
COMPREHENSIVE ANNUAL FINANCIAL REPORT

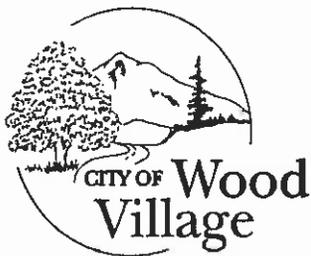
**FISCAL YEAR ENDED
JUNE 30, 2011**

CITY OF WOOD VILLAGE, OREGON

CITY OF WOOD VILLAGE OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2011



Prepared by the
FINANCE DEPARTMENT

Peggy Jo Minter, Finance Director
William A. Peterson, City Administrator

**CITY OF WOOD VILLAGE, OREGON
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INTRODUCTORY SECTION



Mayor
Patricia Smith

Council President
Mark Clark

Councilors
Stanley Dirks

Timothy Clark

Scott Harden

December 23, 2011

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, 2011. 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, 2011 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 3885 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, 2011 was operating in the continuing unfavorable economic environment that the regional, state and national levels are also enduring. However improvements are evident with some increases in development and employment levels. Interest rates are still abysmally low and about 10% of Wood Village homes are currently vacant, presumably from foreclosures. Wood Village, like other communities around the country, is carefully protecting our financial reserves for possible continued hard times ahead and using as little as possible of our vital reserves.

In the 2010-2011 fiscal year commercial development began to pick up mainly due to the City Council's adoption of a business-friendly attitude of "meet or beat" other cities' offers to businesses.

The unemployment rate in the Portland metropolitan area increased in response to the national economic downturn and stands at about 9.5%. 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 0.05% 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. Many of our major water and sewer capital projects have been completed within the past four years and of the loans that we had secured to cover those costs, 93% of them have been paid back early.

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 it is possible for the City to be on the receiving end of some of these issues.

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. Our future demands on water and sewer infrastructure will be mainly repairs and maintenance to keep them in optimal operations.

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 been addressing the problem for the past four years, 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 seventh 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, 2010

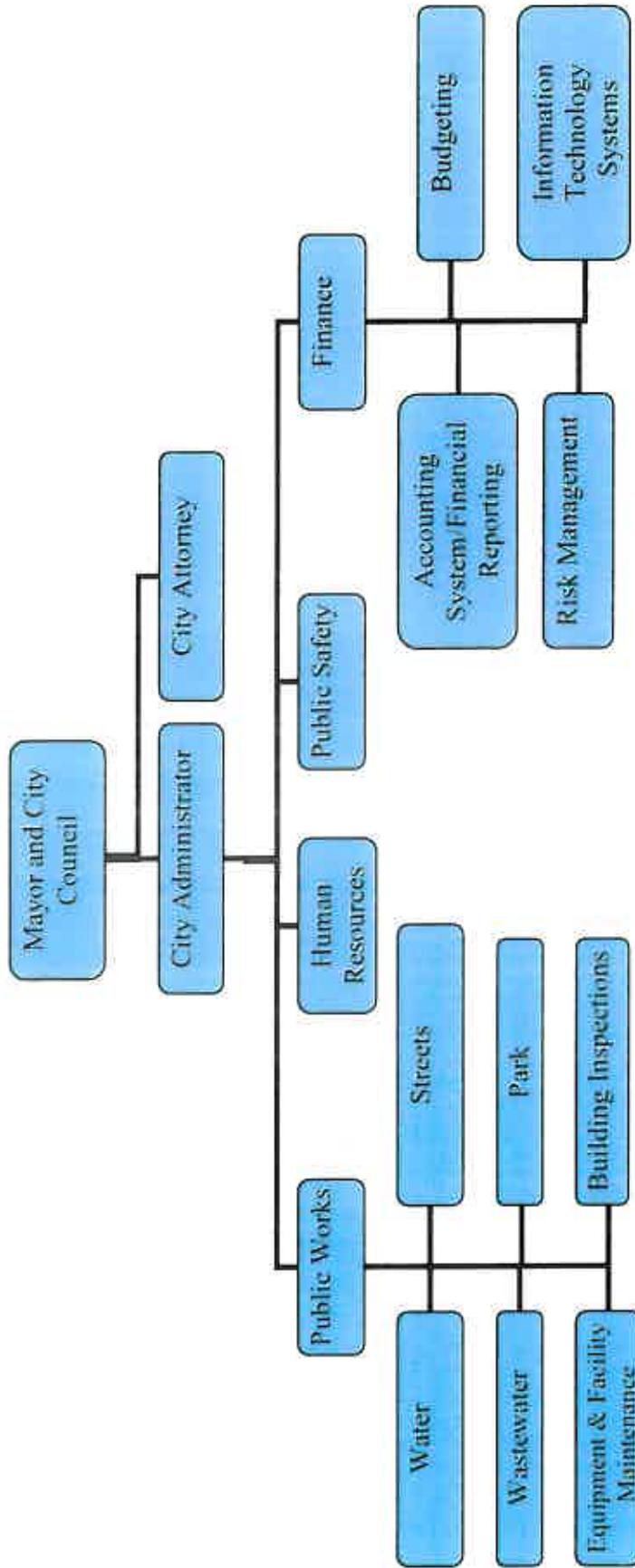
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

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, 2011:

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

Principal Officials:

<u>Name</u>	<u>Position</u>
William A. Peterson	City Administrator
Peggy Jo Minter	Finance Director
Randall Jones	Public Works Director

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, 2011, 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, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof 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 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 management's discussion and analysis 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 financial statements as a whole. The introductory section, supplementary information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information is the responsibility of management and was 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 30, 2011

**CITY OF WOOD VILLAGE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011**

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 \$11.455 million (net assets). Of this amount, \$5.645 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.

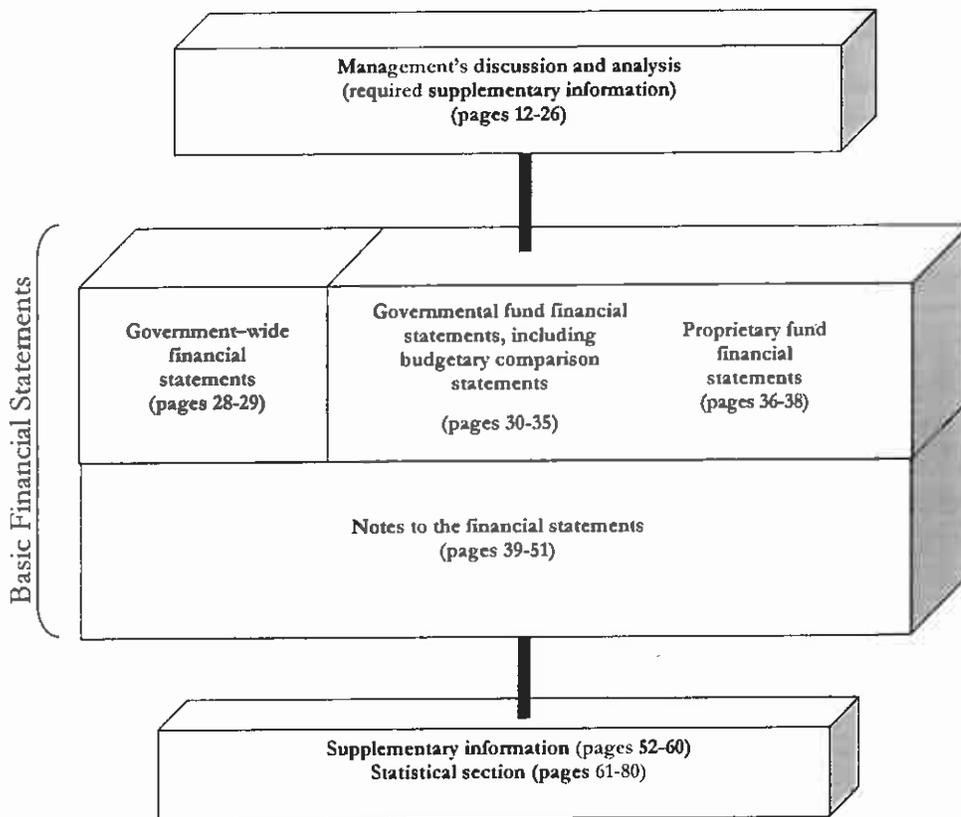
The results of operations for the year yielded a net assets increase of \$434 thousand for the City. The increase is primarily attributable to two factors: an increase in revenues from state shared sources due to the official census certification of population at 3875, rising from the 3120 previously certified by the State. The second reason is a reduction in personnel expenses by about one and a half positions. Unrestricted net assets increased by \$285 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 \$379 thousand. This change is due to the recent completion of major water and sewer system projects and the large payments on the associated revolving loan agreements that the City had entered into to provide funding for the projects. Depreciation on existing capital assets was significant with \$156 thousand on governmental activity assets and \$326 thousand on business-type activity assets.

Short-term debt decreased to \$101 thousand, as the City Council made to make extra debt payments reducing the short-term portion.

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.

This year the City of Wood Village Urban Renewal Agency (URA) is included in the financial statements of Wood Village. The URA had no tax increment revenues in this audited fiscal period and expenditures of less than \$200 thousand, hence, allowing it to be reported as a portion of this audit.

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.

This year the City maintained four 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, Urban Renewal Fund and Improvement Bond Fund, all of which are considered major funds. Note must be made that while reported as a governmental fund for purposes of this audit, the Urban Renewal Agency is an independent governmental entity, and once significant increment is developed in the Agency boundaries, will be reported as a blended component unit of the City.

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 with the intent of financing and recovering all costs associated with the provision of the service for which the fund is created.

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.

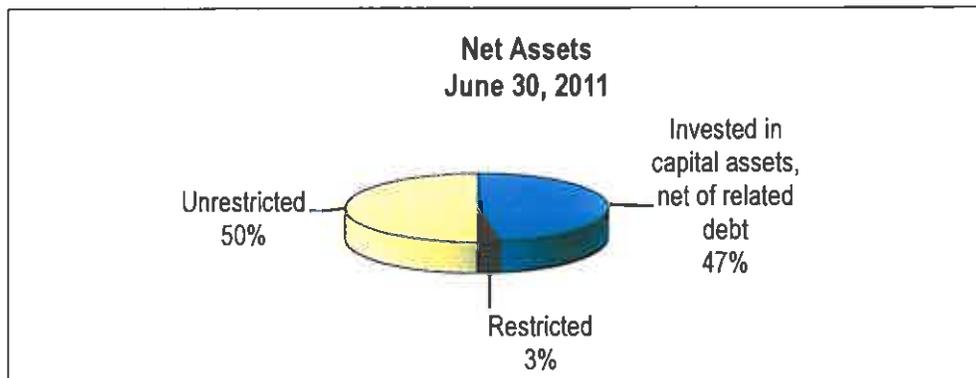
Supplementary Information

A budgetary comparison schedule is provided for the Improvement Bond Fund and Urban Renewal 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 below 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	
	2011	2010	2011	2010	2011	2010
ASSETS						
Current and other assets	\$ 3,163,733	\$ 3,185,168	\$ 3,128,255	\$ 3,582,524	\$ 6,291,988	\$ 6,767,692
Capital assets	2,261,208	2,160,654	5,460,207	5,526,653	7,721,415	7,687,307
Total assets	5,424,941	5,345,822	8,588,462	9,109,177	14,013,403	14,454,999
LIABILITIES						
Current and other liabilities	97,969	224,709	190,529	657,285	288,498	881,994
Long-term liabilities	4,328	4,610	2,266,253	2,547,547	2,270,561	2,552,157
Total liabilities	102,297	229,319	2,456,782	3,204,832	2,559,079	3,434,151
NET ASSETS						
assets, net of related debt	2,261,208	2,160,654	3,131,944	2,853,238	5,393,152	5,013,892
Restricted	331,394	362,533	-	199,342	331,394	561,875
Unrestricted	2,730,042	2,593,316	2,999,736	2,851,765	5,729,778	5,445,081
Total net assets	\$ 5,322,644	\$ 5,116,503	\$ 6,131,680	\$ 5,904,345	\$ 11,454,324	\$ 11,020,848



Approximately 47% 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 3% of the government's net assets are subject to external restrictions on how they may be used. The remaining 50% 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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
REVENUES						
Program Revenues:						
Charges for services	\$ 123,872	\$ 92,228	\$ 1,764,889	\$ 1,499,643	\$ 1,888,761	\$ 1,591,871
Operating grants and contrib	176,021	139,675	-	-	176,021	139,675
Capital grants and contributic	82,500	139,000	25,000	22,309	107,500	161,309
General Revenues:						
Property taxes	741,980	732,634	-	-	741,980	732,634
Other taxes	470,599	497,561	-	-	470,599	497,561
Unrestricted grants and cont	348,437	103,164	-	-	348,437	103,164
Unrestricted interest and inve	19,565	29,554	(95,817)	(72,805)	(76,252)	(43,251)
Total revenues	<u>1,962,974</u>	<u>1,733,816</u>	<u>1,694,072</u>	<u>1,449,147</u>	<u>3,657,046</u>	<u>3,182,963</u>
EXPENSES						
General government	450,100	475,020	-	-	450,100	475,020
Public safety	771,216	751,031	-	-	771,216	751,031
Parks	113,607	98,610	-	-	113,607	98,610
Public works	146,410	125,033	-	-	146,410	125,033
Building Inspections	89,408	61,178	-	-	89,408	61,178
Streets	271,092	280,441	-	-	271,092	280,441
Interest on long-term debt	-	-	-	-	-	-
Water	-	-	536,112	561,176	536,112	561,176
Sewer	-	-	845,625	898,390	845,625	898,390
Total expenses	<u>1,841,833</u>	<u>1,791,313</u>	<u>1,381,737</u>	<u>1,459,566</u>	<u>3,223,570</u>	<u>3,250,879</u>
Excess (deficiency) before Transfers	121,141	(57,497)	312,335	(10,419)	433,476	(67,916)
Transfers	85,000	80,000	(85,000)	(80,000)	-	-
Change in net assets	206,141	22,503	227,335	(90,419)	433,476	(67,916)
Net assets, beginning	<u>5,116,503</u>	<u>5,094,000</u>	<u>5,904,345</u>	<u>5,994,764</u>	<u>11,020,848</u>	<u>11,088,764</u>
Net Assets, ending	<u>\$ 5,322,644</u>	<u>\$ 5,116,503</u>	<u>\$ 6,131,680</u>	<u>\$ 5,904,345</u>	<u>\$ 11,454,324</u>	<u>\$ 11,020,848</u>

Governmental Activities

During the fiscal year, the City's total net assets increased by \$206 thousand. In evaluating the governmental activities and the financial health of our City, we look to the recurring annual revenues, exclusive of one time grants, debt proceeds or other single event revenues. Utilizing this measure, after funding operating costs for the current year, the City was forced to use unrestricted fund balances informally reserved for future operations of governmental activities. Some of the money that was saved for a "rainy day" was put to use.

Charges for services for general government activities increased a bit over the last fiscal year. The primary source for this small increase is permit revenues for building and related trades. While this is up from last year, it remains significantly lower than in the periods prior to the recession. 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 about the same as in previous years. Commercial development in the city increased in the year. Part of this increase is attributable to a "Business Incentive Program" developed by the City Council and instituted in October 2010. The Business Incentive Program waived certain permit fees for businesses locating in an existing building and occupying 5,000 square feet or less in total space. Total fees attributable to building increased in the period despite the waiving of over \$18 thousand in permit fees.

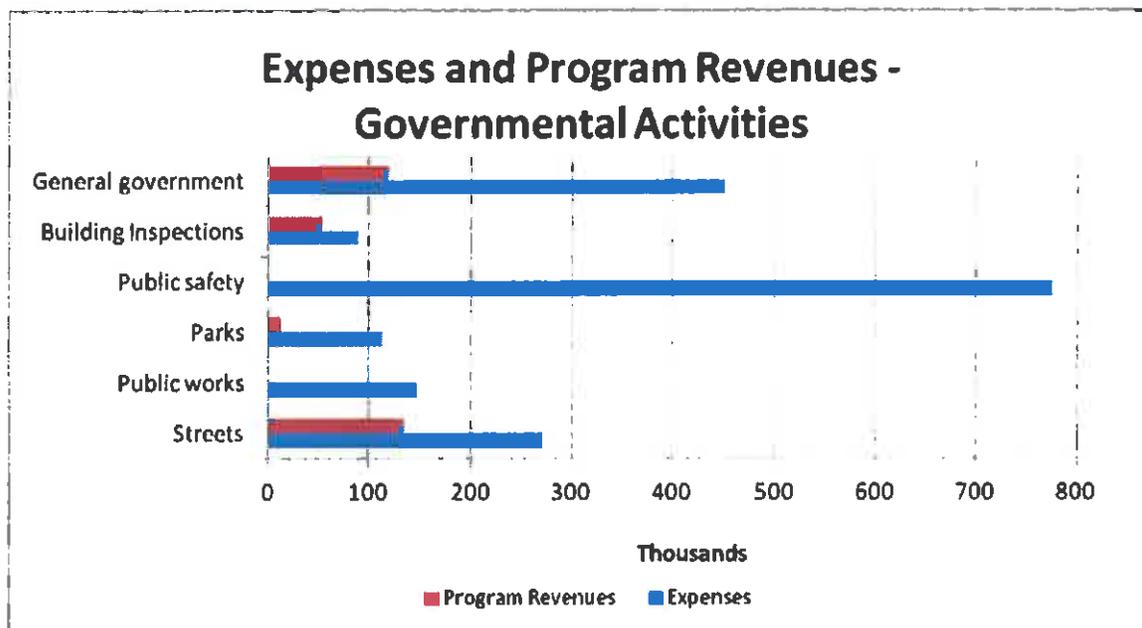
General revenues increased in total by about \$223 thousand from the preceding year due mostly to a one-time Parks Grant from Metro to complete the Park Wetlands Project. General revenues increased by about 15% over the previous year with the largest increase being the gas tax with an increase of 21% over last year. The largest decrease in revenues in the period is reflected by the continuing decline in interest revenues.

Franchise tax revenues from electric, gas and other utility companies decreased to their expected levels of about \$254 thousand, after last year's jump to \$295 thousand due to a one-time payment. Motel tax revenues increased by about 4% to \$89 thousand, and business income tax revenues collected by Multnomah County and shared with Cities in the county (a tax that applies to business *net* income) jumped 10% this year. These revenues remain lower than received since FY2006, however, they all combine to provide solid indicators that the economy in the community, and the county, is making small steps to stabilize and recover.

Investment earnings plummeted again this year by another 34%. Investment earnings for 2008 were about \$145 thousand and in 2011 were only \$19.6 thousand, a stunning 87% plummet. In this period we adopted updated investment policies, and will be working for a consolidated banking and investment strategy in future fiscal periods. While interest rates will remain low in the foreseeable future, and our investable balances will decline due to the retirement of debt, we are anticipating that the relative return on investable balances will stop this downward spiral.

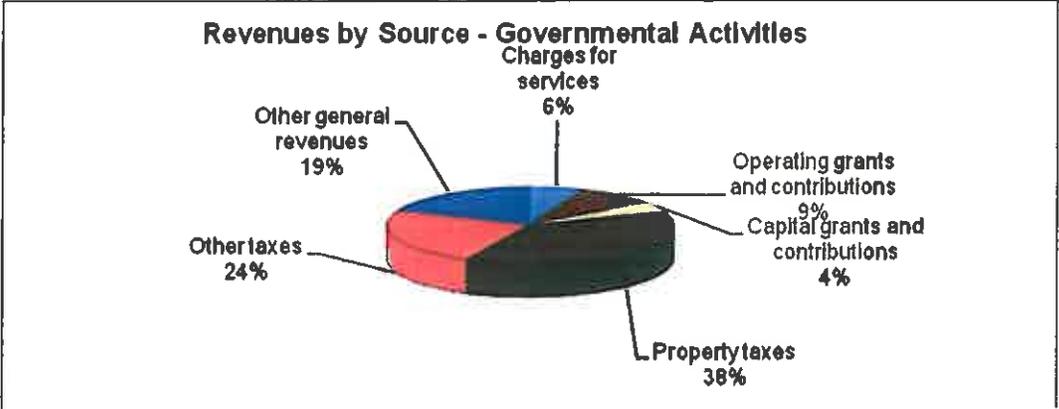
The City has carefully preserved governmental activities' reserves by holding down costs during recent years so we are in a better position than other local governments that have a larger debt ratio than Wood Village. However, our financial reserves have taken a beating during the past two years and we are hopeful that the economy will soon recover to pre-recession levels.

Due to the prolonged recession, and with the continuing increased costs of public safety, operating materials like asphalt and fuel, and healthcare and retirement benefits, for which we have little or no control, City officials are pro-actively tightening our budgets even further in areas where we have the most control: direct personnel costs.



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. Property Tax revenues are insufficient by about \$29 thousand to cover Public Safety expenses. Most revenues for street activities come from State shared gas taxes. The State of Oregon adopted an increase in the gasoline tax that took effect January 1, 2011. This increased gas revenues for Wood Village, however; despite increased gasoline tax revenues the net proceeds were insufficient to cover base operating costs for roadway maintenance, so General Fund revenues in the amount of \$110,000 were used to make up the difference.

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



Business-type Activities

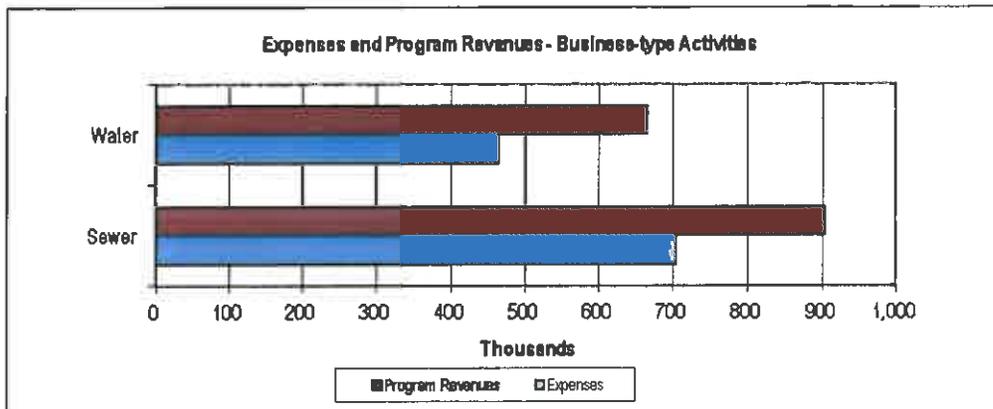
Business-type activities' net assets increased \$227 thousand during the fiscal year, \$215 thousand of which is from System Development Charges (SDCs) which had been residing under unearned income and have now been re-classed as earned income and applied to the debt reduction for capacity assets completed in prior periods.

Utility user rates were not increased during this fiscal year, and while both the water fund and the sewer fund ran net operating losses, the net draw down of debt expense is predicted to provide sufficient resource to permit operations in future fiscal periods without rate adjustment. City management staff will continue to keep salary and materials expenses down while trying to optimize system operations and maintenance.

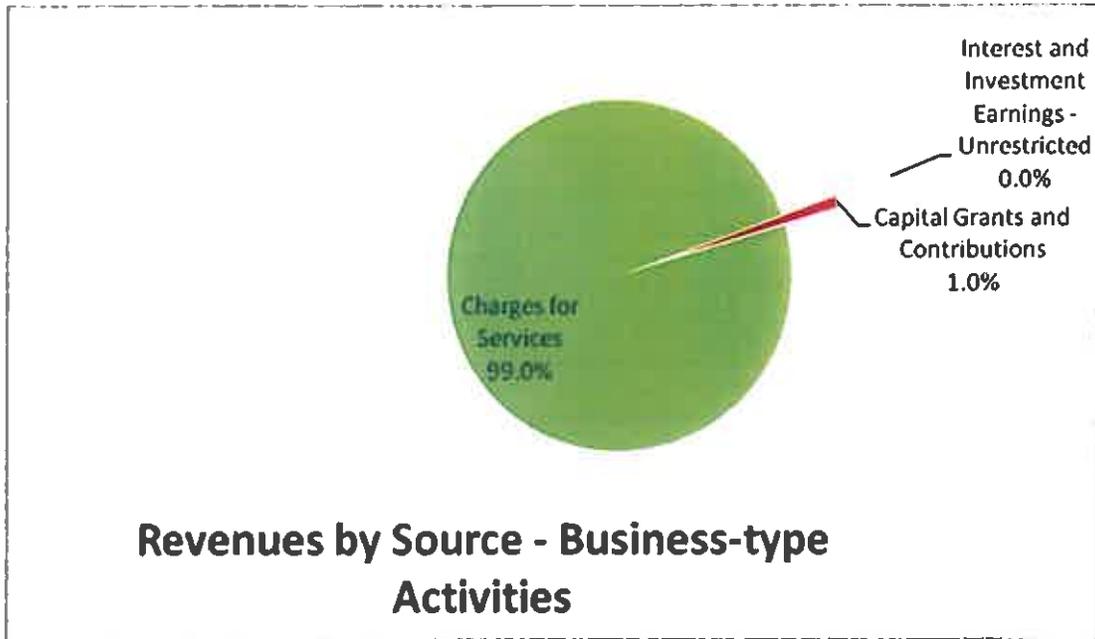
Water activities showed an overall increase in net assets of \$77 thousand. Water activity unrestricted net assets decreased by \$13 thousand and resulted in total net assets of \$2.8 million. Capital assets net of related debt rose \$89 thousand in the water fund.

The sewer function showed an increase in net assets of about \$151 thousand, for total net assets of \$3.33 million. Capital asset additions included work that was completed on the main sewer lines, and with the unearned SDCs re-classed to earned income, net assets invested in capital assets were increased from last year by about \$189 thousand in the sewer fund.

The following graph shows the program expenses including personnel services, materials and services, and overhead, compared to the program revenues generated by each business-type function during the year. Direct program expenses and overhead transfers for City overhead costs were \$1.167 million. One of the largest single program cost is for wastewater treatment in the sewer fund. The City utilizes an agreement with a neighboring city, Gresham, to transfer our wastewater to their treatment plant. These costs charged us by Gresham are not under our direct control and are escalating due to additional federal regulations.



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. System Development Charges that had been recorded on the books as unearned income from previous periods were re-classed as earned income during Fiscal Year 2010-11.



Budget Highlights in the Water and Sewer Funds include:

- Capital projects for the completion of water system build out to predicted total population were completed in the period, including the final work on the reservoir and the completion of an upper pressure system innovative project permitting significant modification to the master planned improvements, at substantially lower initial and operating costs. Investable amounts from accumulated fund balances will be utilized to address system deficiencies in the next fiscal period, including the replacement of the aging water meters in the system.
- Additional principal payments for all three water and sewer loans were paid during the fiscal year.
- One small budget adjustment was made at year end to move \$10,000 from the Sewer Fund Capital Outlay area to the Sewer Fund Materials & Services area. The bottom line for the Sewer Fund remained the same.

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 increased by \$111 thousand during the fiscal year, due largely to mildly increasing revenues, reductions in personnel, and the receipt of one time revenues in the form of the METRO bond fund designated for park improvements.

Total Street Fund operations resulted in a \$65 thousand deficit this year before a transfer from the General Fund of \$110 thousand used to offset the deficit and provide the Street Fund a small beginning fund balance for the next fiscal year. The transfer was 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. Next fiscal year the City Council will consider implementing a Street User Fee and possibly a Storm Water 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 \$18 thousand. This will be the final year for activity in the Improvement Bond fund as the General Fund will absorb this account.

Since governmental fund reporting uses a current financial resource 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 or assigned for specific uses. These restrictions do not adversely affect the availability of fund resources for future use.

Combined net assets for proprietary funds increased by \$227 thousand during the fiscal year. As described previously, the greatest part of this increase, \$215 thousand, was a re-class of unearned SDC revenue into earned revenues, all of which was used to pay the principal amounts on the loans that were obtained for infrastructure development.

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). One small budget adjustment was made at year end to move \$1,000 from the General Fund Building Services Material and Services area to the General Fund Building Services Personal Services area. The bottom line for the General Fund remained the same.

Other significant differences between budget and actual expenses include:

- The Park Wetlands Project was able to be completed under budget so that only \$135,000 of the original budget of \$220,000 was required. Additional projects for the park, including a new gazebo are being planned with the excess funds.
- In the Building Services budget \$80,000 was budgeted for building inspections, but due to the decreased activity in building permits as well as excellent management, only \$33,000 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.
- A project in the Street Fund to study and implement a Street Utility Fee had been budgeted but was postponed until the next fiscal year, leaving unspent dollars in the Street Fund.
- All programs in all Funds were over-budgeted on personnel due to unplanned staff turnover that resulted in the opportunity to cut staff and reduce personal services costs.

In general, the major significant differences between final budgeted amounts and actual results in all funds were the revenue streams, reductions in personnel, cost-savings on major projects and deferred studies and tasks. We expect revenues to continue to improve with a healthier economy, as well as possible additional cut-backs in personnel costs as needed to balance future budgets.

Operating contingency can never be utilized for expenditures and can only be used through budget transfers to other expenditure lines. When utilized, the transfer is made by the City Council to the program or activity in which expenditure must be made. No such transfers occurred in this period.

Capital Asset and Debt Administration

Capital Assets

As of year-end, the City had over \$7.7 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 \$34 thousand from last year.

Business-type activities' capital assets before depreciation increased by approximately \$69 thousand in the water fund, and by about \$191 thousand in the sewer fund.

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 41 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 OECDD loans had principal amounts due at year end of \$95 thousand and \$2.2 million for the water and sewer funds, respectively, monies that were used to fund construction and expansion of these systems.

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

Wood Village is weathering the world-wide economic recession only due to the large fund balances that had been saved over the years just for this type of event. Except for the upgrading of the majority of water meters throughout the city, and the reserve of \$30 thousand to budget for a third of the cost of painting the City water reservoir in three years, Wood Village has no large anticipated water and sewer projects at this time. While continued investment in the operating systems must be made, and further reductions to Inflow and Infiltration in the sewer system must be accomplished, the two systems are now built to the capacity necessary to handle the predicted "build out" of the community. Revenue sources are arriving at or above the budgeted amounts in the new fiscal year, and expenditures are below the budgeted amounts. 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. Either expense will need to be cut or revenues will need to be raised in future fiscal years. Effective debt management has decreased the demand on the sewer system operational costs; however, debt reduction alone will not be sufficient to offset the rising costs of the system and the upward rate adjustments Wood Village will have to pay to Gresham for the treatment of collected sewer.

In a wise and frugal move, the Wood Village City Council decided to utilize accumulated fund balances to pay off 93% of the Oregon Economic and Community Development Department loans the water and sewer funds were carrying for the completion of capital projects over the past four years. These three loans had obligations of 25 year amortizations and have now been reduced to only four more years due on only one loan. See more detail regarding these loans, the payoffs and the resultant principal obligations on page 48.

The City has only one loan, a sewer loan, outstanding as of August 1, 2011. User rates will need to be adequate to cover operational expenses as well as the debt service on this loan. Additional information on this subject can be found under the heading Subsequent Events in the notes to the financial statements on page 50.

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 238th Drive, Wood Village, Oregon 97060-1095.

Basic Financial Statements

CITY OF WOOD VILLAGE, OREGON
STATEMENT OF NET ASSETS
June 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 2,572,364	\$ 2,848,954	\$ 5,421,318
Due from other governments	5,140	-	5,140
Receivables	460,218	277,882	738,100
Property taxes receivable, net	40,053	-	40,053
Prepays	1,180	-	1,180
Assessments receivable, net	84,778	912	85,690
Interest receivable	-	507	507
Capital assets:			
Non-depreciable	237,426	26,826	264,252
Depreciable, net	2,023,782	5,433,381	7,457,163
Total assets	<u>5,424,941</u>	<u>8,588,462</u>	<u>14,013,403</u>
LIABILITIES			
Accounts payable and other current liabilities	79,088	44,686	123,774
Unearned revenue	5,897	-	5,897
Other accrued liabilities	-	58,099	58,099
Long-term liabilities:			
Due within one year	12,984	87,744	100,728
Due in more than one year	4,328	2,266,253	2,270,581
Total liabilities	<u>102,297</u>	<u>2,456,782</u>	<u>2,559,079</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,261,208	3,131,944	5,393,152
Restricted for:			
Transportation systems	148,064	-	148,064
Debt service	183,330	-	183,330
Unrestricted	2,730,042	2,999,736	5,729,778
Total net assets	<u>\$ 5,322,644</u>	<u>\$ 6,131,680</u>	<u>\$ 11,454,324</u>

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, 2011

Functions	Program Revenues				Net (Expense) Revenue and Changes in Net Asset		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 450,100	\$ 123,872	\$ -	\$ -	\$ (326,228)	\$ -	\$ (326,228)
Public safety	771,216	-	-	-	(771,216)	-	(771,216)
Parks	113,607	-	13,136	-	(100,471)	-	(100,471)
Public works	146,410	-	-	-	(146,410)	-	(146,410)
Building Inspections	89,408	-	-	-	(89,408)	-	(89,408)
Streets	271,092	-	162,885	82,500	(25,707)	-	(25,707)
Total governmental activities	1,841,833	123,872	176,021	82,500	(1,459,440)	-	(1,459,440)
Business-type activities:							
Water Operations	536,112	661,439	-	-	-	125,327	125,327
Sewer Operations	845,625	1,103,450	-	25,000	-	282,825	282,825
Total business-type activities	1,381,737	1,764,889	-	25,000	-	408,152	408,152
Total government	\$ 3,223,570	\$ 1,888,761	\$ 176,021	\$ 107,500	(1,459,440)	408,152	(1,051,288)
General revenues:							
Taxes:							
Property taxes					741,980	-	741,980
Franchise taxes					253,961	-	253,961
Business income taxes					128,072	-	128,072
Motel taxes					88,566	-	88,566
Unrestricted grants and contributions					348,437	-	348,437
Unrestricted interest and investment earnings (expens Transfers					19,565	(95,817)	(76,252)
					85,000	(85,000)	-
Total general revenues and transfers					1,665,581	(180,817)	1,484,764
Change in net assets					206,141	227,335	433,476
Net assets, beginning					5,116,503	5,904,345	11,020,848
Net assets, ending					\$ 5,322,644	\$ 6,131,680	\$ 11,454,324

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

CITY OF WOOD VILLAGE, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General	Street	Improvement Bond	Urban Renewal	Total Governmental
ASSETS					
Cash and cash equivalents	\$ 2,303,505	\$ 68,671	\$ 183,330	\$ 16,858	\$ 2,572,364
Due from other governments	5,140	-	-	-	5,140
Receivables	358,904	101,314	-	-	460,218
Property taxes receivable, net	40,053	-	-	-	40,053
Prepays	1,180	-	-	-	1,180
Assessments receivable, net	-	-	84,778	-	84,778
Interfund loan receivable	64,457	-	-	-	64,457
Total assets	\$ 2,773,239	\$ 169,985	\$ 268,108	\$ 16,858	\$ 3,228,190
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and other current liabilities	\$ 57,167	\$ 21,921	\$ -	\$ -	\$ 79,088
Deferred revenue	42,179	-	84,778	-	126,957
Interfund loan payable	-	-	-	64,457	64,457
Total liabilities	99,346	21,921	84,778	64,457	270,502
Fund Balances:					
Nonspendable:					
Prepays	1,180	-	-	-	1,180
Restricted:					
Streets	-	148,064	-	-	148,064
Assigned:					
Debt service	-	-	183,330	-	183,330
Unassigned	2,672,713	-	-	(47,599)	2,625,114
Total fund balances	2,673,893	148,064	183,330	(47,599)	2,957,688
Total liabilities and fund balances:	\$ 2,773,239	\$ 169,985	\$ 268,108	16,858	\$ 3,228,190

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, 2011**

Total fund balances of governmental funds \$ 2,957,688

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	\$ 3,869,188	
Less: Accumulated depreciation	<u>(1,607,980)</u>	2,261,208

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.		121,060
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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>(17,312)</u>	<u>(17,312)</u>
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Total net assets of governmental activities:		<u><u>\$ 5,322,644</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, 2011

	General	Street	Improvement Bond	Urban Renewal	Total Governmental
REVENUES					
Property taxes	\$ 743,711	\$ -	\$ -	\$ -	\$ 743,711
Motel taxes	88,566	-	-	-	88,566
Franchise taxes	253,961	-	-	-	253,961
Licenses and permits	85,066	-	-	-	85,066
Intergovernmental	476,509	245,385	-	-	721,894
Charges for services	27,501	-	-	-	27,501
Donations	13,136	-	-	-	13,136
Special assessments	-	-	17,416	-	17,416
Interest	10,837	167	836	-	11,840
Miscellaneous	37,933	461	-	-	38,394
Total revenues	1,737,220	246,013	18,252	-	2,001,485
EXPENDITURES					
Current:					
General government	398,000	-	-	47,599	445,599
Public safety	771,216	-	-	-	771,216
Parks	79,945	-	-	-	79,945
Public works	124,633	-	-	-	124,633
Building Inspections	89,408	-	-	-	89,408
Streets	-	207,242	-	-	207,242
Capital outlay	153,371	103,693	-	-	257,064
Total expenditures	1,616,573	310,935	-	47,599	1,975,107
Revenues over (under) expenditures	120,647	(64,922)	18,252	(47,599)	26,378
OTHER FINANCING SOURCES (USES)					
Transfers in	85,000	110,000	-	-	195,000
Transfers out	(110,000)	-	-	-	(110,000)
Total other financing sources and uses	(25,000)	110,000	-	-	85,000
Net changes in fund balances	95,647	45,078	18,252	(47,599)	111,378
FUND BALANCES, BEGINNING	2,578,246	102,986	165,078	-	2,846,310
FUND BALANCES, ENDING	\$ 2,673,893	\$ 148,064	\$ 183,330	\$ (47,599)	\$ 2,957,688

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, 2011**

Net change in fund balances of governmental funds \$ 111,378

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	\$ 257,062	
Less: Depreciation expense	<u>(156,508)</u>	100,554

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	(1,731)	
Assessment revenue not reported in the statement of activities	<u>(9,691)</u>	(11,422)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued compensated absences	<u>5,631</u>	<u>5,631</u>
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Change in net assets of governmental activities \$ 206,141

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, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Property taxes:				
Current year	\$ 722,275	\$ 722,275	\$ 719,900	\$ (2,375)
Prior years	21,000	21,000	20,897	(103)
Interest and other	1,000	1,000	2,914	1,914
Motel taxes	88,000	88,000	88,566	566
Franchise taxes	250,850	250,850	253,961	3,111
Licenses and permits	55,550	55,550	85,066	29,516
Intergovernmental:				
Shared	188,600	188,600	219,072	30,472
Grants	228,625	228,625	257,437	28,812
Charges for services	32,000	32,000	27,501	(4,499)
Donations	12,000	12,000	13,136	1,136
Interest	12,500	12,500	10,837	(1,663)
Miscellaneous	6,103	6,103	10,844	4,741
Total revenues	1,618,503	1,618,503	1,710,131	91,628
EXPENDITURES				
General government	46,731	46,731	45,813	918
Public safety and administration	1,249,825	1,249,825	1,102,495	147,330
Parks	325,002	325,002	222,184	102,818
Public works	170,690	170,690	135,765	34,925
Building Department	149,321	149,321	89,408	59,913
Non-departmental:				
Materials and services	22,250	22,250	17,312	4,938
Capital outlay	500,000	500,000	-	500,000
Contingency	387,805	387,805	-	387,805
Total expenditures	2,851,624	2,851,624	1,612,977	1,238,647
Revenues over (under) expenditures	(1,233,121)	(1,233,121)	97,154	1,330,275
OTHER FINANCING SOURCES (USES)				
Interfund loan proceeds (payments)	(37,368)	(37,368)	(37,368)	-
Transfers in	85,000	85,000	85,000	-
Transfers out	(125,000)	(125,000)	(110,000)	15,000
Total other financing sources and uses	(77,368)	(77,368)	(62,368)	15,000
Net change in fund balances	(1,310,489)	(1,310,489)	34,786	1,345,275
FUND BALANCES, BEGINNING BUDGETARY BASIS	2,509,594	2,509,594	2,562,393	52,799
FUND BALANCES, ENDING BUDGETARY BASIS	\$ 1,199,105	\$ 1,199,105	2,597,179	\$ 1,398,074
Interfund loan receivable			64,457	
Compensated absences accrued for budget			12,257	
TOTAL FUND BALANCES, ENDING GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BASIS			\$ 2,673,893	

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, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
State gas tax	\$ 131,300	\$ 131,300	\$ 162,885	\$ 31,585
Grants	120,500	120,500	82,500	(38,000)
Interest	350	350	167	(183)
Miscellaneous	-	-	461	461
Total revenues	<u>252,150</u>	<u>252,150</u>	<u>246,013</u>	<u>(6,137)</u>
EXPENDITURES				
Personal services	153,848	153,848	131,430	22,418
Materials and services	157,832	157,832	73,779	84,053
Capital outlay	109,060	109,060	103,693	5,367
Total expenditures	<u>420,740</u>	<u>420,740</u>	<u>308,902</u>	<u>111,838</u>
Revenues over (under) expenditures	(168,590)	(168,590)	(62,889)	105,701
OTHER FINANCING SOURCES (USES)				
Transfers in	125,000	125,000	110,000	(15,000)
Total other financing sources and uses	<u>125,000</u>	<u>125,000</u>	<u>110,000</u>	<u>(15,000)</u>
Net change in fund balances	(43,590)	(43,590)	47,111	90,701
FUND BALANCES, BEGINNING BUDGETARY BASIS	<u>43,590</u>	<u>43,590</u>	<u>95,896</u>	<u>52,306</u>
FUND BALANCES, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>143,007</u>	<u>\$ 143,007</u>
Compensated absences accrued for budget			<u>5,057</u>	
TOTAL FUND BALANCES, ENDING GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BASIS			<u>\$ 148,064</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, 2011

	Enterprise Funds		
	Water	Sewer	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 722,439	\$ 2,126,515	\$ 2,848,954
Receivables	98,594	179,288	277,882
Assessments receivable	912	-	912
Interest receivable	507	-	507
	<u>822,452</u>	<u>2,305,803</u>	<u>3,128,255</u>
Total current assets			
Noncurrent assets:			
Capital assets:			
Non-depreciable	10,857	15,969	26,826
Depreciable, net	2,092,156	3,341,225	5,433,381
	<u>2,103,013</u>	<u>3,357,194</u>	<u>5,460,207</u>
Total noncurrent assets			
Total assets	<u>\$ 2,925,465</u>	<u>\$ 5,662,997</u>	<u>\$ 8,588,462</u>
LIABILITIES			
Current liabilities:			
Accounts payable and other current liabilities	\$ 8,550	\$ 36,136	\$ 44,686
Accrued compensated absences	9,650	9,650	19,300
OECD interest payable	5,391	52,708	58,099
OECD loan payable	3,982	64,462	68,444
	<u>27,573</u>	<u>162,956</u>	<u>190,529</u>
Total current liabilities			
Noncurrent liabilities:			
Accrued compensated absences	3,217	3,217	6,434
OECD loan payable	95,568	2,164,251	2,259,819
	<u>98,785</u>	<u>2,167,468</u>	<u>2,266,253</u>
Total noncurrent liabilities			
Total liabilities	<u>126,358</u>	<u>2,330,424</u>	<u>2,456,782</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,003,463	1,128,481	3,131,944
Unrestricted	795,644	2,204,092	2,999,736
	<u>\$ 2,799,107</u>	<u>\$ 3,332,573</u>	<u>\$ 6,131,680</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, 2011**

	Enterprise Funds		
	Water	Sewer	Total
OPERATING REVENUES			
Charges for services	\$ 661,439	\$ 1,094,712	\$ 1,756,151
Miscellaneous	-	8,738	8,738
Total operating revenues	<u>661,439</u>	<u>1,103,450</u>	<u>1,764,889</u>
OPERATING EXPENSES			
Costs of sales and services	405,657	649,535	1,055,192
Depreciation	130,455	196,090	326,545
Total operating expenses	<u>536,112</u>	<u>845,625</u>	<u>1,381,737</u>
Operating income (loss)	125,327	257,825	383,152
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	-	25,000	25,000
Interest	(6,054)	(89,763)	(95,817)
Total nonoperating revenues (expenses)	<u>(6,054)</u>	<u>(64,763)</u>	<u>(70,817)</u>
Income (loss) before contributions and transfers	119,273	193,062	312,335
Transfers out	<u>(42,500)</u>	<u>(42,500)</u>	<u>(85,000)</u>
Change in net assets	76,773	150,562	227,335
TOTAL NET ASSETS, BEGINNING	<u>2,722,334</u>	<u>3,182,011</u>	<u>5,904,345</u>
TOTAL NET ASSETS, ENDING	<u>\$ 2,799,107</u>	<u>\$ 3,332,573</u>	<u>\$ 6,131,680</u>

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, 2011

	Enterprise Funds		
	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 653,924	\$ 894,418	\$ 1,548,342
Payments to employees	(331,980)	(331,982)	(663,962)
Payments to suppliers	(98,533)	(484,453)	(582,986)
Net cash provided by operating activities	<u>223,411</u>	<u>77,983</u>	<u>301,394</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(42,500)	(42,500)	(85,000)
Proceeds from grant	-	25,000	25,000
Net cash provided by noncapital financing activities	<u>(42,500)</u>	<u>(17,500)</u>	<u>(60,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from loans or principal paid on loans	(150,701)	(194,451)	(345,152)
Purchases and construction of capital assets	(69,220)	(190,879)	(260,099)
Interest paid on capital debt	(1,047)	4,922	3,875
Net cash provided by capital and related financing activities	<u>(220,968)</u>	<u>(380,408)</u>	<u>(601,376)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	(6,145)	(89,763)	(95,908)
Net cash provided by investing activities	<u>(6,145)</u>	<u>(89,763)</u>	<u>(95,908)</u>
Net increase in cash and cash equivalents	(46,202)	(409,688)	(455,890)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>768,641</u>	<u>2,536,203</u>	<u>3,304,844</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 722,439</u>	<u>\$ 2,126,515</u>	<u>\$ 2,848,954</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 125,327	\$ 257,825	\$ 383,152
Adjustments:			
Depreciation	130,455	196,090	326,545
Changes in assets and liabilities:			
Receivables	8,160	(9,690)	(1,530)
Accounts payable and accrued expenses	(19,799)	(161,843)	(181,642)
Accrued compensated absences	(5,057)	(5,057)	(10,114)
Unearned revenue	(15,675)	(199,342)	(215,017)
Net cash provided by operating activities	<u>\$ 223,411</u>	<u>\$ 77,983</u>	<u>\$ 301,394</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, 2011

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 management of the City Administrator who is appointed by the Council.

The City qualifies as a primary government based on the criteria that 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 *Urban Renewal Fund* is a separate financial entity that is temporarily being held as a distinct program within the Wood Village General Fund. Once the Urban Renewal Agency begins receiving tax increment financing (Fiscal Year 2011-12), it will be a blended component unit of the City.

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 earned in the government-wide and proprietary fund financial statements. An expense 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, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City of Wood is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – non-spendable, restricted, committed, assigned and unassigned.

Non-Spendable – Includes items not immediately converted to cash, such as prepaid items and inventory.

Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

Committed – Includes items committed by the City Council by formal council action. Commitments of fund balance must be made prior to the end of the fiscal year.

Assigned – Includes items assigned for specific uses, authorized by the City. Assignments of fund balance can be done at any time, including after the fiscal year end date. In accordance with the City's adopted fund policy, amounts may be assigned by the City Manager.

Unassigned – This is the residual classification used for those balances not assigned to another category.

Use of Restricted Resources

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

Net Assets

In the government-wide financial statements and proprietary funds financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt represents capital assets less accumulated depreciation less outstanding principal of related debt. Net assets invested in capital assets, net of related debt does not include the unspent proceeds of capital debt. Restricted net assets represent net assets restricted by parties outside of the City (such as creditors, grantors, contributors, laws, and regulations of other governments) and include unspent proceeds of bonds issued to acquire or construct capital assets. The nonexpendable portion of permanent funds is reported as a component of restricted net assets. The City's other restricted net assets are temporarily restricted (ultimately expendable) assets. All other net assets are considered unrestricted.

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. Expenditure categories of personal services, materials and services, capital outlay, debt service, transfers, and contingency are the legal level of control for all program levels within the General Fund as well as 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 one appropriation transfer in the General Fund under Building Services Program and one appropriation transfer within the Sewer Fund.

Detailed Notes on All Activities and Funds

Cash and Cash Equivalents

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

	Weighted Average Maturity (Years)	Fair Value
Investments in the State Treasurer's Local Government Investment Pool	0.00	\$2,618,935
Investment CD in Riverview Comm Bank	0.42	610,664
Total cash equivalents	0.08	\$3,229,599

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 yearend, 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'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 for the combined total of all savings deposits and unlimited coverage for non-interest bearing transaction accounts. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are considered fully collateralized. As of June 30, 2011, 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. As of yearend, the City had approximately \$600,000 separated into three \$200,000 certificates of deposit with local banks, the rest 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>
Governmental activities				
General	\$ 45,548	\$ 95,972	\$ 327,034	\$ 468,554
Street	461	18,353	82,500	101,314
Bond Improvement Assessmt	84,778	-	-	84,778
Total governmental activities	<u>\$ 130,787</u>	<u>\$ 114,325</u>	<u>\$ 409,534</u>	<u>\$ 654,646</u>
Business-type activities				
Water	\$ 100,013	\$ -	\$ -	\$ 100,013
Sewer	154,288	-	25,000	179,288
Total business-type activities	<u>\$ 254,301</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 279,301</u>

Inter-fund Transfers

Inter-fund transfers during the fiscal year were:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>		<u>Principal Purpose</u>
General	Water	\$ 42,500	\$ -	To reimburse administrative costs
	Sewer	42,500	-	To reimburse administrative costs
	Urban Renewal	-	85,000	To reimburse administrative costs
Street	General	<u>110,000</u>	<u>110,000</u>	To fund operations
			<u>\$ 195,000</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>
Governmental activities				
Non-depreciable:				
Land	\$ 237,426	\$ -	\$ -	\$ 237,426
Construction in progress	123,853	-	(123,853)	-
Total non-depreciable	<u>361,279</u>	<u>-</u>	<u>(123,853)</u>	<u>237,426</u>
Depreciable:				
Buildings and improvements	941,365	-	-	941,365
Land improvements	430,100	259,097	-	689,197
Vehicles and equipment	337,398	23,973	-	361,371
Infrastructure	1,541,981	97,848	-	1,639,829
Total depreciable at historical cost	<u>3,250,844</u>	<u>380,918</u>	<u>-</u>	<u>3,631,762</u>
Less accumulated depreciation for:				
Buildings and improvements	(183,144)	(30,466)	-	(213,610)
Land improvements	(200,804)	(26,455)	-	(227,259)
Vehicles and equipment	(260,943)	(23,390)	-	(284,333)
Infrastructure	(806,581)	(76,197)	-	(882,778)
Total accumulated depreciation	<u>(1,451,472)</u>	<u>(156,508)</u>	<u>-</u>	<u>(1,607,980)</u>
Depreciable, net	1,799,372	224,410	-	2,023,782
Governmental activities capital assets, net	<u>\$ 2,160,651</u>	<u>\$ 224,410</u>	<u>\$ (123,853)</u>	<u>\$ 2,261,208</u>
Depreciation expense was charged to governmental activities as follows:				
General government				\$ 35,186
Parks				33,662
Public works				21,777
Streets				65,883
Total depreciation expense				<u>\$ 156,508</u>
Business-type activities				
Non-depreciable:				
Land	\$ 26,826	\$ -	\$ -	\$ 26,826
Construction in progress	663,098	-	(663,098)	0
Total non-depreciable	<u>689,924</u>	<u>-</u>	<u>(663,098)</u>	<u>26,826</u>
Depreciable:				
Buildings and improvements	393,969	-	-	393,969
Vehicles and equipment	260,736	20,591	-	281,327
Infrastructure	7,862,835	902,607	-	8,765,442
Total depreciable at historical cost	<u>8,517,540</u>	<u>923,198</u>	<u>-</u>	<u>9,440,738</u>
Less accumulated depreciation for:				
Buildings and improvements	(44,770)	(17,907)	-	(62,677)
Vehicles and equipment	(200,809)	(13,713)	-	(214,522)
Infrastructure	(3,435,233)	(294,925)	-	(3,730,158)
Total accumulated depreciation	<u>(3,680,812)</u>	<u>(326,545)</u>	<u>-</u>	<u>(4,007,357)</u>
Depreciable, net	4,836,728	596,653	-	5,433,381
Business-type activities capital assets, net	<u>\$ 5,526,652</u>	<u>\$ 596,653</u>	<u>\$ (663,098)</u>	<u>\$ 5,460,207</u>
Depreciation expense was charged to business-type activities as follows:				
Water operations				\$ 130,455
Sewer operations				196,090
Total depreciation expense				<u>\$ 326,545</u>

Construction Commitments

By yearend all capital construction that was in process had been completed.

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

- A Gazebo to be built in the Park
- Safety Surfaces to be installed beneath the play structures in the Park
- Decommissioning of Well #1
- Replacement of nearly all water meters in the city from manual read to “touch read”.
- 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>
Governmental Activities					
Other liabilities:					
Compensated absences	\$ 22,943	\$ 17,312	\$ 5,632	\$ 17,312	\$ 12,984
Governmental activities long-term liabilities	<u>\$ 22,943</u>	<u>\$ 17,312</u>	<u>\$ 5,632</u>	<u>\$ 17,312</u>	<u>\$ 12,984</u>
Business-type Activities					
Long-term liabilities:					
OECD Loans payable:	\$ 2,673,415	\$ -	\$ 345,152	2,328,263	\$ 68,444
Other liabilities:					
Compensated absences	35,849	25,734	\$ 35,849	25,734	19,300
Business-type activities long-term liabilities	<u>\$ 2,709,264</u>	<u>\$ 25,734</u>	<u>\$ 381,001</u>	<u>\$ 2,353,997</u>	<u>\$ 87,744</u>

One employee with large values of compensated absences retired in the middle of the fiscal year greatly reducing the ending value of the compensated absences.

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>
Business-type Activities					
Other short-term liabilities:					
Accrued interest to date, OECCD loan	<u>\$ 54,223</u>	<u>\$ 58,099</u>	<u>\$ 54,223</u>	<u>58,099</u>	<u>\$ 58,099</u>
Business-type activities short-term liabilities	<u>\$ 54,223</u>	<u>\$ 58,099</u>	<u>\$ 54,223</u>	<u>\$ 58,099</u>	<u>\$ 58,099</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 City drew \$250,251 in loan proceeds during fiscal year (2006-2007). No additional draws were made through the end of the project, March 31, 2011. City Council determined to pay the loan early. In April 2011 a payment in the amount of \$150,701 was made, leaving a balance due of \$99,550 as of June 30, 2011. The full balance was subsequently paid off during the first week of July 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, of which total draws equaled \$1,461,364. City Council determined to pay the loan early. In October 2010 an additional principal payment of \$100,000 was made. In November 2010, the first of the annual payments was made in the amount of \$32,035 principal. In April 2011 a principal payment in the amount of \$24,611 was made, leaving a balance due of \$1,304,718 as of June 30, 2011. The full balance was subsequently paid off during the first week of July 2011.

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). During fiscal year 2006-2007, the City drew \$133,114 in loan proceeds and the balance of \$828,686 was drawn in May 2010 for a total of \$961,800 to complete the project. The first of 25 annual payments on the loan was paid on December 1, 2010 with the principal portion being \$37,805, so that as of June 30, 2011 the principal

outstanding was \$923,995. City Council decided to pay down as much of the principal as possible and directed a principal payment of \$694,000 in July 2011 and the second of the annual payments on December 1, 2011 with the principal portion being \$47,876, for a total payments for FY 2011-12 being \$741,876 in principal.

Below follows the amortization tables for these payments:

Fiscal Year	Alt 4 Loan		Sandy Sewer Line Loan		Well 4 Loan		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 40,947	\$ 60,363	\$ 23,515	\$ 40,748	\$ 3,982	\$ 2,947	\$ 68,444	\$ 104,058
2013	42,901	58,409	24,552	39,711	2,320	4,215	69,773	102,335
2014	44,947	56,363	25,635	38,628	2,422	4,112	73,004	99,103
2015	47,091	54,219	26,765	37,498	2,528	4,005	76,384	95,722
2016	49,337	51,973	27,946	36,318	2,640	3,894	79,923	92,185
2017-21	284,314	222,237	159,338	161,978	15,052	17,618	458,704	401,833
2022-26	358,907	147,643	197,712	123,606	18,676	13,992	575,295	285,241
2027-31	436,274	53,479	245,326	75,992	23,174	9,496	704,774	138,967
2032-36	-	-	193,206	18,893	28,756	3,913	221,962	22,806
	<u>\$ 1,304,718</u>	<u>\$ 704,686</u>	<u>\$ 923,995</u>	<u>\$ 573,372</u>	<u>\$ 99,550</u>	<u>\$ 64,192</u>	<u>\$ 2,328,263</u>	<u>\$ 1,342,250</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.

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 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 10.86% and 9.87% of salaries, respectively.

Annual Pension Cost

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

Year Ended	Required Pension Cost (Chapter 238)	Required Pension Cost (OPSRP)	Total Required Pension Cost	Percent Contributed of Total Required Cost
2011	\$66,412	\$39,225	\$105,637	100%
2010	68,611	41,460	110,071	100%
2009	81,490	31,993	113,483	100%

Subsequent Events

Since the end of the fiscal year on June 30, 2011, the worldwide economic situation has continued, though there is a decided upswing in revenues received. While Wood Village is financially prepared for disasters, this situation is larger than predicted and has affected Wood Village in many ways. Unemployment rates while improving from last year at this time, are still at the 9% level in Portland, home prices continue to be depressed, and approximately 40 of the 600 homes are in foreclosure in Wood Village. Due to Oregon's "Measure 5" and "Measure 50", which resulted in assessed property values far below market values, we are confident that dropping home prices will not affect property tax revenues.

Where last year's property taxes and business income taxes had begun a slow climb upward after the immediate drop from the recession, the first few months of the new fiscal year have higher revenues in both property tax and business income taxes. Motel taxes are making an even slower rebound to the pre-recession levels.

As City Council had directed in Spring of 2011, all water and sewer construction debts from Business Oregon were to be paid off as soon as reasonably possible. All amounts that had been budgeted for debt service but not yet expended in the water and sewer funds for Fiscal Year 2010-11 were directed into principal payments in April 2011. At that time additional 2010-11 principal payment in the water fund for loan #J06001 was \$150,701; and additional 2010-11 principal payment in the sewer fund for loan #Y05003 was \$24,611.

Then for Fiscal Year 2011-12, funds were budgeted for as much principal and interest payments as possible, therefore, during the first week of July 2011, large principal payments were made to Business Oregon as follows:

- Water fund loan #J06001 principal in the amount of \$99,550 and interest of \$5,391. Loan #J06001 was completely paid off as of July 10, 2011.
- Sewer fund loan #Y05003 principal in the amount of \$1,304,718 and interest of \$37,657. Loan #Y05003 was completely paid off as of July 10, 2011.
- Sewer fund loan #Y06003 principal in the amount of \$694,000. Principal balance of \$229,995 as of July 10, 2011, then another regular annual principal payment of \$47,876 was paid on December 1, 2011 which brought the outstanding principal balance to \$182,119. At most, three more years of regular annual payments will completely pay off loan #Y06003.

More about the current financial scenario of the nation has been reported in the Management's Discussion and Analysis section.

New Accounting Pronouncement – GASB Statement No. 54

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The City of Wood Village implemented GASB 54 in the year ending June 30, 2011.

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.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for services and construction costs for the development within the City of Wood Village Urban Renewal District. Principal resources will be property taxes and grants.

Urban Renewal Agency Fund – This fund accounts for projects related to the urban renewal district.

**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, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Special assessments:				
Principal	\$ 5,886	\$ 5,886	\$ 9,691	\$ 3,805
Interest	4,118	4,118	7,725	3,607
Interest	-	-	836	836
Total revenues	<u>10,004</u>	<u>10,004</u>	<u>18,252</u>	<u>8,248</u>
Revenues over (under) expenditures	10,004	10,004	18,252	8,248
FUND BALANCES, BEGINNING	<u>126,145</u>	<u>126,145</u>	<u>165,078</u>	<u>38,933</u>
FUND BALANCES, ENDING	<u>\$ 136,149</u>	<u>\$ 136,149</u>	<u>\$ 183,330</u>	<u>\$ 47,181</u>

**CITY OF WOOD VILLAGE, OREGON
 URBAN RENEWAL AGENCY FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011**

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
EXPENDITURES:				
Personal services	\$ 24,515	\$ 24,515	\$ 15,327	9,188
Materials and services	12,853	12,853	5,183	7,670
Total expenditures	37,368	37,368	20,510	16,858
Revenues over (under) expenditures	(37,368)	(37,368)	(20,510)	16,858
OTHER FINANCING SOURCES (USES)				
Interfund loan proceeds (payments)	37,368	37,368	37,368	-
Total other financing sources (uses)	37,368	37,368	37,368	-
Net changes in fund balances	-	-	16,858	16,858
FUND BALANCES, BEGINNING BUDGETARY BASIS	-	-	-	-
FUND BALANCES, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	16,858	<u>\$ 16,858</u>
Interfund loan payable			<u>(64,457)</u>	
FUND BALANCES, ENDING			<u>\$ (47,599)</u>	

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, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Charges for services:				
User fees	\$ 648,000	\$ 648,000	\$ 644,264	\$ (3,736)
System development charges	-	-	15,675	15,675
Connection fees	1,500	1,500	1,500	-
Special assessments:				
Interest	50	50	87	37
Interest	4,000	4,000	4,003	3
Miscellaneous	150	150	-	(150)
Total revenues	<u>653,700</u>	<u>653,700</u>	<u>665,529</u>	<u>11,829</u>
EXPENDITURES				
Personal services	382,509	382,509	326,923	55,586
Materials and services	157,871	157,871	93,566	64,305
Capital outlay	173,880	173,880	54,388	119,492
Debt service:				
Principal	107,181	107,181	150,701	(43,520)
Interest	54,711	54,711	11,191	43,520
Contingency	500,000	500,000	-	500,000
Total expenditures	<u>1,376,152</u>	<u>1,376,152</u>	<u>636,769</u>	<u>739,383</u>
Revenues over (under) expenditures	(722,452)	(722,452)	28,760	751,212
OTHER FINANCING SOURCES (USES)				
Loan borrowings	362,526	362,526	-	(362,526)
Transfers out	(42,500)	(42,500)	(42,500)	-
Total other financing sources and uses	<u>320,026</u>	<u>320,026</u>	<u>(42,500)</u>	<u>(362,526)</u>
Net change in fund balances	(402,426)	(402,426)	(13,740)	388,686
FUND BALANCES, BEGINNING	<u>404,267</u>	<u>404,267</u>	<u>814,774</u>	<u>410,507</u>
FUND BALANCES, ENDING	<u>\$ 1,841</u>	<u>\$ 1,841</u>	<u>\$ 801,034</u>	<u>\$ 799,193</u>
Total revenue and expenditures above			\$ 665,529	\$ 636,769
Operating transfers in/out			-	42,500
Expenditures capitalized			-	(69,220)
Debt service principal payments			-	(150,701)
Depreciation expense			-	130,455
Interest revenue/expense				(1,047)
Total revenues and expenses - generally accepted accounting principles			<u>\$ 665,529</u>	<u>588,756</u>
Change in net assets				<u>\$ 76,773</u>

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, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Grants	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Charges for services:				
User fees	891,000	891,000	894,020	3,020
System development charges	-	-	199,342	199,342
Connection fees	-	-	1,350	1,350
Interest	11,000	11,000	10,893	(107)
Miscellaneous	-	-	8,738	8,738
Total revenues	<u>927,000</u>	<u>927,000</u>	<u>1,139,343</u>	<u>212,343</u>
EXPENDITURES				
Personal services	382,509	382,509	326,925	55,584
Materials and services	331,940	341,940	334,503	7,437
Capital outlay	265,080	255,080	178,986	76,094
Debt service:				
Principal	171,449	171,449	194,451	(23,002)
Interest	118,736	118,736	95,733	23,003
Contingency	500,000	500,000	-	500,000
Total expenditures	<u>1,769,714</u>	<u>1,769,714</u>	<u>1,130,598</u>	<u>639,116</u>
Revenues over (under) expenditures	(842,714)	(842,714)	8,745	851,459
OTHER FINANCING SOURCES (USES)				
Transfers out	(42,500)	(42,500)	(42,500)	-
Total other financing sources and uses	<u>(42,500)</u>	<u>(42,500)</u>	<u>(42,500)</u>	<u>-</u>
Net change in fund balances	(885,214)	(885,214)	(33,755)	851,459
FUND BALANCES, BEGINNING	<u>2,077,230</u>	<u>2,077,230</u>	<u>2,290,555</u>	<u>213,325</u>
FUND BALANCES, ENDING	<u>\$ 1,192,016</u>	<u>\$ 1,192,016</u>	<u>\$ 2,256,800</u>	<u>\$ 1,064,784</u>
Total revenue and expenditures above			\$ 1,139,343	\$ 1,130,598
Operating transfers in/out			-	42,500
Expenditures capitalized			-	(190,879)
Debt service principal payments				(194,451)
Depreciation expense				196,090
Interest revenue/expense				4,923
Total revenues and expenses - generally accepted accounting principles			<u>\$ 1,139,343</u>	<u>988,781</u>
Change in net assets				<u>\$ 150,562</u>

Other Schedules

CITY OF WOOD VILLAGE, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
For the Fiscal Year Ended June 30, 2011

Tax Year	Receivable Balance, Beginning	Levy	Collections/ Refunds	Interest Received/Paid	Discounts/ Reversals	Adjustments	Receivable Balance, Ending
2010-11		\$765,918.89	(\$723,020.26)	\$0.00	(\$19,045.81)	(\$2,596.26)	\$21,256.56
2009-10	\$23,784.22		(\$12,235.84)	\$0.00	\$27.23	(\$1,664.19)	\$9,911.42
2008-09	\$11,111.11		(\$4,846.09)	\$0.00	\$9.02	(\$499.11)	\$5,774.93
2007-08	\$4,895.55		(\$2,855.77)	\$0.00	\$0.54	(\$74.83)	\$1,965.49
2006-07	\$1,825.75		(\$1,439.72)	\$0.00	\$0.09	(\$69.37)	\$316.75
2005-06	\$285.02		(\$130.09)	\$0.00	\$0.02	(\$20.95)	\$134.00
2004-05	\$188.75		(\$32.30)	\$0.00	\$0.01	(\$23.30)	\$133.16
2003-04	\$137.91		(\$7.05)	\$0.00	\$0.01	(\$3.94)	\$126.93
2002-03	\$94.85		(\$6.73)	\$0.00	\$0.00	(\$8.80)	\$79.32
2001-02	\$77.37		(\$1.95)	\$0.00	\$0.00	(\$6.09)	\$69.33
2000-01	\$48.16		(\$2.32)	\$0.00	\$0.00	(\$0.56)	\$45.28
Prior	\$247.70		(\$6.52)	\$0.00	\$0.00	(\$1.58)	\$239.60
	<u>\$42,696.39</u>	<u>\$765,918.89</u>	<u>(\$744,584.64)</u>	<u>\$0.00</u>	<u>(\$19,008.89)</u>	<u>(\$4,968.98)</u>	<u>\$40,052.77</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 Years¹
 (accrual basis of accounting)

	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010	2011		
Governmental activities										
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	\$ 2,261,208		
Restricted	729,947	583,341	270,027	337,051	334,297	346,398	362,533	331,394		
Unrestricted	1,744,653	2,298,793	3,019,646	2,877,204	3,134,335	2,854,343	2,593,316	2,730,042		
Total governmental activities net assets	\$ 3,901,445	\$ 4,341,851	\$ 4,671,466	\$ 4,624,442	\$ 5,165,863	\$ 5,094,000	\$ 5,116,503	\$ 5,322,644		
Business-type activities										
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	\$ 3,131,944		
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	2,999,736		
Total business-type activities net assets	\$ 3,051,101	\$ 3,194,761	\$ 3,957,844	\$ 5,342,373	\$ 5,783,734	\$ 5,994,764	\$ 5,904,345	\$ 6,131,680		
Primary government										
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	\$ 5,393,152		
Restricted	939,601	616,309	723,611	542,916	517,202	545,740	561,875	331,394		
Unrestricted	2,534,954	2,985,482	3,088,507	6,262,830	6,182,277	5,671,126	5,445,081	5,729,778		
Total primary government net assets	\$ 6,952,546	\$ 7,536,612	\$ 8,629,310	\$ 9,966,815	\$ 10,949,597	\$ 11,088,764	\$ 11,020,848	\$ 11,454,324		

¹ 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
 (accrual basis of accounting)

	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010	2011		
Expenses										
Governmental activities:										
General government	\$ 382,291	\$ 374,726	\$ 601,529	\$ 365,968	\$ 334,249	\$ 482,797	\$ 475,020	\$ 450,100		
Public safety	445,670	497,367	577,099	644,167	681,765	724,562	751,031	771,216		
Parks	105,769	83,221	83,156	98,359	130,983	164,642	98,610	113,607		
Public Works	67,219	80,575	77,249	89,649	97,433	150,825	125,033	146,410		
Building Inspections	-	-	-	-	-	126,359	61,178	89,408		
Streets	228,403	197,489	195,425	202,553	231,184	243,220	280,441	271,092		
Interest on long-term debt	54,367	33,790	23,899	15,049	4,277	975	-	-		
Total governmental activities expenses	1,283,719	1,237,168	1,558,357	1,415,745	1,479,891	1,893,380	1,791,313	1,841,833		
Business-type activities:										
Water operations	415,845	461,121	472,314	400,138	469,071	510,878	561,176	536,112		
Sewer operations	512,959	633,382	629,399	661,417	801,140	876,551	898,390	845,625		
Total business-type activities expenses	928,804	1,094,503	1,101,713	1,061,555	1,270,211	1,387,429	1,459,566	1,381,737		
Total primary government expenses	\$ 2,212,523	\$ 2,331,671	\$ 2,660,070	\$ 2,477,300	\$ 2,750,102	\$ 3,280,809	\$ 3,250,879	\$ 3,223,570		
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 47,433	\$ 133,530	\$ 414,450	\$ 143,700	\$ 97,952	\$ 212,946	\$ 92,228	\$ 123,872		
Inspection fees (permits)	45,412	64,315	78,529	35,633	-	-	-	-		
Other	130,829	141,546	142,297	139,356	232,702	130,857	139,675	176,021		
Operating grants and contributions	76,165	73,183	16,775	-	-	-	139,000	82,500		
Capital grants and contributions	299,839	412,574	652,051	318,689	330,654	343,803	370,903	382,393		
Total governmental activities program revenues	479,660	460,671	551,655	685,928	706,683	649,610	637,989	661,439		
Business-type activities:										
Charges for services:										
Water operations:	1,194	31,643	141,317	146,051	26,000	5,506	-	-		
User fees and other	528,361	588,674	666,069	879,509	913,321	861,807	861,654	1,103,450		
Connection charges	6,460	33,542	394,935	222,475	60,609	460	-	-		
Sewer operations	25,500	150,000	-	-	44,440	15,667	22,309	-		
User fees and other	-	-	-	-	-	-	-	-		
Connection charges	-	-	-	-	-	-	-	-		
Operating grants and contributions	991,175	1,264,530	1,753,976	1,933,963	1,751,053	1,533,050	1,521,952	1,789,889		
Capital grants and contributions	\$ 1,291,014	\$ 1,677,104	\$ 2,406,027	\$ 2,252,652	\$ 2,081,707	\$ 1,876,853	\$ 1,892,855	\$ 2,172,282		

	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010	2011		
Net (expense)/revenue:										
Governmental activities	\$ (983,880)	\$ (824,594)	\$ (906,306)	\$ (1,097,056)	\$ (1,149,237)	\$ (1,549,577)	\$ (1,420,410)	\$ (1,459,440)		
Business-type activities	62,371	170,027	652,263	872,408	480,842	145,621	62,386	408,152		
Total primary government net expense	\$ (921,509)	\$ (654,567)	\$ (254,043)	\$ (224,648)	\$ (668,395)	\$ (1,403,956)	\$ (1,358,024)	\$ (1,051,288)		
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 574,149	\$ 592,000	\$ 637,637	\$ 673,728	\$ 729,660	\$ 752,496	\$ 732,634	\$ 741,980		
Franchise taxes	182,419	261,791	209,830	231,965	256,568	235,134	295,094	253,961		
Business income taxes	77,597	100,894	135,154	157,595	185,669	124,694	117,534	128,072		
Motel taxes	67,701	83,909	83,567	97,870	104,572	100,017	84,933	88,566		
Unrestricted grants and contributions	93,685	72,772	79,181	82,004	178,630	108,283	103,164	348,437		
Unrestricted interest and investment earnings	77,961	101,384	155,592	164,871	167,559	80,840	29,554	19,565		
Transfers	36,822	52,250	(65,040)	(358,000)	68,000	76,250	80,000	85,000		
Total governmental activities	1,110,334	1,265,000	1,235,921	1,050,033	1,690,658	1,477,714	1,442,913	1,665,581		
Business-type activities:										
Unrestricted interest and investment earnings	10,717	25,883	45,780	154,121	28,608	141,510	(72,805)	(95,817)		
Transfers	(36,822)	(52,250)	65,040	358,000	(68,000)	(76,250)	(80,000)	(85,000)		
Total business-type activities	(26,105)	(26,367)	110,820	512,121	(39,392)	65,260	(152,805)	(180,817)		
Total primary government	\$ 1,084,229	\$ 1,238,633	\$ 1,346,741	\$ 1,562,154	\$ 1,651,266	\$ 1,542,974	\$ 1,290,108	\$ 1,484,764		
Change in Net Assets										
Governmental activities	\$ 126,454	\$ 440,406	\$ 329,615	\$ (47,023)	\$ 541,421	\$ (71,863)	\$ 22,503	\$ 206,141		
Business-type activities	36,266	143,660	763,083	1,384,529	441,450	210,881	(90,419)	227,335		
Total primary government	\$ 162,720	\$ 584,066	\$ 1,092,698	\$ 1,337,506	\$ 982,871	\$ 139,018	\$ (67,916)	\$ 433,476		

¹ 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 Years¹
(modified accrual basis of accounting)

	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010	2011		
General fund:										
Unreserved	\$ 2,277,453	\$ 2,650,042	\$ 3,018,924	\$ 2,863,996	\$ 3,121,612	\$ 2,838,170	\$ 2,578,246	\$ -		
Nonspendable	-	-	-	-	-	-	-	-		
Prepays	-	-	-	-	-	-	-	1,180		
Unassigned	-	-	-	-	-	-	-	2,672,713		
Total general fund	\$ -	\$ 2,673,893								
All other governmental funds:										
Unreserved, reported in:										
Special revenue funds	\$ 21,979	\$ 37,575	\$ 70,046	123,259	97,855	97,179	102,986	148,064		
Urban Renewal Agency Fund	148,050	152,582	90,177	13,720	132,234	128,568	165,078	(47,599)		
Debt service funds	-	-	-	-	-	-	-	183,330		
Restricted	-	-	-	-	-	-	-	-		
Streets	-	-	-	-	-	-	-	148,064		
Assigned	-	-	-	-	-	-	-	-		
Debt service	-	-	-	-	-	-	-	183,330		
Unassigned	-	-	-	-	-	-	-	(47,599)		
Total all other governmental funds	\$ 170,029	\$ 190,157	\$ 160,223	\$ 136,979	\$ 230,089	\$ 225,747	\$ 268,064	\$ 283,795		

¹ 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 FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years¹
(modified accrual basis of accounting)**

	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010	2011		
Revenues										
Property taxes	\$ 569,383	\$ 592,222	\$ 637,618	\$ 673,992	\$ 725,794	\$ 743,756	\$ 733,930	\$ 743,711		
Motel taxes	67,701	83,909	83,567	97,870	104,572	100,017	84,933	88,566		
Franchise fees	182,419	261,791	209,830	231,965	256,568	235,134	295,094	253,961		
Licenses and permits	67,715	154,075	479,521	143,700	59,013	164,728	57,549	85,066		
Intergovernmental	366,504	386,194	370,296	375,579	589,475	352,310	489,233	721,894		
Charges for services	13,679	29,672	11,858	25,913	33,774	23,550	25,479	27,501		
Donations	1,772	2,201	3,111	3,376	7,526	11,524	10,140	13,136		
Special assessments	82,724	206,405	102,354	51,411	174,206	34,959	35,617	17,416		
Interest	30,804	61,713	125,087	139,177	144,568	69,633	20,119	11,840		
Miscellaneous	11,451	14,098	1,600	9,720	5,165	24,668	9,200	38,394		
Total revenues	1,394,152	1,792,280	2,024,842	1,752,703	2,100,661	1,760,279	1,761,294	2,001,485		
Expenditures										
General government	\$ 386,301	\$ 367,501	\$ 588,736	\$ 332,812	\$ 323,076	\$ 460,682	\$ 445,651	\$ 445,599		
Public safety	445,670	497,367	577,099	644,167	681,765	724,562	751,031	771,216		
Parks	86,784	34,236	63,586	196,844	104,641	135,235	71,744	79,945		
Public works	51,466	61,845	57,228	78,798	89,964	127,356	117,082	124,633		
Building Inspections	-	-	-	-	-	126,359	61,178	89,408		
Streets	182,562	150,232	140,677	148,462	165,585	187,344	207,468	207,242		
Capital outlay	84,265	135,230	23,285	24,673	393,276	321,605	404,747	257,064		
Debt service	240,000	170,000	145,000	115,000	55,000	40,000	-	-		
Principal	56,181	35,402	25,243	16,034	4,628	1,170	-	-		
Interest	-	-	-	-	-	-	-	-		
Total expenditures	1,513,229	1,451,813	1,620,854	1,556,790	1,817,935	2,124,313	2,058,901	1,975,107		
Excess of revenues over (under) expenditures	(119,077)	340,467	403,988	195,913	282,726	(364,034)	(297,607)	26,378		
Other financing sources (uses)										
Transfers in	\$ 54,822	\$ 138,250	\$ 80,960	\$ 131,000	\$ 153,000	\$ 151,250	\$ 180,000	\$ 195,000		
Transfers out	(18,000)	(86,000)	(146,000)	(489,000)	(85,000)	(75,000)	(100,000)	(110,000)		
Total other financing sources (uses)	36,822	52,250	(65,040)	(358,000)	68,000	76,250	80,000	85,000		
Net change in fund balances	\$ (82,255)	\$ 392,717	\$ 338,948	\$ (162,087)	\$ 350,726	\$ (287,784)	\$ (217,607)	\$ 111,378		
Debt service as a percentage of noncapital expenditures	28.2%	21.0%	12.1%	10.3%	6.1%	2.8%	0.0%	0.0%		

¹ 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					Total	Estimated Market Value	Ratio of Total Assessed Value to Estimated Market Value
	Real Property	Personal Property	Manufactured Property	Public Utility Property				
2011	\$ 220,519,270	\$ 16,925,154	\$ 4,332,180	\$ 5,436,870	\$ 247,213,474	\$ 403,792,000	61.22%	
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%	

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 to existing assessed properties by applying a changed property ratio to actual values of the construction as determined by the assessors.

CITY OF WOOD VILLAGE, OREGON
PROPERTY TAX RATES¹
DIRECT AND OVERLAPPING² GOVERNMENTS
 Last Ten Fiscal Years

Fiscal Year Ended	Total	City of Wood Village ³	Port of Portland	Multnomah County ESD	Reynolds School District	ML Hood Community College	Metro Service District	Multnomah County	E. Multnomah Soil & Water	Tri-Met
2011	15.73	3.13	0.07	0.46	5.60	0.49	0.41	5.38	0.10	0.09
2010	15.78	3.13	0.07	0.46	5.60	0.49	0.44	5.40	0.10	0.09
2009	15.92	3.13	0.07	0.46	5.81	0.49	0.40	5.39	0.09	0.08
2008	15.99	3.13	0.07	0.46	5.83	0.49	0.43	5.42	0.07	0.09
2007	15.80	3.13	0.07	0.46	5.95	0.49	0.28	5.29	0.03	0.10
2006	15.92	3.13	0.07	0.46	6.02	0.49	0.28	5.31	0.04	0.12
2005	15.87	3.13	0.07	0.46	6.04	0.50	0.28	5.28	-	0.11
2004	15.87	3.13	0.07	0.46	6.03	0.51	0.29	5.27	-	0.11
2003	15.77	3.13	0.07	0.46	6.02	0.52	0.28	5.17	-	0.12
2002	16.16	3.13	0.07	0.46	6.32	0.51	0.32	5.21	-	0.14

Source: Multnomah County Tax Supervising and Conservation Commission.

¹ 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.

² 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, 2011

Taxpayer	2011			2003 ¹		
	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)	14,080,194	1	5.7%	6,296,560	3	3.9%
Wal-Mart Stores, Inc./Real Estate	12,207,340	2	4.9%	6,291,160	4	3.9%
Lowe's, Inc.	10,964,010	3	4.4%	9,486,560	2	5.9%
Fred Meyer Stores, Inc.	10,743,480	4	4.3%	\$ 10,809,790	1	6.8%
Willamette Graystone, Inc.	8,324,100	5	3.4%			
Larane Investments (Brashers)	6,456,390	6	2.6%	4,219,610	6	2.6%
McFadden, Arthur (Mult Kennel Club)	5,978,770	7	2.4%	4,719,730	5	2.9%
Niemeyer, John (Morasch Meats Bldg)	5,486,650	8	2.2%			
Wood Village Land Co.	4,725,680	9	1.9%	3,114,870	8	1.9%
Realty Inc (Olinger)	4,694,420	10	1.9%			
Wood Village Town Center, LLC						
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>\$ 83,661,034</u>		<u>33.8%</u>	<u>\$ 53,832,330</u>		<u>33.6%</u>

Source: Multnomah County Division of Assessment and Taxation.

¹ 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	Levy	Collections	Levy	Collections	Levy	Collections	Levy	Collections	Levy	Collections
2011	765,919	719,900	719,900	93.99%	23,810	743,711	97.10%					
2010	754,316	708,712	708,712	93.95%	25,217	733,929	97.30%					
2009	777,555	726,061	726,061	93.38%	17,695	743,757	95.65%					
2008	751,031	707,627	707,627	94.22%	18,166	725,793	96.64%					
2007	692,747	655,433	655,433	94.61%	18,560	673,993	97.29%					
2006	658,607	621,537	621,537	94.37%	14,698	636,235	96.60%					
2005	614,797	577,094	577,094	93.87%	14,441	591,535	96.22%					
2004	588,287	553,439	553,439	94.08%	14,675	568,114	96.57%					
2003	500,574	470,485	470,485	93.99%	11,438	481,923	96.27%					
2002	496,794	466,835	466,835	93.97%	8,986	475,821	95.78%					

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 ¹	As a Percentage of Personal Income
	Special Assessment/ Limited Tax Improvement Bonds	Refund Payable	OECCDD Loans			
2011	\$ -	\$ -	\$ 2,328,263	\$ 2,328,263	0.58%	1.77%
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.

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

⁴ 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, 2011

Governmental Unit	Debt Outstanding	Percent Within City ¹	City's Estimated Share
Direct:			
City of Wood Village	\$ -	100.00%	\$ -
Overlapping:			
Mt. Hood Community College	54,316,317	1.42%	768,944
Port of Portland	70,415,721	0.44%	308,099
Multnomah County ESD	35,560,000	0.44%	156,599
Reynolds School District No. 7	133,178,665	5.05%	6,731,418
Metro	186,590,000	0.44%	827,048
Tri-Met Transportation District	19,115,000	0.44%	84,709
East Multnomah Soil & Water Conservation	430,000	0.62%	2,671
Multnomah County	255,778,160	0.44%	1,119,140
<i>Total Overlapping</i>	<u>755,383,863</u>		<u>9,998,627</u>
Total Direct and Overlapping	<u>\$ 755,383,863</u>		<u>\$ 9,998,627</u>

Source: Multnomah County Tax Supervising and Conservation Commission.

¹ 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's boundaries and dividing it by the overlapping government's total taxable assessed value.

CITY OF WOOD VILLAGE, OREGON
LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years ¹

Legal Debt Margin Trend Information:

	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010	2011		
Debt limit	\$ 7,890,705	\$ 8,155,329	\$ 9,133,639	\$ 10,187,206	\$ 12,494,612	\$ 13,201,488	\$ 12,114,000	\$ 11,545,848		
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	\$ 12,114,000	\$ 11,545,848		
Total legal debt margin as a percentage of debt limit	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Legal Debt Margin Calculation for the Current Fiscal Year:

Taxable real market value (RMV)	\$ 384,861,592
Debt limit (3% of RMV) ²	\$ 11,545,848
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) ²	\$ 11,545,848

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

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

² 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 ¹

Fiscal Year	Special Assessment Collections	Special Assessment Bonds ²		Coverage
		Debt Service		
		Principal	Interest	
2011	\$ -	\$ -	\$ -	0.00
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

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

² 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 Endec	Water			Sewer			
	Water Services	Interest Income	Total	Sewer Services	Interest Income	Other	Total
2011	\$ 644,264	\$ 4,003	\$ 648,354	\$ 894,020	\$ 10,893	\$ 35,088	\$ 940,001
2010	\$ 636,869	\$ 4,448	\$ 642,524	\$ 861,654	\$ 13,225	\$ 22,309	\$ 897,188
2009	652,861	18,884	674,116	862,267	53,874	15,817	931,959
2008	723,528	52,992	785,762	1,018,314	118,500	(34)	1,136,780
2007	827,558	47,519	879,498	1,098,463	106,602	3,521	1,208,586
2006	691,952	11,027	704,067	1,061,003	34,685	1	1,095,689
2005	491,049	6,241	498,555	618,699	19,642	153,517	791,858
2004	422,949	1,632	432,397	528,011	6,415	6,650	541,076
2003	354,403	866	360,820	476,258	9,946	22,570	508,774
2002	289,208	63,868	354,154	420,141	11,291	74,097	505,529

Source: City of Wood Village Financial Statement

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

Fiscal Year Endec	Water		Sewer		Gross Profit		Percent of Sales
	Water Sales	Water Purchases	Sewer Sales	Sewer Purchases	Amount	Amount	
2011	\$ 644,264	\$ 539,604	\$ 894,020	\$ 853,288	\$ 40,732	\$ 40,732	4.6%
2010	\$ 636,869	\$ 558,289	\$ 861,654	\$ 840,138	\$	\$ 21,516	2.5%
2009	652,861	523,852	862,267	722,133		140,134	16.3%
2008	732,770	447,585	1,018,280	801,142		217,138	21.3%
2007	831,979	400,138	1,101,984	661,417		440,567	40.0%
2006	693,040	472,314	1,061,004	629,399		431,605	40.7%
2005	492,314	461,121	622,216	633,382		(11,166)	-1.8%
2004	430,765	383,582	529,161	488,991		40,170	7.6%
2003	359,954	384,928	498,828	493,445		5,383	1.1%
2002	294,195	356,253	515,690	455,782		59,908	11.6%

Source: City of Wood Village Financial Statement

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

Fiscal Year Ended	Population (City of Wood Village) ¹	Personal Income (amounts expressed in thousands)	Per Capita Personal Income (Portland - Metro Area) ²	Median Age (City of Wood Village) ³	Unemployment Rate (Portland - Metro Area) ²
2011	3,185	131,254	41,210	N/A	9.0%
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%

Data sources:

¹ Portland State University, Population Research and Census Center.

² Oregon Employment Department.

³ United States Census, 2000.

CITY OF WOOD VILLAGE, OREGON
 PRINCIPAL EMPLOYERS
 Current Year 1

	2011			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Wal-Mart Stores, Inc.	392	1	17.2%	549	1	22.6%
Fred Meyer Stores, Inc.	191	2	8.4%	210	2	8.6%
Brasher's Cascade Auto Auction	162	3	7.1%	98	9	4.0%
Lowe's, Inc.	112	4	4.9%	140	5	5.8%
Kohl's Department Stores, Inc.	112	5	4.9%	118	7	4.8%
Village Manor Care Facility	73	6	3.2%			
Buffalo Wild Wings	70	7	3.1%			
Olinger Travel Homes	46	8	2.0%			
Gresham Transfer	30	9	1.3%			
Advanced Metal & Wire	24	10	1.1%			
LBL Windows & Doors			0.0%	150	4	6.2%
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	1051 *		46.2%	705	-	28.9%
Totals	2263		99.4%	2,433		100.0%

1 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 Years¹

	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010	2011		
City Employees by Activity (Full Time Equivalents):										
General Government	1.90	1.95	1.92	2.17	2.20	2.90	2.81	2.30		
Public Safety ²	N/A	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	2.00		
Public Works	0.73	0.84	0.83	0.79	1.38	1.25	2.49	2.50		
Streets	1.28	1.40	1.38	1.40	1.47	1.57	1.80	1.50		
Water	3.14	3.40	3.60	3.51	3.76	4.10	4.47	3.50		
Sewer	3.14	3.40	3.60	3.51	3.76	4.10	4.47	3.50		
Total City Employees	11.62	12.73	12.69	12.60	14.35	15.83	16.94	15.30		

Operating Indicators and Capital Assets by Activity:

	2004	2005	2006	2007	2008	2009	2010	2011
General Government								
Number of registered voters (Each General Election) ¹	N/A	1,446	N/A	1,237	1,053	1,366	1,266 *	
Number of votes cast	N/A	799	N/A	475	587	1,053	809 *	
Permits issued	189	232	672	819	227	208	156	210
Public Safety ²								
Total Sheriff's Office calls in Wood Village	4,011	2,775	4,038	3,651	5,251	6,604	10,215	7,697
Total hours spent by Sheriff's Office in Wood Village	3,250	3,094	3,429	2,296	3,339	4,263	6,695	5,101
Total Fire Department Calls in Wood Village				256	253	274	422	423
Parks								
Number of Parks	1	1	1	1	1	1	1	1
Park acreage	21	21	21	21	21	21	21	21
Public Works								
City facilities to maintain	3	3	3	3	4	3	3	3
Streets								
Miles of streets	3.60	3.88	6.70	4.24	4.24	4.24	4.24	4.24
Number of street lights	258	258	284	264	264	264	264	264

	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010	2011		
Water										
Total Acre Feet of Water Pumped for Customers	455.63	432.58	500.79	456.35	482.02	441.73	440.61	391.02		
Miles of water mains	12	12	12	12.46	12.46	12.46	12.46	12.46		
Number of service connections	524	524	547	637	638	638	638	637		
Number of wells	3	3	3	3	4	4	4	4		
Number of reservoirs	3	3	3	3	3	3	3	3		
Design capacity of wells in gallons per minute:										
Well No. 1 (1942), Water Rights = 200 GPM										
Available run capacity (GPM)	110	110	110	110	110	110	110	110		
Well No. 2 (1970), Water Rights = 337 GPM										
Available run capacity (GPM)	225	225	225	225	225	225	225	225		
Well No. 3 (1980), Water Rights = 800 GPM										
Available run capacity (GPM)	490	490	490	490	490	490	490	490		
Well No. 4 (2008), Water Rights = 839 GPM										
Available run capacity (GPM)					850	850	850	850		
Design capacity of reservoirs in gallons										
Reservoir No. 1 (1942), Capacity (gallons)	300,000	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	800,000		
Reservoir No. 3 (1978), Capacity (gallons)	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000		
Sewer										
Miles of sanitary sewers	12.75	12.75	13.42	13.89	13.89	14.14	14	14		
Number of service connections	508	508	540	630	631	635	635	624		
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	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	375,000		

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

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

² 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.

³ The Multnomah County Elections Office provides this information.

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

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

We have audited the basic financial statements of City of Wood Village, Oregon, as of and for the year ended June 30, 2011 and have issued our report thereon dated December 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations.

Compliance

As part of obtaining reasonable assurance about whether the City of Wood Village, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures, which included, but were not limited to the following:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness, limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials. The City does not have any elected officials collecting or receiving money.

In connection with our testing, nothing came to our attention that caused us to believe the City of Wood Village, Oregon was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, included the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-010-000 through 162-010-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-10-0230 Internal Control

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.

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

A handwritten signature in cursive script that reads "Merina & Company".

Merina & Company, LLP
West Linn, Oregon
December 30, 2011