

OFFICIAL STATEMENT DATED NOVEMBER 17, 2011

**NEW ISSUE -- COMPETITIVE
Book-Entry-Only**

RATINGS: Moody's Aa3; S&P's AA+

In the opinion of K&L Gates LLP, Portland, Oregon, Special Counsel, assuming compliance with certain covenants of the City, the interest component of Financing Payments that is paid to owners of the Obligations ("Interest") is excluded from gross income for federal income tax purposes under existing law and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. In the opinion of Special Counsel, Interest is exempt from Oregon personal income tax under existing law. See "Tax Matters" for a discussion of the opinion of Special Counsel.



**CITY OF WILSONVILLE
CLACKAMAS AND WASHINGTON COUNTIES, OREGON
\$38,940,000 Full Faith and Credit Obligations, Series 2011**

DATED: Date of Delivery

DUE: June 1, as shown inside cover

The Full Faith and Credit Obligations, Series 2011 (the "Obligations"), will be issued by the City of Wilsonville, Oregon (the "City"), in book-entry-only form in denominations of \$5,000 or integral multiples thereof. The Obligations are registered obligations issued in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. (See "**APPENDIX E - BOOK-ENTRY-ONLY SYSTEM**" herein.) So long as the Obligations remain in the book-entry-only system, principal and interest payments will be remitted by the paying agent, registrar and escrow agent of the City, currently U.S. Bank National Association, Portland, Oregon, (the "Escrow Agent") to DTC, who in turn will be required to distribute such payments to DTC Participants for ultimate distribution to Beneficial Owners.

The proceeds of the sale of the Obligations will be used to finance or refinance costs of capital improvements to the City's sanitary sewer system and to pay costs of issuance (collectively, the "Project").

The Obligations represent undivided ownership interests in the principal and interest payments due from the City under the Financing Agreement, as defined herein (the "Financing Payments"). The obligation of the City to pay the Financing Payments is unconditional, and the City has agreed to make payments from any and all of its legally available funds. The City has also pledged its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the Financing Payments. The Owners of the Obligations do not have a lien or security interest in the Project financed or refinanced with the proceeds of the Obligations. The Financing Agreement does not constitute a debt or indebtedness of the State of Oregon, or any political subdivision thereof other than the City.

The interest component of the Financing Payments evidenced and represented by the Obligations will be payable on June 1, 2012 and semiannually thereafter on December 1 and June 1 of each year. The principal component will be payable on June 1 as shown in the maturity schedule on the inside cover hereto. The principal and interest components of the Financing Payments evidenced and represented by the Obligations will be payable to the persons in whose names such Obligations are registered (the "Owners"), at their addresses appearing upon the registration books on the 15th day of the month preceding a payment date.

The Obligations are subject to prepayment as more fully described herein. See "**Description of the Obligations - Prepayment Provisions**" herein.

Maturity Schedule Appears Inside Cover

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision.

R.W. Baird purchased the Obligations via competitive sale on November 17, 2011. The Obligations are offered for sale to the original purchaser subject to the final approving opinion of K&L Gates LLP, Special Counsel to the City. It is expected that the Obligations will be available for delivery to the Escrow Agent for Fast Automated Securities Transfer on behalf of DTC, on or about December 1, 2011 ("Date of Delivery").



**Western Financial Group, LLC
333 State Street
Lake Oswego, Oregon 97034**

Maturity Schedule

<u>Due June 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP † 972478</u>
2013	\$ 600,000	2.00%	0.56%	FQ9
2014	1,610,000	2.00	0.80	FR7
2015	1,645,000	2.00	1.10	FS5
2016	1,675,000	3.00	1.38	FT3
2017	1,725,000	3.00	1.65	FU0
2018	1,780,000	4.00	1.91	FV8
2019	1,850,000	4.00	2.17	FW6
2020	1,925,000	3.00	2.42	FX4
2021	1,980,000	4.00	2.60	FY2
2022	2,060,000	4.00	2.75*	FZ9
2023	2,145,000	3.00	3.00	GA3
2024	2,210,000	3.125	3.20	GB1
2025	2,275,000	3.25	3.35	GC9
2026	2,350,000	3.375	3.50	GD7
2027	2,430,000	3.50	3.58	GE5
2028	2,515,000	4.00	3.68*	GF2
2029	2,615,000	4.00	3.78*	GG0

\$5,550,000 4.00% Term Bond Due June 1, 2031 to Yield 4.00%*; CUSIP 972478† GH8

* Priced to the first call date (June 1, 2021).

† CUSIP is a registered trademark of the American Bankers Association. The CUSIP numbers are provided by Standard and Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers are included above for convenience of the holders and potential holders of the Obligations. No assurance can be given that the CUSIP numbers for the Obligations will remain the same after the date of issuance and delivery of the Obligations.

No dealer, broker, salesperson or any other person has been authorized by the City to give any information or to make any representations other than those contained in this Official Statement in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer or solicitation of an offer to buy nor shall there be any sale of the Obligations by any person in any jurisdiction in which it is unlawful for such offer, solicitation or sale.

The information set forth herein has been obtained from the City, DTC, and other sources that are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery or this Official Statement nor any sale made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the City or in any other information contained herein since the date hereof.

This Official Statement contains "forward-looking statements" within the meaning of the federal securities laws. These forward-looking statements include, among others, statements concerning expectations, beliefs, opinions, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

OFFICIAL STATEMENT
OF
CITY OF WILSONVILLE, OREGON
CLACKAMAS AND WASHINGTON COUNTIES, OREGON
\$38,940,000 Full Faith and Credit Obligations, Series 2011

29799 S.W. Town Center Loop East
Wilsonville, OR 97070
Website: www.ci.wilsonville.or.us¹

CITY COUNCIL

Tim Knapp, Mayor
Celia Núñez, Council President
Richard Goddard
Steven Hurst
Scott Starr

ADMINISTRATIVE STAFF

Bryan Cosgrove, City Manager
Gary S. Wallis, Finance Director
Michel Bowers, Community Development Director
Delora Kerber, Public Works Director

SPECIAL COUNSEL

K & L Gates LLP, Portland, Oregon

FINANCIAL ADVISOR

Western Financial Group, LLC, Lake Oswego, Oregon

PAYING AGENT, REGISTRAR AND ESCROW AGENT

U.S. Bank National Association, Portland, Oregon,

¹ The City's website is not part of this official statement, and investors should not rely on information which is presented in the City's website in determining whether to purchase Obligations. This inactive textual reference to the City's website is not a hyperlink and does not incorporate the City's website, by reference.

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APPENDIX E: BOOK-ENTRY-ONLY SYSTEM

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OFFICIAL STATEMENT FOR
CITY OF WILSONVILLE
CLACKAMAS AND WASHINGTON COUNTIES, OREGON
\$38,940,000 Full Faith and Credit Obligations, Series 2011

The City of Wilsonville (the “City”), a city duly organized and existing under and by virtue of the laws of the State of Oregon (the “State”) furnishes this Official Statement in connection with the offering of \$38,940,000 aggregate principal amount of Full Faith and Credit Obligations, Series 2011 (the “Obligations”) dated the Date of Delivery. This Official Statement, which includes the cover page and appendices, provides information concerning the City and the Obligations.

Capitalized terms used and not defined herein shall have the meanings assigned to such terms in “**APPENDIX A – FORM OF FINANCING AGREEMENT AND FORM OF ESCROW AGREEMENT**,” which is attached hereto and incorporated by reference herein.

DESCRIPTION OF THE OBLIGATIONS

The Obligations evidence and represent undivided proportionate interests of the Owners thereof in payments (the “Financing Payments”) to be made by the City pursuant to a tax-exempt financing agreement (the “Financing Agreement”) dated the Date of Delivery, between the City and U.S. Bank National Association, Portland, Oregon, as paying agent, registrar and escrow agent (the “Registrar” or “Escrow Agent”). The Obligations are executed and delivered pursuant to an escrow agreement (the “Escrow Agreement”) dated the Date of Delivery, between the City and the Escrow Agent.

PRINCIPAL AMOUNT, DATE, INTEREST RATE AND MATURITIES

The sum of the principal components of the Financing Payments (the “Financing Amounts”) evidenced and represented by the Obligations equals \$38,940,000. The interest components of the Financing Payments evidenced and represented by the Obligations are payable on the scheduled Payment Dates (each June 1 and December 1, commencing June 1, 2012) and in the amounts, with interest payable at the rates, all as set forth on the inside cover of this Official Statement. Interest on the principal of the Financing Payments evidenced and represented by the Obligations will be computed on the basis of a 360-day year consisting of twelve 30-day months. The principal component of the Financing Payments will be due on June 1 as set forth on the inside cover of this Official Statement.

The Obligations will be issued only as fully registered obligations without coupons in principal denominations of \$5,000 or any integral multiple thereof. Interest on the Obligations is remitted by the Escrow Agent to Depository Trust Company (“DTC”), who in turn will be required to distribute such payments to its participants (the “DTC Participants”) for ultimate distribution to Beneficial Owners (as defined herein).

AUTHORIZATION AND PURPOSE OF ISSUANCE

The City is authorized pursuant to Oregon Revised Statutes (“ORS”) Section 271.390, and the laws of the State to enter into financing agreements, lease purchase agreements or other contracts of purchase to finance real or personal property that the Mayor and City Council (collectively, the “City Council”) determines is needed and to authorize obligations of participation in the payment obligations of the City under such financing agreements, lease-purchase agreements or other contracts of purchase. ORS 271.390 does not require the City to obtain voter approval to issue obligations authorized by that statute, including the Obligations.

The proceeds of the sale of the Obligations will be used to refund and redeem on a current basis all of the City’s \$5,000,000 2009 Tax-Exempt Non Revolving Credit Facility (the “2009 Credit Facility”), to pay costs of, or to reimburse the City for the payment of costs of, capital improvements to the City’s sanitary sewer system and to pay costs of issuance (collectively, the “Project”).

The City is pledging its full faith and credit to the payment of the principal components of the Financing Agreement as security for the Project. Under and in accordance with State law and pursuant to Resolution No. 2309 adopted by the City Council on July 18, 2011 (the “Obligation Resolution”), the City is authorized to enter into the Financing Agreement and the Escrow Agreement for the Obligations; to provide the terms of execution, delivery and sale of the Obligations; and to authorize certain officials and employees of the City to take action on the City’s behalf. Together, the Financing Agreement and Escrow Agreement are referred to herein as the “Agreements.” Under the Agreements, the Escrow Agent will provide to the City an amount equal to the Financing Amount to finance the Project, but only from the proceeds of the sale of the Obligations as provided in the Agreements. The City agrees in the Agreements to borrow the Financing Amount from the Escrow Agent, and to repay that principal amount in installments, with interest, by making the Financing Payments and paying the Additional Charges as provided in the Financing Agreement.

DISBURSEMENT FEATURES

Financing Payments. The Financing Payments will be payable by the Escrow Agent to DTC, which, in turn, is obligated to remit such principal and interest components to DTC Participants for subsequent disbursement to the owners of beneficial interests in the Obligations (the “Beneficial Owners”), as further described in **APPENDIX E** attached hereto.

Book-Entry System. The Obligations will be executed and delivered as fully registered obligations and, when executed and delivered, will be registered in the name of Cede & Co. as Owner and as nominee for DTC. DTC will act as securities depository for the Obligations. Individual purchases and sales of the Obligations may be made in book-entry form only in minimum denominations of \$5,000 within a single maturity and integral multiples thereof. Beneficial Owners will not receive certificates representing their interest in the Obligations. See **APPENDIX E** attached hereto for additional information.

Procedure in the Event of Revisions of Book-Entry Transfer System. If DTC ceases to act as Depository for the Obligations the City will request the Escrow Agent to, and the Escrow Agent and the City shall, amend the Escrow Agreement to provide for an alternative system of registration and payment for the Obligations that is of general acceptance in the municipal bond markets. If no better system is then available, the Escrow Agent and the City shall amend the Escrow Agreement to provide that printed, registered Obligations shall be issued to beneficial owners of the Obligations, and shall give notice of those amendments to all Owners.

PREPAYMENT PROVISIONS

Optional Prepayment. The Obligations maturing on and after June 1, 2022 are subject to prepayment at the option of the City, in whole or in part on any date on and after June 1, 2021 at a price of par, plus accrued interest, if any, to the date of prepayment.

Mandatory Prepayment. The Obligations stated to mature on June 1, 2031 are subject to mandatory sinking fund prepayment at par in the principal component amounts and on the dates shown in the following schedule:

2011 Term Obligation Due June 1, 2031	
<u>Year</u> <u>(June 1)</u>	<u>Amount</u>
2030	\$2,720,000
2031 *	2,830,000
(* Final maturity)	

The City will determine how optional prepayment of Obligations will be allocated to term obligations.

Notice of Prepayment. So long as the Obligations are in book-entry form and unless DTC consents to a shorter period, the Escrow Agent shall notify DTC of an early prepayment not less than 20 days prior to the date fixed for prepayment, and shall provide such information as required by a letter of representation submitted to DTC in connection with the issuance of the Obligations. If the book-entry-only system is discontinued, notice of redemption shall be given under the system established by the City pursuant to Section 2.3(B) of the Escrow Agreement.

Conditional Prepayment. Any notice of optional prepayment to the Registrar or to the Obligation owners may state that the optional prepayment is conditional upon receipt by the Registrar of moneys sufficient to pay the prepayment price of such Obligations or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such prepayment price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Registrar to affected Obligation owners as promptly as practicable upon the failure of such condition or the occurrence of such other event.

THE USE OF OBLIGATION PROCEEDS

The City expects to use approximately \$5 million of the proceeds of the Obligations to refund and redeem on a current basis all of the City’s 2009 Credit Facility. The remaining proceeds from the Obligations are expected to pay costs of, or to reimburse the City for the payment of costs of, capital improvements to the City’s sanitary sewer system which includes the City’s wastewater treatment plant, collection system, lift stations and to pay the cost of issuing the Obligations. See “Sanitary Sewer System” herein.

SOURCES AND USES OF FUNDS

The proceeds from the Obligations are estimated to be applied as shown in Table 1.

Table 1 – Sources and Uses of Funds

Sources of Funds	
Par Amount	\$38,940,000.00
Net premium	<u>1,353,921.60</u>
Total sources of funds	<u>\$40,293,921.60</u>
Uses of Funds	
Projects	\$39,500,000.00
Cost of issuance	118,844.00
Underwriter’s discount	671,476.19
Additional proceeds	<u>3,601.41</u>
Total uses of funds	<u>\$40,293,921.60</u>

Source: City of Wilsonville.

EXPECTED PLAN OF REPAYMENT

The City expects to repay the Obligations from the net revenues of the City’s sanitary sewer system. In Section 3.4(C) of the Financing Agreement the City has covenanted to establish and maintain rates and charges in connection with the operation of its sanitary sewer system that are sufficient to permit the City to pay all lawful charges against those revenues, including the Financing Payments and Additional Charges. The City has not pledged or otherwise granted any lien on any revenues of its sanitary sewer system to pay the Financing Payments or Additional Charges. The City reserves the right to make pledges of, and grant liens on, all or any portion of the sanitary sewer system revenues for any lawful purpose. See “Sanitary Sewer System” herein.

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PROJECTED DEBT SERVICE

The City expects to pay debt service on the Obligations from the City’s sanitary sewer system revenues. The estimated debt service schedule for the Obligations is provided in the following Table 2.

Table 2 – Projected Obligations Debt Service Requirements

FY Ending June 30	Principal	Interest	Total
2012		\$ 671,281	\$ 671,281
2013	\$ 600,000	1,342,563	1,942,563
2014	1,610,000	1,330,563	2,940,563
2015	1,645,000	1,298,363	2,943,363
2016	1,675,000	1,265,463	2,940,463
2017	1,725,000	1,215,213	2,940,213
2018	1,780,000	1,163,463	2,943,463
2019	1,850,000	1,092,263	2,942,263
2020	1,925,000	1,018,263	2,943,263
2021	1,980,000	960,513	2,940,513
2022	2,060,000	881,313	2,941,313
2023	2,145,000	798,913	2,943,913
2024	2,210,000	734,563	2,944,563
2025	2,275,000	665,500	2,940,500
2026	2,350,000	591,563	2,941,563
2027	2,430,000	512,250	2,942,250
2028	2,515,000	427,200	2,942,200
2029	2,615,000	326,600	2,941,600
2030	2,720,000	222,000	2,942,000
2031	2,830,000	113,200	2,943,200
Totals	\$38,940,000	\$16,631,044	\$55,571,044

NOTES: Columns may not foot due to rounding.

Source: City of Wilsonville.

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SECURITY FOR THE OBLIGATIONS

The Obligations represent undivided ownership interests in the installment payments of principal and interest due from the City under the Financing Agreement. Under the Financing Agreement, the Financing Payments are payable from the City's general non-restricted revenues and other funds which may be available for that purpose. The obligation to pay the Financing Payments is a full faith and credit obligation of the City.

In addition, the City has pledged its taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the Financing Payments, subject to any limitations that are imposed by law.

The Obligations are not general obligations of the City, the State or any other political subdivision or municipal corporation of the State. The Obligations are secured solely by the Financing Payments and any sums realized in connection with the remedies available upon the occurrence of an event of default all as provided in the Financing Agreement. The Obligations are not secured by a pledge of or lien on the revenues of the City's sanitary sewer system, but the City expects to make payments on the Obligations from sanitary sewer system revenues. See "Expected Plan of Repayment" herein.

THE OBLIGATION OF THE CITY TO MAKE THE FINANCING PAYMENTS IS ABSOLUTE AND UNCONDITIONAL AND IS NOT SUBJECT TO ANNUAL APPROPRIATION. THE REGISTERED OWNERS OF THE OBLIGATIONS DO NOT HAVE A LIEN OR SECURITY INTEREST IN THE PROJECT FINANCED WITH THE PROCEEDS OF THE OBLIGATIONS.

The City's obligation to make Financing Payments is not subject to any of the following:

1. any setoff, counterclaim, recoupment, defense or other right which the City may have against the Escrow Agent, any contractor or anyone else for any reason whatsoever;
2. any insolvency, bankruptcy, reorganization or similar proceedings by the City;
3. abatement through damage, destruction or non-availability of the Project, or
4. any other event or circumstance whatsoever, whether or not similar to any of the foregoing.

The City's obligation to make Financing Payments is binding for the term of the Financing Agreement.

THE CITY

GENERAL DESCRIPTION

The City of Wilsonville, located approximately 20 miles south of downtown Portland on the Willamette River, covers an area of approximately 4,712 acres. The City, with an estimated 2010 population of 19,525, is located in two counties, the largest portion in Clackamas County, with a small area in Washington County.

GOVERNMENT

The City of Wilsonville was incorporated in 1968 and operates under the Council-Manager form of government. The Mayor and four councilors are elected at large on a non-partisan basis for overlapping four-year terms. The City provides a broad range of urban services to its residents, including police, land use planning and zoning, streets, water, sanitary sewer and surface water collection and treatment, recreation and library services.

The City Manager is responsible to the City Council. The City Council receives information and advice from a number of citizen commission and boards on city policy, direction and planning.

CITY COUNCIL

Current members of the Council are shown in the following table.

Table 3 – City Council

Board Member	Occupation	Term Expires
Tim Knapp, Mayor	Self-employed	12/31/2012
Celia Núñez, Council President	Insurance Agent, State Farm	12/31/2012
Steven Hurst	Banker, Sterling Savings	12/31/2012
Richard Goodard	Engineer, PGE	12/31/2014
Scott Starr	Mortgage Underwriter	12/31/2014

Source: City of Wilsonville.

KEY CITY ADMINISTRATION AND MANAGEMENT

Bryan Cosgrove, City Manager, was appointed as Wilsonville’s City Manager in June 2011. Mr. Cosgrove’s previous experience includes positions as City Manager of Silverton, Oregon (9 years), and Assistant City Manager of Oregon City, Oregon (7 years). Mr. Cosgrove received a bachelor’s degree in Political Science and a master’s degree in Urban and Regional Planning from Portland State University.

Gary Wallis, Finance Director, joined the City in November 1994. Prior to joining the City, Mr. Wallis worked for the City of Portland’s Portland Development Commission. Mr. Wallis received an undergraduate degree in accounting from the University of Arizona and is a Certified Public Accountant.

Michael Bowers, Community Development Director, joined the City in September 2006, following his 23-year career in the Federal Government as an infrastructure expert. His last position as a Captain in the Navy Civil Engineer Corps was the Chief Operations Officer for a \$2 billion annual capital program on the West Coast. He has a Master’s in Engineering from the University of Washington, a Bachelors of Science in Systems Engineering from the U.S. Naval Academy, and completed the Duke University Fuqua School of Business Executive Education Program in 2005.

Delora Kerber, Public Works Director, joined the City in August 2006. Ms. Kerber has worked on both the public and private side of the public works profession with previous experience as the Public Works Director and City Engineer for the City of Sammamish, WA and as a Senior Project Manager for two consulting engineering firms. Ms. Kerber received an undergraduate degree in civil engineering from Oregon State University and is a licensed engineer in both Oregon and Washington states.

CITY STAFF AND BARGAINING UNITS

As of August 31, 2011, the City had 111 full-time employees, 48 part-time employees and 33 temporary/seasonal employees. 118 City employees are eligible under State law to be represented by a labor organization and are employed under provisions of negotiated contracts with the Service Employees International Union labor organization. The current contract terminates June 30, 2012. The City expects to begin negotiations in January 2012.

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CITY FINANCIAL INFORMATION

FISCAL YEAR

The fiscal year for the City commences on July 1 and ends on June 30 of the following year.

SIGNIFICANT ACCOUNTING POLICIES

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

For the past thirteen years, the City has received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. According to GFOA, the Certificate of Achievement is “the highest form of recognition in the area of governmental financial reporting.” To be awarded the certificate, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, the content of which conforms to program requirements and satisfies both generally accepted accounting principles and applicable legal requirements.

BASIS OF ACCOUNTING

The government-wide financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus, as are the proprietary funds financial statements. An economic resource focus concentrates on an entity or fund’s net assets. All transactions and events that affect the total economic resources (net assets) during the period are reported. An economic resources measurements focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

BUDGETING PROCESS

The City prepares an annual budget in accordance with provisions of the Oregon Local Budget Law (ORS 294.305 to ORS 294.565, inclusive), which provides standard procedures for the preparation, presentation, administration and appraisal of budgets. The law mandates public involvement in budget preparation and public exposure of its proposed programs. The law also requires that the budget be balanced.

Prior to adoption, the proposed budget must be approved by a budget committee consisting of the Mayor and four City Councilors and an equal number of laypersons. In an advertised public meeting, the budget committee reviews the budget and the “budget message,” which explains the budget and significant changes in the local government's financial position. All budget committee meetings are open to the public.

Following budget approval by the budget committee, another public hearing is held by the City Council. A budget summary and notice of hearing are published prior to the hearing. Publication is governed by strict requirements as to time and mode.

The City Council has adopted an ending fund balance and contingency policy for all major funds. In accordance with the policy for the General Fund contingency, the General Fund contingency is equal to 5% of General Fund annual operating expenses. In addition, the City reserves other portions of the ending fund balance for designated purposes such as future capital needs, emergency response, software replacement and general planning. The City has received the GFOA Distinguished Budget Presentation Award for each period since its fiscal year ending 1998 budget.

INDEPENDENT AUDIT REQUIREMENT

The Oregon Municipal Audit Law (ORS 297.405-297.555) requires an audit and examination be made of the accounts and financial affairs of every municipality at least once each year. City audits for fiscal years ended June 30, 2005 through June 30, 2010 were performed by Grove, Mueller and Swank, P.C., Salem, Oregon. Grove, Mueller and Swank, P.C., the City’s independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in this report. Grove, Mueller and Swank, P.C., also has not performed any procedures relating to this official statement or memorandum. A complete copy of the City's audit for the fiscal year ended June 30, 2010 is included in **APPENDIX B**.

CONSENT OF THE INDEPENDENT AUDITOR WAS NOT REQUESTED. THE AUDITOR WAS NOT REQUESTED TO PERFORM AND HAS NOT PERFORMED ANY SERVICE IN CONNECTION WITH THE OFFERING OF THE OBLIGATIONS AND IS THEREFORE NOT ASSOCIATED WITH THE OFFERING OF THE OBLIGATIONS.

Table 4 –General Fund Balance Sheets

As of June 30	2007	2008	2009	2010	(unaudited) 2011
Assets and other debits					
Cash & investments	\$9,274,226	\$10,032,281	\$11,864,805	\$12,253,040	\$12,952,789
Receivables					
Property taxes	174,363	219,362	290,885	303,645	283,546
Accounts	231,570	261,312	339,671	437,131	405,359
Interest	114,093	67,674	77,513	180,861	17,891
Prepays	280,553	4,333	2,149	255,849	278,160
Restricted cash and Investments	118,849	173,196	194,579	239,312	257,565
Total assets & other debits	<u>\$10,193,654</u>	<u>\$10,758,158</u>	<u>\$12,769,602</u>	<u>\$13,669,838</u>	<u>\$14,195,310</u>
Liabilities & fund equity					
Liabilities					
Accounts payable	\$ 240,771	\$ 215,419	\$ 278,304	\$ 174,407	\$152,486
Other accrued liabilities	143,953	150,142	158,297	182,057	196,159
Deposits	16,450	16,500	12,600	14,555	20,200
Deferred revenue	248,143	280,804	315,823	350,389	331,878
Total liabilities	<u>649,317</u>	<u>662,865</u>	<u>765,024</u>	<u>721,408</u>	<u>700,723</u>
Fund balances					
Unreserved – undesignated	9,544,337	10,095,293	12,004,578	12,948,430	-
Nonspendable					278,160
Restricted					198,176
Committed					630,000
Assigned					5,993,209
Unassigned					6,395,042
Total fund equity	<u>\$9,544,337</u>	<u>\$10,095,293</u>	<u>\$12,004,578</u>	<u>\$12,948,430</u>	<u>\$13,494,587</u>
Total liabilities and fund balance	<u>\$10,193,654</u>	<u>\$10,758,158</u>	<u>\$12,769,602</u>	<u>\$13,669,838</u>	<u>\$14,195,310</u>

Note: Table may not foot due to rounding.

Source: Derived from annual audited financial statements of the City. FY2011 derived from unaudited annual financial statements.

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The following table reflects the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance for the last five years.

Table 5 – General Fund Statement of Revenues, Expenditures and Changes in Fund Balance

As of June 30	2007	2008	2009	2010	(unaudited) 2011
Taxes	\$ 6,579,184	\$ 6,923,326	\$ 7,292,230	\$ 7,741,349	\$ 7,771,263
Intergovernmental	984,874	1,032,981	1,088,362	1,402,130	1,515,749
Licenses & permits	136,398	150,148	146,831	118,090	148,304
Charges for service	449,369	450,859	504,513	407,297	416,432
Fines and forfeitures	317,579	330,149	287,000	293,007	460,326
Investment revenue	453,494	446,860	298,202	146,987	118,617
Other Revenue	143,653	199,634	144,310	213,265	192,955
Total revenues	9,064,551	9,533,957	9,761,448	10,322,122	10,623,646
Expenditures					
General government	1,966,877	1,889,802	1,721,597	1,956,135	2,245,823
Public safety	2,832,369	2,997,046	3,209,673	3,564,996	3,752,705
Public works	1,359,814	1,306,174	1,126,514	1,658,876	1,598,074
Culture and recreation	1,532,199	1,488,135	1,748,050	2,024,741	2,180,547
Community development	0	0	0	0	4,607
Capital outlay	165,766	90,473	151,301	134,674	299,870
Total expenditures	7,857,025	7,771,630	7,957,135	9,339,422	10,081,626
Revenues over (under) expenditures	1,207,526	1,762,327	1,804,313	982,700	542,020
Other financing sources (uses)					
Operating transfers in	176,783	34,400	227,666	50,000	51,000
Transfers out	(1,136,672)	(1,245,771)	(122,694)	(88,848)	(46,863)
Proceeds of interagency loan	--	4,200,000	--	--	--
Payment of interagency loan	--	(4,200,000)	--	--	--
Total other financing sources (uses)	(959,889)	(1,211,371)	104,972	(38,848)	4,137
Net change in fund balances	247,637	550,956	1,909,285	943,852	546,157
Fund balance -- beginning of year	9,296,700	9,544,337	10,095,293	12,004,578	12,948,430
Fund balance -- ending	\$9,544,337	\$10,095,293	\$12,004,578	\$12,948,430	\$13,494,587

Note: Table may not foot due to rounding.

Source: Derived from annual audited financial statements of the City. FY2011 derived from unaudited annual financial statements.

INVESTMENT POLICY

Oregon Revised Statutes and the City's investment policy authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, high-grade corporate indebtedness, and the State of Oregon Local Government Investment Pool. As of June 30, 2011, the City had approximately \$37,047,271 in the State of Oregon Local Government Investment Pool, \$6,238,718 invested in U.S. Government Agency and State of Oregon securities, \$7,053,957 in certificates of deposits/money market accounts and \$20,049,721 in commercial paper and corporate bonds.

PENSION PLAN

General. The City participates in a retirement pension benefit program under the State of Oregon Public Employees Retirement System ("PERS" or the "System"). After six full months of employment, all City employees are eligible to participate in PERS.

T1/T2 Pension Programs. Employees hired before August 29, 2003 participate in the "Tier 1" and "Tier 2" pension programs (the "T1/T2 Pension Programs"). The benefits provided through the T1/T2 Pension Programs are based primarily on a defined benefit pension model and provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Different benefit structures apply to participants depending on their date of hire. Effective January 1, 2004, T1/T2 Pension Program participant contributions fund individual retirement accounts under the separate defined contribution program described below.

OPSRP. Employees hired on or after August 29, 2003 participate in the Oregon Public Service Retirement Plan ("OPSRP") unless membership was previously established in the T1/T2 Pension Programs. OPSRP is a hybrid defined contribution defined benefit pension plan with two components. Employer contributions fund the defined benefit program and employee contributions fund individual retirement accounts under the separate defined contribution program. Effective January 1, 2004, T1/T2 Pension Program participant contributions also fund individual retirement accounts under the separate defined contribution program.

Actuarial Valuation. Oregon statutes require an actuarial valuation of the System at least once every two years. Based on the biennial actuarial valuations as of December 31 of odd-numbered years, such as 2007 and 2009, the Public Employees Retirement Board ("PERB") establishes the contribution rates that employers will pay to fund the T1/T2 Pension Programs, OPSRP and the PERS-sponsored Retirement Health Insurance Account program ("RHIA") described herein. Actuarial valuations are performed annually as of December 31 of each year, with the valuations as of December 31 of even-numbered years (such as 2008) used for advisory purposes only. Actuarial valuations are performed for the entire System (the "System Valuation"), and for each participating employer, including the City (the "City Valuation"). Valuations are released approximately one year after the valuation date. PER'S current actuary is Mercer (US), Inc. ("Mercer").

At the September 30, 2011 PERB meeting, Mercer presented the actuarial valuation of assets and liability for the System as of December 31, 2010 (the "Mercer Presentation"). The official actuarial valuation report for the System as of December 31, 2010 is expected to be released in late November 2011, and the official actuarial valuation report for the City as of December 31, 2010 (the "2010 City Valuation") is expected to be released soon.

Valuation	Release Date	Rates Effective
December 31, 2007	September 2008	July 1, 2009-June 30, 2011
December 31, 2008	October 2009	Advisory only
December 31, 2009	September 2010	July 1, 2011-June 30, 2013
December 31, 2010	October/November 2011	Advisory only

Employer Assets, Liabilities and Unfunded Actuarial Liabilities. An employer's unfunded actuarial liability ("UAL") is the excess of the actuarially determined present value of the employer's benefit obligations to employees over the existing actuarially determined assets available to pay those benefits. For the T1/T2 Pension Programs, the City is pooled with the State of Oregon and other local government and community college public employers (the "State and Local Government Rate Pool" or "SLGRP"). The City's portion of PERS' assets and liabilities is based on the City's proportionate share of the SLGRP's pooled payroll ("City Allocated T1/T2 UAL").

OPSRP's assets and liabilities are pooled on a program-wide basis. These assets and liabilities are not tracked or calculated on an employer basis. The City's allocated share of OPSRP's assets and liabilities is based on the City's proportionate share of OPSRP's pooled payroll (the "City Allocated OPSRP UAL").

Changes in the City's relative growth in payroll will cause, and other pool participants' failure to pay their full employer contributions may cause, the City Allocated T1/T2 UAL and City Allocated OPSRP UAL to shift.

The City's net unfunded pension UAL as of the valuation as of December 31, 2008 (the "2008 City Advisory Valuation") and the valuation as of December 31, 2009 (the "2009 City Valuation") is shown in the following table:

	2008 Advisory Valuation	2009 City Valuation
Allocated SLGRP T1/T2 UAL	\$12,443,129	\$10,604,090
Allocated pre-SLGRP pooled liability (surplus)	(1,659,240)	(1,682,466)
Transition liability/(surplus) ¹	(559,006)	(550,708)
Allocated pooled OPSRP UAL	59,608	83,070
Net unfunded pension actuarial accrued liability/(surplus)	\$10,284,491	\$8,453,986

- (1) The transition surplus represents the surplus that was created when the City joined the local government rate pool (LGRP), the predecessor rate pool to the SLGRP. The transition surplus is solely the City's.

Source: 2008 City Advisory Valuation and 2009 City Valuation.

As stated above, the 2010 City Valuation is expected to be released soon. The City cannot predict what the City's net pension UAL will be as of December 31, 2010; however, the 2010 Mercer Presentation states that the System-wide funded status increased from 86% at December 31, 2009 to 89% at December 31, 2010.

The funded status of the PERS and of the City will change over time depending on the market performance of the securities that the Oregon Public Employees' Retirement Fund is invested, future changes in compensation and benefits of covered employees, demographic characteristics of members and methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS.

Significant actuarial assumptions and methods used in the valuations included: (a) Projected Unit Credit actuarial cost method, (b) asset valuation method based on market value, (c) rate of return on the investment of present and future assets of 8%, (d) payroll growth rate of 3.75%, (e) consumer price inflation of 2.75% per year, and (f) UAL amortization method of a level percentage of payroll over 20 years (fixed) for the T1/T2 Pension Programs and 16 years (fixed) for OPSRP.

Employer Contribution Rates. Employer contribution rates are calculated as a percent of covered payroll. The rates are based on the current and projected cost of benefits and the anticipated level of funding available from the OPERF, including anticipated investment performance of the fund. Contribution rates are subject to future adjustment based on factors such as the result of subsequent actuarial valuations and changes in benefits resulting from legislative modifications. Employees are required to contribute 6 percent of their annual salary to the respective programs. Employers are allowed to pay the employees' contribution in addition to the required employers' contribution. The City has elected to make the employee contribution. Employer contribution rate changes from one period to the next are limited by a contribution rate collar.

City Contribution Rates. The City's current contribution rates are based on the 2009 City Valuation and are effective through June 30, 2013. Based on the 2009 City Valuation, the 2011-2013 employer contribution rates for the City are 12.03% for Tier 1 and Tier 2 payroll and 10.55% for OPSRP General Service payroll.

Included in these rates are contribution rates for the PERS RHIA program described below. These rates do not include the 6% employer contribution rate which the City has elected to make for its employees. The City's contributions to PERS for the years ended June 30, 2011, 2010 and 2009 were \$1,146,030, \$1,096,193 and \$1,277,506, respectively, equal to the required contributions for each year.

The 2010 City Valuation will contain advisory employer contribution rates as of December 31, 2010; these rates are advisory only. Although the City cannot predict what the advisory rates will be, the 2010 Mercer Presentation states that as of December 31, 2010, advisory base employer contribution rates are 3.6% of payroll above current rates, primarily due to the rate collar, described below, spreading rate increases to restore funded status across multiple periods. *Contribution Rate Collar.* In January 2010 the PERS Board adopted a revised implementation of the rate collar limiting increases in employer contribution rates from biennium to biennium (the "Rate Collar"). Under normal conditions, the Rate Collar is the greater of 3 percent of payroll or 20 percent of the current base rate. If the funded status of the SLGRP is below 80 percent, the Rate Collar increases by 0.3 percent for every percentage point under the 80 percent funded level until it reaches 6 percent at the 70 percent funded level. The 2009 System Valuation found that the SLGRP was 77 percent funded, resulting in a Rate Collar of 3.9 percent. The Rate Collar limits increases in employer contribution rates before rate reductions from side accounts are deducted, and does not cover charges associated with RHIA and RHIPA. Because the 2011-2013 employer contribution rates were reduced by the Rate Collar and because of lower than assumed investment performance to date, further rate increases are anticipated for the 2013-2015 biennium. Any increase, however, will be subject to change based on the future investment

performance of OPERF and other factors. The City's actual 2013-2015 contribution rate increase also may vary from the System-wide number.

OTHER POST-EMPLOYMENT BENEFIT PROGRAMS

The City is required under GASB 45 to determine the extent of its liabilities for post employment benefits and to record the liability in its financial statements on an actuarial basis. The City has fewer than the required minimum of 100 employees covered in an experience rated plan and thus is not subject to the reporting requirements of GASB 45.

PERS retirees who receive benefits through the T1/T2 Pension Programs and are enrolled in the Retirement Health Insurance Account ("RHIA") plan administered by PERS may receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to \$60 per month towards the cost of their health insurance premium under RHIA. The RHIA unfunded actuarial liability is calculated on a System-wide basis and is allocated pro-rata for the various pools based on the ratio of an employer's combined valuation payroll to that of the applicable pool. The City's share of the System-wide liability was \$273,886 at December 31, 2009 and \$279,032 at December 31, 2008. The City's employer contribution rates for the RHIA plan for fiscal years ending 2012 and 2013 are 0.59% for T1/T2 members and 0.50% for OPSRP general service members. These rates are included in the total employer contribution rates shown above. RHIA's contribution rate is calculated on an actuarially determined basis. No assurance can be given that the RHIA UAL or the contribution rate of the City will not materially increase.

RISK MANAGEMENT

The City is exposed to various risks of loss related to theft of, damage to and destruction of assets, as a consequence of certain perils and natural disasters. The City's real and personal properties are protected against loss by Industry-standard "all-risks" perils, including Earthquake and Flood. This protection is through the Citycounty Insurance Services Trust ("CIS"), a municipal insurance pool. The CIS property insurance carries a \$5,000 deductible each loss, except \$1,000 deductible on mobile equipment.

The City is also exposed to Third-Party Liability risks, related to torts and errors & omissions. The City purchases a combined \$5,000,000 limit each occurrence / \$15,000,000 annual aggregate third-party liability coverage through the CIS Trust.

The City has purchased Worked Compensation and Employers Liability insurance to protect against the exposures of job-related injuries to employees, through SAIF Corporation, on a guaranteed-cost basis.

The City pays an annual premium to CIS. Liabilities of CIS are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. CIS is to be self-sustaining through member premium contributions. CIS reinsures through commercial companies for claims in excess of \$500,000 each claim and \$5,000,000 aggregate. Settled claims have not exceeded limits in any of the last three fiscal years.

Personal Injury and Death Claim. Under Oregon law, the liability of a local public body and its officers, employees and agents acting within the scope of their employment or duties, to any single claimant for covered personal injury or death claims (and not property claims) arising out of a single accident or occurrence may not exceed \$500,000, for causes of action arising on or after July 1, 2009, and before July 1, 2010. From July 1, 2010, through June 30, 2015, this cap increases incrementally to \$666,700. The liability limits to all claimants for covered personal injury or death claims (and not property claims) arising from a single accident or occurrence increase from \$1 million, for causes of action arising on or after July 1, 2009, and before July 1, 2010, incrementally to \$1,333,300, for causes of action arising on or after July 1, 2014, and before July 1, 2015.

For causes of action arising on or after July 1, 2015, the liability limits for both a single claimant and all claimants will be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the formula in Oregon law. The adjustment may not exceed 3 percent for any year.

Property Damage or Destruction Claim. The liability of a public body and its officers, employees and agents acting within the scope of their employment or duties, for covered claims for damage and destruction of property that arise from causes of action arising on or after July 1, 2009, are as follows: (a) \$100,000, adjusted as described below, to any single claimant, and (b) \$500,000, adjusted as described below, to all claimants.

Beginning in 2010, these liability limits shall be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the formula in Oregon law. The adjustment may not exceed 3 percent for any year.

THE SANITARY SEWER SYSTEM

GENERAL

The City currently owns, operates and maintains a sanitary sewer system which provides sanitary sewer collection and conveyance services to a majority of residents and commercial and non-commercial enterprises within the City's territorial boundaries. The City also operates a storm water system which is separate from the sanitary sewer system.

ORGANIZATION AND STAFFING

The City has divided management of the sanitary sewer system into two primary functions: operations/maintenance and billing/collection. Operation and maintenance of the sanitary sewer system (exclusive of the treatment plant and lift stations which will be initially operated and maintained by CH2M Hill, a third party service company) are performed by the staff of the Operations Division of the City's Public Works Department. The Engineering Division of the Community Development Department provides technical assistance on operations and maintenance. The City's Finance Department handles billing and collection.

FINANCIAL OPERATIONS

The City accounts for the sanitary sewer system in the Sewer Fund and operates the Sewer Fund as an enterprise fund. The primary sources of revenue for the Sewer Fund are from user charges, high strength surcharges on certain customers, connection fees, investment income and other miscellaneous revenues.

FACILITIES

The sanitary sewer system facilities are divided into the following major components:

1. Upland collection and conveyance piping (12-inch diameter and smaller piping);
2. Trunk and Interceptor Sewers (above 12-inch diameter up to 42-inch);
3. Eight sanitary sewer pump stations.

SANITARY SEWER COLLECTION AND TREATMENT

Collection and conveyance of wastewater occurs through 8 sanitary sewer lift pump stations and approximately 72 miles of wastewater collections pipe. Average Dry Weather Flow ("ADWF") of the sanitary sewer system is approximately 2.25 million gallons per day ("MGD").

The City's plant provides screening, primary and secondary treatment, filtration, ultraviolet (UV) disinfection, and aerobic digestion. Liquid bio-solids generated by the plant are land-applied to various agricultural sites in the area for beneficial reuse. The Public Works Environmental Services Division routinely inspects and cleans these systems to maintain capacity, minimize disruption of service and identify repair and replacement needs.

The Treatment Plant was originally built in the early 1970's and had improvements made in the late 70's, 80's and 90's. The improvement project will replace aged equipment and structures to handle the community's current needs and expand capacity to 4 MGD to address future growth of residents and jobs over the next 20 years.

REGULATORY ENVIRONMENT

Wilsonville currently holds a National Pollutant Discharge Eliminating System (NPDES) permit from the Oregon Department of Environmental Quality (DEQ) (permit No. 101888) authorizing treated water to be discharged into the Willamette River. The City is in compliance with all federal and state pollution control operating permits and discharge permits. Improvements to the plant are designed to meet or exceed anticipated future regulatory requirements.

SERVICE AREA AND CUSTOMERS

The Sanitary Sewer collection service area encompasses about 7.4 square miles. The City provides Sanitary Sewer collection and conveyance services to a total of 4,800 accounts as of June 30, 2011. The plant expansion will provide capacity for approximately 3,700 new customers. The increased capacity is expected to be sufficient for the next 20 years of growth.

Sanitary Sewer System Customers

The average number of sanitary sewer system accounts in each of the past five fiscal years was:

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Average number of accounts	3,982	4,310	4,638	4,745	4,900

BILLING AND COLLECTION PRACTICES

The City bills customers on a monthly basis, with charges for water, sanitary sewer, surface water management (storm drain), street lights and street maintenance included in one bill. Bills are considered delinquent on the last working day of the month and a delinquency notice is sent out the following month and a penalty charge of 15% per annum is assessed on the past due balance. In the event a customer payment is not sufficient to satisfy in full all water, sanitary sewer, surface water, street lights and street maintenance fees, credit is given in the following order: streetlight fee, sanitary sewer, road maintenance fee, surface water and lastly, water.

For residential customers, the sanitary sewer portion is based on winter water average usage for the account and is adjusted annually, effective April 1st of each year. For non-residential customers, the sanitary sewer portion is based on actual water consumed during the billing period.

SANITARY SEWER RATES AND CHARGES

The City reviews its sanitary sewer rates and charges periodically to determine if they are sufficient to cover expenses of operations and maintenance as well as debt service coverage. The City Council previously approved four 10% rate increases with consecutive effective dates of January first of 2009, 2010, 2011 and 2012. An outside consultant was engaged to conduct a rate study for the sanitary sewer system to determine the rate increases necessary to meet the debt service requirements of the Obligations and of future sanitary sewer revenue bonds, consistent with City policy that utility funds be self supporting. On October 3, 2011, Council adopted a resolution raising the 2012 increase from 10% to 15% and additional increases of 12% effective January 1, 2013 and 10% effective January 1, 2014.

The following table shows historical and current rates, by meter size, within the City.

Table 6 – Historical and Current 2011 Approved Sanitary Sewer Rates¹ as of July 1

Type & Meter Size	2008	2009 ²	2010 ³	2011 ⁴	2012 ⁵
Residential					
3/4" meter - fixed rate	\$10.52	\$11.58	\$12.73	\$14.00	\$16.10
Non-residential					
3/4" meter - fixed rate	16.94	18.64	20.50	22.55	25.93
1" meter - fixed rate	35.35	29.22	32.14	35.35	40.65
1 1/2" meter - fixed rate	56.69	46.86	51.54	56.69	65.20
2" meter - fixed rate	61.84	68.02	74.82	82.30	94.64
Additional Volume Charge					
\$ per 100 cubic foot of usage	4.69	5.16	5.68	6.25	7.19

1. Rates show historical basic minimum monthly rates and the volume change per 100 cubic feet of water consumption.
2. The 2009 rates reflect a 10% rate increase effective January 1, 2009.
3. The 2010 rates reflect a 10% rate increase effective January 1, 2010.
4. The 2011 rates reflect a 10% rate increase effective January 1, 2011.
5. The 2012 rates reflect a 15% rate increase that will be effective January 1, 2012. This increase has been adopted by the City Council.

Source: City of Wilsonville.

SYSTEM DEVELOPMENT CHARGES

System development charges (“SDCs”) collected by the City for streets, water, sanitary and storm sewer systems, and parks are imposed at the time of development or when another permit is granted by the City for connection to a public utility or for increased use of such systems. SDCs collected by the City are imposed due to property development and change of use; therefore they are exempt from tax rate limits.

Table 7 – Largest Sanitary Sewer System Accounts

	2011 Fiscal Year Revenue	% of Total Charges for Services
Customers (Largest Accounts)		
Oregon Department of Corrections	\$ 297,247	5.8%
Xerox	129,349	2.5
Fujimi Corporation	87,342	1.7
WHI Hotel	51,193	1.0
Hollywood Bldg/WYF	43,847	0.9
OR Travel Experience	41,687	0.8
Springridge	39,342	0.8
Lamb’s Wilsonville Thriftway	27,288	0.5
Wilsonville Inn & Suites	26,422	0.5
Walnut Mobile Home Park	26,144	0.5
Marquis Companies	25,793	0.5
Village at Main Street	24,663	0.5
Springridge Court	23,317	0.5
Oregon Glass	21,588	0.4
West Linn/Wilsonville	20,834	0.4
PML Microbiological	20,680	0.4
Emeritus Corporation	20,244	0.4
Costco Wholesale	20,083	0.4
The Wilsonville	20,037	0.4
La Quinta Inn	19,418	0.4
Precision Interconnect	19,082	0.4
Ash Meadows	17,681	0.3
Villebois Apts, LLC	16,228	0.3
Quality Inn	15,192	0.3
Total	1,054,701	20.6
Top High Strength Customers		
Coca Cola Enterprises	179,205	3.5
Oregon Department of Corrections	83,536	1.6
Total	262,741	5.1
All Other Accounts	3,792,657	74.2
Total Charges for Services	\$5,110,099	100.0

Note: Columns may not foot due to rounding

Source: City of Wilsonville.

Table 8 – Five-Year Sewer Fund - Statement of Net Assets

	2007	2008	2009	2010	(unaudited) 2011
Current Assets					
Cash & investments	\$3,807,525	\$5,428,735	\$4,841,209	\$6,225,070	\$8,163,213
Customer Receivables (net)	425,290	493,189	538,585	486,853	603,795
Other Receivables	89,869	134,446	113,486	382,022	125,367
Inventories	84,238	71,729	111,738	129,459	134,615
Prepays	--	--	--	--	12,425
	4,406,922	6,128,099	5,605,018	7,223,404	9,039,415
Noncurrent Assets					
Restricted cash and investments	4,014,512	3,890,008	4,007,556	5,560,087	5,151,622
Notes receivable	--	--	--	--	3,850
Capital assets:					
Easements	--	--	--	119,774	119,774
Land	138,222	138,222	138,222	138,222	138,222
Buildings and improvements	127,484	127,484	152,963	152,963	152,965
Vehicles	--	4,456	4,456	4,456	4,456
Software	--	--	--	1,800	3,400
Infrastructure	24,948,238	26,233,692	26,850,875	28,222,312	28,338,282
Machinery and equipment	2,576,493	2,932,959	2,934,041	3,167,601	3,038,008
Construction in progress	223,647	701,651	2,002,339	3,351,361	4,524,367
Total capital assets	28,014,085	30,138,463	32,082,896	35,158,489	36,319,474
Less Accumulated depreciation	(9,983,828)	(10,814,476)	(11,677,151)	(12,397,137)	(13,274,965)
Total capital assets (net)	18,030,257	19,323,987	20,405,745	22,761,352	23,044,509
Total noncurrent assets	22,044,769	23,213,995	24,413,301	28,321,439	28,199,981
Total assets	26,451,691	29,342,094	30,018,319	35,544,843	37,239,396
Liabilities & net assets					
Current liabilities					
Accounts payable	125,961	653,559	731,518	640,019	191,263
Other accrued liabilities	--	17,850	19,203	19,251	13,746
Bonded debt – current	460,000	480,000	500,000	520,000	5,540,000
Interest payable	16,646	15,113	13,513	20,179	18,446
Unearned revenue	1,038,960	1,038,960	1,107,759	1,108,138	1,108,532
Deposits	64,527	67,417	--	--	--
Compensated absences payable	15,005	15,483	17,492	16,737	11,281
Total current liabilities	1,721,099	2,288,382	2,389,485	2,324,324	6,883,268
Noncurrent liabilities:					
Bond premium, net	54,149	47,380	40,611	33,842	27,073
Bonded debt	4,338,477	3,868,667	3,378,858	7,869,048	2,339,238
Compensated absences payable	31,630	27,466	30,418	33,933	14,578
Total noncurrent liabilities	4,424,256	3,943,513	3,449,887	7,936,823	2,380,889
Total liabilities	6,145,355	6,231,895	5,839,372	10,261,147	9,264,157
Net Assets					
Invested in capital assets, net	13,150,257	14,903,987	16,425,134	12,252,453	15,907,979
Restricted	4,014,512	3,890,008	4,007,556	5,560,087	5,151,622
Unrestricted	3,141,567	4,316,204	3,746,257	7,471,156	6,915,638
Total net assets	\$20,306,336	\$23,110,199	\$24,178,947	\$25,283,696	27,975,239

Note: Table may not foot due to rounding.

Source: FY2007-2010 derived from audited annual financial statements. FY2011 derived from unaudited annual financial statements.

Table 9 – Five-Year Sewer Fund - Statement of Revenues, Expenses, and Changes in Fund Net Assets

As of June 30	2007	2008	2009	2010	(unaudited) 2011
Operating revenues					
Charges for services	\$4,272,015	\$4,252,771	\$4,208,502	\$4,547,155	\$5,110,099
Intergovernmental	--	--	54,565	--	--
Other revenues	32,493	21,064	17,823	29,609	23,670
	<u>4,304,508</u>	<u>4,273,835</u>	<u>4,280,890</u>	<u>4,576,764</u>	<u>5,133,769</u>
Operating expenses					
Personal services	678,042	651,368	718,662	695,256	576,217
Support services	471,058	553,760	681,227	497,774	441,914
Contractual services	213,050	220,878	272,186	111,334	229,267
Utilities	309,544	305,513	318,393	338,474	356,825
Repairs and maintenance	595,151	416,069	421,958	807,214	807,653
Other operating expenses	320,394	363,314	332,083	433,859	352,862
Depreciation	799,830	830,648	865,445	870,333	894,381
Total operating expenses	<u>3,387,069</u>	<u>3,341,550</u>	<u>3,609,954</u>	<u>3,754,244</u>	<u>3,659,119</u>
Operating income (loss)	<u>917,439</u>	<u>932,285</u>	<u>670,936</u>	<u>822,520</u>	<u>1,474,650</u>
Nonoperating revenues (expenses)					
Interest on investments	312,845	406,999	208,377	102,645	110,376
System development revenue	1,291,002	994,421	323,048	329,007	1,333,177
Interest expense	(199,530)	(189,017)	(170,055)	(198,622)	(214,972)
Amortization of bond issuance costs	6,769	6,769	6,679	6,769	6,769
Amortization of bond defeasance	(10,190)	(10,190)	(10,190)	(10,190)	(10,190)
Disposition capital assets	(121,549)	(44,449)	(69,297)	(34,564)	(114,037)
Total nonoperating revenues (expenses)	<u>1,279,347</u>	<u>1,164,533</u>	<u>288,652</u>	<u>195,045</u>	<u>1,111,123</u>
Net income before contributions/transfers	2,196,786	2,096,818	959,588	1,017,565	2,585,773
Capital contributions	399,170	718,045	119,160	97,184	115,970
Transfers to other funds	(11,000)	(11,000)	(10,000)	(10,000)	(10,200)
Change in net assets	<u>2,584,956</u>	<u>2,803,863</u>	<u>1,068,748</u>	<u>1,104,749</u>	<u>2,691,543</u>
Total net assets – beginning	17,721,380	20,306,336	23,110,199	24,178,947	25,283,696
Total net assets – ending	<u>\$20,306,336</u>	<u>\$23,110,199</u>	<u>\$24,178,947</u>	<u>\$25,283,696</u>	<u>\$27,975,239</u>

Note: Table may not foot due to rounding.

Source: Derived from audited annual financial statements. FY2011 derived from unaudited annual financial statements.

HISTORICAL NET REVENUE AVAILABLE FOR DEBT SERVICE

The following table shows the historical net revenue available for debt service. While the City expects to repay the Obligations from the net revenues of the City’s sanitary sewer system, the City has not pledged or otherwise granted any lien on any revenues of its sanitary sewer system to pay the Financing Payments or Additional Charges. See “DESCRIPTION OF THE OBLIGATIONS- Expected Plan of Repayment.”

Table 10 – Net Revenue Available For Debt Service

Fiscal Year	Gross Revenues¹	Operating Expenses²	Net Revenue Available for Debt Service
2001-02	\$2,479,855	\$1,762,034	\$ 717,821
2002-03	2,516,381	1,806,375	710,006
2003-04	2,851,820	1,772,492	1,079,328
2004-05	2,889,244	2,127,207	762,037
2005-06	3,299,254	2,266,417	1,032,837
2006-07	5,066,725	2,587,239	2,479,486
2007-08	4,980,834	2,510,902	2,469,932
2008-09	4,789,267	2,665,793	2,123,474
2009-10	4,979,409	2,883,911	2,095,498
2010-11	5,544,145	2,979,710	2,564,435

1. Total revenues includes interest and applicable system development charges.
2. Total operating expenses exclusive of depreciation and amortization.

Source: City of Wilsonville.

Table 11 – Historical and Projected Average Monthly Residential Sanitary Sewer Bill

Fiscal Year	Average Monthly Sewer Bill^{1,2}	Applicable Rate Structure	
		Base	Per 100 ccf
2006-07	\$29.28	\$10.52	\$4.69
2007-08	29.28	10.52	4.69
2008-09	32.22	11.58	5.16
2009-10	35.45	12.73	5.68
2010-11	39.00	14.00	6.25
2011-12	44.86	16.10	7.19

1. Average water use at 600 ccf per month.
2. Base fees includes the first 200 ccf of consumption.

Source: City of Wilsonville.

Table 12 – Average Monthly Residential Sanitary Sewer Bill Comparison, as of May 1, 2011

City/District	Sanitary Sewer Bill ¹
Newberg	\$51.93
Lake Oswego	47.04
Portland	41.52
Wilsonville	39.00
Tualatin	32.26
Sherwood	31.82

1. Assumes average monthly residential sanitary sewer bill at 6 units of consumption.

Source: City of Wilsonville.

Table 13 – Summary of 2011-12 - Sewer Fund Adopted Budget

Major Revenue Sources	Amount	Percent of Fund
Beginning fund balance	\$ 6,777,284	38%
Usage Charges	5,720,000	32
Bond sale proceeds ¹	5,000,000	28
Other resources	356,216	2
	\$17,853,500	100%
Major Requirements		
Collections and treatment	\$2,507,490	14%
Pre-treatment	124,390	1
Administrative services	549,468	3
Debt service	6,400,000	36
Capital improvements	837,900	5
Contingency, ending balance	7,434,252	42
	\$17,853,500	100%

* Note: Column may not foot due to rounding.

1. Resources include \$5 million of bond proceeds to repay the 2009 short-term issue. This is a non-recurring transaction.

Source: City of Wilsonville 2011-12 Annual Budget.

SANITARY SEWER SYSTEM FIXED ASSETS

As of June 30, 2011, the City listed the following Sewer Fund assets:

Buildings	\$ 152,965
Equipment	3,038,008
Software	3,400
Land	138,222
Vehicles	4,456
Easements	119,774
Infrastructure	28,338,282
Construction in Progress	4,524,367
Total capital assets	36,319,474
Accumulated depreciation	(13,274,965)
Net capital assets	\$23,044,509

DEBT INFORMATION

Table 14 – Debt Ratios

	Values	Per Capita	Percent of RMV
2010 Estimated Population	19,525		
2010-11 Real Market Value (RMV)	\$3,120,831,254	\$159,838	
Total Direct Net Debt ¹	\$1,620,000	\$83	0.05%
Overlapping Debt (as of 9/29/11)	\$102,681,604	\$5,259	3.29%
Total Direct Net Debt and Overlapping Debt	\$104,301,604	\$5,342	3.34%

1. Total Direct Net Debt includes all voter approved general obligation bonds, limited tax bonds and any other obligations, certificates of participation or leases backed by the full faith and credit of the City less self-supporting obligations. Debt whose term is less than one year is not included.

Note: Outstanding debt information is calculated as of December 1, 2011 except for the overlapping debt calculation. The overlapping debt calculation was performed by Debt Management Division, Oregon State Treasury as of September 29, 2011.

Source: Municipal Debt Advisory Commission, Oregon State Treasury; City of Wilsonville.

DEBT LIMITATION

General Obligation Bonds. ORS Chapter 287A limits the amount of certain general obligation bonds that an Oregon city may have outstanding at any time to three percent of the real market value of the taxable property within the city. The statutory limitation does not apply to general obligation bonds issued for water, sanitary or storm sewers, sewage disposal plants, hospitals, infirmaries, gas power, or lighting purposes, or the acquisition, establishment, or reconstruction of any off-street motor vehicle parking facility nor to bonds issued pursuant to application to pay assessments for improvements in installments under statutory or charter authority that are completely self-supporting. The Obligations are not general obligation bonds and are not subject to the debt limitation.

2010-11 RMV	\$3,120,831,254
Debt limitation (3% of RMV)	93,624,937
Applicable bonded debt	<u>1,620,000</u>
Debt margin	\$92,004,937
Percent of limit issued	1.73%

Limited-Tax Obligations. The Oregon Constitution and statutes do not limit the amount of debt an Oregon city may incur for payment of financing agreements, lease-purchase agreements or other contracts of purchase for any real or personal property, so long as such city has sufficient resources available to it within the limitations of Article XI, Section 11 and 11B. The Obligations are limited-tax obligations.

DEBT MANAGEMENT

The City has never defaulted on a debt obligation.

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OUTSTANDING OBLIGATIONS

Table 15 – Outstanding Long Term Obligations

	Dated Date	Maturity Date	Amount Issued	Amount Outstanding as of 12/1/2011
GENERAL OBLIGATION BONDS				
General Obligation Library Bonds, Series 2001	7/1/2001	1/1/2016	\$ 4,000,000	\$ 1,620,000
Total General Obligation Bonds			<u>\$ 4,000,000</u>	<u>\$ 1,620,000</u>
DEBT SECURED BY THE GENERAL FUND				
Financing Agreement 2006 (Full Faith and Credit - OBDD) ¹	4/20/2006	12/1/2015	\$ 5,295,000	\$ 2,380,000
Full Faith and Credit (Water Refunding) Financing Agreement Note, Series 2007	12/10/2007	12/1/2020	7,875,000	5,845,000
Full Faith and Credit Obligations, Series 2011 (this issue) ²	12/1/2011	6/1/2031	38,940,000	38,940,000
Total Debt Secured by the General Fund			<u>\$52,110,000</u>	<u>\$47,165,000</u>
REVENUE BONDS				
Water System Revenue Refunding Bonds, Series 2006	4/4/2006	6/1/2020	\$ 9,325,000	\$ 8,295,000
			<u>\$ 9,325,000</u>	<u>\$ 8,295,000</u>

1. The 2006 Financing Agreement is a full faith and credit-backed borrowing of the City that is repaid with revenues of the sanitary sewer system.
2. A portion of the proceeds of this issue will refund the 2009 Credit Facility, described below under “Short-Term Borrowing”.

Note: Wilsonville Urban Renewal Districts had \$44,926,000 of obligations outstanding as of December 1, 2011. Of this amount \$15,000,000 has the full faith and credit pledge of the City, however all these obligations are expected to be paid from tax increment revenues of the urban renewal districts.

Source: City of Wilsonville.

SHORT-TERM BORROWING

2009 Credit Facility. In December 2009, the City entered into a \$5,000,000 credit facility to use as interim financing for the Sanitary Sewer Treatment Plant Upgrade Project. Final maturity is December 18, 2011. A portion of the proceeds from the Obligations will provide funds to pay off this credit facility.

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Table 16 – Overlapping Debt (as of 9/29/2011)

Overlapping District/ Governmental unit	Overlapping Real Market value	Percent Overlapping	Overlapping	
			Gross Property-tax Backed Debt ¹	Net Property-tax Backed Debt ²
Clackamas Community College	\$35,664,395,610	7.70%	\$ 6,414,969	\$ 2,509,118
Clackamas County	49,233,660,124	5.57	5,706,894	4,247,490
Clackamas County ESD	46,889,463,367	6.12	1,594,799	0
Clackamas County SD No.3J	7,591,047,720	31.02	69,218,755	69,218,755
Clackamas County School District No. 86	3,470,366,204	14.78	13,198,598	13,198,598
Metro	204,123,947,819	1.53	3,051,302	2,289,604
Northwest Regional ESD	89,661,329,168	0.28	17,440	0
Port of Portland	223,151,821,692	1.40	984,834	0
Portland Community College	164,112,266,666	0.23	883,390	457,201
Tri-County Metropolitan Transportation District	203,265,967,775	0.00	412	412
Tualatin Valley Fire & Rescue District	60,517,135,639	5.16	3,396,658	2,571,538
Washington County	68,918,447,061	0.55	666,925	109,384
Washington County School District No. 88J	4,002,278,598	6.32	<u>8,079,504</u>	<u>8,079,504</u>
Total			\$113,214,480	\$102,681,604

1. Gross Property-Tax Backed Debt includes all general obligation (G.O.) bonds and full faith and credit bonds.
2. Net Property-Tax Backed Debt is Gross Property-Tax Backed Debt less Self-supporting Unlimited-tax G.O. and less Self-supporting Full Faith and Credit debt.

Source: Municipal Debt Advisory Commission, Oregon State Treasury.

FUTURE FINANCING PLAN

The City expects to enter into a \$2 to \$5 million short term credit facility for the Year 2000 Plan urban renewal area that will be fully supported by resources of that district. This financing may be secured by the City’s full faith and credit. Otherwise, the City has no other debt issuances planned or anticipated.

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Table 17 – City Levy Election History

Date	Purpose	Amount Requested	Votes			Percent Passed (Failed)
			Yes	No	Margin	
11/7/00	GO Bonds (Library)	\$4,000,000	3,864	2,037	1,827	65.5%
11/7/06	Public safety, Library & Parks Local Option Levy	\$0.58/\$1,000	2,720	3,094	(374)	(53.4%)

Source: City of Wilsonville.

PROPERTY TAXES

The City's major revenue sources include property taxes; licenses and fees; sales and services; and charges for services. Property taxes account for 12.9% of the total resources in the City's 2011-12 budget.

Most local governments, school districts, education service districts and community college districts ("local governments") were granted permanent authority to levy property taxes for operations in the future at a maximum rate (the "operating tax rate limit"). Local governments that have never levied property taxes may request that the voters approve a new operating tax limit. The City's operating tax rate limit is \$2.5206 per \$1,000 of assessed value and the City is currently levying at the maximum permanent rate.

Local governments with operating tax rates may not increase the amount provided on a permanent basis; rather they may only request that voters approve limited term levies for operations or capital expenditures ("local option levies") and general obligation bond levies. All property tax levies that exceed the operating tax rate limit require voter approval at a general election in an even numbered year, or at another election at which a majority of registered voters cast ballots.

Levies to pay general obligation bonds are limited by the principal amount of the bonds stated in the ballot that approves the bonds. The City's ability to issue general obligation bonds is subject to State debt capacity limits. See "City Indebtedness" herein.

Local governments impose property taxes by certifying their levies to the county assessor of the county in which the local government is located. Property taxes ordinarily can only be levied once each Fiscal Year, which is July 1 through June 30. The local government ordinarily must notify the county assessor of its levies by July 15.

Valuation of Property – Assessment. Property taxes are imposed on the assessed value of property. The assessed value of each parcel cannot exceed its fair market value and ordinarily is less than its fair market value. The assessed value of property was initially established as a result of the enactment of a constitutional amendment. That amendment (now Article XI, Section 11 of the State Constitution and often called "Measure 50") assigned each property a value that was in most cases less than its fair market value in Fiscal Year 1998 and limited increases in that assessed value to three percent per year, unless the property is improved, rezoned, subdivided, or ceases to qualify for exemption. When property is newly constructed or reassessed because it is improved, rezoned, subdivided, or ceases to qualify for exemption, it is assigned an assessed value that is comparable to the assessed value of similar property.

Property subject to taxation includes all privately owned real property (land, buildings and improvements) and personal property (machinery, office furniture and equipment) for non-residential taxpayers. There is no property tax on household furnishings (exempt since 1913), personal belongings, automobiles (exempt since 1920), crops, orchards, business inventories or intangible property such as stocks, bonds or bank accounts, except for centrally assessed utilities, for which intangible personal property is subject to taxation. Forestland is subject to special assessment that provides a reduction in property tax that would be paid if based on the real market value. Property used for charitable, religious, fraternal and governmental purposes is exempt and reductions in assessments may be granted (upon application) for veterans' homesteads, farm and forest land, open space and historic buildings. The assessment roll, a listing of all taxable property, is prepared as of January 1 of each year.

Certain properties, such as utilities, are valued on the unitary valuation approach. Under the unitary valuation approach, the taxpaying entity's operating system is defined and a value is assigned for the operating unit using the market value approach (cost, market value and income appraisals). Values are then allocated to the entities' operations in Oregon, and then to each county the entity operates in and finally to site locations.

Tax Rate Limitation – Real Market Value. Article XI, Section 11b of the State Constitution separates property taxes into two categories: one to fund the public school system (kindergarten through grade twelve school districts, education service districts and community college districts) and one to fund government operations other than the public school system. Public school system taxes are limited to \$5 per \$1,000 of the Real Market Value of property. Other government operations taxes are limited to \$10 per \$1,000 of the Real Market Value of property. "Real Market Value" is the minimum amount in cash which could reasonably be expected by an informed seller acting without compulsion, from an informed buyer acting without compulsion, in an "arms-length" transaction during the period for which the property is taxed. Taxes imposed to pay the principal and interest on the following bonded indebtedness are not subject to the foregoing limitations: (1) bonded indebtedness authorized by a specific provision of the State Constitution; and (2) general obligation bonded indebtedness incurred for capital construction or improvements approved by the electors of the issuer and bonds issued to refund such bonds. Property taxes imposed, if any, to pay any full faith and credit obligations such as the Obligations are subject to the "other government operations" limitations of Article XI, Section 11b.

Property Tax Collections. The County Assessor is required to deliver the tax roll to the County Tax Collector in sufficient time to mail tax statements on or before October 25 each year. All tax levy revenues collected by the County for all taxing

units within the County are required to be placed in an unsegregated pool, and each taxing unit shares in the pool in the same proportion as its levy bears to the total of all taxes levied by all taxing units within the County. As a result, the tax collection record of each taxing unit is a pro-rata share of the total tax collection record of all taxing units within the County combined.

The method of giving notice of taxes due, the County Treasurer’s account for the money collected, the division of the taxes among the various taxing districts, notices of delinquency, and collection procedures are all specified by detailed statutes. The lien for property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law, the County may not commence foreclosure of a tax lien on real property until three years have passed since the first delinquency.

A Senior Citizen Property Tax Deferral Program (1963) allows certain homeowners to defer taxes until death or sale of the home. A similar program is offered for Disability Tax Deferral (2001), which does not have an age limitation.

The following tables represent historical taxable property tax values for the City.

Table 18 – Assessed Value and Estimated Real Market Value¹

Fiscal Year	AV Total²	Total Direct Tax Rate	Estimated RMV³	AV as a % of RMV
2000-01	\$1,512,186,771	\$3.3991	\$1,863,648,237	81.1%
2001-02	1,541,900,152	3.6123	1,868,633,977	82.5
2002-03	1,644,194,391	6.2427	2,044,135,290	80.4
2003-04	1,739,455,409	5.4380	2,169,160,089	80.2
2004-05	1,842,204,529	5.0719	2,320,353,518	79.4
2005-06	1,960,533,722	4.8703	2,602,032,428	75.3
2006-07	2,054,032,171	5.0961	2,958,936,921	69.4
2007-08	2,195,847,082	5.3894	3,426,298,443	64.1
2008-09	2,333,248,746	5.5930	3,740,996,089	62.4
2009-10	2,460,780,015	5.3797	3,558,020,924	69.2
2010-11	2,502,778,594	5.1626	3,120,831,254	80.2

1. The City of Wilsonville is located within two counties: Clackamas and Washington.
2. Due to Measure 50, the growth in assessed values is limited to 3% plus any new construction and annexations. Also, the taxable assessed values and total levy figures used in the above table do not include urban renewal increment values.
3. Real market values include urban renewal values located within Clackamas County.

Sources: Clackamas and Washington County Assessor’s Offices.

Table 19 – Property Tax Levies and Collections¹

Fiscal Year	Taxes levied for the fiscal year	Amount Collected w/in fiscal year of levy	Percent of levy	Total Collections	Total Collections to Date
2001-02	\$ 8,570,567	\$ 8,240,237	96.2%	\$ 8,568,564	99.9%
2002-03	9,450,403	9,123,114	96.5	9,447,019	99.9
2003-04	8,613,035	8,347,284	96.9	8,610,355	99.9
2004-05	8,628,462	8,402,131	97.4	8,625,948	99.9
2005-06	8,827,926	8,614,064	97.6	8,824,710	99.9
2006-07	9,661,412	9,403,305	97.3	9,654,077	99.9
2007-08	10,870,774	10,505,261	96.6	10,843,536	99.8
2008-09	11,933,979	11,432,862	95.8	11,824,714	99.1
2009-10	12,235,865	11,789,821	93.6	11,691,720	95.6
2010-11	11,983,119	11,222,902	93.7	11,222,902	93.7

1. Amounts shown include taxes levied for the City, general obligation bonds and urban renewal.

Source: Annual financial statements and internal accounting reports of the City of Wilsonville.

Table 20 – Top 10 Property Taxpayers

Name		2010-11 Assessed Value	Percent of Total Value
Xerox Corporation	Color printers	\$ 98,346,107	3.93%
Mentor Graphics Corporation	CAD software systems	54,692,492	2.19
Argyle Capital LLC	Shopping center	44,182,510	1.77
Thomson Reuters PTS Inc	Commercial property	38,786,647	1.55
Coca-Cola Bottling Company	Bottling & distribution	32,483,099	1.30
Sysco/Continental Food Service	Warehouse & distribution	27,913,610	1.12
BIT Holdings	Commercial property	27,871,281	1.11
CH Realty III/Portland International	Commercial property	27,570,455	1.10
Flir Systems Inc	Thermal imaging/infrared	26,638,307	1.06
Senior Partners Portfolio LLC	Commercial property	28,122,175	1.12
Total		\$406,606,683	16.25%

Note: The City is located in both Clackamas County and Washington County and the table presents major taxpayers in both counties. The City's 2010-11 AV is \$2,502,778,594.

Source: Washington County Assessor and Clackamas County Assessment & Taxation.

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Table 21 – Property Tax Rates – Direct and Overlapping Governments – Rate per \$1,000 of Assessed Value

Fiscal Year	Basic rate¹	GO debt service	Urban renewal	Total direct
2000-01	\$2.5206	\$0.1520	\$0.7265	\$3.3991
2001-02	2.5206	0.4103	0.6814	3.6123
2002-03	2.1626	0.3618	3.7183	6.2427
2003-04	2.1498	0.2139	3.0743	5.4380
2004-05	2.2000	0.2215	2.6504	5.0719
2005-06	2.1780	0.1954	2.4969	4.8703
2006-07	2.1437	0.1802	2.7722	5.0961
2007-08	2.0873	0.1594	3.1427	5.3894
2008-09	2.0464	0.1500	3.3966	5.5930
2009-10	2.0295	0.1423	3.2079	5.3797
2010-11 ²	2.0598	0.1399	2.9629	5.1626

Fiscal Year	Clackamas County						Total direct & overlapping
	Clackamas County	Urban Renewal District	Clackamas Co. Comm. College	W. Linn-Wilsonville Sch. Dist.	Clackamas ESD	Other²	
2001-02	2.40	0.17	0.86	8.97	0.37	0.40	\$18.62
2002-03	2.03	0.18	0.62	7.41	0.30	0.30	18.64
2003-04	2.01	0.17	0.61	7.50	0.30	0.30	17.90
2004-05	2.06	0.17	0.66	7.66	0.31	0.30	17.84
2005-06	2.04	0.18	0.65	7.90	0.31	0.33	17.88
2006-07	2.00	0.13	0.60	7.82	0.29	0.32	17.85
2007-08	2.23	0.09	0.60	7.57	0.29	0.47	18.24
2008-09	2.19	0.10	0.58	7.27	0.28	0.43	18.00
2009-10	2.51	0.16	0.56	7.72	0.28	0.47	18.68
2010-11 ³	2.54	0.16	0.56	8.01	0.29	0.44	18.77

2. Starting in 2003, urban renewal rates are separately stated. City and overlapping rates are reduced for the effect of the separately stated urban renewal rates.
3. Includes Port of Portland, Metro, Vector Control and beginning in 2010 Clackamas Library and 4H taxing districts.
4. Includes under the West Linn-Wilsonville School District, a local option levy of \$1.50 per thousand.

Source: City of Wilsonville.

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ECONOMIC AND DEMOGRAPHIC INFORMATION

The City of Wilsonville was incorporated in 1968 and is located in northwestern Oregon approximately 20 miles south from downtown Portland, in western Clackamas County and southeastern Washington County. The region in which the City is located is economically diverse in nature and is particularly strong in the high tech industry. The City is part of the Portland-Vancouver-Hillsboro Metropolitan Statistical Area, the “Portland MSA.”

POPULATION

The City’s 2011 population has grown to 19,525. During the ten-year period from 2001 to 2011, the population in the City increased from 13,991 to 19,525, a compounded annual growth rate of 3.39 percent. Clackamas County currently ranks third largest in population among all counties in the state behind its neighbors, Multnomah County to the north and Washington County to the west. According the 2010 Census, between 2000-2010, the population of Clackamas County grew 11.1% to a total of 375,992.

Table 22 – Population Estimates and Economic Statistics

Fiscal Year	Wilsonville Population ¹	Clackamas County Personal income ² (in 000’s)	Clackamas County Per capita Personal Income ²	Clackamas County Unemployment rate ³
2001	13,991	12,494,637	36,233	5.3
2002	14,170	12,672,189	36,037	6.9
2003	15,590	13,132,736	36,918	7.5
2004	15,880	13,876,687	38,471	6.7
2005	16,250	14,601,351	39,959	5.5
2006	16,510	15,872,775	42,796	4.8
2007	16,885	16,678,152	44,403	4.6
2008	17,405	17,203,458	45,126	5.7
2009	17,940	16,853,655	43,646	10.3
2010	18,020	NA ⁴	NA ⁴	10.1
2011	19,525	NA ⁴	NA ⁴	10.0

The Federal Census figures, as of April 1 of the stated year, are as follows:

	1980	1990	2000	2010
City of Wilsonville	2,920	7,106	13,991	19,509*
Clackamas County	241,919	278,850	338,391	375,992
State of Oregon	2,639,915	2,842,321	3,421,399	3,831,074

* Preliminary and certified as of April 1, 2011.

Source:

1. Center for Population Research and Census, PSU: www.pdx.edu/prc/annualorpopulation.html.
2. Bureau of Economic Analysis, <http://www.bea.gov/regional/reis>, Portland, OR MSA
3. State of Oregon, Labor Market Information, Portland Office.
4. Not available at this time.

Table 23 – Major Employers in the City 2011

Employer	Product or Service	2011 Estimated Employment
Xerox Corporation	Copiers and printers	1,435
Mentor Graphics Corporation	CAD software systems	994
West-Linn Wilsonville School District #3J	Education	671
Sysco/Continental Food Service	Warehouse and distribution center	520
Precision Interconnect	Electronic machinery	538
Flir Systems, Inc.	Thermal imaging/infrared equipment	432
Rockwell Collins	Aerospace technology	429
Rite Aid Distribution Center	Warehouse and distribution center	230
Fry's Electronics	Retail electronics	229
Coca-Cola Bottling Company	Bottling and distribution center	166
Adecco USA Inc.	Temporary services	152

Source: City of Wilsonville.

Table 24 – Major Employers in the Portland MSA 2010

Employer	Product or Service	2010 Estimated Employment¹
U.S. Government	Government	15,259
State of Oregon	Government	15,325
Intel Corporation	Semiconductor integrated circuits	15,228
Providence Health System	Health care & health insurance	13,831
Oregon Health & Science University	Health care & education	13,283
Fred Meyer Stores	Grocery & retail variety chain	9,630
Kaiser Foundation Health Plan of the NW	Healthcare	9,204
Legacy Health System	Nonprofit health care	8,250
City of Portland	Government	6,310
NIKE Inc.	Sports shoes and apparel	6,000
Portland Public School District	Education	5,101
Multnomah County	Government	5,000
Beaverton School District	Education	5,000
Wells Fargo	Bank	4,861
Safeway Inc.	Grocery chain	4,200
Portland Community College	Education	4,000
Portland State University	Education	3,868
U.S. Bank	Bank	3,856

1. Totals may include part-time, seasonal and temporary employees.

Source: State of Oregon Employment Department and Top Regional Employers – Portland Business Journal as of March 2011.

EMPLOYMENT

The City's location in the Portland metropolitan area provides its citizens with diverse employment opportunities. The City estimates that over 16,000 employees work within the city limits. Among the larger employers in the City are Xerox, Mentor Graphics, Hollywood Entertainment and the West Linn-Wilsonville School District 3J. Other large companies including Nike, Sysco and Rite-Aid have located regional warehouse and distribution centers in the City. In 2008 and 2009, there were major estimated job losses by: Joe's (-560), Hollywood Entertainment (-360), InFocus (-310) and Nike distribution center (-240). These were offset by estimated job gains from 2009 through present by: Flir (+430), Rockwell Collins (+430), Fred Meyer (+400), Coca Cola (+100) and Oregon Institute of Technology (+100). Although small in population, the City is not dependent upon any one company or industry segment for economic vitality.

HOUSING

According to the Portland Metropolitan Area Multiple Listing Service, as of September 2011, the average sales price of a home in the Tigard/Wilsonville area was \$214,400, which is higher than that of the City of Portland and the City of Salem. From 2004 to 2010, construction activity in the City declined, but the trend reversed beginning in 2010.

TRANSPORTATION

The City straddles the Interstate Highway 5, the principal north-south highway on the West Coast. Major passenger and cargo airlines operate out of the Portland International Airport, approximately twenty miles from the City. A general aviation airport located in Aurora provides private and chartered air service approximately 9 miles from the City. The City's transit system, the South Metro Area Regional Transit ("SMART"), is funded from a tax on local payrolls. SMART provides bus transportation throughout the City and to locations in Salem and Portland. In February 2009, TriMet's Westside Express Service ("WES") Commuter Rail, a self-propelled diesel rail line servicing 5 stations from Beaverton to Wilsonville, began operation. In Beaverton, the Commuter Rail connects with TriMet buses and MAX lines serving Beaverton, Hillsboro, downtown Portland and the Portland International Airport. In Wilsonville, SMART buses take WES commuters to businesses and neighborhoods throughout the city as well as offering transfers to Salem and Canby.

The City is also approximately 20 miles from the marine terminals operated by the Port of Portland.

UTILITIES

NW Natural supplies natural gas to the area; electricity is provided by Portland General Electric Company. Frontier communications, CenturyTel and Comcast provide telephone and internet services. Allied Waste provides garbage collection services.

The City owns and operates its own water system, drawing its water from the Willamette River and treating it at a treatment plant located within the City limits. The City also contracts to supply water to the City of Sherwood.

The City owns, operates and maintains its own sewage collection system within the City.

EDUCATION

The West Linn Wilsonville School District serves the City's education needs. City residents also have access to a variety of private educational institutions in the Portland-Vancouver PMSA.

Oregon Institute of Technology, a four-year public college, will be moving to an 11 acre site in Wilsonville with plans to open the new campus in the fall of 2012. This site will consolidate four existing sites throughout the Portland metro area. The college, one of seven public universities in Oregon, is the only technical institute in the Pacific Northwest.

Clackamas Community College, located on the east side of the Willamette River, and Portland Community College, with a campus close to the northern boundary of the City, offers associate degrees in a variety of disciplines. Other institutions of higher education servicing the City's citizens include Pacific University in Forest Grove, Marylhurst University in Lake Oswego and Portland State University, Reed College, Lewis and Clark College, the University of Portland, and the Oregon Health and Science University in Portland, as well as other public and private colleges located throughout the metropolitan area.

HEALTH CARE

Legacy Meridian Park Hospital and a medical complex operated by Kaiser Permanente, both located northeast of the City, serve the health care needs of the vicinity. Other major health care facilities available to residents of the City include St. Vincent Medical Center near Beaverton and several major hospitals within the City of Portland.

TOURISM AND RECREATION

The City's Public Works Department manages City park property at 14 different sites. The Community Services Department offers leisure activities, senior services, and volunteer opportunities with an emphasis on providing an array of program options for individuals of all ages and ability levels.

The City also maintains a river dock located on the Willamette River that offers fishing, boating and water skiing opportunities. There is also a private golf course, the Charbonneau Golf Club. Ocean beaches lie about 90 minutes to the west of the City, and Mount Hood skiing and recreational area is about 90 minutes east of the City.

INFORMATION SOURCES

Historical data have been collected from generally accepted standard sources, usually from public bodies. In Oregon, data is frequently available for counties, and to a somewhat lesser degree, for cities. Because the City of Wilsonville is located within Clackamas County and the Portland MSA, this statement bases information on those areas as well as the City itself.

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THE INITIATIVE PROCESS

The Oregon Constitution, Article IV, Section 1, reserves to the people of the State the initiative power to amend the State constitution or to enact State legislation by placing measures on the statewide general election ballot for consideration by the voters. Oregon law therefore permits any registered Oregon voter to file a proposed initiative with the Oregon Secretary of State's office without payment of fees or other burdensome requirements. Consequently, a large number of initiative measures are submitted to the Oregon Secretary of State's office, and a much smaller number of petitions obtain sufficient signatures to be placed on the ballot.

Because many proposed initiative measures are submitted which do not qualify for the ballot, the City does not formally or systematically monitor the impact of those measures or estimate their financial effect prior to the time the measures qualify for the ballot. Consequently, the City does not ordinarily disclose information about proposed initiative measures that have not qualified for the ballot.

PROPOSED INITIATIVES THAT QUALIFY TO BE PLACED ON THE BALLOT

To be placed on a general election ballot, the proponents of a proposed initiative must submit to the Secretary of State initiative petitions signed by a number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a Governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. For the 2010 general election, the requirements were eight percent (110,358 signatures) for a constitutional amendment measure and six percent (82,769 signatures) for a statutory initiative. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote.

The initiative petition must be submitted to the Secretary of State not less than four months prior to the general election at which the proposed measure is to be voted upon. As a practical matter, proponents of an initiative have approximately two years in which to gather the necessary number of signatures. State law permits persons circulating initiative petitions to pay money to persons obtaining signatures for the petition.

Once an initiative measure has gathered a sufficient number of signatures and qualified for placement on the ballot, the State is required to prepare a formal estimate of the measure's financial impact. Typically, this estimate is limited to an evaluation of the direct dollar impact only.

Historically, a larger number of initiative measures have qualified to be placed on the ballot than have been approved by the electors. According to the Elections Division of the Oregon Secretary of State, the total number of initiative petitions that qualified for the ballot and the numbers that passed in recent general elections are as follows.

INITIATIVE HISTORY

Table 25 – Initiative Petitions that Qualified and Passed (1998-2010)

<u>Year of General Election</u>	<u>Number of Initiatives that Qualified</u>	<u>Number of Initiatives that Passed</u>
1998	16	6
2000	18	4
2002	7	3
2004	6	2
2006	10	3
2008	8	0
2010	4	2

NOTE: The Secretary of State posts a listing of initiatives on its web site: www.sos.state.or.us.

Source: Elections Division, Oregon Secretary of State.

LITIGATION

There is no pending litigation questioning the validity of the Financing Agreement, the Escrow Agreement or the Obligations or the authority of the City to make the Financing Payments, undivided proportionate interests in the principal and interest components of which are represented by the Obligations. There is no litigation pending that would materially affect the finances of the City or affect the City's ability to meet debt service requirements on the Obligations.

LEGALITY

The validity of the Financing Agreement, the Obligations and certain other legal matters are subject to the approving opinion of K&L Gates LLP, Portland, Oregon, Special Counsel for the City. A complete copy of the proposed form of Special Counsel Opinion is included as **APPENDIX C** of this Official Statement. Special Counsel undertakes no responsibility for the accuracy, completeness, or fairness of this Official Statement.

TAX MATTERS

In the opinion of Special Counsel, under existing law the interest component of Financing Payments that is paid to owners of the Obligations ("Interest") is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations.

Federal income tax law contains a number of requirements that apply to the Obligations, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the use of proceeds of the obligations and the facilities refinanced and financed with proceeds of the Obligations and certain other matters. The City has each covenanted to comply with all applicable requirements.

Special Counsel's opinion is subject to the condition that the City comply with the above-referenced covenants and, in addition, will rely on representations by the City and its advisors with respect to matters solely within the knowledge of the City, which Special Counsel has not independently verified. If the City fails to comply with such covenants or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Obligations could be included in gross income for federal income tax purposes retroactively to the date of issuance of the Obligations, regardless of the date on which the event causing taxability occurs.

Except as expressly stated in this Tax Matters section, Special Counsel expresses no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Obligations. Owners of the Obligations should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Obligations, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, the extent to which Interest is included in adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations, and various withholding requirements.

Prospective purchasers of the Obligations should be aware that ownership of the Obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Obligations. Special Counsel expresses no opinion regarding any collateral tax consequences. Prospective purchasers of the Obligations should consult their tax advisors regarding collateral federal income tax consequences.

Special Counsel's opinion only addresses laws in effect on the date of delivery of the Obligations. Subsequent changes in federal law may reduce or eliminate favorable tax treatment of the Obligations.

Payments of interest on tax-exempt obligations, such as the Obligations, are in many cases required to be reported to the Internal Revenue Service (the "IRS"). Additionally, backup withholding may apply to any such payments made to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Special Counsel's opinion is not a guarantee of result and is not binding on the IRS; rather, the opinion represents Special Counsel's legal judgment based on its review of existing law and in reliance on the representations made to Special Counsel and the City's compliance with their respective covenants. The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Special Counsel cannot predict whether the IRS will commence an audit of the Obligations. Owners of the Obligations are advised that, if the IRS does audit the Obligations, under current IRS procedures, at least during the early stages of an audit, the IRS will treat the City as the taxpayer, and the owners of the Obligations may have limited rights to participate in the

audit. The commencement of an audit could adversely affect the market value and liquidity of the Obligations until the audit is concluded, regardless of the ultimate outcome.

ORIGINAL ISSUE PREMIUM

The initial public offering price of certain Obligations is greater than the amount payable on those Obligations at maturity. Special Counsel expresses no opinion with respect to the treatment of this additional amount.

ORIGINAL ISSUE DISCOUNT

The initial public offering price of certain Obligations (the "Original Issue Discount Obligations") is less than the stated redemption price at maturity. In such case, the difference between (i) the stated amount payable at the maturity of an Original Issue Discount Obligation and (ii) the initial public offering price of that Original Issue Discount Obligation constitutes original issue discount with respect to that Original Issue Discount Obligation in the hands of the owner who purchased that Original Issue Discount Obligation at the initial public offering price in the initial public offering of the Obligations. The initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to an Original Issue Discount Obligation equal to that portion of the amount of the original issue discount allocable to the period that such Original Issue Discount Obligation continues to be owned by the initial owner.

In the event of the redemption, sale or other taxable disposition of an Original Issue Discount Obligation prior to its stated maturity, however, the amount realized by the initial owner in excess of the basis of the Original Issue Discount Obligation in the hands of its initial owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Obligation was held by the initial owner) is includable in gross income. Purchasers of Original Issue Discount Obligations should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes and the state and local tax consequences of owning Original Issue Discount Obligations.

OREGON STATE TAX EXEMPTION

In the opinion of Special Counsel, Interest is exempt from Oregon personal income tax under existing law.

RATINGS

Moody's Investors Service and Standard and Poor's Ratings Services have assigned ratings of Aa3 and AA+, respectively, to the Obligations. The City may have furnished Moody's Investors Service and Standard and Poor's Ratings Services with certain information and materials which have not been included in this Official Statement. An explanation of the significance of the ratings can be obtained from the rating agencies. There are no assurances that the ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of the rating agencies, circumstances so warrant. Any such downward revision or withdrawal of the ratings may adversely affect the market price of the Obligations.

UNDERWRITING

R.W. Baird, acting as underwriter successfully bid for the Obligations in a competitive sale on November 17, 2011. The bid provides that the underwriter will purchase all of the Obligations, if any Obligations are purchased, at a price of 101.753% of the par value of the Obligations. The Obligations will be re-offered at an average price of 103.477% of the par value of the Obligations. After the initial public offering, the public offering prices may vary from time to time.

FINANCIAL ADVISOR

The City has retained Western Financial Group, LLC, Lake Oswego, Oregon, as Financial Advisor in connection with the authorization and issuance of the Obligations.

OFFICIAL STATEMENT

At the time of the original delivery of and payment for the Obligations, the City will deliver a certificate of the Authorized Representative, addressed to the Obligation purchaser to the effect that the Authorized Representative has examined the Official Statement and the financial and other data concerning the City contained herein and that, to the best of his knowledge and belief, (i) the Official Statement, both as of its date and as of the date of delivery of the Obligations, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (ii) between the date of the Official Statement and the date of the delivery of the Obligations there has been no material adverse change in the affairs (financial or other), financial condition or results of operations of the City except as set forth in the Official Statement or an amendment thereto.

CONTINUING DISCLOSURE

The Securities and Exchange Commission Rule 15c2-12 (the “Rule”) requires at least annual disclosure of current financial information and timely disclosure of certain events with respect to the Obligations. Pursuant to the Rule, the City has agreed to provide audited financial information, certain financial information or operating data, and notice of certain events to the Municipal Securities Rulemaking Board (“MSRB”) through the MSRB’s Electronic Municipal Market Access system (so long as such method of disclosure continues to be approved by the Securities and Exchange Commission for such purposes). A form of the City’s Continuing Disclosure Certificate for the Obligations is attached hereto as **APPENDIX D**. The City previously has executed and delivered Continuing Disclosure Certificates with respect to debt issues for which the City is the “obligated person” as defined in the Rule. To the best of the City’s knowledge, during the past five years, the City has complied with all prior Continuing Disclosure Certificates.

MISCELLANEOUS

All quotations from and summaries and explanations of provisions of law herein do not purport to be complete and reference is made to said laws for full and complete statements of their provisions.

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Obligations. Any statements made in this Official Statement involving matters of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City, since the date hereof.

APPENDIX A
FORM OF FINANCING AGREEMENT AND FORM OF ESCROW AGREEMENT

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FINANCING AGREEMENT

by and between

U.S. Bank National Association
as Escrow Agent

and

City of Wilsonville, Oregon
as Borrower

Dated as of December 1, 2011

\$38,940,000

City of Wilsonville, Oregon
Full Faith and Credit Obligations
Series 2011

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EXHIBIT A: Financing Payments Schedule

FINANCING AGREEMENT

This Financing Agreement is dated as of December 1, 2011, and is entered into by and between U.S. Bank National Association, as Escrow Agent, and the City of Wilsonville, Oregon (the “City”), as the borrower. The parties hereby agree as follows:

1. Recitals, Definitions and Rules of Construction.

1.1 Recitals.

1.1(A) The City recites that the City is authorized to finance or refinance real and personal property by Financing Agreement pursuant to ORS 271.390, and executes this Financing Agreement to finance the Projects, as defined below.

1.1(B) The City and the Escrow Agent recite:

- (1) The Escrow Agent desires to loan the Financing Amount to the City to finance the Projects, but only from the proceeds of the Obligations.
- (2) The City desires to borrow the Financing Amount from the Escrow Agent to finance the Projects as provided in this Financing Agreement.

1.2 Definitions.

Unless the context clearly requires otherwise: capitalized terms not defined in this Section 1.2 shall have the meanings defined for such terms in the Escrow Agreement; and, capitalized terms used in this Financing Agreement which are defined in this Section 1.2 shall have the following meanings:

“Code” means the Internal Revenue Code of 1986, as amended, including regulations, rulings and judicial decisions promulgated thereunder.

“Escrow Agreement” means the Escrow Agreement relating to the City’s Full Faith and Credit Obligations, Series 2011 which is dated as of December 1, 2011, as it may be amended or supplemented.

“Financing Agreement” means this Financing Agreement, including the exhibits attached to this Financing Agreement and any amendments to this Financing Agreement and its exhibits.

“Financing Amount” means \$38,940,000.

“Financing Default” means any event described in Section 5.1 of this Financing Agreement.

“Financing Payments” means the payments described in Section 3.2(B) of this Financing Agreement.

“Obligations” means the Full Faith and Credit Obligations, Series 2011 which are issued pursuant to the Escrow Agreement.

“Payment Date” means the date upon which any Financing Payment is due and payable, as provided in Section 3.2(B) herein, or the date on which any Financing Payment will be prepaid in accordance with the Escrow Agreement and this Financing Agreement.

“Projects” means a) the improvements to the City’s sanitary sewer system that were financed with the City’s \$5,000,000 2009 Tax-Exempt Non Revolving Credit Facility, b) additional improvements to and expansion of the City’s sanitary sewer system including the treatment plant, lift stations, and collection systems, and (c) any projects the City Council may subsequently determine are needed and approve for financing under ORS 271.390.

1.3 Rules of Construction.

References to section numbers in documents which do not specify the document in which the section is located shall be construed as references to section numbers in this Financing Agreement.

2. Representations, Warranties and Covenants.

2.1 Representations, Warranties and Covenants of City.

The City represents, covenants and warrants for the benefit of the Escrow Agent and its assignees as follows:

2.1(A) The City is a properly incorporated and existing City under the laws of the State of Oregon.

2.1(B) The City is authorized under ORS 271.390 to enter into this Financing Agreement and to perform all of its obligations under this Financing Agreement.

2.1(C) The City has taken all action which is required to ensure the enforceability of this Financing Agreement in accordance with its terms (except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally).

2.1(D) The City has complied and will comply with all public bidding or other procurement requirements which apply to this Financing Agreement and the acquisition and construction of the projects financed with or refinanced with this Financing Agreement.

2.1(E) The estimated weighted average life of this Financing Agreement does not exceed the estimated dollar weighted average life of the projects financed and refinanced with this Financing Agreement.

2.2 Representations, Warranties and Covenants of Escrow Agent.

The Escrow Agent represents, covenants and warrants for the benefit of the City as follows:

2.2(A) The Escrow Agent is a national banking association, duly qualified to transact business of the type contemplated by this Financing Agreement and the Escrow Agreement in the State of

Oregon, and has all necessary power to own its properties and assets and to carry on its business as now conducted.

2.2(B) The consummation of the transactions contemplated by this Financing Agreement will not violate the provisions of, or constitute a breach or default under, the articles of incorporation, charter or bylaws of the Escrow Agent or any agreement to which the Escrow Agent is a party.

2.2(C) The execution, delivery and performance by the Escrow Agent of this Financing Agreement and all related agreements, instruments and documents to which the Escrow Agent is a party have been duly authorized and constitute legal, valid and binding obligations of the Escrow Agent, enforceable against the Escrow Agent in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

2.3 Tax Covenants.

To maintain the exclusion of the interest component of each Financing Payment from gross income under the Code, the City covenants for the benefit of the Owners to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code, and with all covenants and agreements in the certificates or other documents executed by the City in connection with delivery of the Financing Agreement and the Obligations which relate to the excludability of the interest components from gross income, so that the interest components of the Financing Payments are excludable from gross income under the Code. The Escrow Agent hereby agrees to comply with any instructions given by the City to maintain the exclusion of the interest component of each Financing Payment from gross income under the Code. The covenants in this Section shall survive the payment of the Obligations and the interest thereon, including any payment or defeasance thereof pursuant to the Escrow Agreement.

3. The Loan and the Financing Payments.

3.1 The Loan.

3.1(A) The Escrow Agent agrees to loan the City an amount equal to the Financing Amount, but solely from the proceeds of sale of the Obligations as provided in this Financing Agreement and the Escrow Agreement. This loan from the Escrow Agent to the City will be deemed to have been made when the Escrow Agent makes the deposits and transfers to the City which are specified in Section 3.3 of the Escrow Agreement.

3.1(B) The City agrees to borrow the Financing Amount from the Escrow Agent, and to repay that Financing Amount by making the Financing Payments and paying the Additional Charges as provided in this Financing Agreement. This Financing Agreement shall commence on the Closing Date and shall end on the date the Financing Payments and Additional Charges have been paid or defeased in accordance with Section 11.1 of the Escrow Agreement.

3.2 The Financing Payments and Additional Charges.

3.2(A) The City agrees to pay the Escrow Agent, its successors or assigns, without deduction or offset of any kind, as payment for the loan made under this Financing Agreement, the Financing Payments and the Additional Charges.

3.2(B) The City shall pay the Financing Amount to the Escrow Agent in semiannual Financing Payments which consist of the annual principal installments shown in Exhibit A, together with interest on those principal installments, payable semiannually on June 1 and December 1 of each year, commencing June 1, 2012, at the rates shown in Exhibit A.

3.2(C) To secure the performance of its obligation to pay Financing Payments, the City shall deposit an amount equal to each Financing Payment with the Escrow Agent one Business Day preceding each scheduled Payment Date. Each deposit made under this Section 3.2(C) shall be applied toward its Financing Payment.

3.2(D) In determining the amount of the deposit which is due from the City under Section 3.2(C) the City shall be credited on the deposit date for any amounts then on hand in the Payment Account and available to pay the Financing Payments (including accrued interest, and any other amounts to be deposited therein) and the City shall only be required to pay the difference, if any, between the amount of the deposit then due and the amounts then on hand in the Payment Account.

3.2(E) In addition to the Financing Payments, the City covenants to pay the following Additional Charges, as and when the same become due and payable:

- (1) all applicable rebates due in connection with this Financing Agreement and the Obligations which are required to be paid under Section 148(f) of the Code;
- (2) the reasonable fees, costs and expenses of the Escrow Agent, including, to the extent permitted by law, all costs and expenses which the Escrow Agent may incur because of any default by the City under this Financing Agreement, including reasonable attorneys' fees and costs of suit or action at law to enforce the terms and conditions of this Financing Agreement, and the fees, costs and expenses of the Escrow Agent as provided in the Escrow Agreement and the reasonable fees, costs and expenses of any successor Escrow Agent.

3.2(F) Additional Charges shall be paid by City when due. Additional Charges described in Section 3.2(E)(1) above shall be paid to the United States Department of Treasury. Additional Charges described in Section 3.2(E)(2) above shall be paid to the Escrow Agent.

3.3 Prepayment.

3.3(A) Optional Prepayment. The principal component of Financing Payments coming due in years 2012 through 2021, inclusive, are not subject to prepayment prior to their respective payment dates. The principal component of Financing Payments coming due on June 1, 2022 and on any date thereafter are subject to prepayment at the option of the City prior to their stated

maturity dates at any date on or after June 1, 2021, as a whole or in part (and if in part, with maturities of the Obligations to be selected by the City and by The Depository Trust Company or by lot within a maturity at a price of par), plus accrued interest, if any, to the date of prepayment.

3.3(B) Mandatory Prepayment.

The principal component of Financing Payments stated to mature on June 1, 2031 are subject to mandatory sinking fund prepayment at par in the principal component amounts and on the dates shown in the following schedule:

<u>Year</u> <u>(June 1)</u>	<u>Amount</u>
2030	\$2,720,000
2031*	2,830,000

*Final maturity

The City will determine how optional prepayment of Financing Payments will be allocated to term obligations.

3.3(C) Notice of Prepayment. The City shall give notice of prepayment of Financing Payments to the Escrow Agent not later than 5 days before the notice of prepayment is required to be made.

3.4 Obligation to Pay Financing Payments is Unconditional; Pledge of Full Faith and Credit; Commitment of Sewer System Revenues.

3.4(A) The obligation of the City to make Financing Payments shall be unconditional, and the City shall pay the Financing Payments from any and all of its legally available taxes, revenues and other funds. The City hereby pledges its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the Financing Payments and other amounts due under this Financing Agreement.

3.4(B) The City hereby agrees that its obligation to pay all Financing Payments and Additional Charges is absolute and unconditional, and shall not be subject to any of the following:

- (1) any setoff, counterclaim, recoupment, defense or other right which the City may have against the Escrow Agent, any contractor or anyone else for any reason whatsoever;
- (2) any insolvency, bankruptcy, reorganization or similar proceedings by the City;
- (3) abatement through damage, destruction or non-availability of the projects financed with or refinanced with this Financing Agreement; or
- (4) any other event or circumstance whatsoever, whether or not similar to any of the foregoing.

3.4(C) The City covenants that it will establish and maintain rates and charges in connection with the operation of its sanitary sewer system that are sufficient to permit the City to pay all

lawful charges against those revenues, including the Financing Payments and Additional Charges.

(1) The City has not pledged or otherwise granted any lien on any revenues of its sanitary sewer system to pay the Financing Payments or Additional Charges.

(2) The City reserves the right to make pledges of, and grant liens on, all or any portion of the sanitary sewer system revenues for any lawful purpose.

3.5 Estoppel.

The City hereby certifies, recites and declares that all things, conditions and acts required by the Constitution and Statutes of the State of Oregon and by this Financing Agreement and the Escrow Agreement to exist, to have happened and to have been performed precedent to and in the execution and the delivery of this Financing Agreement, do exist, have happened and have been performed in due time, form and manner, as required by law, and that this Financing Agreement is a valid and binding obligation of the City which is enforceable against the City in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws or judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally.

4. Title and Assignment.

4.1 Title.

The City shall be entitled to unencumbered, fee simple title to the projects financed with or refinanced with this Financing Agreement, and the Escrow Agent and the Owners shall have no lien on, or security interest in, the projects financed with or refinanced with this Financing Agreement.

4.2 Assignment by the Escrow Agent.

The Escrow Agent may assign its rights under this Financing Agreement only as specifically permitted by the Escrow Agreement.

4.3 Assignment by the City.

The rights and obligations of the City under this Financing Agreement may be assigned or transferred to any entity which succeeds or replaces the City, or any entity into which the City may be merged or consolidated, but only if the assignee or transferee assumes all of the City's obligations under this Financing Agreement. The rights and obligations of City under this Financing Agreement shall not otherwise be assigned or transferred.

5. Financing Defaults and Remedies.

5.1 Financing Defaults Defined.

Any one or more of the following events shall constitute Financing Defaults:

5.1(A) Failure by the City to pay any Financing Payments required to be paid hereunder in the amount and at the time specified in this Financing Agreement.

5.1(B) Except as provided in Section 5.2 below, failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Financing Agreement, but only if the failure continues for a period of 60 days after written notice to the City by the Escrow Agent, specifying such failure and requesting that it be remedied. The Escrow Agent may agree in writing to an extension of this 60 day period. In addition, if the failure stated in the notice cannot be corrected within the applicable period, the Escrow Agent will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected.

5.1(C) The commencement by the City of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or an assignment by the City for the benefit of its creditors, or the entry by the City into an agreement of composition with creditors, or the taking of any action by the City in furtherance of any of the foregoing.

5.2 Force Majeure.

If by reason of *force majeure*, the City is unable in whole or in part to carry out its agreement herein contained, other than the obligation of the City to pay the Financing Payments when due, the City shall not be deemed in default during the continuance of such inability. The term “force majeure” as used herein shall mean, without limitation, any of the following: acts of God; strikes, lockouts or other industrial disturbances; acts of the public enemy; orders or restraints of any kind of the government of the United States of America, the State of Oregon or of the county wherein the City is located or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of the City.

5.3 Remedies on Financing Default.

5.3(A) Whenever a Financing Default shall have happened and be continuing, the Escrow Agent, upon receipt of indemnity and fulfillment of the conditions contained in Sections 5.8(B) and 9.2 of the Escrow Agreement, shall have the right, at its sole option without any further demand or notice, to exercise any remedy available at law or in equity; however, the Financing Amount and the Financing Payments shall not be subject to acceleration.

5.3(B) The Escrow Agent shall exercise its rights hereunder only in accordance with the Escrow Agreement. No remedy referred to in this Section 5.3 is exclusive, but each shall be cumulative

and in addition to any other remedy referred to herein or otherwise available to the Escrow Agent at law or in equity. In the event that the Escrow Agent exercises or begins to exercise any one or more of such remedies, such action shall not preclude the simultaneous or later exercise by the Escrow Agent of any other remedies. No express or implied waiver by the Escrow Agent of a Financing Default shall constitute a waiver of any other or subsequent Financing Default.

6. Miscellaneous.

6.1 Notices.

All notices and other communications required by the Agreement shall be considered properly given if they are delivered by facsimile or mailed by registered mail or certified form (return receipt requested), postage prepaid:

To the Escrow Agent at:

U.S. Bank National Association
555 S.W. Oak St., PD-OR-P6TD
Portland, Oregon 97204
Attention: Corporate Trust Services
Fax: (503) 275-5738

To the City at:

City of Wilsonville
29799 SW Town Center Loop East
Wilsonville, Oregon 97070
Attention: Finance Director
Fax: (503) 682-1015

6.2 Binding Effect.

This Financing Agreement shall inure to the benefit of and shall be binding upon the Escrow Agent and the City and their respective successors and assigns.

6.3 Severability.

In the event any provisions of this Financing Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

6.4 Amendments.

This Financing Agreement may be amended only as provided in the Escrow Agreement.

6.5 Execution in Counterparts.

This Financing Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute the same instrument.

6.6 Applicable Law.

This Financing Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. Any action regarding this Financing Agreement or the transactions contemplated hereby shall be brought in an appropriate court of the State of Oregon in Lincoln County, Oregon.

6.7 Headings.

The headings, titles and table of contents in this Financing Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Financing Agreement. All references herein to “Sections,” and other subdivisions which do not specify the document in which the subdivision is located shall be construed as references to this Financing Agreement.

[The remainder of this page is left blank intentionally.]

IN WITNESS WHEREOF, the Escrow Agent has executed this Financing Agreement in its corporate name by its duly authorized officer and the City has caused this Financing Agreement to be executed in its name by its duly authorized City Official, all as of the date first above written.

U.S. Bank National Association,
as Escrow Agent

Authorized Officer

City of Wilsonville, Oregon

City Official

EXHIBIT A
The Financing Payments

Period Ending	Principal	Coupon	Interest	Debt Service
06/01/2012			671,281.25	671,281.25
06/30/2012				
12/01/2012			671,281.25	671,281.25
06/01/2013	600,000	2.000%	671,281.25	1,271,281.25
06/30/2013				
12/01/2013			665,281.25	665,281.25
06/01/2014	1,610,000	2.000%	665,281.25	2,275,281.25
06/30/2014				
12/01/2014			649,181.25	649,181.25
06/01/2015	1,645,000	2.000%	649,181.25	2,294,181.25
06/30/2015				
12/01/2015			632,731.25	632,731.25
06/01/2016	1,675,000	3.000%	632,731.25	2,307,731.25
06/30/2016				
12/01/2016			607,606.25	607,606.25
06/01/2017	1,725,000	3.000%	607,606.25	2,332,606.25
06/30/2017				
12/01/2017			581,731.25	581,731.25
06/01/2018	1,780,000	4.000%	581,731.25	2,361,731.25
06/30/2018				
12/01/2018			546,131.25	546,131.25
06/01/2019	1,850,000	4.000%	546,131.25	2,396,131.25
06/30/2019				
12/01/2019			509,131.25	509,131.25
06/01/2020	1,925,000	3.000%	509,131.25	2,434,131.25
06/30/2020				
12/01/2020			480,256.25	480,256.25
06/01/2021	1,980,000	4.000%	480,256.25	2,460,256.25
06/30/2021				
12/01/2021			440,656.25	440,656.25
06/01/2022	2,060,000	4.000%	440,656.25	2,500,656.25
06/30/2022				
12/01/2022			399,456.25	399,456.25
06/01/2023	2,145,000	3.000%	399,456.25	2,544,456.25
06/30/2023				
12/01/2023			367,281.25	367,281.25
06/01/2024	2,210,000	3.125%	367,281.25	2,577,281.25
06/30/2024				
12/01/2024			332,750.00	332,750.00
06/01/2025	2,275,000	3.250%	332,750.00	2,607,750.00
06/30/2025				
12/01/2025			295,781.25	295,781.25
06/01/2026	2,350,000	3.375%	295,781.25	2,645,781.25
06/30/2026				
12/01/2026			256,125.00	256,125.00
06/01/2027	2,430,000	3.500%	256,125.00	2,686,125.00
06/30/2027				
12/01/2027			213,600.00	213,600.00
06/01/2028	2,515,000	4.000%	213,600.00	2,728,600.00
06/30/2028				
12/01/2028			163,300.00	163,300.00
06/01/2029	2,615,000	4.000%	163,300.00	2,778,300.00
06/30/2029				
12/01/2029			111,000.00	111,000.00
06/01/2030	2,720,000	4.000%	111,000.00	2,831,000.00

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2030				
12/01/2030			56,600.00	56,600.00
06/01/2031	2,830,000	4.000%	56,600.00	2,886,600.00
06/30/2031				

* The 2030 and 2031 principal payments are part of a term obligation.

ESCROW AGREEMENT

by and between

U.S. Bank National Association

as Escrow Agent

and

City of Wilsonville, Oregon

Dated as of December 1, 2011

\$38,940,000

Full Faith and Credit Obligations

Series 2011

**Evidencing interests in the Financing Payments due from
City of Wilsonville, Oregon**

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Exhibit A: Maturity Schedule

Exhibit B: Form of Obligation

ESCROW AGREEMENT

\$38,940,000

**City of Wilsonville, Oregon
Full Faith and Credit Obligations
Series 2011**

THIS ESCROW AGREEMENT is dated as of December 1, 2011, is entered into by and between U.S. Bank National Association, an organization having a corporate trust office, as Escrow Agent, and City of Wilsonville, Oregon. The parties hereby agree as follows:

1. Definitions; Rules of Construction, Recitals; and Transfer of Rights.

1.1 Definitions.

Unless the context clearly requires otherwise: capitalized terms not defined in this Section 1.1 shall have the meanings defined for such terms in the Financing Agreement; and, capitalized terms used in this Escrow Agreement which are defined in this Section 1.1 shall have the following meanings:

“Additional Charges” means the amounts specified as such pursuant to Section 3.2(E) of the Financing Agreement.

“Agency” means the Urban Renewal Agency of the City of Wilsonville.

“Business Day” means any day other than a Saturday, Sunday or a day on which the City or the Escrow Agent is authorized by law to remain closed.

“City” means City of Wilsonville, Oregon, or its successors.

“City Official” means the Finance Director or the person designated by the Finance Director to act as City Official under Resolution No. 2309 adopted by the City Council on July 18, 2011.

“Closing Date” means the day on which the Obligations are delivered to their initial purchasers in exchange for payment.

“Defeasance Obligations” means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America. Defeasance Obligations may not be subject to prepayment.

“Escrow Agent” the entity serving as escrow agent under this Escrow Agreement, which is U.S. Bank National Association on the date of this Escrow Agreement.

“Escrow Agreement” means this Escrow Agreement, as it may be amended and supplemented.

“Escrow Default” means the events described in Section 9.1 of this Escrow Agreement.

“Financing Agreement” means the Financing Agreement for the Projects which is dated as of December 1, 2011 and is signed by the Escrow Agent and the City, as it may be amended and supplemented.

“Financing Default” means any event described in Section 5.1 of the Financing Agreement.

“Financing Payments” mean the payments of principal and interest which the City is required to make under Section 3.2(B) of the Financing Agreement to repay the Financing Amount, and any prepayments of the Financing Amount (including accrued interest on the prepaid Financing Amount).

“Fiscal Year” means each year beginning on July 1, and ending on the following June 30.

“Obligation Register” means the records kept for the registration of Obligations by the Escrow Agent pursuant to Section 2.7 below.

“Obligations” means the Full Faith and Credit Obligations, Series 2011, which are authorized by Section 2.1 below.

“Outstanding” means, when used as of any particular time with respect to Obligations, all Obligations theretofore executed by the Escrow Agent and registered and delivered by the Escrow Agent under this Escrow Agreement except:

i) Obligations previously canceled by the Escrow Agent or surrendered to the Escrow Agent for cancellation;

ii) Obligations which have been defeased pursuant to Section 11.1 of this Escrow Agreement; and,

iii) Obligations in lieu of or in exchange for which other Obligations have previously been executed and delivered by the Escrow Agent pursuant to Section 2.7 below.

“Owner” means the person in whose name an Outstanding Obligation is registered, as shown in the Obligation Register.

“Payment Account” means the Full Faith and Credit Obligations Payment Account established pursuant to Section 3 below.

“Payment Date” means the date upon which any Financing Payment is due and payable, as provided in Section 3.2(B) of the Financing Agreement, or the date on which any Financing Payment will be prepaid in accordance with this Escrow Agreement and the Financing Agreement.

“Projects” means a) the improvements to the City’s sanitary sewer system that were financed with the City’s \$5,000,000 2009 Tax-Exempt Non Revolving Credit Facility, b) additional improvements to and expansion of the City’s sanitary sewer system including the treatment

plant, lift stations, and collection systems, and (c) any projects the City Council may subsequently determine are needed and approve for financing under ORS 271.390.

“Qualified Institution” means an institution which maintains a head office or a branch in the State of Oregon, the deposits of which are insured under the provisions of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1811, et seq).

“Qualified Investments” means the investments in which the City may invest surplus funds under the laws of the State of Oregon, including ORS 294.035 and 294.040, as amended.

“Special Counsel” means K&L Gates LLP, or other counsel nationally recognized for its expertise in municipal finance, that is appointed by the City.

1.2 Rules of Construction.

References to section numbers in documents which do not specify the document in which the section is located shall be construed as references to section numbers in this Escrow Agreement.

1.3 Recitals.

1.3(A) City’s Recitals.

- (1) The City is authorized by ORS 271.390 to enter into financing agreements to finance or refinance any real or personal property that its City Council determines is needed.
- (2) The City Council has determined in Resolution No. 2309 adopted on July 18, 2011, that the Projects are needed, and has authorized execution of the Financing Agreement and this Escrow Agreement to finance the Projects.
- (3) The City enters into this Escrow Agreement to provide for the issuance of the Obligations which will be paid from the Financing Payments the City makes under the Financing Agreement.

1.3(B) The Escrow Agent recites that it has placed its rights under the Financing Agreement, including the right to receive the Financing Payments, in escrow for the benefit of the Owners of the Obligations, that it accepts its obligations under this Escrow Agreement and the Financing Agreement and has agreed to execute and deliver the Full Faith and Credit Obligations, Series 2011 evidencing proportionate interests in the Financing Payments.

1.4 Rights Under Financing Agreement Held for Benefit of Owners.

1.4(A) The City and the Escrow Agent hereby agree that the following rights shall be held in trust exclusively for the proportionate benefit of the Owners as provided in this Escrow Agreement:

- (1) All rights of the Escrow Agent under the Financing Agreement (except for the Escrow Agent’s right to payment from Additional Charges); and,
- (2) All rights of the Escrow Agent and the City to amounts in the Payment Account.

2. The Full Faith and Credit Obligations, Series 2011.

2.1 Preparation and Delivery of Obligations.

2.1(A) The Escrow Agent is hereby authorized and directed to prepare and execute the Obligations in the aggregate principal amount of \$38,940,000. The Obligations shall be dated, shall mature on the dates and in the principal amounts, and pay interest at the rates shown in Exhibit A.

2.1(B) The Escrow Agent shall receive and accept the Obligations and will hold the Obligations under The Depository Trust Company's Fast Automated Securities Transfer (FAST) program, upon confirmation of the receipt of the proceeds of the sale of the Obligations.

2.2 Payment of Obligations.

2.2(A) Each Obligation represents an ownership interest in and a right to receive:

- (1) a proportionate share of a specified principal component of the Financing Payments, plus
- (2) a proportionate share of the Financing Payments allocable to the interest paid on that specified principal component.

2.2(B) The City shall pay the Financing Payments to the Escrow Agent in immediately available funds as provided in the Financing Agreement. The Escrow Agent shall credit the Financing Payments to the Payment Account and transfer the Financing Payment to the Owners as provided in this Escrow Agreement.

2.3 Book-Entry Only System.

2.3(A) The Obligations shall be initially executed and delivered as a book-entry only security issue with no Obligations being made available to the Owners in accordance with the Blanket Issuer Letter of Representations the City has filed with The Depository Trust Company. While the Obligations are in book-entry form, the Obligations shall be subject to the rules and procedures of The Depository Trust Company.

2.3(B) If The Depository Trust Company ceases to act as Depository for the Obligations the City will request the Escrow Agent to, and the Escrow Agent and the City shall, amend this Escrow Agreement to provide for an alternative system of registration and payment for the Obligations that is of general acceptance in the municipal bond markets. If no better system is then available, the Escrow Agent and the City shall amend this Escrow Agreement to provide that printed, registered Obligations shall be issued to beneficial owners of the Obligations, and shall give notice of those amendments to all Owners.

2.3(C) While the Obligations are in book entry form, the City and the Escrow Agent shall have no responsibility or obligation to any participant or correspondent of the depository or to any beneficial owner for:

- (1) the accuracy of the records of the depository, its nominee or any participant, correspondent or beneficial owner with respect to any ownership interest in the Obligations;
- (2) the delivery to any participant, correspondent, beneficial owner or any other person, other than an Owner as shown in the registration books maintained by the Escrow Agent, of any notice with respect to the Obligations, including any notice of prepayment;
- (3) the selection by the depository of the beneficial interest in Obligations to be prepaid if the City prepays the Obligations in part; or
- (4) the payment to any participant, correspondent, or any other person other than the Owner of the Obligations as shown in the registration books maintained by the Escrow Agent, of any amount with respect to principal, premium, if any, or interest with respect to the Obligations.

2.3(D) Notwithstanding the book-entry-only system, the City may treat the Owner of an Obligation as the absolute owner of that Obligation for all purposes, including the payment of principal, premium, if any, and interest with respect to such Obligation, or for giving notices of redemption and other matters with respect to such Obligation, or for registering transfers with respect to such Obligation. The Escrow Agent shall pay or cause to be paid all principal, premium, if any, and interest with respect to the Obligations only to or upon the order of the Owners and all such payments shall be valid and effective to fully satisfy and discharge the City's obligation with respect to payment thereof to the extent of the sum or sums so paid. Interest on the Obligations shall cease to accrue on the earlier of their final maturity date or the date they are prepaid.

2.4 Form of Obligations.

The Obligations shall be executed and delivered in fully registered form in denominations of \$5,000 or any integral multiple thereof within a single maturity. The Obligations and the form of assignment shall be substantially in the form set forth in Exhibit B. The Escrow Agent shall select the numbering for the Obligations.

2.5 Execution.

The Obligations shall be executed by and in the name of the Escrow Agent by the manual or facsimile signature of an authorized officer of the Escrow Agent; if an Obligation is executed by facsimile signature of the Escrow Agent it shall be authenticated by manual signature of an authorized officer of the Escrow Agent. Only Obligations which are substantially in the form set forth in Exhibit B and which have been manually executed or authenticated by the Escrow Agent shall be valid for any purpose or entitled to the benefits of this Escrow Agreement.

2.6 Execution of Documents.

The Escrow Agent may accept any evidence of execution of documents by Owners which the Escrow Agent reasonably deems sufficient. Any request or consent of the Owner of any Obligation shall bind every future Owner of the same Obligation.

2.7 Obligation Register.

The Escrow Agent will maintain the Obligation Register, and shall record the registration and transfer of all Obligations in the Obligation Register. The Obligation Register shall at all times during regular business hours be open to inspection by the City upon reasonable notice.

2.8 Redemption.

The Obligations shall be redeemed by the Escrow Agent from prepayments of Financing Amounts as provided in this section.

2.8(A) Optional Redemption. The Obligations coming due in years 2012 through 2021, inclusive, are not subject to prepayment prior to their respective payment dates. The Obligations maturing on June 1, 2022 and on any date thereafter are subject to prepayment at the option of the City prior to their stated maturity dates at any time on or after June 1, 2021, as a whole or in part, and if in part, with maturities to be selected by the City and by The Depository Trust Company or by lot within a maturity at a price of par, plus accrued interest, if any, to the date of prepayment.

2.8(B) Mandatory Redemption

The Obligations stated to mature on June 1, 2031 are subject to mandatory sinking fund prepayment at par in the principal component amounts and on the dates shown in the following schedule:

Year (June 1)	<u>Amount</u>
2030	\$2,720,000
2031*	2,830,000
*Final maturity	

The City will determine how optional prepayment of the Obligations will be allocated to term obligations.

2.8(C) Notice of Prepayment. The City shall give notice of prepayment of Financing Payments to the Escrow Agent not later than 5 days before the notice of prepayment is required to be made.

2.9 Conditional Redemption.

Any notice of optional redemption given for the Obligations pursuant to Section 2.8(A) herein may state that the optional redemption is conditional upon receipt by the Escrow Agent of moneys sufficient to pay the redemption price of such Obligations or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Escrow Agent to affected owners of the Obligations as promptly as practicable.

2.10 Notice of Redemption.

Unless the book-entry-only system is discontinued, notice of any call for redemption shall be given as required by the Blanket Issuer Letter of Representations to The Depository Trust Company. Interest on any Obligations so called for redemption shall cease on the redemption date designated in the notice. Unless The Depository Trust Company consents to a shorter period, the Escrow Agent will notify The Depository Trust Company of any Obligations called for redemption no fewer than 20 calendar days nor more than 60 calendar days prior to the date fixed for redemption. If the book-entry-only system is discontinued, notice of redemption shall be given under the system established by the City pursuant to Section 2.3(B) herein.

3. Accounts.

3.1 Payment Account.

The Escrow Agent shall establish the Payment Account separate and apart from all other funds and moneys held by it and shall administer and maintain the Payment Account as provided in this Escrow Agreement.

3.1(A) To secure the payment of the Financing Payments, one Business Day preceding the Payment Date, the City shall transfer the deposits described in Section 3.2(C) of the Financing Agreement to the Escrow Agent. The Escrow Agent shall credit these deposits to the Payment Account.

3.1(B) On each Payment Date the Escrow Agent shall withdraw from the Payment Account and transfer to Owners an amount equal to the principal and interest components of the Financing Payment due and payable on such Payment Date.

3.1(C) If on any Payment Date, the amount of the Financing Payment then due and payable exceeds the amounts deposited with the Escrow Agent and available to make the Financing Payment, the Escrow Agent shall distribute the amounts available:

(1) First, to the Owners of the interest components of the Financing Payments which are then due (and if the amount available is not sufficient to pay in full all the interest components of the Financing Payment then due, then ratably to the Owners entitled to the interest payments then due, without any discrimination or preference); and,

(2) Second, to the Owners of the principal components of the Financing Payments which are then due (and if the amount available is not sufficient to pay all principal components which are then due, then ratably to the Owners entitled to the principal components which are then due, without discrimination or preference).

3.1(D) The Escrow Agent shall provide the City, not less than 30 days before the date the deposit is required under Section 3.2(C) of the Financing Agreement, an invoice which sets forth the amount of that deposit.

3.1(E) Any surplus remaining in the Payment Account after payment of the Financing Payment and all Outstanding Obligations and payment of any unpaid Additional Charges, shall be remitted to the City.

3.1(F) Any surplus remaining in the Payment Account after payment of a Financing Payment shall be retained in the Payment Account and invested by the Escrow Agent as provided in Section 4.2 herein.

3.2 Additional Charges.

If the Escrow Agent receives Additional Charges pursuant to the Financing Agreement, the Escrow Agent shall apply those payments for the purposes indicated in the Financing Agreement.

3.3 Deposits at Closing.

The proceeds of the Obligations shall be transferred by Robert W. Baird & Co. Incorporated, the underwriter of the Obligations pursuant to the Closing Memorandum prepared by the City's Financial Advisor, Western Financial Group.

4. Payment Account Held in Trust; Investment.

4.1 Moneys and Investments Held in Trust.

The moneys and investments held by the Escrow Agent under this Escrow Agreement are irrevocably held in trust for the purposes herein specified, and such moneys and any other income or interest earned thereon shall be expended only as provided in this Escrow Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the City, the Escrow Agent or any Owner.

4.2 Investments Authorized.

4.2(A) Moneys held by the Escrow Agent hereunder shall be invested and reinvested by the Escrow Agent in Qualified Investments selected by the City. The City may notify the Escrow Agent of its investment selections orally or in writing, but if the City notifies the Escrow Agent orally the City shall promptly confirm its notification in writing. If the City fails to provide investment direction to the Escrow Agent in accordance with this Section 4.2, the Escrow Agent shall hold such funds uninvested. Amounts may be invested in an account of the Escrow Agent while the Escrow Agent is a Qualified Institution. The Escrow Agent shall have no duty to determine whether an investment selected by the City is a Qualified Investment.

4.2(B) Qualified Investments in the Payment Account shall mature on or before the date the amounts invested are required for use under this Escrow Agreement. The Escrow Agent shall not be liable for any gain or loss of funds on any investment made in accordance with the instructions from the City.

4.2(C) The Escrow Agent may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 4.2, and shall be entitled to its reasonable fee for those

services. Such investments and reinvestments shall be made giving full consideration for the time at which funds are required to be available. The Escrow Agent may act as purchaser or agent in the making or disposing of any investment.

4.2(D) The City acknowledges that to the extent that regulations of the Comptroller of the Currency grant the City the right to receive brokerage confirmations of security transactions, the City waives receipt of such confirmations and shall rely on periodic statements of the account provided by the Escrow Agent.

4.3 Accounting.

The Escrow Agent shall furnish to the City, semi-annually, an accounting of each fund and account and of all investments made by the Escrow Agent. Except as provided in Section 5.6 below, the Escrow Agent shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Escrow Agreement.

4.4 Allocation of Earnings.

Interest earnings and investment income on moneys held by the Escrow Agent shall inure to the benefit of the City, but shall be held by the Escrow Agent for application as provided in this Escrow Agreement and the Financing Agreement. Any interest or investment income earned on moneys deposited in the Payment Account shall be credited to the Payment Account.

4.5 Disposition of Investments.

The Escrow Agent may sell at the then current market price, or present for prepayment, any Qualified Investment so purchased by the Escrow Agent whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the Payment Account, and, except as provided in Section 5.6 below, the Escrow Agent shall not be liable or responsible for any loss resulting from such investment. The City may instruct the Escrow Agent at any time to sell any Qualified Investment which may be sold at a profit; proceeds of such sale shall be deposited in the account to which the Qualified Investment was credited.

4.6 Deposit and Investment of Moneys in Accounts.

The Escrow Agent may commingle any of the funds held by it pursuant to this Escrow Agreement in a separate fund or funds for investment purposes; provided, however, that all funds or accounts held by the Escrow Agent hereunder shall be accounted for separately notwithstanding any commingling by the Escrow Agent.

5. The Escrow Agent.

5.1 Compensation of the Escrow Agent.

The City shall from time to time pay to the Escrow Agent reasonable compensation for its services and will pay or reimburse the Escrow Agent upon its request for all reasonable expenses, disbursements and advances made by the Escrow Agent in accordance with the

provisions of this Escrow Agreement (including the reasonable expenses and disbursements of its counsel and agents), except any such expense, disbursement or advance as may arise from its negligence or bad faith. The Escrow Agent shall also be entitled to receive reasonable extraordinary fees and its reasonable extraordinary expenses if it is requested or required to render services in connection with a default or under other circumstances not provided for in this Escrow Agreement.

5.2 Removal of Escrow Agent.

5.2(A) The Escrow Agent may be removed and a successor Escrow Agent appointed:

(1) by the City at any time if, in the good faith opinion of the City, expressed in writing and delivered to the Escrow Agent and the successor Escrow Agent, it would not be materially adverse to the interests of the Owners of the Obligations that the Escrow Agent be removed and a successor Escrow Agent appointed, or

(2) at any time by written demand thereof filed with the Escrow Agent and the successor Escrow Agent by the Owners of a majority in aggregate principal amount of all Obligations Outstanding. Such removal shall become effective upon acceptance of appointment by the successor Escrow Agent.

5.2(B) Any successor Escrow Agent appointed pursuant to the provisions of this Section 5.2(B) shall:

(1) be a trust company or bank in good standing, duly authorized to exercise trust powers and subject to examination by federal or state authority;

(2) have substantial prior experience as a Escrow Agent for the benefit of the owners of municipal debt securities; and,

(3) shall be a bank or trust company having (either singly or together with its parent holding company) a combined capital (exclusive of borrowed capital) and surplus of at least Seventy-Five Million Dollars (\$75,000,000) and subject to supervision or examination by federal or state authority.

5.3 Resignation of Escrow Agent.

5.3(A) The Escrow Agent or any successor may at any time resign by giving written notice to the City and by giving notice by first class mail to the Owners as of the date such notice is mailed of its intention to resign and of the proposed date of resignation, which shall be a date not less than 60 days after the mailing of such notice, unless an earlier resignation date and the appointment of a successor Escrow Agent shall have been or are approved by the Owners of a majority in aggregate dollar amount of the Obligations then Outstanding.

5.3(B) Upon receiving such notice of resignation, the City shall promptly appoint a successor Escrow Agent by an instrument in writing; provided, however, that if the City fails to appoint a successor Escrow Agent within 30 days following receipt of such written notice of resignation,

the Owners of a majority in aggregate principal amount of all Obligations Outstanding may appoint a successor Escrow Agent and if the Owners fail to appoint a successor Escrow Agent, within 30 days following the expiration of such initial 30-day period, the resigning Escrow Agent may petition the appropriate court having jurisdiction to appoint a successor Escrow Agent.

5.3(C) Notwithstanding any other provision of this Escrow Agreement, no removal, resignation or termination of the Escrow Agent shall take effect until a successor shall be appointed.

5.4 Merger or Consolidation.

A merger or consolidation of the Escrow Agent with another entity shall not be treated as the appointment of a successor, and the entity into which the Escrow Agent is merged or consolidated shall become the successor Escrow Agent without any notice or filing, but only if: the merged or consolidated entity notifies the City that it has assumed the obligations of the Escrow Agent under this Escrow Agreement and the Financing Agreement, and the merged or consolidated entity meets the requirements of Section 5.2(B) above.

5.5 Acceptance of Appointment by Successor Escrow Agent.

5.5(A) Any successor Escrow Agent appointed as provided in Section 5.3 or Section 5.4 above shall execute, acknowledge and deliver to the City and to its predecessor Escrow Agent an instrument accepting its appointment, and the appointment shall take effect on execution of that acceptance. Upon request of any successor Escrow Agent, the City and the prior Escrow Agent shall execute any documents the successor Escrow Agent may reasonably require to confirm its rights and powers under this Escrow Agreement and the Financing Agreement.

5.5(B) Upon acceptance of appointment by a successor Escrow Agent as provided in this Section 5.5, the successor Escrow Agent shall mail, first class, postage prepaid, notice of its appointment to the Owners.

5.6 Duties and Responsibilities of the Escrow Agent Prior to and During Default.

5.6(A) The Escrow Agent undertakes, prior to the occurrence of an Escrow Default and after the curing or waiving of all Events of Default which may have occurred, to perform such duties and only such duties as are specifically set forth in this Escrow Agreement. In case any Escrow Default has occurred (which has not been cured or waived) the Escrow Agent shall exercise such of the rights and powers vested in it by this Escrow Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of that person's own affairs.

5.6(B) No provision of this Escrow Agreement shall be construed to relieve the Escrow Agent from liability for its own negligent action, its negligent failure to act or its own willful misconduct, except that:

(1) Prior to the occurrence of an Escrow Default and after the curing or waiving of all Events of Default which may have occurred, the duties and obligations of the Escrow Agent shall be

determined solely by the express provisions of this Escrow Agreement, and the Escrow Agent shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Escrow Agreement, and no covenants or obligations shall be implied into this Escrow Agreement adverse to the Escrow Agent;

(2) The Escrow Agent shall not be liable for any error of judgment made in good faith by a responsible officer of the Escrow Agent, unless it shall be proved that the Escrow Agent was negligent in ascertaining the pertinent facts;

(3) The Escrow Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Obligations at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Escrow Agent, or exercising any trust or power conferred upon the Escrow Agent, under this Escrow Agreement; and

(4) No provision contained in this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur liability in the performance of any of its duties or the exercise of any of its rights or powers, if there is reasonable ground for the Escrow Agent's believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

5.6(C) The Escrow Agent may execute any of the duties or powers hereof and perform any of its duties by and through attorneys, agents, receivers or employees and shall not be responsible for the acts or omissions of attorneys, agents, or receivers not affiliated with the Escrow Agent if (a) selected with reasonable care, and (b) the City is a third party beneficiary to the Escrow Agent's arrangements with such attorneys, agents, receivers or employees, the Escrow Agent shall be entitled to advice of counsel concerning all matters or duties hereunder, and may in all cases pay such reasonable compensation to such attorneys, agents, receivers and employees as may reasonably be employed in connection with the duties hereof. The Escrow Agent may act upon the opinion or advice of any attorney, approved by the Escrow Agent in the exercise of reasonable care. The Escrow Agent shall not be responsible for any loss or damage resulting from any action or non-action in good faith and reliance upon such opinion or advice.

5.7 Protection and Rights of the Escrow Agent.

5.7(A) The Escrow Agent shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Escrow Agreement, and the Escrow Agent shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Escrow Agent may consult with counsel, who may be counsel to the City, with regard to legal questions and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

5.7(B) Whenever in the administration of its duties under this Escrow Agreement, the Escrow Agent shall deem it necessary or desirable that a matter be provided or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by the certificate of a City Official and such certificate shall be full warranty to the Escrow Agent for any action taken or suffered under the provisions of this Escrow Agreement upon the faith thereof, but in its discretion the Escrow Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

5.7(C) The Escrow Agent may become the Owner of Obligations with the same rights it would have if it were not the Escrow Agent; may acquire and dispose of other certificates or evidences of indebtedness of the City with the same rights it would have if it were not the Escrow Agent; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Obligations then Outstanding.

5.7(D) The recitals, statements and representations by the City contained in this Escrow Agreement and in the Obligations shall be taken and construed as made by and on the part of the City, as the case may be, and not by the Escrow Agent, and the Escrow Agent does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof. The Escrow Agent shall have no responsibility with respect to any information, statement, or recital in an offering memorandum, official statement or other disclosure material prepared or distributed with respect to Obligations.

5.7(E) The Escrow Agent may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Escrow Agent shall not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care.

5.7(F) The Escrow Agent shall not be required to take notice or be deemed to have notice of any default hereunder, except for the failure of the City to make Financing Payments to the Escrow Agent or any default of which the Escrow Agent has actual knowledge, unless the Escrow Agent shall have received written notice of such default from the City or from the Owners of at least twenty-five percent (25%) of the unpaid principal component of Financing Payments.

5.8 Indemnification.

5.8(A) To the extent permitted by law, the City covenants and agrees to indemnify and hold the Escrow Agent harmless against any loss, expense or liability which it may incur arising out of or in the exercise or performance of its duties and powers hereunder, including the costs and expenses of defending against any claim or liability, or enforcing any of the rights or remedies granted to it under the terms of this Escrow Agreement, excluding any losses or expenses which are due to the Escrow Agent's breach of fiduciary duties, negligence or willful misconduct. The obligations of the City under this Section 5.7(F) shall survive the resignation or removal of the Escrow Agent under this Escrow Agreement and the payment of the Obligations and discharge

under this Escrow Agreement. The damages claimed against the City shall not exceed the damages which may be allowed under the Oregon Tort Claims Act, Oregon Revised Statutes Section 30.260, et seq., unless the provisions and limitations of such act are preempted by federal law, including, but not limited to the federal securities laws.

5.8(B) Before taking any action under Section 9.2 and Section 9.3 hereof or Section 5.3 of the Financing Agreement, the Escrow Agent may require payment of its fees and expenses, including reasonable attorney's fees, and upon receipt of indemnity satisfactory to it be furnished by Owners of the Obligations for the reimbursement of all further expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default by reason of any action so taken.

6. Concerning the Obligation Owners.

6.1 Evidence of Action Taken by Owners.

Whenever in this Escrow Agreement it is provided that the Owners of a specified percentage in aggregate principal amount of the Outstanding Obligations may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action the Owners of such specified percentage have joined therein may be evidenced:

6.1(A) by any instrument or any number of instruments of similar tenor executed by Owners in person or by agent or proxy appointed in writing, or

6.1(B) by the record of the Owners voting in favor thereof at any meeting of Owners, or

6.1(C) by a combination of such instrument or instruments and any such record of such a meeting of Owners.

6.2 Action Taken by Owners Irrevocable.

Any consent to the taking of any action by any Owner of an Outstanding Obligation shall be irrevocable and shall be conclusive and binding upon such Owner and upon all future Owners of such Obligation and of any Obligation executed and delivered in exchange or substitution therefor, irrespective of whether or not any notation and regard thereto is made upon such Obligation. Any action taken by the Owners of the percentage in aggregate principal amount of the Outstanding Obligations specified in this Escrow Agreement in connection with such action shall be conclusive and binding upon the City, the Escrow Agent and the Owners of all the Obligations.

6.3 Certain Obligations Disregarded.

In determining whether the Owners of the requisite aggregate principal amount of Obligations have concurred in any direction or consent under this Escrow Agreement, Obligations which are owned by the Escrow Agent or the City or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Escrow Agent or the City shall

be disregarded and treated as though they were not Outstanding for the purpose of any such determination; provided that for the purposes of determining whether the Escrow Agent shall be protected in relying on any such direction or consent, only Obligations which the Escrow Agent knows are so owned shall be so disregarded. Obligations so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 6.3, if the pledgee shall establish to the satisfaction of the Escrow Agent the pledgee's right to vote such Obligations and that the pledgee is not a person directly or indirectly controlling or controlled by or under direct or indirect common control with the Escrow Agent or the City. In case of a dispute as to such right, any decision by the Escrow Agent taken upon the advice of counsel shall be full protection to the Escrow Agent.

7. Modification of Escrow Agreement and Financing Agreement.

7.1 Limitations.

This Escrow Agreement may be modified or amended only in accordance with this Section 7.

7.2 Supplemental Escrow Agreement Without Consent of Owners.

7.2(A) The City and the Escrow Agent may at any time enter into supplemental Escrow Agreements without the consent of or notice to the Owners, for the following purposes:

(1) To cure any formal defect, omission, inconsistency or ambiguity in this Escrow Agreement or to make any other change to this Escrow Agreement, as long as the change does not, in the reasonable judgment of the City, materially and adversely affect the interests of the Owners or involve a change described in Section 7.3(A);

(2) To grant to or confer or impose upon the Escrow Agent for the benefit of the Owners any additional rights, remedies, or powers or to amend this Escrow Agreement in any other way for the benefit of the Owners; provided that no such amendment may have, in the reasonable judgment of the City, a material and adverse effect on any Owner which has not consented to the supplemental Escrow Agreement.

7.2(B) Before the Escrow Agent and the City shall enter into any supplemental Escrow Agreement pursuant to this Section, the City shall deliver to the Escrow Agent an opinion of Special Counsel stating that the supplemental Escrow Agreement is authorized or permitted by this Escrow Agreement, complies with its terms, will, upon the execution and delivery thereof, be valid and binding upon the City in accordance with its terms, and will not adversely affect the exclusion from gross income for federal income tax purposes of interest payable on the Obligations.

7.3 Supplemental Escrow Agreement with Consent of the Owners.

7.3(A) Any amendment to this Escrow Agreement which is not described in Section 7.2 above requires the consent of: 1) the City, 2) the Escrow Agent and 3) the consent of Owners of not less than a majority in aggregate principal amount of the Obligations then Outstanding. In

addition to the consent of the City, the Escrow Agent, and the consent of all affected Owners of all the Obligations then Outstanding is required for:

- (1) a change in the terms of the payment or prepayment of any portion of the Financing Payment, or
- (2) the creation of a claim or lien upon, or a pledge of the rights of the Escrow Agent under the Financing Agreement (other than the Escrow Agent's right to Additional Charges) or amounts in the Payment Account ranking prior to or (except as expressly permitted by this Escrow Agreement) on a parity with the claim, lien or pledge created by this Escrow Agreement, or
- (3) the creation of a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, or
- (4) a reduction in the aggregate principal amount of Obligations the consent of the Owners of which is required for any supplemental Escrow Agreement or which is required, under Section 7.6, for any modification, alteration, amendment or supplement to the Financing Agreement.

7.3(B) If at any time the City shall request the Escrow Agent to enter into any supplemental Escrow Agreement for any of the purposes of this Section 7.3 which require Owners' consent, the Escrow Agent shall cause notice of the proposed supplemental Escrow Agreement to be given by first class mail, postage prepaid, to all affected Owners at their addresses as they appear in the Obligation Register. Such notice shall briefly set forth the nature of the proposed supplemental Escrow Agreement and shall state that a copy thereof is on file at the office of the Escrow Agent for inspection by all Owners. Within two years after the date of the first mailing, the Escrow Agent and the City may enter into such supplemental Escrow Agreement in substantially the form described in such notice, but only if there shall have first been delivered to the Escrow Agent (i) the required consents, in writing, of Owners of Obligations then Outstanding, and (ii) an opinion of Special Counsel stating that such supplemental Escrow Agreement is authorized or permitted by this Escrow Agreement, complies with its terms, will, upon the execution and delivery thereof, be valid and binding upon the Escrow Agent and the City in accordance with its terms and will not adversely affect the exclusion from gross income for federal income tax purposes of interest with respect to the Obligations.

7.3(C) If the Owners of not less than the percentage of Obligations then Outstanding required by Section 7.3(A) shall have consented to and approved the execution and delivery thereof as herein provided, no Owner shall have any right to object to the execution and delivery of such supplemental Escrow Agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the Escrow Agent or the City from executing and delivering the same or from taking any action pursuant to the provisions thereof.

7.4 Effect of Supplemental Escrow Agreement.

Upon the execution and delivery of any supplemental Escrow Agreement pursuant to the provisions of this Section 7, this Escrow Agreement shall be, and be deemed to be, modified and

amended in accordance therewith, and the respective rights, duties and obligations under this Escrow Agreement of the Escrow Agent, the City, and all Owners of Obligations then Outstanding shall thereafter be determined, exercised and enforced under this Escrow Agreement subject in all respects to such modifications and amendments.

7.5 Amendments to Financing Agreement Not Requiring Consent of Owners.

7.5(A) The City and the Escrow Agent may at any time enter into amendments to the Financing Agreement without the consent of or notice to the Owners for the following purposes:

(1) To cure any formal defect, omission, inconsistency or ambiguity in the Financing Agreement or to make any other change to the Financing Agreement, as long as the change does not, in the reasonable judgment of the City, materially and adversely affect the interests of the Owners or permit the termination or cancellation of the Financing Agreement or a reduction in or postponement of the Financing Payments; and,

(2) To grant to or confer or impose upon the Escrow Agent for the benefit of the Owners any additional rights, remedies, or powers or to amend the Financing Agreement in any other way for the benefit of the Owners; provided that no such amendment may have, in the reasonable judgment of the City, a material and adverse effect on any Owner which has not consented to the amended Financing Agreement.

7.5(B) Before the City shall enter into, and the Escrow Agent shall consent to, any amendment change or modification pursuant to this Section 7.5 or Section 7.6 below, there shall have been delivered to the Escrow Agent and the City an opinion of Special Counsel stating that such amendment, change or modification is authorized or permitted by this Escrow Agreement and the Financing Agreement, complies with their terms, will, upon the execution and delivery thereof, be valid and binding upon Escrow Agent and the City in accordance with its terms and will not adversely affect the exclusion from gross income for federal income tax purposes of interest with respect to the Obligations.

7.6 Amendments to Financing Agreement Requiring Consent of the Owners.

7.6(A) Any amendment to the Financing Agreement which is not described in Section 7.5 requires the consent of: 1) the City, 2) the Escrow Agent and 3) the consent of Owners of not less than a majority in aggregate principal amount of the Obligations Outstanding given as provided in this Section 7.6. However, in addition to the consent of the City, the Escrow Agent, the consent of the Owners of all affected Obligations then Outstanding is required for any amendment, change or modification of the Financing Agreement that would permit the termination or cancellation of the Financing Agreement or a reduction in or postponement of the Financing Payments.

7.6(B) If at any time the City shall request the consent of the Escrow Agent to an amendment to the Financing Agreement which is not described in Section 7.5 above, the Escrow Agent shall cause notice to be given of such proposed amendment, change of modification in the same manner as provided by Section 7.3 with respect to supplemental Escrow Agreements. Such notice shall briefly set forth the nature of such proposed amendment, change or modification,

and shall state that copies of the instrument embodying the same are on file at the principal office of the Escrow Agent for inspection by all Owners. The City may enter into, and the Escrow Agent may consent to, any such proposed amendment, change or modification subject to the same conditions and with the same effect as provided in Section 7.3 hereof with respect to supplemental Escrow Agreements, provided the City has obtained the opinion of Special Counsel which is described in Section 7.5 above.

8. Covenants.

8.1 Compliance With and Enforcement of Financing Agreement.

8.1(A) The City covenants and agrees with the Owners of the Obligations to perform all obligations and duties imposed on it under the Financing Agreement, and to enforce such agreement against the Escrow Agent in accordance with its terms.

8.1(B) The Escrow Agent covenants and agrees with the Owners of the Obligations to perform all obligations and duties imposed on it under the Financing Agreement, and to enforce such Agreement against the City in accordance with its terms, subject to the rights of the City therein as provided in this Escrow Agreement and the Financing Agreement.

8.2 Notice of Default.

If an Escrow Default or a Financing Default occurs the Escrow Agent shall give written notice to the Owners of the Obligations then Outstanding. The notice shall specify that an Escrow Default or a Financing Default has occurred and give a brief description of the event or failure. The Escrow Agent shall give this notice by first class mail, postage prepaid, to each Owner within thirty (30) days of the Escrow Agent's actual knowledge of the event or failure. However, except for an Escrow Default described in Section 9.1(A) below, the Escrow Agent may withhold such notice if and so long as the Escrow Agent in good faith determines that the withholding of such notice is in the interests of the Owners of Obligations. Any failure by the Escrow Agent to give this notice shall not affect any rights of Owners to take the actions described in Section 9 herein.

8.3 Tax Covenants.

To maintain the exclusion from gross income for federal income tax purposes of the interest component of each Financing Payment, the City has covenanted in the Financing Agreement to comply the applicable provisions of the Code. The Escrow Agent hereby agrees to comply with any instructions received from the City in order to maintain the exclusion of the interest component of each Financing Payment from gross income under the Code. The covenants in this Section shall survive the payment of the Obligations and interest thereon, including any payment or defeasance thereof pursuant to the Escrow Agreement.

8.4 Further Assurances.

The Escrow Agent and the City will make, execute and deliver any and all such further resolutions, instruments and assurances as the Escrow Agent may deem reasonably necessary or

proper to carry out the intention or to facilitate the performance of this Escrow Agreement, and for the better assuring and confirming to the Owners of the Obligations the rights and benefits provided herein.

9. Events of Default.

9.1 Escrow Defaults.

The occurrence of one or more of the following shall constitute an Escrow Default:

9.1(A) The City shall fail to pay any Financing Payment when due; or

9.1(B) The City shall fail to observe and perform any other of its covenants or agreements in this Escrow Agreement for a period of 60 days after the Escrow Agent gives written notice to the City specifying such failure and requesting that it be remedied. The Escrow Agent may agree in writing to an extension of such time prior to its expiration. In addition, if the failure stated in the notice cannot be corrected within the applicable period, the Escrow Agent will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected; or

9.1(C) A Financing Default occurs and is continuing.

9.2 Remedies on Escrow Default.

Upon the occurrence and continuance of any Escrow Default, the Escrow Agent may proceed, and upon written request of the Owners of not less than a majority in aggregate principal amount of Obligations then Outstanding, shall take whatever action at law or in equity may appear necessary or desirable to enforce the Financing Agreement or to protect any of the rights vested in the Escrow Agent or the Owners of Obligations by this Escrow Agreement or by the Obligations, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Escrow Agreement or in aid of the exercise of any power granted in this Escrow Agreement or for the enforcement of any other legal or equitable right vested in the Escrow Agent by this Escrow Agreement or by law. However, the Financing Amount and the Financing Payments shall not be subject to acceleration. The Escrow Agent may exercise such one or more of the rights and powers conferred by this section as the Escrow Agent in its discretion being advised by its counsel shall deem most expedient and in the interests of the Owners.

9.3 No Remedy Exclusive.

No remedy herein conferred upon or reserved to the Escrow Agent is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Escrow Agreement to the Escrow Agent, or given under the Financing Agreement to the Escrow Agent and assigned hereunder to the Escrow Agent, or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Escrow Agent to exercise

any remedy reserved to it, it shall not be necessary to give any notice other than such notice as may be required in this Section 9 or by law.

9.4 Agreement to Pay Attorneys' Fees and Expenses.

If any party to this Escrow Agreement should default under any of the provisions hereof and any nondefaulting party or parties should employ attorneys or incur other expenses for the collection of moneys on the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it shall on demand therefor pay, to the extent permitted by law, to such nondefaulting party or parties the reasonable fees of such attorneys and such other expenses incurred by such nondefaulting party or parties.

9.5 No Additional Waiver Implied by One Waiver.

If any agreement contained in this Escrow Agreement should be breached by a party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

9.6 Application of Moneys Upon Default.

If, at any time after an Escrow Default or a Financing Default has occurred, the moneys in the Payment Account shall not be sufficient to pay the Financing Payments as the same become due and payable, such moneys together with any moneys available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for herein or otherwise, shall be applied by the Escrow Agent as follows:

9.6(A) **First:** To the payments of costs, expenses and fees, and reasonable compensation of the Escrow Agent, its agents and attorneys, and all expenses and liabilities incurred and advances made by the Escrow Agent;

9.6(B) **Second:** To the payment to the Owners of the interest components of the Financing Payments which are then due, and, if the amount available is not sufficient to pay in full all the interest components of the Financing Payment then due, then ratably to the Owners entitled to the interest payments then due, without any discrimination or preference;

9.6(C) **Third:** To the payment to the Owners of the principal components of the Financing Payment which are then due, and, if the amount available shall not be sufficient to pay all principal components which are then due, then ratably to the Owners entitled to the principal components which are then due, without discrimination or preference; and,

9.6(D) **Fourth:** To the City, but only if the Obligations are no longer Outstanding and all Additional Charges have been paid.

9.7 Action by Owners.

If the Escrow Agent fails to take any remedy available as a result of the occurrence of an Escrow Default or a Financing Default, the Owners of a majority in aggregate principal amount of

Obligations then Outstanding may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under the Financing Agreement or this Escrow Agreement, but only if the Owners have first made written request of the Escrow Agent to institute such action or proceedings in its own name as Escrow Agent hereunder and shall have afforded the Escrow Agent 60 days either to proceed to exercise the powers granted therein or granted under law or to institute such action, suit or proceeding in its name and unless also, the Escrow Agent shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Escrow Agent shall have refused or neglected to comply with such request within a reasonable time.

10. Limitation of Liability.

10.1 Limited Liability of City.

Except for the payment of Financing Payment and Additional Charges when due in accordance with the Financing Agreement, and the performance of the other covenants and agreements of the City contained in the Financing Agreement and this Escrow Agreement, the City shall have no obligation or liability to any of the other parties or to the Owners of the Obligations with respect to this Escrow Agreement or the terms, execution, delivery or transfer of the Obligations, or the distribution of the Financing Payments to the Owners by the Escrow Agent.

10.2 No Liability of City for Escrow Agent Performance.

The City shall not have any obligation or liability to any of the other parties or to the Owners of the Obligations with respect to the performance by the Escrow Agent of any duty imposed upon the Escrow Agent under this Escrow Agreement.

10.3 No Liability of Escrow Agent for the Financing Payment by City.

The Escrow Agent (except as provided herein) shall not have any obligation or liability to the Owners of the Obligations with respect to the payment of the Financing Payments by the City when due, or with respect to the performance by the City of any other covenant made by the City in this Escrow Agreement or the Financing Agreement.

10.4 Opinion of Counsel; Experts.

10.4(A) Before being required to take any action after or in connection with an Escrow Default or a Financing Default, the Escrow Agent may require an opinion of independent counsel acceptable to the Escrow Agent, which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Escrow Agent shall be absolutely protected in relying thereon.

10.4(B) If an Escrow Default occurs or a dispute arises under this Escrow Agreement or the Financing Agreement, the Escrow Agent may employ as its agents, attorneys at law, certified public accountants and recognized authorities in their fields (who are not employees of the

Escrow Agent), as it may reasonably deem necessary to carry out any of its obligations hereunder. The City shall reimburse the Escrow Agent for its reasonable expenses in so doing.

10.4(C) The Escrow Agent may consult with counsel and the written advice of such counsel or any opinion of counsel shall be full and complete authorizations and protection in respect to any action taken or not taken by the Escrow Agent hereunder in good faith and in reliance thereon.

10.5 Limitation of Rights to Parties and Owners.

Nothing in this Escrow Agreement or in the Obligations expressed or implied is intended or shall be construed to give any person other than the City, the Escrow Agent and the Owners of the Obligations, any legal or equitable right, remedy or claims under or in respect of this Escrow Agreement; all covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the City, the Escrow Agent and the Owners.

11. Miscellaneous.

11.1 Defeasance.

11.1(A) All or any portion of the Outstanding Obligations and their related Financing Payments may be defeased, and deemed paid and discharged by irrevocably depositing with the Escrow Agent or an independent escrow agent, in trust, money and Defeasance Obligations in amounts which are calculated by an independent certified public accountant or other qualified professional to be sufficient, without reinvestment, to pay all principal and interest due on the defeased Obligations (either at maturity on through the date on which the City has irrevocably called the defeased Obligations for prepayment), and by providing the Escrow Agent with an opinion of Special Counsel that such deposits will not cause the interest payable on any Obligations to be includable in gross income under the Code.

11.1(B) All obligations of the Escrow Agent and the City under the Financing Agreement and this Escrow Agreement with respect to Obligations which are defeased in accordance with Section 11.1(A) shall cease and terminate, except for the obligation of the City to pay the Additional Charges specified in Section 3.2(E) of the Financing Agreement and the Escrow Agent to apply the amounts deposited in trust to pay the Financing Payments and the defeased Obligations.

11.1(C) The Escrow Agent shall, so long as any Obligations remain Outstanding, keep complete and accurate records of all moneys received and disbursed under this Escrow Agreement, which shall be available for inspection by the City and any Owner, or the agent of any of them, at any time during reasonable business hours upon reasonable notice. Upon written notice, the Escrow Agent shall promptly make such records available to the City, any Owner, or their respective auditors and other representatives, and shall cooperate with them in auditing and reproducing the records.

11.2 Notices.

11.2(A) All written notices to be given under this Escrow Agreement to any party to this Escrow Agreement shall be given via electronic or by facsimile or by regular mail to the following addresses (unless the addressee has previously notified the other party in writing of a change in address):

To the Escrow Agent at:

U.S. Bank National Association
555 S.W. Oak St., PD-OR-P6TD
Portland, Oregon 97204
Attention: Corporate Trust Services
Fax: (503) 275-5738

To the City at:

City of Wilsonville
29799 SW Town Center Loop East
Wilsonville, Oregon 97070
Attention: Finance Director
Fax: (503) 682-1015

11.2(B) Any such notice shall be deemed given if sent via electronic or by facsimile or deposited in the United States mail with postage pre-paid.

11.3 Governing Law.

This Escrow Agreement shall be construed and governed in accordance with the laws of the State of Oregon. Any action regarding this Escrow Agreement or the transactions contemplated hereby shall be brought in an appropriate court for the State of Oregon in Clackamas County, Oregon.

11.4 Partial Invalidity.

Any provision of this Escrow Agreement found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate any remainder of this Escrow Agreement.

11.5 Binding Effect; Successors.

This Escrow Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Escrow Agreement any party hereto is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all covenants and agreements contained in this Escrow Agreement by or on behalf of any party hereto shall bind and inure to the benefit of the successors and assigns thereof whether so expressed or not.

11.6 Execution in Counterparts.

This Escrow Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute the same agreement.

11.7 Destruction of Canceled Obligations.

Whenever in this Escrow Agreement provision is made for the surrender to or cancellation by the Escrow Agent and the delivery to the Escrow Agent of any Obligations, the Escrow Agent may, upon the request of the Escrow Agent's representative, in lieu of such cancellation and delivery, destroy such Obligations and deliver a certificate of such destruction to the City.

11.8 Headings.

The headings, titles and table of contents in this Escrow Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Escrow Agreement. All references herein to "Sections," and other subdivisions which do not specify the document in which the subdivision is located shall be construed as references to this Escrow Agreement.

[The remainder of this page is left blank intentionally.]

This Escrow Agreement is executed by its parties as of the 1st day of December, 2011.

U.S. Bank National Association, as Escrow Agent

Authorized Officer

City of Wilsonville, Oregon

City Official

EXHIBIT A
(Maturity Schedule)

Aggregate original principal amount of Obligations: \$38,940,000

Date of Obligations: December 1, 2011

Obligation interest is payable on June 1 and December 1 of each year, commencing June 1, 2012.

<u>Maturity</u> <u>Date (June 1)</u>	<u>Maturity</u> <u>Amount (\$)</u>	<u>Interest</u> <u>Rate (%)</u>	<u>CUSIP No.</u> <u>(Base 972478)</u>
2013	600,000	2.000	FQ9
2014	1,610,000	2.000	FR7
2015	1,645,000	2.000	FS5
2016	1,675,000	3.000	FT3
2017	1,725,000	3.000	FU0
2018	1,780,000	4.000	FV8
2019	1,850,000	4.000	FW6
2020	1,925,000	3.000	FX4
2021	1,980,000	4.000	FY2
2022	2,060,000	4.000	FZ9
2023	2,145,000	3.000	GA3
2024	2,210,000	3.125	GB1
2025	2,275,000	3.250	GC9
2026	2,350,000	3.375	GD7
2027	2,430,000	3.500	GE5
2028	2,515,000	4.000	GF2
2029	2,615,000	4.000	GG0
2031*	5,550,000	4.000	GH8

* Term Obligation subject to mandatory redemption.

EXHIBIT B
(Form of Obligation)

No. R-__

\$_____

FULL FAITH AND CREDIT OBLIGATION
SERIES 2011

Evidencing a Proportionate Interest of the Owner Hereof
in Financing Payments to be Made Under a Financing Agreement Between the
CITY OF WILSONVILLE, OREGON, AS BORROWER
AND
U.S. BANK NATIONAL ASSOCIATION, AS ESCROW AGENT

Dated Date: December 1, 2011

Interest Rate Per Annum: ___%

Maturity Date: June 1, _____

CUSIP Number: 972478_____

Registered Owner: -----Cede & Co.-----

Principal Amount: -----_____ Dollars-----

This is to certify that the Registered Owner named above (the "Owner") of this Obligation is the owner of a proportionate and undivided interest in and right to receive a portion of the principal component of the Financing Payment due on the Maturity Date named above under and as defined in the Financing Agreement dated as of December 1, 2011, relating to this Obligation (the "Financing Agreement") by and between U.S. Bank National Association (the "Escrow Agent") and the City of Wilsonville, Oregon (the "City"). Interest on this Obligation is payable on December 1 and June 1 of each year until maturity, commencing June 1, 2012, at the Interest Rate Per Annum set forth above. Payment of principal and interest shall be made to the Owner hereof as the Owner's name appears on the registration books of the City maintained by the Escrow Agent, as of the 15th day of the calendar month immediately preceding the applicable payment date. For so long as this Obligation is subject to a book-entry-only system, principal and interest payments shall be paid to the nominee of the securities depository for this Obligation. On the date of issuance of this Obligation, the securities depository for this Obligation is The Depository Trust Company, New York, New York, and Cede & Co. is the nominee of The Depository Trust Company. Such payment shall be made payable to the order of "Cede & Co."

This Obligation is one of the Full Faith and Credit Obligations, Series 2011 (the "Obligations"), executed and delivered by the Escrow Agent pursuant to an Escrow Agreement dated as of December 1, 2011, (the "Escrow Agreement") by and between the Escrow Agent and the City. The Financing Agreement and the Escrow Agreement (copies of which are on file with the Escrow Agent) state the terms on which the Obligations are delivered, and the rights thereunder of the Owners of the Obligations, the rights, duties and immunities of the Escrow Agent and the rights and obligations of the City under the Financing Agreement. The provisions of the Escrow Agreement and the Financing Agreement are incorporated into this Obligation by reference. Capitalized terms used in this Obligation have the meanings defined for such terms in the Escrow Agreement and the Financing Agreement.

This Obligation represents an ownership interest in and a right to receive up to the Principal Amount named above, representing a proportionate share of the principal component of the Financing Payment which is due on the maturity date of this Obligation, plus a proportionate share of interest accrued on that principal component, as provided in the Escrow Agreement.

The obligation of the City to pay the Financing Payments is unconditional. The Financing Payments are payable from all legally available funds of the City, and the City has pledged its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the Financing Payments.

The City is authorized to enter into the Financing Agreement pursuant to the laws of the State of Oregon and Resolution No. 2309 of the City adopted July 18, 2011. The City has entered into the Financing Agreement for the purpose of financing and refinancing costs of sanitary sewer system improvements, and costs related to the authorization, sale, issuance and delivery of the Obligations. The Escrow Agent has agreed to hold its rights to receive the Financing Payments in escrow for the benefit of the Owners.

The Obligations are initially issued as a book-entry-only security issue with no certificates provided to the beneficial owners. While the Obligations are in book-entry form, the Obligations shall be subject to the rules and procedures of The Depository Trust Company. Records of ownership of beneficial interests in the Obligations will be maintained by The Depository Trust Company and its participants. Any exchange or transfer of this Obligation must be registered as provided in the Escrow Agreement. Should the book-entry-only system be discontinued, the Escrow Agent shall provide all beneficial owners with executed, printed Obligations which are registered in the name of the beneficial owners, who shall each then become Owners, as provided in the Escrow Agreement.

The Obligations mature and are subject to redemption as described in the Escrow Agreement.

Unless the book-entry-only system is discontinued, notice of any call for redemption shall be given as required by the Blanket Issuer Letter of Representations to The Depository Trust Company, as referenced in the Escrow Agreement. The Obligations are subject to conditional notice of redemption as provided in the Escrow Agreement. Unless the Depository Trust Company consents to a shorter period, the Escrow Agent will notify The Depository Trust Company of any Obligations called for redemption no fewer than 20 calendar days nor more than 60 calendar days prior to the date fixed for redemption. If the book-entry-only system is discontinued, the Escrow Agent and the City shall provide for an alternative system of providing notice of redemption and such other matters as need to be updated for the Obligations, that is of general acceptance in the municipal bond market. Any failure to give notice shall not invalidate the redemption of the Obligations.

Unless this Obligation is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the City or the Escrow Agent for registration of transfer, exchange or payment, and any Obligation issued is registered in the name of Cede & Co. or such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entry as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein.

This Obligation shall remain in the Escrow Agent's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Escrow Agent and The Depository Trust Company.

IN WITNESS WHEREOF, this Obligation has been executed and delivered by U.S. Bank National Association, as Escrow Agent, acting pursuant to the Escrow Agreement.

U.S. Bank National Association, as Escrow Agent

Authorized Officer

THIS OBLIGATION SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE ESCROW AGENT IN THE SPACE PROVIDED BELOW.

CERTIFICATE OF AUTHENTICATION

This is one of the \$38,940,000 aggregate principal amount of the City of Wilsonville, Oregon, Full Faith and Credit Obligations, Series 2011, issued in accordance with the Escrow Agreement described herein.

Date of authentication: December 1, 2011.

U.S. Bank National Association, as Escrow Agent

Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

(Please insert social security or other identifying number of assignee)

this Obligation and does hereby irrevocably constitute and appoint _____ as attorney to transfer this Obligation on the books kept for registration thereof with the full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of this Obligation in every particular, without alteration or enlargement or any change whatever.

NOTICE: Signature(s) must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company
Signature Guaranteed

(Bank, Trust Company or Brokerage Firm)

Authorized Officer

The following abbreviations, when used in the inscription on the face of this Obligation, shall be construed as though they were written out in full according to applicable laws or regulations.

- TEN COM -- tenants in common
- TEN ENT -- as tenants by the entireties
- JT TEN -- as joint tenants with right of survivorship and not as tenants in common
- OREGON CUSTODIANS use the following
 _____ CUST UL OREG _____ MIN
 as custodian for _____ (name of minor)
- OR UNIF TRANS MIN ACT
 under the Oregon Uniform Transfer to Minors Act

Additional abbreviations may also be used though not in the list above.

APPENDIX B
COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR
ENDED JUNE 30, 2010

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City of Wilsonville, Oregon



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Comprehensive Annual Financial Report
for the Fiscal Year Ended
June 30, 2010

**CITY OF WILSONVILLE,
OREGON**

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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Prepared by the Finance Department
of the City of Wilsonville

CITY OF WILSONVILLE, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDING JUNE 30, 2010

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INTRODUCTORY SECTION

- Letter of Transmittal
- Certificate of Achievement
- List of Officials
- City of Wilsonville Organizational Chart

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Wilsonville, Oregon 97070
(503) 682-1011
(503) 682-1015 Fax

November 15, 2010

**Mayor Tim Knapp, City Councilors
and Citizens of the City of Wilsonville, Oregon**

The Comprehensive Annual Financial Report (CAFR) of the City of Wilsonville, Oregon (the City) for the fiscal year ended June 30, 2010 is hereby submitted.

This report presents the financial position of the City as of June 30, 2010 and the results of its operations and cash flows for its proprietary fund types for the year then ended. The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and meet the requirements of the standards as prescribed by the Secretary of State. We believe the data, as presented, are accurate in all material respects and presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City.

The accuracy of the City's financial statements and the completeness and fairness of their presentation is the responsibility of City management. The City maintains a system of internal accounting controls designed to provide a reasonable assurance that assets are safeguarded against loss or unauthorized use and that financial records can be relied upon to produce financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that the cost of maintaining the system of internal accounting controls should not exceed benefits likely to be derived.

In addition to its annual audit, the City is required to undergo a single audit in conformity with the provisions of the Single Audit Act of 1996 and Amendments and U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments. Information related to the single audit, including a schedule of expenditures of federal awards, the independent auditor's report on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs is included in a separately issued federal grant compliance report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it. The City's MD&A is located immediately following the report of the independent auditors, beginning on page 15.

PROFILE OF THE GOVERNMENT

For financial reporting purposes, the City is a primary government. Its governing Council is elected by the citizens in a general election. This report includes all organizations and activities for which the elected officials exercise financial control. The City has one component unit governmental entity - the Urban Renewal Agency of the City of Wilsonville. The financial statements of that entity are included in this report. The City interacts or contracts with various other governmental entities, but is not financially accountable for those entities.

The City operates under the Council-Manager form of government. Policy making and legislative authority are vested in the City Council which consists of a Mayor and four Council members. The City Council is responsible for passing ordinances, resolutions, adopting the budget, and hiring the City Manager and City Attorney among other things. The City Manager is responsible for carrying out the policies and ordinances of the Council, managing the day-to-day government operations, and appointing the department heads. The Mayor and Council members are non-partisan and serve a four-year term. These terms are staggered with two Council positions up for election in 2010 while the Mayor and remaining two other Council positions are up for election in 2012.

The City prepares an annual budget in accordance with the policies and priorities set forth in the City's Comprehensive Plan, the Five-Year Financial Forecast, City Council goals, the needs of the community, and federal and state laws. Oregon local budget law is set out in Oregon Revised Statutes 294.305 to 294.565. The City's budget is presented by fund. Budgetary control is at the department level or at the major appropriation category if only one department exists in a fund. Ongoing review and monitoring of revenues and expenditures is performed by the Finance Department and the appropriate operating departments.

ECONOMIC CONDITIONS AND OUTLOOK

The City is located approximately 20 miles south of downtown Portland, Oregon, in western Clackamas County and southeastern Washington County. The region, while diverse in nature, is particularly strong in the high tech industry. Timber production and agriculture dominate economic activities outside of the urban area. The Portland area has an international airport and port facilities for ocean going vessels. Despite its close proximity to Portland, however, the City should not be termed a bedroom community since its employment base tends to be as large as its population.

The local, regional, and statewide economy has been subject to the same recessionary forces existing in the national and much of the global economy. According to the Oregon State Office of Economic Analysis (OEA), Oregon's recession started in 2008 and although it technically recovered during the prior year, its wake still continues to affect all levels of the economy. State unemployment remains high, hovering at 10.5 percent at June 2010. The OEA forecasts a continued lackluster recovery in housing sales, building starts, and no real recovery in terms of job growth moving into 2011.

In this context of an overall slow national and regional economic recovery, the City is, however, posed better for a stronger more sustainable recovery than many areas because of its diversified economy, growing population, and a strategic physical location along Interstate 5 (I-5), on the southern edge of the Portland metropolitan area.

Diversified Economy

Wilsonville is home to a number of high-tech businesses and is perfectly situated for warehouse and distribution centers. Several large companies have chosen to make Wilsonville their corporate headquarters. Among the larger are Mentor Graphics, and Flir Systems, Inc. Three other large companies, SYSCO, Coca-Cola Bottling Co. of the Northwest, and Rite-Aid, have selected Wilsonville for regional warehouse, bottling, and distribution centers, respectively. Xerox's printer operation is the largest employer in the City.

Although small in population, the City is not dependent upon any one company for economic vitality. Currently, an estimated 14,000 people are employed at locations throughout the City. Table 1 on the next page presents the top ten employers in the City.

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TABLE 1
TEN LARGEST EMPLOYERS
(as of June 2010)

Employer	Product or service	2010
		Employment
Xerox Corporation	Color printers	1,435
Mentor Graphics Corporation	CAD software systems	994
Precision Interconnect	Electronic Machinery	538
SYSCO Food Service	Wholesale grocery distributors	520
Flir Systems Inc	Thermal imaging equipment	432
Rockwell Collins	Aviation equipment	429
Rite Aid Distribution	Distribution center	230
Fry's Electronics	Retail	229
Coca Cola Bottling Company of NW	Bottling distribution center	166
ADECCO USA Inc	Personel supply services	152

Source: City of Wilsonville, Business Licenses

Growing Population

Although slowed in the current year, Wilsonville continues to experience growth in population. Over the past ten years Wilsonville's population growth rate has generally been greater than the State of Oregon's growth rates. The City's population has increased nearly 50% in that time frame. The City is expected to maintain a healthy population growth rate as construction continues in many areas of the City. One of the new housing developments, known as Villebois, will eventually encompass some 520 acres, 2,300 residential units, retail storefronts, park area, and a primary school. This development is expected to continue to fuel the City's population growth over the next several years. Table 2 presents the growth for the City, Clackamas County and the State. A portion of the large increase in 2002 is attributed to the completion of the new state prison and inclusion of the inmates.

TABLE 2
POPULATION ESTIMATES
(at July 1)

Year	City of Wilsonville	Percent Change	Clackamas County	Percent Change	State of Oregon	Percent Change
1990	7,075	21.98%	278,850	5.03%	2,858,701	2.44%
2000	13,991	7.75%	338,391	3.53%	3,421,399	3.65%
2001	14,170	1.28%	345,150	2.00%	3,471,700	1.47%
2002	15,590	10.02%	350,850	1.65%	3,504,700	0.95%
2003	15,880	1.86%	353,450	0.74%	3,541,500	1.05%
2004	16,250	2.33%	356,250	0.79%	3,582,600	1.16%
2005	16,510	1.60%	361,300	1.42%	3,631,440	1.36%
2006	16,885	2.27%	367,040	1.59%	3,690,505	1.63%
2007	17,405	3.08%	372,270	1.42%	3,745,455	1.49%
2008	17,940	3.07%	376,660	1.18%	3,791,075	1.22%
2009	18,020	0.45%	379,845	0.85%	3,823,465	0.85%

Source: Population Research Center at Portland State University. The figures for 1990 and 2000 are based on United States Census, as revised. Percent change is relative to the preceding year.

Expanding Residential and Commercial Market

The City anticipates continued residential and commercial development expansion. This optimism is based on several factors. First, the City is strategically located along the south metro I-5 corridor and has in its boundaries some of the last major tracts of vacant land within the southern portion of the urban growth boundary. Second, the City has a sustainable long-term water supply and a multi-barrier water treatment plant. Additionally, a City urban renewal district continues to focus attention on improvements and developments in the City's West Side District. The previously mentioned Villebois development, still in the early phases of construction, continues to experience growth, albeit at a slower pace in 2010. Finally, the City Council has demonstrated a resolve to balance demands for service with reasonable fees. Table 3 charts expanding residential and commercial construction.

TABLE 3
NEW CONSTRUCTION

Fiscal Year	Commercial Construction		Residential Construction		Total New Construction
	Number of Units	Value	Number of Units	Value	
2000-01	156	\$ 125,601,126	134	\$ 17,297,349	\$ 142,898,475
2001-02	464	34,095,883	73	26,546,273	60,642,156
2002-03	120	26,472,992	137	19,480,428	45,953,420
2003-04	197	45,443,396	242	28,564,568	74,007,964
2004-05	226	53,860,865	342	12,538,542	66,399,407
2005-06	263	42,122,768	219	45,687,205	87,809,973
2006-07	233	46,220,776	128	19,591,661	65,812,437
2007-08	215	41,083,420	175	22,466,225	63,549,645
2008-09	313	28,069,752	46	5,304,089	33,373,841
2009-10	182	20,490,409	43	8,664,297	29,154,706

Source: Building Department, City of Wilsonville

Property taxes comprise about 25% of the City's General Fund and Special Revenue Funds' combined operating revenues. As a percent, this is lower than most other cities in the region. In 1996, the voters separated assessed value from real market value. Property taxes are based upon assessed values. The tax measure limits assessed value growth to 3% per year and froze the operating tax rate at \$2.5206 per \$1,000. As such, economic growth of the community is best measured by the real market value.

A current year drop in real market property values, although reflective of the overall recessionary real estate market collapse, belies the fact that Wilsonville continues to be a desirable regional location to live and work. Historical trends highlight a longer term of rising real market values within the City and the region. The growth rate of the City compared to Clackamas County with respect to market values is shown in Table 4 on the following page.

TABLE 4
REAL MARKET VALUES
(in millions)

Year	City of Wilsonville		Clackamas County	
	Real Market	Percent Change	Real Market	Percent Change
2000-01	\$ 1,864	6.6%	\$ 29,691	5.7%
2001-02	1,869	0.3	30,953	4.3
2002-03	2,044	9.4	32,402	4.7
2003-04	2,169	6.1	34,220	5.6
2004-05	2,320	7	36,894	7.8
2005-06	2,602	12.2	41,229	11.7
2006-07	2,959	13.7	48,638	18
2007-08	3,426	15.8	57,193	17.6
2008-09	3,741	9.2	60,008	4.9
2009-10	3,558	-4.9	54,458	-9.3

Source: Clackamas and Washington County Assessors' Office

Outlook

For the year ahead, many national economists predict a continuing but slow economic recovery. To a great degree as goes the national economy so to does Wilsonville. The City's economic picture has some tangible bright spots.

Fred Meyer, a division of Kroger Grocery, has started construction of a \$70 million shopping center within the City. The retail and commercial development includes a 145,500 square foot Fred Meyer hypermarket, over 49,000 square feet of additional buildings, and 56 residential units. Typically a Fred Meyer store will hire between 225 and 350 workers. A 5,000 square foot restaurant has also already broken ground for construction adjacent to this Fred Meyer Project. The City itself is the beneficiary of \$4 million from Kroger for street and infrastructure work for this new Old Town Village Fred Meyer Shopping Center.

The state's premier university of engineering and technology training, the Oregon Institute of Technology (OIT), is consolidating four Portland metro area campus locations to a previously vacant building in Wilsonville. The 131,000 square foot building will be used to expand the school's area student base from 500 to more than 2,000 over time. OIT will spend \$30 million to make the move and convert the currently vacant building from office space to classrooms. The school provides undergraduate and graduate degrees in many technical and health related fields and is the first in the nation to offer a renewal energy degree program. Such a center of higher education is expected to provide area residents and employers with opportunities and fertile new hires respectively, as well as act as a magnet to bring more high tech companies to the City, creating more jobs.

Once larger recessionary forces abate, the City of Wilsonville is no doubt poised both for further long-term economic development and continued community prosperity.

LONG-TERM FINANCIAL PLANNING

As with any growing community, the City will continue to have an ongoing need for new or expanded streets, sewer systems, transportation alternatives, public safety measures, and cultural and recreation opportunities. The guiding principle for all of the City's long-term financial planning remained on sustainability. Service levels are set and planned for in a manner in which costs are not allowed to exceed revenue. The City actively engages in long-term financial planning through its yearly budgetary process, the creation of master plans for certain services (Transportation, Water, Sewer, Stormwater, etc) and through the development of a five-year financial forecast.

MAJOR INITIATIVES

The following initiatives undertaken or completed in the past fiscal year are expected to have long-term effects on the City's financial position.

Wastewater

Work continued on design and operating concepts for a wastewater treatment plant expansion. With a projected cost of \$60 million, this will be the most expensive project the City has undertaken. In anticipation of the costs, both current user rates and system development charges have been increased. In relation to overall costs, annual debt service on \$60 million would add nearly \$5 million in costs to the fund. If all of the debt service were to be paid by user fees, it would be necessary to increase rates 100% higher than today's rates. The City hopes to mitigate the impact of the increase through exploring viable alternatives to controlling costs, considering spreading improvements over a longer term period and looking at increasing the number of years over which the debt is amortized.

Public Works

Work continued on planning for a couple of major street capital projects. The largest of these capital improvements is for improvements to Wilsonville Road and Boones Ferry Road, as they connect to the Interstate 5 (I-5) Interchange. The improvements are necessary to address traffic capacity and flows around this major interstate interchange into the City. The project will span two years and is expected to directly cost the City \$14 million with funding from urban renewal and street system development charges.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wilsonville for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report. This was the 13th consecutive year that the City has achieved this prestigious award.

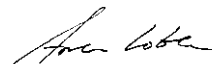
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. The CAFR must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

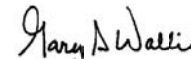
The preparation of the Comprehensive Annual Financial Report was a combined effort of the dedicated staff in the Finance Department under the direction of Gary Wallis. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. We also acknowledge the efforts of other departments who provided information that helped to make the report far more than a presentation of financial statements.

In closing, we acknowledge the City Council of the City of Wilsonville for their continued support and leadership.

Sincerely,



Arlene Loble
City Manager



Gary S. Wallis
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Wilsonville Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



President

Executive Director

CITY OF WILSONVILLE,
OREGON
June 30, 2010

ELECTED OFFICIALS

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Tim Knapp	Mayor	December 31, 2012
Alan Kirk	Council President	December 31, 2010
Celia Nuñez	Councilor	December 31, 2012
Steven Hurst	Councilor	December 31, 2012
Richard Goddard	Councilor	December 31, 2010

Principal Officials

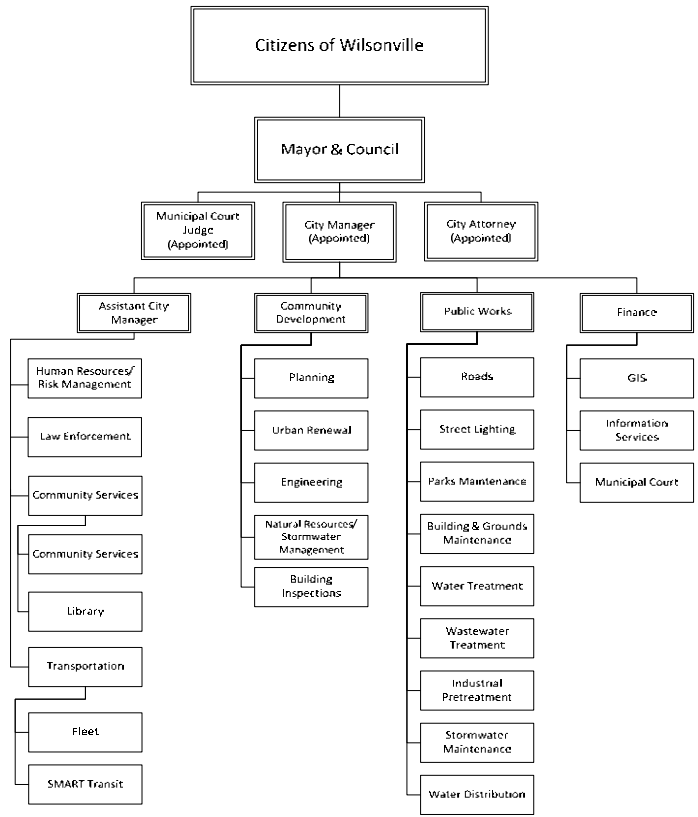
Arlene Loble	City Manager
Michael E. Kohlhoff	City Attorney
Gary S. Wallis	Finance Director
Sandra C. King	City Recorder

Mailing Address

29799 SW Town Center Loop, East
Wilsonville, OR 97070-0220

www.ci.wilsonville.or.us

**CITY OF WILSONVILLE, OREGON
Organizational Chart**



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FINANCIAL SECTION

- **Independent Auditor's Report**
- **Management Discussion and Analysis**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Other Supplementary Information**
- **Budgetary Comparisons**
- **Other Financial Schedules**

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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

Honorable Mayor, Members of the
City Council and the City Manager
City of Wilsonville, Oregon
Wilsonville, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Wilsonville, Oregon as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wilsonville, Oregon as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.


In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2010 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wilsonville, Oregon's financial statements as a whole. The introductory section, combining and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

By: 
Charles A. Swank, A Shareholder
November 19, 2010

This discussion and analysis presents the highlights of financial activities and financial position for the City of Wilsonville. The analysis focuses on significant financial issues, debt administration, capital assets, major financial activities and resulting changes in financial position, budget changes and variances from the budget, specific issues related to funds, and the economic factors affecting the City.

Management's Discussion and analysis focuses on current year activities and resulting changes. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this discussion and analysis.

FINANCIAL HIGHLIGHTS

Government-wide

- The assets of the City exceeded its liabilities by \$277.3 million (reported as net assets). Within the net assets, \$33.3 million (unrestricted net assets) may be used to meet the City's obligations to citizens and creditors.
- Total assets increased by \$4.3 million. Business type activities provided \$5 million from a new sewer revenue debt issuance.

Fund Level

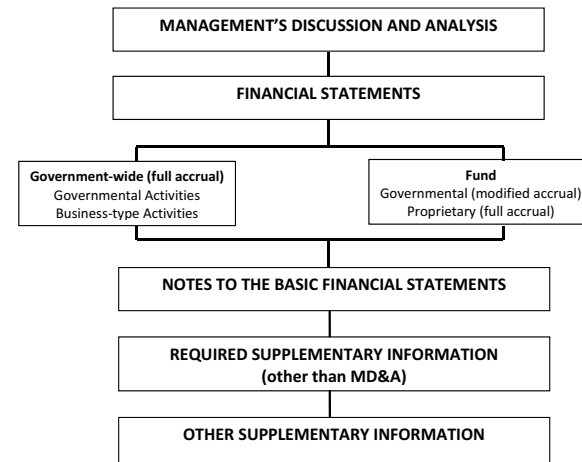
- The City's governmental funds report a combined fund balance of \$42.0 million, a \$0.9 million increase over the prior fiscal year. While virtually all the \$42.0 million combined fund balance is unreserved, \$29.1 million is accounted for in funds other than the General Fund for which the resources are designated to specific programs through legal or contractual provisions. The remaining \$12.9 million is within the General Fund and includes \$6.6 million which has been earmarked for future needs.
- Total taxes increased approximately \$0.9 million, or 5.1% over the prior year. Property tax increased \$200,000 for operations and \$100,000 for debt service. Other taxes include franchise, transit, and hotel taxes which were up \$560,000.
- The proprietary funds – those used to account for programs which the city charges for the services it provides – report combined net assets of \$87.1 million, an increase of \$0.3 million over the prior year.
- Proprietary funds long-term liabilities increased \$5 million from a sewer credit facility issued for the design and bid preparation for a major treatment plant improvement.

OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to this discussion and analysis, the financial section of this annual report contains the basic financial statements, including the notes to the financial statements, and required supplementary information. Combining balance sheets and budgetary schedules follow the financial section. Additionally, there are a variety of statistical tables and special reports from our independent certified public accountants as required by Oregon law.

The chart on the following page illustrates how the various divisions of the financial section are arranged relative to one another.

Financial Section Components



GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the City's net assets and how they have changed. Net assets – the difference between assets and liabilities – is one way to measure the City's financial health or position.

The government-wide financial statements of the City are divided into two categories:

Governmental activities – Most of the City's basic services are included here, such as police, library, parks, community development, transit operations, road maintenance and general administration.

The City maintains 19 individual governmental funds as of June 20, 2010, including those of the urban renewal component unit. Five of these funds (General Fund, Community Development Fund, Transit Fund, Urban Renewal Year 2000 Plan Debt Service Fund and Street Capital Project Fund) are considered to be major funds and reported separately in the statement of revenues, expenditures, and changes in fund balanced. The remaining 14 governmental funds are aggregated into a single column presentation. Individual fund data for each of the non-major funds is provided in the combining statements elsewhere in this report. The City adopts an annual budget for all its funds. Budgetary comparisons schedules are provided to demonstrate compliance with the budget.

CITY OF WILSONVILLE, OREGON
Management's Discussion and Analysis
For the Year Ended June 30, 2010

Business-type activities – The City charges fees to customers to help it cover the costs of certain services it provides. The City's water, sewer, stormwater and street lighting systems are included here. The City adopts an annual budget for each of its business-type activities and budgetary comparison schedules are provided to demonstrate compliance with the budget.

Notes to the financial statements provide additional information that is essential to the full understanding of the City's financial statements. The notes begin on page 43.

Statement of Net Assets

Net assets serve as a useful indicator of a government's financial position especially when viewed over multiple periods of time. In the case of the City, assets exceeded liabilities by \$277.3 million at the close of the most recent fiscal year. This represents a \$4.3 million increase over the prior fiscal year.

The following table reflects a summary of Net Assets compared to the prior fiscal year.

TABLE 1
NET ASSETS
AS OF JUNE 30
(in millions)

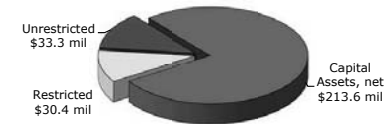
	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Assets						
Current and other assets	\$ 46.4	\$ 45.3	\$ 22.1	\$ 20.3	\$ 68.5	\$ 65.6
Capital assets	186.5	186.0	91.0	89.5	277.5	275.5
Total assets	232.9	231.3	113.1	109.8	346.0	341.1
Liabilities						
Other liabilities	4.0	3.7	2.2	2.5	6.2	6.2
Noncurrent liabilities	38.7	41.4	23.8	20.5	62.5	61.9
Total liabilities	42.7	45.1	26.0	23.0	68.7	68.1
Net assets						
Invested in capital assets, net of debt	148.4	145.2	65.2	68.3	213.6	213.5
Restricted	21.2	20.9	9.2	8.6	30.4	29.5
Unrestricted	20.6	20.1	12.7	9.9	33.3	30.0
Total net assets	\$ 190.2	\$ 186.2	\$ 87.1	\$ 86.8	\$ 277.3	\$ 273.0

The increase in net assets is attributed to contributions from developers for infrastructure (water, sewer, stormwater and streets), system development charges and to a lesser extent operations. The overall increase is \$4 million more than the prior years' growth of \$3.9 million.

The largest portion of the City's net assets, at 77%, are invested in capital assets (e.g. land, building, equipment and streets) and reported net of related outstanding debt. The City uses these capital assets to provide services to its citizens; thus, they do not represent resources available for future spending. Restricted net assets total \$30.4 million and represent cash and investments that are legally restricted for capital expansion or debt service. Finally, the remaining \$33.3 million is unrestricted meaning it is available for meeting the City's ongoing obligations. The following chart displays the three components of Net Assets as of June 30, 2010.

CITY OF WILSONVILLE, OREGON
Management's Discussion and Analysis
For the Year Ended June 30, 2010

CHART 1
CITY OF WILSONVILLE – NET ASSETS
JUNE 30, 2010



Statement of Activities

As with the statement of net assets, the City reports governmental activities on a consolidated basis. As indicated in Table 2 below, total net assets of the City increased by \$4.3 million, or 1.6% more than the prior year net asset balance. Descriptions of significant activities follow the table below.

TABLE 2
GOVERNMENTAL AND PROPRIETARY ACTIVITIES
FOR FISCAL YEARS ENDING JUNE 30
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$ 4.4	\$ 5.0	\$ 10.8	\$ 10.9	\$ 15.2	\$ 15.9
Operating grants and contrib's.	2.1	2.2	-	-	2.1	2.2
Capital grants and contrib's.	4.6	1.7	2.0	2.1	6.6	3.8
General revenues:						
Taxes	11.9	11.6	-	-	11.9	11.6
Franchise, transit, hotel tax	6.7	6.1	-	-	6.7	6.1
Interest	0.6	1.2	0.2	0.5	0.8	1.7
Other	0.3	0.2	0.1	-	0.4	0.2
Total revenues	30.6	28.0	13.1	13.5	43.7	41.5
Expenses						
Governmental activities:						
General government	2.3	2.7	-	-	2.3	2.7
Public safety	3.5	3.2	-	-	3.5	3.2
Transportation	5.2	5.0	-	-	5.2	5.0
Public works	8.2	7.6	-	-	8.2	7.6
Culture and recreation	2.5	2.0	-	-	2.5	2.0
Community development	3.5	3.8	-	-	3.5	3.8
Interest on long-term debt	1.4	1.1	-	-	1.4	1.1
Business-type activities:						
Water	-	-	5.5	5.8	5.5	5.8
Sewer	-	-	4.0	3.9	4.0	3.9
Stormwater	-	-	3.0	2.2	3.0	2.2
Streetslights	-	-	0.3	0.3	0.3	0.3
Total expenses	26.6	25.4	12.8	12.2	39.4	37.6
Increase in net assets	\$ 4.0	\$ 2.6	\$ 0.3	\$ 1.3	\$ 4.3	\$ 3.9

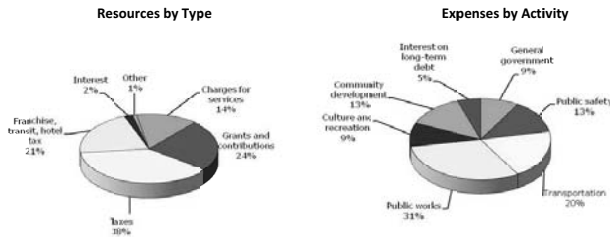
B-14

Governmental activities – The net assets for governmental activities increased \$4.0 million from the prior year. This increase arises from cash contributions from developers for future infrastructure costs; infrastructure improvements constructed by developers and then turned over to the City and from urban renewal taxes collected prior to payment of related debt.

Financial highlights from governmental activities for the year include:

- Grants and developer contributions added \$3.8 million in resources for infrastructure.
- Charges for services revenues declined \$600,000 due to fewer construction permits.
- Property taxes comprise approximately 16% of governmental operating resources.
- Property taxes for operating purposes increased \$200,000 as allowed by statute.
- Property taxes for urban renewal and general obligation debt increased \$100,000.
- Transit taxes increased \$370,000 due to a tax rate increase effective in the prior year.
- Community Development cuts in programs achieved about \$400,000 in savings from the prior year.

CHART 2
 GOVERNMENTAL ACTIVITIES REVENUES AND EXPENSES
 FOR FISCAL YEAR ENDING JUNE 30, 2010

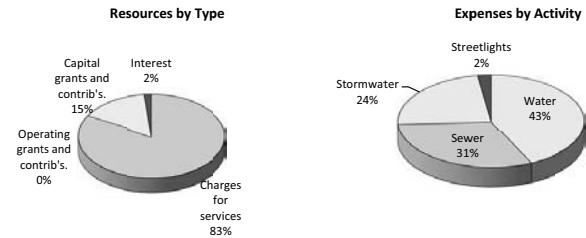


Business-type activities – Business-type activities generated a \$0.3 million increase to the City's total net assets. While the combined change is relatively small there were some significant changes within the particular funds, as noted below.

Key activities during fiscal year ended June 30, 2010 include:

- Sewer net assets increased \$1.1 million due to a 10% rate increase in anticipation of a future bond sale for treatment plant improvement and expansion.
- The sewer rate increase is the second in a series of four approved by Council. Additional increases will be necessary to provide adequate resources to meet debt service on an anticipation bond sale.
- Stormwater net assets declined by \$1.6 million due to infrastructure maintenance costs and a write down of assets.
- A master plan for the stormwater system which proposed an increase in rates and system development charges was returned to staff by Council to restructure towards smaller increases.
- Water rates increased 3% in November 2009 to pay for operating cost increases. This was the first increase in four years.
- Developer installed infrastructure that was turned over to the City to operate was valued at \$946,000. In addition, cash deposits for system development charges were \$740,000.

CHART 3
 BUSINESS-TYPE ACTIVITIES REVENUES AND EXPENSES
 FOR FISCAL YEAR ENDING JUNE 30, 2010



FUND FINANCIAL ANALYSIS

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$42.0 million, an increase of \$0.9 compared with the prior year. \$29.1 million of the total resides in funds other than the General Fund and is either legally restricted or designated by the governing body for specific purposes. The remaining \$12.9 million is within the General Fund and includes \$6.6 million designated for future program or capital needs.

The General Fund is the chief operating fund for the City. At the end of the current fiscal year unreserved fund balance was \$12.9 million. The fund balance increased \$0.9 million during the fiscal year. Key factors in the increase were property taxes growth of \$200,000 and franchise fees of \$230,000. Tax increases are controlled by state statute and allowed to grow by up to 3% under normal circumstances. Franchise fees are based on utility revenues and reflect either rate increases or increased consumer consumption.

The Community Development Fund accounts for building inspection, planning and engineering services. Permit revenues declined by \$475,000 due to reduced private sector development. To deal with the decline several positions were eliminated and program operations were cutback providing savings of nearly \$300,000 from the prior year. At fiscal year end the fund had an ending balance of \$2.6 million.

The Transit Fund records the activity of the City's bus system and transportation alternatives programs. The primary resource is a payroll tax on local businesses which provided revenues of \$3.8 million, up \$370,000 from the prior year due to a tax increase effective in the prior year. Nevertheless, revenues are down from expected levels due to local job losses. Overall, this fund's ending balance remained the same at \$1.9 million.

Proprietary Funds

The Water Fund experienced a \$400,000 decline in user charges, the third consecutive year in which revenues have declined due to conservation and business closures. This trend is consistent with other water providers in the metropolitan region. The Council approved a three year series of 3% increases to help stabilize the fund. The Water Fund ended the year with a \$141,000 increase in net assets.

The Sewer Fund bases its charges on water consumption and revenues have been less than anticipated due to the aforementioned water use reduction. Offsetting the financial effects of the reduced usage is a four-year series of

10% rate increases. The second of four increases became effective in January 2010. User charges increased \$300,000 due to the rate increase and contributed to increasing net assets. Also adding to net assets were \$300,000 in receipts from developers for system development charges. The Sewer Fund ended the year with a \$1.1 million increase in net assets.

The Stormwater Fund operating revenues and costs remained consistent with prior year activity. The Stormwater Fund ended the year with a \$1 million decline in net assets due to a decrease in certain infrastructure values. A master plan to revise system development charges and user rates was near completion at fiscal year end.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budgetary statement for the General Fund, page 65, shows the original budget, final budget, actual revenues, expenditures and transfers in and out for the fiscal year ended June 30, 2010. One adjustment was approved by Council in June 2010. The approximate \$200,000 adjustment transferred contingency to cover unanticipated park equipment repairs (\$90,000), building HVAC replacement (\$30,000), and signal light improvements near an elementary school (\$65,000). Overall, the General Fund actual costs for staffing and supplies were some \$970,000 less than the revised budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital assets comprise 80% of all City assets. Of that total, infrastructure is the largest component of both governmental and business-type activities. Infrastructure includes road improvements, sidewalks, stormwater systems, sewer lines, and water lines. Within governmental activities, the second largest component is land for buildings, parks, and roadways. Within business-type activities, the second largest component is for water treatment and wastewater treatment plants. Additional information about the City's capital assets and depreciation can be found in the Notes on pages 52 and 53.

TABLE 3
 CAPITAL ASSETS AT FISCAL YEARS-END JUNE 30
 NET OF DEPRECIATION
 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Land	\$ 68.9	\$ 68.6	\$ 1.4	\$ 1.4	\$ 70.3	\$ 70.0
Intangibles	1.2	-	0.7	-	1.9	-
Buildings and improvements	15.5	16.0	23.7	24.6	39.2	40.6
Land improvements	6.1	6.4	0.3	0.3	6.4	6.7
Machinery and equipment	2.5	3.0	2.7	2.4	5.2	5.4
Infrastructure	81.5	84.9	57.8	56.7	139.3	141.6
Construction in progress	10.8	7.1	4.4	4.1	15.2	11.2
Total	\$ 186.5	\$ 186.0	\$ 91.0	\$ 89.5	\$ 277.5	\$ 275.5

Significant capital asset additions for governmental and business-type activities for the current fiscal year include:

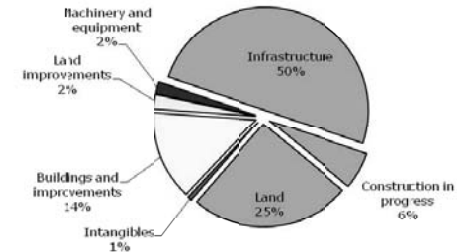
Governmental activities

- Widening and reconstruction of Boones Ferry Road south of Wilsonville Road, \$2.1 million.
- Wilsonville Road Interchange improvement, planning and design, \$1.8 million.
- Wilsonville Road enhancements, planning and design, \$700,000
- Barber Road reconstruction, \$400,000.
- Public restrooms and driver break room at the transit station, \$700,000.
- Clock tower and bus shelter amenities at the transit station, \$200,000.
- Senior housing project amenities, \$500,000.

Business-type activities

- Water and sewer line replacements under Boones Ferry Road, \$800,000 and \$400,000 respectively.
- Miscellaneous water line replacements, \$400,000.
- Sewer treatment plant improvements, preliminary analysis, \$2.2 million.
- Miscellaneous sewer line replacements and rehabilitations, \$300,000.

CHART 4
 CAPITAL ASSETS – TOTAL
 AS OF JUNE 30, 2010



DEBT OUTSTANDING

At year-end, the City had \$62.5 million in debt outstanding compared to \$61.9 million in the prior year. Of this balance, \$4.5 million is due on amortizing debt and \$16.5 is scheduled for refinancing within one year. Additional information can be found in the Notes on pages 54-59.

TABLE 4
OUTSTANDING DEBT AT FISCAL YEARS-END
 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Full faith and credit bonds:						
General obligation bonds	\$ 1.9	\$ 2.2	\$ -	\$ -	\$ 1.9	\$ 2.2
Revenue backed	-	-	10.3	11.3	10.3	11.3
Tax increment bonds	36.2	38.6	-	-	36.2	38.6
Revenue debt:						
Revenue bonds	-	-	14.1	9.8	14.1	9.8
Total	\$ 38.1	\$ 40.8	\$ 24.4	\$ 21.1	\$ 62.5	\$ 61.9

During the fiscal year ended June 30, 2010 all scheduled debt payments were met. One \$5 million sewer credit facility was issued.

Moody's Investors Service, Inc. has rated the City's general obligation debt at Aa2 and water revenue bond at Aa3. Both of these ratings reflect the new Global Rating Scale. The tax increment debt is privately placed and has not been rated.

Under Oregon Revised Statutes, general obligation debt issues are limited to 3% of the real market value of all taxable property within the City's boundaries. The \$1.9 million in general obligation debt applicable to this limit, less \$0.2 million in funds currently held to pay the principal thereof, is well below the \$107 million limitation.

ECONOMIC FACTORS AND RATES

Wilsonville, like our neighboring communities and similar to those across the nation, has experienced declining housing starts and falling market values. Offsetting the decline in housing starts has been fairly active commercial development with a new Dasani water bottling plant, Audi dealership, high tech industrial space and a Fred Meyer retail mega-complex either completed or under construction at the end of the fiscal year. Nevertheless, in response to the decline in new developments the building, engineering and planning programs all reduced staffing and cut program costs.

The City's public transit system is funded via a local payroll tax. Some 900 jobs were lost in fiscal year 2008-09, or 5%. Revenues have not decreased because a 50% increase in the tax rate went into effect January 2009. Nevertheless, revenues are less than anticipated and barely sufficient to cover ongoing operating costs. Compounding this situation is the need to locate or build new office space by then end of fiscal year 2012 when our current facility must be returned to the local fire district. Some cash on hand has been reserved for this but it is not sufficient to cover the expected costs.

Market values have closely mirrored those of the national level. Since peaking in July 2007, values have declined some 23% with the low occurring in January 2010. Since then values have increased some 2% through June 2010.

While declining market values have significant adverse impacts on property taxes in other states, in Oregon it is important to note that assessed values are computed separately from market values. Over a decade ago assessed values were set lower than real market value and then limited to 3% annual increases. As long as assessed values are below real market, property tax receipts are expected to increase by 3% per year as allowed by statute. For most properties there is a 25% gap between these two values.

The State of Oregon does not have a sales tax, thus the City is not subject to a loss in the General Fund from such revenues during an economic downturn. Nor is the City dependent upon income taxes as a resource, thus it is unaffected by the volatility of that resource. Property taxes are a prime resource for the General Fund and these taxes are permitted to increase by 3% per year. A second major resource for the General Fund is franchise fees which have proven to be stable. Most other revenues, apart from building and planning permits, have been and are expected to remain stable for the near term.

The City has held utility rates stable for many years. Street lighting was last adjusted in July 1998 and stormwater in December 2001. Water rates were increased 3% in November 2009 with similar increases scheduled for the succeeding two years. Sewer rates were increased 10% in January 2010 and are set to increase 10% in January for the next two years. The large sewer increases are in anticipation of a future bond sale to improve and expand the treatment plant.

Uncertainties about future economic changes and financial impacts are common to all cities. To deal with the swings in the economy and to plan for future capital expansion, the City routinely puts aside resources. At June 30, 2010 the amount of assets set aside in governmental activities for construction, debt service, and equipment replacement is \$30.7 million and another \$11.3 million is provided for operating contingencies. Within the business-type activities \$9.3 million is set aside for future construction and equipment replacement programs and \$9.5 million is available for operating contingencies.

REQUEST FOR INFORMATION

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City's Finance Director at 29799 SW Town Center Loop E, Wilsonville, Oregon 97070, or via email to wallis@ci.wilsonville.or.us. Financial information for current and prior years is also available at www.ci.wilsonville.or.us.

**BASIC
FINANCIAL
STATEMENTS**

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CITY OF WILSONVILLE, OREGON
Statement of Net Assets
June 30, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 38,550,836	\$ 10,111,374	\$ 48,662,210
Receivables (net of allowances for uncollectibles)	3,365,032	1,577,888	4,942,920
Inventories	-	194,263	194,263
Prepays	285,530	-	285,530
Notes receivable	-	1,020,926	1,020,926
Restricted cash and investments	4,175,956	9,160,631	13,336,587
Capital assets:			
Land, non-depreciable assets, and construction in progress	81,518,304	6,540,785	88,059,089
Building, improvements, and other capital assets (net of accumulated depreciation)	104,986,698	84,487,165	189,473,863
Total assets	<u>232,882,356</u>	<u>113,093,032</u>	<u>345,975,388</u>
LIABILITIES			
Accounts payable	1,154,388	958,425	2,112,813
Other accrued liabilities	1,513,257	34,232	1,547,489
Unearned revenue	937,694	1,131,490	2,069,184
Deposits	156,304	12,102	168,406
Interest payable	186,708	71,713	258,421
Noncurrent liabilities:			
Due within one year	19,421,099	1,822,820	21,243,919
Due in more than one year	19,287,176	22,002,209	41,289,385
Total liabilities	<u>42,656,626</u>	<u>26,032,991</u>	<u>68,689,617</u>
NET ASSETS			
Invested in capital assets, net of related debt	148,408,001	65,194,932	213,602,933
Restricted for:			
Capital projects	12,460,845	9,160,631	21,621,476
Debt service	8,786,893	-	8,786,893
Unrestricted	20,569,991	12,704,478	33,274,469
Total net assets	<u>\$ 190,225,730</u>	<u>\$ 87,060,041</u>	<u>\$ 277,285,771</u>

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

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CITY OF WILSONVILLE, OREGON
Statement of Activities
For the year ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 2,303,475	\$ 550,187	\$ 82,156	\$ -	\$ (1,671,132)	\$ -	\$ (1,671,132)
Public safety	3,536,948	365,082	97,770	-	(3,074,096)	-	(3,074,096)
Transportation	5,228,701	1,394,463	231,987	532,666	(3,069,585)	-	(3,069,585)
Public works	8,166,407	624,647	756,757	2,854,161	(3,930,842)	-	(3,930,842)
Culture and recreation	2,474,430	152,498	896,210	275,228	(1,150,494)	-	(1,150,494)
Community development	3,483,069	1,359,674	-	982,606	(1,140,789)	-	(1,140,789)
Interest on long-term debt	1,399,271	-	-	-	(1,399,271)	-	(1,399,271)
Total governmental activities	<u>26,592,301</u>	<u>4,446,551</u>	<u>2,064,880</u>	<u>4,644,661</u>	<u>(15,436,209)</u>	<u>-</u>	<u>(15,436,209)</u>
Business-type activities:							
Water	5,470,193	4,969,233	-	535,307	-	34,347	34,347
Sewer	3,990,851	4,547,155	-	426,191	-	982,495	982,495
Stormwater	3,038,784	937,249	30,634	1,015,038	-	(1,055,863)	(1,055,863)
Streetlights	328,009	375,483	-	-	-	47,474	47,474
Total business-type activities	<u>12,827,837</u>	<u>10,829,120</u>	<u>30,634</u>	<u>1,976,536</u>	<u>-</u>	<u>8,453</u>	<u>8,453</u>
Total government	<u>\$ 39,420,138</u>	<u>\$ 15,275,671</u>	<u>\$ 2,095,514</u>	<u>\$ 6,621,197</u>	<u>(15,436,209)</u>	<u>8,453</u>	<u>(15,427,756)</u>
General revenues:							
Property taxes, levied for general purposes					4,843,914	-	4,843,914
Property taxes, levied for debt service					7,053,024	-	7,053,024
Franchise, transit and hotel taxes					6,681,467	-	6,681,467
Investment revenue					563,385	235,283	798,668
Other revenues					386,794	65,692	452,486
Gain/Loss on sale of capital assets					(86,729)	-	(86,729)
Subtotal general revenues					<u>19,441,855</u>	<u>300,975</u>	<u>19,742,830</u>
Transfers					<u>22,000</u>	<u>(22,000)</u>	<u>-</u>
Total general revenues and transfers					<u>19,463,855</u>	<u>278,975</u>	<u>19,742,830</u>
Change in net assets					<u>4,027,646</u>	<u>287,428</u>	<u>4,315,074</u>
Net assets--beginning					<u>186,198,084</u>	<u>86,772,613</u>	<u>272,970,697</u>
Net assets--ending					<u>\$ 190,225,730</u>	<u>\$ 87,060,041</u>	<u>\$ 277,285,771</u>

Continued on page 29.

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

FUND FINANCIAL STATEMENTS

Major Governmental Funds

Funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. Additional funds may be reported as a major fund if the City's officials believe that fund is particularly important to financial statement users.

General Fund

Accounts for the financial operations of the City not accounted for in any other fund. Principal sources of revenue are property taxes, licenses and permits, state and county shared revenue, and charges for administrative services from other funds. Primary expenditures are for culture and recreation, general government, and police protection.

Community Development Fund

Accounts for the financial operations of the City's civil engineering, building inspection, and community planning departments.

Transit Fund

Accounts for payroll taxes collected from the local business community and used to fund the City's mass transit program.

Urban Renewal - Year 2000 Plan Debt Service Fund

Accounts for the payment of principal and interest on Urban Renewal bonds. Resources are provided by property taxes and interest earnings.

Street Capital Projects

Accounts for the construction or reconstruction of streets, sidewalks and bike-paths that are paid from issuance of debt, system development charges, grants, and interest earnings.

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CITY OF WILSONVILLE, OREGON
Governmental Funds
Balance Sheet
June 30, 2010

	<u>General</u>	<u>Community Development</u>
ASSETS		
Cash and investments	\$ 12,253,040	\$ 1,855,913
Receivables:		
Interest	180,861	29,673
Accounts	437,131	-
Property taxes	303,645	-
Prepays	255,849	655
Restricted cash and investments	239,312	1,139,809
Total assets	<u>\$ 13,669,838</u>	<u>\$ 3,026,050</u>
LIABILITIES		
Accounts payable	\$ 174,407	\$ 81,781
Other accrued liabilities	182,057	72,921
Deposits	14,555	141,749
Deferred revenue	350,389	90,926
Development charge payable	-	-
Total liabilities	<u>721,408</u>	<u>387,377</u>
FUND BALANCES		
Unreserved, reported in:		
General fund	12,948,430	-
Special revenue funds	-	2,638,673
Debt service funds	-	-
Capital projects funds	-	-
Total fund balances	<u>12,948,430</u>	<u>2,638,673</u>
Total liabilities and fund balances	<u>\$ 13,669,838</u>	<u>\$ 3,026,050</u>

	<u>Transit</u>	<u>Urban Renewal Year 2000 Plan Debt Service</u>	<u>Street Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental</u>
	\$ 688,572	\$ 2,906,046	\$ 1,484,542	\$ 19,362,723	\$ 38,550,836
	31,145	7,805	-	359,051	608,535
	1,381,618	-	23,757	158,892	2,001,398
	-	301,744	-	149,710	755,099
	29,026	-	-	-	285,530
	-	2,000,000	-	796,835	4,175,956
	<u>\$ 2,130,361</u>	<u>\$ 5,215,595</u>	<u>\$ 1,508,299</u>	<u>\$ 20,827,211</u>	<u>\$ 46,377,354</u>
	\$ 65,781	\$ -	\$ 471,086	\$ 361,333	\$ 1,154,388
	54,842	-	155,751	26,760	492,331
	-	-	-	-	156,304
	94,500	262,814	643,671	104,795	1,547,095
	-	-	-	1,020,926	1,020,926
	<u>215,123</u>	<u>262,814</u>	<u>1,270,508</u>	<u>1,513,814</u>	<u>4,371,044</u>
	-	-	-	-	12,948,430
	1,915,238	-	-	3,621,426	8,175,337
	-	4,952,781	-	3,468,917	8,421,698
	-	-	237,791	12,223,054	12,460,845
	<u>1,915,238</u>	<u>4,952,781</u>	<u>237,791</u>	<u>19,313,397</u>	<u>42,006,310</u>
	<u>\$ 2,130,361</u>	<u>\$ 5,215,595</u>	<u>\$ 1,508,299</u>	<u>\$ 20,827,211</u>	

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

Capital assets used in governmental activities aren't financial resources and therefore aren't reported in the funds, net of accumulated depreciation of \$84,542,155	186,505,002
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property taxes earned but unavailable	609,401
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(495,032)
Net OPEB obligation - Post employment benefit costs not due and payable in the current period and, therefore, are not reported in the funds.	(116,242)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Notes and bonds	(38,097,001)
Interest on long-term debt	(186,708)
Net Assets of Governmental Activities	<u>\$ 190,225,730</u>

Continued on page 33.

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

CITY OF WILSONVILLE, OREGON
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ending June 30, 2010

	General	Community Development	Transit	Urban Renewal Year 2000 Plan Debt Service	Street Capital Project	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 7,741,349	\$ -	\$ 3,781,052	\$ 4,580,766	\$ -	\$ 2,460,109	\$ 18,563,276
Intergovernmental	1,402,130	-	759,083	-	23,757	1,482,253	3,667,223
Licenses and permits	118,090	619,492	-	-	-	3,624	741,206
Charges for services	407,294	734,721	167,003	-	-	1,828,500	3,137,518
System development fees	-	-	-	-	-	2,558,287	2,558,287
Fines and forfeitures	293,007	-	-	-	-	-	293,007
Investment revenue	146,987	46,644	31,729	39,967	-	298,197	563,524
Other revenues	213,265	2,915	6,120	-	784,440	125,813	1,132,553
Total revenues	10,322,122	1,403,772	4,744,987	4,620,733	808,197	8,756,783	30,656,594
EXPENDITURES							
Current operating:							
General government	1,956,135	159,646	409,374	-	137,089	39,876	2,702,120
Public safety	3,564,996	-	-	-	-	-	3,564,996
Transportation	-	-	3,744,493	-	-	1,015,713	4,760,206
Public works	1,658,876	7,700	38,183	-	-	490,981	2,195,740
Culture and recreation	2,024,741	-	-	-	-	29,190	2,053,931
Community development	-	1,660,243	-	-	601,889	1,266,874	3,529,006
Debt service:							
Principal	-	-	-	2,012,000	-	690,000	2,702,000
Interest	-	-	-	474,146	-	875,600	1,349,746
Capital outlay	134,674	-	317,932	-	4,314,301	3,109,575	7,876,482
Total expenditures	9,339,422	1,827,589	4,509,982	2,486,146	5,053,279	7,517,809	30,734,227
Excess (deficiency) of revenues over (under) expenditures	982,700	(423,817)	235,005	2,134,587	(4,245,082)	1,238,974	(77,633)
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	-	-	-	-	-	959,599	959,599
Transfers in	50,000	-	-	-	4,122,874	287,866	4,460,740
Transfers out	(88,848)	(18,000)	(170,536)	-	-	(4,161,356)	(4,438,740)
Total other financing sources (uses)	(38,848)	(18,000)	(170,536)	-	4,122,874	(2,913,891)	981,599
Net change in fund balance	943,852	(441,817)	64,469	2,134,587	(122,208)	(1,674,917)	903,966
Fund balances--beginning	12,004,578	3,080,490	1,850,769	2,818,194	359,999	20,988,314	41,102,344
Fund balances--ending	\$ 12,948,430	\$ 2,638,673	\$ 1,915,238	\$ 4,952,781	\$ 237,791	\$ 19,313,397	\$ 42,006,310

Continued on page 35.

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

CITY OF WILSONVILLE, OREGON
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the year ending June 30, 2010

Net change in fund balances--total governmental funds \$ 903,966

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlay exceeded depreciation in the current period.

Expenditures for capital assets	\$ 6,307,001	
Less current year depreciation	(5,827,988)	479,013

Changes in capital assets as reported in the Statement of Activities affect net assets. Capital assets are not reported in the fund-level statements.

Contributions from outside parties	12,953	
Sale of capitalized assets	(961,831)	
Capitalized software	78,618	
Other items	34,534	
Capitalized overhead costs	923,014	87,288

In the Statement of Activities, the loss on the disposition of capital assets is reported. The loss is not a use of current resources and thus is not reported in the funds.

(86,729)

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

Property taxes		15,127
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which proceeds exceeded repayments.

Principal payments		2,702,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Interest	(49,525)	
Compensated absences	(39,126)	
Other postemployment benefits	15,632	

Change in Net Assets of Governmental Activities	\$ 4,027,646	
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The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

Proprietary Funds

The City of Wilsonville utilizes four Proprietary Funds made up of four Enterprise Funds. These funds are used to account for acquisition, operation, and maintenance of water, sewer, stormwater facilities, and streetlights. These funds are entirely or predominantly self-supported through user charges to the customer. Funds included are:

- **Water**
- **Sewer**
- **Stormwater**
- **Street Lighting**

For budgetary purposes (see budget schedules in the Other Supplemental Information section), the Water, Sewer, and Stormwater funds are accounted for in the following separate funds:

- **Water**
 - Water Operating
 - Water Capital Projects
 - Water Development Charges
- **Sewer**
 - Sewer Operating
 - Sewer Capital Projects
 - Sewer Development Charges
- **Stormwater**
 - Stormwater Operating
 - Stormwater Capital Projects
 - Stormwater Development Charges

For generally accepted accounting principles purposes, these aforementioned funds and the Street Lighting Fund are consolidated and included as four separate Enterprise Funds.

CITY OF WILSONVILLE, OREGON
Proprietary Funds
Statement of Net Assets
June 30, 2010

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Stormwater	Street Lighting	Totals
ASSETS					
Current assets:					
Cash and investments	\$ 2,712,420	\$ 6,225,070	\$ 611,583	\$ 562,301	\$ 10,111,374
Customer receivable, net	464,108	486,853	90,752	36,099	1,077,812
Other receivables	118,054	382,022	-	-	500,076
Inventories	64,804	129,459	-	-	194,263
Total current assets	<u>3,359,386</u>	<u>7,223,404</u>	<u>702,335</u>	<u>598,400</u>	<u>11,883,525</u>
Noncurrent assets:					
Notes receivable	1,020,926	-	-	-	1,020,926
Restricted cash and investments	2,927,297	5,560,087	673,247	-	9,160,631
Capital assets, net	46,846,654	22,761,352	19,636,577	1,783,367	91,027,950
Total noncurrent assets	<u>49,773,951</u>	<u>28,321,439</u>	<u>20,309,824</u>	<u>1,783,367</u>	<u>100,188,581</u>
Total assets	<u>\$4,154,263</u>	<u>\$5,544,843</u>	<u>\$21,012,159</u>	<u>\$2,381,767</u>	<u>\$113,093,032</u>
LIABILITIES					
Current liabilities:					
Accounts payable	267,982	640,019	30,031	20,393	958,425
Accrued compensated absences	8,941	16,737	2,142	-	27,820
Other accrued liabilities	9,722	19,251	5,259	-	34,232
Unearned revenue	23,352	1,108,138	-	-	1,131,490
Deposits	12,102	-	-	-	12,102
Interest payable	51,534	20,179	-	-	71,713
Bonded debt - current	1,275,000	520,000	-	-	1,795,000
Total current liabilities	<u>1,648,633</u>	<u>2,324,324</u>	<u>37,432</u>	<u>20,393</u>	<u>4,030,782</u>
Noncurrent liabilities:					
Compensated absences	15,085	33,933	1,182	-	50,200
Bond (discount) or premium, net	(26,090)	33,842	-	-	7,752
Bonded debt	14,075,209	7,869,048	-	-	21,944,257
Total noncurrent liabilities	<u>14,064,204</u>	<u>7,936,823</u>	<u>1,182</u>	<u>-</u>	<u>22,002,209</u>
Total liabilities	<u>15,712,837</u>	<u>10,261,147</u>	<u>38,614</u>	<u>20,393</u>	<u>26,032,991</u>
NET ASSETS					
Invested in capital assets,					
net of related debt	31,522,535	12,252,453	19,636,577	1,783,367	65,194,932
Restricted	2,927,297	5,560,087	673,247	-	9,160,631
Unrestricted	3,991,594	7,471,156	663,721	578,007	12,704,478
Total net assets	<u>\$ 38,441,426</u>	<u>\$ 25,283,696</u>	<u>\$ 20,973,545</u>	<u>\$ 2,361,374</u>	<u>\$ 87,060,041</u>

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

CITY OF WILSONVILLE, OREGON
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the year ended June 30, 2010

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Stormwater	Street Lighting	Totals
OPERATING REVENUES					
Intergovernmental	\$ -	\$ -	\$ 321,931	\$ -	\$ 321,931
Charges for services	4,969,233	4,547,155	937,249	375,483	10,829,120
Other revenues	24,738	29,609	7,393	3,952	65,692
Total operating revenues	<u>4,993,971</u>	<u>4,576,764</u>	<u>1,266,573</u>	<u>379,435</u>	<u>11,216,743</u>
OPERATING EXPENSES					
Personal services	361,383	695,256	195,585	-	1,252,224
Support services	496,954	497,774	224,607	-	1,219,335
Contractual services	1,187,499	111,334	23,937	-	1,322,770
Utilities	383,755	338,474	-	246,700	968,929
Repairs and maintenance	241,846	807,214	220,175	15,702	1,284,937
Other operating expenses	546,912	433,859	608,533	-	1,589,304
Depreciation	1,528,231	870,333	988,457	65,607	3,452,628
Total operating expenses	<u>4,746,580</u>	<u>3,754,244</u>	<u>2,261,294</u>	<u>328,009</u>	<u>11,090,127</u>
Operating income (loss)	<u>247,391</u>	<u>822,520</u>	<u>(994,721)</u>	<u>51,426</u>	<u>126,616</u>
Nonoperating revenues (expenses)					
Investment revenue	92,037	102,645	35,674	4,927	235,283
System development revenue	319,140	329,007	91,233	-	739,380
Interest expense	(658,696)	(198,622)	-	-	(857,318)
Amortization of bond issuance costs	(3,562)	6,769	-	-	3,207
Amortization of bond defeasance	(61,010)	(10,190)	-	-	(71,200)
Disposition of capital assets	(345)	(34,564)	(777,490)	-	(812,399)
Total nonoperating revenues (expenses)	<u>(312,436)</u>	<u>195,045</u>	<u>(650,583)</u>	<u>4,927</u>	<u>(763,047)</u>
Net income (loss) before contributions and transfers	<u>(65,045)</u>	<u>1,017,565</u>	<u>(1,645,304)</u>	<u>56,353</u>	<u>(636,431)</u>
Capital contributions	216,167	97,184	632,508	-	945,859
Transfers to other funds	(10,000)	(10,000)	(2,000)	-	(22,000)
Change in net assets	141,122	1,104,749	(1,014,796)	56,353	287,428
Net assets--beginning	<u>38,300,304</u>	<u>24,178,947</u>	<u>21,988,341</u>	<u>2,305,021</u>	<u>86,772,613</u>
Net assets--ending	<u>\$ 38,441,426</u>	<u>\$ 25,283,696</u>	<u>\$ 20,973,545</u>	<u>\$ 2,361,374</u>	<u>\$ 87,060,041</u>

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

CITY OF WILSONVILLE, OREGON

Proprietary Funds
Statement of Cash Flows

For the year ended June 30, 2010

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Stormwater	Street Lighting	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 5,131,668	\$ 4,312,628	\$ 978,107	\$ 387,060	\$ 10,809,463
Payments to suppliers	(2,561,874)	(1,781,953)	(865,209)	(262,749)	(5,471,785)
Payments to employees	(359,259)	(692,496)	(193,997)	-	(1,245,752)
Internal activity—payments to other funds	(496,952)	(497,774)	(224,607)	-	(1,219,333)
Other receipts	24,738	29,609	329,324	3,952	387,623
Net cash provided (used) by operating activities	1,738,321	1,370,014	23,618	128,263	3,260,216
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating subsidies and transfers to other funds	(10,000)	(10,000)	(2,000)	-	(22,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from issuance of debt	-	5,000,000	-	-	5,000,000
System development fees	319,140	329,007	91,233	-	739,380
Purchases of capital assets	(1,504,661)	(3,163,318)	(220,056)	-	(4,888,035)
Principal paid on capital debt	(1,225,000)	(500,000)	-	-	(1,725,000)
Interest paid on capital debt	(663,234)	(191,956)	-	-	(855,190)
Net cash provided (used) by capital and related financing activities	(3,073,755)	1,473,733	(128,823)	-	(1,728,845)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	92,037	102,645	35,674	4,927	235,283
Net increase (decrease) in cash and investments	(1,253,397)	2,936,392	(71,531)	133,190	1,744,654
Balances—beginning of the year	6,893,114	8,848,765	1,356,361	429,111	17,527,351
Balances—end of the year	\$ 5,639,717	\$ 11,785,157	\$ 1,284,830	\$ 562,301	\$ 19,272,005
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 247,391	\$ 822,520	\$ (994,721)	\$ 51,426	\$ 126,616
Adjustments to reconcile operating income to net cash provided by operating activities:					
Cash flows reported in other categories:					
Depreciation expense	1,528,231	870,333	988,457	65,607	3,452,628
Change in assets and liabilities:					
Receivables, net	166,073	(216,805)	40,858	11,577	1,703
Inventories	(3,636)	(17,722)	-	-	(21,358)
Accounts payable	(210,733)	(91,451)	(12,564)	(347)	(315,095)
Accrued compensated absences	2,124	2,760	1,588	-	6,472
Deferred revenue	11,551	379	-	-	11,930
Deposits	(2,680)	-	-	-	(2,680)
Net cash provided (used) by operating activities	\$ 1,738,321	\$ 1,370,014	\$ 23,618	\$ 128,263	\$ 3,260,216
Noncash capital activities:					
Capital assets contributed by developers	\$ 216,167	\$ 97,184	\$ 632,508	\$ -	\$ 945,859

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

**NOTES TO
BASIC FINANCIAL STATEMENT**

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CITY OF WILSONVILLE, OREGON
Notes to Basic Financial Statements

June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Reporting Entity

The City of Wilsonville, Oregon is a municipal corporation, incorporated in 1968. The City operates under a Council-City Manager form of government. The governing body consists of four elected council members and a mayor. The mayor and council members are each elected to serve a four-year term. The City Manager administers policies and coordinates the activities of the City. The heads of the various departments, formed to provide various services, are under the direct supervision of the City Manager.

The accompanying financial statements present the City and its component unit (Urban Renewal Agency), an entity for which the City is considered to be financially responsible.

Blended Component Unit

The City has included the financial operations of its Urban Renewal Agency as a blended component unit in the basic financial statements. The Agency is a legally separate entity which is governed by a board comprised of the members of the City Council as stipulated by the Agency's bylaws. The City Council has the ability to impose its will on the Agency as determined on the basis of budget adoption, taxing authority, and funding for the Agency. Complete financial statements for the Agency can be obtained from the Finance Director of the City, 29799 SW Town Center Loop E., Wilsonville, OR 97070-0220, or can be viewed at the City's web page: <http://www.ci.wilsonville.or.us>.

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 Assets and the Statement of Activities.

The Statement of Net Assets presents all the assets and liabilities of the City with the difference reported as net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. 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 program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. 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, proprietary, or fiduciary. Currently, the City has only governmental and proprietary type funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major 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 supplemental information.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include charges between the City's business-type activities/ enterprise funds, as well as some special revenue funds, and the General Fund. The City allocates charges as reimbursement for services provided by the General Fund in support of those functions based on levels of service provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These charges are included in direct program expenses.

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CITY OF WILSONVILLE, OREGON
Notes to Basic Financial Statements
June 30, 2010

Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

There are stated minimum criteria for the determination of major finds: percentage of the assets liabilities, revenues or expenditures/expenses of either fund category, or the governmental and enterprise combined. The City electively added funds as major funds, which either had debt outstanding or specific community focus. Non-major 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**
Accounts for all the financial operations of the City except those required to be accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, licenses, state and county shared revenues, and charges for administrative services from other funds. Primary expenditures are for general government, police protection, and culture and recreation.
- **Community Development Fund**
Accounts for building, engineering, and planning departments' permit fees, capital construction administrative charges, and the related program expenditures.
- **Transit Fund**
Accounts for payroll taxes collected from the local business community, federal transit grants and use of these resources to operate the City's mass transit program.
- **Urban Renewal Year 2000 Plan Debt Service Fund**
Accounts for the payment of principal and interest on Urban Renewal Year 2000 Plan Bonds. Resources are provided from tax increment proceeds and interest earnings.
- **Street Capital Projects**
Accounts for the construction or reconstruction of street related capital projects. These improvements are paid from system development charges, road operating funds, developer contributions and state and federal funds.
Additionally, the City reports non-major funds within the governmental fund type.
- **Special Revenue Funds**
Used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- **Debt Service Funds**
Used to account for debt service appropriations for the payment of principal and interest on general obligation bonds.
- **Capital Projects Funds**
Accounts for financial resources used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

The City reports each of its four proprietary funds as major funds. These funds are used to account for the acquisition, operation, and maintenance of sewer, water, street lighting, and stormwater facilities. These funds are entirely or predominantly self-supported through user charges to customers. The City reports the following proprietary funds:

- **Water Fund**
Water Operating Fund (budgetary basis financial statements only)
Water Capital Projects Fund (budgetary basis financial statements only)
Water Development Charges Fund (budgetary basis financial statements only)
- **Sewer Fund**
Sewer Operating Fund (budgetary basis financial statements only)
Sewer Capital Projects Fund (budgetary basis financial statements only)
Sewer Development Charges Fund (budgetary basis financial statements only)
- **Stormwater Fund**
Stormwater Operating Fund (budgetary basis financial statements only)
Stormwater Capital Projects Water Fund (budgetary basis financial statements only)

CITY OF WILSONVILLE, OREGON
Notes to Basic Financial Statements
June 30, 2010

Stormwater Development Charges Fund (budgetary basis financial statements only)

- **Street Lighting Fund**
Street Lighting Fund

Permanent Funds are legally restricted to the extent that only earnings, not principal, may be used for purposes supporting the government's programs. The City had only one permanent fund – the Non-expendable Library Endowment Fund, however, the fund was closed during the fiscal year. The Expendable Library Endowment fund was also closed during the fiscal year. Balances from both funds were transferred to the Library Foundation.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus.

Government-wide financial statements and proprietary funds financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus. An economic resource focus concentrates on an entity or fund's net assets. All transactions and events that affect the total economic resources (net assets) during the period are reported. An economic resources measurement focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of the timing of related cash inflows and outflows.

Governmental funds and permanent fund financial statements are presented on a modified accrual basis of accounting with a current financial resource measurement focus. This focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under modified accrual accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Property taxes, franchise fees, licenses and permits, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered susceptible to accrual as revenue of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

A deferred revenue liability arises in the Governmental Funds Balance Sheet when potential revenue does not meet both the measurable and available criteria for recognition in the current period. This unavailable deferred revenue consists primarily of uncollected property taxes and assessments not deemed available to finance operation of the current period. In the government-wide Statement of Activities, with a full accrual basis of accounting, revenue is recognized as soon as it is earned regardless of its availability. Thus, the liability created on the Governmental Fund Balance Sheet for unavailable deferred revenue is eliminated. Unearned revenues arise outside the scope of measurement focus and basis of accounting, such as when the City receives resources before it has a legal claim to them. An example of this would be when grant monies are received prior to the incurrence of qualifying expenditures.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as fund liabilities only when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Vested compensated absences are recorded as expenditures only to the extent that they are expected to be liquidated with expendable financial resources, such as, any unused reimbursable leave outstanding at the time of an employee's resignation or retirement. However, in the government-wide financial statements, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government are recognized. Thus, the expense and related accrued liability for long term portions of debt and compensated absences are included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, reconciliation is provided to explain the differences between the governmental fund statements and the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

Amounts reported as program revenues include 1) 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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Water, Sewer, Stormwater, and Street Lighting Funds are charges to customers for sales and services. The Water, Sewer, and Stormwater Funds also recognize fees intended to recover the cost of connecting new customers to the City's utility systems as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and overheads and depreciation on capital assets including the amortization of intangible assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities, and Equity

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, short-term investments with original or remaining maturities of three months or less when purchased, and cash and investments in the City-wide investment pool. Investments, including equity in pooled cash and investments are stated at fair value.

Restricted Assets

Assets whose use is restricted for construction, debt service or for other purposes are segregated on the government-wide Statement of Net Assets and the Proprietary Fund Statement of Net Assets. When expenditures are paid for purposes in which both restricted and unrestricted net assets are available, the City deems restricted net assets to be spent first.

Receivables and Payables

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Recorded property taxes receivable that are collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as deferred revenue because it is not deemed available to finance operations of the current period. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the property. Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Receivables of the enterprise funds are recognized as revenue when earned, including services provided but not billed. Receivables in governmental and enterprise funds are stated net of any allowance for uncollectible.

Inventories and Prepaids

Inventories of materials and supplies in the enterprise funds are stated at cost on a first-in, first-out basis and charged to expenses as used. Prepaids in the governmental funds are stated at cost and charged to expenditures in the period consumed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, pathways, streetlights, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at estimated fair market value as of the date of the donation.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of greater than five years. Additions or improvements and other capital outlays that significantly extend the useful life of an asset or that significantly increase the capacity of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred.

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Depreciation on exhaustible assets, including intangible assets with definite useful lives, is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is calculated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	25-40
Improvements other than buildings	10-20
Machinery and equipment	5-10
Vehicles	5-10
Utility systems	25-40
Infrastructure	20-40
Software	5-10

One-half year of depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

Accrued Compensated Absences and Sick Pay

Accumulated vested vacation pay is accrued as it is earned. For governmental funds, a liability for these amounts is reported only when it has matured, for example, when an employee resigns or retires. The non-current portion (the amount estimated to be used in subsequent fiscal years) is maintained separately and represents a reconciling item between the fund-level and government-wide presentations. Only the current portion is reported in the governmental funds, and is calculated based on historical trends. In business-type/enterprise funds, both the current and long-term liabilities are recorded.

Sick leave pay, which does not vest, is recognized in all funds when leave is taken.

Long-Term Debt

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are capitalized in the year of issue and are amortized over the life of the bond.

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

Fund Equity

Tentative plans for utilization of fund balances in future periods are recorded as designations of fund balance in the fund-level financial statements. Planned expenditures include future capital projects, debt service, equipment reserves, and other commitments for which fund balances have not been appropriated or specifically segregated.

Use of Estimates

In preparing the City's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets for all funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 – Local Budget Law). The process under which the budget is adopted is described in the following paragraphs.

Each April, the City Manager submits a proposed budget to the Budget Committee (consisting of the City Council and an equal number of citizens of the City). The City is required to budget all funds. The City's budget is prepared for each fund on the modified accrual basis of accounting with Proprietary Fund types adjusted for year-end accrued compensated absences. For all fund types, inter-fund loans are budgeted as sources and uses in accordance with state budget laws. Estimated receipts and expenditures are budgeted for by fund and object. Information on the past two years' actual revenues and expenditures and current-year estimates are included in the budget document.

CITY OF WILSONVILLE, OREGON
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The Budget Committee conducts public hearings for the purpose of obtaining citizens' comments and then approves a budget and submits it to the City Council for final adoption. The approved expenditures for each fund may not be increased by more than 10% by Council without returning to the Budget Committee for a second approval. After the Council adopts the budget and certifies the total of ad valorem taxes to be levied, no additional tax levy may be made for that fiscal year.

The City Council legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution for each fund is at the object group level (i.e. personal services, materials and services, capital outlay, debt service, interfund transfers, and contingency). Appropriations lapse as of year-end.

The City Council may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets as authorized by Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and approval by the City Council. Expenditure appropriations may not be legally over-expended except in the case of grant receipts that could not be reasonably estimated at the time the budget was adopted and for debt service on new debt issued during the budget year. Management may transfer budget amounts between individual line items within the object group, but cannot make changes to the object groups themselves, which is the legal level of control. During the fiscal year ended June 30, 2010, City Council approved one supplemental budget resolution that increased appropriations for increased revenues and one transfer resolution that reallocated contingency to other expenditure categories. The Urban Renewal Agency Board approved one supplemental resolution during the fiscal year.

Excess of Expenditures over Appropriations

The below listed funds had expenditures in excess of related appropriations. The over expenditures were all funded through available fund balances.

General Fund		
Capital Outlay	\$	(3,874)
Special Revenue Funds		
Road Maintenance Fund		
Transfers Out		(147,174)
Transit Fund		
Transfers Out		(15,613)
Urban Renewal West Side Capital Projects Fund		
Capital Outlay		(307,330)
Enterprise Funds		
Water Operating Fund		
Transfers Out		(39,100)

Deficit Fund Equity

The Urban Renewal West Side Plan Capital Projects Fund had a deficit fund balance of \$216,180 as of June 30, 2010. The deficit represents a liability owed the City's Water Development Charges Fund. It arises out of an agreement between the City and the Urban Renewal District to promote fire safety with the installation of fire sprinkler systems within all residential units. To mitigate some of the cost on developers the Urban Renewal District subsidizes a portion of the water system development charge. The credit will eventually be paid by the West Side District to the Water Development Charges Fund when urban renewal funds are available.

CITY OF WILSONVILLE, OREGON
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3. DETAILED NOTES ON ALL FUNDS

Pooled Deposits and Investments

The City maintains a cash management pool for its cash and investments in which each fund participates. Interest earnings are distributed monthly based on average daily balances.

Petty cash	\$	1,225
Deposits with financial institutions		1,459,659
Investments:		
Commercial paper and corporate bonds	\$	17,995,000
US agency obligations		10,500,000
Certificate of deposits		7,274,136
Local government investment pool		<u>24,768,774</u>
Total Investments		<u>60,537,910</u>
Total pooled cash and investments	\$	<u>61,998,797</u>

Cash and investments are reflected on the combined balance sheet as follows:

Cash and investments	\$	48,662,210
Restricted assets - cash and investments		<u>13,336,587</u>
	\$	<u>61,998,797</u>

The City participates in the State of Oregon Local Investment Pool (LGIP or Pool) which is an open-ended, no-load diversified portfolio created under ORS 294.805 to 294.895 and is not registered with the U.S. Securities and Exchange Commission as an investment company. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. These funds must be invested and managed, like that of a prudent investor, exercising reasonable care, skill, and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-term Funds Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually. The Division's report on the Pool as of and for the year ended June 30, 2010 was unqualified and may be obtained at the Oregon State Treasury, 350 Winter St. NE, Salem, OR 97310.

The City's position in pool at June 30, 2010 is stated at cost which approximates fair value.

Deposits

Deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. For deposits in excess of federal depository insurance currently limited to balances less than \$250,000; Oregon Revised Statute 295 effective July 1, 2008 created a multiple financial institution collateral pool and eliminated Certificates of Participation. As a result, all balances over the \$250,000 FDIC limit are collateralized. At June 30, 2010, the City's deposits with various financial institutions had a bank value of \$26,478,434. Of these deposits, \$750,000 was covered by federal depository insurance and the remainder was collateralized in accordance with Oregon Revised Statutes.

Investments

The City's investment policy specifies various goals and procedures that enhance opportunities for a prudent and systematic approach to investment-related activities. The City has delegated investment responsibilities to the Finance Director, who is primarily responsible for implementing the investment policy. The investment risk as outlined by the City's investment policy and the Oregon Revised Statutes authorize the Finance Director to invest primarily in general obligations of the US Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, high ranking corporate indebtedness, and the State of Oregon Local Investment Pool.

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Credit Risk

As required by the City's investment policy, which adheres to the State of Oregon statutes, all investments were rated A1 through AAA by the Moody's Investor Services or Standard and Poor's reporting agencies. The State of Oregon Local Government Investment Pool is not rated.

At June 30, 2010, the City's investments were rated as follows:

	Commercial Paper And Corporate Bonds	Certificates of Deposits	US Agency Corporations	Local Govt Investment Pool
AAA	\$ -	\$ -	\$ 10,500,000	\$ -
AA1	7,500,000	-	-	-
AA2	4,000,000	-	-	-
AA3	2,495,000	-	-	-
A1	4,000,000	-	-	-
Unrated	-	7,274,136	-	60,537,910
	<u>\$ 17,995,000</u>	<u>\$ 7,274,136</u>	<u>\$ 10,500,000</u>	<u>\$ 60,537,910</u>

Concentration of Credit Risk

The City's investment policy, as it relates to investing outside of the LGIP, does not allow for an investment in any single corporate entity and its affiliates or subsidiaries that is in excess of five percent of the City's total investments (ORS 294.035). Additionally, the policy requires the maximum investments in aggregate for all commercial paper and corporate bonds to be limited to 35% of the total investment portfolio.

Interest Rate Risk

The City's investment policy explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates. For commercial paper and corporate bonds, the maximum maturity is 18 months. The City intends to hold all investment until maturity.

Using the segmented time distribution method, investments maturities as of June 30, 2010 are as follows:

	Less than 6 Months	6-12 Months	12-18 Months	Total
Commercial Paper and Corporate Bonds	\$ 1,000,000	\$ 8,995,000	\$ 8,000,000	\$ 17,995,000
Certificate of Deposits	1,750,000	2,000,000	3,524,136	7,274,136
US Agency Corporations	3,500,000	1,000,000	6,000,000	10,500,000
Local Govt Investment Pool	24,768,774	-	-	24,768,774
	<u>\$ 31,018,774</u>	<u>\$ 11,995,000</u>	<u>\$ 17,524,136</u>	<u>\$ 60,537,910</u>

Receivables

Receivables as of year-end for the City's individual, major, and non-major governmental funds in the aggregate, net of applicable allowances for uncollectible accounts, are as follows:

	Interest	Accounts and Notes	Taxes	Total By Fund
General Fund	\$ 180,861	\$ 437,131	\$ 303,645	\$ 921,637
Community Development	29,673	-	-	29,673
Transit	31,145	1,381,618	-	1,412,763
Urban Renewal-Yr 2000 Debt Service	7,805	-	301,744	309,549
Street Capital Projects	-	23,757	-	23,757
Total Nonmajor Funds	<u>359,051</u>	<u>158,892</u>	<u>149,710</u>	<u>667,653</u>
Total by Receivable	<u>\$ 608,535</u>	<u>\$ 2,001,398</u>	<u>\$ 755,099</u>	<u>\$ 3,365,032</u>

CITY OF WILSONVILLE, OREGON
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Uncollectible Receivables

Receivables of the City's activities are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

	Governmental Activities	Business-type Activities
Sewer service sales	\$ -	\$ 140,250
Water sales	-	111,137
Stormwater fees	-	9,139
Street light fees	-	6,157
Road maintenance fees	14,346	-
Total uncollectibles of the current fiscal year	<u>\$ 14,346</u>	<u>\$ 266,683</u>

Deferred Revenues

Governmental funds report deferred revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year the total amount of deferred revenue totaled \$1,547,095. The various components of the deferred and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable:		
General Fund	\$ 244,206	\$ -
Debt Service Fund	20,742	-
Urban Renewal Year 2000 Plan Debt Service Fund	262,814	-
Urban Renewal West Side Plan Debt Service Fund	81,639	-
Cash collected prior to meeting revenue recognition:		
Operations (General Fund)	-	96,377
Operations (Community Development Fund)	-	90,926
Operations (Transit Fund)	-	94,500
Developers (General Fund, Roads and Parks CIP fund)	-	655,890
Total	<u>\$ 609,401</u>	<u>\$ 937,694</u>

Unearned Revenue

The Sewer fund has a \$1,038,960 unearned revenue as of fiscal year end. This represents cash collected under an intergovernmental agreement to construct sewer line improvements that service the state run prison located in the City. The amount will be recognized as revenue in future periods as the related costs are incurred.

CITY OF WILSONVILLE, OREGON
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Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2010 was as follows:

Description	Beginning Balance	Increases	Decreases	GASB 51 Reclass	Ending Balance
Land	\$ 68,599,122	\$ 300,977	\$ -	-	\$ 68,900,099
Works of art	528,488	-	-	-	528,488
Easements	26,102	57,648	-	163,714	247,464
Construction In progress	<u>6,571,224</u>	<u>5,839,462</u>	<u>(1,530,264)</u>	-	<u>10,880,422</u>
Total non-depreciable	<u>75,724,936</u>	<u>6,198,087</u>	<u>(1,530,264)</u>	<u>163,714</u>	<u>80,556,473</u>
Buildings & improvements	19,051,771	-	-	-	19,051,771
Land improvement	7,838,184	-	-	-	7,838,184
Machinery & equipment	2,259,697	152,316	(61,496)	(349,648)	2,000,869
Vehicles	3,887,770	300,470	(286,914)	-	3,901,326
Software	-	1,800	-	436,937	438,737
Infrastructure	<u>156,238,919</u>	<u>1,184,592</u>	<u>-</u>	<u>(163,714)</u>	<u>157,259,797</u>
Total depreciable	<u>189,276,341</u>	<u>1,639,178</u>	<u>(348,410)</u>	<u>(76,425)</u>	<u>190,490,684</u>
Accumulated depreciation					
Buildings & improvements	(3,133,441)	(495,336)	-	-	(3,628,776)
Land improvement	(1,361,504)	(299,431)	-	-	(1,660,935)
Machinery & equipment	(950,704)	(144,237)	46,772	140,080	(908,088)
Vehicles	(2,273,583)	(291,568)	214,908	-	(2,350,243)
Software	-	(32,634)	-	(156,694)	(189,329)
Infrastructure	<u>(71,256,616)</u>	<u>(4,556,112)</u>	<u>-</u>	<u>7,943</u>	<u>(75,804,785)</u>
Total accumulated depreciation	<u>(78,975,847)</u>	<u>(5,819,317)</u>	<u>261,680</u>	<u>(8,671)</u>	<u>(84,542,155)</u>
Governmental activities capital assets, net	<u>\$ 186,025,430</u>	<u>\$ 2,017,948</u>	<u>\$ (1,616,993)</u>	<u>78,618</u>	<u>\$ 186,505,002</u>

Changes in capital assets per the previous table are net of transfers between functional programs. Depreciation expense was charged to functions as follows:

General government	\$ 157,282
Public safety	4,284
Transportation	439,511
Public works	5,188,608
Culture and recreation	31,243
Community development	<u>7,061</u>
Total depreciation for governmental activities	<u>\$ 5,827,988</u>

Total depreciation expense includes amortization of intangible assets.

CITY OF WILSONVILLE, OREGON
Notes to Basic Financial Statements
June 30, 2010

Capital asset activity for business-type activities for the year ended June 30, 2010 was as follows:

Description	Beginning Balance	Increases	Decreases	GASB 51 Reclass	Ending Balance
Land	\$ 1,365,989	\$ -	\$ -	-	\$ 1,365,989
Easements	-	642,408	-	102,509	744,917
Construction In Progress	<u>4,102,928</u>	<u>4,088,645</u>	<u>(3,761,694)</u>	-	<u>4,429,879</u>
Total non-depreciable	<u>5,468,916</u>	<u>4,731,053</u>	<u>(3,761,694)</u>	<u>102,509</u>	<u>6,540,785</u>
Buildings & improvements	30,328,898	-	-	(102,509)	30,226,389
Land improvement	412,139	-	-	-	412,139
Machinery & equipment	3,910,201	453,364	(173,821)	-	4,189,744
Vehicles	13,366	-	-	-	13,366
Software	-	5,400	-	-	5,400
Infrastructure	<u>97,017,322</u>	<u>3,616,844</u>	<u>-</u>	<u>-</u>	<u>100,634,166</u>
Total depreciable	<u>131,681,926</u>	<u>4,075,611</u>	<u>(173,821)</u>	<u>(102,509)</u>	<u>135,481,204</u>
Accumulated depreciation					
Buildings & improvements	(5,751,969)	(759,326)	-	19,220	(6,492,076)
Land improvement	(68,097)	(10,424)	-	-	(78,522)
Machinery & equipment	(1,510,914)	(139,310)	150,347	-	(1,499,877)
Vehicles	(2,116)	(1,337)	-	-	(3,453)
Software	-	(90)	-	-	(90)
Infrastructure	<u>(40,358,662)</u>	<u>(2,561,361)</u>	<u>-</u>	<u>-</u>	<u>(42,920,023)</u>
Total accumulated depreciation	<u>(47,691,759)</u>	<u>(3,471,848)</u>	<u>150,347</u>	<u>19,220</u>	<u>(50,994,041)</u>
Business type activities, net	<u>\$ 89,459,083</u>	<u>\$ 5,334,815</u>	<u>\$ (3,785,168)</u>	<u>\$ 19,220</u>	<u>\$ 91,027,950</u>

Depreciation expense for business-type activities is charged to functions as follows:

Water	\$ 1,528,231
Sewer	870,333
Stormwater	988,457
Street lighting	<u>65,607</u>
Total depreciation for business-type activities	<u>\$ 3,452,628</u>

Total depreciation expense includes amortization of intangible assets.

CITY OF WILSONVILLE, OREGON
Notes to Basic Financial Statements
June 30, 2010

Interfund Transfers, Receivables and Payables

The interfund transfer activity for fiscal year ended June 30, 2010 is as follows:

	<u>Transfers From Other Fund</u>	<u>Transfers To Other Funds</u>
Governmental Funds:		
General Fund	\$ 50,000	\$ 88,848
Community Development Fund	-	18,000
Transit Fund	-	170,536
Street Capital Project	4,122,874	-
Nonmajor Governmental Funds	287,866	4,161,356
Proprietary Funds:		
Water Fund	-	10,000
Sewer Fund	-	10,000
Stormwater Fund	-	2,000
	<u>\$ 4,460,740</u>	<u>\$ 4,460,740</u>

Interfund transfers are used to pay administrative services, contribute toward the cost of capital projects and provide operational resources.

Long-Term Obligations

In the following tables, long-term debt information is presented separately with respect to governmental and business-type activities. The table below presents current year changes in those obligations and the current portions due for each issue. For the governmental activities, claims and judgments, and compensated absences are generally liquidated by the General Fund.

	<u>Balance July 1, 2009</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2010</u>	<u>Due In Current Year</u>
GOVERNMENTAL ACTIVITIES					
Compensated absences	\$ 455,907	\$ 482,173	\$ (443,048)	\$ 495,032	\$ 225,099
Other postemployment benefits	131,874	-	(15,632)	116,242	-
General Obligation Bonds					
Series 2001	2,170,000	-	(270,000)	1,900,000	280,000
Tax Increment					
Series 2003 Bonds	5,464,000	-	(1,012,000)	4,452,000	1,051,000
Series 2005 Bonds	6,665,000	-	(1,000,000)	5,665,000	1,040,000
Series 2009 Bonds	10,000,000	-	(420,000)	9,580,000	325,000
Series 2009 Credit Facility	1,500,000	-	-	1,500,000	1,500,000
Series 2009 Credit Facility	15,000,000	-	-	15,000,000	15,000,000
Total Notes and Bonds	40,799,000	-	(2,702,000)	38,097,000	19,196,000
Total Governmental Activities	<u>\$ 41,386,781</u>	<u>\$ 482,173</u>	<u>\$ (3,160,680)</u>	<u>\$ 38,708,274</u>	<u>\$ 19,421,099</u>

CITY OF WILSONVILLE, OREGON
Notes to Basic Financial Statements
June 30, 2010

	<u>Balance July 1, 2009</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2010</u>	<u>Due In Current Year</u>
BUSINESS-TYPE ACTIVITIES					
Compensated absences	\$ 71,548	\$ 72,656	\$ (66,185)	\$ 78,019	\$ 27,820
Water Revenue Bonds					
Series 2000	655,000	-	(655,000)	-	-
Series 2006	9,125,000	-	(70,000)	9,055,000	760,000
Sewer Revenue Bonds					
Series 2010 Credit Facility	-	5,000,000	-	5,000,000	-
Full Faith and Credit Bonds					
Water Series 2007	7,395,000	-	(500,000)	6,895,000	515,000
Sewer Series 2006	3,940,000	-	(500,000)	3,440,000	520,000
Total Notes and Bonds	21,115,000	5,000,000	(1,725,000)	24,390,000	1,795,000
Total Business-type Activities	<u>\$ 21,186,548</u>	<u>\$ 5,072,656</u>	<u>\$ (1,791,185)</u>	<u>24,468,019</u>	<u>\$ 1,822,820</u>
				Unamortized bond premium	7,752
				Gain on bond defeasance	(650,742)
				Due in current year	(1,822,820)
				Total noncurrent liabilities	<u>\$ 22,002,209</u>

Governmental Activities

General Obligation Bonds

General obligation bonds are direct obligations and pledge full faith and credit of the City. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

The City issued \$4,000,000 of General Obligation bonds dated July 1, 2001 to finance the expansion of the City's public library. Interest rates on the bonds range from 4.00 to 4.80% and the final maturity date is January 1, 2016. The outstanding balance on these bonds at June 30, 2010 is \$1,900,000.

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 280,000	\$ 87,975
2012	295,000	75,935
2013	310,000	62,660
2014	320,000	48,400
2015	340,000	33,360
2016	355,000	17,040
Totals	<u>\$ 1,900,000</u>	<u>\$ 325,370</u>

CITY OF WILSONVILLE, OREGON
Notes to Basic Financial Statements
June 30, 2010

Urban Renewal Tax Increment

Year 2000 Plan District

In December 2003, the City issued Urban Renewal revenue bonds with an interest rate of 3.85% in the total amount of \$10,000,000. The final maturity will be in December 2013. The principal balance outstanding on the bonds at June 30, 2010 is \$4,452,000.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 1,051,000	\$ 151,170
2012	1,091,000	109,937
2013	1,133,000	67,125
2014	1,177,000	22,657
Totals	<u>\$ 4,452,000</u>	<u>\$ 350,889</u>

In August 2005, the City issued Urban Renewal revenue bonds with an interest rate of 4.25% in the total amount of \$10,000,000. The final maturity will be in June 2015. The principal balance outstanding on the bonds at June 30, 2010 is \$5,665,000.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 1,040,000	\$ 240,763
2012	1,085,000	196,562
2013	1,130,000	150,450
2014	1,180,000	102,425
2015	1,230,000	52,275
Totals	<u>\$ 5,665,000</u>	<u>\$ 742,475</u>

West Side District

In February 2009, the City issued Urban Renewal revenue bonds for the Urban Renewal West Side District. The issue, in the amount of \$10,000,000 and carries an interest rate of 4.9%. The final maturity will be December 2023. The balance outstanding as of June 30, 2010 is \$9,580,000.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 325,000	\$ 461,458
2012	340,000	445,166
2013	360,000	428,016
2014	375,000	410,008
2015	395,000	391,143
2016-2020	2,280,000	1,636,318
2021-2024	5,505,000	784,859
Totals	<u>\$ 9,580,000</u>	<u>\$ 4,556,968</u>

CITY OF WILSONVILLE, OREGON
Notes to Basic Financial Statements
June 30, 2010

In June 2009, the Agency issued a credit facility for the Urban Renewal West Side District with a maximum limit of \$5,000,000 and a maturity date of June 13, 2011. The facility carries a variable interest rate and at June 30, 2010 the rate is estimated at 2.0%. The balance outstanding at June 30, 2010 is \$1,500,000.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 1,500,000	\$ 28,750
Totals	<u>\$ 1,500,000</u>	<u>\$ 28,750</u>

In June 2005, the City issued a credit facility for the Urban Renewal West Side District. The facility has a maximum limit of \$15,000,000 and a maturity date of June 13, 2011. The facility carries an estimated variable interest rate of 2.0% at June 30, 2010. The rate is based upon a percentage of the bank's prime rate and changed concurrent with that rate. The balance outstanding as of June 30, 2010 is \$15,000,000.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 15,000,000	\$ 250,000
Totals	<u>\$ 15,000,000</u>	<u>\$ 250,000</u>

Business-Type Activities

Revenue Bonds

Water System Revenue Refunding Bonds, Series 2006

In April 2006 \$9,325,000 was issued to advance refund a portion of the Series 2000 Water System Revenue Bonds. The interest rates range from 3.50% to 4.00%. Final maturity is June 1, 2020. Water operating revenues and a portion of water system development charges are pledged to repay the debt. At June 30, 2010 the outstanding balance is \$9,055,000.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 760,000	\$ 352,951
2012	790,000	322,551
2013	825,000	290,951
2014	850,000	261,045
2015	880,000	229,170
2016-2020	4,950,000	607,571
Totals	<u>\$ 9,055,000</u>	<u>\$ 2,064,239</u>

CITY OF WILSONVILLE, OREGON
Notes to Basic Financial Statements
June 30, 2010

Sewer System Revenue Credit Facility

In December 2009 a \$5,000,000 credit facility was issued as interim financing for the Wastewater Treatment Plant Upgrade Project. The interest rate is variable with a floor of 1.6%. Final maturity is December 18, 2011. The revenue backed facility will be repaid when long-term financing is issued for the project. At June 30, 2010 the outstanding balance is \$5,000,000.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ -	\$ 100,000
2012	5,000,000	50,000
Totals	\$ 5,000,000	\$ 150,000

Full Faith and Credit Bonds

Full Faith and Credit Revenue Refunding Bonds, Series 2007

In December 2007 the City issued \$7,875,000 to refinance a debt issued in 2000. The original debt was used to construct a water treatment plant facility. The current debt interest rate is 3.85%. Final maturity is December 1, 2020. The outstanding balance at June 30, 2010 is \$6,895,000. The full faith and credit of the City is pledged, however management intends to repay the debt from water operating revenues.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 515,000	\$ 255,544
2012	535,000	235,331
2013	560,000	214,253
2014	575,000	192,404
2015	600,000	169,785
2016-2020	3,360,000	477,591
2021	750,000	14,438
Totals	\$ 6,895,000	\$ 1,559,346

Oregon Local Governments Full Faith and Credit Obligations, Series 2006

In April 2006 the City issued \$5,295,000 to refinance a debt issued in 1996. The original debt was used to construct a wastewater treatment facility. The current debt interest rates range from 4.00% to 4.25%. Final maturity is December 1, 2015. The outstanding balance at June 30, 2010 is \$3,440,000. The full faith and credit of the City is pledged, however management intends to repay the debt from sewer operating revenues.

Annual debt service requirements to maturity for full faith and credit bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 520,000	\$ 131,750
2012	540,000	110,550
2013	560,000	88,550
2014	580,000	65,025
2015	605,000	39,844
2016	635,000	13,494
Totals	\$ 3,440,000	\$ 449,213

CITY OF WILSONVILLE, OREGON
Notes to Basic Financial Statements
June 30, 2010

Restricted Assets

The balances of the restricted cash and investment accounts are as follows:

	<u>Governmental</u>	<u>Business-type</u>
Debt service reserves:		
Urban Renewal - 2003 Issue	\$ 1,000,000	\$ -
Urban Renewal - 2005 Issue	1,000,000	-
Urban Renewal - 2009 Issue	796,835	-
Unspent bond proceeds:		
Building Capital Projects	11,482	-
Sewer	-	2,086,008
System development charges:		
Water	-	2,927,297
Sewer	-	3,474,079
Stormwater	-	673,247
Deposits:		
Performance Bonds	141,749	-
Parks Reservation Deposits	14,555	-
Grants and contributions:		
General Fund - Donations	42,197	-
General Fund - PEG Fees	171,078	-
Building inspection program	998,060	-
	\$ 4,175,956	\$ 9,160,631

4. OTHER INFORMATION

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of CIS Employee Benefits, a public entity risk pool currently operating a common risk management and insurance program. The City pays an annual premium to CIS Employee Benefits for insurance coverage. Based on the experience of the City and CIS Employee Benefits, the City may be liable for an additional premium of up to approximately 20% of its initial premium or it may receive a refund. The City has never had to pay an additional premium. Predetermined limits and deductible amounts are stated in the policy.

Subsequent Events

The West Side Urban Renewal Debt Service Fund issued \$8,000,000 in bonds on September 20, 2010. The bonds will be used to fund a major capital improvement project. The interest rate on the bond issue is 4.25% and the maturity date is June 1, 2025.

The City has adopted the provisions of Statement of Financial Accounting Standards ("SFAS") no. 165, "Subsequent Events" (ACS 855). ASC 855 establishes new accounting and disclosure requirements for subsequent events. Management has evaluated subsequent events through November 19, 2010, the date on which the financial statements were available to be issued.

Contingent Liabilities

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Management intends to vigorously contest these matters and does not believe their ultimate resolution will have a material effect upon the City's financial position, results of operations, or cash flows.

Property Tax Limitation

The State of Oregon has a constitutional limit on property taxes for governmental operations. Under the limitation, tax revenue is separated into those for public schools and those for local governments other than public schools. The limitation specifies a maximum rate for all local government operations of \$10.00 per \$1,000 of real market value, while schools are similarly limited to a \$5.00 maximum rate. Local government taxes in the City currently do not exceed the \$10.00 rate limit; however, this limitation may affect the availability of future tax revenues for the City.

CITY OF WILSONVILLE, OREGON
Notes to Basic Financial Statements
 June 30, 2010

In May 1997, voters approved Measure 50 which rolled back assessed values to 90% of 1995-96 and limits future increases of taxable assessed values to 3% per year except for major improvements. Tax rates are now fixed and not subject to change. Voters may approve local initiatives above the fixed rate provided a majority approves at either (1) a general election in an even numbered year, or (2) at any other election in which at least 50% of registered voters cast a ballot.

Pension Plans - Oregon Public Employees Retirement System

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 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 portions of the plan applies to qualifying City employees hired after 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. As of 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. This report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700 or by calling (503)598-7377.

Funding Policy and Annual Pension Cost

Members of PERS are required to contribute 6% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The employer is allowed to pay any or all of the employees' contribution in addition to the required employer's contribution. For the fiscal year ended June 30, 2010, the City contributed all of the 6% contribution on behalf of the employees. The City is required by ORS 235.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2010 were 7.53% and 8.35% respectively.

The City's contributions to PERS for the fiscal years ending June 30, 2008, 2009 and 2010 were \$1,181,380, \$1,277,506 and \$1,096,193 respectively, which equaled the required contribution for the year.

Money Purchase Retirement Plan

The City provides a money purchase retirement plan and trust created under Internal Revenue Code Section 414(h) for the benefit of eligible employees. Under the plan, the City contributes 3% of the employee's compensation into the trust. Eligible employees are those who have worked at least six months, are not covered by a collective bargaining agreement, and are not municipal court judges. At June 30, 2010, 41 participants were active in the plan including 30 active participants that are fully vested interest. Total assets, including non-active participants, held by the trust were \$581,247 including \$476,187 for fully vested participants. Participant's interests in the plan vest ratably over a five-year period. Benefits commence within a reasonable time after termination of employment.

Deferred Compensation Plans

The City has three deferred compensation trust plans created in accordance with Internal Revenue Code Section 457. The trusts hold assets for the exclusive benefit of plan participants and their beneficiaries.

CITY OF WILSONVILLE, OREGON
Notes to Basic Financial Statements
 June 30, 2010

Other Post-Employment Benefits (OPEB)

City Healthcare Plan

Plan Description As required by ORS 243.303, the City provides retirees the same group health and dental insurance as provided to current employees from the date of retirement to the age of 65 when retirees and spouses typically become eligible for Medicare. The City's defined benefit postemployment healthcare plan is administered by City County Insurance Services (CIS), an agent multiple-employer healthcare provider. CIS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to CIS, 1212 Court Street NE, Salem, OR 97301, or by accessing the CIS website at www.cisservices.com.

The City implemented GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension* prospectively beginning in fiscal year June 30, 2009. GASB 45 is applicable to the City due only to the implicit rate subsidy.

Funding Policy The City funds the plan only to the extent of current year insurance premium requirement on a pay-as-you-go basis. Retiree healthcare premiums are paid directly to CIS by the retiree. At June 30, 2010, the City had 189 active employees and 3 retirees or spouses were participating in the program with all insurance premium costs paid in full by the individuals. The City has not established an irrevocable trust to accumulate assets to fund the cost of the OPEB obligation that arises from the implicit subsidy.

Annual OPEB Cost and Net OPEB Obligation The City's annual other post employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the fiscal year ending June 30, 2010, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

Normal cost at year end	\$ 87,460
Amortization of UAAL	<u>61,360</u>
Annual required contribution	148,820
Interest on prior year Net OPEB Obligation	5,934
Adjustment to ARC	<u>(9,309)</u>
Annual OPEB Cost	145,445
Implicit benefit payments	<u>(29,203)</u>
Increase in net OPEB obligation	116,242
Net OPEB obligation - beginning of year	<u>131,874</u>
Net OPEB obligation - end of year	<u>\$ 248,116</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2010 was as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
06/30/10	\$145,445	20%	\$248,116
06/30/09	168,800	22%	131,874

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial

CITY OF WILSONVILLE, OREGON
Notes to Basic Financial Statements
June 30, 2010

methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the August 1, 2008 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 5 percent after ten years. The UAAL is being amortized over an initial period of 30 years.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
08/01/06	\$0	\$817,397	\$817,397	0%	\$6,061,062	13.49%
08/01/08	\$0	\$804,742	\$804,742	0%	\$6,905,636	11.65%

REQUIRED SUPPLEMENTARY INFORMATION

Retirement Health Insurance Account Plan

Plan Description The City contributes to the Oregon Public Employees Retirement Systems' (OPERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Oregon Public Employees Retirement Board (OPERB). RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to \$60 per month towards the costs of health insurance for eligible PERS retirees. RHIA post-employment benefits are set by state statute. A comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700 or by accessing the PERS web site at www.oregon.gov/PERS/.

Funding Policy Participating employers are contractually required to contribute at a rate assessed bi-annually by the OPERB, currently 0.37% of annual covered payroll. The OPERB sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to PERS' RHIA for the year ended June 30, 2010, was \$29,387, which equaled the required contributions for that year.

Encumbrance Accounting

All year end outstanding encumbrances lapse at year-end and are automatically reappropriated as part of the subsequent year's budget.

GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets

Issued in June 2007, the objective of this Statement is to establish accounting and financial reporting requirements for intangible assets. Intangible assets are defined as lacking physical substance, nonfinancial in nature and have an initial useful life that extends beyond a single reporting period. Intangible assets include easements, water rights, timber rights, patents, trademarks and computer software. The requirements of this Statement became effective for financial statements for periods beginning after June 15, 2009. The City has previously recorded easements and with GASB 51 implementation has transferred the balance to a new category. Some software not previously reported was added to assets. The financial effect of GASB 51 is displayed separately within the Capital Assets note disclosure.

GASB Pronouncements issued, not yet in effect

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions", issued February, 2009 which will be effective for the City beginning with its fiscal year ending June 30, 2011. The Statement establishes new classifications for fund equity and new definitions for governmental fund types. The City has not currently determined what, if any, impact implementation may have on future financial statements.

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CITY OF WILSONVILLE, OREGON
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

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	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 7,855,700	\$ 7,855,700	\$ 7,741,349	\$ (114,351)
Intergovernmental	1,339,722	1,339,722	1,402,130	62,408
Licenses and permits	135,400	135,400	118,090	(17,310)
Charges for services	391,386	391,386	407,294	15,908
Fines and forfeitures	325,000	325,000	293,007	(31,993)
Investment revenue	166,894	166,894	146,987	(19,907)
Other revenues	139,500	139,500	213,265	73,765
Total revenues	<u>10,353,602</u>	<u>10,353,602</u>	<u>10,322,122</u>	<u>(31,480)</u>
EXPENDITURES				
Personal services	5,401,736	5,416,736	4,994,497	422,239
Materials and services	6,540,866	6,672,566	6,121,357	551,209
Capital outlay	129,000	130,800	134,674	(3,874)
Contingency	11,092,248	10,912,243	-	10,912,243
Total expenditures	<u>23,163,850</u>	<u>23,132,345</u>	<u>11,250,528</u>	<u>11,881,817</u>
Deficiency of revenues under expenditures	<u>(12,810,248)</u>	<u>(12,778,743)</u>	<u>(928,406)</u>	<u>11,850,337</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,408,432	2,441,927	1,961,106	(480,821)
Transfers out	(115,000)	(180,000)	(88,848)	91,152
Total other financing sources (uses)	<u>2,293,432</u>	<u>2,261,927</u>	<u>1,872,258</u>	<u>(389,669)</u>
Net change in fund balances	<u>(10,516,816)</u>	<u>(10,516,816)</u>	<u>943,852</u>	<u>11,460,668</u>
Fund balances--beginning	<u>11,126,816</u>	<u>11,126,816</u>	<u>12,004,578</u>	<u>877,762</u>
Fund balances--ending	<u>\$ 610,000</u>	<u>\$ 610,000</u>	<u>\$ 12,948,430</u>	<u>\$ 12,338,430</u>

CITY OF WILSONVILLE, OREGON
Community Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
	REVENUES			
Intergovernmental	\$ 15,000	\$ 15,000	\$ -	\$ (15,000)
Licenses and permits	1,233,378	1,233,378	619,492	(613,886)
Charges for services	755,500	755,500	734,721	(20,779)
Investment revenue	56,010	56,010	46,644	(9,366)
Other revenues	-	-	2,915	2,915
Total revenues	<u>2,059,888</u>	<u>2,059,888</u>	<u>1,403,772</u>	<u>(656,116)</u>
EXPENDITURES				
Personal services	3,637,700	3,637,700	2,905,671	732,029
Materials and services	669,455	669,455	476,882	192,573
Contingency	3,404,775	3,657,465	-	3,657,465
Total expenditures	<u>7,711,930</u>	<u>7,964,620</u>	<u>3,382,553</u>	<u>4,582,067</u>
Deficiency of revenues under expenditures	<u>(5,652,042)</u>	<u>(5,904,732)</u>	<u>(1,978,781)</u>	<u>3,925,951</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,146,593	3,399,283	1,722,310	(1,676,973)
Transfers out	(191,000)	(191,000)	(185,346)	5,654
Total other financing sources (uses)	<u>2,955,593</u>	<u>3,208,283</u>	<u>1,536,964</u>	<u>(1,671,319)</u>
Net change in fund balances	(2,696,449)	(2,696,449)	(441,817)	2,254,632
Fund balances--beginning	2,896,449	2,896,449	3,080,490	184,041
Fund balances--ending	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 2,638,673</u>	<u>\$ 2,438,673</u>

CITY OF WILSONVILLE, OREGON
Transit Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
	REVENUES			
Taxes	\$ 4,050,000	\$ 4,050,000	\$ 3,781,052	\$ (268,948)
Intergovernmental	948,425	948,425	759,083	(189,342)
Charges for services	175,000	175,000	167,003	(7,997)
Investment revenue	42,018	42,018	31,729	(10,289)
Other revenues	23,000	23,000	6,120	(16,880)
Total revenues	<u>5,238,443</u>	<u>5,238,443</u>	<u>4,744,987</u>	<u>(493,456)</u>
EXPENDITURES				
Personal services	2,361,410	2,361,410	2,081,113	280,297
Materials and services	1,813,897	1,813,897	1,663,380	150,517
Capital outlay	777,000	777,000	317,932	459,068
Contingency	1,125,259	1,005,879	-	1,005,879
Total expenditures	<u>6,077,566</u>	<u>5,958,186</u>	<u>4,062,425</u>	<u>1,895,761</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(839,123)</u>	<u>(719,743)</u>	<u>682,562</u>	<u>1,402,305</u>
OTHER FINANCING USES				
Transfers out	(483,100)	(602,480)	(618,093)	(15,613)
Net change in fund balances	(1,322,223)	(1,322,223)	64,469	1,386,692
Fund balances--beginning	1,522,223	1,522,223	1,850,769	328,546
Fund balances--ending	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 1,915,238</u>	<u>\$ 1,715,238</u>

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CITY OF WILSONVILLE, OREGON
Notes to Required Supplemental Information
For the year ended June 30, 2010

1. Budget to GAAP Reconciliation

Sections of Oregon Revised Statements (Oregon Budget Law) require most transactions be budgeted on the modified accrual basis of accounting. However, there are certain transactions where statutory budget requirements conflict with generally accepted accounting principles (GAAP).

The following discusses the differences between the budget basis and GAAP basis of accounting for the General Fund, the Community Development Fund and the Transit Fund.

	<u>General Fund</u>	<u>Community Development Fund</u>	<u>Transit Fund</u>
Net change in fund balance - budget basis	\$ 943,852	\$ (441,817)	\$ 64,469
<i>Budgeted resources not qualifying as revenues or other financing sources under GAAP:</i>			
Indirect and other cost reimbursements received are reported as revenues or other financing sources on a budget basis. Such receipts are reclassified as a reduction of expenditures on a GAAP basis.	(1,911,106)	(1,554,964)	447,557
<i>Budgeted expenditures not qualifying as expenditures or other financing uses under GAAP:</i>			
Indirect and other costs reimbursed are reported as expenditures on a budget basis. Such disbursements are reclassified as a reduction of revenues and other financing sources on a GAAP basis.	1,911,106	1,554,964	(447,557)
Net change in fund balance - GAAP basis	<u>\$ 943,852</u>	<u>\$ (441,817)</u>	<u>\$ 64,469</u>

**OTHER SUPPLEMENTARY
INFORMATION**

- **Combining Statements - Nonmajor Governmental Funds**
- **Budgetary Comparison Schedules**
- **Other Financial Schedules**

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COMBINING STATEMENTS

Non-Major Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are restricted to expenditure for particular purposes.

Fleet

Accounts for fuel, maintenance, and repair of City vehicles, tractors, and power equipment.

Road Operating

Accounts for revenues from gasoline tax apportionments from the State of Oregon that are used for the repair and maintenance associated with streets.

Road Maintenance Regulatory

Accounts for a special fee on commercial and residential dwellings to be used for major road repairs and reconstruction.

Expendable Library Endowment

Accounts for gifts and interest earnings which may be expended on library expansion and fund raising activities.

Debt Service Funds

Debt service funds are used to account for the debt sold to finance designated street and utility improvements and/or major projects.

Debt Service

Accounts for the accumulation of resources and payment of principal and interest on general obligation, local improvement, and other long-term debt.

Urban Renewal - West Side Plan Debt Service Fund

Accounts for the collection of tax increment (property tax) revenues and the payment of principal and interest on outstanding debt associated with the West Side Urban Renewal District.

Capital Project Funds

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Building Projects

Accounts for acquisition and development and redevelopment of public facilities. Improvements are paid from grants, interfund transfers, and issuance of debt.

Park Projects

Accounts for acquisition and development of parks and open spaces that are paid from system development charges, donations, grants, and transfers from operating funds.

Street Development Charges

Accounts for collection of system development charges from new residential and commercial construction. Proceeds are used to pay for parks infrastructure expansion.

Park Development Charges

Accounts for collection of system development charges from new residential and commercial construction. Proceeds are used to pay for parks infrastructure expansion.

Urban Renewal - Year 2000 Plan Capital Projects

Accounts for the construction or reconstruction of capital projects within the boundaries of the Year 2000 Urban Renewal District. These improvements are paid from the issuance of debt and revenues from property taxes and interest earnings.

Urban Renewal - Year 2000 Plan Program Income

Accounts for the less restricted, non bond proceeds, income related to the Year 2000 Urban Renewal District. Includes revenue such as reimbursements, loan repayments, and land sales.

Urban Renewal - West Side Plan Capital Projects Fund

Accounts for acquisition, construction, and improvements within the district that are financed from the issuance of debt and interest earnings.

Permanent Fund

Non-Expendable Library Endowment

Accounts for gifts and interest earnings. Only the interest earnings may be expended on library expansion.

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CITY OF WILSONVILLE, OREGON
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010

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	Combined Nonmajor Special Revenue Funds	Combined Nonmajor Debt Service Funds	Combined Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 3,495,256	\$ 2,603,263	\$ 13,264,204	\$ 19,362,723
Receivables:				
Interest	78,660	21,490	258,901	359,051
Accounts	124,176	-	34,716	158,892
Property tax	-	149,710	-	149,710
Restricted cash and investments	-	796,835	-	796,835
Total assets	<u>\$ 3,698,092</u>	<u>\$ 3,571,298</u>	<u>\$ 13,557,821</u>	<u>\$ 20,827,211</u>
LIABILITIES				
Accounts payable	\$ 58,537	\$ -	\$ 302,796	\$ 361,333
Other accrued liabilities	18,129	-	8,631	26,760
Deferred revenues	-	102,381	2,414	104,795
Development charge payable	-	-	1,020,926	1,020,926
Total liabilities	76,666	102,381	1,334,767	1,513,814
FUND BALANCES				
Unreserved	3,621,426	3,468,917	12,223,054	19,313,397
Total liabilities and fund balances	<u>\$ 3,698,092</u>	<u>\$ 3,571,298</u>	<u>\$ 13,557,821</u>	<u>\$ 20,827,211</u>

CITY OF WILSONVILLE, OREGON
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2010

	<u>Fleet</u>	<u>Road Operating</u>	<u>Road Maintenance Regulatory</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 2,975,244	\$ 421,017	\$ 98,995	\$ 3,495,256
Receivables:				
Interest	78,660	-	-	78,660
Accounts	-	63,477	60,699	124,176
Total assets	<u>\$ 3,053,904</u>	<u>\$ 484,494</u>	<u>\$ 159,694</u>	<u>\$ 3,698,092</u>
LIABILITIES				
Accounts payable	\$ 35,319	\$ 23,218	\$ -	\$ 58,537
Other accrued liabilities	12,301	5,828	-	18,129
Total liabilities	<u>47,620</u>	<u>29,046</u>	<u>-</u>	<u>76,666</u>
FUND BALANCES				
Unreserved	3,006,284	455,448	159,694	3,621,426
Total liabilities and fund balances	<u>\$ 3,053,904</u>	<u>\$ 484,494</u>	<u>\$ 159,694</u>	<u>\$ 3,698,092</u>

CITY OF WILSONVILLE, OREGON
Nonmajor Debt Service Funds
Combining Balance Sheet
June 30, 2010

	<u>Debt Service</u>	<u>Urban Renewal West Side Plan Debt</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 166,615	\$ 2,436,648	\$ 2,603,263
Receivables:			
Interest	239	21,251	21,490
Property tax	25,720	123,990	149,710
Restricted cash and investments	-	796,835	796,835
Total assets	<u>\$ 192,574</u>	<u>\$ 3,378,724</u>	<u>\$ 3,571,298</u>
LIABILITIES			
Deferred revenues	\$ 20,742	\$ 81,639	\$ 102,381
FUND BALANCES			
Unreserved	171,832	3,297,085	3,468,917
Total liabilities and fund balances	<u>\$ 192,574</u>	<u>\$ 3,378,724</u>	<u>\$ 3,571,298</u>

CITY OF WILSONVILLE, OREGON
Nonmajor Capital Project Funds
Combining Balance Sheet
June 30, 2010

	Building Projects	Park Projects	Street Development Charges	Park Development Charges	Urban Renewal Year 2000 Capital Projects	Urban Renewal Year 2000 Program Income	Urban Renewal West Side Plan Capital Projects	Total
ASSETS								
Cash and investments	\$ 173,396	\$ 93,739	\$ 6,130,873	\$ 2,346,221	\$ 839,563	\$ 2,863,622	\$ 816,790	\$ 13,264,204
Receivables:								
Interest	-	-	168,575	1,406	9,322	79,598	-	258,901
Accounts	34,716	-	-	-	-	-	-	34,716
Total assets	<u>\$ 208,112</u>	<u>\$ 93,739</u>	<u>\$ 6,299,448</u>	<u>\$ 2,347,627</u>	<u>\$ 848,885</u>	<u>\$ 2,943,220</u>	<u>\$ 816,790</u>	<u>\$ 13,557,821</u>
LIABILITIES								
Accounts payable	\$ 29,535	\$ -	\$ 207,014	\$ -	\$ 54,203	\$ -	\$ 12,044	\$ 302,796
Other accrued liabilities	-	-	-	-	-	8,631	-	8,631
Deferred revenues	-	2,414	-	-	-	-	-	2,414
Development charge payable	-	-	-	-	-	-	1,020,926	1,020,926
Total liabilities	<u>29,535</u>	<u>2,414</u>	<u>207,014</u>	<u>-</u>	<u>54,203</u>	<u>8,631</u>	<u>1,032,970</u>	<u>1,334,767</u>
FUND BALANCES								
Unreserved	178,577	91,325	6,092,434	2,347,627	794,682	2,934,589	(216,180)	12,223,054
Total liabilities and fund balances	<u>\$ 208,112</u>	<u>\$ 93,739</u>	<u>\$ 6,299,448</u>	<u>\$ 2,347,627</u>	<u>\$ 848,885</u>	<u>\$ 2,943,220</u>	<u>\$ 816,790</u>	<u>\$ 13,557,821</u>

CITY OF WILSONVILLE, OREGON
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2010

	Combined Nonmajor Special Revenue Funds	Combined Nonmajor Debt Funds	Combined Nonmajor Capital Project Funds	Permanent Non- Expendable Library Fund	Total Nonmajor Governmental Funds
REVENUES					
Taxes	\$ -	\$ 2,460,109	\$ -	\$ -	\$ 2,460,109
Intergovernmental	756,557	-	725,696	-	1,482,253
Licenses and permits	-	-	3,624	-	3,624
Charges for services	1,823,040	-	5,460	-	1,828,500
System development fees	-	-	2,558,287	-	2,558,287
Investment revenue	65,030	24,193	208,954	20	298,197
Other revenues	21,013	-	104,800	-	125,813
Total revenues	<u>2,665,640</u>	<u>2,484,302</u>	<u>3,606,821</u>	<u>20</u>	<u>8,756,783</u>
EXPENDITURES					
Current operating:					
General government	12,927	-	26,949	-	39,876
Transportation	1,015,713	-	-	-	1,015,713
Public works	490,981	-	-	-	490,981
Culture and recreation	17,055	-	-	12,135	29,190
Community development	-	-	1,266,874	-	1,266,874
Debt service:					
Principal	-	690,000	-	-	690,000
Interest	-	875,600	-	-	875,600
Capital outlay	21,968	-	3,087,607	-	3,109,575
Total expenditures	<u>1,558,644</u>	<u>1,565,600</u>	<u>4,381,430</u>	<u>12,135</u>	<u>7,517,809</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,106,996</u>	<u>918,702</u>	<u>(774,609)</u>	<u>(12,115)</u>	<u>1,238,974</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	959,599	-	959,599
Transfers in	-	-	287,866	-	287,866
Transfers out	(752,174)	-	(3,409,182)	-	(4,161,356)
Total other financing sources (uses)	<u>(752,174)</u>	<u>-</u>	<u>(2,161,717)</u>	<u>-</u>	<u>(2,913,891)</u>
Net change in fund balances	354,822	918,702	(2,936,326)	(12,115)	(1,674,917)
Fund balances--beginning	3,266,604	2,550,215	15,159,380	12,115	20,988,314
Fund balances--ending	<u>\$ 3,621,426</u>	<u>\$ 3,468,917</u>	<u>\$ 12,223,054</u>	<u>\$ -</u>	<u>\$ 19,313,397</u>

CITY OF WILSONVILLE, OREGON
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2010

	Fleet	Road Operating	Road Maintenance Regulatory	Expendable Library Endowment	Total
REVENUES					
Intergovernmental	\$ -	\$ 756,557	\$ -	\$ -	\$ 756,557
Charges for services	1,227,460	-	595,580	-	1,823,040
Investment revenue	61,825	1,779	1,398	28	65,030
Other revenues	19,862	1,151	-	-	21,013
Total revenues	1,309,147	759,487	596,978	28	2,665,640
EXPENDITURES					
Current operating:					
General government	-	12,927	-	-	12,927
Transportation	1,015,713	-	-	-	1,015,713
Public works	-	490,981	-	-	490,981
Culture and recreation	-	-	-	17,055	17,055
Capital outlay	21,968	-	-	-	21,968
Total expenditures	1,037,681	503,908	-	17,055	1,558,644
Excess (deficiency) of revenues over (under) expenditures	271,466	255,579	596,978	(17,027)	1,106,996
OTHER FINANCING USES					
Transfers out	(2,000)	(3,000)	(747,174)	-	(752,174)
Net change in fund balances	269,466	252,579	(150,196)	(17,027)	354,822
Fund balances--beginning	2,736,818	202,869	309,890	17,027	3,266,604
Fund balances--ending	\$ 3,006,284	\$ 455,448	\$ 159,694	\$ -	\$ 3,621,426

CITY OF WILSONVILLE, OREGON
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2010

	Debt Service	Urban Renewal West Side Plan Debt	Total
REVENUES			
Taxes	\$ 357,374	\$ 2,102,735	\$ 2,460,109
Investment revenue	2,218	21,975	24,193
Total revenues	359,592	2,124,710	2,484,302
EXPENDITURES			
Debt service:			
Principal	270,000	420,000	690,000
Interest	99,450	776,150	875,600
Total expenditures	369,450	1,196,150	1,565,600
Excess (deficiencies) of revenues over (under) expenditures	(9,858)	928,560	918,702
Fund balances--beginning	181,690	2,368,525	2,550,215
Fund balances--ending	\$ 171,832	\$ 3,297,085	\$ 3,468,917

CITY OF WILSONVILLE, OREGON
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2010

	Building Projects	Park Projects	Park Development Charges	Street Development Charges	Urban Renewal Year 2000 Capital Projects	Urban Renewal Year 2000 Program Income	Urban Renewal West Side Plan Projects	Total
REVENUES								
Intergovernmental	\$ 609,989	\$ 92,700	\$ -	\$ -	\$ -	\$ -	\$ 23,007	\$ 725,696
Licenses and permits	-	3,624	-	-	-	-	-	3,624
Charges for services	-	-	-	-	-	5,460	-	5,460
System development fees	-	-	275,228	2,283,059	-	-	-	2,558,287
Investment revenue	1,202	873	34,166	110,301	13,541	32,622	16,249	208,954
Other revenues	-	-	-	-	-	80,000	24,800	104,800
Total revenues	611,191	97,197	309,394	2,393,360	13,541	118,082	64,056	3,606,821
EXPENDITURES								
Current operating:								
General government	16,895	554	2,156	7,344	-	-	-	26,949
Community development	97,375	69,394	-	-	526,273	-	573,832	1,266,874
Capital outlay	672,889	370,739	-	-	1,668,640	-	570,330	3,082,607
Total expenditures	787,159	249,687	2,156	7,344	2,195,922	-	1,144,162	4,382,430
Excess (deficiencies) of revenues over (under) expenditures	(175,968)	(152,490)	307,238	2,386,016	(2,177,381)	118,082	(1,080,106)	(774,609)
OTHER FINANCING								
SOURCES (USES)								
Sale of capital assets	-	-	-	-	-	959,599	-	959,599
Transfers in	177,170	110,696	-	-	-	-	-	287,866
Transfers out	-	-	(51,170)	(3,358,012)	-	-	-	(3,409,182)
Total other financing sources (uses)	177,170	110,696	(51,170)	(3,358,012)	-	959,599	-	(2,161,717)
Net change in fund balances	1,202	(41,794)	256,068	(971,996)	(2,177,381)	1,077,681	(1,080,106)	(2,936,326)
Fund balances—beginning	177,375	133,119	2,091,559	7,064,430	2,972,063	1,856,908	863,926	15,159,380
Fund balances—ending	\$ 178,577	\$ 91,325	\$ 2,347,627	\$ 6,092,434	\$ 794,682	\$ 2,934,589	\$ (216,180)	\$ 12,223,054

BUDGETARY COMPARISON SCHEDULES

Pursuant to the provisions of Oregon Revised Statute 297.465, Oregon Administrative Rule #162-010-0130, *Minimum Standards for Audits of Oregon Municipal Corporations*, requires an individual schedule of revenues, expenditures/expenses, and changes in fund balances/net assets, budget, and actual be displayed for each fund where legally adopted budgets are required.

In accordance with GAAP the City's General Fund and all major special revenue funds (currently only the Community Development Fund and the Transit Fund) are presented as required supplementary information. All other fund budgetary comparisons are displayed in the following pages as other supplementary information.

**SCHEDULE OF REVENUES,
EXPENDITURES
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL**

Governmental Funds

Special Revenue Funds

- Fleet
- Road Operating
- Road Maintenance Regulatory
- Library Expendable Endowment

Debt Service Funds

- Debt Service
- Urban Renewal - Year 2000 Plan
- Urban Renewal - West Side Plan

Capital Project Funds

- Building
- Park
- Park Development
- Street
- Street Development
- Urban Renewal - Year 2000 Plan
- Urban Renewal - Year 2000 Plan Program Income
- Urban Renewal - West Side Plan

Permanent Fund

- Library Non-Expendable

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CITY OF WILSONVILLE, OREGON
Fleet Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 1,227,460	\$ 1,227,460	\$ 1,227,460	\$ -
Investment revenue	37,055	37,055	61,825	24,770
Other revenues	34,050	34,050	19,862	(14,188)
Total revenues	<u>1,298,565</u>	<u>1,298,565</u>	<u>1,309,147</u>	<u>10,582</u>
EXPENDITURES				
Personal services	510,260	510,260	467,072	43,188
Materials and services	586,945	586,945	548,641	38,304
Capital outlay	23,000	23,000	21,968	1,032
Contingency	2,891,022	2,891,022	-	2,891,022
Total expenditures	<u>4,011,227</u>	<u>4,011,227</u>	<u>1,037,681</u>	<u>2,973,546</u>
Excess (deficiency) of revenues over (under) expenditures	(2,712,662)	(2,712,662)	271,466	2,984,128
OTHER FINANCING USES				
Transfers out	(2,000)	(2,000)	(2,000)	-
Net change in fund balances	(2,714,662)	(2,714,662)	269,466	2,984,128
Fund balances--beginning	2,774,662	2,774,662	2,736,818	(37,844)
Fund balances--ending	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 3,006,284</u>	<u>\$ 2,946,284</u>

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CITY OF WILSONVILLE, OREGON
Road Operating Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 707,200	\$ 707,200	\$ 756,557	\$ 49,357
Investment revenue	3,629	3,629	1,779	(1,850)
Other revenues	-	-	1,151	1,151
Total revenues	710,829	710,829	759,487	48,658
EXPENDITURES				
Personal services	258,180	258,180	222,592	35,588
Materials and services	341,005	341,005	260,077	80,928
Contingency	188,197	186,097	-	186,097
Total expenditures	787,382	785,282	482,669	302,613
Excess (deficiency) of revenues over (under) expenditures	(76,553)	(74,453)	276,818	351,271
OTHER FINANCING SOURCES (USES)				
Transfers in	-	5,000	3,335	(1,665)
Transfers out	(25,400)	(32,500)	(27,574)	4,926
Total other financing sources (uses)	(25,400)	(27,500)	(24,239)	3,261
Net change in fund balances	(101,953)	(101,953)	252,579	354,532
Fund balances--beginning	141,953	141,953	202,869	60,916
Fund balances--ending	\$ 40,000	\$ 40,000	\$ 455,448	\$ 415,448

CITY OF WILSONVILLE, OREGON
Road Maintenance Regulatory Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 625,000	\$ 625,000	\$ 595,580	\$ (29,420)
Investment revenue	895	895	1,398	503
Total revenues	625,895	625,895	596,978	(28,917)
EXPENDITURES				
Materials and services	500	500	-	500
Contingency	158,894	158,894	-	158,894
Total expenditures	159,394	159,394	-	159,394
Excess of revenues over expenditures	466,501	466,501	596,978	130,477
OTHER FINANCING USES				
Transfers out	(600,000)	(600,000)	(747,174)	(147,174)
Net change in fund balances	(133,499)	(133,499)	(150,196)	(16,697)
Fund balances--beginning	133,499	133,499	309,890	176,391
Fund balances--ending	\$ -	\$ -	\$ 159,694	\$ 159,694

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CITY OF WILSONVILLE, OREGON
Library Expendable Endowment Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment revenue	\$ 230	\$ 230	\$ 28	\$ (202)
EXPENDITURES				
Materials and services	17,207	17,207	17,055	152
Deficiency of revenues under expenditures	(16,977)	(16,977)	(17,027)	(50)
Fund balances--beginning	16,977	16,977	17,027	50
Fund balances--ending	\$ -	\$ -	\$ -	\$ -

CITY OF WILSONVILLE, OREGON
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 341,000	\$ 341,000	\$ 357,374	\$ 16,374
Investment revenue	2,555	2,555	2,218	(337)
Total revenues	343,555	343,555	359,592	16,037
EXPENDITURES				
Debt service:				
Principal	270,000	270,000	270,000	-
Interest	99,450	99,450	99,450	-
Total expenditures	369,450	369,450	369,450	-
Deficiency of revenues under expenditures	(25,895)	(25,895)	(9,858)	16,037
Fund balances--beginning	172,856	172,856	181,690	8,834
Fund balances--ending	\$ 146,961	\$ 146,961	\$ 171,832	\$ 24,871

CITY OF WILSONVILLE, OREGON
Urban Renewal - Year 2000 Plan Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,600,000	\$ 4,600,000	\$ 4,580,766	\$ (19,234)
Investment revenue	92,512	92,512	39,967	(52,545)
Total revenues	4,692,512	4,692,512	4,620,733	(71,779)
EXPENDITURES				
Debt service:				
Principal	5,012,000	5,012,000	2,012,000	3,000,000
Interest	474,846	474,846	474,146	700
Total expenditures	5,486,846	5,486,846	2,486,146	3,000,700
Excess (deficiency) of revenues over (under) expenditures	(794,334)	(794,334)	2,134,587	2,928,921
Fund balances--beginning	2,843,396	2,843,396	2,818,194	(25,202)
Fund balances--ending	\$ 2,049,062	\$ 2,049,062	\$ 4,952,781	\$ 2,903,719

CITY OF WILSONVILLE, OREGON
Urban Renewal - West Side Plan Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,450,000	\$ 2,450,000	\$ 2,102,735	\$ (347,265)
Investment revenue	13,022	13,022	21,975	8,953
Total revenues	2,463,022	2,463,022	2,124,710	(338,312)
EXPENDITURES				
Debt service:				
Principal	5,305,636	5,305,636	420,000	4,885,636
Interest	1,061,170	1,061,170	776,150	285,020
Total expenditures	6,366,806	6,366,806	1,196,150	5,170,656
Excess (deficiency) of revenues over (under) expenditures	(3,903,784)	(3,903,784)	928,560	4,832,344
OTHER FINANCING SOURCES				
Issuance of long-term debt	5,000,000	5,000,000	-	(5,000,000)
Net change in fund balances	1,096,216	1,096,216	928,560	(167,656)
Fund balances--beginning	1,980,272	1,980,272	2,368,525	388,253
Fund balances--ending	\$ 3,076,488	\$ 3,076,488	\$ 3,297,085	\$ 220,597

CITY OF WILSONVILLE, OREGON
Street Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,867,070	\$ 2,867,070	\$ 23,757	\$ (2,843,313)
Investment revenue	11,214	11,214	(137)	(11,351)
Other revenues	1,710,000	1,710,000	784,577	(925,423)
Total revenues	<u>4,588,284</u>	<u>4,588,284</u>	<u>808,197</u>	<u>(3,780,087)</u>
EXPENDITURES				
Capital outlay	12,113,000	12,161,000	4,318,745	7,842,255
Contingency	379,086	379,086	-	379,086
Total expenditures	<u>12,492,086</u>	<u>12,540,086</u>	<u>4,318,745</u>	<u>8,221,341</u>
Deficiency of revenues under expenditures	<u>(7,903,802)</u>	<u>(7,951,802)</u>	<u>(3,510,548)</u>	<u>4,441,254</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	9,084,750	9,136,670	4,127,318	(5,009,352)
Transfers out	(1,548,820)	(1,552,740)	(738,978)	813,762
Total other financing sources (uses)	<u>7,535,930</u>	<u>7,583,930</u>	<u>3,388,340</u>	<u>(4,195,590)</u>
Net change in fund balances	(367,872)	(367,872)	(122,208)	245,664
Fund balances--beginning	367,872	367,872	359,999	(7,873)
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 237,791</u>	<u>\$ 237,791</u>

CITY OF WILSONVILLE, OREGON
Building Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 790,000	\$ 790,000	\$ 609,989	\$ (180,011)
Investment revenue	3,337	3,337	1,202	(2,135)
Total revenues	<u>793,337</u>	<u>793,337</u>	<u>611,191</u>	<u>(182,146)</u>
EXPENDITURES				
Capital outlay	793,000	836,800	672,889	163,911
Contingency	180,244	180,244	-	180,244
Total expenditures	<u>973,244</u>	<u>1,017,044</u>	<u>672,889</u>	<u>344,155</u>
Deficiency of revenues under expenditures	<u>(179,907)</u>	<u>(223,707)</u>	<u>(61,698)</u>	<u>162,009</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	83,500	231,480	177,170	(54,310)
Transfers out	(80,500)	(184,680)	(114,270)	70,410
Total other financing sources (uses)	<u>3,000</u>	<u>46,800</u>	<u>62,900</u>	<u>16,100</u>
Net change in fund balances	(176,907)	(176,907)	1,202	178,109
Fund balances--beginning	176,907	176,907	177,375	468
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,577</u>	<u>\$ 178,577</u>

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CITY OF WILSONVILLE, OREGON
Park Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 467,400	\$ 467,400	\$ 92,700	\$ (374,700)
Licenses and permits	5,000	5,000	3,624	(1,376)
Investment revenue	1,993	1,993	873	(1,120)
Other revenues	15,000	15,000	-	(15,000)
Total revenues	489,393	489,393	97,197	(392,196)
EXPENDITURES				
Capital outlay	819,654	819,654	179,739	639,915
Contingency	140,809	140,809	-	140,809
Total expenditures	960,463	960,463	179,739	780,724
Deficiency of revenues under expenditures	(471,070)	(471,070)	(82,542)	388,528
OTHER FINANCING SOURCES (USES)				
Transfers in	498,806	498,806	110,696	(388,110)
Transfers out	(166,551)	(166,551)	(69,948)	96,603
Total other financing sources (uses)	332,255	332,255	40,748	(291,507)
Net change in fund balances	(138,815)	(138,815)	(41,794)	97,021
Fund balances--beginning	138,815	138,815	133,119	(5,696)
Fund balances--ending	\$ -	\$ -	\$ 91,325	\$ 91,325

CITY OF WILSONVILLE, OREGON
Street Development Charges Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
System development fees	\$ 5,025,795	\$ 5,025,795	\$ 2,283,059	\$ (2,742,736)
Investment revenue	64,297	64,297	110,301	46,004
Total revenues	5,090,092	5,090,092	2,393,360	(2,696,732)
EXPENDITURES				
Materials and services	10,000	10,000	7,344	2,656
Contingency	4,068,169	4,036,249	-	4,036,249
Total expenditures	4,078,169	4,046,249	7,344	4,038,905
Excess (deficiency) of revenues over (under) expenditures	1,011,923	1,043,843	2,386,016	1,342,173
OTHER FINANCING USES				
Transfers out	(8,325,150)	(8,357,070)	(3,358,012)	4,999,058
Net change in fund balances	(7,313,227)	(7,313,227)	(971,996)	6,341,231
Fund balances--beginning	7,313,227	7,313,227	7,064,430	(248,797)
Fund balances--ending	\$ -	\$ -	\$ 6,092,434	\$ 6,092,434

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CITY OF WILSONVILLE, OREGON
Park Development Charges Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
System development fees	\$ 558,248	\$ 558,248	\$ 275,228	\$ (283,020)
Investment revenue	78,582	78,582	34,166	(44,416)
Total revenues	<u>636,830</u>	<u>636,830</u>	<u>309,394</u>	<u>(327,436)</u>
EXPENDITURES				
Materials and services	6,000	6,000	2,156	3,844
Contingency	2,370,474	2,370,474	-	2,370,474
Excess (deficiency) of revenues over (under) expenditures	(1,739,644)	(1,739,644)	307,238	2,046,882
OTHER FINANCING USES				
Transfers out	(438,806)	(438,806)	(51,170)	387,636
Net change in fund balances	(2,178,450)	(2,178,450)	256,068	2,434,518
Fund balances--beginning	2,178,450	2,178,450	2,091,559	(86,891)
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,347,627</u>	<u>\$ 2,347,627</u>

CITY OF WILSONVILLE, OREGON
Urban Renewal - Year 2000 Plan Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment revenue	\$ 23,611	\$ 23,611	\$ 13,541	\$ (10,070)
EXPENDITURES				
Materials and services	544,769	544,769	526,273	18,496
Capital outlay	3,053,500	3,053,500	1,664,649	1,388,851
Contingency	3,333,565	3,333,565	-	3,333,565
Total expenditures	6,931,834	6,931,834	2,190,922	4,740,912
Deficiency of revenues under expenditures	(6,908,223)	(6,908,223)	(2,177,381)	4,730,842
OTHER FINANCING SOURCES				
Issuance of long-term debt	3,000,000	3,000,000	-	(3,000,000)
Net change in fund balances	(3,908,223)	(3,908,223)	(2,177,381)	1,730,842
Fund balances--beginning	3,908,223	3,908,223	2,972,063	(936,160)
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 794,682</u>	<u>\$ 794,682</u>

CITY OF WILSONVILLE, OREGON
Urban Renewal - Year 2000 Plan Program Income Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 5,460	\$ 5,460
Investment revenue	26,060	26,060	32,622	6,562
Other revenues	-	-	105,841	105,841
Total revenues	<u>26,060</u>	<u>26,060</u>	<u>143,923</u>	<u>117,863</u>
EXPENDITURES				
Contingency	<u>1,758,474</u>	<u>1,758,474</u>	-	<u>1,758,474</u>
Excess (deficiency) of revenues over (under) expenditures	(1,732,414)	(1,732,414)	143,923	1,876,337
OTHER FINANCING SOURCES				
Sale of capital assets	-	-	959,599	959,599
Net change in fund balances	(1,732,414)	(1,732,414)	1,103,522	2,835,936
Fund balances--beginning	<u>1,732,414</u>	<u>1,732,414</u>	<u>1,831,067</u>	<u>98,653</u>
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,934,589</u>	<u>\$ 2,934,589</u>

CITY OF WILSONVILLE, OREGON
Urban Renewal - West Side Plan Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 23,007	\$ 23,007
Investment revenue	38,248	38,248	16,249	(21,999)
Other revenues	-	-	24,800	24,800
Total revenues	<u>38,248</u>	<u>38,248</u>	<u>64,056</u>	<u>25,808</u>
EXPENDITURES				
Materials and services	523,723	523,723	480,727	42,996
Capital outlay	170,000	263,000	570,330	(307,330)
Contingency	<u>2,333,986</u>	<u>2,240,986</u>	-	<u>2,240,986</u>
Total expenditures	<u>3,027,709</u>	<u>3,027,709</u>	<u>1,051,057</u>	<u>1,976,652</u>
Deficiency of revenues under expenditures	(2,989,461)	(2,989,461)	(987,001)	2,002,460
Fund balances--beginning	<u>2,989,461</u>	<u>2,989,461</u>	<u>1,791,747</u>	<u>(1,197,714)</u>
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>804,746</u>	<u>\$ 804,746</u>
Adjustment from budgetary basis to generally accepted accounting basis:				
Development charge payable			(1,020,926)	
Fund balances - generally accepted accounting principles basis			<u>\$ (216,180)</u>	

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CITY OF WILSONVILLE, OREGON
Library Non-Expendable Endowment Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment revenue	\$ 164	\$ 164	\$ 20	\$ (144)
EXPENDITURES				
Materials and services	4,074	12,135	12,135	-
Deficiency of revenues under expenditures	(3,910)	(11,971)	(12,115)	(144)
Fund balances--beginning	12,080	12,080	12,115	35
Fund balances--ending	\$ 8,170	\$ 109	\$ -	\$ (109)

**SCHEDULE OF REVENUES,
EXPENDITURES
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL**

Proprietary Funds

- Water Operating
- Water Capital Projects
- Water Development Charges
- Water Fund Reconciliation of Budgetary Revenues
and Expenditures to Proprietary Revenues and Expenses
- Sewer Operating
- Sewer Capital Projects
- Sewer Development Charges
- Sewer Fund Reconciliation of Budgetary Revenues
and Expenditures to Proprietary Revenues and Expenses
- Stormwater Operating
- Stormwater Capital Projects
- Stormwater Development Charges
- Stormwater Fund Reconciliation of Budgetary Revenues
and Expenditures to Proprietary Revenues and Expenses
- Street Lighting
- Street Lighting Fund Reconciliation of Budgetary Revenues
and Expenditures to Proprietary Revenues and Expenses
- Reconciliation of Budgetary Fund Balances to GAAP Basis - Net Assets

CITY OF WILSONVILLE, OREGON
Water Operating Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 5,464,000	\$ 5,464,000	\$ 4,969,233	\$ (494,767)
Fines and forfeitures	-	-	18,086	18,086
Investment revenue	53,599	53,599	39,736	(13,863)
Other revenues	-	-	6,649	6,649
Total revenues	<u>5,517,599</u>	<u>5,517,599</u>	<u>5,033,704</u>	<u>(483,895)</u>
EXPENDITURES				
Personal services	393,530	393,530	361,383	32,147
Materials and services	2,618,714	2,616,914	2,356,824	260,090
Capital outlay	53,000	54,800	1,800	53,000
Debt service:				
Principal	1,225,000	1,225,000	1,225,000	-
Interest	660,000	660,000	658,696	1,304
Contingency	2,394,041	2,308,341	-	2,308,341
Total expenditures	<u>7,344,285</u>	<u>7,258,585</u>	<u>4,603,703</u>	<u>2,654,882</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,826,686)</u>	<u>(1,740,986)</u>	<u>430,001</u>	<u>2,170,987</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	350,000	350,000	350,000	-
Transfers out	(1,183,380)	(1,269,080)	(1,308,180)	(39,100)
Total other financing sources (uses)	<u>(833,380)</u>	<u>(919,080)</u>	<u>(958,180)</u>	<u>(39,100)</u>
Net change in fund balances	(2,660,066)	(2,660,066)	(528,179)	2,131,887
Fund balances--beginning	2,810,066	2,810,066	3,228,528	418,462
Fund balances--ending	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 2,700,349</u>	<u>\$ 2,550,349</u>

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CITY OF WILSONVILLE, OREGON
Water Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 847,000	\$ 847,000	\$ -	\$ (847,000)
Investment revenue	1,555	1,555	2,039	484
Total revenues	<u>848,555</u>	<u>848,555</u>	<u>2,039</u>	<u>(846,516)</u>
EXPENDITURES				
Capital outlay	3,259,000	3,344,000	1,287,828	2,056,172
Contingency	417,385	417,385	-	417,385
Total expenditures	<u>3,676,385</u>	<u>3,761,385</u>	<u>1,287,828</u>	<u>2,473,557</u>
Deficiency of revenues under expenditures	<u>(2,827,830)</u>	<u>(2,912,830)</u>	<u>(1,285,789)</u>	<u>1,627,041</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,025,680	3,139,880	1,504,471	(1,635,409)
Transfers out	(463,680)	(492,880)	(261,719)	231,161
Total other financing sources (uses)	<u>2,562,000</u>	<u>2,647,000</u>	<u>1,242,752</u>	<u>(1,404,248)</u>
Net change in fund balances	(265,830)	(265,830)	(43,037)	222,793
Fund balances--beginning	265,830	265,830	268,598	2,768
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225,561</u>	<u>\$ 225,561</u>

CITY OF WILSONVILLE, OREGON
Water Development Charges Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
System development fees	\$ 1,013,047	\$ 1,013,047	\$ 226,035	\$ (787,012)
Investment revenue	91,702	91,702	50,262	(41,440)
Total revenues	<u>1,104,749</u>	<u>1,104,749</u>	<u>276,297</u>	<u>(828,452)</u>
EXPENDITURES				
Materials and services	9,900	9,900	1,606	8,294
Contingency	1,912,674	1,884,174	-	1,884,174
Total expenditures	<u>1,922,574</u>	<u>1,894,074</u>	<u>1,606</u>	<u>1,892,468</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(817,825)</u>	<u>(789,325)</u>	<u>274,691</u>	<u>1,064,016</u>
OTHER FINANCING USES				
Transfers out	(2,786,300)	(2,814,800)	(1,008,139)	1,806,661
Net change in fund balances	(3,604,125)	(3,604,125)	(733,448)	2,870,677
Fund balances--beginning	3,604,125	3,604,125	3,705,502	101,377
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,972,054</u>	<u>\$ 2,972,054</u>

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CITY OF WILSONVILLE, OREGON
Water Fund
Reconciliation of Budgetary Revenues and Expenditures
to Proprietary Revenues and Expenses
For the year ended June 30, 2010

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis:		
Water Operating Fund	\$ 5,033,704	\$ 4,603,703
Water Capital Projects Fund	2,039	1,287,828
Water Development Charges Fund	276,297	1,606
Total	<u>5,312,040</u>	<u>5,893,137</u>
Adjustments:		
Increase in notes receivable	93,108	-
Payment of bond principal	-	(1,225,000)
Expenditures capitalized	-	(1,242,942)
Support services	-	451,850
Depreciation expense	-	1,528,231
Bond issuance cost	-	3,562
Amortization of bond defeasance	-	61,010
Gain/loss on disposition	-	345
Revenues and expenses	<u>\$ 5,405,148</u>	<u>\$ 5,470,193</u>
Proprietary Basis:		
Operating	\$ 4,993,971	\$ 4,746,580
Nonoperating	411,177	723,613
Total - page 39	<u>\$ 5,405,148</u>	<u>\$ 5,470,193</u>

CITY OF WILSONVILLE, OREGON
Sewer Operating Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Budgetary</u>	<u>Positive</u>
			<u>Basis</u>	<u>(Negative)</u>
REVENUES				
Charges for services	\$ 4,800,000	\$ 4,800,000	\$ 4,546,355	\$ (253,645)
Fines and forfeitures	-	-	800	800
Investment revenue	65,912	65,912	32,856	(33,056)
Other revenues	18,216	18,216	29,609	11,393
Total revenues	<u>4,884,128</u>	<u>4,884,128</u>	<u>4,609,620</u>	<u>(274,508)</u>
EXPENDITURES				
Personal services	809,861	809,861	695,256	114,605
Materials and services	1,608,024	1,652,324	1,643,028	9,296
Capital outlay	-	8,800	6,862	1,938
Debt service:				
Principal	500,000	500,000	500,000	-
Interest	270,483	270,483	198,622	71,861
Contingency	4,299,030	4,245,930	-	4,245,930
Total expenditures	<u>7,487,398</u>	<u>7,487,398</u>	<u>3,043,768</u>	<u>4,443,630</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,603,270)</u>	<u>(2,603,270)</u>	<u>1,565,852</u>	<u>4,169,122</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	300,000	-
Transfers out	(1,485,120)	(1,485,120)	(837,829)	647,291
Total other financing sources (uses)	<u>(1,185,120)</u>	<u>(1,185,120)</u>	<u>(537,829)</u>	<u>647,291</u>
Net change in fund balances	<u>(3,788,390)</u>	<u>(3,788,390)</u>	<u>1,028,023</u>	<u>4,816,413</u>
Fund balances--beginning	3,908,390	3,908,390	4,472,581	564,191
Fund balances--ending	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 5,500,604</u>	<u>\$ 5,380,604</u>

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CITY OF WILSONVILLE, OREGON
Sewer Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment revenue	\$ 18,728	\$ 18,728	\$ 26,091	\$ 7,363
EXPENDITURES				
Capital outlay	7,118,000	7,118,000	2,796,412	4,321,588
Contingency	301,496	301,496	-	301,496
Total expenditures	7,419,496	7,419,496	2,796,412	4,623,084
Deficiency of revenues under expenditures	(7,400,768)	(7,400,768)	(2,770,321)	4,630,447
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of bonds	7,000,000	7,000,000	4,243,047	(2,756,953)
Transfers in	2,477,520	2,477,520	676,004	(1,801,516)
Transfers out	(2,359,520)	(2,359,520)	(468,461)	1,891,059
Total other financing sources (uses)	7,118,000	7,118,000	4,450,590	(2,667,410)
Net change in fund balances	(282,768)	(282,768)	1,680,269	1,963,037
Fund balances--beginning	282,768	282,768	284,179	1,411
Fund balances--ending	\$ -	\$ -	\$ 1,964,448	\$ 1,964,448

CITY OF WILSONVILLE, OREGON
Sewer Development Charges Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
System development fees	\$ 1,217,666	\$ 1,217,666	\$ 329,007	\$ (888,659)
Investment revenue	52,738	52,738	43,698	(9,040)
Total revenues	1,270,404	1,270,404	372,705	(897,699)
EXPENDITURES				
Materials and services	10,000	10,000	2,614	7,386
Contingency	2,448,873	2,448,873	-	2,448,873
Total expenditures	2,458,873	2,458,873	2,614	2,456,259
Excess (deficiency) of revenues over (under) expenditures	(1,188,469)	(1,188,469)	370,091	1,558,560
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of bonds	-	-	756,953	756,953
Transfers in	1,300,000	1,300,000	-	(1,300,000)
Transfers out	(1,856,400)	(1,856,400)	(582,772)	1,273,628
Total other financing sources (uses)	(556,400)	(556,400)	174,181	730,581
Net change in fund balances	(1,744,869)	(1,744,869)	544,272	2,289,141
Fund balances--beginning	1,744,869	1,744,869	2,935,911	1,191,042
Fund balances--ending	\$ -	\$ -	\$ 3,480,183	\$ 3,480,183

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CITY OF WILSONVILLE, OREGON
Sewer Fund
Reconciliation of Budgetary Revenues and Expenditures
to Proprietary Revenues and Expenses
For the year ended June 30, 2010

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis:		
Sewer Operating Fund	\$ 4,609,620	\$ 3,043,768
Sewer Capital Projects Fund	26,091	2,796,412
Sewer Development Charges Fund	<u>372,705</u>	<u>2,614</u>
Total	5,008,416	5,842,794
Adjustments:		
Principal payment on credit facility	-	(500,000)
Expenditures capitalized	-	(2,694,859)
Support services	-	434,598
Depreciation expense	-	870,333
Bond issuance cost	6,769	-
Amortization of bond defeasance	-	10,190
Loss on disposition of fixed assets	-	34,564
Revenues and expenses	<u>\$ 5,015,185</u>	<u>\$ 3,997,620</u>
Proprietary Basis:		
Operating	\$ 4,576,764	\$ 3,754,244
Nonoperating	<u>438,421</u>	<u>243,376</u>
Total - page 39	<u>\$ 5,015,185</u>	<u>\$ 3,997,620</u>

CITY OF WILSONVILLE, OREGON
Stormwater Operating Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Budgetary</u>	<u>Positive</u>
			<u>Basis</u>	<u>(Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 30,634	\$ 30,634
Charges for services	935,000	935,000	937,249	2,249
Investment revenue	15,619	15,619	10,868	(4,751)
Other revenues	-	-	7,393	7,393
Total revenues	<u>950,619</u>	<u>950,619</u>	<u>986,144</u>	<u>35,525</u>
EXPENDITURES				
Personal services	222,450	222,450	195,585	26,865
Materials and services	411,121	409,321	304,558	104,763
Capital outlay	-	1,800	1,800	-
Contingency	<u>344,954</u>	<u>263,854</u>	-	<u>263,854</u>
Total expenditures	<u>978,525</u>	<u>897,425</u>	<u>501,943</u>	<u>395,482</u>
Excess (deficiency) of revenues over (under) expenditures	(27,906)	53,194	484,201	431,007
OTHER FINANCING USES				
Transfers out	<u>(381,919)</u>	<u>(463,019)</u>	<u>(401,652)</u>	<u>61,367</u>
Net change in fund balances	(409,825)	(409,825)	82,549	492,374
Fund balances--beginning	439,825	439,825	570,901	131,076
Fund balances--ending	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 653,450</u>	<u>\$ 623,450</u>

CITY OF WILSONVILLE, OREGON
Stormwater Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 568,000	\$ 568,000	\$ 291,297	\$ (276,703)
Investment revenue	84	84	-	(84)
Total revenues	<u>568,084</u>	<u>568,084</u>	<u>291,297</u>	<u>(276,787)</u>
EXPENDITURES				
Capital outlay	1,181,955	1,182,670	532,005	650,665
Contingency	8,882	8,882	-	8,882
Total expenditures	<u>1,190,837</u>	<u>1,191,552</u>	<u>532,005</u>	<u>659,547</u>
Deficiency of revenues under expenditures	<u>(622,753)</u>	<u>(623,468)</u>	<u>(240,708)</u>	<u>382,760</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	762,909	894,009	473,554	(420,455)
Transfers out	(148,954)	(279,339)	(232,846)	46,493
Total other financing sources (uses)	<u>613,955</u>	<u>614,670</u>	<u>240,708</u>	<u>(373,962)</u>
Net change in fund balances	(8,798)	(8,798)	-	8,798
Fund balances--beginning	8,798	8,798	10,272	1,474
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,272</u>	<u>\$ 10,272</u>

CITY OF WILSONVILLE, OREGON
Stormwater Development Charges Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
System development fees	\$ 410,228	\$ 410,228	\$ 91,233	\$ (318,995)
Investment revenue	12,000	12,000	24,806	12,806
Total revenues	<u>422,228</u>	<u>422,228</u>	<u>116,039</u>	<u>(306,189)</u>
EXPENDITURES				
Materials and services	1,400	2,000	1,489	511
Contingency	580,357	529,757	-	529,757
Total expenditures	<u>581,757</u>	<u>531,757</u>	<u>1,489</u>	<u>530,268</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(159,529)</u>	<u>(109,529)</u>	<u>114,550</u>	<u>224,079</u>
OTHER FINANCING USES				
Transfers out	(636,990)	(686,990)	(298,509)	388,481
Net change in fund balances	<u>(796,519)</u>	<u>(796,519)</u>	<u>(183,959)</u>	<u>612,560</u>
Fund balances--beginning	796,519	796,519	857,206	60,687
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 673,247</u>	<u>\$ 673,247</u>

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CITY OF WILSONVILLE, OREGON
Stormwater Fund
Reconciliation of Budgetary Revenues and Expenditures
to Proprietary Revenues and Expenses
For the year ended June 30, 2010

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis:		
Stormwater Operating Fund	\$ 986,144	\$ 501,943
Stormwater Capital Projects Fund	291,297	532,005
Stormwater Development Charges Fund	<u>116,039</u>	<u>1,489</u>
Total	1,393,480	1,035,437
Adjustments:		
Expenditures capitalized	-	12,793
Support services	-	224,607
Depreciation expense	-	988,457
Loss on disposition of fixed assets	<u>-</u>	<u>777,490</u>
Revenues and expenses	<u>\$ 1,393,480</u>	<u>\$ 3,038,784</u>
Proprietary Basis:		
Operating	\$ 1,266,573	\$ 2,261,294
Nonoperating	<u>126,907</u>	<u>777,490</u>
Total - page 39	<u>\$ 1,393,480</u>	<u>\$ 3,038,784</u>

CITY OF WILSONVILLE, OREGON
Street Lighting Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Budgetary</u>	<u>Positive</u>
			<u>Basis</u>	<u>(Negative)</u>
REVENUES				
Charges for services	\$ 390,000	\$ 390,000	\$ 375,483	\$ (14,517)
Investment revenue	4,244	4,244	4,927	683
Other revenues	-	-	3,952	3,952
Total revenues	<u>394,244</u>	<u>394,244</u>	<u>384,362</u>	<u>(9,882)</u>
EXPENDITURES				
Materials and services	281,200	281,200	257,958	23,242
Contingency	<u>353,496</u>	<u>353,496</u>	-	<u>353,496</u>
Total expenditures	<u>634,696</u>	<u>634,696</u>	<u>257,958</u>	<u>376,738</u>
Excess (deficiency) of revenues over (under) expenditures	(240,452)	(240,452)	126,404	366,856
OTHER FINANCING USES				
Transfers out	<u>(159,600)</u>	<u>(159,600)</u>	<u>(4,444)</u>	<u>155,156</u>
Net change in fund balances	(400,052)	(400,052)	121,960	522,012
Fund balances--beginning	<u>415,052</u>	<u>415,052</u>	<u>456,047</u>	<u>40,995</u>
Fund balances--ending	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 578,007</u>	<u>\$ 563,007</u>

CITY OF WILSONVILLE, OREGON
Street Lighting Fund
Reconciliation of Budgetary Revenues and Expenditures
to Proprietary Revenues and Expenses
For the year ended June 30, 2010

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis:		
Street Lighting Fund	\$ 384,362	\$ 257,958
Adjustments:		
Support services	-	4,444
Depreciation expense	-	65,607
Revenues and expenses	<u>\$ 384,362</u>	<u>\$ 328,009</u>
Proprietary Basis:		
Operating	\$ 379,435	\$ 328,009
Nonoperating	4,927	-
Total - page 39	<u>\$ 384,362</u>	<u>\$ 328,009</u>

CITY OF WILSONVILLE, OREGON
Reconciliation of Budgetary Fund Balance to
Generally Accepted Accounting Principles Basis - Net Assets
For the year ended June 30, 2010

	<u>Total Water</u>	<u>Total Sewer</u>	<u>Total Stormwater</u>	<u>Total Street Lighting</u>
Fund balances - budget basis:				
Operating Fund	\$ 2,700,349	\$ 5,500,604	\$ 653,450	\$ 578,007
Capital Projects Fund	225,561	1,964,448	10,272	-
Development Charges Fund	2,972,054	3,480,183	673,247	-
Total fund balances - budget basis	<u>5,897,964</u>	<u>10,945,235</u>	<u>1,336,969</u>	<u>578,007</u>
Adjustments from budgetary basis to generally accepted accounting principles basis:				
Notes receivable	1,020,926	-	-	-
Capital assets, net	46,846,654	22,761,352	19,636,576	1,783,367
Debt payable	(15,324,118)	(8,422,891)	-	-
Total fund equities - Generally Accepted Accounting Principles Basis - page 39	<u>\$ 38,441,426</u>	<u>\$ 25,283,696</u>	<u>\$ 20,973,545</u>	<u>\$ 2,361,374</u>

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**OTHER
FINANCIAL SCHEDULES**

CITY OF WILSONVILLE, OREGON
Schedule of Property Tax Transactions and Outstanding Balances
(Excluding Urban Renewal Agency)
For the fiscal year ended June 30, 2010

Tax Year	Property Taxes Receivable July 1, 2009	Levy as Extended by Assessor	Discounts and Adjustments	Cash Collections	Property Taxes Receivable June 30, 2010	Interest Received
2009-10	\$ -	\$ 5,352,319	\$ (141,844)	\$ (5,016,869)	\$ 193,606	\$ 2,009
2008-09	214,253	-	(4,255)	(126,013)	83,985	3,676
2007-08	62,807	-	(1,402)	(29,097)	32,308	2,563
2006-07	23,233	-	(922)	(12,037)	10,275	1,133
2005-06	7,297	-	(847)	(4,254)	2,197	144
and prior	8,679	-	(1,150)	(535)	6,994	(1,221)
	<u>\$ 316,269</u>	<u>\$ 5,352,319</u>	<u>\$ (150,420)</u>	<u>\$ (5,188,803)</u>	<u>\$ 329,365</u>	<u>\$ 8,304</u>

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Summary of property taxes receivable by fund:

General Fund	\$ 303,645
Debt Service Fund (excluding Urban Renewal Debt Service Fund)	<u>25,720</u>
Total property taxes receivable	<u>\$ 329,365</u>

	General	Debt Service	Total
Reconciliation to revenue:			
Cash collections	\$ 4,815,277	\$ 373,526	\$ 5,188,803
Net accrual of taxes	8,802	681	9,483
Other discounts and adjustments	23	2	25
Total tax revenue	<u>\$ 4,824,102</u>	<u>\$ 374,210</u>	<u>\$ 5,198,311</u>

Reconciliation to the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances at pages 34 and 35:

Total taxes at pages 34 and 35	\$ 18,563,276
Adjustments:	
Payroll taxes collected in the Transit Fund (page 67)	(3,781,052)
Urban Renewal Debt Service (pages 90-91)	(6,683,501)
Franchise Fees (page 138)	(2,707,308)
Hotel/Motel Taxes (page 138)	<u>(193,106)</u>
	<u>\$ 5,198,311</u>

CITY OF WILSONVILLE, OREGON
Urban Renewal Debt Service Funds
Schedule of Property Tax Transactions and Outstanding Balances
For the fiscal year ended June 30, 2010

Year of Levy	Property Taxes Receivable July 1, 2009	Levy as Extended by Assessor	Discounts and Adjustments	Cash Collections	Property Taxes Receivable June 30, 2010	Interest Received
2009-10	\$ -	\$ 6,883,546	\$ (181,708)	\$ (6,449,400)	\$ 252,438	\$ 2,591
2008-09	287,165	-	(5,273)	(168,433)	113,459	8,120
2007-08	75,714	-	(1,513)	(34,995)	39,207	4,363
2006-07	23,422	-	(863)	(11,953)	10,605	2,528
2005-06	6,647	-	(765)	(3,835)	2,047	671
and prior	9,728	-	(1,158)	(597)	7,980	(970)
	<u>\$ 402,675</u>	<u>\$ 6,883,546</u>	<u>\$ (191,280)</u>	<u>\$ (6,669,214)</u>	<u>\$ 425,734</u>	<u>\$ 17,303</u>

Summary of property taxes receivable by fund:

Year 2000 Plan	\$ 301,744
West Side District	123,990
Total property taxes receivable	<u>\$ 425,734</u>

	Year 2000 Plan	West Side District	Total
Reconciliation to revenue:			
Cash collections	\$ 4,594,174	\$ 2,075,040	\$ 6,669,214
Other discounts and adjustments	(13,409)	27,695	14,287
Total tax revenue	<u>\$ 4,580,765</u>	<u>\$ 2,102,735</u>	<u>\$ 6,683,501</u>

Reconciliation to the Governmental Fund Statement of Revenues, Expenditures and

Changes in Fund Balances at pages 34 and 35:		
Total taxes at pages 33 and 34	\$	18,563,276
Adjustments:		
Payroll taxes collected in the Transit Fund (page 67)		(3,781,052)
General Fund Property Taxes (page 121)		(5,198,311)
Franchise Fees (page 138)		(2,707,308)
Hotel/Motel Taxes (page 138)		(193,106)
		<u>\$ 6,683,501</u>

STATISTICAL SECTION

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Statistical Section

This part of the City of Wilsonville's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	126
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.	136
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	144
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	154
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the city provides and the activities it performs.	158

Sources: Unless otherwise noted the information in these schedules is derived from the City's comprehensive annual financial reports for the relevant year.

CITY OF WILSONVILLE, OREGON
Net Assets by Component
Last Ten Fiscal Years

	Fiscal Year				Fiscal Year					
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Governmental Activities										
Invested in capital assets, net of related debt	\$ 148,408,001	\$ 145,226,430	\$ 142,514,681	\$ 112,210,377	\$ 104,077,756	\$ 108,344,597	\$ 108,241,810	\$ 104,992,194	\$ 99,081,528	\$ 91,928,059
Restricted	21,247,738	20,870,117	22,132,604	28,263,091	28,996,950	23,708,297	27,396,890	20,315,709	20,566,623	18,893,369
Unrestricted	20,569,991	20,101,537	18,908,042	17,069,299	20,380,379	15,321,881	5,798,708	13,260,452	9,944,174	10,940,829
Total governmental activities net assets	\$ 190,225,730	\$ 186,198,084	\$ 183,555,327	\$ 157,542,767	\$ 153,455,085	\$ 147,374,775	\$ 141,437,408	\$ 138,568,355	\$ 129,592,325	\$ 121,762,257
Business-type activities										
Invested in capital assets, net of related debt	\$ 65,194,932	\$ 68,333,124	\$ 65,371,937	\$ 57,252,903	\$ 56,506,690	\$ 55,616,729	\$ 52,181,344	\$ 52,421,317	\$ 48,860,284	\$ 38,399,770
Restricted	9,160,631	8,534,673	9,177,950	10,429,078	10,839,730	10,377,636	7,550,862	642,228	1,398,442	8,185,226
Unrestricted	12,704,478	9,904,816	10,920,689	10,081,324	5,186,898	3,415,909	5,045,557	9,804,627	12,610,050	14,337,728
Total business-type activities net assets	\$ 87,060,041	\$ 86,772,613	\$ 85,470,576	\$ 77,763,305	\$ 72,533,318	\$ 69,410,274	\$ 64,777,763	\$ 62,868,172	\$ 62,868,776	\$ 60,922,724
Primary government										
Invested in capital assets, net of related debt	\$ 213,602,933	\$ 213,559,554	\$ 207,886,618	\$ 169,463,280	\$ 160,584,446	\$ 163,961,326	\$ 160,423,154	\$ 157,413,511	\$ 147,941,812	\$ 130,327,829
Restricted	30,408,369	29,404,790	31,310,554	38,692,169	39,836,680	34,085,933	34,947,752	20,957,937	21,965,065	27,078,595
Unrestricted	33,274,469	30,006,353	29,828,731	27,150,623	25,567,277	18,737,790	10,844,265	23,065,079	22,554,224	25,278,557
Total primary government net assets	\$ 277,285,771	\$ 272,970,697	\$ 269,025,903	\$ 235,306,072	\$ 225,988,403	\$ 216,785,049	\$ 206,215,171	\$ 201,436,527	\$ 192,461,101	\$ 182,684,981

Continued on page 127.

CITY OF WILSONVILLE, OREGON
Changes in Net Assets
Last Ten Fiscal Years

	Fiscal Year				Fiscal Year					
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 550,187	\$ 680,409	\$ 634,259	\$ 607,723	\$ 555,729	\$ 545,975	\$ 583,337	\$ 353,473	\$ 396,463	\$ 1,319,024
Public safety	365,082	356,710	391,233	367,431	361,396	265,556	222,622	138,158	107,269	118,373
Transportation*	1,394,463	1,388,163	1,147,816	1,109,459	33,860	1,346	1,848	2,558	2,210	3,302
Public works*	624,647	633,589	669,400	604,577	1,551,413	675,255	1,145,721	1,288,920	1,212,107	3,581,218
Culture and recreations	152,498	160,454	147,707	155,113	204,126	9,095	120,912	173,194	133,174	137,175
Community development	1,359,674	1,794,304	2,571,583	2,409,342	2,487,212	2,216,220	2,046,111	1,354,293	855,136	1,042,506
Operating grants and contributions	2,064,880	2,232,036	1,568,798	1,686,479	2,381,551	1,970,868	1,776,882	1,771,779	1,534,960	1,392,170
Capital grants and contributions	4,644,661	1,708,482	24,572,641	4,609,997	5,682,994	8,439,612	2,620,055	7,177,309	5,277,089	1,305,057
Total governmental activities program revenues	<u>11,156,092</u>	<u>8,954,147</u>	<u>31,703,437</u>	<u>11,550,121</u>	<u>13,258,281</u>	<u>14,123,927</u>	<u>8,517,488</u>	<u>12,259,684</u>	<u>9,518,408</u>	<u>8,898,825</u>
Business-type activities:										
Charges for services:										
Water	4,969,233	5,393,190	5,309,720	5,850,106	5,398,575	4,867,637	5,270,182	5,138,436	4,215,572	3,072,469
Sewer	4,547,155	4,208,502	4,252,771	4,272,015	2,912,646	2,554,871	2,516,987	2,228,157	2,130,329	2,204,630
Stormwater	937,249	924,072	855,001	865,831	826,382	827,232	818,592	771,049	641,220	496,033
Streetslights	375,483	380,989	371,580	365,970	353,205	336,989	327,384	380,696	386,273	358,120
Operating grants and contributions	30,634	-	-	-	33,334	18,503	-	-	-	-
Capital grants and contributions	1,976,536	2,061,757	6,633,934	3,948,172	4,263,763	5,979,742	2,490,231	2,612,235	1,942,981	10,604,183
Total business-type activities program revenues	<u>12,836,290</u>	<u>12,968,510</u>	<u>17,423,006</u>	<u>15,302,094</u>	<u>13,787,905</u>	<u>14,584,974</u>	<u>11,423,376</u>	<u>11,130,573</u>	<u>9,316,375</u>	<u>16,735,435</u>
Total primary government program revenues	<u>\$ 23,992,382</u>	<u>\$ 21,922,657</u>	<u>\$ 49,126,443</u>	<u>\$ 26,852,215</u>	<u>\$ 27,046,186</u>	<u>\$ 28,708,901</u>	<u>\$ 19,940,864</u>	<u>\$ 23,390,257</u>	<u>\$ 18,834,783</u>	<u>\$ 25,634,260</u>
Expenses										
Governmental activities:										
General government	\$ 2,303,475	\$ 2,648,401	\$ 2,485,385	\$ 2,870,773	\$ 2,562,815	\$ 1,663,703	\$ 2,041,523	\$ 1,678,778	\$ 1,531,926	\$ 2,157,436
Public safety	3,536,948	3,211,057	3,001,569	2,834,694	2,671,832	2,374,060	2,135,825	1,966,742	1,986,644	1,818,603
Transportation*	5,228,701	5,011,679	3,819,281	3,554,524	2,616,737	2,556,518	2,099,440	1,979,858	1,803,505	1,698,648
Public works*	8,166,407	7,586,798	7,884,280	7,131,013	6,725,620	8,736,786	6,967,225	7,026,642	5,479,965	5,998,669
Culture and recreation	2,474,430	1,967,497	1,860,681	2,094,102	1,679,238	1,739,299	1,829,499	1,606,803	1,563,046	1,340,260
Community development	3,483,069	3,813,327	4,022,866	4,333,009	4,517,017	3,758,638	3,588,893	2,944,028	2,444,448	2,315,668
Interest on long-term debt	1,399,271	1,129,551	1,722,989	1,634,126	1,066,741	588,828	586,815	509,887	551,278	591,484
Total governmental activities expenses	<u>26,592,301</u>	<u>25,368,310</u>	<u>24,797,051</u>	<u>24,452,241</u>	<u>21,840,000</u>	<u>21,417,832</u>	<u>19,249,220</u>	<u>17,712,738</u>	<u>15,360,812</u>	<u>15,920,768</u>
Business-type activities:										
Water	5,470,193	5,813,041	5,552,777	5,439,332	5,518,677	5,275,025	5,198,602	6,257,565	4,079,578	2,382,042
Sewer	3,990,851	3,852,727	3,578,437	3,708,148	3,339,460	3,159,198	2,810,556	3,069,296	3,002,669	2,185,195
Stormwater	3,038,784	2,201,863	1,787,975	1,623,325	2,020,266	1,425,308	1,372,871	1,308,827	1,245,341	1,050,858
Streetslights	328,009	311,587	276,241	240,044	207,902	203,746	190,028	200,587	201,416	187,108
Total business-type activities	<u>12,827,837</u>	<u>12,179,218</u>	<u>11,195,430</u>	<u>11,010,849</u>	<u>11,086,305</u>	<u>10,063,277</u>	<u>9,572,057</u>	<u>10,836,275</u>	<u>8,529,004</u>	<u>5,805,203</u>
Total primary government expenses	<u>\$ 39,420,138</u>	<u>\$ 37,547,528</u>	<u>\$ 35,992,481</u>	<u>\$ 35,463,090</u>	<u>\$ 32,926,305</u>	<u>\$ 31,481,109</u>	<u>\$ 28,821,277</u>	<u>\$ 28,549,013</u>	<u>\$ 23,889,816</u>	<u>\$ 21,725,971</u>

*Fleet was moved from a Public Works function to a Transportation function in 2006-07.

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CITY OF WILSONVILLE, OREGON
Changes in Net Assets - Continued
Last Ten Fiscal Years

	Fiscal Year				Fiscal Year					
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Net (Expense)/Revenue										
Governmental activities	\$ (15,436,209)	\$ (16,414,163)	\$ 6,906,386	\$ (12,902,120)	\$ (8,581,719)	\$ (7,293,905)	\$ (10,731,732)	\$ (5,453,054)	\$ (5,842,404)	\$ (7,021,943)
Business-type activities	8,453	789,292	6,227,576	4,291,245	2,701,600	4,521,697	1,851,319	294,298	787,371	10,930,232
Total primary government net expenses	<u>\$ (15,427,756)</u>	<u>\$ (15,624,871)</u>	<u>\$ 13,133,962</u>	<u>\$ (8,610,875)</u>	<u>\$ (5,880,119)</u>	<u>\$ (2,772,208)</u>	<u>\$ (8,880,413)</u>	<u>\$ (5,158,756)</u>	<u>\$ (5,055,033)</u>	<u>\$ 3,908,289</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	\$ 4,843,914	\$ 4,650,115	\$ 4,507,213	\$ 4,364,739	\$ 4,121,436	\$ 3,974,389	\$ 3,643,034	\$ 3,452,646	\$ 3,255,537	\$ 3,375,730
Property taxes, levied for debt service	7,053,024	6,947,574	6,066,111	5,023,395	4,452,170	4,328,909	4,755,620	5,715,334	5,065,007	4,544,554
Franchise, transit and hotel taxes	6,681,467	6,120,632	5,250,229	4,772,969	4,205,444	3,926,043	3,989,459	3,691,573	3,441,993	3,615,306
Interest and investment earnings	563,385	1,170,778	1,936,619	2,495,667	1,516,730	957,629	726,811	784,993	972,403	1,516,319
Other revenues	386,794	368,873	313,359	289,210	338,626	229,332	304,078	712,375	1,028,875	1,269,011
Transfers	22,000	22,000	22,400	22,400	22,400	22,400	152,500	107,109	(57,552)	985,115
Gain (loss) on disposition of capital assets	(86,729)	(223,052)	1,010,243	21,422	5,223	(87,977)	29,283	(34,946)	(33,791)	(116,001)
Special item - writedown note receivable	-	-	-	-	-	(119,453)	-	-	-	-
Total governmental activities	<u>19,463,855</u>	<u>19,056,920</u>	<u>19,106,174</u>	<u>16,989,802</u>	<u>14,662,029</u>	<u>13,231,272</u>	<u>13,600,785</u>	<u>14,429,084</u>	<u>13,672,472</u>	<u>15,190,034</u>
Business-type activities:										
Investment revenue	235,283	493,062	982,010	931,154	424,907	299,826	240,737	346,155	985,914	1,283,291
Other revenues	65,692	41,683	480,214	29,988	18,937	29,306	22,840	45,481	123,193	33,845
Transfers	(22,000)	(22,000)	(22,400)	(22,400)	(22,400)	(22,400)	(152,500)	(107,109)	57,552	(985,115)
Gain (loss) on disposition of capital assets	-	-	39,871	-	-	(100,670)	(52,805)	(579,429)	(7,978)	168,531
Special item - writedown note receivable	-	-	-	-	-	(95,248)	-	-	-	-
Total business-type activities	<u>278,975</u>	<u>512,745</u>	<u>1,479,695</u>	<u>938,742</u>	<u>421,444</u>	<u>110,814</u>	<u>58,272</u>	<u>(294,902)</u>	<u>1,158,681</u>	<u>500,552</u>
Total primary government	<u>\$ 19,742,830</u>	<u>\$ 19,569,665</u>	<u>\$ 20,585,869</u>	<u>\$ 17,928,544</u>	<u>\$ 15,083,473</u>	<u>\$ 13,342,086</u>	<u>\$ 13,659,057</u>	<u>\$ 14,134,182</u>	<u>\$ 14,831,153</u>	<u>\$ 15,690,586</u>
Change in Net Assets										
Governmental activities	\$ 4,027,646	\$ 2,642,757	\$ 26,012,560	\$ 4,087,682	\$ 6,080,310	\$ 5,937,367	\$ 2,869,053	\$ 8,976,030	\$ 7,830,068	\$ 8,168,091
Business-type activities	287,428	1,302,037	7,707,271	5,229,987	3,123,044	4,632,511	1,909,591	(604)	1,946,052	11,430,784
Total primary government	<u>\$ 4,315,074</u>	<u>\$ 3,944,794</u>	<u>\$ 33,719,831</u>	<u>\$ 9,317,669</u>	<u>\$ 9,203,354</u>	<u>\$ 10,569,878</u>	<u>\$ 4,778,644</u>	<u>\$ 8,975,426</u>	<u>\$ 9,776,120</u>	<u>\$ 19,598,875</u>

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CITY OF WILSONVILLE, OREGON
Fund Balance, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year				Fiscal Year					
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,210	\$ 293,750	\$ 464,758	\$ 616,593
Unreserved	12,948,430	12,004,578	10,095,293	9,544,337	9,296,700	8,891,537	8,173,119	8,141,292	4,916,057	4,625,472
Total general fund	<u>12,948,430</u>	<u>12,004,578</u>	<u>10,095,293</u>	<u>9,544,337</u>	<u>9,296,700</u>	<u>8,891,537</u>	<u>8,305,329</u>	<u>8,435,042</u>	<u>5,380,815</u>	<u>5,242,065</u>
All Other Governmental Funds										
Reserved	-	25,841	30,145	34,198	38,017	41,613	4,863,376	3,247,720	2,483,783	7,563,476
Unreserved, reported in:										
Special revenue funds	8,175,337	8,197,863	8,905,249	7,560,104	6,608,781	4,564,428	4,387,489	2,782,262	2,284,967	2,188,485
Capital projects funds	12,460,845	15,493,538	17,282,245	21,664,881	28,125,658	17,365,251	22,401,304	16,774,239	17,618,082	11,102,753
Debt service funds	8,421,698	5,368,409	4,842,189	6,555,242	5,110,271	7,578,215	-	-	-	-
Permanent fund	-	12,115	11,874	11,390	10,908	10,477	10,251	10,124	10,056	9,791
Total all other governmental funds	<u>29,057,880</u>	<u>29,097,766</u>	<u>31,071,702</u>	<u>35,825,815</u>	<u>39,893,635</u>	<u>29,559,984</u>	<u>31,662,420</u>	<u>22,814,345</u>	<u>22,396,888</u>	<u>20,864,505</u>
Total governmental funds	<u>\$ 42,006,310</u>	<u>\$ 41,102,344</u>	<u>\$ 41,166,995</u>	<u>\$ 45,370,152</u>	<u>\$ 49,190,335</u>	<u>\$ 38,451,521</u>	<u>\$ 39,967,749</u>	<u>\$ 31,249,387</u>	<u>\$ 27,777,703</u>	<u>\$ 26,106,570</u>

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CITY OF WILSONVILLE, OREGON
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year				Fiscal Year					
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues										
Taxes	\$ 18,563,276	\$ 17,537,478	\$ 15,705,805	\$ 14,131,618	\$ 12,805,208	\$ 12,321,640	\$ 12,406,703	\$ 12,897,854	\$ 11,708,562	\$ 9,567,460
Intergovernmental	3,667,223	2,862,897	3,839,498	2,991,919	3,481,442	5,223,270	2,742,034	5,251,695	5,399,490	2,978,365
Licenses and permits	741,206	817,600	1,552,387	1,728,532	1,792,590	1,542,893	1,307,741	1,050,276	752,774	2,581,947
Charges for services	3,137,518	3,628,028	3,335,662	3,081,490	2,822,659	3,721,549	2,485,815	1,909,443	1,673,352	1,500,635
System development fees	2,558,287	1,060,695	1,657,905	1,654,877	3,253,555	3,220,983	1,373,968	400,302	1,511,859	387,856
Fines and forfeitures	293,007	287,000	330,149	317,579	311,545	265,556	222,622	138,158	107,269	1,926,020
Special assessments	-	-	207,017	207,017	207,017	249,521	437,782	541,282	1,119,330	510,547
Investment revenue	563,524	1,170,779	1,936,617	2,495,671	1,516,728	957,629	726,811	753,014	963,599	1,516,319
Other revenues	1,132,553	381,987	259,347	245,509	264,026	198,820	278,600	634,443	872,039	1,269,011
Total Revenues	30,656,594	27,746,464	28,824,387	26,854,212	26,454,770	27,701,861	21,982,076	23,576,467	24,108,274	22,238,160
Expenditures										
Current operating										
General government	2,702,120	2,736,250	2,460,157	2,431,499	2,431,504	2,615,706	1,936,954	2,298,818	2,242,913	2,108,118
Public safety	3,564,996	3,209,673	2,997,046	2,832,369	2,671,842	2,372,183	2,128,647	1,958,455	1,979,616	1,810,706
Transportation*	4,760,206	4,531,414	3,468,681	3,160,327	2,340,002	2,084,935	1,873,394	1,757,481	1,618,646	1,559,412
Public works*	2,195,740	1,990,580	2,078,855	2,039,136	2,407,419	2,570,604	2,061,007	2,453,411	2,707,259	2,495,358
Culture and recreation	2,053,931	1,748,050	1,488,135	1,532,199	1,487,159	1,411,128	1,441,289	1,420,741	1,425,961	1,250,285
Community development	3,529,006	3,762,140	4,076,353	4,156,031	4,173,794	3,961,331	3,603,595	3,301,070	2,835,089	2,293,279
Debt service										
Principal	2,702,000	5,215,176	6,610,552	2,528,157	6,725,960	1,665,156	3,365,391	5,314,792	11,024,665	5,204,395
Interest	1,349,746	1,120,132	1,720,249	1,646,971	928,858	588,828	586,815	509,887	551,278	591,484
Capital outlay	7,876,482	8,019,700	17,857,695	18,370,106	18,421,818	13,851,165	6,436,747	5,568,577	11,527,717	3,974,911
Total expenditures	30,734,227	32,333,115	42,757,723	38,696,795	41,588,356	31,121,036	23,433,839	24,583,232	35,913,144	21,287,948
Excess (deficiency) of revenues over (under) expenditures	(77,633)	(4,586,651)	(13,933,336)	(11,842,583)	(15,133,586)	(3,419,175)	(1,451,763)	(1,006,765)	(11,804,870)	950,212
Other financing sources (uses)										
Sale of capital assets	959,599	-	1,507,779	-	-	-	-	-	-	-
Issuance of debt	-	31,000,000	8,200,000	8,000,000	25,850,000	2,000,000	10,000,000	3,000,000	12,000,000	30,000
Proceeds of interfund loan	-	-	4,200,000	-	-	-	-	-	-	-
Payment of interfund loan	-	-	(4,200,000)	-	-	-	-	-	(151,835)	-
Transfers in	4,460,740	5,104,170	5,311,338	3,490,961	1,210,646	3,374,851	3,661,465	4,941,761	3,880,479	3,122,028
Transfers out	(4,438,740)	(5,082,170)	(5,288,938)	(3,468,561)	(1,188,246)	(3,352,451)	(3,491,340)	(3,463,312)	(2,252,641)	(1,542,899)
Refinanced Debt	-	(26,500,000)	-	-	-	-	-	-	-	-
Write down of note receivable	-	-	-	-	-	(119,453)	-	-	-	-
Total other financing sources (uses)	981,599	4,522,000	9,730,179	8,022,400	25,872,400	1,902,947	10,170,125	4,478,449	13,476,003	1,609,129
Net change in fund balance	\$ 903,966	\$ (64,651)	\$ (4,203,157)	\$ (3,820,183)	\$ 10,738,814	\$ (1,516,228)	\$ 8,718,362	\$ 3,471,684	\$ 1,671,133	\$ 2,559,341
Debt service as a percentage of noncapital expenditures										
	16.61%	24.70%	31.53%	19.03%	32.45%	11.42%	21.67%	29.05%	47.14%	33.48%

*Fleet was moved from a Public Works function to a Transportation function in 2006-07.

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CITY OF WILSONVILLE, OREGON
Program Revenues by Function
Last Ten Fiscal Years

	Fiscal Year				Fiscal Year					
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Program Revenues										
Governmental activities:										
General government	\$ 632,343	\$ 695,136	\$ 635,487	\$ 607,723	\$ 555,729	\$ 545,975	\$ 583,337	\$ 353,473	\$ 396,463	\$ 1,319,024
Public safety	462,852	457,135	507,524	462,394	435,654	362,651	317,012	180,542	176,034	118,373
Transportation*	2,159,116	2,435,814	1,579,076	2,035,873	1,271,140	2,475,212	454,343	580,516	865,957	270,457
Public works*	5,218,171	2,674,287	25,399,653	4,629,313	7,292,761	7,196,773	3,992,847	8,805,223	5,869,502	5,441,511
Culture and recreation	1,323,936	897,471	997,114	1,385,476	1,215,785	1,297,096	1,123,838	985,637	1,355,316	706,954
Community development	1,359,674	1,794,304	2,584,583	2,429,342	2,487,212	2,246,220	2,046,111	1,354,293	855,136	1,042,506
Subtotal governmental activities	<u>11,156,092</u>	<u>8,954,147</u>	<u>31,703,437</u>	<u>11,550,121</u>	<u>13,258,281</u>	<u>14,123,927</u>	<u>8,517,488</u>	<u>12,259,684</u>	<u>9,518,408</u>	<u>8,898,825</u>
Business-type activities:										
Water	5,504,540	6,444,390	7,315,083	7,022,001	7,469,692	7,316,142	6,316,748	6,268,171	5,182,935	11,440,049
Sewer	4,973,346	4,705,275	5,965,237	5,962,187	3,753,023	4,036,280	3,590,074	2,854,676	2,750,147	3,676,182
Stormwater	1,982,921	1,354,206	3,494,106	1,827,386	2,065,885	2,757,015	1,166,970	1,546,080	968,426	1,261,084
Streetlights	375,483	464,639	648,580	490,520	499,305	475,537	349,584	461,646	414,867	358,120
Subtotal business-type activities	<u>12,836,290</u>	<u>12,968,510</u>	<u>17,423,006</u>	<u>15,302,094</u>	<u>13,787,905</u>	<u>14,584,974</u>	<u>11,423,376</u>	<u>11,130,573</u>	<u>9,316,375</u>	<u>16,735,435</u>
Total primary government	<u>\$ 23,992,382</u>	<u>\$ 21,922,657</u>	<u>\$ 49,126,443</u>	<u>\$ 26,852,215</u>	<u>\$ 27,046,186</u>	<u>\$ 28,708,901</u>	<u>\$ 19,940,864</u>	<u>\$ 23,390,257</u>	<u>\$ 18,834,783</u>	<u>\$ 25,634,260</u>

*Fleet was moved from a Public Works function to a Transportation function in 2006-07.

Continued on page 137.

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CITY OF WILSONVILLE, OREGON
General Governmental Revenues
Taxes, Licenses and Permits Breakdown
Last Ten Fiscal Years

Fiscal Year	Taxes					Licenses and Permits		
	Property Tax	Hotel/Motel Tax	Transit Tax	Franchise Fees	Total	Business Licenses	Construction Permits	Total
00-01	\$ 7,532,713	\$ 203,860	\$ 1,830,887	\$ 1,299,421	\$ 10,866,881	\$ 125,468	\$ 1,157,058	\$ 1,282,526
01-02	8,266,569	187,522	1,874,554	1,379,917	11,708,562	121,279	631,495	752,774
02-03	9,206,281	144,774	1,924,184	1,622,615	12,897,854	123,459	926,817	1,050,276
03-04	8,417,245	263,082	2,105,301	1,621,076	12,406,703	126,742	1,180,999	1,307,741
04-05	8,395,595	189,537	2,082,524	1,653,984	12,321,640	126,387	1,416,506	1,542,893
05-06	8,599,764	207,002	2,233,915	1,764,527	12,805,208	125,300	1,667,290	1,792,590
06-07	9,358,648	267,651	2,543,971	1,961,348	14,131,618	136,398	1,592,134	1,728,532
07-08	10,455,577	275,369	2,792,901	2,181,958	15,705,805	150,147	1,402,239	1,552,386
08-09	11,416,846	218,608	3,412,030	2,489,994	17,537,478	146,831	670,769	817,600
09-10	11,881,810	193,106	3,781,052	2,707,308	18,563,276	118,090	619,492	737,582

Source: City Financial Database

CITY OF WILSONVILLE, OREGON
Assessed Value of Property
Last Ten Fiscal Years

Fiscal Year	Real Property	Manufactured Structures	Personal Property	Public Utility	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Real Market Value (RMV)	Assessed value as a percentage of RMV
00-01	\$ 1,317,256,023	\$ 9,420,594	\$ 135,124,319	\$ 50,385,835	\$ 1,512,186,771	\$ 3.3991	\$ 1,863,648,237	81.1%
01-02	1,338,957,684	9,405,762	138,904,194	54,632,512	1,541,900,152	3.6123	1,868,633,977	82.5%
02-03	1,455,015,348	7,126,317	131,167,583	50,885,143	1,644,194,391	6.2427	2,044,135,290	80.4%
03-04	1,546,412,336	6,554,143	133,955,019	52,533,911	1,739,455,409	5.4380	2,169,160,089	80.2%
04-05	1,645,091,994	6,108,411	141,609,215	49,394,909	1,842,204,529	5.0719	2,320,353,518	79.4%
05-06	1,760,110,345	6,013,226	143,594,111	50,816,040	1,960,533,722	4.8703	2,602,032,428	75.3%
06-07	1,849,153,556	5,070,954	148,056,561	51,751,100	2,054,032,171	5.0961	2,958,936,921	69.4%
07-08	1,990,701,518	3,804,826	148,204,758	53,135,980	2,195,847,082	5.3894	3,426,298,443	64.1%
08-09	2,118,528,768	2,587,776	154,814,762	57,317,440	2,333,248,746	5.5930	3,740,996,089	62.4%
09-10	2,238,849,237	2,109,242	146,408,186	73,413,350	2,460,780,015	5.3797	3,558,020,924	69.2%

Source: Assessment and Taxation Rolls, Clackamas and Washington Counties

CITY OF WILSONVILLE, OREGON
Consolidated Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years

City Direct Rates 1

Fiscal Year	Basic Rate	Exempt Bond Rate	Urban Renewal Agency ²	Total Direct Rate
00-01	\$ 2.5206	\$ 0.1520	\$ 0.7265	\$ 3.3991
01-02	2.5206	0.4103	0.6814	3.6123
02-03	2.1626	0.3618	3.7183	6.2427
03-04	2.1498	0.2139	3.0743	5.4380
04-05	2.2000	0.2215	2.6504	5.0719
05-06	2.1780	0.1954	2.4969	4.8703
06-07	2.1437	0.1802	2.7722	5.0961
07-08	2.0873	0.1594	3.1427	5.3894
08-09	2.0464	0.1500	3.3966	5.5930
09-10	2.0295	0.1423	3.2079	5.3797

without urban renewal restatement of rates

09-10	2.5206	0.1766	-	2.6972
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Overlapping Rates¹

Fiscal Year	Clackamas County	Clackamas County Urban Renewal Agency	Tualatin Valley Fire and Rescue	West Linn Wilsonville School District 3J	Clackamas County Community College	Clackamas ESD	Other ³	Total Direct and Overlapping
00-01	\$ 2.4042	\$ 0.1665	\$ 1.5869	\$ 9.0175	\$ 0.6196	\$ 0.3687	\$ 0.9200	\$ 18.4825
01-02	2.4042	0.1681	1.8283	8.9732	0.8617	0.3687	0.4011	18.6176
02-03	2.0286	0.1781	1.5621	7.4063	0.6188	0.3024	0.2993	18.6383
03-04	2.0149	0.1714	1.5580	7.5039	0.6124	0.3008	0.3020	17.9014
04-05	2.0612	0.1726	1.5939	7.6641	0.6618	0.3084	0.3044	17.8383
05-06	2.0386	0.1775	1.6081	7.9043	0.6456	0.3053	0.3267	17.8764
06-07	2.0016	0.1254	1.5848	7.8161	0.6034	0.3029	0.3209	17.8512
07-08	2.2303	0.0943	1.6017	7.5705	0.5957	0.2937	0.4656	18.2412
08-09	2.1864	0.1045	1.5529	7.2654	0.5834	0.2864	0.4319	18.0039
09-10	2.5131	0.1584	1.5976	7.7230	0.5589	0.2849	0.4680	18.6836

Rates are per \$1,000 of assessed value.

¹ Starting in 2003, urban renewal rates are separately stated. City and overlapping rates are reduced for the effect of the separately stated urban renewal rates

² The City's Urban Renewal Agency imposed a special levy through 2002-03.

³ Other includes: Port of Portland, Metro, Vector Control and beginning in 2010 Clackamas Library and 4H Districts

Sources:

Taxation Rolls, Clackamas and Washington Counties
Rates are for tax code 003-023 within Clackamas County
Rates are net of reallocation due to urban renewal

CITY OF WILSONVILLE, OREGON
Principal Tax Payers
Current year and nine years ago

2009-10

Taxpayer	Type of Business	Assessed Taxes	Assessed Value	Percent of City AV*
Xerox Corporation	Color printers	\$ 1,657,707	\$ 92,844,086	3.8%
Mentor Graphics Corporation	CAD software systems	1,012,286	54,853,781	2.2%
Thomson Reuters PTS Inc.	Commercial property	796,513	42,631,669	1.7%
Argyle Capital LLC	Shopping center	772,124	42,895,960	1.7%
BIT Holdings	Hollywood Entertainment properties	540,573	28,933,020	1.2%
CH RealityIII/Portland Industrial	Commercial property	514,786	27,852,772	1.1%
Filr Systems Inc.	Thermal imaging & infared cameras	504,199	28,199,851	1.1%
Sysco/Continental Food Service	Food Distribution	476,298	25,492,846	1.0%
Coca-Cola Bottling Company	Beverage Distribution	472,383	25,893,681	1.1%
Senior Partners Portfolio LLC	Commercial property	448,196	27,303,082	1.1%
		<u>\$ 7,195,065</u>	<u>\$ 396,900,748</u>	<u>17.0%</u>

2000-01

Taxpayer	Type of Business	Assessed Taxes	Assessed Value	Percent of City AV**
Xerox Corporation	Color printers	\$ 1,426,876	\$ 89,172,335	5.9%
Mentor Graphics Corporation	CAD software systems	933,797	54,883,570	3.6%
Spieker Properties LP	Property management	420,911	24,151,347	1.6%
Village at Main Street	Commercial property	404,214	23,513,000	1.6%
Xerox Corporation	Computer terminals	358,646	22,861,916	1.5%
Nike USA Inc.	Athletic wear distribution	335,040	21,001,235	1.4%
Trammel Crow Co.	Commercial property	310,243	19,257,950	1.3%
RFD Publications LLC	Newspaper, printing	302,109	18,629,951	1.2%
Prologis Trust	Commercial property	278,815	16,384,999	1.1%
Capital Realty Corp	Town Center Shopping Center	263,926	15,873,637	1.0%
		<u>\$ 5,034,577</u>	<u>\$ 305,729,940</u>	<u>17.5%</u>

*Total City assessed valuation base for 2009-10 was \$2,460,780,015.

**Total City assessed valuation base for 2000-01 was \$1,512,186,771

Sources: Clackamas and Washington Counties Assessor's Offices

CITY OF WILSONVILLE, OREGON
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Collected within the Fiscal Year of the Levy			Collected in Subsequent Years	Total Collections to Date		
	Total Tax Levy	Amount	Percentage of Levy		Amount	Percentage of Levy	
00-01	\$ 7,795,127	\$ 7,482,042	95.98%	\$ 311,728	\$ 7,793,770	99.98%	
01-02	8,570,567	8,240,237	96.15%	328,278	8,568,515	99.98%	
02-03	9,450,403	9,123,114	96.54%	323,728	9,446,842	99.96%	
03-04	8,613,035	8,347,284	96.91%	262,976	8,610,260	99.97%	
04-05	8,628,462	8,402,131	97.38%	223,163	8,625,294	99.96%	
05-06	8,827,926	8,614,064	97.58%	209,618	8,823,682	99.95%	
06-07	9,661,412	9,403,305	97.33%	237,227	9,640,532	99.78%	
07-08	10,870,774	10,505,261	96.64%	293,998	10,799,259	99.34%	
08-09	11,933,979	11,432,862	95.80%	303,673	11,736,535	98.35%	
09-10	12,235,865	11,789,821	96.35%	-	11,789,821	96.35%	

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Sources: Tax Turnover reports from Washington and Clackamas Counties

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CITY OF WILSONVILLE, OREGON
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities					
	General Obligation Bonds	Special Assessment Bonds and Notes Payable	Urban Renewal Revenue Bonds and Notes Payable	Certificates of Participation	Water Revenue Bonds	Sewer Note Payable	Water Note Payable	Total Primary Government	Percentage of Personal Income*	Per Capita*
00-01	\$ 450,000	\$ 3,922,172	\$ 4,109,519	\$ 1,187,077	\$ 14,655,000	\$ 7,178,862	\$ 10,000,000	\$ 41,502,630	8.33%	\$ 2,966
01-02	4,025,000	2,793,492	2,827,963	1,027,648	14,100,000	6,839,462	9,699,879	41,313,444	8.26%	2,916
02-03	3,585,000	2,459,993	1,453,768	860,550	13,520,000	6,489,208	9,383,417	37,751,936	6.74%	2,422
03-04	3,370,000	916,375	10,021,895	685,650	12,910,000	6,123,043	9,055,381	43,082,344	7.10%	2,713
04-05	3,150,000	530,000	11,151,000	497,809	12,270,000	5,740,904	8,710,694	42,050,407	6.51%	2,588
05-06	2,920,000	530,000	30,701,000	301,848	12,205,000	5,295,000	8,349,272	60,302,120	8.70%	3,652
06-07	2,680,000	230,000	36,917,000	97,691	11,435,000	4,880,000	7,966,029	64,205,720	8.65%	3,803
07-08	2,430,000	-	39,059,000	25,139	10,630,000	4,420,000	7,875,000	64,439,139	8.26%	3,702
08-09	2,170,000	-	38,629,000	-	9,780,000	3,940,000	7,395,000	61,914,000	N/A	3,451
09-10	1,900,000	-	36,197,000	-	9,055,000	8,440,000	6,895,000	62,487,000	N/A	3,468

Note: Details regarding the City's outstanding debt can be found in the Notes to Basic Financial Statements

* Personal Income and population data can be found in the demographic statistics on page 156.

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CITY OF WILSONVILLE, OREGON
Ratio of Net General Obligation Bonded Debt
To Assessed Value and Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population ¹	*Assessed Value ²	Gross Bonded Debt	Less Debt Service Money Available ³	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
00-01	13,991	\$ 1,512,186,771	\$ 450,000	\$ 127,571	\$ 322,429	0.02%	\$ 23.05
01-02	14,170	1,541,900,152	4,025,000	132,038	3,892,962	0.25%	274.73
02-03	15,590	1,644,194,391	3,585,000	90,864	3,494,136	0.21%	224.13
03-04	15,880	1,739,455,409	3,370,000	106,534	3,263,466	0.19%	205.51
04-05	16,250	1,842,204,529	3,150,000	158,047	2,991,953	0.16%	184.12
05-06	16,510	1,960,533,722	2,920,000	222,976	2,697,024	0.14%	163.36
06-07	16,885	2,054,032,171	2,680,000	222,951	2,457,049	0.12%	145.52
07-08	17,405	2,195,847,082	2,430,000	198,772	2,231,228	0.10%	128.19
08-09	17,940	2,333,248,746	2,170,000	181,690	1,988,310	0.09%	110.83
09-10	18,020	2,460,780,015	1,900,000	171,832	1,728,168	0.07%	95.90

* Includes Urban Renewal Increment

¹ From table *Demographic Statistics*

² From table *Assessed Value of Property*

³ Ending fund balances

CITY OF WILSONVILLE, OREGON
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt
to Total General Governmental Expenditures
Last Ten Fiscal Years

Fiscal Year	Principal	Interest ¹	Total Debt Service	Total General Governmental Expenditures ²	Ratio of Debt Service to Governmental Expenditures
00-01	\$ 200,000	\$ 46,835	\$ 246,835	\$ 21,287,948	1.16%
01-02	425,000	119,090	544,090	35,913,144	1.52%
02-03	440,000	181,665	621,665	24,583,232	2.53%
03-04	215,000	156,310	371,310	23,433,839	1.58%
04-05	220,000	147,710	367,710	31,121,036	1.18%
05-06	230,000	138,910	368,910	41,588,356	0.89%
06-07	240,000	129,710	369,710	38,696,795	0.96%
07-08	250,000	120,110	370,110	42,757,723	0.87%
08-09	260,000	110,110	370,110	32,333,115	1.14%
09-10	270,000	99,450	369,450	30,734,227	1.20%

¹ Excludes bond issuance and other costs

² Totals from *Changes in Fund Balance of Governmental Funds* table

CITY OF WILSONVILLE, OREGON
Computation of Legal Debt Margin
Last ten fiscal years

	Fiscal Year				Fiscal Year					
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Total real market value	\$ 3,558,020,924	\$ 3,740,996,089	\$ 3,426,298,443	\$ 2,958,936,921	\$ 2,602,032,428	\$ 2,320,353,518	\$ 2,169,160,089	\$ 2,044,135,290	\$ 1,868,633,977	\$ 1,863,648,237
Legal Debt Margin:										
Debt limitation:										
3 percent of total real market value	\$ 106,740,628	\$ 112,229,883	\$ 102,788,953	\$ 88,768,108	\$ 78,060,973	\$ 69,610,606	\$ 65,074,803	\$ 61,324,059	\$ 56,059,019	\$ 55,909,447
Debt applicable to limitation:										
General obligation bonded debt	1,900,000	2,170,000	2,430,000	2,680,000	2,920,000	3,150,000	3,370,000	3,585,000	4,025,000	450,000
Less: Amount available for repayment of general obligation bonds	171,832	181,690	198,772	222,951	(222,976)	(158,047)	(106,534)	(90,864)	(132,038)	(127,571)
Total debt applicable to limitation	(2,071,832)	(2,351,690)	(2,628,772)	(2,902,951)	(2,697,024)	(2,991,953)	(3,263,466)	(3,494,136)	(3,892,962)	(322,429)
Legal Debt Margin	\$ 104,668,796	\$ 109,878,193	\$ 100,160,181	\$ 85,865,157	\$ 75,363,949	\$ 66,618,653	\$ 61,811,337	\$ 57,829,923	\$ 52,166,057	\$ 55,587,018
Total net debt applicable to the limit as a percentage of debt limit	1.94%	2.10%	2.56%	3.27%	3.46%	4.30%	5.01%	5.70%	6.94%	0.58%

Continued on page 149.

CITY OF WILSONVILLE, OREGON
Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds
June 30, 2010

Jurisdiction	General Obligation Bonded Debt Outstanding	Percentage Applicable to Government	Amount Applicable to Government ¹
Direct:			
City of Wilsonville	\$ 1,900,000	100.0000%	\$ 1,900,000
Total Direct	<u>1,900,000</u>		<u>1,900,000</u>
Overlapping:			
Clackamas County	79,370,000	5.8036%	4,606,317
Clackamas County School District No. 3J	191,637,238	31.9952%	61,314,718
Clackamas County School District No. 86	60,380,000	15.0752%	9,102,406
Clackamas County Community College	34,840,000	8.0641%	2,809,532
Metro	158,533,356	1.7094%	2,709,969
Tri-County Metropolitan			
Transportation District	27,960,000	0.0047%	1,314
Portland Community College	224,025,000	0.2405%	538,780
Washington County	2,715,000	0.5781%	15,695
Tualatin Valley Fire & Rescue	27,885,000	5.8021%	1,617,916
Washington County School District No. 88J	120,823,945	6.6565%	8,042,646
Total Overlapping	<u>928,169,539</u>		<u>90,759,293</u>
Total Debt	<u>\$ 930,069,539</u>		<u>\$ 92,659,293</u>

The percentage applicable to government is determined on the assessed value of the overlapping districts. The numerator is the City's assessed value and the denominator is the assessed value of the overlapping district.

¹ Net Direct Debt includes all tax-supported bonds. Bancroft Act general obligation improvement bonds and self-supporting bonds are excluded. Neither certificates of participation nor revenue bonds are included in direct debt.

Source: *Municipal Debt Advisory Commission, Oregon State Treasury*

CITY OF WILSONVILLE, OREGON
Revenue Bond Coverage
Sewer Fund
Last Ten Fiscal Years

Fiscal Year	Gross Revenues ¹	Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirements ³			Coverage
				Principal	Interest	Total	
00-01	\$ 2,546,564	\$ 1,532,657	\$ 1,013,907	\$ 323,599	\$ 373,464	\$ 697,063	1.45
01-02	2,479,855	1,762,034	717,821	339,400	358,955	698,355	1.03
02-03	2,516,381	1,806,375	710,006	350,254	343,538	693,792	1.02
03-04	2,851,820	1,772,492	1,079,328	366,165	327,145	693,310	1.56
04-05	2,889,244	2,127,207	762,037	382,139	309,651	691,790	1.10
05-06	3,299,254	2,266,417	1,032,837	403,179	302,167	705,346	1.46
06-07	5,066,725	2,587,239	2,479,486	415,000	199,530	614,530	4.03
07-08	4,980,834	2,510,902	2,469,932	460,000	189,017	649,017	3.81
08-09	4,789,267	2,665,793	2,123,474	480,000	170,055	650,055	3.27
09-10	4,979,409	2,883,911	2,095,498	500,000	198,622	698,622	3.00

¹ Total revenues includes interest and applicable system development charges

² Total operating expenses exclusive of depreciation and amortization

³ Includes principal and interest of revenue bonds and note payable, excludes refunded bonds

CITY OF WILSONVILLE, OREGON
Revenue Bond Coverage
Water Fund
Last Ten Fiscal Years

Fiscal Year	Gross Revenues ¹	Operating Expenses ²	Net Revenues for 1.10 Test	System Development Charges ³ (SDCs)	Rate Stabilization Account ⁴ Transfer (to) from	Net Revenues for 1.25 Test	No SDC's		With SDC's & Rate Stabilization		
							Senior Lien Debt Service ⁵	Coverage (1.10 test) ⁶	Senior Lien Coverage	Junior Lien Debt Service ⁵	Combined Coverage (1.25 test) ⁶
00-01	\$ 4,023,493	\$ 1,206,671	\$ 2,816,822	\$ 844,034	\$ (1,700,000)	\$ 1,960,856	\$ 889,605	3.17	2.20	\$ -	2.20
01-02	4,257,679	1,708,983	2,548,696	732,523	(472,523)	2,808,696	1,308,158	1.95	2.15	936,350	1.25
02-03	5,338,575	2,845,109	2,493,466	506,391	(225,000)	2,774,857	1,305,408	1.91	2.13	823,658	1.30
03-04	5,312,996	2,522,814	2,790,182	821,932	-	3,612,114	1,306,408	2.14	2.76	819,409	1.70
04-05	4,936,627	2,582,296	2,354,331	350,000	-	3,612,114	1,303,908	1.81	2.77	819,658	1.70
05-06	5,473,682	3,028,078	2,445,604	350,000	-	2,795,604	1,131,161	2.16	2.47	819,158	1.43
06-07	6,020,525	2,235,682	3,784,843	350,000	-	4,134,843	1,272,455	2.97	3.25	822,908	1.97
07-08	6,219,203	3,051,970	3,167,233	350,000	-	3,517,233	1,270,011	2.49	2.77	964,673	1.57
08-09	5,519,892	3,134,288	2,385,604	350,000	-	2,735,604	1,277,651	1.87	2.14	773,948	1.33
09-10	5,086,008	3,044,334	2,041,674	350,000	-	2,391,674	1,113,151	1.83	2.15	775,083	1.27

¹ Gross revenues include all revenues from operations and interest. It excludes system development charges, bond proceeds, and taxes.

² Operating expenses include costs of operating and maintaining the water system.

It excludes depreciation, capital expenditures, debt service payments, and franchise fees.

³ System Development Charges are amounts used for debt and funding rate stabilization account.

⁴ Rate Stabilization Account per Section 3.5 of Resolution 1675.

⁵ Debt service reported on a cash basis.

⁶ In 2000-01 all prior debt was extinguished. A \$15,030,000 senior lien bond and a \$10,000,000 junior lien note were issued. Tests performed are on debt outstanding at fiscal year end.

Continued on page 153.

CITY OF WILSONVILLE, OREGON
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Population ¹	Personal Income ²	*Per Capita Personal Income ³	*Median Household Buying Income ⁴	*Median Age ⁴	School Enrollment ⁵	*Unemployment Rate ⁶
00-01	13,991	\$ 498,205,519	\$ 35,609	N/A	35.0	7,404	5.30%
01-02	14,170	499,889,260	35,278	N/A	37.5	7,615	7.30%
02-03	15,590	559,774,540	35,906	60,774	36.9	7,774	8.10%
03-04	15,880	606,409,560	38,187	61,322	38.4	7,848	6.80%
04-05	16,250	645,596,250	39,729	56,416	38.5	7,946	5.90%
05-06	16,510	692,990,740	41,974	54,480	38.1	8,080	5.00%
06-07	16,885	742,349,025	43,965	56,000	38.3	8,141	4.60%
07-08	17,405	779,796,215	44,803	61,220	39.0	8,332	5.50%
08-09	17,940	N/A	N/A	59,709	38.9	8,281	11.20%
09-10	18,020	N/A	N/A	63,093	39.0	8,373	10.60%

Sources:
¹ Center for Population Research and Census, PSU; www.pdx.edu/prc/annualorpopulation.html
² Estimation; Calculated, Population multiplied by Per Capita Personal Income.
³ Bureau of Economic Analysis; <http://www.bea.gov/regional/reis> Portland, OR MSA
⁴ Center for Population Research and Census; 2000 www.census.gov/acs
⁵ Total combined enrollment for West Linn/Wilsonville School District.
⁶ State of Oregon, Labor Market Information, Portland Office

*Clackamas County

N/A: Data was not available for this year

CITY OF WILSONVILLE, OREGON
Top Fifteen Water System Customers
by units of consumption as of June 30, 2010

		Consumption Units 12 Months Ended 06/30/10 ¹	Percentage of Total Consumption
Coca Cola	Industrial	67,908	6.9%
Oregon Department of Corrections	Public	46,357	4.7%
Xerox	Industrial	25,375	2.6%
Madison at Bridge Creek	Multi-Family	22,612	2.3%
Canyon Creek Apartments	Multi-Family	22,484	2.3%
Madison at Boulder Creek	Multi-Family	19,294	1.9%
Wilsonville Summit Apartments	Multi-Family	14,945	1.5%
CTL Properties	Multi-Family	13,794	1.4%
Villebois Apartments LLC	Multi-Family	13,760	1.4%
Berkshire Court Apartments	Multi-Family	13,154	1.3%
Mentor Graphics	Industrial	12,722	1.3%
Fujimi Corporation	Industrial	11,388	1.2%
KWDS	Multi-Family	11,356	1.1%
Autumn Park Apartments	Multi-Family	10,250	1.0%
Village Residential LLC	Multi-Family	9,615	1.0%

¹ One unit of consumption equates to 100 cubic feet, or approximately 748 gallons.

Source: City Utility Database

CITY OF WILSONVILLE, OREGON
Principal Employers
Current year and nine years ago

Employer	Type of Business	2009-10	
		Number of Employees	Percentage of total City employment*
Xerox Corporation	Copiers and printers	1,568	11.4%
Mentor Graphics Corporation	CAD software systems	1,006	7.3%
Sysco/Continental Food Service	Warehouse & distribution center	539	3.9%
Precision Interconnect	Electronic machinery	510	3.7%
Flir Systems, Inc	Thermal imaging/Infrared equipment	427	3.1%
Hollywood Entertainment Corporation	Video rental distribution	407	2.9%
Rockwell Collins	Aerospace technology	258	1.9%
Rite Aid Distribution Center	Warehouse & distribution center	243	1.8%
Fry's Electronics	Retail	235	1.7%
Adecco USA Inc.	Temporary services	153	1.1%
		5,346	35.3%

Employer	Type of Business	2000-2001	
		Number of Employees	Percentage of total City employment**
Xerox Corporation	Copiers and printers	1,343	9.6%
Mentor Graphics Corporation	CAD Software Systems	946	6.8%
Hollywood Entertainment	Video rental distribution center	852	6.1%
Infocus Corporation	Projectors & display systems	562	4.0%
Sysco Food Services	Wholesale Grocery Distributors	440	3.1%
Nike USA, Inc.	Athletic apparel distribution center	400	2.9%
Fry's Electronics, Inc.	Retail	300	2.1%
Rite-Aid	Retail and Distribution Center	280	2.0%
Milgrad Manufacturing Inc.	Window Manufacturer	250	1.8%
GI Joes Inc.	Headquarters	182	1.3%
		5,555	39.7%

* Total city employment for 2009-10 was 13,809

**Total city employment for 2000-01 was 14,000

Source: City Business License Database

CITY OF WILSONVILLE, OREGON
Full-time Equivalent City Government Employees by Function/Program
Last ten fiscal years

Function/Program	Full-time equivalent employees based on adopted budget									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Government										
Administration	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00
Finance	8.85	8.80	8.75	8.75	8.75	8.75	8.50	8.50	9.50	10.50
Information Systems	3.00	3.00	3.00	3.00	4.00	4.00	3.00	3.00	2.00	2.10
Geographic Information Systems	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Legal	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Human Resources/Risk Management	2.82	2.82	2.90	2.90	2.90	2.91	2.90	3.25	3.25	3.25
	23.67	23.62	23.65	23.65	23.65	23.66	21.40	21.75	21.75	22.85
Community Development										
Administration	8.40	8.40	7.75	7.20	7.20	7.00	6.80	6.00	6.00	5.00
Engineering	11.00	11.00	11.00	10.00	8.60	8.00	8.00	8.00	8.00	8.00
Building Inspections	6.35	6.35	6.35	6.00	6.00	5.00	5.00	5.00	5.00	6.00
Planning	8.50	8.50	8.50	8.30	8.30	7.30	7.30	7.30	8.00	7.10
Stormwater Management	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	35.25	35.25	33.60	31.50	30.10	27.30	27.10	26.30	27.00	26.10
Public Works										
Administration	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	3.25	3.60
Buildings Maintenance ³	3.25	4.75	4.50	10.00	7.50	6.50	6.50	5.50	5.50	5.30
Parks Maintenance ³	7.00	6.00	5.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Roads	3.75	3.25	2.75	2.50	2.50	2.50	2.50	2.50	3.00	3.00
Water Distribution and Sales	4.33	4.33	4.00	4.00	4.00	4.00	4.00	3.50	4.00	4.50
Water Treatment ¹	7.00	7.00	7.00	7.00	7.00	7.00	6.50	6.50	0.00	0.00
Stormwater	1.84	1.84	2.25	2.00	2.00	1.50	1.50	1.50	1.50	1.50
Wastewater Collection & Treatment	8.16	7.83	7.50	7.50	7.50	8.50	8.50	8.50	8.00	8.00
Industrial Pretreatment	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fleet ²	0.00	0.00	0.00	0.00	5.50	5.50	5.00	5.00	5.00	5.00
	41.33	41.00	39.50	39.00	41.00	40.50	39.50	38.00	31.25	31.90
Transportation										
SMART Transit	35.29	34.29	28.77	28.17	28.77	24.92	25.02	23.63	24.15	23.65
Fleet ²	7.00	7.00	5.50	5.50	0.00	0.00	0.00	0.00	0.00	0.00
	42.29	41.29	34.27	33.67	28.77	24.92	25.02	23.63	24.15	23.65
Culture and Recreation										
Community Services	7.70	7.97	7.97	8.20	7.90	7.90	7.85	8.10	8.90	8.90
Library	16.26	12.12	12.12	14.44	14.44	14.44	14.43	14.29	14.04	12.14
	23.96	20.09	20.09	22.64	22.34	22.34	22.28	22.39	22.94	21.04
Public Safety										
Law Enforcement ¹	18.00	18.00	17.00	18.00	18.00	16.00	15.65	15.00	15.00	15.00
Municipal Court	2.00	2.00	1.95	1.90	1.90	1.90	1.70	1.70	1.70	1.70
	20.00	20.00	18.95	19.90	19.90	17.90	17.35	16.70	16.70	16.70
Total Full-time equivalents	186.50	181.25	170.06	170.36	165.76	156.62	152.65	148.77	143.79	142.24

¹ Represents positions under contract by the City.

² Fleet was moved from a Public Works function to a Transportation function in 2006-07.

³ Prior to FY2008, Building and Park Maintenance were reported as one program.

Source: City's Adopted Budget for relevant year.

CITY OF WILSONVILLE, OREGON
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year				Fiscal Year					
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Governmental activities:										
Transportation										
Ridership	306,421	312,309	295,266	285,827	305,809	279,369	257,491	228,611	212,004	204,749
Cost Per Passenger	\$ 9.42	\$ 9.52	\$ 8.92	\$ 8.40	\$ 7.60	\$ 9.10	\$ 7.16	\$ 7.62	\$ 7.38	\$ 6.71
Culture and Recreation										
Library direct circulation	500,945	491,908	490,042	492,979	498,128	477,577	460,836	440,433	379,242	317,381
Library volunteer hours	12,512	12,061	11,008	10,626	10,329	10,056	9,389	8,958	5,511	3,348
Activities/classes offered for youth	N/A	130	110	94	199	223	208	140	150	179
Participants aged 0-18	N/A	2,894	3,200	3,289	3,608	3,195	2,843	4,025	3,700	N/A
Meals served on site for seniors	N/A	6,439	6,935	7,610	8,536	9,347	10,241	10,991	11,499	11,098
Home-delivered meals for seniors	N/A	6,021	6,400	6,727	6,370	7,269	7,038	6,768	5,868	4,785
Community Development										
Units of commercial new construction	179	276	211	410	263	226	197	120	464	156
Value of commercial new construction	\$ 20,455,409	\$ 20,681,082	\$ 35,483,420	\$ 49,770,592	\$ 42,123,068	\$ 25,794,802	\$ 32,906,172	\$ 19,480,428	\$ 52,454,104	\$ 125,601,126
Units of residential new construction	45	79	175	245	219	342	242	137	73	134
Value of residential new construction	\$ 8,346,418	\$ 8,734,645	\$ 28,065,871	\$ 16,041,835	\$ 45,687,205	\$ 40,604,606	\$ 41,101,788	\$ 26,472,992	\$ 8,188,052	\$ 17,297,349
Business-type activities:										
Water										
Annual Water Usage (Gallons)	884,517,480	947,572,384	947,421,288	1,013,785,344	990,096,184	890,683,244	948,670,448	913,204,000	845,213,000	829,649,000
Average Daily Water Usage (Gallons)	2,423,336	2,596,089	2,595,675	2,777,494	2,712,592	2,440,228	2,599,097	2,501,929	2,700,000	2,273,011

Source: Various City Departments

N/A = Data was not available for this year

Continued on page 159.

CITY OF WILSONVILLE, OREGON
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Governmental activities:										
General Government										
Acreage in city limits	4,712	4,712	4,712	4,712	4,712	4,383	4,383	4,383	4,383	4,383
Public Works										
Miles of streets	65.6	65.6	65.6	64.3	62.2	59.8	59.8	59.8	59.8	59.8
Number of parks	14	14	14	14	13	12	11	11	10	10
Park acreage	201	201	201	201	166	166	156	142	137	137
Number of soccer fields	3	3	3	3	3	3	3	3	3	3
Number of baseball fields	5	5	5	5	5	5	5	5	5	5
Number of picnic shelters	8	8	8	8	7	6	4	5	3	3
Number of playgrounds	11	11	11	11	8	8	7	5	2	2
Number of trails	7	7	7	7	7	7	7	7	7	7
Number of bridges	9	6	6	5	5	5	5	3	0	0
Number of tennis courts	2	2	2	2	2	2	2	2	2	2
Number of basketball courts	4	4	4	4	4	4	4	2	2	2
Number of skate parks	1	1	1	1	1	1	1	1	0	0
Number of dog exercise areas	1	1	1	1	1	1	1	1	1	1
Number of water features	5	3	3	3	2	1	1	1	1	0
Number of river docks	1	1	1	1	1	1	1	1	1	1
Business-type activities:										
Water										
Water storage capacity (millions of gallons)	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.7	10.7	8
Miles of water lines	93	93	92	88	87	84	84	76	82	67
Sewer										
Miles of sanitary sewer lines	72	72	72	67	64	52	52	59	52	57
Stormwater										
Miles of stormwater lines	65	59	58	53	49	47	47	53	47	50
Streetlights										
Number of streetlights (estimate)	2206	2066	2052	1971	1811	1750	1700	1600	1600	1564

Source: Various City Departments/Capital Assets

COMPLIANCE SECTION

- Independent Auditor's Comments and Disclosures Required by State Regulations





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**

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Honorable Mayor, Members of the
City Council and the City Manager
City of Wilsonville, Oregon
Wilsonville, Oregon

We have audited the basic financial statements of the City of Wilsonville, Oregon as of and for the year ended June 30, 2010, and have issued our report thereon dated November 19, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Wilsonville, 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.**
- **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 for expenditures in excess of appropriations.

OAR 162-10-0230 Internal Control

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


Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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This report is intended solely for the information and use of the mayor, council members, and management of the City of Wilsonville, 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: 
Charles A. Swank, A Shareholder
November 19, 2010

APPENDIX C
FORM OF LEGAL OPINION

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December 1, 2011

City of Wilsonville
29799 S.W. Town Center Loop East
Wilsonville, Oregon 97070

Robert W. Baird & Co. Incorporated
1 Harding Road, Suite 207
Red Bank, New Jersey 07701

Subject: \$38,940,000 City of Wilsonville, Oregon, Full Faith and Credit Obligations, Series 2011

Ladies and Gentlemen:

We have acted as special counsel in connection with the execution and delivery of a Financing Agreement (the "Financing Agreement") between the City of Wilsonville, Oregon (the "City"), and U.S. Bank National Association (the "Escrow Agent") in the aggregate principal amount of \$38,940,000. The City has also entered into an Escrow Agreement (the "Escrow Agreement") with the Escrow Agent in which the City has instructed the Escrow Agent to issue Full Faith and Credit Obligations, Series 2011 (the "Obligations") representing proportionate interests in the financing payments (the "Financing Payments") to be made by the City under the Financing Agreement. The Financing Agreement is authorized by Oregon Revised Statutes Sections 271.390 and Resolution No. 2309 adopted by the City Council on July 18, 2011 (the "Resolution").

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering materials relating to the Obligations, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the official statement.

Regarding questions of fact material to our opinion, we have relied on representations of the City in the Resolution and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Financing Agreement and the Escrow Agreement have been legally authorized, executed and delivered by the City under and pursuant to the Constitution and Statutes of the State of Oregon, the City Charter, and the Resolution and constitute valid and legally binding obligations of the City that are enforceable in accordance with their terms.

2. The Financing Payments are payable from any and all of the City's legally available taxes, revenues and other funds. The City has pledged its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the Financing Payments.

3. The portion of the Financing Payments constituting interest (including any original issue discount properly allocable to an owner of an Obligation) ("Interest") is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The portion of this opinion set forth in this paragraph is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Obligations in order that Interest be, and continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause Interest to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Obligations.

4. Interest is exempt from Oregon personal income taxes.

We note that the City has *not* designated the Financing Agreement as a "qualified tax-exempt obligation" pursuant to Section 265(b)(3) of the Code.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Obligations. Owners of the Obligations should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Obligations, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, the extent to which Interest is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations, and various withholding requirements.

The portion of this opinion that is set forth in paragraph 1 above is qualified only to the extent that enforceability of the Financing Agreement and the Escrow Agreement may be limited by or rendered ineffective by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally; (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the City.

This opinion is given as of the date hereof and is based on existing law and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur or become effective.

This opinion is limited to matters of Oregon law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No opinions may be inferred or implied beyond the matters expressly stated herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations and exceptions. For purposes of this opinion, the terms "law" and "laws" do not include unpublished judicial decisions, and we disclaim the effect of any such decision on this opinion.

This opinion is given solely for your benefit in connection with the Obligations and may not be relied on in any manner or for any purpose by any person or entity other than the addressees listed above and the owners of the Obligations, nor may copies be furnished to any other person or entity, without the prior written consent of K&L Gates LLP.

We have served only as special counsel to the City in connection with the Obligations and have not represented any other party in connection with the Obligations. Therefore, no attorney-client relationship shall arise by virtue of our addressing this opinion to persons other than the City.

Respectfully submitted,

K&L GATES LLP

Lawyers

APPENDIX D
FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

\$38,940,000
City of Wilsonville
Full Faith and Credit Obligations
Series 2011

This Continuing Disclosure Certificate (the “Certificate”) is executed and delivered by the City of Wilsonville, Oregon (the “Issuer”) in connection with the issuance of the Issuer’s Full Faith and Credit Obligations, Series 2011 (the “Securities”).

Section 1. Purpose of Certificate. This Certificate constitutes the Issuer’s written undertaking for the benefit of the holders of the Securities and to assist the underwriters of the Securities in complying with paragraph (b)(5) of the United States Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) as amended (the “Rule”).

Section 2. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for purposes of this Certificate, have the meanings herein specified.

“Beneficial Owner” means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Securities, including persons holding Securities through nominees or depositories.

“Commission” means the United States Securities and Exchange Commission.

“MSRB” means the United States Municipal Securities Rulemaking Board or any successor to its functions.

“Official Statement” means the final official statement for the Securities dated November 17, 2011.

“Rule” means the Commission’s Rule 15c2-12 under the Securities Exchange Act of 1934, as it has been and may be amended.

Section 3. Financial Information. The Issuer agrees to provide or cause to be provided to the MSRB, the Issuer’s latest publicly available annual financial statements prepared in accordance with the Oregon Local Budget Law (or any successor statute) and in accordance with generally accepted accounting principles so prescribed by the Governmental Accounting Standards Board (or its successors) and generally of the type included in the Official Statement under the heading “Appendix B: Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2010.”

To the extent not included in its annual financial statements, the Issuer shall also provide information, of the type set forth in the Official Statement, containing: (1) the total real market value and total assessed value of property within the Issuer (as indicated in the records of the county assessors); (2) the amount or rate of property taxes levied by the Issuer for the fiscal year, and the amount of property taxes the Issuer received during the fiscal year; (3) the aggregate tax rate for all ad valorem property taxes levied within the boundaries of the Issuer; (4) the total principal amount of general obligation bonds and other tax-supported obligations of the Issuer

which are outstanding at the end of the fiscal year; and, (5) figures related to the revenues of the City's sanitary sewer system as provided in Table 10 in the Official Statement.

Section 4. Timing. The information described in the preceding paragraph shall be provided on or before nine months after the end of the Issuer's fiscal year, commencing with information for fiscal year 2010-2011. The information described in the preceding paragraph will be provided in the form of audited financial statements if they are then available, and otherwise will be provided in the form of unaudited financial statements. The Issuer's current fiscal year ends June 30. The Issuer may adjust this fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing this annual financial information separately, the Issuer may cross-reference to other documents provided to the MSRB.

The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information described in Section 3 on or prior to the date set forth in the preceding paragraph.

If not provided as part of the annual financial information discussed above, the Issuer shall provide the Issuer's audited annual financial statement prepared in accordance with the Oregon Local Budget Law (or any successor statute) and in accordance with generally accepted accounting principles so prescribed by the Governmental Accounting Standards Board (or its successors) when and if available to the MSRB.

Section 5. Material Events. The Issuer agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Security;
7. Modifications to the rights of Security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;

10. Release, substitution or sale of property securing repayment of the Securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the obligated person; (Note: For the purposes of the event identified in this paragraph 12, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.);

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Section 6. Termination/Modification. The Issuer's obligations to provide notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. This Certificate, or any provision hereof, shall be null and void if the Issuer (a) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Certificate, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Securities; and (b) notifies the MSRB of such opinion and the cancellation of this Certificate.

Section 7. Amendment. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

A. If the amendment or waiver relates to the provisions of Sections 3 or 5 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer with respect to the Securities, or the type of business conducted;

B. The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

C. The amendment or waiver either (i) is approved by the owners of the Securities or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the owners or Beneficial Owners of the Securities.

In the event of any amendment or waiver of a provision of this Certificate, the Issuer shall describe such amendment in the next annual report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a material event under Section 5 hereof, and (ii) the annual report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 8. Securities Owner's Remedies Under This Certificate. The right of any holder of Securities or Beneficial Owner of Securities to enforce the provisions of this Certificate shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder, and any failure by the Issuer to comply with the provisions of this undertaking shall not be an event of default with respect to the obligations hereunder.

Section 9. Form of Information. All information required to be provided under this certificate will be provided in an electronic format as prescribed by the MSRB and with the identifying information prescribed by the MSRB.

Section 10. Submitting Information Through EMMA. So long as the MSRB continues to approve the use of the Electronic Municipal Market Access ("EMMA") continuing disclosure service, any information required to be provided to the MSRB under this Certificate may be provided through EMMA. As of the date of this Certificate, the web portal for EMMA is emma.msrb.org.

Section 11. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated as of the 1st day of December, 2011.

City Wilsonville, Oregon

City Official

APPENDIX E
BOOK-ENTRY-ONLY SYSTEM

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The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

Sample Offering Document Language Describing DTC and Book-Entry-Only Issuance

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest



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of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and



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corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.



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