

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017



CITY OF
**West
Linn**
OREGON

CITY OF WEST LINN, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2017

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, 2017

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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 30, 2017

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, 2017 is hereby submitted.

This report presents the financial position of the City as of June 30, 2017 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.

Merina & Company LLP, Certified Public Accountants, have issued an unmodified or "clean" opinion on the City's financial statements for the fiscal year ended June 30, 2017. 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 25,615. 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 2016-2017 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, 2017, a five percent rate increase for water, sewer, and surface water management fees was approved. Effective July 1, 2017, a five percent rate increase was approved for the parks and residential street fees. Effective January 1, 2018, 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 \$9.6 million outstanding in three general obligation bond issues and \$6.3 million outstanding in two full faith and credit obligations, for a total of \$15.9 million in long-term debt outstanding as of June 30, 2017.

City's Credit Ratings

On November 23, 2015, Standard & Poor's Ratings Services raised its long-term rating to 'AA+' from 'AA' on the City's general obligation bonds and full faith and credit obligations outstanding due to the city's improved budgetary performance. The rating agency cited very strong economic characteristics, budgetary flexibility and strong management with "good" financial policies.

On February 23, 2017, Moody's Investors Services raised its long-term rating to 'Aa2' from 'Aa3' on the City's full faith and credit obligations Series 2010 outstanding due to an overall review undertaken by Moody's in conjunction with the publication on December 16, 2016 of the US Local Government General Obligation Debt Methodology.

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 2016-2017 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: hiring a new city manager, refining the Arch Bridge Area master planning process, researching the feasibility of a West Linn fiber network, becoming an active regional partner on transportation issues, addressing community development code and comprehensive plan changes, resolving the best uses for underutilized city properties and prioritizing community outreach.

The Citizens' Budget Committee continued with biennial budgeting and approved the City's fourth 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, 2017, the actual results reflect the second year of the biennium. Additionally, the City's Audit Committee, consisting of Councilors Brenda Perry and Richard Sakelik, 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.

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, 2016. This was the eighth 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.

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, 2015. 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,



Lauren Breithaupt, CPA CMA CGMA
Finance Director

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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, 2016

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. Emer

Executive Director

CITY OF WEST LINN, OREGON
Elected and Appointed Officials

Elected Officials	Term Expires
Russ Axelrod, Mayor	December 31, 2020
Teri Cummings, Councilor	December 31, 2020
Bob Martin, Councilor	December 31, 2018
Brenda Perry, Council President	December 31, 2018
Richard Sakelik, Councilor	December 31, 2020
Rhett Bernstein, Municipal Court Judge	December 31, 2018

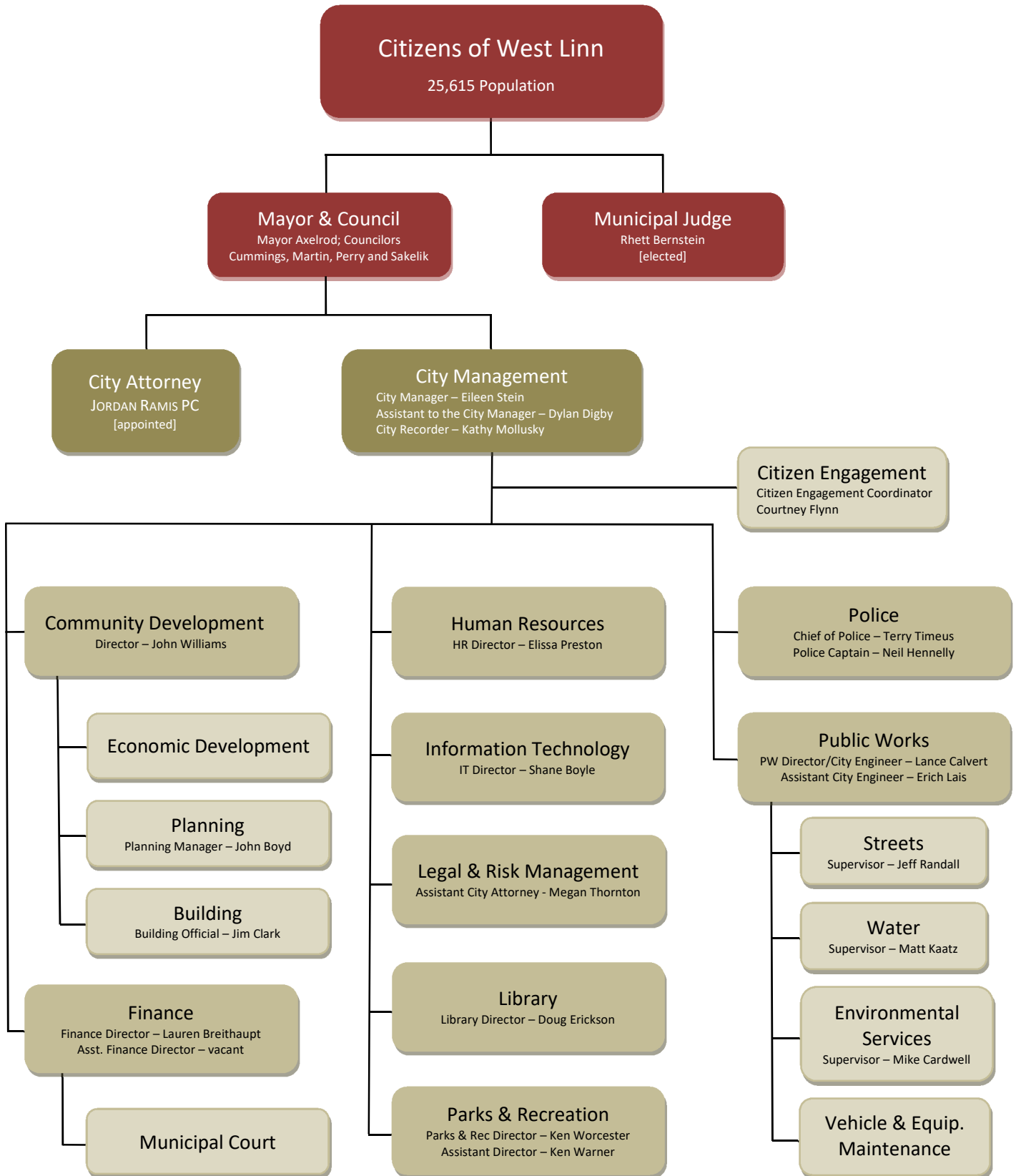
Appointed Officials	Position
Eileen Stein	City Manager
JORDAN RAMIS PC	Legal Counsel/City Attorney

Management Team:

Shane Boyle	Information Tech. Director
Lauren Breithaupt, CPA CMA	Finance Director
Lance Calvert, PE	Public Works Director
Doug Erickson	Library Director
Neil Hennelly	Interim Chief of Police
Kathy Mollusky, CMC	City Recorder
Elissa Preston	Human Resources Director
Megan Thornton	Assistant City Attorney
John Williams	Community Dev. Director
Ken Worcester	Parks and Recreation Director

PERSONNEL

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, 2017
Richard Sakelik, Councilor	December 31, 2018
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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of 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, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of West Linn, Oregon's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Linn, Oregon, as of June 30, 2017, 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.

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 and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, the schedule of funding progress – other postemployment benefits plan, schedule of the city's proportionate share of the net pension (assets)/liability, and schedule of city's pension plan contributions, as listed in the table of contents, 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.

The schedules of revenues, expenditures and changes in fund balances, as listed in the table of contents under required supplementary information, are the responsibility of management and were 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 comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Linn, Oregon's basic financial statements. The introductory section, supplementary information, other financial schedules, and statistical section, 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, as listed in the table of contents, 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 comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, other financial schedules, 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.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017 on our consideration of the City of West Linn, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The

purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is issued separately and is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of West Linn, Oregon's internal control over financial reporting and compliance.

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 30, 2017, on our consideration of the City of West Linn, Oregon'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.



For Merina & Company, LLP
West Linn, Oregon
November 30, 2017

CITY OF WEST LINN, OREGON

Management's Discussion and Analysis

For the fiscal year ended June 30, 2017

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, 2017. 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

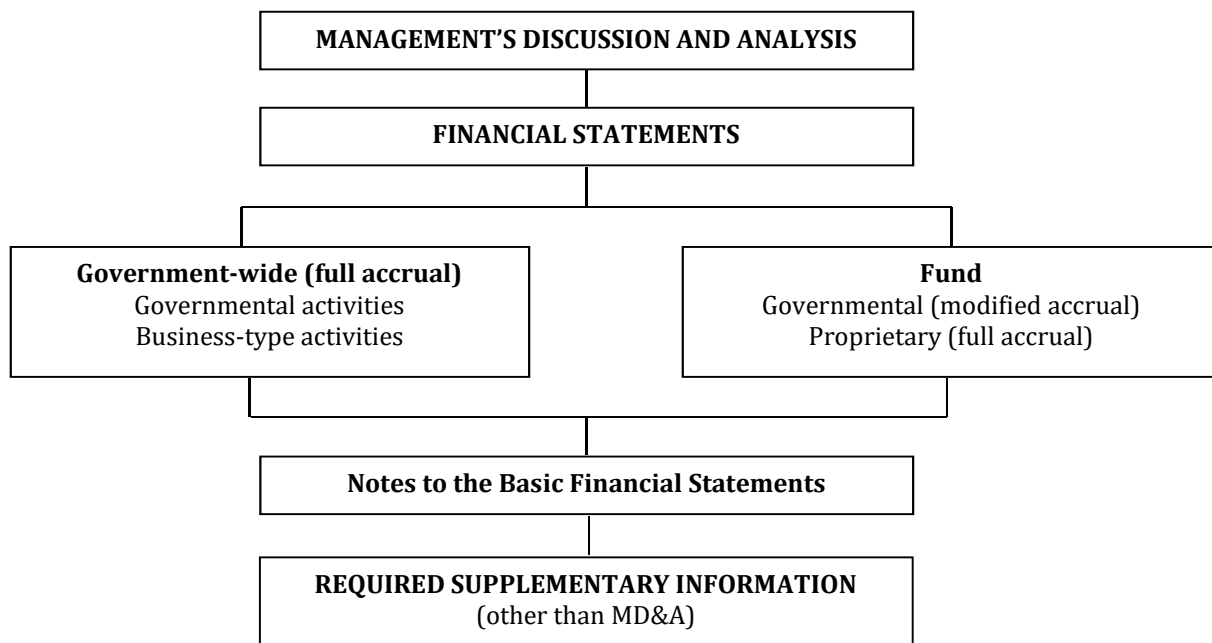
- The City's assets and deferred outflows of resources totaled \$320.1 million at June 30, 2017, consisting of \$282.8 million in capital assets, \$9.3 million in unrestricted cash and investments, \$5.3 million in restricted cash and investments, and \$22.7 million in investment in joint venture, other assets and deferred outflows of resources. Total assets and deferred outflows of resources increased by \$10.1 million from the previous fiscal year.
- The City's liabilities and deferred inflows of resources totaled \$38.6 million at June 30, 2017 consisting of \$31.3 million in long-term liabilities and \$6.4 million in accounts payable and other liabilities, and \$0.9 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 \$281.5 million at the close of fiscal year 2016-17. Unrestricted net position totaled \$9.8 million with the remainder of the City's net position invested in capital assets (\$266.4 million) and restricted for endowment, capital projects and debt service (\$5.3 million).
- For its governmental activities, the City generated \$14.7 million in charges for services and received \$6.2 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$28.9 million for the year, resulting in a net direct expense of \$8.0 million. \$10.6 million of general revenues received resulted in a change in net position of \$2.6 million.
- For its business-type activities, the City generated \$8.5 million in charges for services and capital grants and contributions to fund direct expenses of \$7.2 million.
- Fund balance in the City's governmental funds was \$9.9 million at June 30, 2017, a decrease of \$0.2 million from June 30, 2016.

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



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 \$281.5 million at June 30, 2017.

By far, the largest portion of the City's net position (95 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	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 14.2	\$ 12.8	\$ 15.2	\$ 19.6	\$ 29.4	\$ 32.4
Capital assets	239.5	238.0	43.3	38.0	282.8	276.0
Total assets	253.7	250.8	58.5	57.6	312.2	308.4
Deferred outflows of resources	7.0	1.3	0.9	0.2	7.9	1.5
Long-term liabilities	27.1	20.9	4.2	3.4	31.3	24.3
Other liabilities	4.8	4.0	1.6	2.0	6.4	6.0
Total liabilities	31.9	24.9	5.8	5.4	37.7	30.3
Deferred inflows of resources	0.8	1.8	0.1	0.2	0.9	2.0
Net position:						
Net investment in capital assets	225.6	222.4	40.8	35.4	266.4	257.8
Restricted for:						
Library endowment	0.2	0.2	-	-	0.2	0.2
Debt service	0.2	0.2	-	-	0.2	0.2
Capital projects	4.9	4.4	-	2.8	4.9	7.2
Unrestricted	(2.8)	(1.8)	12.6	14.0	9.8	12.2
Total net position	\$ 228.1	\$ 225.4	\$ 53.4	\$ 52.2	\$ 281.5	\$ 277.6

A portion of the City's net position (\$5.3 million or about two percent) represents resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net position* (\$9.8 million or about three percent) may be used to meet the City's ongoing obligations to citizens and creditors.

As of June 30, 2017, 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 business-type activities. For its governmental activities, the City has a negative balance in the unrestricted category of net position.

Total net position increased by \$3.9 million during the fiscal year. The City undertook several major capital projects during the fiscal year, including the Bolton Reservoir and the Cedaroak Boat Ramp, which accounts for a majority of this increase.

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)

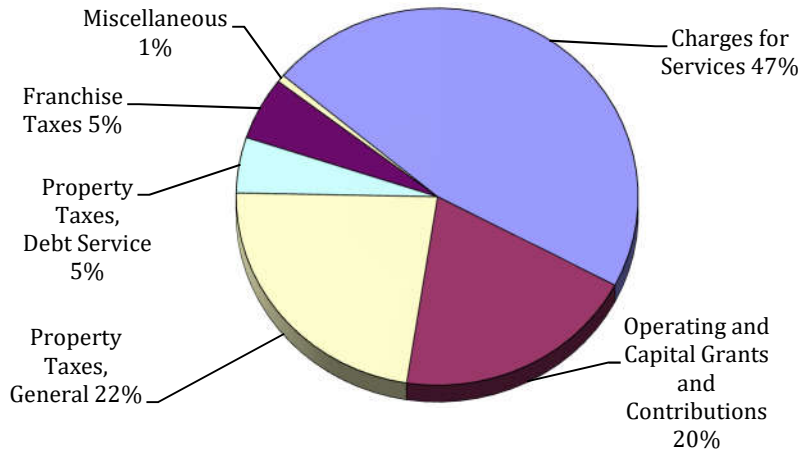
	Governmental Activities		Business-type Activities		Total	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Revenues						
Program revenues						
Charges for services	\$ 14.7	\$ 14.2	\$ 8.1	\$ 7.7	\$ 22.8	\$ 21.9
Operating grants and contributions	6.2	4.2	-	-	6.2	4.2
Capital grants and contributions	-	0.1	0.4	1.2	0.4	1.3
General revenues						
Property taxes	8.7	8.4	-	-	8.7	8.4
Franchise taxes	1.7	1.7	-	-	1.7	1.7
Grants and contributions not restricted to specific programs	0.2	0.4	-	-	0.2	0.4
Intergovernmental	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	31.5	29.0	8.5	8.9	40.0	37.9
Expenses						
Governmental activities						
General government	8.2	10.3	-	-	8.2	10.3
Culture and recreation	7.0	7.1	-	-	7.0	7.1
Public safety	8.8	10.3	-	-	8.8	10.3
Highways and streets	4.5	4.3	-	-	4.5	4.3
Interest on long-term debt	0.4	0.6	-	-	0.4	0.6
Business-type activities						
Water	-	-	3.9	4.2	3.9	4.2
Environmental services	-	-	3.3	3.2	3.3	3.2
Total expenses	28.9	32.6	7.2	7.4	36.1	40.0
Change in net position before transfers	2.6	(3.6)	1.3	1.5	3.9	(2.1)
Transfers	-	-	-	-	-	-
Change in net position	2.6	(3.6)	1.3	1.5	3.9	(2.1)
Net position - beginning	225.4	229.0	52.2	50.7	277.6	279.7
Net position - ending	<u>\$ 228.0</u>	<u>\$ 225.4</u>	<u>\$ 53.5</u>	<u>\$ 52.2</u>	<u>\$ 281.5</u>	<u>\$ 277.6</u>

Governmental Activities

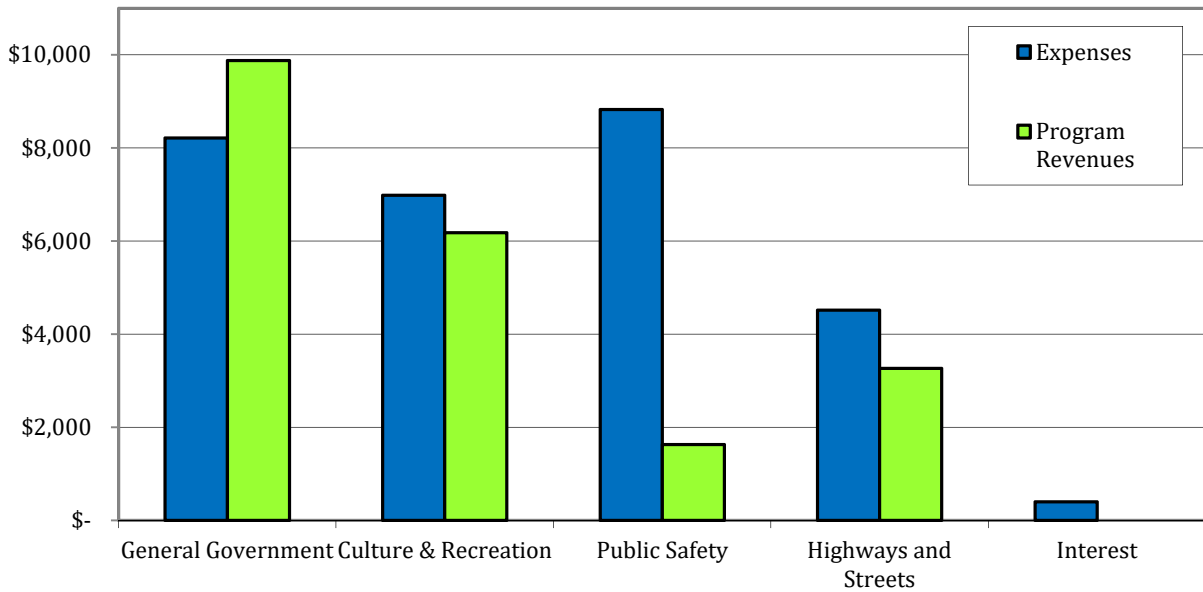
Governmental activities increased the City's net position by \$2.6 million in fiscal year 2016-17, as compared to a decrease of \$3.6 million in the prior fiscal year. Revenue increased by \$2.5 million and expenses, excluding transfers, decreased by \$3.7 million. Key elements of these changes, as illustrated in Table 2 above, are primarily the results of an increase to operating grants and contributions and a decrease in the net pension expense due to the second year of the implementation of GASB Statement 68.

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)

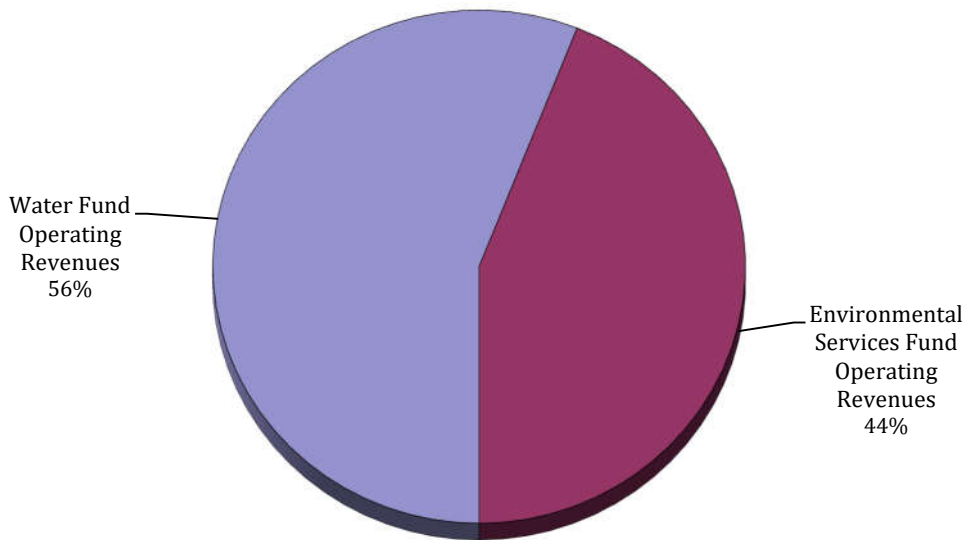


Business-type Activities

Water fund revenues represent approximately 56 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 44 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.

Utility Revenues - Business-type Activities



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, 2017, the City's governmental funds reported a combined ending fund balance of \$9.9 million, a decrease of \$0.3 million when compared to the prior year. Unassigned fund balance combined with committed fund balance as of June 30, 2017, was \$4.5 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, 2017, total fund balance was \$2.9 million, reflecting an increase of \$0.7 million from the prior year. Within the general fund ending balance, \$2.8 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 remained the same from the prior year at \$7.9 million. Expenditures in the general fund decreased by \$0.2 million from \$7.3 million in the prior year to \$7.1 million in the current year. Key components of this decrease include prior year expenditures related to the successful implementation of the City's new accounting software package, professional services related to economic development initiatives and vacant positions going unfilled.

Public Safety Fund

This special revenue fund accounts for police, 911 dispatch, and overall safety activities within city limits. Revenues increased to \$7.2 million from \$7.1 million in the prior year attributed to an increase in property taxes. Expenditures in the public safety fund decreased slightly to \$7.4 million as expenditures stayed consistent from the prior year.

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 \$4.9 million in the current year. Overall expenditures increased to \$5.9 million resulting in an overall fund balance decrease of \$1.0 million. The increase in expenditures was due to capital outlay related to the CedarOak Boat Ramp construction. 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 increased to \$2.4 million from \$2.2 million in the prior year attributed to an increase in property taxes. Overall expenditures increased slightly to \$2.6 million. Overall fund balance decreased slightly to \$0.3 million.

Street Fund

This special revenue fund accounts for the operation and maintenance of the City's street and sidewalk systems, including medians. Revenue decreased slightly to \$3.5 million from \$3.7 million in the prior year. Overall street expenditures decreased to \$3.7 million from \$4.0 million in the prior year due to the timing of planned capital improvements. The street fund had an overall decrease in fund balance of \$0.2 million for the fiscal year ended June 30, 2017.

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 remained the same from the prior year at \$1.4 million. Expenditures in the systems development charges fund decreased to \$0.9 million from \$1.8 million in the 2016-17 fiscal year. Major projects included street improvements and the Bolton Reservoir project.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. The original appropriated budget was increased by \$1.1 million through a supplemental budget. The final appropriated budget amounts to \$17.6 million, which includes \$0.6 million for contingencies. The changes were due to a payment of refunded bonds and \$60,000 for the City to join the Willamette Falls Task Force.

General Fund Appropriated Budget	Original Budget	Final Budget	Difference
Expenditures	\$ 15,273,000	\$ 15,333,000	\$ 60,000
Transfers to other funds	623,000	623,000	-
Pmt. for refunded bonds	-	1,100,000	1,100,000
Contingency	650,000	590,000	(60,000)
	<u>\$ 16,546,000</u>	<u>\$ 17,646,000</u>	<u>\$ 1,100,000</u>

Final budgeted revenues compared to actual revenues. The most significant differences between estimated revenues that were budgeted in the second year of the biennium and actual revenues were as follows:

General Fund Estimated Revenues	Biennium Estimated Revenues	Less FY 2016 Estimated Revenues	FY 2017 Estimated Revenues	FY 2017 Actual Revenues	Difference
Muni Court Fines	\$ 861,000	\$ (424,000)	\$ 437,000	\$ 513,046	\$ 76,046
Intergovernmental	278,000	(139,000)	139,000	-	(139,000)

Revenues from muni court fines have exceeded our second year estimates by \$76,000 or about 17 percent. This is due to a large increase in the volume of tickets processed through our court system as well as an increased focus in collection efforts on past due tickets. Intergovernmental revenue was budgeted at \$139,000 and no funds were received.

Final budgeted expenditures compared to actual expenditures. The most significant differences between estimated revenues that were budgeted in the second year of the biennium and actual revenues were as follows:

General Fund Estimated Expenditures	Biennium Estimated Expenditures	Less FY 2016 Estimated Expenditures	FY 2017 Estimated Expenditures	FY 2017 Actual Expenditures	Difference
City Management	\$ 2,572,000	\$ (1,258,000)	\$ 1,314,000	\$ 944,732	\$ 369,268
Public Works Support	2,373,000	(1,161,000)	1,212,000	1,034,002	177,998
Finance	1,955,000	(993,000)	962,000	797,309	164,691

Expenditures in the City Management department of the general fund came in \$369,000 under second year estimates. Expenditures in the Public Works Support Services department of the general fund came in \$178,000 under second year estimates. Expenditures in the Finance department of the general fund came in \$165,000 under second year estimates. These variance are all due to vacancies in staff positions.

As FY 2017 completes the second year of the biennium, there are no other notable differences between the actual revenues or expenditures in the second year of the biennium against estimated revenues or expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2017, the City had invested \$282.8 million in capital assets, net of depreciation as reflected in the following table. This represents a net increase (additions, deductions and depreciation) of \$6.8 million in fiscal year 2016-17. Governmental capital assets totaled \$239.5 million while business-type capital assets totaled \$43.3 million.

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land and easements	\$ 192.9	\$ 192.1	\$ 0.5	\$ 0.5	\$ 193.4	\$ 192.6
Buildings and improvements	21.6	22.4	0.5	0.5	22.1	22.9
Vehicles and equipment	2.1	1.9	0.8	0.8	2.9	2.7
Infrastructure	22.0	21.0	29.9	29.9	51.9	50.9
Construction in progress	0.9	0.6	11.6	6.3	12.5	6.9
Capital assets, net	<u>\$ 239.5</u>	<u>\$ 238.0</u>	<u>\$ 43.3</u>	<u>\$ 38.0</u>	<u>\$ 282.8</u>	<u>\$ 276.0</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 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Beginning balance	\$ 238.0	\$ 237.6	\$ 38.0	\$ 34.2	\$ 276.0	\$ 271.8
Additions	5.2	4.0	6.8	5.3	12.0	9.3
Reductions and adjustments	(0.1)	(0.1)	-	-	(0.1)	(0.1)
Depreciation	<u>(3.6)</u>	<u>(3.5)</u>	<u>(1.5)</u>	<u>(1.5)</u>	<u>(5.1)</u>	<u>(5.0)</u>
Ending balance	<u>\$ 239.5</u>	<u>\$ 238.0</u>	<u>\$ 43.3</u>	<u>\$ 38.0</u>	<u>\$ 282.8</u>	<u>\$ 276.0</u>

Assets utilized in governmental activities increased by a net \$1.5 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 45 of this report.

Debt Outstanding

As of the end of the fiscal year, the City had \$15.9 million in long-term bonded debt obligations outstanding – an increase of two 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 47 of this report.

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

	<u>2017</u>	<u>2016</u>
Governmental Activities:		
General obligation bonds	\$ 9.6	\$ 10.7
Full faith and credit obligations	3.9	4.4
Sub-total	<u>13.5</u>	<u>15.1</u>
Business-type Activities:		
Water revenue bonds	-	-
Full faith and credit obligations	<u>2.4</u>	<u>2.6</u>
Total	<u><u>\$ 15.9</u></u>	<u><u>\$ 17.7</u></u>

During fiscal year 2015-16, \$5.3 million of full faith and credit obligation bonds were issued to refund a prior issue and raise an additional \$2 million to complete the funding of the Bolton Reservoir project. With this bond issue which closed in December 2015, Standard and Poor’s increased the City’s bond rating from AA to AA+.

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 \$9.6 million in general obligation debt applicable to this limit is well below the City’s \$140.7 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 75 percent; therefore, real market values would have to decrease by approximately 25 percent before the City’s property tax revenues would be negatively impacted.

The largest resource used for governmental activities, at 47 percent, consisted of charges for service, including permits, licenses, recreation charges, and system development charges. Property tax revenue, the next largest revenue source, provided 27 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 increased slightly due to the increase in interest rates.

The business-type activities are funded with utility fees and charges. Utility 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. These annual five percent rate increases are consistent with financial proformas and are necessary to maintain revenue coverage ratios. 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 Finance Director at City of West Linn, 22500 Salamo Road, West Linn, Oregon 97068 or e-mail lbreithaupt@westlinnoregon.gov.

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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, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 4,697,942	\$ 4,642,099	\$ 9,340,041
Restricted cash and investments	5,287,017	-	5,287,017
Property taxes receivable	548,373	-	548,373
Accounts receivable, net of allowance	3,532,893	1,388,334	4,921,227
Prepaid expenses	136,064	-	136,064
Capital assets not being depreciated:			
Land and easements	192,929,093	482,625	193,411,718
Construction in progress	862,694	11,611,354	12,474,048
Capital assets net of accumulated depreciation:			
Buildings and improvements	21,589,329	503,657	22,092,986
Vehicles and equipment	2,098,110	868,582	2,966,692
Infrastructure	22,003,932	29,819,554	51,823,486
Investment in joint venture	-	9,150,922	9,150,922
TOTAL ASSETS	253,685,447	58,467,127	312,152,574
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	43,171	5,490	48,661
Deferred outflows of resources - pension	6,988,445	849,650	7,838,095
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,031,616	855,140	7,886,756
LIABILITIES:			
Accounts payable	1,869,166	1,314,118	3,183,284
Accrued salaries and payroll taxes payable	217,494	17,523	235,017
Accrued interest payable	30,267	6,183	36,450
Deposits and other liabilities	555,326	-	555,326
Noncurrent liabilities:			
Due within one year	2,079,203	254,765	2,333,968
Due in more than one year	27,110,280	4,183,886	31,294,166
TOTAL LIABILITIES	31,861,736	5,776,475	37,638,211
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources - pension	817,471	99,387	916,858
TOTAL DEFERRED INFLOWS OF RESOURCES	817,471	99,387	916,858
NET POSITION:			
Net investment in capital assets	225,587,851	40,845,772	266,433,623
Restricted for:			
Library endowment, nonexpendable	157,300	-	157,300
Debt service	214,332	-	214,332
Capital projects	4,904,097	-	4,904,097
Unrestricted	(2,825,724)	12,600,633	9,774,909
TOTAL NET POSITION	\$ 228,037,856	\$ 53,446,405	\$ 281,484,261

The notes to 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, 2017

FUNCTION / PROGRAM	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES:							
General government	\$ 8,215,983	\$ 9,596,474	\$ 282,796	\$ -	\$ 1,663,287	\$ -	\$ 1,663,287
Culture and recreation	6,988,190	2,431,827	3,748,428	-	(807,935)	-	(807,935)
Public safety	8,830,145	948,283	685,324	-	(7,196,538)	-	(7,196,538)
Highways and streets	4,516,872	1,734,942	1,532,122	-	(1,249,808)	-	(1,249,808)
Interest on long-term debt	403,175	-	-	-	(403,175)	-	(403,175)
TOTAL GOVERNMENTAL ACTIVITIES	<u>28,954,365</u>	<u>14,711,526</u>	<u>6,248,670</u>	<u>-</u>	<u>(7,994,169)</u>	<u>-</u>	<u>(7,994,169)</u>
BUSINESS-TYPE ACTIVITIES:							
Water	3,908,388	4,655,810	-	367,534	-	1,114,956	1,114,956
Environmental services	3,244,098	3,428,409	-	5,109	-	189,420	189,420
TOTAL BUSINESS-TYPE ACTIVITIES	<u>7,152,486</u>	<u>8,084,219</u>	<u>-</u>	<u>372,643</u>	<u>-</u>	<u>1,304,376</u>	<u>1,304,376</u>
TOTAL ACTIVITIES	<u>\$ 36,106,851</u>	<u>\$ 22,795,745</u>	<u>\$ 6,248,670</u>	<u>\$ 372,643</u>	<u>(7,994,169)</u>	<u>1,304,376</u>	<u>(6,689,793)</u>
GENERAL REVENUES:							
Property taxes, levied for general purposes					7,205,267	-	7,205,267
Property taxes, levied for debt service					1,475,976	-	1,475,976
Franchise taxes					1,738,158	-	1,738,158
Grants and contributions not restricted to specific programs					202,446	-	202,446
Unrestricted investment earnings					14,775	-	14,775
Loss on disposition of capital assets					-	(7,735)	(7,735)
TOTAL GENERAL REVENUES					<u>10,636,622</u>	<u>(7,735)</u>	<u>10,628,887</u>
CHANGE IN NET POSITION					2,642,453	1,296,641	3,939,094
NET POSITION - beginning					<u>225,395,403</u>	<u>52,149,764</u>	<u>277,545,167</u>
NET POSITION - ending					<u>\$ 228,037,856</u>	<u>\$ 53,446,405</u>	<u>\$ 281,484,261</u>

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

CITY OF WEST LINN, OREGON

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2017

	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	\$ 2,723,214	\$ 163,106	\$ -	\$ 217,935	\$ 1,245,755	\$ -	\$ 347,932	\$ 4,697,942
Restricted cash and investments	-	-	-	157,300	-	4,924,746	204,971	5,287,017
Property taxes receivable	-	315,114	82,925	60,811	-	-	89,523	548,373
Accounts receivable	1,208,468	149,733	1,625,317	-	375,320	-	114,055	3,472,893
Prepaid expenditures	136,064	-	-	-	-	-	-	136,064
TOTAL ASSETS	\$ 4,067,746	\$ 627,953	\$ 1,708,242	\$ 436,046	\$ 1,621,075	\$ 4,924,746	\$ 756,481	\$ 14,142,289
LIABILITIES:								
Accounts payable	\$ 351,089	\$ 37,041	\$ 1,219,911	\$ 15,643	\$ 82,101	\$ 20,649	\$ 82,732	\$ 1,809,166
Accrued salaries and payroll taxes	74,794	76,754	25,385	20,445	7,625	-	12,491	217,494
Deposits and other liabilities	429,644	-	-	-	87,895	-	37,787	555,326
TOTAL LIABILITIES	855,527	113,795	1,245,296	36,088	177,621	20,649	133,010	2,581,986
DEFERRED INFLOWS OF RESOURCES:								
Unavailable revenue - court fines	228,680	-	-	-	-	-	-	228,680
Unavailable revenue - grant revenue	-	-	900,000	-	-	-	-	900,000
Unavailable revenue - property taxes	-	282,164	74,254	54,453	-	-	80,162	491,033
TOTAL DEFERRED INFLOWS	228,680	282,164	974,254	54,453	-	-	80,162	1,619,713
FUND BALANCES:								
Non-spendable	136,064	-	-	157,300	-	-	-	293,364
Restricted	-	-	-	-	-	4,904,097	214,332	5,118,429
Committed	-	231,994	(511,308)	188,205	1,443,454	-	330,777	1,683,122
Unassigned	2,847,475	-	-	-	-	-	(1,800)	2,845,675
TOTAL FUND BALANCES	2,983,539	231,994	(511,308)	345,505	1,443,454	4,904,097	543,309	9,940,590
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,067,746	\$ 627,953	\$ 1,708,242	\$ 436,046	\$ 1,621,075	\$ 4,924,746	\$ 756,481	

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. 239,483,158

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

Deferred charge on refunding	\$ 43,171	
Deferred outflows of resources - pension	6,988,445	7,031,616

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	228,680	
Unavailable revenue - grant revenue	900,000	
Unavailable revenue - property taxes	491,033	
Accrued compensated absences	(852,506)	
Accrued interest	(30,267)	
Net pension liability	(13,321,991)	
Long-term bonded debt obligations	(13,500,000)	
Bond premium	(395,307)	
Deferred inflows of resources - pension	(817,471)	
Net other postemployment benefit obligations	(1,119,679)	(28,417,508)

Net position of governmental activities \$ 228,037,856

CITY OF WEST LINN, OREGON

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	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	\$ -	\$ 5,032,067	\$ 1,297,912	\$ 851,802	\$ -	\$ -	\$ 1,471,062	\$ 8,652,843
Intergovernmental	-	625,324	1,313,078	1,535,350	1,532,122	-	282,796	5,288,670
Franchise taxes	-	1,367,458	-	-	132,471	-	238,229	1,738,158
Fines and forfeitures	513,046	12,778	-	49,167	-	-	-	574,991
Licenses and permits	243,014	21,680	-	-	-	-	894,832	1,159,526
Charges for services	7,100,000	75,000	2,382,660	-	1,734,942	-	315,000	11,607,602
Systems development charges	-	-	-	-	-	1,384,954	-	1,384,954
Investment earnings	14,504	-	-	-	-	271	-	14,775
Miscellaneous	52,356	18,106	2,980	9,053	117,270	-	2,681	202,446
TOTAL REVENUES	7,922,920	7,152,413	4,996,630	2,445,372	3,516,805	1,385,225	3,204,600	30,623,965
EXPENDITURES:								
Current:								
General government	6,399,769	-	-	-	-	59,449	884,963	7,344,181
Cultural and recreation	-	-	3,339,783	2,552,000	-	-	-	5,891,783
Public safety	-	7,264,875	-	-	-	-	738,027	8,002,902
Highways and streets	-	-	-	-	1,962,717	-	-	1,962,717
Debt service:								
Principal	326,250	-	23,750	-	95,000	-	1,155,000	1,600,000
Interest	78,155	-	13,298	-	46,346	-	269,475	407,274
Capital outlay	319,119	134,073	2,606,655	53,765	1,616,258	870,162	26,705	5,626,737
TOTAL EXPENDITURES	7,123,293	7,398,948	5,983,486	2,605,765	3,720,321	929,611	3,074,170	30,835,594
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	799,627	(246,535)	(986,856)	(160,393)	(203,516)	455,614	130,430	(211,629)
NET CHANGE IN FUND BALANCES	799,627	(246,535)	(986,856)	(160,393)	(203,516)	455,614	130,430	(211,629)
FUND BALANCES - beginning	2,183,912	478,529	475,548	505,898	1,646,970	4,448,483	412,879	10,152,219
FUND BALANCES - ending	\$ 2,983,539	\$ 231,994	\$ (511,308)	\$ 345,505	\$ 1,443,454	\$ 4,904,097	\$ 543,309	\$ 9,940,590

The notes to 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, 2017

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

Net change in fund balances - total governmental funds (page 31)		\$ (211,629)
<p>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.</p>		
Capital outlay	\$ 5,626,737	
Depreciation expense	<u>(3,656,397)</u>	1,970,340
<p>The net effect of transactions involving capital assets (i.e., sales, trade-ins, donations, and transfers) is to decrease net position.</p>		
		(449,162)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		912,854
<p>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.</p>		
Deferred charge on refunding	50,367	
Principal repayments on long-term bonded debt	<u>1,600,000</u>	1,650,367
<p>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.</p>		
Accrued compensated absences payable	(7,057)	
Accrued interest payable	4,099	
Net other postemployment benefit obligations	(14,392)	
Net pension liability	(1,217,136)	
Amortization of deferred charge on refunding	(53,965)	
Amortization of bond premium	<u>58,134</u>	<u>(1,230,317)</u>
Change in net position of governmental activities (page 29)		<u><u>\$ 2,642,453</u></u>

CITY OF WEST LINN, OREGON

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2017

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
ASSETS:			
Current assets:			
Cash and investments	\$ 2,468,615	\$ 2,173,484	\$ 4,642,099
Accounts receivable, net of allowance for doubtful accounts	605,700	782,634	1,388,334
Total current assets	<u>3,074,315</u>	<u>2,956,118</u>	<u>6,030,433</u>
Noncurrent assets:			
Capital assets not being depreciated	10,526,807	1,567,172	12,093,979
Capital assets, net of accumulated depreciation	11,693,898	19,497,895	31,191,793
Investment in joint venture	9,150,922	-	9,150,922
Total noncurrent assets	<u>31,371,627</u>	<u>21,065,067</u>	<u>52,436,694</u>
TOTAL ASSETS	<u>34,445,942</u>	<u>24,021,185</u>	<u>58,467,127</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	5,490	-	5,490
Deferred outflows of resources - pension	535,342	314,308	849,650
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>540,832</u>	<u>314,308</u>	<u>855,140</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	648,361	665,757	1,314,118
Accrued salaries and payroll taxes payable	8,476	9,047	17,523
Accrued compensated absences payable	31,335	18,430	49,765
Accrued interest payable	6,183	-	6,183
Bonds payable - due within one year	205,000	-	205,000
Total current liabilities	<u>899,355</u>	<u>693,234</u>	<u>1,592,589</u>
Noncurrent liabilities:			
Bonds payable	2,374,167	-	2,374,167
Net pension liability	1,020,516	599,161	1,619,677
Accrued compensated absences payable	33,946	19,966	53,912
Net other postemployment benefit obligations	85,772	50,358	136,130
Total noncurrent liabilities	<u>3,514,401</u>	<u>669,485</u>	<u>4,183,886</u>
TOTAL LIABILITIES	<u>4,413,756</u>	<u>1,362,719</u>	<u>5,776,475</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources - pension	62,621	36,766	99,387
NET POSITION:			
Net investment in capital assets	19,780,705	21,065,067	40,845,772
Unrestricted	10,729,692	1,870,941	12,600,633
TOTAL NET POSITION	<u>\$ 30,510,397</u>	<u>\$ 22,936,008</u>	<u>\$ 53,446,405</u>

CITY OF WEST LINN, OREGON

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 4,159,815	\$ 3,256,343	\$ 7,416,158
Systems development charges	43,119	90,166	133,285
Other operating revenues	98,933	81,900	180,833
TOTAL OPERATING REVENUES	4,301,867	3,428,409	7,730,276
OPERATING EXPENSES:			
Salaries and wages	728,434	730,260	1,458,694
Materials and supplies	2,596,751	1,543,643	4,140,394
Depreciation	508,995	970,195	1,479,190
TOTAL OPERATING EXPENSES	3,834,180	3,244,098	7,078,278
OPERATING INCOME	467,687	184,311	651,998
NONOPERATING INCOME (EXPENSE):			
Net gain on investment in joint venture	353,943	-	353,943
Loss on disposal of capital assets	(7,735)	-	(7,735)
Interest expense	(74,208)	-	(74,208)
TOTAL NONOPERATING INCOME (EXPENSE)	272,000	-	272,000
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	739,687	184,311	923,998
CAPITAL CONTRIBUTIONS	367,534	5,109	372,643
CHANGE IN NET POSITION	1,107,221	189,420	1,296,641
NET POSITION - beginning	29,403,176	22,746,588	52,149,764
NET POSITION - ending	\$ 30,510,397	\$ 22,936,008	\$ 53,446,405

The notes to 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, 2017

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users of services	\$ 4,305,511	\$ 3,370,741	\$ 7,676,252
Payments to suppliers for goods and services	(2,837,060)	(1,689,604)	(4,526,664)
Payments to employees for services	(651,261)	(692,911)	(1,344,172)
NET CASH FROM OPERATING ACTIVITIES	<u>817,190</u>	<u>988,226</u>	<u>1,805,416</u>
CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid on capital debt	(207,732)	-	(207,732)
Interest paid on capital debt	(73,336)	-	(73,336)
Acquisition and construction of capital assets	(4,134,273)	(2,265,327)	(6,399,600)
NET CASH FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(4,415,341)</u>	<u>(2,265,327)</u>	<u>(6,680,668)</u>
NET INCREASE IN CASH AND INVESTMENTS	(3,598,151)	(1,277,101)	(4,875,252)
CASH AND INVESTMENTS - beginning	6,066,766	3,450,585	9,517,351
CASH AND INVESTMENTS - ending	<u>\$ 2,468,615</u>	<u>\$ 2,173,484</u>	<u>\$ 4,642,099</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:			
Operating income	\$ 467,687	\$ 184,311	\$ 651,998
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation expense	508,995	970,195	1,479,190
Pension expense (income)	93,238	54,738	147,976
Decrease (increase) in accounts receivable	3,644	(57,668)	(54,024)
Increase (decrease) in accounts payable	(240,310)	(143,098)	(383,408)
Increase (decrease) in accrued salaries and payroll taxes payable	(17,707)	(21,217)	(38,924)
Increase (decrease) in accrued compensated absences payable	540	318	858
Increase (decrease) in net other postemployment benefit obligations	1,103	647	1,750
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 817,190</u>	<u>\$ 988,226</u>	<u>\$ 1,805,416</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Contributions of capital assets	\$ 367,534	\$ 5,109	\$ 372,643

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

CITY OF WEST LINN, OREGON

Notes to Basic Financial Statements

June 30, 2017

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 acquisition 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 two types of deferred outflows that qualifies for reporting in this category. They relate to deferred charge on refundings and the City’s pension plan consisting 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, 2017, the City's cash and investments were comprised of the following:

Cash on hand	\$ 1,375
Deposits with financial institutions	10,293,519
Oregon State Treasurer's Local Government Investment Pool	4,332,164
Total cash and investments	<u>\$ 14,627,058</u>

	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 4,768,564	\$ 4,642,099	\$ 9,410,663
Restricted cash and investments	5,216,395	-	5,216,395
Total cash and investments	<u>\$ 9,984,959</u>	<u>\$ 4,642,099</u>	<u>\$ 14,627,058</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 \$10,293,519 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, 2017, 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, 2017, 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	\$ 5,037,227
Allowance for uncollectible accounts	<u>(116,000)</u>
Total accounts receivable	<u>\$ 4,921,227</u>
Accounts receivable - governmental activities	\$ 3,532,893
Accounts receivable - business-type activities	<u>1,388,334</u>
Total accounts receivable	<u>\$ 4,921,227</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 \$353,943 from a net gain in fiscal year 2016-17. 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 \$9.2 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, 2017, was as follows:

	Beginning balance as of June 30, 2016	Additions	Reductions and adjustments	Ending balance as of June 30, 2017
Governmental activities:				
Capital assets not being depreciated:				
Land and easements	\$ 192,113,825	\$ 815,268	\$ -	\$ 192,929,093
Construction in progress	559,023	4,113,114	(3,809,443)	862,694
Total capital assets not being depreciated	<u>192,672,848</u>	<u>4,928,382</u>	<u>(3,809,443)</u>	<u>193,791,787</u>
Capital assets being depreciated:				
Buildings and improvements	37,121,517	-	314,982	37,436,499
Vehicles and equipment	3,472,776	325,711	(150,208)	3,648,279
Infrastructure	66,105,990	-	3,255,423	69,361,413
Total capital assets being depreciated	<u>106,700,283</u>	<u>325,711</u>	<u>3,420,197</u>	<u>110,446,191</u>
Less accumulated depreciation for:				
Buildings and improvements	(14,711,858)	(1,135,312)	-	(15,847,170)
Vehicles and equipment	(1,583,821)	(279,073)	312,725	(1,550,169)
Infrastructure	(45,115,472)	(2,242,009)	-	(47,357,481)
Total accumulated depreciation	<u>(61,411,151)</u>	<u>(3,656,394)</u>	<u>312,725</u>	<u>(64,754,820)</u>
Total capital assets being depreciated, net	<u>45,289,132</u>	<u>(3,330,683)</u>	<u>3,732,922</u>	<u>45,691,371</u>
Total capital assets, net	<u>\$ 237,961,980</u>	<u>\$ 1,597,699</u>	<u>\$ (76,521)</u>	<u>\$ 239,483,158</u>
	Beginning balance as of June 30, 2016	Additions	Reductions and adjustments	Ending balance as of June 30, 2017
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 482,625	\$ -	\$ -	\$ 482,625
Construction in progress	6,315,532	6,480,527	(1,184,705)	11,611,354
Total capital assets not being depreciated	<u>6,798,157</u>	<u>6,480,527</u>	<u>(1,184,705)</u>	<u>12,093,979</u>
Capital assets being depreciated:				
Buildings and improvements	1,605,673	-	-	1,605,673
Vehicles and equipment	1,880,411	240,297	(38,676)	2,082,032
Infrastructure	66,037,068	51,415	1,184,705	67,273,188
Total capital assets being depreciated	<u>69,523,152</u>	<u>291,712</u>	<u>1,146,029</u>	<u>70,960,893</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,069,903)	(32,113)	-	(1,102,016)
Vehicles and equipment	(1,115,433)	(128,958)	30,941	(1,213,450)
Infrastructure	(36,135,519)	(1,318,115)	-	(37,453,634)
Total accumulated depreciation	<u>(38,320,855)</u>	<u>(1,479,186)</u>	<u>30,941</u>	<u>(39,769,100)</u>
Total capital assets being depreciated, net	<u>31,202,297</u>	<u>(1,187,474)</u>	<u>1,176,970</u>	<u>31,191,793</u>
Total capital assets, net	<u>\$ 38,000,454</u>	<u>\$ 5,293,053</u>	<u>\$ (7,735)</u>	<u>\$ 43,285,772</u>

Depreciation expense for governmental activities in the amount of \$3,656,397 and for business-type activities the amount of \$1,479,189 was charged to functions/programs as follows:

	Governmental Activities	Business-type Activities	Total
General government	\$ 115,987	\$ -	\$ 115,987
Culture and recreation	943,107	-	943,107
Public safety	302,959	-	302,959
Highways and streets	2,294,344	-	2,294,344
Water	-	508,995	508,995
Environmental services	-	970,194	970,194
Depreciation expense	<u>\$ 3,656,397</u>	<u>\$ 1,479,189</u>	<u>\$ 5,135,586</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, 2017, 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.

Long-term Debt Obligations

In the following sections, long-term debt information is presented separately with respect to governmental and business-type activities. Any liability for claims, judgments, compensated absences, net pension obligations or net other postemployment benefit obligations are generally liquidated by the general fund.

The following table presents current year changes in all long-term debt obligations and the current portions due for each issue.

Long-term Debt Obligations (continued):

	Beginning balance as of June 30, 2016	Additions	Reductions	Ending balance as of June 30, 2017	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	\$ 1,440,000	\$ -	\$ (570,000)	\$ 870,000	\$ 590,000
Series 2010-A Library Refundings, interest at 2.0-3.0%, original issue of \$3,900,000, due 2021	1,670,000	-	(290,000)	1,380,000	310,000
Series 2012 Police Station, interest at 1.0-2.75%, original issue of \$8,500,000, due 2032	7,625,000	-	(295,000)	7,330,000	310,000
Full Faith and Credit obligations					
Series 2009-B Streets/Parks, interest at 3.0-4.35%, original issue of \$4,035,000, due 2029	365,000	-	(180,000)	185,000	185,000
Series 2010-B City Hall Refunding, interest at 3.0-4.0%, original issue of \$4,300,000, due 2021	1,375,000	-	(255,000)	1,120,000	265,000
Series 2015 Streets/Parks Refunding, interest at 2.0-4.0%, original issue of \$2,625,000, due 2035	2,625,000	-	(10,000)	2,615,000	10,000
Plus: bond issuance premium	453,441	-	(58,134)	395,307	-
Long-term bonded debt obligations	15,553,441	-	(1,658,134)	13,895,307	1,670,000
Compensated absences	845,449	856,176	(849,119)	852,506	409,203
Net pension liability	5,454,943	7,867,048	-	13,321,991	-
Net other postemployment benefit obligations	1,105,287	14,392	-	1,119,679	-
Total governmental activities	<u>22,959,120</u>	<u>8,737,616</u>	<u>(2,507,253)</u>	<u>29,189,483</u>	<u>2,079,203</u>
Business-type activities:					
Full Faith and Credit obligations					
Series 2015 Water Refunding, interest at 2.0-4.0%, original issue of \$2,640,000, due 2035	2,640,000	-	(200,000)	2,440,000	205,000
Plus: bond issuance premium	146,899	-	(7,732)	139,167	-
Long-term bonded debt obligations	2,786,899	-	(207,732)	2,579,167	205,000
Compensated absences	102,819	104,123	(103,265)	103,677	49,765
Net pension liability	663,208	956,469	-	1,619,677	-
Net other postemployment benefit obligations	134,380	1,750	-	136,130	-
Total business-type activities	<u>3,687,306</u>	<u>1,062,342</u>	<u>(310,997)</u>	<u>4,438,651</u>	<u>254,765</u>
Total long-term debt obligations					
General Obligation bonds	10,735,000	-	(1,155,000)	9,580,000	1,210,000
Full Faith and Credit obligations	7,005,000	-	(645,000)	6,360,000	665,000
Plus: bond issuance premium	600,340	-	(65,866)	534,474	-
Long-term bonded debt obligations	18,340,340	-	(1,865,866)	16,474,474	1,875,000
Compensated absences	948,268	960,299	(952,384)	956,183	458,968
Net pension liability	6,118,151	8,823,517	-	14,941,668	-
Net other postemployment benefit obligations	1,239,667	16,142	-	1,255,809	-
Total long-term debt obligations	<u>\$ 26,646,426</u>	<u>\$ 9,799,958</u>	<u>\$ (2,818,250)</u>	<u>\$ 33,628,134</u>	<u>\$ 2,333,968</u>

Future Principal and Interest. Future maturities of bond principal and interest at June 30, 2017, are as follows:

Year	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,670,000	\$ 357,900	\$ 205,000	\$ 74,200	\$ 1,875,000	\$ 432,100
2019	1,420,000	300,575	210,000	68,050	1,630,000	368,625
2020	1,205,000	265,626	215,000	61,750	1,420,000	327,376
2021	1,270,000	233,025	230,000	55,300	1,500,000	288,325
2022	620,000	202,362	90,000	48,400	710,000	250,762
2023-2027	3,605,000	774,081	505,000	198,000	4,110,000	972,081
2028-2032	3,710,000	277,537	590,000	112,850	4,300,000	390,387
2033-2035	-	-	395,000	23,850	395,000	23,850
	<u>\$ 13,500,000</u>	<u>\$ 2,411,106</u>	<u>\$ 2,440,000</u>	<u>\$ 642,400</u>	<u>\$ 15,940,000</u>	<u>\$ 3,053,506</u>

Credit Rating Upgraded. On February 23, 2017, Moody's Investors Services raised its long-term rating to 'Aa2' from 'Aa3' on the City's full faith and credit obligations Series 2010 outstanding due to an overall review undertaken by Moody's in conjunction with the publication on December 16, 2016 of the US Local Government General Obligation Debt Methodology.

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. Under current law, the cap on the COLA in fiscal year 2016 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.

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, 2015 actuarial valuation. 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, 2017 were 16.86 percent for OPERS and 8.10 percent for OPSRP – general employees, and 12.90 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, 2017, were approximately \$1,070,000. 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 70 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, 2017 and 2016, the City reported a pension liability of \$14,941,668 and \$6,118,151, respectively for its proportionate share of the plan pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 and rolled forward to June 30, 2016. 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, 2017 and 2016, the City's proportion was 0.09952936 and 0.10656086 percent respectively.

For the year ended June 30, 2017 and 2016, the City recognized pension expense of \$1,365,112 and pension income of \$4,711,973, respectively. At June 30, 2017 and 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Balance as of June 30, 2017</u>		<u>Balance as of June 30, 2016</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 494,336	\$ -	\$ 329,922	\$ -
Change of assumptions	3,186,699	-	-	-
Net difference between projected and actual earnings on pension plan investments	2,951,847	-	-	1,282,503
Changes in proportion and differences between City contributions and proportionate share of contributions	135,331	916,859	-	708,844
City contributions subsequent to the measurement date	<u>1,069,881</u>	<u>-</u>	<u>1,124,255</u>	<u>-</u>
Net Deferred Outflows/Inflows of Resources	<u>\$ 7,838,094</u>	<u>\$ 916,859</u>	<u>\$ 1,454,177</u>	<u>\$ 1,991,347</u>

\$1,069,881 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended June 30:		
2018	\$ 1,207,911	\$ 258,553
2019	1,207,909	258,553
2020	2,296,223	237,826
2021	1,779,458	135,519
2022	276,712	26,408
	<u>\$ 6,768,213</u>	<u>\$ 916,859</u>

Actuarial Valuations. The employer contribution rates effective July 1, 2015, through June 30, 2017, 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, 2014 rolled forward to June 30, 2016
- Experience Study Report 2014, published September 2015
- 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
- Asset valuation method Market value of assets
- Actuarial assumptions
 - Inflation rate 2.50 percent
 - Investment rate of return 7.50 percent
 - Projected salary increases 3.50 percent
 - Cost of Living Adjustments Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with Moro decision; blend based on service
- Mortality
 - Healthy retirees and beneficiaries:
RP-2000 Sex-distinct, generational per Scale BB with collar adjustments and set-backs as described in the valuation.
 - Active members:
Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.
 - Disabled retirees:
Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality 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 2014 Experience Study which reviewed experience for the four year period ending on December 31, 2014.

Discount Rate. The discount rate used to measure the total pension liability was 7.50 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.

Depletion Date Projection. GASB Statement 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate

under GASB Statement 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB Statement 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

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

Based on these circumstances, it is OPERS Board’s independent actuary’s opinion that the detailed depletion date projections outlined in GASB Statement 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following represents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the City’s share of the net pension liability 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 <u>(6.50%)</u>	Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
City’s proportionate share of net pension liability	\$ 24,125,812	\$ 14,941,668	\$ 7,265,331

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	8.00 %	4.00 %
Short-Term Bonds	8.00	3.61
Intermediate-Term Bonds	3.00	5.42
High Yield Bonds	1.00	6.20
Large/Mid Cap US Equities	15.75	6.70
Small Cap US Equities	1.30	6.99
Micro Cap US Equities	1.30	7.01
Developed Foreign Equities	13.13	6.73
Emerging Foreign Equities	4.12	7.25
Non-US Small Cap Equities	1.88	7.22
Private Equities	17.50	7.97
Real Estate (Property)	10.00	5.84
Real Estate (REITS)	2.50	6.69
Hedge Fund of Funds - Diversified	2.50	4.64
Hedge Fun - Event-Driven	0.63	6.72
Timber	1.88	5.85
Farmland	1.88	6.37
Infrastructure	3.75	7.13
Commodities	1.88	4.58
	<u>100.00%</u>	

Assumed Inflation - Mean

2.50

Payable to OPERS. At June 30, 2017, the City had no payable due to OPERS for defined benefit contributions. This amount represents legally required contributions to the plan for services incurred in the current fiscal year.

Changes in Plan Provisions During the Measurement Period. There are no changes subsequent to the June 30, 2016 measurement date that require disclosure.

Changes in Plan Provisions Subsequent to the Measurement Date. On July 28, 2017, subsequent to the June 30, 2016 measurement date, the OSPERS Board lowered the assumed rate to 7.2 percent. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016. The new rate will take effect January 1, 2018. The effect on the City has not been determined.

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 \$559,000 for the year ended June 30, 2017.

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, 2017, 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, 2017.

	Medical		Dental	
	HealthNet	Kaiser	CIS-MODA	Kaiser
Employee	\$ 730	\$ 595	\$ 51	\$ 83
Employee + child(ren)	1,313	1,070	147	124
Employee + spouse	1,442	1,189	90	144
Employee + family	2,022	1,784	169	267

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	\$ 82,272
Amortization of UAAL with interest	104,900
Annual Required Contribution (ARC)	<u>187,172</u>
Interest on prior year net OPEB obligation	43,388
Adjustment to ARC	<u>(149,059)</u>
Annual OPEB cost	81,501
Less contribution (amounts paid during year for OPEB)	-
Less implicit benefit payments	<u>(65,359)</u>
Increase in net OPEB obligation	16,142
OPEB obligation at beginning of fiscal year	<u>1,239,667</u>
OPEB obligation at end of fiscal year	<u><u>\$ 1,255,809</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:

Fiscal Year Ended	Annual OPEB Cost	Percent of Annual OPEB Cost Contribution	Net OPEB Obligation
6/30/2017	\$ 81,501	80%	\$ 1,255,809
6/30/2016	162,570	56%	1,239,667
6/30/2015	216,949	36%	1,167,643

Funded Status and Funding Progress. As of July 1, 2016, representing the date of the most recent actuarial valuation, funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 872,418
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 872,418</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active members)	\$ 9,390,000
UAAL as a percentage of covered payroll	9%

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 July 1, 2016 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a general inflation rate of 2.50 percent per year, a 3.50 percent investment reduced incrementally to an ultimate rate of 5.00 percent. The UAAL is being amortized using the

level percentage of payroll over an open period of ten years rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.00 percent,

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 0.53 percent of annual covered payroll for Tier 1/Tier 2, and 0.45 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, 2017, 2016 and 2015 were approximately \$55,400, \$54,200, and \$48,800 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, 2017, employees contributed \$449,046 and the City contributed \$71,884.

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.

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 May 2016 for dispatch of public safety services and has been renewed through fiscal year 2020-21.
- 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>
2017-18	501,000
2018-19	515,623
2019-20	530,581
2020-21	547,988

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, 2015	\$ 78,624
Claims incurred	72,420
Claims payments	(60,530)
Changes to prior year estimates	<u>(51,638)</u>
Liability - June 30, 2016	38,876
Claims incurred	78,971
Claims payments	(12,257)
Changes to prior year estimates	<u>(38,876)</u>
Liability - June 30, 2017	<u><u>\$ 66,714</u></u>

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, 2017:

	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	\$ 136,064	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,064
Library endowment	-	-	-	157,300	-	-	-	157,300
	<u>136,064</u>	<u>-</u>	<u>-</u>	<u>157,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>293,364</u>
Restricted								
Systems development	-	-	-	-	-	4,904,097	-	4,904,097
Debt service	-	-	-	-	-	-	214,332	214,332
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,904,097</u>	<u>214,332</u>	<u>5,118,429</u>
Committed								
Police services	-	131,994	-	-	-	-	-	131,994
Recreation services	-	-	(511,308)	-	-	-	-	(511,308)
Library services	-	-	-	288,205	-	-	-	288,205
Street services	-	-	-	-	1,443,454	-	-	1,443,454
Planning services	-	-	-	-	-	-	330,777	330,777
	<u>-</u>	<u>131,994</u>	<u>(511,308)</u>	<u>288,205</u>	<u>1,443,454</u>	<u>-</u>	<u>330,777</u>	<u>1,683,122</u>
Assigned	-	-	-	-	-	-	-	-
Unassigned	2,847,475	-	-	-	-	-	(1,800)	2,845,675
	<u>\$ 2,983,539</u>	<u>\$ 131,994</u>	<u>\$ (511,308)</u>	<u>\$ 445,505</u>	<u>\$ 1,443,454</u>	<u>\$ 4,904,097</u>	<u>\$ 543,309</u>	<u>\$ 9,940,590</u>

At the fiscal year end, the Parks and Recreation Fund had a deficit fund balance of \$511,308. This is due to timing of grant revenue from the Cedaroak Boat Ramp project. The project was substantially completed as of June 30, 2017, however grant revenue of \$900,000 is not expected to be received until December 2017. Since the revenue is not collected within 60 days of the end of the current fiscal period, the City does not consider it available and therefore, it is recorded as an unavailable revenue deferred inflow. The City expects the fund balance to become positive in the next fiscal year through the receipt of the grant funds.

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, 2017

	Budget for the 2016-2017 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2015-16	2nd Year FY 2016-17	Total	
REVENUES:						
Intergovernmental	\$ 278,000	\$ 278,000	\$ 88,600	\$ -	\$ 88,600	\$ (189,400)
Fines and forfeitures	861,000	861,000	550,017	513,046	1,063,063	202,063
Licenses and permits	516,000	516,000	266,052	243,014	509,066	(6,934)
Investment earnings	10,000	10,000	15,618	14,504	30,122	20,122
Miscellaneous	214,000	214,000	145,241	52,356	197,597	(16,403)
TOTAL REVENUES	1,879,000	1,879,000	1,065,528	822,920	1,888,448	9,448
EXPENDITURES:						
City council	413,000	413,000	199,410	212,526	411,936	1,064
City management	2,572,000	2,572,000	1,238,157	944,732	2,182,889	389,111
Economic development	506,000	506,000	240,360	210,713	451,073	54,927
Human resources	962,000	962,000	456,184	470,970	927,154	34,846
Finance	1,955,000	1,955,000	920,677	797,309	1,717,986	237,014
Information technology	2,493,000	2,493,000	1,211,852	1,266,814	2,478,666	14,334
Facility services	1,115,000	1,115,000	511,194	548,772	1,059,966	55,034
Municipal court	829,000	829,000	343,921	384,184	728,105	100,895
Public works support services	2,373,000	2,373,000	1,045,463	1,034,002	2,079,465	293,535
Vehicle and equipment maintenance	757,000	757,000	306,638	303,170	609,808	147,192
Nondepartmental	1,298,000	1,298,000	615,214	560,101	1,175,315	122,685
Contingency	650,000	590,000	-	-	-	590,000
TOTAL EXPENDITURES	15,923,000	15,863,000	7,089,070	6,733,293	13,822,363	2,040,637
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(14,044,000)	(13,984,000)	(6,023,542)	(5,910,373)	(11,933,915)	2,050,085
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	13,980,000	13,980,000	6,880,000	7,100,000	13,980,000	-
Transfers to other funds	(623,000)	(623,000)	(233,000)	(390,000)	(623,000)	-
Refunding bonds issued	-	1,100,000	984,375	-	984,375	(115,625)
Bond premium on issuance of debt	-	-	86,094	-	86,094	86,094
Payment to refunded bond escrow agent	-	(1,160,000)	(1,051,582)	-	(1,051,582)	108,418
TOTAL OTHER FINANCING SOURCES (USES)	13,357,000	13,297,000	6,665,887	6,710,000	13,375,887	78,887
NET CHANGE IN FUND BALANCES	(687,000)	(687,000)	642,345	799,627	1,441,972	2,128,972
FUND BALANCES - beginning	1,663,000	1,663,000	1,541,567	2,183,912	1,541,567	(121,433)
FUND BALANCES - ending	\$ 976,000	\$ 976,000	\$ 2,183,912	\$ 2,983,539	\$ 2,983,539	\$ 2,007,539

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, 2017

	Budget for the 2016-2017 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2015-16	2nd Year FY 2016-17	Total	
REVENUES:						
Property taxes	\$ 9,966,000	\$ 9,966,000	\$ 5,022,532	\$ 5,032,067	\$ 10,054,599	\$ 88,599
Intergovernmental	1,330,000	1,330,000	575,041	625,324	1,200,365	(129,635)
Franchise taxes	3,035,000	3,035,000	1,373,782	1,367,458	2,741,240	(293,760)
Fines and forfeitures	87,000	87,000	20,441	12,778	33,219	(53,781)
Licenses and permits	77,000	77,000	23,825	21,680	45,505	(31,495)
Miscellaneous	117,000	117,000	34,443	18,106	52,549	(64,451)
TOTAL REVENUES	14,612,000	14,612,000	7,050,064	7,077,413	14,127,477	(484,523)
EXPENDITURES:						
Personnel services	9,261,000	10,061,000	4,969,411	4,833,500	9,802,911	258,089
Materials and services	1,693,000	1,693,000	741,394	749,375	1,490,769	202,231
Capital outlay	300,000	300,000	123,303	134,073	257,376	42,624
Contingency	850,000	50,000	-	-	-	50,000
TOTAL EXPENDITURES	12,104,000	12,104,000	5,834,108	5,716,948	11,551,056	552,944
EXCESS OF REVENUES OVER EXPENDITURES	2,508,000	2,508,000	1,215,956	1,360,465	2,576,421	68,421
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	75,000	75,000	-	75,000	75,000	-
Transfers to other funds	(3,356,000)	(3,356,000)	(1,674,000)	(1,682,000)	(3,356,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,281,000)	(3,281,000)	(1,674,000)	(1,607,000)	(3,281,000)	-
NET CHANGE IN FUND BALANCES	(773,000)	(773,000)	(458,044)	(246,535)	(704,579)	68,421
FUND BALANCES - beginning	1,239,000	1,239,000	936,573	478,529	936,573	(302,427)
FUND BALANCES - ending	\$ 466,000	\$ 466,000	\$ 478,529	\$ 231,994	\$ 231,994	\$ (234,006)

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, 2017

	Budget for the 2016-2017 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2015-16	2nd Year FY 2016-17	Total	
REVENUES:						
Property taxes	\$ 2,352,000	\$ 2,352,000	\$ 1,254,614	\$ 1,297,912	\$ 2,552,526	\$ 200,526
Intergovernmental	2,801,000	3,301,000	-	1,313,078	1,313,078	(1,987,922)
Charges for services	4,243,000	4,243,000	2,156,612	2,382,660	4,539,272	296,272
Miscellaneous	61,000	61,000	3,375	2,980	6,355	(54,645)
TOTAL REVENUES	9,457,000	9,957,000	3,414,601	4,996,630	8,411,231	(1,545,769)
EXPENDITURES:						
Personnel services	3,405,000	3,405,000	1,572,456	1,572,379	3,144,835	260,165
Materials and services	1,715,000	1,715,000	854,631	843,404	1,698,035	16,965
Debt service	76,000	476,000	73,895	37,048	110,943	365,057
Capital outlay	2,771,000	3,271,000	561,258	2,606,655	3,167,913	103,087
Contingency	415,000	415,000	-	-	-	415,000
TOTAL EXPENDITURES	8,382,000	9,282,000	3,062,240	5,059,486	8,121,726	1,160,274
EXCESS OF REVENUES OVER EXPENDITURES	1,075,000	675,000	352,361	(62,856)	289,505	(385,495)
OTHER FINANCING SOURCES (USES):						
Transfers to other funds	(1,777,000)	(1,777,000)	(853,000)	(924,000)	(1,777,000)	-
Refunding bonds issued	-	400,000	328,125	-	328,125	(71,875)
Bond premium on issuance of debt	-	-	28,698	-	28,698	28,698
Payment to refunded bond escrow agent	-	-	(350,528)	-	(350,528)	(350,528)
TOTAL OTHER FINANCING SOURCES (USES)	(1,777,000)	(1,377,000)	(846,705)	(924,000)	(1,770,705)	(393,705)
NET CHANGE IN FUND BALANCES	(702,000)	(702,000)	(494,344)	(986,856)	(1,481,200)	(779,200)
FUND BALANCES - beginning	1,004,000	1,004,000	969,892	475,548	969,892	(34,108)
FUND BALANCES - ending	\$ 302,000	\$ 302,000	\$ 475,548	\$ (511,308)	\$ (511,308)	\$ (813,308)

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, 2017

	Budget for the 2016-2017 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2015-16	2nd Year FY 2016-17	Total	
REVENUES:						
Property taxes	\$ 1,880,000	\$ 1,880,000	\$ 720,051	\$ 851,802	\$ 1,571,853	\$ (308,147)
Intergovernmental	2,984,000	2,984,000	1,481,034	1,535,350	3,016,384	32,384
Fines and forfeitures	138,000	138,000	57,118	49,167	106,285	(31,715)
Miscellaneous	32,000	32,000	9,573	9,053	18,626	(13,374)
TOTAL REVENUES	5,034,000	5,034,000	2,267,776	2,445,372	4,713,148	(320,852)
EXPENDITURES:						
Personnel services	2,935,000	2,935,000	1,331,073	1,430,649	2,761,722	173,278
Materials and services	464,000	464,000	225,163	225,351	450,514	13,486
Capital outlay	258,000	258,000	89,355	53,765	143,120	114,880
Contingency	307,000	307,000	-	-	-	307,000
TOTAL EXPENDITURES	3,964,000	3,964,000	1,645,591	1,709,765	3,355,356	608,644
EXCESS OF REVENUES OVER EXPENDITURES	1,070,000	1,070,000	622,185	735,607	1,357,792	287,792
OTHER FINANCING USES:						
Transfers to other funds	(1,712,000)	(1,712,000)	(816,000)	(896,000)	(1,712,000)	-
NET CHANGE IN FUND BALANCES	(642,000)	(642,000)	(193,815)	(160,393)	(354,208)	287,792
FUND BALANCES - beginning	703,000	703,000	699,713	505,898	699,713	(3,287)
FUND BALANCES - ending	\$ 61,000	\$ 61,000	\$ 505,898	\$ 345,505	\$ 345,505	\$ 284,505

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, 2017

	Budget for the 2016-2017 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2015-16	2nd Year FY 2016-17	Total	
REVENUES:						
Intergovernmental	\$ 2,982,000	\$ 2,982,000	\$ 1,735,130	\$ 1,532,122	\$ 3,267,252	\$ 285,252
Franchise taxes	258,000	258,000	113,143	132,471	245,614	(12,386)
Charges for services	3,175,000	4,075,000	1,659,419	1,734,942	3,394,361	(680,639)
Miscellaneous	329,000	329,000	228,340	117,270	345,610	16,610
TOTAL REVENUES	6,744,000	7,644,000	3,736,032	3,516,805	7,252,837	(391,163)
EXPENDITURES:						
Personnel services	1,229,000	1,229,000	553,510	587,290	1,140,800	88,200
Materials and services	1,117,000	1,117,000	494,240	530,427	1,024,667	92,333
Debt service	304,000	304,000	112,190	141,346	-	50,464
Capital outlay	3,700,000	4,600,000	2,126,407	1,616,258	3,742,665	857,335
Contingency	600,000	600,000	-	-	-	600,000
TOTAL EXPENDITURES	6,950,000	7,850,000	3,286,347	2,875,321	6,161,668	1,688,332
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(206,000)	(206,000)	449,685	641,484	1,091,169	1,297,169
OTHER FINANCING SOURCES (USES):						
Transfers to other funds	(1,617,000)	(1,617,000)	(772,000)	(845,000)	(1,617,000)	-
Refunding bonds issued	-	-	1,312,500	-	1,312,500	1,312,500
Bond premium on issuance of debt	-	-	114,793	-	114,793	114,793
Payment to refunded bond escrow agent	-	-	(1,402,110)	-	(1,402,110)	(1,402,110)
TOTAL OTHER FINANCING SOURCES (USES)	(1,617,000)	(1,617,000)	(746,817)	(845,000)	(1,591,817)	25,183
NET CHANGE IN FUND BALANCES	(1,823,000)	(1,823,000)	(297,132)	(203,516)	(500,648)	1,322,352
FUND BALANCES - beginning	2,059,000	2,059,000	1,944,102	1,646,970	1,944,102	(114,898)
FUND BALANCES - ending	\$ 236,000	\$ 236,000	\$ 1,646,970	\$ 1,443,454	\$ 1,443,454	\$ 1,207,454

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
8/1/2007	\$ -	\$ -	\$ -	-	\$ -	-
8/1/2008 ²	-	1,422,086	1,422,086	-	7,622,000	19
8/1/2009	-	-	-	-	-	-
8/1/2010 ³	-	1,535,710	1,535,710	-	8,092,000	19
8/1/2011	-	-	-	-	-	-
8/1/2012 ⁴	-	1,444,381	1,444,381	-	8,652,000	17
8/1/2013	-	-	-	-	-	-
8/1/2014 ⁵	-	1,364,421	1,364,421	-	8,275,000	16
8/1/2015	-	-	-	-	-	-
8/1/2016 ⁶	-	872,418	872,418	-	9,390,000	9

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

² 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%.

³ 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%.

⁴ 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%.

⁵ 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.

⁶ Effective with 8/1/2016 valuation, the trend in health care costs was changed to 7% and declining thereafter.

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 ¹	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
2008 ²	- %	\$ -	\$ 7,153,000	- %	- %
2009 ²	-	-	7,622,000	-	-
2010 ²	-	-	7,897,000	-	-
2011 ²	-	-	8,092,000	-	-
2012 ²	-	-	8,240,000	-	-
2013 ²	-	-	8,652,000	-	-
2014 ³	0.12328639	6,291,000	8,085,000	77.81	n/a
2015 ³	0.12328639	(2,794,000)	8,275,000	(33.76)	103.590
2016 ³	0.10656086	6,118,000	9,189,000	66.58	91.875
2017 ³	0.09952936	14,942,000	9,390,000	159.13	80.526

¹ Amounts presented for each fiscal year were determined as of December 31.

² Actuarial information for these earlier fiscal years is not available.

³ 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 covered employee payroll
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
2016 ²	1,124,255	(1,124,255)	-	9,189,000	12.23
2017 ²	1,069,881	(1,069,881)	-	9,390,000	11.39

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, 2017

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 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 2016-2017 biennium, there was one supplemental budget adjustment revising appropriations through June 30, 2017, which was adopted by City Council on December 12, 2016. There was also one budget adjustment revising appropriations through June 30, 2017, which was adopted by City Council on June 19, 2017.

Over Expenditure

For the biennium ended June 30, 2017, there were two budget appropriation categories which had excess expenditures over appropriations. The over expenditure in the Water Fund was for the design and reconstruction of the Bolton Reservoir which received a budget adjustment in June 2017; however, this budget adjustment underestimated the actual expenditures through June 2017. Due to favorable weather conditions, project timelines were moved up, causing the over expenditures in the Water and Environmental Services Fund.

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Over Appropriation</u>
Water fund - capital outlay	\$6,971,000	\$7,334,720	(\$363,720)
Env. Svc. fund - capital outlay	\$2,670,000	\$3,110,610	(\$440,610)

Change of Benefit Terms – Pension

Senate Bill 822 was enacted during the 2013 Oregon regular legislative session to lower the cap on the cost-of-living adjustment (COLA) from 2 percent to 1.5 percent for 2013, and eliminated the tax remedy benefit for recipients who do not pay Oregon state income taxes because they do not reside in Oregon. Senate Bill 861 was enacted during the 2013 Oregon special legislative session, further lowering 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. The combined impact of these Senate Bills are reflected in the June 30, 2014 total pension liability, resulting in a net pension asset reported by the City for fiscal year 2015.

The Oregon Supreme Court (Court) ruled in *Moro v. State of Oregon* on April 30, 2015 that certain provisions of Senate Bill 822 and Senate Bill 861 were unconstitutional. The Court ruled that benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire. The impact of the Court's decision is reflected in the June 30, 2015 total pension liability, which contributes to the net pension liability reported by the City for fiscal year 2016.

Change of Assumptions – Pension

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability, which contributes to the net pension liability reported by the City for fiscal year 2017. The changes include the lowering of the long-term expected rate of return to 7.50 percent and lowering the assumed inflation to 2.50 percent. In addition, the health mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay.

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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, 2017

	Budget for the 2016-2017 Biennium		1st Year Actual
	Original	Final	FY 2015-16
REVENUES:			
Systems development charges:			
Street - systems development charges	\$ 540,000	\$ 540,000	\$ 339,625
Surface water - systems development charges	22,000	22,000	10,031
Water - systems development charges	940,000	850,000	346,566
Sewer - systems development charges	215,000	215,000	111,364
Parks - systems development charges	646,000	646,000	525,233
Bike/Pedestrian - systems development charges	142,000	142,000	83,137
Investment earnings	-	-	704
TOTAL REVENUES	2,505,000	2,415,000	1,416,660
EXPENDITURES:			
Materials and services	348,000	348,000	110,044
Capital outlay	4,805,000	4,155,000	1,648,187
Contingency	1,500,000	1,500,000	-
TOTAL EXPENDITURES	6,653,000	6,003,000	1,758,231
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,148,000)	(3,588,000)	(341,571)
OTHER FINANCING USES:			
Transfers to other funds	(50,000)	(50,000)	(24,896)
NET CHANGE IN FUND BALANCES	(4,198,000)	(3,638,000)	(366,467)
FUND BALANCES - beginning	5,416,000	4,856,000	4,814,950
FUND BALANCES - ending	\$ 1,218,000	\$ 1,218,000	\$ 4,448,483

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2nd Year Actual FY 2016-17							Actual	Variance with
Street	Surface Water	Water	Sewer	Parks	Bike/ Pedestrian	Total	Total Biennium	Final Budget
\$ 328,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 328,225	\$ 667,850	\$ 127,850
-	12,029	-	-	-	-	12,029	22,060	60
-	-	448,303	-	-	-	448,303	794,869	(55,131)
-	-	-	134,908	-	-	134,908	246,272	31,272
-	-	-	-	381,718	-	381,718	906,951	260,951
-	-	-	-	-	79,771	79,771	162,908	20,908
152	-	-	119	-	-	271	975	975
<u>328,377</u>	<u>12,029</u>	<u>448,303</u>	<u>135,027</u>	<u>381,718</u>	<u>79,771</u>	<u>1,385,225</u>	<u>2,801,885</u>	<u>296,885</u>
10,702	3,196	-	6,408	36,983	2,160	59,449	169,493	178,507
-	2,862	367,533	2,248	454,480	43,039	870,162	2,518,349	1,636,651
-	-	-	-	-	-	-	-	1,500,000
<u>10,702</u>	<u>6,058</u>	<u>367,533</u>	<u>8,656</u>	<u>491,463</u>	<u>45,199</u>	<u>929,611</u>	<u>2,687,842</u>	<u>3,315,158</u>
317,675	5,971	80,770	126,371	(109,745)	34,572	455,614	114,043	3,702,043
-	-	-	-	-	-	-	(24,896)	25,104
317,675	5,971	80,770	126,371	(109,745)	34,572	455,614	89,147	3,727,147
<u>707,187</u>	<u>786,598</u>	<u>(14,440)</u>	<u>1,513,065</u>	<u>934,561</u>	<u>521,512</u>	<u>4,448,483</u>	<u>4,814,950</u>	<u>(41,050)</u>
<u>\$1,024,862</u>	<u>\$ 792,569</u>	<u>\$ 66,330</u>	<u>\$1,639,436</u>	<u>\$ 824,816</u>	<u>\$ 556,084</u>	<u>\$4,904,097</u>	<u>\$ 4,904,097</u>	<u>\$ 3,686,097</u>

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

JUNE 30, 2017

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS:				
Cash and investments	\$ 347,932	\$ -	\$ -	\$ 347,932
Restricted cash and investments	-	204,971	-	204,971
Property taxes receivable	-	89,523	-	89,523
Accounts receivable	114,055	-	-	114,055
TOTAL ASSETS	\$ 461,987	\$ 294,494	\$ -	\$ 756,481
LIABILITIES:				
Accounts payable	\$ 82,732	\$ -	\$ -	\$ 82,732
Accrued salaries and payroll taxes	12,491	-	-	12,491
Deposits payable	37,787	-	-	37,787
TOTAL LIABILITIES	133,010	-	-	133,010
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	-	80,162	-	80,162
FUND BALANCES:				
Restricted	-	214,332	-	214,332
Committed	330,777	-	-	330,777
Unassigned	(1,800)	-	-	(1,800)
TOTAL FUND BALANCES	328,977	214,332	-	543,309
TOTAL LIABILITIES AND FUND BALANCES	\$ 461,987	\$ 294,494	\$ -	\$ 756,481

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, 2017

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES:				
Property taxes	\$ -	\$ 1,471,062	\$ -	\$ 1,471,062
Intergovernmental	282,796	-	-	282,796
Franchise taxes	238,229	-	-	238,229
Licenses and permits	894,832	-	-	894,832
Charges for services	315,000	-	-	315,000
Miscellaneous	2,681	-	-	2,681
TOTAL REVENUES	1,733,538	1,471,062	-	3,204,600
EXPENDITURES:				
Current:				
General government	884,963	-	-	884,963
Public safety	738,027	-	-	738,027
Debt service:				
Principal	-	1,155,000	-	1,155,000
Interest	-	269,475	-	269,475
Capital outlay	26,705	-	-	26,705
TOTAL EXPENDITURES	1,649,695	1,424,475	-	3,074,170
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCES	83,843	46,587	-	130,430
FUND BALANCES - beginning	245,134	167,745	-	412,879
FUND BALANCES - ending	<u>\$ 328,977</u>	<u>\$ 214,332</u>	<u>\$ -</u>	<u>\$ 543,309</u>

CITY OF WEST LINN, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	Building Inspections Fund	Planning Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Cash and investments	\$ 86,678	\$ 261,254	\$ 347,932
Accounts receivable	-	114,055	114,055
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 86,678</u>	<u>\$ 375,309</u>	<u>\$ 461,987</u>
LIABILITIES:			
Accounts payable	\$ 82,064	\$ 668	\$ 82,732
Accrued salaries and payroll taxes	4,914	7,577	12,491
Deposits payable	1,500	36,287	37,787
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>88,478</u>	<u>44,532</u>	<u>133,010</u>
FUND BALANCES:			
Committed	-	330,777	330,777
Unassigned	(1,800)	-	(1,800)
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES (DEFICIT)	<u>(1,800)</u>	<u>330,777</u>	<u>328,977</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 86,678</u>	<u>\$ 375,309</u>	<u>\$ 461,987</u>

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, 2017

	Building Inspections Fund	Planning Fund	Total
REVENUES:			
Intergovernmental	\$ -	\$ 282,796	\$ 282,796
Franchise taxes	-	238,229	238,229
Licenses and permits	748,825	146,007	894,832
Charges for services	90,000	225,000	315,000
Miscellaneous	511	2,170	2,681
	<u>839,336</u>	<u>894,202</u>	<u>1,733,538</u>
TOTAL REVENUES			
EXPENDITURES:			
Current:			
General government	-	884,963	884,963
Public safety	738,027	-	738,027
Capital outlay	26,705	-	26,705
	<u>764,732</u>	<u>884,963</u>	<u>1,649,695</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCES	74,604	9,239	83,843
FUND BALANCES (DEFICIT) - beginning	<u>(76,404)</u>	<u>321,538</u>	<u>245,134</u>
FUND BALANCES (DEFICIT) - ending	<u>\$ (1,800)</u>	<u>\$ 330,777</u>	<u>\$ 328,977</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, 2017

	Budget for the 2016-2017 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2015-16	2nd Year FY 2016-17	Total	
REVENUES:						
Licenses and permits	\$ 1,472,000	\$ 1,472,000	\$ 672,645	\$ 748,825	\$ 1,421,470	\$ (50,530)
Miscellaneous	2,000	2,000	-	511	511	(1,489)
TOTAL REVENUES	1,474,000	1,474,000	672,645	749,336	1,421,981	(52,019)
EXPENDITURES:						
Personnel services	905,000	895,000	375,481	378,994	754,475	140,525
Materials and services	65,000	70,000	28,043	37,033	65,076	4,924
Capital outlay	23,000	28,000	-	26,705	26,705	1,295
Contingency	50,000	50,000	-	-	-	50,000
TOTAL EXPENDITURES	1,043,000	1,043,000	403,524	442,732	846,256	196,744
EXCESS OF REVENUES OVER EXPENDITURES	431,000	431,000	269,121	306,604	575,725	144,725
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	223,000	223,000	133,000	90,000	223,000	-
Transfers to other funds	(626,000)	(626,000)	(304,000)	(322,000)	(626,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(403,000)	(403,000)	(171,000)	(232,000)	(403,000)	-
NET CHANGE IN FUND BALANCES	28,000	28,000	98,121	74,604	172,725	144,725
FUND BALANCES (DEFICIT) - beginning	3,000	3,000	(174,525)	(76,404)	(174,525)	(177,525)
FUND BALANCES (DEFICIT) - ending	\$ 31,000	\$ 31,000	\$ (76,404)	\$ (1,800)	\$ (1,800)	\$ (32,800)

CITY OF WEST LINN, OREGON

PLANNING FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budget for the 2016-2017 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2015-16	2nd Year FY 2016-17	Total	
REVENUES:						
Intergovernmental	\$ 515,000	\$ 515,000	\$ 252,015	\$ 282,796	\$ 534,811	\$ 19,811
Franchise taxes	404,000	404,000	205,507	238,229	443,736	39,736
Licenses and permits	526,000	526,000	230,989	146,007	376,996	(149,004)
Miscellaneous	52,000	52,000	7,165	2,170	9,335	(42,665)
TOTAL REVENUES	1,497,000	1,497,000	695,676	669,202	1,364,878	(132,122)
EXPENDITURES:						
Personnel services	1,145,000	1,145,000	457,756	496,211	953,967	191,033
Material and services	106,000	106,000	35,862	20,752	56,614	49,386
Contingency	100,000	100,000	-	-	-	100,000
TOTAL EXPENDITURES	1,351,000	1,351,000	493,618	516,963	1,010,581	340,419
EXCESS OF REVENUES OVER EXPENDITURES	146,000	146,000	202,058	152,239	354,297	208,297
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	325,000	325,000	124,896	225,000	349,896	24,896
Transfers to other funds	(726,000)	(726,000)	(358,000)	(368,000)	(726,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(401,000)	(401,000)	(233,104)	(143,000)	(376,104)	24,896
NET CHANGE IN FUND BALANCES	(255,000)	(255,000)	(31,046)	9,239	(21,807)	233,193
FUND BALANCES - beginning	346,000	346,000	352,584	321,538	352,584	6,584
FUND BALANCES - ending	\$ 91,000	\$ 91,000	\$ 321,538	\$ 330,777	\$ 330,777	\$ 239,777

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, 2017

	Budget for the 2016-2017 Biennium		Actual		Variance with Final Budget	
	Original	Final	1st Year FY 2015-16	2nd Year FY 2016-17		Total
REVENUES:						
Property taxes	\$ 2,772,000	\$ 2,772,000	\$ 1,367,066	\$ 1,471,062	\$ 2,838,128	\$ 66,128
EXPENDITURES:						
Debt service:						
Principal	2,260,000	2,260,000	1,105,000	1,155,000	2,260,000	-
Interest	570,000	570,000	298,512	269,475	567,987	2,013
TOTAL EXPENDITURES	2,830,000	2,830,000	1,403,512	1,424,475	2,827,987	2,013
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(58,000)	(58,000)	(36,446)	46,587	10,141	68,141
FUND BALANCES - beginning	209,000	209,000	204,191	167,745	204,191	(4,809)
FUND BALANCES - ending	\$ 151,000	\$ 151,000	\$ 167,745	\$ 214,332	\$ 214,332	\$ 63,332

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, 2017

	Budget for the 2016-2017 Biennium		Actual		Variance with Final Budget	
	Original	Final	1st Year FY 2015-16	2nd Year FY 2016-17		Total
EXPENDITURES:						
Capital outlay	\$ 66,000	\$ 92,000	\$ 91,287	\$ -	\$ 91,287	\$ 713
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(66,000)	(92,000)	(91,287)	-	(91,287)	713
FUND BALANCES - beginning	66,000	92,000	91,287	-	91,287	(713)
FUND BALANCES - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**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, 2017

	Budget for the 2016-2017 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2015-16	2nd Year FY 2016-17	Total	
REVENUES:						
Water charges	\$ 7,927,000	\$ 7,927,000	\$ 4,113,907	\$ 4,159,815	\$ 8,273,722	\$ 346,722
Intergovernmental	75,000	75,000	-	-	-	(75,000)
Systems development charges	67,000	67,000	31,358	43,119	74,477	7,477
Miscellaneous	22,000	22,000	108,525	98,933	207,458	185,458
TOTAL REVENUES	8,091,000	8,091,000	4,253,790	4,301,867	8,555,657	464,657
EXPENDITURES:						
Personnel services	1,287,000	1,287,000	592,524	634,422	1,226,946	60,054
Materials and services	3,690,000	3,690,000	1,775,426	1,727,751	3,503,177	186,823
Debt service	455,000	1,255,000	841,161	280,199	1,121,360	133,640
Capital outlay	6,261,000	6,971,000	3,200,447	4,134,273	7,334,720	(363,720)
Contingency	500,000	440,000	-	-	-	440,000
TOTAL EXPENDITURES	12,193,000	13,643,000	6,409,558	6,776,645	13,186,203	456,797
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(4,102,000)	(5,552,000)	(2,155,768)	(2,474,778)	(4,630,546)	921,454
OTHER FINANCING SOURCES (USES):						
Proceeds from bonds issued	2,000,000	2,800,000	2,640,000	-	2,640,000	(160,000)
Bond premium on issuance of debt	-	-	154,631	-	154,631	154,631
Transfers to other funds	(1,855,000)	(1,855,000)	(986,000)	(869,000)	(1,855,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	145,000	945,000	1,808,631	(869,000)	939,631	(5,369)
NET CHANGE IN FUND BALANCES	(3,957,000)	(4,607,000)	(347,137)	(3,343,778)	(3,690,915)	916,085
FUND BALANCES - beginning	5,944,000	6,594,000	6,108,393	5,761,256	6,108,393	(485,607)
FUND BALANCES - ending	<u>\$ 1,987,000</u>	<u>\$ 1,987,000</u>	<u>\$ 5,761,256</u>	2,417,478	<u>\$ 2,417,478</u>	<u>\$ 430,478</u>
RECONCILIATION TO NET POSITION - GAAP BASIS:						
Adjustment for deferred charge on refunding				5,490		
Adjustment for deferred outflows of resources being accrued				535,342		
Adjustment for net pension liability being accrued				(1,020,516)		
Adjustment for compensated absences being accrued				(65,281)		
Adjustment for OPEB liability being accrued				(85,772)		
Adjustment for deferred inflows of resources being accrued				(62,621)		
Adjustment for interest payable being accrued				(6,183)		
Adjustment for capital assets not being depreciated				10,526,807		
Adjustment for capital assets, net of accumulated depreciation				11,693,898		
Adjustment for investment in joint venture				9,150,922		
Adjustment for bonds payable - due within one year				(205,000)		
Adjustment for long term bonds payable				(2,235,000)		
Adjustment for unamortized bond premium				(139,167)		
NET POSITION - GAAP BASIS				<u>\$ 30,510,397</u>		

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, 2017

	Budget for the 2016-2017 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2015-16	2nd Year FY 2016-17	Total	
REVENUES:						
Sewer charges	\$ 4,504,000	\$ 4,504,000	\$ 2,274,587	\$ 2,382,646	\$ 4,657,233	\$ 153,233
Surface water charges	1,642,000	1,642,000	830,155	873,697	1,703,852	61,852
Systems development charges	172,000	172,000	61,647	90,166	151,813	(20,187)
Miscellaneous	111,000	111,000	77,357	81,900	159,257	48,257
TOTAL REVENUES	6,429,000	6,429,000	3,243,746	3,428,409	6,672,155	243,155
EXPENDITURES:						
Personnel services	1,586,000	1,586,000	675,103	674,561	1,349,664	236,336
Materials and services	1,097,000	1,097,000	299,776	349,643	649,419	447,581
Capital outlay	2,670,000	2,670,000	845,285	2,265,325	3,110,610	(440,610)
Contingency	800,000	800,000	-	-	-	800,000
TOTAL EXPENDITURES	6,153,000	6,153,000	1,820,164	3,289,529	5,109,693	1,043,307
EXCESS OF REVENUES OVER EXPENDITURES	276,000	276,000	1,423,582	138,880	1,562,462	1,286,462
OTHER FINANCING USES:						
Transfers to other funds	(2,311,000)	(2,311,000)	(1,117,000)	(1,194,000)	(2,311,000)	-
NET CHANGE IN FUND BALANCES	(2,035,000)	(2,035,000)	306,582	(1,055,120)	(748,538)	1,286,462
FUND BALANCES - beginning	2,497,000	2,497,000	3,029,851	3,336,433	3,029,851	532,851
FUND BALANCES - ending	<u>\$ 462,000</u>	<u>\$ 462,000</u>	<u>\$ 3,336,433</u>	2,281,313	<u>\$ 2,281,313</u>	<u>\$ 1,819,313</u>
RECONCILIATION TO NET POSITION - GAAP BASIS:						
Adjustment for deferred outflows of resources being accrued				314,308		
Adjustment for net pension liability being accrued				(599,161)		
Adjustment for compensated absences being accrued				(38,395)		
Adjustment for OPEB liability being accrued				(50,358)		
Adjustment for deferred inflows of resources being accrued				(36,766)		
Adjustment for capital assets not being depreciated				1,567,172		
Adjustment for capital assets, net of accumulated depreciation				19,497,895		
NET POSITION - GAAP BASIS				<u>\$ 22,936,008</u>		

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, 2017

FUTURE BOND PRINCIPAL

Fiscal year	General Obligation Bonds			Full Faith and Credit Obligation Bonds			Total
	Series 2009-A Refunded Parks	Series 2010-A Refunded Library	Series 2012 Police Station	Series 2009-B Streets/Parks	Series 2010-B Refunded City Hall	Series 2015 Str/Pks/Wtr	
	Jan. 21, 2009	Sep. 2, 2010	Jan. 25, 2012	Jan. 21, 2009	Sep. 2, 2010	Dec. 16, 2015	
2018	590,000	310,000	310,000	185,000	265,000	215,000	1,875,000
2019	280,000	330,000	335,000	-	275,000	410,000	1,630,000
2020	-	355,000	355,000	-	285,000	425,000	1,420,000
2021	-	385,000	375,000	-	295,000	445,000	1,500,000
2022	-	-	400,000	-	-	310,000	710,000
2023	-	-	425,000	-	-	320,000	745,000
2024	-	-	450,000	-	-	330,000	780,000
2025	-	-	475,000	-	-	345,000	820,000
2026	-	-	505,000	-	-	360,000	865,000
2027	-	-	530,000	-	-	370,000	900,000
2028	-	-	565,000	-	-	375,000	940,000
2029	-	-	595,000	-	-	390,000	985,000
2030	-	-	630,000	-	-	120,000	750,000
2031	-	-	665,000	-	-	120,000	785,000
2032	-	-	715,000	-	-	125,000	840,000
2033	-	-	-	-	-	130,000	130,000
2034	-	-	-	-	-	130,000	130,000
2035	-	-	-	-	-	135,000	135,000
	<u>\$ 870,000</u>	<u>\$ 1,380,000</u>	<u>\$ 7,330,000</u>	<u>\$ 185,000</u>	<u>\$ 1,120,000</u>	<u>\$ 5,055,000</u>	<u>\$ 15,940,000</u>

FUTURE BOND INTEREST

Fiscal year	General Obligation Bonds			Full Faith and Credit Obligation Bonds			Total
	Series 2009-A Refunded Parks	Series 2010-A Refunded Library	Series 2012 Police Station	Series 2009-B Streets/Parks	Series 2010-B Refunded City Hall	Series 2015 Str/Pks/Wtr	
	Jan. 21, 2009	Sep. 2, 2010	Jan. 25, 2012	Jan. 21, 2009	Sep. 2, 2010	Dec. 16, 2015	
2018	31,850	37,313	167,938	7,400	32,425	155,175	432,101
2019	5,600	29,563	161,737	-	23,000	148,725	368,625
2020	-	21,313	155,038	-	14,600	136,425	327,376
2021	-	11,550	147,937	-	5,163	123,675	288,325
2022	-	-	140,438	-	-	110,325	250,763
2023	-	-	132,437	-	-	104,125	236,562
2024	-	-	123,938	-	-	94,525	218,463
2025	-	-	114,937	-	-	81,325	196,262
2026	-	-	105,438	-	-	67,525	172,963
2027	-	-	94,706	-	-	53,125	147,831
2028	-	-	82,781	-	-	43,875	126,656
2029	-	-	69,363	-	-	34,500	103,863
2030	-	-	54,487	-	-	22,800	77,287
2031	-	-	37,950	-	-	19,200	57,150
2032	-	-	9,831	-	-	15,600	25,431
2033	-	-	-	-	-	11,850	11,850
2034	-	-	-	-	-	7,950	7,950
2035	-	-	-	-	-	4,050	4,050
	<u>\$ 37,450</u>	<u>\$ 99,739</u>	<u>\$ 1,598,956</u>	<u>\$ 7,400</u>	<u>\$ 75,188</u>	<u>\$ 1,234,775</u>	<u>\$ 3,053,508</u>

CITY OF WEST LINN, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Tax Year</u>	<u>Uncollected Property Taxes as of June 30, 2016</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, 2017</u>
Current fiscal year 2016-17	\$ -	\$ 8,913,604	\$ (225,490)	\$ (8,493,826)	\$ 194,288
Prior fiscal years					
2015-16	209,166	-	(2,219)	(102,921)	104,026
2014-15	105,506	-	(910)	(29,612)	74,984
2013-14	71,206	-	(1,218)	(17,563)	52,425
2012-13	48,198	-	(129)	(11,769)	36,300
2011-12 & prior	92,013	-	(2,177)	(3,486)	86,350
Sub-total prior	<u>526,089</u>	<u>-</u>	<u>(6,653)</u>	<u>(165,351)</u>	<u>354,085</u>
Total	<u>\$ 526,089</u>	<u>\$ 8,913,604</u>	<u>\$ (232,143)</u>	<u>\$ (8,659,177)</u>	<u>\$ 548,373</u>

Public Safety Fund	\$ 315,114
Parks and Recreation Fund	82,925
Library Fund	60,811
Debt Service Fund	<u>89,523</u>
	<u>\$ 548,373</u>

CITY OF WEST LINN, OREGON
SCHEDULE OF ACCOUNTABILITY OF INDEPENDENTLY ELECTED OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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.	95
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.	98
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.	105
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.	110
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.	112

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:

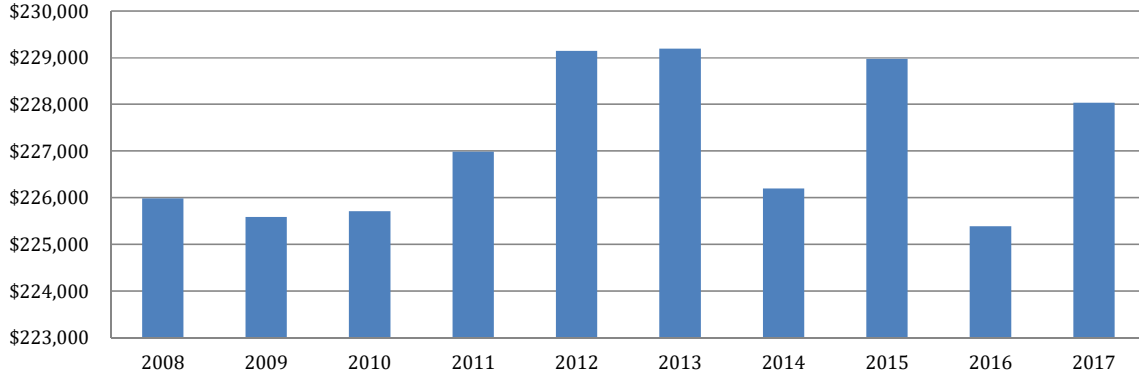
- GASB Statement 34 in fiscal year 2002-03, except for the infrastructure provisions which were implemented in fiscal year 2007-08
- GASB Statement 44 in fiscal year 2007-08
- GASB Statement 54 in fiscal year 2010-11
- GASB Statement 63 in fiscal year 2012-13
- GASB Statement 65 in fiscal year 2013-14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

CITY OF WEST LINN, OREGON

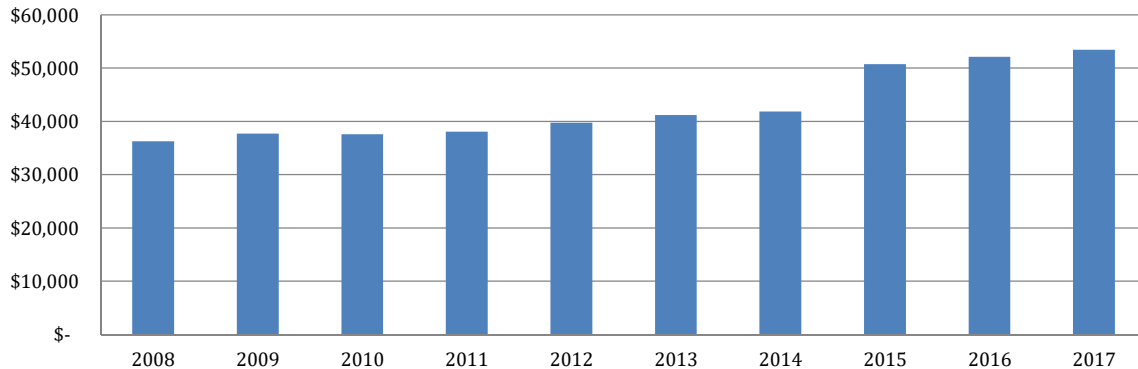
Net Position by Component for the last ten fiscal years (accrual basis of accounting) (in thousands)

	Fiscal Year Ended									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities							(restated)			
Net investment in capital assets	\$ 218,998	\$ 219,277	\$ 217,988	\$ 218,578	\$ 217,951	\$ 217,876	\$ 218,327	\$ 220,683	\$ 222,408	\$ 225,588
Restricted	4,479	6,565	6,450	4,930	6,077	6,467	7,236	5,268	4,774	5,276
Unrestricted (deficit)	2,514	(248)	1,279	3,483	5,123	4,854	638	3,028	(1,787)	(2,826)
Total governmental activities net position	<u>225,991</u>	<u>225,594</u>	<u>225,717</u>	<u>226,991</u>	<u>229,151</u>	<u>229,197</u>	<u>226,201</u>	<u>228,979</u>	<u>225,395</u>	<u>228,038</u>
Business-type activities										
Net investment in capital assets	26,201	27,454	27,089	26,945	27,482	28,348	29,136	33,418	35,361	40,846
Restricted	-	155	155	155	155	155	155	4,154	2,823	-
Unrestricted	10,090	10,082	10,354	10,943	12,104	12,666	12,587	13,154	13,966	12,600
Total business-type activities net position	<u>36,291</u>	<u>37,691</u>	<u>37,598</u>	<u>38,043</u>	<u>39,741</u>	<u>41,169</u>	<u>41,878</u>	<u>50,726</u>	<u>52,150</u>	<u>53,446</u>
Primary government										
Net investment in capital assets	245,199	246,731	245,077	245,523	245,433	246,224	247,463	254,101	257,769	266,434
Restricted	4,479	6,720	6,605	5,085	6,232	6,622	7,391	9,422	7,597	5,276
Unrestricted	12,604	9,834	11,633	14,426	17,227	17,520	13,225	16,182	12,179	9,774
Total primary government net position	<u>\$ 262,282</u>	<u>\$ 263,285</u>	<u>\$ 263,315</u>	<u>\$ 265,034</u>	<u>\$ 268,892</u>	<u>\$ 270,366</u>	<u>\$ 268,079</u>	<u>\$ 279,705</u>	<u>\$ 277,545</u>	<u>\$ 281,484</u>

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 6,007	\$ 5,970	\$ 6,305	\$ 6,676	\$ 7,110	\$ 7,305	\$ 7,169	\$ 6,775	\$ 10,291	\$ 8,213
Culture and recreation	4,279	5,433	5,492	5,788	6,038	6,291	6,060	5,804	7,138	6,988
Public safety	5,658	6,318	6,472	6,368	6,803	7,074	7,095	6,251	10,288	8,830
Highways and streets	1,235	3,528	3,492	3,492	3,431	3,581	3,664	3,681	4,303	4,517
Interest on long-term debt	631	599	626	404	507	615	549	508	625	403
Unallocated depreciation	2,395	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	<u>20,205</u>	<u>21,848</u>	<u>22,387</u>	<u>22,728</u>	<u>23,889</u>	<u>24,866</u>	<u>24,537</u>	<u>23,019</u>	<u>32,645</u>	<u>28,951</u>
Business-type activities:										
Water	2,914	3,269	3,071	3,061	3,025	3,219	3,243	3,231	4,233	3,899
Environmental services	2,814	2,704	2,560	2,640	2,721	2,756	2,906	2,822	3,232	3,249
Total business-type activities expenses	<u>5,728</u>	<u>5,973</u>	<u>5,631</u>	<u>5,701</u>	<u>5,746</u>	<u>5,975</u>	<u>6,149</u>	<u>6,053</u>	<u>7,465</u>	<u>7,148</u>
Total primary government expenses	<u>\$ 25,933</u>	<u>\$ 27,821</u>	<u>\$ 28,018</u>	<u>\$ 28,429</u>	<u>\$ 29,635</u>	<u>\$ 30,841</u>	<u>\$ 30,686</u>	<u>\$ 29,072</u>	<u>\$ 40,110</u>	<u>\$ 36,099</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 6,473	\$ 6,364	\$ 6,844	\$ 7,232	\$ 8,228	\$ 8,167	\$ 8,483	\$ 8,217	\$ 9,517	\$ 9,596
Culture and recreation	1,321	1,543	1,590	1,764	1,905	1,911	2,005	2,056	2,214	2,432
Public safety	753	664	663	693	741	612	664	897	850	948
Highways and streets	243	833	778	792	870	904	1,351	1,522	1,659	1,735
Operating grants and contributions	2,372	2,486	3,045	4,015	3,852	3,974	3,776	4,019	4,192	6,249
Capital grants and contributions	1,755	727	770	493	1,531	248	354	467	101	-
Total governmental activities program revenues	<u>12,917</u>	<u>12,617</u>	<u>13,690</u>	<u>14,989</u>	<u>17,127</u>	<u>15,816</u>	<u>16,633</u>	<u>17,178</u>	<u>18,533</u>	<u>20,960</u>
Business-type activities:										
Charges for services:										
Water	2,903	3,069	2,926	3,071	3,554	4,021	3,968	4,705	4,427	4,656
Environmental services	2,020	2,452	2,362	2,500	2,784	2,813	2,996	2,953	3,243	3,428
Capital grants and contributions	865	1,635	100	206	936	155	581	469	1,218	370
Total business-type activities program revenues	<u>5,788</u>	<u>7,156</u>	<u>5,388</u>	<u>5,777</u>	<u>7,274</u>	<u>6,989</u>	<u>7,545</u>	<u>8,127</u>	<u>8,888</u>	<u>8,454</u>
Total primary government program revenues	<u>\$ 18,705</u>	<u>\$ 19,773</u>	<u>\$ 19,078</u>	<u>\$ 20,766</u>	<u>\$ 24,401</u>	<u>\$ 22,805</u>	<u>\$ 24,178</u>	<u>\$ 25,305</u>	<u>\$ 27,421</u>	<u>\$ 29,414</u>

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	Fiscal Year Ended									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense) Revenue										
Governmental activities	\$ (7,288)	\$ (9,231)	\$ (8,697)	\$ (7,739)	\$ (6,762)	\$ (9,050)	\$ (7,904)	\$ (5,841)	\$ (14,112)	\$ (7,991)
Business-type activities	60	1,183	(243)	76	1,528	1,014	1,396	2,074	1,423	1,306
Total primary government expenses	<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>	<u>\$ (12,689)</u>	<u>\$ (6,685)</u>
General Revenues										
Governmental activities:										
Property taxes, levied for general purposes	\$ 5,264	\$ 5,536	\$ 5,785	\$ 5,918	\$ 6,181	\$ 6,197	\$ 6,440	\$ 6,725	\$ 7,020	\$ 7,205
Property taxes, levied for debt service	769	942	828	884	839	1,321	1,406	1,398	1,372	1,476
Franchise taxes	1,686	1,728	1,952	1,662	1,749	1,662	1,683	1,722	1,693	1,738
Unrestricted grants and contributions	263	604	361	675	303	319	337	297	428	203
Interest and investment earnings	420	51	23	18	19	10	8	15	16	15
Gain (loss) on disposition of capital assets	-	-	-	222	-	-	63	-	-	-
Transfers	(132)	(27)	(129)	(365)	(170)	(413)	(167)	(1,538)	-	-
Total governmental activities	<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>	<u>10,529</u>	<u>10,637</u>
Business-type activities:										
Intergovernmental	-	-	-	-	-	-	-	5,000	-	-
Investment earnings	109	190	7	3	-	-	-	-	-	-
Gain (loss) on disposition of capital assets	-	-	14	1	-	-	-	236	-	(8)
Transfers	132	27	129	365	170	413	167	1,538	-	-
Total business-type activities	<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>	<u>-</u>	<u>(8)</u>
Total primary government	<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>	<u>\$ 10,529</u>	<u>\$ 10,629</u>
Changes in Net Position										
Governmental activities	\$ 982	\$ (397)	\$ 123	\$ 1,275	\$ 2,159	\$ 46	\$ 1,866	\$ 2,778	\$ (3,583)	\$ 2,646
Business-type activities	301	1,400	(93)	445	1,698	1,427	1,563	8,848	1,423	1,298
Total primary government	<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>	<u>\$ (2,160)</u>	<u>\$ 3,944</u>

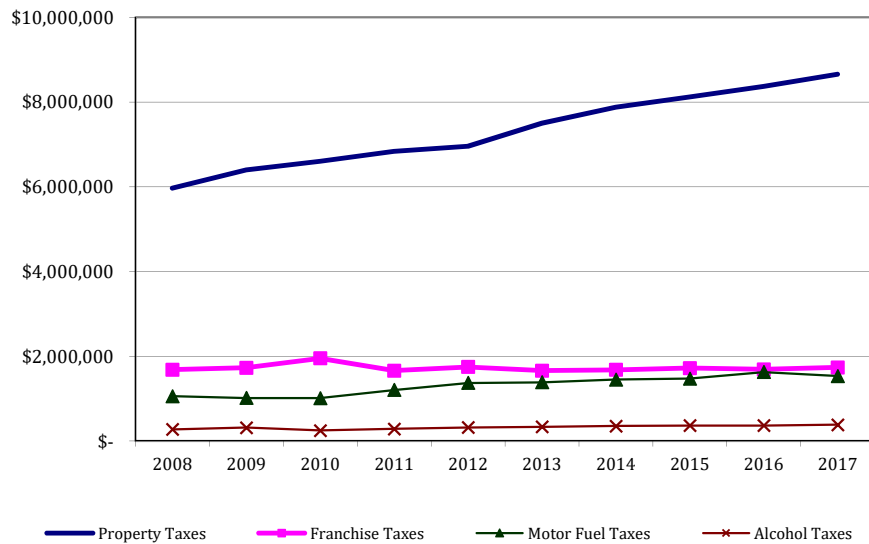
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CITY OF WEST LINN, OREGON
Governmental Activities Tax Revenues by Source
for the last ten fiscal years
(modified accrual basis of accounting)

Fiscal year	Property tax	Franchise tax	Motor fuel tax¹	Alcoholic beverage tax¹	Total
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
2016	8,364,263	1,692,432	1,629,684	367,528	12,053,907
2017	8,652,842	1,738,158	1,532,122	385,113	12,308,235

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.

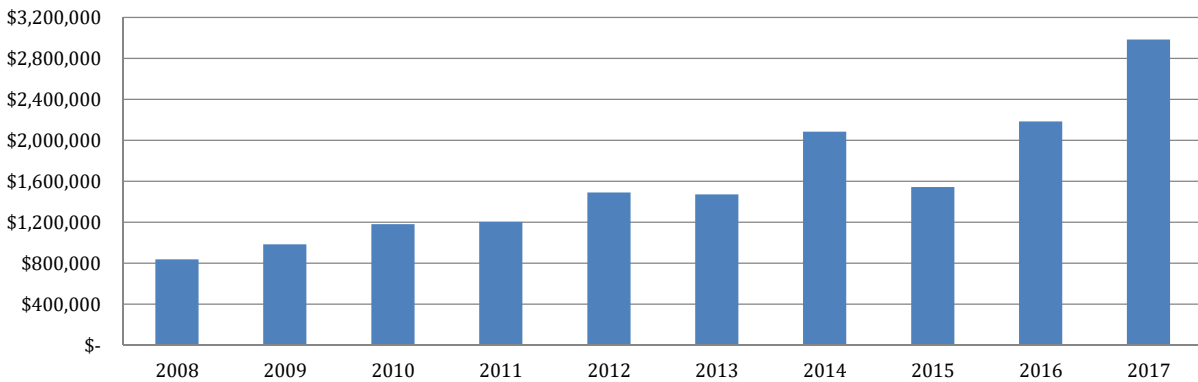
Trend Lines of Tax Revenues by Source



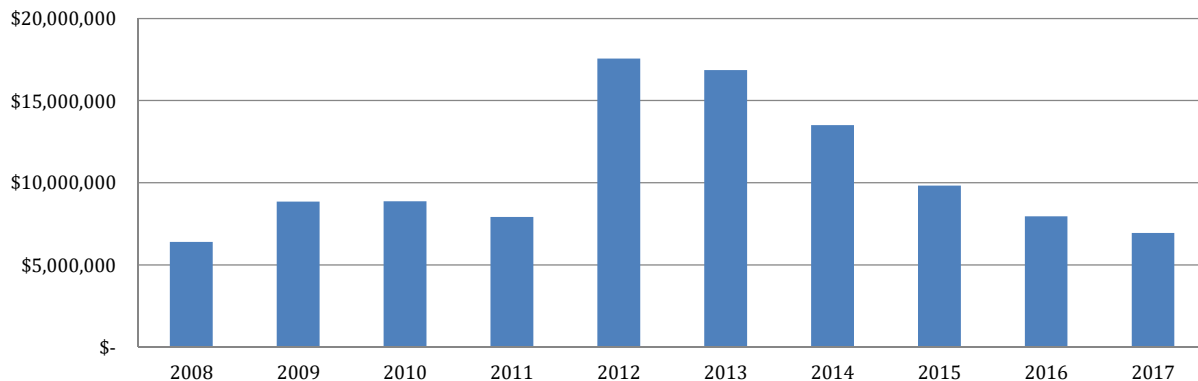
CITY OF WEST LINN, OREGON
Fund Balances of Governmental Funds
for the last ten fiscal years
(modified accrual basis of accounting)

	Fiscal Year Ended									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Nonspendable	\$ 142,264	\$ -	\$ 36,838	\$ 150,378	\$ 164,462	\$ 169,275	\$ 150,427	\$ 188,685	\$ 134,755	\$ 136,064
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	695,299	985,405	1,144,698	1,052,484	1,325,884	1,301,083	1,932,734	1,352,882	2,049,157	2,847,475
Total general fund	\$ 837,563	\$ 985,405	\$ 1,181,536	\$ 1,202,862	\$ 1,490,346	\$ 1,470,358	\$ 2,083,161	\$ 1,541,567	\$ 2,183,912	\$ 2,983,539
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	4,322,102	6,408,089	6,292,160	4,773,436	12,922,103	12,544,353	8,651,824	5,110,428	4,616,228	5,118,429
Committed	1,683,251	2,138,630	2,331,737	3,000,053	4,482,238	4,166,120	4,705,382	4,745,564	3,271,183	1,683,122
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	240,620	156,522	101,602	-	-	-	-	(174,525)	(76,404)	(1,800)
Total all other governmental funds	\$ 6,403,273	\$ 8,860,541	\$ 8,882,799	\$ 7,930,789	\$ 17,561,641	\$ 16,867,773	\$ 13,514,506	\$ 9,838,767	\$ 7,968,307	\$ 6,957,051

Fund Balance - General Fund



Fund Balance - All Other Governmental Funds



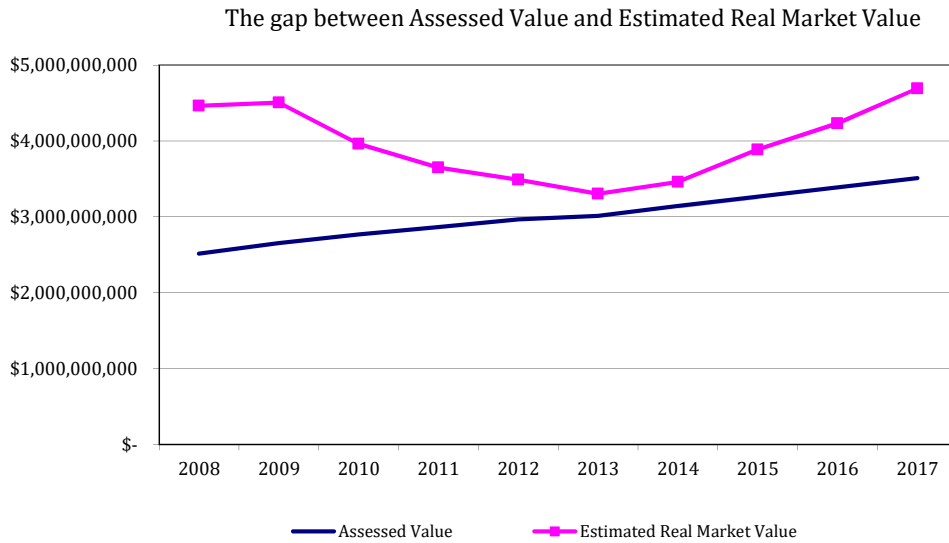
CITY OF WEST LINN, OREGON
Changes in Fund Balances of Governmental Funds
for the last ten fiscal years
(modified accrual basis of accounting)

	Fiscal Year Ended									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Property taxes	\$ 5,965,524	\$ 6,392,688	\$ 6,603,432	\$ 6,834,048	\$ 6,957,799	\$ 7,497,058	\$ 7,875,104	\$ 8,115,994	\$ 8,364,263	\$ 8,652,843
Intergovernmental	2,371,677	2,486,047	3,678,872	4,015,212	4,789,930	3,912,898	3,716,218	3,958,604	4,131,820	5,288,670
Franchise taxes	1,685,632	1,727,918	1,952,259	1,662,509	1,748,619	1,661,718	1,682,559	1,721,760	1,692,432	1,738,158
Fines and forfeitures	517,662	586,145	565,151	520,087	403,165	432,940	478,194	482,800	627,576	574,991
Licenses and fees	1,108,494	1,006,790	1,037,008	1,012,185	1,218,483	1,049,767	1,106,437	826,093	1,193,511	1,159,526
Charges for services	5,770,614	7,192,160	7,664,216	7,920,641	8,355,873	8,742,651	9,640,378	10,541,120	10,953,927	11,607,602
Systems development charges	963,567	618,819	608,727	1,027,067	1,765,887	1,367,798	1,278,072	647,616	1,415,956	1,384,954
Investment earnings	419,705	50,420	22,990	17,718	18,944	9,833	7,512	15,270	16,322	14,775
Miscellaneous	263,531	604,187	360,470	674,790	303,350	319,017	337,149	296,534	428,137	202,446
Total revenues	19,066,406	20,665,174	22,493,125	23,684,257	25,562,050	24,993,680	26,121,623	26,605,791	28,823,944	30,623,965
Expenditures:										
Current:										
General government	5,334,764	5,944,189	6,194,465	6,520,299	6,704,454	7,209,531	6,758,119	7,785,446	7,645,271	7,344,181
Culture and recreation	4,274,399	4,548,376	4,647,411	4,934,363	5,182,185	5,440,445	5,149,677	5,438,749	5,652,323	5,891,783
Public safety	5,642,339	5,940,429	6,262,603	6,261,541	6,711,910	7,041,384	6,851,540	7,184,749	8,092,329	8,002,902
Highways and streets	1,236,200	1,634,945	1,569,050	1,545,578	1,452,551	1,591,059	1,617,973	1,695,348	1,819,750	1,962,717
Debt service:										
Principal	670,000	705,000	825,000	1,070,000	1,065,000	1,245,000	1,370,000	1,440,000	1,325,780	1,600,000
Interest	626,604	472,048	741,544	418,655	427,366	651,831	552,802	513,211	660,136	407,274
Current refunding	-	4,992,519	-	5,933,478	-	-	-	-	-	-
Capital outlay	1,611,978	2,944,474	2,034,663	4,353,775	2,793,021	2,578,462	6,752,923	6,780,121	4,906,835	5,626,737
Total expenditures	19,396,284	27,181,980	22,274,736	31,037,689	24,336,487	25,757,712	29,053,034	30,837,624	30,102,424	30,835,594
Excess (deficiency) of revenues over (under) expenditures	(329,878)	(6,516,806)	218,389	(7,353,432)	1,225,563	(764,032)	(2,932,411)	(4,231,833)	(1,278,480)	(211,629)
Other financing sources (uses):										
Transfers from other funds	713,200	322,500	-	-	-	-	-	-	-	-
Transfers to other funds	(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	-	-	-	-	2,625,000	-
General obligation bonds issued	-	-	-	-	8,500,000	-	-	-	-	-
Bond premium on issuance of debt	-	171,916	-	294,861	102,688	-	-	-	229,585	-
Payment to refunded bond escrow	-	-	-	-	-	-	-	-	(2,804,220)	-
Capital lease	-	-	-	-	-	50,176	-	-	-	-
Total other financing sources (uses)	7,606	9,121,916	-	6,422,748	8,692,773	50,176	191,947	14,500	50,365	-
Net change in fund balances	\$ (322,272)	\$ 2,605,110	\$ 218,389	\$ (930,684)	\$ 9,918,336	\$ (713,856)	\$ (2,740,464)	\$ (4,217,333)	\$ (1,228,115)	\$ (211,629)
Debt service as a percentage of noncapital expenditures	7.3%	4.9%	7.7%	5.6%	6.9%	8.2%	8.6%	8.1%	7.9%	8.0%

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)	
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
2016	3,266,125,238	23,238,532	12,540	100,053,400	3,389,429,710	2.5386	4,232,095,255	80
2017	3,388,738,011	23,040,210	13,650	96,824,000	3,508,615,871	2.5386	4,691,525,851	75

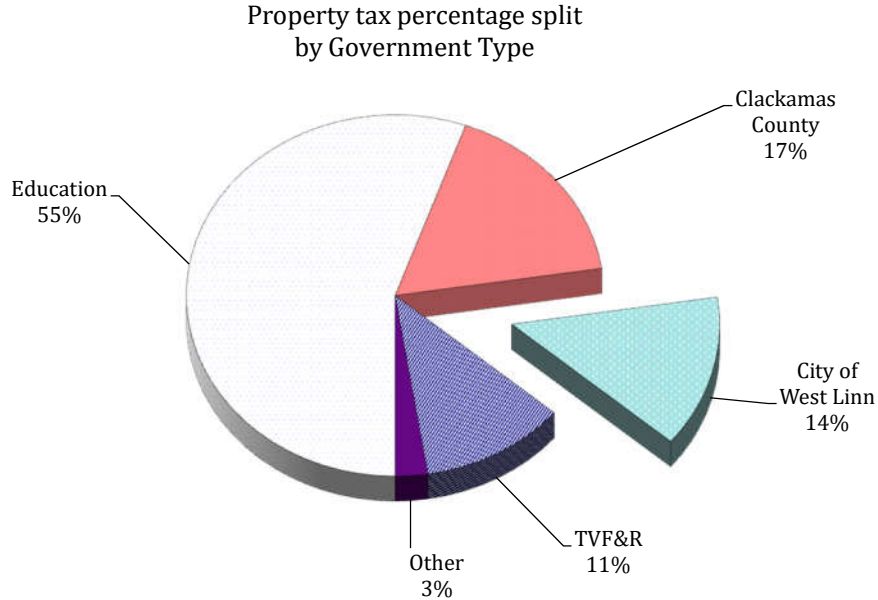
Source: Clackamas County Assessor's Office



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		
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	
2016	2.1200	-	0.4186	2.5386	9.24	3.19	0.74	0.37	2.11	0.46	18.64	
2017	2.1200	-	0.4186	2.5386	9.23	3.19	0.74	0.37	2.10	0.47	18.63	

Source: Clackamas County Assessor's Office



CITY OF WEST LINN, OREGON

Principal Property Taxpayers
current year and nine years ago

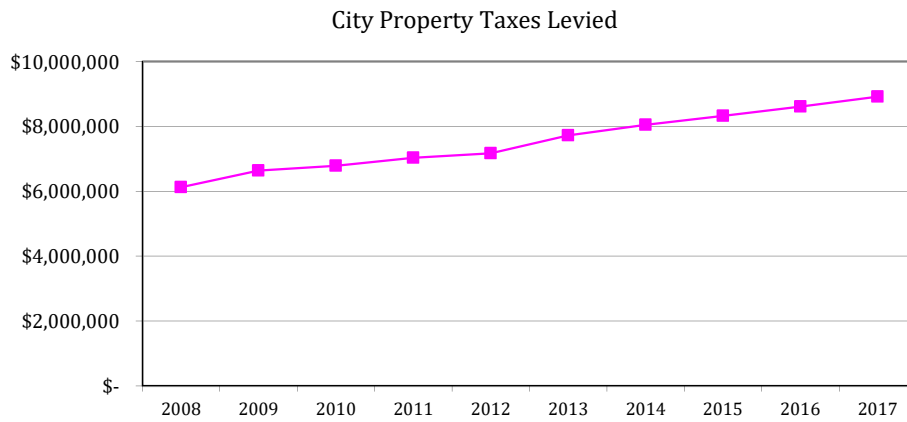
Name	2017			2008		
	Assessed value	Rank	% of total value	Assessed value	Rank	% of total value
Portland General Electric Co	\$ 56,813,406	1	1.6 %	\$ 44,155,000	1	1.8 %
Simpson Realty Group LP	28,970,256	2	0.8	22,203,290	3	0.9
West Linn Paper Company	25,105,908	3	0.7	23,368,570	2	0.9
West Linn Shopping Ctr. Assoc. LLC	21,997,257	4	0.6	14,452,350	6	0.6
Comcast Corporation	18,114,600	5	0.5			
Blackhawk Nevada LLC	17,243,348	6	0.5	14,286,261	4	0.6
NW Natural Gas Company	12,619,000	7	0.4	11,827,500	7	0.5
ROIC Cascade Summit LLC	11,579,086	8	0.3			
S & G Summerlinn LLC	10,747,367	9	0.3			
ROIC Robinwood LLC	10,304,026	10	0.3			
Cascade Summit Retail LLC				14,885,943	5	0.6
Summerlinn Apartments LLC				11,155,728	8	0.4
Blackhawk LLC				7,749,601	9	0.3
West Linn Senior Living LLC				7,425,934	10	0.3
Sub-total, top ten	<u>213,494,254</u>		<u>6.1</u>	<u>171,510,177</u>		<u>6.8</u>
All other City taxpayers	<u>3,295,121,617</u>		<u>93.9</u>	<u>2,345,227,779</u>		<u>93.2 %</u>
Total City taxpayers	<u><u>\$ 3,508,615,871</u></u>		<u><u>100.0 %</u></u>	<u><u>\$ 2,516,737,956</u></u>		<u><u>100.0 %</u></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
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	239,356	6,806,885	97
2012	7,174,440	6,799,324	95	216,845	7,016,169	98
2013	7,724,400	7,283,059	94	208,105	7,491,164	97
2014	8,044,298	7,628,822	95	171,313	7,800,135	97
2015	8,327,514	7,911,683	95	139,036	8,050,719	97
2016	8,606,218	8,187,209	95	212,345	8,399,554	98
2017	8,913,604	8,493,826	95	-	8,493,826	95

Source: Annual financial statements of the City of West Linn



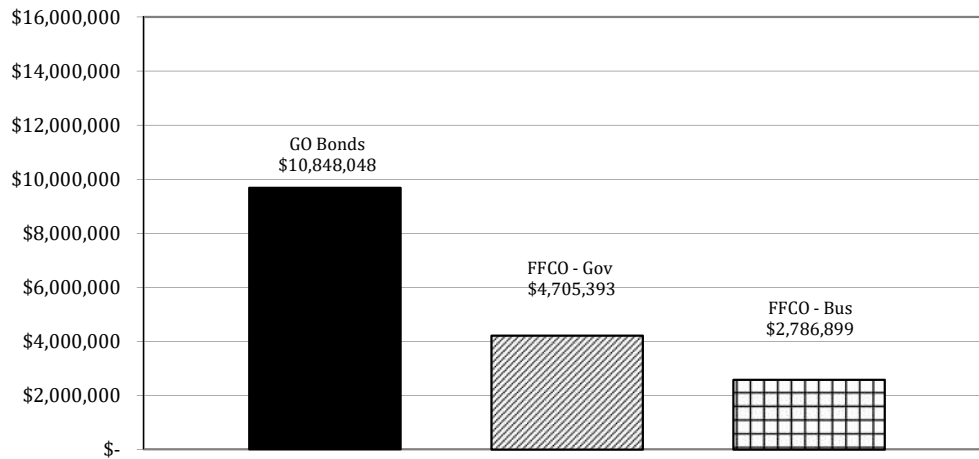
CITY OF WEST LINN, OREGON
Ratios of Outstanding Debt by Type
for the last ten fiscal years

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	Full Faith and Credit obligations			
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	1,738,158	1,225,000	12,055,280	13.71	480
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	20.53	819
2014	13,039,727	5,381,558	875,000	19,296,285	17.94	759
2015	11,979,525	4,937,091	770,000	17,686,616	*	693
2016	10,848,048	4,705,393	2,786,899	18,340,340	*	716
2017	9,679,681	4,215,626	2,579,167	16,474,474	*	643

* Information unavailable at this time.

Source: Annual financial statements of the City of West Linn

Outstanding Debt by Type



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 property¹	Per capita²
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
2016	10,848,048	(167,745)	10,680,303	0.32	417
2017	9,679,681	(214,332)	9,465,349	0.27	370

¹ Assessed value data of property can be found on page 101.

² Population data can be found on page 110.

CITY OF WEST LINN, OREGON
Direct and Overlapping Governmental Activities Debt
as of June 30, 2017

<u>Governmental unit</u>	<u>Real market values of overlapping districts</u>	<u>Tax-supported debt outstanding</u>	<u>Percentage overlapping¹</u>	<u>Overlapping debt applicable to the City of West Linn</u>
Debt repaid with property taxes:				
West Linn Wilsonville School District	\$ 10,066,913,409	\$ 229,668,066	46.21 %	\$ 106,132,829
Clackamas Community College	48,076,385,758	102,608,913	9.68	9,928,849
Clackamas County	65,630,370,446	155,330,136	7.15	11,103,619
Clackamas County ESD	62,476,630,354	22,820,637	7.51	1,713,647
Metro	271,838,567,528	183,510,000	1.73	3,167,016
Tualatin Valley Fire and Rescue	76,076,125,621	48,820,000	6.17	3,010,681
Lake Oswego School District No. 7J	11,481,623,450	90,618,476	0.34	311,456
Port of Portland	294,759,596,278	-	-	-
Portland Community College	<u>217,143,369,580</u>	<u>302,090,000</u>	0.02	<u>54,980</u>
Subtotal, overlapping debt	1,057,549,582,424	1,135,466,228		135,423,077
Direct debt outstanding:				
City of West Linn	<u>4,691,525,851</u>	<u>13,895,307</u>	100.00	<u>13,895,307</u>
Total direct and overlapping debt outstanding	<u>\$ 1,062,241,108,275</u>	<u>\$ 1,149,361,535</u>		<u>\$ 149,318,384</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt maximum limitation	\$ 133,930,441	\$ 135,214,845	\$ 118,820,046	\$ 109,516,435	\$ 104,619,167
Debt applicable to maximum limit	<u>8,518,227</u>	<u>7,890,614</u>	<u>7,442,946</u>	<u>6,769,605</u>	<u>14,636,319</u>
Legal debt margin available	<u>\$ 125,412,214</u>	<u>\$ 127,324,231</u>	<u>\$ 111,377,100</u>	<u>\$ 102,746,830</u>	<u>\$ 89,982,848</u>
Debt applicable to the maximum limit as a percentage of debt limitation	6.36%	5.84%	6.26%	6.18%	13.99%

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt maximum limitation	\$ 99,156,253	\$ 103,829,361	\$ 116,551,080	\$ 126,962,858	\$ 140,745,776
Debt applicable to maximum limit	<u>13,764,310</u>	<u>12,706,459</u>	<u>11,775,334</u>	<u>10,680,303</u>	<u>9,465,349</u>
Legal debt margin available	<u>\$ 1,738,158</u>	<u>\$ 1,532,122</u>	<u>\$ 385,113</u>	<u>\$ 116,282,555</u>	<u>\$ 131,280,427</u>
Debt applicable to the maximum limit as a percentage of debt limitation	13.88%	12.24%	10.10%	8.41%	6.73%

Legal debt margin calculation for the fiscal year ended June 30, 2017:

Total property real market value	\$ 4,691,525,851
	3%
Debt maximum limitation (3% of total property real market value) ¹	<u>140,745,776</u>
Amount of debt applicable to debt limit:	
Total bonded debt outstanding	16,474,474
Less debt excluded from debt limit:	
Full faith and credit obligations - governmental activities	(4,215,626)
Full faith and credit obligations - business-type activities	(2,579,167)
Less funds applicable to the payment of principal in the debt service fund per ORS 287.004	<u>(214,332)</u>
Net amount of debt applicable to limit	<u>9,465,349</u>
Legal debt margin - amount available for future indebtedness	<u>\$ 131,280,427</u>
Percentage of City's indebtedness to total allowed	6.73%

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	
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	1,738,158	1,532,122	385,113	68,608	3.38
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
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-

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.

Note: The Water Revenue Bonds were refunded by Full Faith and Credit Obligations in 2016 with no pledged-revenue debt service coverage requirements going forward.

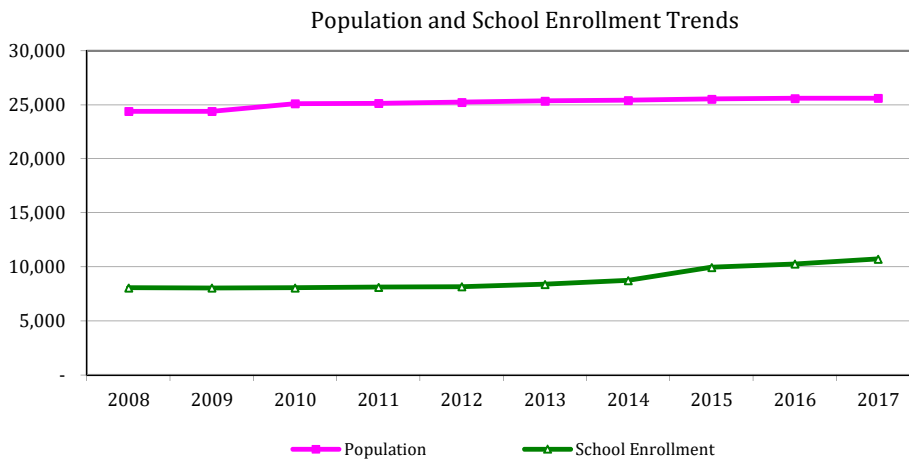
Source: Annual financial statements of the City of West Linn

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

<u>Fiscal year</u>	<u>Population</u>	<u>Personal income (in millions)</u>	<u>Per capita personal income</u>	<u>School enrollment</u>	<u>Unemployment rate</u>
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	107,537	45,794	8,746	6.9
2015	25,540	115,691	48,422	9,967	5.5
2016	25,605	*	*	10,280	4.8
2017	25,615	*	*	10,730	3.7

* 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	2017			2008		
	Employees	Rank	Percentage of total City employment	Employees	Rank	Percentage of total City employment
West Linn Wilsonville SD	794	1	6.25 %	750	1	5.77 %
West Linn Paper Company	300	2	2.36	250	3	1.92
City of West Linn	127	3	1.00	130	6	1.00
Safeway Inc.	114	4	0.90	170	4	1.31
Market of Choice	102	5	0.80	*		
Oregon Golf Club	100	6	0.79	80	9	0.62
Rose Linn Vintage Place	100	7	0.79	80	8	0.62
Walmart Neighborhood Market	75	8	0.59	100	7	0.77
Tanner Springs Assisted Living	63	9	0.50	250	2	1.92
Icon Construction	30	10	0.24	*		
Technocom Inc. (ESP Tech)				140	5	1.08
Albertson's				100	7	0.77
Pond Maintenance Services				100	10	0.77
Total	<u>1,805</u>		<u>14.21 %</u>			

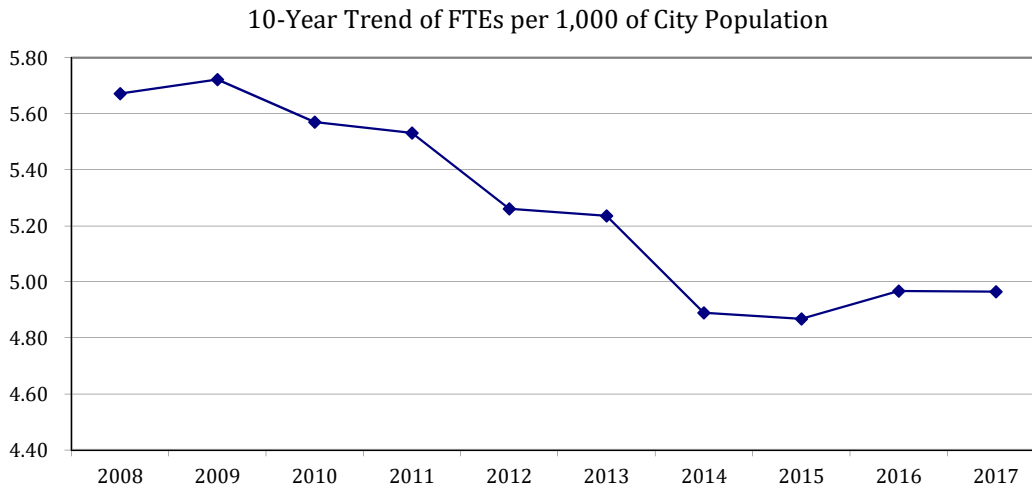
* Historical number of employees information unavailable for this fiscal year nine years ago.

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	17.00	16.60	19.60	19.60	17.80	17.80	16.30	16.30	17.40	17.40
Public safety	44.60	45.50	43.25	43.00	42.50	42.50	39.00	39.00	40.50	37.00
Culture and recreation	39.20	40.43	40.43	40.43	39.03	39.03	36.78	36.78	37.28	37.28
Community development	5.50	5.50	6.50	6.50	6.50	6.50	5.75	5.75	5.50	9.00
Highways and streets	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.50	5.00
Water	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00
Sewer and surface water	7.00	6.00	5.00	5.00	5.00	5.00	6.50	6.50	6.50	6.50
Public works	12.10	12.60	12.10	11.60	10.00	10.00	8.00	8.00	8.50	10.00
Total full-time equivalent (FTE)	138.40	139.63	139.88	139.13	132.83	132.83	124.33	124.33	127.18	127.18
City population	24,400	24,400	25,109	25,150	25,250	25,370	25,425	25,540	25,605	25,615
FTEs per 1,000 of population	5.67	5.72	5.57	5.53	5.26	5.24	4.89	4.87	4.97	4.97

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Public safety										
Citations:										
Traffic	2,153	2,556	2,772	2,584	1,735	1,875	2,460	2,451	2,845	2,239
Criminal	74	157	248	159	258	261	227	313	458	424
Parking	922	1,094	532	541	334	312	455	635	558	741
City ordinance/non-traffic	189	100	68	53	69	72	46	81	125	38
Impound hearing	1	1	1	1	-	-	-	-	-	-
Culture and recreation										
Library volunteer hours	5,803	5,896	6,353	6,254	5,588	5,972	6,005	4,580	5,107	4,015
Library - average items circulated per capita	25.75	28.65	28.58	30.87	29.04	27.02	25.78	24.91	25.47	23.51
Community development										
Residential building permits issued	67	54	52	38	96	56	56	33	45	57
Land use applications processed	-	-	131	101	103	117	108	105	101	129
Business-type activities: ¹										
Water										
Service connections	8,322	8,428	8,514	8,592	8,698	8,716	8,773	8,850	8,852	8,920
Average daily consumption (in thousands of gallons)	2,445	2,550	2,718	2,665	2,598	2,620	2,635	3,427	3,450	2,726
Sanitary sewer										
Service connections	5,412	5,392	5,404	5,502	5,495	5,509	5,525	8,672	8,675	8,678
Average daily sewage treatment (in thousands of gallons)	5,200	5,314	4,957	5,012	5,050	5,079	5,085	5,172	5,185	5,170

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

<u>Function/Program</u>	<u>2017</u>	<u>2008</u>
Governmental activities:		
General government		
City-owned building facilities	8	5
Public safety		
Police stations	1	1
Patrol units	13	10
Culture and recreation		
Park and open space acreage	608	620
Baseball/softball fields	7	2
Community development		
Value of new building construction (in thousands)	\$57,362	\$50,772
Highways and streets		
Miles of streets	215	102
Miles of bikeways	70 *	70
Surface water catch basins	2,900	2,300
Miles of sidewalk	120 *	90
Business-type activities:		
Water		
Water mains (miles)	121	214
Maximum daily capacity (in thousands of gallons)	6,500	16,000
Sanitary sewer		
Sanitary sewer (miles)	145	186
Maximum daily treatment capacity (in thousands of gallons)	7,500	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 Merina & Company, LLP is contained in this section:

- Independent Auditor's Report Required by Oregon State Regulations

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH OREGON STATE REGULATION**

Honorable Mayor and City Council
City of West Linn, Oregon

We have audited the basic financial statements of the City of West Linn, Oregon, as of and for the year ended June 30, 2017 and have issued our report thereon dated November 30, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of West Linn, Oregon'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 the Oregon Administrative Rules 162 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:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials. The City does not have any elected officials collecting or receiving money.

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. In connection with our testing, nothing came to our attention that caused us to believe the City of West Linn, Oregon was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows:

1. Deficit fund balance in the Parks and Recreation Fund of \$511,308
2. Deficit fund balance in the Building Inspections Fund of \$1,800

OAR 162-10-0230 Internal Control

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina & Company, LLP
West Linn, Oregon
November 30, 2017



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

Biennial Budget

Five Year Financial Forecast

Six Year Capital Improvement Plan

Budget Overview

FY 2017 Comprehensive Annual Financial Report

FY 2017 Popular Annual Financial Report

FY 2018 Comprehensive Annual Financial Report

FY 2018 Popular Annual Financial Report

Five Year Financial Forecast

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West Linn Sustainability
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