

PROCLAMATION

Honoring the Fallen Police Reserve Officer of Oregon City, Oregon and Supporting the City of Oregon City as it Heals from this Terrible Tragedy

WHEREAS, the City of Oregon City, Oregon has suffered an unfathomable loss with the recent murder of its Reserve Police Officer, Robert Libke; and

WHEREAS, fallen Officer Robert Libke served the citizens of Oregon City as a most valuable public servant since 2009; and

WHEREAS, Law Enforcement is an honorable, hard-working profession that diligently seeks to make our communities more livable; and

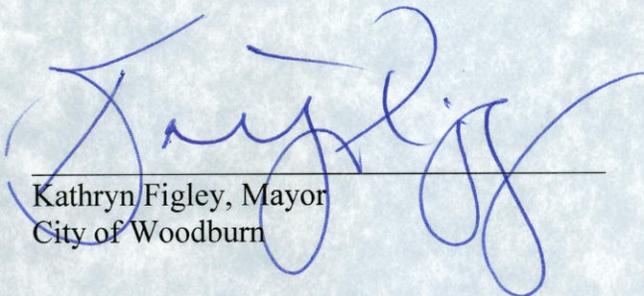
WHEREAS, there is no greater sacrifice an Officer can make for their community than to give their life; and

WHEREAS, the murder of a Police Officer shocks the very soul of a community, our Government, and the very freedoms the Officers have sworn to protect; and

WHEREAS, the impact of this tragedy upon the Officer's family, friends, department and community is immeasurable.

NOW, THEREFORE, I, Kathryn Figley, Mayor of Woodburn, along with the City Council, and the Citizens of Woodburn, Oregon, extend heartfelt condolences to the City of Oregon City, Oregon - its staff, the Officer's family and its citizens. We mourn the loss of Oregon City's valuable public servant, and pray for healing and hope in this time of need.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the City of Woodburn to be affixed this 6th day of November 2013.



Kathryn Figley, Mayor
City of Woodburn



CITY OF WOODBURN, OREGON

***Annual Financial Report
Year Ended June 30, 2013***

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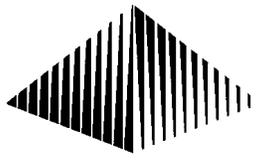
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MAYOR AND COUNCIL MEMBERS

<u><i>Name</i></u>	<u><i>Term Expires</i></u>
<i>Mayor</i>	
Kathryn Figley 270 Montgomery Street Woodburn, OR 97071	December 31, 2014
<i>Council Members</i>	
Peter McCallum, President 270 Montgomery Street Woodburn, OR 97071	December 31, 2014
Teresa Alonso Leon 270 Montgomery Street Woodburn, OR 97071	December 31, 2016
Lisa Ellsworth 270 Montgomery Street Woodburn, OR 97071	December 31, 2016
Eric Morris 270 Montgomery Street Woodburn, OR 97071	December 31, 2016
Jim Cox 270 Montgomery Street Woodburn, OR 97071	December 31, 2014
Frank Lonergan 270 Montgomery Street Woodburn, OR 97071	December 31, 2014

Staff

Scott Derickson, City Administrator
N. Robert Shields, City Attorney
Christina Shearer, Finance Director



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council Members
City of Woodburn
270 Montgomery Street
Woodburn, Oregon 97071

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management's Discussion and Analysis

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required and Other Supplementary Information

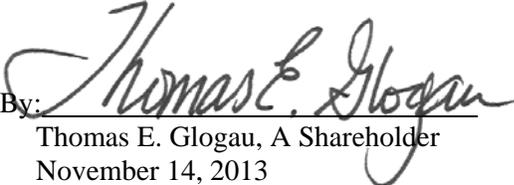
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The required supplementary budgetary information and other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 14, 2013, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Thomas E. Glogau, A Shareholder
November 14, 2013

CITY OF WOODBURN
Year Ended June 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the City of Woodburn's Annual Financial Report (AFR) presents a discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2013. The information presented here should be considered in conjunction with the financial statements included in this report.

FINANCIAL HIGHLIGHTS

Following are the financial highlights of the City for the fiscal year ended June 30, 2013.

	<i>June 30,</i>		<i>change</i>
	<u>2013</u>	<u>2012</u>	
Net position	\$ 113,952,363	\$ 111,291,473	\$ 2,660,890
Change in net position	2,660,890	2,414,940	245,950
Governmental activities net position	71,695,875	70,359,567	1,336,308
Business-type activities net position	42,256,488	40,931,906	1,324,582
Change in governmental net position	1,336,308	1,242,350	93,958
Change in proprietary net position	1,324,582	1,172,590	151,992

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Woodburn's basic financial statements. The basic financial statements include three components: the government-wide financial statements, the fund financial statements and notes to the financial statements. This report also contains required and other supplementary information.

Government-wide financial statements. The government-wide financial statements present the net position (*statement of net position*) and results of operations (*statement of activities*) of the City as a whole. Included are all governmental and business-type assets, liabilities and activities of the City. The measurement focus and basis of accounting are the same for the entire entity. The measurement focus is on all economic resources of the City, including current financial resources (assets) and non-current financial resources (capital assets) and the related current and non-current liabilities and equity accounts. Both government-wide statements are prepared using the accrual basis of accounting, which is similar to the methods used by most businesses and takes into account all revenues and expenses connected with the fiscal year, even if cash involved has not been received or paid.

The statement of net position presents information on all the City of Woodburn's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position may indicate whether the City's financial position is improving or deteriorating.

The statement of activities presents the expenses incurred in providing services to the public and the revenues associated with those activities for both governmental and business-type activities. The statement of activities begins with expenses by function. To these functions are applied charges for services, operating grants and contributions and capital grants and contributions. The resulting sums, with some adjustments, represent charges to general taxpayers and may equate to the nearest that governments can determine the "bottom line."

The government-wide financial statements are divided into two categories. Governmental activities are services funded through property taxes and intergovernmental revenues. The governmental activities for the City of Woodburn include general government, public safety, highways and streets, and culture and recreation. Business-type activities are operations funded primarily through charges to external users of goods and services. Business-type activities include water and wastewater.

Fund Financial Statements. A fund is a fiscal and accounting entity with a self-balancing set of accounts that is used to segregate resources that are restricted to a particular activity. The use of funds deters commingling of resources designated for a specific purpose, prevents unauthorized transfer of surpluses, and ensures compliance with legal and contractual requirements. The City of Woodburn has three types of fund categories: governmental funds, proprietary funds, and a fiduciary fund.

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, governmental fund financial statements focus on current sources and uses of spendable resources and use the modified accrual basis of accounting. Operating statements include all sources and uses of financial resources, and display the excess of revenues and other financial sources over (under) expenditures and other uses. Included in the balance sheet are liquid assets and receivables that will be converted into cash currently and short-term liabilities, including payables to vendors and employees. Unmatured bond principal or liabilities for compensated absences not to be paid in the fiscal year are not included. Because the governmental fund statements do not encompass the long-term focus of the government-wide statements, reconciliations are provided on the subsequent page of the governmental fund statements. The emphasis is on major funds that account for the predominant assets and activities of all funds.

The City of Woodburn maintains twenty individual governmental funds. Information is presented separately for the General Fund, Street Fund, and Street SDC Fund in the Governmental Fund Balance Sheet and Statement of Revenue, Expenditures and Changes in Fund Balances. The other governmental funds are combined into a single, aggregated presentation. Information for these non-major governmental funds is provided in the form of *combining statements*.

Proprietary Funds. The City of Woodburn maintains two different types of proprietary funds: enterprise and internal service funds. These funds are used to show activities that operate more like those of commercial enterprises. Fees are charged for services provided, both to outside customers and to other units of the City of Woodburn. Enterprise funds are presented as business-type activities in the government-wide financial statements. The City of Woodburn uses enterprise funds to account for its water and wastewater activities. Internal service funds account for activities furnishing goods or services to other units of the government. Charges for these services are on a cost-reimbursement basis. The internal services funds include insurance, facility maintenance, information services, and technical and environmental services. The internal service funds are reported with governmental activities in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, Wastewater Treatment Plant (WWTP) Construction, and Water Well Development (WWD) Construction funds. The internal service funds are combined into a single column in the proprietary fund financial statements.

The City of Woodburn adopts an annual appropriated budget for all of its funds. Budgetary comparison statements, demonstrating compliance with this budget, have been provided.

Notes to the Financial Statements. The notes to the financial statements are an integral part of the basic financial statements and should be read along with them. The notes provide additional information necessary to communicate the financial position of the City of Woodburn.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information concerning the City of Woodburn.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City of Woodburn had \$167,817,413 in total assets and \$53,865,049 in total liabilities, resulting in combined net position of \$113,952,363 for governmental and business-type activities. The largest component of the City's net position, reflects its investment in capital assets (i.e., land, buildings, equipment and infrastructure, less any related debt outstanding that was needed to acquire or construct the assets). The City of Woodburn uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental capital assets, net of depreciation, decreased \$608,292 over the prior year due primarily to depreciation in excess of current year capital asset additions.

Business-type capital assets, net of depreciation decreased \$869,268 over the prior year due to depreciation which offset the continuation of the wastewater treatment plant upgrade and the water line extension project. It should be noted that business-type capital assets will continue to increase as the next phases of the wastewater treatment plant upgrade begin.

Total liabilities for both governmental and business-type activities decreased by \$2,853,440 from the prior year due to scheduled debt repayments.

Overall, the City's financial position changed by \$2,660,890 (or 2%). This is due mainly to increases in revenues and decreases in expenses compared to the prior year.

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to the prior year.

	2013			2012			Change		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 17,022,290	\$ 23,486,532	\$ 40,508,822	\$ 15,432,365	\$ 23,963,357	\$ 39,395,722	\$ 1,589,925	\$ (476,825)	\$ 1,113,100
Other assets	1,822,164	686,804	2,508,968	1,743,325	908,644	2,651,969	78,839	(221,840)	(143,001)
Capital assets	60,068,635	64,730,987	124,799,622	60,676,927	65,600,255	126,277,182	(608,292)	(869,268)	(1,477,560)
<i>Total Assets</i>	<i>78,913,089</i>	<i>88,904,323</i>	<i>167,817,412</i>	<i>77,852,617</i>	<i>90,472,256</i>	<i>168,324,873</i>	<i>1,060,472</i>	<i>(1,567,933)</i>	<i>(507,461)</i>
Other liabilities	671,971	680,317	1,352,288	521,350	751,030	1,272,380	150,621	(70,713)	79,908
Long-term liabilities	6,545,243	45,967,518	52,512,761	6,971,700	48,514,906	55,486,606	(426,457)	(2,547,388)	(2,973,845)
<i>Total Liabilities</i>	<i>7,217,214</i>	<i>46,647,835</i>	<i>53,865,049</i>	<i>7,493,050</i>	<i>49,265,936</i>	<i>56,758,986</i>	<i>(275,836)</i>	<i>(2,618,101)</i>	<i>(2,893,937)</i>
Net position:									
Net investment in capital assets	54,361,481	31,886,659	86,248,140	54,443,478	31,042,855	85,486,333	(81,997)	843,804	761,807
Restricted	10,395,999	3,165,303	13,561,302	9,460,498	2,869,942	12,330,440	935,501	295,361	1,230,862
Unrestricted	6,938,395	7,204,526	14,142,921	6,455,591	7,293,523	13,749,114	482,804	(88,997)	393,807
<i>Total Net Position</i>	<i>\$ 71,695,875</i>	<i>\$ 42,256,488</i>	<i>\$ 113,952,363</i>	<i>\$ 70,359,567</i>	<i>\$ 41,206,320</i>	<i>\$ 111,565,887</i>	<i>\$ 1,336,308</i>	<i>\$ 1,050,168</i>	<i>\$ 2,386,476</i>

Governmental Activities

The City's net position from governmental activities increased \$1,336,308 (2%) from 2011-12 to 2012-13.

Business-type Activities

The City's net position from business-type activities increased \$1,324,582 (3%) from 2011-12 to 2012-13.

Statement of Activities

The following table reflects the condensed Statement of Activities compared to the prior year.

	2013			2012			Change		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues									
Program Revenues									
Charges for service	\$ 2,129,950	\$ 9,785,103	11,915,053	\$ 2,321,980	\$ 9,535,915	\$ 11,857,895	\$ (192,030)	\$ 249,188	\$ 57,158
Operating grants and contributions	1,948,383	-	1,948,383	1,911,075	-	1,911,075	37,308	-	37,308
Capital grants and contributions	840,242	290,930	1,131,172	522,817	437,817	960,634	317,425	(146,887)	170,538
<i>Total Program Revenues</i>	<i>4,918,575</i>	<i>10,076,033</i>	<i>14,994,608</i>	<i>4,755,872</i>	<i>9,973,732</i>	<i>14,729,604</i>	<i>162,703</i>	<i>102,301</i>	<i>265,004</i>
General Revenues									
Property taxes	8,180,539	-	8,180,539	8,495,199	-	8,495,199	(314,660)	-	(314,660)
Franchise taxes	1,932,484	-	1,932,484	1,776,101	-	1,776,101	156,383	-	156,383
Intergovernmental	660,547	-	660,547	533,738	-	533,738	126,809	-	126,809
Other	292,791	177,687	470,478	299,156	74,063	373,219	(6,365)	103,624	97,259
<i>Total General Revenues</i>	<i>11,066,361</i>	<i>177,687</i>	<i>11,244,048</i>	<i>11,104,194</i>	<i>74,063</i>	<i>11,178,257</i>	<i>(37,833)</i>	<i>103,624</i>	<i>65,791</i>
<i>Total Revenues</i>	<i>15,984,936</i>	<i>10,253,720</i>	<i>26,238,656</i>	<i>15,860,066</i>	<i>10,047,795</i>	<i>25,907,861</i>	<i>124,870</i>	<i>205,925</i>	<i>330,795</i>
Expenses (Net of Indirect Expenses)									
General government	2,411,067	-	2,411,067	2,425,859	-	2,425,859	(14,792)	-	(14,792)
Public safety	6,389,207	-	6,389,207	6,423,707	-	6,423,707	(34,500)	-	(34,500)
Highways and streets	2,663,020	-	2,663,020	2,202,753	-	2,202,753	460,267	-	460,267
Culture and recreation	3,270,803	-	3,270,803	4,019,379	-	4,019,379	(748,576)	-	(748,576)
Interest	248,109	-	248,109	257,018	-	257,018	(8,909)	-	(8,909)
Water	-	2,882,056	2,882,056	-	2,901,104	2,901,104	-	(19,048)	(19,048)
Sewer	-	5,713,504	5,713,504	-	5,263,101	5,263,101	-	450,403	450,403
<i>Total Expenses</i>	<i>14,982,206</i>	<i>8,595,560</i>	<i>23,577,766</i>	<i>15,328,716</i>	<i>8,164,205</i>	<i>23,492,921</i>	<i>(346,510)</i>	<i>431,355</i>	<i>84,845</i>
<i>Changes in Net Position Before Transfers</i>	<i>1,002,730</i>	<i>1,658,160</i>	<i>2,660,890</i>	<i>531,350</i>	<i>1,883,590</i>	<i>2,414,940</i>	<i>471,380</i>	<i>1,126,810</i>	<i>1,598,190</i>
<i>Transfers</i>	<i>333,578</i>	<i>(333,578)</i>	<i>-</i>	<i>711,000</i>	<i>(711,000)</i>	<i>-</i>	<i>(377,422)</i>	<i>377,422</i>	<i>-</i>
<i>Change in Net Position</i>	<i>1,336,308</i>	<i>1,324,582</i>	<i>2,660,890</i>	<i>1,242,350</i>	<i>1,172,590</i>	<i>2,414,940</i>	<i>93,958</i>	<i>1,504,232</i>	<i>1,598,190</i>
<i>Beginning Net Position, as adjusted</i>	<i>70,359,567</i>	<i>40,931,906</i>	<i>111,291,473</i>	<i>69,117,217</i>	<i>39,759,316</i>	<i>108,876,533</i>	<i>1,242,350</i>	<i>1,172,590</i>	<i>2,414,940</i>
<i>Ending Net Position</i>	<i>\$ 71,695,875</i>	<i>\$ 42,256,488</i>	<i>\$ 113,952,363</i>	<i>\$ 70,359,567</i>	<i>\$ 40,931,906</i>	<i>\$ 111,291,473</i>	<i>\$ 1,336,308</i>	<i>\$ 2,676,822</i>	<i>\$ 4,013,130</i>

Governmental Activities. Total revenues for the City of Woodburn's governmental activities were \$15,984,936 for the fiscal year ended June 30, 2013. Approximately 51% of the total revenue for the governmental activities was derived from property taxes and approximately 31% of the total revenue was from program revenues. Total expenses for governmental activities were \$14,982,206 and net transfers in were \$333,578 resulting in a \$1,336,308 increase in net position. General governmental activities accounted for approximately 16% of the total governmental activities expense. Public Safety, Culture and Recreation and Highways and Streets expenses account for 82% of the total, and interest on long-term debt expenses was less than 1% of total governmental activities expenses.

Business-Type Activities. Revenues of business-type activities totaled \$10,253,720 for the current fiscal year. These activities generated \$10,076,033 in program revenues. Approximately 95% of the total business-type activities revenue was derived from charges for services. The total expenses for business-type activities were \$8,595,560 and net transfers out were \$333,578 resulting in an \$1,324,582 increase in net position. Business-type activities for the City of Woodburn consist of operations for water and wastewater services.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted previously, the City of Woodburn uses fund accounting to segregate resources that are restricted to a particular activity. Fund balance represents the excess of the assets of the fund over its liabilities. Because the fund financial statements focus on current sources and uses of spendable resources, fund balances relating to each fund may be useful in assessing the government's net resources available.

Governmental Funds. At the end of the fiscal year, there was \$16,173,946 of fund balance of the governmental funds, an increase of \$1,438,246 from the prior year. The City's governmental funds include the General Fund, Street and Street SDC funds, and other non-major funds.

The General Fund is the chief operating fund of the City. At the end of the fiscal year, a fund balance of \$3,282,440 was reported by the General Fund. The fund balance increased by \$538,141 from the previous year.

The City of Woodburn reports two other major governmental funds, the Street Fund and the Street SDC Fund. The Street Fund had a fund balance of \$2,105,613, an increase of \$1,308,681 from the previous year. The Street SDC Fund had a fund balance of \$5,130,650, a decrease of \$80,821 from the previous year.

Proprietary Funds. Net position of the proprietary funds equaled \$42,256,488 at the end of the current fiscal year. The net asset increase of \$1,324,582 was comparable to the increase in the previous year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was amended to increase the beginning fund balance by \$900,000 and aquatics revenues by \$20,000. The amendment also decreased police expenditures by \$27,000 and increased administration, city attorney, finance, HR, aquatics and non-departmental by a total of \$82,100. Actual revenues (budgetary basis), were within 2% of budgeted amounts. General Fund expenditures ended \$3,172,016 below budgeted amounts primarily due to management efforts to contain costs throughout the fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City of Woodburn's investment in capital assets for its governmental and business-type activities equaled \$60,068,635 and \$64,730,987 respectively, at the end of the current fiscal year, net of accumulated depreciation. This investment includes land, buildings, improvements, equipment, and infrastructure. Additional information about the City's capital assets is presented in the notes to the financial statements.

	<i>Governmental Activities</i>		<i>Total Percentage Change</i>
	<u>2013</u>	<u>2012</u>	<u>2012-2013</u>
Land	\$ 22,567,381	\$ 22,567,381	- %
Construction in progress	1,465,711	1,909,356	(23.24)
Equipment	5,779,416	5,690,040	1.57
Building	16,233,984	15,897,131	2.12
Infrastructure	38,154,005	37,241,093	2.45
Accumulated depreciation	(24,131,862)	(22,628,074)	6.65
<i>Total</i>	<u>\$ 60,068,635</u>	<u>\$ 60,676,927</u>	<u>(1.00) %</u>

	<i>Business-type Activities</i>		<i>Total Percentage Change</i>
	<i>2013</i>	<i>2012</i>	<i>2012-2013</i>
Land	\$ 1,783,816	\$ 1,783,816	- %
Construction in progress	4,566,500	3,532,785	29.26
Equipment	1,972,578	1,899,873	3.83
Building	62,512,275	62,340,008	0.28
Infrastructure	28,565,883	28,315,347	0.88
Accumulated depreciation	(34,670,065)	(32,271,574)	7.43
<i>Total</i>	<i>\$ 64,730,987</i>	<i>\$ 65,600,255</i>	<i>(1.33) %</i>

Long-term Debt. At the end of the current fiscal year, long-term debt outstanding for the governmental activities totaled \$5,707,154 (excluding compensated absences payable), compared to \$6,233,449 in the prior year. For the business-type activities, total long-term debt equaled \$43,234,488 (excluding compensated absences payable) compared to \$45,721,367 in the prior year. The decrease is due to scheduled debt repayments. Additional information about the City's long-term debt outstanding is presented in the notes to the financial statements.

	<i>Governmental Activities</i>		<i>Change</i>
	<i>2013</i>	<i>2012</i>	<i>2012-2013</i>
Loans	\$ 155,773	\$ 180,213	\$ (24,440)
Bonds	5,551,381	6,053,236	(501,855)
<i>Total</i>	<i>\$ 5,707,154</i>	<i>\$ 6,233,449</i>	<i>\$ (526,295)</i>

	<i>Business-type Activities</i>		<i>Change</i>
	<i>2013</i>	<i>2012</i>	<i>2012-2013</i>
Revenue bonds	\$ 37,674,655	\$ 39,810,720	\$ (2,136,065)
Loans	5,559,833	5,910,647	(350,814)
<i>Total</i>	<i>\$ 43,234,488</i>	<i>\$ 45,721,367</i>	<i>\$ (2,486,879)</i>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Due to reductions in the real property valuations, it is expected that future property taxes increases will be less than the three percent allowed annually on existing real property value as compression on certain properties will be realized. Currently, the housing market in Marion County is depressed due to the national housing slump and economic conditions. We continue to expect revenues to be impacted by the current national and local conditions.

REQUESTS FOR INFORMATION

This financial report is designed to provide the City of Woodburn's citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions about this report or requests for additional financial information should be addressed to the City of Woodburn, 270 Montgomery Street, Woodburn, Oregon 97071.

BASIC FINANCIAL STATEMENTS

CITY OF WOODBURN, OREGON
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 17,022,290	\$ 23,486,532	\$ 40,508,822
Accounts receivable	497,615	623,846	1,121,461
Property taxes receivable	676,014	-	676,014
Assessment liens receivable	710,023	-	710,023
Prepaid expenses	1,470	-	1,470
Internal balances	(62,958)	62,958	-
Non-depreciable capital assets	24,033,092	6,350,314	30,383,406
Other capital assets, net of depreciation	36,035,543	58,380,673	94,416,216
<i>Total Assets</i>	78,913,089	88,904,323	167,817,412
LIABILITIES			
Accounts payable	482,264	113,696	595,960
Accrued payroll liabilities	153,288	-	153,288
Deposits payable	15,000	100,735	115,735
Accrued interest payable	21,419	465,886	487,305
Noncurrent liabilities:			
Due within one year:			
Long-term debt	560,172	2,913,471	3,473,643
Due in more than one year:			
Long-term debt	5,146,982	42,945,949	48,092,931
Accrued compensated absenses	838,089	108,098	946,187
<i>Total Liabilities</i>	7,217,214	46,647,835	53,865,049
NET POSITION			
Net investment in capital assets	54,361,481	31,886,659	86,248,140
Restricted for:			
Debt service	1,915,504	1,934,172	3,849,676
Culture and recreation	220,923	-	220,923
Construction	8,259,572	1,231,131	9,490,703
Unrestricted	6,938,395	7,204,526	14,142,921
<i>Total Net Position</i>	\$ 71,695,875	\$ 42,256,488	\$ 113,952,363

The accompanying notes are an integral part of the financial statements.

CITY OF WOODBURN, OREGON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,411,067	\$ 733,090	\$ -	\$ 640
Public safety	6,389,207	715,743	58,699	-
Highways and streets	2,663,020	106,604	1,317,468	736,242
Culture and recreation	3,270,803	574,513	572,216	103,360
Interest on long-term debt	248,109	-	-	-
<i>Total Governmental activities</i>	14,982,206	2,129,950	1,948,383	840,242
Business-type activities:				
Water	2,882,056	3,236,888	-	92,991
Sewer	5,713,504	6,548,215	-	197,939
<i>Total Business-type activities</i>	8,595,560	9,785,103	-	290,930
<i>Total Activities</i>	<u>\$ 23,577,766</u>	<u>\$ 11,915,053</u>	<u>\$ 1,948,383</u>	<u>\$ 1,131,172</u>
General Revenues:				
Property taxes				
Franchise taxes				
Intergovernmental				
Proceeds from disposition of assets				
Unrestricted investment earnings				
Miscellaneous				
<i>Total General Revenues</i>				
Transfers				
Change in net position				
Net Position - beginning of year, as originally stated				
Prior period adjustment				
Net Position - beginning of year, as adjusted				
Net Position - end of year				

***Net (Expenses) Revenues
and Changes in Net Position***

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ (1,677,337)	\$ -	\$ (1,677,337)
(5,614,765)	-	(5,614,765)
(502,706)	-	(502,706)
(2,020,714)	-	(2,020,714)
(248,109)	-	(248,109)
(10,063,631)	-	(10,063,631)
-	447,823	447,823
-	1,032,650	1,032,650
-	1,480,473	1,480,473
(10,063,631)	1,480,473	(8,583,158)
8,180,539	-	8,180,539
1,932,484	-	1,932,484
660,547	-	660,547
-	1,300	1,300
122,672	109,942	232,614
170,119	66,445	236,564
11,066,361	177,687	11,244,048
333,578	(333,578)	-
1,336,308	1,324,582	2,660,890
70,359,567	41,206,320	111,565,887
-	(274,414)	(274,414)
70,359,567	40,931,906	111,291,473
\$ 71,695,875	\$ 42,256,488	\$ 113,952,363

The accompanying notes are an integral part of the financial statements.

CITY OF WOODBURN, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

		<u>Special Revenue</u>	<u>Capital Projects</u>
	<u>General</u>	<u>Street</u>	<u>Street SDC</u>
ASSETS			
Cash and investments	\$ 3,512,663	\$ 2,015,921	\$ 5,187,527
Accounts and notes receivable	214,598	142,800	-
Property taxes receivable	582,016	-	-
Assessment liens receivable	-	-	28,256
Prepaid expenses	1,470	-	-
Due from other funds	-	-	186,718
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	\$ 4,310,747	\$ 2,158,721	\$ 5,402,501
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 94,006	\$ 38,108	\$ 56,877
Accrued payroll and payroll liabilities	153,288	-	-
Deposits payable	-	15,000	-
Due to other funds	249,676	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	496,970	53,108	56,877
Deferred Inflows:			
Deferred revenue	531,337	-	28,256
Fund Balance:			
Non-spendable	1,470	-	-
Restricted for:			
Debt service	-	-	-
Construction	-	2,105,613	5,317,368
Culture and recreation	-	-	-
Committed to:			
Capital outlay	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Planning and building	-	-	-
Unassigned	3,280,970	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance</i>	3,282,440	2,105,613	5,317,368
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total Liabilities, Deferred Inflows, and Fund Balance	\$ 4,310,747	\$ 2,158,721	\$ 5,402,501
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<i>Other Governmental Funds</i>	<i>Total</i>
\$ 5,619,290	\$ 16,335,401
756,406	1,113,804
93,998	676,014
65,578	93,834
-	1,470
-	186,718
<hr/>	<hr/>
\$ 6,535,272	\$ 18,407,241
<hr/>	<hr/>

\$ 254,643	\$ 443,634
-	153,288
-	15,000
-	249,676
<hr/>	<hr/>

254,643	861,598
812,104	1,371,697
-	1,470
1,829,639	1,829,639
732,536	8,155,517
220,923	220,923
770,588	770,588
1,568,763	1,568,763
8,057	8,057
338,019	338,019
-	3,280,970
<hr/>	<hr/>
5,468,525	16,173,946
<hr/>	<hr/>

\$ 6,535,272	\$ 18,407,241
<hr/>	<hr/>

The accompanying notes are an integral part of the financial statements.

CITY OF WOODBURN, OREGON
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2013

RECONCILIATION TO THE STATEMENT OF NET POSITION

<i>Fund Balances</i>	\$ 16,173,946
<p>The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are deferred in governmental funds.</p>	
	1,371,697
<p>Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.</p>	
Cost	84,200,497
Accumulated depreciation	(24,131,862)
<p>All liabilities are reported in the Statement of Net Position. However, if they are not due and payable in the current period, they are not recorded in governmental funds.</p>	
Compensated absences payable	(731,643)
Accrued interest payable	(21,419)
Long-term debt	(5,707,154)
<p>Internal service funds are proprietary-type funds and not reported with governmental funds. However, because internal service funds primarily benefit governmental activities, their assets, liabilities and net assets are reported along with governmental activities in the Statement of Net Position.</p>	
	541,813
 <i>Net Position of Governmental Activities</i>	 \$ 71,695,875

The accompanying notes are an integral part of the financial statements.

CITY OF WOODBURN, OREGON**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013**

		<u>Special Revenue</u>	<u>Capital Projects</u>
	<u>General Fund</u>	<u>Street</u>	<u>Street SDC</u>
REVENUES			
Taxes and assessments	\$ 7,394,665	\$ 106,537	\$ -
Licenses and permits	1,412,286	67	411,527
Charges for services	598,423	353,380	-
Intergovernmental	820,843	1,317,468	-
Fines and forfeitures	589,574	-	-
Miscellaneous	124,256	21,535	25,112
<i>Total Revenues</i>	10,940,047	1,798,987	436,639
EXPENDITURES			
Current			
General government	911,652	-	-
Public safety	6,328,417	-	-
Highways and streets	-	990,694	-
Culture and recreation	2,868,043	-	-
Debt Service			
Principal	-	-	24,440
Interest	-	-	9,079
Capital outlay	-	-	488,371
<i>Total Expenditures</i>	10,108,112	990,694	521,890
REVENUES OVER (UNDER) EXPENDITURES	831,935	808,293	(85,251)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	700,218	4,430
Transfers out	(293,794)	(199,830)	-
<i>Total Other Financing Sources (Uses)</i>	(293,794)	500,388	4,430
NET CHANGE IN FUND BALANCE	538,141	1,308,681	(80,821)
FUND BALANCE, beginning of year	2,744,299	796,932	5,398,189
FUND BALANCE, end of year	\$ 3,282,440	\$ 2,105,613	\$ 5,317,368

<i>Other</i>		
<i>Governmental</i>		
<i>Funds</i>		<i>Total</i>
\$ 1,125,450		\$ 8,626,652
655,815		2,479,695
56,565		1,008,368
816,640		2,954,951
-		589,574
145,633		316,536
<hr/>		
2,800,103		15,975,776
625,035		1,536,687
-		6,328,417
62		990,756
721,394		3,589,437
501,856		526,296
240,158		249,237
927,019		1,415,390
<hr/>		
3,015,524		14,636,220
(215,421)		1,339,556
574,884		1,279,532
(687,218)		(1,180,842)
<hr/>		
(112,334)		98,690
(327,755)		1,438,246
5,796,280		14,735,700
<hr/>		
\$ 5,468,525		\$ 16,173,946
<hr/>		

The accompanying notes are an integral part of the financial statements.

CITY OF WOODBURN, OREGON

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

<i>Net Change in Fund Balances - Total Governmental Funds</i>	\$ 1,438,246
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received.	(58,690)
Governmental funds do not report expenditures for unpaid compensated absences, unpaid payroll, interest expense or arbitrage since they do not require the use of current financial resources. However, the Statement of Activities reports such expenses when incurred, regardless of when settlement ultimately occurs.	
Accrued compensated absences	(85,956)
Accrued interest payable	1,128
Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over their estimated useful lives as depreciation expense.	
Capital outlay expenditures	911,436
Depreciation	(1,519,729)
Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor the payment of debt principal affect the Statement of Activities, but are reported as increases and decreases in noncurrent liabilities in the Statement of Net Position.	
Debt principal paid	526,295
Net income of internal service funds	123,578
<i>Change in Net Position of Governmental Activities</i>	<u><u>\$ 1,336,308</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF WOODBURN, OREGON
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2013

	<u>Water</u>	<u>Sewer</u>	<u>WWTP Construction</u>
ASSETS			
Current Assets			
Cash and investments	\$ 1,404,147	\$ 3,843,054	\$ 13,889,802
Accounts receivable	192,715	378,977	2,876
Due from other funds	-	-	53,000
<i>Total Current Assets</i>	1,596,862	4,222,031	13,945,678
Noncurrent Assets			
Nondepreciable capital assets	158,444	1,790,755	3,586,102
Other capital assets, net of depreciation	10,219,690	47,406,542	196,229
<i>Total Noncurrent Assets</i>	10,378,134	49,197,297	3,782,331
<i>Total Assets</i>	11,974,996	53,419,328	17,728,009
LIABILITIES			
Current Liabilities			
Accounts payable	28,859	38,477	38,404
Deposits payable	100,735	-	-
Accrued interest payable	294,178	171,708	-
Due to other funds	61,880	61,880	-
Current portion of long-term liabilities			
Long-term debt	648,318	2,265,153	-
<i>Total Current Liabilities</i>	1,133,970	2,537,218	38,404
Noncurrent Liabilities			
Long-term debt	11,159,613	31,786,336	-
Accrued compensated absences	39,560	68,538	-
<i>Total Noncurrent Liabilities</i>	11,199,173	31,854,874	-
<i>Total Liabilities</i>	12,333,143	34,392,092	38,404
NET POSITION:			
Net investment in capital assets	(1,429,797)	28,160,900	3,782,331
Restricted for:			
Debt service	754,000	1,180,172	-
Construction	-	-	-
Unrestricted	317,650	(10,313,836)	13,907,274
<i>Total Net Position</i>	\$ (358,147)	\$ 19,027,236	\$ 17,689,605

<i>WWD Construction</i>	<i>Other Business- type Funds</i>	<i>Total</i>	<i>Total Internal Service Funds</i>
\$ 3,158,894	\$ 1,190,635	\$ 23,486,532	\$ 686,889
8,782	40,496	623,846	-
186,718	-	239,718	-
3,354,394	1,231,131	24,350,096	686,889
815,013	-	6,350,314	-
558,212	-	58,380,673	-
1,373,225	-	64,730,987	-
4,727,619	1,231,131	89,081,083	686,889
7,956	-	113,696	38,630
-	-	100,735	-
-	-	465,886	-
53,000	-	176,760	-
-	-	2,913,471	-
60,956	-	3,770,548	38,630
-	-	42,945,949	-
-	-	108,098	106,446
-	-	43,054,047	106,446
60,956	-	46,824,595	145,076
1,373,225	-	31,886,659	-
-	-	1,934,172	-
-	1,231,131	1,231,131	-
3,293,438	-	7,204,526	541,813
\$ 4,666,663	\$ 1,231,131	\$ 42,256,488	\$ 541,813

The accompanying notes are an integral part of the financial statements.

CITY OF WOODBURN, OREGON

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013**

	<u>Water</u>	<u>Sewer</u>	<u>WWTP Construction</u>
OPERATING REVENUES			
Licenses and permits	\$ -	\$ -	\$ -
Charges for services	3,236,888	6,548,215	-
Miscellaneous	58,454	9,291	-
<i>Total Operating Revenues</i>	3,295,342	6,557,506	-
OPERATING EXPENSES			
Personal services	1,287,039	1,861,928	-
Materials and services	617,423	853,746	35,968
Depreciation	415,388	1,903,291	48,743
<i>Total Operating Expenses</i>	2,319,850	4,618,965	84,711
OPERATING INCOME (LOSS)	975,492	1,938,541	(84,711)
NONOPERATING REVENUES (EXPENSES)			
Investment revenue	3,827	10,604	73,974
Interest expense	(521,963)	(1,078,905)	-
Bond premium amortization	-	69,077	-
<i>Total Nonoperating Revenues (Expenses)</i>	(518,136)	(999,224)	73,974
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	457,356	939,317	(10,737)
Capital contributions	-	-	-
Transfers in	824,000	2,947,664	-
Non-cash transfers in	-	-	171,033
Transfers out	(102,797)	(377,913)	(2,892,724)
Non-cash transfers out	-	(98,331)	-
CHANGE IN NET POSITION	1,178,559	3,410,737	(2,732,428)
NET POSITION, Beginning of year	(1,536,706)	15,890,913	20,422,033
<i>Prior period adjustment</i>	-	(274,414)	-
NET POSITION, Beginning of year, as restated	(1,536,706)	15,616,499	20,422,033
NET POSITION, End of year	\$ (358,147)	\$ 19,027,236	\$ 17,689,605

WWD Construction	Other Enterprise Funds	Totals	Total Internal Service Funds
\$ -	\$ -	\$ -	\$ 19,628
-	-	9,785,103	2,281,719
-	-	67,745	2,640
-	-	9,852,848	2,303,987
-	-	3,148,967	1,348,443
9,175	-	1,516,312	1,141,575
31,068	-	2,398,490	-
40,243	-	7,063,769	2,490,018
(40,243)	-	2,789,079	(186,031)
17,106	4,431	109,942	2,019
-	-	(1,600,868)	-
-	-	69,077	-
17,106	4,431	(1,421,849)	2,019
(23,137)	4,431	1,367,230	(184,012)
-	290,930	290,930	-
4,430	-	3,776,094	362,322
-	-	171,033	-
(754,000)	(54,940)	(4,182,374)	(54,732)
-	-	(98,331)	-
(772,707)	240,421	1,324,582	123,578
5,439,370	990,710	41,206,320	418,235
-	-	(274,414)	-
5,439,370	990,710	40,931,906	418,235
\$ 4,666,663	\$ 1,231,131	\$ 42,256,488	\$ 541,813

The accompanying notes are an integral part of the financial statements.

CITY OF WOODBURN, OREGON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013

	<u>Water</u>	<u>Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Collected from customers	\$ 3,234,419	\$ 6,358,493
Paid to suppliers	(610,693)	(862,205)
Paid to employees	(1,287,000)	(1,853,399)
	<hr/>	<hr/>
<i>Net Cash Provided by (Used in) Operating Activities</i>	1,336,726	3,642,889
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in	824,000	2,947,664
Transfers out	(115,836)	(391,123)
	<hr/>	<hr/>
<i>Net Cash Provided by (Used in) Non-Capital Financing Activities</i>	708,164	2,556,541
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	-	-
Proceeds from disposal of capital assets	1,300	-
Principal paid on loans and bonds payable	(621,879)	(1,865,000)
System development revenue	-	-
Interest paid	(536,115)	(1,085,662)
	<hr/>	<hr/>
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	(1,156,694)	(2,950,662)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	3,827	10,605
	<hr/>	<hr/>
<i>Increase (Decrease) in Cash and Investments</i>	892,023	3,259,373
CASH AND INVESTMENTS, Beginning of year	<hr/>	<hr/>
	512,124	583,681
CASH AND INVESTMENTS, End of year	<hr/> <hr/>	<hr/> <hr/>
	\$ 1,404,147	\$ 3,843,054

<u>WWTP Construction</u>	<u>WWD Construction</u>	<u>Nonmajor Funds</u>	<u>Totals</u>	<u>Total Internal Service Funds</u>
\$ 183,308 (98,749) -	\$ 62,190 (1,218) -	\$ - (514) -	\$ 9,838,410 (1,573,379) (3,140,399)	\$ 2,307,987 (1,242,241) (1,334,561)
84,559	60,972	(514)	5,124,632	(268,815)
- (2,892,724)	39,221 (754,000)	- (55,161)	3,810,885 (4,208,844)	362,322 (56,649)
(2,892,724)	(714,779)	(55,161)	(397,959)	305,673
(812,696) - - - -	(643,823) - - - -	- - - 250,434 -	(1,456,519) 1,300 (2,486,879) 250,434 (1,621,777)	- - - - -
(812,696)	(643,823)	250,434	(5,313,441)	-
73,974	17,106	4,431	109,943	2,019
(3,546,887)	(1,280,524)	199,190	(476,825)	38,877
17,436,689	4,439,418	991,445	23,963,357	648,012
<u>\$ 13,889,802</u>	<u>3,158,894</u>	<u>\$ 1,190,635</u>	<u>\$ 23,486,532</u>	<u>\$ 686,889</u>

The accompanying notes are an integral part of the financial statements.

CITY OF WOODBURN, OREGON
STATEMENT OF CASH FLOWS (Continued)
YEAR ENDED JUNE 30, 2013

	<u>Water</u>	<u>Sewer</u>
<i>RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES</i>		
Operating income (loss)	\$ 974,192	\$ 1,938,541
Depreciation	415,388	1,903,291
<i>Change in assets and liabilities:</i>		
Accounts receivable	(66,887)	(199,013)
Accounts payable and accrued liabilities	6,730	(8,459)
Customer deposits	7,264	-
Compensated absences payable	39	8,529
	<u>\$ 1,336,726</u>	<u>\$ 3,642,889</u>
 <i>Net Cash Provided by (Used in) Operating Activities</i>		
 <i>Noncash Transactions</i>		
Transfer of capital assets	<u>\$ -</u>	<u>\$ (98,331)</u>

<u>WWTP Construction</u>	<u>WWD Construction</u>	<u>Nonmajor Funds</u>	<u>Totals</u>	<u>Total Internal Service Funds</u>
\$ (84,711)	\$ (40,243)	\$ -	\$ 2,787,779	\$ (186,031)
48,743	31,068	-	2,398,490	-
183,308	62,190	-	(20,402)	4,000
(62,781)	-	(514)	(65,024)	(100,666)
-	-	-	7,264	-
-	-	-	8,568	13,882
<u>\$ 84,559</u>	<u>\$ 60,972</u>	<u>\$ (514)</u>	<u>\$ 5,124,632</u>	<u>\$ (268,815)</u>
<u>\$ 171,033</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,702</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

CITY OF WOODBURN, OREGON
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013

	<i>Pension Trust</i>
<i>ASSETS</i>	
Cash and investments	\$ 82,237
<i>LIABILITIES</i>	
Due to others	-
<i>NET POSITION</i>	
Held in trust for benefits and other purposes	\$ 82,237

The accompanying notes are an integral part of the financial statements.

CITY OF WOODBURN, OREGON
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2013

	<i>Pension Trust</i>
<i>ADDITIONS</i>	
Earnings	\$ 8,492
<i>DEDUCTIONS</i>	(399,848)
<i>CHANGE IN NET POSITION</i>	(391,356)
<i>NET POSITION, Beginning of year</i>	473,593
<i>NET POSITION, end of year</i>	\$ 82,237

The accompanying notes are an integral part of the financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Woodburn, Oregon (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

The Financial Reporting Entity

The City of Woodburn, Oregon is governed by an elected mayor and six council members who comprise the City Council. The City Council exercises supervisory responsibilities over the City operations, but day-to-day management control is the responsibility of a city administrator. All significant activities and organizations for which the City is financially accountable are included in the financial statements for the year ended June 30, 2013.

There are certain governmental agencies and various service districts which provide services within the City. These agencies have independently elected governing boards and the City is not financially accountable for these organizations. Therefore, financial information for these agencies is not included in the accompanying basic financial statements.

As defined by accounting principles generally accepted in the United States of America, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The City of Woodburn's financial statements include the Woodburn Urban Renewal Agency as a blended component unit. The City Council and Board of Directors of Woodburn Urban Renewal Agency are composed of the same individuals.

The separately issued financial statements of the Woodburn Urban Renewal Agency may be obtained from the City, 270 Montgomery Street, Woodburn, Oregon 97071.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements display information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, enterprise or fiduciary. Currently, the City has general, special revenue, internal service, capital projects, debt service and enterprise type funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the other supplementary information.

The government-wide and proprietary fund financial statements are accounted for using an economic resources measurement focus, whereby all assets and liabilities are included in the statement of net position and the statement of fund net position. The increases and decreases in those net position are presented in the government-wide statement of activities and in the proprietary fund statement of revenues, expenses and changes in fund net position. These funds use the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Interfund activity consists of transfers, services provided and/or used, reimbursements, advances and loans. As a general rule, the effect of interfund activity has been eliminated from the governmental-wide financial statements. Exceptions to this general rule include interfund services provided and/or used. Interfund services provided and/or used are accounted for as revenues and expenses since the elimination of such revenues and expenses would distort the direct costs and program revenues reported for the various functions.

Amounts reported as program revenues in the statement of activities include (1) fines, fees and charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Grants and contributions not restricted are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Operating revenues and operating expenses are intermediate components within the proprietary fund statement of revenues, expenses and changes in fund net position, and include only those transactions that constitute their principal, ongoing activities exclusive of investing or financing transactions. Significant operating revenues include charges for services and miscellaneous income. Significant operating expenses include personnel, materials and supplies, outside services, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fund Balance

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Although not a major impact on the financial statements, Governmental Fund type fund balances are now reported in the following classifications.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council takes formal action that places specific constraints on how the resources may be used. The City Council can modify or rescind the commitment at any time through taking a similar formal action.

Resources that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the City Council approves which resources should be "reserved" during the adoption of the annual budget. The City's Finance Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's Annual Financial Report.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

The City Council has approved a policy to maintain an ending fund balance in the general fund, in order to provide stable services and employment to offset cyclical variations in revenues and expenditures. The targeted floor for the ending balance will be at ten percent of annual operating revenue, as shown as a minimum fund balance in the General Fund. The City Council is the highest level decision making authority and may take formal action by vote or resolution to establish, modify, or rescind a fund balance commitment.

Definitions of Governmental Fund Types

The General Fund is used to account for all financial resources not accounted for in another fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenues sources" means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

Capital Projects Funds are utilized to account for financial resources to be used for the acquisition or construction of capital equipment and facilities.

Debt Service Funds are utilized to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements

Governmental funds use the modified accrual basis of accounting whereby revenues are recorded only when susceptible to accrual (both measurable and available). “Measurable” means that the amount of the transaction can be determined. “Available” is defined as being collectible within the current period or soon enough thereafter (30 days) to be used to liquidate liabilities of the current period. Expenditures other than interest on noncurrent obligations, are recorded when the fund liability is incurred.

Real and personal property taxes are levied as of July 1 for each fiscal year on values assessed as of January 1. Property taxes are an enforceable lien on both real and personal property as of July 1 and are due and payable in three installments on November 15, February 15 and May 15. All property taxes are billed and collected by Marion County and remitted to the City. In the governmental fund financial statements, property taxes are reflected as revenues in the fiscal period for which they were levied, provided they are due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (30 days). Otherwise, they are reported as deferred revenues.

Intergovernmental revenues are recognized as revenues when all eligibility requirements are met. There are, however, essentially two types of intergovernmental revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, all eligibility requirements are determined to be met when the underlying expenditures are recorded. In the other, monies are virtually unrestricted as to the purpose of the expenditure and are usually revocable only for failure to comply with prescribed requirements; therefore, all eligibility requirements are determined to be met at the time of receipt, or earlier, if the susceptible accrual criteria are met.

Licenses and permits, charges for services, fines and forfeits and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Special assessments receivable and repayment of revolving loans are offset by deferred revenues.

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

The reporting model sets forth minimum criteria (percentage of the assets, liabilities, receipts or disbursements of either fund category or the government and enterprise combined) for the determination of major funds. Nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

The City reports the following major governmental funds:

General Fund
Street Fund
Street SDC Fund

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements (Continued)

The City reports the following major proprietary funds:

- Water Fund
- Sewer Fund
- WWTP Construction Fund
- WWD Construction Fund

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenses as of and for the year ended June 30, 2013. Actual results may differ from such estimates.

Cash and Investments

Investments, included in cash and investments, are carried at cost which approximates fair value. For purposes of the statement of cash flows, the proprietary funds consider cash and cash equivalents to include the cash and investment common pool. These amounts have the general characteristics of demand deposit accounts in that the proprietary funds may deposit additional cash at any time and also may withdraw cash at any time without prior notice or penalty.

Receivables and Deferred Revenues

Receivables for state, county and local shared revenues, included in accounts receivable, are recorded as revenue in the governmental funds as earned.

Receivables of the enterprise funds are recorded as revenue as earned.

Property taxes receivable for the governmental fund types, which have been collected within sixty days subsequent to year end, are considered measurable and available and are recognized as revenues. All other property taxes are offset by deferred property tax revenues and, accordingly, have not been recorded as revenue. Property taxes receivable by the City represent the City's allocated share of delinquent property taxes and other amounts to be collected from property owners within Marion County, Oregon.

Assessment liens in the governmental fund types are recognized as receivables at the time property owners are assessed for property improvements. All assessments receivable are offset by a deferred revenue account and, accordingly, have not been recorded as revenue.

Inventory

Inventory in the proprietary funds is stated at cost (first-in, first-out basis) and is charged to expense as used.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are stated at cost or estimated historical cost. Donated assets are recorded at fair market value at date of donation. Estimated fair market value of donated assets is determined based on engineering estimates of current cost or price indexed cost.

Capital assets include land, right-of-way (included with land), buildings, improvements, equipment, infrastructure and other tangible and intangible assets costing over \$5,000 used in operations that have initial useful lives extending beyond a single reporting period. Infrastructure are those capital assets that are stationary in nature and can be preserved for a significantly greater number of years than most other capital assets. Infrastructure reported in governmental activities consists of roads, bridges, sidewalks and traffic and lighting systems. Infrastructure reported in business-type activities consists of water and wastewater collection systems.

All capital assets, except for infrastructure in governmental activities prior to July 1, 1980, have been capitalized in the government-wide and proprietary fund financial statements. In accordance with the current financial resources measurement focus, capital assets are not capitalized in the governmental fund financial statements. All purchased capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Historical cost is measured by the cash or cash equivalent price of obtaining an asset, including ancillary charges necessary to place the asset into its intended location and condition for use. Donated capital assets are reported at their estimated fair value at the time of acquisition plus ancillary charges, if any. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Amounts expended for maintenance and repairs are charged to expenditures/expenses in the appropriate funds as incurred and are not capitalized.

Capital assets are depreciated unless they are inexhaustible in nature (e.g., land and right-of-ways). Depreciation is an accounting process to allocate the cost of capital assets to expense in a systematic and rational manner to those periods expected to benefit from the use of capital assets. Depreciation is not intended to represent an estimate in the decline of fair market value, nor are capital assets, net of accumulated depreciation, intended to represent an estimate of the current condition of the assets, or the maintenance requirements needed to maintain the assets at their current level of condition.

Depreciation is computed over the estimated useful lives of the capital assets. All estimates of useful lives are based on actual experience by City departments with identical or similar capital assets. Depreciation is calculated on the straight-line basis, except for infrastructure and improvements other than buildings reported in the governmental activities column of the government-wide financial statements, which are calculated using a composite depreciation method. The estimated useful lives of the various categories of assets are as follows:

Buildings and improvements	40 years
Water and Sewer Systems	20 - 50 years
Infrastructure	20 - 50 years
Equipment	10 - 20 years

Upon disposal of capital assets, cost and accumulated depreciation are removed from the accounts and, if appropriate, a gain or loss on the disposal is recognized.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Debt

Long-term debt directly related and expected to be paid from the enterprise funds is recorded in these funds. All other unmatured long-term debt is recorded on the statement of net position. Repayment of general bonded debt will be made from debt service funds. Payment of vacation liabilities will be made primarily from the General Fund, Street Development Fund, Water Fund and Sewer Fund.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting in this category. It arises only under a modified accrual basis of accounting. Accordingly, the item, *deferred revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Accrued Vacation Pay

Accumulated vested vacation pay is accrued in the enterprise funds as it is earned by employees. In governmental fund types, the amounts, if any, expected to be liquidated with expendable available resources are accrued as liabilities of the funds and the amount payable from future resources is recorded on the statement of net position. The accrued payables in the Statement of Net Position are recorded as long-term in that the amount will not materially change. Sick pay, which does not vest, is recorded in all funds when leave is taken.

Budget and Budgetary Accounting

A budget is prepared for each fund in accordance with the modified accrual basis of accounting for all funds. For budgetary purposes, interfund loan transactions are reported as interfund transfers. Appropriations are made at the department level for the General Fund and the object level for all other funds. Expenditures may not legally exceed appropriations. Appropriations lapse at the end of each fiscal year. Budget amounts include original approved amounts and all subsequent appropriation transfers approved by the City Council. After budget approval, the City Council may approve supplemental appropriations if an occurrence, condition, or need exists which had not been ascertained at the time the budget was adopted. Management may not amend the budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the City Council.

ORGANIZATION AND OPERATION

The City's financial operations are accounted for in the following funds and account groups:

Governmental Fund Types

General Fund

The General Fund accounts for activities of the City which are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees and state and county shared revenues. Primary expenditures are for police and fire protection, recreation and general government.

Special Revenue Funds

Street Fund - This fund is used to account for the City's street operations. The fund's major source of revenue is highway gas tax received from the State of Oregon.

Transit Fund – This fund accounts for amounts held to be used for weekday transportation services.

Building Fund - This fund accounts for building permit revenue and associated operations.

Search and Seizure Fund - This fund accounts for the City's allotment of Federal Equitable Sharing grant used for drug and gang enforcement activities. This fund was closed as of June 30, 2013.

Housing Rehabilitation Fund - This fund accounts for the City's CDBG grant program and provides low income housing and small business loans.

RSVP Fund - This fund accounts for the federal grant for the Retired Seniors Volunteer Program.

Cable Franchise Fund - This fund is used to account for the City's passthrough of local cable franchise fees to the local cable access program (WCAT).

Local Gas Tax Fund - This fund accounts for the City's one cent per gallon local gas tax. The money is used for capital improvement projects on local streets. This fund was closed as of June 30, 2013.

Library Endowment Fund - This fund accounts for funds held to be used for library improvement projects.

Museum Endowment Fund - This fund accounts for amounts held for museum activities.

Lavelle Black Trust Fund – This fund accounts for the donations received to continue the police dog program.

Capital Projects Funds

Street SDC Fund - This fund accounts for the collection and spending of street SDC's.

General Construction Fund - This fund is used to account for transfers from general services funds used for general services construction projects.

Special Assessment Fund - This fund accounts for the repayment of local improvement district (LID) assessments. The money is used for construction of LID projects.

ORGANIZATION AND OPERATION (Continued)

Governmental Fund Types (Continued)

Capital Projects Funds (Continued)

Street/Storm Capital Improvement Fund - This fund accounts for transfers from the Storm and Street funds. The money is used for street and storm related capital projects.

Parks SDC Fund - This fund is used to account for the collection and spending of park SDC's.

Storm SDC Fund - This fund accounts for the collection and spending of storm SDC's.

Equipment Replacement Fund - This fund accounts for transfers from other funds set aside for future equipment purchases.

Police Construction Fund – Proceeds from the 2005 GO bonds were used to construct the City's police facility. The project was completed in fiscal year 2011-12. The fund was closed out in the prior year but had an adopted budget in 2012-13.

Debt Service Funds

GO Debt Fund - This fund accounts for debt service on the City's 2005 GO bond. Property taxes are the major source of revenue.

Urban Renewal Fund – This fund accounts for debt service on the URA loan. Property taxes are the primary source of revenue.

Proprietary Fund Types

Enterprise Funds

The City has seven enterprise funds. Three funds are related to water, and five are related to sewer. The specific funds and their purposes are as follows.

Water Fund - This fund accounts for the City's water system operation. Customer charges are the primary source of revenue.

Sewer Fund - This fund accounts for the operation of the City's sewer system. Customer charges are the primary revenue source.

WWTP Construction Fund - This fund was used to account for the City's sewer treatment plant upgrade. The major source of revenue is debt proceeds.

WWD Construction Fund - This fund accounts for water system capital improvement projects and the retirement of associated debt.

Water SDC Fund - This fund accounts for the collection and spending of water SDC's.

Sewer SDC Fund - This fund accounts for the collection and spending of water SDC's.

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2013

ORGANIZATION AND OPERATION (Continued)

Proprietary Fund Types (Continued)

Enterprise Funds (Continued)

Surfacewater Fund - This fund was used to account for the City's storm water program. Transfers from the Sewer fund are the primary source of revenue. This fund was closed as of June 30, 2013.

Internal Service Funds

The City has four internal service funds which provide services to other City departments. Internal charges are the primary revenue source for all funds. Expenditures are for the purposes as described below.

Information Services Fund - This fund accounts for the maintenance and replacement of the City's network and technology services.

Insurance Fund – This fund accounts for the City's insurance coverage.

Technical & Environmental Services Fund - This fund accounts for administrative, engineering and fleet services provided to the City's enterprise operations.

Building Maintenance Fund – This fund accounts for building maintenance and custodial services provided to City departments. This fund was closed as of June 30, 2013.

Fiduciary Fund

The City has one fiduciary fund. The City's pension trust fund holds assets to provide retirement benefits to certain City employees.

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2013

CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the Statement of Net Position as part of "cash and investments."

	<i>Carrying Value</i>	<i>Fair Value</i>
Cash		
Deposits with financial institutions	\$ 600,079	\$ 600,079
Cash on hand	2,310	2,310
Investments		
Local Government Investment Pool	39,906,433	39,906,433
Assets held for pension benefits	82,237	82,237
	<u>\$ 40,591,059</u>	<u>\$ 40,591,059</u>

Cash is reported in the financial statements as follows:

Governmental funds	\$ 16,335,400
Internal Service funds (included in governmental activities)	686,889
Enterprise funds	23,486,533
Fiduciary funds	82,237
	<u>\$ 40,591,059</u>

Deposits

The book balance of the City's bank deposits (checking accounts) was \$600,079 and the bank balance was \$866,188 at year end. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

Investments

The State Treasurer of the State of Oregon maintains the Oregon Short-term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2013, the fair value of the position in the Oregon State Treasurer's Short-term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short-term Fund is not subject to classification. Separate financial statements for the Oregon Short-term Fund are available from the Oregon State Treasurer.

CASH AND INVESTMENTS (Continued)

Interest Rate Risk

In accordance with its investment policy, the District manages its exposure to declines in fair value of its investments by limiting the weighted average maturity of its investments.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides unlimited insurance for the City's deposits with financial institutions for the aggregate of all demand deposit and money market accounts and up to \$250,000 for the aggregate of all savings and time deposit accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2013, \$616,188 of the City's bank balances were exposed to custodial credit risk as part of the Public Funds Collateralization Program.

Custodial Risk - Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City's investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Council. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2013

CAPITAL ASSETS

The summary of capital assets for the business-type activities for the year ended June 30, 2013 is as follows:

	Balances July 1, 2012	Additions	Retirements	Balances June 30, 2013
<i>Nondepreciable assets</i>				
Land (nondepreciable)	\$ 1,783,816	\$ -	\$ -	\$ 1,783,816
Construction in progress	3,532,784	1,451,233	(417,519)	4,566,498
Subtotal, nondepreciable assets	5,316,600	1,451,233	(417,519)	6,350,314
<i>Depreciable assets</i>				
Buildings	62,340,008	172,267	-	62,512,275
Water and sewer systems	28,315,347	250,536	-	28,565,883
Equipment	1,899,873	72,705	-	1,972,578
Subtotal, depreciable assets	92,555,228	495,508	-	93,050,736
<i>Accumulated depreciation</i>				
Buildings and improvements	(21,184,681)	(1,699,447)	-	(22,884,128)
Water and sewer systems	(9,827,891)	(571,315)	-	(10,399,206)
Equipment	(1,259,000)	(127,729)	-	(1,386,729)
Total accumulated depreciation	(32,271,572)	(2,398,491)	-	(34,670,063)
<i>Total depreciable assets, net</i>	60,283,656	(1,902,983)	-	58,380,673
Net capital assets	\$ 65,600,256	\$ (451,750)	\$ (417,519)	\$ 64,730,987

Depreciation expense was allocated as follows:

Water funds	\$ 446,456
Sewer funds	1,952,035
	<u>\$ 2,398,491</u>

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2013

CAPITAL ASSETS (Continued)

The changes in the capital assets for governmental activities for the year ended June 30, 2013 are as follows:

	Balances July 1, 2012	Additions	Retirements	Balances June 30, 2013
<i>Nondepreciable assets</i>				
Land (nondepreciable)	\$ 22,567,381	\$ -	\$ -	\$ 22,567,381
Construction in progress	1,909,356	806,120	(1,249,765)	1,465,711
Subtotal, nondepreciable assets	24,476,737	806,120	(1,249,765)	24,033,092
<i>Depreciable assets</i>				
Buildings	15,897,131	336,853	-	16,233,984
Equipment	5,690,040	105,317	(15,941)	5,779,416
Infrastructure	37,241,093	912,912	-	38,154,005
Subtotal, depreciable assets	58,828,264	1,355,082	(15,941)	60,167,405
<i>Accumulated depreciation</i>				
Buildings	(4,804,678)	(456,227)	-	(5,260,905)
Equipment	(4,213,572)	(300,421)	15,941	(4,498,052)
Infrastructure	(13,609,824)	(763,081)	-	(14,372,905)
Total accumulated depreciation	(22,628,074)	(1,519,729)	15,941	(24,131,862)
<i>Total depreciable assets, net</i>	36,200,190	(164,647)	-	36,035,543
Net capital assets	\$ 60,676,927	\$ 641,473	\$ (1,249,765)	\$ 60,068,635

* As adjusted

Depreciation expense was allocated as follows:

General government	\$ 471,116
Public safety	60,789
Highways and streets	820,654
Culture and recreation	167,170
	<u>\$ 1,519,729</u>

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2013

LONG-TERM DEBT

Long-term debt transactions for the year were as follows:

	<i>Outstanding July 1, 2012</i>	<i>Issued</i>	<i>Redeemed During Year</i>	<i>Outstanding June 30, 2013</i>	<i>Due Within One Year</i>
<i>Governmental Activities:</i>					
Series 2005 general obligation bonds due in annual installments with principal and interest varying annually	\$ 5,365,000	\$ -	\$ (300,000)	\$ 5,065,000	\$ 320,000
1999 Oregon EDD Loan due in annual installments of \$38,319 with interest at 5.01%.	180,213	-	(24,440)	155,773	29,663
2005 URA bonds due in quarterly installments of \$56,933 with interest at 4.22%.	688,236	-	(201,855)	486,381	210,509
	<u>6,233,449</u>	<u>-</u>	<u>(526,295)</u>	<u>5,707,154</u>	<u>560,172</u>
Accrued compensated absences	738,251	99,838	-	838,089	-
	<u>\$ 6,971,700</u>	<u>\$ 99,838</u>	<u>\$ (526,295)</u>	<u>\$ 6,545,243</u>	<u>\$ 560,172</u>
	<i>Outstanding July 1, 2012</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2013</i>	<i>Due Within One Year</i>
<i>Business-type Activities:</i>					
Series 2003 Water bond paid over 25 years; interest at various rates	\$ 6,519,163	\$ -	\$ (271,065)	\$ 6,248,098	\$ 282,734
2005 Oregon EDD due in annual installments including interest at 4.21%	2,955,319	-	(175,407)	2,779,912	182,792
2005 SDWR due in annual installments including interest at 4.21%	2,955,328	-	(175,407)	2,779,921	182,792
2011 Sewer Revenue Bonds paid over 20 years; interest at various rates	33,291,557	-	(1,865,000)	31,426,557	2,265,153
	<u>45,721,367</u>	<u>-</u>	<u>(2,486,879)</u>	<u>43,234,488</u>	<u>2,913,471</u>
2011 Sewer Revenue Bond premium	2,694,009	-	(69,077)	2,624,932	-
Accrued compensated absences	99,530	8,568	-	108,098	-
	<u>\$ 48,514,906</u>	<u>\$ 8,568</u>	<u>\$ (2,555,956)</u>	<u>\$ 45,967,518</u>	<u>\$ 2,913,471</u>

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2013

LONG-TERM DEBT (Continued)

Future maturities of long-term debt are as follows:

Governmental Activities

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$ 560,172	\$ 228,861	\$ 789,033
2015	584,429	206,832	791,261
2016	436,479	185,340	621,819
2017	400,399	169,937	570,336
2018	420,675	153,956	574,631
2019-23	2,240,000	511,781	2,751,781
2024-25	1,065,000	68,166	1,133,166
	\$ 5,707,154	\$ 1,524,873	\$ 7,232,027

Business-type Activities

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$ 2,913,471	\$ 1,555,868	\$ 4,469,339
2015	3,425,522	1,457,889	4,883,411
2016	3,177,229	1,358,931	4,536,160
2017	3,330,966	1,358,943	4,689,909
2018	3,921,935	1,123,066	5,045,001
2019-23	21,975,211	5,560,695	27,535,906
2024-28	3,769,445	607,072	4,376,517
2029-31	720,709	39,803	760,512
	\$ 43,234,488	\$ 13,062,267	\$ 56,296,755

DEFINED BENEFIT PENSION PLAN – THE RETIREMENT PLAN FOR EMPLOYEES OF CITY OF WOODBURN, OREGON

Plan Description

The City sponsors a single-employer defined benefit pension plan that covers nonexecutive 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 two inactive members at July 1, 2013, the date of the latest actuarial valuation available as of the date of this report.

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, 2013.

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

Investment earnings	5.5% (net of all plan expenses)
Salary increases	as per contract
Cost-of-living increases	3.0%

The Plan had an unfunded actuarial liability of \$166,205 at June 30, 2013. Subsequent to year end, the Plan was funded.

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Plan Description

The City contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the City's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The City participates in the state and local government rate pool (SLGRP). The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: The Pension Program, the defined benefit portion of the plan, applies to qualifying City employees hired after

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (Continued)

Plan Description (Continued)

August 29, 2003, and to inactive employees who return to employment following a six-month or greater break in service. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

Funding Policy

Members of PERS are required to contribute 6.00% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The City is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate and a police/fire rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2013 were 13.23%, 9.35% and 12.06% respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Annual Pension Cost

The City's contributions to PERS for the years ending June 30, 2011, 2012, and 2013 were \$1,145,109, \$1,515,526, and \$1,500,370, respectively, which equaled the required contribution for the year.

DEFINED CONTRIBUTION PENSION PLAN

The City sponsors a defined contribution pension plan administered by ICMA Retirement Corp. to provide retirement benefits for the City Attorney. The plan provisions and contribution requirements are established and amended by the City Council. The City has established a contribution rate of 7 percent of covered salary. The City contributed \$8,424 to the plan for the year ended June 30, 2013.

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2013

TRANSFERS

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 339,656
Transit	150,821	-
Search and Seizure	7,063	-
Street	700,218	199,830
Local Gas Tax	-	480,218
General Construction	207,000	-
Park SDC	-	207,000
Street SDC	39,221	-
Equipment Replacement	210,000	-
WWTP Construction	-	2,892,724
WWD Construction	39,221	754,000
Water	824,000	114,657
Sewer	2,947,664	389,773
Storm	-	54,940
Technical & Environmental Services	379,717	5,000
Building Maintenance	-	67,127
	<u>\$ 5,504,925</u>	<u>\$ 5,504,925</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

INTERFUND LOANS

As of June 30, 2013, the WWD Construction Fund owed the WWTP Construction Fund \$53,000. The General Fund owed \$249,675, and the Water and Sewer Funds each owed \$61,880 for a combined total of \$426,436, which \$186,718 was owed to the Street SDC Fund and \$186,718 to the WWD Construction Fund. No specific repayment schedule has been determined.

BEGINNING BALANCE ADJUSTMENTS

Beginning balance adjustments have been recorded on the budgetary basis to reflect the correction for interfund loan balances. Additionally, the beginning balance of the Sewer Fund has been reduced by \$274,414 to reflect the implementation of GASB #65. The amount represents the unamortized bond issue costs as of June 30, 2012.

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2013

EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following funds had expenditures in excess of appropriations:

	<u><i>Budget</i></u>	<u><i>Actual</i></u>	<u><i>Variance</i></u>
<i>General Fund</i>			
Administration	\$ 171,108	\$ 173,554	\$ (2,446)
City Recorder	48,380	49,063	(683)
<i>Building</i>			
Personal services	234,522	234,897	(375)
<i>Water</i>			
Personal services	1,283,761	1,287,000	(3,239)
<i>Sewer</i>			
Personal services	1,835,229	1,853,398	(18,169)

CONTINGENCIES

The City purchases commercial insurance to cover all commonly insurable risks, which includes property damage, liability and employee bonds. Most policies carry a small deductible amount. No insurance claims settled in each of the prior three years have exceeded policy coverage.

The City is a defendant in various litigation proceedings. Management believes any losses arising from these actions will not materially affect the City's financial position.

NEW PRONOUNCEMENTS

GASB Statement No. 61 “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34.” This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government. The statement was implemented in the current year.

GASB Statement No. 62 “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.” The objective of this Statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that were issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements. The statement was implemented in the current year.

GASB Statement No. 63 “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” The statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The statement was implemented in the current year.

NEW PRONOUNCEMENTS (Continued)

GASB Statement No. 65 “Items Previously Reported as Assets and Liabilities.” The statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The statement is effective for fiscal years beginning after December 15, 2012. The city has chosen to early adopt this statement.

The City will implement new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements from implementing any of the pronouncements.

GASB Statement No. 68 “Accounting and Reporting for Pension Plans—an amendment of GASB Statement No. 27.” The statement establishes accounting and financial reporting requirements related to pensions provided by governments. The statement is effective for fiscal years beginning after June 15, 2014.

GASB Statement No. 69 “Government Combinations and Disposals of Government Operations.” The statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The statement is effective for fiscal years beginning after December 15, 2013.

GASB Statement No. 70 “Accounting and Financial Reporting for Non-exchange Financial Guarantees.” The objective of the statement is to improve accounting and financial reporting by State and local governments that extend and receive non-exchange financial guarantees. The statement is effective for fiscal years beginning after June 15, 2013.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 14, 2013, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – GENERAL FUND (BUDGETARY BASIS, NON-GAAP)
YEAR ENDED JUNE 30, 2013**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 8,021,600	\$ 8,021,600	\$ 7,394,665	\$ (626,935)
Licenses and permits	97,000	97,000	137,160	40,160
Franchise fees	1,107,500	1,107,500	1,275,126	167,626
Charges for services	527,000	547,000	598,423	51,423
Intergovernmental	657,500	657,500	820,843	163,343
Fines and forfeitures	603,400	603,400	589,574	(13,826)
Miscellaneous	108,500	108,500	124,256	15,756
<i>Total Revenues</i>	11,122,500	11,142,500	10,940,047	(202,453)
EXPENDITURES				
Council and Mayor	36,261	36,261	34,676	1,585
Administration	164,608	171,108	173,554	(2,446)
City Recorder	48,380	48,380	49,063	(683)
City Attorney	137,798	139,998	127,090	12,908
Finance	287,550	290,150	279,523	10,627
Human Resources	40,885	42,285	39,537	2,748
Municipal Court	213,976	213,976	155,799	58,177
Nondepartmental	413,305	413,305	208,209	205,096
Police	6,299,170	6,272,070	6,172,618	99,452
Library	987,097	987,097	875,921	111,176
Recreation	478,125	478,125	370,775	107,350
Swim Center	449,739	512,039	507,954	4,085
C.S. Administration	337,407	337,407	309,284	28,123
Planning	367,232	367,232	347,213	20,019
Parks Maintenance	526,370	526,370	456,896	69,474
Contingency	1,579,325	2,444,325	-	2,444,325
<i>Total Expenditures</i>	12,367,228	13,280,128	10,108,112	3,172,016
REVENUES OVER (UNDER) EXPENDITURES	(1,244,728)	(2,137,628)	831,935	2,969,563
OTHER FINANCING SOURCES (USES)				
Transfers in	2,500	2,500	-	(2,500)
Transfers out	(372,772)	(379,872)	(339,656)	40,216
<i>Total Other Financing Sources and Uses</i>	(370,272)	(377,372)	(339,656)	37,716
NET CHANGE IN FUND BALANCE	(1,615,000)	(2,515,000)	492,279	3,007,279
FUND BALANCE, beginning of year, as originally reported	1,800,000	2,700,000	2,744,299	44,299
Prior period adjustment	-	-	295,537	295,537
FUND BALANCE, beginning of year, as restated	1,800,000	2,700,000	3,039,836	339,836
FUND BALANCE, end of year (budgetary basis)	\$ 185,000	\$ 185,000	3,532,115	\$ 3,347,115
Interfund loan			(249,675)	
FUND BALANCE, end of year, GAAP basis			\$ 3,282,440	

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STREET FUND
YEAR ENDED JUNE 30, 2013

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ 106,537	\$ 106,537
Licenses and permits	750	750	67	(683)
Franchise fees	-	-	353,380	353,380
Intergovernmental	1,200,000	1,200,000	1,317,468	117,468
Miscellaneous	3,500	3,500	21,535	18,035
<i>Total Revenues</i>	<u>1,204,250</u>	<u>1,204,250</u>	<u>1,798,987</u>	<u>594,737</u>
EXPENDITURES				
Personal services	431,341	431,341	424,937	6,404
Materials and services	691,186	691,186	565,757	125,429
Contingency	641,893	641,893	-	641,893
<i>Total Expenditures</i>	<u>1,764,420</u>	<u>1,764,420</u>	<u>990,694</u>	<u>773,726</u>
REVENUES OVER (UNDER) EXPENDITURES	(560,170)	(560,170)	808,293	1,368,463
OTHER FINANCING SOURCES (USES)				
Transfers in	220,000	220,000	700,218	480,218
Transfers out	(199,830)	(199,830)	(199,830)	-
<i>Total Other Financing Sources and Uses</i>	<u>20,170</u>	<u>20,170</u>	<u>500,388</u>	<u>480,218</u>
NET CHANGE IN FUND BALANCE	(540,000)	(540,000)	1,308,681	1,848,681
FUND BALANCE, beginning of year	<u>540,000</u>	<u>540,000</u>	<u>796,932</u>	<u>256,932</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,105,613</u>	<u>\$ 2,105,613</u>

OTHER SUPPLEMENTAL INFORMATION

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – STREET SDC FUND (BUDGETARY BASIS, NON-GAAP)
YEAR ENDED JUNE 30, 2013**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 155,000	\$ 155,000	\$ 411,527	\$ 256,527
Miscellaneous	15,000	15,000	25,112	10,112
<i>Total Revenues</i>	170,000	170,000	436,639	266,639
EXPENDITURES				
Materials and services	6,435	6,435	-	6,435
Debt Service				
Principal	33,519	33,519	24,440	9,079
Interest	-	-	9,079	(9,079)
Capital outlay	-	5,279,887	488,371	4,791,516
Contingency	5,279,887	-	-	-
<i>Total Expenditures</i>	5,319,841	5,319,841	521,890	4,797,951
REVENUES OVER (UNDER) EXPENDITURES	(5,149,841)	(5,149,841)	(85,251)	5,064,590
OTHER FINANCING SOURCES (USES)				
Transfers in	459,222	459,222	39,221	(420,001)
Transfers out	(387,381)	(387,381)	-	387,381
<i>Total Other Financing Sources and Uses</i>	71,841	71,841	39,221	(32,620)
NET CHANGE IN FUND BALANCE	(5,078,000)	(5,078,000)	(46,030)	5,031,970
FUND BALANCE, beginning of year	5,078,000	5,078,000	5,398,189	320,189
Prior period adjustment	-	-	(221,509)	(221,509)
FUND BALANCE, beginning of year, as restated	5,078,000	5,078,000	5,176,680	98,680
FUND BALANCE, end of year, budgetary basis	\$ -	\$ -	5,130,650	\$ 5,130,650
Interfund loan			186,718	
FUND BALANCE, end of year, GAAP basis			\$ 5,317,368	

CITY OF WOODBURN, OREGON
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue		
	Transit	Building	Housing Rehabilitation
ASSETS			
Cash and investments	\$ 46,826	\$ 363,113	\$ 338,019
Accounts and notes receivable	90,491	-	660,661
Property taxes receivable	-	-	-
Assessment liens receivable	-	-	-
<i>Total Assets</i>	<u>\$ 137,317</u>	<u>\$ 363,113</u>	<u>\$ 998,680</u>
 LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 3,241	\$ 54,762	\$ -
 Deferred Inflows:			
Deferred revenue	-	-	660,661
 Fund Balance:			
Restricted for:			
Debt service	-	-	-
Construction	-	-	-
Culture and recreation	134,076	-	-
Committed to:			
Capital outlay	-	-	-
Public works	-	308,351	-
Culture and recreation	-	-	-
Planning and building	-	-	338,019
<i>Total Fund Balance</i>	<u>134,076</u>	<u>308,351</u>	<u>338,019</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 137,317</u>	<u>\$ 363,113</u>	<u>\$ 998,680</u>

Special Revenue

<i>RSVP</i>	<i>Cable Franchise</i>	<i>Library Endowment</i>	<i>Museum Endowment</i>	<i>Lavelle Black Trust</i>
\$ 10,125	\$ 2,803	\$ 26,121	\$ 2,930	\$ 51,876
-	5,254	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ 10,125	\$ 8,057	\$ 26,121	\$ 2,930	\$ 51,876
\$ 4,205	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
5,920	-	26,121	2,930	51,876
-	-	-	-	-
-	-	-	-	-
-	8,057	-	-	-
-	-	-	-	-
5,920	8,057	26,121	2,930	51,876
\$ 10,125	\$ 8,057	\$ 26,121	\$ 2,930	\$ 51,876

CITY OF WOODBURN, OREGON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)

JUNE 30, 2013

	<i>Capital Projects</i>		
	<i>General Construction</i>	<i>Special Assessment</i>	<i>Street/Storm Capital Improvement</i>
ASSETS			
Cash and investments	\$ 59,613	\$ 1,024,912	\$ 389,192
Accounts and notes receivable	-	-	-
Property taxes receivable	-	-	-
Assessment liens receivable	-	49,362	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$ 59,613</u>	<u>\$ 1,074,274</u>	<u>\$ 389,192</u>
 LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 30	\$ -	\$ 153,692
 Deferred Inflows:			
Deferred revenue	-	49,362	-
 Fund Balance:			
Restricted for:			
Debt service	-	-	-
Construction	-	-	-
Culture and recreation	-	-	-
Committed to:			
Capital outlay	59,583	-	-
Public works	-	1,024,912	235,500
Culture and recreation	-	-	-
Planning and building	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance</i>	<u>59,583</u>	<u>1,024,912</u>	<u>235,500</u>
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 59,613</u>	<u>\$ 1,074,274</u>	<u>\$ 389,192</u>

<i>Capital Projects</i>			<i>Debt Service</i>		
<i>Parks SDC</i>	<i>Storm SDC</i>	<i>Equipment Replacement</i>	<i>GO Debt</i>	<i>URA</i>	<i>Total</i>
\$ 262,417	\$ 470,119	\$ 729,997	\$ 23,687	\$ 1,817,540	\$ 5,619,290
-	-	-	-	-	756,406
-	-	-	44,596	49,402	93,998
14,016	2,200	-	-	-	65,578
<u>\$ 276,433</u>	<u>\$ 472,319</u>	<u>\$ 729,997</u>	<u>\$ 68,283</u>	<u>\$ 1,866,942</u>	<u>\$ 6,535,272</u>
\$ -	\$ -	\$ 18,992	\$ -	\$ 19,721	\$ 254,643
14,016	2,200	-	40,713	45,152	812,104
-	-	-	27,570	1,802,069	1,829,639
262,417	470,119	-	-	-	732,536
-	-	-	-	-	220,923
-	-	711,005	-	-	770,588
-	-	-	-	-	1,568,763
-	-	-	-	-	8,057
-	-	-	-	-	338,019
<u>262,417</u>	<u>470,119</u>	<u>711,005</u>	<u>27,570</u>	<u>1,802,069</u>	<u>5,468,525</u>
<u>\$ 276,433</u>	<u>\$ 472,319</u>	<u>\$ 729,997</u>	<u>\$ 68,283</u>	<u>\$ 1,866,942</u>	<u>\$ 6,535,272</u>

CITY OF WOODBURN, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	<i>Special Revenue</i>		
	<i>Transit</i>	<i>Building</i>	<i>Search and Seizure</i>
REVENUES			
Taxes and assessments	\$ -	\$ -	\$ -
Licenses and permits	-	553,274	-
Charges for services	56,565	-	-
Intergovernmental	449,572	25,162	-
Miscellaneous	8,245	39,169	15,631
<i>Total Revenues</i>	514,382	617,605	15,631
EXPENDITURES			
Current			
General government	-	404,090	-
Highways and streets	-	-	-
Culture and recreation	630,592	-	-
Debt Service			
Principal	-	-	-
Interest	-	-	-
Capital outlay	37,819	-	-
<i>Total Expenditures</i>	668,411	404,090	-
REVENUES OVER (UNDER) EXPENDITURES	(154,029)	213,515	15,631
OTHER FINANCING SOURCES (USES)			
Transfers in	150,821	-	7,063
Transfers out	-	-	-
<i>Total Other Financing Sources and Uses</i>	150,821	-	7,063
NET CHANGE IN FUND BALANCE	(3,208)	213,515	22,694
FUND BALANCE (DEFICIT), beginning of year	137,284	94,836	(22,694)
FUND BALANCE, end of year	\$ 134,076	\$ 308,351	\$ -

Special Revenue

<i>Housing Rehabilitation</i>	<i>RSVP</i>	<i>Cable Franchise</i>	<i>Local Gas Tax</i>	<i>Library Endowment</i>	<i>Museum Endowment</i>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	28,038	-	-	-
-	-	-	-	-	-
-	17,856	-	-	-	-
51,572	101	15	-	120	158
51,572	17,957	28,053	-	120	158
-	-	21,018	-	-	-
-	-	-	-	-	-
44,665	39,404	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
44,665	39,404	21,018	-	-	-
6,907	(21,447)	7,035	-	120	158
-	-	-	-	-	-
-	-	-	(480,218)	-	-
-	-	-	(480,218)	-	-
6,907	(21,447)	7,035	(480,218)	120	158
331,112	27,367	1,022	480,218	26,001	2,772
\$ 338,019	\$ 5,920	\$ 8,057	\$ -	\$ 26,121	\$ 2,930

CITY OF WOODBURN, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS (Continued)
YEAR ENDED JUNE 30, 2013**

	<i>Special Revenue</i>		
	<i>Lavelle Black Trust</i>	<i>General Construction</i>	<i>Special Assessment</i>
REVENUES			
Taxes and assessments	\$ -	\$ -	\$ 19,534
Licenses and permits	-	-	-
Charges for services	-	-	-
Intergovernmental	-	44,000	-
Miscellaneous	5,423	1,795	4,479
<i>Total Revenues</i>	5,423	45,795	24,013
EXPENDITURES			
Current			
General government	-	-	-
Highways and streets	-	-	62
Culture and recreation	3,200	-	-
Debt Service			
Principal	-	-	-
Interest	-	-	-
Capital outlay	-	70,274	-
<i>Total Expenditures</i>	3,200	70,274	62
REVENUES OVER (UNDER) EXPENDITURES	2,223	(24,479)	23,951
OTHER FINANCING SOURCES (USES)			
Transfers in	-	207,000	-
Transfers out	-	-	-
<i>Total Other Financing Sources and Uses</i>	-	207,000	-
NET CHANGE IN FUND BALANCE	2,223	182,521	23,951
FUND BALANCE (DEFICIT), beginning of year	49,653	(122,938)	1,000,961
FUND BALANCE, end of year	\$ 51,876	\$ 59,583	\$ 1,024,912

<i>Capital Projects</i>				<i>Debt Service</i>	
<i>Street/Storm Capital Improvement</i>	<i>Parks SDC</i>	<i>Storm SDC</i>	<i>Equipment Replacement</i>	<i>GO Debt</i>	<i>URA</i>
\$ -	\$ -	\$ -	\$ -	\$ 479,455	\$ 626,461
-	49,175	25,328	-	-	-
-	-	-	-	-	-
280,050	-	-	-	-	-
2,975	1,990	1,699	3,074	999	8,188
283,025	51,165	27,027	3,074	480,454	634,649
-	-	-	-	-	199,927
-	-	-	-	-	-
-	3,533	-	-	-	-
-	-	-	-	300,000	201,856
-	-	-	-	214,281	25,877
721,876	24,345	-	72,705	-	-
721,876	27,878	-	72,705	514,281	427,660
(438,851)	23,287	27,027	(69,631)	(33,827)	206,989
-	-	-	210,000	-	-
-	(207,000)	-	-	-	-
-	(207,000)	-	210,000	-	-
(438,851)	(183,713)	27,027	140,369	(33,827)	206,989
674,351	446,130	443,092	570,636	61,397	1,595,080
\$ 235,500	\$ 262,417	\$ 470,119	\$ 711,005	\$ 27,570	\$ 1,802,069

CITY OF WOODBURN, OREGON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS (Continued)
YEAR ENDED JUNE 30, 2013**

	<u><i>Total</i></u>
REVENUES	
Taxes and assessments	\$ 1,125,450
Licenses and permits	655,815
Charges for services	56,565
Intergovernmental	816,640
Miscellaneous	145,633
	<hr/>
<i>Total Revenues</i>	2,800,103
EXPENDITURES	
Current	
General government	625,035
Highways and streets	62
Culture and recreation	721,394
Debt Service	
Principal	501,856
Interest	240,158
Capital outlay	927,019
	<hr/>
<i>Total Expenditures</i>	3,015,524
	<hr/>
REVENUES OVER (UNDER) EXPENDITURES	(215,421)
OTHER FINANCING SOURCES (USES)	
Transfers in	574,884
Transfers out	(687,218)
	<hr/>
<i>Total Other Financing Sources and Uses</i>	(112,334)
	<hr/>
NET CHANGE IN FUND BALANCE	(327,755)
FUND BALANCE (DEFICIT), beginning of year	5,796,280
	<hr/>
FUND BALANCE, end of year	<u><u>\$ 5,468,525</u></u>

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - TRANSIT FUND
YEAR ENDED JUNE 30, 2013

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 42,200	\$ 47,200	\$ 56,565	\$ 9,365
Intergovernmental	418,675	463,675	449,572	(14,103)
Miscellaneous	3,200	3,200	8,245	5,045
<i>Total Revenues</i>	464,075	514,075	514,382	307
EXPENDITURES				
Personal services	345,430	403,430	400,562	2,868
Materials and services	258,441	231,441	230,030	1,411
Capital outlay	15,000	64,000	37,819	26,181
Contingency	106,495	76,495	-	76,495
<i>Total Expenditures</i>	725,366	775,366	668,411	106,955
REVENUES OVER (UNDER)				
EXPENDITURES	(261,291)	(261,291)	(154,029)	107,262
OTHER FINANCING SOURCES (USES)				
Transfers in	151,000	151,000	150,821	(179)
NET CHANGE IN FUND BALANCE	(110,291)	(110,291)	(3,208)	107,083
FUND BALANCE, beginning of year	110,291	110,291	137,284	26,993
FUND BALANCE, end of year	\$ -	\$ -	\$ 134,076	\$ 134,076

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUILDING FUND
YEAR ENDED JUNE 30, 2013

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 306,001	\$ 456,001	\$ 553,274	\$ 97,273
Intergovernmental	30,880	30,880	25,162	(5,718)
Miscellaneous	13,200	13,200	39,169	25,969
<i>Total Revenues</i>	350,081	500,081	617,605	117,524
EXPENDITURES				
Personal services	204,522	234,522	234,897	(375)
Materials and services	178,714	188,714	169,193	19,521
Contingency	38,845	183,845	-	183,845
<i>Total Expenditures</i>	422,081	607,081	404,090	202,991
REVENUES OVER (UNDER)				
EXPENDITURES	(72,000)	(107,000)	213,515	320,515
OTHER FINANCING SOURCES (USES)				
Proceeds from interfund loan	65,000	65,000	-	(65,000)
NET CHANGE IN FUND BALANCE	(7,000)	(42,000)	213,515	255,515
FUND BALANCE, beginning of year	7,000	42,000	94,836	52,836
FUND BALANCE, end of year	\$ -	\$ -	\$ 308,351	\$ 308,351

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – SEARCH AND SEIZURE FUND
YEAR ENDED JUNE 30, 2013**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 15,631	\$ 15,631
EXPENDITURES				
Materials and services	7,500	7,500	-	7,500
Contingency	-	7,100	-	7,100
<i>Total Expenditures</i>	<u>7,500</u>	<u>14,600</u>	<u>-</u>	<u>14,600</u>
REVENUES OVER (UNDER) EXPENDITURES	(7,500)	(14,600)	15,631	30,231
OTHER FINANCING SOURCES (USES)				
Transfers in	-	7,100	7,063	(37)
NET CHANGE IN FUND BALANCE	(7,500)	(7,500)	22,694	30,194
FUND BALANCE (DEFICIT), beginning of year	<u>7,500</u>	<u>7,500</u>	<u>(22,694)</u>	<u>(30,194)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – HOUSING REHABILITATION FUND
YEAR ENDED JUNE 30, 2013**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 22,750	\$ 22,750	\$ 51,572	\$ 28,822
EXPENDITURES				
Current				
Personal services	9,500	9,500	9,378	122
Materials and services	140,355	162,355	35,287	127,068
Contingency	97,895	97,895	-	97,895
<i>Total Expenditures</i>	<u>247,750</u>	<u>269,750</u>	<u>44,665</u>	<u>225,085</u>
NET CHANGE IN FUND BALANCE	(225,000)	(247,000)	6,907	253,907
FUND BALANCE, beginning of year	<u>225,000</u>	<u>247,000</u>	<u>331,112</u>	<u>84,112</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 338,019</u>	<u>\$ 338,019</u>

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - RSVP FUND
YEAR ENDED JUNE 30, 2013

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 46,189	\$ 46,189	\$ 17,856	\$ (28,333)
Miscellaneous	-	-	101	101
<i>Total Revenues</i>	46,189	46,189	17,957	(28,232)
EXPENDITURES				
Current				
Personal services	45,313	45,313	33,584	11,729
Materials and services	8,092	8,092	5,820	2,272
Contingency	1,784	1,784	-	1,784
<i>Total Expenditures</i>	55,189	55,189	39,404	15,785
NET CHANGE IN FUND BALANCE	(9,000)	(9,000)	(21,447)	(12,447)
FUND BALANCE, beginning of year	9,000	9,000	27,367	18,367
FUND BALANCE, end of year	\$ -	\$ -	\$ 5,920	\$ 5,920

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – CABLE FRANCHISE FUND
YEAR ENDED JUNE 30, 2013**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 24,500	\$ 24,500	\$ 28,038	\$ 3,538
Miscellaneous	50	50	15	(35)
<i>Total Revenues</i>	24,550	24,550	28,053	3,503
EXPENDITURES				
Materials and services	26,050	26,050	21,018	5,032
NET CHANGE IN FUND BALANCE	(1,500)	(1,500)	7,035	8,535
FUND BALANCE, beginning of year	1,500	1,500	1,022	(478)
FUND BALANCE, end of year	\$ -	\$ -	\$ 8,057	\$ 8,057

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – LOCAL GAS TAX FUND
YEAR ENDED JUNE 30, 2013

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	(278,000)	(278,000)	(480,218)	(202,218)
NET CHANGE IN FUND BALANCE	(278,000)	(278,000)	(480,218)	(202,218)
FUND BALANCE, beginning of year	278,000	278,000	480,218	202,218
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – LIBRARY ENDOWMENT FUND
YEAR ENDED JUNE 30, 2013

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 100	\$ 100	\$ 120	\$ 20
EXPENDITURES				
Contingency	26,000	26,000	-	26,000
NET CHANGE IN FUND BALANCE	(25,900)	(25,900)	120	26,020
FUND BALANCE, beginning of year	25,900	25,900	26,001	101
FUND BALANCE, end of year	\$ -	\$ -	\$ 26,121	\$ 26,121

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – MUSEUM ENDOWMENT FUND
YEAR ENDED JUNE 30, 2013**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 10	\$ 10	\$ 158	\$ 148
EXPENDITURES				
Contingency	2,775	2,775	-	2,775
NET CHANGE IN FUND BALANCE	(2,765)	(2,765)	158	2,923
FUND BALANCE, beginning of year	2,765	2,765	2,772	7
FUND BALANCE, end of year	\$ -	\$ -	\$ 2,930	\$ 2,930

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – LAVELLE BLACK TRUST FUND
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Miscellaneous	\$ 200	\$ 200	\$ 5,423	\$ 5,223
EXPENDITURES				
Materials and services	10,000	10,000	3,200	6,800
Contingency	35,200	35,200	-	35,200
<i>Total Expenditures</i>	45,200	45,200	3,200	42,000
NET CHANGE IN FUND BALANCE	(45,000)	(45,000)	2,223	47,223
FUND BALANCE, beginning of year	45,000	45,000	49,653	4,653
FUND BALANCE, end of year	\$ -	\$ -	\$ 51,876	\$ 51,876

CITY OF WOODBURN, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – GENERAL CONSTRUCTION FUND
YEAR ENDED JUNE 30, 2013**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 40,000	\$ 44,400	\$ 44,000	\$ (400)
Miscellaneous	-	2,250	1,795	(455)
<i>Total Revenues</i>	40,000	46,650	45,795	(855)
EXPENDITURES				
Materials and services	333	333	-	333
Capital outlay	100,000	111,650	70,274	41,376
Contingency	199,667	199,667	-	199,667
<i>Total Expenditures</i>	300,000	311,650	70,274	241,376
REVENUES OVER (UNDER) EXPENDITURES	(260,000)	(265,000)	(24,479)	240,521
OTHER FINANCING SOURCES (USES)				
Transfers in	60,000	65,000	207,000	142,000
NET CHANGE IN FUND BALANCE	(200,000)	(200,000)	182,521	382,521
FUND BALANCE, beginning of year	200,000	200,000	(122,938)	(322,938)
FUND BALANCE (DEFICIT), end of year	\$ -	\$ -	\$ 59,583	\$ 59,583

CITY OF WOODBURN, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – SPECIAL ASSESSMENT FUND
YEAR ENDED JUNE 30, 2013**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 34,685	\$ 34,685	\$ 19,534	\$ (15,151)
Miscellaneous	2,500	2,500	4,479	1,979
<i>Total Revenues</i>	37,185	37,185	24,013	(13,172)
EXPENDITURES				
Materials and services	1,047	1,047	62	985
Contingency	844,591	844,591	-	844,591
<i>Total Expenditures</i>	845,638	845,638	62	845,576
REVENUES OVER (UNDER) EXPENDITURES	(808,453)	(808,453)	23,951	832,404
OTHER FINANCING SOURCES (USES)				
Transfers out	(204,547)	(204,547)	-	204,547
NET CHANGE IN FUND BALANCE	(1,013,000)	(1,013,000)	23,951	1,036,951
FUND BALANCE, beginning of year	1,013,000	1,013,000	1,000,961	(12,039)
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,024,912	\$ 1,024,912

CITY OF WOODBURN, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – STREET/STORM CAPITAL IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2013**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 120,000	\$ 120,000	\$ -	\$ (120,000)
Licenses and permits	315,000	315,000	-	(315,000)
Intergovernmental	924,111	924,111	280,050	(644,061)
Miscellaneous	2,000	2,000	2,975	975
<i>Total Revenues</i>	1,361,111	1,361,111	283,025	(1,078,086)
EXPENDITURES				
Materials and services	1,184	1,184	-	1,184
Capital outlay	2,676,333	2,676,333	721,876	1,954,457
Contingency	168,522	168,522	-	168,522
<i>Total Expenditures</i>	2,846,039	2,846,039	721,876	2,124,163
REVENUES OVER (UNDER) EXPENDITURES				
	(1,484,928)	(1,484,928)	(438,851)	1,046,077
OTHER FINANCING SOURCES (USES)				
Transfers in	869,928	869,928	-	(869,928)
NET CHANGE IN FUND BALANCE	(615,000)	(615,000)	(438,851)	176,149
FUND BALANCE, beginning of year	615,000	615,000	674,351	59,351
FUND BALANCE, end of year	\$ -	\$ -	\$ 235,500	\$ 235,500

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – PARKS SDC FUND
YEAR ENDED JUNE 30, 2013

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 8,000	\$ 8,000	\$ 49,175	\$ 41,175
Miscellaneous	1,000	1,000	1,990	990
<i>Total Revenues</i>	9,000	9,000	51,165	42,165
EXPENDITURES				
Materials and services	20,353	20,353	3,533	16,820
Capital outlay	135,000	135,000	24,345	110,655
Contingency	133,647	128,647	-	128,647
<i>Total Expenditures</i>	289,000	284,000	27,878	256,122
REVENUES OVER (UNDER)				
EXPENDITURES	(280,000)	(275,000)	23,287	298,287
OTHER FINANCING SOURCES (USES)				
Transfers out	(20,000)	(25,000)	(207,000)	(182,000)
NET CHANGE IN FUND BALANCE	(300,000)	(300,000)	(183,713)	116,287
FUND BALANCE, beginning of year	300,000	300,000	446,130	146,130
FUND BALANCE, end of year	\$ -	\$ -	\$ 262,417	\$ 262,417

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – STORM SDC FUND
YEAR ENDED JUNE 30, 2013

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ -	\$ -	\$ 25,328	\$ 25,328
Miscellaneous	-	-	1,699	1,699
<i>Total Revenues</i>	-	-	27,027	27,027
EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	27,027	27,027
OTHER FINANCING SOURCES (USES)				
Transfers out	(420,000)	(420,000)	-	420,000
NET CHANGE IN FUND BALANCE	(420,000)	(420,000)	27,027	447,027
FUND BALANCE, beginning of year	420,000	420,000	443,092	23,092
FUND BALANCE, end of year	\$ -	\$ -	\$ 470,119	\$ 470,119

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – EQUIPMENT REPLACEMENT FUND
YEAR ENDED JUNE 30, 2013

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 1,000	\$ 1,000	\$ 3,074	\$ 2,074
EXPENDITURES				
Capital outlay	763,087	763,087	72,705	690,382
REVENUES OVER (UNDER)				
EXPENDITURES	(762,087)	(762,087)	(69,631)	692,456
OTHER FINANCING SOURCES (USES)				
Transfers in	210,000	210,000	210,000	-
NET CHANGE IN FUND BALANCE	(552,087)	(552,087)	140,369	692,456
FUND BALANCE, beginning of year	552,087	552,087	570,636	18,549
FUND BALANCE, end of year	\$ -	\$ -	\$ 711,005	\$ 711,005

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – POLICE CONSTRUCTION FUND
YEAR ENDED JUNE 30, 2013

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,500)	(2,500)	-	2,500
NET CHANGE IN FUND BALANCE	(2,500)	(2,500)	-	2,500
FUND BALANCE, beginning of year	2,500	2,500	-	(2,500)
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – GENERAL OBLIGATION DEBT FUND
YEAR ENDED JUNE 30, 2013**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 650,000	\$ 650,000	\$ 479,455	\$ (170,545)
Miscellaneous	800	800	999	199
<i>Total Revenues</i>	650,800	650,800	480,454	(170,346)
EXPENDITURES				
Materials and services	1,519	1,519	-	1,519
Debt service				
Principal	300,000	300,000	300,000	-
Interest	214,281	214,281	214,281	-
Contingency	199,000	199,000	-	199,000
<i>Total Expenditures</i>	714,800	714,800	514,281	200,519
REVENUES OVER (UNDER) EXPENDITURES	(64,000)	(64,000)	(33,827)	30,173
NET CHANGE IN FUND BALANCE	(64,000)	(64,000)	(33,827)	30,173
FUND BALANCE, beginning of year	64,000	64,000	61,397	(2,603)
FUND BALANCE, end of year	\$ -	\$ -	\$ 27,570	\$ 27,570

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – URBAN RENEWAL DEBT FUND
YEAR ENDED JUNE 30, 2013

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 550,000	\$ 550,000	\$ 626,461	\$ 76,461
Miscellaneous	3,000	3,000	8,188	5,188
<i>Total Revenues</i>	553,000	553,000	634,649	81,649
EXPENDITURES				
Personal services	79,891	79,891	65,183	14,708
Materials and services	4,298,644	4,298,644	134,744	4,163,900
Debt service				
Principal	251,855	251,855	201,856	49,999
Interest	375,877	375,877	25,877	350,000
Contingency	1,026,733	1,026,733	-	1,026,733
<i>Total Expenditures</i>	6,033,000	6,033,000	427,660	5,605,340
REVENUES OVER (UNDER)				
EXPENDITURES	(5,480,000)	(5,480,000)	206,989	5,686,989
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	4,000,000	4,000,000	-	(4,000,000)
NET CHANGE IN FUND BALANCE	(1,480,000)	(1,480,000)	206,989	1,686,989
FUND BALANCE, beginning of year	1,480,000	1,480,000	1,595,080	115,080
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,802,069	\$ 1,802,069

CITY OF WOODBURN, OREGON

**COMBINING STATEMENT OF FUND NET POSITION - NONMAJOR PROPRIETARY (ENTERPRISE) FUNDS
JUNE 30, 2013**

	<u>Water SDC</u>	<u>Sewer SDC</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and investments	\$ 741,370	\$ 449,265	\$ 1,190,635
Accounts receivable	16,680	23,816	40,496
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	758,050	473,081	1,231,131
 LIABILITIES			
	-	-	-
	<hr/>	<hr/>	<hr/>
 NET POSITION:			
Restricted for construction	\$ 758,050	\$ 473,081	\$ 1,231,131
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF WOODBURN, OREGON**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
NONMAJOR PROPRIETARY (ENTERPRISE) FUNDS
YEAR ENDED JUNE 30, 2013**

	<u>Water SDC</u>	<u>Sewer SDC</u>	<u>Surfacewater</u>
OPERATING REVENUES	\$ -	\$ -	\$ -
OPERATING EXPENSES	-	-	-
OPERATING INCOME (LOSS)	-	-	-
NONOPERATING REVENUES (EXPENSES)			
Investment revenue	2,876	1,555	-
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	2,876	1,555	-
Capital contributions	92,991	197,939	-
Transfers out	-	-	(54,940)
CHANGE IN NET POSITION	95,867	199,494	(54,940)
NET POSITION, Beginning of year	662,183	273,587	54,940
NET POSITION, End of year	\$ 758,050	\$ 473,081	\$ -

<i>Total</i>	
\$	-
	-
	-
	4,431
	4,431
	290,930
	(54,940)
	240,421
	990,710
\$	<u>1,231,131</u>

CITY OF WOODBURN, OREGON

COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY (ENTERPRISE) FUNDS

YEAR ENDED JUNE 30, 2013

	<u>Water SDC</u>	<u>Sewer SDC</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Paid to suppliers	\$ -	\$ -
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers out	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
System development revenue	76,311	174,123
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	2,876	1,555
<i>Increase (Decrease) in Cash and Investments</i>	79,187	175,678
CASH AND INVESTMENTS, Beginning of year	662,183	273,587
CASH AND INVESTMENTS, End of year	<u>\$ 741,370</u>	<u>\$ 449,265</u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES		
Accounts payable and accrued liabilities	<u>\$ -</u>	<u>\$ -</u>
<i>Noncash Transactions</i>		
Transfer of capital assets	<u>\$ -</u>	<u>\$ -</u>

<u>Surfacewater</u>	<u>Totals</u>
\$ (514)	\$ (514)
(55,161)	(55,161)
-	250,434
-	4,431
<u>(55,675)</u>	<u>199,190</u>
<u>55,675</u>	<u>991,445</u>
<u>\$ -</u>	<u>\$ 1,190,635</u>

<u>\$ (514)</u>	<u>\$ (514)</u>
<u>\$ -</u>	<u>\$ -</u>

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL - WATER FUND
YEAR ENDED JUNE 30, 2013

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 3,167,025	\$ 3,167,025	\$ 3,236,888	\$ 69,863
Miscellaneous	51,000	51,000	58,454	7,454
Interest earnings	3,500	3,500	3,827	327
<i>Total Revenues</i>	3,221,525	3,221,525	3,299,169	77,644
EXPENDITURES				
Personal services	1,283,761	1,283,761	1,287,000	(3,239)
Materials and services	720,188	720,188	598,250	121,938
Debt service				
Principal	621,880	621,880	621,879	1
Interest	535,906	535,906	536,114	(208)
Capital outlay	42,000	42,000	19,173	22,827
Contingency	1,132,133	1,132,133	-	1,132,133
<i>Total Expenditures</i>	4,335,868	4,335,868	3,062,416	1,273,452
REVENUES OVER (UNDER) EXPENDITURES	(1,114,343)	(1,114,343)	236,753	1,351,096
OTHER FINANCING SOURCES (USES)				
Transfers in	824,000	824,000	824,000	-
Transfers out	(114,657)	(114,657)	(114,657)	-
<i>Total Other Financing Sources and Uses</i>	709,343	709,343	709,343	-
NET CHANGE IN FUND BALANCE	(405,000)	(405,000)	946,096	1,351,096
FUND BALANCE, beginning of year, as reported	405,000	405,000	447,431	42,431
Prior period adjustment	-	-	73,741	73,741
FUND BALANCE, beginning of year, as restated	405,000	405,000	521,172	116,172
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,467,268	\$ 1,467,268

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL - SEWER FUND
YEAR ENDED JUNE 30, 2013

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 6,553,084	\$ 6,553,084	\$ 6,548,215	\$ (4,869)
Miscellaneous	2,000	2,000	9,292	7,292
Interest earnings	4,000	4,000	10,604	6,604
<i>Total Revenues</i>	6,559,084	6,559,084	6,568,111	9,027
EXPENDITURES				
Personal services	1,835,229	1,835,229	1,853,398	(18,169)
Materials and services	1,047,902	1,047,902	851,519	196,383
Debt service				
Principal	1,865,000	1,865,000	1,865,000	-
Interest	1,085,663	1,085,663	1,085,663	-
Capital outlay	142,097	142,097	2,227	139,870
Contingency	3,750,144	3,750,144	-	3,750,144
<i>Total Expenditures</i>	9,726,035	9,726,035	5,657,807	4,068,228
REVENUES OVER (UNDER)				
EXPENDITURES	(3,166,951)	(3,166,951)	910,304	4,077,255
OTHER FINANCING SOURCES (USES)				
Transfers in	2,944,724	2,944,724	2,947,664	2,940
Transfers out	(389,773)	(389,773)	(389,773)	-
<i>Total Other Financing Sources and Uses</i>	2,554,951	2,554,951	2,557,891	2,940
NET CHANGE IN FUND BALANCE	(612,000)	(612,000)	3,468,195	4,080,195
FUND BALANCE, beginning of year as originally reported	612,000	612,000	641,619	29,619
Prior period adjustment	-	-	73,741	73,741
FUND BALANCE, beginning of year, as restated	612,000	612,000	715,360	103,360
FUND BALANCE, end of year	\$ -	\$ -	\$ 4,183,555	\$ 4,183,555

CITY OF WOODBURN, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL – WWTP CONSTRUCTION FUND
YEAR ENDED JUNE 30, 2013**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Interest earnings	\$ 85,000	\$ 85,000	\$ 73,974	\$ (11,026)
EXPENDITURES				
Materials and services	6,839	6,839	-	6,839
Capital outlay	13,732,590	13,732,590	1,172,787	12,559,803
<i>Total Expenditures</i>	<u>13,739,429</u>	<u>13,739,429</u>	<u>1,172,787</u>	<u>12,566,642</u>
REVENUES OVER (UNDER) EXPENDITURES	(13,654,429)	(13,654,429)	(1,098,813)	12,555,616
OTHER FINANCING SOURCES (USES)				
Transfers in	147,153	147,153	-	(147,153)
Transfers out	(2,892,724)	(2,892,724)	(2,892,724)	-
<i>Total Other Financing Sources and Uses</i>	<u>(2,745,571)</u>	<u>(2,745,571)</u>	<u>(2,892,724)</u>	<u>(147,153)</u>
NET CHANGE IN FUND BALANCE	(16,400,000)	(16,400,000)	(3,991,537)	12,408,463
FUND BALANCE, beginning of year as originally reported	16,400,000	16,400,000	17,574,688	1,174,688
Prior period adjustment	-	-	(53,000)	(53,000)
FUND BALANCE, beginning of year, as restated	<u>16,400,000</u>	<u>16,400,000</u>	<u>17,521,688</u>	<u>(53,000)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,530,151</u>	<u>\$ 12,355,463</u>

CITY OF WOODBURN, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL – WWD CONSTRUCTION FUND
YEAR ENDED JUNE 30, 2013**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Interest earnings	\$ 8,000	\$ 8,000	\$ 17,106	\$ 9,106
EXPENDITURES				
Materials and services	4,000	4,000	-	4,000
Capital outlay	3,975,215	3,975,215	652,999	3,322,216
Contingency	634,446	634,446	-	634,446
<i>Total Expenditures</i>	<u>4,613,661</u>	<u>4,613,661</u>	<u>652,999</u>	<u>3,960,662</u>
REVENUES OVER (UNDER) EXPENDITURES	(4,605,661)	(4,605,661)	(635,893)	3,969,768
OTHER FINANCING SOURCES (USES)				
Transfers in	524,661	524,661	39,221	(485,440)
Transfers out	(754,000)	(754,000)	(754,000)	-
<i>Total Other Financing Sources and Uses</i>	<u>(229,339)</u>	<u>(229,339)</u>	<u>(714,779)</u>	<u>(485,440)</u>
NET CHANGE IN FUND BALANCE	(4,835,000)	(4,835,000)	(1,350,672)	3,484,328
FUND BALANCE, beginning of year, as originally reported	4,835,000	4,835,000	4,678,901	(156,099)
Prior period adjustment	-	-	(168,509)	(168,509)
FUND BALANCE, beginning of year, as restated	<u>4,835,000</u>	<u>4,835,000</u>	<u>4,510,392</u>	<u>(324,608)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,159,720</u>	<u>\$ 2,835,112</u>

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL - WATER SDC FUND
YEAR ENDED JUNE 30, 2013

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 45,000	\$ 45,000	\$ 76,311	\$ 31,311
Interest earnings	1,300	1,300	2,876	1,576
<i>Total Revenues</i>	46,300	46,300	79,187	32,887
EXPENDITURES				
Materials and services	494	494	-	494
Contingency	58,214	58,214	-	58,214
<i>Total Expenditures</i>	58,708	58,708	-	58,708
REVENUES OVER (UNDER)				
EXPENDITURES	(12,408)	(12,408)	79,187	91,595
OTHER FINANCING SOURCES (USES)				
Transfers in	145,000	145,000	-	(145,000)
Transfers out	(632,592)	(632,592)	-	632,592
<i>Total Other Financing Sources and Uses</i>	(487,592)	(487,592)	-	487,592
NET CHANGE IN FUND BALANCE	(500,000)	(500,000)	79,187	579,187
FUND BALANCE, beginning of year	500,000	500,000	662,183	162,183
FUND BALANCE, end of year	\$ -	\$ -	\$ 741,370	\$ 741,370

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL - SEWER SDC FUND
YEAR ENDED JUNE 30, 2013**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ -	\$ -	\$ 174,123	\$ 174,123
Interest earnings	-	-	1,555	1,555
<i>Total Revenues</i>	-	-	175,678	175,678
EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	175,678	175,678
OTHER FINANCING SOURCES (USES)				
Transfers out	(145,000)	(145,000)	-	145,000
NET CHANGE IN FUND BALANCE	(145,000)	(145,000)	175,678	320,678
FUND BALANCE, beginning of year	145,000	145,000	273,587	128,587
FUND BALANCE, end of year	\$ -	\$ -	\$ 449,265	\$ 449,265

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL – SURFACEWATER FUND
YEAR ENDED JUNE 30, 2013**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	(52,000)	(52,000)	(54,940)	(2,940)
NET CHANGE IN FUND BALANCE	(52,000)	(52,000)	(54,940)	(2,940)
FUND BALANCE, beginning of year	52,000	52,000	54,940	2,940
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF WOODBURN, OREGON
COMBINING STATEMENT OF FUND NET POSITION - INTERNAL SERVICE FUNDS
JUNE 30, 2013

	<u>Information Services</u>	<u>Insurance</u>	<u>Technical & Environmental Services</u>
ASSETS			
Current Assets			
Cash and investments	\$ 89,465	\$ 397,402	\$ 200,022
LIABILITIES			
Current Liabilities			
Accounts payable	21,101	587	16,942
Noncurrent Liabilities			
Accrued compensated absences	-	-	106,446
Total Liabilities	<u>21,101</u>	<u>587</u>	<u>123,388</u>
NET POSITION:			
Unrestricted	<u>\$ 68,364</u>	<u>\$ 396,815</u>	<u>\$ 76,634</u>

Total

\$ 686,889

38,630

106,446

145,076

\$ 541,813

CITY OF WOODBURN, OREGON**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2013**

	<i>Information Services</i>	<i>Insurance</i>	<i>Technical & Environmental Services</i>
<i>OPERATING REVENUES</i>			
Licenses and permits	\$ -	\$ -	\$ 19,628
Charges for services	659,864	500,005	1,121,850
Miscellaneous	351	922	1,367
<i>Total Operating Revenues</i>	660,215	500,927	1,142,845
<i>OPERATING EXPENSES</i>			
Personal services	344,964	55,443	948,036
Materials and services	297,400	349,652	494,523
<i>Total Operating Expenses</i>	642,364	405,095	1,442,559
<i>OPERATING INCOME (LOSS)</i>	17,851	95,832	(299,714)
<i>NONOPERATING REVENUES (EXPENSES)</i>			
Investment revenue	160	1,374	485
<i>NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</i>	18,011	97,206	(299,229)
Transfers in	-	-	362,322
Transfers out	-	-	(5,000)
<i>CHANGE IN NET POSITION</i>	18,011	97,206	58,093
<i>NET POSITION, Beginning of year</i>	50,353	299,609	18,541
<i>NET POSITION, End of year</i>	\$ 68,364	\$ 396,815	\$ 76,634

<i>Building Maintenance</i>	<i>Total</i>
\$ -	\$ 19,628
-	2,281,719
-	2,640
-	2,303,987
-	1,348,443
-	1,141,575
-	2,490,018
-	(186,031)
-	2,019
-	(184,012)
-	362,322
(49,732)	(54,732)
(49,732)	123,578
49,732	418,235
\$ -	\$ 541,813

CITY OF WOODBURN, OREGON
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2013

	<u>Information Services</u>	<u>Insurance</u>	<u>Technical and Environmental Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Collected from customers	\$ 664,215	\$ 500,927	\$ 1,142,845
Paid to suppliers	(323,059)	(418,791)	(479,674)
Paid to employees	(344,964)	(55,443)	(916,759)
<i>Net Cash Provided by (Used in) Operating Activities</i>	(3,808)	26,693	(253,588)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	-	-	362,322
Transfers out	(328)	(35)	(6,067)
<i>Net Cash Provided by (Used in) Non-Capital Financing Activities</i>	(328)	(35)	356,255
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	160	1,374	485
<i>Increase (Decrease) in Cash and Investments</i>	(3,976)	28,032	103,152
CASH AND INVESTMENTS, Beginning of year	93,441	369,370	96,870
CASH AND INVESTMENTS, End of year	\$ 89,465	\$ 397,402	\$ 200,022
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 17,851	\$ 95,832	\$ (299,714)
<i>Change in assets and liabilities</i>			
Accounts receivable	4,000	-	-
Compensated absences payable	-	-	31,277
Accounts payable and accrued liabilities	(25,659)	(69,139)	14,849
<i>Net Cash Provided by (Used in) Operating Activities</i>	\$ (3,808)	\$ 26,693	\$ (253,588)
Noncash Transactions			
Transfer of capital assets	\$ -	\$ -	\$ -

<i>Building Maintenance</i>	<i>Totals</i>
\$ -	\$ 2,307,987
(20,717)	(1,242,241)
(17,395)	(1,334,561)
<hr/>	
(38,112)	(268,815)
-	362,322
(50,219)	(56,649)
<hr/>	
(50,219)	305,673
-	2,019
<hr/>	
(88,331)	38,877
88,331	648,012
<hr/>	
\$ -	\$ 686,889
<hr/> <hr/>	
\$ -	\$ (186,031)
-	4,000
(17,395)	13,882
(20,717)	(100,666)
<hr/>	
\$ (38,112)	\$ (268,815)
<hr/> <hr/>	
\$ -	\$ -
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CITY OF WOODBURN, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BASIS) – INFORMATION SERVICES FUND
YEAR ENDED JUNE 30, 2013**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 634,395	\$ 634,395	\$ 659,864	\$ 25,469
Miscellaneous	-	-	352	352
Interest earnings	-	-	160	160
<i>Total Revenues</i>	634,395	634,395	660,376	25,981
EXPENDITURES				
Personal services	345,169	345,169	344,964	205
Materials and services	246,339	246,339	222,858	23,481
Capital outlay	75,000	75,000	74,542	458
Contingency	30,887	30,887	-	30,887
<i>Total Expenditures</i>	697,395	697,395	642,364	55,031
NET CHANGE IN FUND BALANCE	(63,000)	(63,000)	18,012	81,012
FUND BALANCE, beginning of year	63,000	63,000	50,352	(12,648)
FUND BALANCE, end of year	\$ -	\$ -	\$ 68,364	\$ 68,364

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BASIS) – INSURANCE FUND
YEAR ENDED JUNE 30, 2013**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 436,502	\$ 436,502	\$ 500,005	\$ 63,503
Miscellaneous	12,624	12,624	922	(11,702)
Interest earnings	-	-	1,374	1,374
<i>Total Revenues</i>	449,126	449,126	502,301	53,175
EXPENDITURES				
Personal services	57,409	57,409	55,443	1,966
Materials and services	476,717	476,717	349,652	127,065
<i>Total Expenditures</i>	534,126	534,126	405,095	129,031
NET CHANGE IN FUND BALANCE	(85,000)	(85,000)	97,206	182,206
FUND BALANCE, beginning of year	85,000	85,000	299,609	214,609
FUND BALANCE, end of year	\$ -	\$ -	\$ 396,815	\$ 396,815

CITY OF WOODBURN, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BASIS) – TECHNICAL & ENVIRONMENTAL SERVICES FUND
YEAR ENDED JUNE 30, 2013**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 7,000	\$ 7,000	\$ 19,628	\$ 12,628
Charges for services	659,119	659,119	1,121,850	462,731
Miscellaneous	600,000	600,000	1,366	(598,634)
Interest earnings	200	200	485	285
<i>Total Revenues</i>	<u>1,266,319</u>	<u>1,266,319</u>	<u>1,143,329</u>	<u>(122,990)</u>
EXPENDITURES				
Personal services	942,737	942,737	934,154	8,583
Materials and services	593,947	593,947	494,523	99,424
Contingency	147,225	147,225	-	147,225
<i>Total Expenditures</i>	<u>1,683,909</u>	<u>1,683,909</u>	<u>1,428,677</u>	<u>255,232</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(417,590)</u>	<u>(417,590)</u>	<u>(285,348)</u>	<u>132,242</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	356,590	356,590	379,717	23,127
Transfers out	(5,000)	(5,000)	(5,000)	-
<i>Total Other Financing Sources and Uses</i>	<u>351,590</u>	<u>351,590</u>	<u>374,717</u>	<u>23,127</u>
NET CHANGE IN FUND BALANCE	<u>(66,000)</u>	<u>(66,000)</u>	<u>89,369</u>	<u>155,369</u>
FUND BALANCE, beginning of year	<u>66,000</u>	<u>66,000</u>	<u>93,710</u>	<u>27,710</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,079</u>	<u>\$ 183,079</u>

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BASIS) – BUILDING MAINTENANCE FUND
YEAR ENDED JUNE 30, 2013**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	(44,000)	(44,000)	(67,127)	(23,127)
NET CHANGE IN FUND BALANCE	(44,000)	(44,000)	(67,127)	(23,127)
FUND BALANCE, beginning of year	44,000	44,000	67,127	23,127
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ -

OTHER FINANCIAL SCHEDULES

CITY OF WOODBURN, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
YEAR ENDED JUNE 30, 2013

<u>Tax Year</u>	<u>2012-13 Levy</u>	<u>Uncollected Balance July 1, 2012</u>	<u>Interest, Discounts and Adjustments</u>	<u>Collections</u>	<u>Uncollected Balances June 30, 2013</u>
2012-13	\$ 8,369,810	\$ -	\$ (246,027)	\$ (7,835,630)	\$ 288,153
2011-12	-	311,618	(13,930)	(145,000)	152,688
2010-11	-	168,906	(4,813)	(64,510)	99,583
2009-10	-	103,957	(5,158)	(63,610)	35,189
2008-09	-	45,038	(442)	(31,304)	13,292
2007-08	-	11,276	(519)	(2,472)	8,285
2006-07	-	4,792	(227)	(716)	3,849
Prior	-	17,573	(275)	(1,136)	16,162
	<u>\$ 8,369,810</u>	<u>\$ 663,160</u>	<u>\$ (271,391)</u>	<u>\$ (8,144,378)</u>	617,201
Cash with county					58,813
Property taxes receivable					<u>\$ 676,014</u>

CITY OF WOODBURN, OREGON
SCHEDULE OF DEBT PRINCIPAL AND INTEREST TRANSACTIONS
YEAR ENDED JUNE 30, 2013

	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Fiscal Year of Maturity</u>
PRINCIPAL TRANSACTIONS			
Governmental Activities			
Series 2005 GO Bonds	4.85-4.9%	2005	2024-25
1999 OEDD Loan	5.01%	1999	2017-18
2005 URA Loan	4.22%	2005	2015-16
<i>Subtotal, governmental activities</i>			
Business-type Activities			
Series 2003 Water Bonds	3.00-4.63%	2003	2028-29
2005 OEDD Loan	4.21%	2005	2024-25
2005 SDWR Loan	4.21%	2005	2024-25
Series 2011 Sewer Bonds			
<i>Subtotal, business-type activities</i>			
			Unmatured Interest Outstanding July 1, 2012
INTEREST TRANSACTIONS			
Governmental Activities			
Series 2005 GO Bonds	4.85-4.9%	2005	\$ 1,688,838
1999 OEDD Loan	5.01%	1999	33,379
2005 URA Loan	4.22%	2005	51,893
<i>Subtotal, governmental activities</i>			1,774,110
Business-type Activities			
Series 2003 Water Bonds	3.00-4.63%	2003	2,964,048
2005 OEDD Loan	4.21%	2005	942,420
2005 SDWR Loan	4.21%	2005	942,420
Series 2011 Sewer Bonds			9,834,947
<i>Subtotal, business-type activities</i>			14,683,835
			\$ 16,457,945

<i>Outstanding July 1, 2012</i>	<i>New Issues</i>	<i>Principal Paid</i>	<i>Outstanding June 30, 2013</i>
\$ 5,365,000	\$ -	\$ (300,000)	\$ 5,065,000
180,213	-	(24,440)	155,773
688,236	-	(201,855)	486,381
6,233,449	-	(526,295)	5,707,154
6,519,163	-	(271,065)	6,248,098
2,955,320	-	(175,407)	2,779,913
2,955,328	-	(175,407)	2,779,921
33,291,556	-	(1,865,000)	31,426,556
45,721,367	-	(2,486,879)	43,234,488
\$ 51,954,816	\$ -	\$ (3,013,174)	\$ 48,941,642

<i>New Issues</i>	<i>Interest Paid/Matured</i>	<i>Unmatured Interest June 30, 2013</i>
\$ -	\$ (214,281)	\$ 1,474,557
-	(9,079)	24,300
-	(25,877)	26,016
-	(249,237)	1,524,873
-	(287,068)	2,676,980
-	(124,419)	818,001
-	(124,419)	818,001
-	(1,085,662)	8,749,285
-	(1,621,568)	13,062,267
\$ -	\$ (1,870,805)	\$ 14,587,140

CITY OF WOODBURN, OREGON
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
JUNE 30, 2013

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<i>2005 General Obligation Bonds</i>			<i>1999 OEDD Loan</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2014	\$ 320,000	\$ 203,781	\$ 523,781	\$ 29,663	\$ 7,857	\$ 32,351
2015	335,000	192,261	527,261	29,895	6,373	36,268
2016	350,000	179,866	529,866	30,141	4,879	35,020
2017	370,000	166,566	536,566	30,399	3,371	33,770
2018	385,000	152,136	537,136	35,675	1,820	37,495
2019	405,000	136,736	541,736	-	-	-
2020	425,000	120,536	545,536	-	-	-
2021	445,000	103,536	548,536	-	-	-
2022	470,000	85,180	555,180	-	-	-
2023	495,000	65,793	560,793	-	-	-
2024	520,000	45,003	565,003	-	-	-
2025	545,000	23,163	568,163	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
	<u>\$ 5,065,000</u>	<u>\$ 1,474,557</u>	<u>\$ 6,539,557</u>	<u>\$ 155,773</u>	<u>\$ 24,300</u>	<u>\$ 180,073</u>

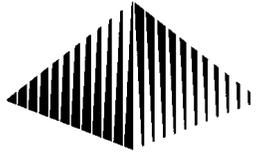
<i>2005 URA Loan</i>			<i>2003 Water Bonds</i>		
<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
\$ 210,509	\$ 17,223	\$ 227,732	\$ 282,734	\$ 277,241	\$ 559,975
219,534	8,198	227,732	289,548	266,498	556,046
56,338	595	56,933	301,530	254,916	556,446
-	-	-	313,591	242,854	556,445
-	-	-	325,789	229,997	555,786
-	-	-	343,132	216,314	559,446
-	-	-	355,631	201,559	557,190
-	-	-	373,299	185,912	559,211
-	-	-	391,148	169,113	560,261
-	-	-	404,158	151,316	555,474
-	-	-	427,356	132,624	559,980
-	-	-	445,702	112,858	558,560
-	-	-	464,204	92,245	556,449
-	-	-	487,867	70,775	558,642
-	-	-	511,700	48,211	559,911
-	-	-	530,709	24,547	555,256
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 486,381</u>	<u>\$ 26,016</u>	<u>\$ 512,397</u>	<u>\$ 6,248,098</u>	<u>\$ 2,676,980</u>	<u>\$ 8,925,078</u>

CITY OF WOODBURN, OREGON
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS (Continued)
JUNE 30, 2013

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<i>2005 OEDD Loan</i>			<i>2005 SDWR Loan</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2014	\$ 182,792	\$ 117,034	\$ 299,826	\$ 182,792	\$ 117,034	\$ 299,826
2015	190,487	109,339	299,826	190,487	109,339	299,826
2016	198,507	101,319	299,826	198,507	101,319	299,826
2017	206,864	92,962	299,826	206,864	92,962	299,826
2018	215,573	84,253	299,826	215,573	84,253	299,826
2019	224,649	75,178	299,827	224,649	75,178	299,827
2020	234,106	65,720	299,826	234,106	65,720	299,826
2021	243,962	55,864	299,826	243,962	55,864	299,826
2022	254,233	45,593	299,826	254,233	45,593	299,826
2023	264,936	34,890	299,826	264,936	34,890	299,826
2024	276,090	23,736	299,826	276,090	23,736	299,826
2025	287,713	12,113	299,826	287,723	12,113	299,836
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
	<u>\$ 2,779,912</u>	<u>\$ 818,001</u>	<u>\$ 3,597,913</u>	<u>\$ 2,779,922</u>	<u>\$ 818,001</u>	<u>\$ 3,597,923</u>

<i>2011 Sewer Bonds</i>			<i>Totals</i>		
<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
\$ 2,265,153	\$ 1,044,559	\$ 3,309,712	\$ 3,473,643	\$ 1,784,729	\$ 5,258,372
2,755,000	972,713	3,727,713	4,009,951	1,664,721	5,674,672
2,478,685	901,377	3,380,062	3,613,708	1,544,271	5,157,979
2,603,647	930,165	3,533,812	3,731,365	1,528,880	5,260,245
3,165,000	724,563	3,889,563	4,342,610	1,277,022	5,619,632
3,615,000	629,613	4,244,613	4,812,430	1,133,019	5,945,449
3,469,529	999,333	4,468,862	4,718,372	1,452,868	6,171,240
3,696,001	1,042,861	4,738,862	5,002,224	1,444,037	6,446,261
4,870,000	266,113	5,136,113	6,239,614	611,592	6,851,206
2,013,541	1,144,071	3,157,612	3,442,571	1,430,960	4,873,531
55,000	20,412	75,412	1,554,536	245,511	1,800,047
60,000	18,212	78,212	1,626,138	178,459	1,804,597
60,000	15,813	75,813	524,204	108,058	632,262
65,000	13,412	78,412	552,867	84,187	637,054
65,000	10,812	75,812	576,700	59,023	635,723
70,000	8,131	78,131	600,709	32,678	633,387
75,000	5,156	80,156	75,000	5,156	80,156
45,000	1,969	46,969	45,000	1,969	46,969
\$ 31,426,556	\$ 8,749,285	\$ 40,175,841	\$ 48,941,642	\$ 14,587,140	\$ 63,528,782

REGULATORY SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Honorable Mayor and Council Members
City of Woodburn
270 Montgomery Street
Woodburn, Oregon 97071

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Woodburn as of and for the year ended June 30, 2013, and have issued our report thereon dated November 14, 2013.

Compliance and Other Matters

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

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials – no money was collected or received by elected officials.**

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

1. The City did not budget separately for current and delinquent property tax revenue.
2. The actual ending balances for the second preceding year did not equal the actual beginning balances for the first preceding year for the General and RSVP funds.
3. The budget does not list each bond or loan separately. This is required by ORS 294.352(7).
4. Expenditures exceeded appropriations, as detailed in the notes to the financial statements.

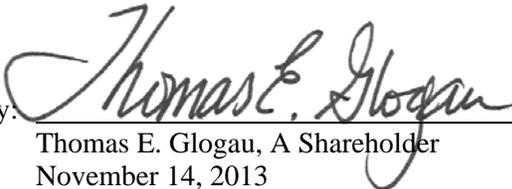
OAR 162-10-0230 - Internal Control

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Purpose of this Report

This report is intended solely for the information and use of the board of council members and management of the City of Woodburn and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Thomas E. Glogau, A Shareholder
November 14, 2013

**WOODBURN URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE
CITY OF WOODBURN, OREGON)
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2013**

MAYOR AND COUNCIL MEMBERS

<u>Name</u>	<u>Term Expires</u>
<i>Mayor</i>	
Kathryn Figley 601 S. Settlemeier Woodburn, Oregon 97071	December 31, 2014
<i>Council Members</i>	
Peter McCallum, President 370 Ironwood Terrace Woodburn, Oregon 97071	December 31, 2014
Teresa Alonso Leon 3009 Oxford Street Woodburn, Oregon 97071	December 31, 2016
Lisa Ellsworth 798 Wilson Street Woodburn, Oregon 97071	December 31, 2016
Eric Morris 1505 Hardcastle Avenue Woodburn, Oregon 97071	December 31, 2016
Jim Cox 1530 Ranier Way Woodburn, Oregon 97071	December 31, 2014
Frank Lonergan 245 N 2 nd Street Woodburn, Oregon 97071	December 31, 2014

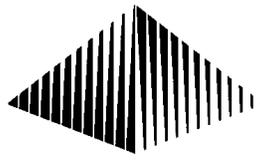
Staff

Scott Derickson, City Administrator
N. Robert Shields, City Attorney
Christina Shearer, Finance Director

City of Woodburn, Oregon
270 Montgomery Avenue
Woodburn, Oregon 97071

WOODBURN URBAN RENEWAL AGENCY
(A Component Unit of the City of Woodburn, Oregon)
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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT

Board of Directors
City of Woodburn Urban Renewal Agency
270 Montgomery Street
Woodburn, Oregon 97071

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Urban Renewal Agency of the City of Woodburn, Oregon (a component unit of the City of Woodburn, Oregon) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Urban Renewal Agency of the City of Woodburn, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) (pages iii through v) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during or audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 14, 2013, on our consideration of the Agency's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Thomas E. Glogau, A Shareholder
November 14, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

**WOODBURN URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Woodburn Urban Renewal Agency (the Agency), we offer readers of the Agency's basic financial statements this narrative overview and analysis of the financial activities of the Agency as of June 30, 2013 and for the fiscal year then ended. We encourage readers to consider the information presented here in conjunction with the Agency's basic financial statements in the financial section of this report.

Financial Highlights

The Agency's net assets exceeded liabilities by \$1,360,133. This is due to the continued retirement of the Agency's outstanding debt.

The Agency currently has two assets, cash and investments (\$1,817,541) and receivables (\$49,402). The Agency's receivables are comprised solely of property taxes due at June 30, 2013.

Liabilities are comprised of the balance on Agency debt of \$486,381 and the accrued interest due at June 30, 2013 of \$707.

Statements of Net Position

	June 30,	
	2013	2012
ASSETS		
Cash and investments	\$ 1,817,541	\$ 1,590,160
Property tax receivable	49,402	50,956
Total Assets	1,866,943	1,641,116
LIABILITIES		
Accounts payable	19,722	-
Accrued interest payable	707	298
Noncurrent liabilities		
Due within one year		
Bonds payable	210,509	201,855
Due in more than one year		
Bonds payable	275,872	486,381
Total Liabilities	506,810	688,534
NET POSITION		
Unrestricted	\$ 1,360,133	\$ 952,582

Property taxes totaling \$625,577 comprise 99 % of the Agency's revenue and are derived from the tax increment assessment within the Agency's boundaries. The remaining revenue of \$8,188 is from interest earnings. Expenses for the year ended June 30, 2013 were \$26,287 for interest on long-term debt. Additionally, the Agency expended \$65,183 on personnel costs and \$134,744 on the Agency's Downtown Grant and Loan program.

The Agency's maintains a single fund used to account for activities supported by the property tax increment.

Statements of Activities

	Year Ended June 30,	
	2013	2012
REVENUES		
Property taxes	\$ 625,577	\$ 614,590
Miscellaneous	8,188	6,485
Total Revenues	633,765	621,075
EXPENSES		
Personal services	65,183	44,006
Materials and services	134,744	107,284
Interest on long-term debt	26,287	34,091
Total Expenses	226,214	185,381
REVENUES OVER (UNDER) EXPENSES	407,551	435,694
NET POSITION, June 30	952,582	516,888
NET POSITION, June 30	\$ 1,360,133	\$ 952,582

Overview of the Basic Financial Statements

The Agency'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 Position and the Statement of Activities. These two statements are designed to provide readers with a broad overview of the Agency'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(s) 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 (i.e. uncollected revenues and accrued but unpaid interest).

The Statement of Net Position presents information on all of the Agency's assets and liabilities, including capital assets and long-term liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency as a whole is improving or deteriorating.

The Statement of Activities present information showing how the Agency's net position changed during the most recent fiscal year.

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.

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 10-16.

Financial Analysis of Funds

As of June 30, 2013 the Agency's governmental fund reported a fund balance of \$1,802,069 or an increase of \$206,989 over the prior year. This is due to tax revenues in excess of payments of the Agency for approved Downtown Grant and Loan projects and annual debt service.

Budgetary Highlights

There no changes to the adopted budget in the current year.

Capital Assets and Debt Administration

The Agency has no capital assets. All assets constructed with urban renewal funds are property of the City (see the City of Woodburn financial statements).

As of June 30, 2013 the Agency has \$486,381 of long-term debt outstanding. Additional information on the long-term debt can be found in the notes to the basic financial statements.

Financial Contact

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

Any questions or request for additional information should be directed to the Agency's Finance Director at 270 Montgomery Street, Woodburn, Oregon.

BASIC FINANCIAL STATEMENTS

URBAN RENEWAL AGENCY OF THE CITY OF WOODBURN, OREGON
(A Component Unit of the City of Woodburn, Oregon)
STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
JUNE 30, 2013

ASSETS

Cash and investments	\$ 1,817,541
Property taxes receivable	<u>49,402</u>
<i>Total Assets</i>	1,866,943

LIABILITIES

Accounts payable	19,722
Accrued interest payable	707
Noncurrent liabilities	
Due within one year	
Bonds payable	210,509
Due in more than one year	
Bonds payable	<u>275,872</u>
<i>Total Liabilities</i>	<u>506,810</u>

NET POSITION

Restricted	<u><u>\$ 1,360,133</u></u>
------------	----------------------------

The accompanying notes are an integral part of the financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF WOODBURN, OREGON
(A Component Unit of the City of Woodburn, Oregon)
STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2013

Revenues	
Taxes and assessments	\$ 625,577
Miscellaneous	<u>8,188</u>
Total Revenues	633,765
Expenses	
Community development	199,927
Debt service interest	<u>26,287</u>
Total Expenses	<u>226,214</u>
CHANGE IN NET POSITION	407,551
NET POSITION, June 30, 2012	<u>952,582</u>
NET POSITION, June 30, 2013	<u><u>\$ 1,360,133</u></u>

The accompanying notes are an integral part of the financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF WOODBURN, OREGON
(A Component Unit of the City of Woodburn, Oregon)
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2013

	<i>Urban Renewal Debt Service Fund</i>
ASSETS	
Cash and investments	\$ 1,817,541
Property taxes receivable	49,402
	<hr/>
<i>Total Assets</i>	<u>\$ 1,866,943</u>
 LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	
Liabilities	
Accounts payable	\$ 19,722
Deferred Inflows	
Deferred revenue	45,152
Fund Balances	
Restricted	
Urban Renewal	1,802,069
	<hr/>
<i>Total Liabilities, Deferred Inflows, and Fund Balances</i>	<u>\$ 1,866,943</u>
 RECONCILIATION TO THE STATEMENT OF NET POSITION	
<i>Fund Balances</i>	\$ 1,802,069
The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current-period expenditures are deferred in governmental funds.	45,152
All liabilities are reported in the Statement of Net Position. However, if they are not due and payable in the current period, they are not recorded in governmental funds.	
Bonds payable	(486,381)
Accrued interest payable	(707)
	<hr/>
<i>Net Position of Governmental Activities</i>	<u>\$ 1,360,133</u>

The accompanying notes are an integral part of the financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF WOODBURN, OREGON
(A Component Unit of the City of Woodburn, Oregon)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	<i>Urban Renewal Debt Service Fund</i>
REVENUES	
Taxes and assessments	\$ 626,461
Miscellaneous	8,188
	<hr/>
<i>Total Revenues</i>	634,649
EXPENDITURES	
Current	
Personal services	65,183
Materials and services	134,744
Debt service	
Principal	201,856
Interest	25,877
	<hr/>
<i>Total Expenditures</i>	427,660
	<hr/>
REVENUES OVER (UNDER) EXPENDITURES	206,989
FUND BALANCE, Beginning of year	1,595,080
	<hr/>
FUND BALANCE, End of year	\$ 1,802,069
	<hr/> <hr/>
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	
<i>Net Change in Fund Balance</i>	\$ 206,989
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund financial statements as follows:	
Property taxes	(884)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net position. This is the amount of repay- ments in the current year.	201,856
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in government funds.	(410)
	<hr/>
<i>Change in Net Position</i>	\$ 407,551
	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF WOODBURN, OREGON
(A Component Unit of the City of Woodburn, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Woodburn Urban Renewal Agency (Agency) was created to provide for rehabilitation of blighted and deteriorated areas within the City's designated urban renewal areas. Through the Downtown Grant and Loan program the Agency enables property owners to rehabilitate properties. The Agency is governed by a seven-member board of directors that include the City's mayor and other council members and is included as a component unit in the City's financial statements.

Urban Renewal Areas

Tax Allocation Bonds for urban renewal plan areas are authorized by state law to 1) "...eliminate and prevent the development or spread of urban blight and deterioration; and 2) encourage needed urban conservation and rehabilitation and provide for redevelopment of blighted or deteriorated areas."

Projects are financed in urban renewal plan areas as follows:

- The Agency (City Council) selects an urban renewal plan area and defines its boundaries.
- The County Assessor "freezes" the assessed value of property within the urban renewal area. This is referred to as the "frozen" value.
- Any increase in assessed value above the frozen value is called the "incremental value." The tax revenue generated by the tax rate times the incremental value is provided for use in paying the principal and interest on any indebtedness incurred to finance the Urban Renewal Project.
- Urban Renewal Tax Increment revenues are used to repay the indebtedness of the Agency. The proceeds of the indebtedness finance the Agency's activities.

As required by ORS 457.190(3)(a), the Agency has included in its current plan the maximum amount of indebtedness that may be issued or incurred under the plan in the amount of \$29,300,000.

Measurement Focus and Basis of Accounting

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Governmental activities are normally supported by taxes and intergovernmental revenues.

Government-wide financial statements display information about the reporting government as a whole. These statements focus on the sustainability of the Agency as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Assets and the Statement of Activities.

The Statement of Net Position presents all the assets and liabilities of the Agency, including capital assets and related debt. Net position, representing assets less liabilities and is shown as restricted. Restricted represents amounts which must be spent in accordance with legal restrictions.

URBAN RENEWAL AGENCY OF THE CITY OF WOODBURN, OREGON
(A Component Unit of the City of Woodburn, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

Basic Financial Statements (Continued)

The Statement of Activities indicate how the net assets changed during the current period.

Fund financial statements display information about the Agency's fund. The single major fund, Urban Renewal Debt Service fund, accounts for general administration of the Agency's urban renewal areas, for acquisition and rehabilitation of blighted and deteriorated areas within the designated urban renewal areas, and repayment of debt incurred for these activities.

Basis of Presentation

The financial transactions of the Agency are recorded in a single fund. The fund's activity is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures.

Fund Balance

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Although not a major impact on the financial statements, Governmental Fund type fund balances are now reported in the following classifications.

Fund balance is reported as non-spendable when the resources cannot be spent because they are either in a non-spendable form or legally or contractually required to be maintained intact. Resources in non-spendable form include inventories, prepaid amounts, deposits, and assets held for sale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the Agency takes formal action that places specific constraints on how the resources may be used. The Agency can modify or rescind the commitment at any time through taking a similar formal action.

Resources that are constrained by the Agency's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the Agency approves which resources should be "reserved" during the adoption of the annual budget.

Unassigned fund balance is the residual classification. This classification represents fund balance that has not been restricted, committed or assigned.

URBAN RENEWAL AGENCY OF THE CITY OF WOODBURN, OREGON
(A Component Unit of the City of Woodburn, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Measurement Focus and Basis of Accounting

Accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board, define principles that should be used to report financial transactions. The government-wide and proprietary fund financial statements are reported using the economic resources and accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when the liability is incurred. The governmental fund financial statements are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recorded when they become both measurable and available, while expenditures are recorded when the related liability is incurred.

Cash and Investments

The City of Woodburn maintains the Agency's cash and investments in a common pool.

Oregon Revised Statutes and the City of Woodburn investment policy authorize the City to invest in certificates of deposit, savings accounts, bank repurchase agreements, bankers' acceptances, general obligations of U.S. Government and its agencies, certain bonded obligations of Oregon Municipalities and the State Treasurer's Local Government Investment Pool, among others.

Investments are stated at cost, which approximates fair value.

Receivables and Deferred Revenues

Property taxes are levied by the County Assessor and collected by the County Tax Collector. The taxes are levied and become a lien as of July 1. They may be paid in three installments payable in equal payments due November 15, February 15, and May 15. Uncollected property taxes levied for the current and prior years are recorded as receivable at year-end. The Agency's property tax collection records show that most of the property taxes due are collected during the year of levy and delinquent taxes are collected in the next few years.

Property tax receivables not available are recognized as deferred inflows in the governmental funds balance sheet.

Long-Term Debt

All unmatured long-term debt is recorded on the Statement of Net Position. Urban Renewal Agency bonded debt is paid from the Urban Renewal Agency Debt Service Fund.

Budget and Budgetary Accounting

The Agency budgets in accordance with requirements of State law. Annual appropriated budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

The Agency begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the Budget Committee. The budget is then published in proposed form and is presented for public hearings to obtain taxpayer comments and approval from the Budget Committee. The budget is legally adopted by the Agency's Board by resolution prior to the beginning of the Agency's fiscal year.

URBAN RENEWAL AGENCY OF THE CITY OF WOODBURN, OREGON
(A Component Unit of the City of Woodburn, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Budget and Budgetary Accounting (Continued)

The Board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Appropriations are made at the object level. Appropriations lapse at year end.

Appropriation authority may be transferred from one level of control to another by Board resolution. Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted.

There were no changes to the adopted budget in the current year.

Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from those estimates.

CASH AND INVESTMENTS

The Agency's deposits with financial institutions and investments and are pooled with the City of Woodburn. Cash and investments for the City of Woodburn are disclosed in the City's financial statements. Other disclosures about the City's cash and investment that are applicable to the Agency are as follows.

Deposits

Bank deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides unlimited insurance for the City's deposits with financial institutions for the aggregate of all non-interest bearing accounts and up to \$250,000 for the aggregate of all interest bearing accounts at each institution.

Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

URBAN RENEWAL AGENCY OF THE CITY OF WOODBURN, OREGON
(A Component Unit of the City of Woodburn, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2013

CASH AND INVESTMENTS (Continued)

Investments

The State Treasurer of the State of Oregon maintains the Oregon Short-Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2013, the fair value of the position in the Oregon State Treasurer's Short-Term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short-Term Fund is not subject to risk evaluation. LGIP is not rated for credit quality. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

Interest Rate Risk

In accordance with its investment policy, the City manages its exposure to declines in fair value of its investments by limiting the weighted average maturity of its investments through use of the Local Government Investment Pool.

Custodial Risk - Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City's investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

URBAN RENEWAL AGENCY OF THE CITY OF WOODBURN, OREGON
(A Component Unit of the City of Woodburn, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2013

LONG-TERM DEBT

Long-term debt transactions for the year were as follows:

	<i>Outstanding July 1, 2012</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2013</i>	<i>Due Within One Year</i>
2005 Urban Renewal Bonds due in quarterly installments with interest at 4.22%	\$ 688,236	\$ -	\$ (201,855)	\$ 486,381	\$ 201,855

Future debt service requirements are as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2014	\$ 210,509	\$ 17,223	\$ 227,732
2015	219,534	8,198	227,732
2016	56,338	595	56,933
	<u>\$ 486,381</u>	<u>\$ 26,016</u>	<u>\$ 512,397</u>

CONTINGENCIES

The Agency purchases commercial insurance to cover all commonly insurable risks, which includes property damage, liability and employee bonds. Most policies carry a small deductible amount. No insurance claims settled in each of the prior three years have exceeded policy coverage.

NEW PRONOUNCEMENTS

GASB Statement No. 61 “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34.” This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government. The statement was implemented in the current year.

GASB Statement No. 62 “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.” The objective of this Statement is to incorporate into GASB’s authoritative literature certain accounting and financial reporting guidance that were issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements. The statement was implemented in the current year.

URBAN RENEWAL AGENCY OF THE CITY OF WOODBURN, OREGON
(A Component Unit of the City of Woodburn, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2013

NEW PRONOUNCEMENTS (continued)

GASB Statement No. 63 “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” The statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The statement was implemented in the current year.

GASB Statement No. 65 “Items Previously Reported as Assets and Liabilities.” The statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The statement was implemented in the current year.

The Agency will implement new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements from implementing any of the pronouncements.

GASB Statement No. 68 “Accounting and Reporting for Pension Plans—an amendment of GASB Statement No. 27.” The statement establishes accounting and financial reporting requirements related to pensions provided by governments. The statement is effective for fiscal years beginning after June 15, 2014.

GASB Statement No. 69 “Government Combinations and Disposals of Government Operations.” The statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The statement is effective for fiscal years beginning after December 15, 2013.

GASB Statement No. 70 “Accounting and Financial Reporting for Nonexchange Financial Guarantees.” The objective of the statement is to improve accounting and financial reporting by State and local governments that extend and receive nonexchange financial guarantees. The statement is effective for fiscal years beginning after June 15, 2013.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 14, 2013, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

URBAN RENEWAL AGENCY OF THE CITY OF WOODBURN, OREGON
(A Component Unit of the City of Woodburn, Oregon)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL - URBAN RENEWAL DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2013

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 550,000	\$ 550,000	\$ 626,461	\$ 76,461
Miscellaneous	3,000	3,000	8,188	5,188
<i>Total Revenues</i>	553,000	553,000	634,649	81,649
EXPENDITURES				
Current				
Personal services	79,891	79,891	65,183	14,708
Materials and services	4,298,644	4,298,644	134,744	4,163,900
Debt service				
Principal	251,855	251,855	201,856	49,999
Interest	375,877	375,877	25,877	350,000
Contingency	1,026,733	1,026,733	-	1,026,733
<i>Total Expenditures</i>	6,033,000	6,033,000	427,660	5,605,340
REVENUES OVER (UNDER)				
EXPENDITURES	(5,480,000)	(5,480,000)	206,989	5,686,989
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	4,000,000	4,000,000	-	(4,000,000)
NET CHANGE IN FUND BALANCE	(1,480,000)	(1,480,000)	206,989	1,686,989
FUND BALANCE, Beginning of year	1,480,000	1,480,000	1,595,080	115,080
FUND BALANCE, End of year	\$ -	\$ -	\$ 1,802,069	\$ 1,802,069

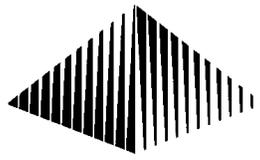
URBAN RENEWAL AGENCY OF THE CITY OF WOODBURN, OREGON
(A Component Unit of the City of Woodburn, Oregon)
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2013

<i>Tax Year</i>	<i>2012-13 Levy</i>	<i>Uncollected Balance July 1, 2012</i>	<i>Discounts & Adjustments</i>	<i>Turnovers</i>	<i>Uncollected Balance June 30, 2013</i>
2012-2013	\$ 642,505	\$ -	\$ (18,886)	\$ (601,499)	\$ 22,120
2011-2012	-	22,737	(1,012)	(10,582)	11,143
2010-2011	-	11,935	(340)	(4,558)	7,037
2009-2010	-	7,097	(347)	(4,284)	2,466
2008-2009	-	2,523	(25)	(1,753)	745
2007-2008	-	585	(27)	(128)	430
2006-2007	-	319	(16)	(48)	255
Prior Years	-	1,039	(16)	(67)	956
Total	\$ 642,505	\$ 46,235	\$ (20,669)	\$ (622,919)	45,152
			Unsegregated Taxes		4,250
			Total Receivable at June 30		\$ 49,402

URBAN RENEWAL AGENCY OF THE CITY OF WOODBURN, OREGON
(A Component Unit of the City of Woodburn, Oregon)
SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST TRANSACTIONS
YEAR ENDED JUNE 30, 2013

	<i>Interest</i>	<i>Date of</i>	<i>Fiscal Year</i>	<i>Outstanding</i>			<i>Outstanding</i>
	<i>Rates</i>	<i>Issue</i>	<i>of Maturity</i>	<i>July 1,</i>	<i>Issued</i>	<i>Paid</i>	<i>June 30,</i>
<i>PRINCIPAL TRANSACTIONS</i>				<i>2012</i>			<i>2013</i>
2005 Urban Renewal Bonds	4.22%	2005	2015-16	\$ 688,236	\$ -	\$ (201,855)	\$ 486,381
			<i>Unmatured</i>				<i>Unmatured</i>
	<i>Interest</i>	<i>Date of</i>	<i>Interest</i>	<i>New</i>	<i>Interest</i>	<i>Interest</i>	
	<i>Rates</i>	<i>Issue</i>	<i>July 1, 2012</i>	<i>Issues</i>	<i>Paid</i>	<i>June 30, 2013</i>	
<i>INTEREST TRANSACTIONS</i>							
2005 Urban Renewal Bonds	4.22%	2005	\$ 51,893	\$ -	\$ (25,877)	\$ 26,016	

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Honorable Mayor and Members of the City Council
City of Woodburn Urban Renewal Agency
270 Woodburn, Oregon
Woodburn, Oregon 97071

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Urban Renewal Agency of the City of Woodburn, Oregon as of and for the year ended June 30, 2013, and have issued our report thereon dated November 14, 2013.

Compliance and Other Matters

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

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except the Agency did not separately budget current year and prior year collections of property taxes.

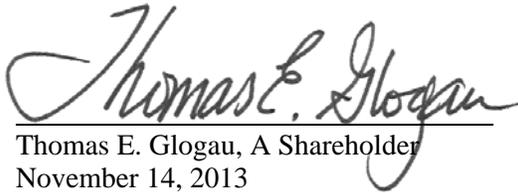
OAR 162-10-0230 - Internal Control

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Restriction on Use

This report is intended solely for the information and use of the governing body and management of the Urban Renewal Agency of the City of Woodburn, Oregon and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

*GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS*

By: 
Thomas E. Glogau, A Shareholder
November 14, 2013



Oregon

John A. Kitzhaber, M.D., Governor

Department of Transportation

Region 2 Area 3
885 Airport Rd SE
Salem, OR, 97303-4788
Phone: (503) 986-2900
Fax: (503) 986-2881

Nov. 20, 2013

FILE CODE:

To: Scott Derrickson
City Administrator
City of Woodburn, OR

From: Tim Potter
ODOT Area Manager Region 2

Mr. Derrickson,

I would like to provide a summary of the decision process that led to the Oregon Department of Transportation (ODOT) decision to apply for a permit to remove two large sequoia trees with the Woodburn Interchange project, the interruption of that application process and the result of recent investigation.

- As we began the detail design portion of the sound walls and analyzed potential conflicts with the utilities in the near vicinity, ODOT in conjunction with the City, realized that sound wall and the utilities posed a major concern for the survival and structural integrity of the two sequoia trees.
- About Dec. 5 of 2012, we were informed by the designers working to resolve utility conflicts that the utilities in the vicinity of the trees were going to be in conflict with the root systems.
- ODOT and the City both preferred that the trees remain if possible. In early January we started detail discussions about possible ways that the design could be modified to eliminate or minimize damage to the trees.
- The most feasible option was to move the wall as far from the trees as possible and alter the design from "spread" footing foundation to "drilled shaft" foundation. We also would need to minimize any "behind the wall" drainage. Drainage is necessary to avoid creating small ponds in the back yards. The sound wall would block any natural drainage.
- ODOT asked our staff forester (arborist) to evaluate the potential damage to the trees, based on this minimized design. His only suggested method to minimize the damage was to hand dig the foundation holes, move the shafts as necessary to avoid significant roots, and then design the wall accordingly, which could be a several month long process. Discussions with the structural designers eliminated this possibility. Avoidance of damage to the root system could not be assured, and each span would be unique, requiring individual analysis, and customized block layout. Since there was also a significant schedule impact to the project, this option was rejected.

Once the determination was made that even with substantial redesign, it was likely that the trees would sustain potentially destabilizing damage, we met with each of the affected landowners. One owner would prefer that the tree stayed, but acknowledged the ODOT recommendation to remove them, and agreed with the decision. The other owner had a similar view.

As this investigation was going on, we were engaged the Department of Justice regarding the ODOT liability, should the trees remain. The DOJ opinion was that if the trees were to subsequently fall,

because ODOT was the cause of the change in stability of the trees, ODOT would be responsible. Due to this liability they recommended removal as well.

In early Sept. of this year, ODOT began the application process for removal of significant trees, as required by Woodburn code. There was an immediate negative reaction from a number of citizens of Woodburn, so ODOT put the application process on hold while we re-visited the decision for removal, and examined other alternatives.

ODOT re-visited the legal issue and investigated several ways to relieve ODOT of this liability moving forward. The DOJ conclusion was that, while the current owners could agree to a release of liability, and to hold ODOT harmless, there was no legally binding method for that release to carry forward to successive owners, in the event of future sale of the property. Consequently, the conclusion was that if the trees were to remain, the wall could not be constructed, and vice versa.

Also, the ODOT noise specialist analyzed the option of leaving an approximately 100 foot gap in the wall. Since the neighborhood overwhelmingly voted in favor of the wall, we needed to determine if a new vote was needed, or if we could just poll those homeowners affected by the potential gap. If the latter, how many homes would experience the required 10 dBA level of noise increase.

A sound impact model determined that only the two home owners with the trees would be directly impacted by the removal of 100 feet of sound wall. Those two owners were contacted on Nov. 18, and the choice of either sound walls or trees was discussed with them. They both said that given the choice of the trees or the sound walls they would choose a continuous wall.

In conclusion,

- The neighborhood previously had overwhelmingly supported installation of the sound walls.
- An ODOT arborist could not certify that installation of the walls would not significantly impact the long term stability of the trees, even after attempts to re-design the foundation conflicts
- The Department of Justice determined that ODOT would retain long term liability for any damage should the trees fall or die
- The two most affected property owners would prefer a continuous sound wall instead of retention of the trees

Therefore, ODOT will re-start the process of permit application process for removal of these significant trees.

COUNCIL MEETING MINUTES
October 28, 2013

0:00 **DATE COUNCIL CHAMBERS, CITY HALL, CITY OF WOODBURN, COUNTY OF MARION, STATE OF OREGON, OCTOBER 28, 2013.**

CONVENED The meeting convened at 7:03 p.m. with Mayor Figley presiding.

ROLL CALL

Mayor Figley	Present
Councilor Cox	Present
Councilor Lonergan	Present
Councilor McCallum	Present
Councilor Morris	Present
Councilor Ellsworth	Present
Councilor Alonso Leon	Present

Staff Present: City Administrator Derickson, City Attorney Shields, Interim Public Works Director Scott, Community Services Director Row, Economic and Development Director Hendryx, Finance Director Shearer, Captain Garrett, Captain Alexander, Urban Renewal Manager Stowers, Communications Coordinator Horton, Executive Legal Assistant Veliz

0:00 **ANNOUNCEMENTS**

- A. City Hall and the Library will be closed on November 11 in observance of Veterans Day. The Aquatic Center will be open normal hours.
- B. Due to the Veterans Day holiday, the City Council meeting scheduled for Monday, November 11 will be cancelled. Mayor Figley announced that the City Council meeting scheduled for December 23 has been cancelled.
- C. The annual Downtown Trick or Treating event is scheduled to take place in the Downtown Plaza from 3:30 pm – 5:00 pm on October 31. Various games, contests, and activity stations will be set up for all to enjoy. Rain or shine.
- D. The City of Woodburn will continue its Fall Leaf Program this year to provide residents assistance with disposal of collected leaves. The leaf drop-off site is on Second Street between Lincoln and Grant Streets behind the Post Office. The site will be open from November 1 through December 31, Monday through Friday, 8:00 am - 4:00 pm and Saturday 9:00 am - 1:00 pm, closed Sundays and Holidays.

0:03 **PROCLAMATIONS/PRESENTATIONS**

Proclamations

- A. Domestic Violence Awareness Month-Walt Beglau, Marion County District Attorney spoke about Domestic Violence Awareness and introduced Jane Downing of Mid-Valley Crisis and Kim Larsen from the District Attorney's Office. Jane Downing provided information on the Mid-Valley crisis center.

COUNCIL MEETING MINUTES

October 28, 2013

B. National Magic Week

Presentations

- C. Craig Realty Donation- Lorryne Jennings and Carol Jennings Williams, wife and daughter of the late Dick Jennings, presented a check for \$25,000 to Woodburn Proud from Craig Realty Group to facilitate the funds through the Settlemier Teen Center in honor of Dick's community efforts. Kelly Long of Woodburn Proud then presented the check to Sue Bloom and Halie Peplinski of the Boys and Girls Club.
- D. Consideration of an Economic Improvement District-Robyn Stowers, Urban Renewal Manager provided information on Economic Improvement Districts. Councilor Cox stated he feels this has great possibilities but the City needs to talk to merchants about it if they haven't already and get a feel for whether or not it is something they want. City Administrator Derickson stated that they will work on getting the word out to businesses. Mayor Figley stated that we are interested in pursuing this. City Administrator Derickson stated that they will bring back a draft ordinance.

0:46 CONSENT AGENDA

- A. Woodburn City Council minutes of October 14, 2013,
B. Woodburn Public Library Board minutes of October 9, 2013,
C. Woodburn Recreation and Park Board minutes of October 8, 2013,
D. Crime Statistics through September 2013.
McCallum/Ellsworth... adopt the Consent Agenda. The motion passed unanimously.

0:47 PUBLIC HEARING

A Public Hearing to consider the City of Woodburn's 2013-14 Supplemental Budget Request. Mayor Figley declared the hearing open at 7:50 pm for the purpose of hearing public input on the City's 2013-14 Supplemental Budget Request. Finance Director Shearer provided a staff report. No members of the public wished to speak in either support or opposition of the 2013-14 Supplemental Budget Request. Councilor Ellsworth disclosed her involvement with the Ford Foundation Leadership program and that she is heading the fundraising for the project. Mayor Figley declared the hearing closed at 7:59 pm.

0:59 COUNCIL BILL NO. 2939 – A RESOLUTION APPROVING TRANSFERS OF FY 2013-2014 APPROPRIATIONS AND APPROVING A SUPPLEMENTAL BUDGET

McCallum introduced Council Bill 2939. Executive Legal Assistant Veliz read the bill by title only since there were no objections from the Council. On roll call vote for final passage, the bill passed unanimously. Mayor Figley declared Council Bill No. 2939 duly passed.

1:00 AWARD OF CONSTRUCTION CONTRACT FOR I-5 INTERCHANGE SANITARY SEWER RELOCATIONS – HWY 214, LAWSON AVENUE, AND EVERGREEN ROAD PROJECT, BID NO. 2014-03

COUNCIL MEETING MINUTES
October 28, 2013

Cox/McCallum... that the City Council, acting in its capacity as the City Contract Review Board, award the construction contract for the I-5 Interchange Sanitary Sewer Relocations – Hwy 214, Lawson Avenue, and Evergreen Road project to Gelco Construction Co. in the amount of \$415,288.80. The motion passed unanimously.

1:01 **AWARD OF CONSTRUCTION CONTRACT FOR 2013 SEWER AND STORM COLLECTION SYSTEM IMPROVEMENTS, BID NO. 2013-15**

Cox/Morris... that the City Council, acting in its capacity as the City Contract Review Board, award the construction contract for the 2013 Sewer and Storm Collection System Improvements project to K & E Excavating, Inc. in the amount of \$186,990.00. The motion passed unanimously.

1:02 **CITY ADMINISTRATOR'S REPORT**

The City Administrator had nothing to report.

1:02 **MAYOR AND COUNCIL REPORTS**

Councilor Morris reminded people to stay safe on Thursday and look out for Trick-or-Treaters.

1:02 **EXECUTIVE SESSION**

Mayor Figley entertained a motion to adjourn into executive session under the authority of ORS 192.660 (2)(i). **Lonergan /Morris** ...to move into executive session. The Council adjourned to executive session at 8:02 pm and reconvened at 8:53 pm. Mayor Figley stated that no action was taken by the Council while in executive session.

1:53 **ADJOURNMENT**

Lonergan /McCallum meeting be adjourned. The motion passed unanimously. The meeting adjourned at 8:53 pm.

APPROVED _____
KATHRYN FIGLEY, MAYOR

ATTEST _____
Heather Pierson, City Recorder
City of Woodburn, Oregon

**EXECUTIVE SESSION
COUNCIL MEETING MINUTES
OCTOBER 28, 2013**

DATE. CONFERENCE ROOM, CITY HALL, CITY OF WOODBURN, COUNTY OF MARION, STATE OF OREGON, OCTOBER 28, 2013.

CONVENED. The Council met in executive session at 8:02 p.m. with Mayor Figley presiding.

ROLL CALL.

Mayor	Figley	Present
Councilor	Cox	Present
Councilor	Lonergan	Present
Councilor	McCallum	Present
Councilor	Morris	Present
Councilor	Alonso Leon	Present
Councilor	Ellsworth	Present

Staff Present: Executive Legal Assistant Veliz, City Administrator Derickson

Media Present: Jeff McDonald

Mayor Figley reminded Councilors, media and staff that information discussed in executive session is not to be discussed with the public.

The executive session was called to:

To review and evaluate, pursuant to standards, criteria and policy directives adopted by the governing body, the employment-related performance of the chief executive officer of any public body, a public officer, employee or staff member unless the person whose performance is being reviewed and evaluated requests an open hearing pursuant to ORS 192.660 (2)(i).

ADJOURNMENT.

The executive session adjourned at 8:52 p.m.

APPROVED _____
KATHRYN FIGLEY, MAYOR

ATTEST _____
Heather Pierson, City Recorder
City of Woodburn, Oregon

**WOODBURN PLANNING COMMISSION PUBLIC
HEARING/MEETING MINUTES
August 22, 2013**

CONVENED: The Planning Commission met in a public meeting session at 7 p.m. in the City Hall Council Chambers, with Chair Claudio Lima presiding.

ROLL CALL:

Chair	Lima	Present
Vice-Chair	Piper	Present
Commissioner	Grigorieff	Present
Commissioner	Valladares	Present
Commissioner	Bandelow	Absent
Commissioner	Corning	Present
Commissioner	Carney	Absent

Staff Present: Don Dolenc, Associate Planner
Jon Stuart, Assistant City Attorney
Vicki Musser, Recording Secretary

Chair Lima opened the workshop/meeting at 7 pm, and led the Commissioners in the flag salute.

Minutes

The July 25, 2013 minutes were unanimously approved.

Business from the Audience

There was none.

Communication

The City Council adopted the Woodburn Development Ordinance (WDO) updates on August 12, 2013. The updated WDO becomes effective on September 13, 2013. Overall, the new version contains a lot less material, since one of the goals was to delete confusing, circular text and excess verbiage. When shown the current versus the newly adopted WDO, the Commissioners applauded.

Public Hearing

The applicant requests a Design Review for Columbia Bank, a 3,680 square foot bank with drive-through service. It is located west of Evergreen Road and north of Newberg Highway. The property is zoned Commercial General (CG) and is partially within the Interchange Management Area (IMA). Abutting properties are all zoned CG.

At present, the land is vacant. ODOT is in the process of reconstructing Evergreen Road. The utilities and the access road by the proposed site will be relocated. A portion of the land on the south side of the property is a bus lane and will not be accessible to the public. Associate Planner Don Dolenc confirmed that only buses will be able to use this connection to Evergreen Road.

There is no standard floor plan for Columbia Bank, though there are some common design elements often used in the Columbia Bank design, such as the stucco wall and the blue roof.

The bank has not been shown to meet the outdoor lighting requirements, but this will be addressed during the building permit process.

The IMA (Interchange Management Area) requirements are not applicable to this site. The traffic impact analysis will not be required.

The Planning Division recommends approval of cases DR 2013-04, subject to the following conditions of approval:

1. The property owner shall execute an acceptance of these conditions of approval.
2. The property shall be developed in substantial conformity to the preliminary plans (Exhibits A through G), except as modified by these conditions of approval.
3. Prior to issuance of a building permit, the applicant shall adjust the interior property line to leave the proposed bank in a conforming location. The property line adjustment shall be accomplished in accordance with Section 5.101.08.
4. Prior to issuance of a building permit, the applicant shall provide the City with a copy of the recorded document adjusting the interior property line.
5. Prior to issuance of a building permit, the applicant shall provide utility easements in accordance with Section 3.102.01.
6. Prior to issuance of a building permit, the applicant shall establish shared access with the abutting parcel, and shall provide the City with a copy of the recorded access agreement, in accordance with Section 3.104.03.A.3.b.
7. Prior to issuance of a building permit, the applicant shall identify one loading space on the site plan, in accordance with Table 3.1.3. If, prior to occupancy, the WDO is amended to not require a loading space, the applicant need not provide the loading space.
8. Prior to issuance of a building permit, the applicant shall provide a photometric plan demonstrating compliance with Sections 3.105.02.H.8 and 3.107.06.F.2.
9. Prior to final occupancy, the parking spaces shall be delineated with double parallel lines, in accordance with Section 3.105.02.H.6.
10. Prior to final occupancy, the property owner shall either submit a revised landscape plan that demonstrates compliance with the plant density requirement

of Section 3.106.03.A.2, or obtain a variance. If, prior to occupancy, the landscaping standard of the WDO rewrite is adopted, this condition of approval will be deemed satisfied.

11. Prior to final occupancy, the property owner shall either comply with the requirement of Section 3.106.03.A.2.b.2 regarding screening of the parking area, or obtain a variance.

Some of the conditions are superseded by the rewritten WDO, although it has not taken effect yet. Once it takes effect on September 13, several of the conditions will no longer be applicable.

Audience:

Mr. B. Z. Zenczak, architect for the project, spoke to the Planning Commission. Mr. Zenczak stated that Columbia bank is a community-based bank, and is merging with West Coast Bank, with a focus on serving small and medium sized businesses. Some decisions in regard to lighting, landscaping and driveway access are still being made. Mr. Zenczak states that the bank agrees to all the conditions stipulated by the Planning Division.

Deborah Wade, project manager at the Columbia Bank, discussed the memorial in front of the existing branch. It is unclear what will happen to it, but she said that the Public Works Director is working with the state to decide its future location.

Commission Discussion:

All of the Commissioners were in favor of the application.

Commissioner Piper made a motion that DR 2013-04 be approved subject to the conditions and included a request that the Chair be allowed to approve the Final Order. Commissioner Valladares seconded the motion. The motion was passed unanimously.

Items for Action:

None.

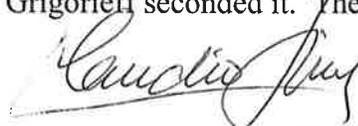
Business from the Commission:

None.

Adjournment

Commissioner Valladares made a motion that the meeting be adjourned, and Commissioner Grigorieff seconded it. The meeting was adjourned at 7:46pm.

APPROVED



Claudio Lima, Chair

11/14/13
Date

ATTEST



James N.P. Hendryx
Economic & Development Services Director
City of Woodburn, Oregon

11/15/13
Date



Agenda Item

November 25, 2013

TO: Honorable Mayor and City Council

FROM: N. Robert Shields, City Attorney
Scott Russell, Chief of Police

SUBJECT: **Medical Marijuana Dispensaries**

RECOMMENDATION:

Receive the report.

BACKGROUND:

On August 14, 2013 the Governor signed HB 3460 (providing for medical marijuana dispensaries) into law. The provisions of the law that authorize the Oregon Health Authority to register medical marijuana facilities under its administrative rules do not go into effect until March 1, 2014.

HB 3460 will allow medical marijuana dispensaries to be sited under certain restrictions in commercial and agricultural zones and directs the Oregon Health Authority to develop rules to regulate such dispensaries. The law provides little direction to local governments on how to effectively manage community expectations for safety, security, and livability with the opening of these dispensaries.

Community concerns regarding such dispensaries in other states have included their proximity to other businesses and services that could be fundamentally at odds with the dispensaries including such things as; child care/playgrounds, religious facilities, drug/alcohol treatment centers, existing high drug/crime areas, civic services, etc. The statute only restricts their placement within 1,000 feet of a school or another dispensary.

Public safety concerns with dispensaries in other states have included the potential for, and actual occurrence of, armed robberies and assaults over drugs and money located at the dispensaries, illegal sales of drugs to non-medical users, and extortion of dispensary owners/operators by criminal organizations. HB 3460 has limited provisions requiring additional security provisions for dispensaries.

Agenda Item Review: City Administrator City Attorney Finance

DISCUSSION:

While we are unaware of any existing plans to site a medical marijuana dispensary in Woodburn at this time, we anticipate that there will be such efforts at numerous locations throughout the state after the law and administrative rules are in effect.

To mitigate these issues, some Oregon communities have enacted, or are considering, local ordinances. Medford has, in effect, banned medical marijuana dispensaries by taking the position that it will not issue business licenses to them because they are in violation of federal law. Medford has already revoked the business licenses of several businesses that it said were dispensing marijuana.

On November 5, 2013, the Legislative Counsel to the Oregon Legislature issued an opinion concluding that any local law (i.e., a city ordinance) that prevents or materially restricts medical marijuana facilities is preempted (i.e., overridden) by the Oregon state law:

In light of the legislative history, we believe that a local law that prevents or materially restricts the operation of medical marijuana facilities would stand as an obstacle to the accomplishment and execution of the purposes and objectives of HB 3460 and would therefore be preempted. A local law that restricts medical marijuana facilities by imposing different criteria from criteria affirmatively established in HB 3460 would also conflict with the purposes and objectives of HB 3460 and therefore be preempted.

While it is true that an opinion of Legislative Counsel is not legally binding on Oregon cities, it will certainly be cited by proponents of HB 3460 as compelling authority when local ordinances are challenged in court. On the other hand, despite the Legislative Counsel's opinion, the League of Oregon Cities continues to maintain that municipal authority exists to regulate in this area.

The legal issues of whether any local ordinance would conflict with state law and whether HB 3460 conflicts with federal law places the City in a difficult position as we seek to protect the safety of our citizens. We anticipate litigation over ordinances such as Medford's and will track the outcome in order to better advise the City Council.

Most Oregon cities have not enacted any ordinances in regard to medical marijuana dispensaries and will be relying on the state statute and the

administrative rules adopted under it to regulate the dispensaries. The Oregon Health Authority has a Medical Marijuana Dispensary Law Advisory Committee to assist it in drafting the new administrative rules. Local public officials on this committee include the Lincoln County District Attorney, the Yamhill County Sheriff and the Corvallis Chief of Police.

FINANCIAL IMPACT:

None from this informational report.

Attachments:

- Exhibit A - HB 3460
- Exhibit B - Newspaper Articles
- Exhibit C - Legislative Counsel Opinion

Exhibit A

HB 3460

77th OREGON LEGISLATIVE ASSEMBLY--2013 Regular Session

NOTE: Matter within { + braces and plus signs + } in an amended section is new. Matter within { - braces and minus signs - } is existing law to be omitted. New sections are within { + braces and plus signs + } .

LC 3746

B-Engrossed

House Bill 3460

Ordered by the Senate July 1

Including House Amendments dated June 20 and Senate Amendments dated July 1

Sponsored by Representative BUCKLEY, Senator PROZANSKI;
Representative FREDERICK, Senator DINGFELDER

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Directs Oregon Health Authority to establish registration system for medical marijuana facilities for transferring usable marijuana and immature marijuana plants from registry identification cardholders, designated primary caregivers of registry identification cardholders or marijuana grow sites to medical marijuana facilities and from medical marijuana facilities to registry identification cardholders or designated primary caregivers of registry identification cardholders.

Limits expenditures for biennium beginning July 1, 2013, from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by authority for expenses incurred in implementing Act.

Declares emergency, effective on passage.

A BILL FOR AN ACT

Relating to medical marijuana; creating new provisions; amending ORS 475.302, 475.304, 475.309, 475.320, 475.323 and 475.331; limiting expenditures; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. { + Section 2 of this 2013 Act is added to and made a part of ORS 475.300 to 475.346. + }

SECTION 2. { + (1) The Oregon Health Authority shall establish by rule a medical marijuana facility registration system to authorize the transfer of usable marijuana and immature marijuana plants from:

(a) A registry identification cardholder, the designated primary caregiver of a registry identification cardholder, or a person responsible for a marijuana grow site to the medical marijuana facility; or

(b) A medical marijuana facility to a registry identification cardholder or the designated primary caregiver of a registry identification cardholder.

(2) The registration system established under subsection (1) of this section must require a medical marijuana facility to submit an application to the authority that includes:

(a) The name of the person responsible for the medical marijuana facility;

(b) The address of the medical marijuana facility;

(c) Proof that the person responsible for the medical marijuana facility is a resident of Oregon;

(d) Documentation, as required by the authority by rule, that demonstrates the medical marijuana facility meets the qualifications for a medical marijuana facility as described in subsection (3) of this section; and

(e) Any other information that the authority considers necessary.

(3) To qualify for registration under this section, a medical marijuana facility:

(a) Must be located in an area that is zoned for commercial, industrial or mixed use or as agricultural land and may not be located at the same address as a marijuana grow site;

(b) Must be registered as a business or have filed a pending application to register as a business with the Office of the Secretary of State;

(c) Must not be located within 1,000 feet of the real property comprising a public or private elementary, secondary or career school attended primarily by minors;

(d) Must not be located within 1,000 feet of another medical marijuana facility; and

(e) Must comport with rules adopted by the authority related to:

(A) Installing a minimum security system, including a video surveillance system, alarm system and safe; and

(B) Testing for pesticides, mold and mildew and the processes by which usable marijuana and immature marijuana plants that test positive for pesticides, mold or mildew must be returned to the registry identification cardholder, the cardholder's designated primary caregiver or the cardholder's registered grower.

(4)(a) The authority shall conduct a criminal records check under ORS 181.534 of a person whose name is submitted as the person responsible for a medical marijuana facility under subsection (2) of this section.

(b) A person convicted for the manufacture or delivery of a controlled substance in Schedule I or Schedule II may not be the person responsible for a medical marijuana facility for five years from the date the person is convicted.

(c) A person convicted more than once for the manufacture or delivery of a controlled substance in Schedule I or Schedule II may not be the person responsible for a medical marijuana facility.

(5) If a person submits the application required under subsection (2) of this section, the medical marijuana facility identified in the application meets the qualifications for a medical marijuana facility described in subsection (3) of this section and the person responsible for the medical marijuana facility passes the criminal records check required under subsection (4) of this section, the authority shall register the medical marijuana facility and issue the person responsible for the medical marijuana facility proof of registration. The person responsible for the medical marijuana facility shall display the proof of registration on the premises of the medical marijuana

facility at all times when usable marijuana or immature marijuana plants are being transferred as described in subsection (1) of this section.

(6)(a) A registered medical marijuana facility may receive usable marijuana or immature marijuana plants only from a registry identification cardholder, designated primary caregiver or person responsible for a marijuana grow site if the registered medical marijuana facility obtains authorization, on a form prescribed by the authority by rule and signed by a registry

identification cardholder, to receive the usable marijuana or immature marijuana plants.

(b) A registered medical marijuana facility shall maintain:

(A) A copy of each authorization form described in paragraph (a) of this subsection; and

(B) Documentation of each transfer of usable marijuana or immature marijuana plants.

(7) A medical marijuana facility registered under this section may possess usable marijuana and immature marijuana plants in excess of the limits imposed on registry identification cardholders and designated primary caregivers under ORS 475.320.

(8) The authority may inspect:

(a) The premises of an applicant for a medical marijuana facility or a registered medical marijuana facility to ensure compliance with the qualifications for a medical marijuana facility described in subsection (3) of this section; and

(b) The records of a registered medical marijuana facility to ensure compliance with subsection (6)(b) of this section.

(9)(a) A registry identification cardholder or the designated primary caregiver of a registry identification cardholder may reimburse a medical marijuana facility registered under this section for the normal and customary costs of doing business, including costs related to transferring, handling, securing, insuring, testing, packaging and processing usable marijuana and immature marijuana plants and the cost of supplies, utilities and rent or mortgage.

(b) A medical marijuana facility may reimburse a person responsible for a marijuana grow site under this section for the normal and customary costs of doing business, including costs related to transferring, handling, securing, insuring, testing, packaging and processing usable marijuana and immature marijuana plants and the cost of supplies, utilities and rent or mortgage.

(10) The authority may revoke the registration of a medical marijuana facility registered under this section for failure to comply with ORS 475.300 to 475.346 or rules adopted under ORS 475.300 to 475.346. The authority may release to the public a final order revoking a medical marijuana facility registration.

(11) The authority shall adopt rules to implement this section, including rules that:

(a) Require a medical marijuana facility registered under this section to annually renew that registration; and

(b) Establish fees for registering and renewing registration for a medical marijuana facility under this section. + }

SECTION 3. ORS 475.302 is amended to read:
475.302. As used in ORS 475.300 to 475.346:

(1) 'Attending physician' means a physician licensed under ORS chapter 677 who has primary responsibility for the care and treatment of a person diagnosed with a debilitating medical condition.

(2) 'Authority' means the Oregon Health Authority.

(3) 'Debilitating medical condition' means:

(a) Cancer, glaucoma, agitation due to Alzheimer's disease, positive status for human immunodeficiency virus or acquired immune deficiency syndrome, or treatment for these conditions;

(b) A medical condition or treatment for a medical condition that produces, for a specific patient, one or more of the following:

(A) Cachexia;

(B) Severe pain;

(C) Severe nausea;

(D) Seizures, including but not limited to seizures caused by epilepsy; or

(E) Persistent muscle spasms, including but not limited to spasms caused by multiple sclerosis; or

(c) Any other medical condition or treatment for a medical condition adopted by the authority by rule or approved by the authority pursuant to a petition submitted pursuant to ORS 475.334.

(4) { + (a) + } 'Delivery' has the meaning given that term in ORS 475.005.

{ + (b) + } 'Delivery' does not include transfer of { + :

(A) + } Marijuana by a registry identification cardholder to another registry identification cardholder if no consideration is paid for the transfer { - . - } { + ;

(B) Usable marijuana or immature marijuana plants from a registry identification cardholder, the designated primary caregiver of a registry identification cardholder or a marijuana grow site to a medical marijuana facility registered under section 2 of this 2013 Act; or

(C) Usable marijuana or immature marijuana plants from a medical marijuana facility registered under section 2 of this 2013 Act to a registry identification cardholder or the designated primary caregiver of a registry identification cardholder. + }

(5) 'Designated primary caregiver' means an individual 18 years of age or older who has significant responsibility for managing the well-being of a person who has been diagnosed with a debilitating medical condition and who is designated as such on that person's application for a registry identification card or in other written notification to the authority. 'Designated primary caregiver' does not include the person's attending physician.

(6) 'Marijuana' has the meaning given that term in ORS 475.005.

(7) 'Marijuana grow site' means a location where marijuana is produced for use by a registry identification cardholder and that is registered under the provisions of ORS 475.304.

(8) 'Medical use of marijuana' means the production, possession, delivery, or administration of marijuana, or paraphernalia used to administer marijuana, as necessary for the exclusive benefit of a person to mitigate the symptoms or effects of the person's debilitating medical condition.

(9) 'Production' has the meaning given that term in ORS 475.005.

(10) 'Registry identification card' means a document issued by the authority that identifies a person authorized to engage in the medical use of marijuana and the person's designated primary caregiver, if any.

(11) 'Usable marijuana' means the dried leaves and flowers of the plant Cannabis family Moraceae, and any mixture or preparation thereof, that are appropriate for medical use as

allowed in ORS 475.300 to 475.346. 'Usable marijuana' does not include the seeds, stalks and roots of the plant.

(12) 'Written documentation' means a statement signed by the attending physician of a person diagnosed with a debilitating medical condition or copies of the person's relevant medical records.

SECTION 4. ORS 475.304 is amended to read:

475.304. (1) The Oregon Health Authority shall establish by rule a marijuana grow site registration system to authorize production of marijuana by a registry identification cardholder, a designated primary caregiver who grows marijuana for the cardholder or a person who is responsible for a marijuana grow site. The marijuana grow site registration system adopted must require a registry identification cardholder to submit an application to the authority that includes:

(a) The name of the person responsible for the marijuana grow site;

(b) The address of the marijuana grow site;

(c) The registry identification card number of the registry cardholder for whom the marijuana is being produced; and

(d) Any other information the authority considers necessary.

(2) The authority shall issue a marijuana grow site registration card to a registry identification cardholder who has met the requirements of subsection (1) of this section.

(3) A person who has been issued a marijuana grow site registration card under this section must display the registration card at the marijuana grow site at all times when marijuana is being produced.

(4) A marijuana grow site registration card must be obtained and posted for each registry identification cardholder for whom marijuana is being produced at a marijuana grow site.

(5) All usable marijuana, plants, seedlings and seeds associated with the production of marijuana for a registry identification cardholder by a person responsible for a marijuana grow site are the property of the registry identification cardholder and must be provided to the registry identification cardholder { + , or, if the marijuana is usable marijuana or an immature marijuana plant, transferred to a medical marijuana facility registered under section 2 of this 2013 Act, + } upon request.

(6)(a) The authority shall conduct a criminal records check under ORS 181.534 of any person whose name is submitted as a person responsible for a marijuana grow site.

(b) A person convicted of a Class A or Class B felony under ORS 475.752 to 475.920 for the manufacture or delivery of a controlled substance in Schedule I or Schedule II may not be issued a marijuana grow site registration card or produce marijuana for a registry identification cardholder for five years from the date of conviction.

(c) A person convicted more than once of a Class A or Class B felony under ORS 475.752 to 475.920 for the manufacture or delivery of a controlled substance in Schedule I or Schedule II may not be issued a marijuana grow site registration card or produce marijuana for a registry identification cardholder.

(7) A registry identification cardholder or the designated primary caregiver of the cardholder may reimburse the person responsible for a marijuana grow site for the costs of supplies and utilities associated with the production of marijuana for the registry identification cardholder. No other costs associated

with the production of marijuana for the registry identification cardholder, including the cost of labor, may be reimbursed.

(8) The authority may adopt rules imposing a fee in an amount established by the authority for registration of a marijuana grow site under this section.

SECTION 5. ORS 475.309 is amended to read:

475.309. (1) Except as provided in ORS 475.316, 475.320 and 475.342, a person engaged in or assisting in the medical use of marijuana is excepted from the criminal laws of the state for possession, delivery or production of marijuana, aiding and abetting another in the possession, delivery or production of marijuana or any other criminal offense in which possession, delivery or production of marijuana is an element if the following conditions have been satisfied:

(a) { + (A) + } The person holds a registry identification card issued pursuant to this section, has applied for a registry identification card pursuant to subsection (9) of this section, is the designated primary caregiver of the cardholder or applicant, or is the person responsible for a marijuana grow site that is producing marijuana for the cardholder and is registered under ORS 475.304; and

{ - (b) - } { + (B) + } The person who has a debilitating medical condition, the person's primary caregiver and the person responsible for a marijuana grow site that is producing marijuana for the cardholder and is registered under ORS 475.304 are collectively in possession of, delivering or producing marijuana for medical use in amounts allowed under ORS 475.320 { - . - } { + ; or

(b) The person is responsible for or employed by a medical marijuana facility registered under section 2 of this 2013 Act and does not commit any of the acts described in this subsection anywhere other than at the medical marijuana facility. + }

(2) The Oregon Health Authority shall establish and maintain a program for the issuance of registry identification cards to persons who meet the requirements of this section. Except as provided in subsection (3) of this section, the authority shall issue a registry identification card to any person who pays a fee in the amount established by the authority and provides the following:

(a) Valid, written documentation from the person's attending physician stating that the person has been diagnosed with a debilitating medical condition and that the medical use of marijuana may mitigate the symptoms or effects of the person's debilitating medical condition;

(b) The name, address and date of birth of the person;

(c) The name, address and telephone number of the person's attending physician;

(d) The name and address of the person's designated primary caregiver, if the person has designated a primary caregiver at the time of application; and

(e) A written statement that indicates whether the marijuana used by the cardholder will be produced at a location where the cardholder or designated primary caregiver is present or at another location.

(3) The authority shall issue a registry identification card to a person who is under 18 years of age if the person submits the materials required under subsection (2) of this section, and the custodial parent or legal guardian with responsibility for health care decisions for the person under 18 years of age signs a written statement that:

(a) The attending physician of the person under 18 years of age has explained to that person and to the custodial parent or legal guardian with responsibility for health care decisions for the person under 18 years of age the possible risks and benefits of the medical use of marijuana;

(b) The custodial parent or legal guardian with responsibility for health care decisions for the person under 18 years of age consents to the use of marijuana by the person under 18 years of age for medical purposes;

(c) The custodial parent or legal guardian with responsibility for health care decisions for the person under 18 years of age agrees to serve as the designated primary caregiver for the person under 18 years of age; and

(d) The custodial parent or legal guardian with responsibility for health care decisions for the person under 18 years of age agrees to control the acquisition of marijuana and the dosage and frequency of use by the person under 18 years of age.

(4) A person applying for a registry identification card pursuant to this section may submit the information required in this section to a county health department for transmittal to the authority. A county health department that receives the information pursuant to this subsection shall transmit the information to the authority within five days of receipt of the information. Information received by a county health department pursuant to this subsection shall be confidential and not subject to disclosure, except as required to transmit the information to the authority.

(5)(a) The authority shall verify the information contained in an application submitted pursuant to this section and shall approve or deny an application within thirty days of receipt of the application.

(b) In addition to the authority granted to the authority under ORS 475.316 to deny an application, the authority may deny an application for the following reasons:

(A) The applicant did not provide the information required pursuant to this section to establish the applicant's debilitating medical condition and to document the applicant's consultation with an attending physician regarding the medical use of marijuana in connection with such condition, as provided in subsections (2) and (3) of this section;

(B) The authority determines that the information provided was falsified; or

(C) The applicant has been prohibited by a court order from obtaining a registry identification card.

(c) Denial of a registry identification card shall be considered a final authority action, subject to judicial review. Only the person whose application has been denied, or, in the case of a person under the age of 18 years of age whose application has been denied, the person's parent or legal guardian, shall have standing to contest the authority's action.

(d) Any person whose application has been denied may not reapply for six months from the date of the denial, unless so authorized by the authority or a court of competent jurisdiction.

(6)(a) If the authority has verified the information submitted pursuant to subsections (2) and (3) of this section and none of the reasons for denial listed in subsection (5)(b) of this section is applicable, the authority shall issue a serially numbered registry identification card within five days of verification of the information. The registry identification card shall state:

(A) The cardholder's name, address and date of birth;

(B) The date of issuance and expiration date of the registry identification card;

(C) The name and address of the person's designated primary caregiver, if any;

(D) Whether the marijuana used by the cardholder will be produced at a location where the cardholder or designated primary caregiver is present or at another location; and

(E) Any other information that the authority may specify by rule.

(b) When the person to whom the authority has issued a registry identification card pursuant to this section has specified a designated primary caregiver, the authority shall issue an identification card to the designated primary caregiver. The primary caregiver's registry identification card shall contain the information provided in paragraph (a) of this subsection.

(7)(a) A person who possesses a registry identification card shall:

(A) Notify the authority of any change in the person's name, address, attending physician or designated primary caregiver.

(B) If applicable, notify the designated primary caregiver of the cardholder { + , + } { - and - } the person responsible for the marijuana grow site that produces marijuana for the cardholder { + and any person responsible for a medical marijuana facility that transfers usable marijuana or immature marijuana plants to the cardholder under section 2 of this 2013 Act + } of any change in status including, but not limited to:

(i) The assignment of another individual as the designated primary caregiver of the cardholder;

(ii) The assignment of another individual as the person responsible for a marijuana grow site producing marijuana for the cardholder; or

(iii) The end of the eligibility of the cardholder to hold a valid registry identification card.

(C) Annually submit to the authority:

(i) Updated written documentation from the cardholder's attending physician of the person's debilitating medical condition and that the medical use of marijuana may mitigate the symptoms or effects of the person's debilitating medical condition; and

(ii) The name of the person's designated primary caregiver if a primary caregiver has been designated for the upcoming year.

(b) If a person who possesses a registry identification card fails to comply with this subsection, the card shall be deemed expired. If a registry identification card expires, the identification card of any designated primary caregiver of the cardholder shall also expire.

(8)(a) A person who possesses a registry identification card pursuant to this section and who has been diagnosed by the person's attending physician as no longer having a debilitating medical condition or whose attending physician has determined that the medical use of marijuana is contraindicated for the person's debilitating medical condition shall return the registry identification card and any other associated Oregon Medical Marijuana Program cards to the authority within 30 calendar days of notification of the diagnosis or notification of the contraindication.

(b) If, due to circumstances beyond the control of the registry identification cardholder, a cardholder is unable to obtain a second medical opinion about the cardholder's continuing

eligibility to use medical marijuana before the 30-day period specified in paragraph (a) of this subsection has expired, the authority may grant the cardholder additional time to obtain a second opinion before requiring the cardholder to return the registry identification card and any associated cards.

(9) A person who has applied for a registry identification card pursuant to this section but whose application has not yet been approved or denied, and who is contacted by any law enforcement officer in connection with the person's administration, possession, delivery or production of marijuana for medical use may provide to the law enforcement officer a copy of the written documentation submitted to the authority pursuant to subsection (2) or (3) of this section and proof of the date of mailing or other transmission of the documentation to the authority. This documentation shall have the same legal effect as a registry identification card until such time as the person receives notification that the application has been approved or denied.

(10) { + (a) + } A registry identification cardholder has the primary responsibility of notifying the { + designated + } primary caregiver

{ - and - } { + , + } { + the + } person responsible for the marijuana grow site that produces marijuana for the cardholder { + and any person responsible for a medical marijuana facility that transfers usable marijuana or immature marijuana plants to the cardholder under section 2 of this 2013 Act + } of any change in status of the cardholder.

{ + (b) + } If the authority is notified by the cardholder that a primary caregiver or person responsible for a marijuana grow site has changed, the authority shall notify the primary caregiver or the person responsible for the marijuana grow site by mail at the address of record confirming the change in status and informing the caregiver or person { + responsible for the marijuana grow site + } that their card is no longer valid and must be returned to the authority.

(11) The authority shall revoke the registry identification card of a cardholder if a court has issued an order that prohibits the cardholder from participating in the medical use of marijuana or otherwise participating in the Oregon Medical Marijuana Program under ORS 475.300 to 475.346. The cardholder shall return the registry identification card to the authority within seven calendar days of notification of the revocation. If the cardholder is a patient, the patient shall return the patient's card and all other associated Oregon Medical Marijuana Program cards.

{ + (12) The authority shall revoke the registration of a medical marijuana facility registered under section 2 of this 2013 Act if a court has issued an order that prohibits the person responsible for the medical marijuana facility from participating in the Oregon Medical Marijuana Program under ORS 475.300 to 475.346. + }

{ - (12) - } { + (13) + } The authority and employees and agents of the authority acting within the course and scope of their employment are immune from any civil liability that might be incurred or imposed for the performance of or failure to perform duties required by this section.

SECTION 6. ORS 475.320 is amended to read:

475.320. (1)(a) A registry identification cardholder or the designated primary caregiver of the cardholder may possess up to six mature marijuana plants and 24 ounces of usable marijuana.

(b) Notwithstanding paragraph (a) of this subsection, if a

registry identification cardholder has been convicted of a Class A or Class B felony under ORS 475.752 to 475.920 for the manufacture or delivery of a controlled substance in Schedule I or Schedule II, the registry identification cardholder or the designated primary caregiver of the cardholder may possess one ounce of usable marijuana at any given time for a period of five years from the date of the conviction.

(2) A person authorized under ORS 475.304 to produce marijuana at a marijuana grow site:

(a) May produce marijuana for and provide marijuana { + :

(A) + } To a registry identification cardholder or { - that person's - } { + a cardholder's + } designated primary caregiver as authorized under this section { - . - } { + ; or

(B) If the marijuana is usable marijuana or an immature marijuana plant and the registry identification cardholder authorizes the person responsible for the marijuana grow site to transfer the usable marijuana or immature marijuana plant to a medical marijuana facility registered under section 2 of this 2013 Act, to the medical marijuana facility. + }

(b) May possess up to six mature plants and up to 24 ounces of usable marijuana for each cardholder or caregiver for whom marijuana is being produced.

(c) May produce marijuana for no more than four registry identification cardholders or designated primary caregivers concurrently.

(d) Must obtain and display a marijuana grow site registration card issued under ORS 475.304 for each registry identification cardholder or designated primary caregiver for whom marijuana is being produced.

(e) Must provide all marijuana produced for a registry identification cardholder or designated primary caregiver to the cardholder or caregiver at the time the person responsible for a marijuana grow site ceases producing marijuana for the cardholder or caregiver.

(f) Must return the marijuana grow site registration card to the registry identification cardholder to whom the card was issued when requested to do so by the cardholder or when the person responsible for a marijuana grow site ceases producing marijuana for the cardholder or caregiver.

(3) Except as provided in subsections (1) and (2) of this section, a registry identification cardholder, the designated primary caregiver of the cardholder and the person responsible for a marijuana grow site producing marijuana for the registry identification cardholder may possess a combined total of up to six mature plants and 24 ounces of usable marijuana for that registry identification cardholder.

(4)(a) A registry identification cardholder and the designated primary caregiver of the cardholder may possess a combined total of up to 18 marijuana seedlings or starts as defined by rule of the Oregon Health Authority.

(b) A person responsible for a marijuana grow site may possess up to 18 marijuana seedlings or starts as defined by rule of the authority for each registry identification cardholder for whom the person responsible for the marijuana grow site is producing marijuana.

SECTION 7. ORS 475.323 is amended to read:

475.323. (1) Possession of a registry identification card { - or - } { + , + } designated primary caregiver identification card pursuant to ORS 475.309 { + or proof of registration as a medical marijuana facility under section 2 of

this 2013 Act + } does not alone constitute probable cause to search the person or property of the cardholder or otherwise subject the person or property of the cardholder to inspection by any governmental agency. { + However, the Oregon Health Authority may inspect a medical marijuana facility registered under section 2 of this 2013 Act at any reasonable time to determine whether the facility is in compliance with ORS 475.300 to 475.346. + }

(2) Any property interest possessed, owned or used in connection with the medical use of marijuana or acts incidental to the medical use of marijuana that has been seized by state or local law enforcement officers may not be harmed, neglected, injured or destroyed while in the possession of any law enforcement agency. A law enforcement agency has no responsibility to maintain live marijuana plants lawfully seized. No such property interest may be forfeited under any provision of law providing for the forfeiture of property other than as a sentence imposed after conviction of a criminal offense. Usable marijuana and paraphernalia used to administer marijuana that was seized by any law enforcement office shall be returned immediately upon a determination by the district attorney in whose county the property was seized, or the district attorney's designee, that the person from whom the marijuana or paraphernalia used to administer marijuana was seized is entitled to the protections contained in ORS 475.300 to 475.346. The determination may be evidenced, for example, by a decision not to prosecute, the dismissal of charges or acquittal.

SECTION 8. ORS 475.331 is amended to read:

475.331. (1)(a) The Oregon Health Authority shall create and maintain a list of the persons to whom the authority has issued registry identification cards, the names of any designated primary

{ - caregivers and the addresses of authorized marijuana grow sites. - } { + caregivers, the names of persons responsible for a medical marijuana facility registered under section 2 of this 2013 Act, the addresses of authorized marijuana grow sites and the addresses of registered medical marijuana facilities. + } Except as provided in subsection (2) of this section, the list shall be confidential and not subject to public disclosure.

(b) The authority shall develop a system by which authorized employees of state and local law enforcement agencies may verify at all times that { + : + } { - a person is a lawful possessor of a registry identification card or the designated primary caregiver of a lawful possessor of a registry identification card or that a location is an authorized marijuana grow site. - }

{ + (A) A person is a lawful possessor of a registry identification card;

(B) A person is the designated primary caregiver of a lawful possessor of a registry identification card;

(C) A location is an authorized marijuana grow site;

(D) A location is a registered medical marijuana facility; or

(E) A person is the person listed as the person responsible for a registered medical marijuana facility. + }

(2) Names and other identifying information from the list established pursuant to subsection (1) of this section may be released to:

(a) Authorized employees of the authority as necessary to perform official duties of the authority { + . + } { - ; and - }

(b) Authorized employees of state or local law enforcement agencies, { + who provide to the authority adequate identification, such as a badge number or similar authentication of authority, + } only as necessary to verify that { + : + } { - a person is a lawful possessor of a registry identification card or the designated primary caregiver of a lawful possessor of a registry identification card or that a location is an authorized marijuana grow site. Prior to being provided identifying information from the list, authorized employees of state or local law enforcement agencies shall provide to the authority adequate identification, such as a badge number or similar authentication of authority. - }

{ + (A) A person is a lawful possessor of a registry identification card;

(B) A person is the designated primary caregiver of a lawful possessor of a registry identification card;

(C) A location is an authorized marijuana grow site;

(D) A location is a registered medical marijuana facility; or

(E) A person is the person listed as the person responsible for a registered medical marijuana facility. + }

(3) Authorized employees of state or local law enforcement agencies that obtain identifying information from the list as authorized under this section may not release or use the information for any purpose other than verification that { + : + } { - a person is a lawful possessor of a registry identification card or the designated primary caregiver of a lawful possessor of a registry identification card or that a location is an authorized marijuana grow site. - }

{ + (a) A person is a lawful possessor of a registry identification card;

(b) A person is the designated primary caregiver of a lawful possessor of a registry identification card;

(c) A location is an authorized marijuana grow site;

(d) A location is a registered medical marijuana facility; or

(e) A person is the person listed as the person responsible for a registered medical marijuana facility. + }

SECTION 9. { + (1) Sections 1 and 2 of this 2013 Act and the amendments to ORS 475.302, 475.304, 475.309, 475.320, 475.323 and 475.331 by sections 3 to 8 of this 2013 Act become operative on March 1, 2014.

(2) The Oregon Health Authority may take any action before the operative date specified in subsection (1) of this section to enable the authority to exercise, on and after the operative date specified in subsection (1) of this section, all of the duties, functions and powers conferred on the authority by sections 1 and 2 of this 2013 Act and the amendments to ORS 475.302, 475.304, 475.309, 475.320, 475.323 and 475.331 by sections 3 to 8 of this 2013 Act. + }

SECTION 10. { + Notwithstanding any other law limiting expenditures, the amount of \$803,276 is established for the biennium beginning July 1, 2013, as the maximum limit for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by the Oregon Health Authority for administrative and operating expenses incurred in implementing section 2 of this 2013 Act and the amendments to ORS 475.302, 475.304, 475.309, 475.320, 475.323 and 475.331 by sections 3 to 8 of this 2013 Act. + }

SECTION 11. { + This 2013 Act being necessary for the immediate preservation of the public peace, health and safety, an

emergency is declared to exist, and this 2013 Act takes effect on
its passage. + }

Exhibit B

Newspaper Articles

Buckley: State marijuana law trumps city law

Ashland Democrat says ordinances that ban pot dispensaries are a local overreach

By Damian Mann

Mail Tribune

October 16, 2013 2:00 AM

Oregon law will trump any local ordinances that attempt to ban medical marijuana dispensaries, Rep. Peter Buckley warned Tuesday.

"The city of Medford cannot regulate medical marijuana differently than the state," Buckley said.

Medford officials passed an ordinance on Sept. 5 that allows for the revocation or denial of a business license to anyone engaged in illegal activities based on federal, local or state laws. Marijuana is a controlled substance under federal law.

The ordinance was created as a response to Buckley-sponsored House Bill 3460, which will set up medical marijuana dispensaries around the state regulated by the Oregon Health Authority.

HB 3460 will not take effect until March 2014, after a rule-making committee establishes the legal framework for regulating pot dispensaries.

Buckley said it is not legal to operate a dispensary until HB 3460 takes effect.

On Tuesday, Buckley said he'd received many calls about the marijuana issue, noting he wished there was as much interest in education funding.

Because many of the questions revolved around whether a city could ban dispensaries, Buckley said he contacted the Legislative Counsel's office and received an opinion Tuesday that local ordinances cannot be used to block the implementation of state law.

"State law will trump local ordinances," he said.

Buckley said the law gives the state the authority to regulate dispensaries, and cities cannot preempt those rules.

Cities will have some discretion in determining times and manner of operations, he said.

Though marijuana is an illegal drug under federal law, states with medical or recreational-use marijuana laws won't be prosecuted by the U.S. government as long as there's no money laundering, sales to minors or growing on public lands, the U.S. attorney general has said.

Medford police Chief Tim George said he couldn't comment on questions about how Medford's ordinance on pot dispensaries might be trumped by state law.

"These are legal questions that are best referred to the city attorney," he said.

Calls made to the Medford city attorney's office were not immediately returned Tuesday.

The dispensaries can't be located within 1,000 feet of each other or a school.

A dispensary can be operated by anyone who doesn't have a felony record. The clinic cannot make a profit, though it can pay employees a wage and health insurance. The owner can also receive a salary.

Andrea Adams, a local medical cannabis advocate, said she expects resistance from cities in Oregon to the dispensary law.

She said there have been varying opinions about how much local cities can do to get around the law.

"It seems like a good option for communities here to open up a revenue stream and let dispensaries be a positive part of the community," she said.

Reach reporter Damian Mann at 541-776-4476, dmann@mailtribune.com or [@reporterdm](#).

Medford bans marijuana dispensaries

State Rep. Buckley calls move 'a huge overreaction' before rules are shaped

By Damian Mann

Mail Tribune

October 15, 2013 2:00 AM

Absolutely no medical marijuana dispensaries will be allowed in Medford despite a state law that makes them legal next year, city officials have decided.

MaryJane's Attic in the WinCo shopping center received a revocation of its business license on Sept. 26 for dispensing marijuana, according to Medford police Chief Tim George. Owners of MaryJane's declined to comment.

Dispensing medical marijuana violates federal law and currently violates state law, George said.

"I don't see how you could license unlawful activity," he said.

The City Council on Sept. 5 unanimously approved expanding an ordinance to deny or revoke a business license if the business is in violation of local, state or federal law. Previously, the ordinance only described how the business had to be conducted in a lawful manner.

The city had previously revoked business licenses for Southern Oregon NORML, Puffin' Stuff and The Green Compass in May after raids by police.

George said the ordinance will address Oregon House Bill 3460, which will authorize opening state-regulated medical marijuana dispensaries next year but allow some latitude for local jurisdictions to create their own regulations.

A state committee is in the process of generating rules for HB 3460 that will be rolled out next year.

After the rules are in place, George said, "The city will be relying on federal law."

Under existing state law, Oregon's 55,000 medical marijuana cardholders can grow pot themselves or find a person to grow it for them. The new law offers an additional option of purchasing medicine from state-regulated medical marijuana retail outlets.

Rep. Peter Buckley, an Ashland Democrat who helped craft HB 3460, said it's premature for local governments to pass ordinances before the rule-making process.

"I think it's a huge overreaction," Buckley said. "I think the fears are unreasonable."

Buckley said the state attorney general and the Oregon League of Cities both have endorsed HB 3460, which attempts to create a professionally run network of dispensaries throughout the state that will help cut down on the black market.

Buckley said members of law enforcement are on the committee that will be devising the rules for the House bill.

"I encourage people to take a deep breath and work with the rule-making process," he said.

Buckley said it is premature for clinics to set up shop to dispense medical marijuana ahead of the rule-making, though he said the Portland area already has dispensaries.

An outright ban on dispensaries in a community is not the intent of the House bill, Buckley said.

"To me, again, it seems like a very extreme move," he said.

He said there are many state laws that potentially conflict with federal law.

Theoretically, Buckley said, a law enforcement officer could arrest a medical marijuana cardholder for violating federal law, though that doesn't generally happen.

Councilor Bob Strosser, who voted for the ordinance, said, "I don't think we want to be in violation of any laws."

He said there are contradictions between federal and state law that need to be reconciled and are a potential "train wreck."

"The contradictions are what is troubling," he said.

Marijuana advocates decry the efforts by the city to rely on federal law rather than on HB 3460.

"We've put out a battle cry across the state," said Lori Duckworth, who formerly ran SONORML. "We're going to try to hit this head on."

Duckworth and her husband were arrested in a series of medical marijuana dispensary raids in May. The couple are facing racketeering and a host of other charges, including 11 counts each of conspiracy to deliver marijuana within 1,000 feet of a school and 11 counts each of manufacturing marijuana within 1,000 feet of a school.

Duckworth, whose case is still ongoing, said her organization has become Southern Oregon Community Center and Clinic at 815 Bennett Ave., Medford. She resigned as executive director and is only an adviser to the organization.

"SONORML is gone," she said.

Reach reporter Damian Mann at 541-776-4476, dmann@mailtribune.com or [@reporterdm](https://twitter.com/reporterdm).

Exhibit C

Legislative Counsel Opinion



JOHN A. KITZHABER, MD
Governor

August 14, 2013

The Honorable Kate Brown
Secretary of State
136 State Capitol
900 Court Street, NE
Salem, OR 97301

Dear Secretary Brown:

Today, I am signing enrolled House Bill 3460, which authorizes the Oregon Health Authority to establish procedures to license and regulate medical marijuana dispensaries. Nothing in this law protects the dispensaries, growers, caregivers or patients from federal prosecution. I have received many requests to veto this bill, but I am signing it after careful consultation with members of my staff as well as the Director of the OHA.

I understand the concerns opponents of HB 3460 have expressed, and share those concerns to a certain extent. I have asked the Director of the OHA to broadly engage all of the stakeholders, including law enforcement, when promulgating the rules regarding dispensaries. The bill itself does provide OHA with the authority to inspect and audit the financial records of the dispensaries, and I believe it will be critical to set fees for dispensaries that will provide sufficient funding to OHA so that they can be extraordinarily vigorous in their enforcement of the rules that are developed.

There are two main goals we wish to achieve: first, we want to ensure the overall safety of our communities through appropriate rules to license and regulate dispensaries and second, we want to allow the patients safe access to marijuana if they are eligible for treatment under the Oregon Medical Marijuana Program.

It is my hope that if these goals are not achieved under HB 3460 as written, that its sponsors will be open to fine-tuning the legislation in future sessions.

Sincerely,

A handwritten signature in black ink, appearing to read "John A. Kitzhaber".

John A. Kitzhaber, M.D.
Governor

LJR/smg



STATE OF OREGON
LEGISLATIVE COUNSEL COMMITTEE

November 5, 2013

Representative Peter Buckley
900 Court Street NE H272
Salem OR 97301

Re: Regulation of Medical Marijuana Dispensaries

Dear Representative Buckley:

You have asked us whether either chapter 4, Oregon Laws 2013 (special session) (Senate Bill 863), or chapter 726, Oregon Laws 2013 (House Bill 3460), preempts a local government from restricting or prohibiting the operation of a state-registered medical marijuana facility within the jurisdiction of the local government. We understand your question to arise from the announced intention of a municipality to deny business licenses to medical marijuana facilities on the grounds that operation of the facilities would violate the federal Controlled Substances Act (CSA), 21 U.S.C. 801 et seq.

We conclude that SB 863 may present some barriers to municipal attempts to specifically target medical marijuana facilities. We conclude that HB 3460 preempts most municipal laws specifically targeting medical marijuana facilities. Finally, we conclude that while a municipality may not be required to violate federal law to comply with a conflicting state law, a municipality may not act contrary to state law merely because the municipality believes that the action will better carry out the purposes and objectives of federal law.

Before reviewing the specific provisions of the CSA, SB 863 and HB 3460, we believe that it is helpful to review and discuss the law concerning home rule and state preemption.

Article IV, section 1, Article VI, section 10, and Article XI, section 2, of the Oregon Constitution, act as limitations on state regulation of local charters and acts of incorporation. The provisions affirm the right of a municipality to select the form of municipal government and to exercise police power (regulate for the common health and welfare) within the municipality. See generally La Grande/Astoria v. Public Employees Benefit Board, 281 Or. 137, 576 P.2d 1204 (1978), adhered to on rehearing 284 Or. 173, 586 P.2d 765 (1978). The general rule for noncriminal matters is that a municipality may enact ordinances regarding matters that are primarily of local concern, provided that the ordinances do not conflict with state law.

If a matter is primarily of state concern, or is of both state and local concern, the matter becomes more complicated. A state law that addresses a concern with the structure or policies of a municipality must be justified by a need to safeguard the interests of the persons or entities affected by the procedures of the municipality. However, if a state law primarily addresses substantive social, economic or other regulatory objectives, the state law prevails over a contrary municipal policy concern. See La Grande/Astoria. State law is generally presumed to not displace a local law that regulates local conditions absent a clear intent to do so, but state

law will prevail over a conflicting local law even without a clear expression of intent to preempt the municipal law. Springfield Utility Board v. Emerald People's Utility District, 191 Or. App. 536, 84 P.3d 167 (2004), aff'd, 339 Or. 631, 125 P.3d 740 (2005).

Section 2 of SB 863 finds and declares the existence of a paramount state interest and a need to safeguard economic concerns against contrary municipal concerns. Section 3 of SB 863 expressly prohibits a local government from adopting or enforcing any local law or measure "to inhibit or prevent the production or use of agricultural seed, flower seed, nursery seed or vegetable seed or products of agricultural seed, flower seed, nursery seed or vegetable seed." The definitions for agricultural seed, flower seed, and vegetable seed are established in statute. Nursery seed is defined in SB 863 as any propagant of "nursery stock," which is defined in ORS 571.005 to include plants and plant parts of a type kept for propagation or sale. We presume that SB 863 is to be construed in harmony with other state laws and therefore interpret the term "nursery seed" as referring only to propagants of those plants or plant parts that may be propagated and sold without violating state law. To the extent that the state has authorized the propagation and distribution of medical marijuana, we believe that medical marijuana falls within the statutory definition of nursery stock and is therefore within the coverage of SB 863. Although SB 863 does not state what constitutes a product of nursery seed, we believe that the definitions require that products of nursery seed include, at a minimum, marijuana plants or parts of marijuana plants. Whether State Department of Agriculture rules for the administration of SB 863 will define nursery seed products in a manner that includes resins, salts or other items falling within the ORS 475.005 definition of marijuana cannot be determined at this time.

Since medical marijuana plants and plant parts are nursery seed products for purposes of SB 863, a local government may not adopt or enforce any local law or measure to prevent or inhibit the production or use of medical marijuana seeds or seed products under conditions allowed by state law, including but not limited to the growing, possession or distribution of medical marijuana by a registered medical marijuana facility. We hasten to add, however, that SB 863 does not act as a barrier to local government enforcement of state or federal laws, including but not limited to any criminal laws, regarding the growing, possession or distribution of marijuana that is not expressly allowed under state law. Nor does Senate Bill 863 act as a barrier to the adoption of local criminal ordinances regarding marijuana other than medical marijuana. See, e.g., State v. Tyler, 168 Or. App. 600, 7 P.3d 624 (2000) (local government has broad authority under Article XI, section 2, of Oregon Constitution, to adopt criminal ordinances unless the local ordinance is incompatible with state law such as by criminalizing behavior that state law has decriminalized, unless state and local law cannot operate concurrently or unless legislature intended state law to be exclusive).

We interpret the SB 863 prohibition on local laws "to inhibit or prevent the production or use" of nursery seed and seed products to mean that a local law may not have the purpose of preventing or inhibiting production or use. The purpose of a local law may be express or may be inferred by the local law having a material impact on production or use. We do not believe that SB 863 prohibits a local law of general application that treats the production and use of nursery seed equally with other activities or that has only an incidental effect on production or use. For instance, a city could require that a state-registered medical marijuana facility comply with a city ordinance requiring a license for all businesses but could not enact or enforce the city ordinance in a manner that is intended to prevent or materially inhibit, or has the effect of preventing or materially inhibiting, the growing, possession or distribution of medical marijuana by a registered facility.

HB 3460 requires the Oregon Health Authority to adopt rules establishing a registration system for facilities to dispense medical marijuana to cardholders registered as provided under the Oregon Medical Marijuana Act (OMMA) or to caregivers for those cardholders. The bill sets forth the registration qualifications that a facility and its operator must meet and requires the authority to issue a facility registration if the facility and operator qualify. HB 3460 lacks express preemption language. Preemption may, however, also occur when state law is so pervasive as to occupy a field. There is no uniform test for occupation preemption. Occupation of one aspect of a field may leave other aspects of the field open to local regulation, so determining the existence of preemption by occupation must rely on a case-by-case evaluation of the state law.

Section 2 (1) of HB 3460 requires the Oregon Health Authority to establish a registration system "to authorize the transfer" of usable marijuana and immature marijuana plants from a cardholder or caregiver to the person responsible for a medical marijuana facility and from a medical marijuana facility to a caregiver or cardholder. Section 2 (3) sets out the qualifications that a medical marijuana facility must meet to obtain a state registration. Section 2 (5) provides that if an application is properly submitted, the facility meets the subsection (3) qualifications and the person to be responsible for the facility passes a criminal background check, the authority "shall register the medical marijuana facility and issue the person responsible for the medical marijuana facility proof of registration." Taken together, the provisions do not provide for a local government to impose additional requirements for the issuance of a state registration or require a facility to also obtain a local registration. That limitation is insufficient by itself to indicate that the state intended to preempt all aspects of the field of medical marijuana dispensaries, so it is necessary to determine whether and to what extent the adoption of local laws regarding medical marijuana facilities might conflict with HB 3460.

Since conflict due to impossibility is rare, we focus on whether and to what extent a local law regarding a state-registered medical marijuana facility might stand as an obstacle to the accomplishment and execution of the full purpose and objectives of House Bill 3460. Having already described section 2 of the bill, we believe it helpful to examine the legislative history to determine the purposes and objectives behind HB 3460. Multiple exhibits introduced for House Bill 3460 suggest a few primary purposes and objectives. In no particular order, those purposes and objectives were to: 1) Ensure that medical marijuana cardholders who are unable or unwilling to grow their own medical marijuana have access to a reliable source of medical marijuana; 2) ensure that medical marijuana obtained by cardholders is safe and of known quality; 3) discourage cardholder support of black-market marijuana sources; 4) supply law enforcement with information that would allow law enforcement to better distinguish lawful grow sites and suppliers from unlawful grow sites and suppliers; and 5) ensure a consistent and uniform approach throughout the state to law enforcement regarding medical marijuana facilities.

In light of the legislative history, we believe that a local law that prevents or materially restricts the operation of medical marijuana facilities would stand as an obstacle to the accomplishment and execution of the purposes and objectives of HB 3460 and would therefore be preempted. A local law that restricts medical marijuana facilities by imposing different criteria from criteria affirmatively established in HB 3460 would also conflict with the purposes and objectives of HB 3460 and therefore be preempted. It may be possible, though, for some types of local law to place a minor restriction on medical marijuana facilities that is sufficiently insignificant to avoid conflicting with the purposes and objectives of HB 3460. For instance, a local law that imposes special traffic control measures around medical marijuana facilities might not conflict with the purposes and objectives of HB 3460 as long as the measures did not unduly interfere with the operation of the facilities. We note, though, that validity of such a law under SB

863 cannot be determined until the State Department of Agriculture has adopted rules for implementing that bill.

As a final matter, we address the effect of state law and federal law conflict on the responsibilities of local government. It is common for state and local governments to engage in the enforcement of federal laws. However, Amendment X of the United States Constitution also stands for the proposition that the federal government may not require states or local jurisdictions to enforce federal laws. "It is well established that the federal government lacks constitutional authority to commandeer the policy-making or enforcement apparatus of the states by requiring them to enact or enforce a federal regulatory program." Willis v. Winters, 350 Or. 299, 253 P.3d 1058 (2011) (citing Printz v. United States, 521 U.S. 898, 925-931, 117 S. Ct. 2365, 138 L.Ed.2d 914 (1997), and New York v. United States, 505 U.S. 144, 161-169, 112 S. Ct. 2408, 120 L.Ed.2d 120 (1992)). Therefore, while local governments are subject to compliance with both federal and state law, the enforcement of federal law by local government is a discretionary act.

Whether a local government may invoke federal law to avoid compliance with state law depends on whether the federal law conflicts with and supersedes the state law. The CSA does not expressly preempt state laws regulating controlled substances, nor does it occupy the field of controlled substances regulation. 21 U.S.C. 903. The CSA instead provides that state law is not preempted "unless there is a positive conflict" between the federal law provision and the state law "so that the two cannot consistently stand together." Those words are the classic description of preemption by conflict. Conflict may exist either because it is impossible for a person to be in compliance with both the state and federal law or, much more commonly, where the state law stands as an obstacle to accomplishing and executing the full purposes and objectives of the federal law.

For purposes of this opinion we limit our discussion to the theoretical impact of a state law and federal law conflict on local government. We expressly do not venture any examination for potential conflicts between HB 3460 and the CSA.

With regard to local governments, state law will conflict with the purposes and objectives of a federal law if the state law requires a local government to take an action that is prohibited under federal law or prohibits the local government from performing an action required under the federal law. See, e.g., State v. Ehrensing, 255 Or. App. 402, 296 P.3d 1279 (2013) (holding that law enforcement was excused from complying with OMMA provision requiring return of seized medical marijuana where return would violate federal Controlled Substances Act prohibition on delivery of controlled substance). In examining whether a state law interferes with accomplishing and executing the full purposes and objectives of a federal law, both the purposes and objectives of the federal law and the effect of the state law must be precisely identified. If a municipality believes that compliance with state law would require the municipality to take an action that would stand as an obstacle to accomplishing and executing the purposes and objectives of a federal law, the municipality should seek an adjudication of the matter. A municipality may not, however, take an action that is contrary to state law merely because the municipality believes that the municipal action will better achieve the purposes and objectives of federal law. See Willis v. Winters (law enforcement could not refuse to issue concealed weapon permit to OMMA cardholder qualifying under state law on grounds that refusal would better achieve purposes of federal Gun Control Act).

The opinions written by the Legislative Counsel and the staff of the Legislative Counsel's office are prepared solely for the purpose of assisting members of the Legislative Assembly in

the development and consideration of legislative matters. In performing their duties, the Legislative Counsel and the members of the staff of the Legislative Counsel's office have no authority to provide legal advice to any other person, group or entity. For this reason, this opinion should not be considered or used as legal advice by any person other than legislators in the conduct of legislative business. Public bodies and their officers and employees should seek and rely upon the advice and opinion of the Attorney General, district attorney, county counsel, city attorney or other retained counsel. Constituents and other private persons and entities should seek and rely upon the advice and opinion of private counsel.

Very truly yours,

DEXTER A. JOHNSON
Legislative Counsel



By
Charles Daniel Taylor
Senior Deputy Legislative Counsel



Agenda Item

November 25, 2013

TO: Honorable Mayor and City Council through the City Administrator
FROM: Jim Hendryx, Director of Economic & Development Services
SUBJECT: **Annual Review of the Woodburn Development Ordinance (WDO)**

RECOMMENDATION:

Adopt the attached resolution initiating consideration of revision of temporary signage standards in the commercial and industrial zones and updating the Planned Unit Development (PUD) standards.

BACKGROUND:

The Woodburn Development Ordinance (WDO) states:

"1.01.02 Annual Review of the WDO The Director should maintain a list of potential modifications of the WDO, due to new state or federal laws and rules, case law precedents, scrivener errors, interpretation, or other changes in circumstance. The Director should report these matters to the City Council at its first regular meeting in the month of November, so that the Council may consider initiating appropriate measures to modify the WDO."

After public input during the City Council discussions regarding the WDO rewrite (LA 2012-01), the Planning Commission was directed to further consider fence standards (Section 2.106), specifically front yard height limitations. The Commission was also asked to look at temporary commercial sign standards (Section 3.10), and to review and update the Planned Unit Development (PUD) standards (Section 3.109), which are dated and provide limited flexibility.

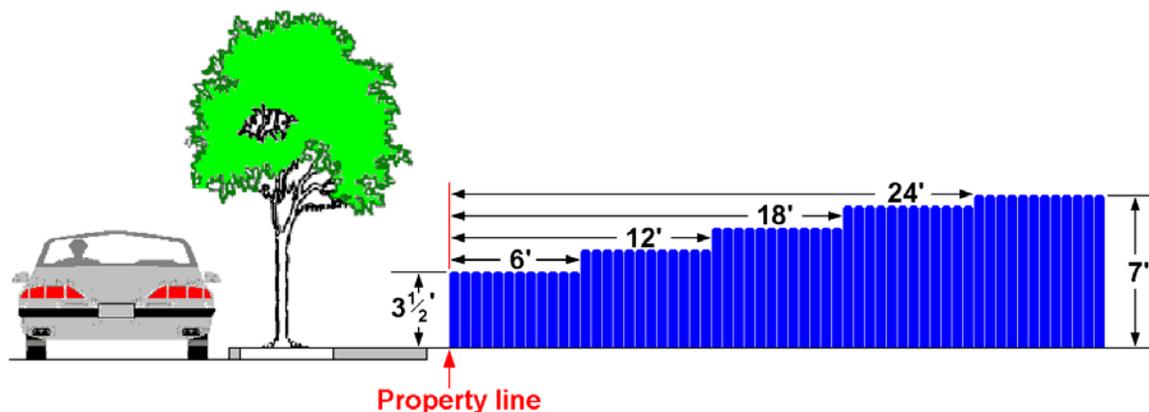
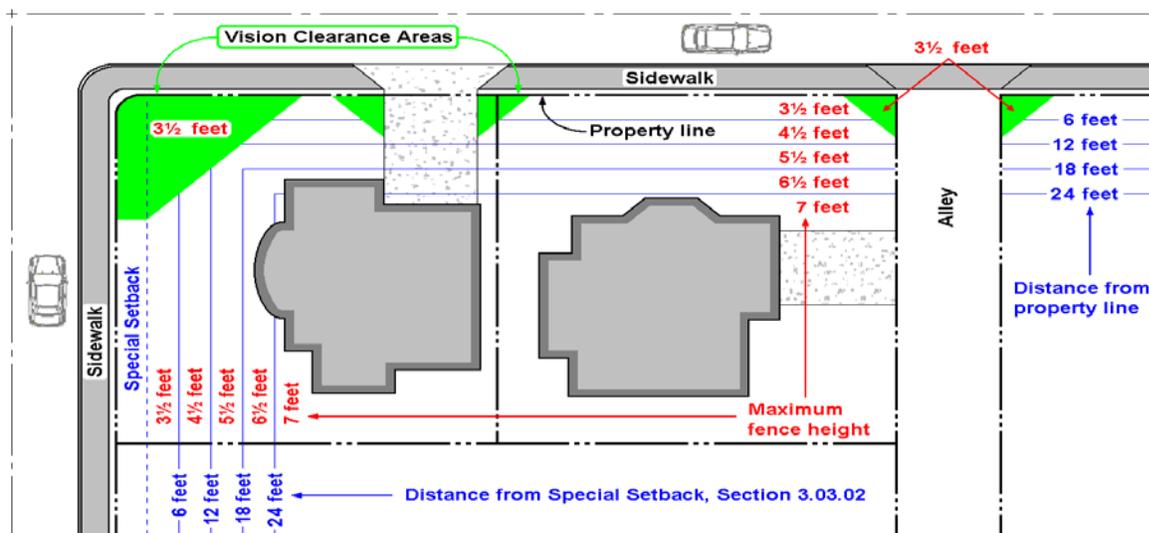
These matters have now been discussed at the Planning Commission and a formal action by the City Council (i.e., adoption of the attached resolution) is necessary to initiate the WDO legislative amendments.

Agenda Item Review: City Administrator ___x___ City Attorney ___x___ Finance ___x___

DISCUSSION:

Fence Standards With regards to fences, standards limit fence height to 42 inches at the property line. Fence height increases 12 inches for every 6 feet removed from the property line (see diagram), with a maximum height of 7 feet. The City continues to receive complaints about this standard, particularly for corner or through lots, with citizens being concerned about the perceived lack of rear yard privacy.

The Commission considered modifying the standard allowing taller fences at the property line, but in the end did not recommend any changes. Commissioners voiced concern over potentially creating fenced corridors, with six foot fences on both sides of the street, immediately behind the sidewalk. Incidentally, hedges and tall vegetation are allowed adjacent to the sidewalk, provided vision areas are maintained.



Temporary Commercial Signs With the update of the sign standards (Section 3.10) in 2010, the provision for temporary signs in non-single family zones (such as real estate signs) was not factored into the ordinance. Signs are not allowed on unimproved properties. Secondly, in the cases of large commercial/industrial properties, such as Safeway, Mid-Valley Plaza, etc, only one free-standing sign is allowed per frontage. Furthermore, temporary signs are only allowed for short periods of time (maximum of 60 days). Commercial real estate signs are typically larger (32 – 96 sq. ft.) and taller than other types of temporary signs allowed by code and remain for longer periods of time. There are several instances in the community where current commercial real estate signs are illegally placed.

The Planning Commission discussed temporary signs and voiced concern over the current allowed limits in overall size, number, placement and enforcement. There was consensus to revise the temporary sign standards to address the need for temporary signs (real estate), while further limiting the size and number of temporary signs in non-residential zones. Potential modifications would involve extensive outreach and possible notice to all commercially and industrially zoned property.

Planned Unit Developments (PUD)

In finalizing the WDO revisions, staff requested additional time to update the standards for Planned Unit Developments (Section 3.09). The current standards are difficult to administer and provide few incentives. The Commission is reviewing the PUD standards and will forward recommendations once they are completed.

Summary

The Planning Commission conducted workshop meetings where they considered present fence standards, temporary sign standards and standards for PUD's.

- The Commission does not see the need to amend the current fence standards. The existing standards are adequate and other methods (shrubs) are available to address privacy without modifying the current fence provisions.
- The Commission is concerned over the allowed size and number of temporary signs. While recognizing the need to allow temporary signs (such as real estate) in commercial and industrial zones, further limitations

are needed to regulate the number and size of temporary signs. Amending the existing sign standards is a major undertaking, requiring public notice, etc.

- The Commission continues to evaluate amendments to the PUD standards. Staff will work with the Commission on potential amendments.

Staff is requesting direction from Council to work with the Planning Commission to modify the temporary sign standards, limiting the allowable number and size of temporary signs in commercial and industrial zones. Secondly, staff will continue to work with the Commission on revising the PUD standards.

FINANCIAL IMPACT:

Revisions to the WDO limiting or restricting use of property require Measure 56 notice to all impacted properties, which was not budgeted in the current budget. The recent update to the WDO necessitated notice to all property owners, costing approximately \$2,400 for mailing-related costs. Costs will be refined as the scale of the revisions are narrowed.

COUNCIL BILL NO. 2940

RESOLUTION NO.2036

A RESOLUTION INITIATING CONSIDERATION OF LEGISLATIVE AMENDMENTS TO THE WOODBURN DEVELOPMENT ORDINANCE FOR THE YEAR 2013-14

WHEREAS, Section 1.101.02 of the Woodburn Development Ordinance (WDO) requires the Community Development Director to maintain a list of potential administrative modifications to the WDO and report these to the City Council on an annual basis; and

WHEREAS, during work sessions with the Planning Commission, the Commission identified the need to revise temporary signage standards in the commercial and industrial zones and to continue to work on updating the Planned Unit Development (PUD) standards; and

WHEREAS, Section 4.01.09 of the WDO states that the City Council may initiate the consideration of any potential legislative amendments to the WDO by resolution; **NOW, THEREFORE**,

THE CITY OF WOODBURN RESOLVES AS FOLLOWS:

Section 1. Pursuant to Section 4.101.09 of the WDO, the City Council initiates consideration of the following potential legislative amendments to the WDO:

- A. Revision of temporary signage standards in the commercial and industrial zones.
- B. Updating the Planned Unit Development (PUD) standards.

Approved as to form: _____
City Attorney Date

Approved: _____
Kathryn Figley, Mayor

Passed by the Council _____
Submitted to the Mayor _____
Approved by the Mayor _____

Filed in the Office of the Recorder

ATTEST: _____
Heather Pierson, City Recorder
City of Woodburn, Oregon



Agenda Item

November 25, 2013

TO: Honorable Mayor and City Council through City Administrator
FROM: Jim Hendryx, Director of Economic & Development Services
SUBJECT: **Expansion of the Woodburn Enterprise Zone**

RECOMMENDATION:

Direct staff to proceed with the next steps to consider expanding the Woodburn Enterprise Zone to include the City of Gervais.

BACKGROUND:

The Gervais City Council (Attachment A) recently requested that Woodburn consider expanding the boundaries of its enterprise zone to include Gervais.

The City of Woodburn was designated as an Enterprise Zone (EZ) in July 2010. The EZ program provides important tools for communities to utilize in retaining and attracting new employers, while supporting the strategy of creating more local employment opportunities for residents. EZ's encourage business investment through property tax relief. In exchange for locating or expanding a business in an enterprise zone, eligible (generally non-retail) businesses receive total exemption from the property taxes normally assessed on new plants and equipment for a specified amount of time, which varies between the different community programs.

Eligible businesses include manufacturers, processors, shippers and a variety of operations that serve other organizations, as well as call centers and headquarter-type facilities. Generally, construction, financial and retail activities are ineligible.

EZ's provide special economic tools that communities can use to help existing businesses be successful, while also attracting new businesses to the community. Statewide, the program has been very successful in assisting existing businesses. Thousands of jobs have been created as a direct result of the program. Facebook, which decided to locate a facility in Prineville, Oregon, is one such example.

Agenda Item Review: City Administrator ___x___ City Attorney ___x___ Finance ___x___

Statewide, there is a total of 64 EZ's, which include both rural (smaller cities, including Woodburn, Silverton, etc.) and urban zones (larger cities, such as Medford, Hillsboro, Beaverton, etc). Statutorily, the number of EZ's is limited to a total of 64 zones within the state. Locally, the cities of Salem, Silverton, Molalla, Stayton, Donald, Hubbard, and Aurora are within designated EZ's. Mt Angel recently requested inclusion into the Silverton EZ. Gervais is one of the few local cities not within an EZ.

State statute establishes standards for designating and/or expanding established EZ's, including size limitations, income and unemployment levels. While the total number of EZ's is limited, expansion of existing zones is limited by size (12 square miles). Woodburn's EZ, which includes the entire city limits, totals approximately 5.2 square miles. Gervais, which has similar income levels, totals approximately .39 square miles.

DISCUSSION:

State statute establishes procedures and standards for expanding established EZ's, including size limitations, income, unemployment levels, etc. Expanding Woodburn's EZ boundary to include Gervais appears to qualify with state requirements. Procedurally, additional steps would include:

- Determining what areas would be added (the entire City of Gervais);
- Determining the local Zone Manager (Jim Hendryx);
- Adopting resolutions supporting the expansion of the EZ to include both Woodburn & Gervais;
- Informational meetings with taxing districts (Woodburn & Gervais);
- Giving notice to all local taxing districts of a public hearing regarding the proposed expansion (Woodburn);
- Holding a public hearing to consider the expansion of EZ boundaries (Woodburn City Council);
- Submitting the expansion proposal to Business Oregon (Woodburn).

Administering the EZ program involves consultation with potential applicants; explaining benefits, procedures and requirements. Consultation typically only involves a few hours of time and is beneficial in building positive interactions with business owners and their representatives, while demonstrating the community's support for new and/or existing businesses. Expanding the EZ to include Gervais would have a minimal impact on workload, since there are limited opportunities for expansion.

The question before City Council is whether to expand the district to include Gervais. With Council's concurrence, staff will initiate the necessary steps to expand the Woodburn EZ. Subsequent steps include consultation with taxing districts and holding the public hearing to consider the expansion.

FINANCIAL IMPACT:

Expanding the Woodburn Enterprise Zone to include Gervais is anticipated to have minimal impact, primarily involving limited staff time.



CITY OF GERVAIS

592 Fourth Street/PO Box 329, Gervais, Oregon 97026-0329

503-792-4900 Administration Office; 503-792-3791 Fax

Text Telephone (TTY) 1-800-735-2900 (TTY/V) Spanish 1-800-735-3896

November 8, 2013

Scott Derickson
City Administrator
270 Montgomery Street
Woodburn, OR 97071

Dear Scott,

Over the past years, the City of Gervais has tried to attract industrial and commercial business in order to establish a balance in their tax base. Their concern has been that with the lack of industry, the citizens of the community are carrying the bulk of the cost to provide the services that they want. As a result, they have identified the Enterprise Zone designation, which allows for certain incentives to business concerns to help in locating within the jurisdiction.

Although the city does not have much available to offer, what we do have has been relatively stagnate because of our property tax situation. Our tax situation puts the city as one of the top five cities at \$8.0852/\$1000. That becomes a disincentive right off the bat.

With the limited industries that we do have, we would like to retain them, so our priority right now is to help our existing businesses in any way we can and to assist in their future planning. One of those options is the Enterprise Zone.

In our research, we learned that one of the ways to get the designation is by expanding an existing designated zone. There are requirements to become eligible for that expansion. As far as we can tell, we meet the physical requirements.

Last night, the City Council authorized me to submit this letter requesting the City of Woodburn to expand their enterprise zone to include Gervais. Because our limited industrial zoned properties are located throughout the city, we would request that the entire city be included in the expansion. The total size is .39 sq. mi. in area. We have reviewed the standards established by Woodburn for their district and find them acceptable for our expansion. We have discussed the administration of the district and would hope that we could utilize your staff to process applications through as one zone.

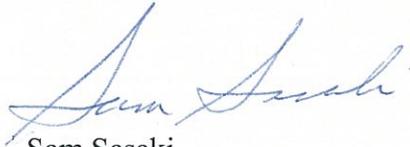
Gervais is a charming, dynamic rural community with a rich cultural heritage, valuing the past and anticipating the future...a wonderful and tranquil place to work, play and live.

The City of Gervais is an Equal Opportunity Provider and Employer. Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, DC 20250-9410

With our proximity to Woodburn, it only makes sense that the contact for concerns be processed through one agency thereby eliminating confusion to the business concern. We, as a city have been discussing this for some time and have decided to move ahead with the process. I hope this is enough information to take to your council to see if there is an acceptance to the concept. If your council agrees, we would go to the next step and adopt the necessary resolution to forward to you to formally begin the process.

Thank you for this consideration of including the City of Gervais into your Enterprise Zone. If there are any questions, or if there is a need to clarify issues, please feel free to contact me.

Sincerely,



Sam Sasaki
City Manager

cc: Shanti Platt, Mayor

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STRATEGIC ECONOMIC
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Linking industry with our communities.

626 High Street NE, Suite 200
Salem, OR 97301

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FAX 503-588-6240

info@sedcor.com
www.sedcor.com

Attachment B

November 18, 2013

Mr. Jim Hendrix
City of Woodburn
270 Montgomery St.
Woodburn, OR 97071

RE: Letter of Support- Enterprise Zone Expansion

Dear Mr. Hendrix,

As we discussed last week, the proposal to expand the Enterprise Zone to cover not only the industries in Woodburn, but also those in Gervais is a great one. It is my pleasure to support this work in our region. As you know the Enterprise Zone has been a powerful tool to help not only new traded sector companies in the region, but more importantly assist local companies in expanding and adding needed jobs and investment.

The opportunity to work with the community in Gervais and extend these benefits, shows a great appreciation of the fact that this is very much a regional economy and one that is interconnected. By combining forces your council is showing a great recognition of the benefits of working together. In the last year, we have been able to work with the cities in North Marion County, and are already seeing companies make significant investment, and adding new jobs by working together in efforts such as the one you are proposing.

If you have any questions, or need any additional information please do not hesitate to contact me directly. I look forward to working with you on this.

Best Regards,

Chad Freeman
President, SEDCOR

President

Chad Freeman

2013- 2014

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