
COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 2012**

CITY OF WOOD VILLAGE, OREGON

CITY OF WOOD VILLAGE OREGON

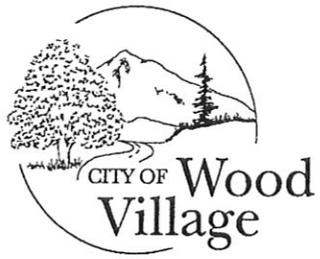
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2012



Prepared by the
FINANCE DEPARTMENT

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



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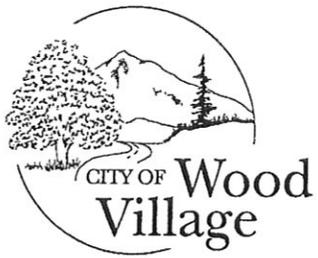
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INTRODUCTORY SECTION



January 18, 2013

To the Honorable Mayor, City Council, 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, 2012. 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 Pauly, Rogers & Company, P.C., 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, 2012 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 3890 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, 2012 was operating in the continuing economic environment that the regional, state and national levels are also experiencing. Improvements are evident with some increases in development and employment levels. Interest rates are still abysmally low and about 10% of Wood Village homes are currently vacant, presumably from foreclosures. Wood Village, like other communities around the country, is carefully protecting our financial reserves for possible continued hard times ahead and using as little as possible of our vital reserves.

In the 2011-2012 fiscal year commercial development continued with some businesses settling into Wood Village, but this was mainly due to the City Council's adoption of a business-friendly attitude of "meet or beat" other cities' offers to businesses, and extra focus and attention from the City staff.

The unemployment rate in the Portland metropolitan has improved slightly along with the nation as a whole and stands at about 8.5%. We are hopeful for a rapid turn of events and are looking for ways to help our citizens in these times.

Interest rates on the City's investment in the State run Local Government Investment Pool dropped substantially as the economic downturn progressed. Interest rates have hovered about 0.06% at the LGIP and lower at banks in the area. The City has always been careful to maintain General Fund reserves, even when economic times are good. Many of our major water and sewer capital projects have been completed within the past four years and of the loans that we had secured to cover those costs, 99% of them have been paid back early.

Long-term Financial Planning

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

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

Over the past few years, the City completed most of our water and sewer infrastructure projects that will meet the usage requirements of existing customers as well as anticipated new customers. Our future demands on water and sewer infrastructure will be mainly repairs and maintenance to keep them in optimal operations.

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

Financial Information

Internal Controls

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

City’s Financial Policies

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

Budget Process

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

Cash Management

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

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

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wood Village for its Comprehensive Annual Financial Report last year. This was the ninth 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,



William A. Peterson
City Administrator



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, 2011

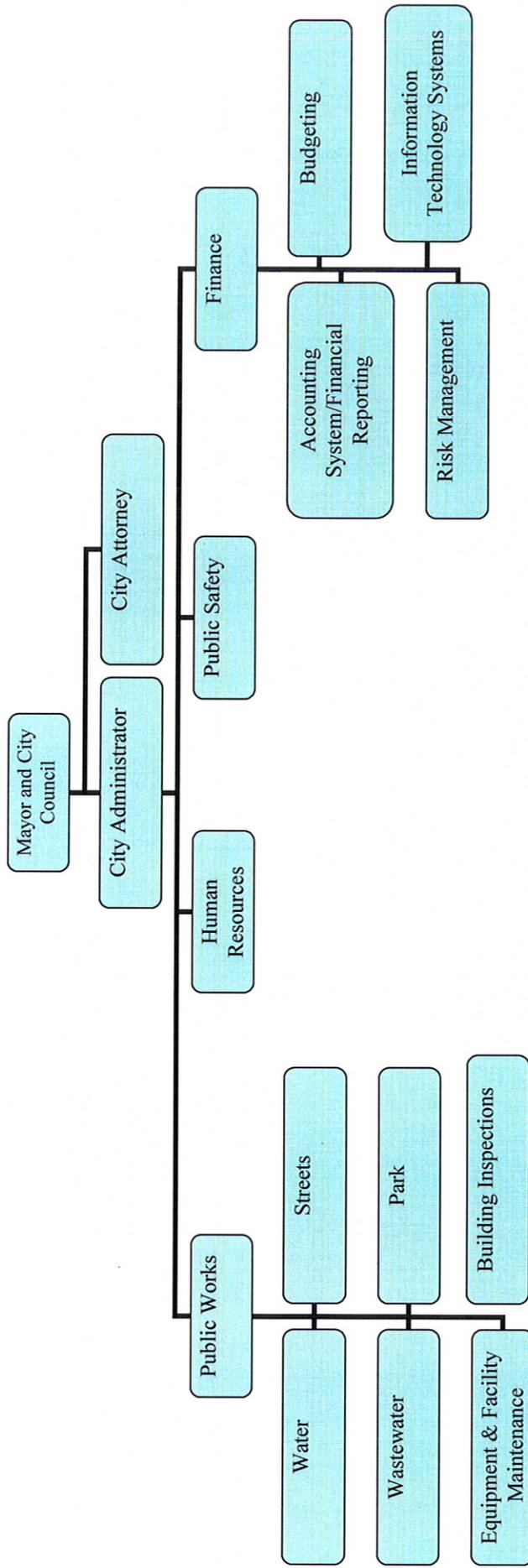
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



Christopher P. Morille
President

Jeffrey R. Emen
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, 2012

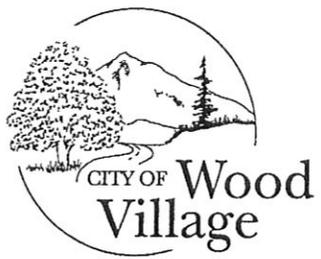
<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Patricia Smith	Mayor	December 31, 2012
Mark S. Clark	Council President	December 31, 2014
Stanley Dirks	Councilor	December 31, 2014
T. Scott Harden	Councilor	December 31, 2012
Timothy Clark	Councilor	December 31, 2012

Principal Officials:

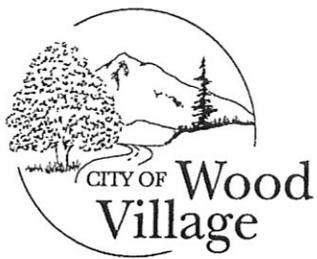
<u>Name</u>	<u>Position</u>
William A. Peterson	City Administrator
Peggy Jo Minter	Finance Director
(Temporarily vacant)	Public Works Director

Council members receive mail at the City's address:

City Hall
2055 NE 238th Drive
Wood Village, OR 97060



FINANCIAL SECTION





PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

-
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
 - (503) 620-2632 • FAX (503) 684-7523

January 18, 2013

To the Board of Directors
City of Wood Village
Wood Village, Oregon

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the non-major fund of the City of Wood Village as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of management. Our responsibility is to express opinions on these financial statements based on our audit. The financial statements of the City of Wood Village as of June 30, 2011 were audited by other auditors whose report dated December 30, 2011 expressed an unqualified opinion on those statements.

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 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the non-major fund of the City of Wood Village at June 30, 2012, and the changes in financial position and cash flows, thereof of its proprietary fund types and the respective budgetary comparisons for the general fund and street fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis and the Schedule of Funding Progress, as listed in the table of contents, in

accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on Management's Discussion and Analysis and the Schedule of Funding Progress, as listed in the table of contents, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information for all appropriated funds and supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The Introductory Section 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financials statements, and accordingly, we do not express an opinion or provide any assurance on them.



PAULY, ROGERS AND CO., P.C.

**CITY OF WOOD VILLAGE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2012**

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 \$11.355 million (net assets). Of this amount, \$3.984 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.

The results of operations for the year yielded a net assets decrease of \$99 thousand for the City. The decrease is primarily attributable to two factors: Unrestricted net assets decreased by \$1.75 million as the City of Wood Village applied resource to the retirement of sewer debt. The remaining net assets are invested in capital assets or restricted as to use.

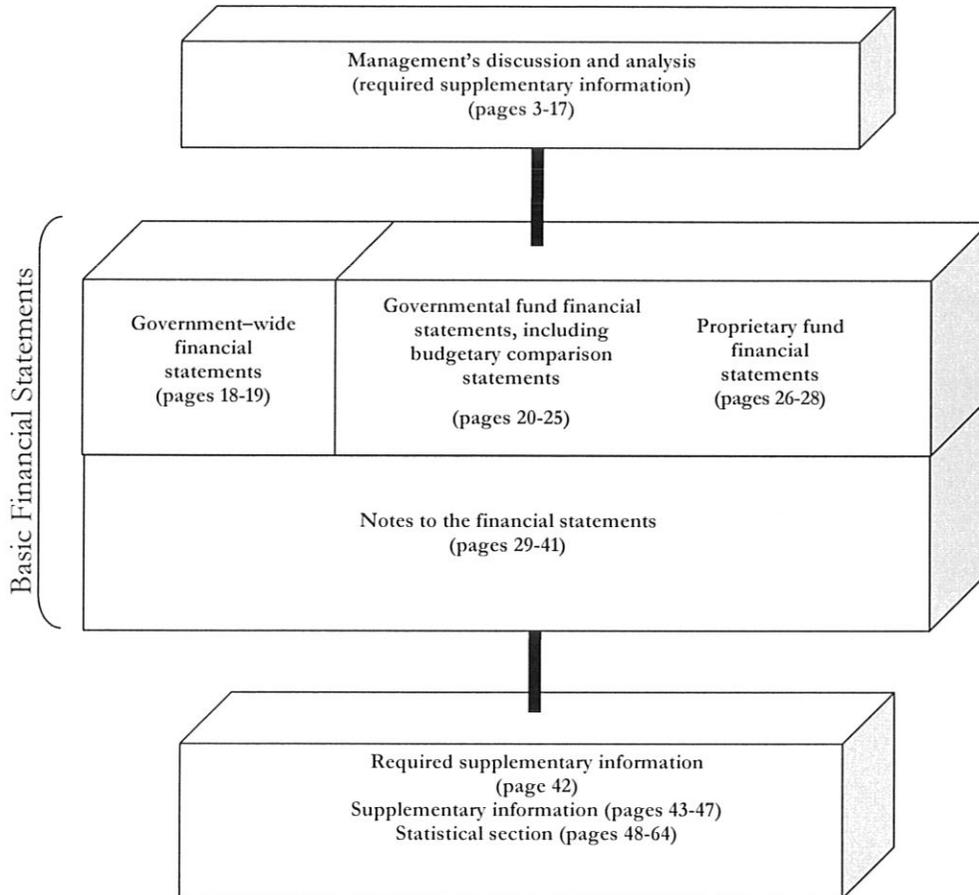
The City's capital assets, net of associated debt, increased by \$1.77 million, reflecting the retirement of debt in the sewer fund. Depreciation on existing capital assets was significant with \$161 thousand on governmental activity assets and \$342 thousand on business-type activity assets.

Short-term debt increased to \$214 thousand, as the City Council committed to pay off all proprietary fund debts, moving all Long Term debt into Short Term.

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 graph below is provided to help in

understanding how the financial section is presented and to direct the reader to the pages where specific components can be found.



Government-wide Financial Statements

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

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

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some

items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated leave).

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

This year the City of Wood Village Urban Renewal Agency (URA) is included in the financial statements of Wood Village. The URA had tax increment revenues of \$21,592 in this audited fiscal period and expenditures of less than \$500 thousand, which didn't require it to have an audit.

Fund Financial Statements

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

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

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

This year the City maintained four governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Street Fund, Urban Renewal Fund and Improvement Bond Fund. The Improvement Bond

Fund outstanding obligations were all paid in prior periods, and the fund was eliminated, with the balance moved to the General Fund. The Urban Renewal Agency is an independent governmental entity, and once significant increment is developed in the Agency boundaries, will be reported as a blended component unit of the City.

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

Both of the City's *proprietary funds* are classified as enterprise funds. Enterprise funds are used to report activity for which fees are charged to external customers with the intent of financing and recovering all costs associated with the provision of the service for which the fund is created.

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

Notes to the Financial Statements

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

Supplementary Information

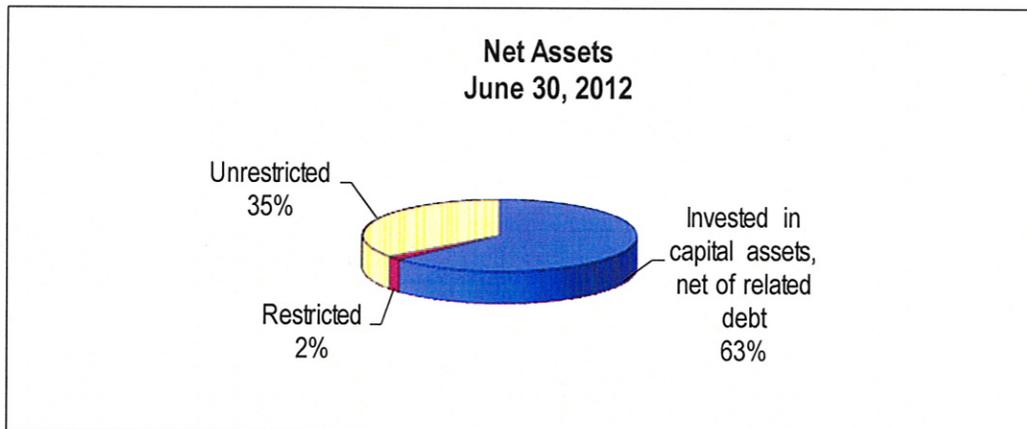
A budgetary comparison schedule is provided for the Improvement Bond Fund and Urban Renewal Fund, and combining statements and budgetary schedules are presented for Water operations and Sewer operations, as supplementary information following the notes to the financial statements in the Financial Section.

Government-Wide Financial Analysis

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

City of Wood Village, Oregon
Summary of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
ASSETS						
Current and other assets	\$ 3,243,338	\$ 3,163,733	\$ 1,176,063	\$ 3,128,255	\$ 4,419,401	\$ 6,291,988
Capital assets	2,132,962	2,261,208	5,215,514	5,460,207	\$ 7,348,476	7,721,415
Total assets	5,376,300	5,424,941	6,391,577	8,588,462	11,767,877	14,013,403
LIABILITIES						
Current and other liabilities	99,763	97,969	184,790	190,529	284,553	288,498
Long-term liabilities	4,796	4,328	123,321	2,266,253	128,117	2,270,581
Total liabilities	104,559	102,297	308,111	2,456,782	412,670	2,559,079
NET ASSETS						
Invested in capital assets, net of related debt	2,132,962	2,261,208	5,033,395	3,131,944	7,166,357	5,393,152
Restricted	205,026	331,394	-	-	205,026	331,394
Unrestricted	2,933,753	2,730,042	1,050,071	2,999,736	3,983,824	5,729,778
Total net assets	\$ 5,271,741	\$ 5,322,644	\$ 6,083,466	\$ 6,131,680	\$ 11,355,207	\$ 11,454,324



Approximately 63% of the City's net assets are invested in capital assets (land, buildings, improvements, vehicles and equipment, and infrastructure, net of related debt). Another 2% of the government's net assets are subject to external restrictions on how they may be used, in this instance, the Gasoline Tax proceeds that are constitutionally restricted in Oregon to transportation related expenditures. The remaining 35% 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	
	2012	2011	2012	2011	2012	2011
REVENUES						
Program Revenues:						
Charges for services	\$ 124,736	\$ 123,872	\$ 1,493,553	\$ 1,764,889	\$ 1,618,289	\$ 1,888,761
Operating grants and contributions	5,091	176,021	-	-	5,091	176,021
Capital grants and contributions	-	82,500	-	25,000	-	107,500
General Revenues:						
Property taxes	772,107	741,980	-	-	772,107	741,980
Other taxes	518,192	470,599	-	-	518,192	470,599
Unrestricted grants and contributions	358,053	348,437	-	-	358,053	348,437
Unrestricted interest and investment earnings	27,379	19,565	(4,426)	(95,817)	22,953	(76,252)
Transfers	-	85,000	-	-	-	85,000
Total revenues	<u>1,805,558</u>	<u>2,047,974</u>	<u>1,489,127</u>	<u>1,694,072</u>	<u>3,294,685</u>	<u>3,742,046</u>
EXPENSES						
General government	351,703	450,100	-	-	351,703	450,100
Public safety	803,045	771,216	-	-	803,045	771,216
Parks	145,081	113,607	-	-	145,081	113,607
Public works	139,591	146,410	-	-	139,591	146,410
Building Inspections	97,710	89,408	-	-	97,710	89,408
Streets	317,760	271,092	-	-	317,760	271,092
Interest on long-term debt	1,571	-	-	-	1,571	-
Water	-	-	590,562	536,112	590,562	536,112
Sewer	-	-	946,779	845,625	946,779	845,625
Transfers	-	-	-	85,000	-	85,000
Total expenses	<u>1,856,461</u>	<u>1,841,833</u>	<u>\$ 1,537,341</u>	<u>1,466,737</u>	<u>3,393,802</u>	<u>3,308,570</u>
Excess (deficiency)	<u>(50,903)</u>	<u>206,141</u>	<u>(48,214)</u>	<u>227,335</u>	<u>(99,117)</u>	<u>433,476</u>
Change in net assets	(50,903)	206,141	(48,214)	227,335	(99,117)	433,476
Net assets, beginning	5,322,644	5,116,503	6,131,680	5,904,345	11,454,325	11,020,849
Net Assets, ending	<u>\$ 5,271,741</u>	<u>\$ 5,322,644</u>	<u>\$ 6,083,466</u>	<u>\$ 6,131,680</u>	<u>\$ 11,355,207</u>	<u>\$ 11,454,324</u>

Governmental Activities

During the fiscal year, the City's total net assets decreased by \$99 thousand. In evaluating the governmental activities and the financial health of our City, we look to the recurring annual revenues, exclusive of one time grants, debt proceeds or other single event revenues and compare them to the recurring annual operating costs. Utilizing this measure, after funding operating costs for the current year, the City chose to use unrestricted fund balances informally reserved for future operations of governmental activities to fund investments in capital facilities, and to fund the transfer from the General Fund to the Street Fund. Some of the money that was saved for a "rainy day"

was allocated. As noted in the analysis of the combined fund balances for all governmental fund types, the net balances increased in the year.

Charges for services for general government activities increased a bit over the last fiscal year. The primary source for this small increase is permit revenues for building and related trades. While this is up from last year, it remains significantly lower than in the periods prior to the recession. Additional charges for services for general government activities include planning/zoning fees, park usage and City Hall rental charges, lien search charges, and miscellaneous equipment use fees, all of which were about the same as in previous years. Commercial development in the city is beginning to recover. The decline in commercial investments was partially offset by two things, first a "Business Incentive Program" developed by the City Council in October 2010, and continued in this period. The Business Incentive Program waived certain permit fees for businesses locating in an existing building and occupying 5,000 square feet or less in total space. Total fees attributable to building increased in the period despite the waiving of \$10,952 in permit fees. The second reason is the investment made by a new food processing industry in production facilities constructed in the period.

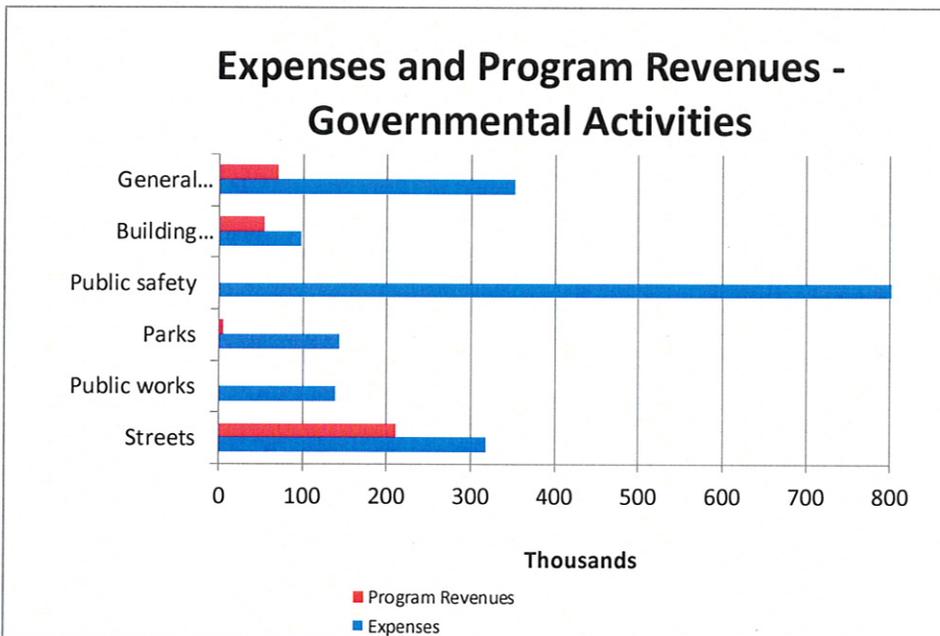
General revenues decreased in total by about \$157 thousand from the preceding year. Declines in revenue are all tied to capital grants received and accounted in prior periods. General Revenues in Property Taxes, State Shared Revenues, and other operating revenues all increased in the period over prior years.

Franchise tax revenues from electric, gas and other utility companies increased to their expected levels of about \$261 thousand, from last year's payment. Motel tax revenues increased by about 10% to \$97 thousand, and business income tax revenues collected by Multnomah County and shared with Cities in the county (a tax that applies to business *net* income) jumped almost 30% this year. The Multnomah County business income tax revenues remain lower than received since FY2006, however, they all combine to provide solid indicators that the economy in the community, and the county, is making small steps to stabilize and recover.

Investment earnings decreased again this year from \$26 thousand to \$22 thousand. Investment earnings for 2008 were about \$145 thousand. In this period we adopted updated investment policies, consolidated banking and investment options and decreased the net cost of banking services dramatically. The decline in net interest income, when compared with last year, reflects the choice to invest cash in the retirement of debt in lieu of maintaining investable balances. With the outstanding debt effective interest rate significantly higher than investment earning potentials, this option appears to have decreased a revenue, when in fact it has substantially reduced the net interest liabilities. We continue to be counseled that interest rates will remain low in the foreseeable future, and our investable balances will decline due to the retirement of debt, this period reflects a positive gain in return on investable balances, and a substantial reduction in interest liabilities.

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. Financial reserves for our community continue to decline. The portion of the declines that has drawn down debt has actually enhanced our long term financial position, however, the declines in the general fund available reserves reflect choices to invest long term reserves in current year activities, albeit capital facilities. We have guarded optimism about future economic recovery, and the path to pre-recession levels.

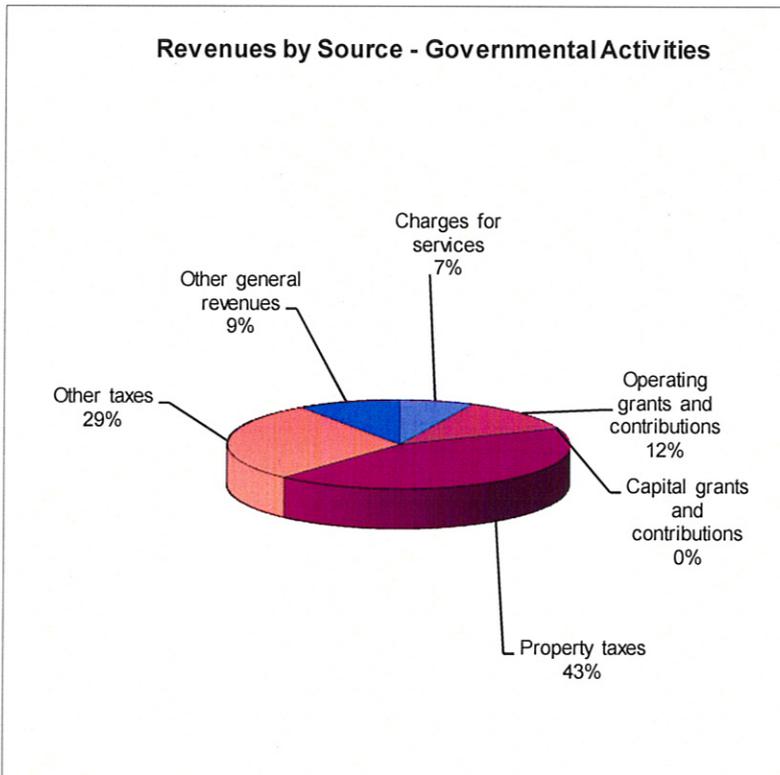
Due to the prolonged recession, and with the continuing increased costs of public safety, operating materials like asphalt and fuel, and healthcare and retirement benefits, for which we have little or no control, City officials are pro-actively tightening our budgets even further in areas where we have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



The previous graph shows the expenses of each governmental function compared to the program revenues generated specifically from its operations. As mentioned earlier the general government activity, which includes planning, financial, legal, and property management generated additional program revenues during the current year, but operations are primarily funded from general revenues. The public safety function (Police, and Fire and Emergency Services) generates no program revenue. Property Tax revenues are insufficient by about \$58.5 thousand to cover Public Safety expenses. Most revenues for street activities come from State shared gas taxes. The State of Oregon adopted an increase in the gasoline tax that took effect January 1, 2011. This increased gas revenues for Wood Village, however; despite increased gasoline tax revenues the net proceeds were insufficient to cover base operating costs for roadway maintenance, so General Fund sources in the amount of \$100,000 were used to make up the difference.

One major focus for our community in this period was working with the residents to devise a financing system for roadways and storm water management. In May of 2012, the City Council adopted a transportation and storm water utility with phased in rates. The system will generate approximately \$160,000 in the first year of operation (FY12-13), and near \$200,000 annually. This utility will permit the general fund to eliminate transfers to the Street Fund, relieving the General Fund.

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



Business-type Activities

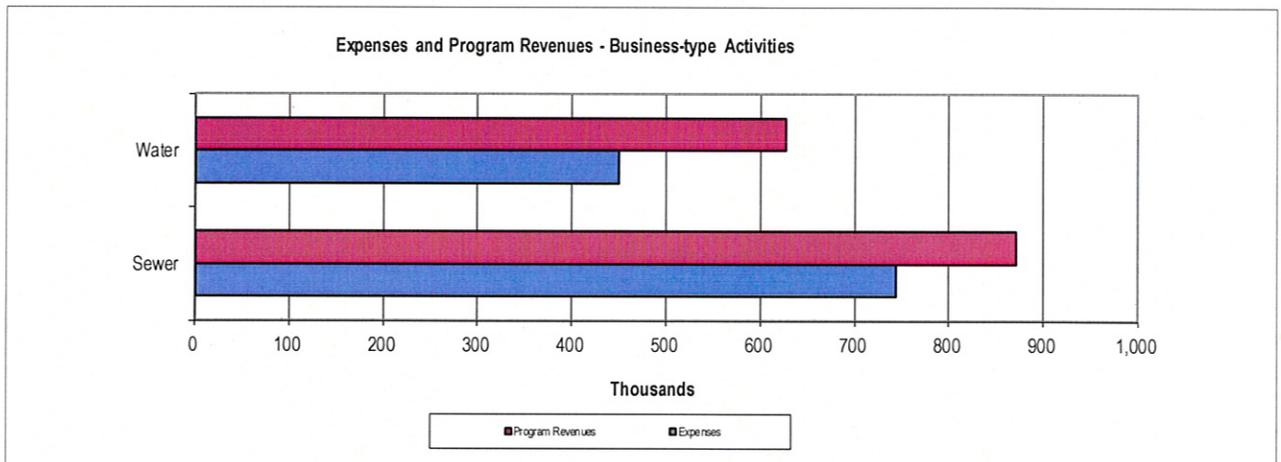
Business-type activities' net assets decreased \$48 thousand during the fiscal year, all reflecting the impact of depreciation on assets. Major capital facility renovations in prior years relieved the City from any need for asset acquisition in this period, while net depreciation of all acquired assets continues.

Utility user rates were increased by the local COLA of 2% during this fiscal year. City management staff will continue to keep salary and materials expenses down while trying to optimize system operations and maintenance. Adequacy of the rate revenue base to meet the operating needs remains positive.

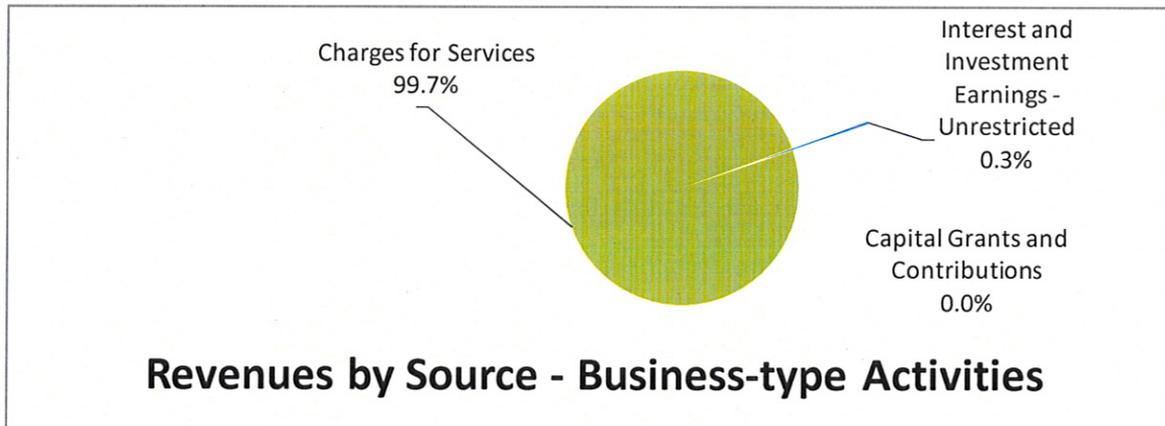
Water activities showed an overall increase in net assets of \$36 thousand. Water activity unrestricted net assets decreased by \$40 thousand and resulted in total net assets of \$2.8 million. Capital assets net of related debt rose \$57 thousand in the water fund.

The sewer function showed a decrease in net assets of about \$84 thousand, for total net assets of \$3.25 million. Net assets invested in capital assets were increased from last year by about \$1.84 million in the sewer fund reflecting the retirement of outstanding debt that financed our recent investments in the sewer system.

The following graph shows the total program expenses including personnel services, materials and services, and overhead, compared to the program revenues generated by each business-type function during the year. Direct program expenses and overhead expenses were \$1.195 million. One of the largest single program cost is for wastewater treatment in the sewer fund. The City utilizes an agreement with a neighboring city, Gresham, to transfer our wastewater to their treatment plant. These costs charged us by Gresham are not under our direct control and are increasing to meet water quality standards and assure treatment capacity.



The following graph 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.



Budget Highlights in the Water and Sewer Funds include:

- Capital projects for this fiscal year include replacing about 70% of the aging water meters in the system, with the balance of the meters being replaced in the next fiscal year.
- Additional principal payments for all three water and sewer loans were paid during the fiscal year, resulting in only one loan left on the books at June 30, 2012, that being a \$182 thousand principal payment to be made the first week of July 2012.
- One budget adjustment was made at year end to move \$55,000 from the Sewer Fund Contingency area to the Sewer Fund Materials & Services area to cover sewer treatment costs. The bottom line for the Sewer Fund remained the same.

Financial Analysis of the Government's Funds

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

Combined fund balances for governmental funds increased by \$75 thousand during the fiscal year. The balance in the Street Fund, augmented by the \$100,000 transfer from the General Fund, was at \$205,026 at year end. This permitted the initiation of roadway

renovation projects early in FY 12-13. The revenue analysis noted above, including state shared revenues, property taxes, and locally generated fees, all increased in the period while operating expenses were actually reduced.,

Total Street Fund operations resulted in a \$43 thousand deficit this year. The fund had cash available to offset the deficit from prior General Fund Transfers, and received an additional \$100 thousand in this period to permit the accumulation of a closing balance of \$205,026. The transfer was designed to be the final transfer from the General fund, permitting the Street Fund to have available resource for capital investment. Future years will benefit from the revenue stream developed by a transportation and drainage utility that will relieve the General Fund from financial obligation.

Since the Improvement Bond Fund debts have all been paid, the benefitted properties will continue to pay their assessments payments balances which will now be receipted into the General Fund, as the Improvement Bond Fund is eliminated from our system.

A portion of the fund balance in the Street Fund is derived from the State Gasoline Taxes. As such they are restricted or assigned for specific uses. These restrictions do not adversely affect the availability of fund resources for future use.

Combined net assets for proprietary funds decreased by \$48 thousand during the fiscal year. The only restrictions on the use of net assets of proprietary funds are related to a State requirement to use system development charge revenues for infrastructure capacity increasing projects only. Since the resources are intended for use on the restricted purposes, the restrictions do not adversely affect the availability of the funds.

General Fund Budgetary Highlights

Financial reporting standards require governments to discuss differences, if any between the original budget and the final amended budget in the General Fund. Oregon budget law requires budgetary authority to spend in each fund. Additionally, the law has restrictions on how budgets can be adjusted and requires that adjustments to any fund over certain legally restricted amounts come from a municipality's General Fund (through transfers if necessary). One budget adjustment was made at year end to move \$55,000 from the Sewer Fund Contingency area to the Sewer Fund Materials and Services Wastewater Treatment line item. The future appropriations will follow the revised Oregon Law to appropriate by function rather than by expenditure area within budgetary programs. The result will be fewer minor adjustments of this type. The budgetary control exercised in the General Fund was exemplary, with no programs exceeding budgetary constraints. The bottom line for the General Fund remained the same.

Other significant differences between budget and actual expenses include:

- The Parks budget for the Gazebo was \$67,750, but due to a delivery issue on the gazebo kit, only \$19,322 was expended.
- In the Building Services budget \$52,000 was budgeted for building inspections, but due to the decreased activity in building permits as well as excellent management, only \$38,600 was expended.
- In the Street Fund, \$35 thousand was budgeted for Transportation System Design work, but was extended to the next fiscal year.
- Land acquisition was budgeted in the amount of \$500,000 in the event useable property became available, but it wasn't needed this year.
- A project in the Street Fund to update the Transportation System Plan had been budgeted at \$35 thousand, with an offsetting revenue anticipated. The program design that was funded to update the Transportation System Plan was all financed inter-governmentally, with no funding either received by the City, or required for expenditure.

In general, other than the Sewer Fund Wastewater Treatment transfer, the major significant differences between final budgeted amounts and actual results in all funds were the revenue streams, reductions in personnel, cost-savings on major projects and unneeded contingency funding.

Operating contingency can never be utilized for expenditures and can only be used through budget transfers to other expenditure lines. When utilized, the transfer is made by the City Council to the program or activity in which expenditure must be made. The only such transfer was in the Sewer Fund in the amount of \$55 thousand to cover unexpected increases in the Wastewater treatment fees, and is not an action associated with the General Fund.

Capital Asset and Debt Administration

Capital Assets

As of year-end, the City had over \$7.35 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 decrease (including additions, deletions, and depreciation) of \$372 thousand from last year due to capital project completion.

The Capital Assets of the Business-type activities before depreciation increased by approximately \$97 thousand in the water fund, and by less than one thousand in the sewer fund. The Sewer Fund available resources were consumed in the drawdown of debt.

The MD&A provides a summary of capital asset information. More detailed information is included in the notes to the financial statements in the Assets, Liabilities and Net Assets section on page 31 under the heading Assets, Liabilities and Net Assets or Equity, and in the Detailed Notes on All Activities and Funds section on page 37 under the heading Capital Assets.

Long-term Debt

All debt that has been incurred by the City has been used for capital expenditures. As of year-end, the City has no outstanding dollars in governmental activities' bonds and other debt outstanding. The capital loans taken by the City to finance improvements in the water system and sewer system were paid down to a \$0 balance in the water fund, and reduced from in excess of \$2 million to a total of \$182 thousand for the Sewer fund.

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

Economic Factors and Next Year's Budgets and Rates

Wood Village is weathering the world-wide economic recession with two major strategies, reduce operating expenditures in each service providing fund to be less than or equal to the available operating revenue, and limiting capital investments that must be funded by drawing on available reserves. The upgrading of the majority of water meters throughout the city, and the reserve of \$60 thousand to budget for a third of the cost of painting the City water reservoir in three years are the largest planned expenditures in the water fund. The sewer fund has an obligation to invest in the reduction of inflow and infiltration, and future expenditures must be made to assure compliance with the intergovernmental agreements governing sewer. Both the Water system and the Sewer system have now been constructed to serve the anticipated build out population and land uses in Wood Village.

Revenue sources are arriving at or above the budgeted amounts in the new fiscal year, and expenditures are below the budgeted amounts. Still, several factors that may significantly impact the financial position and results of operations of the City are discussed below.

The key issue facing the General Fund deals with property taxes and the property tax system in Oregon. Based on the voter approved constitutional limitations, property taxes in Oregon may be levied on the assessed value of a property, or on the fair market value, whichever is lower. The Oregon system established a base assessed value on the 1996 tax year, and allows assessed value to increase annually at 3%, unless assessed value

exceeds market value. Along with this caveat is the phenomenon of “compression”. This is defined in the Oregon constitution when the total extended tax levy on a property, for general governmental purpose, exceeds 1% of the fair market value. With the precipitous declines in market value for predominantly residential properties, this combination of impacts will decrease the capacity for the property tax levied in Wood Village to meet future operating costs.

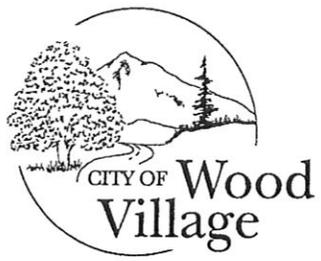
The creation of a street and drainage utility will significantly reduce the financial burdens on the General Fund. Through this utility based fee, all users of the roadway and drainage systems receive monthly billing to compensate for the facilities necessary for transportation and drainage services. This is the largest single relief of costs in the General Fund, and will provide significant capacity in the General Fund.

In a wise and frugal move, the Wood Village City Council decided to utilize accumulated cash resources to pay off 99% of the Oregon Economic and Community Development Department loans the water and sewer funds were carrying for the completion of capital projects over the past five years. These three loans had obligations of 25 year amortizations and have now been reduced to only one more year due on only one loan. See more detail regarding these loans, the payoffs and the resultant principal obligations on page 38 and 39.

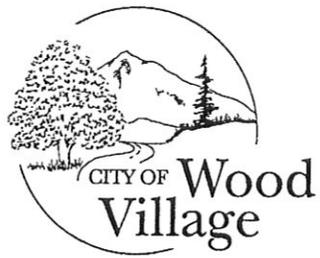
The City has no further loans, outstanding as of August 1, 2012. Additional information on this subject can be found under the heading Subsequent Events in the notes to the financial statements on page 39.

Requests for Information

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



Basic Financial Statements



CITY OF WOOD VILLAGE, OREGON
STATEMENT OF NET ASSETS
June 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,974,674	\$ 939,363	\$ 3,914,037
Due from other governments	5,173	-	5,173
Receivables	127,733	235,194	362,927
Property taxes receivable, net	48,329	-	48,329
Prepays	793	-	793
Assessments receivable, net	86,636	912	87,548
Interest receivable	-	594	594
Capital assets:			
Non-depreciable	252,460	26,826	279,286
Depreciable, net	1,880,502	5,188,688	7,069,190
 Total assets	 <u>5,376,300</u>	 <u>6,391,577</u>	 <u>11,767,877</u>
LIABILITIES			
Accounts payable and other current liabilities	82,207	94,343	176,550
Unearned revenue	3,167	-	3,167
Other accrued liabilities	-	8,031	8,031
Long-term liabilities:			
Due within one year	14,389	82,416	96,805
Due in more than one year	4,796	123,321	128,117
 Total liabilities	 <u>104,559</u>	 <u>308,111</u>	 <u>412,670</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,132,962	5,033,395	7,166,357
Restricted for:			
Transportation systems	205,026	-	205,026
Debt service	-	-	-
Unrestricted	2,933,753	1,050,071	3,983,824
 Total net assets	 <u>\$ 5,271,741</u>	 <u>\$ 6,083,466</u>	 <u>\$ 11,355,207</u>

See accompanying notes to the basic financial statements

CITY OF WOOD VILLAGE, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

Functions	Program Revenues			Net (Expense) Revenue and Changes in Net Asset			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government and administration	\$ 351,703	\$ 124,736	\$ -	\$ -	\$ (226,967)	\$ -	\$ (226,967)
Public safety	803,045	-	-	-	(803,045)	-	(803,045)
Parks	145,081	-	5,091	-	(139,990)	-	(139,990)
Public works	139,591	-	-	-	(139,591)	-	(139,591)
Building Inspections	97,710	-	-	-	(97,710)	-	(97,710)
Streets	317,760	-	-	-	(317,760)	-	(317,760)
Interest on long-term debt	1,571	-	-	-	(1,571)	-	(1,571)
Total governmental activities	1,856,461	124,736	5,091	-	(1,726,634)	-	(1,726,634)
Business-type activities:							
Water Operations	590,562	622,866	-	-	-	32,304	32,304
Sewer Operations	946,779	870,687	-	-	-	(76,092)	(76,092)
Total business-type activities	1,537,341	1,493,553	-	-	-	(43,788)	(43,788)
Total government	\$ 3,393,802	\$ 1,618,289	\$ 5,091	\$ -	(1,726,634)	(43,788)	(1,770,422)
General revenues:							
Taxes:							
Property taxes					772,107	-	772,107
Franchise taxes					261,129	-	261,129
Business income taxes					160,225	-	160,225
Motel taxes					96,838	-	96,838
Intergovernmental Revenues					358,053	-	358,053
Unrestricted interest and investment earnings (expense), net					27,379	(4,426)	22,953
Total general revenues and transfers					1,675,731	(4,426)	1,671,305
Change in net assets					(50,903)	(48,214)	(99,117)
Net assets, beginning					5,322,644	6,131,680	11,454,324
Net assets, ending					\$ 5,271,741	\$ 6,083,466	\$ 11,355,207

See accompanying notes to the basic financial statements

CITY OF WOOD VILLAGE, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	Non-Major				Total Governmental
	General	Street	Urban Renewal	Improvement Bond	
ASSETS					
Cash and cash equivalents	\$ 2,760,770	\$ 199,075	\$ 14,829	\$ -	\$ 2,974,674
Due from other governments	5,062	-	111	-	5,173
Receivables	109,350	18,383	-	-	127,733
Property taxes receivable	48,329	-	-	-	48,329
Prepays	793	-	-	-	793
Assessments receivable	86,636	-	-	-	86,636
Interest receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepays	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Other assets	-	-	-	-	-
Inter fund loan receivable principal	51,809	-	-	-	51,809
Interfund loan receivable interest	1,577	-	-	-	1,577
Total assets	\$ 3,064,326	\$ 217,458	\$ 14,940	\$ -	\$ 3,296,724

LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and other current liabilities	\$ 69,775	\$ 12,432	\$ -	\$ -	\$ 82,207
Deferred revenue	128,474	-	(56)	-	128,418
Interfund loan payable	-	-	53,386	-	53,386
Total liabilities	198,249	12,432	53,330	-	264,011

Fund Balances:					
Nonspendable:					
Prepays	793	-	-	-	793
Restricted:					
Streets	-	205,026	-	-	205,026
Unassigned	2,865,284	-	(38,390)	-	2,826,894
Total fund balances	2,866,077	205,026	(38,390)	-	3,032,713
Total liabilities and fund balances	\$ 3,064,326	\$ 217,458	\$ 14,940	\$ -	\$ 3,296,724

See accompanying notes to the basic financial statements

CITY OF WOOD VILLAGE, OREGON
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO GOVERNMENTAL ACTIVITIES ON THE STATEMENT
OF NET ASSETS
June 30, 2012

Total fund balances of governmental funds		\$ 3,032,713
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	3,902,419	
Less: Accumulated depreciation	<u>(1,769,457)</u>	2,132,962
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.		
		125,251
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>(19,185)</u>
Total net assets of governmental activities		<u>\$ 5,271,741</u>

CITY OF WOOD VILLAGE, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2012

	General	Street	Urban Renewal	Non-Major Improvement Bond	Total Governmental
REVENUES					
Property taxes	\$ 742,240	\$ -	\$ 21,593	\$ -	\$ 763,833
Motel taxes	96,838	-	-	-	96,838
Franchise taxes	261,129	-	-	-	261,129
Licenses and permits	87,743	-	-	-	87,743
Intergovernmental	306,943	211,335	-	-	518,278
Charges for services	32,030	-	-	-	32,030
Donations	5,091	-	-	-	5,091
Special assessments	13,739	-	-	-	13,739
Interest	16,997	656	70	-	17,723
Miscellaneous	4,963	-	-	-	4,963
Total revenues	<u>1,567,713</u>	<u>211,991</u>	<u>21,663</u>	<u>-</u>	<u>1,801,367</u>
EXPENDITURES					
Current:					
General government and administration	316,640	-	10,882	-	327,522
Public safety	803,045	-	-	-	803,045
Parks	101,068	-	-	-	101,068
Public works	107,387	-	-	-	107,387
Building Inspections	97,710	-	-	-	97,710
Streets	-	254,807	-	-	254,807
Capital outlay	33,009	222	-	-	33,231
Debt service:					
Interest	-	-	1,572	-	1,572
Total expenditures	<u>1,458,859</u>	<u>255,029</u>	<u>12,454</u>	<u>-</u>	<u>1,726,342</u>
Revenues over (under) expenditures	108,854	(43,038)	9,209	-	75,025
OTHER FINANCING SOURCES (USES)					
Transfers in	183,330	100,000	-	-	283,330
Transfers out	(100,000)	-	-	(183,330)	(283,330)
Total other financing sources and (uses)	<u>83,330</u>	<u>100,000</u>	<u>-</u>	<u>(183,330)</u>	<u>-</u>
Net changes in fund balances	192,184	56,962	9,209	(183,330)	75,025
FUND BALANCES, BEGINNING	<u>2,673,893</u>	<u>148,064</u>	<u>(47,599)</u>	<u>183,330</u>	<u>2,957,688</u>
FUND BALANCES, ENDING	<u>\$ 2,866,077</u>	<u>\$ 205,026</u>	<u>\$ (38,390)</u>	<u>\$ -</u>	<u>\$ 3,032,713</u>

**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, 2012**

Net change in fund balances of governmental funds		\$	75,025
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		33,231	
Less: Depreciation expense		<u>(161,477)</u>	(128,246)
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		8,274	
Assessment revenue not reported in the statement of activities		<u>(4,083)</u>	4,191
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:			
Accrued compensated absences			<u>(1,873)</u>
Change in net assets of governmental activities		\$	<u>(50,903)</u>

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, 2012

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Property taxes:				
Current year	\$ 742,405	\$ 742,405	\$ 720,596	\$ (21,809)
Prior years	19,000	19,000	18,951	(49)
Interest and other	-	-	2,693	2,693
Motel taxes	95,000	95,000	96,838	1,838
Franchise taxes	287,200	287,200	261,129	(26,071)
Licenses and permits	62,900	62,900	87,743	24,843
Intergovernmental:				
Shared	218,600	218,600	291,909	73,309
Grants	89,028	89,028	15,034	(73,994)
Charges for services	34,250	34,250	32,030	(2,220)
Donations	10,000	10,000	5,091	(4,909)
Interest	24,387	24,387	16,997	(7,390)
Special assessments:				
Glisan Water Line LID principal	-	-	6,672	6,672
Glisan Water Line LID interest	-	-	7,067	7,067
Miscellaneous	16,133	16,133	3,392	(12,741)
Total revenues	1,598,903	1,598,903	1,566,142	(32,761)
EXPENDITURES				
General government	47,991	47,991 (1)	39,044	8,947
Public safety and administration	1,101,530	1,101,530 (1)	1,074,893	26,637
Parks	174,361	174,361 (1)	128,515	45,846
Public works	130,195	130,195 (1)	112,949	17,246
Building Department	118,341	118,341 (1)	97,710	20,631
Non-departmental:				
Materials and services	9,650	9,650 (1)	7,687	1,963
Capital outlay	500,000	500,000 (1)	-	500,000
Contingency	1,945,954	1,945,954 (1)	-	1,945,954
Total expenditures	4,028,022	4,028,022 -	1,460,798	2,567,224
Revenues over (under) expenditures	(2,429,119)	(2,429,119)	105,344	2,534,463
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	183,329	183,329
Transfers out	(166,000)	(166,000) (1)	(100,000)	66,000
Total other financing sources and uses	(166,000)	(166,000)	83,329	249,329
Net change in fund balances	(2,595,119)	(2,595,119)	188,673	2,783,792
FUND BALANCES, BEGINNING BUDGETARY BASIS	3,125,038	3,125,038	2,597,179	(527,859)
FUND BALANCES, ENDING BUDGETARY BASIS	\$ 529,919	\$ 529,919	2,785,852	\$ 2,255,933
Interfund loan receivable			53,386	
Loan payment received			12,643	
Compensated absences accrued for budget			14,196	
TOTAL FUND BALANCES, ENDING, GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BASIS			\$ 2,866,077	

(1) Appropriation Level

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, 2012

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental:				
State gas tax	\$ 150,000	\$ 150,000	\$ 211,335	\$ 61,335
Grants	32,000	32,000	-	(32,000)
Interest	190	190	656	466
Total revenues	<u>182,190</u>	<u>182,190</u>	<u>211,991</u>	<u>29,801</u>
EXPENDITURES				
Personal services	137,756	137,756 (1)	127,960	9,796
Materials and services	146,803	146,803 (1)	126,779	20,024
Capital outlay	37,500	37,500 (1)	222	37,278
Contingency	48,667	48,667 (1)	-	48,667
Total expenditures	<u>370,726</u>	<u>370,726</u>	<u>254,961</u>	<u>115,765</u>
Revenues over (under) expenditures	(188,536)	(188,536)	(42,970)	145,566
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>166,000</u>	<u>166,000</u>	<u>100,000</u>	<u>(66,000)</u>
Total other financing sources and uses	<u>166,000</u>	<u>166,000</u>	<u>100,000</u>	<u>(66,000)</u>
Net change in fund balances	(22,536)	(22,536)	57,030	79,566
FUND BALANCES, BEGINNING BUDGETARY BASIS	<u>22,536</u>	<u>22,536</u>	<u>143,007</u>	<u>120,471</u>
FUND BALANCES, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>200,037</u>	<u>\$ 200,037</u>
Compensated absences accrued for budget			<u>4,989</u>	
TOTAL FUND BALANCES, ENDING GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BASIS			<u>\$ 205,026</u>	

(1) Appropriation Level

CITY OF WOOD VILLAGE, OREGON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

	Enterprise Funds		
	Water	Sewer	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 704,468	\$ 234,895	\$ 939,363
Receivables	86,325	148,869	235,194
Assessments receivable	912	-	912
Interest receivable	594	-	594
Total current assets	<u>792,299</u>	<u>383,764</u>	<u>1,176,063</u>
Noncurrent assets:			
Capital assets:			
Non-depreciable	10,857	15,969	26,826
Depreciable, net	2,049,238	3,139,450	5,188,688
Total noncurrent assets	<u>2,060,095</u>	<u>3,155,419</u>	<u>5,215,514</u>
Total assets	<u>\$ 2,852,394</u>	<u>\$ 3,539,183</u>	<u>\$ 6,391,577</u>
LIABILITIES			
Current liabilities:			
Accounts payable and other current liabilities	\$ 5,482	\$ 88,861	\$ 94,343
Accrued compensated absences	8,857	8,857	17,714
OECDD loan interest payable	-	8,031	8,031
OECDD loan principal payable	-	64,702	64,702
Total current liabilities	<u>14,339</u>	<u>170,451</u>	<u>184,790</u>
Noncurrent liabilities:			
Accrued compensated absences	2,952	2,952	5,904
OECDD loan principal payable	-	117,417	117,417
Total noncurrent liabilities	<u>2,952</u>	<u>120,369</u>	<u>123,321</u>
Total liabilities	<u>17,291</u>	<u>290,820</u>	<u>308,111</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,060,095	2,973,300	5,033,395
Unrestricted	<u>775,008</u>	<u>275,063</u>	<u>1,050,071</u>
Total net assets	<u>\$ 2,835,103</u>	<u>\$ 3,248,363</u>	<u>\$ 6,083,466</u>

See accompanying notes to the basic financial statements

CITY OF WOOD VILLAGE, OREGON
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2012

	Enterprise Funds		
	Water	Sewer	Total
OPERATING REVENUES			
Charges for services	\$ 622,866	\$ 870,687	\$ 1,493,553
Total operating revenues	622,866	870,687	1,493,553
OPERATING EXPENSES			
Costs of sales and services	450,233	744,688	1,194,921
Depreciation	140,329	202,091	342,420
Total operating expenses	590,562	946,779	1,537,341
Operating income (loss)	32,304	(76,092)	(43,788)
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	3,692	1,248	4,940
Interest expense	-	(9,366)	(9,366)
Total nonoperating revenues (expenses)	3,692	(8,118)	(4,426)
Income (loss) before contributions and transfers	35,996	(84,210)	(48,214)
Change in net assets	35,996	(84,210)	(48,214)
TOTAL NET ASSETS, BEGINNING	2,799,107	3,332,573	6,131,680
TOTAL NET ASSETS, ENDING	\$ 2,835,103	\$ 3,248,363	\$ 6,083,466

See accompanying notes to the basic financial statements

CITY OF WOOD VILLAGE, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2012

	Enterprise Funds		
	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 635,136	\$ 901,106	\$ 1,536,242
Payments to employees	(322,867)	(322,867)	(645,734)
Payments to suppliers	(131,492)	(370,154)	(501,646)
Net cash provided by operating activities	180,777	208,085	388,862
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from loans or principal paid on loans	(99,550)	(2,046,594)	(2,146,144)
Purchases and construction of capital assets	(97,412)	(316)	(97,728)
Interest paid on capital debt	(5,478)	(44,677)	(50,155)
Net cash (used) by capital and related financing activities	(202,440)	(2,091,587)	(2,294,027)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received (paid)	3,692	(8,118)	(4,426)
Net cash provided (used) by investing activities	3,692	(8,118)	(4,426)
Net increase (decrease) in cash and cash equivalents	(17,971)	(1,891,620)	(1,909,591)
CASH AND CASH EQUIVALENTS, BEGINNING	722,439	2,126,515	2,848,954
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 704,468</u>	<u>\$ 234,895</u>	<u>\$ 939,363</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 32,304	\$ (76,092)	\$ (43,788)
Adjustments:			
Depreciation	140,329	202,091	342,420
Changes in assets and liabilities:			
Receivables	12,270	30,419	42,689
Accounts payable and accrued expenses	(3,068)	52,725	49,657
Accrued compensated absenses	(1,058)	(1,058)	(2,116)
Net cash provided by operating activities	<u>\$ 180,777</u>	<u>\$ 208,085</u>	<u>\$ 388,862</u>

See accompanying notes to the basic financial statements

CITY OF WOOD VILLAGE, OREGON
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

Summary of Significant Accounting Policies

Financial Reporting Entity

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

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

Basic Financial Statements

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

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

Fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All funds are major except for the improvement bond fund.

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 if they are received within sixty days of year end. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

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

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

The City reports the following major governmental funds:

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

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

The *Urban Renewal Fund* is a separate financial entity that is temporarily being held as a distinct program within the City's financial statements. Once the Urban Renewal Agency has revenues and expenditures exceeding \$500 thousand, it will be split from the City's financial statements and have its own accounting system and audit.

The City reports the following non-major governmental fund:

The *Improvement Bond Fund* accounts for special assessments collections and related debt service. The fund was closed as all associated debt has been extinguished. The balance of money in the fund was transferred to the General Fund.

The City reports the following major enterprise funds:

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for these funds include the cost of sales and services, including administration, and depreciation on capital assets. All revenues, such as grants or interest income and other expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Assets, Liabilities, and Net Assets or Equity

Cash and Cash Equivalents

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

Receivables

Property taxes are assessed on all taxable property as of July 1, the beginning of the fiscal year, and become a lien against the property on that date. Property taxes are levied in October. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent, but are deemed by management 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 one year or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend assets lives are not capitalized.

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

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

Compensated Absences

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

Long-term Debt

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

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

Fund Equity

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

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

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

Committed fund balance – Represents funds formally set aside by the City Council for a particular purpose. The use of these funds would be approved by City Council resolution. Commitments of fund balance must be made prior to the end of the fiscal year.

Assigned fund balance – Represents amounts that do not meet the criteria to be classified as restricted or committed and that are constrained by the expressed intent to use resources for specific purposes as authorized by the City Council in the Budget Document or by Resolution. Assignments of fund balance can be done at any time, including after the fiscal year end date. In accordance with the City's adopted fund policy, amounts may be assigned by the City Administrator within the budgetary authorizations of the prior fiscal period, or in accord with adopted City Council strategies for financing of specific activities.

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

Use of Restricted Resources

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

Net Assets

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

Stewardship, Compliance and Accountability

Budgetary Information

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

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

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Expenditure categories of personal services, materials and services, capital outlay, debt service, transfers, and contingency are the legal level of control for all program levels within the General Fund as well as all other funds. Expenses of the various funds were within authorized appropriations for the year ended June 30, 2012.

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

Detailed Notes on All Activities and Funds

Cash and Cash Equivalents

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>		
		<u>Less than 3</u>	<u>3-17</u>	<u>18-59</u>
Local Government Investment Pool	\$ 3,359,048	\$3,359,048	\$ -	\$ -
Investment Wells Fargo Savings	482,933	482,933	-	-
Total	<u>\$ 3,841,981</u>	<u>\$3,841,981</u>	<u>\$ -</u>	<u>\$ -</u>

Interest rate risk

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

Credit risk

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

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

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

Concentration of credit risk

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

Custodial credit risk – deposits

This is the risk that in the event of a bank failure, the City of Wood Village's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are considered fully collateralized. As of June 30, 2012, none of the City's bank balances were exposed to credit risk.

Custodial credit risk – investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The government's investment policy does not limit the amount of securities that can be held by counterparties. As of year-end, the City had approximately \$483 thousand in a local collateralized bank, the rest of the City's investments are contained in the State Treasurer's Local Government Investment Pool. Investments in the pool are not evidenced by securities. The fair value of the LGIP pool shares is equal to the City's proportionate position in the pool.

Receivables

Receivables at year-end were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Interfund</u>	<u>Total Receivables</u>
Governmental activities				
General	\$ 201,048	\$ 48,329	\$ 53,386	\$ 302,763
Street	18,383	-	-	18,383
Urban Renewal	111	-	-	111
	<hr/>	<hr/>	<hr/>	<hr/>
Total governmental activities	\$ 219,542	\$ 48,329	\$ 53,386	\$ 321,257
	<hr/>	<hr/>	<hr/>	<hr/>
Business-type activities				
Water	\$ 87,831	\$ -	\$ -	\$ 87,831
Sewer	148,869	-	-	148,869
	<hr/>	<hr/>	<hr/>	<hr/>
Total business-type activities	\$ 236,700	\$ -	\$ -	\$ 236,700
	<hr/>	<hr/>	<hr/>	<hr/>

Inter-fund Transfers

Inter-fund transfers during the fiscal year were as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>		<u>Principal Purpose</u>
General	Improvement Bond	183,330	183,330	To close out Improvement Bond Fund
Street	General	100,000	100,000	To fund Street Fund operations
		<hr/>	<hr/>	
		\$ 283,330	\$ 283,330	
		<hr/>	<hr/>	

Inter-fund Loan

The general fund has made periodic loans to the urban renewal fund since 2008 to provide for repayment of an urban renewal consulting study that was paid for by the general fund and to provide funding for operations until the urban renewal fund begins generating its own revenues. The principal balance outstanding at year end was \$51,809. Repayment terms are as follows:

	Principal	Interest
2012-13	\$ 11,071	\$ 1,577
2013-14	11,408	1,235
2014-15	11,750	893
2015-16	12,101	542
2016-17	5,479	169
	<hr/>	<hr/>
	\$ 51,809	\$ 4,416
	<hr/>	<hr/>

Capital Assets

Capital asset activity during the fiscal year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Non-depreciable:				
Land	\$ 237,426	\$ -	\$ -	\$ 237,426
Construction in progress	-	15,034	-	15,034
Total non-depreciable	<u>237,426</u>	<u>15,034</u>	<u>-</u>	<u>252,460</u>
Depreciable:				
Buildings and improvements	941,365	4,289	-	945,654
Land improvements	689,197	1,500	-	690,697
Vehicles and equipment	361,371	12,409	-	373,780
Infrastructure	1,639,829	-	-	1,639,829
Total depreciable at historical cost	<u>3,631,762</u>	<u>18,198</u>	<u>-</u>	<u>3,649,960</u>
Less accumulated depreciation for:				
Buildings and improvements	(213,612)	(48,615)	-	(262,227)
Land improvements	(227,259)	(35,571)	-	(262,830)
Vehicles and equipment	(284,332)	(6,167)	-	(290,499)
Infrastructure	(882,778)	(71,124)	-	(953,902)
Total accumulated depreciation	<u>(1,607,981)</u>	<u>(161,477)</u>	<u>-</u>	<u>(1,769,458)</u>
Depreciable, net	<u>2,023,781</u>	<u>(143,279)</u>	<u>-</u>	<u>1,880,502</u>
Governmental activities capital assets, net	<u>\$ 2,261,207</u>	<u>\$ (128,245)</u>	<u>\$ -</u>	<u>\$ 2,132,962</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 22,241
Parks	44,013
Public works	32,204
Streets	63,019
Total depreciation expense	<u>\$ 161,477</u>

Business-type activities

Non-depreciable:				
Land	\$ 26,826	\$ -	\$ -	\$ 26,826
Total non-depreciable	<u>26,826</u>	<u>-</u>	<u>-</u>	<u>26,826</u>
Depreciable:				
Buildings and improvements	393,970	-	-	393,970
Vehicles and equipment	281,326	97,727	-	379,053
Infrastructure	8,765,442	-	-	8,765,442
Total depreciable at historical cost	<u>9,440,738</u>	<u>97,727</u>	<u>-</u>	<u>9,538,465</u>
Less accumulated depreciation for:				
Buildings and improvements	(62,677)	(17,908)	-	(80,585)
Vehicles and equipment	(214,521)	(20,226)	-	(234,747)
Infrastructure	(3,730,159)	(304,286)	-	(4,034,445)
Total accumulated depreciation	<u>(4,007,357)</u>	<u>(342,420)</u>	<u>-</u>	<u>(4,349,777)</u>
Depreciable, net	<u>5,433,381</u>	<u>(244,693)</u>	<u>-</u>	<u>5,188,688</u>
Business-type activities capital assets, net	<u>\$ 5,460,207</u>	<u>\$ (244,693)</u>	<u>\$ -</u>	<u>\$ 5,215,514</u>

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

Water operations	\$ 140,329
Sewer operations	202,091
Total depreciation expense	<u>\$ 342,420</u>

Long-term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Other liabilities:					
Compensated absences	\$ 17,311	\$ 1,942	\$ 68	\$ 19,185	\$ 14,389
Total governmental activities long-term liabilities	\$ 17,311	\$ 1,942	\$ 68	\$ 19,185	\$ 14,389
Business-type Activities					
Long-term liabilities:					
OECCDD Loans payable:	\$ 2,328,263	\$ -	\$ 2,146,144	\$ 182,119	\$ 64,702
Other liabilities:					
Compensated absences	25,734	-	2,115	23,619	17,714
Total business-type activities long-term liabilities	\$ 2,353,997	\$ -	\$ 2,148,259	\$ 205,738	\$ 82,416

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

Other Accrued Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Business-type Activities				
Other short-term liabilities:				
Accrued interest to date, OECCDD loan	\$ 58,099	\$ 8,031	\$ 58,099	\$ 8,031
Business-type activities short-term liabilities	\$ 58,099	\$ 8,031	\$ 58,099	\$ 8,031

Long Term Debt & Capital Construction

On October 30, 2005, the City entered into a revolving loan agreement with the Oregon Economic and Community Development Department (now named Business Oregon) to finance construction of a new water well (#4) and reservoir. The City drew \$250,251 in loan proceeds during fiscal year (2006-2007). No additional draws were made through the end of the project, March 31, 2011. City Council determined to pay the loan early with the final principal payment of \$99,550 paid off during the first week of July 2011.

On November 15, 2005, the City entered into a revolving loan agreement with the Oregon Economic and Community Development Department (now named Business Oregon) to finance construction of a major wastewater system improvement (Alt 4) in the amount of \$897,000. On February 22, 2007, the agreement was expanded to a total loan of \$1,600,000, of which total draws equaled \$1,461,364. City Council determined to pay the loan off early with the final principal payment of \$1,304,718 paid off this fiscal year during the first week of July 2011.

On May 17, 2006, the City entered into a revolving loan agreement with the Oregon Economic and Community Development Department (now named Business Oregon) to finance construction of a major wastewater system improvement (Sandy line). During fiscal year 2006-2007, the City drew \$133,114 in loan proceeds and the balance of \$828,686 was drawn in May 2010 for a total of \$961,800 to complete the project. The principal remaining on this loan as of June 30, 2012 was \$182,119.

The amortization table for this loan is as follows:

Fiscal Year	Sandy Sewer Line Loan	
	Principal	Interest
2013	\$ 64,702	\$ 7,788
2014	58,966	5,297
2015	58,451	2,697
	<u>\$ 182,119</u>	<u>\$ 15,782</u>

Subsequent Event

The remaining balance of \$182,119 on the Sandy Sewer Line loan was paid off in July 2012.

Other Information

Property Tax Limitation

The State of Oregon has a constitutional limit on property taxes for schools and nonschool government operations. The limitation provides that property taxes for nonschool operations are limited to \$10.00 for each \$1,000 of property market value. Local government taxes in the City currently do not exceed the \$10.00 rate limit; however, this limitation may affect the availability of future tax revenues for the City. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

An additional limit reduces the amount of operating property tax revenues available. This reduction was accomplished by rolling property values for 1997-98 back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The Constitution also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for risks of loss including coverage for workers' compensation, general liability, property damage, boiler and machinery, automobile liability, and auto physical damage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Pension Plans

Plan Descriptions

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

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

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

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

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

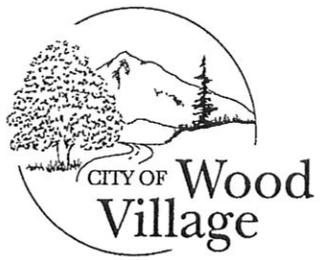
Funding

Members of PERS are required to contribute 6% of their salary to be invested in IAP accounts. On July 1, 1998 the City began paying these employee contributions and made a corresponding reduction to salaries. The City is required to contribute to the PERS and OPSRP Pension plans at actuarially determined rates. The current year employer rates are 10.86% and 9.87% of salaries, respectively for general employees.

Deficit Fund Balance

At June 30, 2012, the urban renewal fund had a deficit fund balance of \$38,390. As additional incremental tax revenue becomes available, the URA anticipates additional debt issuance to perform the planned improvements for the urban renewal district.

Required Supplementary Information



CITY OF WOOD VILLAGE
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS - PERS
For the Year Ended June 30, 2012

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b)-(a) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
12/31/11	\$ -	\$ 999,205	\$ 999,205	0%	824,048	121%
12/31/10	-	778,605	778,605	0%	858,656	91%
12/31/09	-	942,836	942,836	0%	966,686	98%

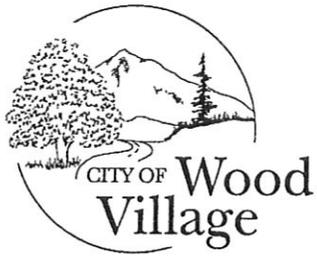
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2012	\$ 131,861	100%
2011	105,637	100%
2010	110,071	100%

The above table presents the most recent actuarial valuations for the City's participation in PERS and it provides information that approximates the funding progress of the plan.



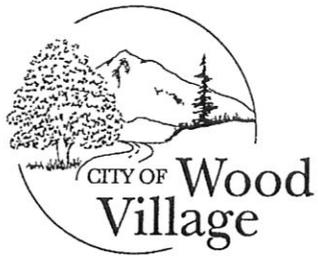
Supplementary Information



CITY OF WOOD VILLAGE URBAN RENEWAL AGENCY FUND

The City of Wood Village Urban Renewal Agency Fund is a separate legal entity from the City of Wood Village. The Urban Renewal Agency Fund is temporarily residing within the Wood Village financial statements until it begins to receive tax increment financing and has expenses greater than \$500,000 per year. At that time, probably next fiscal year, it will be separated from the City's financial statements and will have separate audits performed upon it.

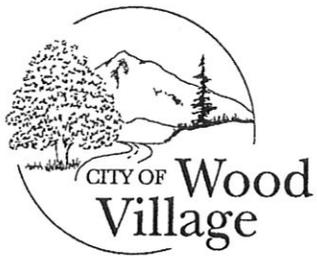
Urban Renewal Agency Fund – Financial activities of the separate legal entity for the City of Wood Village Urban Renewal District operations are recorded in this fund. Tax Increment Financing is the major revenue source and will be available for a 20 year period.



CITY OF WOOD VILLAGE, OREGON
URBAN RENEWAL AGENCY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes				
Current Year	\$ 18,631	\$ 18,631	\$ 21,588	\$ 2,957
Interest & Other	-	-	5	5
Interest	-	-	70	70
	<u>18,631</u>	<u>18,631</u>	<u>21,663</u>	<u>3,032</u>
Total revenues				
EXPENDITURES:				
Personal services	9,276	9,276 (1)	6,657	2,619
Materials and services	6,200	6,200 (1)	4,225	1,975
Contingency	2,381	2,381 (1)	-	2,381
	<u>17,857</u>	<u>17,857</u>	<u>10,882</u>	<u>6,975</u>
Total expenditures				
Net changes in fund balances	774	774	10,781	10,007
FUND BALANCES, BEGINNING BUDGETARY BASIS				
	<u>15,639</u>	<u>15,639</u>	<u>16,858</u>	<u>1,219</u>
FUND BALANCES, ENDING BUDGETARY BASIS				
	<u>\$ -</u>	<u>\$ -</u>	27,639	<u>\$ 27,639</u>
Interfund loan payable			(53,386)	
Interfund loan payment - current year			<u>(12,643)</u>	
FUND BALANCES, ENDING			<u>\$ (38,390)</u>	

(1) Appropriation Level



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. As all debts associated with this account have been extinguished, the fund has been closed and the balance of the fund has been transferred to the General Fund.

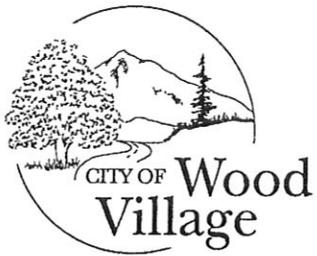


**CITY OF WOOD VILLAGE, OREGON
IMPROVEMENT BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012**

	Budget			Actual	Variance Positive (Negative)
	Original	Final			
OTHER FINANCING SOURCES (USES)					
Transfers out	\$ -	\$ -	(1)/(2)	\$ (183,330)	\$ (183,330)
Total other financing sources (uses)	-	-		(183,330)	(183,330)
Net change in fund balances	-	-		(183,330)	(183,330)
FUND BALANCES, BEGINNING	183,330	183,330		183,330	-
FUND BALANCES, ENDING	<u>\$ 183,330</u>	<u>\$ 183,330</u>		<u>\$ -</u>	<u>\$ (183,330)</u>

(1) Appropriation Level

(2) This fund was closed and transferred to the general fund, which does not require an appropriation.



ENTERPRISE FUNDS

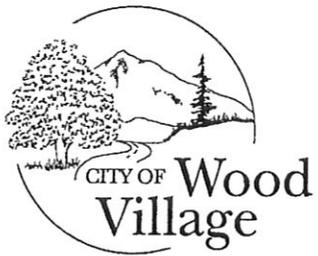
Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges.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

Water Operations:

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

Sewer Operations:

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



CITY OF WOOD VILLAGE, OREGON
WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Charges for services:				
User fees	\$ 695,306	\$ 695,306	\$ 622,717	\$ (72,589)
System development charges	2,188	2,188	-	(2,188)
Connection fees	700	700	149	(551)
Special assessments:				
Interest	-	-	87	87
Interest	6,240	6,240	3,605	(2,635)
Miscellaneous	1,000	1,000	-	(1,000)
Total revenues	<u>705,434</u>	<u>705,434</u>	<u>626,558</u>	<u>(78,876)</u>
EXPENDITURES				
Personal services	350,233	350,233 (1)	321,809	28,424
Materials and services	163,750	163,750 (1)	128,424	35,326
Capital outlay	128,950	128,950 (1)	97,412	31,538
Debt service:	105,072	105,072 (1)	104,941	131
Contingency	581,177	581,177 (1)	-	581,177
Total expenditures	<u>1,329,182</u>	<u>1,329,182</u>	<u>652,586</u>	<u>676,596</u>
Net change in fund balances	(623,748)	(623,748)	(26,028)	597,720
FUND BALANCES, BEGINNING	<u>788,029</u>	<u>788,029</u>	<u>801,034</u>	<u>13,005</u>
FUND BALANCES, ENDING	<u>\$ 164,281</u>	<u>\$ 164,281</u>	<u>\$ 775,006</u>	<u>\$ 610,725</u>
			<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above			\$ 626,558	\$ 652,586
Expenditures capitalized			-	(97,412)
Debt service principal payments			-	(99,550)
Depreciation expense			-	140,329
Interest revenue/expense			-	(5,391)
Total revenues and expenses - generally accepted accounting principles			<u>\$ 626,558</u>	<u>590,562</u>
Change in net assets				<u>\$ 35,996</u>

(1) Appropriation Level

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, 2012

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Charges for services:				
User fees	\$ 917,000	\$ 917,000	\$ 870,687	\$ (46,313)
System development charges	7,794	7,794	-	(7,794)
Connection fees	450	450	-	(450)
Interest	720	720	1,248	528
Total revenues	<u>925,964</u>	<u>925,964</u>	<u>871,935</u>	<u>(54,029)</u>
EXPENDITURES				
Personal services	350,233	350,233 (1)	321,809	28,424
Materials and services	386,930	441,930 (1)	422,879	19,051
Capital outlay	6,000	6,000 (1)	316	5,684
Debt service:	2,100,991	2,100,991 (1)	2,100,638	353
Contingency	57,762	2,762 (1)	-	2,762
Total expenditures	<u>2,901,916</u>	<u>2,901,916</u>	<u>2,845,642</u>	<u>56,274</u>
Net change in fund balances	(1,975,952)	(1,975,952)	(1,973,707)	2,245
FUND BALANCES, BEGINNING	<u>1,975,952</u>	<u>1,975,952</u>	<u>2,256,800</u>	<u>280,848</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 283,093</u>	<u>\$ 283,093</u>
			<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above			\$ 871,935	\$ 2,845,642
Expenditures capitalized			-	(316)
Debt service principal payments			-	(2,046,594)
Depreciation expense			-	202,091
Interest revenue/expense			-	(44,678)
Total revenues and expenses - generally accepted accounting principles			<u>\$ 871,935</u>	<u>956,145</u>
Change in net assets				<u>\$ (84,210)</u>

(1) Appropriation Level

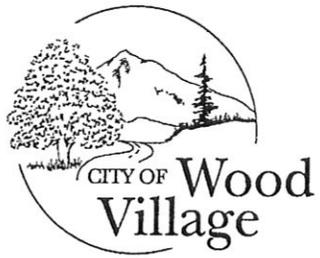
CITY OF WOOD VILLAGE, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
For the Fiscal Year Ended June 30, 2012

Tax Year	Receivable Balance, Beginning	Levy	Collections/Refunds	Interest Received/Paid	Discounts/Reversals	Adjustments	Receivable Balance, Ending
2011-12		\$793,273		\$0	(\$20,562)		
2010-11	21,257		(\$744,744)			(\$4,046)	\$23,921
2009-10	9,911		(7,421)	0	123	(1,546)	12,413
2008-09	5,775		(1,247)	0	93	(509)	8,248
2007-08	1,965		(3,307)	0	1	(69)	2,400
2006-07	317		(1,474)	0	1	(63)	429
2005-06	134		(135)	0	0	(11)	171
2004-05	133		(34)	0	0	(9)	91
2003-04	127		(9)	0	0	0	124
2002-03	79		(11)	0	0	0	116
Prior	354		(3)	0	0	0	76
			(14)	0	0	0	340
	<u>\$40,052</u>	<u>\$793,273</u>	<u>(\$758,399)</u>	<u>\$0</u>	<u>(\$20,344)</u>	<u>(\$6,253)</u>	<u>\$48,329</u>

RECONCILIATION TO REVENUE:

Accrual of Receivables:	
June 30, 2012	(5,062)
Taxes in Lieu	(372)
Total Revenue	<u>(\$763,833)</u>
Allocation to Funds:	
General	\$742,240
Urban Renewal	21,593
	<u>\$763,833</u>

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



STATISTICAL SECTION

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

Included in the statistical section is information on:

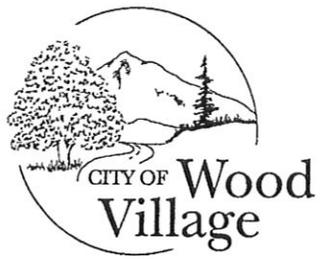
Financial Trends – Schedules are included that contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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

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

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

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



CITY OF WOOD VILLAGE, OREGON
NET ASSETS BY COMPONENT
 Last Ten Fiscal Years¹
 (accrual basis of accounting)

	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Governmental activities										
Invested in capital assets, net of related debt	\$ 1,426,845	\$ 1,459,717	\$ 1,381,793	\$ 1,410,187	\$ 1,697,231	\$ 1,893,259	\$ 2,160,654	\$ 2,261,208	\$ 2,132,962	
Restricted	729,947	583,341	270,027	337,051	334,297	346,398	362,533	331,394	205,026	
Unrestricted	1,744,653	2,298,793	3,019,646	2,877,204	3,134,335	2,854,343	2,593,316	2,730,042	2,933,753	
Total governmental activities net assets	\$ 3,901,445	\$ 4,341,851	\$ 4,671,466	\$ 4,624,442	\$ 5,165,863	\$ 5,094,000	\$ 5,116,503	\$ 5,322,644	\$ 5,271,741	
Business-type activities										
Invested in capital assets, net of related debt	\$ 2,051,146	\$ 2,475,104	\$ 3,435,399	\$ 1,750,882	\$ 2,552,887	\$ 2,978,639	\$ 2,853,238	\$ 3,131,944	\$ 5,033,395	
Restricted	209,654	32,968	453,584	205,865	182,905	199,342	199,342	-	-	
Unrestricted	790,301	686,689	68,861	3,385,626	3,047,942	2,816,783	2,851,765	2,999,736	1,050,071	
Total business-type activities net assets	\$ 3,051,101	\$ 3,194,761	\$ 3,957,844	\$ 5,342,373	\$ 5,783,734	\$ 5,994,764	\$ 5,904,345	\$ 6,131,680	\$ 6,083,466	
Primary government										
Invested in capital assets, net of related debt	\$ 3,477,991	\$ 3,934,821	\$ 4,817,192	\$ 3,161,069	\$ 4,250,118	\$ 4,871,898	\$ 5,013,892	\$ 5,393,152	\$ 7,166,357	
Restricted	939,601	616,309	723,611	542,916	517,202	545,740	561,875	331,394	205,026	
Unrestricted	2,534,954	2,985,482	3,088,507	6,262,830	6,182,277	5,671,126	5,445,081	5,729,778	3,983,824	
Total primary government net assets	\$ 6,952,546	\$ 7,536,612	\$ 8,629,310	\$ 9,966,815	\$ 10,949,597	\$ 11,088,764	\$ 11,020,848	\$ 11,454,324	\$ 11,355,207	

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

CITY OF WOOD VILLAGE, OREGON
CHANGES IN NET ASSETS
 Last Ten Fiscal Years¹
 (accrual basis of accounting)

	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Expenses										
Governmental activities:										
General government	\$ 382,291	\$ 374,726	\$ 601,529	\$ 365,968	\$ 334,249	\$ 482,797	\$ 475,020	\$ 450,100	\$ 351,702	
Public safety	445,670	497,367	577,099	644,167	681,765	724,562	751,031	771,216	803,045	
Parks	105,769	53,221	83,156	98,359	130,983	164,642	98,610	113,607	145,081	
Public Works	67,219	80,575	77,249	89,649	97,433	150,825	125,033	146,410	139,591	
Building Inspections	-	-	-	-	-	126,359	61,178	89,408	97,710	
Streets	228,403	197,489	195,425	202,553	231,184	243,220	280,441	271,092	317,760	
Interest on long-term debt	54,367	33,790	23,899	15,049	4,277	975	-	-	1,571	
Total governmental activities expenses	1,283,719	1,237,168	1,558,357	1,415,745	1,479,891	1,893,380	1,791,313	1,841,833	1,856,460	
Business-type activities:										
Water operations	415,845	461,121	472,314	400,138	469,071	510,878	561,176	536,112	#REF!	
Sewer operations	512,959	633,382	629,399	661,417	801,140	876,551	898,390	845,625	#REF!	
Total business-type activities expenses	928,804	1,094,503	1,101,713	1,061,555	1,270,211	1,387,429	1,459,566	1,381,737	#REF!	
Total primary government expenses	\$ 2,212,523	\$ 2,331,671	\$ 2,660,070	\$ 2,477,300	\$ 2,750,102	\$ 3,280,809	\$ 3,250,879	\$ 3,223,570	#REF!	
Program Revenues										
Governmental activities:										
Charges for services:										
General government:										
Inspection fees (permits)	\$ 47,433	\$ 132,530	\$ 414,450	\$ 143,700	\$ 97,952	\$ 212,946	\$ 92,228	\$ 123,872	\$ 124,736	
Other	45,412	64,315	78,529	35,633	-	-	-	-	-	
Operating grants and contributions	130,829	141,546	142,297	139,356	232,702	130,857	139,675	176,021	5,091	
Capital grants and contributions	76,165	73,183	16,775	-	-	-	139,000	82,500	-	
Total governmental activities program revenues	299,839	412,574	652,051	318,689	330,654	343,803	370,903	382,393	129,827	
Business-type activities:										
Charges for services:										
Water operations:										
User fees and other	429,660	460,671	551,655	685,928	706,683	649,610	637,989	661,439	622,866	
Connection charges	1,194	31,643	141,317	146,051	26,000	5,506	-	-	-	
Sewer operations										
User fees and other	528,361	588,674	666,069	879,509	913,321	861,807	861,654	1,103,450	870,687	
Connection charges	6,460	33,542	394,935	222,475	60,609	460	-	-	-	
Operating grants and contributions	-	-	-	44,440	44,440	15,667	22,309	-	-	
Capital grants and contributions	25,500	150,000	-	-	-	-	-	25,000	-	
Total business-type activities program revenues	991,175	1,264,530	1,753,976	1,933,963	1,751,053	1,533,050	1,521,952	1,789,889	1,493,553	
Total primary government program revenues	\$ 1,291,014	\$ 1,677,104	\$ 2,406,027	\$ 2,252,652	\$ 2,081,707	\$ 1,876,853	\$ 1,892,855	\$ 2,172,282	\$ 1,623,380	

	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Net (expense)/revenue:										
Governmental activities	\$ (983,880)	\$ (824,594)	\$ (906,306)	\$ (1,097,056)	\$ (1,149,237)	\$ (1,549,577)	\$ (1,420,410)	\$ (1,459,440)	\$ (1,726,634)	
Business-type activities	62,371	170,027	652,263	872,408	480,842	145,621	62,386	408,152	(43,788)	
Total primary government net expense	\$ (921,509)	\$ (654,567)	\$ (254,043)	\$ (224,648)	\$ (668,395)	\$ (1,403,956)	\$ (1,358,024)	\$ (1,051,288)	\$ (1,770,422)	
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 574,149	\$ 592,000	\$ 637,637	\$ 673,728	\$ 729,660	\$ 752,496	\$ 732,634	\$ 741,980	\$ 772,107	
Franchise taxes	182,419	261,791	209,830	231,965	256,568	235,134	295,094	253,961	261,129	
Business income taxes	77,597	100,894	135,154	157,595	185,669	124,694	117,534	128,072	160,225	
Motel taxes	67,701	83,909	83,567	97,870	104,572	100,017	84,933	88,566	96,838	
Alcoholic beverage taxes										
Unrestricted grants and contributions	93,685	72,772	79,181	82,004	178,630	108,283	103,164	348,437	358,053	
Unrestricted interest and investment earnings	77,961	101,384	155,592	164,871	167,559	80,840	29,554	19,565	27,379	
Transfers	36,822	52,250	(65,040)	(358,000)	68,000	76,250	80,000	85,000	-	
Total governmental activities	1,110,334	1,265,000	1,235,921	1,050,033	1,690,658	1,477,714	1,442,913	1,665,581	1,675,731	
Business-type activities:										
Unrestricted interest and investment earnings	10,717	25,883	45,780	154,121	28,608	141,510	(72,805)	(95,817)	965	
Transfers	(36,822)	(52,250)	65,040	358,000	(68,000)	(76,250)	(80,000)	(85,000)	-	
Total business-type activities	(26,105)	(26,367)	110,820	512,121	(39,392)	65,260	(152,805)	(180,817)	965	
Total primary government	\$ 1,084,229	\$ 1,238,633	\$ 1,346,741	\$ 1,562,154	\$ 1,651,266	\$ 1,542,974	\$ 1,290,108	\$ 1,484,764	\$ 1,676,696	
Change in Net Assets										
Governmental activities	\$ 126,454	\$ 440,406	\$ 329,615	\$ (47,023)	\$ 541,421	\$ (71,863)	\$ 22,503	\$ 206,141	\$ (50,903)	
Business-type activities	36,266	143,660	763,083	1,384,529	441,450	210,881	(90,419)	227,335	(42,823)	
Total primary government	\$ 162,720	\$ 584,066	\$ 1,092,698	\$ 1,337,506	\$ 982,871	\$ 139,018	\$ (67,916)	\$ 433,476	\$ (93,726)	

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

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

	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	
General fund:										
Unreserved	\$ 2,277,453	\$ 2,650,042	\$ 3,018,924	\$ 2,863,996	\$ 3,121,612	\$ 2,838,170	\$ 2,578,246	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	-	-	-	-	-	-
Prepays	-	-	-	-	-	-	-	1,180	793	793
Unassigned	-	-	-	-	-	-	-	2,672,713	2,865,284	2,865,284
Total general fund	\$ 2,277,453	\$ 2,650,042	\$ 3,018,924	\$ 2,863,996	\$ 3,121,612	\$ 2,838,170	\$ 2,578,246	\$ 2,673,893	\$ 2,866,077	\$ 2,866,077
All other governmental funds:										
Unreserved, reported in:										
Special revenue funds	\$ 21,979	\$ 37,575	\$ 70,046	\$ 123,259	\$ 97,855	\$ 97,179	\$ 102,986	\$ -	\$ -	\$ -
Urban Renewal Agency Fund	-	-	-	-	-	-	-	-	-	-
Debt service funds	148,050	152,582	90,177	13,720	132,234	128,568	165,078	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	148,064	205,026	205,026
Assigned	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	183,330	-	-
Unassigned	-	-	-	-	-	-	-	(47,599)	(38,390)	(38,390)
Total all other governmental funds	\$ 170,029	\$ 190,157	\$ 160,223	\$ 136,979	\$ 230,089	\$ 225,747	\$ 268,064	\$ 283,795	\$ 166,636	\$ 166,636

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

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

	Fiscal Year Ended								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues									
Property taxes	\$ 569,383	\$ 592,222	\$ 637,618	\$ 673,992	\$ 725,794	\$ 743,756	\$ 733,930	\$ 743,711	\$ 742,240
Motel taxes	67,701	83,909	83,567	97,870	104,572	100,017	84,933	88,566	96,838
Franchise fees	182,419	261,791	209,830	231,965	256,568	235,134	295,094	253,961	261,129
Licenses and permits	67,715	154,075	479,521	143,700	59,013	164,728	57,549	85,066	87,743
Intergovernmental	366,504	386,194	370,296	375,579	589,475	352,310	489,233	721,894	518,278
Charges for services	13,679	29,672	11,858	25,913	33,774	23,550	25,479	27,501	32,030
Donations	1,772	2,201	3,111	3,376	7,526	11,524	10,140	13,136	5,091
Special assessments	82,724	206,405	102,354	51,411	174,206	34,959	35,617	17,416	13,739
Interest	30,804	61,713	125,087	139,177	144,568	69,633	20,119	11,840	17,653
Miscellaneous	11,451	14,098	1,600	9,720	5,165	24,668	9,200	38,394	4,963
Total revenues	1,394,152	1,792,280	2,024,842	1,752,703	2,100,661	1,760,279	1,761,294	2,001,485	1,779,704
Expenditures									
General government	\$ 366,301	\$ 367,501	\$ 588,736	\$ 332,812	\$ 323,076	\$ 460,682	\$ 445,651	\$ 445,599	\$ 316,640
Public safety	445,670	497,367	577,099	644,167	681,765	724,562	751,031	771,216	803,045
Parks	86,784	34,236	63,586	196,844	104,641	135,235	71,744	79,945	101,068
Public works	51,466	61,845	57,228	78,798	89,964	127,356	117,082	124,633	107,387
Building Inspectors	-	-	-	-	-	126,359	61,178	89,408	97,710
Streets	182,562	150,232	140,677	148,462	165,585	187,344	207,468	207,242	254,807
Capital outlay	84,265	135,230	23,285	24,673	393,276	321,605	404,747	257,064	33,231
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	-	-	-
Total expenditures	1,513,229	1,451,813	1,620,854	1,556,790	1,817,935	2,124,313	2,058,901	1,975,107	1,713,888
Excess of revenues over (under) expenditures	(119,077)	340,467	403,988	195,913	282,726	(364,034)	(297,607)	26,378	65,816
Other financing sources (uses)									
Transfers in	\$ 54,822	\$ 138,250	\$ 80,960	\$ 131,000	\$ 153,000	\$ 151,250	\$ 180,000	\$ 195,000	\$ 283,330
Transfers out	(18,000)	(86,000)	(146,000)	(489,000)	(85,000)	(75,000)	(100,000)	(110,000)	(283,330)
Total other financing sources (uses)	36,822	52,250	(65,040)	(358,000)	68,000	76,250	80,000	85,000	-
Net change in fund balances	\$ (82,255)	\$ 392,717	\$ 338,948	\$ (162,087)	\$ 350,726	\$ (287,784)	\$ (217,607)	\$ 111,378	\$ 65,816
Debt service as a percentage of noncapital expenditures	28.2%	21.0%	12.1%	10.3%	6.1%	2.8%	0.0%	0.0%	0.0%

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

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

Fiscal Year Ended	Assessed Value ¹				Total	Estimated Market Value	Ratio of Total Assessed Value to Estimated Market Value
	Real Property	Personal Property	Manufactured Property	Public Utility Property			
2012	\$ 222,702,410	\$ 14,853,736	\$ 3,213,870	\$ 5,691,000	\$ 246,461,016	\$ 394,766,277	62.43%
2011	220,519,270	16,925,154	4,332,180	5,436,870	247,213,474	403,792,000	61.22%
2010	212,395,900	16,518,525	7,139,880	5,139,010	241,193,315	415,753,383	58.01%
2009	220,977,830	17,453,861	6,544,480	3,745,900	248,722,071	440,049,606	56.52%
2008	214,468,930	15,985,868	6,173,170	3,610,000	240,237,968	416,487,077	57.68%
2007	197,222,650	14,674,441	6,305,160	3,114,600	221,316,851	339,573,529	65.17%
2006	188,863,480	12,848,852	5,769,860	3,169,500	210,651,692	304,454,635	69.19%
2005	171,906,730	12,909,165	5,977,440	3,104,200	193,897,535	271,844,305	71.33%
2004	166,037,300	13,110,843	5,802,090	3,180,082	188,130,315	263,023,489	71.53%
2003	136,877,550	14,079,910	6,119,030	3,045,953	160,122,443	245,082,890	65.33%

Source: Multnomah County Division of Assessment and Taxation.

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

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

Fiscal Year Ended	Total	City of Wood Village ³	Port of Portland	Multnomah County ESD	Reynolds School District	Mt. Hood Community College	Metro Service District	Multnomah County		Tri-Met
								Multnomah County	E. Multnomah Soil & Water	
2012	\$ 16.06	\$ 3.13	\$ 0.07	\$ 0.46	\$ 5.99	\$ 0.49	\$ 0.40	\$ 5.42	\$ 0.10	\$ -
2011	15.73	3.13	0.07	0.46	5.60	0.49	0.41	5.38	0.10	0.09
2010	15.78	3.13	0.07	0.46	5.60	0.49	0.44	5.40	0.10	0.09
2009	15.92	3.13	0.07	0.46	5.81	0.49	0.40	5.39	0.09	0.08
2008	15.99	3.13	0.07	0.46	5.83	0.49	0.43	5.42	0.07	0.09
2007	15.80	3.13	0.07	0.46	5.95	0.49	0.28	5.29	0.03	0.10
2006	15.92	3.13	0.07	0.46	6.02	0.49	0.28	5.31	0.04	0.12
2005	15.87	3.13	0.07	0.46	6.04	0.50	0.28	5.28	-	0.11
2004	15.87	3.13	0.07	0.46	6.03	0.51	0.29	5.27	-	0.11
2003	15.77	3.13	0.07	0.46	6.02	0.52	0.28	5.17	-	0.12

Source: Multnomah County Tax Supervising and Conservation Commission.

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

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

3 The City of Wood Village tax is a single, non-combined tax rate of 3.1216 levied on all properties in the city.

CITY OF WOOD VILLAGE, OREGON
 PRINCIPAL PROPERTY TAXPAYERS
 June 30, 2012

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wilcal Wood, LLC (WV Town Ctr)	15,250,240	1	6.2%	\$ 6,296,560	3	3.9%
Wal-Mart Stores, Inc./Real Estate	12,824,087	2	5.2%	6,291,160	4	3.9%
Fred Meyer Stores, Inc.	11,604,351	3	4.7%	10,809,790	1	6.8%
Lowe's, Inc.	11,358,238	4	4.6%	9,486,560	2	5.9%
Willamette Graystone, Inc.	7,466,380	5	3.0%	-		5.9%
Larane Investments (Brashers)	7,112,602	6	2.9%	4,219,610	6	2.6%
McFadden, Arthur (Mult Kennel Club)	5,792,880	7	2.4%	4,719,730	5	2.9%
Wood Village Land Co.	5,085,003	8	2.1%	3,114,870	8	1.9%
Realty Inc (Olinger)	4,947,700	9	2.0%	-		0.0%
Niemeyer, John (Morasch Meats Bldg)	3,834,740	10	1.6%	-		0.0%
Poplar Mobile Manor, LLC	-		0.0%	2,419,290	9	1.5%
HBH Investments, LLC	-		0.0%	4,089,070	7	2.6%
Western Mobile Home Corp	-		0.0%	2,385,690	10	1.5%
Totals	<u>\$ 85,276,221</u>		<u>34.6%</u>	<u>\$ 53,832,330</u>		<u>33.6%</u>

Source: Multnomah County Division of Assessment and Taxation.

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

Fiscal Year Ended	Total Tax		Current Tax		Percent of Levy		Delinquent Tax		Total Tax		Percent of Total Tax	
	Levy	Collections	Levy	Collections	Levy	Collections	Levy	Collections	Levy	Collections	Levy	Collections
2012	793,273	720,596	90.84%		21,644	742,240	93.57%					
2011	765,919	719,900	93.99%		23,810	743,710	97.10%					
2010	754,316	708,712	93.95%		25,217	733,929	97.30%					
2009	777,555	726,061	93.38%		17,695	743,756	95.65%					
2008	751,031	707,627	94.22%		18,166	725,793	96.64%					
2007	692,747	655,433	94.61%		18,560	673,993	97.29%					
2006	658,607	621,537	94.37%		14,698	636,235	96.60%					
2005	614,797	577,094	93.87%		14,441	591,535	96.22%					
2004	588,287	553,439	94.08%		14,675	568,114	96.57%					
2003	500,574	470,485	93.99%		11,438	481,923	96.27%					

Source: Multnomah County Division of Assessment and Taxation.

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

Fiscal Year Ended	Governmental Activities		Business-Type Activities	Total Primary Government	Percentage of Estimated Actual Value of Taxable Property ¹	As a Percentage of Personal Income
	Special Assessment/ Limited Tax Improvement Bonds	Refund Payable	OECCDD Loans			
2012	\$ -	\$ -	\$ 182,119	\$ 182,119	0.05%	0.11%
2011	-	-	2,328,263	2,328,263	0.58%	1.77%
2010	-	-	2,673,415	2,673,415	0.64%	2.15%
2009	-	-	1,798,293	1,798,293	0.41%	1.49%
2008	40,000	-	1,798,293	1,838,293	0.44%	1.52%
2007	95,000	-	1,798,293	1,893,293	0.56%	1.62%
2006	210,000	10,161	-	220,161	0.07%	0.23%
2005	355,000	20,322	-	375,322	0.14%	0.40%
2004	525,000	30,483	-	555,483	0.21%	0.60%
2003	765,000	50,644	-	815,644	0.33%	0.88%

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, 2011

Governmental Unit	Debt Outstanding	Percent Within City ¹	City's Estimated Share
Direct:			
City of Wood Village	\$ -	100.00%	\$ -
Overlapping:			
Mt. Hood Community College	52,283,747	1.38%	721,516
Port of Portland	69,304,573	0.17%	117,818
Multnomah County ESD	34,745,000	0.41%	142,455
Reynolds School District No. 7	126,044,748	4.98%	6,277,028
Metro	300,045,000	0.19%	570,086
Tri-Met Transportation District	9,800,000	0.19%	18,620
Multnomah County	230,148,160	0.41%	943,607
<i>Total Overlapping</i>	<u>822,371,228</u>		<u>8,791,130</u>
Total Direct and Overlapping	<u>\$ 822,371,228</u>		<u>\$ 8,791,130</u>

Source: Multnomah County Tax Supervising and Conservation Commission.

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

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

Legal Debt Margin Trend Information:

	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Debt limit	\$ 7,890,705	\$ 8,155,329	\$ 9,133,639	\$ 10,187,206	\$ 12,494,612	\$ 13,201,488	\$ 12,114,000	\$ 11,545,848	\$ 11,842,988	
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 7,890,705	\$ 8,155,329	\$ 9,133,639	\$ 10,187,206	\$ 12,494,612	\$ 13,201,488	\$ 12,114,000	\$ 11,545,848	\$ 11,842,988	
Total legal debt margin as a percentage of debt limit	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Legal Debt Margin Calculation for the Current Fiscal Year:

Taxable real market value (RMV)	\$ 394,766,277
Debt limit (3% of RMV) ²	11,842,988
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin (amount available for future indebtedness) ²	\$ 11,842,988

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

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

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

CITY OF WOOD VILLAGE, OREGON
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years ¹

Fiscal Year	Special Assessment Bonds ²			
	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
2012	\$ -	\$ -	\$ -	0.00
2011	-	-	-	0.00
2010	-	-	-	0.00
2009	34,959	40,000	1,170	0.85
2008	187,740	55,000	4,128	3.18
2007	51,411	115,000	15,134	0.40
2006	102,354	145,000	23,161	0.61
2005	206,405	170,000	34,501	1.01
2004	82,724	240,000	55,280	0.28

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

² Details regarding the City's outstanding debt can be found in the notes to the financial statements. The special assessment bonds are being paid by pledged installment payments from the owners of benefited properties. Revenues are recorded in the Improvement Bond Fund.

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

Fiscal Year Ended	Water			Sewer			Total
	Water Services	Interest Income	Other	Sewer Services	Interest Income	Other	
2012	\$ 622,866	\$ 3,605	\$ 87	\$ 858,750	\$ 1,248	\$ 11,937	\$ 871,935
2011	644,264	4,003	87	894,020	10,893	35,088	940,001
2010	636,869	4,448	1,207	861,654	13,225	22,309	897,188
2009	652,861	18,884	2,371	862,267	53,874	15,817	931,958
2008	723,528	52,992	9,242	1,018,314	118,500	(34)	1,136,780
2007	827,558	47,519	4,421	1,098,463	106,602	3,521	1,208,586
2006	691,952	11,027	1,088	1,061,003	34,685	1	1,095,689
2005	491,049	6,241	1,265	618,699	19,642	153,517	791,858
2004	422,949	1,632	7,816	528,011	6,415	6,650	541,076
2003	354,403	866	5,551	476,258	9,946	22,570	508,774

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
2012	\$ 622,866	\$ 545,562	\$ 870,687	\$ 901,779	\$ (31,092)	-3.6%
2011	644,351	539,604	929,108	853,288	75,820	8.2%
2010	638,076	558,289	883,963	840,138	43,825	5.0%
2009	655,232	523,852	878,084	722,133	155,951	17.8%
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	534,661	488,991	45,670	8.5%
2003	359,954	384,928	498,828	493,445	5,383	1.1%

Source: City of Wood Village Financial Statements

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

Fiscal Year Ended	Population (City of Wood Village) ¹	Personal Income (amounts expressed in thousands)	Per Capita Personal Income (Portland - Metro Area) ²	Median Age (City of Wood Village) ³	Unemployment Rate (Portland - Metro Area) ²
2012	3,890	\$ 160,665	\$ 41,302	N/A	8.5%
2011	3,885	160,101	41,210	N/A	9.0%
2010	3,878	154,895	39,942	N/A	10.0%
2009	3,130	120,874	38,618	N/A	11.5%
2008	3,100	120,925	39,008	N/A	5.2%
2007	3,100	117,174	37,798	N/A	5.5%
2006	2,880	97,560	33,875	N/A	5.2%
2005	2,870	92,781	32,328	N/A	6.3%
2004	2,870	92,572	32,255	N/A	7.7%
2003	2,870	92,853	32,353	N/A	9.0%

Data sources:

¹ Portland State University, Population Research and Census Center.

² Oregon Employment Department.

³ United States Census, 2000

CITY OF WOOD VILLAGE, OREGON
PRINCIPAL EMPLOYERS
Current Year ¹

	2012			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Wal-Mart Stores, Inc.	373	1	19.5%	549	1	22.6%
Fred Meyer Stores, Inc.	178	2	9.3%	210	2	8.6%
Kohl's Department Stores, Inc.	112	3	5.9%	118	7	4.8%
Lowe's, Inc.	105	4	5.5%	140	5	5.8%
Brasher's Cascade Auto Auction	102	5	5.3%	98	9	4.0%
Gresham Transfer	100	6	5.2%			
Village Manor	72	7	3.8%			
Olinger Travel Homes/Camping World	57	8	3.0%			
The Rock Wood Fired Pizza	48	9	2.5%			
Party City of Wood Village	42	10	2.2%			
Am Med Resp				180	3	7.4%
LBL Windows				150	4	6.2%
Merix				125	6	5.1%
big K 9				100	8	4.1%
C&M				58	10	2.5%
Other Registered Businesses	723 *		37.8%	705	-	28.9%
Totals	<u>1912</u>		<u>100.0%</u>	<u>2,433</u>		<u>100.0%</u>

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

OPERATING INFORMATION
Last Ten Fiscal Years¹

	Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	
City Employees by Activity (Full Time Equivalents):										
General Government	1.90	1.95	1.92	2.17	2.20	2.90	2.81	2.30	2.43	
Public Safety ²	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Parks	1.43	1.74	1.36	1.22	1.78	1.91	0.90	2.00	1.15	
Public Works	0.73	0.84	0.83	0.79	1.38	1.25	2.49	2.50	2.68	
Streets	1.28	1.40	1.38	1.40	1.47	1.57	1.80	1.50	1.59	
Water	3.14	3.40	3.60	3.51	3.76	4.10	4.47	3.50	4.25	
Sewer	3.14	3.40	3.60	3.51	3.76	4.10	4.47	3.50	4.25	
Total City Employees	11.62	12.73	12.69	12.60	14.35	15.83	16.94	15.30	16.35	

Operating Indicators and Capital Assets by Activity:

General Government										
Number of registered voters (Each General Election) ³	N/A	1,446	N/A	1,237	1,053	1,366	1,266	N/A	1,336	
Number of votes cast	N/A	799	N/A	475	587	1,053	809	N/A	1,040	
Voting percentage of registered Public Safety ²	N/A	55.26%	N/A	38.40%	55.75%	77.09%	63.90%		77.84%	
Total Sheriff's Office calls in Wood Village	4,011	2,775	4,038	3,651	5,251	6,604	10,215	7,697	4,700	
Total hours spent by Sheriff's Office in Wood Village	3,250	3,094	3,429	2,296	3,339	4,263	6,695	5,101	2,462	
Total Fire Department Calls in Wood Village				256	253	274	422	423	462	
Parks										
Number of Parks	1	1	1	1	1	1	1	1	1	
Park acreage	21	21	21	21	21	21	21	21	21	
Public Works										
City facilities to maintain	3	3	3	3	4	3	3	3	3	
Streets										
Miles of streets	3.60	3.88	6.70	4.24	4.24	4.24	4.24	4.24	4.24	
Number of street lights	258	258	284	264	264	264	264	264	264	

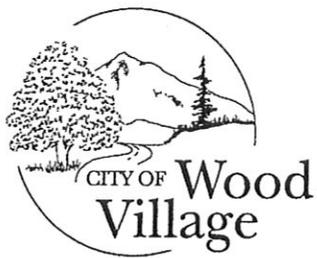
	2004	2005	2006	2007	2008	2009	2010	2011	2012
City Employees by Activity (Full Time Equivalents):									
Water									
Total Acre Feet of Water Pumped for									
Customers	455.63	432.58	500.79	456.35	482.02	0.00	440.61	391.02	388.56
Miles of water mains	12	12	12	12.46	12.46	12.46	12.46	12.46	12.46
Number of service connections	524	524	547	637	638	638	638	637	637
Number of fire hydrants	144	144	144						
Number of wells	3	3	3	3	4	4	4	4	4
Number of reservoirs	3	3	3	3	3	3	3	3	3
Number of pressure zones	2	2	2						
Well No. 1 (1942), Water Rights = 200 GPM									
Available run capacity (GPM)	110	110	110	110	110	110	110	110	110
Well No. 2 (1970), Water Rights = 337 GPM									
Available run capacity (GPM)	225	225	225	225	225	225	225	225	225
Well No. 3 (1980), Water Rights = 800 GPM									
Available run capacity (GPM)	490	490	490	490	490	490	490	490	490
Well No. 4 (2008), Water Rights = 839 GPM									
Available run capacity (GPM)					850	850	850	850	850
Design capacity of reservoirs in gallons									
Reservoir No. 1 (1942), Capacity (gallons)	300,000	300,000	300,000	300,000	300,000	300,000	500,000	500,000	500,000
Reservoir No. 2 (1969), Capacity (gallons)	500,000	500,000	500,000	500,000	500,000	500,000	500,000	800,000	800,000
Reservoir No. 3 (1978), Capacity (gallons)	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000
Sewer									
Miles of sanitary sewers	12.75	12.75	13.42	13.89	13.89	14.14	14	14	14
Number of service connections	508	508	540	630	631	635	635	624	624
Design capacity of sanitary sewer main trunk line	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Design capacity of treatment plant in gallons									
(purchased capacity from City of Gresham)	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000

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

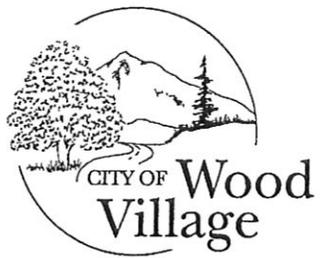
¹ Information is presented for years ended subsequent to the implementation of GASB Statement No. 34. Eventually, ten years of data will be shown.

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

³ The Multnomah County Elections Office provides this information.



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





PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

-
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
 - (503) 620-2632 • FAX (503) 684-7523

January 18, 2013

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Wood Village as of and for the year ended June 30, 2012, and have issued our report thereon dated January 18, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the City of Wood Village was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal controls 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 internal control

over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

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

Pauly, Rogers and Co. P.C.
PAULY, ROGERS AND CO., P.C.