

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

***For the Fiscal Year Ended June 30, 2017***



***City of  
Fairview, Oregon***





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Prepared by:  
The City of Fairview  
Finance Department



**CITY OF FAIRVIEW, OREGON**

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**TABLE OF CONTENTS**

	<u><b>Page</b></u>
<b><u>INTRODUCTORY SECTION</u></b>	
Introductory Letter	i - v
Officials of the City	vi
GFOA Certificate of Achievement	vii
Organizational Chart	viii
<b><u>FINANCIAL SECTION</u></b>	
<b>INDEPENDENT AUDITOR’S REPORT</b>	A - C
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	a - p
<b>BASIC FINANCIAL STATEMENTS</b>	
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
Grant/Projects Fund	10
Proprietary Funds:	11
Statement of Net Position	12
Statement of Revenues, Expenses, and Changes in Fund Net Position	13
Statement of Cash Flows	14
Notes to the Basic Financial Statements	15 – 39
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of the City’s Proportionate Share of the Net Pension Liability (Asset)	40
Schedule of the City’s Contributions to the Oregon Public Employee Retirement System	40
Notes to Required Supplementary Information	41

	<b><u>Page</u></b>
<b>SUPPLEMENTAL INFORMATION</b>	
Combining Statements – Non-Major Governmental Funds:	42
Combining Balance Sheet	43
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	44
Combining Balance Sheet – General Fund	45
Combining Schedule of Revenues, Expenditures, and Changes In Fund Balance – General Fund	46
Budgetary Comparison Schedules:	47
Schedule of Expenditures and Other Financing Uses – Budget and Actual, By Category (Non-GAAP Budgetary Basis) General Fund	48
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Governmental Funds:	50
Special Revenue Funds:	
Administrative Excise Charge	51
Building	52
Facilities Maintenance	53
Fairview Lake Sewer LID	54
Capital Projects Funds:	
SDC Parks / Open Spaces	55
Equipment Replacement	56
Proprietary Funds:	57
Enterprise Funds:	
All Water Funds:	
Water	58
Water SDC	59
Reconciliation to Generally Accepted Accounting Principles	60
All Sewer Funds:	
Sewer	61
Sewer SDC	62
Reconciliation to Generally Accepted Accounting Principles	63
All Stormwater Funds:	
Stormwater	64
Stormwater SDC	65
Reconciliation to Generally Accepted Accounting Principles	66
Other Financial Schedules:	
Schedule of Outstanding Debt Principal and Interest Transactions	67
Schedule of Business-Type Activities Debt Service Future Requirements	68

**STATISTICAL INFORMATION SECTION**

**Page**

Net Position By Component – Last Ten Fiscal Years	69
Changes in Net Position – Last Ten Fiscal Years	70
Fund Balances, Governmental Funds – Last Ten Fiscal Years	71
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	72
Program Revenues by Function/Program – Last Ten Fiscal Years	73
Tax Revenues by Source, Governmental Funds – Last Ten Fiscal Years	74
Assessed Valuation and Estimated Real Market Value of Taxable Property – Last Ten Fiscal Years	75
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	76
Property Tax Levies and Collections – Last Ten Fiscal Years	77
Principal Taxpayers – Current and Nine Years Ago	78
Ratios of Outstanding Debt By Type – Last Ten Fiscal Years	79
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	80
Direct and Overlapping Governmental Activities Debt	81
Pledged Revenue Coverage – Last Ten Fiscal Years	82
Legal Debt Margin Information – Last Ten Fiscal Years	83
Demographic and Economic Statistics – Last Ten Fiscal Years	84
Principal Employers – Current and Nine Years Ago	85
Full Time Equivalent City Government Employees by Function – Last Ten Fiscal Years	86
Operating Indicators by Function – Last Ten Fiscal Years	87
Capital Asset Statistics by Function– Last Ten Fiscal Years	88

**REPORTS OF INDEPENDENT CERTIFIED  
PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITOR’S COMMENTS**

89 - 90



## **INTRODUCTORY SECTION**

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February 22, 2018

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, 2017.

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 8,975 as of June 30, 2017 (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. As of June 30, 2017, four departments collaborated to provide services to the citizens of Fairview. The Administration, Finance, Police, and Public Works departments directly provided residents with a wide range of municipal services. These services included: police services, water, sewer collection, stormwater

management, parks, planning and development, code enforcement, municipal court, and general administrative services. Police services were contracted with the Multnomah County Sheriff's Office effective August 1, 2017. Fire and police dispatch services are contracted with the City of Portland Bureau of Emergency Communications. 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 adoption 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 stormwater 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 2016-17, there were four new residential construction building permits issued (compared to seven in Fiscal Year 2015-16). 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 residential apartment housing project of 49 units is currently under construction in the City.

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. 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.

In 2016, the City Council approved a development incentive program that waived most system development charges (SDC's) on the development of vacant land that obtains Land Use Approval by June 30, 2018 (with building permits issued by June 30, 2019). A mixed use (residential and commercial) project of 180 apartments and 5,000 square feet of commercial space currently has Land Use Approval and the construction process is expected to begin in March 2018. There are seven additional mixed-use projects in various stages of the planning process. Combined, these projects have the potential to add approximately 500 apartment units within the City. Two industrial and one commercial project are also being discussed. Assuming completion of all of

these projects, property tax revenue, utility revenue, and state revenue shared on the basis of population has the potential to increase significantly over the next two years.

The neighboring jurisdictions of Troutdale and Gresham also have the potential to add over 1.5 million square feet of industrial development, which could bring over 6,000 additional jobs to the area. This additional activity would create a heightened demand for housing. The demand will be met, in part, by the development of new apartments in 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 2016-17 of 3.8 percent. This rate is substantially lower than the 2015-2016 rate of 4.5 percent. Unemployment in Multnomah County was also substantially lower than the national average for 2016 of 4.9 percent.

There are 134 businesses within Fairview (65 of which are home-based). Four major employers provide the majority of the City's employment opportunities. Of the approximately 2,831 people employed within the City of Fairview, over 51 percent are employed by City's top four employers: Townsend Farms, Reynolds School District, Communication Test Design, Inc., and Hyster-Yale Group.

## **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 2016-17 was \$210,382. BOEC dispatch services for fiscal 2017-18 are budgeted to cost \$227,550.

### ***Police Services***

Effective August 1, 2017, the City maintains an intergovernmental agreement with the Multnomah County Sheriff's Office for police services. Services for the eleven covered months of fiscal year 2017-18 are budgeted to cost \$2,047,553.

### ***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 2016-17 was \$1,021,550. The cost of fire protection services for fiscal year 2017-18 is budgeted to be \$1,069,574. In Fiscal Year 2016-17, costs were pegged to Total Assessed Value. Thereafter, cost is based on a calculation to include the Consumer Price Index (CPI). Preliminary estimates indicate an increase of approximately 3.1% for Fiscal Year 2018-19. The contract for fire services terms June 30, 2025.

### ***GASB 77***

In Fiscal Year 2016-17, the City implemented the Governmental Accounting Standards Board (GASB) Statement 77 – Tax Abatement Disclosures. As a result of this implementation, information regarding the City’s tax abatement agreements is now disclosed in the notes to the basic financial statements.

## **ECONOMIC CLIMATE AND LONG-TERM FINANCIAL PLANNING**

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 2017-18, 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 remain vigilant in monitoring spending and enhancing revenues in order to continue to provide key services to the citizens of Fairview.

The City is well positioned to absorb the development previously described in the Economic Condition section. Fiscal Year 2017-18 General Fund expenditures are in large part (74%) set by multi-year contracts that are not affected by population or assessed value growth within the City. The projected increases in both population and assessed value over the next two years should further strengthen the City’s financial position.

## **AWARDS AND ACKNOWLEDGEMENTS**

### ***Awards***

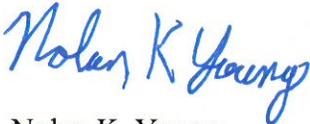
The Government Finance Officers’ Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Fairview for its comprehensive annual financial report for the fiscal year ended June 30, 2016. In order to be awarded a Certificate 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.

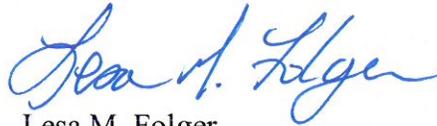
***Acknowledgements***

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, 2017**

**MAYOR AND CITY COUNCIL**

<u>Name and Address</u>	<u>Term Expires December 31,</u>
Ted Tosterud, Mayor	2018
Cathi Forsythe	2020
Mike Weatherby	2020
Keith Kudrna	2020
Brian Cooper	2018
Lisa Barton Mullins	2018
Natalie Voruz	2018

**City Administration**

Nolan Young, City Administrator

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



**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 Managements Program  
 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**  
**Judge Pro Tem**  
*Scott Downing*

**Police**  
*Chief Harry Smith*  
 Patrol Services  
 Photo Red Light Program  
 Crime Investigation Program  
 Police Reserve Program  
 Crime Prevention Program  
 Records Management  
 Evidence & Property Management  
 911 Services (BOEC)  
 Fire Service (Gresham Fire)  
 Alarm Permits/Monitoring  
 School Resource 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  
 Parks & Recreation Program  
 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  
 GIS Mapping



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, 2016**

*Christopher P. Morvill*

Executive Director/CEO



## **FINANCIAL SECTION**

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**Dickey and Tremper, LLP**  
Certified Public Accountants and Business Advisors

110 SE First Street  
P.O. Box 1533  
Pendleton, OR 97801  
Phone: (541) 276-6862  
Toll Free: 1-800-332-6862  
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Web: [www.dickeyandtremper.com](http://www.dickeyandtremper.com)

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Fairview, Oregon, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, Grant/Projects 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.

## **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 February 22, 2018, 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*  
**Dickey and Tremper, LLP**  
**Certified Public Accountants**

February 22, 2018



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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CITY OF FAIRVIEW  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017

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.

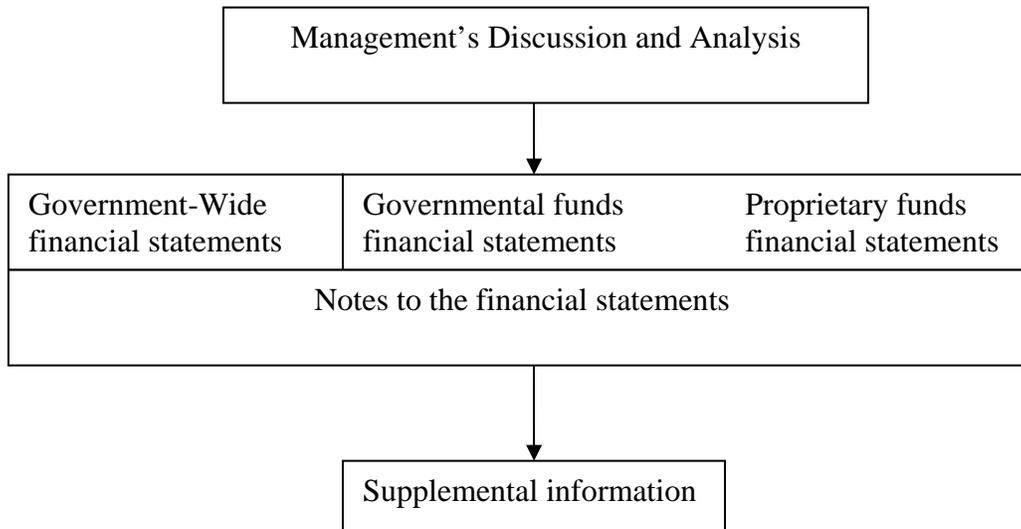
FINANCIAL HIGHLIGHTS

- The City's total net position at June 30, 2017 is \$38.8 million; a decrease of \$768,992 from the prior year. This decrease is primarily due to a large increase in the net pension liability.
- Of the total net position of \$38.8 million, \$7.1 million is unrestricted and available for spending to meet the City's ongoing obligations to citizens and creditors.
- Expenditures for the general fund were \$2,734,394 less than the final budgeted amount. Of this, \$2,390,082 was placed in contingency and was not utilized.
- The capital assets of the City decreased by \$821,602. This decrease is primarily due to depreciation expense and decreased capital asset improvement projects for Fiscal Year 2016-17.
- Long-term debt increased by \$2,998,706. This increase is due to GASB Statement 68, which resulted in a reported pension liability of \$5,074,018.
- Governmental activities revenue increased by \$82,189. This is a net result of a decrease in revenue for services of \$76,290, an increase in operating contributions of \$91,936 and an increase in capital contributions of \$66,543.
- Business-type activities revenue decreased by \$67,020. This is the net result of a decrease in revenue for services of \$45,215, a decrease in operating contributions of \$7,049 and a decrease in capital contributions of \$14,756.

## 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 Streets
- 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 three major funds are General Fund, Street Fund, and Grant/Project Fund. The three non-major governmental funds are Building 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 42.

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 57 through 66.

The proprietary fund financial statement can be found on pages 11 through 14.

*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.

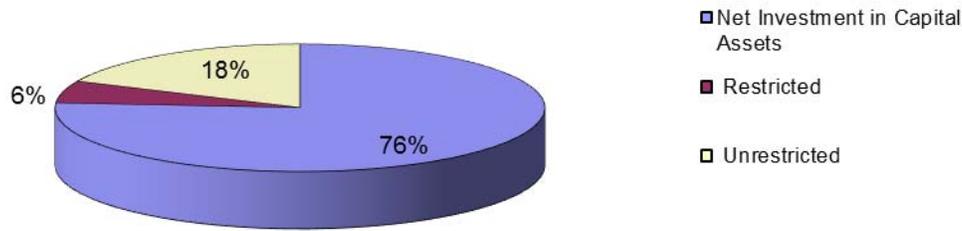
*Other information-* A budgetary comparison schedule is provided for all governmental funds and combining statements and budgetary schedules are presented for Water operations, Sanitary Sewer operations, and Stormwater operations. Supplementary information is found beginning on page 42.

**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 \$38.8 million at the end of Fiscal Year 2016-17. This is a decrease of \$768,992 from the previous year. Although combined governmental and business-type activity revenue increased and combined expenses decreased, there was a substantial 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	
	2016	2017	2016	2017	2016	2017
<b>ASSETS</b>						
Current and other Assets	\$ 6,516,273	\$ 6,543,856	\$ 5,354,524	\$ 6,007,341	\$ 11,870,797	\$ 12,551,197
Capital Assets	8,798,435	8,771,951	22,905,998	22,110,880	31,704,433	30,882,831
Total Assets	<u>15,314,708</u>	<u>15,315,807</u>	<u>28,260,522</u>	<u>28,118,221</u>	<u>43,575,230</u>	<u>43,434,028</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	309,872	1,903,297	124,849	749,007	434,721	2,652,304
<b>LIABILITIES</b>						
Current and Other liabilities	218,606	388,264	178,325	266,874	396,931	655,138
Long-term liabilities	1,432,188	3,747,020	2,142,856	2,826,730	3,575,044	6,573,750
Total Liabilities	<u>1,650,794</u>	<u>4,135,284</u>	<u>2,321,181</u>	<u>3,093,604</u>	<u>3,971,975</u>	<u>7,228,888</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	345,548	52,548	139,221	20,680	484,769	73,228
<b>NET POSITION</b>						
Net Investment in Capital Assets	8,798,435	8,771,951	21,347,573	20,775,016	30,146,008	29,546,967
Restricted	884,427	896,051	1,279,492	1,287,263	2,163,919	2,183,314
Unrestricted	3,945,376	3,363,270	3,297,904	3,690,665	7,243,280	7,053,935
<b>Total Net Position</b>	<u><b>\$ 13,628,238</b></u>	<u><b>\$ 13,031,272</b></u>	<u><b>\$ 25,924,969</b></u>	<u><b>\$ 25,752,944</b></u>	<u><b>\$ 39,553,207</b></u>	<u><b>\$ 38,784,216</b></u>

### Net Position June 30, 2017



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. There has been no change in these percentages from Fiscal Year 2015-16.

The City's capital assets decreased by \$821,602 from \$31.7 million to \$30.9 million which equates to a 2.7% 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 \$596,966. Although overall revenues increased and overall expenses decreased, each did so at a rate that resulted in a decrease in net position. The primary elements of this decrease are as follows:

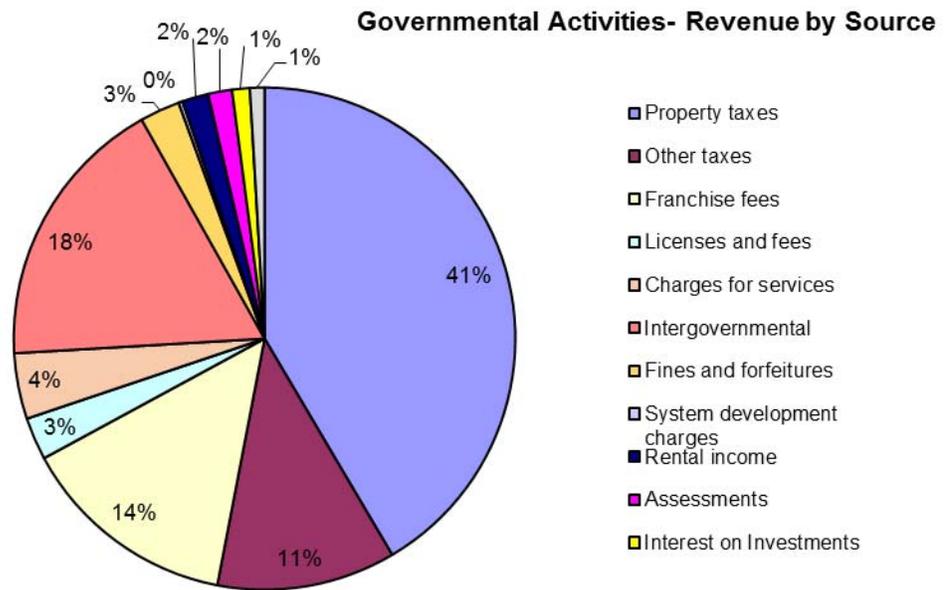
- Overall, Total Revenues increased \$211,660. This is largely due to increases in property tax revenue of \$85,059, operating grants and contributions of \$91,936, capital grants and contributions of \$66,543, and interest & investment earnings of \$27,069, coupled with a decrease in revenue from charges for service \$76,290

- Public Safety expenses decreased \$372,892 due to attrition and a decline in other expenses as the City determined whether to consolidate Public Safety with the Multnomah County Sheriff's Office.
- Community Development expenses increased \$234,635, largely due to the addition of a Code Enforcement/Planner Position.
- Streets expenses increased \$42,472

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

<b>City of Fairview Summary of Net Position</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 647,915	\$ 571,625	\$ 3,960,565	\$ 3,915,350	\$ 4,608,480	\$ 4,486,975
Operating Grants and Cont.	676,476	768,412	7,098	49	683,574	768,461
Capital Grants and Cont.	17,703	84,246	14,851	95	32,554	84,341
General Revenues:						
Property Taxes	2,253,101	2,338,160	-	-	2,253,101	2,338,160
Other Taxes	1,672,914	1,679,421	-	-	1,672,914	1,679,421
Miscellaneous	26,220	37,056	-	-	26,220	37,056
Sale of Assets	-	-	-	-	-	-
Interest & Investment Earnings	36,133	63,202	32,189	58,505	68,322	121,707
<b>Total Revenues</b>	<b>5,330,462</b>	<b>5,542,122</b>	<b>4,014,703</b>	<b>3,973,999</b>	<b>9,345,165</b>	<b>9,516,121</b>
<b>EXPENSES</b>						
General Government	726,824	724,178	-	-	726,824	724,178
Public Safety	4,225,010	3,852,118	-	-	4,225,010	3,852,118
Community Development	335,593	570,228	-	-	335,593	570,228
Streets	332,828	375,300	-	-	332,828	375,300
Public Works	668,052	651,764	-	-	668,052	651,764
Interest on Long Term Debt	-	-	-	-	-	-
Water			1,341,900	1,267,689	1,341,900	1,267,689
Sewer			2,158,824	2,059,466	2,158,824	2,059,466
Stormwater			909,606	784,370	909,606	784,370
<b>Total Expenses</b>	<b>6,288,307</b>	<b>6,173,588</b>	<b>4,410,330</b>	<b>4,111,525</b>	<b>10,698,637</b>	<b>10,285,113</b>
Excess (deficiency) before transfers:	(957,845)	(631,466)	(395,627)	(137,526)	(1,353,472)	(768,992)
<b>Transfers</b>	<b>38,530</b>	<b>34,500</b>	<b>(38,530)</b>	<b>(34,500)</b>	<b>-</b>	<b>-</b>
Change in Net Position	(919,315)	(596,966)	(434,157)	(172,026)	(1,353,472)	(768,992)
Net Position, beginning	14,547,553	13,628,238	26,359,126	25,924,970	40,906,679	39,553,208
<b>Net Position, ending</b>	<b>\$ 13,628,238</b>	<b>\$ 13,031,272</b>	<b>\$ 25,924,969</b>	<b>\$ 25,752,944</b>	<b>\$ 39,553,207</b>	<b>\$ 38,784,216</b>

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

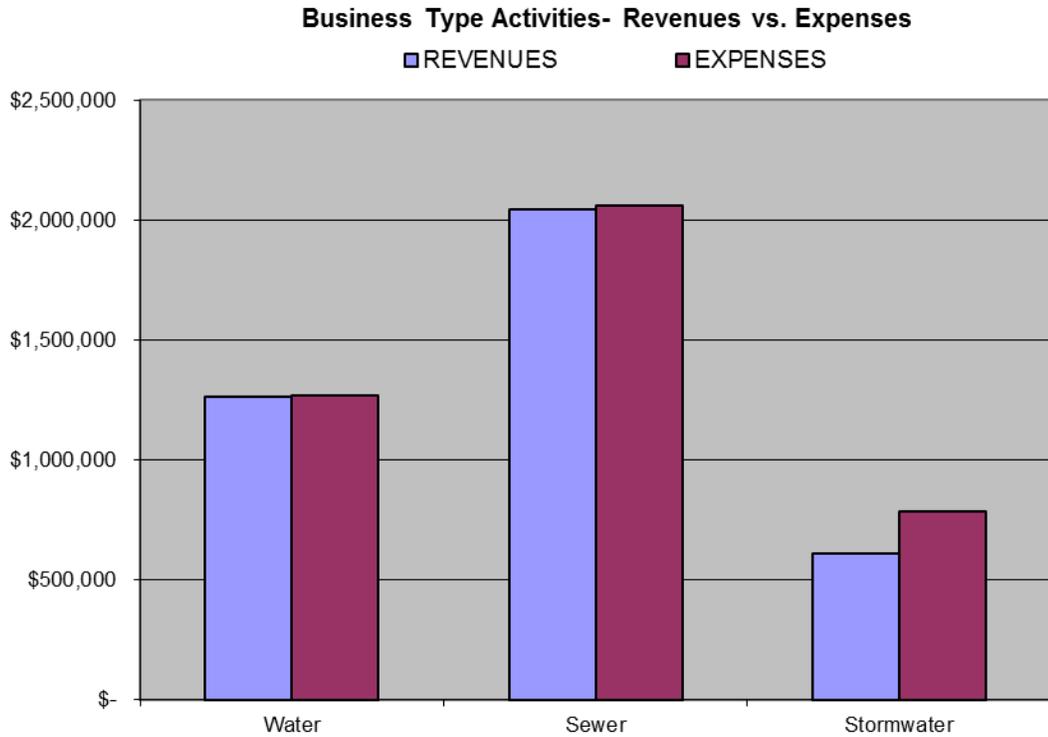


**Business-type Activities** decreased the City’s net position by \$172,026. Overall revenues decreased, as did overall expenses. However, comparatively, they did so at a rate that resulted in a decrease in net position. This is primarily due to the following:

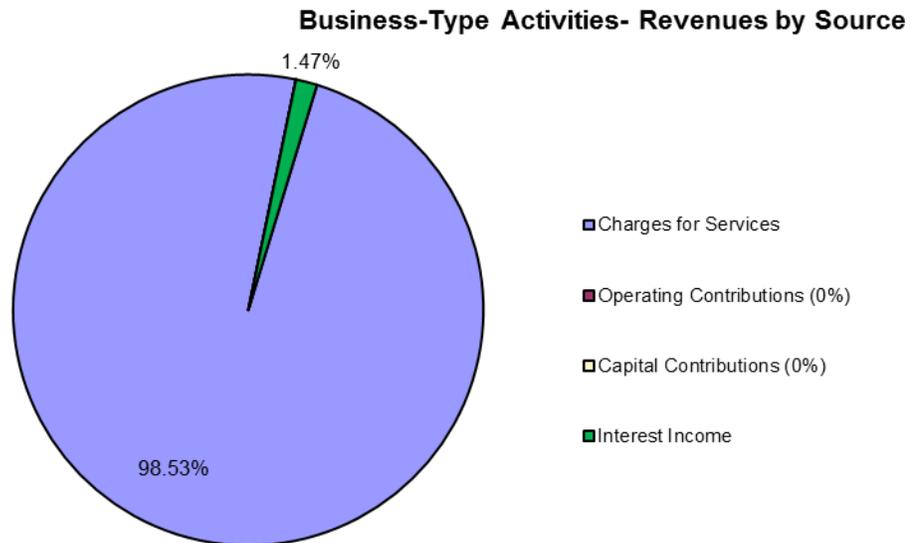
- Utility Service Revenue decreased \$45,215
- Capital Grants and Contributions decreased \$14,756
- Water Expenses decreased \$74,211
- Sewer Expenses decreased \$99,358
- Stormwater Expenses decreased \$125,236

Water, Sewer, and Stormwater changes were primarily due to decreased personnel for a portion of the year, combined with the reallocation of remaining positions.

The following chart compares program revenues to expenses by business-type activity for the Fiscal Year 2016-17.



The following chart shows that 98.53% 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 2016-17, the City's governmental funds reported a combined ending fund balance of \$5.78 million. Over \$3.47 million or 60.1% 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 2016-17 is \$145,683 less than the prior year.

The *General Fund* is the chief operating fund of the City. Activities included in this fund are Administration, Finance, Public Works Community Services/Development, Public Safety, and Public Works/Parks. At the end of Fiscal Year 2016-17, the total unassigned fund balance in the General Fund was over \$3.54 million. This is a \$209,809 decrease from Fiscal Year 2015-16 and can primarily be accounted for due to an interfund loan to the Grant Fund in the amount of \$117,854, which decreased unassigned fund balance and increased non-spendable fund balance.

The assigned fund balance for the General Fund increased \$35,510. This increase is primarily due to payments received on the Fairview Lake Sewer Local Improvement District debt, which is retired. Prior to Fiscal Year 2015-16, 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 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 2016-17 was \$73,782. This is a decrease of \$21,148. This decrease is primarily due to expenditures for a building envelope study of City Hall and replacement of the air conditioning unit at the Community Center.

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 \$539,521. This is an increase of \$90,958 from Fiscal

Year 2015-16 and is due to the payoff of two accounts with outstanding balances during Fiscal Year 2016-17. 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 \$768,774. This is an increase of \$61,700, or 8.73%. 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 by City Council. Revenue consists of administrative excise charged for residential and commercial development. The year-end fund balance was \$1. This is a decrease of \$43,154. This decrease effectively exhausted the funds available in the due to decreased revenue collected on administrative excise charge tax coupled with increased capital outlay expenditures.

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 \$475,977. This is a \$20,039 decrease and is the result of transfers in that were less than the expense realized due to the purchase of a tow-behind leaf vacuum, two specialized Police vehicles, and a Police Detective vehicle.

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 \$95,170. This is a decrease of \$28,278 which is primarily due to a decrease in License and Fees revenue, coupled with an increase in Personal Services expenditures due to the reallocation of staff related to the fund.

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 (\$63,237). This is a decrease of \$86,104, due to funds expended on the Halsey Corridor project that will not be reimbursed until Fiscal Year 2017-18.

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 \$32,107. This was an increase of \$1,069, 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 debt service fund 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:

<b>Water Utility</b>	<b>\$</b>	<b>1,222,642</b>	<b>33%</b>
<b>Sewer Utility</b>	<b>\$</b>	<b>1,736,456</b>	<b>47%</b>
<b>Stormwater Utility</b>	<b>\$</b>	<b>731,567</b>	<b>20%</b>

The total proprietary fund unrestricted net position increased by \$392,760 due to a decrease in the net investment in capital assets.

**GENERAL FUND AND BUDGETARY HIGHLIGHTS**

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

- \$20,594 transfer of appropriations within categories in the General Fund to fund a Recreation Program in conjunction with the City of Wood Village and allow for 80 hours of staff time to assist in the completion of the Parks Master Plan.
- \$10,000 transfer of appropriations in the Street Fund from Materials & Services to Personal Services to ensure adequate budgetary authority in that category.
- \$12,000 transfer of appropriations in the Grant Fund from Contingency to Capital Outlay to allow for full utilization of the Halsey Corridor Grant.
- \$30,000 transfer of appropriations in the Sewer Fund from Materials & Services to Personal Services to ensure adequate budgetary authority in that category.

- \$16,500 transfer of appropriations in the Stormwater Fund from Materials & Services to Personal Services to ensure adequate budgetary authority in that category.

General Fund revenue was \$59,963 more than budgeted in Fiscal Year 2016/17. This is primarily due to Other Taxes and Charges for Services coming in well above budgeted estimates. Specifically, Business Income Tax revenue was \$64,888 more than anticipated, School Resource Officer Reimbursement was \$16,146 more than anticipated due to the timing of payments received, and Hotel/Motel Tax revenue was \$28,349 more than anticipated due to new management of the RV Park within the City. These increases compensated for lower than expected revenue elsewhere. Property tax revenue was \$39,771 less than anticipated due to delayed building projects. Liquor tax revenue was \$11,084 less than anticipated, and general Fines and Forfeiture amounts were \$35,367 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, 2017 amounts to \$30.9 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 \$821,602, or approximately 2.67% from the prior Year. Governmental activities decreased by \$26,484 and business-type activities account for an additional decrease of \$795,118. These decreases are attributable to depreciation expenses. Major capital asset events during the fiscal year included the following:

- City Hall Building Improvements – Flooring
- Community Center – Air Conditioner Replacement
- Tow-Behind Leaf Vacuum - Parks
- Police Vehicles (2 - Specialized Patrol, 1 – Detectives)
- Police Radio Upgrade
- Lakeshore Park Improvements
- Park Improvements – “Hansen Plan” Benches, Trash Cans, Signs, etc.
- Salish Ponds Signs
- 7<sup>th</sup> Street Improvements (Streets, Water, Sewer, Stormwater)
- Rehabilitation of Well #9
- Blue Lake Detention Pond Fencing
- Slurry Seal Project – Streets

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

	Governmental Activities		Business-Type Activities	
	2016	2017	2016	2017
Land	\$ 1,492,753	\$ 1,492,753	\$ 981,430	\$ 981,430
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Land Improvements	\$ 1,185,913	\$ 1,222,851	\$ -	\$ -
Dams and Weirs	\$ 258,125	\$ 244,540	\$ -	\$ -
Buildings	\$ 2,702,563	\$ 2,636,817	\$ 278,825	\$ 269,485
Machinery & Equipment	\$ 229,262	\$ 312,457	\$ 497,679	\$ 448,663
Infrastructure	\$ 2,929,819	\$ 2,862,533	\$ 21,148,064	\$ 20,411,302
<b>Total</b>	<b>\$ 8,798,435</b>	<b>\$ 8,771,951</b>	<b>\$ 22,905,998</b>	<b>\$ 22,110,880</b>

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 \$1.34 million. Business-type activities account for the entire debt outstanding. Of that amount, \$230,287 is due within one year.

The City had total non-current liabilities (not due within one year) of \$6.2 million. Of this amount, \$653,970 is a note payable to the City of Gresham for sewer capacity. This debt is secured solely by the sewer revenues. The Water Fund has a non-current note payable of \$451,607 to the State of Oregon for funds which financed the drilling of Well #9 to increase water system capacity. The remaining \$5.1 million is the net pension liability associated with GASB 68 and compensated absences.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>
City of Gresham Note Payable	\$ -	\$ -	\$ 1,056,268	\$ 858,608
State of Oregon Note Payable	-	-	502,158	477,256
<b>Total:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,558,426</b>	<b>\$ 1,335,864</b>

The City’s total debt decreased by \$222,562 during Fiscal Year 2016-17. 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. The City continues to strive to provide the most comprehensive services possible without utilizing reserves, as this is not sustainable over the long-term.

The following issues were considered in the compilation of the Fiscal Year 2017-18 budget:

- It is assumed that **property tax revenues** to the City will increase by 3% over Fiscal Year 2016-17 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 4.7% 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. For the first time in many years, actual property tax revenue collected in Fiscal Year 2016-17 exceeded Public Safety costs, but only by \$3,655 and only because of positions that were not filled and reduced expenditures incurred as the City considered **Police Services Consolidation** with the Multnomah County Sheriff’s Office (which was subsequently implemented August 1<sup>st</sup>, 2017).
- 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. Due to retirements within the department and subsequent hiring of less experienced personnel, the increase for Fiscal Year 2018-19 will be 3.1%.

- **Bureau of Emergency Communications** (BOEC) 911 dispatch service are anticipated to increase.
- 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:

Lesa Folger  
Finance Director  
City of Fairview  
1300 NE Village Street  
Fairview, Oregon 97024  
[folgerl@ci.fairview.or.us](mailto:folgerl@ci.fairview.or.us)

## **BASIC FINANCIAL STATEMENTS**

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**CITY OF FAIRVIEW, OREGON**  
**STATEMENT OF NET POSITION**  
**June 30, 2017**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,773,649	\$ 4,124,253	\$ 8,897,902
Investments	99,000	-	99,000
Receivables:			
Accounts	520,029	595,825	1,115,854
Fines and forfeitures	36,415	-	36,415
Property taxes	167,932	-	167,932
Assessments	7,337	-	7,337
Prepaid items	43,443	-	43,443
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	896,051	1,287,263	2,183,314
Capital assets:			
Land	1,492,753	981,430	2,474,183
Depreciable assets, net of depreciation	<u>7,279,198</u>	<u>21,129,450</u>	<u>28,408,648</u>
 Total assets	 <u>15,315,807</u>	 <u>28,118,221</u>	 <u>43,434,028</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	 <u>1,903,297</u>	 <u>749,007</u>	 <u>2,652,304</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	205,439	230,772	436,211
Deposits	182,825	20,775	203,600
Accrued interest payable	-	15,327	15,327
Long-term obligations:			
Due within one year	90,013	279,562	369,575
Due in more than one year	<u>3,657,007</u>	<u>2,547,168</u>	<u>6,204,175</u>
 Total liabilities	 <u>4,135,284</u>	 <u>3,093,604</u>	 <u>7,228,888</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	 <u>52,548</u>	 <u>20,680</u>	 <u>73,228</u>
<b>NET POSITION</b>			
Net investment in capital assets	8,771,951	20,775,016	29,546,967
Restricted for:			
System development	32,107	1,287,263	1,319,370
Highways and streets	768,774	-	768,774
Grants and projects	95,170	-	95,170
Unrestricted	<u>3,363,270</u>	<u>3,690,665</u>	<u>7,053,935</u>
 Total net position	 <u>\$ 13,031,272</u>	 <u>\$ 25,752,944</u>	 <u>\$ 38,784,216</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, 2017**

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
<b>Governmental activities:</b>							
General government	\$ 724,178	\$ 153,548	\$ 4,555	\$ 3,109	\$ (562,966)	\$ -	\$ (562,966)
Public safety	3,852,118	266,689	117,771	821	(3,466,837)	-	(3,466,837)
Highways and streets	375,300	-	537,363	-	162,063	-	162,063
Public works	651,764	-	-	14,282	(637,482)	-	(637,482)
Community development	<u>570,228</u>	<u>151,388</u>	<u>108,723</u>	<u>66,034</u>	<u>(244,083)</u>	<u>-</u>	<u>(244,083)</u>
Total governmental activities	<u>6,173,588</u>	<u>571,625</u>	<u>768,412</u>	<u>84,246</u>	<u>(4,749,305)</u>	<u>-</u>	<u>(4,749,305)</u>
<b>Business-type activities:</b>							
Water	1,267,689	1,261,179	-	20	-	(6,490)	(6,490)
Sewer	2,059,466	2,046,447	-	75	-	(12,944)	(12,944)
Stormwater	<u>784,370</u>	<u>607,724</u>	<u>49</u>	<u>-</u>	<u>-</u>	<u>(176,597)</u>	<u>(176,597)</u>
Total business-type activities	<u>4,111,525</u>	<u>3,915,350</u>	<u>49</u>	<u>95</u>	<u>-</u>	<u>(196,031)</u>	<u>(196,031)</u>
Total primary government	<u>\$10,285,113</u>	<u>\$4,486,975</u>	<u>\$ 768,461</u>	<u>\$ 84,341</u>	<u>(4,749,305)</u>	<u>(196,031)</u>	<u>(4,945,336)</u>
<b>General revenues:</b>							
Property taxes levied for:							
General purposes							
					2,338,160	-	2,338,160
Franchise and public services taxes							
					1,679,421	-	1,679,421
Interest and investment earnings							
					63,202	58,505	121,707
Miscellaneous							
					37,056	-	37,056
Transfers							
					<u>34,500</u>	<u>(34,500)</u>	<u>-</u>
Total general revenues, special items, and transfers					<u>4,152,339</u>	<u>24,005</u>	<u>4,176,344</u>
Change in net position					(596,966)	(172,026)	(768,992)
Net position, beginning					<u>13,628,238</u>	<u>25,924,970</u>	<u>39,553,208</u>
Net position, ending					<u>\$13,031,272</u>	<u>\$25,752,944</u>	<u>\$38,784,216</u>

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



## FUND FINANCIAL STATEMENTS

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### 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.

#### **Grant/Projects Fund**

The Grants/Projects Fund accounts for grant revenues and expenses, as well as tracking individual capital projects and other program grants/donations.

**CITY OF FAIRVIEW, OREGON**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2017**

	Combined General Fund	State Tax Street Fund	Grant/Projects Fund	Other Governmental Funds	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,115,818	\$ 756,538	\$ -	\$ 797,344	\$ 5,669,700
Investments	99,000	-	-	-	99,000
Receivables:					
Property taxes	167,932	-	-	-	167,932
Accounts	309,683	61,910	148,422	14	520,029
Fines and forfeitures, net	36,415	-	-	-	36,415
Assessments	7,337	-	-	-	7,337
Interfund receivable	117,854	-	-	-	117,854
Prepaid items	43,443	-	-	-	43,443
 Total assets	 <u>\$ 4,897,482</u>	 <u>\$ 818,448</u>	 <u>\$ 148,422</u>	 <u>\$ 797,358</u>	 <u>\$ 6,661,710</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 130,077	\$ 22,728	\$ 11,665	\$ 40,969	\$ 205,439
Deposits	2,758	26,946	-	153,121	182,825
Interfund payable	-	-	117,854	-	117,854
 Total liabilities	 <u>132,835</u>	 <u>49,674</u>	 <u>129,519</u>	 <u>194,090</u>	 <u>506,118</u>
<b>DEFERRED INFLOWS OF</b>					
Unavailable revenue	<u>293,909</u>	<u>-</u>	<u>82,140</u>	<u>14</u>	<u>376,063</u>
<b>FUND BALANCES</b>					
Nonspendable	161,297	-	-	-	161,297
Restricted	-	768,774	-	127,277	896,051
Committed	24,464	-	-	-	24,464
Assigned	749,856	-	-	475,977	1,225,833
Unassigned	3,535,121	-	(63,237)	-	3,471,884
 Total fund balances	 <u>4,470,738</u>	 <u>768,774</u>	 <u>(63,237)</u>	 <u>603,254</u>	 <u>5,779,529</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 4,897,482</u>	 <u>\$ 818,448</u>	 <u>\$ 148,422</u>	 <u>\$ 797,358</u>	 <u>\$ 6,661,710</u>

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

**CITY OF FAIRVIEW, OREGON**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2017**

<b>Fund balances - total governmental funds</b>	\$ 5,779,529
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.	8,771,951
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the fund statements.	376,063
Accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(105,898)
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>(1,790,373)</u>
 <b>Net position of governmental activities</b>	 <u><u>\$13,031,272</u></u>

**CITY OF FAIRVIEW, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

	Combined General Fund	State Tax Street Fund	Grant/Projects Fund	Other Governmental Funds	Totals
<b>REVENUES</b>					
Property taxes	\$ 2,303,428	\$ -	\$ -	\$ -	\$ 2,303,428
Other taxes	639,237	-	-	-	639,237
Franchise fees	781,349	-	-	-	781,349
Licenses and fees	44,291	2,025	-	105,418	151,734
Charges for services	234,319	-	-	685	235,004
Intergovernmental	349,100	547,857	89,772	-	986,729
Fines and forfeitures	141,420	-	-	2,003	143,423
System development charges	-	-	-	14,282	14,282
Rental income	94,176	-	-	-	94,176
Assessments	85,394	-	-	-	85,394
Interest on investments	47,737	7,684	91	7,689	63,201
Miscellaneous	32,842	18,460	-	513	51,815
<b>TOTAL REVENUES</b>	<u>4,753,293</u>	<u>576,026</u>	<u>89,863</u>	<u>130,590</u>	<u>5,549,772</u>
<b>EXPENDITURES</b>					
Current:					
General government	538,559	-	-	-	538,559
Public safety	3,555,254	-	-	-	3,555,254
Public works	275,320	-	-	-	275,320
Community development	246,484	-	-	137,201	383,685
Highways and streets	-	330,689	-	-	330,689
Capital outlay	112,314	172,937	175,967	189,887	651,105
<b>TOTAL EXPENDITURES</b>	<u>4,727,931</u>	<u>503,626</u>	<u>175,967</u>	<u>327,088</u>	<u>5,734,612</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>25,362</u>	<u>72,400</u>	<u>(86,104)</u>	<u>(196,498)</u>	<u>(184,840)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of property	-	-	-	4,656	4,656
Transfers in	25,000	-	-	144,594	169,594
Transfers out	(124,394)	(10,700)	-	-	(135,094)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(99,394)</u>	<u>(10,700)</u>	<u>-</u>	<u>149,250</u>	<u>39,156</u>
<b>NET CHANGE IN FUND BALANCE</b>	(74,032)	61,700	(86,104)	(47,248)	(145,684)
<b>FUND BALANCE, Beginning</b>	<u>4,544,770</u>	<u>707,074</u>	<u>22,867</u>	<u>650,502</u>	<u>5,925,213</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 4,470,738</u>	<u>\$ 768,774</u>	<u>\$ (63,237)</u>	<u>\$ 603,254</u>	<u>\$ 5,779,529</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, 2017**

<b>Net change in fund balance - governmental funds</b>		\$	(145,684)
<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			3,608
<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			4,082
Change in pension asset (liability) and related deferred outflows and inflows			(432,488)
<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	\$	515,443	
Depreciation expense		<u>(541,927)</u>	
			<u>(26,484)</u>
<b>Change in net position - governmental activities</b>		<b>\$</b>	<b>(596,966)</b>

**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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Property taxes	\$ 2,370,800	\$ 2,370,800	\$ 2,303,428	\$ (67,372)
Other taxes	546,000	546,000	639,237	93,237
Franchise fees	780,065	780,065	781,349	1,284
Licenses and fees	37,771	37,771	44,291	6,520
Charges for services	195,833	195,833	227,796	31,963
Intergovernmental	369,693	369,693	349,100	(20,593)
Fines and forfeitures	167,486	167,486	141,420	(26,066)
Rental income	87,316	87,316	94,176	6,860
Interest on investments	28,479	28,479	40,767	12,288
Miscellaneous	11,000	11,000	32,842	21,842
<b>TOTAL REVENUES</b>	<u>4,594,443</u>	<u>4,594,443</u>	<u>4,654,406</u>	<u>59,963</u>
<b>EXPENDITURES</b>				
Current:				
General government	605,006	605,006	538,559	66,447
Public safety	3,740,494	3,740,494	3,555,254	185,240
Public works	263,478	266,669	275,320	(8,651)
Community development	264,278	264,278	246,484	17,794
Capital outlay	121,050	117,859	34,377	83,482
Contingency	2,390,082	2,390,082	-	2,390,082
<b>TOTAL EXPENDITURES</b>	<u>7,384,388</u>	<u>7,384,388</u>	<u>4,649,994</u>	<u>2,734,394</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,789,945)</u>	<u>(2,789,945)</u>	<u>4,412</u>	<u>2,794,357</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	121,656	121,656	-	(121,656)
Transfers out	(105,100)	(105,100)	(105,100)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>16,556</u>	<u>16,556</u>	<u>(105,100)</u>	<u>(121,656)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(2,773,389)</u>	<u>(2,773,389)</u>	<u>(100,688)</u>	<u>2,672,701</u>
<b>FUND BALANCE, Beginning</b>	<u>3,979,389</u>	<u>3,979,389</u>	<u>3,958,122</u>	<u>(21,267)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,206,000</u>	<u>\$ 1,206,000</u>	<u>\$ 3,857,434</u>	<u>\$ 2,651,434</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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Licenses and fees	\$ 2,500	\$ 2,500	\$ 2,025	\$ (475)
Intergovernmental	526,782	526,782	547,857	21,075
Interest on investments	5,285	5,285	7,684	2,399
Miscellaneous	500	500	18,460	17,960
<b>TOTAL REVENUES</b>	<u>535,067</u>	<u>535,067</u>	<u>576,026</u>	<u>40,959</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets:				
Personal services	167,431	177,431	174,260	3,171
Materials and services	342,261	332,261	156,429	175,832
Capital outlay	247,150	247,150	172,937	74,213
Contingency	360,384	360,384	-	360,384
<b>TOTAL EXPENDITURES</b>	<u>1,117,226</u>	<u>1,117,226</u>	<u>503,626</u>	<u>613,600</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(582,159)</u>	<u>(582,159)</u>	<u>72,400</u>	<u>654,559</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(10,700)	(10,700)	(10,700)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(10,700)</u>	<u>(10,700)</u>	<u>(10,700)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(592,859)	(592,859)	61,700	654,559
<b>FUND BALANCE, Beginning</b>	<u>592,859</u>	<u>592,859</u>	<u>707,074</u>	<u>114,215</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 768,774</u>	<u>\$ 768,774</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**  
**GRANT/PROJECTS FUND**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 169,500	\$ 169,500	\$ 89,772	\$ (79,728)
Interest on investments	<u>208</u>	<u>208</u>	<u>91</u>	<u>(117)</u>
<b>TOTAL REVENUES</b>	<u>169,708</u>	<u>169,708</u>	<u>89,863</u>	<u>(79,845)</u>
<b>EXPENDITURES</b>				
Capital outlay	169,500	181,500	175,967	5,533
Contingency	<u>25,169</u>	<u>13,169</u>	<u>-</u>	<u>13,169</u>
<b>TOTAL EXPENDITURES</b>	<u>194,669</u>	<u>194,669</u>	<u>175,967</u>	<u>18,702</u>
<b>NET CHANGE IN FUND BALANCE</b>	(24,961)	(24,961)	(86,104)	(61,143)
<b>FUND BALANCE, Beginning</b>	<u>24,961</u>	<u>24,961</u>	<u>22,867</u>	<u>(2,094)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (63,237)</u>	<u>\$ (63,237)</u>

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

## **FUND FINANCIAL STATEMENTS**

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### **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, 2017**

	<b>Business - type Activities - Enterprise Funds</b>			
	Water Funds	Sewer Funds	Stormwater Funds	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,451,335	\$ 1,799,818	\$ 873,100	\$ 4,124,253
Receivables:				
Accounts, net	<u>191,000</u>	<u>320,598</u>	<u>84,227</u>	<u>595,825</u>
Total current assets	<u>1,642,335</u>	<u>2,120,416</u>	<u>957,327</u>	<u>4,720,078</u>
Noncurrent assets:				
Restricted cash and cash equivalents	437,336	673,844	176,083	1,287,263
Capital assets:				
Land	531,270	228,550	221,610	981,430
Depreciable assets, net of depreciation	<u>10,462,620</u>	<u>7,759,945</u>	<u>2,906,885</u>	<u>21,129,450</u>
Total noncurrent assets	<u>11,431,226</u>	<u>8,662,339</u>	<u>3,304,578</u>	<u>23,398,143</u>
Total assets	<u>13,073,561</u>	<u>10,782,755</u>	<u>4,261,905</u>	<u>28,118,221</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>263,926</u>	<u>276,431</u>	<u>208,650</u>	<u>749,007</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	121,999	95,461	13,312	230,772
Accrued interest payable	8,277	7,050	-	15,327
Deposits	20,775	-	-	20,775
Current portion of long-term obligations	<u>42,968</u>	<u>222,844</u>	<u>13,750</u>	<u>279,562</u>
Total current liabilities	<u>194,019</u>	<u>325,355</u>	<u>27,062</u>	<u>546,436</u>
Noncurrent liabilities:				
Compensated absences payable	3,056	3,213	2,426	8,695
Notes and contracts payable	451,607	653,970	-	1,105,577
Net pension liability	<u>504,906</u>	<u>528,829</u>	<u>399,161</u>	<u>1,432,896</u>
Total noncurrent liabilities	<u>959,569</u>	<u>1,186,012</u>	<u>401,587</u>	<u>2,547,168</u>
Total liabilities	<u>1,153,588</u>	<u>1,511,367</u>	<u>428,649</u>	<u>3,093,604</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>7,287</u>	<u>7,632</u>	<u>5,761</u>	<u>20,680</u>
Net Position:				
Net investment in capital assets	10,516,634	7,129,887	3,128,495	20,775,016
Restricted for system development	437,336	673,844	176,083	1,287,263
Unrestricted	<u>1,222,642</u>	<u>1,736,456</u>	<u>731,567</u>	<u>3,690,665</u>
Total net position	<u>\$ 12,176,612</u>	<u>\$ 9,540,187</u>	<u>\$ 4,036,145</u>	<u>\$ 25,752,944</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, 2017**

	<b>Business - type Activities - Enterprise Funds</b>			
	Water Funds	Sewer Funds	Stormwater Funds	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,259,767	\$ 2,046,365	\$ 607,724	\$ 3,913,856
Miscellaneous	<u>1,412</u>	<u>82</u>	<u>49</u>	<u>1,543</u>
<b>TOTAL OPERATING REVENUES</b>	<u>1,261,179</u>	<u>2,046,447</u>	<u>607,773</u>	<u>3,915,399</u>
<b>OPERATING EXPENSES</b>				
Personal services	463,636	485,374	370,857	1,319,867
Materials and services	515,807	1,140,685	163,246	1,819,738
Depreciation	<u>273,613</u>	<u>399,892</u>	<u>250,267</u>	<u>923,772</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>1,253,056</u>	<u>2,025,951</u>	<u>784,370</u>	<u>4,063,377</u>
<b>OPERATING INCOME (LOSS)</b>	<u>8,123</u>	<u>20,496</u>	<u>(176,597)</u>	<u>(147,978)</u>
<b>NON-OPERATING INCOME (EXPENSES)</b>				
Interest on investments	19,968	27,104	11,433	58,505
Interest expense	<u>(14,633)</u>	<u>(33,515)</u>	<u>-</u>	<u>(48,148)</u>
<b>TOTAL NON-OPERATING INCOME (EXPENSES)</b>	<u>5,335</u>	<u>(6,411)</u>	<u>11,433</u>	<u>10,357</u>
<b>NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	13,458	14,085	(165,164)	(137,621)
<b>CAPITAL CONTRIBUTIONS</b>				
System development charges	20	75	-	95
<b>TRANSFERS</b>				
Transfers out	<u>(13,800)</u>	<u>(10,600)</u>	<u>(10,100)</u>	<u>(34,500)</u>
<b>CHANGE IN NET POSITION</b>	(322)	3,560	(175,264)	(172,026)
<b>NET POSITION, Beginning</b>	<u>12,176,934</u>	<u>9,536,627</u>	<u>4,211,409</u>	<u>25,924,970</u>
<b>NET POSITION, Ending</b>	<u><u>\$ 12,176,612</u></u>	<u><u>\$ 9,540,187</u></u>	<u><u>\$ 4,036,145</u></u>	<u><u>\$ 25,752,944</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, 2017**

	<u>Business-type Activities - Enterprise Funds</u>			
	Water Funds	Sewer Funds	Stormwater Funds	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 1,257,651	\$ 2,033,799	\$ 614,126	\$ 3,905,576
Payments to suppliers	(479,383)	(1,142,909)	(226,339)	(1,848,631)
Payments to employees	(271,416)	(284,384)	(216,945)	(772,745)
Payments for interfund services used	(89,025)	(136,850)	(44,817)	(270,692)
Net cash provided from (used by) operating activities	<u>417,827</u>	<u>469,656</u>	<u>126,025</u>	<u>1,013,508</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	-	-	16,767	16,767
Transfers out	(13,800)	(10,600)	(26,867)	(51,267)
Net cash provided from (used by) non-capital financing activities	<u>(13,800)</u>	<u>(10,600)</u>	<u>(10,100)</u>	<u>(34,500)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
System development charges	20	75	-	95
Acquisition of capital assets	(87,135)	(9,170)	(32,347)	(128,652)
Principal paid on long-term obligations	(24,902)	(197,659)	-	(222,561)
Interest paid on long-term obligations	(15,065)	(35,255)	-	(50,320)
Net cash provided from (used by) capital and related financing activities	<u>(127,082)</u>	<u>(242,009)</u>	<u>(32,347)</u>	<u>(401,438)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	19,968	27,104	11,433	58,505
Net cash provided from (used by) investing activities	<u>19,968</u>	<u>27,104</u>	<u>11,433</u>	<u>58,505</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	296,913	244,151	95,011	636,075
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	<u>1,591,758</u>	<u>2,229,511</u>	<u>954,172</u>	<u>4,775,441</u>
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<u>\$ 1,888,671</u>	<u>\$ 2,473,662</u>	<u>\$ 1,049,183</u>	<u>\$ 5,411,516</u>
<b>Reconciliation of operating income (loss) to net cash provided from (used by) operating activities</b>				
Operating income (loss)	\$ 8,123	\$ 20,496	\$ (176,597)	\$ (147,978)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	273,613	399,892	250,267	923,772
(Increase) decrease in assets:				
Receivables	(11,488)	(12,648)	6,353	(17,783)
Prepays	440	440	160	1,040
Deferred outflows	(219,792)	(230,163)	(174,203)	(624,158)
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	82,171	1,918	(1,328)	82,761
Deposits	7,960	-	-	7,960
Compensated absences payable	2,141	2,277	1,845	6,263
Net pension liability	316,587	331,406	252,179	900,172
Deferred inflows	(41,928)	(43,962)	(32,651)	(118,541)
Net cash provided from (used by) operating activities	<u>\$ 417,827</u>	<u>\$ 469,656</u>	<u>\$ 126,025</u>	<u>\$ 1,013,508</u>

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



## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**CITY OF FAIRVIEW**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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.

*Grant/Projects Fund* accounts for grant revenues and expenses, as well as tracking individual capital projects and other program grants and donations.

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 are reported at fair value based on market prices.

### **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 \$2,577 for 2016-2017 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 under the consumption method, when the prepaid items are used.

### **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 capital assets are recorded at their acquisition value at 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. Pension expenses are paid by the funds to which payroll expenses are allocated which includes the General, Building, State Street, Water, Sewer, and Stormwater funds.

## **8. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that meet the definition of GASB 54: Nondspendable, 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 nondspendable when the resources cannot be spent because they are either in a nondspendable form or legally or contractually required to be maintained intact. Nondspendable 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, 2018 based upon revised actuarial standards and to 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.

## **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. 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, 2017, appropriation increases and transfers were approved, and supplemental budgets were adopted.

**B. Excess of Expenditures over Appropriations**

The City had no expenditures over appropriations for the year ended June 30, 2017.

**C. General Budgetary Basis to GAAP Reconciliations**

Net change in General fund balance	\$(100,688)
Net change in General Sub-Funds:	
Facilities Maintenance Fund	(21,148)
Administrative Excise Charge Fund	(43,154)
Fairview Lake Sewer LID Fund	<u>90,958</u>
	<u>\$ (74,032)</u>

### III. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

**Deposits.** The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which includes standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City at June 30, 2017. 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, 2017, the carrying amount of the City's deposits and certificates of deposits was \$216,655 and the bank balance was \$558,303. All deposits are held in the name of the City. Of the bank balance, \$371,483 was covered by FDIC insurance and the remaining \$186,820 was collateralized under ORS 295.

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

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

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

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

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

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

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

Investments held by the City at June 30, 2017 are as follows:

	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Carrying Amount/ Fair Value</u>
Local Government Investment Pool	1 day	99%	\$ 10,963,311
Time Certificate of Deposits	One year	1%	99,000
		<u>100%</u>	<u>11,062,311</u>
Less amounts classified as cash equivalents			<u>(10,963,311)</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	117,655
Local Government Investment Pool	<u>10,963,311</u>
Total cash and cash equivalents	<u>\$ 11,081,216</u>

## B. Receivables

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

	<u>Combined General</u>	<u>State Tax Street</u>	<u>Grant/Projects Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Activities</u>
Property taxes	\$ 167,932	\$ -	\$ -	\$ -	\$ 167,932
Accounts	136,593	15,916	-	-	152,509
Intergovernmental	173,090	45,994	148,422	14	367,520
Fines and forfeitures	91,039	-	-	-	91,039
Assessments	7,337	-	-	-	7,337
Interfund loan	117,854	-	-	-	117,854
Gross receivables	<u>693,845</u>	<u>61,910</u>	<u>148,422</u>	<u>14</u>	<u>904,191</u>
Less: allowance for uncollectible accounts	<u>(54,624)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(54,624)</u>
Net total receivables	<u>\$ 639,221</u>	<u>\$ 61,910</u>	<u>\$ 148,422</u>	<u>\$ 14</u>	<u>\$ 849,567</u>

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

	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>	<u>Total Business-Type Activities</u>
Accounts	\$201,578	\$348,713	\$ 92,235	\$ 642,526
Less: Allowance for uncollectible accounts	<u>(10,578)</u>	<u>(28,115)</u>	<u>(8,008)</u>	<u>(46,701)</u>
Net total receivables	<u>\$191,000</u>	<u>\$320,598</u>	<u>\$ 84,227</u>	<u>\$ 595,825</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 2016-2017, the City levied property taxes in the amount of \$2,373,240. After reductions for offsets and increases for additional taxes and penalties this resulted in a net levy of \$2,375,957 including cancel and omit levy of \$5,293. 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, 2016 was \$679,972,500.

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, 2017, 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	1,492,753	-	-	1,492,753
Capital assets, being depreciated:				
Land improvements	1,773,001	93,830	-	1,866,831
Dams and weirs	407,565	-	-	407,565
Buildings	3,881,232	19,556	-	3,900,788
Equipment	1,639,792	161,490	-	1,801,282
Infrastructure	7,882,145	240,567	-	8,122,712
Total capital assets, being depreciated	15,583,735	515,443	-	16,099,178
Accumulated depreciation for:				
Land improvements	(587,088)	(56,892)	-	(643,980)
Dams and weirs	(149,440)	(13,585)	-	(163,025)
Building	(1,178,669)	(85,302)	-	(1,263,971)
Equipment	(1,410,530)	(78,295)	-	(1,488,825)
Infrastructure	(4,952,326)	(307,853)	-	(5,260,179)
Total accumulated depreciation	(8,278,053)	(541,927)	-	(8,819,980)
Total capital assets, being depreciated, net	7,305,682	(26,484)	-	7,279,198
Governmental activities capital assets, net	<u>\$ 8,798,435</u>	<u>\$ (26,484)</u>	<u>\$ -</u>	<u>\$ 8,771,951</u>

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

#### Governmental activities

General government	\$ 90,648
Community development	55,874
Public safety	46,342
Streets	1,408
Public works	347,655
Total depreciation expense - governmental activities	<u>\$ 541,927</u>

Capital asset activity for the business-type activities for the year ended June 30, 2017 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	981,430	-	-	981,430
Capital assets, being depreciated:				
Buildings	373,591	-	-	373,591
Equipment	873,444	-	-	873,444
Infrastructure	36,061,637	128,652	-	36,190,289
Total capital assets, being depreciated	37,308,672	128,652	-	37,437,324
Less accumulated depreciation for:				
Building	(94,766)	(9,340)	-	(104,106)
Equipment	(375,763)	(49,018)	-	(424,781)
Infrastructure	(14,913,573)	(865,414)	-	(15,778,987)
Total accumulated depreciation	(15,384,102)	(923,772)	-	(16,307,874)
Total capital assets, being depreciated, net	21,924,570	(795,120)	-	21,129,450
Business-type activities capital assets, net	<u>\$ 22,906,000</u>	<u>\$ (795,120)</u>	<u>\$ -</u>	<u>\$ 22,110,880</u>

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

Business-type activities

Water	\$ 273,613
Sewer	399,892
Stormwater	250,267
Total depreciation expense - business-type activities	<u>\$ 923,772</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	Grants/Projects Fund	Other Governmental	Totals
Property taxes	\$ 175,581	\$ -	\$ -	\$ 175,581
Fines and forfeitures	36,416	-	-	36,416
Intergovernmental	32,358	82,140	14	114,512
Special assessments	7,337	-	-	7,337
Other	42,217	-	-	42,217
	<u>\$ 293,909</u>	<u>\$ 82,140</u>	<u>\$ 14</u>	<u>\$ 376,063</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
2018	\$ 204,638	\$ 28,276
2019	211,863	21,051
2020	219,343	13,571
2021	222,764	5,828
	<u>\$ 858,608</u>	<u>\$ 68,726</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
2018	\$ 25,649	\$ 14,318
2019	26,419	13,548
2020	27,211	12,756
2021	28,028	11,939
2022	28,868	11,098
2023-2027	157,864	41,970
2028-2032	<u>183,217</u>	<u>16,827</u>
	<u>\$ 477,256</u>	<u>\$ 122,456</u>

### 3. Changes in Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2017, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated Absences	\$ 109,979	\$ 105,898	\$ 109,979	\$ 105,898	\$ 90,013
Net Pension Liability	<u>1,322,209</u>	<u>2,318,913</u>	<u>-</u>	<u>3,641,122</u>	
Governmental activity Long-term obligations	<u>\$ 1,432,188</u>	<u>\$ 2,424,811</u>	<u>\$ 109,979</u>	<u>\$ 3,747,020</u>	<u>\$ 90,013</u>
Business - type activities:					
Compensated Absences	\$ 51,706	\$ 57,970	\$ 51,706	\$ 57,970	\$ 49,275
Notes Payable	1,558,425	-	222,561	1,335,864	230,287
Net Pension Liability	<u>532,724</u>	<u>900,172</u>	<u>-</u>	<u>1,432,896</u>	<u>-</u>
Business-type activity Long-term obligations	<u>\$ 2,142,855</u>	<u>\$ 958,142</u>	<u>\$ 274,267</u>	<u>\$ 2,826,730</u>	<u>\$ 279,562</u>

### F. Fund Balance Classifications

Fund balances by classification for the year ended June 30, 2017 were as follows:

Fund Balances:	Combined General	Street	Grants/Projects Funds	Other Governmental Funds	Total Governmental Funds
Nonspendable - prepaids					
Prepaid	\$ 43,443	\$ -	\$ -	\$ -	\$ 43,443
Interfund loan	117,854	-	-	-	117,854
Restricted:					
Highways and streets	-	768,774	-	-	768,774
Capital projects	-	-	-	32,107	32,107
Grants and projects	-	-	-	95,170	95,170
Committed					
Capital projects	24,464	-	-	-	24,464
Assigned:					
Facilities maintenance	73,782	-	-	-	73,782
Capital projects	539,633	-	-	475,977	1,015,610
Community center	24,133	-	-	-	24,133
Traffic safety programs	100,508	-	-	-	100,508
Recreation program	5,515	-	-	-	5,515
Grants and projects	6,285	-	-	-	6,285
Unassigned	3,535,121	-	(63,237)	-	3,471,884
<b>Total Fund Balances</b>	<b>\$4,470,738</b>	<b>\$768,774</b>	<b>\$ (63,237)</b>	<b>\$ 603,254</b>	<b>\$ 5,779,529</b>

#### D. Interfund Activity

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 \$34,500.

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

	Transfers In	Transfers Out
Governmental activities		
General	\$ 25,000	\$ 124,394
State Tax Street	-	10,700
Other funds	144,594	-
Business-type activities		
Water	-	13,800
Sewer	-	10,600
Wastewater	-	10,100
	\$ 169,594	\$ 169,594

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.

The Grant/Projects Fund borrowed \$117,854 from the General Fund for short-term cash management, and expects to repay the loan when the grant proceeds are received.

## **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/emp/pages/actuarial-financial-information>.

#### **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. The COLA is capped at 2.0 percent.

## **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.

### **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, which became effective July 1, 2015. Employer contributions for the year ended June 30, 2017 were \$496,532, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2017 were 15.37% for Tier One/Tier Two General Service Member, 9.01% for OPSRP Police, 13.12% 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, 2017, the City of Fairview reported a liability of \$5,074,018 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to June 30, 2016. 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, 2016, the City's proportion was .03379902 percent, which was an increase from its proportion of .03230768 percent measured as of June 30, 2015.

For the year ended June 30, 2017, the City's recognized pension expense (income) of \$1,086,490. At June 30, 2017, 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	\$ 167,871	\$ -
Changes of assumptions	1,082,166	-
Net difference between projected and actual earnings on investments	1,002,413	-
Changes in proportionate share	80,286	9,737
Differences between employer contributions and employer's share of system contributions	<u>7,232</u>	<u>63,491</u>
Total (prior to post-MD contributions)	2,339,968	73,228
Contributions subsequent to the measurement date	<u>312,336</u>	<u>-</u>
Net Deferred Outflow/(Inflow) of Resources	<u><u>\$ 2,652,304</u></u>	<u><u>\$ 73,228</u></u>

\$312,336 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, 2017. 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:	
2018	\$ 403,016
2019	403,016
2020	774,581
2021	598,451
2022	<u>87,676</u>
Total	<u><u>\$ 2,266,740</u></u>

### Actuarial Assumptions

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the entry age normal 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, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2014
Measurement Date	June 30, 2016
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.5 percent (reduced from 2.75 percent)
Long-Term Expected Rate of Return	7.5 percent (reduced from 7.75 percent)
Discount Rate	7.5 percent (reduced from 7.75 percent)
Projected Salary Increases	3.5 percent overall payroll growth (reduced from 3.75 percent)
Cost of Living Adjustments	Blend of 2.00% COLA and graded COLA (1.25/0.15%) in accordance with Moro decision; blend based on service
Mortality	Health retirees and beneficiaries; RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.  Active Members; Mortality rates are a percentage of healthy retiree rates, that vary by group, as described in the valuation.  Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct generational per Scale BB, disabled mortality rate

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 2015 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.

**OIC Assumed Asset Allocation**

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>Target</u>
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	13.5%	21.5%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100.0%</u>

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro CAP US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Market Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equity	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Funds of Funds - Diversified	2.50%	4.64%
Hedge Funds - Event-driven	0.63%	6.72%
Timber	1.87%	5.85%
Farmland	1.87%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Total	<u>100.00%</u>	

Assumed Inflation - Mean

2.50%

**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 7.5 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 7.5 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Fairview's proportionate share of the net pension liability (asset)	\$8,192,847	\$ 5,074,018	\$2,467,222

**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 PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability. The changes include the lowering of the long-term expected rate of return to 7.5% and lowering the assumed inflation to 2.5%. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions for merit increases, unused sick leave, and vacation pay were updated. This change in benefit terms were reflected in the current valuation.

### **Changes in Plan Provisions Subsequent to Measurement Date**

At its July 28, 2017 meeting, the PERS Board lowered the assumed earnings rate to 7.2%. For member transactions, this rate will take effect January 1, 2018. The current assumed earnings rate is 7.5% and has been in effect for member transactions since January 1, 2016.

### **C. Tax Abatement Disclosures**

As of June 30, 2017, the City offers tax abatements as a sponsor of the Columbia Cascade Enterprise Zone, ORS Chapter 285 C, offering 100% tax abatement on qualified properties for 3-5 years, which would reduce the City's property tax revenue. For the current reporting period there were not no companies receiving the exemption.

In addition, there were tax abatement programs provided by the State of Oregon which also reduce the City's property tax revenues.

- Day Care Centers, Student Housing and Religious Schools, ORS 307-145. The State provides tax abatement for facilities that fall under this category. The City property taxes were reduced by \$4,457 by the program during the current reporting period.
- Oregon Food Processor Exemption, ORS 307.453. The Legislative Assembly finds that food processing activities make significant contributions to the economy of this state and are important in supporting and maintaining a high level of agricultural diversity, upon which consistent economic performance is based. The Legislative Assembly declares that a property tax exemption for qualified real property machinery and equipment encourages continued operation and expansion of the food processing industry in this state. The City property taxes were reduced by \$3,506 by the program during the current reporting period.
- Alternative Energy Systems, ORS 307-175. To encourage alternative energy production this abatement exempts the additional value of equipping the property with net metering or with alternative systems for onsite electricity or climate control as compared to a conventional system until 2012. City property taxes were reduced by \$65 by the program during the current reporting period.

### **D. Commitments and Contingencies**

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 has had several events occur subsequent to the year end. The major events are detailed below.

The City entered into an intergovernmental agreement with the Multnomah County Sheriff's Department effective August 1, 2017 to transfer City police employees to the County and contract with the county for police services. This agreement included the following subsequent transactions:

- Multnomah County purchased police equipment for \$214,660.
- The City transferred 16 employees the County per agreement and the effect on the City's net pension liability is yet to be determined.
- The City paid out remaining vacation, paid leave and sick leave to police employees or to Multnomah County, per written agreements at time of separation. Total cost associated with this transaction was \$276,525 which was paid out by the City.
- City received a \$100,000 credit for services with the County , which will reduce the City's bill for four quarters equaling \$25,000 each quarter for first year of implementation of the services provided by County.
- Total costs of contract services with the County is estimated to be \$2,047,553 for the period beginning August 1, 2017 through June 30, 2018.

Rockwood Water PUD starting billing their own water customers and no longer will have the City of Fairview billing for water services. The City is anticipating a reduction of water revenue of \$50,000 with this change in services.

The City received \$220,000 in building service fees for the Fairview Elementary School.

**REQUIRED SUPPLEMENTARY 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>	<u>2013</u>
City's proportion of the net pension liability (asset)	0.03379902%	0.03230768%	0.03304161%	0.03304161%
City's proportionate share of the net pension liability (asset)	\$ 5,074,018	\$ 1,854,933	\$ (748,959)	\$ 1,686,162
City's covered-employee payroll	\$ 2,562,697	\$ 2,380,702	\$ 2,318,755	\$ 2,143,556
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	198.00%	77.92%	-32.30%	78.66%
Plan fiduciary net position as a percentage of total pension liability	91.10%	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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contributions	\$ 496,532	\$ 489,029	\$ 439,508	\$ 419,429	\$ 398,537
Contributions in relation to the contractually required contributions	<u>496,532</u>	<u>489,029</u>	<u>(439,508)</u>	<u>(419,429)</u>	<u>(419,429)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,892)</u>
City's covered-employee payroll	\$2,659,374	\$2,562,697	\$2,380,702	\$2,318,755	\$2,143,556
Contributions as a percentage of covered-employee payroll	18.67%	19.08%	18.46%	18.09%	18.59%

\* 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, 2017**

**Changes in Plan Provisions During the Measurement Period**

The Oregon Supreme Court in *Moro v. State of Oregon*, issued April 30, 2015, reversed a significant portion of the reductions that 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. The reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

**Changes of assumptions**

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 pension liability. The changes included lowering of the long-term expected rate of return to 7.5 percent and lowering of the assumed inflation to 2.5 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions for merit increases. Unused sick leave, and vacation pay were updated.



## **SUPPLEMENTARY INFORMATION**

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## COMBINING STATEMENTS

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### 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.

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, 2017**

	Special Revenue	Capital Projects		Totals
	Building Fund	SDC Parks/Open Spaces Fund	Equipment Replacement Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 270,858	\$ 32,107	\$ 494,379	\$ 797,344
Receivables:				
Accounts	14	-	-	14
Total assets	<u>\$ 270,872</u>	<u>\$ 32,107</u>	<u>\$ 494,379</u>	<u>\$ 797,358</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 22,567	\$ -	\$ 18,402	\$ 40,969
Deposits	153,121	-	-	153,121
Total liabilities	<u>175,688</u>	<u>-</u>	<u>18,402</u>	<u>194,090</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	14	-	-	14
<b>FUND BALANCES</b>				
Restricted	95,170	32,107	-	127,277
Assigned	-	-	475,977	475,977
Total fund balances	<u>95,170</u>	<u>32,107</u>	<u>475,977</u>	<u>603,254</u>
Total liabilities and fund balances	<u>\$ 270,872</u>	<u>\$ 32,107</u>	<u>\$ 494,379</u>	<u>\$ 797,358</u>

See auditor's report.

**CITY OF FAIRVIEW, OREGON**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

	Special Revenue	Capital Projects		Totals
	Building Fund	SDC Parks/Open Spaces Fund	Equipment Replacement Fund	
<b>REVENUES</b>				
Licenses and fees	\$ 105,418	\$ -	\$ -	\$ 105,418
Charges for services	685	-	-	685
Fines and forfeitures	-	-	2,003	2,003
System development charges	-	14,282	-	14,282
Interest on investments	2,307	419	4,963	7,689
Miscellaneous	513	-	-	513
<b>TOTAL REVENUES</b>	<u>108,923</u>	<u>14,701</u>	<u>6,966</u>	<u>130,590</u>
<b>EXPENDITURES</b>				
Current:				
Community development	137,201	-	-	137,201
Capital outlay	-	62,926	126,961	189,887
<b>TOTAL EXPENDITURES</b>	<u>137,201</u>	<u>62,926</u>	<u>126,961</u>	<u>327,088</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(28,278)</u>	<u>(48,225)</u>	<u>(119,995)</u>	<u>(196,498)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of property	-	-	4,656	4,656
Transfers in	-	49,294	95,300	144,594
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>49,294</u>	<u>99,956</u>	<u>149,250</u>
<b>NET CHANGE IN FUND BALANCE</b>	(28,278)	1,069	(20,039)	(47,248)
<b>FUND BALANCE, Beginning</b>	<u>123,448</u>	<u>31,038</u>	<u>496,016</u>	<u>650,502</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 95,170</u>	<u>\$ 32,107</u>	<u>\$ 475,977</u>	<u>\$ 603,254</u>

See auditor's report.

**CITY OF FAIRVIEW, OREGON  
COMBINING BALANCE SHEET  
COMBINED GENERAL FUND  
June 30, 2017**

	General Fund	Administrative Excise Charge Fund	Facilities Maintenance Fund	Fairview Lake Sewer LID Fund	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,490,514	\$ 12,001	\$ 73,782	\$ 539,521	\$ 4,115,818
Investments	99,000	-	-	-	99,000
Receivables:					
Property taxes	167,932	-	-	-	167,932
Accounts	309,683	-	-	-	309,683
Fines and forfeitures, net	36,415	-	-	-	36,415
Assessments	-	-	-	7,337	7,337
Interfund	117,854	-	-	-	117,854
Prepaid items	43,443	-	-	-	43,443
	<u>\$ 4,264,841</u>	<u>\$ 12,001</u>	<u>\$ 73,782</u>	<u>\$ 546,858</u>	<u>\$ 4,897,482</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 118,077	\$ 12,000	\$ -	\$ -	\$ 130,077
Deposits	2,758	-	-	-	2,758
	<u>120,835</u>	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>132,835</u>
<b>DEFERRED INFLOWS OF</b>					
Unavailable revenue	286,572	-	-	7,337	293,909
<b>FUND BALANCES</b>					
Nonspendable	161,297	-	-	-	161,297
Committed	24,464	-	-	-	24,464
Assigned	136,552	1	73,782	539,521	749,856
Unassigned	3,535,121	-	-	-	3,535,121
	<u>3,857,434</u>	<u>1</u>	<u>73,782</u>	<u>539,521</u>	<u>4,470,738</u>
Total liabilities and fund balances	<u>\$ 4,264,841</u>	<u>\$ 12,001</u>	<u>\$ 73,782</u>	<u>\$ 546,858</u>	<u>\$ 4,897,482</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, 2017**

	General Fund	Administrative Excise Charge Fund	Facilities Maintenance Fund	Fairview Lake Sewer LID Fund	Totals
<b>REVENUES</b>					
Property taxes	\$ 2,303,428	\$ -	\$ -	\$ -	\$ 2,303,428
Other taxes	639,237	-	-	-	639,237
Franchise fees	781,349	-	-	-	781,349
Licenses and fees	44,291	-	-	-	44,291
Charges for services	227,796	6,523	-	-	234,319
Intergovernmental	349,100	-	-	-	349,100
Fines and forfeitures	141,420	-	-	-	141,420
Rental income	94,176	-	-	-	94,176
Assessments	-	-	-	85,394	85,394
Interest on investments	40,767	521	885	5,564	47,737
Miscellaneous	32,842	-	-	-	32,842
<b>TOTAL REVENUES</b>	<u>4,654,406</u>	<u>7,044</u>	<u>885</u>	<u>90,958</u>	<u>4,753,293</u>
<b>EXPENDITURES</b>					
Current:					
General government	538,559	-	-	-	538,559
Public safety	3,555,254	-	-	-	3,555,254
Public works	275,320	-	-	-	275,320
Community development	246,484	-	-	-	246,484
Capital outlay	<u>34,377</u>	<u>30,904</u>	<u>47,033</u>	<u>-</u>	<u>112,314</u>
<b>TOTAL EXPENDITURES</b>	<u>4,649,994</u>	<u>30,904</u>	<u>47,033</u>	<u>-</u>	<u>4,727,931</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>4,412</u>	<u>(23,860)</u>	<u>(46,148)</u>	<u>90,958</u>	<u>25,362</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers in	-	-	25,000	-	25,000
Transfers out	<u>(105,100)</u>	<u>(19,294)</u>	<u>-</u>	<u>-</u>	<u>(124,394)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(105,100)</u>	<u>(19,294)</u>	<u>25,000</u>	<u>-</u>	<u>(99,394)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(100,688)	(43,154)	(21,148)	90,958	(74,032)
<b>FUND BALANCE, Beginning</b>	<u>3,958,122</u>	<u>43,155</u>	<u>94,930</u>	<u>448,563</u>	<u>4,544,770</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 3,857,434</u>	<u>\$ 1</u>	<u>\$ 73,782</u>	<u>\$ 539,521</u>	<u>\$ 4,470,738</u>

See auditor's report.



## **BUDGETARY COMPARISON SCHEDULES**

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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, State Tax Street and Grant/Projects 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 AND OTHER FINANCING USES -  
BUDGET AND ACTUAL,  
BY CATEGORY (NON-GAAP BUDGETARY BASIS)**

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▪ **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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>EXPENDITURES</b>				
Personal services:				
General government	\$ 390,517	\$ 405,695	\$ 408,687	\$ (2,992)
Public safety	2,100,015	2,100,015	1,916,259	183,756
Public works	147,870	151,061	163,044	(11,983)
Community development	<u>173,376</u>	<u>173,376</u>	<u>160,161</u>	<u>13,215</u>
Total personal services	<u>2,811,778</u>	<u>2,830,147</u>	<u>2,648,151</u>	<u>181,996</u>
Materials and services:				
General government	214,489	199,311	129,872	69,439
Public safety	1,640,479	1,640,479	1,638,995	1,484
Public works	115,608	115,608	112,276	3,332
Community development	<u>90,902</u>	<u>90,902</u>	<u>86,323</u>	<u>4,579</u>
Total materials and services	<u>2,061,478</u>	<u>2,046,300</u>	<u>1,967,466</u>	<u>78,834</u>
Capital outlay:				
General government	4,800	4,800	-	4,800
Public safety	58,250	58,250	31,653	26,597
Public works	57,000	53,809	2,724	51,085
Community development	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total capital outlay	<u>121,050</u>	<u>117,859</u>	<u>34,377</u>	<u>83,482</u>
Contingency	<u>2,390,082</u>	<u>2,390,082</u>	<u>-</u>	<u>2,390,082</u>
<b>TOTAL EXPENDITURES</b>	<u>7,384,388</u>	<u>7,384,388</u>	<u>4,649,994</u>	<u>2,734,394</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>105,100</u>	<u>105,100</u>	<u>105,100</u>	<u>-</u>
<b>TOTAL OTHER FINANCING USES</b>	<u>105,100</u>	<u>105,100</u>	<u>105,100</u>	<u>-</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 7,489,488</u>	<u>\$ 7,489,488</u>	<u>\$ 4,755,094</u>	<u>\$ 2,734,394</u>

See auditor's report.

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

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**Governmental Funds**

**Special Revenue Funds**

- Administrative Excise Charge
- Building
- 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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 65,000	\$ 65,000	\$ 6,523	\$ (58,477)
Interest on investments	<u>260</u>	<u>260</u>	<u>521</u>	<u>261</u>
<b>TOTAL REVENUES</b>	<u>65,260</u>	<u>65,260</u>	<u>7,044</u>	<u>(58,216)</u>
<b>EXPENDITURES</b>				
Current:				
Materials and services	400	400	-	400
Capital outlay	30,916	30,916	30,904	12
Contingency	<u>15,017</u>	<u>15,017</u>	<u>-</u>	<u>15,017</u>
<b>TOTAL EXPENDITURES</b>	<u>46,333</u>	<u>46,333</u>	<u>30,904</u>	<u>15,429</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>18,927</u>	<u>18,927</u>	<u>(23,860)</u>	<u>(42,787)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(45,667)</u>	<u>(45,667)</u>	<u>(19,294)</u>	<u>26,373</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(45,667)</u>	<u>(45,667)</u>	<u>(19,294)</u>	<u>26,373</u>
<b>NET CHANGE IN FUND BALANCE</b>	(26,740)	(26,740)	(43,154)	(16,414)
<b>FUND BALANCE, Beginning</b>	<u>26,740</u>	<u>26,740</u>	<u>43,155</u>	<u>16,415</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses and fees	\$ 118,737	\$ 118,737	\$ 105,418	\$ (13,319)
Charges for services	100	100	685	585
Interest on investments	223	223	2,307	2,084
Miscellaneous	100	100	513	413
<b>TOTAL REVENUES</b>	<u>119,160</u>	<u>119,160</u>	<u>108,923</u>	<u>(10,237)</u>
<b>EXPENDITURES</b>				
Current:				
Community development:				
Personal services	88,694	88,694	84,159	4,535
Materials and services	69,218	69,218	53,042	16,176
Capital outlay	500	500	-	500
Contingency	81,122	81,122	-	81,122
<b>TOTAL EXPENDITURES</b>	<u>239,534</u>	<u>239,534</u>	<u>137,201</u>	<u>102,333</u>
<b>NET CHANGE IN FUND BALANCE</b>	(120,374)	(120,374)	(28,278)	92,096
<b>FUND BALANCE, Beginning</b>	<u>120,374</u>	<u>120,374</u>	<u>123,448</u>	<u>3,074</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,170</u>	<u>\$ 95,170</u>

**CITY OF FAIRVIEW, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FACILITIES MAINTENANCE FUND**  
**(SUB-FUND OF THE GENERAL FUND)**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Interest on investments	\$ 593	\$ 593	\$ 885	\$ 292
<b>TOTAL REVENUES</b>	<u>593</u>	<u>593</u>	<u>885</u>	<u>292</u>
<b>EXPENDITURES</b>				
Capital outlay	48,000	48,000	47,033	967
Contingency	<u>54,562</u>	<u>54,562</u>	-	<u>54,562</u>
<b>TOTAL EXPENDITURES</b>	<u>102,562</u>	<u>102,562</u>	<u>47,033</u>	<u>55,529</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(101,969)</u>	<u>(101,969)</u>	<u>(46,148)</u>	<u>55,821</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	-
<b>NET CHANGE IN FUND BALANCE</b>	(76,969)	(76,969)	(21,148)	55,821
<b>FUND BALANCE, Beginning</b>	<u>76,969</u>	<u>76,969</u>	<u>94,930</u>	<u>17,961</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,782</u>	<u>\$ 73,782</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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Assessments	\$ 39,198	\$ 39,198	\$ 85,394	\$ 46,196
Interest on investments	-	-	5,564	5,564
<b>TOTAL REVENUES</b>	<u>39,198</u>	<u>39,198</u>	<u>90,958</u>	<u>51,760</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>39,198</u>	<u>39,198</u>	<u>90,958</u>	<u>51,760</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(121,656)	(121,656)	-	121,656
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(121,656)</u>	<u>(121,656)</u>	<u>-</u>	<u>121,656</u>
<b>NET CHANGE IN FUND BALANCE</b>	(82,458)	(82,458)	90,958	173,416
<b>FUND BALANCE, Beginning</b>	<u>432,247</u>	<u>432,247</u>	<u>448,563</u>	<u>16,316</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 349,789</u>	<u>\$ 349,789</u>	<u>\$ 539,521</u>	<u>\$ 189,732</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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
System development charges	\$ 12,243	\$ 12,243	\$ 14,282	\$ 2,039
Interest on investments	<u>52</u>	<u>52</u>	<u>419</u>	<u>367</u>
<b>TOTAL REVENUES</b>	<u>12,295</u>	<u>12,295</u>	<u>14,701</u>	<u>2,406</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>125,000</u>	<u>125,000</u>	<u>62,926</u>	<u>62,074</u>
<b>TOTAL EXPENDITURES</b>	<u>125,000</u>	<u>125,000</u>	<u>62,926</u>	<u>62,074</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(112,705)</u>	<u>(112,705)</u>	<u>(48,225)</u>	<u>64,480</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>75,667</u>	<u>75,667</u>	<u>49,294</u>	<u>(26,373)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>75,667</u>	<u>75,667</u>	<u>49,294</u>	<u>(26,373)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(37,038)	(37,038)	1,069	38,107
<b>FUND BALANCE, Beginning</b>	<u>37,038</u>	<u>37,038</u>	<u>31,038</u>	<u>(6,000)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,107</u>	<u>\$ 32,107</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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Fines and forfeitures	\$ 3,000	\$ 3,000	\$ 2,003	\$ (997)
Interest on investments	<u>2,966</u>	<u>2,966</u>	<u>4,963</u>	<u>1,997</u>
<b>TOTAL REVENUES</b>	<u>5,966</u>	<u>5,966</u>	<u>6,966</u>	<u>1,000</u>
<b>EXPENDITURES</b>				
Capital outlay	155,000	155,000	126,961	28,039
Contingency	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
<b>TOTAL EXPENDITURES</b>	<u>180,000</u>	<u>180,000</u>	<u>126,961</u>	<u>53,039</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(174,034)</u>	<u>(174,034)</u>	<u>(119,995)</u>	<u>54,039</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of property	15,141	15,141	4,656	(10,485)
Transfers in	<u>95,300</u>	<u>95,300</u>	<u>95,300</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>110,441</u>	<u>110,441</u>	<u>99,956</u>	<u>(10,485)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(63,593)	(63,593)	(20,039)	43,554
<b>FUND BALANCE, Beginning</b>	<u>490,944</u>	<u>490,944</u>	<u>496,016</u>	<u>5,072</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 427,351</u>	<u>\$ 427,351</u>	<u>\$ 475,977</u>	<u>\$ 48,626</u>

See auditor's report.



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

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**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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 1,267,067	\$ 1,267,067	\$ 1,259,767	\$ (7,300)
Interest on investments	8,058	8,058	15,164	7,106
Miscellaneous	700	700	1,412	712
<b>TOTAL REVENUES</b>	<u>1,275,825</u>	<u>1,275,825</u>	<u>1,276,343</u>	<u>518</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	414,368	414,368	406,627	7,741
Materials and services	689,849	689,849	599,344	90,505
Capital outlay	46,000	46,000	3,598	42,402
Debt service	39,967	39,967	39,967	-
Contingency	328,227	328,227	-	328,227
<b>TOTAL EXPENDITURES</b>	<u>1,518,411</u>	<u>1,518,411</u>	<u>1,049,536</u>	<u>468,875</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(242,586)</u>	<u>(242,586)</u>	<u>226,807</u>	<u>469,393</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(676,923)	(676,923)	(13,800)	663,123
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(676,923)</u>	<u>(676,923)</u>	<u>(13,800)</u>	<u>663,123</u>
<b>NET CHANGE IN FUND BALANCE</b>	(919,509)	(919,509)	213,007	1,132,516
<b>FUND BALANCE, Beginning</b>	<u>1,216,530</u>	<u>1,216,530</u>	<u>1,286,554</u>	<u>70,024</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 297,021</u>	<u>\$ 297,021</u>	<u>\$ 1,499,561</u>	<u>\$ 1,202,540</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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
System development charges	\$ -	\$ -	\$ 20	\$ 20
Interest on investments	<u>2,216</u>	<u>2,216</u>	<u>4,804</u>	<u>2,588</u>
<b>TOTAL REVENUES</b>	<u>2,216</u>	<u>2,216</u>	<u>4,824</u>	<u>2,608</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>950,000</u>	<u>950,000</u>	<u>-</u>	<u>950,000</u>
<b>TOTAL EXPENDITURES</b>	<u>950,000</u>	<u>950,000</u>	<u>-</u>	<u>950,000</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(947,784)</u>	<u>(947,784)</u>	<u>4,824</u>	<u>952,608</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>663,123</u>	<u>663,123</u>	<u>-</u>	<u>(663,123)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>663,123</u>	<u>663,123</u>	<u>-</u>	<u>(663,123)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(284,661)	(284,661)	4,824	289,485
<b>FUND BALANCE, Beginning</b>	<u>447,831</u>	<u>447,831</u>	<u>432,512</u>	<u>(15,319)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 163,170</u>	<u>\$ 163,170</u>	<u>\$ 437,336</u>	<u>\$ 274,166</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, 2017**

**BUDGETARY BASIS FUND BALANCE (NON-GAAP):**

Water	\$ 1,499,561
Water SDC	<u>437,336</u>
	1,936,897

Adjustments:

Capital assets, net of depreciation	10,993,890
Deferred outflows	263,926
Compensated absences payable	(20,375)
Accrued interest payable	(8,277)
Deferred inflows	(7,287)
Long-term debt	(477,256)
Net pension liability	<u>(504,906)</u>

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

\$ 12,176,612

**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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 2,052,705	\$ 2,052,705	\$ 2,046,365	\$ (6,340)
Interest on investments	11,773	11,773	19,650	7,877
Miscellaneous	-	-	82	82
<b>TOTAL REVENUES</b>	<u>2,064,478</u>	<u>2,064,478</u>	<u>2,066,097</u>	<u>1,619</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	400,489	430,489	425,816	4,673
Materials and services	1,197,123	1,167,123	1,149,355	17,768
Capital outlay	13,000	13,000	500	12,500
Debt service	232,914	232,914	232,914	-
Contingency	<u>928,736</u>	<u>928,736</u>	<u>-</u>	<u>928,736</u>
<b>TOTAL EXPENDITURES</b>	<u>2,772,262</u>	<u>2,772,262</u>	<u>1,808,585</u>	<u>963,677</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(707,784)</u>	<u>(707,784)</u>	<u>257,512</u>	<u>965,296</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(10,600)</u>	<u>(10,600)</u>	<u>(10,600)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(10,600)</u>	<u>(10,600)</u>	<u>(10,600)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(718,384)	(718,384)	246,912	965,296
<b>FUND BALANCE, Beginning</b>	<u>1,736,738</u>	<u>1,736,738</u>	<u>1,778,043</u>	<u>41,304</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,018,354</u>	<u>\$ 1,018,354</u>	<u>\$ 2,024,955</u>	<u>\$ 1,006,600</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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
System development charges	\$ -	\$ -	\$ 75	\$ 75
Interest on investments	<u>4,683</u>	<u>4,683</u>	<u>7,454</u>	<u>2,771</u>
<b>TOTAL REVENUES</b>	<u>4,683</u>	<u>4,683</u>	<u>7,529</u>	<u>2,846</u>
<b>NET CHANGE IN FUND BALANCE</b>	4,683	4,683	7,529	2,846
<b>FUND BALANCE, Beginning</b>	<u>681,134</u>	<u>681,134</u>	<u>666,315</u>	<u>(14,819)</u>
<b>FUND BALANCE, Ending</b>	<u><u>\$ 685,817</u></u>	<u><u>\$ 685,817</u></u>	<u><u>\$ 673,844</u></u>	<u><u>\$ (11,973)</u></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, 2017**

**BUDGETARY BASIS FUND BALANCE (NON-GAAP):**

Sewer	\$ 2,024,955
Sewer SDC	<u>673,844</u>
	2,698,799

Adjustments:

Capital assets, net of depreciation	7,988,495
Deferred outflows	276,431
Compensated absences payable	(21,419)
Accrued interest payable	(7,050)
Deferred inflows	(7,632)
Long-term debt	(858,608)
Net pension liability	<u>(528,829)</u>

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

**\$ 9,540,187**

**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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 566,412	\$ 566,412	\$ 607,724	\$ 41,312
Interest on investments	4,705	4,705	9,491	4,786
Miscellaneous	-	-	49	49
<b>TOTAL REVENUES</b>	<u>571,117</u>	<u>571,117</u>	<u>617,264</u>	<u>46,147</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	311,209	327,709	323,687	4,022
Materials and services	325,554	309,054	172,305	136,749
Capital outlay	350	350	-	350
Contingency	640,741	640,741	-	640,741
<b>TOTAL EXPENDITURES</b>	<u>1,277,854</u>	<u>1,277,854</u>	<u>495,992</u>	<u>781,862</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(706,737)</u>	<u>(706,737)</u>	<u>121,272</u>	<u>828,009</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(26,867)	(26,867)	(26,867)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(26,867)</u>	<u>(26,867)</u>	<u>(26,867)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(733,604)	(733,604)	94,405	828,009
<b>FUND BALANCE, Beginning</b>	<u>733,604</u>	<u>733,604</u>	<u>849,610</u>	<u>116,006</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 944,015</u>	<u>\$ 944,015</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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest on investments	\$ 2,458	\$ 2,458	\$ 1,942	\$ (516)
<b>TOTAL REVENUES</b>	<u>2,458</u>	<u>2,458</u>	<u>1,942</u>	<u>(516)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>200,000</u>	<u>200,000</u>	<u>23,290</u>	<u>176,710</u>
<b>TOTAL EXPENDITURES</b>	<u>200,000</u>	<u>200,000</u>	<u>23,290</u>	<u>176,710</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(197,542)</u>	<u>(197,542)</u>	<u>(21,348)</u>	<u>176,194</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>16,767</u>	<u>16,767</u>	<u>16,767</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>16,767</u>	<u>16,767</u>	<u>16,767</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(180,775)	(180,775)	(4,581)	176,194
<b>FUND BALANCE, Beginning</b>	<u>180,775</u>	<u>180,775</u>	<u>180,664</u>	<u>(111)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,083</u>	<u>\$ 176,083</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, 2017**

**BUDGETARY BASIS FUND BALANCE (NON-GAAP):**

Stormwater	\$ 944,015
Stormwater SDC	<u>176,083</u>
	1,120,098

Adjustments:

Capital assets, net of depreciation	3,128,495
Deferred outflows of resources	208,650
Compensated absences payable	(16,176)
Deferred inflows of resources	(5,761)
Net pension liability	<u>(399,161)</u>

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

**\$ 4,036,145**

## **OTHER FINANCIAL SCHEDULES**

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**CITY OF FAIRVIEW, OREGON**  
**SCHEDULE OF OUTSTANDING DEBT PRINCIPAL**  
**AND INTEREST TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2017**

	Interest Rates	Date of Issue	Original Amount	Principal			Outstanding June 30, 2017	Interest Matured and Paid
				Outstanding July 1, 2016	Issued	Matured and Paid		
<u>Enterprise Funds</u>								
2001 Note payable	3.50%	11/21/2000	\$ 3,137,353	\$ 1,056,267	\$ -	\$ 197,659	\$ 858,608	\$ 35,255
Safe Drinking Water Revolving Loan Fund - \$625,000 Forgivable	3.00%	9/16/2009	\$ 1,250,000	502,158	-	24,902	477,256	15,065
				<u>1,558,425</u>	<u>-</u>	<u>222,561</u>	<u>1,335,864</u>	<u>50,320</u>
Total				<u>\$ 1,558,425</u>	<u>\$ -</u>	<u>\$ 222,561</u>	<u>\$ 1,335,864</u>	<u>\$ 50,320</u>

**CITY OF FAIRVIEW, OREGON**  
**SCHEDULE OF BUSINESS-TYPE ACTIVITIES**  
**DEBT SERVICE FUTURE REQUIREMENTS**  
**June 30, 2017**

Year of Maturity	Wastewater Treatment Plant Note Payable		Safe Drinking Water Note Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2017-18	\$ 204,638	\$ 28,276	\$ 25,649	\$ 14,318	\$ 230,287	\$ 42,594
2018-19	211,863	21,051	26,419	13,548	238,282	34,599
2019-20	219,343	13,571	27,211	12,756	246,554	26,327
2020-21	222,764	5,828	28,028	11,939	250,792	17,767
2021-22	-	-	28,868	11,099	28,868	11,099
2022-23	-	-	29,734	10,232	29,734	10,232
2023-24	-	-	30,626	9,340	30,626	9,340
2024-25	-	-	31,545	8,422	31,545	8,422
2025-26	-	-	32,492	7,475	32,492	7,475
2026-27	-	-	33,466	6,501	33,466	6,501
2027-28	-	-	34,470	5,497	34,470	5,497
2028-29	-	-	35,505	4,462	35,505	4,462
2029-30	-	-	36,570	3,397	36,570	3,397
2030-31	-	-	37,667	2,300	37,667	2,300
2031-32	-	-	39,006	1,170	39,006	1,170
	<u>\$ 858,608</u>	<u>\$ 68,726</u>	<u>\$ 477,256</u>	<u>\$ 122,456</u>	<u>\$ 1,335,864</u>	<u>\$ 191,182</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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities</b>										
Net investment in capital assets	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	8,771,951
Restricted	738,296	2,351,415	713,363	1,010,278	1,181,456	1,344,394	1,399,339	859,338	884,427	896,051
Unrestricted	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	3,363,270
<b>Total governmental activities net position</b>	<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>	<u>13,031,272</u>
<b>Business - type activities</b>										
Net investment in capital assets	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	20,775,016
Restricted	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	1,287,263
Unrestricted	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	3,690,665
<b>Total business - type activities net position</b>	<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>	<u>25,752,944</u>
<b>Primary government</b>										
Net investment in capital assets	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	29,546,967
Restricted	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	2,183,314
Unrestricted	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	7,053,935
<b>Total primary government net position</b>	<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>	<u>38,784,216</u>

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
General government	605,847	873,688	750,782	642,181	561,494	496,353	534,790	457,160	726,824	724,178
Public safety	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	3,852,118
Community Development / Parks	525,588	594,797	508,744	490,772	418,027	256,376	259,251	241,657	335,593	570,228
Streets / Public Works	-	-	-	-	-	-	-	-	-	-
Streets	487,720	457,400	406,372	249,413	266,085	290,594	314,245	340,049	332,828	375,300
Public Works	371,702	559,737	509,578	707,535	607,689	556,705	532,285	557,059	668,052	651,764
Interest on long-term obligations <sup>7,1</sup>	91,903	109,079	33,916	29,343	29,343	29,356	29,342	24,112	-	-
Total governmental activities expenses	<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>	<u>6,173,588</u>
Business - type activities:										
Water	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	1,267,689
Sewer	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	2,059,466
Stormwater	748,052	640,600	616,830	596,862	603,008	621,182	677,413	695,151	909,606	784,370
Total business - type activities expenses	<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>	<u>4,111,525</u>
Total government expenses	<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>	<u>10,285,113</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government <sup>3</sup>	29,587	26,477	48,443	100,854	116,699	148,034	139,421	148,028	147,433	153,548
Public safety	330,048	278,673	245,555	243,874	193,832	481,652	427,292	421,945	302,004	266,689
Community Development / Parks	304,190	236,685	181,851	185,920	192,506	203,780	171,673	161,944	198,478	151,388
Streets / Public Works	-	-	-	-	-	-	-	-	-	-
Streets	13,950	985	135	239	-	210	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	482,497	443,780	499,621	565,853	589,131	651,167	626,814	705,974	676,476	768,412
Capital grants and contributions	113,608	282,661	205,556	78,620	576,000	385,159	132,956	15,038	17,703	84,246
Total governmental activities program revenues	<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>	<u>1,424,283</u>
Business - type activities:										
Charges for services:										
Water	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	1,261,179
Sewer	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	2,046,447
Stormwater	416,919	478,768	507,093	530,647	541,743	546,878	545,965	550,539	574,389	607,724
Operating grants and contributions	-	-	-	18,625	1,335	-	-	-	7,098	49
Capital grants and contributions	59,546	87,358	87,670	11,605	652,309	24,683	16,415	77,850	14,851	95
Total business - type activities program revenues	<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>	<u>3,915,494</u>
Total government program revenues	<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>	<u>5,339,777</u>
Net (expense) / revenue										
Governmental activities	(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)	(4,749,305)
Business - type activities	(623,732)	171,352	259,654	138,027	489,945	(69,226)	133,768	304,727	(427,816)	(196,031)
Total net expenses	<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>	<u>(4,945,336)</u>

(continued)

	Fiscal Year									
(continued)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	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	2,338,160
Special assessments, levied for debt service	-	-	-	-	-	-	-	-	-	-
Other Taxes	-	-	-	-	-	-	-	-	-	-
Franchise and public service taxes	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	1,679,421
Transfer of assets <sup>4</sup>	-	-	-	-	-	-	-	-	-	-
Miscellaneous <sup>5</sup>	79,714	66,948	38,401	55,878	26,189	25,327	13,772	10,812	26,220	37,056
Intergovernmental Revenue	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings <sup>2</sup>	287,472	140,770	32,620	25,325 <sup>8</sup>	26,636	30,505	32,193	28,463	36,133	63,202
Gain (loss) on sale of property	22,000	11,470	8,500	-	2,755	-	-	-	-	-
Transfers <sup>6</sup>	136,497	129,185	(69,299)	60,837	59,291	(5,707)	(287,197)	59,900	38,530	34,500
Total governmental activities	<u>3,736,960</u>	<u>3,560,532</u>	<u>3,341,636</u>	<u>3,452,052</u>	<u>3,520,185</u>	<u>3,512,050</u>	<u>3,340,062</u>	<u>3,819,824</u>	<u>4,026,898</u>	<u>4,152,339</u>
Business - type activities:										
Taxes										
Property taxes	-	-	-	-	-	-	-	-	-	-
Sale of Land	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	170,314	79,589	26,722 <sup>8</sup>	22,079	23,013	25,100	22,682	24,261	32,189	58,505
Transfers <sup>6</sup>	(136,497)	(129,185)	69,299	(60,837)	(59,291)	5,707	287,197	(59,900)	(38,530)	(34,500)
Total business - type activities	<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>	<u>24,005</u>
Total government expenses	<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>	<u>4,176,344</u>
<b>Change in Net Position</b>										
Governmental activities	630,664	(279,074)	(229,610)	(283,407)	364,486	635,523	(99,284)	768,610	(919,315)	(596,966)
Business - type activities	(589,915)	121,756	355,675	99,269	453,667	(38,419)	443,647	269,088	(434,157)	(172,026)
Total government	<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>	<u>(768,992)</u>

Notes:

<sup>1</sup> Elimination of interest on long-term obligations due to the payoff of Fairview Lake Sewer LID Debt

<sup>2</sup> Variation in interest and investment earnings due to market conditions.

<sup>3</sup> 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.

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

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

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

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

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

	Fiscal Year									
	2008	2009	2010	2011 <sup>2</sup>	2012 <sup>3</sup>	2013	2014	2015	2016 <sup>1</sup>	2017
<b>General fund</b>										
Nonspendable					900 <sup>4</sup>	1,123	14,077	46,582	51,029	161,297 <sup>7</sup>
Unreserved	4,782,622	3,688,440	3,728,732	-	-	-	-	-	-	-
Restricted				2,087	1,784	1,784				
Committed				-	-	-	16,441	33,368	34,464	24,464
Assigned				108,349	98,536	63,057	166,287	216,977	714,346	749,856
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>	<u>3,535,121</u>
<b>Total general fund</b>	<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>	<u>4,470,738</u>
<b>All other governmental funds</b>										
Reserved	462,194	2,069,733	420,824	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	140	-
Unreserved, reported in:										
Special revenue funds	1,562,987	889,740	765,603	-	-	-	-	-	-	-
Restricted				1,008,191	1,179,672	1,342,610	1,399,339	859,338	884,287	896,051
Committed				5,404	13,691	22,457	25,969	38,204	-	-
Assigned				358,195	423,579	429,283	446,063	479,474	496,016	475,977
Unassigned				<u>-</u>	<u>(474) <sup>5</sup></u>	<u>(16,645) <sup>6</sup></u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,237) <sup>6</sup></u>
<b>Total all other governmental funds</b>	<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>	<u>1,308,791</u>

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

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

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

<sup>4</sup> 2012 "Nonspendable" is amount prepaid for Fairview Chili on the Green Festival.

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

<sup>6</sup> Deficit balance will be reversed in future years by the Halsey Corridor Grant reimbursement

<sup>7</sup> 2017 "Nonspendable" includes interfund loan to the Grant Fund of \$117,854

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues:</b>										
Property taxes	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	2,303,428
Governmental agencies	687,903	652,263	806,707	843,016	1,307,677	1,183,076	943,238	879,321	893,780	986,729
Grants <sup>2</sup>	-	-	-	-	-	-	-	-	-	-
Licenses, permits, and fees	882,805	674,328	590,052	500,649	531,100	566,836	559,444	676,138	857,273	805,253
Fines and forfeitures	261,091	211,839	186,415	153,992 <sup>6</sup>	150,814	422,866 <sup>7</sup>	350,794	366,467	195,397 <sup>8</sup>	143,423
Franchise fees	690,213	688,034	782,054	687,501	716,964	727,778	736,493	781,569	774,447	781,349
Special assessments	96,756	176,427	72,668	69,494	71,081	71,081	71,081	125,373	327,599 <sup>9</sup>	85,394
Interest income	287,472	140,770	32,621	25,325	26,637	30,506	32,191	28,463	36,132	63,201
Charges for services <sup>3</sup>	117,025	133,988	120,242	168,025	194,035	198,130	192,466	140,121	237,381 <sup>10</sup>	235,004
Rental income <sup>4</sup>	16,927	18,727	39,802	42,856	45,913	64,220	78,054	83,176	86,861	94,176
Miscellaneous	79,715	66,948	38,095	51,179	31,491	27,583	21,272	30,024	30,599	51,815
<b>Total Revenues</b>	<b>4,868,570</b>	<b>4,619,890</b>	<b>4,612,358</b>	<b>4,525,012</b>	<b>5,082,622</b>	<b>5,360,383</b>	<b>5,110,962</b>	<b>5,288,274</b>	<b>5,684,094</b>	<b>5,549,772</b>
<b>Expenditures</b>										
General Government / Administration	513,956	790,589	664,278	555,347	460,265	400,302	437,644	451,112	534,082	538,559
Community Development	452,940	563,086	444,848	435,802	368,819	202,398	200,806	200,065	217,747	383,685
Public Safety	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	3,555,254
Public Works	32,968	211,135	172,189	348,799	286,962	227,435	247,520	241,625	251,580	275,320
Streets	338,896	301,315	275,612	247,318	267,692	246,237	294,345	295,370	258,213	330,689
Parks	-	-	-	-	-	-	-	-	-	-
Debt service										
Principal	540,000	125,000	1,625,000	-	-	-	-	485,000 <sup>1</sup>	-	-
Interest	127,262	109,528	40,153	29,343	29,343	29,342	29,342	29,016 <sup>1</sup>	-	-
Capital outlay	401,343	361,980	645,444	193,193	685,188	551,910	415,276	615,418	453,977	651,105
<b>Total Expenditures</b>	<b>4,660,173</b>	<b>4,930,732</b>	<b>6,356,707</b>	<b>4,591,135</b>	<b>5,018,305</b>	<b>4,753,304</b>	<b>4,832,248</b>	<b>5,653,774</b>	<b>5,173,438</b>	<b>5,734,612</b>
<b>Excess of revenues over (under) expenditures</b>	<b>208,397</b>	<b>(310,842)</b>	<b>(1,744,349)</b>	<b>(66,123)</b>	<b>64,317</b>	<b>607,079</b>	<b>278,714</b>	<b>(365,500)</b>	<b>510,656</b>	<b>(184,840)</b>
<b>Other financing sources (uses)</b>										
Proceeds from bond sale	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of property	22,000	14,455	8,500	-	3,480	-	9,360	141	3,679	4,656
Transfers in	318,355	2,100,493	127,797	128,089	105,881	21,879	147,452	194,975	72,975	169,594
Transfers out	(181,858)	(1,963,996)	(124,702)	(71,348)	(46,590)	(6,260)	(434,649)	(135,075)	(13,075)	(135,094)
<b>Total other financing sources (uses)</b>	<b>158,497</b>	<b>150,952</b>	<b>11,595</b>	<b>56,741</b>	<b>62,771</b>	<b>15,619</b>	<b>(277,837)</b>	<b>60,041</b>	<b>63,579</b>	<b>39,156</b>
<b>Net change in fund balances</b>	<b>366,894</b>	<b>(159,890)</b>	<b>(1,732,754)</b>	<b>(9,382)</b>	<b>127,088</b>	<b>622,698</b>	<b>877</b>	<b>(305,459)</b>	<b>574,235</b>	<b>(145,684)</b>
<b>Debt service as a percentage of non-capital <sup>5</sup> expenditures</b>	<b>15%</b>	<b>5%</b>	<b>28%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>10%</b>	<b>0%</b>	<b>0%</b>

<sup>1</sup> Fairview Lake Sewer LID debt paid in full FY2014-15

<sup>2</sup> Beginning in 2008, grants are included with governmental agencies

<sup>3</sup> Prior to 2008, charges for services were included with licenses, permits, & fees

<sup>4</sup> Prior to 2008, rental income was included with miscellaneous

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

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

<sup>7</sup> Increase in fines and forfeitures due to revenue from photo radar citations

<sup>8</sup> Decrease in fines and forfeitures due to the cessation of the photo radar citation program

<sup>9</sup> Increase due to payoff of LID debt FV014 223rd & Sandy

<sup>10</sup> 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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities</b>										
General Government	\$ 79,063	\$ 75,288	\$ 89,054	\$ 157,157	\$ 193,691	\$ 201,743	\$ 194,475	\$ 157,663	\$ 159,354	\$ 161,212
Public Safety	367,614	348,396	340,913	339,809	288,216	642,522	540,403	609,635	438,641	385,281
Community Development/Parks	304,190	410,535	300,096	210,920 <sup>1</sup>	684,377 <sup>1</sup>	530,447 <sup>1</sup>	251,416 <sup>1</sup>	161,944 <sup>1</sup>	198,478 <sup>1</sup>	326,145 <sup>1</sup>
Streets	486,957	435,042	451,098	465,875	492,212	488,408	510,012	516,192	531,533	537,363
Streets/Public Works	-	-	-	-	-	-	-	-	-	-
Public Works/Parks	-	-	-	1,599 <sup>1</sup>	9,672 <sup>1</sup>	6,882 <sup>1</sup>	1,850 <sup>1</sup>	7,495 <sup>1</sup>	14,088 <sup>1</sup>	14,282 <sup>1</sup>
<b>Total Governmental Activities</b>	<b>1,237,824</b>	<b>1,269,261</b>	<b>1,181,161</b>	<b>1,175,360</b>	<b>1,668,168</b>	<b>1,870,002</b>	<b>1,498,156</b>	<b>1,452,929</b>	<b>1,342,094</b>	<b>1,424,283</b>
<b>Business-Type Activities</b>										
Water	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	1,261,199
Sewer	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	2,046,522
Stormwater	420,045	511,342	507,443	547,389	544,129	552,518	547,133	565,405	582,271	607,773
<b>Total Business-Type Activities</b>	<b>3,094,033</b>	<b>3,475,161</b>	<b>3,491,152</b>	<b>3,485,460</b>	<b>4,149,482</b>	<b>3,647,738</b>	<b>3,843,309</b>	<b>3,805,135</b>	<b>3,982,514</b>	<b>3,915,494</b>
<b>Total Primary Government</b>	<b>\$ 4,331,857</b>	<b>\$ 4,744,422</b>	<b>\$ 4,672,313</b>	<b>\$ 4,660,820</b>	<b>\$ 5,817,650</b>	<b>\$ 5,517,740</b>	<b>\$ 5,341,465</b>	<b>\$ 5,258,064</b>	<b>\$ 5,324,608</b>	<b>\$ 5,339,777</b>

Source: Current and prior years' financial statements

<sup>1</sup> "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 <sup>2</sup></u>	<u>Hotel / Motel Tax <sup>3</sup></u>	<u>Other Taxes</u>
2008	2,397,922.39	1,723,663.10 <sup>1</sup>	25,000.00	43,157.22	606,102.07 <sup>4</sup>
2009	2,452,819.53	1,831,565.66 <sup>1</sup>	25,000.00	38,362.38	557,891.49 <sup>4</sup>
2010	2,557,753.71	1,918,702.10 <sup>6</sup>	25,000.00	36,510.70	577,540.91 <sup>4</sup>
2011	2,688,241.09	1,951,247.74 <sup>7</sup>	25,000.00	37,950.11	674,043.24 <sup>4</sup>
2012	2,702,304.64	1,981,910.22 <sup>7</sup>	25,000.00	38,994.10	656,400.32 <sup>4</sup>
2013	2,755,466.25	2,042,806.76 <sup>7</sup>	25,500.00	45,003.48	642,156.01 <sup>5</sup>
2014	2,834,366.58	2,099,918.67 <sup>7</sup>	26,010.00	49,130.23	659,307.68 <sup>8</sup>
2015	2,905,901.38	2,151,091.54 <sup>7</sup>	26,530.20	59,186.09	669,093.55 <sup>8</sup>
2016	2,978,009.80	2,217,563.74 <sup>7</sup>	27,060.80	51,591.62	681,793.64 <sup>8</sup>
2017	3,087,956.58	2,303,427.62 <sup>7</sup>	- <sup>10</sup>	88,349.01 <sup>9</sup>	696,179.95 <sup>8</sup>

Source:

City of Fairview current and prior year budget actuals

Note:

- <sup>1</sup> 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
- <sup>2</sup> Payment in lieu of tax (PILOT) made by Fairview Oaks / Woods Apartments
- <sup>3</sup> 6% tax on transient occupancy (includes Portland - Fairview RV Park); 1.8% tax on transient occupancy of 30 days or greater
- <sup>4</sup> "Other Taxes" consist of: cigarette tax, liquor tax, 911 tax, and state gas tax
- <sup>5</sup> Beginning in 2013, "Other Taxes" consist of: cigarette tax, liquor tax, 911 tax, state gas tax and county shared revenue
- <sup>6</sup> In FY 2010, current tax authority plus 3%, minus 6.5% uncollectible. The tax rate is \$3.4902 per thousand of taxable assessed value
- <sup>7</sup> Beginning FY 2011, current tax authority plus 3%, minus 6% uncollectible  
The tax rate is \$3.4902 per thousand of taxable assessed value
- <sup>8</sup> 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.
- <sup>9</sup> Increase due to new ownership of Portland/Fairview RV Park
- <sup>10</sup> In Lieu of Tax payment of \$27,602 recorded in deferred revenue pending receipt of payment

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

<b>Fiscal Year Ended</b>	<b>Assessed Value</b>					<b>Total Direct Tax Rate</b>	<b>Total Real Market Value</b>
	<b>Real Property</b>	<b>Personal Property</b>	<b>Manufactured Structures</b>	<b>Public Utility Property</b>	<b>Total</b>		
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 <sup>1</sup>	533,747,890	11,942,345	9,481,680	22,501,120	577,673,035	3.4902	821,455,899
2012 <sup>1</sup>	540,481,980	10,899,027	9,249,240	29,002,630	589,632,877	3.4902	757,789,476
2013 <sup>1</sup>	549,561,150	12,452,419	7,709,180	30,397,600	600,120,349	3.4902	748,027,638
2014 <sup>1</sup>	566,259,700	12,132,940	8,037,000	31,470,700	617,900,340	3.4902	770,021,331
2015 <sup>1</sup>	581,227,590	12,793,590	7,948,750	33,013,790	634,983,720	3.4902	833,358,611
2016 <sup>1</sup>	598,814,400	18,788,000	9,431,860	29,107,900	656,142,160	3.4902	910,950,484
2017 <sup>1</sup>	619,720,370	19,170,290	10,870,340	30,211,500	679,972,500	3.4902	973,173,185

Source:  
Multnomah County Tax Supervising & Conservation Commission

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

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

Fiscal Year	City of Fairview Tax Rates			Overlapping Rates										Total Direct & Overlapping Rates	
	Permanent Rate	Debt Service	Total City	Regional & County					School District						
				Multnomah County	Port of Portland	Metro Service District	East Multnomah Soil & Water <sup>1</sup>	Tri-Met	Total Regional & County	Multnomah County ESD	Reynolds School District	Mt. Hood Community College	Total Schools		
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	5.80	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	
2017	3.49	-	3.49	4.39	0.07	0.40	0.10	0.00	4.96	0.46	6.05	0.49	7.00	15.45	

Source:  
Multnomah County Division of Assessment & Taxation

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

<sup>\*</sup>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.

<sup>1</sup> 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**

<b>Fiscal Year Ended June 30</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within fiscal year of levy</b>		<b>Collections to date</b>		
		<b>Collections <sup>1</sup></b>	<b>Percentage of Levy</b>	<b>Collections in Subsequent Years <sup>1</sup></b>	<b>Amount</b>	<b>Percentage of Levy</b>
2008	1,792,463	1,730,069	<b>96.52%</b>	62,215	1,792,284	<b>99.99%</b>
2009	1,914,648	1,834,677	<b>95.82%</b>	79,708	1,914,385	<b>99.99%</b>
2010	1,976,399	1,904,048	<b>96.34%</b>	64,859	1,968,907	<b>99.62%</b>
2011	2,016,083	1,950,696	<b>96.76%</b>	57,286	2,007,982	<b>99.60%</b>
2012	2,058,075	1,994,164	<b>96.89%</b>	50,870	2,045,034	<b>99.37%</b>
2013	2,101,858	2,044,372	<b>97.26%</b>	45,304	2,089,676	<b>99.42%</b>
2014	2,162,177	2,105,941	<b>97.40%</b>	39,836	2,145,777	<b>99.24%</b>
2015	2,215,606	2,163,466	<b>97.65%</b>	31,019	2,194,486	<b>99.05%</b>
2016	2,294,966	2,244,841 <sup>2</sup>	<b>97.82%</b>	21,529	2,266,370	<b>98.75%</b>
2017	2,375,957	2,330,195 <sup>3</sup>	<b>98.07%</b>	-	2,330,195	<b>98.07%</b>

Source:

Multnomah County Division of Assessment and Taxation

Note:

<sup>1</sup> Collections include: normal collections, adjustments, discounts, and interest

<sup>2</sup> Initial 2016 collection figure revised due to formula error

<sup>3</sup> Beginning in FY2016/17, sewer lien collections are not included, as they are not part of the actual levy assessed

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

Taxpayer	2017 <sup>1</sup>			2008 <sup>2</sup>		
	Assessed Value	Rank	Percentage of Total Fairview Assessed Value	Assessed Value	Rank	Percentage of Total Fairview Assessed Value
Townsend Farms Inc.	35,656,250	1	5.24%	21,983,410	1	4.38%
Townsend Distribution LP <sup>4</sup>	21,297,000	2	3.13%	-	-	-
NACCO Materials Handling	16,231,230	3	2.39%	15,078,150	2	3.00%
Salish Lake LLC	13,725,970	4	2.02%	10,519,850	3	2.09%
Comcast Corp.	11,227,700	5	1.65%	-	-	-
IAC 22638 Townsend Way LLC	10,493,470	6	1.54%	7,381,160	7	1.47%
Fieldstone Luxury Apartments LLC	9,908,030	7	1.46%	7,593,850	6	1.51%
Portland General Electric Co.	8,931,000	8	1.31%	9,867,000	4	1.96%
Sunridge Associates LLC	8,180,090	9	1.20%	6,269,460	8	1.25%
Beeko LLC	8,101,190	10	1.19%	6,168,460	9	1.23%
Target Corp. T-1406	-	-	-	6,085,500	10	1.21%
Portland Fairview RV LLC <sup>3</sup>	-	-	-	8,000,900	5	1.59%
Total	143,751,930		21.13%	98,947,740		19.69%
<b>Total Fairview Assessed Value</b>	<b>679,972,500</b>			<b>502,218,440</b>		

Source:  
Multnomah County Division of Assessment and Taxation

- Notes:
- <sup>1</sup> Fiscal year 2016 / 2017
  - <sup>2</sup> Fiscal year 2007 / 2008
  - <sup>3</sup> Formerly known as Howard Angell
  - <sup>4</sup> 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 <sup>1</sup>	Line of Credit <sup>2</sup>	Special Assessment <sup>3,11</sup>	General Obligation Bonds <sup>4</sup>	Water Revenue Bonds <sup>10</sup>	Sewer Notes Payable <sup>5</sup>	Special Assessment <sup>6</sup>	Drinking Water Revolving Loan <sup>9</sup>
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
2017	-	-	-	-	-	858,608	-	477,256

Fiscal Year	Total (Governmental and Business - Type)	Percentage of Personal Income <sup>7,8</sup>	Per Capita <sup>7</sup>
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	0.004%	198
2016	1,558,426	0.004%	174
2017	1,335,864	N/A	149

Source:  
City of Fairview Annual Financial Reports

Notes:

- <sup>1</sup> City Hall
  - <sup>2</sup> Sewer Construction Fairview Lake Local Improvement District
  - <sup>3</sup> 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
  - <sup>4</sup> Water reservoir project
  - <sup>5</sup> Notes payable to the City of Gresham for increased sewer capacity
  - <sup>6</sup> Sandy Boulevard sewer extension
  - <sup>7</sup> Calculations use information from schedule of Demographic and Economic Statistics
  - <sup>8</sup> Percentage of Personal Income revised 2008 through 2015 due to updated income figures
  - <sup>9</sup> Safe Drinking Water Revolving Loan Fund - portion was forgivable
  - <sup>10</sup> Water Revenue Refunding Bond called 5/8/2014
  - <sup>11</sup> 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</u> <sup>1</sup>	<u>Assessed Value</u> <sup>2</sup>	<u>Gross General Obligation Bonded Debt</u> <sup>3</sup>	<u>Less: Debt Service Fund</u> <sup>4</sup>	<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>
2008	9,735	502,218,440	-	-	-	-	-
2009	9,740	544,859,454	-	-	-	-	-
2010	8,920 <sup>5</sup>	566,319,382	-	-	-	-	-
2011	8,920	577,673,035	-	-	-	-	-
2012	8,920	589,632,877	-	-	-	-	-
2013	8,930 <sup>6</sup>	600,120,349	-	-	-	-	-
2014	8,935 <sup>6</sup>	617,900,340	-	-	-	-	-
2015	8,940	634,983,720	-	-	-	-	-
2016	8,940	656,142,160	-	-	-	-	-
2017	8,975	679,972,500	-	-	-	-	-

Sources:

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

<sup>2</sup> Multnomah County Tax Supervising & Conservation Commission

<sup>3</sup> City of Fairview annual financial reports

<sup>4</sup> City of Fairview annual financial reports

<sup>5</sup> Initial figure revised to reflect census figure

<sup>6</sup> Initial figure revised to reflect certified figure

**CITY OF FAIRVIEW, OREGON**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**June 30, 2017**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes:</b>			
Metro <sup>3</sup>	\$ 168,425,000	0.41%	\$ 695,270
Multnomah County <sup>8</sup>	-	0.90%	-
Reynolds School District # 7 <sup>7</sup>	136,300,047	11.31%	15,416,506
Tri-Met	-	0.42%	-
East Multnomah Co. Soil & Water	-	1.32%	-
<b>Other:</b>			
Metro	34,990,000	0.41%	144,441
Mt. Hood Community College <sup>5</sup>	60,121,705	2.60%	1,561,364
Multnomah County <sup>2</sup>	237,652,769	0.90%	2,136,572
Multnomah County ESD <sup>6</sup>	28,200,000	0.89%	249,792
Port of Portland	85,878,719	0.37%	321,771
Reynolds School District # 7	75,040,110	11.31%	8,487,571
Tri-Met <sup>4</sup>	-	0.42%	-
East Multnomah Co. Soil & Water	-	1.32%	-
Subtotal, overlapping debt			29,013,287
City of Fairview direct debt			-
Total direct and overlapping debt			<u>29,013,287</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).

<sup>1</sup> Calculation of total City of Fairview assessed value divided by governmental unit assessed value

<sup>2</sup> Multnomah County retired the following Full Faith & Credit and Lease Purchase Obligations in FY16/17:

Facilities & IT Full Faith & Credit Obligation, series 2010A \$9,800,000 original issue  
 Sheriff's Office Warehouse Lease/Purchase Obligation \$814,964 original issue

<sup>3</sup> Metro retired the following GO Bonds in FY16/17:

Oregon Zoo - Oregon Project, 2005 Refunding \$18,085,000 original issue  
 Natural Areas, 2007 Series \$124,295,000 original issue

<sup>4</sup> Tri-Met retired the following long-term Lease/Purchase Obligations in FY16/17:

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

<sup>5</sup> Mt. Hood Community College retired the following Full Faith & Credit Obligation in FY16/17:

Technology & Plant Maintenance, 2001 Series \$6,000,000 original issue

<sup>6</sup> Multnomah Education Service District retired the following Certificates of Participation in FY16/17:

Certificates of Participation, refunding series 2004 \$4,570,000 original issue

<sup>7</sup> Reynolds School District issued the following GO Bonds in FY16/17:

General Obligation Bonds, series 2015 \$122,945,047 original issue

<sup>8</sup> Multnomah County retired the following GO Bonds in FY16/17:

Library/Public Safety, 2010 refunding series \$45,175,000 original issue

Millions 1,000,000  
 Billions 1,000,000,000

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

Fiscal Year	Operating Revenue	Less: Operating Expenses <sup>3</sup>	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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 <sup>2</sup>	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 <sup>4</sup>	1,163,522	815,287	348,235	482,789	37,741	520,530	0.67
2015 <sup>4</sup>							
2016 <sup>4</sup>							
2017 <sup>4</sup>							

Fiscal Year	Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
2017	2,046,447	1,626,059	420,388	197,659	35,255	232,914	1.80

Source:  
 City of Fairview Annual Financial Reports

Note:

<sup>1</sup> 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

<sup>2</sup> 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

<sup>3</sup> Prior and current Operating Expenses were revised to be net of depreciation in 2013

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

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	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	29,195,196
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	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	29,195,196
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 (2016 / 2017)	973,173,185
Debt limit (3% of total real market value)	29,195,196
Debt subject to limit	-
Legal debt margin	<u>29,195,196</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> <sup>1</sup>	<u>Personal Income</u> <u>(in thousands)</u> <sup>2</sup>	<u>Per Capita</u> <u>Personal Income</u> <sup>3</sup>	<u>Unemployment</u> <u>Rate</u> <sup>4</sup>
2008	9,735	30,607,278	42,928	5.0%
2009	9,740	28,872,339	39,675	8.6%
2010	8,920 <sup>5</sup>	29,572,964	40,106	10.2%
2011	8,920 <sup>6</sup>	31,296,864	41,830	9.4%
2012	8,920 <sup>6</sup>	33,288,008	43,854	8.0%
2013	8,930 <sup>6</sup>	34,284,408	44,766	7.5%
2014	8,935 <sup>6</sup>	36,717,974	47,247	6.4%
2015	8,940 <sup>6</sup>	39,603,666	50,187	5.4%
2016	8,940 <sup>6</sup>	41,194,678	51,508	4.5%
2017	8,975 <sup>6</sup>	N/A	N/A	3.8%

Sources:

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

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

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

<sup>4</sup> State of Oregon Employment Department (average annual unemployment for Multnomah County)

<sup>5</sup> Reflects Census Figure

<sup>6</sup> Certified Estimate

N/A = information not available

**CITY OF FAIRVIEW, OREGON  
PRINCIPAL EMPLOYERS  
Current Year and Nine Years Ago<sup>1</sup>**

<b>2016 - 2017</b>			
<b>Employer</b>	<b>Employees<sup>2</sup></b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Townsend Farms	450	1	15.90%
Reynolds School District	429	2	15.15%
Communication Test Design, Inc.	300	3	10.60%
Hyster-Yale Group <sup>4</sup>	280	4	9.89%
Knight Transportation, Inc.	158	5	5.58%
Moore Excavation, Inc.	100	6	3.53%
Target	64	7	2.26%
Conner Manufacturing Services	50	8	1.77%
Thermo King NW, Inc.	44	9	1.55%
General Pacific, Inc.	36	10	1.27%
	<u>1,911</u>		<u>67.50%</u>
<b>Total Fairview Employment<sup>3</sup></b>	<u><b>2,831</b></u>		

<sup>1</sup> Employment data from 2007-2008 was unavailable.

**Sources:**

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

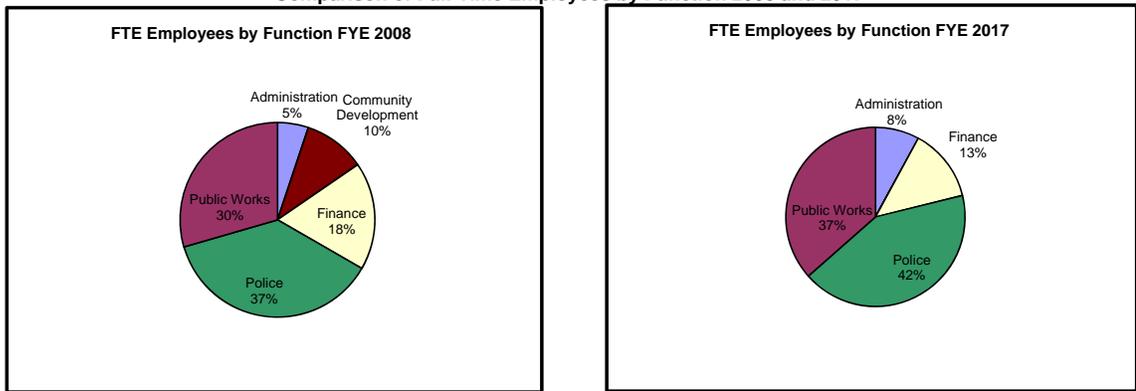
<sup>3</sup> Total Fairview Employment data provided by the State of Oregon Employment Department Workforce and Economic Research section. Total employment is an estimate and varies due to seasonal employment. In addition, this figure captures only those employees for whom worker's compensation insurance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

<sup>4</sup> Formerly known as Nacco Materials Handling Group

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

<b>Function</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>General Government</b>										
Administration	2.0	2.0	2.0	2.0	1.0	3.0	3.0	3.0	3.0	3.0
Community Development	4.0	5.0	4.0	4.0	0.0	0.0	0.0	0.0	0.0	0.0
Finance	7.0	7.0	6.0	6.0	5.0	4.0	4.0	5.0	5.0	5.0
<b>Police</b>										
Officers	13.0	14.0	14.0	14.0	14.0	14.0	15.0	16.0	15.0	14.0
Civilians	1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<b>Public Works</b>	11.5	10.5	10.5	10.5	14.5	13.5	12.5	12.5	12.8	13.8
<b>Total</b>	<b>39.0</b>	<b>40.5</b>	<b>38.5</b>	<b>38.5</b>	<b>36.5</b>	<b>36.5</b>	<b>36.5</b>	<b>38.5</b>	<b>37.8</b>	<b>37.8</b>

**Comparison of Full-Time Employees by Function 2008 and 2017**



Source: City of Fairview Budget

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

<sup>2</sup> 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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities:</b>										
<b>Community Development</b>										
Residential building permits issued	20	19	11	16	22	32	24	24	19	16
Commercial building permits issued <sup>2</sup>	48	63	22	28	20	20	13	29	69	33
<b>Police <sup>3</sup></b>										
Calls for service	4,003	4,439	4,212	3,631	4,248	3,906	3,933	4,120	N/A <sup>1</sup>	N/A <sup>1</sup>
Part I crimes <sup>4</sup>	330	341	217 <sup>7</sup>	259	259	263	294	287	N/A <sup>1</sup>	N/A <sup>1</sup>
Part II crimes <sup>5</sup>	370	395	247 <sup>7</sup>	265	265	273	354	351	N/A <sup>1</sup>	N/A <sup>1</sup>
<b>Business - Type Activities:</b>										
<b>Water</b>										
Accounts	1,636	1,652	1,652	1,665 <sup>8</sup>	1,699	1,690	1,701	1,713	1,723	1,731
Average daily production (millions of gallons)	0.75	0.73	0.73	0.62	0.62	0.62	0.62	0.62	0.62	0.62
<b>Sewer</b>										
Accounts (revised data 1999-2007)	1,993	2,021	2,021	2,034 <sup>8</sup>	2,075	2,068	2,081	2,092	2,102	2,108
Average daily consumption (millions of gallons) <sup>6</sup>	0.8	0.69	0.69	0.8	0.78	0.78	0.78	0.78	0.78	0.78
<b>Stormwater</b>										
Accounts	1,847	1,868	1,868	1,881 <sup>8</sup>	1,919	1,912	1,925	1,937	1,947	1,954

Sources:

Community Development information provided by City of Fairview Development Analyst  
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

<sup>1</sup> Figures not available

<sup>2</sup> Includes permits issued for industrial purposes

<sup>3</sup> Police statistics are reported on a calendar year basis

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

<sup>5</sup> 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

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

<sup>7</sup> 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

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

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

Function / Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities:</b>										
<b>Parks</b>										
Parks acreage	22.39	25.29	25.29	25.29	25.29	25.29	25.29	25.29	25.29	25.29
Wetland Parks acreage	75.31	62.34	62.34	62.34	62.34	62.34	62.34	62.34	62.34	62.34
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
K-9 officers	1	1	0	0	0	0	0	0	0	0
<sup>1</sup> Patrol units	13	12	13	12 <sup>3</sup>	13 <sup>3</sup>	13 <sup>3</sup>	11 <sup>3</sup>	13 <sup>3</sup>	13 <sup>3</sup>	13 <sup>3</sup>
<b>Business - Type Activities:</b>										
<b>Water</b>										
Water main lines (miles)	22.63	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	3.80	3.80	5.65	5.65	5.65	5.65	5.65	5.65	5.65
<b>Sewer</b>										
Sewer lines (miles)	25.34	25.34	25.34	25.34	26.94	26.94	26.94	26.94	26.94	26.94
<sup>2</sup> Daily plant capacity (millions of gallons)	1.32	1.30	1.30	1.32	1.32	1.32	1.32	1.32	1.32	1.32
<b>Storm Water</b>										
Service lines (miles)	13.15	13.60	13.60	13.6	14.33	14.33	14.33	14.33	14.33	14.33
<b>Transportation</b>										
Streets (miles)	18.00	18.16	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:

<sup>1</sup> Patrol unit information provided by Beecher Carlson Insurance Agency, LLC

Note:

<sup>2</sup> Daily capacity purchased from the City of Gresham

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



**REPORTS OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

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## **Independent Auditor's Report Required by Oregon State Regulations**

We have audited the basic financial statements of the City of Fairview as of and for the year ended June 30, 2017, and have issued our report thereon dated February 22, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

### **Compliance**

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

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

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

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

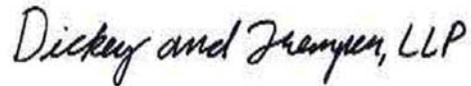
**OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered the City of Fairview internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Fairview internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Fairview internal control over financial reporting.

We noted certain matters that we reported to management of City of Fairview, Oregon, in a separate letter dated February 22, 2018.

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".

February 22, 2018