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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED  
JUNE 30, 2010**

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**CITY OF WOOD VILLAGE, OREGON**

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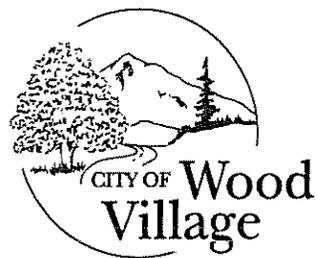
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# CITY OF WOOD VILLAGE OREGON

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2010



Prepared by the  
FINANCE DEPARTMENT

Peggy Jo Minter, Finance Director

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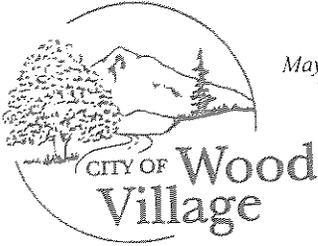
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## INTRODUCTORY SECTION



*Mayor*

David M. Fuller

*Council President*

Patricia Smith

*Councilors*

Mark Clark

Stanley Dirks

Timothy Clark

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December 20, 2010

To the Honorable Mayor, City Council, City Administrator, and citizens of Wood Village:

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Wood Village, Oregon for the fiscal year ended June 30, 2010. This report is published to provide the City Council, city staff, citizens, and other readers with detailed information concerning the financial position and activities of the City. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The State of Oregon requires an annual audit of the fiscal affairs of the City by independent public accountants. The City's financial statements have been audited by Merina & Company, LLC, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements included in this report are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Wood Village's financial statements for the fiscal year ended June 30, 2010 are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

The CAFR is presented in four sections: Introductory, Financial, Statistical, and Report Required by Statutes. The Introductory Section includes this letter of transmittal, the Certificate of Achievement for Excellence in Financial Reporting, the City's organizational chart and a list of principal officials. The Financial Section includes the independent auditors' report on the financial statements, the basic financial statements and accompanying notes, the combining and individual fund statements and schedules, and the Management's Discussion and Analysis (MD&A).

The MD&A immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. It complements this letter of transmittal and should be read in conjunction with it and the notes to the financial statements.

The Statistical Section includes selected financial and demographic information generally presented on a multi-year basis. Finally, the Report Required by Statutes contains the auditors' report on the City's internal control structure, and the City's compliance with applicable laws and regulations required by the State of Oregon.

## **City Profile**

The City of Wood Village has a population of 3,120 and encompasses one square mile of land located on the eastern edge of the Portland metropolitan area in Multnomah County. The City has all powers granted to municipal corporations by State statutes, including the power to issue debt, levy taxes on real property within its boundaries, and extend its corporate limits by annexation.

The City provides a full range of services as authorized in its charter and ordinances. These services include police and fire protection, street infrastructure construction and maintenance, parks, water, sanitary sewer, and storm water services, land use planning and zoning, and economic development.

The City is governed by a City Council comprised of a Mayor and four Councilors. The City Council exercises policy-making and legislative authority and is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the city administrator. The City Administrator is responsible for carrying out the day-to-day operations of the City and appointing the heads of various departments. All Council members are elected at large to serve a four year term, and the terms are staggered so that three Councilors are elected at one general election and two at the next general election. The Mayor is a member of the Council elected by its members for a two year term.

## **Factors Affecting the City's Financial Condition**

### **Local Economy**

The City of Wood Village as of June 30, 2010 was operating in the continued adverse economic environment that the regional, state and national levels were also enduring with decreases in development, employment levels, and interest rates that limited the City's financial condition. Wood Village, like other communities around the country, is carefully protecting our financial reserves for possible continued hard times ahead.

In the 2009-2010 fiscal year commercial development construction continued weaker than previous trends of the last several years with no major development occurring.

The unemployment rate in the Portland metropolitan area increased in response to the national economic downturn and stands at about 10.1%. We are hopeful for a rapid turn of events and are looking for ways to help our citizens in these times.

Interest rates on the City's investment in the State run Local Government Investment Pool dropped substantially as the economic downturn progressed. Interest rates have hovered about 0.055% at the LGIP and lower at banks in the area. The City has always been careful to maintain General Fund reserves, even when economic times are good. At the same time, the City had already secured three low interest loans from the Oregon Economic and Community Development Department for our required water and sewer infrastructure projects, prior to the tightening of the loan market, putting us in the very fortunate position of having good cash reserves as well as access to abundant capital funding.

## **Long-term Financial Planning**

Wood Village remains committed to providing essential services and infrastructure to its residential and commercial population. The City of Wood Village is managed by fiscally conservative City officials who have always been careful with spending and keeping our debt ratio extremely low. While revenues generally come in higher than anticipated, expenditures are kept to reasonable levels and always lower than revenues so we always have reserves for future requirements.

Over the next few years, it will be critical for the City Council and staff to address current and future operational needs. It will be challenging and require careful planning. The City is close to build out (there is little remaining land for new development), so the rate of revenue increases experienced over the past few and expected over the next couple of years (as new development is added to the property tax rolls) will decline. Additionally, revenue sources from governmental agencies such as the State and County could be at risk. As all government agencies become more financially strapped, they tend to push “unfunded mandates” along to lower governmental units, so we anticipate being on the receiving end of these issues. (see the Management’s Discussion and Analysis, Economic Factors section for additional details).

During fiscal year 2009-10, the City completed most of our water and sewer infrastructure projects that will meet the usage requirements of existing customers as well as anticipated new customers. The final capital project, renovation of Reservoir 1, is progressing well as of the end of the fiscal year. At this time the City plans to complete the reservoir by the end of March 31, 2011. The long-planned Sandy Blvd Sewer Transmission line was finally completed in December 2009.

A major concern for the City is an inflow and infiltration (I & I) problem with the older segments of our sewer system. Because the City has older sewer lines and related systems (both City and resident owned) additional amounts of storm and ground water flow into sewer lines during winter months. This causes concern over potential sewer system overflows and substantially increases the City’s cost of wastewater treatment. The City has begun addressing the problem, and is making headway on the issue, with the anticipation that it will take many years of continued effort to abate the problem.

## **Financial Information**

### **Internal Controls**

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh the benefits, the City’s framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

## **City's Financial Policies**

There were no unusual or outstanding financial policies were in place that significantly impacted the financial statements.

## **Budget Process**

The annual budget is the basis for the City's financial planning and control. The budget process begins with the appointment of the budget officer and Budget Committee. The Budget Committee consists of the City Council and an equal number of citizen representatives. Budget recommendations are developed through late winter. The Committee approves the budget in early spring after public hearings are held and citizen input is considered. The Council adopts the budget prior to June 30. Once the budget is established, expenditures can only exceed the legal level of budgetary control, the department level, after approval from the City Council (within restrictions established in State statutes).

## **Cash Management**

The City maintains a general checking account to fund daily operations. Cash in excess of daily operating needs is pooled and invested in the Oregon Short-Term Fund and, when yields are favorable, certain securities in accordance with the requirements of Oregon Revised Statutes.

## **Risk Management**

The City has instituted a formal safety committee to address issues of employee safety, health and injury. The committee implements policies and procedures that include employee and employer accountability for safety and employee accident prevention training. The City participates in an insurance trust pool of Oregon city and county governments for property, automobile, liability and worker's compensation insurance coverage.

## **Retirement Program**

The City participates in the State of Oregon Public Employees Retirement System (PERS), which has cost-sharing multiple-employer defined benefit pension plans. PERS acts as a common investment and administrative agent for governmental units in the State of Oregon.

Further details on the City's budget process, cash and cash equivalents, risk management, and retirement program can be found in the notes to the financial statements.

## **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wood Village for its Comprehensive Annual Financial Report last year. This was the sixth year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. I believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated services of staff within the Finance Department, as well as other City staff. I sincerely appreciate their efforts. I also extend appreciation to the Mayor, City Council, City Administrator, and Public Works Director whose continuing support is vital to the financial health of the City of Wood Village, Oregon.

Respectfully Submitted,



Peggy Jo Minter  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Wood Village  
Oregon

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

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.



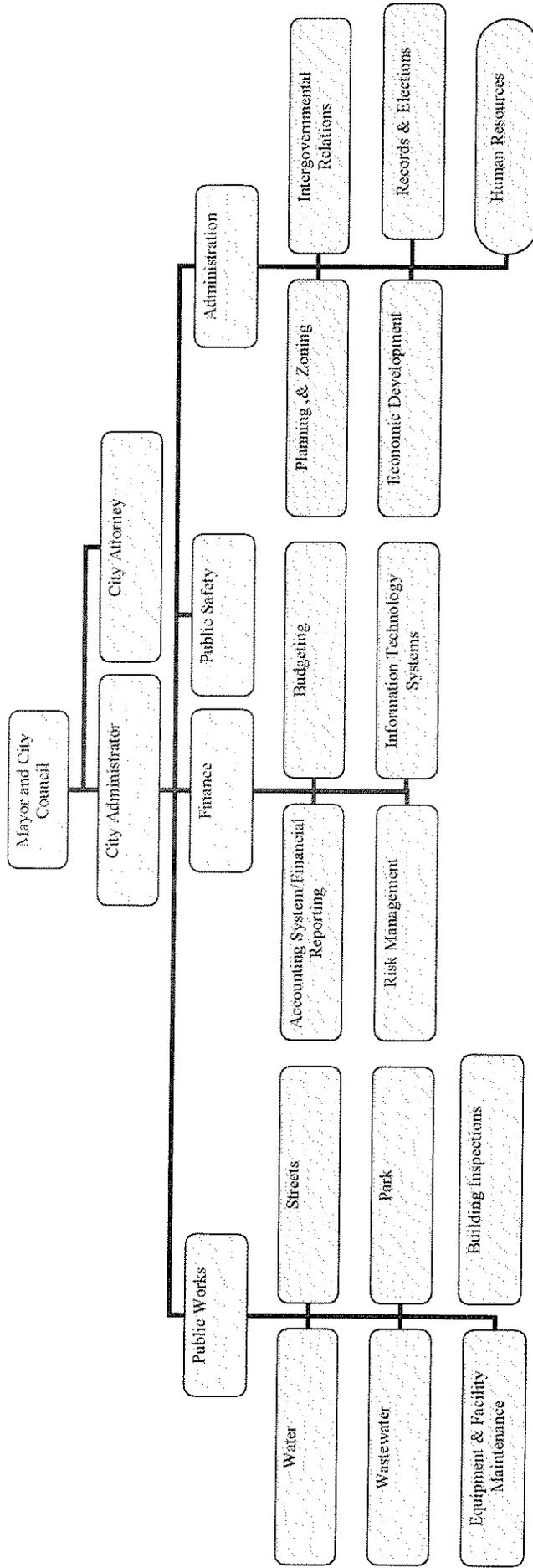
A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

# CITY OF WOOD VILLAGE ORGANIZATIONAL CHART



**CITY OF WOOD VILLAGE, OREGON  
MAYOR AND CITY COUNCIL AND PRINCIPAL OFFICIALS**

Mayor and City Council as of June 30, 2010:

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Dave M. Fuller	Mayor	December 31, 2012
Patricia Smith	Council President	December 31, 2012
Mark S. Clark	Councilor	December 31, 2014
Stanley Dirks	Councilor	December 31, 2014
Timothy Clark	Councilor	December 31, 2012

Principal Officials:

<u>Name</u>	<u>Position</u>
Sheila Ritz	City Administrator
Peggy Jo Minter	Finance Director
Randall Jones	Public Works Director
Preston Polasek	Assistant to the City Administrator

## FINANCIAL SECTION

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and Council  
City of Wood Village  
Wood Village, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of City of Wood Village, Oregon, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Wood Village, Oregon'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 entity'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, and each major fund of the City of Wood Village, Oregon, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund and Street Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements

in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wood Village, Oregon's basic financial statements as a whole. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Merina & Company, LLP  
West Linn, Oregon  
December 15, 2010

**CITY OF WOOD VILLAGE, OREGON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2010**

As the financial management of the City of Wood Village, Oregon we offer this narrative overview and analysis of the City's financial activities during the fiscal year. It is intended to be an easily readable analysis that focuses on the year's financial activities, significant changes in the City's financial position, deviations from the approved budget, and individual fund issues or concerns.

The Management's Discussion and Analysis should be read in conjunction with the additional information provided in the Letter of Transmittal and the Basic Financial Statements included in the Comprehensive Annual Financial Report.

**Financial Highlights**

The assets of the City exceeded its liabilities at the close of the fiscal year by \$11.021 million (net assets). Of this amount, \$5.445 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.

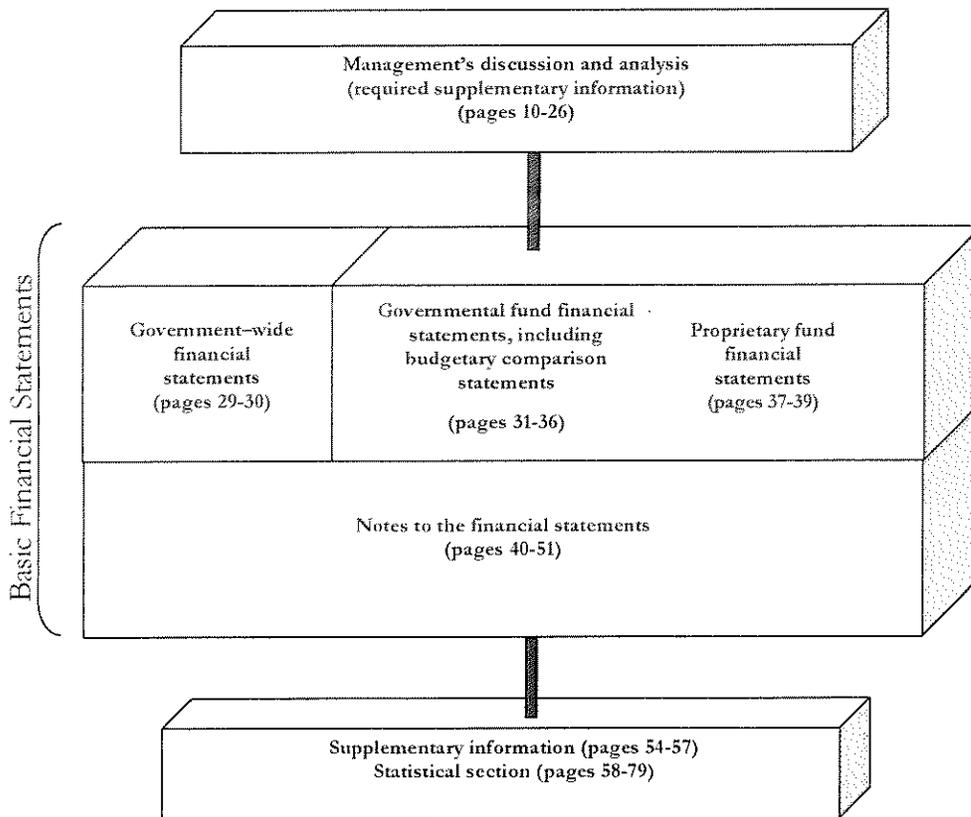
The City's total net assets decreased by \$68 thousand during the year. The decrease is primarily attributable to decreased revenues from all sources due to the shrinking economy. Development activity ceased almost completely and interest earnings rates plunged to below 1%, both of which affected our operations significantly. The continued conservative spending policy that has been in place for many years is absolutely essential to continue. Unrestricted net assets decreased by \$226 thousand. The remaining net assets is invested in capital assets or restricted as to use.

The City's capital assets, net of associated debt, increased by \$142 thousand.. This change is due to the recent completion of major water and sewer system projects and the associated revolving loan agreements that the City has entered into to provide funding for the projects. Depreciation on existing capital assets was significant with \$136 thousand on governmental activity assets and \$279 thousand on business-type activity assets.

Short-term debt increased to \$180 thousand, as the first two of the three OECDD loans have begun the first of 25 annual payments due.

## Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial section also contains supplementary information in addition to the basic financial statements. The graphic below is provided to help in understanding how the financial section is presented and to direct the reader to the pages where specific components can be found.



## Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include General Government (administration, finance, support services, land use planning and zoning, and economic development), Public Safety, Parks, Public Works, and Streets. The business-type activities include Water operations, and Sewer operations.

## Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City are divided into two categories: governmental funds and proprietary funds.

*Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term funding decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains three governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Street Fund, and Improvement Bond Fund, all of which are considered major funds.

A budgetary comparison statement is also presented as part of the basic financial statements for the General Fund and Street Fund. Budgetary information for the Improvement Bond Fund can be found in the supplementary information section.

Both of the City's *proprietary funds* are classified as enterprise funds. Enterprise funds are used to report activity for which fees are charged to external customers.

The proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund and Sewer Fund.

## **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## **Supplementary Information**

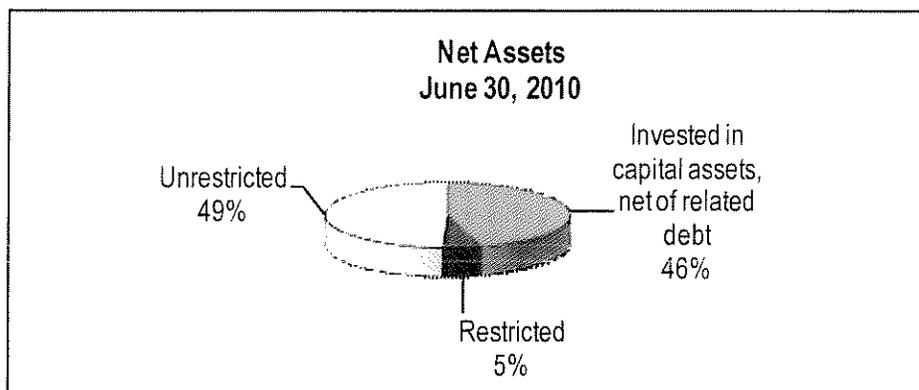
A budgetary comparison schedule is provided for the Improvement Bond Fund, and combining statements and budgetary schedules are presented for Water operations and Sewer operations, as supplementary information following the notes to the financial statements in the Financial Section.

## Government-Wide Financial Analysis

As mentioned above, net assets may serve over time as a useful indicator of a government's financial position. The table on the following page shows a summary of net assets at year end for the current and prior fiscal years:

### City of Wood Village, Oregon Summary of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>ASSETS</b>						
Current and other assets	\$ 3,185,168	\$ 3,512,954	\$ 3,582,524	\$ 3,612,295	\$ 6,767,692	\$ 7,125,249
Capital assets	2,160,654	1,893,259	5,526,653	4,776,932	7,687,307	6,670,191
Total assets	5,345,822	5,406,213	9,109,177	8,389,227	14,454,999	13,795,440
<b>LIABILITIES</b>						
Current and other liabilities	224,709	306,429	657,285	587,456	881,994	893,885
Long-term liabilities	4,610	5,784	2,547,547	1,807,007	2,552,157	1,812,791
Total liabilities	229,319	312,213	3,204,832	2,394,463	3,434,151	2,706,676
<b>NET ASSETS</b>						
Invested in capital assets,	2,160,654	1,893,259	2,853,238	2,978,639	5,013,892	4,871,898
Restricted	362,533	346,398	199,342	199,342	561,875	545,740
Unrestricted	2,593,316	2,854,343	2,851,765	2,816,783	5,445,081	5,671,126
Total net assets	\$ 5,116,503	\$ 5,094,000	\$ 5,904,345	\$ 5,994,764	\$ 11,020,848	\$ 11,088,764



Approximately 46% of the City's net assets reflect an investment in capital assets (land, buildings, improvements, vehicles and equipment, and infrastructure, net of related debt). The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Another 5% of the government's net assets are subject to external restrictions on how they may be used. The remaining 49% of net assets, referred to as unrestricted, may be used to meet the ongoing obligations of the government to citizens and creditors.

The table below provides summaries of the changes in net assets:

**City of Wood Village, Oregon  
Summary of Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 92,228	\$ 212,946	\$1,499,643	\$ 1,517,533	\$ 1,591,871	\$ 1,730,479
Operating grants and contrib	139,675	130,857	-	-	139,675	130,857
Capital grants and contributi	139,000	-	22,309	15,667	161,309	15,667
General Revenues:						
Property taxes	732,634	752,496	-	-	732,634	752,496
Other taxes	497,561	459,845	-	-	497,561	459,845
Unrestricted grants and con	103,164	108,283	-	-	103,164	108,283
Unrestricted interest and inv	29,554	80,840	(72,805)	141,510	(43,251)	222,350
Total revenues	1,733,816	1,745,267	1,449,147	1,674,710	3,182,963	3,419,977
<b>EXPENSES</b>						
General government	475,020	482,797	-	-	475,020	482,797
Public safety	751,031	724,562	-	-	751,031	724,562
Parks	98,610	164,642	-	-	98,610	164,642
Public works	125,033	150,825	-	-	125,033	150,825
Building Inspections	61,178	126,359	-	-	61,178	126,359
Streets	280,441	243,220	-	-	280,441	243,220
Interest on long-term debt	-	975	-	-	-	975
Water	-	-	561,176	510,878	561,176	510,878
Sewer	-	-	898,390	876,551	898,390	876,551
Total expenses	1,791,313	1,893,380	1,459,566	1,387,429	3,250,879	3,280,809
Excess (deficiency) before	(57,497)	(148,113)	(10,419)	287,281	(67,916)	139,168
Transfers	80,000	76,250	(80,000)	(76,250)	-	-
Change in net assets	22,503	(71,863)	(90,419)	211,031	(67,916)	139,168
Net assets, beginning	5,094,000	5,165,863	5,994,764	5,783,734	11,088,765	10,949,597
Net Assets, ending	\$5,116,503	\$5,094,000	\$5,904,345	\$ 5,994,764	\$11,020,848	\$ 11,088,765

## Governmental Activities

During the fiscal year, the City's total net assets increased by \$23 thousand. After funding operating costs for the current year, the City used unrestricted resources reserved for future operations of governmental activities. The money that was saved for a "rainy day" was put to use. Charges for services for general government activities was lower than in previous years due to reduced building inspection work. Additional charges for services for general government activities include planning/zoning fees, park usage and City Hall rental charges, lien search charges, and miscellaneous equipment use fees, all of which were lower than in previous years. Commercial development in the city was at an all-time low.

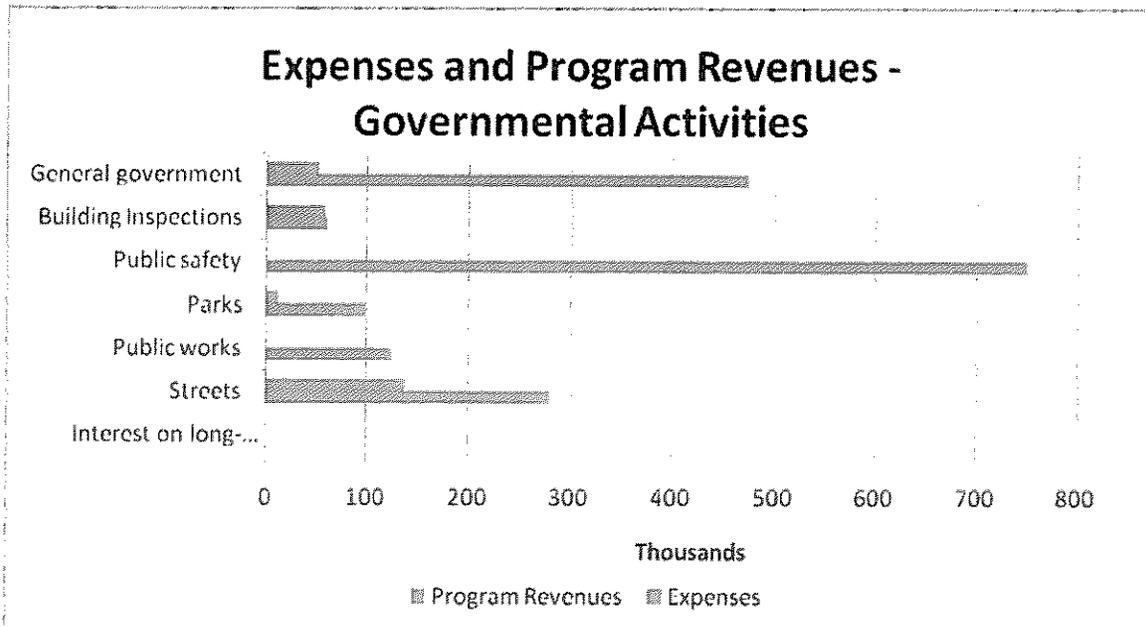
General revenues were lower than in the preceding year in all areas except franchise fees. While the commercial development activity over the past three years has resulted in substantial increases in the City's property tax base, the slowing national economy has substantially affected Wood Village as well. Wood Village's largest industrial employer, Merix, closed in January 2009. Due to that shutdown, Wood Village's property tax assessed base decreased for the first time ever, resulting in \$20 thousand less property tax receipts this year compared to last.

Franchise tax revenues from electric, gas and other utility companies increased by \$60 thousand, however motel tax revenues decreased for a second year in a row by another \$15 thousand. Business income tax revenues (a tax that applies to business *net* income) decreased another 6% this year, after falling by 33% the previous year. This is attributable to the slowing of the national economy. While tax administrators (for the region) at the City of Portland have strongly pursued collection efforts on taxable businesses, sales were down resulting in reduced taxes.

Another general revenue source, investment earnings, plummeted again this year by another 71% following a 52% during the previous year. Investment earnings for 2008 were about \$145 thousand and dropped to \$70 thousand in 2009, but plummeted to only \$20 thousand in 2010, a total two year 88% drop. We continue to expect lowered investment income in this next fiscal year, and question how long it will take for interest earnings to return to the levels of just two years ago.

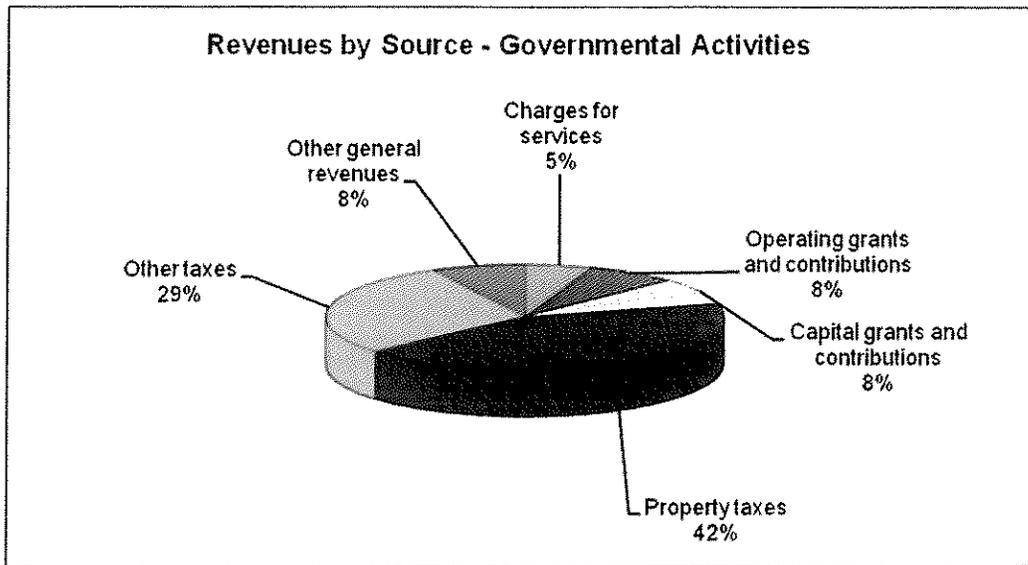
The City has carefully preserved governmental activities' reserves by holding down costs during recent years so we are in a better position than other local governments that have a larger debt ratio than Wood Village. However, interest revenues have been a substantial source of income and its reduction by \$75 thousand in 2009 and \$50 thousand in 2010 has significantly affected Wood Village's ability to preserve our savings.

With concern over the rising costs of public safety, operating materials like asphalt and fuel, and healthcare and retirement benefits, City officials were again careful with spending during the current year. While revenue came in lower than expected, a major effort by management to keep costs down to minimum operating standards was attempted.



The previous graph shows the expenses of each governmental function compared to the program revenues generated specifically from its operations. As mentioned earlier the general government activity, which includes planning, financial, legal, and property management generated additional program revenues during the current year, but operations are primarily funded from general revenues. The public safety function (Police, and Fire and Emergency Services) generates no program revenue because the City provides these services using contractual agreements. For the first time ever Property Tax revenues were insufficient by about \$18 thousand to cover Public Safety expenses. Most revenues for street activities come from State shared gas taxes. Gas taxes were insufficient to cover base operating costs, so general revenues were used to make up the difference.

The graph on the next page is a visual representation of the various sources of revenues used to support governmental activities during the current year:



### **Business-type Activities**

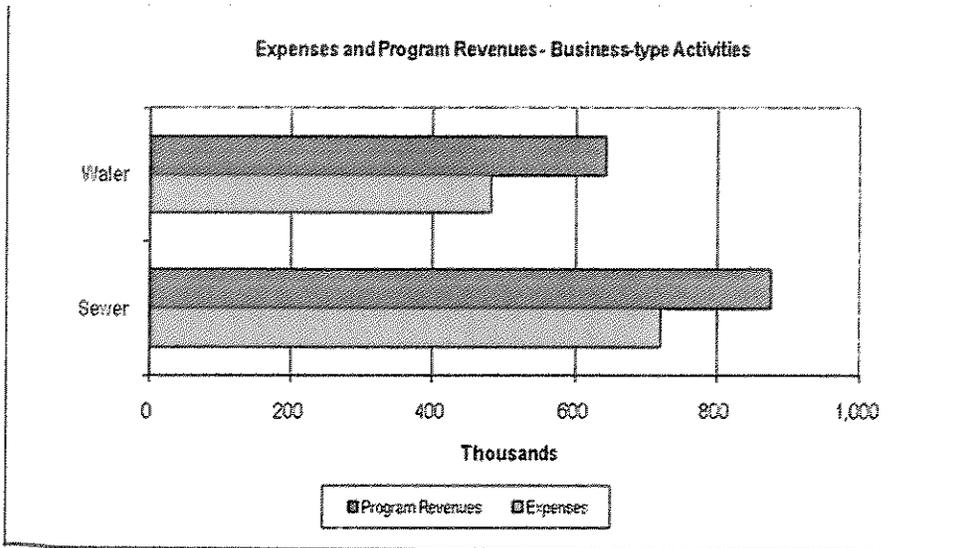
Business-type activities' net assets decreased \$90 thousand during the fiscal year. Water sales and sewer charges were significantly affected (reduced) due to the loss of Wood Village's largest employer corporation, Merix. Merix used a substantial amount of water in their production facility, and the loss of that business activity reduced our revenues in both water and sewer significantly. The cost of production ability continues regardless of the usage, so revenues decreased, but expenses increased in both funds. The final loan proceeds from the OECDD sewer fund capital projects were drawn during FY2010 for sewer construction that was completed this year. Both of these loan payments begin December 1, 2010 and continue for 25 years. One more OECDD loan is still open for draws for the water fund. Draws may or may not be needed to complete construction in this future year.

The City Council increased utility user rates by 2% on water and 3.46% on sewer (the Portland CPI) this year, to prevent the Water and Sewer Funds from running in the red. The increase was absolutely essential and additional increases will be needed yearly to run these programs in the black. The City management staff continued to keep salary and materials expenses down while trying to minimize the impact to system operations and maintenance. One bright area is that the City's capital projects for the water and sewer systems are nearly completed and additional construction isn't anticipated for the near future.

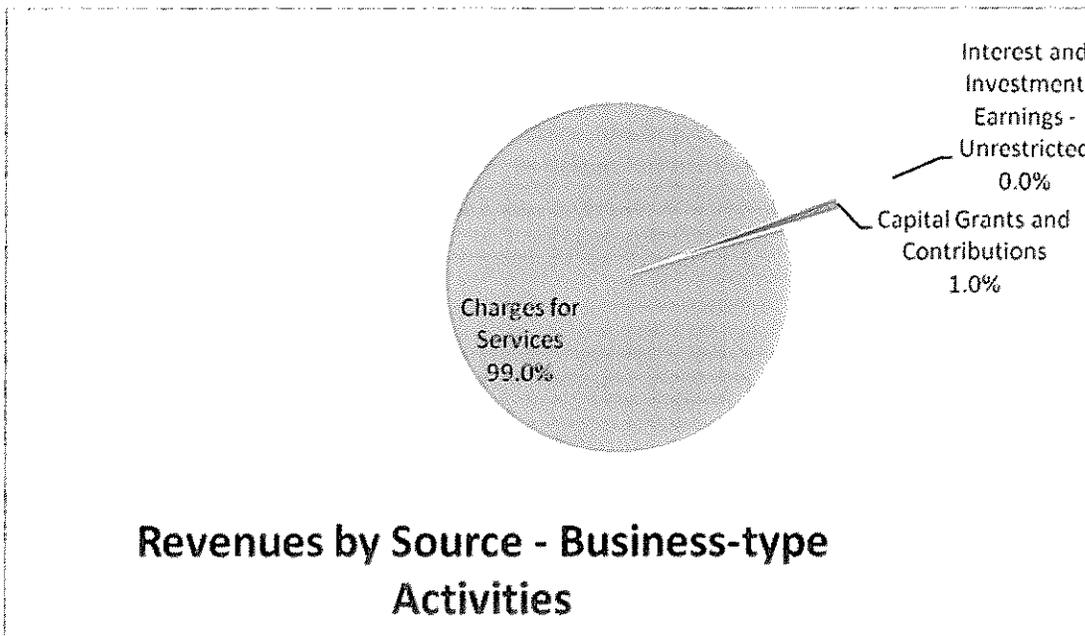
Water activities showed an overall increase in net assets of \$30 thousand. Water activity unrestricted net assets increased by \$68 thousand and resulted in a total net assets of \$2.722 million.

The sewer function showed a decrease in net assets of about \$121 thousand, for a total net assets of \$3.182 million. Restricted net assets (SDC charges) made up \$199 thousand of this amount. Capital asset additions included work that was completed on the main sewer lines, and with the depreciation expense, net assets invested in capital assets were decreased from last year by about \$87 thousand.

The following graph shows the expenses and program revenues generated by each business-type function during the year. Direct program expenses and transfers for City overhead costs were \$1.2 million.



The graph on the next page is a visual representation of the sources of revenues used to support business-type activities. As mentioned above, charges for services include one-time system development charges that are restricted for capital asset expansion projects and one time system connection charges for new customers, though in Fiscal Year 2009-10, no System Development Charges were received.



**Budget Highlights in the Water and Sewer Funds include:**

- Capital outlay in the water budget was budgeted for \$442,000, but the plan to replace the water reservoir was replaced with a renovation plan which saved the city about \$370,000.
- Principle and interest payments in the water and sewer funds were budgeted in the event that the loans should close early, requiring those payments, but work was extended so that the loans were still open at the end of 6/30/09 and only accrued interest to date was paid during this year.
- In the sewer fund, plans changed on the repair as well as capital projects and budgeted services for Engineers and other Contracted Services saved the city about \$44,000, while capital projects came in under budget by about \$135,000.

**Financial Analysis of the Government’s Funds**

The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The financial statements of governmental funds show more detail than related governmental activities and focus on near-term inflows, outflows, and ending balances of spendable resources. The statements of proprietary funds show detail for each utility included in business-type activities, with the same focus used in government-wide reporting.

Combined fund balances for governmental funds decreased by \$218 thousand during the fiscal year, due largely to the slowing national economy. All revenue sources were lower than expected during the entire fiscal year.

After the Street Fund budget was adopted, the ARRA (American Recovery and Reinvestment Act) provided an additional \$100 thousand to the street budget to build sidewalks along Halsey Street by the park. Total Street Fund operations resulted in a \$94 thousand deficit this year. Transfers from the General Fund of \$100 thousand were used to offset the deficit. The transfers were consistent with prior years in which General Fund resources have been used to make up for gas tax revenues that are insufficient to cover street operations and maintenance. The impact of this practice was not extraordinarily larger this year because the City did not undertake significant street or stormwater (accounted for in the Street Fund) improvements. These street repairs are being deferred and will ultimately need to be addressed. As long as gas tax revenues are this Fund's main revenue source, the street repairs will probably remain underfunded. Next fiscal year the City Council will consider implementing a Street User Fee to fund deferred maintenance issues.

Since the Improvement Bond Fund debts have all been paid off early, there are no longer any expenses associated with this fund. Loan holders of the benefitted properties will continue to pay their assessments payments balances which will simply increase the fund balance amount year by year until all loans are paid off. This fiscal year's increase in the fund balance was about \$37 thousand.

Since governmental fund reporting uses a current financial resources measurement focus, depreciation expense is not reflected in the funds. However, any costs related to park improvements and small improvements to extend the life of the street system (crack sealing projects) were reported as expenditures and reduced rather than increased fund balances in the funds.

Fund balances in the Street and Improvement Bond Funds are restricted for specific uses. These restrictions do not adversely affect the availability of fund resources for future use.

Combined net assets for proprietary funds decreased by \$90 thousand during the fiscal year. Since proprietary funds are reported similarly to business-type activities, the change is attributable to the same reasons described for the government-wide statements, specifically a reduced revenue stream.

Restrictions on the use of net assets of proprietary funds are related to a State requirement to use system development charge revenues for infrastructure capacity increasing projects only. Since the resources are intended for use on the restricted purposes, the restrictions do not adversely affect the availability of the funds.

## **General Fund Budgetary Highlights**

Financial reporting standards require governments to discuss differences, if any between the original budget and the final amended budget in the General Fund. Oregon budget law requires budgetary authority to spend in each fund. Additionally, the law has restrictions on how budgets can be adjusted and requires that adjustments to any fund over certain legally restricted amounts come from a municipality's General Fund (through transfers if necessary).

There was a General Fund contingency transfer at mid-year to move \$10 thousand into the general government budget for new furniture for the mayor's office as well as a grand opening ceremony. At the same time \$50 thousand was moved to administration to provide for secure bases to be built for the city welcome signs that had deteriorated. Late in the spring a budget transfer of funds from Building Services to Public Works was made to keep appropriations official.

Other significant differences between budget and actual expenses include:

- Again this year there was a delay in the Park Wetlands Project due to weather that prevented outdoors work, so that of the original budget of \$219,838, only \$49,341 was expended.
- In the Building Services budget \$80,000 was budgeted for building inspections, but due to the decreased activity in building permits, only \$36,000 was expended.
- Land acquisition was budgeted in the amount of \$500,000 in the event useable property became available, but it wasn't needed this year.
- Only half of the repairs budgeted in the Street fund were needed for the work to be done, saving about \$12,000.

In general, the major significant differences between final budgeted amounts and actual results in all funds were the revenue streams, including building permits which plunged along with the economy. We expect this scenario to continue in the coming Fiscal Year, but are hopeful that the economy has hit bottom and is on its way up. Business License applications dropped by about 30% this fiscal year from last, indicating that small businesses were hit especially hard in this recession.

Operating contingency can only be used through budget transfers to other expenditure lines, so actual expenditures are never shown there. As mentioned above, the General Fund contingency budget was needed this year to cover some unexpected expenses in general government and administration.

## **Capital Asset and Debt Administration**

### **Capital Assets**

As of year-end, the City had over \$7 million invested in a broad range of capital assets, including land, buildings, park facilities, streets, and water and sewer lines. This amount represents a net increase (including additions, deletions, and depreciation) of \$102 thousand from last year.

Business-type activities' net capital assets decreased by approximately \$38 thousand for the water fund, and the sewer fund net capital assets increased by about \$788 thousand. About \$30 thousand was spent repairing, replacing, cleaning and upgrading the sewer lines throughout the City. The \$1.09 million spent on business-type activity capital improvements was offset by \$279 thousand in depreciation on existing capital assets.

The MD&A provides a summary of capital asset information. More detailed information is included in the notes to the financial statements in the Assets, Liabilities and Net Assets section on page 42 under the heading Capital Assets, and in the Detailed Notes on All Activities and Funds section on page 46 under the heading Capital Assets.

### **Long-term Debt**

All debt that has been incurred by the City has been used for capital expenditures. As of year-end, the City has no outstanding dollars in governmental activities' bonds and other debt outstanding. The final draws were taken on two of the OECDD loans previous draws were taken resulting in current amounts of \$250 thousand and \$2.5 million for the water and sewer funds, respectively, to fund construction and expansion of these systems. The two sewer loans will become payable on December 1, 2010 with one payment each year for a total of 25 years.

The MD&A provides a summary of long-term debt information. More detailed information is included in the notes to the financial statements in the Summary of Significant Accounting Policies section under the heading Long-term Debt, and in the Detailed Notes on All Activities and Funds section under the heading Long-term Liabilities.

## **Economic Factors and Next Year's Budgets and Rates**

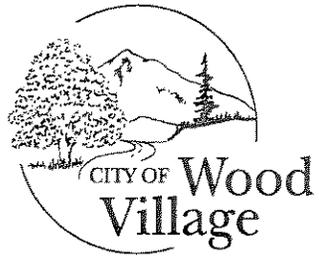
The major economic upheaval that has affected the entire nation, resulting in foreclosures and tightening credit markets hit Wood Village as well. Wood Village had no direct investments caught in the Wall Street fall, but the reduction in investment interest has had a major impact on our operating revenues. Wood Village has adequate credit still available to be drawn from the OECDD loan funds to cover our anticipated water and sewer projects. At this point in time, income from each of our revenue sources is coming in at about 95% of the budgeted amounts in the new fiscal year. Still, several factors that may significantly impact the financial position and results of operations of the City are discussed below.

The last water and sewer utility rate increases occurred on November 1, 2009. The water increases were sufficient, but the sewer increases were barely enough to cover costs and this coming year either expenses will need to be cut or revenues will need to be raised.

The City has two loan contracts with the Oregon Economic and Community Development Department that will have annual payments due for the next 25 years. User rates will need to be adequate to cover operational expenses as well as the debt service on these loans. Additional information on this subject can be found under the heading Subsequent Events in the notes to the financial statements.

## **Requests for Information**

This financial report is designed to provide a general overview of the City's finances and to show the City's accountability for the money it receives. Questions about the report or requests for additional financial information should be addressed to the Finance Director at the City of Wood Village, 2055 NE 238<sup>th</sup> Drive, Wood Village, Oregon 97060-1095.



## Basic Financial Statements

**CITY OF WOOD VILLAGE, OREGON**  
**STATEMENT OF NET ASSETS**  
**June 30, 2010**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,779,898	\$ 3,304,844	\$ 6,084,742
Receivables	267,834	276,352	544,186
Property taxes receivable, net	42,696	-	42,696
Prepays	271	-	271
Assessments receivable, net	94,469	912	95,381
Interest receivable	-	416	416
Capital assets:			
Non-depreciable	361,279	689,924	1,051,203
Depreciable, net	1,799,375	4,836,729	6,636,104
<b>Total assets</b>	<b>5,345,822</b>	<b>9,109,177</b>	<b>14,454,999</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	200,307	226,328	426,635
Unearned revenue	6,069	215,017	221,086
Other accrued liabilities	-	54,224	54,224
Long-term liabilities:			
Due within one year	18,333	161,716	180,049
Due in more than one year	4,610	2,547,547	2,552,157
<b>Total liabilities</b>	<b>229,319</b>	<b>3,204,832</b>	<b>3,434,151</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,160,654	2,853,238	5,013,892
Restricted for:			
Transportation systems	102,986	-	102,986
Water and sewer system development	-	199,342	199,342
Debt service	259,547	-	259,547
Unrestricted	2,593,316	2,851,765	5,445,081
<b>Total net assets</b>	<b>\$ 5,116,503</b>	<b>\$ 5,904,345</b>	<b>\$ 11,020,848</b>

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

CITY OF WOOD VILLAGE, OREGON  
 STATEMENT OF ACTIVITIES  
 For the Fiscal Year Ended June 30, 2010

Functions	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Asset		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Governmental activities:</b>								
General government	\$ 475,020	\$ 92,228	\$ -	\$ -	\$ (382,792)	\$ -	\$ (382,792)	
Public safety	751,031	-	-	-	(751,031)	-	(751,031)	
Parks	98,610	-	10,140	-	(88,470)	-	(88,470)	
Public works	125,033	-	-	-	(125,033)	-	(125,033)	
Building Inspections	61,178	-	-	-	(61,178)	-	(61,178)	
Streets	280,441	-	129,535	139,000	(11,906)	-	(11,906)	
Total governmental activities	1,791,313	92,228	139,675	139,000	(1,420,410)	-	(1,420,410)	
<b>Business-type activities:</b>								
Water Operations	561,176	637,989	-	-	-	76,813	76,813	
Sewer Operations	898,390	861,654	-	22,309	-	(14,427)	(14,427)	
Total business-type activities	1,459,566	1,499,643	-	22,309	-	62,386	62,386	
Total government	\$ 3,250,879	\$ 1,591,871	\$ 139,675	\$ 161,309	(1,420,410)	62,386	(1,358,024)	
<b>General revenues:</b>								
<b>Taxes:</b>								
Property taxes					732,634	-	732,634	
Franchise taxes					295,094	-	295,094	
Business income taxes					117,534	-	117,534	
Motel taxes					84,933	-	84,933	
Unrestricted grants and contributions					103,164	-	103,164	
Unrestricted interest and investment earnings					29,554	(72,805)	(43,251)	
Transfers					80,000	(80,000)	-	
Total general revenues and transfers					1,442,913	(152,805)	1,290,108	
Change in net assets					22,503	(90,419)	(67,916)	
Net assets, beginning					5,094,000	5,994,764	11,088,764	
Net assets, ending					\$ 5,116,503	\$ 5,904,345	\$ 11,020,848	

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

**CITY OF WOOD VILLAGE, OREGON**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2010**

	General	Street	Improvement Bond	Total Governmental
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,654,976	\$ (40,155)	\$ 165,077	\$ 2,779,898
Receivables	117,906	149,928	-	267,834
Property taxes receivable, net	42,696	-	-	42,696
Prepays	271	-	-	271
Assessments receivable, net	-	-	94,469	94,469
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 2,815,849</u>	<u>\$ 109,773</u>	<u>\$ 259,546</u>	<u>\$ 3,185,168</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and other current liabilities	\$ 193,520	\$ 6,787	\$ -	\$ 200,307
Deferred revenue	44,083	-	94,468	138,551
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>237,603</u>	<u>6,787</u>	<u>94,468</u>	<u>338,858</u>
Fund Balances:				
Unreserved	<u>2,578,246</u>	<u>102,986</u>	<u>165,078</u>	<u>2,846,310</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>2,578,246</u>	<u>102,986</u>	<u>165,078</u>	<u>2,846,310</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 2,815,849</u>	<u>\$ 109,773</u>	<u>\$ 259,546</u>	<u>\$ 3,185,168</u>

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

**CITY OF WOOD VILLAGE, OREGON**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO GOVERNMENTAL ACTIVITIES ON THE STATEMENT**  
**OF NET ASSETS**  
**June 30, 2010**

Total fund balances of governmental funds \$ 2,846,310

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:

Governmental capital assets	\$ 3,612,125	
Less: Accumulated depreciation	<u>(1,451,471)</u>	2,160,654

Assets not available to pay for current-period expenditures are deferred in the governmental funds, but are susceptible to full accrual on the statement of net assets.		132,482
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Liabilities not due and payable in the current period are not reported in the governmental funds, but are reported on the statement of net assets. Additionally, accrued interest on bonds payable is recognized in the governmental funds as an expenditure when due:

Accrued compensated absences	<u>(22,943)</u>	<u>(22,943)</u>
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Total net assets of governmental activities		<u><u>\$ 5,116,503</u></u>
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The notes to the financial statements are an integral part of this statement.

**CITY OF WOOD VILLAGE, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2010**

	General	Street	Improvement Bond	Total Governmental
<b>REVENUES</b>				
Property taxes	\$ 733,930	\$ -	\$ -	\$ 733,930
Motel taxes	84,933	-	-	84,933
Franchise taxes	295,094	-	-	295,094
Licenses and permits	57,549	-	-	57,549
Intergovernmental	220,698	268,535	-	489,233
Charges for services	25,479	-	-	25,479
Donations	10,140	-	-	10,140
Special assessments	-	-	35,617	35,617
Interest	18,986	240	893	20,119
Miscellaneous	9,200	-	-	9,200
	<u>1,456,009</u>	<u>268,775</u>	<u>36,510</u>	<u>1,761,294</u>
<b>EXPENDITURES</b>				
Current:				
General government	445,651	-	-	445,651
Public safety	751,031	-	-	751,031
Parks	71,744	-	-	71,744
Public works	117,082	-	-	117,082
Building Inspections	61,178	-	-	61,178
Streets	-	207,468	-	207,468
Capital outlay	249,247	155,500	-	404,747
Debt service	-	-	-	-
	<u>1,695,933</u>	<u>362,968</u>	<u>-</u>	<u>2,058,901</u>
Revenues over (under) expenditures	(239,924)	(94,193)	36,510	(297,607)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	80,000	100,000	-	180,000
Transfers out	(100,000)	-	-	(100,000)
	<u>(20,000)</u>	<u>100,000</u>	<u>-</u>	<u>80,000</u>
Net changes in fund balances	(259,924)	5,807	36,510	(217,607)
<b>FUND BALANCES, BEGINNING</b>	<u>2,838,170</u>	<u>97,179</u>	<u>128,568</u>	<u>3,063,917</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 2,578,246</u>	<u>\$ 102,986</u>	<u>\$ 165,078</u>	<u>\$ 2,846,310</u>

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

**CITY OF WOOD VILLAGE, OREGON**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2010**

Net change in fund balances of governmental funds \$ (217,607)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of capital assets is allocated as depreciation expense over the estimated useful lives of the assets:

Expenditures for capital assets	\$ 403,181	
Less: Depreciation expense	<u>(135,786)</u>	267,395

Debt proceeds provide current financial resources to governmental funds, but incurring debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:

Debt principle payments		-
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Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported in governmental funds. Additionally, revenues reported in governmental funds because they did not provide current financial resources in prior years are not reported in the statement of activities:

Property taxes not reported in statement of activities in the prior year	(1,296)	
Assessment revenue not reported in the statement of activities	<u>(26,182)</u>	(27,478)

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:

Change in accrued interest	-	
Accrued compensated absences	<u>193</u>	<u>193</u>

Change in net assets of governmental activities \$ 22,503

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

CITY OF WOOD VILLAGE, OREGON  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2010

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes:				
Current year	\$ 732,815	\$ 732,815	\$ 708,712	\$ (24,103)
Prior years	22,184	22,184	23,247	1,063
Interest and other	1,000	1,000	1,971	971
Motel taxes	95,000	95,000	84,933	(10,067)
Franchise taxes	233,700	233,700	295,094	61,394
Licenses and permits	117,500	117,500	57,549	(59,951)
Intergovernmental:				
Shared	212,500	212,500	207,708	(4,792)
Grants	269,838	269,838	12,990	(256,848)
Charges for services	36,641	36,641	25,479	(11,162)
Donations	8,000	8,000	10,140	2,140
Interest	20,000	20,000	18,986	(1,014)
Miscellaneous	1,500	1,500	9,200	7,700
<b>Total revenues</b>	<b>1,750,678</b>	<b>1,750,678</b>	<b>1,456,009</b>	<b>(294,669)</b>
<b>EXPENDITURES</b>				
General government	29,676	39,676	38,471	1,205
Public safety and administration	1,300,482	1,350,482	1,189,248	161,234
Parks	359,020	359,020	121,085	237,935
Public works	263,900	293,900	265,919	27,981
Building Department	165,459	135,459	61,178	74,281
Non-departmental:				
Materials and services	22,200	22,200	19,419	2,781
Capital outlay	500,000	500,000	-	500,000
Contingency	290,000	230,000	-	230,000
<b>Total expenditures</b>	<b>2,930,737</b>	<b>2,930,737</b>	<b>1,695,320</b>	<b>1,235,417</b>
Revenues over (under) expenditures	(1,180,059)	(1,180,059)	(239,311)	940,748
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	80,000	80,000	80,000	-
Transfers out	(100,000)	(100,000)	(100,000)	-
<b>Total other financing sources and uses</b>	<b>(20,000)</b>	<b>(20,000)</b>	<b>(20,000)</b>	<b>-</b>
Net change in fund balances	(1,200,059)	(1,200,059)	(259,311)	940,748
<b>FUND BALANCES, BEGINNING BUDGETARY BASIS</b>	<b>2,267,692</b>	<b>2,267,692</b>	<b>2,821,704</b>	<b>554,012</b>
<b>FUND BALANCES, ENDING BUDGETARY BASIS</b>	<b>\$ 1,067,633</b>	<b>\$ 1,067,633</b>	<b>2,562,393</b>	<b>\$ 1,494,760</b>
Compensated absences accrued for budget			15,853	
<b>TOTAL FUND BALANCES, ENDING GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BASIS</b>			<b>\$ 2,578,246</b>	

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

**CITY OF WOOD VILLAGE, OREGON**  
**STREET FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2010**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
State gas tax	\$ 123,220	\$ 123,220	\$ 129,535	\$ 6,315
Grants	45,000	145,000	139,000	(6,000)
Interest	-	-	240	240
Total revenues	<u>168,220</u>	<u>268,220</u>	<u>268,775</u>	<u>555</u>
<b>EXPENDITURES</b>				
Personal services	144,313	144,313	138,737	5,576
Materials and services	97,200	97,200	69,151	28,049
Capital outlay	60,000	160,000	155,500	4,500
Contingency	29,186	29,186	-	29,186
Total expenditures	<u>330,699</u>	<u>430,699</u>	<u>363,388</u>	<u>67,311</u>
Revenues over (under) expenditures	(162,479)	(162,479)	(94,613)	67,866
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	100,000	100,000	100,000	-
Total other financing sources and uses	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balances	(62,479)	(62,479)	5,387	67,866
<b>FUND BALANCES, BEGINNING BUDGETARY BASIS</b>	<u>62,479</u>	<u>62,479</u>	<u>90,509</u>	<u>28,030</u>
<b>FUND BALANCES, ENDING BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>95,896</u>	<u>\$ 95,896</u>
Compensated absences accrued for budget			<u>7,090</u>	
<b>TOTAL FUND BALANCES, ENDING GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BASIS</b>			<u>\$ 102,986</u>	

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

**CITY OF WOOD VILLAGE, OREGON**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2010**

	Enterprise Funds		
	Water	Sewer	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 768,641	\$ 2,536,203	\$ 3,304,844
Receivables	106,753	169,599	276,352
Assessments receivable	912	-	912
Interest receivable	416	-	416
	<u>876,722</u>	<u>2,705,802</u>	<u>3,582,524</u>
Total current assets			
Noncurrent assets:			
Capital assets:			
Non-depreciable	462,472	227,452	689,924
Depreciable, net	1,701,777	3,134,952	4,836,729
	<u>2,164,249</u>	<u>3,362,404</u>	<u>5,526,653</u>
Total noncurrent assets			
	<u>\$ 3,040,971</u>	<u>\$ 6,068,206</u>	<u>\$ 9,109,177</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and other current liabilities	\$ 28,349	\$ 197,979	\$ 226,328
Unearned revenue	15,675	199,342	215,017
Accrued compensated absences	14,006	14,006	28,012
OECCDD interest payable	6,438	47,786	54,224
OECCDD loan payable	-	133,704	133,704
	<u>64,468</u>	<u>592,817</u>	<u>657,285</u>
Total current liabilities			
Noncurrent liabilities:			
Accrued compensated absences	3,918	3,918	7,836
OECCDD loan payable	250,251	2,289,460	2,539,711
	<u>254,169</u>	<u>2,293,378</u>	<u>2,547,547</u>
Total noncurrent liabilities			
	<u>318,637</u>	<u>2,886,195</u>	<u>3,204,832</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,913,998	939,240	2,853,238
Restricted for system development	-	199,342	199,342
Unrestricted	808,336	2,043,429	2,851,765
	<u>\$ 2,722,334</u>	<u>\$ 3,182,011</u>	<u>\$ 5,904,345</u>
Total net assets			

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

**CITY OF WOOD VILLAGE, OREGON**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2010**

	Enterprise Funds		
	Water	Sewer	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 636,869	\$ 861,654	\$ 1,498,523
Miscellaneous	1,120	-	1,120
Total operating revenues	637,989	861,654	1,499,643
<b>OPERATING EXPENSES</b>			
Costs of sales and services	443,280	737,287	1,180,567
Depreciation	117,896	161,103	278,999
Total operating expenses	561,176	898,390	1,459,566
Operating income (loss)	76,813	(36,736)	40,077
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental	-	22,309	22,309
Interest	(6,656)	(66,149)	(72,805)
Total nonoperating revenues (expenses)	(6,656)	(43,840)	(50,496)
Income (loss) before contributions and transfers	70,157	(80,576)	(10,419)
Transfers out	(40,000)	(40,000)	(80,000)
Change in net assets	30,157	(120,576)	(90,419)
<b>TOTAL NET ASSETS, BEGINNING</b>	2,692,177	3,302,587	5,994,764
<b>TOTAL NET ASSETS, ENDING</b>	\$ 2,722,334	\$ 3,182,011	\$ 5,904,345

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

**CITY OF WOOD VILLAGE, OREGON**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2010

	Enterprise Funds		
	Water	Sewer	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 646,868	\$ 844,938	\$ 1,491,806
Payments to employees	(348,622)	(347,155)	(695,777)
Payments to suppliers	(123,686)	(422,905)	(546,591)
Net cash provided by operating activities	<u>174,560</u>	<u>74,878</u>	<u>249,438</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	(40,000)	(40,000)	(80,000)
Proceeds from grant	-	22,309	22,309
Net cash provided by noncapital financing activities	<u>(40,000)</u>	<u>(17,691)</u>	<u>(57,691)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from loans	-	875,122	875,122
Purchases and construction of capital assets	(79,833)	(948,887)	(1,028,720)
Interest paid on capital debt	-	4,991	4,991
Net cash provided by capital and related financing activities	<u>(79,833)</u>	<u>(68,774)</u>	<u>(148,607)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	(6,742)	(66,149)	(72,891)
Net cash provided by investing activities	<u>(6,742)</u>	<u>(66,149)</u>	<u>(72,891)</u>
Net increase in cash and cash equivalents	47,985	(77,736)	(29,751)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>720,656</u>	<u>2,613,939</u>	<u>3,334,595</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 768,641</u>	<u>\$ 2,536,203</u>	<u>\$ 3,304,844</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating Income	\$ 76,813	\$ (36,736)	\$ 40,077
Adjustments:			
Depreciation	117,896	161,103	278,999
Changes in assets and liabilities:			
Receivables	8,879	(8,773)	106
Accounts payable and accrued expenses	(29,525)	(33,270)	(62,795)
Accrued compensated absences	497	497	994
Unearned revenue	-	(7,943)	(7,943)
Net cash provided by operating activities	<u>\$ 174,560</u>	<u>\$ 74,878</u>	<u>\$ 249,438</u>

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

**CITY OF WOOD VILLAGE, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**Summary of Significant Accounting Policies**

**Financial Reporting Entity**

The City of Wood Village, Oregon is a municipal corporation governed by a Mayor and Council. The Council is composed of five members, all of whom are elected for staggered terms of four years. The Mayor is appointed from within the Council and serves as chairperson and an additional voting member. The affairs of the City are conducted under the administration of the City Administrator who is appointed by the Council.

The City qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies, school districts, and special service districts that provide services within the City's boundaries. However, since the City is not financially accountable for any of these entities, they do not qualify as component units and therefore are not included in the basic financial statements.

**Basic Financial Statements**

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements report information on the City as a whole. *Governmental activities*, which normally are 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.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All of the City's funds are major funds.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal year.

Major revenue sources recognized under the City's availability policy include property taxes, franchise and public service taxes, business income taxes, motel taxes, assessments, as well as significant state shared revenues. Grant revenues are an exception to the policy and are recognized as soon as all eligibility requirements have been met. Interest income is considered susceptible to accrual and is recognized as revenue when earned. Licenses and permits and other revenue items are considered to be measurable and available when cash is received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as significant expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial operations of the City, except those required to be accounted for in other funds.

The *Street Fund* accounts primarily for State of Oregon shared gas tax revenues used to construct, maintain, and repair streets and other transportation systems.

The *Improvement Bond Fund* accounts for special assessments collections and related debt service.

The City reports the following major enterprise funds:

The *Water Fund* accounts for the operation of the City's water system.

The *Sewer Fund* accounts for the operation of the City's sewer system.

The proprietary financial statements have incorporated all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Account Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. No FASB statements and interpretations issued after November 30, 1989 have been applied.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for goods and services between the government's enterprise functions and various other city functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for these funds include the cost of sales and services, including administration, and depreciation on capital assets. All revenues, such as grants or interest income and other expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

## **Assets, Liabilities, and Net Assets or Equity**

### **Cash and Cash Equivalents**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent and shares of the Oregon Short-Term Fund.

### **Receivables**

Property taxes are assessed on all taxable property as of July 1, the beginning of the fiscal year, and become a lien against the property on that date. Property taxes are levied in October. Collection dates are November 15, February 15, and May 15. 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, but are deemed to be substantially collectible or recoverable through liens.

### **Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of five years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend assets lives are not capitalized.

Accounting standards require the City to prospectively report and depreciate all infrastructure assets of governmental activities (primarily transportation systems) effective July 1, 2003. The City is not required to report infrastructure assets of governmental activities retroactively. The City's capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	25 - 40
Land improvements	10 - 20
Vehicles and equipment	5 - 10
Water and sewer systems infrastructure	40
Transportation system infrastructure	20

### **Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation, holiday, and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not pay any amounts when employees separate from service. Vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds if they have matured, for example, as a result of employee resignations and retirements.

### **Long-term Debt**

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are 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**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. On the balance sheet, all governmental fund balances are unreserved within the purposes of the individual funds presented.

## **Stewardship, Compliance and Accountability**

### **Budgetary Information**

The City prepares its budget in accordance with the legal requirements set forth in Oregon Local Budget Law. The City Council adopts the budget, makes appropriations, and declares the tax levy no later than June 30th of each year.

In accordance with State law, annual budgets are adopted for all funds. Budgets are prepared in accordance with the modified accrual basis of accounting for governmental fund types, except that accrued compensated absences are fully accrued. Proprietary fund type budgets are prepared in accordance with the accrual basis of accounting, except for expenditures that are capitalized or shown as expenses on a generally accepted accounting principles basis. Depreciation is not a budgetary expenditure.

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total expenditures for each department (General Government, Public Safety and Administration (including Finance), Parks, and Public Works) are the levels of control for the General Fund, except non-departmental expenditures. Expenditure categories of personal services, materials and services, capital outlay, debt service, transfers, and contingency are the legal level of control for General Fund non-departmental expenditures and all other funds.

Unexpected additional resources may be added to the budget through the use of a supplemental budget, a contingency transfer, or an appropriation of additional resources. These additions require the approval of the City Council. During the fiscal year the City made a number of appropriation transfers and one additional resource appropriation.

**Detailed Notes on All Activities and Funds**

**Cash and Cash Equivalents**

	Weighted Average Maturity (Years)	Fair Value
	<u>                    </u>	<u>                    </u>
Investments in the State Treasurer’s Local Government Investment Pool	0.00	\$4,641,094
Investment CD in Riverview Comm Bank	<u>0.62</u>	<u>208,324</u>
Total cash equivalents	<u>0.03</u>	<u>\$4,849,418</u>

At year end, investments included in cash and cash equivalents consist of the following:

**Interest rate risk**

In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investments to twelve months or less.

**Credit risk**

State of Oregon statutes and the City’s investment policy authorize the City to invest in U.S. Treasury obligations, certain U.S. Agency Securities, and the State Treasurer’s Local Government Investment Pool (LGIP, also known as the Oregon Short-Term Fund).

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 Oregon Revised Statutes and the Oregon Investment Council. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury.

LGIP funding policies provide that the weighted average credit quality ratings for the Pool’s holdings are a minimum of AA, Aa2, or AA for Standard and Poor’s, Moody’s, or Fitch, respectively. As of year end, the pool itself was not rated. Therefore, the City’s investments in the pool are unrated.

**Concentration of credit risk**

The City’s investment policy requires diversification to minimize the risk of loss resulting from over-concentration in securities with a single issuer. The policy does not set specific limits.

**Custodial credit risk – deposits**

This is the risk that in the event of a bank failure, the City of Wood Village's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are considered fully collateralized. As of June 30, 2010, none of the City's bank balances were exposed to credit risk.

**Custodial credit risk – investments**

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The government's investment policy does not limit the amount of securities that can be held by counterparties. All of the City's investments are contained in the State Treasurer's Local Government Investment Pool. Investments in the pool are not evidenced by securities. The fair value of the LGIP pool shares is equal to the City's proportionate position in the pool.

**Receivables**

Receivables at year-end were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Intergovernmental</u>	<u>Receivables, net</u>
<b>Governmental activities</b>				
General	\$ 16,156	\$ 42,696	\$ 101,750	\$ 160,602
Street	-	-	149,928	149,928
Bond Improvement Assessmt	94,469	-	-	94,469
Total governmental activities	<u>\$ 110,625</u>	<u>\$ 42,696</u>	<u>\$ 251,678</u>	<u>\$ 404,999</u>
<b>Business-type activities</b>				
Water	\$ 108,081	\$ -	\$ -	\$ 108,081
Sewer	148,599	-	21,000	169,599
Total business-type activities	<u>\$ 256,680</u>	<u>\$ -</u>	<u>\$ 21,000</u>	<u>\$ 277,680</u>

**Interfund Transfers**

Interfund transfers during the fiscal year were:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>		<u>Principal Purpose</u>
General	Water	\$ 40,000		To reimburse administrative costs
	Sewer	40,000	\$ 80,000	To reimburse administrative costs
Street	General	100,000	100,000	To fund operations
			<u>\$ 180,000</u>	

## Capital Assets

Capital asset activity during the fiscal year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Non-depreciable:				
Land	\$ 237,426	\$ -	\$ -	\$ 237,426
Construction in progress	239,232	203,048	(318,427)	123,853
Total non-depreciable	<u>476,658</u>	<u>203,048</u>	<u>(318,427)</u>	<u>361,279</u>
Depreciable:				
Buildings and improvements	622,940	318,425	-	941,365
Land improvements	403,817	26,283	-	430,100
Vehicles and equipment	317,548	19,850	-	337,398
Infrastructure	1,387,981	154,000	-	1,541,981
Total depreciable at historical cost	<u>2,732,286</u>	<u>518,558</u>	<u>-</u>	<u>3,250,844</u>
Less accumulated depreciation for:				
Buildings and improvements	(156,588)	(26,556)	-	(183,144)
Land improvements	(183,851)	(16,943)	-	(200,804)
Vehicles and equipment	(237,572)	(23,371)	-	(260,943)
Infrastructure	(737,665)	(68,916)	-	(806,581)
Total accumulated depreciation	<u>(1,315,686)</u>	<u>(135,786)</u>	<u>-</u>	<u>(1,451,472)</u>
Depreciable, net	<u>1,416,600</u>	<u>382,772</u>	<u>-</u>	<u>1,799,372</u>
Governmental activities capital assets, net	<u>\$ 1,893,258</u>	<u>\$ 585,820</u>	<u>\$ (318,427)</u>	<u>\$ 2,160,651</u>

### Depreciation expense was charged to governmental activities as follows:

General government	\$ 24,545
Parks	26,866
Public works	26,358
Streets	58,017
<b>Total depreciation expense</b>	<u>\$ 135,786</u>

### Business-type activities

Non-depreciable:				
Land	\$ 26,826	\$ -	\$ -	\$ 26,826
Construction in progress	960,827	1,006,589	(1,304,318)	663,098
Total non-depreciable	<u>987,653</u>	<u>1,006,589</u>	<u>(1,304,318)</u>	<u>689,924</u>
Depreciable:				
Buildings and improvements	426,569	-	-	426,569
Vehicles and equipment	238,605	22,131	-	260,736
Infrastructure	6,558,517	1,304,318	-	7,862,835
Total depreciable at historical cost	<u>7,223,691</u>	<u>1,326,449</u>	<u>-</u>	<u>8,550,140</u>
Less accumulated depreciation for:				
Buildings and improvements	(59,462)	(17,908)	-	(77,370)
Vehicles and equipment	(188,820)	(11,989)	-	(200,809)
Infrastructure	(3,186,131)	(249,102)	-	(3,435,233)
Total accumulated depreciation	<u>(3,434,413)</u>	<u>(278,999)</u>	<u>-</u>	<u>(3,713,412)</u>
Depreciable, net	<u>3,789,278</u>	<u>1,047,450</u>	<u>-</u>	<u>4,836,728</u>
Business-type activities capital assets, net	<u>\$ 4,776,931</u>	<u>\$ 2,054,039</u>	<u>\$ (1,304,318)</u>	<u>\$ 5,526,652</u>

### Depreciation expense was charged to business-type activities as follows:

Water operations	\$ 117,896
Sewer operations	161,103
<b>Total depreciation expense</b>	<u>\$ 278,999</u>

## Construction Commitments

Commitments with three companies related to construction were open at the end of the fiscal year.

- Renovation on Reservoir #1 was completed during this fiscal year by the contractor Varchan, Inc., but there is a concern with an ongoing leakage problem, so \$50,000 was budgeted for possible correction work to be done by during the next fiscal year.
- The Wetland Improvement Project at the Donald L. Robertson City Park is in the middle of construction and a contract with Henderson Land Services, Inc is ongoing to complete the construction during the early part of the next fiscal year. The project is coming in under the budgeted \$219,838 that has been allocated for it.
- The Arata-Halsey Street Sewer Improvement Line was nearing completion with just a few additional steps to be completed to finish the project after the end of Fiscal Year 2009-10.

No contracts have yet been signed for the following projects, but construction is expected in the very near future for:

- A Sewer Booster Station .
- Replacement of the heat pump furnace at City Hall.
- Construction of a Storm Water Pollution Control Vault at Cedar Lane.
- Ongoing repair and replacement of the laterals in the Wastewater System throughout the city.

## Long-term Liabilities

Long-term liability activity during the fiscal year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Other liabilities:					
Compensated absences	23,136	22,943	23,136	22,943	18,333
Governmental activities long-term liabilities	<u>\$ 23,136</u>	<u>\$ 22,943</u>	<u>\$ 23,136</u>	<u>\$ 22,943</u>	<u>\$ 18,333</u>
<b>Business-type Activities</b>					
Long-term liabilities:					
OECD Loans payable:	1,798,293	875,122	-	2,673,415	133,704
Other liabilities:					
Compensated absences	\$ 34,855	\$ 35,849	\$ 34,855	35,849	\$ 28,012
Business-type activities long-term liabilities	<u>\$ 1,833,148</u>	<u>\$ 910,971</u>	<u>\$ 34,855</u>	<u>\$ 2,709,264</u>	<u>\$ 161,716</u>

Governmental activities include other liabilities of the General Fund and Street Fund. Liabilities for compensated absences have typically been liquidated by those funds.

## Short-term Liabilities

Short-term liability activity during the fiscal year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Business-type Activities</b>					
Other short-term liabilities:					
Accrued interest to date, OECDD loan	\$ 49,232	\$ 54,223	\$ 49,232	54,223	\$ 54,223
Business-type activities short-term liabilities	<u>\$ 49,232</u>	<u>\$ 54,223</u>	<u>\$ 49,232</u>	<u>\$ 54,223</u>	<u>\$ 54,223</u>

## Bonds Payable

No outstanding bonds are currently on the books.

## Long Term Debt & Capital Construction

On October 30, 2005, the City entered into a revolving loan agreement with the Oregon Economic and Community Development Department (now named Business Oregon) to finance construction of a new water well (#4) and reservoir. The loan can be drawn upon to cover the costs of the projects and will be repaid over 25 years at an interest rate of 4.41%. Utility user charges will be used to repay the loan. The maximum amount available on the loan is \$1,240,600. The City drew \$250,251 in loan proceeds during fiscal year (2006-2007), no additional draws have been made through June 30, 2010. The project end date has been extended until March 31, 2011 and if any further funds are needed, the balance of the loan proceeds will be drawn during fiscal year (2010-2011). Payments on the loan will begin on the first of December following the date all eligible proceeds are drawn and the projects have been completed, which we anticipate to be December 1, 2011.

On November 15, 2005, the City entered into a revolving loan agreement with the Oregon Economic and Community Development Department (now named Business Oregon) to finance construction of a major wastewater system improvement (Alt 4) in the amount of \$897,000. On February 22, 2007, the agreement was expanded to a total loan of \$1,600,000, which will be repaid over 25 years at an interest rate of 4.77%. Utility user charges will be used to repay the loan. The City drew \$1,414,928 during fiscal year 2006-2007, and the remaining \$46,436 was drawn in May 2010 to complete the project. The first annual loan payment of \$101,310.03 is due on December 1, 2010.

## **Pension Plans**

### **Plan Descriptions**

The City is a participating employer in Oregon's Public Employees Retirement System (PERS). PERS administers two pension plans. The first plan is referred to as the PERS Chapter 238 Program. The PERS Chapter 238 Program is a cost-sharing, multiple employer plan. The City elected to join the State and Local Government Rate Pool (SLGRP) in November of 2001. This plan includes a defined benefit component (PERS Pension) and a defined contribution component (PERS Individual Account Program (IAP)). There are two tiers of benefits for this plan with the second tier, for those who established membership on or after January 1, 1996, having no assumed earnings rate guarantee and a slightly higher retirement age.

The second plan is the Oregon Public Service Retirement Plan (OPSRP). All participating employers are members of a pool for this plan, so OPSRP is also a cost-sharing, multiple employer plan. OPSRP includes a defined benefit component (OPSRP Pension) and a defined contribution component (OPSRP IAP). Public employees hired on or after August 29, 2003 participate in OPSRP.

As mentioned above, each of the PERS plans has characteristics of both a defined benefit and a defined contribution plan. Although the plans have these individual components, it is the intent of the Oregon Legislative Assembly, as noted in the Oregon Revised Statutes, that they be qualified and maintained under the Federal Internal Revenue Code as tax-qualified defined benefit plans.

Specific responsibilities for administering the PERS plans are defined in Oregon Revised Statutes 238 and 238A. The Oregon Legislature has reserved to itself the right to establish conditions of membership, set and amend benefits, and establish and amend funding policies. The plans' benefits include retirement (service and disability), death, and retiree health insurance. The Legislature has delegated to the PERS Board of Trustees (the Public Employees Retirement Board) the authority to administer the system subject to statutory requirements.

PERS issues the Oregon Public Employees Retirement System Comprehensive Annual Financial Report. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377. The report is typically available on line at [www.oregon.gov/pers](http://www.oregon.gov/pers) as well.

### **Funding**

Members of PERS are required to contribute 6% of their salary to be invested in IAP accounts. On July 1, 1998 the City began paying these employee contributions and made a corresponding reduction to salaries. The City is required to contribute to the PERS and OPSRP Pension plans at actuarially determined rates. The current year employer rates are 6.22% and 7.19% of salaries, respectively.

On May 17, 2006, the City entered into a revolving loan agreement with the Oregon Economic and Community Development Department (now named Business Oregon) to finance construction of a major wastewater system improvement (Sandy line). The loan will be repaid over 25 years at an interest rate of 4.41%. Utility user charges will be used to repay the loan. The maximum amount available on the loan is \$961,800. During fiscal year 2006-2007, the City drew \$133,114 in loan proceeds and the balance of \$828,686 was drawn in May 2010 to complete the project. Annual payments on the loan in the amount of \$64,263.34 will begin on December 1, 2010.

Below follows the amortization tables for these payments:

Fiscal Year	Alt 4 loan		Sandy Sewer Line loan		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 95,899	\$ 5,411	\$ 37,805	\$ 26,458	\$ 133,704	\$ 31,869
2012	40,947	60,363	23,515	40,748	64,462	101,111
2013	42,901	58,409	24,552	39,711	67,453	98,120
2014	44,947	56,363	25,635	38,628	70,582	94,991
2015	47,091	54,219	26,765	37,498	73,856	91,717
2016-20	271,369	235,181	152,608	168,708	423,977	403,889
2021-25	342,567	163,984	189,361	131,957	531,928	295,941
2026-30	432,444	74,106	234,964	86,354	667,408	160,460
2031-35	43,199	2,061	246,595	29,768	289,794	31,829
2036-40	-	-	-	-	-	-
	<u>\$ 1,361,364</u>	<u>\$ 710,097</u>	<u>\$ 961,800</u>	<u>\$ 599,830</u>	<u>\$ 2,323,164</u>	<u>\$ 1,309,927</u>

## Other Information

### **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. The City purchases commercial insurance for risks of loss including coverage for workers' compensation, general liability, property damage, boiler and machinery, automobile liability, and auto physical damage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

## Annual Pension Cost

Required and actual contribution information for the last three fiscal years is as follows:

<u>Year Ended</u>	<u>Required Pension Cost (Chapter 238)</u>	<u>Required Pension Cost (OPSRP)</u>	<u>Total Required Pension Cost</u>	<u>Percent Contributed of Total Required Cost</u>
2010	\$68,611	\$41,460	\$110,071	100%
2009	81,490	31,993	113,483	100%
2008	66,269	23,001	89,270	100%

## Subsequent Events

Since the end of the fiscal year on June 30, 2010, the worldwide economic situation has continued, though there does seem to be a slight upswing in revenues received recently. While Wood Village is financially prepared for disasters, this situation is larger than predicted and has affected Wood Village in many ways. Unemployment rates have grown to over 10% in Portland, home prices have dropped, and home foreclosures are hitting Wood Village along with the rest of the country. Due to Oregon's "Measure 5" and "Measure 50", which resulted in assessed property values far below market values, we doubt that dropping home prices will affect property tax revenues.

Where last year's property taxes and business income taxes had dropped significantly due to market conditions, the first few months of the new fiscal year have higher revenues in both property tax and business income taxes. Motel taxes have not yet increased to expected levels.

More about the current financial scenario of the nation has been reported in the Management's Discussion and Analysis section. Please refer to page 26 for further information.

## Supplementary Information

## DEBT SERVICE FUND

The Debt Service Fund is used to account for payment of debt service principle and interest on limited tax improvement bonds issued under the Bancroft Bond Act. The City's Debt Service Fund is:

**Improvement Bond Fund** – This fund accounts for special assessment and related debt service.

**CITY OF WOOD VILLAGE, OREGON  
IMPROVEMENT BOND FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2010**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Special assessments:				
Principal	\$ 31,595	\$ 31,595	\$ 26,182	\$ (5,413)
Interest	3,365	3,365	9,435	6,070
Interest	1,500	1,500	893	(607)
Total revenues	36,460	36,460	36,510	50
<b>EXPENDITURES</b>				
Materials and services	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Revenues over (under) expenditures	36,460	36,460	36,510	50
<b>FUND BALANCES, BEGINNING</b>	129,526	129,526	128,568	(958)
<b>FUND BALANCES, ENDING</b>	\$ 165,986	\$ 165,986	\$ 165,078	\$ (908)

## ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges. These funds represent two segments of operations – Water and Sewer. Included in these segments are:

### **Water Operations:**

**Water Fund** – Financial activities of the city-owned water utility operations are recorded in this fund. Sales of water and related charges are the major revenue sources.

### **Sewer Operations:**

**Sewer Fund** – Financial activities of the city-owned sewer service are accounted for in this fund. Wastewater charges are the major revenue source.

**CITY OF WOOD VILLAGE, OREGON**  
**WATER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2010**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services:				
User fees	\$ 723,924	\$ 723,924	\$ 636,535	\$ (87,389)
Connection fees	1,500	1,500	334	(1,166)
Special assessments:				
Interest	50	50	87	37
Interest	26,400	26,400	4,448	(21,952)
Miscellaneous	150	150	1,120	970
<b>Total revenues</b>	<b>752,024</b>	<b>752,024</b>	<b>642,524</b>	<b>(109,500)</b>
<b>EXPENDITURES</b>				
Personal services	367,798	367,798	349,119	18,679
Materials and services	149,860	149,860	91,274	58,586
Capital outlay	465,678	465,678	82,719	382,959
Debt service:				
Principal	28,181	28,181	-	28,181
Interest	54,711	54,711	11,191	43,520
Contingency	209,927	209,927	-	209,927
<b>Total expenditures</b>	<b>1,276,155</b>	<b>1,276,155</b>	<b>534,303</b>	<b>741,852</b>
Revenues over (under) expenditures	(524,131)	(524,131)	108,221	632,352
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan borrowings	362,526	362,526	-	(362,526)
Transfers out	(40,000)	(40,000)	(40,000)	-
<b>Total other financing sources and uses</b>	<b>322,526</b>	<b>322,526</b>	<b>(40,000)</b>	<b>(362,526)</b>
Net change in fund balances	(201,605)	(201,605)	68,221	269,826
<b>FUND BALANCES, BEGINNING</b>	<b>228,956</b>	<b>228,956</b>	<b>746,553</b>	<b>517,597</b>
<b>FUND BALANCES, ENDING</b>	<b>\$ 27,351</b>	<b>\$ 27,351</b>	<b>\$ 814,774</b>	<b>\$ 787,423</b>
Total revenue and expenditures above			\$ 642,524	\$ 534,303
Operating transfers in/out			-	40,000
Expenditures capitalized			-	(79,832)
Depreciation expense			-	117,896
Interest revenue/expense			-	-
<b>Total revenues and expenses - generally accepted accounting principles</b>			<b>\$ 642,524</b>	<b>612,367</b>
Change in net assets				<b>\$ 30,157</b>

CITY OF WOOD VILLAGE, OREGON  
SEWER FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2010

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Grants	\$ 34,000	\$ 34,000	\$ 22,309	\$ (11,691)
Charges for services:				
User fees	984,534	984,534	861,654	(122,880)
Interest	21,000	21,000	13,225	(7,775)
Total revenues	<u>1,039,534</u>	<u>1,039,534</u>	<u>897,188</u>	<u>(142,346)</u>
<b>EXPENDITURES</b>				
Personal services	369,499	369,499	347,652	21,847
Materials and services	405,523	405,523	331,383	74,140
Capital outlay	761,695	1,148,585	1,007,140	141,445
Debt service:				
Principal	56,449	56,449	-	56,449
Interest	118,736	118,736	74,383	44,353
Contingency	500,000	113,110	-	113,110
Total expenditures	<u>2,211,902</u>	<u>2,211,902</u>	<u>1,760,558</u>	<u>451,344</u>
Revenues over (under) expenditures	(1,172,368)	(1,172,368)	(863,370)	308,998
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan borrowings	802,769	802,769	875,122	72,353
Transfers out	(40,000)	(40,000)	(40,000)	-
Total other financing sources and uses	<u>762,769</u>	<u>762,769</u>	<u>835,122</u>	<u>72,353</u>
Net change in fund balances	(409,599)	(409,599)	(28,248)	381,351
<b>FUND BALANCES, BEGINNING</b>	<u>1,403,514</u>	<u>1,403,514</u>	<u>2,318,803</u>	<u>915,289</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 993,915</u>	<u>\$ 993,915</u>	<u>\$ 2,290,555</u>	<u>\$ 1,296,640</u>
Total revenue and expenditures above			\$ 897,188	\$ 1,760,558
Operating transfers in/out			-	40,000
Expenditures capitalized			-	(948,888)
Depreciation expense			-	161,103
Interest revenue/expense			-	4,991
Total revenues and expenses - generally accepted accounting principles			<u>\$ 897,188</u>	<u>1,017,764</u>
Change in net assets				<u>\$ (120,576)</u>

## Other Schedules

**CITY OF WOOD VILLAGE, OREGON**  
**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES**  
**For the Fiscal Year Ended June 30, 2010**

<b>Tax Year</b>	<b>Balance,</b>	<b>Levy</b>	<b>Refunds</b>	<b>Received/Paid</b>	<b>Reversals</b>	<b>Adjustments</b>	<b>Balance,</b>
2009-10		\$754,316	(\$708,907)	\$282	(\$18,412)	(\$3,495)	\$23,784
2008-09	\$27,776		(\$15,212)	\$9	\$21	(\$1,483)	\$11,111
2007-08	\$9,535		(\$4,205)	\$1	\$6	(\$441)	\$4,896
2006-07	\$3,865		(\$1,821)	\$0	\$4	(\$222)	\$1,826
2005-06	\$1,453		(\$1,068)	\$0	\$2	(\$102)	\$285
2004-05	\$304		(\$61)	\$0	\$1	(\$56)	\$188
2003-04	\$213		(\$15)	\$0	\$1	(\$61)	\$138
2002-03	\$118		\$8	\$0	\$1	(\$32)	\$95
2001-02	\$93		(\$12)	\$0	\$0	(\$3)	\$78
2000-01	\$50		(\$2)	\$0	\$0	\$0	\$48
1999-00	\$32		(\$2)	\$0	\$0	\$0	\$30
Prior	\$222		(\$4)	\$0	\$0	(\$1)	\$217
	<u>\$43,661</u>	<u>\$754,316</u>	<u>(\$731,301)</u>	<u>\$292</u>	<u>(\$18,376)</u>	<u>(\$5,896)</u>	<u>\$42,696</u>

Note - Interest amounts received/paid during the year are offset in the adjustments column to properly state the receivable balance at year end.

## STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Included in the statistical section is information on:

**Financial Trends** – Schedules are included that contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

**Revenue Capacity** – Schedules are included that contain information to help the reader assess the City's most significant local revenue source, the property tax.

**Debt Capacity** – Schedules are included that 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.

**Demographic and Economic Information** – Schedules are included to offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

**Operating Information** – Schedules are included that 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.

**CITY OF WOOD VILLAGE, OREGON**  
**NET ASSETS BY COMPONENT**  
 Last Ten Fiscal Years <sup>1</sup>  
 (accrual basis of accounting)

	Fiscal Year Ended						
	2004	2005	2006	2007	2008	2009	2010
<b>Governmental activities</b>							
Invested in capital assets, net of related debt	\$1,426,845	\$1,459,717	\$1,381,793	\$ 1,410,187	\$ 1,697,231	\$ 1,893,259	\$ 2,160,654
Restricted	729,947	583,341	270,027	337,051	334,297	346,398	362,533
Unrestricted	1,744,653	2,298,793	3,019,646	2,877,204	3,134,335	2,854,343	2,593,316
<b>Total governmental activities net assets</b>	<b>\$3,901,445</b>	<b>\$4,341,851</b>	<b>\$4,671,466</b>	<b>\$ 4,624,442</b>	<b>\$ 5,165,863</b>	<b>\$ 5,094,000</b>	<b>\$ 5,116,503</b>
<b>Business-type activities</b>							
Invested in capital assets, net of related debt	\$2,051,146	\$2,475,104	\$3,435,399	\$ 1,750,882	\$ 2,552,887	\$ 2,978,639	\$ 2,853,238
Restricted	209,654	32,968	453,584	205,865	182,905	199,342	199,342
Unrestricted	790,301	686,689	68,861	3,385,626	3,047,942	2,816,783	2,851,765
<b>Total business-type activities net assets</b>	<b>\$3,051,101</b>	<b>\$3,194,761</b>	<b>\$3,957,844</b>	<b>\$ 5,342,373</b>	<b>\$ 5,783,734</b>	<b>\$ 5,994,764</b>	<b>\$ 5,904,345</b>
<b>Primary government</b>							
Invested in capital assets, net of related debt	\$3,477,991	\$3,934,821	\$4,817,192	\$ 3,161,069	\$ 4,250,118	\$ 4,871,898	\$ 5,013,892
Restricted	939,601	616,309	723,611	542,916	517,202	545,740	561,875
Unrestricted	2,534,954	2,985,482	3,088,507	6,262,830	6,182,277	5,671,126	5,445,081
<b>Total primary government net assets</b>	<b>\$6,952,546</b>	<b>\$7,536,612</b>	<b>\$8,629,310</b>	<b>\$ 9,966,815</b>	<b>\$10,949,597</b>	<b>\$11,088,764</b>	<b>\$11,020,848</b>

<sup>1</sup> Information is presented for years ended subsequent to the implementation of GASB Statement No. 34. Eventually, ten years of data will be shown.

CITY OF WOOD VILLAGE, OREGON  
 CHANGES IN NET ASSETS  
 Last Ten Fiscal Years<sup>1</sup>  
 (accrual basis of accounting)

	Fiscal Year Ended						
	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>							
Governmental activities:							
General government	\$ 382,291	\$ 374,726	\$ 601,529	\$ 365,968	\$ 334,249	\$ 482,797	\$ 475,020
Public safety	445,670	497,367	577,099	644,167	681,765	724,562	751,031
Parks	105,769	53,221	83,156	98,359	130,983	164,642	98,610
Public Works	67,219	80,575	77,249	89,649	97,433	150,825	125,033
Building Inspections	-	-	-	-	-	126,359	61,178
Streets	228,403	197,489	195,425	202,553	231,184	243,220	280,441
Interest on long-term debt	54,367	33,790	23,899	15,049	4,277	975	-
<b>Total governmental activities expenses</b>	<b>1,283,719</b>	<b>1,237,168</b>	<b>1,558,357</b>	<b>1,415,745</b>	<b>1,479,891</b>	<b>1,893,380</b>	<b>1,791,313</b>
Business-type activities:							
Water operations	415,845	461,121	472,314	400,138	469,071	510,878	561,176
Sewer operations	512,959	633,382	629,399	661,417	801,140	876,551	898,390
<b>Total business-type activities expenses</b>	<b>928,804</b>	<b>1,094,503</b>	<b>1,101,713</b>	<b>1,061,555</b>	<b>1,270,211</b>	<b>1,387,429</b>	<b>1,459,566</b>
<b>Total primary government expenses</b>	<b>\$ 2,212,523</b>	<b>\$ 2,331,671</b>	<b>\$ 2,660,070</b>	<b>\$ 2,477,300</b>	<b>\$ 2,750,102</b>	<b>\$ 3,280,809</b>	<b>\$ 3,250,879</b>
<b>Program Revenues</b>							
Governmental activities:							
Charges for services:							
General government:							
Inspection fees (permits)	\$ 47,433	\$ 133,530	\$ 414,450	\$ 143,700	\$ 97,952	\$ 212,946	\$ 92,228
Other	45,412	64,315	78,529	35,633	-	-	-
Operating grants and contributions	130,829	141,546	142,297	139,356	232,702	130,857	139,675
Capital grants and contributions	76,165	73,183	16,775	-	-	-	139,000
<b>Total governmental activities program revenues</b>	<b>299,839</b>	<b>412,574</b>	<b>652,051</b>	<b>318,689</b>	<b>330,654</b>	<b>343,803</b>	<b>370,903</b>
Business-type activities:							
Charges for services:							
Water operations:							
User fees and other	429,660	460,671	551,655	685,928	706,683	649,610	637,989
Connection charges	1,194	31,643	141,317	146,051	26,000	5,506	-
Sewer operations							
User fees and other	528,361	588,674	666,069	879,509	913,321	861,807	861,654
Connection charges	6,460	33,542	394,935	222,475	60,609	460	-
Operating grants and contributions	-	-	-	-	44,440	15,667	22,309
Capital grants and contributions	25,500	150,000	-	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>991,175</b>	<b>1,264,530</b>	<b>1,753,976</b>	<b>1,933,963</b>	<b>1,751,053</b>	<b>1,533,050</b>	<b>1,521,952</b>
<b>Total primary government program revenues</b>	<b>\$ 1,291,014</b>	<b>\$ 1,677,104</b>	<b>\$ 2,406,027</b>	<b>\$ 2,252,652</b>	<b>\$ 2,081,707</b>	<b>\$ 1,876,853</b>	<b>\$ 1,892,855</b>

	Fiscal Year Ended						
	2004	2005	2006	2007	2008	2009	2010
Net (expense)/revenue:							
Governmental activities	\$ (983,880)	\$ (824,594)	\$ (906,306)	\$ (1,097,056)	\$ (1,149,237)	\$ (1,549,577)	\$ (1,420,410)
Business-type activities	62,371	170,027	652,263	872,408	480,842	145,621	62,386
Total primary government net expense	\$ (921,509)	\$ (654,567)	\$ (254,043)	\$ (224,648)	\$ (668,395)	\$ (1,403,956)	\$ (1,358,024)
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities:							
Taxes							
Property taxes	\$ 574,149	\$ 592,000	\$ 637,637	\$ 673,728	\$ 729,660	\$ 752,496	\$ 732,634
Franchise taxes	182,419	261,791	209,830	231,965	256,568	235,134	295,094
Business income taxes	77,597	100,894	135,154	157,595	185,669	124,694	117,534
Motel taxes	67,701	83,909	83,567	97,870	104,572	100,017	84,933
Unrestricted grants and contributions	93,685	72,772	79,181	82,004	178,630	108,283	103,164
Unrestricted interest and investment earnings	77,961	101,384	155,592	164,871	167,559	80,840	29,554
Transfers	36,822	52,250	(65,040)	(358,000)	68,000	76,250	80,000
Total governmental activities	1,110,334	1,265,000	1,235,921	1,050,033	1,690,658	1,477,714	1,442,913
Business-type activities:							
Unrestricted interest and investment earnings	10,717	25,883	45,780	154,121	28,608	141,510	(72,805)
Transfers	(36,822)	(52,250)	65,040	358,000	(68,000)	(76,250)	(80,000)
Total business-type activities	(26,105)	(26,367)	110,820	512,121	(39,392)	65,260	(152,805)
Total primary government	\$ 1,084,229	\$ 1,238,633	\$ 1,346,741	\$ 1,562,154	\$ 1,651,266	\$ 1,542,974	\$ 1,290,108
<b>Change in Net Assets</b>							
Governmental activities	\$ 126,454	\$ 440,406	\$ 329,615	\$ (47,023)	\$ 541,421	\$ (71,863)	\$ 22,503
Business-type activities	36,266	143,660	763,083	1,384,529	441,450	210,881	(90,419)
Total primary government	\$ 162,720	\$ 584,066	\$ 1,092,698	\$ 1,337,506	\$ 982,871	\$ 139,018	\$ (67,916)

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<sup>1</sup> Information is presented for years ended subsequent to the implementation of GASB Statement No. 34. Eventually, ten years of data will be shown.

**CITY OF WOOD VILLAGE, OREGON**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years <sup>1</sup>  
 (modified accrual basis of accounting)

	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010			
General fund:										
Unreserved	\$ 2,277,453	\$ 2,650,042	\$ 3,018,924	\$ 2,863,996	\$ 3,121,612	\$ 2,838,170	\$ 2,578,246			
Total general fund	\$ 2,277,453	\$ 2,650,042	\$ 3,018,924	\$ 2,863,996	\$ 3,121,612	\$ 2,838,170	\$ 2,578,246			
All other governmental funds:										
Unreserved, reported in:										
Special revenue funds	\$ 21,979	\$ 37,575	\$ 70,046	123,259	97,855	97,179	102,986			
Debt service funds	148,050	152,582	90,177	13,720	132,234	128,568	165,078			
Total all other governmental funds	\$ 170,029	\$ 190,157	\$ 160,223	\$ 136,979	\$ 230,089	\$ 225,747	\$ 268,064			

<sup>1</sup> Information is presented for years ended subsequent to the implementation of GASB Statement No. 34. Eventually, ten years of data will be shown.

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CITY OF WOOD VILLAGE, OREGON  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 Last Ten Fiscal Years<sup>1</sup>  
 (modified accrual basis of accounting)

	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010			
<b>Revenues</b>										
Property taxes	\$ 569,383	\$ 592,222	\$ 637,618	\$ 673,992	\$ 725,794	\$ 743,756	\$ 733,930			
Motel taxes	67,701	83,909	83,567	97,870	104,572	100,017	84,933			
Franchise fees	182,419	261,791	269,830	231,965	256,568	235,134	295,094			
Licenses and permits	67,715	154,075	479,521	143,700	59,013	164,728	57,549			
Intergovernmental	366,504	386,194	370,296	375,579	589,475	352,310	489,233			
Charges for services	13,679	29,672	11,858	25,913	33,774	23,550	25,479			
Donations	1,772	2,201	3,111	3,376	7,526	11,524	10,140			
Special assessments	82,724	206,405	102,354	51,411	174,206	34,959	35,617			
Interest	30,804	61,713	125,087	139,177	144,568	69,633	20,119			
Miscellaneous	11,451	14,098	1,600	9,720	5,165	24,668	9,200			
<b>Total revenues</b>	<b>1,394,152</b>	<b>1,792,280</b>	<b>2,024,842</b>	<b>1,752,703</b>	<b>2,100,661</b>	<b>1,760,279</b>	<b>1,761,294</b>			
<b>Expenditures</b>										
General government	\$ 366,301	\$ 367,501	\$ 588,736	\$ 332,812	\$ 323,076	\$ 460,682	\$ 445,651			
Public safety	445,670	497,367	577,099	644,167	681,765	724,562	751,031			
Parks	86,784	34,236	63,586	196,844	104,641	135,235	71,744			
Public works	51,466	61,845	57,228	78,798	89,964	127,356	117,082			
Building Inspections	-	-	-	-	-	126,359	61,178			
Streets	182,562	150,232	140,677	148,462	165,585	187,344	207,468			
Capital outlay	84,265	135,230	23,285	24,673	393,276	321,605	404,747			
Debt service										
Principal	240,000	170,000	145,000	115,000	55,000	40,000	-			
Interest	56,181	35,402	25,243	16,034	4,628	1,170	-			
<b>Total expenditures</b>	<b>1,513,229</b>	<b>1,451,813</b>	<b>1,620,854</b>	<b>1,556,790</b>	<b>1,817,935</b>	<b>2,124,313</b>	<b>2,058,901</b>			
<b>Excess of revenues over (under) expenditures</b>	<b>(119,077)</b>	<b>340,467</b>	<b>403,988</b>	<b>195,913</b>	<b>282,726</b>	<b>(364,034)</b>	<b>(297,607)</b>			
<b>Other financing sources (uses)</b>										
Transfers in	\$ 54,822	\$ 138,250	\$ 80,960	\$ 131,000	\$ 153,000	\$ 151,250	\$ 180,000			
Transfers out	(18,000)	(86,000)	(146,000)	(489,000)	(85,000)	(75,000)	(100,000)			
<b>Total other financing sources (uses)</b>	<b>36,822</b>	<b>52,250</b>	<b>(65,040)</b>	<b>(358,000)</b>	<b>68,000</b>	<b>76,250</b>	<b>80,000</b>			
<b>Net change in fund balances</b>	<b>\$ (82,255)</b>	<b>\$ 392,717</b>	<b>\$ 338,948</b>	<b>\$ (162,087)</b>	<b>\$ 350,726</b>	<b>\$ (287,784)</b>	<b>\$ (217,607)</b>			
<b>Debt service as a percentage of noncapital expenditures</b>	<b>28.2%</b>	<b>21.0%</b>	<b>12.1%</b>	<b>10.3%</b>	<b>6.1%</b>	<b>2.8%</b>	<b>0.0%</b>			

<sup>1</sup> Information is presented for years ended subsequent to the implementation of GASB Statement No. 34. Eventually, ten years of data will be shown.

**CITY OF WOOD VILLAGE, OREGON**  
**ASSESSED AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**

Fiscal Year Ended	Assessed Value 1						Estimated Market Value	Ratio of Total Assessed Value to Estimated Market Value
	Real Property	Personal Property	Manufactured Property	Public Utility Property	Total			
2010	\$212,395,900	\$16,518,525	\$7,139,880	\$5,139,010	\$241,193,315	\$415,753,383	58.01%	
2009	220,977,830	17,453,861	6,544,480	3,745,900	248,722,071	440,049,606	56.52%	
2008	214,468,930	15,985,868	6,173,170	3,610,000	240,237,968	416,487,077	57.68%	
2007	197,222,650	14,674,441	6,305,160	3,114,600	221,316,851	339,573,529	65.17%	
2006	188,863,480	12,848,852	5,769,860	3,169,500	210,651,692	304,454,635	69.19%	
2005	171,906,730	12,909,165	5,977,440	3,104,200	193,897,535	271,844,305	71.33%	
2004	166,037,300	13,110,843	5,802,090	3,180,082	188,130,315	263,023,489	71.53%	
2003	136,877,550	14,079,910	6,119,030	3,045,953	160,122,443	245,082,890	65.33%	
2002	132,828,010	6,327,273	8,487,690	11,253,261	158,896,234	228,992,167	69.39%	
2001	117,930,390	5,404,280	8,577,380	2,228,777	134,140,827	186,131,521	72.07%	
2000	98,001,820	5,194,145	8,123,744	2,000,298	113,320,007	152,868,829	74.13%	
1999	93,858,900	12,936,388	N/A	1,696,391	108,491,679	143,785,297	75.45%	
1998	93,025,970	11,515,046	N/A	1,795,342	106,336,358	137,717,960	77.21%	
1997	110,514,300	12,024,490	N/A	1,303,620	123,842,410	123,842,410	100.00%	

Source: Multnomah County Division of Assessment and Taxation.

1 Properties are assessed annually by the County (residential properties) and the State (major commercial properties). Actual values are based on those assessments. Oregon voters approved Ballot Measure 50 in May of 1997. That amendment to the constitution established a base for property values (the assessed values shown) that can be increased by only three percent per year, regardless of actual values. New construction is valued equivalent

**CITY OF WOOD VILLAGE, OREGON**  
**PROPERTY TAX RATES<sup>1</sup>**  
**DIRECT AND OVERLAPPING<sup>2</sup> GOVERNMENTS**  
 Last Ten Fiscal Years

Fiscal Year Ended	Total	City of Wood Village <sup>3</sup>		Port of Portland	Multnomah County ESD	Reynolds School District	Mt. Hood Community College	Metro Service District	Multnomah County	E. Multnomah Soil & Water	Tri-Met						
		\$	3.13														
2010	15.78	\$	3.13	\$	0.46	\$	5.60	\$	0.49	\$	0.44	\$	5.40	\$	0.10	\$	0.09
2009	15.92		3.13		0.46		5.81		0.49		0.40		5.39		0.09		0.08
2008	15.99		3.13		0.46		5.83		0.49		0.43		5.42		0.07		0.09
2007	15.80		3.13		0.46		5.95		0.49		0.28		5.29		0.03		0.10
2006	15.92		3.13		0.46		6.02		0.49		0.28		5.31		0.04		0.12
2005	15.87		3.13		0.46		6.04		0.50		0.28		5.28		-		0.11
2004	15.87		3.13		0.46		6.03		0.51		0.29		5.27		-		0.11
2003	15.77		3.13		0.46		6.02		0.52		0.28		5.17		-		0.12
2002	16.16		3.13		0.46		6.32		0.51		0.32		5.21		-		0.14
2001	15.25		3.13		0.46		5.29		0.52		0.34		5.31		-		0.13
2000	15.25		3.13		0.46		5.34		0.52		0.33		5.25		-		0.14

Source: Multnomah County Tax Supervising and Conservation Commission.

<sup>1</sup> In May of 1997 Oregon voters approved Ballot Measure 50 which established permanent tax rates for local taxing districts. Changes to permanent rates would require a state-wide majority vote to remove the effects of the measure from the Oregon constitution. Special levies, with certain restrictions, can be added to permanent rates by vote within each district.

<sup>2</sup> Overlapping rates are the tax rates of various local and county governments that apply to property owners within the City of Wood Village. Not all overlapping rates

CITY OF WOOD VILLAGE, OREGON  
 PRINCIPAL PROPERTY TAXPAYERS  
 June 30, 2010

Taxpayer	2010			2003 <sup>1</sup>		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wilcal Wood, LLC (WV Town Ctr)	13,670,110	1	5.7%			
Wal-Mart Stores, Inc./Real Estate	12,106,020	2	5.0%	6,291,160	4	3.9%
Fred Meyer Stores, Inc.	11,161,495	3	4.6%	\$ 10,809,790	1	6.8%
Lowe's, Inc.	10,875,170	4	4.5%	9,486,560	2	5.9%
Willamette Graystone, Inc.	9,481,030	5	3.9%			
Larane Investments (Brashers)	6,336,050	6	2.6%	4,219,610	6	2.6%
McFadden, Arthur L.	5,866,600	7	2.4%	4,719,730	5	2.9%
Pro-Active/XSunX	5,542,770	8	2.3%			
Realty Inc (Olinger)	4,598,272	9	1.9%			
Wood Village Land Co.	4,588,050	10	1.9%	3,114,870	8	1.9%
Wood Village Town Center, LLC				6,296,560	3	3.9%
Poplar Mobile Manor, LLC				2,419,290	9	1.5%
HBH Investments, LLC				4,089,070	7	2.6%
Western Mobile Home Corp				2,385,690	10	1.5%
Totals	<u>\$ 84,225,567</u>		<u>34.8%</u>	<u>\$ 53,832,330</u>		<u>33.5%</u>

Source: Multnomah County Division of Assessment and Taxation.

<sup>1</sup> Typically, the period nine years prior to the current year is shown for comparison purposes. City of Wood Village began compiling this information as of fiscal year ended 2003, so that year is being used as a comparable.

**CITY OF WOOD VILLAGE, OREGON  
PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years**

Fiscal Year Ended	Total Tax		Current Tax		Percent of Levy		Delinquent Tax		Total Tax		Percent of Total Tax	
	Levy	Collections	Collections	Levy Collections	Collections	Levy Collections	Collections	Collections	Collections	to Tax Levy	Collections	to Tax Levy
2010	754,316	708,907	93.98%	22,394	731,301	96.95%						
2009	777,555	727,712	93.59%	13,626	741,338	95.34%						
2008	751,031	707,550	94.21%	17,106	724,656	96.49%						
2007	692,747	655,336	94.60%	16,259	671,595	96.95%						
2006	658,607	621,537	94.37%	14,698	636,235	96.60%						
2005	614,797	577,094	93.87%	14,441	591,535	96.22%						
2004	588,287	553,439	94.08%	14,675	568,114	96.57%						
2003	500,574	470,485	93.99%	11,438	481,923	96.27%						
2002	496,794	466,835	93.97%	8,986	475,821	95.78%						
2001	419,358	395,731	94.37%	7,822	403,553	96.23%						
2000	354,261	331,774	93.65%	12,602	344,376	97.21%						
1999	339,168	320,582	94.52%	10,414	330,996	97.59%						

Source: Multnomah County Division of Assessment and Taxation.

**CITY OF WOOD VILLAGE, OREGON**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**

Fiscal Year Ended	Governmental Activities		Business-Type Activities	Total Primary Government	Percentage of Estimated Actual Value of Taxable Property <sup>1</sup>	As a Percentage of Personal Income
	Special Assessment/ Limited Tax Improvement Bonds	Refund Payable	OECD Loans			
2010	\$ -	\$ -	\$ 2,673,415	\$ 2,673,415	0.64%	2.15%
2009	-	-	1,798,293	1,798,293	0.41%	1.49%
2008	40,000	-	1,798,293	1,838,293	0.44%	1.52%
2007	95,000	-	1,798,293	1,893,293	0.56%	1.62%
2006	210,000	10,161	-	220,161	0.07%	0.23%
2005	355,000	20,322	-	375,322	0.14%	0.40%
2004	525,000	30,483	-	555,483	0.21%	0.60%
2003	765,000	50,644	-	815,644	0.33%	0.88%
2002	805,000	63,305	-	868,305	0.38%	0.95%
2001	845,000	-	-	845,000	0.45%	0.99%
2000	410,000	-	-	410,000	0.27%	0.50%

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See the Schedule of Assessed and Estimated Actual Value of Taxable Property for estimated actual value data used in this calculation.

<sup>2</sup> See the Schedule of Demographic and Economic Statistics for population data used in this calculation.

**CITY OF WOOD VILLAGE, OREGON**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**June 30, 2010**

Governmental Unit	Debt Outstanding	Percent Within City <sup>1</sup>	City's Estimated Share
Direct:			
City of Wood Village	\$ -	100.00%	\$ -
Overlapping:			
Mt. Hood Community College	56,292,481	1.15%	647,364
Port of Portland	71,421,465	0.17%	121,416
Multnomah County ESD	36,235,000	0.40%	144,940
Reynolds School District No. 7	139,458,700	4.85%	6,763,747
Metro	200,591,709	0.19%	381,124
Tri-Met Transportation District	27,960,000	0.19%	53,124
East Multnomah Soil & Water Conservation District	1,290,000	0.59%	7,611
Multnomah County	258,928,160	0.41%	1,061,605
<i>Total Overlapping</i>	<u>792,177,515</u>		<u>9,180,931</u>
 Total Direct and Overlapping	 <u>\$ 792,177,515</u>		 <u>\$ 9,180,931</u>

Source: Multnomah County Tax Supervising and Conservation Commission.

<sup>1</sup> The percentage of overlapping debt applicable is determined using taxable assessed property values. Percentages were estimated by determining the portion of each overlapping government's taxable assessed value that is within the

**CITY OF WOOD VILLAGE, OREGON**  
**LEGAL DEBT MARGIN INFORMATION**  
 Last Ten Fiscal Years <sup>1</sup>

**Legal Debt Margin Trend Information:**

	Fiscal Year Ended						
	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 7,890,705	\$ 8,155,329	\$ 9,133,639	\$ 10,187,206	\$ 12,494,612	\$ 13,201,488	\$ 12,472,601
Total net debt applicable to limit	-	-	-	-	-	-	-
Legal debt margin	\$ 7,890,705	\$ 8,155,329	\$ 9,133,639	\$ 10,187,206	\$ 12,494,612	\$ 13,201,488	\$ 12,472,601
Total legal debt margin as a percentage of debt limit	100%	100%	100%	100%	100%	100%	100%

**Legal Debt Margin Calculation for the Current Fiscal Year:**

Taxable real market value (RMV)	\$ 415,753,383
Debt limit (3% of RMV) <sup>2</sup>	\$ 12,472,601
Debt applicable to limit:	
General obligation bonds	\$ -
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	\$ -
Legal debt margin (amount available for future indebtedness) <sup>2</sup>	\$ 12,472,601

Source: Real market value information provided by Multnomah County Division of Taxation and Assessment.

<sup>1</sup> Information is presented for years ended subsequent to the implementation of GASB Statement No. 34. Eventually, ten years of data will be shown.

<sup>2</sup> Oregon Revised Statute 287.004 provides a debt limit of 3% of the taxable real market value within the City's boundaries for general obligation bonds. Utility revenue bonds and assessment bonds are excluded from the limitation. The City has no general obligation bonds outstanding. Therefore, legal debt margin equals the State imposed debt limit.

**CITY OF WOOD VILLAGE, OREGON**  
**PLEDGED-REVENUE COVERAGE**  
**Last Ten Fiscal Years<sup>1</sup>**

Fiscal Year	Special Assessment Collections	Special Assessment Bonds <sup>2</sup>		Coverage
		Debt Service		
		Principal	Interest	
2010	\$ -	\$ -	\$ -	0.00
2009	34,959	40,000	1,170	0.85
2008	187,740	55,000	4,128	3.18
2007	51,411	115,000	15,134	0.40
2006	102,354	145,000	23,161	0.61
2005	206,405	170,000	34,501	1.01
2004	82,724	240,000	55,280	0.28

<sup>1</sup> Information is presented for years ended subsequent to the implementation of GASB Statement No. 34. Eventually, ten years of data will be shown.

<sup>2</sup> Details regarding the City's outstanding debt can be found in the notes to the financial statements. The special assessment bonds are being paid by pledged installment payments from the owners of benefited

**CITY OF WOOD VILLAGE, OREGON**  
**REVENUES BY SOURCE - PROPRIETARY FUNDS**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)

Fiscal Year Ended	Water				Sewer			
	Water Services	Interest Income	Other	Total	Sewer Services	Interest Income	Other	Total
<b>2010</b>	<b>\$ 636,869</b>	<b>\$ 4,448</b>	<b>\$ 1,207</b>	<b>\$ 642,524</b>	<b>\$ 861,654</b>	<b>\$ 13,225</b>	<b>\$ 22,309</b>	<b>\$ 897,188</b>
2009	652,861	18,884	2,371	674,116	862,267	53,874	15,817	931,958
2008	723,528	52,992	9,242	785,762	1,018,314	118,500	(34)	1,136,780
2007	827,558	47,519	4,421	879,498	1,098,463	106,602	3,521	1,208,586
2006	691,952	11,027	1,088	704,067	1,061,003	34,685	1	1,095,689
2005	491,049	6,241	1,265	488,555	618,699	19,642	153,517	791,858
2004	422,949	1,632	7,816	432,397	528,011	6,415	6,650	541,076
2003	354,403	866	5,551	360,820	476,258	9,946	22,570	508,774
2002	289,208	63,868	1,078	354,154	420,141	11,291	74,097	505,529
2001	258,173	33,571	1,380	293,124	408,213	31,458	-	439,671
2000	229,393	26,631	5,220	261,244	366,215	23,418	4,250	393,883

Source: City of Wood Village Financial Statements

**CITY OF WOOD VILLAGE, OREGON**  
**SCHEDULE OF WATER & SEWER SALES & PURCHASES**  
**Last Ten Fiscal Years**

Fiscal Year Ended	Water			Sewer			
	Water Sales	Water Purchases	Gross Profit Amount	Sewer Sales	Sewer Purchases	Gross Profit Amount	Percent of Sales
<b>2010</b>	<b>\$ 636,869</b>	<b>\$ 558,289</b>	<b>\$ 78,580</b>	<b>\$ 861,654</b>	<b>\$ 840,138</b>	<b>\$ 21,516</b>	<b>2.5%</b>
2009	652,861	523,852	129,009	862,267	722,133	140,134	16.3%
2008	732,770	447,585	285,185	1,018,280	801,142	217,138	21.3%
2007	831,979	400,138	431,841	1,101,984	661,417	440,567	40.0%
2006	693,040	472,314	220,726	1,061,004	629,399	431,605	40.7%
2005	492,314	461,121	31,193	622,216	633,382	(11,166)	-1.8%
2004	430,765	383,582	47,183	529,161	488,991	40,170	7.6%
2003	359,954	384,928	(24,974)	498,828	493,445	5,383	1.1%
2002	294,195	356,253	(62,058)	515,690	455,782	59,908	11.6%
2001	259,553	322,167	(62,614)	408,213	316,655	91,558	22.4%
2000	234,613	278,840	(44,227)	370,465	279,342	91,123	24.6%

Source: City of Wood Village Financial Statements

**CITY OF WOOD VILLAGE, OREGON**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**

<u>Fiscal Year Ended</u>	<u>Population (City of Wood Village)<sup>1</sup></u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Per Capita Personal Income (Portland - Metro Area)<sup>2</sup></u>	<u>Median Age (City of Wood Village)<sup>3</sup></u>	<u>Unemployment Rate (Portland - Metro Area)<sup>2</sup></u>
2010	3,120	124,619	39,942	N/A	10.0%
2009	3,130	120,874	38,618	N/A	11.5%
2008	3,100	120,925	39,008	N/A	5.2%
2007	3,100	117,174	37,798	N/A	5.5%
2006	2,880	97,560	33,875	N/A	5.2%
2005	2,870	92,781	32,328	N/A	6.3%
2004	2,870	92,572	32,255	N/A	7.7%
2003	2,870	92,853	32,353	N/A	9.0%
2002	2,850	91,548	32,122	N/A	8.5%
2001	2,860	85,394	29,858	N/A	6.4%
2000	2,860	82,514	28,851	31	4.3%

Data sources:

<sup>1</sup> Portland State University, Population Research and Census Center.

<sup>2</sup> Oregon Employment Department.

<sup>3</sup> United States Census, 2000.

**CITY OF WOOD VILLAGE, OREGON**  
**PRINCIPAL EMPLOYERS**  
**Current Year <sup>1</sup>**

	2010			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Wal-Mart Stores, Inc.	450	1	19.6%	549	1	22.6%
Fred Meyer Stores, Inc.	173	2	7.5%	210	2	8.6%
Brasher's Cascade Auto Auction	125 *	3	5.4%	98	9	4.0%
Lowe's, Inc.	120	4	5.2%	140	5	5.8%
Gresham Transfer	115 *	5	5.0%			
Kohl's Department Stores, Inc.	112	6	4.9%	118	7	4.8%
Buffalo Wild Wings	70 *	7	3.0%			
LBL Windows & Doors	60	8	2.6%	150	4	6.2%
Olinger Travel Homes	55	9	2.4%			
El Pollo Loco	23	10	1.0%			
Merix Corporation			0.0%	125	6	5.1%
Big K Nine Staffing			0.0%	100	8	4.1%
C & M Construction, Inc.			0.0%	58	10	2.5%
American Medical Response NW, Inc.			0.0%	180	3	7.4%
Other Registered Businesses	997 *		43.3%	705	-	28.9%
Totals	2300		100.0%	2,433		100.0%

<sup>1</sup> Typically, the period nine years prior to the current year is shown for comparison purposes. City of Wood Village began compiling this information as of fiscal year ended 2006, so that year is being used. Ultimately, data will be shown as ideally expected.

**CITY OF WOOD VILLAGE, OREGON**  
**OPERATING INFORMATION**  
**Last Ten Fiscal Years <sup>1</sup>**

	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010			
<b>City Employees by Activity (Full Time Equivalents):</b>										
General Government	1.90	1.95	1.92	2.17	2.20	2.90	2.81			
Public Safety <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
Parks	1.43	1.74	1.36	1.22	1.78	1.91	0.90			
Public Works	0.73	0.84	0.83	0.79	1.38	1.25	2.49			
Streets	1.28	1.40	1.38	1.40	1.47	1.57	1.80			
Water	3.14	3.40	3.60	3.51	3.76	4.10	4.47			
Sewer	3.14	3.40	3.60	3.51	3.76	4.10	4.47			
Total City Employees	11.62	12.73	12.69	12.60	14.35	15.83	16.94			

**Operating Indicators and Capital Assets by Activity:**

General Government	N/A	1,446	N/A	1,237	1,053	1,366	1,266			
Number of registered voters (Each General Election) <sup>3</sup>	N/A	799	N/A	475	587	1,053	809			
Number of votes cast	189	232	672	819	227	208	156			
Permits issued										
Public Safety <sup>2</sup>										
Total Sheriff's Office calls in Wood Village	4,011	2,775	4,038	3,651	5,251	6,604	10,215			
Total hours spent by Sheriff's Office in Wood Village	3,250	3,094	3,429	2,296	3,339	4,263	6,695			
Total Fire Department Calls in Wood Village				256	253	274	422			
Parks										
Number of Parks	1	1	1	1	1	1	1			
Park acreage	21	21	21	21	21	21	21			
Public Works										
City facilities to maintain	3	3	3	3	4	3	3			
Streets										
Miles of streets	3.60	3.88	6.70	4.24	4.24	4.24	4.24			
Number of street lights	258	258	284	264	264	264	264			

	Fiscal Year Ended						
	2004	2005	2006	2007	2008	2009	2010
<b>Water</b>							
Total Acre Feet of Water Pumped for Customers	455.63	432.58	500.79	456.35	482.02	441.73	440.61
Miles of water mains	12	12	12	12.46	12.46	12.46	12.46
Number of service connections	524	524	547	637	638	638	638
Number of wells	3	3	3	3	4	4	4
Number of reservoirs	3	3	3	3	3	3	3
Design capacity of wells in gallons per minute:							
Well No. 1 (1942), Water Rights = 200 GPM	110	110	110	110	110	110	110
Available run capacity (GPM)							
Well No. 2 (1970), Water Rights = 337 GPM							
Available run capacity (GPM)							
Well No. 3 (1980), Water Rights = 800 GPM	225	225	225	225	225	225	225
Available run capacity (GPM)							
Well No. 4 (2008), Water Rights = 839 GPM	490	490	490	490	490	490	490
Available run capacity (GPM)							
Design capacity of reservoirs in gallons							
Reservoir No. 1 (1942), Capacity (gallons)	300,000	300,000	300,000	300,000	300,000	300,000	500,000
Reservoir No. 2 (1969), Capacity (gallons)	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Reservoir No. 3 (1978), Capacity (gallons)	650,000	650,000	650,000	650,000	650,000	650,000	650,000
<b>Sewer</b>							
Miles of sanitary sewers	12.75	12.75	13.42	13.89	13.89	14.14	14
Number of service connections	508	508	540	630	631	635	635
Design capacity of sanitary sewer main trunk line	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Design capacity of treatment plant in gallons (purchased capacity from City of Gresham)	375,000	375,000	375,000	375,000	375,000	375,000	375,000

Unless otherwise indicated the sources of information provided are various departments of the City of Wood Village.

<sup>1</sup> Information is presented for years ended subsequent to the implementation of GASB Statement No. 34. Eventually, ten years of data will be shown.

<sup>2</sup> The City contracts with the Multnomah County Sheriff's Office and City of Gresham Fire and Emergency Services to provide public safety services to residents. A count of employees specific to Wood Village is not available. However, certain operating information is reported by the Sheriff's Office to the City on a monthly basis.

<sup>3</sup> The Multnomah County Elections Office provides this information.

**AUDIT COMMENTS AND DISCLOSURES  
REQUIRED BY STATE REGULATIONS**

**CITY OF WOOD VILLAGE, OREGON**  
**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS**  
**June 30, 2010**

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and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control that we consider to be significant deficiencies. A significant deficiency is a deficiency, or combination of deficiencies, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in a separately issued letter to management dated December 15, 2010 to be a significant deficiency in internal control over financial reporting.

This report is intended solely for the information and use of the management, Honorable Mayor, City Council, and the State of Oregon, Secretary of State, Division of Audits, and is not intended to be and should not be used by anyone other than these specified parties.

In connection with our audit:

Accounting Records

We found the accounting records of the City to be adequate for audit purposes considering the size and complexity of the municipal corporation.

Collateral

The City was in compliance with ORS Chapter 295 regarding collateral securing deposits for fiscal year ended June 30, 2010.

Indebtedness

During our audit, nothing came to our attention that caused us to believe the City was not in compliance with limitation and the provision of bond indentures and other agreements.

Budgets

We reviewed budgets adopted by the City for the current and ensuing fiscal year. Budget preparation and adoption procedures followed by the City appear to be in compliance with Oregon Local Budget Law (ORS Chapter 294.305 to 294.520), with the following exceptions:

The first and second publication notices of the Budget Committee meeting were separated by only separated by four days rather than the required 5 days.

Insurance and Fidelity Bonds

We reviewed policies relating to insurance and fidelity bond coverage and ascertained that such policies appeared to be in force. We are not competent by training to state whether the insurance policies covering City-owned property in force at June 30, 2010 are adequate.

Programs Funded from Outside Sources

We reviewed and tested, to the extent we considered necessary in the circumstances, transactions and reports relative to federal and state grant programs. The City appeared to have appropriate procedures for making expenditures on behalf of, and reporting for, such programs.

**CITY OF WOOD VILLAGE, OREGON**  
**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS**  
**June 30, 2010**

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Introduction

Oregon Administrative Rules 162-10-000 through 162-10-330 incorporate the Minimum Standards for Audits of Oregon Municipal Corporations. These standards, 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 section of this report. Required comments and disclosures related to our audit of such statements and schedules are contained in this section.

Internal Accounting Control

We have audited the financial statements of City of Wood Village, Oregon for the year ended June 30, 2010 and have issued our report thereon dated December 15, 2010.

The management of City of Wood Village, Oregon is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operations of policies and procedures may deteriorate.

In planning and performing our audit, we considered City of Wood Village, Oregon'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 of Wood Village, Oregon's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Wood Village, Oregon's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Wood Village, Oregon's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the third paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses,

**CITY OF WOOD VILLAGE, OREGON**  
**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS**  
**June 30, 2010**

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Highway Funds

The City was in compliance with legal requirements pertaining to the use of Highway Funds.

Investments

The City's investments for the year ended June 30, 2010 were tested and appear to be in compliance with Oregon Revised Statutes Chapter 295 with regard to legal restrictions pertaining to the investment of public funds.

Public Contracts and Purchasing

We reviewed and tested the City's procedures for awarding public contracts. The City appears to be in compliance with the cost accounting guidelines developed by the State of Oregon Executive Department with regard to the City's construction projects and ORS Chapter 279 in the awarding of public contracts and the construction of public improvements.

Independently Elected Officials

The Independently Elected Officials of the City do not receive and disburse funds. Accordingly a Schedule of Accountability for Independently Elected Officials is not included.

*Merina & Company*

Merina & Company, LLP  
West Linn, Oregon  
December 15, 2010, 2010

