

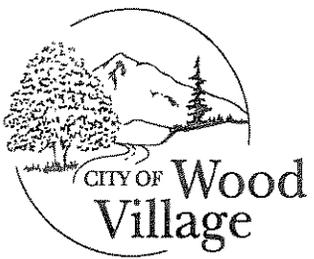
CITY OF WOOD VILLAGE  
OREGON

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

For the fiscal year ended June 30, 2009

Prepared by the  
FINANCE DEPARTMENT

Peggy Jo Minter, Finance Director



**CITY OF WOOD VILLAGE, OREGON  
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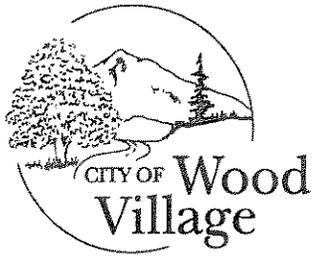
**STATISTICAL SECTION**

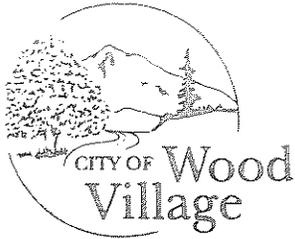
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# INTRODUCTORY SECTION





*Mayor*  
David M. Fuller

*Council President*  
Patricia Smith

*Councilors*  
Mark Clark

Stanley Dirks

Timothy Clark

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December 31, 2009

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, 2009. 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, 2009 are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

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

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

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

## **City Profile**

The City of Wood Village has a population of 3,130 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, 2009 was operating in an unprecedented adverse economic environment that the regional, state and national levels were also enduring with decreases in development, employment levels, and interest rates that limited the City's financial condition. Wood Village, like other communities around the country, is carefully protecting our financial reserves for possible continued hard times ahead.

In the 2008-2009 fiscal year commercial development construction was weaker than previous trends of the last several years with only one major restaurant opening in Wood Village, Buffalo Wild Wings.

We were hopeful that the new business, XsunX, that moved into a major industrial site in Wood Village would make a difference in local employment, but those hopes were dashed when the State of Oregon denied XsunX's application for energy tax credits. XsunX moved out of Wood Village in the spring of 2009. The facility is currently vacant and looking for tenants.

The unemployment rate in the Portland metropolitan area increased in response to the national economic downturn and stands at about 11.5%. 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 lower than 1% have been the norm. The City has always been careful to maintain General Fund reserves, even when economic times are good. The City had previously secured three low interest loans from the Oregon Economic and Community Development Department (OECDD, also newly renamed Oregon Business Infrastructure

Authority) for our required water and sewer infrastructure projects, prior to the tightening of the loan market, putting us in the very fortunate position of having good cash reserves as well as access to abundant capital funding.

### **Long-term Financial Planning**

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

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

During fiscal year 2008-09, the City made progress on our infrastructure projects of renovating and enlarging the reservoir that will meet the usage requirements of existing customers as well as anticipated new customers. Construction was moving along well at the end of the fiscal year, but subsequently the liner/sealer proved to be incontinent, so the project will not close until the leaks are solved. At this time the City plans to complete the reservoir by the end of March 31, 2011. The Sandy Blvd Sewer Transmission line is progressing well and anticipates being complete by the end of 2009.

A major concern for the City is an inflow and infiltration (I & I) problem with the older segments of our sewer system. Because the City has older sewer lines and related systems (both City and resident owned) additional amounts of storm and ground water flow into sewer lines during winter months. This causes concern over potential sewer system overflows and substantially increases the City's cost of wastewater treatment. The City has begun addressing the problem, 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.

## **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).

## **Awards and Acknowledgements**

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

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

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

Respectfully Submitted,



Peggy Jo Minter  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Wood Village  
Oregon

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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



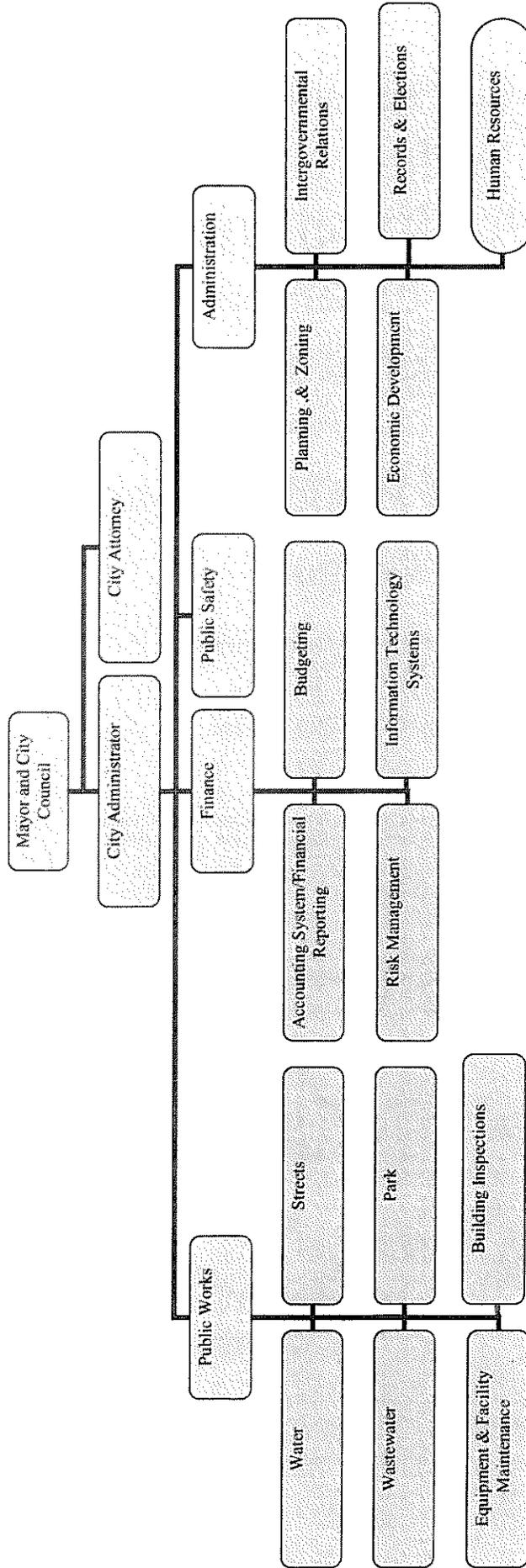
A stylized handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

# CITY OF WOOD VILLAGE ORGANIZATIONAL CHART



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

Mayor and City Council as of June 30, 2009:

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Dave M. Fuller	Mayor	December 31, 2012
Patricia Smith	Council President	December 31, 2012
Mark S. Clark	Councilor	December 31, 2010
Stanley Dirks	Councilor	December 31, 2010
Timothy Clark	Councilor	December 31, 2012

Principal Officials:

<u>Name</u>	<u>Position</u>
Sheila Ritz	City Administrator
Peggy Jo Minter	Finance Director
Randall Jones	Public Works Director

# FINANCIAL SECTION



Certified Public Accountants and Consultants

**CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS**

PARTNERS

JOHN W. MERINA, CPA • KAMALA K. AUSTIN, CPA

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Wood Village, Oregon, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Wood Village, Oregon's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Wood Village, Oregon, as of June 30, 2009, 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 and the respective budgetary comparison for the General Fund and the Street Fund.

The management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not

audit the information and express no opinion on it. The budgetary comparison information for the Improvement Bond Fund has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wood Village, Oregon's basic financial statements. 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 basic financial statements. The supplementary information as listed in the table of contents has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

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

Merina & Company, LLP  
West Linn, Oregon  
December 31, 2009

# **CITY OF WOOD VILLAGE, OREGON**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **For the Fiscal Year Ended June 30, 2009**

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 \$11.089 million (net assets). Of this amount, \$5.671 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.

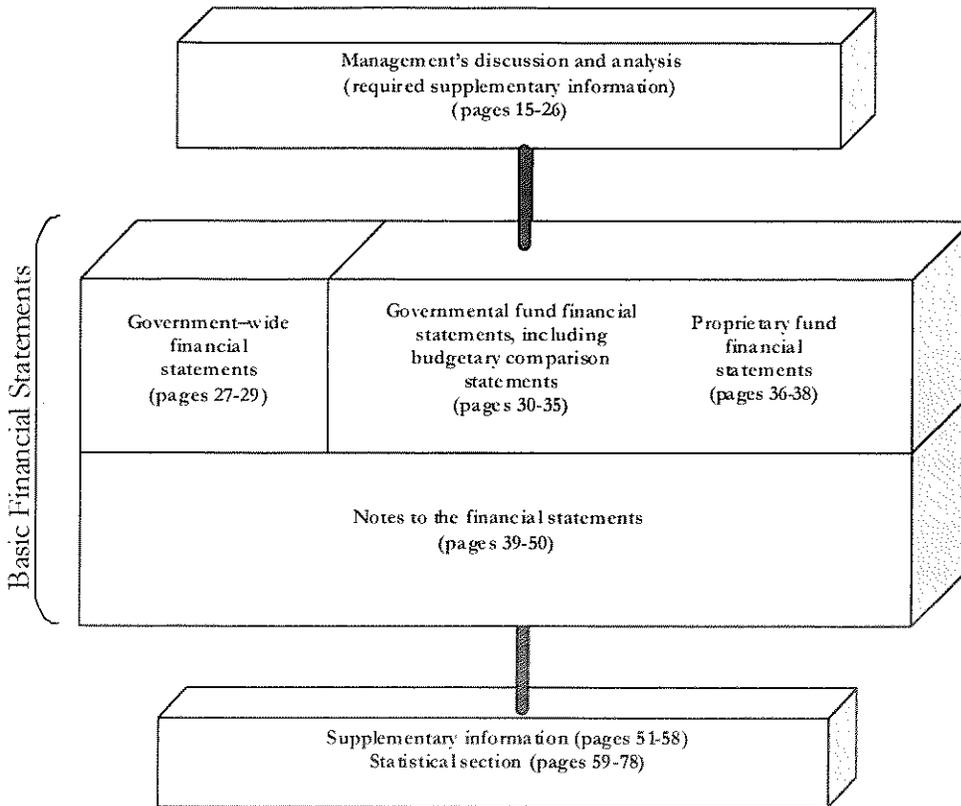
The City's total net assets increased by \$139 thousand during the year. The increase is primarily attributable to positive results of operations combined with a conservative spending policy that has been in place for many years. Unrestricted net assets decreased by \$551 thousand. The remaining net assets are invested in capital assets or restricted as to use.

The City's capital assets, net of associated debt, increased by \$662 thousand. This change is due to the recent completion of major water and sewer system projects and the associated revolving loan agreements that the City has entered into to provide funding for the projects. Depreciation on existing capital assets was significant with \$120 thousand on governmental activity assets and \$260 thousand on business-type activity assets.

Short-term debt decreased \$33 thousand due mainly to scheduled payments on, and early redemption of, special assessment debt.

#### **Overview of the Financial Statements**

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



## Government-wide Financial Statements

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

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

## **Fund Financial Statements**

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

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

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

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

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

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

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

## **Notes to the Financial Statements**

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

## **Supplementary Information**

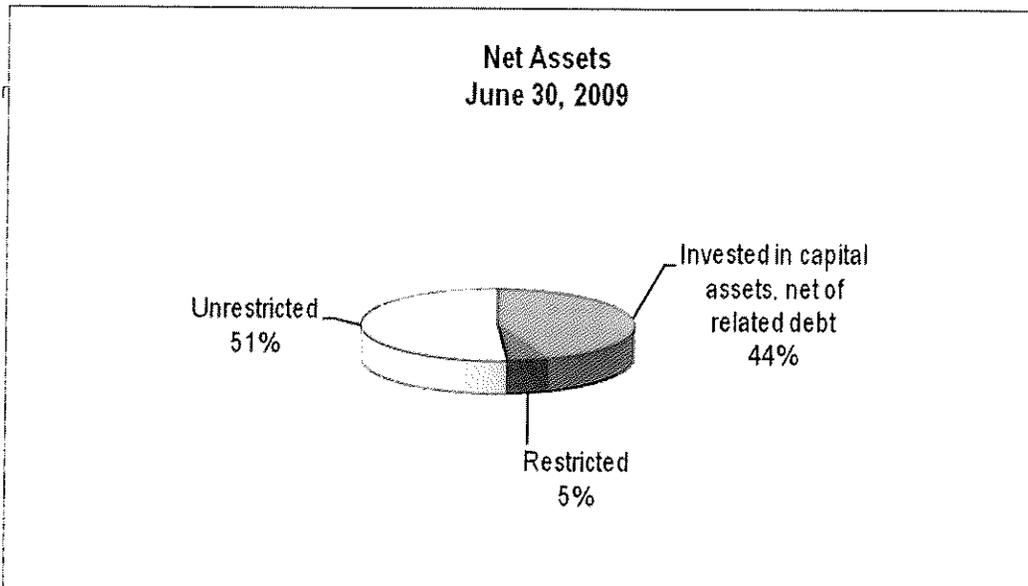
A budgetary comparison schedule is provided for the Improvement Bond Fund, and combining statements and budgetary schedules are presented for Water operations and Sewer operations, as supplementary information following the notes to the financial statements in the Financial Section.

## Government-Wide Financial Analysis

As mentioned previously, net assets may serve over time as a useful indicator of a government's financial position. The following table 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	
	2009	2008	2009	2008	2009	2008
<b>ASSETS</b>						
Current and other assets	\$ 3,512,954	\$ 3,688,594	\$ 3,612,295	\$ 3,815,041	\$ 7,125,249	\$ 7,503,635
Capital assets	1,893,259	1,697,231	4,776,932	4,351,180	6,670,191	6,048,411
Total assets	5,406,213	5,385,825	8,389,227	8,166,221	13,795,440	13,552,046
<b>LIABILITIES</b>						
Current and other liabilities	306,429	215,500	587,456	576,448	893,885	791,948
Long-term liabilities	5,784	4,462	1,807,007	1,806,039	1,812,791	1,810,501
Total liabilities	312,213	219,962	2,394,463	2,382,487	2,706,676	2,602,449
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	1,893,259	1,657,231	2,978,639	2,552,887	4,871,898	4,210,118
Restricted	346,398	334,297	199,342	182,905	545,740	517,202
Unrestricted	2,854,343	3,174,335	2,816,783	3,047,942	5,671,126	6,222,277
Total net assets	<u>\$ 5,094,000</u>	<u>\$ 5,165,863</u>	<u>\$ 5,994,764</u>	<u>\$ 5,783,734</u>	<u>\$ 11,088,764</u>	<u>\$ 10,949,597</u>



Approximately 44% of the City's net assets reflect an investment in capital assets (land, buildings, improvements, vehicles and equipment, and infrastructure, net of related debt). The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Another 5% of the government's net assets are subject to external restrictions on how they may be used. The remaining 51% of net assets, referred to as unrestricted, may be used to meet the ongoing obligations of the government to citizens and creditors.

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

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

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>EVENUES</b>						
Program Revenues:						
Charges for services	\$ 212,946	\$ 97,952	\$1,517,533	\$ 1,706,524	\$ 1,730,479	\$ 1,804,476
Operating grants and contributions	130,857	232,702	-	-	130,857	232,702
Capital grants and contributions	-	-	15,667	44,440	15,667	44,440
General Revenues:						
Property taxes	752,496	729,660	-	-	752,496	729,660
Other taxes	459,845	546,809	-	-	459,845	546,809
Unrestricted grants and contributions	108,283	178,630	-	-	108,283	178,630
Unrestricted interest and investment earnings	80,840	167,559	141,510	28,608	222,350	196,167
<b>Total revenues</b>	<b>1,745,267</b>	<b>1,953,312</b>	<b>1,674,710</b>	<b>1,779,572</b>	<b>3,419,977</b>	<b>3,732,884</b>
<b>EXPENSES</b>						
General government	482,797	334,249	-	-	482,797	334,249
Public safety	724,562	681,765	-	-	724,562	681,765
Parks	164,642	130,983	-	-	164,642	130,983
Public works	150,825	97,433	-	-	150,825	97,433
Building Inspections	126,359				126,359	
Streets	243,220	231,184	-	-	243,220	231,184
Interest on long-term debt	975	4,277	-	-	975	4,277
Water	-	-	510,878	469,071	510,878	469,071
Sewer	-	-	876,551	801,140	876,551	801,140
<b>Total expenses</b>	<b>1,893,380</b>	<b>1,479,891</b>	<b>1,387,429</b>	<b>1,270,211</b>	<b>3,280,809</b>	<b>2,750,102</b>
Excess (deficiency) before transfers	(148,113)	473,421	287,281	509,361	139,168	982,782
Transfers	76,250	68,000	(76,250)	(68,000)	-	-
<b>Change in net assets</b>	<b>(71,863)</b>	<b>541,421</b>	<b>211,031</b>	<b>441,361</b>	<b>139,168</b>	<b>982,782</b>
Net assets, beginning	5,165,863	4,624,442	5,783,734	5,342,373	10,949,597	9,966,815
<b>Net Assets, ending</b>	<b>\$ 5,094,000</b>	<b>\$5,165,863</b>	<b>\$5,994,765</b>	<b>\$ 5,783,734</b>	<b>\$11,088,765</b>	<b>\$ 10,949,597</b>

## Governmental Activities

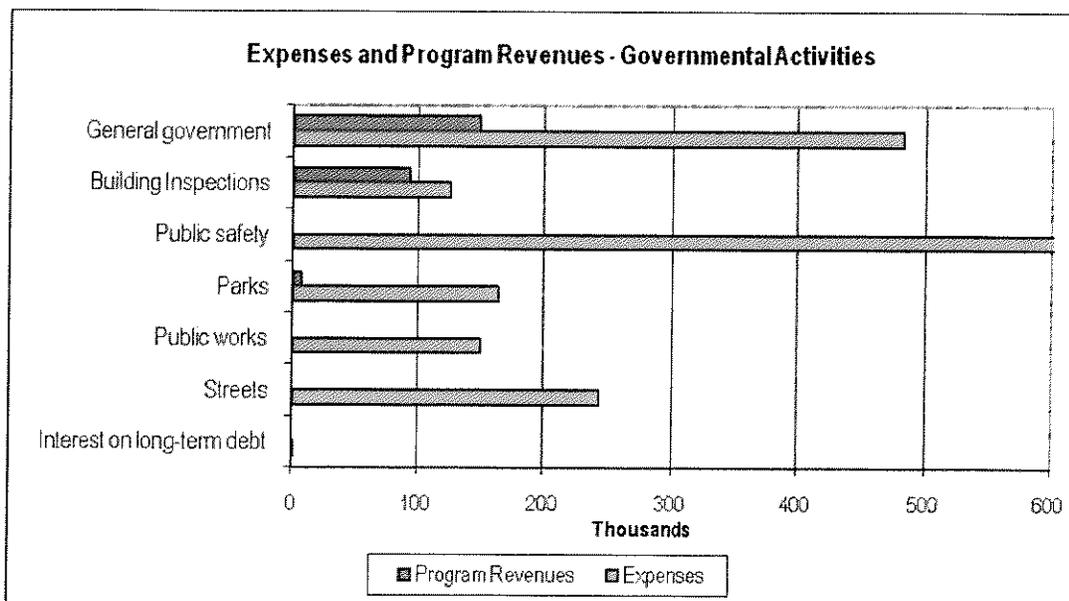
During the fiscal year, the City's total net assets increased by \$139 thousand. After funding operating costs for the current year, the City used some unrestricted resources reserved for future operations of governmental activities. Charges for services for general government activities was higher than in previous years and is attributable to taking on the building inspection work as well as the hard work of our Public Works Director who placed additional energy and resources toward long term infrastructure repair, replacement and development. Expansion continued at the Wood Village Town Center with the addition of a large new restaurant chain, "Buffalo Wild Wings". 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.

General revenues were lower than in the preceding year in all areas except building inspection services. While the commercial development activity over the past three years has resulted in substantial increases in the City's property tax base, the slowing national economy has affected Wood Village as well resulting in a much smaller increase than in previous years.

Franchise tax revenues from electric, gas and other utility companies decreased by 10%, and motel tax revenues decreased by 4% from the previous year. Business income tax revenues (a tax that applies to business *net* income) decreased by 33% this year. This is attributable to the slowing of the national economy and sluggish sales in the local commercial sector.

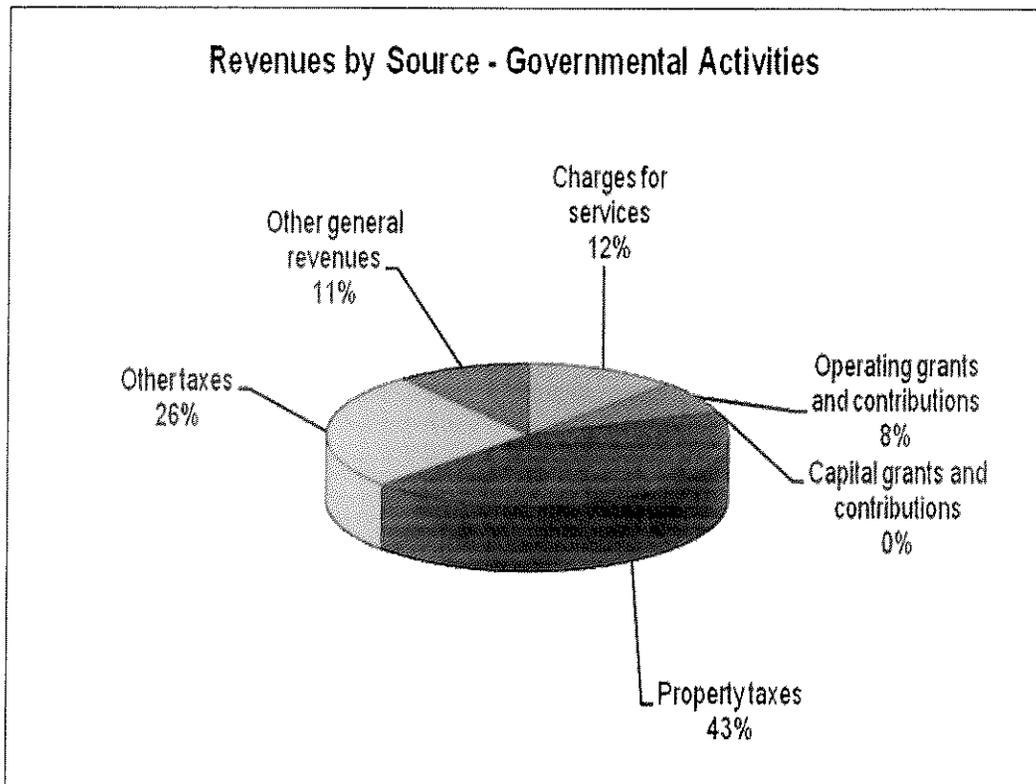
Another general revenue source, investment earnings, plummeted by about 50% during the past year. While this reduction in investment income has been painful, we continue to expect lowered investment income throughout this next fiscal year. The City has carefully preserved governmental activities' reserves 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.

With concern over the rising costs of public safety, operating materials like asphalt and fuel, and healthcare and retirement benefits, City officials were again careful with spending during the current year. While revenue came in slightly lower than expected, costs were kept to minimum operating standards.



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 some 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 fund the majority of public safety costs. Most revenues for street activities come from State shared gas taxes. Gas taxes were insufficient to cover base operating costs, so general revenues were used to make up the difference.

The graph below 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' increased \$211 thousand during the fiscal year. The City took steps to improve the financial health of both water and sewer activities while working on significant capital improvement projects for each. The development activity discussed above had a major impact on business-type activities as well. No additional loan proceeds from the OECD were drawn during FY2009 for construction of water and sewer construction that were accomplished this year. Further water and sewer development activities are under way and will significantly impact these funds in the next couple years.

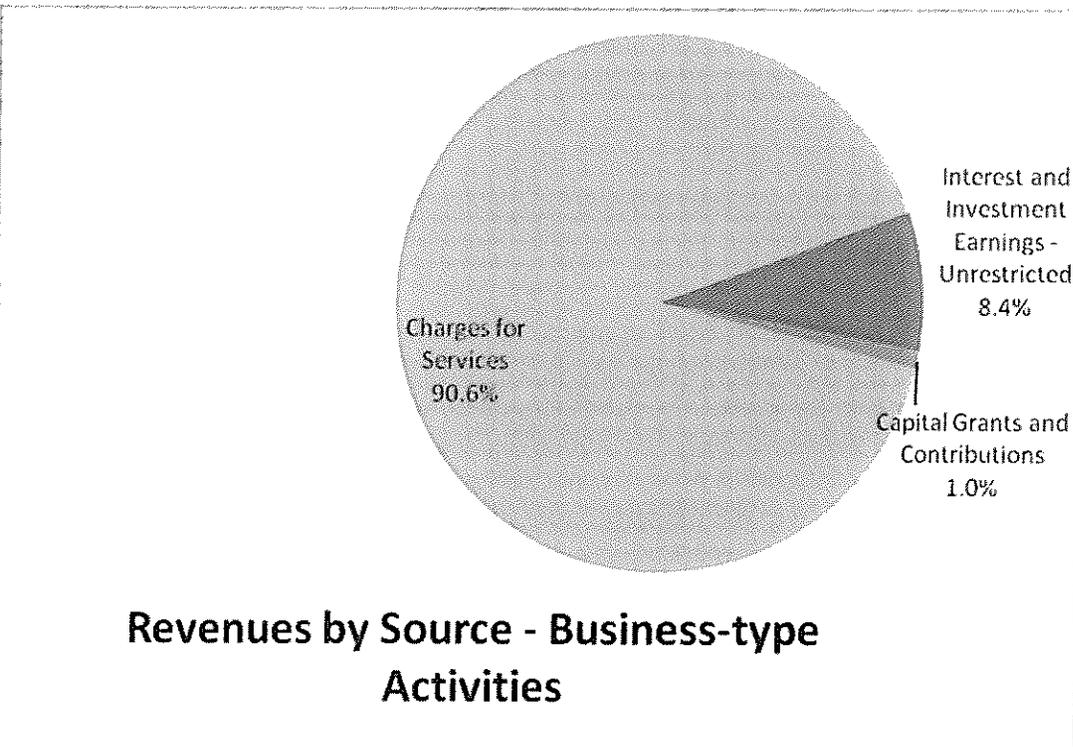
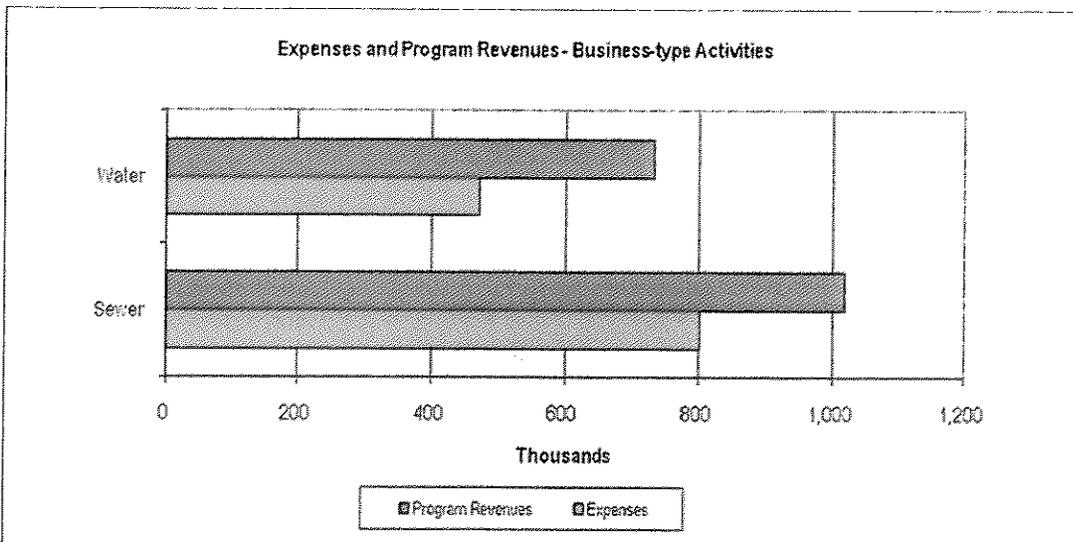
The City did not increase utility user fees during this fiscal year, but approved rate increases of 2% on water and 3.46% (the Portland CPI) shortly after the beginning of the new fiscal year. The loss of Merix, Inc, a major water consumer in the City, continued to contribute to a reduction of water and sewer revenues. The City continued to keep salary and materials expenses down while trying to minimize the impact to system operations and maintenance.

These efforts are in anticipation of upcoming cash outlays for capital asset costs and related debt service payments that will begin December 1, 2010.

Water activities showed an overall increase in net assets of \$114. Water activity unrestricted net assets decreased by \$184 thousand for a total net assets of \$2.7 million.

The sewer function showed an increase in net assets of about \$97 thousand, for a total net assets of \$3.3 million. Restricted net assets (SDC charges) made up \$199 thousand. Capital asset additions included work that was completed on the main sewer lines, and with the depreciation expense, net assets invested in capital assets were increased from last year.

The following graph shows the expenses and program revenues generated by each business-type function during the year. As discussed above, program revenues were sufficient to cover expenses, but not sufficient to cover repairs of the water and sewer systems. Direct program expenses and transfers for City overhead costs were \$439 thousand for water and \$624 thousand for sewer.



The graph on the previous 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.

## **Financial Analysis of the Government's Funds**

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

Combined fund balances for governmental funds decreased by \$288 thousand during the fiscal year, due largely to the slowing national and local economies. General Fund revenues began to sag within three months of the beginning of this fiscal year.

Street Fund operations resulted in a \$75 thousand deficit this year. Transfers from the General Fund of \$75 thousand were used to offset the deficit. The transfers were consistent with prior years in which General Fund resources have been used to make up for gas tax revenues that are insufficient to cover street operations and maintenance. The impact of this practice was not extraordinarily larger this year because the City did not undertake significant street or stormwater (accounted for in the Street Fund) improvements. These street repairs are being deferred and will ultimately need to be addressed. As long as gas tax revenues are this Fund's main revenue source, the street repairs will probably remain underfunded. Next fiscal year the City Council will consider implementing a Street User Fee to fund deferred maintenance issues.

In the Improvement Bond Fund several property owners paid their assessments receivable balances off early and when combined with prior year fund balance reserves significant early debt service principle payments were made. This resulted in a decrease in the Improvement Bond Fund Balance of \$4 thousand for this fiscal year. On the *modified accrual basis*, the use of prior existing cash resulted in a reduction in fund balances; however this is expected to result in interest savings that will significantly exceed what could have been earned from investment of the funds. In future years, revenues will continue to collect, but because the loan balance has been paid off, expenses will be nil, resulting in expected future fund balance increases.

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

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

Combined net assets for proprietary funds increased by \$211 thousand during the fiscal year. Since proprietary funds are reported similarly to business-type activities, the change is attributable to the same reasons described for the government-wide statements.

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). No changes were made to the approved budget and it functioned adequately throughout the year.

The only significant differences between final budgeted amounts and actual results in the General Fund were in property taxes that were specifically budgeted low to reflect the loss of Merix in the previous year, and building permits income which plunged along with the economy. We expect this reduced revenue scenario to continue in the coming Fiscal Year. Intergovernmental grants of \$219 thousand were not received in FY 2009 because of a delay in completing the Park Greenspaces project. The project's completion and its funding is planned for the upcoming fiscal year. License and permit revenues were below budget as well as inspection and planning fees due to the slowing economy.

On the expenditure side, budgeted and actual differences for operating departments include positive variances in every function. Public safety costs increased about 6% as expected during the budget process, but overall operational expenses were held in check by a very conservative and careful City Administration.

Operating contingency can only be used through budget transfers to other expenditure lines, so actual expenditures are never shown there.

## **Capital Asset and Debt Administration**

### **Capital Assets**

As of year-end, the City had over \$11 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 \$622 from last year.

Business-type activities' capital assets increased by approximately \$298 thousand for water and \$128 thousand for sewer. About \$31 thousand was spent repairing, replacing, cleaning and upgrading the sewer lines throughout town. The amount spent on business-type activity improvements was offset by \$260 thousand in depreciation on existing capital assets.

The MD&A provides a summary of capital asset information. More detailed information is included in the notes to the financial statements in the Summary of Significant Accounting Policies section under the heading Capital Assets, and in the Detailed Notes on All Activities and Funds section 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 or other debt outstanding. Total long-term debt decreased to zero due to scheduled and early payments to redeem assessment bonds owed by the City. Although no new draws were taken from the OECDD loans previous draws were taken for \$250 thousand and \$1.5 million, for the water and sewer funds, respectively, to fund construction and expansion of these systems. These loans will become payable when the total loan amount of money is completely drawn down or the construction is completed, whichever comes first. We are expecting the first payments will be due on December 1, 2010 with one payment each year for a total of 25 years.

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

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

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

The last water and sewer utility rate increases occurred on September 1, 2006 and increases will be implemented early in the next fiscal year. These increases move the funds closer to being completely self-sufficient and the additional revenue from rate adjustments and new commercial customers will help provide funding to repay capital project loan proceeds and allow for better funding of operations and development of reserves for the City's utility functions.

Previous discussion by Multnomah County regarding revising the business income tax revenue to Wood Village has been indefinitely tabled. This income is critical to Wood Village and loss of this income would have significant impact to Wood Village's public safety budget.

Previous discussions with Multnomah County Commissioners of canceling Wood Village's contract for Public Safety services with the Multnomah County Sheriff's Department, were followed by an audit to determine if the revenues paid by Wood Village covered the expenses incurred by the Sheriff's Office. The results were positive and the County has indefinitely dropped the idea of cutting the Public Safety services to Wood Village.

The City entered into revolving loan contracts with the Oregon Economic and Community Development Department to provide additional funding for the Well Number 4 project and a .5 million gallon reservoir in the water system and the Alternative 4 sewer project and an additional Sandy Boulevard Force Main sewer system improvement. These funds continue to be the major funding source for the various water and sewer projects currently under construction. The first accrued interest to date payment was made on December 1, 2008 with a second year's accrued interest payment made on December 1, 2009. Principal and interest payments will begin on an

**CITY OF WOOD VILLAGE, OREGON**  
**STATEMENT OF NET ASSETS**  
**June 30, 2009**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,236,307	\$ 3,334,595	\$ 6,570,902
Receivables	111,515	276,458	387,973
Property taxes receivable, net	44,481	-	44,481
Assessments receivable, net	120,651	912	121,563
Interest receivable	-	330	330
Capital assets:			
Non-depreciable	237,426	987,653	1,225,079
Depreciable, net	1,655,833	3,789,279	5,445,112
<b>Total assets</b>	<b>5,406,213</b>	<b>8,389,227</b>	<b>13,795,440</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	283,120	289,123	572,243
Unearned revenue	5,957	222,960	228,917
Other accrued liabilities	-	49,233	49,233
Long-term liabilities:			
Due within one year	17,352	26,140	43,492
Due in more than one year	5,784	1,807,007	1,812,791
<b>Total liabilities</b>	<b>312,213</b>	<b>2,394,463</b>	<b>2,706,676</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,893,259	2,978,639	4,871,898
Restricted for:			
Transportation systems	97,179	-	97,179
Water and sewer system development	-	199,342	199,342
Debt service	249,219	-	249,219
Unrestricted	2,854,343	2,816,783	5,671,126
<b>Total net assets</b>	<b>\$ 5,094,000</b>	<b>\$ 5,994,764</b>	<b>\$ 11,088,764</b>

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

**CITY OF WOOD VILLAGE, OREGON**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2009**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Asset		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 482,797	\$ 212,946	\$ -	\$ -	\$ (269,851)	\$ -	\$ (269,851)
Public safety	724,562	-	-	-	(724,562)	-	(724,562)
Parks	164,642	-	11,524	-	(153,118)	-	(153,118)
Public works	150,825	-	-	-	(150,825)	-	(150,825)
Building Inspections	126,359	-	-	-	(126,359)	-	(126,359)
Streets	243,220	-	119,333	-	(123,887)	-	(123,887)
Interest on long-term debt	975	-	-	-	(975)	-	(975)
Total governmental activities	1,893,380	212,946	130,857	-	(1,549,577)	-	(1,549,577)
Business-type activities:							
Water Operations	510,878	655,116	-	-	-	144,238	144,238
Sewer Operations	876,551	862,417	-	15,667	-	1,533	1,533
Operations 3	-	-	-	-	-	-	-
Total business-type activities	1,387,429	1,517,533	-	15,667	-	145,771	145,771
Total government	\$ 3,280,809	\$ 1,730,479	\$ 130,857	\$ 15,667	\$ (1,549,577)	\$ 145,771	\$ (1,403,806)
General revenues:							
Taxes:							
Property taxes					752,496	-	752,496
Franchise taxes					235,134	-	235,134
Business income taxes					124,694	-	124,694
Motel taxes					100,017	-	100,017
Unrestricted grants and contributions					108,283	-	108,283
Unrestricted interest and investment earnings					80,840	141,510	222,350
Transfers					76,250	(76,250)	-
Total general revenues and transfers					1,477,714	65,260	1,542,974
Change in net assets					(71,863)	211,031	139,168
Net assets, beginning					5,165,863	5,783,733	10,949,596
Net assets, ending					\$ 5,094,000	\$ 5,994,764	\$ 11,088,764

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

**CITY OF WOOD VILLAGE, OREGON**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2009**

	General	Street	Improvement Bond	Total Governmental
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,015,635	\$ 92,105	\$ 128,567	\$ 3,236,307
Receivables	101,343	10,172	-	111,515
Property taxes receivable, net	44,481	-	-	44,481
Assessments receivable, net	-	-	120,651	120,651
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total assets	<u>\$ 3,161,459</u>	<u>\$ 102,277</u>	<u>\$ 249,218</u>	<u>\$ 3,512,954</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and other current liabilities	\$ 278,022	\$ 5,098	\$ -	\$ 283,120
Deferred revenue	45,267	-	120,650	165,917
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total liabilities	<u>323,289</u>	<u>5,098</u>	<u>120,650</u>	<u>449,037</u>
Fund Balances:				
Unreserved	<u>2,838,170</u>	<u>97,179</u>	<u>128,568</u>	<u>3,063,917</u>
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total fund balances	<u>2,838,170</u>	<u>97,179</u>	<u>128,568</u>	<u>3,063,917</u>
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total liabilities and fund balances	<u>\$ 3,161,459</u>	<u>\$ 102,277</u>	<u>\$ 249,218</u>	<u>\$ 3,512,954</u>

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

**CITY OF WOOD VILLAGE, OREGON**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO GOVERNMENTAL ACTIVITIES ON THE STATEMENT**  
**OF NET ASSETS**  
**June 30, 2009**

Total fund balances of governmental funds \$ 3,063,917

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	\$ 3,208,944	
Less: Accumulated depreciation	<u>(1,315,685)</u>	1,893,259

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.		159,960
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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>(23,136)</u>	<u>(23,136)</u>
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Total net assets of governmental activities		<u><u>\$ 5,094,000</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, 2009**

	General	Street	Improvement Bond	Total Governmental
<b>REVENUES</b>				
Property taxes	\$ 743,756	\$ -	\$ -	\$ 743,756
Motel taxes	100,017	-	-	100,017
Franchise taxes	235,134	-	-	235,134
Licenses and permits	164,728	-	-	164,728
Intergovernmental	232,977	119,333	-	352,310
Charges for services	23,550	-	-	23,550
Donations	11,524	-	-	11,524
Special assessments	-	-	34,959	34,959
Interest	66,740	348	2,545	69,633
Miscellaneous	24,668	-	-	24,668
Total revenues	<u>1,603,094</u>	<u>119,681</u>	<u>37,504</u>	<u>1,760,279</u>
<b>EXPENDITURES</b>				
Current:				
General government	460,682	-	-	460,682
Public safety	724,562	-	-	724,562
Parks	135,235	-	-	135,235
Public works	127,356	-	-	127,356
Building Inspections	126,359	-	-	126,359
Streets	-	187,344	-	187,344
Capital outlay	313,592	8,013	-	321,605
Debt service	-	-	41,170	41,170
Total expenditures	<u>1,887,786</u>	<u>195,357</u>	<u>41,170</u>	<u>2,124,313</u>
Revenues over (under) expenditures	(284,692)	(75,676)	(3,666)	(364,034)
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	-	-	-
Other	-	-	-	-
Loan borrowings	-	-	-	-
Transfers in	76,250	75,000	-	151,250
Transfers out	(75,000)	-	-	(75,000)
Total other financing sources and uses	<u>1,250</u>	<u>75,000</u>	<u>-</u>	<u>76,250</u>
Net changes in fund balances	(283,442)	(676)	(3,666)	(287,784)
<b>FUND BALANCES, BEGINNING</b>	<u>3,121,612</u>	<u>97,855</u>	<u>132,234</u>	<u>3,351,701</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 2,838,170</u>	<u>\$ 97,179</u>	<u>\$ 128,568</u>	<u>\$ 3,063,917</u>

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

**CITY OF WOOD VILLAGE, OREGON**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2009**

Net change in fund balances of governmental funds \$ (287,784)

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	\$ 316,215	
Less: Depreciation expense	<u>(120,187)</u>	196,028

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

Debt principle payments		40,000
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Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported in governmental funds. Additionally, revenues reported in governmental funds because they did not provide current financial resources in prior years are not reported in the statement of activities:

Property taxes not reported in statement of activities in the prior year	8,740	
Assessment revenue not reported in the statement of activities	<u>(23,752)</u>	(15,012)

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

Change in accrued interest	195	
Accrued compensated absences	<u>(5,290)</u>	(5,095)

Change in net assets of governmental activities \$ (71,863)

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, 2009**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes:				
Current year	\$ 655,057	\$ 655,057	\$ 726,061	\$ 71,004
Prior years	11,667	11,667	16,386	4,719
Interest and other	-	-	1,309	1,309
Motel taxes	100,000	100,000	100,017	17
Franchise taxes	235,271	235,271	235,134	(137)
Licenses and permits	220,000	220,000	164,728	(55,272)
Intergovernmental:				
Shared	227,050	227,050	225,177	(1,873)
Grants	303,918	303,918	7,800	(296,118)
Charges for services	39,540	39,540	23,550	(15,990)
Donations	8,000	8,000	11,524	3,524
Interest	68,287	68,287	66,740	(1,547)
Miscellaneous	1,500	1,500	24,668	23,168
Total revenues	<u>1,870,290</u>	<u>1,870,290</u>	<u>1,603,094</u>	<u>(267,196)</u>
<b>EXPENDITURES</b>				
General government	29,382	29,382	17,539	11,843
Public safety and administration	1,325,580	1,325,580	1,205,756	119,824
Parks	446,725	446,725	212,486	234,239
Public works	387,172	387,172	311,918	75,254
Building Department	198,026	198,026	126,356	71,670
Non-departmental:				
Materials and services	22,052	22,052	18,360	3,692
Capital outlay	500,000	500,000	-	500,000
Contingency	289,924	289,924	-	289,924
Total expenditures	<u>3,198,861</u>	<u>3,198,861</u>	<u>1,892,415</u>	<u>1,306,446</u>
Revenues over (under) expenditures	(1,328,571)	(1,328,571)	(289,321)	1,039,250
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	76,250	76,250	76,250	-
Transfers out	(184,500)	(184,500)	(75,000)	109,500
Total other financing sources and uses	<u>(108,250)</u>	<u>(108,250)</u>	<u>1,250</u>	<u>109,500</u>
Net change in fund balances	(1,436,821)	(1,436,821)	(288,071)	1,148,750
<b>FUND BALANCES, BEGINNING BUDGETARY BASIS</b>	<u>2,488,382</u>	<u>2,488,382</u>	<u>3,109,775</u>	<u>621,393</u>
<b>FUND BALANCES, ENDING BUDGETARY BASIS</b>	<u>\$ 1,051,561</u>	<u>\$ 1,051,561</u>	<u>2,821,704</u>	<u>\$ 1,770,143</u>
Compensated absences accrued for budget			<u>16,466</u>	
<b>TOTAL FUND BALANCES, ENDING GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BASIS</b>			<u>\$ 2,838,170</u>	

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, 2009**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
State gas tax	\$ 136,350	\$ 136,350	\$ 119,333	\$ (17,017)
Grants	-	-	-	-
Interest	-	-	348	348
Miscellaneous	-	-	-	-
Total revenues	<u>136,350</u>	<u>136,350</u>	<u>119,681</u>	<u>(16,669)</u>
<b>EXPENDITURES</b>				
Personal services	136,051	136,051	125,926	10,125
Materials and services	130,881	130,881	62,080	68,801
Capital outlay	127,707	127,707	8,013	119,694
Contingency	17,363	17,363	-	17,363
Total expenditures	<u>412,002</u>	<u>412,002</u>	<u>196,019</u>	<u>215,983</u>
Revenues over (under) expenditures	(275,652)	(275,652)	(76,338)	199,314
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	184,500	184,500	75,000	(109,500)
Total other financing sources and uses	<u>184,500</u>	<u>184,500</u>	<u>75,000</u>	<u>(109,500)</u>
Net change in fund balances	(91,152)	(91,152)	(1,338)	89,814
<b>FUND BALANCES, BEGINNING BUDGETARY BASIS</b>	<u>91,152</u>	<u>91,152</u>	<u>91,847</u>	<u>695</u>
<b>FUND BALANCES, ENDING BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>90,509</u>	<u>\$ 90,509</u>
Compensated absences accrued for budget			<u>6,670</u>	
<b>TOTAL FUND BALANCES, ENDING GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BASIS</b>			<u>\$ 97,179</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, 2009**

	Enterprise Funds		
	Water	Sewer	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 720,656	\$ 2,613,939	\$ 3,334,595
Receivables	115,632	160,826	276,458
Assessments receivable	912	-	912
Interest receivable	330	-	330
<b>Total current assets</b>	<b>837,530</b>	<b>2,774,765</b>	<b>3,612,295</b>
Noncurrent assets:			
Capital assets:			
Non-depreciable	393,705	593,948	987,653
Depreciable, net	1,808,607	1,980,672	3,789,279
<b>Total noncurrent assets</b>	<b>2,202,312</b>	<b>2,574,620</b>	<b>4,776,932</b>
<b>Total assets</b>	<b>\$ 3,039,842</b>	<b>\$ 5,349,385</b>	<b>\$ 8,389,227</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and other current liabilities	\$ 57,874	\$ 231,249	\$ 289,123
Unearned revenue	15,675	207,285	222,960
Accrued compensated absences	13,070	13,070	26,140
OECCD interest payable	6,438	42,795	49,233
<b>Total current liabilities</b>	<b>93,057</b>	<b>494,399</b>	<b>587,456</b>
Noncurrent liabilities:			
Accrued compensated absences	4,357	4,357	8,714
OECCD loan payable	250,251	1,548,042	1,798,293
<b>Total noncurrent liabilities</b>	<b>254,608</b>	<b>1,552,399</b>	<b>1,807,007</b>
<b>Total liabilities</b>	<b>347,665</b>	<b>2,046,798</b>	<b>2,394,463</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,952,061	1,026,578	2,978,639
Restricted for system development	-	199,342	199,342
Unrestricted	740,116	2,076,667	2,816,783
<b>Total net assets</b>	<b>\$ 2,692,177</b>	<b>\$ 3,302,587</b>	<b>\$ 5,994,764</b>

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, 2009**

	Enterprise Funds		
	Water	Sewer	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 652,861	\$ 862,267	\$ 1,515,128
Miscellaneous	2,255	150	2,405
Total operating revenues	655,116	862,417	1,517,533
<b>OPERATING EXPENSES</b>			
Costs of sales and services	387,822	740,030	1,127,852
Depreciation	123,056	136,521	259,577
Total operating expenses	510,878	876,551	1,387,429
Operating income (loss)	144,238	(14,134)	130,104
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental	-	15,667	15,667
Donations	-	-	-
Interest	7,964	133,546	141,510
OECD Loan proceeds	-	-	-
Loss on disposals of capital assets	-	-	-
Other	-	-	-
Total nonoperating revenues (expenses)	7,964	149,213	157,177
Income (loss) before contributions and transfers	152,202	135,079	287,281
Transfers in	-	-	-
Transfers out	(38,125)	(38,125)	(76,250)
Capital contributions	-	-	-
Change in net assets	114,077	96,954	211,031
<b>TOTAL NET ASSETS, BEGINNING</b>	<u>2,578,100</u>	<u>3,205,633</u>	<u>5,783,733</u>
<b>TOTAL NET ASSETS, ENDING</b>	<u>\$ 2,692,177</u>	<u>\$ 3,302,587</u>	<u>\$ 5,994,764</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, 2009**

	Enterprise Funds		
	Water	Sewer	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 698,317	\$ 928,769	\$ 1,627,086
Payments to employees	(309,209)	(306,148)	(615,357)
Payments to suppliers	(56,841)	(389,995)	(446,836)
Net cash provided by operating activities	<u>332,267</u>	<u>232,626</u>	<u>564,893</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	(38,125)	(38,125)	(76,250)
Proceeds from grant	-	15,667	15,667
Net cash provided by noncapital financing activities	<u>(38,125)</u>	<u>(22,458)</u>	<u>(60,583)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases and construction of capital assets	(420,881)	(264,449)	(685,330)
Interest paid on capital debt	(14,066)	(79,672)	(93,738)
Net cash provided by capital and related financing activities	<u>(434,947)</u>	<u>(344,121)</u>	<u>(779,068)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	<u>7,848</u>	<u>133,546</u>	<u>141,394</u>
Net cash provided by investing activities	<u>7,848</u>	<u>133,546</u>	<u>141,394</u>
Net increase in cash and cash equivalents	(132,957)	(407)	(133,364)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>853,613</u>	<u>2,614,346</u>	<u>3,467,959</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 720,656</u>	<u>\$ 2,613,939</u>	<u>\$ 3,334,595</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating Income	\$ 144,238	\$ (14,134)	\$ 130,104
Adjustments:			
Depreciation	123,056	136,521	259,577
Changes in assets and liabilities:			
Receivables	27,526	41,972	69,498
Accounts payable and accrued expenses	19,838	41,953	61,791
Accrued compensated absenses	1,934	1,934	3,868
Unearned revenue	15,675	24,380	40,055
Net cash provided by operating activities	<u>\$ 332,267</u>	<u>\$ 232,626</u>	<u>\$ 564,893</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, 2009**

**Summary of Significant Accounting Policies**

**Financial Reporting Entity**

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

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

**Basic Financial Statements**

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements report information on the City as a whole. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues*.

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are generally followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds. The City has elected not to follow subsequent private-sector guidance.

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 and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

### **Cash and Cash Equivalents**

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

### **Receivables**

Property taxes are assessed on all taxable property as of July 1, the beginning of the fiscal year, and become a lien against the property on that date. Property taxes are levied in October. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent, but are deemed to be substantially collectible or recoverable through liens.

### **Capital Assets**

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

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

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

## **Compensated Absences**

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

## **Long-term Debt**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## **Fund Equity**

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

## **Stewardship, Compliance and Accountability**

### **Budgetary Information**

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

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

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total expenditures for each department (General Government, Public Safety and Administration (including Finance), Parks, and Public Works) are the levels of

control for the General Fund, except non-departmental expenditures. Expenditure categories of personal services, materials and services, capital outlay, debt service, transfers, and contingency are the legal level of control for General Fund non-departmental expenditures and all other funds.

Unexpected additional resources may be added to the budget through the use of a supplemental budget, a contingency transfer, or an appropriation of additional resources. These additions require the approval of the City Council.

## **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:

	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Investment CD in Riverview Comm Bank	0.33	\$ 204,522
Investment in the State Treasurer's Local Government Investment Pool	0.00	\$ 6,258,169
Total investments at 6/30/2009	<u>0.01</u>	<u>\$ 6,462,721</u>

### **Interest rate risk**

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

### **Credit risk**

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

The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by Oregon Revised Statutes and the Oregon Investment Council. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury.

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

## Concentration of credit risk

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

### Custodial credit risk – deposits

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned. ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program. The Public Funds Collateralization Program was created by the Office of the State Treasurer to facilitate bank depository, custodian and public official compliance with ORS 295. Bank depositories, which are part of a shared liability pool, are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. ORS 295 sets the specific value of the collateral, as well as the type of collateral that are acceptable. Oregon Revised Statutes require the depository institution to pledge collateral against any public funds deposits in excess of deposit insurance amounts. Depositories are required to pledge collateral valued from 10% to 110% of their quarter-end public fund deposits. The City's total bank balance, at June 30, 2009, shown on the bank statements was \$247,045. Of these deposits, \$247,045 was covered by federal depository insurance. The City's deposits are in compliance with state statutes.

### Custodial credit risk – investments

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

## Receivables

Receivables at year-end were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Intergovernmental</u>	<u>Receivables, net</u>
<b>Governmental activities</b>				
General	\$ 6,378	\$ 43,661	\$ 94,965	\$ 145,004
Street	-	-	10,172	10,172
<b>Total governmental activities</b>	<u>\$ 6,378</u>	<u>\$ 43,661</u>	<u>\$ 105,137</u>	<u>\$ 155,176</u>
<b>Business-type activities</b>				
Water	\$ 115,632	\$ -	\$ -	\$ 115,632
Sewer	145,159	-	15,667	160,826
<b>Total business-type activities</b>	<u>\$ 260,791</u>	<u>\$ -</u>	<u>\$ 15,667</u>	<u>\$ 276,458</u>

## Interfund Transfers

Interfund transfers during the fiscal year were:

Transfer To	Transfer From	Amount		Principal Purpose
General	Water	\$ 38,125		To reimburse administrative costs
	Sewer	38,125	\$ 76,250	To reimburse administrative costs
Street	General	75,000	75,000	To fund operations
		<u>\$ 151,250</u>		

## Capital Assets

Capital asset activity during the fiscal year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Non-depreciable:				
Land	\$ 237,426	\$ -	\$ -	\$ 237,426
Construction in progress	4,860	234,372	-	239,232
Total non-depreciable	242,286	234,372	-	476,658
Depreciable:				
Buildings and improvements	611,843	11,097	-	622,940
Land improvements	403,817	-	-	403,817
Vehicles and equipment	246,802	70,746	-	317,548
Infrastructure	1,387,981	-	-	1,387,981
Total depreciable at historical cost	2,650,443	81,843	-	2,732,286
Less accumulated depreciation for:				
Buildings and improvements	(134,484)	(22,104)	-	(156,588)
Land improvements	(167,794)	(16,067)	-	(183,861)
Vehicles and equipment	(219,338)	(18,234)	-	(237,572)
Infrastructure	(673,883)	(63,782)	-	(737,665)
Total accumulated depreciation	(1,195,499)	(120,187)	-	(1,315,686)
Depreciable, net	1,454,944	(38,344)	-	1,416,600
Governmental activities capital assets, net	\$ 1,697,230	\$ 196,028	\$ -	\$ 1,893,258

Depreciation expense was charged to governmental activities as follows:

General government	\$ 19,280
Parks	17,334
Public works	19,791
Streets	63,782
<b>Total depreciation expense</b>	<u>\$ 120,187</u>

**Business-type activities**

## Non-depreciable:

Land	\$ 26,826	\$ -	\$ -	\$ 26,826
Construction in progress	325,574	635,254	-	960,827
Total non-depreciable	<u>352,400</u>	<u>635,254</u>	<u>-</u>	<u>987,653</u>

## Depreciable:

Buildings and improvements	410,269	-	16,300	426,569
Vehicles and equipment	215,919	22,687	-	238,605
Infrastructure	6,531,126	27,391	-	6,558,517
Total depreciable at historical cost	<u>7,157,314</u>	<u>50,077</u>	<u>16,300</u>	<u>7,223,692</u>

## Less accumulated depreciation for:

Buildings and improvements	(25,254)	(17,908)	(16,300)	(59,462)
Vehicles and equipment	(172,775)	(16,044)	-	(188,820)
Infrastructure	(2,960,506)	(225,625)	-	(3,186,131)
Total accumulated depreciation	<u>(3,158,535)</u>	<u>(259,577)</u>	<u>(16,300)</u>	<u>(3,434,412)</u>

## Depreciable, net

Business-type activities capital assets, net	<u>\$ 4,351,179</u>	<u>\$ 425,754</u>	<u>\$ -</u>	<u>\$ 4,776,933</u>
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**Depreciation expense was charged to business-type activities as follows:**

Water operations	\$ 123,056
Sewer operations	136,521
Total depreciation expense	<u>\$ 259,577</u>

**Construction Commitments**

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

- City Hall was being remodeled and an additional \$150,000 was budgeted for work to be done by Payne Construction during the next fiscal year.
- The Sandy Blvd Wastewater Transmission line was under construction and an additional \$530,195 was budgeted for work to be done by Northwest Earthmovers, Inc during the next fiscal year.
- Reservoir #1 was being renovated and expanded and an additional \$332,578 was budgeted for work to be done by Varchan, Inc. during the next fiscal year.
- Wetland Improvements in the City Park is in the design phase, and we have budgeted \$219,838 for a contract with Adolphson, Inc to complete the construction during the next fiscal year.

No contracts have yet been signed for the following projects, but construction is expected in the very near future for building a Sewer Booster Station and a new sidewalk along Halsey Street in front of the City Park.

## Long-term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Long-term debt:					
Bonds payable	\$ 40,000	\$ -	\$ 40,000	\$ -	\$ -
Refund payable	-	-	-	-	-
Total long-term debt	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>-</u>
Other liabilities: compensated absences increased by \$23,136 and the beginning balance decreased by \$17,845					
Compensated absences	<u>17,845</u>	<u>5,291</u>	<u>-</u>	<u>23,136</u>	<u>17,352</u>
Governmental activities long-term liabilities	<u>\$ 57,845</u>	<u>\$ 5,291</u>	<u>\$ 40,000</u>	<u>\$ 23,136</u>	<u>\$ 17,352</u>
<b>Business-type Activities</b>					
Long-term liabilities:					
OECCD Loans payable:	1,798,293	-	-	1,798,293	-
Other liabilities: compensated absences increased by \$34,854 and the beginning balance decreased by \$30,986					
Compensated absences	<u>\$ 30,986</u>	<u>\$ 3,868</u>	<u>\$ -</u>	<u>34,855</u>	<u>\$ 26,140</u>
Business-type activities long-term liabilities	<u>\$ 1,829,279</u>	<u>\$ 3,868</u>	<u>\$ -</u>	<u>\$ 1,833,148</u>	<u>\$ 26,140</u>

## Short-term Liabilities

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

<b>Business-type Activities</b>					
Other liabilities:					
Accrued interest to date, OECCD loan	<u>\$ 142,971</u>	<u>\$ 49,232</u>	<u>\$ 142,971</u>	<u>49,232</u>	<u>\$ 49,232</u>
Business-type activities long-term liabilities	<u>\$ 142,971</u>	<u>\$ 49,232</u>	<u>\$ 142,971</u>	<u>\$ 49,232</u>	<u>\$ 49,232</u>

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

## Bonds Payable

Series 1995 Limited Tax Improvement Bonds were issued November 15, 1995 in the amount of \$510,000. The final principal and interest payment of \$40,000 and \$1,170, respectively, was made on December 1, 2008, closing out this Bond as of that date. No further payments are due.

Principal debt service transactions during the fiscal year were:

Governmental Activities	<u>Original Issue</u>	<u>Amount Outstanding Beginning</u>	<u>Issued</u>	<u>Matured/ Redeemed</u>	<u>Amount Outstanding Ending</u>
Series 1995 Bonds	<u>\$ 510,000</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ -</u>
	<u>\$ 975,000</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ -</u>

Interest debt service transactions during the fiscal year were:

Governmental Activities	Unmatured Beginning	Issued	Matured/ Redeemed	Unmatured Ending
Series 1995 Bonds	\$ 1,170	\$ -	\$ 1,170	\$ -
	\$ 1,170	\$ -	\$ 1,170	\$ -

### 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 to finance construction of a new water well (#4) and reservoir. The loan can be drawn upon to cover the costs of the projects and will be repaid over 25 years at an interest rate of 4.41%. Utility user charges will be used to repay the loan. The maximum amount available on the loan is \$1,240,600. The City drew \$250,251 in loan proceeds during fiscal year (2006-2007), with no additional draws through June 30, 2009. The project end date has been extended until March 31, 2011 and the balance of the loan proceeds are expected to be drawn during that fiscal year (2010-2011). Payments on the loan will begin on the first of December following the date all eligible proceeds are drawn and the projects have been completed, which we anticipate to be December 1, 2011.

On November 15, 2005, the City entered into a revolving loan agreement with the Oregon Economic and Community Development Department to finance construction of a major wastewater system improvement (Alt 4) in the amount of \$897,000. On February 22, 2007, the agreement was expanded to a total loan of \$1,600,000, which will be repaid over 25 years at an interest rate of 4.77%. Utility user charges will be used to repay the loan. The City drew \$1,414,928 during the previous fiscal year (2006-2007), no additional draws during this fiscal year (2008-2009) and is expecting to draw the remaining \$185,072 in the next fiscal year (2009-2010) to complete the project. The project is anticipated to be completed in the Fall 2009, so payments on the loan are expected to begin on December 1, 2010.

On May 17, 2006, the City entered into a revolving loan agreement with the Oregon Economic and Community Development Department to finance construction of a major wastewater system improvement (Sandy line). The loan can be drawn upon to cover the costs of the project and will be repaid over 25 years at an interest rate of 4.41%. Utility user charges will be used to repay the loan. The maximum amount available on the loan is \$961,800. During the previous fiscal year (2006-2007), the City drew \$133,114 in loan proceeds. No additional draws were taken during this fiscal year (2008-2009), but the balance of \$828,686 is available and is anticipated to be drawn during the next fiscal year (2009-2010). Payments on the loan will begin on the first of December following the date all eligible proceeds are drawn and the project has been completed, which we expect to be December 1, 2010.

## **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 because 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, and inactive PERS Chapter 238 Program members who return to employment following a six-month or greater break in service participate in OPSRP.

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

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

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

## Funding

Members of PERS are required to contribute 6% of their salary to be invested in IAP accounts. On July 1, 1998 the City began paying these employee contributions and made a corresponding reduction to salaries. The City is required to contribute to the PERS and OPSRP Pension plans at actuarially determined rates. The current year employer rates are 11.59% and 9.0% 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
2009	\$ 81,490	\$ 31,993	\$ 113,483	100%
2008	66,269	23,001	89,270	100%
2007	70,631	20,265	90,895	100%

## Subsequent Events

Since the end of the fiscal year on June 30, 2009, the major disruption of the nation's economic situation has continued. While Wood Village is financially prepared for disasters, this situation is larger than predicted and has affected Wood Village in many ways. Unemployment rates have grown to over 11% in Portland, home prices have dropped, and home foreclosures are hitting Wood Village along with the rest of the country. Due to Oregon's "Measure 5" and "Measure 50", which resulted in assessed property values far below market values, we doubt that dropping home prices will affect property tax revenues. However, if the high unemployment trend continues, we may experience a decrease in timely paid property taxes, and more home foreclosures, with resultant reductions in water and sewer usage. Purchases at retail outlets have decreased, resulting in reduced Business income taxes. There are less travelers on the roads and motel taxes dropped by about 4% during the past year.

More about the current financial scenario of the nation has been reported in the Management's Discussion and Analysis section. Please refer to page 24 for further information.

## Supplementary Information

## **DEBT SERVICE FUND**

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

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

**CITY OF WOOD VILLAGE, OREGON  
IMPROVEMENT BOND FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2009**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Special assessments:				
Principal	\$ 29,696	\$ 29,696	\$ 23,752	\$ (5,944)
Interest	5,263	5,263	11,207	5,944
Interest	-	-	2,545	2,545
Total revenues	<u>34,959</u>	<u>34,959</u>	<u>37,504</u>	<u>2,545</u>
<b>EXPENDITURES</b>				
Materials and services	2,000	2,000	-	2,000
Debt service:				
Principal	40,000	40,000	40,000	-
Interest	1,170	1,170	1,170	-
Total expenditures	<u>43,170</u>	<u>43,170</u>	<u>41,170</u>	<u>2,000</u>
Revenues over (under) expenditures	(8,211)	(8,211)	(3,666)	4,545
<b>FUND BALANCES, BEGINNING</b>	<u>120,849</u>	<u>120,849</u>	<u>132,234</u>	<u>11,385</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 112,638</u>	<u>\$ 112,638</u>	<u>\$ 128,568</u>	<u>\$ 15,930</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.

**Water System Development Charge (SDC) Fund** – This fund was established to accumulate monies derived from water system development charges for facility expansion. The use of these monies is restricted by City ordinance. During 2006 this fund was closed. Since that time restricted SDC monies are accounted for in the Water Fund in separate accounts.

### **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.

**Sewer System Development Charge (SDC) Fund** – This fund was established to accumulate monies derived from wastewater system development charges for facility expansion. The use of these monies is restricted by City ordinance. During 2006, this fund was closed. Since that time restricted SDC monies are accounted for in the Sewer Fund in separate accounts.

**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, 2009**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services:				
User fees	\$ 709,729	\$ 709,729	\$ 647,355	\$ (62,374)
Connection fees	1,500	1,500	5,506	4,006
Special assessments:				
Interest	50	50	116	66
Interest	26,400	26,400	18,884	(7,516)
Miscellaneous	150	150	2,255	2,105
Total revenues	<u>737,829</u>	<u>737,829</u>	<u>674,116</u>	<u>(63,713)</u>
<b>EXPENDITURES</b>				
Personal services	352,735	352,735	311,143	41,592
Materials and services	153,615	153,615	89,653	63,962
Capital outlay	930,497	930,497	407,908	522,589
Debt service:				
Interest	25,000	25,000	25,102	(102)
Contingency	692,668	692,668	-	692,668
Total expenditures	<u>2,154,515</u>	<u>2,154,515</u>	<u>833,806</u>	<u>1,320,709</u>
Revenues over (under) expenditures	(1,416,686)	(1,416,686)	(159,690)	1,256,996
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan borrowings	498,645	498,645	-	(498,645)
Transfers out	(38,125)	(38,125)	(38,125)	-
Total other financing sources and uses	<u>460,520</u>	<u>460,520</u>	<u>(38,125)</u>	<u>(498,645)</u>
Net change in fund balances	(956,166)	(956,166)	(197,815)	758,351
<b>FUND BALANCES, BEGINNING</b>	<u>1,089,874</u>	<u>1,089,874</u>	<u>944,368</u>	<u>(145,506)</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 133,708</u>	<u>\$ 133,708</u>	<u>\$ 746,553</u>	<u>\$ 612,845</u>
Total revenue and expenditures above			\$ 674,116	\$ 833,806
Operating transfers in/out			-	38,125
Expenditures capitalized			-	(420,882)
Depreciation expense			-	123,056
Interest revenue/expense			-	(14,066)
Total revenues and expenses - generally accepted accounting principles			<u>\$ 674,116</u>	<u>560,039</u>
Change in net assets				<u>\$ 114,077</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, 2009**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Grants	\$ 34,000	\$ 34,000	\$ 15,667	\$ (18,333)
Charges for services:				
User fees	920,649	920,649	861,807	(58,842)
Connection fees	-	-	460	460
Interest	61,400	61,400	53,874	(7,526)
Miscellaneous	-	-	150	150
Total revenues	<u>1,016,049</u>	<u>1,016,049</u>	<u>931,958</u>	<u>(84,091)</u>
<b>EXPENDITURES</b>				
Personal services	352,735	352,735	308,082	44,653
Materials and services	400,758	400,758	277,530	123,228
Capital outlay	1,195,187	1,195,187	265,833	929,354
Debt service:				
Interest	158,000	158,000	153,034	4,966
Contingency	880,118	880,118	-	880,118
Total expenditures	<u>2,986,798</u>	<u>2,986,798</u>	<u>1,004,479</u>	<u>1,982,319</u>
Revenues over (under) expenditures	(1,970,749)	(1,970,749)	(72,521)	1,898,228
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan borrowings	967,190	967,190	-	(967,190)
Transfers out	(38,125)	(38,125)	(38,125)	-
Total other financing sources and uses	<u>929,065</u>	<u>929,065</u>	<u>(38,125)</u>	<u>(967,190)</u>
Net change in fund balances	(1,041,684)	(1,041,684)	(110,646)	931,038
<b>FUND BALANCES, BEGINNING</b>	<u>2,309,714</u>	<u>2,309,714</u>	<u>2,429,449</u>	<u>119,735</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 1,268,030</u>	<u>\$ 1,268,030</u>	<u>\$ 2,318,803</u>	<u>\$ 1,050,773</u>
Total revenue and expenditures above			\$ 931,958	\$ 1,004,479
Operating transfers in/out			-	38,125
Expenditures capitalized			-	(264,449)
Depreciation expense			-	136,521
Interest revenue/expense			-	(79,672)
Total revenues and expenses - generally accepted accounting principles			<u>\$ 931,958</u>	<u>835,004</u>
Change in net assets				<u>\$ 96,954</u>

## Other Schedules

**CITY OF WOOD VILLAGE, OREGON**  
**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES**  
**For the Fiscal Year Ended June 30, 2009**

Tax Year	Balance,	Levy	Refunds	Received/Paid	Reversals	Adjustments	Balance,
2008-09		\$ 777,555	\$ (727,712)	\$ 219	\$ (18,984)	\$ (3,303)	\$27,775
2007-08	\$22,029		(\$10,811)	\$431	\$50	(\$2,164)	\$9,535
2006-07	6,738		(1,717)	242	6	(1,404)	3,865
2005-06	2,998		(745)	234	4	(1,038)	1,453
2004-05	1,182		(247)	151	2	(784)	304
2003-04	273		(58)	23	0	(25)	213
2002-03	152		(28)	13	0	(18)	119
2001-02	100		(7)	3	0	(3)	93
2000-01	55		(4)	2		(2)	51
1999-00	35		(3)	1	0	(2)	31
1998-99	25		(1)	1		(1)	24
Prior	203		(5)	4		(4)	198
	<u>\$33,790</u>	<u>\$777,555</u>	<u>(\$741,338)</u>	<u>\$1,324</u>	<u>(\$18,922)</u>	<u>(\$8,748)</u>	<u>\$43,661</u>

## STATISTICAL SECTION

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

Included in the statistical section is information on:

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

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

**Debt Capacity** – Schedules are included that present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

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

**Operating Information** – Schedules are included that contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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

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

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

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

	Fiscal Year Ended					
	2004	2005	2006	2007	2008	2009
<b>Expenses</b>						
Governmental activities:						
General government	\$ 382,291	\$ 374,736	\$ 601,529	\$ 365,968	\$ 334,249	\$ 482,797
Public safety	445,670	497,099	577,099	644,167	681,765	724,562
Parks	105,769	53,221	83,156	98,359	130,983	164,642
Public Works	67,219	80,575	77,249	89,649	97,433	150,825
Building Inspections	-	-	-	-	-	126,359
Streets	228,403	197,489	195,425	202,553	231,184	243,220
Interest on long-term debt	54,367	33,790	23,899	15,049	4,277	975
<b>Total governmental activities expenses</b>	<b>1,283,719</b>	<b>1,237,168</b>	<b>1,558,357</b>	<b>1,415,745</b>	<b>1,479,891</b>	<b>1,893,380</b>
Business-type activities:						
Water operations	415,845	461,121	472,314	400,138	469,071	510,878
Sewer operations	512,959	633,382	629,399	661,417	801,140	876,551
<b>Total business-type activities expenses</b>	<b>928,804</b>	<b>1,094,503</b>	<b>1,101,713</b>	<b>1,061,555</b>	<b>1,270,211</b>	<b>1,387,429</b>
<b>Total primary government expenses</b>	<b>\$ 2,212,523</b>	<b>\$ 2,331,671</b>	<b>\$ 2,660,070</b>	<b>\$ 2,477,300</b>	<b>\$ 2,750,102</b>	<b>\$ 3,280,809</b>
<b>Program Revenues</b>						
Governmental activities:						
Charges for services:						
General government:						
Inspection fees (permits)	\$ 47,433	\$ 133,530	\$ 414,450	\$ 143,700	\$ 97,952	\$ 212,946
Other	45,412	64,315	78,529	35,633	-	-
Operating grants and contributions	130,829	141,546	142,297	139,356	232,702	130,857
Capital grants and contributions	76,165	73,183	16,775	-	-	-
<b>Total governmental activities program revenues</b>	<b>299,839</b>	<b>412,574</b>	<b>652,051</b>	<b>318,689</b>	<b>330,654</b>	<b>343,803</b>
Business-type activities:						
Charges for services:						
Water operations:						
User fees and other	429,660	460,671	551,655	685,928	706,683	649,610
Connection charges	1,194	31,643	141,317	146,051	26,000	5,506
Sewer operations						
User fees and other	528,361	588,674	666,069	879,509	913,321	861,807
Connection charges	6,460	33,542	394,935	222,475	60,609	460
Operating grants and contributions	-	-	-	-	44,440	15,667
Capital grants and contributions	25,500	150,000	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>991,175</b>	<b>1,264,530</b>	<b>1,753,976</b>	<b>1,933,963</b>	<b>1,751,053</b>	<b>1,533,050</b>
<b>Total primary government program revenues</b>	<b>\$ 1,291,014</b>	<b>\$ 1,677,104</b>	<b>\$ 2,406,027</b>	<b>\$ 2,252,652</b>	<b>\$ 2,081,707</b>	<b>\$ 1,876,853</b>

	Fiscal Year Ended					
	2004	2005	2006	2007	2008	2009
Net (expense)/revenue:						
Governmental activities	\$ (983,880)	\$ (824,594)	\$ (906,306)	\$ (1,097,056)	\$ (1,149,237)	\$ (1,549,577)
Business-type activities	62,371	170,027	652,263	872,408	480,842	145,621
Total primary government net expense	\$ (921,509)	\$ (654,567)	\$ (254,043)	\$ (224,648)	\$ (668,395)	\$ (1,403,956)

**General Revenues and Other Changes in Net Assets**

Governmental activities:	
Taxes	
Property taxes	\$ 574,149
Franchise taxes	182,419
Business income taxes	77,597
Motel taxes	67,701
Alcoholic beverage taxes	83,909
Unrestricted grants and contributions	93,685
Unrestricted interest and investment earnings	77,961
Miscellaneous	36,822
Transfers	1,110,334
Total governmental activities	1,265,000
Business-type activities:	
Unrestricted interest and investment earnings	10,717
Transfers	(36,822)
Total business-type activities	(26,105)
Total primary government	\$ 1,238,633
Change in Net Assets	\$ 1,346,741
Governmental activities	\$ 329,615
Business-type activities	143,660
Total primary government	\$ 473,275
Governmental activities	\$ 673,728
Business income taxes	231,865
Motel taxes	157,595
Alcoholic beverage taxes	97,870
Unrestricted grants and contributions	82,004
Unrestricted interest and investment earnings	164,871
Miscellaneous	36,822
Transfers	(358,000)
Total governmental activities	1,050,033
Business-type activities:	
Unrestricted interest and investment earnings	45,780
Transfers	(52,250)
Total business-type activities	(6,470)
Total primary government	\$ 1,043,563
Governmental activities	\$ 729,660
Business income taxes	256,568
Motel taxes	185,669
Alcoholic beverage taxes	104,572
Unrestricted grants and contributions	178,630
Unrestricted interest and investment earnings	167,559
Miscellaneous	80,840
Transfers	76,250
Total governmental activities	1,690,658
Business-type activities:	
Unrestricted interest and investment earnings	154,121
Transfers	(358,000)
Total business-type activities	(203,879)
Total primary government	\$ 1,486,779
Governmental activities	\$ 541,421
Business-type activities	441,450
Total primary government	\$ 982,871

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

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

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

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

**CITY OF WOOD VILLAGE, OREGON**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	Fiscal Year Ended					
	2004	2005	2006	2007	2008	2009
<b>Revenues</b>						
Property taxes	\$ 569,383	\$ 592,222	\$ 637,618	\$ 673,992	\$ 725,794	\$ 743,756
Motel taxes	67,701	83,909	83,567	97,870	104,572	100,017
Franchise fees	182,419	261,791	269,830	231,965	256,568	235,134
Licenses and permits	67,715	154,075	479,521	143,700	59,013	164,728
Intergovernmental	366,504	386,194	370,296	375,579	589,475	352,310
Charges for services	13,679	29,672	11,858	25,913	33,774	23,550
Donations	1,772	2,201	3,111	3,376	7,526	11,524
Special assessments	82,724	206,405	102,354	51,411	174,206	34,959
Interest	30,804	61,713	125,087	139,177	144,568	69,633
Miscellaneous	11,451	14,098	1,600	9,720	5,165	24,668
<b>Total revenues</b>	<b>1,394,152</b>	<b>1,792,280</b>	<b>2,024,842</b>	<b>1,752,703</b>	<b>2,100,661</b>	<b>1,760,279</b>
<b>Expenditures</b>						
General government	\$ 366,301	\$ 367,501	\$ 588,736	\$ 332,812	\$ 323,076	\$ 460,682
Public safety	445,670	497,367	577,099	644,167	681,765	724,562
Parks	86,784	34,236	63,586	196,844	104,641	135,235
Public works	51,466	61,845	57,228	78,798	89,964	127,356
Building Inspectors	-	-	-	-	-	126,359
Streets	182,562	150,232	140,677	148,462	165,585	187,344
Capital outlay	84,265	135,230	23,285	24,673	393,276	321,605
Debt service						
Principal	240,000	170,000	145,000	115,000	55,000	40,000
Interest	56,181	35,402	25,243	16,034	4,628	1,170
<b>Total expenditures</b>	<b>1,513,229</b>	<b>1,451,813</b>	<b>1,620,854</b>	<b>1,556,790</b>	<b>1,817,935</b>	<b>2,124,313</b>
Excess of revenues over (under) expenditures	(119,077)	340,467	403,988	195,913	282,726	(364,034)
<b>Other financing sources (uses)</b>						
Transfers in	\$ 54,822	\$ 138,250	\$ 80,960	\$ 131,000	\$ 153,000	\$ 151,250
Transfers out	(18,000)	(86,000)	(146,000)	(489,000)	(85,000)	(75,000)
<b>Total other financing sources (uses)</b>	<b>36,822</b>	<b>52,250</b>	<b>(65,040)</b>	<b>(358,000)</b>	<b>68,000</b>	<b>76,250</b>
<b>Net change in fund balances</b>	<b>\$ (82,255)</b>	<b>\$ 392,717</b>	<b>\$ 338,948</b>	<b>\$ (162,087)</b>	<b>\$ 350,726</b>	<b>\$ (287,784)</b>
Debt service as a percentage of noncapital expenditures	26.1%	18.5%	11.9%	9.4%	4.4%	3.1%

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

Source: Multnomah County Division of Assessment and Taxation.

I 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 RATES <sup>1</sup>  
DIRECT AND OVERLAPPING 2 GOVERNMENTS  
Last Ten Fiscal Years<sup>2</sup>**

Fiscal Year Ended	Total Direct & Overlapping Rate	Overlapping Rates									
		Total Direct Rate	City of Wood Village	Port of Portland	Multnomah County ESD	Reynolds School District	Mt. Hood Community College	Metro Service District	Multnomah County	E. Multnomah Soil & Water	Tri-Met
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	
2001	15.25	3.13	0.07	0.46	5.29	0.52	0.34	5.31	-	0.13	
2000	15.25	3.13	0.08	0.46	5.34	0.52	0.33	5.25	-	0.14	
1999	15.62	3.13	0.08	0.46	5.49	0.56	0.36	5.39	-	0.15	
1998	15.55	3.13	0.07	0.46	5.88	0.57	0.39	4.89	-	0.16	
1997	13.45	3.00	0.08	0.39	5.02	0.50	0.29	4.04	-	0.13	

Source: Multnomah County Tax Supervising and Conservation Commission.

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

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

**CITY OF WOOD VILLAGE, OREGON  
PRINCIPAL PROPERTY TAXPAYERS  
June 30, 2009**

Taxpayer	2009			2003 <sup>1</sup>		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Merix Corporation/Pro-active	\$ 23,306,690	1	9.4%			
Wilcal Wood, LLC (WV Town Ctr)	13,542,860	2	5.4%			
Wal-Mart Stores, Inc./Real Estate	11,868,050	3	4.8%	6,291,160	4	3.9%
Lowe's, Inc.	10,673,440	4	4.3%	9,486,560	2	5.9%
Fred Meyer Stores, Inc.	10,178,944	5	4.1%	\$ 10,809,790	1	6.8%
Willamette Graystone, Inc.	9,560,910	6	3.8%			
McFadden, Arthur L.	5,635,580	7	2.3%	4,719,730	5	2.9%
Larane Investments (Brashers)	5,038,370	8	2.0%	4,219,610	6	2.6%
Realty Inc (Olinger)	3,967,980	9	1.6%			
Wood Village Land Co.	3,719,280	10	1.5%	3,114,870	8	1.9%
MAP (LBL Windows)	-	-	0.0%			
Wood Village Town Center, LLC				6,296,560	3	3.9%
Poplar Mobile Manor, LLC				2,419,290	9	1.5%
HBH Investments, LLC				4,089,070	7	2.6%
Western Mobile Home Corp				2,385,690	10	1.5%
<b>Totals</b>	<b>\$ 97,492,104</b>		<b>39.2%</b>	<b>\$ 53,832,330</b>		<b>33.5%</b>

Source: Multnomah County Division of Assessment and Taxation.

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

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

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

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

Fiscal Year Ended	Governmental Activities		Business-Type Activities		Percentage of Estimated Actual Value of Taxable Property 1	Per Capita 2
	Special Assessment/ Limited Tax Improvement Bonds	Refund Payable	OECD	Total Primary Government		
2009	\$ -	\$ -	\$ 1,798,293	\$ 1,798,293	0.41%	\$ 575
2008	40,000	-	1,798,293	1,838,293	0.44%	593
2007	95,000	-	1,798,293	1,893,293	0.56%	611
2006	210,000	10,161	-	220,161	0.07%	76
2005	355,000	20,322	-	375,322	0.14%	131
2004	525,000	30,483	-	555,483	0.21%	194
2003	765,000	50,644	-	815,644	0.33%	284
2002	805,000	63,305	-	868,305	0.38%	305
2001	845,000	-	-	845,000	0.45%	295
2000	410,000	-	-	410,000	0.27%	143
1999	435,000	-	-	435,000	0.30%	148
1998	460,000	-	-	460,000	0.33%	152
1997	485,000	-	-	485,000	0.39%	162

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.

2 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, 2009**

Governmental Unit	Debt Outstanding	Percent Within City <sup>1</sup>	City's Estimated Share
Direct:			
City of Wood Village	\$ -	100.00%	\$ -
Overlapping:			
Mt. Hood Community College	59,199,301	1.22%	722,231
Port of Portland	72,315,647	0.18%	130,168
Multnomah County ESD	36,785,000	0.43%	158,176
Reynolds School District No. 7	146,159,024	5.16%	7,541,806
Metro	222,173,029	0.20%	444,346
Tri-Met Transportation District	36,380,000	0.20%	72,760
East Multnomah Soil & Water Conservation District	980,000	0.63%	6,174
Multnomah County	<u>277,873,160</u>	0.44%	<u>1,222,642</u>
<i>Total Overlapping</i>	851,865,161		10,298,303
 Total Direct and Overlapping	 <u>\$ 851,865,161</u>		 <u>\$ 10,298,303</u>

Source: Multnomah County Tax Supervising and Conservation Commission.

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

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

**Legal Debt Margin Trend Information:**

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

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

Taxable real market value (RMV)	<u>\$ 440,049,606</u>
Debt limit (3% of RMV) <sup>2</sup>	\$ 13,201,488
Debt applicable to limit:	
General obligation bonds	\$ -
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>\$ -</u>
Legal debt margin (amount available for future indebtedness) <sup>2</sup>	<u>\$ 13,201,488</u>

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

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

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

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

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

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

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

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

Fiscal Year Ended	Water				Sewer			
	Water Services	Interest Income	Other	Total	Sewer Services	Interest Income	Other	Total
2009	\$ 652,861	\$ 18,884	\$ 2,371	\$ 674,116	\$ 862,267	\$ 53,874	\$ 15,817	\$ 931,959
2008	723,528	52,992	9,242	785,762	1,018,314	118,500	(34)	1,136,780
2007	827,558	47,519	4,421	879,498	1,098,463	106,602	3,521	1,208,586
2006	691,952	11,027	1,088	704,067	1,061,003	34,685	1	1,095,689
2005	491,049	6,241	1,265	498,555	618,699	19,642	153,517	791,858
2004	422,949	1,632	7,816	432,397	528,011	6,415	6,650	541,076
2003	354,403	866	5,551	360,820	476,258	9,946	22,570	508,774
2002	289,208	63,868	1,078	354,154	420,141	11,291	74,097	505,529
2001	258,173	33,571	1,380	293,124	408,213	31,458	-	439,671
2000	229,393	26,631	5,220	261,244	366,215	23,418	4,250	393,883

Source: City of Wood Village Financial Statements

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

Fiscal Year Ended	Water		Sewer		Gross Profit	
	Water Sales	Water Purchases	Sewer Sales	Sewer Purchases	Amount	Percent of Sales
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%
2001	259,553	322,167	408,213	316,655	91,558	22.4%
2000	234,613	278,840	370,465	279,342	91,123	24.6%

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Source: City of Wood Village Financial Statements

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

<u>Fiscal Year Ended</u>	<u>Population (City of Wood Village)<sup>1</sup></u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Per Capita Personal Income (Portland - Metro Area)<sup>2</sup></u>	<u>Median Age (City of Wood Village)<sup>3</sup></u>	<u>Unemployment Rate (Portland - Metro Area)<sup>2</sup></u>
2009	3,130	\$120,874	\$ 38,618	N/A	11.5%
2008	3,100	120,925	39,008	N/A	5.2%
2007	3,100	117,174	37,798	N/A	5.5%
2006	2,880	97,560	33,875	N/A	5.2%
2005	2,870	92,781	32,328	N/A	6.3%
2004	2,870	92,572	32,255	N/A	7.7%
2003	2,870	92,853	32,353	N/A	9.0%
2002	2,850	91,548	32,122	N/A	8.5%
2001	2,860	85,394	29,858	N/A	6.4%
2000	2,860	82,514	28,851	31	4.3%
1999	2,930	81,079	27,672	N/A	5.2%
1998	3,030	79,692	26,301	N/A	4.6%
1997	3,000	74,772	24,924	N/A	5.0%

Data sources:

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

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

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

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

	2009			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Wal-Mart Stores, Inc.	549	1	20.1%	549	1	22.6%
Fred Meyer Stores, Inc.	177	2	6.5%	210	2	8.6%
Lowe's, Inc.	140	3	5.1%	140	5	5.8%
Brasher's Cascade Auto Auction	128	4	4.7%	98	9	4.0%
Gresham Transfer	120	5	4.4%			
Kohl's Department Stores, Inc.	118	6	4.3%	118	7	4.8%
LBL Windows & Doors	103	7	3.8%	150	4	6.2%
Buffalo Wild Wings	70	8	2.6%			
El Pollo Loco	55	9	2.0%			
Olinger Travel Homes	53	10	1.9%			
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	1213		44.5%	705	-	28.9%
Totals	<u>2726</u>		<u>100.0%</u>	<u>2433</u>		<u>100.0%</u>

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

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

	Fiscal Year Ended					
	2004	2005	2006	2007	2008	2009
<b>City Employees by Activity (Full Time Equivalents):</b>						
General Government	1.90	1.95	1.92	2.17	2.20	2.90
Public Safety <sup>2</sup>	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
Public Works	0.73	0.84	0.83	0.79	1.38	1.25
Streets	1.28	1.40	1.38	1.40	1.47	1.57
Water	3.14	3.40	3.60	3.51	3.76	4.10
Sewer	3.14	3.40	3.60	3.51	3.76	4.10
<b>Total City Employees</b>	<b>11.62</b>	<b>12.73</b>	<b>12.69</b>	<b>12.60</b>	<b>14.35</b>	<b>15.83</b>

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

General Government						
Number of registered voters (Each General Election) <sup>3</sup>	N/A	1,446	N/A	1,237	1,053	1366
Number of votes cast	N/A	799	N/A	475	587	1053
Permits issued	189	232	672	819	227	208
Public Safety <sup>2</sup>						
Total Sheriff's Office calls in Wood Village	4,011	2,775	4,038	3,651	5,251	6604
Total hours spent by Sheriff's Office in Wood Village	3,250	3,094	3,429	2,296	3,339	4263
Total Fire Department Calls in Wood Village				256	253	274
Parks						
Number of Parks	1	1	1	1	1	1
Park acreage	21	21	21	21	21	21
Public Works						
City facilities to maintain	3	3	3	3	4	3
Streets						
Miles of streets	3.60	3.88	6.70	4.24	4.24	4.24
Number of street lights	258	258	284	264	264	264

	Fiscal Year Ended					
	2004	2005	2006	2007	2008	2009
<b>Water</b>						
Total Acre Feet of Water Pumped for Customers	455.63	432.58	500.79	456.35	482.02	424.77
Miles of water mains	12	12	12	12.46	12.46	12.46
Number of service connections	524	524	547	637	638	638
Number of wells	3	3	3	3	4	4
Number of reservoirs	3	3	3	3	3	3
Design capacity of wells in gallons per minute:						
Well No. 1 (1942), Water Rights = 200 GPM	110	110	110	110	110	110
Available run capacity (GPM)						
Well No. 2 (1970), Water Rights = 337 GPM	225	225	225	225	225	225
Available run capacity (GPM)						
Well No. 3 (1980), Water Rights = 800 GPM	490	490	490	490	490	490
Available run capacity (GPM)						
Well No. 4 (2008), Water Rights = 839 GPM						
Available run capacity (GPM)					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
Reservoir No. 2 (1969), Capacity (gallons)	500,000	500,000	500,000	500,000	500,000	500,000
Reservoir No. 3 (1978), Capacity (gallons)	650,000	650,000	650,000	650,000	650,000	650,000
<b>Sewer</b>						
Miles of sanitary sewers	12.75	12.75	13.42	13.89	13.89	14.14
Number of service connections	508	508	540	630	631	635
Design capacity of sanitary sewer main trunk line	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
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

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

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

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

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

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

**CITY OF WOOD VILLAGE, OREGON**  
**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS**  
**June 30, 2009**

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Introduction

Oregon Administrative Rules 162-10-000 through 162-10-330 incorporate the Minimum Standards for Audits of Oregon Municipal Corporations. These standards, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding section of this report. Required comments and disclosures related to our audit of such statements and schedules are contained in this section.

Internal Accounting Control

We have audited the financial statements of the City of Wood Village, Oregon for the year ended June 30, 2009 and have issued our report thereon dated December 31, 2009.

The management of the City of Wood Village, Oregon is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Because of inherent limitations in any internal control structure, errors or irregularities may never the less occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operations of policies and procedures may deteriorate.

In planning and performing our audit, we considered the City of Wood Village, Oregon's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Wood Village, Oregon's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Wood Village, Oregon's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Wood Village, Oregon's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Wood Village, Oregon's financial statements that is more than inconsequential will not be prevented or detected by the City of Wood Village, Oregon's internal control.

**CITY OF WOOD VILLAGE, OREGON**  
**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS**  
**June 30, 2009**

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Wood Village, Oregon's internal control. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

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

In connection with our audit:

Accounting Records

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

Collateral

The City was in compliance with ORS Chapter 295 regarding collateral securing deposits for fiscal year ended June 30, 2009.

Indebtedness

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

Budgets

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

Expenditures in the following fund exceeded appropriations for the year ended June 30, 2009:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount of Over-expenditure</u>
Water Fund	Debt Service – Interest	\$ 102

**CITY OF WOOD VILLAGE, OREGON**  
**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS**  
**June 30, 2009**

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Insurance and Fidelity Bonds

We reviewed policies relating to insurance and fidelity bond coverage and ascertained that such policies appeared to be in force. We are not competent by training to state whether the insurance policies covering City-owned property in force at June 30, 2009 are adequate.

Programs Funded from Outside Sources

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

Highway Funds

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

Investments

The City's investments for the year ended June 30, 2009 were tested and appear to be in compliance with Oregon Revised Statutes Chapter 294 with regard to legal restrictions pertaining to the investment of public funds.

Public Contracts and Purchasing

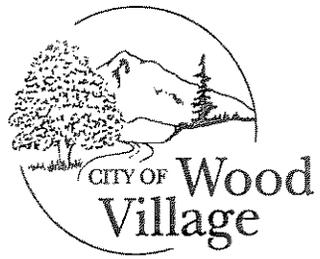
We reviewed and tested the City's procedures for awarding public contracts. The City appears to be in compliance with the cost accounting guidelines developed by the State of Oregon Executive Department with regard to the City's construction projects and ORS Chapter 279 in the awarding of public contracts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

Independently Elected Officials

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

*Merina E Company*

Merina & Company, LLP  
West Linn, Oregon  
December 31, 2009



December 31, 2009

To the Honorable Mayor and Council  
City of Wood Village, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Wood Village, Oregon for the year ended June 30, 2009. Professional standards (for Certified Public Accountants) require that we provide you with the following information about our responsibilities under general accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 4, 2009. Professional standards also require that we communicate to you the following information related to our audit.

Other Information in Documents Containing Audited Financial Statements

The auditor's responsibility for other information in documents containing the entity's financial statements and report does not extend beyond the financial information identified in the opinion letter titled the Independent Auditor's Report. The auditor does not have an obligation to perform any procedures to corroborate other information contained in these documents. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation appearing in the financial statements.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Wood Village, Oregon are described in the Summary of Significant Accounting Policies Note to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events

affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the accumulated depreciation is based on historical cost or estimated historical cost if purchased or constructed and donated capital assets are recorded at estimated fair market value at the date of donation.

Management's estimate of the compensated absences payable is based on current wages.

We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We noted a likely misstatement in the amount of \$6,289. Management has determined that its effect is immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 31, 2009.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We received the full cooperation of the City of Wood Village, Oregon's management and staff, and had unrestricted access to the financial records in the performance of the audit. We appreciate the many courtesies extended and assistance provided by both management and staff.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Mayor, Council and management of the City of Wood Village, Oregon and is not intended to be and should not be used by anyone other than these specified parties.

If you should have any questions or comments, we will be pleased to discuss this report with you at your convenience.

Very truly yours,

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

Merina & Company, LLP  
Certified Public Accountants and Consultants