

WOODBURN

OREGON

Incorporated 1889

ANNUAL FINANCIAL REPORT
Year Ended June 30, 2008

CITY OF WOODBURN
CITY OFFICIALS
Year Ended June 30, 2008

Mayor

Kathryn Figley
(Term expires December 2008)
601 S. Settlemier
Woodburn, OR 97071

Council Members

	Term Expires <u>December</u>
Richard Bjelland 888 Wilson Street Woodburn, OR 97071	2008
Elida Sifuentez 860 E Lincoln Street Woodburn, OR 97071	2008
Pete McCallum 370 Ironwood Terrace Woodburn, OR 97071	2010
Jim Cox 1530 Ranier Way Woodburn, OR 97071	2010
Walter Nichols 413 Willow Avenue Woodburn, OR 97071	2008
Frank Lonergan 245 N 2 nd Street Woodburn, OR 97071	2010

Staff

Scott Russel, *Acting City Administrator*

Janice Zyryanoff, *Municipal Judge*

N. Robert Shields, *City Attorney*

Ben Gillespie, *Finance Director*

CITY OF WOODBURN

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BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of
The City Council
CITY OF WOODBURN
Woodburn, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **CITY OF WOODBURN** as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **CITY OF WOODBURN**, as of June 30, 2008, the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General and Street Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages a through h is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A

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Established - 1968

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INDEPENDENT AUDITOR'S REPORT (Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Boldt, Carlisle & Smith LLC
Certified Public Accountants
Salem, Oregon
December 26, 2008

By:



Douglas C. Parham, Member

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF WOODBURN

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Woodburn (City), we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City as of and for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements in the financial section of this report.

FINANCIAL HIGHLIGHTS

The City's assets exceeded its liabilities at June 30, 2008 by \$97,471,435 (*net assets*). Of this amount, \$69,144,011 was invested in capital assets (net of related debt) and \$18,229,412 was restricted for specific purposes, leaving unrestricted net assets of \$10,098,012. Net assets include unrestricted net assets in the governmental activities of \$9,363,092 and \$734,920 in the business-type activities.

The largest portion of net assets is invested in capital assets (e.g., land, buildings, equipment and public infrastructure), less any related debt outstanding that was used to acquire those assets. The City uses capital assets to provide services to citizens; therefore, these assets are not available for future spending. The resources to repay the related debt are not provided by capital assets, but will be provided from other sources.

NET ASSETS

	Governmental		Business-type		Totals (\$1,000's)	
	<u>Activities (\$1,000's)</u>		<u>Activities (\$1,000's)</u>		<u>Activities (\$1,000's)</u>	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Assets						
Current and other assets	\$ 21,936	\$ 20,391	\$ 8,721	\$ 8,236	\$ 30,657	\$ 28,627
Capital assets	<u>49,988</u>	<u>51,118</u>	<u>63,983</u>	<u>62,243</u>	<u>113,971</u>	<u>113,361</u>
Total assets	<u>71,924</u>	<u>71,509</u>	<u>72,704</u>	<u>70,479</u>	<u>144,628</u>	<u>141,988</u>
Liabilities						
Long-term obligations	8,685	9,273	37,209	39,113	45,894	48,386
Other liabilities	<u>333</u>	<u>412</u>	<u>930</u>	<u>880</u>	<u>1,263</u>	<u>1,292</u>
Total liabilities	<u>9,018</u>	<u>9,685</u>	<u>38,139</u>	<u>39,993</u>	<u>47,157</u>	<u>49,678</u>
Net assets						
Invested in capital assets, net of related debt	42,295	42,853	26,849	23,204	69,144	66,057
Restricted	11,248	9,721	6,982	6,603	18,230	16,324
Unrestricted	<u>9,363</u>	<u>9,250</u>	<u>734</u>	<u>679</u>	<u>10,097</u>	<u>9,929</u>
Total net assets	<u>\$ 62,906</u>	<u>\$ 61,824</u>	<u>\$ 34,565</u>	<u>\$ 30,486</u>	<u>\$ 97,471</u>	<u>\$ 92,310</u>

The major capital asset associated with governmental activities is streets, including right of way, storm sewers, and sidewalks. In the business-type activities, the major capital assets are sewer piping and plant and water piping and plant.

Liquid assets, consisting of cash and investments, total \$27,960,711.

CHANGES in NET ASSETS

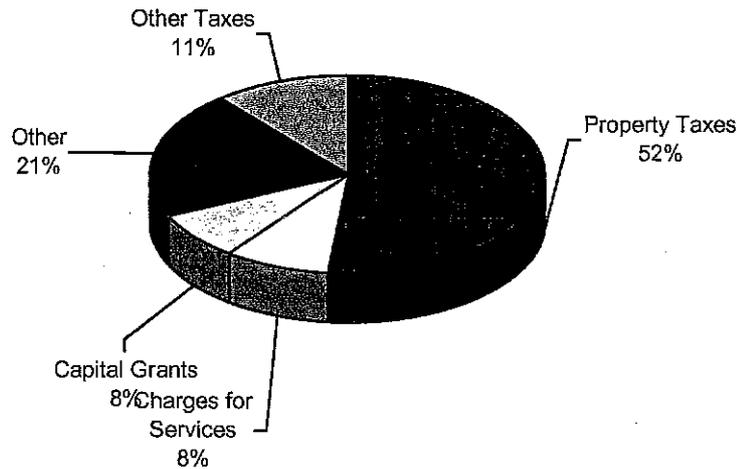
	Governmental		Business-type		Totals (\$1,000's)	
	Activities (\$1,000's)		Activities (\$1,000's)		Totals (\$1,000's)	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Revenues						
Program revenues						
Charges for services	\$ 1,317	\$ 1,231	\$ 7,399	\$ 7,156	\$ 8,716	\$ 8,387
OP grants and contributions	68	62	-	-	68	62
Capital grants and contributions	1,218	3,246	1,957	1,049	3,175	4,295
General revenues						
Property taxes	8,058	7,601	-	-	8,058	7,601
Other taxes	1,720	1,723	-	-	1,720	1,723
Other grants and contributions	1,658	1,832	-	-	1,658	1,832
Other	1,506	1,556	352	390	1,858	1,946
Total revenues	15,545	17,251	9,708	8,595	25,253	25,846
Expenses						
General government	3,188	3,069	-	-	3,188	3,069
Public safety	4,734	4,436	-	-	4,734	4,436
Highways and streets	2,021	2,336	-	-	2,021	2,336
Culture and recreation	2,064	2,080	-	-	2,064	2,080
Interest on long-term debt	385	438	-	-	385	438
Water	-	-	3,150	2,734	3,150	2,734
Sewer	-	-	5,376	5,113	5,376	5,113
Total expenses	12,392	12,359	8,526	7,847	20,918	20,206
Increase (decrease) before transfers	3,153	4,892	1,182	748	4,335	5,640
Transfers	(2,102)	(15)	2,102	15	-	-
Change in net assets	1,051	4,877	3,284	763	4,335	5,640
Prior period adjustment	31	-	795	-	826	-
Net assets - beginning	61,824	56,947	30,486	29,723	92,310	86,670
Net assets - ending	\$ 62,906	\$ 61,824	\$ 34,565	\$ 30,486	\$ 97,471	\$ 92,310

The City's net assets increased by \$5,155,440 (5.6%). This increase is due to an excess of revenue over expenses and to contributions of street and storm infrastructure by land developers in the amount of \$1,412,089. Also, a prior year adjustment contributed \$827,165. This adjustment is to record assets purchased in a prior year that were not recorded at that time.

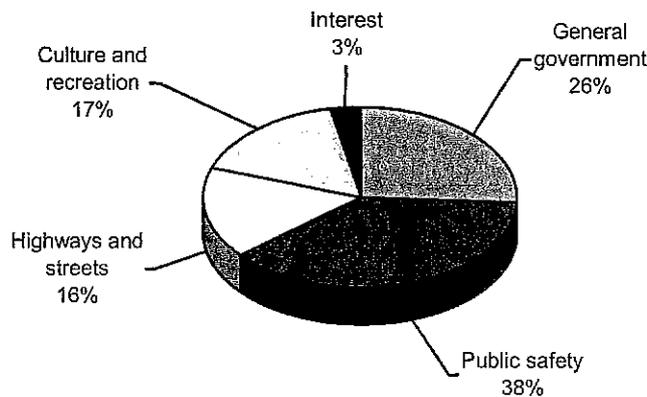
The City's governmental activities net assets increased in the amount of \$1,081,921, and the net assets of the City's business-type activities increased by of \$4,077,746.

"Property Taxes" are the city's primary on-going source of revenue. Property taxes comprising 52% of the city's governmental revenue, is derived from the permanent tax rate and taxes levied for the repayment of bonded indebtedness. "Capital Grants" include grants and loans for the construction of street and park facilities. "Other" is composed largely of System Development Charges intended to provide street and park infrastructure. Franchise fees and Transient Occupancy Taxes comprise "Other Taxes" "Charges for Services" are fees charged for building permits and land use applications.

City of Woodburn Governmental Activities Revenue



City of Woodburn Governmental Activities Functional Expenses



Expenses for Public Safety include the Police and the Municipal Court. Culture and Recreation includes the library, swimming pool, recreational programs, and the museum. General Government includes Land Use Planning, Parks Maintenance, and Administration.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are comprised of the Statement of Net Assets and the Statement of Activities. These two statements are designed to provide readers with a broad overview of the City's finances utilizing the full accrual method of accounting, in a manner similar to a private-sector business. Under the full accrual method of accounting, transactions are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, assets, liabilities, revenues, and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and accrued but unpaid interest expense).

The Statement of Net Assets presents information on all of the City's assets and liability-ties, including capital assets and long-term 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 as a whole is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. Functional activities are highlighted in this statement, whereby functional costs are shown net of related program revenue. This statement shows the extent to which the functions depend on general taxes for support.

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 of the City include streets, community development, public safety, culture & recreation, and administration. The business-type activities of the City include sewer and water utilities.

The government-wide financial statements include not only the City itself, but also the Woodburn Urban Renewal Agency. Although the agency is legally separate, it functions for all practical purposes as a part of the City, and therefore has been included as a blended component unit as an integral part of the primary government. The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements. The fund financial statements focus on current available resources and are organized on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental 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, the governmental funds financial statements utilize the modified accrual basis of accounting, which focuses on near-term inflow and outflow of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of the governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the 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 financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The General Fund, The Street Fund, the Transportation Impact Fee (TIF) Fund, and the Police Construction Fund are major funds. Information on these funds is presented separately in the governmental funds statements. The City maintains eighteen other individual governmental funds

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses its enterprise funds (pages 73-82) to account for its sewer and water utilities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds (pages 83-90) to account for its insurance, information systems, central stores, Public Works administration, and building maintenance operations.

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for all of the enterprise funds, which are considered major funds of the City. Conversely, all of the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-35 of this report.

Other supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents combining individual fund statements referred to earlier in connection with non-major governmental funds and internal service funds. Also included are the budgetary comparison Schedules of Revenues, Expenditures, and Changes in Fund Balances for all non-major special revenue funds, all debt service funds, and all capital projects funds.

FINANCIAL ANALYSIS OF FUNDS

As of June 30, 2008, the City's governmental funds reported a combined fund balance of \$19,417,363, which is an increase of \$1,535,759 from June 30, 2007.

The general fund is the primary operating fund of the City. As of June 30, 2008, the general fund balance is \$2,575,207, which is an increase of \$382,435 from June 30, 2007. This increase is the result of increasing revenue without a corresponding increase in costs.

BUDGETARY HIGHLIGHTS

The City adopts an annually appropriated budget for all governmental and proprietary funds. Budgetary comparison statements for the General Fund and all major special revenue funds (Street Fund) are required to be presented and are included in the basic financial statements on pages 6 and 7 of this report. Additionally, budgetary schedules for the other governmental funds have been provided to demonstrate compliance with the budget and can be found as part of other supplementary schedules on pages 36-72 of this report.

The changes between the original and final budget of the General Fund totaled \$470,286. Actual beginning fund balance was \$312,695 greater than budgeted, and the revenue budget was increased by \$54,977. Expenditure appropriations increased \$275,286. Contingencies were increased by \$95,996.

Changes in General Fund Budget

Beginning fund balance	\$	260,534
Franchise fees		25,000
Intergovernmental		142,773
Fines and forfeitures		(57,600)
Other		<u>99,579</u>
Total revenues		<u>470,286</u>
General government		63,235
Public safety		165,142
Culture and recreation		58,210
Contingencies		95,996
Transfers out		<u>87,703</u>
Total expenditures	\$	<u>470,286</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2008, the City had invested \$113,971,517 (net of depreciation) in capital assets of its governmental and business-type activities. This investment includes land and land improvements, buildings, equipment and public infrastructure (streets, water, and sewer). The investment in governmental activities capital assets decreased by \$1,162,057, and capital assets of business-type activities increased by \$944,810. Both changes were the result of a transfer to correctly record storm sewer infrastructure as governmental that had been erroneously classified as business-type.

Additional information on the City's capital assets may be found in note 5 to the basic financial statements.

The City issued no new governmental activity obligations during the year. The total governmental activities long-term obligations outstanding as of June 30, 2008, were \$8,634,549. No new business-type activity obligations were issued during the year ended June 30, 2008. The total business-type activities long-term obligations outstanding as of June 30, 2008 were \$37,209,309. During the year ending June 30, 2008, the City retired a total of \$2,542,202 in principal on long-term obligations.

A summary of the City's long-term obligations outstanding on June 30, 2008, is as follows:

General obligation bonds	\$	14,125,262
Loans		31,301,180
Capital leases		1,697
Compensated absences		<u>465,719</u>
Total	\$	<u>45,893,858</u>

Additional information about the City's long-term obligations can be found in Note 7 to the basic financial statements.

ECONOMIC and LEGAL FACTORS

The recession that afflicted the rest of the nation caught up to Oregon in spring of 2008. Land development and building construction activity has ground to a halt. Land development and construction are not expected to pick up significantly until the fall of 2009, unless the State Court of Appeals approves the expansion of Woodburn's Urban Growth Boundary. The UGB expansion has drug on for many years and is nearing the final stage. If approved, the UGB expansion would allow more industrial development.

The recession has affected the Property Tax collection rate. The State allows property taxes to be paid in one, two, or three installments over the year. More than in the past, property owners are spreading payments over the year. More properties are becoming delinquent. There has been very little construction to add to next year's levy, and since property values are not increasing, there will be no increase from that source.

Franchise fees are the second largest source of revenue in the General Fund. Revenue from these fees are expected to remain at current levels in the next fiscal year.

Woodburn's economy depends on retail, tourism, produce packing, and warehousing. All four industries have been affected by the recession are expected to continue at depressed levels through 2009-10.

The City is not aware of any pending or threatened litigation or claims that would have a material effect on the financial statements.

FINANCIAL CONTACT

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability.

If you have questions about the report or need additional financial information, please contact the City Finance Director at 270 Montgomery, Woodburn, Oregon or at (503) 982-5217.

BASIC FINANCIAL STATEMENTS

CITY OF WOODBURN

STATEMENT OF NET ASSETS

June 30, 2008

	<u>Governmental</u>	<u>Business-type</u>	<u>Totals</u>
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Cash and investments	\$ 19,689,297	\$ 8,271,414	\$ 27,960,711
Restricted cash and investments	--	203,194	203,194
Receivables	1,836,946	382,157	2,219,103
Prepaid items	4,074	--	4,074
Internal balances	352,938	(352,938)	--
Due from fiduciary funds	40,292	--	40,292
Inventories	11,718	217,562	229,280
Capital assets:			
Land, improvements and construction in progress	29,290,379	1,783,816	31,074,195
Other capital assets, net of depreciation	<u>20,698,061</u>	<u>62,199,261</u>	<u>82,897,322</u>
TOTAL ASSETS	<u>71,923,705</u>	<u>72,704,466</u>	<u>144,628,171</u>
LIABILITIES			
Accounts payable and accrued items	312,638	207,751	520,389
Accrued interest payable	20,400	522,891	543,291
Liabilities payable from restricted cash and investments:			
Accounts payable	--	77,753	77,753
Customer deposits	--	121,445	121,445
Long-term obligations:			
Due within one year	996,884	2,068,632	3,065,516
Due in more than one year	<u>7,687,665</u>	<u>35,140,677</u>	<u>42,828,342</u>
TOTAL LIABILITIES	<u>9,017,587</u>	<u>38,139,149</u>	<u>47,156,736</u>
NET ASSETS			
Invested in capital assets, net of related debt	42,295,398	26,848,613	69,144,011
Restricted for:			
Capital projects	7,426,115	6,981,784	14,407,899
Debt service	2,599,021	--	2,599,021
Highways and streets	1,222,492	--	1,222,492
Unreserved	<u>9,363,092</u>	<u>734,920</u>	<u>10,098,012</u>
TOTAL NET ASSETS	<u>\$ 62,906,118</u>	<u>\$ 34,565,317</u>	<u>\$ 97,471,435</u>

See notes to basic financial statements

CITY OF WOODBURN

STATEMENT OF ACTIVITIES

Year Ended June 30, 2008

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges	Operating	Capital	Governmental	Business- type	Totals
		for	Grants and	Grants and			
	Services	Contributions	Contributions				
Functions/Programs							
Governmental activities							
General government	\$ 3,187,844	\$ 1,051,993	--	\$ 9,792	\$ (2,126,059)		\$ (2,126,059)
Public safety	4,733,832	61,160	--	--	(4,672,672)		(4,672,672)
Highways and streets	2,021,108	27,478	--	939,664	(1,053,966)		(1,053,966)
Culture and recreation	2,063,918	175,947	67,844	268,570	(1,551,557)		(1,551,557)
Interest on long-term obligations	385,042	--	--	--	(385,042)		(385,042)
TOTAL GOVERNMENTAL ACTIVITIES	<u>12,391,744</u>	<u>1,316,578</u>	<u>67,844</u>	<u>1,218,026</u>	<u>(9,789,296)</u>		<u>(9,789,296)</u>
Business-type activities							
Water	3,150,421	3,362,211	--	741,553		\$ 953,343	953,343
Sewer	5,375,459	4,036,508	--	1,215,201		(123,750)	(123,750)
TOTAL BUSINESS-TYPE ACTIVITIES	<u>8,525,880</u>	<u>7,398,719</u>	<u>--</u>	<u>1,956,754</u>		<u>829,593</u>	<u>829,593</u>
Totals	<u>\$ 20,917,624</u>	<u>\$ 8,715,297</u>	<u>\$ 67,844</u>	<u>\$ 3,174,780</u>	<u>(9,789,296)</u>	<u>829,593</u>	<u>(8,959,703)</u>
General revenues							
Taxes:							
Property taxes levied for:							
General purposes					6,899,237	--	6,899,237
Debt service					1,159,000	--	1,159,000
Franchise taxes					1,481,352	--	1,481,352
Transient room taxes					238,518	--	238,518
Other grants and contributions not restricted							
to specific programs					1,657,645	--	1,657,645
Unrestricted investment earnings					824,599	318,139	1,142,738
Miscellaneous					681,107	33,083	714,190
(Loss) on sale of capital assets					--	(475)	(475)
Transfers					<u>(2,102,405)</u>	<u>2,102,405</u>	<u>--</u>
TOTAL GENERAL REVENUES AND TRANSFERS					<u>10,839,053</u>	<u>2,453,152</u>	<u>13,292,205</u>
CHANGE IN NET ASSETS					<u>1,049,757</u>	<u>3,282,745</u>	<u>4,332,502</u>
NET ASSETS - BEGINNING					<u>61,824,197</u>	<u>30,487,571</u>	<u>92,311,768</u>
PRIOR PERIOD ADJUSTMENT					<u>32,164</u>	<u>795,001</u>	<u>827,165</u>
NET ASSETS - ENDING					<u>\$ 62,906,118</u>	<u>\$ 34,565,317</u>	<u>\$ 97,471,435</u>

See notes to basic financial statements

CITY OF WOODBURN
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	General	Street	Transportation Impact Fee	Other Governmental Funds	Totals
ASSETS					
Cash and investments	\$ 1,914,319	\$ 796,917	\$ 7,426,115	\$ 8,660,297	\$ 18,797,648
Receivables	565,051	79,880	--	1,189,055	1,833,986
Prepaid items	2,674	--	--	--	2,674
Due from other funds	963,329	--	--	7,333	970,662
TOTAL ASSETS	\$ 3,445,373	\$ 876,797	\$ 7,426,115	\$ 9,856,685	\$ 21,604,970
LIABILITIES					
Accounts payable and accrued items	\$ 128,221	\$ 37,205	--	\$ 86,131	\$ 251,557
Due to other funds	427,453	38,514	--	63,454	529,421
Consumer deposits	22,430	--	--	--	22,430
Deferred revenue	292,062	--	--	1,091,204	1,383,266
Matured coupons payable	--	--	--	933	933
TOTAL LIABILITIES	870,166	75,719	--	1,241,722	2,187,607
FUND BALANCES					
Reserved for debt service	--	--	--	2,549,478	2,549,478
Unreserved, reported in:					
General fund	2,575,207	--	--	--	2,575,207
Special revenue funds	--	801,078	--	1,930,674	2,731,752
Capital projects funds	--	--	7,426,115	4,134,811	11,560,926
TOTAL FUND BALANCES	2,575,207	801,078	7,426,115	8,614,963	19,417,363
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,445,373	\$ 876,797	\$ 7,426,115	\$ 9,856,685	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$18,204,098	49,438,063
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property taxes earned but not available	\$ 348,062
Assessments earned but not available	500,488
Housing rehabilitation loans earned but not available	534,716
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets	1,296,887
Long-term obligations, including accrued interest thereon are not due and payable in the current period and therefore are not reported in the funds	(8,629,461)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 62,906,118

See notes to basic financial statements

CITY OF WOODBURN

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2008**

	General	Street	Transporta- tion Impact Fee	Other Governmental Funds	Totals
REVENUES					
Property taxes	\$ 6,707,881	\$ -	\$ -	\$ 1,292,266	\$ 8,000,147
System development charges	-	-	617,224	322,883	940,107
Franchise fees	1,370,717	-	-	394,682	1,765,399
Permits and fees	144,105	860	-	244,205	389,170
Fines and forfeitures	632,562	-	-	-	632,562
Intergovernmental	450,532	987,679	-	655,846	2,094,057
Interest	124,924	31,360	289,249	353,732	799,265
Other	486,115	15,894	-	260,126	762,135
TOTAL REVENUES	<u>9,916,836</u>	<u>1,035,793</u>	<u>906,473</u>	<u>3,523,740</u>	<u>15,382,842</u>
EXPENDITURES					
Current					
General government	2,110,401	-	-	817,739	2,928,140
Public safety	4,616,824	-	-	5,000	4,621,824
Highways and streets	-	923,098	16,122	133,757	1,072,977
Culture and recreation	1,963,028	-	-	-	1,963,028
Debt service	-	-	-	978,079	978,079
Capital outlay	53,737	13,053	-	1,763,471	1,830,261
TOTAL EXPENDITURES	<u>8,743,990</u>	<u>936,151</u>	<u>16,122</u>	<u>3,698,046</u>	<u>13,394,309</u>
Excess (deficiency) of revenues over expenditures	<u>1,172,846</u>	<u>99,642</u>	<u>890,351</u>	<u>(174,306)</u>	<u>1,988,533</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	300,000	-	742,632	1,042,632
Transfers out	(790,411)	(327,466)	-	(377,529)	(1,495,406)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(790,411)</u>	<u>(27,466)</u>	<u>-</u>	<u>365,103</u>	<u>(452,774)</u>
Net change in fund balances	382,435	72,176	890,351	190,797	1,535,759
Fund balances at beginning of year	<u>2,192,772</u>	<u>728,902</u>	<u>6,535,764</u>	<u>8,424,166</u>	<u>17,881,604</u>
Fund balances at end of year	<u>\$ 2,575,207</u>	<u>\$ 801,078</u>	<u>\$ 7,426,115</u>	<u>\$ 8,614,963</u>	<u>\$ 19,417,363</u>

See notes to basic financial statements

CITY OF WOODBURN

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2008**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,535,759

Amounts reported for governmental activities in the

Statement of Activities are different because of the following:

Governmental funds report capital outlays as expenditures while government-wide statements report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:

Capitalized expenditures	\$ 1,830,261	
Depreciation	<u>(1,042,420)</u>	787,841

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (2,202,166)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds as follows:

Developer contributions	123,528	
Property taxes	58,090	
Assessments	966	
Loan repayments	<u>(41,738)</u>	140,846

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the government wide statements. 593,037

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

Compensated absences		(34,123)
----------------------	--	----------

Internal service funds are used by management to charge the costs of various functions to individual funds. The net revenue (expense) of the internal service fund is allocated between governmental and business-type activities 228,563

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 1,049,757

See notes to basic financial statements

CITY OF WOODBURN

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 6,689,735	\$ 6,689,735	\$ 6,707,881	\$ 18,146
Franchise fees	1,137,971	1,162,971	1,370,717	207,746
Permits and fees	104,000	104,000	144,105	40,105
Fines and forfeitures	675,882	618,282	632,562	14,280
Intergovernmental	238,727	381,500	450,532	69,032
Interest	175,254	175,254	124,924	(50,330)
Other	408,811	508,390	486,115	(22,275)
TOTAL REVENUES	<u>9,430,380</u>	<u>9,640,132</u>	<u>9,916,836</u>	<u>276,704</u>
EXPENDITURES				
Council and mayor	27,845	27,845	22,550	5,295
City administrator	441,255	441,255	386,937	54,318
City recorder	59,495	59,495	54,724	4,771
City attorney	157,140	157,140	146,038	11,102
Finance	163,593	212,732	202,727	10,005
Municipal court	170,143	170,143	170,645	(502)
Non-departmental	128,254	142,350	98,223	44,127
Police	4,660,455	4,825,597	4,639,448	186,149
Library	943,432	923,915	915,459	8,456
Leisure services	355,954	385,964	315,088	70,876
Swimming pool	598,010	598,010	587,124	10,886
Parks administration	145,108	--	--	--
Community service administrator	137,346	315,171	312,390	2,781
Planning	534,140	544,140	413,298	130,842
Parks maintenance	521,317	526,317	479,339	46,978
Contingencies	935,693	1,031,689	--	1,031,689
TOTAL EXPENDITURES	<u>9,979,180</u>	<u>10,361,763</u>	<u>8,743,990</u>	<u>1,617,773</u>
Excess (deficiency) of revenues over expenditures	<u>(548,800)</u>	<u>(721,631)</u>	<u>1,172,846</u>	<u>1,894,477</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,500	6,500	--	(6,500)
Transfers out	(701,938)	(789,641)	(790,411)	(770)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(695,438)</u>	<u>(783,141)</u>	<u>(790,411)</u>	<u>(7,270)</u>
Net change in fund balances	(1,244,238)	(1,504,772)	382,435	1,887,207
Fund balance at beginning of year	1,932,238	2,192,772	2,192,772	--
Fund balance at end of year	<u>\$ 688,000</u>	<u>\$ 688,000</u>	<u>\$ 2,575,207</u>	<u>\$ 1,887,207</u>

See notes to basic financial statements

CITY OF WOODBURN

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Permits and fees	\$ 2,000	\$ 2,000	\$ 860	\$ (1,140)
Intergovernmental	1,030,150	1,030,150	987,679	(42,471)
Interest	25,000	25,000	31,360	6,360
Other	5,000	5,000	15,894	10,894
TOTAL REVENUES	<u>1,062,150</u>	<u>1,062,150</u>	<u>1,035,793</u>	<u>(26,357)</u>
EXPENDITURES				
Street repair and maintenance	1,285,204	1,285,204	702,678	582,526
Street cleaning	111,555	111,555	100,272	11,283
Street administration	178,251	178,251	133,201	45,050
Contingency	47,299	150,400	--	150,400
TOTAL EXPENDITURES	<u>1,622,309</u>	<u>1,725,410</u>	<u>936,151</u>	<u>789,259</u>
Excess (deficiency) of revenues over expenditures	<u>(560,159)</u>	<u>(663,260)</u>	<u>99,642</u>	<u>762,902</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	300,000	--
Transfers out	<u>(327,466)</u>	<u>(327,466)</u>	<u>(327,466)</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(27,466)</u>	<u>(27,466)</u>	<u>(27,466)</u>	<u>--</u>
Net change in fund balances	(587,625)	(690,726)	72,176	762,902
Fund balance at beginning of year	625,801	728,902	728,902	--
Fund balance at end of year	<u>\$ 38,176</u>	<u>\$ 38,176</u>	<u>\$ 801,078</u>	<u>\$ 762,902</u>

See notes to basic financial statements

CITY OF WOODBURN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008

	Business-type Activities / Enterprise Funds					Totals	Governmental
	Wastewater						Internal
	Water	Water Well	Wastewater Treatment Plant	Treatment Plant Construction	Other Enterprise Funds		Service Funds
ASSETS							
Current assets							
Cash and investments	\$ 713,928	\$ 4,306,049	\$ 478,815	\$ 859,274	\$ 1,913,348	\$ 8,271,414	\$ 891,649
Restricted cash and investments	174,972	--	--	28,222	--	203,194	--
Receivables	72,846	102,581	114,112	92,618	--	382,157	2,960
Due from other funds	38	436,156	--	--	--	436,194	19,687
Prepaid items	--	--	--	--	--	--	1,400
Inventories	133,365	--	84,197	--	--	217,562	11,718
Total current assets	1,095,149	4,844,786	677,124	980,114	1,913,348	9,510,521	927,414
Capital assets							
Land, improvements and construction in progress	475,547	--	1,308,269	--	--	1,783,816	--
Other capital assets, net of depreciation	23,348,577	--	38,850,684	--	--	62,199,261	550,377
Total capital assets, net	23,824,124	--	40,158,953	--	--	63,983,077	550,377
TOTAL ASSETS	24,919,273	4,844,786	40,836,077	980,114	1,913,348	73,493,598	1,477,791
LIABILITIES							
Current liabilities							
Accounts payable and accrued items	38,283	3,057	83,680	82,731	--	207,751	35,718
Due to other funds	112,539	7,542	106,087	512,518	--	738,686	118,144
Accrued interest payable	360,944	--	161,947	--	--	522,891	--
Liabilities payable from restricted assets							
Accounts payable	49,531	--	--	28,222	--	77,753	--
Customer deposits	121,445	--	--	--	--	121,445	2,000
Compensated absences payable	38,531	--	36,314	--	--	74,845	75,488
Current portion of long-term obligations	538,060	--	1,455,727	--	--	1,993,787	--
Total current liabilities	1,259,333	10,599	1,843,755	623,471	--	3,737,158	231,350
Long-term obligations	14,170,748	--	20,969,929	--	--	35,140,677	--
TOTAL LIABILITIES	15,430,081	10,599	22,813,684	623,471	--	38,877,835	231,350
NET ASSETS							
Invested in capital assets, net of related debt	9,115,316	--	17,733,297	--	--	26,848,613	550,377
Restricted for capital projects	--	4,834,187	--	356,643	1,790,954	6,981,784	--
Unrestricted	373,876	--	289,096	--	122,394	785,366	696,064
TOTAL NET ASSETS	\$ 9,489,192	\$ 4,834,187	\$ 18,022,393	\$ 356,643	\$ 1,913,348	34,615,763	\$ 1,246,441
Internal balances result from transactions between the governmental activities, business-type activities and internal service funds						(50,446)	
NET ASSETS OF BUSINESS-TYPE ACTIVITIES						\$ 34,565,317	

See notes to basic financial statements

CITY OF WOODBURN

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2008**

	Business-type Activities / Enterprise Funds					Totals	Governmental
	Water		Wastewater		Other		Activities
	Water	Well Construction	Treatment Plant	Treatment Plant Construction			Enterprise Funds
OPERATING REVENUES							
Charges for services	\$ 1,716,191	\$ 1,606,403	\$ 2,172,956	\$ 1,790,590	\$ --	\$ 7,286,140	\$ 85,936
Rents	--	--	--	--	--	--	635,001
Total operating revenues	1,716,191	1,606,403	2,172,956	1,790,590	--	7,286,140	720,937
OPERATING EXPENSES							
Personal services	954,668	--	947,548	17,967	--	1,920,183	1,341,863
Material and services	506,084	152,063	728,897	448,380	32,750	1,868,174	941,670
Depreciation	532,807	--	1,855,678	--	--	2,388,485	47,912
Total operating expenses	1,993,559	152,063	3,532,123	466,347	32,750	6,176,842	2,331,445
Operating income (loss)	(277,368)	1,454,340	(1,359,167)	1,324,243	(32,750)	1,109,298	(1,610,508)
NONOPERATING REVENUES (EXPENSES)							
Interest	32,287	170,993	18,021	17,452	79,386	318,139	20,218
Other	53,296	--	11,576	7,828	72,962	145,662	534,356
(Loss) on disposal of capital assets	--	--	(475)	--	--	(475)	--
Interest	9,223	(433,165)	11,325	(730,415)	(474,044)	(1,617,076)	--
Total nonoperating revenues (expenses)	94,806	(262,172)	40,447	(705,135)	(321,696)	(1,153,750)	554,574
Income (loss) before transfers and contributions	(182,562)	1,192,168	(1,318,720)	619,108	(354,446)	(44,452)	(1,055,934)
TRANSFERS AND CONTRIBUTIONS							
Capital contributions	389,008	--	691,387	--	876,359	1,956,754	--
Transfers in	572,946	--	3,604,736	--	--	4,177,682	1,271,504
Transfers out	(370,741)	(317,713)	(476,077)	(1,038,716)	(549,087)	(2,752,334)	(29,980)
Total transfers and contributions	(591,213)	(317,713)	(3,820,046)	(1,038,716)	327,272	(3,382,102)	1,241,524
Change in net assets	408,651	874,455	2,501,326	(419,608)	(27,174)	3,337,650	185,590
Net assets - beginning of year	8,285,540	3,959,732	15,521,067	776,251	1,940,522		1,060,851
Prior period adjustment	795,001	--	--	--	--		--
Net assets - end of year	\$ 9,489,192	\$ 4,834,187	\$ 18,022,393	\$ 356,643	\$ 1,913,348		\$ 1,246,441

Some amounts reported for business-type activities in the statement of activities are different because:

A portion of the net revenue (expense) of internal service funds is allocable to business-type activities _____(54,905)

CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES \$ 3,282,745

See notes to basic financial statements

CITY OF WOODBURN

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2008**

	Business-type Activities / Enterprise Funds					Totals	Governmental
	Water	Water Well Construction	Wastewater Treatment Plant	Wastewater Treatment Plant Construction	Other Enterprise Funds		Activities
							Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 1,773,014	\$ 1,455,130	\$ 2,182,172	\$ 1,814,480	\$ -	\$ 7,224,796	\$ 719,800
Payments to suppliers	(437,238)	(186,908)	(612,745)	(123,408)	(32,750)	(1,393,049)	(831,964)
Payments to employees	(955,388)	-	(945,230)	(17,967)	-	(1,918,585)	(1,374,950)
Other	53,296	-	11,576	7,828	-	72,700	534,837
Net cash provided by (used in) operating activities	433,684	1,268,222	635,773	1,680,933	(32,750)	3,985,862	(952,277)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES							
Transfers in	70,000	-	-	-	-	70,000	1,259,572
Transfers out	(370,741)	-	(476,077)	-	-	(846,818)	(29,980)
Net cash provided by (used in) non-capital financing activities	(300,741)	-	(476,077)	-	-	(776,818)	1,229,592
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital contributions	-	-	-	-	952,457	952,457	-
Acquisition of capital assets	(32,063)	-	(19,146)	-	-	(51,209)	(176,652)
Principal paid on long-term obligations	-	(317,713)	-	(1,038,716)	(578,189)	(1,934,618)	-
Interest paid on long-term obligations	-	(433,165)	-	(730,415)	(444,942)	(1,608,522)	-
Net cash (used in) capital and related financing activities	(32,063)	(750,878)	(19,146)	(1,769,131)	(70,674)	(2,641,892)	(176,652)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest	32,287	170,993	18,021	17,452	79,386	318,139	20,218
Net increase (decrease) in cash and cash equivalents	133,167	688,337	158,571	(70,746)	(24,038)	885,291	120,881
Cash and cash equivalents--beginning of year	580,761	3,617,712	320,244	930,020	1,937,386	7,386,123	770,768
Cash and cash equivalents--end of year	\$ 713,928	\$ 4,306,049	\$ 478,815	\$ 859,274	\$ 1,913,348	\$ 8,271,414	\$ 891,649
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities							
Operating income (loss)	\$ (277,368)	\$ 1,454,340	\$ (1,359,167)	\$ 1,324,243	\$ (32,750)	\$ 1,109,298	\$ (1,610,508)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation	532,807	-	1,855,678	-	-	2,388,485	47,912
Other	53,296	-	11,576	7,828	-	72,700	534,356
(Increase) decrease in assets							
Receivables	38,730	45,341	9,216	(3,704)	-	89,583	(656)
Due from other funds	45,623	(204,156)	29,851	27,594	-	(101,088)	(19,687)
Prepaid items	-	-	-	-	-	-	(1,400)
Inventories	(28,512)	-	(28,686)	-	-	(57,198)	(653)
Restricted cash and investments	8,167	-	-	-	-	8,167	-
Increase (decrease) in liabilities							
Accounts payable and accrued items	(15,143)	(34,845)	38,751	72,048	-	60,811	13,302
Due to other funds	66,878	7,542	76,236	252,924	-	403,580	118,144
Customer deposits	9,926	-	-	-	-	9,926	-
Compensated absences payable	(720)	-	2,318	-	-	1,598	(33,087)
Net cash provided by (used in) operating activities	\$ 433,684	\$ 1,268,222	\$ 635,773	\$ 1,680,933	\$ (32,750)	\$ 3,985,862	\$ (952,277)

Supplemental Disclosure

Noncash noncapital financing activities

During the year, the City's Wastewater Treatment Plant fund received a noncash transfer of capital assets from governmental activities in the amount of \$2,202,166.

See notes to basic financial statements

CITY OF WOODBURN

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2008

	<u>Pension</u>		<u>Agency</u>
	<u>Trust</u>		
<u>ASSETS</u>			
Cash and investments	\$	--	\$ 159,924
Restricted cash and investments		<u>545,241</u>	<u>--</u>
TOTAL ASSETS		<u>545,241</u>	<u>\$ 159,924</u>
<u>LIABILITIES</u>			
Due to General Fund		--	\$ 40,292
Trust deposits		<u>--</u>	<u>119,632</u>
TOTAL LIABILITIES		<u>--</u>	<u>\$ 159,924</u>
<u>NET ASSETS</u>			
Held in trust for pension benefits	<u>\$</u>	<u>545,241</u>	

See notes to basic financial statements

CITY OF WOODBURN

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2008

	<u>Pension Trust</u>
ADDITIONS	
Earnings on investments	\$ 14,569
REDUCTIONS	
Fees	<u>11,056</u>
Change in net assets	3,513
Net assets - beginning	<u>541,728</u>
Net assets - ending	<u>\$ 545,241</u>

See notes to basic financial statements

CITY OF WOODBURN

NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2008

1. Summary of significant accounting policies

A. Organization (reporting entity)

Control of the City is vested in its mayor and council members who are elected to office by voters within the City. Administrative functions are delegated to individuals who report to and are responsible to the mayor and council. The chief administrative officer is the City Administrator.

The accompanying basic financial statements present all funds, account groups, and component units for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government.

The city council serves as the governing board of the WOODBURN URBAN RENEWAL AGENCY. Therefore, the accounts of the agency are included in the financial statements of the City.

Complete financial statements for the WOODBURN URBAN RENEWAL AGENCY may be obtained from the City's finance department.

B. Government-wide and fund financial statements

Government-wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are supported by taxes and intergovernmental revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category—*governmental, proprietary and fiduciary*—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are separately aggregated and reported as nonmajor funds.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

The government-wide statements and proprietary funds have applied all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principal Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property tax revenues are recognized in the fiscal year for which they were levied, provided they are due and collectable within 60 days after the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

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 are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting and financial statement presentation (continued)

The City reports the following major governmental funds:

- *General* – accounts for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as general government, public safety, library operations, and parks and recreations.
- *Street* – accounts for the repair, maintenance, and construction of city streets.
- *Transportation Impact Fee* – accounts for system development for traffic controls and street construction.

The City reports the following major proprietary funds:

- *Water* – accounts for water services for residents of the City. The principal revenue source is from user fees. The primary expenditure is for system operations
- *Water Well Construction* – accounts for the construction of water wells. The principal revenue source is transfers from the Water Fund.
- *Wastewater Treatment Plant* – accounts for the treatment of wastewater generated in the City. The primary revenue source is from user fees.
- *Wastewater Treatment Plant Construction* – accounts for the construction of the plant. The primary sources of revenue are user fees and proceeds from long-term obligations.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting and financial statement presentation (continued)

Additionally, the City reports the following fund types:

- *Special Revenue* – accounts for revenue derived from specific taxes or other revenue sources, which are legally restricted to finance particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make expenditures.
- *Debt Service* – accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.
- *Capital Projects* – accounts for expenditures on major construction projects or equipment acquisition. The principal sources of revenues are proceeds from certificates of participation issued to finance capital acquisitions, proceeds from the sale of City owned property, general obligation bond proceeds, full faith and credit bonds, and revenue bonds.
- *Enterprise* – accounts for services rendered to the public on a user charge basis and are predominately self-supporting
- *Internal Services* – accounts for services provided to other departments or agencies within the City on a cost reimbursement basis.
- *Pension Trust* – accounts for funds held to provide retirement benefits to City employees.
- *Agency* – accounts for amounts held by the City on behalf of others in a fiduciary capacity.

D. Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year end.

The City begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The City Council adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

D. Budget policies and budgetary control (continued)

The ordinance authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The City established the levels of budgetary control at the personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds, except the General, Transit System, Street, Parks/Recreation Capital Improvement, Water, Wastewater Treatment Plant, Wastewater Plant Construction, Water Well Construction, and Technical and Environmental Services funds for which budgetary control is established at the department level.

Budget amounts shown in the basic financial statements have been revised since the original budget amounts were adopted. The City Council must authorize all appropriation transfers and supplementary budgetary appropriations.

E. Use of estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

F. Cash and cash equivalents

For purposes of the accompanying statement of cash flows, the enterprise and internal service funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the City Treasurer's investment pool, to be cash equivalents.

G. Financial instruments

Statement of Financial Accounting Standards No. 107 requires all entities to disclose the fair value of certain financial instruments in their financial statements. Accordingly, the management reports that the carrying amount of cash equivalents, receivables, accounts payable and accrued expenses approximate fair value due to the short maturity of these instruments. The carrying amounts of long-term notes payable approximate fair value based on comparisons to the market rate of interest.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

H. Inventories

Inventories purchased are stated at cost (first-in, first-out method). Inventories are recorded as expenditures when purchased or donated. Inventories are offset by a fund balance reserve, as they do not constitute available expendable resources.

I. Receivables

Property taxes in the governmental fund types, which have been collected within sixty days following year-end, are considered measurable and available and are recognized as revenues. Property taxes receivable in the agency funds are offset by amounts held in trust and, accordingly, have not been recorded as revenue. All other property taxes receivable are offset by deferred revenues and accordingly, have not been recognized as revenue. Real and personal property are assessed and property taxes become a lien against the property as of July 1 each year. Property taxes are payable in three installments, following the lien date, on November 15, February 15, and May 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

All property taxes receivable are due from owners of property within the City.

Receivables for state shared revenue are recorded as revenue in all fund types as earned.

User charges receivable are stated at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off.

J. Capital assets

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed. Capital assets include public domain (infrastructure) capital assets consisting of certain improvements including roads, bridges, lighting system, drainage systems, and flood control. The City defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. In the government-wide statements, capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives.

The estimated useful lives are as follows:

Infrastructure	20 to 50 years
Buildings and improvements	35 to 50 years
Equipment	3 to 20 years
Water and sewer lines	20 to 50 years

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

K. Interfund transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

L. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, 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 are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are deferred and amortized over the life of the bond.

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 debt issued is 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.

M. Compensated absences - sick leave

The City has a policy which permits represented employees and sworn officers to earn sick leave at the rate of 8 hours per month and accumulate up to a maximum of 960 hours. All other full-time employees earn sick leave at the rate of 8 hours per month and may accumulate an unlimited amount of sick leave. All sick leave lapses upon termination of employment.

2. Deposits and investments

The City maintains a pool of cash and investments that are available for use by all funds, except for the Pension Trust Fund. Each fund's portion of this pool is displayed on the financial statements as cash and investments. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and investments (continued)

Investments, including amounts held in pooled cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year, at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any City, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the City's position in the LGIP is the same as the value of the pool shares.

Credit risk: Oregon statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool. Then pension trust is authorized to invest in a variety of debt and equity securities.

As of June 30, 2008, the City had the following investments:

	<u>Maturities</u>	<u>Fair Value</u>
State Treasurer's Investment Pool	N/A	\$ 27,299,813
Managed Fixed Income Account (Pension Trust)	N/A	<u>545,241</u>
Total		<u>\$ 27,845,054</u>

Interest Rate Risk: The City's investment policy limits investment maturities to no more than 18 months as a means of managing its exposure to fair-value losses arising from increases in interest rates.

Concentration of Credit Risk: The City's investment policy places a limit on the amount that can be invested in any one issuer as follows:

- U.S. Government Agencies – No more than 40% of the total portfolio in any one agency
- Banker's acceptances – No more than 25% of the total portfolio with any one institution
- Certificates of deposit with commercial banks and state and local government securities – No more than 15% of the total portfolio with any one financial institution or entity
- Commercial paper and repurchase agreements – No more than 10% of the total portfolio with any one entity or institution
- Certificates of deposit with savings and loan association – No more than 5% of the total portfolio with any one financial institution
- State of Oregon Investment Pool – Not to exceed \$20 million (\$10 million per account) with the exception of pass-through funds (in and out within 10 days)

Ninety-eight percent of the City's investments are in the State Treasurer's Investment Pool.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and investments (continued)

Custodial Credit Risk – Deposits: This is the risk that, in the event of a bank failure, the City’s deposits may not be returned. Oregon statute requires collateralization of deposits in excess of amounts insured by the Federal Depository Insurance Corporation. As of June 30, 2008, \$755,936 of the City’s bank balance of \$1,107,914 was exposed to custodial credit risk because it was uninsured and uncollateralized.

A. The City's deposits and investments at June 30, 2008 are as follows:

Total investments	\$ 27,845,054
Cash on hand	2,150
Deposits with financial institutions	<u>1,021,866</u>
 Total deposits and investments	 <u>\$ 28,869,070</u>

B. The City's deposits and investments at June 30, 2008 are shown below:

Cash and investments are reported as follows:

Governmental funds/activities

General	\$ 1,914,319
Street	796,917
Transportation Impact Fee	7,426,115
Other Governmental Funds	<u>8,660,297</u>
 Total governmental funds	 18,797,648
 Internal service funds included in governmental activities	 <u>891,649</u>
 Total governmental activities	 <u>19,689,297</u>

Proprietary funds/business-type activities

Unrestricted

Water	713,928
Water Well Construction	4,306,049
Wastewater	478,815
Wastewater Treatment Plant Construction	859,274
Other Enterprise Funds	<u>1,913,348</u>
 Total unrestricted	 <u>8,271,414</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and investments (continued)

B. The City's deposits and investments at June 30, 2008 are shown below (continued):

Proprietary funds/business-type activities (continued)

Restricted

Water	\$ 174,972
Wastewater Treatment Plant Construction	<u>28,222</u>

Total restricted	<u>203,194</u>
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Total proprietary funds/business-type activities	<u>8,474,608</u>
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Fiduciary funds

Pension Trust	545,241
Agency	<u>159,924</u>

Total fiduciary funds	<u>705,165</u>
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Total cash and investments	<u>\$ 28,869,070</u>
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3. Receivables

A. The City's receivables at June 30, 2008 are shown below:

	Governmental funds/activities			Proprietary funds/business-type activities				Governmental activities	Totals
	General	Street	Other Governmental Funds	Water	Water Well Construction	Wastewater Treatment Plant	Wastewater Treatment Plant Construction	Internal Service	
Property taxes	\$ 397,047	\$ -	\$ 76,141	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 473,188
Accounts	167,875	79,880	77,710	-	-	-	-	2,960	328,425
Intergovernmental	129	-	-	-	-	-	-	-	129
Assessments	-	-	534,716	-	-	-	-	-	534,716
User charges	-	-	-	72,846	102,581	114,112	92,618	-	382,157
Housing rehabilitation loans	-	-	500,488	-	-	-	-	-	500,488
	<u>\$ 565,051</u>	<u>\$ 79,880</u>	<u>\$ 1,189,055</u>	<u>\$ 72,846</u>	<u>\$ 102,581</u>	<u>\$ 114,112</u>	<u>\$ 92,618</u>	<u>\$ 2,960</u>	<u>\$ 2,219,103</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables (continued)

B. Property taxes

i. Collection procedures

Taxes are levied on July 1 and are payable in three installments due November 15, February 15 and May 15. Marion County bills and collects property taxes for the City.

ii. Transactions

	Balances July 1, 2007	2007-08 Levy	Adjust- ments	Net Interest (Discounts)	Collections	Balances June 30, 2008
Current	\$ -	\$ 8,177,077	\$ (76,349)	\$ (200,683)	\$ 7,605,349	\$ 294,696
Prior	404,037	-	(6,687)	25,823	244,681	178,492
	<u>\$ 404,037</u>	<u>\$ 8,177,077</u>	<u>\$ (83,036)</u>	<u>\$ (174,860)</u>	<u>\$ 7,850,030</u>	<u>\$ 473,188</u>

iii. Ensuing year's levies

The permanent tax rate is \$6.0534 per \$1,000 assessed value as limited by the Constitution of the State of Oregon.

The tax rate limit of \$10.00 per thousand of assessed value imposed by the Oregon Constitution is not expected to affect this levy.

In addition, the City will levy \$702,240 for the retirement of long-term obligation principal and interest due in 2008-09.

4. Due from/to other funds

Amounts due from and to other funds consists of the following:

<u>Fund</u>	<u>Due from</u>	<u>Due to</u>
General	\$ 963,329	\$ 427,453
Street	--	38,514
Other governmental funds	7,333	63,454
Water	38	112,539
Water well construction	436,156	7,542
Wastewater treatment plant	--	106,087
Wastewater treatment plant construction	--	512,518
Internal service funds	19,687	118,144
Agency funds	--	40,292
Total	<u>\$ 1,426,543</u>	<u>\$ 1,426,543</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Capital assets

A. Capital asset activity for the year ended June 30, 2008 is as follows:

	Balances July 1, 2007	Additions	Deletions	Transfers	Balances June 30, 2008
<i>Governmental Activities</i>					
Capital assets not being depreciated					
Land	\$ 21,636,467	\$ -	\$ -	\$ -	\$ 21,636,467
Construction in progress	<u>7,536,941</u>	<u>116,971</u>	<u>-</u>	<u>-</u>	<u>7,653,912</u>
Total capital assets not being depreciated	<u>29,173,408</u>	<u>116,971</u>	<u>-</u>	<u>-</u>	<u>29,290,379</u>
Capital assets being depreciated					
Buildings	8,331,362	143,096	-	(390,200)	8,084,258
Equipment	4,780,474	295,838	(12,431)	535,770	5,599,651
Infrastructure	<u>28,598,257</u>	<u>1,574,536</u>	<u>-</u>	<u>(2,385,437)</u>	<u>27,787,356</u>
Total capital assets being depreciated	<u>41,710,093</u>	<u>2,013,470</u>	<u>(12,431)</u>	<u>(2,239,867)</u>	<u>41,471,265</u>
Less accumulated depreciation for:					
Buildings	2,769,989	164,521	-	-	2,934,510
Equipment	3,237,067	309,648	(12,431)	-	3,534,284
Infrastructure	<u>13,725,948</u>	<u>616,163</u>	<u>-</u>	<u>(37,701)</u>	<u>14,304,410</u>
Total accumulated depreciation	<u>19,733,004</u>	<u>1,090,332</u>	<u>(12,431)</u>	<u>(37,701)</u>	<u>20,773,204</u>
Total capital assets being depreciated, net	<u>21,977,089</u>	<u>923,138</u>	<u>-</u>	<u>(2,202,166)</u>	<u>20,698,061</u>
Governmental activities capital assets, net	<u>\$ 51,150,497</u>	<u>\$ 1,040,109</u>	<u>\$ -</u>	<u>\$ (2,202,166)</u>	<u>\$ 49,988,440</u>
<i>Business-type Activities</i>					
Capital assets not being depreciated					
Land	\$ 1,775,036	\$ 8,780	\$ -	\$ -	\$ 1,783,816
Capital assets being depreciated					
Water and sewer lines	35,570,250	1,080,395	-	(13,542,822)	23,107,823
Buildings	46,491,204	-	-	15,782,689	62,273,893
Equipment	<u>1,485,128</u>	<u>42,429</u>	<u>(3,510)</u>	<u>-</u>	<u>1,524,047</u>
Total capital assets being depreciated	<u>83,546,582</u>	<u>1,122,824</u>	<u>(3,510)</u>	<u>2,239,867</u>	<u>86,905,763</u>
Less accumulated depreciation for:					
Water and sewer lines	6,033,910	481,989	-	(277,953)	6,237,946
Buildings	15,471,057	1,822,263	-	315,654	17,608,974
Equipment	<u>778,384</u>	<u>84,233</u>	<u>(3,035)</u>	<u>-</u>	<u>859,582</u>
Total accumulated depreciation	<u>22,283,351</u>	<u>2,388,485</u>	<u>(3,035)</u>	<u>37,701</u>	<u>24,706,502</u>
Total capital assets being depreciated, net	<u>61,263,231</u>	<u>(1,265,661)</u>	<u>(475)</u>	<u>2,202,166</u>	<u>62,199,261</u>
Business-type activities capital assets, net	<u>\$ 63,038,267</u>	<u>\$ (1,256,881)</u>	<u>\$ (475)</u>	<u>\$ 2,202,166</u>	<u>\$ 63,983,077</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Capital assets (continued)

B. Depreciation expense was charged to functions/programs as follows:

Governmental activities

General government	\$ 217,168
Public safety	40,914
Highways and streets	126,650
Culture and recreation	<u>75,599</u>

Total depreciation expense – governmental activities \$ 1,090,332

Business-type activities

Water	\$ 532,807
Sewer	<u>1,855,678</u>

Total depreciation expense – business-type activities \$ 2,388,485

6. Deferred revenue

Resources owned by the City, which are measurable but not available, are deferred in the Governmental Funds, as follows:

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Assessments	\$ --	\$ 500,488	\$ 500,488
Housing rehabilitation loans	--	534,716	534,716
Property taxes	<u>292,062</u>	<u>56,000</u>	<u>348,062</u>
Totals	<u>\$ 292,062</u>	<u>\$ 1,091,204</u>	<u>\$ 1,383,266</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Long-term obligations

A. Transactions for the governmental activities during the year ended June 30, 2008 were as follows:

	Balances			Balances	Due Within
	July 1, 2007	Additions	Reductions	June 30, 2008	One year
<u>General Obligation Bonds</u>					
Series 1994					
Original issue \$1,755,000, 15 years; interest at various rates					
Principal	\$ 310,000	\$ -	\$ 150,000	\$ 160,000	\$ 160,000
Interest	3,480	15,378	17,050	1,808	
	<u>313,480</u>	<u>15,378</u>	<u>167,050</u>	<u>161,808</u>	
Series 2005					
Original issue \$7,066,000, 20 years; interest at various rates					
Principal	6,680,000	-	240,000	6,440,000	250,000
Interest	10,244	257,569	257,856	9,957	
	<u>6,690,244</u>	<u>257,569</u>	<u>497,856</u>	<u>6,449,957</u>	
<u>Loans</u>					
State of Oregon Economic Development Department - (OEDD) due in various annual installments of \$38,319 to \$37,495; interest at 5.01 percent					
Principal	299,459	-	23,497	275,962	23,660
Interest	8,614	14,308	14,901	8,021	
	<u>308,073</u>	<u>14,308</u>	<u>38,398</u>	<u>283,983</u>	
Bank of America					
Urban Renewal - due in quarterly installments of \$56,933; interest at 4.22 percent					
Principal	1,579,654	-	163,638	1,416,016	170,653
Interest	685	64,023	64,094	614	
	<u>1,580,339</u>	<u>64,023</u>	<u>227,732</u>	<u>1,416,630</u>	
<u>Capital leases</u>					
Government Leasing Company - 3 years, annual installments of \$1,896, interest at 6.29 percent					
Principal	3,215	-	1,518	1,697	1,697
Interest	-	378	378	-	
	<u>3,215</u>	<u>378</u>	<u>1,896</u>	<u>1,697</u>	
2 years, annual installments of \$11,761, interest at 10.25 percent					
Principal	10,667	-	10,667	-	
Interest	1,094	-	1,094	-	
	<u>11,761</u>	<u>-</u>	<u>11,761</u>	<u>-</u>	
<u>Compensated absences</u>					
	389,838	357,353	356,317	390,874	390,874
Totals	9,296,950	709,009	1,301,010	8,704,949	\$ 996,884
Accrued interest payable	24,117	351,656	355,373	20,400	
Total long-term obligations	\$ 9,272,833	\$ 357,353	\$ 945,637	\$ 8,684,549	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Long-term obligations (continued)

B. Transactions for the business-type activities during the year ended June 30, 2008 were as follows:

<u>Loans</u>	<u>Balances</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>June 30, 2008</u>	<u>Due Within</u> <u>One year</u>
Oregon Economic Development (OEDD) Department - due in annual installments of \$47,043; interest at 6.5 percent. Balance is allocated between governmental and business- type activities					
Principal	\$ 161,160	\$ -	\$ 38,945	\$ 122,215	\$ 38,944
Interest	6,056	6,747	8,099	4,704	
	<u>167,216</u>	<u>6,747</u>	<u>47,044</u>	<u>126,919</u>	
Oregon Economic Development (OEDD) Department - due in annual installments of \$29,102; interest at 6.32 percent					
Principal	121,527	-	21,421	100,106	22,775
Interest	4,440	6,915	7,680	3,675	
	<u>125,967</u>	<u>6,915</u>	<u>29,101</u>	<u>103,781</u>	
Oregon Economic Development (OEDD) Department - due in annual installments with interest at 4.74 percent					
Principal	344,951	-	24,293	320,658	24,485
Interest	9,591	16,010	16,592	9,009	
	<u>354,542</u>	<u>16,010</u>	<u>40,885</u>	<u>329,667</u>	
Oregon Economic Development (OEDD) Department - due in annual installments with interest at 4.21 percent					
Principal	3,731,615		142,725	3,588,890	148,734
Interest	90,817	148,033	151,092	87,758	
	<u>3,822,432</u>	<u>148,033</u>	<u>293,817</u>	<u>3,676,648</u>	
Oregon Department of Environmental (DEQ) Quality - due in semi-annual installments of \$147,792; interest at 3.93 percent					
Principal	2,713,803	-	190,789	2,523,014	198,360
Interest	21,769	103,401	104,796	20,374	
	<u>2,735,572</u>	<u>103,401</u>	<u>295,585</u>	<u>2,543,388</u>	
Oregon Department of Environmental (DEQ) Quality - due in semi-annual installments of \$735,150; interest at 1.21 percent					
Principal	20,486,785	-	1,127,122	19,359,663	1,171,163
Interest	131,416	774,807	782,038	124,185	
	<u>20,618,201</u>	<u>774,807</u>	<u>1,909,160</u>	<u>19,483,848</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Long-term obligations (continued)

B. Transactions for the business-type activities during the year ended June 30, 2008 were as follows (continued):

<u>Loans (continued)</u>	<u>Balances July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2008</u>	<u>Due Within One year</u>
Safe Drinking Water Revolving Loan Fund - (SDWRLF)					
due in annual installments starting in December 2004; interest at 4.21 percent starting in July 2004					
Principal	\$ 3,731,615	\$ -	\$ 136,959	\$ 3,594,656	\$ 148,734
Interest	<u>90,817</u>	<u>159,807</u>	<u>162,867</u>	<u>87,757</u>	
	<u>3,822,432</u>	<u>159,807</u>	<u>299,826</u>	<u>3,682,413</u>	
<u>General Obligation Bonds</u>					
Series 2003 Water					
Original issue \$8,400,000, 25 years; interest at various rates					
Principal	7,748,524	-	223,262	7,525,262	240,592
Interest	<u>188,533</u>	<u>329,729</u>	<u>332,833</u>	<u>185,429</u>	
	<u>7,937,057</u>	<u>329,729</u>	<u>556,095</u>	<u>7,710,691</u>	
<u>Compensated absences</u>	<u>73,247</u>	<u>71,329</u>	<u>69,731</u>	<u>74,845</u>	<u>74,845</u>
Totals	39,656,666	1,616,778	3,541,244	37,732,200	<u>\$ 2,068,632</u>
Accrued interest payable	<u>543,439</u>	<u>1,545,449</u>	<u>1,565,997</u>	<u>522,891</u>	
Total long-term obligations	<u>\$ 39,113,227</u>	<u>\$ 71,329</u>	<u>\$ 1,975,247</u>	<u>\$ 37,209,309</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Long-term obligations (continued)

C. The future maturities of governmental activities obligations outstanding as of June 30, 2008 are as follows:

Fiscal Year	General Obligation Bonds				Loans			
	Series 1994		Series 2005		O.E.D.D.		Bank of America	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 160,000	\$ 8,800	\$ 250,000	\$ 250,656	\$ 23,660	\$ 13,809	\$ 170,653	\$ 57,079
2010	-	-	260,000	243,156	23,834	12,685	177,970	49,763
2011	-	-	275,000	234,056	24,027	11,493	185,600	42,133
2012	-	-	290,000	224,431	24,228	10,291	193,557	34,175
2013	-	-	300,000	214,281	24,440	9,079	201,855	25,877
2014-18	-	-	1,760,000	894,610	155,773	24,300	486,381	26,016
2019-23	-	-	2,240,000	511,781	-	-	-	-
2024-28	-	-	1,065,000	68,166	-	-	-	-
	<u>\$ 160,000</u>	<u>\$ 8,800</u>	<u>\$ 6,440,000</u>	<u>\$ 2,641,137</u>	<u>\$ 275,962</u>	<u>\$ 81,657</u>	<u>\$ 1,416,016</u>	<u>\$ 235,042</u>

Fiscal Year	Capital Leases			Totals	
	Governmental Leasing Company		Compensated	Principal	Interest
	Principal	Interest	Absences		
2009	\$ 1,697	\$ 199	\$ 390,874	\$ 996,884	\$ 330,543
2010	-	-	-	461,804	305,604
2011	-	-	-	484,627	287,682
2012	-	-	-	507,785	268,897
2013	-	-	-	526,295	249,237
2014-18	-	-	-	2,402,154	944,926
2019-23	-	-	-	2,240,000	511,781
2024-28	-	-	-	1,065,000	68,166
	<u>\$ 1,697</u>	<u>\$ 199</u>	<u>\$ 390,874</u>	<u>\$ 8,684,549</u>	<u>\$ 2,966,836</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Long-term obligations (continued)

D. The future maturities of business-type activities obligations outstanding as of June 30, 2008 are as follows:

Fiscal Year	Loans									
	O.E.D.D.		O.E.D.D.		O.E.D.D.		O.E.D.D.		Oregon DEQ	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 38,944	\$ 8,099	\$ 22,775	\$ 6,327	\$ 24,485	\$ 15,510	\$ 148,734	\$ 151,092	\$ 198,360	\$ 97,225
2010	41,476	5,567	24,214	4,887	24,687	14,407	154,996	144,830	206,232	89,352
2011	41,795	2,871	25,744	3,357	29,901	13,284	161,521	138,306	214,417	81,168
2012	-	-	27,373	1,730	30,129	11,893	168,321	131,505	222,925	72,658
2013	-	-	-	-	30,372	10,461	175,407	124,419	231,773	63,811
2014-18	-	-	-	-	181,084	28,215	994,223	504,907	1,304,363	173,562
2019-23	-	-	-	-	-	-	1,221,885	277,245	144,944	2,848
2024-28	-	-	-	-	-	-	563,803	35,848	-	-
2024-29	-	-	-	-	-	-	-	-	-	-
	<u>\$ 122,215</u>	<u>\$ 16,537</u>	<u>\$ 100,106</u>	<u>\$ 16,301</u>	<u>\$ 320,658</u>	<u>\$ 93,770</u>	<u>\$ 3,588,890</u>	<u>\$ 1,508,152</u>	<u>\$ 2,523,014</u>	<u>\$ 580,624</u>

Fiscal Year	Loans (continued)				General Obligation				Totals	
	Oregon DEQ		SDWRLF		Bonds - Series 2003, Water		Compensated			
	Principal	Interest	Principal	Interest	Principal	Interest	Absences	Principal	Interest	
2009	\$ 1,171,163	\$ 737,997	\$ 148,734	\$ 151,092	\$ 240,592	\$ 319,252	\$ 74,845	\$ 2,068,632	\$ 1,486,594	
2010	1,216,925	692,234	154,996	144,830	246,810	312,035	-	2,070,336	1,408,142	
2011	1,264,476	644,683	161,521	138,306	253,064	304,630	-	2,152,439	1,326,605	
2012	1,313,885	595,275	168,321	131,505	259,485	296,279	-	2,190,439	1,240,845	
2013	1,365,224	543,935	175,407	124,419	271,065	287,068	-	2,249,248	1,154,113	
2014-18	7,669,230	1,876,568	994,223	504,907	1,513,192	1,271,506	-	12,656,315	4,359,665	
2019-23	5,358,760	368,716	1,221,885	277,245	1,867,368	924,214	-	9,814,842	1,850,268	
2024-28	-	-	569,569	35,848	2,336,829	456,713	-	3,470,201	528,409	
2024-29	-	-	-	-	536,857	24,546	-	536,857	24,546	
	<u>\$ 19,359,663</u>	<u>\$ 5,459,408</u>	<u>\$ 3,594,656</u>	<u>\$ 1,508,152</u>	<u>\$ 7,525,262</u>	<u>\$ 4,196,243</u>	<u>\$ 74,845</u>	<u>\$ 37,209,309</u>	<u>\$ 13,379,187</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Commitments

The City leases equipment and facilities under operating leases. Rental expenditures for the year ended June 30, 2008 were \$135,569.

Future minimum lease payments for years subsequent to June 30, 2008 are as follows:

2008-09	\$	54,083
2009-10		18,028

9. Defined benefit pension plan – The Retirement Plan for Employees of City of Woodburn, Oregon

A. Plan description

The City sponsors a single-employer defined benefit pension plan that covers non-executive employees who have completed six months of employment with the City and executive employees, except the city administrator, who elect coverage under this plan. It provides retirement and disability benefits, cost of living adjustments and death benefits to members and beneficiaries. The City Council has the authority to amend the benefit provisions of the plan.

On November 5, 1998, the City decided to integrate its retirement plan into the Oregon Public Employees Retirement System (PERS) pursuant to ORS 238.680. The City ceased contributions to its retirement plan in December 1998, except for one employee who continued under the plan until August 2000. In December 1998, the City transferred \$6,738,120 to PERS under the integration agreement with PERS. The remaining assets of the retirement plan are to provide retirement benefits to employees who have already retired or elected to remain in the plan.

Membership of the plan consisted of eight inactive members at July 1, 2007, the date of the latest actuarial valuation available as of the date of this report.

B. Funding status and progress

The pension benefit obligation (PBO), which is the actuarial present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits estimated to be payable in the future as a result of employee service to date. The measure is intended to help assess the funding status of the plan, to assess progress made in accumulating sufficient assets to pay benefits when due, and to make comparisons among employers. The latest actuarial valuation was performed as of July 1, 2007.

Significant actuarial assumptions used to compute the PBO were as follows:

Investment earnings	5.5% (net of all plan expenses)
Salary increases	none (effective July 1, 2001)
Cost-of-living increases	2.0%

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan – The Retirement Plan for Employees of City of Woodburn, Oregon (Continued)

C. Schedule of employer contributions

Fiscal Year Ended <u>June 30,</u>	Annual Required Contribution and Annual <u>Pension Cost</u>	Percentage <u>Contributed</u>	Net Pension <u>Obligation</u>
1992	\$ 336,849	100%	\$ --
1993	359,033	100%	--
1994	400,481	100%	--
1995	433,486	100%	--
1996	426,819	100%	--
1997	458,355	100%	--
1998	449,920	100%	--
1999	202,223	100%	--
2000	3,106	100%	--
2001	294	100%	--
2002	--	100%	--
2004	--	100%	--
2005	--	100%	--
2006	--	100%	--
2007	--	100%	--
2008	--	100%	--

10. Defined benefit pension plan – Oregon PERS

Retirement plan

The City contributes to the Oregon Public Employees' Retirement System (PERS), a cost sharing multiple-employer defined benefit pension plan and the Oregon Public Service Retirement Plan (OPSRP), a cost sharing multiple-employer hybrid pension plan. Both PERS and OPSRP are governed by the Public Employees' Retirement Board (PERB) under the provisions of Oregon Revised Statutes 238. PERS provides retirement benefits under a variety of benefit options, as selected by retiring employees, and provides death and disability benefits. OPSRP provides a combination of retirement benefits under a defined benefit plan and an individual account program (IAP), the balance of which will be paid out in either a lump sum or over a 5, 10, 15, or 20 year period. Employees hired on or after August 29, 2003, participate only in OPSRP. Beginning January 1, 2007, active PERS members hired before August 29, 2003, became members of the IAP of OPSRP. These members retain their existing PERS account, however any future member contributions will be placed in the IAP. A copy of the Oregon Public Employees' Retirement System annual financial report may be obtained by writing to Public Employees' Retirement System, PO Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377 or at www.oregon.gov/PERS.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan – Oregon PERS (continued)

City employees are required to participate after completing six months of service and meeting PERS eligibility requirements. Covered employees are required by state statute to contribute 6 percent of their compensation to the plan. Current law permits the City to pay this amount on behalf of the employees. The City’s contribution rate is set by PERB and is periodically adjusted based upon actuarial computations of the amount needed to provide retirement benefits. For employees hired before August 29, 2003, the City’s contribution rate is 10.79 percent of covered compensation. The City’s contribution rate for employees hired after August 29, 2003 is 11.48 percent for general service employees and 14.75 percent for police officers beginning July 1, 2007.

The City’s contribution to the plan for the years ending June 30, 2008, 2007, and 2006, were equal to the City’s required contributions for each year as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>City</u> <u>Contribution</u>	<u>Member</u> <u>Contribution</u>	<u>Totals</u>
2008	\$ 884,997	\$ 434,632	\$ 1,319,629
2007	868,228	403,402	1,271,630
2006	818,358	395,345	1,213,703

11. Defined contribution pension plan

The City sponsors a defined contribution pension plan administered by ICMA Retirement Corp. to provide retirement benefits for the City Administrator, City Attorney and Public Works Director. The plan provisions and contribution requirements are established and amended by the City Council. The City has established a contribution rate of 17.3 percent, 7 percent and 8 percent of covered salary for the three positions, respectively. In the fiscal year ended June 30, 2008, the City Administrator and the Public Works Director ended their employment with the City, so the expenses for the year reflect a significant decrease from the prior year. The City contributed \$45,109 to the plan for the year ended June 30, 2008.

12. Net assets restricted through enabling legislation

The amount of net assets restricted by enabling legislation is as follows:

Governmental Activities

Capital Projects – City ordinance restricts the use of Transportation Impact Fees to capital improvements which expand the capacity of the street system	\$ 7,426,115
Highways and streets – Article IX, Section 3a of the Oregon State Constitution restricts the use of revenue from taxes on motor vehicle fuel use	801,078

Business-type Activities

Capital Projects – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made	1,790,954
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NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

13. Segment information for Enterprise Funds

The City maintains two Enterprise utilities, which provide water and wastewater services. The water utility is accounted for in three funds and the wastewater utility in four funds.

Summary financial information for the water and wastewater utilities for the year ended June 30, 2008 is as follows:

Condensed statement of net assets	<u>Water</u>	<u>Wastewater</u>
Assets		
Current assets	\$ 6,768,188	\$ 2,436,033
Restricted cash and investments	174,972	28,222
Capital assets	<u>23,824,124</u>	<u>40,158,953</u>
Total assets	<u>30,767,284</u>	<u>42,623,208</u>
Liabilities		
Current liabilities	1,230,435	2,409,781
Noncurrent liabilities	<u>14,170,748</u>	<u>20,969,929</u>
Total liabilities	<u>15,401,183</u>	<u>23,379,710</u>
Net assets		
Invested in capital assets, net of related debt	9,115,316	17,733,297
Restricted	5,883,073	1,098,711
Unrestricted	<u>367,712</u>	<u>411,490</u>
Total net assets	<u>\$ 15,366,101</u>	<u>\$ 19,243,498</u>
 Condensed statement of revenues, expenses, and changes in net assets		
Operating revenue	\$ 3,322,594	\$ 3,963,546
Depreciation expense	532,807	1,855,678
Other operating expenses	<u>1,645,565</u>	<u>2,142,792</u>
Operating income (loss)	1,144,222	(34,924)
Nonoperating revenues (expenses)	<u>(351,356)</u>	<u>(808,558)</u>
Income (loss) before contributions and transfers	792,866	(843,482)
Capital contributions	741,553	1,215,201
Transfers in	572,946	3,604,736
Transfers out	<u>(873,687)</u>	<u>(1,878,647)</u>
Change in net assets	1,233,678	2,097,808
Net assets – beginning	13,337,422	17,145,690
Prior period adjustment	795,001	-
Net assets – ending	<u>\$ 15,366,101</u>	<u>\$ 19,243,498</u>
 Condensed statement cash flows		
Cash provided by operating activities	\$ 1,701,906	\$ 2,316,706
Cash (used in) noncapital financing activities	(300,741)	(476,077)
Cash (used in) capital and related financing activities	(865,706)	(1,808,936)
Cash provided by investing activities	<u>244,540</u>	<u>73,599</u>
Net increase in cash	779,999	105,292
Cash - beginning of year	<u>5,288,864</u>	<u>2,097,259</u>
Cash - end of year	<u>\$ 6,068,863</u>	<u>\$ 2,202,551</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

14. Contingencies - accumulated sick leave

Portions of sick leave accumulated at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2008, City employees had accumulated 3,881 days of sick leave.

15. Risk management

The City is exposed to various risks of loss related to theft of, damage to, and destruction of assets; torts; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

16. Interfund transfers

Cash transfers are indicative of funding for capital projects, debt service, subsidies of various city operations and re-allocations of special revenues. The following schedule briefly summarizes the city's transfer activity:

Non-cash transfers occur between proprietary funds for payment of debt by a fund when the long-term obligation is reported in a different fund or when a proprietary fund acquires a capital asset which will be used in a different fund's operations.

Fund	Transfers In	
	In	Out
Governmental		
General	\$ -	\$ 790,411
Street	300,000	327,466
Other Governmental Funds	742,632	377,529
Proprietary type		
Enterprise funds		
Water	70,000	370,741
Water - non-cash	502,946	-
Water Well Construction - non-cash	-	317,713
Wastewater Treatment Plant	-	476,077
Wastewater Treatment Plant - non-cash	3,604,736	-
Wastewater Treatment Plant Construction - non-cash	-	1,038,716
Other enterprise funds - non-cash	-	549,087
Internal service funds	1,259,572	29,980
Internal service funds - non-cash	11,932	
Governmental activities		
Transfer to internal service funds - non-cash		11,932
Transfer to business-type activities - non-cash	-	2,202,166
	<u>\$ 6,491,818</u>	<u>\$ 6,491,818</u>

17. Prior period adjustment

Net assets have been restated as of June 30, 2007 to correct an error in accounting for capital assets. A prior period adjustment in the amount of \$32,164 and \$795,001 was made to governmental activities and business-type activities, respectively.

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TRANSPORTATION IMPACT FEE - CAPITAL PROJECTS FUND (A MAJOR FUND)
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 600,000	\$ 617,224	\$ 17,224
Interest	255,000	289,249	34,249
TOTAL REVENUES	<u>855,000</u>	<u>906,473</u>	<u>51,473</u>
EXPENDITURES			
Material and services	150,000	16,122	133,878
Capital outlay	972,894	--	972,894
Contingency	3,575,958	--	3,575,958
TOTAL EXPENDITURES	<u>4,698,852</u>	<u>16,122</u>	<u>4,682,730</u>
Excess (deficiency) of revenues over expenditures	(3,843,852)	890,351	4,734,203
OTHER FINANCING SOURCES (USES)			
Transfers in	500,000	--	(500,000)
Net change in fund balance	(3,343,852)	890,351	4,234,203
Fund balance at beginning of year	6,535,764	6,535,764	--
Fund balance at end of year	<u>\$ 3,191,912</u>	<u>\$ 7,426,115</u>	<u>\$ 4,234,203</u>

CITY OF WOODBURN
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2008

	Special Revenue	Debt Service	Capital Projects	Totals
<u>ASSETS</u>				
Cash and investments	\$ 1,950,829	\$ 2,532,563	\$ 4,176,905	\$ 8,660,297
Receivables	611,199	67,391	510,465	1,189,055
Due from other funds	7,333	--	--	7,333
	<u>2,569,361</u>	<u>2,599,954</u>	<u>4,687,370</u>	<u>9,856,685</u>
TOTAL ASSETS	\$ 2,569,361	\$ 2,599,954	\$ 4,687,370	\$ 9,856,685
<u>LIABILITIES</u>				
Accounts payable and accrued items	\$ 43,428	--	\$ 42,703	\$ 86,131
Due to other funds	54,086	--	9,368	63,454
Deferred revenue	541,173	49,543	500,488	1,091,204
Matured coupons payable	--	933	--	933
	<u>638,687</u>	<u>50,476</u>	<u>552,559</u>	<u>1,241,722</u>
TOTAL LIABILITIES	638,687	50,476	552,559	1,241,722
<u>FUND BALANCES</u>				
Reserved for debt service	--	2,549,478	--	2,549,478
Unreserved	1,930,674	--	4,134,811	6,065,485
	<u>1,930,674</u>	<u>2,549,478</u>	<u>4,134,811</u>	<u>8,614,963</u>
TOTAL FUND BALANCES	1,930,674	2,549,478	4,134,811	8,614,963
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,569,361	\$ 2,599,954	\$ 4,687,370	\$ 9,856,685

CITY OF WOODBURN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
Year Ended June 30, 2008**

	Special Revenue	Debt Service	Capital Projects	Totals
REVENUES				
Property taxes	\$ 144,586	\$ 1,147,680	-	\$ 1,292,266
System development charges	-	-	322,883	322,883
Franchise fees	20,536	-	374,146	394,682
Permits and fees	244,205	-	-	244,205
Intergovernmental	571,238	-	84,608	655,846
Interest	76,957	111,108	165,667	353,732
Other	79,917	-	180,209	260,126
TOTAL REVENUES	<u>1,137,439</u>	<u>1,258,788</u>	<u>1,127,513</u>	<u>3,523,740</u>
EXPENDITURES				
General government	802,471	920	14,348	817,739
Public safety	5,000	-	-	5,000
Highways and streets	-	-	133,757	133,757
Debt service	47,043	892,638	38,398	978,079
Capital outlay	226,646	-	1,536,825	1,763,471
TOTAL EXPENDITURES	<u>1,081,160</u>	<u>893,558</u>	<u>1,723,328</u>	<u>3,698,046</u>
Excess (deficiency) of revenues over expenditures	<u>56,279</u>	<u>365,230</u>	<u>(595,815)</u>	<u>(174,306)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	57,766	-	684,866	742,632
Transfers out	<u>(52,529)</u>	<u>-</u>	<u>(325,000)</u>	<u>(377,529)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,237</u>	<u>-</u>	<u>359,866</u>	<u>365,103</u>
Net change in fund balances	61,516	365,230	(235,949)	190,797
Fund balance at beginning of year	<u>1,869,158</u>	<u>2,184,248</u>	<u>4,370,760</u>	<u>8,424,166</u>
Fund balance at end of year	<u>\$ 1,930,674</u>	<u>\$ 2,549,478</u>	<u>\$ 4,134,811</u>	<u>\$ 8,614,963</u>

CITY OF WOODBURN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
June 30, 2008

	General Operating Reserve	Transit System	Investigation and Seizure	Weed and Seed	State Revenue Sharing
<u>ASSETS</u>					
Cash and investments	\$ 30,746	\$ 170,834	\$ 161	\$ (53,180)	\$ 307,603
Receivables	--	13,792	2,000	--	47,456
Due from other funds	--	--	--	--	--
TOTAL ASSETS	<u>\$ 30,746</u>	<u>\$ 184,626</u>	<u>\$ 2,161</u>	<u>\$ (53,180)</u>	<u>\$ 355,059</u>
<u>LIABILITIES</u>					
Accounts payable and accrued items	\$ --	\$ 12,116	\$ --	\$ --	\$ --
Deferred revenue	--	6,457	--	--	--
Due to other funds	--	15,852	--	2,017	--
TOTAL LIABILITIES	--	34,425	--	2,017	--
<u>FUND BALANCES</u>					
Unreserved	<u>30,746</u>	<u>150,201</u>	<u>2,161</u>	<u>(55,197)</u>	<u>355,059</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 30,746</u>	<u>\$ 184,626</u>	<u>\$ 2,161</u>	<u>\$ (53,180)</u>	<u>\$ 355,059</u>

Housing Rehabilitation	Federal Programs	Cable Franchise Management	City Gas Tax	Building	Library Endowment	Museum Endowment	Totals
\$ 674,599	\$ 10,878	\$ 6,677	\$ 412,580	\$ 362,052	\$ 25,193	\$ 2,686	\$ 1,950,829
534,716	--	4,401	8,834	--	--	--	611,199
--	7,333	--	--	--	--	--	7,333
<u>\$ 1,209,315</u>	<u>\$ 18,211</u>	<u>\$ 11,078</u>	<u>\$ 421,414</u>	<u>\$ 362,052</u>	<u>\$ 25,193</u>	<u>\$ 2,686</u>	<u>\$ 2,569,361</u>
\$ 14	\$ 123	--	--	\$ 31,175	--	--	\$ 43,428
534,716	--	--	--	--	--	--	541,173
--	15,880	--	--	20,337	--	--	54,086
534,730	16,003	--	--	51,512	--	--	638,687
<u>674,585</u>	<u>2,208</u>	<u>11,078</u>	<u>421,414</u>	<u>310,540</u>	<u>25,193</u>	<u>2,686</u>	<u>1,930,674</u>
<u>\$ 1,209,315</u>	<u>\$ 18,211</u>	<u>\$ 11,078</u>	<u>\$ 421,414</u>	<u>\$ 362,052</u>	<u>\$ 25,193</u>	<u>\$ 2,686</u>	<u>\$ 2,569,361</u>

CITY OF WOODBURN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
Year Ended June 30, 2008**

	General Operating Reserve	Transit System	Investigation and Seizure	Weed and Seed	State Revenue Sharing
REVENUES					
Property taxes	\$ -	\$ 144,586	\$ -	\$ -	\$ -
Franchise fees	-	-	-	-	-
Permits and fees	-	-	-	-	-
Intergovernmental	-	144,599	2,000	-	223,136
Interest	1,259	5,248	199	(320)	10,252
Other	-	34,274	-	-	-
TOTAL REVENUES	<u>1,259</u>	<u>328,707</u>	<u>2,199</u>	<u>(320)</u>	<u>233,388</u>
EXPENDITURES					
General government	-	333,178	-	54,877	-
Public safety	-	-	5,000	-	-
Debt service	-	-	-	-	47,043
Capital outlay	-	-	-	-	87,901
TOTAL EXPENDITURES	<u>-</u>	<u>333,178</u>	<u>5,000</u>	<u>54,877</u>	<u>134,944</u>
Excess (deficiency) of revenues over expenditures	<u>1,259</u>	<u>(4,471)</u>	<u>(2,801)</u>	<u>(55,197)</u>	<u>98,444</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	27,507	-	-	-
Transfers out	-	(13,640)	-	-	(20,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>13,867</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>
Net change in fund balances	1,259	9,396	(2,801)	(55,197)	78,444
Fund balance at beginning of year	<u>29,487</u>	<u>140,805</u>	<u>4,962</u>	<u>-</u>	<u>276,615</u>
Fund balance at end of year	<u>\$ 30,746</u>	<u>\$ 150,201</u>	<u>\$ 2,161</u>	<u>\$ (55,197)</u>	<u>\$ 355,059</u>

Housing Rehabilitation	Federal Programs	Cable Franchise Management	City Gas Tax	Building	Library Endowment	Museum Endowment	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	144,586
-	-	20,536	-	-	-	-	20,536
-	-	-	-	244,205	-	-	244,205
-	64,384	-	137,119	-	-	-	571,238
28,544	155	228	14,343	15,741	1,031	277	76,957
39,755	-	-	-	5,888	-	-	79,917
68,299	64,539	20,764	151,462	265,834	1,031	277	1,137,439
9,974	78,785	17,375	-	308,282	-	-	802,471
-	-	-	-	-	-	-	5,000
-	-	-	-	-	-	-	47,043
130,745	-	-	8,000	-	-	-	226,646
140,719	78,785	17,375	8,000	308,282	-	-	1,081,160
(72,420)	(14,246)	3,389	143,462	(42,448)	1,031	277	56,279
-	28,259	2,000	-	-	-	-	57,766
-	(2,224)	-	-	(8,665)	-	(8,000)	(52,529)
-	26,035	2,000	-	(8,665)	-	(8,000)	5,237
(72,420)	11,789	5,389	143,462	(51,113)	1,031	(7,723)	61,516
747,005	(9,581)	5,689	277,952	361,653	24,162	10,409	1,869,158
\$ 674,585	\$ 2,208	\$ 11,078	\$ 421,414	\$ 310,540	\$ 25,193	\$ 2,686	\$ 1,930,674

CITY OF WOODBURN
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
June 30, 2008

	Bonded Debt	Bancroft Bond Redemption	Urban Renewal Debt Service	Totals
<u>ASSETS</u>				
Cash and investments	\$ 84,993	\$ 7,334	\$ 2,440,236	\$ 2,532,563
Receivables	38,955	--	28,436	67,391
TOTAL ASSETS	\$ 123,948	\$ 7,334	\$ 2,468,672	\$ 2,599,954
<u>LIABILITIES</u>				
Deferred revenue	\$ 28,668	--	\$ 20,875	\$ 49,543
Matured coupons payable	--	933	--	933
TOTAL LIABILITIES	28,668	933	20,875	50,476
<u>FUND BALANCES</u>				
Reserved for debt service	95,280	6,401	2,447,797	2,549,478
TOTAL LIABILITIES AND FUND BALANCES	\$ 123,948	\$ 7,334	\$ 2,468,672	\$ 2,599,954

CITY OF WOODBURN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
Year Ended June 30, 2008**

	Bonded Debt	Bancroft Bond Redemption	Urban Renewal Debt Service	Totals
REVENUES				
Property taxes	\$ 648,925	\$ -	\$ 498,755	\$ 1,147,680
Interest	14,582	300	96,226	111,108
TOTAL REVENUES	<u>663,507</u>	<u>300</u>	<u>594,981</u>	<u>1,258,788</u>
EXPENDITURES				
General government	920	-	-	920
Debt service	664,906	-	227,732	892,638
TOTAL EXPENDITURES	<u>665,826</u>	<u>-</u>	<u>227,732</u>	<u>893,558</u>
Net change in fund balances	(2,319)	300	367,249	365,230
Fund balance at beginning of year	97,599	6,101	2,080,548	2,184,248
Fund balance at end of year	<u>\$ 95,280</u>	<u>\$ 6,401</u>	<u>\$ 2,447,797</u>	<u>\$ 2,549,478</u>

CITY OF WOODBURN
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
June 30, 2008

	Special Assessment	Street/Storm Capital Improvement	Parks Capital Improvement	Storm Water System Development
<u>ASSETS</u>				
Cash and investments	\$ 501,685	\$ 515,468	\$ 783,726	\$ 706,475
Receivables	500,488	9,977	--	--
TOTAL ASSETS	<u>\$ 1,002,173</u>	<u>\$ 525,445</u>	<u>\$ 783,726</u>	<u>\$ 706,475</u>
<u>LIABILITIES</u>				
Accounts payable and accrued items	\$ 2,298	\$ 3,434	--	\$ --
Advances from other funds	--	4,399	--	380
Deferred revenue	500,488	--	--	--
TOTAL LIABILITIES	502,786	7,833	--	380
<u>FUND BALANCES</u>				
Unreserved	499,387	517,612	783,726	706,095
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,002,173</u>	<u>\$ 525,445</u>	<u>\$ 783,726</u>	<u>\$ 706,475</u>

Public Works Facility Construction	Economic Development Revolving Loan	General Fund Capital Improvement	Equipment Replacement	Police Construction	Totals
\$ 23,527	\$ 177,200	\$ 588,319	\$ 279,315	\$ 601,190	\$ 4,176,905
--	--	--	--	--	510,465
<u>\$ 23,527</u>	<u>\$ 177,200</u>	<u>\$ 588,319</u>	<u>\$ 279,315</u>	<u>\$ 601,190</u>	<u>\$ 4,687,370</u>
\$ --	\$ --	\$ 36,414	\$ --	\$ 557	\$ 42,703
--	--	4,589	--	--	9,368
--	--	--	--	--	500,488
--	--	41,003	--	557	552,559
<u>23,527</u>	<u>177,200</u>	<u>547,316</u>	<u>279,315</u>	<u>600,633</u>	<u>4,134,811</u>
<u>\$ 23,527</u>	<u>\$ 177,200</u>	<u>\$ 588,319</u>	<u>\$ 279,315</u>	<u>\$ 601,190</u>	<u>\$ 4,687,370</u>

CITY OF WOODBURN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
Year Ended June 30, 2008**

	Special Assessment	Street/Storm Capital Improvement	Parks Capital Improvement	Storm Water System Development
REVENUES				
System development charges	\$ -	\$ -	\$ 268,570	\$ 54,313
Franchise fees	-	374,146	-	-
Intergovernmental	-	-	-	-
Interest	15,636	20,746	35,031	30,713
Other	180,209	-	-	-
TOTAL REVENUES	<u>195,845</u>	<u>394,892</u>	<u>303,601</u>	<u>85,026</u>
EXPENDITURES				
General government	8,907	-	-	-
Highways and streets	-	123,330	-	10,427
Debt service	-	-	-	-
Capital outlay	34,096	608,614	-	201,793
TOTAL EXPENDITURES	<u>43,003</u>	<u>731,944</u>	<u>-</u>	<u>212,220</u>
Excess (deficiency) of revenues over expenditures	<u>152,842</u>	<u>(337,052)</u>	<u>303,601</u>	<u>(127,194)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(325,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(325,000)</u>	<u>-</u>
Net change in fund balances	152,842	(337,052)	(21,399)	(127,194)
Fund balance at beginning of year	<u>346,545</u>	<u>854,664</u>	<u>805,125</u>	<u>833,289</u>
Fund balance at end of year	<u>\$ 499,387</u>	<u>\$ 517,612</u>	<u>\$ 783,726</u>	<u>\$ 706,095</u>

Public Works Facility Construction	Economic Development Revolving Loan	General Fund Capital Improvement	Equipment Replacement	Police Construction	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	322,883
-	-	-	-	-	374,146
-	-	8,980	812	74,816	84,608
1,001	7,898	17,812	12,116	24,714	165,667
-	-	-	-	-	180,209
<u>1,001</u>	<u>7,898</u>	<u>26,792</u>	<u>12,928</u>	<u>99,530</u>	<u>1,127,513</u>
-	-	-	-	5,441	14,348
-	-	-	-	-	133,757
-	38,398	-	-	-	38,398
<u>3,689</u>	<u>-</u>	<u>397,305</u>	<u>179,798</u>	<u>111,530</u>	<u>1,536,825</u>
<u>3,689</u>	<u>38,398</u>	<u>397,305</u>	<u>179,798</u>	<u>116,971</u>	<u>1,723,328</u>
<u>(2,688)</u>	<u>(30,500)</u>	<u>(370,513)</u>	<u>(166,870)</u>	<u>(17,441)</u>	<u>(595,815)</u>
-	-	490,866	194,000	-	684,866
-	-	-	-	-	(325,000)
-	-	490,866	194,000	-	359,866
(2,688)	(30,500)	120,353	27,130	(17,441)	(235,949)
<u>26,215</u>	<u>207,700</u>	<u>426,963</u>	<u>252,185</u>	<u>618,074</u>	<u>4,370,760</u>
<u>\$ 23,527</u>	<u>\$ 177,200</u>	<u>\$ 547,316</u>	<u>\$ 279,315</u>	<u>\$ 600,633</u>	<u>\$ 4,134,811</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL OPERATING RESERVE - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 5,000	\$ 1,259	\$ (3,741)
EXPENDITURES			
Contingency	<u>34,487</u>	<u>--</u>	<u>34,487</u>
Net change in fund balance	(29,487)	1,259	30,746
Fund balance at beginning of year	<u>29,487</u>	<u>29,487</u>	<u>--</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 30,746</u>	<u>\$ 30,746</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TRANSIT SYSTEM - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 148,000	\$ 144,586	\$ (3,414)
Intergovernmental	143,000	144,599	1,599
Interest	500	5,248	4,748
Other	<u>29,000</u>	<u>34,274</u>	<u>5,274</u>
TOTAL REVENUES	<u>320,500</u>	<u>328,707</u>	<u>8,207</u>
EXPENDITURES			
City transit system	148,001	148,752	(751)
Dial-a-ride	213,284	184,426	28,858
Contingency	<u>99,287</u>	<u>--</u>	<u>99,287</u>
TOTAL EXPENDITURES	<u>460,572</u>	<u>333,178</u>	<u>127,394</u>
Excess (deficiency) of revenues over expenditures	<u>(140,072)</u>	<u>(4,471)</u>	<u>135,601</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	27,507	27,507	--
Transfers out	<u>(13,640)</u>	<u>(13,640)</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>13,867</u>	<u>13,867</u>	<u>--</u>
Net change in fund balance	(126,205)	9,396	135,601
Fund balance at beginning of year	<u>140,805</u>	<u>140,805</u>	<u>--</u>
Fund balance at end of year	<u>\$ 14,600</u>	<u>\$ 150,201</u>	<u>\$ 135,601</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
INVESTIGATION AND SEIZURE - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	Budget	Actual	Variance
REVENUES			
Federal grants	\$ 2,000	\$ 2,000	\$ --
Interest	100	199	99
TOTAL REVENUES	2,100	2,199	99
EXPENDITURES			
Material and services	7,000	5,000	2,000
Net change in fund balance	(4,900)	(2,801)	2,099
Fund balance at beginning of year	4,900	4,962	62
Fund balance at end of year	\$ --	\$ 2,161	\$ 2,161

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WEED AND SEED - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Federal grants	\$ 79,139	\$ --	\$ (79,139)
Interest	--	(320)	(320)
TOTAL REVENUES	<u>79,139</u>	<u>(320)</u>	<u>(79,459)</u>
EXPENDITURES			
Personal services	66,589	52,202	14,387
Material and services	9,550	2,675	6,875
Capital outlay	3,000	--	3,000
TOTAL EXPENDITURES	<u>79,139</u>	<u>54,877</u>	<u>24,262</u>
Net change in fund balance	--	(55,197)	(55,197)
Fund balance at beginning of year	--	--	--
Fund balance at end of year	<u>\$ --</u>	<u>\$ (55,197)</u>	<u>\$ (55,197)</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE REVENUE SHARING - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 190,000	\$ 223,136	\$ 33,136
Interest	5,000	10,252	5,252
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	195,000	233,388	38,388
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Material and services	9,000	--	9,000
Capital outlay	302,300	87,901	214,399
Debt service	47,043	47,043	--
Contingency	93,272	--	93,272
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	451,615	134,944	316,671
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(256,615)	98,444	355,059
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers out	(20,000)	(20,000)	--
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(276,615)	78,444	355,059
Fund balance at beginning of year	276,615	276,615	--
	<hr/>	<hr/>	<hr/>
Fund balance at end of year	\$ --	\$ 355,059	\$ 355,059
	<hr/>	<hr/>	<hr/>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOUSING REHABILITATION - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 30,000	\$ 28,544	\$ (1,456)
Facility rentals	7,800	7,800	--
Other	<u>60,000</u>	<u>31,955</u>	<u>(28,045)</u>
 TOTAL REVENUES	 <u>97,800</u>	 <u>68,299</u>	 <u>(29,501)</u>
 EXPENDITURES			
Personal services	10,047	9,974	73
Material and services	100	--	100
Capital outlay	150,000	130,745	19,255
Contingency	<u>684,658</u>	<u>--</u>	<u>684,658</u>
 TOTAL EXPENDITURES	 <u>844,805</u>	 <u>140,719</u>	 <u>704,086</u>
 Net change in fund balance	 (747,005)	 (72,420)	 674,585
Fund balance at beginning of year	<u>747,005</u>	<u>747,005</u>	<u>--</u>
 Fund balance at end of year	 <u>\$ --</u>	 <u>\$ 674,585</u>	 <u>\$ 674,585</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FEDERAL PROGRAMS - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 64,051	\$ 64,384	\$ 333
Interest	200	155	(45)
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	64,251	64,539	288
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Personal services	80,777	69,924	10,853
Material and services	11,087	8,861	2,226
Contingency	1,010	--	1,010
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	92,874	78,785	14,089
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(28,623)	(14,246)	14,377
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	28,259	28,259	--
Transfers out	(2,224)	(2,224)	--
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	26,035	26,035	--
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(2,588)	11,789	14,377
Fund balance at beginning of year	6,868	(9,581)	(16,449)
	<hr/>	<hr/>	<hr/>
Fund balance at end of year	\$ 4,280	\$ 2,208	\$ (2,072)
	<hr/>	<hr/>	<hr/>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CABLE FRANCHISE MANAGEMENT - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Franchise fees	\$ 17,000	\$ 20,536	\$ 3,536
Interest	--	228	228
Other	4,000	--	(4,000)
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	21,000	20,764	(236)
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Material and services	20,500	17,375	3,125
Contingency	8,189	--	8,189
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	28,689	17,375	11,314
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(7,689)	3,389	11,078
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,000	2,000	--
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(5,689)	5,389	11,078
Fund balance at beginning of year	5,689	5,689	--
	<hr/>	<hr/>	<hr/>
Fund balance at end of year	\$ --	\$ 11,078	\$ 11,078
	<hr/>	<hr/>	<hr/>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CITY GAS TAX - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 129,800	\$ 137,119	\$ 7,319
Interest	7,000	14,343	7,343
TOTAL REVENUES	<u>136,800</u>	<u>151,462</u>	<u>14,662</u>
EXPENDITURES			
Material and services	7,000	--	7,000
Capital outlay	362,502	8,000	354,502
Contingency	45,250	--	45,250
TOTAL EXPENDITURES	<u>414,752</u>	<u>8,000</u>	<u>406,752</u>
Net change in fund balance	(277,952)	143,462	421,414
Fund balance at beginning of year	<u>277,952</u>	<u>277,952</u>	<u>--</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 421,414</u>	<u>\$ 421,414</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUILDING - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Permits and fees	\$ 281,515	\$ 244,205	\$ (37,310)
Interest	10,500	15,741	5,241
Other	4,000	5,888	1,888
	<u>296,015</u>	<u>265,834</u>	<u>(30,181)</u>
TOTAL REVENUES			
EXPENDITURES			
Personal services	308,558	281,457	27,101
Material and services	41,559	26,825	14,734
Contingency	258,456	--	258,456
	<u>608,573</u>	<u>308,282</u>	<u>300,291</u>
TOTAL EXPENDITURES			
Excess (deficiency) of revenues over expenditures	(312,558)	(42,448)	270,110
OTHER FINANCING SOURCES (USES)			
Transfers out	(8,665)	(8,665)	--
Net change in fund balance	(321,223)	(51,113)	270,110
Fund balance at beginning of year	361,653	361,653	--
Fund balance at end of year	<u>\$ 40,430</u>	<u>\$ 310,540</u>	<u>\$ 270,110</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY ENDOWMENT - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 971	\$ 1,031	\$ 60
EXPENDITURES			
Contingency	<u>25,133</u>	<u>--</u>	<u>25,133</u>
Net change in fund balance	(24,162)	1,031	25,193
Fund balance at beginning of year	<u>24,162</u>	<u>24,162</u>	<u>--</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 25,193</u>	<u>\$ 25,193</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MUSEUM ENDOWMENT - SPECIAL REVENUE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 500	\$ 277	\$ (223)
EXPENDITURES			
Material and services	<u>2,900</u>	<u>--</u>	<u>2,900</u>
Excess (deficiency) of revenues over expenditures	(2,400)	277	2,677
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(8,000)</u>	<u>(8,000)</u>	<u>--</u>
Net change in fund balance	(10,400)	(7,723)	2,677
Fund balance at beginning of year	<u>10,400</u>	<u>10,409</u>	<u>9</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 2,686</u>	<u>\$ 2,686</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BONDED DEBT - DEBT SERVICE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 665,000	\$ 648,925	\$ (16,075)
Interest	1,000	14,582	13,582
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	666,000	663,507	(2,493)
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Personal services	--	920	(920)
Debt service	665,000	664,906	94
Contingency	98,599	--	98,599
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	763,599	665,826	97,773
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(97,599)	(2,319)	95,280
Fund balance at beginning of year	97,599	97,599	--
	<hr/>	<hr/>	<hr/>
Fund balance at end of year	\$ --	\$ 95,280	\$ 95,280
	<hr/>	<hr/>	<hr/>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BANCROFT BOND REDEMPTION - DEBT SERVICE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 300	\$ 300	\$ --
EXPENDITURES			
Contingency	<u>6,300</u>	<u>--</u>	<u>6,300</u>
Net change in fund balance	(6,000)	300	6,300
Fund balance at beginning of year	<u>6,000</u>	<u>6,101</u>	<u>101</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 6,401</u>	<u>\$ 6,401</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
URBAN RENEWAL DEBT SERVICE - DEBT SERVICE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 493,000	\$ 498,755	\$ 5,755
Interest	<u>55,000</u>	<u>96,226</u>	<u>41,226</u>
TOTAL REVENUES	<u>548,000</u>	<u>594,981</u>	<u>46,981</u>
EXPENDITURES			
Debt service	1,999,500	227,732	1,771,768
Contingency	<u>34,195</u>	<u>--</u>	<u>34,195</u>
TOTAL EXPENDITURES	<u>2,033,695</u>	<u>227,732</u>	<u>1,805,963</u>
Net change in fund balance	(1,485,695)	367,249	1,852,944
Fund balance at beginning of year	<u>1,827,695</u>	<u>2,080,548</u>	<u>252,853</u>
Fund balance at end of year	<u>\$ 342,000</u>	<u>\$ 2,447,797</u>	<u>\$ 2,105,797</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL ASSESSMENT - CAPITAL PROJECTS FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 5,000	\$ 15,636	\$ 10,636
Other	--	180,209	180,209
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	5,000	195,845	190,845
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Material and services	11,000	8,907	2,093
Capital outlay	206,054	34,096	171,958
Contingency	384,491	--	384,491
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	601,545	43,003	558,542
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(596,545)	152,842	749,387
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term obligations	250,000	--	(250,000)
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(346,545)	152,842	499,387
Fund balance at beginning of year	346,545	346,545	--
	<hr/>	<hr/>	<hr/>
Fund balance at end of year	\$ --	\$ 499,387	\$ 499,387
	<hr/>	<hr/>	<hr/>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET/STORM CAPITAL IMPROVEMENT - CAPITAL PROJECTS FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Franchise fees	\$ 1,263,000	\$ 374,146	\$ (888,854)
Interest	30,000	20,746	(9,254)
Other	<u>1,700,000</u>	<u>--</u>	<u>(1,700,000)</u>
 TOTAL REVENUES	 <u>2,993,000</u>	 <u>394,892</u>	 <u>(2,598,108)</u>
 EXPENDITURES			
Material and services	790,040	123,330	666,710
Capital outlay	2,737,976	608,614	2,129,362
Contingency	<u>319,648</u>	<u>--</u>	<u>319,648</u>
 TOTAL EXPENDITURES	 <u>3,847,664</u>	 <u>731,944</u>	 <u>3,115,720</u>
 Net change in fund balance	 (854,664)	 (337,052)	 517,612
Fund balance at beginning of year	<u>854,664</u>	<u>854,664</u>	<u>--</u>
 Fund balance at end of year	 <u>\$ --</u>	 <u>\$ 517,612</u>	 <u>\$ 517,612</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PARKS CAPITAL IMPROVEMENT - CAPITAL PROJECTS FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 80,000	\$ 268,570	\$ 188,570
Interest	<u>35,000</u>	<u>35,031</u>	<u>31</u>
 TOTAL REVENUES	 115,000	 303,601	 188,601
 EXPENDITURES			
Contingency	<u>595,125</u>	<u>--</u>	<u>595,125</u>
 Excess (deficiency) of revenues over expenditures	 (480,125)	 303,601	 783,726
 OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(325,000)</u>	<u>(325,000)</u>	<u>--</u>
 Net change in fund balance	 (805,125)	 (21,399)	 783,726
Fund balance at beginning of year	<u>805,125</u>	<u>805,125</u>	<u>--</u>
 Fund balance at end of year	 <u>\$ --</u>	 <u>\$ 783,726</u>	 <u>\$ 783,726</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STORM WATER SYSTEM DEVELOPMENT - CAPITAL PROJECTS FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 50,000	\$ 54,313	\$ 4,313
Interest	35,000	30,713	(4,287)
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	85,000	85,026	26
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Material and services	87,000	10,427	76,573
Capital outlay	592,269	201,793	390,476
Contingency	160,796	--	160,796
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	840,065	212,220	627,845
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(755,065)	(127,194)	627,871
Fund balance at beginning of year	833,289	833,289	--
	<hr/>	<hr/>	<hr/>
Fund balance at end of year	\$ 78,224	\$ 706,095	\$ 627,871
	<hr/>	<hr/>	<hr/>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC WORKS FACILITY CONSTRUCTION - CAPITAL PROJECTS FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 800	\$ 1,001	\$ 201
EXPENDITURES			
Capital outlay	21,956	3,689	18,267
Contingency	<u>5,000</u>	<u>--</u>	<u>5,000</u>
TOTAL EXPENDITURES	<u>26,956</u>	<u>3,689</u>	<u>23,267</u>
Net change in fund balance	(26,156)	(2,688)	23,468
Fund balance at beginning of year	<u>26,156</u>	<u>26,215</u>	<u>59</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 23,527</u>	<u>\$ 23,527</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT REVOLVING LOAN - CAPITAL PROJECTS FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 7,000	\$ 7,898	\$ 898
EXPENDITURES			
Material and services	5,000	--	5,000
Debt service	38,398	38,398	--
Contingency	171,004	--	171,004
TOTAL EXPENDITURES	<u>214,402</u>	<u>38,398</u>	<u>176,004</u>
Net change in fund balance	(207,402)	(30,500)	176,902
Fund balance at beginning of year	<u>207,402</u>	<u>207,700</u>	<u>298</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 177,200</u>	<u>\$ 177,200</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND CAPITAL IMPROVEMENT - CAPITAL PROJECTS FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 240,000	\$ 8,980	\$ (231,020)
Interest	--	17,812	17,812
Other	12,500	--	(12,500)
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	252,500	26,792	(225,708)
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Capital outlay	988,566	397,305	591,261
Contingency	149,763	--	149,763
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	1,138,329	397,305	741,024
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(885,829)	(370,513)	515,316
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	490,866	490,866	--
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(394,963)	120,353	515,316
Fund balance at beginning of year	426,963	426,963	--
	<hr/>	<hr/>	<hr/>
Fund balance at end of year	\$ 32,000	\$ 547,316	\$ 515,316
	<hr/>	<hr/>	<hr/>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
EQUIPMENT REPLACEMENT - CAPITAL PROJECTS FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 49,500	\$ 812	\$ (48,688)
Interest	<u>10,000</u>	<u>12,116</u>	<u>2,116</u>
TOTAL REVENUES	59,500	12,928	(46,572)
EXPENDITURES			
Capital outlay	<u>492,560</u>	<u>179,798</u>	<u>312,762</u>
Excess (deficiency) of revenues over expenditures	(433,060)	(166,870)	266,190
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>194,000</u>	<u>194,000</u>	<u>--</u>
Net change in fund balance	(239,060)	27,130	266,190
Fund balance at beginning of year	<u>252,185</u>	<u>252,185</u>	<u>--</u>
Fund balance at end of year	<u>\$ 13,125</u>	<u>\$ 279,315</u>	<u>\$ 266,190</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE CONSTRUCTION - CAPITAL PROJECTS FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ --	\$ 74,816	\$ 74,816
Interest	2,000	24,714	22,714
TOTAL REVENUES	<u>2,000</u>	<u>99,530</u>	<u>97,530</u>
EXPENDITURES			
Material and services	21,534	5,441	16,093
Capital outlay	598,540	111,530	487,010
TOTAL EXPENDITURES	<u>620,074</u>	<u>116,971</u>	<u>503,103</u>
Net change in fund balance	(618,074)	(17,441)	600,633
Fund balance at beginning of year	618,074	618,074	--
Fund balance at end of year	<u>\$ --</u>	<u>\$ 600,633</u>	<u>\$ 600,633</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WATER - ENTERPRISE FUND (A MAJOR FUND)**

Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 1,768,687	\$ 1,716,191	\$ (52,496)
Interest	30,000	32,287	2,287
Other	<u>59,200</u>	<u>53,296</u>	<u>(5,904)</u>
TOTAL REVENUES	<u>1,857,887</u>	<u>1,801,774</u>	<u>(56,113)</u>
EXPENDITURES			
Water supply	1,272,801	1,210,450	62,351
Meter reading	269,658	250,598	19,060
Water administration	64,997	60,999	3,998
Contingency	<u>557,835</u>	<u>--</u>	<u>557,835</u>
TOTAL EXPENDITURES	<u>2,165,291</u>	<u>1,522,047</u>	<u>643,244</u>
Excess (deficiency) of revenues over expenditures	<u>(307,404)</u>	<u>279,727</u>	<u>587,131</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	70,000	70,000	--
Transfers out	<u>(370,741)</u>	<u>(370,741)</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(300,741)</u>	<u>(300,741)</u>	<u>--</u>
Net change in fund balance	(608,145)	(21,014)	587,131
Fund balance - beginning	<u>659,063</u>	<u>661,000</u>	<u>1,937</u>
Fund balance - ending	<u>\$ 50,918</u>	<u>639,986</u>	<u>\$ 589,068</u>

Reconciliation to generally accepted accounting principles

Inventories	133,365
Capital assets, net	23,824,124
Accrued interest payable	(360,944)
Compensated absences payable	(38,531)
Long-term obligations	<u>(14,708,808)</u>
Net assets - ending	<u>\$ 9,489,192</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WATER WELL CONSTRUCTION - ENTERPRISE FUND (A MAJOR FUND)
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 1,640,801	\$ 1,606,403	\$ (34,398)
Interest	150,000	170,993	20,993
Other	<u>1,000</u>	<u>--</u>	<u>(1,000)</u>
TOTAL REVENUES	<u>1,791,801</u>	<u>1,777,396</u>	<u>(14,405)</u>
EXPENDITURES			
Design engineering	32,500	12,808	19,692
Construction engineering	46,250	12,933	33,317
Right-of-way	2,500	--	2,500
Construction	761,900	126,322	635,578
Debt service	1,000,878	750,878	250,000
Contingency	<u>2,921,505</u>	<u>--</u>	<u>2,921,505</u>
TOTAL EXPENDITURES	<u>4,765,533</u>	<u>902,941</u>	<u>3,862,592</u>
Net change in fund balance	(2,973,732)	874,455	3,848,187
Fund balance - beginning	<u>3,727,732</u>	<u>3,959,732</u>	<u>232,000</u>
Fund balance - ending	<u>\$ 754,000</u>	<u>\$ 4,834,187</u>	<u>\$ 4,080,187</u>
Reconciliation to generally accepted accounting principles			
Net assets - ending		<u>\$ 4,834,187</u>	

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WASTEWATER TREATMENT PLANT - ENTERPRISE FUND (A MAJOR FUND)
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 2,221,321	\$ 2,172,956	\$ (48,365)
Interest	10,000	18,021	8,021
Other	<u>26,000</u>	<u>11,576</u>	<u>(14,424)</u>
TOTAL REVENUES	<u>2,257,321</u>	<u>2,202,553</u>	<u>(54,768)</u>
EXPENDITURES			
Wastewater treatment plant operations	1,634,301	1,443,453	190,848
Sewer line maintenance	272,665	217,076	55,589
Sewer administration	65,311	61,430	3,881
Contingency	<u>128,261</u>	<u>--</u>	<u>128,261</u>
TOTAL EXPENDITURES	<u>2,100,538</u>	<u>1,721,959</u>	<u>378,579</u>
Excess (deficiency) of revenues over expenditures	156,783	480,594	323,811
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(476,077)</u>	<u>(476,077)</u>	<u>--</u>
Net change in fund balance	(319,294)	4,517	323,811
Fund balance - beginning	<u>398,643</u>	<u>398,643</u>	<u>--</u>
Fund balance - ending	<u>\$ 79,349</u>	403,160	<u>\$ 323,811</u>
Reconciliation to generally accepted accounting principles			
Inventories		84,197	
Capital assets, net		40,158,953	
Accrued interest payable		(161,947)	
Compensated absences payable		(36,314)	
Long-term obligations		<u>(22,425,656)</u>	
Net assets - ending		<u>\$ 18,022,393</u>	

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WASTEWATER TREATMENT PLANT CONSTRUCTION
ENTERPRISE FUND (A MAJOR FUND)**

Year Ended June 30, 2008

	Budget	Actual	Variance
REVENUES			
Charges for services	\$ 1,904,539	\$ 1,790,590	\$ (113,949)
Interest	30,000	17,452	(12,548)
Other	--	7,828	7,828
	<u>1,934,539</u>	<u>1,815,870</u>	<u>(118,669)</u>
TOTAL REVENUES			
 EXPENDITURES			
Design engineering	568,000	423,990	144,010
Construction engineering	23,951	20,935	3,016
Construction	440,500	3,862	436,638
Sewer	8,780	17,560	(8,780)
Debt service	1,769,131	1,769,131	--
Contingency	136,718	--	136,718
	<u>2,947,080</u>	<u>2,235,478</u>	<u>711,602</u>
TOTAL EXPENDITURES			
Excess (deficiency) of revenues over expenditures	(1,012,541)	(419,608)	(592,933)
 OTHER FINANCING SOURCES (USES)			
Proceeds from interfund loan	750,000	--	(750,000)
Net change in fund balance	(262,541)	(419,608)	(157,067)
Fund balance - beginning	1,008,251	776,251	(232,000)
	<u>745,710</u>	<u>356,643</u>	<u>(389,067)</u>
Fund balance - ending			
 Reconciliation to generally accepted accounting principles			
Net assets - ending		<u>\$ 356,643</u>	

CITY OF WOODBURN

**COMBINING STATEMENT OF NET ASSETS
OTHER ENTERPRISE FUNDS
June 30, 2008**

	<u>Water System Development</u>	<u>Wastewater Capital Improvement</u>	<u>Wastewater System Development</u>	<u>Totals</u>
<u>ASSETS</u>				
Current assets				
Cash and investments	\$ 1,048,886	\$ 122,394	\$ 742,068	\$ 1,913,348
<u>NET ASSETS</u>				
Restricted for capital projects	1,048,886	--	742,068	1,790,954
Unrestricted	--	122,394	--	122,394
TOTAL NET ASSETS	\$ 1,048,886	\$ 122,394	\$ 742,068	\$ 1,913,348

CITY OF WOODBURN

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
OTHER ENTERPRISE FUNDS
Year Ended June 30, 2008**

	Water System Development	Wastewater Capital Improvement	Wastewater System Development	Totals
OPERATING EXPENSES				
Material and services	\$ 32,750	\$ --	\$ --	\$ 32,750
Operating (loss)	(32,750)	--	--	(32,750)
NONOPERATING REVENUES (EXPENSES)				
Interest	\$ 41,260	\$ 5,223	\$ 32,903	\$ 79,386
Other	--	72,962	--	72,962
Interest	(219,086)	(29,102)	(225,856)	(474,044)
Total nonoperating revenues (expenses)	(177,826)	49,083	(192,953)	(321,696)
TRANSFERS AND CONTRIBUTIONS				
Capital contributions	352,545	--	523,814	876,359
Transfers out	(185,233)	--	(363,854)	(549,087)
Total transfers and contributions	167,312	--	159,960	327,272
Change in net assets	(43,264)	49,083	(32,993)	(27,174)
Net assets - beginning of year	1,092,150	73,311	775,061	1,940,522
Net assets - end of year	<u>\$ 1,048,886</u>	<u>\$ 122,394</u>	<u>\$ 742,068</u>	<u>\$ 1,913,348</u>

CITY OF WOODBURN
COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
Year Ended June 30, 2008

	Water System Development	Wastewater Capital Improvement	Wastewater System Development	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash paid to suppliers	\$ (32,750)	\$ -	\$ -	\$ (32,750)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	354,304	73,081	525,072	952,457
Principal paid on long-term obligations	(185,233)	(29,102)	(363,854)	(578,189)
Interest paid on long-term obligations	(219,086)	-	(225,856)	(444,942)
Net cash provided by (used in) capital and related financing activities	(50,015)	43,979	(64,638)	(70,674)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest	41,260	5,223	32,903	79,386
Net increase (decrease) in cash and cash equivalents	(41,505)	49,202	(31,735)	(24,038)
Cash and cash equivalents - beginning of year	1,090,391	73,192	773,803	1,937,386
Cash and cash equivalents - end of year	<u>\$ 1,048,886</u>	<u>\$ 122,394</u>	<u>\$ 742,068</u>	<u>\$ 1,913,348</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WATER SYSTEM DEVELOPMENT - ENTERPRISE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 250,000	\$ 352,545	\$ 102,545
Interest	50,000	41,260	(8,740)
TOTAL REVENUES	<u>300,000</u>	<u>393,805</u>	<u>93,805</u>
EXPENDITURES			
Materials and services	41,400	--	41,400
Capital outlay	311,250	32,750	278,500
Debt service	404,319	404,319	--
Contingency	381,198	--	381,198
TOTAL EXPENDITURES	<u>1,138,167</u>	<u>437,069</u>	<u>701,098</u>
Net change in fund balance	(838,167)	(43,264)	794,903
Fund balance - beginning	<u>1,092,150</u>	<u>1,092,150</u>	<u>--</u>
Fund balance - ending	<u>\$ 253,983</u>	<u>\$ 1,048,886</u>	<u>\$ 794,903</u>

Reconciliation to generally accepted accounting principles

Net assets - ending	<u>\$ 1,048,886</u>
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CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WASTEWATER CAPITAL IMPROVEMENT - ENTERPRISE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 3,000	\$ 5,223	\$ 2,223
Other	<u>14,754</u>	<u>72,962</u>	<u>58,208</u>
TOTAL REVENUES	<u>17,754</u>	<u>78,185</u>	<u>60,431</u>
EXPENDITURES			
Debt service	29,102	29,102	--
Contingency	<u>62,049</u>	<u>--</u>	<u>62,049</u>
TOTAL EXPENDITURES	<u>91,151</u>	<u>29,102</u>	<u>62,049</u>
Net change in fund balance	(73,397)	49,083	122,480
Fund balance - beginning	<u>73,397</u>	<u>73,311</u>	<u>(86)</u>
Fund balance - ending	<u>\$ --</u>	<u>\$ 122,394</u>	<u>\$ 122,394</u>

Reconciliation to generally accepted accounting principles

Net assets - ending	<u>\$ 122,394</u>
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CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WASTEWATER SYSTEM DEVELOPMENT - ENTERPRISE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 300,000	\$ 523,814	\$ 223,814
Interest	25,000	32,903	7,903
	<u>325,000</u>	<u>556,717</u>	<u>231,717</u>
TOTAL REVENUES			
EXPENDITURES			
Materials and services	10,000	--	10,000
Capital outlay	50,000	--	50,000
Debt service	589,710	589,710	--
Contingency	83,061	--	83,061
	<u>732,771</u>	<u>589,710</u>	<u>143,061</u>
TOTAL EXPENDITURES			
Net change in fund balance	(407,771)	(32,993)	374,778
Fund balance - beginning	<u>775,061</u>	<u>775,061</u>	<u>--</u>
Fund balance - ending	<u>\$ 367,290</u>	<u>\$ 742,068</u>	<u>\$ 374,778</u>

Reconciliation to generally accepted accounting principles

Net assets - ending	<u>\$ 742,068</u>
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CITY OF WOODBURN

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2008**

	Information Services	Central Store Working Capital	Self- Insurance	Technical and Environmental Services	Building Maintenance	Totals
<u>ASSETS</u>						
Current assets						
Cash and investments	\$ 4,026	\$ (1,291)	\$ 256,614	\$ 553,171	\$ 79,129	\$ 891,649
Receivables	--	--	--	2,960	--	2,960
Due from other funds	--	--	--	19,687	--	19,687
Prepaid items	--	1,400	--	--	--	1,400
Inventories	--	11,718	--	--	--	11,718
Total current assets	4,026	11,827	256,614	575,818	79,129	927,414
Capital assets, net of depreciation	86,775	--	--	324,112	139,490	550,377
TOTAL ASSETS	90,801	11,827	256,614	899,930	218,619	1,477,791
<u>LIABILITIES</u>						
Current liabilities						
Accounts payable and accrued items	1,130	(181)	90	7,170	27,509	35,718
Due to other funds	18,874	--	--	74,774	24,496	118,144
Customer deposits	--	--	--	2,000	--	2,000
Compensated absences payable	12,872	--	--	37,359	25,257	75,488
TOTAL LIABILITIES	32,876	(181)	90	121,303	77,262	231,350
<u>NET ASSETS</u>						
Invested in capital assets, net of related debt	86,775	--	--	324,112	139,490	550,377
Unrestricted	(28,850)	12,008	256,524	454,515	1,867	696,064
TOTAL NET ASSETS	\$ 57,925	\$ 12,008	\$ 256,524	\$ 778,627	\$ 141,357	\$ 1,246,441

CITY OF WOODBURN

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2008**

	Information Services	Central Store Working Capital	Self- Insurance	Technical and Environmental Services	Building Maintenance	Totals
OPERATING REVENUES						
Charges for services	\$ --	\$ --	\$ --	\$ 85,936	\$ --	\$ 85,936
Rents	--	--	--	--	635,001	635,001
Total operating revenues	--	--	--	85,936	635,001	720,937
OPERATING EXPENSES						
Personal services	244,081	--	17,291	778,524	301,967	1,341,863
Material and services	204,943	14,378	339,764	144,370	238,215	941,670
Depreciation	23,713	--	--	18,535	5,664	47,912
Total operating expenses	472,737	14,378	357,055	941,429	545,846	2,331,445
Operating income (loss)	(472,737)	(14,378)	(357,055)	(855,493)	89,155	(1,610,508)
NONOPERATING REVENUES (EXPENSES)						
Interest	(1,356)	(10)	(3,744)	21,488	3,840	20,218
Other	18,594	16,387	400,380	98,995	--	534,356
Total nonoperating revenues (expenses)	17,238	16,377	396,636	120,483	3,840	554,574
Income (loss) before operating transfers	(455,499)	1,999	39,581	(735,010)	92,995	(1,055,934)
OPERATING TRANSFERS						
Transfers in	398,504	--	--	861,000	12,000	1,271,504
Transfers out	--	--	--	(29,980)	--	(29,980)
Total operating transfers	398,504	--	--	831,020	12,000	1,241,524
Change in net assets	(56,995)	1,999	39,581	96,010	104,995	185,590
Net assets - beginning of year	114,920	10,009	216,943	682,617	36,362	1,060,851
Net assets - end of year	\$ 57,925	\$ 12,008	\$ 256,524	\$ 778,627	\$ 141,357	\$ 1,246,441

CITY OF WOODBURN

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2008**

	Information Services	Central Store Working Capital	Self- Insurance	Technical and Environmental Services	Building Maintenance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ -	\$ -	\$ -	\$ 84,629	\$ 635,171	\$ 719,800
Payments to suppliers	(187,125)	(15,036)	(339,674)	(83,257)	(206,872)	(831,964)
Payments to employees	(243,276)	-	(17,291)	(812,733)	(301,650)	(1,374,950)
Other	18,727	16,383	400,732	98,995	-	534,837
Net cash provided by (used in) operating activities	(411,674)	1,347	43,767	(712,366)	126,649	(952,277)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers in	386,572	-	-	861,000	12,000	1,259,572
Transfers out	-	-	-	(29,980)	-	(29,980)
Net cash provided by non-capital financing activities	386,572	-	-	831,020	12,000	1,229,592
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(33,986)	-	-	-	(142,666)	(176,652)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest	(1,356)	(10)	(3,744)	21,488	3,840	20,218
Net increase (decrease) in cash and cash equivalents	(60,444)	1,337	40,023	140,142	(177)	120,881
Cash and cash equivalents - beginning of year	64,470	(2,628)	216,591	413,029	79,306	770,768
Cash and cash equivalents - end of year	\$ 4,026	\$ (1,291)	\$ 256,614	\$ 553,171	\$ 79,129	\$ 891,649
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ (472,737)	\$ (14,378)	\$ (357,055)	\$ (855,493)	\$ 89,155	\$ (1,610,508)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	23,713	-	-	18,535	5,664	47,912
Other	18,594	16,387	400,380	98,995	-	534,356
(Increase) decrease in assets						
Receivables	133	(4)	352	(1,307)	170	(656)
Due from other funds	-	-	-	(19,687)	-	(19,687)
Prepaid items	-	(1,400)	-	-	-	(1,400)
Inventories	-	(653)	-	-	-	(653)
Increase (decrease) in liabilities						
Accounts payable and accrued items	(1,056)	1,395	90	6,026	6,847	13,302
Due to other funds	18,874	-	-	74,774	24,496	118,144
Compensated absences payable	805	-	-	(34,209)	317	(33,087)
Net cash provided by (used in) operating activities	\$ (411,674)	\$ 1,347	\$ 43,767	\$ (712,366)	\$ 126,649	\$ (952,277)

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
INFORMATION SERVICES - INTERNAL SERVICE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 3,000	\$ (1,356)	\$ (4,356)
Other	<u>37,000</u>	<u>18,594</u>	<u>(18,406)</u>
TOTAL REVENUES	<u>40,000</u>	<u>17,238</u>	<u>(22,762)</u>
EXPENDITURES			
Personal services	244,968	243,276	1,692
Material and services	173,050	172,128	922
Capital outlay	71,000	66,801	4,199
Contingency	<u>5,201</u>	<u>--</u>	<u>5,201</u>
TOTAL EXPENDITURES	<u>494,219</u>	<u>482,205</u>	<u>12,014</u>
Excess (deficiency) of revenues over expenditures	(454,219)	(464,967)	(10,748)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>391,802</u>	<u>386,572</u>	<u>(5,230)</u>
Net change in fund balance	(62,417)	(78,395)	(15,978)
Fund balance at beginning of year	<u>62,417</u>	<u>62,417</u>	<u>--</u>
Fund balance at end of year	<u>\$ --</u>	<u>(15,978)</u>	<u>\$ (15,978)</u>
Reconciliation to generally accepted accounting principles			
Capital assets, net of depreciation		86,775	
Compensated absences payable		<u>(12,872)</u>	
Net assets - ending		<u>\$ 57,925</u>	

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CENTRAL STORE WORKING CAPITAL - INTERNAL SERVICE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ --	\$ (10)	\$ (10)
Other	16,900	16,387	(513)
	<u>16,900</u>	<u>16,377</u>	<u>(523)</u>
TOTAL REVENUES			
	<u>16,900</u>	<u>16,377</u>	<u>(523)</u>
EXPENDITURES			
Materials and services	17,000	14,378	2,622
Contingencies	9,909	--	9,909
	<u>26,909</u>	<u>14,378</u>	<u>12,531</u>
TOTAL EXPENDITURES			
	<u>26,909</u>	<u>14,378</u>	<u>12,531</u>
Net change in fund balance	(10,009)	1,999	12,008
Fund balance - beginning	10,009	10,009	--
	<u>10,009</u>	<u>10,009</u>	<u>--</u>
Fund balance - ending	\$ --	\$ 12,008	\$ 12,008

Reconciliation to generally accepted accounting principles

Net assets - ending	<u>\$ 12,008</u>
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CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SELF-INSURANCE - INTERNAL SERVICE FUND
Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 500	\$ (3,744)	\$ (4,244)
Other	500,000	400,380	(99,620)
TOTAL REVENUES	<u>500,500</u>	<u>396,636</u>	<u>(103,864)</u>
EXPENDITURES			
Personal services	17,291	17,291	--
Materials and services	552,470	339,764	212,706
Contingency	147,682	--	147,682
TOTAL EXPENDITURES	<u>717,443</u>	<u>357,055</u>	<u>360,388</u>
Net change in fund balance	(216,943)	39,581	256,524
Fund balance - beginning	216,943	216,943	--
Fund balance - ending	<u>\$ --</u>	<u>\$ 256,524</u>	<u>\$ 256,524</u>

Reconciliation to generally accepted accounting principles

Net assets - ending	<u>\$ 256,524</u>
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CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TECHNICAL AND ENVIRONMENTAL SERVICES - INTERNAL SERVICE FUND
Year Ended June 30, 2008**

	Budget	Actual	Variance
REVENUES			
Charges for services	\$ 59,500	\$ 85,936	\$ 26,436
Interest	15,000	21,488	6,488
Other	156,000	98,995	(57,005)
TOTAL REVENUES	230,500	206,419	(24,081)
EXPENDITURES			
Public works administration	252,596	214,300	38,296
Engineering	888,329	650,917	237,412
Central garage	106,607	91,886	14,721
Contingency	151,385	--	151,385
TOTAL EXPENDITURES	1,398,917	957,103	441,814
Excess (deficiency) of revenues over expenditures	<u>(1,168,417)</u>	<u>(750,684)</u>	<u>417,733</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	861,000	861,000	--
Transfers out	(29,980)	(29,980)	--
TOTAL OTHER FINANCING SOURCES (USES)	831,020	831,020	--
Net change in fund balance	(337,397)	80,336	417,733
Fund balance at beginning of year	411,538	411,538	--
Fund balance at end of year	<u>\$ 74,141</u>	<u>491,874</u>	<u>\$ 417,733</u>
Reconciliation to generally accepted accounting principles			
Capital assets, net of depreciation		324,112	
Compensated absences payable		(37,359)	
Net assets - ending		<u>\$ 778,627</u>	

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUILDING MAINTENANCE - INTERNAL SERVICE FUND
Year Ended June 30, 2008**

	Budget	Actual	Variance
REVENUES			
Charges for services	\$ 635,001	\$ 635,001	\$ --
Interest	10,741	3,840	(6,901)
TOTAL REVENUES	645,742	638,841	(6,901)
EXPENDITURES			
Personal services	306,724	301,650	5,074
Materials and services	385,880	375,223	10,657
Capital outlay	5,658	5,658	--
Contingency	5,746	--	5,746
TOTAL EXPENDITURES	704,008	682,531	21,477
Excess (deficiency) of revenues over expenditures	(58,266)	(43,690)	14,576
OTHER FINANCING SOURCES (USES)			
Transfers in	12,000	12,000	--
Net change in fund balance	(46,266)	(31,690)	14,576
Fund balance at beginning of year	58,814	58,814	--
Fund balance at end of year	\$ 12,548	27,124	\$ 14,576
Reconciliation to generally accepted accounting principles			
Capital asset, net of depreciation		139,490	
Compensated absences payable		(25,257)	
Net assets - ending		\$ 141,357	

**DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS
REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF
OREGON MUNICIPAL CORPORATIONS**

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, and comments and disclosures required in audit reports. The required statements and schedules are set forth in preceding sections of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth in the following pages.

- *Accounting and Internal Controls*
- *Collateral*
- *Indebtedness*
- *Budget*
- *Insurance and Fidelity Bonds*
- *Programs Funded from Outside Source*
- *Highway Funds*
- *Investments*
- *Public Contracts and Purchasing*



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

CITY OF WOODBURN

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS

Year Ended June 30, 2008

Accounting and Internal Controls

The broad objectives of internal accounting control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded from unauthorized use or disposition and that financial records are reliable to permit the preparation of financial statements. The following operative objectives are necessary to achieve the broad objectives:

- a. Transactions are executed in accordance with management's general or specific authorization.
- b. Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements and (2) to maintain accountability for assets.
- c. Access to assets is permitted only in accordance with management's authorization.
- d. The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. Any projection of a current evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with prescribed procedures may deteriorate.

The accounting records and internal controls are adequate considering the size and complexity of the municipal corporation's financial activities.

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)

Collateral

ORS 295.015 requires collateral pool certificates of participation to be obtained from the pool manager of the depository in an amount equal to the funds on deposit in excess of the amount insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. Collateral pool certificates warrant that the pool manager holds custodian's receipts for eligible securities pledged by the depository bank to secure deposits of public funds of a value as of the last valuation date of not less than 25 percent of the aggregate amount of certificates outstanding. At June 30, 2008, the deposits of the City were covered by the following collateral pool certificates:

<u>Depository Bank</u>	<u>Pool Manager</u>	<u>Amount</u>
U S Bank	Oregon State Treasury	\$10,000,000

During the year deposits were secured in accordance with ORS 295.015.

Indebtedness

The City has complied with legal requirements relating to short-term and long-term debt including limitation on the amount of debt which may be incurred, liquidation of debt within prescribed period of time and compliance with provisions of bond indentures or other agreements.

Budget

1. Preparation and adoption

The budgets for the years ended June 30, 2009 and 2008 were prepared and adopted in compliance with legal requirements.

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)

Budget (continued)

2. Execution

The budget for the year ended June 30, 2008 was executed in compliance with legal requirements.

Insurance and Fidelity Bonds

The City's insurance agent confirmed that the following policies were in force at June 30, 2008:

Company	Policy Number	Coverage	Limit	Term
City County Insurance	07LWDB	General and Auto Liability	\$5,000,000 CSL	07-01-07/08
	07APDWBD	Auto Physical Damage	Per Agreement	07-01-07/08
	07PWBD	Property/Mobile Equipment	\$52,255,226	07-01-07/08
	07BWBD	Boiler and Machinery	Per Property Schedule	07-01-07/08
NLC Mutual	07E	Excess Earthquake	N/A	07-01-07/08
Fidelity and Deposit	07C	Excess Crime	N/A	07-01-07/08

Our audit did not include a determination of adequacy of coverage since we are not trained to make such a determination. However, insurance coverage appears to comply with legal requirements.

The City has obtained fidelity bond coverage for the following personnel:

Finance officer	\$ 100,000
Public employees blanket bond	50,000

Programs Funded From Outside Sources

The City operated various programs funded wholly or partially by governmental agencies. Financial transactions of the various programs were audited to the extent deemed appropriate and were in compliance with applicable rules and regulations. In addition to our audit, these programs are subject to further review by state and federal audit agencies.

Highway Funds

The City used revenue from taxes on motor vehicle fuel use in compliance with ORS 373.240 to 373.250.

Investments

Funds of the City were invested in compliance with ORS 294.035.

**DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM
STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)**

Public Contracts and Purchasing

1. Awarding of public contracts

The City awarded public contracts in accordance with ORS 279.

2. Construction of public improvements

The City constructed public improvements in accordance with ORS 279.

Boldt, Carlisle & Smith LLC
Certified Public Accountants
Salem, Oregon
December 26, 2008