



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2014

Prepared by:
The City of Fairview
Finance Department



CITY OF FAIRVIEW, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2014

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INTRODUCTORY SECTION





December 30, 2014

Honorable Mayor Mike Weatherby, City Council Members, and Citizens of Fairview,

The Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Fairview, Oregon for the fiscal year ended June 30, 2014.

Management accepts full responsibility for the contents of the CAFR. The accuracy of the information provided in this report is reasonably assumed due to a comprehensive framework of internal controls. The goal of the internal control framework is to minimize opportunity, as opportunity can not only permit but also promote fraudulent activity. However, internal controls also have inherent limitations. The cost of implementing the internal controls framework should not exceed the estimated benefit. Therefore, a reasonable, but not absolute level of assurance is achieved.

Independent assurance of the reliability of the financial statements is crucial. Therefore, an independent financial audit was conducted by Dickey and Tremper, LLP. The auditor issued an unqualified opinion on the City's financial statements.

Immediately following the independent auditor's report in the financial section of the CAFR is Management's Discussion and Analysis (MD&A). The Letter of Transmittal provides subjective information and should be read not independently, but in conjunction with the MD&A. These reports complement one another and when utilized together provide a comprehensive overview.

CITY PROFILE

The City of Fairview is located in northwestern Oregon's Multnomah County, twelve miles east of Portland. It covers an area of approximately three square miles with an estimated population of 8,930 as of June 30, 2014. (This number was reduced from 9,745 by the 2010 Census.)

Fairview was incorporated in 1908 and operates under the provisions of a charter first enacted in 1911 and most recently amended in 2014. The City operates under the Council-Administrator form of government. The Council is comprised of a Mayor and six elected Council members. The Mayor and Council members each serve four-year terms.

The City Administrator is the administrative head of the City and oversees implementation of Council policies, as well as the day-to-day operation of the City. Four departments collaborate to provide services to the citizens of Fairview. The Administration, Finance, Police, and Public Works departments directly provide residents with a wide range of municipal services. These services include: police services, water, sewer collection, stormwater management, parks, planning and development, code enforcement, municipal court, and general administrative services. Fire services and sewage treatment are contracted with the City of Gresham, while building services and inspections are contracted with Building Codes Consultancy, a private company.

Fairview's annual budget guides the City's spending. The budget is prepared in accordance with the Oregon Local Budget Law. The budgeting process includes the appointment of a fourteen member Budget Committee, public hearings providing an opportunity for citizen feedback, and approval of the final budget by City Council.

Budgetary controls for all funds is maintained by major category expense, such as personal services, materials and services, capital outlay, debt service, and transfers. Contingency line items are budgeted in the general operating fund, street fund, and major operating funds (water fund, sanitary sewer fund, and storm water fund).

For additional statistics and information about the City of Fairview, please refer to the Statistical Section of this report.

ECONOMIC CONDITION

Residential growth within the City of Fairview has been virtually non-existent over the past several years, as the City approaches residential build-out and the weak economy stalls new construction. For Fiscal Year 2013-14, there was one new residential construction building permit issued. The lack of a significant amount of new residential construction limits future increases in residential property tax revenue.

Residential growth continues to decline due to the lack of available land on which to build residential structures. In 2006, the City experienced residential growth of 1.7 percent, while 2007 had residential growth of only 1.1 percent and 2008 continued to decline with only .4 percent residential growth. The year 2000 was a particularly mentionable year, with residential growth within the City of Fairview exceeding 20 percent. The Census of 2010 reduced the city's population estimate from 9,785 to 8,920. The City's residential population has remained fairly flat for the past several years.

Fortunately, the City still possesses significant opportunity for commercial and industrial growth. Eventually, this growth will increase both tax and operating revenues. Commercial developers have commenced preparation of several sites for new commercial structures. Actual construction of buildings on these sites is expected in the very near future. One complex will be leased to the Veterans Administration to be used as a clinic. Another may contain both housing and business (live/work) structures. These projects are a sign of an improving economy and will provide increased tax revenue for the City of Fairview.

Fairview's close proximity to Portland and Gresham (Oregon's fourth largest city) provides residents with diverse employment opportunities. The recovering local economy is displayed by an unemployment rate within Multnomah County for fiscal year 2013-14 of 6.4 percent. This rate is

substantially lower than the 2012-2013 rate of 7.5 percent. Unemployment in Multnomah County was slightly lower than the national average of 6.8 percent.

There are 196 businesses within Fairview (59 of which are home-based). Five major employers provide the majority of the City's employment opportunities. Of the approximately 2,713 people employed within the City of Fairview, over 47 percent are employed by City's top five employers: Reynolds School District, Townsend Farms, NACCO Materials Handling Group, Knight Transportation, and Moore Excavation.

MAJOR FINANCIAL INITIATIVES

Fire and Police Dispatch Services

The City of Fairview currently contracts with the City of Portland's Bureau of Emergency Communications (BOEC-911) for police and fire dispatch services. The cost of BOEC services for fiscal year 2013-14 was \$185,358. The expense reduction from the prior year (2012-2013 expense was \$203,967) is the result of the remittance of 911 tax revenue directly from the State of Oregon to the City of Portland. This credit then offsets BOEC expenses incurred by the City. Previously, 911 tax revenue was sent directly to the City of Fairview. BOEC dispatch services for fiscal 2014-15 are budgeted to cost \$210,000.

Fire Protection Services

Fairview maintains an intergovernmental agreement with the City of Gresham to provide fire protection services for its residents. A ten year agreement was negotiated in 2005 (approved in 2006). The amount paid to Gresham for fire protection during fiscal year 2013-14 was \$805,061. The cost of fire protection services for fiscal year 2014-15 is budgeted to be \$837,690. Over the life of the ten year agreement, cost will rise over \$311,000, an increase of nearly 60 percent from fiscal year 2005-06. The contract for fire services terms June 30, 2015.

ECONOMIC CLIMATE AND FUTURE

The City of Fairview, due to its close attention to revenues and expenditures, positioned itself to absorb some of the economic impacts of the recent financial crisis without significantly impacting services to citizens. During the most prominent times of the recession, the City eliminated all non-essential expenses, restructured staff levels to meet service demand at that time, and focused on providing services deemed "essential" including public safety, water, sewer, and stormwater management. These decisions enabled the city to move through the economic recession without diminishing reserves. For fiscal year 2014-15, the City anticipates increases in revenues and will continue to closely monitor expenses in order to maintain current reserves.

With an improving economy comes an increased opportunity for investors to develop available land and Fairview is working to position itself to benefit from these investments in the community and in the region. The City is mindful of its growth restrictions in relation to available land for future developments and is looking to maximize all investments in order to ensure a sustainable future. As

property tax revenues continue to be outpaced by rising expenses, new construction stays flat, unemployment remains high, and state shared revenues decline, the City must stay vigilant in monitoring spending and enhance revenues in order to continue to provide key services to the citizens of Fairview.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Fairview for its comprehensive annual financial report for the fiscal year ended June 30, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of the Comprehensive Annual Financial Report was a City-wide effort. Thank you to all of those departments for their diligence and extra efforts in compiling data and clarifying reports. Sincere appreciation is also extended to the Mayor, City Council, and Budget Committee for their continuing leadership and support.

Respectfully Submitted,



Samantha D. Nelson, MBA
City Administrator



Lesa Folger
Deputy Finance Director

**CITY OF FAIRVIEW
OFFICIALS OF THE CITY
AS OF JUNE 30, 2014**

MAYOR AND CITY COUNCIL

<u>Name and Address</u>	<u>Term Expires December 31,</u>
Mike Weatherby, Mayor	2014
Dan Kreamier	2016
Ted Tosterud	2014
Steven Prom	2016
Steve Owen	2014
Lisa Barton Mullins	2014
Tamie Arnold	2014

City Administration

Samantha Nelson, City Administrator

Lesa Folger, Deputy Finance Director

Allan Berry, Public Works Director

Ken Johnson, Chief of Police

Beery, Elsner & Hammond, LLP, Legal Council



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Fairview
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



Citizens of Fairview

City Council

- Budget Committee
- Planning Commission
- Parks & Recreation Advisory Council
- Arts & Community Events Committee
- Public Safety Advisory Committee
- Economic Development Advisory Committee

Administration
Samantha Nelson

- Mayor/City Council
- Election Management
- Communications Program
- Intergovernmental Relations
- Human Resource Program
- Records Management
- City Attorney Services
- Strategic Planning Program
- Business Licensing Program
- Special Event Management
- Budget Management
- Risk Management Program
- Information Technology Program

City Attorney
Beery, Elsner & Hammond

Municipal Court Judge
M. Patton Echols

Judge Pro Tem
Scott Downing

Police
Ken Johnson

- Patrol Services
- Photo Red Light Program
- Crime Investigation Program
- Police Reserve Program
- Crime Prevention Program
- Records Management
- Evidence & Property Management
- 911 Services (BOEC)
- Fire Service (Gresham Fire)
- Alarm Permits/Monitoring
- School Resource Officer Program
- EMGET Program
- Emergency Management
- Chaplaincy

Finance
Lesa Folger

- Payroll Services
- Benefits Management
- Financial Services
- Utility Billing Services
- Grants Management
- Municipal Court Services

Community Services/Public Works
Allan Berry

- Development Services
- Long Range Planning
- Economic Development
- Code Compliance Program
- Building Services
- Natural Resources
- Community Garden Program
- Parks & Recreation Program
- Flood Hazard Program
- CDBG Program
- GIS Mapping
- Water Services
- Sewer Services
- Stormwater Management Program
- Construction Management
- Capital Planning Program
- Parks CIP and Maintenance
- Facilities Management
- Road Operations and Maintenance Program
- Solid Waste & Recycling



FINANCIAL SECTION





Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

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Pendleton, OR 97801
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Web: www.dickeyandtremper.com

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Fairview, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Fairview, Oregon, as of and for the year ended, June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental 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 from material misstatement.

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

A

INDEPENDENT AUDITOR'S REPORT (Continued)

significant accounting estimates made by management, as well as evaluation the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairview, Oregon, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and State Tax Street Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding New Accounting Policy

As described in Note I.F, during the year ended June 30, 2014, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages a through r 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fairview, Oregon's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, other financial schedules and statistical section, are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules and other financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules and other financial schedules are fairly stated in all material respects in relation to the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2014, on our consideration of City of Fairview, Oregon's internal control over financial reporting and on 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, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering City of Fairview, Oregon's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 30, 2014, on our consideration of the City of Fairview's internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-320. 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.


Dickey and Tremper, LLP
Certified Public Accountants
Pendleton, Oregon

December 30, 2014



MANAGEMENT'S DISCUSSION AND ANALYSIS



CITY OF FAIRVIEW
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2014

As the financial management for the City of Fairview, Oregon we offer this narrative overview and analysis of the City's financial activities during the Fiscal Year. It is intended to be an easily readable analysis that focuses on the Year's financial activities, significant changes in the City's financial position, deviations from the approved budget, and individual fund issues or concerns. This Management's Discussion and Analysis is based on presently known facts and conditions that exist as of the date of the independent auditor's report. Additional information outside the scope of the analysis can be found in the Letter of Transmittal and individual financial statements.

The Management's Discussion and Analysis should be read in conjunction with the additional information provided in the Letter of Transmittal and the Basic Financial Statements included in the Comprehensive Annual Financial Report.

FINANCIAL HIGHLIGHTS

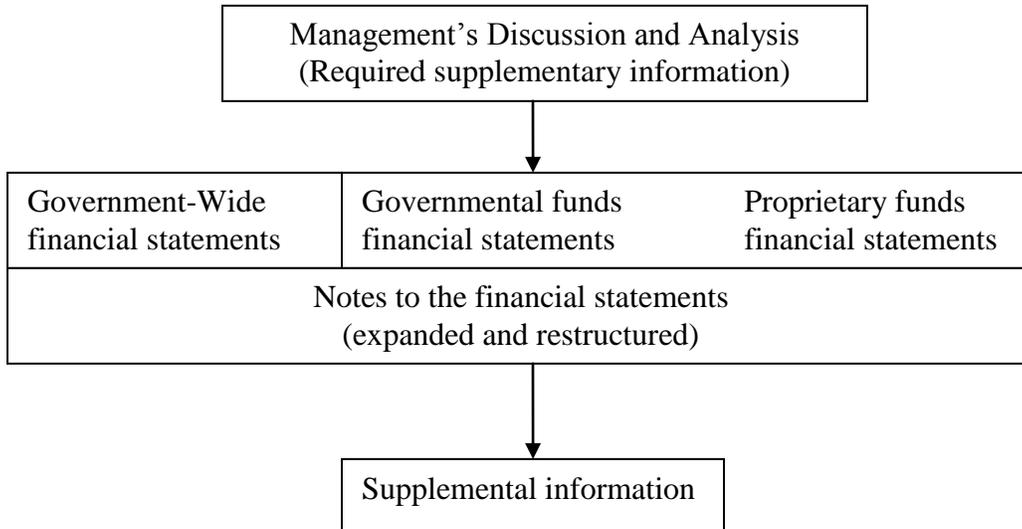
- The City's total net position at June 30, 2014 is \$41.3 million; an increase of \$327,746 from the prior Year. The reason for this increase is primarily due to increased revenues in Business Activities and reduced operating expenses.
- The assets of the City exceeded its liabilities at the close of the Fiscal Year by over \$41.3 million (net assets). Of this amount, \$8.39 million is unrestricted and available for spending to meet the City's ongoing obligations to citizens and creditors.
- The expenditures for the general fund were \$775,731 less than the final budgeted amount. Of this, \$346,488 was transferred to the Water Fund to retire the Water Revenue Refunding Debt Series 2004. With that being taken into consideration, the actual General Fund expenditures were 8.2% less than the budgeted amount.
- The capital assets of the City decreased by \$376,963. This decrease is primarily due to depreciation expenses and decreased capital asset improvement projects for Fiscal Year 2013-14.
- Long-term debt decreased by \$652,708. This decrease is primarily due to continued debt reduction as a result of annual payments and retirement of the Water Revenue Refunding Bond Series 2004.
- Governmental activities revenue decreased by \$371,846. This decrease is primarily due to reduced grant funds.

- Business-type activities revenue increased by \$195,571. This is primarily due to increased revenue from charges for services.

OVERVIEW OF FINANCIAL STATEMENTS

With the implementation of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements- and Management’s Discussion and Analysis- for State and Local Governments, the City’s presentation of its Annual Financial Report’s financial section has changed significantly. A graphic is provided below to help in understanding how the financial section is presented.

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements. The basic financial statements are comprised of three components: 1) *government-wide financial statements*, 2) *fund financial statements*, and 3) *notes to the financial statements*. The financial section also contains supplementary information in addition to the basic financial statements.



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

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

The statement of activities presents information showing how the City's net position changed during the most recent Fiscal Year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused compensated leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Governmental activities of the City include the following:

- General Government
- Public Safety
- Community Development and Planning
- Parks
- Highways and Street
- Public Works

The business-type activities of the City include the following:

- Water Operations
- Sewer Operations
- Stormwater Operations

The government-wide financial statements can be found on pages 1 and 2.

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

- Governmental Funds
- Proprietary Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term funding decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages 5 and 7.

The City maintains eight governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance for the major governmental funds. The three major funds are General Fund, Street Fund, and the Fairview Lake Sewer LID Debt Fund. The five non-major governmental funds are Administrative Excise Charge Fund, Building Fund, Grants/Project Fund, Equipment Replacement Fund, and SDC Parks/Open Spaces Fund. The Facilities Maintenance Fund no longer qualifies as a special revenue fund for external reporting purposes under GASB 54 and was combined with the General Fund as a sub-fund in these statements. The City continues to treat this fund as a special revenue fund for budgetary purposes. Data from the other governmental funds are combined into a single, aggregated presentation under Other Governmental Funds. Individual fund data for each non-major governmental fund is provided in the form of combining statements starting on page 36.

The City adopts an annual appropriated budget for all governmental funds. A budgetary comparison has been provided for each fund to demonstrate compliance with the adopted budget.

The governmental fund financial statements can be found on pages 4 and 6.

The City maintains one type of Proprietary Fund:

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City has six enterprise funds that it uses to account for its water, sewer, and stormwater utilities.

The proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise funds, all of which are considered to be major funds, are reported separately as proprietary fund financial statements in the basic financial statements.

The City also adopts an annual appropriated budget for all proprietary funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the enterprise funds beginning on page 55 through 64.

The proprietary fund financial statement can be found on pages 10 through 13.

Notes to the Basic Financial Statements- The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the financial statements and should be read in conjunction with them.

Other information- A budgetary comparison schedule is provided for all governmental funds and combining statements and budgetary schedules are presented for Water operations, Sanitary Sewer operations, and Stormwater operations. Supplementary information is found beginning on page 36.

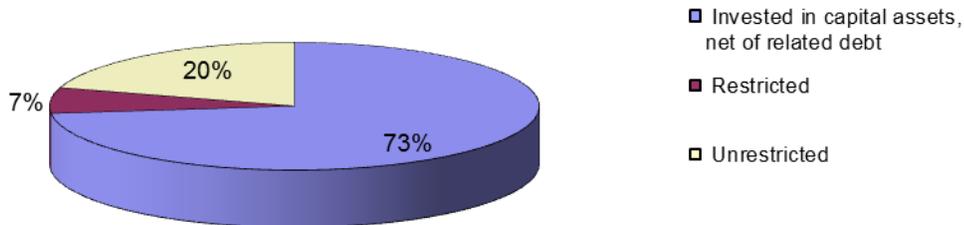
GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by approximately \$41.3 million at the end of Fiscal Year 2013-14. This is an increase of \$327,746 from the previous year. The reason for this increase is primarily due to a decrease in business-type activity long term debt. The following table shows a comparative summary of net position as of Fiscal Year end:

City of Fairview
Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
ASSETS						
Current and other Assets	\$ 6,663,342	\$ 6,712,163	\$ 5,057,222	\$ 5,107,368	\$ 11,720,564	\$ 11,819,531
Capital Assets	9,018,133	8,924,340	24,015,369	23,732,199	33,033,502	32,656,539
Total Assets	15,681,475	15,636,503	29,072,591	28,839,567	44,754,066	44,476,070
LIABILITIES						
Current and Other liabilities	208,594	251,445	332,152	336,267	540,746	587,712
Long-term liabilities	571,565	583,026	2,691,565	2,027,396	3,263,130	2,610,422
Total Liabilities	780,159	834,471	3,023,717	2,363,663	3,803,876	3,198,134
NET POSITION						
Invested in Capital Assets, net of related debt	9,018,133	8,439,740	21,373,060	21,750,798	30,391,193	30,190,538
Restricted	1,344,394	1,399,339	1,415,066	1,293,776	2,759,460	2,693,115
Unrestricted	4,538,789	4,962,953	3,260,748	3,431,330	7,799,537	8,394,283
Total Net Position	\$ 14,901,316	\$ 14,802,032	\$ 26,048,874	\$ 26,475,904	\$ 40,950,190	\$ 41,277,936

Net Position June 30, 2014



The largest portion of the City's net position (73%) is reflected in its investments in capital assets (i.e. land, buildings, improvements, vehicles and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens and consequently, they are not available for current spending. Although the City's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (7%) represent resources that are subject to external restrictions on how they may be used. The restricted assets include funds reserved for debt service and capital projects associated with system development charges. The remaining balance (20%) is unrestricted net position.

These funds may be used to meet the City's ongoing obligations to citizens and creditors. This is a one percent (1%) change from Fiscal Year 2012-13.

The City's capital assets decreased by approximately \$376,962 from \$33.0 million to \$32.7 million which equates to a 1% decrease in total assets. This is largely due to depreciation expenses and decreased capital asset improvement projects for Fiscal Year 2013-14

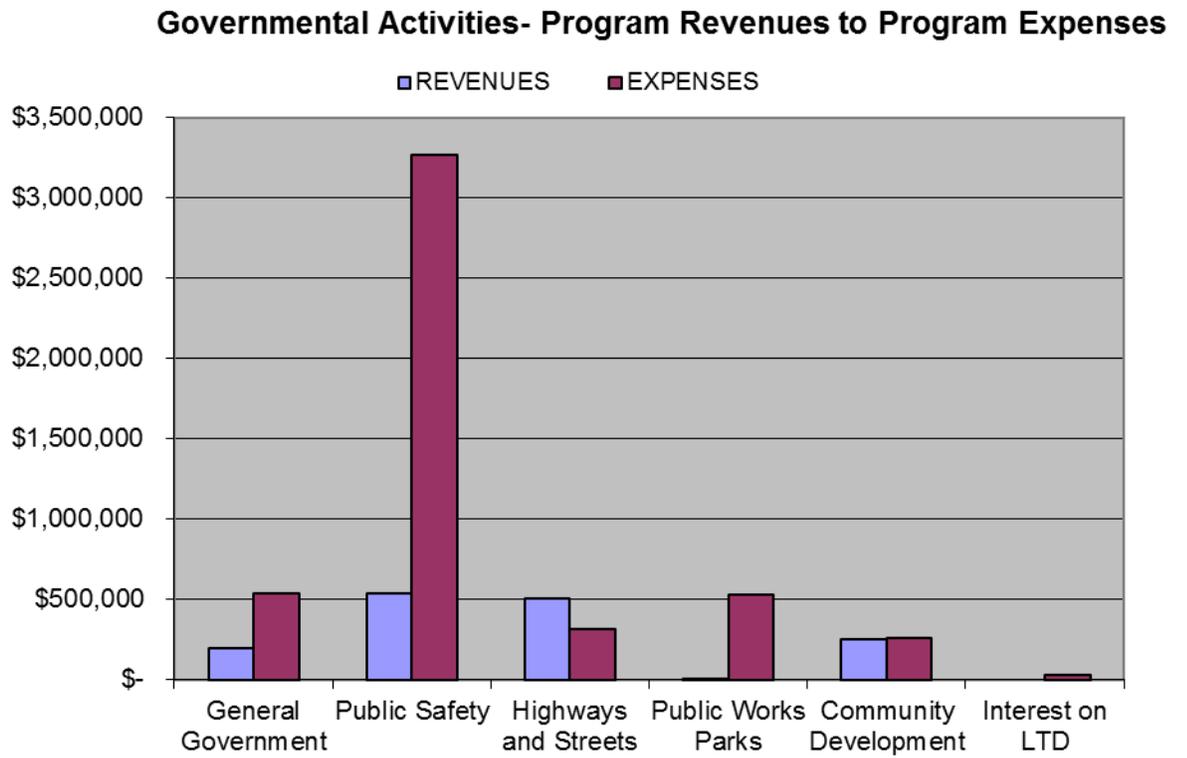
Governmental Activities decreased the City's total assets by \$99,284. The primary elements of this decrease are as follows:

- Capital Grants and Contributions decreased by \$252,203
- Franchise Fee revenue increased by \$8,715
- Property tax collections increased by \$57,622
- Fines and Forfeiture collections decreased by \$71,471
- Intergovernmental revenue increased by \$6,534
- Community Development Expenses increased \$2,875

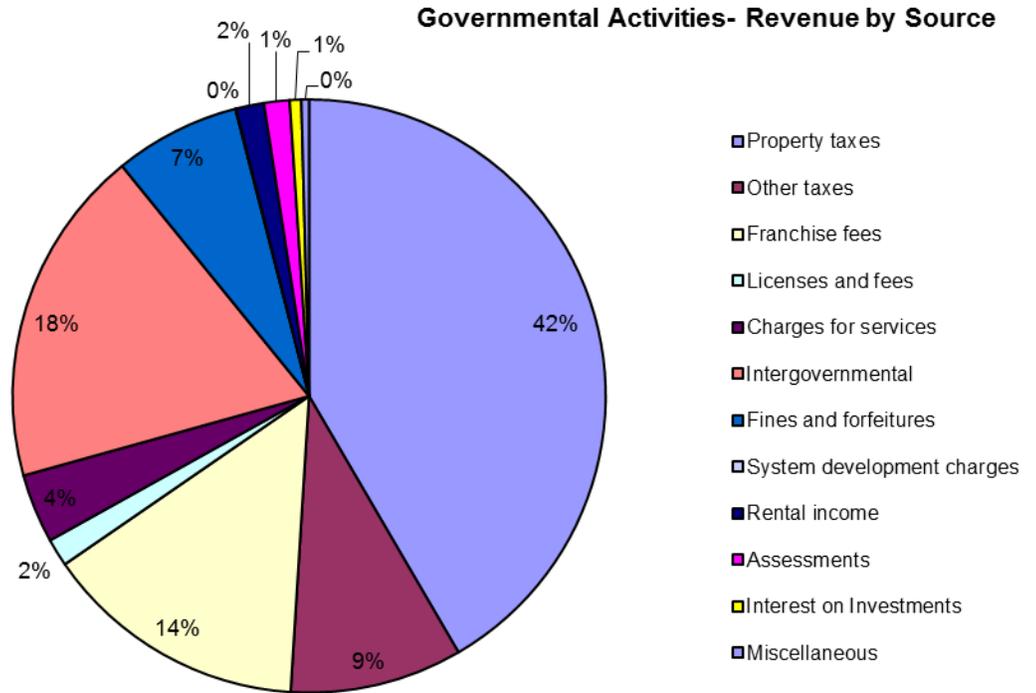
The following table provides a comparative summary of the changes in net position.

City of Fairview						
Summary of Net Position						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2014	2013	2014	2013	2014
REVENUES						
Program Revenues:						
Charges for Services	\$ 833,676	\$ 738,386	\$ 3,623,055	\$ 3,826,894	\$ 4,456,731	\$ 4,565,280
Operating Grants and Cont.	651,167	626,814	-	-	651,167	626,814
Capital Grants and Cont.	385,159	132,956	24,683	16,415	409,842	149,371
General Revenues:						
Property Taxes	2,070,049	2,131,420	-	-	2,070,049	2,131,420
Other Taxes	1,391,876	1,449,874	-	-	1,391,876	1,449,874
Miscellaneous	25,327	13,772	-	-	25,327	13,772
Sale of Assets	-	-	-	-	-	-
Interest & Investment Earnings	30,505	32,193	25,100	22,682	55,605	54,875
Total Revenues	5,387,759	5,125,415	3,672,838	3,865,991	9,060,597	8,991,406
EXPENSES						
General Government	496,353	534,790	-	-	496,353	534,790
Public Safety	3,117,145	3,267,589	-	-	3,117,145	3,267,589
Community Development	256,376	259,251	-	-	256,376	259,251
Streets	290,594	314,245	-	-	290,594	314,245
Public Works	556,705	532,285	-	-	556,705	532,285
Interest on Long Term Debt	29,356	29,342	-	-	29,356	29,342
Water			1,097,982	1,110,768	1,097,982	1,110,768
Sewer			1,997,800	1,921,360	1,997,800	1,921,360
Stormwater			621,182	677,413	621,182	677,413
Total Expenses	4,746,529	4,937,502	3,716,964	3,709,541	8,463,493	8,647,043
Excess (deficiency) before transfers:	641,230	187,913	(44,126)	156,450	597,104	344,363
Transfers	(5,707)	(287,197)	5,707	287,197	-	-
Change in Net Position	635,523	(99,284)	(38,419)	443,647	597,104	344,363
Net Position, beginning	14,265,793	14,901,316	26,087,293	26,032,257	40,353,086	40,933,573
Net Position, ending	\$ 14,901,316	\$ 14,802,032	\$ 26,048,874	\$ 26,475,904	\$ 40,950,190	\$ 41,277,936

The following graph compares program revenues and expenses for individual governmental activities for Fiscal Year 2013-14.



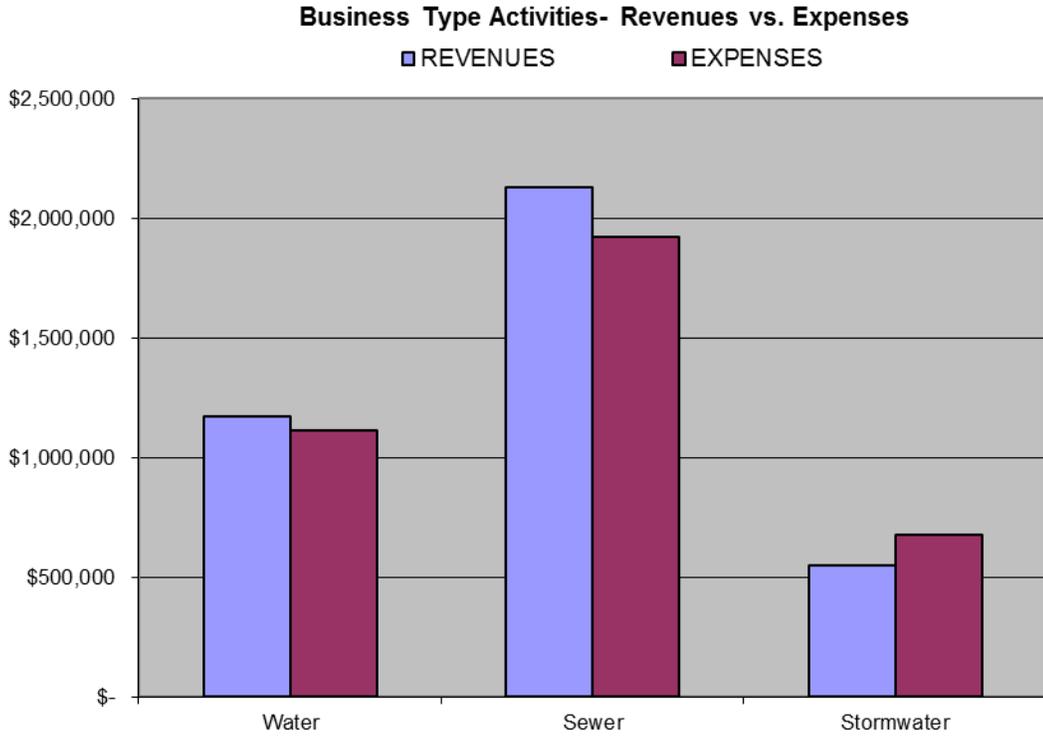
The next chart shows the share of revenues supporting governmental activities.



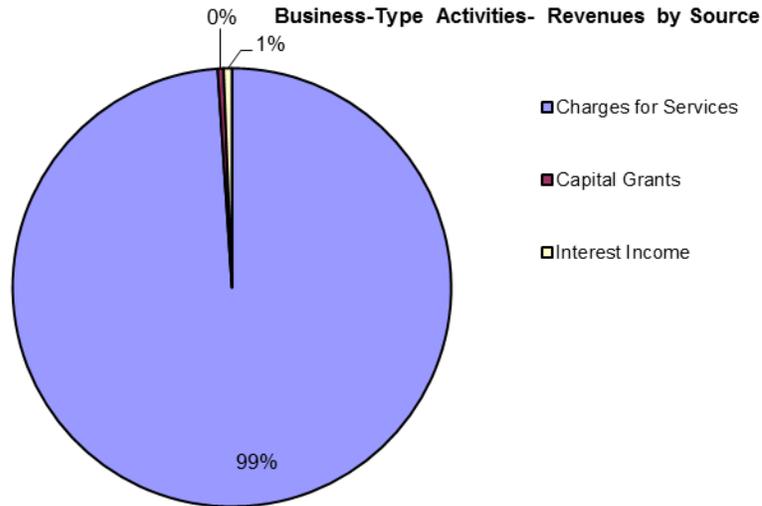
Business-type Activities increased the City’s net position by \$443,647. This is primarily due to the following:

- Capital Grants and Contributions decreased \$8,268
- Depreciation of existing business-type capital assets was approximately \$887,582
- Equipment capital assets totaling \$226,729 was added. This included two Police vehicles, one Public Works vehicle, and a specialized mower for Public Works.

The following chart compares program revenues to expenses by business-type activity for the Fiscal Year 2013-14.



The following chart shows that 99% of revenues for business-type activities are generated from charges for services rendered.



FUND-BASED FINANCIAL ANALYSIS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's governmental funds reported is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial resources available for spending at the end of the Fiscal Year.

As of Fiscal Year 2013-14, the City's governmental funds reported a combined ending fund balance of \$5.66 million. Over \$3.59 million or 63.4% of the balance is unreserved for spending at the City's discretion. The remainder fund balance is non-spendable, restricted, committed, or assigned and is not available for future discretionary spending because it has already been designated for debt service, safety programs, and highway and street fund infrastructure improvements.

The combined ending fund balance for Fiscal Year 2013-14 is approximately \$877 more than the prior year.

The *General Fund* is the chief operating fund of the City. Activities included in this fund are Administration, Finance, Public Works Community Services/Development, Public Safety, and Public Works/Parks. At the end of Fiscal Year 2013-14, the total unassigned fund balance in the General Fund was over \$3.59 million. This is a \$223,630 decrease from Fiscal Year 2012-13. This decrease is primarily due to a transfer to the Water Fund to retire the Water Revenue Refunding Bond Series 2004.

The *Facilities Maintenance Fund* accounts for the routine repair and maintenance of the City facilities. Revenue consists of contributions from the General Fund and the public works enterprise funds. This fund is reported as combined with the General Fund as sub-fund per GASB 54. For budgetary purposes, the City treats this fund as a stand-alone special revenue fund. The ending fund balance was \$70,208. This is an increase of \$14,387. This increase is due to transfers in from other funds and no expenditures.

The *Fairview Lake Sewer LID Fund* accounts for the cost of debt service on the Fairview Lake Sewer Construction Project. Principal sources of revenue are the interest earned on investments and payments received from benefitted properties. The Year end fund balance was \$505,195. This is an increase of \$44,521 from Fiscal Year 2012-13 and is due to collection of early payoff by assessed property owners. This practice of paying additional funds to principal resulted in the City being obligated to pay solely interest expense on this debt until its retirement date.

The *State Tax Street Fund* provides for maintenance and construction of City streets and alley ways. Principal sources of revenue are state shared gas revenue apportioned from the State of Oregon and county shared revenue apportioned from Multnomah County. The Year end fund balance was \$674,498. This is an increase of \$143,208. This increase is primarily due to increases in the amount of the State Highway Tax received by the City as well as a decrease in capital outlay expense.

The *Administrative Excise Charge Fund* accounts for the cost of public infrastructure such as the City Hall and other City buildings. Revenue consists of administrative excise charged for residential and commercial development. The Year end fund balance was \$25,969. This is an increase of \$3,512. This increase is due to the collection of an administrative excise charge tax on several permits issued during the Fiscal Year.

The *Equipment Replacement Fund* accounts for the cost of routine replacement of Police and Public Works vehicles and equipment as well as other City equipment. Revenue for this fund comes from the General Fund, Street Fund, Water Fund, Sewer Fund, and Stormwater Fund. Equipment that benefits all departments is funded by those departments. The Year end fund balance was \$446,063. This is a \$16,780 increase and is the result of increased transfers in as well as the purchase of two Police vehicles, a Chevy Equinox for Public Works, and an Exmark mower for Public Works (Parks).

The *Building Fund* accounts for the revenues and expenses associated with the issuing of building permits for new construction and remodels for buildings within the City limits of Fairview. The Year end fund balance was \$1,337. This is a decrease of \$55,775 which is primarily due to a decrease in License and Fees revenue.

The *Grant/Projects Fund* provides for the identifying and tracking of grant match contributions, grant revenues, and grant expenditures. It is also used to identify and track individual capital projects or other program grants and donations. The ending fund balance was \$24,753. This is an increase of \$41,398, of which \$16,645 was due to the timing of reimbursements for expenditures as of June 30, 2013. The Nature in Neighborhoods Grant for development of Salish Ponds was included in this fund.

The *Parks/Open Spaces Fund* accounts for the funding for basic park facilities required to meet the needs of a growing City population. Revenue consists of Parks System Development charges paid by all residential development at the time of building permit issuance and the interest paid on investments. The Year end fund balance was \$193,556. This was a decrease of \$99,978, primarily due to utilization of funds for improvements at Park Cleone.

Debt Service Funds account for revenues and expenditures related to the repayment of long term indebtedness. All fund balances are restricted for future debt service

payments. These restrictions do not adversely affect the availability of fund resources for future use.

The City's only active debt service fund is the *Fairview Lake Sewer LID Fund* detailed on the previous page.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail.

Unrestricted net position of each proprietary fund and its percent to total unrestricted net position of all proprietary funds are as follows:

Water Utility	\$	891,352	26%
Sewer Utility	\$	1,709,421	50%
Stormwater Utility	\$	830,557	24%

The total proprietary fund unrestricted net position increased by over \$170,582. This is primarily due increased user fee revenue and decreased expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the Year there was a change to appropriations between the original and final amended budgets. The adjustment to original appropriations for the General Fund was:

- \$346,488 supplemental budget change to transfer from General Fund Contingency to Water Fund Debt Expense to retire Water Revenue Refunding Bonds Series 2004.

General fund revenue was \$374,848 more than budgeted in Fiscal Year 2012/13 and \$106,820 more than budgeted in Fiscal Year 2013/14. This is primarily due to an increase in the amount budgeted for fines & forfeitures which resulted in actual figures that more closely reflect revenue earned.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2014 amounts to \$32.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, non-building improvements (i.e. parks and trails), equipment, and infrastructure (i.e. streets, water, sewer, and stormwater systems). Of all capital assets, approximately 27% is

associated with governmental activities and approximately 73% with business-type activities.

In total, the City’s capital assets decreased by more than \$376,963, or approximately 1% from the prior Year. Governmental activities decreased by \$93,793 and business-type activities account for an additional decrease of \$283,170. These decreases are attributable to depreciation expenses. Major capital asset events during the fiscal year included the following:

- Police Vehicles (2)
- Public Works Chevy Equinox
- Public Works Exmark Mower
- Park Cleone Improvements
- Lakeshore Park Dock Replacement
- Fairview Sign on 207th
- Water System Meter Improvements

**City of Fairview
Capital Assets, Net of Accumulated Depreciation**

	Governmental Activities		Business-Type Activities	
	2013	2014	2013	2014
Land	\$ 1,492,753	\$ 1,492,753	\$ 981,430	\$ 981,430
Construction in Progress	\$ 5,903	\$ -	\$ 21,952	\$ -
Land Improvements	\$ 940,735	\$ 1,059,002	\$ -	\$ -
Dams and Weirs	\$ 298,882	\$ 285,297	\$ -	\$ -
Buildings	\$ 2,819,260	\$ 2,753,016	\$ 306,845	\$ 297,504
Machinery & Equipment	\$ 174,816	\$ 227,132	\$ 311,979	\$ 495,422
Infrastructure	\$ 3,285,784	\$ 3,107,140	\$ 22,393,163	\$ 21,957,843
Total	\$ 9,018,133	\$ 8,924,340	\$ 24,015,369	\$ 23,732,199

Governmental Accounting Standards Board (GASB) Statement Number 34 requires the City to report and depreciate new infrastructure assets (roads, bridges, runways, traffic signals, etc.) effective Fiscal Year 2003-04. These infrastructure assets are likely to be the largest asset class of the City. Neither historical cost nor related depreciation has historically been reported in the financial statements for governmental activities. The City of Fairview reports its infrastructure on its current financial statements.

Additional information on the City’s capital assets can be found in the Note III.C to the basic financial statements.

LONG TERM DEBT

As of year-end, the City had a total debt of \$2.5 million. Governmental activities account for \$485,000 of the debt while business-type activities account for the remaining \$1.98 million of debt outstanding. Of that amount, \$207,881 is due within one year.

The City had total non-current liabilities (not due within one year) of \$2.3 million. Of this amount, \$485,000 is in special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment. A note payable for \$1.4 million to the City of Gresham for sewer capacity is also outstanding and this debt is secured solely by the sewer revenues. The Water Fund has a note payable of \$549,808 to the State of Oregon for funds which financed the drilling of Well #9 to increase water system capacity.

City of Fairview				
Outstanding Debt, Revenue Bonds				
	Governmental		Business-Type	
	Activities		Activities	
	2013	2014	2013	2014
Full Faith and Credit Bonds	\$ -	\$ -		
Limited Tax Issuance	\$ 485,000	\$ 485,000		
Water Revenue bond			\$ 460,000	\$ -
City of Gresham Note Payable			\$ 1,609,712	\$ 1,431,593
State of Oregon Note Payable			\$ 572,597	\$ 549,808
Total:	\$ 485,000	\$ 485,000	\$ 2,642,309	\$ 1,981,401

The City’s total debt decreased by \$660,908 during Fiscal Year 2013-14. The decrease is attributable to the City meeting the yearly debt service obligations and the retirement of the Water Revenue Refunding Bond Debt Series 2004 in the amount of \$346,488.

Additional information on the City’s long-term debt can be found in the notes to the financial statements in section III.E.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

The financial condition of the City of Fairview is beginning to improve compared to the last five years of recession. The City continues to have a strong financial reserve; however, the City continues to operate with reduced staff levels resulting in reduced service levels as an impact of maintaining a balanced budget. As the economy slowly improves, the demand for re-instating prior services from the City increases as well. The use of reserves to reinstate or increase service levels is not sustainable in the long-term. Reserves in the General Fund are a finite resource and once they are

depleted, the City will not be able to replace them in the short-term. The following issues were considered in the compilation of the Fiscal Year 2014-15 budget:

- It is assumed that **property tax revenues** to the City will increase by at least 2% over Fiscal Year 2013-14 collections. This 2% is from increased values of currently assessed properties and is below the maximum 3% increase allowed under Measure 50. This number is based on historical numbers and given the current economic climate it is assumed that 6% of total tax assessments will be uncollectible in the current tax Year.
- Fairview's **permanent tax rate** is \$3.4902 per \$1,000 of assessed value, one of the lower rates for cities in the region. General revenues from the City's permanent tax rate combined with limitations in the State's property tax structure are falling short of the rising costs of public safety services. Public Safety costs exceed property tax revenue collected by approximately 68%.
- The cost of **Fire Services and Bureau of Emergency Communications (BOEC)** 911 dispatch service costs are continuing to increase and negotiations will occur to continue fire services with the City of Gresham.
- **Police radio system** required upgrades are expected to be significant.
- Multnomah County has implemented a **usage fee** to local jurisdictions for use of its local holding facility.
- **Two full time positions** reduced in the Fiscal Year 2009-2010 budget have been reinstated. These included the Public Works Community Services Code Enforcement position and the Finance Department Office Assistant position.
- **One additional Officer** has been added in the Police Department.
- **Healthcare costs** continue to be a significant benefit expense for employees. Effective July 1, 2014, employees will contribute 10% of the monthly premium.
- The City will enter into negotiations with the Teamsters' Union in early 2015. It is anticipated the City will incur some additional cost in the process of negotiating this contract.
- **PERS** rates increased by almost 5% for Fiscal Year 2012-13. Subsequently, the State Legislature passed bills to reduce the increase to 2% for Fairview; however, it is anticipated that additional significant increases will be required in the next few years.

- The cost of City infrastructure maintenance may result in the need to increase **utility user fees** in early 2015. The City Council will review utility fees in relation to infrastructure maintenance and construction needs..
- Each operating fund has **contingency** amounts budgeted. Council directed contingency guidelines reflect the Council adopted minimum fund balance policy. This policy budgets for three months of operating expenses, with the remainder placed in contingency.
- The City budgeted to use a minimum amount of reserves in order to balance the budget for Fiscal Year 2014-15. The amount of reserves budgeted for Fiscal Year 2014-15 is \$258,110. Of this amount \$75,000 is a transfer to address delayed city hall building maintenance, \$53,000 is a transfer for equipment replacement purchases including the purchase of a new court management software system upgrade. The remaining \$130,000 is for the reinstatement of staff positions cut during the recession. Forecasts indicate an increase in revenue for FY 2015-16, which will meet or exceed the cost of the reinstated positions.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances and to show the City's accountability for the money it receives. Questions about the report or requests for additional financial information should be addressed to:

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City Administrator
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Fairview, Oregon 97024
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BASIC FINANCIAL STATEMENTS

CITY OF FAIRVIEW, OREGON
STATEMENT OF NET POSITION
June 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,008,874	\$ 3,113,088	\$ 7,121,962
Investments	99,000	-	99,000
Receivables:			
Accounts	432,239	697,561	1,129,800
Fines and forfeitures	88,511	-	88,511
Property taxes	145,695	-	145,695
Assessments	537,712	-	537,712
Prepaid items	793	2,943	3,736
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	1,399,339	1,293,776	2,693,115
Capital assets:			
Land	1,492,753	981,430	2,474,183
Depreciable assets, net of depreciation	<u>7,431,587</u>	<u>22,750,769</u>	<u>30,182,356</u>
 Total assets	 <u>15,636,503</u>	 <u>28,839,567</u>	 <u>44,476,070</u>
 DEFERRED OUTFLOWS OF RESOURCES	 <u>-</u>	 <u>-</u>	 <u>-</u>
LIABILITIES			
Accounts payable and accrued expenses	197,094	295,205	492,299
Deposits	46,162	14,977	61,139
Accrued interest payable	4,904	21,628	26,532
Retainage payable	1,185	4,457	5,642
Unearned revenue	2,100	-	2,100
Long-term obligations:			
Due within one year	568,322	246,976	815,298
Due in more than one year	<u>14,704</u>	<u>1,780,420</u>	<u>1,795,124</u>
 Total liabilities	 <u>834,471</u>	 <u>2,363,663</u>	 <u>3,198,134</u>
 DEFERRED INFLOWS OF RESOURCES	 <u>-</u>	 <u>-</u>	 <u>-</u>
NET POSITION			
Net investment in capital assets	8,439,740	21,750,798	30,190,538
Restricted for:			
System development	193,556	1,293,776	1,487,332
Debt service	505,195	-	505,195
Highways and streets	674,498	-	674,498
Grants and projects	26,090	-	26,090
Unrestricted	<u>4,962,953</u>	<u>3,431,330</u>	<u>8,394,283</u>
 Total net position	 <u>\$ 14,802,032</u>	 <u>\$ 26,475,904</u>	 <u>\$ 41,277,936</u>

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

CITY OF FAIRVIEW, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 534,790	\$ 139,421	\$ 4,110	\$ 50,944	\$ (340,315)	\$ -	\$ (340,315)
Public safety	3,267,589	427,292	112,692	419	(2,727,186)	-	(2,727,186)
Highways and streets	314,245	-	510,012	-	195,767	-	195,767
Public works	532,285	-	-	1,850	(530,435)	-	(530,435)
Community development	259,251	171,673	-	79,743	(7,835)	-	(7,835)
Interest on long-term obligations	29,342	-	-	-	(29,342)	-	(29,342)
Total governmental activities	4,937,502	738,386	626,814	132,956	(3,439,346)	-	(3,439,346)
Business-type activities:							
Water	1,110,768	1,163,522	-	6,692	-	59,446	59,446
Sewer	1,921,360	2,117,407	-	8,555	-	204,602	204,602
Stormwater	677,413	545,965	-	1,168	-	(130,280)	(130,280)
Total business-type activities	3,709,541	3,826,894	-	16,415	-	133,768	133,768
Total primary government	\$ 8,647,043	\$ 4,565,280	\$ 626,814	\$ 149,371	(3,439,346)	133,768	(3,305,578)
General revenues:							
Property taxes levied for:							
General purposes							
					2,131,420	-	2,131,420
Franchise and public services taxes							
					1,449,874	-	1,449,874
Interest and investment earnings							
					32,193	22,682	54,875
Miscellaneous							
					13,772	-	13,772
Transfers							
					(287,197)	287,197	-
Total general revenues, special items, and transfers					3,340,062	309,879	3,649,941
Change in net position					(99,284)	443,647	344,363
Net position, beginning, as restated (See Note I.F)					14,901,316	26,032,257	40,933,573
Net position, ending					\$14,802,032	\$26,475,904	\$41,277,936

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



FUND FINANCIAL STATEMENTS

Major Governmental Funds

Combined General Fund

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, hotel-motel tax, and state shared revenues. The Facilities Maintenance Fund is combined with the General Fund for financial statement reporting. It accounts for the routine repair and maintenance of City facilities. Revenues consist of contributions from other funds and interest earned on the cash balance of the fund.

State Tax Street Fund

The State Tax Street Fund accounts for the cost of maintaining City streets and alley ways. Principal sources of revenue are state shared gas revenue apportioned from the State of Oregon and county shared revenue apportioned from Multnomah County.

Fairview Lake Sewer LID Debt Fund

The Fairview Lake Sewer LID Debt Fund accounts for the cost of debt service on the Fairview Lake Sewer Construction Project. Principal sources of revenue are the interest earned on investments and payments received from benefited properties.

CITY OF FAIRVIEW, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	Combined General Fund	State Tax Street Fund	Fairview Lake Sewer LID Fund	Other Governmental Funds	Totals
ASSETS					
Cash and cash equivalents	\$ 3,473,644	\$ 748,694	\$ 505,195	\$ 680,680	\$5,408,213
Investments	99,000	-	-	-	99,000
Receivables:					
Property taxes	145,695	-	-	-	145,695
Accounts	312,347	40,121	-	79,771	432,239
Fines and forfeitures, net	88,511	-	-	-	88,511
Assessments	-	-	537,712	-	537,712
Interfund receivable	13,309	-	-	-	13,309
Prepaid items	768	25	-	-	793
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 4,133,274</u>	<u>\$ 788,840</u>	<u>\$1,042,907</u>	<u>\$ 760,451</u>	<u>\$6,725,472</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 72,035	\$ 71,654	\$ -	\$ 53,405	\$ 197,094
Deposits	2,600	41,503	-	2,059	46,162
Unearned revenue	2,100	-	-	-	2,100
Retainage payable	-	1,185	-	-	1,185
Interfund payable	-	-	-	13,309	13,309
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>76,735</u>	<u>114,342</u>	<u>-</u>	<u>68,773</u>	<u>259,850</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	271,473	-	537,712	-	809,185
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES					
Nonspendable	14,077	-	-	-	14,077
Restricted	-	674,498	505,195	219,646	1,399,339
Committed	16,441	-	-	25,969	42,410
Assigned	166,287	-	-	446,063	612,350
Unassigned	3,588,261	-	-	-	3,588,261
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>3,785,066</u>	<u>674,498</u>	<u>505,195</u>	<u>691,678</u>	<u>5,656,437</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,133,274</u>	<u>\$ 788,840</u>	<u>\$1,042,907</u>	<u>\$ 760,451</u>	<u>\$6,725,472</u>

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

CITY OF FAIRVIEW, OREGON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2014

Fund balances - total governmental funds	\$ 5,656,437
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,924,340
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the fund statements.	809,185
Accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(98,026)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the fund statements.	(4,904)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the fund statements.	<u>(485,000)</u>
Net position of governmental activities	<u><u>\$14,802,032</u></u>

CITY OF FAIRVIEW, OREGON
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2014

	Combined General Fund	State Tax Street Fund	Fairview Lake Sewer LID Fund	Other Governmental Funds	Totals
REVENUES					
Property taxes	\$ 2,125,929	\$ -	\$ -	\$ -	\$ 2,125,929
Other taxes	480,301	-	-	-	480,301
Franchise fees	736,493	-	-	-	736,493
Licenses and fees	31,561	750	-	44,982	77,293
Charges for services	188,992	-	-	3,474	192,466
Intergovernmental	324,817	522,280	-	96,141	943,238
Fines and forfeitures	343,681	-	-	7,113	350,794
System development charges	-	-	-	1,850	1,850
Rental income	78,054	-	-	-	78,054
Assessments	-	-	71,081	-	71,081
Interest on investments	21,756	3,898	2,782	3,755	32,191
Miscellaneous	21,178	-	-	94	21,272
TOTAL REVENUES	<u>4,352,762</u>	<u>526,928</u>	<u>73,863</u>	<u>157,409</u>	<u>5,110,962</u>
EXPENDITURES					
Current:					
General government	437,644	-	-	-	437,644
Public safety	3,207,315	-	-	-	3,207,315
Public works	247,520	-	-	-	247,520
Community development	99,777	-	-	101,029	200,806
Highways and streets	-	294,345	-	-	294,345
Capital outlay	38,906	83,115	-	293,255	415,276
Debt service	-	-	29,342	-	29,342
TOTAL EXPENDITURES	<u>4,031,162</u>	<u>377,460</u>	<u>29,342</u>	<u>394,284</u>	<u>4,832,248</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>321,600</u>	<u>149,468</u>	<u>44,521</u>	<u>(236,875)</u>	<u>278,714</u>
OTHER FINANCING SOURCES (USES)					
Sale of property	-	-	-	9,360	9,360
Transfers in	14,000	-	-	133,452	147,452
Transfers out	(428,389)	(6,260)	-	-	(434,649)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(414,389)</u>	<u>(6,260)</u>	<u>-</u>	<u>142,812</u>	<u>(277,837)</u>
NET CHANGE IN FUND BALANCE	(92,789)	143,208	44,521	(94,063)	877
FUND BALANCE, Beginning	<u>3,877,855</u>	<u>531,290</u>	<u>460,674</u>	<u>785,741</u>	<u>5,655,560</u>
FUND BALANCE, Ending	<u>\$ 3,785,066</u>	<u>\$ 674,498</u>	<u>\$ 505,195</u>	<u>\$ 691,678</u>	<u>\$ 5,656,437</u>

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

CITY OF FAIRVIEW, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2014

Net change in fund balance - governmental funds	\$	877
<p>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</p>		
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Deferred inflows		5,093
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources, and are not reported as expenditures in governmental funds:</p>		
Change in compensated absences		(11,457)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets are allocated over the useful lives and reported as depreciation expense:</p>		
Capital asset additions	\$ 423,878	
Depreciation expense	<u>(517,675)</u>	
		<u>(93,797)</u>
Change in net position - governmental activities	\$	<u>(99,284)</u>

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

CITY OF FAIRVIEW, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 2,047,265	\$ 2,047,265	\$ 2,125,929	\$ 78,664
Other taxes	427,000	427,000	480,301	53,301
Franchise fees	729,310	729,310	736,493	7,183
Licenses and fees	46,000	46,000	31,561	(14,439)
Charges for services	189,753	189,753	188,992	(761)
Intergovernmental	335,818	335,818	324,817	(11,001)
Fines and forfeitures	353,209	353,209	343,681	(9,528)
Rental income	78,750	78,750	78,054	(696)
Interest on investments	20,400	20,400	21,369	969
Miscellaneous	18,050	18,050	21,178	3,128
TOTAL REVENUES	<u>4,245,555</u>	<u>4,245,555</u>	<u>4,352,375</u>	<u>106,820</u>
EXPENDITURES				
Current:				
General government	474,163	474,163	437,644	36,519
Public safety	3,408,045	3,408,045	3,207,315	200,730
Public works	275,915	275,915	247,520	28,395
Community development	134,659	134,659	99,777	34,882
Capital outlay	39,235	39,235	38,906	329
Contingency	821,364	474,876	-	474,876
TOTAL EXPENDITURES	<u>5,153,381</u>	<u>4,806,893</u>	<u>4,031,162</u>	<u>775,731</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(907,826)</u>	<u>(561,338)</u>	<u>321,213</u>	<u>882,551</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(81,901)</u>	<u>(428,389)</u>	<u>(428,389)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(81,901)</u>	<u>(428,389)</u>	<u>(428,389)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(989,727)	(989,727)	(107,176)	882,551
FUND BALANCE, Beginning	<u>3,523,214</u>	<u>3,523,214</u>	<u>3,822,034</u>	<u>298,820</u>
FUND BALANCE, Ending	<u>\$ 2,533,487</u>	<u>\$ 2,533,487</u>	<u>\$ 3,714,858</u>	<u>\$ 1,181,371</u>

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

CITY OF FAIRVIEW, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
STATE TAX STREET FUND
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Licenses and fees	\$ 1,500	\$ 1,500	\$ 750	\$ (750)
Charges for services	250	250	-	(250)
Intergovernmental	522,720	522,720	522,280	(440)
Interest on investments	2,320	2,320	3,898	1,578
Miscellaneous	750	750	-	(750)
TOTAL REVENUES	<u>527,540</u>	<u>527,540</u>	<u>526,928</u>	<u>(612)</u>
EXPENDITURES				
Current:				
Highways and streets:				
Personal services	188,809	188,809	173,604	15,205
Materials and services	130,360	130,360	120,741	9,619
Capital outlay	214,600	214,600	83,115	131,485
Contingency	150,000	150,000	-	150,000
TOTAL EXPENDITURES	<u>683,769</u>	<u>683,769</u>	<u>377,460</u>	<u>306,309</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(156,229)</u>	<u>(156,229)</u>	<u>149,468</u>	<u>305,697</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(6,260)	(6,260)	(6,260)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(6,260)</u>	<u>(6,260)</u>	<u>(6,260)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(162,489)	(162,489)	143,208	305,697
FUND BALANCE, Beginning	<u>474,933</u>	<u>474,933</u>	<u>531,290</u>	<u>56,357</u>
FUND BALANCE, Ending	<u>\$ 312,444</u>	<u>\$ 312,444</u>	<u>\$ 674,498</u>	<u>\$ 362,054</u>

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



FUND FINANCIAL STATEMENTS

Proprietary Funds

The City of Fairview uses three Proprietary Funds comprised entirely of Enterprise Funds.

Enterprise Funds are used to report activities for which a fee is charged to external users for goods and services and to account for the acquisition, operation, and maintenance of the water, sewer, and stormwater facilities. These funds are entirely or predominately self-supported through user charges to the customer. Funds included are:

- **Water**
- **Sewer**
- **Stormwater**

For budgetary purposes (see budget schedules in Supplemental Information), the above funds are accounted for in the following separate funds:

- **All Water Funds**
 - Water
 - Water SDC
- **All Sewer Funds**
 - Sanitary Sewer
 - Sewer SDC
- **All Stormwater Funds**
 - Stormwater
 - Stormwater SDC

CITY OF FAIRVIEW, OREGON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014

	Business - type Activities - Enterprise Funds			
	Water Funds	Sewer Funds	Stormwater Funds	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 811,826	\$ 1,479,770	\$ 821,492	\$ 3,113,088
Receivables:				
Accounts, net	184,848	414,885	97,828	697,561
Prepaid items	<u>54</u>	<u>54</u>	<u>2,835</u>	<u>2,943</u>
Total current assets	<u>996,728</u>	<u>1,894,709</u>	<u>922,155</u>	<u>3,813,592</u>
Noncurrent assets:				
Restricted cash and cash equivalents	388,877	620,452	284,447	1,293,776
Capital assets:				
Land	531,270	228,550	221,610	981,430
Depreciable assets, net of depreciation	<u>10,950,359</u>	<u>8,385,517</u>	<u>3,414,893</u>	<u>22,750,769</u>
Total noncurrent assets	<u>11,870,506</u>	<u>9,234,519</u>	<u>3,920,950</u>	<u>25,025,975</u>
Total assets	<u>12,867,234</u>	<u>11,129,228</u>	<u>4,843,105</u>	<u>28,839,567</u>
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-
LIABILITIES				
Current liabilities:				
Accounts payable	62,631	155,964	76,610	295,205
Accrued interest payable	9,535	12,093	-	21,628
Retainage payable	-	-	4,457	4,457
Deposits	14,977	-	-	14,977
Current portion of long-term debt	<u>38,971</u>	<u>199,054</u>	<u>8,951</u>	<u>246,976</u>
Total current liabilities	<u>126,114</u>	<u>367,111</u>	<u>90,018</u>	<u>583,243</u>
Long-term debt, net of current portion:				
Compensated absences payable	2,735	2,585	1,580	6,900
Notes and contracts payable	<u>526,335</u>	<u>1,247,185</u>	<u>-</u>	<u>1,773,520</u>
Total long-term liabilities	<u>529,070</u>	<u>1,249,770</u>	<u>1,580</u>	<u>1,780,420</u>
Total liabilities	<u>655,184</u>	<u>1,616,881</u>	<u>91,598</u>	<u>2,363,663</u>
DEFERRED INFLOWS OF RESOURCES	-	-	-	-
Net Position:				
Net investment in capital assets	10,931,821	7,182,474	3,636,503	21,750,798
Restricted for system development	388,877	620,452	284,447	1,293,776
Unrestricted	<u>891,352</u>	<u>1,709,421</u>	<u>830,557</u>	<u>3,431,330</u>
Total net position	<u>\$ 12,212,050</u>	<u>\$ 9,512,347</u>	<u>\$ 4,751,507</u>	<u>\$ 26,475,904</u>

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

CITY OF FAIRVIEW, OREGON
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2014

	Business - type Activities - Enterprise Funds			
	Water Funds	Sewer Funds	Stormwater Funds	Total
OPERATING REVENUES				
Charges for services	\$ 1,163,022	\$ 1,988,375	\$ 545,965	\$ 3,697,362
Miscellaneous	500	129,032	-	129,532
TOTAL OPERATING REVENUES	<u>1,163,522</u>	<u>2,117,407</u>	<u>545,965</u>	<u>3,826,894</u>
OPERATING EXPENSES				
Personal services	388,998	370,871	257,673	1,017,542
Materials and services	426,289	1,109,996	182,315	1,718,600
Depreciation	262,891	387,266	237,425	887,582
TOTAL OPERATING EXPENSES	<u>1,078,178</u>	<u>1,868,133</u>	<u>677,413</u>	<u>3,623,724</u>
OPERATING INCOME (LOSS)	<u>85,344</u>	<u>249,274</u>	<u>(131,448)</u>	<u>203,170</u>
NON-OPERATING INCOME (EXPENSES)				
Interest on investments	4,790	11,741	6,151	22,682
Interest expense	(32,590)	(53,227)	-	(85,817)
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>(27,800)</u>	<u>(41,486)</u>	<u>6,151</u>	<u>(63,135)</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	57,544	207,788	(125,297)	140,035
CAPITAL CONTRIBUTIONS				
System development charges	6,692	8,555	1,168	16,415
TRANSFERS				
Transfers in	346,488	-	-	346,488
Transfers out	(26,222)	(26,222)	(6,847)	(59,291)
CHANGE IN NET POSITION	384,502	190,121	(130,976)	443,647
NET POSITION, Beginning, as restated (See Note I.F)	<u>11,827,548</u>	<u>9,322,226</u>	<u>4,882,483</u>	<u>26,032,257</u>
NET POSITION, Ending	<u>\$ 12,212,050</u>	<u>\$ 9,512,347</u>	<u>\$ 4,751,507</u>	<u>\$ 26,475,904</u>

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

CITY OF FAIRVIEW, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2014

	<u>Business-type Activities - Enterprise Funds</u>			
	Water Funds	Sewer Funds	Stormwater Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,165,308	\$ 1,985,029	\$ 549,785	\$ 3,700,122
Payments to suppliers	(433,975)	(1,191,821)	(176,256)	(1,802,052)
Payments to employees	(262,527)	(250,069)	(173,394)	(685,990)
Payments for interfund services used	(83,383)	(127,436)	(42,067)	(252,886)
Net cash provided from (used by) operating activities	<u>385,423</u>	<u>415,703</u>	<u>158,068</u>	<u>959,194</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	346,488	-	-	346,488
Transfers out	(26,222)	(26,222)	(6,847)	(59,291)
Net cash provided from (used by) non-capital financing activities	<u>320,266</u>	<u>(26,222)</u>	<u>(6,847)</u>	<u>287,197</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
System development charges	6,692	8,555	1,168	16,415
Acquisition of capital assets	(215,793)	(282,461)	(101,702)	(599,956)
Principal paid on long-term obligations	(482,789)	(178,119)	-	(660,908)
Interest paid on long-term obligations	(37,741)	(54,795)	-	(92,536)
Net cash provided from (used by) capital and related financing activities	<u>(729,631)</u>	<u>(506,820)</u>	<u>(100,534)</u>	<u>(1,336,985)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	4,790	11,741	6,151	22,682
Net cash provided from (used by) investing activities	<u>4,790</u>	<u>11,741</u>	<u>6,151</u>	<u>22,682</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(19,152)	(105,598)	56,838	(67,912)
CASH AND CASH EQUIVALENTS, Beginning	<u>1,219,855</u>	<u>2,205,820</u>	<u>1,049,101</u>	<u>4,474,776</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 1,200,703</u>	<u>\$ 2,100,222</u>	<u>\$ 1,105,939</u>	<u>\$ 4,406,864</u>
COMPRISED AS FOLLOWS:				
Cash and cash equivalents	\$ 811,826	\$ 1,479,770	\$ 821,492	\$ 3,113,088
Restricted cash and cash equivalents	388,877	620,452	284,447	1,293,776
	<u>\$ 1,200,703</u>	<u>\$ 2,100,222</u>	<u>\$ 1,105,939</u>	<u>\$ 4,406,864</u>
Reconciliation of operating income (loss) to net cash provided from (used by) operating activities				
Operating income (loss)	\$ 85,344	\$ 249,274	\$ (131,448)	\$ 203,170
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	262,891	387,266	237,425	887,582
(Increase) decrease in assets:				
Receivables	(3,575)	(132,378)	3,820	(132,133)
Prepays	92	90	(2,723)	(2,541)
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	36,867	(86,937)	51,086	1,016
Deposits	5,361	-	-	5,361
Compensated absences payable	(1,557)	(1,612)	(92)	(3,261)
Net cash provided from (used by) operating activities	<u>\$ 385,423</u>	<u>\$ 415,703</u>	<u>\$ 158,068</u>	<u>\$ 959,194</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FAIRVIEW
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Fairview, Oregon (the City) is organized under the general laws of the State of Oregon. The City Council, composed of the Mayor and six Council members, comprises the legislative branch of the City. Individual departments are under the direction of the City Administrator, who is appointed by the City Council.

The accompanying financial statements present all activities, funds and component units for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of these criteria, there are no component units of the City.

B. Government Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-types activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes

are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the City, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds included the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

For Governmental Funds, funds are funded by a variety of resources, which include Restricted, Committed, Assigned, and Unassigned sources. Unless specifically tracked, expenditures are assumed to begin with Restricted, Committed, Assigned, and lastly, Unassigned.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they 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. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The basis of accounting described above are in accordance with accounting principles generally accepted in the United States of America.

The City reports the following major governmental funds:

General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, hotel-motel tax, and state shared revenues. Expenditures are primarily for general government operations, public safety (police), and community development.

State Tax Street Fund accounts for the cost of maintaining City streets and alley ways. Principal sources of revenue are state shared gas revenue apportioned from the State of Oregon and county shared revenue apportioned from Multnomah County.

Fairview Lake Sewer LID Debt Fund accounts for the cost of debt service on the Fairview Lake Sewer Construction Project. Principal sources of revenue are the interest earned on investments and payments received from benefited properties.

The City reports the following major proprietary funds:

Water Fund accounts for the costs of material and services directly related to the operation and maintenance of the City's water system. The Water Fund can also assist in the payment of water related capital improvements. Principal sources of revenue are user fees collected for water, connection charges for water hook-ups, system development charges, and the interest earned on investments.

Sewer Fund accounts for the cost of services directly related to the operation and maintenance of the City's sanitary sewer system and the treatment of the City's sewage at the City of Gresham's wastewater treatment plant. The Sewer Fund can also assist in the payment of sewer related capital improvements. Principal sources of revenue are user fees for sewer service, connection charges for sewer hook-ups, system development charges, and the interest earned on investments.

Stormwater Fund accounts for the cost of services directly related to the operation and maintenance of the City's Stormwater system. The Stormwater Fund can also assist in the payment of stormwater related capital improvements. Principal sources of revenue are user fees collected for Storm Water, erosion control permit fees for monitoring construction, system development charges, and the interest earned on investments.

The City also includes the following fund types as other governmental funds:

Special revenue funds are primarily operating funds that account for revenue derived from specific taxes or other revenue sources, which are legally restricted to finance particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make expenditures.

Capital projects funds account for expenditures on major construction projects or equipment acquisition. The principal sources of revenues are system development charges and capital grants.

D. Assets, Liabilities, and Equity

1. Cash, Cash Equivalents, and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, investments in the Local Government Investment Pool, and short-term investments with original maturities of three months or less from the date of acquisition.

The City maintains a common cash and investment pool that is available for use by all funds. Interest earned on the pooled cash and investments is allocated monthly

based on each fund's ending cash and investments balance as a portion of the City's total pooled cash and investments.

The City's investment policies are governed by state statute. The state statutes 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 commercial paper and the State Treasurer's Investment Pool.

Investments in the Local Government Investment Pool are stated at amortized cost, which approximates fair value. All other investments are reported at fair value.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (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".

Property taxes receivable which have been 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.

The State of Oregon has a constitutional limit on property taxes for schools and non-school general governments. The maximum allowable combined tax rate for all non-school general governments is \$10 per \$1,000, compression occurs, resulting in proportionately reduced tax collection by each taxing district. The City of Fairview was unable to levy \$2,021 for 2013-2014 as a result of compression.

The City's permanent rate of \$3.4902 per \$1,000 does not change. Annual growth in property tax receipts occurs through allowed annual increases to assessed values which cannot exceed 3% per year, unless there is new construction on existing property.

Assessment liens receivable in the Debt Service funds are recognized at the time property owners are assessed for property improvements. Assessment liens receivable are offset by deferred revenue in the fund financial statements and accordingly, have not been recognized as revenue. Assessment interest receivable is recorded when earned; the assessment interest revenue is recognized when it becomes measurable and available.

Other receivables, including accounts, entitlements and shared revenues are reported in accordance with the policies and enumerated in paragraph C above. An allowance for uncollectible accounts has not been established.

3. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital Assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, pathways, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In the governmental fund statements, capital assets are charged to expenditures as purchased, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value as of the date of 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 one year. 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 incurred for repairs and maintenance are expensed as incurred.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and improvements	45-75
Improvements other than buildings	10-40
Machinery and equipment	5-15
Vehicles	5-10
Utility systems	50-75
Infrastructure	20-80

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.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest was capitalized during the year.

5. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as period costs in the year of issue and are shown as other financing uses.

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. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Compensated Absences

Accumulated vested vacation pay, holiday pay, and comp time is accrued as it is earned. For governmental funds, the noncurrent 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 it is calculated based on historical trends. Compensated absences are liquidated by the funds to which payroll expenses are allocated, which includes the General, Building, State Street, Water, Sewer, and Stormwater funds.

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

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that meet the definition of GASB 54: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash and include inventories and prepaid amounts.

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

Fund balance is reported as committed when the City Council passes a resolution that places specific constraints on how the resources may be used. The City Council can modify or rescind the resolution at any time through passage of an additional resolution.

Fund balance is reported as assigned when resources are constrained by the government's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the City council approves which resources should be assigned to expenditures of particular purposes during the adoption of the annual budget. The City Council authorized the City Administrator or Deputy Finance Director to assign resources by passage of a resolution. The City's Deputy Finance Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's fund financial statements.

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

When the option is available to use restricted or unrestricted resources for any purpose, the City expends restricted resources first. When the option is available to use committed, assigned, or unassigned resources for any purpose, the City expends committed resources before assigned resources, and assigned resources before unassigned resources. Fund balances by classification for the year ended June 30, 2014 were as follows:

Fund Balances:	General	Street	Fairview Lake Sewer LID Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable	\$ 14,077	\$ -	\$ -	\$ -	\$ 14,077
Restricted:					
Highways and streets	-	674,498	-	-	674,498
Capital projects	-	-	-	193,556	193,556
Grants and projects	-	-	-	26,090	26,090
Debt service	-	-	505,195	-	505,195
Committed					
Capital projects	16,441	-	-	25,969	42,410
Assigned:					
Facilities maintenance	166,287	-	-	-	166,287
Capital projects	-	-	-	446,063	446,063
Unassigned	3,588,261	-	-	-	3,588,261
Total Fund Balances	<u>\$ 3,785,066</u>	<u>\$ 674,498</u>	<u>\$ 505,195</u>	<u>\$ 691,678</u>	<u>\$ 5,656,437</u>

8. Restricted Net Position

Assets whose use is restricted for construction, debt service or by other agreement are segregated on the Government-wide Statement of Net Position and the Proprietary Fund Statement of Net Position. It is the City's policy to use restricted assets first on qualifying projects.

E. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenditures, expenses and other disclosures. Accordingly, actual results could differ from those estimates.

F. Recently Issued and Adopted Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement restricts the use of the term “deferred” to only those items designed as deferred outflow or deferred inflow of resources by the standards. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The adoption of GASB 65 does not have an impact on the City’s financial statements, except for terminology changes to the statements and beginning net position for the Water Funds was reduced by \$16,616 from \$11,844,164 to \$11,827,548 for bond issuance costs expensed under GASB 65. Beginning net position of the business-type activities was also reduced \$16,616.

G. Pending Accounting Pronouncements

The GASB issued Statement 68, *Accounting and Financial Reporting for Pensions- an Amendment of GASB 27*. GASB 68 revises existing standards of financial reporting for most pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement is effective for fiscal years beginning after June 15, 2014.

The GASB issued Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement 68*. GASB 71 addresses an issue regarding application of the transition provisions of GASB Statement No. 68. The statements amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. The provisions of this Statement are applied simultaneously with the provisions of Statement 68.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for all funds, except for the proprietary funds. The annual budget for proprietary funds is adopted on the modified accrual basis of accounting, which is not consistent with GAAP, in order to comply with Oregon Local Budget Law. The Facilities Maintenance Fund is budgeted as a separate fund for Oregon Budget Law, but is combined with the General Fund under GAAP.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget. The process under which the budget is adopted is described in the following paragraphs.

Each April, the City Administrator 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. Interfund loans are budgeted as sources and uses in accordance with state budget laws. Estimated receipts and expenditures are budgeted by fund, program and object. Information on the past years' actual receipts and expenditures, current-year estimates are included in the budget document.

The Budget Committee conducts public hearings for the purpose of obtaining citizens' comments, and then approves a budget. This budget is then reviewed by the Multnomah County Tax Supervising and Conservation Commission. After their approval, the budget is submitted to the City Council for final adoption. The approved expenditures for each fund may not be increased by more than 10% by the Council without returning to the Budget Committee for a second approval. After the City 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 the fiscal 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 and appropriated for expenditure through the use of a supplemental budget. The supplemental budget process requires a hearing before the public, publication in the newspaper, and approval of City Council. Oregon Local Budget Law also provides certain specific exceptions to the supplemental budget process to increase appropriations. Expenditures may not legally exceed budgeted appropriation as adopted and adjusted. Exceptions to budget law are also available for expenditures associated with 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, 2014, appropriation increases and transfers were approved, and supplemental budgets were adopted.

B. Excess of Expenditure over Appropriations

Expenditures exceeded appropriations in the following amounts:

Stormwater Fund	
Capital Outlay	<u>\$ 722</u>

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits. The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which includes standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City at June 30, 2014. If bank deposits at year end are not entirely insured or collateralized by the City or by its agent in the City's name, the City must disclose the custodial credit risk that exists. The City's deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. For deposits in excess of federal depository insurance, Oregon Revised Statutes require that public officials report to the Office of the State Treasurer (OST) all bank depositories in which they deposit public funds and bank depositories will then report financial information and total public funds deposits quarterly to OST. OST will then calculate the required collateral that must be pledged by the bank based on this information and the depository's FDIC assigned capitalization category. For the fiscal year ended June 30, 2014, the carrying amount of the City's deposits and certificates of deposits was \$296,241 and the bank balance was \$612,662. All deposits are held in the name of the City. Of the bank balance, \$349,000 was covered by FDIC insurance. The remaining \$263,662 was collateralized under ORS 295.

Custodial credit risk for deposits is the risk that, in the event of bank failure, a government's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk.

Investments. The City of Fairview has invested funds in the State Treasurer's Oregon Short-Term Fund Local Government Investment Pool during the year. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an unrated external investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry as defined by GASB Statement No. 40.

In addition, The Oregon State Treasury LGIP distributes investment income on an amortized cost basis and the participant's equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the City's cash position.

Credit Risk. State statutes authorize the City to invest primarily in general obligations of the US Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's investment pool, among others. The City has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk. The City is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The City has no such investments.

Interest Rate Risk. The City has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

The City of Fairview also invested in a Time Certificate of Deposit. This investment is carried at fair value.

Investments held by the City at June 30, 2014 are as follows:

	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Carrying Amount/ Fair Value</u>
Local Government Investment Pool	1 day	99%	\$ 9,647,586
Time Certificate of Deposits	One year	1%	99,000
		<u>100%</u>	<u>9,746,586</u>
Less amounts classified as cash equivalents			<u>(9,647,586)</u>
Total Investments			<u><u>\$ 99,000</u></u>

A reconciliation of cash and cash equivalents as shown on the Statement of Net Position is as follows:

Cash on hand	\$ 250
Carrying amounts of deposits	167,241
Local Government Investment Pool	<u>9,647,586</u>
Total cash and cash equivalents	<u><u>\$ 9,815,077</u></u>

B. Receivables

Receivables as of fiscal-year end for the governmental activities individual major funds as follows:

	General	State Tax Street	Fairview Lake Sewer LID	Other Governmental Funds	Total Governmental Activities
Property taxes	\$ 145,695	\$ -	\$ -	\$ -	\$ 145,695
Accounts	67,151	-	-	-	67,151
Intergovernmental	245,196	40,121	-	79,771	365,088
Fines and forfeitures	221,278	-	-	-	221,278
Assessments	-	-	537,712	-	537,712
Gross receivables	679,320	40,121	537,712	79,771	1,336,924
Less: allowance for uncollectible accounts	(132,767)	-	-	-	(132,767)
Net total receivables	<u>\$ 546,553</u>	<u>\$ 40,121</u>	<u>\$ 537,712</u>	<u>\$ 79,771</u>	<u>\$ 1,204,157</u>

Receivables as of year-end for the business-type activities individual major funds are as follows:

	Water	Sewer	Stormwater	Total Business-Type Activities
Accounts	\$ 207,870	\$ 442,718	\$ 118,430	\$ 769,018
Less: Allowance for uncollectible accounts	(23,022)	(27,833)	(20,602)	(71,457)
Net total receivables	<u>\$ 184,848</u>	<u>\$ 414,885</u>	<u>\$ 97,828</u>	<u>\$ 697,561</u>

Uncollected property taxes in governmental funds are shown on the statement of net position as receivables. Property taxes are assessed and attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable on November 15. They may be paid in installments due November 15, February 15, and May 15. Taxes unpaid as of May 16 are considered delinquent. Taxes are billed and collected by Multnomah County, and remittance to the City is made at periodic intervals.

For the fiscal year 2013-2014, the City levied property taxes in the amount of \$2,156,596. After reductions for offsets and increases for additional taxes and penalties this resulted in a net levy of \$2,162,177 including council and omit levy of \$7,602. The tax rate for the fiscal year was \$3.4902, per \$1,000 of assessed value. The assessed valuation for the City as of January 1, 2014 was \$617,900,340.

Following is a summary of property tax transactions for the year ended June 30, 2014:

City	Balances July 1, 2013	2013-14 Levy	Adjustments (Discounts)	Interest	Collections	Balances June 30, 2014
2013-14	\$ -	\$ 2,162,177	\$ (60,255)	\$ 516	\$ (2,046,202)	\$ 56,236
2012-13	57,487	-	(1,817)	1,288	(28,254)	28,704
2011-12	34,665	-	(579)	1,351	(10,465)	24,972
2010-11	20,929	-	(216)	1,929	(10,083)	12,559
2009-10	12,918	-	(169)	1,261	(5,700)	8,310
2008-09	1,076	-	(101)	143	(481)	637
2007-08	479	-	(45)	76	(217)	293
2006-07	239	-	(3)	12	(33)	215
2005-06	177	-	(10)	7	(18)	156
Prior years	710	-	(32)	70	(145)	603
	<u>\$ 128,680</u>	<u>\$ 2,162,177</u>	<u>\$ (63,227)</u>	<u>\$ 6,653</u>	<u>\$ (2,101,598)</u>	<u>132,685</u>
					Cash with County	<u>13,010</u>
					Total Receivable	<u>\$ 145,695</u>

Assessment liens receivable represent the uncollected amounts levied against benefited property for costs of local improvements. Since the assessments are liens against the benefited property, an allowance for uncollectible amounts is not necessary.

Other accounts and intergovernmental receivables are considered to be fully collectible. Accordingly, no provision for estimated uncollectible accounts has been established.

C. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,492,753	\$ -	\$ -	\$ 1,492,753
Construction in progress	5,903	-	(5,903)	-
 Total capital assets, not being depreciated	 1,498,656	 -	 (5,903)	 1,492,753
Capital assets, being depreciated:				
Land improvements	1,371,867	166,428	-	1,538,295
Dams and weirs	407,565	-	-	407,565
Buildings	3,761,542	9,152	-	3,770,694
Equipment	1,484,133	107,184	(55,945)	1,535,372
Infrastructure	7,291,385	147,020	-	7,438,405
 Total capital assets, being depreciated	 14,316,492	 429,784	 (55,945)	 14,690,331
Accumulated depreciation for:				
Land improvements	(431,132)	(48,161)	-	(479,293)
Dams and weirs	(108,683)	(13,585)	-	(122,268)
Building	(942,282)	(75,396)	-	(1,017,678)
Equipment	(1,309,317)	(54,868)	55,945	(1,308,240)
Infrastructure	(4,005,601)	(325,664)	-	(4,331,265)
 Total accumulated depreciation	 (6,797,015)	 (517,674)	 55,945	 (7,258,744)
 Total capital assets, being depreciated, net	 7,519,477	 (87,890)	 -	 7,431,587
 Governmental activities capital assets, net	 <u>\$ 9,018,133</u>	 <u>\$ (87,890)</u>	 <u>\$ (5,903)</u>	 <u>\$ 8,924,340</u>

Depreciation expense for governmental activities is charged to governmental functions as follows:

General government	\$ 89,033
Community development	58,342
Public safety	23,342
Public works	346,957
 Total depreciation expense - governmental activities	 <u>\$ 517,674</u>

Capital asset activity for the business-type activities for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 981,430	\$ -	\$ -	\$ 981,430
Construction in progress	21,952	-	(21,952)	-
Total capital assets, not being depreciated	<u>1,003,382</u>	<u>-</u>	<u>(21,952)</u>	<u>981,430</u>
Capital assets, being depreciated:				
Buildings	373,591	-	-	373,591
Equipment	543,724	226,729	-	770,453
Infrastructure	34,776,410	399,637	-	35,176,047
Total capital assets, being depreciated	<u>35,693,725</u>	<u>626,366</u>	<u>-</u>	<u>36,320,091</u>
Less accumulated depreciation for:				
Building	(66,747)	(9,340)	-	(76,087)
Equipment	(231,745)	(43,286)	-	(275,031)
Infrastructure	(12,383,247)	(834,957)	-	(13,218,204)
Total accumulated depreciation	<u>(12,681,739)</u>	<u>(887,583)</u>	<u>-</u>	<u>(13,569,322)</u>
Total capital assets, being depreciated, net	<u>23,011,986</u>	<u>(261,217)</u>	<u>-</u>	<u>22,750,769</u>
Business-type activities capital assets, net	<u>\$ 24,015,368</u>	<u>\$ (261,217)</u>	<u>\$ (21,952)</u>	<u>\$ 23,732,199</u>

Depreciation expense for the business-type activities was charged to functions/programs of the City as follows:

Water	\$ 262,891
Sewer	387,266
Stormwater	<u>237,425</u>
Total depreciation expense - business-type activities	<u>\$ 887,582</u>

D. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of

net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The government has only one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item unavailable revenue is reported only in the governmental fund balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental funds report unavailable revenues from the following sources:

	General	Fairview Lake Sewer LID	Totals
Property taxes	\$ 124,962	\$ -	\$ 124,962
Fines and forfeitures	88,519	-	88,519
Intergovernmental	15,043		15,043
Special assessments	-	537,712	537,712
Other	42,949	-	42,949
	<u>\$ 271,473</u>	<u>\$ 537,712</u>	<u>\$ 809,185</u>

E. Long-term obligations

1. Special Assessment Debt With Governmental Commitment Governmental Activities

The City has limited tax improvement bonds that were used to finance the construction costs of sewer improvements. The receipts from assessments levied against benefitted properties are pledged to the retirement of special assessment debt. Payment of such debt would require the general credit of the City to the extent that liens foreclosed against properties in the special assessment districts are not enough to cover related principal and interest requirements. The City prepaid a portion of the bonds and now only has the final principal payment of \$485,000 due May 1, 2015. Interest, at 6.05%, is payable semiannually in amounts of \$14,671 until the final payment is due. Future maturities are as follows:

Year Ending June 30	Principal	Interest
2015	\$ 485,000	\$ 29,342
	<u>\$ 485,000</u>	<u>\$ 29,342</u>

2. Bonds Payable Business-Type Activities Water Fund

The Water Fund has revenue refunding bonds payable used to advance refund prior issued revenue bonds that were issued to finance improvements to the City's water system. The bond principal is payable annually and the interest is payable semiannually with interest rates of 2% to 4.3% depending on the maturity date. Final payment is due April 1, 2017. The City paid the loan in full during the current fiscal year.

3. Note Payable Business-Type Activities Wastewater Fund

The Sewer Fund has a note payable used to finance the purchase of additional capacity from the City of Gresham, Oregon Wastewater Treatment Plant. The City of Gresham refinanced their bonds and adjusted the terms to the City, passing through their lower interest rates. The note requires semiannual payments of \$116,457, including interest at 3.50%. The final payment is due April 1, 2021.

Future maturities are as follows:

Year Ending June 30	Principal	Interest
2015	\$ 184,408	\$ 48,506
2016	190,918	41,995
2017	197,659	35,255
2018	204,638	28,276
2019	211,863	21,051
2020-2021	442,107	19,399
	<u>\$ 1,431,593</u>	<u>\$ 194,482</u>

4. Notes Payable Business-Type Activities Water Fund

The Water Fund has a note payable used to finance the drilling of an additional well to increase water system capacity. The note is payable to the State of Oregon as part of the Safe Drinking Water Revolving Loan program. Of the \$1,250,000 approved loan amount, the first \$625,000 borrowed is conditionally forgivable. The City met the forgiveness conditions in the prior year. The note requires annual payments of \$39,967, including interest at 3.0% for 20 years. The final payment is due December 1, 2031.

Future maturities are as follows:

Year Ending June 30	Principal	Interest
2015	\$ 23,473	\$ 16,494
2016	24,177	15,790
2017	24,902	15,065
2018	25,649	14,318
2019	26,419	13,548
2020-2024	144,468	55,366
2025-2029	167,478	32,356
2030-2032	113,242	6,868
	<u>\$ 549,808</u>	<u>\$ 169,805</u>

5. Changes in Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2014, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Limited Tax Issuances	\$ 485,000	\$ -	\$ -	\$ 485,000	\$ 485,000
Compensated Absences	86,565	98,026	86,565	98,026	83,322
Governmental activity Long-term obligations	<u>\$ 571,565</u>	<u>\$ 98,026</u>	<u>\$ 86,565</u>	<u>\$ 583,026</u>	<u>\$ 568,322</u>
Business - type activities:					
Compensated Absences	\$ 49,256	\$ 45,995	\$ 49,256	\$ 45,995	\$ 39,095
Revenue Bonds Payable	460,000	-	460,000	-	-
Notes Payable	2,182,309	-	200,908	1,981,401	207,881
Business-type activity Long-term obligations	<u>\$2,691,565</u>	<u>\$ 45,995</u>	<u>\$ 710,164</u>	<u>\$ 2,027,396</u>	<u>\$ 246,976</u>

F. Transfers

The proprietary funds transferred out amounts to the governmental funds are for capital asset acquisitions into the Equipment Replacement Fund. The governmental funds transferred out into other governmental funds are for transfers to the Facilities Maintenance Fund. There was also a \$346,488 transfer in the Water Fund from the General Fund to help pay off debt. The Net transfers between governmental activities and business-type activities in the government-wide financial statements consist of transfers in to the business-type activities and transfers out of the governmental activities in the amount of \$287,197.

A reconciliation of transfers in the fund financial statements is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities		
General	\$ 14,000	\$ 428,389
State Tax Street	-	6,260
Other funds	133,452	-
Business-type activities		
Water	346,488	26,222
Sewer	-	26,222
Wastewater	-	6,847
	<u>\$ 493,940</u>	<u>\$ 493,940</u>

As part of the budget preparation and adoption, the City anticipates making interfund transfers to move resources between funds to provide resources for specific expenditures that are not supported by other revenues.

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; and errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage for the past three years. Management believes that all claims are within the policy limits of the insurance coverage.

B. Defined Benefit Pension Plan Public Employees Retirement System

1. Plan Description

The City of Fairview contributes to the Oregon Public Employees Retirement Fund (OPERF), a cost sharing, multiple employer Defined Benefit Pension Plan, administered by the State of Oregon Public Employees Retirement System (PERS). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Oregon Revised Statutes 238 assigns the authority to establish and amend the benefit provisions to the PERS Board of Trustees.

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan (“OPSRP”) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who return to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the “Pension Program”) and a defined contribution portion (the Individual Account Program or “IAP”). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. 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 and a factor that varies based on the type of service (general versus police or fire).

Beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. 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. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both the PERS and OPSRP system as long as they remain in covered employment.

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board (“OPERB”). The comprehensive annual financial report of the funds administered by OPERB may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, by calling 1-503-598-7377, or by accessing the PERS website at www.per.state.or.us.

2. Funding Policy

Plan members are required to contribute 6% of their annual covered salary, which for the fiscal year ended June 30, 2009 the City began to pay on behalf of all Teamster and Non-represented employees. The City is required by ORS 238.225 to contribute at an actuarially determined rate; the current rate is 14.34% of annual covered payroll for Tier I and Tier II employees. Public employees hired after August 29, 2003, after a six month waiting period, become members of the Oregon Public Service Retirement Plan (OPSRP). The rate for OPSRP is set at 11.90% of covered payroll for police employees and 9.17% for all others. The contribution requirement of plan members and their employers are established under ORS Chapter 238, and may be amended by the PERS Board of Trustees. The City’s contributions to PERS for the years ending June 30, 2014, 2013, and 2012 were 419,437, \$411,474, and \$410,307, respectively, equal to the required contributions each year.

The pension liability (asset) was determined in accordance with Government Accounting Standards Board Statement No. 27. Since all actuarially determined contributions have been paid, the pension liability (asset) is zero.

C. Subsequent Events

The City is in the process of doing rehabilitation work on Oaks and Woods Park with an estimated cost of \$50,000.

The City has purchased two new police vehicles since June 30, 2014 for a cost of \$54,000.

The City installed handicap accessible doors at City hall for a cost of \$15,000.

The City Council has approved to put a new outside staircase at Heslin House so the second floor can be accessible for a cost of \$25,000.

SUPPLEMENTAL INFORMATION



COMBINING STATEMENTS

Non-Major Governmental Funds

Special Revenue Funds- These funds account for revenue from specific sources that are legally restricted to expenditures for specified purposes. Funds included in this category are:

- *Administrative Excise Charge* – accounts for the cost of public infrastructure such as the City Hall and other City buildings. Revenue consists administrative excise charged for residential and commercial development.
- *Building* – accounts for costs of plan examinations, building inspections, and enforcement of building codes. Revenues consist principally of permit revenues and transfers from the General Fund.
- *Grants/Projects Fund* – accounts for grant revenues and expenses, as well as tracking individual capital projects and other program grants/donations.

The following fund does not qualify as Special Revenue fund for external financial reporting under GASB 54 and was combined with the General Fund as a sub-fund. The City continues to treat this fund as a Special Revenue fund for budgetary purposes.

- *Facilities Maintenance* – accounts for the routine repair and maintenance of city facilities. Revenue consists of contributions from Public Works and Community Development for facility maintenance and the interest earned on the cash balance of the fund.

Capital Project Funds- These funds account for revenue from specific sources that are legally restricted to expenditures for specified purposes. Funds included in this category are:

- *Equipment Replacement* – accounts for the cost of routine replacement of Police and vehicles, Public Works vehicles and other city equipment. Revenue for police vehicles comes from the General Fund Public Safety Department and revenue for Public Works vehicles comes from the General Fund Public Works, State Tax Street Fund, Water Fund, Sewer Fund and Stormwater Fund. Equipment that benefits all departments is funded by those departments.
- *SDC Parks / Open Spaces* – accounts for the funding for basic park facilities required to meet the needs of a growing city population. Revenue consists of Parks System Development Charge paid by all residential development at the time a building permit is issued for construction, the interest earned on investments, and transfers from the General Fund.

**CITY OF FAIRVIEW, OREGON
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2014**

	Special Revenue	Capital Projects	Totals
ASSETS			
Cash and cash equivalents	\$ 41,061	\$ 639,619	\$ 680,680
Receivables:			
Accounts	79,771	-	79,771
Total assets	\$ 120,832	\$ 639,619	\$ 760,451
LIABILITIES			
Accounts payable and accrued liabilities	\$ 53,405	\$ -	\$ 53,405
Deposits	2,059	-	2,059
Advances from other funds	13,309	-	13,309
Total liabilities	68,773	-	68,773
FUND BALANCES			
Restricted	26,090	193,556	219,646
Committed	25,969	-	25,969
Assigned	-	446,063	446,063
Total fund balances	52,059	639,619	691,678
Total liabilities and fund balances	\$ 120,832	\$ 639,619	\$ 760,451

CITY OF FAIRVIEW, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2014

	Special Revenue Funds			
	Administrative Excise Charge Fund	Building Fund	Grant/ Projects Fund	Totals
ASSETS				
Cash and cash equivalents	\$ 25,969	\$ 15,092	\$ -	\$ 41,061
Receivables:				
Accounts	-	28	79,743	79,771
Total assets	<u>\$ 25,969</u>	<u>\$ 15,120</u>	<u>\$ 79,743</u>	<u>\$ 120,832</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ 11,724	\$ 41,681	\$ 53,405
Deposits	-	2,059	-	2,059
Interfund payable	-	-	13,309	13,309
Total liabilities	-	13,783	54,990	68,773
FUND BALANCES				
Restricted	-	1,337	24,753	26,090
Committed	25,969	-	-	25,969
Total fund balances	25,969	1,337	24,753	52,059
Total liabilities and fund balances	<u>\$ 25,969</u>	<u>\$ 15,120</u>	<u>\$ 79,743</u>	<u>\$ 120,832</u>

CITY OF FAIRVIEW, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2014

	Capital Projects Funds		
	SDC Parks/Open Spaces Fund	Equipment Replacement Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 193,556	\$ 446,063	\$ 639,619
Total assets	\$ 193,556	\$ 446,063	\$ 639,619
FUND BALANCES			
Restricted	\$ 193,556	\$ -	\$ 193,556
Assigned	-	446,063	446,063
Total fund balances	193,556	446,063	639,619
Total liabilities and fund balances	\$ 193,556	\$ 446,063	\$ 639,619

CITY OF FAIRVIEW, OREGON
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2014

	Special Revenue	Capital Projects	Totals
REVENUES			
Licenses and fees	\$ 44,982	\$ -	\$ 44,982
Charges for services	3,470	4	3,474
Intergovernmental	96,141	-	96,141
Fines and forfeitures	-	7,113	7,113
System development charges	-	1,850	1,850
Interest on investments	223	3,532	3,755
Miscellaneous	91	3	94
TOTAL REVENUES	<u>144,907</u>	<u>12,502</u>	<u>157,409</u>
EXPENDITURES			
Current:			
Community development	101,029	-	101,029
Capital outlay	<u>79,743</u>	<u>213,512</u>	<u>293,255</u>
TOTAL EXPENDITURES	<u>180,772</u>	<u>213,512</u>	<u>394,284</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(35,865)</u>	<u>(201,010)</u>	<u>(236,875)</u>
OTHER FINANCING SOURCES (USES)			
Sale of property	-	9,360	9,360
Transfers in	<u>25,000</u>	<u>108,452</u>	<u>133,452</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>25,000</u>	<u>117,812</u>	<u>142,812</u>
NET CHANGE IN FUND BALANCE	(10,865)	(83,198)	(94,063)
FUND BALANCE, Beginning	<u>62,924</u>	<u>722,817</u>	<u>785,741</u>
FUND BALANCE, Ending	<u>\$ 52,059</u>	<u>\$ 639,619</u>	<u>\$ 691,678</u>

See auditor's report.

CITY OF FAIRVIEW, OREGON
SUB-COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2014

	Special Revenue Funds			Totals
	Administrative Excise Charge Fund	Building Fund	Grant/ Projects Fund	
REVENUES				
Licenses and fees	\$ -	\$ 44,982	\$ -	\$ 44,982
Charges for services	3,369	101	-	3,470
Intergovernmental	-	-	96,141	96,141
Interest on investments	143	80	-	223
Miscellaneous	-	91	-	91
TOTAL REVENUES	<u>3,512</u>	<u>45,254</u>	<u>96,141</u>	<u>144,907</u>
EXPENDITURES				
Current:				
Community development	-	101,029	-	101,029
Capital outlay	-	-	79,743	79,743
TOTAL EXPENDITURES	<u>-</u>	<u>101,029</u>	<u>79,743</u>	<u>180,772</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>3,512</u>	<u>(55,775)</u>	<u>16,398</u>	<u>(35,865)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	25,000	25,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>
NET CHANGE IN FUND BALANCE	3,512	(55,775)	41,398	(10,865)
FUND BALANCE, Beginning	<u>22,457</u>	<u>57,112</u>	<u>(16,645)</u>	<u>62,924</u>
FUND BALANCE, Ending	<u>\$ 25,969</u>	<u>\$ 1,337</u>	<u>\$ 24,753</u>	<u>\$ 52,059</u>

See auditor's report.

CITY OF FAIRVIEW, OREGON
SUB-COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NON-MAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2014

	Capital Projects Funds		
	SDC Parks/Open Spaces Fund	Equipment Replacement Fund	Totals
REVENUES			
Charges for services	\$ -	\$ 4	\$ 4
Fines and forfeitures	-	7,113	7,113
System development charges	1,850	-	1,850
Interest on investments	1,069	2,463	3,532
Miscellaneous	-	3	3
TOTAL REVENUES	<u>2,919</u>	<u>9,583</u>	<u>12,502</u>
EXPENDITURES			
Capital outlay	102,897	110,615	213,512
TOTAL EXPENDITURES	<u>102,897</u>	<u>110,615</u>	<u>213,512</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(99,978)</u>	<u>(101,032)</u>	<u>(201,010)</u>
OTHER FINANCING SOURCES (USES)			
Sale of property	-	9,360	9,360
Transfers in	-	108,452	108,452
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>117,812</u>	<u>117,812</u>
NET CHANGE IN FUND BALANCE	(99,978)	16,780	(83,198)
FUND BALANCE, Beginning	<u>293,534</u>	<u>429,283</u>	<u>722,817</u>
FUND BALANCE, Ending	<u>\$ 193,556</u>	<u>\$ 446,063</u>	<u>\$ 639,619</u>

See auditor's report.

**CITY OF FAIRVIEW, OREGON
COMBINING BALANCE SHEET
COMBINED GENERAL FUND
June 30, 2014**

	General Fund	Facilities Maintenance Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 3,403,436	\$ 70,208	\$ 3,473,644
Investments	99,000	-	99,000
Receivables:			
Property taxes	145,695	-	145,695
Accounts	312,347	-	312,347
Fines and forfeitures, net	88,511	-	88,511
Advances to other funds	13,309	-	13,309
Prepaid items	768	-	768
 Total assets	 \$ 4,063,066	 \$ 70,208	 \$ 4,133,274
 LIABILITIES			
Accounts payable and accrued liabilities	\$ 72,035	\$ -	\$ 72,035
Deposits	2,600	-	2,600
Deferred revenue	273,573	-	273,573
 Total liabilities	 348,208	 -	 348,208
 FUND BALANCES			
Nonspendable	14,077	-	14,077
Committed	16,441	-	16,441
Assigned	96,079	70,208	166,287
Unassigned	3,588,261	-	3,588,261
 Total fund balances	 3,714,858	 70,208	 3,785,066
 Total liabilities and fund balances	 \$ 4,063,066	 \$ 70,208	 \$ 4,133,274

See auditor's report.

**CITY OF FAIRVIEW, OREGON
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
COMBINED GENERAL FUND
For the Fiscal Year Ended June 30, 2014**

	General Fund	Facilities Maintenance Fund	Totals
REVENUES			
Property taxes	\$ 2,125,929	\$ -	\$ 2,125,929
Other taxes	480,301	-	480,301
Franchise fees	736,493	-	736,493
Licenses and fees	31,561	-	31,561
Charges for services	188,992	-	188,992
Intergovernmental	324,817	-	324,817
Fines and forfeitures	343,681	-	343,681
Rental income	78,054	-	78,054
Interest on investments	21,369	387	21,756
Miscellaneous	21,178	-	21,178
TOTAL REVENUES	<u>4,352,375</u>	<u>387</u>	<u>4,352,762</u>
EXPENDITURES			
Current:			
General government	437,644	-	437,644
Public safety	3,207,315	-	3,207,315
Public works	247,520	-	247,520
Community development	99,777	-	99,777
Capital outlay	<u>38,906</u>	<u>-</u>	<u>38,906</u>
TOTAL EXPENDITURES	<u>4,031,162</u>	<u>-</u>	<u>4,031,162</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>321,213</u>	<u>387</u>	<u>321,600</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	14,000	14,000
Transfers out	<u>(428,389)</u>	<u>-</u>	<u>(428,389)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(428,389)</u>	<u>14,000</u>	<u>(414,389)</u>
NET CHANGE IN FUND BALANCE	(107,176)	14,387	(92,789)
FUND BALANCE, Beginning	<u>3,822,034</u>	<u>55,821</u>	<u>3,877,855</u>
FUND BALANCE, Ending	<u>\$ 3,714,858</u>	<u>\$ 70,208</u>	<u>\$ 3,785,066</u>

See auditor's report.



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 position, budget and actual be displayed for each fund where legally adopted budgets are required.

In accordance with GASB Statement #34, the City's General and State Tax Street Funds are presented as part of the basic governmental fund financial statements. All other budgetary comparisons are displayed in the following pages as supplemental information.



**SCHEDULE OF EXPENDITURES OF PERSONAL SERVICES AND
MATERIALS AND SERVICES - BUDGET AND ACTUAL,
BY DEPARTMENT (NON-GAAP BUDGETARY BASIS)**

▪ **General Fund**

CITY OF FAIRVIEW, OREGON
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL, BY CATEGORY
GENERAL FUND
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
EXPENDITURES				
Personal services:				
General government	\$ 338,819	\$ 338,819	\$ 336,621	\$ 2,198
Public safety	1,943,164	1,943,164	1,840,225	102,939
Public works	156,470	156,470	140,352	16,118
Community development	58,614	58,614	44,594	14,020
Total personal services	<u>2,497,067</u>	<u>2,497,067</u>	<u>2,361,792</u>	<u>135,275</u>
Materials and services:				
General government	135,344	135,344	101,023	34,321
Public safety	1,464,881	1,464,881	1,367,090	97,791
Public works	119,445	119,445	107,168	12,277
Community development	76,045	76,045	55,183	20,862
Total materials and services	<u>1,795,715</u>	<u>1,795,715</u>	<u>1,630,464</u>	<u>165,251</u>
Capital outlay:				
General government	4,000	4,000	3,688	312
Public safety	26,985	26,985	27,855	(870)
Public works	7,750	7,750	7,231	519
Community development	500	500	132	368
Total capital outlay	<u>39,235</u>	<u>39,235</u>	<u>38,906</u>	<u>329</u>
Contingency	<u>821,364</u>	<u>474,876</u>	-	<u>474,876</u>
TOTAL EXPENDITURES	<u>5,153,381</u>	<u>4,806,893</u>	<u>4,031,162</u>	<u>775,731</u>
OTHER FINANCING USES				
Transfers out	<u>81,901</u>	<u>428,389</u>	<u>428,389</u>	-
TOTAL OTHER FINANCING USES	<u>81,901</u>	<u>428,389</u>	<u>428,389</u>	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 5,235,282</u>	<u>\$ 5,235,282</u>	<u>\$ 4,459,551</u>	<u>\$ 775,731</u>

See auditor's report.

**SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

Governmental Funds

Special Revenue Funds

- Administrative Excise Charge
- Building
- Grants/Projects
- Facilities Maintenance

Capital Project Funds

- Parks/Open Spaces
- Equipment Replacement

Debt Service Funds

- Fairview Lake Sewer LID

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
ADMINISTRATIVE EXCISE CHARGE FUND
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 5,000	\$ 5,000	\$ 3,369	\$ (1,631)
Interest on investments	<u>151</u>	<u>151</u>	<u>143</u>	<u>(8)</u>
TOTAL REVENUES	<u>5,151</u>	<u>5,151</u>	<u>3,512</u>	<u>(1,639)</u>
EXPENDITURES				
Current:				
Materials and services	200	200	-	200
Contingency	<u>22,718</u>	<u>22,718</u>	<u>-</u>	<u>22,718</u>
TOTAL EXPENDITURES	<u>22,918</u>	<u>22,918</u>	<u>-</u>	<u>22,918</u>
NET CHANGE IN FUND BALANCE	(17,767)	(17,767)	3,512	21,279
FUND BALANCE, Beginning	<u>17,767</u>	<u>17,767</u>	<u>22,457</u>	<u>4,690</u>
FUND BALANCE, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 25,969</u></u>	<u><u>\$ 25,969</u></u>

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
BUILDING FUND
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Licenses and fees	\$ 107,600	\$ 107,600	\$ 44,982	\$ (62,618)
Charges for services	200	200	101	(99)
Interest on investments	335	335	80	(255)
Miscellaneous	500	500	91	(409)
TOTAL REVENUES	<u>108,635</u>	<u>108,635</u>	<u>45,254</u>	<u>(63,381)</u>
EXPENDITURES				
Current:				
Community development:				
Personal services	31,757	31,757	31,682	75
Materials and services	74,515	74,515	69,347	5,168
Capital outlay	150	150	-	150
Contingency	25,000	25,000	-	25,000
TOTAL EXPENDITURES	<u>131,422</u>	<u>131,422</u>	<u>101,029</u>	<u>30,393</u>
NET CHANGE IN FUND BALANCE	(22,787)	(22,787)	(55,775)	(32,988)
FUND BALANCE, Beginning	<u>52,998</u>	<u>52,998</u>	<u>57,112</u>	<u>4,114</u>
FUND BALANCE, Ending	<u>\$ 30,211</u>	<u>\$ 30,211</u>	<u>\$ 1,337</u>	<u>\$ (28,874)</u>

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GRANT/PROJECTS FUND
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 69,500	\$ 79,743	\$ 96,141	\$ 16,398
TOTAL REVENUES	<u>69,500</u>	<u>79,743</u>	<u>96,141</u>	<u>16,398</u>
EXPENDITURES				
Capital outlay	69,500	79,743	79,743	-
Contingency	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
TOTAL EXPENDITURES	<u>119,500</u>	<u>129,743</u>	<u>79,743</u>	<u>50,000</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(50,000)</u>	<u>(50,000)</u>	<u>16,398</u>	<u>66,398</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(25,000)	(25,000)	41,398	66,398
FUND BALANCE, Beginning	<u>25,000</u>	<u>25,000</u>	<u>(16,645)</u>	<u>(41,645)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,753</u>	<u>\$ 24,753</u>

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FACILITIES MAINTENANCE FUND
(SUB-FUND OF THE GENERAL FUND)
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 683	\$ 683	\$ 387	\$ (296)
TOTAL REVENUES	<u>683</u>	<u>683</u>	<u>387</u>	<u>(296)</u>
EXPENDITURES				
Capital outlay	40,000	40,000	-	40,000
Contingency	<u>30,566</u>	<u>30,566</u>	<u>-</u>	<u>30,566</u>
TOTAL EXPENDITURES	<u>70,566</u>	<u>70,566</u>	<u>-</u>	<u>70,566</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(69,883)</u>	<u>(69,883)</u>	<u>387</u>	<u>70,270</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(55,883)	(55,883)	14,387	70,270
FUND BALANCE, Beginning	<u>55,883</u>	<u>55,883</u>	<u>55,821</u>	<u>(62)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,208</u>	<u>\$ 70,208</u>

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SDC PARKS / OPEN SPACES FUND
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
System development charges	\$ 7,500	\$ 7,500	\$ 1,850	\$ (5,650)
Interest on investments	<u>1,735</u>	<u>1,735</u>	<u>1,069</u>	<u>(666)</u>
TOTAL REVENUES	<u>9,235</u>	<u>9,235</u>	<u>2,919</u>	<u>(6,316)</u>
EXPENDITURES				
Current:				
Materials and services	200	200	-	200
Capital outlay	<u>299,027</u>	<u>299,027</u>	<u>102,897</u>	<u>196,130</u>
TOTAL EXPENDITURES	<u>299,227</u>	<u>299,227</u>	<u>102,897</u>	<u>196,330</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(289,992)</u>	<u>(289,992)</u>	<u>(99,978)</u>	<u>190,014</u>
NET CHANGE IN FUND BALANCE	(289,992)	(289,992)	(99,978)	190,014
FUND BALANCE, Beginning	<u>289,992</u>	<u>289,992</u>	<u>293,534</u>	<u>3,542</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,556</u>	<u>\$ 193,556</u>

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
EQUIPMENT REPLACEMENT FUND
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ 4	\$ 4
Fines and forfeitures	7,300	7,300	7,113	(187)
Interest on investments	1,850	1,850	2,463	613
Miscellaneous	-	-	3	3
TOTAL REVENUES	<u>9,150</u>	<u>9,150</u>	<u>9,583</u>	<u>433</u>
EXPENDITURES				
Capital outlay	189,500	189,500	110,615	78,885
Contingency	<u>100,000</u>	<u>100,000</u>	-	<u>100,000</u>
TOTAL EXPENDITURES	<u>289,500</u>	<u>289,500</u>	<u>110,615</u>	<u>178,885</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(280,350)</u>	<u>(280,350)</u>	<u>(101,032)</u>	<u>179,318</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	5,000	5,000	9,360	4,360
Transfers in	<u>108,452</u>	<u>108,452</u>	<u>108,452</u>	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>113,452</u>	<u>113,452</u>	<u>117,812</u>	<u>4,360</u>
NET CHANGE IN FUND BALANCE	(166,898)	(166,898)	16,780	183,678
FUND BALANCE, Beginning	<u>494,128</u>	<u>494,128</u>	<u>429,283</u>	<u>(64,845)</u>
FUND BALANCE, Ending	<u>\$ 327,230</u>	<u>\$ 327,230</u>	<u>\$ 446,063</u>	<u>\$ 118,833</u>

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FAIRVIEW LAKE SEWER LID FUND
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 71,081	\$ 71,081	\$ 71,081	\$ -
Interest on investments	<u>2,210</u>	<u>2,210</u>	<u>2,782</u>	<u>572</u>
TOTAL REVENUES	<u>73,291</u>	<u>73,291</u>	<u>73,863</u>	<u>572</u>
EXPENDITURES				
Current:				
General government				
Materials and services	400	400	-	400
Debt service	<u>254,548</u>	<u>254,548</u>	<u>29,342</u>	<u>225,206</u>
TOTAL EXPENDITURES	<u>254,948</u>	<u>254,948</u>	<u>29,342</u>	<u>225,606</u>
NET CHANGE IN FUND BALANCE	(181,657)	(181,657)	44,521	226,178
FUND BALANCE, Beginning	<u>471,253</u>	<u>471,253</u>	<u>460,674</u>	<u>(10,579)</u>
FUND BALANCE, Ending	<u>\$ 289,596</u>	<u>\$ 289,596</u>	<u>\$ 505,195</u>	<u>\$ 215,599</u>

See auditor's report.

**SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

Proprietary Funds

Enterprise Funds

- All Water Funds
 - Water
 - Water SDC
- All Sewer Funds
 - Sewer
 - Sewer SDC
- All Stormwater Funds
 - Stormwater
 - Stormwater SDC

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER FUND
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 1,128,155	\$ 1,128,155	\$ 1,163,022	\$ 34,867
Interest on investments	4,800	4,800	2,661	(2,139)
Miscellaneous	1,400	1,400	500	(900)
TOTAL REVENUES	<u>1,134,355</u>	<u>1,134,355</u>	<u>1,166,183</u>	<u>31,828</u>
EXPENDITURES				
Current:				
Personal services	419,439	419,439	390,555	28,884
Materials and services	539,829	539,829	435,046	104,783
Capital outlay	235,200	235,200	207,038	28,162
Debt service	174,042	520,530	520,530	-
Contingency	150,000	150,000	-	150,000
TOTAL EXPENDITURES	<u>1,518,510</u>	<u>1,864,998</u>	<u>1,553,169</u>	<u>311,829</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(384,155)</u>	<u>(730,643)</u>	<u>(386,986)</u>	<u>343,657</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	346,488	346,488	-
Transfers out	(26,225)	(26,225)	(26,222)	3
TOTAL OTHER FINANCING SOURCES (USES)	<u>(26,225)</u>	<u>320,263</u>	<u>320,266</u>	<u>3</u>
NET CHANGE IN FUND BALANCE	(410,380)	(410,380)	(66,720)	343,660
FUND BALANCE, Beginning	<u>787,758</u>	<u>787,758</u>	<u>985,840</u>	<u>198,082</u>
FUND BALANCE, Ending	<u>\$ 377,378</u>	<u>\$ 377,378</u>	<u>\$ 919,120</u>	<u>\$ 541,742</u>

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER SDC FUND
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
System development charges	\$ 7,500	\$ 7,500	\$ 6,692	\$ (808)
Interest on investments	1,950	1,950	2,129	179
TOTAL REVENUES	<u>9,450</u>	<u>9,450</u>	<u>8,821</u>	<u>(629)</u>
EXPENDITURES				
Current:				
Materials and services	200	200	-	200
Capital outlay	363,898	363,898	-	363,898
Contingency	25,000	25,000	-	25,000
TOTAL EXPENDITURES	<u>389,098</u>	<u>389,098</u>	<u>-</u>	<u>389,098</u>
NET CHANGE IN FUND BALANCE	(379,648)	(379,648)	8,821	388,469
FUND BALANCE, Beginning	<u>379,648</u>	<u>379,648</u>	<u>380,056</u>	<u>408</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 388,877</u>	<u>\$ 388,877</u>

See auditor's report.

**CITY OF FAIRVIEW, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL WATER FUNDS
For the Fiscal Year Ended June 30, 2014**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Water	\$ 919,120
Water SDC	<u>388,877</u>
	1,307,997

Adjustments:

Capital assets, net of depreciation	11,481,629
Compensated absences payable	(18,233)
Accrued interest payable	(9,535)
Long-term debt	<u>(549,808)</u>

**GENERALLY ACCEPTED ACCOUNTING
PRINCIPLES BASIS (GAAP) NET POSITION**

\$ 12,212,050

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER FUND
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 1,893,135	\$ 1,893,135	\$ 1,988,375	\$ 95,240
Interest on investments	10,225	10,225	8,331	(1,894)
Miscellaneous	-	-	129,032	129,032
TOTAL REVENUES	<u>1,903,360</u>	<u>1,903,360</u>	<u>2,125,738</u>	<u>222,378</u>
EXPENDITURES				
Current:				
Personal services	416,465	416,465	372,484	43,981
Materials and services	1,122,800	1,122,800	1,115,431	7,369
Capital outlay	612,300	612,300	277,027	335,273
Debt service	232,914	232,914	232,914	-
Contingency	200,000	200,000	-	200,000
TOTAL EXPENDITURES	<u>2,584,479</u>	<u>2,584,479</u>	<u>1,997,856</u>	<u>586,623</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(681,119)</u>	<u>(681,119)</u>	<u>127,882</u>	<u>809,001</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(26,222)	(26,222)	(26,222)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(26,222)</u>	<u>(26,222)</u>	<u>(26,222)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(707,341)	(707,341)	101,660	809,001
FUND BALANCE, Beginning	<u>1,652,676</u>	<u>1,652,676</u>	<u>1,637,085</u>	<u>(15,591)</u>
FUND BALANCE, Ending	<u>\$ 945,335</u>	<u>\$ 945,335</u>	<u>\$ 1,738,745</u>	<u>\$ 793,410</u>

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER SDC FUND
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
System development charges	\$ 10,000	\$ 10,000	\$ 8,555	\$ (1,445)
Interest on investments	3,165	3,165	3,410	245
TOTAL REVENUES	<u>13,165</u>	<u>13,165</u>	<u>11,965</u>	<u>(1,200)</u>
EXPENDITURES				
Current:				
Materials and services	200	200	-	200
Capital outlay	590,823	590,823	-	590,823
Contingency	25,000	25,000	-	25,000
TOTAL EXPENDITURES	<u>616,023</u>	<u>616,023</u>	<u>-</u>	<u>616,023</u>
NET CHANGE IN FUND BALANCE	(602,858)	(602,858)	11,965	614,823
FUND BALANCE, Beginning	<u>602,858</u>	<u>602,858</u>	<u>608,487</u>	<u>5,629</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 620,452</u>	<u>\$ 620,452</u>

See auditor's report.

**CITY OF FAIRVIEW, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL SEWER FUNDS
For the Fiscal Year Ended June 30, 2014**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Sewer	\$ 1,738,745
Sewer SDC	<u>620,452</u>
	2,359,197

Adjustments:

Capital assets, net of depreciation	8,614,067
Compensated absences payable	(17,231)
Accrued interest payable	(12,093)
Long-term debt	<u>(1,431,593)</u>

**GENERALLY ACCEPTED ACCOUNTING
PRINCIPLES BASIS (GAAP) NET ASSETS**

\$ 9,512,347

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STORMWATER FUND
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 528,000	\$ 528,000	\$ 545,965	\$ 17,965
Interest on investments	3,195	3,195	4,581	1,386
TOTAL REVENUES	<u>531,195</u>	<u>531,195</u>	<u>550,546</u>	<u>19,351</u>
EXPENDITURES				
Current:				
Personal services	285,643	285,643	257,766	27,877
Materials and services	235,245	235,245	187,550	47,695
Capital outlay	100,200	100,200	100,922	(722)
Contingency	150,000	150,000	-	150,000
TOTAL EXPENDITURES	<u>771,088</u>	<u>771,088</u>	<u>546,238</u>	<u>224,850</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(239,893)</u>	<u>(239,893)</u>	<u>4,308</u>	<u>244,201</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(6,847)	(6,847)	(6,847)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(6,847)</u>	<u>(6,847)</u>	<u>(6,847)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(246,740)	(246,740)	(2,539)	244,201
FUND BALANCE, Beginning	<u>707,774</u>	<u>707,774</u>	<u>843,627</u>	<u>135,853</u>
FUND BALANCE, Ending	<u>\$ 461,034</u>	<u>\$ 461,034</u>	<u>\$ 841,088</u>	<u>\$ 380,054</u>

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STORMWATER SDC FUND
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
System development charges	\$ 2,000	\$ 2,000	\$ 1,168	\$ (832)
Interest on investments	1,510	1,510	1,570	60
TOTAL REVENUES	<u>3,510</u>	<u>3,510</u>	<u>2,738</u>	<u>(772)</u>
EXPENDITURES				
Current:				
Materials and services	200	200	-	200
Capital outlay	255,325	255,325	-	255,325
Contingency	25,000	25,000	-	25,000
TOTAL EXPENDITURES	<u>280,525</u>	<u>280,525</u>	<u>-</u>	<u>280,525</u>
NET CHANGE IN FUND BALANCE	(277,015)	(277,015)	2,738	279,753
FUND BALANCE, Beginning	<u>277,015</u>	<u>277,015</u>	<u>281,709</u>	<u>4,694</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 284,447</u>	<u>\$ 284,447</u>

See auditor's report.

**CITY OF FAIRVIEW, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL STORMWATER FUNDS
For the Fiscal Year Ended June 30, 2014**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Stormwater	\$ 841,088
Stormwater SDC	<u>284,447</u>

1,125,535

Adjustments:

Capital assets, net of depreciation	3,636,503
Compensated absences payable	<u>(10,531)</u>

**GENERALLY ACCEPTED ACCOUNTING
PRINCIPLES BASIS (GAAP) NET ASSETS**

\$ 4,751,507

OTHER FINANCIAL SCHEDULES

**CITY OF FAIRVIEW, OREGON
SCHEDULE OF OUTSTANDING DEBT PRINCIPAL
AND INTEREST TRANSACTIONS
For the Fiscal Year Ended June 30, 2014**

	Interest Rates	Date of Issue	Original Amount	Principal			Outstanding June 30, 2014	Interest Matured and Paid
				Outstanding July 1, 2013	Issued	Matured and Paid		
<u>Governmental Funds</u>								
2000 Special assessment debt with governmental commitment	6.05%	6/27/2000	\$ 2,848,000	\$ 485,000	\$ -	\$ -	\$ 485,000	\$ 29,342
<u>Enterprise Funds</u>								
2001 Note payable	3.50%	11/21/2000	\$ 3,137,353	1,609,712	-	178,119	1,431,593	54,795
2004 Water revenue refunding bonds	2% - 4.3%	7/20/2004	\$ 1,340,000	460,000	-	460,000	-	20,563
Safe Drinking Water Revolving Loan Fund - \$625,000 Forgivable	3.00%	9/16/2009	\$ 1,250,000	572,597	-	22,789	549,808	17,178
				<u>2,642,309</u>	<u>-</u>	<u>660,908</u>	<u>1,981,401</u>	<u>92,536</u>
Total				<u>\$ 3,127,309</u>	<u>\$ -</u>	<u>\$ 660,908</u>	<u>\$ 2,466,401</u>	<u>\$ 121,878</u>

CITY OF FAIRVIEW, OREGON
SCHEDULE OF GOVERNMENTAL ACTIVITIES
DEBT SERVICE FUTURE REQUIREMENTS
June 30, 2014

<u>Year of Maturity</u>	2000	
	Special Assessment Debt with Governmental Commitment	
	<u>Principal</u>	<u>Interest</u>
2015	<u>\$ 485,000</u>	<u>\$ 29,342</u>
	<u><u>\$ 485,000</u></u>	<u><u>\$ 29,342</u></u>

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF BUSINESS-TYPE ACTIVITIES
DEBT SERVICE FUTURE REQUIREMENTS
June 30, 2014

Year of Maturity	Wastewater Treatment Plant Note Payable		Safe Drinking Water Note Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2014-15	\$ 184,408	\$ 48,506	\$ 23,473	\$ 16,494	\$ 207,881	\$ 65,000
2015-16	190,918	41,995	24,177	15,790	215,095	57,785
2016-17	197,659	35,255	24,902	15,065	222,561	50,320
2017-18	204,638	28,276	25,649	14,318	230,287	42,594
2018-19	211,863	21,051	26,419	13,548	238,282	34,599
2019-20	219,343	13,571	27,211	12,756	246,554	26,327
2020-21	222,764	5,828	28,028	11,939	250,792	17,767
2021-22	-	-	28,868	11,099	28,868	11,099
2022-23	-	-	29,734	10,232	29,734	10,232
2023-24	-	-	30,626	9,340	30,626	9,340
2024-25	-	-	31,545	8,422	31,545	8,422
2025-26	-	-	32,492	7,475	32,492	7,475
2026-27	-	-	33,466	6,501	33,466	6,501
2027-28	-	-	34,470	5,497	34,470	5,497
2028-29	-	-	35,505	4,462	35,505	4,462
2029-30	-	-	36,570	3,397	36,570	3,397
2030-31	-	-	37,667	2,300	37,667	2,300
2031-32	-	-	39,006	1,170	39,006	1,170
	<u>\$ 1,431,593</u>	<u>\$ 194,482</u>	<u>\$ 549,808</u>	<u>\$ 169,805</u>	<u>\$ 1,981,401</u>	<u>\$ 364,287</u>

See auditor's report.

STATISTICAL INFORMATION SECTION (UNAUDITED)

This part of the City of Fairview's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health. This section contains the following tables and information.

- ◆ **Financial Trends** – These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.
- ◆ **Revenue Capacity** – These schedules contain information to help the reader assess the City's most significant local revenue sources; property taxes, charges for services and business taxes.
- ◆ **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.
- ◆ **Economic and Demographic Information** – These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.
- ◆ **Operating Information** – These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information contained in these schedules is derived from the annual financial report for the relevant year. Note that the City implemented Governmental Accounting Standards Board Statement No. 34 in 2004; therefore schedules presenting government-wide information include only information beginning in that fiscal year and going forward.



CITY OF FAIRVIEW, OREGON
NET POSITION BY COMPONENT
Last Ten Fiscal Years ¹
(accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Invested in capital assets, net of related debt	5,271,474	6,849,621	6,901,153	7,166,926	7,173,599	8,702,998	8,839,675	9,024,327	9,018,133	8,439,740
Restricted	832,630	515,286	865,470	738,296	2,351,415	713,363	1,010,278	1,181,456	1,344,394	1,399,339
Unrestricted	3,324,443	4,260,408	5,543,652	6,788,176	4,889,310	4,768,353	4,051,354	4,060,010	4,538,789	4,962,953
Total governmental activities net position	<u>9,428,547</u>	<u>11,625,315</u>	<u>13,310,275</u>	<u>14,693,398</u>	<u>14,414,324</u>	<u>14,184,714</u>	<u>13,901,307</u>	<u>14,265,793</u>	<u>14,901,316</u>	<u>14,802,032</u>
Business - type activities										
Invested in capital assets, net of related debt	21,460,056	21,793,187	22,011,589	21,253,464	20,857,090	21,692,016	21,045,862	21,746,503	21,373,060	21,750,798
Restricted	1,027,194	1,334,724	1,343,933	1,476,792	1,634,806	1,329,702	1,349,554	1,383,290	1,415,066	1,293,776
Unrestricted	2,611,678	2,330,957	2,291,315	2,326,665	2,686,781	2,512,634	3,238,205	2,957,496	3,260,748	3,431,330
Total business - type activities net position	<u>25,098,928</u>	<u>25,458,868</u>	<u>25,646,837</u>	<u>25,056,921</u>	<u>25,178,677</u>	<u>25,534,352</u>	<u>25,633,621</u>	<u>26,087,289</u>	<u>26,048,874</u>	<u>26,475,904</u>
Primary government										
Invested in capital assets, net of related debt	26,731,530	28,642,808	28,912,742	28,420,390	28,030,689	30,395,014	29,885,537	30,770,830	30,391,193	30,190,538
Restricted	1,859,824	1,850,010	2,209,403	2,215,088	3,986,221	2,043,065	2,359,832	2,564,746	2,759,460	2,693,115
Unrestricted	5,936,121	6,591,365	7,834,967	9,114,841	7,576,091	7,280,987	7,289,559	7,017,506	7,799,537	8,394,283
Total primary government net position	<u>34,527,475</u>	<u>37,084,183</u>	<u>38,957,112</u>	<u>39,750,319</u>	<u>39,593,001</u>	<u>39,719,066</u>	<u>39,534,928</u>	<u>40,353,082</u>	<u>40,950,190</u>	<u>41,277,936</u>

¹ Information derived from current and prior years' Annual Financial Reports, subsequent to the implementation of GASB Statement No. 34.

CITY OF FAIRVIEW, OREGON
CHANGES IN NET POSITION
Last Ten Fiscal Years ¹
(accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	675,652	606,174	588,204	605,847	873,688	750,782	642,181	561,494	496,353	534,790
Public safety	1,743,908	1,838,511	2,091,625	2,297,416	2,514,166	2,543,015	2,791,575	2,941,229	3,117,145	3,267,589
Community Development / Parks	1,024,704	778,912	563,475	525,588	594,797	508,744	490,772	418,027	256,376	259,251
Streets / Public Works ²	171,014	851,892	444,568	-	-	-	-	-	-	-
Streets	-	-	-	487,720	457,400	406,372	249,413	266,085	290,594	314,245
Public Works	-	-	-	371,702	559,737	509,578	707,535	607,689	556,705	532,285
Interest on long-term obligations ⁷	304,941	63,974	156,507	91,903	109,079	33,916	29,343	29,343	29,356	29,342
Total governmental activities expenses	<u>3,920,219</u>	<u>4,139,463</u>	<u>3,844,379</u>	<u>4,380,176</u>	<u>5,108,867</u>	<u>4,752,407</u>	<u>4,910,819</u>	<u>4,823,867</u>	<u>4,746,529</u>	<u>4,937,502</u>
Business - type activities:										
Water	890,082	1,232,822	1,087,809	1,064,294	999,614	981,385	1,035,048	1,189,325	1,097,982	1,110,768
Sewer	1,458,121	1,785,154	2,352,087	1,905,419	1,663,595	1,633,283	1,715,523	1,867,204	1,997,800	1,921,360
Stormwater	540,177	594,011	566,172	748,052	640,600	616,830	596,862	603,008	621,182	677,413
Total business - type activities expenses	<u>2,888,380</u>	<u>3,611,987</u>	<u>4,006,068</u>	<u>3,717,765</u>	<u>3,303,809</u>	<u>3,231,498</u>	<u>3,347,433</u>	<u>3,659,537</u>	<u>3,716,964</u>	<u>3,709,541</u>
Total government expenses	<u>6,808,599</u>	<u>7,751,450</u>	<u>7,850,447</u>	<u>8,097,941</u>	<u>8,412,676</u>	<u>7,983,905</u>	<u>8,258,252</u>	<u>8,483,404</u>	<u>8,463,493</u>	<u>8,647,043</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government ³	203,299	242,773	19,049	29,587	26,477	48,443	100,854	116,699	148,034	139,421
Public safety	222,060	274,396	297,660	330,048	278,673	245,555	243,874	193,832	481,652	427,292
Community Development / Parks	361,472	529,541	833,140	304,190	236,685	181,851	185,920	192,506	203,780	171,673
Streets / Public Works ²	431,601	465,352	448,793	-	-	-	-	-	-	-
Streets	-	-	-	13,950	985	135	239	-	210	-
Public Works	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	9,071	153,539	164,910	482,497	443,780	499,621	565,853	589,131	651,167	626,814
Capital grants and contributions	207,163	1,364,107	137,835	113,608	282,661	205,556	78,620	576,000	385,159	132,956
Total governmental activities program revenues	<u>1,434,666</u>	<u>3,029,708</u>	<u>1,901,387</u>	<u>1,273,880</u>	<u>1,269,261</u>	<u>1,181,161</u>	<u>1,175,360</u>	<u>1,668,168</u>	<u>1,870,002</u>	<u>1,498,156</u>
Business - type activities:										
Charges for services:										
Water	845,931	916,824	993,217	1,006,170	1,099,500	1,041,314	1,056,153	1,090,274	1,148,125	1,163,522
Sewer	1,207,888	1,311,206	1,478,554	1,611,398	1,809,535	1,855,075	1,868,430	1,863,821	1,928,052	2,117,407
Stormwater	350,948	378,622	401,113	416,919	478,768	507,093	530,647	541,743	546,878	545,965
Operating grants and contributions	-	-	-	-	-	-	18,625	1,335	-	-
Capital grants and contributions	361,451	1,222,941	1,089,813	59,546	87,358	87,670	11,605	652,309	24,683	16,415
Total business - type activities program revenues	<u>2,766,218</u>	<u>3,829,593</u>	<u>3,962,697</u>	<u>3,094,033</u>	<u>3,475,161</u>	<u>3,491,152</u>	<u>3,485,460</u>	<u>4,149,482</u>	<u>3,647,738</u>	<u>3,843,309</u>
Total government program revenues	<u>4,200,884</u>	<u>6,859,301</u>	<u>5,864,084</u>	<u>4,367,913</u>	<u>4,744,422</u>	<u>4,672,313</u>	<u>4,660,820</u>	<u>5,817,650</u>	<u>5,517,740</u>	<u>5,341,465</u>
Net (expense) / revenue										
Governmental activities	(2,485,553)	(1,109,755)	(1,942,992)	(3,106,296)	(3,839,606)	(3,571,246)	(3,735,459)	(3,155,699)	(2,876,527)	(3,439,346)
Business - type activities	(122,162)	217,606	(43,371)	(623,732)	171,352	259,654	138,027	489,945	(69,226)	133,768
Total net expenses	<u>(2,607,715)</u>	<u>(892,149)</u>	<u>(1,986,363)</u>	<u>(3,730,028)</u>	<u>(3,668,254)</u>	<u>(3,311,592)</u>	<u>(3,597,432)</u>	<u>(2,665,754)</u>	<u>(2,945,753)</u>	<u>(3,305,578)</u>

(continued)

	Fiscal Year									
(continued)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	1,391,811	1,509,103	1,601,333	1,769,984	1,879,580	1,944,603	1,981,172	2,030,223	2,070,049	2,131,420
Special assessments, levied for debt service	807,585	427,355	394,131	-	-	-	-	-	-	-
Other Taxes	-	-	262,165	-	-	-	-	-	-	-
Franchise and public service taxes	1,283,753	1,187,884	622,693	1,441,293	1,332,579	1,386,811	1,328,840	1,375,091	1,391,876	1,449,874
Transfer of assets ⁴	407,565	-	-	-	-	-	-	-	-	-
Miscellaneous ⁵	-	-	-	79,714	66,948	38,401	55,878	26,189	25,327	13,772
Intergovernmental Revenue	-	-	856,469	-	-	-	-	-	-	-
Interest and investment earnings ⁸	92,689	182,181	285,292	287,472	140,770	32,620	25,325	26,636	30,505	32,193
Gain (loss) on sale of property	-	-	-	22,000	11,470	8,500	-	2,755	-	-
Transfers ⁶	-	-	-	136,497	129,185	(69,299)	60,837	59,291	(5,707)	(287,197)
Total governmental activities	<u>3,983,403</u>	<u>3,306,523</u>	<u>4,022,083</u>	<u>3,736,960</u>	<u>3,560,532</u>	<u>3,341,636</u>	<u>3,452,052</u>	<u>3,520,185</u>	<u>3,512,050</u>	<u>3,340,062</u>
Business - type activities:										
Taxes										
Property taxes	-	-	-	-	-	-	-	-	-	-
Sale of Land	-	-	51,100	-	-	-	-	-	-	-
Interest and investment earnings	82,203	142,334	180,240	170,314	79,589	26,722	22,079	23,013	25,100	22,682
Transfers ⁶	-	-	-	(136,497)	(129,185)	69,299	(60,837)	(59,291)	5,707	287,197
Total business - type activities	<u>82,203</u>	<u>142,334</u>	<u>231,340</u>	<u>33,817</u>	<u>(49,596)</u>	<u>96,021</u>	<u>(38,758)</u>	<u>(36,278)</u>	<u>30,807</u>	<u>309,879</u>
Total government expenses	<u>4,065,606</u>	<u>3,448,857</u>	<u>4,253,423</u>	<u>3,770,777</u>	<u>3,510,936</u>	<u>3,437,657</u>	<u>3,413,294</u>	<u>3,483,907</u>	<u>3,542,857</u>	<u>3,649,941</u>
Change in Net Position										
Governmental activities	1,497,850	2,196,768	2,079,091	630,664	(279,074)	(229,610)	(283,407)	364,486	635,523	(99,284)
Business - type activities	(39,959)	359,940	187,969	(589,915)	121,756	355,675	99,269	453,667	(38,419)	443,647
Total government	<u>1,457,891</u>	<u>2,556,708</u>	<u>2,267,060</u>	<u>40,749</u>	<u>(157,318)</u>	<u>126,065</u>	<u>(184,138)</u>	<u>818,153</u>	<u>597,104</u>	<u>344,363</u>

Notes:

¹ Information presented for years ended subsequent to the implementation of GASB Statement No. 34.

² Prior to fiscal year ended 6/30/08, public works and street expenses were reported jointly.

³ General Government charges for service appears low, as Administrative Excise Charge Fund transfers were reported as a portion of this figure in previous years. These transfers were treated as charges for service in previous years, but are actually transfers to fund future expenditures.

⁴ Multnomah County Drainage District transfer of Fairview Lake water rights permits and weir control structure.

⁵ Miscellaneous items may include (but are not limited to) special assessments levied for debt service and other taxes.

⁶ Prior to fiscal year ended 6/30/08, transfers were not reported as an individual line item.

⁷ Decrease in interest on long-term obligations due to the payoff of City Hall debt.

⁸ Decrease in interest and investment earnings due to market conditions.

CITY OF FAIRVIEW, OREGON
FUND BALANCE OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years¹
(modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011 ²	2012 ³	2013	2014
General fund										
Nonspendable								900 ⁴	1,123 ⁵	14,077 ⁶
Unreserved	2,106,918	2,992,551	4,049,043	4,782,622	3,688,440	3,728,732	-	-	-	-
Restricted							2,087	1,784	1,784	-
Committed							-	-	-	16,441
Assigned							108,349	98,536	63,057	166,287
Unassigned							<u>3,423,551</u>	<u>3,315,175</u>	<u>3,811,891</u>	<u>3,588,261</u>
Total general fund	<u>2,106,918</u>	<u>2,992,551</u>	<u>4,049,043</u>	<u>4,782,622</u>	<u>3,688,440</u>	<u>3,728,732</u>	<u>3,533,987</u>	<u>3,416,395</u>	<u>3,877,855</u>	<u>3,785,066</u>
All other governmental funds										
Reserved	887,474	515,286	865,470	462,194	2,069,733	420,824	-	-	-	-
Unreserved, reported in:										
Special revenue funds	1,287,701	1,386,587	1,617,391	1,562,987	889,740	765,603	-	-	-	-
Restricted							1,008,191	1,179,672	1,342,610	1,399,339
Committed							5,404	13,691	22,457	25,969
Assigned							358,195	423,579	429,283	446,063
Unassigned							-	(474) ⁵	(16,645) ⁵	- ⁵
Total all other governmental funds	<u>2,175,175</u>	<u>1,901,873</u>	<u>2,482,861</u>	<u>2,025,181</u>	<u>2,959,473</u>	<u>1,186,427</u>	<u>1,371,790</u>	<u>1,616,468</u>	<u>1,777,705</u>	<u>1,871,371</u>

¹ Information presented for years ended subsequent to the implementation of GASB Statement No. 34.

² Information presented utilizing new fund balance classifications as required by GASB Statement No. 54.

³ Beginning in 2012, Grant Fund figures were reported separately from General Fund. Prior years included Grant Fund in General Fund figures.

⁴ 2012 "Nonspendable" is amount prepaid for Fairview Chili on the Green Festival.

⁵ Deficit balance will be reversed in future years by the Nature in Neighborhoods Grant reimbursement.

⁶ "Nonspendable" is comprised of donations for future community events.

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Property taxes	1,391,811	1,509,103	1,601,333	1,748,663	1,856,566	1,943,702	1,982,975	2,006,910	2,068,307	2,125,929
Governmental agencies	929,612	1,190,481	1,155,154	687,903	652,263	806,707	843,016	1,307,677	1,183,076	943,238
Grants ²	206,154	254,844	164,737	-	-	-	-	-	-	-
Licenses, permits, and fees	467,131	721,010	833,140	882,805	674,328	590,052	500,649	531,100	566,836	559,444
Fines and forfeitures	141,810	196,690	261,140	261,091	211,839	186,415	153,992 ⁶	150,814	422,866 ⁷	350,794
Franchise fees	452,564	523,931	622,693	690,213	688,034	782,054	687,501	716,964	727,778	736,493
Special assessments	807,585	427,355	394,131	96,756	176,427	72,668	69,494	71,081	71,081	71,081
Interest income	92,689	182,181	285,292	287,472	140,770	32,621	25,325	26,637	30,506	32,191
Charges for services ³	-	-	-	117,025	133,988	120,242	168,025	194,035	198,130	192,466
Rental income ⁴	-	-	-	16,927	18,727	39,802	42,856	45,913	64,220	78,054
Miscellaneous	147,824	112,417	84,884	79,715	66,948	38,095	51,179	31,491	27,583	21,272
Total Revenues	4,637,180	5,118,012	5,402,504	4,868,570	4,619,890	4,612,358	4,525,012	5,082,622	5,360,383	5,110,962
Expenditures										
General Government / Administration	953,744	988,465	508,955	513,956	790,589	664,278	555,347	460,265	400,302	437,644
Community Development	540,171	628,406	514,476	452,940	563,086	444,848	435,802	368,819	202,398	200,806
Public Safety	1,663,340	1,836,169	2,032,972	2,252,808	2,468,099	2,489,183	2,781,333	2,920,036	3,095,680	3,207,315
Public Works	903,709	883,052	72,889	32,968	211,135	172,189	348,799	286,962	227,435	247,520
Streets	47,007	53,390	42,230	338,896	301,315	275,612	247,318	267,692	246,237	294,345
Parks	-	-	-	-	-	-	-	-	-	-
Debt service										
Principal	2,074,445	931,000	110,000	540,000	125,000	1,625,000	-	-	-	-
Interest	295,831	222,894	151,214	127,262	109,528	40,153	29,343	29,343	29,342	29,342
Capital outlay	333,560	653,063	561,968	401,343	361,980	645,444	193,193	685,188	551,910	415,276
Total Expenditures	6,811,807	6,196,438	3,994,704	4,660,173	4,930,732	6,356,707	4,591,135	5,018,305	4,753,304	4,832,248
Excess of revenues over (under) expenditures	(2,174,627)	(1,078,426)	1,407,800	208,397	(310,842)	(1,744,349)	(66,123)	64,317	607,079	278,714
Other financing sources (uses)										
Proceeds from bond sale	1,339,337	-	-	-	-	-	-	-	-	-
Proceeds from sale of property	-	-	-	22,000	14,455	8,500	-	3,480	-	9,360
Transfers in	1,897,164	2,213,631	754,605	318,355	2,100,493	127,797	128,089	105,881	21,879	147,452
Transfers out	(403,013)	(522,872)	(524,925)	(181,858)	(1,963,996)	(124,702)	(71,348)	(46,590)	(6,260)	(434,649)
Total other financing sources (uses)	2,833,488	1,690,759	229,680	158,497	150,952	11,595	56,741	62,771	15,619	(277,837)
Net change in fund balances	658,861	612,333	1,637,480	366,894	(159,890)	(1,732,754)	(9,382)	127,088	622,698	877
Debt service as a percentage of non-capital ⁵ expenditures	37%	21%	7%	15%	5%	28%	1%	1%	1%	1%

¹ Information presented for years ended subsequent to the implementation of GASB Statement No. 34

² Beginning in 2008, grants are included with governmental agencies

³ Prior to 2008, charges for services were included with licenses, permits, & fees

⁴ Prior to 2008, rental income was included with miscellaneous

⁵ Calculation = (debt service principal + interest) / (total expenditures - capital asset additions)

⁶ Includes prior period adjustment of (\$32,266) for court fine deferred revenue

⁷ Increase in fines and forfeitures due to revenue from photo radar citations

**CITY OF
FAIRVIEW, OREGON
Program Revenues by Function/Program
Last Ten Fiscal Years
(accrual basis of accounting)**

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
General Government	\$ 209,179	\$ 287,357	\$ 30,222	\$ 79,063	\$ 75,288	\$ 89,054	\$ 157,157	\$ 193,691	\$ 201,743	\$ 194,475
Public Safety	223,151	422,239	451,397	367,614	348,396	340,913	339,809	288,216	642,522	540,403
Community Development/Parks	568,635	636,541	844,140	304,190	410,535	300,096	210,920 ¹	684,377 ¹	530,447 ¹	251,416 ¹
Streets	433,701	-	-	486,957	435,042	451,098	465,875	492,212	488,408	510,012
Streets/Public Works	-	1,683,571	575,628	-	-	-	-	-	-	-
Public Works/Parks	-	-	-	-	-	-	1,599 ¹	9,672 ¹	6,882 ¹	1,850 ¹
Total Governmental Activities	1,434,666	3,029,708	1,901,387	1,237,824	1,269,261	1,181,161	1,175,360	1,668,168	1,870,002	1,498,156
Business-Type Activities										
Water	1,019,697	1,245,126	1,219,418	1,019,090	1,132,328	1,053,046	1,062,437	1,728,315	1,154,143	1,170,214
Sewer	1,321,430	1,808,673	2,027,405	1,654,898	1,831,491	1,930,663	1,875,634	1,877,038	1,941,077	2,125,962
Stormwater	425,091	775,794	715,874	420,045	511,342	507,443	547,389	544,129	552,518	547,133
Total Business-Type Activities	2,766,218	3,829,593	3,962,697	3,094,033	3,475,161	3,491,152	3,485,460	4,149,482	3,647,738	3,843,309
Total Primary Government	\$ 4,200,884	\$ 6,859,301	\$ 5,864,084	\$ 4,331,857	\$ 4,744,422	\$ 4,672,313	\$ 4,660,820	\$ 5,817,650	\$ 5,517,740	\$ 5,341,465

Source: Current and prior years' financial statements

¹ "Parks" revenue was included in "Community Development/Parks" prior to 2011. Beginning in 2011, "Parks" is included in "Public Works/Parks".

CITY OF FAIRVIEW, OREGON
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Total Taxes</u>	<u>Property Taxes</u>	<u>Payment in Lieu of Tax ²</u>	<u>Hotel / Motel Tax ³</u>	<u>Other Taxes</u>
2005	2,012,074.72	1,376,811.41 ¹	15,000.00	39,832.92	580,430.39 ⁴
2006	2,156,943.76	1,494,102.65 ¹	15,000.00	39,288.89	608,552.22 ⁴
2007	2,250,919.25	1,586,332.25 ¹	15,000.00	39,037.18	610,549.82 ⁴
2008	2,397,922.39	1,723,663.10 ¹	25,000.00	43,157.22	606,102.07 ⁴
2009	2,452,819.53	1,831,565.66 ¹	25,000.00	38,362.38	557,891.49 ⁴
2010	2,557,753.71	1,918,702.10 ⁶	25,000.00	36,510.70	577,540.91 ⁴
2011	2,688,241.09	1,951,247.74 ⁷	25,000.00	37,950.11	674,043.24 ⁴
2012	2,702,304.64	1,981,910.22 ⁷	25,000.00	38,994.10	656,400.32 ⁴
2013	2,755,466.25	2,042,806.76 ⁷	25,500.00	45,003.48	642,156.01 ⁵
2014	2,834,366.58	2,099,918.67 ⁷	26,010.00	49,130.23	659,307.68 ⁸

Source:
City of Fairview current and prior year budget actuals

Note:

¹ Current tax authority plus 2% estimated increase in assessed values, minus 6% uncollectible.
The tax rate is \$3.4902 per thousand of taxable assessed value

² Payment in lieu of tax (PILOT) made by Fairview Oaks / Woods Apartments

³ 6% tax on transient occupancy (includes Portland - Fairview RV Park)

⁴ "Other Taxes" consist of: cigarette tax, liquor tax, 911 tax, and state gas tax

⁵ Beginning in 2013, "Other Taxes" consist of: cigarette tax, liquor tax, 911 tax,
state gas tax and county shared revenue

⁶ In FY 2010, current tax authority plus 3%, minus 6.5% uncollectible
The tax rate is \$3.4902 per thousand of taxable assessed value

⁷ Beginning FY 2011, current tax authority plus 3%, minus 6% uncollectible
The tax rate is \$3.4902 per thousand of taxable assessed value

⁸ Beginning FY 2014, "Other Taxes" consist of: cigarette tax, liquor tax, state gas tax and county shared revenues
Beginning in 2009, the "Business Income Tax" column has been removed.
As a result, the amounts reported in the "Total Taxes" column will vary from prior years.

CITY OF FAIRVIEW, OREGON
ASSESSED VALUE AND ESTIMATED REAL MARKET VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year Ended	Assessed Value					Total Direct Tax Rate	Total Real Market Value
	Real Property	Personal Property	Manufactured Structures	Public Utility Property	Total		
2005	366,385,790	11,927,461	10,374,410	16,699,001	405,386,662	3.4902	557,215,556
2006	401,967,290	12,421,340	10,332,310	16,638,000	441,358,940	3.4902	638,609,211
2007	427,970,080	12,124,357	9,919,780	15,948,400	465,962,617	3.4902	718,918,532
2008	461,622,750	14,096,850	9,230,440	17,268,400	502,218,440	3.4902	833,793,892
2009	505,142,360	13,375,204	8,497,460	17,844,430	544,859,454	3.4902	902,247,800
2010	520,900,600	13,065,632	10,039,480	22,313,670	566,319,382	3.4902	882,782,691
2011 ¹	533,747,890	11,942,345	9,481,680	22,501,120	577,673,035	3.4902	821,455,899
2012 ¹	540,481,980	10,899,027	9,249,240	29,002,630	589,632,877	3.4902	757,789,476
2013 ¹	549,561,150	12,452,419	7,709,180	30,397,600	600,120,349	3.4902	748,027,638
2014 ¹	566,259,700	12,132,940	8,037,000	31,470,700	617,900,340	3.4902	770,021,331

Source:

Multnomah County Tax Supervising & Conservation Commission

¹ Beginning in 2011, data is uncertified. Legislation passed in 2009 (HB 2074) allowed municipal corporations with a population of less than 200,000 to opt out of being under the jurisdiction of the Tax Supervising & Conservation Commission. The City of Fairview has elected to opt out of this jurisdiction.

**CITY OF FAIRVIEW, OREGON
PROPERTY TAX RATES - DIRECT & OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years**

Fiscal Year	City of Fairview Tax Rates			Overlapping Rates										Total Direct & Overlapping Rates
	Permanent Rate	Debt Service	Total City	Regional & County					School District					
				Multnomah County	Port of Portland	Metro Service District	Multnomah Soil & Water ¹	Tri-Met	Total Regional & County	Multnomah County ESD	Mt. Hood Reynolds School District	Community College	Total Schools	
2005	3.49	-	3.49	5.28	0.07	0.28	0.11	0.11	5.74	0.46	6.04	0.50	7.00	16.23
2006	3.49	-	3.49	5.31	0.07	0.28	0.12	0.12	5.78	0.46	6.02	0.49	6.96	16.23
2007	3.49	-	3.49	5.29	0.07	0.28	0.10	0.10	5.74	0.46	5.95	0.49	6.90	16.13
2008	3.49	-	3.49	5.42	0.07	0.43	0.09	0.09	6.00	0.46	5.83	0.49	6.78	16.28
2009	3.49	-	3.49	5.39	0.07	0.40	0.08	0.08	6.03	0.46	5.81	0.49	6.76	16.19
2010	3.49	-	3.49	5.40	0.07	0.44	0.10	0.09	6.10	0.46	5.60	0.49	6.55	16.04
2011	3.49	-	3.49	5.38	0.07	0.41	0.10	0.09	6.05	0.46	5.60	0.49	6.55	16.09
2012	3.49	-	3.49	5.44	0.07	0.32	0.10	0.06	5.98	0.46	5.78	0.49	6.73	16.20
2013	3.49	-	3.49	5.42	0.07	0.40	0.10	0.00	6.00	0.46	5.99	0.49	6.93	16.42
2014	3.49	-	3.49	5.69	0.07	0.47	0.08	0.00	6.30	0.46	6.02	0.49	6.97	16.76

Source:
Multnomah County Division of Assessment & Taxation

Notes:
All rates are listed per thousand dollars of taxable assessed value

Overlapping Rates are tax rates of various public organizations whose geographic area overlaps City of Fairview boundaries. As a result, certain property owners in Fairview will be assessed additional tax if the property in question is both within the Fairview city limits and in another tax jurisdiction.

¹ East Multnomah Soil and Water included beginning FY 13/14 (historical data added when available). This rate was unknown to be overlapping until FY 13/14.

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within fiscal year of levy		Collections to date		
		Collections ¹	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2005	1,430,611	1,389,206	97.11%	41,288	1,430,494	99.99%
2006	1,541,500	1,498,334	97.20%	43,010	1,541,344	99.99%
2007	1,626,746	1,582,657	97.29%	43,874	1,626,531	99.99%
2008	1,792,463	1,730,069	96.52%	62,101	1,792,170	99.98%
2009	1,914,648	1,834,677	95.82%	79,334	1,914,011	99.97%
2010	1,976,399	1,904,048	96.34%	64,041	1,968,089	99.58%
2011	2,016,083	1,950,696	96.76%	52,828	2,003,524	99.38%
2012	2,058,075	1,994,164	96.89%	38,939	2,033,103	98.79%
2013	2,101,858	2,044,372	97.26%	28,782	2,073,154	98.63%
2014	2,162,177	2,105,941	97.40%	-	2,105,941	97.40%

Sources:

City of Fairview Annual Financial Reports
Multnomah County Division of Assessment and Taxation

Note:

¹ Collections include: normal collections, adjustments, discounts, and interest

**CITY OF FAIRVIEW, OREGON
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago**

Taxpayer	2014 ¹			2005 ²		
	Assessed Value	Rank	Percentage of Total Fairview Assessed Value	Assessed Value	Rank	Percentage of Total Fairview Assessed Value
Townsend Farms Inc.	31,747,960	1	5.14%	9,325,900	3	2.30%
CPF/BDI Townsend LLC	22,862,750	2	3.70%			
NACCO Materials Handling	15,552,930	3	2.52%	14,450,070	1	3.56%
Salish Lake LLC	12,561,220	4	2.03%			
Comcast Corp.	11,964,000	5	1.94%			
Portland General Electric Co.	11,474,000	6	1.86%	10,024,000	2	2.47%
IAC 22638 Townsend Way LLC	9,603,020	7	1.55%			
Fieldstone Luxury Apartments LLC	9,067,310	8	1.47%			
Sunridge Associates LLC	7,485,980	9	1.21%			
Beeko LLC	7,417,860	10	1.20%	5,645,040	8	1.39%
Howard Angell	-	-		7,321,980	4	1.81%
DAV II Invest.	-	-		6,738,880	5	1.66%
Fort James Operating Company				5,937,050	6	1.46%
Chinook Way, LLC				5,735,710	7	1.41%
Target Corp. T-1406				5,569,110	9	1.37%
Courtyards at Fairview LLC				5,133,380	10	1.27%
Total	139,737,030		22.62%	75,881,120		18.70%
Total Fairview Assessed Value	617,900,340			405,386,662		

Source:
Multnomah County Division of Assessment and Taxation

Notes:
¹ Fiscal year 2013 / 2014
² Fiscal year 2004 / 2005

**CITY OF FAIRVIEW, OREGON
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years**

Fiscal Year	Governmental			Business-Type Activities				
	Full Faith and Credit Obligations ¹	Line of Credit ²	Special Assessment ³	General Obligation Bonds ⁴	Water Revenue Bonds ¹⁰	Sewer Notes Payable ⁵	Special Assessment ⁶	Drinking Water Revolving Loan ⁹
2005	2,085,000	-	1,641,000	-	1,240,000	2,754,443	-	-
2006	1,975,000	-	910,000	-	1,150,000	2,635,710	-	-
2007	1,865,000	-	910,000	-	1,060,000	2,511,949	-	-
2008	1,750,000	-	485,000	-	970,000	2,384,286	-	-
2009	1,625,000	-	485,000	-	875,000	2,250,224	-	-
2010	-	-	485,000	-	775,000	2,108,445	-	537,833
2011	-	-	485,000	-	675,000	1,947,934	-	1,045,811
2012	-	-	485,000	-	570,000	1,781,757	-	594,606
2013	-	-	485,000	-	460,000	1,609,712	-	572,597
2014	-	-	485,000	-	-	1,431,593	-	549,808

Fiscal Year	Total (Governmental and Business - Type)	Percentage of Personal Income ^{7,8}	Per Capita ⁷
2005	7,720,443	0.03%	819
2006	6,670,710	0.03%	696
2007	6,346,949	0.02%	655
2008	5,589,286	0.02%	574
2009	5,235,224	0.02%	537
2010	3,906,278	0.01%	438
2011	4,153,745	0.01%	466
2012	3,431,363	0.01%	385
2013	3,127,309	0.01%	350
2014	2,466,401	N/A	276

Source:
City of Fairview Annual Financial Reports

Notes:

- ¹ City Hall
 - ² Sewer Construction Fairview Lake Local Improvement District
 - ³ Sewer Construction Fairview Lake Local Improvement District (paid off associated line of credit and issued a limited special assessment)
Outstanding debt difference was paid in full using assessments received from the related property owner
 - ⁴ Water reservoir project
 - ⁵ Notes payable to the City of Gresham for increased sewer capacity
 - ⁶ Sandy Boulevard sewer extension
 - ⁷ Calculations use information from schedule of Demographic and Economic Statistics
 - ⁸ Percentage of Personal Income revised 2005 through 2013 due to updated income figures
 - ⁹ Safe Drinking Water Revolving Loan Fund - Forgivable Loan
 - ¹⁰ Water Revenue Refunding Bond called 5/8/2014
- N/A = information not available

CITY OF FAIRVIEW, OREGON
RATIO OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population ¹</u>	<u>Assessed Value ²</u>	<u>Gross General Obligation Bonded Debt ³</u>	<u>Less: Debt Service Fund ⁴</u>	<u>Net General Obligation Bonded Debt</u>	<u>Net Bonded Debt per \$1,000 Assessed Value</u>	<u>Net Bonded General Obligation Debt Per Capita</u>
2005	9,425	405,386,662	-	-	-	-	-
2006	9,585	441,358,940	-	-	-	-	-
2007	9,695	465,962,617	-	-	-	-	-
2008	9,735	502,218,440	-	-	-	-	-
2009	9,740	544,859,454	-	-	-	-	-
2010	8,920 ⁵	566,319,382	-	-	-	-	-
2011	8,920	577,673,035	-	-	-	-	-
2012	8,920	589,632,877	-	-	-	-	-
2013	8,930 ⁶	600,120,349	-	-	-	-	-
2014	8,930	617,900,340	-	-	-	-	-

Sources:

¹ Portland State University Population Research Center (City of Fairview estimates as of July 1st - except 2010, which is a census figure)

² Multnomah County Tax Supervising & Conservation Commission

³ City of Fairview annual financial reports

⁴ City of Fairview annual financial reports

⁵ Revised to reflect census figure

⁶ Revised to reflect certified figure

CITY OF FAIRVIEW, OREGON
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2014

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Metro	\$ 210,460,000	0.43%	\$ 909,292
Multnomah County	17,725,000	0.93%	165,505
Reynolds School District # 7	26,685,000	11.67%	3,114,594
Tri-Met	-	0.33%	-
East Multnomah Co. Soil & Water	-	1.37%	-
Other:			
Metro	³ 44,360,000	0.43%	191,657
Mt. Hood Community College	⁶ 68,037,680	2.69%	1,832,308
Multnomah County	² 300,450,420	0.93%	2,805,415
Multnomah County ESD	32,655,000	0.92%	300,203
Port of Portland	⁴ 99,348,485	0.39%	389,193
Reynolds School District # 7	83,955,115	11.67%	9,798,992
Tri-Met	⁵ 145,876	0.33%	476
East Multnomah Co. Soil & Water	-	1.37%	-
Subtotal, overlapping debt			19,507,635
City of Fairview direct debt			485,000
Total direct and overlapping debt			<u>19,992,635</u>

Source:

Outstanding debt and assessed value information provided by Multnomah county Tax Supervising and Conservation Commission (TSCC)

Note:

Overlapping debt is debt of various public organizations whose geographic area overlaps City of Fairview boundaries. This schedule estimates the portion of other public organization debt that certain taxpayers in Fairview are responsible for. In order to be responsible for the overlapping debt, taxpayers must reside within both Fairview city limits and the boundaries of the other public organization which has incurred the debt.

East Multnomah Soil & Water Conservation District included (this rate was unknown to be overlapping until fiscal year 2013/2014).

Debt listed below (with the exception of the long term lease/purchase obligations entered into by Tri-Met) were entered into in 2012/2013, but not reported by TSCC until fiscal year 2013/2014.

¹ Calculation of total City of Fairview assessed value divided by governmental unit assessed value

² Multnomah County entered into a new full faith and credit obligation and a new long term loan in fiscal year 2012/2013.

Full Faith and Credit Obligation Series 2012 - \$128,000,000
Oregon Transportation Infrastructure Bank Loan - \$4,600,000

³ Metro entered into a new faith and credit obligation in fiscal year 2012/2013

Full Faith and Credit, 2013 Refunding Series - \$12,600,000

⁴ The Port of Portland entered into a new long term loan in fiscal year 2012/2013

Dredge Oregon Repowering Loan, Banc of America - \$15,100,000

⁵ Tri-Met entered into two new long-term lease/purchase obligations. These obligations were entered into in fiscal year 2011/2012, (specifically 4/15/12 and 5/1/12), but were not reported.

Pacific Office Automation (Copiers) - \$120,207
Pacific Office Automation (EFI) - \$32,050

⁶ Mt. Hood Community College entered into a new full faith and credit obligation

Energy Improvements, 2013 Series - \$4,255,000

**CITY OF FAIRVIEW, OREGON
PLEGDED - REVENUE COVERAGE
Last Ten Fiscal Years
(accrual basis of accounting)**

Water Revenue Bonds							
Fiscal Year	Operating Revenue	Less: Operating Expenses ⁴	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2005 ¹	845,931	675,660	170,271	1,405,000	73,408	1,478,408	0.12
2006	916,824	849,801	67,023	90,000	44,840	134,840	0.50
2007	993,217	755,279	237,938	90,000	42,815	132,815	1.79
2008	1,006,170	785,859	220,311	90,000	40,340	130,340	1.69
2009	1,099,500	378,524	720,976	95,000	37,640	132,640	5.44
2010	1,041,314	720,328	320,986	100,000	34,553	134,553	2.39
2011 ³	1,059,738	760,440	299,298	100,000	31,053	131,053	2.28
2012	1,091,609	894,801	196,808	105,000	40,347	145,347	1.35
2013	1,148,125	801,352	346,773	132,009	41,323	173,332	2.00
2014 ⁵	1,163,522	815,287	348,235	482,789	37,741	520,530	0.67

Sewer Notes Payable							
Fiscal Year	Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2005	1,207,888	1,004,950	202,938	-	-	-	-
2006 ²	1,311,206	1,270,627	40,579	118,733	115,180	233,913	0.17
2007	1,478,554	1,353,676	124,878	123,761	110,153	233,914	0.53
2008	1,611,398	1,425,982	185,416	127,663	104,913	232,577	0.80
2009	1,809,535	1,223,756	585,779	134,062	98,922	232,984	2.51
2010	1,855,075	1,194,578	660,497	141,779	92,135	233,914	2.82
2011	1,868,430	1,289,730	578,700	160,511	72,403	232,914	2.48
2012	1,863,821	1,432,088	431,733	166,178	66,736	232,914	1.85
2013	1,928,052	1,557,581	370,471	172,045	60,869	232,914	1.59
2014	2,117,407	1,480,867	636,540	178,119	54,795	232,914	2.73

Source:
City of Fairview Annual Financial Reports

Note:

¹ In fiscal year ended 6/30/05, the Water Revenue Bonds issued 10/1/94 were refunded by issuing Series 2004 Water Revenue Refunding Bonds

² Sewer Notes Payable were initiated in fiscal year 2001/2002. Initially, annual principal and interest payments were made from the Sewer Improvement Fund. Beginning in fiscal year 2005/2006, payments began to be made from the Sewer Operating Fund

³ Beginning in fiscal year 2010/2011, Water information includes figures from the Water Fund and the Water Bonded Debt Fund. Water Bonded Debt figures were not included in prior years

⁴ Prior and current Operating Expenses were revised to be net of depreciation in 2013

⁵ Water Revenue Bonds called early (5/8/2014)

**CITY OF FAIRVIEW, OREGON
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	16,716,467	19,158,276	21,567,556	25,013,817	27,067,434	26,483,481	24,643,677	22,733,684	22,440,829	23,100,640
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	16,716,467	19,158,276	21,567,556	25,013,817	27,067,434	26,483,481	24,643,677	22,733,684	22,440,829	23,100,640
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Legal Debt Margin Calculation for Fiscal Year 2014

Real market value (2013 / 2014)	770,021,331
Debt limit (3% of total real market value)	23,100,640
Debt subject to limit	-
Legal debt margin	<u>23,100,640</u>

Source:
City of Fairview Annual Financial Reports

Note:
Oregon Revised Statute 287A.050(2) restricts general obligation debt (not related to water, sanitary sewer, storm sewer, or sewage disposal plants nor issued to pay assessments for improvements in installments) to 3% of the total real market value. There are currently no General Obligation bonds outstanding that meet this criteria. As a result, the legal debt margin equals the debt limitation implemented by ORS 287A.050(2).

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Population ¹	Personal Income (in thousands) ²	Per Capita Personal Income ³	Unemployment Rate ⁴
2005	9,425	24,614,151	36,473	6.7%
2006	9,585	26,571,989	38,861	5.5%
2007	9,695	27,667,921	39,650	5.1%
2008	9,735	28,861,753	40,480	5.0%
2009	9,740	28,418,592	39,051	8.6%
2010	8,920 ⁵	28,997,281	39,331	10.2%
2011	8,920 ⁶	30,913,713	41,320	9.4%
2012	8,920 ⁶	32,644,222	43,013	8.0%
2013	8,930 ⁶	33,376,029	43,564	7.5%
2014	8,930 ⁶	N/A	N/A	6.4%

Sources:

¹ Portland State University Population Research Center (City of Fairview population estimates as of July 1st)

² Bureau of Economic Analysis (Multnomah County personal income, calendar year basis)
prior year data revised to reflect availability of more accurate data

³ Bureau of Economic Analysis (Multnomah County per capita personal income, calendar year basis)
prior year data revised to reflect availability of more accurate data

⁴ State of Oregon Employment Department (average annual unemployment for Multnomah County)

⁵ Reflects Census Figure

⁶ Certified Estimate

N/A = information not available

**CITY OF FAIRVIEW, OREGON
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago¹**

2013 - 2014			
Employer	Employees ²	Rank	Percentage of Total City Employment
Reynolds School District ⁴	427	1	15.72%
Townsend Farms	325	2	11.98%
Nacco Material Handling Group	240	3	8.85%
Knight Transportation	158	4	5.82%
Moore Excavation	135	5	4.98%
TruGreen LandCare, LLC	55	6	2.03%
Conner Manufacturing Services	48	7	1.77%
Target	47	8	1.73%
Intertek Testing Services NA, Inc. ⁵	35	9	1.29%
Thermo King NW, Inc. ⁵	35	10	1.29%
	<u>1,505</u>		<u>55.46%</u>
Total Fairview Employment ³	<u>2,713</u>		

¹ Employment data from 2004-2005 was unavailable.

Sources:

² FTE employee information provided by individual employers.

Figures may vary due to seasonal employment.

³ Total Fairview Employment data provided by the State of Oregon Employment Department Workforce and Economic Research section. Total employment is an estimate and varies due to seasonal employment. In addition, this figure captures only those employees for whom worker's compensation insurance is provided.

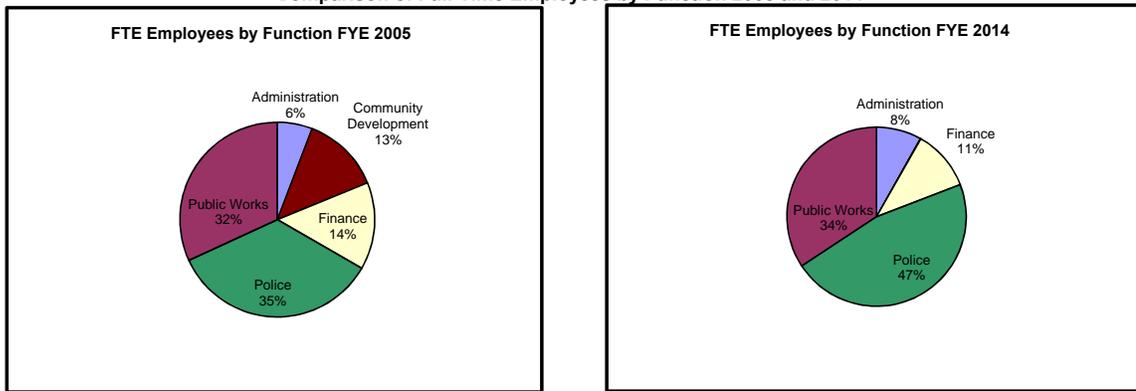
⁴ Employment data for Reynolds School District was unavailable.
(estimate based on prior year data)

⁵ Employer rank listed alphabetically, as number of employees was equal.

**CITY OF FAIRVIEW, OREGON
FULL-TIME EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION
Last Ten Fiscal Years**

Function	2005	2006	2007	2008	2009	2010	2011	2012	¹ 2013	² 2014
General Government										
Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	3.0	3.0
Community Development	4.5	5.0	5.0	4.0	5.0	4.0	4.0	0.0	0.0	0.0
Finance	5.0	6.0	6.0	7.0	7.0	6.0	6.0	5.0	4.0	4.0
Police										
Officers	11.0	12.0	13.0	13.0	14.0	14.0	14.0	14.0	14.0	15.0
Civilians	1.0	1.0	1.0	1.5	2.0	2.0	2.0	2.0	2.0	2.0
Public Works	11.0	10.5	11.5	11.5	10.5	10.5	10.5	14.5	13.5	12.5
Total	34.5	36.5	38.5	39.0	40.5	38.5	38.5	36.5	36.5	36.5

Comparison of Full-Time Employees by Function 2005 and 2014



Source: City of Fairview Budget

¹ Beginning in 2012, Community Development figures are included in Public Works category (departments were merged).

² In 2013, Administration was restructured to include the City Recorder and IT Administrator

**CITY OF FAIRVIEW, OREGON
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years**

Function / Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
Community Development ¹										
Residential building permits issued	N/A	N/A	N/A	20	19	11	16	22	32	24
Commercial building permits issued ²	N/A	N/A	N/A	48	63	22	28	20	20	13
Police ³										
Calls for service	4294	4,317	4,212	4,003	4,439	4,212	3,631	4,248	3,906	N/A ⁹
Part I crimes ⁴	458	390	376	330	341	217 ⁷	259	259	263	N/A ⁹
Part II crimes ⁵	343	299	318	370	395	247 ⁷	265	265	273	N/A ⁹
Business - Type Activities:										
Water										
Accounts	1,490	1,528	1,577	1,636	1,652	1,652	1,665 ⁸	1,699	1,690	1,701
Average daily production (millions of gallons)	0.72	0.72	0.72	0.75	0.73	0.73	0.62	0.62	0.62 ¹⁰	0.62
Sewer										
Accounts (revised data 1999-2007)	1,845	1,891	1,946	1,993	2,021	2,021	2,034 ⁸	2,075	2,068	2,081
Average daily consumption (millions of gallons) ⁶	0.71	0.84	0.82	0.8	0.69	0.69	0.80	0.78	0.78 ¹⁰	0.78
Stormwater										
Accounts	1,753	1,831	1,885	1,847	1,868	1,868	1,881 ⁸	1,919	1,912	1,925

Sources:

Community Development information provided by City of Fairview City Recorder
Police Information provided by Portland, Oregon Bureau of Emergency Communications (BOEC).
Water, Sewer, and Stormwater account information gathered from City of Fairview utility billing reports.
Water and Sewer average daily production/consumption information provided by City of Fairview Public Works Department.

N/A = Data not available

¹ Community Development information was not tracked in 2005, 2006, or 2007. City staff began tracking and reporting information again in 2008

² Includes permits issued for industrial purposes

³ Police statistics are reported on a calendar year basis

⁴ Part I Crimes include: homicide, forcible rape, robbery, aggravated assault, burglary, larceny, motor vehicle theft, and arson

⁵ Part II Crimes include: simple assault, forgery / counterfeit, fraud, embezzlement, stolen property, vandalism, weapons laws, prostitution, other sex offenses, drug abuse, gambling, offenses against family, D.U.I.I., liquor laws, disorderly conduct, negligent homicide, all other, curfew - juveniles, runaway - juveniles, and kidnapping

⁶ Figures do not include Fairview properties discharging to Gresham interceptor (only those metered by Fairview)

⁷ Part 1 and part 2 crimes for 2010 include only 6 months of activity (due to a change from RMS data system). Remaining data is unavailable

⁸ Beginning in fiscal year 2010/2011, utility account numbers include City owned properties (approximately 16 properties)

⁹ Figures not available

¹⁰ Figures not available - prior year figures used

CITY OF FAIRVIEW, OREGON
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

Function / Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
Parks										
Parks acreage	17.22	17.22	17.22	22.39	25.29	25.29	25.29	25.29	25.29	25.29
Wetland Parks acreage	75.31	75.31	75.31	75.31	62.34	62.34	62.34	62.34	62.34	62.34
Police										
Stations	1	1	1	1	1	1	1	1	1	1
K-9 officers	-	-	1.00	1.00	1	0	0	0	0	0
¹ Patrol units	12	13	12	13	12	13	12 ³	13 ³	13 ³	11 ³
Business - Type Activities:										
Water										
Water main lines (miles)	22.31	22.91	23.13	22.63	22.63	22.63	22.63	22.63	22.63	22.63
Daily storage capacity (millions of gallons)	3	6	6	6	6	6	6	6	6	6
Daily production capacity (millions of gallons)	4.72	4.72	4.72	4.72	3.80	3.8	5.65	5.65	5.65	5.65
Sewer										
Sewer lines (miles)	24.41	24.89	25.11	25.34	25.34	25.34	25.34	26.94	26.94	26.94
² Daily plant capacity (millions of gallons)	1.32	1.32	1.32	1.32	1.30	1.3	1.32	1.32	1.32	1.32
Storm Water										
Service lines (miles)	12.49	13.21	13.37	13.15	13.60	13.6	13.60	14.33	14.33	14.33
Transportation										
Streets (miles)	11.59	12.95	13.14	18.00	18.16	18.16	18.16	18.16	18.16	18.16
Traffic signals	1	1	1	1	1	1	1	1	1	1

N/A Information not available

Source:

¹ Patrol unit information provided by Beecher Carlson Insurance Agency, LLC

Note:

² Daily capacity purchased from the City of Gresham

³ Beginning in fiscal year 2010/2011, police patrol units include Yamaha Rhino ATV



**REPORTS OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**





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Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Fairview as of and for the year ended June 30, 2014, and have issued our report thereon dated December 30, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Fairview 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).**

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

Expenditures exceeded appropriation in the following amounts:

Stormwater Fund	
Capital Outlay	\$ <u>722</u>

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the City of Fairview 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 of Fairview internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Fairview internal control over financial reporting.

We noted certain matters that we reported to management of City of Fairview, Oregon, in a separate letter dated December 30, 2014.

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

Dickey and Tremper, LLP

Dickey and Tremper, LLP

December 30, 2014



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Certified Public Accountants and Business Advisors

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and
Members of the City Council
City of Fairview, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Fairview, Oregon, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Fairview, Oregon's basic financial statements and have issued our report thereon dated December 30, 2014.

Internal Control Over Financial Reporting

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

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 *material weakness* is a deficiency, or a 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 consider the deficiency described in the accompanying schedule of findings and responses as 2014-01 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as 2014-02, 2014-03, and 2014-04 to be significant deficiencies.

Compliance and Other Matters

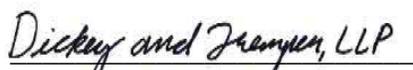
As part of obtaining reasonable assurance about whether the City of Fairview, Oregon's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Fairview, Oregon's Response to Findings

City of Fairview, Oregon's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Fairview, Oregon's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Dickey and Tremper, LLP
Certified Public Accountants

Pendleton, Oregon
December 30, 2014

**CITY OF FAIRVIEW, OREGON
SCHEDULE OF FINDINGS AND RESPONSES
For The Fiscal Year Ended June 30, 2014**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

- 01 The auditor's report expresses an unqualified opinion on the basic financial statements of the City of Fairview.
- 02 Deficiencies in internal control were discovered by the audit of the basic financial statements of the City of Fairview. The deficiency described below as 2014-01 is reported as a material weakness.
- 03 No instances of noncompliance material to the financial statements of the City of Fairview, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

SECTION II - FINDINGS – FINANCIAL STATEMENTS AUDIT

MATERIAL WEAKNESSES

2014-01

Condition and criteria: The City's controls over the fiscal year-end financial reporting process rely largely on manual entries to record activity on the modified accrual basis of accounting. There were several journal entries required to correct year-end balances. Significant adjustments were required in the areas of accounts receivable, revenue, deferred inflows of resources, accounts payable, and capital assets.

Effect: Adjustments were required to correct the accounting records for the affected areas and some of the adjustments were material, resulting in a material weakness to be reported.

Cause: Year-end entries are done each year through a manual process, which increases the risk of human error.

Auditor's recommendation: We recommend that management review its year-end journal entry processes to incorporate additional oversight and review of staff work. We further recommend that City finance staff leverage the integrated modules of the new software package to reduce the need for manual entries.

Management's response: Management agrees with the condition and the auditor's recommendation. Additional oversight and review of staff work has been implemented. Efforts to utilize the integration of the software system to the extent currently available will continue.

SIGNIFICANT DEFICIENCIES

2014-02

Condition and criteria: The City received a large credit to reimburse for past overcharges of sewer disposal expenses. The City recorded the credits during the year as a reduction to expense, but an adjustment was prepared to reclassify the credits to a revenue account, rather than as a reduction to expense, so the City can accurately track the true current year expense. In addition, the City owed an additional \$24,500 at year end for the sewer connections agreement, which was not accrued to expense and management was not aware of the discrepancy until it was discovered during the audit process. With the issues from the prior year related to the past overcharges, this area should be monitored more closely.

Effect: Adjustments were required to reclassify revenues and expenses and to record additional amounts owed and to show the true current year expense. The current method of tracking the expense leaves a continued risk of inaccurate charges.

Cause: Sewer disposal payments are billed by the City of Gresham and utilize a 24-month rolling average in an attempt to maintain a consistent monthly expense level throughout the year and the calculation of the charges is based on concentration and flow readings. The use of the rolling average and the unusual credits issued during the year made it difficult to properly monitor the current year expenses.

Auditor's recommendation: We recommend management to continue to work with the City of Gresham to and develop procedures to monitor the charges more closely in the future. These procedures may include discontinuance of the utilization of the 24-month rolling average and additional review of expense by Public Works on a monthly basis.

Management's response: Management agrees with the condition and the auditor's recommendation. The City is currently in the process of devising a more accurate measurement system in conjunction with the City of Gresham. The 24-month rolling average is expected to be abandoned and replaced by actual monthly figures. Public Works will review the concentration, flow, and billing for reasonableness on a monthly basis. Monthly review will result in detection of errors in a timely manner.

2014-03

Condition and criteria: In our prior year and current year review of court receivables, it was found that there are a number of accounts that were either not turned over to collections in the past, or were not properly coded in the system as being turned over. Management is still working on the issue, but for financial reporting, the old balances were not considered collectible. In addition, it does not appear that the collection of parking tickets is being enforced in most cases. Parking tickets are not normally turned over to collections, nor are there additional collection procedures done at the City level. Also, the report to substantiate court receivables needs to be run on June 30th of each year to get an accurate balance. This report was not printed until November of 2014.

Effect: There are still a large number of old accounts that do not appear to be properly coded in the system and there are several old balances that may not be collectible. In

addition, the balance of court receivables had to be estimated based on the November 2014 balance, less activity occurring in the 2015 fiscal year.

Cause: Up until the implementation of the new accounting system, the recording and reconciling of court receivables has been a manual process with the main focus on recording the revenues as they are collected. The accounting system promised to automate and integrate these modules with the general ledger, but the court module has been on a different version of the accounting system. In addition, there are always going to be some manual processes in reconciling and maintaining an accurate balance of amounts receivable, as there are several management estimates involved in determining the net collectible amounts to the City. It also does not appear that there has been a detailed review of the balances coded in the system as not being turned over to collections.

Auditor's recommendation: We recommend that staff continue to enhance their reconciliation and review procedure in order to better detect and correct any possible misstatements and to add a review of the balances not turned over to the collections and reconciliation of the net balance receivable to their procedures. We also recommend that the City review the old balances for collectability and update their procedure related to the collection of parking tickets and that the court receivables report be processed on June 30th of each year.

Management's response: Management agrees with the condition and the auditor's recommendation. A detailed review of accounts in collections as well as a collectability review are planned. Once this is complete, old balances will be dealt with accordingly. Pending proper investigation, parking citations will be addressed.

2014-04

Condition and criteria: In our review of utility accounts receivable, we found that the total accounts receivable appear reasonable. However, there are still several items that need to be corrected in the system to properly report the receivable balances between line items, to remove bad debt, and to balance the penalties receivable between funds and within the aging report. The utility accounts receivable also appear to include a number of uncollectible balances and the lien procedures have not been consistently applied.

Effect: Adjustments were required to reconcile sewer liens and the allowance for doubtful accounts. In addition, the utility billing accounts receivable reports do not agree to the receivables recorded in the individual funds and line items without significant reconciliation.

Cause: The accounting system promised to automate and integrate these modules with the general ledger. The various modules posted transactions differently than expected by City staff. In addition, there were adjustments posted by Incode and other manual adjustments, which caused differences between the customer accounts receivable and the general ledger in prior years. The City has changed the processing and reconciliation procedures, but differences related to old transactions have not yet been corrected.

Auditor's recommendation: We recommend that staff work with Incode to perform the adjustments to correct the accounts receivable aging report to agree to the fund receivables and to allocate the penalties receivable between funds and line items. We also recommend that the City enhance their review of the utility account balances to determine if amounts should be turned over to collections or have liens placed against the property. In addition, we

recommend the City formalize its policies and procedures for placing liens on water utility accounts and consistently apply them.

Management's response: Management agrees with the condition and the auditor's recommendation. Discussions with the software provider to remedy this situation continue. Detailed information is currently being analyzed and will be transferred to the software provider to make the appropriate adjustments. A utility lien procedure is being developed and will be consistently applied.