



3rd Quarter Financial Report

Reporting financial results for the nine months ended March 31, 2014

Executive Summary

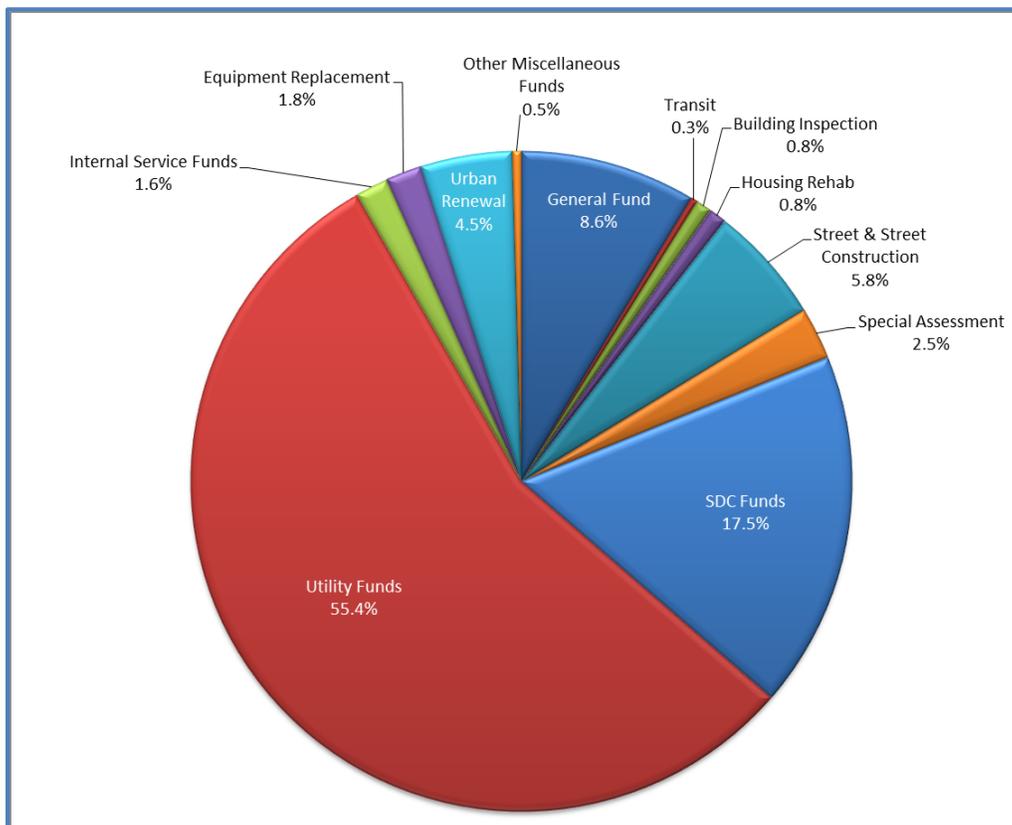
The Finance Department is pleased to offer this financial report of City operations for your review. This report covers financial operations of major operating funds through the third quarter ended March 31, 2014 relating to the fiscal year ending June 30, 2014.

Quarterly Highlights

This third quarter financial report summarizes year-to-date financial results for the June 30, 2014 fiscal year and highlights certain topics of interest.

Summary of Beginning Fund Balances

Beginning fund balances represent the amount of funds available to fund capital projects and operations on a long term basis. During the budget process, the Finance Department estimated that beginning fund balances on July 1, 2013 for all funds would total \$42,071,060. In our financial statements for June 30, 2013, the ending fund balances for all funds came in slightly lower at \$40,354,379. Below is a chart showing how those funds are allocated.



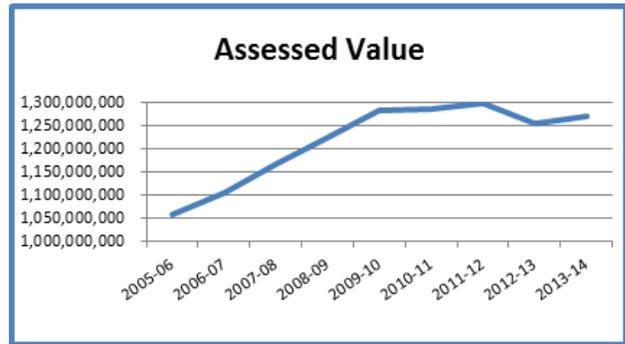
Mid-Year Financial Results

General Fund

The General Fund is operating very close to budget on the key categories of revenue. The budgeted property tax number for FY 2013-14 is what the City expects to receive for the year. The PGE Franchise Fee payment

was remitted earlier this year as compared to previous years - which is always welcomed. The payment itself was also more than what was budgeted by about \$18,000. The Mid-Year Report contained information on the Fines & Forfeits category, which contains fines collected through our Municipal Court. The numbers are looking healthier as of the date of this report, and the Finance Department estimates ending the year at about 97% of budget. All of the cities' intergovernmental revenues are expected to meet budgeted amounts for the year. These include state shared revenues, cigarette tax and liquor proration.

Through March 31, 2014, **Property Tax** revenue collections are at 97% of budget – the City's historical average is also 97% at the third quarter. The Finance department has come to the conclusion that the City will most likely receive 100% of the budgeted amount of Property Tax revenue for the current fiscal year. Woodburn, like many Oregon cities, struggles with the fallout of the housing bubble and the compression of assessments under Oregon's unique property tax laws.



Compression of property taxes has been a significant issue for Woodburn, but it seems to have stabilized.

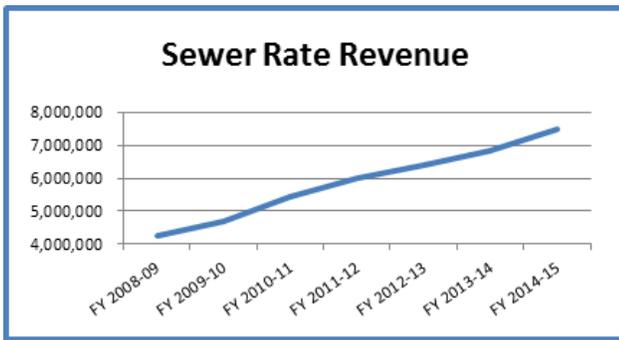
The General Fund personnel services expenditures have been controlled by the decrease in the budgeted PERS rates, due to Oregon Senate Bill 822. This easing of PERS rates is an unusual circumstance that will repeat for FY 2014-15, but not for FY 2015-16. For this reason, it is expected that the General Fund will continue to see considerable savings through the next fiscal year. Materials and Services accounts are being spent wisely, and no single department is in danger of becoming over-budget at the end of the fiscal year. Total expenditures in the General Fund at March 31, 2014 are at 91% of where the City would expect them to be at this time.

All other funds

The **Transit Fund** is dependent on Intergovernmental revenues from federal and state grants which are received for both operating expenditures and capital purchases. As of the date of this report, the grants are performing satisfactorily, and the City expects to receive the majority of the budgeted grant revenue for FY 2013-14. One major point to make in the Transit fund with regards to income and expenditures in the time period reported is the capital purchase budgeted at \$445,000. This number represents a large passenger bus purchase for the Transit Department. The bus has been ordered and the funds to pay for it are encumbered, but the timing is still not certain for delivery, and for this reason the City may have to budget for the purchase in the coming fiscal year. Materials, services, maintenance costs and fuel are all lower than expected at this time in the year, which is a welcomed relief to a fund and department that continues to do more with less.

The **Building Fund** continues to out-perform budget in its largest revenue category, Licenses & Permits. This is mainly due to a few major commercial projects as well as a number of new single-family homes. The department has issued 23 new single-family home permits in the quarter being reported as compared to 15 permits in the same period last year. Major commercial projects include Woodburn Memory Care and Columbia Bank. The transfer of \$65,000 from the Water Capital Construction Fund is not expected to be needed this year. Considerable cost savings is expected to be realized in the fund's expenditure line items.

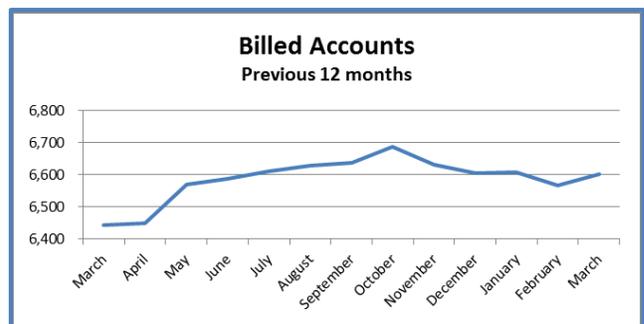
The **Street Fund** derives a vast majority of its revenue from State Gas Tax. This category of revenue is currently over-performing from what was budgeted for this current budget year. Privilege taxes have been receipted into this fund this year – a change from prior years. PGE has remitted their annual Privilege tax payment, which was roughly \$15,000 more than what was budgeted. City Gas Tax is currently at 55% of budget for the year, and the decline in revenues from this source could be caused by the construction work being completed on the interchange. Personnel Services in the Street, Water and Sewer funds will not be over-budget at the end of the current fiscal year.



The **Water Fund's** primary source of revenue, water sales, is currently under-performing its Flexible Budget number by 5%. This revenue source ebbs and flows with the seasons, so it's not too uncommon to see it dip below what is expected – especially since this quarterly report contains the three months of winter averaging, in which consumers are encouraged to conserve. Water revenue is directly related to consumption – As customer usage increases, the charge for water will also increase.

In contrast, sewer revenue is a derivative of water consumption based on the effects of winter averaging. The **Sewer Fund** continues to outpace revenues seen in the Water Fund. Sewer charges have seen annual rate increases for the last several years in anticipation of a major treatment plant upgrade, but the last of these increases goes into effect July 1, 2014. The Charges for Goods and Services revenue category within the Sewer Fund is currently at 106% of where it is expected to be at this time of the year.

The number of billed water & sewer accounts provides a good snapshot of a few key housing-related performance statistics. As shown in the chart to the right, when the previous twelve months are graphically represented, there is an increase in accounts being serviced, year over year, of 159. This is a 2.47% increase when you look just at the months of March 2013 and 2014. Although this seems like a somewhat moderate figure, it does show that homes are slowly coming out of foreclosure, building is improving, and people are choosing to live in our City.



The **Information Services Fund**, although it is an internal service fund, is included in this report because of the activity level in FY 2013-14. For ease of accounting, all internal service charges have been recorded as revenue on July 1, 2013. This allows the fund to operate with a positive cash balance for the remainder of the fiscal year. Many types of expenditures in this fund (software licenses, annual computer replacements, etc) are purchased near the beginning of the fiscal year due to contractual timing and scheduling. For that reason, the flexible budgeted amount has been adjusted to show the fund is not in turmoil. The new phone system that was budgeted this year is live and provides many new features and clearer calls. The department has been very busy with projects in our own City, as well as our neighboring agencies that we service. The various

agencies we assist are City of Hubbard, Silverton, Mount Angel & Stayton. Next year the department will add the Woodburn Fire Department to that list.

Receive Water & Sewer Bills Electronically and Pay Online

The City of Woodburn is pleased to finally announce a new way to pay your water bill! The City is implementing online bill-pay for the majority of our water and sewer customers effective with their April bill. (Week 1 customers will be able to use the service when they receive their bill in May) Customers will be able to access this feature through a link on our website (www.woodburn-or.gov). With this system, you'll be able to view your water and sewer bills online, make payments, access your information 24/7, and confirm your payment was processed and received. This new service is simply an additional way to make payments, aimed at providing customer convenience.

FY 2014-15 Budget underway

The Finance Department is currently preparing the FY 2014-15 Recommended Budget for Council's review in May. It is a balanced budget that includes no reduction to our current service levels. Included in the budget will be a partial restoration of Library service hours that were reduced in previous years, as well as an increased investment intended to begin to reduce the City's deferred maintenance backlog. Overall spending in the budget for next year has declined by 0.3%. The decrease is generated by reducing capital spending and by the decrease in budgeted PERS rates.

The Finance Department values your trust and promise to ensure fiscal integrity in all that we do. I want to give special thanks to Matt Ellerbrook, Accounting Manager for his significant efforts in preparing this report. As you review it, I welcome your questions, comments, and any suggestions you may have. The best way to contact me is by email at Christina.Shearer@ci.woodburn.or.us.

Respectfully,

A handwritten signature in black ink, appearing to read 'Christina Shearer', written in a cursive style.

Christina Shearer, CPA
Finance Director, City of Woodburn
April 8, 2014

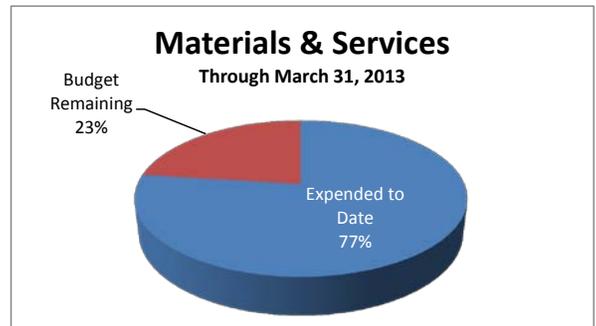
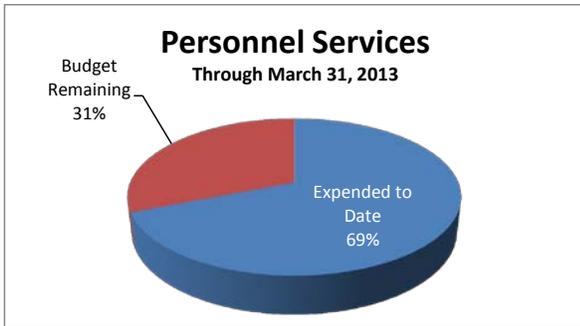
City of Woodburn, Oregon
Fiscal Year to Date Financial Report
Summary of Revenues and Expenditures
Through March 31, 2014

General Fund

Revenues	Year to Date nine months ended March 31, 2014			Annual through June 30, 2014			
	Flexible Budget	Actual	% of Budget	Annual Budget*	Actual	Difference	% of Budget
Taxes	\$ 7,078,197	\$ 7,094,512	✓ 100% ¹	\$ 7,331,000	\$ 7,094,512	\$ 236,488	97%
Licenses and Permits	36,000	40,572	✓ 113%	48,000	40,572	7,429	85%
Franchise Fees	1,219,672	1,230,582	✓ 101% ²	1,497,340	1,230,582	266,758	82%
Intergovernmental	498,892	470,345	✓ 94%	665,189	470,345	194,844	71%
Fines and Forfeits	445,050	401,983	⚠ 90% ³	593,400	401,983	191,417	68%
Charges for Goods and Services	395,033	361,293	⚠ 91% ⁴	526,710	361,293	165,417	69%
Misc	129,413	131,387	✓ 102%	172,550	131,387	41,163	76%
Transfers In	205,920	205,920	✓ 100%	220,000	205,920	14,080	94%
Total Revenues	10,008,176	9,936,595	99%	11,054,189	9,936,595	1,117,594	90%
Expenditures							
<i>Council & Mayor</i>							
Materials & Services	39,343	36,910	✓ 94%	40,465	36,910	3,555	91%
<i>Administration</i>							
Personnel Services	127,084	115,606	✓ 91%	167,216	115,606	51,610	69%
Materials & Services	34,814	33,801	⚠ 97%	38,626	33,801	4,825	88%
<i>City Recorder</i>							
Personnel Services	25,522	23,048	✓ 90%	33,582	23,048	10,534	69%
Materials & Services	22,185	15,989	✓ 72%	25,172	15,989	9,183	64%
<i>City Attorney</i>							
Personnel Services	77,362	69,635	✓ 90%	101,792	69,635	32,157	68%
Materials & Services	34,243	31,379	✓ 92%	39,993	31,379	8,614	78%
<i>Finance</i>							
Personnel Services	282,092	274,421	⚠ 97%	317,490	274,421	43,069	86%
Materials & Services	111,750	98,731	✓ 88%	130,570	98,731	31,839	76%
<i>Human Resources</i>							
Personnel Services	9,565	8,673	✓ 91%	12,585	8,673	3,912	69%
Materials & Services	29,429	22,447	✓ 76%	33,754	22,447	11,307	67%
<i>Municipal Court</i>							
Personnel Services	79,498	73,316	✓ 92%	104,603	73,316	31,287	70%
Materials & Services	28,591	25,607	✓ 90%	33,866	25,607	8,259	76%
<i>Police</i>							
Personnel Services	3,895,118	3,574,905	✓ 92%	5,125,155	3,574,905	1,550,250	70%
Materials & Services	1,200,447	1,145,938	⚠ 95%	1,420,307	1,145,938	274,369	81%
Capital Outlay	18,010	18,010	✓ 100%	35,000	18,010	16,990	51%
<i>Library</i>							
Personnel Services	423,644	384,989	✓ 91%	557,426	384,989	172,437	69%
Materials & Services	327,128	323,018	⚠ 99%	356,060	323,018	33,042	91%
<i>Recreation</i>							
Personnel Services	188,989	119,482	✓ 63%	248,670	119,482	129,188	48%
Materials & Services	148,939	118,014	✓ 79%	162,960	118,014	44,946	72%
<i>Aquatics</i>							
Personnel Services	207,276	202,932	⚠ 98%	272,732	202,932	69,800	74%
Materials & Services	169,395	167,293	⚠ 99%	220,295	167,293	53,002	76%
<i>RSVP</i>							
Personnel Services	42,501	38,438	✓ 90%	55,922	38,438	17,484	69%
Materials & Services	10,606	6,950	✓ 66%	12,660	6,950	5,710	55%
<i>Community Services Admin</i>							
Personnel Services	148,409	140,052	✓ 94%	195,275	140,052	55,223	72%
Materials & Services	98,604	78,893	✓ 80%	113,883	78,893	34,991	69%
Capital Outlay	-	-	✓ 0%	20,000	-	20,000	0%
<i>Planning</i>							
Personnel Services	237,656	215,183	✓ 91%	312,705	215,183	97,522	69%
Materials & Services	48,236	42,374	✓ 88%	51,861	42,374	9,488	82%

<i>Maintenance</i>								
Personnel Services	220,056	163,202	✓ 74%	289,548	163,202	126,346	56%	
Materials & Services	180,773	135,176	✓ 75%	230,573	135,176	95,397	59%	
<i>Non-Departmental</i>								
Materials & Services	200,609	146,785	✓ 73%	230,259	146,785	83,474	64%	
Transfers Out	590,774	590,774	✓ 100%	590,774	590,774	-	100%	
Capital Outlay	-	5,000	✓ 0%	5,000	5,000	-	100%	
<i>Ending Fund Balance</i>	-	-	0%	2,648,410	-	2,648,410	0%	
Total Expenditures	9,258,648	8,446,972	91%	14,235,189	8,446,972	5,788,217	59%	
Revenue over (under) Expenditures	749,528	1,489,623		(3,181,000)	1,489,623	4,670,623		
Beginning fund balance	2,781,000	3,194,182		3,181,000	3,194,182	13,182		
Ending fund balance	\$ 3,530,528	\$ 4,683,805		\$ -	\$ 4,683,805	\$ 4,683,805		

- 1 The City received the majority of its property taxes in November - see executive summary
 - 2 The PGE Franchise fee turnover was received in March, and was \$18,000 more than was expected.
 - 3 A large portion of this revenue category is fine revenue generated from the City's municipal court - see executive summary for more details
 - 4 A large majority of this revenue source are charges derived in our recreation departments and are seasonal in nature.
- * As amended

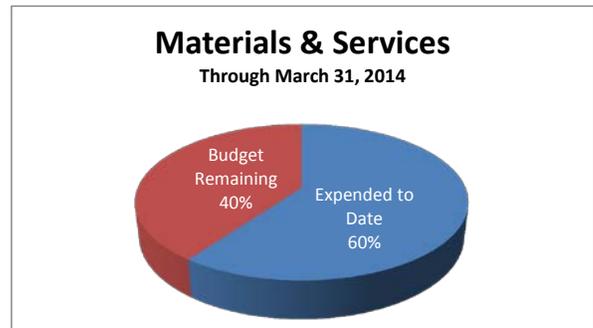


City of Woodburn, Oregon
Fiscal Year to Date Financial Report
Summary of Revenues and Expenditures
Through March 31, 2014

Transit Fund

	Year to Date nine months ended March 31, 2014			Annual through June 30, 2014			
	Flexible Budget	Actual	% of Budget	Annual Budget*	Actual	Difference	% of Budget
Revenues							
Intergovernmental	\$ 213,805	\$ 201,109	94%	\$ 797,150	\$ 201,109	\$ 596,041	25%
Charges for Goods and Services	42,000	29,507	70%	56,000	29,507	26,493	53%
Misc	7,200	6,696	93%	9,600	6,696	2,904	70%
Transfers In	154,294	154,294	100%	154,294	154,294	-	100%
Total Revenues	417,299	391,607	94%	1,017,044	391,607	625,437	39%
Expenditures							
Personnel Services	282,553	270,050	96%	371,780	270,050	101,730	73%
Materials & Services	190,117	142,180	75%	237,917	142,180	95,737	60%
Capital Outlay	-	-	0%	445,000	-	445,000	0%
Conting'y & Unappropriat	-	-	0%	64,559	-	64,559	0%
Total Expenditures	472,670	412,230	87%	1,119,256	412,230	707,026	37%
Revenue over (under) Expenditures	(55,371)	(20,623)		(102,212)	(20,623)	81,589	
Beginning fund balance	102,212	134,076		102,212	134,076	31,864	
Ending fund balance	\$ 46,841	\$ 113,453		\$ -	\$ 113,453	\$ 113,453	

* As amended



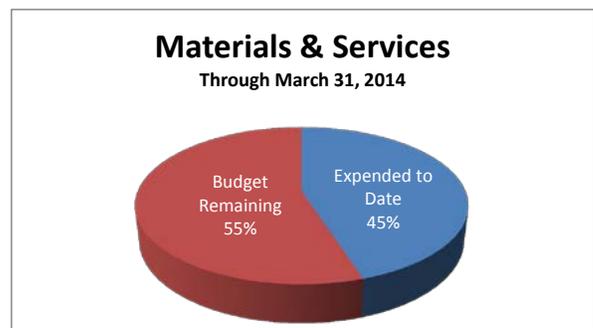
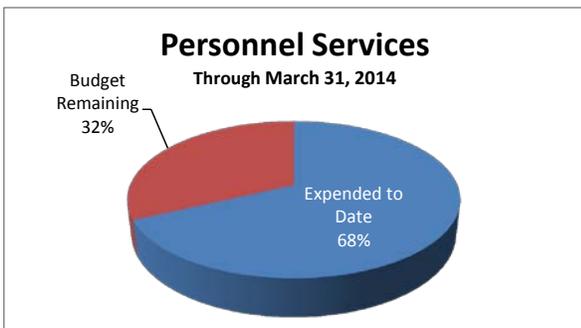
City of Woodburn, Oregon
Fiscal Year to Date Financial Report
Summary of Revenues and Expenditures
Through March 31, 2014

Building Fund

	Year to Date nine months ended March 31, 2014			Annual through June 30, 2014			
	Flexible Budget	Actual	% of Budget	Annual Budget*	Actual	Difference	% of Budget
Revenues							
Intergovernmental	\$ 30,375	\$ 16,575	55% ¹	\$ 40,500	\$ 16,575	\$ 23,925	41%
Licenses & Permits	200,813	288,215	144%	267,751	288,215	(20,464)	108%
Misc	26,250	21,298	81%	35,000	21,298	13,702	61%
Transfers In	-	-	0%	65,000	-	65,000	0%
Total Revenues	257,438	326,088	127%	408,251	326,088	82,163	80%
Expenditures							
Personnel Services	267,602	238,921	89%	352,108	238,921	113,187	68%
Materials & Services	78,276	43,212	55%	95,193	43,212	51,981	45%
Conting'y & Unapprop	-	-	0%	235,950	-	235,950	0%
Total Expenditures	345,878	282,133	82%	683,251	282,133	401,118	41%
Revenue over (under) Expenditures	(88,440)	43,955		(275,000)	43,955	318,955	
Beginning fund balance	275,000	317,811		275,000	317,811	42,811	
Ending fund balance	\$ 186,560	\$ 361,766		\$ -	\$ 361,766	\$ 361,766	

¹ The Building Department recently began charging 4% on Construction Excise Taxes (CET) payable to the Woodburn School District

* As amended



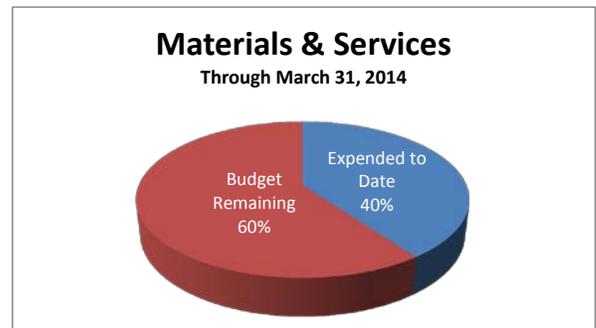
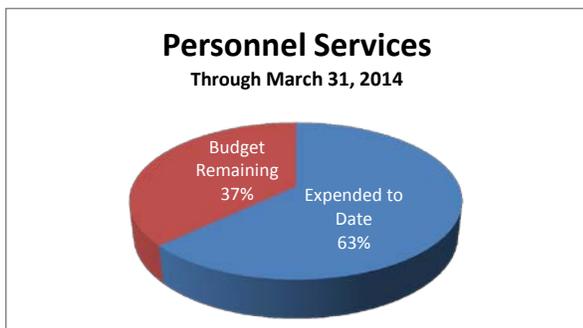
City of Woodburn, Oregon
Fiscal Year to Date Financial Report
Summary of Revenues and Expenditures
Through March 31, 2014

Street Fund

Revenues	Year to Date nine months ended March 31, 2014			Annual through June 30, 2014			
	Flexible Budget	Actual	% of Budget	Annual Budget*	Actual	Difference	% of Budget
	Intergovernmental	\$ 859,338	\$ 943,727	✓ 110%	\$ 1,300,000	\$ 943,727	\$ 356,273
Franchise Fees	290,000	298,025	✓ 103%	300,000	298,025	1,975	99%
Taxes	81,259	66,378	⚠ 82% ¹	120,000	66,378	53,622	55%
Licenses & Permits	563	67	⚠ 12%	750	67	683	9%
Misc	80,000	81,928	✓ 102%	8,500	81,928	(73,428)	964%
Transfers In	220,000	220,000	✓ 100%	220,000	220,000	-	100%
Total Revenues	1,531,160	1,610,125	105%	1,949,250	1,610,125	339,125	83%
Expenditures							
Personnel Services	377,110	311,548	✓ 83%	496,197	311,548	184,649	63%
Materials & Services	655,018	339,120	✓ 52%	856,697	339,120	517,577	40%
Capital Outlay	-	-	✓ 0%	25,000	-	25,000	0%
Transfers Out	30,000	30,000	✓ 100%	1,169,600	30,000	1,139,600	3%
Conting'y & Unapprop	-	-	✓ 0%	751,756	-	751,756	0%
Total Expenditures	1,062,127	680,668	64%	3,299,250	680,668	2,618,582	21%
Revenue over (under) Expenditures	469,032	929,456		(1,350,000)	929,456	2,279,456	
Beginning fund balance	1,350,000	2,105,614		1,350,000	2,105,614	755,614	
Ending fund balance	\$ 1,819,032	\$ 3,035,070		\$ -	\$ 3,035,070	\$ 3,035,070	

¹ The single source of revenue in this category is City Gas Tax which is dependent upon sales of gasoline

* As amended



City of Woodburn, Oregon
Fiscal Year to Date Financial Report
Summary of Revenues and Expenditures
Through March 31, 2014

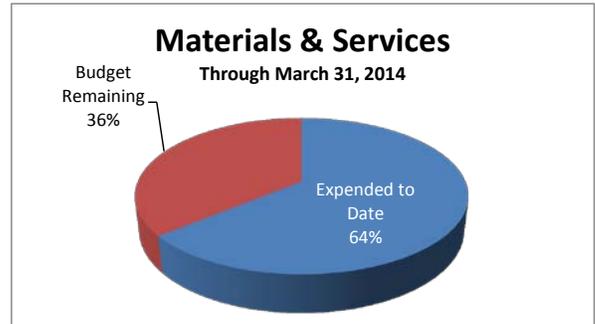
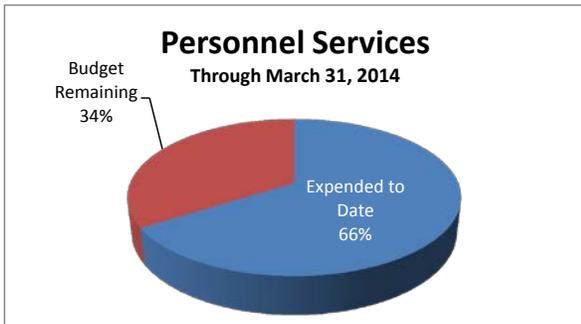
Water Fund

	Year to Date nine months ended March 31, 2014			Annual through June 30, 2014			
	Flexible Budget	Actual	% of Budget	Annual Budget*	Actual	Difference	% of Budget
Revenues							
Charges for Goods and Services	\$ 2,486,636	\$ 2,373,314	95%	\$ 3,315,515	\$ 2,373,314	\$ 942,201	72%
Misc	42,150	61,057	145% ¹	56,200	61,057	(4,857)	109%
Total Revenues	2,528,786	2,434,370	96%	3,371,715	2,434,370	937,345	72%
Expenditures							
Personnel Services	1,042,308	902,272	87%	1,371,458	902,272	469,187	66%
Materials & Services	652,243	536,323	82%	838,457	536,323	302,134	64%
Debt Service	1,159,630	1,159,628	100% ²	1,159,630	1,159,628	2	100%
Transfers Out	23,334	23,334	100%	38,108	23,334	14,774	61%
Conting'y & Unapprop	-	-	0%	1,239,062	-	1,239,062	0%
Total Expenditures	2,877,515	2,621,556	91%	4,646,715	2,621,556	2,025,159	56%
Revenue over (under) Expenditures	(348,729)	(187,186)		(1,275,000)	(187,186)	1,087,814	
Beginning fund balance	1,275,000	1,393,527		1,275,000	1,393,527	118,527	
Ending fund balance	\$ 926,271	\$ 1,206,341		\$ -	\$ 1,206,341	\$ 1,206,341	

¹ This category of revenue contains various rent payments from cellular service providers who are occupying space on the water tower

² a single debt service payment of the budgeted amount was made in December for the entire year

* As amended



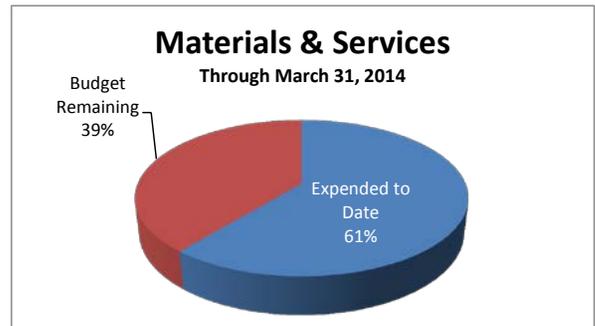
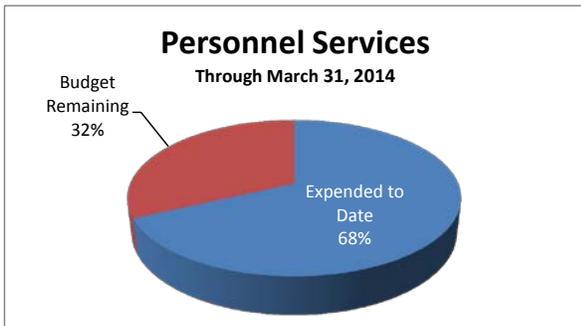
City of Woodburn, Oregon
Fiscal Year to Date Financial Report
Summary of Revenues and Expenditures
Through March 31, 2014

Sewer Fund

	Year to Date nine months ended March 31, 2014			Annual through June 30, 2014			
	Flexible Budget	Actual	% of Budget	Annual Budget*	Actual	Difference	% of Budget
Revenues							
Charges for Goods and Services	\$ 5,272,500	\$ 5,597,906	✓ 106%	\$ 7,030,000	\$ 5,597,906	\$ 1,432,094	80%
Misc	10,650	19,518	✓ 183%	14,200	19,518	(5,318)	137%
Total Revenues	5,283,150	5,617,424	106%	7,044,200	5,617,424	1,426,776	80%
Expenditures							
Personnel Services	1,485,244	1,320,352	✓ 89%	1,954,268	1,320,352	633,916	68%
Materials & Services	1,138,624	896,090	✓ 79%	1,472,684	896,090	576,594	61%
Debt Service	3,309,712	3,309,713	✓ 100% ¹	3,309,712	3,309,713	(1)	100%
Capital Outlay	200	181	✓ 91%	79,584	181	79,403	0%
Transfers Out	173,593	173,593	✓ 100%	173,593	173,593	-	100%
Conting'y & Unapprop	-	-	✓ 0%	3,833,359	-	3,833,359	0%
Total Expenditures	6,107,372	5,699,929	93%	10,823,200	5,699,929	5,123,271	53%
Revenue over (under) Expenditures	(824,222)	(82,505)		(3,779,000)	(82,505)	3,696,495	
Beginning fund balance	3,779,000	4,109,814		3,779,000	4,109,814	330,814	
Ending fund balance	\$ 2,954,778	\$ 4,027,309		\$ -	\$ 4,027,309	\$ 4,027,309	

¹ a single debt service payment of the budgeted amount was made in February for the entire year

* As amended



City of Woodburn, Oregon
Fiscal Year to Date Financial Report
Summary of Revenues and Expenditures
Through March 31, 2014

Information Services Fund

Revenues	Year to Date nine months ended March 31, 2014			Annual through June 30, 2014			
	Flexible	Actual	% of Budget	Annual	Actual	Difference	% of Budget
	Budget			Budget*			
Misc	\$ 661,050	\$ 662,419	✓ 100%	\$ 661,050	\$ 662,419	\$ (1,369)	100%
Charges for Goods and Services	46,243	48,950	✓ 106%	67,711	48,950	18,761	72%
Transfers In	187,000	187,000	✓ 100%	187,000	187,000	-	100%
Total Revenues	707,293	711,369	101%	915,761	711,369	17,392	78%
Expenditures							
Personnel Services	273,098	246,995	✓ 90%	359,339	246,995	112,344	69%
Materials & Services	250,000	249,500	✓ 100%	274,161	249,500	24,661	91%
Capital Outlay	270,000	269,867	✓ 100%	277,000	269,867	7,133	97%
Conting'y & Unapprop	-	-	✓ 0%	23,261	-	23,261	0%
Total Expenditures	793,098	766,362	97%	933,761	766,362	167,399	82%
Revenue over (under) Expenditures	(85,804)	(54,993)		(18,000)	(54,993)	(36,993)	
Beginning fund balance	18,000	68,364		18,000	68,364	50,364	
Ending fund balance	\$ (67,804)	\$ 13,371		\$ -	\$ 13,371	\$ 13,371	

* As amended

