



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2015

Prepared by:
The City of Fairview
Finance Department



CITY OF FAIRVIEW, OREGON

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INTRODUCTORY SECTION





December 30, 2015

Honorable Mayor Ted Tosterud, 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, 2015.

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 the 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 8,940 as of June 30, 2015. (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, municipal court, and general administrative services. Fire services, building inspection services, code enforcement, and sewage treatment are contracted with the City of Gresham.

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 has stalled new construction. For Fiscal Year 2014-15, there were three new residential construction building permits issued. The lack of a significant amount of new residential construction limits future increases in residential property tax revenue. That being said, at least one vertical housing project is in the planning stages. If completed, property tax revenue has the potential to increase.

Residential growth remains low due to the lack of available land on which to build residential structures. Fortunately, the City still possesses fairly significant opportunity for commercial and industrial growth. Eventually, growth may increase both tax and operating revenues. The City recently implemented a building incentive program for vacant lands, which may speed growth but will not result in the previously expected increase in operating revenues. Recently completed projects include a large commercial complex that will be leased to the Veterans Administration for a clinic. Projects such as this 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 2014-15 of 5.4 percent. This rate is substantially lower than the 2012-2013 rate of 7.5 percent. Unemployment in Multnomah County was also lower than the national average for 2014 of 6.2 percent.

There are 135 businesses within Fairview (66 of which are home-based). Five major employers provide the majority of the City's employment opportunities. Of the approximately 2,785 people employed within the City of Fairview, over 55 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 2014-15 was \$185,548. BOEC dispatch services for fiscal 2015-16 are budgeted to cost \$205,000.

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 2015. The amount paid to Gresham for fire protection during fiscal year 2014-15 was \$837,104. The cost of fire protection services for fiscal year 2015-16 is budgeted to be \$914,377. In Fiscal Year 2016-17, cost will be pegged to Total Assessed Value. Thereafter, cost will be calculated based on a calculation to include the Consumer Price Index (CPI). The contract for fire services terms June 30, 2025.

GASB 68

In Fiscal Year 2015-16, the City implemented the Governmental Accounting Standards Board (GASB) Statement 68 – Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27. As a result of this implementation, a pension liability (or asset as in the case of Fiscal year 2015-16) is now reported in the financial statements.

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 2015-16, 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. The City must stay vigilant in monitoring spending and enhancing 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, 2014. 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.

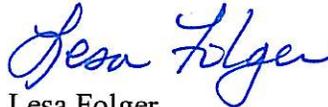
Acknowledgements

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 continued leadership and support.

Respectfully Submitted,



Christy S. Wurster
Interim City Administrator



Lesa Folger
Finance Director

**CITY OF FAIRVIEW
OFFICIALS OF THE CITY
AS OF JUNE 30, 2015**

MAYOR AND CITY COUNCIL

<u>Name and Address</u>	<u>Term Expires December 31,</u>
Ted Tosterud, Mayor	2018
Dan Kreamier	2016
Natalie Voruz	2018
Steven Prom	2016
Brian Cooper	2018
Steve Owen – (Resigned May 2015)	2015
Ted Kotsakis – (Resigned April 2015)	2015

City Administration

Christy Wurster, Interim City Administrator

Lesla Folger, Finance Director
Allan Berry, Public Works Director
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, 2014

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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P.O. Box 1533
Pendleton, OR 97801
Phone: (541) 276-6862
Toll Free: 1-800-332-6862
Fax: (541) 276-9040
Web: www.dickeyandtremper.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Fairview, Oregon, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

A

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, 2015, 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 Principle

As described in Note I. E. and Note IV.C., during the year ended June 30, 2015, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions— an Amendment of GASB 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of the City's Proportional Share of the Net Pension Liability (Asset) and the City's Contribution to the Oregon Public Employees Retirement System, and Notes to Required Supplementary Information, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 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, 2015, on our consideration of the 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 of internal control over financial reporting and compliance and the results of that 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 *Government 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, 2015, 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 162-10-000 to 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

December 30, 2015



MANAGEMENT'S DISCUSSION AND ANALYSIS



CITY OF FAIRVIEW
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015

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

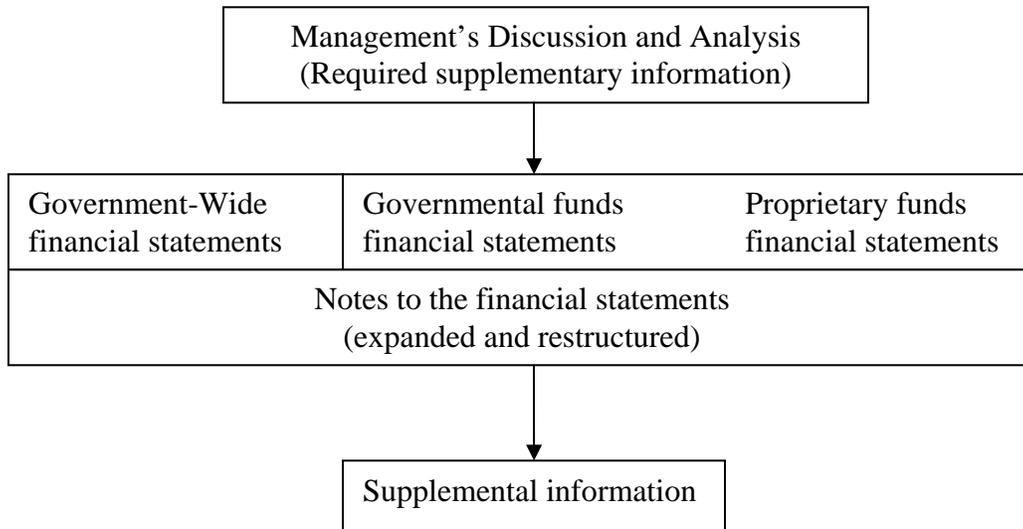
- The City's total net position at June 30, 2015 is \$40.9 million; a decrease of \$371,254 from the prior year. This decrease is primarily due to a decrease in Business Activity revenue.
- Of the total net position of \$40.9 million, \$8.36 million is unrestricted and available for spending to meet the City's ongoing obligations to citizens and creditors.
- Expenditures for the general fund were \$2,371,220 less than the final budgeted amount. Of this, \$1,791,381 was placed in contingency and was not utilized. With that being taken into consideration, the actual General Fund expenditures (excluding contingency not utilized) were 12.14% less than the budgeted amount.
- The capital assets of the City decreased by \$448,889. This decrease is primarily due to depreciation expenses and decreased capital asset improvement projects for Fiscal Year 2014-15.
- Long-term debt decreased by \$663,080. This decrease is primarily due to continued debt reduction as a result of annual payments and retirement of the Fairview Lake Sewer Local Improvement District debt.
- Governmental activities revenue decreased by \$45,227. This decrease is the net result of an increase in operating contributions and a decrease in capital grant funds.

- Business-type activities revenue decreased by \$38,174. This is the net result of a decrease in revenue for services of \$99,609 and an increase in capital contributions of \$61,435.
- The City implemented GASB Statement 68 – Accounting and Financial Reporting for Pensions. This resulted in a reported asset of \$748,959.

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 40.

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 60 through 69.

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.

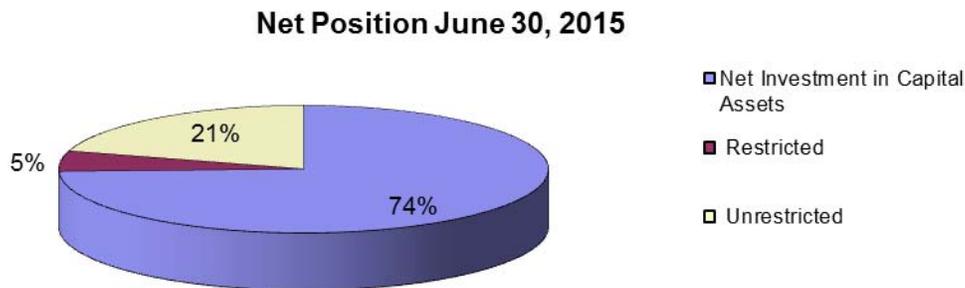
Other information- A budgetary comparison schedule is provided for all governmental funds and combining statements and budgetary schedules are presented for Water operations, Sanitary Sewer operations, and Stormwater operations. Supplementary information is found beginning on page 38.

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 \$40.9 million at the end of Fiscal Year 2014-15. This is a decrease of \$371,254 from the previous year. This is primarily due to a decrease in business-type activity revenue. 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	
	2014	2015	2014	2015	2014	2015
ASSETS						
Current and other Assets	\$ 6,712,163	\$ 6,934,224	\$ 5,107,368	\$ 5,780,026	\$ 11,819,531	\$ 12,714,250
Capital Assets	8,924,340	8,903,998	23,732,199	23,303,652	32,656,539	32,207,650
Total Assets	15,636,503	15,838,222	28,839,567	29,083,678	44,476,070	44,921,900
DEFERRED OUTFLOWS OF RESOURCES						
	-	201,683	-	76,067	-	277,750
LIABILITIES						
Current and Other liabilities	251,445	305,638	336,267	571,931	587,712	877,569
Long-term liabilities	583,026	120,710	2,027,396	1,826,632	2,610,422	1,947,342
Total Liabilities	834,471	426,348	2,363,663	2,398,563	3,198,134	2,824,911
DEFERRED INFLOWS OF RESOURCES						
	-	1,066,004	-	402,053	-	1,468,057
NET POSITION						
Net Investment in Capital Assets	8,439,740	8,903,998	21,750,798	21,530,131	30,190,538	30,434,129
Restricted	1,399,339	859,338	1,293,776	1,256,356	2,693,115	2,115,694
Unrestricted	4,962,953	4,784,217	3,431,330	3,572,642	8,394,283	8,356,859
Total Net Position	\$ 14,802,032	\$ 14,547,553	\$ 26,475,904	\$ 26,359,129	\$ 41,277,936	\$ 40,906,682



The largest portion of the City's net position (74%) 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 (5%) 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 (21%) 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%) increase from Fiscal Year 2013-14.

The City's capital assets decreased by approximately \$448,889 from \$32.7 million to \$32.2 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 2014-15.

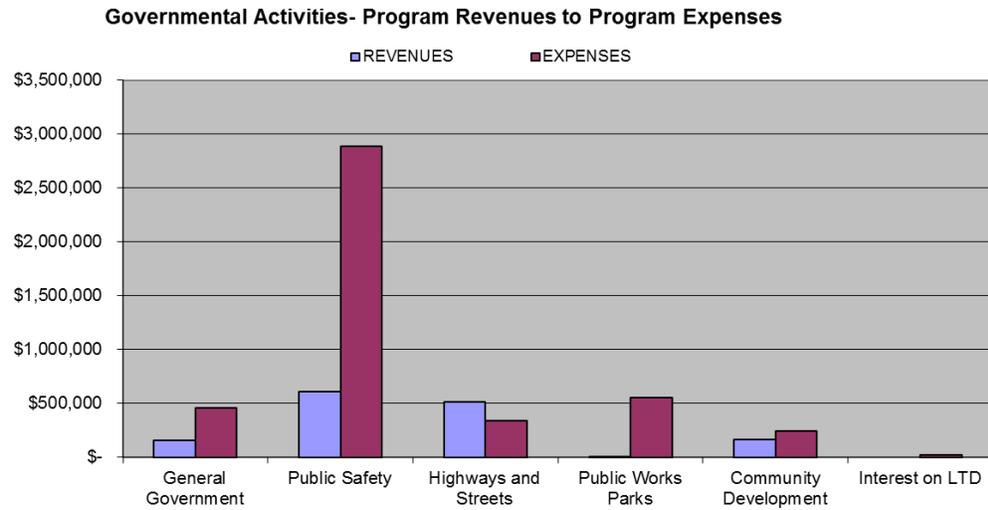
Governmental Activities increased the City's total assets by \$768,610. The primary elements of this increase are as follows:

- Franchise Fee revenue increased by \$85,743
- Property tax collections increased by \$53,612
- Operating Grants and Contributions increased by \$79,160
- Public Safety expenses decreased by \$383,483
- General Government expenses decreased by \$77,630

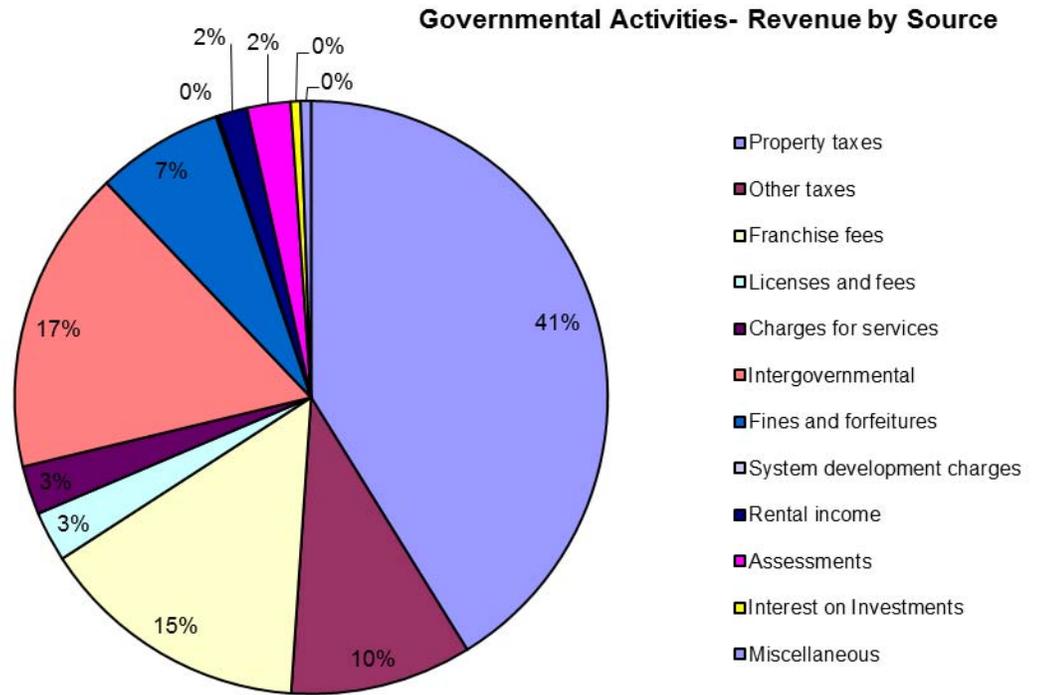
The following table provides a comparative summary of the changes in net position.

City of Fairview						
Summary of Net Position						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2015	2014	2015	2014	2015
REVENUES						
Program Revenues:						
Charges for Services	\$ 738,386	\$ 731,917	\$ 3,826,894	\$ 3,727,285	\$ 4,565,280	\$ 4,459,202
Operating Grants and Cont.	626,814	705,974	-	-	626,814	705,974
Capital Grants and Cont.	132,956	15,038	16,415	77,850	149,371	92,888
General Revenues:						
Property Taxes	2,131,420	2,185,032	-	-	2,131,420	2,185,032
Other Taxes	1,449,874	1,535,617	-	-	1,449,874	1,535,617
Miscellaneous	13,772	10,812	-	-	13,772	10,812
Sale of Assets	-	-	-	-	-	-
Interest & Investment Earnings	32,193	28,463	22,682	24,261	54,875	52,724
Total Revenues	5,125,415	5,212,853	3,865,991	3,829,396	8,991,406	9,042,249
EXPENSES						
General Government	534,790	457,160	-	-	534,790	457,160
Public Safety	3,267,589	2,884,106	-	-	3,267,589	2,884,106
Community Development	259,251	241,657	-	-	259,251	241,657
Streets	314,245	340,049	-	-	314,245	340,049
Public Works	532,285	557,059	-	-	532,285	557,059
Interest on Long Term Debt	29,342	24,112	-	-	29,342	24,112
Water			1,110,768	1,012,549	1,110,768	1,012,549
Sewer			1,921,360	1,792,708	1,921,360	1,792,708
Stormwater			677,413	695,151	677,413	695,151
Total Expenses	4,937,502	4,504,143	3,709,541	3,500,408	8,647,043	8,004,551
Excess (deficiency) before transfers:	187,913	708,710	156,450	328,988	344,363	1,037,698
Transfers	(287,197)	59,900	287,197	(59,900)	-	-
Change in Net Position	(99,284)	768,610	443,647	269,088	344,363	1,037,698
Net Position, beginning	14,901,316	13,778,943	26,032,257	26,090,041	40,933,573	39,868,984
Net Position, ending	\$ 14,802,032	\$ 14,547,553	\$ 26,475,904	\$ 26,359,129	\$ 41,277,936	\$ 40,906,682

The following graph compares program revenues and expenses for individual governmental activities for Fiscal Year 2014-15.



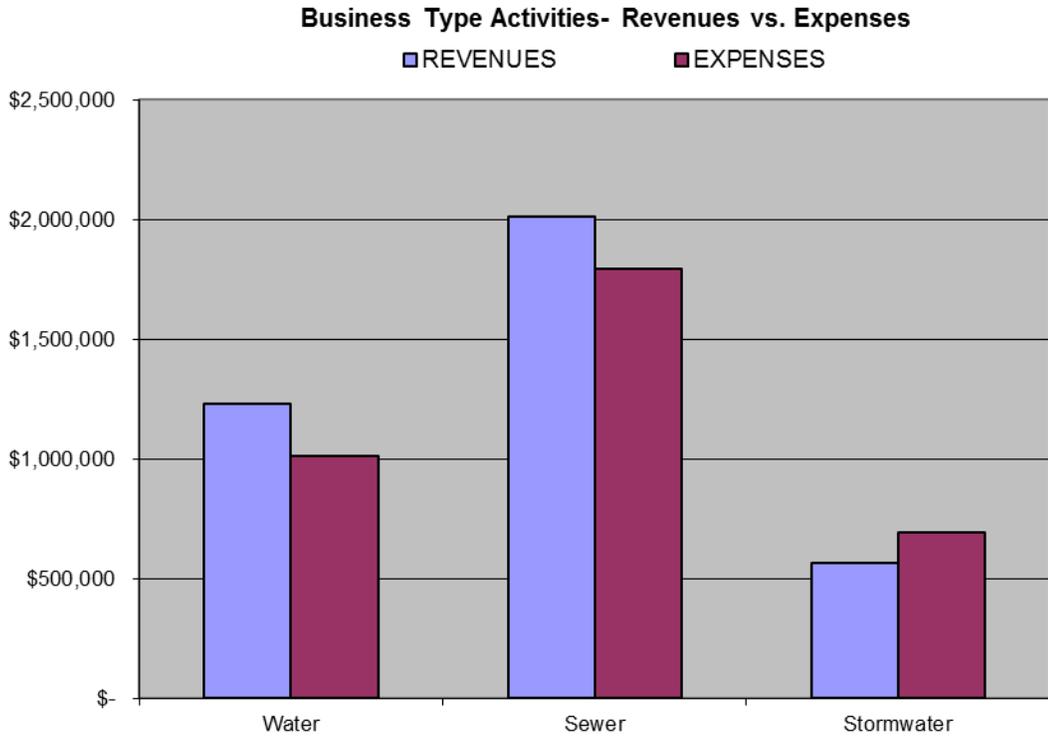
The next chart shows the share of revenues supporting governmental activities.



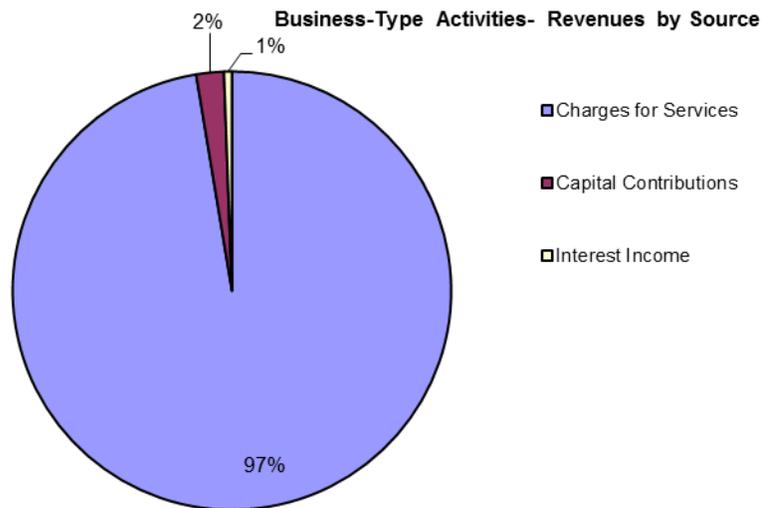
Business-type Activities increased the City's net position by \$269,088. This is primarily due to the following:

- Water service revenue and change in net position increased \$156,859
- Total expenses decreased \$209,133, largely due to implementation of GASB Statement No. 68 and 71 related to pension reporting.

The following chart compares program revenues to expenses by business-type activity for the Fiscal Year 2014-15.



The following chart shows that 97% 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 reporting 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 2014-15, the City's governmental funds reported a combined ending fund balance of \$5.35 million. Over \$3.68 million or 68.7% 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 2014-15 is \$305,461 less 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 2014-15, the total unassigned fund balance in the General Fund was over \$3.68 million. This is a \$88,772 increase from Fiscal Year 2013-14. This increase is primarily due to the retirement of the Fairview Lake Sewer Local Improvement District debt.

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 \$90,975. This is an increase of \$20,767. This increase is due to transfers in from other funds and inadequate offsetting 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 \$118,866. This is a decrease of \$386,329 from Fiscal Year 2013-14 and is due to the retirement of the debt during Fiscal Year 2014-15.

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 \$688,565. This is an increase of \$14,067. This increase is primarily due to increases in the amount of the State Highway Tax received by the City offset by an increase 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 \$38,204. This is an increase of \$12,235. 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 multiple departments is funded by those departments. The Year end fund balance was \$479,474. This is a \$33,410 increase and is the result of additional transfers in as well as the purchase of two Ford Explorer Police vehicles (including necessary equipment such as light bars), and the upgrade of the Municipal Court software module.

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 \$10,261. This is an increase of \$8,925 which is primarily due to an increase 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 \$24,861. This is an increase of \$108, all of which is interest on investments.

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 \$16,785. This was a decrease of \$176,771, 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. This debt has been paid in full as of the end of Fiscal Year 2014-15.

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	\$	941,881	26%
Sewer Utility	\$	1,800,712	50%
Stormwater Utility	\$	830,049	24%

The total proprietary fund unrestricted net position increased by \$141,312. 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:

- \$25,000 supplemental budget to transfer from General Fund Contingency to Capital Outlay – Parks and make funds available for unanticipated safety and general improvements to the Heslin House through the installation of an exterior staircase to the second floor.
- \$350 supplemental budget from General Fund Contingency to Materials and Services – Administration to allow for development and execution of a logo for the newly created F.U.N. (Fairview United Neighbors) program.
- \$74,000 supplemental budget from General Fund Contingency to Park Improvements for safety and general improvements to Fairview Woods Park.
- \$28,000 supplemental budget from General Fund Contingency to Police Department Traffic Safety Improvements to improve school zone signage and consequently increase traffic safety in school zones.
- \$487 supplemental budget from General Fund Contingency to Easter Egg Event – Donation Sponsored to ensure donations were carried forward from prior year.

General fund revenue was \$106,820 more than budgeted in Fiscal Year 2013/14 and \$25,904 less than budgeted in Fiscal Year 2014/15. This is primarily due to the termination of the City's red light camera program, which previously increased revenues in the fines and forfeitures line item.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounts to \$32.2 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 28% is associated with governmental activities and approximately 72% with business-type activities.

In total, the City's capital assets decreased by more than \$448,889, or approximately 1% from the prior Year. Governmental activities decreased by \$20,342 and business-type activities account for an additional decrease of \$428,547. These decreases are attributable to depreciation expenses. Major capital asset events during the fiscal year included the following:

- Police Vehicles (2)
- Municipal Court Software Module Upgrade
- Carpet Replacement – City Hall
- ADA Compatible Door Retrofit - City Hall
- Park Cleone Project
- Fairview Woods Park Improvements
- Village Street Loop Project
- Automated Meter Reading Antennas
- Pump Station Upgrades
- Bridge Street Sewer Upgrades
- SCADA Upgrades
- Glisan Street Reservoir Cathodic Protection
- Well #8 Improvements

City of Fairview Capital Assets, Net of Accumulated Depreciation

	Governmental		Business-Type	
	Activities		Activities	
	2014	2015	2014	2015
Land	\$ 1,492,753	\$ 1,492,753	\$ 981,430	\$ 981,430
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Land Improvements	\$ 1,059,002	\$ 1,221,722	\$ -	\$ -
Dams and Weirs	\$ 285,297	\$ 271,712	\$ -	\$ -
Buildings	\$ 2,753,016	\$ 2,739,100	\$ 297,504	\$ 288,164
Machinery & Equipment	\$ 227,132	\$ 251,006	\$ 495,422	\$ 512,287
Infrastructure	\$ 3,107,140	\$ 2,927,705	\$ 21,957,843	\$ 21,521,771
Total	\$ 8,924,340	\$ 8,903,998	\$ 23,732,199	\$ 23,303,652

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 \$1.8 million. Business-type activities account for the entire debt outstanding. Of that amount, \$215,095 is due within one year.

The City had total non-current liabilities (not due within one year) of \$1.6 million. Of this amount, \$1.1 million is a note payable 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 \$502,158 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 Activities		Business-Type Activities	
	2014	2015	2014	2015
Full Faith and Credit Bonds	\$ -	\$ -		
Limited Tax Issuance	\$ 485,000	\$ -		
Water Revenue bond			\$ -	\$ -
City of Gresham Note Payable			\$ 1,431,593	\$ 1,247,186
State of Oregon Note Payable			\$ 549,808	\$ 526,335
Total:	\$ 485,000	\$ -	\$ 1,981,401	\$ 1,773,521

The City’s total debt decreased by \$692,880 during Fiscal Year 2014-15. The decrease is attributable to the City meeting the yearly debt service obligations and the retirement of the Fairview Lake Sewer Local Improvement District debt in the amount of \$485,000.

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 continues to remain relatively steady. Financial reserves remain strong despite the payoff of the Fairview Lake Sewer Local Improvement District debt. The combined Public Works / Community Development function (Now considered the Public Works Department), continues to operate with reduced staff compared to pre-recession levels. As the economy slowly continues to improve, consideration may be given to re-instating prior services. 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 2015-16 budget:

- It is assumed that **property tax revenues** to the City will increase by at least 2% over Fiscal Year 2014-15 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. Property tax revenue collected covers only 76% of Public Safety costs.
- The cost of **Fire Services and Bureau of Emergency Communications (BOEC)** 911 dispatch service costs continue to increase.
- Multnomah County may approach the City with a **Police Services Consolidation Proposal**.
- As the result of a City Council review of utility fees in relation to infrastructure maintenance and construction needs, an increase in **utility user fees** will occur in early 2016.
- 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 2015-16. The amount of reserves budgeted for Fiscal Year 2015-16 is \$174,658. This amount is allocated as follows:

Transfer to Equipment Replacement	\$ 6,775.00
Building Equipment	3,000
Equipment	30,900
Building Improvements	2,000
Community Center Improvements	10,000
Park Improvements - FV Woods Park	25,000
Heslin House Improvements	25,000
Contract Services	50,000
Economic Development	17,000
Special Event Activities	5,100
Misc. Adjustment	(117)
TOTAL	\$ 174,658.00

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:

Lesla Folger
Finance Director
City of Fairview
1300 NE Village Street
Fairview, Oregon 97024
folgerl@ci.fairview.or.us

BASIC FINANCIAL STATEMENTS

CITY OF FAIRVIEW, OREGON
STATEMENT OF NET POSITION
June 30, 2015

Primary Government

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,419,884	\$ 3,618,659	\$ 8,038,543
Investments	99,000	-	99,000
Receivables:			
Accounts	325,498	698,827	1,024,325
Fines and forfeitures	68,829	-	68,829
Property taxes	153,298	-	153,298
Assessments	417,812	-	417,812
Prepaid items	46,722	1,068	47,790
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	859,338	1,256,356	2,115,694
Net pension asset	543,843	205,116	748,959
Capital assets:			
Land	1,492,753	981,430	2,474,183
Depreciable assets, net of depreciation	<u>7,411,245</u>	<u>22,322,222</u>	<u>29,733,467</u>
 Total assets	 <u>15,838,222</u>	 <u>29,083,678</u>	 <u>44,921,900</u>
 DEFERRED OUTFLOWS OF RESOURCES	 <u>201,683</u>	 <u>76,067</u>	 <u>277,750</u>
LIABILITIES			
Accounts payable and accrued expenses	204,749	524,146	728,895
Deposits	97,933	28,188	126,121
Accrued interest payable	-	19,597	19,597
Unearned revenue	2,956	-	2,956
Long-term obligations:			
Due within one year	102,604	260,239	362,843
Due in more than one year	<u>18,106</u>	<u>1,566,393</u>	<u>1,584,499</u>
 Total liabilities	 <u>426,348</u>	 <u>2,398,563</u>	 <u>2,824,911</u>
 DEFERRED INFLOWS OF RESOURCES	 <u>1,066,004</u>	 <u>402,053</u>	 <u>1,468,057</u>
NET POSITION			
Net investment in capital assets	8,903,998	21,530,131	30,434,129
Restricted for:			
System development	16,785	1,256,356	1,273,141
Debt service	118,866	-	118,866
Highways and streets	688,565	-	688,565
Grants and projects	35,122	-	35,122
Unrestricted	<u>4,784,217</u>	<u>3,572,642</u>	<u>8,356,859</u>
 Total net position	 <u>\$ 14,547,553</u>	 <u>\$ 26,359,129</u>	 <u>\$ 40,906,682</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, 2015

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	\$ 457,160	\$ 148,028	\$ 4,162	\$ 5,473	\$ (299,497)	\$ -	\$ (299,497)
Public safety	2,884,106	421,945	185,620	2,070	(2,274,471)	-	(2,274,471)
Highways and streets	340,049	-	516,192	-	176,143	-	176,143
Public works	557,059	-	-	7,495	(549,564)	-	(549,564)
Community development	241,657	161,944	-	-	(79,713)	-	(79,713)
Interest on long-term obligations	24,112	-	-	-	(24,112)	-	(24,112)
Total governmental activities	4,504,143	731,917	705,974	15,038	(3,051,214)	-	(3,051,214)
Business-type activities:							
Water	1,012,549	1,198,213	-	30,641	-	216,305	216,305
Sewer	1,792,708	1,978,533	-	32,343	-	218,168	218,168
Stormwater	695,151	550,539	-	14,866	-	(129,746)	(129,746)
Total business-type activities	3,500,408	3,727,285	-	77,850	-	304,727	304,727
Total primary government	\$ 8,004,551	\$ 4,459,202	\$ 705,974	\$ 92,888	(3,051,214)	304,727	(2,746,487)
General revenues:							
Property taxes levied for:							
General purposes							
					2,185,032	-	2,185,032
Franchise and public services taxes							
					1,535,617	-	1,535,617
Interest and investment earnings							
					28,463	24,261	52,724
Miscellaneous							
					10,812	-	10,812
Transfers							
					59,900	(59,900)	-
Total general revenues, special items, and transfers							
					3,819,824	(35,639)	3,784,185
Change in net position							
					768,610	269,088	1,037,698
Net position, beginning, as restated (See Note IV. C)							
					<u>13,778,943</u>	<u>26,090,041</u>	<u>39,868,984</u>
Net position, ending							
					<u>\$14,547,553</u>	<u>\$26,359,129</u>	<u>\$40,906,682</u>

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, 2015

	Combined General Fund	State Tax Street Fund	Fairview Lake Sewer LID Fund	Other Governmental Funds	Totals
ASSETS					
Cash and cash equivalents	\$ 3,777,845	\$ 711,999	\$ 118,866	\$ 670,512	\$ 5,279,222
Investments	99,000	-	-	-	99,000
Receivables:					
Property taxes	153,298	-	-	-	153,298
Accounts	277,169	48,157	-	172	325,498
Fines and forfeitures, net	68,829	-	-	-	68,829
Assessments	-	-	417,812	-	417,812
Prepaid items	46,582	140	-	-	46,722
 Total assets	 <u>\$ 4,422,723</u>	 <u>\$ 760,296</u>	 <u>\$ 536,678</u>	 <u>\$ 670,684</u>	 <u>\$ 6,390,381</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 127,262	\$ 35,235	\$ -	\$ 42,252	\$ 204,749
Deposits	2,590	36,496	-	58,847	97,933
Unearned revenue	2,956	-	-	-	2,956
 Total liabilities	 <u>132,808</u>	 <u>71,731</u>	 <u>-</u>	 <u>101,099</u>	 <u>305,638</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	315,955	-	417,812	-	733,767
FUND BALANCES					
Nonspendable	46,582	-	-	-	46,582
Restricted	-	688,565	118,866	51,907	859,338
Committed	33,368	-	-	38,204	71,572
Assigned	216,977	-	-	479,474	696,451
Unassigned	3,677,033	-	-	-	3,677,033
 Total fund balances	 <u>3,973,960</u>	 <u>688,565</u>	 <u>118,866</u>	 <u>569,585</u>	 <u>5,350,976</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 4,422,723</u>	 <u>\$ 760,296</u>	 <u>\$ 536,678</u>	 <u>\$ 670,684</u>	 <u>\$ 6,390,381</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, 2015

Fund balances - total governmental funds	\$ 5,350,976
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.	8,903,998
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the fund statements.	733,767
Accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(120,710)
Net pension assets and the related deferred outflows and deferred inflows are not due and payable in the current period, and, therefore, are not reported in the funds.	<u>(320,478)</u>
Net position of governmental activities	<u>\$14,547,553</u>

CITY OF FAIRVIEW, OREGON
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015

	Combined General Fund	State Tax Street Fund	Fairview Lake Sewer LID Fund	Other Governmental Funds	Totals
REVENUES					
Property taxes	\$ 2,177,622	\$ -	\$ -	\$ -	\$ 2,177,622
Other taxes	523,625	-	-	-	523,625
Franchise fees	781,569	-	-	-	781,569
Licenses and fees	40,797	1,575	-	102,646	145,018
Charges for services	127,682	-	-	12,439	140,121
Intergovernmental	350,841	528,480	-	-	879,321
Fines and forfeitures	359,640	-	-	6,827	366,467
System development charges	-	-	-	7,495	7,495
Rental income	83,176	-	-	-	83,176
Assessments	-	-	125,373	-	125,373
Interest on investments	19,595	3,430	2,445	2,993	28,463
Miscellaneous	29,434	290	-	300	30,024
TOTAL REVENUES	<u>4,493,981</u>	<u>533,775</u>	<u>127,818</u>	<u>132,700</u>	<u>5,288,274</u>
EXPENDITURES					
Current:					
General government	450,981	-	131	-	451,112
Public safety	3,336,168	-	-	-	3,336,168
Public works	241,625	-	-	-	241,625
Community development	105,634	-	-	94,431	200,065
Highways and streets	-	295,370	-	-	295,370
Capital outlay	121,043	218,038	-	276,337	615,418
Debt service	-	-	514,016	-	514,016
TOTAL EXPENDITURES	<u>4,255,451</u>	<u>513,408</u>	<u>514,147</u>	<u>370,768</u>	<u>5,653,774</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>238,530</u>	<u>20,367</u>	<u>(386,329)</u>	<u>(238,068)</u>	<u>(365,500)</u>
OTHER FINANCING SOURCES (USES)					
Sale of property	141	-	-	-	141
Transfers in	79,000	-	-	115,975	194,975
Transfers out	(128,775)	(6,300)	-	-	(135,075)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(49,634)</u>	<u>(6,300)</u>	<u>-</u>	<u>115,975</u>	<u>60,041</u>
NET CHANGE IN FUND BALANCE	188,896	14,067	(386,329)	(122,093)	(305,459)
FUND BALANCE, Beginning	<u>3,785,064</u>	<u>674,498</u>	<u>505,195</u>	<u>691,678</u>	<u>5,656,435</u>
FUND BALANCE, Ending	<u>\$ 3,973,960</u>	<u>\$ 688,565</u>	<u>\$ 118,866</u>	<u>\$ 569,585</u>	<u>\$ 5,350,976</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, 2015

Net change in fund balance - governmental funds \$ (305,459)

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

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

 Unavailable revenue (75,418)

Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Assets.

485,000

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:

 Change in compensated absences (22,686)

 Change in accrued interest payable 4,904

 Change in pension asset and related deferred outflows and inflows 702,611

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:

 Capital asset additions \$ 496,236

 Depreciation expense (516,578)

(20,342)

Change in net position - governmental activities **\$ 768,610**

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Property taxes	\$ 2,152,530	\$ 2,152,530	\$ 2,177,622	\$ 25,092
Other taxes	457,000	457,000	523,625	66,625
Franchise fees	757,100	757,100	781,569	24,469
Licenses and fees	41,000	41,000	40,797	(203)
Charges for services	194,250	194,250	127,682	(66,568)
Intergovernmental	353,437	353,437	350,841	(2,596)
Fines and forfeitures	437,800	437,800	359,640	(78,160)
Rental income	87,400	87,400	83,176	(4,224)
Interest on investments	22,110	22,110	19,337	(2,773)
Miscellaneous	17,000	17,000	29,434	12,434
TOTAL REVENUES	<u>4,519,627</u>	<u>4,519,627</u>	<u>4,493,723</u>	<u>(25,904)</u>
EXPENDITURES				
Current:				
General government	541,854	542,204	450,981	91,223
Public safety	3,531,773	3,531,773	3,336,168	195,605
Public works	294,625	294,625	241,625	53,000
Community development	219,310	219,797	105,634	114,163
Capital outlay	61,400	188,400	62,552	125,848
Contingency	1,919,218	1,791,381	-	1,791,381
TOTAL EXPENDITURES	<u>6,568,180</u>	<u>6,568,180</u>	<u>4,196,960</u>	<u>2,371,220</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,048,553)</u>	<u>(2,048,553)</u>	<u>296,763</u>	<u>2,345,316</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	141	141
Transfers out	(128,775)	(128,775)	(128,775)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(128,775)</u>	<u>(128,775)</u>	<u>(128,634)</u>	<u>141</u>
NET CHANGE IN FUND BALANCE	(2,177,328)	(2,177,328)	168,129	2,345,457
FUND BALANCE, Beginning	<u>3,345,328</u>	<u>3,345,328</u>	<u>3,714,856</u>	<u>369,528</u>
FUND BALANCE, Ending	<u>\$ 1,168,000</u>	<u>\$ 1,168,000</u>	<u>\$ 3,882,985</u>	<u>\$ 2,714,985</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Licenses and fees	\$ 1,500	\$ 1,500	\$ 1,575	\$ 75
Charges for services	250	250	-	(250)
Intergovernmental	513,000	513,000	528,480	15,480
Interest on investments	2,715	2,715	3,430	715
Miscellaneous	750	750	290	(460)
TOTAL REVENUES	<u>518,215</u>	<u>518,215</u>	<u>533,775</u>	<u>15,560</u>
EXPENDITURES				
Current:				
Highways and streets:				
Personal services	167,225	167,225	167,182	43
Materials and services	151,816	141,816	128,188	13,628
Capital outlay	222,600	257,600	218,038	39,562
Contingency	150,000	125,000	-	125,000
TOTAL EXPENDITURES	<u>691,641</u>	<u>691,641</u>	<u>513,408</u>	<u>178,233</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(173,426)</u>	<u>(173,426)</u>	<u>20,367</u>	<u>193,793</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(6,300)	(6,300)	(6,300)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(6,300)</u>	<u>(6,300)</u>	<u>(6,300)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(179,726)	(179,726)	14,067	193,793
FUND BALANCE, Beginning	<u>520,272</u>	<u>520,272</u>	<u>674,498</u>	<u>154,226</u>
FUND BALANCE, Ending	<u>\$ 340,546</u>	<u>\$ 340,546</u>	<u>\$ 688,565</u>	<u>\$ 348,019</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, 2015

	<u>Business - type Activities - Enterprise Funds</u>			
	Water Funds	Sewer Funds	Stormwater Funds	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 991,935	\$ 1,839,029	\$ 787,695	\$ 3,618,659
Receivables:				
Accounts, net	229,741	368,549	100,537	698,827
Prepaid items	<u>468</u>	<u>440</u>	<u>160</u>	<u>1,068</u>
Total current assets	<u>1,222,144</u>	<u>2,208,018</u>	<u>888,392</u>	<u>4,318,554</u>
Noncurrent assets:				
Restricted cash and cash equivalents	421,558	656,071	178,727	1,256,356
Net pension asset	80,207	75,618	49,291	205,116
Capital assets:				
Land	531,270	228,550	221,610	981,430
Depreciable assets, net of depreciation	<u>10,889,180</u>	<u>8,136,049</u>	<u>3,296,993</u>	<u>22,322,222</u>
Total noncurrent assets	<u>11,922,215</u>	<u>9,096,288</u>	<u>3,746,621</u>	<u>24,765,124</u>
Total assets	<u>13,144,359</u>	<u>11,304,306</u>	<u>4,635,013</u>	<u>29,083,678</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>29,744</u>	<u>28,043</u>	<u>18,280</u>	<u>76,067</u>
LIABILITIES				
Current liabilities:				
Accounts payable	174,136	332,083	17,927	524,146
Accrued interest payable	9,128	10,469	-	19,597
Deposits	28,188	-	-	28,188
Current portion of long-term debt	<u>42,493</u>	<u>208,082</u>	<u>9,664</u>	<u>260,239</u>
Total current liabilities	<u>253,945</u>	<u>550,634</u>	<u>27,591</u>	<u>832,170</u>
Long-term debt, net of current portion:				
Compensated absences payable	3,232	3,028	1,707	7,967
Notes and contracts payable	<u>502,158</u>	<u>1,056,268</u>	<u>-</u>	<u>1,558,426</u>
Total long-term liabilities	<u>505,390</u>	<u>1,059,296</u>	<u>1,707</u>	<u>1,566,393</u>
Total liabilities	<u>759,335</u>	<u>1,609,930</u>	<u>29,298</u>	<u>2,398,563</u>
DEFERRED INFLOWS OF RESOURCES	<u>157,214</u>	<u>148,223</u>	<u>96,616</u>	<u>402,053</u>
Net Position:				
Net investment in capital assets	10,894,115	7,117,413	3,518,603	21,530,131
Restricted for system development	421,558	656,071	178,727	1,256,356
Unrestricted	<u>941,881</u>	<u>1,800,712</u>	<u>830,049</u>	<u>3,572,642</u>
Total net position	<u>\$ 12,257,554</u>	<u>\$ 9,574,196</u>	<u>\$ 4,527,379</u>	<u>\$ 26,359,129</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, 2015

	Business - type Activities - Enterprise Funds			
	Water Funds	Sewer Funds	Stormwater Funds	Total
OPERATING REVENUES				
Charges for services	\$ 1,197,588	\$ 1,978,533	\$ 550,539	\$ 3,726,660
Miscellaneous	625	-	-	625
TOTAL OPERATING REVENUES	<u>1,198,213</u>	<u>1,978,533</u>	<u>550,539</u>	<u>3,727,285</u>
OPERATING EXPENSES				
Personal services	327,080	314,351	205,107	846,538
Materials and services	399,452	1,038,487	248,627	1,686,566
Depreciation	269,930	392,987	241,417	904,334
TOTAL OPERATING EXPENSES	<u>996,462</u>	<u>1,745,825</u>	<u>695,151</u>	<u>3,437,438</u>
OPERATING INCOME (LOSS)	<u>201,751</u>	<u>232,708</u>	<u>(144,612)</u>	<u>289,847</u>
NON-OPERATING INCOME (EXPENSES)				
Interest on investments	6,583	12,435	5,243	24,261
Interest expense	(16,087)	(46,883)	-	(62,970)
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>(9,504)</u>	<u>(34,448)</u>	<u>5,243</u>	<u>(38,709)</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	192,247	198,260	(139,369)	251,138
CAPITAL CONTRIBUTIONS				
System development charges	30,641	32,343	14,866	77,850
TRANSFERS				
Transfers out	(26,500)	(26,500)	(6,900)	(59,900)
CHANGE IN NET POSITION	196,388	204,103	(131,403)	269,088
NET POSITION, Beginning, as restated (See Note IV.C)	<u>12,061,166</u>	<u>9,370,093</u>	<u>4,658,782</u>	<u>26,090,041</u>
NET POSITION, Ending	<u>\$ 12,257,554</u>	<u>\$ 9,574,196</u>	<u>\$ 4,527,379</u>	<u>\$ 26,359,129</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, 2015

	<u>Business-type Activities - Enterprise Funds</u>			
	Water Funds	Sewer Funds	Stormwater Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,153,320	\$ 2,024,869	\$ 547,830	\$ 3,726,019
Payments to suppliers	(328,979)	(867,010)	(349,035)	(1,545,024)
Payments to employees	(288,506)	(275,840)	(181,047)	(745,393)
Payments for interfund services used	(85,052)	(128,987)	(42,501)	(256,540)
Net cash provided from (used by) operating activities	<u>450,783</u>	<u>753,032</u>	<u>(24,753)</u>	<u>1,179,062</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	(26,500)	(26,500)	(6,900)	(59,900)
Net cash provided from (used by) non-capital financing activities	<u>(26,500)</u>	<u>(26,500)</u>	<u>(6,900)</u>	<u>(59,900)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
System development charges	30,641	32,343	14,866	77,850
Acquisition of capital assets	(208,750)	(143,518)	(127,973)	(480,241)
Principal paid on long-term obligations	(23,473)	(184,408)	-	(207,881)
Interest paid on long-term obligations	(16,494)	(48,506)	-	(65,000)
Net cash provided from (used by) capital and related financing activities	<u>(218,076)</u>	<u>(344,089)</u>	<u>(113,107)</u>	<u>(675,272)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	6,583	12,435	5,243	24,261
Net cash provided from (used by) investing activities	<u>6,583</u>	<u>12,435</u>	<u>5,243</u>	<u>24,261</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	212,790	394,878	(139,517)	468,151
CASH AND CASH EQUIVALENTS, Beginning	<u>1,200,703</u>	<u>2,100,222</u>	<u>1,105,939</u>	<u>4,406,864</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 1,413,493</u>	<u>\$ 2,495,100</u>	<u>\$ 966,422</u>	<u>\$ 4,875,015</u>
COMPRISED AS FOLLOWS:				
Reconciliation of operating income (loss) to net cash provided from (used by) operating activities				
Operating income (loss)	\$ 201,751	\$ 232,708	\$ (144,612)	\$ 289,847
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	269,930	392,987	241,417	904,334
(Increase) decrease in assets:				
Receivables	(44,893)	46,337	(2,709)	(1,265)
Prepays	(414)	(386)	2,675	1,875
Net pension asset	(260,778)	(245,862)	(160,261)	(666,901)
Deferred outflows	(58)	(55)	(36)	(149)
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	111,505	176,119	(58,683)	228,941
Deposits	13,211	-	-	13,211
Compensated absences payable	3,315	2,961	840	7,116
Deferred inflows	157,214	148,223	96,616	402,053
Net cash provided from (used by) operating activities	<u>\$ 450,783</u>	<u>\$ 753,032</u>	<u>\$ (24,753)</u>	<u>\$ 1,179,062</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, 2015

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 \$2,039 for 2014-2015 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. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value

8. 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 Finance Director to assign

resources by passage of a resolution. The City's Finance Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's 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.

9. 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.

10. 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.

E. Recently Issued and Adopted 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. The City implemented GASB Statement No. 68 and 71 in the year ending June 30, 2015. Additional information can be found in Note IV – Pension Plan and Note IV – Changes in accounting Principle.

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, 2015, appropriation increases and transfers were approved, and supplemental budgets were adopted.

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, 2015. 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, 2015, the carrying amount of the City's deposits and certificates of deposits was \$180,289 and the bank balance was \$308,672. All deposits are held in the name of the City. Of the bank balance, \$308,672 was covered by FDIC insurance.

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, 2015 are as follows:

	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Carrying Amount/ Fair Value</u>
Local Government Investment Pool	1 day	99%	\$ 10,072,698
Time Certificate of Deposits	One year	1%	99,000
		100%	10,171,698
Less amounts classified as cash equivalents			<u>(10,072,698)</u>
Total Investments			<u>\$ 99,000</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	81,289
Local Government Investment Pool	<u>10,072,698</u>
Total cash and cash equivalents	<u>\$ 10,154,237</u>

B. Receivables

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

	<u>General</u>	<u>State Tax Street</u>	<u>Fairview Lake Sewer LID</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Activities</u>
Property taxes	\$ 153,298	\$ -	\$ -	\$ -	\$ 153,298
Accounts	95,809	139	-	172	96,120
Intergovernmental	181,360	48,018	-	-	229,378
Fines and forfeitures	172,071	-	-	-	172,071
Assessments	-	-	417,812	-	417,812
Gross receivables	<u>602,538</u>	<u>48,157</u>	<u>417,812</u>	<u>172</u>	<u>1,068,679</u>
Less: allowance for uncollectible accounts	<u>(103,242)</u>	-	-	-	<u>(103,242)</u>
Net total receivables	<u>\$ 499,296</u>	<u>\$ 48,157</u>	<u>\$ 417,812</u>	<u>\$ 172</u>	<u>\$ 965,437</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	\$ 248,035	\$ 401,641	\$ 108,419	\$ 758,095
Less: Allowance for uncollectible accounts	<u>(18,294)</u>	<u>(33,092)</u>	<u>(7,882)</u>	<u>(59,268)</u>
Net total receivables	<u>\$ 229,741</u>	<u>\$ 368,549</u>	<u>\$ 100,537</u>	<u>\$ 698,827</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 2014-2015, the City levied property taxes in the amount of \$2,216,220. After reductions for offsets and increases for additional taxes and penalties this resulted in a net levy of \$2,215,606 including cancel and omit levy of \$1,425. 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, 2015 was \$634,983,720.

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, 2015, was as follows:

	Beginning Balance	Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,492,753	\$ -	\$ -	\$ 1,492,753
Total capital assets, not being depreciated	<u>1,492,753</u>	<u>-</u>	<u>-</u>	<u>1,492,753</u>
Capital assets, being depreciated:				
Land improvements	1,538,295	214,610	-	1,752,905
Dams and weirs	407,565	-	-	407,565
Buildings	3,770,694	64,291	-	3,834,985
Equipment	1,535,372	87,135	-	1,622,507
Infrastructure	<u>7,438,405</u>	<u>130,200</u>	<u>-</u>	<u>7,568,605</u>
Total capital assets, being depreciated	<u>14,690,331</u>	<u>496,236</u>	<u>-</u>	<u>15,186,567</u>
Accumulated depreciation for:				
Land improvements	(479,293)	(51,890)	-	(531,183)
Dams and weirs	(122,268)	(13,585)	-	(135,853)
Building	(1,017,678)	(78,207)	-	(1,095,885)
Equipment	(1,308,240)	(63,261)	-	(1,371,501)
Infrastructure	<u>(4,331,265)</u>	<u>(309,635)</u>	<u>-</u>	<u>(4,640,900)</u>
Total accumulated depreciation	<u>(7,258,744)</u>	<u>(516,578)</u>	<u>-</u>	<u>(7,775,322)</u>
Total capital assets, being depreciated, net	<u>7,431,587</u>	<u>(20,342)</u>	<u>-</u>	<u>7,411,245</u>
Governmental activities capital assets, net	<u>\$ 8,924,340</u>	<u>\$ (20,342)</u>	<u>\$ -</u>	<u>\$ 8,903,998</u>

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

General government	\$ 89,604
Community development	57,206
Public safety	33,990
Public works	<u>335,778</u>
Total depreciation expense - governmental activities	<u>\$ 516,578</u>

Capital asset activity for the business-type activities for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 981,430	\$ -	\$ -	\$ 981,430
Total capital assets, not being depreciated	<u>981,430</u>	<u>-</u>	<u>-</u>	<u>981,430</u>
Capital assets, being depreciated:				
Buildings	373,591	-	-	373,591
Equipment	770,453	67,074	-	837,527
Infrastructure	35,176,048	408,712	-	35,584,760
Total capital assets, being depreciated	<u>36,320,092</u>	<u>475,786</u>	<u>-</u>	<u>36,795,878</u>
Less accumulated depreciation for:				
Building	(76,087)	(9,340)	-	(85,427)
Equipment	(275,031)	(50,209)	-	(325,240)
Infrastructure	(13,218,204)	(844,785)	-	(14,062,989)
Total accumulated depreciation	<u>(13,569,322)</u>	<u>(904,334)</u>	<u>-</u>	<u>(14,473,656)</u>
Total capital assets, being depreciated, net	<u>22,750,770</u>	<u>(428,548)</u>	<u>-</u>	<u>22,322,222</u>
Business-type activities capital assets, net	<u>\$ 23,732,200</u>	<u>\$ (428,548)</u>	<u>\$ -</u>	<u>\$ 23,303,652</u>

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

Water	\$ 269,930
Sewer	392,987
Stormwater	<u>241,417</u>
Total depreciation expense - business-type activities	<u>\$ 904,334</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 for deferred inflows our outflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. On the full accrual basis in the government-wide and proprietary fund statements of net position, the City reports deferred inflows and outflows related to pensions. On the modified accrual basis of accounting 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	\$ 132,372	\$ -	\$ 132,372
Fines and forfeitures	68,828	-	68,828
Intergovernmental	80,160		80,160
Special assessments	-	417,812	417,812
Other	34,595	-	34,595
	<u>\$ 315,955</u>	<u>\$ 417,812</u>	<u>\$ 733,767</u>

E. Long-term obligations

1. Special Assessment Debt With Governmental Commitment – Governmental Activities

The City had 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 paid the final principal payment of \$485,000 in May, 2015. Interest, at 6.05%, was payable semiannually in amounts of \$14,671 until the final payment was made.

2. 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
2016	\$ 190,918	\$ 41,995
2017	197,659	35,255
2018	204,638	28,276
2019	211,863	21,051
2020	219,343	13,571
2021	222,765	5,828
	<u>\$ 1,247,186</u>	<u>\$ 145,976</u>

3. 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
2016	\$ 24,177	\$ 15,790
2017	24,902	15,065
2018	25,649	14,318
2019	26,419	13,548
2020	27,211	12,756
2021-2025	148,801	51,032
2026-2030	172,503	27,332
2031-2032	76,673	3,470
	<u>\$ 526,335</u>	<u>\$ 153,311</u>

4. Changes in Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2015, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Limited Tax Issuances	\$ 485,000	\$ -	\$ 485,000	\$ -	\$ -
Compensated Absences	98,026	120,710	98,026	120,710	102,604
Governmental activity Long-term obligations	<u>\$ 583,026</u>	<u>\$120,710</u>	<u>\$ 583,026</u>	<u>\$ 120,710</u>	<u>\$ 102,604</u>
Business - type activities:					
Compensated Absences	\$ 45,995	\$ 53,111	\$ 45,995	\$ 53,111	\$ 45,144
Notes Payable	1,981,401	-	207,880	1,773,521	215,095
Business-type activity Long-term obligations	<u>\$2,027,396</u>	<u>\$ 53,111</u>	<u>\$ 253,875</u>	<u>\$ 1,826,632</u>	<u>\$ 260,239</u>

F. Fund Balance Classifications

Fund balances by classification for the year ended June 30, 2015 were as follows:

Fund Balances:	Combined General	Street	Fairview Lake Sewer LID Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable - prepaids	\$ 46,582	\$ -	\$ -	\$ -	\$ 46,582
Restricted:					
Highways and streets	-	688,565	-	-	688,565
Capital projects	-	-	-	16,785	16,785
Grants and projects	-	-	-	35,122	35,122
Debt service	-	-	118,866	-	118,866
Committed					
Capital projects	33,368	-	-	38,204	71,572
Assigned:					
Facilities maintenance	90,975	-	-	-	90,975
Capital projects	-	-	-	479,474	479,474
Community center	16,080	-	-	-	16,080
Traffic safety programs	104,612	-	-	-	104,612
Grants and projects	5,310	-	-	-	5,310
Unassigned	3,677,033	-	-	-	3,677,033
Total Fund Balances	<u>\$3,973,960</u>	<u>\$688,565</u>	<u>\$ 118,866</u>	<u>\$ 569,585</u>	<u>\$ 5,350,976</u>

G. 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. The Net transfers between governmental activities and business-type activities in the government-wide financial statements consist of transfers in to the governmental activities and transfers out of the business-type activities in the amount of \$59,900.

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

	Transfers In	Transfers Out
Governmental activities		
General	\$ 79,000	\$ 128,775
State Tax Street	-	6,300
Other funds	115,975	-
Business-type activities		
Water	-	26,500
Sewer	-	26,500
Wastewater	-	6,900
	<u>\$ 194,975</u>	<u>\$ 194,975</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

Plan Description

Employees of the City of Fairview are provided with pensions through the Oregon Public Employees Retirement System (OPERS), a cost sharing, multiple employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003, OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Benefits Provided

1. Tier one/Tier Two Retirement Benefit ORS Chapter 238

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS covered job, or the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes

After Retirement, members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

2. OPSRP Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. Employer contributions for the year ended June 30, 2015 were \$439,508, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2015 were 14.34 percent for Tier One/Tier Two General Service Member, 11.90 percent for OPSRP Police, 9.17 percent for OPSRP Pension Program General Service Members, and 6% for the OPSRP Individual Account Program.

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City of Fairview reported an asset of \$748,959 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2012 rolled forward to June 30, 2014. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2014, the City's proportion was .03304161 percent, which was unchanged from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City's recognized pension expense (income) of (\$692,495). At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Net difference between projected and actual earnings on investments	\$ -	\$ 1,445,188
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	22,869
Contributions subsequent to the measurement date	<u>277,750</u>	<u> </u>
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 277,750</u>	<u>\$ 1,468,057</u>

\$277,750 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (366,268)
2017	(366,268)
2018	(366,268)
2019	(366,268)
2020	<u>(2,985)</u>
Total	<u>\$ (1,468,057)</u>

Actuarial Assumptions

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years. The total pension liability in the December 31, 2012 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2012 rolled forward to June 30, 2014.
Experience Study Report	2012, published September 18, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market Value of assets
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Investment Rate of Return	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth
Mortality	Health retirees and beneficiaries; PF-2000 Sex-distinct, generational per Scall AA, with collar adjustments and set-backs as described in the valuation. Active Members; Mortality rates are a percentage of healthy retiree rates, that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage of the RP-2000 statistic combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study, which reviewed experience for the four-year period ending on December 31, 2012.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00%	3.70%
Intermediate -Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equities	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	1.25%	6.07%
	<hr/>	
Total	<u><u>100.00%</u></u>	
Assumed Inflation - Mean		2.75%

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Fairview's proportionate share of the net pension liability (asset)	\$1,586,025	\$ (748,959)	\$ (2,723,808)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Changes in Plan Provisions Subsequent to Measurement Date

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS will make restoration payments to those benefit recipients.

OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and has not been included in the net pension liability (asset) proportionate shares provided by OPERS. Certain aspects of how the court decision will be implemented administratively were not yet finalized by PERS, but it is estimated that the City will have a net pension liability of \$850,000 to \$950,000 as a result of the decision, instead of the asset reported above.

C. Change in Accounting Principle

Based on implementation of GASB Statement No. 68 and 71, the City of Fairview restated the beginning net position for the Governmental Activities and Business-Type Activities. Net position has been restated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net position - beginning (as originally reported)	\$ 14,802,032	\$ 26,475,904	\$ 41,277,936
Cumulative effect of change in accounting principle:			
Beginning net pension liability	(1,224,377)	(461,781)	(1,686,158)
Beginning deferred outflows	201,288	75,918	277,206
Net position - beginning (as restated)	<u>\$ 13,778,943</u>	<u>\$ 26,090,041</u>	<u>\$ 39,868,984</u>

D. Commitments and Contingencies

The City has a delinquent special assessment receivable with a balance of \$176,130 at June 30, 2015. The bank is disputing the methodology to calculate interest and penalties and has offered payment of \$145,081. The matter is currently in litigation, but the City is confident in their position.

E. Subsequent Events

The City approved IGA with Multnomah County to participate and was awarded CDBG program funds for the 2015-16 fiscal year.

The City approved entering into a contract for the automated speed enforcement pilot project for 24 months. The City also approved funding for additional costs for the school sign project recognizing that Reynolds School District would contribute \$15,000 towards the total estimated cost of \$111,672.

The City approved IGA with Metro for police services at Blue Lake and Chinook Landing, contract for construction services for Bridge Street Sanitary Sewer Improvements, and construction services for Interlachen Pump Station Enclosure project.

The City's Police Chief retired and they approved IGA with Multnomah County for Police Services with Scott Anderson as acting Police Chief.

The City approved a vacant land development incentive program as a two year pilot program, including the waiving of system development fees.



REQUIRED SUPPLEMENTAL INFORMATION

CITY OF FAIRVIEW, OREGON

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION
LIABILITY (ASSET)
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years***

	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.03304161%	0.03304161%
City's proportionate share of the net pension liability (asset)	\$ (748,959)	\$ 1,686,162
City's covered-employee payroll	\$ 2,380,702	\$ 2,318,755
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-31.46%	72.72%

CITY OF FAIRVIEW, OREGON

**SCHEDULE OF CITY'S CONTRIBUTIONS TO THE
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years***

	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 439,508	\$ 419,429
Contributions in relation to the contractually required contributions	<u>(439,508)</u>	<u>(419,429)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 2,380,702	\$ 2,318,755
Contributions as a percentage of covered-employee payroll	18.46%	18.09%

* The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

CITY OF FAIRVIEW
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

Changes in Plan Provisions

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

Changes of assumptions

A summary of key changes implemented since the December 31, 2011 valuation are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at http://www.oregon.gov/pers.EMP/docs/er_general_information/opers_GASB_68_disclosure_information_revised.pdf Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2012 Experience Study for the System, which was published on September 18, 2013, and can be found at: <http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>



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, 2015**

	Special Revenue	Capital Projects	Totals
ASSETS			
Cash and cash equivalents	\$ 142,879	\$ 527,633	\$ 670,512
Receivables:			
Accounts	172	-	172
Total assets	<u>\$ 143,051</u>	<u>\$ 527,633</u>	<u>\$ 670,684</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 10,878	\$ 31,374	\$ 42,252
Deposits	58,847	-	58,847
Total liabilities	69,725	31,374	101,099
DEFERRED INFLOWS OF RESOURCES			
FUND BALANCES			
Restricted	35,122	16,785	51,907
Committed	38,204	-	38,204
Assigned	-	479,474	479,474
Total fund balances	73,326	496,259	569,585
Total liabilities and fund balances	<u>\$ 143,051</u>	<u>\$ 527,633</u>	<u>\$ 670,684</u>

See auditor's report.

CITY OF FAIRVIEW, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2015

	Special Revenue Funds			
	Administrative Excise Charge Fund	Building Fund	Grant/ Projects Fund	Totals
ASSETS				
Cash and cash equivalents	\$ 38,204	\$ 79,814	\$ 24,861	\$ 142,879
Receivables:				
Accounts	-	172	-	172
Total assets	<u>\$ 38,204</u>	<u>\$ 79,986</u>	<u>\$ 24,861</u>	<u>\$ 143,051</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ 10,878	\$ -	\$ 10,878
Deposits	-	58,847	-	58,847
Total liabilities	-	69,725	-	69,725
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
FUND BALANCES				
Restricted	-	10,261	24,861	35,122
Committed	38,204	-	-	38,204
Total fund balances	<u>38,204</u>	<u>10,261</u>	<u>24,861</u>	<u>73,326</u>
Total liabilities and fund balances	<u>\$ 38,204</u>	<u>\$ 79,986</u>	<u>\$ 24,861</u>	<u>\$ 143,051</u>

See auditor's report.

CITY OF FAIRVIEW, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2015

	Capital Projects Funds		
	SDC Parks/Open Spaces Fund	Equipment Replacement Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 18,765	\$ 508,868	\$ 527,633
Total assets	\$ 18,765	\$ 508,868	\$ 527,633
LIABILITIES			
Accounts payable and Accrued liabilities	\$ 1,980	\$ 29,394	\$ 31,374
Total liabilities	1,980	29,394	31,374
FUND BALANCES			
Restricted	16,785	-	16,785
Assigned	-	479,474	479,474
Total fund balances	16,785	479,474	496,259
Total liabilities and fund balances	\$ 18,765	\$ 508,868	\$ 527,633

See auditor's report.

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, 2015

	Special Revenue	Capital Projects	Totals
REVENUES			
Licenses and fees	\$ 102,646	\$ -	\$ 102,646
Charges for services	12,439	-	12,439
Fines and forfeitures	-	6,827	6,827
System development charges	-	7,495	7,495
Interest on investments	314	2,679	2,993
Miscellaneous	300	-	300
TOTAL REVENUES	<u>115,699</u>	<u>17,001</u>	<u>132,700</u>
EXPENDITURES			
Current:			
Community development	94,431	-	94,431
Capital outlay	-	276,337	276,337
TOTAL EXPENDITURES	<u>94,431</u>	<u>276,337</u>	<u>370,768</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>21,268</u>	<u>(259,336)</u>	<u>(238,068)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	115,975	115,975
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>115,975</u>	<u>115,975</u>
NET CHANGE IN FUND BALANCE	21,268	(143,361)	(122,093)
FUND BALANCE, Beginning	<u>52,058</u>	<u>639,620</u>	<u>691,678</u>
FUND BALANCE, Ending	<u>\$ 73,326</u>	<u>\$ 496,259</u>	<u>\$ 569,585</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, 2015

	Special Revenue Funds			Totals
	Administrative Excise Charge Fund	Building Fund	Grant/ Projects Fund	
REVENUES				
Licenses and fees	\$ -	\$ 102,646	\$ -	\$ 102,646
Charges for services	12,083	356	-	12,439
Interest on investments	152	54	108	314
Miscellaneous	-	300	-	300
TOTAL REVENUES	<u>12,235</u>	<u>103,356</u>	<u>108</u>	<u>115,699</u>
EXPENDITURES				
Current:				
Community development	-	94,431	-	94,431
TOTAL EXPENDITURES	<u>-</u>	<u>94,431</u>	<u>-</u>	<u>94,431</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>12,235</u>	<u>8,925</u>	<u>108</u>	<u>21,268</u>
OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCE	12,235	8,925	108	21,268
FUND BALANCE, Beginning	<u>25,969</u>	<u>1,336</u>	<u>24,753</u>	<u>52,058</u>
FUND BALANCE, Ending	<u>\$ 38,204</u>	<u>\$ 10,261</u>	<u>\$ 24,861</u>	<u>\$ 73,326</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, 2015

	Capital Projects Funds		
	SDC Parks/Open Spaces Fund	Equipment Replacement Fund	Totals
REVENUES			
Fines and forfeitures	\$ -	\$ 6,827	\$ 6,827
System development charges	7,495	-	7,495
Interest on investments	<u>452</u>	<u>2,227</u>	<u>2,679</u>
TOTAL REVENUES	<u>7,947</u>	<u>9,054</u>	<u>17,001</u>
EXPENDITURES			
Capital outlay	<u>184,718</u>	<u>91,619</u>	<u>276,337</u>
TOTAL EXPENDITURES	<u>184,718</u>	<u>91,619</u>	<u>276,337</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(176,771)</u>	<u>(82,565)</u>	<u>(259,336)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>-</u>	<u>115,975</u>	<u>115,975</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>115,975</u>	<u>115,975</u>
NET CHANGE IN FUND BALANCE	(176,771)	33,410	(143,361)
FUND BALANCE, Beginning	<u>193,556</u>	<u>446,064</u>	<u>639,620</u>
FUND BALANCE, Ending	<u>\$ 16,785</u>	<u>\$ 479,474</u>	<u>\$ 496,259</u>

**CITY OF FAIRVIEW, OREGON
COMBINING BALANCE SHEET
COMBINED GENERAL FUND
June 30, 2015**

	General Fund	Facilities Maintenance Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 3,686,870	\$ 90,975	\$ 3,777,845
Investments	99,000	-	99,000
Receivables:			
Property taxes	153,298	-	153,298
Accounts	277,169	-	277,169
Fines and forfeitures, net	68,829	-	68,829
Prepaid items	46,582	-	46,582
 Total assets	<u>\$ 4,331,748</u>	<u>\$ 90,975</u>	<u>\$ 4,422,723</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 127,262	\$ -	\$ 127,262
Deposits	2,590	-	2,590
Unearned revenue	2,956	-	2,956
 Total liabilities	<u>132,808</u>	<u>-</u>	<u>132,808</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	315,955	-	315,955
FUND BALANCES			
Nonspendable	46,582	-	46,582
Committed	33,368	-	33,368
Assigned	126,002	90,975	216,977
Unassigned	3,677,033	-	3,677,033
 Total fund balances	<u>3,882,985</u>	<u>90,975</u>	<u>3,973,960</u>
 Total liabilities and fund balances	<u>\$ 4,331,748</u>	<u>\$ 90,975</u>	<u>\$ 4,422,723</u>

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, 2015**

	General Fund	Facilities Maintenance Fund	Totals
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Property taxes	\$ 2,177,622	\$ -	\$ 2,177,622
Other taxes	523,625	-	523,625
Franchise fees	781,569	-	781,569
Licenses and fees	40,797	-	40,797
Charges for services	127,682	-	127,682
Intergovernmental	350,841	-	350,841
Fines and forfeitures	359,640	-	359,640
Rental income	83,176	-	83,176
Interest on investments	19,337	258	19,595
Miscellaneous	29,434	-	29,434
	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUES	<u>4,493,723</u>	<u>258</u>	<u>4,493,981</u>
EXPENDITURES			
Current:			
General government	450,981	-	450,981
Public safety	3,336,168	-	3,336,168
Public works	241,625	-	241,625
Community development	105,634	-	105,634
Capital outlay	62,552	58,491	121,043
	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	<u>4,196,960</u>	<u>58,491</u>	<u>4,255,451</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>296,763</u>	<u>(58,233)</u>	<u>238,530</u>
OTHER FINANCING SOURCES (USES)			
Sale of property	141	-	141
Transfers in	-	79,000	79,000
Transfers out	(128,775)	-	(128,775)
	<u> </u>	<u> </u>	<u> </u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(128,634)</u>	<u>79,000</u>	<u>(49,634)</u>
NET CHANGE IN FUND BALANCE	168,129	20,767	188,896
FUND BALANCE, Beginning	<u>3,714,856</u>	<u>70,208</u>	<u>3,785,064</u>
FUND BALANCE, Ending	<u>\$ 3,882,985</u>	<u>\$ 90,975</u>	<u>\$ 3,973,960</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
EXPENDITURES				
Personal services:				
General government	\$ 363,736	\$ 363,736	\$ 343,674	\$ 20,062
Public safety	2,005,272	2,005,272	1,964,205	41,067
Public works	146,830	146,830	139,807	7,023
Community development	<u>108,552</u>	<u>108,552</u>	<u>59,818</u>	<u>48,734</u>
Total personal services	<u>2,624,390</u>	<u>2,624,390</u>	<u>2,507,504</u>	<u>116,886</u>
Materials and services:				
General government	178,118	178,468	107,307	71,161
Public safety	1,526,501	1,526,501	1,371,963	154,538
Public works	147,795	147,795	101,818	45,977
Community development	<u>110,758</u>	<u>111,245</u>	<u>45,816</u>	<u>65,429</u>
Total materials and services	<u>1,963,172</u>	<u>1,964,009</u>	<u>1,626,904</u>	<u>337,105</u>
Capital outlay:				
General government	6,000	6,000	-	6,000
Public safety	37,150	65,150	12,919	52,231
Public works	17,750	116,750	49,633	67,117
Community development	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
Total capital outlay	<u>61,400</u>	<u>188,400</u>	<u>62,552</u>	<u>125,848</u>
Contingency	<u>1,919,218</u>	<u>1,791,381</u>	<u>-</u>	<u>1,791,381</u>
TOTAL EXPENDITURES	<u>6,568,180</u>	<u>6,568,180</u>	<u>4,196,960</u>	<u>2,371,220</u>
OTHER FINANCING USES				
Transfers out	<u>128,775</u>	<u>128,775</u>	<u>128,775</u>	<u>-</u>
TOTAL OTHER FINANCING USES	<u>128,775</u>	<u>128,775</u>	<u>128,775</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 6,696,955</u>	<u>\$ 6,696,955</u>	<u>\$ 4,325,735</u>	<u>\$ 2,371,220</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
- Grant/Projects
- Facilities Maintenance

Capital Project Funds

- SDC 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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Charges for services	\$ 5,000	\$ 5,000	\$ 12,083	\$ 7,083
Interest on investments	<u>93</u>	<u>93</u>	<u>152</u>	<u>59</u>
TOTAL REVENUES	<u>5,093</u>	<u>5,093</u>	<u>12,235</u>	<u>7,142</u>
EXPENDITURES				
Current:				
Materials and services	200	200	-	200
Contingency	<u>35,851</u>	<u>35,851</u>	<u>-</u>	<u>35,851</u>
TOTAL EXPENDITURES	<u>36,051</u>	<u>36,051</u>	<u>-</u>	<u>36,051</u>
NET CHANGE IN FUND BALANCE	(30,958)	(30,958)	12,235	43,193
FUND BALANCE, Beginning	<u>30,958</u>	<u>30,958</u>	<u>25,969</u>	<u>(4,989)</u>
FUND BALANCE, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 38,204</u></u>	<u><u>\$ 38,204</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Licenses and fees	\$ 107,600	\$ 107,600	\$ 102,646	\$ (4,954)
Charges for services	275	275	356	81
Interest on investments	335	335	54	(281)
Miscellaneous	100	100	300	200
TOTAL REVENUES	<u>108,310</u>	<u>108,310</u>	<u>103,356</u>	<u>(4,954)</u>
EXPENDITURES				
Current:				
Community development:				
Personal services	24,563	24,563	24,520	43
Materials and services	72,603	72,603	69,911	2,692
Capital outlay	150	150	-	150
Contingency	25,000	25,000	-	25,000
TOTAL EXPENDITURES	<u>122,316</u>	<u>122,316</u>	<u>94,431</u>	<u>27,885</u>
NET CHANGE IN FUND BALANCE	(14,006)	(14,006)	8,925	22,931
FUND BALANCE, Beginning	<u>30,032</u>	<u>30,032</u>	<u>1,336</u>	<u>(28,696)</u>
FUND BALANCE, Ending	<u>\$ 16,026</u>	<u>\$ 16,026</u>	<u>\$ 10,261</u>	<u>\$ (5,765)</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ -	\$ -	\$ 108	\$ 108
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>108</u>	<u>108</u>
EXPENDITURES				
Contingency	<u>25,232</u>	<u>25,232</u>	<u>-</u>	<u>25,232</u>
TOTAL EXPENDITURES	<u>25,232</u>	<u>25,232</u>	<u>-</u>	<u>25,232</u>
NET CHANGE IN FUND BALANCE	(25,232)	(25,232)	108	25,340
FUND BALANCE, Beginning	<u>25,232</u>	<u>25,232</u>	<u>24,753</u>	<u>(479)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,861</u>	<u>\$ 24,861</u>

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 553	\$ 553	\$ 258	\$ (295)
TOTAL REVENUES	<u>553</u>	<u>553</u>	<u>258</u>	<u>(295)</u>
EXPENDITURES				
Capital outlay	80,000	80,000	58,491	21,509
TOTAL EXPENDITURES	<u>80,000</u>	<u>80,000</u>	<u>58,491</u>	<u>21,509</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(79,447)</u>	<u>(79,447)</u>	<u>(58,233)</u>	<u>21,214</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	79,000	79,000	79,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>79,000</u>	<u>79,000</u>	<u>79,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(447)	(447)	20,767	21,214
FUND BALANCE, Beginning	<u>70,374</u>	<u>70,374</u>	<u>70,208</u>	<u>(166)</u>
FUND BALANCE, Ending	<u>\$ 69,927</u>	<u>\$ 69,927</u>	<u>\$ 90,975</u>	<u>\$ 21,048</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
System development charges	\$ 7,500	\$ 7,500	\$ 7,495	\$ (5)
Interest on investments	<u>1,710</u>	<u>1,710</u>	<u>452</u>	<u>(1,258)</u>
TOTAL REVENUES	<u>9,210</u>	<u>9,210</u>	<u>7,947</u>	<u>(1,263)</u>
EXPENDITURES				
Current:				
Materials and services	200	200	-	200
Capital outlay	<u>210,953</u>	<u>210,953</u>	<u>184,718</u>	<u>26,235</u>
TOTAL EXPENDITURES	<u>211,153</u>	<u>211,153</u>	<u>184,718</u>	<u>26,435</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(201,943)</u>	<u>(201,943)</u>	<u>(176,771)</u>	<u>25,172</u>
NET CHANGE IN FUND BALANCE	(201,943)	(201,943)	(176,771)	25,172
FUND BALANCE, Beginning	<u>201,943</u>	<u>201,943</u>	<u>193,556</u>	<u>(8,387)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,785</u>	<u>\$ 16,785</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Fines and forfeitures	\$ 8,000	\$ 8,000	\$ 6,827	\$ (1,173)
Interest on investments	<u>2,514</u>	<u>2,514</u>	<u>2,227</u>	<u>(287)</u>
TOTAL REVENUES	<u>10,514</u>	<u>10,514</u>	<u>9,054</u>	<u>(1,460)</u>
EXPENDITURES				
Capital outlay	<u>227,000</u>	<u>227,000</u>	<u>91,619</u>	<u>135,381</u>
TOTAL EXPENDITURES	<u>227,000</u>	<u>227,000</u>	<u>91,619</u>	<u>135,381</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(216,486)</u>	<u>(216,486)</u>	<u>(82,565)</u>	<u>133,921</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	5,000	5,000	-	(5,000)
Transfers in	<u>115,975</u>	<u>115,975</u>	<u>115,975</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>120,975</u>	<u>120,975</u>	<u>115,975</u>	<u>(5,000)</u>
NET CHANGE IN FUND BALANCE	(95,511)	(95,511)	33,410	128,921
FUND BALANCE, Beginning	<u>372,468</u>	<u>372,468</u>	<u>446,064</u>	<u>73,596</u>
FUND BALANCE, Ending	<u>\$ 276,957</u>	<u>\$ 276,957</u>	<u>\$ 479,474</u>	<u>\$ 202,517</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Assessments	\$ 71,081	\$ 71,081	\$ 125,373	\$ 54,292
Interest on investments	<u>2,514</u>	<u>2,514</u>	<u>2,445</u>	<u>(69)</u>
TOTAL REVENUES	<u>73,595</u>	<u>73,595</u>	<u>127,818</u>	<u>54,223</u>
EXPENDITURES				
Current:				
General government				
Materials and services	400	400	131	269
Debt service	<u>514,343</u>	<u>514,343</u>	<u>514,016</u>	<u>327</u>
TOTAL EXPENDITURES	<u>514,743</u>	<u>514,743</u>	<u>514,147</u>	<u>596</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(441,148)</u>	<u>(441,148)</u>	<u>(386,329)</u>	<u>54,819</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(63,377)</u>	<u>(63,377)</u>	<u>-</u>	<u>63,377</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(63,377)</u>	<u>(63,377)</u>	<u>-</u>	<u>63,377</u>
NET CHANGE IN FUND BALANCE	(504,525)	(504,525)	(386,329)	118,196
FUND BALANCE, Beginning	<u>504,525</u>	<u>504,525</u>	<u>505,195</u>	<u>670</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,866</u>	<u>\$ 118,866</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 1,158,650	\$ 1,158,650	\$ 1,197,588	\$ 38,938
Interest on investments	5,329	5,329	4,543	(786)
Miscellaneous	700	700	625	(75)
TOTAL REVENUES	<u>1,164,679</u>	<u>1,164,679</u>	<u>1,202,756</u>	<u>38,077</u>
EXPENDITURES				
Current:				
Personal services	434,237	434,237	427,387	6,850
Materials and services	557,985	557,985	423,083	134,902
Capital outlay	235,200	235,200	185,118	50,082
Debt service	39,967	39,967	39,967	-
Contingency	150,000	150,000	-	150,000
TOTAL EXPENDITURES	<u>1,417,389</u>	<u>1,417,389</u>	<u>1,075,555</u>	<u>341,834</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(252,710)</u>	<u>(252,710)</u>	<u>127,201</u>	<u>379,911</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(26,500)	(26,500)	(26,500)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(26,500)</u>	<u>(26,500)</u>	<u>(26,500)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(279,210)	(279,210)	100,701	379,911
FUND BALANCE, Beginning	<u>779,621</u>	<u>779,621</u>	<u>919,119</u>	<u>139,498</u>
FUND BALANCE, Ending	<u>\$ 500,411</u>	<u>\$ 500,411</u>	<u>\$ 1,019,820</u>	<u>\$ 519,409</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
System development charges	\$ 7,500	\$ 7,500	\$ 30,641	\$ 23,141
Interest on investments	<u>2,212</u>	<u>2,212</u>	<u>2,040</u>	<u>(172)</u>
TOTAL REVENUES	<u>9,712</u>	<u>9,712</u>	<u>32,681</u>	<u>22,969</u>
EXPENDITURES				
Current:				
Materials and services	200	200	-	200
Capital outlay	<u>397,680</u>	<u>397,680</u>	<u>-</u>	<u>397,680</u>
TOTAL EXPENDITURES	<u>397,880</u>	<u>397,880</u>	<u>-</u>	<u>397,880</u>
NET CHANGE IN FUND BALANCE	(388,168)	(388,168)	32,681	420,849
FUND BALANCE, Beginning	<u>388,168</u>	<u>388,168</u>	<u>388,877</u>	<u>709</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 421,558</u>	<u>\$ 421,558</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, 2015**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Water	\$ 1,019,820
Water SDC	<u>421,558</u>
	1,441,378

Adjustments:

Capital assets, net of depreciation	11,420,450
Net pension asset	80,207
Deferred outflows	29,744
Compensated absences payable	(21,548)
Accrued interest payable	(9,128)
Deferred inflows	(157,214)
Long-term debt	<u>(526,335)</u>

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

\$ 12,257,554

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 1,935,135	\$ 1,935,135	\$ 1,978,533	\$ 43,398
Interest on investments	8,950	8,950	9,159	209
TOTAL REVENUES	<u>1,944,085</u>	<u>1,944,085</u>	<u>1,987,692</u>	<u>43,607</u>
EXPENDITURES				
Current:				
Personal services	431,590	431,590	409,084	22,506
Materials and services	1,177,550	1,177,550	1,040,501	137,049
Capital outlay	642,300	642,300	141,506	500,794
Debt service	232,914	232,914	232,914	-
Contingency	200,000	200,000	-	200,000
TOTAL EXPENDITURES	<u>2,684,354</u>	<u>2,684,354</u>	<u>1,824,005</u>	<u>860,349</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(740,269)</u>	<u>(740,269)</u>	<u>163,687</u>	<u>903,956</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	63,377	63,377	-	(63,377)
Transfers out	(26,500)	(26,500)	(26,500)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>36,877</u>	<u>36,877</u>	<u>(26,500)</u>	<u>(63,377)</u>
NET CHANGE IN FUND BALANCE	(703,392)	(703,392)	137,187	840,579
FUND BALANCE, Beginning	<u>1,378,853</u>	<u>1,378,853</u>	<u>1,738,748</u>	<u>359,895</u>
FUND BALANCE, Ending	<u>\$ 675,461</u>	<u>\$ 675,461</u>	<u>\$ 1,875,935</u>	<u>\$ 1,200,474</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
System development charges	\$ 10,000	\$ 10,000	\$ 32,343	\$ 22,343
Interest on investments	3,420	3,420	3,276	(144)
TOTAL REVENUES	<u>13,420</u>	<u>13,420</u>	<u>35,619</u>	<u>22,199</u>
EXPENDITURES				
Current:				
Materials and services	200	200	-	200
Capital outlay	638,026	638,026	-	638,026
TOTAL EXPENDITURES	<u>638,226</u>	<u>638,226</u>	<u>-</u>	<u>638,226</u>
NET CHANGE IN FUND BALANCE	(624,806)	(624,806)	35,619	660,425
FUND BALANCE, Beginning	<u>624,806</u>	<u>624,806</u>	<u>620,452</u>	<u>(4,354)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 656,071</u>	<u>\$ 656,071</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, 2015**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Sewer	\$ 1,875,935
Sewer SDC	<u>656,071</u>
	2,532,006

Adjustments:

Capital assets, net of depreciation	8,364,599
Net pension asset	75,618
Deferred outflows	28,043
Compensated absences payable	(20,192)
Accrued interest payable	(10,469)
Deferred inflows	(148,223)
Long-term debt	<u>(1,247,186)</u>

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

\$ 9,574,196

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 549,500	\$ 549,500	\$ 550,539	\$ 1,039
Interest on investments	3,925	3,925	4,050	125
TOTAL REVENUES	<u>553,425</u>	<u>553,425</u>	<u>554,589</u>	<u>1,164</u>
EXPENDITURES				
Current:				
Personal services	321,210	321,210	267,948	53,262
Materials and services	326,102	401,102	248,627	152,475
Capital outlay	125,200	125,200	1,739	123,461
Contingency	150,000	75,000	-	75,000
TOTAL EXPENDITURES	<u>922,512</u>	<u>922,512</u>	<u>518,314</u>	<u>404,198</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(369,087)</u>	<u>(369,087)</u>	<u>36,275</u>	<u>405,362</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(6,900)	(6,900)	(6,900)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(6,900)</u>	<u>(6,900)</u>	<u>(6,900)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(375,987)	(375,987)	29,375	405,362
FUND BALANCE, Beginning	<u>766,099</u>	<u>766,099</u>	<u>841,090</u>	<u>74,991</u>
FUND BALANCE, Ending	<u>\$ 390,112</u>	<u>\$ 390,112</u>	<u>\$ 870,465</u>	<u>\$ 480,353</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
System development charges	\$ 5,000	\$ 5,000	\$ 14,866	\$ 9,866
Interest on investments	<u>1,610</u>	<u>1,610</u>	<u>1,193</u>	<u>(417)</u>
TOTAL REVENUES	<u>6,610</u>	<u>6,610</u>	<u>16,059</u>	<u>9,449</u>
EXPENDITURES				
Current:				
Materials and services	200	200	-	200
Capital outlay	<u>295,228</u>	<u>295,228</u>	<u>121,779</u>	<u>173,449</u>
TOTAL EXPENDITURES	<u>295,428</u>	<u>295,428</u>	<u>121,779</u>	<u>173,649</u>
NET CHANGE IN FUND BALANCE	(288,818)	(288,818)	(105,720)	183,098
FUND BALANCE, Beginning	<u>288,818</u>	<u>288,818</u>	<u>284,447</u>	<u>(4,371)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,727</u>	<u>\$ 178,727</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, 2015**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Stormwater	\$ 870,465
Stormwater SDC	<u>178,727</u>
	1,049,192

Adjustments:

Capital assets, net of depreciation	3,518,603
Net pension asset	49,291
Deferred outflows of resources	18,280
Compensated absences payable	(11,371)
Deferred inflows of resources	<u>(96,616)</u>

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

\$ 4,527,379

OTHER FINANCIAL SCHEDULES

CITY OF FAIRVIEW, OREGON
SCHEDULE OF OUTSTANDING DEBT PRINCIPAL
AND INTEREST TRANSACTIONS
For the Fiscal Year Ended June 30, 2015

	Interest Rates	Date of Issue	Original Amount	Principal			Outstanding June 30, 2015	Interest Matured and Paid
				Outstanding July 1, 2014	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	\$ -	\$ 29,016
<u>Enterprise Funds</u>								
2001 Note payable	3.50%	11/21/2000	\$ 3,137,353	1,431,593	-	184,407	1,247,186	48,506
Safe Drinking Water Revolving Loan Fund - \$625,000 Forgivable	3.00%	9/16/2009	\$ 1,250,000	549,808	-	23,473	526,335	16,494
				1,981,401	-	207,880	1,773,521	65,000
Total				\$ 2,466,401	\$ -	\$ 692,880	\$ 1,773,521	\$ 94,016

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF BUSINESS-TYPE ACTIVITIES
DEBT SERVICE FUTURE REQUIREMENTS
June 30, 2015

Year of Maturity	Wastewater Treatment Plant Note Payable		Safe Drinking Water Note Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
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	222,765	5,828	28,028	11,939	250,793	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>\$ 1,247,186</u>	<u>\$ 145,976</u>	<u>\$ 526,335</u>	<u>\$ 153,311</u>	<u>\$ 1,773,521</u>	<u>\$ 299,287</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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	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	8,903,998
Restricted	515,286	865,470	738,296	2,351,415	713,363	1,010,278	1,181,456	1,344,394	1,399,339	859,338
Unrestricted	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	4,784,217
Total governmental activities net position	<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>	<u>14,547,553</u>
Business - type activities										
Net investment in capital assets	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	21,530,131
Restricted	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	1,256,356
Unrestricted	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	3,572,642
Total business - type activities net position	<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>	<u>26,359,129</u>
Primary government										
Net investment in capital assets	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	30,434,129
Restricted	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	2,115,694
Unrestricted	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	8,356,859
Total primary government net position	<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>	<u>40,906,682</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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	606,174	588,204	605,847	873,688	750,782	642,181	561,494	496,353	534,790	457,160
Public safety	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	2,884,106
Community Development / Parks	778,912	563,475	525,588	594,797	508,744	490,772	418,027	256,376	259,251	241,657
Streets / Public Works ²	851,892	444,568	-	-	-	-	-	-	-	-
Streets	-	-	487,720	457,400	406,372	249,413	266,085	290,594	314,245	340,049
Public Works	-	-	371,702	559,737	509,578	707,535	607,689	556,705	532,285	557,059
Interest on long-term obligations ⁷	63,974	156,507	91,903	109,079	33,916	29,343	29,343	29,356	29,342	24,112
Total governmental activities expenses	4,139,463	3,844,379	4,380,176	5,108,867	4,752,407	4,910,819	4,823,867	4,746,529	4,937,502	4,504,143
Business - type activities:										
Water	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	1,012,549
Sewer	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	1,792,708
Stormwater	594,011	566,172	748,052	640,600	616,830	596,862	603,008	621,182	677,413	695,151
Total business - type activities expenses	3,611,987	4,006,068	3,717,765	3,303,809	3,231,498	3,347,433	3,659,537	3,716,964	3,709,541	3,500,408
Total government expenses	7,751,450	7,850,447	8,097,941	8,412,676	7,983,905	8,258,252	8,483,404	8,463,493	8,647,043	8,004,551
Program Revenues										
Governmental activities:										
Charges for services:										
General government ³	242,773	19,049	29,587	26,477	48,443	100,854	116,699	148,034	139,421	148,028
Public safety	274,396	297,660	330,048	278,673	245,555	243,874	193,832	481,652	427,292	421,945
Community Development / Parks	529,541	833,140	304,190	236,685	181,851	185,920	192,506	203,780	171,673	161,944
Streets / Public Works ²	465,352	448,793	-	-	-	-	-	-	-	-
Streets	-	-	13,950	985	135	239	-	210	-	-
Public Works	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	153,539	164,910	482,497	443,780	499,621	565,853	589,131	651,167	626,814	705,974
Capital grants and contributions	1,364,107	137,835	113,608	282,661	205,556	78,620	576,000	385,159	132,956	15,038
Total governmental activities program revenues	3,029,708	1,901,387	1,273,880	1,269,261	1,181,161	1,175,360	1,668,168	1,870,002	1,498,156	1,452,929
Business - type activities:										
Charges for services:										
Water	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	1,198,213
Sewer	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	1,978,533
Stormwater	378,622	401,113	416,919	478,768	507,093	530,647	541,743	546,878	545,965	550,539
Operating grants and contributions	-	-	-	-	-	18,625	1,335	-	-	-
Capital grants and contributions	1,222,941	1,089,813	59,546	87,358	87,670	11,605	652,309	24,683	16,415	77,850
Total business - type activities program revenues	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	3,805,135
Total government program revenues	6,859,301	5,864,084	4,367,913	4,744,422	4,672,313	4,660,820	5,817,650	5,517,740	5,341,465	5,258,064
Net (expense) / revenue										
Governmental activities	(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)	(3,051,214)
Business - type activities	217,606	(43,371)	(623,732)	171,352	259,654	138,027	489,945	(69,226)	133,768	304,727
Total net expenses	(892,149)	(1,986,363)	(3,730,028)	(3,668,254)	(3,311,592)	(3,597,432)	(2,665,754)	(2,945,753)	(3,305,578)	(2,746,487)

(continued)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	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	2,185,032
Special assessments, levied for debt service	427,355	394,131	-	-	-	-	-	-	-	-
Other Taxes	-	262,165	-	-	-	-	-	-	-	-
Franchise and public service taxes	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	1,535,617
Transfer of assets ⁴	-	-	-	-	-	-	-	-	-	-
Miscellaneous ⁵	-	-	79,714	66,948	38,401	55,878	26,189	25,327	13,772	10,812
Intergovernmental Revenue	-	856,469	-	-	-	-	-	-	-	-
Interest and investment earnings ⁸	182,181	285,292	287,472	140,770	32,620	25,325	26,636	30,505	32,193	28,463
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)	59,900
Total governmental activities	<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>	<u>3,819,824</u>
Business - type activities:										
Taxes										
Property taxes	-	-	-	-	-	-	-	-	-	-
Sale of Land	-	51,100	-	-	-	-	-	-	-	-
Interest and investment earnings	142,334	180,240	170,314	79,589	26,722	22,079	23,013	25,100	22,682	24,261
Transfers ⁶	-	-	(136,497)	(129,185)	69,299	(60,837)	(59,291)	5,707	287,197	(59,900)
Total business - type activities	<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>	<u>(35,639)</u>
Total government expenses	<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>	<u>3,784,185</u>
Change in Net Position										
Governmental activities	2,196,768	2,079,091	630,664	(279,074)	(229,610)	(283,407)	364,486	635,523	(99,284)	768,610
Business - type activities	359,940	187,969	(589,915)	121,756	355,675	99,269	453,667	(38,419)	443,647	269,088
Total government	<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>	<u>1,037,698</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									
	2006	2007	2008	2009	2010	2011 ²	2012 ³	2013	2014	2015
General fund										
Nonspendable							900 ⁴	1,123	14,077	46,582
Unreserved	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	33,368
Assigned						108,349	98,536	63,057	166,287	216,977
Unassigned						<u>3,423,551</u>	<u>3,315,175</u>	<u>3,811,891</u>	<u>3,588,261</u>	<u>3,677,033</u>
Total general fund	<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>	<u>3,973,960</u>
All other governmental funds										
Reserved	515,286	865,470	462,194	2,069,733	420,824	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	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	859,338
Committed						5,404	13,691	22,457	25,969	38,204
Assigned						358,195	423,579	429,283	446,063	479,474
Unassigned						-	(474) ⁵	(16,645) ⁵	-	-
Total all other governmental funds	<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>	<u>1,377,016</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.

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Property taxes	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	2,177,622
Governmental agencies	1,190,481	1,155,154	687,903	652,263	806,707	843,016	1,307,677	1,183,076	943,238	879,321
Grants ²	254,844	164,737	-	-	-	-	-	-	-	-
Licenses, permits, and fees	721,010	833,140	882,805	674,328	590,052	500,649	531,100	566,836	559,444	676,138
Fines and forfeitures	196,690	261,140	261,091	211,839	186,415	153,992 ⁶	150,814	422,866	350,794	366,467
Franchise fees	523,931	622,693	690,213	688,034	782,054	687,501	716,964	727,778	736,493	781,569
Special assessments	427,355	394,131	96,756	176,427	72,668	69,494	71,081	71,081	71,081	125,373
Interest income	182,181	285,292	287,472	140,770	32,621	25,325	26,637	30,506	32,191	28,463
Charges for services ³	-	-	117,025	133,988	120,242	168,025	194,035	198,130	192,466	140,121
Rental income ⁴	-	-	16,927	18,727	39,802	42,856	45,913	64,220	78,054	83,176
Miscellaneous	112,417	84,884	79,715	66,948	38,095	51,179	31,491	27,583	21,272	30,024
Total Revenues	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	5,288,274
Expenditures										
General Government / Administration	988,465	508,955	513,956	790,589	664,278	555,347	460,265	400,302	437,644	451,112
Community Development	628,406	514,476	452,940	563,086	444,848	435,802	368,819	202,398	200,806	200,065
Public Safety	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	3,336,168
Public Works	883,052	72,889	32,968	211,135	172,189	348,799	286,962	227,435	247,520	241,625
Streets	53,390	42,230	338,896	301,315	275,612	247,318	267,692	246,237	294,345	295,370
Parks	-	-	-	-	-	-	-	-	-	-
Debt service										
Principal	931,000	110,000	540,000	125,000	1,625,000	-	-	-	-	485,000
Interest	222,894	151,214	127,262	109,528	40,153	29,343	29,343	29,342	29,342	29,016
Capital outlay	653,063	561,968	401,343	361,980	645,444	193,193	685,188	551,910	415,276	615,418
Total Expenditures	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	5,653,774
Excess of revenues over (under) expenditures	(1,078,426)	1,407,800	208,397	(310,842)	(1,744,349)	(66,123)	64,317	607,079	278,714	(365,500)
Other financing sources (uses)										
Proceeds from bond sale	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of property	-	-	22,000	14,455	8,500	-	3,480	-	9,360	141
Transfers in	2,213,631	754,605	318,355	2,100,493	127,797	128,089	105,881	21,879	147,452	194,975
Transfers out	(522,872)	(524,925)	(181,858)	(1,963,996)	(124,702)	(71,348)	(46,590)	(6,260)	(434,649)	(135,075)
Total other financing sources (uses)	1,690,759	229,680	158,497	150,952	11,595	56,741	62,771	15,619	(277,837)	60,041
Net change in fund balances	612,333	1,637,480	366,894	(159,890)	(1,732,754)	(9,382)	127,088	622,698	877	(305,459)
Debt service as a percentage of non-capital ⁵ expenditures	21%	7%	15%	5%	28%	1%	1%	1%	1%	10%

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
General Government	\$ 287,357	\$ 30,222	\$ 79,063	\$ 75,288	\$ 89,054	\$ 157,157	\$ 193,691	\$ 201,743	\$ 194,475	\$ 157,663
Public Safety	422,239	451,397	367,614	348,396	340,913	339,809	288,216	642,522	540,403	609,635
Community Development/Parks	636,541	844,140	304,190	410,535	300,096	210,920 ¹	684,377 ¹	530,447 ¹	251,416 ¹	161,944 ¹
Streets	-	-	486,957	435,042	451,098	465,875	492,212	488,408	510,012	516,192
Streets/Public Works	1,683,571	575,628	-	-	-	-	-	-	-	-
Public Works/Parks	-	-	-	-	-	1,599 ¹	9,672 ¹	6,882 ¹	1,850 ¹	7,495 ¹
Total Governmental Activities	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	1,452,929
Business-Type Activities										
Water	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	1,228,854
Sewer	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	2,010,876
Stormwater	775,794	715,874	420,045	511,342	507,443	547,389	544,129	552,518	547,133	565,405
Total Business-Type Activities	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	3,805,135
Total Primary Government¹	\$ 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	\$ 5,258,064

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>
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
2015	2,905,901.38	2,151,091.54 ⁷	26,530.20	59,186.09	669,093.55 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		
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
2015 ¹	581,227,590	12,793,590	7,948,750	33,013,790	634,983,720	3.4902	833,358,611

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	East Multnomah Soil & Water ¹	Tri-Met	Total Regional & County	Multnomah County ESD	Reynolds School District	Mt. Hood Community College		Total Schools
2006	3.49	-	3.49	5.31	0.07	0.28		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	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	6.00	0.46	5.83	0.49	6.78	16.28
2009	3.49	-	3.49	5.39	0.07	0.40	0.09	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
2015	3.49	-	3.49	5.67	0.07	0.46	0.10	0.35	6.65	0.46	5.81	0.49	6.76	16.90

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
2006	1,541,500	1,498,334	97.20%	42,512	1,540,846	99.96%
2007	1,626,746	1,582,657	97.29%	43,916	1,626,574	99.99%
2008	1,792,463	1,730,069	96.52%	62,154	1,792,223	99.99%
2009	1,914,648	1,834,677	95.82%	79,597	1,914,274	99.98%
2010	1,976,399	1,904,048	96.34%	64,584	1,968,632	99.61%
2011	2,016,083	1,950,696	96.76%	56,730	2,007,426	99.57%
2012	2,058,075	1,994,164	96.89%	47,043	2,041,207	99.18%
2013	2,101,858	2,044,372	97.26%	35,460	2,079,832	98.95%
2014	2,162,177	2,105,941	97.40%	25,273	2,131,214	98.57%
2015	2,215,606	2,163,466	97.65%	-	2,163,466	97.65%

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	2015 ¹			2006 ²		
	Assessed Value	Rank	Percentage of Total Fairview Assessed Value	Assessed Value	Rank	Percentage of Total Fairview Assessed Value
Townsend Farms Inc.	32,232,110	1	5.08%	21,313,380	1	4.83%
CPF/BDI Townsend LLC	23,212,550	2	3.66%			
NACCO Materials Handling	15,488,350	3	2.44%	14,928,270	2	3.38%
Comcast Corp.	13,402,200	4	2.11%			
Salish Lake LLC	12,938,050	5	2.04%	10,272,180	3	2.33%
Portland General Electric Co.	11,116,000	6	1.75%	9,829,000	4	2.23%
IAC 22638 Townsend Way LLC	9,891,110	7	1.56%			
Fieldstone Luxury Apartments LLC	9,339,310	8	1.47%			
Sunridge Associates LLC	7,710,550	9	1.21%			
Beeko LLC	7,639,200	10	1.20%	5,814,380	7	1.32%
Portland Fairview RV LLC ³	-	-		7,541,630	5	1.71%
DAV II Invest.	-	-		6,941,030	6	1.57%
Target Corp. T-1406		-		5,736,180	8	1.30%
LAG Courtyards LLC ⁴		-		5,287,360	9	1.20%
Fort James Operating Company				5,070,280	10	1.15%
Total	142,969,430		22.52%	92,733,690		21.02%
Total Fairview Assessed Value	634,983,720			441,358,940		

Source:
Multnomah County Division of Assessment and Taxation

- Notes:
¹ Fiscal year 2014 / 2015
² Fiscal year 2005 / 2006
³ Formerly known as Howard Angell
⁴ Formerly known as Courtyards at Fairview LLC

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 ^{3,11}	General Obligation Bonds ⁴	Water Revenue Bonds ¹⁰	Sewer Notes Payable ⁵	Special Assessment ⁶	Drinking Water Revolving Loan ⁹
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
2015	-	-	-	-	-	1,247,186	-	526,335

Fiscal Year	Total (Governmental and Business - Type)	Percentage of Personal Income ^{7,8}	Per Capita ⁷
2006	6,670,710	0.02%	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	0.01%	276
2015	1,773,521	N/A	198

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)
 - ⁴ Outstanding debt difference was paid in full using assessments received from the related property owner
 - ⁵ Water reservoir project
 - ⁶ Notes payable to the City of Gresham for increased sewer capacity
 - ⁷ Sandy Boulevard sewer extension
 - ⁸ Calculations use information from schedule of Demographic and Economic Statistics
 - ⁹ Percentage of Personal Income revised 2006 through 2014 due to updated income figures
 - ¹⁰ Safe Drinking Water Revolving Loan Fund - Forgivable Loan
 - ¹¹ Water Revenue Refunding Bond called 5/8/2014
 - ¹¹ Fairview Lake Sewer LID Debt paid in full FY2014-15
- 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>
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	8,935	⁶ 617,900,340	-	-	-	-	-
2015	8,940	634,983,720	-	-	-	-	-

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, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Metro	\$ 183,290,000	0.42%	\$ 777,701
Multnomah County	11,570,000	0.92%	106,153
Reynolds School District # 7	21,320,000	11.28%	2,404,227
Tri-Met	-	0.43%	-
East Multnomah Co. Soil & Water	-	1.34%	-
Other:			
Metro ³	41,320,000	0.42%	175,321
Mt. Hood ⁶	65,483,054	2.63%	1,719,462
Multnomah ^{2,8}	306,658,083	0.92%	2,813,540
Multnomah County ESD	31,355,000	0.90%	283,181
Port of Portland ^{4,7}	32,164,790	0.38%	123,765
Reynolds School District # 7	81,005,015	11.28%	9,134,822
Tri-Met ⁵	61,537	0.43%	265
East Multnomah Co. Soil & Water	-	1.34%	-
Subtotal, overlapping debt			<u>17,538,437</u>
City of Fairview direct debt			<u>-</u>
Total direct and overlapping debt			<u><u>17,538,437</u></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

⁷ Port of Portland entered into a new long-term loan in 2013

Banc of America Leasing & Capital - \$2,062,406

⁸ Multnomah County entered into a new full faith and credit obligation in 2014

Full Faith and Credit Obligation Series 2014 - \$22,530,000

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

Fiscal Year	Water Revenue Bonds			Debt Service			Coverage
	Operating Revenue	Less: Operating Expenses ³	Net Available Revenue	Principal	Interest	Total	
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 ²	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 ⁴	1,163,522	815,287	348,235	482,789	37,741	520,530	0.67
2015 ⁴							

Fiscal Year	Sewer Notes Payable			Debt Service			Coverage
	Operating Revenue	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Total	
2006 ¹	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
2015	1,978,533	1,352,838	625,695	184,408	48,506	232,914	2.69

Source:
City of Fairview Annual Financial Reports

Note:

¹ 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

² 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

³ Prior and current Operating Expenses were revised to be net of depreciation in 2013

⁴ Water Revenue Bonds called early (5/8/2014)

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	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	25,000,758
Total net debt appl	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>19,158,276</u>	<u>21,567,556</u>	<u>25,013,817</u>	<u>27,067,434</u>	<u>26,483,481</u>	<u>24,643,677</u>	<u>22,733,684</u>	<u>22,440,829</u>	<u>23,100,640</u>	<u>25,000,758</u>
Total net debt applicable to the limit as a percentage	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Legal Debt Margin Calculation for Fiscal Year 2014

Real market value (2014 / 2015)	833,358,611
Debt limit (3% of total real market value)	25,000,758
Debt subject to limit	<u>-</u>
Legal debt margin	<u>25,000,758</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
2006	9,585	27,239,277	39,837	5.5%
2007	9,695	28,592,396	40,975	5.1%
2008	9,735	30,265,391	42,449	5.0%
2009	9,740	29,324,122	40,296	8.6%
2010	8,920 ⁵	30,385,004	41,213	10.2%
2011	8,920 ⁶	32,093,475	42,907	9.4%
2012	8,920 ⁶	33,856,584	44,618	8.0%
2013	8,930 ⁶	34,692,265	45,285	7.5%
2014	8,935 ^{6,7}	36,588,018	47,106	6.4%
2015	8,940 ⁶	N/A	N/A	5.4%

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

⁷ Prior Year Data Revised to Reflect Certified Estimate

N/A = information not available

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

2014 - 2015			
Employer	Employees²	Rank	Percentage of Total City Employment
Reynolds School District	502	1	18.01%
Townsend Farms	450	2	16.16%
Nacco Material Handling Group	281	3	10.09%
Knight Transportation	158	4	5.67%
Moore Excavation	135	5	4.85%
Conner Manufacturing Services	45	6	1.62%
Target	44	7	1.58%
General Pacific	36	8	1.29%
Thermo King NW, Inc.	35	9	1.26%
Bumpers Bar & Grill	4 ⁴ 30	10	1.08%
Intertek Testing Services NA, Inc.	4 ⁴ 30	10	1.08%
	<u>1,746</u>		<u>62.68%</u>
Total Fairview Employment³	<u><u>2,785</u></u>		

¹ Employment data from 2005-2006 was unavailable.

Sources:

² FTE employee information provided by individual employers.
Figures may vary due to seasonal employment.

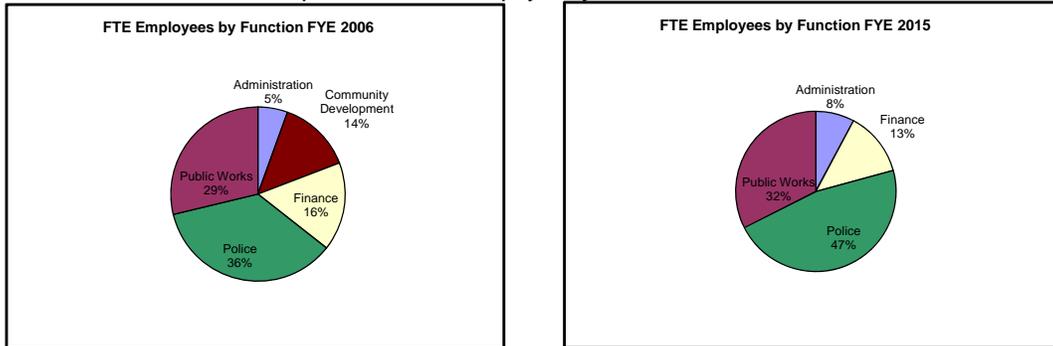
³ Total Fairview Employment data provided by the State of Oregon Employment Department Workforce and Economic Research section. Total employment is an estimate and varies due to seasonal employment. In addition, this figure captures only those employees for whom worker's compensation insurance is provided.

⁴ Employer rank listed alphabetically, as employee number was equal

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

<u>Function</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u> ¹	<u>2013</u> ²	<u>2014</u>	<u>2015</u>
General Government										
Administration	2.0	2.0	2.0	2.0	2.0	2.0	1.0	3.0	3.0	3.0
Community Development	5.0	5.0	4.0	5.0	4.0	4.0	0.0	0.0	0.0	0.0
Finance	6.0	6.0	7.0	7.0	6.0	6.0	5.0	4.0	4.0	5.0
Police										
Officers	12.0	13.0	13.0	14.0	14.0	14.0	14.0	14.0	15.0	16.0
Civilians	1.0	1.0	1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Public Works	10.5	11.5	11.5	10.5	10.5	10.5	14.5	13.5	12.5	12.5
Total	36.5	38.5	39.0	40.5	38.5	38.5	36.5	36.5	36.5	38.5

Comparison of Full-Time Employees by Function 2006 and 2015



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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
Community Development ¹										
Residential building permits issued	N/A	N/A	20	19	11	16	22	32	24	24
Commercial building permits issued ²	N/A	N/A	48	63	22	28	20	20	13	29
Police ³										
Calls for service	4,317	4,212	4,003	4,439	4,212	3,631	4,248	3,906	3,933	N/A ⁹
Part I crimes ⁴	390	376	330	341	217 ⁷	259	259	263	294	N/A ⁹
Part II crimes ⁵	299	318	370	395	247 ⁷	265	265	273	354	N/A ⁹
Business - Type Activities:										
Water										
Accounts	1,528	1,577	1,636	1,652	1,652	1,665 ⁸	1,699	1,690	1,701	1,713
Average daily production (millions of gallons)	0.72	0.72	0.75	0.73	0.73	0.62	0.62	0.62 ¹⁰	0.62	0.62
Sewer										
Accounts (revised data 1999-2007)	1,891	1,946	1,993	2,021	2,021	2,034 ⁸	2,075	2,068	2,081	2,092
Average daily consumption (millions of gallons) ⁶	0.84	0.82	0.8	0.69	0.69	0.80	0.78	0.78 ¹⁰	0.78	0.78
Stormwater										
Accounts	1,831	1,885	1,847	1,868	1,868	1,881 ⁸	1,919	1,912	1,925	1,937

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., 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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
Parks										
Parks acreage	17.22	17.22	22.39	25.29	25.29	25.29	25.29	25.29	25.29	25.29
Wetland Parks acreage	75.31	75.31	75.31	62.34	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	1	1	0	0	0	0	0	0
¹ Patrol units	13	12	13	12	13	12 ³	13 ³	13 ³	11 ³	13 ³
Business - Type Activities:										
Water										
Water main lines (miles)	22.91	23.13	22.63	22.63	22.63	22.63	22.63	22.63	22.63	22.63
Daily storage capacity (millions of gallons)	6	6	6	6	6	6	6	6	6	6
Daily production capacity (millions of gallons)	4.72	4.72	4.72	3.80	3.80	5.65	5.65	5.65	5.65	5.65
Sewer										
Sewer lines (miles)	24.89	25.11	25.34	25.34	25.34	25.34	26.94	26.94	26.94	26.94
² Daily plant capacity (millions of gallons)	1.32	1.32	1.32	1.30	1.30	1.32	1.32	1.32	1.32	1.32
Storm Water										
Service lines (miles)	13.21	13.37	13.15	13.60	13.60	13.6	14.33	14.33	14.33	14.33
Transportation										
Streets (miles)	12.95	13.14	18.00	18.16	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**





Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

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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, 2015, and have issued our report thereon dated December 30, 2015. 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.

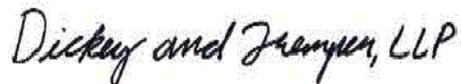
OAR 162-10-0230 Internal Control

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, 2015.

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

A handwritten signature in cursive script that reads "Dickey and Tremper, LLP".

December 30, 2015



Dickey and Tremper, LLP
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, 2015, 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, 2015.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompany schedule of findings and responses as 2015-01 to 2015-04 that we consider to be significant deficiencies.

Compliance and Other Matters

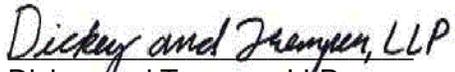
As part of obtaining reasonable assurance about whether the City of Fairview, Oregon's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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, 2015

**CITY OF FAIRVIEW, OREGON
SCHEDULE OF FINDINGS AND RESPONSES
For The Fiscal Year Ended June 30, 2015**

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 deficiencies described below as 2015-01 to 2015-04 are reported as significant deficiencies.
- 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

SIGNIFICANT DEFICIENCIES

2015-01

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, accrued liabilities, and sewer disposal charges.

Effect: Adjustments were required to correct the accounting records for the affected areas and some of the adjustments were significant, resulting in a significant deficiency 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.

2015-02

Condition and criteria: The City received a large credit to reimburse for past overcharges of sewer disposal expenses in the prior year. 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 and remove the prior year receivable, so the City can accurately track the true current year expense. In addition, there were several adjustments to the sewer disposal charge expense to properly report the activity between years and continued questions on monitoring of the expense. 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 prior 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 has negotiated a new agreement with the City of Gresham that no longer uses the 24-month rolling average and requires a detailed review of the billing amount on an annual basis. Public Works will review the concentration and flow data for reasonableness on a monthly basis to ensure accurate data is captured to calculate the annual billing amount. Monthly review will result in detection of errors in a timely manner.

2015-03

Condition and criteria: Bank reconciliations are not being completed in the Incode system regularly and at year end, the City rushed through several months to have them ready for the audit, which did not allow time for a secondary review. The City does reconcile and monitor monthly activity with an in-house running book balance, which has been a compensating control, but there were differences found between the running total and the final bank reconciliation and they had not been signed off as being reviewed for several months. With the timing of the reconciliations, recording of revenue deposited into the LGIP account and interest income was delayed during the year.

Effect: Bank reconciliations are one of the key controls in any accounting system and to be effective, the reconciliations should be performed each month, which will allow for errors to be discovered and corrected in a timely manner. Supervisory review of bank reconciliations also ensures the timeliness of bank reconciliations and the authorization of any corrections.

Cause: There have been several changes in staff in the last couple of years and management is still trying to catch up and solidify new procedures in several areas.

Auditor's recommendation: We recommend that the City prepare bank reconciliations in the Incode system at the close of each month and consistently perform a supervisory review of the reconciliations. Once this recommendation is fully implemented, the tracking of cash activity with the in-house running book balance should no longer be necessary.

Management's response: Management agrees with the condition and the auditor's recommendation and will implement procedures to ensure reconciliations are prepared and reviewed on a monthly basis.

2015-04

Condition and criteria: In our review of utility accounts receivable, we found that the total accounts receivable appear reasonable. However, there was a significant adjustment required between the utility funds to correct the receivable allocation in the current year and 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 that should be reviewed 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 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. A large portion of the old balances were paid or adjusted in the current year and if the City performs a detailed review and writes off many of the old balances, most of the issues relating to reconciling with the aging should clear out of the system.

Management's response: Management agrees with the condition and the auditor's recommendation. A detailed review of old balances is in progress to determine which accounts should be turned over to collections. A utility lien procedure has been developed and will be consistently applied.

