



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

CITY OF WEST LINN, OREGON
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30, 2023

prepared by

Finance Department
City of West Linn, Oregon

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



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CITY OF WEST LINN, OREGON

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For the fiscal year ended June 30, 2023

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CITY OF WEST LINN, OREGON
ANNUAL COMPREHENSIVE FINANCIAL REPORT

SECTION I

INTRODUCTORY SECTION

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CITY OF West Linn

January 2, 2024

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

The Annual Comprehensive Financial Report (ACFR) of the City of West Linn, Oregon (the City) for the fiscal year ended June 30, 2023 is hereby submitted.

This report presents the financial position of the City as of June 30, 2023 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, 2023. 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 27,420. 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 Willamette Falls Paper Company.

Long-term Financial Planning

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

Along with the adoption of the 2022-2023 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, 2023, a five percent rate increase for water, sewer, and surface water management fees was approved. Effective July 1, 2023, a five percent rate increase was approved for the residential street fees and a sixteen percent rate increase was approved for parks maintenance fees. Effective January 1, 2024, 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 \$24.3 million outstanding in two general obligation bond issues, and \$4.2 million outstanding in two full faith and credit obligations, for a total of \$28.5 million in long-term debt outstanding as of June 30, 2023.

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 January 2023 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 July 2021 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 2022-2023 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: diversity, equity and inclusion; livability and affordability; Sustainability; and thriving and moving forward.

The Citizens' Budget Committee continued with biennial budgeting and approved the City's seventh 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, 2023, the actual results reflect the second year of the biennium. Additionally, the City's Audit Committee, consisting of Councilors Carol Bryck and Lou Groner, partnering with Abby Farber who is a West Linn resident, continue their focus on audit oversight and improving all finance processes.

Awards

Annual Comprehensive 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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. This was the fourteenth 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 ACFR. 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 ACFR 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, 2021. 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 Annual Comprehensive 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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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of West Linn
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

CITY OF WEST LINN, OREGON
Elected and Appointed Officials

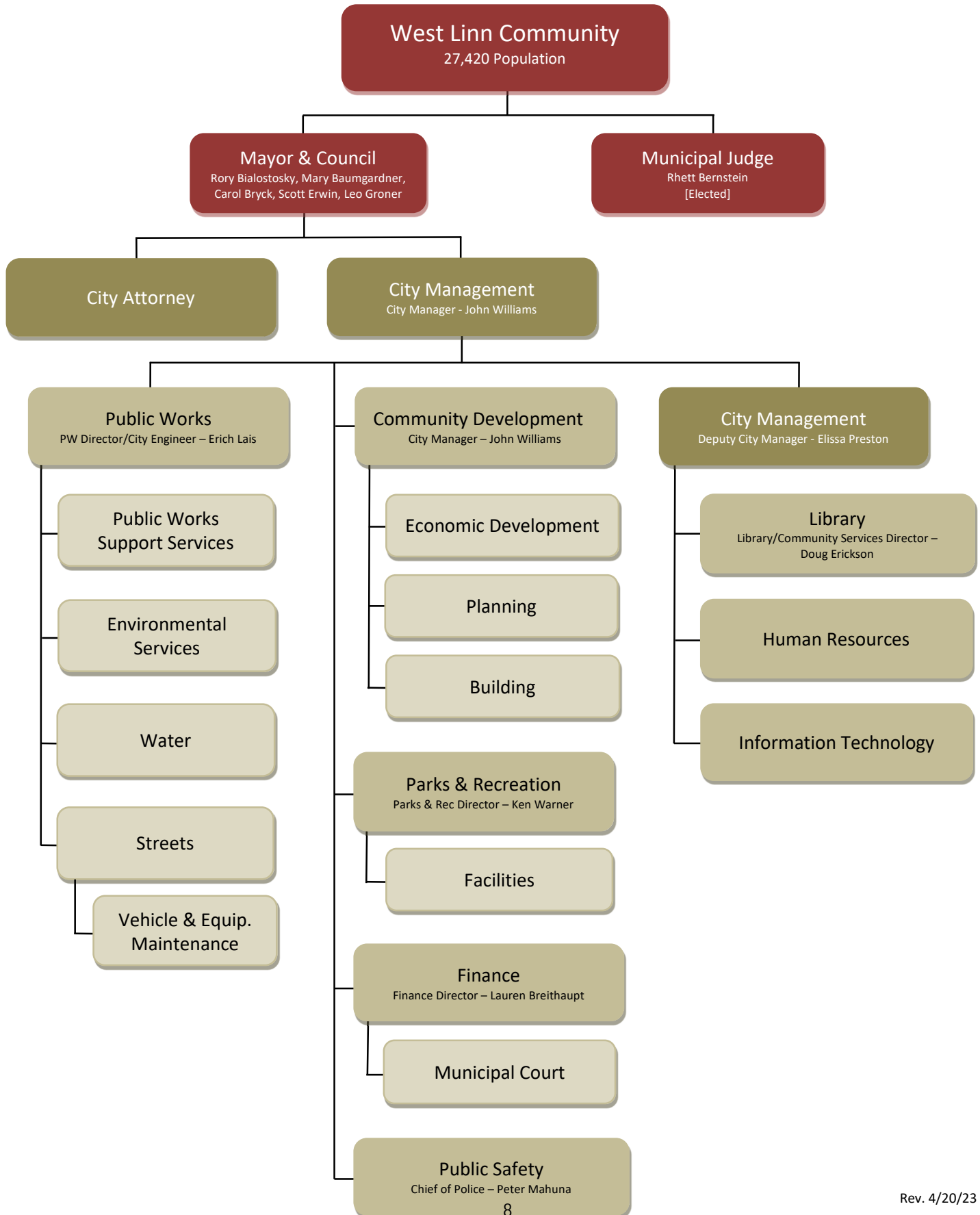
Elected Officials	Term Expires
Rory Bialostosky, Mayor	December 31, 2024
Mary Baumgardner, Council	December 31, 2024
Scott Erwin, Councilor President	December 31, 2026
Leo (Lou) Groner, Councilor	December 31, 2026
Carol Bryck, Councilor	December 31, 2024
Rhett Bernstein, Municipal Court Judge	December 31, 2026

Appointed Officials	Position
John Williams	City Manager
JORDAN RAMIS PC	Legal Counsel/City Attorney

Management Team:

Lauren Breithaupt, CPA	Finance Director
Doug Erickson	Library and Community Services Director
Erich Lais	Public Works Director
Peter Mahuna	Chief of Police
Kathy Mollusky, CMC	City Recorder
Elissa Preston	Human Resources/Deputy City Manager
John Williams	City Manager
Terry Wise	Information Tech. Manager
Ken Warner	Parks and Recreation Director

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:	
Carol Bryck, Councilor	December 31, 2024
Leo (Lou) Groner, Councilor	December 31, 2026
Citizen Member:	
Abby Farber	December 31, 2025

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

SECTION II

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2023, 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.

In our opinion, the accompanying 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, 2023, 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.

We did not audit the financial statements of South Fork Water Board which represents 15 percent, 19 percent, and 8 percent, respectively, of the assets, net position, and revenues of the business-type activities of the City of West Linn, Oregon as of June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the City of West Linn, Oregon are based solely on the report of the other auditors. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of West Linn, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the City of West Linn adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of West Linn's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 City of West Linn's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of West Linn's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 schedule of revenues, expenditures and changes in fund balance – 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 – 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, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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, 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 – 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.

Supplementary 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 accompanying supplementary information, as listed in the table of contents including the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information, as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, other financial schedules, and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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 January 2, 2024 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 issued separately and 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 January 2, 2024, 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
January 2, 2024

CITY OF WEST LINN, OREGON

Management's Discussion and Analysis

For the fiscal year ended June 30, 2023

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, 2023. 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

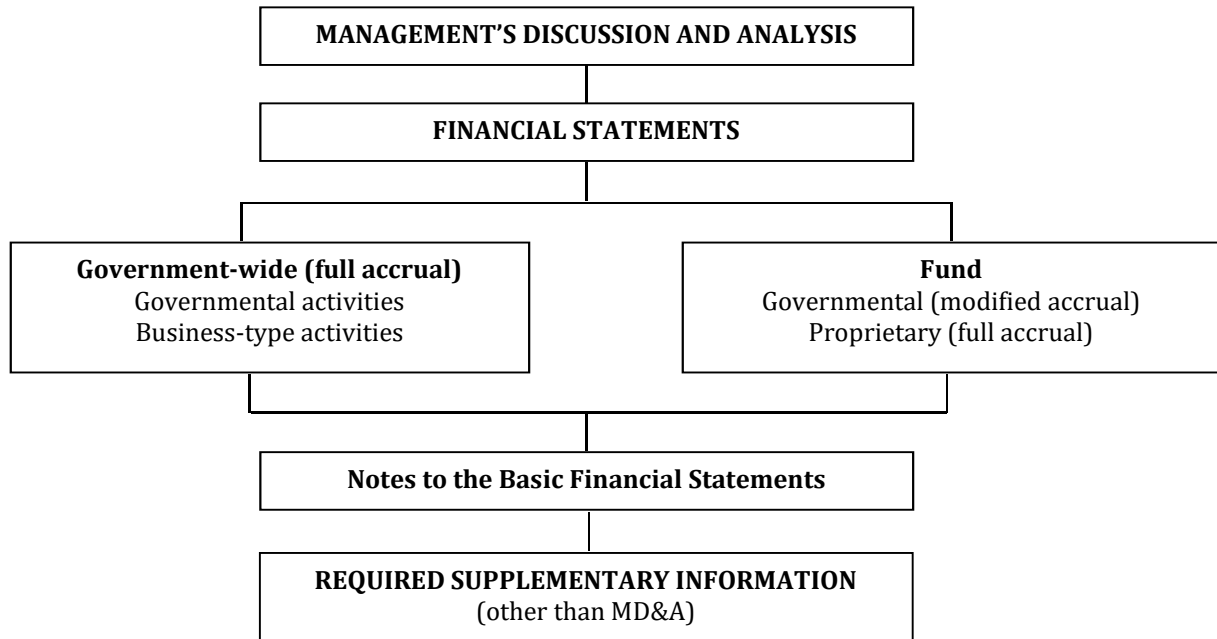
- The City's assets and deferred outflows of resources totaled \$385.1 million at June 30, 2023, consisting of \$292.8 million in capital assets, \$50.5 million in unrestricted cash and investments, \$18.1 million in restricted cash and investments, and \$12.7 million in investment in joint venture, other assets and deferred outflows of resources. Total assets and deferred outflows of resources increased by \$23.7 million from the previous fiscal year.
- The City's liabilities and deferred inflows of resources totaled \$67.0 million at June 30, 2023 consisting of \$56.0 million in long-term liabilities and \$5.8 million in accounts payable and other liabilities, and \$5.2 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 \$317.8 million at the close of fiscal year 2022-23. Unrestricted net position totaled \$37.1 million with the remainder of the City's net position invested in capital assets (\$270.1 million) and restricted for endowment, capital projects and debt service (\$10.6 million).
- For its governmental activities, the City generated \$16.0 million in charges for services, received \$10.4 million in operating and capital grants and contributions, and \$0.2 million in capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$32.7 million for the year, resulting in a net direct revenues of \$6.0 million. \$14.4 million of general revenues received resulted in an increase of \$8.3 million in net position.
- For its business-type activities, the City generated \$11.9 million in charges for services and capital grants and contributions to fund direct expenses of \$9.2 million.
- Fund balance in the City's governmental funds was \$42.1 million at June 30, 2023, an increase of \$4.0 million from June 30, 2022.

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 Annual Comprehensive 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 it has 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 \$249.5 million at June 30, 2023.

By far, the largest portion of the City’s net position (85 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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 47.3	\$ 41.4	\$ 39.6	\$ 24.5	\$ 86.9	\$ 65.9
Capital assets	246.8	244.0	46.1	45.2	292.9	289.2
Total assets	294.1	285.4	85.7	69.7	379.8	355.1
Deferred outflows of resources	4.8	5.6	0.5	0.6	5.3	6.2
Long-term liabilities	40.3	38.7	15.7	2.9	56.0	41.6
Other liabilities	4.4	2.4	1.4	1.2	5.8	3.6
Total liabilities	44.7	41.1	17.1	4.1	61.8	45.2
Deferred inflows of resources	4.7	8.7	0.9	1.0	5.6	9.7
Net position:						
Net investment in capital assets	226.7	225.6	43.4	43.6	270.1	269.2
Restricted for:						
Library endowment	0.2	0.2	-	-	0.2	0.2
Debt service	0.5	0.3	-	-	0.5	0.3
Building operations	1.5	1.6	-	-	1.5	1.6
OPEB Assets	0.2	0.2	-	0.1	0.2	0.3
Mclean House	0.1	-	-	-	0.1	-
Capital projects	8.1	7.5	-	-	8.1	7.5
Unrestricted	12.2	5.7	24.8	21.6	37.0	27.3
Total net position	\$ 249.5	\$ 241.1	\$ 68.2	\$ 65.3	\$ 317.7	\$ 306.4

A portion of the City’s net position (\$10.6 million or about three percent) represents resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net position* (\$37.0 million or about twelve percent) may be used to meet the City’s ongoing obligations to citizens and creditors.

As of June 30, 2023, the City had positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

Total net position increased by \$11.3 million during the fiscal year.

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)

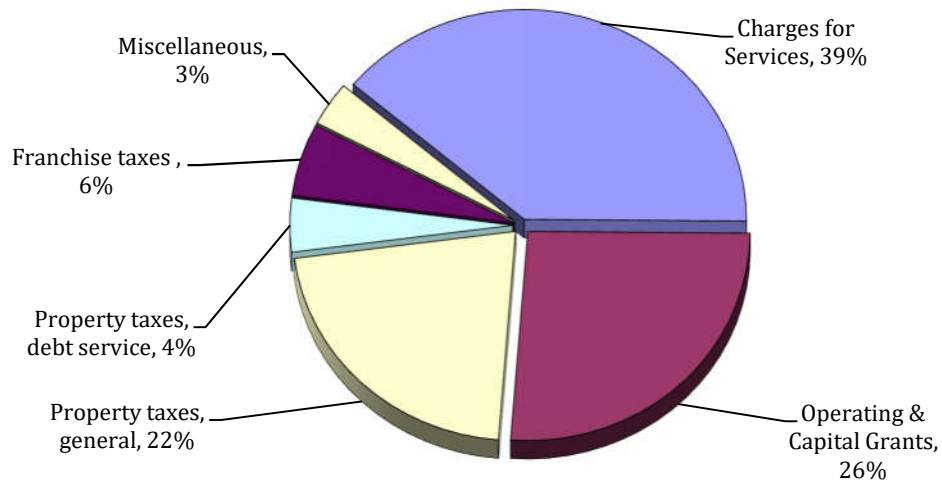
	Governmental Activities		Business-type Activities		Total	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Revenues						
Program revenues						
Charges for services	\$ 16.0	\$ 18.0	\$ 11.2	\$ 10.9	\$ 27.2	\$ 28.9
Operating grants and contributions	10.4	8.5	0.2	-	10.6	8.5
Capital grants and contributions	0.2	0.1	0.5	0.3	0.7	0.4
General revenues						
Property taxes	10.6	10.2	-	-	10.6	10.2
Franchise taxes	2.3	2.0	-	-	2.3	2.0
Grants and contributions not restricted to specific programs	0.1	0.1	-	-	0.1	0.1
Miscellaneous	1.4	0.1	0.3	-	1.7	0.1
Total revenues	<u>41.0</u>	<u>39.0</u>	<u>12.2</u>	<u>11.2</u>	<u>53.2</u>	<u>50.2</u>
Expenses						
Governmental activities						
General government	10.2	9.0	-	-	10.2	9.0
Culture and recreation	8.7	8.0	-	-	8.7	8.0
Public safety	9.6	8.9	-	-	9.6	8.9
Highways and streets	3.4	3.4	-	-	3.4	3.4
Interest on long-term debt	0.8	0.9	-	-	0.8	0.9
Business-type activities						
Water	-	-	5.2	5.1	5.2	5.1
Environmental services	-	-	4.0	3.6	4.0	3.6
Total expenses	<u>32.7</u>	<u>30.2</u>	<u>9.2</u>	<u>8.7</u>	<u>41.9</u>	<u>38.9</u>
Change in net position	<u>8.3</u>	<u>8.8</u>	<u>3.0</u>	<u>2.5</u>	<u>11.3</u>	<u>11.3</u>
Net position - beginning	<u>241.2</u>	<u>232.4</u>	<u>65.3</u>	<u>62.8</u>	<u>306.5</u>	<u>295.2</u>
Net position - ending	<u>\$ 249.5</u>	<u>\$ 241.2</u>	<u>\$ 68.3</u>	<u>\$ 65.3</u>	<u>\$ 317.8</u>	<u>\$ 306.5</u>

Governmental Activities

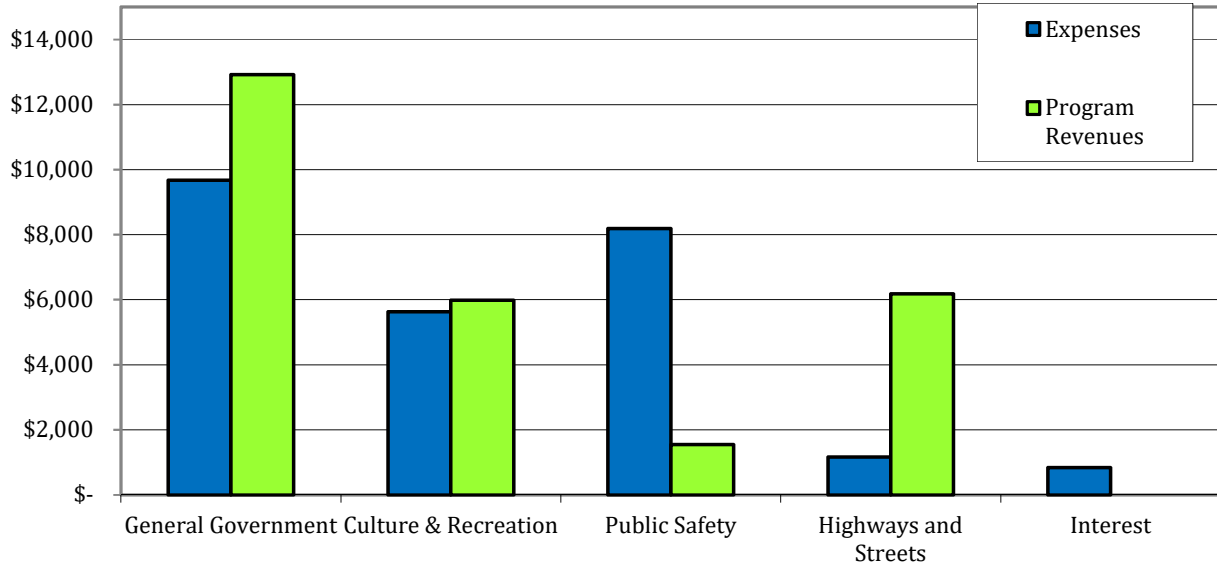
Governmental activities increased the City's net position by \$8.3 million in fiscal year 2022-23, as compared to an increase of \$8.8 million in the prior fiscal year. Revenue increased by \$2.0 million from the prior year and expenses, excluding transfers, increased by \$2.5 million. Key elements of these changes, as illustrated in Table 2 above, are primarily the results of an increase in operating grants and contributions due to ARPA and FEMA funding.

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

Revenues by Source - Governmental Activities



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

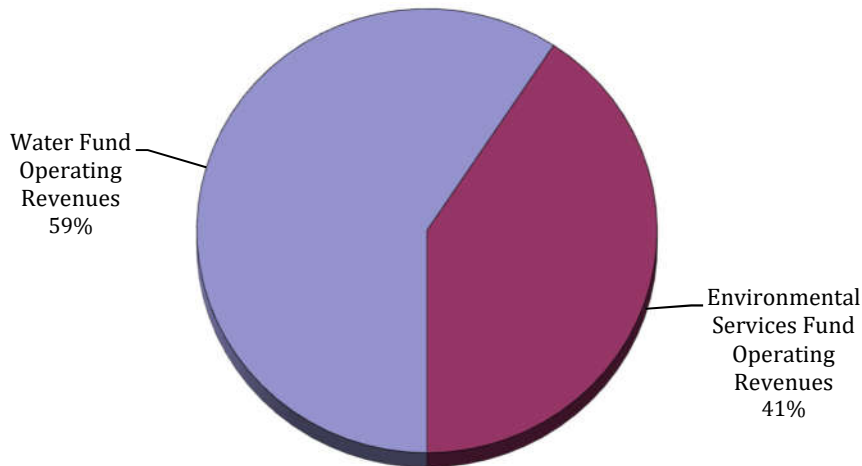


Business-type Activities

Water fund revenues represent approximately 59 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 41 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 negative 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, 2023, the City's governmental funds reported a combined ending fund balance of \$42.1 million, an increase of \$4.0 million when compared to the prior year. Unassigned fund balance as of June 30, 2023, was \$9.0 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, 2023, total fund balance was \$9.4 million, reflecting an increase of \$2.8 million from the prior year. Within the general fund ending balance, \$9.0 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 \$11.9 million the prior year to \$12.1 million due increasing in charges for services. Expenditures in the general fund increased by \$1.2 million from \$8.3 million in the prior year to \$9.5 million in the current year. The increase in expenditures was due to multiple departments. One significant increase was in the Information Technology (IT) Department. This was due to multiple year contracts renewing and a vacancy of the IT Director position and contracting that work out. The increase in fund balance is due to getting the second ARPA distribution in the fiscal year and FEMA funding for the 2021 Ice Storm.

Public Safety Fund

This special revenue fund accounts for police, 911 dispatch, and overall safety activities within city limits. Revenues increased by \$0.7 million from \$8.1 million in the prior year to \$8.8 million in the current year. Expenditures in the public safety fund increased from prior year \$8.0 million to \$8.7 million. This was due to an increase in personnel costs and other inflationary items.

Parks and Recreation Fund

This special revenue fund is used to account for funding parks and recreation programs throughout the City. Overall revenues increased to \$5.9 million in the current year from \$4.6 million in the prior year due to Federal Emergency Management Agency (FEMA) funding. Overall expenditures increased to \$5.6 million resulting in an overall fund balance increase of \$0.4 million. Increase in expenditures is primarily due to increases in capital outlay and personnel services due to contract increases. Debt service payments continued for the full faith and credit obligations issued in 2015.

Library Fund

This special revenue fund is used to account for funding the City's library operations. Overall revenues increased to \$3.0 million in the current year from \$2.9 million in the prior year. Overall expenditures increased to \$3.1 million in the current year from \$2.8 million in the prior year. Overall fund balance stayed consistent at \$0.8 million.

Street Fund

This special revenue fund accounts for the operation and maintenance of the City's street and sidewalk systems, including medians. Revenue increased to \$6.4 million from \$5.1 million in the prior year due to FEMA funding. Overall street expenditures increased to \$4.2 million from \$3.8 million in the prior year. The street fund had an overall increase in fund balance of \$2.2 million for the fiscal year ended June 30, 2023.

Systems Development Charges Fund

This capital projects fund accounts for systems development charges and improvements including those for the street, water, surface water, sewer, park, and bike/pedestrian systems. Revenues decreased to \$0.8 million from \$1.9 million in the prior year. Expenditures in the systems development charges fund decreased to \$0.3 million from \$0.6 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 increased from \$61k in the prior year to \$259k in the current year, due to a increase in investment earnings. Capital outlay increased from \$1.8 million in the prior year to \$2.3 million in the current year due to a increase in project work over the last fiscal year.

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 \$24.9 million, which includes \$1.0 million for contingencies.

General Fund Appropriated Budget	Original Budget	Final Budget	Difference
Expenditures	\$ 22,965,000	\$ 22,913,000	\$ (52,000)
Transfers to other funds	945,000	997,000	52,000
Contingency	1,007,000	1,007,000	-
	<u>\$ 24,917,000</u>	<u>\$ 24,917,000</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 2022 Estimated Revenues	FY 2023 Estimated Revenues	FY 2023 Actual Revenues	Difference
Intergovernmental	\$ 2,700,000	\$ (2,700,000)	\$ -	\$ 2,988,357	\$ 2,988,357

Intergovernmental revenues have come in higher than our second year estimates by \$2,988,357 or 100 percent. This is due to a lag in the ARPA funding that pushed each years distribution to the following fiscal year. In addition, the City received FEMA funding for the 2021 ice storm.

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	Biennium Estimated Expenditures	Less FY 2022 Estimated Expenditures	FY 2023 Estimated Expenditures	FY 2023 Actual Expenditures	Difference
Public Works Support	3,626,000	(1,790,000)	1,836,000	1,607,647	228,353
Vehicle and Equipment Maintenance	847,000	(420,000)	427,000	250,624	176,376
Nondepartmental	5,450,000	(4,394,000)	1,056,000	822,347	233,653

Expenditures in the Public Works Support Services department of the general fund came in \$228,353 under second year estimates. Expenditures in the Vehicle and Equipment Maintenance department of the general fund came in \$176,376 under second year estimates. The variance for both departments are due to changes in personnel and vacancies. In Nondepartmental, Subscription Based Information Technology Agreements had \$300k budgeted prior to implementation. Only \$88k was spent.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2023, the City had invested \$292.9 million in capital assets, net of depreciation as reflected in the following table. This represents a net increase (additions, deductions and depreciation) of \$3.7 million in fiscal year 2022-23. Governmental capital assets totaled \$246.8 million while business-type capital assets totaled \$46.1 million.

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land and easements	\$ 192.9	\$ 192.9	\$ 0.5	\$ 0.5	\$ 193.4	\$ 193.4
Buildings and improvements	27.8	29.3	0.3	0.3	28.1	29.6
Vehicles and equipment	2.1	2.1	1.3	1.2	3.4	3.3
Infrastructure	14.1	13.8	41.2	41.5	55.3	55.3
Construction in progress	9.9	5.9	2.8	1.7	12.7	7.6
Capital assets, net	<u>\$ 246.8</u>	<u>\$ 244.0</u>	<u>\$ 46.1</u>	<u>\$ 45.2</u>	<u>\$ 292.9</u>	<u>\$ 289.2</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 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Beginning balance	\$ 244.0	\$ 243.0	\$ 45.2	\$ 45.7	\$ 289.2	\$ 288.7
Additions	5.6	3.9	2.9	1.6	8.5	5.5
Reductions and adjustments	-	(0.3)	-	(0.2)	-	(0.5)
Depreciation	(2.8)	(2.6)	(2.0)	(1.9)	(4.8)	(4.5)
Ending balance	<u>\$ 246.8</u>	<u>\$ 244.0</u>	<u>\$ 46.1</u>	<u>\$ 45.2</u>	<u>\$ 292.9</u>	<u>\$ 289.2</u>

Assets utilized in governmental activities increased by a net \$2.8 million. This change includes increases in 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 46 of this report.

Debt Outstanding

As of the end of the fiscal year, the City had \$38.5 million in long-term bonded debt obligations outstanding – a increase of 37% 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 50 of this report.

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

	2023	2022
Governmental Activities:		
General obligation bonds	\$ 24.1	\$ 24.9
Full faith and credit obligations	1.5	1.8
Sub-total	25.6	26.7
Business-type Activities:		
Full faith and credit obligations	12.9	1.5
Total	<u>\$ 38.5</u>	<u>\$ 28.2</u>

During fiscal year 2022-23, \$11.5 million of full faith and credit obligation bonds were issued to pay for water line maintenance. With this bond issue which closed in February 2023, 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 \$24.1 million in general obligation debt applicable to this limit is well below the City's \$222.0 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 58 percent; therefore, real market values would have to decrease by approximately 42 percent before the City's property tax revenues would be negatively impacted.

The largest resource used for governmental activities, at 38 percent, consisted of charges for service, including permits, licenses, recreation charges, and system development charges. Property tax revenue, the next largest revenue source, provided 26 percent of the resources used for governmental activities. 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. 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, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 25,827,022	\$ 24,667,068	\$ 50,494,090
Restricted cash and investments	18,072,336	-	18,072,336
Property taxes receivable	429,262	-	429,262
Accounts receivable, net of allowance	2,196,765	1,820,307	4,017,072
Loans Receivable	146,208	5,147	151,355
Lease Receivable	-	346,350	346,350
Prepaid expenses	382,463	-	382,463
Net OPEB asset	217,988	24,472	242,460
Capital assets not being depreciated:			
Land and easements	192,929,093	482,625	193,411,718
Construction in progress	9,849,141	2,806,406	12,655,547
Capital assets net of accumulated depreciation:			
Buildings and improvements	27,757,321	310,976	28,068,297
Vehicles and equipment	2,096,725	1,257,206	3,353,931
Infrastructure	14,139,867	41,203,917	55,343,784
Investment in joint venture	-	12,740,474	12,740,474
TOTAL ASSETS	294,044,191	85,664,948	379,709,139
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	21,583	-	21,583
Deferred outflows of resources - pension	4,680,794	525,495	5,206,289
Deferred outflows of resources - OPEB	137,389	15,424	152,813
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,839,766	540,919	5,380,685
LIABILITIES:			
Accounts payable	2,686,726	1,271,278	3,958,004
Accrued salaries and payroll taxes payable	546,905	41,610	588,515
Accrued interest payable	66,533	70,089	136,622
Deposits and other liabilities	1,084,567	-	1,084,567
Noncurrent liabilities:			
Due within one year	1,898,173	405,973	2,304,146
Due in more than one year	38,417,455	15,256,963	53,674,418
TOTAL LIABILITIES	44,700,359	17,045,913	61,746,272
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources - pension	4,462,729	501,014	4,963,743
Deferred inflows of resources - OPEB	221,587	24,877	246,464
Deferred inflows of resources - leases	-	346,350	346,350
TOTAL DEFERRED INFLOWS OF RESOURCES	4,684,316	872,241	5,556,557
NET POSITION:			
Net investment in capital assets	226,682,958	43,442,901	270,125,859
Restricted for:			
Library endowment, nonexpendable	157,300	-	157,300
Debt service	498,883	-	498,883
Building operations	1,530,290	-	1,530,290
OPEB Asset	217,988	24,472	242,460
McLean House	55,493	-	55,493
Capital projects	8,125,287	-	8,125,287
Unrestricted	12,231,083	24,820,340	37,051,423
TOTAL NET POSITION	\$ 249,499,282	\$ 68,287,713	\$ 317,786,995

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, 2023

FUNCTION / PROGRAM	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES:							
General government	\$ 10,193,072	\$ 9,552,937	\$ 3,363,843	\$ -	\$ 2,723,708	\$ -	\$ 2,723,708
Culture and recreation	8,643,585	3,287,601	2,672,067	21,239	(2,662,678)	-	(2,662,678)
Public safety	9,560,757	860,369	685,491	-	(8,014,897)	-	(8,014,897)
Highways and streets	3,421,138	2,322,302	3,694,014	164,555	2,759,733	-	2,759,733
Interest on long-term debt	839,473	-	-	-	(839,473)	-	(839,473)
TOTAL GOVERNMENTAL ACTIVITIES	32,658,025	16,023,209	10,415,415	185,794	(6,033,607)	-	(6,033,607)
BUSINESS-TYPE ACTIVITIES:							
Water	5,240,182	6,713,521	70,098	102,405	-	1,645,842	1,645,842
Environmental services	3,951,573	4,504,233	61,276	403,168	-	1,017,104	1,017,104
TOTAL BUSINESS-TYPE ACTIVITIES	9,191,755	11,217,754	131,374	505,573	-	2,662,946	2,662,946
TOTAL ACTIVITIES	\$ 41,849,780	\$ 27,240,963	\$ 10,546,789	\$ 691,367	(6,033,607)	2,662,946	(3,370,661)
GENERAL REVENUES:							
Property taxes, levied for general purposes					8,887,757	-	8,887,757
Property taxes, levied for debt service					1,691,866	-	1,691,866
Franchise taxes					2,274,049	-	2,274,049
Grants and contributions not restricted to specific programs					128,259	-	128,259
Unrestricted investment earnings					1,354,934	328,713	1,683,647
TOTAL GENERAL REVENUES					14,336,865	328,713	14,665,578
CHANGE IN NET POSITION					8,303,258	2,991,659	11,294,917
NET POSITION - beginning					241,193,726	65,296,054	306,489,780
RESTATEMENT (see note)					2,298	-	2,298
NET POSITION - beginning, restated					241,196,024	65,296,054	306,492,078
NET POSITION - ending					\$ 249,499,282	\$ 68,287,713	\$ 317,786,995

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

CITY OF WEST LINN, OREGON

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2023

	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	\$ 10,259,286	\$ 2,582,332	\$ 1,796,736	\$ 660,345	\$ 9,670,785	\$ -	\$ -	\$ 857,538	\$ 25,827,022
Restricted cash and investments	-	-	55,493	157,300	-	7,292,089	8,545,034	2,022,420	18,072,336
Property taxes receivable	-	244,018	68,496	47,091	-	-	-	69,657	429,262
Accounts receivable (net)	200,900	500,641	597,928	-	618,896	-	-	156,400	2,074,765
Loans receivable	1,064	-	-	-	20,203	124,941	-	-	146,208
Prepaid expenditures	382,463	-	-	-	-	-	-	-	382,463
TOTAL ASSETS	\$ 10,843,713	\$ 3,326,991	\$ 2,518,653	\$ 864,736	\$ 10,309,884	\$ 7,417,030	\$ 8,545,034	\$ 3,106,015	\$ 46,932,056
LIABILITIES:									
Accounts payable	\$ 359,548	\$ 26,823	\$ 139,176	\$ 12,578	\$ 1,221,430	\$ 93,554	\$ 665,048	\$ 46,569	\$ 2,564,726
Accrued salaries and payroll taxes	190,608	169,605	79,577	53,655	19,919	-	-	33,541	546,905
Deposits and other liabilities	720,136	-	65,392	-	133,338	-	138,806	26,895	1,084,567
TOTAL LIABILITIES	1,270,292	196,428	284,145	66,233	1,374,687	93,554	803,854	107,005	4,196,198
DEFERRED INFLOWS OF RESOURCES:									
Unavailable revenue - court fines	156,743	-	-	-	-	-	-	-	156,743
Unavailable revenue - bancroft loans	1,064	-	-	-	20,203	124,940	-	-	146,207
Unavailable revenue - misc.	-	-	102,125	-	1,070	-	-	-	103,195
Unavailable revenue - property taxes	-	150,936	42,368	29,128	-	-	-	43,086	265,518
TOTAL DEFERRED INFLOWS	157,807	150,936	144,493	29,128	21,273	124,940	-	43,086	671,663
FUND BALANCES:									
Non-spendable	382,463	-	-	157,300	-	-	-	-	539,763
Restricted	-	-	55,493	-	-	7,198,536	7,741,180	2,029,173	17,024,382
Committed	-	2,979,627	2,034,522	612,075	8,913,924	-	-	926,751	15,466,899
Unassigned	9,033,151	-	-	-	-	-	-	-	9,033,151
TOTAL FUND BALANCES	9,415,614	2,979,627	2,090,015	769,375	8,913,924	7,198,536	7,741,180	2,955,924	42,064,195
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 10,843,713	\$ 3,326,991	\$ 2,518,653	\$ 864,736	\$ 10,309,884	\$ 7,417,030	\$ 8,545,034	\$ 3,106,015	

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. 246,772,147

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

Deferred charge on refunding	\$ 21,583	
Deferred outflows of resources - pension	4,680,794	
Net OPEB benefit resource	217,988	
Deferred outflows of resources - OPEB	137,389	5,057,754

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	156,743	
Unavailable revenue - bancroft loans	146,207	
Unavailable revenue - misc.	103,195	
Unavailable revenue - property taxes	265,518	
Accrued compensated absences	(1,197,055)	
Accrued interest	(66,533)	
Net pension liability	(12,082,037)	
Long-term bonded debt obligations	(25,640,000)	
Bond premium	(358,665)	
Lease Obligations	(226,289)	
SBITA Obligations	(61,011)	
Deferred inflows of resources - pension	(4,462,729)	
Deferred inflows of resources - OPEB	(221,587)	
Net other postemployment benefit liability	(750,571)	(44,394,814)

Net position of governmental activities \$ 249,499,282

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, 2023

	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	\$ -	\$ 6,072,587	\$ 1,704,586	\$ 1,171,903	\$ -	\$ -	\$ -	\$ 1,704,789	\$ 10,653,865
Intergovernmental	2,988,357	678,491	835,777	1,836,290	3,694,014	-	-	375,486	10,408,415
Franchise taxes	-	1,922,948	-	-	189,772	-	-	161,329	2,274,049
Fines and forfeitures	316,720	10,308	-	17,642	-	-	-	-	344,670
Licenses and permits	239,583	31,413	-	-	-	-	-	915,447	1,186,443
Charges for services	8,271,000	-	3,269,959	-	2,322,302	-	-	526,542	14,389,803
Systems development charges	-	-	-	-	-	160,520	-	-	160,520
Investment earnings	211,820	59,690	37,258	19,083	149,028	593,330	258,968	25,757	1,354,934
Miscellaneous	78,570	13,025	13,528	1,180	14,996	-	-	6,960	128,259
TOTAL REVENUES	12,106,050	8,788,462	5,861,108	3,046,098	6,370,112	753,850	258,968	3,716,310	40,900,958
EXPENDITURES:									
Current:									
General government	9,115,813	-	-	-	-	34,270	-	968,277	10,118,360
Cultural and recreation	-	-	4,536,018	3,054,893	-	-	-	-	7,590,911
Public safety	-	8,535,516	-	-	-	-	-	900,488	9,436,004
Highways and streets	-	-	-	-	2,431,677	-	-	-	2,431,677
Debt service:									
Principal	202,161	-	60,863	-	112,500	-	-	853,329	1,228,853
Interest	25,393	-	11,187	-	28,762	-	-	777,071	842,413
Capital outlay	140,751	206,022	1,004,368	-	1,586,983	270,947	2,349,258	-	5,558,329
TOTAL EXPENDITURES	9,484,118	8,741,538	5,612,436	3,054,893	4,159,922	305,217	2,349,258	3,499,165	37,206,547
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,621,932	46,924	248,672	(8,795)	2,210,190	448,633	(2,090,290)	217,145	3,694,411
OTHER FINANCING SOURCES (USES):									
Proceeds from lease obligations	-	-	97,920	-	-	-	-	-	97,920
Proceeds from SBITA	140,751	-	-	-	-	-	-	-	140,751
Proceeds from sale of capital assets	-	40,067	11,314	-	-	-	-	-	51,381
TOTAL OTHER FINANCING SOURCES (USES)	140,751	40,067	109,234	-	-	-	-	-	290,052
NET CHANGE IN FUND BALANCES	2,762,683	86,991	357,906	(8,795)	2,210,190	448,633	(2,090,290)	217,145	3,984,463
FUND BALANCES - beginning	6,652,931	2,892,636	1,732,109	778,170	6,703,734	6,749,903	9,831,470	2,738,779	38,079,732
FUND BALANCES - ending	\$ 9,415,614	\$ 2,979,627	\$ 2,090,015	\$ 769,375	\$ 8,913,924	\$ 7,198,536	\$ 7,741,180	\$ 2,955,924	\$ 42,064,195

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, 2023

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

Net change in fund balances - total governmental funds (page 31)		\$ 3,984,463
<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 depreciation expense exceeded capital outlay.</p>		
Capital outlay	\$ 5,558,329	
Depreciation expense	<u>(2,760,575)</u>	2,797,754
<p>The net effect of transactions involving capital assets (i.e., sales, trade-ins, donations, and transfers) is to increase net position.</p>		
		(20,385)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(132,462)
<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	-	
Proceeds from lease obligations	(97,920)	
Proceeds from SBITA	(140,751)	
Plus bond premium	-	
Deferred charge on refunding	21,583	
Payments to refunded bond escrow agent	(51,381)	
Adjustments to principal repayments on capital lease	(1,959)	
Adjustments to principal repayments on SBITA	35,327	
Principal repayments on long-term debt	<u>1,228,853</u>	993,752
<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	(87,799)	
Accrued interest payable	2,940	
Net other postemployment benefit liability	29,334	
Net pension liability	731,898	
Amortization of deferred charge on refunding	(25,181)	
Amortization of bond premium	<u>28,944</u>	<u>680,136</u>
Change in net position of governmental activities (page 29)		<u>\$ 8,303,258</u>

CITY OF WEST LINN, OREGON

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2023

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
ASSETS:			
Current assets:			
Cash and investments	\$ 18,223,849	\$ 6,443,219	\$ 24,667,068
Accounts receivable, net of allowance for doubtful accounts	852,895	967,412	1,820,307
Lease receivable	346,350	-	346,350
Loans receivable	163	395	558
Total current assets	<u>19,423,257</u>	<u>7,411,026</u>	<u>26,834,283</u>
Noncurrent assets:			
Net OPEB asset	12,689	11,783	24,472
Capital assets not being depreciated	778,268	2,510,763	3,289,031
Capital assets, net of accumulated depreciation	22,065,266	20,706,833	42,772,099
Loans receivable	1,339	3,250	4,589
Investment in joint venture	12,740,474	-	12,740,474
Total noncurrent assets	<u>35,598,036</u>	<u>23,232,629</u>	<u>58,830,665</u>
TOTAL ASSETS	<u>55,021,293</u>	<u>30,643,655</u>	<u>85,664,948</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources - pension	272,479	253,016	525,495
Deferred outflows of resources - OPEB	7,998	7,426	15,424
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>280,477</u>	<u>260,442</u>	<u>540,919</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	504,456	766,822	1,271,278
Accrued salaries and payroll taxes payable	25,426	16,184	41,610
Accrued compensated absences payable	33,352	30,988	64,340
Accrued interest payable	70,089	-	70,089
Lease Payable - due within one year	11,411	10,222	21,633
Bonds payable - due within one year	320,000	-	320,000
Total current liabilities	<u>964,734</u>	<u>824,216</u>	<u>1,788,950</u>
Noncurrent liabilities:			
Leases payable	19,041	15,635	34,676
Bonds payable	13,711,920	-	13,711,920
Net pension liability	703,320	653,083	1,356,403
Accrued compensated absences payable	36,131	33,570	69,701
Net other postemployment benefit liability	43,692	40,571	84,263
Total noncurrent liabilities	<u>14,514,104</u>	<u>742,859</u>	<u>15,256,963</u>
TOTAL LIABILITIES	<u>15,478,838</u>	<u>1,567,075</u>	<u>17,045,913</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources - pension	259,785	241,229	501,014
Deferred inflows of resources - OPEB	12,899	11,978	24,877
Deferred inflows of resources - leases	346,350	-	346,350
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>619,034</u>	<u>253,207</u>	<u>872,241</u>
NET POSITION:			
Net investment in capital assets	20,251,162	23,191,739	43,442,901
Restricted for OPEB Asset	12,689	11,783	24,472
Unrestricted	18,940,047	5,880,293	24,820,340
TOTAL NET POSITION	<u>\$ 39,203,898</u>	<u>\$ 29,083,815</u>	<u>\$ 68,287,713</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, 2023

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 5,543,276	\$ 4,425,076	\$ 9,968,352
Systems development charges	17,533	19,969	37,502
Other operating revenues	136,647	59,188	195,835
TOTAL OPERATING REVENUES	5,697,456	4,504,233	10,201,689
OPERATING EXPENSES:			
Salaries and wages	708,643	671,543	1,380,186
Materials and supplies	3,634,422	2,113,989	5,748,411
Depreciation	848,907	1,164,884	2,013,791
TOTAL OPERATING EXPENSES	5,191,972	3,950,416	9,142,388
OPERATING INCOME	505,484	553,817	1,059,301
NONOPERATING INCOME (EXPENSE):			
Intergovernmental	70,098	61,276	131,374
Net gain on investment in joint venture	1,016,065	-	1,016,065
Gain on disposal of capital assets	-	-	-
Interest income	214,894	113,819	328,713
Interest expense	(48,210)	(1,157)	(49,367)
TOTAL NONOPERATING INCOME (EXPENSE)	1,252,847	173,938	1,426,785
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,758,331	727,755	2,486,086
CAPITAL CONTRIBUTIONS	102,405	403,168	505,573
CHANGE IN NET POSITION	1,860,736	1,130,923	2,991,659
NET POSITION - beginning	37,343,162	27,952,892	65,296,054
NET POSITION - ending	\$ 39,203,898	\$ 29,083,815	\$ 68,287,713

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, 2023

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users of services	\$ 6,024,595	\$ 4,515,425	\$ 10,540,020
Payments to suppliers for goods and services	(3,350,253)	(2,237,933)	(5,588,186)
Payments to employees for services	(734,731)	(701,955)	(1,436,686)
NET CASH FROM OPERATING ACTIVITIES	<u>1,939,611</u>	<u>1,575,537</u>	<u>3,515,148</u>
CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES:			
Intergovernmental	70,099	61,276	131,375
Principal paid on capital debt	(222,082)	-	(222,082)
Interest paid on capital debt	17,996	(1,157)	16,839
Proceeds from bonds issued	12,663,495	-	12,663,495
Acquisition and construction of capital assets	(594,949)	(1,781,437)	(2,376,386)
NET CASH FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>11,934,559</u>	<u>(1,721,318)</u>	<u>10,213,241</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest earnings received on investments	<u>214,894</u>	<u>113,819</u>	<u>328,713</u>
NET INCREASE IN CASH AND INVESTMENTS	14,089,064	(31,962)	14,057,102
CASH AND INVESTMENTS - beginning	<u>4,134,785</u>	<u>6,475,181</u>	<u>10,609,966</u>
CASH AND INVESTMENTS - ending	<u>\$ 18,223,849</u>	<u>\$ 6,443,219</u>	<u>\$ 24,667,068</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:			
Operating income	\$ 505,484	\$ 553,817	\$ 1,059,301
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation expense	848,907	1,164,884	2,013,791
Pension expense (income)	(40,721)	(37,810)	(78,531)
Decrease (increase) in accounts receivable	(149,129)	13,491	(135,638)
Decrease (increase) in lease receivable	136,866	-	136,866
Decrease (increase) in deferred inflow - leases	346,350	-	346,350
Decrease (increase) in loans receivable	4,412	7,874	12,286
Increase (decrease) in accounts payable	284,169	(123,944)	160,225
Increase (decrease) in lease payable	(11,360)	(10,173)	(21,533)
Increase (decrease) in accrued salaries and payroll taxes payable	3,411	5,713	9,124
Increase (decrease) in accrued compensated absences payable	12,832	3,181	16,013
Increase (decrease) in net other postemployment benefit liability	(1,610)	(1,496)	(3,106)
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 1,939,611</u>	<u>\$ 1,575,537</u>	<u>\$ 3,515,148</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Contributions of capital assets	\$ 102,405	\$ 403,168	\$ 505,573
Gain on investment in joint venture	1,016,065	-	1,016,065

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, 2023

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. 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 expenditure 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 measurement 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 Liability

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*, the City's net pension 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 (Asset)/Liability

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). These amounts are recognized in the government-wide financial statements in the General Fund.

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 reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets 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 reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets 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, leases, and 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.

GAAP 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, 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* as 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, 2023, the City's cash and investments were comprised of the following:

Cash on hand	\$ 1,375
Deposits with financial institutions	13,388,609
Oregon State Treasurer's Local Government Investment Pool	<u>55,176,442</u>
Total cash and investments	<u>\$ 68,566,426</u>

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and investments	\$ 25,827,022	\$ 24,667,068	\$ 50,494,090
Restricted cash and investments	<u>18,072,336</u>	<u>-</u>	<u>18,072,336</u>
Total cash and investments	<u>\$ 43,899,358</u>	<u>\$ 24,667,068</u>	<u>\$ 68,566,426</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 \$13,388,609 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, 2023, all City deposits are insured and are therefore not subject to custodial credit risk, below the 25% collateral of the program.

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 Annual Comprehensive Financial Report. A copy of the State's Annual Comprehensive Financial Report may be obtained online at <https://www.oregon.gov/treasury/Pages/index.aspx> or by mail at the Oregon State Treasury, 350 Winter St. NE, Salem, Oregon 97301-3896.

Receivables

As of June 30, 2023, 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	\$ 8,482,787
Allowance for uncollectible accounts	<u>(4,465,715)</u>
Total accounts receivable	<u>\$ 4,017,072</u>
Accounts receivable - governmental activities	\$ 2,196,765
Accounts receivable - business-type activities	<u>1,820,307</u>
Total accounts receivable	<u>\$ 4,017,072</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 \$136,000 for the fiscal year ended June 30, 2023, is reported in other operating revenues in the Water Fund.

Future minimum rentals related to the leases are as follows:

2024	142,228
2025	98,065
2026	101,866
2027	4,191
Total	<u>\$ 346,350</u>

The City of West Linn entered into a master agreement with a real estate developers 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, 2023, the City had one 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 \$1,016,065 from a net gain in fiscal year 2022-23. 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 \$12.7 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, 2023, was as follows:

	Beginning balance as of June 30, 2022	Additions	Reductions and adjustments	Ending balance as of June 30, 2023
Governmental activities:				
Capital assets not being depreciated				
Land and easements	\$ 192,929,093	\$ -	\$ -	\$ 192,929,093
Construction in Progress	5,947,407	3,952,831	(51,096)	9,849,141
Total capital assets not being depreciated	198,876,500	3,952,831	(51,096)	202,778,234
Capital assets being depreciated:				
Buildings and improvements	51,776,927	63,777	51,096	51,891,800
Vehicles and equipment	4,186,924	309,009	(285,067)	4,210,866
Infrastructure	71,436,311	1,008,330	-	72,444,641
Total capital assets being depreciated	127,400,162	1,381,116	(233,971)	128,547,307
Less accumulated depreciation for:				
Buildings and improvements	(22,514,203)	(1,620,276)	-	(24,134,479)
Vehicles and equipment	(2,417,763)	(340,589)	199,058	(2,559,294)
Infrastructure	(57,655,336)	(649,438)	-	(58,304,774)
Total accumulated depreciation	(82,587,302)	(2,610,302)	199,058	(84,998,546)
Total capital assets being depreciated, net	44,812,860	(1,229,187)	(34,913)	43,548,761
Leased assets				
Vehicle and equipment	374,767	97,919	-	472,686
Total leased assets being amortized	374,767	97,919	-	472,686
Less accumulated amortization				
Vehicle and equipment	(64,042)	(42,373)	-	(106,415)
Total accumulated amortization	(64,042)	(42,373)	-	(106,415)
Total leased assets being amortized, net	310,725	55,546	-	366,271
Subscription-based information technology arrangement (SBITA) assets				
SBITA	46,073	140,751	-	186,824
Total SBITA assets	46,073	140,751	-	186,824
Less accumulated amortization				
SBITA	-	(107,943)	-	(107,943)
Total accumulated amortization	-	(107,943)	-	(107,943)
Total SBITA assets being amortized, net	46,073	32,808	-	78,881
Total capital assets, net	<u>\$ 244,046,158</u>	<u>\$ 2,811,998</u>	<u>\$ (86,009)</u>	<u>\$ 246,772,147</u>

	Beginning balance as of June 30, 2022	Additions	Reductions and adjustments	Ending balance as of June 30, 2023
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 482,625	\$ -	\$ -	\$ 482,625
Construction in progress	1,648,533	1,585,512	(427,639)	2,806,406
Total capital assets not being depreciated	2,131,158	1,585,512	(427,639)	3,289,031
Capital assets being depreciated				
Buildings and improvements	1,605,673	-	-	1,605,673
Vehicles and equipment	2,507,303	297,290	(34,482)	2,770,111
Infrastructure	87,291,550	999,158	427,639	88,718,347
Total capital assets being depreciated	91,404,525	1,296,448	393,157	93,094,131
Less accumulated depreciation for:				
Buildings and improvements	(1,262,584)	(32,113)	-	(1,294,697)
Vehicles and equipment	(1,426,562)	(208,770)	33,527	(1,601,805)
Infrastructure	(45,754,330)	(1,760,100)	-	(47,514,430)
Total accumulated depreciation	(48,443,476)	(2,000,984)	33,527	(50,410,933)
Total capital assets being depreciated, net	42,961,049	(704,535)	426,684	42,683,199
Leased assets				
Vehicles and equipment	118,534	-	-	118,534
Total leased asset being amortized	118,534	-	-	118,534
Less accumulated amortization				
Vehicles and equipment	(17,780)	(11,854)	-	(29,635)
Total accumulated amortization	(17,780)	(11,854)	-	(29,635)
Total leased asset, net	100,754	(11,854)	-	88,900
Total capital assets, net	<u>\$ 45,192,961</u>	<u>\$ 869,123</u>	<u>\$ (955)</u>	<u>\$ 46,061,130</u>

Depreciation expense for governmental activities in the amount of \$2,610,302 and for business-type activities the amount of \$2,000,983 was charged to functions/programs as follows:

	Governmental Activities	Business Type Activities	Total
General government	\$ 119,800	\$ -	\$ 119,800
Culture and recreation	1,172,816	-	1,172,816
Public safety	332,262	-	332,262
Highways and streets	985,424	-	985,424
Water	-	842,571	842,571
Environmental services	-	1,158,412	1,158,412
Depreciation expense	\$ 2,610,302	\$ 2,000,983	\$ 4,611,285

Vehicle Lease Agreement/Leases Payable

The City entered into a master leasing agreement with a fleet management company to lease vehicles for the City's operations. Each vehicle lease term is 60 months and transfers ownership to the lessee at the end of the lease. Under this agreement, the City leased twenty-one vehicles totaling \$591,220, with an accumulated amortization of \$136,049. The City has recorded these transactions as debt obligations resulting from a financed purchase.

	Original Amount	Outstanding June 30, 2022	Additions	Decreases	Outstanding June 30, 2023
Governmental Activities					
Fleet vehicles, due 2028, interest rates 2.31 - 7.69%	\$ 229,693	\$ 197,075	\$ 99,879	\$ (70,665)	\$ 226,289
Business-type Activities					
Fleet vehicles, due 2026, interest rates 3.69 - 3.85%	172,701	77,842	-	(21,533)	56,309
	<u>\$ 402,394</u>	<u>\$ 274,917</u>	<u>\$ 99,879</u>	<u>\$ (92,198)</u>	<u>\$ 282,598</u>

Future maturities are as follows:

Fiscal Year	Governmental Activities	Business-type Activities
2024	\$ 78,329	\$ 20,783
2025	61,079	20,604
2026	46,183	15,866
2027	23,728	-
2028	16,970	-
	<u>\$ 226,289</u>	<u>\$ 57,253</u>

Subscription Based Information Technology Agreements (SBITA)

For the year ended 6/30/2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

The commitments, stated below, are for a subscription that has a commencement date subsequent to the reporting date. On 07/27/2022, City of West Linn, OR entered into a 18 month subscription for the use of Granicus Open Platform. An initial subscription liability was recorded in the amount of \$16,093. As of 06/30/2023, the value of the subscription liability is \$5,736. City of West Linn, OR is required to make quarterly fixed payments of \$2,662. The subscription has an interest rate of 3.1023%. The value of the right to use asset as of 06/30/2023 of \$16,093 with accumulated amortization of \$9,954 is included with Software on the Subscription Class activities table found below.

On 07/01/2022, City of West Linn, OR entered into a 32 month subscription for the use of Insight Enterprise License/Neogov. An initial subscription liability was recorded in the amount of \$16,609. As of 06/30/2023, the value of the subscription liability is \$6,313. City of West Linn, OR is required to make monthly fixed payments of \$4,031. The subscription has an interest rate of 2.0237%. The value of the right to use asset as of 06/30/2023 of \$16,609 with accumulated amortization of \$6,177 is included with Software on the Subscription Class activities table found below. City of West Linn, OR had a termination period of 1 month as of the subscription commencement.

On 01/01/2023, City of West Linn, OR entered into a 13 month subscription for the use of Mark 43 - RMP/Insight. An initial subscription liability was recorded in the amount of \$50,180. As of 06/30/2023, the value of the subscription liability is \$26,124. City of West Linn, OR is required to make annual fixed payments of \$24,056. The subscription has an interest rate of 2.8943%. The value of the right to use asset as of 06/30/2023 of \$50,180 with accumulated amortization of \$23,161 is included with Software on the Subscription Class activities table found below. City of West Linn, OR has 1 extension option(s), each for 1 month.

On 07/01/2022, City of West Linn, OR entered into a 31 month subscription for the use of ScheduleExpress Software/Safe Cities. An initial subscription liability was recorded in the amount of \$12,841. As of 06/30/2023, the value of the subscription liability is \$4,946. City of West Linn, OR is required to make annual fixed payments of \$2,948. The subscription has an interest rate of 2.1843%. The value of the right to use asset as of 06/30/2023 of \$12,841 with accumulated amortization of \$4,971 is included with Software on the Subscription Class activities table found below.

On 07/01/2022, City of West Linn, OR entered into a 12 month subscription for the use of Onstream's Trapeze Capture Software. An initial subscription liability was recorded in the amount of \$21,291. As of 06/30/2023, the value of the subscription liability is zero. City of West Linn, OR is required to make monthly fixed payments of \$1,798. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2023 of \$23,589 with accumulated amortization of \$22,172 is included with Software on the Subscription Class activities table found below. City of West Linn, OR has 1 extension option(s), each for 24 months.

On 07/01/2022, City of West Linn, OR entered into a 12 month subscription for the use of Ednetics One™. An initial subscription liability was recorded in the amount of \$23,634. As of 06/30/2023, the value of the subscription liability is zero. City of West Linn, OR is required to make annual fixed payments of \$11,413. The subscription has an interest rate of 2.0237%. The value of the right to use asset as of 06/30/2023 of \$0 with accumulated amortization of \$0 is included with Software on the Subscription Class activities table found below. City of West Linn, OR has 4 extension option(s), each for 12 months. City of West Linn, OR had a termination period of 1 month as of the subscription commencement.

On 07/01/2022, City of West Linn, OR entered into a 35 month subscription for the use of eLynk - EVC Cloud Services/Lumen. An initial subscription liability was recorded in the amount of \$26,945. As of 06/30/2023, the value of the subscription liability is \$17,892. City of West Linn, OR is required to make monthly fixed payments of \$795. The subscription has an interest rate of 2.1843%. The value of the right to use asset as of 06/30/2023 of \$26,945 with accumulated amortization of \$9,040 is included with Software on the Subscription Class activities table found below.

On 07/01/2022, City of West Linn, OR entered into a 23 month subscription for the use of Access Switching Software . An initial subscription liability was recorded in the amount of \$16,934. As of 06/30/2023, the value of the subscription liability is \$0. City of West Linn, OR is required to make

annual fixed payments of \$16,934. The subscription has an interest rate of 2.0237%. The value of the right to use asset as of 06/30/2023 of \$16,934 with accumulated amortization of \$8,835 is included with Software on the Subscription Class activities table found below.

Software subscription assets total \$186,824 with accumulated amortization of \$107,943. All assets and liabilities are classified under Governmental Activities.

Future maturities are as follows:

Fiscal Year	Principal	Interest	Total
2024	52,361	1,357	53,718
2025	8,650	95	8,745
	<u>\$ 61,011</u>	<u>1,452</u>	<u>62,463</u>

Interfund Transfers

Transfers between funds provide support for various City programs in accordance with budgetary authorizations and are utilized to cover administrative services, provide for additional funding for reserve purposes, contribute towards the cost of capital projects, and to provide for other operational resources. For the fiscal year ended June 30, 2023, 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, or compensated absences 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, 2022	Additions	Reductions	Ending balance as of June 30, 2023	Due within one year
Governmental activities:					
General Obligation bonds					
Series 2012 Police Station, interest at 1.0-2.75%, original issue of \$8,500,000, due 2032	\$ 5,555,000	\$ -	\$ (425,000)	\$ 5,130,000	\$ 450,000
Series 2018 City Facilities, Parks, and Transportation, interest at 3.0-5.0%, original issue of \$20,000,000, due 2038	19,395,000	-	(420,000)	18,975,000	475,000
Full Faith and Credit obligations					
Series 2015 Streets/Parks Refunding, interest at 2.0-4.0%, original issue of \$2,625,000, due 2035	1,760,000	-	(225,000)	1,535,000	235,000
Plus: bond issuance premium	387,609	-	(28,944)	358,665	-
Long-term bonded debt obligations	27,097,609	-	(1,098,944)	25,998,665	1,160,000
Lease Obligations	197,075	97,920	(68,706)	226,289	111,226
SBITA Obligations (restated)	184,526	140,750	(264,265)	61,011	52,361
Compensated absences	1,109,256	901,248	(813,449)	1,197,055	574,586
Net pension liability	9,644,639	2,437,398	-	12,082,037	-
Net OPEB liability	638,108	112,463	-	750,571	-
Total governmental activities	<u>38,871,213</u>	<u>3,689,779</u>	<u>(2,245,364)</u>	<u>40,315,628</u>	<u>1,898,173</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	1,490,000	-	(95,000)	1,395,000	95,000
Full Faith and Credit obligations					
Series 2023 Water, interest at 3.0-5.0%, original issue of \$11,470,000, due 2043	-	11,470,000	-	11,470,000	225,000
Plus: bond issuance premium	100,507	1,193,495	(127,082)	1,166,920	-
Long-term bonded debt obligations	1,590,507	12,663,495	(222,082)	14,031,920	320,000
Lease Obligations	77,842	-	(21,533)	56,309	20,783
Compensated absences	118,028	100,918	(84,905)	134,041	64,340
Net pension liability	1,079,982	276,421	-	1,356,403	-
Net OPEB liability	71,453	12,810	-	84,263	-
Total business-type activities	<u>2,937,812</u>	<u>13,053,644</u>	<u>(328,520)</u>	<u>15,662,936</u>	<u>405,123</u>
Total long-term debt obligations					
General Obligation bonds	24,950,000	-	(845,000)	24,105,000	925,000
Full Faith and Credit obligations	3,250,000	11,470,000	(320,000)	14,400,000	555,000
Plus: bond issuance premium	488,116	1,193,495	(156,026)	1,525,585	-
Long-term bonded debt obligations	28,688,116	12,663,495	(1,321,026)	40,030,585	1,480,000
Lease Obligations	274,917	97,920	(90,239)	282,598	132,009
SBITA Obligations	184,526	140,750	(264,265)	61,011	52,361
Compensated absences	1,227,284	1,002,166	(898,354)	1,331,096	638,926
Net pension liability	10,724,621	2,713,819	-	13,438,440	-
Net OPEB liability	709,561	125,273	-	834,834	-
Total long-term debt obligations	<u>\$ 41,809,025</u>	<u>\$ 16,743,423</u>	<u>\$ (2,573,884)</u>	<u>\$ 55,978,564</u>	<u>\$ 2,303,296</u>

Future Principal and Interest. Future maturities of bond principal and interest at June 30, 2023, are as follows:

Year	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	1,160,000	797,400	320,000	699,610	1,480,000	1,497,010
2025	1,260,000	755,250	475,000	543,100	1,735,000	1,298,350
2026	1,360,000	708,950	500,000	520,350	1,860,000	1,229,300
2027	1,455,000	670,019	525,000	496,400	1,980,000	1,166,419
2028	1,550,000	631,644	545,000	472,900	2,095,000	1,104,544
2029-2033	8,185,000	2,429,669	3,135,000	1,966,450	11,320,000	4,396,119
2034-2038	10,670,000	1,066,231	3,460,000	1,206,000	14,130,000	2,272,231
2039-2044	-	-	3,905,000	481,000	3,905,000	481,000
	<u>\$ 25,640,000</u>	<u>\$ 7,059,163</u>	<u>\$ 12,865,000</u>	<u>\$ 6,385,810</u>	<u>\$ 38,505,000</u>	<u>\$ 13,444,973</u>

Credit Rating. In January 2023, Standard and Poors maintained its long term rating of AA+ on the City's general obligation and full faith and credit obligations. 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.

Full Faith and Credit Water Project, Series 2023 (\$11.5 million) were sold at a premium in February 2023. The bonds have interest rates ranging from 3.0 percent to 5.0 percent and maturity dates from June 1, 2024 to June 1, 2043. The net proceeds of \$12.7 million will be used to finance the capital costs associated with water line replacements required by Oregon Department of Transportation highway construction and other water system capital projects, and pay for costs of issuance. 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 2024 through 2032 inclusive, are not subject to optional prepayment prior to maturity. The portion of the bonds maturing on June 1, 2033, 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, 2032, at principal (100%) plus accrued interest thereon to the date of redemption. The Obligations stated to mature on June 1, 2041 and June 1, 2043 are term obligations subject to mandatory sinking fund prepayment, in part, at a prepayment price equal to 100% of the principal amount to be prepaid, plus accrued interest, if any, to the date fixed for prepayment.

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 were 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 were 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 were 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 were 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 were 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.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2021. The limit will be equal to \$197,730 in 2021 and will be indexed with inflation in later years.

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 fair value of equity investments.

Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent. 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 \$750 plus 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-employee 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, 2020 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, 2023 were 22.65 percent for OPERS and 17.77 percent for OPSRP – general employees, and 22.13 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, 2023, were approximately \$2,102,000. 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 81 this report.

Plan Audited Financial Report. Both OPERS and OPSRP are administered by the Oregon Public Employees Retirement Board (OPERB). The annual comprehensive 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 (888) 320-7377, or by accessing the OPERS web site at <https://www.oregon.gov/pers>.

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

At June 30, 2023 and 2022, the City reported a pension liability of \$13,438,440 and \$10,724,621, respectively for its proportionate share of the plan pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability

was determined by an actuarial valuation as of December 31, 2020 and rolled forward to June 30, 2022. 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, 2023 and 2022, the City's proportion was 0.08776408 and 0.08962219 percent respectively.

For the year ended June 30, 2023 and 2022, the City recognized pension expense of \$810,431 and pension expense of \$848,583, respectively. At June 30, 2023 and 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Balance as of June 30, 2023</u>		<u>Balance as of June 30, 2022</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 652,328	\$ 83,805	\$ 1,003,895	\$ -
Change of assumptions	2,108,564	19,266	2,684,696	28,225
Net difference between projected and actual earnings on pension plan investments	-	2,402,533	-	7,939,354
Changes in proportion and differences between City contributions and proportionate share of contributions	343,138	2,458,139	463,385	1,452,293
City contributions subsequent to the measurement date	<u>2,102,259</u>	<u>-</u>	<u>1,986,193</u>	<u>-</u>
Net Deferred Outflows/Inflows of Resources	<u>\$ 5,206,289</u>	<u>\$ 4,963,743</u>	<u>\$ 6,138,169</u>	<u>\$ 9,419,872</u>

\$2,102,259 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, 2024. 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:	
2024	(537,429)
2025	(749,761)
2026	(1,294,334)
2027	862,273
2028	(140,462)
	<u>\$ (1,859,713)</u>

Actuarial Valuations. The employer contribution rates effective July 1, 2021, through June 30, 2023, 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, 2020 rolled forward to June 30, 2022
- Experience Study Report 2020, published July 20, 2021
- Actuarial cost method Entry Age Normal
- Amortization method Amortized as a level percentage of payroll; Tier One/Tier Two UAL (20 year) and OPSRP pension UAL (16 year); Amortization periods are closed

- Asset valuation method Fair value of assets
- Actuarial assumptions
 - Inflation rate 2.40 percent
 - Investment rate of return 6.90 percent
 - Projected salary increases 3.40 percent
 - Cost of Living Adjustments Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service

- Mortality
 - Healthy retirees and beneficiaries:
Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.
 - Active members:
Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.
 - Disabled retirees:
Pub-2010 Disabled Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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 2020 Experience Study which reviewed experience for the four year period ending on December 31, 2020.

Discount Rate. The discount rate used to measure the total pension liability was 6.90 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 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 6.90 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:

	<u>1% Decrease (5.90%)</u>	<u>Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
City's proportionate share of net pension liability	\$ 23,831,914	\$ 13,438,440	\$ 4,739,585

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 June 2021 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:

<u>Asset Class</u>	<u>Target Allocation</u>		
	<u>Low Range</u>	<u>High Range</u>	<u>Target</u>
Debt Securities	15.0 %	25.0 %	20.0 %
Public Equity	25.0	35.0	30.0
Real Estate	7.5	17.5	12.5
Private Equity	15.0	27.5	20.0
Risk Parity	0.0	3.5	2.5
Real Assets	2.5	10.0	7.5
Diversifying Strategies	2.5	10.0	7.5
Opportunity Portfolio	0.0	5.0	0.0
			<u>100.0 %</u>

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compound Annual Return (Geometric)</u>
Global Equity	30.62 %	5.85 %
Private Equity	25.50	7.71
Core Fixed Income	23.75	2.73
Real Estate	12.25	5.66
Master Limited Partnership	0.75	5.71
Infrastructure	1.50	6.26
Commodities	0.63	3.10
Hedge Fund of Funds - Multistrategy	1.25	5.11
Hedge Fund Equity - Hedge	0.63	5.31
Hedge Fund - Macro	5.62	5.06
US Cash	<u>-2.50</u>	1.76
Total	<u>100.00 %</u>	
Assumed Inflation - Mean		2.40

Payable to OPERS. At June 30, 2023, 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. A legislative change that occurred after the December 31, 2019 actuarial valuation date affected the plan provisions reflected for June 2021 financial reporting liability calculations. Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age.

For GASB 67 and GASB 68, the benefits valued in the Total Pension Liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the plan. As a result, Senate Bill 111 was reflected in the June 30, 2021 Total Pension Liability. The increase in the Total Pension Liability resulting from Senate Bill 111, measured as of June 30, 2021, is shown in Exhibit A as the “Effect of plan changes” during the measurement period. While Senate Bill 111 also made changes to certain aspects of the System’s funding and administration, the change in the death benefit provision is the only change that affects the measured Total Pension Liability. As a result, the death benefit provision is the only difference between June 30, 2020 and June 30, 2021 in the plan provisions basis used to determine the Total Pension Liability as of those two respective Measurement Dates.

Changes in Plan Provisions Subsequent to the Measurement Date. There were no changes subsequent to the June 30, 2021 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 \$598,000 for the year ended June 30, 2023.

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	\$ -	\$ 242,460	\$ 242,460
Deferred Outflows of Resources			
Difference in earnings	-	-	-
Change in assumptions	100,215	1,898	102,113
Change in proportionate share	-	-	-
Contributions after the measurement date	<u>49,670</u>	<u>1,030</u>	<u>50,700</u>
Total Deferred outflows of Resources	<u>149,885</u>	<u>2,928</u>	<u>152,813</u>
Total OPEB Liability	(834,834)	-	(834,834)
Deferred Inflows of Resources			
Difference in expected and actual experience	(50,893)	(6,570)	(57,463)
Change in proportionate share	-	(14,103)	(14,103)
Change in assumptions	(148,324)	(8,083)	(156,407)
Difference in earnings	<u>-</u>	<u>(18,491)</u>	<u>(18,491)</u>
Total Deferred inflows of Resources	<u>(199,217)</u>	<u>(47,247)</u>	<u>(246,464)</u>
OPEB (Income)Expense (included in program expenses on Statement of Activities)	(56,049)	36,109	(19,940)

Plan Description (implicit subsidy). The City'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, 2022, the following employees were covered under the plan:

Eligible retirees	4
Spouses of ineligible retirees	1
Active employees	<u>100</u>
Total participants	<u>105</u>

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

The City’s total OPEB liability of \$834,834 was measured as of June 30, 2022, and was determined by an actuarial valuation as of December 31, 2020.

For the fiscal year ended June 30, 2023, the City recognized OPEB expense from this plan of \$32,440. At June 30, 2023, 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	\$ -	\$ 50,893
Changes of assumptions	100,215	148,324
Contributions subsequent to the measurement date	<u>49,670</u>	<u>-</u>
Total	<u>\$ 149,885</u>	<u>\$ 199,217</u>

Deferred outflows of resources related to OPEB of \$49,670 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, 2024. 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:	
2024	(22,471)
2025	(22,471)
2026	(22,471)
2027	(18,029)
2028	(12,279)
Therafter	<u>(1,281)</u>
Total	<u>\$ (99,002)</u>

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2022 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	2.4 percent
Salary increases	3.4 percent
Healthy mortality	Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependants, with a one-year set back for male general service employees and female safety employees
Discount rate	3.54 percent (change from 2.16 percent in previous measurement period)
Healthcare cost trend rate	Medical and vision: Starting from 3.75 percent in 2020 fluctuating between 4.00 percent to 6.75 percent per year, ending at 4.00 percent in 2072. Dental: -1.25% in 2020, 4.00 percent until 2027, then 3.75 percent after

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, 2022	\$ 709,560
Changes for the year:	
Service Cost	62,165
Interest on Total OPEB Liability	16,355
Effect of economic demographic gains or loss	(18,725)
Effect of assumptions changes or inputs	94,695
Benefit Payments	<u>(29,216)</u>
Balance as of June 30, 2023	<u><u>834,834</u></u>

Changes in assumptions is the result of the change in the discount rate from 2.16 to 3.54.

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 (2.54 percent) or 1-percentage-point higher (4.54 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</u> <u>(2.54%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(3.54%)</u>	<u>1% Increase</u> <u>(4.54%)</u>
Total OPEB Liability	\$ 896,474	\$ 834,834	\$ 777,590

Healthcare Cost Trend:

	<u>1% Decrease</u>	<u>Current Healthcare</u> <u>Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 754,519	\$ 834,834	\$ 928,848

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 ((888) 320-7377, or by accessing the OPERS web site at <https://www.oregon.gov/pers>.

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-employee payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2022 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. The City's contribution rates for the period were 0.05% for Tier One/Tier Two members, and 0.00% for OPSRP members. The City's total contributions for the year ended June 30, 2023 was zero.

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

At June 30, 2023, the City reported an asset of \$242,460 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. 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, 2022, the City's proportionate share was 0.06823360%, which is an increase from its proportionate share of 0.06324214% as of June 30, 2021.

For the fiscal year ended June 30, 2023, the City recognized OPEB income from this plan of \$36,301. At June 30, 2023, 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	\$ -	\$ 6,570
Net difference between projected and actual earnings	-	18,491
Change in assumptions	1,898	8,083
Changes in proportionate share	-	14,103
Contributions subsequent to the measurement date	<u>1,030</u>	<u>-</u>
Total	<u>\$ 2,928</u>	<u>\$ 47,247</u>

Deferred outflows of resources related to OPEB of \$1,030 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2024	(25,809)
2025	(13,792)
2026	(11,668)
2027	<u>5,920</u>
Total	<u>\$ (45,349)</u>

Actuarial Methods and Assumptions

The actuarial methods and assumptions used to determine the total OPEB liability in the December 31, 2022 valuation 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 6.90%, 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 (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

Discount Rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net OPEB Liability (Asset)	\$ (218,523)	\$ (242,458)	\$ (238,628)

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, 2022 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 collective bargaining agreements, the City contributes 3.0 percent of salaries to the plan for its eligible employees under the American Federation of State, County, and Municipal Employees (AFSCME) collective bargaining unit and 4.5 percent of salaries to the plan for its eligible employees under the Clackamas County Peace Officers Association (CCPOA) collective bargaining unit. 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, 2023, employees contributed approximately \$680,000 and the City contributed approximately \$295,000.

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 2024-25.
- 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 \$257,000 per fiscal year.
- Following is a summary of the annual contract costs going forward:

<u>Year</u>	<u>Contract Amt</u>
2023-24	622,000
2024-25	640,500

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:

	<u>General and Property Damage</u>
Liability - June 30, 2021	\$ 115,000
Claims incurred	37,504
Claims payments	(17,504)
Changes to prior year estimates	<u>(42,000)</u>
Liability - June 30, 2022	93,000
Claims incurred	53,609
Claims payments	(33,609)
Changes to prior year estimates	<u>64,000</u>
Liability - June 30, 2023	<u>\$ 177,000</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, 2023:

	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	\$ 382,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 382,463
Library endowment	-	-	-	157,300	-	-	-	-	157,300
	<u>382,463</u>	<u>-</u>	<u>-</u>	<u>157,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>539,763</u>
Restricted									
Systems development	-	-	-	-	-	7,198,536	-	-	7,198,536
City improvements	-	-	-	-	-	-	7,741,180	-	7,741,180
McLean House	-	-	55,493	-	-	-	-	-	55,493
Building operations	-	-	-	-	-	-	-	1,530,290	1,530,290
Debt service	-	-	-	-	-	-	-	498,883	498,883
	<u>-</u>	<u>-</u>	<u>55,493</u>	<u>-</u>	<u>-</u>	<u>7,198,536</u>	<u>7,741,180</u>	<u>2,029,173</u>	<u>17,024,382</u>
Committed									
Police services	-	2,979,627	-	-	-	-	-	-	2,979,627
Recreation services	-	-	2,034,522	-	-	-	-	-	2,034,522
Library services	-	-	-	612,075	-	-	-	-	612,075
Street services	-	-	-	-	8,913,924	-	-	-	8,913,924
Planning services	-	-	-	-	-	-	-	926,751	926,751
	<u>-</u>	<u>2,979,627</u>	<u>2,034,522</u>	<u>612,075</u>	<u>8,913,924</u>	<u>-</u>	<u>-</u>	<u>926,751</u>	<u>15,466,899</u>
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>9,033,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,033,151</u>
	<u>\$9,415,614</u>	<u>\$ 2,979,627</u>	<u>\$ 2,090,015</u>	<u>\$ 769,375</u>	<u>\$8,913,924</u>	<u>\$ 7,198,536</u>	<u>\$ 7,741,180</u>	<u>\$ 2,955,924</u>	<u>\$ 42,064,195</u>

Restatement - Adoption of New Accounting Pronouncement

In accordance with GASB Statement 96, *Subscription-Based Information Technology Arrangements (SBITA)*, the City is now required to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription based liability.

GASB Statement 96 is required to be applied retroactively; preexisting SBITAs are required to be recognized and measured based on the facts and circumstances of SBITAs on the first day of the first fiscal year restated or reporting in accordance with GASB 96.

This new guidance requires the restatement of the prior year net position. The prior period assets were increased by \$46,074 and the prior period liabilities were increased by \$43,776. The net prior period adjustment was a \$2,298 increase to net position.

Subsequent Events

There are no subsequent events worth noting.

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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, 2023

	Budget for the 2022-2023 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2021-22	2nd Year FY 2022-23	Total	
REVENUES:						
Intergovernmental	\$ 2,700,000	\$ 2,700,000	\$ 2,981,776	\$ 2,988,357	\$ 5,970,133	\$ 3,270,133
Fines and forfeitures	610,000	610,000	212,924	316,720	529,644	(80,356)
Licenses and permits	365,000	365,000	331,455	239,583	571,038	206,038
Proceeds from lease obligations	100,000	100,000	139,469	-	139,469	39,469
Proceeds from SBITA	-	-	-	140,751	140,751	140,751
Investment earnings	35,000	35,000	21,632	211,820	233,452	198,452
Miscellaneous	20,000	20,000	59,857	78,570	138,427	118,427
TOTAL REVENUES	3,830,000	3,830,000	3,747,113	3,975,801	7,722,914	3,892,914
EXPENDITURES:						
City council	1,148,000	1,370,000	576,012	784,459	1,360,471	9,529
City management	2,716,000	2,716,000	1,161,859	1,254,760	2,416,619	299,381
Economic development	354,000	354,000	76,753	125,743	202,496	151,504
Human resources	1,192,000	1,192,000	610,328	446,766	1,057,094	134,906
Finance	1,643,000	1,773,000	819,797	911,485	1,731,282	41,718
Information technology	2,798,000	3,098,000	1,305,628	1,561,881	2,867,509	230,491
Facility services	1,344,000	1,380,000	653,194	725,862	1,379,056	944
Municipal court	1,107,000	1,107,000	484,544	466,002	950,546	156,454
Public works support services	3,626,000	3,626,000	1,457,078	1,607,647	3,064,725	561,275
Vehicle and equipment maintenance	847,000	847,000	299,013	250,624	549,637	297,363
Nondepartmental	6,190,000	5,450,000	339,198	822,347	1,161,545	4,288,455
Contingency	1,007,000	1,007,000	-	-	-	1,007,000
TOTAL EXPENDITURES	23,972,000	23,920,000	7,783,404	8,957,576	16,740,980	7,179,020
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(20,142,000)	(20,090,000)	(4,036,291)	(4,981,775)	(9,018,066)	11,071,934
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	16,608,000	16,608,000	8,337,000	8,271,000	16,608,000	-
Transfers to other funds	(945,000)	(997,000)	(470,000)	(526,542)	(996,542)	458
TOTAL OTHER FINANCING SOURCES (USES)	15,663,000	15,611,000	7,867,000	7,744,458	15,611,458	458
NET CHANGE IN FUND BALANCES	(4,479,000)	(4,479,000)	3,830,709	2,762,683	6,593,392	11,072,392
FUND BALANCES - beginning	4,980,000	4,980,000	2,822,222	6,652,931	2,822,222	(2,157,778)
FUND BALANCES - ending	\$ 501,000	\$ 501,000	\$ 6,652,931	\$ 9,415,614	\$ 9,415,614	\$ 8,914,614

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, 2023

	Budget for the 2022-2023 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2021-22	2nd Year FY 2022-23	Total	
REVENUES:						
Property taxes	\$ 11,888,000	\$ 11,888,000	\$ 5,802,176	\$ 6,072,587	\$ 11,874,763	\$ (13,237)
Intergovernmental	1,270,000	1,270,000	629,632	678,491	1,308,123	38,123
Franchise taxes	2,900,000	2,900,000	1,646,950	1,922,948	3,569,898	669,898
Fines and forfeitures	14,000	14,000	19,386	10,308	29,694	15,694
Licenses and permits	45,000	45,000	19,400	31,413	50,813	5,813
Investment earnings	-	-	-	59,690	59,690	59,690
Miscellaneous	10,000	10,000	174	13,025	13,199	3,199
TOTAL REVENUES	16,127,000	16,127,000	8,117,718	8,788,462	16,906,180	779,180
EXPENDITURES:						
Personnel services	10,843,000	10,843,000	4,924,284	5,512,748	10,437,032	405,968
Materials and services	2,005,000	2,005,000	824,722	979,768	1,804,490	200,510
Capital outlay	370,000	370,000	216,201	206,022	422,223	(52,223)
Contingency	803,000	803,000	-	-	-	803,000
TOTAL EXPENDITURES	14,021,000	14,021,000	5,965,207	6,698,538	12,663,745	1,357,255
EXCESS OF REVENUES OVER EXPENDITURES	2,106,000	2,106,000	2,152,511	2,089,924	4,242,435	2,136,435
OTHER FINANCING SOURCES (USES):						
Transfers to other funds	(4,058,000)	(4,058,000)	(2,015,000)	(2,043,000)	(4,058,000)	-
Proceeds from sale of capital asset	-	-	24,083	40,067	64,150	64,150
TOTAL OTHER FINANCING SOURCES (USES)	(4,058,000)	(4,058,000)	(1,990,917)	(2,002,933)	(3,993,850)	64,150
NET CHANGE IN FUND BALANCES	(1,952,000)	(1,952,000)	161,594	86,991	248,585	2,200,585
FUND BALANCES - beginning	2,277,000	2,277,000	2,731,042	2,892,636	2,731,042	454,042
FUND BALANCES - ending	\$ 325,000	\$ 325,000	\$ 2,892,636	\$ 2,979,627	\$ 2,979,627	\$ 2,654,627

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, 2023

	Budget for the 2022-2023 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2021-22	2nd Year FY 2022-23	Total	
REVENUES:						
Property taxes	\$ 3,092,000	\$ 3,092,000	\$ 1,628,680	\$ 1,704,586	\$ 3,333,266	\$ 241,266
Intergovernmental	-	575,000	13,300	835,777	849,077	274,077
Charges for services	5,740,000	5,740,000	2,964,217	3,269,959	6,234,176	494,176
Investment earnings	-	-	-	37,258	37,258	37,258
Miscellaneous	-	-	10,838	13,528	24,366	24,366
TOTAL REVENUES	8,832,000	9,407,000	4,617,035	5,861,108	10,478,143	1,071,143
EXPENDITURES:						
Personnel services	4,253,000	4,253,000	1,899,083	2,232,958	4,132,041	120,959
Materials and services	2,284,000	2,284,000	1,005,117	1,250,060	2,255,177	28,823
Debt service	180,000	180,000	64,640	72,050	136,690	43,310
Capital outlay	270,000	845,000	24,838	1,004,368	1,029,206	(184,206)
Contingency	805,000	805,000	-	-	-	805,000
TOTAL EXPENDITURES	7,792,000	8,367,000	2,993,678	4,559,436	7,553,114	813,886
EXCESS OF REVENUES OVER EXPENDITURES	1,040,000	1,040,000	1,623,357	1,301,672	2,925,029	1,885,029
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	(2,135,000)	(2,135,000)	(1,082,000)	(1,053,000)	(2,135,000)	-
Proceeds from lease obligations	60,000	60,000	-	97,920	97,920	37,920
Proceeds from sale of capital assets	-	-	-	11,314	11,314	11,314
TOTAL OTHER FINANCING SOURCES (USES)	(2,075,000)	(2,075,000)	(1,082,000)	(943,766)	(2,025,766)	49,234
NET CHANGE IN FUND BALANCES	(1,035,000)	(1,035,000)	541,357	357,906	899,263	1,934,263
FUND BALANCES - beginning	1,201,000	1,201,000	1,190,752	1,732,109	1,190,752	(10,248)
FUND BALANCES - ending	\$ 166,000	\$ 166,000	\$ 1,732,109	\$ 2,090,015	\$ 2,090,015	\$ 1,924,015

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, 2023

	Budget for the 2022-2023 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2021-22	2nd Year FY 2022-23	Total	
REVENUES:						
Property taxes	\$ 2,270,000	\$ 2,270,000	\$ 1,119,719	\$ 1,171,903	\$ 2,291,622	\$ 21,622
Intergovernmental	3,556,000	3,556,000	1,805,788	1,836,290	3,642,078	86,078
Fines and forfeitures	40,000	40,000	25,702	17,642	43,344	3,344
Investment earnings	-	-	-	19,083	19,083	19,083
Miscellaneous	12,000	12,000	2,608	1,180	3,788	(8,212)
TOTAL REVENUES	5,878,000	5,878,000	2,953,817	3,046,098	5,999,915	121,915
EXPENDITURES:						
Personnel services	3,488,000	3,548,000	1,742,786	1,810,427	3,553,213	(5,213)
Materials and services	486,000	486,000	231,128	235,466	466,594	19,406
Other requirements	157,000	157,000	-	-	-	157,000
Contingency	414,000	354,000	-	-	-	354,000
TOTAL EXPENDITURES	4,545,000	4,545,000	1,973,914	2,045,893	4,019,807	525,193
EXCESS OF REVENUES OVER EXPENDITURES	1,333,000	1,333,000	979,903	1,000,205	1,980,108	647,108
OTHER FINANCING USES:						
Transfers to other funds	(2,012,000)	(2,012,000)	(1,003,000)	(1,009,000)	(2,012,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,012,000)	(2,012,000)	(1,003,000)	(8,795)	(31,892)	-
NET CHANGE IN FUND BALANCES	(679,000)	(679,000)	(23,097)	(8,795)	(31,892)	647,108
FUND BALANCES - beginning	781,000	781,000	801,267	778,170	801,267	20,267
FUND BALANCES - ending	\$ 102,000	\$ 102,000	\$ 778,170	\$ 769,375	\$ 769,375	\$ 667,375

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, 2023

	Budget for the 2022-2023 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2021-22	2nd Year FY 2022-23	Total	
REVENUES:						
Intergovernmental	\$ 8,751,000	\$ 8,751,000	\$ 2,695,939	\$ 3,694,014	\$ 6,389,953	\$(2,361,047)
Franchise taxes	260,000	260,000	164,850	189,772	354,622	94,622
Charges for services	4,452,000	4,452,000	2,204,993	2,322,302	4,527,295	75,295
Investment earnings	-	-	1,597	149,028	150,625	150,625
Miscellaneous	20,000	20,000	28,577	14,996	43,573	23,573
TOTAL REVENUES	13,483,000	13,483,000	5,095,956	6,370,112	11,466,068	(2,016,932)
EXPENDITURES:						
Personnel services	1,782,000	1,782,000	638,194	650,316	1,288,510	493,490
Materials and services	1,311,000	1,311,000	848,337	798,361	1,646,698	(335,698)
Debt service	283,000	283,000	140,962	141,262	282,224	776
Capital outlay	8,276,000	8,276,000	1,280,351	1,586,983	2,867,334	5,408,666
Contingency	3,407,000	3,407,000	-	-	-	3,407,000
TOTAL EXPENDITURES	15,059,000	15,059,000	2,907,844	3,176,922	6,084,766	8,974,234
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,576,000)	(1,576,000)	2,188,112	3,193,190	5,381,302	6,957,302
OTHER FINANCING SOURCES (USES):						
Transfers to other funds	(1,923,000)	(1,923,000)	(940,000)	(983,000)	(1,923,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,923,000)	(1,923,000)	(940,000)	(983,000)	(1,923,000)	-
NET CHANGE IN FUND BALANCES	(3,499,000)	(3,499,000)	1,248,112	2,210,190	3,458,302	6,957,302
FUND BALANCES - beginning	3,579,000	3,579,000	5,455,622	6,703,734	5,455,622	1,876,622
FUND BALANCES - ending	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ 6,703,734</u>	<u>\$ 8,913,924</u>	<u>\$ 8,913,924</u>	<u>\$ 8,833,924</u>

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 six fiscal years^{1, 2, 3}

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service Cost	\$ 62,165	\$ 60,387	\$ 50,014	\$ 44,485	\$ 83,282	\$ 87,521
Interest	16,355	15,932	32,029	34,746	34,181	27,704
Changes in benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	-	-	(28,681)	-	-	-
Effect of changes to benefit terms	(18,725)	-	-	-	-	-
Changes of assumptions or other inputs	94,695	2,890	(184,917)	25,053	(44,269)	(53,879)
Benefit payments	(29,217)	(59,967)	(85,712)	(99,139)	(83,752)	(65,359)
Net Change in OPEB Liability	125,273	19,242	(217,267)	5,145	(10,558)	(4,013)
Total OPEB Liability - beginning	709,561	690,319	907,586	902,441	912,999	917,012
Total OPEB Liability - ending	<u>\$ 834,834</u>	<u>\$ 709,561</u>	<u>\$ 690,319</u>	<u>\$ 907,586</u>	<u>\$ 902,441</u>	<u>\$ 912,999</u>
City's Covered-Employee Payroll	\$ 10,217,000	\$ 9,830,000	\$ 9,548,000	\$ 9,242,000	\$ 8,668,000	\$ 8,993,000
Total OPEB Liability as a percentage of its covered payroll	8.17%	7.22%	7.23%	9.82%	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 2023 is July 1, 2022 - June 30, 2023.

³ There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the plan.

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 seven fiscal years^{1, 2, 3}

Measurement Date June 30,	City's proportion of the net OPEB liability (asset)	City's proportionate share of the net OPEB liability (asset)	Covered-Employee 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	\$ 9,189,000	0.272%	108.88%
2018	0.08995006%	(37,540)	9,390,000	-0.400%	123.99%
2019	0.08483126%	(94,695)	8,993,000	-1.053%	144.36%
2020	0.08024130%	(155,055)	8,668,000	-1.789%	150.07%
2021	0.05037134%	(102,636)	9,242,000	-1.111%	183.86%
2022	0.06324214%	(217,174)	9,548,000	-2.275%	194.66%
2023	0.06823360%	(242,460)	9,830,000	-2.467%	n/a

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 2023 is July 1, 2021 - June 30, 2022.

³ There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the plan.

CITY OF WEST LINN, OREGON

Schedule of Funding Progress

Oregon Public Employees Retirement System, Retirement Health Insurance Account for the last ten fiscal years¹

Fiscal year ended	Contractually required contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered-Employee payroll	Contributions as a percentage of covered payroll
2014	\$ 47,700	\$ (47,700)	\$ -	\$ 8,085,000	0.59 %
2015	48,800	(48,800)	-	8,275,000	0.59
2016	54,200	(54,200)	-	9,189,000	0.59
2017	55,400	(55,400)	-	9,390,000	0.59
2018	41,100	(41,100)	-	8,993,000	0.46
2019	44,800	(44,800)	-	8,668,000	0.52
2020	41,000	(41,000)	-	9,242,000	0.44
2021	39,800	(39,800)	-	9,548,000	0.42
2022	3,203	(3,203)	-	9,830,388	0.03
2023	1,874	(1,874)	-	10,217,000	0.02

¹ There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the plan.

CITY OF WEST LINN, OREGON

Schedule of the City's Proportionate Share of the Net Pension (Asset)/Liability for the last ten fiscal years^{1,4}

Oregon Public Employee Retirement Pension Plan (OPERS)

Fiscal year ended ²	City's proportion of the net pension (asset)/liability	City's proportionate share of the net pension (asset)/liability	City's covered-employee payroll	City's proportionate share of the net pension (asset)/liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension (asset)/liability
2014 ⁴	0.12328639 %	6,291,000	\$ 8,652,000	73 %	n/a %
2015 ⁴	0.12328639	(2,794,000)	8,085,000	(34.56)	#REF!
2016 ⁴	0.10656086	6,118,000	8,275,000	73.93	#REF!
2017 ⁴	0.09952936	14,942,000	9,189,000	162.61	#REF!
2018 ⁴	0.10294248	13,877,000	9,390,000	147.78	#REF!
2019 ⁴	0.09921771	15,030,000	8,993,000	167.13	#REF!
2020 ⁴	0.09528934	16,483,000	8,668,000	190.16	#REF!
2021 ⁴	0.08644967	18,866,000	9,242,000	204.13	#REF!
2022 ⁴	0.08962219	10,725,000	9,548,000	112.33	#REF!
2023 ⁴	0.08776408	13,438,000	9,830,000	136.70	#REF!

¹ Amounts presented are for the measurement period reported during the fiscal year, which for FY 2023 is July 1, 2021 - June 30, 2022.

² Amounts presented for each fiscal year were determined as of December 31.

³ Actuarial information for these fiscal years was provided by the actuary for OPERS.

⁴ There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the plan.

CITY OF WEST LINN, OREGON
Schedule of City Pension Plan Contributions
for the last ten fiscal years^{1,4}

Oregon Public Employee Retirement Pension Plan (OPERS)

Fiscal year ended	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency/ (excess)	City's covered-employee payroll	Contributions as a percentage of of covered employee payroll
2014 ²	\$ 838,224	\$ (838,224)	\$ -	\$ 8,652,000	9.69 %
2015 ³	892,780	(892,780)	-	8,085,000	11.04
2016 ³	1,124,255	(1,124,255)	-	8,275,000	13.59
2017 ³	1,069,881	(1,069,881)	-	9,189,000	11.64
2018 ³	1,391,540	(1,391,540)	-	9,390,000	14.82
2019 ³	1,353,596	(1,353,596)	-	8,993,000	15.05
2020 ³	1,774,832	(1,774,832)	-	8,668,000	20.48
2021 ³	1,782,752	(1,782,752)	-	9,242,000	19.29
2022 ³	1,986,193	(1,986,193)	-	9,548,000	20.80
2023 ³	2,102,259	(2,102,259)	-	9,830,000	21.39

¹ Amounts presented are for the measurement period reported during the fiscal year, which for FY 2023 is July 1, 2021 - June 30, 2022.

² Actuarial information for these fiscal years was determined by the City.

³ Actuarial information for these fiscal years was provided by the actuary for OPERS.

⁴ There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the plan.

CITY OF WEST LINN, OREGON

Notes to Required Supplementary Information

June 30, 2023

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 basis of budgeting is the same as GAAP.

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.

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, 2023, the long-term expected rate of return was kept at 6.90 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 in Actuarial Methods and Allocation Procedures – PERS Pension

Senate Bill 1049 was signed into law in June 2019 and requires a one-time re-amortization of Tier 1/Tier 2 UAL over a closed 22-year period at the December 31, 2019 rate-setting actuarial valuation, which will set actuarially determined contribution rates for the 2021-2023 biennium.

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, 2021 total OPEB liability. The changes include lowering of the long-term expected rate of return to 6.90 percent. In addition, healthy retiree participation and healthy mortality assumptions were changed to reflect updated trends and mortality improvement scale for all groups.

In the July 1, 2022 actuarial valuation for the City's implicit subsidy single-employer defined benefit postemployment health care plan, the valuation includes a change in the discount rate increasing from 2.16 percent to 3.54percent. This change was reflected in the valuation for the measurement date of June 30, 2022, used to calculate the total OPEB liability as of June 30, 2023.

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, 2023

	Budget for the 2022-2023 Biennium		Actual		Total	Variance with Final Budget
	Original	Final	1st Year FY 2021-22	2nd Year FY 2022-23		
REVENUES:						
Investment earnings	130,000	130,000	61,277	258,968	320,245	190,245
TOTAL REVENUES	130,000	130,000	61,277	258,968	320,245	190,245
EXPENDITURES:						
Capital outlay	11,154,000	11,154,000	1,817,636	2,349,258	4,166,894	6,987,106
TOTAL EXPENDITURES	11,154,000	11,154,000	1,817,636	2,349,258	4,166,894	6,987,106
NET CHANGE IN FUND BALANCES	(11,024,000)	(11,024,000)	(1,756,359)	(2,090,290)	(3,846,649)	7,177,351
FUND BALANCES - beginning	11,224,000	11,224,000	11,587,829	9,831,470	11,587,829	363,829
FUND BALANCES - ending	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 9,831,470</u>	<u>\$ 7,741,180</u>	<u>\$ 7,741,180</u>	<u>\$ 7,541,180</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, 2023

	Budget for the 2022-2023 Biennium		1st Year Actual
	Original	Final	FY 2021-22
REVENUES:			
Systems development charges:			
Street - systems development charges	\$ 84,000	\$ 84,000	\$ 160,761
Surface water - systems development charges	8,000	8,000	48,780
Water - systems development charges	400,000	400,000	846,914
Sewer - systems development charges	70,000	70,000	213,371
Parks - systems development charges	270,000	270,000	491,885
Bike/Pedestrian - systems development charges	60,000	60,000	135,919
Investment earnings	-	-	23,100
TOTAL REVENUES	892,000	892,000	1,920,730
EXPENDITURES:			
Materials and services	20,000	20,000	27,134
Capital outlay	3,535,000	3,535,000	612,427
Contingency	1,820,000	1,820,000	-
TOTAL EXPENDITURES	5,375,000	5,375,000	639,561
NET CHANGE IN FUND BALANCES	(4,483,000)	(4,483,000)	1,281,169
FUND BALANCES - beginning	4,968,000	4,968,000	5,468,734
FUND BALANCES - ending	\$ 485,000	\$ 485,000	\$ 6,749,903

Continued on next page

2nd Year Actual FY 2022-23							Actual	Variance with
Street	Surface Water	Water	Sewer	Parks	Bike/ Pedestrian	Total	Total Biennium	Final Budget
\$ 49,502	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,502	\$ 210,263	\$ 126,263
-	11,174	-	-	-	-	11,174	59,954	51,954
-	-	38,677	-	-	-	38,677	885,591	485,591
-	-	-	32,491	-	-	32,491	245,862	175,862
-	-	-	-	19,223	-	19,223	511,108	241,108
-	-	-	-	-	9,453	9,453	145,372	85,372
23,412	4,568	281,952	47,728	195,685	39,985	593,330	616,430	616,430
72,914	15,742	320,629	80,219	214,908	49,438	753,850	2,674,580	1,782,580
3,158	1,702	24,793	3,158	1,459	-	34,270	61,404	(41,404)
89,933	-	-	171,507	8,803	704	270,947	883,374	2,651,626
-	-	-	-	-	-	-	-	1,820,000
93,091	1,702	24,793	174,665	10,262	704	305,217	944,778	4,430,222
(20,177)	14,040	295,836	(94,446)	204,646	48,734	448,633	1,729,802	6,212,802
828,618	657,883	1,943,167	1,970,600	952,338	397,297	6,749,903	5,468,734	500,734
<u>\$ 808,441</u>	<u>\$ 671,923</u>	<u>\$ 2,239,003</u>	<u>\$ 1,876,154</u>	<u>\$ 1,156,984</u>	<u>\$ 446,031</u>	<u>\$ 7,198,536</u>	<u>\$ 7,198,536</u>	<u>\$ 6,713,536</u>

Continued from previous page

CITY OF WEST LINN, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS:			
Cash and investments	\$ 857,538	\$ -	\$ 857,538
Restricted cash and investments	1,550,108	472,312	2,022,420
Property taxes receivable	-	69,657	69,657
Accounts receivable	156,400	-	156,400
	<u>156,400</u>	<u>-</u>	<u>156,400</u>
TOTAL ASSETS	<u>\$ 2,564,046</u>	<u>\$ 541,969</u>	<u>\$ 3,106,015</u>
LIABILITIES:			
Accounts payable	\$ 46,569	\$ -	\$ 46,569
Accrued salaries and payroll taxes	33,541	-	33,541
Deposits payable	26,895	-	26,895
	<u>26,895</u>	<u>-</u>	<u>26,895</u>
TOTAL LIABILITIES	<u>107,005</u>	<u>-</u>	<u>107,005</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property taxes	-	43,086	43,086
	<u>-</u>	<u>43,086</u>	<u>43,086</u>
FUND BALANCES:			
Restricted	1,530,290	498,883	2,029,173
Committed	926,751	-	926,751
	<u>926,751</u>	<u>-</u>	<u>926,751</u>
TOTAL FUND BALANCES	<u>2,457,041</u>	<u>498,883</u>	<u>2,955,924</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,564,046</u>	<u>\$ 541,969</u>	<u>\$ 3,106,015</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, 2023

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES:			
Property taxes	\$ -	\$ 1,704,789	\$ 1,704,789
Intergovernmental	375,486	-	375,486
Franchise taxes	161,329	-	161,329
Licenses and permits	915,447	-	915,447
Charges for services	475,000	-	475,000
Investment earnings	3,522	22,235	25,757
Miscellaneous	6,960	-	6,960
	<u>1,937,744</u>	<u>1,727,024</u>	<u>3,664,768</u>
TOTAL REVENUES			
EXPENDITURES:			
Current:			
General government	968,277	-	968,277
Public safety	900,488	-	900,488
Debt service:			
Principal	8,329	845,000	853,329
Interest	947	776,124	777,071
	<u>1,878,041</u>	<u>1,621,124</u>	<u>3,499,165</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCES	59,703	105,900	165,603
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	-	51,542	51,542
	<u>-</u>	<u>51,542</u>	<u>51,542</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	59,703	157,442	217,145
FUND BALANCES - beginning	<u>2,397,338</u>	<u>341,441</u>	<u>2,738,779</u>
FUND BALANCES - ending	<u>\$ 2,457,041</u>	<u>\$ 498,883</u>	<u>\$ 2,955,924</u>

CITY OF WEST LINN, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023

	Building Inspections Fund	Planning Fund	Total
ASSETS:			
Cash and investments	\$ -	\$ 857,538	\$ 857,538
Restricted cash and investments	1,550,108	-	1,550,108
Accounts receivable	21,059	135,341	156,400
	<u>1,571,167</u>	<u>992,879</u>	<u>2,564,046</u>
LIABILITIES:			
Accounts payable	\$ 24,249	\$ 22,320	\$ 46,569
Accrued salaries and payroll taxes	16,628	16,913	33,541
Deposits payable	-	26,895	26,895
	<u>40,877</u>	<u>66,128</u>	<u>107,005</u>
FUND BALANCES:			
Restricted	1,530,290	-	1,530,290
Committed	-	926,751	926,751
	<u>1,530,290</u>	<u>926,751</u>	<u>2,457,041</u>
TOTAL FUND BALANCES	<u>1,530,290</u>	<u>926,751</u>	<u>2,457,041</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,571,167</u>	<u>\$ 992,879</u>	<u>\$ 2,564,046</u>

CITY OF WEST LINN, OREGON

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Building Inspections Fund	Planning Fund	Total
REVENUES:			
Intergovernmental	\$ -	\$ 375,486	\$ 375,486
Franchise taxes	-	161,329	161,329
Licenses and permits	818,648	96,799	915,447
Charges for services	-	475,000	475,000
Investment earnings	3,522	-	3,522
Miscellaneous	-	6,960	6,960
	<u>822,170</u>	<u>1,115,574</u>	<u>1,937,744</u>
EXPENDITURES:			
Current:			
General government	-	968,277	968,277
Public safety	900,488	-	900,488
Debt service:			
Principal	8,329	-	8,329
Interest	947	-	947
	<u>909,764</u>	<u>968,277</u>	<u>1,878,041</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCES	(87,594)	147,297	59,703
FUND BALANCES - beginning	<u>1,617,884</u>	<u>779,454</u>	<u>2,397,338</u>
FUND BALANCES - ending	<u>\$ 1,530,290</u>	<u>\$ 926,751</u>	<u>\$ 2,457,041</u>

CITY OF WEST LINN, OREGON

BUILDING INSPECTIONS FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budget for the 2022-2023 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2021-22	2nd Year FY 2022-23	Total	
REVENUES:						
Licenses and permits	1,610,000	1,610,000	1,893,712	818,648	2,712,360	1,102,360
Investment earnings	-	-	-	3,522	3,522	3,522
TOTAL REVENUES	1,610,000	1,610,000	1,893,712	822,170	2,715,882	1,105,882
EXPENDITURES:						
Personnel services	1,111,000	1,111,000	449,860	571,400	1,021,260	89,740
Materials and services	357,000	357,000	384,463	45,088	429,551	(72,551)
Debt service:						
Principal	22,000	22,000	8,897	8,329	17,226	4,774
Interest	6,000	6,000	1,382	947	2,329	3,671
Contingency	67,000	67,000	-	-	-	67,000
TOTAL EXPENDITURES	1,563,000	1,563,000	844,602	625,764	1,470,366	92,634
EXCESS OF REVENUES OVER EXPENDITURES	47,000	47,000	1,049,110	196,406	1,245,516	1,198,516
OTHER FINANCING SOURCES (USES):						
Transfers to other funds	(563,000)	(563,000)	(279,000)	(284,000)	(563,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(563,000)	(563,000)	(279,000)	(284,000)	(563,000)	-
NET CHANGE IN FUND BALANCES	(516,000)	(516,000)	770,110	(87,594)	682,516	1,198,516
FUND BALANCES (DEFICIT) - beginning	543,000	543,000	847,774	1,617,884	847,774	304,774
FUND BALANCES - ending	\$ 27,000	\$ 27,000	\$ 1,617,884	\$ 1,530,290	\$ 1,530,290	\$ 1,503,290

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, 2023

	Budget for the 2022-2023 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2021-22	2nd Year FY 2022-23	Total	
REVENUES:						
Intergovernmental	\$ 650,000	\$ 650,000	\$ 356,482	\$ 375,486	\$ 731,968	\$ 81,968
Franchise taxes	345,000	345,000	169,208	161,329	330,537	(14,463)
Licenses and permits	180,000	180,000	116,645	96,799	213,444	33,444
Miscellaneous	6,000	6,000	4,092	6,960	11,052	5,052
TOTAL REVENUES	1,181,000	1,181,000	646,427	640,574	1,287,001	106,001
EXPENDITURES:						
Personnel services	1,451,000	1,451,000	582,197	610,140	1,192,337	258,663
Material and services	239,000	239,000	34,571	69,137	103,708	135,292
Contingency	86,000	86,000	-	-	-	86,000
TOTAL EXPENDITURES	1,776,000	1,776,000	616,768	679,277	1,296,045	479,955
EXCESS OF REVENUES OVER EXPENDITURES	(595,000)	(595,000)	29,659	(38,703)	(9,044)	585,956
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	945,000	945,000	470,000	475,000	945,000	-
Transfers to other funds	(616,000)	(616,000)	(327,000)	(289,000)	(616,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	329,000	329,000	143,000	186,000	329,000	-
NET CHANGE IN FUND BALANCES	(266,000)	(266,000)	172,659	147,297	319,956	585,956
FUND BALANCES - beginning	308,000	308,000	606,795	779,454	606,795	298,795
FUND BALANCES - ending	\$ 42,000	\$ 42,000	\$ 779,454	\$ 926,751	\$ 926,751	\$ 884,751

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, 2023

	Budget for the 2022-2023 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2021-22	2nd Year FY 2022-23	Total	
REVENUES:						
Property taxes	\$ 3,270,000	\$ 3,270,000	\$ 1,628,529	\$ 1,704,789	\$ 3,333,318	\$ 63,318
Investment earnings	-	-	-	22,235	22,235	
TOTAL REVENUES	3,270,000	3,270,000	1,628,529	1,727,024	3,355,553	63,318
EXPENDITURES:						
Debt service:						
Principal	1,610,000	1,610,000	765,000	845,000	1,610,000	-
Interest	1,580,000	1,580,000	802,374	776,124	1,578,498	1,502
TOTAL EXPENDITURES	3,190,000	3,190,000	1,567,374	1,621,124	3,188,498	1,502
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCES	80,000	80,000	61,155	105,900	167,055	87,055
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	-	-	-	51,542	51,542	51,542
NET CHANGE IN FUND BALANCES	80,000	80,000	61,155	157,442	218,597	138,597
FUND BALANCES - beginning	246,000	246,000	280,286	341,441	280,286	34,286
FUND BALANCES - ending	\$ 326,000	\$ 326,000	\$ 341,441	\$ 498,883	\$ 498,883	\$ 172,883

**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, 2023

	Budget for the 2022-2023 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2021-22	2nd Year FY 2022-23	Total	
REVENUES:						
Water charges	\$ 10,522,000	\$ 10,522,000	\$ 5,332,262	\$ 6,031,491	\$ 11,363,753	\$ 841,753
Intergovernmental	-	-	5,004	70,098	75,102	75,102
Systems development charges	-	-	69,509	21,945	91,454	91,454
Miscellaneous	436,000	436,000	190,962	136,647	327,609	(108,391)
TOTAL REVENUES	10,958,000	10,958,000	5,597,737	6,260,181	11,857,918	899,918
EXPENDITURES:						
Personnel services	1,877,000	1,877,000	822,613	738,614	1,561,227	315,773
Materials and services	4,741,000	4,741,000	2,203,828	2,640,401	4,844,229	(103,229)
Debt service	913,000	913,000	151,473	153,993	305,466	607,534
Capital outlay	8,492,000	8,492,000	303,917	594,949	898,866	7,593,134
Contingency	1,678,000	1,678,000	-	-	-	1,678,000
TOTAL EXPENDITURES	17,701,000	17,701,000	3,481,831	4,127,957	7,609,788	10,091,212
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(6,743,000)	(6,743,000)	2,115,906	2,132,224	4,248,130	10,991,130
OTHER FINANCING SOURCES (USES):						
Proceeds from lease obligations	42,000	42,000	-	-	-	(42,000)
Proceeds from sale of bonds	6,000,000	6,000,000	-	12,663,495	12,663,495	6,663,495
Proceeds from sale of capital assets	-	-	35,600	-	35,600	35,600
Investment earnings	20,000	20,000	594	214,894	215,488	195,488
Transfers to other funds	(2,250,000)	(2,250,000)	(1,195,000)	(1,055,000)	(2,250,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	3,812,000	3,812,000	(1,158,806)	11,823,389	10,664,583	6,852,583
NET CHANGE IN FUND BALANCES	(2,931,000)	(2,931,000)	957,100	13,955,613	14,912,713	17,843,713
FUND BALANCES - beginning	3,099,000	3,099,000	3,631,649	4,588,749	3,631,649	532,649
FUND BALANCES - ending	\$ 168,000	\$ 168,000	\$ 4,588,749	18,544,362	\$ 18,544,362	\$ 18,376,362

RECONCILIATION TO NET POSITION - GAAP BASIS:

Adjustment for OPEB asset being accrued	12,689
Adjustment for deferred outflows of resources being accrued	280,477
Adjustment for loans receivable being accrued	1,502
Adjustment for misc. receivables being accrued	2,500
Adjustment for net pension liability being accrued	(703,320)
Adjustment for compensated absences being accrued	(69,483)
Adjustment for OPEB liability being accrued	(43,692)
Adjustment for deferred inflows of resources being accrued	(272,684)
Adjustment for interest payable being accrued	(70,089)
Adjustment for capital assets not being depreciated	778,268
Adjustment for capital assets, net of accumulated depreciation	22,065,266
Adjustment for investment in joint venture	12,740,474
Adjustment for bonds payable - due within one year	(320,000)
Adjustment for long term bonds payable	(12,545,000)
Adjustment for leases payable - due within one year	(11,411)
Adjustment for long term leases payable	(19,041)
Adjustment for unamortized bond premium	(1,166,920)

NET POSITION - GAAP BASIS

\$ 39,203,898

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, 2023

	Budget for the 2022-2023 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2021-22	2nd Year FY 2022-23	Total	
REVENUES:						
Sewer charges	\$ 5,975,000	\$ 5,975,000	\$ 3,047,241	\$ 3,237,080	\$ 6,284,321	\$ 309,321
Surface water charges	2,257,000	2,257,000	1,126,559	1,187,996	2,314,555	57,555
Intergovernmental	-	-	-	61,276	61,276	61,276
Systems development charges	44,000	44,000	218,386	27,843	246,229	202,229
Miscellaneous	125,000	125,000	71,899	59,188	131,087	6,087
TOTAL REVENUES	8,401,000	8,401,000	4,464,085	4,573,383	9,037,468	636,468
EXPENDITURES:						
Personnel services	1,655,000	1,655,000	606,796	707,667	1,314,463	340,537
Materials and services	961,000	961,000	391,595	559,207	950,802	10,198
Debt service	86,000	86,000	11,561	11,112	22,673	63,327
Capital outlay	6,411,000	6,411,000	977,465	1,781,438	2,758,903	3,652,097
Contingency	1,981,000	1,981,000	-	-	-	1,981,000
TOTAL EXPENDITURES	11,094,000	11,094,000	1,987,417	3,059,424	5,046,841	6,047,159
EXCESS OF REVENUES OVER EXPENDITURES	(2,693,000)	(2,693,000)	2,476,668	1,513,959	3,990,627	6,683,627
OTHER FINANCING USES:						
Proceeds from lease obligations	126,000	126,000	-	-	-	(126,000)
Investment earnings	-	-	1,074	113,819	114,893	114,893
Transfers to other funds	(3,051,000)	(3,051,000)	(1,496,000)	(1,555,000)	(3,051,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,925,000)	(2,925,000)	(1,494,926)	(1,441,181)	(2,936,107)	(11,107)
NET CHANGE IN FUND BALANCES	(5,618,000)	(5,618,000)	981,742	72,778	1,054,520	6,672,520
FUND BALANCES - beginning	5,685,000	5,685,000	5,573,105	6,554,847	5,573,105	(111,895)
FUND BALANCES - ending	\$ 67,000	\$ 67,000	\$ 6,554,847	6,627,625	\$ 6,627,625	\$ 6,560,625

RECONCILIATION TO NET POSITION - GAAP BASIS:

Adjustment for OPEB asset being accrued	11,783
Adjustment for deferred outflows of resources being accrued	260,442
Adjustment for loans receivable being accrued	3,645
Adjustment for net pension liability being accrued	(653,083)
Adjustment for compensated absences being accrued	(64,558)
Adjustment for OPEB liability being accrued	(40,571)
Adjustment for deferred inflows of resources being accrued	(253,207)
Adjustment for leases payable - due within one year	(10,222)
Adjustment for long term leases payable	(15,635)
Adjustment for capital assets not being depreciated	2,510,763
Adjustment for capital assets, net of accumulated depreciation	20,706,833

NET POSITION - GAAP BASIS \$29,083,815

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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, 2023

FUTURE BOND PRINCIPAL

Fiscal year	General Obligation Bonds		Full Faith and Credit Obligations		Total
	Series 2012	Series 2018	Series 2015	Series 2023	
	Police Station Jan. 25, 2012	City Fac, Parks, & Trans. Aug. 30, 2018	Str/Pks/Wtr Dec. 16, 2015	Water Feb. 8, 2023	
2024	450,000	475,000	330,000	225,000	1,480,000
2025	475,000	540,000	345,000	375,000	1,735,000
2026	505,000	600,000	360,000	395,000	1,860,000
2027	530,000	665,000	370,000	415,000	1,980,000
2028	565,000	720,000	375,000	435,000	2,095,000
2029	595,000	780,000	390,000	455,000	2,220,000
2030	630,000	850,000	120,000	480,000	2,080,000
2031	665,000	925,000	120,000	505,000	2,215,000
2032	715,000	995,000	125,000	530,000	2,365,000
2033	-	1,755,000	130,000	555,000	2,440,000
2034	-	1,875,000	130,000	580,000	2,585,000
2035	-	1,995,000	135,000	610,000	2,740,000
2036	-	2,125,000	-	640,000	2,765,000
2037	-	2,265,000	-	670,000	2,935,000
2038	-	2,410,000	-	695,000	3,105,000
2039	-	-	-	720,000	720,000
2040	-	-	-	750,000	750,000
2041	-	-	-	780,000	780,000
2042	-	-	-	810,000	810,000
2043	-	-	-	845,000	845,000
	<u>\$ 5,130,000</u>	<u>\$ 18,975,000</u>	<u>\$ 2,930,000</u>	<u>\$ 11,470,000</u>	<u>\$ 38,505,000</u>

FUTURE BOND INTEREST

Fiscal year	General Obligation Bonds		Full Faith and Credit Obligations		Total
	Series 2012	Series 2018	Series 2015	Series 2015	
	Police Station Jan. 25, 2012	City Fac, Parks, & Trans Aug. 30, 2018	Str/Pks/Wtr Dec. 16, 2015	Water Feb. 8, 2023	
2024	123,938	622,688	94,524	655,860	1,497,010
2025	114,937	598,937	81,326	503,150	1,298,350
2026	105,438	571,938	67,524	484,400	1,229,300
2027	94,706	553,937	53,126	464,650	1,166,419
2028	82,781	533,988	43,875	443,900	1,104,544
2029	69,363	512,387	34,500	422,150	1,038,400
2030	54,487	481,188	22,800	399,400	957,875
2031	37,950	447,187	19,200	375,400	879,737
2032	9,831	419,438	15,600	350,150	795,019
2033	-	389,587	11,851	323,650	725,088
2034	-	336,938	7,950	295,900	640,788
2035	-	280,687	4,050	266,900	551,637
2036	-	218,344	-	236,400	454,744
2037	-	151,937	-	210,800	362,737
2038	-	78,323	-	184,000	262,323
2039	-	-	-	156,200	156,200
2040	-	-	-	127,400	127,400
2041	-	-	-	97,400	97,400
2042	-	-	-	66,200	66,200
2043	-	-	-	33,800	33,800
	<u>\$ 693,431</u>	<u>\$ 6,197,504</u>	<u>\$ 456,326</u>	<u>\$ 6,097,710</u>	<u>\$ 13,444,971</u>

CITY OF WEST LINN, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Tax Year</u>	<u>Uncollected Property Taxes as of June 30, 2022</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, 2023</u>
Current fiscal year 2022-23	\$ -	\$ 10,881,966	\$ (273,861)	\$ (10,366,253)	\$ 241,852
Prior fiscal years					
2021-22	233,204	-	(16,997)	(97,515)	118,692
2020-21	76,771	-	(6,464)	(36,895)	33,412
2019-20	41,393	-	(1,742)	(24,104)	15,547
2018-19	11,852	-	(1,082)	(6,558)	4,212
2017-18 & prior	18,033	-	(2,197)	(289)	15,547
Sub-total prior	<u>381,253</u>	<u>-</u>	<u>(28,482)</u>	<u>(165,361)</u>	<u>187,410</u>
Total	<u>\$ 381,253</u>	<u>\$ 10,881,966</u>	<u>\$ (302,343)</u>	<u>\$ (10,531,614)</u>	<u>\$ 429,262</u>

Public Safety Fund	\$ 244,018
Parks and Recreation Fund	68,496
Library Fund	47,091
Debt Service Fund	<u>69,657</u>
	<u>\$ 429,262</u>

CITY OF WEST LINN, OREGON
SCHEDULE OF ACCOUNTABILITY OF INDEPENDENTLY ELECTED OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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
ANNUAL COMPREHENSIVE 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.	115
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.	123

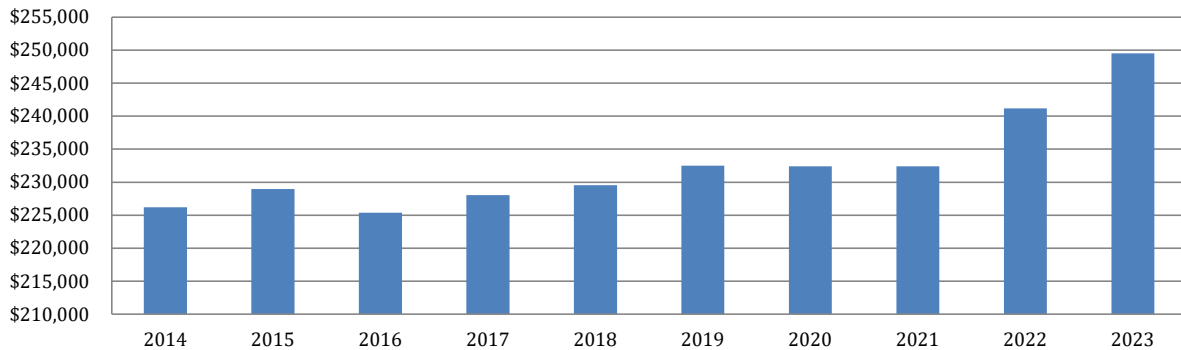
Sources: The information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year, unless otherwise noted.

CITY OF WEST LINN, OREGON

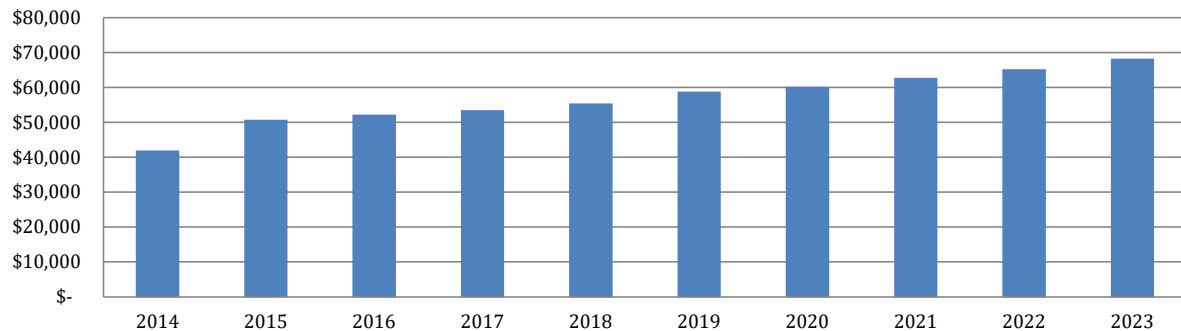
Net Position by Component for the last ten fiscal years (accrual basis of accounting) (in thousands)

	Fiscal Year Ended									
	2014 (restated)	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 218,327	\$ 220,683	\$ 222,408	\$ 225,588	\$ 227,088	\$ 209,419	\$ 226,983	\$ 225,470	\$ 225,639	\$ 226,683
Restricted	7,236	5,268	4,774	5,276	5,191	24,023	20,766	7,454	9,841	10,585
Unrestricted (deficit)	638	3,028	(1,787)	(2,826)	(2,757)	(962)	(15,327)	(516)	5,714	12,231
Total governmental activities net position	<u>226,201</u>	<u>228,979</u>	<u>225,395</u>	<u>228,038</u>	<u>229,522</u>	<u>232,480</u>	<u>232,422</u>	<u>232,408</u>	<u>241,194</u>	<u>249,499</u>
Business-type activities										
Net investment in capital assets	29,136	33,418	35,361	40,846	42,680	43,285	43,241	43,931	43,625	43,443
Restricted	155	4,154	2,823	-	-	-	15	10	22	24
Unrestricted	12,587	13,154	13,966	12,600	12,694	15,563	16,996	18,852	21,649	24,821
Total business-type activities net position	<u>41,878</u>	<u>50,726</u>	<u>52,150</u>	<u>53,446</u>	<u>55,374</u>	<u>58,848</u>	<u>60,252</u>	<u>62,793</u>	<u>65,296</u>	<u>68,288</u>
Primary government										
Net investment in capital assets	247,463	247,463	257,769	266,434	269,768	252,704	270,224	269,401	269,264	270,126
Restricted	7,391	9,422	7,597	5,276	5,191	24,023	20,781	7,464	9,863	10,609
Unrestricted	13,225	16,182	12,179	9,774	9,937	14,601	1,669	18,336	27,363	37,052
Total primary government net position	<u>\$ 268,079</u>	<u>\$ 273,067</u>	<u>\$ 277,545</u>	<u>\$ 281,484</u>	<u>\$ 284,896</u>	<u>\$ 291,328</u>	<u>\$ 292,674</u>	<u>\$ 295,201</u>	<u>\$ 306,490</u>	<u>\$ 317,787</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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 7,169	\$ 6,775	\$ 10,291	\$ 8,213	\$ 9,792	\$ 8,432	\$ 9,541	\$ 10,351	\$ 8,953	\$ 10,193
Culture and recreation	6,060	5,804	7,138	6,988	7,477	7,933	7,834	8,320	8,080	8,644
Public safety	7,095	6,251	10,288	8,830	8,717	8,752	9,053	9,158	8,933	9,561
Highways and streets	3,664	3,681	4,303	4,517	4,429	4,249	4,439	5,496	3,410	3,421
Interest on long-term debt	549	508	625	403	353	860	940	911	872	839
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	<u>24,537</u>	<u>23,019</u>	<u>32,645</u>	<u>28,951</u>	<u>30,768</u>	<u>30,226</u>	<u>31,807</u>	<u>34,236</u>	<u>30,248</u>	<u>32,658</u>
Business-type activities:										
Water	3,243	3,231	4,233	3,899	4,173	4,732	4,445	4,869	5,153	5,240
Environmental services	2,906	2,822	3,232	3,249	3,379	3,518	3,453	3,515	3,583	3,952
Total business-type activities expenses	<u>6,149</u>	<u>6,053</u>	<u>7,465</u>	<u>7,148</u>	<u>7,552</u>	<u>8,250</u>	<u>7,898</u>	<u>8,384</u>	<u>8,736</u>	<u>9,192</u>
Total primary government expenses	<u>\$ 30,686</u>	<u>\$ 29,072</u>	<u>\$ 40,110</u>	<u>\$ 36,099</u>	<u>\$ 38,320</u>	<u>\$ 38,476</u>	<u>\$ 39,705</u>	<u>\$ 42,620</u>	<u>\$ 38,984</u>	<u>\$ 41,850</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 8,483	\$ 8,217	\$ 9,517	\$ 9,596	\$ 8,901	\$ 9,692	\$ 8,547	\$ 10,077	\$ 10,896	\$ 9,553
Culture and recreation	2,005	2,056	2,214	2,432	2,495	2,546	2,581	2,316	2,990	3,288
Public safety	664	897	850	948	2,008	781	1,348	1,289	1,932	860
Highways and streets	1,351	1,522	1,659	1,735	1,791	1,898	1,992	2,102	2,205	2,322
Operating grants and contributions	3,776	4,019	4,192	6,249	4,954	4,645	4,929	5,949	8,490	10,415
Capital grants and contributions	354	467	101	-	572	1,925	234	255	68	186
Total governmental activities program revenues	<u>16,633</u>	<u>17,178</u>	<u>18,533</u>	<u>20,960</u>	<u>20,721</u>	<u>21,487</u>	<u>19,631</u>	<u>21,988</u>	<u>26,581</u>	<u>26,624</u>
Business-type activities:										
Charges for services:										
Water	3,968	4,705	4,427	4,656	5,313	6,262	4,959	6,144	6,466	6,714
Environmental services	2,996	2,953	3,243	3,428	3,563	3,750	3,866	4,158	4,445	4,504
Capital grants and contributions	581	469	1,218	370	559	1,671	423	620	327	637
Total business-type activities program revenues	<u>7,545</u>	<u>8,127</u>	<u>8,888</u>	<u>8,454</u>	<u>9,435</u>	<u>11,683</u>	<u>9,248</u>	<u>10,922</u>	<u>11,238</u>	<u>11,855</u>
Total primary government program revenues	<u>\$ 24,178</u>	<u>\$ 25,305</u>	<u>\$ 27,421</u>	<u>\$ 29,414</u>	<u>\$ 30,156</u>	<u>\$ 33,170</u>	<u>\$ 28,879</u>	<u>\$ 32,910</u>	<u>\$ 37,819</u>	<u>\$ 38,479</u>

Continued on next page

	Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense) Revenue										
Governmental activities	\$ (7,904)	\$ (5,841)	\$ (14,112)	\$ (7,991)	\$ (10,047)	\$ (8,739)	\$ (12,176)	\$ (12,248)	\$ (3,667)	\$ (6,034)
Business-type activities	1,396	2,074	1,423	1,306	1,883	3,433	1,350	2,538	2,502	2,663
Total primary government expenses	<u>\$ (6,508)</u>	<u>\$ (3,767)</u>	<u>\$ (12,689)</u>	<u>\$ (6,685)</u>	<u>\$ (8,164)</u>	<u>\$ (5,306)</u>	<u>\$ (10,826)</u>	<u>\$ (9,710)</u>	<u>\$ (1,165)</u>	<u>\$ (3,371)</u>
General Revenues										
Governmental activities:										
Property taxes, levied for general purposes	\$ 6,440	\$ 6,725	\$ 7,020	\$ 7,205	\$ 7,538	\$ 7,691	\$ 8,098	\$ 8,375	\$ 8,616	\$ 8,888
Property taxes, levied for debt service	1,406	1,398	1,372	1,476	1,461	1,524	1,542	1,595	1,641	1,692
Franchise taxes	1,683	1,722	1,693	1,738	1,705	1,724	1,754	1,938	1,981	2,274
Unrestricted grants and contributions	337	297	428	203	164	187	162	165	106	128
Interest and investment earnings	8	15	16	15	32	570	562	161	108	1,355
Gain (loss) on disposition of capital assets	63	-	-	-	-	-	-	-	-	-
Transfers	(167)	(1,538)	-	-	-	-	-	-	-	-
Total governmental activities	<u>9,770</u>	<u>8,619</u>	<u>10,529</u>	<u>10,637</u>	<u>10,900</u>	<u>11,696</u>	<u>12,118</u>	<u>12,234</u>	<u>12,452</u>	<u>14,337</u>
Business-type activities:										
Intergovernmental	-	5,000	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	41	54	2	2	329
Gain (loss) on disposition of capital assets	-	236	-	(8)	(1)	-	-	-	-	-
Transfers	167	1,538	-	-	-	-	-	-	-	-
Total business-type activities	<u>167</u>	<u>6,774</u>	<u>-</u>	<u>(8)</u>	<u>(1)</u>	<u>41</u>	<u>54</u>	<u>2</u>	<u>2</u>	<u>329</u>
Total primary government	<u>\$ 9,937</u>	<u>\$ 15,393</u>	<u>\$ 10,529</u>	<u>\$ 10,629</u>	<u>\$ 10,899</u>	<u>\$ 11,737</u>	<u>\$ 12,172</u>	<u>\$ 12,236</u>	<u>\$ 12,454</u>	<u>\$ 14,666</u>
Changes in Net Position										
Governmental activities	\$ 1,866	\$ 2,778	\$ (3,583)	\$ 2,646	\$ 853	\$ 2,957	\$ (58)	\$ (14)	\$ 8,785	\$ 8,303
Business-type activities	1,563	8,848	1,423	1,298	1,882	3,474	1,404	2,540	2,504	2,992
Total primary government	<u>\$ 3,429</u>	<u>\$ 11,626</u>	<u>\$ (2,160)</u>	<u>\$ 3,944</u>	<u>\$ 2,735</u>	<u>\$ 6,431</u>	<u>\$ 1,346</u>	<u>\$ 2,526</u>	<u>\$ 11,289</u>	<u>\$ 11,295</u>

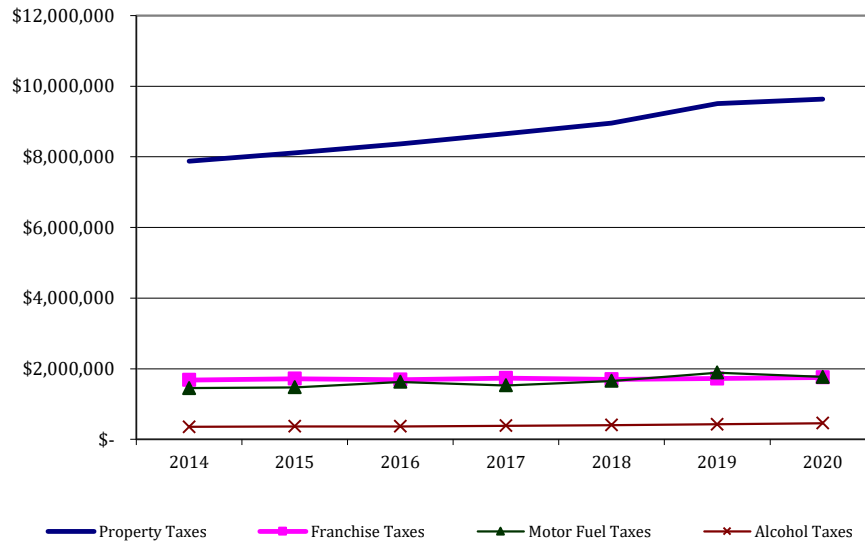
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CITY OF WEST LINN, OREGON
Governmental Activities Tax Revenues by Source
for the last ten fiscal years
(modified accrual basis of accounting)

Fiscal year	Property tax	Franchise tax	Motor fuel tax¹	Alcoholic beverage tax¹	Total
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
2020	9,628,761	1,753,650	1,769,336	459,333	13,611,080
2021	9,963,398	1,937,469	1,929,184	506,243	14,336,294
2022	10,179,104	1,981,008	2,150,806	503,241	14,814,159
2023	10,653,865	2,274,049	2,157,730	538,855	15,624,499

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.

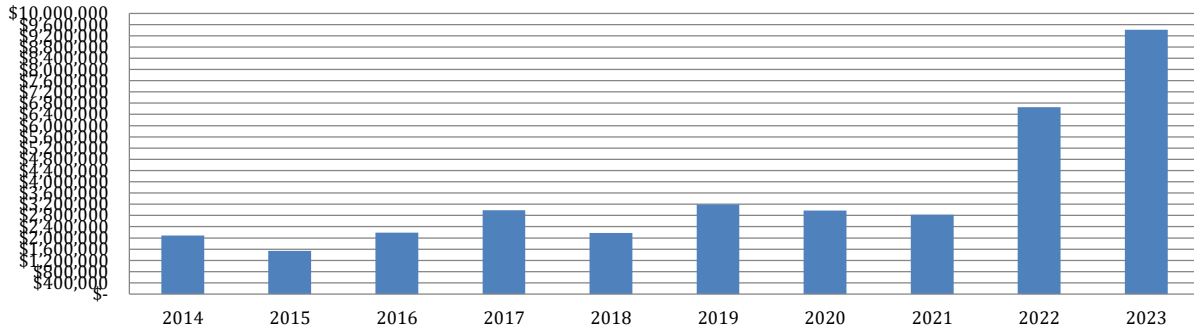
Trend Lines of Tax Revenues by Source



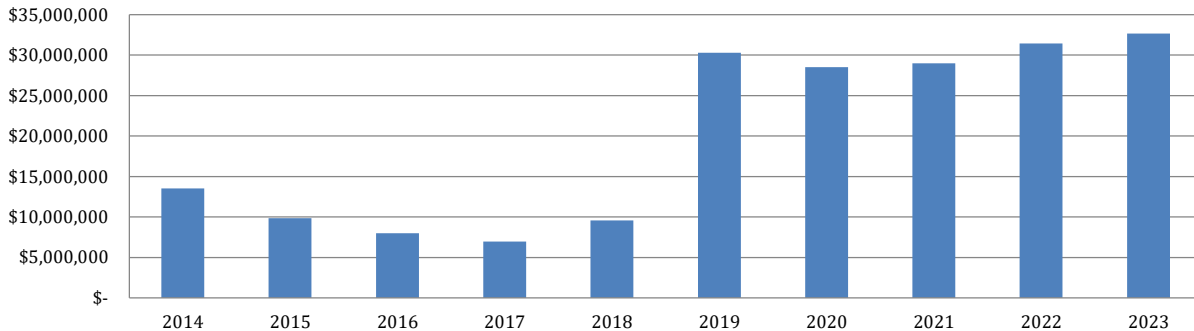
CITY OF WEST LINN, OREGON
Fund Balances of Governmental Funds
for the last ten fiscal years
(modified accrual basis of accounting)

	Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Nonspendable	\$ 150,427	\$ 188,685	\$ 134,755	\$ 136,064	\$ 172,885	\$ 197,432	\$ 314,516	\$ 335,714	\$ 389,437	\$ 382,463
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	1,932,734	1,352,882	2,049,157	2,847,475	1,999,681	2,994,171	2,662,304	2,486,508	6,263,494	9,033,151
Total general fund	\$ 2,083,161	\$ 1,541,567	\$ 2,183,912	\$ 2,983,539	\$ 2,172,566	\$ 3,191,603	\$ 2,976,820	\$ 2,822,222	\$ 6,652,931	\$ 9,415,614
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	8,651,824	5,110,428	4,616,228	5,118,429	5,033,604	23,865,890	19,777,780	18,184,623	18,540,698	17,024,382
Committed	4,705,382	4,745,564	3,271,183	1,683,122	4,370,525	6,276,879	8,587,235	10,628,178	12,728,803	15,466,899
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	(174,525)	(76,404)	(1,800)	-	-	-	-	-	-
Total all other governmental funds	\$ 13,514,506	\$ 9,838,767	\$ 7,968,307	\$ 6,957,051	\$ 9,561,429	\$30,300,069	\$28,522,315	\$ 28,970,101	\$ 31,426,801	\$ 32,648,581

Fund Balance - General Fund



Fund Balance - All Other Governmental Funds



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

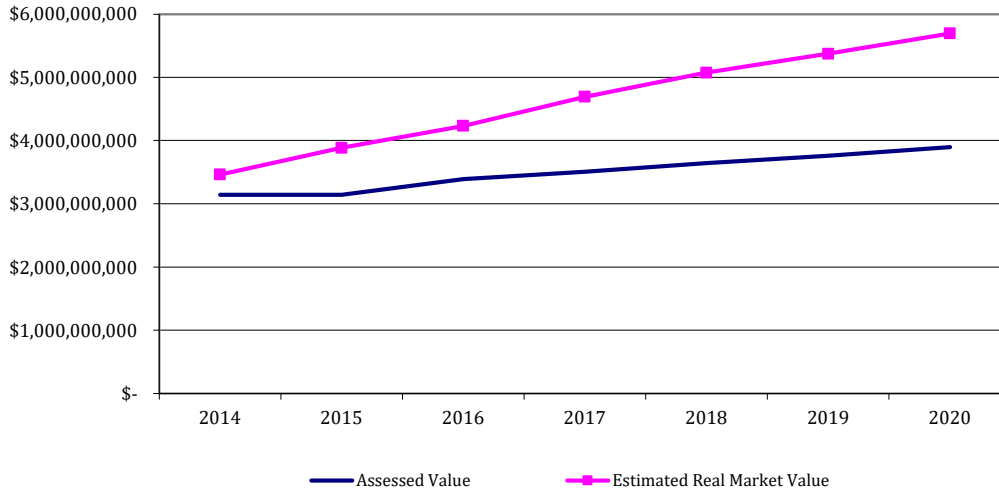
	Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Property taxes	\$ 7,875,104	\$ 8,115,994	\$ 8,364,263	\$ 8,652,843	\$ 8,954,917	\$ 9,506,390	\$ 9,628,761	\$ 9,963,398	\$ 10,179,104	\$ 10,653,865
Intergovernmental	3,716,218	3,958,604	4,131,820	5,288,670	5,793,979	4,585,428	4,899,193	5,986,580	8,482,917	10,408,415
Franchise taxes	1,682,559	1,721,760	1,692,432	1,738,158	1,704,799	1,723,542	1,753,650	1,937,469	1,981,008	2,274,049
Fines and forfeitures	478,194	482,800	627,576	574,991	483,750	429,147	350,515	289,078	258,012	344,670
Licenses and fees	1,106,437	826,093	1,193,511	1,159,526	979,915	926,064	819,626	1,290,664	2,361,212	1,186,443
Charges for services	9,640,378	10,541,120	10,953,927	11,607,602	13,020,322	12,269,293	12,766,228	12,778,429	13,976,210	14,389,803
Systems development charges	1,278,072	647,616	1,415,956	1,384,954	699,805	889,965	492,712	1,111,093	1,897,630	160,520
Investment earnings	7,512	15,270	16,322	14,775	32,314	570,027	563,101	161,107	107,606	1,354,934
Miscellaneous	337,149	296,534	428,137	202,446	164,203	186,729	161,736	165,220	106,146	128,259
Total revenues	26,121,623	26,605,791	28,823,944	30,623,965	31,834,004	31,086,585	31,435,522	33,683,038	39,349,845	40,900,958
Expenditures:										
Current:										
General government	6,758,119	7,785,446	7,645,271	7,344,181	9,235,355	7,889,174	8,780,967	9,464,312	8,885,173	10,118,360
Culture and recreation	5,149,677	5,438,749	5,652,323	5,891,783	6,055,190	6,311,872	6,105,307	6,605,729	6,963,114	7,590,911
Public safety	6,851,540	7,184,749	8,092,329	8,002,902	7,963,228	8,023,965	8,100,143	8,220,464	8,877,329	9,436,004
Highways and streets	1,617,973	1,695,348	1,819,750	1,962,717	1,987,636	1,956,229	1,869,047	2,946,189	2,426,531	2,431,677
Debt service:										
Principal	1,370,000	1,440,000	1,325,780	1,600,000	1,669,986	1,420,000	1,241,927	1,557,008	1,047,844	1,228,853
Interest	552,802	513,211	660,136	407,274	357,898	807,868	943,329	914,884	874,165	842,413
Capital outlay	6,752,923	6,780,121	4,906,835	5,626,737	3,025,531	3,166,422	6,626,222	3,806,880	4,151,832	5,558,329
Total expenditures	29,053,034	30,837,624	30,102,424	30,835,594	30,294,824	29,575,530	33,666,942	33,515,466	33,225,988	37,206,547
Excess (deficiency) of revenues over (under) expenditures	(2,931,411)	(2,932,411)	(1,278,480)	(211,629)	1,539,180	1,511,055	(2,231,420)	167,572	6,123,857	3,694,411
Other financing sources (uses):										
Proceeds from lease obligations	-	-	-	-	-	-	-	51,297	139,469	97,920
Proceeds from SBITA	-	-	-	-	-	-	-	-	-	140,751
Proceeds from sale of capital assets	191,947	14,500	-	-	900	-	-	74,319	24,083	51,381
Refunding bonds issued	-	-	2,625,000	-	-	-	-	-	-	-
General obligation bonds issued	-	-	-	-	-	20,000,000	233,989	-	-	-
Bond premium on issuance of debt	-	-	229,585	-	-	246,622	4,894	-	-	-
Payment to refunded bond escrow	-	-	(2,804,220)	-	-	-	-	-	-	-
Capital lease	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	191,947	14,500	50,365	-	900	20,246,622	238,883	125,616	163,552	290,052
Net change in fund balances	\$ (2,739,464)	\$ (2,917,911)	\$ (1,228,115)	\$ (211,629)	\$ 1,540,080	\$ 21,757,677	\$ (1,992,537)	\$ 293,188	\$ 6,287,409	\$ 3,984,463
Debt service as a percentage of noncapital expenditures	8.6%	8.1%	7.9%	8.0%	7.4%	8.4%	8.1%	8.3%	6.6%	6.5%

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 assessed value	Total direct tax rate	RMV	Assessed value as a percentage of RMV
	Real property	Personal property	Manuf'd structure	Public utility	Estimated real market value (RMV)				
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	2.5386	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	
2020	3,760,490,328	16,363,479	15,907	122,187,200	3,899,056,914	2.5401	5,695,501,523	68	
2021	3,891,189,202	18,367,271	17,100	114,899,700	4,024,473,273	2.5403	5,856,229,897	69	
2022	4,032,036,911	16,616,517	10,032	110,895,200	4,159,558,660	2.5368	6,266,755,606	66	
2023	4,180,252,541	16,538,785	10,332	111,523,900	4,308,325,558	2.5250	7,400,274,823	58	

Source: Clackamas County Assessor's Office

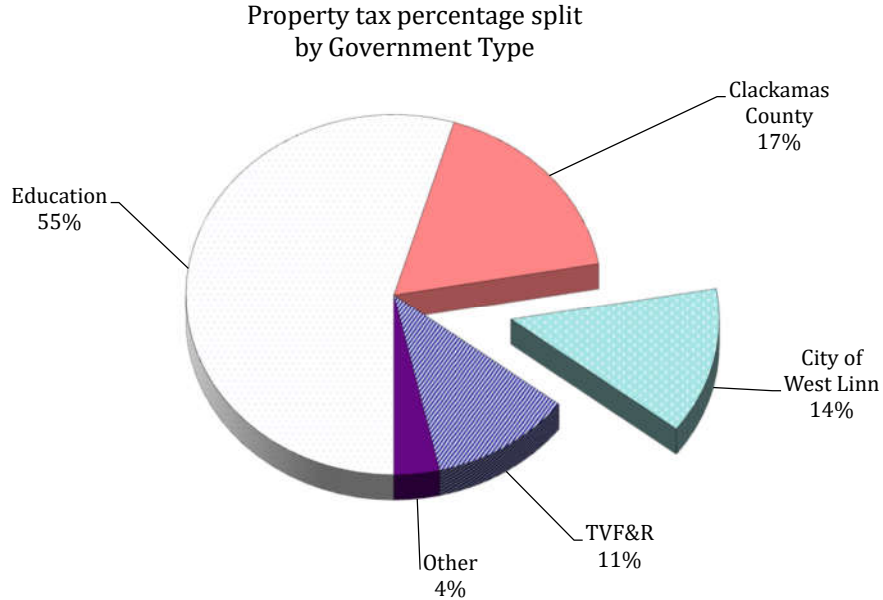
The gap between Assessed Value and Estimated Real Market Value



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		
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	
2020	2.1200	-	0.4201	2.5401	9.33	3.27	0.73	0.37	2.07	0.74	19.05	
2021	2.1200	-	0.4203	2.5403	9.70	3.27	0.73	0.37	2.12	0.67	19.40	
2022	2.1200	-	0.4168	2.5368	9.05	3.27	0.72	0.37	2.12	0.65	18.71	
2023	2.1200	-	0.4050	2.5250	9.30	3.35	0.80	0.37	2.11	0.68	19.1327	

Source: Clackamas County Assessor's Office



CITY OF WEST LINN, OREGON

Principal Property Taxpayers
current year and nine years ago

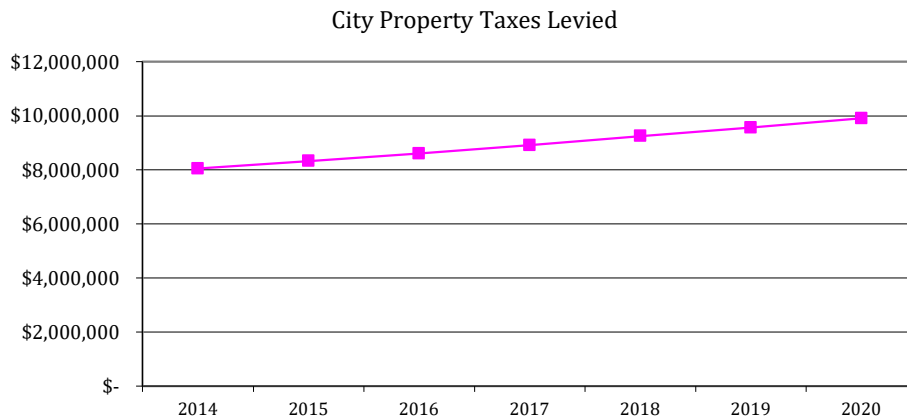
Name	2023			2014		
	Assessed value	Rank	% of total value	Assessed value	Rank	% of total value
Portland General Electric Co	\$ 68,347,901	1	1.6 %	\$ 57,380,000	1	1.8 %
Simpson Realty Group LP	34,591,995	2	0.8	26,511,889	2	0.8
West Linn Shopping Ctr. Assoc. LLC	25,951,574	3	0.6	19,909,237	4	0.6
Northwest Natural Gas Co	21,755,000	4	0.5	9,742,000	10	0.3
Blackhawk Nevada LLC	19,627,930	5	0.5	15,780,107	6	0.5
Willamette Marketplace LLC	16,457,103	6	0.4			
ROIC Cascade Summit LLC	13,826,034	7	0.3	10,580,248	8	0.3
ROIC Robinwood LLC	12,404,693	8	0.3			
S & G Summerlinn LLC	12,252,102	9	0.3			
Cap VII - West Linn LLC	12,068,289	10	0.3			
West Linn Paper Company				24,232,736	3	0.8
Comcast Corporation				18,181,500	5	0.6
Elliott Associates Inc				11,020,085	7	0.4
BHSUM LLC				9,835,363	9	0.3
Sub-total, top ten	237,282,621		5.5	203,173,165		6.5
All other City taxpayers	4,071,042,937		94.5	2,939,690,373		93.5 %
Total City taxpayers	<u>\$ 4,308,325,558</u>		<u>100.0 %</u>	<u>\$ 3,142,863,538</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
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	92,949	9,233,356	97
2020	9,909,274	9,456,222	95	113,699	9,569,921	97
2021	10,246,160	9,798,669	96	98,193	9,896,862	97
2022	10,559,371	10,016,570	95	97,515	10,114,085	96
2023	10,881,966	10,366,253	95	-	10,366,253	95

Source: Annual financial statements of the City of West Linn

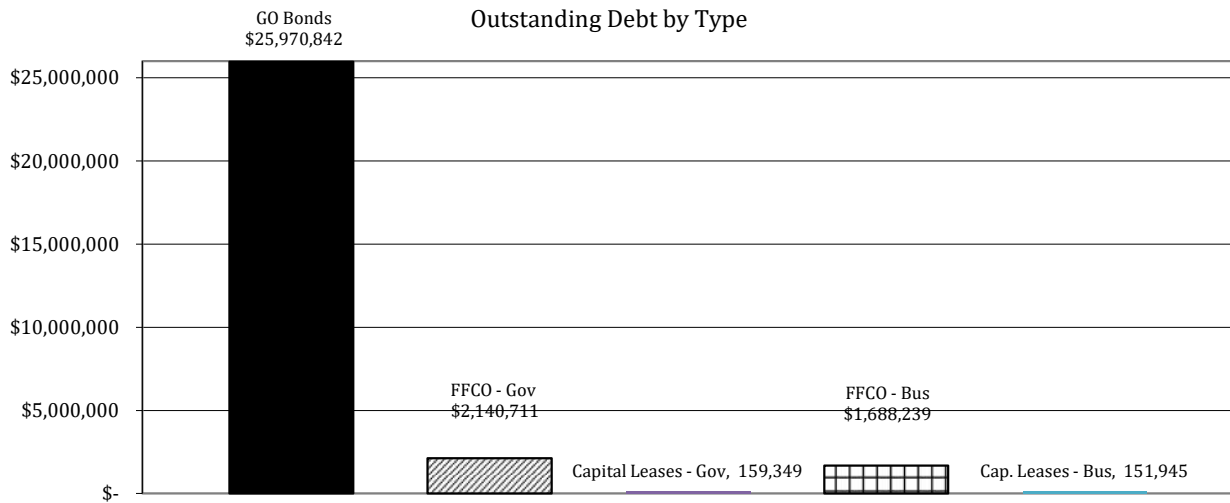


CITY OF WEST LINN, OREGON
Ratios of Outstanding Debt by Type
for the last ten fiscal years

Fiscal year	Governmental Activities				Business-type Activities			Total primary government	Percentage of personal income	Per capita
	General Obligation Bonds	Capital Leases	SBITA obligations	Full Faith and Credit obligations	Full Faith and Credit obligations	Capital Leases				
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	*	643.16	
2018	8,702,936	-	-	3,710,862	2,366,435	-	14,780,233	*	575.22	
2019	27,732,238	-	-	3,205,810	2,148,703	-	33,086,751	*	1,280.94	
2020	26,996,540	197,062	-	2,680,758	1,925,971	248,092	32,048,423	*	1,237.15	
2021	25,970,842	159,349	-	2,140,711	1,688,239	151,945	30,111,086	*	1,159.23	
2022	25,188,377	197,075	-	1,909,232	1,590,507	77,842	28,963,033	*	1,055.04	
2023	24,325,912	226,289	61,011	1,672,753	14,031,920	56,309	40,374,194	*	1,472.44	

* 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
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	27,732,238	(302,230)	27,430,008	0.73	1,068
2020	26,996,540	(289,652)	26,706,888	0.68	1,031
2021	25,970,842	(280,286)	25,690,556	0.64	989
2022	25,188,377	(341,441)	24,846,936	0.60	905
2023	24,325,912	(341,441)	23,984,471	0.56	875

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, 2023

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	\$ 16,504,378,392	\$ 488,595,822	44.49 %	\$ 217,358,203
Clackamas Community College	81,289,302,524	127,080,045	9.03	11,478,124
Clackamas County	110,615,437,060	105,100,000	6.69	7,031,295
Clackamas County ESD	106,356,798,803	19,855,267	6.96	1,381,529
Clackamas Soil & Water Conservation	110,615,437,060	5,416,000	6.69	362,336
Metro	423,464,419,407	822,713,920	1.75	14,377,748
Tualatin Valley Fire and Rescue	135,354,398,270	55,780,000	5.47	3,049,660
Lake Oswego School District No. 7J	18,567,975,521	382,387,657	0.31	1,196,109
Port of Portland	464,610,214,940	-	-	-
Portland Community College	337,861,075,622	669,475,000	0.02	115,150
Subtotal, overlapping debt	1,805,239,437,599	2,676,403,711		256,350,154
Direct debt outstanding:				
City of West Linn	7,400,274,823	27,294,684	100.00	27,294,684
Total direct and overlapping debt outstanding	<u>\$ 1,812,639,712,422</u>	<u>\$ 2,703,698,395</u>		<u>\$ 283,644,838</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt maximum limitation	\$ 103,829,361	\$ 116,551,080	\$ 126,962,858	\$ 140,745,776	\$ 152,200,717
Debt applicable to maximum limit	<u>12,706,459</u>	<u>11,775,334</u>	<u>10,680,303</u>	<u>9,465,349</u>	<u>8,161,820</u>
Legal debt margin available	<u>\$ 1,532,122</u>	<u>\$ 385,113</u>	<u>\$ 116,282,555</u>	<u>\$ 131,280,427</u>	<u>\$ 144,038,897</u>
Debt applicable to the maximum limit as a percentage of debt limitation	13.88%	12.24%	10.10%	8.41%	6.73%

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt maximum limitation	\$ 161,154,442	\$ 170,865,046	\$ 175,686,897	\$ 188,002,668	\$ 222,008,245
Debt applicable to maximum limit	<u>27,122,770</u>	<u>26,706,888</u>	<u>27,152,042</u>	<u>21,347,197</u>	<u>8,279,798</u>
Legal debt margin available	<u>\$ 134,031,672</u>	<u>\$ 144,158,158</u>	<u>\$ 148,534,855</u>	<u>\$ 166,655,471</u>	<u>\$ 213,728,447</u>
Debt applicable to the maximum limit as a percentage of debt limitation	16.83%	15.63%	15.45%	11.35%	3.73%

Legal debt margin calculation for the fiscal year ended June 30, 2023:

Total property real market value	\$ 7,400,274,823
	3%
Debt maximum limitation (3% of total property real market value) ¹	<u>222,008,245</u>
Amount of debt applicable to debt limit:	
Total bonded debt outstanding	24,325,912
Less debt excluded from debt limit:	
Full faith and credit obligations - governmental activities	(1,672,753)
Full faith and credit obligations - business-type activities	(14,031,920)
Less funds applicable to the payment of principal in the debt service fund per ORS 287.004	<u>(341,441)</u>
Net amount of debt applicable to limit	<u>8,279,798</u>
Legal debt margin - amount available for future indebtedness	<u>\$ 213,728,447</u>
Percentage of City's indebtedness to total allowed	3.73%

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

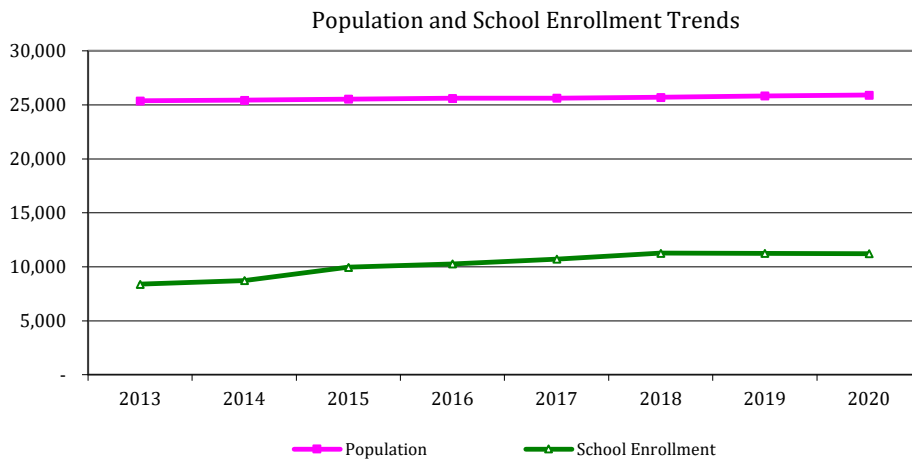
Source: Clackamas County Department of Assessment and Taxation

CITY OF WEST LINN, OREGON
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
2013	25,370	\$ 101,210	\$ 43,728	8,395	7.9 %
2014	25,425	107,537	45,794	8,746	6.8
2015	25,540	119,339	50,097	9,967	5.6
2016	25,605	125,457	51,683	10,280	4.8
2017	25,615	133,393	54,339	10,730	4.1
2018	25,695	143,215	57,903	11,260	4.1
2019	25,830	149,347	59,921	11,248	3.7
2020	25,905	134,243	53,478	11,229	11.2
2021	25,975	171,729	68,374	11,089	5.6
2022	27,452	*	*	10,386	3.5
2023	27,420	*	*	9,089	3.5

* Information unavailable at this time.

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



CITY OF WEST LINN, OREGON
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	
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	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-

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

Principal Employers *current year and nine years ago*

<u>Employer</u>	<u>2023</u>			<u>2014</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of total City employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of total City employment</u>
West Linn Wilsonville SD	875	1	6.53 %	718	1	5.79 %
Willamette Falls Paper Company	190	2	1.42			
ProGrass, Inc.	137	3	1.02			
City of West Linn	134	4	1.00	124	3	1.00
Market of Choice	92	5	0.69			
Safeway Inc.	84	6	0.63	114	4	0.92
DC West Linn Owner, LLC	82	7	0.61			
Walmart Neighborhood Market	71	8	0.53			
JH Kelly Holdings, LLC	51	9	0.38			
C&M Homecare, Inc.	50	10	0.37			
West Linn Paper Company				300	2	2.42
First Transit Inc.				100	5	0.81
Oregon Golf Club				100	6	0.81
Rose Linn Vintage Place				100	7	0.81
Albertsons				90	8	0.73
Pond Maintenance Services				75	9	0.60
Tanner Springs Assisted Living				63	10	0.51
Total	1,766		13.18 %			

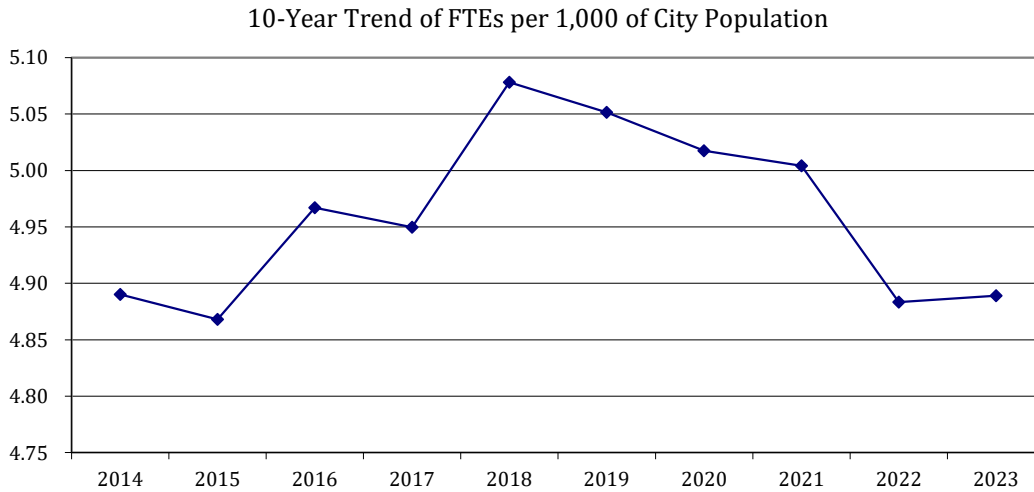
* Historical number of employees information unavailable for this fiscal year nine years ago.

Sources: City Business License data, Clackamas County, and ReferenceUSA

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

Function/Program	Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	16.30	16.30	17.40	17.40	17.60	17.60	16.60	16.60	17.60	17.60
Public safety	39.00	39.00	40.50	37.00	37.50	37.50	37.50	37.50	36.50	36.50
Culture and recreation	36.78	36.78	37.28	37.28	37.88	37.88	37.88	37.88	39.46	39.46
Community development	5.75	5.75	5.50	9.00	9.50	9.50	10.00	10.00	9.00	9.00
Highways and streets	7.00	7.00	6.50	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Water	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00	7.00	7.00
Sewer and surface water	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Public works	8.00	8.00	8.50	10.00	10.50	10.50	10.50	10.50	13.00	13.00
Total full-time equivalent (FTE)	124.33	124.33	127.18	127.18	130.48	130.48	129.98	129.98	134.06	134.06
City population	25,425	25,540	25,605	25,695	25,695	25,830	25,905	25,975	27,452	27,420
FTEs per 1,000 of population	4.89	4.87	4.97	4.95	5.08	5.05	5.02	5.00	4.88	4.89

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Public safety										
Citations:										
Traffic	2,460	2,451	2,845	2,239	1,143	1,593	1,481	1,035	606	1,271
Criminal	227	313	458	424	382	213	176	107	110	103
Parking	455	635	558	741	565	470	545	543	449	325
City ordinance/non-traffic	46	81	125	38	43	37	12	6	21	60
Impound hearing	-	-	-	-	1	-	-	2	-	-
Culture and recreation										
Library volunteer hours	6,005	4,580	5,107	4,015	2,384	2,995	2,555	75	2,408	2,903
Library - average items circulated per capita	25.78	24.91	25.47	23.51	22.20	21.40	15.80	10.74	16.31	16.97
Community development										
Residential building permits issued	56	33	45	57	122	158	168	169	209	184
Land use applications processed	108	105	101	129	104	72	48	65	71	78
Business-type activities: ¹										
Water										
Service connections	8,773	8,850	8,852	8,920	8,768	8,921	8,935	8,963	8,985	9,011
Average daily consumption (in thousands of gallons)	2,635	3,427	3,450	2,726	4,336	3,484	2,953	3,447	2,490	3,468
Sanitary sewer										
Service connections	5,525	8,672	8,675	8,678	8,733	8,781	8,761	8,848	8,874	8,837
Average daily sewage treatment (in thousands of gallons)	5,085	5,172	5,185	5,170	5,198	5,221	5,214	5,267	5,279	5,261

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>2023</u>	<u>2014</u>
Governmental activities:		
General government		
City-owned building facilities	8	5
Public safety		
Police stations	1	1
Patrol units	16	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)	\$35,461	\$18,315
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)	7,500	6,500
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
ANNUAL COMPREHENSIVE FINANCIAL REPORT**

SECTION IV

COMPLIANCE SECTION

COMPLIANCE SECTION

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

The following report from Merina & Company, LLP is contained in this section:

- Independent Auditor's Report Required by Oregon State Regulations

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED 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, 2023 and have issued our report thereon dated January 2, 2024. 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. Our report includes a reference to other auditors who audited the financial statements of the following joint venture investment, South Fork Water Board, as described in our report on the City of West Linn, Oregon's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 (ORS) as specified in the Oregon Administrative Rules 162-10-0000 through 162-10-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, as set forth below, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- 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.

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-0000 through 162-10-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

Report On 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) as a basis for designing 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.

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
January 2, 2024



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 2022 Annual Comprehensive Financial Report

FY 2023 Annual Comprehensive Financial Report

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