



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019

Prepared by:
The City of Fairview
Finance Department



CITY OF FAIRVIEW, OREGON

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INTRODUCTORY SECTION



December 31, 2019

Honorable Mayor Brian Cooper, 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, 2019.

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 unmodified 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 9,005 as of June 30, 2019. This is an increase of 85 over the 2010 Census figure of 8,920. The 2010 Census reduced the population from a prior estimate of 9,740.

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, 2019, four departments collaborated to provide services to the citizens of Fairview. The Administration, Finance, Public Works/Community Services, and Recreation departments directly provided residents with a wide range of municipal services. These services included: water, sewer collection,

stormwater management, parks, planning and development, code enforcement, municipal court, recreation opportunities, and general administrative services. Police services are contracted with the Multnomah County Sheriff's Office. Dispatch services for fire, police, and emergency medical response 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.

In addition to the above activities, the City has the Fairview Urban Renewal Agency (Agency). The Agency is a separate legal entity established in 2018 in accordance with ORS 457. The accompanying financial statements include the activities of the Agency.

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 personnel services, materials and services, capital outlay, debt service, and transfers. Effective with the 2018-19 budget, budgetary controls for all funds were maintained by fund and not major category, with the exception of the Urban Renewal Fund. Contingency line items are budgeted in the general operating fund, street fund, grants/project fund, urban renewal 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

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 2018-19 of 3.6 percent. This rate is equal to the 2017-2018 rate. Unemployment in Multnomah County was also lower than the national average for 2018 of 3.9 percent.

Over the last three to four years, our neighboring jurisdictions in East Multnomah County have experienced the benefit of new economic growth. The Cities of Troutdale and Gresham have added over 1.5 million square feet of industrial development, which is in the process of bringing up to 6,000 additional jobs to the area. Economic activity, coupled with increasing housing prices in the Portland area, have created a high demand for housing in East County. The City of Wood Village has had over 50 single-family housing starts in the last two years. Both Troutdale and Wood Village currently have major apartment complexes of over 200 units been constructed in their communities.

Residential and commercial growth within the City of Fairview had been virtually nonexistent prior to 2016. To encourage growth, in 2016 the City Council approved a development incentive program that waived most system development charges on the development of vacant land. As a result of this initiative, building permits for 13 single-family homes, three duplexes, and two multi-family apartment complexes totaling 229 units have been issued, resulting in added tax value for the City. By the end of

fiscal year 2017-18, land use approval had been granted for an additional seven residential developments totaling 487 dwelling units and five commercial/industrial developments. These approvals included two industrial developments in the Townsend Industrial Park. One development will employ approximately 50 individuals, while the other will create 250,000 square feet of industrial space that will also increase local employment.

There are an estimated 182 businesses within Fairview (an estimated 55 of which are home-based). Four major employers provide the majority of the City's employment opportunities. Of the approximately 2,899 people employed within the City of Fairview, over 51 percent are employed by City's top four employers: Townsend Farms, Reynolds School District, Communications Test Design Inc., and Hyster-Yale Group Inc.

MAJOR FINANCIAL INITIATIVES

Fire, Police, and Emergency Medical Response 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 2018-19 was \$250,410. BOEC dispatch services for fiscal 2019-20 are budgeted to cost \$249,734.

Police Services

The City maintains an intergovernmental agreement with the Multnomah County Sheriff's Office for police services. Services for fiscal year 2018-19 cost \$2,460,838. Contract costs for fiscal year 2019-20 are budgeted to be \$2,597,123.

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 2018-19 was \$1,102,139. The cost of fire protection services for fiscal year 2019-20 is budgeted to be \$1,135,224. 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), as well as actual personal services costs. Preliminary estimates indicate an increase of approximately 3% for Fiscal Year 2020-21. The contract for fire services terms June 30, 2025.

East County Recreation Program (PlayEAST!)

In FY 2017-18, the cities of Fairview and Wood Village created a three-year pilot youth recreation program. The City of Fairview committed over \$70,000 per year in reserves to fund its share of the costs for this initiative. FY 2018-19 saw a marked increase in participation in the program. During the year, donations, grants and recreation fees slightly exceeded the materials and services expense of the program. The two cities are currently considering whether to extend the program beyond the three year pilot.

Utility Rates

The City had not increased its utility rates since FY 2015-16. July 1, 2018, the stormwater rate was increased 9% to cover operating costs. This change resulted in an overall increase of approximately 1% to the average total monthly residential utility bill. The City will be completing its biannual utility rate review in FY 2019-20.

Fairview Urban Renewal Agency (URA)

The City formed the Fairview URA in late 2018. This agency will allow the City to capture the full property tax increase from its development incentive program and use those funds for projects that specifically benefit the City. A URA plan with specific projects and programs has been approved and is being pursued by the City. The URA has secured a \$650,000 bridge loan from the City which is to be repaid over the next five years. The interest rate on the loan is two percent above the rate paid by the Local Government Investment Pool. The City has also issued a \$3.4 million loan that the URA has agreed to make the annual debt service payments on.

Property Tax Changed Property Ratio

2017 House Bill 2088 allowed cities in East Multnomah County to use city-specific average property market values, rather than county averages when adding new construction to the tax assessment rolls. As a result, the percent of market value that can be assessed on new development has increased. FY 2018-19 is the first year that the changed property ratio will be applied in Fairview. This will result in a 63% increase in the assessment on new commercial/industrial property and a 37% increase in the assessment on new multifamily properties above what was allowed prior to the new legislation.

New Public Works Shop Facility

In FY 2018-19, the City began construction of a new Public Works Shop Facility. To pay for the structure, the City obtained a \$3.16 million bond, payable over the next 20 years. A monthly fee of \$4.82 per dwelling unit was added to each utility bill to fund the debt service payments.

ECONOMIC CLIMATE AND LONG-TERM FINANCIAL PLANNING

The City's staffing levels are presently set to provide services deemed "essential" including: water, sewer, and stormwater management. The decision to staff at this level enables the City to move forward without unnecessarily diminishing reserves. For fiscal year 2019-20, the City anticipates increases in revenues that will meet existing service levels. The City 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. Fairview is working to position itself to benefit from these investments in both the community and the region. The City is mindful of its growth restrictions in relation to available land for future development and is looking to maximize all investments in order to ensure a sustainable future.

In Fiscal Year 2019-20, the City hired a Portland State University (PSU) Hatfield Fellow to help develop a five-year forecasting tool so that The City can remain vigilant in monitoring spending and enhancing revenues in order to continue to provide key services to the citizens of Fairview. The PSU Fellow is also assisting the City in ensuring all residents are captured in the 2020 Census so that state and federal financial resources distributed based on population will be maximized in our community.

The City is well positioned to absorb the development previously described in the Economic Condition section. Fiscal Year 2019-20 budgeted General Fund expenditures are in large part (74%) set by multi-year public safety contracts that are not affected by population or assessed value growth within the City. The projected increases in both population and assessed value 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, 2018. 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. 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.

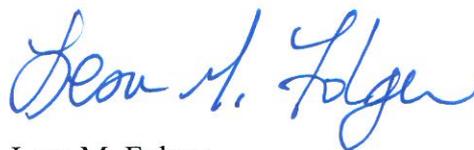
Acknowledgements

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, 2019**

MAYOR AND CITY COUNCIL

<u>Name and Address</u>	<u>Term Expires December 31,</u>
Brian Cooper, Mayor	2022
Cathi Forsythe	2020
Mike Weatherby	2020
Keith Kudrna	2020
Balwant Bhullar	2022
Natalie Voruz	2022
Darren Riordan	2022

City Administration

Nolan Young, City Administrator

Lesa Folger, Finance Director
Allan Berry, Public Works Director
Beery, Elsner & Hammond, LLP, Legal Council



Citizens of Fairview

City Council

- Audit Committee**
- Budget Committee**
- Community Engagement Committee**
- Economic Development Advisory Committee**
- Parks and Recreation Advisory Committee**
- Planning Commission**
- Public Safety Advisory Committee**

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

City Attorney
Beery, Elsner & Hammond

Municipal Court Judge
Rodney Grafe

- Law Enforcement**
Chief Harry Smith
- (Contracted Services with MCSO)
- Patrol Services
- Crime Investigation Program
- Deputy Reserve Program
- Crime Prevention Program
- Records Management
- Evidence & Property Management
- Alarm Permits/Monitoring
- School Resource Office Program
- EMGET Program
- Emergency Management
- Chaplaincy

- Finance**
Lesia Folger
- Payroll Services
- Benefits Management
- Financial Services
- Utility Billing Services
- Grants Management
- Municipal Court Services
- Risk Management Program
- Integrated Software Mgmt.

- 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

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**City of Fairview
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrell

Executive Director/CEO



FINANCIAL SECTION



Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Fairview, Oregon, as of and for the year ended June 30, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, State Tax Street Fund, Building Fund, Grant/Projects Fund, and Urban Renewal Agency 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, schedule of Proportionate Share of Net OPEB Liability (Asset), schedule of Contributions to the Oregon Public Employees Retirement System Retirement Health Insurance Account, and the schedule of changes in the City's Oregon Public Employees Retirement System Liability and Related Ratios, 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 December 31, 2019, 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

December 31, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF FAIRVIEW
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

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, 2019 is \$37.67 million; a decrease of \$579,741 from the prior year. This decrease is primarily due to a decrease in governmental activities revenue due to the City's building incentive program. Additionally, interest on long term obligations increased due to debt obtained to pay for the construction of the new Public Works Shop Facility.
- Of the total net position of \$37.67 million, \$6.12 million is unrestricted and available for spending to meet the City's ongoing obligations to citizens and creditors.
- Expenditures for the general fund were \$1,518,893 less than the final budgeted amount. Of this, \$1,312,343 was placed in contingency and was not utilized.
- The capital assets of the City increased by \$1,288,915. This increase is primarily due to the City constructing a new Public Works Shop Facility in FY2018-2019. Although not complete on June 30, 2019, the facility was recorded as Construction in Progress.
- Long-term obligations increased by \$3,288,017. This increase is due to the issuance of bonded debt in the amount of \$3,155,000 to fund construction of the Public Works Shop Facility. Additionally, GASB Statement 68 resulted in a reported proportionate share of net pension liability of \$4,629,645, an increase of \$350,275 from the prior year.
- Governmental activities program revenue decreased by \$108,682. This is a net result of a decrease in revenue for services of \$282,504 (due to a significant

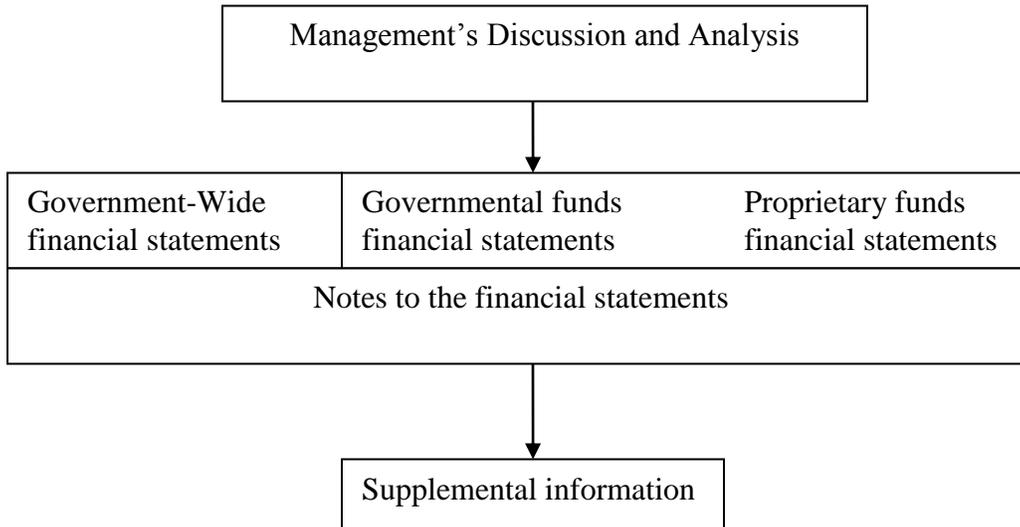
decrease in building permit revenue), an increase in operating contributions of \$91,634 and an increase in capital contributions of \$82,453.

- Business-type activities program revenue increased by \$112,564. This is the net result of an increase in revenue for services of \$164,538, a decrease in operating contributions of \$4,171 and a decrease in capital contributions of \$47,803.

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
- Building Permits
- Recreation (via East County Recreation, an agreement with the neighboring City of Wood Village)

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

- Water Operations
- Sewer Operations
- Stormwater Operations

The government-wide financial statements include the City (known as the primary government) and a legally separate entity called City of Fairview Urban Renewal Agency (URA) for which the City is financially accountable. Although legally separate, the URA's governing body is identical to the City's and because the services of the URA are exclusively for the benefit of the City, it is included as an integral part of the primary government.

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 nine 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 five major funds are General Fund, Street Fund, Grant and Capital Projects Fund, Building Fund, and Urban Renewal Agency Fund. The four non-major governmental funds are Public Works Facility Fee Fund, Equipment Replacement Fund, SDC Parks/Open Spaces Fund, and Recreation Program Fund. The Public Works Facility Fee Fund and Urban Renewal Agency Fund were new in Fiscal Year 2018-19. The Urban Renewal Agency Fund will be recorded as a separate entity beginning in Fiscal Year 2019-20.

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 56.

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 72 through 80.

The proprietary fund financial statement can be found on pages 14 through 16.

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 51.

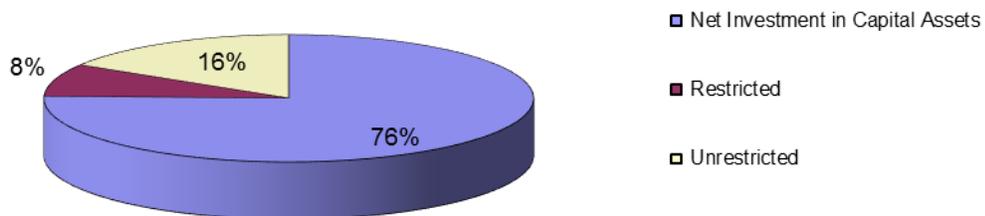
GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 \$37.67 million at the end of Fiscal Year 2018-19. This is a decrease of \$579,741 from the previous year. 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	
	2018	2019	2018	2019	2018	2019
ASSETS						
Current and other Assets	\$ 7,608,874	\$ 9,484,596	\$ 6,640,811	\$ 6,831,558	\$ 14,249,685	\$ 16,316,154
Capital Assets	8,342,483	9,912,729	21,427,711	21,146,380	29,770,194	31,059,109
Total Assets	15,951,357	19,397,325	28,068,522	27,977,938	44,019,879	47,375,263
DEFERRED OUTFLOWS OF RESOURCES						
	964,799	1,117,672	379,679	413,386	1,344,478	1,531,058
LIABILITIES						
Current and Other liabilities	1,028,323	1,418,505	297,615	343,465	1,325,938	1,761,970
Long-term liabilities	3,136,970	6,613,800	2,450,798	2,261,985	5,587,768	8,875,785
Total Liabilities	4,165,293	8,032,305	2,748,413	2,605,450	6,913,706	10,637,755
DEFERRED INFLOWS OF RESOURCES						
	143,473	436,239	56,461	161,351	199,934	597,590
NET POSITION						
Net Investment in Capital Assets	8,342,483	8,217,398	20,322,133	20,217,130	28,664,616	28,434,528
Restricted	1,569,619	1,717,640	1,366,536	1,401,495	2,936,155	3,119,135
Unrestricted	2,695,288	2,111,415	3,954,658	4,005,898	6,649,946	6,117,313
Total Net Position	\$ 12,607,390	\$ 12,046,453	\$ 25,643,327	\$ 25,624,523	\$ 38,250,717	\$ 37,670,976

Net Position June 30, 2019



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 (8%) 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 (16%) is unrestricted net position. These funds may be used to meet the City's ongoing obligations to citizens and creditors. There has been a minimal change in this percentage from Fiscal Year 2017-18.

The City's capital assets increased by \$1,288,915 from \$29.8 million to \$31.1 million which equates to a 4.3% increase in total assets. This is largely due to construction of a new Public Works Shop Facility.

Governmental Activities decreased the City's net position by \$560,937, compared to \$404,418 the prior year. The primary elements of this change are as follows:

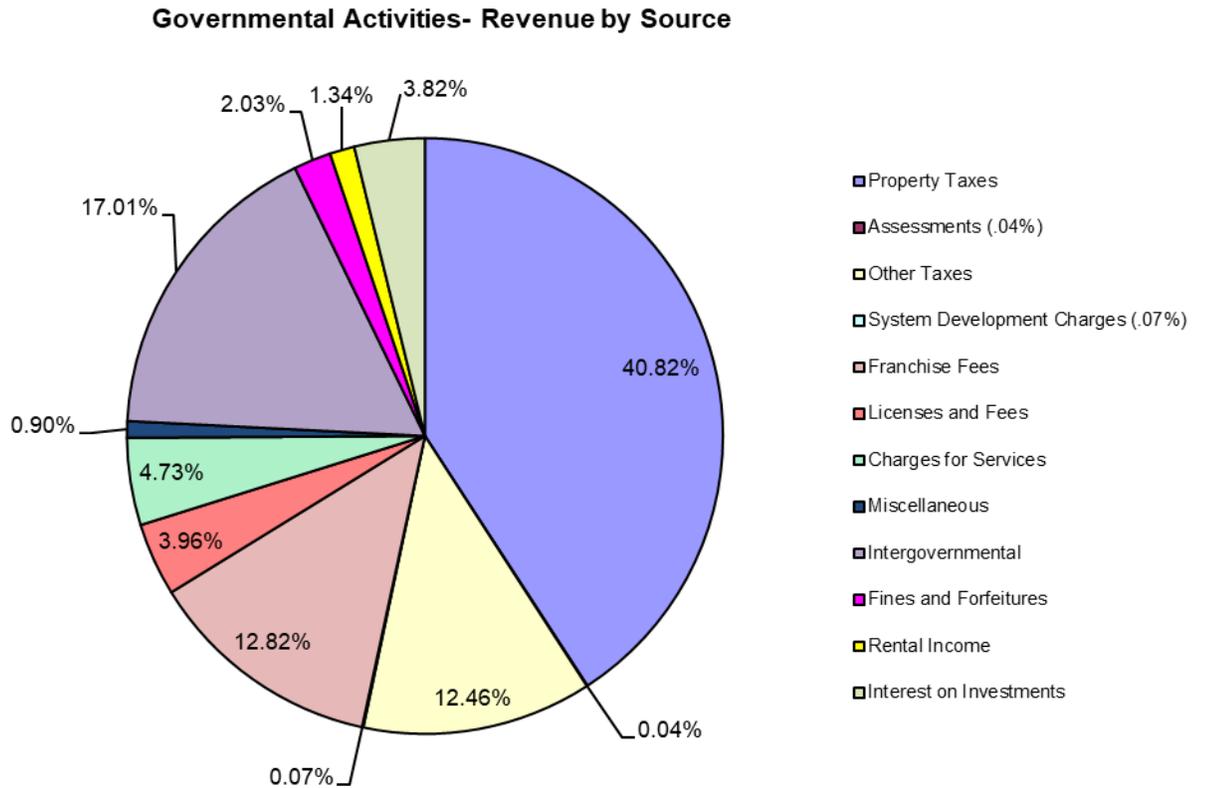
- Overall, Total Revenues increased 312,743. This is largely due to an increase in Property Tax of \$113,802 and an increase in Interest & Investment Earnings of \$183,765. Operating Grants and Contributions increased \$87,198, while Capital Grants and Contributions increased \$34,650 and Other Taxes increased \$15,810. Conversely, Charges for Service and Miscellaneous Revenue decreased by \$117,466 and \$3,796 respectively.
- Public Safety expenses decreased \$152,359 due to consolidation with the Multnomah County Sheriff's Office. Fiscal Year 2017-18 totals included payouts of accrued leave.
- Public Works revenues increased due to the new Public Works Facility Fee. Expenses also increased due to the new Public Works Facility.
- Community Services revenues decreased due to the City's Building Incentive Program coming to an end. Expenses increased, in part, due to increased building inspection costs via the City's contract with the City of Gresham.

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

**City of Fairview
Summary of Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
REVENUES						
Program Revenues:						
Charges for Services	\$ 1,054,743	\$ 772,239	\$ 3,899,443	\$ 4,063,981	\$ 4,954,186	\$ 4,836,220
Operating Grants and Cont.	660,955	752,324	4,171	-	665,126	752,324
Capital Grants and Cont.	14,674	97,127	47,903	100	62,577	97,227
General Revenues:						
Property Taxes	2,406,349	2,519,431	-	-	2,406,349	2,519,431
Other Taxes	1,849,089	1,864,899	-	-	1,849,089	1,864,899
Miscellaneous	28,808	25,012	-	-	28,808	25,012
Sale of Assets	-	-	-	-	-	-
Interest & Investment Earnings	115,600	240,837	100,737	159,265	216,337	400,102
Total Revenues	6,130,218	6,271,869	4,052,254	4,223,346	10,182,472	10,495,215
EXPENSES						
General Government	739,554	795,992	-	-	739,554	795,992
Public Safety	4,216,027	4,063,668	-	-	4,216,027	4,063,668
Community Services	477,200	659,641	-	-	477,200	659,641
Streets	384,171	397,662	-	-	384,171	397,662
Public Works	745,231	920,945	-	-	745,231	920,945
Interest on Long Term Debt	-	86,093	-	-	-	86,093
Water			1,246,439	1,326,406	1,246,439	1,326,406
Sewer			2,027,633	2,044,192	2,027,633	2,044,192
Stormwater			842,388	780,358	842,388	780,358
Total Expenses	6,562,183	6,924,001	4,116,460	4,150,956	10,678,643	11,074,957
Excess (deficiency) before transfers:	(431,965)	(652,132)	(64,206)	72,390	(496,171)	(579,742)
Transfers	27,547	91,195	(27,547)	(91,195)	-	-
Change in Net Position	(404,418)	(560,937)	(91,753)	(18,805)	(496,171)	(579,742)
Net Position, beginning ¹	13,011,808	12,607,390	25,735,080	25,643,328	38,746,888	38,250,718
Net Position, ending	\$ 12,607,390	\$ 12,046,453	\$ 25,643,327	\$ 25,624,523	\$ 38,250,717	\$ 37,670,976

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

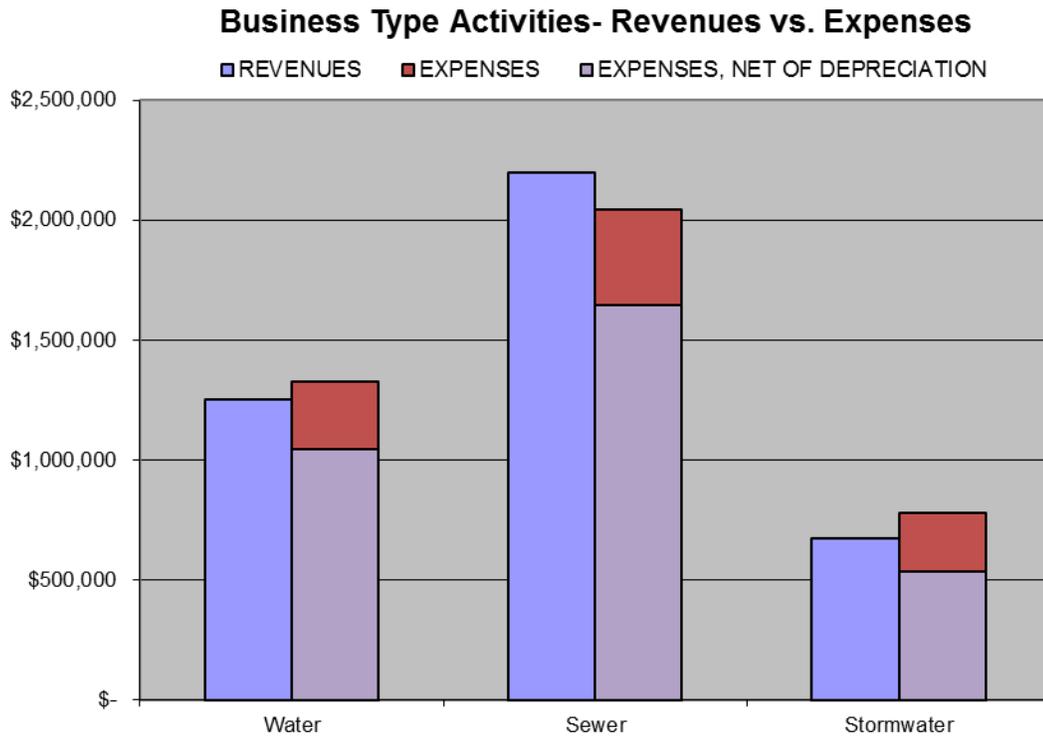


Business-type Activities decreased the City's net position by \$18,805. Overall revenues and expenses both increased. However, comparatively, they did so at a rate that resulted in an overall decrease in net position. However, the decrease in net position is less than the prior year decrease of \$91,753. This is primarily due to the following:

- Utility Service Revenue increased \$164,538, due to increased consumption and a stormwater rate increase
- Capital Grants and Contributions decreased \$47,803
- Operating Grants and Contributions decreased \$4,171
- Interest and Investment Earnings increased \$58,528
- Water Expenses increased \$79,967
- Sewer Expenses increased \$16,559
- Stormwater Expenses increased \$45,754

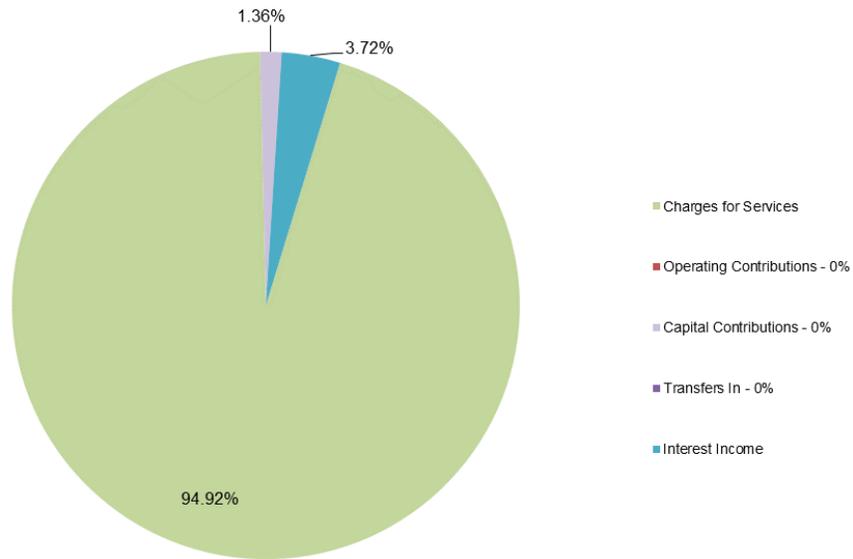
The increase in Water expenses was primarily due to an increase in personal service expense, while the increase in Sewer expenses and decrease in Stormwater expenses were due to an increase and decrease in materials and services expenses, respectively.

The following chart compares program revenues to expenses by business-type activity for the Fiscal Year 2018-19.



The following chart shows that 94.92% of program revenues for business-type activities are generated from charges for services rendered.

Business-Type Activities- Revenues by Source



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 2018-19, the City’s governmental funds reported a combined ending fund balance of \$7.89 million. \$3.5 million, or 44%, of the balance is unassigned for spending at the City’s discretion. The remainder of the 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, highway and street fund infrastructure improvements, as well as completion of the construction of the new Public Works shop facility.

The combined ending fund balance for Fiscal Year 2018-19 is \$1.5 million more than the prior year, primarily due to the financing received for completion of the Public Works shop facility.

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, Emergency Management, and Public Works/Parks. At the end of Fiscal Year 2018-19, the total unassigned fund balance in the General Fund was over \$3.58 million. This is a \$4,406 increase from Fiscal Year 2017-18. The assigned fund

balance for the General Fund decreased \$158,463. This decrease is primarily due to release of amounts previously assigned to Public Safety.

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 2018-19 was \$141,218. This is an increase of \$13,191. This increase is primarily due transfers in to fund the design of a City Hall access controls upgrade hat was not fully completed during Fiscal Year 2018-19.

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 \$322,837. This is a decrease of \$107,765 from Fiscal Year 2017-18 and is due to a transfer to the General Fund of \$121,000, offset by payments on the remaining accounts. Another transfer of \$121,000 to the General Fund is budgeted for Fiscal Year 2019-20. Remaining funds within the Fairview Lake Sewer LID Fund are currently assigned for future capital projects.

The *Administrative Excise Charge Fund* accounts for the cost of public infrastructure such as 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 \$1,972. This is a decrease of \$45,767. This decrease is primarily due to AEC funds charged on development of \$8,896 and interest on investments of \$1,077, netted with a \$55,740 transfer to the Parks SDC Fund for capital improvement.

The *State Tax Street Fund* is a major governmental fund and 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 \$1,111,972. This is an increase of \$179,275, or 19.22%. This increase is primarily due to increases in the amount of the State Highway Tax received, coupled with decreased capital improvement expenses.

The *Building Fund* is considered a major governmental fund in Fiscal Year 2018-19. The Building Fund accounts for 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 \$547,226. This is a decrease of \$30,878 which is primarily due to a decrease in License and Fees revenue, as the revenue for several large projects was already recognized in Fiscal Year 2017-18.

The *Equipment Replacement Fund* accounts for the cost of routine replacement of 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 \$534,976. This is a \$41,121 increase and is the result of transfers in that were more than the expense realized during Fiscal Year 2018-19. The purchase of two Public Works pickups were delayed until Fiscal Year 2019-20 and replacement of the Administration/Finance pool vehicle was also delayed.

The *Grant/Projects Fund* was considered a non-major governmental fund in Fiscal Year 2017-18, but is considered a major governmental fund in Fiscal Year 2018-19. The Grants/Projects Fund provides for the identifying and tracking of grant match contributions, grant revenues, grant expenditures, program grants, and donations. It is also used to identify and track individual capital projects, particularly when multiple City funds are providing the source of funding. The ending fund balance was \$1,559,159. This is an increase of \$1,534,558, due primarily to funds being held for completion of the new Public Works shop facility. This project was started in Fiscal Year 2017-18, but was still in progress at the end of Fiscal Year 2018-19.

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 \$32,383. This was a decrease of \$26,434, due to Lakeshore Park improvements (specifically Nature Play equipment) that was not received and installed in Fiscal Year 2018-19.

The *Recreation Program Fund* is a special revenue fund that provides for tracking of activity related to the East County Recreation Program. This program is a trial three-year partnership between the City of Fairview and the neighboring City of Wood Village. Fiscal Year 2018-19 was the second full Fiscal Year of the program. The year-end fund balance was \$24,927, an increase of \$11,744 over the prior Fiscal Year. This increase is primarily due to a \$10,000 sponsorship of the program provided by a local credit union.

The City created the Fairview Urban Renewal Agency (URA) during Fiscal Year 2017-18. However, the Agency did not become active until Fiscal Year 2018-19. Even then, because this was the first year of activity, expenditures did not indicate the need for a separate audit. As such, the *Fairview Urban Renewal Agency Fund* is indicated as a special revenue fund of the City for Fiscal Year 2018-19. The year-end fund balance was \$-115,748. However, a \$650,000 “bridge loan” was made from the General Fund to the URA to offset this. A separate audit of the Fairview Urban Renewal Agency is expected for Fiscal Year 2019-20.

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 *Public Works Facility Fee Fund* is a debt service revenue fund implemented during Fiscal Year 2018-19. The purpose of this fund is to provide for tracking of funds received via a fee that was added to the utility bills during Fiscal Year 2018-19. This monthly fee is \$4.82 per dwelling unit and is utilized to pay the debt service on the loan taken out to construct the new Public Works shop facility. The year-end fund balance was \$115,335, after one debt service (interest only) payment was made in the amount of \$57,614 during Fiscal Year 2018-19.

Utility debt payments are included in the individual proprietary funds.

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

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

Water Utility	\$	1,181,875	29%
Sewer Utility	\$	2,033,013	51%
Stormwater Utility	\$	791,010	20%

The total proprietary fund unrestricted net position increased by \$51,240 due to a decrease in the net investment in capital assets, a decrease in debt, and an increase in cash.

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:

- \$650,000 transfer of appropriations within categories in the General Fund, allowing the City budgetary authority to provide the Fairview Urban Renewal Agency a Bridge Loan.
- \$655,000 increase of revenue and appropriations in the Grant/Projects Fund due to the receipt of funding for the Public Works shop facility.
- \$18,000 transfer between categories in the General Fund to ensure compliance with Oregon Budget Law.

General Fund revenue was \$134,608 more than budgeted in Fiscal Year 2018-19. Fines and Forfeiture revenue, Property Taxes, Other Taxes, and Investment Interest were substantially over the amount budgeted. Revenues significantly under budget

included Liquor Tax (\$15,181 less than budgeted), Metro Reimbursement for Law Enforcement Services at Blue Lake Park (\$16,463 less than budgeted), Transfer from Grant Fund (\$26,017 less than budgeted), and Enterprise Zone Fees (\$15,000 less than budgeted).

General Fund expenditures were \$206,559 less than budgeted, excluding contingency in FY 2018-19. Personal Service expenses were \$27,911 less than budgeted due to position vacancies throughout the year. Materials and Service expenses were \$171,915 less than anticipated due primarily to Building Inspection expenses being far less than budgeted. Finally, Capital expenses were \$6,733 less than budgeted due to the purchase of two Public Works pickups being deferred.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounts to \$31.1 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, 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 32% is associated with governmental activities and approximately 68% with business-type activities.

In total, the City's capital assets increased by \$1,288,915, or approximately 4.3% from the prior year. Governmental activities increased by \$1,570,246 and business-type activities account for a decrease of \$281,331. These figures are attributable to major capital asset events and depreciation expenses. Major capital asset events during the fiscal year included the following:

- Remodel of the Community Center basement (flooring, wall covering, lighting retrofit)
- Installation of a new HVAC unit at the Heslin House
- City Hall Access Controls Upgrade design
- Hanson Plan Benches
- Well 9 Rehabilitation
- 7th Street Improvements (CDBG Grant Funded)
- Blue Lake Pump Station Pump Replacement
- Sewer Lateral Replacement
- Chinook Detention Pond Retrofit
- Sidewalk Repairs
- Market Drive Light Pole Replacement
- Reservoir 1 Design and Rehabilitation
- Interlachen Sewer Project – Phase II
- 223rd Railroad Undercrossing Design
- Public Works Forklift
- Public Works RTV (Kubota side by side)

- Truck box for 2018 GMC 2500
- Repair to increase the useful life of the 48” Walker Mower
- 2008 Kubota RTV Injector Replacement
- Salish Ponds Fence and Gate
- Veteran’s Administration Garden Beds – Park Cleone
- Completion of Lakeshore Park (Including Nature Play)
- Automated Meter Reading (AMR) Upgrades – Antennas, Registers, Etc.
- Well 9 and Booster Pump Station Generator Repairs
- Well 8 Generator Overhaul (Radiator)
- Community Park Asphalt Trail Repair
- Public Works Shop Facility (Construction in Progress)

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

	Governmental Activities		Business-Type Activities	
	2018	2019	2018	2019
Land	\$ 1,492,753	\$ 1,492,753	\$ 981,430	\$ 981,430
Construction in Progress	\$ 73,528	\$ 1,712,542	\$ 103,677	\$ 577,437
Land Improvements	\$ 1,190,303	\$ 1,246,657	\$ -	\$ -
Dams and Weirs	\$ 230,955	\$ 217,370	\$ -	\$ -
Buildings	\$ 2,550,863	\$ 2,486,002	\$ 260,144	\$ 251,470
Machinery & Equipment	\$ 145,998	\$ 139,170	\$ 470,939	\$ 460,865
Infrastructure	\$ 2,658,083	\$ 2,618,235	\$ 19,611,521	\$ 18,875,178
Total	\$ 8,342,483	\$ 9,912,729	\$ 21,427,711	\$ 21,146,380

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 \$4.08 million. Governmental activities account for 77% of the debt, while Business-type activities account for the remaining 33%. Of the total amount, \$352,554 is due within one year.

The City had total non-current liabilities (not due within one year) of \$3.7 million. Of this amount, \$222,765 is a note payable to the City of Gresham for sewer capacity. This debt is secured solely by sewer revenues. The Water Fund has a non-current note payable of \$397,977 to the State of Oregon for funds which financed the drilling of Well #9 to increase water system capacity. The Stormwater Fund has a non-current liability of \$61,954 as the result of an IGA for a portion of the Levee Ready Columbia Project. The remaining \$3.05 million is the non-current portion of the Public Works shop facility debt.

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

	Governmental Activities		Business-Type Activities	
	2018	2019	2018	2019
PW Shop FF&C Obligation	\$ -	\$ 3,155,000	\$ -	\$ -
Levee Ready Columbia	-	-	61,954	61,954
City of Gresham Note Payable	-	-	653,971	442,108
State of Oregon Note Payable	-	-	451,607	425,188
Total	\$ -	\$ 3,155,000	\$ 1,167,532	\$ 929,250

The City's total debt increased by \$2.9 million during Fiscal Year 2018-19. The increase is attributable to the City taking out \$3.15 Million in new debt to finance the Public Works shop facility, offset by payments to meet the yearly debt service obligations on existing debt.

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 2019-20 budget:

- It is assumed that **property tax revenues** to the City will increase by 3.3% over Fiscal Year 2017-18 collections (after reductions to the City for the “frozen” tax base created by properties located within the Fairview Urban Renewal Agency boundaries). This 3.3% is from increased values of currently assessed properties and exceeds the 3% increase allowed under Measure 50. This number is based on historical data. Based on recent historical trends, it is assumed that 1.9% of total tax assessments will be uncollectible in the current tax year.
- Fairview’s **permanent tax rate** is \$3.4902 per \$1,000 of assessed value, one of the lower rates for cities in the region. General revenues from the City’s permanent tax rate combined with limitations in the State’s property tax structure are falling short of the rising costs of public safety services. Actual property tax revenue collected in Fiscal Year 2018-19 exceeds law enforcement services costs with the Multnomah County Sheriff’s Office by \$58,593. However, Portland Bureau of Emergency Communications dispatch cost the City over \$250,000. An excess of property tax revenue over law enforcement expense also existed in Fiscal Year 2016-17 when, for the first time in many years, actual property tax revenue collected slightly exceeded Public Safety costs. However, the excess was only \$3,655 and only existed because certain positions were not filled and reduced expenditures were incurred as the City considered **Police Services Consolidation** with the Multnomah County Sheriff’s Office (which was subsequently implemented August 1st, 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 projected increase for Fiscal Year 2019-20 is 2.94%.
- **Bureau of Emergency Communications** (BOEC) 911 dispatch service are anticipated to increase 9.5%.
- A City Council review of utility fees in relation to infrastructure maintenance and construction needs has been completed. As a result, Stormwater rates were increased 9% effective July 1, 2018. Further increases in **utility user fees** were not deemed necessary at this time.

- 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

BASIC FINANCIAL STATEMENTS

**CITY OF FAIRVIEW, OREGON
STATEMENT OF NET POSITION**

June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,685,001	\$ 4,809,890	\$ 10,494,891
Receivables:			
Accounts	378,728	556,658	935,386
Fines and forfeitures	48,168	-	48,168
Property taxes	88,265	-	88,265
Assessments	2,675	-	2,675
Prepaid items	19,015	16,573	35,588
Inventories	-	42,502	42,502
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	3,250,740	1,401,495	4,652,235
Net OPEB asset	12,004	4,440	16,444
Capital assets:			
Land	1,492,753	981,430	2,474,183
Construction in progress	1,712,542	577,437	2,289,979
Depreciable assets, net of depreciation	6,707,434	19,587,513	26,294,947
Total assets	<u>19,397,325</u>	<u>27,977,938</u>	<u>47,375,263</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	1,111,162	410,978	1,522,140
Deferred outflows related to OPEB	6,510	2,408	8,918
Total deferred outflows of resources	<u>1,117,672</u>	<u>413,386</u>	<u>1,531,058</u>
Total assets and deferred outflows of resources	<u>\$ 20,514,997</u>	<u>\$ 28,391,324</u>	<u>\$ 48,906,321</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 1,063,907	\$ 321,455	\$ 1,385,362
Deposits	122,056	11,252	133,308
Accrued interest payable	19,700	10,758	30,458
Retainage payable	73,431	-	73,431
Unearned revenue	139,411	-	139,411
Long-term obligations:			
Due within one year:			
Long-term liabilities	151,282	296,297	447,579
Due in more than one year:			
Net pension liability	3,379,641	1,250,005	4,629,646
Net OPEB liability	25,886	24,209	50,095
Long-term liabilities	3,056,991	691,474	3,748,465
Total liabilities	<u>8,032,305</u>	<u>2,605,450</u>	<u>10,637,755</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	432,845	160,094	592,939
Deferred inflows related to OPEB	3,394	1,257	4,651
Total deferred inflows of resources	<u>436,239</u>	<u>161,351</u>	<u>597,590</u>
NET POSITION			
Net investment in capital assets	8,217,398	20,217,130	28,434,528
Restricted for:			
System development	32,383	1,401,495	1,433,878
Debt service	-	-	-
Highways and streets	1,111,972	-	1,111,972
Grants and projects	573,285	-	573,285
Unrestricted	2,111,415	4,005,898	6,117,313
Total net position	<u>12,046,453</u>	<u>25,624,523</u>	<u>37,670,976</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 20,514,997</u>	<u>\$ 28,391,324</u>	<u>\$ 48,906,321</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, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 795,992	\$ 145,403	\$ 4,570	\$ 401	\$ (645,618)	\$ -	\$ (645,618)
Public safety	4,063,668	192,939	-	2,980	(3,867,749)	-	(3,867,749)
Highways and streets	397,662	-	660,980	-	263,318	-	263,318
Public works	920,945	185,719	86,774	4,499	(643,953)	-	(643,953)
Community development	659,641	248,178	-	89,247	(322,216)	-	(322,216)
Interest on long-term obligations	86,093	-	-	-	(86,093)	-	(86,093)
Total governmental activities	6,924,001	772,239	752,324	97,127	(5,302,311)	-	(5,302,311)
Business-type activities:							
Water	1,326,406	1,229,790	-	-	-	(96,616)	(96,616)
Sewer	2,044,192	2,193,883	-	100	-	149,791	149,791
Stormwater	780,358	640,308	-	-	-	(140,050)	(140,050)
Total business-type activities	4,150,956	4,063,981	-	100	-	(86,875)	(86,875)
Total primary government	\$11,074,957	\$4,836,220	\$ 752,324	\$ 97,227	(5,302,311)	(86,875)	(5,389,186)
General revenues:							
Property taxes levied for:							
General purposes							
					2,519,431	-	2,519,431
Franchise and public services taxes							
					1,864,899	-	1,864,899
Interest and investment earnings							
					240,837	159,265	400,102
Miscellaneous							
					25,012	-	25,012
Transfers							
					91,195	(91,195)	-
Total general revenues and transfers							
					4,741,374	68,070	4,809,444
Change in net position							
					(560,937)	(18,805)	(579,742)
Net position, beginning							
					12,607,390	25,643,328	38,250,718
Net position, ending							
					\$12,046,453	\$25,624,523	\$37,670,976

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



FUND FINANCIAL STATEMENTS

Major Governmental Funds

Combined General Fund

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, hotel-motel tax, and state shared revenues. The Facilities Maintenance Fund, Administrative Excise Charge Fund, and Fairview Lake Sewer LID Fund are combined with the General Fund as sub-funds for financial statement reporting.

State Tax Street Fund

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

Building Fund

The Building Fund 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.

Grant/Projects Fund

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

Urban Renewal Agency Fund

The Urban Renewal Agency Fund accounts for urban renewal revenues and expenses.

CITY OF FAIRVIEW, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	Combined General Fund	State Tax Street Fund	Building Fund	Grant/ Projects Fund	Urban Renewal Agency Fund	Other Governmental Funds	Totals
ASSETS							
Cash and cash equivalents	\$3,932,340	\$1,087,025	\$835,056	\$1,864,294	\$ 546,424	\$ 670,602	\$ 8,935,741
Receivables:							
Property taxes	88,265	-	-	-	-	-	88,265
Accounts	267,011	59,983	43	13,611	-	38,080	378,728
Fines and forfeitures, net	48,168	-	-	-	-	-	48,168
Assessments	2,675	-	-	-	-	-	2,675
Interfund receivable	650,000	-	-	-	-	-	650,000
Prepaid items	12,188	3,152	2,185	-	-	1,490	19,015
Total assets	\$5,000,647	\$1,150,160	\$837,284	\$1,877,905	\$ 546,424	\$ 710,172	\$10,122,592
LIABILITIES							
Accounts payable and accrued liabilities	\$ 736,294	\$ 23,524	\$ 45,134	\$ 244,232	\$ 12,172	\$ 2,551	\$ 1,063,907
Deposits	1,879	14,664	105,513	-	-	-	122,056
Unearned revenue	-	-	139,411	-	-	-	139,411
Retainage payable	-	-	-	73,431	-	-	73,431
Interfund payable	-	-	-	-	650,000	-	650,000
Total liabilities	738,173	38,188	290,058	317,663	662,172	2,551	2,048,805
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	182,290	-	-	1,083	-	-	183,373
FUND BALANCES							
Nonspendable	12,188	3,152	2,185	-	-	1,490	19,015
Restricted	-	1,108,820	545,041	1,559,159	-	32,383	3,245,403
Committed	8,717	-	-	-	-	-	8,717
Assigned	471,897	-	-	-	-	673,748	1,145,645
Unassigned	3,587,382	-	-	-	(115,748)	-	3,471,634
Total fund balances	4,080,184	1,111,972	547,226	1,559,159	(115,748)	707,621	7,890,414
Total liabilities, deferred inflows of resources and fund balances	\$5,000,647	\$1,150,160	\$837,284	\$1,877,905	\$ 546,424	\$ 710,172	\$10,122,592

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, 2019

Fund balances - total governmental funds	\$ 7,890,414
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.	9,912,729
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the fund statements.	183,373
Accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(53,273)
Net pension liability, and the related deferred outflows and deferred inflows, are not current financial resources or requirements, and therefore, are not reported in the funds.	(2,701,324)
Net other post employment benefits (OPEB) liability/asset, and the related deferred outflows and deferred inflows, are not current financial resources or requirements, and therefore, are not reported in the funds.	(10,766)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the fund statements.	(19,700)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the fund statements.	<u>(3,155,000)</u>
Net position of governmental activities	<u><u>\$12,046,453</u></u>

CITY OF FAIRVIEW, OREGON
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2019

	Combined General Fund	State Tax Street Fund	Building Fund	Grant/ Projects Fund	Urban Renewal Agency Fund	Other Governmental Funds	Totals
REVENUES							
Property taxes	\$2,574,323	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,574,323
Other taxes	785,596	-	-	-	-	-	785,596
Franchise fees	808,650	-	-	-	-	-	808,650
Licenses and fees	58,615	3,075	187,514	-	-	-	249,204
Charges for services	112,998	-	-	-	-	185,707	298,705
Intergovernmental	250,735	672,714	-	89,247	-	60,326	1,073,022
Fines and forfeitures	126,237	-	-	-	-	1,909	128,146
System development charges	-	-	-	-	-	4,499	4,499
Rental income	84,383	-	-	-	-	-	84,383
Assessments	2,757	-	-	-	-	-	2,757
Interest on investments	127,303	27,110	20,740	47,968	3,924	13,788	240,833
Miscellaneous	26,608	2,407	1,384	-	-	26,451	56,850
TOTAL REVENUES	<u>4,958,205</u>	<u>705,306</u>	<u>209,638</u>	<u>137,215</u>	<u>3,924</u>	<u>292,680</u>	<u>6,306,968</u>
EXPENDITURES							
Current:							
General government	560,844	-	-	-	110,893	-	671,737
Public safety	3,941,555	-	-	-	-	-	3,941,555
Public works	316,033	-	-	51,300	-	159,710	527,043
Community development	253,462	-	240,516	-	-	-	493,978
Highways and streets	-	351,008	-	-	-	-	351,008
Capital outlay	53,578	82,303	-	1,786,828	-	121,382	2,044,091
Debt service	-	-	-	-	8,779	57,614	66,393
TOTAL EXPENDITURES	<u>5,125,472</u>	<u>433,311</u>	<u>240,516</u>	<u>1,838,128</u>	<u>119,672</u>	<u>338,706</u>	<u>8,095,805</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(167,267)</u>	<u>271,995</u>	<u>(30,878)</u>	<u>(1,700,913)</u>	<u>(115,748)</u>	<u>(46,026)</u>	<u>(1,788,837)</u>
OTHER FINANCING SOURCES (USES)							
Sale of property	125	-	-	-	-	12,670	12,795
Issuance of debt	-	-	-	3,155,000	-	-	3,155,000
Transfers in	251,858	-	-	151,329	-	175,122	578,309
Transfers out	(265,342)	(92,720)	-	(70,858)	-	-	(428,920)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(13,359)</u>	<u>(92,720)</u>	<u>-</u>	<u>3,235,471</u>	<u>-</u>	<u>187,792</u>	<u>3,317,184</u>
NET CHANGE IN FUND BALANCE	(180,626)	179,275	(30,878)	1,534,558	(115,748)	141,766	1,528,347
FUND BALANCE, Beginning	<u>4,260,810</u>	<u>932,697</u>	<u>578,104</u>	<u>24,601</u>	<u>-</u>	<u>565,855</u>	<u>6,362,067</u>
FUND BALANCE, Ending	<u>\$4,080,184</u>	<u>\$1,111,972</u>	<u>\$ 547,226</u>	<u>\$ 1,559,159</u>	<u>\$ (115,748)</u>	<u>\$ 707,621</u>	<u>\$7,890,414</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, 2019

Net change in fund balance - governmental funds \$ 1,528,347

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

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

 Unavailable revenue (35,111)

Issuance of debt is a financial resource in the governmental funds, but the issuance increases long-term liabilities in the Statement of Net Position.

(3,155,000)

Some expenses reported in the Statement of Activities do not require the use of current financial resources, and are not reported as expenditures in governmental funds:

 Change in compensated absences (2,804)

 Change in net pension liability and related deferred outflows and inflows (450,317)

 Change in net OPEB liability/asset and related deferred outflows and inflows 3,402

 Change in accrued interest payable (19,700)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets are allocated over the useful lives and reported as depreciation expense:

 Capital asset additions \$ 2,029,984

 Depreciation expense (459,738)

1,570,246

Change in net position - governmental activities **\$ (560,937)**

CITY OF FAIRVIEW, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Property taxes	\$ 2,554,510	\$ 2,554,510	\$ 2,574,323	\$ 19,813
Other taxes	714,557	714,557	785,596	71,039
Franchise fees	817,573	817,573	808,650	(8,923)
Licenses and fees	49,529	49,529	58,615	9,086
Charges for services	127,577	127,577	104,102	(23,475)
Intergovernmental	264,407	264,407	250,735	(13,672)
Fines and forfeitures	92,753	92,753	126,237	33,484
Rental income	81,984	81,984	84,383	2,399
Interest on investments	67,997	67,997	112,746	44,749
Miscellaneous	26,500	26,500	26,608	108
TOTAL REVENUES	<u>4,797,387</u>	<u>4,797,387</u>	<u>4,931,995</u>	<u>134,608</u>
EXPENDITURES				
Current:				
General government	643,044	635,044	560,844	74,200
Public safety	3,944,674	3,962,674	3,941,555	21,119
Public works	329,432	329,432	316,033	13,399
Community development	344,570	344,570	253,462	91,108
Capital outlay	20,500	10,500	3,767	6,733
Contingency	1,962,343	1,312,343	-	1,312,343
TOTAL EXPENDITURES	<u>7,244,563</u>	<u>6,594,563</u>	<u>5,075,661</u>	<u>1,518,902</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,447,176)</u>	<u>(1,797,176)</u>	<u>(143,666)</u>	<u>1,653,510</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	125	125
Transfers in	217,875	217,875	191,858	(26,017)
Interfund loan payment	-	(650,000)	(650,000)	-
Transfers out	(88,602)	(88,602)	(88,602)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>129,273</u>	<u>(520,727)</u>	<u>(546,619)</u>	<u>(25,892)</u>
NET CHANGE IN FUND BALANCE	<u>(2,317,903)</u>	<u>(2,317,903)</u>	<u>(690,285)</u>	<u>1,627,618</u>
Budgetary basis adjustment	-	-	650,000	650,000
FUND BALANCE, Beginning	<u>3,606,551</u>	<u>3,606,551</u>	<u>3,654,442</u>	<u>47,891</u>
FUND BALANCE, Ending	<u>\$ 1,288,648</u>	<u>\$ 1,288,648</u>	<u>\$ 3,614,157</u>	<u>\$ 2,325,509</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Licenses and fees	\$ 2,500	\$ 2,500	\$ 3,075	\$ 575
Intergovernmental	664,091	664,091	672,714	8,623
Interest on investments	12,440	12,440	27,110	14,670
Miscellaneous	500	500	2,407	1,907
TOTAL REVENUES	<u>679,531</u>	<u>679,531</u>	<u>705,306</u>	<u>25,775</u>
EXPENDITURES				
Current:				
Highways and streets:				
Personal services	242,611	242,611	235,952	6,659
Materials and services	294,728	294,728	115,056	179,672
Capital outlay	352,900	286,003	82,303	203,700
Contingency	486,409	486,409	-	486,409
TOTAL EXPENDITURES	<u>1,376,648</u>	<u>1,309,751</u>	<u>433,311</u>	<u>876,440</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(697,117)</u>	<u>(630,220)</u>	<u>271,995</u>	<u>902,215</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(25,823)	(92,720)	(92,720)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(25,823)</u>	<u>(92,720)</u>	<u>(92,720)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(722,940)	(722,940)	179,275	902,215
FUND BALANCE, Beginning	<u>722,940</u>	<u>722,940</u>	<u>932,697</u>	<u>209,757</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,111,972</u>	<u>\$ 1,111,972</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
BUILDING FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Licenses and fees	\$ 239,480	\$ 239,480	\$ 187,514	\$ (51,966)
Interest on investments	8,958	8,958	20,740	11,782
Miscellaneous	300	300	1,384	1,084
TOTAL REVENUES	<u>248,738</u>	<u>248,738</u>	<u>209,638</u>	<u>(39,100)</u>
EXPENDITURES				
Current:				
Community development:				
Personal services	159,062	159,062	151,979	7,083
Materials and services	258,581	258,581	88,537	170,044
Contingency	<u>209,843</u>	<u>209,843</u>	-	<u>209,843</u>
TOTAL EXPENDITURES	<u>627,486</u>	<u>627,486</u>	<u>240,516</u>	<u>386,970</u>
NET CHANGE IN FUND BALANCE	(378,748)	(378,748)	(30,878)	347,870
FUND BALANCE, Beginning	<u>378,748</u>	<u>378,748</u>	<u>578,104</u>	<u>199,356</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 547,226</u>	<u>\$ 547,226</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 70,568	\$ 70,568	\$ 89,247	\$ 18,679
Interest on investments	-	-	47,968	47,968
TOTAL REVENUES	<u>70,568</u>	<u>70,568</u>	<u>137,215</u>	<u>66,647</u>
EXPENDITURES				
Current:				
Public Works:				
Materials and services	-	51,300	51,300	-
Capital outlay	2,558,125	3,254,739	1,786,828	1,467,911
Contingency	25,023	25,023	-	25,023
TOTAL EXPENDITURES	<u>2,583,148</u>	<u>3,331,062</u>	<u>1,838,128</u>	<u>1,492,934</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,512,580)</u>	<u>(3,260,494)</u>	<u>(1,700,913)</u>	<u>1,559,581</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	2,500,000	3,155,000	3,155,000	-
Transfers in	84,432	151,329	151,329	-
Transfers out	(96,875)	(70,858)	(70,858)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,487,557</u>	<u>3,235,471</u>	<u>3,235,471</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(25,023)	(25,023)	1,534,558	1,559,581
FUND BALANCE, Beginning	<u>25,023</u>	<u>25,023</u>	<u>24,601</u>	<u>(422)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,559,159</u>	<u>\$ 1,559,159</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 (NON-GAAP BUDGETARY BASIS)
URBAN RENEWAL AGENCY FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ -	\$ -	\$ 3,924	\$ 3,924
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>3,924</u>	<u>3,924</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	-	254,304	110,893	143,411
Debt service	-	-	8,779	(8,779)
Contingency	-	395,696	-	395,696
TOTAL EXPENDITURES	<u>-</u>	<u>650,000</u>	<u>119,672</u>	<u>530,328</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(650,000)</u>	<u>(115,748)</u>	<u>534,252</u>
OTHER FINANCING SOURCES (USES)				
Interfund loan proceeds	-	650,000	650,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>650,000</u>	<u>650,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>534,252</u>	<u>534,252</u>
Budgetary basis adjustment	-	-	(650,000)	(650,000)
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (115,748)</u>	<u>\$ (115,748)</u>

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

FUND FINANCIAL STATEMENTS

Proprietary Funds

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

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

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

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

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

CITY OF FAIRVIEW, OREGON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	Business - type Activities - Enterprise Funds			
	Water Funds	Sewer Funds	Stormwater Funds	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,647,414	\$ 2,182,015	\$ 980,461	\$ 4,809,890
Receivables:				
Accounts, net	155,943	316,503	84,212	556,658
Prepaid items	6,904	5,444	4,225	16,573
Inventories	<u>37,402</u>	<u>1,300</u>	<u>3,800</u>	<u>42,502</u>
Total current assets	<u>1,847,663</u>	<u>2,505,262</u>	<u>1,072,698</u>	<u>5,425,623</u>
Noncurrent assets:				
Restricted cash and cash equivalents	470,028	731,315	200,152	1,401,495
Net OPEB asset	1,858	1,447	1,135	4,440
Capital assets:				
Land	531,270	228,550	221,610	981,430
Construction in progress	268,181	309,256	-	577,437
Depreciable assets, net of depreciation	<u>10,070,896</u>	<u>7,006,570</u>	<u>2,510,047</u>	<u>19,587,513</u>
Total noncurrent assets	<u>11,342,233</u>	<u>8,277,138</u>	<u>2,932,944</u>	<u>22,552,315</u>
Total assets	<u>13,189,896</u>	<u>10,782,400</u>	<u>4,005,642</u>	<u>27,977,938</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	172,002	133,948	105,028	410,978
Deferred outflows related to OPEB	<u>1,008</u>	<u>785</u>	<u>615</u>	<u>2,408</u>
Total deferred outflows of resources	<u>173,010</u>	<u>134,733</u>	<u>105,643</u>	<u>413,386</u>
Total assets and deferred outflows of resources	<u>\$ 13,362,906</u>	<u>\$ 10,917,133</u>	<u>\$ 4,111,285</u>	<u>\$ 28,391,324</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 197,359	\$ 116,954	\$ 7,142	\$ 321,455
Accrued interest payable	7,374	3,384	-	10,758
Deposits	11,252	-	-	11,252
Current portion of long-term obligations	<u>47,527</u>	<u>236,426</u>	<u>12,344</u>	<u>296,297</u>
Total current liabilities	<u>263,512</u>	<u>356,764</u>	<u>19,486</u>	<u>639,762</u>
Noncurrent liabilities:				
Compensated absences payable	3,585	3,015	2,178	8,778
Notes and contracts payable	397,977	222,765	61,954	682,696
Net pension liability	523,150	407,409	319,446	1,250,005
Net OPEB liability	<u>10,092</u>	<u>7,995</u>	<u>6,122</u>	<u>24,209</u>
Total noncurrent liabilities	<u>934,804</u>	<u>641,184</u>	<u>389,700</u>	<u>1,965,688</u>
Total liabilities	<u>1,198,316</u>	<u>997,948</u>	<u>409,186</u>	<u>2,605,450</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	67,002	52,179	40,913	160,094
Deferred inflows related to OPEB	<u>526</u>	<u>410</u>	<u>321</u>	<u>1,257</u>
Total deferred inflows	<u>67,528</u>	<u>52,589</u>	<u>41,234</u>	<u>161,351</u>
NET POSITION				
Net investment in capital assets	10,445,159	7,102,268	2,669,703	20,217,130
Restricted for system development	470,028	731,315	200,152	1,401,495
Unrestricted	<u>1,181,875</u>	<u>2,033,013</u>	<u>791,010</u>	<u>4,005,898</u>
Total net position	<u>12,097,062</u>	<u>9,866,596</u>	<u>3,660,865</u>	<u>25,624,523</u>
Total liabilities, deferred inflows, and net position	<u>\$ 13,362,906</u>	<u>\$ 10,917,133</u>	<u>\$ 4,111,285</u>	<u>\$ 28,391,324</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, 2019

	Business - type Activities - Enterprise Funds			
	Water Funds	Sewer Funds	Stormwater Funds	Total
OPERATING REVENUES				
Charges for services	\$ 1,229,029	\$ 2,193,883	\$ 640,308	\$ 4,063,220
Miscellaneous	<u>761</u>	<u>-</u>	<u>-</u>	<u>761</u>
TOTAL OPERATING REVENUES	<u>1,229,790</u>	<u>2,193,883</u>	<u>640,308</u>	<u>4,063,981</u>
OPERATING EXPENSES				
Personal services	623,969	401,366	322,630	1,347,965
Materials and services	408,466	1,223,324	209,695	1,841,485
Depreciation	<u>280,881</u>	<u>400,316</u>	<u>248,033</u>	<u>929,230</u>
TOTAL OPERATING EXPENSES	<u>1,313,316</u>	<u>2,025,006</u>	<u>780,358</u>	<u>4,118,680</u>
OPERATING INCOME (LOSS)	<u>(83,526)</u>	<u>168,877</u>	<u>(140,050)</u>	<u>(54,699)</u>
NON-OPERATING INCOME (EXPENSES)				
Interest on investments	53,388	75,596	30,281	159,265
Interest expense	<u>(13,090)</u>	<u>(19,186)</u>	<u>-</u>	<u>(32,276)</u>
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>40,298</u>	<u>56,410</u>	<u>30,281</u>	<u>126,989</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(43,228)	225,287	(109,769)	72,290
CAPITAL CONTRIBUTIONS				
System development charges	-	100	-	100
Capital asset transfers	21,247	3,986	32,961	58,194
TRANSFERS				
Transfers out	<u>(49,748)</u>	<u>(27,469)</u>	<u>(72,172)</u>	<u>(149,389)</u>
CHANGE IN NET POSITION	(71,729)	201,904	(148,980)	(18,805)
NET POSITION, Beginning	<u>12,168,791</u>	<u>9,664,692</u>	<u>3,809,845</u>	<u>25,643,328</u>
NET POSITION, Ending	<u><u>\$ 12,097,062</u></u>	<u><u>\$ 9,866,596</u></u>	<u><u>\$ 3,660,865</u></u>	<u><u>\$ 25,624,523</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, 2019

	<u>Business-type Activities - Enterprise Funds</u>			
	Water Funds	Sewer Funds	Stormwater Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,247,784	\$ 2,190,904	\$ 640,129	\$ 4,078,817
Payments to suppliers	(362,111)	(1,307,202)	(295,474)	(1,964,787)
Payments to employees	(329,128)	(259,049)	(204,361)	(792,538)
Payments for interfund services used	(90,196)	(145,551)	(48,353)	(284,100)
Net cash provided from (used by) operating activities	<u>466,349</u>	<u>479,102</u>	<u>91,941</u>	<u>1,037,392</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	21,247	3,986	32,961	58,194
Transfers out	(49,748)	(27,469)	(72,172)	(149,389)
Net cash provided from (used by) non-capital financing activities	<u>(28,501)</u>	<u>(23,483)</u>	<u>(39,211)</u>	<u>(91,195)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
System development charges	-	100	-	100
Acquisition of capital assets	(332,484)	(226,724)	(88,689)	(647,897)
Principal paid on long-term obligations	(26,419)	(211,863)	-	(238,282)
Interest paid on long-term obligations	(13,548)	(21,051)	-	(34,599)
Net cash provided from (used by) capital and related financing activities	<u>(372,451)</u>	<u>(459,538)</u>	<u>(88,689)</u>	<u>(920,678)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	53,388	75,596	30,281	159,265
Net cash provided from (used by) investing activities	<u>53,388</u>	<u>75,596</u>	<u>30,281</u>	<u>159,265</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	118,785	71,677	(5,678)	184,784
CASH AND CASH EQUIVALENTS, Beginning	<u>1,998,657</u>	<u>2,841,653</u>	<u>1,186,291</u>	<u>6,026,601</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 2,117,442</u>	<u>\$ 2,913,330</u>	<u>\$ 1,180,613</u>	<u>\$ 6,211,385</u>
Reconciliation of operating income (loss) to net cash provided from (used by) operating activities				
Operating income (loss)	\$ (83,526)	\$ 168,877	\$ (140,050)	\$ (54,699)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	280,881	400,316	248,033	929,230
(Increase) decrease in assets:				
Receivables	23,419	(2,979)	(179)	20,261
Prepays	(6,904)	(5,444)	(4,225)	(16,573)
Inventories	(5,911)	550	150	(5,211)
Net OPEB asset	(1,858)	(1,447)	(1,135)	(4,440)
Deferred outflows - pension	(38,925)	5,434	178	(33,313)
Deferred outflows - OPEB	(298)	(42)	(54)	(394)
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	157,089	(82,130)	(21,362)	53,597
Deposits	(5,425)	-	-	(5,425)
Compensated absences payable	1,453	1,364	1,095	3,912
Net pension liability	97,318	(38,599)	(17,202)	41,517
Net OPEB Liability	1,403	1,451	1,186	4,040
Deferred inflows - pension	47,615	31,874	25,587	105,076
Deferred inflows - OPEB	18	(123)	(81)	(186)
Net cash provided from (used by) operating activities	<u>\$ 466,349</u>	<u>\$ 479,102</u>	<u>\$ 91,941</u>	<u>\$ 1,037,392</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FAIRVIEW
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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, which includes only the City of Fairview Urban Renewal Agency (a blended component unit). 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.

Blended Component Unit

The City of Fairview Urban Renewal Agency (the Agency), is an entity legally separate from the City. The Agency prepares and adopts its own budget. The Agency consists of one general fund, and is presented in the governmental activities in the government-wide financial statements. For financial reporting purposes, the Agency is reported as if it were part of the City's operations due to a common governing board. The City has the ability to significantly influence the operations of the Agency and provide financial benefit.

There are other districts within the City that have not been included as component units of the City. These districts are autonomous Oregon municipal corporations and are not considered component units of the City of Fairview.

Financial statements for the City of Fairview Urban Renewal Agency may be obtained at the City's administration offices in Fairview, Oregon.

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 is 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.

Building Fund 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.

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

Urban Renewal Agency Fund accounts for urban renewal revenues and expenses.

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.

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.

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 \$3,823 for 2018-2019 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.

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: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

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

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

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

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

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

When the option is available to use restricted or unrestricted resources for any purpose, the City expends restricted resources first. When the option is available to use committed, assigned, or unassigned resources for any purpose, the City expends committed resources before assigned resources, and assigned resources before unassigned resources.

9. Restricted Net Position

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

10. Estimates

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

E. Accounting Pronouncements

It is the City's policy to implement new GASB pronouncements no later than the required effective date. The City implemented GASB Statement No. 88, Certain Disclosures Related to Debt, Including Debt Borrowings and Direct Placements and GASB Statement No. 89, Accounting for Interest Costs Incurred before the End of a Construction Period. Upcoming pronouncements, which may have an effect on the City, are listed below:

GASB Statement No. 83, Certain Asset Retirement Obligations. This Statement was issued November 2016 to address accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. GASB Statement No. 83 will be effective for the City for fiscal year ending June 30, 2020.

GASB Statement No. 84, Fiduciary Activities. This statement was issued January 2017 to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 84 will be effective for the City for fiscal year ending June 30, 2020.

GASB Statement No. 87, Leases. This Statement was issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of governments' financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 will be effective for the City for fiscal year ending June 30, 2021.

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. Interfund loan activity between the General Fund and Urban Renewal Fund is reported on the budget basis, revenues and expenditures, but reclassified as loan activity for 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, 2019, appropriation increases and transfers were approved, and supplemental budgets were adopted.

B. Excess of Expenditures over Appropriations

The City had the following expenditures over appropriations for the year ended June 30, 2019.

Urban Renewal Agency Fund:	
Debt Service	<u>\$ 8,779</u>

C. General Budgetary Basis to GAAP Reconciliations

Net change in General fund balance	\$(690,285)
Add back interfund loan activity	650,000
Net change in General Sub-Funds:	
Facilities Maintenance Fund	13,191
Administrative Excise Charge Fund	(45,767)
Fairivew Lake Sewer LID Fund	<u>(107,765)</u>
	<u><u>\$(180,626)</u></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, 2019. 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, 2019, the carrying amount of the City's deposits and certificates of deposits was a deficit of \$40,064 and the bank balance was \$935,242. All deposits are held in the name of the City. Of the bank balance, \$251,820 was covered by FDIC insurance and the remaining \$683,422 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.

Investments held by the City at June 30, 2019 are as follows:

	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Carrying Amount/ Fair Value</u>
Local Government Investment Pool	1 day	100%	\$ 15,186,939
Time Certificate of Deposits	One year	0%	-
		<u>100%</u>	<u>15,186,939</u>
Less amounts classified as cash equivalents			<u>(15,186,939)</u>
Total Investments			<u>\$ -</u>

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

Cash on hand	\$ 250
Carrying amounts of deposits	(40,063)
Local Government Investment Pool	<u>15,186,939</u>
Total cash and cash equivalents	<u>\$ 15,147,126</u>

B. Receivables

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

	Combined General	State Tax Street	Building Fund	Grant/ Projects Fund	Other Governmental Funds	Total Governmental Activities
Property taxes	\$ 88,265	\$ -	\$ -	\$ -	\$ -	\$ 88,265
Accounts	103,853	-	43	-	31,336	135,232
Intergovernmental	163,158	59,983	-	13,611	6,744	243,496
Fines and forfeitures	120,418	-	-	-	-	120,418
Assessments	2,675	-	-	-	-	2,675
Gross receivables	<u>478,369</u>	<u>59,983</u>	<u>43</u>	<u>13,611</u>	<u>38,080</u>	<u>590,086</u>
Less: allowance for uncollectible accounts	(72,250)	-	-	-	-	(72,250)
Net total receivables	<u>\$ 406,119</u>	<u>\$ 59,983</u>	<u>\$ 43</u>	<u>\$ 13,611</u>	<u>\$ 38,080</u>	<u>\$ 517,836</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	\$ 159,348	\$ 320,271	\$ 85,090	\$ 564,709
Less: Allowance for uncollectible accounts	<u>(3,405)</u>	<u>(3,768)</u>	<u>(878)</u>	<u>(8,051)</u>
Net total receivables	<u>\$ 155,943</u>	<u>\$ 316,503</u>	<u>\$ 84,212</u>	<u>\$ 556,658</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 2018-2019, the City levied property taxes in the amount of \$2,560,669. After reductions for offsets and increases for additional taxes and penalties this resulted in a net levy of \$2,556,404 including cancel and omit levy of \$59. 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, 2018 was \$733,673,830.

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, 2019, was as follows:

	Beginning Balance	Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,492,753	\$ -	\$ -	\$ 1,492,753
CIP	73,528	1,639,014	-	1,712,542
Total capital assets, not being depreciated	1,566,281	1,639,014	-	3,205,295
Capital assets, being depreciated:				
Land improvements	1,893,178	117,640	-	2,010,818
Dams and weirs	407,565	-	-	407,565
Buildings	3,900,788	21,703	-	3,922,491
Equipment	996,137	31,034	(75,518)	951,653
Infrastructure	8,210,603	220,593	-	8,431,196
Total capital assets, being depreciated	15,408,271	390,970	(75,518)	15,723,723
Accumulated depreciation for:				
Land improvements	(702,875)	(61,286)	-	(764,161)
Dams and weirs	(176,610)	(13,585)	-	(190,195)
Building	(1,349,925)	(86,564)	-	(1,436,489)
Equipment	(850,139)	(37,862)	75,518	(812,483)
Infrastructure	(5,552,520)	(260,441)	-	(5,812,961)
Total accumulated depreciation	(8,632,069)	(459,738)	75,518	(9,016,289)
Total capital assets, being depreciated, net	6,776,202	(68,768)	-	6,707,434
Governmental activities capital assets, net	<u>\$ 8,342,483</u>	<u>\$ 1,570,246</u>	<u>\$ -</u>	<u>\$ 9,912,729</u>

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

Governmental activities

General government	\$ 94,164
Community development	53,495
Streets	3,283
Public works	<u>308,796</u>
Total depreciation expense - governmental activities	<u>\$ 459,738</u>

Capital asset activity for the business-type activities for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 981,430	\$ -	\$ -	\$ 981,430
CIP	103,677	473,760	-	577,437
Total capital assets, not being depreciated	1,085,107	473,760	-	1,558,867
Capital assets, being depreciated:				
Buildings	373,591	-	-	373,591
Equipment	947,105	48,774	-	995,879
Infrastructure	36,250,554	125,365	-	36,375,919
Total capital assets, being depreciated	37,571,250	174,139	-	37,745,389
Less accumulated depreciation for:				
Building	(113,447)	(8,674)	-	(122,121)
Equipment	(476,166)	(58,848)	-	(535,014)
Infrastructure	(16,639,033)	(861,708)	-	(17,500,741)
Total accumulated depreciation	(17,228,646)	(929,230)	-	(18,157,876)
Total capital assets, being depreciated, net	20,342,604	(755,091)	-	19,587,513
Business-type activities capital assets, net	<u>\$ 21,427,711</u>	<u>\$ (281,331)</u>	<u>\$ -</u>	<u>\$ 21,146,380</u>

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

Water	\$ 280,881
Sewer	400,316
Stormwater	248,033
Total depreciation expense - business-type activities	<u>\$ 929,230</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 two items that qualify for reporting in this category. The deferred amount relating to pensions and other post-employment benefits (OPEB) is recognized as an outflow of resources in the period when the City recognizes pension and OPEB 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 and OPEB. 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:

	<u>Combined General</u>	<u>Grant/Projects Fund</u>	<u>Totals</u>
Property taxes	\$ 68,255	\$ -	\$ 68,255
Fines and forfeitures	48,167	-	48,167
Special assessments	2,675	-	2,675
Other	61,193	1,083	62,276
	<u>\$ 180,290</u>	<u>\$ 1,083</u>	<u>\$ 181,373</u>

E. Long-term Liabilities from Direct Borrowings and Direct Placements

1. Bonds Payable – Government Activities

The City entered into a Full Faith and Credit Financing Agreement Note, Series 2018 with First Internet Public Finance Corp. on November 8th, 2018 in the amount of \$3,155,000 to reimburse the Issuer for the design (Phase I) and fund the construction (Phase II) of a new Public Works shop facility to increase efficiencies. Annual principal payments are due November 1 of each year, commencing November 1, 2038. Interest payments are due semiannually on May 1 and November 1 of each year at a rate of 3.8%. The City will pay debt service on the issue with utility fee revenue, effective December 1, 2018 captured in the Public Works Facility Fee Fund and will be additionally secured with General Fund resources. The cost of issuance was \$51,300.

Future maturities are as follows:

Year Ending June 30	Principal	Interest
2020	\$ 106,000	\$ 117,876
2021	112,000	113,734
2022	117,000	109,383
2023	121,000	104,861
2024	126,000	100,168
2025-2029	704,000	423,928
2030-2034	847,000	277,039
2035-2039	1,022,000	100,016
	<u>\$3,155,000</u>	<u>\$1,347,005</u>

2. 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
2020	\$ 219,343	\$ 13,571
2021	<u>222,765</u>	<u>5,827</u>
	<u>\$ 442,108</u>	<u>\$ 19,398</u>

3. Note 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
2020	\$ 27,211	\$ 12,756
2021	28,028	11,939
2022	28,868	11,099
2023	29,734	10,232
2024-2028	162,599	37,235
2029-2032	148,748	11,329
	<u>\$ 425,188</u>	<u>\$ 94,590</u>

4. Note Payable – Business-Type Activities – Water Fund

The City entered into an intergovernmental agreement with the County and surrounding cities for the initial portion of the Columbia River Levy Project. The City is required to make payments to the County for their portion of the project, which was a net \$61,954. Repayment terms have not been finalized and a loan amortization schedule is not yet available.

5. Changes in Long-Term Liabilities from Direct Borrowings and Direct Placements

Long-term obligation activity for the year ended June 30, 2019, is as follows:

	Outstanding July 1, 2018	Issued	Reductions	Outstanding June 30, 2019	Due Within One Year
<u>Governmental activities:</u>					
Governmental bonds from direct borrowings					
PW Shop - Full Faith and Credit, Series 2018	\$ -	\$ 3,155,000	\$ -	\$ 3,155,000	\$ 106,000
Total governmental bonds from direct borrowings	-	3,155,000	-	3,155,000	106,000
Other governmental long-term obligations					
Compensated absenses	50,469	2,804	-	53,273	45,282
Total governmental activities	<u>\$ 50,469</u>	<u>\$ 3,157,804</u>	<u>\$ -</u>	<u>\$ 3,208,273</u>	<u>\$ 151,282</u>
<u>Business-type activities:</u>					
Enterprise loans/notes from direct borrowings					
Safe Drinking Water Revolving Loan	\$ 451,607	\$ -	\$ 26,419	\$ 425,188	\$ 27,211
Columbia River Levee System	61,954	-	-	61,954	-
City of Gresham	653,971	-	211,863	442,108	219,343
Total enterprise loans/notes from direct borrowings	<u>1,167,532</u>	<u>-</u>	<u>238,282</u>	<u>929,250</u>	<u>246,554</u>
Other business-type long term obligations					
Compensated absenses	54,609	3,912	-	58,521	49,743
Total business-type activities	<u>\$ 1,222,141</u>	<u>\$ 3,912</u>	<u>\$ 238,282</u>	<u>\$ 987,771</u>	<u>\$ 296,297</u>

F. Fund Balance Classifications

Fund balances by classification for the year ended June 30, 2019 were as follows:

Fund Balances:	Combined General	Street	Building Fund	Grant/Projects Fund	Urban Renewal Agency Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable - prepaids							
Prepaid	\$ 12,188	\$ 3,152	\$ 2,185	\$ -	\$ -	\$ 1,490	\$ 19,015
Restricted:							
Highways and streets	-	1,108,820	-	-	-	-	1,108,820
Capital projects	-	-	-	1,559,159	-	32,383	1,591,542
Permit Revenues	-	-	545,041	-	-	-	545,041
Committed							
Economic Development	8,717	-	-	-	-	-	8,717
Assigned:							
Facilities maintenance	141,218	-	-	-	-	-	141,218
Capital projects	324,809	-	-	-	-	650,311	975,120
Community center	497	-	-	-	-	-	497
Recreation program	-	-	-	-	-	23,437	23,437
Grants and projects	5,373	-	-	-	-	-	5,373
Urban Renewal Agency	-	-	-	-	-	-	-
Unassigned	3,587,382	-	-	-	(115,748)	-	3,471,634
Total Fund Balances	\$4,080,184	\$1,111,972	\$ 547,226	\$ 1,559,159	\$ (115,748)	\$ 707,621	\$ 7,890,414

G. Interfund Activity

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 \$91,195.

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

	Transfers In	Transfers Out
Governmental activities		
General	\$ 251,858	\$ 265,342
State Tax Street	-	92,720
Grant/Projects	151,329	70,858
Other funds	175,122	-
Business-type activities		
Water	-	49,748
Sewer	-	27,469
Wastewater	-	72,172
	\$ 578,309	\$ 578,309

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

IV. Other Information

A. Risk Management

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

B. Defined Benefit Pension Plan – Public Employees Retirement System

Plan Description

Employees of the City of Fairview are provided with pensions through the Oregon Public Employees Retirement System (OPERS), a cost sharing, multiple employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003, OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at <http://www.oregon.gov/pers/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, 2015 actuarial valuation, which became effective July 1, 2017. Employer contributions for the year ended June 30, 2019 were \$336,151, excluding amounts to fund employer specific liabilities and \$7,245 to fund the retirement health Insurance account (RHIA). The rates in effect for the fiscal year ended June 30, 2019, excluding the RHIA rate of

.50% Tier One/Tier Two and .43% OPSERP, were 18.24% for Tier One/Tier Two General Service Member, 23.96% for Tier One and Tier Two Police, 11.80% for OPSRP Pension Program General Service Members, 16.57% for OPSRP Police, 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, 2019, the City of Fairview reported a liability of \$4,629,646 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. 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, 2018, the City's proportion was .03056137 percent, which was a decrease from its proportion of .03174598 percent measured as of June 30, 2017.

For the year ended June 30, 2019, the City's recognized pension expense (income) of \$906,989. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>\$</u>	<u>\$</u>
Differences between expected and actual experience	\$ 157,487	\$ -
Changes of assumptions	1,076,384	-
Net difference between projected and actual earnings on investments	-	205,582
Changes in proportionate share	42,944	208,622
Differences between employer contributions and employer's share of system contributions	<u>3,869</u>	<u>178,735</u>
Total (prior to post-MD contributions)	1,280,684	592,939
Contributions subsequent to the measurement date	<u>241,456</u>	<u>-</u>
Net Deferred Outflow/(Inflow) of Resources	<u>\$1,522,140</u>	<u>\$592,939</u>

\$241,456 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 next fiscal year. 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:	
2019	\$ 487,670
2020	329,718
2021	(132,814)
2022	(12,190)
2023	15,361
Total	<u>\$ 687,745</u>

Actuarial Assumptions

The employer contribution rates effective July 1, 2017, through June 30, 2019, 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 actuarially determined amount for funding a disability benefit component, and (c) 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, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.5 percent
Long-Term Expected Rate of Return	7.2 percent
Discount Rate	7.2 percent
Projected Salary Increases	3.5 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	<p>Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: RP-2014 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study, which reviewed experience for the four-year period ending on December 31, 2016.

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.

<u>Asset Class/Strategy</u>	<u>OIC Assumed Asset Allocation</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%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	3.30%
Small Cap US Equities	1.31%	6.69%
Micro CAP US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.12%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equity	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	3.37%
Hedge Funds of Funds - Diversified	2.50%	4.09%
Hedge Funds - Event-driven	0.63%	5.86%
Timber	1.87%	5.62%
Farmland	1.87%	6.15%
Infrastructure	3.75%	6.60%
Commodities	<u>1.88%</u>	3.84%
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 7.2 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 7.2 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 (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate:

	<u>1% Decrease (6.2%)</u>	<u>Discount Rate (7.2%)</u>	<u>1% Increase (8.2%)</u>
Fairview's proportionate share of the net pension liability (asset)	\$ 7,737,011	\$ 4,629,646	\$ 2,064,768

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

There were no changes during the June 30, 2018 measurement period that require disclosures except that the discount rate decreased from 7.5 percent to 7.2 percent.

Changes in Plan Provisions Subsequent to Measurement Date

We are not aware of any changes subsequent to the June 30, 2018 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

C. Other Post-Employment Benefits

The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions* in the fiscal year ended June 30, 2018. This statement addresses how state and local governments should account for and report their costs and obligations related to Other Postemployment Benefits (OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multiple-Employer Plans*.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. It 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.

The OPEB for the City combines two separate plans. The City provides an implicit rate subsidy for retiree Health Insurance Continuation (HIC) premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple employer defined benefit plan Retirement Health Insurance Account.

Health Insurance Continuation

Plan Description. The City does not have a formal post-employment benefits plan for any employee groups. However, the City is required by Oregon Revised Statutes 243.303 to provide retirees with group health insurance from the date of retirement to age 65 at the same rate provided to current employees, which is considered a single employer plan. Although the City does not pay any portion of the retirees' healthcare insurance, a retired employee receives the implicit benefit of a lower healthcare premium which is subsidized among the premium cost of coverage for active employees. GASB Statement 75 is applicable to the City for this implicit rate subsidy. This "plan" is not a stand-alone plan and

therefore does not issue its own financial statements. A separate, audited GAAP-basis postemployment benefit plan report is not available for this plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of statement 75. The City had 23 active members in its plan on July 1, 2017, the date of its most recent actuarial valuation.

Outline of Plan Provisions

There are certain provisions that must be met in order for OPEB benefits to be eligible to retirees which are listed below:

- Eligible class of employees - All classes of employee are eligible to continue medical benefit coverage upon retirement.
- Dependent eligibility - Qualified spouse, domestic partner, and children may qualify for coverage.
- Benefit duration - Coverage for retirees and eligible dependents continues until Medical eligibility for each individual (or until dependent children become ineligible).
- Benefit amount - There is an implicit rate subsidy with respect to retired employees because the medical premium rates charged for coverage typically are less than actual expected retiree claims costs. This is due to medical premium rates being determined by blending both active employee and retiree experience.
- Current premiums – The monthly composite medical premiums are as follows. Premiums were blended to be applicable to the fiscal year July 1, 2018 – June 30, 2019.
 - Calendar year 2017: \$1,234.68
 - Calendar year 2018: \$1,327.85

Total OPEB Liability

The City’s total OPEB liability of \$50,095 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2017.

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Valuation Date	July 1, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Inflation rate	2.5 percent per year
Discount rate	3.75 percent, based on a 20-year general obligation bond yield index published by The Bond Buyer
Projected salary increases	3.5 percent per year.
Health Cost Trend	Medical and vision: 2017-7%, 2018-6.9% and between 5% and 6.8% for the subsequent 40+ years.
Cost of living adjustment (COLA)	3.5 percent per year, based on general inflation and the likelihood of raises throughout participants' careers
Health mortality	RP-2014 Healthy Annuitant, sex distinct mortality tables blended 50/50 blue collar and white collar, set back one year for males. Mortality is projected on generational basis using the Unisex Social Security Data Scale.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	<u>\$ 46,407</u>
Changes for the year:	
Service cost	2,636
Interest	1,825
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	-
Benefit payments	<u>(773)</u>
Net changes	<u>3,688</u>
Balance at June 30, 2019	<u><u>\$ 50,095</u></u>

Sensitivity of the total OPEB liability to changes in the discount and trend rates. The following presents the total OPEB liability of the City's, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current discount rate:

	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
Total OPEB liability	\$ 53,717	\$ 50,095	\$46,687

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Current Trend Rate	1% Increase
Total OPEB liability	\$ 43,834	\$ 50,095	\$57,457

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the City recognized OPEB expense of \$3,688. At June 30, 2019, the City reported no deferred outflows of resources and deferred inflows of resources related to OPEB, as it was their initial valuation and it is based on the City's reporting date.

Retirement Health Insurance Account (RHIA)

As a member of Oregon Public Employees Retirement System (OPERS) the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700.

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating governments are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.50% of annual covered payroll for Tier I and Tier II employees and 0.43% for OPSRP employees. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to RHIA for the years ended June 30, 2019, 2018, and 2017 were \$7,245, \$7,133, and \$12,253, which equaled the required contributions each year.

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

At June 30, 2019, the City reported an asset of \$16,444 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB asset used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. The City's proportion of the net OPEB

asset was based on a projection of the City's long-term share of contributions to the plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the City's proportion was 0.01473137 percent, which was decreased from its proportion of 0.02544297 percent measured as of June 30, 2017.

For the year ended June 30, 2019, the City's recognized OPEB income of \$888. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 932
Changes in assumptions	-	52
Net difference between projected and actual earnings on investments	-	3,545
Changes in proportionate share	<u>1,673</u>	<u>122</u>
Total (prior to post-MD contributions)	1,673	4,651
Contributions subsequent to the measurement date	<u>7,245</u>	<u>-</u>
Net Deferred Outflow/(Inflow) of Resources	<u><u>\$ 8,918</u></u>	<u><u>\$ 4,651</u></u>

\$7,245 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset/liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in expense as follows:

Year ended June 30:	
2020	\$ (837)
2021	(814)
2022	(974)
2023	<u>(353)</u>
Total	<u><u>\$ (2,978)</u></u>

Actuarial Assumptions

The RHIA plan is unaffected by health care cost trends since the benefit is limited to a \$60 monthly payment toward Medicare companion insurance premiums. Consequently, the

disclosure of a healthcare cost trend is not applicable. Other significant actuarial assumptions are as follows:

Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: RP-2014 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

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.

Asset Class/Strategy	OIC Assumed Asset Allocation		
	Low Range	High Range	Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	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>

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micro Cap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.12%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equity	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Funds of Funds - Diversified	2.50%	4.09%
Hedge Funds - Event-driven	0.63%	5.86%
Timber	1.87%	5.62%
Farmland	1.87%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Total	100.00%	

Assumed Inflation - Mean

2.50%

Discount rate

The discount rate used to measure the total OPEB asset was 7.2 percent. 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 plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

Depletion date projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB asset/liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) 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.

Sensitivity of the City's proportionate share of the net OPEB asset to changes in the discount rate

The following presents the City's proportionate share of the net OPEB asset calculated using the discount rate of 7.2 percent, as well as what the City's proportionate share of the

net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate:

	<u>1% Decrease (6.2%)</u>	<u>Current Discount Rate (7.2%)</u>	<u>1% Increase (8.2%)</u>
Total OPEB (asset) liability	\$ (9,575)	\$ (16,444)	\$ (22,292)

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

There were no changes during the June 30, 2018 measurement period that require disclosure except that the discount rate decreased from 7.5 percent to 7.2 percent.

Changes in Plan Provisions Subsequent to Measurement Date

We are not aware of any changes subsequent to the June 30, 2018 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

Aggregate Net OPEB Asset/Liability and Deferred Outflows/Inflows

The aggregate Net OPEB Asset/Liability was reported as a net liability in the financial statements. A summary of the aggregate Net OPEB Asset/Liability and Deferred Outflows/Inflows for the two plans is as follows:

	<u>Net OPEB (Asset) Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB (Income) Expense</u>
Health Insurance Continuation	\$ 50,095	\$ -	\$ -	\$ 3,688
Retirement Health Insurance Account (RHIA)	<u>(16,444)</u>	<u>8,918</u>	<u>4,651</u>	<u>(888)</u>
Aggregate amounts related to OPEB	<u>\$ 33,651</u>	<u>\$ 8,918</u>	<u>\$ 4,651</u>	<u>\$ 2,800</u>

D. Tax Abatement Disclosures

As of June 30, 2019, 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 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 \$4,761 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 \$11,367 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 \$69 by the program during the current reporting period.

E. Commitment and Contingences

The City issued bonds to construct the Public Works shop facility in the amount of \$3,155,000. At June 30, 2019, \$1,621,900 had been spent on the project, which was approximately 51% complete.

F. Subsequent Events

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

The City had a change in ratio amount on new construction based on the average values of local properties, rather than the county averages, which brings the values up at least 39%.

The City entered into a full faith and credit financing in the amounts of \$1,300,000 (Series 2019A) and \$2,160,000 (Series 2019B) on behalf of the Fairview Urban Renewal Agency (URA) on September 26, 2019. The URA has agreed to pay the debt service on these funds.

The System Development Charges program associated with the Building Fund was extended.

The Urban Renewal Agency and the City entered into an Intergovernmental Agreement to ensure the City would be reimbursed for the System Development Charges fee waiver program associated with the Urban Renewal Agency.

The City owned Schatz barn property on Wistful Vista Drive was declared surplus.



REQUIRED SUPPLEMENTARY INFORMATION



CITY OF FAIRVIEW, OREGON

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

	2018	2017	2016	2015	2014	2013
City's proportion of the net pension liability (asset)	0.03056137%	0.03174598%	0.03379902%	0.03230768%	0.03304161%	0.033041618%
City's proportionate share of the net pension liability (asset) \$	4,629,646	\$ 4,279,370	\$ 5,074,018	\$ 1,854,933	\$ (748,959)	\$ 1,668,162
City's covered payroll \$	1,568,031	\$ 2,659,374	\$ 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 payroll	295.25%	160.92%	198.00%	77.92%	-32.30%	78.66%
Plan fiduciary net position as a percentage of total pension liability	82.07%	83.12%	80.50%	91.90%	103.60%	91.97%

CITY OF FAIRVIEW, OREGON

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

	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions \$	336,151	\$ 324,484	\$ 496,532	\$ 489,029	\$ 439,508	\$ 419,429	\$ 398,537
Contributions in relation to the contractually required contributions	336,151	324,484	496,532	489,029	(439,508)	(419,429)	(398,537)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll \$	1,626,377	\$ 1,568,031	\$ 2,659,374	\$ 2,562,697	\$ 2,380,702	\$ 2,318,755	\$ 2,143,556
Contributions as a percentage of covered payroll	20.67%	20.69%	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, OREGON
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY (ASSET)
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT
Last 10 Fiscal Years*

Measurement Date June 30,	(a) City's proportion of the net OPEB pension liability (asset)	(b) City's proportionate share of the net OPEB pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the OPEB pension liability (asset) as a percentage of its covered payroll	Plan Fiduciary net position as a percentage of the total OPEB liability
2018	0.01473137%	\$ (16,444)	\$ 1,568,031	1.05%	124.00%
2017	0.02544297%	\$ (10,618)	\$ 2,659,374	0.40%	108.88%
2016	0.02641780%	\$ 7,174	\$ 2,562,697	0.28%	94.15%

CITY OF FAIRVIEW, OREGON
SCHEDULE OF CONTRIBUTIONS
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT
Last 10 Fiscal Years*

	2019	2018	2017
Contractually required contributions	\$ 7,245	\$ 7,133	\$ 12,253
Contributions in relation to the contractually required contributions	7,245	7,133	12,253
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,626,377	\$ 1,568,031	\$ 2,659,374
Contributions as a percentage of covered payroll	0.45%	0.45%	0.46%

CITY OF FAIRVIEW, OREGON
SCHEDULE OF CHANGES IN THE CITY'S OPEB LIABILITY AND RELATED RATIOS
 Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability			
Service Cost	\$ 2,636	\$ 2,636	N/A
Interest	1,825	1,683	N/A
Changes of benefit terms	-	-	N/A
Differences between expected and actual experience	-	-	N/A
Changes of assumptions or other inputs	-	-	N/A
Benefit payments	<u>(773)</u>	<u>(321)</u>	<u>N/A</u>
Net change in total OPEB liability	3,688	3,998	N/A
Total OPEB liability - beginning	46,407	42,409	N/A
Total OPEB liability - ending	<u>\$ 50,095</u>	<u>\$ 46,407</u>	<u>\$ 42,409</u>
Estimated covered payroll	<u>\$1,560,766</u>	<u>\$1,507,980</u>	<u>N/A</u>
Total OPEB liability, as a percentage of covered payroll	3.21%	3.08%	N/A

* 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, 2019

Changes in Plan Provisions During the Measurement Period

There were no significant changes in benefit terms in the current period.

Changes of assumptions

There were no significant changes in assumptions in the current period related the net pension obligation, except the discount rate decreased from 7.5 percent to 7.2 percent.

The City's health insurance continuation OPEB liability calculation uses the Bond Buyer 20 Year General Obligation Bond Index for the discount rate. The discount rate in effect for the June 30, 2019 reporting date is 3.75%.



SUPPLEMENTARY INFORMATION



COMBINING STATEMENTS

Non-Major Governmental Funds

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

- *Recreation Program Fund* – accounts for recreation revenues and expenses..

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 Fund* – 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 Fund* – 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:

- *SDC 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 a building permit is issued for construction, the interest earned on investments, and transfers from the General Fund.
- *Equipment Replacement Fund* – accounts for the cost of routine replacement of Public Works vehicles and other city equipment. 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.

Debt Service Funds- These funds account for revenue and expenditures related to the repayment of long-term indebtedness. Funds included in this category are:

- *Public Works Facility Fee Fund* – accounts for public works facility revenue and debt service expenses.

**CITY OF FAIRVIEW, OREGON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2019**

	Special Revenue	Capital Projects		Debt Service	
	Recreation Program Fund	SDC Parks/Open Spaces Fund	Equipment Replacement Fund	Public Works Facility Fee Fund	Totals
ASSETS					
Cash and cash equivalents	\$ 19,244	\$ 32,383	\$ 534,936	\$ 84,039	\$ 670,602
Receivables:					
Accounts	6,744	-	40	31,296	38,080
Prepaid items	1,490	-	-	-	1,490
	<u>27,478</u>	<u>32,383</u>	<u>534,976</u>	<u>115,335</u>	<u>710,172</u>
Total assets	<u>\$ 27,478</u>	<u>\$ 32,383</u>	<u>\$ 534,976</u>	<u>\$ 115,335</u>	<u>\$ 710,172</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 2,551	\$ -	\$ -	\$ -	\$ 2,551
	<u>2,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,551</u>
Total liabilities	<u>2,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,551</u>
FUND BALANCES					
Nonspendable	1,490	-	-	-	1,490
Restricted	-	32,383	-	-	32,383
Assigned	23,437	-	534,976	115,335	673,748
	<u>24,927</u>	<u>32,383</u>	<u>534,976</u>	<u>115,335</u>	<u>707,621</u>
Total fund balances	<u>24,927</u>	<u>32,383</u>	<u>534,976</u>	<u>115,335</u>	<u>707,621</u>
Total liabilities and fund balances	<u>\$ 27,478</u>	<u>\$ 32,383</u>	<u>\$ 534,976</u>	<u>\$ 115,335</u>	<u>\$ 710,172</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, 2019

	Special Revenue	Capital Projects		Debt Service	
	Recreation Program Fund	SDC Parks/Open Spaces Fund	Equipment Replacement Fund	Public Works Facility Fee Fund	Totals
REVENUES					
Charges for services	\$ 13,429	\$ -	\$ -	\$ 172,278	\$ 185,707
Intergovernmental	60,326	-	-	-	60,326
Fines and forfeitures	-	-	1,909	-	1,909
System development charges	-	4,499	-	-	4,499
Interest on investments	275	440	12,402	671	13,788
Miscellaneous	26,451	-	-	-	26,451
TOTAL REVENUES	<u>100,481</u>	<u>4,939</u>	<u>14,311</u>	<u>172,949</u>	<u>292,680</u>
EXPENDITURES					
Current:					
Public works	159,710	-	-	-	159,710
Capital outlay	-	87,113	34,269	-	121,382
Debt service	-	-	-	57,614	57,614
TOTAL EXPENDITURES	<u>159,710</u>	<u>87,113</u>	<u>34,269</u>	<u>57,614</u>	<u>338,706</u>
REVENUES OVER (UNDER) EXPENDITURE	<u>(59,229)</u>	<u>(82,174)</u>	<u>(19,958)</u>	<u>115,335</u>	<u>(46,026)</u>
OTHER FINANCING SOURCES (USES)					
Sale of property	-	-	12,670	-	12,670
Transfers in	70,973	55,740	48,409	-	175,122
TOTAL OTHER FINANCING SOURCES (USES)	<u>70,973</u>	<u>55,740</u>	<u>61,079</u>	<u>-</u>	<u>187,792</u>
NET CHANGE IN FUND BALANCE	11,744	(26,434)	41,121	115,335	141,766
FUND BALANCE, Beginning	<u>13,183</u>	<u>58,817</u>	<u>493,855</u>	<u>-</u>	<u>565,855</u>
FUND BALANCE, Ending	<u>\$ 24,927</u>	<u>\$ 32,383</u>	<u>\$ 534,976</u>	<u>\$ 115,335</u>	<u>\$ 707,621</u>

See auditor's report.

**CITY OF FAIRVIEW, OREGON
COMBINING BALANCE SHEET
COMBINED GENERAL FUND
June 30, 2019**

	General Fund	Administrative Excise Charge Fund	Facilities Maintenance Fund	Fairview Lake Sewer LID Fund	Totals
ASSETS					
Cash and cash equivalents	\$ 3,463,159	\$ 1,972	\$ 144,372	\$ 322,837	\$ 3,932,340
Receivables:					
Property taxes	88,265	-	-	-	88,265
Accounts	267,011	-	-	-	267,011
Fines and forfeitures, net	48,168	-	-	-	48,168
Assessments	-	-	-	2,675	2,675
Advances to other funds	650,000	-	-	-	650,000
Prepaid items	12,188	-	-	-	12,188
	<u>4,528,791</u>	<u>1,972</u>	<u>144,372</u>	<u>325,512</u>	<u>5,000,647</u>
Total assets	<u>\$ 4,528,791</u>	<u>\$ 1,972</u>	<u>\$ 144,372</u>	<u>\$ 325,512</u>	<u>\$ 5,000,647</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 733,140	\$ -	\$ 3,154	\$ -	\$ 736,294
Deposits	1,879	-	-	-	1,879
	<u>735,019</u>	<u>-</u>	<u>3,154</u>	<u>-</u>	<u>738,173</u>
Total liabilities	<u>735,019</u>	<u>-</u>	<u>3,154</u>	<u>-</u>	<u>738,173</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	179,615	-	-	2,675	182,290
	<u>179,615</u>	<u>-</u>	<u>-</u>	<u>2,675</u>	<u>182,290</u>
FUND BALANCES					
Nonspendable	12,188	-	-	-	12,188
Committed	8,717	-	-	-	8,717
Assigned	5,870	1,972	141,218	322,837	471,897
Unassigned	3,587,382	-	-	-	3,587,382
	<u>3,614,157</u>	<u>1,972</u>	<u>141,218</u>	<u>322,837</u>	<u>4,080,184</u>
Total fund balances	<u>3,614,157</u>	<u>1,972</u>	<u>141,218</u>	<u>322,837</u>	<u>4,080,184</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,528,791</u>	<u>\$ 1,972</u>	<u>\$ 144,372</u>	<u>\$ 325,512</u>	<u>\$ 5,000,647</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, 2019

	General Fund	Administrative Excise Charge Fund	Facilities Maintenance Fund	Fairview Lake Sewer LID Fund	Totals
REVENUES					
Property taxes	\$ 2,574,323	\$ -	\$ -	\$ -	\$ 2,574,323
Other taxes	785,596	-	-	-	785,596
Franchise fees	808,650	-	-	-	808,650
Licenses and fees	58,615	-	-	-	58,615
Charges for services	104,102	8,896	-	-	112,998
Intergovernmental	250,735	-	-	-	250,735
Fines and forfeitures	126,237	-	-	-	126,237
Rental income	84,383	-	-	-	84,383
Assessments	-	-	-	2,757	2,757
Interest on investments	112,746	1,077	3,002	10,478	127,303
Miscellaneous	26,608	-	-	-	26,608
TOTAL REVENUES	<u>4,931,995</u>	<u>9,973</u>	<u>3,002</u>	<u>13,235</u>	<u>4,958,205</u>
EXPENDITURES					
Current:					
General government	560,844	-	-	-	560,844
Public safety	3,941,555	-	-	-	3,941,555
Public works	316,033	-	-	-	316,033
Community development	253,462	-	-	-	253,462
Capital outlay	<u>3,767</u>	<u>-</u>	<u>49,811</u>	<u>-</u>	<u>53,578</u>
TOTAL EXPENDITURES	<u>5,075,661</u>	<u>-</u>	<u>49,811</u>	<u>-</u>	<u>5,125,472</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(143,666)</u>	<u>9,973</u>	<u>(46,809)</u>	<u>13,235</u>	<u>(167,267)</u>
OTHER FINANCING SOURCES					
Sale of property	125	-	-	-	125
Transfers in	191,858	-	60,000	-	251,858
Transfers out	<u>(88,602)</u>	<u>(55,740)</u>	<u>-</u>	<u>(121,000)</u>	<u>(265,342)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>103,381</u>	<u>(55,740)</u>	<u>60,000</u>	<u>(121,000)</u>	<u>(13,359)</u>
NET CHANGE IN FUND BALANCE	(40,285)	(45,767)	13,191	(107,765)	(180,626)
FUND BALANCE, Beginning	<u>3,654,442</u>	<u>47,739</u>	<u>128,027</u>	<u>430,602</u>	<u>4,260,810</u>
FUND BALANCE, Ending	<u>\$ 3,614,157</u>	<u>\$ 1,972</u>	<u>\$ 141,218</u>	<u>\$ 322,837</u>	<u>\$ 4,080,184</u>

See auditor's report.



BUDGETARY COMPARISON SCHEDULES

Pursuant to the provisions of Oregon Revised Statute 297.465, Oregon Administrative Rule #162-010-0130, *Minimum Standards for Audits of Oregon Municipal Corporations*, requires an individual schedule of revenues, expenditures/expenses, and changes in fund balances/net position, budget and actual be displayed for each fund where legally adopted budgets are required.

In accordance with GASB Statement #34, the City's General, State Tax Street, Building, Grant/Projects and Urban Renewal Agency 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)**

▪ **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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
EXPENDITURES				
Personal services:				
General government	\$ 443,993	\$ 443,993	\$ 428,169	\$ 15,824
Public safety	77,393	77,393	76,971	422
Public works	167,732	167,732	159,653	8,079
Community development	<u>172,050</u>	<u>172,050</u>	<u>168,464</u>	<u>3,586</u>
Total personal services	<u>861,168</u>	<u>861,168</u>	<u>833,257</u>	<u>27,911</u>
Materials and services:				
General government	199,051	191,051	132,675	58,376
Public safety	3,867,281	3,885,281	3,864,584	20,697
Public works	161,700	161,700	156,380	5,320
Community development	<u>172,520</u>	<u>172,520</u>	<u>84,998</u>	<u>87,522</u>
Total materials and services	<u>4,400,552</u>	<u>4,410,552</u>	<u>4,238,637</u>	<u>171,915</u>
Capital outlay:				
General government	10,000	-	-	-
Public works	<u>10,500</u>	<u>10,500</u>	<u>3,767</u>	<u>6,733</u>
Total capital outlay	<u>20,500</u>	<u>10,500</u>	<u>3,767</u>	<u>6,733</u>
Contingency	<u>1,962,343</u>	<u>1,312,343</u>	<u>-</u>	<u>1,312,343</u>
TOTAL EXPENDITURES	<u>7,244,563</u>	<u>6,594,563</u>	<u>5,075,661</u>	<u>1,518,902</u>
OTHER FINANCING USES				
Interfund loan payment	-	650,000	650,000	-
Transfers out	<u>88,602</u>	<u>88,602</u>	<u>88,602</u>	<u>-</u>
TOTAL OTHER FINANCING USES	<u>88,602</u>	<u>738,602</u>	<u>738,602</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 7,333,165</u>	<u>\$ 7,333,165</u>	<u>\$ 5,814,263</u>	<u>\$ 1,518,902</u>

See auditor's report.

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

Governmental Funds

Special Revenue Funds

- Administrative Excise Charge
- Facilities Maintenance
- Fairview Lake Sewer LID
- Recreation Program

Capital Project Funds

- SDC Parks/Open Spaces
- Equipment Replacement

Debt Service Fund

- Public Works Facility Fee

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 152,500	\$ 152,500	\$ 8,896	\$ (143,604)
Interest on investments	<u>561</u>	<u>561</u>	<u>1,077</u>	<u>516</u>
TOTAL REVENUES	<u>153,061</u>	<u>153,061</u>	<u>9,973</u>	<u>(143,088)</u>
EXPENDITURES				
Contingency	<u>8,122</u>	<u>8,122</u>	<u>-</u>	<u>8,122</u>
TOTAL EXPENDITURES	<u>8,122</u>	<u>8,122</u>	<u>-</u>	<u>8,122</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>144,939</u>	<u>144,939</u>	<u>9,973</u>	<u>(134,966)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(165,000)</u>	<u>(165,000)</u>	<u>(55,740)</u>	<u>109,260</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(165,000)</u>	<u>(165,000)</u>	<u>(55,740)</u>	<u>109,260</u>
NET CHANGE IN FUND BALANCE	(20,061)	(20,061)	(45,767)	(25,706)
FUND BALANCE, Beginning	<u>20,061</u>	<u>20,061</u>	<u>47,739</u>	<u>27,678</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,972</u>	<u>\$ 1,972</u>

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FACILITIES MAINTENANCE FUND
(SUB-FUND OF THE GENERAL FUND)
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Interest on investments	\$ 1,142	\$ 1,142	\$ 3,002	\$ 1,860
TOTAL REVENUES	<u>1,142</u>	<u>1,142</u>	<u>3,002</u>	<u>1,860</u>
EXPENDITURES				
Capital outlay	190,000	190,000	49,811	140,189
Contingency	<u>2,546</u>	<u>2,546</u>	-	<u>2,546</u>
TOTAL EXPENDITURES	<u>192,546</u>	<u>192,546</u>	<u>49,811</u>	<u>142,735</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(191,404)</u>	<u>(191,404)</u>	<u>(46,809)</u>	<u>144,595</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(131,404)	(131,404)	13,191	144,595
FUND BALANCE, Beginning	<u>131,404</u>	<u>131,404</u>	<u>128,027</u>	<u>(3,377)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,218</u>	<u>\$ 141,218</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 2,757	\$ 2,757	\$ 2,757	\$ -
Interest on investments	<u>8,665</u>	<u>8,665</u>	<u>10,478</u>	<u>1,813</u>
TOTAL REVENUES	<u>11,422</u>	<u>11,422</u>	<u>13,235</u>	<u>1,813</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>11,422</u>	<u>11,422</u>	<u>13,235</u>	<u>1,813</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(121,000)</u>	<u>(121,000)</u>	<u>(121,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(121,000)</u>	<u>(121,000)</u>	<u>(121,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(109,578)	(109,578)	(107,765)	1,813
FUND BALANCE, Beginning	<u>429,790</u>	<u>429,790</u>	<u>430,602</u>	<u>812</u>
FUND BALANCE, Ending	<u><u>\$ 320,212</u></u>	<u><u>\$ 320,212</u></u>	<u><u>\$ 322,837</u></u>	<u><u>\$ 2,625</u></u>

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
RECREATION PROGRAM FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 11,800	\$ 11,800	\$ 13,429	\$ 1,629
Intergovernmental	57,316	57,316	60,326	3,010
Interest on investments	-	-	275	275
Miscellaneous	13,800	13,800	26,451	12,651
TOTAL REVENUES	<u>82,916</u>	<u>82,916</u>	<u>100,481</u>	<u>17,565</u>
EXPENDITURES				
Current:				
Public works:				
Personal services	116,548	100,780	93,449	7,331 **
Materials and services	49,909	65,677	66,261	(584) **
Contingency	4,578	4,578	-	4,578
TOTAL EXPENDITURES	<u>171,035</u>	<u>171,035</u>	<u>159,710</u>	<u>11,325</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(88,119)</u>	<u>(88,119)</u>	<u>(59,229)</u>	<u>28,890</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	70,973	70,973	70,973	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>70,973</u>	<u>70,973</u>	<u>70,973</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(17,146)	(17,146)	11,744	28,890
FUND BALANCE, Beginning	17,146	17,146	13,183	(3,963)
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,927</u>	<u>\$ 24,927</u>

**Recreation Operational Unit budget not exceeded

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
System development charges	\$ -	\$ -	\$ 4,499	\$ 4,499
Interest on investments	460	460	440	(20)
TOTAL REVENUES	<u>460</u>	<u>460</u>	<u>4,939</u>	<u>4,479</u>
EXPENDITURES				
Capital outlay	165,000	165,000	87,113	77,887
Contingency	479	479	-	479
TOTAL EXPENDITURES	<u>165,479</u>	<u>165,479</u>	<u>87,113</u>	<u>78,366</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(165,019)</u>	<u>(165,019)</u>	<u>(82,174)</u>	<u>82,845</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	165,000	165,000	55,740	(109,260)
TOTAL OTHER FINANCING SOURCES (USES)	<u>165,000</u>	<u>165,000</u>	<u>55,740</u>	<u>(109,260)</u>
NET CHANGE IN FUND BALANCE	(19)	(19)	(26,434)	(26,415)
FUND BALANCE, Beginning	<u>19</u>	<u>19</u>	<u>58,817</u>	<u>58,798</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,383</u>	<u>\$ 32,383</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Fines and forfeitures	\$ 1,600	\$ 1,600	\$ 1,909	\$ 309
Interest on investments	<u>7,397</u>	<u>7,397</u>	<u>12,402</u>	<u>5,005</u>
TOTAL REVENUES	<u>8,997</u>	<u>8,997</u>	<u>14,311</u>	<u>5,314</u>
EXPENDITURES				
Capital outlay	95,724	95,724	34,269	61,455
Contingency	<u>25,000</u>	<u>25,000</u>	-	<u>25,000</u>
TOTAL EXPENDITURES	<u>120,724</u>	<u>120,724</u>	<u>34,269</u>	<u>86,455</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(111,727)</u>	<u>(111,727)</u>	<u>(19,958)</u>	<u>91,769</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	10,000	10,000	12,670	2,670
Transfers in	<u>48,409</u>	<u>48,409</u>	<u>48,409</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>58,409</u>	<u>58,409</u>	<u>61,079</u>	<u>2,670</u>
NET CHANGE IN FUND BALANCE	(53,318)	(53,318)	41,121	94,439
FUND BALANCE, Beginning	<u>493,072</u>	<u>493,072</u>	<u>493,855</u>	<u>783</u>
FUND BALANCE, Ending	<u>\$ 439,754</u>	<u>\$ 439,754</u>	<u>\$ 534,976</u>	<u>\$ 95,222</u>

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PUBLIC WORKS FACILITY FEE FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ 143,150	\$ 172,278	\$ 29,128
Interest on investments	-	-	671	671
TOTAL REVENUES	-	143,150	172,949	29,799
EXPENDITURES				
Debt service	-	57,614	57,614	-
TOTAL EXPENDITURES	-	57,614	57,614	-
REVENUES OVER (UNDER) EXPENDITURES	-	85,536	115,335	29,799
NET CHANGE IN FUND BALANCE	-	85,536	115,335	29,799
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ 85,536	\$ 115,335	\$ 29,799

See auditor's report.

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

Proprietary Funds

Enterprise Funds

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

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 1,239,291	\$ 1,239,291	\$ 1,229,029	\$ (10,262)
Intergovernmental	-	121,304	-	(121,304)
Interest on investments	23,883	23,883	41,699	17,816
Miscellaneous	600	600	765	165
TOTAL REVENUES	<u>1,263,774</u>	<u>1,385,078</u>	<u>1,271,493</u>	<u>(113,585)</u>
EXPENDITURES				
Current:				
Personal services	520,538	526,538	517,242	9,296 **
Materials and services	522,974	516,974	527,347	(10,373) **
Capital outlay	570,000	757,261	192,356	564,905 **
Debt service	39,967	39,967	39,967	-
Contingency	103,641	37,684	-	37,684
TOTAL EXPENDITURES	<u>1,757,120</u>	<u>1,878,424</u>	<u>1,276,912</u>	<u>601,512</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(493,346)</u>	<u>(493,346)</u>	<u>(5,419)</u>	<u>487,927</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(49,748)	(49,748)	(49,748)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(49,748)</u>	<u>(49,748)</u>	<u>(49,748)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(543,094)	(543,094)	(55,167)	487,927
FUND BALANCE, Beginning	<u>1,626,006</u>	<u>1,626,006</u>	<u>1,694,220</u>	<u>68,214</u>
FUND BALANCE, Ending	<u>\$ 1,082,912</u>	<u>\$ 1,082,912</u>	<u>\$ 1,639,053</u>	<u>\$ 556,141</u>

**Water Utility Operational Unit budget not exceeded.

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 7,067	\$ 7,067	\$ 11,689	\$ 4,622
TOTAL REVENUES	<u>7,067</u>	<u>7,067</u>	<u>11,689</u>	<u>4,622</u>
EXPENDITURES				
Capital outlay	<u>86,700</u>	<u>86,700</u>	<u>-</u>	<u>86,700</u>
TOTAL EXPENDITURES	<u>86,700</u>	<u>86,700</u>	<u>-</u>	<u>86,700</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(79,633)</u>	<u>(79,633)</u>	<u>11,689</u>	<u>91,322</u>
NET CHANGE IN FUND BALANCE	(79,633)	(79,633)	11,689	91,322
FUND BALANCE, Beginning	<u>457,794</u>	<u>457,794</u>	<u>458,339</u>	<u>545</u>
FUND BALANCE, Ending	<u>\$ 378,161</u>	<u>\$ 378,161</u>	<u>\$ 470,028</u>	<u>\$ 91,867</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, 2019**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Water	\$ 1,639,053
Water SDC	<u>470,028</u>

2,109,081

Adjustments:

Capital assets, net of depreciation	10,870,347
Net OPEB asset	1,858
Deferred outflows - pension	172,002
Deferred outflows - OPEB	1,008
Compensated absences payable	(23,902)
Accrued interest payable	(7,374)
Deferred inflows - pension	(67,002)
Deferred inflows - OPEB	(526)
Long-term debt	(425,188)
Net OPEB Liability	(10,092)
Net pension liability	<u>(523,150)</u>

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

\$ 12,097,062

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 2,107,785	\$ 2,107,785	\$ 2,193,885	\$ 86,100
Interest on investments	32,451	32,451	57,410	24,959
TOTAL REVENUES	<u>2,140,236</u>	<u>2,140,236</u>	<u>2,251,295</u>	<u>111,059</u>
EXPENDITURES				
Current:				
Personal services	409,878	409,878	401,454	8,424
Materials and services	1,317,858	1,317,858	1,254,621	63,237
Capital outlay	525,000	525,000	191,442	333,558
Debt service	232,914	232,914	232,914	-
Contingency	172,004	172,004	-	172,004
TOTAL EXPENDITURES	<u>2,657,654</u>	<u>2,657,654</u>	<u>2,080,431</u>	<u>577,223</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(517,418)</u>	<u>(517,418)</u>	<u>170,864</u>	<u>688,282</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(27,469)	(27,469)	(27,469)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(27,469)</u>	<u>(27,469)</u>	<u>(27,469)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(544,887)	(544,887)	143,395	688,282
FUND BALANCE, Beginning	<u>1,845,702</u>	<u>1,845,702</u>	<u>2,244,915</u>	<u>399,213</u>
FUND BALANCE, Ending	<u>\$ 1,300,815</u>	<u>\$ 1,300,815</u>	<u>\$ 2,388,310</u>	<u>\$ 1,087,495</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
System development charges	\$ -	\$ -	\$ 100	\$ 100
Interest on investments	<u>11,090</u>	<u>11,090</u>	<u>18,186</u>	<u>7,096</u>
TOTAL REVENUES	<u>11,090</u>	<u>11,090</u>	<u>18,286</u>	<u>7,196</u>
NET CHANGE IN FUND BALANCE	11,090	11,090	18,286	7,196
FUND BALANCE, Beginning	<u>711,902</u>	<u>711,902</u>	<u>713,029</u>	<u>1,127</u>
FUND BALANCE, Ending	<u><u>\$ 722,992</u></u>	<u><u>\$ 722,992</u></u>	<u><u>\$ 731,315</u></u>	<u><u>\$ 8,323</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, 2019**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Sewer	\$ 2,388,310
Sewer SDC	<u>731,315</u>
	3,119,625

Adjustments:

Capital assets, net of depreciation	7,544,376
Net OPEB asset	1,447
Deferred outflows - pension	133,948
Deferred outflows - OPEB	785
Compensated absences payable	(20,100)
Accrued interest payable	(3,384)
Deferred inflows - pension	(52,179)
Deferred inflows - OPEB	(410)
Long-term debt	(442,108)
Net OPEB Liability	(7,995)
Net pension liability	<u>(407,409)</u>

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

\$ 9,866,596

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 639,924	\$ 639,924	\$ 640,310	\$ 386
Interest on investments	14,977	14,977	25,297	10,320
TOTAL REVENUES	<u>654,901</u>	<u>654,901</u>	<u>665,607</u>	<u>10,706</u>
EXPENDITURES				
Current:				
Personal services	323,227	323,227	313,056	10,171
Materials and services	332,212	332,212	209,695	122,517
Capital outlay	280,000	280,000	55,728	224,272
Contingency	64,952	64,952	-	64,952
TOTAL EXPENDITURES	<u>1,000,391</u>	<u>1,000,391</u>	<u>578,479</u>	<u>421,912</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(345,490)</u>	<u>(345,490)</u>	<u>87,128</u>	<u>432,618</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(79,344)	(79,344)	(72,172)	7,172
TOTAL OTHER FINANCING SOURCES (USES)	<u>(79,344)</u>	<u>(79,344)</u>	<u>(72,172)</u>	<u>7,172</u>
NET CHANGE IN FUND BALANCE	(424,834)	(424,834)	14,956	439,790
FUND BALANCE, Beginning	<u>823,974</u>	<u>823,974</u>	<u>1,050,601</u>	<u>226,627</u>
FUND BALANCE, Ending	<u>\$ 399,140</u>	<u>\$ 399,140</u>	<u>\$ 1,065,557</u>	<u>\$ 666,417</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 2,912	\$ 2,912	\$ 4,984	\$ 2,072
TOTAL REVENUES	<u>2,912</u>	<u>2,912</u>	<u>4,984</u>	<u>2,072</u>
NET CHANGE IN FUND BALANCE	2,912	2,912	4,984	2,072
FUND BALANCE, Beginning	<u>153,214</u>	<u>153,214</u>	<u>195,168</u>	<u>41,954</u>
FUND BALANCE, Ending	<u>\$ 156,126</u>	<u>\$ 156,126</u>	<u>\$ 200,152</u>	<u>\$ 44,026</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, 2019**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Stormwater	\$ 1,065,557
Stormwater SDC	<u>200,152</u>
	1,265,709

Adjustments:

Capital assets, net of depreciation	2,731,657
Net OPEB asset	1,135
Deferred outflows - pensions	105,028
Deferred outflows - OPEB	615
Compensated absences payable	(14,523)
Deferred inflows - pension	(40,913)
Deferred inflows - OPEB	(321)
Net OPEB Liability	(6,122)
Net pension liability	(319,446)
Long-term debt	<u>(61,954)</u>

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

\$ 3,660,865

OTHER FINANCIAL SCHEDULES

CITY OF FAIRVIEW, OREGON
SCHEDULE OF OUTSTANDING DEBT PRINCIPAL
AND INTEREST TRANSACTIONS
For the Fiscal Year Ended June 30, 2019

	Interest Rates	Date of Issue	Original Amount	Principal			Outstanding June 30, 2019	Interest Matured and Paid
				Outstanding July 1, 2018	Issued	Matured and Paid		
Governmental Funds								
PW Shop - Full Faith and Credit, Series 2018				\$ -	\$ 3,155,000	\$ -	\$ 3,155,000	\$ 57,614
Enterprise Funds								
2001 Note payable	3.50%	11/21/2000	\$ 3,137,353	653,971	-	211,863	442,108	21,051
Safe Drinking Water Revolving Loan Fund - \$625,000 Forgivable	3.00%	9/16/2009	\$ 1,250,000	451,607	-	26,418	425,189	13,548
Columbia River Levee System	0.00%	6/30/2018	\$ 61,954	61,954	-	-	61,954	-
				<u>1,167,532</u>	<u>-</u>	<u>238,281</u>	<u>929,251</u>	<u>34,599</u>
Total				<u>\$ 1,167,532</u>	<u>\$ 3,155,000</u>	<u>\$ 238,281</u>	<u>\$ 4,084,251</u>	<u>\$ 92,213</u>

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF GOVERNMENT ACTIVITIES
DEBT SERVICE FUTURE REQUIREMENTS
June 30, 2019

Year of Maturity	Wastewater Treatment Plant		Totals	
	Note Payable		Principal	Interest
	Principal	Interest		
2019-20	\$ 106,000	\$ 117,876	\$ 106,000	\$ 117,876
2020-21	112,000	113,734	112,000	113,734
2021-22	117,000	109,383	117,000	109,383
2022-23	121,000	104,861	121,000	104,861
2023-24	126,000	100,168	126,000	100,168
2024-25	131,000	95,285	131,000	95,285
2025-26	135,000	90,231	135,000	90,231
2026-27	141,000	84,987	141,000	84,987
2027-28	146,000	79,534	146,000	79,534
2028-29	151,000	73,891	151,000	73,891
2029-30	157,000	68,039	157,000	68,039
2030-31	163,000	61,959	163,000	61,959
2031-32	169,000	55,651	169,000	55,651
2032-33	176,000	49,096	176,000	49,096
2033-34	182,000	42,294	182,000	42,294
2034-35	189,000	35,245	189,000	35,245
2035-36	197,000	27,911	197,000	27,911
2036-37	204,000	20,292	204,000	20,292
2037-38	212,000	12,388	212,000	12,388
2038-39	220,000	4,180	220,000	4,180
	<u>\$ 3,155,000</u>	<u>\$ 1,347,005</u>	<u>\$ 3,155,000</u>	<u>\$ 1,347,005</u>

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF BUSINESS-TYPE ACTIVITIES
DEBT SERVICE FUTURE REQUIREMENTS
June 30, 2019

Year of Maturity	Wastewater Treatment Plant Note Payable		Safe Drinking Water Note Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2019-20	\$ 219,343	\$ 13,571	\$ 27,211	\$ 12,756	\$ 246,554	\$ 26,327
2020-21	222,765	5,827	28,028	11,939	250,793	17,766
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>\$ 442,108</u>	<u>\$ 19,398</u>	<u>\$ 425,188</u>	<u>\$ 94,590</u>	<u>\$ 867,296</u>	<u>\$ 113,988</u>

Repayment terms and loan amortization for the Columbia River Levee System have not yet been finalized.

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	8,702,998	8,839,675	9,024,327	9,018,133	8,439,740	8,903,998	8,798,435	8,771,951	8,342,483	8,217,398
Restricted	713,363	1,010,278	1,181,456	1,344,394	1,399,339	859,338	884,427	896,051	1,569,619	1,717,640
Unrestricted	4,768,353	4,051,354	4,060,010	4,538,789	4,962,953	4,784,217	3,945,376	3,363,270	2,695,288	2,111,415
Total governmental activities net position	<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>	<u>12,607,390</u>	<u>12,046,453</u>
Business - type activities										
Net investment in capital assets	21,692,016	21,045,862	21,746,503	21,373,060	21,750,798	21,530,131	21,347,573	20,775,016	20,322,133	20,217,130
Restricted	1,329,702	1,349,554	1,383,290	1,415,066	1,293,776	1,256,356	1,279,492	1,287,263	1,366,536	1,401,495
Unrestricted	2,512,634	3,238,205	2,957,496	3,260,748	3,431,330	3,572,642	3,297,904	3,690,665	3,954,658	4,005,898
Total business - type activities net position	<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>	<u>25,643,327</u>	<u>25,624,523</u>
Primary government										
Net investment in capital assets	30,395,014	29,885,537	30,770,830	30,391,193	30,190,538	30,434,129	30,146,008	29,546,967	28,664,616	28,434,528
Restricted	2,043,065	2,359,832	2,564,746	2,759,460	2,693,115	2,115,694	2,163,919	2,183,314	2,936,155	3,119,135
Unrestricted	7,280,987	7,289,559	7,017,506	7,799,537	8,394,283	8,356,859	7,243,280	7,053,935	6,649,946	6,117,313
Total primary government net position	<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>	<u>38,250,717</u>	<u>37,670,976</u>

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	750,782	642,181	561,494	496,353	534,790	457,160	726,824	724,178	739,554	795,992
Public safety	2,543,015	2,791,575	2,941,229	3,117,145	3,267,589	2,884,106	4,225,010	3,852,118	4,216,027	4,063,668
Community Services ⁸	508,744	490,772	418,027	256,376	259,251	241,657	335,593	570,228	477,200	659,641
Streets	406,372	249,413	266,085	290,594	314,245	340,049	332,828	375,300	384,171	397,662
Public Works	509,578	707,535	607,689	556,705	532,285	557,059	668,052	651,764	745,231	920,945
Interest on long-term obligations ^{7,1}	33,916	29,343	29,343	29,356	29,342	24,112	-	-	-	86,093 ⁹
Total governmental activities expenses	4,752,407	4,970,819	4,823,867	4,746,529	4,937,502	4,504,143	6,288,307	6,173,588	6,562,183	6,924,001
Business - type activities:										
Water	981,385	1,035,048	1,189,325	1,097,982	1,110,768	1,012,549	1,341,900	1,267,689	1,246,439	1,326,406
Sewer	1,633,283	1,715,523	1,867,204	1,997,800	1,921,360	1,792,708	2,158,824	2,059,466	2,027,633	2,044,192
Stormwater	616,830	596,862	603,008	621,182	677,413	695,151	909,606	784,370	842,388	780,358
Total business - type activities expenses	3,231,498	3,347,433	3,659,537	3,716,964	3,709,541	3,500,408	4,410,330	4,111,525	4,116,460	4,150,956
Total government expenses	7,983,905	8,258,252	8,483,404	8,463,493	8,647,043	8,004,551	10,698,637	10,285,113	10,678,643	11,074,957
Program Revenues										
Governmental activities:										
Charges for services:										
General government ³	48,443	100,854	116,699	148,034	139,421	148,028	147,433	153,548	153,811	145,403
Public safety	245,555	243,874	193,832	481,652	427,292	421,945	302,004	266,689	166,796	192,939
Community Services ⁸	181,851	185,920	192,506	203,780	171,673	161,944	198,478	151,388	721,427	248,178
Streets	135	239	-	210	-	-	-	-	1,349	-
Public Works	-	-	-	-	-	-	-	-	11,360	185,719
Operating grants and contributions	499,621	565,853	589,131	651,167	626,814	705,974	676,476	768,412	660,955	752,324
Capital grants and contributions	205,556	78,620	576,000	385,159	132,956	15,038	17,703	84,246	14,674	97,127
Total governmental activities program revenues	1,181,161	1,175,360	1,668,168	1,870,002	1,498,156	1,452,929	1,342,094	1,424,283	1,730,372	1,621,690
Business - type activities:										
Charges for services:										
Water	1,041,314	1,056,153	1,090,274	1,148,125	1,163,522	1,198,213	1,262,360	1,261,179	1,212,511	1,229,790
Sewer	1,855,075	1,868,430	1,863,821	1,928,052	2,117,407	1,978,533	2,123,816	2,046,447	2,092,378	2,193,883
Stormwater	507,093	530,647	541,743	546,878	545,965	550,539	574,389	607,724	594,554	640,308
Operating grants and contributions	-	18,625	1,335	-	7,098	-	7,098	49	4,171	-
Capital grants and contributions	87,670	11,605	652,309	24,683	16,415	77,850	14,851	95	47,903	100
Total business - type activities program revenues	3,491,152	3,485,460	4,149,482	3,647,738	3,843,309	3,805,135	3,982,514	3,915,494	3,951,517	4,064,081
Total program revenues	4,672,313	4,660,820	5,817,650	5,517,740	5,341,465	5,258,064	5,324,608	5,339,777	5,681,889	5,685,771
Net (expense) / revenue	(3,571,246)	(3,735,459)	(3,155,699)	(2,876,527)	(3,439,346)	(3,051,214)	(4,946,213)	(4,749,305)	(4,831,811)	(5,302,311)
Governmental activities	259,654	138,027	489,945	(69,226)	133,768	304,727	(427,816)	(196,031)	(164,943)	(86,875)
Business - type activities	(3,311,592)	(3,597,432)	(2,665,754)	(2,945,753)	(3,305,578)	(2,746,487)	(5,374,029)	(4,945,336)	(4,996,754)	(5,389,186)

(continued)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	1,944,603	1,981,172	2,030,223	2,070,049	2,131,420	2,185,032	2,253,101	2,338,160	2,406,349	2,519,431
Special assessments, levied for debt service	-	-	-	-	-	-	-	-	-	183,373 ¹⁰
Other Taxes	-	-	-	-	-	-	-	-	-	-
Franchise and public service taxes	1,386,811	1,328,840	1,375,091	1,391,876	1,449,874	1,535,617	1,672,914	1,679,421	1,849,089	1,661,526
Transfer of assets ⁴	-	-	-	-	-	-	-	-	-	-
Miscellaneous ⁵	38,401	55,878	26,189	25,327	13,772	10,812	26,220	37,056	28,808	25,012
Intergovernmental Revenue	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings ²	32,620	25,325	26,636	30,505	32,193	28,463	36,133	63,202	115,600	240,837
Gain (loss) on sale of property	8,500	-	2,755	-	-	-	-	-	-	-
Transfers ⁶	(69,299)	60,837	59,291	(5,707)	(287,197)	59,900	38,530	34,500	27,547	91,195
Total governmental activities	3,341,636	3,452,052	3,520,185	3,512,050	3,340,062	3,819,824	4,026,898	4,152,339	4,427,393	4,741,374
Business - type activities:										
Taxes										
Property taxes	-	-	-	-	-	-	-	-	-	-
Sale of Land	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	26,722	22,079	23,013	25,100	22,682	24,261	32,189	58,505	100,737	159,265
Transfers ⁶	69,299	(60,837)	(59,291)	5,707	287,197	(59,900)	(38,530)	(34,500)	(27,547)	(91,195)
Total business - type activities	96,021	(38,758)	(36,278)	30,807	309,879	(35,639)	(6,341)	24,005	73,190	68,070
Total government expenses	3,437,657	3,413,294	3,483,907	3,542,857	3,649,941	3,784,185	4,020,557	4,176,344	4,500,583	4,809,444
Change in Net Position										
Governmental activities	(229,610)	(283,407)	364,486	635,523	(99,284)	768,610	(919,315)	(596,966)	(404,418)	(560,937)
Business - type activities	355,675	99,269	453,667	(38,419)	443,647	269,088	(434,157)	(172,026)	(91,753)	(18,805)
Total government	126,065	(184,138)	818,153	597,104	344,363	1,037,698	(1,353,472)	(768,992)	(496,171)	(579,742)

Notes:

- ¹ Elimination of interest on long-term obligations due to the payoff of Fairview Lake Sewer LID Debt
- ² Variation in interest and investment earnings due to market conditions.
- ³ General Government charges for service appears low, as Administrative Excise Charge Fund transfers were reported as a portion of this figure in previous years. These transfers were treated as charges for service in previous years, but are actually transfers to fund future expenditures.
- ⁴ Multimomah County Drainage District transfer of Fairview Lake water rights permits and weir control structure.
- ⁵ Miscellaneous items may include (but are not limited to) special assessments levied for debt service and other taxes.
- ⁶ Prior to fiscal year ended 6/30/08, transfers were not reported as an individual line item.
- ⁷ Decrease in interest on long-term obligations due to the payoff of City Hall debt.
- ⁸ Formerly known as "Community Development / Parks"
- ⁹ Increase in interest on long-term obligations due to issuance of Series 2018 debt financing of new Public Works shop facility
- ¹⁰ Monthly special assessment of \$4.82 per dwelling unit to be used to pay debt service on new Public Works shop facility

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

	Fiscal Year									
	2010	2011 ²	2012 ³	2013	2014	2015	2016 ¹	2017	2018	2019
General fund										
Nonspendable			900 ⁴	1,123	14,077	46,582	51,029	161,297 ⁷	29,756	12,188
Unreserved	3,728,732	2,087	-	-	-	-	-	-	-	-
Restricted			1,784	1,784	-	-	-	-	-	-
Committed			-	-	16,441	33,368	34,464	24,464	17,717	8,717
Assigned		108,349	98,536	63,057	166,287	216,977	714,346	749,856	630,360	471,897
Unassigned		3,423,551	3,315,175	3,811,891	3,588,261	3,677,033	3,744,930	3,535,121	3,582,976	3,587,382
Total general fund	<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>	<u>4,260,809</u>	<u>4,080,184</u>
All other governmental funds										
Reserved	420,824	-	-	-	-	-	-	-	-	-
Nonspendable							140			6,827
Unreserved, reported in:										
Special revenue funds	765,603	-	-	-	-	-	-	-	-	-
Restricted		1,008,191	1,179,672	1,342,610	1,399,339	859,338	884,287	896,051	1,569,619 ⁸	3,245,403 ⁹
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	531,138	673,748
Unassigned		-	(474) ⁵	(16,649) ⁵	-	-	-	(63,237) ⁶	-	(115,748)
Total all other governmental funds	<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>	<u>2,100,757</u>	<u>3,810,230</u>

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

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

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

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

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

⁶ Deficit balance will be reversed in future years by the Halsey Corridor Grant reimbursement

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

⁸ Increase due to building permit revenue from development

⁹ Increase due primarily to funds in the Grants/Project Fund restricted for construction of the new Public Works shop facility

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Property taxes	1,943,702	1,982,975	2,006,910	2,068,307	2,125,929	2,177,622	2,244,625	2,303,428	2,458,781	2,574,323
Governmental agencies	806,707	843,016	1,307,677	1,183,076	943,238	879,321	893,780	986,729	1,007,561	1,073,022
Licenses, permits, and fees	590,052	500,649	531,100	566,836	559,444	676,138	857,273	805,253	1,426,016	1,039,299
Fines and forfeitures	186,415	153,992	150,814	422,866	350,794	366,467	195,397	143,423	121,230	128,146
Franchise fees	782,054	687,501	716,964	727,778	736,493	781,569	774,447	781,349	807,947	808,650
Special assessments	72,668	69,494	71,081	71,081	71,081	125,373	327,599	85,394	2,757	2,757
Interest income	32,621	25,325	26,637	30,506	32,191	28,463	36,132	63,201	115,601	240,833
Charges for services	120,242	168,025	194,035	198,130	192,466	140,121	237,381	235,004	217,843	298,705
Rental income	39,802	42,866	45,913	64,220	78,054	83,176	86,861	94,176	82,925	84,383
Miscellaneous	38,095	51,179	31,491	27,583	21,272	30,024	30,599	51,815	47,139	56,850
Total Revenues	4,612,358	4,525,012	5,082,622	5,360,383	5,110,962	5,288,274	5,684,094	5,549,772	6,287,800	6,306,968
Expenditures										
General Government / Administration	664,278	555,347	460,265	400,302	437,644	451,112	534,082	538,559	582,803	671,737
Community Services ²	444,848	435,802	368,819	202,398	200,806	200,065	217,747	383,685	330,143	493,978
Public Safety	2,489,183	2,781,333	2,920,036	3,095,680	3,207,315	3,336,168	3,457,839	3,555,254	3,982,580	3,941,555
Public Works	172,189	348,799	286,962	227,435	247,520	241,625	251,580	275,320	251,958	527,043
Streets	275,612	247,318	267,692	246,237	294,345	295,370	258,213	330,689	515,275	351,008
Parks										
Debt service										
Principal	1,625,000	-	-	-	-	485,000	-	-	-	-
Interest	40,153	29,343	29,343	29,342	29,342	29,016	-	-	-	66,393
Capital outlay	645,444	193,193	665,188	551,910	415,276	615,418	453,977	651,105	308,819	2,044,091
Total Expenditures	6,356,707	4,591,135	5,018,305	4,753,304	4,832,248	5,653,774	5,173,438	5,734,612	5,971,578	8,095,805
Excess of revenues over (under) expenditures	(1,744,349)	(66,123)	64,317	607,079	278,714	(365,500)	510,656	(184,840)	316,222	(1,788,837)
Other financing sources (uses)										
Proceeds from bond sale	-	-	-	-	-	-	-	-	-	3,155,000
Proceeds from sale of property	8,500	-	3,480	-	9,360	141	3,679	4,656	214,660	12,795
Transfers in	127,797	128,089	105,881	21,879	147,452	194,975	72,975	169,594	455,353	578,309
Transfers out	(124,702)	(71,348)	(46,590)	(6,260)	(494,649)	(135,075)	(13,075)	(135,094)	(403,703)	(428,920)
Total other financing sources (uses)	11,595	56,741	62,771	15,619	(277,837)	60,041	63,579	39,156	266,310	3,317,184
Net change in fund balances	(1,732,754)	(9,382)	127,088	622,698	877	(305,459)	574,235	(145,684)	582,532	1,528,347
Debt service as a percentage of non-capital expenditures	28%	1%	1%	1%	1%	10%	0%	0%	0%	1%

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

² Formerly known as Community Development

³ Increase primarily due to additional building permit revenue from development

⁴ Increase due to higher rate of return in the Local Government Investment Pool (LGIP)

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

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

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

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

⁹ Increase due to payoff of LID debt FY014 223rd & Sandy

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

¹¹ Increase is primarily due to increase in invested funds due to bond proceeds to finance Public Works shop facility construction

¹² Proceeds and debt service associated with the bonded debt to finance new Public Works shop facility construction

¹³ Increase due to new Public Works shop facility construction in progress

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
General Government	\$ 89,054	\$ 157,157	\$ 193,691	\$ 201,743	\$ 194,475	\$ 157,663	\$ 159,354	\$ 161,212	\$ 158,863	\$ 150,374
Public Safety	340,913	339,809	288,216	642,522	540,403	609,635	438,641	385,281	182,458	195,919
Community Services ²	300,096	210,920	684,377	530,447	251,416	161,944	198,478	326,145	722,388	337,425
Streets	451,098	465,875	492,212	488,408	510,012	516,192	531,533	537,363	579,794	660,980
Public Works/Parks	-	1,599	9,672	6,882	1,850	7,495	14,088	14,282	86,869	276,992 ³
Total Governmental Activities	1,181,161	1,175,360	1,668,168	1,870,002	1,498,156	1,452,929	1,342,094	1,424,283	1,730,372	1,621,690
Business-Type Activities										
Water	1,053,046	1,062,437	1,728,315	1,154,143	1,170,214	1,228,854	1,270,543	1,261,199	1,225,868	1,229,790
Sewer	1,930,663	1,875,634	1,877,038	1,941,077	2,125,962	2,010,876	2,129,700	2,046,522	2,119,592	2,193,983
Stormwater	507,443	547,389	544,129	552,518	547,133	565,405	582,271	607,773	606,057	640,308
Total Business-Type Activities	3,491,152	3,485,460	4,149,482	3,647,738	3,843,309	3,805,135	3,982,514	3,915,494	3,951,517	4,064,081
Total Primary Government	\$ 4,672,313	\$ 4,660,820	\$ 5,817,650	\$ 5,517,740	\$ 5,341,465	\$ 5,258,064	\$ 5,324,608	\$ 5,339,777	\$ 5,681,889	\$ 5,685,771

Source: Current and prior years' financial statements

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

² Formerly known as Community Development

³ Increase in Program Revenue primarily due to the addition of a monthly fee per dwelling unit of \$4.82 to be used to pay the Public Works shop facility debt

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

Fiscal Year	Total Taxes	Property Taxes	Payment in		Hotel / Motel Tax ³	Other Taxes
			Lieu of Tax ²			
2010	2,557,753.71	1,918,702.10 ⁶	25,000.00		36,510.70	577,540.91 ⁴
2011	2,688,241.09	1,951,247.74 ⁷	25,000.00		37,950.11	674,043.24 ⁴
2012	2,702,304.64	1,981,910.22 ⁷	25,000.00		38,994.10	656,400.32 ⁴
2013	2,755,466.25	2,042,806.76 ⁷	25,500.00		45,003.48	642,156.01 ⁵
2014	2,834,366.58	2,099,918.67 ⁷	26,010.00		49,130.23	659,307.68 ⁸
2015	2,905,901.38	2,151,091.54 ⁷	26,530.20		59,186.09	669,093.55 ⁸
2016	2,978,009.80	2,217,563.74 ⁷	27,060.80		51,591.62	681,793.64 ⁸
2017	3,087,956.58	2,303,427.62 ⁷	- ¹⁰		88,349.01 ⁹	696,179.95 ⁸
2018	3,303,834.73	2,403,025.43 ¹¹	55,756.02 ¹²		73,304.86	771,748.42 ¹³
2019	3,486,197.77	2,545,606.82 ¹	28,717.08		79,138.51	832,735.36

Source:

City of Fairview current and prior year budget actuals

Note:

- ¹ Current tax authority plus 2.4% estimated increase in assessed values, less \$21,388 for "frozen" tax base in Urban Renewal Agency area , less 1.9% uncollectible. The tax rate is \$3.4902 per thousand of taxable assessed value
- ² Payment in lieu of tax (PILOT) made by Fairview Oaks / Woods Apartments
- ³ 6% tax on transient occupancy (includes Portland - Fairview RV Park); 1.8% tax on transient occupancy of 30 days or greater
- ⁴ "Other Taxes" consist of: cigarette tax, liquor tax, 911 tax, and state gas tax
- ⁵ Beginning in 2013, "Other Taxes" consist of: cigarette tax, liquor tax, 911 tax, state gas tax and county shared revenue
- ⁶ In FY 2010, current tax authority plus 3%, less 6.5% uncollectible. The tax rate is \$3.4902 per thousand of taxable assessed value
- ⁷ Beginning FY 2011, current tax authority plus 3%, minus 6% uncollectible. The tax rate is \$3.4902 per thousand of taxable assessed value
- ⁸ Beginning FY 2014, "Other Taxes" consist of: cigarette tax, liquor tax, state gas tax and county shared revenues
- Beginning in 2009, the "Business Income Tax" column has been removed. As a result, the amounts reported in the "Total Taxes" column will vary from prior years.
- ⁹ Increase due to new ownership of Portland/Fairview RV Park
- ¹⁰ In Lieu of Tax payment of \$27,602 recorded in deferred revenue pending receipt of payment
- ¹¹ Current tax authority plus 3.6% estimated increase in assessed values, less 4.7% uncollectible. The tax rate is \$3.4902 per thousand of taxable assessed value
- ¹² Includes 2017 deferred revenue of \$27,602
- ¹³ Includes one-time marijuana tax revenue per Oregon HB 3400 in the amount of \$26,596.

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

Fiscal Year Ended	Assessed Value							Total Direct Tax Rate	Total Real Market Value
	Real Property	Personal Property	Manufactured Structures	Public Utility Property	Total				
2010	520,900,600	13,065,632	10,039,480	22,313,670	566,319,382		3.4902	882,782,691	
2011 ¹	533,747,890	11,942,345	9,481,680	22,501,120	577,673,035		3.4902	821,455,899	
2012 ¹	540,481,980	10,899,027	9,249,240	29,002,630	589,632,877		3.4902	757,789,476	
2013 ¹	549,561,150	12,452,419	7,709,180	30,397,600	600,120,349		3.4902	748,027,638	
2014 ¹	566,259,700	12,132,940	8,037,000	31,470,700	617,900,340		3.4902	770,021,331	
2015 ¹	581,227,590	12,793,590	7,948,750	33,013,790	634,983,720		3.4902	833,358,611	
2016 ¹	598,814,400	18,788,000	9,431,860	29,107,900	656,142,160		3.4902	910,950,484	
2017 ¹	619,720,370	19,170,290	10,870,340	30,211,500	679,972,500		3.4902	973,173,185	
2018 ¹	641,907,610	18,934,473	10,027,850	45,736,400	716,606,333		3.4902	1,102,064,328	
2019 ¹	663,836,690	21,701,060	10,470,980	37,665,100	733,673,830		3.4902	1,197,034,085	

Source:

Multnomah County Tax Supervising & Conservation Commission

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

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

Fiscal Year	City of Fairview Tax Rates										Overlapping Rates							
	Permanent Rate	Debt Service	Total City	Regional & County					Education		Total Regional & County	Multnomah County Library	Multnomah County ESD	Reynolds School District	Education		Total Education	Total Direct & Overlapping Rates
				Multnomah County	Port of Portland	Metro Service District	East Multnomah Soil & Water	Tri-Met	Mt. Hood Community College	East Multnomah Soil & Water								
2010	3.49	-	3.49	5.40	0.07	0.44	0.10	0.09	6.10	0.46	5.60	0.49	6.55	16.04				
2011	3.49	-	3.49	5.38	0.07	0.41	0.10	0.09	6.05	0.46	5.60	0.49	6.55	16.09				
2012	3.49	-	3.49	5.44	0.07	0.32	0.10	0.06	5.98	0.46	5.78	0.49	6.73	16.20				
2013	3.49	-	3.49	5.42	0.07	0.40	0.10	0.00	6.00	0.46	5.99	0.49	6.93	16.42				
2014	3.49	-	3.49	5.69	0.07	0.47	0.08	0.00	6.30	0.46	6.02	0.49	6.97	16.76				
2015	3.49	-	3.49	5.67	0.07	0.46	0.10	0.35	6.65	0.46	5.81	0.49	6.76	16.90				
2016	3.49	-	3.49	4.49	0.07	0.39	0.10	0.00	5.05	0.46	5.97	0.49	6.92	15.46				
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				
2018	3.49	-	3.49	4.39	0.07	0.41	0.09	0.00	6.14	0.46	6.29	0.49	7.25	16.88				
2019	3.49	-	3.49	4.39	0.07	0.47	0.10	0.00	6.23	0.46	6.26	0.49	7.22	16.94				

Source:
Multnomah County Division of Assessment & Taxation

Notes:

All rates are listed per thousand dollars of taxable assessed value

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

¹ East Multnomah Soil and Water included beginning FY 13/14 (historical data added when available).

² This rate was unknown to be overlapping until FY 13/14.

³ Multnomah County Library added 2018 - this rate was unknown to be overlapping until 2018

⁴ East Multnomah Soil and Water Education Split from East Multnomah Soil and Water Regional beginning in 2018

⁵ East Multnomah Soil and Water Education for 2019 is .0044 (does not appear due to rounding)

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within fiscal year of levy			Collections to date		
		Collections ¹	Percentage of Levy	Collections in Subsequent Years ¹	Amount	Percentage of Levy	
2010	1,976,399	1,904,048	96.34%	72,140	1,976,188	99.99%	
2011	2,016,083	1,950,696	96.76%	65,182	2,015,878	99.99%	
2012	2,058,075	1,994,164	96.89%	60,277	2,054,441	99.82%	
2013	2,101,858	2,044,372	97.26%	57,206	2,101,578	99.99%	
2014	2,162,177	2,105,941	97.40%	55,384	2,161,325	99.96%	
2015	2,215,606	2,163,466	97.65%	51,927	2,215,393	99.99%	
2016	2,294,966	2,244,841	97.82%	46,419	2,291,261	99.84%	
2017	2,375,957	2,330,195	98.07%	37,557	2,367,752	99.65%	
2018	2,496,237	2,458,370	98.48%	19,079	2,477,449	99.25%	
2019	2,556,404	2,517,946	98.50%	-	2,517,946	98.50%	

Source:

Multnomah County Division of Assessment and Taxation

Note:

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

² Initial 2016 collection figure revised due to formula error

³ 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	2019 ¹			2010 ²		
	Assessed Value	Rank	Percentage of Total Fairview Assessed Value	Assessed Value	Rank	Percentage of Total Fairview Assessed Value
Townsend Farms Inc.	34,835,960	1	4.75%	28,334,500	1	5.00%
Townsend Distribution LP ⁴	23,856,780	2	3.25%	23,480,140	2	4.15%
Portland General Electric Co.	23,617,000	3	3.22%	9,989,000	5	1.76%
NACCO Materials Handling	15,618,420	4	2.13%	15,605,410	3	2.76%
Salish Lake LLC	14,561,870	5	1.98%	11,160,500	4	1.97%
IAC 22638 Townsend Way LLC	12,237,150	6	1.67%	8,532,180	7	1.51%
Fieldstone Apartments Oregon LLC ⁵	10,511,390	7	1.43%	8,056,280	8	1.42%
SP Chinook Way LLC ET AL	8,678,230	8	1.18%	6,544,100	10	1.16%
Beeko LLC	8,591,310	9	1.17%	6,651,250	9	1.17%
Target Corporation T-1406	8,423,710	10	1.15%	8,547,740	6	1.51%
Sunridge Associates LLC						
Portland Fairview RV LLC ³						
Total	160,931,820		21.93%	126,901,100		22.41%
Total Fairview Assessed Value	733,673,830			566,319,382		

Source: Multnomah County Division of Assessment and Taxation

Notes:

- ¹ Fiscal year 2018 / 2019
- ² Fiscal year 2009 / 2010
- ³ Formerly known as Howard Angell
- ⁴ Formerly known as CPF/BDI Townsend LLC
- ⁵ Formerly known as Fieldstone Luxury Apartments, LLC

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

Fiscal Year	Governmental				Business-Type Activities					
	Full Faith and Credit Obligations ¹	Line of Credit ²	Special Assessment ^{3,5}	General Obligation Bonds	Water Revenue Bonds ⁶	Sewer Notes Payable ⁴	Levee Ready Columbia ¹⁰	Special Assessment	Drinking Water Revolving Loan ⁹	
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	
2018	-	-	-	-	-	653,971	61,954	-	451,607	
2019	3,155,000	-	-	-	-	442,108	61,954	-	425,188	
	Total	Percentage of Personal Income^{7,8}	Per Capita⁷							
Fiscal Year	(Governmental and Business - Type)									
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	0.003%	149							
2018	1,167,532	0.002%	130							
2019	4,084,251	N/A	454							

Source:
City of Fairview Annual Financial Reports

Notes:

- 1 Public Works shop facility
- 2 Sewer Construction Fairview Lake Local Improvement District
- 3 Sewer Construction Fairview Lake Local Improvement District (paid off associated line of credit and issued a limited special assessment)
- 4 Outstanding debt difference was paid in full using assessments received from the related property owner
- 5 Notes payable to the City of Gresham for increased sewer capacity
- 6 Fairview Lake Sewer LID Debt paid in full FY2014-15
- 7 Water Revenue Refunding Bond called 5/8/2014
- 8 Calculations use information from schedule of Demographic and Economic Statistics
- 9 Percentage of Personal Income revised 2009 through 2017 due to updated income figures
- 10 Safe Drinking Water Revolving Loan Fund - portion was forgivable
- 10 Amount owed as part of Columbia River Levee Recertification Program - 2018 figure revised

N/A = information not available

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

Fiscal Year	Population ¹	Assessed Value ²	Gross General Obligation Bonded Debt ³	Less: Debt Service Fund ⁴	Net General Obligation Bonded Debt	Net Bonded Debt per \$1,000 Assessed Value	Net Bonded General Obligation Debt Per Capita
2010	8,920	566,319,382	-	-	-	-	-
2011	8,920	577,673,035	-	-	-	-	-
2012	8,920	589,632,877	-	-	-	-	-
2013	8,930	600,120,349	-	-	-	-	-
2014	8,935	617,900,340	-	-	-	-	-
2015	8,940	634,983,720	-	-	-	-	-
2016	8,940	656,142,160	-	-	-	-	-
2017	8,975	679,972,500	-	-	-	-	-
2018	8,990	716,606,333	-	-	-	-	-
2019	9,005	733,673,830	-	-	-	-	-

Sources:

- ¹ Portland State University Population Research Center (City of Fairview estimates as of July 1st - except 2010, which is a census figure)
- ² Multnomah County Tax Supervising & Conservation Commission
- ³ City of Fairview annual financial reports
- ⁴ City of Fairview annual financial reports
- ⁵ Initial figure revised to reflect census figure
- ⁶ Initial figure revised to reflect certified figure

CITY OF FAIRVIEW, OREGON
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2019

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u> ¹	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Metro ⁵	\$ 142,005,000	0.41%	\$ 579,640
Multnomah County	-	0.89%	-
Reynolds School District # 7	127,310,047	11.28%	14,354,907
Tri-Met	-	0.42%	-
East Multnomah Co. Soil & Water	-	1.31%	-
Other:			
Metro ⁶	41,200,000	0.41%	168,171
Mt. Hood Community College ²	52,456,433	2.57%	1,349,389
Multnomah County ⁴	329,320,870	0.89%	2,935,129
Multnomah County ESD	25,230,000	0.88%	221,445
Port of Portland	77,002,495	0.37%	285,145
Reynolds School District # 7 ³	74,137,738	11.28%	8,359,437
Tri-Met	-	0.42%	-
Multnomah County Library	-	0.89%	-
East Multnomah Co. Soil & Water	-	1.31%	-
Subtotal, overlapping debt			28,253,263
City of Fairview direct debt			-
Total direct and overlapping debt			<u>28,253,263</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).

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

² Mt. Hood Community College retired the following Full Faith & Credit Obligation in FY18/19:
Plant Maintenance, 2009 Series \$11,085,000 original issue

³ Reynolds School District retired the following Long Term Loan in FY18/19:
QZAB - Technology Improvements, 2004 \$2,100,000 original issue

⁴ Multnomah County issued the following Full Faith & Credit Obligation in FY17/18, but it was not recorded until FY18/19:
FF&C Obligation, Series 2017 \$164,110,000 original issue

⁵ Metro issued the following General Obligation Bonds in FY18/19:
Natural Areas, 2018 Series \$28,105,000 original issue
Oregon Zoo - Infrastructure & Animal Welfare, 2018 Series \$10,000,000 original issue

⁶ Metro issued the following Full Faith & Credit Obligation in FY18/19:
FF&C Obligation, 2018 \$13,290,000 original issue

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

Fiscal Year	Water Revenue Bonds			Debt Service			Coverage
	Operating Revenue	Less: Operating Expenses ³	Net Available Revenue	Principal	Interest	Total	
2010	1,041,314	720,328	320,986	100,000	34,553	134,553	2.39
2011 ²	1,059,738	760,440	299,298	100,000	31,053	131,053	2.28
2012	1,091,609	894,801	196,808	105,000	40,347	145,347	1.35
2013	1,148,125	801,352	346,773	132,009	41,323	173,332	2.00
2014 ⁴	1,163,522	815,287	348,235	482,789	37,741	520,530	0.67
2015 ⁴							
2016 ⁴							
2017 ⁴							
2018 ⁴							
2019 ⁴							

Fiscal Year	Sewer Notes Payable ¹			Debt Service			Coverage
	Operating Revenue	Less: Operating Expenses ³	Net Available Revenue	Principal	Interest	Total	
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
2018	2,092,378	1,602,599	489,779	204,638	28,276	232,914	2.10
2019	2,193,883	1,624,690	569,193	211,863	21,051	232,914	2.44

Source:
City of Fairview Annual Financial Reports

Note:

¹ Sewer Notes Payable were initiated in fiscal year 2001/2002. Initially, annual principal and interest payments were made from the Sewer Improvement Fund. Beginning in fiscal year 2005/2006, payments began to be made from the Sewer Operating Fund

² Beginning in fiscal year 2010/2011, Water information includes figures from the Water Fund and the Water Bonded Debt Fund. Water Bonded Debt figures were not included in prior years

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

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

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	26,483,481	24,643,677	22,733,684	22,440,829	23,100,640	25,000,758	27,328,515	29,195,196	33,061,930	35,911,023
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	26,483,481	24,643,677	22,733,684	22,440,829	23,100,640	25,000,758	27,328,515	29,195,196	33,061,930	35,911,023
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 2019

Real market value (2018 / 2019)	1,197,034,085
Debt limit (3% of total real market value)	35,911,023
Debt subject to limit	-
Legal debt margin	<u>35,911,023</u>

Source:
City of Fairview Annual Financial Reports

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

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Population ¹	Personal Income (in thousands) ²	Per Capita Personal Income ³	Unemployment Rate ⁴
2010	8,920 ⁵	29,792,064	40,407	10.2%
2011	8,920 ⁶	31,695,479	42,278	9.4%
2012	8,920 ⁶	33,763,614	44,412	8.0%
2013	8,930 ⁶	34,790,112	45,379	7.5%
2014	8,935 ⁶	37,338,532	47,956	6.4%
2015	8,940 ⁶	40,299,094	50,997	5.4%
2016	8,940 ⁶	41,838,667	52,055	4.5%
2017	8,975 ⁶	44,261,075	54,726	3.8%
2018	8,990 ⁶	46,966,887	57,850	3.6%
2019	9,005 ⁶	N/A	N/A	3.6%

Sources:

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

² Bureau of Economic Analysis (Multnomah County personal income, calendar year basis)

prior year data revised to reflect availability of more accurate data

³ Bureau of Economic Analysis (Multnomah County per capita personal income, calendar year basis)

prior year data revised to reflect availability of more accurate data

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

⁵ Reflects Census Figure

⁶ Certified Estimate

N/A = information not available

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

	2019			2010		
	Employer	Employees ²	Rank	Percentage of Total City Employment	Employees ²	Rank
Townsend Farms Inc.	438	1	15.11%	175	3	6.40%
Reynolds School District ¹	429	2	14.80%	385	1	14.07%
Communications Test Design Inc.	328	3	11.31%			
Hyster-Yale Group Inc. ⁴	298	4	10.28%	165	4	6.03%
Knight Transportation Inc.	137	5	4.73%			
Moore Excavation Inc.	140	6	4.83%			
Department of Veteran's Affairs	100	7	3.45%			
Target Store T 1406	92	8	3.17%	88	5	3.22%
Conner Manufacturing Services	55	9	1.90%	39	8	1.43%
Thermo King NW Inc.	47	10	1.62%	35	9	1.28%
NW Materials Handling Group				223	2	8.15%
TruGreen LandCare, LLC				45	6	1.64%
SWCA Environmental Consultants				43	7	1.57%
La Petite Academy				22	10	0.80%
Total	2,064		71.20%	1,220		44.59%
Total Fairview Employment³	2,899			2,736		

Notes:

- ¹ Accurate figures were not received from Reynolds School District, so prior year information was used
- ⁴ Formerly known as Nacco Materials Handling Group

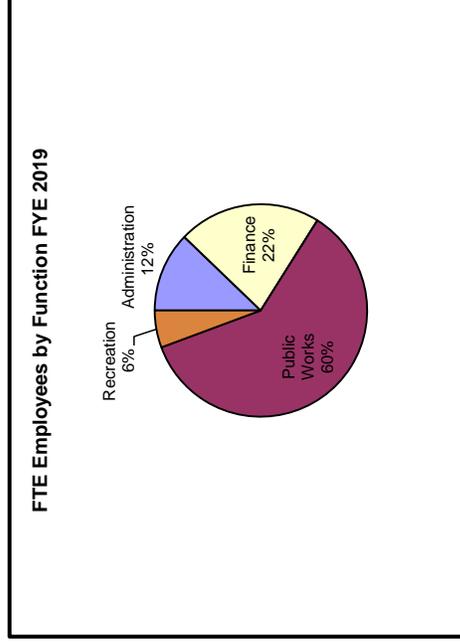
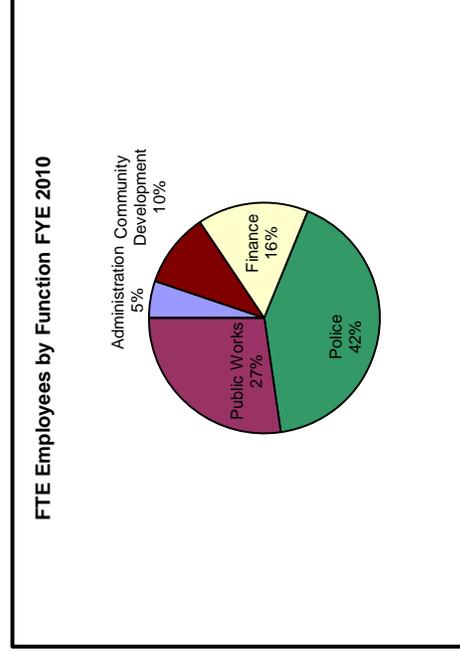
Sources:

- ² FTE employee information provided by individual employers. Figures may vary due to seasonal employment.
- ³ Total Fairview Employment data provided by the State of Oregon Employment Department Workforce and Economic Research section. Total employment is an estimate and varies due to seasonal employment. In addition, this figure captures only those employees for whom worker's compensation insurance is provided.

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

Function	2010	2011	2012	2013 ²	2014	2015	2016	2017	2018	2019
General Government										
Administration	2.0	2.0	1.0	3.0	3.0	3.0	3.0	3.0	2.9 ³	2.8 ⁷
Community Development	4.0	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Finance	6.0	6.0	5.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0
Police ⁵										
Officers	14.0	14.0	14.0	14.0	15.0	16.0	15.0	14.0	0.0	0.0
Civilians	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	0.0	0.0
Public Works	10.5	10.5	14.5	13.5	12.5	12.5	12.8	13.8	13.9 ⁴	13.9 ⁸
Recreation ⁶	-	-	-	-	-	-	-	-	1.0	1.3
Total	38.5	38.5	36.5	36.5	36.5	38.5	37.8	37.8	22.8	23.0

Comparison of Full-Time Employees by Function 2010 and 2019



Source: City of Fairview Budget

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

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

³ In 2018, Information Specialist began working .8750 FTE

⁴ In 2018, Senior Planner began working .9375 FTE

⁵ Police Department was consolidated into the Multnomah County Sheriff's Office 8/1/17

⁶ .2018 was the first full year of Recreation function

⁷ In 2019, Information Specialist began working .750 FTE

⁸ Recreation Assistant and Interpreter recorded at .15 FTE each (budgeted hours) - not recorded in FY2017-18

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

Function / Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
Building										
Residential building permits issued	11	16	22	32	24	24	19	16	22	8
Commercial building permits issued ²	22	28	20	20	13	29	69	33	48	54
Police ^{3,9}										
Calls for service	4,212	3,631	4,248	3,906	3,933	4,120	3,053	3,032	2,914	N/A ¹
Part I crimes ⁴	217	289	259	263	294	287	N/A	N/A	N/A	N/A
Part II crimes ⁵	247	265	265	273	354	351	N/A	N/A	N/A	N/A
Type A Offenses ¹⁰	N/A	N/A	N/A	N/A	N/A	N/A	533	586	479	N/A ¹
Type B Offenses ¹¹	N/A	N/A	N/A	N/A	N/A	N/A	281	271	294	N/A ¹
Business - Type Activities:										
Water										
Accounts	1,652	1,665	1,899	1,690	1,701	1,713	1,723	1,731	1,727	1,727
Average daily production (millions of gallons)	0.73	0.62	0.62	0.62	0.62	0.62	0.62	0.62	0.62	0.65 ¹²
Sewer										
Accounts (revised data 1999-2007)	2,021	2,034	2,075	2,068	2,081	2,092	2,102	2,108	2,108	2,110
Average daily consumption (millions of gallons) ⁶	0.69	0.8	0.78	0.78	0.78	0.78	0.78	0.78	0.78	0.78
Stormwater										
Accounts	1,868	1,881	1,919	1,912	1,925	1,937	1,947	1,954	1,953	1,955

Sources:

- Building 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
- 1 Figures not available
 - 2 Includes permits issued for industrial purposes
 - 3 Police statistics are reported on a calendar year basis
 - 4 Part I Crimes include: homicide, forcible rape, robbery, aggravated assault, burglary, larceny, motor vehicle theft, and arson
 - 5 Part II Crimes include: simple assault, forgery / counterfeit, fraud, embezzlement, stolen property, vandalism, weapons laws, prostitution, other sex offenses, drug abuse, gambling, offenses against family, D.U.I., liquor laws, disorderly conduct, negligent homicide, all other, curfew - juveniles, runaway - juveniles, and kidnapping
 - 6 Figures do not include Fairview properties discharging to Gresham interceptor (only those metered by Fairview)
 - 7 Part 1 and part 2 crimes for 2010 include only 6 months of activity (due to a change from RMS data system). Remaining data is unavailable
 - 8 Beginning in fiscal year 2010/2011, utility account numbers include City owned properties (approximately 16 properties)
 - 9 Prior to 2016, UCR Methodology was used to report. Beginning in 2016, all local law enforcement agencies moved to the RegJIN Platform, which reports crimes using the NIBRS Methodology, types A and B.
 - 10 Type A Offenses include: Arson, Assault, Burglary, Narcotics, Fraud, Homicide, Kidnapping, Larceny, Human Trafficking, Sex Offenses, etc.
 - 11 Type B Offenses include: Disorderly Conduct, D.U.I., Non-Violent Family Offenses, Trespass of Real Property, Bad Checks, etc. (All Other Non-Type A Offenses)

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

Function / Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
Parks										
Parks acreage	25.29	25.29	25.29	25.29	25.29	25.29	25.29	25.29	25.29	25.29
Wetland Parks acreage	62.34	62.34	62.34	62.34	62.34	62.34	62.34	62.34	62.34	62.34
Police ⁴										
Stations	1	1	1	1	1	1	1	1	0	0
K-9 officers	0	0	0	0	0	0	0	0	0	0
¹ Patrol units	13	12	13	13	11	13	13	13	3	0
Business - Type Activities:										
Water										
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)	3.80	5.65	5.65	5.65	5.65	5.65	5.65	5.65	5.65	5.65
Sewer										
Sewer lines (miles)	25.34	25.34	26.94	26.94	26.94	26.94	26.94	26.94	26.94	26.94
² Daily plant capacity (millions of gallons)	1.30	1.32	1.32	1.32	1.32	1.32	1.32	1.32	1.32	1.32
Storm Water										
Service lines (miles)	13.60	13.60	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33
Transportation										
Streets (miles)	18.16	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:

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

Note:

² Daily capacity purchased from the City of Gresham

³ 2011 - 2017 police patrol units include Yamaha Rhino ATV

⁴ City of Fairview Police Department was consolidated into the Multnomah County Sheriff's Office effective 8/1/17



**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, 2019, and have issued our report thereon dated December 31, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

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

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

In connection with our testing nothing came to our attention that caused us to believe the City of Fairview was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except expenditures exceeded appropriations in the Urban Renewal Agency Fund by \$8,779 for debt service.

OAR 162-10-0230 Internal Control

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

We noted certain matters that we reported to management of City of Fairview, Oregon, in a separate letter dated December 31, 2019.

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

Dickey and Tremper, LLP

Dickey and Tremper, LLP

December 31, 2019

