

CITY OF WOODBURN, OREGON

***Annual Financial Report
Year Ended June 30, 2017***

MAYOR AND COUNCIL MEMBERS

<u><i>Name</i></u>	<u><i>Term Expires</i></u>
<i>Mayor</i>	
Kathryn Figley	December 31, 2018
<i>Council Members</i>	
Frank Lonergan, President	December 31, 2018
Robert Carney	December 31, 2018
Lisa Ellsworth	December 31, 2020
Eric Morris	December 31, 2020
Sharon Schaub	December 31, 2018
Juan Serratos	December 31, 2020

The above individuals may be contacted at the address below.

Staff

Scott Derickson, City Administrator
N. Robert Shields, City Attorney
Sandra Montoya, Finance Director
Marne Anderson, Accounting Manager

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

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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
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(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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woodburn as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

We have applied certain limited procedures to management's discussion and analysis and PERS schedules described in the preceding paragraph in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary schedules described above were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedules have 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information


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

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 21, 2017 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
December 21, 2017

CITY OF WOODBURN
Year Ended June 30, 2017

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, 2017. 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, 2017.

	<i>June 30, 2017</i>		<i>change</i>
	<i>2017</i>	<i>2016</i>	
Net position	\$ 119,868,417	\$ 116,447,857	\$ 3,420,560
Change in net position	3,420,560	(2,314,820)	5,735,380
Governmental activities net position	69,778,713	69,065,155	713,558
Business-type activities fund net position	50,089,704	47,382,702	2,707,002
Change in governmental net position	713,558	(3,713,067)	4,426,625
Change in proprietary fund net position	2,707,002	1,398,247	1,308,755

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The statement of activities presents the expenses incurred in providing services to the public and the revenues associated with those activities for both governmental and business-type activities. The statement of activities begins with expenses by function. To these functions are applied charges for services, operating grants and contributions and capital grants and contributions. The resulting sums, with some adjustments, represent charges to taxpayers and may equate to the nearest that governments can determine the "bottom line."

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City had \$167,797,210 in total assets, \$8,388,998 in total deferred outflows, \$55,293,916 in total liabilities and \$1,023,875 in total deferred inflows, resulting in combined net position of \$119,868,417 for governmental and business-type activities. The largest component of the City's net position reflects its net investment in capital assets (i.e., land, buildings, equipment and infrastructure, less any related debt outstanding that was needed to acquire or construct the assets). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental capital assets, net of depreciation, decreased \$912,989 over the prior year due to depreciation in excess of current year capital additions.

Business-type capital assets, net of depreciation, decreased \$1,639,662 over the prior year due to depreciation in excess of current year capital additions.

Total liabilities for both governmental and business-type activities increased by \$5,083,690 from the prior year mainly due to the increase in the net pension liability.

Overall, the City's financial net position increased by \$3,420,560 (or 3%). The majority of this is due to the application of the provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions* from the Governmental Accounting Standards Board. The pronouncement included an adjustment to the current year pension expense based on the results of the actuarial study as described in the notes to the financial statements.

Statement of Net Position

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

	2017			2016			Change		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 18,766,633	\$ 26,656,947	\$ 45,423,580	\$ 16,366,077	\$ 25,266,880	\$ 41,632,957	\$ 2,400,556	\$ 1,390,067	\$ 3,790,623
Other assets	2,170,344	775,750	2,946,094	2,206,771	1,031,903	3,238,674	(36,427)	(256,153)	(292,580)
Capital assets	61,539,134	57,888,402	119,427,536	62,452,123	59,528,064	121,980,187	(912,989)	(1,639,662)	(2,552,651)
<i>Total Assets</i>	82,476,111	85,321,099	167,797,210	81,024,971	85,826,847	166,851,818	1,451,140	(505,748)	945,392
Deferred outflows	6,800,358	1,588,640	8,388,998	1,272,865	338,462	1,611,327	5,527,493	1,250,178	6,777,671
Other liabilities	14,396,728	4,186,341	18,583,069	6,996,268	2,529,099	9,525,367	7,400,460	1,657,242	9,057,702
Long-term debt	4,312,216	32,398,631	36,710,847	4,810,507	35,874,352	40,684,859	(498,291)	(3,475,721)	(3,974,012)
<i>Total Liabilities</i>	18,708,944	36,584,972	55,293,916	11,806,775	38,403,451	50,210,226	6,902,169	(1,818,479)	5,083,690
Deferred inflows	788,812	235,063	1,023,875	1,425,906	379,156	1,805,062	(637,094)	(144,093)	(781,187)
Net position:									
Net investment in capital assets	57,813,459	37,312,451	95,125,910	58,326,049	35,777,188	94,103,237	(512,590)	1,535,263	1,022,673
Restricted	10,660,016	16,635,580	27,295,596	9,815,650	16,735,267	26,550,917	844,366	(99,687)	744,679
Unrestricted	1,305,238	(3,858,327)	(2,553,089)	923,456	(5,129,753)	(4,206,297)	381,782	1,271,426	1,653,208
<i>Total Net Position</i>	<u>\$ 69,778,713</u>	<u>\$ 50,089,704</u>	<u>\$ 119,868,417</u>	<u>\$ 69,065,155</u>	<u>\$ 47,382,702</u>	<u>\$ 116,447,857</u>	<u>\$ 713,558</u>	<u>\$ 2,707,002</u>	<u>\$ 3,420,560</u>

Governmental Activities

The City's net position from governmental activities increased \$713,558 (1%) from 2015-16 to 2016-17.

Business-type Activities

The City's net position from business-type activities increased \$2,707,002 (6%) from 2015-16 to 2016-17.

Statement of Activities

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

	2017			2016			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	\$ 1,798,258	\$ 11,385,096	\$ 13,183,354	\$ 1,799,621	\$ 11,585,205	\$ 13,384,826	\$ (1,363)	\$ (200,109)	\$ (201,472)
Operating grants and contributions	2,052,681	-	2,052,681	1,962,709	-	1,962,709	89,972	-	89,972
Capital grants and contributions	266,679	114,664	381,343	350,449	307,152	657,601	(83,770)	(192,488)	(276,258)
<i>Total Program Revenues</i>	4,117,618	11,499,760	15,617,378	4,112,779	11,892,357	16,005,136	4,839	(392,597)	(387,758)
General Revenues									
Property taxes	9,724,889	-	9,724,889	9,156,725	-	9,156,725	568,164	-	568,164
Franchise taxes	1,543,317	-	1,543,317	1,511,125	-	1,511,125	32,192	-	32,192
Other taxes	547,220	-	547,220	550,346	-	550,346	(3,126)	-	(3,126)
Intergovernmental	702,990	-	702,990	649,350	-	649,350	53,640	-	53,640
Other	315,885	372,742	688,627	319,676	227,126	546,802	(3,791)	145,616	141,825
<i>Total General Revenues</i>	12,834,301	372,742	13,207,043	12,187,222	227,126	12,414,348	647,079	145,616	792,695
<i>Total Revenues</i>	16,951,919	11,872,502	28,824,421	16,300,001	12,119,483	28,419,484	651,918	(246,981)	404,937
Expenses									
General government	2,676,477	-	2,676,477	5,114,971	-	5,114,971	(2,438,494)	-	(2,438,494)
Public safety	7,805,948	-	7,805,948	9,231,388	-	9,231,388	(1,425,440)	-	(1,425,440)
Highways and streets	2,426,489	-	2,426,489	2,691,040	-	2,691,040	(264,551)	-	(264,551)
Culture and recreation	2,980,178	-	2,980,178	3,481,264	-	3,481,264	(501,086)	-	(501,086)
Economic Environment	829,477	-	829,477	-	-	-	829,477	-	829,477
Interest on long-term debt	169,933	-	169,933	183,342	-	183,342	(13,409)	-	(13,409)
Water	-	2,885,827	2,885,827	-	3,303,526	3,303,526	-	(417,699)	(417,699)
Sewer	-	5,629,532	5,629,532	-	6,728,773	6,728,773	-	(1,099,241)	(1,099,241)
<i>Total Expenses</i>	16,888,502	8,515,359	25,403,861	20,702,005	10,032,299	30,734,304	(3,813,503)	(1,516,940)	(5,330,443)
<i>Changes in Net Position Before Transfers</i>	63,417	3,357,143	3,420,560	(4,402,004)	2,087,184	(2,314,820)	4,465,421	1,269,959	5,735,380
<i>Transfers</i>	650,141	(650,141)	-	688,937	(688,937)	-	(38,796)	38,796	-
<i>Change in Net Position</i>	713,558	2,707,002	3,420,560	(3,713,067)	1,398,247	(2,314,820)	4,426,625	1,308,755	5,735,380
<i>Beginning Net Position</i>	69,065,155	47,382,702	116,447,857	72,778,222	45,984,455	118,762,677	(3,713,067)	1,398,247	(2,314,820)
<i>Ending Net Position</i>	\$ 69,778,713	\$ 50,089,704	\$ 119,868,417	\$ 69,065,155	\$ 47,382,702	\$ 116,447,857	\$ 713,558	\$ 2,707,002	\$ 3,420,560

Governmental Activities. Total revenues for the City's governmental activities were \$16,951,919 for the fiscal year ended June 30, 2017. Approximately 57% of the total revenue for the governmental activities was derived from property taxes and approximately 24% of the total revenue was from program revenues. Total expenses for governmental activities were \$16,888,502 and net transfers in were \$650,141 resulting in a \$713,558 increase in net position. General governmental activities accounted for approximately 16% of the total governmental activities expense. Public Safety, Highways and Streets, Culture and Recreation, and Economic Environment expenses account for 83% of the total, and interest on long-term debt was 1% of total governmental activities expenses.

Business-Type Activities. Revenues of business-type activities totaled \$11,872,502 for the current fiscal year. These activities generated \$11,499,760 in program revenues, and \$372,742 in interest earnings and miscellaneous revenues. The total expenses for business-type activities were \$8,515,359 and net transfers out were \$650,141 resulting in a \$2,707,002 increase in net position. Business-type activities for the City of Woodburn consist of operations for water and wastewater services.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds. At the end of the fiscal year, there was \$17,778,072 of fund balance of the governmental funds, an increase of \$2,383,385 from the prior year. The City's governmental funds include the General Fund and Street Fund, and other non-major funds.

The General Fund is the chief operating fund of the City. At the end of the fiscal year, a fund balance of \$6,252,781 was reported by the General Fund. The fund balance increased by \$1,366,863 from the previous year due to increases in property taxes, franchise fees and miscellaneous revenues, along with decreases in charges for services and fines and forfeitures, coupled with increases in general government and culture and recreation expenditures and decreases in police expenditures.

The City reports one other major governmental fund, the Street Fund. The Street Fund had a fund balance of \$3,905,804, an increase of \$560,900 from the previous year, due mainly to revenues in excess of a decrease in street maintenance expenditures.

Proprietary Funds. Net position of the proprietary funds equaled \$50,089,704 at the end of the current fiscal year, an increase of \$2,707,002 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 \$1,106,036, an increase of \$455,175 from previous year, due to an increase in charges for services and an increase in personal services expenses, along with a decrease in interest expense. The Sewer Fund had a net position of \$25,120,984, an increase of \$2,039,732 from previous year, due to the combination of an increase in charges for services along increases in personal services and materials and services. The Sewer Capital Construction Fund had a net position of \$16,759,769, an increase of \$133,547 from the previous year, due to revenues and transfers in excess of depreciation.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues (budgetary basis), exceeded budgeted amounts by 6%. General Fund expenditures ended \$4,278,454 below budgeted amounts primarily due to management efforts to contain costs throughout the fiscal year. There was one change to the adopted budget in the current year, which increased transfers out and decreased contingency by \$2,596.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities equaled \$61,539,134 and \$57,888,402 respectively, at the end of the current fiscal year, net of accumulated depreciation. This investment includes land, construction in process, buildings, equipment, and infrastructure. Additional information about the City's capital assets is presented in the notes to the financial statements.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
Land	\$ 22,567,381	\$ 22,567,381	\$ 1,783,816	\$ 1,783,816	\$ 24,351,197	\$ 24,351,197
Construction in progress	506,639	96,389	4,365,993	4,441,468	4,872,632	4,537,857
Buildings	16,756,793	16,734,493	62,748,380	62,634,628	79,505,173	79,369,121
Equipment	7,226,203	7,072,539	2,427,869	2,370,459	9,654,072	9,442,998
Infrastructure	44,360,967	44,360,967	30,479,609	29,908,166	74,840,576	74,269,133
Accumulated depreciation	(29,878,849)	(28,379,646)	(43,917,265)	(41,610,473)	(73,796,114)	(69,990,119)
Net capital assets	\$ 61,539,134	\$ 62,452,123	\$ 57,888,402	\$ 59,528,064	\$ 119,427,536	\$ 121,980,187

Long-term Debt. At the end of the current fiscal year, long-term debt outstanding for the governmental activities totaled \$4,312,216, compared to \$4,810,507 in the prior year. For the business-type activities, total long-term debt equaled \$32,398,632 compared to \$35,874,352 in the prior year. The decrease is due to scheduled debt repayments. Additional information about the City's long-term debt outstanding is presented in the notes to the financial statements.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
General obligation bonds	\$ 3,690,000	\$ 4,060,000	\$ -	\$ -	\$ 3,690,000	\$ 4,060,000
Loans	35,675	66,074	4,002,523	4,416,251	4,038,198	4,482,325
Revenue bonds	-	-	26,384,767	29,302,005	26,384,767	29,302,005
Bond premium	-	-	1,934,160	2,072,315	1,934,160	2,072,315
Accrued compensated absences	586,541	684,433	77,181	83,781	663,722	768,214
	\$ 4,312,216	\$ 4,810,507	\$ 32,398,631	\$ 35,874,352	\$ 36,710,847	\$ 40,684,859

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Oregon, much like the national economic environment, has steadily improved over the last few years. The low unemployment rates have positively impacted wages and Oregon's median household incomes have risen. The strong economy, coupled with steady population growth and Woodburn's 2015 approval of the Urban Growth Boundary, will result in an increase in local development and property tax revenue projections.

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, 2017

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
ASSETS			
Cash and investments	\$ 18,766,633	\$ 26,656,947	\$ 45,423,580
Accounts receivable	1,058,215	762,868	1,821,083
Property taxes receivable	437,643	-	437,643
Assessment liens receivable	34,135	-	34,135
Loans receivable	650,169	-	650,169
Prepaid expenses	3,064	-	3,064
Internal balances	(12,882)	12,882	-
Non-depreciable capital assets	23,074,020	6,149,809	29,223,829
Other capital assets, net of depreciation	38,465,114	51,738,593	90,203,707
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	82,476,111	85,321,099	167,797,210
DEFERRED OUTFLOWS			
Deferred outflows related to PERS	6,800,358	1,588,640	8,388,998
LIABILITIES			
Accounts payable	804,927	308,186	1,113,113
Accrued payroll liabilities	520,148	114,048	634,196
Deposits payable	-	121,915	121,915
Interest payable	15,147	468,606	483,753
Noncurrent liabilities:			
Due within one year:			
Long-term debt	420,675	3,921,935	4,342,610
Bond premium	-	138,154	138,154
Accrued compensated absenses	234,616	33,513	268,129
Due in more than one year:			
Long-term debt	3,305,000	26,465,355	29,770,355
Bond premium	-	1,796,006	1,796,006
Accrued compensated absenses	351,925	43,668	395,593
Net pension liability	13,056,506	3,173,586	16,230,092
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	18,708,944	36,584,972	55,293,916
DEFERRED INFLOWS			
Deferred inflows related to PERS	788,812	235,063	1,023,875
NET POSITION			
Net investment in capital assets	57,813,459	37,312,451	95,125,910
Restricted for:			
Debt service	1,758	-	1,758
Culture and recreation	194,820	-	194,820
Community development	3,002,887	-	3,002,887
Construction	7,460,551	16,635,580	24,096,131
Unrestricted	1,305,238	(3,858,327)	(2,553,089)
	<hr/>	<hr/>	<hr/>
<i>Total Net Position</i>	<u>\$ 69,778,713</u>	<u>\$ 50,089,704</u>	<u>\$ 119,868,417</u>

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

CITY OF WOODBURN, OREGON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	<i>Expenses</i>	<i>Program Revenues</i>		
		<i>Fees, Fines and Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>
<i>FUNCTIONS/PROGRAMS</i>				
<i>Governmental activities:</i>				
General government	\$ 2,676,477	\$ 660,502	\$ -	\$ -
Public safety	7,805,948	113,331	65,368	26,507
Highways and streets	2,426,489	1,104	1,480,081	41,695
Culture and recreation	2,980,178	565,889	507,232	198,477
Economic Environment	829,477	457,432	-	-
Interest on long-term debt	169,933	-	-	-
<i>Total Governmental activities</i>	16,888,502	1,798,258	2,052,681	266,679
<i>Business-type activities:</i>				
Water	2,885,827	3,293,342	-	41,133
Sewer	5,629,532	8,091,754	-	73,531
<i>Total Business-type activities</i>	8,515,359	11,385,096	-	114,664
<i>Total Activities</i>	\$ 25,403,861	\$ 13,183,354	\$ 2,052,681	\$ 381,343

General Revenues:

Property taxes
Franchise taxes
Other taxes
Intergovernmental
Gain on disposition of assets
Unrestricted investment earnings
Miscellaneous

Total General Revenues

Transfers

Change in Net Position

Net Position - beginning of year

Net Position - end of year

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

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ (2,015,975)	\$ -	\$ (2,015,975)
(7,600,742)	-	(7,600,742)
(903,609)	-	(903,609)
(1,708,580)	-	(1,708,580)
(372,045)	-	(372,045)
(169,933)	-	(169,933)
(12,770,884)	-	(12,770,884)
-	448,648	448,648
-	2,535,753	2,535,753
-	2,984,401	2,984,401
(12,770,884)	2,984,401	(9,786,483)
9,724,889	-	9,724,889
1,543,317	-	1,543,317
547,220	-	547,220
702,990	-	702,990
13,241	3,505	16,746
200,736	283,101	483,837
101,908	86,136	188,044
12,834,301	372,742	13,207,043
650,141	(650,141)	-
713,558	2,707,002	3,420,560
69,065,155	47,382,702	116,447,857
<u>\$ 69,778,713</u>	<u>\$ 50,089,704</u>	<u>\$ 119,868,417</u>

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

CITY OF WOODBURN, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>Special Revenue</u>		
	<u>General</u>	<u>Street</u>	<u>Other Governmental Funds</u>
ASSETS			
Cash and investments	\$ 6,446,267	\$ 4,133,878	\$ 7,654,872
Accounts receivable	700,869	158,437	197,068
Property taxes receivable	385,416	-	52,228
Assessment liens receivable	-	-	34,135
Loans receivable	-	-	650,169
Prepaid expenses	3,064	-	-
Due from other funds	-	-	38,768
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	\$ 7,535,616	\$ 4,292,315	\$ 8,627,240
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 143,743	\$ 357,819	\$ 238,337
Accrued payroll and payroll liabilities	442,542	28,692	32,513
Due to other funds	51,650	-	5,594
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	637,935	386,511	276,444
Deferred Inflows			
Unavailable revenue	644,900	-	731,309
Fund Balance			
Non-spendable	3,064	-	-
Restricted for:			
Debt service	-	-	1,758
Construction	-	3,905,804	3,554,747
Culture and recreation	-	-	194,820
Community development	-	-	2,327,299
Committed to:			
Public safety	-	-	9,681
Capital outlay	-	-	932,081
Planning and building	-	-	599,101
Unassigned	6,249,717	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance</i>	6,252,781	3,905,804	7,619,487
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Total Liabilities and Fund Balance</i>	\$ 7,535,616	\$ 4,292,315	\$ 8,627,240

<i>Total</i>	
\$	18,235,017
	1,056,374
	437,644
	34,135
	650,169
	3,064
	38,768
<hr/>	
\$	20,455,171
<hr/> <hr/>	

\$	739,899
	503,747
	57,244
<hr/>	
	1,300,890
	1,376,209
	3,064
	1,758
	7,460,551
	194,820
	2,327,299
	9,681
	932,081
	599,101
	6,249,717
<hr/>	
	17,778,072
<hr/>	
\$	20,455,171
<hr/> <hr/>	

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

CITY OF WOODBURN, OREGON
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2017

<i>Fund Balances</i>	\$ 17,778,072
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.	1,376,208
PERS net pension asset, deferred outflows of resources arising from contributions paid, changes in assumptions, and differences between expected and actual experience, and deferred inflows arising from changes in proportionate share of earnings in the current year are not financial resources in governmental funds, but are reported in the Statement of Net Position.	
Net pension liability	(12,519,191)
Deferred outflows	6,523,146
Deferred inflows	(754,568)
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.	
Cost	91,417,983
Accumulated depreciation	(29,878,849)
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	(551,595)
Accrued interest	(15,147)
Long-term debt	(3,725,675)
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.	128,329
	<hr/>
<i>Net Position of Governmental Activities</i>	<u><u>\$ 69,778,713</u></u>

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, 2017**

		<u>Special Revenue</u>	
	<u>General Fund</u>	<u>Street</u>	<u>Other Governmental Funds</u>
REVENUES			
Taxes and assessments	\$ 9,065,453	\$ 129,412	\$ 1,130,299
Licenses and permits	1,973,591	202	535,522
Charges for services	861,991	359,820	38,227
Intergovernmental	845,008	1,480,082	605,895
Fines and forfeitures	420,305	-	-
Miscellaneous	243,300	137,675	181,982
<i>Total Revenues</i>	<u>13,409,648</u>	<u>2,107,191</u>	<u>2,491,925</u>
EXPENDITURES			
Current			
General government	2,814,214	-	442,983
Public safety	6,861,768	-	-
Highways and streets	-	1,529,569	-
Culture and recreation	2,193,922	-	803,820
Debt Service			
Principal	-	-	400,399
Interest	-	-	169,937
Capital outlay	-	5,500	467,708
<i>Total Expenditures</i>	<u>11,869,904</u>	<u>1,535,069</u>	<u>2,284,847</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,539,744</u>	<u>572,122</u>	<u>207,078</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	90,000	329,236
Transfers out	(197,742)	(101,222)	(75,692)
Proceeds from sales of assets	19,861	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>(177,881)</u>	<u>(11,222)</u>	<u>253,544</u>
NET CHANGE IN FUND BALANCE	1,361,863	560,900	460,622
FUND BALANCE, beginning of year	4,890,918	3,344,904	7,158,865
FUND BALANCE, end of year	<u>\$ 6,252,781</u>	<u>\$ 3,905,804</u>	<u>\$ 7,619,487</u>

<i>Total</i>	
\$	10,325,164
	2,509,315
	1,260,038
	2,930,985
	420,305
	562,957
	<hr/>
	18,008,764
	<hr/>
	3,257,197
	6,861,768
	1,529,569
	2,997,742
	400,399
	169,937
	473,208
	<hr/>
	15,689,820
	<hr/>
	2,318,944
	<hr/>
	419,236
	(374,656)
	19,861
	<hr/>
	64,441
	<hr/>
	2,383,385
	15,394,687
	<hr/>
\$	17,778,072
	<hr/> <hr/>

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

CITY OF WOODBURN, OREGON

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

<i>Net Change in Fund Balances - Total Governmental Funds</i>	\$ 2,383,385
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>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.</p>	
Property tax receivables	(53,054)
Decreases in other loans receivable	(58,184)
<p>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.</p>	
Accrued compensated absences	132,838
Accrued interest payable	4
<p>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.</p>	
Capital outlay expenditures capitalized	586,214
Depreciation	(1,499,203)
<p>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.</p>	
Debt principal paid	400,399
<p>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.</p>	
	(1,286,947)
Net income of internal service funds	108,106
<i>Change in Net Position of Governmental Activities</i>	<u><u>\$ 713,558</u></u>

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

CITY OF WOODBURN, OREGON
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2017

	<u>Water</u>	<u>Sewer</u>	<u>Sewer Capital Construction</u>
ASSETS			
Current Assets			
Cash and investments	\$ 2,231,622	\$ 7,638,173	\$ 12,539,830
Accounts receivable	226,199	536,371	93
Due from other funds	-	-	-
<i>Total Current Assets</i>	<u>2,457,821</u>	<u>8,174,544</u>	<u>12,539,923</u>
Noncurrent Assets			
Nondepreciable capital assets	158,444	1,625,372	3,058,298
Other capital assets, net of depreciation	8,786,537	40,071,383	1,371,182
<i>Total Noncurrent Assets</i>	<u>8,944,981</u>	<u>41,696,755</u>	<u>4,429,480</u>
<i>Total Assets</i>	<u>11,402,802</u>	<u>49,871,299</u>	<u>16,969,403</u>
DEFERRED OUTFLOWS			
Deferred outflows - contributions to PERS	576,095	1,012,545	-
LIABILITIES			
Current Liabilities			
Accounts payable	35,187	62,799	209,634
Accrued payroll liabilities	50,832	63,216	-
Deposits payable	121,915	-	-
Accrued interest payable	230,367	238,239	-
Due to other funds	12,943	12,943	-
Current portion of long-term liabilities			
Long-term debt	744,737	2,603,647	-
Bond premiums	-	138,154	-
Accrued compensated absences	19,009	14,504	-
<i>Total Current Liabilities</i>	<u>1,214,990</u>	<u>3,133,502</u>	<u>209,634</u>
Noncurrent Liabilities			
Long-term debt	8,318,481	18,720,425	-
Bond premiums	-	1,796,006	-
Accrued compensated absences	16,824	26,844	-
Net pension liability	1,212,117	1,961,469	-
<i>Total Noncurrent Liabilities</i>	<u>9,547,422</u>	<u>22,504,744</u>	<u>-</u>
<i>Total Liabilities</i>	<u>10,762,412</u>	<u>25,638,246</u>	<u>209,634</u>
DEFERRED INFLOWS			
Net projected to actual earnings to PERS	110,449	124,614	-
NET POSITION:			
Net investment in capital assets	(118,237)	30,184,022	4,429,480
Restricted for:			
Construction	-	-	12,296,851
Unrestricted	1,224,273	(5,063,038)	33,438
<i>Total Net Position</i>	<u>\$ 1,106,036</u>	<u>\$ 25,120,984</u>	<u>\$ 16,759,769</u>

<i>Other Business- type Funds</i>	<i>Total</i>	<i>Governmental Activities</i>
		<i>Internal Service</i>
\$ 4,247,322	\$ 26,656,947	\$ 537,210
205	762,868	1,841
38,768	38,768	-
4,286,295	27,458,583	539,051
1,307,695	6,149,809	-
1,509,491	51,738,593	-
2,817,186	57,888,402	-
7,103,481	85,346,985	539,051
-	1,588,640	277,212
566	308,186	65,028
-	114,048	16,401
-	121,915	-
-	468,606	-
-	25,886	-
-	3,348,384	-
-	138,154	-
-	33,513	-
566	4,558,692	81,429
-	27,038,906	-
-	1,796,006	-
-	43,668	34,946
-	3,173,586	537,315
-	32,052,166	572,261
566	36,610,858	653,690
-	235,063	34,244
2,817,186	37,312,451	-
4,285,729	16,582,580	-
-	(3,805,327)	128,329
\$ 7,102,915	\$ 50,089,704	\$ 128,329

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, 2017**

	<u>Water</u>	<u>Sewer</u>
OPERATING REVENUES		
Charges for services	\$ 3,293,342	\$ 8,091,754
Miscellaneous	58,922	27,214
<i>Total Operating Revenues</i>	3,352,264	8,118,968
OPERATING EXPENSES		
Personal services	1,291,072	1,765,552
Materials and services	729,985	1,213,847
Depreciation	358,996	1,810,151
<i>Total Operating Expenses</i>	2,380,053	4,789,550
OPERATING INCOME (LOSS)	972,211	3,329,418
NONOPERATING REVENUES (EXPENSES)		
Investment revenue	22,231	79,719
Amortization of bond premiums	-	138,155
Debt payments		
Principal	-	-
Interest expense	(420,872)	(899,176)
<i>Total Nonoperating Revenues (Expenses)</i>	(398,641)	(681,302)
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	573,570	2,648,116
Capital contributions	-	-
Transfers in	57,411	-
Transfers out	(179,311)	(608,384)
Gain (loss) on disposition of assets	3,505	-
CHANGE IN NET POSITION	455,175	2,039,732
NET POSITION, beginning of year	650,861	23,081,252
NET POSITION, end of year	\$ 1,106,036	\$ 25,120,984

<i>Sewer Capital Construction</i>	<i>Other Business- type Funds</i>	<i>Total</i>	<i>Governmental Activities</i>
			<i>Internal Service</i>
\$ -	\$ -	\$ 11,385,096	\$ 1,735,792
-	-	86,136	33,121
-	-	11,471,232	1,768,913
-	-	3,056,624	481,468
-	26,218	1,970,050	1,245,400
78,961	58,684	2,306,792	-
78,961	84,902	7,333,466	1,726,868
(78,961)	(84,902)	4,137,766	42,045
133,901	47,250	283,101	8,532
-	-	138,155	-
-	-	-	-
-	-	(1,320,048)	-
133,901	47,250	(898,792)	8,532
54,940	(37,652)	3,238,974	50,577
-	114,664	114,664	-
78,607	1,536	137,554	57,529
-	-	(787,695)	-
-	-	3,505	-
133,547	78,548	2,707,002	108,106
16,626,222	7,024,367	47,382,702	20,223
\$ 16,759,769	\$ 7,102,915	\$ 50,089,704	\$ 128,329

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, 2017

	<u>Water</u>	<u>Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Collected from customers	\$ 3,393,595	\$ 8,270,363
Paid to suppliers	(733,323)	(1,867,910)
Paid to employees	(1,241,077)	(1,068,749)
	<hr/>	<hr/>
<i>Net Cash Provided by (Used in) Operating Activities</i>	1,419,195	5,333,704
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in	-	-
Transfers out	(192,000)	(621,073)
	<hr/>	<hr/>
<i>Net Cash Provided by (Used in) Non-Capital Financing Activities</i>	(192,000)	(621,073)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	-	-
Proceeds from disposal of capital assets	3,505	-
Principal paid on loans and bonds payable	(727,319)	(2,603,647)
System development receipts	-	-
Interest paid	(428,779)	(930,165)
	<hr/>	<hr/>
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	(1,152,593)	(3,533,812)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	22,231	79,719
	<hr/>	<hr/>
<i>Increase (Decrease) in Cash and Investments</i>	96,833	1,258,538
CASH AND INVESTMENTS, Beginning of year	2,134,789	6,379,635
	<hr/>	<hr/>
CASH AND INVESTMENTS, End of year	<u>\$ 2,231,622</u>	<u>\$ 7,638,173</u>

			<u>Governmental Activities</u>
<u>Sewer Capital Construction</u>	<u>Other Business- Type Funds</u>	<u>Totals</u>	<u>Internal Service</u>
\$ 197	\$ 63	\$ 11,664,218	\$ 1,790,356
-	(45,276)	(2,646,509)	(1,269,911)
-	-	(2,309,826)	(405,798)
197	(45,213)	6,707,883	114,647
78,607	39,544	118,151	57,529
-	-	(813,073)	-
78,607	39,544	(694,922)	57,529
(163,168)	(236,919)	(400,087)	-
-	-	3,505	-
-	-	(3,330,966)	-
-	180,497	180,497	-
-	-	(1,358,944)	-
(163,168)	(56,422)	(4,905,995)	-
133,901	47,250	283,101	8,532
49,537	(14,841)	1,390,067	180,708
12,490,293	4,262,163	25,266,880	356,502
<u>\$ 12,539,830</u>	<u>\$ 4,247,322</u>	<u>\$ 26,656,947</u>	<u>\$ 537,210</u>

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

CITY OF WOODBURN, OREGON
STATEMENT OF CASH FLOWS (Continued)
YEAR ENDED JUNE 30, 2017

	<u>Water</u>	<u>Sewer</u>
<i>RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES</i>		
Operating income (loss)	\$ 972,211	\$ 3,329,418
Adjustments to reconcile the change in operating income to net cash provided by operating activities:		
Depreciation	358,996	1,810,151
<i>Change in assets and liabilities:</i>		
Accounts receivable	26,036	151,395
Deferred outflows	(432,954)	(817,224)
Accounts payable and accrued liabilities	(46,707)	(160,642)
Customer deposits	15,295	-
Compensated absences payable	(11,689)	5,089
Net pension liability (asset)	587,909	1,109,709
Deferred inflows	(49,902)	(94,192)
	<u>\$ 1,419,195</u>	<u>\$ 5,333,704</u>
 <i>Net Cash Provided by (Used in) Operating Activities</i>		
 <i>Noncash Transactions</i>		
Transfer of capital assets	<u>\$ 57,411</u>	<u>\$ -</u>

			<i>Governmental Activities</i>
<i>Sewer Capital Construction</i>	<i>Other Business- Type Funds</i>	<i>Totals</i>	<i>Internal Service</i>
\$ (78,961)	\$ (84,902)	\$ 4,137,766	\$ 42,045
78,961	58,684	2,306,792	-
197	63	177,691	21,444
-	-	(1,250,178)	(223,633)
-	(19,058)	(226,407)	(38,053)
-	-	15,295	-
-	-	(6,600)	34,946
-	-	1,697,618	303,673
-	-	(144,094)	(25,775)
<u>\$ 197</u>	<u>\$ (45,213)</u>	<u>\$ 6,707,883</u>	<u>\$ 114,647</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,411</u>	<u>\$ (102,442)</u>

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

CITY OF WOODBURN, OREGON
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

	<i>Pension Trust</i>
ASSETS	
Cash and investments	\$ 57,943
LIABILITIES	-
NET POSITION	
Held in trust for benefits and other purposes	\$ 57,943

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, 2017

	<u><i>Pension Trust</i></u>
ADDITIONS	
Earnings	\$ 1,685
<i>Total additions</i>	1,685
DEDUCTIONS	-
CHANGE IN NET POSITION	1,685
NET POSITION, beginning of year	56,258
NET POSITION, end of year	<u>\$ 57,943</u>

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, 2017.

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

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

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

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements display information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

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 is 17% 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.

CITY OF WOODBURN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements (Continued)

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

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

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

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

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

The City reports the following major governmental funds:

- General Fund
- Street Fund

The City reports the following major proprietary funds:

- Water Fund
- Sewer Fund
- Sewer Capital Construction Fund

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenses as of and for the year ended June 30, 2017. 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, 2016 measurement date, differences between expected and actual experience, and changes in proportionate share.

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.

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

ORGANIZATION AND OPERATION (Continued)

Fiduciary Fund

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

CASH AND INVESTMENTS

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

	<i>Carrying Value</i>	<i>Fair Value</i>
Cash		
Deposits with financial institutions	\$ 184,902	\$ 184,902
Cash on hand	1,660	1,660
Investments		
Local Government Investment Pool	45,237,018	45,237,018
Assets held for pension benefits	57,943	57,943
	<u>\$ 45,481,523</u>	<u>\$ 45,481,523</u>

Cash is reported in the financial statements as follows:

Governmental funds	\$ 18,229,418
Internal Service funds (included in governmental activities)	537,210
Enterprise funds	26,656,952
Fiduciary funds	57,943
	<u>\$ 45,481,523</u>

Deposits

The book balance of the City's bank deposits (checking accounts) was \$184,902 and the bank balance was \$250,480 at year end. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

Investments

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

CITY OF WOODBURN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

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, 2017, the fair value of the position in the Oregon State Treasurer's Short-term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short-term Fund is not subject to classification. Separate financial statements for the Oregon Short-term Fund are available from the Oregon State Treasurer.

Interest Rate Risk

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

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 for the aggregate of all non-interest bearing accounts and up to \$250,000 for the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2017, \$480 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. The LGIP is not rated for credit quality.

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

CAPITAL ASSETS

The summary of capital assets for the business-type activities for the year ended June 30, 2017 is as follows:

	<i>Balances July 1, 2016</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2017</i>
<i>Nondepreciable assets</i>				
Land	\$ 1,783,816	\$ -	\$ -	\$ 1,783,816
Construction in progress	4,441,468	492,440	(567,915)	4,365,993
Subtotal, nondepreciable assets	6,225,284	492,440	(567,915)	6,149,809
<i>Depreciable assets</i>				
Buildings	62,634,628	113,752	-	62,748,380
Water and sewer systems	29,908,166	571,443	-	30,479,609
Equipment	2,370,459	57,410	-	2,427,869
Subtotal, depreciable assets	94,913,253	742,605	-	95,655,858
<i>Accumulated depreciation</i>				
Buildings and improvements	(28,011,382)	(1,717,708)	-	(29,729,090)
Water and sewer systems	(11,918,534)	(494,707)	-	(12,413,241)
Equipment	(1,680,557)	(94,377)	-	(1,774,934)
Total accumulated depreciation	(41,610,473)	(2,306,792)	-	(43,917,265)
<i>Total depreciable assets, net</i>	53,302,780	(1,564,187)	-	51,738,593
Net capital assets	\$ 59,528,064	\$ (1,071,747)	\$ (567,915)	\$ 57,888,402

Depreciation expense was allocated as follows:

Water funds	\$ 417,680
Sewer funds	1,889,112
	<u>\$ 2,306,792</u>

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

CAPITAL ASSETS (Continued)

The changes in the capital assets for governmental activities for the year ended June 30, 2017 are as follows:

	<i>Balances July 1, 2016</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2017</i>
<i>Nondepreciable assets</i>				
Land	\$ 22,567,381	\$ -	\$ -	\$ 22,567,381
Construction in progress	96,389	410,250	-	506,639
Subtotal, nondepreciable assets	22,663,770	410,250	-	23,074,020
<i>Depreciable assets</i>				
Buildings	16,734,493	22,300	-	16,756,793
Equipment	7,072,539	153,664	-	7,226,203
Infrastructure	44,360,967	-	-	44,360,967
Subtotal, depreciable assets	68,167,999	175,964	-	68,343,963
<i>Accumulated depreciation</i>				
Buildings	(6,355,161)	(457,319)	-	(6,812,480)
Equipment	(5,558,084)	(327,723)	-	(5,885,807)
Infrastructure	(16,466,401)	(714,161)	-	(17,180,562)
Total accumulated depreciation	(28,379,646)	(1,499,203)	-	(29,878,849)
<i>Total depreciable assets, net</i>	39,788,353	(1,323,239)	-	38,465,114
Net capital assets	\$ 62,452,123	\$ (912,989)	\$ -	\$ 61,539,134

Depreciation expense was allocated as follows:

General government	\$ 217,770
Public safety	246,638
Highways and streets	817,134
Culture and recreation	98,188
Internal service funds	119,473
	<u>\$ 1,499,203</u>

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

LONG-TERM DEBT

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

	<i>Outstanding July 1, 2016</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2017</i>	<i>Due Within One Year</i>
<i>Governmental Activities:</i>					
Series 2005 general obligation bonds due in annual installments with principal and interest varying annually	\$ 4,060,000	\$ -	\$ (370,000)	\$ 3,690,000	\$ 385,000
1999 Oregon EDD Loan due in annual installments of \$38,319 with interest at 5.01%.	66,074	-	(30,399)	35,675	35,675
	<u>4,126,074</u>	<u>-</u>	<u>(400,399)</u>	<u>3,725,675</u>	<u>420,675</u>
Accrued compensated absences	684,433	824,900	(922,792)	586,541	234,616
	<u>\$ 4,810,507</u>	<u>\$ 824,900</u>	<u>\$ (1,323,191)</u>	<u>\$ 4,312,216</u>	<u>\$ 655,291</u>
<i>Business-type Activities:</i>					
Series 2003 Water loan paid over 25 years; interest at various rates	\$ 5,374,286	\$ -	\$ (313,591)	\$ 5,060,695	\$ 325,789
2005 Oregon EDD due in annual installments including interest at 4.21%	2,208,126	-	(206,864)	2,001,262	215,573
2005 SDWR due in annual installments including interest at 4.21%	2,208,125	-	(206,864)	2,001,261	215,573
2011 Sewer Revenue Bonds paid over 20 years; interest at various rates	23,927,719	-	(2,603,647)	21,324,072	3,165,000
	<u>33,718,256</u>	<u>-</u>	<u>(3,330,966)</u>	<u>30,387,290</u>	<u>3,921,935</u>
2011 Sewer Revenue Bond premium	2,072,315	-	(138,155)	1,934,160	138,154
Accrued compensated absences	83,781	294,055	(300,655)	77,181	30,872
	<u>\$ 35,874,352</u>	<u>\$ 294,055</u>	<u>\$ (3,769,776)</u>	<u>\$ 32,398,631</u>	<u>\$ 4,090,961</u>

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

LONG-TERM DEBT (Continued)

Future maturities of long-term debt are as follows:

Governmental Activities

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$ 420,675	\$ 153,956	\$ 574,631
2019	405,000	136,736	541,736
2020	425,000	120,536	545,536
2021	445,000	103,536	548,536
2022	470,000	85,180	555,180
2023-25	1,560,000	133,959	1,693,959
	\$ 3,725,675	\$ 733,903	\$ 4,459,578

Business-type Activities

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$ 3,921,935	\$ 1,123,066	\$ 5,045,001
2019	4,407,430	996,283	5,403,713
2020	4,293,372	1,332,332	5,625,704
2021	4,557,224	1,340,501	5,897,725
2022	5,769,614	526,412	6,296,026
2023-27	6,140,306	1,913,216	8,053,522
2028-31	1,297,409	98,824	1,396,233
	\$ 30,387,290	\$ 7,330,634	\$ 37,717,924

CITY OF WOODBURN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

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.

CITY OF WOODBURN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

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, 2014 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2015. The City's contribution rates for the period were 16.29% for Tier One/Tier Two members, 9.24% for OPSRP General Service members, and 13.35% for OPSRP Police and Fire members. The City's total contributions exclusive of the 6% "pick-up" was \$1,034,667.

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

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 \$579,640 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, 2017, the City reported a liability of \$16,230,092 for its proportionate share of the OPERS net pension asset. The net pension asset was measured as of June 30, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014 rolled forward to June 30, 2016. 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, 2016, the City's proportion was 0.1081%, which is a decrease of 0.0143% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$1,644,558. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 536,962	\$ -
Changes of assumptions	3,461,489	-
Net difference between projected and actual earnings on investments	3,206,385	-
Changes in proportionate share	104,763	768,377
Differences between employer contributions and proportionate share of contributions	44,732	255,498
Contributions subsequent to measurement date	1,034,667	-
	<u> </u>	<u> </u>
Total	<u>\$ 8,388,998</u>	<u>\$ 1,023,875</u>

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

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 \$1,034,667 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as an addition to (reduction from) as follows:

<i>Fiscal Year Ending June 30,</i>		
2018	\$	1,082,552
2019		1,082,552
2020		2,267,204
2021		1,687,720
2022		210,428
Total	\$	6,330,456

Actuarial Methods and Assumptions

The total pension liability in the December 31, 2014 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	2.50%
Investment Rate of Return	7.50%
Projected Salary Increases	3.50% overall payroll growth; salaries for individuals are assumed to grow at 3.50% 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 BB, with collar adjustments and set-backs as described in the valuation.

Active members:

Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.

Disabled retirees:

Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of the value of 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 2014 experience study which reviewed experience for the four-year period ending on December 31, 2014.

Long-Term Expected Rate of Return

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

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIRMENT SYSTEM (Continued)

Long-Term Expected Rate of Return (Continued)

<u>Asset Class</u>	<u>Target</u>	<u>Compound Annual Return (Geometric)</u>
Core Fixed Income	8.00 %	4.00 %
Short-Term Bonds	8.00	3.61
Bank/Leveraged Loans	3.00	5.42
High Yield Bonds	1.00	6.20
Large/Mid Cap US Equities	15.75	6.70
Small Cap US Equities	1.31	6.99
Micro Cap US Equities	1.31	7.01
Developed Foreign Equities	13.13	6.73
Emerging Market Equities	4.12	7.25
Non-US Small Cap Equities	1.88	7.22
Private Equity	17.50	7.97
Real Estate (Property)	10.00	5.84
Real Estate (REITS)	2.50	6.69
Hedge Fund of Funds - Diversified	2.50	4.64
Hedge Fund - Event-driven	0.63	6.72
Timber	1.88	5.85
Farmland	1.88	6.37
Infrastructure	3.75	7.13
Commodities	1.88	4.58
Assumed Inflation - Mean		2.50 %

Discount Rate

The discount rate used to measure the total pension liability was 7.50% 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 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIRMENT SYSTEM (Continued)

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$ 26,206,188	\$ 16,230,092	\$ 7,891,822

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, 2017.

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 \$161,876 to the plan for the year ended June 30, 2017.

TRANSFERS

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

	Transfers In	Transfers Out
Governmental funds:		
General	\$ 605,443	\$ 197,742
Street	90,000	101,222
Governmental non-major	386,765	133,103
Proprietary funds:		
Water	57,411	179,311
Sewer	-	608,384
Sewer Capital Construction	78,607	-
Proprietary non-major	1,536	-
	\$ 1,219,762	\$ 1,219,762

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

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, 2016	Payments Received	Outstanding June 30, 2017
Water Capital Construction	\$ 76,777	\$ (38,009)	\$ 38,768
Street SDC	76,776	(38,008)	38,768
Street SDC	69,294	(69,294)	-
	<u>\$ 222,847</u>	<u>\$ (145,311)</u>	<u>\$ 77,536</u>

LOANS PAYABLE

Fund	Outstanding July 1, 2016	Payments Made	Outstanding June 30, 2017
General	\$ 102,289	\$ (50,639)	\$ 51,650
Special Assessments	69,294	(69,294)	-
Water	25,632	(12,689)	12,943
Sewer	25,632	(12,689)	12,943
	<u>\$ 222,847</u>	<u>\$ (145,311)</u>	<u>\$ 77,536</u>

The loans receivable and payable reflect two internal loans for the purchase of the City's accounting and telephone systems, both which will be retired as of June 30, 2018.

DEFICIT NET POSITION/FUND BALANCES

The following funds reported deficit balances as of June 30, 2017:

<i>Internal Service Funds</i>		
Information services	\$	(86,029)

The deficit fund balance in the information services fund is due to changes in net pension liability during the year.

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

The City implemented the following pronouncement during the current fiscal year:

GASB Statement No. 77, "Tax Abatement Disclosures," addresses the disclosure requirements for governments that have tax abated properties in their jurisdiction. It requires governments to disclose a description of the tax abatement program, the gross dollar amount of taxes abated during the period, and commitments made by a government, other than to abate taxes, as part of the tax abatement agreement. The pronouncement had no effect on the financial statements.

The City will implement applicable 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. 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. This statement is effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 82, "An Amendment of GASB Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and 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." This statement will improve financial reporting by enhancing consistency in the application of financial reporting requirements to certain pension issues. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement is effective for the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 31, 2017 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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 8,594,000	\$ 8,594,000	\$ 9,065,453	\$ 471,453
Licenses and permits	158,500	158,500	222,880	64,380
Franchise fees	1,696,323	1,696,323	1,750,711	54,388
Charges for services	845,000	845,000	861,991	16,991
Intergovernmental	764,000	764,000	845,008	81,008
Fines and forfeitures	470,400	470,400	420,305	(50,095)
Miscellaneous	182,435	182,435	243,300	60,865
<i>Total Revenues</i>	12,710,658	12,710,658	13,409,648	698,990
EXPENDITURES				
Council and Mayor	21,000	21,000	19,148	1,852
Administration	245,581	245,581	242,427	3,154
Economic Development	87,092	87,092	81,224	5,868
City Recorder	85,010	85,010	78,858	6,152
City Attorney	195,546	195,546	188,103	7,443
Finance	593,827	593,827	567,768	26,059
Human Resources	200,663	200,663	164,697	35,966
Nondepartmental	223,566	223,566	178,500	45,066
Police	7,222,364	7,222,364	6,861,768	360,596
Library	869,871	869,871	855,535	14,336
Recreation	464,435	464,435	421,870	42,565
Aquatic Center	598,730	598,730	585,463	13,267
Community Services Administration	351,707	351,707	331,054	20,653
Planning	387,331	387,331	374,824	12,507
Engineering	504,625	504,625	454,654	49,971
Maintenance	898,265	898,265	816,262	82,003
Contingency	3,553,592	3,550,996	-	3,550,996
<i>Total Expenditures</i>	16,503,205	16,500,609	12,222,155	4,278,454
REVENUES OVER (UNDER) EXPENDITURES	(3,792,547)	(3,789,951)	1,187,493	4,977,444
OTHER FINANCING SOURCES (USES)				
Transfers out	(207,453)	(210,049)	(197,742)	12,307
Proceeds from sale of assets	-	-	19,861	19,861
<i>Total Other Financing Sources (Uses)</i>	(207,453)	(210,049)	(177,881)	32,168
NET CHANGE IN FUND BALANCE	(4,000,000)	(4,000,000)	1,009,612	5,009,612
FUND BALANCE, beginning of year	4,000,000	4,000,000	5,294,819	1,294,819
FUND BALANCE, end of year (budgetary basis)	\$ -	\$ -	6,304,431	\$ 6,304,431
Interfund loan			(51,650)	
FUND BALANCE, end of year (GAAP basis)			\$ 6,252,781	

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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 100,000	\$ 100,000	\$ 129,412	\$ 29,412
Licenses and permits	-	-	202	202
Franchise fees	320,000	320,000	359,820	39,820
Intergovernmental	1,400,000	1,400,000	1,480,082	80,082
Miscellaneous	202,497	202,497	137,675	(64,822)
<i>Total Revenues</i>	<u>2,022,497</u>	<u>2,022,497</u>	<u>2,107,191</u>	<u>84,694</u>
EXPENDITURES				
Personal services	709,127	709,127	625,844	83,283
Materials and services	1,609,029	1,609,029	924,620	684,409
Capital outlay	5,500	5,500	5,500	-
Contingency	231,816	231,816	-	231,816
<i>Total Expenditures</i>	<u>2,555,472</u>	<u>2,555,472</u>	<u>1,555,964</u>	<u>999,508</u>
REVENUES OVER (UNDER) EXPENDITURES	(532,975)	(532,975)	551,227	1,084,202
OTHER FINANCING SOURCES (USES)				
Transfers in	90,000	90,000	90,000	-
Transfers out	(1,174,501)	(1,174,501)	(101,222)	1,073,279
<i>Total Other Financing Sources (Uses)</i>	<u>(1,084,501)</u>	<u>(1,084,501)</u>	<u>(11,222)</u>	<u>1,073,279</u>
NET CHANGE IN FUND BALANCE	(1,617,476)	(1,617,476)	540,005	2,157,481
FUND BALANCE, beginning of year	<u>2,689,000</u>	<u>2,689,000</u>	<u>3,365,799</u>	<u>676,799</u>
FUND BALANCE, end of year (budgetary basis)	<u>\$ 1,071,524</u>	<u>\$ 1,071,524</u>	<u>\$ 3,905,804</u>	<u>\$ 2,834,280</u>

CITY OF WOODBURN, OREGON

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

LAST FOUR FISCAL YEARS ¹

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.1081%	0.1224%	0.1145%	0.1145%
City's proportionate share of the net pension liability (asset)	\$ (16,230,093)	\$ (7,026,676)	\$ 2,595,126	\$ (5,842,512)
City's covered-employee payroll	8,800,124	8,344,438	8,457,225	8,048,595
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-184.4%	-84.2%	30.7%	-72.6%
Plan fiduciary net position as a percentage of the total pension liability	80.5%	91.9%	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 FOUR FISCAL YEARS ¹

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 1,034,667	\$ 1,096,838	\$ 1,046,147	\$ 1,022,429
Contributions in relation to the contractually required contribution	(1,034,667)	(1,096,838)	(1,046,147)	(1,022,429)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 8,800,124	\$ 8,344,438	\$ 8,457,225	\$ 8,048,595
Contributions as a percentage of covered-employee payroll	11.76%	13.14%	12.37%	12.70%

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

SUPPLEMENTARY INFORMATION

CITY OF WOODBURN, OREGON
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	<i>Special Revenue</i>		
	<i>Transit</i>	<i>Building Inspection</i>	<i>Search and Seizure</i>
ASSETS			
Cash and investments	\$ 73,351	\$ 623,694	\$ 9,681
Accounts receivable	66,480	-	-
Property taxes receivable	-	-	-
Assessment liens receivable	-	-	-
Loans receivable	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
<i>Total Assets</i>	<u>\$ 139,831</u>	<u>\$ 623,694</u>	<u>\$ 9,681</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 5,695	\$ 9,818	\$ -
Accrued payroll and payroll liabilities	14,198	14,775	-
Due to other funds	-	-	-
<i>Total Liabilities</i>	19,893	24,593	-
Deferred Inflows:			
Unavailable revenue	-	-	-
Fund Balance:			
Restricted for:			
Debt service	-	-	-
Construction	-	-	-
Culture and recreation	119,938	-	-
Community development	-	-	-
Committed to:			
Public safety	-	-	9,681
Capital outlay	-	-	-
Planning and building	-	599,101	-
Unassigned	-	-	-
<i>Total Fund Balance</i>	<u>119,938</u>	<u>599,101</u>	<u>9,681</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 139,831</u>	<u>\$ 623,694</u>	<u>\$ 9,681</u>

<i>Special Revenue</i>					<i>Capital Projects</i>
<i>Housing Rehabilitation</i>	<i>Library Endowment</i>	<i>Museum Endowment</i>	<i>Lavelle Black Trust</i>	<i>URA</i>	<i>General Capital Construction</i>
\$ 250,392	\$ 26,851	\$ 829	\$ 55,971	\$ 2,164,713	\$ -
-	-	-	-	-	130,588
-	-	-	-	28,238	-
650,169	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 900,561</u>	<u>\$ 26,851</u>	<u>\$ 829</u>	<u>\$ 55,971</u>	<u>\$ 2,192,951</u>	<u>\$ 130,588</u>
\$ -	\$ -	\$ -	\$ 8,769	\$ 87,085	\$ 125,640
281	-	-	-	3,259	-
-	-	-	-	-	4,948
281	-	-	8,769	90,344	130,588
650,169	-	-	-	25,419	-
-	-	-	-	-	-
-	-	-	-	-	-
-	26,851	829	47,202	-	-
250,111	-	-	-	2,077,188	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>250,111</u>	<u>26,851</u>	<u>829</u>	<u>47,202</u>	<u>2,077,188</u>	<u>-</u>
<u>\$ 900,561</u>	<u>\$ 26,851</u>	<u>\$ 829</u>	<u>\$ 55,971</u>	<u>\$ 2,192,951</u>	<u>\$ 130,588</u>

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

JUNE 30, 2017

	Capital Projects		
	Special Assessment	Street/Storm Capital Construction	Parks SDC
ASSETS			
Cash and investments	\$ 12,383	\$ 1,330	\$ 248,835
Accounts receivable	-	-	-
Property taxes receivable	-	-	-
Assessment liens receivable	34,135	-	-
Loans receivable	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
<i>Total Assets</i>	<u>\$ 46,518</u>	<u>\$ 1,330</u>	<u>\$ 248,835</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ -	\$ 1,330	\$ -
Accrued payroll and payroll liabilities	-	-	-
Due to other funds	-	-	-
<i>Total Liabilities</i>	-	1,330	-
Deferred Inflows:			
Unavailable revenue	34,135	-	-
Fund Balance:			
Restricted for:			
Debt service	-	-	-
Construction	-	-	248,835
Culture and recreation	-	-	-
Community development	-	-	-
Committed to:			
Public safety	-	-	-
Capital outlay	12,383	-	-
Planning and building	-	-	-
Unassigned	-	-	-
<i>Total Fund Balance</i>	<u>12,383</u>	<u>-</u>	<u>248,835</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 46,518</u>	<u>\$ 1,330</u>	<u>\$ 248,835</u>

<i>Capital Projects</i>			<i>Debt Service</i>	
<i>Street SDC</i>	<i>Storm SDC</i>	<i>Equipment Replacement</i>	<i>GO Debt Service</i>	<i>Total</i>
2,680,411	\$ 586,733	\$ 919,698	\$ -	\$ 7,654,872
-	-	-	-	197,068
-	-	-	23,990	52,228
-	-	-	-	34,135
-	-	-	-	650,169
-	-	-	-	-
38,768	-	-	-	38,768
<u>\$ 2,719,179</u>	<u>\$ 586,733</u>	<u>\$ 919,698</u>	<u>\$ 23,990</u>	<u>\$ 8,627,240</u>
\$ -	\$ -	\$ -	\$ -	\$ 238,337
-	-	-	-	32,513
-	-	-	646	5,594
-	-	-	646	276,444
-	-	-	21,586	731,309
-	-	-	1,758	1,758
2,719,179	586,733	-	-	3,554,747
-	-	-	-	194,820
-	-	-	-	2,327,299
-	-	-	-	9,681
-	-	919,698	-	932,081
-	-	-	-	599,101
-	-	-	-	-
<u>2,719,179</u>	<u>586,733</u>	<u>919,698</u>	<u>1,758</u>	<u>7,619,487</u>
<u>\$ 2,719,179</u>	<u>\$ 586,733</u>	<u>\$ 919,698</u>	<u>\$ 23,990</u>	<u>\$ 8,627,240</u>

CITY OF WOODBURN, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017**

	<i>Special Revenue</i>		
	<i>Transit</i>	<i>Building Inspection</i>	<i>Search and Seizure</i>
REVENUES			
Taxes and assessments	\$ -	\$ -	\$ -
Licenses and permits	-	458,741	-
Charges for services	38,227	-	-
Intergovernmental	431,122	44,185	-
Miscellaneous	16,851	16,445	80
<i>Total Revenues</i>	486,200	519,371	80
EXPENDITURES			
Current			
General government	-	442,983	-
Culture and recreation	611,274	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Capital outlay	-	-	-
<i>Total Expenditures</i>	611,274	442,983	-
REVENUES OVER (UNDER) EXPENDITURES	(125,074)	76,388	80
OTHER FINANCING SOURCES (USES)			
Transfers in	116,000	-	2,596
Transfers out	(3,001)	(3,001)	-
<i>Total Other Financing Sources (Uses)</i>	112,999	(3,001)	2,596
NET CHANGE IN FUND BALANCE	(12,075)	73,387	2,676
FUND BALANCE, beginning of year	132,013	525,714	7,005
FUND BALANCE, end of year	\$ 119,938	\$ 599,101	\$ 9,681

<i>Special Revenue</i>					<i>Capital Projects</i>
<i>Housing Rehabilitation</i>	<i>Library Endowment</i>	<i>Museum Endowment</i>	<i>Lavelle Black Trust</i>	<i>URA</i>	<i>General Capital Construction</i>
\$ -	\$ -	\$ -	\$ -	\$ 619,602	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	130,588
13,766	288	202	20,935	35,129	-
13,766	288	202	20,935	654,731	130,588
-	-	-	-	-	-
14,169	-	-	17,268	159,797	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	131,090	200,278
14,169	-	-	17,268	290,887	200,278
(403)	288	202	3,667	363,844	(69,690)
-	-	-	-	-	69,690
-	-	-	-	-	-
-	-	-	-	-	69,690
(403)	288	202	3,667	363,844	-
250,514	26,563	627	43,535	1,713,344	-
\$ 250,111	\$ 26,851	\$ 829	\$ 47,202	\$ 2,077,188	\$ -

CITY OF WOODBURN, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS (Continued)
YEAR ENDED JUNE 30, 2017**

	Capital Projects		
	Special Assessment	Street/Storm Capital Construction	Parks SDC
REVENUES			
Taxes and assessments	\$ -	\$ -	\$ -
Licenses and permits	-	-	21,405
Charges for services	-	-	-
Intergovernmental	-	-	-
Miscellaneous	12,508	5	3,291
<i>Total Revenues</i>	12,508	5	24,696
EXPENDITURES			
Current			
General government	-	-	-
Culture and recreation	-	-	1,312
Debt service			
Principal	-	-	-
Interest	-	-	-
Capital outlay	-	78,929	-
<i>Total Expenditures</i>	-	78,929	1,312
REVENUES OVER (UNDER) EXPENDITURES	12,508	(78,924)	23,384
OTHER FINANCING SOURCES (USES)			
Transfers in	2,693	66,721	-
Transfers out	-	-	(69,690)
<i>Total Other Financing Sources (Uses)</i>	2,693	66,721	(69,690)
NET CHANGE IN FUND BALANCE	15,201	(12,203)	(46,306)
FUND BALANCE, beginning of year	(2,818)	12,203	295,141
FUND BALANCE, end of year	\$ 12,383	\$ -	\$ 248,835

<i>Capital Projects</i>			<i>Debt Service</i>	
<i>Street SDC</i>	<i>Storm SDC</i>	<i>Equipment Replacement</i>	<i>GO Debt Service</i>	<i>Total</i>
\$ -	\$ -	\$ -	\$ 510,697	\$ 1,130,299
33,396	21,980	-	-	535,522
-	-	-	-	38,227
-	-	-	-	605,895
28,675	6,100	25,197	2,510	181,982
62,071	28,080	25,197	513,207	2,491,925
-	-	-	-	442,983
-	-	-	-	803,820
30,399	-	-	370,000	400,399
3,371	-	-	166,566	169,937
-	-	57,411	-	467,708
33,770	-	57,411	536,566	2,284,847
28,301	28,080	(32,214)	(23,359)	207,078
1,536	-	70,000	-	329,236
-	-	-	-	(75,692)
1,536	-	70,000	-	253,544
29,837	28,080	37,786	(23,359)	460,622
2,689,342	558,653	881,912	25,117	7,158,865
\$ 2,719,179	\$ 586,733	\$ 919,698	\$ 1,758	\$ 7,619,487

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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 48,500	\$ 48,500	\$ 38,227	\$ (10,273)
Intergovernmental	440,000	440,000	431,122	(8,878)
Miscellaneous	10,250	10,250	16,851	6,601
<i>Total Revenues</i>	498,750	498,750	486,200	(12,550)
EXPENDITURES				
Personal services	426,614	426,614	424,984	1,630
Materials and services	219,212	219,212	202,073	17,139
Contingency	105,923	105,923	-	105,923
<i>Total Expenditures</i>	751,749	751,749	627,057	124,692
REVENUES OVER (UNDER) EXPENDITURES	(252,999)	(252,999)	(140,857)	112,142
OTHER FINANCING SOURCES (USES)				
Transfers in	116,000	116,000	116,000	-
Transfers out	(3,001)	(3,001)	(3,001)	-
<i>Total Other Financing Sources (Uses)</i>	112,999	112,999	112,999	-
NET CHANGE IN FUND BALANCE	(140,000)	(140,000)	(27,858)	112,142
FUND BALANCE, beginning of year	140,000	140,000	147,796	7,796
FUND BALANCE, end of year	\$ -	\$ -	\$ 119,938	\$ 119,938

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, 2017**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Licenses and permits	\$ 638,389	\$ 638,389	\$ 458,741	\$ (179,648)
Intergovernmental	455,561	455,561	44,185	(411,376)
Miscellaneous	6,360	6,360	16,445	10,085
<i>Total Revenues</i>	1,100,310	1,100,310	519,371	(580,939)
EXPENDITURES				
Personal services	460,068	460,068	363,430	96,638
Materials and services	537,181	537,181	92,426	444,755
Contingency	500,060	500,060	-	500,060
<i>Total Expenditures</i>	1,497,309	1,497,309	455,856	1,041,453
REVENUES OVER (UNDER) EXPENDITURES	(396,999)	(396,999)	63,515	460,514
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,001)	(3,001)	(3,001)	-
NET CHANGE IN FUND BALANCE	(400,000)	(400,000)	60,514	460,514
FUND BALANCE, beginning of year	400,000	400,000	538,587	138,587
FUND BALANCE, end of year	\$ -	\$ -	\$ 599,101	\$ 599,101

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – SEARCH AND SEIZURE FUND
YEAR ENDED JUNE 30, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 80	\$ 80
EXPENDITURES				
Materials and services	6,975	9,571	-	9,571
REVENUES OVER (UNDER) EXPENDITURES	(6,975)	(9,571)	80	9,651
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,596	2,596	-
NET CHANGE IN FUND BALANCE	(6,975)	(6,975)	2,676	9,651
FUND BALANCE, beginning of year	6,975	6,975	7,005	30
FUND BALANCE, end of year	\$ -	\$ -	\$ 9,681	\$ 9,681

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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 21,000	\$ 21,000	\$ 13,766	\$ (7,234)
EXPENDITURES				
Personal services	13,983	13,983	14,665	(682) *
Materials and services	16,000	16,000	-	16,000
Contingency	218,017	218,017	-	218,017
<i>Total Expenditures</i>	248,000	248,000	14,665	233,335
NET CHANGE IN FUND BALANCE	(227,000)	(227,000)	(899)	226,101
FUND BALANCE, beginning of year	227,000	227,000	251,010	24,010
FUND BALANCE, end of year	\$ -	\$ -	\$ 250,111	\$ 250,111

*Budget is appropriated by function, therefore this is not an expenditure in excess of appropriations.

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – LIBRARY ENDOWMENT FUND
YEAR ENDED JUNE 30, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 100	\$ 100	\$ 288	\$ 188
EXPENDITURES				
Contingency	26,595	26,595	-	26,595
NET CHANGE IN FUND BALANCE	(26,495)	(26,495)	288	26,783
FUND BALANCE, beginning of year	26,495	26,495	26,563	68
FUND BALANCE, end of year	\$ -	\$ -	\$ 26,851	\$ 26,851

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – MUSEUM ENDOWMENT FUND
YEAR ENDED JUNE 30, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 202	\$ 202
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	202	202
FUND BALANCE, beginning of year	-	-	627	627
FUND BALANCE, end of year	\$ -	\$ -	\$ 829	\$ 829

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – LAVELLE BLACK TRUST FUND
YEAR ENDED JUNE 30, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 200	\$ 200	\$ 20,935	\$ 20,735
EXPENDITURES				
Materials and services	10,000	10,000	17,268	(7,268) *
Contingency	30,200	30,200	-	30,200
<i>Total Expenditures</i>	40,200	40,200	17,268	22,932
NET CHANGE IN FUND BALANCE	(40,000)	(40,000)	3,667	43,667
FUND BALANCE, beginning of year	40,000	40,000	43,535	3,535
FUND BALANCE, end of year	\$ -	\$ -	\$ 47,202	\$ 47,202

*Budget is appropriated by function, therefore this is not an expenditure in excess of appropriations.

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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 565,000	\$ 615,989	\$ 619,602	\$ 3,613
Miscellaneous	7,000	12,768	35,129	22,361
<i>Total Revenues</i>	572,000	628,757	654,731	25,974
EXPENDITURES				
Personal services	84,387	84,387	85,774	(1,387) *
Materials and services	84,000	84,000	76,992	7,008
Capital outlay	200,000	273,068	131,090	141,978
Contingency	16,838	16,838	-	16,838
<i>Total Expenditures</i>	385,225	458,293	293,856	164,437
NET CHANGE IN FUND BALANCE	186,775	170,464	360,875	190,411
FUND BALANCE, beginning of year	1,700,000	1,716,311	1,716,313	2
FUND BALANCE, end of year	<u>\$ 1,886,775</u>	<u>\$ 1,886,775</u>	<u>\$ 2,077,188</u>	<u>\$ 190,413</u>

*Budget is appropriated by function, therefore this is not an expenditure in excess of appropriations.

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – GENERAL CAPITAL CONSTRUCTION FUND
YEAR ENDED JUNE 30, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ -	\$ 121,752	\$ 130,588	\$ 8,836
EXPENDITURES				
Capital outlay	-	225,000	200,278	24,722
REVENUES OVER (UNDER) EXPENDITURES	-	(103,248)	(69,690)	33,558
OTHER FINANCING SOURCES (USES)				
Transfers in	-	103,248	69,690	(33,558)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 5,500	\$ 5,500	\$ 12,508	\$ 7,008
EXPENDITURES				
Contingency	11,206	11,206	-	11,206
REVENUES OVER (UNDER) EXPENDITURES	(5,706)	(5,706)	12,508	18,214
OTHER FINANCING SOURCES (USES)				
Transfers in	15,000	15,000	2,693	(12,307)
Transfers out	(69,294)	(69,294)	(69,294)	-
<i>Total Other Financing Sources and Uses</i>	(54,294)	(54,294)	(66,601)	(12,307)
NET CHANGE IN FUND BALANCE	(60,000)	(60,000)	(54,093)	5,907
FUND BALANCE, beginning of year	60,000	60,000	66,476	6,476
FUND BALANCE, end of year	\$ -	\$ -	\$ 12,383	\$ 12,383

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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 500,000	\$ 500,000	\$ -	\$ (500,000)
Miscellaneous	-	-	5	5
<i>Total Revenues</i>	500,000	500,000	5	(499,995)
EXPENDITURES				
Capital outlay	3,495,000	3,495,000	78,929	3,416,071
Contingency	11,000	11,000	-	11,000
<i>Total Expenditures</i>	3,506,000	3,506,000	78,929	3,427,071
REVENUES OVER (UNDER) EXPENDITURES	(3,006,000)	(3,006,000)	(78,924)	2,927,076
OTHER FINANCING SOURCES (USES)				
Transfers in	2,995,000	2,995,000	66,721	(2,928,279)
NET CHANGE IN FUND BALANCE	(11,000)	(11,000)	(12,203)	(1,203)
FUND BALANCE, beginning of year	11,000	11,000	12,203	1,203
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – PARKS SDC FUND
YEAR ENDED JUNE 30, 2017

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 90,000	\$ 90,000	\$ 21,405	\$ (68,595)
Miscellaneous	1,500	1,500	3,291	1,791
<i>Total Revenues</i>	91,500	91,500	24,696	(66,804)
EXPENDITURES				
Materials and services	10,000	10,000	1,312	8,688
REVENUES OVER (UNDER) EXPENDITURES	81,500	81,500	23,384	(58,116)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(103,248)	(69,690)	33,558
NET CHANGE IN FUND BALANCE	81,500	(21,748)	(46,306)	(24,558)
FUND BALANCE, beginning of year	275,000	275,000	295,141	20,141
FUND BALANCE, end of year	\$ 356,500	\$ 253,252	\$ 248,835	\$ (4,417)

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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 200,000	\$ 200,000	\$ 33,396	\$ (166,604)
Miscellaneous	1,000	1,000	28,675	27,675
<i>Total Revenues</i>	201,000	201,000	62,071	(138,929)
EXPENDITURES				
Debt service				
Principal	30,399	30,399	30,399	-
Interest	3,371	3,371	3,371	-
<i>Total Expenditures</i>	33,770	33,770	33,770	-
REVENUES OVER (UNDER) EXPENDITURES	167,230	167,230	28,301	(138,929)
OTHER FINANCING SOURCES (USES)				
Transfers in	108,838	108,838	108,838	-
Transfers out	(1,700,000)	(1,700,000)	-	1,700,000
<i>Total Other Financing Sources and Uses</i>	(1,591,162)	(1,591,162)	108,838	1,700,000
NET CHANGE IN FUND BALANCE	(1,423,932)	(1,423,932)	137,139	1,561,071
FUND BALANCE, beginning of year	2,200,000	2,200,000	2,543,272	-
FUND BALANCE, end of year	\$ 776,068	\$ 776,068	\$ 2,680,411	\$ 1,561,071
Interfund loan			38,768	
FUND BALANCE, end of year GAAP basis			\$ 2,719,179	

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – STORM SDC FUND
YEAR ENDED JUNE 30, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and Permits	\$ 25,000	\$ 25,000	\$ 21,980	\$ (3,020)
Miscellaneous	2,500	2,500	6,100	3,600
<i>Total Revenues</i>	27,500	27,500	28,080	580
EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	27,500	27,500	28,080	580
OTHER FINANCING SOURCES (USES)				
Transfers out	(155,000)	(155,000)	-	155,000
NET CHANGE IN FUND BALANCE	(127,500)	(127,500)	28,080	155,580
FUND BALANCE, beginning of year	496,000	496,000	558,653	62,653
FUND BALANCE, end of year	\$ 368,500	\$ 368,500	\$ 586,733	\$ 218,233

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – EQUIPMENT REPLACEMENT FUND
YEAR ENDED JUNE 30, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 4,500	\$ 4,500	\$ 25,197	\$ 20,697
EXPENDITURES				
Capital outlay	954,837	954,837	57,411	897,426
REVENUES OVER (UNDER) EXPENDITURES	(950,337)	(950,337)	(32,214)	918,123
OTHER FINANCING SOURCES (USES)				
Transfers in	70,000	70,000	70,000	-
NET CHANGE IN FUND BALANCE	(880,337)	(880,337)	37,786	918,123
FUND BALANCE, beginning of year	880,337	880,337	881,912	1,575
FUND BALANCE, end of year	\$ -	\$ -	\$ 919,698	\$ 919,698

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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 522,000	\$ 522,000	\$ 510,697	\$ (11,303)
Miscellaneous	450	450	2,510	2,060
<i>Total Revenues</i>	522,450	522,450	513,207	(9,243)
EXPENDITURES				
Principal	370,000	370,000	370,000	-
Interest	166,566	166,566	166,566	-
<i>Total Expenditures</i>	536,566	536,566	536,566	-
NET CHANGE IN FUND BALANCE	(14,116)	(14,116)	(23,359)	(9,243)
FUND BALANCE, beginning of year	32,000	32,000	25,117	(6,883)
FUND BALANCE, end of year	\$ 17,884	\$ 17,884	\$ 1,758	\$ (16,126)

CITY OF WOODBURN, OREGON**COMBINING STATEMENT OF FUND NET POSITION - NONMAJOR PROPRIETARY (ENTERPRISE) FUNDS
JUNE 30, 2017**

	<u>Water SDC</u>	<u>Sewer SDC</u>	<u>Water Capital Construction</u>
ASSETS			
Current Assets			
Cash and investments	\$ 1,224,264	\$ 1,215,981	\$ 1,807,077
Accounts receivable	-	-	205
Due from other funds	-	-	38,768
	<hr/>	<hr/>	<hr/>
<i>Total Current Assets</i>	1,224,264	1,215,981	1,846,050
Noncurrent Assets			
Nondepreciable capital assets	-	-	1,307,695
Capital assets, net of depreciation	-	-	1,509,491
	<hr/>	<hr/>	<hr/>
<i>Total Noncurrent Assets</i>	-	-	2,817,186
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	1,224,264	1,215,981	4,663,236
LIABILITIES			
Accounts payable	566	-	-
NET POSITION:			
Net investment in capital assets	-	-	2,817,186
Restricted for:			
Construction	1,223,698	1,215,981	1,846,050
	<hr/>	<hr/>	<hr/>
<i>Total Net Position</i>	\$ 1,223,698	\$ 1,215,981	\$ 4,663,236
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Total

\$ 4,247,322
205
38,768

4,286,295

1,307,695
1,509,491

2,817,186

7,103,481

566

2,817,186

4,285,729

\$ 7,102,915

CITY OF WOODBURN, OREGON**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
NONMAJOR PROPRIETARY (ENTERPRISE) FUNDS
YEAR ENDED JUNE 30, 2017**

	<u>Water SDC</u>	<u>Sewer SDC</u>	<u>Water Capital Construction</u>
OPERATING REVENUES	\$ -	\$ -	\$ -
OPERATING EXPENSES			
Materials and services	26,218	-	-
Depreciation	-	-	58,684
	<u>26,218</u>	<u>-</u>	<u>58,684</u>
<i>Total Expenses</i>	26,218	-	58,684
OPERATING INCOME (LOSS)	(26,218)	-	(58,684)
NONOPERATING REVENUES (EXPENSES)			
Investment revenue	13,057	12,553	21,640
	<u>13,057</u>	<u>12,553</u>	<u>21,640</u>
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	(13,161)	12,553	(37,044)
Capital contributions	41,133	73,531	-
System development revenue	-	-	-
Transfers in	-	-	1,536
Transfers out	-	-	-
	<u>41,133</u>	<u>73,531</u>	<u>1,536</u>
CHANGE IN NET POSITION	27,972	86,084	(35,508)
NET POSITION, beginning of year	1,195,726	1,129,897	4,698,744
	<u>1,195,726</u>	<u>1,129,897</u>	<u>4,698,744</u>
NET POSITION, end of year	\$ 1,223,698	\$ 1,215,981	\$ 4,663,236
	<u>\$ 1,223,698</u>	<u>\$ 1,215,981</u>	<u>\$ 4,663,236</u>

Total

\$ -

26,218

58,684

84,902

(84,902)

47,250

(37,652)

114,664

-

1,536

-

78,548

7,024,367

\$ 7,102,915

CITY OF WOODBURN, OREGON**COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY (ENTERPRISE) FUNDS
YEAR ENDED JUNE 30, 2017**

	<u>Water SDC</u>	<u>Sewer SDC</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Collected from customers	\$ -	\$ -
Paid to suppliers	(25,652)	-
	<u>(25,652)</u>	<u>-</u>
<i>Net Cash Provided by Operating Activities</i>	(25,652)	-
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	-	-
System development receipts	63,373	117,124
	<u>63,373</u>	<u>117,124</u>
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	63,373	117,124
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	13,057	12,553
	<u>13,057</u>	<u>12,553</u>
<i>Increase (Decrease) in Cash and Investments</i>	50,778	129,677
CASH AND INVESTMENTS, Beginning of year, as restated	<u>1,173,486</u>	<u>1,086,304</u>
CASH AND INVESTMENTS, End of year	<u><u>\$ 1,224,264</u></u>	<u><u>\$ 1,215,981</u></u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (26,218)	\$ -
Depreciation	-	-
<i>Change in assets and liabilities</i>		
Accounts receivable	-	-
Accounts payable and accrued liabilities	566	-
	<u>566</u>	<u>-</u>
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u><u>\$ (25,652)</u></u>	<u><u>\$ -</u></u>

<u>Water Capital Construction</u>	<u>Totals</u>
\$ 63	\$ 63
(19,624)	(45,276)
<u>(19,561)</u>	<u>(45,213)</u>
39,544	39,544
(236,919)	(236,919)
-	180,497
<u>(236,919)</u>	<u>(56,422)</u>
21,640	47,250
(195,296)	(14,841)
<u>2,002,373</u>	<u>4,262,163</u>
<u>\$ 1,807,077</u>	<u>\$ 4,247,322</u>
\$ (58,684)	\$ (84,902)
58,684	58,684
63	63
(19,624)	(19,058)
<u>(19,561)</u>	<u>(45,213)</u>

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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 3,529,752	\$ 3,529,752	\$ 3,293,342	\$ (236,410)
Miscellaneous	37,000	37,000	58,922	21,922
Interest earnings	9,600	9,600	22,231	12,631
<i>Total Revenues</i>	<u>3,576,352</u>	<u>3,576,352</u>	<u>3,374,495</u>	<u>(201,857)</u>
EXPENDITURES				
Personal services	1,276,897	1,276,897	1,244,118	32,779
Materials and services	1,003,884	1,003,884	889,030	114,854
Debt service				
Principal	727,319	727,319	727,318	1
Interest	428,778	428,778	428,779	(1)
Contingency	114,039	114,039	-	114,039
<i>Total Expenditures</i>	<u>3,550,917</u>	<u>3,550,917</u>	<u>3,289,245</u>	<u>261,672</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>25,435</u>	<u>25,435</u>	<u>85,250</u>	<u>59,815</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(32,955)	(32,955)	(32,955)	-
Gain (loss) on sale of assets	-	-	3,505	3,505
<i>Total Other Financing Sources (Uses)</i>	<u>(32,955)</u>	<u>(32,955)</u>	<u>(29,450)</u>	<u>3,505</u>
NET CHANGE IN FUND BALANCE	<u>(7,520)</u>	<u>(7,520)</u>	<u>55,800</u>	<u>63,320</u>
FUND BALANCE, beginning of year	<u>2,179,000</u>	<u>2,179,000</u>	<u>2,194,087</u>	<u>15,087</u>
FUND BALANCE, end of year	<u>\$ 2,171,480</u>	<u>\$ 2,171,480</u>	<u>\$ 2,249,887</u>	<u>\$ 78,407</u>

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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 8,182,000	\$ 8,182,000	\$ 8,091,754	\$ (90,246)
Miscellaneous	2,000	2,000	27,214	25,214
Interest earnings	30,000	30,000	79,719	49,719
<i>Total Revenues</i>	<u>8,214,000</u>	<u>8,214,000</u>	<u>8,198,687</u>	<u>(15,313)</u>
EXPENDITURES				
Personal services	1,797,720	1,797,720	1,622,426	175,294
Materials and services	2,136,028	2,136,028	1,609,607	526,421
Debt service				
Principal	2,715,000	2,715,000	2,603,647	111,353
Interest	818,812	818,812	930,165	(111,353)
Contingency	196,687	196,687	-	196,687
<i>Total Expenditures</i>	<u>7,664,247</u>	<u>7,664,247</u>	<u>6,765,845</u>	<u>898,402</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>549,753</u>	<u>549,753</u>	<u>1,432,842</u>	<u>883,089</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(526,706)	(526,706)	(225,313)	301,393
NET CHANGE IN FUND BALANCE	<u>23,047</u>	<u>23,047</u>	<u>1,207,529</u>	<u>1,184,482</u>
FUND BALANCE, beginning of year	<u>5,788,000</u>	<u>5,788,000</u>	<u>6,840,999</u>	<u>1,052,999</u>
FUND BALANCE, end of year	<u><u>\$ 5,811,047</u></u>	<u><u>\$ 5,811,047</u></u>	<u><u>\$ 8,048,528</u></u>	<u><u>\$ 2,237,481</u></u>

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL – SEWER CAPITAL CONSTRUCTION FUND
YEAR ENDED JUNE 30, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Interest earnings	\$ 60,000	\$ 60,000	\$ 133,902	\$ 73,902
EXPENDITURES				
Capital outlay	4,825,000	4,825,000	372,803	4,452,197
REVENUES OVER (UNDER) EXPENDITURES	(4,765,000)	(4,765,000)	(238,901)	4,526,450
OTHER FINANCING SOURCES (USES)				
Transfers in	880,000	880,000	78,607	(801,393)
NET CHANGE IN FUND BALANCE	(3,885,000)	(3,885,000)	(160,294)	3,725,057
FUND BALANCE, beginning of year	12,000,000	12,000,000	12,490,586	490,586
FUND BALANCE, end of year	\$ 8,115,000	\$ 8,115,000	\$ 12,330,292	\$ 4,215,643

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, 2017**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and permits	\$ 100,000	\$ 100,000	\$ 63,373	\$ (36,627)
Interest earnings	5,000	5,000	13,057	8,057
<i>Total Revenues</i>	105,000	105,000	76,430	(28,570)
EXPENDITURES				
Materials and services	100,000	100,000	26,218	73,782
NET CHANGE IN FUND BALANCE	5,000	5,000	50,212	45,212
FUND BALANCE, beginning of year	1,062,000	1,062,000	1,173,486	111,486
FUND BALANCE, end of year	<u>\$ 1,067,000</u>	<u>\$ 1,067,000</u>	<u>\$ 1,223,698</u>	<u>\$ 156,698</u>

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL - SEWER SDC FUND
YEAR ENDED JUNE 30, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 225,000	\$ 225,000	\$ 117,124	\$ (107,876)
Interest earnings	5,000	5,000	12,553	7,553
<i>Total Revenues</i>	230,000	230,000	129,677	(100,323)
EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	230,000	230,000	129,677	(100,323)
OTHER FINANCING SOURCES (USES)				
Transfers out	(500,000)	(500,000)	-	500,000
NET CHANGE IN FUND BALANCE	(270,000)	(270,000)	129,677	399,677
FUND BALANCE, beginning of year	1,060,000	1,060,000	1,086,304	26,304
FUND BALANCE, end of year	\$ 790,000	\$ 790,000	\$ 1,215,981	\$ 425,981

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, 2017**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest earnings	\$ 10,000	\$ 10,000	\$ 21,641	\$ 11,641
EXPENDITURES				
Capital outlay	375,000	375,000	236,920	138,080
REVENUES OVER (UNDER) EXPENDITURES	(365,000)	(365,000)	(215,279)	149,721
OTHER FINANCING SOURCES (USES)				
Transfers in	39,544	39,544	39,544	-
NET CHANGE IN FUND BALANCE	(325,456)	(325,456)	(175,735)	149,721
FUND BALANCE, beginning of year	1,779,000	1,779,000	1,983,017	204,017
FUND BALANCE, end of year	<u>\$ 1,453,544</u>	<u>\$ 1,453,544</u>	<u>\$ 1,807,282</u>	<u>\$ 353,738</u>

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

JUNE 30, 2017

	Information Services	Insurance	Total
ASSETS			
Current Assets			
Cash and investments	\$ 223,893	\$ 313,317	\$ 537,210
Accounts receivable	1,841	-	1,841
<i>Total Current Assets</i>	225,734	313,317	539,051
DEFERRED OUTFLOWS			
Deferred outflows - contributions to PERS	246,394	30,818	277,212
LIABILITIES			
Current Liabilities			
Accounts payable	2,001	63,027	65,028
Accrued payroll liabilities	14,595	1,806	16,401
Accrued compensated absences	34,946	-	34,946
<i>Total Current Liabilities</i>	51,542	64,833	116,375
Noncurrent Liabilities			
Net pension liability	476,587	60,728	537,315
<i>Total Liabilities</i>	528,129	125,561	653,690
DEFERRED INFLOWS			
Net projected to actual earnings - PERS	30,028	4,216	34,244
NET POSITION:			
Unrestricted	\$ (86,029)	\$ 214,358	\$ 128,329

CITY OF WOODBURN, OREGON**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017**

	Information Services	Insurance	Total
OPERATING REVENUES			
Charges for services	\$ 912,937	\$ 822,855	\$ 1,735,792
Miscellaneous	7,591	25,530	33,121
<i>Total Operating Revenues</i>	920,528	848,385	1,768,913
OPERATING EXPENSES			
Personal services	439,255	42,213	481,468
Materials and services	570,207	675,193	1,245,400
<i>Total Expenses</i>	1,009,462	717,406	1,726,868
OPERATING INCOME (LOSS)	(88,934)	130,979	42,045
NONOPERATING REVENUES (EXPENSES)			
Investment revenue	4,430	4,102	8,532
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	(84,504)	135,081	50,577
Transfers in	57,529	-	57,529
CHANGE IN NET POSITION	(26,975)	135,081	108,106
NET POSITION (Deficit), beginning of year	(59,054)	79,277	20,223
NET POSITION (Deficit), end of year	\$ (86,029)	\$ 214,358	\$ 128,329

CITY OF WOODBURN, OREGON
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017

	<u>Information Services</u>	<u>Insurance</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Collected from customers	\$ 940,106	\$ 850,250	\$ 1,790,356
Paid to suppliers	(569,547)	(700,364)	(1,269,911)
Paid to employees	(368,732)	(37,066)	(405,798)
	<u>1,827</u>	<u>112,820</u>	<u>114,647</u>
<i>Net Cash Provided by (Used in) Operating Activities</i>			
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	57,529	-	57,529
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	4,430	4,102	8,532
	<u>63,786</u>	<u>116,922</u>	<u>180,708</u>
<i>Increase (Decrease) in Cash and Investments</i>			
CASH AND INVESTMENTS, Beginning of year	<u>160,107</u>	<u>196,395</u>	<u>356,502</u>
CASH AND INVESTMENTS, End of year	<u>\$ 223,893</u>	<u>\$ 313,317</u>	<u>\$ 537,210</u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (88,934)	\$ 130,979	\$ 42,045
<i>Change in assets and liabilities</i>			
Accounts receivable	19,579	1,865	21,444
Deferred outflows	(199,103)	(24,530)	(223,633)
Compensated absences payable	34,946	-	34,946
Accounts payable and accrued liabilities	(12,076)	(25,977)	(38,053)
Net pension liability	270,363	33,310	303,673
Deferred inflows	(22,948)	(2,827)	(25,775)
	<u>\$ 1,827</u>	<u>\$ 112,820</u>	<u>\$ 114,647</u>
<i>Net Cash Provided by (Used in) Operating Activities</i>			
Noncash Transactions			
Transfer of capital assets	<u>\$ (102,442)</u>	<u>\$ -</u>	<u>\$ (102,442)</u>

CITY OF WOODBURN, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BASIS) – INFORMATION SERVICES FUND
YEAR ENDED JUNE 30, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 911,071	\$ 911,071	\$ 912,937	\$ 1,866
Miscellaneous	-	-	7,591	7,591
Interest earnings	1,500	1,500	4,430	2,930
<i>Total Revenues</i>	<u>912,571</u>	<u>912,571</u>	<u>924,958</u>	<u>12,387</u>
EXPENDITURES				
Personal services	375,156	375,156	369,591	5,565
Materials and services	474,357	474,357	467,763	6,594
Capital outlay	102,529	102,529	102,442	87
Contingency	133,058	133,058	-	133,058
<i>Total Expenditures</i>	<u>1,085,100</u>	<u>1,085,100</u>	<u>939,796</u>	<u>145,304</u>
REVENUES OVER (UNDER) EXPENDITURES	(172,529)	(172,529)	(14,838)	157,691
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>57,529</u>	<u>57,529</u>	<u>57,529</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(115,000)	(115,000)	42,691	157,691
FUND BALANCE, beginning of year	<u>115,000</u>	<u>115,000</u>	<u>166,448</u>	<u>51,448</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,139</u>	<u>\$ 209,139</u>

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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 822,855	\$ 822,855	\$ 822,855	\$ -
Miscellaneous	1,000	1,000	25,530	24,530
Interest earnings	2,500	2,500	4,102	1,602
<i>Total Revenues</i>	<u>826,355</u>	<u>826,355</u>	<u>852,487</u>	<u>26,132</u>
EXPENDITURES				
Personal services	36,586	36,586	37,560	(974)*
Materials and services	787,644	787,644	675,193	112,451
Contingency	77,125	77,125	-	77,125
<i>Total Expenditures</i>	<u>901,355</u>	<u>901,355</u>	<u>712,753</u>	<u>188,602</u>
NET CHANGE IN FUND BALANCE	(75,000)	(75,000)	139,734	214,734
FUND BALANCE, beginning of year	<u>75,000</u>	<u>75,000</u>	<u>108,750</u>	<u>33,750</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,484</u>	<u>\$ 248,484</u>

*Budget is appropriated by function, therefore this is not an expenditure in excess of appropriations.

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

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

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Woodburn as of and for the year ended June 30, 2017, and have issued our report thereon dated December 21, 2017.

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 deficit fund balances as disclosed in 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
December 21, 2017