Finance Officer's Association (GFOA). This award is the highest form of recognition in governmental budgeting. Its attainment represents a significant accomplishment by a city, financial staff, and management. The GFOA rates a budget's proficiency in four major categories: policy document, operations guide, financial plan, and communications device.

The City is a proud recipient of the *Certificate of Achievement for Excellence in Financial Reporting* award from the GFOA for its FY 2012 CAFR. This certificate is a prestigious national award that recognizes conformance with the highest standards for preparation of financial reports.

The City also received the *Award for Outstanding Achievement in Popular Annual Financial Reporting* from the GFOA for its FY 2012 Popular Annual Financial Report. This prestigious national award recognizes conformance with the highest standards for preparation of local government popular annual reports.

FY 2013 Fact	Figure
City Property Tax Rate:	\$2.12/\$1,000 TAV
City Bonded Debt Tax Rate:	\$0.44/\$1,000 TAV
Total Property Tax Rate:	\$18.71/\$1,000 TAV
City Share of Total:	13%
Total Operating Budget:	\$28.5 million
Population:	25,370
Employees:	133 FTE
Outstanding Debt:	\$20.4 million
Bond Rating:	AA / Aa2



Old Time Fair Parade

FY 2013 Fact	Figure
Number of Permits Issued:	847
Parks and Open Space:	632 acres
Major Community Events:	6 managed
City Maintained Roads:	107 miles
Sidewalks:	122 miles
Sewer Mains:	193 miles
Water Lines Maintained:	118 miles
Number of Traffic Stops:	9,872
Number of Library Borrowers:	21,709

# City Council Priorities

The West Linn City Council unanimously adopted the following priorities for 2013:

## **Transportation System Maintenance and Improvements**

The City Council will enhance pedestrian safety and bike/pedestrian opportunities.

- Adopt and initiate implementation of the Master Trails Plan
- PRAB and TAB solicit public input and make recommendation to Planning Commission (April 2013)
- PRAB and TAB develop prioritized list of pedestrian/bike projects for the Capital Improvement Plan
- Planning Commission will make a recommendation to Council (June 2013)
- Council reviews/adopts plan (July 2013)
- Specifically address concerns on Willamette Falls Drive (crosswalks and lighting) and Salamo Road (intersection improvements)

The City Council will initiate required modifications to the Transportation System Plan.

- Apply for Transportation Growth Management grant

## **Aquatic Center**

The City Council will accept a recommendation by the Aquatic Center Task Force.

- Support survey efforts of the Task Force, with survey results to be received by May 1, 2013
- Request a recommendation from the Task Force by June 1, 2013
- Council will make a decision regarding the recommendation by August 1, 2013

## **Blue Heron Property**

The City Council will create a Master Plan for the former Blue Heron Property.

- Hold a work session with the Council, Task Force, and WES (Spring 2013)
- Continue communication/education efforts with stakeholders

## **Water Infrastructure**

The City Council will have a long term strategy in place for addressing the City's maintenance and storage needs by the end of 2013.

- Continue to educate the public on water infrastructure needs

## **Economic Development**

The City Council will initiate the development of a Master Plan and Implementation Strategy for the Arch Bridge/Bolton area.

- Secure grant funding, if available
- Staff present the alternative means for supporting efforts for National and State Heritage Area designation

The City Council will modify codes and processes to remove regulatory and financial barriers and to incentivize positive community economic efforts.

- Conduct audit of City codes, fees and processes to address stated goal. (March 2013)
- The Economic Development Director, Assistant City Attorney, and Economic Development Committee will solicit input from affected parties (public and private developers, etc.) on possible revisions and present report with recommendations to the City Council. ( May 2013)
- The Planning Commission will make recommendations on proposed revisions to the Comprehensive Plan and CDC for the Council (July 2013)
- City Council hearings on proposed amendments (August 2013)

## **Centennial Celebration - Celebrating Community**

The City Council will support City and volunteer activities to create a successful Centennial event and coordinate a City birthday mid-August that incorporates the entire community.



# Balance Sheet

The *Statement of Net Position* reflects a healthy financial condition as of June 30, 2013.

The City's assets exceeded its liabilities by \$270 million at the close of fiscal year 2013. This balance sheet is presented as a high-level summary overview of the City's financial position. For greater detail, see the City's complete audit document, available online at <http://westlinnoregon.gov>.

## City of West Linn - Statement of Net Position

	As of June 30, 2013	As of June 30, 2012	As of June 30, 2011	As of June 30, 2010	As of June 30, 2009
<b>Assets</b>					
Current assets	\$ 26,739,955	\$ 26,503,817	\$ 15,460,356	\$ 15,998,868	\$ 17,562,941
Capital and other assets	268,837,774	268,231,254	267,643,600	266,447,457	268,080,343
<b>Total assets</b>	<b>295,577,729</b>	<b>294,735,071</b>	<b>283,103,956</b>	<b>282,446,325</b>	<b>285,643,284</b>
<b>Liabilities</b>					
Current liabilities	2,678,749	2,912,600	2,648,729	2,878,151	5,334,286
Long-term liabilities	22,533,398	22,930,449	15,420,746	16,253,401	17,024,339
<b>Total liabilities</b>	<b>25,212,147</b>	<b>25,843,049</b>	<b>18,069,475</b>	<b>19,131,552</b>	<b>22,358,625</b>
<b>Net Position</b>	<b>\$ 270,365,582</b>	<b>\$ 268,892,022</b>	<b>\$ 265,034,481</b>	<b>\$ 263,314,773</b>	<b>\$ 263,284,659</b>



City Council breaking ground at the new Police Station



# Income Statement

The *Statement of Activities* reports all financial activity for the fiscal year ended June 30, 2013.

This statement presents high-level summary information about how the City's net assets changed during the fiscal year as a result of all financial activity (i.e. revenues and expenses). For greater detail, see the City's complete audit document, available online at <http://westlinnoregon.gov>.

## City of West Linn - Statement of Activities

	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2009</u>
Revenues	\$ 32,315,160	\$ 33,492,394	\$ 30,148,587	\$ 28,047,898	\$ 28,824,229
Expenses	(30,841,600)	(29,634,853)	(28,428,879)	(28,017,784)	(27,821,461)
Increase in net assets	1,473,560	3,857,541	1,719,708	30,114	1,002,768
Net position, beginning of year	268,892,022	265,034,481	263,314,773	263,284,659	262,281,891
Net position, end of year	<u>\$ 270,365,582</u>	<u>\$ 268,892,022</u>	<u>\$ 265,034,481</u>	<u>\$ 263,314,773</u>	<u>\$ 263,284,659</u>



*Jugglemania in the Library Summer 2013*



# Budget

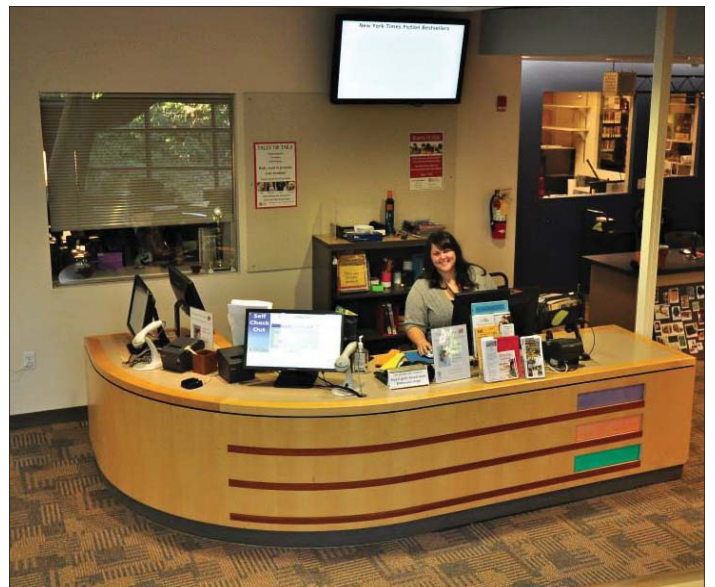
The Citizens' Budget Committee unanimously approved the biennial budget which was then adopted by the City Council on June 17, 2013. To best illustrate trends, below are the fiscal year budget amounts for the most recently adopted budget along with previous fiscal years to compare with.

## City of West Linn - Budget Information

	FY 2013	FY 2012	FY 2011	FY 2010
<b>City Budget:</b>				
Personal Services	\$ 14,247,000	\$ 13,601,000	\$ 13,188,000	\$ 12,447,000
Materials & Services	6,524,000	6,508,000	6,290,000	6,203,000
Debt Service	1,664,000	1,649,000	1,729,000	1,847,000
Transfers	6,087,000	5,772,000	5,780,000	5,995,000
Annual Operating Budget	28,522,000	27,530,000	26,987,000	26,492,000
Capital Outlay	2,690,000	15,372,000	7,547,000	8,930,000
Reserves	9,689,000	10,106,000	4,378,000	9,631,000
<b>Total City Budget</b>	<b>\$ 40,901,000</b>	<b>\$ 53,008,000</b>	<b>\$ 38,912,000</b>	<b>\$ 45,053,000</b>



West Linn City Hall



The remodeled check out desk at the West Linn Public Library.

# Financial Policies

## **Accounting Policy**

The City shall establish and maintain its accounting systems according to generally accepted accounting practices and shall adhere to generally accepted accounting principles and standards promulgated by the Government Finance Officers Association (GFOA), Government Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB). An annual audit shall be performed by an independent public accounting firm, which will issue an opinion on the annual financial statements, along with a management letter identifying any areas needing improvement.

## **Financial Management Policies**

The City Manager shall recommend fiscal policy and changes in policy to the City Council. The City Manager shall prepare a report explaining the substantive impact of all recommendations and their impact on the City's operations, service levels and/or finances. The City Manager shall implement fiscal policies and monitor compliance. If the City Manager discovers a material deviation from policy, it shall be reported in writing to the Council within thirty days.

## **Operating Budget Policy**

The City shall prepare, present, adopt and amend its operating budget in accordance with Oregon Budget Law. The City shall maintain a budget system to monitor expenditures and revenues on a monthly basis, with a thorough analysis and adjustment (if required) at least at mid-year. The City shall not adopt an operating budget that is greater than the amount of resources available to fund it. Current operating resources will be sufficient to support operating expenditures, transfers, reserves, unappropriated balances and contingencies.

## **Reserve Policy**

The City shall establish a contingency reserve to provide for unanticipated expenditures of a nonrecurring nature to meet unexpected increases in service delivery costs. The contingency reserve policy must be at least equal to 10 percent of the Fund's annual operational expenditures (which includes Personal Services and Materials & Services line items and excludes Debt Service, Transfers, and Capital Outlay line items) with 15 percent for Public Safety, Library, and Parks & Recreation Funds. The unappropriated ending fund balance reserve policy must be at least equal to five percent of the Fund's Personal Services and Materials and Services line items, excluding Debt Service, Transfers, and Capital Outlay line item. Neither reserve policies apply to debt service, trust and agency, capital projects, serial levy, temporary or certain special purpose funds.

## **Revenue Policy**

The City will maximize the use of service users' charges in lieu of ad valorem taxes and subsidies from other City funds, for services that can be identified and where costs are directly related to the level of service provided. Charges for providing utility services shall be sufficient to finance all operating, capital outlay and debt service expenses of the City's enterprise funds, including operating contingency and reserve requirements.

## **Capital Improvement Policy**

The City shall adopt a 5-year Capital Improvement Plan (CIP) and update it periodically. Prior to adopting a CIP, the City shall hold public meetings and a public hearing on the contents of the CIP document. The document shall provide details on each capital project plan: its estimated costs, sources of financing, and a full description.

## **Debt Management Policy**

Capital projects financed through the issuance of bonds shall not be financed for a period which (a) exceeds the expected useful life of the project and (b) is less than 30% of the expected useful life of the improvements. The City shall maintain its bond rating at the highest level fiscally prudent, so that future borrowing costs are minimized and access to the credit market is preserved.



# Revenue Overview

The City maintains 12 distinct funds in which to account for governmental services. The financial statements of the City are divided into two categories – governmental activities and business-type activities. Governmental activities include the basic services provided by the city, including public safety, parks and recreation, library, public works, and general administration. Property taxes, charges for services, and state and federal grants fund most of these activities.

Business-type activities include water, sanitary sewer, and surface water services. The City charges fees to customers to help cover the costs of these services. Along with the adoption of the budget, rate increases for water, sewer, and surface water management fees were approved by the City Council following the support and recommendation of the Citizens' Budget Committee and the Utility Advisory Board.

## Major Revenue Types

**Property Taxes** - The City of West Linn's permanent tax rate is \$2.12 per \$1,000 of taxable assessed value.

**Intergovernmental** - The grants or shared revenues received from other governments (state, county, etc.).

**Fees & Charges** - Fees received for services, including water, sewer, surface water, streets, and parks fees.

**Licenses, Permits, & Fines** - Revenue generated from selling licenses and permits and collecting on fines.

**Franchise Fees** - The revenues received as per agreements with the cable, electric, telephone, and garbage utilities for use of City right-of-ways.

**Other** - Revenues that do not fall into the above categories.

Clackamas County assesses property taxes on behalf of the county, schools, special districts, and the City of West Linn on a consolidated property tax bill. Of this tax bill, 13 percent of the total is allocated to the City of West Linn. Of every dollar paid, \$0.13 goes to the City:

\$0.10  
Tualatin  
Valley Fire  
& Rescue



\$0.13  
City of  
West Linn



\$0.18  
Clackamas  
County



\$0.55  
Education

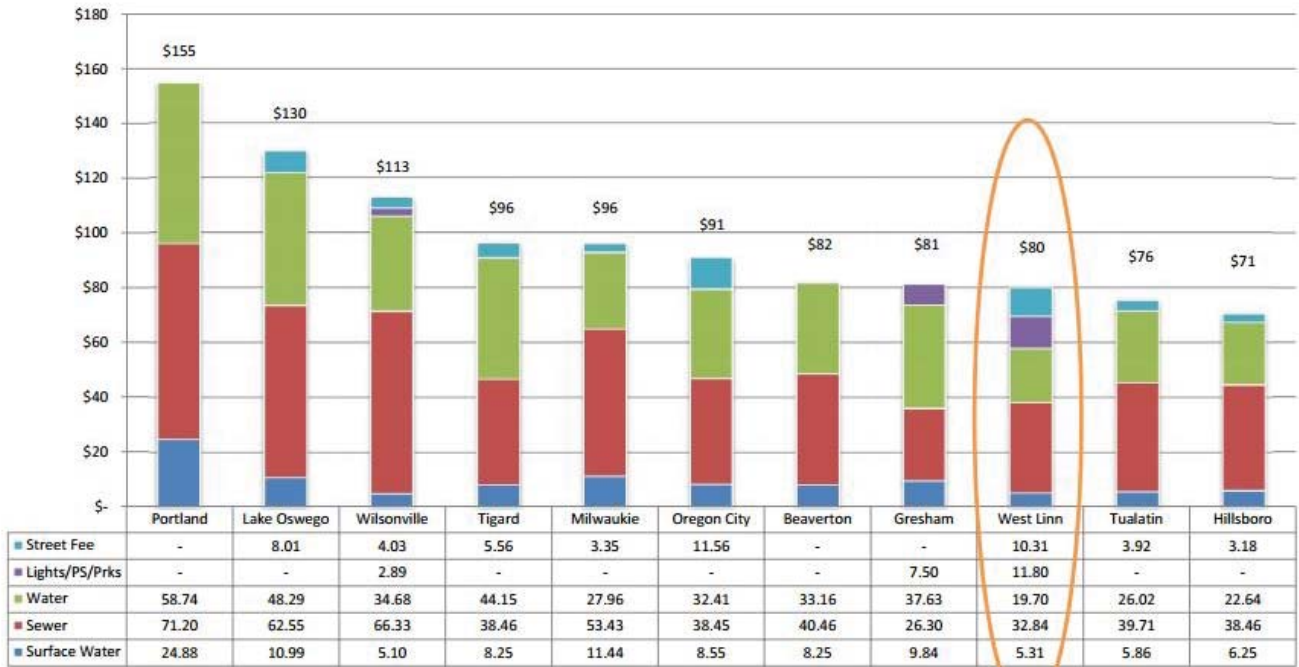


\$0.04  
Other

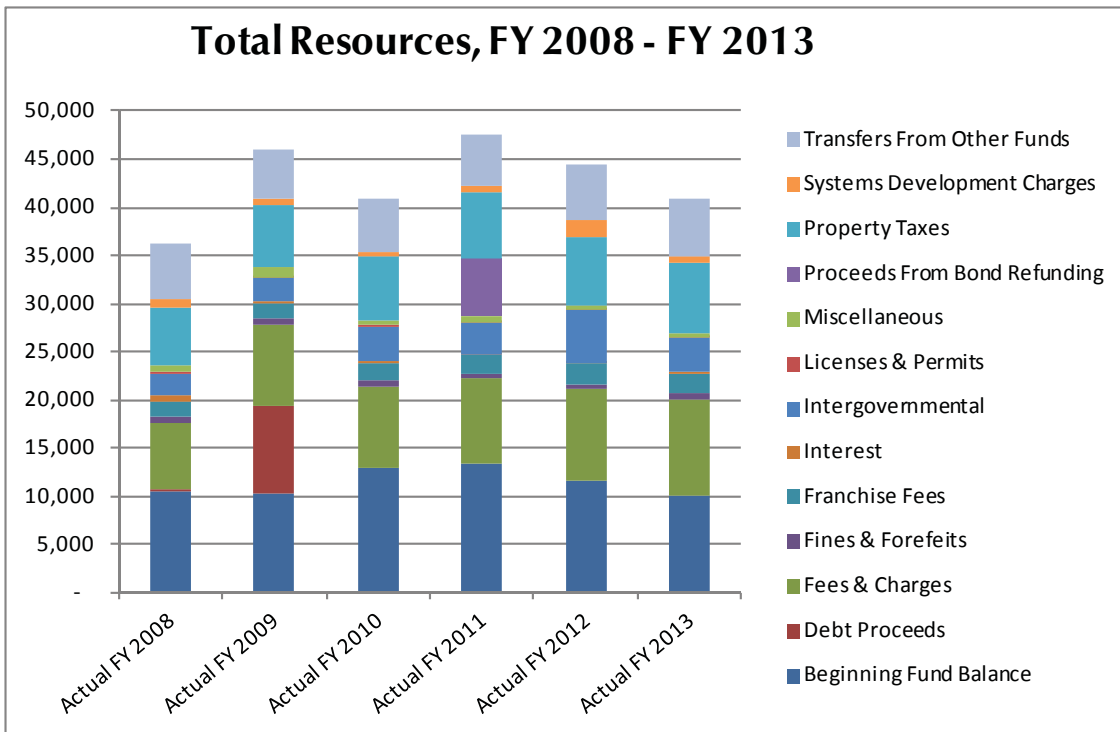


# More Information About Revenues

**Comparison of Neighboring Cities' Average Monthly Utility Bills**  
(effective September 2013 at an average 8 ccfs)



**Total Resources, FY 2008 - FY 2013**





# Expenditure Overview

The City of West Linn plans for expenditures using several short and long-range planning tools. Five-year financial forecasts, prior to the development of the budget, guide short-term spending. The five year forecasting model anticipates projected increases and decreases in revenues and expenditures.

The City of West Linn also relies on master planning documents including the Transportation System Plan, Water Master Plan, Parks Master Plan, and Sewer & Surface Water Master Plans. These master plan documents provide long-range (20-year) planning for necessary capital improvements and investments in the City's infrastructure. The City's expenses related to services provided are tracked by distinct funds, and can also be displayed by type of service provided. There are five main service categories in which expenses can be attributed:

## Major Expenditure Areas

**General Government** - Expenses include those incurred by the City Council, City Manager, City Attorney, Finance, Human Resources, Information Technology, and Planning departments.

**Culture** - Expenses include those incurred by the Library and Parks & Recreation departments.

**Public Safety** - Includes expenses from the Police Department and Building Inspections.

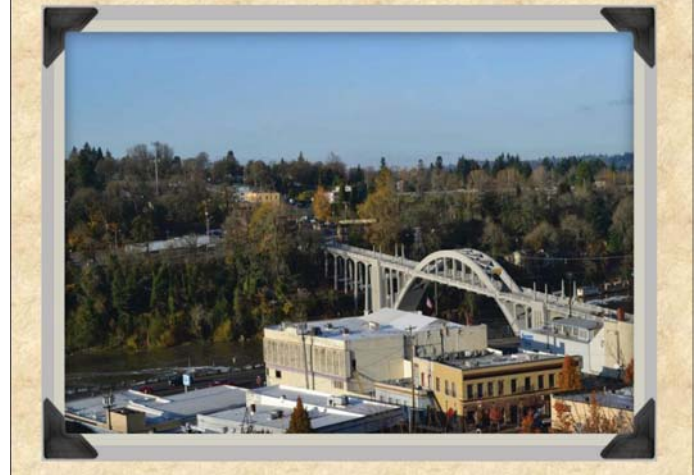
**Public Works** - Expenses related to the provision of water, sewer, surface water, engineering and vehicle maintenance services.

**Debt Service** - Expenses related to debt retirement.

**SDCs** - Includes expenses funded by Systems Development Charges for streets, bike/pedestrian, water, sewer, surface water, and parks.



*View from Oregon City, c. 1895*

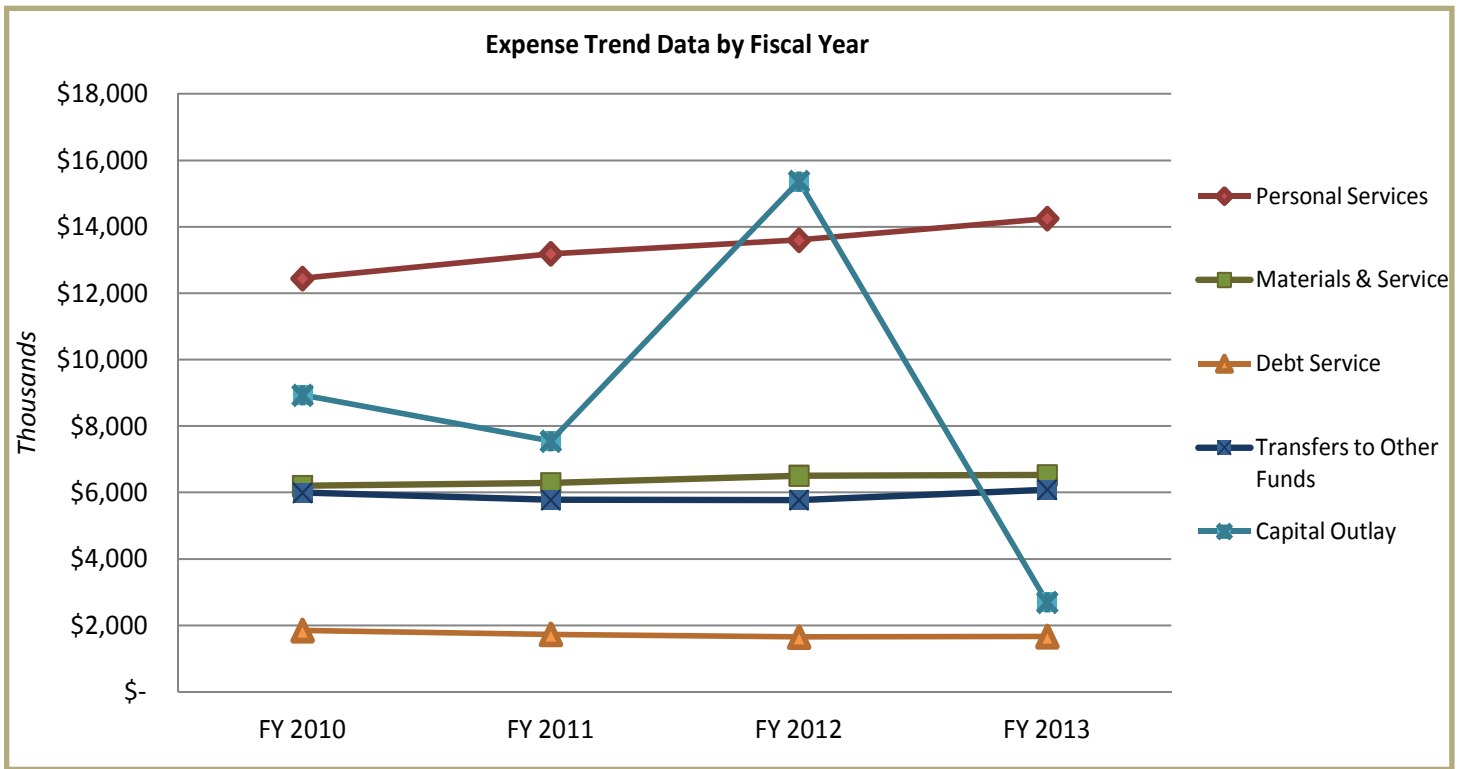


*Then and Now photo of West Linn from the Oregon City bluffs.*



*Trillium Creek Second Graders on a field trip to City Hall*

# Financial Planning

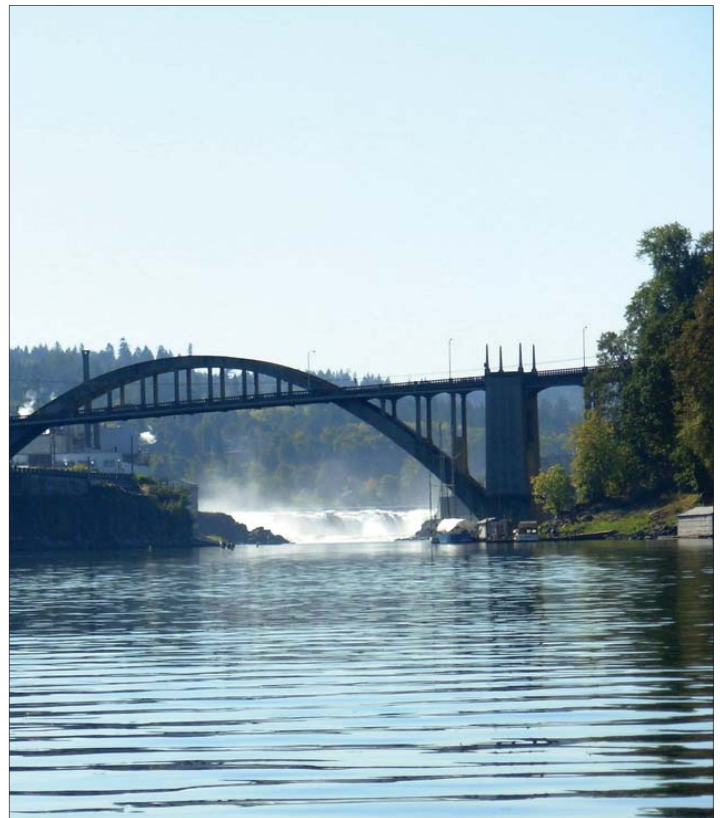


## Financial Forecasting

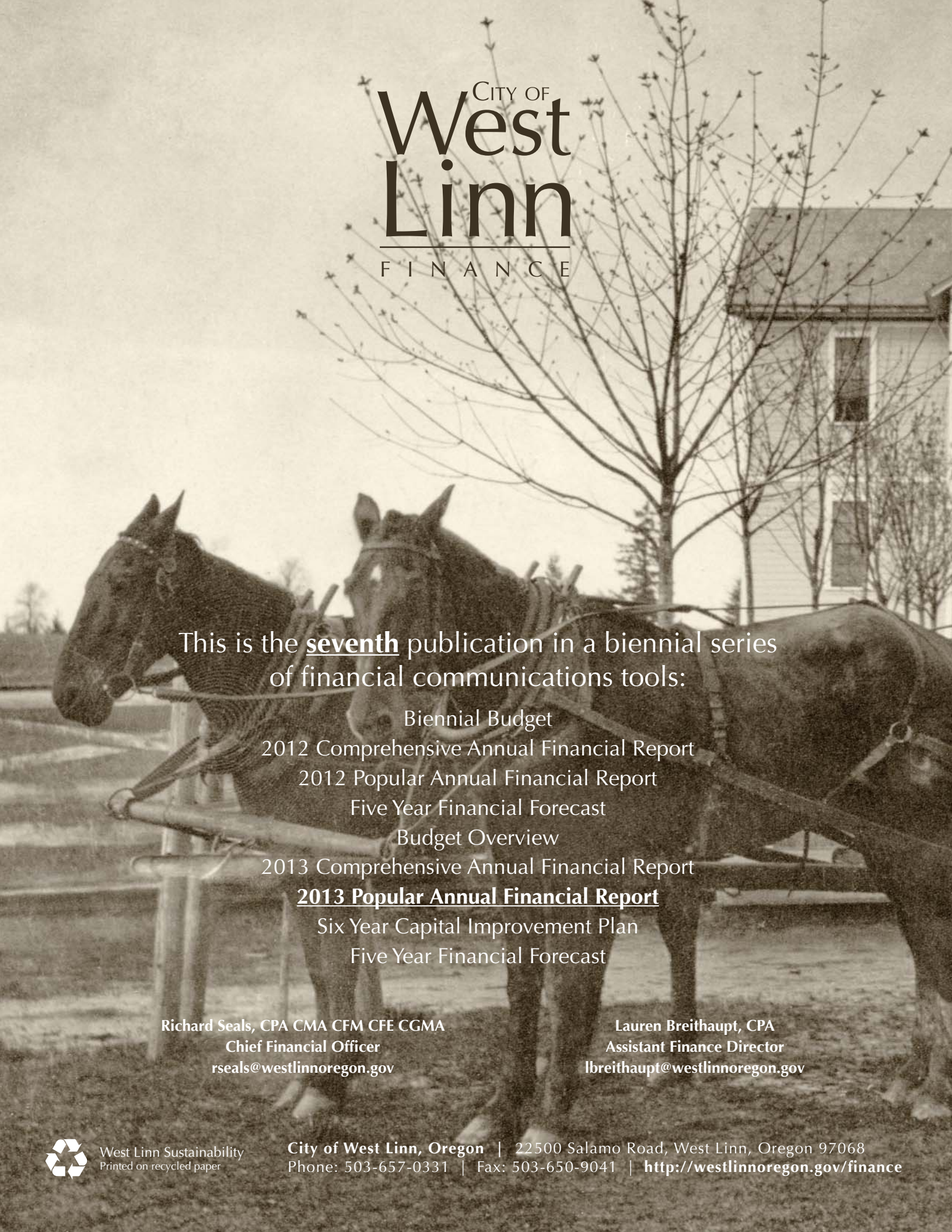
The controlling document for long-term financial planning is the City's Five Year Financial Forecast document, which includes reserves by fund that fall within the policy guidelines set by the Council and reviewed by the Citizens' Budget Committee during the budget process.

The financial forecasting document is updated annually with actual results, updated budget data, and revised assumptions. Assumptions are incorporated into the forecast based on the best available information, and are clearly stated throughout the document.

The financial forecast document is used as a guide in crafting the budget document for upcoming fiscal years. The financial forecasts for each fund, including the assumptions, are reproduced in the Appendix of the budget document and available online.



*Historic Arch Bridge between West Linn and Oregon City.*



CITY OF  
**West  
Linn**  
FINANCE

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

Biennial Budget

2012 Comprehensive Annual Financial Report

2012 Popular Annual Financial Report

Five Year Financial Forecast

Budget Overview

2013 Comprehensive Annual Financial Report

**2013 Popular Annual Financial Report**

Six Year Capital Improvement Plan

Five Year Financial Forecast

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West Linn Sustainability  
Printed on recycled paper

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