

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015



CITY OF
**West
Linn**
OREGON

CITY OF WEST LINN, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2015

prepared by

Finance Department
City of West Linn, Oregon

available online at
<http://westlinnoregon.gov>



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CITY OF WEST LINN, OREGON
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2015

TABLE OF CONTENTS

	Page
I. INTRODUCTORY SECTION	
Letter of Transmittal	1
Certificate of Achievement for Excellence in Financial Reporting	6
Elected and Appointed Officials	7
Organizational Chart	8
Audit Committee	9
II. FINANCIAL SECTION	
Independent Auditor's Report	12
Management's Discussion and Analysis	15
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	26
Statement of Activities	27
Fund Financial Statements	
Balance Sheet – Governmental Funds	28
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	29
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Statement of Net Position – Proprietary Funds	31
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	32
Statement of Cash Flows – Proprietary Funds	33
Notes to Basic Financial Statements	34
Required Supplementary Information	
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
General Fund	61
Public Safety Fund	62
Parks and Recreation Fund	63
Library Fund	64
Street Fund	65
Schedule of Funding Progress – Other Postemployment Benefits Plan	66
Schedule of the City's Proportionate Share of the Net Pension (Asset)/Liability	67
Schedule of City Pension Plan Contributions	68
Notes to Required Supplementary Information	69

CITY OF WEST LINN, OREGON

Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2015

TABLE OF CONTENTS, CONTINUED

	Page
Supplementary Information	
Combining and Individual Fund Financial Statements and Schedules	
Schedule of Revenues, Expenditures and Changes in Fund Balances –	
Budget and Actual – Major Governmental Fund – Capital Projects	
Systems Development Charges Fund	74
Combining Balance Sheet – Nonmajor Governmental Funds	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –	
Nonmajor Governmental Funds	77
Combining Balance Sheet – Nonmajor Special Revenue Funds	78
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balances (Deficit) – Nonmajor Special Revenue Funds	79
Schedules of Revenues, Expenditures and Changes in Fund Balances (Deficit) –	
Budget and Actual – Nonmajor Governmental Funds	
Building Inspections Fund	80
Planning Fund	81
Debt Service Fund	82
Park Bond Construction Fund	83
Schedules of Revenues, Expenditures and Changes in Fund Balances –	
Budget and Actual – Proprietary Funds	
Water Fund	85
Environmental Services Fund	86
Other Financial Schedules	
Schedule of Future Debt Service Requirements	88
Schedule of Property Tax Transactions and Outstanding Balances	89
Schedule of Accountability of Independently Elected Officials	90

CITY OF WEST LINN, OREGON

Comprehensive Annual Financial Report For the fiscal year ended June 30, 2015

TABLE OF CONTENTS, CONTINUED

	Page
III. STATISTICAL SECTION	
Net Position by Component	93
Changes in Net Position	94
Governmental Activities Tax Revenues by Source	96
Fund Balances of Governmental Funds	97
Changes in Fund Balances of Governmental Funds	98
Assessed Value and Estimated Real Market Value of Taxable Property	99
Property Tax Rates – Direct and Overlapping Governments	100
Principal Property Taxpayers	101
Property Tax Levies and Collections	102
Ratios of Outstanding Debt by Type	103
Ratios of General Bonded Debt Outstanding	104
Direct and Overlapping Governmental Activities Debt	105
Legal Debt Margin Information	106
Pledged-Revenue Coverage	107
Demographic and Economic Statistics	108
Principal Employers	109
Full-time Equivalent City Government Employees by Function	110
Operating Indicators by Function	111
Capital Asset Statistics by Function	112
IV. COMPLIANCE SECTION	
Independent Auditor’s Report Required by Oregon State Regulations	115

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CITY OF WEST LINN, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT

SECTION I

INTRODUCTORY SECTION

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CITY OF West Linn

November 19, 2015

Mayor, City Councilors, Audit Committee and
Citizens of the City of West Linn, Oregon

The Comprehensive Annual Financial Report (CAFR) of the City of West Linn, Oregon (the City) for the fiscal year ended June 30, 2015 is hereby submitted.

This report presents the financial position of the City as of June 30, 2015 and the results of its operations for the fiscal year then ended. The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and meet the requirements of the standards prescribed by the Oregon Secretary of State Audits Division. We believe the data, as presented, is accurate in all material respects and presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City.

The accuracy of the City's financial statements and the completeness and fairness of their presentation is the responsibility of City management. The City maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded against loss or unauthorized use and that financial records can be relied upon to produce financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that the cost of maintaining the system of internal accounting controls should not exceed benefits likely to be derived.

Talbot, Korvola & Warwick LLP, Certified Public Accountants, have issued an unmodified or "clean" opinion on the City's financial statements for the fiscal year ended June 30, 2015. The independent auditor's report is located at page 12 in the Financial Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A is located at page 15 immediately following the independent auditor's report.

Profile of the Government

West Linn is a community where citizens, civic organizations, businesses and city government work together to ensure that the community retains its hometown identity, high quality of life and its natural beauty. The City incorporated in 1913 and today serves a population of 25,540. It is close to the region's business core and urban amenities, with Portland approximately twenty miles to the north. At the same time, the City provides a

small-town atmosphere and distinct neighborhoods that range from the Historic Willamette District with its pioneer-era dwellings, to the contemporary architecture of newer homes. The City is approximately twenty miles from Portland International Airport.

The City is a full-service municipality that operates under a council/manager form of government. The elected City Council consists of the Mayor and four Councilors who act as the board of directors. The Council sets policies for city government, enacts ordinances and hires, directs and evaluates the City Manager. In turn, the City Manager is the City's chief executive officer, responsible for overall management and administration.

Municipal services are provided by City employees under the direction of the City Manager. The City operates its own police department, municipal court, water, sewer and surface water utilities, street operations, planning, engineering, fleet management, library and extensive year-round park and recreation programs.

Tualatin Valley Fire and Rescue District provides fire and emergency services to the community. The City lies within Clackamas County, which is headed by a board of commissioners and based in neighboring Oregon City. The City is also part of Metro, the tri-county urban services district based in Portland.

Local Economy

The City's economy is linked with that of the entire Portland Metropolitan area, but is more insulated from economic downturns because of the high education and skill level of its population. Per capita income is one of the highest of any city in the state of Oregon.

West Linn is primarily a residential community with a low ratio of heavy industry and retail-based commercial activity. The largest non-manufacturing employers are West Linn Wilsonville School District and Safeway Inc. The largest manufacturing employer is the West Linn Paper Company.

Long-term Financial Planning

Long-term financial planning is performed on an ongoing basis. The controlling document is the City's five year financial forecasting plan which includes reserves by fund that fall within the policy guidelines set by Council and reviewed by the Citizens' Budget Committee during the budget process. Reserve policy guidelines are measured as a percentage of annual operating expenses and generally range between 15 and 20 percent depending on the fund.

Along with the adoption of the 2014-2015 biennial budget, certain utility rate fee increases were approved by City Council with the support of the Citizens' Budget Committee and the Utility Advisory Board. Effective January 1, 2014, a five percent rate increase for water, sewer, and surface water management fees was approved. Effective July 1, 2014, a five percent rate increase was approved for the parks and residential street fees. Effective January 1, 2015, a five percent rate increase was approved for water, sewer, and surface water management.

In regards to the City's long-term debt obligations, the City had \$11.8 million outstanding in three general obligation bond issues, \$4.8 million outstanding in two full faith and credit obligations, and \$0.8 million outstanding in a water revenue bond issue, for a total of \$17.4 million in long-term debt outstanding as of June 30, 2015.

City's Credit Ratings

In May 2010, Moody's Investors Service upgraded the City's credit rating on its outstanding general obligation debt to Aa2 as part of their global recalibration effort. Later, in August 2010, Moody's reaffirmed this higher Aa2 credit rating stating "these rating assignments primarily reflect the City's improved managerial oversight and stronger financial position."

In August 2010, Standard & Poor's also upgraded the City's credit rating on its outstanding general obligation debt to their AA level noting the "City's use of a five-year financial forecast to build budgets and its quarterly reports on budgeted numbers compared to actual performance to the City Council."

Police Station Completed September 2014

In November 2011, voters approved Ballot Measure 3-377 authorizing the issuance of up to \$8.5 million in general obligation bonds to allow for the acquisition, construction and furnishing of a new police station to be located on 8th Avenue. It was estimated at the time that this measure would increase the property tax rates by \$0.16 cents per thousand of assessed value and the tax impact on an average West Linn home with an assessed value of \$285,000 was estimated at \$46 per year.

In January 2012, the City marketed and subsequently sold \$8.5 million in general obligation bonds. The Official Statement outlined the demographics and financial condition of the City. With bond interest rates at historic lows, it was an excellent time to sell municipal bonds and resulted in the City receiving an overall true interest cost rate over twenty years of 2.25 percent. Commencing with the November 2012 property tax bills, the bonded debt tax rate increased by \$0.14 cents per thousand of assessed value to cover the debt service payments.

History of City's Low Permanent Property Tax Rate

Two serial levies were in place for the City of West Linn in fiscal years 1994-95, 1995-96 and 1996-97. Both of these serial levies expired before the Measure 50 permanent property tax rates were established. Hence, neither of these two serial levies rolled into the permanent rate for the City of West Linn. In March 1997, West Linn voters approved two local option levies which replaced the two serial levies; however, this election was too late for the permanent rate calculation which occurred in late 1996. Today, the permanent property tax rate for the City of West Linn is at \$2.12 per thousand of assessed value, the lowest property tax rate for cities in the surrounding area.

Major Initiatives

The City has continued to establish and work toward clearly defined goals and objectives. During the budget review process, goals and objectives are developed and prioritized by the City Council and staff. The process is a continuing cycle of setting goals and objectives, reviewing short- and long-term goals, evaluating results, and reassessing the goals and their priority.

In preparing the budget for the 2014-2015 biennium, the City Council adopted various goals that were then incorporated into budgeted operations. The City Council updated their previous goal list and established guidelines for achievement in the following major areas: enhancing pedestrian safety and bike/pedestrian opportunities, decide upon an aquatic

center, create a master plan for the Blue Heron property, utility infrastructure, economic development, and plan for a successful Centennial celebration.

The Citizens' Budget Committee continued with biennial budgeting and approved the City's third biennial budget allowing better alignment of the City's budget with the State's and an increased focus on a longer term. With this financial report for the fiscal year ended June 30, 2015, the actual results reflect the second year of the biennium. Additionally, the City's Audit Committee, consisting of Councilors Brenda Perry and Jenni Tan, partnering with Nathan Reagan who is a West Linn resident and certified public accountant, continue their focus on audit oversight and improving all finance processes.

New Accounting Statement Implemented

With this audit report, the City implemented Government Accounting Standards Board, GASB Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*. Summarized briefly, this statement requires government agencies to now record its relative share of pension related amounts in its statement of net position and statement of activities. Previously, these pension related amounts were only disclosed in the notes to the financial statements. Accordingly, you will now see new line items in the financial statements with terminology to include net pension asset, net pension liability, deferred inflows of resources, deferred outflows of resources, and pension expense.

These audited amounts were provided to the City by the actuaries of the Oregon Public Employees Retirement System (OPERS) and are now reflected in the City's statement of net position and statement of activities for fiscal year ended June 30, 2015. This new guidance also requires the restatement of the prior year net position. The notes to the basic financial statements and management's discussion and analysis contain further information about the effects of implementing this statement.

Awards

Comprehensive Annual Financial Reporting Award. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This was the seventh consecutive year that the City has achieved this prestigious award. In order to be awarded a *Certificate of Achievement*, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A *Certificate of Achievement* is valid for a period of one year only. We believe that our current CAFR 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.

Popular Annual Financial Reporting Award. The GFOA has given an *Award for Outstanding Achievement in Popular Annual Financial Reporting* to the City for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2014. The *Award for Outstanding Achievement in Popular Annual Financial Reporting* is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an *Award for Outstanding Achievement in Popular Annual Financial Reporting*, a government unit must publish a PAFR, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An *Award for Outstanding Achievement in Popular Annual Financial Reporting* is valid for a period of one year only. The City has received a Popular Award for the last seven consecutive years. We believe that our current PAFR continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA.

Distinguished Budget Presentation Award. The GFOA presented a *Distinguished Budget Presentation Award* to the City for its biennial budget for the biennium beginning July 1, 2013. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

This award is valid for a period of two years only. We believe that our current budget continues to conform to program requirements, and have submitted it to GFOA to determine its eligibility for another award.

Acknowledgements

The preparation of this Comprehensive Annual Financial Report was a combined effort of the dedicated Finance staff. We wish to express our appreciation to everyone who contributed to the preparation of this report. Credit is also given to the Mayor, the Councilors and the Audit Committee for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Richard W. Seals, CPA CMA CFM CFE CGMA
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of West Linn,
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2014

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Ziehl

President

Jeffrey R. Enen

Executive Director

CITY OF WEST LINN, OREGON
Elected and Appointed Officials

Elected Officials	Term Expires
Russ Axelrod, Mayor	December 31, 2016
Thomas Frank, Council President	December 31, 2016
Brenda Perry, Councilor	December 31, 2018
Jenni Tan, Councilor	December 31, 2016
Vacant Council position	December 31, 2018
Rhett Bernstein, Municipal Court Judge	December 31, 2018

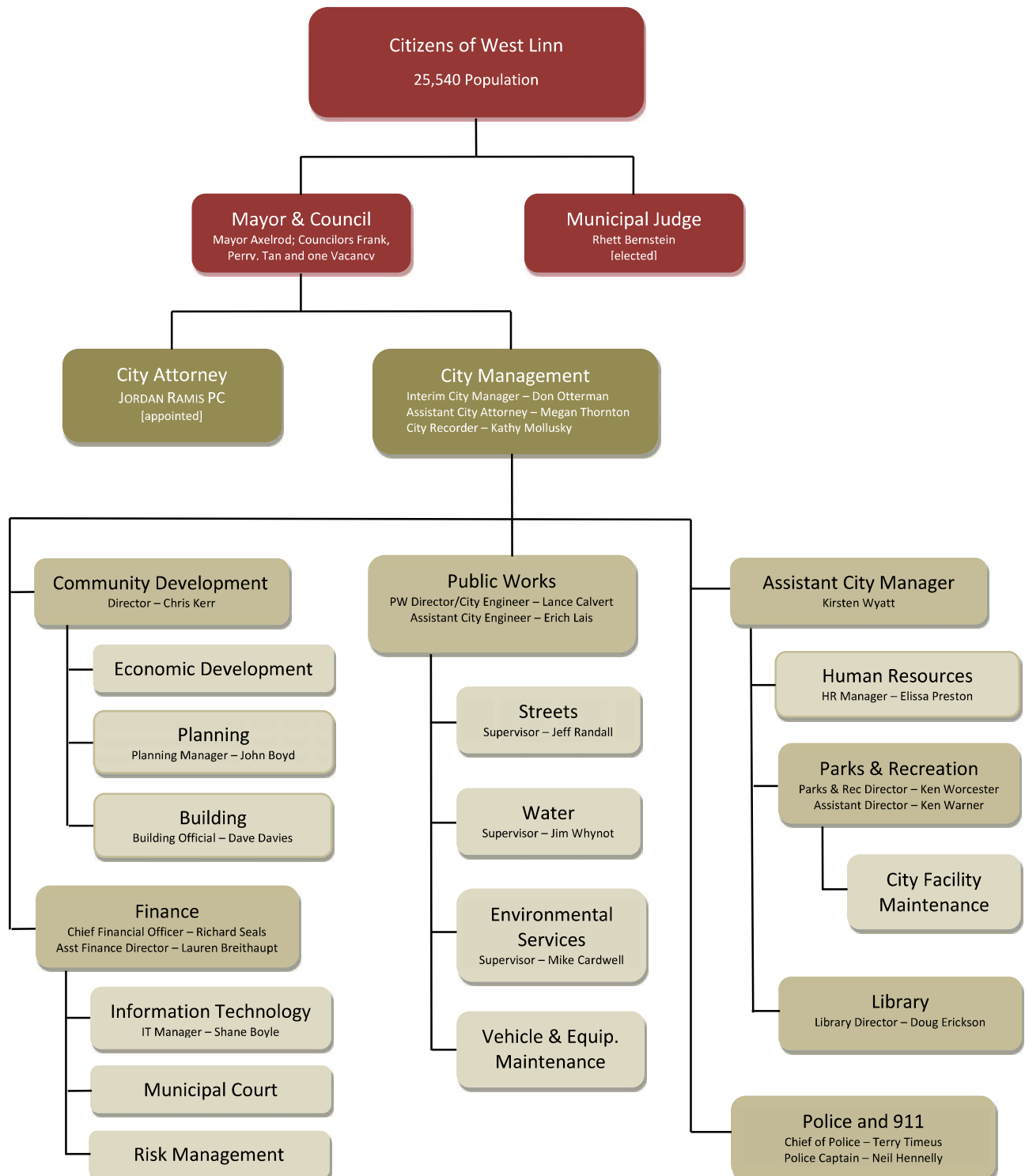
Appointed Officials	Position
Donald Otterman	Interim City Manager
JORDAN RAMIS PC	Legal Counsel/City Attorney

Management Team:

John Boyd, AICP CFM	Planning Manager
Shane Boyle	Information Tech. Manager
Lauren Breithaupt, CPA CGMA	Assistant Finance Director
Lance Calvert, PE	Public Works Director
Doug Erickson	Library Director
Chris Kerr	Community Development Dir.
Kathy Mollusky, CMC	City Recorder
Elissa Preston	Human Resources Manager
Richard Seals, CPA CMA CFM CFE	Chief Financial Officer
Megan Thornton	Assistant City Attorney
Terry Timeus	Chief of Police
Ken Worcester	Parks and Recreation Director
Kirsten Wyatt	Assistant City Manager

CITY OF WEST LINN, OREGON

Organizational Chart



CITY OF WEST LINN, OREGON
Audit Committee

Resolution 06-33 adopted in July 2006 established an Audit Committee to ensure that audits are completed annually in accordance with Oregon state law, provide oversight of the independent auditors, assist in the review and selection of audit firms, and ensure transparent communication back to the Council and citizens of West Linn.

Resolution 09-11 adopted in June 2009 added one citizen member to the Audit Committee for a four-year term with an interest and experience in City government financial operations, preferably a Certified Public Accountant residing within City limits.

Audit Committee Members	Term Expires
Council Members:	
Brenda Perry, Councilor	December 31, 2015
Jenni Tan, Councilor	December 31, 2015
Citizen Member:	
Nathan Reagan, CPA	December 31, 2017

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CITY OF WEST LINN, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT

SECTION II

FINANCIAL SECTION



**Talbot, Korvola
& Warwick, LLP**

Certified Public Accountants
& Consultants

ACHIEVE MORE

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Councilors
City of West Linn, Oregon
West Linn, 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 West Linn, Oregon (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the South Fork Water Board, a joint venture equity investment, which reflects the City's investment constituting three percent of total assets at June 30, 2015, and one percent of total revenues for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the South Fork Water Board, is based solely on the report of the other auditors. 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 financial statement 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

Honorable Mayor and City Councilors
City of West Linn, Oregon
West Linn, Oregon

OPINIONS

In our opinion, based on our audit and the report of other auditors, 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 as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTERS

As discussed in Note 1 to the financial statements, the City adopted the accounting requirements of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, which resulted in the restatement of previously reported amounts for the year ended June 30, 2014. Our opinions are not modified with respect to this matter.

As discussed in Note 2 to the financial statements, changes in benefit terms of the Oregon Public Employees Retirement System resulting from the April 30, 2015 Oregon Supreme Court decision are not reflected in the December 31, 2012 actuarial valuation used to measure pension amounts as of and for the fiscal year ended June 30, 2015.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information, such as Management's Discussion and Analysis, Schedule of Funding Progress, Schedule of the City's Proportionate Share of the Net Pension (Asset/Liability), Schedule of City Pension Plan Contributions, and Notes to the 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 and other auditors 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.

Accounting principles generally accepted in the United States require that the budgetary comparison information for the General Fund, Public Safety Fund, Parks and Recreation Fund, Library Fund, and Street Fund as listed in the Table of Contents as Required Supplementary Information, be presented to supplement the basic financial statements. Such information, although not 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. The required budgetary comparison information is the responsibility of management and was derived from and relates 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

INDEPENDENT AUDITOR'S REPORT (Continued)

Honorable Mayor and City Councilors
City of West Linn, Oregon
West Linn, Oregon

OTHER MATTERS (Continued)

Required Supplementary Information (Continued)

comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 required budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as whole.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Supplementary Information and Other Financial Schedules, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the Supplementary Information and Other Financial Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

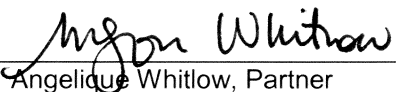
Other Information

The Introductory and Statistical Sections as listed in the Table of Contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

OTHER REPORTING REQUIRED BY OREGON MINIMUM STANDARDS

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated November 19, 2015, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

TALBOT, KORVOLA & WARWICK, LLP

By 
Angelique Whitlow, Partner

Lake Oswego, Oregon
November 19, 2015

CITY OF WEST LINN, OREGON
Management's Discussion and Analysis
For the fiscal year ended June 30, 2015

Management's Discussion and Analysis (MD&A) is presented to facilitate financial analysis and provide an overview of the financial activities of the City of West Linn (the City) for the fiscal year ended June 30, 2015. Information in the MD&A is based on currently known facts, decisions and conditions. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

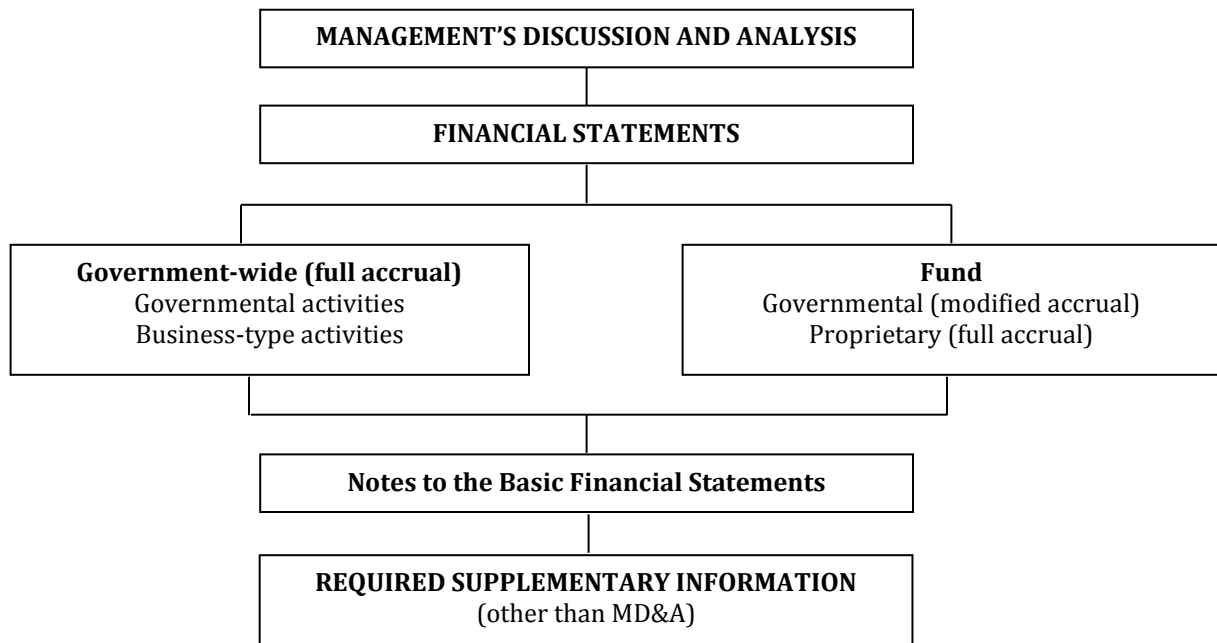
- The City's assets and deferred outflows of resources totaled \$307.8 million at June 30, 2015, consisting of \$271.8 million in capital assets, \$10.9 million in unrestricted cash and investments, \$9.5 million in restricted cash and investments, and \$15.6 million in investment in joint venture, other assets and deferred outflows of resources. Total assets and deferred outflows of resources increased by \$4.0 million from the previous fiscal year.
- The City's liabilities and deferred inflows of resources totaled \$28.1 million at June 30, 2015 consisting of \$17.8 million in long-term liabilities and \$4.7 million in accounts payable and other liabilities, and \$5.6 million in deferred inflows related to pensions.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$279.7 million at the close of fiscal year 2014-15. Unrestricted net position totaled \$16.2 million with the remainder of the City's net position invested in capital assets (\$254.1 million) and restricted for endowment, capital projects and debt service (\$9.4 million).
- For its governmental activities, the City generated \$12.7 million in charges for services and received \$4.5 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$23.0 million for the year, resulting in a net direct expense of \$5.8 million. \$10.1 million of general revenues received and \$1.5 million of transfers out resulted in a change in net position of \$2.8 million.
- For its business-type activities, the City generated \$8.1 million in charges for services and capital grants and contributions to fund direct expenses of \$6.0 million.
- Fund balance in the City's governmental funds was \$11.4 million at June 30, 2015, a decrease of \$4.2 million from June 30, 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to this discussion and analysis, the financial section of this annual report contains the *basic financial statements, required supplementary information, and other supplementary information*, including the *combining statements and schedules* of the nonmajor funds.

The basic financial statements also include *notes* that explain the information in the financial statements and provide additional details. The following chart illustrates how the various sections of this annual report are arranged relative to one another.

Chart 1 - Required Elements of the Comprehensive Annual Financial Report



The City adopted Government Accounting Standard Board (GASB) 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27* during fiscal year 2015. GASB Statement 68 established accounting and financial reporting standards for employers, including reporting of the net pension asset or liability on the statement of net position, and deferred inflows and outflows associated with investment, economic and demographic gains and losses associated with pension plans. GASB Statement 68 also provides guidance related to the calculation of pension expense(income). Fiscal year 2014 information reported in Tables 1 and 2 herein have been restated to conform to the new reporting and accounting standards.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The *Statement of Net Position* includes *all* of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the *Statement of Activities* regardless of when cash is received or paid.

The two government-wide statements report the City's *net position* and how they have changed. Net position—the net difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources—is one way to measure the City's *financial health* or *position*.

- Over time, increases or decreases in the City's net position are indicators of whether its *financial health* is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as changes in the City's property tax base and the condition of the City's roads.

The government-wide financial statements of the City are divided into two categories:

- Governmental activities—Most of the City’s basic services are included here, such as police, parks and recreation, library, public works, and general administration. Property taxes, charges for services, and operating and capital grants and contributions fund most of these activities.
- Business-type activities—The City charges fees to customers to help cover the costs of certain services it provides. The City’s water and environmental services, including sanitary sewer and surface water management systems, are included here.

Statement of Net Position

Net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$279.7 million at June 30, 2015.

By far, the largest portion of the City’s net position (91 percent) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, and infrastructure), less any related debt outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is 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 either cannot or are not expected to be used or liquidated to repay these liabilities.

Table 1 – Net Position as of June 30th (in millions)

	Governmental Activities		Business-type Activities		Total	
	2015	2014 (restated)	2015	2014 (restated)	2015	2014 (restated)
Current and other assets	\$ 16.2	\$ 18.3	\$ 18.9	\$ 19.5	\$ 35.1	\$ 37.8
Capital assets	237.6	235.2	34.2	30.0	271.8	265.2
Total assets	253.8	253.5	53.1	49.5	306.9	303.0
Deferred outflows of resources	0.8	0.7	0.1	0.1	0.9	0.8
Long-term liabilities	16.9	23.9	0.9	1.6	17.8	25.5
Other liabilities	3.7	4.1	1.0	6.1	4.7	10.2
Total liabilities	20.6	28.0	1.9	7.7	22.5	35.7
Deferred inflows of resources	5.0	-	0.6	-	5.6	-
Net position:						
Net investment in capital assets	220.7	218.3	33.4	29.1	254.1	247.4
Restricted for:						
Library endowment	0.2	0.2	-	-	0.2	0.2
Debt service	0.2	0.2	0.1	0.2	0.3	0.4
Building operations	-	0.1	-	-	-	0.1
Capital projects	4.9	6.8	4.0	-	8.9	6.8
Unrestricted	3.0	0.6	13.2	12.6	16.2	13.2
Total net position	\$ 229.0	\$ 226.2	\$ 50.7	\$ 41.9	\$ 279.7	\$ 268.1

A portion of the City's net position (\$9.4 million or about three percent) represents resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net position* (\$16.2 million or about six percent) may be used to meet the City's ongoing obligations to citizens and creditors.

As of June 30, 2015, the City had positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

Total net position increased by \$11.6 million during the fiscal year. The implementation of GASB Statement 68 accounts for \$9.0 million of this increase, as the City recorded net pension liability of \$6.2 million at June 30, 2014 and net pension asset of \$2.8 million at June 30, 2015; the remainder represents the degree to which ongoing revenues have exceeded increases in ongoing expenses.

Statement of Activities

As with the *Statement of Net Position*, the City reports governmental activities on a consolidated basis. A summary of the *Statement of Activities* follows:

Table 2 – Changes in Net Position (in millions)

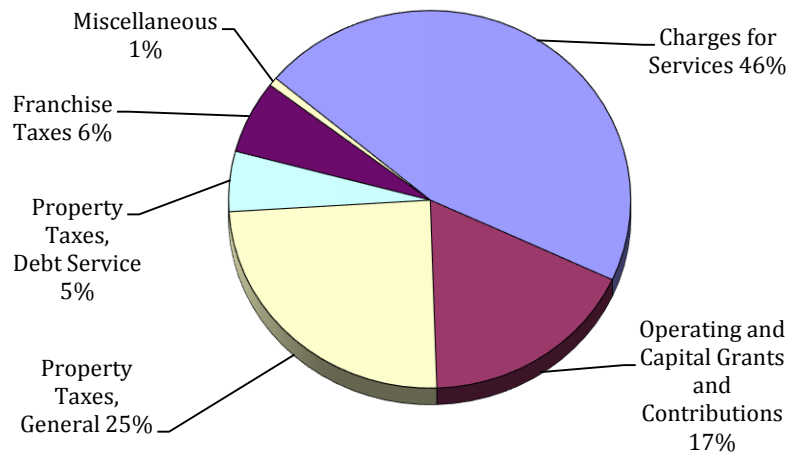
	Governmental Activities		Business-type Activities		Total	
	FY 2015	FY 2014 (restated)	FY 2015	FY 2014 (restated)	FY 2015	FY 2014 (restated)
Revenues						
Program revenues						
Charges for services	\$ 12.7	\$ 12.5	\$ 7.6	\$ 6.9	\$ 20.3	\$ 19.4
Operating grants and contributions	4.0	3.8	-	-	4.0	3.8
Capital grants and contributions	0.5	0.4	0.5	0.6	1.0	1.0
General revenues						
Property taxes	8.1	7.9	-	-	8.1	7.9
Franchise taxes	1.7	1.7	-	-	1.7	1.7
Grants and contributions not restricted to specific programs	0.3	0.3	-	-	0.3	0.3
Intergovernmental	-	-	5.0	-	5.0	-
Miscellaneous	-	-	0.2	-	0.2	-
Total revenues	<u>27.3</u>	<u>26.6</u>	<u>13.3</u>	<u>7.5</u>	<u>40.6</u>	<u>34.1</u>
Expenses						
Governmental activities						
General government	6.8	7.2	-	-	6.8	7.2
Culture and recreation	5.8	6.0	-	-	5.8	6.0
Public safety	6.2	7.1	-	-	6.2	7.1
Highways and streets	3.7	3.7	-	-	3.7	3.7
Interest on long-term debt	0.5	0.5	-	-	0.5	0.5
Business-type activities						
Water	-	-	3.2	3.3	3.2	3.3
Environmental services	-	-	2.8	2.9	2.8	2.9
Total expenses	<u>23.0</u>	<u>24.5</u>	<u>6.0</u>	<u>6.2</u>	<u>29.0</u>	<u>30.7</u>
Change in net position before transfers	4.3	2.1	7.3	1.3	11.6	3.4
Transfers	<u>(1.5)</u>	<u>(0.2)</u>	<u>1.5</u>	<u>0.2</u>	<u>-</u>	<u>-</u>
Change in net position	<u>2.8</u>	<u>1.9</u>	<u>8.8</u>	<u>1.5</u>	<u>11.6</u>	<u>3.4</u>
Net position - beginning	226.2	229.2	41.9	41.2	268.1	270.4
Restatement	-	(4.9)	-	(0.8)	-	(5.7)
Net position - beginning (restated)	<u>226.2</u>	<u>224.3</u>	<u>41.9</u>	<u>40.4</u>	<u>268.1</u>	<u>264.7</u>
Net position - ending	<u>\$ 229.0</u>	<u>\$ 226.2</u>	<u>\$ 50.7</u>	<u>\$ 41.9</u>	<u>\$ 279.7</u>	<u>\$ 268.1</u>

Governmental Activities

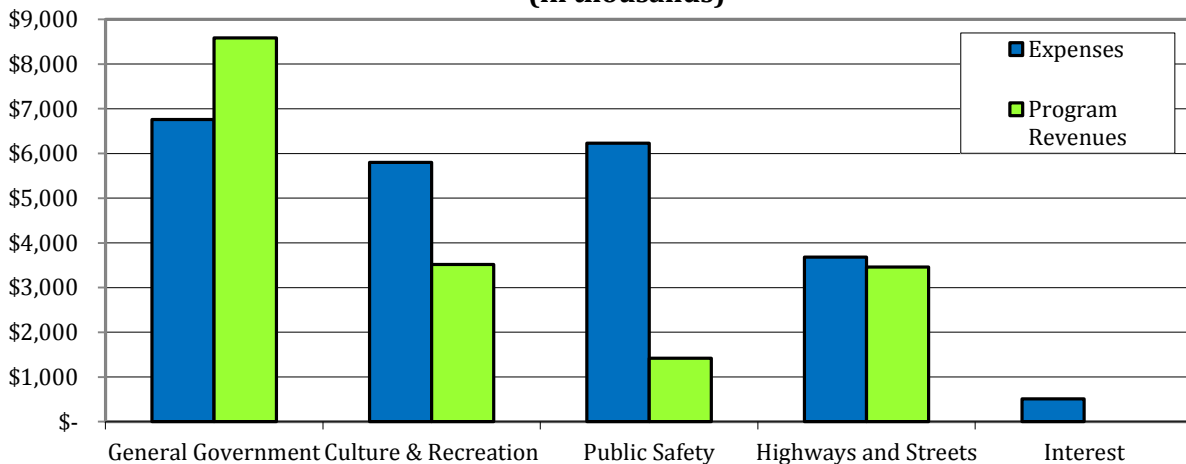
Governmental activities increased the City's net position by \$2.8 million in fiscal year 2014-15, as compared to \$1.9 million in the prior fiscal year. Revenue increased by \$0.7 million and expenses, including transfers, decreased by \$0.2 million. Key elements of this change, as illustrated in Table 2 above, include a reduction in public safety and general government expenses, largely as a result of the implementation of GASB Statement 68, and an increase in transfers to business type activities.

The revenues charted in the following pie chart include all program and general revenues for governmental activities such as property taxes, franchise taxes, charges for services, operating and capital grants and contributions, and miscellaneous revenues. Property taxes continue to be the major source of revenue for the City's governmental activities, once interfund service payments are factored out of charges for services.

Revenues by Source - Governmental Activities



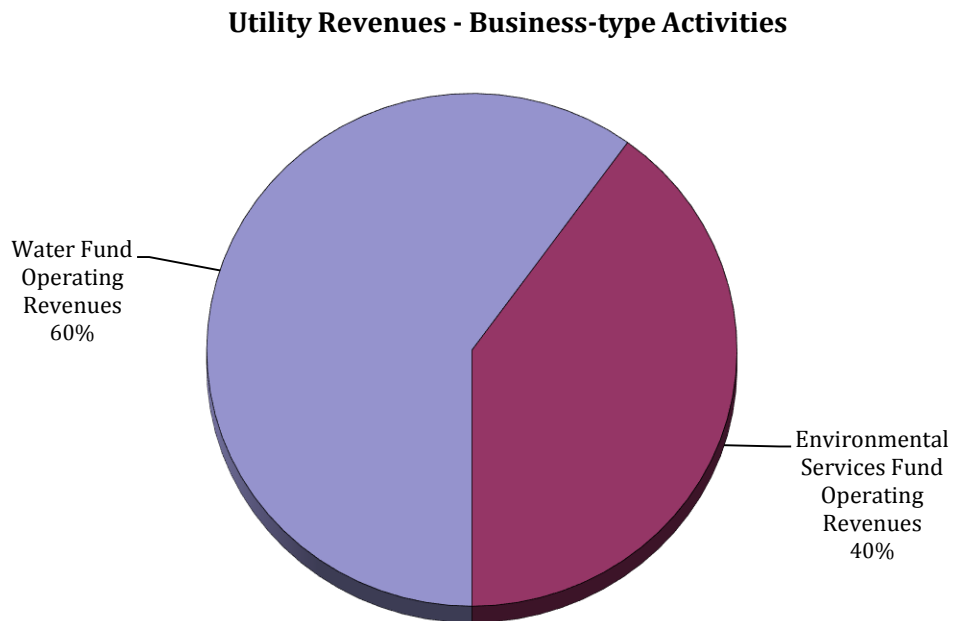
**Expenses and Program Revenues - Governmental Activities
(in thousands)**



Business-type Activities

Water fund revenues represent approximately 60 percent of all utility revenues for the City. The City continues to contribute capital investment to the water system while maintaining a consistent level of service.

Environmental services fund revenues represent approximately 40 percent of all utility revenues for the City. The fund provides sewer collection services and surface water management services. Overall, the fund continues to realize improved operating results. Both sewer and surface water management operations realized positive margins.



FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2015, the City's governmental funds reported a combined ending fund balance of \$11.4 million, a decrease of \$4.2 million when compared to the prior year. Unassigned fund balance combined with committed fund balance as of June 30, 2015, was \$5.9 million and is available for spending at the City's discretion.

General Fund

The general fund is the chief operating fund of the City. At June 30, 2015, total fund balance was \$1.5 million, reflecting a decrease of \$0.6 million from the prior year. Within the general fund ending balance, \$1.4 million is considered unassigned. The City's general fund continues to be funded with charges for services from other funds, including the three special revenue funds receiving property tax revenues: public safety, parks and recreation, and library. General fund revenues increased slightly to \$7.0 million from the prior year. Expenditures in the general fund increased by \$1.4 million from \$6.2 million in the prior year to \$7.6 million in the current year. Key components of this increase include expenditures related to the successful implementation of the City's new accounting software package, professional services related to economic development initiatives, the filling of budgeted vacant positions, and an increase in transfers to other funds.

Public Safety Fund

This special revenue fund accounts for police, 911 dispatch, and overall safety activities within city limits. Revenues increased to \$6.7 million from \$6.1 million in the prior year attributed to a increase in property taxes. Expenditures in the public safety fund decreased to \$8.2 million as spending for the new police station capital construction project were finalized during the year. Funding for the new police station came from \$8.5 million in general obligation bonds issued in January 2012.

Parks and Recreation Fund

This special revenue fund is used to account for funding parks and recreation programs throughout the City. Overall revenues increased to \$3.7 million in the current year. Overall expenditures increased to \$3.6 million resulting in an overall fund balance increase of \$0.1 million. Debt service payments continued for the full faith and credit obligations issued in 2009 for the Parker Road property.

Library Fund

This special revenue fund is used to account for funding the City's library operations. Overall revenues decreased to \$2.2 million from \$2.4 million in the prior year. Overall expenditures decreased slightly to \$2.2 million. Overall fund balance remained the same at \$0.7 million.

Street Fund

This special revenue fund accounts for the operation and maintenance of the City's street and sidewalk systems, including medians. Revenue increased to \$3.2 million attributable to increases in the street maintenance fee. Overall street expenditures increased to \$3.8 million from \$2.8 million in the 2013-14 fiscal year as the City continued with planned capital improvements. The street fund had an overall decrease in fund balance of \$0.6 million for the fiscal year ended June 30, 2015.

Systems Development Charges Fund

This capital projects fund accounts for systems development charges and improvements including those for the street, water, surface water, sewer, park, and bike/pedestrian systems. Revenues decreased from \$1.3 million in the 2013-14 fiscal year to \$0.6 million in the 2014-15 fiscal year due to less new development in the City. Expenditures in the systems development charges fund increased to \$2.6 million from \$0.5 million in the 2013-14 fiscal year. Major projects included street improvements and the Bland pump station project.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original and final appropriated budget of the general fund for the 2014-2015 biennium budget period amounted to \$15.3 million including \$0.7 million for contingencies. Total expenditures for the biennium were \$13.8 million. Major components of this \$1.5 million favorable variance include \$0.7 million for contingency, \$0.14 million for economic development, \$0.24 million for public works support, and \$0.19 for vehicle maintenance which represent unspent items such as contingency funds not being spent and several vacancies due to personnel turn over.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015, the City had invested \$271.8 million in capital assets, net of depreciation as reflected in the following table. This represents a net increase (additions, deductions and depreciation) of \$6.6 million in fiscal year 2014-15. Governmental capital assets totaled \$237.6 million while business-type capital assets totaled \$34.2 million.

Table 3
Capital Assets as of June 30th
(net of depreciation, in millions)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land and easements	\$ 192.1	\$ 192.1	\$ 0.5	\$ 0.5	\$ 192.6	\$ 192.6
Buildings and improvements	22.6	16.2	0.6	0.6	23.2	16.8
Vehicles and equipment	1.7	1.1	0.9	1.0	2.6	2.1
Infrastructure	21.0	19.9	29.5	27.5	50.5	47.4
Construction in progress	0.2	5.9	2.7	0.4	2.9	6.3
Capital assets, net	<u>\$ 237.6</u>	<u>\$ 235.2</u>	<u>\$ 34.2</u>	<u>\$ 30.0</u>	<u>\$ 271.8</u>	<u>\$ 265.2</u>

The following table reconciles the change in capital assets for the fiscal year. Expenditures for construction projects in progress at fiscal year-end are included in additions. Reductions are for capital asset dispositions and transfers of construction projects in progress that were completed during the fiscal year. Additions include capital contributions from outside developers with the revenue from these contributions reflected in program revenues on the *Statement of Activities*.

Table 4
Change in Capital Assets
(in millions)

	Governmental Activities		Business-type Activities		Total	
	FY 2015	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014
Beginning balance	\$ 235.2	\$ 231.5	\$ 30.0	\$ 29.3	\$ 265.2	\$ 260.8
Additions	5.8	6.9	5.6	2.0	11.4	8.9
Reductions and adjustments	(0.1)	(0.1)	-	-	(0.1)	(0.1)
Depreciation	(3.3)	(3.1)	(1.4)	(1.3)	(4.7)	(4.4)
Ending balance	<u>\$ 237.6</u>	<u>\$ 235.2</u>	<u>\$ 34.2</u>	<u>\$ 30.0</u>	<u>\$ 271.8</u>	<u>\$ 265.2</u>

Assets utilized in governmental activities increased by a net \$2.4 million. This change includes increases in land, building, machinery and equipment, and sidewalk improvements, offset by depreciation. Capital asset additions include completion of various projects throughout the community. Additional detail on the City's capital assets can be found in the capital assets note on page 43 of this report.

Debt Outstanding

As of the end of the fiscal year, the City had \$17.4 million in long-term bonded debt obligations outstanding – a decrease of eight percent from the prior year – as shown in Table 5. Additional detail on the City's long-term debt obligations can be found in the long-term debt obligations note on page 45 of this report.

Table 5
Outstanding Long-term Debt Obligations as of June 30th
(in millions)

	2015	2014
Governmental Activities:		
General obligation bonds	\$ 11.8	\$ 12.8
Full faith and credit obligations	4.8	5.2
Sub-total	16.6	18.0
Business-type Activities:		
Water revenue bonds	0.8	0.9
Total	<u>\$ 17.4</u>	<u>\$ 18.9</u>

During fiscal year 2011-12, \$8.5 million of general obligation bonds were issued for a new police station. With this bond issue which closed in January 2012, both Standard and Poor's and Moody's reaffirmed the City's bond ratings of AA and Aa2 respectively.

Under Oregon Revised Statutes, general obligation debt issues are limited to three percent of the real market value of all taxable property within the City's boundaries. The \$11.8 million in general obligation debt applicable to this limit is well below the City's \$116.6 million maximum limitation.

Economic Factors

The City of West Linn is predominantly residential in nature, with commercial property representing less than five percent of the City's taxable assessed value. Therefore, the City receives a significant share of its revenue directly from local residents in the form of property taxes and charges for services.

The State of Oregon does not have a sales tax, making property taxes a primary funding source for general government, public safety, and culture and recreation services provided by the City. The underlying taxable assessed values continue to be below real market values, and are currently about 84 percent; therefore, real market values would have to decrease by approximately 16 percent before the City's property tax revenues would be negatively impacted.

The largest resource used for governmental activities, at 46 percent, consisted of charges for service, including permits, licenses, recreation charges, and system development charges. Property tax revenue, the next largest revenue sources, provided 30 percent of the resources used for governmental activities. A special tax levy of approximately \$1.8 million that provided public safety funding expired as of June 30, 2007. To maintain service levels and reduce the reliance on a local option levy requiring a vote every five years, the City implemented fees for parks and street maintenance to offset the foregone property tax revenue. Property taxes for general operations increased slightly over the last year and investment earnings were down due to the decline in interest rates.

The business-type activities are funded with utility fees and charges. After several years in which the City decided to defer utility rate increases, effective July 1, 2005, July 1, 2006 and subsequently on January 1, of every year since, the City increased utility rates by five percent each. The rate increases are restricted by a Charter provision limiting annual utility rate increases to no more than five percent without a vote of the citizens. The rate increases are consistent with financial proformas prepared with the issuance of revenue bonds in 1999 and were necessary to maintain a revenue coverage ratio above the rate promised to the bond holders in the revenue bond covenants. Similar rate increases are anticipated over the next several years to generate sufficient revenue to fund operations and provide adequate funds for anticipated capital replacement projects.

Requests for Information

This City's financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability of the resources it receives and expends. If you have questions about this report, or need additional financial information, contact the Chief Financial Officer at City of West Linn, 22500 Salamo Road, West Linn, Oregon 97068 or e-mail rseals@westlinnoregon.gov.

BASIC FINANCIAL STATEMENTS

Statement of Net Position

Statement of Activities

Fund Financial Statements

Notes to Basic Financial Statements

CITY OF WEST LINN, OREGON

STATEMENT OF NET POSITION

JUNE 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 6,459,580	\$ 4,437,625	\$ 10,897,205
Restricted cash and investments	5,383,632	4,153,500	9,537,132
Property taxes receivable	509,545	-	509,545
Accounts receivable, net of allowance	1,193,972	1,444,440	2,638,412
Prepaid expenses	188,685	-	188,685
Net pension asset	2,491,622	302,929	2,794,551
Capital assets not being depreciated:			
Land and easements	192,113,825	482,625	192,596,450
Construction in progress	212,954	2,695,110	2,908,064
Capital assets net of accumulated depreciation:			
Buildings and improvements	22,683,807	567,883	23,251,690
Vehicles and equipment	1,633,476	895,880	2,529,356
Infrastructure	20,955,915	29,547,267	50,503,182
Investment in joint venture	-	8,624,064	8,624,064
TOTAL ASSETS	253,827,013	53,151,323	306,978,336
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources - pension	796,003	96,777	892,780
LIABILITIES:			
Accounts payable	854,508	851,649	1,706,157
Accrued salaries and payroll taxes payable	512,964	45,672	558,636
Accrued interest payable	69,463	11,481	80,944
Deposits and other liabilities	357,531	-	357,531
Noncurrent liabilities:			
Due within one year	1,893,495	153,220	2,046,715
Due in more than one year	16,935,915	849,366	17,785,281
TOTAL LIABILITIES	20,623,876	1,911,388	22,535,264
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources - pension	5,020,313	610,366	5,630,679
NET POSITION:			
Net investment in capital assets	220,683,361	33,418,765	254,102,126
Restricted for:			
Library endowment, nonexpendable	157,300	-	157,300
Debt service	204,191	154,500	358,691
Capital projects	4,906,237	3,999,000	8,905,237
Unrestricted	3,027,738	13,154,081	16,181,819
TOTAL NET POSITION	\$ 228,978,827	\$ 50,726,346	\$ 279,705,173

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

CITY OF WEST LINN, OREGON

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FUNCTION / PROGRAM	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES:							
General government	\$ 6,775,368	\$ 8,217,251	\$ 565,236	\$ -	\$ 2,007,119	\$ -	\$ 2,007,119
Culture and recreation	5,804,078	2,055,719	1,458,962	-	(2,289,397)	-	(2,289,397)
Public safety	6,250,995	897,223	522,157	-	(4,831,615)	-	(4,831,615)
Highways and streets	3,680,846	1,522,168	1,472,249	467,350	(219,079)	-	(219,079)
Interest on long-term debt	507,678	-	-	-	(507,678)	-	(507,678)
TOTAL GOVERNMENTAL ACTIVITIES	23,018,965	12,692,361	4,018,604	467,350	(5,840,650)	-	(5,840,650)
BUSINESS-TYPE ACTIVITIES:							
Water	3,231,032	4,705,436	-	111,418	-	1,585,822	1,585,822
Environmental services	2,821,902	2,953,043	-	357,380	-	488,521	488,521
TOTAL BUSINESS-TYPE ACTIVITIES	6,052,934	7,658,479	-	468,798	-	2,074,343	2,074,343
TOTAL ACTIVITIES	<u>\$ 29,071,899</u>	<u>\$ 20,350,840</u>	<u>\$ 4,018,604</u>	<u>\$ 936,148</u>	<u>(5,840,650)</u>	<u>2,074,343</u>	<u>(3,766,307)</u>
GENERAL REVENUES:							
Property taxes, levied for general purposes					6,725,159	-	6,725,159
Property taxes, levied for debt service					1,397,468	-	1,397,468
Franchise taxes					1,721,760	-	1,721,760
Grants and contributions not restricted to specific programs					296,534	-	296,534
Intergovernmental					-	5,000,000	5,000,000
Unrestricted investment earnings					15,270	-	15,270
Gain on disposition of capital assets					-	236,120	236,120
TRANSFERS					(1,537,831)	1,537,831	-
TOTAL GENERAL REVENUES AND TRANSFERS					8,618,360	6,773,951	15,392,311
CHANGE IN NET POSITION					2,777,710	8,848,294	11,626,004
NET POSITION - beginning					231,063,244	42,731,307	273,794,551
RESTATEMENT (see note)					(4,862,127)	(853,255)	(5,715,382)
NET POSITION - beginning, restated					226,201,117	41,878,052	268,079,169
NET POSITION - ending					<u>\$ 228,978,827</u>	<u>\$ 50,726,346</u>	<u>\$ 279,705,173</u>

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

CITY OF WEST LINN, OREGON

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2015

	General Fund	Public Safety Fund	Parks and Recreation Fund	Library Fund	Street Fund	Systems Development Charges Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS:								
Cash and investments	\$ 1,895,670	\$ 989,198	\$ 955,886	\$ 601,024	\$ 1,752,753	\$ -	\$ 265,049	\$ 6,459,580
Restricted cash and investments	-	-	-	157,300	-	4,940,081	286,251	5,383,632
Property taxes receivable	-	293,303	77,185	56,602	-	-	82,455	509,545
Accounts receivable	370,410	84,946	198,426	-	372,634	-	107,556	1,133,972
Prepaid expenditures	188,685	-	-	-	-	-	-	188,685
TOTAL ASSETS	\$ 2,454,765	\$ 1,367,447	\$ 1,231,497	\$ 814,926	\$ 2,125,387	\$ 4,940,081	\$ 741,311	\$ 13,675,414
LIABILITIES:								
Accounts payable	\$ 283,426	\$ 6,886	\$ 123,725	\$ 15,996	\$ 77,509	\$ 125,131	\$ 161,835	\$ 794,508
Accrued salaries and payroll taxes	162,604	173,396	71,935	50,857	20,181	-	33,991	512,964
Deposits and other liabilities	272,436	-	-	-	83,595	-	1,500	357,531
TOTAL LIABILITIES	718,466	180,282	195,660	66,853	181,285	125,131	197,326	1,665,003
DEFERRED INFLOWS OF RESOURCES:								
Unavailable revenue - court fines	194,732	-	-	-	-	-	-	194,732
Unavailable revenue - property taxes	-	250,592	65,945	48,360	-	-	70,448	435,345
TOTAL DEFERRED INFLOWS	194,732	250,592	65,945	48,360	-	-	70,448	630,077
FUND BALANCES:								
Non-spendable	188,685	-	-	157,300	-	-	-	345,985
Restricted	-	-	-	-	-	4,814,950	295,478	5,110,428
Committed	-	936,573	969,892	542,413	1,944,102	-	352,584	4,745,564
Unassigned	1,352,882	-	-	-	-	-	(174,525)	1,178,357
TOTAL FUND BALANCES	1,541,567	936,573	969,892	699,713	1,944,102	4,814,950	473,537	11,380,334
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,454,765	\$ 1,367,447	\$ 1,231,497	\$ 814,926	\$ 2,125,387	\$ 4,940,081	\$ 741,311	

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 funds. 237,599,977

Other assets are not available to pay for current-period expenditures and,
therefore, are deferred in the funds:

Net pension asset	\$ 2,491,622	
Deferred outflows of resources - pension	796,003	3,287,625

Liabilities and deferred inflows of resources, including accrued liabilities
and bonds payable are not due and payable in the current period and,
therefore, are not reported in funds:

Unavailable revenue - court fines	194,732	
Unavailable revenue - property taxes	435,345	
Accrued compensated absences	(871,724)	
Accrued interest	(69,463)	
Capital lease	(13,110)	
Long-term bonded debt obligations	(16,605,000)	
Bond premium	(298,506)	
Deferred inflows of resources - pension	(5,020,313)	
Net other postemployment benefit obligations	(1,041,070)	(23,289,109)

Net position of governmental activities		\$ 228,978,827
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The notes to the basic financial statements are an integral part of this statement

CITY OF WEST LINN, OREGON

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Public Safety Fund	Parks and Recreation Fund	Library Fund	Street Fund	Systems Development Charges Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES:								
Property taxes	\$ -	\$ 4,436,218	\$ 1,587,245	\$ 697,418	\$ -	\$ -	\$ 1,395,113	\$ 8,115,994
Intergovernmental	119,375	462,157	-	1,458,962	1,472,249	-	445,861	3,958,604
Franchise taxes	-	1,403,583	-	-	121,659	-	196,518	1,721,760
Fines and forfeitures	384,087	38,047	-	60,666	-	-	-	482,800
Licenses and permits	236,340	21,870	-	-	-	-	567,883	826,093
Charges for services	6,229,000	365,000	1,995,053	-	1,522,168	-	429,899	10,541,120
Systems development charges	-	-	-	-	-	647,616	-	647,616
Investment earnings	14,477	-	-	-	-	793	-	15,270
Miscellaneous	67,954	8,644	84,402	17,979	112,042	-	5,513	296,534
TOTAL REVENUES	7,051,233	6,735,519	3,666,700	2,235,025	3,228,118	648,409	3,040,787	26,605,791
EXPENDITURES:								
Current:								
General government	6,789,885	-	-	-	-	150,255	845,306	7,785,446
Cultural and recreation	-	-	3,232,350	2,206,399	-	-	-	5,438,749
Public safety	-	6,466,963	-	-	-	-	717,786	7,184,749
Highways and streets	-	-	-	-	1,695,348	-	-	1,695,348
Debt service:								
Principal	304,000	-	21,000	-	85,000	-	1,030,000	1,440,000
Interest	105,925	-	16,823	-	66,000	-	324,463	513,211
Capital outlay	393,017	1,684,028	305,762	15,181	1,945,490	2,411,535	25,108	6,780,121
TOTAL EXPENDITURES	7,592,827	8,150,991	3,575,935	2,221,580	3,791,838	2,561,790	2,942,663	30,837,624
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(541,594)	(1,415,472)	90,765	13,445	(563,720)	(1,913,381)	98,124	(4,231,833)
OTHER FINANCING SOURCES:								
Proceeds from sale of capital assets	-	-	14,500	-	-	-	-	14,500
NET CHANGE IN FUND BALANCES	(541,594)	(1,415,472)	105,265	13,445	(563,720)	(1,913,381)	98,124	(4,217,333)
FUND BALANCES - beginning	2,083,161	2,352,045	864,627	686,268	2,507,822	6,728,331	375,413	15,597,667
FUND BALANCES - ending	\$ 1,541,567	\$ 936,573	\$ 969,892	\$ 699,713	\$ 1,944,102	\$ 4,814,950	\$ 473,537	\$ 11,380,334

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

CITY OF WEST LINN, OREGON

**RECONCILIATION OF STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Net change in fund balances - total governmental funds (page 29)		\$ (4,217,333)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense.		
Capital outlay	\$ 6,780,121	
Depreciation expense	<u>(3,260,523)</u>	3,519,598
The net effect of transactions involving capital assets (i.e., sales, trade-ins, donations, and transfers) is to decrease net position.		(1,151,353)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		261,365
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal repayments on capital lease	16,835	
Principal repayments on long-term bonded debt	<u>1,440,000</u>	1,456,835
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued compensated absences payable	(106,342)	
Accrued interest payable	5,533	
Net other postemployment benefit obligations	(107,866)	
Net pension asset	3,129,439	
Accrued contract payable	(60,000)	
Amortization of bond premium	<u>47,834</u>	<u>2,908,598</u>
Change in net position of governmental activities (page 27)		<u><u>\$ 2,777,710</u></u>

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

CITY OF WEST LINN, OREGON

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2015

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
ASSETS:			
Current assets:			
Cash and investments	\$ 1,673,056	\$ 2,764,569	\$ 4,437,625
Restricted cash and investments	4,153,500	-	4,153,500
Accounts receivable, net of allowance for doubtful accounts	700,351	744,089	1,444,440
Total current assets	<u>6,526,907</u>	<u>3,508,658</u>	<u>10,035,565</u>
Noncurrent assets:			
Net pension asset	190,868	112,061	302,929
Capital assets not being depreciated	2,074,530	1,103,205	3,177,735
Capital assets, net of accumulated depreciation	12,385,779	18,625,251	31,011,030
Investment in joint venture	8,624,064	-	8,624,064
Total noncurrent assets	<u>23,275,241</u>	<u>19,840,517</u>	<u>43,115,758</u>
TOTAL ASSETS	<u>29,802,148</u>	<u>23,349,175</u>	<u>53,151,323</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources - pension	<u>60,977</u>	<u>35,800</u>	<u>96,777</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	398,307	453,342	851,649
Accrued salaries and payroll taxes payable	20,208	25,464	45,672
Accrued compensated absences payable	27,214	16,006	43,220
Accrued interest payable	11,481	-	11,481
Bonds payable - due within one year	110,000	-	110,000
Total current liabilities	<u>567,210</u>	<u>494,812</u>	<u>1,062,022</u>
Noncurrent liabilities:			
Bonds payable	660,000	-	660,000
Accrued compensated absences payable	39,539	23,255	62,794
Net other postemployment benefit obligations	79,750	46,822	126,572
Total noncurrent liabilities	<u>779,289</u>	<u>70,077</u>	<u>849,366</u>
TOTAL LIABILITIES	<u>1,346,499</u>	<u>564,889</u>	<u>1,911,388</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources - pension	<u>384,575</u>	<u>225,791</u>	<u>610,366</u>
NET POSITION:			
Net investment in capital assets	13,690,309	19,728,456	33,418,765
Restricted for debt service	154,500	-	154,500
Restricted for capital projects	3,999,000	-	3,999,000
Unrestricted	10,288,242	2,865,839	13,154,081
TOTAL NET POSITION	<u>\$ 28,132,051</u>	<u>\$ 22,594,295</u>	<u>\$ 50,726,346</u>

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

CITY OF WEST LINN, OREGON

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 4,065,177	\$ 2,842,413	\$ 6,907,590
Systems development charges	18,907	35,633	54,540
Other operating revenues	81,053	74,997	156,050
TOTAL OPERATING REVENUES	4,165,137	2,953,043	7,118,180
OPERATING EXPENSES:			
Salaries and wages	352,861	503,720	856,581
Materials and supplies	2,335,976	1,387,850	3,723,826
Depreciation	494,761	930,332	1,425,093
TOTAL OPERATING EXPENSES	3,183,598	2,821,902	6,005,500
OPERATING INCOME	981,539	131,141	1,112,680
NONOPERATING INCOME (EXPENSE):			
Intergovernmental	5,000,000	-	5,000,000
Net gain on investment in joint venture	540,299	-	540,299
Gain on disposal of capital assets	236,120	-	236,120
Interest expense	(47,434)	-	(47,434)
TOTAL NONOPERATING INCOME (EXPENSE)	5,728,985	-	5,728,985
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	6,710,524	131,141	6,841,665
CAPITAL CONTRIBUTIONS	111,418	357,380	468,798
TRANSFERS IN	1,537,831	-	1,537,831
CHANGE IN NET POSITION	8,359,773	488,521	8,848,294
NET POSITION - beginning	20,406,856	22,324,451	42,731,307
RESTATEMENT (see note)	(634,578)	(218,677)	(853,255)
NET POSITION - beginning, restated	19,772,278	22,105,774	41,878,052
NET POSITION - ending	\$ 28,132,051	\$ 22,594,295	\$ 50,726,346

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

CITY OF WEST LINN, OREGON

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users of services	\$ 4,374,922	\$ 2,990,965	\$ 7,365,887
Payments to suppliers for goods and services	(2,141,136)	(1,600,795)	(3,741,931)
Payments to employees for services	(546,975)	(658,243)	(1,205,218)
NET CASH FROM OPERATING ACTIVITIES	<u>1,686,811</u>	<u>731,927</u>	<u>2,418,738</u>
CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid on capital debt	(105,000)	-	(105,000)
Interest paid on capital debt	(48,944)	-	(48,944)
Proceeds from the sale of capital assets	236,120	-	236,120
Acquisition and construction of capital assets	(2,265,151)	(1,330,899)	(3,596,050)
NET CASH FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,182,975)</u>	<u>(1,330,899)</u>	<u>(3,513,874)</u>
NET INCREASE IN CASH AND INVESTMENTS	(496,164)	(598,972)	(1,095,136)
CASH AND INVESTMENTS - beginning	<u>6,322,720</u>	<u>3,363,541</u>	<u>9,686,261</u>
CASH AND INVESTMENTS - ending (including \$4,153,500 for the water fund reported in a restricted account)	<u>\$ 5,826,556</u>	<u>\$ 2,764,569</u>	<u>\$ 8,591,125</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:			
Operating income	\$ 981,539	\$ 131,141	\$ 1,112,680
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation expense	494,761	930,332	1,425,093
Pension expense (income)	(239,726)	(140,748)	(380,474)
Increase in accounts receivable	209,785	37,922	247,707
Increase (decrease) in accounts payable	194,841	(212,946)	(18,105)
Increase (decrease) in accrued salaries and payroll taxes payable	(793)	946	153
Increase (decrease) in accrued compensated absences payable	8,008	(7,781)	227
Increase (decrease) in net other postemployment benefit obligations	38,396	(6,939)	31,457
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 1,686,811</u>	<u>\$ 731,927</u>	<u>\$ 2,418,738</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Capital assets contributed by developers	\$ 111,418	\$ 357,380	\$ 468,798
Capital assets transferred from governmental funds	1,537,831	-	1,537,831

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

CITY OF WEST LINN, OREGON

Notes to Basic Financial Statements

June 30, 2015

1. Summary of Significant Accounting Policies

The financial statements of the City of West Linn, Oregon (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP statements require the application of all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Reporting Entity

The City is a municipal corporation, incorporated in 1913. It operates under its own charter with a Council/City Manager form of government. The Councilors, composed of the Mayor and four council members, comprise the legislative branch of the government. Individual departments are under the direction of the City Manager who is appointed by the Council.

The City provides a full range of municipal services to the community, which includes police protection and municipal court services, traffic control and improvement, street maintenance and improvement, water, sewer and surface water management services, planning and zoning regulation, building inspection and regulation, parks and recreation services, and community library services.

Basis of Presentation – Government-wide Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements display information about the City as a whole. The effect of interfund activity has been removed from these statements except for interfund services provided and used and reimbursements between funds which if eliminated would distort the direct costs and program revenues reported for the various functions. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the net difference reported as net position.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not attributable to a specific program are reported as general revenues.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include charges between the City's business-type activities/enterprise funds, as well as some special revenue funds, and the general fund. The City allocates charges as reimbursement for services provided by the general fund in support of those functions based on levels of service provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These charges are included in direct program expenses.

Basis of Presentation – Fund Financial Statements

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the City has only governmental and proprietary type funds. Major individual governmental funds and major individual enterprise funds are reported in the fund financial statements and in separate columns in the financial section of the basic financial statements. Nonmajor funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the combining and individual fund statements and schedules, located in the other supplementary information section.

The City reports the following major governmental funds:

- *General Fund*
Accounts for the City's legislative activities and administration, human resources, finance, information technology, municipal court, facilities, public works support services, vehicle and equipment maintenance, and related debt service. The primary revenue sources are reimbursement charges for services to other funds, fines and forfeitures, licenses and permits, and intergovernmental revenues.
- *Public Safety Fund*
Accounts for the activities of the City's police department. The primary revenues are an allocation of the City's property tax levy, franchise taxes, and intergovernmental revenue committed to that purpose.
- *Parks and Recreation Fund*
Accounts for the operation and maintenance of the City's park and recreation programs. The primary sources of revenue include an allocation of the City's property tax levy and charges for services.
- *Library Fund*
Accounts for the operation of the City's library facility. The primary revenue sources include the County's library district levy, an allocation of the City's property tax levy, intergovernmental revenues, and fines and forfeitures.
- *Street Fund*
Accounts for the operation and maintenance of the City's street and sidewalk systems including medians. The primary sources of revenue are intergovernmental revenues and charges for services committed to construction and maintenance of these systems.
- *Systems Development Charges Fund*
Accounts for the receipt and expenditures of systems development charges (SDCs) restricted to streets, surface water, water, sewer, parks, and bike/pedestrian.

Additionally, the City reports non-major funds within the governmental fund types:

- *Special Revenue Funds*
These funds account for the receipt and expenditures of restricted and committed revenue sources.
- *Debt Service Fund*
This fund accounts for the accumulation of resources for the payment of general obligation bond principal and interest.
- *Capital Projects Fund*
This fund accounts for bond proceeds used for the acquisition of land and improvements.

The City reports each of its two proprietary funds as major funds:

- *Water Fund*
This fund accounts for the operation and maintenance of water service and distribution facilities.
- *Environmental Services Fund*
This fund accounts for the operation and maintenance of the sewer and surface water collection and treatment systems.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded. The government-wide financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus, as are the proprietary fund financial statements. An economic resource focus concentrates on an entity or fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurements focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

Governmental fund financial statements are presented on a modified accrual basis of accounting with a current financial resource measurement focus. The measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual basis of accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become *measurable* and *available*). *Measurable* means the amount of the transaction can be determined and revenues are considered *available* when they are collected within the current period or expected to be collected soon enough thereafter to be used 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. Revenues considered susceptible to accrual are property taxes, state, county and local shared revenues, franchise taxes, intergovernmental revenues, and investment income.

An unavailable revenue deferred inflow arises on the balance sheets of the governmental funds when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. This unavailable revenue consists primarily of uncollected property taxes not

deemed available to finance operations of the current period. In the government-wide statement of activities, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the deferred inflow created on the balance sheets of the governmental funds for unavailable revenue, is eliminated.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenses affecting the economic resource status of the government are recognized.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the basic financial statements.

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. Operating expenses for the proprietary funds include the cost of sales and services, administrative overhead, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues, expenses and capital contributions.

Assets, Liabilities, Deferred Outflows and Deferred Inflows of Resources, and Net Position

Cash and Investments

Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments consist of funds held in the Oregon State Treasurer's Local Government Investment Pool (LGIP). The individual funds' portion of the LGIP's fair value is presented as "Cash and Investments" in the basic financial statements. Investments in the LGIP are stated at share value, which approximates fair value, and is the value at which the shares can be withdrawn.

The LGIP is administered by the Oregon State Treasury. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State who by law is made the custodian of, or has control of, any public funds. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP.

The City's investment policy, adopted by the City Council, essentially mirrors the requirements of the Oregon Revised Statutes. Currently, the City's investment portfolio includes primarily investments in the LGIP.

Receivables and Revenues

Property taxes are levied on and become a lien against property on July 1 of the year in which they are due. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is paid by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

In the fund financial statements, property tax receivables that are collected within 60 days after the end of fiscal year are considered *measurable* and *available*, and therefore, are recognized as revenue. The property taxes receivable portion beyond 60 days is recorded as deferred inflows of resources. Assessments are recognized as receivables at the time property owners are assessed on property improvements. These receivables are entirely offset by deferred inflows of resources, as assessment revenue is recognized upon collection.

In the government-wide financial statements, property tax receivables and billings for parks and street fees are recognized as revenue when earned net of an allowance for uncollectible amounts.

In the proprietary funds, receivables include services provided but not billed. The enterprise funds' receivables include billings for residential and commercial customers utilizing the City's water, sewer, and storm water services and are reported net of an allowance for uncollectible amounts, which is determined based upon an estimated percentage of the receivable balance.

Prepaid Expenses

In both government-wide and fund financial statements, certain payments to vendors reflect costs applicable to future City accounting periods and are recorded as prepaid expenses. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Purchased or constructed capital assets acquired prior to June 30, 2008 are recorded at estimated historical cost with subsequent additions at cost. Donated capital assets are recorded at their estimated fair value at the time of donation. Infrastructure (bridges, roads, and drainage systems) acquired during the year have been recorded at cost or fair value if donated by developers. The City defines capital assets as assets with an initial cost of more than \$10,000 and an estimated useful life of more than one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' useful lives are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

	Useful Lives <u>(in years)</u>
Buildings and structures	25 – 50
Improvements other than buildings	10 – 20
Machinery and equipment	5 – 30
Vehicles	5 – 10
Infrastructure	20 – 50

Investment in Joint Venture

Investment in joint venture with other governments is reported at cost plus or minus the City's share of operating income or loss utilizing the equity method of accounting for investments.

Accrued Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability reported for unpaid accumulated sick leave since the City, by policy, does not pay out sick leave banks when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental and proprietary funds only if they have matured, for example, as a result of termination or retirement.

Pension Obligations

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*, the City's net pension (asset)/liability, deferred inflows and outflows related to pensions, and pension expense have been determined on the basis reported by Oregon Public Employees Retirement System (OPERS).

Other Postemployment Benefit Obligations

In accordance with GASB Statement 45, *Accounting and Financial Reporting by Employers for the Postemployment Benefits Other Than Pensions* (OPEB), the City's net OPEB obligation is recognized as a long-term liability in the government-wide financial statements, the amount of which is actuarially determined. The annual required contribution is recognized on an accrual basis in accordance with actuarial standards.

Long-term Debt Obligations

In the government-wide financial statements, and in the proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, and proprietary fund type statement of net position. When significant, bond premiums, discounts, and amounts deferred on refunding are deferred and amortized over the applicable bond term. Issuance costs are reported as period costs in the year of issue. In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs, as period costs in the year of issue. The face amount of debt issued and any related premium is 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.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has only one type of deferred outflow that qualifies for reporting in this category. This relates to the City's pension plan and consists of employer contributions to OPERS after the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for 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. The City has two type of deferred inflows, one of which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the deferred inflow, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and court fines. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the statement of net position, a deferred inflow of resources related to the City's pension plan is recognized. This consists of differences between projected and actual investment earnings and changes in employer proportion and differences between employer contributions and the City's proportionate share of contributions.

Fund Balance

The City reports fund balance in the governmental funds within categories according to the relative constraints placed on these balances. These fund balance categories are:

- *Non-spendable* – Includes items that are not in a spendable form because they are either legally or contractually required to be maintained intact.
- *Restricted* – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.
- *Committed* – Includes items committed by resolution of the City Council. Commitments may be modified or rescinded by similar resolution.
- *Assigned* – Includes items assigned by specific uses, authorized by the City Manager and/or Finance Director/Chief Financial Officer.
- *Unassigned* – This is the residual classification used for those balances not assigned to another category in the General Fund. Deficit fund balance in other governmental funds are also presented as unassigned.

GASB Statement 54 requires the highest legal authority to approve authorized commitments of fund balance and to approve who can authorize making assignments of fund balance. These requirements, to include designating the City Manager and/or Finance Director/Chief Financial Officer to make assignments of fund balance, were approved by the City Council on June 14, 2010, utilizing the highest relevant means appropriate for such action with Resolution No. 2010-23.

Net Position Flow Assumptions

The City may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which resources are considered to have been applied. It is the City's policy to deplete restricted net position first before unrestricted net position is depleted.

Fund Balance Flow Assumptions

The City may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which resources are considered to have been applied. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. When components of restricted fund balance can be used for the same purpose, committed fund balance is depleted second, followed by assigned fund balance. Unassigned fund balance is applied last.

Library Endowment

In 1981 the Wallace B. Caufield Trust endowed funds to the City where the principal is to be legally preserved and the interest can be used only to purchase books for the library. This Trust called for an initial distribution followed by the splitting of the proceeds from the sale of a building with the City of Oregon City. The final distribution of this Trust occurred in 1982 after the Trust completed the sale of the building. As the amount of this endowment is immaterial to the financial statements as a whole, a separate permanent fund is not utilized. The City properly accounts for the legally restricted principal in the net position section of the *Statement of Net Position* and restricted cash and non-spendable fund balance on the library fund's *Balance Sheet*.

Use of Estimates

The preparation of the 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 assets, liabilities and deferred inflows, the disclosure of contingent assets, liabilities and deferred inflows at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

2. Detailed Notes on All Funds

Deposits and Investments

The City maintains a common cash and investment pool for all City funds. The types of investments in which the City may invest are restricted by State of Oregon statutes and a Council adopted investment policy. Authorized investments consist of U.S. Treasury obligations including treasury notes, bonds and strips; Federal instrumentality securities from specific Federal Agencies; commercial paper rated at least A-1 or an equivalent rating; corporate bonds rated at least Aa or an equivalent rating; bankers acceptances rated at least Aa or an equivalent rating; Oregon State Treasurer's Local Government Investment Pool limited by state statute; certificates of deposits; repurchase agreements and obligations of the states of Oregon, California, Idaho and Washington rated AA or better.

As of June 30, 2015, the City's cash and investments were comprised of the following:

Cash on hand	\$ 1,375
Deposits with financial institutions	10,203,027
Oregon State Treasurer's Local Government Investment Pool	10,229,935
Total cash and investments	<u>\$ 20,434,337</u>

	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 6,459,580	\$ 4,437,625	\$ 10,897,205
Restricted cash and investments	5,383,632	4,153,500	9,537,132
Total cash and investments	<u>\$ 11,843,212</u>	<u>\$ 8,591,125</u>	<u>\$ 20,434,337</u>

Deposits. Deposits with financial institutions are comprised of bank demand deposits. To provide additional security required and authorized by Oregon Revised Statutes, Chapter 295, deposits above insurance limits are covered by collateral held in a multiple financial institution collateral pool administered by the State of Oregon. At the fiscal year end, bank balances of \$10,394,708 were covered by federal depository insurance (FDIC) or by collateral held by one or more of the State's authorized collateral pool managers. Cash on hand balances representing petty cash accounts are uninsured and uncollateralized.

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair value by limiting the individual maturities in its investment portfolio to eighteen months or less.

Credit risk. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City's policy to limit its use of these investment types to the top two ratings issued by NRSROs, where applicable. The Oregon State Treasurer's Local Government Investment Pool (LGIP) is not rated by NRSROs.

Concentration of credit risk. The City's investment policy, as it relates to investing outside of the LGIP, does not allow for an investment in any one issuer that is in excess of five percent of the City's total investments (ORS 294.035).

Custodial credit risk. Custodial risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. As of June 30, 2015, all City deposits are insured and are therefore not subject to custodial credit risk.

The City participates in an external investment pool, the LGIP. The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by the Oregon Revised Statutes (ORS) and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury.

These investments are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establishes diversification percentages and specifies investment types and maturities. The portion of the external investment pool belonging to local government participants is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report. A copy of the State's Comprehensive Annual Financial Report may be obtained online at www.ost.state.or.us or by mail at the Oregon State Treasury, 350 Winter St. NE, Salem, Oregon 97310-0840.

Receivables

As of June 30, 2015, accounts receivable are reflected in the basic financial statements net of an allowance for uncollectible accounts. The allowance for uncollectible accounts pertains to utility billing collections for parks, streets, water, sewer and surface water management fees.

Accounts, contracts and grants	\$ 2,756,412
Allowance for uncollectible accounts	(118,000)
Total accounts receivable	<u>\$ 2,638,412</u>
Accounts receivable - governmental activities	\$ 1,193,972
Accounts receivable - business-type activities	<u>1,444,440</u>
Total accounts receivable	<u>\$ 2,638,412</u>

Investment in Joint Venture

South Fork Water Board (SFWB) operates a water distribution system jointly with the City of West Linn and the City of Oregon City, each party owning 50 percent. Revenues earned by SFWB are expended for the continued operation and maintenance of facilities within the municipal boundaries of these two cities. Upon dissolution of the SFWB, the net position will be shared 50 percent to each city. The SFWB is governed by a six-member board composed of three appointees from the City of West Linn and three from the City of Oregon City. The City's net investment and its share of the operating results of the SFWB are reported in the City's water fund. Net position of the City's water fund increased \$540,299 from a net gain in fiscal year 2014-15. Complete financial statements for the SFWB can be obtained from the City of Oregon City Finance Department, 625 Center Street, Oregon City, Oregon 97045. The City's \$8.6 million investment in South Fork Water Board is accounted for using the equity method.

Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Beginning balance as of June 30, 2014	Additions	Reductions and adjustments	Ending balance as of June 30, 2015
Governmental activities:				
Capital assets not being depreciated:				
Land and easements	\$ 192,113,825	\$ -	\$ -	\$ 192,113,825
Construction in progress	5,867,079	2,462,383	(8,116,508)	212,954
Total capital assets not being depreciated	197,980,904	2,462,383	(8,116,508)	192,326,779
Capital assets being depreciated:				
Buildings and improvements	28,837,137	308,677	7,132,768	36,278,582
Vehicles and equipment	2,562,832	779,668	(280,041)	3,062,459
Infrastructure	60,779,002	2,158,909	966,161	63,904,072
Total capital assets being depreciated	92,178,971	3,247,254	7,818,888	103,245,113
Less accumulated depreciation for:				
Buildings and improvements	(12,615,850)	(978,925)	-	(13,594,775)
Vehicles and equipment	(1,442,187)	(203,547)	216,751	(1,428,983)
Infrastructure	(40,870,106)	(2,078,051)	-	(42,948,157)
Total accumulated depreciation	(54,928,143)	(3,260,523)	216,751	(57,971,915)
Total capital assets being depreciated, net	37,250,828	(13,269)	8,035,639	45,273,198
Total capital assets, net	\$ 235,231,732	\$ 2,449,114	\$ (80,869)	\$ 237,599,977
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 482,625	\$ -	\$ -	\$ 482,625
Construction in progress	396,741	4,966,866	(2,668,497)	2,695,110
Total capital assets not being depreciated	879,366	4,966,866	(2,668,497)	3,177,735
Capital assets being depreciated:				
Buildings and improvements	1,605,673	-	-	1,605,673
Vehicles and equipment	1,827,200	62,711	-	1,889,911
Infrastructure	61,151,867	573,102	2,668,497	64,393,466
Total capital assets being depreciated	64,584,740	635,813	2,668,497	67,889,050
Less accumulated depreciation for:				
Buildings and improvements	(1,005,676)	(32,114)	-	(1,037,790)
Vehicles and equipment	(850,055)	(143,976)	-	(994,031)
Infrastructure	(33,597,196)	(1,249,003)	-	(34,846,199)
Total accumulated depreciation	(35,452,927)	(1,425,093)	-	(36,878,020)
Total capital assets being depreciated, net	29,131,813	(789,280)	2,668,497	31,011,030
Total capital assets, net	\$ 30,011,179	\$ 4,177,586	\$ -	\$ 34,188,765

Depreciation expense for governmental activities in the amount of \$3,260,523 and for business-type activities the amount of \$1,425,093 was charged to functions/programs as follows:

	Governmental Activities	Business-type Activities	Total
General government	\$ 68,811	\$ -	\$ 68,811
Culture and recreation	893,234	-	893,234
Public safety	177,911	-	177,911
Highways and streets	2,120,567	-	2,120,567
Water	-	494,761	494,761
Environmental services	-	930,332	930,332
Depreciation expense	<u>\$ 3,260,523</u>	<u>\$ 1,425,093</u>	<u>\$ 4,685,616</u>

Interfund Transfers

Transfers between funds provide support for various City programs in accordance with budgetary authorizations and are utilized to cover administrative services, provide for additional funding for reserve purposes, contribute towards the cost of capital projects, and to provide for other operational resources. For the fiscal year ended June 30, 2015, all City cash transfers are properly classified as charges for services for financial reporting purposes. Transfers of capital assets are also made between funds to ensure full utilization of useable assets and are classified as transfers for financial statement purposes.

Capital Lease

In fiscal year 2012-13, the City entered into a lease agreement as lessee for financing the acquisition of park maintenance equipment valued at \$50,176. The equipment has a ten-year estimated useful life. For this fiscal year, \$5,018 was included in depreciation expense. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015, were as follows:

Fiscal year ending June 30	Governmental Activities
2016	<u>\$ 13,346</u>
Total minimum lease payments	13,346
Less: amount representing interest	<u>(236)</u>
Present value of minimum lease payments	<u>\$ 13,110</u>

Long-term Debt Obligations

In the following sections, long-term debt information is presented separately with respect to governmental and business-type activities. The following table presents current year changes in those obligations and the current portions due for each issue. For the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund. The revenue bonds are being repaid by pledged enterprise fund water revenues. For the fiscal year ended June 30, 2015, the City was in compliance with the covenants associated with these revenue bonds.

	Beginning balance as of June 30, 2014	Additions	Reductions	Ending balance as of June 30, 2015	Due within one year
Governmental activities:					
General Obligation bonds					
Series 2009-A Park Refundings, interest at 3.0-4.0%, original issue of \$4,915,000, due 2019	\$ 2,530,000	\$ -	\$ (535,000)	\$ 1,995,000	\$ 555,000
Series 2010-A Library Refundings, interest at 2.0- 3.0%, original issue of \$3,900,000, due 2021	2,195,000	-	(250,000)	1,945,000	275,000
Series 2012 Police Station, interest at 1.0-2.75%, original issue of \$8,500,000, due 2032	8,145,000	-	(245,000)	7,900,000	275,000
Full Faith and Credit obligations					
Series 2009-B Streets/Parks, interest at 3.0-4.35%, original issue of \$4,035,000, due 2029	3,315,000	-	(170,000)	3,145,000	175,000
Series 2010-B City Hall Refunding, interest at 3.0- 4.0%, original issue of \$4,300,000, due 2021	1,860,000	-	(240,000)	1,620,000	245,000
Plus: Bond issuance premium	346,340	-	(47,834)	298,506	-
Long-term bonded debt obligations	18,391,340	-	(1,487,834)	16,903,506	1,525,000
Capital lease for park maintenance equipment	29,945	-	(16,835)	13,110	13,110
Compensated absences	765,382	422,433	(316,091)	871,724	355,385
Net other postemployment benefit obligations	933,204	107,866	-	1,041,070	-
Total governmental activities	20,119,871	530,299	(1,820,760)	18,829,410	1,893,495
Business-type activities:					
Revenue bonds					
Series 2000 Water Revenue, interest at 5.75-6.0%, original issue of \$1,800,000, due 2021	875,000	-	(105,000)	770,000	110,000
Compensated absences	105,787	39,294	(39,067)	106,014	43,220
Net other postemployment benefit obligations	95,115	31,457	-	126,572	-
Total business-type activities	1,075,902	70,751	(144,067)	1,002,586	153,220
Total long-term debt obligations					
General Obligation bonds	12,870,000	-	(1,030,000)	11,840,000	1,105,000
Full Faith and Credit obligations	5,175,000	-	(410,000)	4,765,000	420,000
Revenue bonds	875,000	-	(105,000)	770,000	110,000
Plus: Bond issuance premium	346,340	-	(47,834)	298,506	-
Long-term bonded debt obligations	19,266,340	-	(1,592,834)	17,673,506	1,635,000
Capital lease for park maintenance equipment	29,945	-	(16,835)	13,110	13,110
Compensated absences	871,169	461,727	(355,158)	977,738	398,605
Net other postemployment benefit obligations	1,028,319	139,323	-	1,167,642	-
Total long-term debt obligations	\$ 21,195,773	\$ 601,050	\$ (1,964,827)	\$ 19,831,996	\$ 2,046,715

Future Principal and Interest. Future maturities of bond principal and interest at June 30, 2015, are as follows:

Year	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 1,525,000	\$ 477,837	\$ 110,000	\$ 42,763	\$ 1,635,000	\$ 520,600
2017	1,590,000	434,335	115,000	36,150	1,705,000	470,485
2018	1,660,000	385,261	125,000	28,950	1,785,000	414,211
2019	1,410,000	328,235	130,000	21,300	1,540,000	349,535
2020	1,195,000	291,686	140,000	13,200	1,335,000	304,886
2021-2025	3,935,000	1,052,933	150,000	4,500	4,085,000	1,057,433
2026-2030	3,910,000	526,888	-	-	3,910,000	526,888
2031-2032	1,380,000	47,781	-	-	1,380,000	47,781
	<u>\$ 16,605,000</u>	<u>\$ 3,544,956</u>	<u>\$ 770,000</u>	<u>\$ 146,863</u>	<u>\$ 17,375,000</u>	<u>\$ 3,691,819</u>

Employee Retirement Pension Plan

Plan Description. The City is a participating employer in the Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system established under Oregon Revised Statutes 238.600 that acts as a common investment and administrative agent for public employers in the State of Oregon.

ORS 238 Defined Benefit Plan Benefits. OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. This defined benefit pension plan portion of OPERS is closed to new members hired on or after August 29, 2003.

Benefits under the defined benefit pension plan program include a retirement allowance payable monthly for life. It may be selected from thirteen 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 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 eligible service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier two general service members are eligible for full benefits at age 60.

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: (1) member was employed by a OPERS employer at the time of death; (2) member died within 120 days after termination of OPERS-covered employment; (3) member died as a result of injury sustained while employed in a OPERS-covered job; or (4) member was on an official leave of absence from a OPERS-covered job at the time of death.

Disability Benefits. A member with ten 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 OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes after Retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law the cap on the cost-of-living changes in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

ORS 238A OPSRP Defined Benefit Plan Benefits. This portion of the defined benefit pension plan of OPERS provides benefits to members hired on or after August 29, 2003. Benefits under this portion of OPSRP provide a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age.

For police and fire members, 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.

For general service members, 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.

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

Benefit Changes after Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the cost-of-living changes in fiscal year 2015 and beyond will vary based on the amount of the annual benefit.

Contributions. OPERS 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 OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation, as subsequently modified by 2013 legislated changes in benefit provisions. The state of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced. The City's rates for the year ended June 30, 2015 were 12.95 percent for OPERS and 9.02 percent for OPSRP – general employees, and 11.75 percent for OPSRP – police employees, of salary covered under the plan. These rates are reported inclusive of the retiree healthcare rates disclosed in a separate note disclosure. The contribution requirements for plan members and the City are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Employer contributions for the year ended June 30, 2015, were approximately \$893,000. The City does not have a specific employer liability related to pensions.

A ten-year schedule of the City's pension plan contributions can be found on page 68 this report.

Plan Audited Financial Report. Both OPERS and OPSRP are administered by the Oregon Public Employees Retirement Board (OPERB). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the OPERS web site at www.pers.state.or.us.

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

At June 30, 2015, the City reported an asset of \$2,794,551 for its proportionate share of the plan pension asset. The net pension asset was measured as of June 30, 2014 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportionate share 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 members of the cost sharing pool, actuarially determined. At June 30, 2015 and 2014, the City's proportion was 0.12328639 percent.

An Oregon Supreme Court decision (Moro decision), made after the measurement date is expected to have a significant effect on the City's proportionate share of the collective net pension asset. The effect of the Moro decision was to restrict cost of living adjustment (COLA) changes made by Senate Bills 822 and 861 such that they only apply to benefits earned after the legislation was enacted.

As a result, the majority of benefits currently accrued will receive a full two percent COLA which will increase the total pension liability and net pension liability. The City's proportionate share of each is as shown in the following table:

	Prior to Moro	After Moro	Increase/(decrease) in Net Pension (asset)/liability
Total Pension Liability	\$ 77,830,698	\$ 83,896,388	
Fiduciary Net Position	80,625,249	80,625,249	
Net Pension (Asset)/Liability	<u>\$ (2,794,551)</u>	<u>\$ 3,271,139</u>	<u>\$ 6,065,690</u>

For the year ended June 30, 2015, the City recognized pension expense/ (income) of (\$2,617,133). At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	5,392,351
Changes in proportion and differences between City contributions and proportionate share of contributions	-	238,328
City contributions subsequent to the measurement date	892,780	-
Total	<u>\$ 892,780</u>	<u>\$ 5,630,679</u>

Deferred outflows of resources related to pensions of \$892,780 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension (asset)/ liability in the year ending June 30, 2016. Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense/ (income) as follows:

	Difference between Projected and Actual Investment Earnings	Changes in Proportion and Differences between Contributions and Proportionate share of contributions	Total
Year ended June 30:			
2016	\$ (1,348,088)	\$ (51,811)	\$ (1,399,899)
2017	(1,348,088)	(51,811)	(1,399,899)
2018	(1,348,088)	(51,811)	(1,399,899)
2019	(1,348,087)	(51,811)	(1,399,898)
2020	-	(31,084)	(31,084)
	<u>\$ (5,392,351)</u>	<u>\$ (238,328)</u>	<u>\$ (5,630,679)</u>

Actuarial Valuations. The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the entry age normal cost method.

For the ORS 238 Tier One/Tier Two component of the OPERS 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), and (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 twenty years.

For the ORS 238A OPSRP Pension Program component of the OPERS 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 actuarially determined amount for funding a disability benefit component, and (3) 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 sixteen years.

Actuarial Methods and Assumptions.

• Valuation Date	December 31, 2012 rolled forward to June 30, 2014
• Experience Study Report	2012, published September 18, 2013
• Actuarial cost method	Entry Age Normal
• Amortization method	Amortized as a level percentage of payroll; Tier One/Tier Two UAL (20 year) and OPSRP pension UAL (16 year); Amortization periods are closed
• Equivalent single amortization period	Twenty years
• Asset valuation method	Market value of assets
• Actuarial assumptions	
○ Inflation rate	2.75 percent
○ Investment rate of return	7.75 percent
○ Projected salary increases	3.75 percent
• Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disability mortality sex-distinct table.

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

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

Sensitivity of the City's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following represents the City's proportionate share of the pension asset calculated using the discount rate of 7.75 percent, as well as what the City's share of the net pension asset would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of net pension (asset)/liability	\$ 5,917,849	\$ (2,794,551)	\$ (10,163,197)

Long-Term Expected Rate of Return. The long term expected rate of return is based on a consistent set of underlying assumptions for each asset class and includes adjustment for the inflation assumption. These assumptions are not based on historical return, but instead are based on a forward-looking capital market economic model. To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables:

Asset Class	Target Allocation		
	Low Range	High Range	Target
Cash	0.0 %	3.0 %	0.0 %
Debt Securities	15.0	25.0	20.0
Public equity	32.5	42.5	37.5
Private Equity	16.0	24.0	20.0
Real Estate	9.5	15.6	12.5
Alternative Equity	0.0	10.0	10.0
Opportunity Portfolio	0.0	3.0	0.0
			<u>100.0 %</u>

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

Payable to OPERS. At June 30, 2015, the City's payable to OPERS for defined benefit contributions was \$35,124. This amount represents legally required contributions to the plan for services incurred in the current fiscal year.

Individual Account Program.

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment.

Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP. The City makes this contribution on behalf of its employees. The City contributed approximately \$494,000 for the year ended June 30, 2015.

Postemployment Healthcare Plan (implicit subsidy)

Plan Description. The City does not have a formal post-employment benefits plan for employees; however the City is required by Oregon Revised Statutes 243.303 to provide retirees with group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. GASB Statement 45 is applicable to the City due to the implicit rate subsidy. This "plan" is a single-employer plan that does not stand-alone and therefore does not issue its own financial statements.

Funding Policy. The City collects insurance premiums from all retirees each month and deposits them into a restricted insurance premium account. The City then pays health insurance premiums for all retirees at tiered rates to the insurance company. The required contributions to the plan include the employer's pay-as-you-go amount, an amount paid by retirees, and an additional amount calculated to prefund future benefits as determined by the actuary.

For the fiscal year ended June 30, 2015, City retirees paid 100 percent of their insurance premium costs. The required monthly contributions of the plan members were as follows for the fiscal year ended June 30, 2015.

	Medical		Dental	
	HealthNet	Kaiser	CIS-MODA	Kaiser
Employee	\$ 695	\$ 563	\$ 58	\$ 79
Employee + child(ren)	1,251	1,014	166	119
Employee + spouse	1,373	1,127	102	139
Employee + family	1,926	1,690	191	257

Annual OPEB Cost and Net OPEB Obligation. The City's annual Other Post Employment Benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement 45. 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 over a period of 10 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's OPEB obligation to the plan.

City's normal cost at year end	\$ 115,533
Amortization of UAAL with interest	189,071
Annual Required Contribution (ARC)	<u>304,604</u>
Interest on prior year net OPEB obligation	35,991
Adjustment to ARC	<u>(123,646)</u>
Annual OPEB cost	216,949
Less contribution (amounts paid during year for OPEB)	-
Less implicit benefit payments	<u>(77,625)</u>
Increase in net OPEB obligation	139,324
OPEB obligation at beginning of fiscal year	<u>1,028,319</u>
OPEB obligation at end of fiscal year	<u><u>\$ 1,167,643</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percent of Annual OPEB Cost Contribution</u>	<u>Net OPEB Obligation</u>
6/30/2015	\$ 216,949	36%	\$ 1,167,643
6/30/2014	211,702	37%	1,028,319
6/30/2013	214,857	41%	895,383

Funded Status and Funding Progress. As of August 1, 2014, representing the date of the most recent actuarial valuation, funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 1,364,421
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 1,364,421</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active members)	\$ 8,275,000
UAAL as a percentage of covered payroll	16%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. These actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the August 1, 2014 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a general inflation rate of 2.75 percent per year, a 3.50 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 5.75 percent, reduced incrementally to an ultimate rate of 4.75 percent. The UAAL is being amortized using the level percentage of payroll over an open period of ten years.

Retirement Health Insurance Account (RHIA)

Plan Description. 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.

Funding Policy. 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 RHIA 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 OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a OPERS-sponsored health plan. An eligible surviving spouse or dependent of a deceased OPERS retiree may receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.59 percent of annual covered payroll for Tier 1/Tier 2, and 0.49 percent for OPSRP. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution (ARC) of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. 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 fiscal years ended June 30, 2015, 2014 and 2013 were approximately \$48,800, \$47,700, and \$51,000 respectively which equals the required contributions for that year.

Deferred Compensation Plan

The City has a Deferred Compensation Plan (Plan) created in accordance with the Internal Revenue Code Section 457(b). The Plan is managed by independent plan administrators. The Plan is available to all employees of the City. Employees may defer a portion of their salary until future years. Pursuant to a collective bargaining agreement, the City contributes one percent of salaries to the plan for eligible employees. Deferred compensation is not available to employees until termination, retirement, death, or financial hardship. The Plan's assets are held in a custodial account for the exclusive benefit of participants and beneficiaries, and are not subject to the claims

of the City's creditors, nor can they be used by the City for any purpose other than the payment of benefits to the Plan participants. Accordingly, these Plan assets and related liability are not recorded in the City's basic financial statements. Employees are immediately vested in all contributions to the plan.

For the year ended June 30, 2015, employees contributed \$364,131 and the City contributed \$35,124.

3. Other Information

Commitments

Sewage Treatment Arrangement – The City has an intergovernmental agreement with the Tri-City Service District to treat sewage wastewater. Pertinent terms of this agreement are as follows:

- The City will process and review all permit applications for hookup and inspection thereof; operate and maintain local collections facilities; bill and collect user charges, and bill and collect connection charges.
- Should the District fail to perform services outlined in the agreement, the City can terminate the agreement upon thirty-day written notice.

Financial Management Services – The City entered into an intergovernmental agreement effective December 2014 with the City of Damascus to provide professional financial management and information technology services to their Finance Department. The term of the agreement expires June 30, 2016 unless extended by both parties.

Public Safety 911/Communication Services – The City has an intergovernmental agreement with the City of Lake Oswego to provide public safety dispatch services for West Linn's Police Department. Pertinent terms of this agreement are as follows:

- An intergovernmental agreement was entered into in July 2011 for dispatch of public safety services and has been renewed through fiscal year 2015-16.
- Dispatch services include, but are not limited to 24-hour-per-day answering of emergency telephone lines (including 911 calls) for fire, police, and emergency medical service requests; radio communications with police personnel regarding emergency and routine police matters; and other dispatching services for law enforcement purposes.
- As part of this agreement, the State redirects the City's state-allocated 911 monies directly to the City of Lake Oswego to help offset the annual contract costs summarized below. These annual monies from the State average approximately \$120,000 per fiscal year.
- Following is a summary of the annual contract costs going forward:

<u>Fiscal Year</u>	<u>Annual Contract Amt</u>
2015-16	\$ 435,403

Contingencies

The City is a defendant in various litigation proceedings. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Except for unemployment compensation, the City purchases commercial insurance to minimize its exposure to these risks. There has been no reduction in commercial insurance coverage from the previous fiscal year. Workers compensation claims are insured through incurred loss retrospective policies and the City is self-insured for unemployment compensation claims.

Settled claims have not exceeded coverage for any of the past three fiscal years. Claim liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been Incurred But Not Reported (IBNR). The result of the process to estimate the claims liability is not exact as it depends on many complex factors, such as, inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

Changes in the balance of claims liabilities during the past two years are as follows:

	General and Property Damage
Liability - June 30, 2013	\$ -
Claims incurred	26,868
Claims payments	(4,868)
Changes to prior year estimates	27,973
Liability - June 30, 2014	49,973
Claims incurred	65,586
Claims payments	(11,986)
Changes to prior year estimates	(24,949)
Liability - June 30, 2015	\$ 78,624

Property Tax Limitation

The citizens of the State of Oregon approved the first property tax limitation in 1990 – Measure 5. This limitation divides property taxes into an education category and a non-education category. The tax rate in the education category was limited to \$5 per thousand of real market value for fiscal year 1995-96 and thereafter. The non-education category was limited to \$10 per thousand of real market value. Although all non-education taxes to the City currently do not exceed the \$10 per thousand of property real market value limitation; this limitation may affect the availability of future tax revenues for the City.

A second property tax limitation was approved in November 1996 and later modified in May 1997 – Measures 47 and 50, respectively. This limitation set a maximum permanent tax rate for the City exclusive of bonded debt at \$2.12 per thousand of assessed value. Assessed values can only grow by a maximum of 3 percent per year, exclusive of new construction and annexations.

Fund Balance Classification

In accordance with the requirements of GASB Statement 54, below are schedules of ending fund balances as of June 30, 2015:

	General Fund	Public Safety Fund	Parks and Recreation Fund	Library Fund	Street Fund	Systems Development Charges Fund	Total Nonmajor Funds	Total Governmental Funds
Non-spendable								
Prepaid expenditures	\$ 188,685	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 188,685
Library endowment	-	-	-	157,300	-	-	-	157,300
	<u>188,685</u>	<u>-</u>	<u>-</u>	<u>157,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>345,985</u>
Restricted								
Systems development	-	-	-	-	-	4,814,950	-	4,814,950
Debt service	-	-	-	-	-	-	204,191	204,191
Park improvements	-	-	-	-	-	-	91,287	91,287
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,814,950</u>	<u>295,478</u>	<u>5,110,428</u>
Committed								
Police services	-	936,573	-	-	-	-	-	936,573
Recreation services	-	-	969,892	-	-	-	-	969,892
Library services	-	-	-	542,413	-	-	-	542,413
Street services	-	-	-	-	1,944,102	-	-	1,944,102
Planning services	-	-	-	-	-	-	352,584	352,584
	<u>-</u>	<u>936,573</u>	<u>969,892</u>	<u>542,413</u>	<u>1,944,102</u>	<u>-</u>	<u>352,584</u>	<u>4,745,564</u>
Assigned	-	-	-	-	-	-	-	-
Unassigned	1,352,882	-	-	-	-	-	(174,525)	1,178,357
	<u>\$ 1,541,567</u>	<u>\$ 936,573</u>	<u>\$ 969,892</u>	<u>\$ 699,713</u>	<u>\$ 1,944,102</u>	<u>\$ 4,814,950</u>	<u>\$ 473,537</u>	<u>\$11,380,334</u>

Restatement – Adoption of New Accounting Pronouncement

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*, the City is now required to record its relative share of pension related amounts in its statement of net position and statement of activities.

This statement includes the definitions of balances to be included in deferred inflows and deferred outflows of resources. Those definitions include the following:

Net Pension Asset or Liability. Previous standards defined pension liabilities in terms of the annual required contribution. GASB Statement 68 defines the net pension asset or liability as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service, net of the pension plan's fiduciary net position.

Deferred Inflows and Deferred Outflows of Resources Related to Pensions. GASB Statement 68 includes recognition of deferred inflows and deferred outflows of resources associated with the difference between projected and actual earnings on pension plan investments. These differences are to be recognized in pension expense using a systematic and rational method over a closed five-year period.

The City's net pension (asset)/liability, deferred inflows and outflows related to pensions, and pension expense have been determined on the basis reported by Oregon Public Employees Retirement System (OPERS) and are now reflected in the City's statement of net position and statement of activities for fiscal year ended June 30, 2015. This new guidance requires the restatement of the prior year net position.

Accordingly, in accordance with the requirements of GASB Statement 68, below are the restated balances of net position as of June 30, 2014:

	Governmental Activities	Business-type Activities			Total
		Water Fund	Environmental Services Fund	Business-type Activities	
Net position as of June 30, 2014 (as reported)	<u>\$231,063,244</u>	<u>\$ 20,406,856</u>	<u>\$ 22,324,451</u>	<u>\$ 42,731,307</u>	<u>\$273,794,551</u>
Restatement of prior year net position for the cumulative effect of implementing GASB 68:					
Deferred outflows of resources:					
Contributions during measurement period	747,361	57,251	33,612	90,863	838,224
Deferred inflows of resources:					
Net pension liability	(5,609,488)	(429,708)	(252,289)	(681,997)	(6,291,485)
Investment in joint venture	<u>-</u>	<u>(262,121)</u>	<u>-</u>	<u>(262,121)</u>	<u>(262,121)</u>
Total restatement	<u>(4,862,127)</u>	<u>(634,578)</u>	<u>(218,677)</u>	<u>(853,255)</u>	<u>(5,715,382)</u>
Net position as of June 30, 2014 (restated)	<u><u>\$226,201,117</u></u>	<u><u>\$ 19,772,278</u></u>	<u><u>\$ 22,105,774</u></u>	<u><u>\$ 41,878,052</u></u>	<u><u>\$268,079,169</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

*Schedules of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual*

Schedule of Funding Progress

*Schedule of the City's Proportionate Share
of the Net Pension (Asset)/Liability*

Schedule of City Pension Plan Contributions

Notes to Required Supplementary Information

**SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**
(required supplementary information)

General Fund

Special Revenue Funds

Public Safety Fund
Parks and Recreation Fund
Library Fund
Street Fund

CITY OF WEST LINN, OREGON

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget for the 2014-2015 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2013-14	2nd Year FY 2014-15	Total	
REVENUES:						
Intergovernmental	\$ 378,000	\$ 378,000	\$ 74,000	\$ 119,375	\$ 193,375	\$ (184,625)
Fines and forfeitures	737,000	737,000	397,387	384,087	781,474	44,474
Licenses and permits	585,000	585,000	259,195	236,340	495,535	(89,465)
Investment earnings	10,000	10,000	6,737	14,477	21,214	11,214
Miscellaneous	206,000	206,000	70,106	67,954	138,060	(67,940)
TOTAL REVENUES	1,916,000	1,916,000	807,425	822,233	1,629,658	(286,342)
EXPENDITURES:						
City council	307,000	307,000	151,488	144,567	296,055	10,945
City management	2,054,000	2,054,000	950,047	1,032,696	1,982,743	71,257
Economic development	634,000	634,000	172,712	317,723	490,435	143,565
Human resources	868,000	868,000	424,615	435,016	859,631	8,369
Finance	2,014,000	2,014,000	777,478	1,220,676	1,998,154	15,846
Information technology	2,039,000	2,039,000	1,003,504	1,009,147	2,012,651	26,349
Municipal court	666,000	666,000	286,600	364,264	650,864	15,136
Facility services	1,037,000	1,037,000	472,269	544,766	1,017,035	19,965
Public works support services	2,192,000	2,192,000	905,993	1,048,894	1,954,887	237,113
Vehicle and equipment maintenance	804,000	804,000	304,029	311,744	615,773	188,227
Nondepartmental	1,156,000	1,156,000	571,887	548,334	1,120,221	35,779
Contingency	700,000	700,000	-	-	-	700,000
TOTAL EXPENDITURES	14,471,000	14,471,000	6,020,622	6,977,827	12,998,449	1,472,551
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(12,555,000)</u>	<u>(12,555,000)</u>	<u>(5,213,197)</u>	<u>(6,155,594)</u>	<u>(11,368,791)</u>	<u>1,186,209</u>
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	12,254,000	12,254,000	6,025,000	6,229,000	12,254,000	-
Transfers to other funds	<u>(814,000)</u>	<u>(814,000)</u>	<u>(199,000)</u>	<u>(615,000)</u>	<u>(814,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	11,440,000	11,440,000	5,826,000	5,614,000	11,440,000	-
NET CHANGE IN FUND BALANCES	(1,115,000)	(1,115,000)	612,803	(541,594)	71,209	1,186,209
FUND BALANCES - beginning	1,578,000	1,578,000	1,470,358	2,083,161	1,470,358	(107,642)
FUND BALANCES - ending	\$ 463,000	\$ 463,000	\$ 2,083,161	\$ 1,541,567	\$ 1,541,567	\$ 1,078,567

CITY OF WEST LINN, OREGON

PUBLIC SAFETY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget for the 2014-2015 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2013-14	2nd Year FY 2014-15	Total	
REVENUES:						
Property taxes	\$ 8,141,000	\$ 8,141,000	\$ 4,171,571	\$ 4,436,218	\$ 8,607,789	\$ 466,789
Intergovernmental	1,405,000	1,405,000	457,357	462,157	919,514	(485,486)
Franchise taxes	3,089,000	3,089,000	1,367,705	1,403,583	2,771,288	(317,712)
Fines and forfeitures	85,000	85,000	13,553	38,047	51,600	(33,400)
Licenses and permits	73,000	73,000	21,545	21,870	43,415	(29,585)
Miscellaneous	115,000	115,000	17,958	8,644	26,602	(88,398)
TOTAL REVENUES	12,908,000	12,908,000	6,049,689	6,370,519	12,420,208	(487,792)
EXPENDITURES:						
Personnel services	8,918,000	8,918,000	4,107,494	4,307,819	8,415,313	502,687
Materials and services	1,615,000	1,615,000	642,244	707,144	1,349,388	265,612
Capital outlay	6,537,000	6,537,000	4,812,414	1,684,028	6,496,442	40,558
Contingency	820,000	820,000	-	-	-	820,000
TOTAL EXPENDITURES	17,890,000	17,890,000	9,562,152	6,698,991	16,261,143	1,628,857
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(4,982,000)	(4,982,000)	(3,512,463)	(328,472)	(3,840,935)	1,141,065
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	365,000	365,000	-	365,000	365,000	-
Transfers to other funds	(2,862,000)	(2,862,000)	(1,410,000)	(1,452,000)	(2,862,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,497,000)	(2,497,000)	(1,410,000)	(1,087,000)	(2,497,000)	-
NET CHANGE IN FUND BALANCES	(7,479,000)	(7,479,000)	(4,922,463)	(1,415,472)	(6,337,935)	1,141,065
FUND BALANCES - beginning	7,735,000	7,735,000	7,274,508	2,352,045	7,274,508	(460,492)
FUND BALANCES - ending	\$ 256,000	\$ 256,000	\$ 2,352,045	\$ 936,573	\$ 936,573	\$ 680,573

CITY OF WEST LINN, OREGON

PARKS AND RECREATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget for the 2014-2015 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2013-14	2nd Year FY 2014-15	Total	
REVENUES:						
Property taxes	\$ 2,489,000	\$ 2,489,000	\$ 1,374,254	\$ 1,587,245	\$ 2,961,499	\$ 472,499
Intergovernmental	1,791,000	1,791,000	93,259	-	93,259	(1,697,741)
Charges for services	4,084,000	4,084,000	1,938,105	1,995,053	3,933,158	(150,842)
Miscellaneous	57,000	57,000	9,730	84,402	94,132	37,132
TOTAL REVENUES	8,421,000	8,421,000	3,415,348	3,666,700	7,082,048	(1,338,952)
EXPENDITURES:						
Personnel services	3,357,000	3,357,000	1,388,757	1,478,614	2,867,371	489,629
Materials and services	1,569,000	1,569,000	745,885	812,736	1,558,621	10,379
Debt service:						
Principal	41,000	41,000	20,000	21,000	41,000	-
Interest	35,000	35,000	17,764	16,823	34,587	413
Capital outlay	1,550,000	1,550,000	27,796	305,762	333,558	1,216,442
Contingency	390,000	390,000	-	-	-	390,000
TOTAL EXPENDITURES	6,942,000	6,942,000	2,200,202	2,634,935	4,835,137	2,106,863
EXCESS OF REVENUES OVER EXPENDITURES	1,479,000	1,479,000	1,215,146	1,031,765	2,246,911	767,911
OTHER FINANCING SOURCES (USES):						
Transfers to other funds	(1,842,000)	(1,842,000)	(901,000)	(941,000)	(1,842,000)	-
Proceeds from sale of capital assets	-	-	191,947	14,500	206,447	206,447
TOTAL OTHER FINANCING SOURCES (USES)	(1,842,000)	(1,842,000)	(709,053)	(926,500)	(1,635,553)	206,447
NET CHANGE IN FUND BALANCES	(363,000)	(363,000)	506,093	105,265	611,358	974,358
FUND BALANCES - beginning	475,000	475,000	358,534	864,627	358,534	(116,466)
FUND BALANCES - ending	\$ 112,000	\$ 112,000	\$ 864,627	\$ 969,892	\$ 969,892	\$ 857,892

CITY OF WEST LINN, OREGON

LIBRARY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget for the 2014-2015 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2013-14	2nd Year FY 2014-15	Total	
REVENUES:						
Property taxes	\$ 2,191,000	\$ 2,191,000	\$ 922,315	\$ 697,418	\$ 1,619,733	\$ (571,267)
Intergovernmental	2,679,000	2,679,000	1,360,438	1,458,962	2,819,400	140,400
Fines and forfeitures	134,000	134,000	67,254	60,666	127,920	(6,080)
Miscellaneous	28,000	28,000	29,799	17,979	47,778	19,778
TOTAL REVENUES	5,032,000	5,032,000	2,379,806	2,235,025	4,614,831	(417,169)
EXPENDITURES:						
Personnel services	2,732,000	2,732,000	1,169,118	1,191,825	2,360,943	371,057
Materials and services	441,000	441,000	170,917	210,574	381,491	59,509
Capital outlay	607,000	607,000	353,413	15,181	368,594	238,406
Contingency	245,000	245,000	-	-	-	245,000
TOTAL EXPENDITURES	4,025,000	4,025,000	1,693,448	1,417,580	3,111,028	913,972
EXCESS OF REVENUES OVER EXPENDITURES	1,007,000	1,007,000	686,358	817,445	1,503,803	496,803
OTHER FINANCING USES:						
Transfers to other funds	(1,578,000)	(1,578,000)	(774,000)	(804,000)	(1,578,000)	-
NET CHANGE IN FUND BALANCES	(571,000)	(571,000)	(87,642)	13,445	(74,197)	496,803
FUND BALANCES - beginning	651,000	651,000	773,910	686,268	773,910	122,910
FUND BALANCES - ending	\$ 80,000	\$ 80,000	\$ 686,268	\$ 699,713	\$ 699,713	\$ 619,713

CITY OF WEST LINN, OREGON

STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget for the 2014-2015 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2013-14	2nd Year FY 2014-15	Total	
REVENUES:						
Intergovernmental	\$ 2,842,000	\$ 2,842,000	\$ 1,451,422	\$ 1,472,249	\$ 2,923,671	\$ 81,671
Franchise taxes	248,000	248,000	116,428	121,659	238,087	(9,913)
Charges for services	1,941,000	2,841,000	1,350,783	1,522,168	2,872,951	31,951
Miscellaneous	105,000	105,000	197,762	112,042	309,804	204,804
TOTAL REVENUES	5,136,000	6,036,000	3,116,395	3,228,118	6,344,513	308,513
EXPENDITURES:						
Personnel services	1,187,000	1,187,000	518,851	539,490	1,058,341	128,659
Materials and services	1,024,000	1,024,000	439,122	472,858	911,980	112,020
Debt service:						
Principal	168,000	168,000	83,000	85,000	168,000	-
Interest	136,000	136,000	68,000	66,000	134,000	2,000
Capital outlay	2,193,000	3,093,000	1,054,624	1,945,490	3,000,114	92,886
Contingency	600,000	600,000	-	-	-	600,000
TOTAL EXPENDITURES	5,308,000	6,208,000	2,163,597	3,108,838	5,272,435	935,565
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(172,000)	(172,000)	952,798	119,280	1,072,078	1,244,078
OTHER FINANCING USES:						
Transfers to other funds	(1,343,000)	(1,343,000)	(660,000)	(683,000)	(1,343,000)	-
NET CHANGE IN FUND BALANCES	(1,515,000)	(1,515,000)	292,798	(563,720)	(270,922)	1,244,078
FUND BALANCES - beginning	2,067,000	2,067,000	2,215,024	2,507,822	2,215,024	148,024
FUND BALANCES - ending	\$ 552,000	\$ 552,000	\$ 2,507,822	\$ 1,944,102	\$ 1,944,102	\$ 1,392,102

CITY OF WEST LINN, OREGON

Schedule of Funding Progress

for the last ten fiscal years

Other Postemployment Benefits Plan (OPEB)

Actuarial valuation date ¹	Actuarial value of assets	Actuarial accrued liability	Unfunded actuarial accrued liability	Funded ratio	Covered payroll	Unfunded actuarial accrued liability as a percent of covered payroll
8/1/2005	\$ -	\$ -	\$ -	- %	\$ -	- %
8/1/2006 ²	-	1,449,903	1,449,903	-	6,684,000	22
8/1/2007	-	-	-	-	-	-
8/1/2008 ³	-	1,422,086	1,422,086	-	7,622,000	19
8/1/2009	-	-	-	-	-	-
8/1/2010 ⁴	-	1,535,710	1,535,710	-	8,092,000	19
8/1/2011	-	-	-	-	-	-
8/1/2012 ⁵	-	1,444,381	1,444,381	-	8,652,000	17
8/1/2013	-	-	-	-	-	-
8/1/2014 ⁶	-	1,364,421	1,364,421	-	8,275,000	16

¹ Actuarial valuations are performed every two years, and therefore, results are unavailable for odd-numbered years.

² Effective with 8/1/2006 valuation, the trend in health care costs was changed to 10% and declining thereafter.

³ Effective with 8/1/2008 valuation, the trend in health care costs was changed to 8% and declining thereafter, and the future retiree coverage was decreased to 70%.

⁴ Effective with 8/1/2010 valuation, the trend in health care costs was changed to 8.50% and declining thereafter, and the lapse rate assumption changed to 4% probability and future retiree coverage was decreased to 65%.

⁵ Effective with 8/1/2012 valuation, the trend in health care costs was changed to 7.25% and declining thereafter, and the discount rate was decreased to 3.50% and future retiree coverage was decreased to 55%.

⁶ Effective with 8/1/2014 valuation, the trend in health care costs was changed to 5.75% and declining thereafter, and the lapse rate assumption changed to 5% probability of dropping coverage per year.

CITY OF WEST LINN, OREGON

Schedule of the City's Proportionate Share of the Net Pension (Asset)/Liability for the last ten fiscal years

Oregon Public Employee Retirement Pension Plan (OPERS)

Fiscal year ended	City's proportion of the net pension (asset)/liability		City's proportionate share of the net pension (asset)/liability		City's covered employee payroll	City's proportionate share of the net pension (asset)/liability as a percentage of its covered payroll		Plan fiduciary net position as a percentage of the total pension (asset)/liability	
2006 ¹	-	%	\$	-	\$ 6,342,000	-	%	-	%
2007 ¹	-			-	6,684,000	-		-	
2008 ¹	-			-	7,153,000	-		-	
2009 ¹	-			-	7,622,000	-		-	
2010 ¹	-			-	7,897,000	-		-	
2011 ¹	-			-	8,092,000	-		-	
2012 ¹	-			-	8,240,000	-		-	
2013 ¹	-			-	8,652,000	-		-	
2014 ²	0.12328639			6,291,000	8,085,000	77.81		n/a	
2015 ²	0.12328639			(2,794,000)	8,275,000	(33.76)		103.590	

¹ Actuarial information for these earlier fiscal years is not available.

² Actuarial information for these fiscal years was provided by the actuary for OPERS.

CITY OF WEST LINN, OREGON
Schedule of City Pension Plan Contributions
for the last ten fiscal years

Oregon Public Employee Retirement Pension Plan (OPERS)

Fiscal year ended	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency/ (excess)	City's covered employee payroll	Contributions as a percentage of of covered employee payroll
2006 ¹	\$ 1,116,000	\$ (1,116,000)	\$ -	\$ 6,342,000	17.60 %
2007 ¹	1,108,000	(1,108,000)	-	6,684,000	16.58
2008 ¹	947,000	(947,000)	-	7,153,000	13.24
2009 ¹	1,085,000	(1,085,000)	-	7,622,000	14.24
2010 ¹	816,000	(816,000)	-	7,897,000	10.33
2011 ¹	846,000	(846,000)	-	8,092,000	10.45
2012 ¹	991,000	(991,000)	-	8,240,000	12.03
2013 ¹	1,049,000	(1,049,000)	-	8,652,000	12.12
2014 ²	838,224	(838,224)	-	8,085,000	10.37
2015 ²	892,780	(892,780)	-	8,275,000	10.79

¹ Actuarial information for these fiscal years was determined by the City.

² Actuarial information for these fiscal years was provided by the actuary for OPERS.

CITY OF WEST LINN, OREGON

Notes to Required Supplementary Information

June 30, 2015

Required Supplementary Information includes budgetary comparisons for the general fund, public safety fund, parks and recreation fund, library fund, and street fund. The budgetary comparison information for all other funds can be found in Other Supplementary Information which follows this section.

1. Budgetary Information

Municipal budgets are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 – Local Budget Law). The City Manager is responsible for submitting a proposed budget to the Citizens' Budget Committee comprised of the City Council and an equal number of citizens of the City. The City is required to prepare a budget for each fund that is balanced in accordance with Oregon Revised Statutes. Each fund is budgeted on the modified accrual basis of accounting.

The Citizens' Budget Committee conducts public hearings for the purpose of obtaining citizens' comments, and then approves a budget and submits it to the City Council for final adoption. The approved expenditures for each fund may not be increased by more than 10 percent by Council without returning to the Citizens' Budget Committee for a second approval. After the Council adopts the budget and certifies the total ad valorem taxes to be levied, no additional tax levy may be made for that budget period.

The City Council legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and sets the level by which expenditures cannot legally exceed appropriations. In the general fund, the levels of budgetary control established by resolution are set at the department level. For all other funds, the levels of budgetary control are personnel services, materials and services, debt service, transfers, capital outlay and contingency. Appropriations lapse at the end of the biennium for goods or services not yet received.

The City Council may modify the budget by transferring appropriations between levels of control and by adopting supplemental budgets. Unexpected additional resources may be added to the budget through the use of a supplemental budget. Some supplemental budgets require hearings before the public, publications in newspapers and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the City Council. For the 2014-2015 biennium, there was one supplemental budget adjustment revising appropriations through June 30, 2015, which was adopted by City Council on April 13, 2015.

Over Expenditure

For the biennium ended June 30, 2015, there was one budget appropriation category which had excess expenditures over appropriations. This budget category included the design and reconstruction of the Bolton Reservoir which received a supplemental budget adjustment in April 2015; however, this budget adjustment underestimated the actual expenditures through June 2015:

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Over Appropriation</u>
Water fund - capital outlay	\$2,876,000	\$2,997,831	(\$121,831)

Change of Benefit Terms – Pension.

Senate Bill 822, signed into law in May 2013, eliminated the SB 656/HB 3349 tax remedy payments for benefit recipients who are not subject to Oregon income tax, because they do not reside in Oregon, and limited the 2013 post-retirement COLA to 1.5% of annual benefit.

Senate Bill 861, signed into law in October 2013, limited the post-retirement COLA for years beyond 2013 to 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

Senate Bill 862, signed into law in October 2013, makes targeted changes such as allowing garnishment of PERS benefits for convicted felons. These changes do not significantly affect system liabilities and were not reflected in the valuation.

Pursuant to GASB Statement 67 and 68, the total pension asset or liability must be calculated based on the benefit terms legally in effect as of the relevant fiscal year-end for the plan. Due to the timing of the benefit changes, this means only Senate Bill 822 is reflected in the June 30, 2013 total pension liability, but that the combined effects of Senate Bills 822 and 861 are reflected in the June 30, 2014 total pension asset. The decrease in the total pension liability resulting from Senate Bill 861, measured as of June 30, 2014, created a (\$2,423.6) million reduction in OPERS overall pension liabilities.

In April 2015, the Oregon Supreme Court overturned certain pieces of the 2013 Senate Bills summarized above relating to the Public Employees Retirement System. The exact effect of which cannot be estimated at this time, but will be reflected in higher employer contributions rates effective July 1, 2017.

Change of Assumptions – Pension.

Below is a summary of key assumption changes implemented with the December 31, 2012 valuation utilized in the pension amounts reported for fiscal year ended June 30, 2015. Additional detail and a comprehensive list of changes in methods and assumptions can be found at: <http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>

Changes in Actuarial Methods and Allocation Procedures

The Actuarial Cost Method was changed from the Projected Unit Credit (PUC) Cost Method to the Entry Age Normal (EAN) Cost Method.

Tier 1/Tier 2 UAL Amortization

In combination with the change in cost method, the PERS Board chose to re-amortize the outstanding Tier 1/Tier 2 UAL as of December 31, 2013 over a closed period of 20 years as a level percentage of projected payroll. Gains and losses between subsequent rate-setting valuations will be amortized over a closed 20 year period from the valuation in which they are first recognized.

Contribution Rate Stabilization Method

The “grade-in range” over which the rate collar gradually doubles was modified so that the collar doubles as funded status (excluding side accounts) decreases from 70% to 60% or increases from 130% to 140%. Previously the ranges had been 80% to 70% and 120% to 130%.

Changes in Economic Assumptions

The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.75%. Previously, the assumed investment return and interest crediting to regular account balances was 8.00% and the assumed interest crediting to variable account balances was 8.25%.

OPSRP Administrative Expenses

Assumed administrative expenses for the OPSRP System were reduced from \$6.6 million per year to \$5.5 million per year.

Healthcare Cost Inflation

The healthcare cost inflation for the maximum Retiree Health Insurance Premium Account (RHIPA) subsidy was updated based on analysis performed by healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced in 2018 by the Patient Protection and Affordable Care Act.

Changes in Demographic Assumptions

The healthy mortality assumption is based on the RP2000 generational mortality tables with group-specific class and setback adjustments. The group-specific adjustments have been updated to more closely match recently observed system experience.

Disabled Mortality

The disabled mortality assumption base was changed from the RP2000 healthy tables to the RP2000 disabled tables. Gender-specific adjustments were applied to align the assumption with recently observed system experience.

Disability, Retirement from Active Status, and Termination

Rates for disability, retirement from active status, and termination were adjusted. Termination rates were changed from being indexed upon age to being indexed upon duration from hire date.

Changes in Salary Increase Assumptions

Assumed merit increases were lowered for School District members. Unused Sick Leave and Vacation Pay rates were adjusted.

Retiree Healthcare Participation

The Retiree Health Insurance Account (RHIA) participation rate for healthy retirees was reduced from 48% to 45%. The RHIPA participation rate was changed from a uniform rate of 13% to a service-based table of rates.

SUPPLEMENTARY INFORMATION

Combining and Individual Fund Financial Statements and Schedules

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

For Major and Nonmajor Governmental Funds

MAJOR

Capital Projects Fund

Systems Development Charges Fund – accounts for the receipt and expenditure of systems development charges (SDCs) dedicated to streets, surface water, water, sewer, parks, and bike/pedestrian.

NONMAJOR

Special Revenue Funds

These nonmajor funds are used to account for specific revenues that are legally restricted or committed to expenditure of a particular purpose.

Building Inspections Fund – accounts for the City's building inspection activities. The primary revenue source is license and permit fees.

Planning Fund – accounts for the City's planning activities. Primary revenue sources are license and permit fees, intergovernmental revenues, franchise taxes, and charges for services.

Debt Service Fund

Debt Service Fund – accounts for the payment of general obligation bond principal and interest. The principal source of revenue is property taxes, which for general obligation debt is exempt from tax limitation.

Capital Projects Fund

Park Bond Construction Fund – accounts for the voter-approved general obligation bond funds for the acquisition of land and construction of park facilities.

CITY OF WEST LINN, OREGON

**MAJOR GOVERNMENTAL FUND - CAPITAL PROJECTS
SYSTEMS DEVELOPMENT CHARGES FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget for the 2014-2015 Biennium		1st Year Actual
	Original	Final	FY 2013-14
REVENUES:			
Systems development charges:			
Street - systems development charges	\$ 406,000	\$ 406,000	\$ 239,621
Surface water - systems development charges	21,000	21,000	10,918
Water - systems development charges	467,000	467,000	402,150
Sewer - systems development charges	203,000	203,000	119,979
Parks - systems development charges	609,000	609,000	432,459
Bike/Pedestrian - systems development charges	51,000	51,000	72,945
Investment earnings	10,000	10,000	775
TOTAL REVENUES	1,767,000	1,767,000	1,278,847
EXPENDITURES:			
Materials and services	300,000	300,000	1,213
Capital outlay	3,349,000	3,349,000	477,131
Contingency	1,740,000	1,740,000	-
TOTAL EXPENDITURES	5,389,000	5,389,000	478,344
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,622,000)	(3,622,000)	800,503
OTHER FINANCING USES:			
Transfers to other funds	(200,000)	(200,000)	(41,490)
NET CHANGE IN FUND BALANCES	(3,822,000)	(3,822,000)	759,013
FUND BALANCES - beginning	5,413,000	5,413,000	5,969,318
FUND BALANCES - ending	\$ 1,591,000	\$ 1,591,000	\$ 6,728,331

Continued on next page

2nd Year Actual FY 2014-15							Actual	
Street	Surface Water	Water	Sewer	Parks	Bike/ Pedestrian	Total	Total Biennium	Variance with Final Budget
\$ 121,931	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121,931	\$ 361,552	\$ (44,448)
-	91,844	-	-	-	-	91,844	102,762	81,762
-	-	131,811	-	-	-	131,811	533,961	66,961
-	-	-	66,518	-	-	66,518	186,497	(16,503)
-	-	-	-	213,252	-	213,252	645,711	36,711
-	-	-	-	-	22,260	22,260	95,205	44,205
449	-	-	344	-	-	793	1,568	(8,432)
122,380	91,844	131,811	66,862	213,252	22,260	648,409	1,927,256	160,256
54,852	566	771	1,098	691	378	58,356	59,569	240,431
802,343	-	1,537,831	-	58,589	12,772	2,411,535	2,888,666	460,334
-	-	-	-	-	-	-	-	1,740,000
857,195	566	1,538,602	1,098	59,280	13,150	2,469,891	2,948,235	2,440,765
(734,815)	91,278	(1,406,791)	65,764	153,972	9,110	(1,821,482)	(1,020,979)	2,601,021
(91,899)	-	-	-	-	-	(91,899)	(133,389)	66,611
(826,714)	91,278	(1,406,791)	65,764	153,972	9,110	(1,913,381)	(1,154,368)	2,667,632
1,292,293	687,530	2,118,925	1,363,475	796,450	469,658	6,728,331	5,969,318	556,318
\$ 465,579	\$ 778,808	\$ 712,134	\$ 1,429,239	\$ 950,422	\$ 478,768	\$ 4,814,950	\$ 4,814,950	\$ 3,223,950

Continued from previous page

CITY OF WEST LINN, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2015

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS:				
Cash and investments	\$ 265,049	\$ -	\$ -	\$ 265,049
Restricted cash and investments	-	192,184	94,067	286,251
Property taxes receivable	-	82,455	-	82,455
Accounts receivable	107,556	-	-	107,556
	<u>107,556</u>	<u>-</u>	<u>-</u>	<u>107,556</u>
TOTAL ASSETS	<u><u>\$ 372,605</u></u>	<u><u>\$ 274,639</u></u>	<u><u>\$ 94,067</u></u>	<u><u>\$ 741,311</u></u>
LIABILITIES:				
Accounts payable	\$ 159,055	\$ -	\$ 2,780	\$ 161,835
Accrued salaries and payroll taxes	33,991	-	-	33,991
Deposits payable	1,500	-	-	1,500
	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
TOTAL LIABILITIES	<u>194,546</u>	<u>-</u>	<u>2,780</u>	<u>197,326</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	-	70,448	-	70,448
	<u>-</u>	<u>70,448</u>	<u>-</u>	<u>70,448</u>
FUND BALANCES:				
Restricted	-	204,191	91,287	295,478
Committed	352,584	-	-	352,584
Unassigned	(174,525)	-	-	(174,525)
	<u>(174,525)</u>	<u>-</u>	<u>-</u>	<u>(174,525)</u>
TOTAL FUND BALANCES	<u>178,059</u>	<u>204,191</u>	<u>91,287</u>	<u>473,537</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 372,605</u></u>	<u><u>\$ 274,639</u></u>	<u><u>\$ 94,067</u></u>	<u><u>\$ 741,311</u></u>

CITY OF WEST LINN, OREGON

NONMAJOR GOVERNMENTAL FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES**

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES:				
Property taxes	\$ -	\$ 1,395,113	\$ -	\$ 1,395,113
Intergovernmental	445,861	-	-	445,861
Franchise taxes	196,518	-	-	196,518
Licenses and permits	567,883	-	-	567,883
Charges for services	429,899	-	-	429,899
Miscellaneous	5,513	-	-	5,513
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	1,645,674	1,395,113	-	3,040,787
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:				
Current:				
General government	845,306	-	-	845,306
Public safety	717,786	-	-	717,786
Debt service:				
Principal	-	1,030,000	-	1,030,000
Interest	-	324,463	-	324,463
Capital outlay	-	-	25,108	25,108
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	1,563,092	1,354,463	25,108	2,942,663
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCES	82,582	40,650	(25,108)	98,124
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES - beginning	95,477	163,541	116,395	375,413
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES - ending	<u>\$ 178,059</u>	<u>\$ 204,191</u>	<u>\$ 91,287</u>	<u>\$ 473,537</u>

CITY OF WEST LINN, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	Building Inspections Fund	Planning Fund	Total
ASSETS:			
Cash and investments	\$ -	\$ 265,049	\$ 265,049
Accounts receivable	-	107,556	107,556
TOTAL ASSETS	\$ -	\$ 372,605	\$ 372,605
LIABILITIES:			
Accounts payable	\$ 157,455	\$ 1,600	\$ 159,055
Accrued salaries and payroll taxes	15,570	18,421	33,991
Deposits payable	1,500	-	1,500
TOTAL LIABILITIES	174,525	20,021	194,546
FUND BALANCES:			
Committed	-	352,584	352,584
Unassigned	(174,525)	-	(174,525)
TOTAL FUND BALANCES (DEFICIT)	(174,525)	352,584	178,059
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 372,605	\$ 372,605

CITY OF WEST LINN, OREGON

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Building Inspections Fund	Planning Fund	Total
REVENUES:			
Intergovernmental	\$ -	\$ 445,861	\$ 445,861
Franchise taxes	-	196,518	196,518
Licenses and permits	472,306	95,577	567,883
Charges for services	-	429,899	429,899
Miscellaneous	-	5,513	5,513
	<u>472,306</u>	<u>1,173,368</u>	<u>1,645,674</u>
TOTAL REVENUES	<u>472,306</u>	<u>1,173,368</u>	<u>1,645,674</u>
EXPENDITURES:			
Current:			
General government	-	845,306	845,306
Public safety	717,786	-	717,786
	<u>717,786</u>	<u>845,306</u>	<u>1,563,092</u>
TOTAL EXPENDITURES	<u>717,786</u>	<u>845,306</u>	<u>1,563,092</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCES	(245,480)	328,062	82,582
FUND BALANCES - beginning	<u>70,955</u>	<u>24,522</u>	<u>95,477</u>
FUND BALANCES (DEFICIT) - ending	<u>\$ (174,525)</u>	<u>\$ 352,584</u>	<u>\$ 178,059</u>

CITY OF WEST LINN, OREGON

BUILDING INSPECTIONS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT) - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget for the 2014-2015 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2013-14	2nd Year FY 2014-15	Total	
REVENUES:						
Licenses and permits	\$ 1,418,000	\$ 1,418,000	\$ 629,054	\$ 472,306	\$ 1,101,360	\$ (316,640)
Miscellaneous	2,000	2,000	-	-	-	(2,000)
TOTAL REVENUES	1,420,000	1,420,000	629,054	472,306	1,101,360	(318,640)
EXPENDITURES:						
Personnel services	843,000	843,000	371,511	387,101	758,612	84,388
Materials and services	93,000	93,000	16,291	15,685	31,976	61,024
Contingency	50,000	50,000	-	-	-	50,000
TOTAL EXPENDITURES	986,000	986,000	387,802	402,786	790,588	195,412
EXCESS OF REVENUES OVER EXPENDITURES	434,000	434,000	241,252	69,520	310,772	(123,228)
OTHER FINANCING USES:						
Transfers to other funds	(619,000)	(619,000)	(304,000)	(315,000)	(619,000)	-
NET CHANGE IN FUND BALANCES	(185,000)	(185,000)	(62,748)	(245,480)	(308,228)	(123,228)
FUND BALANCES - beginning	233,000	233,000	133,703	70,955	133,703	(99,297)
FUND BALANCES (DEFICIT) - ending	\$ 48,000	\$ 48,000	\$ 70,955	\$ (174,525)	\$ (174,525)	\$ (222,525)

CITY OF WEST LINN, OREGON

PLANNING FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT) - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget for the 2014-2015 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2013-14	2nd Year FY 2014-15	Total	
REVENUES:						
Intergovernmental	\$ 653,000	\$ 653,000	\$ 279,742	\$ 445,861	\$ 725,603	\$ 72,603
Franchise taxes	398,000	398,000	198,426	196,518	394,944	(3,056)
Licenses and permits	431,000	431,000	196,643	95,577	292,220	(138,780)
Miscellaneous	2,000	2,000	11,794	5,513	17,307	15,307
TOTAL REVENUES	1,484,000	1,484,000	686,605	743,469	1,430,074	(53,926)
EXPENDITURES:						
Personnel services	1,157,000	1,157,000	507,844	460,641	968,485	188,515
Material and services	382,000	382,000	151,884	110,665	262,549	119,451
Contingency	80,000	80,000	-	-	-	80,000
TOTAL EXPENDITURES	1,619,000	1,619,000	659,728	571,306	1,231,034	387,966
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(135,000)	(135,000)	26,877	172,163	199,040	334,040
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	823,000	823,000	326,490	429,899	756,389	(66,611)
Transfers to other funds	(539,000)	(539,000)	(265,000)	(274,000)	(539,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	284,000	284,000	61,490	155,899	217,389	(66,611)
NET CHANGE IN FUND BALANCES	149,000	149,000	88,367	328,062	416,429	267,429
FUND BALANCES (DEFICIT) - beginning	(127,000)	(127,000)	(63,845)	24,522	(63,845)	63,155
FUND BALANCES - ending	\$ 22,000	\$ 22,000	\$ 24,522	\$ 352,584	\$ 352,584	\$ 330,584

CITY OF WEST LINN, OREGON

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget for the 2014-2015 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2013-14	2nd Year FY 2014-15	Total	
REVENUES:						
Property taxes	\$ 2,781,000	\$ 2,781,000	\$ 1,406,964	\$ 1,395,113	\$ 2,802,077	\$ 21,077
EXPENDITURES:						
Debt service:						
Principal	2,005,000	2,005,000	975,000	1,030,000	2,005,000	-
Interest	677,000	677,000	349,113	324,463	673,576	3,424
TOTAL EXPENDITURES	2,682,000	2,682,000	1,324,113	1,354,463	2,678,576	3,424
EXCESS OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCES	99,000	99,000	82,851	40,650	123,501	24,501
FUND BALANCES - beginning	37,000	37,000	80,690	163,541	80,690	43,690
FUND BALANCES - ending	\$ 136,000	\$ 136,000	\$ 163,541	\$ 204,191	\$ 204,191	\$ 68,191

CITY OF WEST LINN, OREGON

PARK BOND CONSTRUCTION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget for the 2014-2015 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2013-14	2nd Year FY 2014-15	Total	
EXPENDITURES:						
Capital outlay	\$ 131,000	\$ 131,000	\$ 9,536	\$ 25,108	\$ 34,644	\$ 96,356
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(131,000)	(131,000)	(9,536)	(25,108)	(34,644)	96,356
FUND BALANCES - beginning	131,000	131,000	125,931	116,395	125,931	(5,069)
FUND BALANCES - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,395</u>	<u>\$ 91,287</u>	<u>\$ 91,287</u>	<u>\$ 91,287</u>

INDIVIDUAL FUND FINANCIAL
SCHEDULES
Proprietary Funds

Proprietary Funds

These funds account for operations of the City's enterprise activities. All proprietary funds are major funds of the City.

Water Fund – accounts for the City's water utility operations including maintenance and operations. All water related revenues and expenditures, including capital replacement, are included in this fund.

Environmental Services Fund – accounts for the City's sewer and surface water operations. It includes the maintenance and operations of sewer and surface water infrastructure.

CITY OF WEST LINN, OREGON

WATER FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget for the 2014-2015 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2013-14	2nd Year FY 2014-15	Total	
REVENUES:						
Water charges	\$ 6,857,000	\$ 6,857,000	\$ 3,592,104	\$ 4,065,177	\$ 7,657,281	\$ 800,281
Intergovernmental	-	1,900,000	5,428,771	-	5,428,771	3,528,771
Systems development charges	-	-	40,239	18,907	59,146	59,146
Miscellaneous	85,000	85,000	58,586	81,053	139,639	54,639
TOTAL REVENUES	6,942,000	8,842,000	9,119,700	4,165,137	13,284,837	4,442,837
EXPENDITURES:						
Personnel services	1,255,000	1,255,000	521,293	546,183	1,067,476	187,524
Materials and services	3,245,000	3,245,000	1,436,501	1,605,976	3,042,477	202,523
Debt service	304,000	304,000	149,694	153,944	303,638	362
Capital outlay	976,000	2,876,000	732,680	2,265,151	2,997,831	(121,831)
Contingency	300,000	300,000	-	-	-	300,000
TOTAL EXPENDITURES	6,080,000	7,980,000	2,840,168	4,571,254	7,411,422	568,578
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	862,000	862,000	6,279,532	(406,117)	5,873,415	5,011,415
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of capital assets	-	-	-	236,120	236,120	236,120
Transfers to other funds	(1,433,000)	(1,433,000)	(703,000)	(730,000)	(1,433,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,433,000)	(1,433,000)	(703,000)	(493,880)	(1,196,880)	236,120
NET CHANGE IN FUND BALANCES	(571,000)	(571,000)	5,576,532	(899,997)	4,676,535	5,011,415
FUND BALANCES - beginning	996,000	996,000	1,431,858	7,008,390	1,431,858	435,858
FUND BALANCES - ending	\$ 425,000	\$ 425,000	\$ 7,008,390	6,108,393	\$ 6,108,393	\$ 5,447,273
RECONCILIATION TO NET POSITION - GAAP BASIS:						
Adjustment for net pension asset being accrued				190,868		
Adjustment for deferred outflows of resources being accrued				60,977		
Adjustment for compensated absences being accrued				(66,754)		
Adjustment for OPEB liability being accrued				(79,750)		
Adjustment for deferred inflows of resources being accrued				(384,575)		
Adjustment for interest payable being accrued				(11,481)		
Adjustment for capital assets not being depreciated				2,074,530		
Adjustment for capital assets, net of accumulated depreciation				12,385,779		
Adjustment for investment in joint venture				8,624,064		
Adjustment for bonds payable - due within one year				(110,000)		
Adjustment for long term bonds payable				(660,000)		
NET POSITION - GAAP BASIS				\$ 28,132,051		

CITY OF WEST LINN, OREGON

ENVIRONMENTAL SERVICES FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget for the 2014-2015 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2013-14	2nd Year FY 2014-15	Total	
REVENUES:						
Sewer charges	\$ 4,375,000	\$ 4,375,000	\$ 2,041,382	\$ 2,067,222	\$ 4,108,604	\$ (266,396)
Surface water charges	1,507,000	1,507,000	744,405	775,191	1,519,596	12,596
Systems development charges	164,000	164,000	97,309	35,633	132,942	(31,058)
Miscellaneous	107,000	107,000	112,347	74,997	187,344	80,344
TOTAL REVENUES	6,153,000	6,153,000	2,995,443	2,953,043	5,948,486	(204,514)
EXPENDITURES:						
Personnel services	1,518,000	1,518,000	635,874	659,188	1,295,062	222,938
Materials and services	752,000	752,000	250,435	269,850	520,285	231,715
Capital outlay	3,158,000	3,158,000	1,002,102	1,330,899	2,333,001	824,999
Contingency	750,000	750,000	-	-	-	750,000
TOTAL EXPENDITURES	6,178,000	6,178,000	1,888,411	2,259,937	4,148,348	2,029,652
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(25,000)	(25,000)	1,107,032	693,106	1,800,138	1,825,138
OTHER FINANCING USES:						
Transfers to other funds	(2,212,000)	(2,212,000)	(1,094,000)	(1,118,000)	(2,212,000)	-
NET CHANGE IN FUND BALANCES	(2,237,000)	(2,237,000)	13,032	(424,894)	(411,862)	1,825,138
FUND BALANCES - beginning	3,349,000	3,349,000	3,441,713	3,454,745	3,441,713	92,713
FUND BALANCES - ending	\$ 1,112,000	\$ 1,112,000	\$ 3,454,745	3,029,851	\$ 3,029,851	\$ 1,917,851
RECONCILIATION TO NET POSITION - GAAP BASIS:						
Adjustment for net pension asset being accrued				112,061		
Adjustment for deferred outflows of resources being accrued				35,800		
Adjustment for compensated absences being accrued				(39,260)		
Adjustment for OPEB liability being accrued				(46,822)		
Adjustment for deferred inflows of resources being accrued				(225,791)		
Adjustment for capital assets not being depreciated				1,103,205		
Adjustment for capital assets, net of accumulated depreciation				18,625,251		
NET POSITION - GAAP BASIS				\$ 22,594,295		

OTHER FINANCIAL SCHEDULES

Schedule of Future Debt Service Requirements

Schedule of Property Tax Transactions and Outstanding Balances

Schedule of Accountability of Independently Elected Officials

CITY OF WEST LINN, OREGON

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS

JUNE 30, 2015

FUTURE BOND PRINCIPAL

Fiscal year	General Obligation Bonds			Full Faith and Credit Obligations Bonds		Revenue Bonds	Total
	Series 2009-A	Series 2010-A	Series 2012	Series 2009-B	Series 2010-B	Series 2000	
	Refunded Parks	Refunded Library	Police Station	Streets/Parks	Refunded City Hall	Water	
	Jan. 21, 2009	Sep. 2, 2010	Jan. 25, 2012	Jan. 21, 2009	Sep. 2, 2010	Oct. 1, 2000	
2016	\$ 555,000	\$ 275,000	\$ 275,000	\$ 175,000	\$ 245,000	\$ 110,000	\$ 1,635,000
2017	570,000	290,000	295,000	180,000	255,000	115,000	1,705,000
2018	590,000	310,000	310,000	185,000	265,000	125,000	1,785,000
2019	280,000	330,000	335,000	190,000	275,000	130,000	1,540,000
2020	-	355,000	355,000	200,000	285,000	140,000	1,335,000
2021	-	385,000	375,000	210,000	295,000	150,000	1,415,000
2022	-	-	400,000	215,000	-	-	615,000
2023	-	-	425,000	225,000	-	-	650,000
2024	-	-	450,000	235,000	-	-	685,000
2025	-	-	475,000	245,000	-	-	720,000
2026	-	-	505,000	255,000	-	-	760,000
2027	-	-	530,000	265,000	-	-	795,000
2028	-	-	565,000	275,000	-	-	840,000
2029	-	-	595,000	290,000	-	-	885,000
2030	-	-	630,000	-	-	-	630,000
2031	-	-	665,000	-	-	-	665,000
2032	-	-	715,000	-	-	-	715,000
	<u>\$ 1,995,000</u>	<u>\$ 1,945,000</u>	<u>\$ 7,900,000</u>	<u>\$ 3,145,000</u>	<u>\$ 1,620,000</u>	<u>\$ 770,000</u>	<u>\$ 17,375,000</u>

FUTURE BOND INTEREST

Fiscal year	General Obligation Bonds			Full Faith and Credit Obligations Bonds		Revenue Bonds	Total
	Series 2009-A	Series 2010-A	Series 2012	Series 2009-B	Series 2010-B	Series 2000	
	Refunded Parks	Refunded Library	Police Station	Streets/Parks	Refunded City Hall	Water	
	Jan. 21, 2009	Sep. 2, 2010	Jan. 25, 2012	Jan. 21, 2009	Sep. 2, 2010	Oct. 1, 2000	
2016	\$ 69,838	\$ 49,338	\$ 179,338	\$ 127,723	\$ 51,600	\$ 42,763	\$ 520,600
2017	51,800	43,838	173,837	122,035	42,825	36,150	470,485
2018	31,850	37,313	167,938	115,735	32,425	28,950	414,211
2019	5,600	29,563	161,737	108,335	23,000	21,300	349,535
2020	-	21,313	155,038	100,735	14,600	13,200	304,886
2021	-	11,550	147,937	92,735	5,163	4,500	261,885
2022	-	-	140,438	84,335	-	-	224,773
2023	-	-	132,437	75,735	-	-	208,172
2024	-	-	123,938	66,623	-	-	190,561
2025	-	-	114,937	57,105	-	-	172,042
2026	-	-	105,438	46,815	-	-	152,253
2027	-	-	94,706	36,105	-	-	130,811
2028	-	-	82,781	24,578	-	-	107,359
2029	-	-	69,363	12,615	-	-	81,978
2030	-	-	54,487	-	-	-	54,487
2031	-	-	37,950	-	-	-	37,950
2032	-	-	9,831	-	-	-	9,831
	<u>\$ 159,088</u>	<u>\$ 192,915</u>	<u>\$ 1,952,131</u>	<u>\$ 1,071,209</u>	<u>\$ 169,613</u>	<u>\$ 146,863</u>	<u>\$ 3,691,819</u>

CITY OF WEST LINN, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Tax Year</u>	<u>Uncollected Property Taxes as of June 30, 2014</u>	<u>Add Tax Levy Extended by Assessor</u>	<u>Deduct Adjustments and Discounts</u>	<u>Deduct Cash Collections</u>	<u>Uncollected Property Taxes as of June 30, 2015</u>
Current fiscal year 2014-15	<u>\$ -</u>	<u>\$ 8,327,514</u>	<u>\$ (197,518)</u>	<u>\$ (7,911,683)</u>	<u>\$ 218,313</u>
Prior fiscal years					
2013-14	229,115	-	(3,566)	(120,507)	105,042
2012-13	118,205	-	(520)	(44,275)	73,410
2011-12	79,070	-	(633)	(30,638)	47,799
2010-11	47,364	-	(583)	(17,645)	29,136
2009-10 & prior	44,653	-	(2,069)	(6,739)	35,845
Sub-total prior	<u>518,407</u>	<u>-</u>	<u>(7,371)</u>	<u>(219,804)</u>	<u>291,232</u>
Total	<u>\$ 518,407</u>	<u>\$ 8,327,514</u>	<u>\$ (204,889)</u>	<u>\$ (8,131,487)</u>	<u>\$ 509,545</u>

Public Safety Fund	\$ 293,303
Parks and Recreation Fund	77,185
Library Fund	56,602
Debt Service Fund	<u>82,455</u>
	<u>\$ 509,545</u>

CITY OF WEST LINN, OREGON
SCHEDULE OF ACCOUNTABILITY OF INDEPENDENTLY ELECTED OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Oregon Revised Statutes (ORS) Section 297 requires a statement of accountability for each independently elected official collecting or receiving money in the municipal corporation. In compliance with ORS 297, there are no independently elected officials that collect or receive money on behalf of the City of West Linn.

CITY OF WEST LINN, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT

SECTION III

STATISTICAL SECTION

STATISTICAL SECTION

This section provides further details as a context for a better understanding of the financial statements.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how financial performance has changed over time.	93
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.	96
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.	103
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	108
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.	110

Sources: The information in these schedules is derived from the comprehensive annual financial reports for the relevant year, unless otherwise noted.

The City implemented the following GASB Statements:

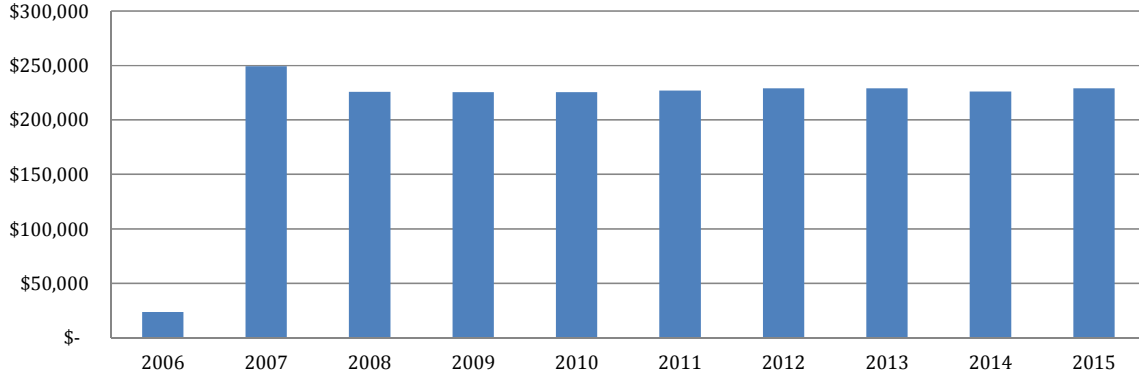
- GASB Statement 34 in fiscal year 2002-03, except for the infrastructure provisions which were implemented in fiscal year 2007-08
- GASB Statement 44 in fiscal year 2007-08
- GASB Statement 54 in fiscal year 2010-11
- GASB Statement 63 in fiscal year 2012-13
- GASB Statement 65 in fiscal year 2013-14
- GASB Statement 68 in fiscal year 2014-15

CITY OF WEST LINN, OREGON

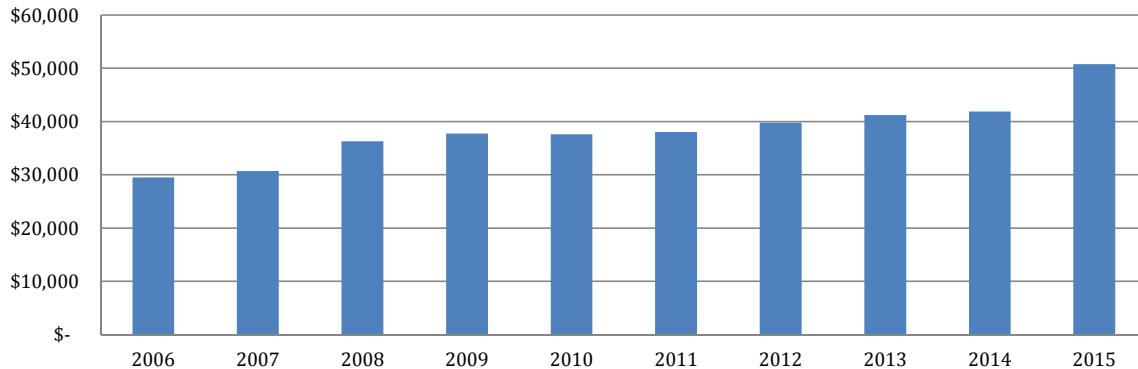
Net Position by Component for the last ten fiscal years (accrual basis of accounting) (in thousands)

	Fiscal Year Ended									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
									(restated)	
Governmental activities										
Net investment in capital assets	\$ 17,951	\$ 241,987	\$ 218,998	\$ 219,277	\$ 217,988	\$ 218,578	\$ 217,951	\$ 217,876	\$ 218,327	\$ 220,683
Restricted	2,854	3,526	4,479	6,565	6,450	4,930	6,077	6,467	7,236	5,268
Unrestricted (deficit)	2,996	3,995	2,514	(248)	1,279	3,483	5,123	4,854	638	3,028
Total governmental activities net position	23,801	249,508	225,991	225,594	225,717	226,991	229,151	229,197	226,201	228,979
Business-type activities										
Net investment in capital assets	21,059	20,723	26,201	27,454	27,089	26,945	27,482	28,348	29,136	33,418
Restricted	-	-	-	155	155	155	155	155	155	4,154
Unrestricted	8,442	9,939	10,090	10,082	10,354	10,943	12,104	12,666	12,587	13,154
Total business-type activities net position	29,501	30,662	36,291	37,691	37,598	38,043	39,741	41,169	41,878	50,726
Primary government										
Net investment in capital assets	39,010	262,710	245,199	246,731	245,077	245,523	245,433	246,224	247,463	254,101
Restricted	2,854	3,526	4,479	6,720	6,605	5,085	6,232	6,622	7,391	9,422
Unrestricted	11,438	13,934	12,604	9,834	11,633	14,426	17,227	17,520	13,225	16,182
Total primary government net position	\$ 53,302	\$ 280,170	\$ 262,282	\$ 263,285	\$ 263,315	\$ 265,034	\$ 268,892	\$ 270,366	\$ 268,079	\$ 279,705

Net Position - Governmental Activities ('000s)



Net Position - Business-type Activities ('000s)



CITY OF WEST LINN, OREGON

Changes in Net Position for the last ten fiscal years (accrual basis of accounting) (in thousands)

	Fiscal Year Ended									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 4,040	\$ 4,695	\$ 6,007	\$ 5,970	\$ 6,305	\$ 6,676	\$ 7,110	\$ 7,305	\$ 7,169	\$ 6,775
Culture and recreation	2,846	2,973	4,279	5,433	5,492	5,788	6,038	6,291	6,060	5,804
Public safety	4,414	4,490	5,658	6,318	6,472	6,368	6,803	7,074	7,095	6,251
Highways and streets	1,442	994	1,235	3,528	3,492	3,492	3,431	3,581	3,664	3,681
Interest on long-term debt	591	640	631	599	626	404	507	615	549	508
Unallocated depreciation	1,486	644	2,395	-	-	-	-	-	-	-
Total governmental activities expenses	14,819	14,436	20,205	21,848	22,387	22,728	23,889	24,866	24,537	23,019
Business-type activities:										
Water	2,732	2,270	2,914	3,269	3,071	3,061	3,025	3,219	3,243	3,231
Environmental services	2,094	1,409	2,814	2,704	2,560	2,640	2,721	2,756	2,906	2,822
Total business-type activities expenses	4,826	3,679	5,728	5,973	5,631	5,701	5,746	5,975	6,149	6,053
Total primary government expenses	\$ 19,645	\$ 18,115	\$ 25,933	\$ 27,821	\$ 28,018	\$ 28,429	\$ 29,635	\$ 30,841	\$ 30,686	\$ 29,072
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 3,955	\$ 3,527	\$ 6,473	\$ 6,364	\$ 6,844	\$ 7,232	\$ 8,228	\$ 8,167	\$ 8,483	\$ 8,217
Culture and recreation	-	-	1,321	1,543	1,590	1,764	1,905	1,911	2,005	2,056
Public safety	-	-	753	664	663	693	741	612	664	897
Highways and streets	-	-	243	833	778	792	870	904	1,351	1,522
Operating grants and contributions	2,411	2,374	2,372	2,486	3,045	4,015	3,852	3,974	3,776	4,019
Capital grants and contributions	-	-	1,755	727	770	493	1,531	248	354	467
Total governmental activities program revenues	6,366	5,901	12,917	12,617	13,690	14,989	17,127	15,816	16,633	17,178
Business-type activities:										
Charges for services:										
Water	2,986	3,579	2,903	3,069	2,926	3,071	3,554	4,021	3,968	4,705
Environmental services	1,899	2,244	2,020	2,452	2,362	2,500	2,784	2,813	2,996	2,953
Capital grants and contributions	-	-	865	1,635	100	206	936	155	581	469
Total business-type activities program revenues	4,885	5,823	5,788	7,156	5,388	5,777	7,274	6,989	7,545	8,127
Total primary government program revenues	\$ 11,251	\$ 11,724	\$ 18,705	\$ 19,773	\$ 19,078	\$ 20,766	\$ 24,401	\$ 22,805	\$ 24,178	\$ 25,305

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	Fiscal Year Ended									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense) Revenue										
Governmental activities	\$ (8,453)	\$ (8,535)	\$ (7,288)	\$ (9,231)	\$ (8,697)	\$ (7,739)	\$ (6,762)	\$ (9,050)	\$ (7,904)	\$ (5,841)
Business-type activities	59	2,144	60	1,183	(243)	76	1,528	1,014	1,396	2,074
Total primary government expenses	<u>\$ (8,394)</u>	<u>\$ (6,391)</u>	<u>\$ (7,228)</u>	<u>\$ (8,048)</u>	<u>\$ (8,940)</u>	<u>\$ (7,663)</u>	<u>\$ (5,234)</u>	<u>\$ (8,036)</u>	<u>\$ (6,508)</u>	<u>\$ (3,767)</u>
General Revenues										
Governmental activities:										
Property taxes, levied for general purposes	\$ 5,760	\$ 6,675	\$ 5,264	\$ 5,536	\$ 5,785	\$ 5,918	\$ 6,181	\$ 6,197	\$ 6,440	\$ 6,725
Property taxes, levied for debt service	854	931	769	942	828	884	839	1,321	1,406	1,398
Franchise taxes	1,460	2,098	1,686	1,728	1,952	1,662	1,749	1,662	1,683	1,722
Unrestricted grants and contributions	382	279	263	604	361	675	303	319	337	297
Interest and investment earnings	210	468	420	51	23	18	19	10	8	15
Gain on disposition of capital assets	-	-	-	-	-	222	-	-	63	-
Transfers	(1,866)	1,092	(132)	(27)	(129)	(365)	(170)	(413)	(167)	(1,538)
Total governmental activities	<u>6,800</u>	<u>11,543</u>	<u>8,270</u>	<u>8,834</u>	<u>8,820</u>	<u>9,014</u>	<u>8,921</u>	<u>9,096</u>	<u>9,770</u>	<u>8,619</u>
Business-type activities:										
Intergovernmental	-	-	-	-	-	-	-	-	-	5,000
Investment earnings	44	110	109	190	7	3	-	-	-	-
Gain on disposition of capital assets	-	-	-	-	14	1	-	-	-	236
Transfers	1,866	(1,092)	132	27	129	365	170	413	167	1,538
Total business-type activities	<u>1,910</u>	<u>(982)</u>	<u>241</u>	<u>217</u>	<u>150</u>	<u>369</u>	<u>170</u>	<u>413</u>	<u>167</u>	<u>6,774</u>
Total primary government	<u>\$ 8,710</u>	<u>\$ 10,561</u>	<u>\$ 8,511</u>	<u>\$ 9,051</u>	<u>\$ 8,970</u>	<u>\$ 9,383</u>	<u>\$ 9,091</u>	<u>\$ 9,509</u>	<u>\$ 9,937</u>	<u>\$ 15,393</u>
Changes in Net Position										
Governmental activities	\$ (1,653)	\$ 3,008	\$ 982	\$ (397)	\$ 123	\$ 1,275	\$ 2,159	\$ 46	\$ 1,866	\$ 2,778
Business-type activities	1,969	1,162	301	1,400	(93)	445	1,698	1,427	1,563	8,848
Total primary government	<u>\$ 316</u>	<u>\$ 4,170</u>	<u>\$ 1,283</u>	<u>\$ 1,003</u>	<u>\$ 30</u>	<u>\$ 1,720</u>	<u>\$ 3,857</u>	<u>\$ 1,473</u>	<u>\$ 3,429</u>	<u>\$ 11,626</u>

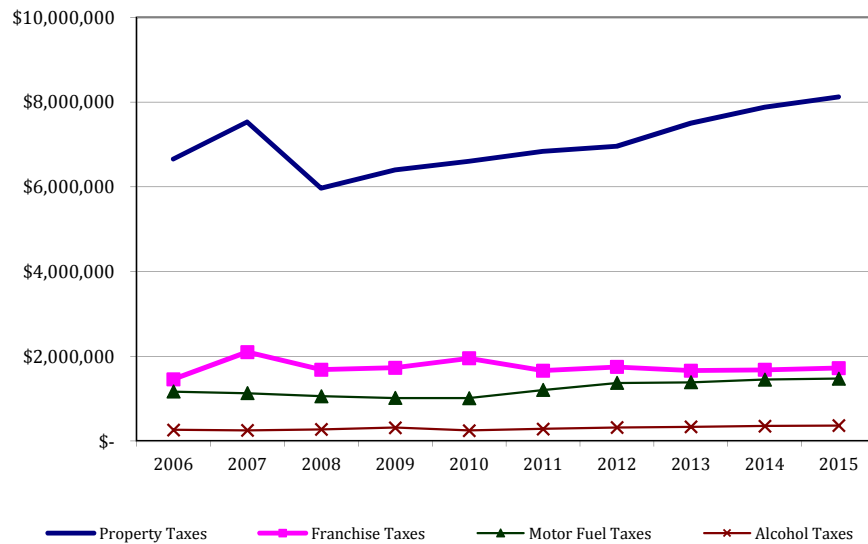
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CITY OF WEST LINN, OREGON
Governmental Activities Tax Revenues by Source
for the last ten fiscal years
(modified accrual basis of accounting)

Fiscal year	Property tax	Franchise tax	Motor fuel tax¹	Alcoholic beverage tax¹	Total
2006	\$ 6,650,854	\$ 1,459,842	\$ 1,166,254	\$ 266,193	\$ 9,543,143
2007	7,531,540	2,098,041	1,129,618	252,951	11,012,150
2008	5,965,524	1,685,632	1,057,792	275,206	8,984,154
2009	6,392,688	1,727,918	1,018,039	319,257	9,457,902
2010	6,603,432	1,952,259	1,012,955	252,198	9,820,844
2011	6,834,048	1,662,509	1,204,209	289,005	9,989,771
2012	6,957,799	1,748,619	1,372,076	321,952	10,400,446
2013	7,497,058	1,661,718	1,384,642	337,394	10,880,812
2014	7,875,104	1,682,559	1,451,422	355,788	11,364,873
2015	8,115,994	1,721,760	1,472,249	367,367	11,677,370

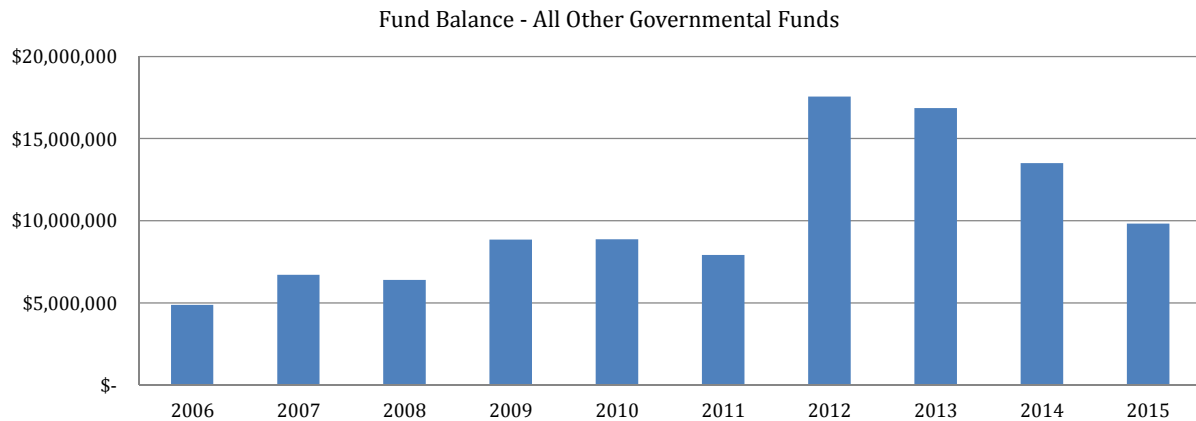
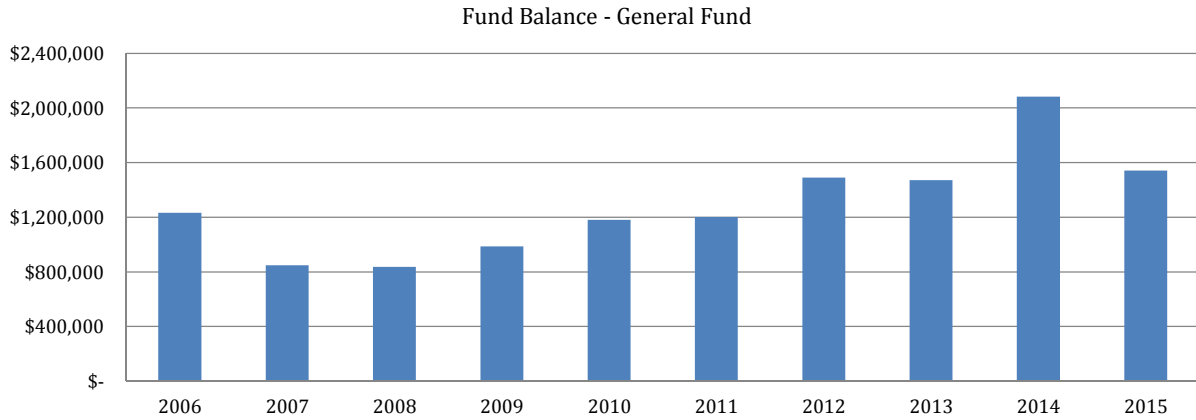
¹ Motor fuel and alcoholic beverage taxes are not directly assessed by the City of West Linn, but rather by the State of Oregon, then a portion is allocated to the City based upon population.

Trend Lines of Tax Revenues by Source



CITY OF WEST LINN, OREGON
Fund Balances of Governmental Funds
for the last ten fiscal years
(modified accrual basis of accounting)

	Fiscal Year Ended									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Nonspendable	\$ -	\$ 104,342	\$ 142,264	\$ -	\$ 36,838	\$ 150,378	\$ 164,462	\$ 169,275	\$ 150,427	\$ 188,685
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	1,232,657	742,999	695,299	985,405	1,144,698	1,052,484	1,325,884	1,301,083	1,932,734	1,352,882
Total general fund	<u>\$ 1,232,657</u>	<u>\$ 847,341</u>	<u>\$ 837,563</u>	<u>\$ 985,405</u>	<u>\$ 1,181,536</u>	<u>\$ 1,202,862</u>	<u>\$ 1,490,346</u>	<u>\$ 1,470,358</u>	<u>\$ 2,083,161</u>	<u>\$ 1,541,567</u>
All other governmental funds										
Nonspendable	\$ 157,300	\$ 157,300	\$ 157,300	\$ 157,300	\$ 157,300	\$ 157,300	\$ 157,300	\$ 157,300	\$ 157,300	\$ 157,300
Restricted	3,890,839	3,651,587	4,322,102	6,408,089	6,292,160	4,773,436	12,922,103	12,544,353	8,651,824	5,110,428
Committed	514,764	2,481,294	1,683,251	2,138,630	2,331,737	3,000,053	4,482,238	4,166,120	4,705,382	4,745,564
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	317,384	425,586	240,620	156,522	101,602	-	-	-	-	(174,525)
Total all other governmental funds	<u>\$ 4,880,287</u>	<u>\$ 6,715,767</u>	<u>\$ 6,403,273</u>	<u>\$ 8,860,541</u>	<u>\$ 8,882,799</u>	<u>\$ 7,930,789</u>	<u>\$ 17,561,641</u>	<u>\$ 16,867,773</u>	<u>\$ 13,514,506</u>	<u>\$ 9,838,767</u>



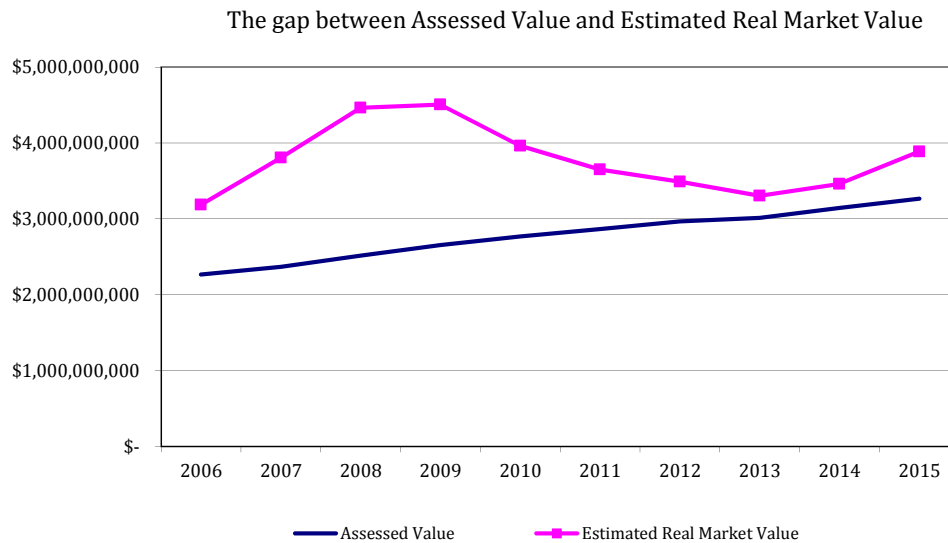
CITY OF WEST LINN, OREGON
Changes in Fund Balances of Governmental Funds
for the last ten fiscal years
(modified accrual basis of accounting)

	Fiscal Year Ended									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Property taxes	\$ 6,650,854	\$ 7,531,540	\$ 5,965,524	\$ 6,392,688	\$ 6,603,432	\$ 6,834,048	\$ 6,957,799	\$ 7,497,058	\$ 7,875,104	\$ 8,115,994
Intergovernmental	2,410,889	2,374,184	2,371,677	2,486,047	3,678,872	4,015,212	4,789,930	3,912,898	3,716,218	3,958,604
Franchise taxes	1,459,842	2,098,041	1,685,632	1,727,918	1,952,259	1,662,509	1,748,619	1,661,718	1,682,559	1,721,760
Fines and forfeitures	513,503	567,159	517,662	586,145	565,151	520,087	403,165	432,940	478,194	482,800
Licenses and fees	672,024	1,155,020	1,108,494	1,006,790	1,037,008	1,012,185	1,218,483	1,049,767	1,106,437	826,093
Charges for services	2,373,428	452,744	5,770,614	7,192,160	7,664,216	7,920,641	8,355,873	8,742,651	9,640,378	10,541,120
Systems development charges	1,155,017	1,209,582	963,567	618,819	608,727	1,027,067	1,765,887	1,367,798	1,278,072	647,616
Investment earnings	202,996	467,203	419,705	50,420	22,990	17,718	18,944	9,833	7,512	15,270
Miscellaneous	382,899	279,634	263,531	604,187	360,470	674,790	303,350	319,017	337,149	296,534
Total revenues	15,821,452	16,135,107	19,066,406	20,665,174	22,493,125	23,684,257	25,562,050	24,993,680	26,121,623	26,605,791
Expenditures:										
Current:										
General government	4,810,789	4,464,283	5,334,764	5,944,189	6,194,465	6,520,299	6,704,454	7,209,531	6,758,119	7,785,446
Culture and recreation	2,908,948	2,973,587	4,274,399	4,548,376	4,647,411	4,934,363	5,182,185	5,440,445	5,149,677	5,438,749
Public safety	4,578,620	4,545,133	5,642,339	5,940,429	6,262,603	6,261,541	6,711,910	7,041,384	6,851,540	7,184,749
Highways and streets	1,534,138	1,043,943	1,236,200	1,634,945	1,569,050	1,545,578	1,452,551	1,591,059	1,617,973	1,695,348
Debt service:										
Principal	590,000	625,000	670,000	705,000	825,000	1,070,000	1,065,000	1,245,000	1,370,000	1,440,000
Interest	669,356	639,505	626,604	472,048	741,544	418,655	427,366	651,831	552,802	513,211
Current refunding	-	-	-	4,992,519	-	5,933,478	-	-	-	-
Capital outlay	2,188,791	1,363,980	1,611,978	2,944,474	2,034,663	4,353,775	2,793,021	2,578,462	6,752,923	6,780,121
Total expenditures	17,280,642	15,655,431	19,396,284	27,181,980	22,274,736	31,037,689	24,336,487	25,757,712	29,053,034	30,837,624
Excess (deficiency) of revenues over (under) expenditures	(1,459,190)	479,676	(329,878)	(6,516,806)	218,389	(7,353,432)	1,225,563	(764,032)	(2,932,411)	(4,231,833)
Other financing sources (uses):										
Transfers from other funds	3,731,852	3,908,392	713,200	322,500	-	-	-	-	-	-
Transfers to other funds	(4,345,554)	(2,937,904)	(705,594)	(322,500)	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	487,887	90,085	-	191,947	14,500
Full faith and credit obligation bonds	-	-	-	4,035,000	-	-	-	-	-	-
Refunding bonds issued	-	-	-	4,915,000	-	5,640,000	-	-	-	-
General obligation bonds issued	-	-	-	-	-	-	8,500,000	-	-	-
Bond premium on issuance of debt	-	-	-	171,916	-	294,861	102,688	-	-	-
Capital lease	-	-	-	-	-	-	-	50,176	-	-
Total other financing sources (uses)	(613,702)	970,488	7,606	9,121,916	-	6,422,748	8,692,773	50,176	191,947	14,500
Net change in fund balances	<u>\$ (2,072,892)</u>	<u>\$ 1,450,164</u>	<u>\$ (322,272)</u>	<u>\$ 2,605,110</u>	<u>\$ 218,389</u>	<u>\$ (930,684)</u>	<u>\$ 9,918,336</u>	<u>\$ (713,856)</u>	<u>\$ (2,740,464)</u>	<u>\$ (4,217,333)</u>
Debt service as a percentage of noncapital expenditures	8.3%	8.8%	7.3%	4.9%	7.7%	5.6%	6.9%	8.2%	8.6%	8.1%

CITY OF WEST LINN, OREGON
Assessed Value and Estimated Real Market Value of Taxable Property
for the last ten fiscal years

Fiscal year	Assessed Value					Total direct tax rate	RMV	Assessed value as a percentage of RMV
	Real property	Personal property	Manuf'd structure	Public utility	Total assessed value		Estimated real market value (RMV)	
2006	\$ 2,195,743,606	\$ 19,493,768	\$ 2,639,830	\$ 49,034,500	\$ 2,266,911,704	\$ 3.0265	\$ 3,184,053,186	71 %
2007	2,297,035,876	19,771,894	1,529,407	51,125,300	2,369,462,477	3.2626	3,804,091,192	62
2008	2,429,084,775	23,088,571	97,310	64,467,300	2,516,737,956	2.4317	4,464,348,037	56
2009	2,551,018,947	24,133,819	13,260	80,383,350	2,655,549,376	2.4984	4,507,161,484	59
2010	2,651,268,406	21,528,027	12,220	95,893,520	2,768,702,173	2.4493	3,960,668,206	70
2011	2,746,237,479	20,571,834	5,760	98,229,395	2,865,044,468	2.4522	3,650,547,820	78
2012	2,844,388,454	20,971,094	5,720	100,553,420	2,965,918,688	2.4180	3,487,305,552	85
2013	2,896,939,017	20,871,017	5,740	93,960,465	3,011,776,239	2.5629	3,305,208,425	91
2014	3,026,911,233	23,699,155	11,320	92,241,830	3,142,863,538	2.5590	3,460,978,688	91
2015	3,147,688,253	23,101,337	11,820	94,985,546	3,265,786,956	2.5489	3,885,035,988	84

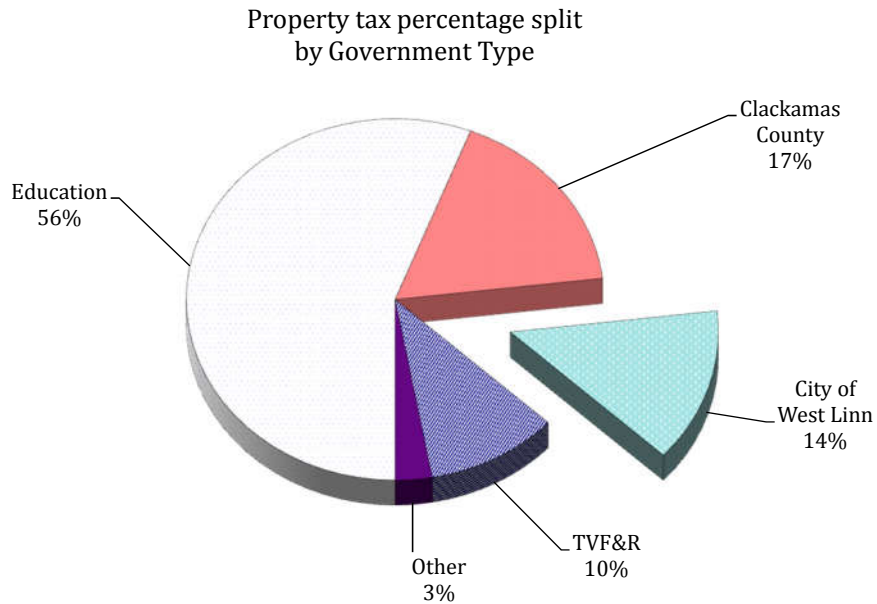
Source: Clackamas County Assessor's Office



CITY OF WEST LINN, OREGON
Property Tax Rates - Direct and Overlapping Governments
for the last ten fiscal years
(rate per \$1,000 of assessed value)

Fiscal year	City direct rates				Overlapping rates						Total direct and overlapping
	Permanent tax rate	Local option levy rate	Bonded debt tax rate	Total direct	West Linn Wilsonville School District	Clackamas County	Clackamas Community College	Education Service District	Tualain Valley Fire and Rescue	Other	
2006	\$ 2.1200	\$ 0.4844	\$ 0.4221	\$ 3.0265	\$ 9.23	\$ 2.59	\$ 0.77	\$ 0.36	\$ 1.82	\$ 0.49	\$ 18.28
2007	2.1200	0.7550	0.3876	3.2626	9.31	2.53	0.73	0.36	1.82	0.47	18.48
2008	2.1200	-	0.3117	2.4317	9.24	2.80	0.74	0.36	1.87	0.61	18.05
2009	2.1200	-	0.3784	2.4984	9.05	2.81	0.74	0.36	1.84	0.57	17.88
2010	2.1200	-	0.3293	2.4493	9.18	3.30	0.72	0.36	1.89	0.62	18.52
2011	2.1200	-	0.3322	2.4522	9.34	3.29	0.70	0.36	1.78	0.70	18.62
2012	2.1200	-	0.2980	2.4180	9.36	3.28	0.68	0.36	1.78	0.62	18.50
2013	2.1200	-	0.4429	2.5629	9.38	3.29	0.70	0.36	1.91	0.50	18.71
2014	2.1200	-	0.4390	2.5590	9.32	3.18	0.71	0.37	1.91	0.54	18.58
2015	2.1200	-	0.4289	2.5489	9.25	3.19	0.71	0.37	1.89	0.53	18.48

Source: Clackamas County Assessor's Office



CITY OF WEST LINN, OREGON

Principal Property Taxpayers current year and nine years ago

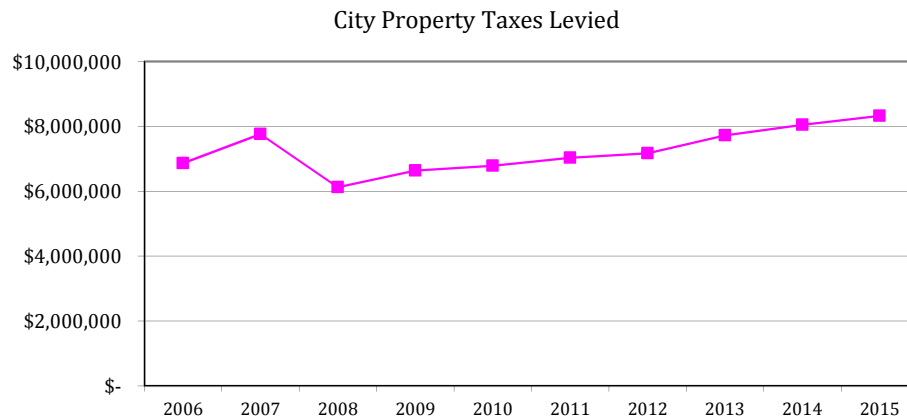
Name	2015			2006		
	Assessed value	Rank	% of total value	Assessed value	Rank	% of total value
Portland General Electric Co	\$ 55,595,000	1	1.7 %	\$ 30,359,000	1	1.3 %
Simpson Realty Group LP	27,307,245	2	0.8	20,928,731	2	0.9
West Linn Paper Company	24,302,296	3	0.7	17,989,748	3	0.8
Comcast Corporation	21,261,600	4	0.7			
West Linn Shopping Ctr. Assoc. LLC	20,680,948	5	0.6	13,466,171	5	0.6
Blackhawk Nevada LLC	16,253,510	6	0.5			
Willamette Marketplace LLC	12,149,455	7	0.4			
NW Natural Gas Company	10,910,400	8	0.3	10,668,800	7	0.5
ROIC Cascade Summit LLC	10,897,655	9	0.3			
BHSUM LLC	10,130,424	10	0.3			
Cascade Summit Retail LLC				14,031,429	4	0.6
Maier-Traub Gloria				11,445,626	6	0.5
West Linn Senior Living LLC				6,999,655	8	0.3
More William				5,367,300	9	0.2
Bean Investment Real Estate				5,174,281	10	0.2
Sub-total, top ten	209,488,533		6.4	136,430,741		6.0
All other City taxpayers	3,056,298,423		93.6	2,130,480,963		94.0
Total City taxpayers	<u>\$ 3,265,786,956</u>		<u>100.0 %</u>	<u>\$ 2,266,911,704</u>		<u>100.0 %</u>

Source: Clackamas County Assessor's Office

CITY OF WEST LINN, OREGON
Property Tax Levies and Collections
for the last ten fiscal years

Fiscal year	Taxes levied for the fiscal year	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
		Amount	Percentage of levy		Amount	Percentage of levy
2006	\$ 6,864,067	\$ 6,523,682	95 %	\$ 165,180	\$ 6,688,862	97 %
2007	7,759,907	7,310,877	94	248,883	7,559,760	97
2008	6,123,920	5,725,655	93	233,023	5,958,678	97
2009	6,639,388	6,163,584	93	306,503	6,470,087	97
2010	6,783,509	6,337,912	93	244,100	6,582,012	97
2011	7,032,330	6,567,529	93	235,118	6,802,647	97
2012	7,174,440	6,799,324	95	197,269	6,996,593	98
2013	7,724,400	7,283,059	94	171,534	7,454,593	97
2014	8,044,298	7,628,822	95	120,507	7,749,329	96
2015	8,327,514	7,911,683	95	-	7,911,683	95

Source: Annual financial statements of the City of West Linn

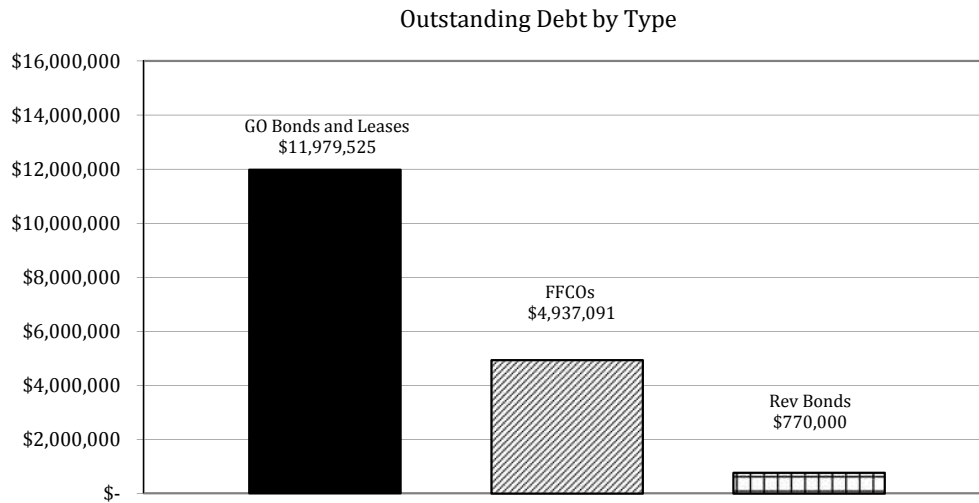


CITY OF WEST LINN, OREGON
Ratios of Outstanding Debt by Type
for the last ten fiscal years

Fiscal year	Governmental Activities		Business-type Activities		Total primary government	Percentage of personal income	Per capita
	General Obligation bonds and Capital Leases	Full Faith and Credit obligations	Water Revenue bonds				
2006	\$ 9,590,000	\$ 3,575,000	\$ 1,515,000		\$ 14,680,000	18.17 %	\$ 607
2007	9,130,000	3,410,000	1,450,000		13,990,000	16.40	579
2008	8,635,000	3,235,000	1,380,000		13,250,000	14.73	543
2009	8,105,000	7,246,022	1,305,000		16,656,022	19.57	683
2010	7,560,000	6,950,128	1,225,000		15,735,128	17.89	627
2011	6,977,330	6,639,959	1,145,000		14,762,289	15.80	587
2012	14,871,516	6,230,492	1,060,000		22,162,008	22.45	878
2013	13,998,149	5,811,025	970,000		20,779,174	*	819
2014	13,039,727	5,381,558	875,000		19,296,285	*	759
2015	11,979,525	4,937,091	770,000		17,686,616	*	693

* Information unavailable at this time.

Source: Annual financial statements of the City of West Linn



CITY OF WEST LINN, OREGON
Ratios of General Bonded Debt Outstanding
for the last ten fiscal years

Fiscal year	General obligation bonds	Less: amounts available in debt service fund	Net	Percentage of net over assessed value of property ¹	Per capita ²
2006	\$ 9,590,000	\$ (251,455)	\$ 9,338,545	0.41 %	\$ 386
2007	9,130,000	(272,710)	8,857,290	0.37	366
2008	8,635,000	(116,773)	8,518,227	0.34	349
2009	8,105,000	(214,386)	7,890,614	0.30	323
2010	7,560,000	(117,054)	7,442,946	0.27	296
2011	6,977,330	(125,395)	6,851,935	0.24	272
2012	14,871,516	(68,681)	14,802,835	0.50	586
2013	13,998,149	(80,690)	13,917,459	0.46	549
2014	13,009,782	(163,541)	12,846,241	0.41	505
2015	11,966,415	(204,191)	11,762,224	0.36	461

¹ Assessed value data of property can be found on page 99.

² Population data can be found on page 108.

CITY OF WEST LINN, OREGON
Direct and Overlapping Governmental Activities Debt
as of June 30, 2015

Governmental unit	Real market values of overlapping districts	Tax-supported debt outstanding	Percentage overlapping¹	Overlapping debt applicable to the City of West Linn
Debt repaid with property taxes:				
West Linn Wilsonville School District	\$ 8,153,569,135	\$ 252,766,741	47.22 %	\$ 119,354,686
Clackamas Community College	38,741,861,484	66,116,012	9.94	6,570,411
Clackamas County	53,076,860,113	98,780,000	7.32	7,230,103
Clackamas County ESD	50,340,306,466	-	-	-
Metro	215,408,649,968	193,205,000	1.80	3,484,452
Tualatin Valley Fire and Rescue	63,503,759,481	55,020,000	6.12	3,365,904
Lake Oswego School District No. 7J	9,232,054,344	101,024,917	0.38	381,268
Port of Portland	234,450,071,682	-	-	-
Portland Community College	171,948,533,146	160,095,000	0.02	32,499
Subtotal, overlapping debt	844,855,665,819	927,007,670		140,419,323
Direct debt outstanding:				
City of West Linn	3,885,035,988	16,916,616	100.00	16,916,616
Total direct and overlapping debt outstanding	<u>\$ 848,740,701,807</u>	<u>\$ 943,924,286</u>		<u>\$ 157,335,939</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the government's boundaries and dividing it by the City's total taxable assessed value.

Source: Oregon State Treasury Department, Debt Management Division

CITY OF WEST LINN, OREGON
Legal Debt Margin Information
for the last ten fiscal years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt maximum limitation	\$ 95,521,596	\$ 114,122,736	\$ 133,930,441	\$ 135,214,845	\$ 118,820,046
Debt applicable to maximum limit	<u>9,338,545</u>	<u>8,857,290</u>	<u>8,518,227</u>	<u>7,890,614</u>	<u>7,442,946</u>
Legal debt margin available	<u>\$ 86,183,051</u>	<u>\$ 105,265,446</u>	<u>\$ 125,412,214</u>	<u>\$ 127,324,231</u>	<u>\$ 111,377,100</u>
Debt applicable to the maximum limit as a percentage of debt limitation	9.78%	7.76%	6.36%	5.84%	6.26%

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt maximum limitation	\$ 109,516,435	\$ 104,619,167	\$ 99,156,253	\$ 103,829,361	\$ 116,551,080
Debt applicable to maximum limit	<u>6,769,605</u>	<u>14,636,319</u>	<u>13,764,310</u>	<u>12,706,459</u>	<u>11,775,334</u>
Legal debt margin available	<u>\$ 102,746,830</u>	<u>\$ 89,982,848</u>	<u>\$ 85,391,943</u>	<u>\$ 91,122,902</u>	<u>\$ 104,775,746</u>
Debt applicable to the maximum limit as a percentage of debt limitation	6.18%	13.99%	13.88%	12.24%	10.10%

Legal debt margin calculation for the fiscal year ended June 30, 2015:

Total property real market value	\$ 3,885,035,988
	3%
Debt maximum limitation (3% of total property real market value) ¹	<u>116,551,080</u>
Amount of debt applicable to debt limit:	
Total bonded debt outstanding	17,686,616
Less debt excluded from debt limit:	
Full faith and credit obligations	(4,937,091)
Water revenue bonds	(770,000)
Less funds applicable to the payment of principal in the debt service fund per ORS 287.004	<u>(204,191)</u>
Net amount of debt applicable to limit	11,775,334
Legal debt margin - amount available for future indebtedness	<u>\$ 104,775,746</u>
Percentage of City's indebtedness to total allowed	10.10%

¹ Pursuant to Oregon Revised Statutes 287.004, outstanding general obligation debt is limited to three percent of real market value.

Source: Clackamas County Department of Assessment and Taxation

CITY OF WEST LINN, OREGON

Pledged-Revenue Coverage

for the last ten fiscal years

Fiscal year	Water Revenue Bonds					
	Utility service charges ¹	Less: operating expenses ²	Net available revenue	Debt service requirements		Coverage
				Principal	Interest	
2006	\$ 2,512,238	\$ 2,266,952	\$ 245,286	\$ 65,000	\$ 89,580	1.59
2007	2,977,884	2,347,364	630,520	65,000	86,103	4.17
2008	2,640,413	2,396,602	243,811	70,000	82,440	1.60
2009	3,096,470	2,786,354	310,116	75,000	78,470	2.02
2010	2,970,082	2,579,204	390,878	80,000	72,866	2.56
2011	2,996,565	2,563,535	433,030	80,000	68,608	2.91
2012	3,265,914	2,527,838	738,076	85,000	63,822	4.96
2013	3,590,818	2,665,637	925,181	90,000	60,013	6.17
2014	3,690,929	2,660,794	1,030,135	95,000	54,694	6.88
2015	4,165,137	2,928,563	1,236,574	105,000	48,944	8.03

¹ Charges include operating revenue plus interest income on operating earnings.

² Expenses include operating expenditures except for depreciation, net income from joint venture, and transfers pursuant to bond covenants coverage requirements.

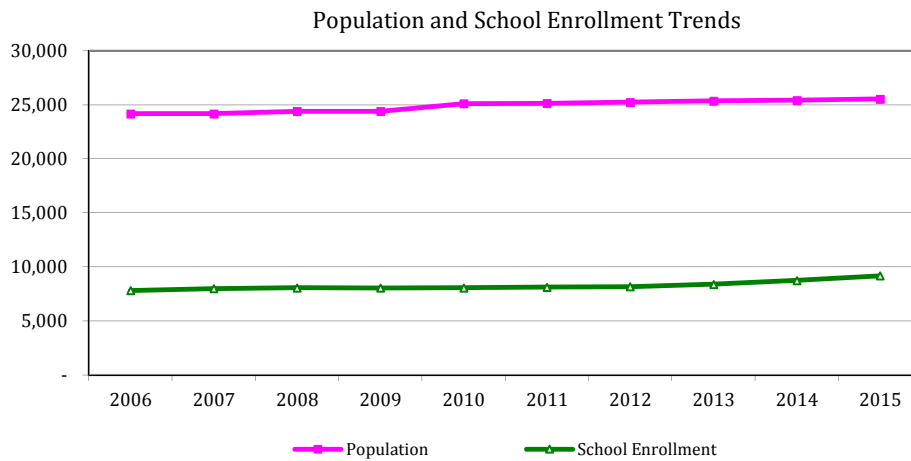
Source: Annual financial statements of the City of West Linn

CITY OF WEST LINN, OREGON
Demographic and Economic Statistics
for the last ten fiscal years

Fiscal year	Population	Personal income (in millions)	Per capita personal income	School enrollment	Unemployment rate
2006	24,180	\$ 80,794	\$ 38,416	7,812	5.3 %
2007	24,180	85,305	39,903	7,990	4.1
2008	24,400	89,977	41,410	8,059	5.3
2009	24,400	85,103	38,565	8,047	10.7
2010	25,109	87,940	39,384	8,065	10.1
2011	25,150	93,449	41,302	8,118	9.6
2012	25,250	98,698	43,103	8,175	8.7
2013	25,370	101,210	43,728	8,395	7.8
2014	25,425	*	*	8,746	6.9
2015	25,540	*	*	9,180	5.5

* Information unavailable at this time.

Sources: Center for Population Research and Census, Portland State University
Bureau of Economic Analysis
State of Oregon Employment Department
Oregon Department of Education



CITY OF WEST LINN, OREGON

Principal Employers *current year and nine years ago*

Employer	2015			2006		
	Employees	Rank	Percentage of total City employment	Employees	Rank	Percentage of total City employment
West Linn Wilsonville SD	753	1	6.61 %	608	1	4.08 %
West Linn Paper Company	300	2	2.63	*		
City of West Linn	124	3	1.09	139	N/A	1.00
Safeway Inc.	114	4	1.00	*		
First Transit, Inc.	100	5	0.88	*		
Oregon Golf Club	100	6	0.88	*		
Rose Linn Vintage Place	100	7	0.88	*		
Albertsons	90	8	0.79	*		
Pond Maintenance Services	75	9	0.66	*		
Tanner Springs Assisted Living	63	10	0.55	*		
Total	<u>1,819</u>		<u>15.96 %</u>			

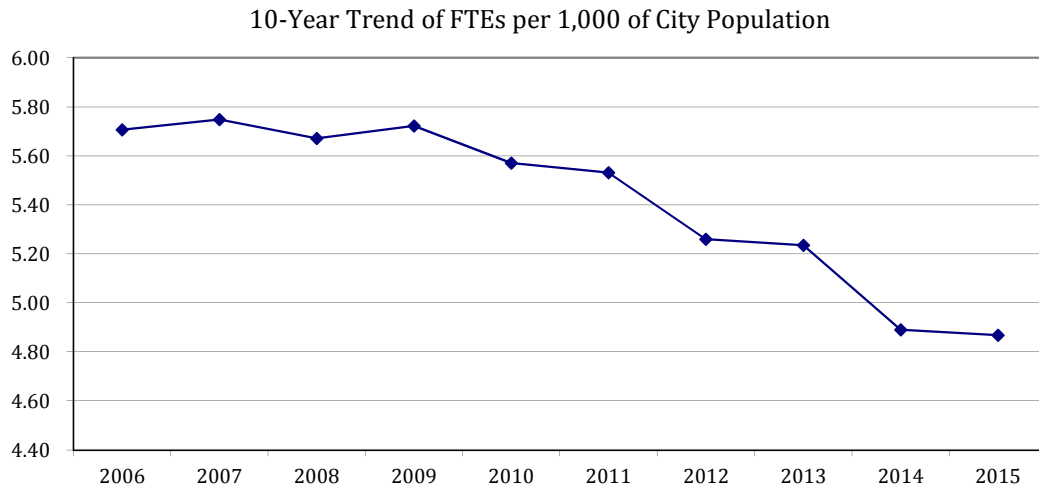
* Historical number of employees information unavailable for this fiscal year nine years ago.

Sources: Chamber of Commerce, Clackamas County, and ReferenceUSA

CITY OF WEST LINN, OREGON
Full-time Equivalent City Government Employees by Function
for the last ten fiscal years

Function/Program	Fiscal Year Ended									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	18.00	19.00	17.00	16.60	19.60	19.60	17.80	17.80	16.30	16.30
Public safety	44.60	44.60	44.60	45.50	43.25	43.00	42.50	42.50	39.00	39.00
Culture and recreation	38.80	38.80	39.20	40.43	40.43	40.43	39.03	39.03	36.78	36.78
Community development	5.00	5.00	5.50	5.50	6.50	6.50	6.50	6.50	5.75	5.75
Highways and streets	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Water	7.00	7.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00
Sewer and surface water	7.00	7.00	7.00	6.00	5.00	5.00	5.00	5.00	6.50	6.50
Public works	10.60	10.60	12.10	12.60	12.10	11.60	10.00	10.00	8.00	8.00
Total full-time equivalent (FTE)	138.00	139.00	138.40	139.63	139.88	139.13	132.83	132.83	124.33	124.33
City Population	24,180	24,180	24,400	24,400	25,109	25,150	25,250	25,370	25,425	25,540
FTEs per 1,000 of population	5.71	5.75	5.67	5.72	5.57	5.53	5.26	5.24	4.89	4.87

Source: City of West Linn's Finance department



CITY OF WEST LINN, OREGON
Operating Indicators by Function
for the last ten fiscal years

Function/Program	Fiscal Year Ended									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Public safety										
Citations:										
Traffic	2,435	2,109	2,153	2,556	2,772	2,584	1,735	1,875	2,460	2,451
Criminal	90	103	74	157	248	159	258	261	227	313
Parking	845	1,029	922	1,094	532	541	334	312	455	635
City ordinance/non-traffic	145	145	189	100	68	53	69	72	46	81
Impound hearing	-	-	1	1	1	1	-	-	-	-
Culture and recreation										
Library volunteer hours	4,454	4,634	5,803	5,896	6,353	6,254	5,588	5,972	6,005	4,580
Library - average items circulated per capita	24.43	25.01	25.75	28.65	28.58	30.87	29.04	27.02	25.78	24.91
Community development										
Residential building permits issued	58	81	67	54	52	38	96	56	56	33
Land use applications processed	-	-	-	-	131	101	103	117	108	105
Business-type activities: ¹										
Water										
Service connections	7,848	8,175	8,322	8,428	8,514	8,592	8,698	8,716	8,773	8,850
Average daily consumption (in thousands of gallons)	3,041	2,955	2,445	2,550	2,718	2,665	2,598	2,620	2,635	3,427
Sanitary sewer										
Service connections	5,398	5,410	5,412	5,392	5,404	5,502	5,495	5,509	5,525	8,672
Average daily sewage treatment (in thousands of gallons)	4,948	5,101	5,200	5,314	4,957	5,012	5,050	5,079	5,085	5,172

¹ These are estimated statistics based upon best historic information available.

Source: City of West Linn's Finance department

CITY OF WEST LINN, OREGON
Capital Asset Statistics by Function
current year and nine years ago

Function/Program	2015	2006
Governmental activities:		
General government		
City-owned building facilities	5	4
Public safety		
Police stations	1	1
Patrol units	13	8
Culture and recreation		
Park and open space acreage	547	620
Baseball/softball fields	7	5
Community development		
Value of new building construction (in thousands)	\$11,388	\$40,504 *
Highways and streets		
Miles of streets	215	104
Miles of bikeways	70 *	43
Surface water catch basins	2,824	2,075 *
Miles of sidewalk	120 *	70 *
Business-type activities:		
Water		
Water mains (miles)	119	108 *
Maximum daily capacity (in thousands of gallons)	6,500	6,500 *
Sanitary sewer		
Sanitary sewer (miles)	193	174 *
Maximum daily treatment capacity (in thousands of gallons)	8,500	8,500 *

* These are estimated statistics based upon best historic information available.

Source: City of West Linn's Finance department

CITY OF WEST LINN, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT

SECTION IV

COMPLIANCE SECTION

COMPLIANCE SECTION

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report.

The following report from Talbot, Korvola & Warwick LLP is contained in this section:

- Independent Auditor's Report Required by Oregon State Regulations



**Talbot, Korvola
& Warwick, LLP**

Certified Public Accountants
& Consultants

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Honorable Mayor and City Councilors
City of West Linn, Oregon
West Linn, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of West Linn, Oregon (the City), as of and for the year ended June 30, 2015, and have issued our report thereon dated November 19, 2015.

COMPLIANCE

As part of obtaining reasonable assurance about whether the City's 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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.
- 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 was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows:

1. Deficit fund balance in the Building Inspection Fund of \$174,525.
2. Over expenditure of appropriations in the Water Fund for capital outlay of \$121,831.
3. Budgeted transfers in and out do not balance. There are \$50,000 more transfers in than transfers out for the 2016-2017 biennium budget.

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS (Continued)**

Page 2

OAR 162-10-0230 INTERNAL CONTROL


In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion(s) on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control. Deficiencies in internal control, if any, were communicated separately.

RESTRICTIONS ON USE

This report is intended solely for the information and use of the City Council, Oregon Secretary of State Audits Division, and management and is not intended to be and should not be used by anyone other than these specified parties.

Talbot, Korvola & Warwick, LLP

Lake Oswego, Oregon
November 19, 2015



CITY OF West Linn

F I N A N C E

This is the **sixth** publication in a biennial series of financial communications tools:

Biennial Budget

2014 Comprehensive Annual Financial Report

2014 Popular Annual Financial Report

Five Year Financial Forecast

Budget Overview

2015 Comprehensive Annual Financial Report

2015 Popular Annual Financial Report

Six Year Capital Improvement Plan

Five Year Financial Forecast

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