

***CITY OF WOODBURN, OREGON***

***Annual Financial Report  
Year Ended June 30, 2016***

**MAYOR AND COUNCIL MEMBERS**

<u>Name</u>	<u>Term Expires</u>
<i>Mayor</i>	
Kathryn Figley	December 31, 2016
<i>Council Members</i>	
Frank Lonergan, President	December 31, 2018
Robert Carney	December 31, 2018
Lisa Ellsworth	December 31, 2016
Teresa Alonso Leon	December 31, 2016
Eric Morris	December 31, 2016
Sharon Schaub	December 31, 2018

The above individuals may be contacted at the address below.

*Staff*

Scott Derickson, City Administrator  
N. Robert Shields, City Attorney  
Sarah Head, Finance Director

City of Woodburn, Oregon  
270 Montgomery Street  
Woodburn, OR 97071

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## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***INDEPENDENT AUDITOR'S REPORT***

Honorable Mayor and Council Members  
City of Woodburn  
270 Montgomery Street  
Woodburn, Oregon 97071

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woodburn as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woodburn as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) on pages 4 through 9 and the schedules of revenues, expenditures and changes in fund balance – budget and actual for the General and Street funds (“the budgetary schedules”), the schedule of the City's proportionate share of the net pension liability (asset) – Oregon public employees retirement system, and the schedule of the City's contributions – Oregon public employees retirement system (PERS schedules) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to management's discussion and analysis and PERS schedules described in the preceding paragraph 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary schedules described above were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary have been subject to the auditing procedures applied in the audit of the basis 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 budgetary are 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 the City's basic financial statements. The supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including 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, or other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly presented, in all material respects, in relation to the basic financial statements as a whole.

***Report on Other Legal and Regulatory Requirements***

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 8, 2016 on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

*GROVE, MUELLER & SWANK, P.C.*  
*CERTIFIED PUBLIC ACCOUNTANTS*

By:   
Ryan T. Pasquarella, A Shareholder  
November 8, 2016

# CITY OF WOODBURN

Year Ended June 30, 2016

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the City of Woodburn's Annual Financial Report (AFR) presents a discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2016. The information presented here should be considered in conjunction with the financial statements included in this report.

### FINANCIAL HIGHLIGHTS

Following are the financial highlights of the City for the fiscal year ended June 30, 2016.

	<i>June 30,</i>		
	<u>2016</u>	<u>2015</u>	<u>change</u>
Net position	\$ 116,447,857	\$ 118,762,677	\$ (2,314,820)
Change in net position	(2,314,820)	7,114,199	(9,429,019)
Governmental activities net position	69,065,155	72,778,222	(3,713,067)
Business-type activities fund net position	47,382,702	45,984,455	1,398,247
Change in governmental net position	(3,713,067)	3,816,115	(7,529,182)
Change in proprietary fund net position	1,398,247	3,298,084	(1,899,837)

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Woodburn's basic financial statements. The basic financial statements include three components: the government-wide financial statements, the fund financial statements and notes to the financial statements. This report also contains required and other supplementary information.

**Government-wide financial statements.** The government-wide financial statements present the net position (*statement of net position*) and results of operations (*statement of activities*) of the City as a whole. Included are all governmental and business-type assets, deferred outflows, liabilities, deferred inflows and activities of the City. The measurement focus and basis of accounting are the same for the entire City. The measurement focus is on all economic resources of the City, including current financial resources (assets) and non-current financial resources (capital assets) and the related current and non-current liabilities and equity accounts. Both government-wide statements are prepared using the accrual basis of accounting, which is similar to the methods used by most businesses and takes into account all revenues and expenses connected with the fiscal year, even if cash involved has not been received or paid.

*The statement of net position* presents information on all the City's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Increases or decreases in net position may indicate whether the City's financial position is improving or deteriorating.

*The statement of activities* presents the expenses incurred in providing services to the public and the revenues associated with those activities for both governmental and business-type activities. The statement of activities begins with expenses by function. To these functions are applied charges for services, operating grants and contributions and capital grants and contributions. The resulting sums, with some adjustments, represent charges to

taxpayers and may equate to the nearest that governments can determine the "bottom line."

The government-wide financial statements are divided into two categories. Governmental activities are services funded through property taxes and intergovernmental revenues. The governmental activities for the City include general government, public safety, highways and streets, and culture and recreation. Business-type activities are operations funded primarily through charges to external users of goods and services. Business-type activities include water and wastewater.

**Fund Financial Statements.** A fund is a fiscal and accounting entity with a self-balancing set of accounts that is used to segregate resources that are restricted to a particular activity. The use of funds deters commingling of resources designated for a specific purpose, prevents unauthorized transfer of surpluses, and ensures compliance with legal and contractual requirements. The City has three types of fund categories: governmental funds, proprietary funds, and a fiduciary fund.

*Governmental Funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources and use the modified accrual basis of accounting. Operating statements include all sources and uses of financial resources, and display the excess of revenues and other financial sources over (under) expenditures and other uses. Included in the balance sheet are liquid assets and receivables that will be converted into cash currently and short-term liabilities, including payables to vendors and employees. Unmatured bond principal or liabilities for compensated absences not to be paid in the fiscal year are not included. Because the governmental fund statements do not encompass the long-term focus of the government-wide statements, reconciliations are provided on the subsequent page of the governmental fund statements. The emphasis is on major funds that account for the predominant assets and activities of all funds.

The City maintains eighteen individual governmental funds. Information is presented separately for the General Fund and Street Fund in the Governmental Fund Balance Sheet and Statement of Revenue, Expenditures and Changes in Fund Balances. The other governmental funds are combined into a single, aggregated presentation. Information for these non-major governmental funds is provided in the form of *combining statements*.

*Proprietary Funds.* The City maintains two different types of proprietary funds: enterprise and internal service funds. These funds are used to show activities that operate more like those of commercial enterprises. Fees are charged for services provided, both to outside customers and to other units of the City. Enterprise funds are presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer activities. Internal service funds account for activities furnishing goods or services to other units of the government. Charges for these services are on a cost-reimbursement basis. The internal services funds include insurance and information services. The internal service funds are reported with governmental activities in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, and Sewer Capital Construction funds. The internal service funds are combined into a single column in the proprietary fund financial statements.

The City adopts an annual appropriated budget for all of its funds. Budgetary comparison statements, demonstrating compliance with this budget, have been provided.

**Notes to the Financial Statements.** The notes to the financial statements are an integral part of the basic financial statements and should be read along with them. The notes provide additional information necessary to communicate the financial position of the City.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information concerning the City.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City had \$166,851,818 in total assets, \$1,611,327 in total deferred outflows, \$50,210,226 in total liabilities and \$1,805,062 in total deferred inflows, resulting in combined net position of \$116,447,857 for governmental and business-type activities. The largest component of the City's net position reflects its net investment in capital assets (i.e., land, buildings, equipment and infrastructure, less any related debt outstanding that was needed to acquire or construct the 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 cannot be used to liquidate these liabilities.

Governmental capital assets, net of depreciation, decreased \$1,376,493 over the prior year due to depreciation in excess of current year capital additions.

Business-type capital assets, net of depreciation, decreased \$1,557,670 over the prior year due to depreciation in excess of current year capital additions.

Total liabilities for both governmental and business-type activities decreased by \$978,701 from the prior year mainly due to scheduled debt repayments.

Overall, the City's financial net position decreased by \$2,314,820 (or 2%). The majority of this is due to the application of the provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions* from the Governmental Accounting Standards Board. The pronouncement included an adjustment to the current year pension expense based on the results of the actuarial study as described in the notes to the financial statements.

### Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to the prior year.

	2016			2015			Change		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 16,366,077	\$ 25,266,880	\$ 41,632,957	\$ 19,129,639	\$ 24,363,529	\$ 43,493,168	\$ (2,763,562)	\$ 903,351	\$ (1,860,211)
Other assets	2,206,771	1,031,903	3,238,674	4,141,747	1,392,416	5,534,163	(1,934,976)	(360,513)	(2,295,489)
Capital assets	62,452,123	59,528,064	121,980,187	63,828,616	61,085,734	124,914,350	(1,376,493)	(1,557,670)	(2,934,163)
<i>Total Assets</i>	81,024,971	85,826,847	166,851,818	87,100,002	86,841,679	173,941,681	(6,075,031)	(1,014,832)	(7,089,863)
Deferred outflows	1,272,865	338,462	1,611,327	864,117	182,030	1,046,147	408,748	156,432	565,180
Other liabilities	6,996,268	2,529,099	9,525,367	5,799,592	956,381	6,755,973	1,196,676	1,572,718	2,769,394
Long-term debt	4,810,507	35,874,352	40,684,859	5,226,383	39,206,571	44,432,954	(415,876)	(3,332,219)	(3,748,095)
<i>Total Liabilities</i>	11,806,775	38,403,451	50,210,226	11,025,975	40,162,952	51,188,927	780,800	(1,759,501)	(978,701)
Deferred inflows	1,425,906	379,156	1,805,062	4,159,922	876,302	5,036,224	(2,734,016)	(497,146)	(3,231,162)
Net position:									
Net investment in capital assets	58,326,049	23,737,493	82,063,542	59,266,063	21,979,780	81,245,843	(940,014)	1,757,713	817,699
Restricted	9,815,650	16,735,267	26,550,917	8,929,025	16,841,111	25,770,136	886,625	(105,844)	780,781
Unrestricted	923,456	6,909,942	7,833,398	4,583,134	7,163,564	11,746,698	(3,659,678)	(253,622)	(3,913,300)
<i>Total Net Position</i>	\$ 69,065,155	\$ 47,382,702	\$ 116,447,857	\$ 72,778,222	\$ 45,984,455	\$ 118,762,677	\$ (3,713,067)	\$ 1,398,247	\$ (2,314,820)

### Governmental Activities

The City's net position from governmental activities decreased \$3,713,067 (5%) from 2014-15 to 2015-16.

## Business-type Activities

The City's net position from business-type activities increased \$1,398,247 (3%) from 2014-15 to 2015-16.

## Statement of Activities

The following table reflects the condensed Statement of Activities compared to the prior year.

	2016			2015			Change		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>									
Program Revenues									
Charges for service	\$ 1,799,621	\$ 11,585,205	\$ 13,384,826	\$ 1,944,279	\$ 11,259,263	\$ 13,203,542	\$ (144,658)	\$ 325,942	\$ 181,284
Operating grants and contributions	1,962,709	-	1,962,709	1,993,925	-	1,993,925	(31,216)	-	(31,216)
Capital grants and contributions	350,449	307,152	657,601	1,286,163	310,272	1,596,435	(935,714)	(3,120)	(938,834)
<i>Total Program Revenues</i>	4,112,779	11,892,357	16,005,136	5,224,367	11,569,535	16,793,902	(1,111,588)	322,822	(788,766)
General Revenues									
Property taxes	9,156,725	-	9,156,725	8,836,939	-	8,836,939	319,786	-	319,786
Franchise taxes	1,511,125	-	1,511,125	1,539,926	-	1,539,926	(28,801)	-	(28,801)
Other taxes	550,346	-	550,346	437,339	-	437,339	113,007	-	113,007
Intergovernmental	649,350	-	649,350	655,575	-	655,575	(6,225)	-	(6,225)
Other	319,676	227,126	546,802	128,240	190,449	318,689	191,436	36,677	228,113
<i>Total General Revenues</i>	12,187,222	227,126	12,414,348	11,598,019	190,449	11,788,468	589,203	36,677	625,880
<i>Total Revenues</i>	16,300,001	12,119,483	28,419,484	16,822,386	11,759,984	28,582,370	(522,385)	359,499	(162,886)
<b>Expenses</b>									
General government	5,114,971	-	5,114,971	3,058,648	-	3,058,648	2,056,323	-	2,056,323
Public safety	9,231,388	-	9,231,388	5,662,660	-	5,662,660	3,568,728	-	3,568,728
Highways and streets	2,691,040	-	2,691,040	1,976,022	-	1,976,022	715,018	-	715,018
Culture and recreation	3,481,264	-	3,481,264	2,784,248	-	2,784,248	697,016	-	697,016
Interest on long-term debt	183,342	-	183,342	204,905	-	204,905	(21,563)	-	(21,563)
Water	-	3,303,526	3,303,526	-	2,478,695	2,478,695	-	824,831	824,831
Sewer	-	6,728,773	6,728,773	-	5,302,993	5,302,993	-	1,425,780	1,425,780
<i>Total Expenses</i>	20,702,005	10,032,299	30,734,304	13,686,483	7,781,688	21,468,171	7,015,522	2,250,611	9,266,133
<i>Changes in Net Position Before Transfers</i>	(4,402,004)	2,087,184	(2,314,820)	3,135,903	3,978,296	7,114,199	(7,537,907)	(1,891,112)	(9,429,019)
<i>Transfers</i>	688,937	(688,937)	-	680,212	(680,212)	-	8,725	(8,725)	-
<i>Change in Net Position</i>	(3,713,067)	1,398,247	(2,314,820)	3,816,115	3,298,084	7,114,199	(7,529,182)	(1,899,837)	(9,429,019)
<i>Beginning Net Position</i>	72,778,222	45,984,455	118,762,677	68,962,107	42,686,371	111,648,478	3,816,115	3,298,084	7,114,199
<i>Ending Net Position</i>	\$ 69,065,155	\$ 47,382,702	\$ 116,447,857	\$ 72,778,222	\$ 45,984,455	\$ 118,762,677	\$ (3,713,067)	\$ 1,398,247	\$ (2,314,820)

**Governmental Activities.** Total revenues for the City's governmental activities were \$16,300,001 for the fiscal year ended June 30, 2016. Approximately 56% of the total revenue for the governmental activities was derived from property taxes and approximately 25% of the total revenue was from program revenues. Total expenses for governmental activities were \$20,702,005 and net transfers in were \$688,937 resulting in a \$3,713,067 decrease in net position. General governmental activities accounted for approximately 25% of the total governmental activities expense. Public Safety, Culture and Recreation and Highways and Streets expenses account for 74% of the total, and interest on long-term debt was 1% of total governmental activities expenses.

**Business-Type Activities.** Revenues of business-type activities totaled \$12,119,483 for the current fiscal year. These activities generated \$11,892,357 in program revenues, and \$227,126 in interest earnings and miscellaneous revenues. The total expenses for business-type activities were \$10,032,299 and net transfers out were \$688,937 resulting in a \$1,398,247 increase in net position. Business-type activities for the City of Woodburn consist of operations for water and wastewater services.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted previously, the City uses fund accounting to segregate resources that are restricted to a particular activity. Fund balance represents the excess of the assets of the fund over its liabilities. Because the fund financial statements focus on current sources and uses of spendable resources, fund balances relating to each fund may be useful in assessing the government's net resources available.

**Governmental Funds.** At the end of the fiscal year, there was \$15,394,687 of fund balance of the governmental funds, an increase of \$1,806,892 from the prior year. The City's governmental funds include the General Fund and Street Fund, and other non-major funds.

The General Fund is the chief operating fund of the City. At the end of the fiscal year, a fund balance of \$4,890,918 was reported by the General Fund. The fund balance increased by \$730,370 from the previous year due to increases in property taxes, franchise fees and miscellaneous revenues, along with decreases in charges for services and fines and forfeitures, coupled with increases in general government and culture and recreation expenditures and decreases in police expenditures.

The City reports one other major governmental fund, the Street Fund. The Street Fund had a fund balance of \$3,344,904, an increase of \$394,190 from the previous year, due mainly to revenues in excess of a decrease in street maintenance expenditures.

**Proprietary Funds.** Net position of the proprietary funds equaled \$47,382,702 at the end of the current fiscal year, an increase of \$1,398,247 from the prior year.

The City reports three major proprietary funds, the Water Fund, the Sewer Fund and the Sewer Capital Construction Fund. The Water Fund had a net position of \$650,861, an increase of \$50,586 from previous year, due to an increase in charges for services and an increase in personal services expenses, along with a decrease in interest expense. The Sewer Fund had a net position of \$23,081,252, an increase of \$1,018,468 from previous year, due to the combination of an increase in charges for services along increases in personal services and materials and services. The Sewer Capital Construction Fund had a net position of \$16,573,222, an increase of \$35,042 from the previous year, due to revenues and transfers in excess of depreciation.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was amended to increase city attorney and non-departmental expenditures by \$150,000 and decrease contingency by \$150,000. Actual revenues (budgetary basis), exceeded budgeted amounts by 2%. General Fund expenditures ended \$3,983,762 below budgeted amounts primarily due to management efforts to contain costs throughout the fiscal year.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities equaled \$62,452,123 and \$59,528,064 respectively, at the end of the current fiscal year, net of accumulated depreciation. This investment includes land, buildings, improvements, equipment, and infrastructure. Additional information about the City's capital assets is presented in the notes to the financial statements.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
Land	\$ 22,567,381	\$ 22,567,381	\$ 1,783,816	\$ 1,783,816	\$ 24,351,197	\$ 24,351,197
Construction in progress	96,389	6,197,878	4,441,468	4,841,877	4,537,857	11,039,755
Buildings	16,734,493	16,593,555	62,634,628	62,634,628	79,369,121	79,228,183
Equipment	7,072,539	6,752,476	2,370,459	2,361,602	9,442,998	9,114,078
Infrastructure	44,360,967	38,891,615	29,908,166	28,775,570	74,269,133	67,667,185
Accumulated depreciation	(28,379,646)	(27,174,289)	(41,610,473)	(39,311,759)	(69,990,119)	(66,486,048)
Net capital assets	\$ 62,452,123	\$ 63,828,616	\$ 59,528,064	\$ 61,085,734	\$ 121,980,187	\$ 124,914,350

**Long-term Debt.** At the end of the current fiscal year, long-term debt outstanding for the governmental activities totaled \$4,810,507, compared to \$5,226,383 in the prior year. For the business-type activities, total long-term debt equaled \$35,874,352 compared to \$39,206,571 in the prior year. The decrease is due to scheduled debt repayments. Additional information about the City's long-term debt outstanding is presented in the notes to the financial statements.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
General obligation bonds	\$ 4,060,000	\$ 4,410,000	\$ -	\$ -	\$ 4,060,000	\$ 4,410,000
URA bonds	-	56,338	-	-	-	56,338
Loans	66,074	96,215	4,416,251	4,813,265	4,482,325	4,909,480
Revenue bonds	-	-	29,302,005	32,082,220	29,302,005	32,082,220
Bond premium	-	-	2,072,315	2,210,469	2,072,315	2,210,469
Accrued compensated absences	684,433	663,830	83,781	100,617	768,214	764,447
	\$ 4,810,507	\$ 5,226,383	\$ 35,874,352	\$ 39,206,571	\$ 40,684,859	\$ 44,432,954

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Due to reductions in the real property valuations, it is expected that future property tax increases will be less than the three percent allowed annually on existing real property value as compression on certain properties will be realized. Currently, the housing market in Woodburn is recovering more slowly than nearby areas. We continue to expect revenues to be impacted by the current national and local conditions.

## REQUESTS FOR INFORMATION

This financial report is designed to provide the City of Woodburn's citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions about this report or requests for additional financial information should be addressed to the City of Woodburn, 270 Montgomery Street, Woodburn, Oregon 97071.

***BASIC FINANCIAL STATEMENTS***

**CITY OF WOODBURN, OREGON**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and investments	\$ 16,366,077	\$ 25,266,880	\$ 41,632,957
Accounts receivable	998,826	1,006,391	2,005,217
Property taxes receivable	493,153	-	493,153
Assessment liens receivable	44,739	-	44,739
Loans receivable	694,629	-	694,629
Prepaid expenses	936	-	936
Internal balances	(25,512)	25,512	-
Non-depreciable capital assets	22,663,770	6,225,284	28,889,054
Other capital assets, net of depreciation	39,788,353	53,302,780	93,091,133
<i>Total Assets</i>	81,024,971	85,826,847	166,851,818
<b>DEFERRED OUTFLOWS</b>			
Deferred outflows related to PERS	1,272,865	338,462	1,611,327
<b>LIABILITIES</b>			
Accounts payable	824,434	223,305	1,047,739
Accrued payroll liabilities	605,975	215,703	821,678
Deposits payable	-	106,620	106,620
Interest payable	15,150	507,503	522,653
Noncurrent liabilities:			
Due within one year:			
Long-term debt	400,399	3,330,966	3,731,365
Bond premium	-	138,154	138,154
Accrued compensated absenses	273,773	33,512	307,285
Due in more than one year:			
Long-term debt	3,725,675	30,387,290	34,112,965
Bond premium	-	1,934,161	1,934,161
Accrued compensated absenses	410,660	50,269	460,929
Net pension liability	5,550,709	1,475,968	7,026,677
<i>Total Liabilities</i>	11,806,775	38,403,451	50,210,226
<b>DEFERRED INFLOWS</b>			
Deferred inflows related to PERS	1,425,906	379,156	1,805,062
<b>NET POSITION</b>			
Net investment in capital assets	58,326,049	23,737,493	82,063,542
Restricted for:			
Debt service	25,117	-	25,117
Culture and recreation	202,738	-	202,738
Community development	2,670,710	-	2,670,710
Construction	6,917,085	16,735,267	23,652,352
Unrestricted	923,456	6,909,942	7,833,398
<i>Total Net Position</i>	\$ 69,065,155	\$ 47,382,702	\$ 116,447,857

The accompanying notes are an integral part of the financial statements.

**CITY OF WOODBURN, OREGON**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2016**

	<i>Expenses</i>	<i>Program Revenues</i>		
		<i>Fees, Fines and Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>
<b><i>FUNCTIONS/PROGRAMS</i></b>				
<b><i>Governmental activities:</i></b>				
General government	\$ 5,114,971	\$ 978,244	\$ -	\$ -
Public safety	9,231,388	93,443	2,763	1,000
Highways and streets	2,691,040	22,519	1,454,076	185,625
Culture and recreation	3,481,264	705,415	505,870	163,824
Interest on long-term debt	183,342	-	-	-
<i>Total Governmental activities</i>	20,702,005	1,799,621	1,962,709	350,449
<b><i>Business-type activities:</i></b>				
Water	3,303,526	3,415,661	-	114,000
Sewer	6,728,773	8,169,544	-	193,152
<i>Total Business-type activities</i>	10,032,299	11,585,205	-	307,152
<i>Total Activities</i>	<u>\$ 30,734,304</u>	<u>\$ 13,384,826</u>	<u>\$ 1,962,709</u>	<u>\$ 657,601</u>
<b><i>General Revenues:</i></b>				
Property taxes				
Franchise taxes				
Other taxes				
Intergovernmental				
Gain on disposition of assets				
Unrestricted investment earnings				
Miscellaneous				
<i>Total General Revenues</i>				
<b><i>Transfers</i></b>				
<b><i>Change in Net Position</i></b>				
<b><i>Net Position - beginning of year</i></b>				
<b><i>Net Position - end of year</i></b>				

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***Net (Expenses) Revenues  
and Changes in Net Position***

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<b><i>Governmental Activities</i></b>	<b><i>Business-type Activities</i></b>	<b><i>Totals</i></b>
\$ (4,136,727)	\$ -	\$ (4,136,727)
(9,134,182)	-	(9,134,182)
(1,028,820)	-	(1,028,820)
(2,106,155)	-	(2,106,155)
(183,342)	-	(183,342)
<hr/>		
(16,589,226)	-	(16,589,226)
-	226,135	226,135
-	1,633,923	1,633,923
<hr/>		
-	1,860,058	1,860,058
<hr/>		
(16,589,226)	1,860,058	(14,729,168)
9,156,725	-	9,156,725
1,511,125	-	1,511,125
550,346	-	550,346
649,350	-	649,350
49,948	-	49,948
105,901	159,067	264,968
163,827	68,059	231,886
<hr/>		
12,187,222	227,126	12,414,348
688,937	(688,937)	-
<hr/>		
(3,713,067)	1,398,247	(2,314,820)
72,778,222	45,984,455	118,762,677
<hr/>		
<u>\$ 69,065,155</u>	<u>\$ 47,382,702</u>	<u>\$ 116,447,857</u>

*The accompanying notes are an integral part of the financial statements.*

**CITY OF WOODBURN, OREGON**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	<u>Special Revenue</u>		
	<u>General</u>	<u>Street</u>	<u>Other Governmental Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 5,079,747	\$ 3,723,032	\$ 7,206,796
Accounts receivable	729,008	156,054	90,479
Property taxes receivable	432,622	-	60,531
Assessment liens receivable	-	-	44,739
Loans receivable	-	-	694,629
Prepaid expenses	936	-	-
Due from other funds	-	-	146,070
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	\$ 6,242,313	\$ 3,879,086	\$ 8,243,244
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 85,225	\$ 491,648	\$ 158,021
Accrued payroll and payroll liabilities	470,655	42,534	62,844
Due to other funds	102,288	-	69,294
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	658,168	534,182	290,159
<b>Deferred Inflows</b>			
Unavailable revenue	693,227	-	794,220
<b>Fund Balance</b>			
Non-spendable	936	-	-
Restricted for:			
Debt service	-	-	25,117
Construction	-	3,344,904	3,555,339
Culture and recreation	-	-	202,738
Community development	-	-	1,963,858
Committed to:			
Public safety	-	-	7,005
Capital outlay	-	-	881,912
Planning and building	-	-	525,714
Unassigned	4,889,982	-	(2,818)
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance</i>	4,890,918	3,344,904	7,158,865
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Total Liabilities and Fund Balance</i>	\$ 6,242,313	\$ 3,879,086	\$ 8,243,244

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<b><i>Total</i></b>	
\$	16,009,575
	975,541
	493,153
	44,739
	694,629
	936
	146,070
<hr/>	
\$	18,364,643
<hr/> <hr/>	

\$	734,894
	576,033
	171,582
<hr/>	
	1,482,509
	1,487,447
	936
	25,117
	6,900,243
	202,738
	1,963,858
	7,005
	881,912
	525,714
	4,887,164
<hr/>	
	15,394,687
<hr/>	
\$	18,364,643
<hr/> <hr/>	

*The accompanying notes are an integral part of the financial statements.*

**CITY OF WOODBURN, OREGON**

**RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO THE**

**STATEMENT OF NET POSITION**

**JUNE 30, 2016**

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*Fund Balances* \$ 15,394,687

The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are reported as unavailable in governmental funds. 1,487,447

PERS net pension asset, deferred outflows of resources arising from contributions paid, and deferred inflows arising from changes in proportionate share of earnings in the current year are not financial resources in governmental funds, but are reported in the Statement of Net Position

Net pension liability	(5,317,067)
Deferred outflows	1,219,286
Deferred inflows	(1,365,887)

Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.

Cost	90,831,769
Accumulated depreciation	(28,379,646)

All liabilities are reported in the Statement of Net Position. However, if they are not due and payable in the current period, they are not recorded in governmental funds.

Accrued compensated absences	(684,433)
Accrued interest	(15,150)
Long-term debt	(4,126,074)

Internal service funds are proprietary-type funds and not reported with governmental funds. However, because internal service funds primarily benefit governmental activities, their assets, liabilities and net position are reported along with governmental activities in the Statement of Net Position. 20,223

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*Net Position of Governmental Activities* \$ 69,065,155

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**CITY OF WOODBURN, OREGON****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue</u> <u>Street</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>
<b>REVENUES</b>			
Taxes and assessments	\$ 8,562,396	\$ 115,692	\$ 1,069,936
Licenses and permits	1,911,054	369	837,449
Charges for services	963,953	357,984	42,747
Intergovernmental	756,566	1,454,076	522,729
Fines and forfeitures	426,867	-	-
Miscellaneous	271,214	196,750	215,407
<i>Total Revenues</i>	12,892,050	2,124,871	2,688,268
<b>EXPENDITURES</b>			
Current			
General government	3,277,246	-	513,490
Public safety	6,598,236	-	-
Highways and streets	-	1,777,030	-
Culture and recreation	2,077,363	-	797,425
Debt Service			
Principal	-	-	436,479
Interest	-	-	185,327
Capital outlay	-	9,150	268,421
<i>Total Expenditures</i>	11,952,845	1,786,180	2,201,142
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	939,205	338,691	487,126
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	90,000	204,248
Transfers out	(208,835)	(34,501)	(9,042)
<i>Total Other Financing Sources (Uses)</i>	(208,835)	55,499	195,206
<b>NET CHANGE IN FUND BALANCE</b>	730,370	394,190	682,332
<b>FUND BALANCE, beginning of year</b>	4,160,548	2,950,714	6,476,533
<b>FUND BALANCE, end of year</b>	\$ 4,890,918	\$ 3,344,904	\$ 7,158,865



<i><b>Total</b></i>	
\$	9,748,024
	2,748,872
	1,364,684
	2,733,371
	426,867
	683,371
<hr/>	
	17,705,189
	3,790,736
	6,598,236
	1,777,030
	2,874,788
	436,479
	185,327
	277,571
<hr/>	
	15,940,167
<hr/>	
	1,765,022
	294,248
	(252,378)
<hr/>	
	41,870
<hr/>	
	1,806,892
	13,587,795
<hr/>	
\$	15,394,687
<hr/> <hr/>	

*The accompanying notes are an integral part of the financial statements.*

**CITY OF WOODBURN, OREGON**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

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*Net Change in Fund Balances - Total Governmental Funds* \$ 1,806,892

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

Governmental funds defer revenues that do not provide current financial resources.

However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received.

Property tax receivables	(32,060)
Increases in other loans receivable	185,272

Governmental funds do not report expenditures for unpaid compensated absences, unpaid payroll, interest expense or arbitrage since they do not require the use of current financial resources. However, the Statement of Activities reports such expenses when incurred, regardless of when settlement ultimately occurs.

Accrued compensated absences	(20,602)
Accrued interest payable	1,986

Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over their estimated useful lives as depreciation expense.

Capital outlay expenditures capitalized	451,249
Depreciation	(1,497,439)
Net book value of assets disposed	(330,302)

Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor the payment of debt principal affect the Statement of Activities, but are reported as increases and decreases in noncurrent liabilities in the Statement of Net Position.

Debt principal paid	436,479
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Current year PERS pension expense related to change in net pension liability is reported as an expense in the Statement of Activities but is not recorded as an expenditure in the governmental funds.

	(4,351,891)
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Net income of internal service funds

	(362,651)
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*Change in Net Position of Governmental Activities*

	<u><u>\$ (3,713,067)</u></u>
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**CITY OF WOODBURN, OREGON**  
**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2016**

	<u>Water</u>	<u>Sewer</u>	<u>Sewer Capital Construction</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and investments	\$ 2,134,789	\$ 6,379,635	\$ 12,490,293
Accounts receivable	252,234	687,766	290
Due from other funds	-	-	-
<i>Total Current Assets</i>	2,387,023	7,067,401	12,490,583
<b>Noncurrent Assets</b>			
Nondepreciable capital assets	158,444	1,625,372	2,864,540
Other capital assets, net of depreciation	9,088,123	41,881,535	1,271,099
<i>Total Noncurrent Assets</i>	9,246,567	43,506,907	4,135,639
<i>Total Assets</i>	11,633,590	50,574,308	16,626,222
<b>DEFERRED OUTFLOWS</b>			
Deferred outflows - contributions to PERS	143,141	195,321	-
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	38,525	165,156	-
Accrued payroll liabilities	94,202	121,501	-
Deposits payable	106,620	-	-
Accrued interest payable	238,274	269,229	-
Due to other funds	25,632	25,632	-
Current portion of long-term liabilities			
Long-term debt	744,737	2,603,647	-
Bond premiums	-	138,154	-
Accrued compensated absences	19,009	14,504	-
<i>Total Current Liabilities</i>	1,266,999	3,337,823	-
<b>Noncurrent Liabilities</b>			
Long-term debt	9,045,800	21,324,072	-
Bond premiums	-	1,934,161	-
Accrued compensated absences	28,513	21,755	-
Net pension liability	624,208	851,760	-
<i>Total Noncurrent Liabilities</i>	9,698,521	24,131,748	-
<i>Total Liabilities</i>	10,965,520	27,469,571	-
<b>DEFERRED INFLOWS</b>			
Net projected to actual earnings to PERS	160,350	218,806	-
<b>NET POSITION:</b>			
Net investment in capital assets	(543,970)	17,506,873	4,135,639
Restricted for:			
Construction	-	-	12,296,851
Unrestricted	1,194,831	5,574,379	193,732
<i>Total Net Position</i>	\$ 650,861	\$ 23,081,252	\$ 16,626,222

<i>Other Business- type Funds</i>	<i>Total</i>	<i>Governmental Activities</i>
		<i>Internal Service</i>
\$ 4,262,163	\$ 25,266,880	\$ 356,502
66,101	1,006,391	23,285
76,776	76,776	-
4,405,040	26,350,047	379,787
1,576,928	6,225,284	-
1,062,023	53,302,780	-
2,638,951	59,528,064	-
7,043,991	85,878,111	379,787
-	338,462	53,579
19,624	223,305	89,540
-	215,703	29,942
-	106,620	-
-	507,503	-
-	51,264	-
-	3,348,384	-
-	138,154	-
-	33,512	-
19,624	4,624,445	119,482
-	30,369,872	-
-	1,934,161	-
-	50,269	-
-	1,475,968	233,642
-	33,830,270	233,642
19,624	38,454,715	353,124
-	379,156	60,019
2,638,951	23,737,493	-
4,385,416	16,682,267	-
-	6,962,942	20,223
\$ 7,024,367	\$ 47,382,702	\$ 20,223

The accompanying notes are an integral part of the financial statements.

**CITY OF WOODBURN, OREGON****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016**

	<u>Water</u>	<u>Sewer</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 3,415,661	\$ 8,169,544
Miscellaneous	67,290	769
<i>Total Operating Revenues</i>	3,482,951	8,170,313
<b>OPERATING EXPENSES</b>		
Personal services	1,740,671	2,317,924
Materials and services	718,323	1,701,193
Depreciation	359,577	1,820,506
<i>Total Operating Expenses</i>	2,818,571	5,839,623
<b>OPERATING INCOME (LOSS)</b>	664,380	2,330,690
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment revenue	12,425	38,865
Amortization of bond premiums	-	138,154
Interest expense	(440,986)	(951,139)
<i>Total Nonoperating Revenues (Expenses)</i>	(428,561)	(774,120)
<b>NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	235,819	1,556,570
Capital contributions	-	-
Transfers in	-	-
Non-cash transfers in	-	8,857
Transfers out	(185,233)	(546,959)
Non-cash transfers out	-	-
<b>CHANGE IN NET POSITION</b>	50,586	1,018,468
<b>NET POSITION, beginning of year, as originally stated</b>	600,275	22,062,784
<b>Restatement</b>	-	-
<b>NET POSITION, beginning of year as restated</b>	600,275	22,062,784
<b>NET POSITION, end of year</b>	\$ 650,861	\$ 23,081,252

<i>Sewer Capital Construction</i>	<i>Other Business- type Funds</i>	<i>Total</i>	<i>Governmental Activities</i>
			<i>Internal Service</i>
\$ -	\$ -	\$ 11,585,205	\$ 1,493,372
-	-	68,059	9,424
-	-	11,653,264	1,502,796
-	-	4,058,595	594,667
785	718	2,421,019	1,225,080
75,380	43,251	2,298,714	-
76,165	43,969	8,778,328	1,819,747
(76,165)	(43,969)	2,874,936	(316,951)
79,424	28,353	159,067	4,926
-	-	138,154	-
-	-	(1,392,125)	-
79,424	28,353	(1,094,904)	4,926
3,259	(15,616)	1,780,032	(312,025)
-	307,152	307,152	-
31,783	2,615	34,398	57,529
-	-	8,857	-
-	-	(732,192)	-
-	-	-	(108,155)
35,042	294,151	1,398,247	(362,651)
16,538,180	6,783,216	45,984,455	382,874
53,000	(53,000)	-	-
16,591,180	6,730,216	45,984,455	382,874
\$ 16,626,222	\$ 7,024,367	\$ 47,382,702	\$ 20,223

The accompanying notes are an integral part of the financial statements.

**CITY OF WOODBURN, OREGON**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2016**

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	<u>Water</u>	<u>Sewer</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Collected from customers	\$ 3,441,071	\$ 8,121,584
Paid to suppliers	(720,998)	(1,646,136)
Paid to employees	(1,171,232)	(1,602,945)
	<hr/>	<hr/>
<i>Net Cash Provided by (Used in) Operating Activities</i>	1,548,841	4,872,503
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers in	-	-
Transfers out	(197,047)	(558,773)
	<hr/>	<hr/>
<i>Net Cash Provided by (Used in) Non-Capital Financing Activities</i>	(197,047)	(558,773)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	-	-
Proceeds from disposal of capital assets	2,279	-
Principal paid on loans and bonds payable	(698,544)	(2,478,685)
System development receipts	-	-
Interest paid	(457,553)	(901,377)
	<hr/>	<hr/>
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	(1,153,818)	(3,380,062)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	12,425	38,865
	<hr/>	<hr/>
<i>Increase (Decrease) in Cash and Investments</i>	210,401	972,533
<b>CASH AND INVESTMENTS, Beginning of year, as restated</b>	<hr/>	<hr/>
	1,924,388	5,407,102
<b>CASH AND INVESTMENTS, End of year</b>	<hr/> <hr/>	<hr/> <hr/>
	\$ 2,134,789	\$ 6,379,635

<i><b>Sewer Capital Construction</b></i>	<i><b>Other Business-Type Funds</b></i>	<i><b>Totals</b></i>	<i><b>Governmental Activities</b></i>
			<i><b>Internal Service</b></i>
\$ 1,370 (19,055) -	\$ 7,790 251 -	\$ 11,571,815 (2,385,938) (2,774,177)	\$ 1,503,370 (1,213,992) (389,491)
(17,685)	8,041	6,411,700	(100,113)
31,783 -	40,875 -	72,658 (755,820)	57,529 (108,155)
31,783	40,875	(683,162)	(50,626)
(288,943) - - - -	(443,246) - - 281,815 -	(732,189) 2,279 (3,177,229) 281,815 (1,358,930)	- - - - -
(288,943)	(161,431)	(4,984,254)	-
79,424	28,353	159,067	4,926
(195,421)	(84,162)	903,351	(145,813)
12,685,714	4,346,325	24,363,529	502,315
<u>\$ 12,490,293</u>	<u>\$ 4,262,163</u>	<u>\$ 25,266,880</u>	<u>\$ 356,502</u>

*The accompanying notes are an integral part of the financial statements.*

**CITY OF WOODBURN, OREGON**  
**STATEMENT OF CASH FLOWS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

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	<u>Water</u>	<u>Sewer</u>
<b>RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 662,101	\$ 2,330,690
Adjustments to reconcile the change in operating income to net cash provided by operating activities:		
Depreciation	359,577	1,820,506
<i>Change in assets and liabilities:</i>		
Accounts receivable	(40,765)	(48,729)
Deferred outflows	(73,049)	(83,383)
Accounts payable and accrued liabilities	16,102	65,871
Customer deposits	(1,115)	-
Compensated absences payable	4,984	(21,820)
Net pension liability (asset)	798,082	1,129,438
Deferred inflows	(177,076)	(320,070)
	<u>\$ 1,548,841</u>	<u>\$ 4,872,503</u>
 <i>Net Cash Provided by (Used in) Operating Activities</i>		
 <i>Noncash Transactions</i>		
Transfer of capital assets	<u>\$ -</u>	<u>\$ -</u>

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<u><i>Sewer Capital Construction</i></u>	<u><i>Other Business-Type Funds</i></u>	<u><i>Totals</i></u>	<u><i>Governmental Activities</i></u>  <u><i>Internal Service</i></u>
\$ (76,165)	\$ (43,969)	\$ 2,872,657	\$ (316,951)
75,380	43,251	2,298,714	-
1,370	7,790	(80,334)	574
-	-	(156,432)	(23,241)
(18,270)	969	64,672	16,636
-	-	(1,115)	-
-	-	(16,836)	-
-	-	1,927,520	308,900
-	-	(497,146)	(86,031)
<u>\$ (17,685)</u>	<u>\$ 8,041</u>	<u>\$ 6,411,700</u>	<u>\$ (100,113)</u>
<u>\$ (5,827)</u>	<u>\$ 5,827</u>	<u>\$ -</u>	<u>\$ (108,155)</u>

*The accompanying notes are an integral part of the financial statements.*

**CITY OF WOODBURN, OREGON**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2016**

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	<u><i>Pension Trust</i></u>
<b>ASSETS</b>	
Cash and investments	\$ 56,258
<b>LIABILITIES</b>	<u>-</u>
<b>NET POSITION</b>	
Held in trust for benefits and other purposes	<u>\$ 56,258</u>

*The accompanying notes are an integral part of the financial statements.*

**CITY OF WOODBURN, OREGON**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**YEAR ENDED JUNE 30, 2016**

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	<b><i>Pension Trust</i></b>
<b><i>ADDITIONS</i></b>	
Earnings	\$ 1,641
<i>Total additions</i>	1,641
<b><i>DEDUCTIONS</i></b>	-
<b><i>CHANGE IN NET POSITION</i></b>	1,641
<b><i>NET POSITION, beginning of year</i></b>	54,617
<b><i>NET POSITION, end of year</i></b>	\$ 56,258

*The accompanying notes are an integral part of the financial statements.*

***NOTES TO BASIC FINANCIAL STATEMENTS***

***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The financial statements of the City of Woodburn, Oregon (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

*The Financial Reporting Entity*

The City of Woodburn, Oregon is governed by an elected mayor and six council members who comprise the City Council. The City Council exercises supervisory responsibilities over the City operations, but day-to-day management control is the responsibility of a city administrator. All significant activities and organizations for which the City is financially accountable are included in the financial statements for the year ended June 30, 2016.

There are certain governmental agencies and various service districts which provide services within the City. These agencies have independently elected governing boards and the City is not financially accountable for these organizations. Therefore, financial information for these agencies is not included in the accompanying basic financial statements.

As defined by accounting principles generally accepted in the United States of America, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The City of Woodburn's financial statements include the Woodburn Urban Renewal Agency as a blended component unit. The City Council and Board of Directors of Woodburn Urban Renewal Agency are composed of the same individuals.

The separately issued financial statements of the Woodburn Urban Renewal Agency may be obtained from the City, 270 Montgomery Street, Woodburn, Oregon 97071.

*Basic 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 reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. 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 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 properly included among program revenues are reported instead as *general revenues*.

**CITY OF WOODBURN, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Basis of Presentation (Continued)*

*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, enterprise or fiduciary. Currently, the City has general, special revenue, internal service, capital projects, debt service and enterprise type funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund 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 other supplementary information.

The government-wide and proprietary fund financial statements are accounted for using an economic resources measurement focus, whereby all assets and liabilities are included in the statement of net position and the statement of fund net position. The increases and decreases in those net positions are presented in the government-wide statement of activities and in the proprietary fund statement of revenues, expenses and changes in fund net position. These funds use the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Interfund activity consists of transfers, services provided and/or used, reimbursements, advances and loans. As a general rule, the effect of interfund activity has been eliminated from the governmental-wide financial statements. Exceptions to this general rule include interfund services provided and/or used. Interfund services provided and/or used are accounted for as revenues and expenses since the elimination of such revenues and expenses would distort the direct costs and program revenues reported for the various functions.

Amounts reported as program revenues in the statement of activities include (1) fines, fees and charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Grants and contributions not restricted are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Operating revenues and operating expenses are intermediate components within the proprietary fund statement of revenues, expenses and changes in fund net position, and include only those transactions that constitute their principal, ongoing activities exclusive of investing or financing transactions. Significant operating revenues include charges for services and miscellaneous income. Significant operating expenses include personnel, materials and supplies, outside services, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*Fund Balance*

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Although not a major impact on the financial statements, Governmental Fund type fund balances are now reported in the following classifications.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

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

**CITY OF WOODBURN, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Fund Balance (Continued)*

Fund balance is reported as committed when the City Council takes formal action that places specific constraints on how the resources may be used. The City Council can modify or rescind the commitment at any time through taking a similar formal action.

Resources that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the City Council approves which resources should be "reserved" during the adoption of the annual budget. The City's Finance Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's Annual Financial Report.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

The City Council has approved a policy to maintain an ending fund balance in the General Fund, in order to provide stable services and employment to offset cyclical variations in revenues and expenditures. The targeted floor for the ending balance is 10% of annual operating revenue, as shown as a minimum fund balance in the General Fund. In February 2016, the City Council adopted a fiscal year 2016-2017 Budget Policies and Fiscal Strategy which created a \$250,000 PERS reserve line item and increased the General Fund contingency from 10% to 17%, beginning July 1, 2016. The City Council is the highest level decision making authority and may take formal action by vote or resolution to establish, modify, or rescind a fund balance commitment.

*Definitions of Governmental Fund Types*

The General Fund is used to account for all financial resources not accounted for in another fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenues sources" means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

Capital Projects Funds are utilized to account for financial resources to be used for the acquisition or construction of capital equipment and facilities.

Debt Service Funds are utilized to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

*Governmental Fund Financial Statements*

Governmental funds use the modified accrual basis of accounting whereby revenues are recorded only when susceptible to accrual (both measurable and available). "Measurable" means that the amount of the transaction can be determined. "Available" is defined as being collectible within the current period or soon enough thereafter (30 days) to be used to liquidate liabilities of the current period. Expenditures other than interest on noncurrent obligations, are recorded when the fund liability is incurred.

**CITY OF WOODBURN, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Governmental Fund Financial Statements (Continued)*

Real and personal property taxes are levied as of July 1 for each fiscal year on values assessed as of January 1. Property taxes are an enforceable lien on both real and personal property as of July 1 and are due and payable in three installments on November 15, February 15 and May 15. All property taxes are billed and collected by Marion County and remitted to the City. In the governmental fund financial statements, property taxes are reflected as revenues in the fiscal period for which they were levied, provided they are due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (30 days). Otherwise, they are reported as unavailable revenues.

Intergovernmental revenues are recognized as revenues when all eligibility requirements are met. There are, however, essentially two types of intergovernmental revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, all eligibility requirements are determined to be met when the underlying expenditures are recorded. In the other, monies are virtually unrestricted as to the purpose of the expenditure and are usually revocable only for failure to comply with prescribed requirements; therefore, all eligibility requirements are determined to be met at the time of receipt, or earlier, if the susceptible accrual criteria are met.

Licenses and permits, charges for services, fines and forfeits and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

When both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first, then unrestricted resources as they are needed.

The reporting model sets forth minimum criteria (percentage of the assets, liabilities, receipts or disbursements of either fund category or the government and enterprise combined) for the determination of major funds. Nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

The City reports the following major governmental funds:

- General Fund
- Street Fund

The City reports the following major proprietary funds:

- Water Fund
- Sewer Fund
- Sewer Capital Construction Fund

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenses as of and for the year ended June 30, 2016. Actual results may differ from such estimates.

**CITY OF WOODBURN, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Cash and Investments*

Investments, included in cash and investments, are carried at cost which approximates fair value. For purposes of the statement of cash flows, the proprietary funds consider cash and cash equivalents to include the cash and investment common pool. These amounts have the general characteristics of demand deposit accounts in that the proprietary funds may deposit additional cash at any time and also may withdraw cash at any time without prior notice or penalty.

*Receivables and Unavailable Revenues*

Receivables for state, county and local shared revenues, included in accounts receivable, are recorded as revenue in the governmental funds as earned.

Receivables of the enterprise funds are recorded as revenue as earned.

Property taxes receivable for the governmental fund types, which have been collected within thirty days subsequent to year end, are considered measurable and available and are recognized as revenues. All other property taxes are considered unavailable and, accordingly, have not been recorded as revenue. Property taxes receivable by the City represent the City's allocated share of delinquent property taxes and other amounts to be collected from property owners within Marion County, Oregon.

Assessment liens in the governmental fund types are recognized as receivables at the time property owners are assessed for property improvements. All assessments receivable are considered unavailable and, accordingly, have not been recorded as revenue.

Revolving loans in the government fund types are recognized as receivables at the time housing rehabilitation loans are made. All loans receivable are considered unavailable and, accordingly, have not been recorded as revenue.

*Capital Assets*

Capital assets are stated at cost or estimated historical cost. Donated assets are recorded at fair market value at date of donation. Estimated fair market value of donated assets is determined based on engineering estimates of current cost or price indexed cost.

Capital assets include land, right-of-way (included with land), buildings, improvements, equipment, infrastructure and other tangible and intangible assets costing over \$5,000 used in operations that have initial useful lives extending beyond a single reporting period. Infrastructure are those capital assets that are stationary in nature and can be preserved for a significantly greater number of years than most other capital assets. Infrastructure reported in governmental activities consists of roads, bridges, sidewalks and traffic and lighting systems. Infrastructure reported in business-type activities consists of water and wastewater collection systems.

All capital assets, except for infrastructure in governmental activities prior to July 1, 1980, have been capitalized in the government-wide and proprietary fund financial statements. In accordance with the current financial resources measurement focus, capital assets are not capitalized in the governmental fund financial statements. All purchased capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Historical cost is measured by the cash or cash equivalent price of obtaining an asset, including ancillary charges necessary to place the asset into its intended location and condition

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Capital Assets (Continued)*

for use. Donated capital assets are reported at their estimated fair value at the time of acquisition plus ancillary charges, if any. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Amounts expended for maintenance and repairs are charged to expenditures/expenses in the appropriate funds as incurred and are not capitalized.

Capital assets are depreciated unless they are inexhaustible in nature (e.g., land and right-of-ways). Depreciation is an accounting process to allocate the cost of capital assets to expense in a systematic and rational manner to those periods expected to benefit from the use of capital assets. Depreciation is not intended to represent an estimate in the decline of fair market value, nor are capital assets, net of accumulated depreciation, intended to represent an estimate of the current condition of the assets, or the maintenance requirements needed to maintain the assets at their current level of condition.

Depreciation is computed over the estimated useful lives of the capital assets. All estimates of useful lives are based on actual experience by City departments with identical or similar capital assets. Depreciation is calculated on the straight-line basis, except for infrastructure and improvements other than buildings reported in the governmental activities column of the government-wide financial statements, which are calculated using a composite depreciation method. The estimated useful lives of the various categories of assets are as follows:

Buildings and improvements	10 - 40 years
Water and Sewer Systems	15 - 50 years
Infrastructure	50 years
Equipment	5 - 15 years

Upon disposal of capital assets, cost and accumulated depreciation are removed from the accounts and, if appropriate, a gain or loss on the disposal is recognized.

*Long-Term Debt*

Long-term debt directly related and expected to be paid from the enterprise funds is recorded in these funds. All other unmatured long-term debt is recorded on the statement of net position. Repayment of general bonded debt will be made from debt service funds. Bond premiums will be amortized over the life of the related debt. Payment of compensated absences will be made primarily from the General Fund, Street Fund, Water Fund and Sewer Fund.

*Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The City reports deferred outflow of resources related to pensions for contributions made after the June 30, 2015 measurement date, differences between expected and actual experience, and changes in proportionate share.

**CITY OF WOODBURN, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Deferred Outflows/Inflows of Resources (Continued)*

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows*, represents an acquisition that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The City reports deferred inflows related to pensions for changes in projected earnings versus actual earnings and contribution versus proportionate share of contributions.

The other instance of deferred inflows arises only under a modified accrual basis of accounting. Accordingly, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

*Net Pension Liability*

The City reports its proportionate share of the Net Pension Liability of the Oregon Public Employees Retirement System (OPERS). A negative Net Pension Liability is reported as a Net Pension Asset. For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of OPERS and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

*Accrued Vacation Pay*

Accumulated vested vacation pay is accrued in the proprietary funds as it is earned by employees. In governmental fund types, the amounts, if any, expected to be liquidated with expendable available resources are accrued as liabilities of the funds and the amount payable from future resources is recorded on the statement of net position. The accrued payables in the Statement of Net Position are recorded as long-term in that the amount is not expected to materially change. Sick pay, which does not vest, is recorded in all funds when leave is taken.

*Budget and Budgetary Accounting*

A budget is prepared for each fund in accordance with the modified accrual basis of accounting for all funds. For budgetary purposes, interfund loan transactions are reported as interfund transfers. Appropriations are made at the department level for the General Fund and the object level for all other funds. Expenditures may not legally exceed appropriations. Appropriations lapse at the end of each fiscal year. Budget amounts include original approved amounts and all subsequent appropriation transfers approved by the City Council. After budget approval, the City Council may approve supplemental appropriations if an occurrence, condition, or need exists which had not been ascertained at the time the budget was adopted. Management may not amend the budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the City Council.

**CITY OF WOODBURN, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

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**ORGANIZATION AND OPERATION**

The City's financial operations are accounted for in the following funds:

*Governmental Fund Types*

*General Fund*

The General Fund accounts for activities of the City which are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees and state and county shared revenues. Primary expenditures are for police protection, recreation and general government.

*Special Revenue Funds*

*Street Fund* - This fund is used to account for the City's street operations. The fund's major source of revenue is highway gas tax received from the State of Oregon.

*Transit Fund* – This fund accounts for amounts held to be used for weekday transportation services.

*Building Inspection Fund* - This fund accounts for building permit revenue and associated operations.

*Search and Seizure Fund* - This fund accounts for the seizure of private properties that are the product of illegal activity, and for the expenditure of the proceeds by the City for illegal drug activity investigations and subsequent arrests.

*Housing Rehabilitation Fund* - This fund accounts for the City's CDBG grant program and provides low income housing and small business loans.

*Library Endowment Fund* - This fund accounts for funds held to be used for library improvement projects.

*Museum Endowment Fund* - This fund accounts for amounts held for museum activities.

*Lavelle Black Trust Fund* – This fund accounts for the donations received to continue the police dog program.

*Urban Renewal Fund* – This fund accounts for transactions related to urban renewal, including debt service on the URA loan. Property taxes are the primary source of revenue.

*Capital Projects Funds*

*Street SDC Fund* - This fund accounts for the collection and spending of street SDC's.

*General Capital Construction Fund* - This fund is used to account for transfers from general services funds used for general services construction projects.

*Special Assessment Fund* - This fund accounts for the repayment of local improvement district (LID) assessments. The money is used for construction of LID projects.

*Street/Storm Capital Construction Fund* - This fund accounts for transfers from the Storm and Street funds. The money is used for street and storm related capital projects.

**ORGANIZATION AND OPERATION (Continued)**

*Governmental Fund Types (Continued)*

*Capital Projects Funds (Continued)*

*Parks SDC Fund* - This fund is used to account for the collection and spending of park SDC's.

*Storm SDC Fund* - This fund accounts for the collection and spending of storm SDC's.

*Equipment Replacement Fund* - This fund accounts for transfers from other funds set aside for future equipment purchases.

*Debt Service Fund*

*GO Debt Service Fund* - This fund accounts for debt service on the City's 2005 GO bond. Property taxes are the major source of revenue.

*Proprietary Fund Types*

*Enterprise Funds*

The City has six enterprise funds. Three funds are related to water, and three are related to sewer. The specific funds and their purposes are as follows.

*Water Fund* - This fund accounts for the City's water system operation. Customer charges are the primary source of revenue.

*Sewer Fund* - This fund accounts for the operation of the City's sewer system. Customer charges are the primary revenue source.

*Sewer Capital Construction Fund* - This fund was used to account for the City's sewer treatment plant upgrade. The major source of revenue is debt proceeds.

*Water SDC Fund* - This fund accounts for the collection and spending of water SDC's.

*Sewer SDC Fund* - This fund accounts for the collection and spending of sewer SDC's.

*Water Capital Construction Fund* - This fund accounts for water system capital improvement projects and the retirement of associated debt.

*Internal Service Funds*

The City has two internal service funds which provide services to other City departments. Internal charges are the primary revenue source for all funds. Expenditures are for the purposes as described below.

*Information Services Fund* - This fund accounts for the maintenance and replacement of the City's network and technology services.

*Insurance Fund* - This fund accounts for the City's insurance coverage.

**CITY OF WOODBURN, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2016

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**ORGANIZATION AND OPERATION (Continued)**

*Fiduciary Fund*

The City has one fiduciary fund. The City's pension trust fund holds assets to provide retirement benefits to certain City employees.

**CASH AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the Statement of Net Position as part of "cash and investments."

	<u>Carrying Value</u>	<u>Fair Value</u>
<b>Cash</b>		
Deposits with financial institutions	\$ 538,865	\$ 538,865
Cash on hand	2,310	2,310
<b>Investments</b>		
Local Government Investment Pool	41,091,782	41,091,782
Assets held for pension benefits	56,258	56,258
	<u>\$ 41,689,215</u>	<u>\$ 41,689,215</u>

Cash is reported in the financial statements as follows:

Governmental funds	\$ 16,009,575
Internal Service funds (included in governmental activities)	356,502
Enterprise funds	25,266,880
Fiduciary funds	56,258
	<u>\$ 41,689,215</u>

*Deposits*

The book balance of the City's bank deposits (checking accounts) was \$538,865 and the bank balance was \$1,000,200 at year end. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

*Investments*

The State Treasurer of the State of Oregon maintains the Oregon Short-term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and

**CITY OF WOODBURN, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

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**CASH AND INVESTMENTS (Continued)**

*Investments (Continued)*

caution. The Oregon Short-term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2016, the fair value of the position in the Oregon State Treasurer's Short-term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short-term Fund is not subject to classification. Separate financial statements for the Oregon Short-term Fund are available from the Oregon State Treasurer.

*Interest Rate Risk*

In accordance with its investment policy, the City manages its exposure to declines in fair value of its investments by limiting the weighted average maturity of its investments.

*Custodial Credit Risk - Deposits*

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 for the aggregate of all non-interest bearing accounts and up to \$250,000 for the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2016, \$750,200 of the City's bank balances were exposed to custodial credit risk as part of the Public Funds Collateralization Program.

*Custodial Risk - Investments*

For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City's investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Council. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. 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, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

**CITY OF WOODBURN, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

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**CAPITAL ASSETS**

The summary of capital assets for the business-type activities for the year ended June 30, 2016 is as follows:

	<i><b>Balances July 1, 2015</b></i>	<i><b>Additions</b></i>	<i><b>Retirements</b></i>	<i><b>Balances June 30, 2016</b></i>
<i>Nondepreciable assets</i>				
Land	\$ 1,783,816	\$ -	\$ -	\$ 1,783,816
Construction in progress	4,841,877	-	(400,409)	4,441,468
Subtotal, nondepreciable assets	6,625,693	-	(400,409)	6,225,284
<i>Depreciable assets</i>				
Buildings	62,634,628	-	-	62,634,628
Water and sewer systems	28,775,570	1,132,596	-	29,908,166
Equipment	2,361,602	8,857	-	2,370,459
Subtotal, depreciable assets	93,771,800	1,141,453	-	94,913,253
<i>Accumulated depreciation</i>				
Buildings and improvements	(26,301,258)	(1,710,124)	-	(28,011,382)
Water and sewer systems	(11,435,257)	(483,277)	-	(11,918,534)
Equipment	(1,575,244)	(105,313)	-	(1,680,557)
Total accumulated depreciation	(39,311,759)	(2,298,714)	-	(41,610,473)
<i>Total depreciable assets, net</i>	54,460,041	(1,157,261)	-	53,302,780
Net capital assets	\$ 61,085,734	\$ (1,157,261)	\$ (400,409)	\$ 59,528,064

Depreciation expense was allocated as follows:

Water funds	\$ 402,829
Sewer funds	1,895,885
	<u>\$ 2,298,714</u>

**CITY OF WOODBURN, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

**CAPITAL ASSETS (Continued)**

The changes in the capital assets for governmental activities for the year ended June 30, 2016 are as follows:

	<i><b>Balances July 1, 2015</b></i>	<i><b>Additions</b></i>	<i><b>Retirements</b></i>	<i><b>Balances June 30, 2016</b></i>
<i>Nondepreciable assets</i>				
Land	\$ 22,567,381	\$ -	\$ -	\$ 22,567,381
Construction in progress	6,197,878	-	(6,101,489)	96,389
Subtotal, nondepreciable assets	28,765,259	-	(6,101,489)	22,663,770
<i>Depreciable assets</i>				
Buildings	16,593,555	763,322	(622,384)	16,734,493
Equipment	6,752,476	320,063	-	7,072,539
Infrastructure	38,891,615	5,469,352	-	44,360,967
Subtotal, depreciable assets	62,237,646	6,552,737	(622,384)	68,167,999
<i>Accumulated depreciation</i>				
Buildings	(6,193,109)	(454,134)	292,082	(6,355,161)
Equipment	(5,228,940)	(329,144)	-	(5,558,084)
Infrastructure	(15,752,240)	(714,161)	-	(16,466,401)
Total accumulated depreciation	(27,174,289)	(1,497,439)	292,082	(28,379,646)
<i>Total depreciable assets, net</i>	35,063,357	5,055,298	(330,302)	39,788,353
Net capital assets	\$ 63,828,616	\$ 5,055,298	\$ (6,431,791)	\$ 62,452,123

Depreciation expense was allocated as follows:

General government	\$ 323,330
Public safety	238,424
Highways and streets	840,682
Culture and recreation	95,003
	<u>\$ 1,497,439</u>

**CITY OF WOODBURN, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

**LONG-TERM DEBT**

Long-term debt transactions for the year were as follows:

	<i>Outstanding July 1, 2015</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2016</i>	<i>Due Within One Year</i>
<i>Governmental Activities:</i>					
Series 2005 general obligation bonds due in annual installments with principal and interest varying annually	\$ 4,410,000	\$ -	\$ (350,000)	\$ 4,060,000	\$ 370,000
1999 Oregon EDD Loan due in annual installments of \$38,319 with interest at 5.01%.	96,215	-	(30,141)	66,074	30,399
2005 URA bonds due in quarterly installments of \$56,933 with interest at 4.22%.	56,338	-	(56,338)	-	-
	4,562,553	-	(436,479)	4,126,074	400,399
Accrued compensated absences	663,830	565,486	(544,883)	684,433	273,773
	<u>\$ 5,226,383</u>	<u>\$ 565,486</u>	<u>\$ (981,362)</u>	<u>\$ 4,810,507</u>	<u>\$ 674,172</u>
<i>Business-type Activities:</i>					
Series 2003 Water loan paid over 25 years; interest at various rates	\$ 5,675,816	\$ -	\$ (301,530)	\$ 5,374,286	\$ 313,591
2005 Oregon EDD due in annual installments including interest at 4.21%	2,406,633	-	(198,507)	2,208,126	206,864
2005 SDWR due in annual installments including interest at 4.21%	2,406,632	-	(198,507)	2,208,125	206,864
2011 Sewer Revenue Bonds paid over 20 years; interest at various rates	26,406,404	-	(2,478,685)	23,927,719	2,603,647
	36,895,485	-	(3,177,229)	33,718,256	3,330,966
2011 Sewer Revenue Bond premium	2,210,469	-	(138,154)	2,072,315	138,154
Accrued compensated absences	100,617	90,206	(107,042)	83,781	33,512
	<u>\$ 39,206,571</u>	<u>\$ 90,206</u>	<u>\$ (3,422,425)</u>	<u>\$ 35,874,352</u>	<u>\$ 3,502,632</u>

**CITY OF WOODBURN, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2016

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**LONG-TERM DEBT** (Continued)

Future maturities of long-term debt are as follows:

*Governmental Activities*

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 400,399	\$ 169,937	\$ 570,336
2018	420,675	153,956	574,631
2019	405,000	136,736	541,736
2020	425,000	120,536	545,536
2021	445,000	103,536	548,536
2022-25	2,030,000	219,139	2,249,139
	<b>\$ 4,126,074</b>	<b>\$ 903,840</b>	<b>\$ 5,029,914</b>

*Business-type Activities*

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 3,330,966	\$ 1,358,943	\$ 4,689,909
2018	3,921,935	1,123,066	5,045,001
2019	4,407,430	996,283	5,403,713
2020	4,293,372	1,332,332	5,625,704
2021	4,557,224	1,340,501	5,897,725
2022-26	11,357,053	2,355,441	13,712,494
2027-31	1,850,276	183,013	2,033,289
	<b>\$ 33,718,256</b>	<b>\$ 8,689,579</b>	<b>\$ 42,407,835</b>

**CITY OF WOODBURN, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

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**PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIRMENT SYSTEM**

***Plan Description***

Substantially all City employees are members in the Oregon Public Employees Retirement System (OPERS); a cost-sharing multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for government units in the State of Oregon. Employees hired before August 29, 2003 belong to the Tier One/Tier Two Retirement Benefit Program (established pursuant to ORS Chapter 238), while employees hired on or after August 29, 2003 belong to the OPSRP Pension Program (established pursuant to ORS Chapter 238A). OPERS produces an independently audited CAFR which can be found at: [http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx).

***Benefits Provided***

*Tier One/Tier Two Retirement Benefit*

*Pension Benefits.* The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0% for police and fire employees, 1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at a minimum retirement age for a service retirement allowance if he or she has had contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

*Death Benefits.* Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

*Disability Benefits.* A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefit regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

**CITY OF WOODBURN, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

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**PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIRMENT SYSTEM (Continued)**

**Benefits Provided (Continued)**

*Tier One/Tier Two Retirement Benefit (Continued)*

*Benefit Changes After Retirement.* Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

*OPSRP Pension Program*

*Pension Benefits.* The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by formula for members who attain normal retirement age. For general service members, 1.5% 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. For police and fire members, 1.8% 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.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and if the pension program is terminated, the date on which termination becomes effective.

*Death Benefits.* Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

*Disability Benefits.* A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

*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% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

**Contributions**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2013 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2015. The City's contribution rates for the period were 16.29% for Tier One/Tier Two members, 9.24% for OPSRP General Service members, and 13.35% for OPSRP Police and Fire members. The City's total contributions exclusive of the 6% "pick-up" was \$1,096,838.

**CITY OF WOODBURN, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

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**PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIRMENT SYSTEM (Continued)**

**Contributions (Continued)**

Covered employees are required to contribute 6% of their salary to the Plan, but the employer is allowed to pay any or all of the employees' contribution in addition to the required employers' contribution. The City has elected to contribute the 6% "pick-up" or \$503,648 of the employees' contribution.

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

At June 30, 2016, the City reported a liability of \$7,026,677 for its proportionate share of the OPERS net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to June 30, 2015. The City's proportion of the net pension asset 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 employers, actuarially determined. At June 30, 2015, the City's proportion was 0.1224%, which is an increase of 0.0079% from its proportion measured as of June 30, 2014.

The Oregon Supreme Court (Court) ruled on April 30, 2015 that certain provisions of Senate Bill (SB) 861, signed into law in October 2013, were unconstitutional. SB 861 included provisions that limited post-retirement COLA on benefits accrued prior to the signing of the law. The Court ruled that benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire. This is a change in benefit terms has been included in the net pension asset/liability proportionate shares calculated by OPERS as of June 30, 2015.

For the year ended June 30, 2016, the City recognized pension expense of \$10,861,686. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 378,914	\$ -
Net difference between projected and actual earnings on investments	-	1,472,951
Changes in proportionate share	135,575	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	332,113
Contributions subsequent to measurement date	1,096,838	-

**CITY OF WOODBURN, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2016

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**PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIRMENT SYSTEM (Continued)**

**Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Deferred outflows of resources related to pensions of \$1,611,327 resulting from the City’s contributions subsequent to the measurement date totaling \$1,096,838 will be recognized as either a reduction of the net pension liability or an increase in the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as an addition to (reduction from) as follows:

<i>Fiscal Year Ending June 30,</i>		
2017	\$	(662,480)
2018		(662,480)
2019		(662,480)
2020		678,241
2021		18,624
		<hr/>
Total	\$	<u>(1,290,575)</u>

**Actuarial Methods and Assumptions**

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.75%
Investment Rate of Return	7.75%
Projected Salary Increases	3.75% overall payroll growth; salaries for individuals are assumed to grow at 3.75% plus assumed rates of merit/longevity increases based on service

**PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIRMENT SYSTEM (Continued)**

**Actuarial Methods and Assumptions (Continued)**

Mortality

Healthy retirees and beneficiaries:  
RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.  
Active members:  
Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.  
Disabled retirees:  
Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2013 experience study which reviewed experience for the four-year period ending on December 31, 2013.

**Long-Term Expected Rate of Return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption was based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

**CITY OF WOODBURN, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2016

**PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIRMENT SYSTEM (Continued)**

**Long-Term Expected Rate of Return (Continued)**

<u>Asset Class</u>	<u>Target</u>	<u>Compound Annual Return (Geometric)</u>
Core Fixed Income	7.20 %	4.50 %
Short-Term Bonds	8.00	3.70
Intermediate-Term Bonds	3.00	4.10
High Yield Bonds	1.80	6.66
Large Cap US Equities	11.65	7.20
Mid Cap US Equities	3.88	7.30
Small Cap US Equities	2.27	7.45
Developed Foreign Equities	14.21	6.90
Emerging Foreign Equities	5.49	7.40
Private Equity	20.00	8.26
Opportunity Funds/Absolute Return	5.00	6.01
Real Estate (Property)	13.75	6.51
Real Estate (REITS)	2.50	6.76
Commodities	7.71	6.07
Assumed Inflation - Mean		2.75

**Discount Rate**

The discount rate used to measure the total pension liability was 7.75% 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 contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate**

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Proportionate share of the net pension liability	\$ 16,958,621	\$ 7,026,676	\$ (1,343,344)

**CITY OF WOODBURN, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2016

**PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIRMENT SYSTEM (Continued)**

**Pension Plan Fiduciary Net Position**

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

**DEFINED CONTRIBUTION PENSION PLANS**

The City sponsors two defined contribution pension plans. Both plan's provisions and contribution requirements are established and amended by the City Council.

The 401A is administered by ICMA Retirement Corp. to provide retirement benefits for the City Attorney. The City has established a contribution amount equivalent to approximately 7% of covered salary. The City contributed \$8,424 to the plan for the year ended June 30, 2016.

The 457 plan is administered by both ICMA Retirement Corporation and First Investors Financial Services, and provides additional retirement benefits for contract and unrepresented employees. The City has established matching contribution rates of 5% or 8.5%, depending on contractual agreements. The City contributed \$145,650 to the plan for the year ended June 30, 2016.

**TRANSFERS**

Interfund transfers on the budgetary basis of accounting are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Major funds</b>		
General	\$ -	\$ 208,835
Street	90,000	34,501
Water	-	32,391
Sewer	-	177,925
Sewer Capital Construction	31,783	-
<b>Non-major funds</b>		
Street/Storm SDC	1,036,476	-
Transit	116,000	3,001
Building	-	3,001
Museum Endowment	-	3,040
General Construction	15,634	-
Special Assessments	-	995,602
Equipment Replacement	70,000	-
Water Capital Construction	40,874	-
Information Services	57,529	-
	<u>\$ 1,458,296</u>	<u>\$ 1,458,296</u>

**CITY OF WOODBURN, OREGON**

*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*

YEAR ENDED JUNE 30, 2016

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**TRANSFERS (Continued)**

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**INTERFUND LOANS**

**LOANS RECEIVABLE**

<b>Fund</b>	<b>Outstanding July 1, 2015</b>	<b>Payments Received</b>	<b>Outstanding June 30, 2016</b>
Water Capital Construction	\$ 115,036	\$ (38,259)	\$ 76,777
Street SDC	115,036	(38,260)	76,776
Street SDC	1,064,896	(995,602)	69,294
	<hr/>	<hr/>	<hr/>
	\$ 1,294,968	\$ (1,072,121)	\$ 222,847

**LOANS PAYABLE**

<b>Fund</b>	<b>Outstanding July 1, 2015</b>	<b>Payments Made</b>	<b>Outstanding June 30, 2016</b>
General	\$ 155,180	\$ (52,891)	\$ 102,289
Special Assessments	1,064,896	(995,602)	69,294
Water	37,446	(11,814)	25,632
Sewer	37,446	(11,814)	25,632
	<hr/>	<hr/>	<hr/>
	\$ 1,294,968	\$ (1,072,121)	\$ 222,847

**DEFICIT NET POSITION/FUND BALANCES**

The following funds reported deficit balances as of June 30, 2016:

<i>Governmental Funds</i>		
Special assessments	\$	(2,818)
<i>Internal Service Funds</i>		
Information services		(59,054)

The deficit fund balance in the special assessments fund is due to repayment of an interfund loan to the Street SDC fund and the deficit net position in the information services fund is due to changes in net pension liability during the year.

**BEGINNING BALANCE ADJUSTMENTS**

The beginning balance of the Sewer Capital Construction fund has been increased by \$53,000 and the Water Capital Construction fund has been decreased by \$53,000 to reflect a prior period adjustment for a duplicate payment on an interfund loan.

**CONTINGENCIES**

The City purchases commercial insurance to cover all commonly insurable risks, which includes property damage, liability and employee bonds. Most policies carry a small deductible amount. No insurance claims settled in each of the prior three years have exceeded policy coverage.

The City is a defendant in various litigation proceedings. Management believes any losses arising from these actions will not materially affect the City's financial position.

**NEW PRONOUNCEMENTS**

GASB Statement No. 72 "Fair Value Measurement and Application" addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for determining a fair value measurement for financial reporting purposes, as well as guidance for applying fair value to certain investments, and disclosures related to all fair value measurements. This statement was implemented in the current year.

GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", completes the suite of pension standards. The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. This statement was implemented in the current year.

**CITY OF WOODBURN, OREGON**

*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*

*YEAR ENDED JUNE 30, 2016*

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***NEW PRONOUNCEMENTS (Continued)***

GASB Statement No. 76 “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”. This statement supersedes Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement was implemented in the current year.

The City will implement new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements from implementing any of the following pronouncements.

GASB Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”. This statement replaces Statement No. 46, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”, as amended, and Statement No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans”. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, “Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans”, as amended, and Statement No. 50, “Pension Disclosures”. This statement is effective for financial statement periods beginning after June 15, 2016.

GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. It requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The statement is effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 77, “Tax Abatement Disclosures,” addresses the disclosure requirements for governments that have tax abated properties in their jurisdiction. It will require governments to disclose the a description of the tax abatement program, the gross dollar amount of taxes abated during the period, and commitments made by a government, other than to abate taxes, as part of the tax abatement agreement. The statement is effective for fiscal years beginning after December 15, 2015.

***SUBSEQUENT EVENTS***

Management has evaluated subsequent events through November 8, 2016, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF WOODBURN, OREGON**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL – GENERAL FUND (BUDGETARY BASIS, NON-GAAP)  
YEAR ENDED JUNE 30, 2016*

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 8,206,000	\$ 8,206,000	\$ 8,562,396	\$ 356,396
Licenses and permits	128,100	128,100	203,474	75,374
Franchise fees	1,635,212	1,635,212	1,707,580	72,368
Charges for services	1,124,500	1,124,500	963,953	(160,547)
Intergovernmental	720,189	720,189	756,566	36,377
Fines and forfeitures	658,400	658,400	426,867	(231,533)
Miscellaneous	136,976	136,976	271,214	134,238
<i>Total Revenues</i>	12,609,377	12,609,377	12,892,050	282,673
<b>EXPENDITURES</b>				
Council and Mayor	17,803	17,803	17,700	103
Administration	245,756	245,756	239,162	6,594
Economic Development	56,883	56,883	45,628	11,255
City Recorder	78,634	78,634	69,603	9,031
City Attorney	185,157	235,157	176,955	58,202
Finance	572,139	572,139	499,938	72,201
Human Resources	113,353	113,353	105,175	8,178
Nondepartmental	272,435	372,435	325,038	47,397
Police	7,157,207	7,157,207	6,598,236	558,971
Library	862,096	862,096	801,275	60,821
Recreation	452,920	452,920	423,427	29,493
Aquatic Center	534,264	534,264	517,356	16,908
Community Services Administration	311,832	311,832	277,182	34,650
RSVP	74,010	74,010	58,123	15,887
Planning	375,053	375,053	332,414	42,639
Engineering	773,220	773,220	660,222	112,998
Maintenance	893,272	893,272	775,940	117,332
Contingency	2,931,102	2,781,102	-	2,781,102
<i>Total Expenditures</i>	15,907,136	15,907,136	11,923,374	3,983,762
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(3,297,759)	(3,297,759)	968,676	4,266,435
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(402,241)	(402,241)	(208,835)	193,406
<b>NET CHANGE IN FUND BALANCE</b>	(3,700,000)	(3,700,000)	759,841	4,459,841
<b>FUND BALANCE, beginning of year</b>	3,700,000	3,700,000	4,534,978	834,978
<b>FUND BALANCE, end of year (budgetary basis)</b>	\$ -	\$ -	5,294,819	\$ 5,294,819
Interfund loan			(102,288)	
Accrued payroll			(301,613)	
<b>FUND BALANCE, end of year (GAAP basis)</b>			\$ 4,890,918	

**CITY OF WOODBURN, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - STREET FUND (BUDGETARY BASIS, NON-GAAP)  
YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 105,000	\$ 105,000	\$ 115,692	\$ 10,692
Licenses and permits	-	-	369	369
Franchise fees	350,000	350,000	357,984	7,984
Intergovernmental	1,300,000	1,300,000	1,454,076	154,076
Miscellaneous	190,034	190,034	196,750	6,716
<i>Total Revenues</i>	1,945,034	1,945,034	2,124,871	179,837
<b>EXPENDITURES</b>				
Personal services	599,438	599,438	565,071	34,367
Materials and services	1,635,179	1,635,179	1,206,394	428,785
Capital outlay	12,000	12,000	9,150	2,850
Contingency	223,462	223,462	-	223,462
<i>Total Expenditures</i>	2,470,079	2,470,079	1,780,615	689,464
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(525,045)	(525,045)	344,256	869,301
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	220,000	220,000	90,000	(130,000)
Transfers out	(264,501)	(264,501)	(34,501)	230,000
<i>Total Other Financing Sources (Uses)</i>	(44,501)	(44,501)	55,499	100,000
<b>NET CHANGE IN FUND BALANCE</b>	(569,546)	(569,546)	399,755	969,301
<b>FUND BALANCE, beginning of year</b>	2,900,000	2,900,000	2,966,044	66,044
<b>FUND BALANCE, end of year (budgetary basis)</b>	<u>\$ 2,330,454</u>	<u>\$ 2,330,454</u>	3,365,799	<u>\$ 1,035,345</u>
Accrued payroll			(20,895)	
<b>FUND BALANCE, end of year (GAAP basis)</b>			<u>\$ 3,344,904</u>	

**CITY OF WOODBURN, OREGON****SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)****OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM****LAST THREE FISCAL YEARS<sup>1</sup>**

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	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.1224%	0.1145%	0.1145%
City's proportionate share of the net pension liability (asset)	\$ (7,026,676)	\$ 2,595,126	\$ (5,842,512)
City's covered-employee payroll	8,344,438	8,457,225	8,048,595
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-84.2%	30.7%	-72.6%
Plan fiduciary net position as a percentage of the total pension liability	91.9%	103.6%	92.0%

<sup>1</sup> 10-year trend information required by GASB Statement 68 will be presented prospectively

**CITY OF WOODBURN, OREGON**  
**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**LAST THREE FISCAL YEARS<sup>1</sup>**

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	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 1,096,838	\$ 1,046,147	\$ 1,022,429
Contributions in relation to the contractually required contribution	<u>(1,096,838)</u>	<u>(1,046,147)</u>	<u>(1,022,429)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 8,344,438	\$ 8,457,225	\$ 8,048,595
Contributions as a percentage of covered-employee payroll	13.14%	12.37%	12.70%

<sup>1</sup> 10-year trend information required by GASB Statement 68 will be presented prospectively

***SUPPLEMENTARY INFORMATION***

**CITY OF WOODBURN, OREGON**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	<i>Special Revenue</i>		
	<i>Transit</i>	<i>Building Inspection</i>	<i>Search and Seizure</i>
<b>ASSETS</b>			
Cash and investments	\$ 89,733	\$ 558,859	\$ 7,005
Accounts receivable	74,979	-	-
Property taxes receivable	-	-	-
Assessment liens receivable	-	-	-
Loans receivable	-	-	-
Due from other funds	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	\$ 164,712	\$ 558,859	\$ 7,005
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 1,518	\$ 7,444	\$ -
Accrued payroll and payroll liabilities	31,181	25,701	-
Due to other funds	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	32,699	33,145	-
<b>Deferred Inflows:</b>			
Unavailable revenue	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Fund Balance:</b>			
Restricted for:			
Debt service	-	-	-
Construction	-	-	-
Culture and recreation	132,013	-	-
Community development	-	-	-
Committed to:			
Public safety	-	-	7,005
Capital outlay	-	-	-
Planning and building	-	525,714	-
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance</i>	132,013	525,714	7,005
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Total Liabilities and Fund Balance</i>	\$ 164,712	\$ 558,859	\$ 7,005

<i>Special Revenue</i>					<i>Capital Projects</i>
<i>Housing Rehabilitation</i>	<i>Library Endowment</i>	<i>Museum Endowment</i>	<i>Lavelle Black Trust</i>	<i>URA</i>	<i>Special Assessment</i>
\$ 251,524	\$ 26,563	\$ 627	\$ 43,535	\$ 1,753,639	\$ 66,476
-	-	-	-	15,500	-
-	-	-	-	32,092	-
-	-	-	-	-	44,739
677,787	-	-	-	-	-
-	-	-	-	-	-
<b>\$ 929,311</b>	<b>\$ 26,563</b>	<b>\$ 627</b>	<b>\$ 43,535</b>	<b>\$ 1,801,231</b>	<b>\$ 111,215</b>
\$ -	\$ -	\$ -	\$ -	\$ 53,871	\$ -
1,010	-	-	-	4,952	-
-	-	-	-	-	69,294
<b>1,010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58,823</b>	<b>69,294</b>
677,787	-	-	-	29,064	44,739
-	-	-	-	-	-
-	-	-	-	-	-
-	26,563	627	43,535	-	-
250,514	-	-	-	1,713,344	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(2,818)
<b>250,514</b>	<b>26,563</b>	<b>627</b>	<b>43,535</b>	<b>1,713,344</b>	<b>(2,818)</b>
<b>\$ 929,311</b>	<b>\$ 26,563</b>	<b>\$ 627</b>	<b>\$ 43,535</b>	<b>\$ 1,801,231</b>	<b>\$ 111,215</b>

**CITY OF WOODBURN, OREGON****COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)**

JUNE 30, 2016

	<b>Capital Projects</b>		
	<b>Street/Storm Capital Construction</b>	<b>Parks SDC</b>	<b>Street SDC</b>
	<b>ASSETS</b>		
Cash and investments	\$ 31,022	\$ 301,446	2,543,272
Accounts receivable	-	-	-
Property taxes receivable	-	-	-
Assessment liens receivable	-	-	-
Loans receivable	-	5,256	10,596
Due from other funds	-	-	146,070
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	\$ 31,022	\$ 306,702	\$ 2,699,938
	<hr/>	<hr/>	<hr/>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 18,819	\$ 6,305	\$ -
Accrued payroll and payroll liabilities	-	-	-
Due to other funds	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	18,819	6,305	-
	<hr/>	<hr/>	<hr/>
<b>Deferred Inflows:</b>			
Unavailable revenue	-	5,256	10,596
	<hr/>	<hr/>	<hr/>
<b>Fund Balance:</b>			
Restricted for:			
Debt service	-	-	-
Construction	12,203	295,141	2,689,342
Culture and recreation	-	-	-
Community development	-	-	-
Committed to:			
Public safety	-	-	-
Capital outlay	-	-	-
Planning and building	-	-	-
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance</i>	12,203	295,141	2,689,342
	<hr/>	<hr/>	<hr/>
<b>Total Liabilities and Fund Balance</b>	\$ 31,022	\$ 306,702	\$ 2,699,938
	<hr/>	<hr/>	<hr/>

<i>Capital Projects</i>		<i>Debt Service</i>	
<i>Storm SDC</i>	<i>Equipment Replacement</i>	<i>GO Debt Service</i>	<i>Total</i>
\$ 558,653	\$ 951,976	\$ 22,466	\$ 7,206,796
-	-	-	90,479
-	-	28,439	60,531
-	-	-	44,739
990	-	-	694,629
-	-	-	146,070
<b>\$ 559,643</b>	<b>\$ 951,976</b>	<b>\$ 50,905</b>	<b>\$ 8,243,244</b>
\$ -	\$ 70,064	\$ -	\$ 158,021
-	-	-	62,844
-	-	-	69,294
-	70,064	-	290,159
990	-	25,788	794,220
-	-	25,117	25,117
558,653	-	-	3,555,339
-	-	-	202,738
-	-	-	1,963,858
-	-	-	7,005
-	881,912	-	881,912
-	-	-	525,714
-	-	-	(2,818)
<b>558,653</b>	<b>881,912</b>	<b>25,117</b>	<b>7,158,865</b>
<b>\$ 559,643</b>	<b>\$ 951,976</b>	<b>\$ 50,905</b>	<b>\$ 8,243,244</b>

**CITY OF WOODBURN, OREGON****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016**

	<b>Special Revenue</b>		
	<b>Transit</b>	<b>Building Inspection</b>	<b>Search and Seizure</b>
<b>REVENUES</b>			
Taxes and assessments	\$ -	\$ -	\$ -
Licenses and permits	-	561,238	-
Charges for services	42,747	-	-
Intergovernmental	427,284	-	-
Miscellaneous	10,473	24,944	45
<i>Total Revenues</i>	480,504	586,182	45
<b>EXPENDITURES</b>			
General government	-	513,490	-
Culture and recreation	593,004	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Capital outlay	-	-	-
<i>Total Expenditures</i>	593,004	513,490	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(112,500)	72,692	45
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	116,000	-	-
Transfers out	(3,001)	(3,001)	-
<i>Total Other Financing Sources (Uses)</i>	112,999	(3,001)	-
<b>NET CHANGE IN FUND BALANCE</b>	499	69,691	45
<b>FUND BALANCE, beginning of year</b>	131,514	456,023	6,960
<b>FUND BALANCE, end of year</b>	\$ 132,013	\$ 525,714	\$ 7,005

<i>Special Revenue</i>					<i>Capital Projects</i>
<i>Housing Rehabilitation</i>	<i>Library Endowment</i>	<i>Museum Endowment</i>	<i>Lavelle Black Trust</i>	<i>URA</i>	<i>General Capital Construction</i>
\$ -	\$ -	\$ -	\$ -	\$ 558,545	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
34,074	-	-	-	-	61,371
81,755	168	471	278	28,353	38,569
115,829	168	471	278	586,898	99,940
-	-	-	-	-	-
49,922	-	-	1,835	139,800	-
-	-	-	-	56,338	-
-	-	-	-	582	-
-	-	-	-	18,521	115,574
49,922	-	-	1,835	215,241	115,574
65,907	168	471	(1,557)	371,657	(15,634)
-	-	-	-	-	15,634
-	-	(3,040)	-	-	-
-	-	(3,040)	-	-	15,634
65,907	168	(2,569)	(1,557)	371,657	-
184,607	26,395	3,196	45,092	1,341,687	-
\$ 250,514	\$ 26,563	\$ 627	\$ 43,535	\$ 1,713,344	\$ -

**CITY OF WOODBURN, OREGON****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS (Continued)**

YEAR ENDED JUNE 30, 2016

	<b>Capital Projects</b>		
	<b>Special Assessment</b>	<b>Street/Storm Capital Construction</b>	<b>Parks SDC</b>
<b>REVENUES</b>			
Taxes and assessments	\$ 8,893	\$ -	\$ -
Licenses and permits	-	-	71,320
Charges for services	-	-	-
Intergovernmental	-	-	-
Miscellaneous	1,527	343	1,762
<i>Total Revenues</i>	10,420	343	73,082
<b>EXPENDITURES</b>			
General government	-	-	-
Culture and recreation	-	-	12,864
Debt service			
Principal	-	-	-
Interest	-	-	-
Capital outlay	-	53,577	-
<i>Total Expenditures</i>	-	53,577	12,864
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	10,420	(53,234)	60,218
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<i>Total Other Financing Sources (Uses)</i>	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	10,420	(53,234)	60,218
<b>FUND BALANCE, beginning of year</b>	(13,238)	65,437	234,923
<b>FUND BALANCE, end of year</b>	\$ (2,818)	\$ 12,203	\$ 295,141

<i>Capital Projects</i>			<i>Debt Service</i>	
<i>Street SDC</i>	<i>Storm SDC</i>	<i>Equipment Replacement</i>	<i>GO Debt Service</i>	<i>Total</i>
\$ -	\$ -	\$ -	\$ 502,498	\$ 1,069,936
183,698	21,193	-	-	837,449
-	-	-	-	42,747
-	-	-	-	522,729
15,509	3,469	6,027	1,714	215,407
199,207	24,662	6,027	504,212	2,688,268
-	-	-	-	513,490
-	-	-	-	797,425
-	-	-	-	-
30,141	-	-	350,000	436,479
4,879	-	-	179,866	185,327
1,828	-	78,921	-	268,421
36,848	-	78,921	529,866	2,201,142
162,359	24,662	(72,894)	(25,654)	487,126
2,614	-	70,000	-	204,248
-	-	-	-	(9,042)
2,614	-	70,000	-	195,206
164,973	24,662	(2,894)	(25,654)	682,332
2,524,369	533,991	884,806	50,771	6,476,533
\$ 2,689,342	\$ 558,653	\$ 881,912	\$ 25,117	\$ 7,158,865

**CITY OF WOODBURN, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - TRANSIT FUND (BUDGETARY BASIS, NON-GAAP)  
YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 48,500	\$ 48,500	\$ 42,747	\$ (5,753)
Intergovernmental	440,000	440,000	427,284	(12,716)
Miscellaneous	10,250	10,250	10,473	223
<i>Total Revenues</i>	498,750	498,750	480,504	(18,246)
<b>EXPENDITURES</b>				
Personal services	409,875	409,875	390,920	18,955
Materials and services	226,772	226,772	194,812	31,960
Contingency	45,102	45,102	-	45,102
<i>Total Expenditures</i>	681,749	681,749	585,732	96,017
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(182,999)	(182,999)	(105,228)	77,771
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	116,000	116,000	116,000	-
Transfers out	(3,001)	(3,001)	(3,001)	-
<i>Total Other Financing Sources (Uses)</i>	112,999	112,999	112,999	-
<b>NET CHANGE IN FUND BALANCE</b>	(70,000)	(70,000)	7,771	77,771
<b>FUND BALANCE, beginning of year</b>	70,000	70,000	140,025	70,025
<b>FUND BALANCE, end of year (budgetary basis)</b>	\$ -	\$ -	147,796	\$ 147,796
Accrued payroll			(15,783)	
<b>FUND BALANCE, end of year (GAAP basis)</b>			\$ 132,013	

**CITY OF WOODBURN, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUILDING INSPECTION FUND (BUDGETARY BASIS, NON-GAAP)  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Licenses and permits	\$ 798,084	\$ 798,084	\$ 561,238	\$ (236,846)
Miscellaneous	21,700	21,700	24,944	3,244
<i>Total Revenues</i>	819,784	819,784	586,182	(233,602)
<b>EXPENDITURES</b>				
Personal services	467,104	467,104	329,171	137,933
Materials and services	453,715	453,715	180,326	273,389
Contingency	245,964	245,964	-	245,964
<i>Total Expenditures</i>	1,166,783	1,166,783	509,497	657,286
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(346,999)	(346,999)	76,685	423,684
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(3,001)	(3,001)	(3,001)	-
<b>NET CHANGE IN FUND BALANCE</b>	(350,000)	(350,000)	73,684	423,684
<b>FUND BALANCE, beginning of year</b>	350,000	350,000	464,903	114,903
<b>FUND BALANCE, end of year (budgetary basis)</b>	\$ -	\$ -	538,587	\$ 538,587
Accrued payroll			(12,873)	
<b>FUND BALANCE, end of year (GAAP basis)</b>			\$ 525,714	

**CITY OF WOODBURN, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL – SEARCH AND SEIZURE FUND  
YEAR ENDED JUNE 30, 2016**

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	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 15	\$ 15	\$ 45	\$ 30
<b>EXPENDITURES</b>				
Materials and services	6,959	6,959	-	6,959
<b>NET CHANGE IN FUND BALANCE</b>	(6,944)	(6,944)	45	6,989
<b>FUND BALANCE, beginning of year</b>	6,944	6,944	6,960	16
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 7,005	\$ 7,005

**CITY OF WOODBURN, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - HOUSING REHABILITATION FUND (BUDGETARY BASIS, NON-GAAP)  
YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 34,074	\$ 34,074
Miscellaneous	21,000	21,000	81,755	60,755
<i>Total Revenues</i>	21,000	21,000	115,829	94,829
<b>EXPENDITURES</b>				
Personal services	13,071	13,071	12,692	379
Materials and services	40,000	40,000	37,071	2,929
Contingency	117,668	117,668	-	117,668
<i>Total Expenditures</i>	170,739	170,739	49,763	120,976
<b>NET CHANGE IN FUND BALANCE</b>	(149,739)	(149,739)	66,066	215,805
<b>FUND BALANCE, beginning of year</b>	149,739	149,739	184,944	35,205
<b>FUND BALANCE, end of year (budgetary basis)</b>	<u>\$ -</u>	<u>\$ -</u>	251,010	<u>\$ 251,010</u>
Accrued payroll			(496)	
<b>FUND BALANCE, end of year (GAAP basis)</b>			<u>\$ 250,514</u>	

**CITY OF WOODBURN, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL – LIBRARY ENDOWMENT FUND  
YEAR ENDED JUNE 30, 2016**

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	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 100	\$ 100	\$ 168	\$ 68
<b>EXPENDITURES</b>				
Contingency	26,491	26,491	-	26,491
<b>NET CHANGE IN FUND BALANCE</b>	(26,391)	(26,391)	168	26,559
<b>FUND BALANCE, beginning of year</b>	26,391	26,391	26,395	4
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 26,563	\$ 26,563

**CITY OF WOODBURN, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL – MUSEUM ENDOWMENT FUND  
YEAR ENDED JUNE 30, 2016**

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	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 15	\$ 15	\$ 471	\$ 456
<b>EXPENDITURES</b>				
Contingency	3,040	-	-	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(3,025)	15	471	456
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(3,040)	(3,040)	-
<b>NET CHANGE IN FUND BALANCE</b>	(3,025)	(3,025)	(2,569)	456
<b>FUND BALANCE, beginning of year</b>	3,025	3,025	3,196	171
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 627	\$ 627

**CITY OF WOODBURN, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL – LAVELLE BLACK TRUST FUND  
YEAR ENDED JUNE 30, 2016**

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	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 200	\$ 200	\$ 278	\$ 78
<b>EXPENDITURES</b>				
Materials and services	10,000	10,000	1,835	8,165
Contingency	35,287	35,287	-	35,287
<i>Total Expenditures</i>	<u>45,287</u>	<u>45,287</u>	<u>1,835</u>	<u>43,452</u>
<b>NET CHANGE IN FUND BALANCE</b>	(45,087)	(45,087)	(1,557)	43,530
<b>FUND BALANCE, beginning of year</b>	<u>45,087</u>	<u>45,087</u>	<u>45,092</u>	<u>5</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,535</u>	<u>\$ 43,535</u>

**CITY OF WOODBURN, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL – URBAN RENEWAL AGENCY FUND (BUDGETARY BASIS, NON-GAAP)**

YEAR ENDED JUNE 30, 2016

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 580,000	\$ 580,000	\$ 558,545	\$ (21,455)
Miscellaneous	10,000	10,000	28,353	18,353
<i>Total Revenues</i>	590,000	590,000	586,898	(3,102)
<b>EXPENDITURES</b>				
Personal services	75,550	75,550	35,152	40,398
Materials and services	184,500	184,500	105,019	79,481
Debt service				
Principal	56,338	56,338	56,338	-
Interest	595	595	582	13
Capital outlay	4,500,000	4,500,000	18,521	4,481,479
Contingency	26,005	26,005	-	26,005
<i>Total Expenditures</i>	4,842,988	4,842,988	215,612	4,627,376
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(4,252,988)	(4,252,988)	371,286	4,624,274
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of debt	4,000,000	4,000,000	-	(4,000,000)
<b>NET CHANGE IN FUND BALANCE</b>	(252,988)	(252,988)	371,286	624,274
<b>FUND BALANCE, beginning of year</b>	1,300,000	1,300,000	1,345,027	45,027
<b>FUND BALANCE, end of year (budgetary basis)</b>	\$ 1,047,012	\$ 1,047,012	1,716,313	\$ 669,301
Accrued payroll			(2,969)	
<b>FUND BALANCE, end of year (GAAP basis)</b>			\$ 1,713,344	

**CITY OF WOODBURN, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL – GENERAL CAPITAL CONSTRUCTION FUND  
YEAR ENDED JUNE 30, 2016**

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	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 65,280	\$ 61,371	\$ (3,909)
Miscellaneous	-	17,456	38,569	21,113
<i>Total Revenues</i>	-	82,736	99,940	17,204
<b>EXPENDITURES</b>				
Capital outlay	76,000	161,776	115,574	46,202
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(76,000)	(79,040)	(15,634)	63,406
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	76,000	79,040	15,634	(63,406)
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE, beginning of year</b>	-	-	-	-
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ -	\$ -

**CITY OF WOODBURN, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL – SPECIAL ASSESSMENT FUND  
YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 16,449	\$ 16,449	\$ 8,893	\$ (7,556)
Miscellaneous	5,400	5,400	1,527	(3,873)
<i>Total Revenues</i>	21,849	21,849	10,420	(11,429)
<b>EXPENDITURES</b>	-	-	-	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	21,849	21,849	10,420	(11,429)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,071,849)	(1,071,849)	(995,602)	76,247
<b>NET CHANGE IN FUND BALANCE</b>	(1,050,000)	(1,050,000)	(985,182)	64,818
<b>FUND BALANCE, beginning of year</b>	1,050,000	1,050,000	1,051,658	1,658
<b>FUND BALANCE, end of year (budgetary basis)</b>	\$ -	\$ -	66,476	\$ 66,476
Interfund loan			(69,294)	
<b>FUND BALANCE (Deficit), end of year GAAP basis</b>			\$ (2,818)	

**CITY OF WOODBURN, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL – STREET/STORM CAPITAL CONSTRUCTION FUND  
YEAR ENDED JUNE 30, 2016**

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	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 1,000	\$ 1,000	\$ 343	\$ (657)
<b>EXPENDITURES</b>				
Capital outlay	345,000	345,000	53,577	291,423
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(344,000)	(344,000)	(53,234)	290,766
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	290,000	290,000	-	(290,000)
<b>NET CHANGE IN FUND BALANCE</b>	(54,000)	(54,000)	(53,234)	766
<b>FUND BALANCE, beginning of year</b>	54,000	54,000	65,437	11,437
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 12,203	\$ 12,203

**CITY OF WOODBURN, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL – PARKS SDC FUND  
YEAR ENDED JUNE 30, 2016**

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	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 90,000	\$ 90,000	\$ 71,320	\$ (18,680)
Miscellaneous	2,300	2,300	1,762	(538)
<i>Total Revenues</i>	92,300	92,300	73,082	(19,218)
<b>EXPENDITURES</b>				
Materials and services	30,000	30,000	12,864	17,136
<b>NET CHANGE IN FUND BALANCE</b>	62,300	62,300	60,218	(2,082)
<b>FUND BALANCE, beginning of year</b>	180,000	180,000	234,923	54,923
<b>FUND BALANCE, end of year</b>	<u>\$ 242,300</u>	<u>\$ 242,300</u>	<u>\$ 295,141</u>	<u>\$ 52,841</u>

**CITY OF WOODBURN, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL – STREET SDC FUND (BUDGETARY BASIS, NON-GAAP)  
YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 325,000	\$ 325,000	\$ 183,698	\$ (141,302)
Miscellaneous	27,500	27,500	15,509	(11,991)
<i>Total Revenues</i>	352,500	352,500	199,207	(153,293)
<b>EXPENDITURES</b>				
Debt service				
Principal	30,141	30,141	30,141	-
Interest	4,879	4,879	4,879	-
Capital outlay	4,600,000	4,600,000	1,828	4,598,172
<i>Total Expenditures</i>	4,635,020	4,635,020	36,848	4,598,172
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(4,282,520)	(4,282,520)	162,359	4,444,879
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,112,723	1,112,723	1,036,476	(76,247)
Transfers out	(25,000)	(25,000)	-	25,000
<i>Total Other Financing Sources and Uses</i>	1,087,723	1,087,723	1,036,476	(51,247)
<b>NET CHANGE IN FUND BALANCE</b>	(3,194,797)	(3,194,797)	1,198,835	4,393,632
<b>FUND BALANCE, beginning of year</b>	5,500,000	5,500,000	1,344,437	-
<b>FUND BALANCE, end of year</b>	<u>\$ 2,305,203</u>	<u>\$ 2,305,203</u>	<u>\$ 2,543,272</u>	<u>\$ 4,393,632</u>
Interfund loan			146,070	
<b>FUND BALANCE, end of year GAAP basis</b>			<u>\$ 2,689,342</u>	

**CITY OF WOODBURN, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL – STORM SDC FUND  
YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and Permits	\$ 20,000	\$ 20,000	\$ 21,193	\$ 1,193
Miscellaneous	2,500	2,500	3,469	969
<i>Total Revenues</i>	22,500	22,500	24,662	2,162
<b>EXPENDITURES</b>	-	-	-	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	22,500	22,500	24,662	2,162
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(60,000)	(60,000)	-	60,000
<b>NET CHANGE IN FUND BALANCE</b>	(37,500)	(37,500)	24,662	62,162
<b>FUND BALANCE, beginning of year</b>	520,000	520,000	533,991	13,991
<b>FUND BALANCE, end of year</b>	\$ 482,500	\$ 482,500	\$ 558,653	\$ 76,153

**CITY OF WOODBURN, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL – EQUIPMENT REPLACEMENT FUND  
YEAR ENDED JUNE 30, 2016**

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	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 4,500	\$ 4,500	\$ 6,027	\$ 1,527
<b>EXPENDITURES</b>				
Capital outlay	959,337	959,337	78,921	880,416
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(954,837)	(954,837)	(72,894)	881,943
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	70,000	70,000	70,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(884,837)	(884,837)	(2,894)	881,943
<b>FUND BALANCE, beginning of year</b>	884,837	884,837	884,806	(31)
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 881,912	\$ 881,912

**CITY OF WOODBURN, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL – GENERAL OBLIGATION DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2016**

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	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes and assessments	\$ 511,000	\$ 511,000	\$ 502,498	\$ (8,502)
Miscellaneous	400	400	1,714	1,314
<i>Total Revenues</i>	511,400	511,400	504,212	(7,188)
<b>EXPENDITURES</b>				
Principal	350,000	350,000	350,000	-
Interest	179,866	179,866	179,866	-
<i>Total Expenditures</i>	529,866	529,866	529,866	-
<b>NET CHANGE IN FUND BALANCE</b>	(18,466)	(18,466)	(25,654)	(7,188)
<b>FUND BALANCE, beginning of year</b>	48,000	48,000	50,771	2,771
<b>FUND BALANCE, end of year</b>	\$ 29,534	\$ 29,534	\$ 25,117	\$ (4,417)

**CITY OF WOODBURN, OREGON****COMBINING STATEMENT OF FUND NET POSITION - NONMAJOR PROPRIETARY (ENTERPRISE) FUNDS  
JUNE 30, 2016**

	<u>Water SDC</u>	<u>Sewer SDC</u>	<u>Water Capital Construction</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and investments	\$ 1,173,486	\$ 1,086,304	\$ 2,002,373
Accounts receivable	22,240	43,593	268
Due from other funds	-	-	76,776
	<hr/>	<hr/>	<hr/>
<i>Total Current Assets</i>	1,195,726	1,129,897	2,079,417
<b>Noncurrent Assets</b>			
Nondepreciable capital assets	-	-	1,576,928
Capital assets, net of depreciation	-	-	1,062,023
	<hr/>	<hr/>	<hr/>
<i>Total Noncurrent Assets</i>	-	-	2,638,951
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	1,195,726	1,129,897	4,718,368
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	-	-	19,624
	<hr/>	<hr/>	<hr/>
<b>NET POSITION:</b>			
Net investment in capital assets	-	-	2,638,951
Restricted for:			
Construction	1,195,726	1,129,897	2,059,793
	<hr/>	<hr/>	<hr/>
<i>Total Net Position</i>	\$ 1,195,726	\$ 1,129,897	\$ 4,698,744
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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***Total***

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\$ 4,262,163  
66,101  
76,776

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4,405,040

1,576,928  
1,062,023

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2,638,951

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7,043,991

19,624

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2,638,951

4,385,416

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\$ 7,024,367

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**CITY OF WOODBURN, OREGON****COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -  
NONMAJOR PROPRIETARY (ENTERPRISE) FUNDS  
YEAR ENDED JUNE 30, 2016**

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	<u>Water SDC</u>	<u>Sewer SDC</u>	<u>Water Capital Construction</u>
<b>OPERATING REVENUES</b>	\$ -	\$ -	\$ -
<b>OPERATING EXPENSES</b>			
Materials and services	-	-	718
Depreciation	-	-	43,251
	<hr/>	<hr/>	<hr/>
<i>Total Expenses</i>	-	-	43,969
	<hr/>	<hr/>	<hr/>
<b>OPERATING INCOME (LOSS)</b>	-	-	(43,969)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment revenue	7,166	6,464	14,723
	<hr/>	<hr/>	<hr/>
<b>NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	7,166	6,464	(29,246)
Capital contributions	114,000	193,152	-
Transfers in	-	-	2,615
	<hr/>	<hr/>	<hr/>
<b>CHANGE IN NET POSITION</b>	121,166	199,616	(26,631)
<b>NET POSITION, beginning of year as originally stated</b>	1,074,560	930,281	4,778,375
<b>Prior period adjustment</b>	-	-	(53,000)
	<hr/>	<hr/>	<hr/>
<b>NET POSITION, beginning of year as restated</b>	1,074,560	930,281	4,725,375
	<hr/>	<hr/>	<hr/>
<b>NET POSITION, end of year</b>	<u>\$ 1,195,726</u>	<u>\$ 1,129,897</u>	<u>\$ 4,698,744</u>

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*Total*

\$ -

718  
43,251

---

43,969

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(43,969)

---

28,353

(15,616)

307,152  
2,615

---

294,151

6,783,216

(53,000)

---

6,730,216

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\$ 7,024,367

**CITY OF WOODBURN, OREGON****COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY (ENTERPRISE) FUNDS  
YEAR ENDED JUNE 30, 2016**

	<u>Water SDC</u>	<u>Sewer SDC</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Collected from customers	\$ -	\$ -
Paid to suppliers	-	-
	<hr/>	<hr/>
<i>Net Cash Provided by Operating Activities</i>	-	-
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers in	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	-	-
System development receipts	108,440	173,375
	<hr/>	<hr/>
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	108,440	173,375
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	7,166	6,464
	<hr/>	<hr/>
<i>Increase (Decrease) in Cash and Investments</i>	115,606	179,839
<b>CASH AND INVESTMENTS, Beginning of year, as restated</b>	1,057,880	906,465
	<hr/>	<hr/>
<b>CASH AND INVESTMENTS, End of year</b>	\$ 1,173,486	\$ 1,086,304
	<hr/> <hr/>	<hr/> <hr/>
	<u>Water SDC</u>	<u>Sewer SDC</u>
<b>RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ -	\$ -
Depreciation	-	-
<i>Change in assets and liabilities</i>		
Accounts receivable	-	-
Accounts payable and accrued liabilities	-	-
	<hr/>	<hr/>
<i>Net Cash Provided by (Used in) Operating Activities</i>	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>

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<u><i>Water Capital Construction</i></u>	<u><i>Totals</i></u>
\$ 7,790	\$ 7,790
251	251
<hr/>	<hr/>
8,041	8,041
40,875	40,875
(443,246)	(443,246)
-	281,815
<hr/>	<hr/>
(443,246)	(161,431)
14,723	28,353
<hr/>	<hr/>
(379,607)	(84,162)
2,381,980	4,346,325
<hr/>	<hr/>
\$ 2,002,373	\$ 4,262,163
<hr/> <hr/>	<hr/> <hr/>
<u><i>Water Capital Construction</i></u>	<u><i>Totals</i></u>
\$ (43,969)	\$ (43,969)
43,251	43,251
7,790	7,790
969	969
<hr/>	<hr/>
\$ 8,041	\$ 8,041
<hr/> <hr/>	<hr/> <hr/>

**CITY OF WOODBURN, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET (NON-GAAP BASIS) AND ACTUAL - WATER FUND  
YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 3,458,306	\$ 3,458,306	\$ 3,415,661	\$ (42,645)
Miscellaneous	54,000	54,000	67,290	13,290
Interest earnings	9,600	9,600	12,425	2,825
<i>Total Revenues</i>	3,521,906	3,521,906	3,495,376	(26,530)
<b>EXPENDITURES</b>				
Personal services	1,282,452	1,282,452	1,172,688	109,764
Materials and services	925,040	925,040	885,257	39,783
Debt service				
Principal	698,544	698,544	698,544	-
Interest	457,554	457,554	457,554	-
Contingency	110,375	110,375	-	110,375
<i>Total Expenditures</i>	3,473,965	3,473,965	3,214,043	259,922
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	47,941	47,941	281,333	233,392
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(32,391)	(32,391)	(32,391)	-
Gain (loss) on sale of assets	-	-	2,279	2,279
<i>Total Other Financing Sources (Uses)</i>	(32,391)	(32,391)	(30,112)	2,279
<b>NET CHANGE IN FUND BALANCE</b>	15,550	15,550	251,221	235,671
<b>FUND BALANCE, beginning of year</b>	1,858,000	1,858,000	1,942,866	84,866
<b>FUND BALANCE, end of year</b>	\$ 1,873,550	\$ 1,873,550	\$ 2,194,087	\$ 320,537

**CITY OF WOODBURN, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL - SEWER FUND  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services	\$ 7,751,933	\$ 7,751,933	\$ 8,169,544	\$ 417,611
Miscellaneous	2,000	2,000	769	(1,231)
Interest earnings	29,000	29,000	38,865	9,865
<i>Total Revenues</i>	<u>7,782,933</u>	<u>7,782,933</u>	<u>8,209,178</u>	<u>426,245</u>
<b>EXPENDITURES</b>				
Personal services	1,808,295	1,808,295	1,597,277	211,018
Materials and services	2,356,766	2,356,766	2,082,040	274,726
Debt service				
Principal	2,490,000	2,490,000	2,478,685	11,315
Interest	890,064	890,064	901,378	(11,314)
Contingency	208,253	208,253	-	208,253
<i>Total Expenditures</i>	<u>7,753,378</u>	<u>7,753,378</u>	<u>7,059,380</u>	<u>693,998</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	29,555	29,555	1,149,798	1,120,243
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(826,142)	(826,142)	(177,925)	648,217
<b>NET CHANGE IN FUND BALANCE</b>	(796,587)	(796,587)	971,873	1,768,460
<b>FUND BALANCE, beginning of year</b>	<u>4,744,000</u>	<u>4,744,000</u>	<u>5,869,126</u>	<u>1,125,126</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 3,947,413</u>	<u>\$ 3,947,413</u>	<u>\$ 6,840,999</u>	<u>\$ 2,893,586</u>

**CITY OF WOODBURN, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL – SEWER CAPITAL CONSTRUCTION FUND  
YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Interest earnings	\$ 65,000	\$ 65,000	\$ 79,424	\$ 14,424
<b>EXPENDITURES</b>				
Materials and services	-	1,000	785	215
Capital outlay	6,173,000	6,172,000	288,939	5,883,061
<i>Total Expenditures</i>	<u>6,173,000</u>	<u>6,173,000</u>	<u>289,724</u>	<u>5,883,276</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(6,108,000)	(6,108,000)	(210,300)	5,898,051
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>1,205,000</u>	<u>1,205,000</u>	<u>31,783</u>	<u>(1,173,217)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,903,000)	(4,903,000)	(178,517)	4,724,834
<b>FUND BALANCE, beginning of year</b>	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,616,103</u>	<u>616,103</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 7,097,000</u>	<u>\$ 7,097,000</u>	<u>\$ 12,437,586</u>	<u>\$ 5,340,937</u>

**CITY OF WOODBURN, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL - WATER SDC FUND  
YEAR ENDED JUNE 30, 2016**

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	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 100,000	\$ 100,000	\$ 108,440	\$ 8,440
Interest earnings	5,000	5,000	7,166	2,166
<i>Total Revenues</i>	105,000	105,000	115,606	10,606
<b>EXPENDITURES</b>				
Materials and services	100,000	100,000	-	100,000
<b>NET CHANGE IN FUND BALANCE</b>	5,000	5,000	115,606	110,606
<b>FUND BALANCE, beginning of year</b>	1,000,000	1,000,000	1,057,880	57,880
<b>FUND BALANCE, end of year</b>	<u>\$ 1,005,000</u>	<u>\$ 1,005,000</u>	<u>\$ 1,173,486</u>	<u>\$ 168,486</u>

**CITY OF WOODBURN, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL - SEWER SDC FUND  
YEAR ENDED JUNE 30, 2016**

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	<u>Budget Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Licenses and permits	\$ 150,000	\$ 150,000	\$ 173,375	\$ 23,375
Interest earnings	4,000	4,000	6,464	2,464
<i>Total Revenues</i>	154,000	154,000	179,839	25,839
<b>EXPENDITURES</b>	-	-	-	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	154,000	154,000	179,839	25,839
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(500,000)	(500,000)	-	500,000
<b>NET CHANGE IN FUND BALANCE</b>	(346,000)	(346,000)	179,839	525,839
<b>FUND BALANCE, beginning of year</b>	850,000	850,000	906,465	56,465
<b>FUND BALANCE, end of year</b>	<u>\$ 504,000</u>	<u>\$ 504,000</u>	<u>\$ 1,086,304</u>	<u>\$ 582,304</u>

**CITY OF WOODBURN, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL – WATER CAPITAL CONSTRUCTION FUND  
YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Interest earnings	\$ 14,000	\$ 14,000	\$ 14,723	\$ 723
<b>EXPENDITURES</b>				
Materials and services	-	1,000	718	282
Capital outlay	1,089,000	1,088,000	443,245	644,755
<i>Total Expenditures</i>	<u>1,089,000</u>	<u>1,089,000</u>	<u>443,963</u>	<u>645,037</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(1,075,000)	(1,075,000)	(429,240)	645,760
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>40,874</u>	<u>40,874</u>	<u>40,874</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,034,126)	(1,034,126)	(388,366)	645,760
<b>FUND BALANCE, beginning of year</b>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,424,383</u>	<u>424,383</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 965,874</u>	<u>\$ 965,874</u>	<u>\$ 2,036,017</u>	<u>\$ 1,070,143</u>

**CITY OF WOODBURN, OREGON**  
**COMBINING STATEMENT OF FUND NET POSITION - INTERNAL SERVICE FUNDS**  
**JUNE 30, 2016**

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	<u>Information Services</u>	<u>Insurance</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and investments	\$ 160,107	\$ 196,395	\$ 356,502
Accounts receivable	21,420	1,865	23,285
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	181,527	198,260	379,787
<b>DEFERRED OUTFLOWS</b>			
Deferred outflows - contributions to PERS	47,291	6,288	53,579
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	1,342	88,198	89,540
Accrued payroll liabilities	27,330	2,612	29,942
	<hr/>	<hr/>	<hr/>
<i>Total Current Liabilities</i>	28,672	90,810	119,482
<b>Noncurrent Liabilities</b>			
Net pension liability	206,224	27,418	233,642
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	234,896	118,228	353,124
<b>DEFERRED INFLOWS</b>			
Net projected to actual earnings - PERS	52,976	7,043	60,019
	<hr/>	<hr/>	<hr/>
<b>NET POSITION:</b>			
Unrestricted	\$ (59,054)	\$ 79,277	\$ 20,223
	<hr/>	<hr/>	<hr/>

**CITY OF WOODBURN, OREGON****COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2016**

	<b><i>Information Services</i></b>	<b><i>Insurance</i></b>	<b><i>Total</i></b>
<b><i>OPERATING REVENUES</i></b>			
Charges for services	\$ 835,308	\$ 658,065	\$ 1,493,373
Miscellaneous	1,502	7,921	9,423
<i>Total Operating Revenues</i>	836,810	665,986	1,502,796
<b><i>OPERATING EXPENSES</i></b>			
Personal services	524,760	69,907	594,667
Materials and services	436,778	788,302	1,225,080
<i>Total Expenses</i>	961,538	858,209	1,819,747
<b><i>OPERATING INCOME (LOSS)</i></b>	(124,728)	(192,223)	(316,951)
<b><i>NONOPERATING REVENUES (EXPENSES)</i></b>			
Investment revenue	2,467	2,459	4,926
<b><i>NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</i></b>	(122,261)	(189,764)	(312,025)
Transfers in	57,529	-	57,529
Non-cash transfers out	(108,155)	-	(108,155)
<b><i>CHANGE IN NET POSITION</i></b>	(172,887)	(189,764)	(362,651)
<b><i>NET POSITION, beginning of year</i></b>	113,833	269,041	382,874
<b><i>NET POSITION (Deficit), end of year</i></b>	\$ (59,054)	\$ 79,277	\$ 20,223

**CITY OF WOODBURN, OREGON**  
**COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	<u>Information Services</u>	<u>Insurance</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Collected from customers	\$ 815,390	\$ 687,980	\$ 1,503,370
Paid to suppliers	(438,803)	(775,189)	(1,213,992)
Paid to employees	(344,643)	(44,848)	(389,491)
<i>Net Cash Provided by (Used in) Operating Activities</i>	31,944	(132,057)	(100,113)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers in	57,529	-	57,529
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	2,467	2,459	4,926
<i>Increase (Decrease) in Cash and Investments</i>	(16,215)	(129,598)	(145,813)
<b>CASH AND INVESTMENTS, Beginning of year</b>	176,322	325,993	502,315
<b>CASH AND INVESTMENTS, End of year</b>	<u>\$ 160,107</u>	<u>\$ 196,395</u>	<u>\$ 356,502</u>
<b>RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (124,728)	\$ (192,223)	\$ (316,951)
<i>Change in assets and liabilities</i>			
Accounts receivable	(21,420)	21,994	574
Deferred outflows	(19,045)	(4,196)	(23,241)
Accounts payable and accrued liabilities	3,847	12,789	16,636
Net pension liability	276,292	32,608	308,900
Deferred inflows	(83,002)	(3,029)	(86,031)
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$ 31,944</u>	<u>\$ (132,057)</u>	<u>\$ (100,113)</u>
<b>Noncash Transactions</b>			
Transfer of capital assets	<u>\$ (108,155)</u>	<u>\$ -</u>	<u>\$ (108,155)</u>

**CITY OF WOODBURN, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
(NON-GAAP BASIS) – INFORMATION SERVICES FUND  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services	\$ 821,591	\$ 821,591	\$ 835,308	\$ 13,717
Miscellaneous	-	-	1,502	1,502
Interest earnings	2,000	2,000	2,467	467
<i>Total Revenues</i>	823,591	823,591	839,277	15,686
<b>EXPENDITURES</b>				
Personal services	362,559	362,559	345,817	16,742
Materials and services	442,551	442,551	436,778	5,773
Capital outlay	117,529	117,529	108,155	9,374
Contingency	28,481	28,481	-	28,481
<i>Total Expenditures</i>	951,120	951,120	890,750	60,370
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(127,529)	(127,529)	(51,473)	76,056
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	57,529	57,529	57,529	-
<b>NET CHANGE IN FUND BALANCE</b>	(70,000)	(70,000)	6,056	76,056
<b>FUND BALANCE, beginning of year</b>	70,000	70,000	160,392	90,392
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 166,448	\$ 166,448

**CITY OF WOODBURN, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
(NON-GAAP BASIS) – INSURANCE FUND  
YEAR ENDED JUNE 30, 2016**

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	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 655,738	\$ 655,738	658,065	\$ 2,327
Miscellaneous	1,000	1,000	7,921	6,921
Interest earnings	2,500	2,500	2,459	(41)
<i>Total Revenues</i>	<u>659,238</u>	<u>659,238</u>	<u>668,445</u>	<u>9,207</u>
<b>EXPENDITURES</b>				
Personal services	45,231	45,231	44,407	824
Materials and services	592,815	817,815	788,302	29,513
Contingency	271,192	46,192	-	46,192
<i>Total Expenditures</i>	<u>909,238</u>	<u>909,238</u>	<u>832,709</u>	<u>76,529</u>
<b>NET CHANGE IN FUND BALANCE</b>	(250,000)	(250,000)	(164,264)	85,736
<b>FUND BALANCE, beginning of year</b>	<u>250,000</u>	<u>250,000</u>	<u>273,014</u>	<u>23,014</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,750</u>	<u>\$ 108,750</u>

***COMPLIANCE SECTION***



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS***

Honorable Mayor and Council Members  
City of Woodburn  
270 Montgomery Street  
Woodburn, Oregon 97071

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Woodburn as of and for the year ended June 30, 2016, and have issued our report thereon dated November 8, 2016.

#### ***Compliance and Other Matters***

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

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials – no money was collected or received by elected officials.**

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

***Internal Control Over Financial Reporting***

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

***Restriction on Use***

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

*GROVE, MUELLER & SWANK, P.C.*  
*CERTIFIED PUBLIC ACCOUNTANTS*

By:   
Ryan T. Pasquarella, A Shareholder  
November 8, 2016