CITY OF WOODBURN, OREGON

Annual Financial Report
Year Ended June 30, 2015

MAYOR AND COUNCIL MEMBERS

Name	***Term Expires***
Mayor	
Kathryn Figley	December 31, 2016
Council Members	
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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in notes to the financial statements, the City adopted the accounting requirements of Governmental Accounting Standards Board Statements No. 68, Accounting and Financial Reporting for Pensions, and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, which resulted in the restatement of the beginning balances for the year ended June 30, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 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 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 and PERS 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 and PERS schedules 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 and PERS schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information and schedule of expenditures of federal awards are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The supplementary information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, or other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementaryinformation and schedule of expenditures of federal awards are fairly presented, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards and Other Legal and Regulatory Requirements

Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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 3, 2015, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

By:_____
Ryan T. Pasquarella, A Shareholder
November 3, 2015

CITY OF WOODBURN
Year Ended June 30, 2015

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, 2015. 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, 2015.

	June 30,		
	2015	***2014***	***change***
Net position	$ 118,762,677	$ 111,648,478	$ 7,114,199
Change in net position	7,114,199	2,600,682	4,513,517
Governmental activities net position	72,778,222	68,962,107	3,816,115
Business-type activities fund net position	45,984,455	42,686,371	3,298,084
Change in governmental net position	3,816,115	1,247,621	2,568,494
Change in proprietary fund net position	3,298,084	1,353,061	1,945,023

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, liabilities and activities of the City. The measurement focus and basis of accounting are the same for the entire entity. 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 and liabilities, with the difference between the two 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 general 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, Street Fund and Street SDC 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 $173,941,681 in total assets, $1,046,147 in total deferred outflows, $51,188,927 in total liabilities and $5,036,224 in total deferred inflows, resulting in combined net position of $118,762,677 for governmental and business-type activities. The largest component of the City's net position reflects its 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, increased $4,270,261 over the prior year due primarily from the completion of the Woodburn Interchange Project.

Business-type capital assets, net of depreciation decreased $1,704,877 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 $5,867,622 from the prior year mainly due to scheduled debt repayments.

Overall, the City's financial position changed by $7,114,199 (or 6%). 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. This pronouncement included a restatement of the beginning net position for the fiscal year and 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.

	2015			*2014*			*Change*		
	Governmental Activities	*Business-type Activities*	*Total*	*Governmental Activities*	*Business-type Activities*	*Total*	*Governmental Activities*	*Business-type Activities*	*Total*
Cash and investments	$ 19,129,639	$ 24,363,529	$ 43,493,168	$ 18,797,617	$ 23,502,819	$ 42,300,436	$ 332,022	$ 860,710	$ 1,192,732
Other assets	4,141,747	1,392,416	5,534,163	2,102,248	930,949	3,033,197	2,039,499	461,467	2,500,966
Capital assets	63,828,616	61,085,734	124,914,350	59,558,355	62,790,610	122,348,965	4,270,261	(1,704,876)	2,565,385
Total Assets	87,100,002	86,841,679	173,941,681	80,458,220	87,224,378	167,682,598	6,641,782	(382,699)	6,259,083
Deferred outflows	864,117	182,030	1,046,147	844,526	177,903	1,022,429	19,591	4,127	23,718
Other liabilities	5,799,592	956,381	6,755,973	6,419,608	1,940,396	8,360,004	(620,016)	(984,015)	(1,604,031)
Long-term debt	5,226,383	39,206,571	44,432,954	5,921,031	42,775,514	48,696,545	(694,648)	(3,568,943)	(4,263,591)
Total Liabilities	11,025,975	40,162,952	51,188,927	12,340,639	44,715,910	57,056,549	(1,314,664)	(4,552,958)	(5,867,622)
Deferred inflows	4,159,922	876,302	5,036,224	-	-	-	4,159,922	876,302	5,036,224
Net position:									
Net investment in capital assets	59,266,063	21,979,780	81,245,843	54,411,373	19,881,340	74,292,713	4,854,690	2,098,440	6,953,130
Restricted	8,929,025	16,841,111	25,770,136	11,523,032	16,803,170	28,326,202	(2,594,007)	37,941	(2,556,066)
Unrestricted	4,583,134	7,163,564	11,746,698	3,027,702	6,001,861	9,029,563	1,555,432	1,161,703	2,717,135
Total Net Position	$ 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

Governmental Activities

The City’s net position from governmental activities increased $3,816,115 (6%) from 2013-14 to 2014-15.

Business-type Activities

The City's net position from business-type activities increased $3,298,084 (8%) from 2013-14 to 2014-15.

Statement of Activities

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

	2015			*2014*			*Change*		
	Governmental Activities	*Business-type Activities*	*Total*	*Governmental Activities*	*Business-type Activities*	*Total*	*Governmental Activities*	*Business-type Activities*	*Total*
Revenues									
Program Revenues									
Charges for service	$ 1,944,279	$ 11,259,263	$ 13,203,542	$ 2,101,267	$ 10,646,521	$ 12,747,788	$ (156,988)	$ 612,742	$ 455,754
Operating grants and contributions	1,993,925	-	1,993,925	1,915,475	-	1,915,475	78,450	-	78,450
Capital grants and contributions	1,286,163	310,272	1,596,435	885,093	446,971	1,332,064	401,070	(136,699)	264,371
Total Program Revenues	5,224,367	11,569,535	16,793,902	4,901,835	11,093,492	15,995,327	322,532	476,043	798,575
General Revenues									
Property taxes	8,836,939	-	8,836,939	8,234,481	-	8,234,481	602,458	-	602,458
Franchise taxes	1,539,926	-	1,539,926	1,500,730	-	1,500,730	39,196	-	39,196
Other taxes	437,339	-	437,339	454,363	-	454,363	(17,024)	-	(17,024)
Intergovernmental	655,575	-	655,575	633,530	-	633,530	22,045	-	22,045
Other	128,240	190,449	318,689	144,342	(522,180)	(377,838)	(16,102)	712,629	696,527
Total General Revenues	11,598,019	190,449	11,788,468	10,967,446	(522,180)	10,445,266	630,573	712,629	1,343,202
Total Revenues	16,822,386	11,759,984	28,582,370	15,869,281	10,571,312	26,440,593	953,105	1,188,672	2,141,777
Expenses									
General government	3,058,648	-	3,058,648	2,646,552	-	2,646,552	412,096	-	412,096
Public safety	5,662,660	-	5,662,660	6,608,391	-	6,608,391	(945,731)	-	(945,731)
Highways and streets	1,976,022	-	1,976,022	2,273,271	-	2,273,271	(297,249)	-	(297,249)
Culture and recreation	2,784,248	-	2,784,248	3,530,783	-	3,530,783	(746,535)	-	(746,535)
Interest on long-term debt	204,905	-	204,905	226,504	-	226,504	(21,599)	-	(21,599)
Water	-	2,478,695	2,478,695	-	2,792,818	2,792,818	-	(314,123)	(314,123)
Sewer	-	5,302,993	5,302,993	-	5,761,592	5,761,592	-	(458,599)	(458,599)
Total Expenses	13,686,483	7,781,688	21,468,171	15,285,501	8,554,410	23,839,911	(1,599,018)	(772,722)	(2,371,740)
Changes in Net Position Before Transfers	3,135,903	3,978,296	7,114,199	583,780	2,016,902	2,600,682	2,552,123	1,961,394	4,513,517
Transfers	680,212	(680,212)	-	663,841	(663,841)	-	16,371	(16,371)	-
Change in Net Position	3,816,115	3,298,084	7,114,199	1,247,621	1,353,061	2,600,682	2,568,494	1,945,023	4,513,517
									-
Beginning Net Position, as adjusted	68,962,107	42,686,371	111,648,478	67,714,486	41,333,310	109,047,796	1,247,621	1,353,061	2,600,682
Ending Net Position	$ 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

Governmental Activities. Total revenues for the City's governmental activities were $16,822,386 for the fiscal year ended June 30, 2015. Approximately 53% of the total revenue for the governmental activities was derived from property taxes and approximately 31% of the total revenue was from program revenues. Total expenses for governmental activities were $13,686,483 and net transfers in were $680,212 resulting in a $3,816,115 increase in net position. General governmental activities accounted for approximately 22% of the total governmental activities expense. Public Safety, Culture and Recreation and Highways and Streets expenses account for 76% of the total, and interest on long-term debt was 2% of total governmental activities expenses.

Business-Type Activities. Revenues of business-type activities totaled $11,759,984 for the current fiscal year. These activities generated $11,569,535 in program revenues, and $190,449 in interest earnings and miscellaneous revenues. The total expenses for business-type activities were $7,781,688 and net transfers out were $680,212 resulting in a $3,298,084 increase in net position. Business-type activities for the City of Woodburn consist of operations for water and sewer 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 $13,587,795 of fund balance of the governmental funds, a decrease of $3,774,617 from the prior year. The City's governmental funds include the General Fund, Street and Street SDC funds, 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 $4,160,548 was reported by the General Fund. The fund balance increased by $582,776 from the previous year due to increases in property taxes, franchise fees, charges for services and fines and forfeitures, along with a decrease in miscellaneous revenues, as well as an increase in police expenditures, and new departments for engineering and maintenance previously reported in internal service funds.

The City reports two other major governmental funds, the Street Fund and the Street SDC Fund. The Street Fund had a fund balance of $2,950,714, an increase of $200,877 from the previous year, due mainly to revenues in excess of an increase in street maintenance expenditures. The Street SDC Fund had a fund balance of $2,524,369, a decrease of $3,895,325 from the previous year, due mainly to an increase in capital outlay. There was also a prior period adjustment increasing net position by $1,064,896 due to an interfund loan.

Proprietary Funds. Net position of the proprietary funds equaled $45,984,455 at the end of the current fiscal year, an increase of $3,298,084 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 $600,275, an increase of $728,510 from previous year, due to an increase in charges for services and a decrease personal services expenses. There was also a prior period adjustment in the Water Fund reducing beginning net position by $322,945. The Sewer Fund had a net position of $22,062,784, an increase of $2,182,501 from previous year, due to the combination of an increase in charges for services and an increase in materials and services, coupled with a decrease in personal services and debt service expenses. There were also prior period adjustments in the Sewer Fund reducing beginning net position by $308,517. The Sewer Capital Construction Fund had a net position of $16,538,180, an increase of $50,493 from the previous year, due to a prior year loss on disposition of assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was amended to increase court revenues by $30,000 and recreation revenues by $20,000. The amendment also increased planning, municipal court, recreation, administration, and police by a total of $122,500, decreased contingency by $92,500 and increased transfers out by $20,000. Actual revenues (budgetary basis), exceeded budgeted amounts by 4%. General Fund expenditures ended $2,931,264 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 $63,828,616 and $61,085,734 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.

	Governmental Activities		Business-type Activiites		Total	
	2015	2014	2015	2014	2015	2014
Land	$ 22,567,381	$ 22,567,381	$ 1,783,816	$ 1,783,816	$ 24,351,197	$ 24,351,197
Construction in progress	6,197,878	1,287,569	4,841,877	4,319,096	11,039,755	5,606,665
Buildings	16,593,555	16,593,555	62,634,628	62,587,863	79,228,183	79,181,418
Equipment	6,752,476	6,101,779	2,361,602	2,361,602	9,114,078	8,463,381
Infrastructure	38,891,615	38,727,993	28,775,570	28,771,320	67,667,185	67,499,313
Accumulated depreciation	(27,174,289)	(25,719,922)	(39,311,759)	(37,033,087)	(66,486,048)	(62,753,009)
Net capital assets	$ 63,828,616	$ 59,558,355	$ 61,085,734	$ 62,790,610	$ 124,914,350	$ 122,348,965

Long-term Debt. At the end of the current fiscal year, long-term debt outstanding for the governmental activities totaled $5,226,383, compared to $5,921,031in the prior year. For the business-type activities, total long-term debt equaled $39,206,571 compared to $42,775,515 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.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	$ 4,410,000	$ 4,745,000	$ -	$ -	$ 4,410,000	$ 4,745,000
URA bonds	56,338	275,872	-	-	56,338	275,872
Loans	96,215	126,110	4,813,265	5,194,240	4,909,480	5,320,350
Revenue bonds	-	-	32,082,220	35,126,768	32,082,220	35,126,768
Bond premium	-	-	2,210,469	2,348,623	2,210,469	2,348,623
Accrued compensated absences	663,830	774,049	100,617	105,884	764,447	879,933
	$ 5,226,383	$ 5,921,031	$ 39,206,571	$ 42,775,515	$ 44,432,954	$ 48,696,546

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, 2015

	Governmental Activities	***Business-type Activities***	***Totals***
ASSETS			
Cash and investments	$ 19,129,639	$ 24,363,529	$ 43,493,168
Accounts receivable	632,155	900,720	1,532,875
Property taxes receivable	550,599	-	550,599
Assessment liens receivable	51,434	-	51,434
Loans receivable	802,662	-	802,662
Prepaid expenses	1,467	-	1,467
Internal balances	(40,144)	40,144	-
Net pension asset	2,143,574	451,552	2,595,126
Non-depreciable capital assets	28,765,259	6,625,693	35,390,952
Other capital assets, net of depreciation	35,063,357	54,460,041	89,523,398
Total Assets	87,100,002	86,841,679	173,941,681
DEFERRED OUTFLOWS			
Deferred outflows - contributions to PERS	864,117	182,030	1,046,147
LIABILITIES			
Accounts payable	5,022,426	185,945	5,208,371
Accrued payroll liabilities	746,304	188,391	934,695
Deposits payable	13,726	107,735	121,461
Interest payable	17,136	474,310	491,446
Noncurrent liabilities:			
Due within one year:			
Long-term debt	436,479	3,177,229	3,613,708
Bond premium	-	138,154	138,154
Due in more than one year:			
Long-term debt	4,126,074	33,718,256	37,844,330
Bond premium	-	2,072,315	2,072,315
Accrued compensated absenses	663,830	100,617	764,447
Total Liabilities	11,025,975	40,162,952	51,188,927
DEFERRED INFLOWS			
Net projected to actual earnings to PERS	4,159,922	876,302	5,036,224
NET POSITION			
Net investment in capital assets	59,266,063	21,979,780	81,245,843
Restricted for:			
Debt service	107,109	-	107,109
Culture and recreation	206,197	-	206,197
Community development	2,261,373	-	2,261,373
Construction	6,354,346	16,841,111	23,195,457
Unrestricted	4,583,134	7,163,564	11,746,698
Total Net Position	$ 72,778,222	$ 45,984,455	$ 118,762,677

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

CITY OF WOODBURN, OREGON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

		Program Revenues		
	Expenses	***Fees, Fines and Charges for Services***	***Operating Grants and Contributions***	***Capital Grants and Contributions***
FUNCTIONS/PROGRAMS				
Governmental activities:				
General government	$ 3,058,648	$ 649,703	$ -	$ -
Public safety	5,662,660	716,467	12,721	1,000
Highways and streets	1,976,022	6,188	1,409,311	449,943
Culture and recreation	2,784,248	571,921	571,893	835,220
Interest on long-term debt	204,905	-	-	-
Total Governmental activities	13,686,483	1,944,279	1,993,925	1,286,163
Business-type activities:				
Water	2,478,694	3,277,605	-	125,635
Sewer	5,302,994	7,981,658	-	184,637
Total Business-type activities	7,781,688	11,259,263	-	310,272
Total Activities	$ 21,468,171	$ 13,203,542	$ 1,993,925	$ 1,596,435
General Revenues:				
Property taxes				
Franchise taxes				
Other taxes				
Intergovernmental				
Unrestricted investment earnings				
Miscellaneous				
Total General Revenues				
Transfers				
Change in Net Position				
Net Position - beginning of year, as originally reported				
Restatement				
Net Position - beginning of year, as restated				
Net Position - end of year				

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	***Business-type Activities***	***Totals***
$ (2,408,945)	$ -	$ (2,408,945)
(4,932,472)	-	(4,932,472)
(110,580)	-	(110,580)
(805,214)	-	(805,214)
(204,905)	-	(204,905)
(8,462,116)	-	(8,462,116)
-	924,546	924,546
-	2,863,301	2,863,301
-	3,787,847	3,787,847
(8,462,116)	3,787,847	(4,674,269)
8,836,939	-	8,836,939
1,539,926	-	1,539,926
437,339	-	437,339
655,575	-	655,575
99,620	122,988	222,608
28,620	67,461	96,081
11,598,019	190,449	11,788,468
680,212	(680,212)	-
3,816,115	3,298,084	7,114,199
72,943,496	43,317,833	116,261,329
(3,981,389)	(631,462)	(4,612,851)
68,962,107	42,686,371	111,648,478
$ 72,778,222	$ 45,984,455	$ 118,762,677

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

CITY OF WOODBURN, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

			Special Revenue		***Capital Projects***	
		General		***Street***		***Street SDC***
ASSETS						
Cash and investments	$	4,716,718	$	3,229,416	$	5,638,152
Accounts receivable		297,592		139,257		-
Property taxes receivable		480,365		-		-
Assessment liens receivable		-		-		-
Loans receivable		-		-		28,256
Prepaid expenses		1,467		-		-
Due from other funds		-		-		1,179,932
Total Assets	$	5,496,142	$	3,368,673	$	6,846,340
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities						
Accounts payable	$	125,945	$	381,869	$	4,293,715
Accrued payroll and payroll liabilities		635,548		36,090		-
Due to other funds		155,179		-		-
Total Liabilities		916,672		417,959		4,293,715
Deferred Inflows						
Unavailable revenue		418,922		-		28,256
Fund Balance						
Non-spendable		1,467		-		-
Restricted for:						
Debt service		-		-		-
Construction		-		2,950,714		2,524,369
Culture and recreation		-		-		-
Community development		-		-		-
Committed to:						
Public safety		-		-		-
Capital outlay		-		-		-
Unassigned		4,159,081		-		-
Total Fund Balance		4,160,548		2,950,714		2,524,369
Total Liabilities and Fund Balance	$	5,496,142	$	3,368,673	$	6,846,340

Other Governmental Funds	Total
$ 5,043,038	$ 18,627,324
171,447	608,296
70,234	550,599
51,434	51,434
774,406	802,662
-	1,467
-	1,179,932
$ 6,110,559	$ 21,821,714

$ 156,170	$ 4,957,699
50,272	721,910
1,064,896	1,220,075
1,271,338	6,899,684
887,057	1,334,235
-	1,467
107,109	107,109
834,351	6,309,434
206,197	206,197
1,469,956	1,469,956
6,960	6,960
1,340,829	1,340,829
(13,238)	4,145,843
3,952,164	13,587,795
$ 6,110,559	$ 21,821,714

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, 2015

Fund Balances	$ 13,587,795
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.	1,334,235
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 asset	2,068,315
Deferred outflows	833,779
Deferred inflows	(4,013,871)
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.	
Cost	91,002,905
Accumulated depreciation	(27,174,289)
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	(570,781)
Accrued interest	(17,136)
Long-term debt	(4,562,553)
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.	382,874
Internal service fund transfers	(93,051)
Net Position of Governmental Activities	$ 72,778,222

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

CITY OF WOODBURN, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

		Special Revenue	***Capital Projects***
	General Fund	***Street***	***Street SDC***
REVENUES			
Taxes and assessments	$ 8,099,893	$ 102,517	$ -
Licenses and permits	1,898,302	168	440,595
Charges for services	969,588	336,707	-
Intergovernmental	786,910	1,409,311	-
Fines and forfeitures	673,377	-	-
Miscellaneous	147,517	172,003	27,695
Total Revenues	12,575,587	2,020,706	468,290
EXPENDITURES			
Current			
General government	2,557,455	-	-
Public safety	6,794,410	-	-
Highways and streets	-	2,005,328	-
Culture and recreation	2,246,343	-	-
Debt Service			
Principal	-	-	29,895
Interest	-	-	6,373
Capital outlay	-	-	4,293,715
Total Expenditures	11,598,208	2,005,328	4,329,983
REVENUES OVER (UNDER) EXPENDITURES	977,379	15,378	(3,861,693)
OTHER FINANCING SOURCES (USES)			
Transfers in	21,901	220,000	3,025
Transfers out	(416,504)	(34,501)	(36,657)
Total Other Financing Sources (Uses)	(394,603)	185,499	(33,632)
NET CHANGE IN FUND BALANCE	582,776	200,877	(3,895,325)
FUND BALANCE, beginning of year, as originally stated	3,577,772	2,749,837	5,354,798
Prior period adjustment	-	-	1,064,896
FUND BALANCE, beginning of year, restated	3,577,772	2,749,837	6,419,694
FUND BALANCE, end of year	$ 4,160,548	$ 2,950,714	$ 2,524,369

Other Governmental Funds	Total
$ 1,127,310	$ 9,329,720
785,739	3,124,804
44,807	1,351,102
1,175,665	3,371,886
-	673,377
106,925	454,140
3,240,446	18,305,029
607,160	3,164,615
-	6,794,410
-	2,005,328
2,034,358	4,280,701
554,534	584,429
200,459	206,832
780,215	5,073,930
4,176,726	22,110,245
(936,280)	(3,805,216)
608,932	853,858
(335,597)	(823,259)
273,335	30,599
(662,945)	(3,774,617)
5,680,005	17,362,412
(1,064,896)	-
4,615,109	17,362,412
$ 3,952,164	$ 13,587,795

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, 2015

Net Change in Fund Balances - Total Governmental Funds	$ (3,774,617)
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	(50,351)
Increases in other loans receivable	(70,645)
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	10,750
Accrued interest payable	1,926
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	5,724,628
Depreciation	(1,454,367)
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	584,429
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.	2,729,829
Net income of internal service funds	114,533
Change in Net Position of Governmental Activities	$ 3,816,115

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

CITY OF WOODBURN, OREGON
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2015

	Water	***Sewer***	***Sewer Capital Construction***
ASSETS			
Current Assets			
Cash and investments	$ 1,924,388	$ 5,407,102	$ 12,632,714
Accounts receivable	211,469	639,037	1,660
Due from other funds	-	-	-
Total Current Assets	2,135,857	6,046,139	12,634,374
Noncurrent Assets			
Nondepreciable capital assets	158,444	1,625,372	3,098,997
Other capital assets, net of depreciation	9,447,701	43,693,185	823,079
Net pension asset	173,874	277,678	-
Total Noncurrent Assets	9,780,019	45,596,235	3,922,076
Total Assets	11,915,876	51,642,374	16,556,450
DEFERRED OUTFLOWS			
Deferred outflows - contributions to PERS	70,092	111,938	-
LIABILITIES			
Current Liabilities			
Accounts payable	38,921	110,099	18,270
Accrued payroll liabilities	77,704	110,687	-
Deposits payable	107,735	-	-
Accrued interest payable	254,842	219,468	-
Due to other funds	37,446	37,446	-
Current portion of long-term liabilities			
Long-term debt	698,544	2,478,685	-
Bond premiums	-	138,154	-
Total Current Liabilities	1,215,192	3,094,539	18,270
Noncurrent Liabilities			
Long-term debt	9,790,537	23,927,719	-
Bond premiums	-	2,072,315	-
Accrued compensated absences	42,538	58,079	-
Total Noncurrent Liabilities	9,833,075	26,058,113	-
Total Liabilities	11,048,267	29,152,652	18,270
DEFERRED INFLOWS			
Net projected to actual earnings to PERS	337,426	538,876	-
NET POSITION:			
Net investment in capital assets	(882,936)	16,839,838	3,922,076
Restricted for:			
Construction	-	-	12,296,851
Unrestricted	1,483,211	5,222,946	319,253
Total Net Position	$ 600,275	$ 22,062,784	$ 16,538,180

Other Business-type Funds	Total	Governmental Activities Internal Service
$ 4,399,325	$ 24,363,529	$ 502,315
48,554	900,720	23,859
115,036	115,036	-
4,562,915	25,379,285	526,174
1,742,880	6,625,693	-
496,076	54,460,041	-
-	451,552	75,258
2,238,956	61,537,286	75,258
6,801,871	86,916,571	601,432
-	182,030	30,338
18,655	185,945	78,452
-	188,391	24,394
-	107,735	-
-	474,310	-
-	74,892	-
-	3,177,229	-
-	138,154	-
18,655	4,346,656	102,846
-	33,718,256	-
-	2,072,315	-
-	100,617	-
-	35,891,188	-
18,655	40,237,844	102,846
-	876,302	146,050
2,238,956	22,117,934	-
4,544,260	16,841,111	-
-	7,025,410	382,874
$ 6,783,216	$ 45,984,455	$ 382,874

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, 2015

	Water	***Sewer***
OPERATING REVENUES		
Charges for services	$ 3,277,605	$ 7,981,658
Miscellaneous	67,332	129
Total Operating Revenues	3,344,937	7,981,787
OPERATING EXPENSES		
Personal services	939,095	1,297,077
Materials and services	677,823	1,304,738
Depreciation	360,605	1,822,087
Total Operating Expenses	1,977,523	4,423,902
OPERATING INCOME (LOSS)	1,367,414	3,557,885
NONOPERATING REVENUES (EXPENSES)		
Investment revenue	9,078	27,300
Amortization of bond premiums	-	138,154
Interest expense	(470,103)	(952,334)
Total Nonoperating Revenues (Expenses)	(461,025)	(786,880)
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	906,389	2,771,005
Capital contributions	-	-
Transfers in	-	-
Transfers out	(177,879)	(588,504)
Non-cash transfers out	-	-
CHANGE IN NET POSITION	728,510	2,182,501
NET POSITION, beginning of year	194,710	20,188,800
Restatement	(322,945)	(308,517)
NET POSITION, beginning of year as restated	(128,235)	19,880,283
NET POSITION, end of year	$ 600,275	$ 22,062,784

Sewer Capital Construction	Other Business-type Funds	Total	Governmental Activities Internal Service
$ -	$ -	$ 11,259,263	$ 1,326,699
-	-	67,461	45,016
-	-	11,326,724	1,371,715
-	-	2,236,172	279,336
-	-	1,982,561	1,045,799
64,912	31,068	2,278,672	-
64,912	31,068	6,497,405	1,325,135
(64,912)	(31,068)	4,829,319	46,580
63,993	22,617	122,988	4,138
-	-	138,154	-
-	-	(1,422,437)	-
63,993	22,617	(1,161,295)	4,138
(919)	(8,451)	3,668,024	50,718
-	310,272	310,272	-
57,239	34,759	91,998	156,998
-	-	(766,383)	-
(5,827)	-	(5,827)	(93,183)
50,493	336,580	3,298,084	114,533
16,487,687	6,446,636	43,317,833	408,124
-	-	(631,462)	(139,783)
16,487,687	6,446,636	42,686,371	268,341
$ 16,538,180	$ 6,783,216	$ 45,984,455	$ 382,874

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, 2015

	Water	***Sewer***
CASH FLOWS FROM OPERATING ACTIVITIES		
Collected from customers	$ 3,321,760	$ 7,932,784
Paid to suppliers	(672,845)	(1,251,347)
Paid to employees	(1,167,260)	(1,652,871)
Net Cash Provided by (Used in) Operating Activities	1,481,655	5,028,566
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in	-	-
Transfers out	(190,217)	(600,842)
Net Cash Provided by (Used in) Non-Capital Financing Activities	(190,217)	(600,842)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	-	-
Proceeds from disposal of capital assets	7,277	-
Principal paid on loans and bonds payable	(670,523)	(2,755,000)
System development revenue	-	-
Interest paid	(485,175)	(972,714)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(1,148,421)	(3,727,714)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	9,078	27,300
Increase (Decrease) in Cash and Investments	152,095	727,310
CASH AND INVESTMENTS, Beginning of year	1,772,293	4,679,792
CASH AND INVESTMENTS, End of year	$ 1,924,388	$ 5,407,102

Sewer Capital Construction	Other Business-Type Funds	Totals	Governmental Activities Internal Service
$ 402	$ 200	$ 11,255,146	$ 1,361,687
18,270	-	(1,905,922)	(1,034,453)
-	-	(2,820,131)	(509,571)
18,672	200	6,529,093	(182,337)
57,239	123,955	181,194	156,998
(53,000)	-	(844,059)	-
4,239	123,955	(662,865)	156,998
(126,464)	(486,799)	(613,263)	(93,183)
-	-	7,277	-
-	-	(3,425,523)	-
-	360,892	360,892	-
-	-	(1,457,889)	-
(126,464)	(125,907)	(5,128,506)	(93,183)
63,993	22,617	122,988	4,138
(39,560)	20,865	860,710	(114,384)
12,672,274	4,378,460	23,502,819	616,699
$ 12,632,714	$ 4,399,325	$ 24,363,529	$ 502,315

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

CITY OF WOODBURN, OREGON
STATEMENT OF CASH FLOWS (Continued)
YEAR ENDED JUNE 30, 2015

	Water	***Sewer***
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	$ 1,360,714	$ 3,559,703
Depreciation	360,605	1,822,087
Change in assets and liabilities:		
Accounts receivable	(23,655)	(49,003)
Deferred outflows	(2,507)	(4,015)
Accounts payable and accrued liabilities	10,884	64,765
Customer deposits	7,755	-
Compensated absences payable	(4,587)	(680)
Net pension liability (asset)	(564,478)	(903,671)
Deferred inflows	336,924	539,380
Net Cash Provided by (Used in) Operating Activities	$ 1,481,655	$ 5,028,566
Noncash Transactions		
Transfer of capital assets	$ -	$ -

			Governmental Activities
Sewer Capital Construction	***Other Business-Type Funds***	***Totals***	***Internal Service***
$ (64,912)	$ (31,068)	$ 4,824,437	$ 46,580
64,912	31,068	2,278,672	-
402	200	(72,056)	(10,028)
-	-	(6,522)	(688)
18,270	-	93,919	(20,091)
-	-	7,755	-
-	-	(5,267)	(99,469)
-	-	(1,468,149)	(244,691)
-	-	876,304	146,050
$ 18,672	$ 200	$ 6,529,093	$ (182,337)
$ (5,827)	$ 5,827	$ -	$ (93,183)

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

CITY OF WOODBURN, OREGON
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	Pension Trust
ASSETS	
Cash and investments	$ 54,617
LIABILITIES	-
NET POSITION	
Held in trust for benefits and other purposes	$ 54,617

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, 2015

	Pension Trust
ADDITIONS	
Earnings	$ 1,787
Total additions	1,787
DEDUCTIONS	92,515
CHANGE IN NET POSITION	(90,728)
NET POSITION, beginning of year	145,345
NET POSITION, end of year	$ 54,617

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, 2015.

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*.

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.

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 will be at ten percent of annual operating revenue, as shown as a minimum fund balance in the General Fund. 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.

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
Street SDC 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, 2015. Actual results may differ from such estimates.

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, 2014 measurement date.

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.

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.

ORGANIZATION AND OPERATION *(Continued)*

Internal Service Funds (Continued)

Technical & Environmental Services Fund - This fund was closed during 2015.

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."

	Carrying Value	***Fair Value***
Cash		
Deposits with financial institutions	$ 474,535	$ 474,535
Cash on hand	2,310	2,310
Investments		
Local Government Investment Pool	43,016,323	43,016,323
Assets held for pension benefits	54,617	54,617
	$ 43,547,785	$ 43,547,785

Cash is reported in the financial statements as follows:	
Governmental funds	$ 18,627,324
Internal Service funds (included in governmental activities)	502,315
Enterprise funds	24,363,529
Fiduciary funds	54,617
	$ 43,547,785

Deposits

The book balance of the City's bank deposits (checking accounts) was $474,535 and the bank balance was $660,730 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

***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, 2015, 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 each 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, 2015, $410,730 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.

CAPITAL ASSETS

The summary of capital assets for the business-type activities for the year ended June 30, 2015 is as follows:

	Balances July 1, 2014	***Additions***	***Retirements***	***Balances June 30, 2015***
Nondepreciable assets				
Land	$ 1,783,816	$ -	$ -	$ 1,783,816
Construction in progress	4,319,096	527,031	(4,250)	4,841,877
Subtotal, nondepreciable assets	6,102,912	527,031	(4,250)	6,625,693
Depreciable assets				
Buildings	62,587,863	46,765	-	62,634,628
Water and sewer systems	28,771,320	4,250	-	28,775,570
Equipment	2,361,602	-	-	2,361,602
Subtotal, depreciable assets	93,720,785	51,015	-	93,771,800
Accumulated depreciation				
Buildings and improvements	(24,591,134)	(1,710,124)	-	(26,301,258)
Water and sewer systems	(10,974,631)	(460,626)	-	(11,435,257)
Equipment	(1,467,322)	(107,922)	-	(1,575,244)
Total accumulated depreciation	(37,033,087)	(2,278,672)	-	(39,311,759)
Total depreciable assets, net	56,687,698	(2,227,657)	-	54,460,041
Net capital assets	$ 62,790,610	$ (1,700,626)	$ (4,250)	$ 61,085,734

Depreciation expense was allocated as follows:

Water funds	$ 391,673
Sewer funds	1,886,999
	$ 2,278,672

CAPITAL ASSETS *(Continued)*

The changes in the capital assets for governmental activities for the year ended June 30, 2015 are as follows:

	Balances July 1, 2014	***Additions***	***Retirements***	***Balances June 30, 2015***
Nondepreciable assets				
Land	$ 22,567,381	$ -	$ -	$ 22,567,381
Construction in progress	1,287,569	4,984,575	(74,266)	6,197,878
Subtotal, nondepreciable assets	23,854,950	4,984,575	(74,266)	28,765,259
Depreciable assets				
Buildings	16,593,555	-	-	16,593,555
Equipment	6,101,779	650,697	-	6,752,476
Infrastructure	38,727,993	163,622	-	38,891,615
Subtotal, depreciable assets	61,423,327	814,319	-	62,237,646
Accumulated depreciation				
Buildings	(5,727,007)	(466,102)	-	(6,193,109)
Equipment	(4,845,449)	(383,491)	-	(5,228,940)
Infrastructure	(15,147,466)	(604,774)	-	(15,752,240)
Total accumulated depreciation	(25,719,922)	(1,454,367)	-	(27,174,289)
Total depreciable assets, net	35,703,405	(640,048)	-	35,063,357
Net capital assets	$ 59,558,355	$ 4,344,527	$ (74,266)	$ 63,828,616

Depreciation expense was allocated as follows:

General government	$ 434,762
Public safety	235,628
Highways and streets	727,619
Culture and recreation	56,358
	$ 1,454,367

LONG-TERM DEBT

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

	Outstanding July 1, 2014	*Issued*	*Redeemed During Year*	*Outstanding June 30, 2015*	*Due Within One Year*
Governmental Activities:					
Series 2005 general obligation bonds due in annual installments with principal and interest varying annually	$ 4,745,000	$ -	$ (335,000)	$ 4,410,000	$ 350,000
1999 Oregon EDD Loan due in annual installments of $38,319 with interest at 5.01%.	126,110	-	(29,895)	96,215	30,141
2005 URA bonds due in quarterly installments of $56,933 with interest at 4.22%.	275,872	-	(219,534)	56,338	56,338
	5,146,982	-	(584,429)	4,562,553	436,479
Accrued compensated absences	774,049	716,743	(826,962)	663,830	-
	$ 5,921,031	$ 716,743	$ (1,411,391)	$ 5,226,383	$ 436,479

	Outstanding July 1, 2014	*Issued*	*Matured/ Redeemed During Year*	*Outstanding June 30, 2015*	*Due Within One Year*
Business-type Activities:					
Series 2003 Water loan paid over 25 years; interest at various rates	$ 5,965,364	$ -	$ (289,548)	$ 5,675,816	$ 301,530
2005 Oregon EDD due in annual installments including interest at 4.21%	2,597,120	-	(190,487)	2,406,633	198,507
2005 SDWR due in annual installments including interest at 4.21%	2,597,120	-	(190,488)	2,406,632	198,507
2011 Sewer Revenue Bonds paid over 20 years; interest at various rates	29,161,404	-	(2,755,000)	26,406,404	2,478,685
	40,321,008	-	(3,425,523)	36,895,485	3,177,229
2011 Sewer Revenue Bond premium	2,348,623	-	(138,154)	2,210,469	138,154
Accrued compensated absences	105,884	103,614	(108,881)	100,617	-
	$ 42,775,515	$ 103,614	$ (3,672,558)	$ 39,206,571	$ 3,315,383

LONG-TERM DEBT *(Continued)*

Future maturities of long-term debt are as follows:

Governmental Activities

Fiscal Year Ending June 30,	***Principal***	***Interest***	***Total***
2016	$ 436,479	$ 185,340	$ 621,819
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
2021-25	2,475,000	322,675	2,797,675
	$ 4,562,553	$ 1,089,180	$ 5,651,733

Business-type Activities

Fiscal Year Ending June 30,	***Principal***	***Interest***	***Total***
2016	$ 3,177,229	$ 1,358,931	$ 4,536,160
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
2021-25	15,390,073	3,587,884	18,977,957
2026-30	2,329,480	289,102	2,618,582
2031	45,000	1,969	46,969
	$ 36,895,485	$ 10,048,510	$ 46,943,995

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.

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.

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, 2011 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, 2013. The City's contribution rates for the period were 13.42% for Tier One/Tier Two members, 9.38% for OPSRP General Service members, and 12.11% for OPSRP Police and Fire members. The City's total contributions exclusive of the 6% "pick-up" was $1,046,147.

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 $508,100 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, 2015, the City reported an asset of $2,595,126 for its proportionate share of the OPERS net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2012 rolled forward to June 30, 2014. 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, 2014, the City's proportion was 0.1145%, which is unchanged from its proportion measured as of June 30, 2013.

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 subsequent to the measurement date of June 30, 2014, and has not been included in the net pension asset/liability proportionate shares calculated by OPERS.

For the year ended June 30, 2015, the City recognized pension expense of $3,425,131. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	***Deferred Inflows of Resources***
Net difference between projected and actual earnings on investments	$ -	$ 5,007,542
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	28,683
Contributions subsequent to measurement date	1,046,147	-
Total	$ 1,046,147	$ 5,036,225

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 $1,046,147 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net pension liability or an increase in the net pension asset in the year ending June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,		
2016	$	1,258,120
2017		1,258,120
2018		1,258,120
2019		1,258,120
2020		3,745
Total	$	5,036,225

Actuarial Methods and Assumptions

The total pension liability in the December 31, 2012 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 2012 experience study which reviewed experience for the four-year period ending on December 31, 2012.

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.

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

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

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

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	$ 5,495,539	$ (2,595,126)	$ (9,437,931)

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, 2015.

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 $146,648 to the plan for the year ended June 30, 2015.

TRANSFERS

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

	Transfers In	***Transfers Out***
General	$ 21,901	$ 416,504
Street	220,000	34,501
Street/Storm SDC	39,221	36,657
Transit	136,000	3,001
Building	-	3,001
General Construction	382,655	-
Street/Storm Capital Construction	277	-
Parks SDC	-	307,694
Equipment Replacement	90,000	21,901
Water	-	33,087
Sewer	-	213,603
Water Capital Construction	118,127	-
Sewer Capital Construction	57,239	53,000
Information Services	57,529	-
	$ 1,122,949	$ 1,122,949

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

Fund	***Outstanding July 1, 2014***	***Payments Received***	***Outstanding June 30, 2015***
Water Capital Construction	$ 151,232	$ (36,196)	$ 115,036
Street SDC	151,232	(36,196)	115,036
Water Capital Construction	53,000	(53,000)	-
Street SDC	1,064,896	-	1,064,896
	$ 1,420,360	$ (125,392)	$ 1,294,968

LOANS PAYABLE

Fund	***Outstanding July 1, 2014***	***Payments Made***	***Outstanding June 30, 2015***
General	$ 202,896	$ (47,716)	$ 155,180
Special Assessments	1,064,896	-	1,064,896
Water	49,784	(12,338)	37,446
Sewer	49,784	(12,338)	37,446
Sewer Capital Construction	53,000	(53,000)	-
	$ 1,420,360	$ (125,392)	$ 1,294,968

BEGINNING BALANCE ADJUSTMENTS

The following beginning balance adjustments have been recorded on GAAP basis to recognize the City's proportionate share of the Net Pension Liability and deferred outflow of resources related to the implementation of GASB Statement No. 68 "Accounting and Reporting for Pension Plans" and GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date":

Activity/Fund	*Increase (decrease) in beginning net position*
Governmental activities	$ (3,841,606)
Business-type activities:	
Water	(322,946)
Sewer	(515,749)
Information services	(130,143)
Insurance	(9,640)

Additionally, the beginning balance of the Street SDC fund has been increased by $1,064,896 and the Special Assessments fund has been reduced by $1,064,896 to reflect an interfund loan, and the beginning balance of the Sewer fund was increased $207,232 to reflect a prior period correction of bond premium amortization.

EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following funds had expenditures in excess of appropriations:

Fund / Category	*Appropriation*	*Actual*	*Variance*
Street SDC			
Capital outlay	$ -	$ 4,298,715	$ (4,298,715)
Housing Rehabilitation			
Materials and services	40,200	108,831	(68,631)

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. 68 "Accounting and Reporting for Pension Plans—an amendment of GASB Statement No. 27." The statement establishes accounting and financial reporting requirements related to pensions provided by governments. The statement was implemented in the current year.

GASB Statement No. 69 "Government Combinations and Disposals of Government Operations." The statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The statement was implemented in the current year.

GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date". The statement amends transition provisions of GASB Statement No. 68, establishes accounting and financial reporting standards for recognition of contributions made between the measurement date of the net pension liability and implementation of GASB Statement No. 68. The 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. 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. The statement is effective for fiscal years beginning after June 15, 2015.

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. The statement is generally effective for fiscal years beginning after June 15, 2015.

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.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 3, 2015, 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, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Taxes and assessments	$ 7,534,000	$ 7,534,000	$ 8,099,893	$ 565,893
Licenses and permits	107,600	107,600	150,714	43,114
Franchise fees	1,632,953	1,632,953	1,747,588	114,635
Charges for services	1,162,314	1,182,314	969,588	(212,726)
Intergovernmental	695,189	695,189	786,910	91,721
Fines and forfeitures	631,400	661,400	673,377	11,977
Miscellaneous	135,392	135,392	147,517	12,125
Total Revenues	11,898,848	11,948,848	12,575,587	626,739
EXPENDITURES				
Council and Mayor	17,025	17,025	16,609	416
Administration	203,011	208,011	197,705	10,306
City Recorder	76,888	76,888	69,088	7,800
City Attorney	175,157	175,157	169,032	6,125
Finance	400,900	400,900	336,582	64,318
Human Resources	104,632	104,632	87,748	16,884
Municipal Court	129,337	159,337	148,772	10,565
Nondepartmental	259,610	259,610	188,915	70,695
Police	6,731,335	6,781,335	6,645,638	135,697
Library	826,673	826,673	789,583	37,090
Recreation	375,762	405,762	392,101	13,661
Aquatic Center	534,658	534,658	516,278	18,380
Community Services Administration	336,014	336,014	213,594	122,420
RSVP	73,865	73,865	59,575	14,290
Planning	326,175	333,675	275,212	58,463
Engineering	747,788	747,788	686,645	61,143
Maintenance	885,662	885,662	829,865	55,797
Contingency	2,319,714	2,227,214	-	2,227,214
Total Expenditures	14,524,206	14,554,206	11,622,942	2,931,264
REVENUES OVER (UNDER) EXPENDITURES	(2,625,358)	(2,605,358)	952,645	3,558,003
OTHER FINANCING SOURCES (USES)				
Transfers in	21,901	21,901	21,901	-
Transfers out	(896,543)	(916,543)	(416,504)	500,039
Total Other Financing Sources (Uses)	(874,642)	(894,642)	(394,603)	500,039
NET CHANGE IN FUND BALANCE	(3,500,000)	(3,500,000)	558,042	4,058,042
FUND BALANCE, beginning of year	3,500,000	3,500,000	3,976,936	476,936
FUND BALANCE, end of year (budgetary basis)	$ -	$ -	4,534,978	$ 4,534,978
Interfund loan			(155,179)	
Accrued payroll			(219,251)	
FUND BALANCE, end of year (GAAP basis)			$ 4,160,548	

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, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Taxes and assessments	$ 120,000	$ 120,000	$ 102,517	$ (17,483)
Licenses and permits	250	250	168	(82)
Franchise fees	300,000	300,000	336,707	36,707
Intergovernmental	1,300,000	1,300,000	1,409,311	109,311
Miscellaneous	174,626	174,626	172,003	(2,623)
Total Revenues	1,894,876	1,894,876	2,020,706	125,830
EXPENDITURES				
Personal services	593,997	593,997	561,516	32,481
Materials and services	1,589,016	1,589,016	1,439,268	149,748
Contingency	1,507,231	1,507,231	-	1,507,231
Total Expenditures	3,690,244	3,690,244	2,000,784	1,689,460
REVENUES OVER (UNDER) EXPENDITURES	(1,795,368)	(1,795,368)	19,922	1,815,290
OTHER FINANCING SOURCES (USES)				
Transfers in	220,000	220,000	220,000	-
Transfers out	(57,001)	(57,001)	(34,501)	22,500
Total Other Financing Sources (Uses)	162,999	162,999	185,499	22,500
NET CHANGE IN FUND BALANCE	(1,632,369)	(1,632,369)	205,421	1,837,790
FUND BALANCE, beginning of year	1,632,369	1,632,369	2,760,623	1,128,254
FUND BALANCE, end of year (budgetary basis)	$ -	$ -	2,966,044	$ 2,966,044
Accrued payroll			(15,330)	
FUND BALANCE, end of year (GAAP basis)			$ 2,950,714	

CITY OF WOODBURN, OREGON
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS [1]

	2015	2014
City's proportion of the net pension liability (asset)	0.1145%	0.1145%
City's proportionate share of the net pension liability (asset)	$ (5,842,512)	$ 2,595,126
City's covered-employee payroll	8,457,225	8,048,595
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-69.1%	32.2%
Plan fiduciary net position as a percentage of the total pension liability	103.6%	92.0%

[1] 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 TWO FISCAL YEARS [1]

	2015	***2014***
Contractually required contributions	$ 1,046,147	$ 1,022,429
Contributions in relation to the contractually required contribution	(1,046,147)	(1,022,429)
Contribution deficiency (excess)	$ -	$ -
City's covered-employee payroll	$ 8,457,225	$ 8,048,595
Contributions as a percentage of covered-employee payroll	12.37%	12.70%

[1] 10-year trend information required by GASB Statement 68 will be presented prospectively

SUPPLEMENTARY INFORMATION

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, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Licenses and permits	$ 300,000	$ 300,000	$ 440,595	$ 140,595
Miscellaneous	34,000	34,000	27,695	(6,305)
Total Revenues	334,000	334,000	468,290	134,290
EXPENDITURES				
Debt service				
Principal	29,895	29,895	29,895	-
Interest	6,373	6,373	6,373	-
Capital outlay	-	-	4,293,715	(4,293,715)
Contingency	4,734,953	4,734,953	-	4,734,953
Total Expenditures	4,771,221	4,771,221	4,329,983	441,238
REVENUES OVER (UNDER) EXPENDITURES	(4,437,221)	(4,437,221)	(3,861,693)	575,528
OTHER FINANCING SOURCES (USES)				
Transfers in	39,221	39,221	39,221	-
Transfers out	(200,000)	(200,000)	(36,657)	163,343
Total Other Financing Sources (Uses)	(160,779)	(160,779)	2,564	163,343
NET CHANGE IN FUND BALANCE	(4,598,000)	(4,598,000)	(3,859,129)	738,871
FUND BALANCE, beginning of year	4,598,000	4,598,000	5,203,566	605,566
FUND BALANCE, end of year (budgetary basis)	$ -	$ -	1,344,437	$ 1,344,437
Interfund loan			1,179,932	
FUND BALANCE, end of year GAAP basis			$ 2,524,369	

CITY OF WOODBURN, OREGON
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue		
	Transit	***Building Inspection***	***Search and Seizure***
ASSETS			
Cash and investments	$ 16,936	$ 521,736	$ 6,960
Accounts receivable	143,667	-	-
Property taxes receivable	-	-	-
Assessment liens receivable	-	-	-
Loans receivable	-	-	-
Total Assets	$ 160,603	$ 521,736	$ 6,960
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	$ 8,980	$ 44,488	$ -
Accrued payroll and payroll liabilities	20,109	21,225	-
Due to other funds	-	-	-
Total Liabilities	29,089	65,713	-
Deferred Inflows:			
Unavailable revenue	-	-	-
Fund Balance:			
Restricted for:			
Debt service	-	-	-
Construction	-	-	-
Culture and recreation	131,514	-	-
Community development	-	-	-
Committed to:			
Public safety	-	-	6,960
Capital outlay	-	-	-
Planning and building	-	456,023	-
Unassigned	-	-	-
Total Fund Balance	131,514	456,023	6,960
Total Liabilities and Fund Balance	$ 160,603	$ 521,736	$ 6,960

Special Revenue					Capital Projects
Housing Rehabilitation	***Library Endowment***	***Museum Endowment***	***Lavelle Black Trust***	***URA***	***General Capital Construction***
$ 185,407	$ 26,395	$ 3,196	$ 45,092	$ 1,355,604	$ 61,449
-	-	-	-	-	27,780
-	-	-	-	38,643	-
-	-	-	-	-	-
757,750	-	-	-	-	-
$ 943,157	$ 26,395	$ 3,196	$ 45,092	$ 1,394,247	$ 89,229
$ -	$ -	$ -	$ -	$ 10,755	$ 89,229
800	-	-	-	8,138	-
-	-	-	-	-	-
800	-	-	-	18,893	89,229
757,750	-	-	-	33,667	-
-	-	-	-	56,338	-
-	-	-	-	-	-
-	26,395	3,196	45,092	-	-
184,607	-	-	-	1,285,349	-
-	-	-	-	-	-
-	-	-	-	-	-
	-	-	-	-	-
-	-	-	-	-	-
184,607	26,395	3,196	45,092	1,341,687	-
$ 943,157	$ 26,395	$ 3,196	$ 45,092	$ 1,394,247	$ 89,229

CITY OF WOODBURN, OREGON
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2015

	Capital Projects		
	Special Assessment	***Street/Storm Capital Construction***	***Parks SDC***
ASSETS			
Cash and investments	$ 1,051,658	$ 68,155	$ 234,923
Accounts receivable	-	-	-
Property taxes receivable	-	-	-
Assessment liens receivable	51,434	-	-
Loans receivable	-	-	14,016
Total Assets	$ 1,103,092	$ 68,155	$ 248,939
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	$ -	$ 2,718	$ -
Accrued payroll and payroll liabilities	-	-	-
Due to other funds	1,064,896	-	-
Total Liabilities	1,064,896	2,718	-
Deferred Inflows:			
Unavailable revenue	51,434	-	14,016
Fund Balance:			
Restricted for:			
Debt service	-	-	-
Construction	-	65,437	234,923
Culture and recreation	-	-	-
Community development	-	-	-
Committed to:			
Public safety	-	-	-
Capital outlay		-	-
Planning and building	-	-	-
Unassigned	(13,238)	-	-
Total Fund Balance	(13,238)	65,437	234,923
Total Liabilities and Fund Balance	$ 1,103,092	$ 68,155	$ 248,939

Capital Projects		Debt Service	
Storm SDC	***Equipment Replacement***	***GO Debt Service***	***Total***
$ 533,991	$ 884,806	$ 46,730	$ 5,043,038
-	-	-	171,447
-	-	31,591	70,234
-	-	-	51,434
2,640	-	-	774,406
$ 536,631	$ 884,806	$ 78,321	$ 6,110,559
$ -	$ -	$ -	$ 156,170
-	-	-	50,272
-	-	-	1,064,896
-	-	-	1,271,338
2,640	-	27,550	887,057
-	-	50,771	107,109
533,991	-	-	834,351
-	-	-	206,197
-	-	-	1,469,956
-	-	-	6,960
-	884,806	-	884,806
-	-	-	456,023
-	-	-	(13,238)
533,991	884,806	50,771	3,952,164
$ 536,631	$ 884,806	$ 78,321	$ 6,110,559

CITY OF WOODBURN, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Special Revenue		
	Transit	***Building Inspection***	***Search and Seizure***
REVENUES			
Taxes and assessments	$ -	$ -	$ -
Licenses and permits	-	642,590	-
Charges for services	44,807	-	-
Intergovernmental	856,973	-	-
Miscellaneous	8,989	47,540	5,849
Total Revenues	910,769	690,130	5,849
EXPENDITURES			
General government	-	607,160	-
Culture and recreation	590,835	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Capital outlay	439,852	-	-
Total Expenditures	1,030,687	607,160	-
REVENUES OVER (UNDER) EXPENDITURES	(119,918)	82,970	5,849
OTHER FINANCING SOURCES (USES)			
Transfers in	136,000	-	-
Transfers out	(3,001)	(3,001)	-
Total Other Financing Sources (Uses)	132,999	(3,001)	-
NET CHANGE IN FUND BALANCE	13,081	79,969	5,849
FUND BALANCE, beginning of year, as originally stated	118,433	376,054	1,111
Prior period adjustment	-	-	-
Fund balance, beginning of year, as restated	118,433	376,054	1,111
FUND BALANCE, end of year	$ 131,514	$ 456,023	$ 6,960

Special Revenue					Capital Projects
Housing Rehabilitation	***Library Endowment***	***Museum Endowment***	***Lavelle Black Trust***	***URA***	***General Capital Construction***
$ -	$ -	$ -	$ -	$ 600,190	$ -
-	-	-	-	-	-
-	-	-	-	-	-
105,926	-	-	-	-	212,766
18,018	134	185	229	9,593	-
123,944	134	185	229	609,783	212,766
-	-	-	-	-	-
120,778	-	-	900	929,064	-
-	-	-	-	219,534	-
-	-	-	-	8,198	-
-	-	-	-	-	619,206
120,778	-	-	900	1,156,796	619,206
3,166	134	185	(671)	(547,013)	(406,440)
-	-	-	-	-	382,655
-	-	-	-	-	-
-	-	-	-	-	382,655
3,166	134	185	(671)	(547,013)	(23,785)
181,441	26,261	3,011	45,763	1,888,700	23,785
-	-	-	-	-	-
181,441	26,261	3,011	45,763	1,888,700	23,785
$ 184,607	$ 26,395	$ 3,196	$ 45,092	$ 1,341,687	$ -

CITY OF WOODBURN, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (Continued)
YEAR ENDED JUNE 30, 2015

	Capital Projects		
	Special Assessment	***Street/Storm Capital Construction***	***Parks SDC***
REVENUES			
Taxes and assessments	$ 5,091	$ -	$ -
Licenses and permits	-	-	111,678
Charges for services	-	-	-
Intergovernmental	-	-	-
Miscellaneous	5,306	946	2,098
Total Revenues	10,397	946	113,776
EXPENDITURES			
General government	-	-	-
Culture and recreation	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Capital outlay	-	113,938	-
Total Expenditures	-	113,938	-
REVENUES OVER (UNDER) EXPENDITURES	10,397	(112,992)	113,776
OTHER FINANCING SOURCES (USES)			
Transfers in	-	277	-
Transfers out	-	-	(307,694)
Total Other Financing Sources (Uses)	-	277	(307,694)
NET CHANGE IN FUND BALANCE	10,397	(112,715)	(193,918)
FUND BALANCE, beginning of year, as originally stated	1,041,261	178,152	428,841
Prior period adjustment	(1,064,896)	-	-
Fund balance, beginning of year, as restated	(23,635)	178,152	428,841
FUND BALANCE, end of year	$ (13,238)	$ 65,437	$ 234,923

Capital Projects		Debt Service	
Storm SDC	***Equipment Replacement***	***GO Debt Service***	***Total***
$ -	$ -	$ 522,029	$ 1,127,310
31,471	-	-	785,739
-	-	-	44,807
-	-	-	1,175,665
2,628	4,440	970	106,925
34,099	4,440	522,999	3,240,446
-	-	-	607,160
-	-	-	1,641,577
-	-	335,000	554,534
	-	192,261	200,459
-	-	-	1,172,996
-	-	527,261	4,176,726
34,099	4,440	(4,262)	(936,280)
-	90,000	-	608,932
-	(21,901)	-	(335,597)
-	68,099	-	273,335
34,099	72,539	(4,262)	(662,945)
499,892	812,267	55,033	5,680,005
-	-	-	(1,064,896)
499,892	812,267	55,033	4,615,109
$ 533,991	$ 884,806	$ 50,771	$ 3,952,164

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, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Charges for services	$ 39,500	$ 39,500	$ 44,807	$ 5,307
Intergovernmental	819,150	819,150	856,973	37,823
Miscellaneous	9,600	9,600	8,989	(611)
Total Revenues	868,250	868,250	910,769	42,519
EXPENDITURES				
Personal services	393,713	397,713	396,273	1,440
Materials and services	223,929	219,929	195,381	24,548
Capital outlay	505,000	505,000	439,852	65,148
Contingency	28,607	28,607	-	28,607
Total Expenditures	1,151,249	1,151,249	1,031,506	119,743
REVENUES OVER (UNDER) EXPENDITURES	(282,999)	(282,999)	(120,737)	162,262
OTHER FINANCING SOURCES (USES)				
Transfers in	116,000	136,000	136,000	-
Transfers out	(3,001)	(3,001)	(3,001)	-
Total Other Financing Sources (Uses)	112,999	132,999	132,999	-
NET CHANGE IN FUND BALANCE	(170,000)	(150,000)	12,262	162,262
FUND BALANCE, beginning of year	170,000	150,000	127,763	(22,237)
FUND BALANCE, end of year (budgetary basis)	$ -	$ -	140,025	$ 140,025
Accrued payroll			(8,511)	
FUND BALANCE, end of year (GAAP basis)			$ 131,514	

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, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Licenses and permits	$ 544,671	$ 694,671	$ 642,590	$ (52,081)
Miscellaneous	23,800	23,800	47,540	23,740
Total Revenues	568,471	718,471	690,130	(28,341)
EXPENDITURES				
Personal services	339,663	449,663	366,799	82,864
Materials and services	270,251	440,251	239,577	200,674
Contingency	396,015	266,015	-	266,015
Total Expenditures	1,005,929	1,155,929	606,376	549,553
REVENUES OVER (UNDER) EXPENDITURES	(437,458)	(437,458)	83,754	521,212
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,001)	(3,001)	(3,001)	-
NET CHANGE IN FUND BALANCE	(440,459)	(440,459)	80,753	521,212
FUND BALANCE, beginning of year	440,459	440,459	384,150	(56,309)
FUND BALANCE, end of year (budgetary basis)	$ -	$ -	464,903	$ 464,903
Accrued payroll			(8,880)	
FUND BALANCE, end of year (GAAP basis)			$ 456,023	

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – SEARCH AND SEIZURE FUND
YEAR ENDED JUNE 30, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Miscellaneous	$ -	$ -	$ 5,849	$ 5,849
EXPENDITURES				
Contingency	1,100	1,100	-	1,100
NET CHANGE IN FUND BALANCE	(1,100)	(1,100)	5,849	6,949
FUND BALANCE, beginning of year	1,100	1,100	1,111	11
FUND BALANCE, end of year	$ -	$ -	$ 6,960	$ 6,960

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, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Intergovernmental	$ -	$ -	$ 105,926	$ 105,926
Miscellaneous	21,000	21,000	18,018	(2,982)
Total Revenues	21,000	21,000	123,944	102,944
EXPENDITURES				
Personal services	12,502	12,502	11,895	607
Materials and services	40,200	40,200	108,831	(68,631)
Contingency	81,881	81,881	-	81,881
Total Expenditures	134,583	134,583	120,726	13,857
NET CHANGE IN FUND BALANCE	(113,583)	(113,583)	3,218	116,801
FUND BALANCE, beginning of year	113,583	113,583	181,726	68,143
FUND BALANCE, end of year (budgetary basis)	$ -	$ -	184,944	$ 184,944
Accrued payroll			(337)	
FUND BALANCE, end of year (GAAP basis)			$ 184,607	

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – LIBRARY ENDOWMENT FUND
YEAR ENDED JUNE 30, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Miscellaneous	$ 150	$ 150	$ 134	$ (16)
EXPENDITURES				
Contingency	26,436	26,436	-	26,436
NET CHANGE IN FUND BALANCE	(26,286)	(26,286)	134	26,420
FUND BALANCE, beginning of year	26,286	26,286	26,261	(25)
FUND BALANCE, end of year	$ -	$ -	$ 26,395	$ 26,395

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – MUSEUM ENDOWMENT FUND
YEAR ENDED JUNE 30, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Miscellaneous	$ 15	$ 15	$ 185	$ 170
EXPENDITURES				
Contingency	2,965	2,965	-	2,965
NET CHANGE IN FUND BALANCE	(2,950)	(2,950)	185	3,135
FUND BALANCE, beginning of year	2,950	2,950	3,011	61
FUND BALANCE, end of year	$ -	$ -	$ 3,196	$ 3,196

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – LAVELLE BLACK TRUST FUND
YEAR ENDED JUNE 30, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Miscellaneous	$ 325	$ 325	$ 229	$ (96)
EXPENDITURES				
Materials and services	10,000	10,000	900	9,100
Contingency	32,325	32,325	-	32,325
Total Expenditures	42,325	42,325	900	41,425
NET CHANGE IN FUND BALANCE	(42,000)	(42,000)	(671)	41,329
FUND BALANCE, beginning of year	42,000	42,000	45,763	3,763
FUND BALANCE, end of year	$ -	$ -	$ 45,092	$ 45,092

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, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Taxes and assessments	$ 580,000	$ 580,000	$ 600,190	$ 20,190
Miscellaneous	8,000	8,000	9,593	1,593
Total Revenues	588,000	588,000	609,783	21,783
EXPENDITURES				
Personal services	131,064	131,064	123,573	7,491
Materials and services	309,500	985,500	805,044	180,456
Debt service				
Principal	219,534	219,534	219,534	-
Interest	8,198	8,198	8,198	-
Capital outlay	1,300,000	624,000	-	624,000
Contingency	119,704	119,704	-	119,704
Total Expenditures	2,088,000	2,088,000	1,156,349	931,651
NET CHANGE IN FUND BALANCE	(1,500,000)	(1,500,000)	(546,566)	953,434
FUND BALANCE, beginning of year	1,500,000	1,500,000	1,891,593	391,593
FUND BALANCE, end of year (budgetary basis)	$ -	$ -	1,345,027	$ 1,345,027
Accrued payroll			(3,340)	
FUND BALANCE, end of year (GAAP basis)			$ 1,341,687	

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL CAPITAL CONSTRUCTION FUND
YEAR ENDED JUNE 30, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Intergovernmental	$ 277,800	$ 216,800	$ 212,766	$ (4,034)
EXPENDITURES				
Capital outlay	1,037,800	1,137,800	619,206	518,594
Total Expenditures	1,037,800	1,137,800	619,206	518,594
REVENUES OVER (UNDER) EXPENDITURES	(760,000)	(921,000)	(406,440)	514,560
OTHER FINANCING SOURCES (USES)				
Transfers in	760,000	921,000	382,655	(538,345)
NET CHANGE IN FUND BALANCE	-	-	(23,785)	(23,785)
FUND BALANCE, beginning of year	-	-	23,785	23,785
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – SPECIAL ASSESSMENT FUND
YEAR ENDED JUNE 30, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Taxes and assessments	$ 16,449	$ 16,449	$ 5,091	$ (11,358)
Miscellaneous	6,000	6,000	5,306	(694)
Total Revenues	22,449	22,449	10,397	(12,052)
EXPENDITURES				
Contingency	1,072,449	1,072,449	-	1,072,449
NET CHANGE IN FUND BALANCE	(1,050,000)	(1,050,000)	10,397	1,060,397
FUND BALANCE, beginning of year	1,050,000	1,050,000	1,041,261	(8,739)
FUND BALANCE, end of year (budgetary basis)	$ -	$ -	1,051,658	$ 1,051,658
Interfund loan			(1,064,896)	
FUND BALANCE (Deficit), end of year GAAP basis			$ (13,238)	

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, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Miscellaneous	$ -	$ -	$ 946	$ 946
EXPENDITURES				
Capital outlay	167,000	167,000	113,938	53,062
Contingency	68,500	68,500	-	68,500
Total Expenditures	235,500	235,500	113,938	121,562
REVENUES OVER (UNDER) EXPENDITURES	(235,500)	(235,500)	(112,992)	122,508
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	25,000	277	(24,723)
NET CHANGE IN FUND BALANCE	(210,500)	(210,500)	(112,715)	97,785
FUND BALANCE, beginning of year	210,500	210,500	178,152	(32,348)
FUND BALANCE, end of year	$ -	$ -	$ 65,437	$ 65,437

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – PARKS SDC FUND
YEAR ENDED JUNE 30, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Licenses and permits	$ 90,000	$ 90,000	$ 111,678	$ 21,678
Miscellaneous	2,785	2,785	2,098	(687)
Total Revenues	92,785	92,785	113,776	20,991
EXPENDITURES				
Materials and services	30,000	30,000	-	30,000
Contingency	271,785	110,785	-	110,785
Total Expenditures	301,785	140,785	-	140,785
REVENUES OVER (UNDER) EXPENDITURES	(209,000)	(48,000)	113,776	161,776
OTHER FINANCING SOURCES (USES)				
Transfers out	(185,000)	(346,000)	(307,694)	38,306
NET CHANGE IN FUND BALANCE	(394,000)	(394,000)	(193,918)	200,082
FUND BALANCE, beginning of year	394,000	394,000	428,841	34,841
FUND BALANCE, end of year	$ -	$ -	$ 234,923	$ 234,923

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – STORM SDC FUND
YEAR ENDED JUNE 30, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Licenses and Permits	$ 15,000	$ 15,000	$ 31,471	$ 16,471
Miscellaneous	2,000	2,000	2,628	628
Total Revenues	17,000	17,000	34,099	17,099
EXPENDITURES				
Contingency	484,000	484,000	-	484,000
NET CHANGE IN FUND BALANCE	(467,000)	(467,000)	34,099	501,099
FUND BALANCE, beginning of year	467,000	467,000	499,892	32,892
FUND BALANCE, end of year	$ -	$ -	$ 533,991	$ 533,991

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – EQUIPMENT REPLACEMENT FUND
YEAR ENDED JUNE 30, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Miscellaneous	$ 4,000	$ 4,000	$ 4,440	$ 440
EXPENDITURES				
Capital outlay	883,878	883,878	-	883,878
REVENUES OVER (UNDER) EXPENDITURES	(879,878)	(879,878)	4,440	884,318
OTHER FINANCING SOURCES (USES)				
Transfers in	90,000	90,000	90,000	-
Transfers out	(21,901)	(21,901)	(21,901)	-
Total Other Financing Sources (Uses)	68,099	68,099	68,099	-
NET CHANGE IN FUND BALANCE	(811,779)	(811,779)	72,539	884,318
FUND BALANCE, beginning of year	811,779	811,779	812,267	488
FUND BALANCE, end of year	$ -	$ -	$ 884,806	$ 884,806

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, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Taxes and assessments	$ 521,000	$ 521,000	$ 522,029	$ 1,029
Miscellaneous	900	900	970	70
Total Revenues	521,900	521,900	522,999	1,099
EXPENDITURES				
Debt service				
Principal	335,000	335,000	335,000	-
Interest	192,261	192,261	192,261	-
Contingency	27,239	27,239	-	27,239
Total Expenditures	554,500	554,500	527,261	27,239
NET CHANGE IN FUND BALANCE	(32,600)	(32,600)	(4,262)	28,338
FUND BALANCE, beginning of year	32,600	32,600	55,033	22,433
FUND BALANCE, end of year	$ -	$ -	$ 50,771	$ 50,771

CITY OF WOODBURN, OREGON

COMBINING STATEMENT OF FUND NET POSITION - NONMAJOR PROPRIETARY (ENTERPRISE) FUNDS

JUNE 30, 2015

	Water SDC	***Sewer SDC***	***Water Capital Construction***
ASSETS			
Current Assets			
Cash and investments	$ 1,057,880	$ 906,465	$ 2,434,980
Accounts receivable	16,680	23,816	8,058
Due from other funds	-	-	115,036
Total Current Assets	1,074,560	930,281	2,558,074
Noncurrent Assets			
Nondepreciable capital assets	-	-	1,742,880
Capital assets, net of depreciation	-	-	496,076
Total Noncurrent Assets	-	-	2,238,956
Total Assets	1,074,560	930,281	4,797,030
LIABILITIES			
Current Liabilities			
Accounts payable	-	-	18,655
NET POSITION:			
Net investment in capital assets	-	-	2,238,956
Restricted for:			
Construction	1,074,560	930,281	2,539,419
Total Net Position	$ 1,074,560	$ 930,281	$ 4,778,375

	Total
$	4,399,325
	48,554
	115,036
	4,562,915
	1,742,880
	496,076
	2,238,956
	6,801,871
	18,655
	2,238,956
	4,544,260
$	6,783,216

CITY OF WOODBURN, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - NONMAJOR PROPRIETARY (ENTERPRISE) FUNDS
YEAR ENDED JUNE 30, 2015

	Water SDC	***Sewer SDC***	***Water Capital Construction***
OPERATING REVENUES	$ -	$ -	$ -
OPERATING EXPENSES			
Depreciation	-	-	31,068
OPERATING INCOME (LOSS)	-	-	(31,068)
NONOPERATING REVENUES (EXPENSES)			
Investment revenue	5,032	4,123	13,462
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	5,032	4,123	(17,606)
Capital contributions	125,635	184,637	-
Transfers in	-	-	34,759
CHANGE IN NET POSITION	130,667	188,760	17,153
NET POSITION, beginning of year	943,893	741,521	4,761,222
NET POSITION, end of year	$ 1,074,560	$ 930,281	$ 4,778,375

Total
$ -
31,068
(31,068)
22,617
(8,451)
310,272
34,759
336,580
6,446,636
$ 6,783,216

CITY OF WOODBURN, OREGON
COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY (ENTERPRISE) FUNDS
YEAR ENDED JUNE 30, 2015

	Water SDC	***Sewer SDC***
CASH FLOWS FROM OPERATING ACTIVITIES		
Collected from customers	$ -	$ -
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	-	-
System development revenue	146,485	214,407
Net Cash Provided by (Used in) Capital and Related Financing Activities	146,485	214,407
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	5,032	4,123
Increase (Decrease) in Cash and Investments	151,517	218,530
CASH AND INVESTMENTS, Beginning of year	906,363	687,935
CASH AND INVESTMENTS, End of year	$ 1,057,880	$ 906,465

	Water SDC	***Sewer SDC***
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	$ -	$ -
Depreciation	-	-
Change in assets and liabilities		
Accounts receivable	-	-
Net Cash Provided by (Used in) Operating Activities	$ -	$ -
Noncash Transactions		
Transfer of capital assets	$ -	$ -

Water Capital Construction	Totals
$ 200	$ 200
123,955	123,955
(486,799)	(486,799)
-	360,892
(486,799)	(125,907)
13,462	22,617
(349,182)	20,865
2,784,162	4,378,460
$ 2,434,980	$ 4,399,325

Water Capital Construction	Totals
$ (31,068)	$ (31,068)
31,068	31,068
200	200
$ 200	$ 200
$ 5,827	$ 5,827

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, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Charges for services	$ 3,380,576	$ 3,380,576	$ 3,277,605	$ (102,971)
Miscellaneous	51,000	51,000	60,055	9,055
Interest earnings	5,200	5,200	9,078	3,878
Total Revenues	3,436,776	3,436,776	3,346,738	(90,038)
EXPENDITURES				
Personal services	1,291,483	1,291,483	1,168,912	122,571
Materials and services	928,288	928,288	834,953	93,335
Debt service				
Principal	670,522	670,522	670,523	(1)
Interest	485,176	485,176	485,175	1
Contingency	1,622,970	1,622,970	-	1,622,970
Total Expenditures	4,998,439	4,998,439	3,159,563	1,838,876
REVENUES OVER (UNDER) EXPENDITURES	(1,561,663)	(1,561,663)	187,175	1,748,838
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	-	(50,000)
Transfers out	(134,337)	(134,337)	(33,087)	101,250
Gain (loss) on sale of assets	-	-	7,277	7,277
Total Other Financing Sources (Uses)	(84,337)	(84,337)	(25,810)	58,527
NET CHANGE IN FUND BALANCE	(1,646,000)	(1,646,000)	161,365	1,807,365
FUND BALANCE, beginning of year	1,646,000	1,646,000	1,781,501	135,501
FUND BALANCE, end of year	$ -	$ -	$ 1,942,866	$ 1,942,866

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, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Charges for services	$ 7,647,580	$ 7,647,580	$ 7,981,658	$ 334,078
Miscellaneous	2,000	2,000	129	(1,871)
Interest earnings	12,200	12,200	27,300	15,100
Total Revenues	7,661,780	7,661,780	8,009,087	347,307
EXPENDITURES				
Personal services	1,860,155	1,860,155	1,658,902	201,253
Materials and services	2,320,305	2,320,305	1,691,977	628,328
Debt service				
Principal	2,755,000	2,755,000	2,755,000	-
Interest	972,713	972,713	972,713	-
Capital outlay	40,000	40,000	-	40,000
Contingency	4,228,269	4,228,269	-	4,228,269
Total Expenditures	12,176,442	12,176,442	7,078,592	5,097,850
REVENUES OVER (UNDER) EXPENDITURES	(4,514,662)	(4,514,662)	930,495	5,445,157
OTHER FINANCING SOURCES (USES)				
Transfers out	(322,338)	(322,338)	(213,603)	108,735
NET CHANGE IN FUND BALANCE	(4,837,000)	(4,837,000)	716,892	5,553,892
FUND BALANCE, beginning of year	4,837,000	4,837,000	5,152,234	315,234
FUND BALANCE, end of year	$ -	$ -	$ 5,869,126	$ 5,869,126

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, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Interest earnings	$ 60,000	$ 60,000	$ 63,993	3,993
EXPENDITURES				
Capital outlay	5,371,250	5,371,250	126,465	5,244,785
Contingency	6,018,000	5,965,000	-	5,965,000
Total Expenditures	11,389,250	11,336,250	126,465	11,209,785
REVENUES OVER (UNDER) EXPENDITURES	(11,329,250)	(11,276,250)	(62,472)	11,213,778
OTHER FINANCING SOURCES (USES)				
Transfers in	329,250	329,250	57,239	(272,011)
Transfers out	-	(53,000)	(53,000)	-
Total Other Financing Sources (Uses)	329,250	276,250	4,239	(272,011)
NET CHANGE IN FUND BALANCE	(11,000,000)	(11,000,000)	(58,233)	10,941,767
FUND BALANCE, beginning of year	11,000,000	11,000,000	12,674,336	1,674,336
FUND BALANCE, end of year	$ -	$ -	$ 12,616,103	$ 12,616,103

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, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Licenses and permits	$ 60,000	$ 60,000	$ 146,485	$ 86,485
Interest earnings	3,475	3,475	5,032	1,557
Total Revenues	63,475	63,475	151,517	88,042
EXPENDITURES				
Contingency	807,475	807,475	-	807,475
REVENUES OVER (UNDER) EXPENDITURES	(744,000)	(744,000)	151,517	895,517
OTHER FINANCING SOURCES (USES)				
Transfers out	(50,000)	(50,000)	-	50,000
NET CHANGE IN FUND BALANCE	(794,000)	(794,000)	151,517	945,517
FUND BALANCE, beginning of year	794,000	794,000	906,363	112,363
FUND BALANCE, end of year	$ -	$ -	$ 1,057,880	$ 1,057,880

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, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Licenses and permits	$ 110,000	$ 110,000	$ 214,407	$ 104,407
Interest earnings	1,800	1,800	4,123	2,323
Total Revenues	111,800	111,800	218,530	106,730
EXPENDITURES				
Contingency	702,800	702,800	-	702,800
NET CHANGE IN FUND BALANCE	(591,000)	(591,000)	218,530	809,530
FUND BALANCE, beginning of year	591,000	591,000	687,935	96,935
FUND BALANCE, end of year	$ -	$ -	$ 906,465	$ 906,465

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, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Interest earnings	$ 8,000	$ 8,000	$ 13,462	$ 5,462
EXPENDITURES				
Capital outlay	1,210,000	1,210,000	447,332	762,668
Contingency	1,349,221	1,402,221	-	1,402,221
Total Expenditures	2,559,221	2,612,221	447,332	2,164,889
REVENUES OVER (UNDER) EXPENDITURES	(2,551,221)	(2,604,221)	(433,870)	2,170,351
OTHER FINANCING SOURCES (USES)				
Transfers in	164,221	217,221	118,128	(99,093)
NET CHANGE IN FUND BALANCE	(2,387,000)	(2,387,000)	(315,742)	2,071,258
FUND BALANCE, beginning of year	2,387,000	2,387,000	2,740,125	353,125
FUND BALANCE, end of year	$ -	$ -	$ 2,424,383	$ 2,424,383

CITY OF WOODBURN, OREGON
COMBINING STATEMENT OF FUND NET POSITION - INTERNAL SERVICE FUNDS
JUNE 30, 2015

	Information Services	***Insurance***	***Total***
ASSETS			
Current Assets			
Cash and investments	$ 176,322	$ 325,993	$ 502,315
Accounts receivable	-	23,859	23,859
Total Current Assets	176,322	349,852	526,174
Noncurrent Assets			
Net pension asset	70,068	5,190	75,258
Total Assets	246,390	355,042	601,432
DEFERRED OUTFLOWS			
Deferred outflows - contributions to PERS	28,246	2,092	30,338
LIABILITIES			
Current Liabilities			
Accounts payable	3,367	75,085	78,452
Accrued payroll liabilities	21,458	2,936	24,394
Total Current Liabilities	24,825	78,021	102,846
DEFERRED INFLOWS			
Net projected to actual earnings - PERS	135,978	10,072	146,050
NET POSITION:			
Unrestricted	$ 113,833	$ 269,041	$ 382,874

CITY OF WOODBURN, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

	Information Services	***Insurance***	***Technical & Environmental Services***
OPERATING REVENUES			
Charges for services	$ 787,342	$ 539,357	$ -
Miscellaneous	16,374	28,642	-
Total Operating Revenues	803,716	567,999	-
OPERATING EXPENSES			
Personal services	240,563	38,773	-
Materials and services	396,878	648,921	-
Total Expenses	637,441	687,694	-
OPERATING INCOME (LOSS)	166,275	(119,695)	-
NONOPERATING REVENUES (EXPENSES)			
Investment revenue	1,675	2,463	-
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	167,950	(117,232)	-
Transfers in	57,529	-	99,469
Non-cash transfers out	(93,183)	-	-
CHANGE IN NET POSITION	132,296	(117,232)	99,469
NET POSITION (Deficit), beginning of year, as originally stated	111,680	395,913	(99,469)
Prior period adjustment	(130,143)	(9,640)	-
NET POSITION (Deficit), beginning of year	(18,463)	386,273	(99,469)
NET POSITION, end of year	$ 113,833	$ 269,041	$ -

	Total
$	1,326,699
	45,016
	1,371,715
	279,336
	1,045,799
	1,325,135
	46,580
	4,138
	50,718
	156,998
	(93,183)
	114,533
	408,124
	(139,783)
	268,341
$	382,874

CITY OF WOODBURN, OREGON
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

	Information Services	***Insurance***	***Technical and Environmental Services***
CASH FLOWS FROM OPERATING ACTIVITIES			
Collected from customers	$ 817,547	$ 544,140	$ -
Paid to suppliers	(395,002)	(579,695)	(59,756)
Paid to employees	(331,981)	(45,834)	(131,756)
Net Cash Provided by (Used in) Operating Activities	90,564	(81,389)	(191,512)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	57,529	-	99,469
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(93,183)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	1,675	2,463	-
Increase (Decrease) in Cash and Investments	56,585	(78,926)	(92,043)
CASH AND INVESTMENTS, Beginning of year	119,737	404,919	92,043
CASH AND INVESTMENTS, End of year	$ 176,322	$ 325,993	$ -
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	$ 166,275	$ (119,695)	$ -
Change in assets and liabilities			
Accounts receivable	13,831	(23,859)	-
Deferred outflows	(641)	(47)	-
Compensated absences payable	-	-	(99,469)
Accounts payable and accrued liabilities	2,937	69,015	(92,043)
Net pension liability	(227,816)	(16,875)	-
Deferred inflows	135,978	10,072	-
Net Cash Provided by (Used in) Operating Activities	$ 90,564	$ (81,389)	$ (191,512)
Noncash Transactions			
Transfer of capital assets	$ (93,183)	$ -	$ -

Totals
$ 1,361,687
(1,034,453)
(509,571)
(182,337)
156,998
(93,183)
4,138
(114,384)
616,699
$ 502,315

$ 46,580
(10,028)
(688)
(99,469)
(20,091)
(244,691)
146,050
$ (182,337)
$ (93,183)

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, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Charges for services	$ 762,259	$ 762,259	$ 787,342	$ 25,083
Miscellaneous	-	-	16,374	16,374
Interest earnings	300	300	1,675	1,375
Total Revenues	762,559	762,559	805,391	42,832
EXPENDITURES				
Personal services	358,961	358,961	332,180	26,781
Materials and services	398,735	413,035	396,878	16,157
Capital outlay	87,529	93,229	93,183	46
Contingency	44,863	24,863	-	24,863
Total Expenditures	890,088	890,088	822,241	67,847
REVENUES OVER (UNDER) EXPENDITURES	(127,529)	(127,529)	(16,850)	110,679
OTHER FINANCING SOURCES (USES)				
Transfers in	57,529	57,529	57,529	-
NET CHANGE IN FUND BALANCE	(70,000)	(70,000)	40,679	110,679
FUND BALANCE, beginning of year	70,000	70,000	119,713	49,713
FUND BALANCE, end of year	$ -	$ -	$ 160,392	$ 160,392

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, 2015

	Budget Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Charges for services	$ 539,357	$ 539,357	$ 539,357	$ -
Miscellaneous	1,000	1,000	28,642	27,642
Interest earnings	1,800	1,800	2,463	663
Total Revenues	542,157	542,157	570,462	28,305
EXPENDITURES				
Personal services	53,179	53,179	45,538	7,641
Materials and services	554,076	664,076	648,921	15,155
Contingency	346,902	236,902	-	236,902
Total Expenditures	954,157	954,157	694,459	259,698
REVENUES OVER (UNDER) EXPENDITURES	(412,000)	(412,000)	(123,997)	288,003
NET CHANGE IN FUND BALANCE	(412,000)	(412,000)	(123,997)	288,003
FUND BALANCE, beginning of year	412,000	412,000	397,011	(14,989)
FUND BALANCE, end of year	$ -	$ -	$ 273,014	$ 273,014

OTHER FINANCIAL SCHEDULES

CITY OF WOODBURN, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
YEAR ENDED JUNE 30, 2015

Tax Year	***2014-15 Levy***	***Uncollected Balance July 1, 2014***	***Interest, Discounts and Adjustments***	***Collections***	***Uncollected Balances June 30, 2015***
2014-15	$ 9,054,234	$ -	$ (264,847)	$ (8,553,359)	$ 236,028
2013-14	-	250,749	(2,668)	(139,102)	108,979
2012-13	-	133,820	(2,112)	(62,495)	69,213
2011-12	-	79,651	(867)	(50,961)	27,823
2010-11	-	30,370	(751)	(18,807)	10,812
2009-10	-	11,105	(563)	(2,504)	8,038
2008-09	-	7,126	(1,921)	(1,234)	3,971
Prior	-	17,669	(1,318)	(1,076)	15,275
	$ 9,054,234	$ 530,490	$ (275,047)	$ (8,829,538)	480,139
Unsegregated					70,460
Property taxes receivable					$ 550,599

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 ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woodburn, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 3, 2015.

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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of

our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CERTIFIED PUBLIC ACCOUNTANTS
November 3, 2015

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 ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Woodburn's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Woodburn, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

CERTIFIED PUBLIC ACCOUNTANTS
November 3, 2015

CITY OF WOODBURN, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Federal Grantor/Program Title	*Pass-thru Identification Number*	*Federal CFDA Number*	*Expenditures*	*Provided to Subrecipients*
U.S. Department of Justice				
Bulletproof Vest Partnership Program	N/A	16.607	$ 5,100	$ -
U.S. Department of Transportation				
Passed through Oregon Department of Transportation				
Federal Transit Cluster				
New Starts, Small Starts, and Core Capacity - Passenger Shelters	29045	20.500	37,657	-
Capital Investment Grant	29041	20.500	322,563	-
Total Federal Transit Cluster			360,220	-
Rural Formula - Admin/Operations	29956	20.509	151,312	-
New Freedom Program - Operations	29886	20.509	1,194	-
			152,506	-
Transit Services Program Cluster				
Enhanced Mobility of Seniors and Individuals with Disabilities - Operations	29302	20.513	100,804	-
Enhanced Mobility of Seniors and Individuals with Disabilities - Equipment	29302	20.513	23,507	-
Enhanced Mobility of Seniors and Individuals with Disabilities - Vehicle Maintenance	29302	20.513	57,308	-
New Freedom Program - Vehicle Expansion	29886	20.521	34,246	-
Total Transit Services Program Cluster			215,865	-
National Highway Traffic Safety Administration				
Highway Safety Cluster				
Rural Area Transit - Operations	unknown	20.616	2,142	-
New Freedom Program - Operations	unknown	20.600	2,400	-
Total Highway Safety Cluster			4,542	-
Total U.S. Department of Transportation			733,133	-
General Services Administration				
Donation of Federal Surplus Property	N/A	39.003	66	-
U.S. Department of Housing and Urban Development				
Passed through Oregon Business Development Department				
Community Development Block Grant	H12004	14.218	105,926	105,926
Corporation for National and Community Service				
Retired and Senior Volunteer Program	N/A	94.002	43,474	-
Total Expenditures of Federal Awards			$ 887,699	$ 105,926

See Notes to Schedule of Expenditures of Federal Awards

Purpose of the Schedule

The accompanying schedule of expenditures of federal awards (the "Schedule") is a supplementary schedule to the City of Woodburn's basic financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of the City, it is not intended to and does not present either the financial position or the results of operations of the City.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The information in the Schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Expenditures for federal award programs are recognized on the accrual basis of accounting.

Federal Financial Assistance

Pursuant to the Single Audit Act Amendment of 1996 and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs

The Single Audit Act Amendment of 1996 and OMB Circular A-133 establish criteria to be used in defining major federal financial assistance programs. Major programs for the City are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in OMB Circular A-133. Programs with similar requirements may be grouped into a cluster for testing purposes.

Reporting Entity

The reporting entity is fully described in notes to the financial statements. Additionally, the schedule includes all federal programs administered by the City of Woodburn for the year ended June 30, 2015.

Revenue and Expense Recognition

The revenue and expenditure of federal awards are accounted for under the accrual basis of accounting. Revenues are recorded when earned. Expense are recorded when the liability is incurred.

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors' report issues:	Unmodified
Internal control reporting:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of Auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major program:

CFDA Numbers	***Name of Federal Program or Cluster***
20.500	Federal Transit Cluster
20.509	Formula Grants for Rural Areas

Dollar threshold used to distinguish between type A and type B programs:	$300,000
Auditee qualified as low-risk auditee?	No

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

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, 2015, and have issued our report thereon dated November 3, 2015.

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 except expenditures exceeded appropriations, as detailed in the notes to the financial statements.

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 3, 2015

WOODBURN URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE
CITY OF WOODBURN, OREGON)
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2015

WOODBURN URBAN RENEWAL AGENCY
(A Component Unit of the City of Woodburn, Oregon)
AGENCY OFFICIALS
June 30, 2015

MAYOR AND COUNCIL MEMBERS

Name	***Term Expires***
Mayor	
Kathryn Figley	December 31, 2016
Council Members	
Frank Lonergan, President	December 31, 2018
Teresa Alonso Leon	December 31, 2016
Robert Carney	December 31, 2018
Lisa Ellsworth	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, Oregon 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

Board of Directors
City of Woodburn Urban Renewal Agency
270 Montgomery Street
Woodburn, Oregon 97071

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Urban Renewal Agency of the City of Woodburn, Oregon (a component unit of the City of Woodburn, Oregon) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 Agency'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 Agency'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 and each major fund of the Urban Renewal Agency of the City of Woodburn, as of June 30, 2015, and the respective changes in financial position 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 management's discussion and analysis (MD&A) (pages iv through vi) and the schedule of revenues, expenditures and changes in fund balances - budget to actual on page 18 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 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 Agency's basic financial statements. The budgetary schedule described above was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedule has been subject to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the 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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated 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 3, 2015, on our consideration of the Agency'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 3, 2015

MANAGEMENT'S DISCUSSSION AND ANALYSIS

WOODBURN URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Woodburn Urban Renewal Agency (the Agency), we offer readers of the Agency's basic financial statements this narrative overview and analysis of the financial activities of the Agency as of June 30, 2015 and for the fiscal year then ended. We encourage readers to consider the information presented here in conjunction with the Agency's basic financial statements in the financial section of this report.

Financial Highlights

The Agency's net assets exceeded liabilities by $1,318,996.

The Agency currently has two assets, cash and investments ($1,355,604) and receivables ($38,643). The Agency's receivables are comprised solely of property taxes due at June 30, 2015.

Liabilities are comprised of accounts payable and accrued payroll liabilities of $18,893, debt of $56,338, and the accrued interest due at June 30, 2015 of $20.

Statements of Net Position

	June 30,	
	2015	2014
ASSETS		
Cash and investments	$ 1,355,604	$ 1,908,678
Other assets	38,643	44,362
Total Assets	1,394,247	1,953,040
LIABILITIES		
Other liabilities	18,913	25,652
Long-term liabilities	56,338	275,872
Total Liabilities	75,251	301,524
NET POSITION		
Restricted	56,338	227,732
Unrestricted	1,262,658	1,423,784
Total Net Position	$ 1,318,996	$ 1,651,516

Property taxes totaling $595,049 comprise 98% of the Agency's revenue and are derived from the tax increment assessment within the Agency's boundaries. The remaining revenue of $9,593 is from interest earnings. Expenses for the year ended June 30, 2015 were $8,098 for interest on long-term debt. Additionally, the Agency expended $124,020 on personnel costs and $805,044 on the Agency's Downtown Grant and Loan program, which included a grant for the Woodburn Fire District in the amount of $676,000.

The Agency maintains a single fund used to account for activities supported by the property tax increment.

Statements of Activities

	Year Ended June 30,	
	2015	2014
REVENUES		
Property taxes	$ 595,049	$ 596,003
Miscellaneous	9,593	10,266
Total Revenues	604,642	606,269
EXPENSES		
Community development	929,064	298,250
Interest on long-term debt	8,098	16,636
Total Expenses	937,162	314,886
CHANGE IN NET POSITION	(332,520)	291,383
NET POSITION, beginning of year	1,651,516	1,360,133
NET POSITION, end of year	$ 1,318,996	$ 1,651,516

Overview of the Basic Financial Statements

The Agency's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are comprised of the Statement of Net Position and the Statement of Activities. These two statements are designed to provide readers with a broad overview of the Agency's finances utilizing the full accrual method of accounting, in a manner similar to a private-sector business. Under the full accrual method of accounting, transactions are reported as soon as the underlying event(s) giving rise to the change occurs, regardless of the timing of related cash flows. Thus, assets, liabilities, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (i.e. uncollected revenues and accrued but unpaid interest).

The Statement of Net Position presents information on all of the Agency's assets and liabilities, including capital assets and long-term liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency as a whole is improving or deteriorating.

The Statement of Activities presents information showing how the Agency's net position changed during the most recent fiscal year.

Fund financial statements. The fund financial statements focus on current available resources and are organized on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-17.

Financial Analysis of Funds

As of June 30, 2015 the Agency's governmental fund reported a fund balance of $1,341,687 or a decrease of $547,013 over the prior year. This is due to payments of the Agency for approved Downtown Grant and Loan projects and annual debt service.

Budgetary Highlights

There was one change to the adopted budget in the current year that increased materials and services by $676,000 and decreased capital outlay by $676,000, to allow for a one-time grant to be issued to the Woodburn Fire District in the amount of $676,000.

Capital Assets and Debt Administration

The Agency has no capital assets. All assets constructed with urban renewal funds are property of the City (see the City of Woodburn financial statements).

As of June 30, 2015 the Agency has $56,338 of long-term debt outstanding. Additional information on the long-term debt can be found in the notes to the basic financial statements.

Financial Contact

The Agency's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability.

Any questions or request for additional information should be directed to the Agency's Finance Director at 270 Montgomery Street, Woodburn, Oregon.

BASIC FINANCIAL STATEMENTS

URBAN RENEWAL AGENCY OF THE CITY OF WOODBURN, OREGON
(A Component Unit of the City of Woodburn, Oregon)
STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
JUNE 30, 2015

ASSETS	
Cash and investments	$ 1,355,604
Property taxes receivable	38,643
Total Assets	1,394,247
LIABILITIES	
Accounts payable	10,755
Accrued payroll and payroll liabilities	8,138
Accrued interest payable	20
Noncurrent liabilities	
Due within one year	
Bonds payable	56,338
Total Liabilities	75,251
NET POSITION	
Restricted	56,338
Unrestricted	1,262,658
Total Net Position	$ 1,318,996

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

URBAN RENEWAL AGENCY OF THE CITY OF WOODBURN, OREGON
(A Component Unit of the City of Woodburn, Oregon)
STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2015

Revenues	
Taxes and assessments	$ 595,049
Miscellaneous	9,593
Total Revenues	604,642
Expenses	
Community development	929,064
Interest on long-term debt	8,098
Total Expenses	937,162
CHANGE IN NET POSITION	(332,520)
NET POSITION, June 30, 2014	1,651,516
NET POSITION, June 30, 2015	$ 1,318,996

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

URBAN RENEWAL AGENCY OF THE CITY OF WOODBURN, OREGON
(A Component Unit of the City of Woodburn, Oregon)
BALANCE SHEET – GOVERNMENTAL FUND
JUNE 30, 2015

ASSETS		
Cash and investments	$	1,355,604
Property taxes receivable		38,643
Total Assets	$	1,394,247
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE		
Liabilities		
Accounts payable	$	10,755
Accrued payroll and payroll liabilities		8,138
Total Liabilities		18,893
Deferred Inflows		
Unavailable revenue		33,667
Fund Balance		
Restricted		
Debt service		56,338
Unrestricted		1,285,349
Total Fund Balance		1,341,687
Total Liabilities, Deferred Inflows, and Fund Balance	$	1,394,247

RECONCILIATION TO THE STATEMENT OF NET POSITION

Fund Balance	$	1,341,687
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 revenue in governmental funds.		33,667
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.		
Bonds payable		(56,338)
Accrued interest payable		(20)
Net Position of Governmental Activities	$	1,318,996

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

URBAN RENEWAL AGENCY OF THE CITY OF WOODBURN, OREGON
(A Component Unit of the City of Woodburn, Oregon)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2015

REVENUES		
Taxes and assessments	$	600,190
Miscellaneous		9,593
Total Revenues		609,783
EXPENDITURES		
Current		
Personal services		124,020
Materials and services		805,044
Debt service		
Principal		219,534
Interest		8,198
Total Expenditures		1,156,796
NET CHANGE IN FUND BALANCE		(547,013)
FUND BALANCE, Beginning of year		1,888,700
FUND BALANCE, End of year	$	1,341,687

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

Net Change in Fund Balance	$	(547,013)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund financial statements.		(5,141)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net position. This is the amount of repayments in the current year.		219,534
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in government funds.		100
Change in Net Position	$	(332,520)

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Woodburn Urban Renewal Agency (the Agency) was created to provide for rehabilitation of blighted and deteriorated areas within the City's designated urban renewal areas. Through the Downtown Grant and Loan program the Agency enables property owners to rehabilitate properties. The Agency is governed by a seven-member board of directors that include the City's mayor and other council members and is included as a component unit in the City's financial statements.

Urban Renewal Areas

Tax Allocation bonds for urban renewal plan areas are authorized by state law to 1) "…eliminate and prevent the development or spread of urban blight and deterioration; and 2) encourage needed urban conservation and rehabilitation and provide for redevelopment of blighted or deteriorated areas."

Projects are financed in urban renewal plan areas as follows:

- The Agency (City Council) selects an urban renewal plan area and defines its boundaries.
- The County Assessor "freezes" the assessed value of property within the urban renewal area. This is referred to as the "frozen" value.
- Any increase in assessed value above the frozen value is called the "incremental value." The tax revenue generated by the tax rate times the incremental value is provided for use in paying the principal and interest on any indebtedness incurred to finance the Urban Renewal project.
- Urban Renewal tax increment revenues are used to repay the indebtedness of the Agency. The proceeds of the indebtedness finance the Agency's activities.

As required by ORS 457.190(3)(a), the Agency has included in its current plan the maximum amount of indebtedness that may be issued or incurred under the plan in the amount of $29,300,000.

Measurement Focus and Basis of Accounting

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Governmental activities are normally supported by taxes and intergovernmental revenues.

Government-wide financial statements display information about the reporting government as a whole. These statements focus on the sustainability of the Agency 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 Assets and the Statement of Activities.

The Statement of Net Position presents all the assets and liabilities of the Agency, including related debt. Net position, representing assets less liabilities and is shown as restricted. Restricted represents amounts which must be spent in accordance with legal restrictions.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Measurement Focus and Basis of Accounting (Continued)

Basic Financial Statements (Continued)

The Statement of Activities indicates how net position changed during the current period.

Fund financial statements display information about the Agency's fund. The single major fund, Urban Renewal fund, accounts for general administration of the Agency's urban renewal areas, for acquisition and rehabilitation of blighted and deteriorated areas within the designated urban renewal areas, and repayment of debt incurred for these activities.

Basis of Presentation

The financial transactions of the Agency are recorded in a single fund. The fund's activity is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures.

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 Agency 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 non-spendable when the resources cannot be spent because they are either in a non-spendable form or legally or contractually required to be maintained intact. Resources in non-spendable form include inventories, prepaid amounts, deposits, and assets held for sale.

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

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

Resources that are constrained by the Agency'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 Agency approves which resources should be "reserved" during the adoption of the annual budget.

Unassigned fund balance is the residual classification. This classification represents fund balance that has not been restricted, committed or assigned.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Measurement Focus and Basis of Accounting

Accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board, define principles that should be used to report financial transactions. The government-wide and proprietary fund financial statements are reported using the economic resources and accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when the liability is incurred. The governmental fund financial statements are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recorded when they become both measurable and available, while expenditures are recorded when the related liability is incurred.

Cash and Investments

The City of Woodburn maintains the Agency's cash and investments in a common pool.

Oregon Revised Statutes and the City of Woodburn investment policy authorize the City to invest in certificates of deposit, savings accounts, bank repurchase agreements, bankers' acceptances, general obligations of U.S. Government and its agencies, certain bonded obligations of Oregon Municipalities and the State Treasurer's Local Government Investment Pool, among others.

Investments are stated at cost, which approximates fair value.

Receivables and Deferred Revenues

Property taxes are levied by the County Assessor and collected by the County Tax Collector. The taxes are levied and become a lien as of July 1. They may be paid in three installments payable in equal payments due November 15, February 15, and May 15. Uncollected property taxes levied for the current and prior years are recorded as receivable at year-end. The Agency's property tax collection records show that most of the property taxes due are collected during the year of levy and delinquent taxes are collected in the next few years.

Property tax receivables not available are recognized as deferred inflows in the governmental funds balance sheet.

Long-Term Debt

All unmatured long-term debt is recorded on the Statement of Net Position. Urban Renewal Agency bonded debt is paid from the Urban Renewal fund.

Budget and Budgetary Accounting

The Agency budgets in accordance with requirements of State law. Annual appropriated budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

The Agency begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the Budget Committee. The budget is then published in proposed form and is presented for public hearings to obtain taxpayer comments and approval from the Budget Committee. The budget is legally adopted by the Agency's Board by resolution prior to the beginning of the Agency's fiscal year.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Budget and Budgetary Accounting (Continued)

The Board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Appropriations are made at the object level. Appropriations lapse at year end.

Appropriation authority may be transferred from one level of control to another by Board resolution. Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted.

There was one change to the adopted budget in the current year to allow for a one-time grant to be issued to the Woodburn Fire District in the amount of $676,000.

Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from those estimates.

CASH AND INVESTMENTS

The Agency's deposits with financial institutions and investments are pooled with the City of Woodburn. Cash and investments for the City of Woodburn are disclosed in the City's financial statements. Other disclosures about the City's cash and investment that are applicable to the Agency are as follows.

Deposits

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.

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 each for the aggregate of all non-interest bearing accounts and 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. 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.

CASH AND INVESTMENTS *(Continued)*

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 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, 2015, 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 risk evaluation. LGIP is not rated for credit quality. 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 through use of the Local Government Investment Pool.

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 Commission. 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. 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.

LONG-TERM DEBT

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

	Outstanding July 1, 2014	*Issued*	*Matured/ Redeemed During Year*	*Outstanding June 30, 2015*	*Due Within One Year*
2005 Urban Renewal Bonds due in quarterly installments with interest at 4.22%	$ 275,872	$ -	$ (219,534)	$ 56,338	$ 56,338

CONTINGENCIES

The Agency 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.

NEW PRONOUNCEMENTS

GASB Statement No. 68 "Accounting and Reporting for Pension Plans—an amendment of GASB Statement No. 27." The statement establishes accounting and financial reporting requirements related to pensions provided by governments. The statement was implemented in the current year.

GASB Statement No. 69 "Government Combinations and Disposals of Government Operations." The statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The statement was implemented in the current year.

GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date". The statement amends transition provisions of GASB Statement No. 68, establishes accounting and financial reporting standards for recognition of contributions made between the measurement date of the net pension liability and implementation of GASB Statement No. 68. The statement was implemented in the current year.

The Agency 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 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. The statement is effective for fiscal years beginning after June 15, 2015.

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. The statement is generally effective for fiscal years beginning after June 15, 2015.

NEW PRONOUNCEMENTS *(continued)*

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.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 3, 2015, 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

URBAN RENEWAL AGENCY OF THE CITY OF WOODBURN, OREGON
(A Component Unit of the City of Woodburn, Oregon)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL - URBAN RENEWAL FUND
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			
	Original	***Final***	***Actual***	***Variance***
REVENUES				
Taxes and assessments	$ 580,000	$ 580,000	$ 600,190	$ 20,190
Miscellaneous	8,000	8,000	9,593	1,593
Total Revenues	588,000	588,000	609,783	21,783
EXPENDITURES				
Personal services	131,064	131,064	123,573	7,491
Materials and services	309,500	985,500	805,044	180,456
Capital outlay	1,300,000	624,000	-	624,000
Debt service				
Principal	219,534	219,534	219,534	-
Interest	8,198	8,198	8,198	-
Contingency	119,704	119,704	-	119,704
Total Expenditures	2,088,000	2,088,000	1,156,349	931,651
REVENUES OVER (UNDER) EXPENDITURES	(1,500,000)	(1,500,000)	(546,566)	953,434
NET CHANGE IN FUND BALANCE	(1,500,000)	(1,500,000)	(546,566)	953,434
FUND BALANCE, Beginning of year	1,500,000	1,500,000	1,891,593	391,593
FUND BALANCE, End of year (budgetary basis)	$ -	$ -	1,345,027	$ 1,345,027
Accrued payroll			(3,340)	
FUND BALANCE, End of year (GAAP basis)			$ 1,341,687	

SUPPLEMENTARY INFORMATION

URBAN RENEWAL AGENCY OF THE CITY OF WOODBURN, OREGON
(A Component Unit of the City of Woodburn, Oregon)
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2015

Tax Year	*2014-2015 Levy*	*Uncollected Balance July 1, 2014*	*Discounts and Adjustments*	*Turnovers*	*Uncollected Balance June 30, 2015*
2014-2015	$ 610,828	$ -	$ (17,868)	$ (577,037)	$ 15,923
2013-2014		18,218	(194)	(10,106)	7,918
2012-2013	-	10,273	(162)	(4,797)	5,314
2011-2012	-	5,813	(63)	(3,719)	2,031
2010-2011	-	2,242	(149)	(1,329)	764
2009-2010	-	749	(39)	(169)	541
2008-2009	-	398	(30)	(87)	281
Prior Years	-	1,115	(157)	(63)	895
Total	$ 610,828	$ 38,808	$ (18,662)	$ (597,307)	33,667
			Unsegregated Taxes		4,976
			Total Receivable at June 30, 2015		$ 38,643

C*OMPLIANCE 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 Members of the City Council
City of Woodburn Urban Renewal Agency
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 Urban Renewal Agency of the City of Woodburn, Oregon as of and for the year ended June 30, 2015, and have issued our report thereon dated November 3, 2015.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Urban Renewal Agency of the City of Woodburn, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in 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.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the Agency 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 Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Restriction on Use

This report is intended solely for the information and use of the governing body and management of the Urban Renewal Agency of the City of Woodburn, Oregon 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 3, 2015