



**Forest Grove, Oregon
ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2015

This page intentionally left blank

**CITY OF FOREST GROVE
OFFICERS AND MEMBERS OF THE GOVERNING BODY
For the Year Ended June 30, 2015**

CITY MANAGER

Jesse VanderZanden

MAYOR

Peter Truax
3131 Forest Gale Drive
Forest Grove, OR 97116

**TERM EXPIRES
November,**

2018

CITY COUNCIL

Richard Kidd
3022 Watercrest Road
Forest Grove, OR 97116

2016

Thomas Johnston
2323 15th Avenue
Forest Grove, OR 97116

2018

Malynda Wenzl
2519 Heather Way
Forest Grove, OR 97116

2018

Victoria Lowe
3206 17th Place
Forest Grove, OR 97116

2016

Ronald Thompson
3231 Lavina Drive
Forest Grove, OR 97116

2018

Elena Uhing
1633 Pacific Avenue
Forest Grove, OR 97116

2016

CITY ADDRESS

1924 Council Street
P.O. Box 326
Forest Grove, OR 97116

This page intentionally left blank

CITY OF FOREST GROVE
TABLE OF CONTENTS
For the Year Ended June 30, 2015

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	A, B
MANAGEMENT'S DISCUSSION AND ANALYSIS	a - f
 BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Governmental Funds	
Balance Sheet	3
Statement of Revenues, Expenditures and Changes in Fund Balances.....	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
General	6 - 8
Street.....	9
Proprietary Funds	
Statement of Net Position	10
Statement of Revenues, Expenses and Changes in Net Position	11
Statement of Cash Flows	12
Fiduciary Funds	
Statement of Net Position	13
Statement of Changes in Net Position	14
Notes to Basic Financial Statements	15 - 46
 REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Net Pension Liability and Changes in Net Pension Liability	47
Schedule of Employer Contributions.....	48
Schedule of Investment Rate of Return	49
 COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Nonmajor Governmental Funds	
Combining Balance Sheet.....	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	51
Special Revenue Funds	
Combining Balance Sheet	52, 53
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	54, 55
Debt Service Funds	
Combining Balance Sheet	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	57
Capital Projects Funds	
Combining Balance Sheet	58, 59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	60, 61
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
Building Permits.....	62
Street Tree	63
Community Enhancement	64
Transportation Services	65

CITY OF FOREST GROVE

TABLE OF CONTENTS (Continued)

	<u>Page</u>
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (Continued)	
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (continued)	
Public Arts Donation.....	66
SAFER Grant.....	67
General Debt Service.....	68
Special Public Works Debt Service.....	69
Traffic Impact.....	70
Transportation Development Tax.....	71
Park Acquisition and Development.....	72
Capital Projects.....	73
Fire Equipment Replacement.....	74
Bike and Pedestrian Pathways.....	75
CIP Excise.....	76
Facility Major Maintenance.....	77
Library Endowment.....	78
Major Enterprise Funds	
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
Light.....	79
Sewer.....	80
Water.....	81
Surface Water Management.....	82
Nonmajor Enterprise Funds	
Combining Statement of Net Position.....	83
Combining Statement of Revenues, Expenses and Changes in Net Position.....	84
Combining Statement of Cash Flows.....	85
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
Sewer System Development Charges.....	86
Water System Development Charges.....	87
Surface Water Management System Development.....	88
Internal Service Funds	
Combining Statement of Net Position.....	89
Combining Statement of Revenues, Expenses and Changes in Net Position.....	90
Combining Statement of Cash Flows.....	91
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
Information Systems.....	92
Equipment.....	93
City Utility.....	94
Risk Management.....	95
Agency Fund	
Unsegregated Tax and Interest Agency Fund Statement of Changes in Assets and Liabilities.....	96
INDEPENDENT AUDITOR'S REPORT REQUIRED BY	
OREGON STATE REGULATIONS.....	97, 98



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
CITY OF FOREST GROVE
Forest Grove, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **CITY OF FOREST GROVE**, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 entity'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 entity'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 FOREST GROVE**, as of June 30, 2015, the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparisons for the General and Street Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)

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 a through f and the schedules of net pension liability and changes in net pension liability, employer contributions and investment rate of return on pages 47-49 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 the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated February 05, 2016, on our consideration of the City's compliance with certain provisions of laws and regulation, 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.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
February 05, 2016

By:



Bradley G. Bingenheimer, Member

MANAGEMENT'S DISCUSSION AND ANALYSIS

This page intentionally left blank

CITY OF FOREST GROVE, OREGON MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

This discussion and analysis presents the highlights of financial activities and financial position for the City of Forest Grove. Management discussion and analysis focuses on current year activities and resulting changes. Please read it in conjunction with the City's financial statements and notes, which follow this section.

FINANCIAL HIGHLIGHTS

- Total assets of the City exceeded its liabilities by \$102.3 million at June 30, 2015. Of this amount, \$16.0 million is reported as unrestricted net position which may be used to meet the City's obligations.
- During the year, the City's net position decreased by \$6.6 million in governmental activities and \$1.6 million in business-type activities for a total increase of \$8.2 million.
- The General Fund reported an ending fund balance this year of \$6,156,806 which is a decrease of \$32,910 from the prior fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: *management's discussion and analysis* (this section), the *basic financial statements*, and *supplementary information*. The basic financial statements include two types of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short-term* and *long-term* financial information about the activities the government operates *like businesses*.
- *Fiduciary fund* statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by *supplementary information* that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the City's net position and how it has changed. Net position - the difference between the City's assets and liabilities - is one way to measure financial health or *position*.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City's tax base.

The government-wide financial statements of the City include the *governmental activities*. Most of the City's basic services are included here, such as general government, public safety, planning and building and safety, streets and storm drainage, solid waste, economic development, culture and recreation, and interest on long-term debt. Property taxes, franchise taxes, permits and fees, and intergovernmental revenues finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds*. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

The City has the following types of funds:

- *Governmental funds* - Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Enterprise funds* - Services for which the City charges customers a fee are generally reported in enterprise funds. Enterprise funds, like the government-wide statements, provide both long-term and short-term financial information.
- *Internal service funds* are used to report activities that provide supplies and services for the City's other programs and activities.
- *Fiduciary funds* - The City is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that - because of a trust arrangement - can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

**NET POSITION – As of JUNE 30, 2015 and 2014
(In thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
ASSETS						
Current and other assets	\$ 24,665	\$ 23,223	\$ 26,128	\$ 27,116	\$ 50,793	\$ 50,339
Capital assets, net	<u>30,263</u>	<u>30,071</u>	<u>43,291</u>	<u>40,975</u>	<u>73,554</u>	<u>71,046</u>
Total assets	<u>54,928</u>	<u>53,294</u>	<u>69,419</u>	<u>68,091</u>	<u>124,347</u>	<u>121,385</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	\$ 2,341	\$ -	\$ 910	\$ -	\$ 3,251	\$ -
Deferred charge on refunding	<u>-</u>	<u>-</u>	<u>38</u>	<u>43</u>	<u>38</u>	<u>43</u>
Total Deferred Outflows of Resources	<u>2,341</u>	<u>-</u>	<u>948</u>	<u>43</u>	<u>3,289</u>	<u>43</u>
LIABILITIES						
Current and other liabilities	\$ 1,400	\$ 988	\$ 2,144	\$ 1,894	\$ 3,544	\$ 2,882
Long-term obligations	<u>11,536</u>	<u>2,770</u>	<u>8,289</u>	<u>5,217</u>	<u>19,825</u>	<u>7,987</u>
Total liabilities	<u>12,936</u>	<u>3,758</u>	<u>10,433</u>	<u>7,111</u>	<u>23,369</u>	<u>10,869</u>
DEFERRED INFLOW OF RESOURCES						
Pension related items	<u>1,421</u>	<u>-</u>	<u>553</u>	<u>-</u>	<u>1,974</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	\$ 29,735	\$ 29,039	\$ 39,184	\$ 36,357	\$ 68,919	\$ 65,396
Restricted	11,734	12,429	5,635	5,097	17,369	17,526
Unrestricted	<u>1,443</u>	<u>8,068</u>	<u>14,562</u>	<u>19,569</u>	<u>16,005</u>	<u>27,637</u>
Total net position	<u>\$ 42,912</u>	<u>\$ 49,536</u>	<u>\$ 59,381</u>	<u>\$ 61,023</u>	<u>\$ 102,293</u>	<u>\$ 110,559</u>

Governmental capital assets represent 55.0% of the total governmental assets and total capital assets are relatively unchanged from 2014. Total governmental activities capital assets increased slightly due to a relatively small amount of capital assets purchased and depreciation expense.

Business-type capital assets represent 62.4% of the total business-type assets and increased by \$2.3 million from the prior year. The purchase of three large substation transformers and the project to remodel two of the City's three electric substations was the principal reason for the increase in business-type capital assets.

The decrease in net position is due primarily to the City's implementation of Government Accounting Standards Board (GASB) Statements 67 and 68 related to pension reporting. With the new reporting change, the City is reporting the net position, deferred outflows of resources, deferred inflow of resources, and pension expense of the City's single-employer defined benefit pension plan.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

STATEMENT OF ACTIVITIES for FISCAL YEARS ENDING JUNE 30, 2015 and 2014

(In thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
REVENUES:						
Program revenues:						
Charges for services	\$ 7,044	\$ 7,178	\$ 21,422	\$ 21,322	\$ 28,466	\$ 28,500
Operating grants	318	409	266	246	584	655
Capital grants	2,174	2,499	1,068	1,793	3,242	4,292
General revenues:						
Taxes	9,939	9,433	-	-	9,939	9,433
Other	804	966	556	153	1,360	1,119
Total revenues	<u>20,279</u>	<u>20,485</u>	<u>23,312</u>	<u>23,514</u>	<u>43,591</u>	<u>43,999</u>
EXPENSES:						
General government	7,262	6,929	-	-	7,262	6,929
Public safety	8,301	7,765	-	-	8,301	7,765
Highways and streets	1,868	1,922	-	-	1,868	1,922
Culture and recreation	2,063	1,799	-	-	2,063	1,799
Power services	-	-	14,781	14,683	14,781	14,683
Sewer services	-	-	1,444	1,948	1,444	1,948
Water services	-	-	3,443	3,932	3,443	3,932
Surface water management	-	-	679	726	679	726
Interest on long-term debt	5	15	-	-	5	15
Total expenses	<u>19,499</u>	<u>18,430</u>	<u>20,347</u>	<u>21,289</u>	<u>39,846</u>	<u>39,719</u>
Change in net position before transfers	781	2,055	2,965	2,225	3,745	4,280
Transfers	<u>1,252</u>	<u>1,205</u>	<u>(1,252)</u>	<u>(1,205)</u>	-	-
Change in net position	2,032	3,260	1,714	1,020	3,745	4,280
Net position at beginning of year	49,536	46,276	61,023	60,003	110,559	106,279
Prior period adjustment	<u>(8,656)</u>	-	<u>(3,355)</u>	-	<u>(12,011)</u>	-
Net position at end of year	<u>\$ 42,912</u>	<u>\$ 49,536</u>	<u>\$ 59,381</u>	<u>\$ 61,023</u>	<u>\$ 102,293</u>	<u>\$ 110,559</u>

The City's total revenues were \$43.6 million which is down slightly from 2014. The major sources of revenues are business-type activity charges for services and taxes for governmental activity, which account for 49.1% and 22.8% of total revenues, respectively. The total cost of all programs was \$39.8 million which is a small increase from 2014. Net position decreased by \$8.3 million indicating a decrease in the City's overall financial position. The decrease in net position is primarily due to the previously mentioned implementation of the GASB retirement standards.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental fund balances totaled \$20,714,305 at June 30, 2015 for an increase of \$1,320,916. Proprietary net position totaled \$59,381,585 for an overall decrease of \$1,641,786. The reasons for the changes are explained in the preceding section. A summary of changes in governmental and proprietary fund balances is as follows:

CHANGE IN GOVERNMENTAL FUND BALANCES

<u>Fund</u>	<u>Balance at June 30, 2015</u>	<u>Balance at June 30, 2014</u>	<u>Change</u>
General	\$ 6,156,806	\$ 6,189,716	\$ (32,910)
Street	1,052,781	1,043,727	9,054
Non-major governmental	13,504,718	12,159,946	1,344,772
Totals	<u>\$ 20,714,305</u>	<u>\$ 19,393,389</u>	<u>\$ 1,320,916</u>

CHANGE IN PROPRIETARY NET POSITION

<u>Fund</u>	<u>Balance at June 30, 2015</u>	<u>Balance at June 30, 2014</u>	<u>Change</u>
Light	\$ 20,018,076	\$ 22,880,656	\$ (2,862,580)
Sewer	9,528,269	9,423,718	104,551
Water	17,826,695	17,169,876	656,819
Surface Water Management	6,373,364	6,452,247	(78,883)
Non-major proprietary	5,635,181	5,096,874	538,307
Totals	<u>\$ 59,381,585</u>	<u>\$ 61,023,371</u>	<u>\$ (1,641,786)</u>

City Fund's Highlights

The fund balance in the General Fund decreased by \$32,910 as the actual revenues and expenditures closely followed budget. The overall increase in governmental fund balances was primarily due to system development fees collected for parks and traffic.

The overall increase in proprietary net position is due to prior-period adjustments related to the implementation of GASB 67 and 68 related to pension reporting. Without that prior-period adjustment, all of the major proprietary funds except for the Light Fund would have had an increase in net position. The Light Fund's net position would have declined by \$583,625 without the prior-period adjustment due to unexpected power purchases due to a colder-than-expected winter.

CAPITAL ASSETS

At June 30, 2015, the City had \$73,555,369 invested in a broad range of capital assets, including land, buildings, equipment, utility systems, and intangible water rights. The City's capital assets, net of accumulated depreciation increased by \$3,522,852. More detailed information about the City's capital assets is presented in the notes to the financial statements.

LONG TERM DEBT

At June 30, 2015, the City had \$3,070,000 in outstanding bonds payable, and \$1,566,257 in outstanding notes and contracts payable. The City has had no change in its credit rating and the City issued no additional debt in fiscal year 2015. More detailed information about the City's long term debt is presented in the notes to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Factors considered in preparing the City's General Fund budget for the 2015 fiscal year were, but not limited to the following:

- The City recognizes that costs of providing General Fund services at the current level will continue to increase at a faster rate than the revenue used to fund those services. The City had been able to increase General Fund Balance due to increased property tax revenue and departments spending less than appropriated mostly due to unanticipated vacancies in public safety. The City will need to be diligent to maintain the fund balance while trying to address the increased need for services from growth over the next five years. Retirement costs will continue to be a challenge as the City addresses potential actuarial changes for mortality and the assumed rate of return in the City's defined benefit plan.
- New single-family home construction continued at a high pace in FY 2014-15 with 102 building permits for single family residents issued. The City is reliant on residential growth to increase its property tax revenue as new industrial and commercial property development has not shown any increase. The additional property tax revenue could help the City maintain existing services longer than previously projected. Higher growth is adding increased system development fees to help pay for future infrastructure development.
- Electric and water rates are expected to increase for the next three years as the City continues to address updating aging infrastructure for both of those utilities and adding additional capacity to address future electric and water needs. However, due to changes in some long-term capital projects, the City has been able to reduce the amount of projected increases over what was originally forecast. Electric rates were increased by 4.5% instead of 6%, and water rates were increased by 3% instead of 8%.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our taxpayers, ratepayers, investors and creditors with an overview of the City's finances. If you have any questions about this report or need any clarification of information, please contact the Administrative Services Department at the City of Forest Grove. Our address is: PO Box 326, Forest Grove, Oregon 97116.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

CITY OF FOREST GROVE

**STATEMENT OF NET POSITION
June 30, 2015**

	Governmental Activities	Business-type Activities	Totals
<u>ASSETS</u>			
Cash and investments	\$ 23,616,502	\$ 16,441,332	\$ 40,057,834
Receivables, net	1,017,153	2,644,631	3,661,784
Inventory	-	626,499	626,499
Prepaid items	31,208	-	31,208
Investment in joint ventures	-	6,414,924	6,414,924
Capital assets:			
Land and construction in progress	7,976,103	2,591,816	10,567,919
Other capital assets, net	22,287,512	40,699,938	62,987,450
TOTAL ASSETS	54,928,478	69,419,140	124,347,618
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related items	2,340,642	910,379	3,251,021
Excess of reacquisition price over carrying amount of refunded long-term obligations	-	38,437	38,437
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,340,642	948,816	3,289,458
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	847,632	1,850,637	2,698,269
Payroll related liabilities	510,897	182,255	693,152
Accrued interest payable	2,227	25,518	27,745
Deposits	12,859	61,044	73,903
Bond premium, net	26,307	25,237	51,544
Long-term obligations:			
Due within one year	1,488,065	832,870	2,320,935
Due in more than one year:	10,048,542	7,456,240	17,504,782
TOTAL LIABILITIES	12,936,529	10,433,801	23,370,330
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related items	1,420,694	552,570	1,973,264
<u>NET POSITION</u>			
Net investment in capital assets	29,735,005	39,184,107	68,919,112
Restricted for:			
Highways and streets	1,090,833	-	1,090,833
Building operations	1,402,136	-	1,402,136
Community enhancement	29,922	-	29,922
Capital projects	9,007,645	5,635,181	14,642,826
Debt service	201,364	-	201,364
Other purposes	1,626	-	1,626
Unrestricted	1,443,366	14,562,297	16,005,663
TOTAL NET POSITION	\$ 42,911,897	\$ 59,381,585	\$ 102,293,482

See accompanying notes

**CITY OF FOREST GROVE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities							
General government	\$ 7,262,160	\$ 5,571,124	\$ 4,776	\$ 353,854	\$ (1,332,406)		\$ (1,332,406)
Public safety	8,300,717	749,557	240,250	-	(7,310,910)		(7,310,910)
Highways and streets	1,868,425	163,976	-	1,411,787	(292,662)		(292,662)
Culture and recreation	2,062,696	558,653	73,559	409,000	(1,021,484)		(1,021,484)
Interest on long-term obligations	4,942	-	-	-	(4,942)		(4,942)
Total governmental activities	19,498,940	7,043,310	318,585	2,174,641	(9,962,404)		(9,962,404)
Business-type activities							
Light	14,780,765	15,152,331	266,029	-		\$ 637,595	637,595
Sewer	1,444,421	1,225,192	-	529,058		309,829	309,829
Water	3,443,760	4,135,071	-	510,780		1,202,091	1,202,091
Surface water management	678,769	910,185	-	28,362		259,778	259,778
Total business-type activities	20,347,715	21,422,779	266,029	1,068,200		2,409,293	2,409,293
Totals	\$ 39,846,655	\$ 28,466,089	\$ 584,614	\$ 3,242,841	(9,962,404)	2,409,293	(7,553,111)
General revenues							
Property taxes, levied for:							
General purposes					7,399,780	-	7,399,780
Other					508,420	-	508,420
Franchise taxes					569,041	-	569,041
Transient room tax					97,304	-	97,304
Grants and contributions not restricted to specific programs					573,438	-	573,438
Fuel taxes					1,364,382	-	1,364,382
Unrestricted investment earnings					126,873	70,927	197,800
Rents					-	35,928	35,928
Miscellaneous					134,128	964,482	1,098,610
(Loss) on sale of capital assets					(30,206)	(342,677)	(372,883)
(Loss) on investment in joint ventures					-	(172,561)	(172,561)
Transfers					1,251,572	(1,251,572)	-
Total general revenues and transfers					11,994,732	(695,473)	11,299,259
Change in net position					2,032,328	1,713,820	3,746,148
Net position - beginning					49,535,567	61,023,371	110,558,938
Prior period adjustment					(8,655,998)	(3,355,606)	(12,011,604)
Net position - ending					\$ 42,911,897	\$ 59,381,585	\$ 102,293,482

See accompanying notes

CITY OF FOREST GROVE

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015**

	General	Street	Total Nonmajor Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and investments	\$ 6,564,917	\$ 1,062,737	\$ 13,568,131	\$ 21,195,785
Receivables, net	522,899	42,556	419,698	985,153
Prepaid items	<u>31,208</u>	<u>-</u>	<u>-</u>	<u>31,208</u>
TOTAL ASSETS	<u>\$ 7,119,024</u>	<u>\$ 1,105,293</u>	<u>\$ 13,987,829</u>	<u>\$ 22,212,146</u>
<u>LIABILITIES</u>				
Accounts payable and accrued liabilities	\$ 227,468	\$ 20,782	\$ 249,674	\$ 497,924
Payroll related liabilities	458,514	14,802	29,134	502,450
Deposits	<u>-</u>	<u>-</u>	<u>12,859</u>	<u>12,859</u>
TOTAL LIABILITIES	<u>685,982</u>	<u>35,584</u>	<u>291,667</u>	<u>1,013,233</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue	<u>276,236</u>	<u>16,928</u>	<u>191,444</u>	<u>484,608</u>
<u>FUND BALANCES</u>				
Nonspendable	31,208	-	41,186	72,394
Restricted	-	1,052,781	10,520,741	11,573,522
Committed	-	-	582,813	582,813
Assigned	-	-	2,359,978	2,359,978
Unassigned	<u>6,125,598</u>	<u>-</u>	<u>-</u>	<u>6,125,598</u>
TOTAL FUND BALANCES	<u>6,156,806</u>	<u>1,052,781</u>	<u>13,504,718</u>	<u>20,714,305</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 7,119,024</u>	<u>\$ 1,105,293</u>	<u>\$ 13,987,829</u>	

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	30,263,615
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	484,608
The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position	\$ 3,527,620
Plus: Compensated absences of the internal service fund included below	4,899
Plus: pension related liabilities, deferred outflows and deferred inflows	130,800
Less: Capital assets of the internal service fund included above	<u>(1,568,757)</u>
Deferred outflows related to the pension plan are not current financial resources and therefore are not reported in the funds	2,340,642
The bond premium is reported in the statement of net position but is not reported in the funds	(26,307)
The net post-employment benefits obligation is reported in the statement of net position but is not reported in the funds	(963,890)
The net pension liability is reported in the statement of net position but is not reported in the funds	(9,084,652)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(1,490,292)
Deferred inflows related to the pension plan are reported in the statement of net position but are not reported in the funds	<u>(1,420,694)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 42,911,897</u>

See accompanying notes

CITY OF FOREST GROVE

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015**

	General	Street	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 7,407,040	\$ -	\$ 509,920	\$ 7,916,960
Other taxes	105,732	-	986,970	1,092,702
Licenses and permits	160,832	-	695,944	856,776
Intergovernmental	1,799,972	1,351,571	701,711	3,853,254
Fees and fines	491,086	-	309,000	800,086
Franchise fees	569,041	-	-	569,041
Interest	46,349	4,586	66,117	117,052
Grants	104,300	-	315,684	419,984
Charges for services	3,682,884	172,233	348,272	4,203,389
Miscellaneous	<u>153,677</u>	<u>24,724</u>	<u>6,304</u>	<u>184,705</u>
TOTAL REVENUES	<u>14,520,913</u>	<u>1,553,114</u>	<u>3,939,922</u>	<u>20,013,949</u>
EXPENDITURES				
General government	5,034,625	-	642,166	5,676,791
Public safety	8,207,565	-	214,757	8,422,322
Highways and streets	-	1,141,156	443,848	1,585,004
Culture and recreation	1,761,755	-	53,759	1,815,514
Capital outlay	42,555	402,904	1,108,141	1,553,600
Debt service	<u>-</u>	<u>-</u>	<u>537,718</u>	<u>537,718</u>
TOTAL EXPENDITURES	<u>15,046,500</u>	<u>1,544,060</u>	<u>3,000,389</u>	<u>19,590,949</u>
Excess (deficiency) of revenues over expenditures	<u>(525,587)</u>	<u>9,054</u>	<u>939,533</u>	<u>423,000</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	6,375	6,375
Transfers in	1,107,677	-	682,000	1,789,677
Transfers out	<u>(615,000)</u>	<u>-</u>	<u>(283,136)</u>	<u>(898,136)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>492,677</u>	<u>-</u>	<u>405,239</u>	<u>897,916</u>
Net change in fund balances	(32,910)	9,054	1,344,772	1,320,916
Fund balances at beginning of year	<u>6,189,716</u>	<u>1,043,727</u>	<u>12,159,946</u>	<u>19,393,389</u>
Fund balances at end of year	<u>\$ 6,156,806</u>	<u>\$ 1,052,781</u>	<u>\$ 13,504,718</u>	<u>\$ 20,714,305</u>

See accompanying notes

CITY OF FOREST GROVE

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,320,916

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

Governmental funds report capital outlays as expenditures. However, governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:

Capitalized expenditures	\$ 1,358,088	
Depreciation	<u>(1,501,608)</u>	(143,520)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds as follows:

Property taxes	(8,760)	
Assessments	(5,507)	
Fees	2,509	
Other	<u>1,061</u>	(10,697)

In the statement of activities, the changes in net pension liability, deferred inflows of resources and deferred outflows of resources related to the entity's defined benefit retirement plan are reported as additional expenses for increases and a reduction of expenses for decreases 9,516

The change in other post-employment benefits are reported as additional expenses in the statement of activities (154,067)

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position,

Amortization of bond premium	26,309	
Accrued interest	1,840	
Principal payments	<u>503,414</u>	531,563

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		(30,177)
----------------------	--	----------

Net income of internal service funds after eliminating transfers and income reported above 508,794

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 2,032,328

See accompanying notes

CITY OF FOREST GROVE

**GENERAL
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 7,104,833	\$ 7,104,833	\$ 7,407,040	\$ 302,207
Transient room tax	70,000	70,000	97,304	27,304
Licenses and permits	150,800	150,800	160,832	10,032
Intergovernmental	1,769,308	1,769,308	1,799,972	30,664
Construction excise tax	10,000	10,000	8,428	(1,572)
Fees and fines	400,525	400,525	491,086	90,561
Franchise fees	550,000	550,000	569,041	19,041
Interest	56,000	56,000	46,349	(9,651)
Grants	186,833	227,133	104,300	(122,833)
Charges for services	3,656,744	3,656,744	3,682,884	26,140
Miscellaneous	137,691	137,691	153,677	15,986
TOTAL REVENUES	<u>14,092,734</u>	<u>14,133,034</u>	<u>14,520,913</u>	<u>387,879</u>
EXPENDITURES				
Legislative and executive				
Personal services	453,730	453,730	382,831	70,899
Materials and services	70,096	70,096	73,765	(3,669)
Total legislative and executive	<u>523,826</u>	<u>523,826</u>	<u>456,596</u>	<u>67,230</u>
Administrative services				
Personal services	1,802,069	1,802,069	1,771,224	30,845
Materials and services	703,975	703,975	650,775	53,200
Total administrative services	<u>2,506,044</u>	<u>2,506,044</u>	<u>2,421,999</u>	<u>84,045</u>
Library				
Personal services	911,469	911,469	890,970	20,499
Materials and services	155,133	155,133	153,969	1,164
Total library	<u>1,066,602</u>	<u>1,066,602</u>	<u>1,044,939</u>	<u>21,663</u>

Continued on next page

GENERAL FUND (Continued)
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Planning				
Personal services	\$ 336,774	\$ 336,774	\$ 345,057	\$ (8,283)
Materials and services	<u>245,774</u>	<u>245,774</u>	<u>151,371</u>	<u>94,403</u>
Total planning	<u>582,548</u>	<u>582,548</u>	<u>496,428</u>	<u>86,120</u>
Fire				
Personal services	2,663,708	2,768,708	2,664,186	104,522
Materials and services	<u>601,694</u>	<u>641,994</u>	<u>624,799</u>	<u>17,195</u>
Total fire	<u>3,265,402</u>	<u>3,410,702</u>	<u>3,288,985</u>	<u>121,717</u>
Engineering				
Personal services	686,103	686,103	659,257	26,846
Materials and services	<u>85,605</u>	<u>85,605</u>	<u>65,404</u>	<u>20,201</u>
Total engineering	<u>771,708</u>	<u>771,708</u>	<u>724,661</u>	<u>47,047</u>
Police				
Personal services	4,383,131	4,383,131	4,180,276	202,855
Materials and services	730,793	730,793	738,304	(7,511)
Capital outlay	<u>44,618</u>	<u>44,618</u>	<u>42,555</u>	<u>2,063</u>
Total police	<u>5,158,542</u>	<u>5,158,542</u>	<u>4,961,135</u>	<u>197,407</u>
Aquatics				
Personal services	469,038	469,038	434,213	34,825
Materials and services	<u>190,282</u>	<u>190,282</u>	<u>148,242</u>	<u>42,040</u>
Total aquatics	<u>659,320</u>	<u>659,320</u>	<u>582,455</u>	<u>76,865</u>
Parks and recreation				
Personal services	548,128	548,128	532,910	15,218
Materials and services	<u>172,010</u>	<u>172,010</u>	<u>149,962</u>	<u>22,048</u>
Total parks and recreation	<u>720,138</u>	<u>720,138</u>	<u>682,872</u>	<u>37,266</u>

Continued on next page

GENERAL FUND (Continued)
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Municipal court				
Personal services	\$ 195,672	\$ 195,672	\$ 179,217	\$ 16,455
Materials and services	145,199	215,199	207,213	7,986
Total municipal court	340,871	410,871	386,430	24,441
Operating contingency	1,250,000	1,075,000	-	1,075,000
TOTAL EXPENDITURES	16,845,001	16,885,301	15,046,500	1,838,801
Excess (deficiency) of revenues over expenditures	(2,752,267)	(2,752,267)	(525,587)	2,226,680
OTHER FINANCING SOURCES (USES)				
Transfers in	1,107,677	1,107,677	1,107,677	-
Transfers out	(615,000)	(615,000)	(615,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	492,677	492,677	492,677	-
Net change in fund balance	(2,259,590)	(2,259,590)	(32,910)	2,226,680
Fund balance at beginning of year	6,082,326	6,082,326	6,189,716	107,390
Fund balance at end of year	<u>\$ 3,822,736</u>	<u>\$ 3,822,736</u>	<u>\$ 6,156,806</u>	<u>\$ 2,334,070</u>

See accompanying notes

CITY OF FOREST GROVE

**STREET
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Intergovernmental	\$ 1,368,921	\$ 1,368,921	\$ 1,351,571	\$ (17,350)
Interest	3,650	3,650	4,586	936
Charges for services	141,000	141,000	172,233	31,233
Miscellaneous	100,000	100,000	24,724	(75,276)
TOTAL REVENUES	1,613,571	1,613,571	1,553,114	(60,457)
EXPENDITURES				
Personal services	304,465	304,465	324,600	(20,135)
Materials and services	832,717	832,717	816,556	16,161
Capital outlay	762,119	762,119	402,904	359,215
Contingency	100,000	100,000	-	100,000
TOTAL EXPENDITURES	1,999,301	1,999,301	1,544,060	455,241
Net change in fund balance	(385,730)	(385,730)	9,054	394,784
Fund balance at beginning of year	1,065,045	1,065,045	1,043,727	(21,318)
Fund balance at end of year	\$ 679,315	\$ 679,315	\$ 1,052,781	\$ 373,466

See accompanying notes

CITY OF FOREST GROVE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Business-type Activities					Governmental Activities	
	Light	Sewer	Water	Surface Water Management	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
<u>ASSETS</u>							
Current assets							
Cash and investments	\$ 2,880,860	\$ 2,711,610	\$ 4,710,732	\$ 432,087	\$ 5,706,043	\$16,441,332	\$ 2,420,717
Receivables, net	1,577,093	479,876	474,428	113,234	-	2,644,631	32,000
Inventory	483,739	7,275	135,485	-	-	626,499	-
Total current assets	<u>4,941,692</u>	<u>3,198,761</u>	<u>5,320,645</u>	<u>545,321</u>	<u>5,706,043</u>	<u>19,712,462</u>	<u>2,452,717</u>
Investment in joint ventures	-	-	6,414,924	-	-	6,414,924	-
Capital assets							
Land	721,723	81,022	373,686	-	-	1,176,431	-
Construction in progress	1,415,385	-	-	-	-	1,415,385	-
Other capital assets, net	16,653,596	7,518,033	10,378,413	6,149,896	-	40,699,938	1,568,757
Total capital assets, net	<u>18,790,704</u>	<u>7,599,055</u>	<u>10,752,099</u>	<u>6,149,896</u>	<u>-</u>	<u>43,291,754</u>	<u>1,568,757</u>
TOTAL ASSETS	<u>23,732,396</u>	<u>10,797,816</u>	<u>22,487,668</u>	<u>6,695,217</u>	<u>5,706,043</u>	<u>69,419,140</u>	<u>4,021,474</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>							
Pension related items	618,347	50,331	172,151	69,550	-	910,379	37,497
Excess of reacquisition price over carrying amount of refunded long-term obligations	-	-	38,437	-	-	38,437	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>618,347</u>	<u>50,331</u>	<u>210,588</u>	<u>69,550</u>	<u>-</u>	<u>948,816</u>	<u>37,497</u>
<u>LIABILITIES</u>							
Current liabilities							
Accounts payable and accrued liabilities	980,510	586,179	168,469	44,617	70,862	1,850,637	349,708
Payroll related liabilities	125,732	8,811	38,563	9,149	-	182,255	8,447
Accrued interest payable	-	8,236	17,282	-	-	25,518	-
Customer deposits	61,044	-	-	-	-	61,044	-
Bond premium, net	-	-	25,237	-	-	25,237	-
Total current liabilities	<u>1,167,286</u>	<u>603,226</u>	<u>249,551</u>	<u>53,766</u>	<u>70,862</u>	<u>2,144,691</u>	<u>358,155</u>
Long-term obligations							
Due within one year	159,196	198,693	474,981	-	-	832,870	4,899
Due in more than one year	-	273,993	3,309,613	-	-	3,583,606	-
Bonds and loans	-	273,993	3,309,613	-	-	3,583,606	-
Net other post-employment benefits	230,902	18,068	64,761	25,478	-	339,209	-
Net pension liability	2,399,967	195,349	668,165	269,944	-	3,533,425	145,537
Total long-term obligations	<u>2,790,065</u>	<u>686,103</u>	<u>4,517,520</u>	<u>295,422</u>	<u>-</u>	<u>8,289,110</u>	<u>150,436</u>
TOTAL LIABILITIES	<u>3,957,351</u>	<u>1,289,329</u>	<u>4,767,071</u>	<u>349,188</u>	<u>70,862</u>	<u>10,433,801</u>	<u>508,591</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Pension related items	375,316	30,549	104,490	42,215	-	552,570	22,760
<u>NET POSITION</u>							
Net investment in capital assets	18,790,704	7,126,369	7,117,138	6,149,896	-	39,184,107	1,568,757
Restricted for capital projects	-	-	-	-	5,635,181	5,635,181	-
Unrestricted	1,227,372	2,401,900	10,709,557	223,468	-	14,562,297	1,958,863
TOTAL NET POSITION	<u>\$ 20,018,076</u>	<u>\$ 9,528,269</u>	<u>\$ 17,826,695</u>	<u>\$ 6,373,364</u>	<u>\$ 5,635,181</u>	<u>\$59,381,585</u>	<u>\$ 3,527,620</u>

See accompanying notes

CITY OF FOREST GROVE
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Business-type Activities					Governmental Activities	
	Light	Sewer	Water	Surface Water Management	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES							
Charges for services	\$ 15,106,853	\$ 1,228,786	\$ 4,131,181	\$ 910,185	\$ -	\$ 21,377,005	\$ 1,573,567
Conservation incentive	266,029	-	-	-	-	266,029	-
Licenses, permits, and fees	45,478	659	3,890	-	-	50,027	-
TOTAL OPERATING REVENUES	\$ 15,418,360	\$ 1,229,445	\$ 4,135,071	\$ 910,185	\$ -	\$ 21,693,061	\$ 1,573,567
OPERATING EXPENSES							
System operation and maintenance	3,899,504	152,530	1,558,623	335,373	423,923	6,369,953	1,381,004
Electricity and water purchases	8,942,399	-	-	-	-	8,942,399	-
General Fund administration charges	1,206,279	586,685	992,605	170,040	-	2,955,609	-
General and administrative costs	42,780	25,145	363,125	11,052	-	442,102	-
Depreciation and amortization	689,803	234,221	412,943	162,304	-	1,499,271	167,182
TOTAL OPERATING EXPENSES	14,780,765	998,581	3,327,296	678,769	423,923	20,209,334	1,548,186
OPERATING INCOME (LOSS)	637,595	230,864	807,775	231,416	(423,923)	1,483,727	25,381
NONOPERATING REVENUES (EXPENSES)							
Interest earned	13,729	10,680	20,102	593	25,823	70,927	9,973
Interest	-	(4,401)	(116,464)	-	(17,516)	(138,381)	-
Rents	-	-	35,928	-	-	35,928	-
Grants	-	-	-	-	-	-	40,000
Miscellaneous	14,006	546	950,476	-	-	965,028	103,615
(Loss) on sale of capital assets	(342,677)	-	-	-	-	(342,677)	(30,206)
(Loss) on investment in joint ventures	-	-	(172,561)	-	-	(172,561)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(314,942)	6,825	717,481	593	8,307	418,264	123,382
Income (loss) before capital contributions and transfers	322,653	237,689	1,525,256	232,009	(415,616)	1,901,991	148,763
Capital contributions	-	-	-	-	1,063,401	1,063,401	-
Transfers in	-	104,478	-	-	-	104,478	483,031
Transfers out	(906,278)	(51,237)	(233,078)	(55,979)	(109,478)	(1,356,050)	(123,000)
Change in net position	(583,625)	290,930	1,292,178	176,030	538,307	1,713,820	508,794
Net position at beginning of year	22,880,656	9,423,718	17,169,876	6,452,247	5,096,874	61,023,371	3,149,780
Prior period adjustment	(2,278,955)	(186,379)	(635,359)	(254,913)	-	(3,355,606)	(130,954)
Net position at end of year	\$ 20,018,076	\$ 9,528,269	\$ 17,826,695	\$ 6,373,364	\$ 5,635,181	\$ 59,381,585	\$ 3,527,620

See accompanying notes

CITY OF FOREST GROVE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Business-type Activities						Governmental
	Light	Sewer	Water	Surface Water Management	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from customers	\$ 15,223,888	\$ 1,233,087	\$ 4,092,899	\$ 905,815	\$ -	\$ 21,455,689	\$ 1,541,567
Cash paid to employees	(3,110,339)	(294,966)	(914,030)	(381,616)	-	(4,700,951)	(224,845)
Cash paid to suppliers	(10,629,237)	(352,722)	(2,024,816)	(120,031)	(701,459)	(13,828,265)	(865,732)
Net cash provided by (used in) operating activities	1,484,312	585,399	1,154,053	404,168	(701,459)	2,926,473	450,990
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES							
Transfers in	-	-	-	-	-	-	483,031
Transfers out	(906,278)	(51,237)	(233,078)	(55,979)	(5,000)	(1,251,572)	(123,000)
Net cash provided by (used in) non-capital financing activities	(906,278)	(51,237)	(233,078)	(55,979)	(5,000)	(1,251,572)	360,031
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Sale of capital assets	-	-	-	-	-	-	54,045
System development charges received	-	-	-	-	1,063,401	1,063,401	-
Grants	-	-	-	-	-	-	40,000
Other	14,006	546	986,404	-	-	1,000,956	103,615
Acquisition of capital assets	(3,161,522)	(203,700)	(548,736)	(244,535)	-	(4,158,493)	(587,725)
Principal paid on long-term obligations	-	(86,489)	(319,154)	-	(104,478)	(510,121)	-
Interest paid on long-term obligations	-	(7,515)	(116,733)	-	(17,516)	(141,764)	-
Net cash provided by (used in) capital and related financing activities	(3,147,516)	(297,158)	1,781	(244,535)	941,407	(2,746,021)	(390,065)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest	13,729	10,680	20,102	593	25,823	70,927	9,973
Net increase (decrease) in cash and cash equivalents	(2,555,753)	247,684	942,858	104,247	260,771	(1,000,193)	430,929
Cash and cash equivalents at beginning of year	5,436,613	2,463,926	3,767,874	327,840	5,445,272	17,441,525	1,989,788
Cash and cash equivalent at end of year	\$ 2,880,860	\$ 2,711,610	\$ 4,710,732	\$ 432,087	\$ 5,706,043	\$ 16,441,332	\$ 2,420,717
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities							
Operating income (loss)	\$ 637,595	\$ 230,864	\$ 807,775	\$ 231,416	\$ (423,923)	\$ 1,483,727	\$ 25,381
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation	689,803	234,221	412,943	162,304	-	1,499,271	167,182
Net other post-employment benefits	30,029	238	7,349	5,271	-	42,887	-
Net pension liability	(119,983)	(9,766)	(33,404)	(13,495)	-	(176,648)	(7,276)
Decrease (increase) in assets and deferred outflows							
Receivables, net	(201,888)	3,642	(42,172)	(4,370)	-	(244,788)	(32,000)
Inventory	(106,903)	507	(8,706)	-	-	(115,102)	-
Pension related items	(257,887)	(20,991)	(71,797)	(29,006)	-	(379,681)	(15,638)
Increase (decrease) in liabilities and deferred inflows							
Accounts payable and accrued liabilities	422,907	120,527	(31,610)	11,979	(277,536)	246,267	288,812
Payroll related liabilities	5,541	(4,392)	6,016	(2,146)	-	5,019	1,769
Customer deposits	7,416	-	-	-	-	7,416	-
Compensated absences payable	2,366	-	3,169	-	-	5,535	-
Pension related items	375,316	30,549	104,490	42,215	-	552,570	22,760
Net cash provided by (used in) operating activities	\$ 1,484,312	\$ 585,399	\$ 1,154,053	\$ 404,168	\$ (701,459)	\$ 2,926,473	\$ 450,990
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS							
Transfers in	\$ -	\$ 104,478	\$ -	\$ -	\$ -	\$ 104,478	\$ -
Transfers out	-	-	-	-	(104,478)	(104,478)	-
Total noncash transactions	\$ -	\$ 104,478	\$ -	\$ -	\$ (104,478)	\$ -	\$ -

See accompanying notes

CITY OF FOREST GROVE
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	Pension Trust Fund	Agency Fund
<u>ASSETS</u>		
Cash and investments	\$ 34,043,316	\$ 176,199
Accounts receivable	79,890	-
TOTAL ASSETS	\$ 34,123,206	\$ 176,199
<u>LIABILITIES</u>		
Amounts held in trust	-	\$ 176,199
<u>NET POSITION</u>		
Pension benefits	\$ 34,123,206	

See accompanying notes

CITY OF FOREST GROVE

**STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND**

For the Year Ended June 30, 2015

	<u>Pension Trust Fund</u>
ADDITIONS	
Employer contributions	\$ 1,974,893
Investment earnings (loss)	<u>(634,012)</u>
Total additions	<u>1,340,881</u>
DEDUCTIONS	
Benefits	1,691,335
Administrative	<u>103,589</u>
Total deductions	<u>1,794,924</u>
Change in net position	(454,043)
Net position - beginning of year	34,488,269
Prior period adjustment	<u>88,980</u>
Net position - end of year	<u><u>\$ 34,123,206</u></u>

See accompanying notes

CITY OF FOREST GROVE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

1. Summary of significant accounting policies

A. Organization (reporting entity)

The City was incorporated in 1872. The City provides basic services to the citizens within the city limits.

The City Council, comprised of the Mayor and six council members, comprises the legislative branch of the government. Individual departments are under the direction and authority of the City Manager, who is appointed by the City Council.

The accompanying financial statements present all activities and component units for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of this criteria, the City is a primary government with no includable component units.

B. Government-wide financial statements and financial statement presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are 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.

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. Amounts reported as program revenues include 1) 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. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the City, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting and financial statement presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

General - accounts for all financial resources of the City, except those required to be accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, and state shared revenues. Expenditures are primarily for general government operations and planning and community development.

Street - accounts for the building and maintaining of streets and related infrastructure within the City. The principal revenue source is state gasoline taxes apportioned by the State of Oregon.

The City reports the following major proprietary funds:

Light - accounts for the revenues and expenditures of the City's electric utility operations.

Sewer - accounts for the operations of the City's sewer, which is financed primarily through user charges to the general public.

Water - accounts for the operations of the City's water utility which is financed primarily through fees.

Surface Water Management - accounts for the operations of the City's surface water management, which is financed primarily through fees.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting and financial statement presentation (continued)

The City also includes the following fund types as nonmajor governmental funds and nonmajor proprietary funds:

Special revenue - accounts for revenue derived from specific taxes or other revenue sources, which are legally restricted to finance particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make expenditures.

Debt service - accounts for the payment of principal and interest on long-term obligations.

Capital projects - accounts for revenue derived primarily from property taxes and state gas tax apportionments which are designated for the construction of specific projects.

Permanent – accounts for resources contributed to the City for specific purposes the corpus of which cannot be expended.

Enterprise - accounts for the operations of predominately self-supporting activities. Enterprise funds account for services rendered to the public on a user charge basis.

Internal Service – accounts for the cost of providing services to other funds of the County which are charged a fee on a cost reimbursement basis for those services.

D. Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency funds. The cash basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year end.

The City begins its budgeting process by appointing budget committee members in January or February each year. Budget recommendations are developed by management through early spring, with the budget committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The City adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Disbursement appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which disbursements cannot legally exceed appropriations. The City established the levels of budgetary control for the General Fund at the department level along with transfers and contingencies, while all other funds are appropriated at the personal services, materials and services, capital outlay, operating contingencies, interfund transactions, debt service, and all other requirement levels.

Budget amounts shown in the financial statements have been revised since the original budget amounts were adopted. The city council must authorize all appropriation transfers and supplementary budgetary appropriations.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

E. Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts and any highly liquid debt instruments purchased with a maturity of three months or less.

F. User charges and fines receivable

User charges are reported at the amount management expects to collect on balances outstanding at year end. Management closely monitors outstanding balances and writes off, as of year end, all balances that are not expected to be collected.

The City has uncollected municipal court fines and fees, however due to the uncertainty of collection these amounts are not reported in the financial statements. The City maintains a listing of receivables they believe are collectible as of June 30, 2015.

G. Inventories

Inventories are valued at the lower of cost (first-in, first-out method) or market. Inventories consist of expendable supplies held for consumption.

H. Capital assets

i. Fund financial statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay disbursements of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

ii. Government-wide statements

Capital assets are recorded at amounts estimated by the City and adjusted by estimated amounts for accumulated depreciation in the statement of net position and depreciation expense in the statement of activities.

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets in business-type activities is included as part of the capitalized value of the asset constructed. Net revenue bond interest cost incurred during the construction period is capitalized when material.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

H. Capital assets (continued)

Capital assets are depreciated using the straight line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Equipment	3 - 15
Building	10 - 40
Infrastructure	40 - 50

I. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over that life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs and the excess of bond amounts issued to refund previously issued debt over the refunded debt are reported as deferred charges and amortized over the term of the related debt.

J. Compensated absences

iii. *Vacation*

The City has a policy which permits employees to earn vacation. Any amounts not used or forfeited will be paid upon the employee's termination of employment.

iv. *Sick leave*

The City has a policy which permits employees to earn sick leave. The City does not compensate the employees for unused sick leave upon termination of employment.

K. Equity classification

i. Government-wide and proprietary fund financial statements

Equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

K. Equity classification (continued)

i. Government-wide and proprietary fund financial statements (continued)

In the government-wide and proprietary fund financial statements when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

ii. Governmental fund type fund balance reporting

The Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) requires governmental type fund balance amounts to be reported within one of the fund balance categories list below:

Non-spendable — Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — Amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

Assigned — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The City Manager or Director of Administrative Services has authority to assign fund balance amounts.

Unassigned — The residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

In the governmental fund financial statements when an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless provided otherwise in commitment or assignment actions.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

L. New accounting standards implemented

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. This statement makes significant changes to accounting by pension plans by replacing the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*.

GASB Statement No. 67 separates funding from financial reporting and builds upon the existing framework for financial reports of defined benefit pension plans and enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. In addition, it requires the presentation of new information about the annual money-weighted rates of return on pension plan investments in the notes to the financial statements and in 10-year required supplementary information schedules.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement provides guidance for accounting for net pension liabilities, including definition of balances to be included in deferred inflows and deferred outflows of resources. The specific accounts impacting the City are detailed below.

Net pension liability – Previous standards defined pension liabilities in terms of the Annually Required Contribution. Statement No. 68 defines the net pension liability as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service, net of the pension plan’s fiduciary net position.

Deferred inflows of resources and deferred outflows of resources – Statement No. 68 includes recognition of deferred inflows and outflows of resources associated with the difference between projected and actual earnings on pension plan investments. These differences are to be recognized in pension expense using a systematic and rational method over a closed five-year period.

Statement No. 68 is effective for financial statement periods beginning after June 15, 2014, with the effects of accounting change to be applied retroactively by restating the financial statements. The City adopted this new pronouncement in the current year and, accordingly, has restated amounts of effected balances within the financial statements as of June 30, 2014:

	As Originally Reported	As Restated	Effect of Change
Statement of Net Position			
Deferred outflows of resources	\$ --	\$ 1,895,154	\$ 1,895,154
Net pension asset	657,855	--	(657,855)
Long-term obligations - net pension liability	--	13,248,903	(13,248,903)
Net position	110,558,938	98,547,334	(12,011,604)

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and investments

The City maintains a pool of cash and investments that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and investments. Additionally, several funds hold separate cash and investment accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments (including amounts held in pooled cash and investments) are carried at amortized cost which approximates fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year, at the time of purchase are stated at fair value. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who's by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the City's position in the LGIP is the same as the value of the pool shares. The LGIP financial statements are available at <http://www.ost.oregon.gov/About/OSTF/>.

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts, and any highly liquid debt instruments purchased with a maturity of three months or less.

Investments: As of June 30, 2015, the City held the following investments and maturities:

Investment Type	Carrying Value	Weighted Average Maturity in Months	% of Investment Portfolio
LGIP	\$ 35,077,134	6.6	99%
Certificates of deposit	259,921	24	1%
	<u>\$ 35,337,055</u>		<u>100%</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and investments (continued)

Interest Rate Risk: The City has a formal investment policy to limit exposure to losses arising from rising interest rates. Investment types are limited to a maximum % of the portfolio (see table below) and also must not directly invest in securities maturing in more than 36 months (unless matched to a specific cash flow) and the average weighted maturity of the portfolio may not exceed 18 months.

<u>Investment Type</u>	<u>Max % of Portfolio</u>
U.S. Treasuries	100%
U.S. government agency	50%
LGIP	100%
Certificates of deposit	10%
Banker's acceptances	10%
Repurchase agreement	15%

Concentration of Credit Risk: The City's policy for investing in individual issuers varies depending on the type of investments. The total portfolio has restrictions on the total amount that may be invested with a single issuer: 33% for U.S. agency securities, 10% for bankers' acceptances, 5% for commercial paper or corporate bonds, 25% for repurchase agreements, 10% for the states of Oregon, California, Idaho and Washington.

Credit Risk – Investments: Oregon statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Rating from Moody's or S&P Corporation</u>
LGIP	\$ 35,077,134	Aa2/AA
Certificates of deposit	259,921	Not Rated
Total	<u>\$ 35,337,055</u>	

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City does not have a policy which limits the amount of investments that can be held by counterparties.

Cash and Investments – Pension Trust Fund: The City of Forest Grove Retirement Plan Trust's assets are invested with Wells Fargo. As of June 30, 2015, the Pension Trust Fund's cash and investment balances were reported as follows:

<u>Investment Type</u>	<u>Market Value</u>
Interest bearing cash	\$ 227,212
Mutual funds (unrated)	33,816,104
Total	<u>\$ 34,043,316</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and investments (continued)

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2015, \$4,423,876 of the City's bank balances were exposed to custodial risk.

A. The City's deposits and investments at June 30, 2015 are as follows:

Investments	\$ 69,380,397
Deposits with financial institutions	4,895,597
Cash on hand	<u>1,355</u>
Total deposits and investments	<u>\$ 74,277,349</u>

B. Cash and investments by fund:

Governmental activities/funds	
General	\$ 6,564,917
Street	1,062,737
Nonmajor governmental funds	<u>13,568,131</u>
Total governmental funds	21,195,785
Internal service funds	<u>2,420,717</u>
Total governmental activities	<u>23,616,502</u>
Business-type activities/Enterprise funds	
Light	2,880,860
Sewer	2,711,610
Water	4,710,732
Surface water management	432,087
Nonmajor enterprise funds	<u>5,706,043</u>
Total business-type activities/enterprise funds	<u>16,441,332</u>
Fiduciary funds	
Pension trust	34,043,316
Agency	<u>176,199</u>
Total fiduciary funds	<u>34,219,515</u>
Total cash and investments	<u>\$ 74,277,349</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables

A. The City's receivables at June 30, 2015 are shown below:

	Governmental Activities				Business-type Activities/Enterprise Funds					
	Governmental Funds			Internal Service Funds	Totals	Light	Sewer	Water	Surface Water	
	General	Street	Governmental						Management	Totals
Property taxes	\$ 313,629	\$ -	\$ 21,564	\$ -	\$ 335,193	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts	209,270	41,224	264,181	32,000	546,675	274,417	-	2,438	-	276,855
Assessments	-	1,258	109,294	-	110,552	-	-	-	-	-
User charges	-	-	-	-	-	1,408,041	494,538	496,609	118,288	2,517,476
Interest	-	74	24,659	-	24,733	-	-	-	-	-
Allowance for doubtful accounts	-	-	-	-	-	(105,365)	(14,662)	(24,619)	(5,054)	(149,700)
	<u>\$ 522,899</u>	<u>\$ 42,556</u>	<u>\$ 419,698</u>	<u>\$ 32,000</u>	<u>\$ 1,017,153</u>	<u>\$ 1,577,093</u>	<u>\$ 479,876</u>	<u>\$ 474,428</u>	<u>\$ 113,234</u>	<u>\$ 2,644,631</u>

B. Property taxes

i. Collection procedures

Taxes are levied on July 1 and are payable in three installments due November 15, February 15 and May 15. Washington County bills and collects property taxes for the City.

ii. Transactions

	Balances July 1, 2014	Current Levy	Adjust- ments	Net Interest (Dis- counts)	Collec- tions	Balances June 30, 2015
2014-15		\$ 8,132,694	\$ (6,659)	\$ (213,123)	\$ 7,775,540	\$ 137,372
2013-14	152,210	-	(2,084)	4,250	84,617	69,759
2012-13	71,625	-	(4,084)	3,176	22,646	48,071
2011-12	51,918	-	(7,055)	4,945	20,913	28,895
2010-11	36,405	-	(7,387)	2,326	7,085	24,259
2009-10	25,880	-	(535)	739	2,240	23,844
Prior	4,697	-	(187)	1,184	2,701	2,993
	<u>\$ 342,735</u>	<u>\$ 8,132,694</u>	<u>\$ (27,991)</u>	<u>\$ (196,503)</u>	7,915,742	<u>\$ 335,193</u>
			Less prior year accrual		(48,379)	
			Plus current year accrual		49,597	
					<u>\$ 7,916,960</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables (continued)

B. Property taxes (continued)

iii. Ensuing year's levies

The permanent tax rate is \$3.9554 per \$1,000 of assessed value.

Also, a local option operating tax levy of \$1.6000 per \$1,000 of assessed value, approved by voters, will also be levied.

The tax rate limit of \$10.00 per thousand of real market value imposed by the Oregon Constitution is not expected to affect these levies.

In addition, the City will levy \$490,605 for payment of long-term debt principal and interest due in 2015-16.

4. Capital assets

A. Activity for governmental activities for the year ended June 30, 2015 was as follows:

	Balances July 1, 2014	Additions	Deletions	Balances June 30, 2015
Capital assets not being depreciated				
Land and land improvements	\$ 7,733,955	\$ 238,893	\$ -	\$ 7,972,848
Construction in progress	131,615	3,255	(131,615)	3,255
Total capital assets not being depreciated	<u>7,865,570</u>	<u>242,148</u>	<u>(131,615)</u>	<u>7,976,103</u>
Capital assets being depreciated				
Buildings and improvements	12,650,660	27,557	-	12,678,217
Machinery and equipment	6,973,739	1,219,292	(237,503)	7,955,528
Infrastructure	25,747,340	588,431	-	26,335,771
Total capital assets being depreciated	<u>45,371,739</u>	<u>1,835,280</u>	<u>(237,503)</u>	<u>46,969,516</u>
Less accumulated depreciation				
Buildings and improvements	6,885,036	334,492	-	7,219,528
Machinery and equipment	4,212,236	432,528	(153,252)	4,491,512
Infrastructure	12,069,194	901,770	-	12,970,964
Total accumulated depreciation	<u>23,166,466</u>	<u>1,668,790</u>	<u>(153,252)</u>	<u>24,682,004</u>
Total capital assets being depreciated, net	<u>22,205,273</u>	<u>166,490</u>	<u>(84,251)</u>	<u>22,287,512</u>
Governmental activities capital assets, net	<u>\$ 30,070,843</u>	<u>\$ 408,638</u>	<u>\$ (215,866)</u>	<u>\$ 30,263,615</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital assets (continued)

B. Activity for business-type activities for the year ended June 30, 2015 was as follows:

	Balances July 01, 2014	Additions	Deletions	Balances June 30, 2015
Capital assets not being depreciated				
Land	\$ 1,176,431	\$ -	\$ -	\$ 1,176,431
Work in progress	23,688	2,681,229	(1,289,532)	1,415,385
Total capital assets not being depreciated	<u>1,200,119</u>	<u>2,681,229</u>	<u>(1,289,532)</u>	<u>2,591,816</u>
Capital assets, being depreciated				
Buildings and improvements	10,113,092	210,055		10,323,147
Machinery and equipment	24,601,934	1,799,631	(388,182)	26,013,383
Infrastructure	39,938,146	757,109		40,695,255
Intangible-water rights	1,707,484	-	-	1,707,484
Total capital assets, being depreciated	<u>76,360,656</u>	<u>2,766,795</u>	<u>(388,182)</u>	<u>78,739,269</u>
Less accumulated depreciation and amortization:				
Buildings and improvements	5,111,760	179,301	-	5,291,061
Machinery and equipment	11,270,047	622,844	(45,505)	11,847,386
Infrastructure	19,070,191	654,349	-	19,724,540
Intangible-water rights	1,133,567	42,777	-	1,176,344
Total accumulated depreciation and amortization	<u>36,585,565</u>	<u>1,499,271</u>	<u>(45,505)</u>	<u>38,039,331</u>
Total capital assets, being depreciated, net	<u>39,775,091</u>	<u>1,267,524</u>	<u>(342,677)</u>	<u>40,699,938</u>
Business-type activities capital assets, net	<u>\$ 40,975,210</u>	<u>\$ 3,948,753</u>	<u>\$ (1,632,209)</u>	<u>\$ 43,291,754</u>

C. *Depreciation and amortization expense was charged to functions / programs of the City as follows:*

Governmental activities:	
General government	\$ 309,938
Public safety	197,496
Highways and streets	836,211
Culture and recreation	325,145
Total governmental activities	<u>\$ 1,668,790</u>
Business-type activities:	
Light	\$ 689,803
Sewer	234,221
Water	412,943
Surface water management	162,304
Total business-type activities	<u>\$ 1,499,271</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Unavailable revenue

Resources in the governmental funds, which are measurable but unavailable, consist of the following:

	Governmental Activities/Funds			Totals
	General	Street	Nonmajor Governmental	
Property taxes	\$ 267,342	\$ -	\$ 18,254	\$ 285,596
Accounts	8,894	16,928	39,237	65,059
Interest	-	-	24,659	24,659
Assessments	-	-	109,294	109,294
	<u>\$ 276,236</u>	<u>\$ 16,928</u>	<u>\$ 191,444</u>	<u>\$ 484,608</u>

6. Long-term obligations

A. *Changes in long-term obligations for the year ended June 30, 2015 were as follows:*

	Balances July 1, 2014	Additions	Reductions	Balances June 30, 2015	Balances Due Within One Year
<u>Governmental activities</u>					
Long-term debt obligations					
Bonded Debt					
2010 General Obligation Refunding Bonds	\$ 985,000	\$ -	\$ 480,000	\$ 505,000	\$ 505,000
Loans					
Oregon Economic Development Department (OEDD)	47,024	-	23,414	23,610	23,610
Total long-term debt obligations	1,032,024	-	503,414	528,610	528,610
Other long-term obligations					
Compensated absences	928,388	959,455	928,388	959,455	959,455
Net other post-employment benefits	809,823	154,067	-	963,890	-
Net pension liability	9,538,830	-	454,178	9,084,652	-
Total long-term obligations	<u>\$ 12,309,065</u>	<u>\$ 1,113,522</u>	<u>\$ 1,885,980</u>	<u>\$ 11,536,607</u>	<u>\$ 1,488,065</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6. Long-term obligations (continued)

A. *Changes in long-term obligations for the year ended June 30, 2015 were as follows (continued):*

	Balances July 1, 2014	Additions	Reductions	Balances June 30, 2015	Balances Due Within One Year
<u>Business-type activities</u>					
Long-term debt obligations					
Bonded Debt					
2013 Full Faith and Credit Refunding Bonds	\$ 2,850,000	\$ -	\$ 285,000	\$ 2,565,000	\$ 290,000
Loans					
US Department of Interior	1,104,115	-	34,154	1,069,961	35,348
Clean Water Services - Rehabilitation Project	220,833	-	86,489	134,344	89,780
Clean Water Services - Sunset Sewer	442,820	-	104,478	338,342	108,913
Total long-term debt obligations	4,617,768	-	510,121	4,107,647	524,041
Other long-term obligations					
Compensated absences	303,294	308,829	303,294	308,829	308,829
Net other post-employment benefits	296,322	42,887	-	339,209	-
Net pension liability	3,710,073	-	176,648	3,533,425	-
Total long-term obligations	<u>\$ 8,927,457</u>	<u>\$ 351,716</u>	<u>\$ 990,063</u>	<u>\$ 8,289,110</u>	<u>\$ 832,870</u>

B. Governmental activities long-term debt obligations

2010 General Obligation Refunding bonds – The City issued bonds in the amount of \$2,265,000 to refund previously issued long-term debt obligations. Interest on outstanding bonds varies depending on the maturity of the principal amount from 3 to 4 percent.

Oregon Economic Development Department loan – The City borrowed \$280,000 to finance infrastructure improvements. Annual payments vary and include interest at 5.47 percent.

C. Business-type activities long-term debt obligations

2013 Full Faith and Credit Refunding bonds – The City issued bonds in the amount of \$5,285,000 to refund previously issued long-term debt obligations. Interest on outstanding bonds is 2.74 percent.

US Department of Interior loan – The City borrowed \$1,707,484 to finance improvements to the Scoggins Dam and Reservoir. Annual payments are \$72,797 and include interest at 3.5 percent.

Clean Water Services – Rehabilitation Project loan – The City borrowed \$777,152 to finance sewer system improvements. Semi-annual payments of \$47,002 include interest at 3.77 percent.

Clean Water Services – Sunset Sewer loan – The City borrowed \$987,835 to finance sewer system improvements. Semi-annual payments of \$60,997 include interest at 4.20 percent.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6. Long-term obligations (continued)

D. The future maturities for governmental activities long-term debt obligations as of June 30, 2015 are as follows:

Fiscal Year	2010 Refunding		OEDD		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	<u>\$ 505,000</u>	<u>\$ 18,200</u>	<u>\$ 23,610</u>	<u>\$ 1,358</u>	<u>\$ 528,610</u>	<u>\$ 19,558</u>

E. The future maturities for business-type activities long-term debt obligations as of June 30, 2015 are as follows:

Fiscal Year	2013 Full Faith and Credit Refunding		US Dept. of Interior Scoggins Dam		Clean Water Service Rehabilitation	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 290,000	\$ 70,281	\$ 35,348	\$ 37,449	\$ 89,780	\$ 4,224
2017	300,000	62,335	36,585	36,212	44,564	838
2018	305,000	54,115	37,865	34,931	-	-
2019	315,000	45,758	39,191	33,606	-	-
2020	325,000	37,127	40,562	32,234	-	-
2021-2025	1,030,000	56,855	225,128	138,857	-	-
2026-2030	-	-	267,383	96,602	-	-
2031-2035	-	-	317,567	46,418	-	-
2035-2039	-	-	70,332	2,462	-	-
	<u>\$ 2,565,000</u>	<u>\$ 326,471</u>	<u>\$ 1,069,961</u>	<u>\$ 458,771</u>	<u>\$ 134,344</u>	<u>\$ 5,062</u>

Fiscal Year	Clean Water Service Sewer Project		Totals	
	Principal	Interest	Principal	Interest
2016	\$ 108,913	\$ 13,082	\$ 524,041	\$ 125,036
2017	113,535	8,460	494,684	107,845
2018	115,894	3,641	458,759	92,687
2019	-	-	354,191	79,364
2020	-	-	365,562	69,361
2021-2025	-	-	1,255,128	195,712
2026-2030	-	-	267,383	96,602
2031-2035	-	-	317,567	46,418
2035-2039	-	-	70,332	2,462
	<u>\$ 338,342</u>	<u>\$ 25,183</u>	<u>\$ 4,107,647</u>	<u>\$ 815,487</u>

F. The City has pledged revenue from timber sales and available water revenues for repayment of the 2013 Full Faith and Credit Refunding Bond.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6. Long-term obligations (continued)

G. Funds used to liquidate other long-term obligations

The General, Street, Building, and SAFER Grant Funds have been used to liquidate the governmental activities obligations for compensated absences, other post-employment benefits, and net pension liability.

7. Conduit debt

The City has issued limited obligation ("conduit") revenue bonds for the express purpose of providing capital financing for specific third-party borrowers. Although the conduit debt obligations bear the name of the City, the City has no obligation for such debt; accordingly, the debt is not reported as a liability in the City's financial statements.

- A. On September 1, 2005, the City issued \$41,000,000 in revenue bonds to fund campus facility improvements. The revenue bonds were assigned to Pacific University. At June 30, 2015, \$36,550,000 was outstanding. The bonds mature May 1, 2036.
- B. On June 29, 2007, the City issued \$30,460,000 in revenue bonds to fund student housing construction at Pacific University. The revenue bonds were assigned to the Oak Tree Foundation, Inc., a nonprofit corporation. At June 30, 2015, \$28,390,000 was outstanding. The bonds mature March 1, 2037.
- C. On July 23, 2009, the City issued \$35,305,000 in revenue bonds to fund campus facility improvements. The revenue bonds were assigned to Pacific University. At June 30, 2014, \$34,880,000 was outstanding. The bonds mature June 30, 2039.
- D. On October 15, 2013, the City issued \$18,500,000 in revenue bonds to fund campus improvements. The revenue bonds were assigned to Pacific University. At June 30, 2015, \$18,392,371 was outstanding. The bonds mature October 30, 2038.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Defined benefit pension plan

A. Plan Description

Substantially all employees are participants in either the defined benefit retirement plan of City of Forest Grove (the Plan), a single employer defined benefit public employment or a new defined contribution plan for certain new employees that was effective as of July 1, 2011. Footnote 9 describes the new defined contribution plan.

The Plan was established by the Forest Grove City Council who may amend the plan.

The City does not issue a separate financial report available to the public for this plan.

B. Plan Membership

All full-time employees hired before July 1, 2011, are eligible to participate in the Plan after six months of employment. After July 1, 2011, full-time employees belonging to the Forest Grove Police Association (FGPA), the Firefighter's Association (IFFA), and the International Brotherhood of Electrical Workers (IBEW) hired on or after July 1, 2011, are also eligible to participate in the Plan after six months of employment. As of July 1, 2012, eligibility for the Plan changed and only full-time certified police officers of the FGPA hired on or after July 1, 2012 are eligible to participate in the Plan. All other new full-time employees, are eligible for the defined contribution plan after six months of employment.

Employees are divided into two groups: Public Safety Members (consisting of firefighters and police officers) and General Members. All full-time employees of the City are eligible to participate in the plan after six months of employment, except that employees over the age of 57 at the date of hire shall not be eligible for the fire and police employee plan and employees over the age of 64 at the date of hire shall not be eligible for the general employee plan.

C. Description of benefit terms

Normal retirement

Members are able to receive benefits after attaining age 58 for public safety members or age 65 for all other members. Retirement benefits will equal the accrued benefit based on average monthly earnings and years of membership as of the normal retirement date. Retirement benefits are subject to annual cost of living adjustments up to 2 percent per year.

Additionally, members receive benefits from voluntary or unit contribution, if any.

Early retirement

Members are able to receive early retirement benefits after attaining age 50 with reduced benefits except for public safety employees with at least 25 years of service or general members with at least 30 years of service. Retirement benefits are reduced based upon the number of years the member still needed to work to reach normal retirement status. The benefit ranges from 67 percent to 93 percent of the benefit that would result if they were of normal retirement age.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Defined benefit pension plan

C. Description of benefit terms (continued)

Late retirement

Members that continue working beyond the normal retirement age receive increases to their retirement benefits equal to the benefit accruals past the normal retirement age.

Disability

Uniformed members that become totally and permanently disabled in the course of duty or members with 10 years of service are entitled to disability benefits. The benefit is based on current monthly earnings rate of compensation as of the date of disability and years of service projected to the earliest retirement age, or the early retirement benefit available, whichever is greater but in no event less than \$100 per month.

Death benefits

The beneficiaries of members who have not begun to receive benefits under the plan are entitled to either a lump-sum payment of twice the member's required and picked-up contributions account balances and the member's voluntary contributions account balance or actuarial equivalent monthly payments.

D. Contributions

The City is required by the Plan's provisions to pay the employees' contribution to the Plan of seven percent of covered salaries (six percent if monthly base pay is less than \$1,500). In addition the City will contribute additional amount necessary to fund the Plan sufficient to pay benefits when due based on annual actuarial valuations. City contributions to the plan for the year ended June 30, 2015 were \$1,974,893. At June 30, 2015, the City owed legally required contributions to the plan of \$79,890.

E. Net Pension Liability, Changes in Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City reported a net pension liability of \$12,618,077. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date as follows:

Total pension liability	\$ 47,195,326
Plan fiduciary net position	<u>34,577,249</u>
Net pension liability	<u>\$ 12,618,077</u>
Fiduciary net position as a percentage of total pension liability	73.3%

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Defined Benefit Pension Plan (continued)

E. Net Pension Liability, Changes in Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Changes in the net pension liability is as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Beginning balances	\$ 42,881,808	\$ 29,632,905	\$ 13,248,903
Changes for the year:			
Service cost	1,061,458	-	1,061,458
Interest on total pension liability	3,131,813	-	3,131,813
Effect of economic/demographic losses	269,909	-	269,909
Effect of assumption changes or inputs	1,342,042	-	1,342,042
Benefit payments	(1,491,704)	(1,491,704)	-
Administrative expenses	-	(85,594)	85,594
Member contributions	-	603,325	(603,325)
Net investment income	-	4,626,488	(4,626,488)
Employer contributions	-	1,291,829	(1,291,829)
Ending balances	<u>\$ 47,195,326</u>	<u>\$ 34,577,249</u>	<u>\$ 12,618,077</u>

For the year ended June 30, 2015, the City recognized pension expense of \$1,961,464. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 213,678	\$ --
Changes of assumptions or inputs	1,062,450	--
Net difference between projected and actual earnings on pension plan investments	--	(1,973,264)
City's contributions subsequent to the measurement date	<u>1,974,893</u>	<u>--</u>
	<u>\$ 3,251,021</u>	<u>\$ (1,973,264)</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Defined Benefit Pension Plan (continued)

E. Net Pension Liability, Changes in Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

\$1,974,893 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ends June 30,	
2016	\$ (157,493)
2017	(157,493)
2018	(157,493)
2019	(224,657)

F. Actuarial Valuation

The City contributions are based on the accruing benefit costs measured using the individual entry age normal actuarial cost method. Under this method, a normal cost is determined for each active member. The normal cost is the annual contribution determined as a level percentage of base salary with would be paid from year of entry to year of retirement to fund the projected retirement benefit. The normal cost for the Plan is the sum of the individuals' normal costs. The actuarial accrued liability for active plan members is an accumulated of the normal costs from entry to the valuation date. The actuarial accrued liability for inactive members is the actuarial present value of the accrued benefits. The actuarial accrued liability for the Plan is the sum of the individual actuarial accrued liabilities. The unfunded actuarial liability is the difference between the actuarial accrued liability and the actuarial value of assets, which is amortized over 20 years on a closed level dollar basis.

G. Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation Date	June 30, 2014.
Actuarial Cost Method	Entry Age Normal, Level Percentage of Pay
Amortization Method	Amortized as a level dollar over a closed period of 20.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2 percent
Investment rate of return	7.25 percent
Projected Salary Increases	Salaries for individuals are assumed to grow at 4.5 percent per annum
Mortality	Healthy retirees and beneficiaries: RP-2000 Combined Healthy, generational per Scale AA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Defined Benefit Pension Plan (continued)

G. Actuarial Methods and Assumptions Used in Developing Total Pension Liability (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Depletion Date Projection

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

Based on these circumstances, it is the Plan's independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would indicate that the Fiduciary Net Position will be depleted in the 2092-2093 fiscal year.

Long-Term Expected Rate of Return

The long-term expected rate of return assumption of 7.25 percent is based on a blending of the projected return on plan assets and a 20-year tax-exempt, high quality general obligation municipal bond yield or index rate.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Defined Benefit Pension Plan (continued)

G. Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Sensitivity of the City of Forest Grove's net pension liability to changes in the discount rate

The following presents the City of Forest Grove's net pension liability calculated using the discount rate of 7.25 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
Net pension liability	\$ 19,078,847	\$ 12,618,077	\$ 7,229,739

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined contribution plan

The City sponsors a defined contribution plan known as the City of Forest Grove Defined Contribution Plan (the DC Plan). The DC Plan is administered through an ICMA Retirement Corporation Governmental Profit Sharing Plan and Trust. ICMA Retirement Corporation acts as the Plan Administrator. The City Council has authority for establishing or amending plan provisions related to contributions and compensation.

The DC Plan was effective as of July 1, 2011 although the first participant did not become eligible for the plan until March 2012. All full-time non-represented employees and all full-time members of the AFSCME union hired on or after July 1, 2011, are eligible to participate in the DC Plan. As of July 1, 2012, full-time non-certified members of the Forest Grove Police Association are eligible to participate in the DC plan. As of July 1, 2013, part-time non-represented and AFSCME employees, who are regularly scheduled to work at least twenty (20) hours per week, are eligible to participate in the DC plan.

Retirement benefits are based on the value of the individual employee's accumulated contributions and investment earnings at the time of retirement.

Contributions for employees are made by City as required by the DC Plan. Contributions to the DC Plan by individual employees or others are not permitted. The City contributes 10% of an employee's base salary to DC Plan plus an additional 2% to DC Plan if the individual employee contributes at least 2% of base salary to an eligible deferred compensation plan. The employee can invest the contributions in investments allowed by ICMA Retirement Corporation within the DC Plan. Contributions and earnings are immediately 100% vested to the employee.

Contributions to the plan for the years ended June 30, 2015 were \$201,640.

10. Other post-employment benefits

Plan description and benefits provided

The City provides *other post-employment benefits* (OPEB) for employees, retirees, spouses and dependents through a single employer defined benefit plan in the form of group health insurance benefits. As required by ORS 243.303(2), retirees are allowed to continue, at the retirees' expense, coverage under the group health insurance plan until age 65. The difference between the premium actually paid by retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy under the provisions of GASB 45. The plan does not issue a separate stand-alone financial report.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Other post-employment benefits (continued)

Membership

The City's membership in the plan at August 1, 2014 (the date of the latest actuarial valuation) consisted of the following:

Active employees	152
Retirees, spouses or dependents	<u>11</u>
Total	<u>163</u>

Funding policy and contributions

The City funds the plan only to the extent of current year insurance premium requirements on a pay-as-you-go basis. The average monthly premium requirements for the City are as follows:

For retirees	\$ 601
For spouses of retirees	673

The City has not established an irrevocable trust to accumulate assets to fund the cost of the net OPEB obligation that arises from the implicit subsidy.

Annual OPEB cost and net OPEB Obligation

The City had its first actuarial valuation performed as of August 1, 2008 to determine the *unfunded accrued actuarial liability* (UAAL), *annual required contribution* (ARC) and NOPEBO as of that date. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The annual OPEB cost is equal to the ARC as follows:

Normal cost	\$ 151,265
Amortization of UAAL	<u>233,732</u>
Annual required contribution	<u>\$ 384,997</u>

The net OPEB obligation as of June 30, 2015 was calculated as follows:

Annual required contribution	\$ 384,997
Interest on prior year Net OPEB	38,715
Adjustment to ARC	(133,004)
Implicit benefit payments	<u>(93,754)</u>
Increase in net OPEB obligation	196,954
Net OPEB obligation at beginning of year	<u>1,106,145</u>
Net OPEB obligation at end of year	<u>\$1,303,099</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Other post-employment benefits (continued)

Three-year trend information

The County's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2015, 2014 and 2013 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 290,708	32%	\$ 1,303,099
June 30, 2014	283,434	34%	\$ 1,106,145
June 30, 2013	269,856	39%	920,336

Actuarial methods and assumptions

Actuarial valuations will be performed every two years for the City's other post-employment benefit plan. Projections of benefits for financial reporting purposes are based on the plan as understood by the City and plan members, and include the types of benefits provided at the time of the valuation and historical patterns of sharing of benefit costs between the City and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

In the August 1, 2014 actuarial valuation, the projected unit credit cost method was used to determine contributions levels comprised of normal cost and amortization payments. The actuarial assumptions included a 3.5 percent rate for discounting future liabilities, a payroll growth of 2.75 percent per year, annual premium rate increases from 5.75 percent initially to 4.75 percent in 2069, and participation rate of 55 percent of future retirees hired after July 1, 2003 electing coverage under the plan. The unfunded actuarial liability is being amortized over a level dollar amount over an open period of 10 years.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Other post-employment benefits (continued)

Funded status and funding progress

The schedule of funding progress presents information about the actuarial value of plan assets and the unfunded actuarial liability.

<u>Actuarial Valuation as of August 1,</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Actuarial Accrued Liability as a Percent of Covered Payroll</u>
2014	\$ --	\$ 1,889,547	\$ 1,889,547	0%	\$ 8,618,932	22%
2012	--	1,768,430	1,768,430	0%	8,788,081	20%
2010	--	1,809,723	1,809,723	0%	9,007,213	20%
2008	--	1,685,541	1,685,541	0%	7,652,811	22%
2006	--	1,452,217	1,452,217	0%	7,263,639	20%

11. Joint ventures and intergovernmental agreements

- A. The City is a party to the Hillsboro, Forest Grove, Beaverton, and Tualatin Valley Water Joint Water Commission, an entity organized under ORS 190. As a member of the Commission, the City owns a 13.3% interest in a joint water service system. The City's investment in the Commission at June 30, 2015 is \$5,772,987. The Commission issues a publicly available financial report which may be obtained by writing to the City of Hillsboro, 123 West Main Street, Hillsboro, OR 97123.

The Joint Water Commission was established to provide joint operations for the supply, pumping, treatment, and transmission of municipal and industrial waters. Under the Joint Water Services Agreement, the City may utilize the system for treatment of raw water up to 13.3% of the design capacity of the system. The Commission is authorized to draw upon the raw water resources of each participating city to meet the projected needs of that city. No participant has the right to draw treated water from the system in excess of their proportionate contribution of raw water. The expenses of operation and maintenance of the system are paid monthly based on each participant's pro rata share of water production. In addition, the minimum amount to be paid by the City is not less than the per gallon cost as determined from time to time by the Commission multiplied by 72 million gallons per year. The agreement is perpetual but may be terminated by giving a one-year notice to the other cities.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Joint ventures and intergovernmental agreements (continued)

- B. The City, together with the cities of Hillsboro and Beaverton, the Unified Sewerage Agency, and the Tualatin Valley Water District, is a party to the Barney Reservoir Joint Ownership Commission, an entity organized under ORS 190. The parties have agreed to establish joint ownership of an expanded Trask Reservoir also known as the "J.W. Barney Reservoir," located on the middle fork of the north fork of the Trask River, partially in Yamhill County and partially in Washington County. The agreement requires each of the original owners of the Trask Reservoir to exchange their equity interest in the reservoir for equity in the expanded "J.W. Barney Reservoir." As a member of the commission, the City owns a 2.5% interest in the reservoir. The City's investment in the Commission at June 30, 2015 is \$641,937. The Barney Reservoir Joint Commission issues a publicly available financial report which may be obtained by writing the City of Hillsboro, 123 West Main Street, Hillsboro, OR 97123.
- C. The City collects charges for treatment of the City sewage and surface water management on behalf of the Clean Water Services of Washington County (CWS) and remits all collections to CWS except for 15.1% of sewer service charges collected, 20% of connection charges collected, and 75% of surface water management fees collected in accordance with agreements between the City and CWS. The amount collected on behalf of and remitted to CWS during the fiscal year ending June 30, 2015 was \$3,970,337. The amount due to and payable to CWS at June 30, 2015 is \$246,900.

12. Contingency - sick leave

Portions of amounts accumulated at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2015, employees of the City had accumulated 10,132 days of sick leave.

13. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

14. Segment information

The City has issued Full Faith and Credit refunding bonds to finance major water system improvements. The sewer utility and the water utility are each accounted for in two separate funds.

Summary financial information for sewer and water for the year ended June 30, 2015 is as follows:

Condensed statement of net position	<u>Sewer</u>	<u>Water</u>
<u>Assets</u>		
Current assets	\$ 4,478,131	\$ 9,322,898
Investment in joint venture	-	6,414,924
Capital assets, net	<u>7,599,055</u>	<u>10,752,099</u>
Total assets	<u>12,077,186</u>	<u>26,489,921</u>
<u>Deferred outflows of resources</u>		
	<u>50,331</u>	<u>210,588</u>
<u>Liabilities</u>		
Current liabilities	674,088	249,551
Noncurrent liabilities	<u>686,103</u>	<u>4,517,520</u>
Total liabilities	<u>1,360,191</u>	<u>4,767,071</u>
<u>Deferred inflows of resources</u>		
	<u>30,549</u>	<u>104,490</u>
<u>Net position</u>		
Net investment in capital assets	7,126,369	7,117,138
Restricted	1,208,508	4,002,253
Unrestricted	<u>2,401,900</u>	<u>10,709,557</u>
Total net position	<u>\$ 10,736,777</u>	<u>\$ 21,828,948</u>
 Condensed statement of revenues, expenses and changes in net position		
Operating revenue	\$ 1,229,445	\$ 4,135,071
Depreciation expense	234,221	412,943
Other operating expenses	<u>1,188,283</u>	<u>2,914,353</u>
Operating income (loss)	(193,059)	807,775
Non operating revenues (expenses)	<u>(5,398)</u>	<u>735,979</u>
Income (loss) before capital contributions and transfers	(198,457)	1,543,754
Capital contributions	524,259	510,780
Transfers	<u>(51,237)</u>	<u>(238,078)</u>
Change in net position	274,565	1,816,456
Net position - beginning	10,648,591	20,647,851
Prior period adjustment	<u>(186,379)</u>	<u>(635,359)</u>
Net position - ending	<u>\$ 10,736,777</u>	<u>\$ 21,828,948</u>
 Condensed statement of cash flows		
Net cash provided by (used in):		
Operating activities	(116,060)	1,154,053
Non-capital financing activities	(51,237)	(238,078)
Capital and related financing	105,107	512,561
Investing activities	<u>15,973</u>	<u>38,600</u>
Net increase (decrease) in cash	(46,217)	1,467,136
Cash and cash equivalents - beginning of year	<u>4,037,197</u>	<u>7,245,849</u>
Cash and cash equivalents - end of year	<u>\$ 3,990,980</u>	<u>\$ 8,712,985</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

15. Interfund transfers

<u>Fund</u>	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
General	\$ 1,107,677	\$ 615,000
Nonmajor governmental	682,000	283,136
Light	-	906,278
Sewer	-	51,237
Sewer - non-cash	104,478	-
Water	-	233,078
Surface water management	-	55,979
Nonmajor enterprise funds	-	5,000
Nonmajor enterprise funds - non-cash	-	104,478
Internal service funds	483,031	123,000
	<u>\$ 2,377,186</u>	<u>\$ 2,377,186</u>

As part of the budget process, the City plans to make interfund transfers to move resources between funds to provide resources for specific expenditures that are not supported by other revenues.

16. Net position restricted through enabling legislation

Net position which is restricted through enabling legislation is as follows:

Governmental Activities

Oregon laws restrict the use of state gas tax for road improvements and repairs	\$ 1,090,833
Transportation impact fees and transportation development tax are restricted for transportation infrastructure expansion	7,549,554
System development charges (SDC) are restricted for the purposes as specified in the implementing ordinances:	
Park acquisition and development	1,458,091
The State of Oregon restricts the use of building permit fees	1,402,136

Business-type Activities

System development charges (SDC) are restricted for the purposes as specified in the implementing ordinances:	
Sewer system improvement and expansion	1,208,508
Water system improvement and expansion	4,002,253
Surface water management system improvement and expansion	424,420

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

17. Governmental fund balances

Fund balance amounts for governmental funds have been reported in the categories of nonspendable, restricted, committed, assigned and unassigned. The specific purposes for these amounts are as follows:

Categories	General	Street	Total Nonmajor Funds	Total Governmental Funds
Nonspendable:				
Library endowment	\$ -	\$ -	\$ 41,186	\$ 41,186
Prepaid items	31,208	-	-	31,208
Restricted for:				
Building operations	-	-	1,402,136	1,402,136
Street services	-	1,052,781	21,124	1,073,905
Community enhancement	-	-	29,922	29,922
Capital projects	-	-	9,007,645	9,007,645
Debt service	-	-	58,288	58,288
Other purposes	-	-	1,626	1,626
Committed for:				
Street services	-	-	9,967	9,967
Capital needs	-	-	572,846	572,846
Assigned for:				
Facilities	-	-	786,447	786,447
Capital projects	-	-	1,573,531	1,573,531
Unassigned:	<u>6,125,598</u>	<u>-</u>	<u>-</u>	<u>6,125,598</u>
Total fund balances	<u>\$ 6,156,806</u>	<u>\$ 1,052,781</u>	<u>\$ 13,504,718</u>	<u>\$ 20,714,305</u>

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank

CITY OF FOREST GROVE
Schedule of Net Pension Liability and Changes in Net Pension Liability
Last 10 Plan Fiscal Years*

	For the Year Ended June 30, <u>2014</u>
Beginning of year	
Total pension liability	\$ 42,881,808
Fiduciary net position	<u>29,632,905</u>
Net pension liability	<u>\$ 13,248,903</u>
Changes in total pension liability	
Service cost	\$ 1,061,458
Interest on total pension liability	3,131,813
Effect of economic/demographic losses	269,909
Effect of assumption changes or inputs	1,342,042
Benefit payments	<u>(1,491,704)</u>
Net change in total pension liability	<u>\$ 4,313,518</u>
Changes in fiduciary net position	
Employer contributions	\$ 1,291,829
Member contributions	603,325
Investment income net of expenses	4,626,488
Benefit payments	(1,491,704)
Administrative expenses	<u>(85,594)</u>
Net change in fiduciary net position	<u>\$ 4,944,344</u>
End of year	
Total pension liability	\$ 47,195,326
Fiduciary net position	<u>34,577,249</u>
Net pension liability	<u>\$ 12,618,077</u>
Fiduciary net position as a percent of total pension liability	73.3%
Covered payroll	8,618,932
Net pension liability as a percent of covered payroll	146.4%

*Information will be accumulated until 10 years are presented.

CITY OF FOREST GROVE
Schedule of Employer Contributions
Last 10 Plan Years
(Amounts in Thousands)

	June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ 1,284	\$ 1,164	\$ 1,131	\$ 1,145	\$ 1,064	\$ 807	\$ 832	\$ 818	\$ 735	\$ 791
Actual employer contribution	1,292	1,170	1,141	1,148	1,075	950	1,021	982	886	720
Contribution deficiency (excess)	(8)	(6)	(10)	(3)	(11)	(143)	(189)	(164)	(151)	71
Covered payroll	8,619	8,559	8,570	8,607	8,646	7,913	7,637	7,574	6,802	6,176
Contribution as a percent of covered payroll	14.99%	13.67%	13.31%	13.34%	12.43%	12.01%	13.37%	12.97%	13.03%	11.66%
Valuation date	7/1/2012	7/1/2011	7/1/2010	7/1/2009	7/1/2008	7/1/2007	7/1/2006	7/1/2005	7/1/2004	7/1/2003
Assumed investment rate of return	7.25%	7.25%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%

Notes to schedule

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age normal, level percentage of pay
Amortization method	Effective July 1, 2011: Closed 30-year amortization, level dollar, payments increasing 2.75% per year Effective July 1, 2010: Open 20-year amortization, level percent of pay Effective July 1, 2009: Open 21-year amortization, level percent of pay Effective July 1, 2008: Open 22-year amortization, level percent of pay Effective July 1, 2007: Open 23-year amortization, level percent of pay Effective July 1, 2006: Open 24-year amortization, level percent of pay Effective July 1, 2005: Open 25-year amortization, level percent of pay Effective July 1, 2004: Open 26-year amortization, level percent of pay Effective July 1, 2003: Open 27-year amortization, level percent of pay
Asset valuation method	Through July 1, 2012: Market value of assets
Healthy mortality	Effective July 1, 2011: Healthy combined RP-2000 mortality projected by Scale AA to 2005 Through July 1, 2010: Healthy combined RP-2000 mortality
Cost of living increases	2 percent per year
Salary increases	Effective July 1, 2011: 4.5 percent per year Through July 1, 2010: 5 percent per year

CITY OF FOREST GROVE
Schedule of Investment Rate of Return
Last 10 Plan Years

<u>Year Ended</u> <u>June 30,</u>	<u>Rate of</u> <u>Return</u>
2015	-1.85%
2014	15.56%
2013	7.30%
2012	1.83%
2011	13.35%
2010	10.58%
2009	-9.22%
2008	-2.73%
2007	13.14%
2006	7.63%

This page intentionally left blank

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF FOREST GROVE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Special Revenue	Debt Service	Capital Projects	Permanent Library Endowment	Totals
<u>ASSETS</u>					
Cash and investments	\$ 1,473,144	\$ 54,978	\$ 11,998,333	\$ 41,676	\$ 13,568,131
Receivables, net	<u>234,075</u>	<u>146,386</u>	<u>39,237</u>	<u>-</u>	<u>419,698</u>
TOTAL ASSETS	<u>\$ 1,707,219</u>	<u>\$ 201,364</u>	<u>\$ 12,037,570</u>	<u>\$ 41,676</u>	<u>\$ 13,987,829</u>
<u>LIABILITIES</u>					
Accounts payable and accrued liabilities	\$ 212,934	\$ -	\$ 36,740	\$ -	\$ 249,674
Payroll related liabilities	29,134	-	-	-	29,134
Deposits	<u>12,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,859</u>
TOTAL LIABILITIES	<u>254,927</u>	<u>-</u>	<u>36,740</u>	<u>-</u>	<u>291,667</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue	<u>9,131</u>	<u>143,076</u>	<u>39,237</u>	<u>-</u>	<u>191,444</u>
<u>FUND BALANCES</u>					
Nonspendable	-	-	-	41,186	41,186
Restricted	1,433,194	58,288	9,028,769	490	10,520,741
Committed	9,967	-	572,846	-	582,813
Assigned	<u>-</u>	<u>-</u>	<u>2,359,978</u>	<u>-</u>	<u>2,359,978</u>
TOTAL FUND BALANCES	<u>1,443,161</u>	<u>58,288</u>	<u>11,961,593</u>	<u>41,676</u>	<u>13,504,718</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,707,219</u>	<u>\$ 201,364</u>	<u>\$ 12,037,570</u>	<u>\$ 41,676</u>	<u>\$ 13,987,829</u>

CITY OF FOREST GROVE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	Special Revenue	Debt Service	Capital Projects	Permanent Library Endowment	Totals
REVENUES					
Property taxes	\$ -	\$ 509,920	\$ -	\$ -	\$ 509,920
Other taxes	-	-	986,970	-	986,970
Licenses and permits	695,944	-	-	-	695,944
Intergovernmental	463,307	-	238,404	-	701,711
System development charges	-	-	309,000	-	309,000
Interest	6,567	2,987	56,357	206	66,117
Grants	215,684	-	100,000	-	315,684
Charges for services	-	5,507	342,765	-	348,272
Miscellaneous	-	-	6,304	-	6,304
TOTAL REVENUES	<u>1,381,502</u>	<u>518,414</u>	<u>2,039,800</u>	<u>206</u>	<u>3,939,922</u>
EXPENDITURES					
General government	642,166	-	-	-	642,166
Public safety	214,757	-	-	-	214,757
Highways and streets	443,848	-	-	-	443,848
Culture and recreation	5,927	-	47,832	-	53,759
Capital outlay	-	-	1,108,141	-	1,108,141
Debt service	-	537,718	-	-	537,718
TOTAL EXPENDITURES	<u>1,306,698</u>	<u>537,718</u>	<u>1,155,973</u>	<u>-</u>	<u>3,000,389</u>
Excess (deficiency) of revenues over expenditures	<u>74,804</u>	<u>(19,304)</u>	<u>883,827</u>	<u>206</u>	<u>939,533</u>
OTHER FINANCING SOURCES (USES)					
Sale of equipment	-	-	6,375	-	6,375
Transfers in	-	15,000	667,000	-	682,000
Transfers out	(6,750)	-	(276,386)	-	(283,136)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(6,750)</u>	<u>15,000</u>	<u>396,989</u>	<u>-</u>	<u>405,239</u>
Net change in fund balance	68,054	(4,304)	1,280,816	206	1,344,772
Fund balance at beginning of year	<u>1,375,107</u>	<u>62,592</u>	<u>10,680,777</u>	<u>41,470</u>	<u>12,159,946</u>
Fund balance at end of year	<u>\$ 1,443,161</u>	<u>\$ 58,288</u>	<u>\$ 11,961,593</u>	<u>\$ 41,676</u>	<u>\$ 13,504,718</u>

CITY OF FOREST GROVE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015

	Building Permits	Street Tree	Forfeiture Sharing
<u>ASSETS</u>			
Cash and investments	\$ 1,424,815	\$ 9,967	\$ 12,859
Receivables, net	-	-	-
TOTAL ASSETS	<u>\$ 1,424,815</u>	<u>\$ 9,967</u>	<u>\$ 12,859</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	\$ 4,279	\$ -	\$ -
Payroll related liabilities	18,400	-	-
Deposits	-	-	12,859
TOTAL LIABILITIES	<u>22,679</u>	<u>-</u>	<u>12,859</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue	-	-	-
<u>FUND BALANCES</u>			
Restricted	1,402,136	-	-
Committed	-	9,967	-
TOTAL FUND BALANCES	<u>1,402,136</u>	<u>9,967</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,424,815</u>	<u>\$ 9,967</u>	<u>\$ 12,859</u>

Community Enhancement	Transportation Services	Public Arts Donation	Assessment	SAFER Grant	Totals
\$ 21,559	\$ -	\$ 8,908	\$ -	\$ (4,964)	\$ 1,473,144
-	208,082	-	9,131	16,862	234,075
<u>\$ 21,559</u>	<u>\$ 208,082</u>	<u>\$ 8,908</u>	<u>\$ 9,131</u>	<u>\$ 11,898</u>	<u>\$ 1,707,219</u>
\$ 545	\$ 208,082	\$ -	\$ -	\$ 28	\$ 212,934
-	-	-	-	10,734	29,134
-	-	-	-	-	12,859
<u>545</u>	<u>208,082</u>	<u>-</u>	<u>-</u>	<u>10,762</u>	<u>254,927</u>
-	-	-	9,131	-	9,131
21,014	-	8,908	-	1,136	1,433,194
-	-	-	-	-	9,967
<u>21,014</u>	<u>-</u>	<u>8,908</u>	<u>-</u>	<u>1,136</u>	<u>1,443,161</u>
<u>\$ 21,559</u>	<u>\$ 208,082</u>	<u>\$ 8,908</u>	<u>\$ 9,131</u>	<u>\$ 11,898</u>	<u>\$ 1,707,219</u>

CITY OF FOREST GROVE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2015**

	Building Permits	Street Tree
REVENUES		
Licenses and permits	\$ 667,224	\$ 28,720
Intergovernmental	-	-
Interest	6,503	25
Grants	-	-
TOTAL REVENUES	<u>673,727</u>	<u>28,745</u>
EXPENDITURES		
General government	592,614	-
Public safety	-	-
Highways and streets	-	37,581
Culture and recreation	-	-
TOTAL EXPENDITURES	<u>592,614</u>	<u>37,581</u>
Excess (deficiency) of revenues over expenditures	81,113	(8,836)
OTHER FINANCING SOURCES (USES)		
Transfers out	-	(6,750)
Net change in fund balance	81,113	(15,586)
Fund balance at beginning of year	<u>1,321,023</u>	<u>25,553</u>
Fund balance at end of year	<u>\$ 1,402,136</u>	<u>\$ 9,967</u>

Community Enhancement	Transportation Services	Public Arts Donation	SAFER Grant	Totals
\$ -	\$ -	\$ -	\$ -	\$ 695,944
57,040	406,267	-	-	463,307
-	-	39	-	6,567
-	-	1,565	214,119	215,684
<u>57,040</u>	<u>406,267</u>	<u>1,604</u>	<u>214,119</u>	<u>1,381,502</u>
49,552	-	-	-	642,166
-	-	-	214,757	214,757
-	406,267	-	-	443,848
-	-	5,927	-	5,927
<u>49,552</u>	<u>406,267</u>	<u>5,927</u>	<u>214,757</u>	<u>1,306,698</u>
7,488	-	(4,323)	(638)	74,804
-	-	-	-	(6,750)
7,488	-	(4,323)	(638)	68,054
<u>13,526</u>	<u>-</u>	<u>13,231</u>	<u>1,774</u>	<u>1,375,107</u>
<u>\$ 21,014</u>	<u>\$ -</u>	<u>\$ 8,908</u>	<u>\$ 1,136</u>	<u>\$ 1,443,161</u>

CITY OF FOREST GROVE
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
June 30, 2015

	General Debt Service	Special Public Works Debt Service	Totals
<u>ASSETS</u>			
Cash and investments	\$ 43,861	\$ 11,117	\$ 54,978
Receivables, net	21,564	124,822	146,386
TOTAL ASSETS	\$ 65,425	\$ 135,939	\$ 201,364
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue	\$ 18,254	\$ 124,822	\$ 143,076
<u>FUND BALANCES</u>			
Restricted	47,171	11,117	58,288
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 65,425	\$ 135,939	\$ 201,364

CITY OF FOREST GROVE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR DEBT SERVICE FUNDS
For the Year Ended June 30, 2015**

	<u>General Debt Service</u>	<u>Special Public Works Debt Service</u>	<u>Totals</u>
REVENUES			
Property taxes	\$ 509,920	\$ -	\$ 509,920
Interest	1,479	1,508	2,987
Charges for services	<u>-</u>	<u>5,507</u>	<u>5,507</u>
 TOTAL REVENUES	 511,399	 7,015	 518,414
EXPENDITURES			
Debt service	<u>511,600</u>	<u>26,118</u>	<u>537,718</u>
 Excess (deficiency) of revenues over expenditures	 (201)	 (19,103)	 (19,304)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>-</u>	<u>15,000</u>	<u>15,000</u>
 Net change in fund balance	 (201)	 (4,103)	 (4,304)
Fund balance at beginning of year	<u>47,372</u>	<u>15,220</u>	<u>62,592</u>
 Fund balance at end of year	 <u>\$ 47,171</u>	 <u>\$ 11,117</u>	 <u>\$ 58,288</u>

CITY OF FOREST GROVE
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2015

	Traffic Impact	Transportation Development Tax	Park Acquisition and Development
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Cash and investments	\$ 3,149,983	\$ 4,399,571	\$ 1,482,854
Receivables, net	<u> -</u>	<u> -</u>	<u> -</u>
TOTAL ASSETS	<u>\$ 3,149,983</u>	<u>\$ 4,399,571</u>	<u>\$ 1,482,854</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,763</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue	<u> -</u>	<u> -</u>	<u> -</u>
<u>FUND BALANCES</u>			
Restricted	3,149,983	4,399,571	1,458,091
Committed	-	-	-
Assigned	<u> -</u>	<u> -</u>	<u> -</u>
TOTAL FUND BALANCES	<u>3,149,983</u>	<u>4,399,571</u>	<u>1,458,091</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,149,983</u>	<u>\$ 4,399,571</u>	<u>\$ 1,482,854</u>

<u>Capital Projects</u>	<u>Fire Equipment Replacement</u>	<u>Bike and Pedestrian Pathways</u>	<u>CIP Excise</u>	<u>Facility Major Maintenance</u>	<u>Totals</u>
\$ 1,573,531	\$ 436,976	\$ 21,124	\$ 141,671	\$ 792,623	\$ 11,998,333
<u>-</u>	<u>-</u>	<u>-</u>	<u>39,237</u>	<u>-</u>	<u>39,237</u>
<u>\$ 1,573,531</u>	<u>\$ 436,976</u>	<u>\$ 21,124</u>	<u>\$ 180,908</u>	<u>\$ 792,623</u>	<u>\$ 12,037,570</u>
<u>\$ -</u>	<u>\$ 5,801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,176</u>	<u>\$ 36,740</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>39,237</u>	<u>-</u>	<u>39,237</u>
-	-	21,124	-	-	9,028,769
-	431,175	-	141,671	-	572,846
<u>1,573,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>786,447</u>	<u>2,359,978</u>
<u>1,573,531</u>	<u>431,175</u>	<u>21,124</u>	<u>141,671</u>	<u>786,447</u>	<u>11,961,593</u>
<u>\$ 1,573,531</u>	<u>\$ 436,976</u>	<u>\$ 21,124</u>	<u>\$ 180,908</u>	<u>\$ 792,623</u>	<u>\$ 12,037,570</u>

CITY OF FOREST GROVE

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2015**

	Traffic Impact	Transportation Development Tax	Park Acquisition and Development
REVENUES			
Other taxes	\$ -	\$ 986,970	\$ -
Intergovernmental	-	-	-
System development charges	-	-	309,000
Interest	14,876	20,244	7,252
Grants	-	-	100,000
Charges for services	-	-	-
Miscellaneous	-	-	-
	14,876	1,007,214	416,252
TOTAL REVENUES			
	14,876	1,007,214	416,252
EXPENDITURES			
Culture and recreation	-	-	47,832
Capital outlay	-	-	264,910
	-	-	312,742
TOTAL EXPENDITURES			
	-	-	312,742
Excess (deficiency) of revenues over expenditures	14,876	1,007,214	103,510
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)			
	-	-	-
Net change in fund balance	14,876	1,007,214	103,510
Fund balance at beginning of year	3,135,107	3,392,357	1,354,581
Fund balance at end of year	\$ 3,149,983	\$ 4,399,571	\$ 1,458,091

Capital Projects	Fire Equipment Replacement	Bike and Pedestrian Pathways	CIP Excise	Facility Major Maintenance	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 986,970
-	201,927	12,811	-	23,666	238,404
-	-	-	-	-	309,000
8,198	1,449	-	437	3,901	56,357
-	-	-	-	-	100,000
-	-	-	342,765	-	342,765
-	-	6,304	-	-	6,304
<u>8,198</u>	<u>203,376</u>	<u>19,115</u>	<u>343,202</u>	<u>27,567</u>	<u>2,039,800</u>
-	-	-	-	-	47,832
<u>4,700</u>	<u>389,240</u>	<u>6,026</u>	<u>94,454</u>	<u>348,811</u>	<u>1,108,141</u>
<u>4,700</u>	<u>389,240</u>	<u>6,026</u>	<u>94,454</u>	<u>348,811</u>	<u>1,155,973</u>
<u>3,498</u>	<u>(185,864)</u>	<u>13,089</u>	<u>248,748</u>	<u>(321,244)</u>	<u>883,827</u>
-	6,375	-	-	-	6,375
-	167,000	-	-	500,000	667,000
-	-	-	(276,386)	-	(276,386)
-	<u>173,375</u>	-	<u>(276,386)</u>	<u>500,000</u>	<u>396,989</u>
3,498	(12,489)	13,089	(27,638)	178,756	1,280,816
<u>1,570,033</u>	<u>443,664</u>	<u>8,035</u>	<u>169,309</u>	<u>607,691</u>	<u>10,680,777</u>
<u>\$ 1,573,531</u>	<u>\$ 431,175</u>	<u>\$ 21,124</u>	<u>\$ 141,671</u>	<u>\$ 786,447</u>	<u>\$ 11,961,593</u>

CITY OF FOREST GROVE

**BUILDING PERMITS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses and permits	\$ 361,504	\$ 667,224	\$ 305,720
Interest	<u>5,000</u>	<u>6,503</u>	<u>1,503</u>
TOTAL REVENUES	<u>366,504</u>	<u>673,727</u>	<u>307,223</u>
EXPENDITURES			
Personal services	468,233	437,969	30,264
Materials and services	152,290	154,645	(2,355)
Contingency	<u>250,000</u>	<u>-</u>	<u>250,000</u>
TOTAL EXPENDITURES	<u>870,523</u>	<u>592,614</u>	<u>277,909</u>
Net change in fund balance	(504,019)	81,113	585,132
Fund balance at beginning of year	<u>1,180,514</u>	<u>1,321,023</u>	<u>140,509</u>
Fund balance at end of year	<u>\$ 676,495</u>	<u>\$ 1,402,136</u>	<u>\$ 725,641</u>

CITY OF FOREST GROVE

**STREET TREE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses and permits	\$ 40,000	\$ 28,720	\$ (11,280)
Interest	<u>75</u>	<u>25</u>	<u>(50)</u>
 TOTAL REVENUES	 40,075	 28,745	 (11,330)
 EXPENDITURES			
Materials and services	<u>46,001</u>	<u>37,581</u>	<u>8,420</u>
 Excess (deficiency) of revenues over expenditures	 (5,926)	 (8,836)	 (2,910)
 OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(6,750)</u>	<u>(6,750)</u>	<u>-</u>
 Net change in fund balance	 (12,676)	 (15,586)	 (2,910)
Fund balance at beginning of year	<u>12,676</u>	<u>25,553</u>	<u>12,877</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 9,967</u>	 <u>\$ 9,967</u>

CITY OF FOREST GROVE

**COMMUNITY ENHANCEMENT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 53,800	\$ 57,040	\$ 3,240
EXPENDITURES			
Materials and services	<u>61,686</u>	<u>49,552</u>	<u>12,134</u>
Net change in fund balance	(7,886)	7,488	15,374
Fund balance at beginning of year	<u>16,297</u>	<u>13,526</u>	<u>(2,771)</u>
Fund balance at end of year	<u>\$ 8,411</u>	<u>\$ 21,014</u>	<u>\$ 12,603</u>

CITY OF FOREST GROVE

**TRANSPORTATION SERVICES - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 570,000	\$ 406,267	\$ (163,733)
EXPENDITURES			
Materials and services	<u>570,000</u>	<u>406,267</u>	<u>163,733</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF FOREST GROVE

**PUBLIC ARTS DONATION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Grants	\$ 2,000	\$ 1,565	\$ (435)
Interest	<u>80</u>	<u>39</u>	<u>(41)</u>
 TOTAL REVENUES	 2,080	 1,604	 (476)
 EXPENDITURES			
Materials and services	<u>16,785</u>	<u>5,927</u>	<u>10,858</u>
 Net change in fund balance	 (14,705)	 (4,323)	 10,382
Fund balance at beginning of year	<u>14,705</u>	<u>13,231</u>	<u>(1,474)</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 8,908</u>	 <u>\$ 8,908</u>

CITY OF FOREST GROVE

**SAFER GRANT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Grants	<u>\$ 284,503</u>	<u>\$ 214,119</u>	<u>\$ (70,384)</u>
EXPENDITURES			
Personal services	280,503	213,821	66,682
Materials and services	<u>4,000</u>	<u>936</u>	<u>3,064</u>
TOTAL EXPENDITURES	<u>284,503</u>	<u>214,757</u>	<u>69,746</u>
Net change in fund balance	-	(638)	(638)
Fund balance at beginning of year	<u>-</u>	<u>1,774</u>	<u>1,774</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,136</u>	<u>\$ 1,136</u>

CITY OF FOREST GROVE

**GENERAL DEBT SERVICE - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 504,000	\$ 509,920	\$ 5,920
Interest	<u>1,100</u>	<u>1,479</u>	<u>379</u>
 TOTAL REVENUES	 505,100	 511,399	 6,299
EXPENDITURES			
Debt service	<u>511,600</u>	<u>511,600</u>	<u>-</u>
 Net change in fund balance	 (6,500)	 (201)	 6,299
Fund balance at beginning of year	<u>48,834</u>	<u>47,372</u>	<u>(1,462)</u>
 Fund balance at end of year	 <u>\$ 42,334</u>	 <u>\$ 47,171</u>	 <u>\$ 4,837</u>

CITY OF FOREST GROVE

**SPECIAL PUBLIC WORKS DEBT SERVICE - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 5,195	\$ 5,507	\$ 312
Interest	<u>1,821</u>	<u>1,508</u>	<u>(313)</u>
 TOTAL REVENUES	 7,016	 7,015	 (1)
EXPENDITURES			
Debt service	<u>26,118</u>	<u>26,118</u>	<u>-</u>
 Excess (deficiency) of revenues over expenditures	 (19,102)	 (19,103)	 (1)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>15,000</u>	<u>15,000</u>	<u>-</u>
 Net change in fund balance	 (4,102)	 (4,103)	 (1)
Fund balance at beginning of year	<u>15,219</u>	<u>15,220</u>	<u>1</u>
 Fund balance at end of year	 <u><u>\$ 11,117</u></u>	 <u><u>\$ 11,117</u></u>	 <u><u>\$ -</u></u>

CITY OF FOREST GROVE

**TRAFFIC IMPACT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 16,036	\$ 14,876	\$ (1,160)
EXPENDITURES			
Capital outlay	<u>3,152,541</u>	<u>-</u>	<u>3,152,541</u>
Net change in fund balance	(3,136,505)	14,876	3,151,381
Fund balance at beginning of year	<u>3,136,505</u>	<u>3,135,107</u>	<u>(1,398)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 3,149,983</u>	<u>\$ 3,149,983</u>

CITY OF FOREST GROVE

**TRANSPORTATION DEVELOPMENT TAX - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Other taxes	\$ 533,200	\$ 986,970	\$ 453,770
Interest	<u>15,880</u>	<u>20,244</u>	<u>4,364</u>
 TOTAL REVENUES	 549,080	 1,007,214	 458,134
 EXPENDITURES			
Capital outlay	<u>3,800,225</u>	<u>-</u>	<u>3,800,225</u>
 Net change in fund balance	 (3,251,145)	 1,007,214	 4,258,359
Fund balance at beginning of year	<u>3,251,145</u>	<u>3,392,357</u>	<u>141,212</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 4,399,571</u>	 <u>\$ 4,399,571</u>

CITY OF FOREST GROVE

**PARK ACQUISITION AND DEVELOPMENT - CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Grants	\$ 395,500	\$ 100,000	\$ (295,500)
System development charges	360,000	309,000	(51,000)
Interest	<u>8,000</u>	<u>7,252</u>	<u>(748)</u>
 TOTAL REVENUES	 <u>763,500</u>	 <u>416,252</u>	 <u>(347,248)</u>
 EXPENDITURES			
Materials and services	200,000	47,832	152,168
Capital outlay	<u>1,880,028</u>	<u>264,910</u>	<u>1,615,118</u>
 TOTAL EXPENDITURES	 <u>2,080,028</u>	 <u>312,742</u>	 <u>1,767,286</u>
 Net change in fund balance	 (1,316,528)	 103,510	 1,420,038
Fund balance at beginning of year	<u>1,316,528</u>	<u>1,354,581</u>	<u>38,053</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 1,458,091</u>	 <u>\$ 1,458,091</u>

CITY OF FOREST GROVE

**CAPITAL PROJECTS - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 8,500	\$ 8,198	\$ (302)
EXPENDITURES			
Capital outlay	<u>1,836,180</u>	<u>4,700</u>	<u>1,831,480</u>
Net change in fund balance	(1,827,680)	3,498	1,831,178
Fund balance at beginning of year	<u>1,827,680</u>	<u>1,570,033</u>	<u>(257,647)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,573,531</u>	<u>\$ 1,573,531</u>

CITY OF FOREST GROVE

**FIRE EQUIPMENT REPLACEMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 195,500	\$ 201,927	\$ 6,427
Interest	<u>2,000</u>	<u>1,449</u>	<u>(551)</u>
TOTAL REVENUES	<u>197,500</u>	<u>203,376</u>	<u>5,876</u>
EXPENDITURES			
Capital outlay	397,250	389,240	8,010
Contingency	<u>70,275</u>	<u>-</u>	<u>70,275</u>
TOTAL EXPENDITURES	<u>467,525</u>	<u>389,240</u>	<u>78,285</u>
Excess (deficiency) of revenues over expenditures	<u>(270,025)</u>	<u>(185,864)</u>	<u>84,161</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	40,000	6,375	(33,625)
Transfers in	<u>167,000</u>	<u>167,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>207,000</u>	<u>173,375</u>	<u>(33,625)</u>
Net change in fund balance	(63,025)	(12,489)	50,536
Fund balance at beginning of year	<u>443,180</u>	<u>443,664</u>	<u>484</u>
Fund balance at end of year	<u>\$ 380,155</u>	<u>\$ 431,175</u>	<u>\$ 51,020</u>

CITY OF FOREST GROVE

**BIKE AND PEDESTRIAN PATHWAYS - CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 12,586	\$ 12,811	\$ 225
Miscellaneous	<u>43</u>	<u>6,304</u>	<u>6,261</u>
 TOTAL REVENUES	 12,629	 19,115	 6,486
EXPENDITURES			
Capital outlay	<u>21,165</u>	<u>6,026</u>	<u>15,139</u>
Net change in fund balance	(8,536)	13,089	21,625
Fund balance at beginning of year	<u>8,536</u>	<u>8,035</u>	<u>(501)</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 21,124</u>	 <u>\$ 21,124</u>

CITY OF FOREST GROVE

**CIP EXCISE - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 294,000	\$ 342,765	\$ 48,765
Interest	<u>750</u>	<u>437</u>	<u>(313)</u>
 TOTAL REVENUES	 294,750	 343,202	 48,452
 EXPENDITURES			
Capital outlay	<u>168,125</u>	<u>94,454</u>	<u>73,671</u>
 Excess of revenues over expenditures	 126,625	 248,748	 122,123
 OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(276,386)</u>	<u>(276,386)</u>	<u>-</u>
 Net change in fund balance	 (149,761)	 (27,638)	 122,123
Fund balance at beginning of year	<u>149,761</u>	<u>169,309</u>	<u>19,548</u>
 Fund balance at end of year	 <u><u>\$ -</u></u>	 <u><u>\$ 141,671</u></u>	 <u><u>\$ 141,671</u></u>

CITY OF FOREST GROVE

**FACILITY MAJOR MAINTENANCE - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 32,500	\$ 23,666	\$ (8,834)
Interest	3,500	3,901	401
 TOTAL REVENUES	 36,000	 27,567	 (8,433)
EXPENDITURES			
Capital outlay	500,000	348,811	151,189
Excess (deficiency) of revenues over expenditures	(464,000)	(321,244)	142,756
OTHER FINANCING SOURCES (USES)			
Transfers in	500,000	500,000	-
Net change in fund balance	36,000	178,756	142,756
Fund balance at beginning of year	618,738	607,691	(11,047)
 Fund balance at end of year	 \$ 654,738	 \$ 786,447	 \$ 131,709

CITY OF FOREST GROVE

**LIBRARY ENDOWMENT - PERMANENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 210	\$ 206	\$ (4)
EXPENDITURES			
Materials and services	<u>475</u>	<u>-</u>	<u>475</u>
Net change in fund balance	(265)	206	471
Fund balance at beginning of year	<u>41,452</u>	<u>41,470</u>	<u>18</u>
Fund balance at end of year	<u>\$ 41,187</u>	<u>\$ 41,676</u>	<u>\$ 489</u>

CITY OF FOREST GROVE

**LIGHT - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 15,200,571	\$ 15,106,853	\$ (93,718)
Conservation incentive	200,000	266,029	66,029
Licenses and permits	30,000	45,478	15,478
Sale of materials	17,500	13,996	(3,504)
Interest	31,020	13,729	(17,291)
Miscellaneous	<u>-</u>	<u>10</u>	<u>10</u>
TOTAL REVENUES	<u>15,479,091</u>	<u>15,446,095</u>	<u>(32,996)</u>
EXPENDITURES			
Personal services	3,275,005	3,118,246	156,759
Materials and services	12,273,153	12,055,747	217,406
Capital outlay	1,828,000	2,155,553	(327,553)
Contingency	<u>850,000</u>	<u>-</u>	<u>850,000</u>
TOTAL EXPENDITURES	<u>18,226,158</u>	<u>17,329,546</u>	<u>896,612</u>
Excess (deficiency) of revenues over expenditures	<u>(2,747,067)</u>	<u>(1,883,451)</u>	<u>863,616</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	3,000	-	(3,000)
Transfers out	<u>(907,276)</u>	<u>(906,278)</u>	<u>998</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(904,276)</u>	<u>(906,278)</u>	<u>(2,002)</u>
Net change in fund balance	(3,651,343)	(2,789,729)	861,614
Fund balance at beginning of year	<u>5,874,926</u>	<u>6,080,396</u>	<u>205,470</u>
Fund balance at end of year	<u>\$ 2,223,583</u>	<u>3,290,667</u>	<u>\$ 1,067,084</u>

Reconciliation to generally accepted accounting principles

Inventory	483,739
Capital assets, net	18,790,704
Deferred outflows of resources	618,347
Compensated absences payable	(159,196)
Net other post-employment benefits	(230,902)
Net pension liability	(2,399,967)
Deferred inflows of resources	<u>(375,316)</u>
Net position - ending	<u>\$ 20,018,076</u>

CITY OF FOREST GROVE

**SEWER - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 4,837,397	\$ 4,947,565	\$ 110,168
Interest	11,978	10,680	(1,298)
Licenses and permits	<u>800</u>	<u>659</u>	<u>(141)</u>
TOTAL REVENUES	<u>4,850,175</u>	<u>4,958,904</u>	<u>108,729</u>
EXPENDITURES			
Personal services	361,451	290,574	70,877
Materials and services	4,351,110	4,390,182	(39,072)
Capital outlay	32,500	5,000	27,500
Debt service	94,005	94,004	1
Contingency	<u>750,000</u>	<u>-</u>	<u>750,000</u>
TOTAL EXPENDITURES	<u>5,589,066</u>	<u>4,779,760</u>	<u>809,306</u>
Excess (deficiency) of revenues over expenditures	(738,891)	179,144	918,035
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(51,237)</u>	<u>(51,237)</u>	<u>-</u>
Net change in fund balance	(790,128)	127,907	918,035
Fund balance at beginning of year	<u>2,394,391</u>	<u>2,468,589</u>	<u>74,198</u>
Fund balance at end of year	<u>\$ 1,604,263</u>	2,596,496	<u>\$ 992,233</u>

Reconciliation to generally accepted accounting principles

Inventory	7,275
Capital assets, net	7,599,055
Deferred outflows of resources	50,331
Accrued interest payable	(8,236)
Net other post-employment benefits	(18,068)
Net pension liability	(195,349)
Long-term obligations	(472,686)
Deferred inflows of resources	<u>(30,549)</u>
Net position-ending	<u>\$ 9,528,269</u>

CITY OF FOREST GROVE

**WATER - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses and permits	\$ 5,000	\$ 3,890	\$ (1,110)
Charges for services	3,748,198	4,131,181	382,983
Sales of materials	937,500	933,656	(3,844)
Rents	35,928	35,928	-
Interest	17,362	20,102	2,740
Miscellaneous	-	16,820	16,820
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	4,743,988	5,141,577	397,589
EXPENDITURES			
Personal services	947,100	923,215	23,885
Materials and services	2,301,030	2,155,999	145,031
Capital outlay	935,742	382,774	552,968
Debt service	435,888	435,887	1
Contingency	1,173,250	-	1,173,250
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	5,793,010	3,897,875	1,895,135
Excess (deficiency) of revenues over expenditures	(1,049,022)	1,243,702	2,292,724
OTHER FINANCING SOURCES (USES)			
Transfers out	(233,078)	(233,078)	-
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(1,282,100)	1,010,624	2,292,724
Fund balance at beginning of year	3,469,823	3,967,504	497,681
	<hr/>	<hr/>	<hr/>
Fund balance at end of year	\$ 2,187,723	4,978,128	\$ 2,790,405
	<hr/>	<hr/>	<hr/>

Reconciliation to generally accepted accounting principles

Inventory	135,485
Investment in joint ventures	6,414,924
Capital assets, net	10,752,099
Deferred outflows of resources	210,588
Accrued interest payable	(17,282)
Bond premium, net	(25,237)
Net other post-employment benefits	(64,761)
Net pension liability	(668,165)
Long-term obligations	(3,784,594)
Deferred inflows of resources	(104,490)
	<hr/>
Net position - ending	\$ 17,826,695
	<hr/>

CITY OF FOREST GROVE

**SURFACE WATER MANAGEMENT - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	Budget	Actual	Variance
REVENUES			
Charges for services	\$ 1,117,846	\$ 1,162,289	\$ 44,443
Interest	1,741	593	(1,148)
TOTAL REVENUES	1,119,587	1,162,882	43,295
EXPENDITURES			
Personal services	362,527	379,470	(16,943)
Materials and services	664,620	628,649	35,971
Capital outlay	39,000	-	39,000
Contingency	40,000	-	40,000
TOTAL EXPENDITURES	1,106,147	1,008,119	98,028
Excess (deficiency) of revenues over expenditures	13,440	154,763	141,323
OTHER FINANCING SOURCES (USES)			
Transfers out	(55,979)	(55,979)	-
Net change in fund balance	(42,539)	98,784	141,323
Fund balance at beginning of year	348,215	392,771	44,556
Fund balance at end of year	\$ 305,676	491,555	\$ 185,879

Reconciliation to generally accepted accounting principles

Capital assets, net	6,149,896
Deferred outflows of resources	69,550
Net other post-employment benefits	(25,478)
Net pension liability	(269,944)
Deferred inflows of resources	(42,215)
Net position - ending	\$ 6,373,364

CITY OF FOREST GROVE

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS**

June 30, 2015

	Sewer System Development Charges	Water System Development Charges	Surface Water Management System Development Charges	Totals
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,279,370	\$ 4,002,253	\$ 424,420	\$ 5,706,043
LIABILITIES				
CURRENT LIABILITES				
Accounts payable	<u>70,862</u>	<u>-</u>	<u>-</u>	<u>70,862</u>
NET POSITION				
Restricted for capital projects	<u>\$ 1,208,508</u>	<u>\$ 4,002,253</u>	<u>\$ 424,420</u>	<u>\$ 5,635,181</u>

CITY OF FOREST GROVE

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2015**

	Sewer System Development Charges	Water System Development Charges	Surface Water Management System Development Charges	Totals
OPERATING EXPENSES				
System operation and maintenance	\$ 423,923	\$ -	\$ -	\$ 423,923
Operating (loss)	<u>(423,923)</u>	<u>-</u>	<u>-</u>	<u>(423,923)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest earned	5,293	18,498	2,032	25,823
Interest	<u>(17,516)</u>	<u>-</u>	<u>-</u>	<u>(17,516)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(12,223)</u>	<u>18,498</u>	<u>2,032</u>	<u>8,307</u>
Income (loss) before capital contributions and transfers	(436,146)	18,498	2,032	(415,616)
Capital contributions	524,259	510,780	28,362	1,063,401
Transfers out	<u>(104,478)</u>	<u>(5,000)</u>	<u>-</u>	<u>(109,478)</u>
Change in net position	(16,365)	524,278	30,394	538,307
Net position at beginning of year	<u>1,224,873</u>	<u>3,477,975</u>	<u>394,026</u>	<u>5,096,874</u>
Net position at end of year	<u>\$ 1,208,508</u>	<u>\$ 4,002,253</u>	<u>\$ 424,420</u>	<u>\$ 5,635,181</u>

CITY OF FOREST GROVE

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2015**

	Sewer System Development Charges	Water System Development Charges	Surface Water Management System Development Charges	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash paid to suppliers	\$ (701,459)	\$ -	\$ -	\$ (701,459)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers out	-	(5,000)	-	(5,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	524,259	510,780	28,362	1,063,401
Principal paid on long-term obligations	(104,478)	-	-	(104,478)
Interest paid on long-term obligations	(17,516)	-	-	(17,516)
Net cash provided by capital and related financing activities	<u>402,265</u>	<u>510,780</u>	<u>28,362</u>	<u>941,407</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest	<u>5,293</u>	<u>18,498</u>	<u>2,032</u>	<u>25,823</u>
Net increase (decrease) in cash and cash equivalents	(293,901)	524,278	30,394	260,771
Cash and cash equivalents at beginning of year	<u>1,573,271</u>	<u>3,477,975</u>	<u>394,026</u>	<u>5,445,272</u>
Cash and cash equivalent at end of year	<u>\$ 1,279,370</u>	<u>\$ 4,002,253</u>	<u>\$ 424,420</u>	<u>\$ 5,706,043</u>
Reconciliation of operating (loss) to net cash (used in) operating activities				
Operating (loss)	\$ (423,923)	\$ -	\$ -	\$ (423,923)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities				
Increase (decrease) in liabilities				
Accounts payable	<u>(277,536)</u>	<u>-</u>	<u>-</u>	<u>(277,536)</u>
Net cash (used in) operating activities	<u>\$ (701,459)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (701,459)</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS				
Transfers out	<u>\$ (104,478)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (104,478)</u>

CITY OF FOREST GROVE

**SEWER SYSTEM DEVELOPMENT CHARGES - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fees and fines	\$ 1,000	\$ -	\$ (1,000)
System development charges	784,000	524,259	(259,741)
Interest	<u>2,274</u>	<u>5,293</u>	<u>3,019</u>
 TOTAL REVENUES	 <u>787,274</u>	 <u>529,552</u>	 <u>(257,722)</u>
 EXPENDITURES			
Materials and services	727,200	419,407	307,793
Capital outlay	396,000	4,516	391,484
Debt service	121,994	121,994	-
Contingency	<u>300,000</u>	<u>-</u>	<u>300,000</u>
 TOTAL EXPENDITURES	 <u>1,545,194</u>	 <u>545,917</u>	 <u>999,277</u>
 Net change in fund balance	 (757,920)	 (16,365)	 741,555
Fund balance at beginning of year	<u>909,718</u>	<u>1,224,873</u>	<u>315,155</u>
 Fund balance at end of year	 <u>\$ 151,798</u>	 <u>\$ 1,208,508</u>	 <u>\$ 1,056,710</u>

CITY OF FOREST GROVE

**WATER SYSTEM DEVELOPMENT CHARGES - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (BUDGETARY BASIS)- BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 376,591	\$ 510,780	\$ 134,189
Interest	<u>16,605</u>	<u>18,498</u>	<u>1,893</u>
TOTAL REVENUES	<u>393,196</u>	<u>529,278</u>	<u>136,082</u>
EXPENDITURES			
Capital outlay	292,000	-	292,000
Contingency	<u>100,000</u>	<u>-</u>	<u>100,000</u>
TOTAL EXPENDITURES	<u>392,000</u>	<u>-</u>	<u>392,000</u>
Excess (deficiency) of revenues over expenditures	1,196	529,278	528,082
OTHER FINANCING SOURCES			
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Net change in fund balance	(3,804)	524,278	528,082
Fund balance at beginning of year	<u>3,169,827</u>	<u>3,477,975</u>	<u>308,148</u>
Fund balance at end of year	<u>\$ 3,166,023</u>	<u>\$ 4,002,253</u>	<u>\$ 836,230</u>

CITY OF FOREST GROVE

**SURFACE WATER MANAGEMENT SYSTEM DEVELOPMENT
CHARGES - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 40,000	\$ 28,362	\$ (11,638)
Interest	<u>1,916</u>	<u>2,032</u>	<u>116</u>
 TOTAL REVENUES	 <u>41,916</u>	 <u>30,394</u>	 <u>(11,522)</u>
 EXPENDITURES			
Capital outlay	200,000	-	200,000
Contingency	<u>225,076</u>	<u>-</u>	<u>225,076</u>
 TOTAL EXPENDITURES	 <u>425,076</u>	 <u>-</u>	 <u>425,076</u>
 Net change in fund balance	 (383,160)	 30,394	 413,554
Fund balance at beginning of year	<u>383,160</u>	<u>394,026</u>	<u>10,866</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 424,420</u>	 <u>\$ 424,420</u>

CITY OF FOREST GROVE

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2015**

	Information Systems	Equipment	Risk Management	Totals
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	\$ 450,788	\$ 1,369,370	\$ 600,559	\$ 2,420,717
Receivables, net	-	32,000	-	32,000
Total current assets	450,788	1,401,370	600,559	2,452,717
Capital assets				
Other capital assets, net	-	1,568,757	-	1,568,757
TOTAL ASSETS	450,788	2,970,127	600,559	4,021,474
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension related items	-	37,497	-	37,497
<u>LIABILITIES</u>				
Current liabilities				
Accounts payable	3,651	343,756	2,301	349,708
Accrued payroll liabilities	-	8,447	-	8,447
Total current liabilities	3,651	352,203	2,301	358,155
Long-term obligations				
Due within one year	-	4,899	-	4,899
Due in more than one year				
Net pension liability	-	145,537	-	145,537
Total long-term obligations	-	150,436	-	150,436
TOTAL LIABILITIES	3,651	502,639	2,301	508,591
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension related items	-	22,760	-	22,760
<u>NET POSITION</u>				
Net investment in capital assets	-	1,568,757	-	1,568,757
Unrestricted	447,137	913,468	598,258	1,958,863
TOTAL NET POSITION	\$ 447,137	\$ 2,482,225	\$ 598,258	\$ 3,527,620

CITY OF FOREST GROVE

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2015**

	Information Systems	Equipment	City Utility	Risk Management	Totals
OPERATING REVENUES					
Charges for services	\$ 229,077	\$ 927,142	\$ -	\$ 417,348	\$ 1,573,567
OPERATING EXPENSES					
Systems operation and maintenance	208,673	496,888	190,645	484,798	1,381,004
Depreciation	-	167,182	-	-	167,182
Total operating expenses	208,673	664,070	190,645	484,798	1,548,186
Operating income (loss)	20,404	263,072	(190,645)	(67,450)	25,381
NONOPERATING REVENUES (EXPENSES)					
Interest earned	1,944	5,419	-	2,610	9,973
Grants	40,000	-	-	-	40,000
Miscellaneous	-	20,485	-	83,130	103,615
(Loss) on sale of capital assets	-	(30,206)	-	-	(30,206)
TOTAL NONOPERATING REVENUES (EXPENSES)	41,944	(4,302)	-	85,740	123,382
Income (loss) before transfers	62,348	258,770	(190,645)	18,290	148,763
Transfers in	-	109,386	190,645	183,000	483,031
Transfers out	(83,000)	-	-	(40,000)	(123,000)
Change in net position	(20,652)	368,156	-	161,290	508,794
Net position at beginning of year	467,789	2,245,023	-	436,968	3,149,780
Prior period adjustment	-	(130,954)	-	-	(130,954)
Net position at end of year	\$ 447,137	\$ 2,482,225	\$ -	\$ 598,258	\$ 3,527,620

CITY OF FOREST GROVE

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2015**

	Information Systems	Equipment	City Utility	Risk Management	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from interfund services provided	\$ 229,077	\$ 895,142	\$ -	\$ 417,348	\$ 1,541,567
Cash paid to employees	-	(224,845)	-	-	(224,845)
Cash paid to suppliers	<u>(251,498)</u>	<u>63,541</u>	<u>(190,645)</u>	<u>(487,130)</u>	<u>(865,732)</u>
Net cash provided by (used in) operating activities	<u>(22,421)</u>	<u>733,838</u>	<u>(190,645)</u>	<u>(69,782)</u>	<u>450,990</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in	-	109,386	190,645	183,000	483,031
Transfers out	<u>(83,000)</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>	<u>(123,000)</u>
Net cash provided by (used in) non-capital financing activities	<u>(83,000)</u>	<u>109,386</u>	<u>190,645</u>	<u>143,000</u>	<u>360,031</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Sale of capital assets	-	54,045	-	-	54,045
Grants	40,000	-	-	-	40,000
Other	-	20,485	-	83,130	103,615
Acquisition of capital assets	<u>-</u>	<u>(587,725)</u>	<u>-</u>	<u>-</u>	<u>(587,725)</u>
Net cash provided by (used in) capital and related financing activities	<u>40,000</u>	<u>(513,195)</u>	<u>-</u>	<u>83,130</u>	<u>(390,065)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest	<u>1,944</u>	<u>5,419</u>	<u>-</u>	<u>2,610</u>	<u>9,973</u>
Net increase (decrease) in cash and cash equivalents	(63,477)	335,448	-	158,958	430,929
Cash and cash equivalents at beginning of year	<u>514,265</u>	<u>1,033,922</u>	<u>-</u>	<u>441,601</u>	<u>1,989,788</u>
Cash and cash equivalent at end of year	<u>\$ 450,788</u>	<u>\$ 1,369,370</u>	<u>\$ -</u>	<u>\$ 600,559</u>	<u>\$ 2,420,717</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 20,404	\$ 263,072	\$ (190,645)	\$ (67,450)	\$ 25,381
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	-	167,182	-	-	167,182
Net pension liability	-	(7,276)	-	-	(7,276)
Decrease (increase) in assets and deferred outflows					
Receivables, net	-	(32,000)	-	-	(32,000)
Pension related items	-	(15,638)	-	-	(15,638)
Increase in liabilities and deferred inflows					
Accounts payable and accrued expenses	(42,825)	333,969	-	(2,332)	288,812
Payroll related liabilities	-	1,769	-	-	1,769
Pension related items	<u>-</u>	<u>22,760</u>	<u>-</u>	<u>-</u>	<u>22,760</u>
Net cash provided by (used in) operating activities	<u>\$ (22,421)</u>	<u>\$ 733,838</u>	<u>\$ (190,645)</u>	<u>\$ (69,782)</u>	<u>\$ 450,990</u>

CITY OF FOREST GROVE

**INFORMATION SYSTEMS - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	Budget	Actual	Variance
REVENUES			
Grants	\$ 40,000	\$ 40,000	\$ -
Charges for services	229,076	229,077	1
Interest	3,000	1,944	(1,056)
TOTAL REVENUES	272,076	271,021	(1,055)
EXPENDITURES			
Materials and services	165,095	141,303	23,792
Capital outlay	155,700	67,370	88,330
Contingency	23,358	-	23,358
TOTAL EXPENDITURES	344,153	208,673	135,480
Excess (deficiency) of revenues over expenditures	(72,077)	62,348	134,425
OTHER FINANCING SOURCES (USES)			
Transfers out	(83,000)	(83,000)	-
Net change in fund balance	(155,077)	(20,652)	134,425
Fund balance at beginning of year	526,718	467,789	(58,929)
Fund balance at end of year	\$ 371,641	\$ 447,137	\$ 75,496

CITY OF FOREST GROVE

**EQUIPMENT - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	Budget	Actual	Variance
REVENUES			
Charges for services	\$ 898,385	\$ 927,142	\$ 28,757
Interest	4,000	5,419	1,419
Miscellaneous	-	20,485	20,485
TOTAL REVENUES	902,385	953,046	50,661
EXPENDITURES			
Personal services	228,160	225,829	2,331
Materials and services	419,786	323,898	95,888
Capital outlay	572,500	534,150	38,350
Contingency	250,000	-	250,000
TOTAL EXPENDITURES	1,470,446	1,083,877	386,569
Excess (deficiency) of revenues over expenditures	(568,061)	(130,831)	437,230
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	10,000	54,045	44,045
Transfers in	209,386	109,386	(100,000)
TOTAL OTHER FINANCING SOURCES (USES)	219,386	163,431	(55,955)
Net change in fund balance	(348,675)	32,600	381,275
Fund balance at beginning of year	994,471	1,016,567	22,096
Fund balance at end of year	\$ 645,796	1,049,167	\$ 403,371

Reconciliation to generally accepted accounting principles

Capital assets, net	1,568,757
Deferred outflows of resources	37,497
Net pension liability	(145,537)
Long-term obligations	(4,899)
Deferred inflows of resources	(22,760)
Net position-ending	\$ 2,482,225

CITY OF FOREST GROVE

**CITY UTILITY - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	Budget	Actual	Variance
EXPENDITURES			
Materials and services	\$ 190,645	\$ 190,645	\$ -
Excess (deficiency) of revenues over expenditures	(190,645)	(190,645)	-
OTHER FINANCING SOURCES (USES)			
Transfers in	190,645	190,645	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

CITY OF FOREST GROVE

**RISK MANAGEMENT - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2015**

	Budget	Actual	Variance
REVENUES			
Charges for services	\$ 417,348	\$ 417,348	\$ -
Interest	3,500	2,610	(890)
Miscellaneous	-	83,130	83,130
	420,848	503,088	82,240
TOTAL REVENUES	420,848	503,088	82,240
EXPENDITURES			
Materials and services	496,468	484,798	11,670
Contingency	35,000	-	35,000
	531,468	484,798	46,670
TOTAL EXPENDITURES	531,468	484,798	46,670
Excess (deficiency) of revenues over expenditures	(110,620)	18,290	128,910
OTHER FINANCING SOURCES (USES)			
Transfers in	183,000	183,000	-
Transfers out	(40,000)	(40,000)	-
	143,000	143,000	-
TOTAL OTHER FINANCING SOURCES (USES)	143,000	143,000	-
Net change in fund balance	32,380	161,290	128,910
Fund balance at beginning of year	447,235	436,968	(10,267)
	479,615	598,258	118,643
Fund balance at end of year	\$ 479,615	\$ 598,258	\$ 118,643

CITY OF FOREST GROVE

**UNSEGREGATED TAX AND INTEREST AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2015**

	<u>Balances</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>June 30, 2015</u>
Assets				
Cash and investments	<u>\$ 271,654</u>	<u>\$ 530,265</u>	<u>\$ 625,720</u>	<u>\$ 176,199</u>
Liabilities				
Amounts held in trust	<u>\$ 271,654</u>	<u>\$ 429,464</u>	<u>\$ 524,919</u>	<u>\$ 176,199</u>

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

This page intentionally left blank



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Honorable Mayor and Members
of the City Council
CITY OF FOREST GROVE
Forest Grove, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the **CITY OF FOREST GROVE** as of and for the year ended June 30, 2015, and have issued our report thereon dated February 05, 2016.

Compliance

As part of obtaining reasonable assurance about whether the City of Forest Grove'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 162-10-240 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).**

**INDEPENDENT AUDITOR’S REPORT REQUIRED BY
OREGON STATE REGULATIONS (Continued)**

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 162-10-240 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

Budgets legally required (ORS Chapter 294)

The 2011-12 and 2012-13 actual historical information presented in the 2014-15 detail budget document contained errors such that the 2011-12 resources less the 2011-12 expenditures did not equal the 2012-13 beginning fund balance resource.

The 2012-13 and 2013-14 actual historical information presented in the 2015-16 detail budget document contained errors such that the 2012-13 resources less the 2012-13 expenditures did not equal the 2013-14 beginning fund balance resource.

OAR 162-10-0230 Internal Control

In planning and performing our audit, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control. Deficiencies in internal control, if any, were communicated separately.

Restriction on Use

This report is intended solely for the information and use of the City Council and management of the **CITY OF FOREST GROVE** and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
February 05, 2016

By: 

Bradley G. Bingenheimer, Member