



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

Prepared by:
The City of Fairview
Finance Department



CITY OF FAIRVIEW, OREGON

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TABLE OF CONTENTS

| | <u>Page</u> |
|--|--------------------|
| <u>INTRODUCTORY SECTION</u> | |
| Introductory Letter | i - iv |
| Officials of the City | v |
| GFOA Certificate of Achievement | vi |
| Organizational Chart | vii |
| <u>FINANCIAL SECTION</u> | |
| INDEPENDENT AUDITOR’S REPORT | A - C |
| MANAGEMENT’S DISCUSSION AND ANALYSIS | a - r |
| BASIC FINANCIAL STATEMENTS | |
| Government-Wide Financial Statements: | |
| Statement of Net Position | 1 |
| Statement of Activities | 2 |
| Fund Financial Statements: | |
| Governmental Funds: | 3 |
| Balance Sheet | 4 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 5 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance | 6 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 7 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual | |
| General Fund | 8 |
| State Tax Street Fund | 9 |
| Proprietary Funds: | 10 |
| Statement of Net Position | 11 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position | 12 |
| Statement of Cash Flows | 13 |
| Notes to the Basic Financial Statements | 14 – 38 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Schedule of the City’s Proportionate Share of the Net Pension Liability (Asset) | 39 |
| Schedule of the City’s Contributions to the Oregon Public Employee Retirement System | 39 |
| Notes to Required Supplementary Information | 40 |

| | <u>Page</u> |
|--|-------------|
| SUPPLEMENTAL INFORMATION | |
| Combining Statements – Non-Major Governmental Funds: | 41 |
| Combining Balance Sheet | 42 |
| Sub-combining Balance Sheet – Non-Major Special Revenue Funds | 43 |
| Sub-combining Balance Sheet – Non-Major Capital Projects Funds | 44 |
| Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance | 45 |
| Sub-combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Special Revenue Funds | 46 |
| Sub-combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Capital Projects Funds | 47 |
| Combining Balance Sheet – General Fund | 48 |
| Combining Schedule of Revenues, Expenditures, and Changes In Fund Balance – General Fund | 49 |
| Budgetary Comparison Schedules: | 50 |
| Schedule of Expenditures and Other Financing Uses – Budget and Actual, By Department (Non-GAAP Budgetary Basis) General Fund | 51 |
| Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual: | |
| Governmental Funds: | 53 |
| Special Revenue Funds: | |
| Administrative Excise Charge | 54 |
| Building | 55 |
| Grant/Projects | 56 |
| Facilities Maintenance | 57 |
| Fairview Lake Sewer LID | 58 |
| Capital Projects Funds: | |
| SDC Parks / Open Spaces | 59 |
| Equipment Replacement | 60 |
| Proprietary Funds: | 61 |
| Enterprise Funds: | |
| All Water Funds: | |
| Water | 62 |
| Water SDC | 63 |
| Reconciliation to Generally Accepted Accounting Principles | 64 |
| All Sewer Funds: | |
| Sewer | 65 |
| Sewer SDC | 66 |
| Reconciliation to Generally Accepted Accounting Principles | 67 |
| All Stormwater Funds: | |
| Stormwater | 68 |
| Stormwater SDC | 69 |
| Reconciliation to Generally Accepted Accounting Principles | 70 |
| Other Financial Schedules: | |
| Schedule of Outstanding Debt Principal and Interest Transactions | 71 |
| Schedule of Business-Type Activities Debt Service Future Requirements | 72 |

STATISTICAL INFORMATION SECTION

| | |
|---|----|
| Net Position By Component – Last Ten Fiscal Years | 73 |
| Changes in Net Position – Last Ten Fiscal Years | 74 |
| Fund Balances, Governmental Funds – Last Ten Fiscal Years | 75 |
| Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years | 76 |
| Program Revenues by Function/Program – Last Ten Fiscal Years | 77 |
| Tax Revenues by Source, Governmental Funds – Last Ten Fiscal Years | 78 |
| Assessed Valuation and Estimated Real Market Value of Taxable Property – Last Ten Fiscal Years | 79 |
| Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years | 80 |
| Property Tax Levies and Collections – Last Ten Fiscal Years | 81 |
| Principal Taxpayers – Current and Nine Years Ago | 82 |
| Ratios of Outstanding Debt By Type – Last Ten Fiscal Years | 83 |
| Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years | 84 |
| Direct and Overlapping Governmental Activities Debt | 85 |
| Pledged Revenue Coverage – Last Ten Fiscal Years | 86 |
| Legal Debt Margin Information – Last Ten Fiscal Years | 87 |
| Demographic and Economic Statistics – Last Ten Fiscal Years | 88 |
| Principal Employers – Current and Nine Years Ago | 89 |
| Full Time Equivalent City Government Employees by Function – Last Ten Fiscal Years | 90 |
| Operating Indicators by Function – Last Ten Fiscal Years | 91 |
| Capital Asset Statistics by Function– Last Ten Fiscal Years | 92 |

**REPORTS OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS**

| | |
|---------------------------------------|---------|
| INDEPENDENT AUDITOR’S COMMENTS | 93 - 94 |
|---------------------------------------|---------|

GOVERNMENT AUDITING STANDARDS COMPLIANCE REPORTS

| | |
|--|---------|
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> | 95 - 96 |
| Schedule of Findings and Responses | 97 - 98 |



INTRODUCTORY SECTION





March 3, 2016

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, 2016.

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, 2016 (this number was reduced from 9,745 by the 2010 Census).

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

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

services, building inspection services, 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 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 are 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 had been virtually non-existent over the past several years, as the City approaches residential build-out and the weak economy stalled new construction. For Fiscal Year 2015-16, however, there were seven new residential construction building permits issued (compared to three in Fiscal Year 2014-15). The lack of a significant amount of land available for 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 has been leased to the Veterans Administration for a clinic. Projects such as this are a sign of an improving economy and may 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 2015-16 of 4.5 percent. This rate is substantially lower than the 2014-2015 rate of 5.4 percent. Unemployment in Multnomah County was also substantially lower than the national average for 2015 of 5.3 percent.

There are 135 businesses within Fairview (68 of which are home-based). Five major employers provide the majority of the City's employment opportunities. Of the approximately 2,769 people

employed within the City of Fairview, over 51 percent are employed by City's top five employers: Townsend Farms, Reynolds School District, Hyster-Yale Group, Knight Transportation, Inc., and Moore Excavation, Inc.

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 2015-16 was \$199,082. BOEC dispatch services for fiscal 2016-17 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 2015-16 was \$913,044. The cost of fire protection services for fiscal year 2016-17 is budgeted to be \$1,023,516. In Fiscal Year 2016-17, costs are pegged to Total Assessed Value. Thereafter, cost will be based on a calculation to include the Consumer Price Index (CPI). Preliminary estimates indicate an increase of approximately four percent for Fiscal Year 2017-18. 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 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 during 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 2016-17, 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, 2015. 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 the City's departments for their diligence and extra effort in compiling data and clarifying reports. Sincere appreciation is also extended to the Mayor, City Council, Audit Committee, and Budget Committee for their continued leadership and support.

Respectfully Submitted,



Nolan K. Young
City Administrator



Lesa M. Folger
Finance Director

**CITY OF FAIRVIEW
OFFICIALS OF THE CITY
AS OF JUNE 30, 2016**

MAYOR AND CITY COUNCIL

| <u>Name and Address</u> | <u>Term Expires December 31,</u> |
|-------------------------|--------------------------------------|
| Ted Tosterud, Mayor | 2018 |
| Dan Kreamier | 2016 |
| Ed Berjarana | 2016 |
| Steven Prom | 2016 |
| Brian Cooper | 2018 |
| Tamie Arnold | 2016 |
| Natalie Voruz | 2018 |

City Administration

Nolan Young, City Administrator

Lesla Folger, Finance Director
Allan Berry, Public Works Director
Eric Smith, Interim Chief of Police
Beery, Elsner & Hammond, LLP, Legal Council



Government Finance Officers Association

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

Presented to

**City of Fairview
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



Citizens of Fairview

City Council

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

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

City Attorney
Beery, Elsner & Hammond

Municipal Court Judge
Ray Young

Judge Pro Tem
Scott Downing

- Police**
Harry Smith (Interim)
- Patrol Services
 - Crime Investigation Program
 - Police Reserve Program
 - Crime Prevention Program
 - Police Records Management
 - Evidence & Property Management
 - 911 Services (BOEC)
 - Fire Service (Gresham Fire)
 - Alarm Permits/Monitoring
 - School Resource Office Program
 - EMGET Program
 - Emergency Management
 - Chaplaincy

- Finance**
Lesa Folger
- Payroll Services
 - Benefits Management
 - Financial Services
 - Utility Billing Services
 - Grants Management
 - Municipal Court Services
 - Risk Management Program

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



FINANCIAL SECTION





Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

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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, 2016, 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, 2016, 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.

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 March 3, 2017, 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 March 3, 2017, 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

March 3, 2017



MANAGEMENT'S DISCUSSION AND ANALYSIS



CITY OF FAIRVIEW
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

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.

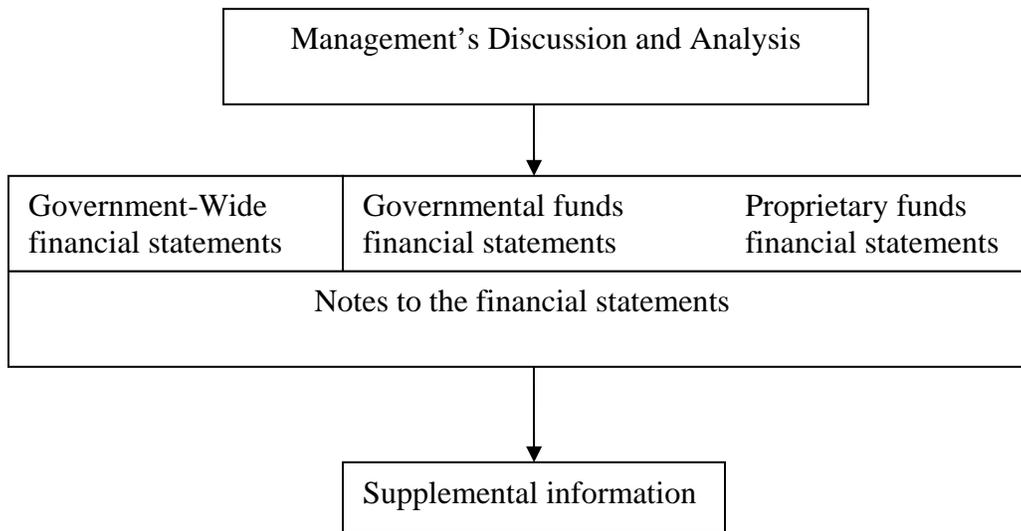
FINANCIAL HIGHLIGHTS

- The City's total net position at June 30, 2016 is \$39.6 million; a decrease of \$1,353,475 from the prior year. This decrease is primarily due to a large increase in the net pension liability.
- Of the total net position of \$39.6 million, \$7.2 million is unrestricted and available for spending to meet the City's ongoing obligations to citizens and creditors.
- Expenditures for the general fund were \$2,426,530 less than the final budgeted amount. Of this, \$2,046,907 was placed in contingency and was not utilized.
- The capital assets of the City decreased by \$503,217. This decrease is primarily due to depreciation expenses and decreased capital asset improvement projects for Fiscal Year 2015-16.
- Long-term debt increased by \$1,627,702. This increase is due to implementation of GASB Statement 68, which resulted in a reported pension liability of \$1,854,933.
- Governmental activities revenue decreased by \$110,835. This decrease is primarily due to the cessation of the City's photo radar program.
- Business-type activities revenue increased by \$177,379. This is the net result of an increase in revenue for services of \$233,280, an increase in operating contributions of \$7,098 and a decrease in capital contributions of \$62,999.

OVERVIEW OF FINANCIAL STATEMENTS

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 Services (formerly 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 six 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 governmental fund financial statements may be found on pages 4 and 6. The two major funds are General Fund and Street Fund. The four non-major governmental funds are Building Fund, Grants/Project Fund, Equipment Replacement Fund, and SDC Parks/Open Spaces Fund. The Facilities Maintenance Fund, Administrative Excise Charge Fund, and Fairview Lake Sewer LID Fund no longer qualify as special revenue funds for external reporting purposes under GASB 54 and were combined with the General Fund as sub-funds in these statements. The City continues to treat these funds as special revenue funds 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 41.

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 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 61 through 70.

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.

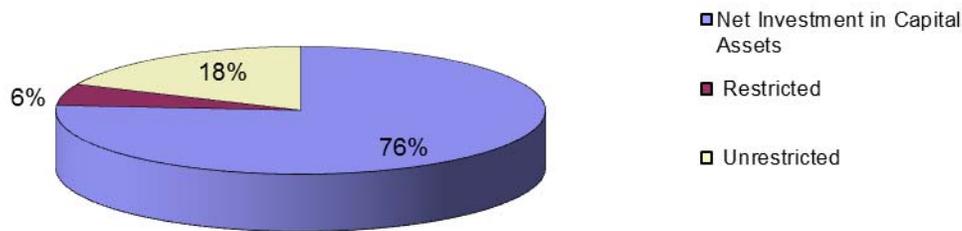
Other information- A budgetary comparison schedule is provided for all governmental funds and combining statements and budgetary schedules are presented for Water operations, Sanitary Sewer operations, and Stormwater operations. Supplementary information is found beginning on page 39.

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 \$39.6 million at the end of Fiscal Year 2015-16. This is a decrease of \$1,353,475 from the previous year. This decrease is due to both lower governmental and business-type activity revenue, combined with a marked increase in liabilities due to GASB 68. 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 | |
| | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 |
| ASSETS | | | | | | |
| Current and other Assets | \$ 6,934,224 | \$ 6,516,273 | \$ 5,780,026 | \$ 5,354,524 | \$ 12,714,250 | \$ 11,870,797 |
| Capital Assets | 8,903,998 | 8,798,435 | 23,303,652 | 22,905,998 | 32,207,650 | 31,704,433 |
| Total Assets | <u>15,838,222</u> | <u>15,314,708</u> | <u>29,083,678</u> | <u>28,260,522</u> | <u>44,921,900</u> | <u>43,575,230</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| | 201,683 | 309,872 | 76,067 | 124,849 | 277,750 | 434,721 |
| LIABILITIES | | | | | | |
| Current and Other liabilities | 305,638 | 218,606 | 571,931 | 178,325 | 877,569 | 396,931 |
| Long-term liabilities | 120,710 | 1,432,188 | 1,826,632 | 2,142,856 | 1,947,342 | 3,575,044 |
| Total Liabilities | <u>426,348</u> | <u>1,650,794</u> | <u>2,398,563</u> | <u>2,321,181</u> | <u>2,824,911</u> | <u>3,971,975</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| | 1,066,004 | 345,548 | 402,053 | 139,221 | 1,468,057 | 484,769 |
| NET POSITION | | | | | | |
| Net Investment in Capital Assets | 8,903,998 | 8,798,435 | 21,530,131 | 21,347,573 | 30,434,129 | 30,146,008 |
| Restricted | 859,338 | 884,427 | 1,256,356 | 1,279,492 | 2,115,694 | 2,163,919 |
| Unrestricted | 4,784,217 | 3,945,376 | 3,572,642 | 3,297,904 | 8,356,859 | 7,243,280 |
| Total Net Position | <u>\$ 14,547,553</u> | <u>\$ 13,628,238</u> | <u>\$ 26,359,129</u> | <u>\$ 25,924,969</u> | <u>\$ 40,906,682</u> | <u>\$ 39,553,207</u> |

Net Position June 30, 2016



The largest portion of the City's net position (76%) 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 (6%) represents 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 (18%) 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 (3%) decrease from Fiscal Year 2014-15.

The City's capital assets decreased by \$503,217 from \$32.2 million to \$31.7 million which equates to a 1.6% decrease in total assets. This is largely due to depreciation expenses and decreased capital asset improvement projects.

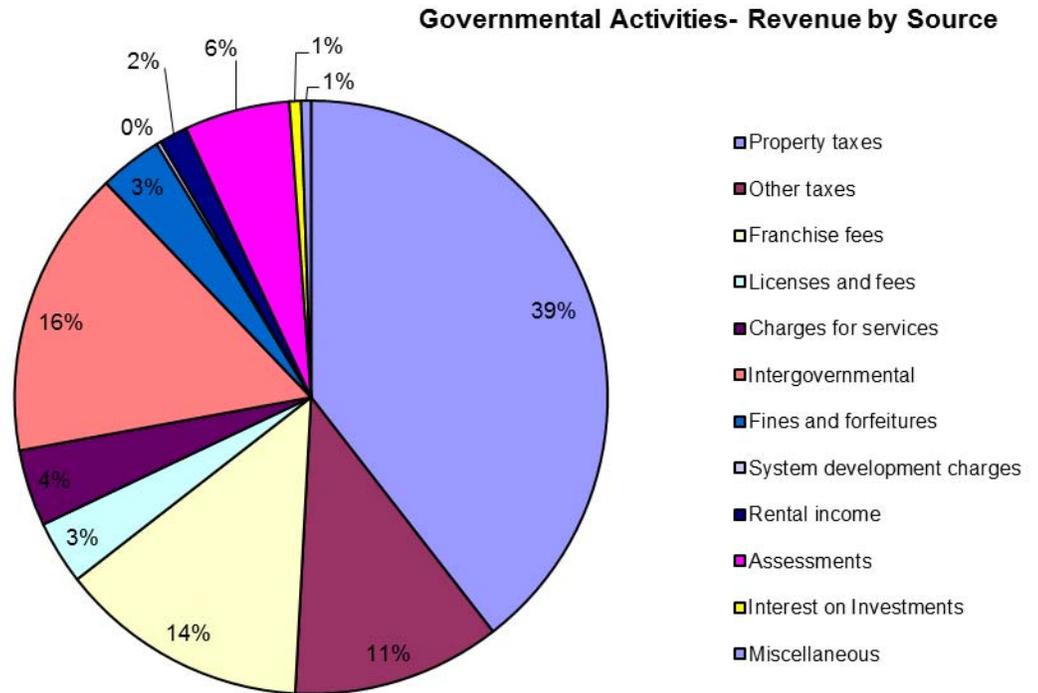
Governmental Activities decreased the City's net position by \$919,315. The primary elements of this increase are as follows:

- Overall, Total Revenues increased \$117,609, largely due to an increase in property tax revenue of \$68,069
- General Government expenses increased \$269,664
- Public Safety expenses increased \$1,340,904 (largely due to pension liability)
- Community Development expenses increased \$93,936
- Streets expenses decreased \$7,221
- Public Works expenses increased \$110,993

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 | | | |
| | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 |
| REVENUES | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 731,917 | \$ 647,915 | \$ 3,727,285 | \$ 3,960,565 | \$ 4,459,202 | \$ 4,608,480 |
| Operating Grants and Cont. | 705,974 | 676,476 | - | 7,098 | 705,974 | 683,574 |
| Capital Grants and Cont. | 15,038 | 17,703 | 77,850 | 14,851 | 92,888 | 32,554 |
| General Revenues: | | | | | | |
| Property Taxes | 2,185,032 | 2,253,101 | - | - | 2,185,032 | 2,253,101 |
| Other Taxes | 1,535,617 | 1,672,914 | - | - | 1,535,617 | 1,672,914 |
| Miscellaneous | 10,812 | 26,220 | - | - | 10,812 | 26,220 |
| Sale of Assets | - | - | - | - | - | - |
| Interest & Investment Earnings | 28,463 | 36,133 | 24,261 | 32,189 | 52,724 | 68,322 |
| Total Revenues | 5,212,853 | 5,330,462 | 3,829,396 | 4,014,703 | 9,042,249 | 9,345,165 |
| EXPENSES | | | | | | |
| General Government | 457,160 | 726,824 | - | - | 457,160 | 726,824 |
| Public Safety | 2,884,106 | 4,225,010 | - | - | 2,884,106 | 4,225,010 |
| Community Development | 241,657 | 335,593 | - | - | 241,657 | 335,593 |
| Streets | 340,049 | 332,828 | - | - | 340,049 | 332,828 |
| Public Works | 557,059 | 668,052 | - | - | 557,059 | 668,052 |
| Interest on Long Term Debt | 24,112 | - | - | - | 24,112 | - |
| Water | | | 1,012,549 | 1,341,900 | 1,012,549 | 1,341,900 |
| Sewer | | | 1,792,708 | 2,158,824 | 1,792,708 | 2,158,824 |
| Stormwater | | | 695,151 | 909,606 | 695,151 | 909,606 |
| Total Expenses | 4,504,143 | 6,288,307 | 3,500,408 | 4,410,330 | 8,004,551 | 10,698,637 |
| Excess (deficiency) before transfers: | 708,710 | (957,845) | 328,988 | (395,627) | 1,037,698 | (1,353,472) |
| Transfers | 59,900 | 38,530 | (59,900) | (38,530) | - | - |
| Change in Net Position | 768,610 | (919,315) | 269,088 | (434,157) | 1,037,698 | (1,353,472) |
| Net Position, beginning | 13,778,943 | 14,547,553 | 26,090,041 | 26,359,126 | 39,868,984 | 40,906,679 |
| Net Position, ending | \$ 14,547,553 | \$ 13,628,238 | \$ 26,359,129 | \$ 25,924,969 | \$ 40,906,682 | \$ 39,553,207 |

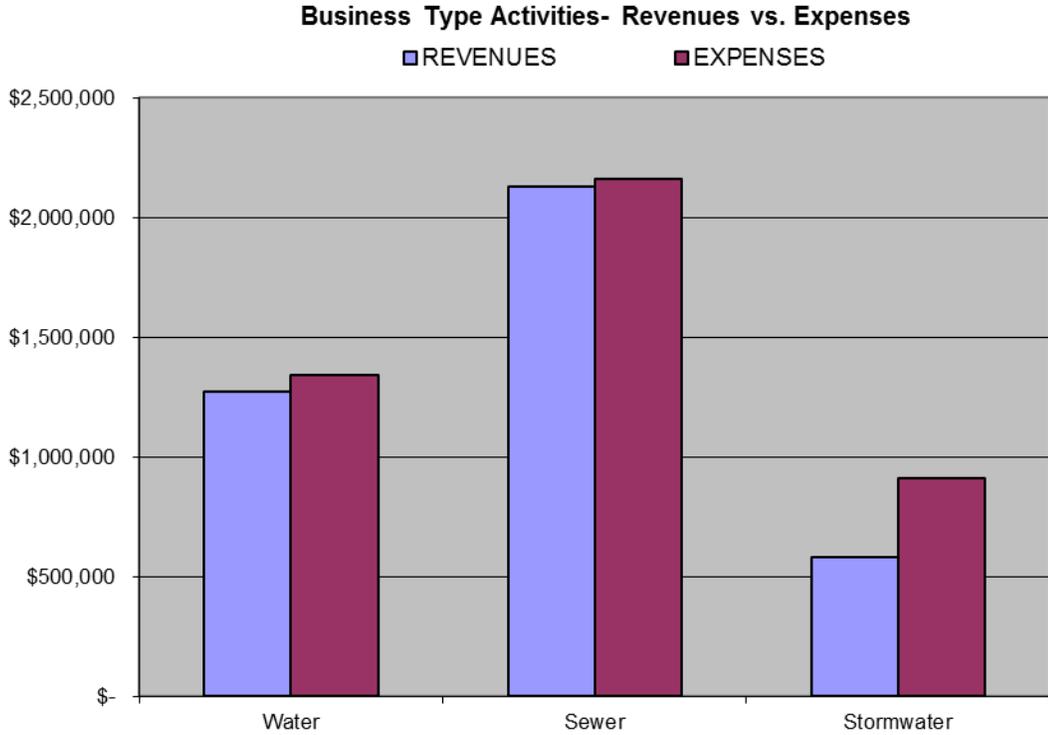
The next chart shows the share of revenues supporting governmental activities by source.



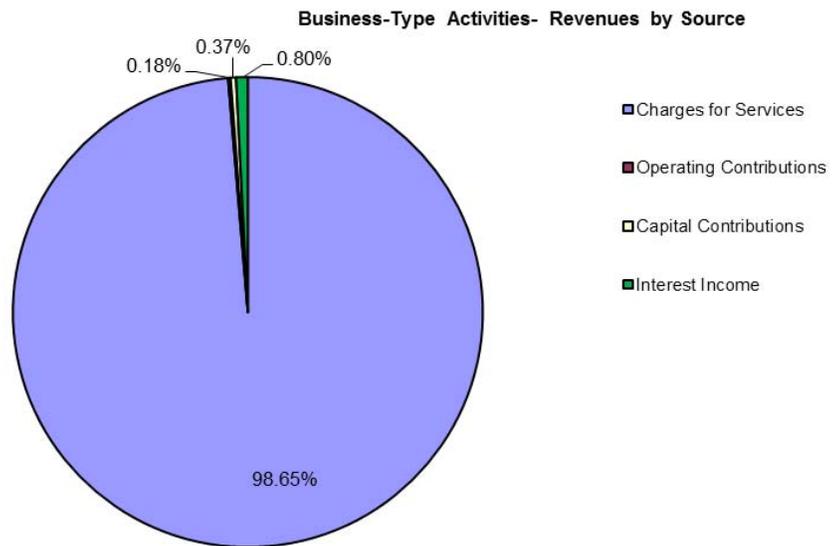
Business-type Activities decreased the City’s net position by \$434,157. This is primarily due to the following:

- Utility Service Revenue increased \$233,280
- Capital Grants and Contributions decreased \$62,999
- Water Expenses increased \$329,351 (largely due to pension liability)
- Sewer Expenses increased \$366,116 (largely due to pension liability)
- Stormwater Expenses increased \$214,455 (largely due to pension liability)

The following chart compares program revenues to expenses by business-type activity for the Fiscal Year 2015-16.



The following chart shows that 98.65% of program 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 2015-16, the City's governmental funds reported a combined ending fund balance of \$5.93 million. Over \$3.74 million or 63.1% 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 2015-16 is \$574,236 more than the prior year.

The *General Fund* is the chief operating fund of the City. Activities included in this fund are Administration, Finance, Public Works Community Services/Development, Public Safety, and Public Works/Parks. At the end of Fiscal Year 2015-16, the total unassigned fund balance in the General Fund was over \$3.74 million. This is a \$67,897 increase from Fiscal Year 2014-15.

The assigned fund balance for the General Fund increased \$497,369. This increase is primarily due to payments received on the Fairview Lake Sewer Local Improvement District debt, which is retired. Previously, these funds went to the Fairview Lake Sewer LID Debt Fund, which is now a sub-fund of the General Fund.

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 for Fiscal Year 2015-16 was \$94,929. This is an increase of \$3,954. This increase is due to transfers in from other funds and lower offsetting expenditures, providing resources for future facilities projects.

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 \$448,563. This is an increase of \$329,698 from Fiscal Year 2014-15 and is due to the payoff of three accounts with outstanding

balances during Fiscal Year 2015-16. Funds within the Fairview Lake Sewer LID Fund are assigned for future capital projects.

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 \$707,074. This is an increase of \$18,510, or 2.7%. This increase is primarily due to increases in the amount of the State Highway Tax received.

The *Administrative Excise Charge Fund* accounts for the cost of public infrastructure such as the City Hall, other City buildings, or other capital improvement projects as determined City Council. Revenue consists of administrative excise charged for residential and commercial development. The Year end fund balance was \$43,155. This is an increase of \$4,952, or 13%. 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 \$496,016. This is a \$16,541 increase and is the result of additional transfers in excess of the purchase of a Kubota mower and a Chevrolet landscape truck and specialized box.

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 \$123,448. This is an increase of \$113,187 which is primarily due to an increase in License and Fees revenue (more specifically, a single large remodeling project that incurred lower than normal inspection costs at one of the apartment complexes located within the City).

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 \$22,867. This is a decrease of \$1,994, due to funds expended on the Halsey Corridor project.

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 \$31,038. This was an increase of \$14,253, due to increased Parks SDC revenue.

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 in Fiscal Year 2014-15 was the *Fairview Lake Sewer LID Fund* detailed on the previous page. The debt associated with this fund has been paid in full and the fund is now a sub-fund of the General Fund and is not considered an active debt service fund.

Utility debt payments are included in the individual proprietary funds.

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 | \$ | 1,066,212 | 32% |
| Sewer Utility | \$ | 1,547,362 | 47% |
| Stormwater Utility | \$ | 684,331 | 21% |

The total proprietary fund unrestricted net position decreased by \$274,737. This is primarily due to the Fiscal Year 2014-15 net pension asset becoming a net pension liability.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- \$81,072 supplemental budget to transfer from General Fund Contingency to Traffic Safety Equipment for the installation of flashing lights and “your speed is” signs in school zone.
- \$30,600 supplemental budget to transfer from Street Fund Contingency to Traffic Calming for the installation of flashing lights and “your speed is” signs in school zone.
- \$112,000 supplemental budget in the Grant and Special Projects Fund to accept funding and authorize expenditures related to the Halsey Corridor Grant.
- \$26,505 supplemental budget to transfer from General Fund Contingency to Council Expense – Other for City Hall building improvements.
- \$45,916 supplemental budget to transfer from AEC Fund Contingency to Park Improvements to implement and pay for the “Hansen Plan” to include park benches, dog waste stations, trash cans.

General fund revenue was \$99,402 more than budgeted in Fiscal Year 2015/16. This is primarily due to Other Taxes and Charges for Services coming in well above budgeted estimates. Specifically, Business Income Tax revenue was \$138,748 more than anticipated and the School Resource Officer Reimbursement was \$54,739 more than anticipated due to the timing of payments received. These increases compensated for lower than expected revenue elsewhere. License and Fee revenue was \$43,930 less than anticipated due to lower than expected land use and home occupancy revenue. Liquor tax revenue was \$15,474 less than anticipated, and the fines and forfeitures line item came in lower than anticipated due to driver's safety class revenue that was \$28,057 below budget and general Fines and Forfeiture amounts that were \$26,873 less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounts to \$31.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, non-building improvements (i.e. parks and trails), equipment, and infrastructure (i.e. streets, water, sewer, and stormwater systems). Of all capital assets, approximately 28% is associated with governmental activities and approximately 72% with business-type activities.

In total, the City's capital assets decreased by more than \$503,217, or approximately 2% from the prior Year. Governmental activities decreased by \$105,563 and business-type activities account for an additional decrease of \$397,654. These decreases are attributable to depreciation expenses. Major capital asset events during the fiscal year included the following:

- City Hall Building Improvements – Safety Upgrade
- Heslin House - Roof and Exterior Paint
- City Hall Door Upgrade – Finance and Administration
- Kubota Mower
- Chevrolet Landscape Truck & Specialized Box
- Park Improvements – “Hansen Plan” Benches, Trash Cans, etc.
- Community Garden Improvements – Garden Beds & Fence
- Automated Meter Reading Antenna System - Water
- Completion of Village Street Loop Project - Water
- Pump Station Upgrades - Sewer
- Shaver Detention Pond Restoration - Stormwater
- Lakeshore Park Improvements Design
- Slurry Seal Project -Streets
- School Zone Flashing Lights
- Wistful Vista Project - Streets
- Seventh Street Project - Streets
- Lincoln Street Project - Streets

City of Fairview
Capital Assets, Net of Accumulated Depreciation

| | Governmental Activities | | Business-Type Activities | |
|--------------------------|----------------------------|---------------------|-----------------------------|----------------------|
| | 2015 | 2016 | 2015 | 2016 |
| Land | \$ 1,492,753 | \$ 1,492,753 | \$ 981,430 | \$ 981,430 |
| Construction in Progress | \$ - | \$ - | \$ - | \$ - |
| Land Improvements | \$ 1,221,722 | \$ 1,185,913 | \$ - | \$ - |
| Dams and Weirs | \$ 271,712 | \$ 258,125 | \$ - | \$ - |
| Buildings | \$ 2,739,100 | \$ 2,702,563 | \$ 288,164 | \$ 278,825 |
| Machinery & Equipment | \$ 251,006 | \$ 229,262 | \$ 512,287 | \$ 497,679 |
| Infrastructure | \$ 2,927,705 | \$ 2,929,819 | \$ 21,521,771 | \$ 21,148,064 |
| Total | \$ 8,903,998 | \$ 8,798,435 | \$ 23,303,652 | \$ 22,905,998 |

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 \$1.56 million. Business-type activities account for the entire debt outstanding. Of that amount, \$222,561 is due within one year.

The City had total non-current liabilities (not due within one year) of \$3.2 million. Of this amount, \$858,608 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 non-current note payable of \$477,259 to the State of Oregon for funds which financed the drilling of Well #9 to increase water system capacity. The remaining \$1.86 million is the net pension liability associated with GASB 68 and compensated absences.

**City of Fairview
Outstanding Debt, Revenue Bonds**

| | Governmental Activities | | Business-Type Activities | |
|------------------------------|----------------------------|------|-----------------------------|--------------|
| | 2015 | 2016 | 2015 | 2016 |
| City of Gresham Note Payable | \$ - | \$ - | \$ 1,247,186 | \$ 1,056,268 |
| State of Oregon Note Payable | - | - | 526,335 | 502,158 |
| Total: | \$ - | \$ - | \$ 1,773,521 | \$ 1,558,426 |

The City’s total debt decreased by \$215,095 during Fiscal Year 2015-16. The decrease is attributable to the City meeting the yearly debt service obligations.

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 and financial reserves remain strong. As the economy slowly continues to improve, consideration has been given to re-instating prior services. This will be accomplished with increased revenue, as the use of reserves to reinstate or increase service levels is not sustainable in the long-term. A Code Compliance / Planner position was reinstated in Fiscal Year 2015-16.

The following issues were considered in the compilation of the Fiscal Year 2016-17 budget:

- It is assumed that **property tax revenues** to the City will increase by 3% over Fiscal Year 2015-16 collections. This 3% is from increased values of currently assessed properties and matches 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. Actual property tax revenue collected in Fiscal Year 2015-16 covers only 88% of Public Safety costs, compared with 97% five years ago.
- The cost of **Fire Services** (provided via contract with Gresham Fire) will continue to increase. A new cost model has been implemented and after a

cost adjustment in Fiscal Year 2016-17, appears to show a cost increase of about 4% annually going forward.

- **Bureau of Emergency Communications** (BOEC) 911 dispatch service are anticipated to increase.
- The City and Multnomah County are currently preparing a proposal to present to City Council regarding a possible **Police Services Consolidation**.
- A City Council review of utility fees in relation to infrastructure maintenance and construction needs is being completed. If justified, an increase in **utility user fees** will likely occur in Fiscal Year 2017-18.
- 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 (25%) of General Fund operating expenses to be placed in reserves, 5% to be placed in an emergency contingency, with the remainder placed in contingency.

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, 2016

Primary Government

| | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------------|-------------------------------------|--------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 4,861,868 | \$ 3,495,950 | \$ 8,357,818 |
| Investments | 99,000 | - | 99,000 |
| Receivables: | | | |
| Accounts | 325,237 | 578,043 | 903,280 |
| Fines and forfeitures | 45,778 | - | 45,778 |
| Property taxes | 159,171 | - | 159,171 |
| Assessments | 89,623 | - | 89,623 |
| Prepaid items | 51,169 | 1,040 | 52,209 |
| Restricted assets: | | | |
| Temporarily restricted: | | | |
| Cash and cash equivalents | 884,427 | 1,279,491 | 2,163,918 |
| Capital assets: | | | |
| Land | 1,492,753 | 981,430 | 2,474,183 |
| Depreciable assets, net of depreciation | <u>7,305,682</u> | <u>21,924,568</u> | <u>29,230,250</u> |
| Total assets | <u>15,314,708</u> | <u>28,260,522</u> | <u>43,575,230</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>309,872</u> | <u>124,849</u> | <u>434,721</u> |
| LIABILITIES | | | |
| Accounts payable and accrued expenses | 154,679 | 148,011 | 302,690 |
| Deposits | 63,927 | 12,815 | 76,742 |
| Accrued interest payable | - | 17,499 | 17,499 |
| Long-term obligations: | | | |
| Due within one year | 93,482 | 266,511 | 359,993 |
| Due in more than one year | <u>1,338,706</u> | <u>1,876,345</u> | <u>3,215,051</u> |
| Total liabilities | <u>1,650,794</u> | <u>2,321,181</u> | <u>3,971,975</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>345,548</u> | <u>139,221</u> | <u>484,769</u> |
| NET POSITION | | | |
| Net investment in capital assets | 8,798,435 | 21,347,573 | 30,146,008 |
| Restricted for: | | | |
| System development | 31,038 | 1,279,492 | 1,310,530 |
| Highways and streets | 707,074 | - | 707,074 |
| Grants and projects | 146,315 | - | 146,315 |
| Unrestricted | <u>3,945,376</u> | <u>3,297,904</u> | <u>7,243,280</u> |
| Total net position | <u>\$ 13,628,238</u> | <u>\$ 25,924,969</u> | <u>\$ 39,553,207</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, 2016

| 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 | \$ 726,824 | \$ 147,433 | \$ 10,355 | \$ 1,566 | \$ (567,470) | \$ - | \$ (567,470) |
| Public safety | 4,225,010 | 302,004 | 134,588 | 2,049 | (3,786,369) | - | (3,786,369) |
| Highways and streets | 332,828 | - | 531,533 | - | 198,705 | - | 198,705 |
| Public works | 668,052 | - | - | 14,088 | (653,964) | - | (653,964) |
| Community development | <u>335,593</u> | <u>198,478</u> | <u>-</u> | <u>-</u> | <u>(137,115)</u> | <u>-</u> | <u>(137,115)</u> |
| Total governmental activities | <u>6,288,307</u> | <u>647,915</u> | <u>676,476</u> | <u>17,703</u> | <u>(4,946,213)</u> | <u>-</u> | <u>(4,946,213)</u> |
| Business-type activities: | | | | | | | |
| Water | 1,341,900 | 1,262,360 | - | 8,183 | - | (71,357) | (71,357) |
| Sewer | 2,158,824 | 2,123,816 | - | 5,884 | - | (29,124) | (29,124) |
| Stormwater | <u>909,606</u> | <u>574,389</u> | <u>7,098</u> | <u>784</u> | <u>-</u> | <u>(327,335)</u> | <u>(327,335)</u> |
| Total business-type activities | <u>4,410,330</u> | <u>3,960,565</u> | <u>7,098</u> | <u>14,851</u> | <u>-</u> | <u>(427,816)</u> | <u>(427,816)</u> |
| Total primary government | <u>\$10,698,637</u> | <u>\$4,608,480</u> | <u>\$ 683,574</u> | <u>\$ 32,554</u> | <u>(4,946,213)</u> | <u>(427,816)</u> | <u>(5,374,029)</u> |
| General revenues: | | | | | | | |
| Property taxes levied for: | | | | | | | |
| General purposes | | | | | | | |
| | | | | | 2,253,101 | - | 2,253,101 |
| Franchise and public services taxes | | | | | | | |
| | | | | | 1,672,914 | - | 1,672,914 |
| Interest and investment earnings | | | | | | | |
| | | | | | 36,133 | 32,189 | 68,322 |
| Miscellaneous | | | | | | | |
| | | | | | 26,220 | - | 26,220 |
| Transfers | | | | | | | |
| | | | | | <u>38,530</u> | <u>(38,530)</u> | <u>-</u> |
| Total general revenues, special items, and transfers | | | | | <u>4,026,898</u> | <u>(6,341)</u> | <u>4,020,557</u> |
| Change in net position | | | | | (919,315) | (434,157) | (1,353,472) |
| Net position, beginning | | | | | <u>14,547,553</u> | <u>26,359,126</u> | <u>40,906,679</u> |
| Net position, ending | | | | | <u>\$13,628,238</u> | <u>\$25,924,969</u> | <u>\$39,553,207</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, Administrative Excise Charge Fund, and Fairview Lake Sewer LID Fund are combined with the General Fund as sub-funds for financial statement reporting.

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.

CITY OF FAIRVIEW, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

| | Combined General Fund | State Tax Street Fund | Other Governmental Funds | Totals |
|---|-----------------------------|-----------------------------|--------------------------------|------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 4,305,153 | \$ 759,393 | \$ 681,749 | \$ 5,746,295 |
| Investments | 99,000 | - | - | 99,000 |
| Receivables: | | | | |
| Property taxes | 159,171 | - | - | 159,171 |
| Accounts | 275,775 | 46,870 | 2,592 | 325,237 |
| Fines and forfeitures, net | 45,778 | - | - | 45,778 |
| Assessments | 89,623 | - | - | 89,623 |
| Prepaid items | 51,029 | 140 | - | 51,169 |
| Total assets | \$ 5,025,529 | \$ 806,403 | \$ 684,341 | \$ 6,516,273 |
| LIABILITIES | | | | |
| Accounts payable and accrued liabilities | \$ 107,256 | \$ 42,433 | \$ 4,990 | \$ 154,679 |
| Deposits | 3,551 | 56,896 | 3,480 | 63,927 |
| Total liabilities | 110,807 | 99,329 | 8,470 | 218,606 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | 369,953 | - | 2,502 | 372,455 |
| FUND BALANCES | | | | |
| Nonspendable | 51,029 | 140 | - | 51,169 |
| Restricted | - | 706,934 | 177,353 | 884,287 |
| Committed | 34,464 | - | - | 34,464 |
| Assigned | 714,346 | - | 496,016 | 1,210,362 |
| Unassigned | 3,744,930 | - | - | 3,744,930 |
| Total fund balances | 4,544,769 | 707,074 | 673,369 | 5,925,212 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 5,025,529 | \$ 806,403 | \$ 684,341 | \$ 6,516,273 |

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, 2016

| | |
|---|--------------------------------|
| Fund balances - total governmental funds | \$ 5,925,212 |
| 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. | 8,798,435 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the fund statements. | 372,455 |
| Accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the funds. | (109,979) |
| 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>(1,357,885)</u> |
| Net position of governmental activities | <u>\$13,628,238</u> |

CITY OF FAIRVIEW, OREGON
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2016

| | Combined General Fund | State Tax Street Fund | Other Governmental Funds | Totals |
|---|-----------------------------|-----------------------------|--------------------------------|---------------------|
| REVENUES | | | | |
| Property taxes | \$ 2,244,625 | \$ - | \$ - | \$ 2,244,625 |
| Other taxes | 646,149 | - | - | 646,149 |
| Franchise fees | 774,447 | - | - | 774,447 |
| Licenses and fees | 37,397 | 1,925 | 157,714 | 197,036 |
| Charges for services | 236,954 | - | 427 | 237,381 |
| Intergovernmental | 352,168 | 541,612 | - | 893,780 |
| Fines and forfeitures | 192,140 | - | 3,257 | 195,397 |
| System development charges | - | - | 14,088 | 14,088 |
| Rental income | 86,861 | - | - | 86,861 |
| Assessments | 327,599 | - | - | 327,599 |
| Interest on investments | 27,585 | 4,523 | 4,024 | 36,132 |
| Miscellaneous | 27,457 | 2,800 | 342 | 30,599 |
| TOTAL REVENUES | <u>4,953,382</u> | <u>550,860</u> | <u>179,852</u> | <u>5,684,094</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 534,082 | - | - | 534,082 |
| Public safety | 3,457,839 | - | - | 3,457,839 |
| Public works | 251,580 | - | - | 251,580 |
| Community development | 171,775 | - | 45,972 | 217,747 |
| Highways and streets | - | 258,213 | - | 258,213 |
| Capital outlay | 121,593 | 267,837 | 64,547 | 453,977 |
| TOTAL EXPENDITURES | <u>4,536,869</u> | <u>526,050</u> | <u>110,519</u> | <u>5,173,438</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>416,513</u> | <u>24,810</u> | <u>69,333</u> | <u>510,656</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of property | - | - | 3,679 | 3,679 |
| Transfers in | 4,000 | - | 68,975 | 72,975 |
| Transfers out | (6,775) | (6,300) | - | (13,075) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(2,775)</u> | <u>(6,300)</u> | <u>72,654</u> | <u>63,579</u> |
| NET CHANGE IN FUND BALANCE | 413,738 | 18,510 | 141,987 | 574,235 |
| FUND BALANCE, Beginning | <u>4,131,031</u> | <u>688,564</u> | <u>531,382</u> | <u>5,350,977</u> |
| FUND BALANCE, Ending | <u>\$ 4,544,769</u> | <u>\$ 707,074</u> | <u>\$ 673,369</u> | <u>\$ 5,925,212</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, 2016

| | | |
|---|------------------|-------------------------|
| Net change in fund balance - governmental funds | \$ | 574,235 |
| <p>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</p> | | |
| <p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p> | | |
| Unavailable revenue | | (361,312) |
| <p>Some expenses reported in the Statement of Activities do not require the use of current financial resources, and are not reported as expenditures in governmental funds:</p> | | |
| Change in compensated absences | | 10,731 |
| Change in pension asset (liability) and related deferred outflows and inflows | | (1,037,408) |
| <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets are allocated over the useful lives and reported as depreciation expense:</p> | | |
| Capital asset additions | \$ 424,904 | |
| Depreciation expense | <u>(530,465)</u> | |
| | | <u>(105,561)</u> |
| Change in net position - governmental activities | \$ | <u>(919,315)</u> |

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, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|---------------------|---------------------|---------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Property taxes | \$ 2,225,100 | \$ 2,225,100 | \$ 2,244,625 | \$ 19,525 |
| Other taxes | 507,000 | 507,000 | 646,149 | 139,149 |
| Franchise fees | 776,500 | 776,500 | 774,447 | (2,053) |
| Licenses and fees | 81,000 | 81,000 | 37,397 | (43,603) |
| Charges for services | 196,650 | 196,650 | 227,028 | 30,378 |
| Intergovernmental | 372,910 | 372,910 | 352,168 | (20,742) |
| Fines and forfeitures | 221,600 | 221,600 | 192,140 | (29,460) |
| Rental income | 85,550 | 85,550 | 86,861 | 1,311 |
| Interest on investments | 22,052 | 22,052 | 24,637 | 2,585 |
| Miscellaneous | 19,000 | 19,000 | 21,312 | 2,312 |
| TOTAL REVENUES | <u>4,507,362</u> | <u>4,507,362</u> | <u>4,606,764</u> | <u>99,402</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 560,835 | 587,340 | 534,082 | 53,258 |
| Public safety | 3,632,629 | 3,632,629 | 3,457,839 | 174,790 |
| Public works | 285,472 | 285,472 | 251,580 | 33,892 |
| Community development | 247,065 | 247,065 | 171,775 | 75,290 |
| Capital outlay | 70,900 | 151,972 | 109,579 | 42,393 |
| Contingency | 2,154,484 | 2,046,907 | - | 2,046,907 |
| TOTAL EXPENDITURES | <u>6,951,385</u> | <u>6,951,385</u> | <u>4,524,855</u> | <u>2,426,530</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(2,444,023)</u> | <u>(2,444,023)</u> | <u>81,909</u> | <u>2,525,932</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 121,656 | 121,656 | - | (121,656) |
| Transfers out | (6,775) | (6,775) | (6,775) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>114,881</u> | <u>114,881</u> | <u>(6,775)</u> | <u>(121,656)</u> |
| NET CHANGE IN FUND BALANCE | <u>(2,329,142)</u> | <u>(2,329,142)</u> | <u>75,134</u> | <u>2,404,276</u> |
| FUND BALANCE, Beginning | <u>3,501,142</u> | <u>3,501,142</u> | <u>3,882,988</u> | <u>381,846</u> |
| FUND BALANCE, Ending | <u>\$ 1,172,000</u> | <u>\$ 1,172,000</u> | <u>\$ 3,958,122</u> | <u>\$ 2,786,122</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, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|-------------------|-------------------|-------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Licenses and fees | \$ 2,500 | \$ 2,500 | \$ 1,925 | \$ (575) |
| Charges for services | 250 | 250 | - | (250) |
| Intergovernmental | 583,404 | 583,404 | 541,612 | (41,792) |
| Interest on investments | 4,090 | 4,090 | 4,523 | 433 |
| Miscellaneous | 750 | 750 | 2,800 | 2,050 |
| TOTAL REVENUES | <u>590,994</u> | <u>590,994</u> | <u>550,860</u> | <u>(40,134)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Highways and streets: | | | | |
| Personal services | 173,170 | 173,170 | 169,957 | 3,213 |
| Materials and services | 162,249 | 162,249 | 88,256 | 73,993 |
| Capital outlay | 302,900 | 333,500 | 267,837 | 65,663 |
| Contingency | 150,000 | 119,400 | - | 119,400 |
| TOTAL EXPENDITURES | <u>788,319</u> | <u>788,319</u> | <u>526,050</u> | <u>262,269</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(197,325)</u> | <u>(197,325)</u> | <u>24,810</u> | <u>222,135</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 | (203,625) | (203,625) | 18,510 | 222,135 |
| FUND BALANCE, Beginning | <u>626,841</u> | <u>626,841</u> | <u>688,564</u> | <u>61,723</u> |
| FUND BALANCE, Ending | <u>\$ 423,216</u> | <u>\$ 423,216</u> | <u>\$ 707,074</u> | <u>\$ 283,858</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, 2016

| | <u>Business - type Activities - Enterprise Funds</u> | | | |
|--|--|---------------------|---------------------|----------------------|
| | Water Funds | Sewer Funds | Stormwater Funds | Total |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 1,159,246 | \$ 1,563,195 | \$ 773,509 | \$ 3,495,950 |
| Receivables: | | | | |
| Accounts, net | 179,513 | 307,950 | 90,580 | 578,043 |
| Prepaid items | <u>440</u> | <u>440</u> | <u>160</u> | <u>1,040</u> |
| Total current assets | <u>1,339,199</u> | <u>1,871,585</u> | <u>864,249</u> | <u>4,075,033</u> |
| Noncurrent assets: | | | | |
| Restricted cash and cash equivalents | 432,512 | 666,316 | 180,663 | 1,279,491 |
| Capital assets: | | | | |
| Land | 531,270 | 228,550 | 221,610 | 981,430 |
| Depreciable assets, net of depreciation | <u>10,649,098</u> | <u>8,150,667</u> | <u>3,124,803</u> | <u>21,924,568</u> |
| Total noncurrent assets | <u>11,612,880</u> | <u>9,045,533</u> | <u>3,527,076</u> | <u>24,185,489</u> |
| Total assets | <u>12,952,079</u> | <u>10,917,118</u> | <u>4,391,325</u> | <u>28,260,522</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>44,134</u> | <u>46,268</u> | <u>34,447</u> | <u>124,849</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 39,828 | 93,543 | 14,640 | 148,011 |
| Accrued interest payable | 8,708 | 8,790 | - | 17,498 |
| Deposits | 12,815 | - | - | 12,815 |
| Current portion of long-term obligations | <u>40,401</u> | <u>213,929</u> | <u>12,181</u> | <u>266,511</u> |
| Total current liabilities | <u>101,752</u> | <u>316,262</u> | <u>26,821</u> | <u>444,835</u> |
| Noncurrent liabilities: | | | | |
| Compensated absences payable | 2,735 | 2,871 | 2,150 | 7,756 |
| Notes and contracts payable | 477,257 | 858,608 | - | 1,335,865 |
| Net pension liability | <u>188,319</u> | <u>197,423</u> | <u>146,982</u> | <u>532,724</u> |
| Total noncurrent liabilities | <u>668,311</u> | <u>1,058,902</u> | <u>149,132</u> | <u>1,876,345</u> |
| Total liabilities | <u>770,063</u> | <u>1,375,164</u> | <u>175,953</u> | <u>2,321,180</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>49,215</u> | <u>51,594</u> | <u>38,412</u> | <u>139,221</u> |
| Net Position: | | | | |
| Net investment in capital assets | 10,678,210 | 7,322,950 | 3,346,413 | 21,347,573 |
| Restricted for system development | 432,512 | 666,316 | 180,663 | 1,279,491 |
| Unrestricted | <u>1,066,212</u> | <u>1,547,362</u> | <u>684,331</u> | <u>3,297,905</u> |
| Total net position | <u>\$ 12,176,934</u> | <u>\$ 9,536,628</u> | <u>\$ 4,211,407</u> | <u>\$ 25,924,969</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, 2016

| | Business - type Activities - Enterprise Funds | | | |
|---|--|----------------------------|----------------------------|-----------------------------|
| | Water Funds | Sewer Funds | Stormwater Funds | Total |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 1,261,560 | \$ 2,123,816 | \$ 574,389 | \$ 3,959,765 |
| Miscellaneous | <u>800</u> | <u>-</u> | <u>7,098</u> | <u>7,898</u> |
| TOTAL OPERATING REVENUES | <u>1,262,360</u> | <u>2,123,816</u> | <u>581,487</u> | <u>3,967,663</u> |
| OPERATING EXPENSES | | | | |
| Personal services | 555,053 | 588,501 | 448,705 | 1,592,259 |
| Materials and services | 499,354 | 1,134,400 | 218,184 | 1,851,938 |
| Depreciation | <u>272,122</u> | <u>395,607</u> | <u>242,717</u> | <u>910,446</u> |
| TOTAL OPERATING EXPENSES | <u>1,326,529</u> | <u>2,118,508</u> | <u>909,606</u> | <u>4,354,643</u> |
| OPERATING INCOME (LOSS) | <u>(64,169)</u> | <u>5,308</u> | <u>(328,119)</u> | <u>(386,980)</u> |
| NON-OPERATING INCOME (EXPENSES) | | | | |
| Interest on investments | 9,954 | 15,790 | 6,445 | 32,189 |
| Interest expense | <u>(15,371)</u> | <u>(40,316)</u> | <u>-</u> | <u>(55,687)</u> |
| TOTAL NON-OPERATING INCOME (EXPENSES) | <u>(5,417)</u> | <u>(24,526)</u> | <u>6,445</u> | <u>(23,498)</u> |
| NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS | (69,586) | (19,218) | (321,674) | (410,478) |
| CAPITAL CONTRIBUTIONS | | | | |
| System development charges | 8,183 | 5,884 | 784 | 14,851 |
| Capital asset transfers | 7,285 | 2,267 | 11,818 | 21,370 |
| TRANSFERS | | | | |
| Transfers out | <u>(26,500)</u> | <u>(26,500)</u> | <u>(6,900)</u> | <u>(59,900)</u> |
| CHANGE IN NET POSITION | (80,618) | (37,567) | (315,972) | (434,157) |
| NET POSITION, Beginning | <u>12,257,552</u> | <u>9,574,195</u> | <u>4,527,379</u> | <u>26,359,126</u> |
| NET POSITION, Ending | <u><u>\$ 12,176,934</u></u> | <u><u>\$ 9,536,628</u></u> | <u><u>\$ 4,211,407</u></u> | <u><u>\$ 25,924,969</u></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, 2016

| | <u>Business-type Activities - Enterprise Funds</u> | | | |
|---|--|---------------------|---------------------|---------------------|
| | Water Funds | Sewer Funds | Stormwater Funds | Totals |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers and users | \$ 1,297,216 | \$ 2,184,415 | \$ 591,444 | \$ 4,073,075 |
| Payments to suppliers | (680,893) | (1,380,186) | (285,170) | (2,346,249) |
| Payments to employees | (273,530) | (286,241) | (216,102) | (775,873) |
| Payments for interfund services used | (91,442) | (137,880) | (44,043) | (273,365) |
| Net cash provided from (used by) operating activities | <u>251,351</u> | <u>380,108</u> | <u>46,129</u> | <u>677,588</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 | 8,183 | 5,884 | 784 | 14,851 |
| Acquisition of capital assets | (24,756) | (407,958) | (58,708) | (491,422) |
| Principal paid on long-term obligations | (24,177) | (190,918) | - | (215,095) |
| Interest paid on long-term obligations | (15,790) | (41,995) | - | (57,785) |
| Net cash provided from (used by) capital and related financing activities | <u>(56,540)</u> | <u>(634,987)</u> | <u>(57,924)</u> | <u>(749,451)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest on investments | 9,954 | 15,790 | 6,445 | 32,189 |
| Net cash provided from (used by) investing activities | <u>9,954</u> | <u>15,790</u> | <u>6,445</u> | <u>32,189</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 178,265 | (265,589) | (12,250) | (99,574) |
| CASH AND CASH EQUIVALENTS, Beginning | <u>1,413,493</u> | <u>2,495,100</u> | <u>966,422</u> | <u>4,875,015</u> |
| CASH AND CASH EQUIVALENTS, Ending | <u>\$ 1,591,758</u> | <u>\$ 2,229,511</u> | <u>\$ 954,172</u> | <u>\$ 4,775,441</u> |
| Reconciliation of operating income (loss) to net cash provided from (used by) operating activities | | | | |
| Operating income (loss) | \$ (64,169) | \$ 5,308 | \$ (328,119) | \$ (386,980) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | |
| Depreciation | 272,122 | 395,607 | 242,717 | 910,446 |
| (Increase) decrease in assets: | | | | |
| Receivables | 50,229 | 60,599 | 9,957 | 120,785 |
| Prepays | 28 | - | - | 28 |
| Net pension asset | 80,207 | 75,618 | 49,291 | 205,116 |
| Deferred outflows | (14,390) | (18,225) | (16,167) | (48,782) |
| Increase (decrease) in liabilities: | | | | |
| Accounts payable and accrued expenses | (134,309) | (238,543) | (3,287) | (376,139) |
| Deposits | (15,373) | - | - | (15,373) |
| Compensated absences payable | (3,314) | (1,050) | 2,959 | (1,405) |
| Net pension liability | 188,319 | 197,423 | 146,982 | 532,724 |
| Deferred inflows | (107,999) | (96,629) | (58,204) | (262,832) |
| Net cash provided from (used by) operating activities | <u>\$ 251,351</u> | <u>\$ 380,108</u> | <u>\$ 46,129</u> | <u>\$ 677,588</u> |
| Transfer of capital assets between funds | <u>\$ 7,285</u> | <u>\$ 2,267</u> | <u>\$ 11,818</u> | <u>\$ 21,370</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, 2016

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.

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 inflows 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 \$2,065 for 2015-2016 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 are recognized at the time property owners are assessed for property improvements. Assessment liens receivable are offset by deferred inflows 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 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 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. Pending Accounting Pronouncements

The GASB issued Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. GASB 75 replaces the requirements of GASB Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended. The scope of the statement addresses accounting and financial reporting for Other Postemployment Benefits (OPEB) provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to 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. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. The City does not report on OPEB liability as it is considered community rated by the actuary. Actuarial standards have changed and the City expects to report on OPEB liability for an implicit rate subsidy in the year ended June 30, 2017 based upon revised actuarial standards and to early implement GASB 75, which is effective for fiscal years beginning after June 15, 2017 and the effect on the City's financial statements has not yet been determined.

The GASB issued Statement No. 77, Tax Abatement Disclosures in August 2015. GASB 77 requires governments that enter into tax abatement agreements to disclose information about those agreements. GASB Statement No. 77 will be effective for the City, fiscal year ending June 30, 2017.

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, Administrative Excise Charge Fund, and Fairview Lake Sewer LID Fund are budgeted as separate funds for Oregon Budget Law, but are 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, 2016, appropriation increases and transfers were approved, and supplemental budgets were adopted.

B. Excess of Expenditures over Appropriations

The City had expenditures over appropriations in the Building Fund personal services category of \$1,904.

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, 2016. 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, 2016, the carrying amount of the City's deposits and certificates of deposits was \$162,791 and the bank balance was \$333,534. All deposits are held in the name of the City. Of the bank balance, \$333,534 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, 2016 are as follows:

| | <u>Maturity</u> | <u>Percentage of Portfolio</u> | <u>Carrying Amount/ Fair Value</u> |
|---|-----------------|------------------------------------|--|
| Local Government Investment Pool | 1 day | 99% | \$ 10,457,695 |
| Time Certificate of Deposits | One year | 1% | 99,000 |
| | | <u>100%</u> | <u>10,556,695</u> |
| Less amounts classified as cash equivalents | | | <u>(10,457,695)</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 | 63,791 |
| Local Government Investment Pool | <u>10,457,695</u> |
| Total cash and cash equivalents | <u>\$ 10,521,736</u> |

B. Receivables

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

| | Combined General | State Tax Street | Other Governmental Funds | Total Governmental Activities |
|---|---------------------|---------------------|--------------------------------|-------------------------------------|
| Property taxes | \$ 159,171 | \$ - | \$ - | \$ 159,171 |
| Accounts | 24,280 | - | - | 24,280 |
| Intergovernmental | 251,495 | 46,870 | 2,592 | 300,957 |
| Fines and forfeitures | 114,446 | - | - | 114,446 |
| Assessments | 89,623 | - | - | 89,623 |
| Gross receivables | 639,015 | 46,870 | 2,592 | 688,477 |
| Less: allowance for uncollectible accounts | (68,668) | - | - | (68,668) |
| Net total receivables | <u>\$ 570,347</u> | <u>\$ 46,870</u> | <u>\$ 2,592</u> | <u>\$ 619,809</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 | \$ 195,147 | \$ 336,779 | \$ 98,149 | \$ 630,075 |
| Less: Allowance for uncollectible accounts | (15,634) | (28,829) | (7,569) | (52,032) |
| Net total receivables | <u>\$ 179,513</u> | <u>\$ 307,950</u> | <u>\$ 90,580</u> | <u>\$ 578,043</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 2015-2016, the City levied property taxes in the amount of \$2,290,067. After reductions for offsets and increases for additional taxes and penalties this resulted in a net levy of \$2,288,173 including cancel and omit levy of \$171. 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 \$656,142,160.

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.

An allowance for doubtful accounts has been established for fines, and utility receivables. Other accounts and intergovernmental receivables are considered 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, 2016, 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 | 1,752,905 | 20,096 | - | 1,773,001 |
| Dams and weirs | 407,565 | - | - | 407,565 |
| Buildings | 3,834,985 | 46,247 | - | 3,881,232 |
| Equipment | 1,622,507 | 45,021 | (27,736) | 1,639,792 |
| Infrastructure | 7,568,605 | 313,540 | - | 7,882,145 |
| Total capital assets, being depreciated | <u>15,186,567</u> | <u>424,904</u> | <u>(27,736)</u> | <u>15,583,735</u> |
| Accumulated depreciation for: | | | | |
| Land improvements | (531,183) | (55,905) | - | (587,088) |
| Dams and weirs | (135,855) | (13,585) | - | (149,440) |
| Building | (1,095,885) | (82,784) | - | (1,178,669) |
| Equipment | (1,371,500) | (66,766) | 27,736 | (1,410,530) |
| Infrastructure | (4,640,900) | (311,426) | - | (4,952,326) |
| Total accumulated depreciation | <u>(7,775,323)</u> | <u>(530,466)</u> | <u>27,736</u> | <u>(8,278,053)</u> |
| Total capital assets, being depreciated, net | <u>7,411,244</u> | <u>(105,562)</u> | <u>-</u> | <u>7,305,682</u> |
| Governmental activities capital assets, net | <u>\$ 8,903,997</u> | <u>\$ (105,562)</u> | <u>\$ -</u> | <u>\$ 8,798,435</u> |

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

| | |
|--|-------------------|
| General government | \$ 90,095 |
| Community development | 57,186 |
| Public safety | 37,234 |
| Streets | 704 |
| Public works | <u>345,247</u> |
| Total depreciation expense - governmental activities | <u>\$ 530,466</u> |

Capital asset activity for the business-type activities for the year ended June 30, 2016 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 | 837,527 | 35,915 | - | 873,442 |
| Infrastructure | 35,584,760 | 476,877 | - | 36,061,637 |
| Total capital assets, being depreciated | <u>36,795,878</u> | <u>512,792</u> | <u>-</u> | <u>37,308,670</u> |
| Less accumulated depreciation for: | | | | |
| Building | (85,426) | (9,340) | - | (94,766) |
| Equipment | (325,241) | (50,522) | - | (375,763) |
| Infrastructure | (14,062,989) | (850,584) | - | (14,913,573) |
| Total accumulated depreciation | <u>(14,473,656)</u> | <u>(910,446)</u> | <u>-</u> | <u>(15,384,102)</u> |
| Total capital assets, being depreciated, net | <u>22,322,222</u> | <u>(397,654)</u> | <u>-</u> | <u>21,924,568</u> |
| Business-type activities capital assets, net | <u>\$ 23,303,652</u> | <u>\$ (397,654)</u> | <u>\$ -</u> | <u>\$ 22,905,998</u> |

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

| | |
|---|-------------------|
| Water | \$ 272,122 |
| Sewer | 395,607 |
| Stormwater | <u>242,717</u> |
| Total depreciation expense - business-type activities | <u>\$ 910,446</u> |

D. Deferred Inflows and Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The City has one item that qualifies for reporting in this category. It is the deferred amounts relating to

pensions. This amount is deferred and recognized as an outflow of resources in the period when the City recognizes pension expense/expenditures. Deferred outflows are included in the government-wide Statement of Net Position.

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. On the full accrual basis in the government-wide and proprietary funds statement of net position, the City reports deferred inflows 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 | Other Governmental | Totals |
|-----------------------|-------------------|-----------------------|-------------------|
| Property taxes | \$ 140,848 | \$ - | \$ 140,848 |
| Fines and forfeitures | 45,778 | - | 45,778 |
| Intergovernmental | 39,040 | 2,502 | 41,542 |
| Special assessments | 89,623 | - | 89,623 |
| Other | 54,664 | - | 54,664 |
| | <u>\$ 369,953</u> | <u>\$ 2,502</u> | <u>\$ 372,455</u> |

E. Long-term obligations

1. Note Payable – Business-Type Activities – Sewer 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 |
|------------------------|---------------------|-------------------|
| 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>\$ 1,056,268</u> | <u>\$ 103,981</u> |

2. 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 prior years. 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 |
|------------------------|-------------------|-------------------|
| 2017 | \$ 24,902 | \$ 15,065 |
| 2018 | 25,649 | 14,318 |
| 2019 | 26,419 | 13,548 |
| 2020 | 27,211 | 12,756 |
| 2021 | 28,028 | 11,939 |
| 2022-2026 | 153,266 | 46,568 |
| 2027-2031 | 177,677 | 22,157 |
| 2032 | 39,006 | 1,170 |
| | <u>\$ 502,158</u> | <u>\$ 137,521</u> |

3. Changes in Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2016, is as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|-------------------------------|----------------------|---------------------|-------------------|---------------------|------------------------|
| Governmental activities: | | | | | |
| Limited Tax Issuances | \$ - | \$ - | \$ - | \$ - | \$ - |
| Compensated Absences | 120,710 | 109,979 | 120,710 | 109,979 | 93,482 |
| Net Pension Liability (Asset) | (543,843) | 1,866,052 | - | 1,322,209 | - |
| Governmental activity | | | | | |
| Long-term obligations | <u>\$ (423,133)</u> | <u>\$ 1,976,031</u> | <u>\$ 120,710</u> | <u>\$ 1,432,188</u> | <u>\$ 93,482</u> |
| Business - type activities: | | | | | |
| Compensated Absences | \$ 53,111 | \$ 51,706 | \$ 53,111 | \$ 51,706 | \$ 43,950 |
| Notes Payable | 1,773,521 | - | 215,095 | 1,558,426 | 222,561 |
| Net Pension Liability (Asset) | (205,116) | 737,840 | - | 532,724 | - |
| Business-type activity | | | | | |
| Long-term obligations | <u>\$ 1,621,516</u> | <u>\$ 789,546</u> | <u>\$ 268,206</u> | <u>\$ 2,142,856</u> | <u>\$ 266,511</u> |

F. Fund Balance Classifications

Fund balances by classification for the year ended June 30, 2016 were as follows:

| Fund Balances: | Combined General | Street | Other Governmental Funds | Total Governmental Funds |
|-------------------------|---------------------|-------------------|--------------------------------|--------------------------------|
| Nonspendable - prepaids | \$ 51,029 | \$ 140 | \$ - | \$ 51,169 |
| Restricted: | | | | |
| Highways and streets | - | 706,934 | - | 706,934 |
| Capital projects | - | - | 31,038 | 31,038 |
| Grants and projects | - | - | 146,315 | 146,315 |
| Committed | | | | |
| Capital projects | 34,464 | - | - | 34,464 |
| Assigned: | | | | |
| Facilities maintenance | 94,929 | - | - | 94,929 |
| Capital projects | 491,718 | - | 496,016 | 987,734 |
| Community center | 18,381 | - | - | 18,381 |
| Traffic safety programs | 103,106 | - | - | 103,106 |
| Grants and projects | 6,212 | - | - | 6,212 |
| Unassigned | 3,744,930 | - | - | 3,744,930 |
| Total Fund Balances | <u>\$ 4,544,769</u> | <u>\$ 707,074</u> | <u>\$ 673,369</u> | <u>\$ 5,925,212</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 \$38,530.

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

| | Transfers In | Transfers Out |
|--------------------------|------------------|------------------|
| Governmental activities | | |
| General | \$ 4,000 | \$ 6,775 |
| State Tax Street | - | 6,300 |
| Other funds | 68,975 | - |
| Business-type activities | | |
| Water | - | 26,500 |
| Sewer | - | 26,500 |
| Wastewater | - | 6,900 |
| | <u>\$ 72,975</u> | <u>\$ 72,975</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, 2013 actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30, 2016 were \$489,029, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2016 were 15.37 percent for Tier One/Tier Two General Service Member, 9.01 percent for OPSRP Police, 13.12 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, 2016, the City of Fairview reported a liability of \$1,854,933 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013 rolled forward to June 30, 2015. The City's proportion of the net pension liability 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, 2015, the City's proportion was .03230768 percent, which was a decrease from its proportion of .03304161 percent measured as of June 30, 2014.

For the year ended June 30, 2016, the City's recognized pension expense (income) of \$1,803,169. 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 |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 100,027 | \$ - |
| Changes of assumption | - | - |
| Net difference between projected and actual earnings on investments | - | 388,834 |
| Changes in proportionate share | - | 12,601 |
| Differences between employer contributions and proportionate share of system contributions | - | 83,334 |
| Contributions subsequent to the measurement date | <u>334,694</u> | <u>-</u> |
| Net Deferred Outflow/(Inflow) of Resources | <u>\$ 434,721</u> | <u>\$ 484,769</u> |

\$334,694 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 | \$ (185,500) |
| 2017 | (185,500) |
| 2018 | (185,500) |
| 2019 | 169,758 |
| 2020 | <u>2,000</u> |
| Total | <u>\$ (384,742)</u> |

Actuarial Assumptions

The employer contribution rates effective July 1, 2013, through June 30, 2015, and effective July 1, 2015 through June 30, 2017, 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, 2013 actuarial valuation was determined using the following actuarial assumptions:

| | |
|-----------------------------------|--|
| Valuation Date | December 31, 2013 |
| Measurement Date | June 30, 2015 |
| Experience Study Report | 2014, published September 2015 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Inflation Rate | 2.75 percent |
| Long-Term Expected Rate of Return | 7.75 percent |
| Discount Rate | 7.75 percent |
| Projected Salary Increases | 3.75 percent overall payroll growth |
| Cost of Living Adjustments | Blend 2.00% COLA and grade COLA |
| Mortality | <p>Health retirees and beneficiaries: RP- 2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: Mortality rates are a percentage of healthy retiree rates, that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 statistic combined disabled mortality sex-distinct table.</p> |

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 2014 Experience Study, which reviewed experience for the four-year period ending on December 31, 2014.

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.

| Asset Class/Strategy | Assumed Asset Allocation | | |
|-----------------------|--------------------------|------------|--------|
| | Low Range | High Range | Target |
| Cash | 0.0% | 3.0% | 0.0% |
| Debt Securities | 15.0% | 25.0% | 20.0% |
| Public Equity | 32.5% | 42.5% | 37.5% |
| Private Equity | 16.0% | 24.0% | 20.0% |
| Real Estate | 9.5% | 15.5% | 12.5% |
| Alternative Equity | 0.0% | 10.0% | 10.0% |
| Opportunity Portfolio | 0.0% | 3.0% | 0.0% |
| Total | | | 100.0% |

| Asset Class | Target Allocation | Compounded Annual Return (Geometric) |
|-----------------------------------|-------------------|--|
| 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% |
| Total | 100.00% | |
| Assumed Inflation - Mean | | 2.75% |

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long term expected return on the plan investments may be used to discount liabilities to the extent that the plans Fiduciary Net position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed

depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

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) | \$4,476,812 | \$ 1,854,933 | \$ (354,622) |

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 During the Measurement Period

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 change in benefit terms was reflected in the current valuation

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes in benefit terms subsequent to the measurement date of June 30, 2015.

D. Commitments and Contingencies

The City is currently in negotiations with Multnomah County Sheriff's department to potentially consolidate the City's police department with Multnomah County, moving their employees over to the county. They are still working out the final details to include the number of officers and hours which are dedicated to the City of Fairview and the costs associated with contracting out the police services.

The City entered into an Intergovernmental agreement with Multnomah County and surrounding cities for the Columbia River Levee Project. Work has not yet begun on the project but the City has signed a contract with the County and the surrounding cities for a loan not to exceed \$3,567,712 for the costs associated with the project, where the City of Fairview's proportionate share would not exceed \$123,908, which is 3.75% of the total cost of the project. There are also other projects related to the Columbia River Levee Project where there are costs reimbursed to Multnomah County from each City who is in the contract.

E. Subsequent Events

The City signed a contract for the City of Fairview Slurry Seal Project 2016 for \$119,205 with VSS, International to provide services for this project.

The City was awarded a grant of \$100,000 for the NE Halsey Corridor economic development project and an additional \$12,000 for the scope of work development and project management. This is an Intergovernmental Agreement between the City of Wood Village, the City of Troutdale and Multnomah County to encourage economic development on the NE Halsey Corridor. The city signed an agreement with Fregonese and Associates in the amount of \$114,950 for an economic development analysis related to this project.

The City signed an Intergovernmental Agreement with Wood Village to develop a recreation program to obtain Portland State University Hatfield Resident Fellow to develop a two cities recreation program at the total cost of \$40,000. The Fellow will provide approximately 520 hours to the committee and work plan development as well as assist with the Park Master Plan project. The City of Wood Village will be responsible for \$10,000 and the City of Fairview will be providing the remaining \$30,000 to fund this project.

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>2016</u> | <u>2015</u> | <u>2014</u> |
|--|--------------|--------------|--------------|
| City's proportion of the net pension liability (asset) | 0.03230768% | 0.03304161% | 0.03304161% |
| City's proportionate share of the net pension liability (asset) | \$ 1,854,933 | \$ (748,959) | \$ 1,686,162 |
| City's covered-employee payroll | \$ 2,562,697 | \$ 2,380,702 | \$ 2,318,755 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 72.38% | -31.46% | 72.72% |
| Plan fiduciary net position as a percentage of total pension liability | 91.10% | 103.60% | 91.97% |

CITY OF FAIRVIEW, OREGON

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

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|----------------|------------------|------------------|
| Contractually required contributions | \$ 489,029 | \$ 439,508 | \$ 419,429 |
| Contributions in relation to the contractually required contributions | <u>489,029</u> | <u>(439,508)</u> | <u>(419,429)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered-employee payroll | \$ 2,562,697 | \$ 2,380,702 | \$ 2,318,755 |
| Contributions as a percentage of covered-employee payroll | 19.08% | 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, 2016

Changes in Plan Provisions During the Measurement Period

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law 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 with 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 that was not included in the net position liability (asset) proportionate shares provided by OPERS for the years ending June 30, 2015 and June 30, 2014.

Changes of assumptions

Details and a comprehensive list of changes in methods and assumptions can be found in the 2012 and 2014 Experience Study for the System, which were published on September 18, 2013 and September 23, 2015. These reports can be found at:

http://www.oregon.gov/pers/Pages/section/financial_reports/mercer_reports.aspx



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:

- *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 funds do not qualify as Special Revenue funds for external financial reporting under GASB 54 and were combined with the General Fund as a sub-fund. The City continues to treat these funds as a Special Revenue funds 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.
- *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.
- *Fairview Lake Sewer LID Fund-* accounts for collections of local improvement district assessments and interest on investments related to debt service which has been paid in full.

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, 2016**

| | Special Revenue | Capital Projects | Totals |
|---|--------------------|---------------------|-------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 154,695 | \$ 527,054 | \$ 681,749 |
| Receivables: | | | |
| Accounts | 2,592 | - | 2,592 |
| Total assets | <u>\$ 157,287</u> | <u>\$ 527,054</u> | <u>\$ 684,341</u> |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | \$ 4,990 | \$ - | \$ 4,990 |
| Deposits | 3,480 | - | 3,480 |
| Total liabilities | 8,470 | - | 8,470 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue | 2,502 | - | 2,502 |
| FUND BALANCES | | | |
| Restricted | 146,315 | 31,038 | 177,353 |
| Assigned | - | 496,016 | 496,016 |
| Total fund balances | 146,315 | 527,054 | 673,369 |
| Total liabilities and fund balances | <u>\$ 157,287</u> | <u>\$ 527,054</u> | <u>\$ 684,341</u> |

See auditor's report.

CITY OF FAIRVIEW, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2016

Special Revenue Funds

| | Building Fund | Grant/ Projects Fund | Totals |
|---|-------------------|----------------------------|-------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 131,828 | \$ 22,867 | \$ 154,695 |
| Receivables: | | | |
| Accounts | <u>436</u> | <u>2,156</u> | <u>2,592</u> |
| Total assets | <u>\$ 132,264</u> | <u>\$ 25,023</u> | <u>\$ 157,287</u> |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | \$ 4,990 | \$ - | \$ 4,990 |
| Deposits | <u>3,480</u> | <u>-</u> | <u>3,480</u> |
| Total liabilities | <u>8,470</u> | <u>-</u> | <u>8,470</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue | <u>346</u> | <u>2,156</u> | <u>2,502</u> |
| FUND BALANCES | | | |
| Restricted | <u>123,448</u> | <u>22,867</u> | <u>146,315</u> |
| Total fund balances | <u>123,448</u> | <u>22,867</u> | <u>146,315</u> |
| Total liabilities and fund balances | <u>\$ 132,264</u> | <u>\$ 25,023</u> | <u>\$ 157,287</u> |

CITY OF FAIRVIEW, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2016

| | Capital Projects Funds | | |
|--|----------------------------------|----------------------------------|-------------------|
| | SDC Parks/Open Spaces Fund | Equipment Replacement Fund | Totals |
| ASSETS | | | |
| Cash and cash equivalents | \$ 31,038 | \$ 496,016 | \$ 527,054 |
| Total assets | <u>\$ 31,038</u> | <u>\$ 496,016</u> | <u>\$ 527,054</u> |
| LIABILITIES | | | |
| Accounts payable and | | | |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | |
| Restricted | 31,038 | - | 31,038 |
| Assigned | <u>-</u> | <u>496,016</u> | <u>496,016</u> |
| Total fund balances | <u>31,038</u> | <u>496,016</u> | <u>527,054</u> |
| Total liabilities and fund balances | <u>\$ 31,038</u> | <u>\$ 496,016</u> | <u>\$ 527,054</u> |

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, 2016

| | Special Revenue | Capital Projects | Totals |
|---|--------------------|---------------------|-------------------|
| REVENUES | | | |
| Licenses and fees | \$ 157,714 | \$ - | \$ 157,714 |
| Charges for services | 427 | - | 427 |
| Fines and forfeitures | - | 3,257 | 3,257 |
| System development charges | - | 14,088 | 14,088 |
| Interest on investments | 838 | 3,186 | 4,024 |
| Miscellaneous | 342 | - | 342 |
| TOTAL REVENUES | <u>159,321</u> | <u>20,531</u> | <u>179,852</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Community development | 45,972 | - | 45,972 |
| Capital outlay | <u>2,156</u> | <u>62,391</u> | <u>64,547</u> |
| TOTAL EXPENDITURES | <u>48,128</u> | <u>62,391</u> | <u>110,519</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>111,193</u> | <u>(41,860)</u> | <u>69,333</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Sale of property | - | 3,679 | 3,679 |
| Transfers in | - | <u>68,975</u> | <u>68,975</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>72,654</u> | <u>72,654</u> |
| NET CHANGE IN FUND BALANCE | 111,193 | 30,794 | 141,987 |
| FUND BALANCE, Beginning | <u>35,122</u> | <u>496,260</u> | <u>531,382</u> |
| FUND BALANCE, Ending | <u>\$ 146,315</u> | <u>\$ 527,054</u> | <u>\$ 673,369</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, 2016

| | Special Revenue Funds | | |
|---|-----------------------|----------------------------|------------|
| | Building Fund | Grant/ Projects Fund | Totals |
| REVENUES | | | |
| Licenses and fees | \$ 157,714 | \$ - | \$ 157,714 |
| Charges for services | 427 | - | 427 |
| Interest on investments | 676 | 162 | 838 |
| Miscellaneous | 342 | - | 342 |
| TOTAL REVENUES | 159,159 | 162 | 159,321 |
| EXPENDITURES | | | |
| Current: | | | |
| Community development | 45,972 | - | 45,972 |
| Capital outlay | - | 2,156 | 2,156 |
| TOTAL EXPENDITURES | 45,972 | 2,156 | 48,128 |
| REVENUES OVER (UNDER) EXPENDITURES | 113,187 | (1,994) | 111,193 |
| OTHER FINANCING SOURCES (USES) | | | |
| NET CHANGE IN FUND BALANCE | 113,187 | (1,994) | 111,193 |
| FUND BALANCE, Beginning | 10,261 | 24,861 | 35,122 |
| FUND BALANCE, Ending | \$ 123,448 | \$ 22,867 | \$ 146,315 |

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, 2016

| | Capital Projects Funds | | |
|---|----------------------------------|----------------------------------|-------------------|
| | SDC Parks/Open Spaces Fund | Equipment Replacement Fund | Totals |
| REVENUES | | | |
| Fines and forfeitures | \$ - | \$ 3,257 | \$ 3,257 |
| System development charges | 14,088 | - | 14,088 |
| Interest on investments | <u>165</u> | <u>3,021</u> | <u>3,186</u> |
| TOTAL REVENUES | <u>14,253</u> | <u>6,278</u> | <u>20,531</u> |
| EXPENDITURES | | | |
| Capital outlay | <u>-</u> | <u>62,391</u> | <u>62,391</u> |
| TOTAL EXPENDITURES | <u>-</u> | <u>62,391</u> | <u>62,391</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>14,253</u> | <u>(56,113)</u> | <u>(41,860)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Sale of property | - | 3,679 | 3,679 |
| Transfers in | <u>-</u> | <u>68,975</u> | <u>68,975</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>72,654</u> | <u>72,654</u> |
| NET CHANGE IN FUND BALANCE | 14,253 | 16,541 | 30,794 |
| FUND BALANCE, Beginning | <u>16,785</u> | <u>479,475</u> | <u>496,260</u> |
| FUND BALANCE, Ending | <u>\$ 31,038</u> | <u>\$ 496,016</u> | <u>\$ 527,054</u> |

See auditor's report.

**CITY OF FAIRVIEW, OREGON
COMBINING BALANCE SHEET
COMBINED GENERAL FUND
June 30, 2016**

| | General Fund | Administrative Excise Charge Fund | Facilities Maintenance Fund | Fairview Lake Sewer LID Fund | Totals |
|---|---------------------|---|-----------------------------------|------------------------------------|---------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 3,718,506 | \$ 43,155 | \$ 94,929 | \$ 448,563 | \$ 4,305,153 |
| Investments | 99,000 | - | - | - | 99,000 |
| Receivables: | | | | | |
| Property taxes | 159,171 | - | - | - | 159,171 |
| Accounts | 275,775 | - | - | - | 275,775 |
| Fines and forfeitures, net | 45,778 | - | - | - | 45,778 |
| Assessments | - | - | - | 89,623 | 89,623 |
| Prepaid items | 51,029 | - | - | - | 51,029 |
| Total assets | <u>\$ 4,349,259</u> | <u>\$ 43,155</u> | <u>\$ 94,929</u> | <u>\$ 538,186</u> | <u>\$ 5,025,529</u> |
| LIABILITIES | | | | | |
| Accounts payable and accrued liabilities | \$ 107,256 | \$ - | \$ - | \$ - | \$ 107,256 |
| Deposits | 3,551 | - | - | - | 3,551 |
| Total liabilities | <u>110,807</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>110,807</u> |
| DEFERRED INFLOWS OF | | | | | |
| Unavailable revenue | 280,330 | - | - | 89,623 | 369,953 |
| FUND BALANCES | | | | | |
| Nonspendable | 51,029 | - | - | - | 51,029 |
| Committed | 34,464 | - | - | - | 34,464 |
| Assigned | 127,699 | 43,155 | 94,929 | 448,563 | 714,346 |
| Unassigned | 3,744,930 | - | - | - | 3,744,930 |
| Total fund balances | <u>3,958,122</u> | <u>43,155</u> | <u>94,929</u> | <u>448,563</u> | <u>4,544,769</u> |
| Total liabilities and fund balances | <u>\$ 4,349,259</u> | <u>\$ 43,155</u> | <u>\$ 94,929</u> | <u>\$ 538,186</u> | <u>\$ 5,025,529</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, 2016**

| | General Fund | Administrative Excise Charge Fund | Facilities Maintenance Fund | Fairview Lake Sewer LID Fund | Totals |
|---|---------------------|---|-----------------------------------|------------------------------------|---------------------|
| REVENUES | | | | | |
| Property taxes | \$ 2,244,625 | \$ - | \$ - | \$ - | \$ 2,244,625 |
| Other taxes | 646,149 | - | - | - | 646,149 |
| Franchise fees | 774,447 | - | - | - | 774,447 |
| Licenses and fees | 37,397 | - | - | - | 37,397 |
| Charges for services | 227,028 | 9,926 | - | - | 236,954 |
| Intergovernmental | 352,168 | - | - | - | 352,168 |
| Fines and forfeitures | 192,140 | - | - | - | 192,140 |
| Rental income | 86,861 | - | - | - | 86,861 |
| Assessments | - | - | - | 327,599 | 327,599 |
| Interest on investments | 24,637 | 259 | 590 | 2,099 | 27,585 |
| Miscellaneous | 21,312 | - | 6,145 | - | 27,457 |
| TOTAL REVENUES | <u>4,606,764</u> | <u>10,185</u> | <u>6,735</u> | <u>329,698</u> | <u>4,953,382</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 534,082 | - | - | - | 534,082 |
| Public safety | 3,457,839 | - | - | - | 3,457,839 |
| Public works | 251,580 | - | - | - | 251,580 |
| Community development | 171,775 | - | - | - | 171,775 |
| Capital outlay | 109,579 | 5,233 | 6,781 | - | 121,593 |
| TOTAL EXPENDITURES | <u>4,524,855</u> | <u>5,233</u> | <u>6,781</u> | <u>-</u> | <u>4,536,869</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>81,909</u> | <u>4,952</u> | <u>(46)</u> | <u>329,698</u> | <u>416,513</u> |
| OTHER FINANCING SOURCES | | | | | |
| Transfers in | - | - | 4,000 | - | 4,000 |
| Transfers out | (6,775) | - | - | - | (6,775) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(6,775)</u> | <u>-</u> | <u>4,000</u> | <u>-</u> | <u>(2,775)</u> |
| NET CHANGE IN FUND BALANCE | 75,134 | 4,952 | 3,954 | 329,698 | 413,738 |
| FUND BALANCE, Beginning | <u>3,882,988</u> | <u>38,203</u> | <u>90,975</u> | <u>118,865</u> | <u>4,131,031</u> |
| FUND BALANCE, Ending | <u>\$ 3,958,122</u> | <u>\$ 43,155</u> | <u>\$ 94,929</u> | <u>\$ 448,563</u> | <u>\$ 4,544,769</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, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|--|---------------------|---------------------|---------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| EXPENDITURES | | | | |
| Personal services: | | | | |
| General government | \$ 381,040 | \$ 381,040 | \$ 376,848 | \$ 4,192 |
| Public safety | 2,082,489 | 2,082,489 | 2,001,522 | 80,967 |
| Public works | 149,182 | 149,182 | 145,687 | 3,495 |
| Community development | <u>104,401</u> | <u>104,401</u> | <u>110,642</u> | <u>(6,241)</u> |
| Total personal services | <u>2,717,112</u> | <u>2,717,112</u> | <u>2,634,699</u> | <u>82,413</u> |
| Materials and services: | | | | |
| General government | 179,795 | 206,300 | 157,234 | 49,066 |
| Public safety | 1,550,140 | 1,550,140 | 1,456,317 | 93,823 |
| Public works | 136,290 | 136,290 | 105,893 | 30,397 |
| Community development | <u>142,664</u> | <u>142,664</u> | <u>61,133</u> | <u>81,531</u> |
| Total materials and services | <u>2,008,889</u> | <u>2,035,394</u> | <u>1,780,577</u> | <u>254,817</u> |
| Capital outlay: | | | | |
| General government | 5,000 | 5,000 | 3,802 | 1,198 |
| Public safety | 28,900 | 109,972 | 67,269 | 42,703 |
| Public works | 36,000 | 36,000 | 38,508 | (2,508) |
| Community development | <u>1,000</u> | <u>1,000</u> | <u>-</u> | <u>1,000</u> |
| Total capital outlay | <u>70,900</u> | <u>151,972</u> | <u>109,579</u> | <u>42,393</u> |
| Contingency | <u>2,154,484</u> | <u>2,046,907</u> | <u>-</u> | <u>2,046,907</u> |
| TOTAL EXPENDITURES | <u>6,951,385</u> | <u>6,951,385</u> | <u>4,524,855</u> | <u>2,426,530</u> |
| OTHER FINANCING USES | | | | |
| Transfers out | <u>6,775</u> | <u>6,775</u> | <u>6,775</u> | <u>-</u> |
| TOTAL OTHER FINANCING USES | <u>6,775</u> | <u>6,775</u> | <u>6,775</u> | <u>-</u> |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>\$ 6,958,160</u> | <u>\$ 6,958,160</u> | <u>\$ 4,531,630</u> | <u>\$ 2,426,530</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
- Fairview Lake Sewer LID

Capital Project Funds

- SDC Parks/Open Spaces
- Equipment Replacement

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
ADMINISTRATIVE EXCISE CHARGE FUND
(SUB-FUND OF THE GENERAL FUND)
For the Fiscal Year Ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|-----------------------------------|------------------|---------------|-------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Charges for services | \$ 15,000 | \$ 15,000 | \$ 9,926 | \$ (5,074) |
| Interest on investments | <u>201</u> | <u>201</u> | <u>259</u> | <u>58</u> |
| TOTAL REVENUES | <u>15,201</u> | <u>15,201</u> | <u>10,185</u> | <u>(5,016)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Materials and services | 200 | 200 | - | 200 |
| Capital outlay | - | 45,916 | 5,233 | 40,683 |
| Contingency | <u>45,916</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>46,116</u> | <u>46,116</u> | <u>5,233</u> | <u>40,883</u> |
| NET CHANGE IN FUND BALANCE | (30,915) | (30,915) | 4,952 | 35,867 |
| FUND BALANCE, Beginning | <u>30,915</u> | <u>30,915</u> | <u>38,203</u> | <u>7,288</u> |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 43,155</u> | <u>\$ 43,155</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, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|-----------------------------------|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Licenses and fees | \$ 143,000 | \$ 143,000 | \$ 157,714 | \$ 14,714 |
| Charges for services | 275 | 275 | 427 | 152 |
| Interest on investments | 167 | 167 | 676 | 509 |
| Miscellaneous | 100 | 100 | 342 | 242 |
| TOTAL REVENUES | <u>143,542</u> | <u>143,542</u> | <u>159,159</u> | <u>15,617</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development: | | | | |
| Personal services | 12,760 | 12,760 | 14,664 | (1,904) |
| Materials and services | 90,650 | 90,650 | 31,308 | 59,342 |
| Capital outlay | 500 | 500 | - | 500 |
| Contingency | 25,000 | 25,000 | - | 25,000 |
| TOTAL EXPENDITURES | <u>128,910</u> | <u>128,910</u> | <u>45,972</u> | <u>82,938</u> |
| NET CHANGE IN FUND BALANCE | 14,632 | 14,632 | 113,187 | 98,555 |
| FUND BALANCE, Beginning | <u>24,109</u> | <u>24,109</u> | <u>10,261</u> | <u>(13,848)</u> |
| FUND BALANCE, Ending | <u>\$ 38,741</u> | <u>\$ 38,741</u> | <u>\$ 123,448</u> | <u>\$ 84,707</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, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|-----------------------------------|------------------|----------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 69,500 | \$ 181,500 | \$ - | \$ (181,500) |
| Interest on investments | \$ 161 | \$ 161 | \$ 162 | \$ 1 |
| TOTAL REVENUES | <u>69,661</u> | <u>181,661</u> | <u>162</u> | <u>(181,499)</u> |
| EXPENDITURES | | | | |
| Capital outlay | 69,500 | 181,500 | 2,156 | 179,344 |
| Contingency | <u>24,914</u> | <u>24,914</u> | <u>-</u> | <u>24,914</u> |
| TOTAL EXPENDITURES | <u>94,414</u> | <u>206,414</u> | <u>2,156</u> | <u>204,258</u> |
| NET CHANGE IN FUND BALANCE | (24,753) | (24,753) | (1,994) | 22,759 |
| FUND BALANCE, Beginning | <u>24,753</u> | <u>24,753</u> | <u>24,861</u> | <u>108</u> |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 22,867</u> | <u>\$ 22,867</u> |

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FACILITIES MAINTENANCE FUND
(SUB-FUND OF THE GENERAL FUND)
For the Fiscal Year Ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|------------------|-----------------|-------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Interest on investments | \$ 458 | \$ 458 | \$ 590 | \$ 132 |
| Miscellaneous | - | - | 6,145 | 6,145 |
| TOTAL REVENUES | <u>458</u> | <u>458</u> | <u>6,735</u> | <u>6,277</u> |
| EXPENDITURES | | | | |
| Capital outlay | 25,000 | 25,000 | 6,781 | 18,219 |
| Contingency | 49,219 | 49,219 | - | 49,219 |
| TOTAL EXPENDITURES | <u>74,219</u> | <u>74,219</u> | <u>6,781</u> | <u>67,438</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(73,761)</u> | <u>(73,761)</u> | <u>(46)</u> | <u>73,715</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 4,000 | 4,000 | 4,000 | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>4,000</u> | <u>4,000</u> | <u>4,000</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (69,761) | (69,761) | 3,954 | 73,715 |
| FUND BALANCE, Beginning | <u>69,761</u> | <u>69,761</u> | <u>90,975</u> | <u>21,214</u> |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 94,929</u> | <u>\$ 94,929</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
(SUB-FUND OF THE GENERAL FUND)
For the Fiscal Year Ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|------------------|------------------|-------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Assessments | \$ 57,610 | \$ 57,610 | \$ 327,599 | \$ 269,989 |
| Interest on investments | - | - | 2,099 | 2,099 |
| TOTAL REVENUES | <u>57,610</u> | <u>57,610</u> | <u>329,698</u> | <u>272,088</u> |
| | | | | |
| REVENUES OVER (UNDER) EXPENDITURES | <u>57,610</u> | <u>57,610</u> | <u>329,698</u> | <u>272,088</u> |
| | | | | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>(121,656)</u> | <u>(121,656)</u> | - | 121,656 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(121,656)</u> | <u>(121,656)</u> | - | <u>121,656</u> |
| | | | | |
| NET CHANGE IN FUND BALANCE | (64,046) | (64,046) | 329,698 | 393,744 |
| | | | | |
| FUND BALANCE, Beginning | <u>64,046</u> | <u>64,046</u> | <u>118,865</u> | <u>54,819</u> |
| | | | | |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 448,563</u> | <u>\$ 448,563</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, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|------------------|--------------|-------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| System development charges | \$ 8,000 | \$ 8,000 | \$ 14,088 | \$ 6,088 |
| Interest on investments | <u>38</u> | <u>38</u> | <u>165</u> | <u>127</u> |
| TOTAL REVENUES | <u>8,038</u> | <u>8,038</u> | <u>14,253</u> | <u>6,215</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Materials and services | 200 | 200 | - | 200 |
| Capital outlay | <u>7,838</u> | <u>7,838</u> | <u>-</u> | <u>7,838</u> |
| TOTAL EXPENDITURES | <u>8,038</u> | <u>8,038</u> | <u>-</u> | <u>8,038</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>-</u> | <u>-</u> | <u>14,253</u> | <u>14,253</u> |
| NET CHANGE IN FUND BALANCE | - | - | 14,253 | 14,253 |
| FUND BALANCE, Beginning | <u>-</u> | <u>-</u> | <u>16,786</u> | <u>16,786</u> |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 31,039</u> | <u>\$ 31,039</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, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Fines and forfeitures | \$ 8,000 | \$ 8,000 | \$ 3,257 | \$ (4,743) |
| Interest on investments | <u>2,293</u> | <u>2,293</u> | <u>3,021</u> | <u>728</u> |
| TOTAL REVENUES | <u>10,293</u> | <u>10,293</u> | <u>6,278</u> | <u>(4,015)</u> |
| EXPENDITURES | | | | |
| Capital outlay | 108,500 | 108,500 | 62,391 | 46,109 |
| Contingency | <u>25,000</u> | <u>25,000</u> | <u>-</u> | <u>25,000</u> |
| TOTAL EXPENDITURES | <u>133,500</u> | <u>133,500</u> | <u>62,391</u> | <u>71,109</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(123,207)</u> | <u>(123,207)</u> | <u>(56,113)</u> | <u>67,094</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of property | 5,000 | 5,000 | 3,679 | (1,321) |
| Transfers in | <u>68,975</u> | <u>68,975</u> | <u>68,975</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>73,975</u> | <u>73,975</u> | <u>72,654</u> | <u>(1,321)</u> |
| NET CHANGE IN FUND BALANCE | (49,232) | (49,232) | 16,541 | 65,773 |
| FUND BALANCE, Beginning | <u>350,548</u> | <u>350,548</u> | <u>479,475</u> | <u>128,927</u> |
| FUND BALANCE, Ending | <u>\$ 301,316</u> | <u>\$ 301,316</u> | <u>\$ 496,016</u> | <u>\$ 194,700</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, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|-------------------|-------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | \$ 1,202,500 | \$ 1,202,500 | \$ 1,261,560 | \$ 59,060 |
| Interest on investments | 6,230 | 6,230 | 7,184 | 954 |
| Miscellaneous | 700 | 700 | 800 | 100 |
| TOTAL REVENUES | <u>1,209,430</u> | <u>1,209,430</u> | <u>1,269,544</u> | <u>60,114</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Personal services | 423,235 | 423,235 | 412,232 | 11,003 |
| Materials and services | 601,790 | 601,790 | 484,448 | 117,342 |
| Capital outlay | 86,000 | 86,000 | 39,663 | 46,337 |
| Debt service | 39,968 | 39,968 | 39,967 | 1 |
| Contingency | 150,000 | 150,000 | - | 150,000 |
| TOTAL EXPENDITURES | <u>1,300,993</u> | <u>1,300,993</u> | <u>976,310</u> | <u>324,683</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(91,563)</u> | <u>(91,563)</u> | <u>293,234</u> | <u>384,797</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 | (118,063) | (118,063) | 266,734 | 384,797 |
| FUND BALANCE, Beginning | <u>947,791</u> | <u>947,791</u> | <u>1,019,820</u> | <u>72,029</u> |
| FUND BALANCE, Ending | <u>\$ 829,728</u> | <u>\$ 829,728</u> | <u>\$ 1,286,554</u> | <u>\$ 456,826</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, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|-----------------------------------|------------------|----------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| System development charges | \$ 28,000 | \$ 28,000 | \$ 8,183 | \$ (19,817) |
| Interest on investments | <u>1,712</u> | <u>1,712</u> | <u>2,770</u> | <u>1,058</u> |
| TOTAL REVENUES | <u>29,712</u> | <u>29,712</u> | <u>10,953</u> | <u>(18,759)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Materials and services | 200 | 200 | - | 200 |
| Capital outlay | <u>287,900</u> | <u>287,900</u> | <u>-</u> | <u>287,900</u> |
| TOTAL EXPENDITURES | <u>288,100</u> | <u>288,100</u> | <u>-</u> | <u>288,100</u> |
| NET CHANGE IN FUND BALANCE | (258,388) | (258,388) | 10,953 | 269,341 |
| FUND BALANCE, Beginning | <u>258,388</u> | <u>258,388</u> | <u>421,559</u> | <u>163,171</u> |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 432,512</u> | <u>\$ 432,512</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, 2016**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

| | |
|-----------|----------------|
| Water | \$ 1,286,554 |
| Water SDC | <u>432,512</u> |
| | 1,719,066 |

Adjustments:

| | |
|-------------------------------------|------------------|
| Capital assets, net of depreciation | 11,180,368 |
| Deferred outflows | 44,134 |
| Compensated absences payable | (18,234) |
| Accrued interest payable | (8,708) |
| Deferred inflows | (49,215) |
| Long-term debt | (502,158) |
| Net pension liability | <u>(188,319)</u> |

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

\$ 12,176,934

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, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|-------------------|-------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | \$ 1,981,500 | \$ 1,981,500 | \$ 2,123,816 | \$ 142,316 |
| Interest on investments | 9,100 | 9,100 | 11,429 | 2,329 |
| TOTAL REVENUES | <u>1,990,600</u> | <u>1,990,600</u> | <u>2,135,245</u> | <u>144,645</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Personal services | 443,229 | 443,229 | 431,362 | 11,867 |
| Materials and services | 1,183,155 | 1,183,155 | 1,134,400 | 48,755 |
| Capital outlay | 513,000 | 513,000 | 407,959 | 105,041 |
| Debt service | 232,915 | 232,915 | 232,913 | 2 |
| Contingency | 150,000 | 150,000 | - | 150,000 |
| TOTAL EXPENDITURES | <u>2,522,299</u> | <u>2,522,299</u> | <u>2,206,634</u> | <u>315,665</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(531,699)</u> | <u>(531,699)</u> | <u>(71,389)</u> | <u>460,310</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 | (558,199) | (558,199) | (97,889) | 460,310 |
| FUND BALANCE, Beginning | <u>1,391,784</u> | <u>1,391,784</u> | <u>1,875,935</u> | <u>484,151</u> |
| FUND BALANCE, Ending | <u>\$ 833,585</u> | <u>\$ 833,585</u> | <u>\$ 1,778,046</u> | <u>\$ 944,461</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, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|-----------------------------------|------------------|----------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| System development charges | \$ 25,000 | \$ 25,000 | \$ 5,884 | \$ (19,116) |
| Interest on investments | <u>3,620</u> | <u>3,620</u> | <u>4,361</u> | <u>741</u> |
| TOTAL REVENUES | <u>28,620</u> | <u>28,620</u> | <u>10,245</u> | <u>(18,375)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Materials and services | 200 | 200 | - | 200 |
| Capital outlay | <u>662,091</u> | <u>662,091</u> | <u>-</u> | <u>662,091</u> |
| TOTAL EXPENDITURES | <u>662,291</u> | <u>662,291</u> | <u>-</u> | <u>662,291</u> |
| NET CHANGE IN FUND BALANCE | (633,671) | (633,671) | 10,245 | 643,916 |
| FUND BALANCE, Beginning | <u>633,671</u> | <u>633,671</u> | <u>656,071</u> | <u>22,400</u> |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 666,316</u> | <u>\$ 666,316</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, 2016**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

| | |
|-----------|----------------|
| Sewer | \$ 1,778,045 |
| Sewer SDC | <u>666,316</u> |
| | 2,444,361 |

Adjustments:

| | |
|-------------------------------------|------------------|
| Capital assets, net of depreciation | 8,379,217 |
| Deferred outflows | 46,268 |
| Compensated absences payable | (19,143) |
| Accrued interest payable | (8,790) |
| Deferred inflows | (51,595) |
| Long-term debt | (1,056,267) |
| Net pension liability | <u>(197,423)</u> |

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

\$ 9,536,628

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, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | \$ 570,500 | \$ 570,500 | \$ 574,389 | \$ 3,889 |
| Interest on investments | 3,635 | 3,635 | 5,294 | 1,659 |
| Miscellaneous | - | - | 7,098 | 7,098 |
| TOTAL REVENUES | <u>574,135</u> | <u>574,135</u> | <u>586,781</u> | <u>12,646</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Personal services | 329,612 | 329,612 | 323,844 | 5,768 |
| Materials and services | 322,950 | 322,950 | 225,494 | 97,456 |
| Capital outlay | 151,000 | 151,000 | 51,398 | 99,602 |
| Contingency | <u>100,000</u> | <u>100,000</u> | - | <u>100,000</u> |
| TOTAL EXPENDITURES | <u>903,562</u> | <u>903,562</u> | <u>600,736</u> | <u>302,826</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(329,427)</u> | <u>(329,427)</u> | <u>(13,955)</u> | <u>315,472</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>(6,900)</u> | <u>(6,900)</u> | <u>(6,900)</u> | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(6,900)</u> | <u>(6,900)</u> | <u>(6,900)</u> | - |
| NET CHANGE IN FUND BALANCE | (336,327) | (336,327) | (20,855) | 315,472 |
| FUND BALANCE, Beginning | <u>554,972</u> | <u>554,972</u> | <u>870,465</u> | <u>315,493</u> |
| FUND BALANCE, Ending | <u>\$ 218,645</u> | <u>\$ 218,645</u> | <u>\$ 849,610</u> | <u>\$ 630,965</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, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|-----------------------------------|------------------|----------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| System development charges | \$ 20,000 | \$ 20,000 | \$ 784 | \$ (19,216) |
| Interest on investments | 1,900 | 1,900 | 1,151 | (749) |
| TOTAL REVENUES | <u>21,900</u> | <u>21,900</u> | <u>1,935</u> | <u>(19,965)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Materials and services | 200 | 200 | - | 200 |
| Capital outlay | 312,557 | 312,557 | - | 312,557 |
| TOTAL EXPENDITURES | <u>312,757</u> | <u>312,757</u> | <u>-</u> | <u>312,757</u> |
| NET CHANGE IN FUND BALANCE | (290,857) | (290,857) | 1,935 | 292,792 |
| FUND BALANCE, Beginning | <u>290,857</u> | <u>290,857</u> | <u>178,728</u> | <u>(112,129)</u> |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 180,663</u> | <u>\$ 180,663</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, 2016**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

| | |
|----------------|----------------|
| Stormwater | \$ 849,610 |
| Stormwater SDC | <u>180,663</u> |
| | 1,030,273 |

Adjustments:

| | |
|-------------------------------------|------------------|
| Capital assets, net of depreciation | 3,346,413 |
| Deferred outflows of resources | 34,447 |
| Compensated absences payable | (14,331) |
| Deferred inflows of resources | (38,413) |
| Net pension liability | <u>(146,982)</u> |

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

\$ 4,211,407

OTHER FINANCIAL SCHEDULES

CITY OF FAIRVIEW, OREGON
SCHEDULE OF OUTSTANDING DEBT PRINCIPAL
AND INTEREST TRANSACTIONS
For the Fiscal Year Ended June 30, 2016

| | Interest Rates | Date of Issue | Original Amount | Principal | | | Outstanding June 30, 2016 | Interest Matured and Paid |
|--|----------------|---------------|-----------------|--------------------------|-------------|-------------------|---------------------------|---------------------------|
| | | | | Outstanding July 1, 2015 | Issued | Matured and Paid | | |
| <u>Enterprise Funds</u> | | | | | | | | |
| 2001 Note payable | 3.50% | 11/21/2000 | \$ 3,137,353 | \$ 1,247,186 | \$ - | \$ 190,918 | \$ 1,056,268 | \$ 41,995 |
| Safe Drinking Water Revolving Loan Fund - \$625,000 Forgivable | 3.00% | 9/16/2009 | \$ 1,250,000 | 526,335 | - | 24,177 | 502,158 | 15,790 |
| | | | | <u>1,773,521</u> | <u>-</u> | <u>215,095</u> | <u>1,558,426</u> | <u>57,785</u> |
| Total | | | | <u>\$ 1,773,521</u> | <u>\$ -</u> | <u>\$ 215,095</u> | <u>\$ 1,558,426</u> | <u>\$ 57,785</u> |

CITY OF FAIRVIEW, OREGON
SCHEDULE OF BUSINESS-TYPE ACTIVITIES
DEBT SERVICE FUTURE REQUIREMENTS
June 30, 2016

| Year of Maturity | Wastewater Treatment Plant Note Payable | | Safe Drinking Water Note Payable | | Totals | |
|---------------------|--|-------------------|-------------------------------------|-------------------|---------------------|-------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 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>\$ 1,056,268</u> | <u>\$ 103,981</u> | <u>\$ 502,158</u> | <u>\$ 137,521</u> | <u>\$ 1,558,426</u> | <u>\$ 241,502</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
(accrual basis of accounting)**

| | Fiscal Year | | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | 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 | 8,798,435 |
| Restricted | 865,470 | 738,296 | 2,351,415 | 713,363 | 1,010,278 | 1,181,456 | 1,344,394 | 1,399,339 | 859,338 | 884,427 |
| Unrestricted | 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 | 3,945,376 |
| Total governmental activities net position | <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> | <u>13,628,238</u> |
| Business - type activities | | | | | | | | | | |
| Net investment in capital assets | 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 | 21,347,573 |
| Restricted | 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 | 1,279,492 |
| Unrestricted | 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 | 3,297,904 |
| Total business - type activities net position | <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> | <u>25,924,969</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | 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 | 30,146,008 |
| Restricted | 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 | 2,163,919 |
| Unrestricted | 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 | 7,243,280 |
| Total primary government net position | <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> | <u>39,553,207</u> |

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

| | Fiscal Year | | | | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | 588,204 | 605,847 | 873,688 | 750,782 | 642,181 | 561,494 | 496,353 | 534,790 | 457,160 | 726,824 |
| Public safety | 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 | 4,225,010 |
| Community Development / Parks | 563,475 | 525,588 | 594,797 | 508,744 | 490,772 | 418,027 | 256,376 | 259,251 | 241,657 | 335,593 |
| Streets / Public Works ² | 444,568 | - | - | - | - | - | - | - | - | - |
| Streets | - | 487,720 | 457,400 | 406,372 | 249,413 | 266,085 | 290,594 | 314,245 | 340,049 | 332,828 |
| Public Works | - | 371,702 | 559,737 | 509,578 | 707,535 | 607,689 | 556,705 | 532,285 | 557,059 | 668,052 |
| Interest on long-term obligations ^{7,1} | 156,507 | 91,903 | 109,079 | 33,916 | 29,343 | 29,343 | 29,356 | 29,342 | 24,112 | - |
| Total governmental activities expenses | <u>3,844,379</u> | <u>4,380,176</u> | <u>5,108,867</u> | <u>4,752,407</u> | <u>4,910,819</u> | <u>4,823,867</u> | <u>4,746,529</u> | <u>4,937,502</u> | <u>4,504,143</u> | <u>6,288,307</u> |
| Business - type activities: | | | | | | | | | | |
| Water | 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 | 1,341,900 |
| Sewer | 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 | 2,158,824 |
| Stormwater | 566,172 | 748,052 | 640,600 | 616,830 | 596,862 | 603,008 | 621,182 | 677,413 | 695,151 | 909,606 |
| Total business - type activities expenses | <u>4,006,068</u> | <u>3,717,765</u> | <u>3,303,809</u> | <u>3,231,498</u> | <u>3,347,433</u> | <u>3,659,537</u> | <u>3,716,964</u> | <u>3,709,541</u> | <u>3,500,408</u> | <u>4,410,330</u> |
| Total government expenses | <u>7,850,447</u> | <u>8,097,941</u> | <u>8,412,676</u> | <u>7,983,905</u> | <u>8,258,252</u> | <u>8,483,404</u> | <u>8,463,493</u> | <u>8,647,043</u> | <u>8,004,551</u> | <u>10,698,637</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government ³ | 19,049 | 29,587 | 26,477 | 48,443 | 100,854 | 116,699 | 148,034 | 139,421 | 148,028 | 147,433 |
| Public safety | 297,660 | 330,048 | 278,673 | 245,555 | 243,874 | 193,832 | 481,652 | 427,292 | 421,945 | 302,004 |
| Community Development / Parks | 833,140 | 304,190 | 236,685 | 181,851 | 185,920 | 192,506 | 203,780 | 171,673 | 161,944 | 198,478 |
| Streets / Public Works ² | 448,793 | - | - | - | - | - | - | - | - | - |
| Streets | - | 13,950 | 985 | 135 | 239 | - | 210 | - | - | - |
| Public Works | - | - | - | - | - | - | - | - | - | - |
| Operating grants and contributions | 164,910 | 482,497 | 443,780 | 499,621 | 565,853 | 589,131 | 651,167 | 626,814 | 705,974 | 676,476 |
| Capital grants and contributions | 137,835 | 113,608 | 282,661 | 205,556 | 78,620 | 576,000 | 385,159 | 132,956 | 15,038 | 17,703 |
| Total governmental activities program revenues | <u>1,901,387</u> | <u>1,273,880</u> | <u>1,269,261</u> | <u>1,181,161</u> | <u>1,175,360</u> | <u>1,668,168</u> | <u>1,870,002</u> | <u>1,498,156</u> | <u>1,452,929</u> | <u>1,342,094</u> |
| Business - type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water | 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 | 1,262,360 |
| Sewer | 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 | 2,123,816 |
| Stormwater | 401,113 | 416,919 | 478,768 | 507,093 | 530,647 | 541,743 | 546,878 | 545,965 | 550,539 | 574,389 |
| Operating grants and contributions | - | - | - | - | 18,625 | 1,335 | - | - | - | 7,098 |
| Capital grants and contributions | 1,089,813 | 59,546 | 87,358 | 87,670 | 11,605 | 652,309 | 24,683 | 16,415 | 77,850 | 14,851 |
| Total business - type activities program revenues | <u>3,962,697</u> | <u>3,094,033</u> | <u>3,475,161</u> | <u>3,491,152</u> | <u>3,485,460</u> | <u>4,149,482</u> | <u>3,647,738</u> | <u>3,843,309</u> | <u>3,805,135</u> | <u>3,982,514</u> |
| Total government program revenues | <u>5,864,084</u> | <u>4,367,913</u> | <u>4,744,422</u> | <u>4,672,313</u> | <u>4,660,820</u> | <u>5,817,650</u> | <u>5,517,740</u> | <u>5,341,465</u> | <u>5,258,064</u> | <u>5,324,608</u> |
| Net (expense) / revenue | | | | | | | | | | |
| Governmental activities | (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) | (4,946,213) |
| Business - type activities | (43,371) | (623,732) | 171,352 | 259,654 | 138,027 | 489,945 | (69,226) | 133,768 | 304,727 | (427,816) |
| Total net expenses | <u>(1,986,363)</u> | <u>(3,730,028)</u> | <u>(3,668,254)</u> | <u>(3,311,592)</u> | <u>(3,597,432)</u> | <u>(2,665,754)</u> | <u>(2,945,753)</u> | <u>(3,305,578)</u> | <u>(2,746,487)</u> | <u>(5,374,029)</u> |

| | Fiscal Year | | | | | | | | | |
|---|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| (continued) | | | | | | | | | | (continued) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes, levied for general purposes | 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 | 2,253,101 |
| Special assessments, levied for debt service | 394,131 | - | - | - | - | - | - | - | - | - |
| Other Taxes | 262,165 | - | - | - | - | - | - | - | - | - |
| Franchise and public service taxes | 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 | 1,672,914 |
| Transfer of assets ⁴ | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous ⁵ | - | 79,714 | 66,948 | 38,401 | 55,878 | 26,189 | 25,327 | 13,772 | 10,812 | 26,220 |
| Intergovernmental Revenue | 856,469 | - | - | - | - | - | - | - | - | - |
| Interest and investment earnings ⁸ | 285,292 | 287,472 | 140,770 | 32,620 | 25,325 | 26,636 | 30,505 | 32,193 | 28,463 | 36,133 |
| 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 | 38,530 |
| Total governmental activities | <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>3,819,624</u> | <u>4,026,898</u> |
| Business - type activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | - | - | - | - | - | - | - | - | - | - |
| Sale of Land | 51,100 | - | - | - | - | - | - | - | - | - |
| Interest and investment earnings | 180,240 | 170,314 | 79,589 | 26,722 | 22,079 | 23,013 | 25,100 | 22,682 | 24,261 | 32,189 |
| Transfers ⁶ | - | (136,497) | (129,185) | 69,299 | (60,837) | (59,291) | 5,707 | 287,197 | (59,900) | (38,530) |
| Total business - type activities | <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> | <u>(6,341)</u> |
| Total government expenses | <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> | <u>4,020,557</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | 2,079,091 | 630,664 | (279,074) | (229,610) | (283,407) | 364,486 | 635,523 | (99,284) | 768,610 | (919,315) |
| Business - type activities | 187,969 | (589,915) | 121,756 | 355,675 | 99,269 | 453,667 | (38,419) | 443,647 | 269,088 | (434,157) |
| Total government | <u>2,267,060</u> ⁷ | <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> | <u>(1,353,472)</u> |

Notes:

- ¹ Elimination of interest on long-term obligations due to the payoff of Fairview Lake Sewer LID Debt
- 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 Variation in interest and investment earnings due to market conditions.

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

| | Fiscal Year | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|-------------------|--------------------|-----------------------|------------------|------------------|-------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 ² | 2012 ³ | 2013 | 2014 | 2015 | 2016 ¹ |
| General fund | | | | | | | | | | |
| Nonspendable | | | | | | 900 ⁴ | 1,123 | 14,077 | 46,582 | 51,029 |
| Unreserved | 4,049,043 | 4,782,622 | 3,688,440 | 3,728,732 | - | - | - | - | - | - |
| Restricted | | | | | 2,087 | 1,784 | 1,784 | - | - | - |
| Committed | | | | | - | - | - | 16,441 | 33,368 | 34,464 |
| Assigned | | | | | 108,349 | 98,536 | 63,057 | 166,287 | 216,977 | 714,346 |
| 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> | <u>3,744,930</u> |
| Total general fund | <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> | <u>4,544,769</u> |
| All other governmental funds | | | | | | | | | | |
| Reserved | 865,470 | 462,194 | 2,069,733 | 420,824 | - | - | - | - | - | - |
| Nonspendable | - | - | - | - | - | - | - | - | - | 140 |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 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 | 884,287 |
| Committed | | | | | 5,404 | 13,691 | 22,457 | 25,969 | 38,204 | - |
| Assigned | | | | | 358,195 | 423,579 | 429,283 | 446,063 | 479,474 | 496,016 |
| Unassigned | | | | | - | (474) ⁵ | (16,645) ⁵ | - | - | - |
| Total all other governmental funds | <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> | <u>1,380,443</u> |

¹ Beginning in 2016, Fairview Lake Sewer LID Fund is reported as part of the Combined General Fund

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
(modified accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|---|------------------|------------------|------------------|--------------------|----------------------|------------------|----------------------|------------------|----------------------|-----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Revenues: | | | | | | | | | | |
| Property taxes | 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 | 2,244,625 |
| Governmental agencies | 1,155,154 | 687,903 | 652,263 | 806,707 | 843,016 | 1,307,677 | 1,183,076 | 943,238 | 879,321 | 893,780 |
| Grants ² | 164,737 | - | - | - | - | - | - | - | - | - |
| Licenses, permits, and fees | 833,140 | 882,805 | 674,328 | 590,052 | 500,649 | 531,100 | 566,836 | 559,444 | 676,138 | 857,273 |
| Fines and forfeitures | 261,140 | 261,091 | 211,839 | 186,415 | 153,992 ⁶ | 150,814 | 422,866 ⁷ | 350,794 | 366,467 | 195,397 ⁸ |
| Franchise fees | 622,693 | 690,213 | 688,034 | 782,054 | 687,501 | 716,964 | 727,778 | 736,493 | 781,569 | 774,447 |
| Special assessments | 394,131 | 96,756 | 176,427 | 72,668 | 69,494 | 71,081 | 71,081 | 71,081 | 125,373 | 327,599 ⁹ |
| Interest income | 285,292 | 287,472 | 140,770 | 32,621 | 25,325 | 26,637 | 30,506 | 32,191 | 28,463 | 36,132 |
| Charges for services ³ | - | 117,025 | 133,988 | 120,242 | 168,025 | 194,035 | 198,130 | 192,466 | 140,121 | 237,381 ¹⁰ |
| Rental income ⁴ | - | 16,927 | 18,727 | 39,802 | 42,856 | 45,913 | 64,220 | 78,054 | 83,176 | 86,861 |
| Miscellaneous | 84,884 | 79,715 | 66,948 | 38,095 | 51,179 | 31,491 | 27,583 | 21,272 | 30,024 | 30,599 |
| Total Revenues | 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 | 5,684,094 |
| Expenditures | | | | | | | | | | |
| General Government / Administration | 508,955 | 513,956 | 790,589 | 664,278 | 555,347 | 460,265 | 400,302 | 437,644 | 451,112 | 534,082 |
| Community Development | 514,476 | 452,940 | 563,086 | 444,848 | 435,802 | 368,819 | 202,398 | 200,806 | 200,065 | 217,747 |
| Public Safety | 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 | 3,457,839 |
| Public Works | 72,889 | 32,968 | 211,135 | 172,189 | 348,799 | 286,962 | 227,435 | 247,520 | 241,625 | 251,580 |
| Streets | 42,230 | 338,896 | 301,315 | 275,612 | 247,318 | 267,692 | 246,237 | 294,345 | 295,370 | 258,213 |
| Parks | - | - | - | - | - | - | - | - | - | - |
| Debt service | | | | | | | | | | |
| Principal | 110,000 | 540,000 | 125,000 | 1,625,000 | - | - | - | - | 485,000 ¹ | - |
| Interest | 151,214 | 127,262 | 109,528 | 40,153 | 29,343 | 29,343 | 29,342 | 29,342 | 29,016 ¹ | - |
| Capital outlay | 561,968 | 401,343 | 361,980 | 645,444 | 193,193 | 685,188 | 551,910 | 415,276 | 615,418 | 453,977 |
| Total Expenditures | 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 | 5,173,438 |
| Excess of revenues over (under) expenditures | 1,407,800 | 208,397 | (310,842) | (1,744,349) | (66,123) | 64,317 | 607,079 | 278,714 | (365,500) | 510,656 |
| Other financing sources (uses) | | | | | | | | | | |
| Proceeds from bond sale | - | - | - | - | - | - | - | - | - | - |
| Proceeds from sale of property | - | 22,000 | 14,455 | 8,500 | - | 3,480 | - | 9,360 | 141 | 3,679 |
| Transfers in | 754,605 | 318,355 | 2,100,493 | 127,797 | 128,089 | 105,881 | 21,879 | 147,452 | 194,975 | 72,975 |
| Transfers out | (524,925) | (181,858) | (1,963,996) | (124,702) | (71,348) | (46,590) | (6,260) | (434,649) | (135,075) | (13,075) |
| Total other financing sources (uses) | 229,680 | 158,497 | 150,952 | 11,595 | 56,741 | 62,771 | 15,619 | (277,837) | 60,041 | 63,579 |
| Net change in fund balances | 1,637,480 | 366,894 | (159,890) | (1,732,754) | (9,382) | 127,088 | 622,698 | 877 | (305,459) | 574,235 |
| Debt service as a percentage of non-capital⁵ expenditures | 7% | 15% | 5% | 28% | 1% | 1% | 1% | 1% | 10% | 0% |

¹ Fairview Lake Sewer LID debt paid in full FY2014-15

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

⁸ Decrease in fines and forfeitures due to the cessation of the photo radar citation program

⁹ Increase due to payoff of LID debt FV014 223rd & Sandy

¹⁰ Increase is primarily due to reimbursement for School Resource Officer - \$80,000 was deferred from prior year as unavailable, majority of FY15/16 revenue received within 60 days

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

| Function/Program | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental Activities | | | | | | | | | | |
| General Government | \$ 30,222 | \$ 79,063 | \$ 75,288 | \$ 89,054 | \$ 157,157 | \$ 193,691 | \$ 201,743 | \$ 194,475 | \$ 157,663 | \$ 159,354 |
| Public Safety | 451,397 | 367,614 | 348,396 | 340,913 | 339,809 | 288,216 | 642,522 | 540,403 | 609,635 | 438,641 |
| Community Development/Parks | 844,140 | 304,190 | 410,535 | 300,096 | 210,920 | # 684,377 | 1 530,447 | 1 251,416 | 1 161,944 | 1 198,478 |
| Streets | - | 486,957 | 435,042 | 451,098 | 465,875 | 492,212 | 488,408 | 510,012 | 516,192 | 531,533 |
| Streets/Public Works | 575,628 | - | - | - | - | - | - | - | - | - |
| Public Works/Parks | - | - | - | - | 1,599 | # 9,672 | 1 6,882 | 1 1,850 | 1 7,495 | 1 14,088 |
| Total Governmental Activities | 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 | 1,342,094 |
| Business-Type Activities | | | | | | | | | | |
| Water | 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 | 1,270,543 |
| Sewer | 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 | 2,129,700 |
| Stormwater | 715,874 | 420,045 | 511,342 | 507,443 | 547,389 | 544,129 | 552,518 | 547,133 | 565,405 | 582,271 |
| Total Business-Type Activities | 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 | 3,982,514 |
| Total Primary Government | \$ 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 | \$ 5,324,608 |

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> |
|--------------------|--------------------|---------------------------|--|---|-------------------------|
| 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 |
| 2016 | 2,978,009.80 | 2,217,563.74 ⁷ | 27,060.80 | 51,591.62 | 681,793.64 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 | | |
| 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 |
| 2016 ¹ | 598,814,400 | 18,788,000 | 9,431,860 | 29,107,900 | 656,142,160 | 3.4902 | 910,950,484 |

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.

8
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 | |
| 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 |
| 2016 | 3.49 | - | 3.49 | 4.49 | 0.07 | 0.39 | 0.10 | 0.00 | 5.05 | 0.46 | 5.97 | 0.49 | 6.92 | 15.46 |

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 ¹ | Amount | Percentage of Levy |
| 2007 | 1,626,746 | 1,582,657 | 97.29% | 43,936 | 1,626,593 | 99.99% |
| 2008 | 1,792,463 | 1,730,069 | 96.52% | 62,183 | 1,792,252 | 99.99% |
| 2009 | 1,914,648 | 1,834,677 | 95.82% | 79,664 | 1,914,341 | 99.98% |
| 2010 | 1,976,399 | 1,904,048 | 96.34% | 64,804 | 1,968,852 | 99.62% |
| 2011 | 2,016,083 | 1,950,696 | 96.76% | 57,081 | 2,007,777 | 99.59% |
| 2012 | 2,058,075 | 1,994,164 | 96.89% | 50,498 | 2,044,662 | 99.35% |
| 2013 | 2,101,858 | 2,044,372 | 97.26% | 42,283 | 2,086,655 | 99.28% |
| 2014 | 2,162,177 | 2,105,941 | 97.40% | 33,605 | 2,139,546 | 98.95% |
| 2015 | 2,215,606 | 2,163,466 | 97.65% | 23,702 | 2,187,168 | 98.72% |
| 2016 | 2,294,966 | 2,244,927 | 97.82% | - | 2,244,927 | 97.82% |

Source:

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 | 2016 ¹ | | | 2007 ² | | |
|---------------------------------------|--------------------|------|---|--------------------|------|---|
| | Assessed Value | Rank | Percentage of Total Fairview Assessed Value | Assessed Value | Rank | Percentage of Total Fairview Assessed Value |
| Townsend Farms Inc. | 32,593,130 | 1 | 4.97% | 21,820,910 | 1 | 4.68% |
| Townsend Distribution LP ⁵ | 21,297,000 | 2 | 3.25% | | | |
| NACCO Materials Handling | 15,567,900 | 3 | 2.37% | 15,441,190 | 2 | 3.31% |
| Comcast Corp. | 13,804,300 | 4 | 2.10% | | | |
| Salish Lake LLC | 13,326,190 | 5 | 2.03% | 10,213,450 | 3 | 2.19% |
| IAC 22638 Townsend Way LLC | 10,187,840 | 6 | 1.55% | | | |
| Fieldstone Luxury Apartments LLC | 9,619,470 | 7 | 1.47% | 7,372,690 | 6 | 1.58% |
| Sunridge Associates LLC | 7,941,850 | 8 | 1.21% | 6,086,870 | 7 | 1.31% |
| Beeko LLC | 7,866,780 | 9 | 1.20% | 5,988,800 | 8 | 1.29% |
| Target Corp. T-1406 | 7,708,900 | 10 | 1.17% | 5,908,260 | 9 | 1.27% |
| Portland General Electric Co. | | | | 9,406,000 | 4 | 2.02% |
| Portland Fairview RV LLC ³ | | - | | 7,767,870 | 5 | 1.67% |
| LAG Courtyards LLC ⁴ | | - | | 5,445,960 | 10 | 1.17% |
| Total | 139,913,360 | | 21.32% | 95,452,000 | | 20.49% |
| Total Fairview Assessed Value | 656,142,160 | | | 465,962,617 | | |

Source:
Multnomah County Division of Assessment and Taxation

- Notes:
- ¹ Fiscal year 2015 / 2016
 - ² Fiscal year 2006 / 2007
 - ³ Formerly known as Howard Angell
 - ⁴ Formerly known as Courtyards at Fairview LLC
 - ⁵ Formerly known as CPF/BDI Townsend 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 |
| 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 |
| 2016 | - | - | - | - | - | 1,056,268 | - | 502,158 |

| Fiscal Year | Total (Governmental and Business - Type) | Percentage of Personal Income ^{7,8} | Per Capita ⁷ |
|-------------|--|--|-------------------------|
| 2007 | 6,346,949 | 0.022% | 655 |
| 2008 | 5,589,286 | 0.018% | 574 |
| 2009 | 5,235,224 | 0.018% | 537 |
| 2010 | 3,906,278 | 0.013% | 438 |
| 2011 | 4,153,745 | 0.013% | 466 |
| 2012 | 3,431,363 | 0.010% | 385 |
| 2013 | 3,127,309 | 0.009% | 350 |
| 2014 | 2,466,401 | 0.007% | 276 |
| 2015 | 1,773,521 | 0.005% | 198 |
| 2016 | 1,558,426 | N/A | 174 |

Source:
City of Fairview Annual Financial Reports

Notes:

- ¹ City Hall
 - ² Sewer Construction Fairview Lake Local Improvement District
 - ³ Sewer Construction Fairview Lake Local Improvement District (paid off associated line of credit and issued a limited special assessment)
Outstanding debt difference was paid in full using assessments received from the related property owner
 - ⁴ Water reservoir project
 - ⁵ Notes payable to the City of Gresham for increased sewer capacity
 - ⁶ Sandy Boulevard sewer extension
 - ⁷ Calculations use information from schedule of Demographic and Economic Statistics
 - ⁸ Percentage of Personal Income revised 2006 through 2014 due to updated income figures
 - ⁹ Safe Drinking Water Revolving Loan Fund - portion was forgivable
 - ¹⁰ 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> |
|--------------------|--------------------------------|------------------------------------|--|---|---|---|--|
| 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 | - | - | - | - | - |
| 2016 | 8,940 | 656,142,160 | - | - | - | - | - |

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, 2016

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable¹</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|-------------------------|--|--|
| Debt repaid with property taxes: | | | |
| Metro | \$ 160,565,000 | 0.42% | \$ 669,718 |
| Multnomah County | 5,905,000 | 0.91% | 53,643 |
| Reynolds School District # 7 | 17,735,000 | 11.38% | 2,018,025 |
| Tri-Met | - | 0.42% | - |
| East Multnomah Co. Soil & Water | - | 1.33% | - |
| Other: | | | |
| Metro ³ | 38,125,000 | 0.42% | 159,020 |
| Mt. Hood Community College ⁶ | 62,842,793 | 2.62% | 1,643,396 |
| Multnomah County ^{2,8} | 265,501,208 | 0.91% | 2,411,910 |
| Multnomah County ESD | 29,870,000 | 0.89% | 267,126 |
| Port of Portland ^{4,7,9} | 93,356,633 | 0.38% | 353,237 |
| Reynolds School District # 7 | 78,033,404 | 11.38% | 8,879,243 |
| Tri-Met ⁵ | 27,885 | 0.42% | 118 |
| East Multnomah Co. Soil & Water | - | 1.33% | - |
| Subtotal, overlapping debt | | | 16,455,436 |
| City of Fairview direct debt | | | - |
| Total direct and overlapping debt | | | <u>16,455,436</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

⁹ Port of Portland Full Faith and Credit PERS bonds were not included in FY14/15.
A correction has been made to include the outstanding debt in FY15/16.

**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 | |
| 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 | | | | | | | |
| 2016 ⁴ | | | | | | | |

| Fiscal Year | Sewer Notes Payable | | | Debt Service | | | Coverage |
|-------------------|---------------------|--------------------------|-----------------------|--------------|----------|---------|----------|
| | Operating Revenue | Less: Operating Expenses | Net Available Revenue | Principal | Interest | Total | |
| 2007 ¹ | 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 |
| 2016 | 2,123,816 | 1,722,901 | 400,915 | 190,918 | 41,995 | 232,913 | 1.72 |

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 | | | | | | | | | |
|--|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Debt Limit | 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 | 27,328,515 |
| Total net debt applicable to limit | - | - | - | - | - | - | - | - | - | - |
| Legal debt margin | 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 | 27,328,515 |
| Total net debt applicable to the limit as a percentage of debt limit | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |

Legal Debt Margin Calculation for Fiscal Year 2014

| | |
|--|-------------------|
| Real market value (2015 / 2016) | 910,950,484 |
| Debt limit (3% of total real market value) | 27,328,515 |
| Debt subject to limit | - |
| Legal debt margin | <u>27,328,515</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

| <u>Fiscal Year</u> | <u>Population</u> ¹ | <u>Personal Income</u> <u>(in thousands)</u> ² | <u>Per Capita</u> <u>Personal Income</u> ³ | <u>Unemployment</u> <u>Rate</u> ⁴ |
|--------------------|--------------------------------|--|--|---|
| 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 | 36,588,018 | 47,106 | 6.4% |
| 2015 | 8,940 ⁶ | 38,906,295 | 49,230 | 5.4% |
| 2016 | 8,940 ⁶ | N/A | N/A | 4.5% |

Sources:

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

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

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

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

⁵ Reflects Census Figure

⁶ Certified Estimate

N/A = information not available

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

| 2015 - 2016 | | | |
|--|------------------------|------|---|
| Employer | Employees ² | Rank | Percentage of Total City Employment |
| Townsend Farms | 450 | 1 | 16.25% |
| Reynolds School District | 439 | 2 | 15.85% |
| Hyster-Yale Group ⁴ | 238 | 3 | 8.60% |
| Knight Transportation, Inc. | 158 | 4 | 5.71% |
| Moore Excavation, Inc. | 135 | 5 | 4.88% |
| Target | 64 | 6 | 2.31% |
| Trugreen Landcare, LLC | 55 | 7 | 1.99% |
| Conner Manufacturing Services | 50 | 8 | 1.81% |
| Thermo King NW, Inc. | 44 | 9 | 1.59% |
| General Pacific, Inc. | 42 | 10 | 1.52% |
| | <u>1,675</u> | | <u>60.49%</u> |
| Total Fairview Employment³ | <u>2,769</u> | | |

¹ Employment data from 2006-2007 was unavailable.

Sources:

² FTE employee information provided by individual employers.

Figures may vary due to seasonal employment.

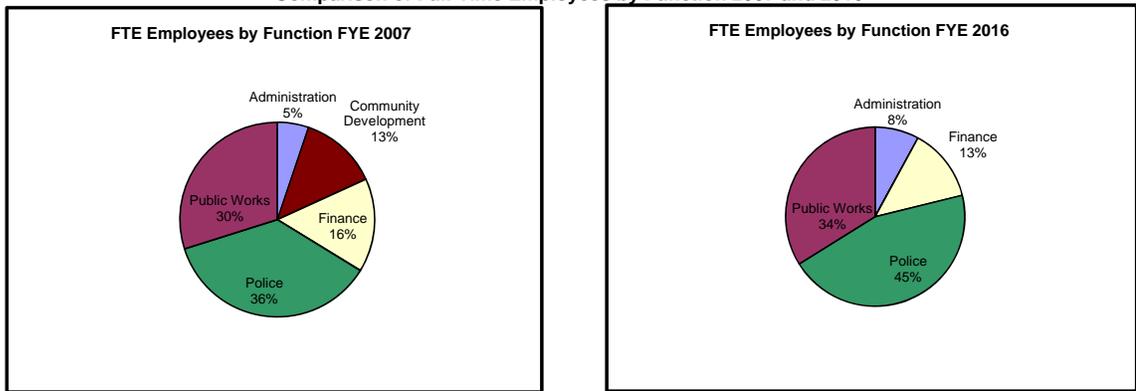
³ Total Fairview Employment data provided by the State of Oregon Employment Department Workforce and Economic Research section. Total employment is an estimate and varies due to seasonal employment. In addition, this figure captures only those employees for whom worker's compensation insurance is provided.

⁴ Formerly known as Nacco Materials Handling Group

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

| Function | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | | | | | | | | | | |
| Administration | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 1.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Community Development | 5.0 | 4.0 | 5.0 | 4.0 | 4.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Finance | 6.0 | 7.0 | 7.0 | 6.0 | 6.0 | 5.0 | 4.0 | 4.0 | 5.0 | 5.0 |
| Police | | | | | | | | | | |
| Officers | 13.0 | 13.0 | 14.0 | 14.0 | 14.0 | 14.0 | 14.0 | 15.0 | 16.0 | 15.0 |
| Civilians | 1.0 | 1.5 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Public Works | 11.5 | 11.5 | 10.5 | 10.5 | 10.5 | 14.5 | 13.5 | 12.5 | 12.5 | 12.8 |
| Total | 38.5 | 39.0 | 40.5 | 38.5 | 38.5 | 36.5 | 36.5 | 36.5 | 38.5 | 37.8 |

Comparison of Full-Time Employees by Function 2007 and 2016



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 | | | | | | | | | |
|--|-------------|-------|-------|-------|--------------------|-------|-------|-------|-------|------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Governmental Activities: | | | | | | | | | | |
| Community Development ¹ | | | | | | | | | | |
| Residential building permits issued | N/A | 20 | 19 | 11 | 16 | 22 | 32 | 24 | 24 | 19 |
| Commercial building permits issued ² | N/A | 48 | 63 | 22 | 28 | 20 | 20 | 13 | 29 | 69 |
| Police ³ | | | | | | | | | | |
| Calls for service | 4,212 | 4,003 | 4,439 | 4,212 | 3,631 | 4,248 | 3,906 | 3,933 | 4,120 | N/A ⁹ |
| Part I crimes ⁴ | 376 | 330 | 341 | 217 | 7 | 259 | 259 | 263 | 294 | 287 |
| Part II crimes ⁵ | 318 | 370 | 395 | 247 | 7 | 265 | 265 | 273 | 354 | 351 |
| Business - Type Activities: | | | | | | | | | | |
| Water | | | | | | | | | | |
| Accounts | 1,577 | 1,636 | 1,652 | 1,652 | 1,665 ⁸ | 1,699 | 1,690 | 1,701 | 1,713 | 1,723 |
| Average daily production (millions of gallons) | 0.72 | 0.75 | 0.73 | 0.73 | 0.62 | 0.62 | 0.62 | 0.62 | 0.62 | 0.62 |
| Sewer | | | | | | | | | | |
| Accounts (revised data 1999-2007) | 1,946 | 1,993 | 2,021 | 2,021 | 2,034 ⁸ | 2,075 | 2,068 | 2,081 | 2,092 | 2,102 |
| Average daily consumption (millions of gallons) ⁶ | 0.82 | 0.8 | 0.69 | 0.69 | 0.8 | 0.78 | 0.78 | 0.78 | 0.78 | 0.78 |
| Stormwater | | | | | | | | | | |
| Accounts | 1,885 | 1,847 | 1,868 | 1,868 | 1,881 ⁸ | 1,919 | 1,912 | 1,925 | 1,937 | 1,947 |

Sources:

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

N/A = Data not available

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

² Includes permits issued for industrial purposes

³ Police statistics are reported on a calendar year basis

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

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

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

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

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

⁹ Figures not available

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

| Function / Program | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-------|-------|-------|-------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Governmental Activities: | | | | | | | | | | |
| Parks | | | | | | | | | | |
| Parks acreage | 17.22 | 22.39 | 25.29 | 25.29 | 25.29 | 25.29 | 25.29 | 25.29 | 25.29 | 25.29 |
| Wetland Parks acreage | 75.31 | 75.31 | 62.34 | 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 | 0 |
| ¹ Patrol units | 12 | 13 | 12 | 13 | 12 ³ | 13 ³ | 13 ³ | 11 ³ | 13 ³ | 13 ³ |
| Business - Type Activities: | | | | | | | | | | |
| Water | | | | | | | | | | |
| Water main lines (miles) | 23.13 | 22.63 | 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 | 3.80 | 3.80 | 5.65 | 5.65 | 5.65 | 5.65 | 5.65 | 5.65 |
| Sewer | | | | | | | | | | |
| Sewer lines (miles) | 25.11 | 25.34 | 25.34 | 25.34 | 25.34 | 26.94 | 26.94 | 26.94 | 26.94 | 26.94 |
| ² Daily plant capacity (millions of gallons) | 1.32 | 1.32 | 1.30 | 1.30 | 1.32 | 1.32 | 1.32 | 1.32 | 1.32 | 1.32 |
| Storm Water | | | | | | | | | | |
| Service lines (miles) | 13.37 | 13.15 | 13.60 | 13.60 | 13.6 | 14.33 | 14.33 | 14.33 | 14.33 | 14.33 |
| Transportation | | | | | | | | | | |
| Streets (miles) | 13.14 | 18.00 | 18.16 | 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, 2016, and have issued our report thereon dated March 3, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

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

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

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

The City had expenditures over appropriations in the Building Fund personal services category of \$1,904.

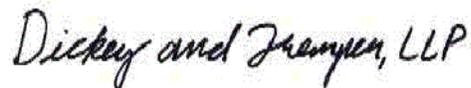
OAR 162-10-0230 Internal Control

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 the schedule of findings and responses.

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".

March 3, 2017



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, 2016, 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 March 3, 2017.

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 that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Fairview, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Fairview, Oregon's internal control.

Our consideration of internal control was for the limited purpose described in the 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as 2016-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged

with governance. We consider the deficiencies described in the accompany schedule of findings and responses as 2016-002 and 2016-003 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
March 3, 2017

**CITY OF FAIRVIEW, OREGON
SCHEDULE OF FINDINGS AND RESPONSES
For The Fiscal Year Ended June 30, 2016**

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 2016-002 and 2016-003 are reported as significant deficiencies and 2016-001 is reported as a material weakness.
- 03 No instances of noncompliance material to the financial statements of the City of Fairview, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

SECTION II - FINDINGS – FINANCIAL STATEMENTS AUDIT

MATERIAL WEAKNESS

2016-001

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 areas not fully reconciled for the audit and several journal entries required to correct year-end balances. Significant adjustments were required in the areas of accounts receivable, revenue, deposits, and prepaid health insurance.

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

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

Auditor's recommendation: We recommend that management review its year-end journal entry processes to incorporate additional oversight and review of staff work.

Management's response: Management agrees with the condition and the auditor's recommendation. The City is making changes to processes and will work towards providing additional oversight and review of staff work.

SIGNIFICANT DEFICIENCIES

2016-002

Condition and criteria: In our review of utility accounts receivable, we found that the total accounts receivable appear reasonable. However, there were adjustments 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.

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 the financial software company 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 fully 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 and to reconcile the amounts allocated to the various funds. If the City performs a detailed review and writes off 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.

2016-003

Condition and criteria: The City's depreciation calculation and capital asset records are performed in excel and are usually not compiled until the week of the audit fieldwork.

Effect: There were several formula errors and other adjustments required to properly report and account for the capital asset balances and activity.

Cause: The manual schedules are complicated as they allocate between various funds and departments and significant time is required to reconcile the activity.

Auditor's recommendation: We recommend that the City enhance their accounting for capital assets and prepare the schedules prior to the audit to allow time for a secondary review for completeness and accuracy. The City may also consider investing in a capital asset program to help streamline the process.

Management's response: Management agrees with the condition and the auditor's recommendation and will review its process for the upcoming fiscal year.