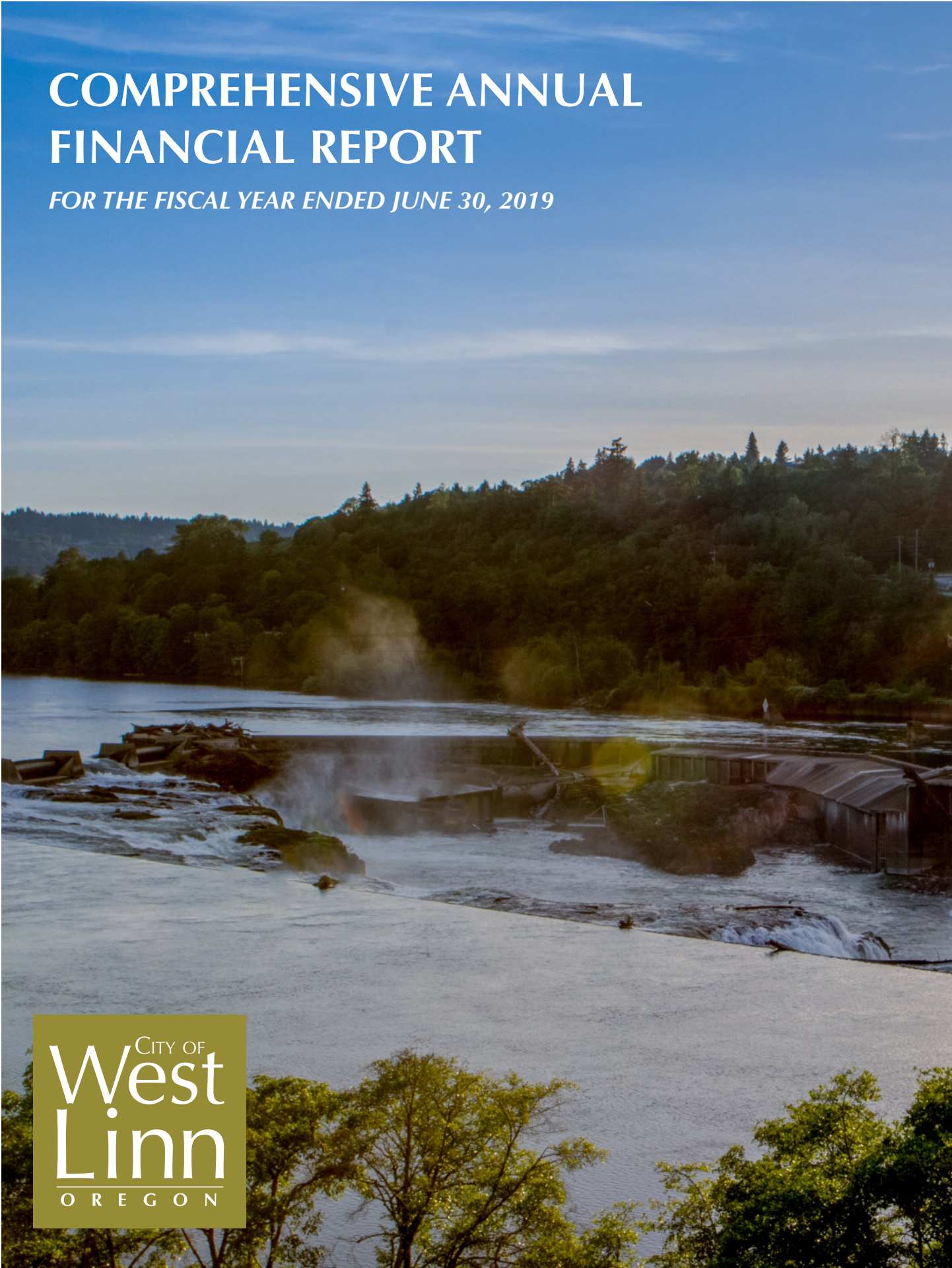


COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019



CITY OF WEST LINN, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2019

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, 2019

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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 25, 2019

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, 2019 is hereby submitted.

This report presents the financial position of the City as of June 30, 2019 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, 2019. 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 25,830. 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 employers are West Linn Wilsonville School District and Safeway Inc.

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 15 percent of annual operating expenses per fund.

Along with the adoption of the 2018-2019 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, 2018, a five percent rate increase for water, sewer, and surface water management fees was approved. Effective July 1, 2018, a five percent rate increase was approved for the parks and residential street fees. Effective January 1, 2019, 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 \$27.4 million outstanding in three general obligation bond issues and \$5.0 million outstanding in two full faith and credit obligations, for a total of \$32.4 million in long-term debt outstanding as of June 30, 2019.

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. The City maintained this rating in the August 2018 review.

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. The City maintained this rating in the August 2018 review.

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 2018-2019 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: citizen engagement, economic development, fiscal sustainability, planning/community development, transportation, and utilities.

The Citizens' Budget Committee continued with biennial budgeting and approved the City's fifth 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, 2019, the actual results reflect the second year of the biennium. Additionally, the City's Audit Committee, consisting of Councilors Bill Relyea 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, 2018. This was the tenth 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, 2017. 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 will continue to submit future budgets to GFOA for the 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, 2018

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.



Executive Director/CEO

CITY OF WEST LINN, OREGON
Elected and Appointed Officials

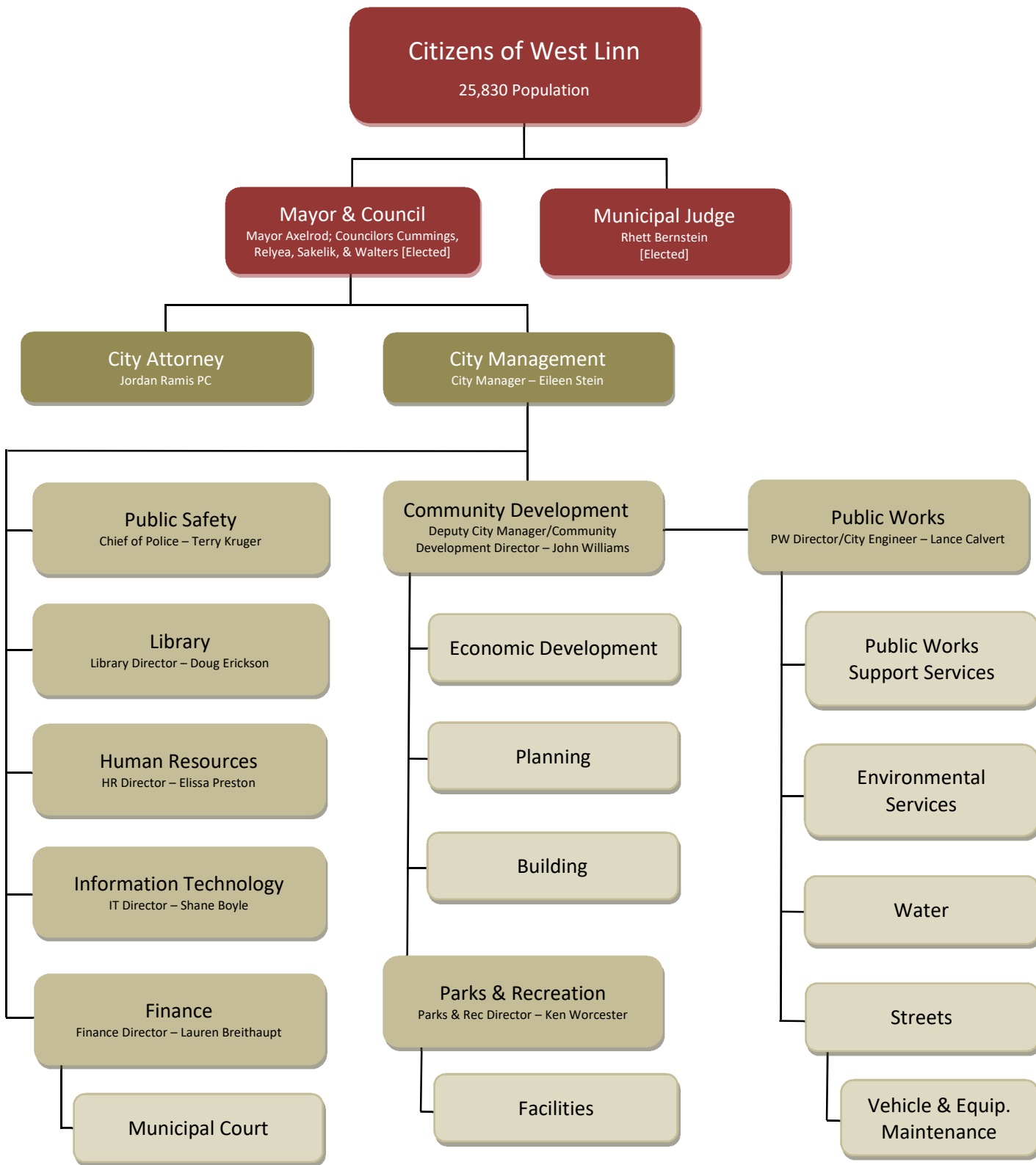
Elected Officials	Term Expires
Russ Axelrod, Mayor	December 31, 2020
Teri Cummings, Council President	December 31, 2020
Bill Relyea, Councilor	December 31, 2022
Richard Sakelik, Councilor	December 31, 2020
Jules Walters, Councilor	December 31, 2022
Rhett Bernstein, Municipal Court Judge	December 31, 2022

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

Management Team:

Shane Boyle	Information Tech. Director
Lauren Breithaupt, CPA	Finance Director
Lance Calvert, PE	Public Works Director
Doug Erickson	Library Director
Terry Kruger	Chief of Police
Kathy Mollusky, CMC	City Recorder
Elissa Preston	Human Resources Director
John Williams	Deputy City Manager/Comm. 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:	
Bill Relyea, Councilor	December 31, 2021
Richard Sakelik, Councilor	December 31, 2020
Citizen Member:	
Nathan Reagan, CPA	December 31, 2021

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**CITY OF WEST LINN, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

SECTION II

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The 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 City of West Linn, Oregon, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City of West Linn, Oregon's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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 City of West Linn, Oregon, as of June 30, 2019, 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.

Change in Accounting Principle

As discussed in Note 3 to the financial statements, the City of West Linn adopted new accounting guidance, GASB Statement No. 87, *Leases* and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. Our opinion is not modified with respect to this matter.

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 changes in the City's total OPEB liability and related ratios, the schedule of the City's proportionate share of the net OPEB (asset)/liability, schedule of funding progress – other postemployment benefits plan, schedule of the City's proportionate share of the net pension (asset)/liability, and schedule of City pension plan contributions, as listed in the table of contents under required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The schedule of revenues, expenditures and changes in fund balance – budget and actual, 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.

Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of West Linn, Oregon's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other 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 section, 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 25, 2019 on our consideration of 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 solely 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 the effectiveness of the City of West Linn, Oregon's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of 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 25, 2019, on our consideration of 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+Co
Tualatin, Oregon
November 25, 2019

CITY OF WEST LINN, OREGON

Management's Discussion and Analysis

For the fiscal year ended June 30, 2019

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, 2019. 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

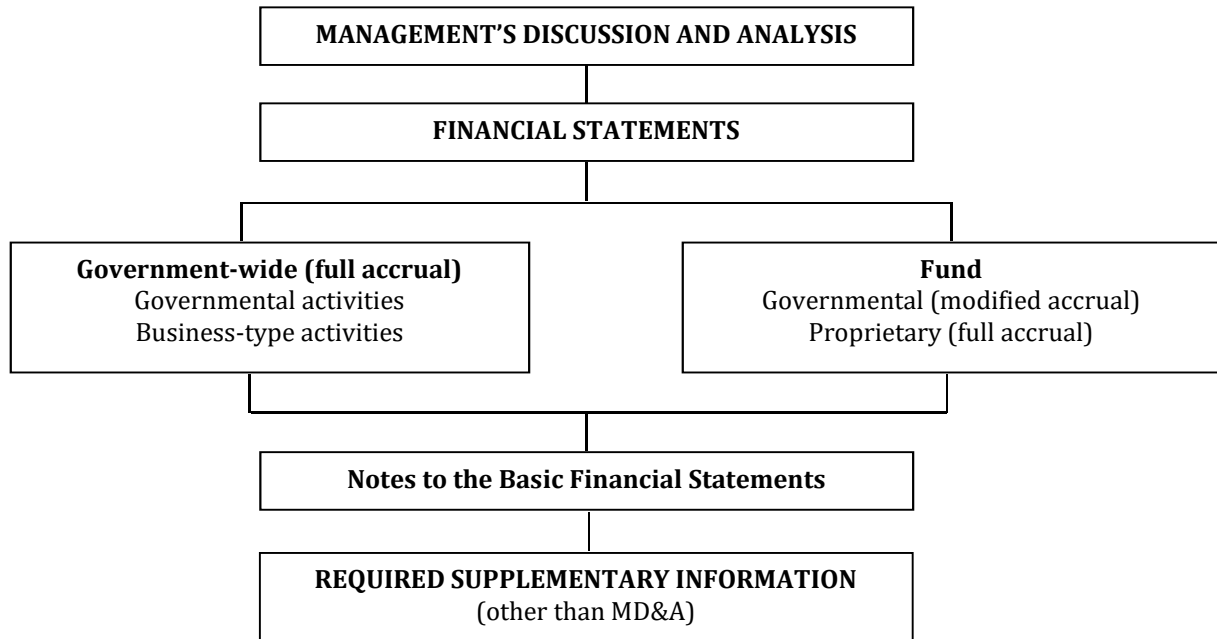
- The City's assets and deferred outflows of resources totaled \$346.1 million at June 30, 2019, consisting of \$285.7 million in capital assets, \$34.1 million in unrestricted cash and investments, \$5.5 million in restricted cash and investments, and \$10.4 million in investment in joint venture, other assets and deferred outflows of resources. Total assets and deferred outflows of resources increased by \$27.0 million from the previous fiscal year.
- The City's liabilities and deferred inflows of resources totaled \$54.8 million at June 30, 2019 consisting of \$49.9 million in long-term liabilities and \$3.3 million in accounts payable and other liabilities, and \$1.5 million in deferred inflows related to pensions and other postemployment benefits.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$291.3 million at the close of fiscal year 2018-19. Unrestricted net position totaled \$14.6 million with the remainder of the City's net position invested in capital assets (\$252.7 million) and restricted for endowment, capital projects and debt service (\$24.0 million).
- For its governmental activities, the City generated \$14.9 million in charges for services, received \$4.6 million in operating and capital grants and contributions, and \$1.9 million in capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$30.2 million for the year, resulting in a net direct expense of \$8.7 million. \$11.7 million of general revenues received resulted in a change in net position of \$3.0 million.
- For its business-type activities, the City generated \$11.7 million in charges for services and capital grants and contributions to fund direct expenses of \$8.2 million.
- Fund balance in the City's governmental funds was \$33.5 million at June 30, 2019, an increase of \$21.8 million from June 30, 2018.

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 \$290.2 million at June 30, 2019.

By far, the largest portion of the City’s net position (90 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	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 36.6	\$ 14.7	\$ 18.0	\$ 15.0	\$ 54.6	\$ 29.7
Capital assets	240.4	239.3	45.3	44.9	285.7	284.2
Total assets	277.0	254.0	63.3	59.9	340.3	313.9
Deferred outflows of resources	5.3	4.7	0.5	0.5	5.8	5.2
Long-term liabilities	46.2	26.3	3.8	3.8	50.0	30.1
Other liabilities	2.2	2.3	1.1	1.0	3.3	3.3
Total liabilities	48.4	28.6	4.9	4.8	53.3	33.4
Deferred inflows of resources	1.3	0.7	0.1	0.1	1.4	0.8
Net position:						
Net investment in capital assets	209.4	227.1	43.3	42.7	252.7	269.8
Restricted for:						
Library endowment	0.2	0.2	-	-	0.2	0.2
Debt service	0.3	0.2	-	-	0.3	0.2
Building operations	0.1	0.1	-	-	0.1	0.1
Capital projects	23.5	4.7	-	-	23.5	4.7
Unrestricted	(1.0)	(2.8)	15.6	12.7	14.6	9.9
Total net position	\$ 232.5	\$ 229.5	\$ 58.9	\$ 55.4	\$ 291.4	\$ 284.9

A portion of the City’s net position (\$24.0 million or about eight percent) represents resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net position* (\$13.8 million or about five percent) may be used to meet the City’s ongoing obligations to citizens and creditors.

As of June 30, 2019, 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 \$6.5 million during the fiscal year. The City issued \$20 million dollars of General Obligation (G.O.) Debt at a premium and began many capital projects, which account for the 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:

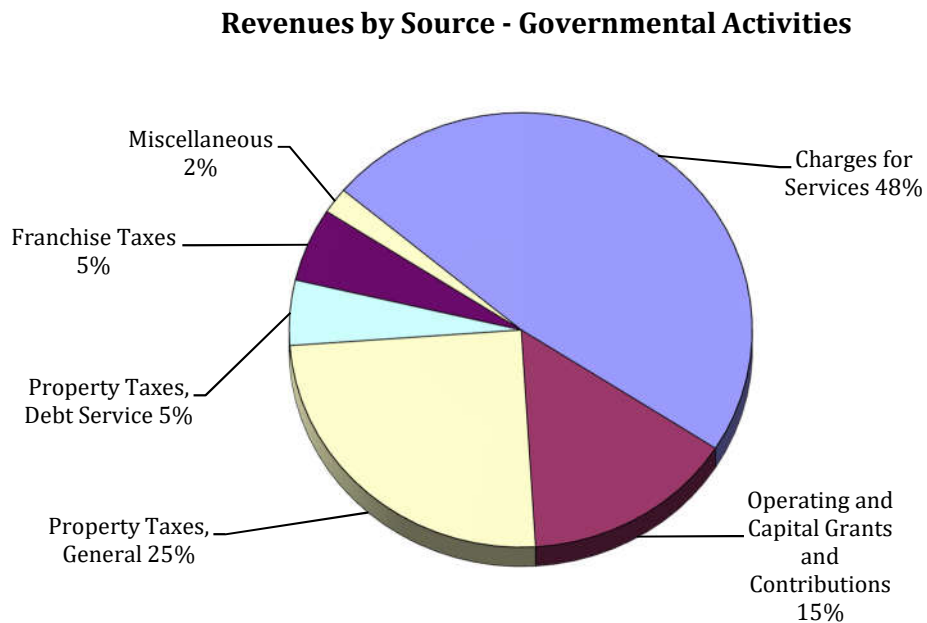
Table 2 – Changes in Net Position (in millions)

	Governmental Activities		Business-type Activities		Total	
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
Revenues						
Program revenues						
Charges for services	\$ 14.9	\$ 15.2	\$ 10.0	\$ 8.9	\$ 24.9	\$ 24.1
Operating grants and contributions	4.6	5.0	-	-	4.6	5.0
Capital grants and contributions	1.9	0.5	1.7	0.6	3.6	1.1
General revenues						
Property taxes	9.2	9.0	-	-	9.2	9.0
Franchise taxes	1.7	1.7	-	-	1.7	1.7
Grants and contributions not restricted to specific programs	0.2	0.2	-	-	0.2	0.2
Intergovernmental	-	-	-	-	-	-
Miscellaneous	0.6	-	-	-	0.6	-
Total revenues	<u>33.1</u>	<u>31.6</u>	<u>11.7</u>	<u>9.5</u>	<u>44.8</u>	<u>41.1</u>
Expenses						
Governmental activities						
General government	8.4	9.8	-	-	8.4	9.8
Culture and recreation	7.9	7.5	-	-	7.9	7.5
Public safety	8.8	8.7	-	-	8.8	8.7
Highways and streets	4.2	4.4	-	-	4.2	4.4
Interest on long-term debt	0.8	0.4	-	-	0.8	0.4
Business-type activities						
Water	-	-	4.7	4.2	4.7	4.2
Environmental services	-	-	3.5	3.4	3.5	3.4
Total expenses	<u>30.1</u>	<u>30.8</u>	<u>8.2</u>	<u>7.6</u>	<u>38.3</u>	<u>38.4</u>
Change in net position before transfers	3.00	0.80	3.5	1.90	6.5	2.7
Transfers	-	-	-	-	-	-
Change in net position	<u>3.0</u>	<u>0.8</u>	<u>3.5</u>	<u>1.9</u>	<u>6.5</u>	<u>2.7</u>
Net position - beginning	229.5	228.7	55.4	53.5	284.9	282.2
Net position - ending	<u>\$ 232.5</u>	<u>\$ 229.5</u>	<u>\$ 58.9</u>	<u>\$ 55.4</u>	<u>\$ 291.4</u>	<u>\$ 284.9</u>

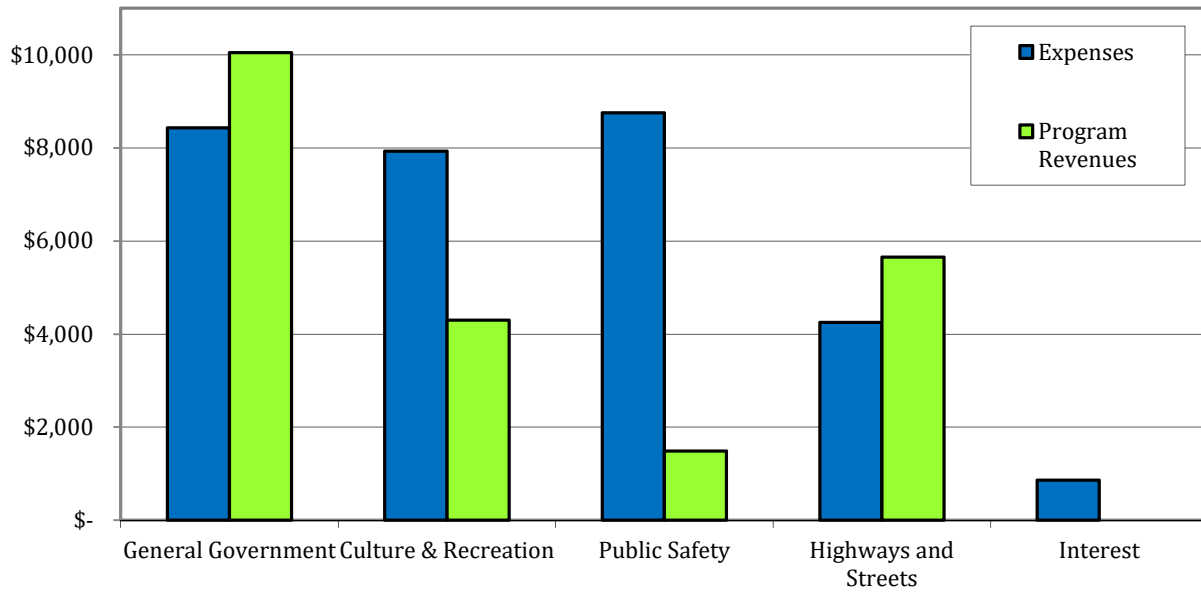
Governmental Activities

Governmental activities increased the City's net position by \$3.0 million in fiscal year 2018-19, as compared to an increase of \$0.8 million in the prior fiscal year. Revenue increased by \$1.5 from the prior year and expenses, excluding transfers, decreased by \$0.7 million. Key elements of these changes, as illustrated in Table 2 above, are primarily the results of an increase to capital grants and contributions due to developer contributed capital.

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.



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

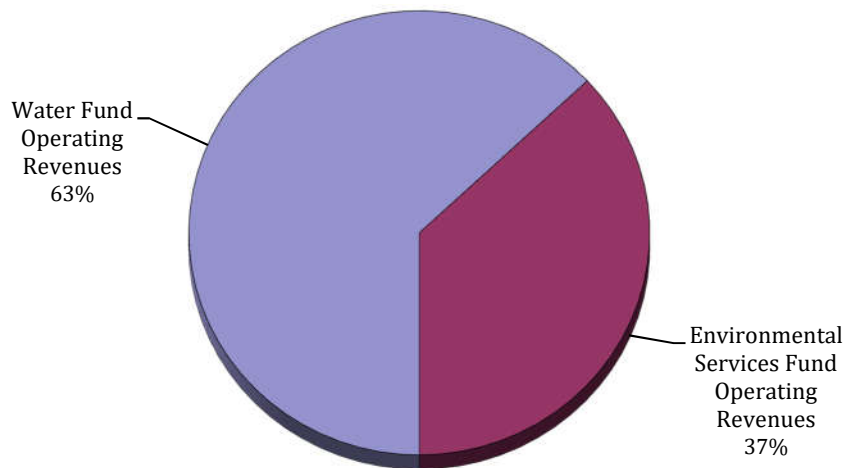


Business-type Activities

Water fund revenues represent approximately 63 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 37 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, 2019, the City's governmental funds reported a combined ending fund balance of \$33.5 million, an increase of \$21.8 million when compared to the prior year. Unassigned fund balance combined with committed fund balance as of June 30, 2019, was \$3.0 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, 2019, total fund balance was \$3.2 million, reflecting an increase of \$1.0 million from the prior year. Within the general fund ending balance, \$3.0 million is considered unassigned. The City's general fund continues to be funded with charges for services from other funds, including the three special revenue funds receiving property tax revenues: public safety, parks and recreation, and library. General fund revenues increased from \$7.9 million the prior year to \$8.0 million. Expenditures in the general fund decreased by \$1.7 million from \$8.7 million in the prior year to \$7.0 million in the current year. The key component of this increase was due to transfers to other funds.

Public Safety Fund

This special revenue fund accounts for police, 911 dispatch, and overall safety activities within city limits. Revenues decreased to \$7.5 million from \$8.5 million in the prior year attributed to a decrease in transfers from the general fund and a decrease in intergovernmental revenue. Expenditures in the public safety fund increased from prior year \$7.3 million to \$7.4 million.

Parks and Recreation Fund

This special revenue fund is used to account for funding parks and recreation programs throughout the City. Overall revenues decreased to \$4.0 million in the current year from \$4.7 in the prior year. Overall expenditures decreased to \$3.7 million resulting in an overall fund balance increase of \$0.3 million. The decrease in revenues was due to the decrease in intergovernmental revenue from the CedarOak Boat Ramp grant that was received in the prior year. 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 \$2.8 million in the current year from \$2.7 million in the prior year attributed to an increase in property taxes. Overall expenditures stayed consistent at \$2.6 million. Overall fund balance increased slightly to \$0.6 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 to \$4.0 million from \$4.2 million in the prior year due to a reimbursement for paving in the prior year. Overall street expenditures decreased to \$2.7 million from \$3.8 million in the prior year due to the timing of planned capital improvements.

The street fund had an overall increase in fund balance of \$1.3 million for the fiscal year ended June 30, 2019.

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 increased to \$0.9 million from \$0.7 million in the prior year. Expenditures in the systems development charges fund decreased to \$0.8 million from \$0.9 million. Major projects included street improvements and parks projects.

City Facilities, Parks and Transportation Bond Fund

This capital projects fund was created in fiscal year 2019 to track spending related to the G.O. Bond issuance in August 2018. Revenues include investment earnings and expenditures include costs to issue debt and capital projects related to City Facilities, Parks, and Transportation.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. The original appropriated budget was adjusted as shown below during the fiscal year. The final appropriated budget amounts to \$18.9 million, which includes \$1.9 million for contingencies.

General Fund Appropriated Budget	Original Budget	Final Budget	Difference
Expenditures	\$ 14,856,000	\$ 14,907,000	\$ 51,000
Transfers to other funds	3,225,000	2,070,000	(1,155,000)
Contingency	823,000	1,927,000	1,104,000
	<u>\$ 18,904,000</u>	<u>\$ 18,904,000</u>	<u>\$ -</u>

Final budgeted revenues compared to actual revenues. The most significant difference 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 2018 Actual Revenues	FY 2019 Estimated Revenues	FY 2019 Actual Revenues	Difference
Muni Court Fines	\$ 1,151,000	\$ (429,386)	\$ 721,614	\$ 376,802	\$ (344,812)

Revenues from muni court fines have come in below our second year estimates by \$345,000 or about 30 percent. This is due to a decrease in the volume of tickets processed through our court system.

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

General Fund Estimated Expenditures	Biennium Estimated Expenditures	Less FY 2018 Actual Expenditures	FY 2019 Estimated Expenditures	FY 2019 Actual Expenditures	Difference
Public Works Support	2,528,000	(1,101,385)	1,426,615	1,062,423	364,192
Finance	1,536,000	(632,997)	903,003	644,520	258,483

Expenditures in the Public Works Support Services department of the general fund came in \$364,000 under second year estimates. Expenditures in the Finance department of the general fund came in \$258,000 under second year estimates. These variance are all both due to changes in personnel and vacancies.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2019, the City had invested \$285.7 million in capital assets, net of depreciation as reflected in the following table. This represents a net increase (additions, deductions and depreciation) of \$1.5 million in fiscal year 2018-19. Governmental capital assets totaled \$240.4 million while business-type capital assets totaled \$45.3 million.

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land and easements	\$ 192.9	\$ 192.9	\$ 0.5	\$ 0.5	\$ 193.4	\$ 193.4
Buildings and improvements	24.0	24.1	0.4	0.4	24.4	24.5
Vehicles and equipment	2.1	2.1	1.0	0.9	3.1	3.0
Infrastructure	18.9	18.2	43.1	42.4	62.0	60.6
Construction in progress	2.5	2.0	0.3	0.7	2.8	2.7
Capital assets, net	<u>\$ 240.4</u>	<u>\$ 239.3</u>	<u>\$ 45.3</u>	<u>\$ 44.9</u>	<u>\$ 285.7</u>	<u>\$ 284.2</u>

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

Table 4
Change in Capital Assets
(in millions)

	Governmental Activities		Business-type Activities		Total	
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
Beginning balance	\$ 239.3	\$ 239.5	\$ 44.9	\$ 43.3	\$ 284.2	\$ 282.8
Additions	5.1	3.6	2.7	3.2	7.8	6.8
Reductions and adjustments	(0.1)	(0.1)	(0.5)	-	(0.6)	(0.1)
Depreciation	(3.9)	(3.7)	(1.8)	(1.6)	(5.7)	(5.3)
Ending balance	<u>\$ 240.4</u>	<u>\$ 239.3</u>	<u>\$ 45.3</u>	<u>\$ 44.9</u>	<u>\$ 285.7</u>	<u>\$ 284.2</u>

Assets utilized in governmental activities increased by a net \$1.1 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 \$32.4 million in long-term bonded debt obligations outstanding – an increase of one hundred and thirty 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>2019</u>	<u>2018</u>
Governmental Activities:		
General obligation bonds	\$ 27.4	\$ 8.4
Full faith and credit obligations	<u>3.0</u>	<u>3.5</u>
Sub-total	30.4	11.9
Business-type Activities:		
Water revenue bonds	-	-
Full faith and credit obligations	<u>2.0</u>	<u>2.2</u>
Total	<u>\$ 32.4</u>	<u>\$ 14.1</u>

During fiscal year 2018-19, \$20 million of general obligation bonds were issued to improve roads, parks and city facilities. With this bond issue which closed in August 2018, Standard and Poor’s maintained the City’s bond rating of 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 \$27.4 million in general obligation debt applicable to this limit is well below the City’s \$161.2 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 70 percent; therefore, real market values would have to decrease by approximately 30 percent before the City’s property tax revenues would be negatively impacted.

The largest resource used for governmental activities, at 45 percent, consisted of charges for service, including permits, licenses, recreation charges, and system development charges. Property tax revenue, the next largest revenue source, provided 28 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, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 28,561,465	\$ 5,504,906	\$ 34,066,371
Restricted cash and investments	5,487,884	-	5,487,884
Property taxes receivable	297,062	-	297,062
Accounts receivable, net of allowance	1,572,764	1,701,045	3,273,809
Loans Receivable	375,583	17,839	393,422
Lease Receivable	-	390,212	390,212
Prepaid expenses	197,432	-	197,432
Net OPEB asset	85,623	9,071	94,694
Capital assets not being depreciated:			
Land and easements	192,929,093	482,625	193,411,718
Construction in progress	2,464,523	311,924	2,776,447
Capital assets net of accumulated depreciation:			
Buildings and improvements	23,921,121	439,430	24,360,551
Vehicles and equipment	2,123,032	1,027,583	3,150,615
Infrastructure	18,918,821	43,048,110	61,966,931
Investment in joint venture	-	10,406,919	10,406,919
TOTAL ASSETS	276,934,403	63,339,664	340,274,067
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	35,975	2,746	38,721
Deferred outflows of resources - pension	5,097,112	540,040	5,637,152
Deferred outflows of resources - OPEB	126,325	13,384	139,709
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,259,412	556,170	5,815,582
LIABILITIES:			
Accounts payable	1,278,736	1,113,874	2,392,610
Accrued salaries and payroll taxes payable	350,332	23,116	373,448
Accrued interest payable	78,678	5,146	83,824
Deposits and other liabilities	485,124	-	485,124
Noncurrent liabilities:			
Due within one year	1,606,263	257,514	1,863,777
Due in more than one year	44,574,021	3,506,106	48,080,127
TOTAL LIABILITIES	48,373,154	4,905,756	53,278,910
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources - pension	1,243,281	131,725	1,375,006
Deferred inflows of resources - OPEB	97,670	10,348	108,018
TOTAL DEFERRED INFLOWS OF RESOURCES	1,340,951	142,073	1,483,024
NET POSITION:			
Net investment in capital assets	209,418,542	43,284,672	252,703,214
Restricted for:			
Library endowment, nonexpendable	157,300	-	157,300
Debt service	302,230	-	302,230
Building operations	67,894	-	67,894
Capital projects	23,495,766	-	23,495,766
Unrestricted	(962,022)	15,563,333	14,601,311
TOTAL NET POSITION	\$ 232,479,710	\$ 58,848,005	\$ 291,327,715

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, 2019

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	\$ 8,431,658	\$ 9,692,336	\$ 354,925	\$ -	\$ 1,615,603	\$ -	\$ 1,615,603
Culture and recreation	7,932,686	2,545,592	1,693,517	57,100	(3,636,477)	-	(3,636,477)
Public safety	8,752,012	781,483	707,489	-	(7,263,040)	-	(7,263,040)
Highways and streets	4,248,663	1,898,253	1,889,497	1,867,799	1,406,886	-	1,406,886
Interest on long-term debt	860,656	-	-	-	(860,656)	-	(860,656)
TOTAL GOVERNMENTAL ACTIVITIES	<u>30,225,675</u>	<u>14,917,664</u>	<u>4,645,428</u>	<u>1,924,899</u>	<u>(8,737,684)</u>	<u>-</u>	<u>(8,737,684)</u>
BUSINESS-TYPE ACTIVITIES:							
Water	4,731,906	6,262,332	-	428,680	-	1,959,106	1,959,106
Environmental services	3,517,855	3,750,187	-	1,241,908	-	1,474,240	1,474,240
TOTAL BUSINESS-TYPE ACTIVITIES	<u>8,249,761</u>	<u>10,012,519</u>	<u>-</u>	<u>1,670,588</u>	<u>-</u>	<u>3,433,346</u>	<u>3,433,346</u>
TOTAL ACTIVITIES	<u>\$ 38,475,436</u>	<u>\$ 24,930,183</u>	<u>\$ 4,645,428</u>	<u>\$ 3,595,487</u>	<u>(8,737,684)</u>	<u>3,433,346</u>	<u>(5,304,338)</u>
GENERAL REVENUES:							
Property taxes, levied for general purposes					7,691,413	-	7,691,413
Property taxes, levied for debt service					1,523,579	-	1,523,579
Franchise taxes					1,723,542	-	1,723,542
Grants and contributions not restricted to specific programs					186,729	-	186,729
Unrestricted investment earnings					570,027	40,624	610,651
TOTAL GENERAL REVENUES					<u>11,695,290</u>	<u>40,624</u>	<u>11,735,914</u>
CHANGE IN NET POSITION					2,957,606	3,473,970	6,431,576
NET POSITION - beginning					<u>229,522,104</u>	<u>55,374,035</u>	<u>284,896,139</u>
NET POSITION - ending					<u>\$ 232,479,710</u>	<u>\$ 58,848,005</u>	<u>\$ 291,327,715</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, 2019

	General Fund	Public Safety Fund	Parks and Recreation Fund	Library Fund	Street Fund	Systems Development Charges Fund	City Facilities, Parks, and Transportation Bond Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS:									
Cash and investments	\$ 3,737,664	\$ 1,564,402	\$ 563,569	\$ 430,897	\$ 2,838,028	\$ -	\$ 19,062,000	\$ 364,905	\$ 28,561,465
Restricted cash and investments	-	-	-	157,300	-	4,896,796	-	433,788	5,487,884
Property taxes receivable	-	170,130	44,771	32,832	-	-	-	49,329	297,062
Accounts receivable (net)	331,947	327,177	241,371	-	474,017	-	-	138,252	1,512,764
Loans receivable	4,603	-	-	-	39,412	331,568	-	-	375,583
Prepaid expenditures	197,432	-	-	-	-	-	-	-	197,432
TOTAL ASSETS	\$ 4,271,646	\$ 2,061,709	\$ 849,711	\$ 621,029	\$ 3,351,457	\$ 5,228,364	\$ 19,062,000	\$ 986,274	\$ 36,432,190
LIABILITIES:									
Accounts payable	\$ 383,729	\$ 16,801	\$ 118,525	\$ 10,255	\$ 147,937	\$ 31,099	\$ 414,806	\$ 95,584	\$ 1,218,736
Accrued salaries and payroll taxes	99,829	124,565	72,228	28,541	11,274	-	-	13,895	350,332
Deposits and other liabilities	324,305	-	3,375	-	121,738	-	17,126	18,580	485,124
TOTAL LIABILITIES	807,863	141,366	194,128	38,796	280,949	31,099	431,932	128,059	2,054,192
DEFERRED INFLOWS OF RESOURCES:									
Unavailable revenue - court fines	267,576	-	-	-	-	-	-	-	267,576
Unavailable revenue - bancroft loans	4,604	-	-	-	39,412	331,567	-	-	375,583
Unavailable revenue - property taxes	-	139,264	36,649	26,875	-	-	-	40,379	243,167
TOTAL DEFERRED INFLOWS	272,180	139,264	36,649	26,875	39,412	331,567	-	40,379	886,326
FUND BALANCES:									
Non-spendable	197,432	-	-	157,300	-	-	-	-	354,732
Restricted	-	-	-	-	-	4,865,698	18,630,068	370,124	23,865,890
Committed	-	1,781,079	618,934	398,058	3,031,096	-	-	447,712	6,276,879
Unassigned	2,994,171	-	-	-	-	-	-	-	2,994,171
TOTAL FUND BALANCES	3,191,603	1,781,079	618,934	555,358	3,031,096	4,865,698	18,630,068	817,836	33,491,672
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,271,646	\$ 2,061,709	\$ 849,711	\$ 621,029	\$ 3,351,457	\$ 5,228,364	\$ 19,062,000	\$ 986,274	

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. 240,356,590

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

Deferred charge on refunding	\$ 35,975	
Deferred outflows of resources - pension	5,097,112	
Net OPEB benefit resource	85,623	
Deferred outflows of resources - OPEB	<u>126,325</u>	5,345,035

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	267,576	
Unavailable revenue - bancroft loans	375,583	
Unavailable revenue - property taxes	243,167	
Accrued compensated absences	(835,965)	
Accrued interest	(78,678)	
Net pension liability	(13,590,283)	
Long-term bonded debt obligations	(30,410,000)	
Bond premium	(528,048)	
Deferred inflows of resources - pension	(1,243,281)	
Deferred inflows of resources - OPEB	(97,670)	
Net other postemployment benefit obligations	<u>(815,988)</u>	(46,713,587)

Net position of governmental activities \$ 232,479,710

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

CITY OF WEST LINN, OREGON

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Public Safety Fund	Parks and Recreation Fund	Library Fund	Street Fund	Systems Development Charges Fund	City Facilities, Parks, and Transportation Bond Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES:									
Property taxes	\$ -	\$ 5,418,966	\$ 1,446,043	\$ 1,070,198	\$ -	\$ -	\$ -	\$ 1,571,183	\$ 9,506,390
Intergovernmental	57,045	647,489	-	1,693,517	1,889,497	-	-	297,880	4,585,428
Franchise taxes	-	1,380,758	-	-	128,836	-	-	213,948	1,723,542
Fines and forfeitures	376,802	13,174	-	39,171	-	-	-	-	429,147
Licenses and permits	185,082	37,320	-	-	-	-	-	703,662	926,064
Charges for services	7,279,000	-	2,506,421	-	1,898,253	-	-	585,619	12,269,293
Systems development charges	-	-	-	-	-	889,965	-	-	889,965
Investment earnings	44,995	24,288	6,896	6,459	19,017	50,888	417,484	-	570,027
Miscellaneous	55,736	12,752	28,751	9,178	70,129	-	-	10,183	186,729
TOTAL REVENUES	7,998,660	7,534,747	3,988,111	2,818,523	4,005,732	940,853	417,484	3,382,475	31,086,585
EXPENDITURES:									
Current:									
General government	6,531,442	-	-	-	-	106,693	423,923	827,116	7,889,174
Cultural and recreation	-	-	3,678,971	2,632,901	-	-	-	-	6,311,872
Public safety	-	7,246,497	-	-	-	-	-	777,468	8,023,965
Highways and streets	-	-	-	-	1,956,229	-	-	-	1,956,229
Debt service:									
Principal	350,000	-	25,000	-	100,000	-	-	945,000	1,420,000
Interest	53,228	-	10,084	-	40,338	-	-	704,218	807,868
Capital outlay	44,953	185,795	13,425	10,767	632,645	668,722	1,610,115	-	3,166,422
TOTAL EXPENDITURES	6,979,623	7,432,292	3,727,480	2,643,668	2,729,212	775,415	2,034,038	3,253,802	29,575,530
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,019,037	102,455	260,631	174,855	1,276,520	165,438	(1,616,554)	128,673	1,511,055
OTHER FINANCING SOURCES (USES):									
General obligation bonds issued	-	-	-	-	-	-	20,000,000	-	20,000,000
Bond premium on issuance of debt	-	-	-	-	-	-	246,622	-	246,622
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	20,246,622	-	20,246,622
NET CHANGE IN FUND BALANCES	1,019,037	102,455	260,631	174,855	1,276,520	165,438	18,630,068	128,673	21,757,677
FUND BALANCES - beginning	2,172,566	1,678,624	358,303	380,503	1,754,576	4,700,260	-	689,163	11,733,995
FUND BALANCES - ending	\$ 3,191,603	\$ 1,781,079	\$ 618,934	\$ 555,358	\$ 3,031,096	\$ 4,865,698	\$ 18,630,068	\$ 817,836	\$ 33,491,672

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, 2019

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

Net change in fund balances - total governmental funds (page 31)		\$ 21,757,677
<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	\$ 3,166,422	
Depreciation expense	<u>(3,951,367)</u>	(784,945)
The net effect of transactions involving capital assets (i.e., sales, trade-ins, donations, and transfers) is to decrease net position.		1,885,886
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		111,801
<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>		
Proceeds from bonds issued	(20,000,000)	
Plus bond premium	(246,622)	
Deferred charge on refunding	50,367	
Principal repayments on long-term bonded debt	<u>1,420,000</u>	(18,776,255)
<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	(43,019)	
Accrued interest payable	(52,788)	
Net other postemployment benefit obligations	62,977	
Net pension liability	(1,205,513)	
Amortization of deferred charge on refunding	(53,965)	
Amortization of bond premium	<u>55,750</u>	<u>(1,236,558)</u>
Change in net position of governmental activities (page 29)		<u>\$ 2,957,606</u>

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

CITY OF WEST LINN, OREGON

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2019

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
ASSETS:			
Current assets:			
Cash and investments	\$ 2,372,655	\$ 3,132,251	\$ 5,504,906
Accounts receivable, net of allowance for doubtful accounts	803,754	897,291	1,701,045
Lease receivable	390,212	-	390,212
Loans receivable	570	1,290	1,860
Total current assets	<u>3,567,191</u>	<u>4,030,832</u>	<u>7,598,023</u>
Noncurrent assets:			
Net OPEB asset	4,354	4,717	9,071
Capital assets not being depreciated	362,540	432,009	794,549
Capital assets, net of accumulated depreciation	22,626,844	21,888,279	44,515,123
Loans receivable	4,895	11,084	15,979
Investment in joint venture	10,406,919	-	10,406,919
Total noncurrent assets	<u>33,405,552</u>	<u>22,336,089</u>	<u>55,741,641</u>
TOTAL ASSETS	<u>36,972,743</u>	<u>26,366,921</u>	<u>63,339,664</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	2,746	-	2,746
Deferred outflows of resources - pension	259,219	280,821	540,040
Deferred outflows of resources - OPEB	6,424	6,960	13,384
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>268,389</u>	<u>287,781</u>	<u>556,170</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	455,085	658,789	1,113,874
Accrued salaries and payroll taxes payable	12,963	10,153	23,116
Accrued compensated absences payable	22,100	20,414	42,514
Accrued interest payable	5,146	-	5,146
Bonds payable - due within one year	215,000	-	215,000
Total current liabilities	<u>710,294</u>	<u>689,356</u>	<u>1,399,650</u>
Noncurrent liabilities:			
Bonds payable	1,933,703	-	1,933,703
Net pension liability	691,148	748,744	1,439,892
Accrued compensated absences payable	23,942	22,115	46,057
Net other postemployment benefit obligations	41,498	44,956	86,454
Total noncurrent liabilities	<u>2,690,291</u>	<u>815,815</u>	<u>3,506,106</u>
TOTAL LIABILITIES	<u>3,400,585</u>	<u>1,505,171</u>	<u>4,905,756</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources - pension	63,228	68,497	131,725
Deferred inflows of resources - OPEB	4,967	5,381	10,348
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>68,195</u>	<u>73,878</u>	<u>142,073</u>
NET POSITION:			
Net investment in capital assets	20,964,384	22,320,288	43,284,672
Unrestricted	<u>12,807,968</u>	<u>2,755,365</u>	<u>15,563,333</u>
TOTAL NET POSITION	<u>\$ 33,772,352</u>	<u>\$ 25,075,653</u>	<u>\$ 58,848,005</u>

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

CITY OF WEST LINN, OREGON

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 5,333,482	\$ 3,616,755	\$ 8,950,237
Systems development charges	34,560	61,140	95,700
Other operating revenues	117,568	72,292	189,860
TOTAL OPERATING REVENUES	5,485,610	3,750,187	9,235,797
OPERATING EXPENSES:			
Salaries and wages	721,913	689,851	1,411,764
Materials and supplies	2,940,318	1,747,967	4,688,285
Depreciation	830,131	1,064,949	1,895,080
TOTAL OPERATING EXPENSES	4,492,362	3,502,767	7,995,129
OPERATING INCOME	993,248	247,420	1,240,668
NONOPERATING INCOME (EXPENSE):			
Net gain on investment in joint venture	776,722	-	776,722
Loss on disposal of capital assets	(173,392)	(15,088)	(188,480)
Interest income	18,630	21,994	40,624
Interest expense	(66,152)	-	(66,152)
TOTAL NONOPERATING INCOME (EXPENSE)	555,808	6,906	562,714
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,549,056	254,326	1,803,382
CAPITAL CONTRIBUTIONS	428,680	1,241,908	1,670,588
CHANGE IN NET POSITION	1,977,736	1,496,234	3,473,970
NET POSITION - beginning	31,794,616	23,579,419	55,374,035
NET POSITION - ending	\$ 33,772,352	\$ 25,075,653	\$ 58,848,005

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, 2019

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users of services	\$ 5,029,365	\$ 3,710,520	\$ 8,739,885
Payments to suppliers for goods and services	(2,816,555)	(1,759,693)	(4,576,248)
Payments to employees for services	(694,755)	(612,651)	(1,307,406)
NET CASH FROM OPERATING ACTIVITIES	<u>1,518,055</u>	<u>1,338,176</u>	<u>2,856,231</u>
CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid on capital debt	(217,732)	-	(217,732)
Interest paid on capital debt	(65,548)	-	(65,548)
Acquisition and construction of capital assets	(303,455)	(505,264)	(808,719)
NET CASH FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(586,735)</u>	<u>(505,264)</u>	<u>(1,091,999)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest earnings received on investments	18,630	21,994	40,624
NET INCREASE IN CASH AND INVESTMENTS	949,950	854,906	1,804,856
CASH AND INVESTMENTS - beginning	<u>1,422,705</u>	<u>2,277,345</u>	<u>3,700,050</u>
CASH AND INVESTMENTS - ending	<u>\$ 2,372,655</u>	<u>\$ 3,132,251</u>	<u>\$ 5,504,906</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:			
Operating income	\$ 993,248	\$ 247,420	\$ 1,240,668
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation expense	830,131	1,064,949	1,895,080
Pension expense (income)	61,307	66,416	127,723
Decrease (increase) in accounts receivable	(60,568)	(27,293)	(87,861)
Decrease (increase) in lease receivable	(390,212)	-	(390,212)
Decrease (increase) in loans receivable	(5,465)	(12,374)	(17,839)
Increase (decrease) in accounts payable	125,006	(10,861)	114,145
Increase (decrease) in accrued salaries and payroll taxes payable	2,155	(1,116)	1,039
Increase (decrease) in accrued compensated absences payable	(14,678)	6,815	(7,863)
Increase (decrease) in net other postemployment benefit obligations	(22,869)	4,220	(18,649)
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 1,518,055</u>	<u>\$ 1,338,176</u>	<u>\$ 2,856,231</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Contributions of capital assets	\$ 428,680	\$ 1,241,908	\$ 1,670,588

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, 2019

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.

- *City Facilities, Parks, and Transportation Bond Fund*
This fund accounts for bond proceeds used for the acquisition of land and improvements.

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.

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 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), the City's net OPEB (asset)/liability, deferred inflows and outflows related to OPEB, and OPEB expense have been determined on the basis reported by Oregon Public Employees Retirement System (OPERS).

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 three types of deferred outflows that qualifies for reporting in this category. They relate to deferred charge on refundings, the City's pension plan consisting of employer contributions to OPERS after the measurement date, and the City's OPEB plans consisting of employer contribution 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 three 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, deferred inflows of resources related to the City's pension plan and City's OPEB plans are 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. Interest is spent immediately and therefore, no there are no available amounts at year end. 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, 2019, the City's cash and investments were comprised of the following:

Cash on hand	\$ 1,375
Deposits with financial institutions	5,877,813
Oregon State Treasurer's Local Government Investment Pool	<u>33,675,067</u>
Total cash and investments	<u>\$ 39,554,255</u>

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and investments	\$ 28,561,465	\$ 5,504,906	\$ 34,066,371
Restricted cash and investments	<u>5,487,884</u>	<u>-</u>	<u>5,487,884</u>
Total cash and investments	<u>\$ 34,049,349</u>	<u>\$ 5,504,906</u>	<u>\$ 39,554,255</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 \$5,877,813 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, 2019, 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, 2019, 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	\$ 4,196,443
Allowance for uncollectible accounts	<u>(139,000)</u>
Total accounts receivable	<u>\$ 4,057,443</u>
Accounts receivable - governmental activities	\$ 1,948,347
Accounts receivable - business-type activities	<u>2,109,096</u>
Total accounts receivable	<u>\$ 4,057,443</u>

Leases and Loans Receivable

The City of West Linn has lease agreements with cellular phone companies to lease a water tower as a site for cellular antennas. The initial term of the leases were five years with options to extend the leases for four to five additional five year terms. Rental income of approximately \$118,000 for the fiscal year ended June 30, 2019, is reported in other operating revenues in the Water Fund.

Future minimum rentals related to the leases are as follows:

2020	\$ 121,962
2021	126,741
2022	47,702
2023	45,984
2024	<u>47,823</u>
Total	<u>\$ 390,212</u>

The City of West Linn entered into a master agreement with a real estate developer to defer System Development Charges (SDCs) on newly developed properties within City limits. At the time the SDCs are due, the developer enters into a loan agreement with the City to defer the total SDCs over a period of a period of ten years in accordance with West Linn Municipal Code 4.445 and ORS 223.205 – 223.295 (the “Bancroft Bonding Act”). Liens are placed on each property for the total amount due. Payments are due to the City semi-annually, and the interest rate on each loan is the prime rate plus 1.0 percent at the time the loan is established. As of June 30, 2019, the City had four outstanding loan agreements with the developer.

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 \$776,722 from a net gain in fiscal year 2018-19. 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 \$10.4 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, 2019, was as follows:

	Beginning balance as of <u>June 30, 2018</u>	Additions	Reductions and adjustments	Ending balance as of <u>June 30, 2019</u>
Governmental activities:				
Capital assets not being depreciated:				
Land and easements	\$ 192,929,093	\$ -	\$ -	\$ 192,929,093
Construction in progress	<u>1,935,096</u>	<u>2,650,124</u>	<u>(2,120,697)</u>	<u>2,464,523</u>
Total capital assets not being depreciated	<u>194,864,189</u>	<u>2,650,124</u>	<u>(2,120,697)</u>	<u>195,393,616</u>
Capital assets being depreciated:				
Buildings and improvements	41,114,918	136,453	1,009,898	42,261,269
Vehicles and equipment	3,814,470	364,436	(131,263)	4,047,643
Infrastructure	<u>67,832,480</u>	<u>1,935,760</u>	<u>1,110,799</u>	<u>70,879,039</u>
Total capital assets being depreciated	<u>112,761,868</u>	<u>2,436,649</u>	<u>1,989,434</u>	<u>117,187,951</u>
Less accumulated depreciation for:				
Buildings and improvements	(17,049,040)	(1,291,108)	-	(18,340,148)
Vehicles and equipment	(1,716,190)	(287,661)	79,240	(1,924,611)
Infrastructure	<u>(49,605,212)</u>	<u>(2,355,006)</u>	<u>-</u>	<u>(51,960,218)</u>
Total accumulated depreciation	<u>(68,370,442)</u>	<u>(3,933,775)</u>	<u>79,240</u>	<u>(72,224,977)</u>
Total capital assets being depreciated, net	<u>44,391,426</u>	<u>(1,497,126)</u>	<u>2,068,674</u>	<u>44,962,974</u>
Total capital assets, net	<u>\$ 239,255,615</u>	<u>\$ 1,152,998</u>	<u>\$ (52,023)</u>	<u>\$ 240,356,590</u>

	Beginning balance as of <u>June 30, 2018</u>	Additions	Reductions and adjustments	Ending balance as of <u>June 30, 2019</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 482,625	\$ -	\$ -	\$ 482,625
Construction in progress	<u>679,411</u>	<u>241,712</u>	<u>(609,199)</u>	<u>311,924</u>
Total capital assets not being depreciated	<u>1,162,036</u>	<u>241,712</u>	<u>(609,199)</u>	<u>794,549</u>
Capital assets being depreciated:				
Buildings and improvements	1,605,673	-	-	1,605,673
Vehicles and equipment	2,219,017	271,519	(136,576)	2,353,960
Infrastructure	<u>81,285,570</u>	<u>2,176,684</u>	<u>224,199</u>	<u>83,686,453</u>
Total capital assets being depreciated	<u>85,110,260</u>	<u>2,448,203</u>	<u>87,623</u>	<u>87,646,086</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,134,129)	(32,114)	-	(1,166,243)
Vehicles and equipment	(1,299,006)	(148,859)	121,488	(1,326,377)
Infrastructure	<u>(38,924,236)</u>	<u>(1,665,507)</u>	<u>(48,600)</u>	<u>(40,638,343)</u>
Total accumulated depreciation	<u>(41,357,371)</u>	<u>(1,846,480)</u>	<u>72,888</u>	<u>(43,130,963)</u>
Total capital assets being depreciated, net	<u>43,752,889</u>	<u>601,723</u>	<u>160,511</u>	<u>44,515,123</u>
Total capital assets, net	<u>\$ 44,914,925</u>	<u>\$ 843,435</u>	<u>\$ (448,688)</u>	<u>\$ 45,309,672</u>

Depreciation expense for governmental activities in the amount of \$3,933,774 and for business-type activities the amount of \$1,896,080 was charged to functions/programs as follows:

	Governmental Activities	Business-type Activities	Total
General government	\$ 121,678	\$ -	\$ 121,678
Culture and recreation	1,063,304	-	1,063,304
Public safety	285,757	-	285,757
Highways and streets	2,463,035	-	2,463,035
Water	-	830,131	830,131
Environmental services	-	1,064,949	1,064,949
Depreciation expense	<u>\$ 3,933,774</u>	<u>\$ 1,895,080</u>	<u>\$ 5,828,854</u>

Vehicle Lease Agreement

Prior to year-end, the City entered into a master leasing agreement with a fleet management company to lease vehicles for the City's operations. Under this agreement, the City leased three vehicles totaling \$89,000 subsequent to year-end. Each vehicle lease term is 60 months and the annual interest rate charged on each lease is 5.34%. The leases mature in August 2024.

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, 2019, 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):

	(Restated) Beginning balance as of June 30, 2018	Additions	Reductions	Ending balance as of June 30, 2019	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	\$ 280,000	\$ -	\$ (280,000)	\$ -	\$ -
Series 2010-A Library Refundings, interest at 2.0-3.0%, original issue of \$3,900,000, due 2021	1,070,000	-	(330,000)	740,000	355,000
Series 2012 Police Station, interest at 1.0-2.75%, original issue of \$8,500,000, due 2032	7,020,000	-	(335,000)	6,685,000	355,000
Series 2018 City Facilities, Parks, and Transportation, interest at 3.0-5.0%, original issue of \$20,000,000, due 2038	-	20,000,000	-	20,000,000	-
Full Faith and Credit obligations					
Series 2010-B City Hall Refunding, interest at 3.0-4.0%, original issue of \$4,300,000, due 2021	855,000	-	(275,000)	580,000	285,000
Series 2015 Streets/Parks Refunding, interest at 2.0-4.0%, original issue of \$2,625,000, due 2035	2,605,000	-	(200,000)	2,405,000	210,000
Plus: bond issuance premium	337,176	246,622	(55,750)	528,048	-
Long-term bonded debt obligations	12,167,176	20,246,622	(1,475,750)	30,938,048	1,205,000
Compensated absences	792,946	868,302	(825,283)	835,965	401,263
Net pension liability	12,547,297	1,042,986	-	13,590,283	-
Net other postemployment benefit obligations	814,005	1,983	-	815,988	-
Total governmental activities	<u>26,321,424</u>	<u>22,159,893</u>	<u>(2,301,033)</u>	<u>46,180,284</u>	<u>1,606,263</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	2,235,000	-	(210,000)	2,025,000	215,000
Plus: bond issuance premium	131,435	-	(7,732)	123,703	-
Long-term bonded debt obligations	2,366,435	-	(217,732)	2,148,703	215,000
Compensated absences	96,434	91,997	(99,860)	88,571	42,514
Net pension liability	1,329,388	110,505	-	1,439,893	-
Net other postemployment benefit obligations	98,994	-	(12,541)	86,453	-
Total business-type activities	<u>3,891,251</u>	<u>202,502</u>	<u>(330,133)</u>	<u>3,763,620</u>	<u>257,514</u>
Total long-term debt obligations					
General Obligation bonds	8,370,000	20,000,000	(945,000)	27,425,000	710,000
Full Faith and Credit obligations	5,695,000	-	(685,000)	5,010,000	710,000
Plus: bond issuance premium	468,611	246,622	(63,482)	651,751	-
Long-term bonded debt obligations	14,533,611	20,246,622	(1,693,482)	33,086,751	1,420,000
Compensated absences	889,380	960,299	(925,143)	924,536	443,777
Net pension liability	13,876,685	1,153,491	-	15,030,176	-
Net other postemployment benefit obligations	912,999	1,983	(12,541)	902,441	-
Total long-term debt obligations	<u>\$ 30,212,675</u>	<u>\$ 22,362,395</u>	<u>\$ (2,631,166)</u>	<u>\$ 49,943,904</u>	<u>\$ 1,863,777</u>

Future Principal and Interest. Future maturities of bond principal and interest at June 30, 2019, are as follows:

Year	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 1,205,000	\$ 939,563	\$ 215,000	\$ 61,750	\$ 1,420,000	\$ 1,001,313
2020	1,510,000	906,963	230,000	55,300	1,740,000	962,263
2021	985,000	864,300	90,000	48,400	1,075,000	912,700
2022	1,070,000	833,650	95,000	46,600	1,165,000	880,250
2023	1,160,000	797,400	95,000	43,750	1,255,000	841,150
2024-2028	7,275,000	3,355,863	540,000	162,900	7,815,000	3,518,763
2029-2033	8,410,000	2,176,606	625,000	77,400	9,035,000	2,254,006
2034-2038	8,795,000	729,294	135,000	4,050	8,930,000	733,344
	<u>\$ 30,410,000</u>	<u>\$ 10,603,639</u>	<u>\$ 2,025,000</u>	<u>\$ 500,150</u>	<u>\$ 32,435,000</u>	<u>\$ 11,103,789</u>

Credit Rating. On August 24, 2018, Moody's Investors Services maintained its long-term rating of 'Aa2' on the City's general obligations Series 2018 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.

Terms Specified in Debt Agreements. General Obligation Bonds, Series 2018 (\$20.0 million) were sold at a premium in August 2018. The bonds have interest rates ranging from 3.0 percent to 5.0 percent and maturity dates from June 1, 2021 to June 1, 2038. The net proceeds of \$20.2 million will be used to fund capital costs related to improvements to roads, parks, and city facilities, fund a capitalized interest fund, and pay the costs of issuing the bonds. The City has pledged its full faith and credit and taxing powers for repayment of the bonds. If the bonds are defaulted, by failure to make required principal or interest payments or other covenants, actions to enforce the financing agreement may take place for the amount of the obligation then outstanding to its satisfaction. The bonds are subject to redemption prior to maturity in whole or in part at the option of the City on any day on or after June 1, 2028, at par (100%) plus accrued interest thereon to the date of redemption.

Full Faith and Credit Project and Refunding Obligations, Series 2015 (\$5.2 million) were sold at a premium in December 2015. The bonds have interest rates ranging from 2.5 percent to 4.0 percent and maturity dates from June 1, 2017 to June 1, 2028. The net proceeds of \$5.6 million will be used to finance a portion of the capital costs associated with improvements to the Bolton Reservoir, refund on a current basis all of the outstanding Water Revenue Bonds, Series 2000, advance refund all of the outstanding Full Faith and Credit Obligations, Series 2009B, together with the Refunded 2000 Water Bonds, and pay for costs of issuance, sale, and delivery of the obligations. The City has pledged its full faith and credit and taxing powers for repayment of the bonds. If the bonds are defaulted, by failure to make required principal or interest payments or other covenants, actions to enforce the financing agreement may take place for the amount of the obligation then outstanding to its satisfaction. The portion of the bonds maturing in years 2017 through 2025 inclusive, are not subject to optional prepayment prior to maturity. The portion of the bonds maturing on June 1, 2026, and on any date thereafter are subject to redemption prior to maturity in whole or in part at the option of the City on any day on or after December 1, 2025, at par (100%) plus accrued interest thereon to the date of redemption.

General Obligation Bonds, Series 2012 (\$8.5 million) were sold at a premium in January 2012. The bonds have interest rates ranging from 1.0 percent to 2.75 percent and maturity dates from June 1, 2013 to December 1, 2031. The net proceeds of \$8.6 million will be used to fund property acquisition and capital construction including, but not limited to design, construct, equip and furnish a new police station, acquire four parcels of land to locate the police station, and pay costs of issuing the bonds. The City has pledged its full faith and credit and taxing powers for repayment of the bonds. If the bonds are defaulted, by failure to make required principal or interest payments, actions to enforce the financing agreement may take place for the amount of the obligation then outstanding to

its satisfaction. The portion of the bonds maturing in years 2013 through 2022 are not subject to optional prepayment prior to maturity. The portion of the bonds maturing on June 1, 2023, and on any date thereafter are subject to redemption prior to maturity in whole or in part at the option of the City on any day on or after June 1, 2022, at par (100%) plus accrued interest thereon to the date of redemption.

General Obligation Refunding Bonds, Series 2010 (\$3.1 million), and Full Faith and Credit Refunding Obligations, Series 2010 (\$2.6 million) were sold at a premium in September 2010. The General Obligation Refunding Bonds have interest rates ranging from 2.0% to 3.0% and maturity dates from June 1, 2011 to June 1, 2021. The Full Faith and Credit Refunding Obligations have interest rates ranging from 2.0 percent to 4.0 percent and maturity dates from December 1, 2010 to December 1, 2020. The General Obligation Refunding Bonds net proceeds of \$3.1 million will be used refund all or a portion of the City's General Obligation Bonds, Series 2000 and to pay costs of issuing the bonds. The Full Faith and Credit Refunding Obligations net proceeds of \$2.8 million will be used to currently refund the callable portion of the City's Full Faith and Credit Obligations, Series 2000 on December 1, 2010 at a price of par plus accrued interest to the Obligation Redemption Date. The City has pledged its full faith and credit and taxing powers for repayment of the bonds and obligations. If the bonds and/or obligations are defaulted, by failure to make required principal or interest payments or other covenants, actions to enforce the financing agreement may take place for the amount of the obligation then outstanding to its satisfaction. The bonds and the obligations are not subject to optional prepayment prior to maturity.

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 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and \$750 plus 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, 2019 were 20.48 percent for OPERS and 11.68 percent for OPSRP – general employees, and 16.45 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, 2019, were approximately \$1,354,000. 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 78 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 Liabilities, Pension Expense, and Deferred Inflows and Deferred Outflows of Resources related to Pensions

At June 30, 2019 and 2018, the City reported a pension liability of \$15,030,176 and \$13,876,685, respectively for its proportionate share of the plan pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 and rolled forward to June 30, 2018. 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, 2019 and 2018, the City's proportion was 0.09921771 and 0.10294248 percent respectively.

For the year ended June 30, 2019 and 2018, the City recognized pension expense of \$1,333,238 and pension expense of \$1,414,363, respectively. At June 30, 2019 and 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Balance as of June 30, 2019		Balance as of June 30, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 511,282	\$ -	\$ 671,082	\$ -
Change of assumptions	3,494,487	-	2,529,472	-
Net difference between projected and actual earnings on pension plan investments	-	667,424	142,962	-
Changes in proportion and differences between City contributions and proportionate share of contributions	277,787	707,582	365,141	658,306
City contributions subsequent to the measurement date	1,353,596	-	1,391,541	-
Net Deferred Outflows/Inflows of Resources	<u>\$ 5,637,152</u>	<u>\$ 1,375,006</u>	<u>\$ 5,100,198</u>	<u>\$ 658,306</u>

\$1,353,596 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 1,667,968
2021	1,213,238
2022	(178,069)
2023	131,512
2024	73,900
	<u>\$ 2,908,549</u>

Actuarial Valuations. The employer contribution rates effective July 1, 2017, through June 30, 2019, 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, 2016 rolled forward to June 30, 2018
- Experience Study Report 2016, published July 26, 2017
- 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 Market value of assets

- Asset valuation method
- Actuarial assumptions
 - Inflation rate 2.50 percent
 - Investment rate of return 7.20 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-2014 Healthy Annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.
 - Active members:
RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.
 - Disabled retirees:
RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

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 2016 Experience Study which reviewed experience for the four year period ending on December 31, 2016.

Discount Rate. The discount rate used to measure the total pension liability was 7.20 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 pension plan investments. 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 assumption.
- 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 7.20 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>(6.20%)</u>	Discount Rate ▼ <u>(7.20%)</u>	1% Increase ▼ <u>(8.20%)</u>
City's proportionate share of net pension liability	\$ 25,118,264	\$ 15,030,176	\$ 6,703,285

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 2015 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	13.5	21.5	17.5
Real Estate	9.5	15.5	12.5
Alternative Equity	0.0	12.5	12.5
Opportunity Portfolio	0.0	3.0	0.0
			<u>100.0 %</u>

Asset Class	Target Allocation	Compound Annual Return (Geometric)
Core Fixed Income	8.00 %	3.49 %
Short-Term Bonds	8.00	3.42
Bank/Leveraged Loans	3.00	5.09
High Yield Bonds	1.00	6.45
Large/Mid Cap US Equities	15.75	6.30
Small Cap US Equities	1.30	6.69
Micro Cap US Equities	1.30	6.80
Developed Foreign Equities	13.13	6.71
Emerging Market Equities	4.12	7.45
Non-US Small Cap Equities	1.88	7.01
Private Equities	17.50	7.82
Real Estate (Property)	10.00	5.51
Real Estate (REITS)	2.50	6.37
Hedge Fund of Funds - Diversified	2.50	4.09
Hedge Fun - Event-Driven	0.63	5.86
Timber	1.88	5.62
Farmland	1.88	6.15
Infrastructure	3.75	6.60
Commodities	<u>1.88</u>	3.84

Assumed Inflation - Mean

2.50

Payable to OPERS. At June 30, 2019, 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, 2018 measurement date that require disclosure.

Changes in Plan Provisions Subsequent to the Measurement Date. There were no changes subsequent to the June 30, 2018 measurement period that require disclosure.

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 \$517,000 for the year ended June 30, 2019.

Postemployment Healthcare Plans

The City does not have a formal postemployment 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. The District provides an implicit rate subsidy for retiree health insurance premiums, and a contribution to Oregon PERS cost-sharing multiple-employer defined benefit health insurance plan.

Financial Statement Presentation

The plans are aggregated on the District's Statement of Net position as follows:

	<u>Implicit Rate Subsidy Plan</u>	<u>PERS RHIA Plan</u>	<u>Total</u>
Net OPEB Asset	\$ -	\$ 94,694	\$ 94,694
Deferred Outflows of Resources			
Change in proportionate share	-	799	799
Contributions after the measurement date	<u>99,139</u>	<u>39,769</u>	<u>138,908</u>
Total Deferred outflows of Resources	<u>99,139</u>	<u>40,568</u>	<u>139,707</u>
Total OPEB Liability	(902,442)	-	(902,442)
Deferred Inflows of Resources			
Difference in expected and actual experience	(30,579)	(5,367)	(35,946)
Change in proportionate share	-	(280)	(280)
Change in assumptions	(51,075)	(300)	(51,375)
Difference in earnings	<u>-</u>	<u>(20,417)</u>	<u>(20,417)</u>
Total Deferred inflows of Resources	<u>(81,654)</u>	<u>(26,364)</u>	<u>(108,018)</u>
OPEB Expense (included in program expenses on Statement of Activities)	106,701	(8,704)	97,997

Plan Description (implicit subsidy). The District's single-employer defined benefit postemployment health care plan is administered by Allegiance Benefit Plan Management, Inc. Benefit provisions are established through negotiations between the City and representatives of collective bargaining units or through resolutions passed by City Council. The plan does not issue its own financial statements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The plan provides eligible retirees and their dependents under age 65 the same group health and dental insurance offered to active employees, at the same premium rates. Retirees pay 100% of the premium and coverage may lapse if their premium is unpaid. As of the valuation date of July 1, 2018, the following employees were covered under the plan:

Inactive employees or beneficiaries receiving benefits	12
Active employees	<u>112</u>
Total participants	<u>124</u>

Total OPEB Liability, OPEB Expense, and Deferred Inflows and Outflows of resources related to OPEB

The City’s total OPEB liability of \$902,441 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018.

For the fiscal year ended June 30, 2019, the City recognized OPEB expense from this plan of \$106,701. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 30,579
Changes of assumptions	-	51,075
Contributions subsequent to the measurement date	<u>99,139</u>	<u>-</u>
Total	<u>\$ 99,139</u>	<u>\$ 81,654</u>

Deferred outflows of resources related to OPEB of \$99,139 resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ (10,762)
2021	(10,762)
2022	(10,762)
2023	(10,762)
2024	(10,762)
Therafter	<u>(27,844)</u>
Total	<u>\$ (81,654)</u>

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2018 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost method	Entry age normal
Inflation	2.5 percent
Salary increases	3.5 percent
Healthy mortality	RP-2014 Healthy Annuitant, sex distinct mortality tables blended 50/50 blue collar and white collar, set back one year for males. Mortality is projected on a generational basis using the Unisex Social Security Data Scale.
Discount rate	3.87 percent (change from 3.58 percent in previous measurement period)
Healthcare cost trend rate	Medical and vision: Between 5.5 to 7.0 percent per year, decreasing to percentages ranging from 4.75 to 6.0 percent. Dental: 4.5 percent per year

The discount rate was based on Bond Buyer 20-Year General Obligation Bond Index.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2018	\$ 912,999
Changes for the year:	
Service Cost	83,282
Interest on Total OPEB Liability	34,181
Effect of assumptions changes or inputs	(44,268)
Benefit Payments	<u>(83,752)</u>
Balance as of June 30, 2019	<u><u>902,442</u></u>

Changes in assumptions is the result of the change in the discount rate from 3.58 to 3.87.

Sensitivity of the Total OPEB Liability

The following presents the City's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate:

	<u>1% Decrease (2.87%)</u>	<u>Current Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Total OPEB Liability	\$ 970,220	\$ 902,441	\$ 840,414

Healthcare Cost Trend:

	<u>1% Decrease</u>	<u>Current Healthcare Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 821,996	\$ 902,441	\$ 998,068

Plan Description (PERS Retirement Health Insurance Account).

The City contributes to the PERS 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 PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. 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 hired after August 29, 2003. PERS issues publicly available financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the OPERS web site at www.pers.state.or.us

Benefits Provided

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

Contributions

PERS funding policy provides for 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. Employer contribution rates for the period were based on the December 31, 2016 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. The City's contribution rates for the period were 0.50% for Tier One/Tier Two members, and 0.43% for OPSRP members. The City's total contributions for the year ended June 30, 2019 was \$39,769.

Total OPEB Asset, OPEB Expense, and Deferred Inflows and Outflows of resources related to OPEB

At June 30, 2019, the City reported an asset of \$94,694 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2018, the City's proportionate share was 0.08483126%, which is a decrease from its proportionate share of 0.08995006% as of June 30, 2017.

For the fiscal year ended June 30, 2019, the City recognized OPEB income from this plan of \$8,704. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience	\$ -	\$ 5,367
Net difference between projected and actual earnings	-	20,417
Change in assumptions	-	300
Changes in proportionate share	799	280
Contributions subsequent to the measurement date	<u>39,769</u>	<u>-</u>
Total	<u>\$ 40,568</u>	<u>\$ 26,364</u>

Deferred outflows of resources related to OPEB of \$39,769 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ (8,409)
2021	(8,361)
2022	(6,765)
2023	(2,030)
2024	<u>-</u>
Total	<u>\$ (25,565)</u>

Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial methods and assumptions:

Healthcare cost trend rate Ranging from 7.5% in 2017 to 4.2% in 2093

All other actuarial methods and assumptions are consistent with those disclosed for the OPERS Pension Plan. See **Employee Retirement Pension Plan – Actuarial Methods and Assumptions** footnote for additional information on Actuarial Methods and Assumptions, the Long-term Expected Rate of Return, and the Discount Rate.

Sensitivity of the City’s proportionate share of the net OPEB liability (asset) to changes in the discount rate

The following presents the City’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.20%, as well as the what the City’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

Discount Rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Net OPEB Liability (Asset)	\$ (55,136)	\$ (94,694)	\$ (128,367)

OPEB Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued OPERS financial report.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2018 measurement period that require disclosure.

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, 2019, employees contributed approximately \$499,000 and the City contributed approximately \$121,000.

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>Year</u>	<u>Contract Amt</u>
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 <u>Property Damage</u>
Liability - June 30, 2017	\$ 66,714
Claims incurred	87,759
Claims payments	(12,773)
Changes to prior year estimates	<u>(66,714)</u>
Liability - June 30, 2018	74,986
Claims incurred	56,696
Claims payments	(2,896)
Changes to prior year estimates	<u>(34,486)</u>
Liability - June 30, 2019	<u>\$ 94,300</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, 2019:

	General Fund	Public Safety Fund	Parks and Recreation Fund	Library Fund	Street Fund	Systems Development Charges Fund	City Facilities Parks, and Transportation Bond Fund	Total Nonmajor Funds	Total Governmental Funds
Non-spendable									
Prepaid expenditures	\$ 197,432	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 197,432
Library endowment	-	-	-	157,300	-	-	-	-	157,300
	<u>197,432</u>	<u>-</u>	<u>-</u>	<u>157,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>354,732</u>
Restricted									
Systems development	-	-	-	-	-	4,865,698	-	-	4,865,698
City improvements	-	-	-	-	-	-	18,630,068	-	18,630,068
Building operations	-	-	-	-	-	-	-	67,894	67,894
Debt service	-	-	-	-	-	-	-	302,230	302,230
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,865,698</u>	<u>18,630,068</u>	<u>370,124</u>	<u>23,865,890</u>
Committed									
Police services	-	1,781,079	-	-	-	-	-	-	1,781,079
Recreation services	-	-	618,934	-	-	-	-	-	618,934
Library services	-	-	-	398,058	-	-	-	-	398,058
Street services	-	-	-	-	3,031,096	-	-	-	3,031,096
Planning services	-	-	-	-	-	-	-	447,712	447,712
	<u>-</u>	<u>1,781,079</u>	<u>618,934</u>	<u>398,058</u>	<u>3,031,096</u>	<u>-</u>	<u>-</u>	<u>447,712</u>	<u>6,276,879</u>
Assigned									
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned									
	<u>2,994,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,994,171</u>
	<u>\$3,191,603</u>	<u>\$1,781,079</u>	<u>\$ 618,934</u>	<u>\$ 555,358</u>	<u>\$3,031,096</u>	<u>\$ 4,865,698</u>	<u>\$18,630,068</u>	<u>\$ 817,836</u>	<u>\$ 33,491,672</u>

GASB Implementations

The GASB has issued Statement No. 87, Leases. GASB Statement 87 establishes new standards for accounting and financial reporting for leases by governments. The requirements of this statement are effective for financial statements for fiscal years beginning after December 15, 2019. The City early implemented Statement 87 for the year ending June 30, 2019.

The GASB has issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. GASB Statement 88 establishes new standards for accounting and financial reporting for debt by governments. The requirements of this statement are effective for financial statements for fiscal years beginning after June 15, 2018. The City implemented Statement 88 for the year ending June 30, 2019.

Subsequent Events

Termination Benefits – The City of West Linn’s Early Attrition and Retirement Program of 2019 provided payroll cost reductions by offering a severance package for employees who chose to leave City employment. In April 2019, the City entered into agreements with four employees. Two employees were paid in July 2019 and the payment was accrued in accordance with GASB 47. The formula to determine the amount of the severance payment was calculated at 2.5% of the applicant’s annual salary multiplied by the applicant’s years of service, subject to a maximum cap of \$30,000. The total liability accrued as of June 30, 2019 was \$60,000.

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REQUIRED SUPPLEMENTARY INFORMATION

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

*Schedule of the Changes in the City's Total
OPEB Liability and Related Ratios*

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

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, 2019

	Budget for the 2018-2019 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19	Total	
REVENUES:						
Intergovernmental	\$ -	\$ -	\$ -	\$ 57,045	\$ 57,045	\$ 57,045
Fines and forfeitures	1,151,000	1,151,000	429,386	376,802	806,188	(344,812)
Licenses and permits	548,000	548,000	239,821	185,082	424,903	(123,097)
Investment earnings	20,000	20,000	17,457	44,995	62,452	42,452
Miscellaneous	222,000	222,000	73,923	55,736	129,659	(92,341)
TOTAL REVENUES	1,941,000	1,941,000	760,587	719,660	1,480,247	(460,753)
EXPENDITURES:						
City council	431,000	631,000	281,458	343,494	624,952	6,048
City management	2,393,000	2,193,000	1,137,083	878,929	2,016,012	176,988
Economic development	640,000	640,000	272,882	277,108	549,990	90,010
Human resources	1,127,000	1,127,000	521,542	441,904	963,446	163,554
Finance	1,536,000	1,536,000	632,997	644,520	1,277,517	258,483
Information technology	2,273,000	2,273,000	1,188,454	1,078,019	2,266,473	6,527
Facility services	1,069,000	1,084,000	568,855	513,017	1,081,872	2,128
Municipal court	867,000	882,000	425,461	439,745	865,206	16,794
Public works support services	2,528,000	2,528,000	1,101,385	1,062,423	2,163,808	364,192
Vehicle and equipment maintenance	799,000	799,000	350,279	343,486	693,765	105,235
Nondepartmental	1,193,000	1,214,000	578,164	531,978	1,110,142	103,858
Contingency	823,000	1,927,000	-	-	-	1,927,000
TOTAL EXPENDITURES	15,679,000	16,834,000	7,058,560	6,554,623	13,613,183	3,220,817
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(13,738,000)	(14,893,000)	(6,297,973)	(5,834,963)	(12,132,936)	2,760,064
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	14,411,000	14,411,000	7,132,000	7,279,000	14,411,000	-
Transfers to other funds	(3,225,000)	(2,070,000)	(1,645,000)	(425,000)	(2,070,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	11,186,000	12,341,000	5,487,000	6,854,000	12,341,000	-
NET CHANGE IN FUND BALANCES	(2,552,000)	(2,552,000)	(810,973)	1,019,037	208,064	2,760,064
FUND BALANCES - beginning	2,919,000	2,919,000	2,983,539	2,172,566	2,983,539	64,539
FUND BALANCES - ending	\$ 367,000	\$ 367,000	\$ 2,172,566	\$ 3,191,603	\$ 3,191,603	\$ 2,824,603

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, 2019

	Budget for the 2018-2019 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19	Total	
REVENUES:						
Property taxes	\$ 10,584,000	\$ 10,584,000	\$ 5,148,858	\$ 5,418,966	\$ 10,567,824	\$ (16,176)
Intergovernmental	1,318,000	1,518,000	811,087	647,489	1,458,576	(59,424)
Franchise taxes	2,842,000	2,842,000	1,380,753	1,380,758	2,761,511	(80,489)
Fines and forfeitures	88,000	88,000	11,513	13,174	24,687	(63,313)
Licenses and permits	68,000	68,000	22,400	37,320	59,720	(8,280)
Investment earnings	-	-	-	24,288	24,288	24,288
Miscellaneous	14,000	14,000	16,440	12,752	29,192	15,192
TOTAL REVENUES	14,914,000	15,114,000	7,391,051	7,534,747	14,925,798	(188,202)
EXPENDITURES:						
Personnel services	10,743,000	9,788,000	4,783,140	4,669,863	9,453,003	334,997
Materials and services	1,633,000	1,633,000	706,673	709,634	1,416,307	216,693
Capital outlay	300,000	300,000	92,933	185,795	278,728	21,272
Contingency	807,000	807,000	-	-	-	807,000
TOTAL EXPENDITURES	13,483,000	12,528,000	5,582,746	5,565,292	11,148,038	1,379,962
EXCESS OF REVENUES OVER EXPENDITURES	1,431,000	2,586,000	1,808,305	1,969,455	3,777,760	1,191,760
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	2,275,000	1,120,000	1,120,000	-	1,120,000	-
Transfers to other funds	(3,602,000)	(3,602,000)	(1,735,000)	(1,867,000)	(3,602,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,327,000)	(2,482,000)	(615,000)	(1,867,000)	(2,482,000)	-
NET CHANGE IN FUND BALANCES	104,000	104,000	1,193,305	102,455	1,295,760	1,191,760
FUND BALANCES - beginning	210,000	210,000	485,319	1,678,624	485,319	275,319
FUND BALANCES - ending	\$ 314,000	\$ 314,000	\$ 1,678,624	\$ 1,781,079	\$ 1,781,079	\$ 1,467,079

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, 2019

	Budget for the 2018-2019 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19	Total	
REVENUES:						
Property taxes	\$ 2,647,000	\$ 2,647,000	\$ 1,328,121	\$ 1,446,043	\$ 2,774,164	\$ 127,164
Intergovernmental	400,000	400,000	913,500	-	913,500	513,500
Charges for services	4,567,000	4,567,000	2,452,011	2,506,421	4,958,432	391,432
Investment earnings	-	-	-	6,896	6,896	6,896
Miscellaneous	65,000	65,000	1,150	28,751	29,901	(35,099)
TOTAL REVENUES	7,679,000	7,679,000	4,694,782	3,988,111	8,682,893	1,003,893
EXPENDITURES:						
Personnel services	3,544,000	3,544,000	1,699,338	1,796,412	3,495,750	48,250
Materials and services	1,826,000	1,826,000	997,111	1,013,559	2,010,670	(184,670)
Debt service	72,000	72,000	35,419	35,084	70,503	1,497
Capital outlay	600,000	600,000	275,203	13,425	288,628	311,372
Contingency	225,000	225,000	-	-	-	225,000
TOTAL EXPENDITURES	6,267,000	6,267,000	3,007,071	2,858,480	5,865,551	401,449
EXCESS OF REVENUES OVER EXPENDITURES	1,412,000	1,412,000	1,687,711	1,129,631	2,817,342	1,405,342
OTHER FINANCING SOURCES (USES):						
Transfers to other funds	(1,688,000)	(1,688,000)	(819,000)	(869,000)	(1,688,000)	-
Proceeds from sale of capital assets	-	-	900	-	900	900
TOTAL OTHER FINANCING SOURCES (USES)	(1,688,000)	(1,688,000)	(818,100)	(869,000)	(1,687,100)	900
NET CHANGE IN FUND BALANCES	(276,000)	(276,000)	869,611	260,631	1,130,242	1,406,242
FUND BALANCES - beginning	412,000	412,000	(511,308)	358,303	(511,308)	(923,308)
FUND BALANCES - ending	\$ 136,000	\$ 136,000	\$ 358,303	\$ 618,934	\$ 618,934	\$ 482,934

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, 2019

	Budget for the 2018-2019 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19	Total	
REVENUES:						
Property taxes	\$ 2,105,000	\$ 2,105,000	\$ 1,025,524	\$ 1,070,198	\$ 2,095,722	\$ (9,278)
Intergovernmental	3,165,000	3,165,000	1,591,916	1,693,517	3,285,433	120,433
Fines and forfeitures	102,000	102,000	42,851	39,171	82,022	(19,978)
Investment earnings	-	-	-	6,459	6,459	6,459
Miscellaneous	32,000	32,000	13,956	9,178	23,134	(8,866)
TOTAL REVENUES	5,404,000	5,404,000	2,674,247	2,818,523	5,492,770	88,770
EXPENDITURES:						
Personnel services	3,167,000	3,167,000	1,524,584	1,553,780	3,078,364	88,636
Materials and services	447,000	447,000	212,157	224,121	436,278	10,722
Capital outlay	154,000	154,000	99,508	10,767	110,275	43,725
Other requirements	157,000	157,000	-	-	-	157,000
Contingency	84,000	84,000	-	-	-	84,000
TOTAL EXPENDITURES	4,009,000	4,009,000	1,836,249	1,788,668	3,624,917	384,083
EXCESS OF REVENUES OVER EXPENDITURES	1,395,000	1,395,000	837,998	1,029,855	1,867,853	472,853
OTHER FINANCING USES:						
Transfers to other funds	(1,658,000)	(1,658,000)	(803,000)	(855,000)	(1,658,000)	-
NET CHANGE IN FUND BALANCES	(263,000)	(263,000)	34,998	174,855	209,853	472,853
FUND BALANCES - beginning	355,000	355,000	345,505	380,503	345,505	(9,495)
FUND BALANCES - ending	\$ 92,000	\$ 92,000	\$ 380,503	\$ 555,358	\$ 555,358	\$ 463,358

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, 2019

	Budget for the 2018-2019 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19	Total	
REVENUES:						
Intergovernmental	\$ 2,980,000	\$ 2,980,000	\$ 2,185,438	\$ 1,889,497	\$ 4,074,935	\$ 1,094,935
Franchise taxes	248,000	248,000	124,899	128,836	253,735	5,735
Charges for services	3,387,000	3,387,000	1,791,311	1,898,253	3,689,564	302,564
Investment earnings	-	-	-	19,017	19,017	19,017
Miscellaneous	796,000	796,000	52,619	70,129	122,748	(673,252)
TOTAL REVENUES	7,411,000	7,411,000	4,154,267	4,005,732	8,159,999	748,999
EXPENDITURES:						
Personnel services	1,233,000	1,233,000	575,966	594,787	1,170,753	62,247
Materials and services	1,103,000	1,103,000	519,670	510,442	1,030,112	72,888
Debt service	284,000	284,000	141,688	140,338	282,026	1,974
Capital outlay	3,595,000	3,595,000	1,713,821	632,645	2,346,466	1,248,534
Contingency	478,000	478,000	-	-	-	478,000
TOTAL EXPENDITURES	6,693,000	6,693,000	2,951,145	1,878,212	4,829,357	1,863,643
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	718,000	718,000	1,203,122	2,127,520	3,330,642	2,612,642
OTHER FINANCING SOURCES (USES):						
Transfers to other funds	(1,743,000)	(1,743,000)	(892,000)	(851,000)	(1,743,000)	-
NET CHANGE IN FUND BALANCES	(1,025,000)	(1,025,000)	311,122	1,276,520	1,587,642	2,612,642
FUND BALANCES - beginning	1,083,000	1,083,000	1,443,454	1,754,576	1,443,454	360,454
FUND BALANCES - ending	\$ 58,000	\$ 58,000	\$ 1,754,576	\$ 3,031,096	\$ 3,031,096	\$ 2,973,096

CITY OF WEST LINN, OREGON

Schedule of the Changes in the City's Total OPEB Liability and Related Ratios

Implicit Rate Subsidy Plan for the last two fiscal years^{1,2}

	2019	2018
Total OPEB Liability		
Service Cost	\$ 83,282	\$ 87,521
Interest	34,181	27,704
Changes in benefit terms	-	-
Difference between expected and actual experience	-	-
Changes of assumptions or other inputs	(44,269)	(53,879)
Benefit payments	(83,752)	(65,359)
Net Change in OPEB Liability	(10,558)	(4,013)
Total OPEB Liability - beginning	912,999	917,012
Total OPEB Liability - ending	\$ 902,441	\$ 912,999
City's Covered Payroll	\$ 8,668,000	\$ 8,993,000
Total OPEB Liability as a percentage of its covered payroll	10.41%	10.15%

¹ 10-year trend information required by GASB Statement 75 will be presented prospectively.

² Amounts presented are for the measurement period reported during the fiscal year, which for FY 2019 is July 1, 2017 - June 30, 2018.

CITY OF WEST LINN, OREGON
Schedule of the City's Proportionate Share of the Net OPEB (Asset)/Liability
Oregon Public Employees Retirement System, Retirement Health Insurance Account
for the last three fiscal years^{1,2}

Measurement Date <u>June 30,</u>	City's proportion of the net OPEB liability (asset)	City's proportionate share of the net OPEB liability (asset)	Covered payroll	City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2017	0.09219008%	25,035	9,390,000	0.267%	94.15%
2018	0.08995006%	(37,540)	8,993,000	-0.417%	108.88%
2019	0.08483126%	(94,695)	8,668,000	-1.092%	123.99%

¹ 10-year trend information required by GASB Statement 75 will be presented prospectively.

² Amounts presented are for the measurement period reported during the fiscal year, which for FY 2019 is July 1, 2017 - June 30, 2018.

CITY OF WEST LINN, OREGON

Schedule of Funding Progress

Oregon Public Employees Retirement System, Retirement Health Insurance Account for the last six fiscal years ¹

Fiscal year ended	Contractually required contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2014	\$ 47,700	\$ (47,700)	\$ -	\$ 8,085,000	0.6 %
2015	48,800	(48,800)	-	8,275,000	0.6
2016	54,200	(54,200)	-	9,189,000	0.6
2017	55,400	(55,400)	-	9,390,000	0.6
2018	41,100	(41,100)	-	8,993,000	0.5
2019	44,800	(44,800)	-	8,668,000	0.5

¹ 10-year trend information required by GASB Statement 75 will be presented prospectively.

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 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
2010 ²	-	-	7,622,000	-	-
2011 ²	-	-	7,897,000	-	-
2012 ²	-	-	8,092,000	-	-
2013 ²	-	-	8,240,000	-	-
2014 ²	0.12328639	6,291,000	8,652,000	72.71	n/a
2015 ³	0.12328639	(2,794,000)	8,085,000	(34.56)	103.590
2016 ³	0.10656086	6,118,000	8,275,000	73.93	91.875
2017 ³	0.09952936	14,942,000	9,189,000	162.61	80.526
2018 ³	0.10294248	13,877,000	9,390,000	147.78	83.119
2019 ³	0.09921771	15,030,000	8,993,000	167.13	82.068

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 payroll	Contributions as a percentage of of covered employee payroll
2010 ¹	816,000	(816,000)	-	7,622,000	10.71
2011 ¹	846,000	(846,000)	-	7,897,000	10.71
2012 ¹	991,000	(991,000)	-	8,092,000	12.25
2013 ¹	1,049,000	(1,049,000)	-	8,240,000	12.73
2014 ¹	838,224	(838,224)	-	8,652,000	9.69
2015 ²	892,780	(892,780)	-	8,085,000	11.04
2016 ²	1,124,255	(1,124,255)	-	8,275,000	13.59
2017 ²	1,069,881	(1,069,881)	-	9,189,000	11.64
2018 ²	1,391,540	(1,391,540)	-	9,390,000	14.82
2019 ²	1,353,596	(1,353,596)	-	8,993,000	15.05

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, 2019

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 2018-2019 biennium, there were two supplemental budget adjustment revising appropriations through June 30, 2019. One was adopted by City Council on June 25, 2018, and the second was adopted by City Council on June 24, 2019.

Changes in Benefit Terms – PERS Pension

The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015, compared to June 30, 2014 total pension liability.

Changes of Assumption – PERS Pension

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability. The changes include the lowering of the long-term expected rate of return to 7.50 percent and lowering the assumed inflation to 2.50 percent. In addition, the healthy 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. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. In addition, the healthy 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.

Changes of Assumptions – OPEB (Oregon Public Employees Retirement System, Retirement Health Insurance Account)

The PERS Board adopted assumption changes that were used to measure the June 30, 2018 total OPEB liability. The changes include lowering of the long-term expected rate of return to 7.20 percent. In addition, healthy retiree participation and healthy mortality assumptions were changed to reflect updated trends and mortality improvement scale for all groups.

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

City Facilities, Parks & Transportation Bond Fund – accounts for the voter-approved general obligation bond funds for the acquisition of land and construction of park facilities.

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.

CITY OF WEST LINN, OREGON

MAJOR GOVERNMENTAL FUND - CAPITAL PROJECTS
CITY FACILITIES, PARKS, AND TRANSPORTATION BOND FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budget for the 2018-2019 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19	Total	
REVENUES:						
Investment earnings	\$ -	\$ -	\$ -	\$ 417,484	\$ 417,484	\$ 417,484
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>417,484</u>	<u>417,484</u>	<u>417,484</u>
EXPENDITURES:						
Materials and services	-	264,000	-	263,304	263,304	696
Capital outlay	-	6,183,000	-	1,610,115	1,610,115	4,572,885
Contingency	-	13,488,000	-	-	-	13,488,000
TOTAL EXPENDITURES	<u>-</u>	<u>19,935,000</u>	<u>-</u>	<u>1,873,419</u>	<u>1,873,419</u>	<u>18,061,581</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(19,935,000)</u>	<u>-</u>	<u>(1,455,935)</u>	<u>(1,455,935)</u>	<u>18,479,065</u>
OTHER FINANCING SOURCES (USES):						
Transfers to other funds	-	(312,000)	-	(160,619)	(160,619)	151,381
General obligation bonds issued	-	20,247,000	-	20,000,000	20,000,000	(247,000)
Bond premium on issuance of debt	-	-	-	246,622	246,622	246,622
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>19,935,000</u>	<u>-</u>	<u>20,086,003</u>	<u>20,086,003</u>	<u>151,003</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,630,068</u>	<u>18,630,068</u>	<u>18,630,068</u>
FUND BALANCES - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$18,630,068</u>	<u>\$18,630,068</u>	<u>\$18,630,068</u>

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, 2019

	Budget for the 2018-2019 Biennium		1st Year Actual
	Original	Final	FY 2017-18
REVENUES:			
Systems development charges:			
Street - systems development charges	\$ 556,000	\$ 556,000	\$ 153,648
Surface water - systems development charges	22,000	22,000	6,630
Water - systems development charges	711,000	711,000	233,970
Sewer - systems development charges	221,000	221,000	70,780
Parks - systems development charges	836,000	836,000	197,492
Bike/Pedestrian - systems development charges	138,000	138,000	37,285
Investment earnings	-	-	14,857
TOTAL REVENUES	2,484,000	2,484,000	714,662
EXPENDITURES:			
Materials and services	428,000	428,000	124,058
Capital outlay	4,139,000	4,139,000	794,441
Contingency	1,600,000	1,600,000	-
TOTAL EXPENDITURES	6,167,000	6,167,000	918,499
NET CHANGE IN FUND BALANCES	(3,683,000)	(3,683,000)	(203,837)
FUND BALANCES - beginning	5,289,000	5,289,000	4,904,097
FUND BALANCES - ending	<u>\$ 1,606,000</u>	<u>\$ 1,606,000</u>	<u>\$ 4,700,260</u>

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2nd Year Actual FY 2018-19							Actual	Variance with
Street	Surface Water	Water	Sewer	Parks	Bike/ Pedestrian	Total	Total Biennium	Final Budget
\$ 173,944	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 173,944	\$ 327,592	\$ (228,408)
-	8,246	-	-	-	-	8,246	14,876	(7,124)
-	-	340,316	-	-	-	340,316	574,286	(136,714)
-	-	-	83,678	-	-	83,678	154,458	(66,542)
-	-	-	-	241,318	-	241,318	438,810	(397,190)
-	-	-	-	-	42,463	42,463	79,748	(58,252)
16,560	5,127	6,934	13,036	3,374	5,857	50,888	65,745	65,745
190,504	13,373	347,250	96,714	244,692	48,320	940,853	1,655,515	(828,485)
2,858	58,006	-	45,576	253	-	106,693	230,751	197,249
60,823	-	4,551	-	565,684	37,664	668,722	1,463,163	2,675,837
-	-	-	-	-	-	-	-	1,600,000
63,681	58,006	4,551	45,576	565,937	37,664	775,415	1,693,914	4,473,086
126,823	(44,633)	342,699	51,138	(321,245)	10,656	165,438	(38,399)	3,644,601
1,010,162	750,473	253,983	1,675,050	485,244	525,348	4,700,260	4,904,097	(384,903)
<u>\$ 1,136,985</u>	<u>\$ 705,840</u>	<u>\$ 596,682</u>	<u>\$ 1,726,188</u>	<u>\$ 163,999</u>	<u>\$ 536,004</u>	<u>\$ 4,865,698</u>	<u>\$ 4,865,698</u>	<u>\$ 3,259,698</u>

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CITY OF WEST LINN, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS:			
Cash and investments	\$ 364,905	\$ -	\$ 364,905
Restricted cash and investments	140,508	293,280	433,788
Property taxes receivable	-	49,329	49,329
Accounts receivable	138,252	-	138,252
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 643,665</u>	<u>\$ 342,609</u>	<u>\$ 986,274</u>
LIABILITIES:			
Accounts payable	\$ 95,584	\$ -	\$ 95,584
Accrued salaries and payroll taxes	13,895	-	13,895
Deposits payable	18,580	-	18,580
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>128,059</u>	<u>-</u>	<u>128,059</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property taxes	-	40,379	40,379
	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES:			
Restricted	67,894	302,230	370,124
Committed	447,712	-	447,712
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>515,606</u>	<u>302,230</u>	<u>817,836</u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 643,665</u>	<u>\$ 342,609</u>	<u>\$ 986,274</u>

CITY OF WEST LINN, OREGON

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES:			
Property taxes	\$ -	\$ 1,571,183	\$ 1,571,183
Intergovernmental	297,880	-	297,880
Franchise taxes	213,948	-	213,948
Licenses and permits	703,662	-	703,662
Charges for services	425,000	160,619	585,619
Miscellaneous	10,183	-	10,183
	<u>1,650,673</u>	<u>1,731,802</u>	<u>3,382,475</u>
TOTAL REVENUES			
EXPENDITURES:			
Current:			
General government	827,116	-	827,116
Public safety	777,468	-	777,468
Debt service:			
Principal	-	945,000	945,000
Interest	-	704,218	704,218
	<u>1,604,584</u>	<u>1,649,218</u>	<u>3,253,802</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCES	46,089	82,584	128,673
FUND BALANCES - beginning	<u>469,517</u>	<u>219,646</u>	<u>689,163</u>
FUND BALANCES - ending	<u>\$ 515,606</u>	<u>\$ 302,230</u>	<u>\$ 817,836</u>

CITY OF WEST LINN, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	Building Inspections Fund	Planning Fund	Total
ASSETS:			
Cash and investments	\$ -	\$ 364,905	\$ 364,905
Restricted cash and investments	140,508	-	140,508
Accounts receivable	23,540	114,712	138,252
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 164,048</u>	<u>\$ 479,617</u>	<u>\$ 643,665</u>
LIABILITIES:			
Accounts payable	\$ 90,535	\$ 5,049	\$ 95,584
Accrued salaries and payroll taxes	5,619	8,276	13,895
Deposits payable	-	18,580	18,580
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>96,154</u>	<u>31,905</u>	<u>128,059</u>
FUND BALANCES:			
Restricted	67,894	-	67,894
Committed	-	447,712	447,712
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES (DEFICIT)	<u>67,894</u>	<u>447,712</u>	<u>515,606</u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 164,048</u>	<u>\$ 479,617</u>	<u>\$ 643,665</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, 2019

	Building Inspections Fund	Planning Fund	Total
REVENUES:			
Intergovernmental	\$ -	\$ 297,880	\$ 297,880
Franchise taxes	-	213,948	213,948
Licenses and permits	530,989	172,673	703,662
Charges for services	200,000	225,000	425,000
Miscellaneous	675	9,508	10,183
	<u>731,664</u>	<u>919,009</u>	<u>1,650,673</u>
TOTAL REVENUES			
EXPENDITURES:			
Current:			
General government	-	827,116	827,116
Public safety	777,468	-	777,468
	<u>777,468</u>	<u>827,116</u>	<u>1,604,584</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCES	(45,804)	91,893	46,089
FUND BALANCES (DEFICIT) - beginning	<u>113,698</u>	<u>355,819</u>	<u>469,517</u>
FUND BALANCES (DEFICIT) - ending	<u>\$ 67,894</u>	<u>\$ 447,712</u>	<u>\$ 515,606</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, 2019

	Budget for the 2018-2019 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19	Total	
REVENUES:						
Licenses and permits	\$ 1,453,000	\$ 1,453,000	\$ 553,913	\$ 530,989	\$ 1,084,902	\$ (368,098)
Miscellaneous	-	-	-	675	675	675
TOTAL REVENUES	1,453,000	1,453,000	553,913	531,664	1,085,577	(367,423)
EXPENDITURES:						
Personnel services	964,000	964,000	395,488	437,521	833,009	130,991
Materials and services	85,000	85,000	34,927	18,947	53,874	31,126
Capital outlay	-	-	-	-	-	-
Contingency	102,000	102,000	-	-	-	102,000
TOTAL EXPENDITURES	1,151,000	1,151,000	430,415	456,468	886,883	264,117
EXCESS OF REVENUES OVER EXPENDITURES	302,000	302,000	123,498	75,196	198,694	(103,306)
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	500,000	500,000	300,000	200,000	500,000	-
Transfers to other funds	(629,000)	(629,000)	(308,000)	(321,000)	(629,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(129,000)	(129,000)	(8,000)	(121,000)	(129,000)	-
NET CHANGE IN FUND BALANCES	173,000	173,000	115,498	(45,804)	69,694	(103,306)
FUND BALANCES (DEFICIT) - beginning	(146,000)	(146,000)	(1,800)	113,698	(1,800)	144,200
FUND BALANCES (DEFICIT) - ending	\$ 27,000	\$ 27,000	\$ 113,698	\$ 67,894	\$ 67,894	\$ 40,894

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, 2019

	Budget for the 2018-2019 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19	Total	
REVENUES:						
Intergovernmental	\$ 539,000	\$ 539,000	\$ 292,038	\$ 297,880	\$ 589,918	\$ 50,918
Franchise taxes	410,000	410,000	199,147	213,948	413,095	3,095
Licenses and permits	344,000	344,000	163,781	172,673	336,454	(7,546)
Miscellaneous	6,000	6,000	6,115	9,508	15,623	9,623
TOTAL REVENUES	1,299,000	1,299,000	661,081	694,009	1,355,090	56,090
EXPENDITURES:						
Personnel services	1,159,000	1,159,000	548,449	500,222	1,048,671	110,329
Material and services	118,000	118,000	9,590	10,894	20,484	97,516
Contingency	88,000	88,000	-	-	-	88,000
TOTAL EXPENDITURES	1,365,000	1,365,000	558,039	511,116	1,069,155	295,845
EXCESS OF REVENUES OVER EXPENDITURES	(66,000)	(66,000)	103,042	182,893	285,935	351,935
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	450,000	450,000	225,000	225,000	450,000	-
Transfers to other funds	(619,000)	(619,000)	(303,000)	(316,000)	(619,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(169,000)	(169,000)	(78,000)	(91,000)	(169,000)	-
NET CHANGE IN FUND BALANCES	(235,000)	(235,000)	25,042	91,893	116,935	351,935
FUND BALANCES - beginning	268,000	268,000	330,777	355,819	330,777	62,777
FUND BALANCES - ending	<u>\$ 33,000</u>	<u>\$ 33,000</u>	<u>\$ 355,819</u>	<u>\$ 447,712</u>	<u>\$ 447,712</u>	<u>\$ 414,712</u>

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, 2019

	Budget for the 2018-2019 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19	Total	
REVENUES:						
Property taxes	\$ 2,573,000	\$ 2,919,000	\$ 1,452,414	\$ 1,571,183	\$ 3,023,597	\$ 104,597
EXPENDITURES:						
Debt service:						
Principal	2,155,000	2,155,000	1,210,000	945,000	2,155,000	-
Interest	436,000	1,094,000	237,100	704,218	941,318	152,682
TOTAL EXPENDITURES	2,591,000	3,249,000	1,447,100	1,649,218	3,096,318	152,682
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCES	(18,000)	(330,000)	5,314	(78,035)	(72,721)	257,279
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	-	312,000	-	160,619	160,619	(151,381)
NET CHANGE IN FUND BALANCES	(18,000)	(18,000)	5,314	82,584	87,898	105,898
FUND BALANCES - beginning	153,000	153,000	214,332	219,646	214,332	61,332
FUND BALANCES - ending	\$ 135,000	\$ 135,000	\$ 219,646	\$ 302,230	\$ 302,230	\$ 167,230

**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, 2019

	Budget for the 2018-2019 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19	Total	
REVENUES:						
Water charges	\$ 8,866,000	\$ 8,866,000	\$ 4,637,689	\$ 4,943,270	\$ 9,580,959	\$ 714,959
Systems development charges	-	-	19,650	29,095	48,745	48,745
Miscellaneous	219,000	219,000	175,911	117,568	293,479	74,479
TOTAL REVENUES	9,085,000	9,085,000	4,833,250	5,089,933	9,923,183	838,183
EXPENDITURES:						
Personnel services	1,404,000	1,404,000	685,013	696,111	1,381,124	22,876
Materials and services	3,806,000	3,806,000	1,976,303	2,018,050	3,994,353	(188,353)
Debt service	559,000	559,000	279,192	278,050	557,242	1,758
Capital outlay	2,972,000	2,972,000	1,561,459	509,511	2,070,970	901,030
Contingency	563,000	563,000	-	-	-	563,000
TOTAL EXPENDITURES	9,304,000	9,304,000	4,501,967	3,501,722	8,003,689	1,300,311
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(219,000)	(219,000)	331,283	1,588,211	1,919,494	2,138,494
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of capital assets	-	-	-	207,759	207,759	207,759
Investment earnings	-	-	-	18,630	18,630	18,630
Transfers to other funds	(1,855,000)	(1,855,000)	(925,000)	(930,000)	(1,855,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,855,000)	(1,855,000)	(925,000)	(703,611)	(1,628,611)	226,389
NET CHANGE IN FUND BALANCES	(2,074,000)	(2,074,000)	(593,717)	884,600	290,883	2,364,883
FUND BALANCES - beginning	2,206,000	2,206,000	2,417,478	1,823,761	2,417,478	211,478
FUND BALANCES - ending	\$ 132,000	\$ 132,000	\$ 1,823,761	2,708,361	\$ 2,708,361	\$ 2,576,361
RECONCILIATION TO NET POSITION - GAAP BASIS:						
Adjustment for OPEB asset being accrued				4,354		
Adjustment for deferred charge on refunding				2,746		
Adjustment for deferred outflows of resources being accrued				265,643		
Adjustment for loans receivable being accrued				5,465		
Adjustment for loans receivable being accrued				390,212		
Adjustment for net pension liability being accrued				(691,148)		
Adjustment for compensated absences being accrued				(46,042)		
Adjustment for OPEB liability being accrued				(41,498)		
Adjustment for deferred inflows of resources being accrued				(68,195)		
Adjustment for interest payable being accrued				(5,146)		
Adjustment for capital assets not being depreciated				362,540		
Adjustment for capital assets, net of accumulated depreciation				22,626,844		
Adjustment for investment in joint venture				10,406,919		
Adjustment for bonds payable - due within one year				(215,000)		
Adjustment for long term bonds payable				(1,810,000)		
Adjustment for unamortized bond premium				(123,703)		
NET POSITION - GAAP BASIS				\$ 33,772,352		

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, 2019

	Budget for the 2018-2019 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19	Total	
REVENUES:						
Sewer charges	\$ 5,018,000	\$ 5,018,000	\$ 2,516,068	\$ 2,650,487	\$ 5,166,555	\$ 148,555
Surface water charges	1,832,000	1,832,000	918,396	966,268	1,884,664	52,664
Systems development charges	115,000	115,000	54,721	48,766	103,487	(11,513)
Miscellaneous	215,000	215,000	74,213	72,292	146,505	(68,495)
TOTAL REVENUES	7,180,000	7,180,000	3,563,398	3,737,813	7,301,211	121,211
EXPENDITURES:						
Personnel services	1,567,000	1,567,000	618,119	612,400	1,230,519	336,481
Materials and services	1,187,000	1,187,000	268,806	477,967	746,773	440,227
Capital outlay	3,475,000	3,475,000	1,144,362	505,264	1,649,626	1,825,374
Contingency	334,000	334,000	-	-	-	334,000
TOTAL EXPENDITURES	6,563,000	6,563,000	2,031,287	1,595,631	3,626,918	2,936,082
EXCESS OF REVENUES OVER EXPENDITURES	617,000	617,000	1,532,111	2,142,182	3,674,293	3,057,293
OTHER FINANCING USES:						
Investment earnings	-	-	-	21,994	21,994	21,994
Transfers to other funds	(2,617,000)	(2,617,000)	(1,347,000)	(1,270,000)	(2,617,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,617,000)	(2,617,000)	(1,347,000)	(1,248,006)	(2,595,006)	21,994
NET CHANGE IN FUND BALANCES	(2,000,000)	(2,000,000)	185,111	894,176	1,079,287	3,079,287
FUND BALANCES - beginning	2,062,000	2,062,000	2,281,313	2,466,424	2,281,313	219,313
FUND BALANCES - ending	\$ 62,000	\$ 62,000	\$ 2,466,424	3,360,600	\$ 3,360,600	\$ 3,298,600
RECONCILIATION TO NET POSITION - GAAP BASIS:						
Adjustment for OPEB asset being accrued				4,717		
Adjustment for deferred outflows of resources being accrued				287,781		
Adjustment for loans receivable being accrued				12,374		
Adjustment for net pension liability being accrued				(748,744)		
Adjustment for compensated absences being accrued				(42,529)		
Adjustment for OPEB liability being accrued				(44,956)		
Adjustment for deferred inflows of resources being accrued				(73,878)		
Adjustment for capital assets not being depreciated				432,009		
Adjustment for capital assets, net of accumulated depreciation				21,888,279		
NET POSITION - GAAP BASIS				\$ 25,075,653		

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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, 2019

FUTURE BOND PRINCIPAL

Fiscal year	General Obligation Bonds			Full Faith and Credit Obligation Bonds		Total
	Series 2010-A	Series 2012	Series 2018	Series 2010-B	Series 2015	
	Refunded Library Sep. 2, 2010	Police Station Jan. 25, 2012	City Fac, Parks, & Trans. Aug. 30, 2018	Refunded City Hall Sep. 2, 2010	Str/Pks/Wtr Dec. 16, 2015	
2020	355,000	355,000	-	285,000	425,000	1,420,000
2021	385,000	375,000	240,000	295,000	445,000	1,740,000
2022	-	400,000	365,000	-	310,000	1,075,000
2023	-	425,000	420,000	-	320,000	1,165,000
2024	-	450,000	475,000	-	330,000	1,255,000
2025	-	475,000	540,000	-	345,000	1,360,000
2026	-	505,000	600,000	-	360,000	1,465,000
2027	-	530,000	665,000	-	370,000	1,565,000
2028	-	565,000	720,000	-	375,000	1,660,000
2029	-	595,000	780,000	-	390,000	1,765,000
2030	-	630,000	850,000	-	120,000	1,600,000
2031	-	665,000	925,000	-	120,000	1,710,000
2032	-	715,000	995,000	-	125,000	1,835,000
2033	-	-	1,755,000	-	130,000	1,885,000
2034	-	-	1,875,000	-	130,000	2,005,000
2035	-	-	1,995,000	-	135,000	2,130,000
2036	-	-	2,125,000	-	-	2,125,000
2037	-	-	2,265,000	-	-	2,265,000
2038	-	-	2,410,000	-	-	2,410,000
	<u>\$ 740,000</u>	<u>\$ 6,685,000</u>	<u>\$ 20,000,000</u>	<u>\$ 580,000</u>	<u>\$ 4,430,000</u>	<u>\$ 32,435,000</u>

FUTURE BOND INTEREST

Fiscal year	General Obligation Bonds			Full Faith and Credit Obligation Bonds		Total
	Series 2010-A	Series 2012	Series 2018	Series 2010-B	Series 2015	
	Refunded Library Sep. 2, 2010	Police Station Jan. 25, 2012	City Fac, Parks, & Trans. Aug. 30, 2018	Refunded City Hall Sep. 2, 2010	Str/Pks/Wtr Dec. 16, 2015	
2020	21,313	155,038	673,938	14,600	136,425	1,001,314
2021	11,550	147,937	673,937	5,163	123,675	962,262
2022	-	140,438	661,938	-	110,325	912,701
2023	-	132,437	643,687	-	104,125	880,249
2024	-	123,938	622,688	-	94,525	841,151
2025	-	114,937	598,937	-	81,325	795,199
2026	-	105,438	571,938	-	67,525	744,901
2027	-	94,706	553,937	-	53,125	701,768
2028	-	82,781	533,988	-	43,875	660,644
2029	-	69,363	512,387	-	34,500	616,250
2030	-	54,487	481,188	-	22,800	558,475
2031	-	37,950	447,187	-	19,200	504,337
2032	-	9,831	419,438	-	15,600	444,869
2033	-	-	389,587	-	11,850	401,437
2034	-	-	336,938	-	7,950	344,888
2035	-	-	280,687	-	4,050	284,737
2036	-	-	218,344	-	-	218,344
2037	-	-	151,937	-	-	151,937
2038	-	-	78,325	-	-	78,325
	<u>\$ 32,863</u>	<u>\$ 1,269,281</u>	<u>\$ 8,851,006</u>	<u>\$ 19,763</u>	<u>\$ 930,875</u>	<u>\$ 11,103,788</u>

CITY OF WEST LINN, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Tax Year</u>	<u>Uncollected Property Taxes as of June 30, 2018</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, 2019</u>
Current fiscal year 2018-19	<u>\$ -</u>	<u>\$ 9,564,108</u>	<u>\$ (262,199)</u>	<u>\$ (9,140,407)</u>	<u>\$ 161,502</u>
Prior fiscal years					
2017-18	203,543	-	(24,978)	(117,207)	61,358
2016-17	98,072	-	(23,031)	(41,268)	33,773
2015-16	74,990	-	(24,244)	(33,970)	16,776
2014-15	55,534	-	(8,544)	(42,419)	4,571
2013-14 & prior	159,477	-	(14,293)	(126,102)	19,082
Sub-total prior	<u>591,616</u>	<u>-</u>	<u>(95,090)</u>	<u>(360,966)</u>	<u>135,560</u>
Total	<u>\$ 591,616</u>	<u>\$ 9,564,108</u>	<u>\$ (357,289)</u>	<u>\$ (9,501,373)</u>	<u>\$ 297,062</u>

Public Safety Fund	\$ 170,130
Parks and Recreation Fund	44,771
Library Fund	32,832
Debt Service Fund	<u>49,329</u>
	<u>\$ 297,062</u>

CITY OF WEST LINN, OREGON
SCHEDULE OF ACCOUNTABILITY OF INDEPENDENTLY ELECTED OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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.	105
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.	108
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.	110
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.	120
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.	122

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:

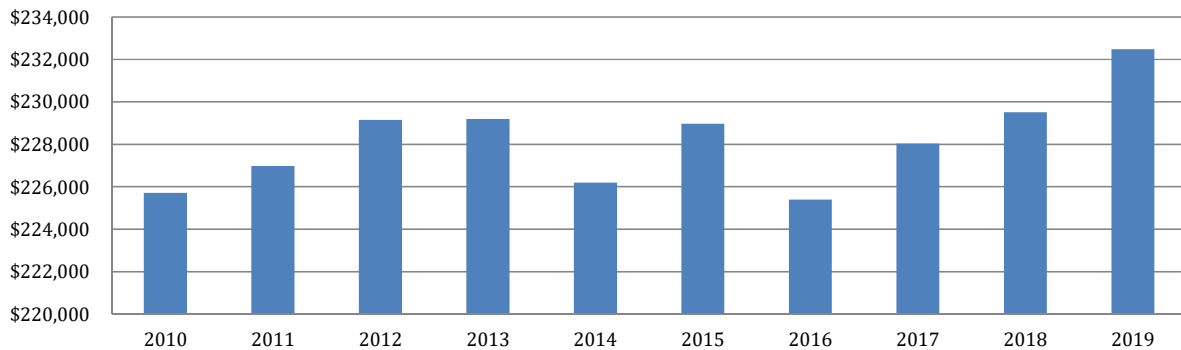
- GASB Statement 34 in fiscal year 2002-03, except for the infrastructure provisions which were implemented in fiscal year 2007-08
- GASB Statement 44 in fiscal year 2007-08
- GASB Statement 54 in fiscal year 2010-11
- GASB Statement 63 in fiscal year 2012-13
- GASB Statement 65 in fiscal year 2013-14
- GASB Statement 68 in fiscal year 2014-15
- GASB Statement 75 in fiscal year 2017-18
- GASB Statement 87 in fiscal year 2018-19

CITY OF WEST LINN, OREGON

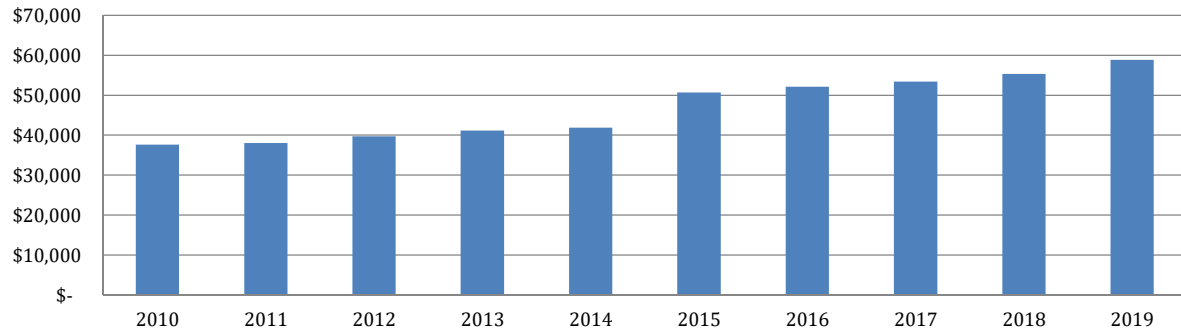
Net Position by Component for the last ten fiscal years (accrual basis of accounting) (in thousands)

	Fiscal Year Ended									
	2010	2011	2012	2013	2014 (restated)	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 217,988	\$ 218,578	\$ 217,951	\$ 217,876	\$ 218,327	\$ 220,683	\$ 222,408	\$ 225,588	\$ 227,088	\$ 209,419
Restricted	6,450	4,930	6,077	6,467	7,236	5,268	4,774	5,276	5,191	24,023
Unrestricted (deficit)	1,279	3,483	5,123	4,854	638	3,028	(1,787)	(2,826)	(2,757)	(962)
Total governmental activities net position	<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>	<u>229,522</u>	<u>232,480</u>
Business-type activities										
Net investment in capital assets	27,089	26,945	27,482	28,348	29,136	33,418	35,361	40,846	42,680	43,285
Restricted	155	155	155	155	155	4,154	2,823	-	-	-
Unrestricted	10,354	10,943	12,104	12,666	12,587	13,154	13,966	12,600	12,694	15,563
Total business-type activities net position	<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>	<u>55,374</u>	<u>58,848</u>
Primary government										
Net investment in capital assets	245,077	245,523	245,433	246,224	247,463	247,463	257,769	266,434	269,768	252,704
Restricted	6,605	5,085	6,232	6,622	7,391	9,422	7,597	5,276	5,191	24,023
Unrestricted	11,633	14,426	17,227	17,520	13,225	16,182	12,179	9,774	9,937	14,601
Total primary government net position	<u>\$ 263,315</u>	<u>\$ 265,034</u>	<u>\$ 268,892</u>	<u>\$ 270,366</u>	<u>\$ 268,079</u>	<u>\$ 273,067</u>	<u>\$ 277,545</u>	<u>\$ 281,484</u>	<u>\$ 284,896</u>	<u>\$ 291,328</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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 6,305	\$ 6,676	\$ 7,110	\$ 7,305	\$ 7,169	\$ 6,775	\$ 10,291	\$ 8,213	\$ 9,792	\$ 8,432
Culture and recreation	5,492	5,788	6,038	6,291	6,060	5,804	7,138	6,988	7,477	7,933
Public safety	6,472	6,368	6,803	7,074	7,095	6,251	10,288	8,830	8,717	8,752
Highways and streets	3,492	3,492	3,431	3,581	3,664	3,681	4,303	4,517	4,429	4,249
Interest on long-term debt	626	404	507	615	549	508	625	403	353	860
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	<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>	<u>30,768</u>	<u>30,226</u>
Business-type activities:										
Water	3,071	3,061	3,025	3,219	3,243	3,231	4,233	3,899	4,173	4,732
Environmental services	2,560	2,640	2,721	2,756	2,906	2,822	3,232	3,249	3,379	3,518
Total business-type activities expenses	<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>	<u>7,552</u>	<u>8,250</u>
Total primary government expenses	<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>	<u>\$ 38,320</u>	<u>\$ 38,476</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 6,844	\$ 7,232	\$ 8,228	\$ 8,167	\$ 8,483	\$ 8,217	\$ 9,517	\$ 9,596	\$ 8,901	\$ 9,692
Culture and recreation	1,590	1,764	1,905	1,911	2,005	2,056	2,214	2,432	2,495	2,546
Public safety	663	693	741	612	664	897	850	948	2,008	781
Highways and streets	778	792	870	904	1,351	1,522	1,659	1,735	1,791	1,898
Operating grants and contributions	3,045	4,015	3,852	3,974	3,776	4,019	4,192	6,249	4,954	4,645
Capital grants and contributions	770	493	1,531	248	354	467	101	-	572	1,925
Total governmental activities program revenues	<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>	<u>20,721</u>	<u>21,487</u>
Business-type activities:										
Charges for services:										
Water	2,926	3,071	3,554	4,021	3,968	4,705	4,427	4,656	5,313	6,262
Environmental services	2,362	2,500	2,784	2,813	2,996	2,953	3,243	3,428	3,563	3,750
Capital grants and contributions	100	206	936	155	581	469	1,218	370	559	1,671
Total business-type activities program revenues	<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>	<u>9,435</u>	<u>11,683</u>
Total primary government program revenues	<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>	<u>\$ 30,156</u>	<u>\$ 33,170</u>

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	Fiscal Year Ended									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense) Revenue										
Governmental activities	\$ (8,697)	\$ (7,739)	\$ (6,762)	\$ (9,050)	\$ (7,904)	\$ (5,841)	\$ (14,112)	\$ (7,991)	\$ (10,047)	\$ (8,739)
Business-type activities	(243)	76	1,528	1,014	1,396	2,074	1,423	1,306	1,883	3,433
Total primary government expenses	<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>	<u>\$ (8,164)</u>	<u>\$ (5,306)</u>
General Revenues										
Governmental activities:										
Property taxes, levied for general purposes	\$ 5,785	\$ 5,918	\$ 6,181	\$ 6,197	\$ 6,440	\$ 6,725	\$ 7,020	\$ 7,205	\$ 7,538	\$ 7,691
Property taxes, levied for debt service	828	884	839	1,321	1,406	1,398	1,372	1,476	1,461	1,524
Franchise taxes	1,952	1,662	1,749	1,662	1,683	1,722	1,693	1,738	1,705	1,724
Unrestricted grants and contributions	361	675	303	319	337	297	428	203	164	187
Interest and investment earnings	23	18	19	10	8	15	16	15	32	570
Gain (loss) on disposition of capital assets	-	222	-	-	63	-	-	-	-	-
Transfers	(129)	(365)	(170)	(413)	(167)	(1,538)	-	-	-	-
Total governmental activities	<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>	<u>10,900</u>	<u>11,696</u>
Business-type activities:										
Intergovernmental	-	-	-	-	-	5,000	-	-	-	-
Investment earnings	7	3	-	-	-	-	-	-	-	-
Gain (loss) on disposition of capital assets	14	1	-	-	-	236	-	(8)	(1)	-
Transfers	129	365	170	413	167	1,538	-	-	-	-
Total business-type activities	<u>150</u>	<u>369</u>	<u>170</u>	<u>413</u>	<u>167</u>	<u>6,774</u>	<u>-</u>	<u>(8)</u>	<u>(1)</u>	<u>-</u>
Total primary government	<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>	<u>\$ 10,899</u>	<u>\$ 11,696</u>
Changes in Net Position										
Governmental activities	\$ 123	\$ 1,275	\$ 2,159	\$ 46	\$ 1,866	\$ 2,778	\$ (3,583)	\$ 2,646	\$ 853	\$ 2,957
Business-type activities	(93)	445	1,698	1,427	1,563	8,848	1,423	1,298	1,882	3,433
Total primary government	<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>	<u>\$ 2,735</u>	<u>\$ 6,390</u>

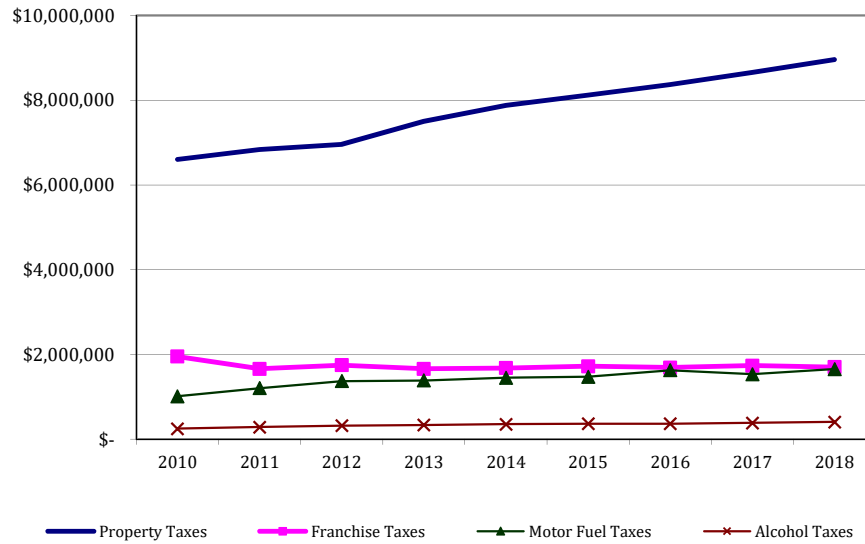
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CITY OF WEST LINN, OREGON
Governmental Activities Tax Revenues by Source
for the last ten fiscal years
(modified accrual basis of accounting)

Fiscal year	Property tax	Franchise tax	Motor fuel tax¹	Alcoholic beverage tax¹	Total
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
2018	8,954,917	1,704,799	1,655,177	409,178	12,724,071
2019	9,506,390	1,723,542	1,889,497	429,479	13,548,908

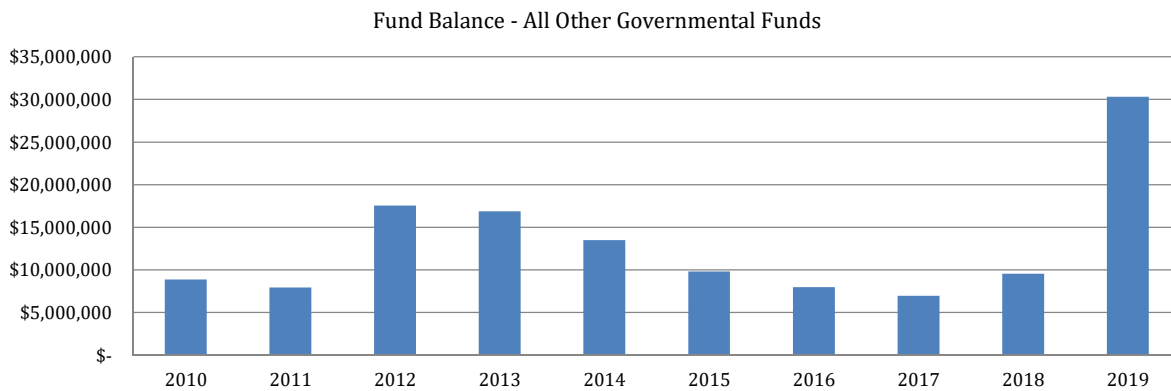
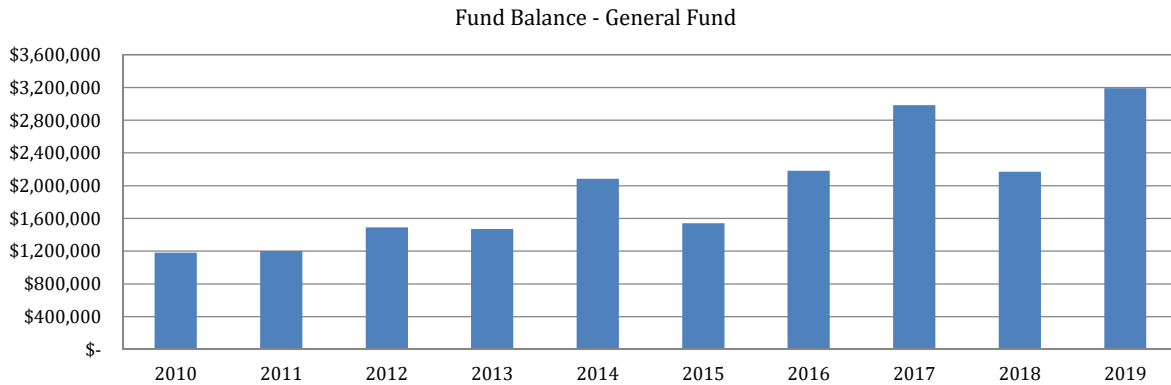
¹ Motor fuel and alcoholic beverage taxes are not directly assessed by the City of West Linn, but rather by the State of Oregon, then a portion is allocated to the City based upon population.

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Nonspendable	\$ 36,838	\$ 150,378	\$ 164,462	\$ 169,275	\$ 150,427	\$ 188,685	\$ 134,755	\$ 136,064	\$ 172,885	\$ 297,752
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	1,144,698	1,052,484	1,325,884	1,301,083	1,932,734	1,352,882	2,049,157	2,847,475	1,999,681	2,893,851
Total general fund	\$ 1,181,536	\$ 1,202,862	\$ 1,490,346	\$ 1,470,358	\$ 2,083,161	\$ 1,541,567	\$ 2,183,912	\$ 2,983,539	\$ 2,172,566	\$ 3,191,603
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	6,292,160	4,773,436	12,922,103	12,544,353	8,651,824	5,110,428	4,616,228	5,118,429	5,033,604	23,865,890
Committed	2,331,737	3,000,053	4,482,238	4,166,120	4,705,382	4,745,564	3,271,183	1,683,122	4,370,525	6,276,879
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	101,602	-	-	-	-	(174,525)	(76,404)	(1,800)	-	-
Total all other governmental funds	\$ 8,882,799	\$ 7,930,789	\$ 17,561,641	\$ 16,867,773	\$ 13,514,506	\$ 9,838,767	\$ 7,968,307	\$ 6,957,051	\$ 9,561,429	\$ 30,300,069



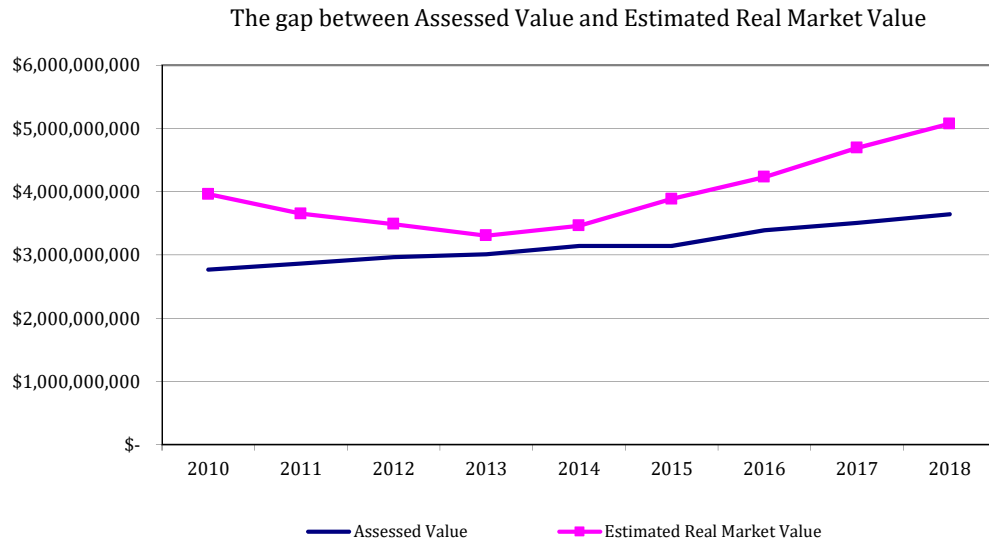
CITY OF WEST LINN, OREGON
Changes in Fund Balances of Governmental Funds
for the last ten fiscal years
(modified accrual basis of accounting)

	Fiscal Year Ended									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Property taxes	\$ 6,603,432	\$ 6,834,048	\$ 6,957,799	\$ 7,497,058	\$ 7,875,104	\$ 8,115,994	\$ 8,364,263	\$ 8,652,843	\$ 8,954,917	\$ 9,506,390
Intergovernmental	3,678,872	4,015,212	4,789,930	3,912,898	3,716,218	3,958,604	4,131,820	5,288,670	5,793,979	4,585,428
Franchise taxes	1,952,259	1,662,509	1,748,619	1,661,718	1,682,559	1,721,760	1,692,432	1,738,158	1,704,799	1,723,542
Fines and forfeitures	565,151	520,087	403,165	432,940	478,194	482,800	627,576	574,991	483,750	429,147
Licenses and fees	1,037,008	1,012,185	1,218,483	1,049,767	1,106,437	826,093	1,193,511	1,159,526	979,915	926,064
Charges for services	7,664,216	7,920,641	8,355,873	8,742,651	9,640,378	10,541,120	10,953,927	11,607,602	13,020,322	12,269,293
Systems development charges	608,727	1,027,067	1,765,887	1,367,798	1,278,072	647,616	1,415,956	1,384,954	699,805	889,965
Investment earnings	22,990	17,718	18,944	9,833	7,512	15,270	16,322	14,775	32,314	570,027
Miscellaneous	360,470	674,790	303,350	319,017	337,149	296,534	428,137	202,446	164,203	186,729
Total revenues	<u>22,493,125</u>	<u>23,684,257</u>	<u>25,562,050</u>	<u>24,993,680</u>	<u>26,121,623</u>	<u>26,605,791</u>	<u>28,823,944</u>	<u>30,623,965</u>	<u>31,834,004</u>	<u>31,086,585</u>
Expenditures:										
Current:										
General government	6,194,465	6,520,299	6,704,454	7,209,531	6,758,119	7,785,446	7,645,271	7,344,181	9,235,355	7,889,174
Culture and recreation	4,647,411	4,934,363	5,182,185	5,440,445	5,149,677	5,438,749	5,652,323	5,891,783	6,055,190	6,311,872
Public safety	6,262,603	6,261,541	6,711,910	7,041,384	6,851,540	7,184,749	8,092,329	8,002,902	7,963,228	8,023,965
Highways and streets	1,569,050	1,545,578	1,452,551	1,591,059	1,617,973	1,695,348	1,819,750	1,962,717	1,987,636	1,956,229
Debt service:										
Principal	825,000	1,070,000	1,065,000	1,245,000	1,370,000	1,440,000	1,325,780	1,600,000	1,669,986	1,420,000
Interest	741,544	418,655	427,366	651,831	552,802	513,211	660,136	407,274	357,898	807,868
Current refunding	-	5,933,478	-	-	-	-	-	-	-	-
Capital outlay	2,034,663	4,353,775	2,793,021	2,578,462	6,752,923	6,780,121	4,906,835	5,626,737	3,025,531	3,166,422
Total expenditures	<u>22,274,736</u>	<u>31,037,689</u>	<u>24,336,487</u>	<u>25,757,712</u>	<u>29,053,034</u>	<u>30,837,624</u>	<u>30,102,424</u>	<u>30,835,594</u>	<u>30,294,824</u>	<u>29,575,530</u>
Excess (deficiency) of revenues over (under) expenditures	<u>218,389</u>	<u>(7,353,432)</u>	<u>1,225,563</u>	<u>(764,032)</u>	<u>(2,931,411)</u>	<u>(2,932,411)</u>	<u>(1,278,480)</u>	<u>(211,629)</u>	<u>1,539,180</u>	<u>1,511,055</u>
Other financing sources (uses):										
Transfers from other funds	-	-	-	-	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	487,887	90,085	-	191,947	14,500	-	-	900	-
Full faith and credit obligation bonds	-	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	5,640,000	-	-	-	-	2,625,000	-	-	-
General obligation bonds issued	-	-	8,500,000	-	-	-	-	-	-	20,000,000
Bond premium on issuance of debt	-	294,861	102,688	-	-	-	229,585	-	-	246,622
Payment to refunded bond escrow	-	-	-	-	-	-	(2,804,220)	-	-	-
Capital lease	-	-	-	50,176	-	-	-	-	-	-
Total other financing sources (uses)	-	6,422,748	8,692,773	50,176	191,947	14,500	50,365	-	900	20,246,622
Net change in fund balances	<u>\$ 218,389</u>	<u>\$ (930,684)</u>	<u>\$ 9,918,336</u>	<u>\$ (713,856)</u>	<u>\$ (2,739,464)</u>	<u>\$ (2,917,911)</u>	<u>\$ (1,228,115)</u>	<u>\$ (211,629)</u>	<u>\$ 1,540,080</u>	<u>\$ 21,757,677</u>
Debt service as a percentage of noncapital expenditures	7.7%	5.6%	6.9%	8.2%	8.6%	8.1%	7.9%	8.0%	7.4%	8.4%

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)	
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	3,142,863,538	2.5489	3,885,035,988	81
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	2.5375	4,691,525,851	75
2018	3,507,304,886	23,156,295	14,860	112,552,000	3,643,028,041	2.5375	5,073,357,248	72
2019	3,628,957,851	16,697,701	69,806	115,578,000	3,761,303,358	2.5410	5,371,814,731	70

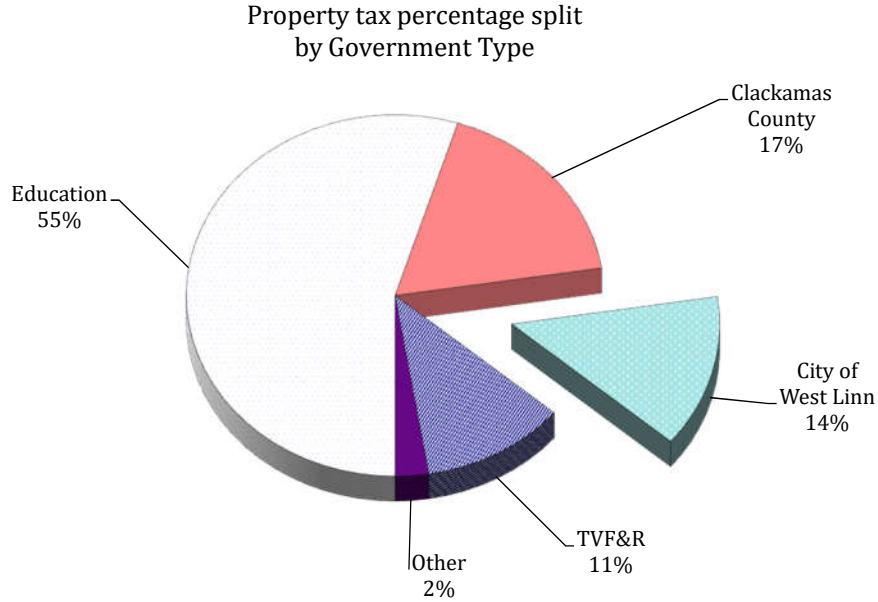
Source: Clackamas County Assessor's Office



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		
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	
2018	2.1200	-	0.4175	2.5375	9.07	3.29	0.74	0.37	2.08	0.48	18.56	
2019	2.1200	-	0.4210	2.5410	9.19	3.90	0.74	0.37	2.08	0.76	19.59	

Source: Clackamas County Assessor's Office



CITY OF WEST LINN, OREGON

Principal Property Taxpayers
current year and nine years ago

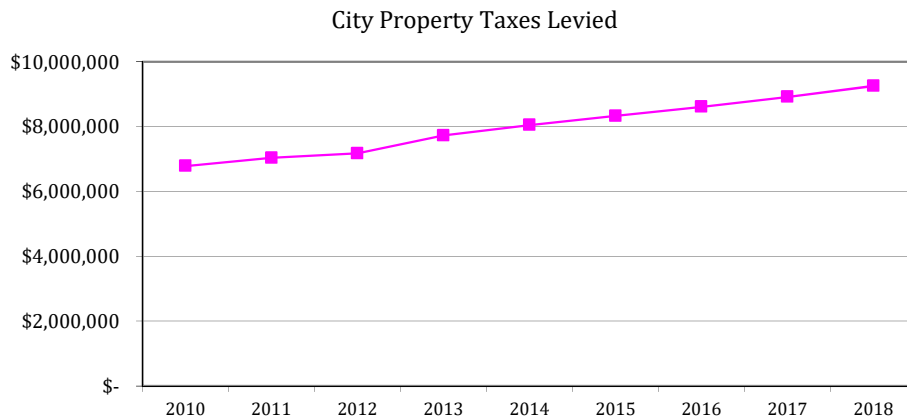
Name	2019			2010		
	Assessed value	Rank	% of total value	Assessed value	Rank	% of total value
Portland General Electric Co	\$ 78,800,896	1	2.1 %	\$ 61,359,000	1	2.2 %
Simpson Realty Group LP	30,734,545	2	0.8	23,555,470	2	0.9
West Linn Shopping Ctr. Assoc. LLC	23,336,891	3	0.6	17,303,762	4	0.6
Blackhawk Nevada LLC	17,439,162	4	0.5	15,156,294	6	0.5
NW Natural Gas Company	14,413,000	5	0.4	13,289,300	8	0.5
Apeldoorn Keith Van	14,166,657	6	0.4			
ROIC Cascade Summit LLC	12,284,253	7	0.3			
S & G Summerlinn LLC	11,900,989	8	0.3			
ROIC Robinwood LLC	10,931,541	9	0.3			
Cap VII - West Linn LLC	10,722,520	10	0.3			
Comcast Corporation				13,746,300	7	0.5
West Linn Paper Prop. Co				19,118,310	3	0.7
Cascade Summit Retail LLC				15,792,497	5	0.6
Summerlinn Apartments LLC						
VPC-OR West Linn Limited Partnership				9,885,024	9	0.4
Blackhawk LLC				8,689,345	10	0.3
Sub-total, top ten	<u>224,730,454</u>		<u>6.0</u>	<u>197,895,302</u>		<u>7.5</u>
All other City taxpayers	<u>3,536,572,904</u>		<u>94.0</u>	<u>2,457,654,074</u>		<u>92.5 %</u>
Total City taxpayers	<u>\$ 3,761,303,358</u>		<u>100.0 %</u>	<u>\$ 2,655,549,376</u>		<u>100.0 %</u>

Source: Clackamas County Assessor's Office

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

Fiscal year	Taxes levied for the fiscal year	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
		Amount	Percentage of levy		Amount	Percentage of levy
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	210,026	7,493,085	97
2014	8,044,298	7,628,822	95	183,792	7,812,614	97
2015	8,327,514	7,911,683	95	156,714	8,068,397	97
2016	8,606,218	8,187,209	95	238,434	8,425,643	98
2017	8,913,604	8,493,826	95	88,359	8,582,185	96
2018	9,251,827	8,808,675	95	117,207	8,925,882	96
2019	9,564,108	9,140,407	96	-	9,140,407	96

Source: Annual financial statements of the City of West Linn

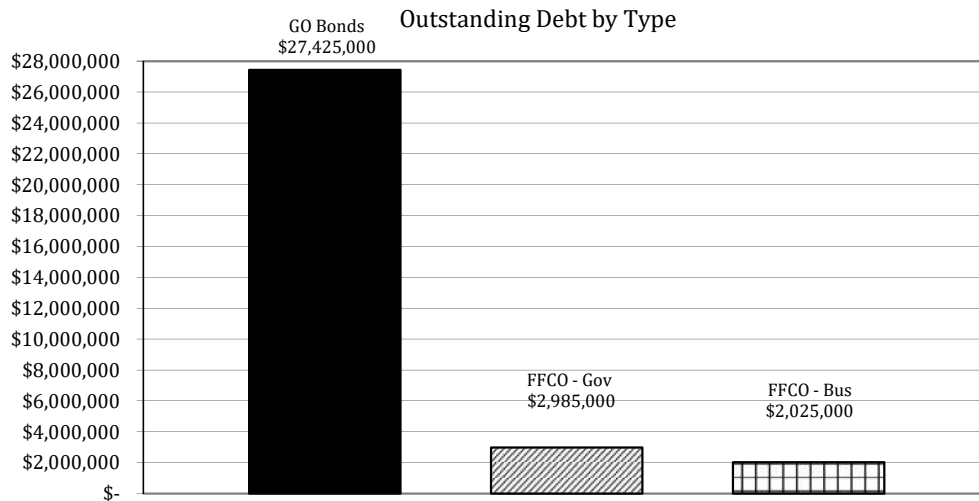


CITY OF WEST LINN, OREGON
Ratios of Outstanding Debt by Type
for the last ten fiscal years

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			
2010	\$ 7,560,000	\$ 1,738,158	\$ 1,225,000	\$ 10,523,158	11.97 %	\$ 419
2011	6,977,330	6,639,959	1,145,000	16,294,411	17.44	648
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	14.82	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	*	641
2018	8,702,936	3,710,862	2,366,435	14,780,233	*	575.22
2019	27,425,000	2,985,000	2,025,000	32,435,000	*	1,255.71

* Information unavailable at this time.

Source: Annual financial statements of the City of West Linn



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

Fiscal year	General obligation bonds¹	Less: amounts available in debt service fund	Net	Percentage of net over assessed value of property²	Per capita³
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	13,039,727	(163,541)	12,876,186	0.41	506
2015	11,966,415	(204,191)	11,762,224	0.37	461
2016	10,848,048	(167,745)	10,680,303	0.32	417
2017	9,666,571	(214,332)	9,452,239	0.27	369
2018	8,702,936	(219,646)	8,483,290	0.23	330
2019	27,425,000	(302,230)	27,122,770	0.72	1,050

¹ Includes both governmental activities and business-type activities.

² Assessed value data of property can be found on page 101.

³ Population data can be found on page 110.

CITY OF WEST LINN, OREGON
Direct and Overlapping Governmental Activities Debt
as of June 30, 2019

Governmental unit	Real market values of overlapping districts	Tax-supported debt outstanding	Percentage overlapping¹	Overlapping debt applicable to the City of West Linn
Debt repaid with property taxes:				
West Linn Wilsonville School District	\$ 11,913,182,586	\$ 209,850,109	44.72 %	\$ 93,851,264
Clackamas Community College	57,813,899,000	93,763,913	9.22	8,641,001
Clackamas County	78,616,684,571	129,945,000	6.83	8,879,012
Clackamas County ESD	74,946,144,985	20,970,000	7.17	1,503,046
Clackamas Soil & Water Conservation	78,616,700,641	6,815,000	6.83	465,662
Metro	331,648,968,470	819,020,000	1.62	13,265,667
Tualatin Valley Fire and Rescue	99,388,943,329	26,055,000	5.40	1,408,221
Lake Oswego School District No. 7J	13,280,192,631	249,044,136	0.33	822,842
Port of Portland	359,418,340,514	-	-	-
Portland Community College	264,075,363,856	602,297,900	0.02	99,981
Subtotal, overlapping debt	<u>1,369,718,420,583</u>	<u>2,157,761,058</u>		<u>128,936,696</u>
Direct debt outstanding:				
City of West Linn	<u>5,371,814,731</u>	<u>30,410,000</u>	100.00	<u>30,410,000</u>
Total direct and overlapping debt outstanding	<u>\$ 1,375,090,235,314</u>	<u>\$ 2,188,171,058</u>		<u>\$ 159,346,696</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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt maximum limitation	\$ 118,820,046	\$ 109,516,435	\$ 104,619,167	\$ 99,156,253	\$ 103,829,361
Debt applicable to maximum limit	<u>7,442,946</u>	<u>6,769,605</u>	<u>14,636,319</u>	<u>13,764,310</u>	<u>12,706,459</u>
Legal debt margin available	<u>\$ 111,377,100</u>	<u>\$ 102,746,830</u>	<u>\$ 89,982,848</u>	<u>\$ 85,391,943</u>	<u>\$ 1,532,122</u>
Debt applicable to the maximum limit as a percentage of debt limitation	6.26%	6.18%	13.99%	13.88%	12.24%
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt maximum limitation	\$ 116,551,080	\$ 126,962,858	\$ 140,745,776	\$ 152,200,717	\$ 161,154,442
Debt applicable to maximum limit	<u>11,775,334</u>	<u>10,680,303</u>	<u>9,465,349</u>	<u>8,161,820</u>	<u>27,122,770</u>
Legal debt margin available	<u>\$ 385,113</u>	<u>\$ 116,282,555</u>	<u>\$ 131,280,427</u>	<u>\$ 144,038,897</u>	<u>\$ 134,031,672</u>
Debt applicable to the maximum limit as a percentage of debt limitation	10.10%	8.41%	6.73%	5.36%	16.83%

Legal debt margin calculation for the fiscal year ended June 30, 2019:

Total property real market value	\$ 5,371,814,731
	3%
Debt maximum limitation (3% of total property real market value) ¹	<u>161,154,442</u>
Amount of debt applicable to debt limit:	
Total bonded debt outstanding	32,435,000
Less debt excluded from debt limit:	
Full faith and credit obligations - governmental activities	(2,985,000)
Full faith and credit obligations - business-type activities	(2,025,000)
Less funds applicable to the payment of principal in the debt service fund per ORS 287.004	<u>(302,230)</u>
Net amount of debt applicable to limit	<u>27,122,770</u>
Legal debt margin - amount available for future indebtedness	<u>\$ 134,031,672</u>
Percentage of City's indebtedness to total allowed	16.83%

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	
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	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-

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.

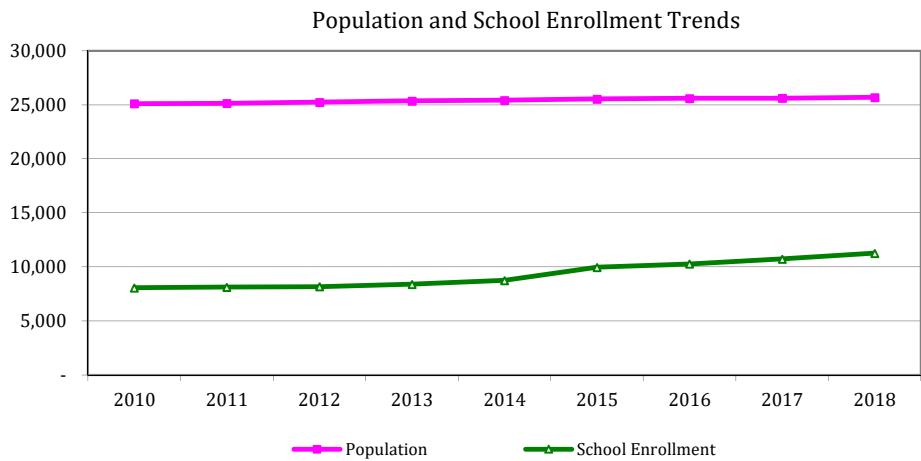
Source: Annual financial statements of the City of West Linn

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

Fiscal year	Population	Personal income (in millions)	Per capita personal income	School enrollment	Unemployment rate
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	119,339	50,097	9,967	5.5
2016	25,605	124,974	51,576	10,280	4.8
2017	25,615	131,861	53,751	10,730	3.7
2018	25,695	*	*	11,260	4.0
2019	25,830	*	*	11,248	4.0

* 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*

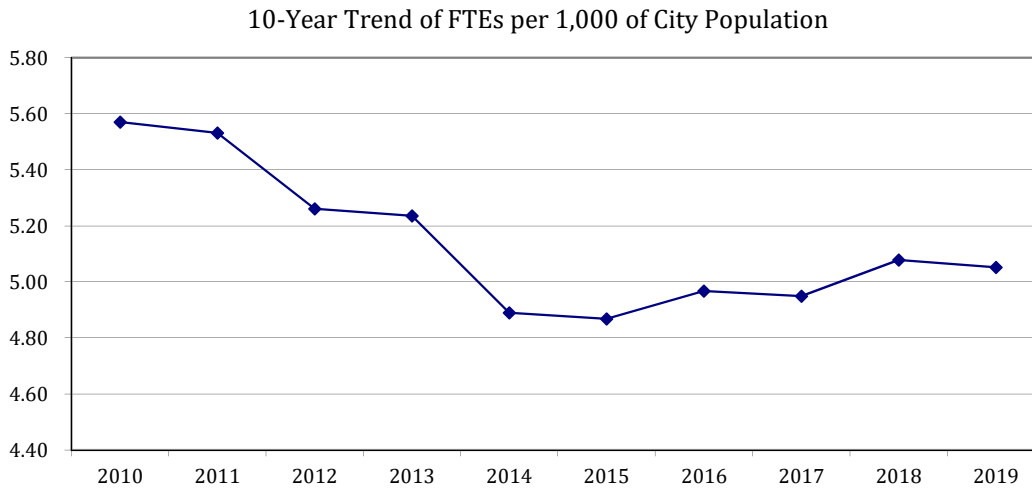
Employer	2019			2010		
	Employees	Rank	Percentage of total City employment	Employees	Rank	Percentage of total City employment
West Linn Wilsonville SD	865	1	6.65 %	372	1	3.02 %
City of West Linn	130	2	1.00	123	5	1.00
Safeway Inc.	114	3	0.88	170	4	1.38
Oregon Golf Club	100	4	0.77			
Rose Linn Vintage Place	100	5	0.77	80	9	0.65
Walmart Neighborhood Market	65	6	0.50			
Tanner Springs Assisted Living	63	7	0.48	250	2	2.03
Market of Choice	60	8	0.46			
Net Biz Inc.	50	9	0.38			
Home Instead Senior Care	50	10	0.38			
Thriftway Stores				40	15	0.33
West Linn Paper Company				200	3	1.63
Technocom Inc. (ESP Tech)				90	7	0.73
Albertson's				100	6	0.81
Pond Maintenance Services				75	10	0.61
Zupans				70	13	0.57
First Student Inc.				70	12	0.57
American Golf Corporation				80	8	0.65
Fisher Corporation				40	14	0.33
Elton Enterprises IV Inc				70	11	0.57
Total	<u>1,597</u>		<u>15.97 %</u>			

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

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

Function/Program	Fiscal Year Ended									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	19.60	19.60	17.80	17.80	16.30	16.30	17.40	17.40	17.60	17.60
Public safety	43.25	43.00	42.50	42.50	39.00	39.00	40.50	37.00	37.50	37.50
Culture and recreation	40.43	40.43	39.03	39.03	36.78	36.78	37.28	37.28	37.88	37.88
Community development	6.50	6.50	6.50	6.50	5.75	5.75	5.50	9.00	9.50	9.50
Highways and streets	7.00	7.00	7.00	7.00	7.00	7.00	6.50	5.00	5.00	5.00
Water	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	6.00	6.00
Sewer and surface water	5.00	5.00	5.00	5.00	6.50	6.50	6.50	6.50	6.50	6.50
Public works	12.10	11.60	10.00	10.00	8.00	8.00	8.50	10.00	10.50	10.50
Total full-time equivalent (FTE)	139.88	139.13	132.83	132.83	124.33	124.33	127.18	127.18	130.48	130.48
City population	25,109	25,150	25,250	25,370	25,425	25,540	25,605	25,695	25,695	25,830
FTEs per 1,000 of population	5.57	5.53	5.26	5.24	4.89	4.87	4.97	4.95	5.08	5.05

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Public safety										
Citations:										
Traffic	2,772	2,584	1,735	1,875	2,460	2,451	2,845	2,239	1,143	1,593
Criminal	248	159	258	261	227	313	458	424	382	213
Parking	532	541	334	312	455	635	558	741	565	470
City ordinance/non-traffic	68	53	69	72	46	81	125	38	43	37
Impound hearing	1	1	-	-	-	-	-	-	1	-
Culture and recreation										
Library volunteer hours	6,353	6,254	5,588	5,972	6,005	4,580	5,107	4,015	2,384	2,995
Library - average items circulated per capita	28.58	30.87	29.04	27.02	25.78	24.91	25.47	23.51	22.20	21.40
Community development										
Residential building permits issued	52	38	96	56	56	33	45	57	122	158
Land use applications processed	131	101	103	117	108	105	101	129	104	72
Business-type activities: ¹										
Water										
Service connections	8,514	8,592	8,698	8,716	8,773	8,850	8,852	8,920	8,768	8,921
Average daily consumption (in thousands of gallons)	2,718	2,665	2,598	2,620	2,635	3,427	3,450	2,726	4,336	3,484
Sanitary sewer										
Service connections	5,404	5,502	5,495	5,509	5,525	8,672	8,675	8,678	8,733	8,781
Average daily sewage treatment (in thousands of gallons)	4,957	5,012	5,050	5,079	5,085	5,172	5,185	5,170	5,198	5,221

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>2019</u>	<u>2010</u>
Governmental activities:		
General government		
City-owned building facilities	8	5
Public safety		
Police stations	1	1
Patrol units	14	13
Culture and recreation		
Park and open space acreage	558	632
Baseball/softball fields	7	7
Community development		
Value of new building construction (in thousands)	\$16,556	\$17,137
Highways and streets		
Miles of streets	216	107
Miles of bikeways	70 *	70
Surface water catch basins	2,900	2,815
Miles of sidewalk	120 *	122
Business-type activities:		
Water		
Water mains (miles)	121	118
Maximum daily capacity (in thousands of gallons)	6,500	6,480
Sanitary sewer		
Sanitary sewer (miles)	145	193
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 reports from Merina & Company, LLP are contained in this section:

- Independent Auditor's Report Required by Oregon State Regulations
- Independent Auditor's Report Required by Governmental Auditing Standards

**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***

The Honorable Mayor and City Council
City of West Linn, Oregon

We have audited the basic financial statements of City of West Linn, Oregon, as of and for the year ended June 30, 2019 and have issued our report thereon dated November 25, 2019. 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 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 grant agreements, 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 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*.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered 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 City of West Linn, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of 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+Co
Tualatin, Oregon
November 25, 2019

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Mayor and City Council
City of West Linn, Oregon

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of West Linn, Oregon as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City of West Linn, Oregon's basic financial statements, and have issued our report thereon dated November 25, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 City of West Linn, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of West Linn, Oregon's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Sonya W. [unclear]". The signature is cursive and somewhat stylized.

For Merina+Co
Tualatin, Oregon
November 25, 2019



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

Biennial Budget

Five Year Financial Forecast

Six Year Capital Improvement Plan

Budget Overview

FY 2018 Comprehensive Annual Financial Report

FY 2019 Comprehensive Annual Financial Report

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