

CITY OF WOODBURN, OREGON

***Annual Financial Report
Year Ended June 30, 2014***

MAYOR AND COUNCIL MEMBERS

<u><i>Name</i></u>	<u><i>Term Expires</i></u>
<i>Mayor</i>	
Kathryn Figley 270 Montgomery Street Woodburn, OR 97071	December 31, 2014
<i>Council Members</i>	
Peter McCallum, President 270 Montgomery Street Woodburn, OR 97071	December 31, 2014
Jim Cox 270 Montgomery Street Woodburn, OR 97071	December 31, 2014
Lisa Ellsworth 270 Montgomery Street Woodburn, OR 97071	December 31, 2016
Frank Lonergan 270 Montgomery Street Woodburn, OR 97071	December 31, 2014
Eric Morris 270 Montgomery Street Woodburn, OR 97071	December 31, 2016
Teresa Alonso Leon 270 Montgomery Street Woodburn, OR 97071	December 31, 2016

Staff

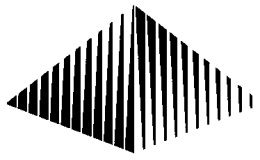
Scott Derickson, City Administrator
N. Robert Shields, City Attorney
Sarah Head, Finance Director

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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
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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 City of Woodburn as of and for the year ended June 30, 2014, 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2014, 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 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”) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary 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

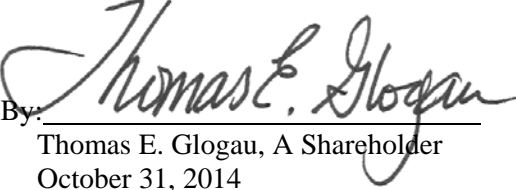
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly 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 October 31, 2014, 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: 
Thomas E. Glogau, A Shareholder
October 31, 2014

CITY OF WOODBURN
Year Ended June 30, 2014

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, 2014. 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, 2014.

	<i>June 30,</i>		<i>change</i>
	<u>2014</u>	<u>2013</u>	
Net position	\$ 116,261,329	\$ 113,660,647	\$ 2,600,682
Change in net position	2,600,682	2,369,174	231,508
Governmental activities net position	72,943,496	71,695,875	1,247,621
Business-type activities fund net position	43,317,833	41,964,772	1,353,061
Change in governmental net position	1,247,621	1,336,308	(88,687)
Change in proprietary fund net position	1,353,061	1,032,866	320,195

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

Proprietary Funds. The City maintains two different types of proprietary funds: enterprise and internal service funds. These funds are used to show activities that operate more like those of commercial enterprises. Fees are charged for services provided, both to outside customers and to other units of the City. Enterprise funds are presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer activities. Internal service funds account for activities furnishing goods or services to other units of the government. Charges for these services are on a cost-reimbursement basis. The internal services funds include insurance, information services, and technical and environmental 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 Wastewater Treatment Plant (WWTP) 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 \$167,682,598 in total assets and \$51,421,269 in total liabilities, resulting in combined net position of \$116,261,329 for governmental and business-type activities. The largest component of the City's net position, reflects its investment in capital assets (i.e., land, buildings, equipment and infrastructure, less any related debt outstanding that was needed to acquire or construct the assets). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental capital assets, net of depreciation, decreased \$510,280 over the prior year due primarily to depreciation in excess of current year capital asset additions.

Business-type capital assets, net of depreciation decreased \$1,940,377 over the prior year due to depreciation in excess of current year capital additions. It should be noted that business-type capital assets are expected to increase as the next phases of the wastewater treatment plant upgrade begin.

Total liabilities for both governmental and business-type activities decreased by \$2,443,780 from the prior year due to scheduled debt repayments.

Overall, the City's financial position changed by \$2,600,682 (or 2%). This is due to management's continued focus on containing costs.

Statement of Net Position

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

	2014			2013			Change		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Cash and investments	18,797,617	23,502,819	\$ 42,300,436	\$ 17,022,290	\$ 23,194,816	\$ 40,217,106	\$ 1,775,327	\$ 308,003	\$ 2,083,330
Other assets	2,102,248	930,949	3,033,197	1,822,164	686,804	2,508,968	280,084	244,145	524,229
Capital assets	59,558,355	62,790,610	122,348,965	60,068,635	64,730,987	124,799,622	(510,280)	(1,940,377)	(2,450,657)
<i>Total Assets</i>	80,458,220	87,224,378	167,682,598	78,913,089	88,612,607	167,525,696	1,545,131	(1,388,229)	156,902
Other liabilities	1,593,693	923,799	2,517,492	671,971	680,317	1,352,288	921,722	243,482	1,165,204
Long-term debt	5,921,031	42,982,746	48,903,777	6,545,243	45,967,518	52,512,761	(624,212)	(2,984,772)	(3,608,984)
<i>Total Liabilities</i>	7,514,724	43,906,545	51,421,269	7,217,214	46,647,835	53,865,049	297,510	(2,741,290)	(2,443,780)
Net position:									
Net investment in capital assets	54,411,373	19,881,340	74,292,713	54,361,481	18,871,567	73,233,048	49,892	1,009,773	1,059,665
Restricted	11,523,032	18,737,342	30,260,374	10,395,999	16,180,395	26,576,394	1,127,033	2,556,947	3,683,980
Unrestricted	7,009,091	4,699,151	11,708,242	6,938,395	6,912,810	13,851,205	70,696	(2,213,659)	(2,142,963)
<i>Total Net Position</i>	\$ 72,943,496	\$ 43,317,833	\$ 116,261,329	\$ 71,695,875	\$ 41,964,772	\$ 113,660,647	\$ 1,247,621	\$ 1,353,061	\$ 2,600,682

Governmental Activities

The City's net position from governmental activities increased \$1,247,621 (2%) from 2012-13 to 2013-14.

Business-type Activities

The City's net position from business-type activities increased \$1,353,061(3%) from 2012-13 to 2013-14.

Statement of Activities

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

	2014			2013			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	2,101,267	10,646,521	\$ 12,747,788	\$ 2,023,412	\$ 9,785,103	\$ 11,808,515	\$ 77,855	\$ 861,418	\$ 939,273
Operating grants and contributions	1,915,475	-	1,915,475	1,948,383	-	1,948,383	(32,908)	-	(32,908)
Capital grants and contributions	885,093	446,971	1,332,064	840,242	290,930	1,131,172	44,851	156,041	200,892
<i>Total Program Revenues</i>	4,901,835	11,093,492	15,995,327	4,812,037	10,076,033	14,888,070	89,798	1,017,459	1,107,257
General Revenues									
Property taxes	8,234,481	-	8,234,481	8,180,539	-	8,180,539	53,942	-	53,942
Franchise taxes	1,500,730	-	1,500,730	1,656,545	-	1,656,545	(155,815)	-	(155,815)
Other taxes	454,363	-	454,363	382,477	-	382,477	71,886	-	71,886
Intergovernmental	633,530	-	633,530	660,547	-	660,547	(27,017)	-	(27,017)
Other	144,342	(522,180)	(377,838)	292,791	177,687	470,478	(148,449)	(699,867)	(848,316)
<i>Total General Revenues</i>	10,967,446	(522,180)	10,445,266	11,172,899	177,687	11,350,586	(205,453)	(699,867)	(905,320)
<i>Total Revenues</i>	15,869,281	10,571,312	26,440,593	15,984,936	10,253,720	26,238,656	(115,655)	317,592	201,937
Expenses (Net of Indirect Expenses)									
General government	2,646,552	-	2,646,552	2,411,067	-	2,411,067	235,485	-	235,485
Public safety	6,608,391	-	6,608,391	6,389,207	-	6,389,207	219,184	-	219,184
Highways and streets	2,273,271	-	2,273,271	2,663,020	-	2,663,020	(389,749)	-	(389,749)
Culture and recreation	3,530,783	-	3,530,783	3,270,803	-	3,270,803	259,980	-	259,980
Interest on long-term debt	226,504	-	226,504	248,109	-	248,109	(21,605)	-	(21,605)
Water	-	2,792,818	2,792,818	-	2,882,056	2,882,056	-	(89,238)	(89,238)
Sewer	-	5,761,592	5,761,592	-	6,005,220	6,005,220	-	(243,628)	(243,628)
<i>Total Expenses</i>	15,285,501	8,554,410	23,839,911	14,982,206	8,887,276	23,869,482	303,295	(332,866)	(29,571)
<i>Changes in Net Position Before Transfers</i>	583,780	2,016,902	2,600,682	1,002,730	1,366,444	2,369,174	(418,950)	650,458	231,508
<i>Transfers</i>	663,841	(663,841)	-	333,578	(333,578)	-	330,263	(330,263)	-
<i>Change in Net Position</i>	1,247,621	1,353,061	2,600,682	1,336,308	1,032,866	2,369,174	(88,687)	320,195	231,508
<i>Beginning Net Position, as adjusted</i>	71,695,875	41,964,772	113,660,647	70,359,567	40,931,906	111,291,473	1,336,308	1,032,866	2,369,174
<i>Ending Net Position</i>	\$ 72,943,496	\$ 43,317,833	#####	\$ 71,695,875	\$ 41,964,772	#####	\$ 1,247,621	\$ 1,353,061	\$ 2,600,682

Governmental Activities. Total revenues for the City's governmental activities were \$15,869,281 for the fiscal year ended June 30, 2014. Approximately 51% of the total revenue for the governmental activities was derived from property taxes and approximately 31% of the total revenue was from program revenues. Total expenses for governmental activities were \$15,285,501 and net transfers in were \$663,841 resulting in a \$1,247,621 increase in net position. General governmental activities accounted for approximately 17% of the total governmental activities expense. Public Safety, Culture and Recreation and Highways and Streets expenses account for 82% 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 \$10,571,312 for the current fiscal year. These activities generated \$11,093,492 in program revenues, and a loss of \$949,970 from disposition of assets. Interest earnings and miscellaneous revenues were \$427,390. The total expenses for business-type activities were \$8,554,410 and net transfers out were \$663,841 resulting in an \$1,353,061 increase in net position. Business-type activities for the City of Woodburn consist of operations for water and sewer services.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds. At the end of the fiscal year, there was \$17,362,412 of fund balance of the governmental funds, an increase of \$1,188,466 from the prior year. The City's governmental funds include the General Fund, Street and Street SDC funds, and other non-major funds.

The General Fund is the chief operating fund of the City. At the end of the fiscal year, a fund balance of \$3,577,772 was reported by the General Fund. The fund balance increased by \$295,332 from the previous year due to increases in property taxes, franchise fees and intergovernmental revenues, along with a decrease in licenses and permits and charges for services, as well as an increase in finance and police expenditures.

The City reports two other major governmental funds, the Street Fund and the Street SDC Fund. The Street Fund had a fund balance of \$2,749,837, an increase of \$644,244 from the previous year, due mainly to a combination of an increase in charges for services and miscellaneous revenues and an increase in highways and streets maintenance. The Street SDC Fund had a fund balance of \$5,354,798, an increase of \$37,430 from the previous year, due mainly to a combination of an increase in licenses and permits and miscellaneous revenues and an increase in capital outlay.

Proprietary Funds. Net position of the proprietary funds equaled \$43,285,426 at the end of the current fiscal year. The net position increase of \$1,353,061 was comparable to the increase in the previous year.

The City reports three major proprietary funds, the Water Fund, the Sewer Fund and the WWTP Construction Fund. The Water Fund had a net position of \$194,710, an increase of \$552,857 from previous year, due to reimbursements received from ODOT for water line relocation and a decrease in transfers out. The Sewer Fund had a net position of \$20,188,800, an increase in \$1,161,564 from previous year, due to the combination of an increase in charges for services, an increase in materials and services and debt service expenditures, and a decrease in transfers out. The WWTP Construction Fund had a net position of \$16,487,687, a decrease of \$804,202 from the previous year, due to capital outlay expenditures for sewer projects. There was also a prior period adjustment in the WWTP Construction Fund reducing beginning net position by \$397,716.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was amended to increase the beginning fund balance by \$400,000, increase aquatics revenues by \$8,000, and increase community services administration revenues by \$20,000. The amendment also increased finance, police, aquatics, community services administration, parks maintenance, non-departmental expenditures and contingency by a total of \$322,000, and increased transfers out by \$106,000. Actual revenues (budgetary basis), exceeded budgeted amounts by 4%. General Fund expenditures ended \$3,257,747 below budgeted amounts primarily due to management efforts to contain costs throughout the fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities equaled \$59,558,355 and \$60,068,635 respectively, at the end of the current fiscal year, net of accumulated depreciation. This investment includes land, buildings, improvements, equipment, and infrastructure. Additional information about the City's capital assets is presented in the notes to the financial statements.

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 22,567,381	\$ 22,567,381	\$ 1,783,816	\$ 1,783,816	\$ 24,351,197	\$ 24,351,197
Construction in progress	1,287,569	1,465,711	4,319,096	4,566,500	5,606,665	6,032,211
Buildings	16,593,555	16,233,984	62,587,863	62,512,275	79,181,418	78,746,259
Equipment	6,101,779	5,779,416	2,361,602	1,972,578	8,463,381	7,751,994
Infrastructure	38,727,993	38,154,005	28,771,320	28,565,883	67,499,313	66,719,888
Accumulated depreciation	(25,719,922)	(24,131,862)	(37,033,087)	(34,670,065)	(62,753,009)	(58,801,927)
Net capital assets	\$ 59,558,355	\$ 60,068,635	\$ 62,790,610	\$ 64,730,987	\$ 122,348,965	\$ 124,799,622

Long-term Debt. At the end of the current fiscal year, long-term debt outstanding for the governmental activities totaled \$5,921,031, compared to \$6,545,243 in the prior year. For the business-type activities, total long-term debt equaled \$42,982,747 compared to \$45,967,518 in the prior year. The decrease is due to scheduled debt repayments. Additional information about the City's long-term debt outstanding is presented in the notes to the financial statements.

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 4,745,000	\$ 5,065,000	\$ -	\$ -	\$ 4,745,000	\$ 5,065,000
URA bonds	275,872	486,381	-	-	275,872	486,381
Loans	126,110	155,773	5,194,240	5,559,833	5,320,350	5,715,606
Revenue bonds	-	-	35,126,768	37,674,655	35,126,768	37,674,655
Bond premium	-	-	2,555,855	2,624,932	2,555,855	2,624,932
Accrued compensated absences	774,049	838,089	105,884	108,098	879,933	946,187
	<u>\$ 5,921,031</u>	<u>\$ 6,545,243</u>	<u>\$ 42,982,747</u>	<u>\$ 45,967,518</u>	<u>\$ 48,903,778</u>	<u>\$ 52,512,761</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Due to reductions in the real property valuations, it is expected that future property taxes increases will be less than the three percent allowed annually on existing real property value as compression on certain properties will be realized. Currently, the housing market in Marion County is depressed due to the national housing slump and economic conditions. We continue to expect revenues to be impacted by the current national and local conditions.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF WOODBURN, OREGON
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 18,797,617	\$ 23,502,819	\$ 42,300,436
Accounts receivable	721,573	879,284	1,600,857
Property taxes receivable	607,690	-	607,690
Assessment liens receivable	39,650	-	39,650
Loans receivable	784,259	-	784,259
Prepaid expenses	740	-	740
Internal balances	(51,664)	51,664	-
Non-depreciable capital assets	23,854,950	6,102,912	29,957,862
Other capital assets, net of depreciation	35,703,405	56,687,698	92,391,103
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	80,458,220	87,224,377	167,682,597
 LIABILITIES			
Accounts payable	896,447	142,945	1,039,392
Accrued payroll liabilities	678,184	171,111	849,295
Deposits payable	-	99,980	99,980
Interest payable	19,062	509,761	528,823
Noncurrent liabilities:			
Due within one year:			
Long-term debt	584,429	3,425,522	4,009,951
Due in more than one year:			
Long-term debt	4,562,553	36,895,486	41,458,039
Bond premium	-	2,555,855	2,555,855
Accrued compensated absences	774,049	105,884	879,933
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	7,514,724	43,906,544	51,421,268
 NET POSITION			
Net investment in capital assets	55,195,632	19,913,747	75,109,379
Restricted for:			
Debt service	317,436	1,934,172	2,251,608
Culture and recreation	193,468	-	193,468
Community development	1,699,776	-	1,699,776
Construction	9,312,352	16,803,170	26,115,522
Unrestricted	6,224,832	4,666,744	10,891,576
	<hr/>	<hr/>	<hr/>
<i>Total Net Position</i>	\$ 72,943,496	\$ 43,317,833	\$ 116,261,329

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

CITY OF WOODBURN, OREGON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
FUNCTIONS/PROGRAMS				
Governmental activities:				
General government	\$ 2,646,552	\$ 682,238	\$ -	\$ -
Public safety	6,608,391	627,424	2,142	1,265
Highways and streets	2,273,271	274,205	1,384,277	587,964
Culture and recreation	3,530,783	517,400	529,056	295,864
Interest on long-term debt	226,504	-	-	-
<i>Total Governmental activities</i>	<u>15,285,501</u>	<u>2,101,267</u>	<u>1,915,475</u>	<u>885,093</u>
Business-type activities:				
Water	2,792,818	3,166,878	-	181,486
Sewer	6,711,162	7,479,643	-	265,485
<i>Total Business-type activities</i>	<u>9,503,980</u>	<u>10,646,521</u>	<u>-</u>	<u>446,971</u>
<i>Total Activities</i>	<u>\$ 24,789,481</u>	<u>\$ 12,747,788</u>	<u>\$ 1,915,475</u>	<u>\$ 1,332,064</u>
General Revenues:				
Property taxes				
Franchise taxes				
Other taxes				
Intergovernmental				
Loss on disposition of assets				
Unrestricted investment earnings				
Miscellaneous				
<i>Total General Revenues</i>				
Transfers				
Change in Net Position				
<i>Net Position - beginning of year, as originally reported</i>				
<i>Prior period adjustment</i>				
<i>Net Position - beginning of year, as restated</i>				
<i>Net Position - end of year</i>				

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

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ (1,964,314)	\$ -	\$ (1,964,314)
(5,977,560)	-	(5,977,560)
(26,825)	-	(26,825)
(2,188,463)	-	(2,188,463)
(226,504)	-	(226,504)
(10,383,666)	-	(10,383,666)
-	555,546	555,546
-	1,033,966	1,033,966
-	1,589,512	1,589,512
(10,383,666)	1,589,512	(8,794,154)
8,234,481	-	8,234,481
1,500,730	-	1,500,730
454,363	-	454,363
633,530	-	633,530
(69,877)	-	(69,877)
96,347	125,139	221,486
117,872	302,251	420,123
10,967,446	427,390	11,394,836
663,841	(663,841)	-
1,247,621	1,353,061	2,600,682
71,695,875	42,256,488	113,952,363
-	(291,716)	(291,716)
71,695,875	41,964,772	113,660,647
\$ 72,943,496	\$ 43,317,833	\$ 116,261,329

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

CITY OF WOODBURN, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

		<u>Special Revenue</u>	<u>Capital Projects</u>
	<u>General</u>	<u>Street</u>	<u>Street SDC</u>
ASSETS			
Cash and investments	\$ 4,101,442	\$ 2,687,931	\$ 5,255,975
Accounts receivable	290,428	138,082	-
Property taxes receivable	523,605	-	-
Assessment liens receivable	-	-	-
Loans receivable	-	-	63,576
Prepaid expenses	740	-	-
Due from other funds	-	-	151,232
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	\$ 4,916,215	\$ 2,826,013	\$ 5,470,783
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 132,834	\$ 52,554	\$ 52,409
Accrued payroll and payroll liabilities	545,703	23,622	-
Due to other funds	202,895	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	881,432	76,176	52,409
Deferred Inflows:			
Unavailable revenue	457,011	-	63,576
	<hr/>	<hr/>	<hr/>
Fund Balance			
Non-spendable	740	-	-
Restricted for:			
Debt service	-	-	-
Construction	-	2,749,837	5,354,798
Culture and recreation	-	-	-
Community development	-	-	-
Committed to:			
Public safety	-	-	-
Capital outlay	-	-	-
Public works	-	-	-
Planning and building	-	-	-
Unassigned	3,577,032	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance (Deficit)</i>	3,577,772	2,749,837	5,354,798
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Total Liabilities and Fund Balance</i>	\$ 4,916,215	\$ 2,826,013	\$ 5,470,783
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<i>Other Governmental Funds</i>	<i>Total</i>
\$ 6,135,570	\$ 18,180,918
215,657	644,167
84,085	607,690
39,650	39,650
784,259	847,835
-	740
-	151,232
<hr/>	<hr/>
\$ 7,259,221	\$ 20,472,232
<hr/> <hr/>	<hr/> <hr/>
\$ 591,544	\$ 829,341
53,028	622,353
-	202,895
<hr/>	<hr/>
644,572	1,654,589
934,644	1,455,231
<hr/>	<hr/>
-	740
282,765	282,765
1,106,885	9,211,520
193,468	193,468
1,660,968	1,660,968
1,111	1,111
1,212,106	1,212,106
1,041,261	1,041,261
181,441	181,441
-	3,577,032
<hr/>	<hr/>
5,680,005	17,362,412
<hr/>	<hr/>
\$ 7,259,221	\$ 20,472,232
<hr/> <hr/>	<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, 2014

<i>Fund Balances</i>	\$ 17,362,412
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.	1,455,231
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.	
Cost	85,278,276
Accumulated depreciation	(25,719,922)
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	(674,581)
Accrued interest	(19,062)
Long-term debt	(5,146,982)
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.	408,124
	<hr/>
<i>Net Position of Governmental Activities</i>	<u><u>\$ 72,943,496</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, 2014**

		<u>Special Revenue</u>	<u>Capital Projects</u>
	<u>General Fund</u>	<u>Street</u>	<u>Street SDC</u>
REVENUES			
Taxes and assessments	\$ 7,521,463	\$ 101,761	\$ -
Licenses and permits	1,741,948	302	521,933
Charges for services	500,473	360,046	-
Intergovernmental	790,151	1,384,277	-
Fines and forfeitures	571,831	-	-
Miscellaneous	98,477	124,806	169,268
<i>Total Revenues</i>	11,224,343	1,971,192	691,201
EXPENDITURES			
General government	1,133,889	-	-
Public safety	6,569,367	-	-
Highways and streets	-	1,003,547	-
Culture and recreation	2,887,681	-	-
Debt Service			
Principal	-	-	29,663
Interest	-	-	7,857
Capital outlay	-	-	619,986
<i>Total Expenditures</i>	10,590,937	1,003,547	657,506
REVENUES OVER (UNDER) EXPENDITURES	633,406	967,645	33,695
OTHER FINANCING SOURCES (USES)			
Transfers in	205,920	220,000	3,735
Transfers out	(543,994)	(543,421)	-
<i>Total Other Financing Sources (Uses)</i>	(338,074)	(323,421)	3,735
NET CHANGE IN FUND BALANCE	295,332	644,224	37,430
FUND BALANCE, beginning of year	3,282,440	2,105,613	5,317,368
FUND BALANCE, end of year	\$ 3,577,772	\$ 2,749,837	\$ 5,354,798

<i>Other Governmental Funds</i>	<i>Total</i>
1,163,140	\$ 8,786,364
690,797	2,954,980
40,678	901,197
500,270	2,674,698
-	571,831
148,231	540,782
2,543,116	16,429,852
507,604	1,641,493
-	6,569,367
-	1,003,547
957,749	3,845,430
530,509	560,172
221,004	228,861
759,530	1,379,516
2,976,396	15,228,386
(433,280)	1,201,466
1,001,330	1,430,985
(356,570)	(1,443,985)
644,760	(13,000)
211,480	1,188,466
5,468,525	16,173,946
\$ 5,680,005	\$ 17,362,412

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, 2014**

<i>Net Change in Fund Balances - Total Governmental Funds</i>	\$ 1,188,466
<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	(86,712)
Decreases in other loans receivable	170,246
<p>Governmental funds do not report expenditures for unpaid compensated absences, unpaid payroll, interest expense or arbitrag 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	57,064
Accrued interest payable	2,357
<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	1,147,654
Depreciation	(1,588,060)
Net book value of assets disposed	(69,877)
<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	560,172
Net loss of internal service funds	(133,689)
<i>Change in Net Position of Governmental Activities</i>	<u>\$ 1,247,621</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, 2014

	<u>Water</u>	<u>Sewer</u>	<u>WWTP Construction</u>
ASSETS			
Current Assets			
Cash and investments	\$ 1,772,293	\$ 4,679,792	\$ 12,672,274
Accounts receivable	187,814	590,034	2,062
Due from other funds	-	-	-
<i>Total Current Assets</i>	<u>1,960,107</u>	<u>5,269,826</u>	<u>12,674,336</u>
Noncurrent Assets			
Nondepreciable capital assets	158,444	1,625,372	3,029,375
Other capital assets, net of depreciation	9,808,306	45,515,272	836,976
<i>Total Noncurrent Assets</i>	<u>9,966,750</u>	<u>47,140,644</u>	<u>3,866,351</u>
<i>Total Assets</i>	<u>11,926,857</u>	<u>52,410,470</u>	<u>16,540,687</u>
LIABILITIES			
Current Liabilities			
Accounts payable	33,941	56,709	-
Accrued payroll liabilities	71,799	99,312	-
Deposits payable	99,980	-	-
Accrued interest payable	269,914	239,847	-
Due to other funds	49,784	49,784	53,000
Current portion of long-term liabilities			
Long-term debt	670,522	2,755,000	-
<i>Total Current Liabilities</i>	<u>1,195,940</u>	<u>3,200,652</u>	<u>53,000</u>
Noncurrent Liabilities			
Long-term debt	10,489,082	26,406,404	-
Bond premiums	-	2,555,855	-
Accrued compensated absences	47,125	58,759	-
<i>Total Noncurrent Liabilities</i>	<u>10,536,207</u>	<u>29,021,018</u>	<u>-</u>
<i>Total Liabilities</i>	<u>11,732,147</u>	<u>32,221,670</u>	<u>53,000</u>
NET POSITION:			
Net investment in capital assets	(1,192,854)	15,423,385	3,866,351
Restricted for:			
Debt service	754,000	1,180,172	-
Construction	-	-	12,173,399
Unrestricted	633,564	3,585,243	447,937
<i>Total Net Position</i>	<u>\$ 194,710</u>	<u>\$ 20,188,800</u>	<u>\$ 16,487,687</u>

<i>Other Business- type Funds</i>	<i>Total</i>	<i>Governmental Activities</i>
		<i>Internal Service</i>
\$ 4,378,460	\$ 23,502,819	\$ 616,699
99,374	879,284	13,831
204,232	204,232	-
4,682,066	24,586,335	630,530
1,289,721	6,102,912	-
527,144	56,687,698	-
1,816,865	62,790,610	-
6,498,931	87,376,945	630,530
52,295	142,945	67,106
-	171,111	55,831
-	99,980	-
-	509,761	-
-	152,568	-
-	3,425,522	-
52,295	4,501,887	122,937
-	36,895,486	-
-	2,555,855	-
-	105,884	99,469
-	39,557,225	99,469
52,295	44,059,112	222,406
1,816,865	19,913,747	-
-	1,934,172	-
4,629,771	16,803,170	-
-	4,666,744	408,124
\$ 6,446,636	\$ 43,317,833	\$ 408,124

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, 2014**

	<u>Water</u>	<u>Sewer</u>
OPERATING REVENUES		
Charges for services	\$ 3,166,879	\$ 7,479,643
Intergovernmental	-	-
Miscellaneous	303,593	3,065
<i>Total Operating Revenues</i>	<u>3,470,472</u>	<u>7,482,708</u>
OPERATING EXPENSES		
Personal services	1,278,981	1,818,362
Materials and services	584,123	922,203
Depreciation	411,384	1,891,270
<i>Total Operating Expenses</i>	<u>2,274,488</u>	<u>4,631,835</u>
OPERATING INCOME (LOSS)	1,195,984	2,850,873
NONOPERATING REVENUES (EXPENSES)		
Investment revenue	7,498	23,692
Amortization of bond premiums	-	69,077
Interest expense	(487,046)	(1,112,698)
<i>Total Nonoperating Revenues (Expenses)</i>	<u>(479,548)</u>	<u>(1,019,929)</u>
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	716,436	1,830,944
Capital contributions	-	-
Transfers in	-	-
Transfers out	(163,579)	(503,997)
Gain (loss) on disposition of assets	-	(165,383)
CHANGE IN NET POSITION	552,857	1,161,564
NET POSITION (Deficit), beginning of year as originally reported	(358,147)	19,027,236
Prior period adjustment	-	-
NET POSITION, beginning of year as restated	<u>(358,147)</u>	<u>19,027,236</u>
NET POSITION, end of year	<u>\$ 194,710</u>	<u>\$ 20,188,800</u>

WWTP Construction	Other Business- type Funds	Total	Governmental
			Activities
			Internal Service
\$ 372	\$ -	\$ 10,646,894	\$ 2,408,830
-	-	-	19,203
-	-	306,658	29,431
372	-	10,953,552	2,457,464
-	-	3,097,343	1,240,199
24,427	216	1,530,969	1,538,305
61,709	31,068	2,395,431	-
86,136	31,284	7,023,743	2,778,504
(85,764)	(31,284)	3,929,809	(321,040)
70,156	23,421	124,767	5,351
-	-	69,077	-
-	-	(1,599,744)	-
70,156	23,421	(1,405,900)	5,351
(15,608)	(7,863)	2,523,909	(315,689)
-	446,971	446,971	-
-	3,734	3,734	187,000
-	-	(667,576)	(5,000)
(788,594)	-	(953,977)	-
(804,202)	442,842	1,353,061	(133,689)
17,689,605	5,897,794	42,256,488	541,813
(397,716)	106,000	(291,716)	-
17,291,889	6,003,794	41,964,772	541,813
\$ 16,487,687	\$ 6,446,636	\$ 43,317,833	\$ 408,124

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, 2014

	<u>Water</u>	<u>Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Collected from customers	\$ 3,474,618	\$ 7,271,651
Paid to suppliers	(579,042)	(903,971)
Paid to employees	(1,199,617)	(1,728,829)
	<hr/>	<hr/>
<i>Net Cash Provided by (Used in) Operating Activities</i>	1,695,959	4,638,851
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in	-	-
Transfers out	(175,675)	(516,093)
	<hr/>	<hr/>
<i>Net Cash Provided by (Used in) Non-Capital Financing Activities</i>	(175,675)	(516,093)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	-	-
Principal paid on loans and bonds payable	(648,318)	(2,265,153)
System development revenue	-	-
Interest paid	(511,318)	(1,044,559)
	<hr/>	<hr/>
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	(1,159,636)	(3,309,712)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	7,498	23,692
	<hr/>	<hr/>
<i>Increase (Decrease) in Cash and Investments</i>	368,146	836,738
CASH AND INVESTMENTS, Beginning of year	1,404,147	3,843,054
	<hr/>	<hr/>
CASH AND INVESTMENTS, End of year	<u>\$ 1,772,293</u>	<u>\$ 4,679,792</u>

WWTP Construction	Other Business-Type Funds	Totals	Governmental Activities Internal Service
\$ 1,186	\$ 525	\$ 10,747,980	\$ 2,443,633
(62,831)	-	(1,545,844)	(1,509,829)
-	-	(2,928,446)	(1,191,345)
(61,645)	525	6,273,690	(257,541)
-	39,220	39,220	187,000
-	-	(691,768)	(5,000)
-	39,220	(652,548)	182,000
(1,226,039)	(430,586)	(1,656,625)	-
-	-	(2,913,471)	-
-	396,351	396,351	-
-	-	(1,555,877)	-
(1,226,039)	(34,235)	(5,729,622)	-
70,156	23,421	124,767	5,351
(1,217,528)	28,931	16,287	(70,190)
13,889,802	4,349,529	23,486,532	686,889
\$ 12,672,274	\$ 4,378,460	\$ 23,502,819	\$ 616,699

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

CITY OF WOODBURN, OREGON
STATEMENT OF CASH FLOWS (Continued)
YEAR ENDED JUNE 30, 2014

	<u>Water</u>	<u>Sewer</u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ 1,195,984	\$ 2,850,873
Depreciation	411,384	1,891,270
<i>Change in assets and liabilities:</i>		
Accounts receivable	4,901	(211,057)
Accounts payable and accrued liabilities	76,880	18,232
Customer deposits	(755)	99,312
Compensated absences payable	7,565	(9,779)
	<u> </u>	<u> </u>
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$ 1,695,959</u>	<u>\$ 4,638,851</u>

<u>WWTP Construction</u>	<u>Other Business-Type Funds</u>	<u>Totals</u>	<u>Governmental Activities</u> <u>Internal Service</u>
\$ (85,764)	\$ (31,284)	\$ 3,929,809	\$ (321,040)
61,709	31,068	2,395,431	-
814	525	(204,817)	(13,831)
(38,404)	216	56,924	84,307
-	-	98,557	-
-	-	(2,214)	(6,977)
<u>\$ (61,645)</u>	<u>\$ 525</u>	<u>\$ 6,273,690</u>	<u>\$ (257,541)</u>

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

CITY OF WOODBURN, OREGON
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

	<i>Pension Trust</i>
ASSETS	
Cash and investments	\$ 145,345
LIABILITIES	
	-
NET POSITION	
Held in trust for benefits and other purposes	\$ 145,345

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, 2014

	<i>Pension Trust</i>
ADDITIONS	
Contributions	\$ 170,000
Earnings	4,890
<i>Total additions</i>	174,890
DEDUCTIONS	111,782
CHANGE IN NET POSITION	63,108
NET POSITION, beginning of year	82,237
NET POSITION, end of year	\$ 145,345

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, 2014.

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, 2014

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 position are presented in the government-wide statement of activities and in the proprietary fund statement of revenues, expenses and changes in fund net position. These funds use the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

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

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

Fund Balance

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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

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

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

The City Council has approved a policy to maintain an ending fund balance in the general fund, in order to provide stable services and employment to offset cyclical variations in revenues and expenditures. The targeted floor for the ending balance will be at ten percent of annual operating revenue, as shown as a minimum fund balance in the General Fund. The City Council is the highest level decision making authority and may take formal action by vote or resolution to establish, modify, or rescind a fund balance commitment.

Definitions of Governmental Fund Types

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

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

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

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

Governmental Fund Financial Statements

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

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

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 deferred revenues.

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

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

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

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

The City reports the following major governmental funds:

- General Fund
- Street Fund
- Street SDC Fund

The City reports the following major proprietary funds:

- Water Fund
- Sewer Fund
- WWTP 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, 2014. Actual results may differ from such estimates.

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

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 Deferred 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	40 years
Water and Sewer Systems	20 - 50 years
Infrastructure	20 - 50 years
Equipment	10 - 20 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 Development 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 has no items that qualify for reporting in this category.

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 only has one item that qualifies for reporting in this category. It 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.

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 and fire 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.

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

ORGANIZATION AND OPERATION (Continued)

Governmental Fund Types (Continued)

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

Building 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.

RSVP Fund - This fund accounts for the federal grant for the Retired Seniors Volunteer Program. This fund was closed during 2014.

Cable Franchise Fund - This fund is used to account for the City's passthrough of local cable franchise fees to the local cable access program (WCAT). This fund was closed during the year.

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

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.

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

ORGANIZATION AND OPERATION (Continued)

Governmental Fund Types (Continued)

Debt Service Fund

GO Debt 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.

WWTP 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.

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

Internal Service Funds

The City has three 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.

Technical & Environmental Services Fund - This fund accounts for administrative, engineering and fleet services provided.

Fiduciary Fund

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

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

CASH AND INVESTMENTS

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

	<u>Carrying Value</u>	<u>Fair Value</u>
Cash		
Deposits with financial institutions	\$ 720,340	\$ 720,340
Cash on hand	2,310	2,310
Investments		
Local Government Investment Pool	41,577,786	41,577,786
Assets held for pension benefits	145,345	145,345
	<u>\$ 42,445,780</u>	<u>\$ 42,445,780</u>

Cash is reported in the financial statements as follows:

Governmental funds	\$ 18,180,918
Internal Service funds (included in governmental activities)	616,699
Enterprise funds	23,502,819
Fiduciary funds	145,345
	<u>\$ 42,445,780</u>

Deposits

The book balance of the City's bank deposits (checking accounts) was \$720,340 and the bank balance was \$774,596 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 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, 2014, 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.

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

CASH AND INVESTMENTS (Continued)

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 unlimited insurance for the City's deposits with financial institutions for the aggregate of all demand deposit and money market accounts and up to \$250,000 for the aggregate of all savings and time deposit 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, 2014, \$524,596 of the City's bank balances were exposed to custodial credit risk as part of the Public Funds Collateralization Program.

Custodial Risk - Investments

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

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

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

CAPITAL ASSETS

The summary of capital assets for the business-type activities for the year ended June 30, 2014 is as follows:

	<i>Balances July 1, 2013</i>	<i>Additions</i>	<i>Retirements</i>	<i>Adjustments</i>	<i>Balances June 30, 2014</i>
<i>Nondepreciable assets</i>					
Land (nondepreciable)	\$ 1,783,816	\$ -	\$ -	\$ -	1,783,816
Construction in progress	4,566,498	782,163	(1,029,565)	-	4,319,096
Subtotal, nondepreciable assets	6,350,314	782,163	(1,029,565)	-	6,102,912
<i>Depreciable assets</i>					
Buildings	62,512,275	75,588	-	-	62,587,863
Water and sewer systems	28,565,883	205,437	-	-	28,771,320
Equipment	1,972,578	389,024	-	-	2,361,602
Subtotal, depreciable assets	93,050,736	670,049	-	-	93,720,785
<i>Accumulated depreciation</i>					
Buildings and improvements	(22,884,128)	(1,707,006)	-	-	(24,591,134)
Water and sewer systems	(10,399,206)	(575,425)	-	-	(10,974,631)
Equipment	(1,386,729)	(113,000)	-	32,407	(1,467,322)
Total accumulated depreciation	(34,670,063)	(2,395,431)	-	32,407	(37,033,087)
<i>Total depreciable assets, net</i>	58,380,673	(1,725,382)	-	32,407	56,687,698
Net capital assets	\$ 64,730,987	\$ (943,219)	\$ (1,029,565)	\$ 32,407	\$ 62,790,610

Depreciation expense was allocated as follows:

Water funds	\$ 442,453
Sewer funds	1,952,978
	<u>\$ 2,395,431</u>

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

CAPITAL ASSETS (Continued)

The changes in the capital assets for governmental activities for the year ended June 30, 2014 are as follows:

	Balances July 1, 2013	Additions	Retirements	Balances June 30, 2014
<i>Nondepreciable assets</i>				
Land (nondepreciable)	\$ 22,567,381	\$ -	\$ -	\$ 22,567,381
Construction in progress	1,465,711	723,976	(902,118)	1,287,569
Subtotal, nondepreciable assets	24,033,092	723,976	(902,118)	23,854,950
<i>Depreciable assets</i>				
Buildings	16,233,984	359,571	-	16,593,555
Equipment	5,779,416	322,363	-	6,101,779
Infrastructure	38,154,005	573,988	-	38,727,993
Subtotal, depreciable assets	60,167,405	1,255,922	-	61,423,327
<i>Accumulated depreciation</i>				
Buildings	(5,260,905)	(466,102)	-	(5,727,007)
Equipment	(4,498,052)	(347,397)	-	(4,845,449)
Infrastructure	(14,372,905)	(774,561)	-	(15,147,466)
Total accumulated depreciation	(24,131,862)	(1,588,060)	-	(25,719,922)
<i>Total depreciable assets, net</i>	36,035,543	(332,138)	-	35,703,405
Net capital assets	\$ 60,068,635	\$ 391,838	\$ (902,118)	\$ 59,558,355

Depreciation expense was allocated as follows:

General government	\$ 429,412
Public safety	230,605
Highways and streets	868,561
Culture and recreation	59,482
	<u>\$ 1,588,060</u>

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

LONG-TERM DEBT

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

	<i>Outstanding July 1, 2013</i>	<i>Issued</i>	<i>Redeemed During Year</i>	<i>Outstanding June 30, 2014</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	\$ 5,065,000	\$ -	\$ (320,000)	\$ 4,745,000	\$ 335,000
1999 Oregon EDD Loan due in annual installments of \$38,319 with interest at 5.01%.	155,773	-	(29,663)	126,110	29,895
2005 URA bonds due in quarterly installments of \$56,933 with interest at 4.22%.	486,381	-	(210,509)	275,872	219,534
	5,707,154	-	(560,172)	5,146,982	584,429
Accrued compensated absences	838,089	570,754	(634,794)	774,049	-
	<u>\$ 6,545,243</u>	<u>\$ 570,754</u>	<u>\$ (1,194,966)</u>	<u>\$ 5,921,031</u>	<u>\$ 584,429</u>

	<i>Outstanding July 1, 2013</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Adjustments</i>	<i>Outstanding June 30, 2014</i>	<i>Due Within One Year</i>
<i>Business-type Activities:</i>						
Series 2003 Water loan paid over 25 years; interest at various rates	\$ 6,248,098	\$ -	\$ (282,734)	\$ -	\$ 5,965,364	\$ 289,548
2005 Oregon EDD due in annual installments including interest at 4.21%	2,779,912	-	(182,792)	-	2,597,120	190,487
2005 SDWR due in annual installments including interest at 4.21%	2,779,921	-	(182,792)	(9)	2,597,120	190,487
2011 Sewer Revenue Bonds paid over 20 years; interest at various rates	31,426,557	-	(2,265,153)	-	29,161,404	2,755,000
	43,234,488	-	(2,913,471)	(9)	40,321,008	3,425,522
2011 Sewer Revenue Bond premium	2,624,932	-	(69,077)	-	2,555,855	(69,077)
Accrued compensated absences	108,098	96,639	(98,853)	-	105,884	-
	<u>\$ 45,967,518</u>	<u>\$ 96,639</u>	<u>\$ (3,081,401)</u>	<u>\$ (9)</u>	<u>\$ 42,982,747</u>	<u>\$ 3,356,445</u>

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

LONG-TERM DEBT (Continued)

Future maturities of long-term debt are as follows:

Governmental Activities

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2015	\$ 584,429	\$ 206,832	\$ 791,261
2016	436,479	185,340	621,819
2017	400,399	169,937	570,336
2018	420,675	153,956	574,631
2019	405,000	136,736	541,736
2020-24	2,355,000	420,048	2,775,048
2025	545,000	23,163	568,163
	<u>\$ 5,146,982</u>	<u>\$ 1,296,012</u>	<u>\$ 6,442,994</u>

Business-type Activities

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2015	\$ 3,425,522	\$ 1,457,889	\$ 4,883,411
2016	3,177,229	1,358,931	4,536,160
2017	3,330,966	1,358,943	4,689,909
2018	3,921,935	1,123,066	5,045,001
2019	4,407,430	996,283	5,403,713
2020-24	18,602,318	4,764,920	23,367,238
2025-29	3,335,608	439,242	3,774,850
2030-31	120,000	7,125	127,125
	<u>\$ 40,321,008</u>	<u>\$ 11,506,399</u>	<u>\$ 51,827,407</u>

DEFINED BENEFIT PENSION PLAN – THE RETIRMENT PLAN FOR EMPLOYEES OF THE CITY OF WOODBURN, OREGON

Plan Description

The City sponsors a single-employer defined benefit pension plan that covers nonexecutive employees who have completed six months of employment with the City and executive employees, except the city administrator, who elect coverage under this plan. It provides retirement and disability benefits, cost of living adjustments and death benefits to members and beneficiaries. The City Council has the authority to amend the benefit provisions of the plan.

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

DEFINED BENEFIT PENSION PLAN – THE RETIREMENT PLAN FOR EMPLOYEES OF THE CITY OF WOODBURN, OREGON (Continued)

On November 5, 1998, the City decided to integrate its retirement plan into the Oregon Public Employees Retirement System (PERS) pursuant to ORS 238.680. The City ceased contributions to its retirement plan in December 1998, except for one employee who continued under the plan until August 2000. In December 1998, the City transferred \$6,738,120 to PERS under the integration agreement with PERS. The remaining assets of the retirement plan are to provide retirement benefits to employees who have already retired or elected to remain in the plan.

Membership of the plan consisted of two inactive members at July 1, 2013, the date of the latest actuarial valuation available as of the date of this report.

Funding Status and Progress

The pension benefit obligation (PBO), which is the actuarial present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits estimated to be payable in the future as a result of employee service to date. The measure is intended to help assess the funding status of the plan, to assess progress made in accumulating sufficient assets to pay benefits when due, and to make comparisons among employers. The latest actuarial valuation was performed as of July 1, 2013.

Significant actuarial assumptions used to compute the PBO were as follows:

Investment earnings	5.5% (net of all plan expenses)
Salary increases	as per contract
Cost-of-living increases	3.0%

The Plan had no unfunded actuarial liability at June 30, 2014.

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Plan Description

The City contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the City's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The City participates in the state and local government rate pool (SLGRP). The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: The Pension Program, the defined benefit portion of the plan, applies to qualifying City employees hired after August 29, 2003, and to inactive employees who return to employment following a six-month or greater break in service. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (Continued)

Plan Description (Continued)

Both PERS plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

Funding Policy

Members of PERS are required to contribute 6.00% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The City is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate and a police/fire rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2014 were 13.42%, 9.38% and 12.11% respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Annual Pension Cost

The City's contributions to PERS for the years ending June 30, 2012, 2013, and 2014 were \$1,515,526, \$1,500,370, and \$1,507,694 respectively, which equaled the required contribution for the year.

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 \$9,126 to the plan for the year ended June 30, 2014.

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 6%, depending on contractual agreements. The City contributed \$138,610 to the plan for the year ended June 30, 2014.

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

TRANSFERS

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 205,920	\$ 590,774
Street	220,000	543,421
Transit	134,294	-
Housing Rehabilitation	-	200,000
RSVP	-	5,920
Street SDC	39,221	-
General Constuction	149,356	89,000
Street/Storm Capital Improvement	513,421	-
Parks SDC	89,000	43,356
Equipment Replacement	115,259	18,294
Water	-	23,334
Sewer	-	173,593
WWD Construction	39,221	-
Information Services	187,000	-
Technical and Enviromental Services	-	5,000
	<u>\$ 1,692,692</u>	<u>\$ 1,692,692</u>

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

<u>Fund</u>	<u>Outstanding July 1, 2013</u>	<u>Payments Received</u>	<u>Outstanding June 30, 2014</u>
WWD Construction	\$ 186,718	\$ (35,486)	\$ 151,232
Street SDC	186,718	(35,486)	151,232
WWD Construction	53,000	-	53,000
	<u>\$ 426,436</u>	<u>\$ (70,972)</u>	<u>\$ 355,464</u>

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

INTERFUND LOANS (Continued)

LOANS PAYABLE

<i>Fund</i>	<i>Outstanding July 1, 2013</i>	<i>Payments Made</i>	<i>Outstanding June 30, 2014</i>
General	\$ 249,676	\$ (46,780)	\$ 202,896
Water	61,880	(12,096)	49,784
Sewer	61,880	(12,096)	49,784
WWTP	53,000	-	53,000
	<u>\$ 426,436</u>	<u>\$ (70,972)</u>	<u>\$ 355,464</u>

BEGINNING BALANCE ADJUSTMENTS

Beginning balance adjustments have been recorded on the budgetary and GAAP bases to reflect the correction for interfund loan balances. Additionally, the beginning balance of the WWTP Construction fund has been reduced by \$291,716 to reflect the purchase of a sewer sweeper and related depreciation adjustment in 2013.

EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following funds had expenditures in excess of appropriations:

<i>Fund / Category</i>	<i>Appropriation</i>	<i>Actual</i>	<i>Variance</i>
General			
Swim center	\$ 508,027	\$ 508,569	\$ (542)

CONTINGENCIES

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

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

NEW PRONOUNCEMENTS

GASB Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees." The statement provides guidance on accounting for and reporting nonexchange financial guarantees. The statement was implemented in the current year.

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

NEW PRONOUNCEMENTS (Continued)

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

GASB Statement No. 68 “Accounting and Reporting for Pension Plans—an amendment of GASB Statement No. 27.” The statement establishes accounting and financial reporting requirements related to pensions provided by governments. The statement is effective for fiscal years beginning after June 15, 2014.

GASB Statement No. 69 “Government Combinations and Disposals of Government Operations.” The statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The statement is effective for fiscal years beginning after December 15, 2013.

GASB Statement No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date”. The statement amends transition provisions of GASB Statement No. 68, establishes accounting and financial reporting standards for recognition of contributions made between the measurement date of the net pension liability and implementation of GASB Statement No. 68. The statement is effective for fiscal years beginning after June 15, 2014.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 31, 2014, 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, 2014**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 7,331,000	\$ 7,331,000	\$ 7,521,463	\$ 190,463
Licenses and permits	108,500	108,500	120,182	11,682
Franchise fees	1,497,340	1,497,340	1,621,766	124,426
Charges for services	554,210	562,210	500,473	(61,737)
Intergovernmental	665,189	665,189	790,151	124,962
Fines and forfeitures	596,400	596,400	571,831	(24,569)
Miscellaneous	61,550	81,550	98,477	16,927
<i>Total Revenues</i>	10,814,189	10,842,189	11,224,343	382,154
EXPENDITURES				
Council and Mayor Administration	40,465	40,465	38,619	1,846
City Recorder	205,842	205,842	196,258	9,584
City Attorney	58,754	58,754	50,941	7,813
Finance	141,785	141,785	134,127	7,658
Human Resources	278,060	448,060	428,554	19,506
Municipal Court	46,339	46,339	37,520	8,819
Nondepartmental	138,469	138,469	131,400	7,069
Police	235,259	235,259	204,121	31,138
Library	6,534,462	6,580,462	6,312,753	267,709
Recreation	913,486	913,486	880,927	32,559
Swim Center	411,630	411,630	303,234	108,396
Community Services Administration	493,027	508,027	508,569	(542)
RSVP	309,158	329,158	298,558	30,600
Planning	68,582	68,582	64,197	4,385
Parks Maintenance	364,566	364,566	342,179	22,387
Contingency	520,121	520,121	462,711	57,410
	2,570,410	2,641,410	-	2,641,410
<i>Total Expenditures</i>	13,330,415	13,652,415	10,394,668	3,257,747
REVENUES OVER (UNDER) EXPENDITURES	(2,516,226)	(2,810,226)	829,675	3,639,901
OTHER FINANCING SOURCES (USES)				
Transfers in	220,000	220,000	205,920	(14,080)
Transfers out	(484,774)	(590,774)	(590,774)	-
<i>Total Other Financing Sources and Uses</i>	(264,774)	(370,774)	(384,854)	(14,080)
NET CHANGE IN FUND BALANCE	(2,781,000)	(3,181,000)	444,821	3,625,821
FUND BALANCE, beginning of year	2,781,000	3,181,000	3,532,115	351,115
FUND BALANCE, end of year (budgetary basis)	\$ -	\$ -	3,976,936	\$ 3,976,936
Interfund loan			(202,895)	
Accrued payroll			(196,269)	
FUND BALANCE, end of year (GAAP basis)			\$ 3,577,772	

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, 2014

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 120,000	\$ 120,000	\$ 101,761	\$ (18,239)
Licenses and permits	750	750	302	(448)
Franchise fees	300,000	300,000	360,046	60,046
Intergovernmental	1,300,000	1,300,000	1,384,277	84,277
Miscellaneous	8,500	8,500	124,806	116,306
<i>Total Revenues</i>	<u>1,729,250</u>	<u>1,729,250</u>	<u>1,971,192</u>	<u>241,942</u>
EXPENDITURES				
Personal services	496,197	496,197	410,315	85,882
Materials and services	881,697	881,697	582,446	299,251
Contingency	751,756	751,756	-	751,756
<i>Total Expenditures</i>	<u>2,129,650</u>	<u>2,129,650</u>	<u>992,761</u>	<u>1,136,889</u>
REVENUES OVER (UNDER)				
EXPENDITURES	(400,400)	(400,400)	978,431	1,378,831
OTHER FINANCING SOURCES (USES)				
Transfers in	220,000	220,000	220,000	-
Transfers out	(1,169,600)	(1,169,600)	(543,421)	626,179
<i>Total Other Financing Sources and Uses</i>	<u>(949,600)</u>	<u>(949,600)</u>	<u>(323,421)</u>	<u>626,179</u>
NET CHANGE IN FUND BALANCE	(1,350,000)	(1,350,000)	655,010	2,005,010
FUND BALANCE, beginning of year	<u>1,350,000</u>	<u>1,350,000</u>	<u>2,105,613</u>	<u>755,613</u>
FUND BALANCE, end of year (budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	<u>2,760,623</u>	<u>\$ 2,760,623</u>
Accrued payroll			(10,786)	
FUND BALANCE, end of year (GAAP basis)			<u>\$ 2,749,837</u>	

OTHER SUPPLEMENTARY INFORMATION

CITY OF WOODBURN, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – STREET SDC FUND (BUDGETARY BASIS, NON-GAAP)
YEAR ENDED JUNE 30, 2014**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 300,000	\$ 300,000	\$ 521,933	\$ 221,933
Miscellaneous	34,000	34,000	169,268	135,268
<i>Total Revenues</i>	334,000	334,000	691,201	357,201
EXPENDITURES				
Debt service				
Principal	29,663	29,663	29,663	-
Interest	7,857	7,857	7,857	-
Capital outlay	867,500	867,500	619,986	247,514
Contingency	4,468,201	4,468,201	-	4,468,201
<i>Total Expenditures</i>	5,373,221	5,373,221	657,506	4,715,715
REVENUES OVER (UNDER) EXPENDITURES	(5,039,221)	(5,039,221)	33,695	5,072,916
OTHER FINANCING SOURCES (USES)				
Transfers in	39,221	39,221	39,221	-
NET CHANGE IN FUND BALANCE	(5,000,000)	(5,000,000)	72,916	5,072,916
FUND BALANCE, beginning of year	5,000,000	5,000,000	5,130,650	130,650
FUND BALANCE, end of year (budgetary basis)	\$ -	\$ -	5,203,566	\$ 5,203,566
Interfund loan			151,232	
FUND BALANCE, end of year GAAP basis			\$ 5,354,798	

CITY OF WOODBURN, OREGON
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	<i>Special Revenue</i>		
	<i>Transit</i>	<i>Building</i>	<i>Search and Seizure</i>
ASSETS			
Cash and investments	\$ 5,955	\$ 459,402	\$ 1,111
Accounts receivable	143,450	-	-
Property taxes receivable	-	-	-
Assessment liens receivable	-	-	-
Loans receivable	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	\$ 149,405	\$ 459,402	\$ 1,111
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 7,422	\$ 61,837	\$ -
Accrued payroll and payroll liabilities	23,550	21,511	-
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	30,972	83,348	-
Deferred Inflows:			
Unavailable revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Fund Balance:			
Restricted for:			
Debt service	-	-	-
Construction	-	-	-
Culture and recreation	118,433	-	-
Community development	-	-	-
Committed to:			
Public safety	-	-	1,111
Capital outlay	-	376,054	-
Public works	-	-	-
Planning and building	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance</i>	118,433	376,054	1,111
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Total Liabilities and Fund Balance</i>	\$ 149,405	\$ 459,402	\$ 1,111

<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 Construction</i>
\$ 234,505	\$ 26,261	\$ 3,011	\$ 45,763	\$ 1,908,678	\$ 10,128
-	-	-	-	-	34,951
-	-	-	-	44,362	-
-	-	-	-	-	-
784,259	-	-	-	-	-
\$ 1,018,764	\$ 26,261	\$ 3,011	\$ 45,763	\$ 1,953,040	\$ 45,079
\$ 52,308	\$ -	\$ -	\$ -	\$ 18,321	\$ 21,294
756	-	-	-	7,211	-
53,064	-	-	-	25,532	21,294
784,259	-	-	-	38,808	-
-	-	-	-	227,732	-
-	-	-	-	-	-
-	26,261	3,011	45,763	-	-
-	-	-	-	1,660,968	-
-	-	-	-	-	-
-	-	-	-	-	23,785
-	-	-	-	-	-
181,441	-	-	-	-	-
181,441	26,261	3,011	45,763	1,888,700	23,785
\$ 1,018,764	\$ 26,261	\$ 3,011	\$ 45,763	\$ 1,953,040	\$ 45,079

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

JUNE 30, 2014

	Capital Projects		
	Special Assessment	Street/Storm Capital Improvement	Parks SDC
ASSETS			
Cash and investments	\$ 1,041,261	\$ 608,514	\$ 428,841
Accounts receivable	-	-	-
Property taxes receivable	-	-	-
Assessment liens receivable	39,650	-	-
Loans receivable	-	-	31,536
<i>Total Assets</i>	<u>\$ 1,080,911</u>	<u>\$ 608,514</u>	<u>\$ 460,377</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ -	\$ 430,362	\$ -
Accrued payroll and payroll liabilities	-	-	-
<i>Total Liabilities</i>	-	430,362	-
Deferred Inflows:			
Unavailable revenue	39,650	-	31,536
Fund Balance:			
Restricted for:			
Debt service	-	-	-
Construction	-	178,152	428,841
Culture and recreation	-	-	-
Community development	-	-	-
Committed to:			
Public safety	-	-	-
Capital outlay	-	-	-
Public works	1,041,261	-	-
Planning and building	-	-	-
<i>Total Fund Balance</i>	<u>1,041,261</u>	<u>178,152</u>	<u>428,841</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 1,080,911</u>	<u>\$ 608,514</u>	<u>\$ 460,377</u>

<i>Capital Projects</i>		<i>Debt Service</i>	
<i>Storm SDC</i>	<i>Equipment Replacement</i>	<i>GO Debt</i>	<i>Total</i>
\$ 499,892	\$ 812,267	\$ 49,981	\$ 6,135,570
-	-	-	178,401
-	-	39,723	84,085
-	-	-	39,650
5,720	-	-	821,515
\$ 505,612	\$ 812,267	\$ 89,704	\$ 7,259,221
\$ -	\$ -	\$ -	\$ 591,544
-	-	-	53,028
-	-	-	644,572
5,720	-	34,671	934,644
-	-	55,033	282,765
499,892	-	-	1,106,885
-	-	-	193,468
-	-	-	1,660,968
-	-	-	1,111
-	812,267	-	1,212,106
-	-	-	1,041,261
-	-	-	181,441
499,892	812,267	55,033	5,680,005
\$ 505,612	\$ 812,267	\$ 89,704	\$ 7,259,221

CITY OF WOODBURN, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014**

	Special Revenue		
	Transit	Building	Search and Seizure
REVENUES			
Taxes and assessments	\$ -	\$ -	\$ -
Licenses and permits	-	524,792	-
Charges for services	40,678	-	-
Intergovernmental	435,236	-	-
Miscellaneous	8,290	28,694	1,111
<i>Total Revenues</i>	484,204	553,486	1,111
EXPENDITURES			
General government	-	485,783	-
Culture and recreation	631,763	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Capital outlay	2,378	-	-
<i>Total Expenditures</i>	634,141	485,783	-
REVENUES OVER (UNDER) EXPENDITURES	(149,937)	67,703	1,111
OTHER FINANCING SOURCES (USES)			
Transfers in	134,294	-	-
Transfers out	-	-	-
<i>Total Other Financing Sources and Uses</i>	134,294	-	-
NET CHANGE IN FUND BALANCE	(15,643)	67,703	1,111
FUND BALANCE, beginning of year	134,076	308,351	-
FUND BALANCE, end of year	\$ 118,433	\$ 376,054	\$ 1,111

Special Revenue

<i>Housing Rehabilitation</i>	<i>RSVP</i>	<i>Cable Franchise</i>	<i>Library Endowment</i>	<i>Museum Endowment</i>	<i>Lavelle Black Trust</i>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	13,759	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
58,410	-	5	140	81	515
58,410	-	13,764	140	81	515
-	-	21,821	-	-	-
14,988	-	-	-	-	6,628
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,988	-	21,821	-	-	6,628
43,422	-	(8,057)	140	81	(6,113)
-	-	-	-	-	-
(200,000)	(5,920)	-	-	-	-
(200,000)	(5,920)	-	-	-	-
(156,578)	(5,920)	(8,057)	140	81	(6,113)
338,019	5,920	8,057	26,121	2,930	51,876
\$ 181,441	\$ -	\$ -	\$ 26,261	\$ 3,011	\$ 45,763

CITY OF WOODBURN, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS (Continued)
YEAR ENDED JUNE 30, 2014**

	<i>Special</i>	<i>Capital Projects</i>	
	<i>Revenue</i>	<i>General</i>	<i>Special</i>
	<i>URA</i>	<i>Construction</i>	<i>Assessment</i>
REVENUES			
Taxes and assessments	\$ 602,347	\$ -	\$ 10,810
Licenses and permits	-	-	-
Charges for services	-	-	-
Intergovernmental	-	65,034	-
Miscellaneous	10,266	183	5,539
<i>Total Revenues</i>	612,613	65,217	16,349
EXPENDITURES			
General government	-	-	-
Culture and recreation	298,250	-	-
Debt service			
Principal	210,509	-	-
Interest	17,223	-	-
Capital outlay	-	161,371	-
<i>Total Expenditures</i>	525,982	161,371	-
REVENUES OVER (UNDER) EXPENDITURES	86,631	(96,154)	16,349
OTHER FINANCING SOURCES (USES)			
Transfers in	-	149,356	-
Transfers out	-	(89,000)	-
<i>Total Other Financing Sources and Uses</i>	-	60,356	-
NET CHANGE IN FUND BALANCE	86,631	(35,798)	16,349
FUND BALANCE, beginning of year	1,802,069	59,583	1,024,912
FUND BALANCE, end of year	\$ 1,888,700	\$ 23,785	\$ 1,041,261

<i>Capital Projects</i>				<i>Debt Service</i>	
<i>Street/Storm Capital Improvement</i>	<i>Parks SDC</i>	<i>Storm SDC</i>	<i>Equipment Replacement</i>	<i>GO Debt</i>	<i>Total</i>
\$ -	\$ -	\$ -	\$ -	\$ 549,983	\$ 1,163,140
-	125,055	27,191	-	-	690,797
-	-	-	-	-	40,678
-	-	-	-	-	500,270
25,012	1,845	2,582	4,297	1,261	148,231
25,012	126,900	29,773	4,297	551,244	2,543,116
-	-	-	-	-	507,604
-	6,120	-	-	-	957,749
-	-	-	-	320,000	530,509
-	-	-	-	203,781	221,004
595,781	-	-	-	-	759,530
595,781	6,120	-	-	523,781	2,976,396
(570,769)	120,780	29,773	4,297	27,463	(433,280)
513,421	89,000	-	115,259	-	1,001,330
-	(43,356)	-	(18,294)	-	(356,570)
513,421	45,644	-	96,965	-	644,760
(57,348)	166,424	29,773	101,262	27,463	211,480
235,500	262,417	470,119	711,005	27,570	5,468,525
\$ 178,152	\$ 428,841	\$ 499,892	\$ 812,267	\$ 55,033	\$ 5,680,005

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, 2014**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 56,000	\$ 56,000	\$ 40,678	\$ (15,322)
Intergovernmental	797,150	797,150	435,236	(361,914)
Miscellaneous	9,600	9,600	8,290	(1,310)
<i>Total Revenues</i>	<u>862,750</u>	<u>862,750</u>	<u>484,204</u>	<u>(378,546)</u>
EXPENDITURES				
Personal services	371,780	371,780	371,677	103
Materials and services	622,917	622,917	250,756	372,161
Capital outlay	60,000	60,000	2,378	57,622
Contingency	64,559	64,559	-	64,559
<i>Total Expenditures</i>	<u>1,119,256</u>	<u>1,119,256</u>	<u>624,811</u>	<u>494,445</u>
REVENUES OVER (UNDER) EXPENDITURES	(256,506)	(256,506)	(140,607)	115,899
OTHER FINANCING SOURCES (USES)				
Transfers in	154,294	154,294	134,294	(20,000)
NET CHANGE IN FUND BALANCE	(102,212)	(102,212)	(6,313)	95,899
FUND BALANCE, beginning of year	<u>102,212</u>	<u>102,212</u>	<u>134,076</u>	<u>31,864</u>
FUND BALANCE, end of year (budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	<u>127,763</u>	<u>\$ 127,763</u>
Accrued payroll			<u>(9,330)</u>	
FUND BALANCE, end of year (GAAP basis)			<u>\$ 118,433</u>	

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUILDING FUND (BUDGETARY BASIS, NON-GAAP)
YEAR ENDED JUNE 30, 2014

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 308,251	\$ 386,251	\$ 524,792	\$ 138,541
Miscellaneous	35,000	35,000	28,694	(6,306)
<i>Total Revenues</i>	343,251	421,251	553,486	132,235
EXPENDITURES				
Personal services	352,108	360,108	333,733	26,375
Materials and services	95,193	165,193	143,954	21,239
Contingency	235,950	235,950	-	235,950
<i>Total Expenditures</i>	683,251	761,251	477,687	283,564
REVENUES OVER (UNDER) EXPENDITURES	(340,000)	(340,000)	75,799	415,799
OTHER FINANCING SOURCES (USES)				
Transfers in	65,000	65,000	-	(65,000)
NET CHANGE IN FUND BALANCE	(275,000)	(275,000)	75,799	350,799
FUND BALANCE, beginning of year	275,000	275,000	308,351	33,351
FUND BALANCE, end of year (budgetary basis)	\$ -	\$ -	384,150	\$ 384,150
Accrued payroll			(8,096)	
FUND BALANCE, end of year (GAAP basis)			\$ 376,054	

CITY OF WOODBURN, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL – SEARCH AND SEIZURE FUND

YEAR ENDED JUNE 30, 2014

	<u>Budget Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 1,111	\$ 1,111
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	1,111	1,111
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,111</u>	<u>\$ 1,111</u>

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, 2014

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 29,500	\$ 29,500	\$ 58,410	\$ 28,910
EXPENDITURES				
Personal services	13,736	13,736	12,273	1,463
Materials and services	40,200	40,200	2,430	37,770
Contingency	49,564	49,564	-	49,564
<i>Total Expenditures</i>	<u>103,500</u>	<u>103,500</u>	<u>14,703</u>	<u>88,797</u>
REVENUES OVER (UNDER) EXPENDITURES	(74,000)	(74,000)	43,707	117,707
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(274,000)	(274,000)	(156,293)	117,707
FUND BALANCE, beginning of year	<u>274,000</u>	<u>274,000</u>	<u>338,019</u>	<u>64,019</u>
FUND BALANCE, end of year (budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	181,726	<u>\$ 181,726</u>
Accrued payroll			<u>(285)</u>	
FUND BALANCE, end of year (GAAP basis)			<u>\$ 181,441</u>	

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - RSVP FUND
YEAR ENDED JUNE 30, 2014

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	(20,000)	(20,000)	(5,920)	14,080
NET CHANGE IN FUND BALANCE	(20,000)	(20,000)	(5,920)	14,080
FUND BALANCE, beginning of year	20,000	20,000	5,920	(14,080)
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – CABLE FRANCHISE FUND
YEAR ENDED JUNE 30, 2014

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 24,500	\$ 24,500	\$ 13,759	\$ (10,741)
Miscellaneous	-	-	5	5
<i>Total Revenues</i>	24,500	24,500	13,764	(10,736)
EXPENDITURES				
Materials and services	26,050	26,050	21,821	4,229
Contingency	2,950	2,950	-	2,950
<i>Total Expenditures</i>	29,000	29,000	21,821	7,179
NET CHANGE IN FUND BALANCE	(4,500)	(4,500)	(8,057)	(3,557)
FUND BALANCE, beginning of year	4,500	4,500	8,057	3,557
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – LIBRARY ENDOWMENT FUND
YEAR ENDED JUNE 30, 2014**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 165	\$ 165	\$ 140	\$ (25)
EXPENDITURES				
Contingency	26,265	26,265	-	26,265
NET CHANGE IN FUND BALANCE	(26,100)	(26,100)	140	26,240
FUND BALANCE, beginning of year	26,100	26,100	26,121	21
FUND BALANCE, end of year	\$ -	\$ -	\$ 26,261	\$ 26,261

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – MUSEUM ENDOWMENT FUND
YEAR ENDED JUNE 30, 2014**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 20	\$ 20	\$ 81	\$ 61
EXPENDITURES				
Contingency	2,805	2,805	-	2,805
NET CHANGE IN FUND BALANCE	(2,785)	(2,785)	81	2,866
FUND BALANCE, beginning of year	2,785	2,785	2,930	145
FUND BALANCE, end of year	\$ -	\$ -	\$ 3,011	\$ 3,011

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – LAVELLE BLACK TRUST FUND
YEAR ENDED JUNE 30, 2014

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 325	\$ 325	\$ 515	\$ 190
EXPENDITURES				
Materials and services	10,000	10,000	6,628	3,372
Contingency	30,325	30,325	-	30,325
<i>Total Expenditures</i>	40,325	40,325	6,628	33,697
NET CHANGE IN FUND BALANCE	(40,000)	(40,000)	(6,113)	33,887
FUND BALANCE, beginning of year	40,000	40,000	51,876	11,876
FUND BALANCE, end of year	\$ -	\$ -	\$ 45,763	\$ 45,763

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, 2014**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 550,000	\$ 550,000	\$ 602,347	\$ 52,347
Miscellaneous	10,500	10,500	10,266	(234)
<i>Total Revenues</i>	560,500	560,500	612,613	52,113
EXPENDITURES				
Personal services	154,487	154,487	119,992	34,495
Materials and services	309,500	309,500	175,365	134,135
Debt service				
Principal	251,855	251,855	210,509	41,346
Interest	375,877	375,877	17,223	358,654
Capital outlay	4,500,000	4,500,000	-	4,500,000
Contingency	1,393,781	1,393,781	-	1,393,781
<i>Total Expenditures</i>	6,985,500	6,985,500	523,089	6,462,411
REVENUES OVER (UNDER) EXPENDITURES	(6,425,000)	(6,425,000)	89,524	6,514,524
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	4,500,000	4,500,000	-	(4,500,000)
NET CHANGE IN FUND BALANCE	(1,925,000)	(1,925,000)	89,524	2,014,524
FUND BALANCE, beginning of year	1,925,000	1,925,000	1,802,069	(122,931)
FUND BALANCE, end of year (budgetary basis)	\$ -	\$ -	1,891,593	\$ 1,891,593
Accrued payroll			(2,893)	
FUND BALANCE, end of year (GAAP basis)			\$ 1,888,700	

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – GENERAL CONSTRUCTION FUND
YEAR ENDED JUNE 30, 2014

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ -	\$ 277,800	\$ 65,034	\$ (212,766)
Miscellaneous	-	-	183	183
<i>Total Revenues</i>	-	277,800	65,217	(212,583)
EXPENDITURES				
Capital outlay	59,000	538,800	161,371	377,429
Contingency	43,000	43,000	-	43,000
<i>Total Expenditures</i>	102,000	581,800	161,371	420,429
REVENUES OVER (UNDER)				
EXPENDITURES	(102,000)	(304,000)	(96,154)	207,846
OTHER FINANCING SOURCES (USES)				
Transfers in	-	291,000	149,356	(141,644)
Transfers out	(20,000)	(109,000)	(89,000)	20,000
<i>Total Other Financing Sources and Uses</i>	(20,000)	182,000	60,356	(121,644)
NET CHANGE IN FUND BALANCE	(122,000)	(122,000)	(35,798)	86,202
FUND BALANCE, beginning of year	122,000	122,000	59,583	(62,417)
FUND BALANCE, end of year	\$ -	\$ -	\$ 23,785	\$ 23,785

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – SPECIAL ASSESSMENT FUND
YEAR ENDED JUNE 30, 2014**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 34,685	\$ 34,685	\$ 10,810	\$ (23,875)
Miscellaneous	6,000	6,000	5,539	(461)
<i>Total Revenues</i>	40,685	40,685	16,349	(24,336)
EXPENDITURES				
Contingency	872,685	872,685	-	872,685
NET CHANGE IN FUND BALANCE	(832,000)	(832,000)	16,349	848,349
FUND BALANCE, beginning of year	832,000	832,000	1,024,912	192,912
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,041,261	\$ 1,041,261

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – STREET/STORM CAPITAL IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2014**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 25,012	\$ 25,012
EXPENDITURES				
Capital outlay	1,189,600	1,189,600	595,781	593,819
REVENUES OVER (UNDER) EXPENDITURES	(1,189,600)	(1,189,600)	(570,769)	618,831
OTHER FINANCING SOURCES (USES)				
Transfers in	1,164,600	1,164,600	513,421	(651,179)
NET CHANGE IN FUND BALANCE	(25,000)	(25,000)	(57,348)	(32,348)
FUND BALANCE, beginning of year	25,000	25,000	235,500	210,500
FUND BALANCE, end of year	\$ -	\$ -	\$ 178,152	\$ 178,152

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – PARKS SDC FUND
YEAR ENDED JUNE 30, 2014

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 20,000	\$ 20,000	\$ 125,055	\$ 105,055
Miscellaneous	2,785	2,785	1,845	(940)
<i>Total Revenues</i>	22,785	22,785	126,900	104,115
EXPENDITURES				
Materials and services	30,000	30,000	6,120	23,880
Contingency	442,785	346,785	-	346,785
<i>Total Expenditures</i>	472,785	376,785	6,120	370,665
REVENUES OVER (UNDER) EXPENDITURES	(450,000)	(354,000)	120,780	474,780
OTHER FINANCING SOURCES (USES)				
Transfers in	-	89,000	89,000	-
Transfers out	-	(185,000)	(43,356)	141,644
<i>Total Other Financing Sources and Uses</i>	-	(96,000)	45,644	141,644
NET CHANGE IN FUND BALANCE	(450,000)	(450,000)	166,424	616,424
FUND BALANCE, beginning of year	450,000	450,000	262,417	(187,583)
FUND BALANCE, end of year	\$ -	\$ -	\$ 428,841	\$ 428,841

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – STORM SDC FUND
YEAR ENDED JUNE 30, 2014

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 15,000	\$ 15,000	\$ 27,191	\$ 12,191
Miscellaneous	2,000	2,000	2,582	582
<i>Total Revenues</i>	17,000	17,000	29,773	12,773
EXPENDITURES				
Contingency	455,000	455,000	-	455,000
REVENUES OVER (UNDER) EXPENDITURES	(438,000)	(438,000)	29,773	467,773
OTHER FINANCING SOURCES (USES)				
Transfers out	(25,000)	(25,000)	-	25,000
NET CHANGE IN FUND BALANCE	(463,000)	(463,000)	29,773	492,773
FUND BALANCE, beginning of year	463,000	463,000	470,119	7,119
FUND BALANCE, end of year	\$ -	\$ -	\$ 499,892	\$ 499,892

CITY OF WOODBURN, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – EQUIPMENT REPLACEMENT FUND
YEAR ENDED JUNE 30, 2014

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 4,000	\$ 4,000	\$ 4,297	\$ 297
EXPENDITURES				
Capital outlay	829,428	829,428	-	829,428
REVENUES OVER (UNDER)				
EXPENDITURES	(825,428)	(825,428)	4,297	829,725
OTHER FINANCING SOURCES (USES)				
Transfers in	115,259	115,259	115,259	-
Transfers out	(18,294)	(18,294)	(18,294)	-
<i>Total Other Financing Sources and Uses</i>	96,965	96,965	96,965	-
NET CHANGE IN FUND BALANCE	(728,463)	(728,463)	101,262	829,725
FUND BALANCE, beginning of year	728,463	728,463	711,005	(17,458)
FUND BALANCE, end of year	\$ -	\$ -	\$ 812,267	\$ 812,267

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – GENERAL OBLIGATION DEBT FUND
YEAR ENDED JUNE 30, 2014**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 528,000	\$ 528,000	\$ 549,983	\$ 21,983
Miscellaneous	900	900	1,261	361
<i>Total Revenues</i>	528,900	528,900	551,244	22,344
EXPENDITURES				
Debt service				
Principal	320,000	320,000	320,000	-
Interest	203,781	203,781	203,781	-
Contingency	35,119	35,119	-	35,119
<i>Total Expenditures</i>	558,900	558,900	523,781	35,119
NET CHANGE IN FUND BALANCE	(30,000)	(30,000)	27,463	57,463
FUND BALANCE, beginning of year	30,000	30,000	27,570	(2,430)
FUND BALANCE, end of year	\$ -	\$ -	\$ 55,033	\$ 55,033

CITY OF WOODBURN, OREGON**COMBINING STATEMENT OF FUND NET POSITION - NONMAJOR PROPRIETARY (ENTERPRISE) FUNDS
JUNE 30, 2014**

	<u>Water SDC</u>	<u>Sewer SDC</u>	<u>WWD Construction</u>
ASSETS			
Current Assets			
Cash and investments	\$ 906,363	\$ 687,935	\$ 2,784,162
Accounts receivable	37,530	53,586	8,258
Due from other funds	-	-	204,232
	<hr/>	<hr/>	<hr/>
<i>Total Current Assets</i>	943,893	741,521	2,996,652
Noncurrent Assets			
Nondepreciable capital assets	-	-	1,289,721
Capital assets, net of depreciation	-	-	527,144
	<hr/>	<hr/>	<hr/>
<i>Total Noncurrent Assets</i>	-	-	1,816,865
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	943,893	741,521	4,813,517
LIABILITIES			
Current Liabilities			
Accounts payable	-	-	52,295
	<hr/>	<hr/>	<hr/>
NET POSITION:			
Net investment in capital assets	-	-	1,816,865
Restricted for:			
Construction	943,893	741,521	2,944,357
	<hr/>	<hr/>	<hr/>
<i>Total Net Position</i>	\$ 943,893	\$ 741,521	\$ 4,761,222
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Total

\$ 4,378,460
99,374
204,232

4,682,066

1,289,721
527,144

1,816,865

6,498,931

52,295

1,816,865

4,629,771

\$ 6,446,636

CITY OF WOODBURN, OREGON**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
NONMAJOR PROPRIETARY (ENTERPRISE) FUNDS
YEAR ENDED JUNE 30, 2014**

	<u>Water SDC</u>	<u>Sewer SDC</u>	<u>WWD Construction</u>
OPERATING REVENUES	\$ -	\$ -	\$ -
OPERATING EXPENSES			
Materials and services	-	-	216
Depreciation	-	-	31,068
<i>Total Expenses</i>	-	-	31,284
OPERATING INCOME (LOSS)	-	-	(31,284)
NONOPERATING REVENUES (EXPENSES)			
Investment revenue	4,357	2,955	16,109
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	4,357	2,955	(15,175)
Capital contributions	181,486	265,485	-
Transfers in	-	-	3,734
CHANGE IN NET POSITION	185,843	268,440	(11,441)
NET POSITION, beginning of year as originally reported	758,050	473,081	4,666,663
Prior period adjustment	-	-	106,000
NET POSITION, beginning of year as restated	758,050	473,081	4,772,663
NET POSITION, end of year	\$ 943,893	\$ 741,521	\$ 4,761,222

Total

\$ -

216
31,068

31,284

(31,284)

23,421

(7,863)

446,971
3,734

442,842

5,897,794

106,000

6,003,794

\$ 6,446,636

CITY OF WOODBURN, OREGON**COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY (ENTERPRISE) FUNDS**

YEAR ENDED JUNE 30, 2014

	<u>Water SDC</u>	<u>Sewer SDC</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Collected from customers	\$ -	\$ -
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	-	-
System development revenue	160,636	235,715
	<u>160,636</u>	<u>235,715</u>
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	160,636	235,715
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	4,357	2,955
	<u>4,357</u>	<u>2,955</u>
<i>Increase (Decrease) in Cash and Investments</i>	164,993	238,670
CASH AND INVESTMENTS, Beginning of year	741,370	449,265
	<u>741,370</u>	<u>449,265</u>
CASH AND INVESTMENTS, End of year	<u>\$ 906,363</u>	<u>\$ 687,935</u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ -	\$ -
Depreciation	-	-
<i>Change in assets and liabilities</i>		
Accounts receivable	-	-
Accounts payable and accrued liabilities	-	-
	<u>-</u>	<u>-</u>
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$ -</u>	<u>\$ -</u>

<u>WWD</u> <u>Construction</u>	<u>Totals</u>
\$ 525	\$ 525
39,220	39,220
(430,586)	(430,586)
-	396,351
<hr/>	
(430,586)	(34,235)
16,109	23,421
<hr/>	
(374,732)	28,931
3,158,894	4,349,529
<hr/>	
\$ 2,784,162	\$ 4,378,460
<hr/> <hr/>	
\$ (31,284)	\$ (31,284)
31,068	31,068
525	525
216	216
<hr/>	
\$ 525	\$ 525
<hr/> <hr/>	

CITY OF WOODBURN, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL - WATER FUND
YEAR ENDED JUNE 30, 2014**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 3,315,515	\$ 3,315,515	\$ 3,166,879	\$ (148,636)
Miscellaneous	51,000	51,000	303,593	252,593
Interest earnings	5,200	5,200	7,498	2,298
<i>Total Revenues</i>	<u>3,371,715</u>	<u>3,371,715</u>	<u>3,477,970</u>	<u>106,255</u>
EXPENDITURES				
Personal services	1,371,458	1,371,458	1,244,302	127,156
Materials and services	838,457	838,457	736,473	101,984
Debt service				
Principal	648,320	648,320	648,318	2
Interest	511,310	511,310	511,310	-
Contingency	1,239,062	1,239,062	-	1,239,062
<i>Total Expenditures</i>	<u>4,608,607</u>	<u>4,608,607</u>	<u>3,140,403</u>	<u>1,468,204</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,236,892)</u>	<u>(1,236,892)</u>	<u>337,567</u>	<u>1,574,459</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(38,108)</u>	<u>(38,108)</u>	<u>(23,334)</u>	<u>14,774</u>
NET CHANGE IN FUND BALANCE	<u>(1,275,000)</u>	<u>(1,275,000)</u>	<u>314,233</u>	<u>1,589,233</u>
FUND BALANCE, beginning of year	<u>1,275,000</u>	<u>1,275,000</u>	<u>1,467,268</u>	<u>192,268</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,781,501</u>	<u>\$ 1,781,501</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, 2014

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 7,030,000	\$ 7,030,000	\$ 7,479,642	\$ 449,642
Miscellaneous	2,000	2,000	3,065	1,065
Interest earnings	12,200	12,200	23,692	11,492
<i>Total Revenues</i>	<u>7,044,200</u>	<u>7,044,200</u>	<u>7,506,399</u>	<u>462,199</u>
EXPENDITURES				
Personal services	1,954,268	1,954,268	1,789,712	164,556
Materials and services	1,507,184	1,507,184	1,264,703	242,481
Debt service				
Principal	2,265,153	2,265,153	2,265,153	-
Interest	1,044,559	1,044,559	1,044,559	-
Capital outlay	45,084	45,084	-	45,084
Contingency	3,833,359	3,833,359	-	3,833,359
<i>Total Expenditures</i>	<u>10,649,607</u>	<u>10,649,607</u>	<u>6,364,127</u>	<u>4,285,480</u>
REVENUES OVER (UNDER)				
EXPENDITURES	(3,605,407)	(3,605,407)	1,142,272	4,747,679
OTHER FINANCING SOURCES (USES)				
Transfers out	(173,593)	(173,593)	(173,593)	-
NET CHANGE IN FUND BALANCE	<u>(3,779,000)</u>	<u>(3,779,000)</u>	<u>968,679</u>	<u>4,747,679</u>
FUND BALANCE, beginning of year	<u>3,779,000</u>	<u>3,779,000</u>	<u>4,183,555</u>	<u>404,555</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,152,234</u>	<u>\$ 5,152,234</u>

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL – WWTP CONSTRUCTION FUND
YEAR ENDED JUNE 30, 2014**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Interest earnings	\$ 105,100	\$ 105,100	\$ 70,528	(34,572)
EXPENDITURES				
Capital outlay	2,635,200	2,635,200	926,343	1,708,857
Contingency	14,469,900	14,469,900	-	14,469,900
<i>Total Expenditures</i>	<u>17,105,100</u>	<u>17,105,100</u>	<u>926,343</u>	<u>16,178,757</u>
NET CHANGE IN FUND BALANCE	(17,000,000)	(17,000,000)	(855,815)	16,144,185
FUND BALANCE, beginning of year	<u>17,000,000</u>	<u>17,000,000</u>	<u>13,530,151</u>	<u>(3,469,849)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,674,336</u>	<u>\$ 12,674,336</u>

CITY OF WOODBURN, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL - WATER SDC FUND
YEAR ENDED JUNE 30, 2014**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 60,000	\$ 60,000	\$ 160,636	\$ 100,636
Interest earnings	3,475	3,475	4,357	882
<i>Total Revenues</i>	63,475	63,475	164,993	101,518
EXPENDITURES				
Debt service				
Principal	623,475	623,475	-	623,475
REVENUES OVER (UNDER) EXPENDITURES	(560,000)	(560,000)	164,993	724,993
OTHER FINANCING SOURCES (USES)				
Transfers out	(40,000)	(40,000)	-	40,000
NET CHANGE IN FUND BALANCE	(600,000)	(600,000)	164,993	764,993
FUND BALANCE, beginning of year	600,000	600,000	741,370	141,370
FUND BALANCE, end of year	\$ -	\$ -	\$ 906,363	\$ 906,363

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, 2014

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 100,000	\$ 100,000	\$ 235,715	\$ 135,715
Interest earnings	1,750	1,750	2,955	1,205
<i>Total Revenues</i>	101,750	101,750	238,670	136,920
EXPENDITURES				
Contingency	374,750	374,750	-	374,750
NET CHANGE IN FUND BALANCE	(273,000)	(273,000)	238,670	511,670
FUND BALANCE, beginning of year	273,000	273,000	449,265	176,265
FUND BALANCE, end of year	\$ -	\$ -	\$ 687,935	\$ 687,935

CITY OF WOODBURN, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL – WWD CONSTRUCTION FUND
YEAR ENDED JUNE 30, 2014**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Interest earnings	\$ 26,800	\$ 26,800	\$ 16,109	\$ (10,691)
EXPENDITURES				
Capital outlay	733,974	733,974	474,925	259,049
Contingency	3,821,821	3,821,821	-	3,821,821
<i>Total Expenditures</i>	<u>4,555,795</u>	<u>4,555,795</u>	<u>474,925</u>	<u>4,080,870</u>
REVENUES OVER (UNDER) EXPENDITURES				
	(4,528,995)	(4,528,995)	(458,816)	4,070,179
OTHER FINANCING SOURCES (USES)				
Transfers in	93,995	93,995	39,221	(54,774)
Transfers out	(65,000)	(65,000)	-	65,000
<i>Total Other Financing Sources and Uses</i>	<u>28,995</u>	<u>28,995</u>	<u>39,221</u>	<u>10,226</u>
NET CHANGE IN FUND BALANCE	(4,500,000)	(4,500,000)	(419,595)	4,080,405
FUND BALANCE, beginning of year	<u>4,500,000</u>	<u>4,500,000</u>	<u>3,159,720</u>	<u>(1,340,280)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,740,125</u>	<u>\$ 2,740,125</u>

CITY OF WOODBURN, OREGON

COMBINING STATEMENT OF FUND NET POSITION - INTERNAL SERVICE FUNDS

JUNE 30, 2014

	<i>Information Services</i>	<i>Insurance</i>	<i>Technical & Environmental Services</i>
	<hr/>	<hr/>	<hr/>
ASSETS			
Current Assets			
Cash and investments	\$ 119,737	\$ 404,919	\$ 92,043
Accounts receivable	13,831	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	133,568	404,919	92,043
 LIABILITIES			
Current Liabilities			
Accounts payable	1,491	5,859	59,756
Accrued payroll liabilities	20,397	3,147	32,287
Accrued compensated absences	-	-	99,469
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	21,888	9,006	191,512
 NET POSITION:			
Unrestricted	\$ 111,680	\$ 395,913	\$ (99,469)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Total

\$ 616,699
13,831

630,530

67,106
55,831
99,469

222,406

\$ 408,124

CITY OF WOODBURN, OREGON**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2014**

	<u>Information Services</u>	<u>Insurance</u>	<u>Technical & Environmental Services</u>
OPERATING REVENUES			
Licenses and permits	\$ -	\$ -	\$ 22,132
Charges for services	759,801	500,005	1,149,024
Miscellaneous	-	1,558	24,944
	<hr/>	<hr/>	<hr/>
<i>Total Operating Revenues</i>	759,801	501,563	1,196,100
OPERATING EXPENSES			
Personal services	354,816	54,385	830,998
Materials and services	550,574	450,679	537,052
	<hr/>	<hr/>	<hr/>
<i>Total Expenses</i>	905,390	505,064	1,368,050
	<hr/>	<hr/>	<hr/>
OPERATING INCOME (LOSS)	(145,589)	(3,501)	(171,950)
NONOPERATING REVENUES (EXPENSES)			
Investment revenue	1,905	2,599	847
	<hr/>	<hr/>	<hr/>
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	(143,684)	(902)	(171,103)
Transfers in	187,000	-	-
Transfers out	-	-	(5,000)
	<hr/>	<hr/>	<hr/>
CHANGE IN NET POSITION	43,316	(902)	(176,103)
NET POSITION, beginning of year	68,364	396,815	76,634
	<hr/>	<hr/>	<hr/>
NET POSITION (Deficit), end of year	\$ 111,680	\$ 395,913	\$ (99,469)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Total

\$ 22,132
2,408,830
26,502

2,457,464

1,240,199
1,538,305

2,778,504

(321,040)

5,351

(315,689)

187,000
(5,000)

(133,689)

541,813

\$ 408,124

CITY OF WOODBURN, OREGON
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2014

	<u>Information Services</u>	<u>Insurance</u>	<u>Technical and Environmental Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Collected from customers	\$ 745,970	\$ 501,563	\$ 1,196,100
Paid to suppliers	(570,184)	(445,407)	(494,238)
Paid to employees	(334,419)	(51,238)	(805,688)
<i>Net Cash Provided by (Used in) Operating Activities</i>	(158,633)	4,918	(103,826)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	187,000	-	-
Transfers out	-	-	(5,000)
<i>Net Cash Provided by (Used in) Non-Capital Financing Activities</i>	187,000	-	(5,000)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	1,905	2,599	847
<i>Increase (Decrease) in Cash and Investments</i>	30,272	7,517	(107,979)
CASH AND INVESTMENTS, Beginning of year	89,465	397,402	200,022
CASH AND INVESTMENTS, End of year	<u>\$ 119,737</u>	<u>\$ 404,919</u>	<u>\$ 92,043</u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (145,589)	\$ (3,501)	\$ (171,950)
<i>Change in assets and liabilities</i>			
Accounts receivable	(13,831)	-	-
Compensated absences payable	-	-	(6,977)
Accounts payable and accrued liabilities	787	8,419	75,101
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$ (158,633)</u>	<u>\$ 4,918</u>	<u>\$ (103,826)</u>

Totals

\$ 2,443,633
(1,509,829)
(1,191,345)

(257,541)

187,000
(5,000)

182,000

5,351

(70,190)

686,889

\$ 616,699

\$ (321,040)

(13,831)
(6,977)
84,307

\$ (257,541)

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, 2014**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 728,461	\$ 728,461	\$ 759,801	\$ 31,340
Interest earnings	300	300	1,905	1,605
<i>Total Revenues</i>	<u>728,761</u>	<u>728,761</u>	<u>761,706</u>	<u>32,945</u>
EXPENDITURES				
Personal services	359,339	359,339	346,784	12,555
Materials and services	274,161	274,161	274,096	65
Capital outlay	277,000	277,000	276,477	523
Contingency	23,261	23,261	-	23,261
<i>Total Expenditures</i>	<u>933,761</u>	<u>933,761</u>	<u>897,357</u>	<u>36,404</u>
REVENUES OVER (UNDER) EXPENDITURES	(205,000)	(205,000)	(135,651)	69,349
OTHER FINANCING SOURCES (USES)				
Transfers in	187,000	187,000	187,000	-
NET CHANGE IN FUND BALANCE	(18,000)	(18,000)	51,349	69,349
FUND BALANCE, beginning of year	<u>18,000</u>	<u>18,000</u>	<u>68,364</u>	<u>50,364</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,713</u>	<u>\$ 119,713</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, 2014**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 500,005	\$ 500,005	\$ 500,005	\$ -
Miscellaneous	12,624	12,624	1,558	(11,066)
Interest earnings	1,600	1,600	2,599	999
<i>Total Revenues</i>	<u>514,229</u>	<u>514,229</u>	<u>504,162</u>	<u>(10,067)</u>
EXPENDITURES				
Personal services	55,754	55,754	53,287	2,467
Materials and services	518,152	518,152	450,679	67,473
Contingency	90,323	90,323	-	90,323
<i>Total Expenditures</i>	<u>664,229</u>	<u>664,229</u>	<u>503,966</u>	<u>160,263</u>
NET CHANGE IN FUND BALANCE	(150,000)	(150,000)	196	150,196
FUND BALANCE, beginning of year	<u>150,000</u>	<u>150,000</u>	<u>396,815</u>	<u>246,815</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 397,011</u>	<u>\$ 397,011</u>

CITY OF WOODBURN, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BASIS) – TECHNICAL & ENVIRONMENTAL SERVICES FUND
YEAR ENDED JUNE 30, 2014**

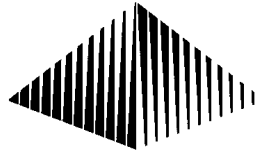
	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Licenses and permits	\$ 12,500	\$ 12,500	\$ 22,132	\$ 9,632
Charges for services	1,502,597	1,502,597	1,149,024	(353,573)
Miscellaneous	1,600	1,600	24,944	23,344
Interest earnings	350	350	847	497
<i>Total Revenues</i>	<u>1,517,047</u>	<u>1,517,047</u>	<u>1,196,947</u>	<u>(320,100)</u>
EXPENDITURES				
Personal services	912,471	912,471	837,975	74,496
Materials and services	599,576	599,576	537,052	62,524
Contingency	25,000	25,000	-	25,000
<i>Total Expenditures</i>	<u>1,537,047</u>	<u>1,537,047</u>	<u>1,375,027</u>	<u>162,020</u>
REVENUES OVER (UNDER) EXPENDITURES	(20,000)	(20,000)	(178,080)	(158,080)
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,000)	(5,000)	(5,000)	-
NET CHANGE IN FUND BALANCE	(25,000)	(25,000)	(183,080)	(158,080)
FUND BALANCE, beginning of year	<u>25,000</u>	<u>25,000</u>	<u>183,080</u>	<u>158,080</u>
FUND BALANCE, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

OTHER FINANCIAL SCHEDULES

CITY OF WOODBURN, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
YEAR ENDED JUNE 30, 2014

<u>Tax Year</u>	<u>2013-14 Levy</u>	<u>Uncollected Balance July 1, 2013</u>	<u>Interest, Discounts and Adjustments</u>	<u>Collections</u>	<u>Uncollected Balances June 30, 2014</u>
2013-14	\$ 8,410,177	\$ -	\$ (235,226)	\$ (7,924,202)	\$ 250,749
2012-13	-	288,141	(3,127)	(151,194)	133,820
2011-12	-	152,690	(1,956)	(71,083)	79,651
2010-11	-	99,688	(2,974)	(66,344)	30,370
2009-10	-	35,088	385	(24,368)	11,105
2008-09	-	13,291	(2,512)	(3,653)	7,126
2007-08	-	8,286	(2,239)	(1,951)	4,096
Prior	-	18,740	(3,754)	(1,413)	13,573
	<u>\$ 8,410,177</u>	<u>\$ 615,924</u>	<u>\$ (251,403)</u>	<u>\$ (8,244,208)</u>	530,490
Unsegregated					<u>77,200</u>
Property taxes receivable					<u>\$ 607,690</u>

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Woodburn as of and for the year ended June 30, 2014, and have issued our report thereon dated October 31, 2014.

Compliance and Other Matters

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

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

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

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

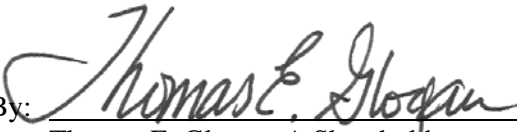
Internal Control Over Financial Reporting

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

Restriction on Use

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

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

By: 
Thomas E. Glogau, A Shareholder
October 31, 2014