

**CITY OF TROUTDALE**  
**TROUTDALE, OREGON**

**For the Year Ended June 30, 2018**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**



12700 SW 72nd Ave.  
Tigard, OR 97223

# **CITY OF TROUTDALE OREGON**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the year ended June 30, 2018

SUBMITTED BY  
FINANCE DEPARTMENT

Erich Mueller

# CITY OF TROUTDALE, OREGON

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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## **INTRODUCTORY SECTION**

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# CITY OF TROUTDALE

*"Gateway to the Columbia River Gorge"*

December 21, 2018

TO THE HONORABLE MAYOR, MEMBERS OF THE CITY COUNCIL, AND CITIZENS OF THE CITY OF TROUTDALE, OREGON

The Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Troutdale, Oregon for the fiscal year ended June 30, 2018. State law requires that every local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe the City's internal control structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City selected the accounting firm of Pauly, Rogers and Co., P.C. to conduct the independent financial audit. The auditor rendered an unmodified ("clean") opinion on the City of Troutdale financial statements for the year ended June 30, 2018. The independent auditor's report is located at the front of the Financial Section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## **CITY PROFILE**

The City of Troutdale is located in northwestern Oregon, in the eastern part of the Portland metropolitan area, in Multnomah County. It is comprised of approximately six square miles and has a population of 16,185.

Troutdale was incorporated in 1907 and operates under the provisions of its own charter adopted in 1994 and applicable State law. The City operates under the Council-Manager form of government. Policy making and legislative authority are vested in the City Council which consists of a Mayor and six Council members. The Mayor is elected to a four-year term; the Council members are elected at large by the citizens of Troutdale with each Councilor serving a four-year term. The City Council provides community leadership and develops policies to guide the City by setting goals, passing ordinances and adopting resolutions, appointing advisory committees, authorizing contracts, adopting budgets, and hiring the City Manager, City Attorney and City Judge.

The City Manager is the administrative head of the City responsible for carrying out the policies and ordinances of the Council, managing the day-to-day operations of the City and appointing department heads.

The City provides a full range of services as authorized in its charter and ordinances. This includes police protection, contract fire service, street construction and maintenance, water, sanitary and storm sewers, parks, land use planning and zoning, public improvements, building inspections, code enforcement, municipal court, recreation programs and general administrative services.

The City's annual budget is prepared in accordance with the provisions of Oregon Local Budget Law. The budgeting process includes citizen input through various stages of preparation, public hearings, and adoption of the final budget by the City Council. Additional resources not anticipated in the adopted budget may be added through the use of a supplemental budget. A supplemental budget requires hearings before the public, publication in newspapers, and formal adoption by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers with required approval by the City Council.

This annual budget serves as the foundation for the City of Troutdale's financial planning and control. Budgetary control is maintained and appropriated at the department or program level in the general operating fund and public services fund while all other funds are maintained and appropriated by major category of expense, such as personnel services, materials and services, capital outlay, debt service, and transfers. The operating contingency account is appropriated separately in each fund.

For additional statistics and information about the City of Troutdale please refer to the Statistical Section of this report.

## **ECONOMIC CONDITION AND OUTLOOK**

The economy has improved somewhat over the past year with an expected 3% GDP in 2018 following a 2.3% rate in 2017. The recent improvement in consumer sentiment provides some encouragement to the outlook. Corporate profits have continued to climb since November of 2016. Both home prices and unemployment have continued to improve, with auto sales, while export manufacturing is slowing due to a stronger dollar and emerging markets weakness.

The ongoing economic recovery has impacted the Portland metropolitan area with positive but modest job growth during the past year. Both construction activity and business tax collections continue to improve from the 2008 financial crisis levels.

The certified population of Troutdale was recently updated to reflect census results bring total residents to 16,185. Improvement in the new commercial construction from no activity in the prior year and a slight uptick in residential property activity both point to an improving real estate market. There is renewed interest in Troutdale Reynolds Industrial Park (TRIP) site with the addition of the Amazon.com fulfillment center project underway. Building permit revenues for construction in Troutdale increased significantly from prior year, \$1.1 million over budget of additional building permit and plan review revenue which should be followed by continued construction activity in coming year.

The City of Troutdale receives a portion of the business income tax collected by Multnomah County. The tax paid to the County equals 1.45% of net business revenues. The County shares 10% of the collections with the City of Troutdale, City of Gresham, City of Wood Village and City of Fairview. The tax is distributed based on population and assessed values. Troutdale received \$1.2 million in the current year, an increase of \$131,000 or 12%, from the prior year, representing continued local business growth.

The City's location in the Portland metropolitan area provides citizens with many diverse employment opportunities. The unemployment rate for the Portland metropolitan area was 3.8% in June 2018, and has moved down slightly from 3.9% a year prior. The national average of 3.7% with the Oregon State unemployment rate of 4% slightly above.

Troutdale has a diversified economic base. The City is home to one of the Port of Portland's three general aviation airports. The vibrancy of Troutdale is apparent with its easy access to the Port of Portland's international airport and Interstate 84 with two major travel center trucking stops, three motels, one hotel/resort and recreational vehicle park. Troutdale is home to light manufacturing, regional transportation trucking facilities, residential care facilities, factory outlet stores and state of the art shopping centers. A community college and major hospital facility border the south corporate boundary of Troutdale.

Troutdale's strategic location at the eastern edge of the Portland metropolitan area, the western gateway to the Columbia River Gorge National Scenic Area and the Sandy River Recreation Area, allows Troutdale to offer a combination of urban and rural lifestyles to its residents as well as attracting tourists and providing extensive services to commercial travelers.

The City faces longer term financial impact items which include City Hall replacement, Urban Renewal Agency cost, capped property tax increases, increasing health care and retirement costs, and limited acreage for residential development.

See the Management's Discussion and Analysis (MD&A) section for additional discussion of economic factors affecting the City.

## **MAJOR FINANCIAL INITIATIVES**

***Urban Renewal Agency for the City of Troutdale*** – In January 2006 the City Council established the Urban Renewal Agency for the City of Troutdale (Agency). In May 2006 the Troutdale voters approved the Troutdale Riverfront Renewal Plan. The goal of the Agency is to fund public improvements and spur private development in the Troutdale Riverfront area. The goal of the district is to promote the optimum development of the site. In 2018 the Agency purchased real property from Eastwinds Development LLC, to combine with the City owned land that housed the former sewage treatment plant, to undertake environmental remediation and site demolition to prepare the property for redevelopment. The City and Agency entered into a prospective purchaser agreement with the State of Oregon Department of Environmental Quality through Consent Judgment to provide for environmental liability protections for future approved development. The Agency budget appropriation was provided by the City during the 2017-2018 fiscal year and is included as a component unit in the City's financial statements.

***Full Faith and Credit Obligations*** – In order to fund the Agency's real property purchase the City borrowed \$5 million to provide an interfund loan to the Agency. The City is obligated to repay these debts from any available general revenue. Lenders see these debt payments as first priority payments from the General Fund without regard to other City spending considerations. Through an Intergovernmental Government Agreement (IGA) the City loaned the full \$5 million to the Agency to purchase the property and perform site preparation for resale including demolition and environmental cleanup across both properties. The Agency is obligated under the IGA to pay the City from the property sale proceeds, however if the fair reuse value at which the Agency sells the property is less than the costs, there will be inadequate funds to repay the City in full. However, the City will still be required to repay the outstanding Full Faith and Credit obligations at time of the property resale. Additionally, General Fund during the site preparation period, is required to make the annual debt service payments without revenue from the Agency until the property resale, which will impact both the budget and the ending fund balance.

**Police Department Building** – On November 2, 2010 Troutdale voters decided it was a civic priority to construct the proposed Community Police Facility by approving \$7.5 million of dedicated property tax resources through a General Obligation Bond. In conjunction with the IGA for Law Enforcement Services with the MCSO the City also leased the Community Police Facility to Multnomah County beginning in the coming Fiscal Year. The MCSO will operate the Patrol Division from the City facility resulting in increased police presence in the City. Net of landlord operational expense, \$175,000 of rental income was applied to the annual bond payments, and thereby reducing the necessary debt service levy upon City taxpayers.

**City Hall Building** – Addressing the structural and environmental safety issues of the City Hall building is the City's most pressing facility need. Beyond the several current structural issues, the facility lacks the necessary space for current and future needs. The current facility lacks adequate parking for citizens, contractors and staff, and adequate secure records storage space. The building was vacated with operations being distributed to several locations around the City. The City continues to review options for a longer term solution.

## **AWARDS AND ACKNOWLEDGMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Troutdale for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the 28th consecutive year that the City has achieved this prestigious award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report was a combined effort of the dedicated staff in the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. We also acknowledge the efforts of other departments who provided information that helped to make the report far more than a presentation of financial statements.

In closing, we acknowledge the City Council of Troutdale for their continued support and leadership.

Respectfully Submitted,



Erich R. Mueller  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Troutdale  
Oregon**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

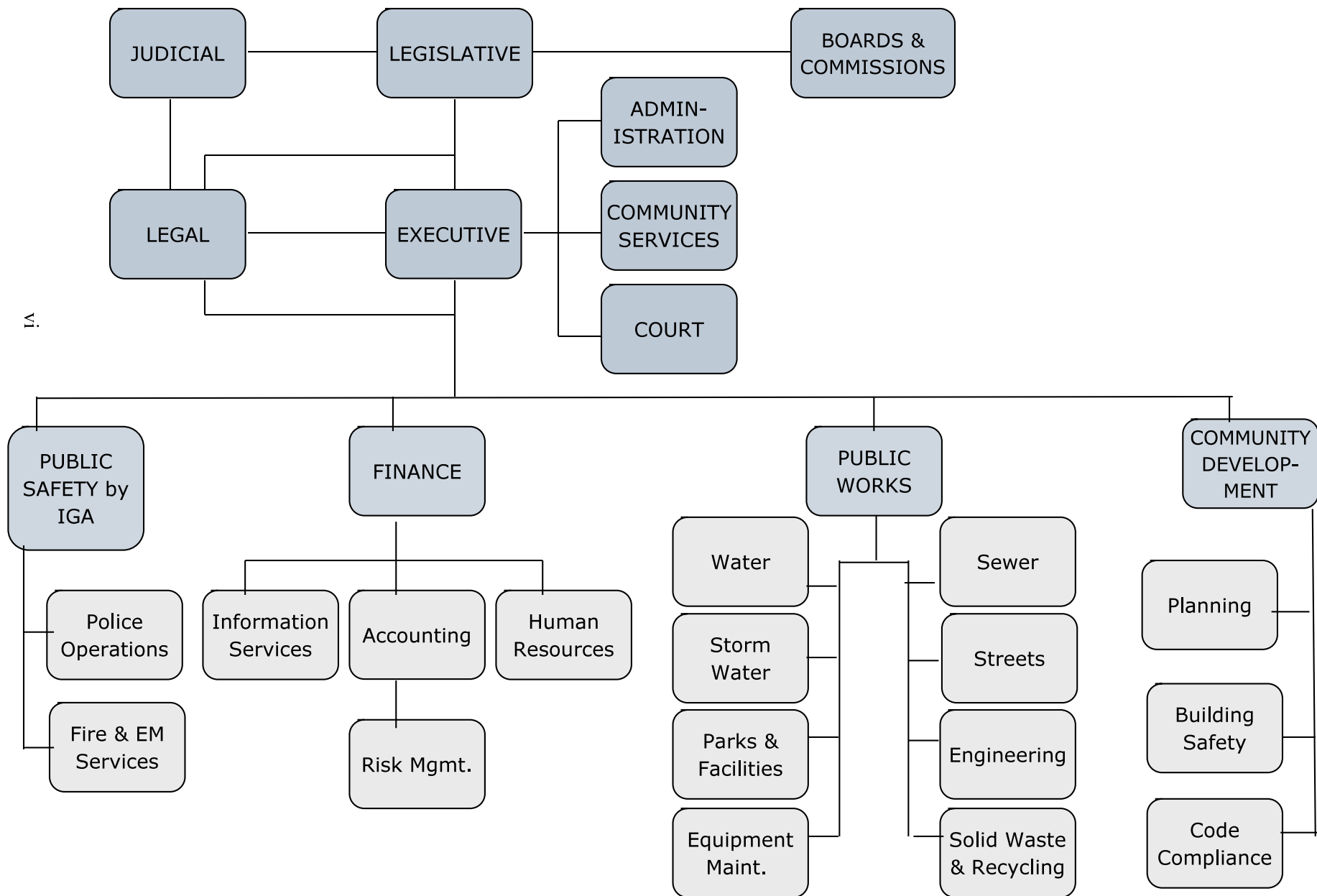
**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

# City of Troutdale

## Organization Chart by Function



## City of Troutdale, Oregon

### PRINCIPAL OFFICIALS AS OF JUNE 30, 2018

#### ELECTED OFFICIALS:

#### Term Expires

##### MAYOR

Casey Ryan

December 31, 2020

##### COUNCIL MEMBERS

David Ripma

December 31, 2018

Randy Lauer

December 31, 2020

Larry Morgan

December 31, 2018

Glenn White

December 31, 2020

Rich Allen

December 31, 2018

Zach Hudson

December 31, 2020

#### APPOINTED OFFICIALS:

##### CITY MANAGER

Ray Young

##### FINANCE DIRECTOR

Erich Mueller

##### LEGAL COUNSEL

Ed Trompke

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All may be reached at:

219 E. Historic Columbia River Hwy  
Troutdale, OR 97060-2078  
(503) 665-5175

## **FINANCIAL SECTION**

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**PAULY, ROGERS, AND Co., P.C.**  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
[www.paulyrogersandcocpas.com](http://www.paulyrogersandcocpas.com)

December 21, 2018

To the Honorable Mayor and  
Members of the City Council  
City of Troutdale, Oregon

## **INDEPENDENT AUDITORS' REPORT**

### **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 Troutdale, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the 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.

### **Auditors' 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 auditors' 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 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 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 Troutdale, as of June 30, 2018, and the respective changes in financial position and budgetary comparisons for the general fund and street fund, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

The City adopted the provisions of GASB Statement No. 75 – Accounting and Financial Reporting for Other Post Employment Benefits Other Than Pensions for the year ended June 30, 2018. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, 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 basic financial statements. The supplementary and other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section, the statistical section, and the other information, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 21, 2018, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in cursive script that reads "Tara M. Kamp, CPA".

Tara M. Kamp, CPA  
PAULY, ROGERS AND CO., P.C.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This narrative provides an overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. It focuses on the year's financial activities, significant changes in the City's financial position, budget changes and variances from the approved budget, as well as economic factors affecting the City. We encourage readers to consider the information presented here in conjunction with the additional information provided in the Letter of Transmittal and the Basic Financial Statements included in this report.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceed its liabilities at the close of the fiscal year by \$62.7 million (*net position*). Of this amount, \$8 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$6.9 million during the year. Due primarily from the delayed capital outlay, effective cost controls, and marginally higher than budgeted revenues, somewhat offset by increase in the deferred outflow of resources and decrease in outflow of resources for net pension liability.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$18.5 million, an increase of \$6.1 million due to reductions in budgeted expenditures. \$7.4 million of the ending fund balance is available to meet the City's ongoing obligations to citizens and creditors. (*unassigned fund balance*).
- At year-end, the unassigned fund balance for the General Fund, net of interfund loans to the URA, was \$5.7 million or 57% of total general fund expenditures during the year. The change in the ending fund balance for the General Fund is attributable to decreased planned capital outlay and reductions in budgeted expenditures.
- The City's capital assets net of depreciation decreased by \$0.1 million due to limited capital outlay, and routine depreciation and equipment disposals. Long-term debt increased by \$3.2 million through scheduled debt payments and new issue of Full Faith and Credit Obligations.

### OVERVIEW OF FINANCIAL STATEMENTS

The City's annual financial report consists of several sections. Taken together they provide a comprehensive financial look at the City. The components of the report include the following:

- **Management's Discussion and Analysis (MD&A).** This section of the report provides financial highlights, overview and economic factors affecting the City. The MD&A is intended to explain the significant changes in financial position and differences in operations between the current and prior years.
- **Basic Financial Statements.** This section consists of government-wide financial statements, fund financial statements and notes to the financial statements. The first several statements are highly condensed and present a government-wide view of the City's

finances. Within this view, all City operations are categorized and reported as either governmental or business-type activities. Governmental activities are principally supported by taxes and intergovernmental revenues while business-type activities recover all or a significant portion of their costs through user fees and charges. Governmental activities include basic services such as public safety, transportation, community development and general government. Business-type activities are water, sewer, storm sewer, and public services. The government-wide statements include the Statement of Net Position and the Statement of Activities.

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the community owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts.
  - The Statement of Activities focuses on gross and net costs of city programs and the extent to which such programs rely upon general tax and other revenues. This Statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
  - Fund financial statements focus separately on major government funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Other Governmental Funds". Budgetary comparison statements are presented for the General Fund and the Street Fund (the sole major special revenue fund). Statements for the City's proprietary funds follow the governmental funds and include net assets, revenues, expenses and changes in fund net position, and cash flow.
  - The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.
- **Supplementary Information.** This section includes combining statements for non-major governmental funds and budgetary comparison schedules.
- Combining Statements. Major funds are included within the Basic Financial Statements, whereas non-major funds are presented here. These statements include balance sheets and statements of revenues, expenditures and changes in fund balances.
  - Budgetary Comparisons. Budgetary information for all funds, except the General Fund and Street Fund, which are presented within the Basic Financial Statements, are presented here.
  - Capital Assets and Other Financial Schedules complete the Financial Section of the report.
- **Statistical Section.** Trend information and demographics.

- **Reports by Independent Certified Public Accountants.** Supplemental communication on city compliance and internal controls as required by Oregon statutes.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Statement of Net Position**

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Table 1 provides a summary of net position at fiscal year-end and is a condensed version of the statement of net position.

**Table 1**  
**City of Troutdale, Oregon**  
**Summary of Net Position**  
**(in millions)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Cash and investments	\$ 18.1	\$ 12.1	\$ 8.0	\$ 6.2	\$ 26.1	\$ 18.3
Other assets	1.3	1.0	0.7	0.7	2.0	1.7
Capital assets	20.1	18.0	31.5	31.4	51.6	49.4
<b>Total assets</b>	<b>39.5</b>	<b>31.1</b>	<b>40.2</b>	<b>38.3</b>	<b>79.7</b>	<b>69.4</b>
Deferred Outflow s of Resource	0.8	2.8	0.3	1.0	1.1	3.8
Other liabilities	0.6	6.9	1.1	3.6	1.7	10.5
Long-term debt outstanding	13.7	6.4	-	-	13.7	6.4
<b>Total liabilities</b>	<b>14.3</b>	<b>13.3</b>	<b>1.1</b>	<b>3.6</b>	<b>15.4</b>	<b>16.9</b>
Deferred Inflow s of Resources	2.0	0.4	0.7	0.2	2.7	0.6
<b>Net Position:</b>						
Net investment in capital assets	8.8	11.3	31.5	30.2	40.3	41.5
Restricted	11.0	7.7	3.3	2.1	14.3	9.8
Unrestricted	4.2	1.2	3.9	3.3	8.1	4.5
<b>Total net position</b>	<b>\$ 24.0</b>	<b>\$ 20.2</b>	<b>\$ 38.7</b>	<b>\$ 35.6</b>	<b>\$ 62.7</b>	<b>\$ 55.8</b>

The City's assets exceeded liabilities by \$62.7 million at the close of the fiscal year, a \$6.9 million increase from the prior year, primarily due to the \$5 million Full Faith and Credit Obligation and the delay in many capital projects and cautious budget expenditures. The majority of the City's net position reflect investment in capital assets (e.g., land, buildings, equipment and infrastructure) less any related outstanding debt used to acquire those assets. Net position invested in capital are non-liquid assets that cannot be used to meet current operating cash flow needs of the City. Investments include buildings and equipment used to provide city services and infrastructure benefiting the community, including roads, curbs and sidewalks, and water, sewer and waste water systems.

Restricted net position are subject to external restrictions on how they may be used. These restricted net position include system development charges (SDC) collected from developers to

pay the cost of infrastructure expansion as needed to meet the demands of population growth, and taxes and other collections limited to repayment of debt. The significant increase in construction activity has generated SDC fees increasing restricted net position.

The remainder of the net position, referred to as unrestricted, may be used to meet the ongoing obligations of the government to citizens and creditors.

## Statement of Activities

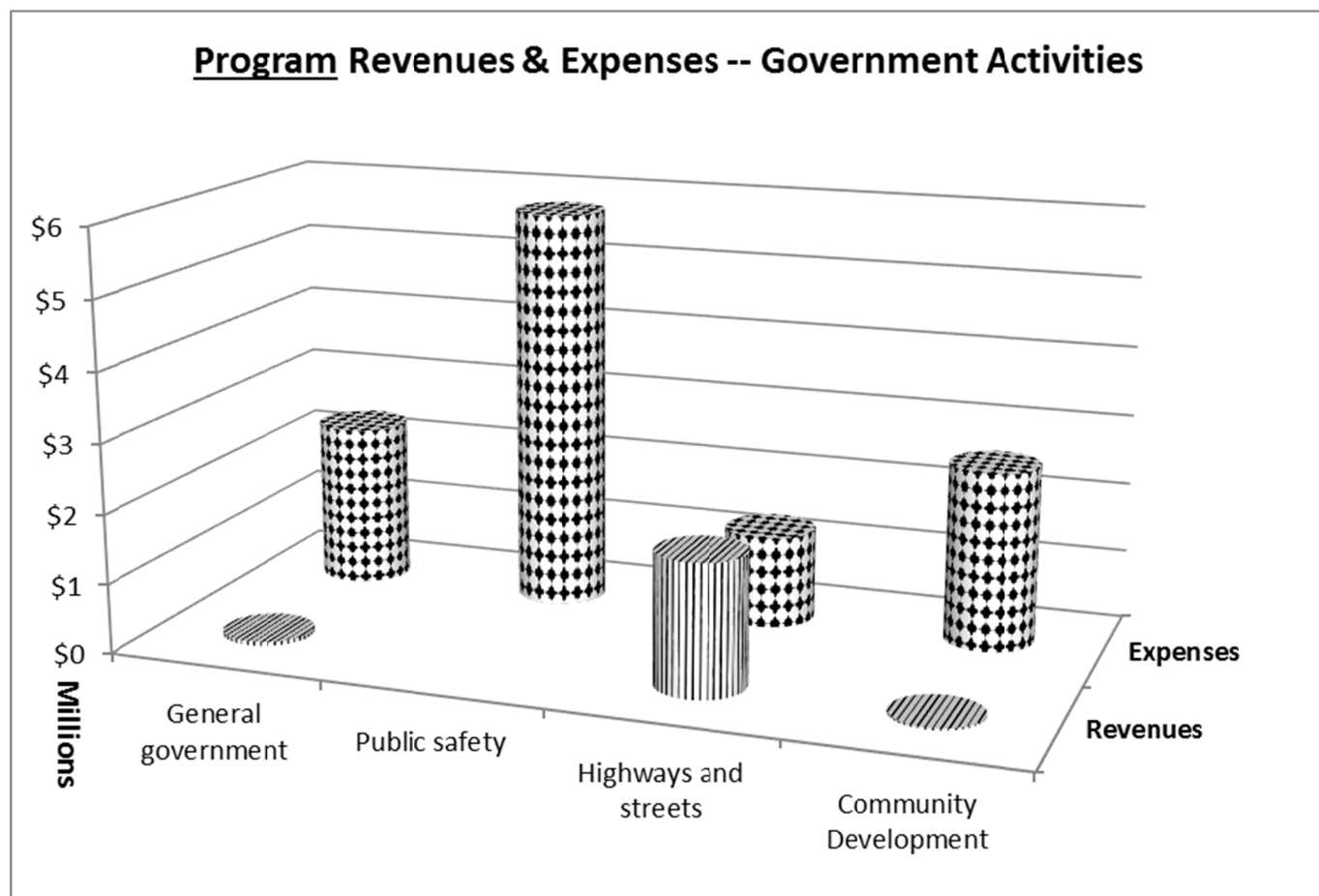
Table 2 provides a summary of the primary sources and uses and the resulting change in net position for the City. The information is condensed from the statement of activities.

**Table 2**  
**City of Troutdale, Oregon**  
**Summary of Changes in Net Position**  
**(in millions)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Revenues:						
Program revenues:						
Charges for services	\$ 0.1	\$ 0.1	\$ 7.5	\$ 6.6	\$ 7.6	\$ 6.7
Operating grants and contributions	1.1	1.0	-	-	1.1	1.0
Capital grants and contributions	0.9	-	1.7	0.1	2.5	0.1
General revenues:						
Property taxes	5.4	5.2	1.1	1.3	6.5	6.5
Franchise and other taxes	4.8	3.7	-	-	4.8	3.7
Other receipts	4.0	4.1	0.1	0.1	4.1	4.2
Total revenues	<u>16.1</u>	<u>14.0</u>	<u>10.3</u>	<u>8.1</u>	<u>26.5</u>	<u>22.2</u>
Expenses:						
General government	2.3	2.4	-	-	2.3	2.4
Public safety	5.8	6.3	-	-	5.8	6.3
Highways and streets	1.3	1.2	-	-	1.3	1.2
Solid waste/recycling	0.0	0.0	-	-	0.0	0.0
Community development	2.6	2.6	-	-	2.6	2.6
Interest on long-term debt	0.0	0.0	-	-	0.0	0.0
Water	-	-	1.8	2.0	1.8	2.0
Sewer	-	-	3.4	3.3	3.4	3.3
Storm sewer	-	-	0.8	0.8	0.8	0.8
Public services	-	-	1.6	1.3	1.6	1.3
Total expenses	<u>12.0</u>	<u>12.4</u>	<u>7.6</u>	<u>7.4</u>	<u>19.7</u>	<u>19.8</u>
Increase (decrease) in net position						
position before Transfers	4.1	1.6	2.7	0.7	6.8	2.4
Transfers	(0.3)	(0.5)	0.3	0.5	0.0	-
Increase (decrease) in net position	3.8	1.1	3.0	1.2	6.8	2.4
Net position, beginning	20.2	19.1	35.6	34.4	55.8	53.5
Net position, ending	<u>\$ 24.0</u>	<u>\$ 20.2</u>	<u>\$ 38.6</u>	<u>\$ 35.6</u>	<u>\$ 62.6</u>	<u>\$ 55.9</u>

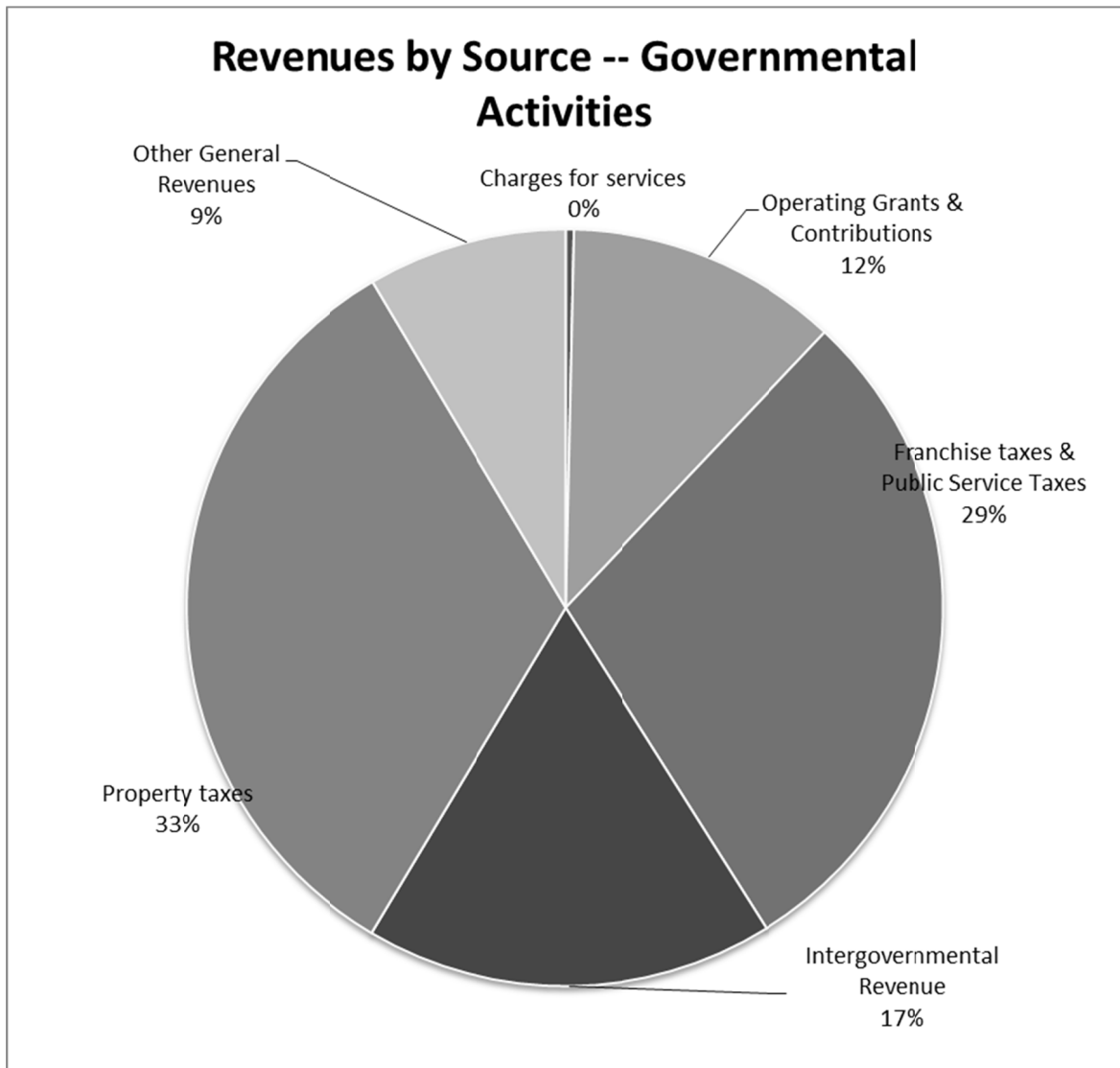
During the fiscal year, the City's total net position increased by \$6.8 million. Business Type activities increased \$3 million and the Governmental activities \$3.8 million increase.

The following graph shows the expenses of each governmental function compared to the program revenues generated specifically from its operations.



General government support services (administration, legal, human resources, financial, and computer information services) generate some revenues but are primarily funded from charges to the direct operating functions they support. The public safety function (police, fire and emergency services) generates program revenues as well, but property taxes and other General Fund revenues fund the majority of its costs. The highways and streets program is responsible for maintenance and construction of transportation systems, with funding provided by gas tax revenues. Community development services include building permit, planning and zoning, parks maintenance, and facilities maintenance functions. The building permit program covers total service costs with user permit fees. The planning and zoning and parks and facilities maintenance functions cover some program costs with user fees, but property taxes and other General Fund revenues fund the majority of their costs.

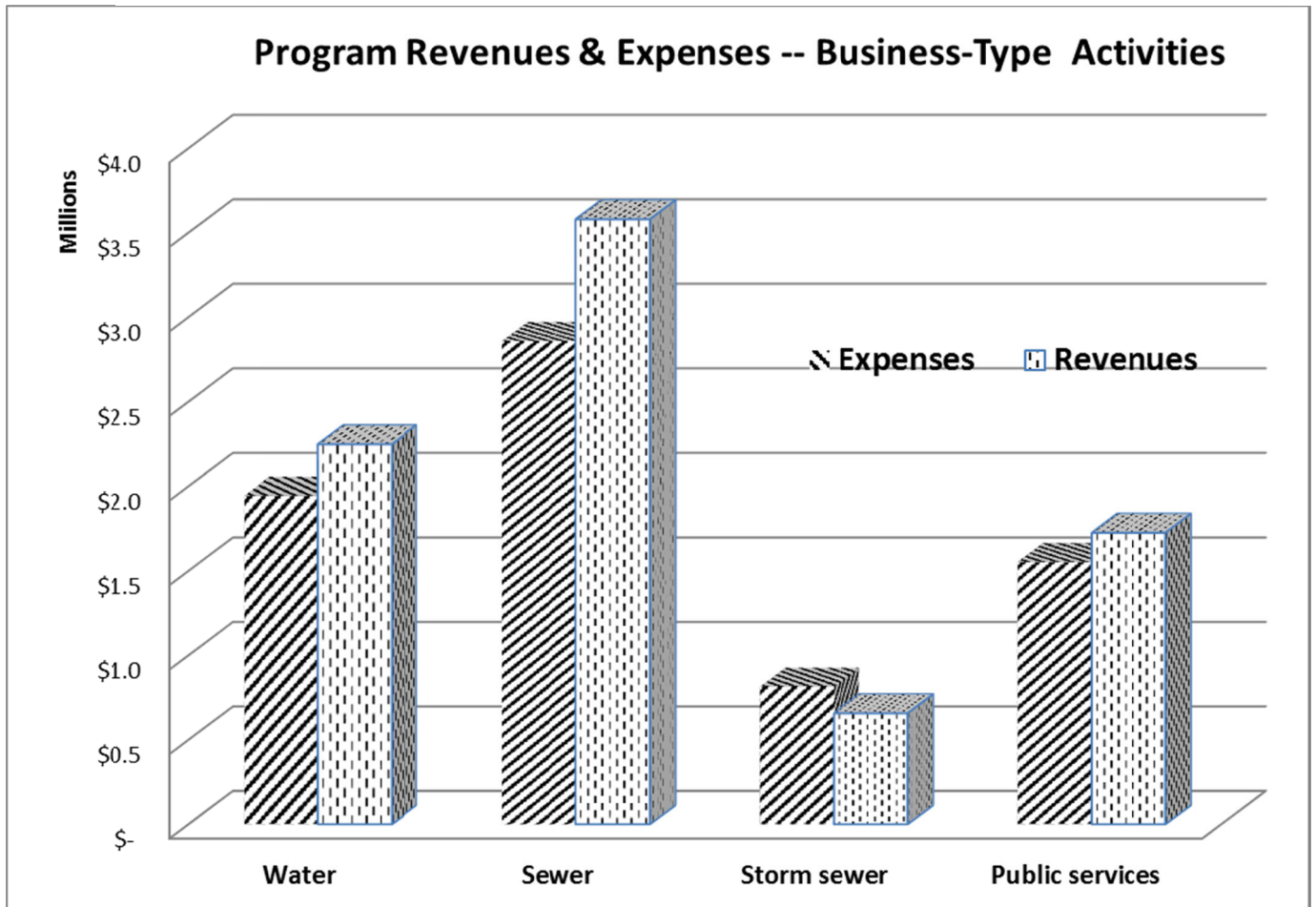
The graph below is a visual representation of the various sources of revenues used to support governmental activities.



Governmental revenues modestly increased from the prior year. The majority of governmental revenues (79%) include property taxes, franchise fees and intergovernmental revenues. Less than 1% of revenues are from user fees and charges for services, with 12% from operating and capital grants and 9% other revenues. The increase in governmental revenues from the continued economic recovery are reflected in County Business Income Tax receipts, State Shared Revenues, and both State and Local gas tax revenue increases over the prior year.

Governmental program expenses were generally level, and decreased by \$1.1 million compared to the prior year due to a delay in planned capital outlay. The increases in governmental expenses occurred with the annual cost of living adjustment and benefits costs attributable to Personnel expenses, and general cost inflation for Materials and Services.

Business-type activities resulted in a \$3 million increase to the City's total net position due primarily to schedule delays in capital projects and increased development revenues. The following graph shows the program revenues and expenses generated by each business-type function.

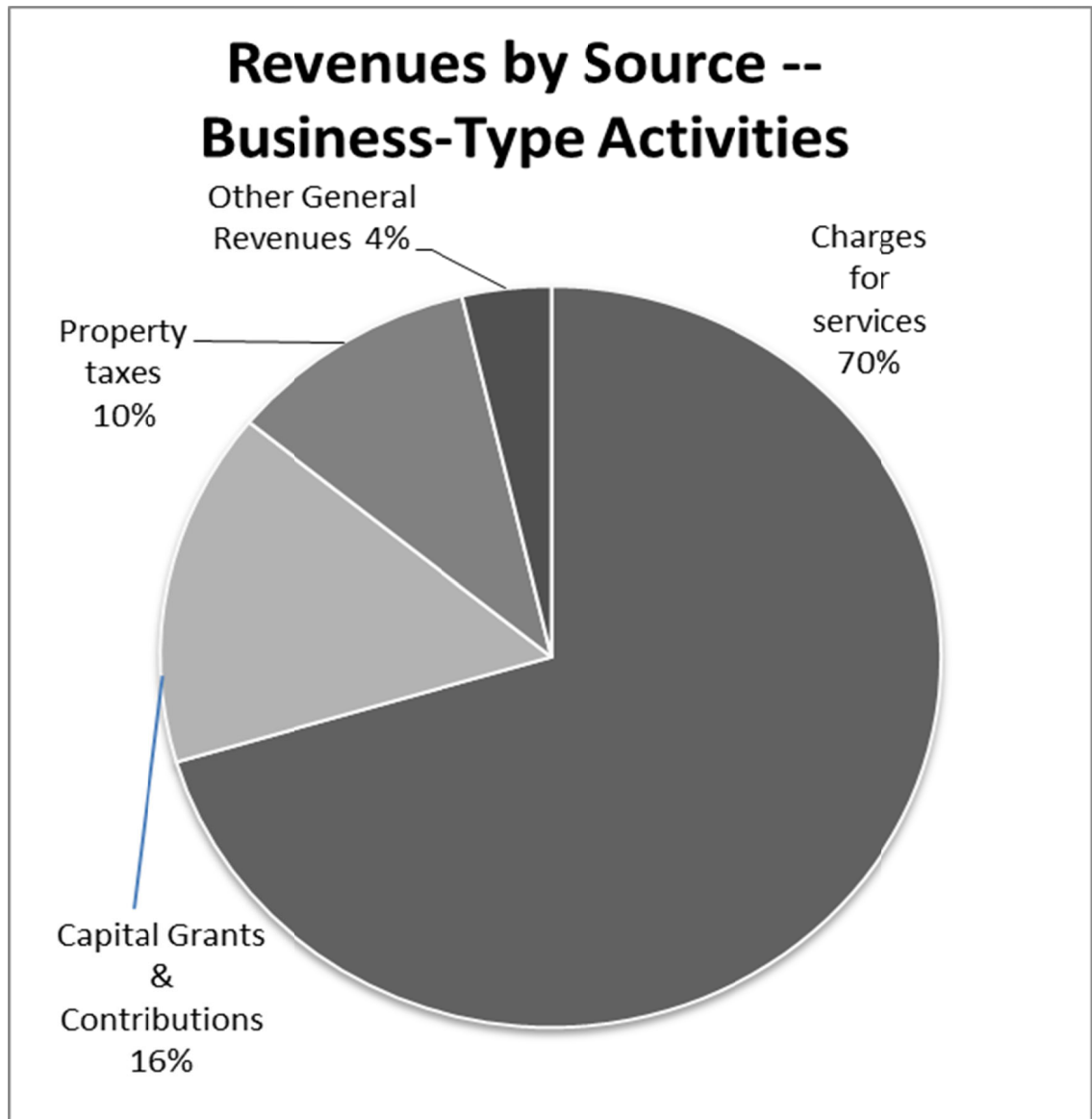


The primary source of revenue for the City operated water, sewer, and storm sewer utilities are customer user fees. Public services (Public Works management and equipment maintenance services) generate some revenues but are primarily funded from charges to the direct utility operating functions they support. Program revenues in excess of expenses represents the increase in net position as shown above.

Total revenues increased \$2.2 million over the prior year due to weather impact upon consumption levels, and the impact of a modest increase of the user rates for water, sewer and storm water systems, and property taxes. Utility systems development charges were significantly above the prior year. Charges collected for system development impact are used to pay the costs of infrastructure expansion as needed to meet the demands of population growth, including debt service on financed infrastructure construction. SDC fees of \$1.6 million resulting from increased overall development and from significant industrial site development including the new Amazon distribution center due to be completed in 2018. Additional significant increase in residential development in the City is in process for 2019.

City utility user fees for water, sewer and storm services increased by \$0.8 million or 17% compared to the prior year. This reflects the user rate increase and increased consumption from both economic and weather conditions, and final removal of the storm water rate cap.

The graph below is a visual representation of the various sources of revenues used to support business-type activities.



The majority of business-type activities revenues are generated from user fees and SDC fees from private developers.

Business-type program expenses increased by \$0.1 million compared to the prior year, primarily due to increased annual cost of living adjustment and benefits costs which were largely offset by decreases from staff turnover in Personnel costs, contract services, and repair and maintenance projects also delayed due to staff turnover in both the Water and Storm Sewer activities.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

Fund balances totaled \$18.5 million at June 30, 2018. A summary of fund balances follows:

**Table 3**  
**City of Troutdale, Oregon**  
**Fund Balances**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change</u>
General Fund	\$ 10,788,736	\$ 5,488,905	\$ 5,299,831
Street Fund	3,346,020	2,155,730	1,190,290
URA Dev Fund	(3,270,209)	(692,230)	(2,577,979)
Other Governmental	7,680,506	5,429,077	2,251,429
Total	<u>\$ 18,545,053</u>	<u>\$ 12,381,482</u>	<u>\$ 6,163,571</u>

The general fund balance increased due to Parks and Facilities Divisions capital project delays, and effective cost controls. The Street Fund deferred maintenance continued combined with construction weather delays, coupled with the increase in both State and Local gas tax revenues, resulted in the balance increase. The voters approved a staged local fuel tax which has brought significant additional revenue to the fund. The Urban Renewal Agency purchased real property and began site demolition and environmental remediation to prepare the property for division and resale for private redevelopment. Other Governmental funds increase reflects development building safety inspection fee revenue from significant construction during the year.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The budgetary statement for the General Fund shows the original budget, final budget and actual revenues, expenditures and transfers in and out for the fiscal year. The City Council approved two supplemental budget resolutions for the transfer of General Fund contingency appropriations authority to various departments within the General Fund and to other funds. The changes are summarized as follows:

- \$5 million to both recognize and appropriate the new Full Faith and Credit (FF&C) Obligations debt proceeds, and to authorize an interfund loan of the proceeds to the Urban Renewal Agency.
- \$125,000 transfer to the debt service fund for the FF&C interest expense.

- A total of \$110,000 budget contingency transfers to various departments and divisions for increased labor costs, legal fees, and consulting services.

Actual revenues for the year were below budgeted amounts by \$255,000 due primarily to couple of budgeted but not obtained grants and loans. The beginning fund balance in the General Fund was \$684,000 million greater than budgeted.

On the expenditure side, operations for all departments were under budget by \$2 million. The major expenditure underspend was from deferred capital outlays, which when combined with controlled spending across all departments, accounted for the overall reduction. Factoring out contingency, budgeted expenditures came in 8.8% under budgeted amounts.

## ***CAPITAL ASSETS AND DEBT ADMINISTRATION***

### **CAPITAL ASSETS**

As of year-end, the City had \$49.3 million (net of accumulated depreciation) invested in capital assets, as reflected in Table 4. More detailed information can be found in the notes to the financial statements.

**Table 4**  
**City of Troutdale, Oregon**  
**Capital Assets**  
**(Net of Depreciation)**  
**(in millions)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Land	\$ 3.5	\$ 3.5	\$ 1.6	\$ 1.8	\$ 5.1	\$ 5.2
Intangible assets	0.0	0.0	0.0	0.0	0.1	0.1
Buildings & improvements	7.7	7.8	1.4	1.3	9.1	9.2
Land improvements	1.3	1.3	0.0	0.1	1.3	1.4
Equipment	0.3	0.3	0.2	0.1	0.5	0.4
Infrastructure	4.7	4.4	28.2	28.2	32.9	32.6
Work in Progress	0.3	0.5	0.0	-	0.3	0.5
Total	<u>\$ 17.8</u>	<u>\$ 17.9</u>	<u>\$ 31.5</u>	<u>\$ 31.4</u>	<u>\$ 49.3</u>	<u>\$ 49.3</u>

Assets for governmental activities, excluding the \$2.4 million Urban Renewal Agency land acquisition, decreased by \$0.1 million resulting from the annual recorded depreciation and minor capital infrastructure dedications as shown above.

Assets for business-type activities increased by \$0.1 million net of depreciation resulting from the routine annual recorded depreciation, minor property disposal, and no significant developer constructed and donated public improvement projects.

Additional information on the City's capital assets can be found in the CAPITAL ASSETS section, pages 26-27, of the Notes to the Basic Financial Statements.

## DEBT OUTSTANDING

Debt outstanding at year-end is summarized in Table 5. As of year-end, the City had \$10.9 million in bonds and notes outstanding. Of that amount, \$0.3 million is due within one year. Total long-term debt increased \$5 million from the newly issued Full Faith and Credit (FF&C) Obligations and decreased from \$1.8 million scheduled principal debt service payments, for a net increase of \$3.2 million. More detailed information can be found in the notes to the financial statements.

**Table 5**  
**City of Troutdale, Oregon**  
**Outstanding Debt**  
**(in millions)**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
C.O.P. Building Loan	\$ -	\$0.1	\$ -	\$ -	\$ -	\$ 0.1
General obligation bond WPCF	-	-	-	1.2	-	1.2
General obligation bond PD	5.9	6.4	-	-	5.9	6.4
Full Faith & Credit Obligations	5.0	-	-	-	5.0	-
Lease payable	-	-	-	-	-	-
Total	<u>\$ 10.9</u>	<u>\$6.5</u>	<u>\$ -</u>	<u>\$ 1.2</u>	<u>\$ 10.9</u>	<u>\$ 7.7</u>

Moody's Investors Service previously rated the City's general obligation bonds as Aa2. In 2018 Moody's Investors Service rated the City's full faith and credit obligations as Aa2. For more detailed information on the City's debt and amortization terms refer to the LONG-TERM DEBT section, pages 28-29 of the Notes to the Basic Financial Statements.

## ECONOMIC FACTORS AND RATES

- The State's property tax regulations set permanent rates and limited growth in existing property values to a maximum of three percent per year. The assessed values for new residential and commercial construction are also adjusted to reflect the growth limitations so they receive the same tax benefit as existing properties. Troutdale's permanent property tax rate is \$3.7652 per \$1,000 of tax-assessed value.
- For past few years the City had been experiencing an average 5.4% rate of growth in property taxes in the years since Fiscal Year 2013-2014 when the assessed value actually decreased 0.88% from the prior year. The prior reporting period property taxes increased 5.8% with the current reporting period increase of 4.6%. The longing seven year tax and appeals court process over the State of Oregon central assessment process for utilities and Comcast Cable recently concluded through a settlement. The

one-time adjustment will reduce the coming Fiscal Year 2018-2019 increase to 0.7% with approximately \$36,000 of property tax revenue increase over the prior year.

- The financial markets and credit crisis resulted in substantial declines in the PERS investment portfolio during 2008 of approximately 28% loss in asset value. Under current legislation, employer contribution rates are set every two years, changing July 1 of the odd numbered year. Employer rates for this reporting period were based on the system's valuation as of December 31, 2015, and reflect the changes from the Legislature's Special Session. The Special Legislative Session actions of 2013 which reduced employer costs were ruled unconstitutional by the State Supreme Court in April 2015. Substantially higher rates for most employers began July 1, 2017, and are expected to increase the City rates four rate points beginning July 1, 2019.
- The Street Fund financial forecast for many year indicated a declining fund balance even at a minimal preservation and maintenance level. To fund the department recommended maintenance cycle, and meet the City's goal of 100% good or better street rating in ten years, an additional \$430,000 is required annually. The City referred a local gas tax ballot measure to the voters, approved the measure. The new tax 3 year phase in was completed January 2018, with coming Fiscal Year 2018-2019 the first at the full rate. The new revenue has narrowed the funding gap for necessary street maintenance.
- The City entered into an Intergovernmental Agreement (IGA) with Multnomah County for the Multnomah County Sheriff's Office (MCSO) to provide law enforcement services in the City. This period was the third year of the new 10 year IGA and has saved the City an estimated \$2.1 million to date over the previous solo City operated department costs. Future annual cost escalation formula which includes an average of CPI and labor cost increases over the preceding year through the expiration.
- The American Federation of State, County and Municipal Employees (AFSCME) union collective bargaining agreement will be in the final year of the three year contract term. The AFSCME union contract provides a 3% cost of living adjustment (COLA) increase each year of the agreement.

Continuing to loom on the horizon is the growing disconnect between what the constrained property tax system in Oregon can provide, and the expected level of government services. With labor, health care, pension, and energy costs all increasing at higher than the maximum 3% annual assessed value increase, property taxes cannot sustain government service at the current levels.

Additional information about the operating issues discussed above can be found in the Letter of Transmittal under the heading, "Economic Condition and Outlook".

### ***REQUESTS FOR INFORMATION***

The City's financial statements are designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about the report or need additional financial information, please contact the City's Finance Director at City Hall, 219 E. Historic Columbia River Hwy, Troutdale, Oregon 97060-2078.

# **BASIC FINANCIAL STATEMENTS**

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**CITY OF TROUTDALE, OREGON**

**Statement of Net Position**

*June 30, 2018*

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 10,539,243	\$ 4,688,945	\$ 15,228,188
Accounts receivable, net	859,023	603,863	1,462,886
Property taxes receivable	295,496	74,973	370,469
Prepaid expenses	8,075	-	8,075
Inventories	14,366	44,446	58,812
Restricted cash and investments	7,566,461	3,288,474	10,854,935
Capital assets:			
Nondepreciable	6,168,571	1,691,261	7,859,832
Depreciable, net	14,012,425	29,845,672	43,858,097
Total assets	<u>39,463,660</u>	<u>40,237,634</u>	<u>79,701,294</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferral	792,581	293,146	1,085,727
OPEB related deferral	14,479	-	14,479
Total deferred outflows of resources	<u>807,060</u>	<u>293,146</u>	<u>1,100,206</u>
<b>LIABILITIES</b>			
Accounts payable	300,768	289,311	590,079
Accrued payroll	158,797	-	158,797
Deposits	5,750	10,886	16,636
Interest payable	34,578	-	34,578
Unearned revenue	3,500	-	3,500
Noncurrent liabilities:			
<i>Due within one year</i>			
Current portion of long-term debt	307,259	-	307,259
Accrued compensated absences - current	30,677	14,361	45,038
<i>Due in more than one year</i>			
Net Pension liability	1,987,751	735,195	2,722,946
Total OPEB liability	207,616	-	207,616
Accrued compensated absences - long term	122,710	57,443	180,153
Noncurrent portion of long-term debt	11,106,551	-	11,106,551
Total liabilities	<u>14,265,957</u>	<u>1,107,196</u>	<u>15,373,153</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related deferral	1,964,862	726,730	2,691,592
OPEB related deferral	9,392	-	9,392
Total deferred inflows of resources	<u>1,974,254</u>	<u>726,730</u>	<u>2,700,984</u>
<b>NET POSITION</b>			
Net investment in capital assets	8,767,186	31,536,933	40,304,119
Restricted			
Capital Projects	9,935,370	3,288,474	13,223,844
Debt Service	1,156,042	-	1,156,042
Unrestricted	4,171,911	3,871,447	8,043,358
Total net position	<u>\$ 24,030,509</u>	<u>\$ 38,696,854</u>	<u>\$ 62,727,363</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF TROUTDALE, OREGON**  
**Statement of Activities**  
*For the Year Ended June 30, 2018*

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 2,344,521	\$ 57,058	\$ -	\$ -	\$ (2,287,463)	\$ -	\$ (2,287,463)
Public safety	5,767,448	-	-	-	(5,767,448)	-	(5,767,448)
Highway and Streets	1,319,285	-	1,051,943	840,435	573,093	-	573,093
Solid waste/recycling	14,408	-	-	-	(14,408)	-	(14,408)
Community development	2,565,323	-	-	25,000	(2,540,323)	-	(2,540,323)
Interest on long-term debt	37,488	-	-	-	(37,488)	-	(37,488)
Total governmental activities	12,048,473	57,058	1,051,943	865,435	(10,074,037)	-	(10,074,037)
Business-type activities:							
Water	1,837,104	2,105,320	-	83,259	-	351,475	351,475
Sewer	3,446,285	3,087,338	-	512,880	-	153,933	153,933
Storm sewer	813,068	618,967	-	1,058,359	-	864,258	864,258
Public services	1,552,103	1,714,483	-	-	-	162,380	162,380
Total business type activities	7,648,560	7,526,108	-	1,654,498	-	1,532,046	1,532,046
Total government	\$ 19,697,033	\$ 7,583,166	\$ 1,051,943	\$ 2,519,933	(10,074,037)	1,532,046	(8,541,991)
General revenues:							
Taxes							
Property taxes					5,417,849	1,115,233	6,533,082
Franchise taxes					1,397,703	-	1,397,703
Public service taxes					3,378,081	-	3,378,081
Interest and investment earnings					258,228	142,071	400,299
Other revenues					4,003,205	(91,408)	3,911,797
Transfers					(340,000)	340,000	-
Total general revenues and transfers					14,115,066	1,505,896	15,620,962
Change in net position					4,041,029	3,037,942	7,078,971
Net position - beginning - restated					19,989,480	35,658,912	55,648,392
Net position - ending					\$ 24,030,509	\$ 38,696,854	\$ 62,727,363

The notes to the financial statements are an integral part of this statement.

# **FUND FINANCIAL STATEMENTS**

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## **Major Governmental Funds**

### ***General Fund***

This fund accounts for the financial operations of the City which are not accounted for in any other fund. Principal sources of revenues are property taxes, state shared revenues, franchise fees and recovered expenditures. Primary expenditures in the general fund are made for police protection, community development, and general development.

### ***Street Fund***

This fund accounts for revenues from gasoline tax apportionments from the State of Oregon that are used for the repair and maintenance associated with streets.

### ***URA Riverfront Development Fund***

This fund accounts for the operations of the urban renewal agency. Primary resources are property taxes.

**CITY OF TROUTDALE, OREGON**  
**Governmental Funds**  
**Balance Sheet**  
*June 30, 2018*

	<u>General Fund</u>	<u>Street Fund</u>	<u>URA Riverfront Development</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
<b>ASSETS</b>					
Cash and investments	\$ 5,402,790	\$ 3,090,701	\$ 3,017,799	\$ 6,594,414	\$ 18,105,704
Accounts receivable	553,539	273,961	-	31,523	859,023
Property taxes receivable	288,068	-	-	7,428	295,496
Prepaid items	8,075	-	-	-	8,075
Interfund loan	5,200,000	-	-	167,500	5,367,500
Inventory	608	13,758	-	-	14,366
Due from	-	-	-	1,068,685	1,068,685
Total assets	<u>\$ 11,453,080</u>	<u>\$ 3,378,420</u>	<u>\$ 3,017,799</u>	<u>\$ 7,869,550</u>	<u>\$ 25,718,849</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 183,963	\$ 32,400	\$ 19,323	\$ 65,082	\$ 300,768
Payroll liabilities	158,797	-	-	-	158,797
Deposits	1,000	-	-	4,750	5,750
Unearned Revenue	3,500	-	-	-	3,500
Interfund loan	55,000	-	5,200,000	112,500	5,367,500
Due to	-	-	1,068,685	-	1,068,685
Total liabilities	<u>402,260</u>	<u>32,400</u>	<u>6,288,008</u>	<u>182,332</u>	<u>6,905,000</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Taxes	<u>262,084</u>	<u>-</u>	<u>-</u>	<u>6,712</u>	<u>268,796</u>
<b>FUND BALANCES</b>					
Nonspendable	8,683	13,758	-	-	22,441
Restricted	-	3,332,262	-	7,759,150	11,091,412
Unassigned	<u>10,780,053</u>	<u>-</u>	<u>(3,270,209)</u>	<u>(78,644)</u>	<u>7,431,200</u>
Total fund balances	<u>10,788,736</u>	<u>3,346,020</u>	<u>(3,270,209)</u>	<u>7,680,506</u>	<u>18,545,053</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,453,080</u>	<u>\$ 3,378,420</u>	<u>\$ 3,017,799</u>	<u>\$ 7,869,550</u>	<u>\$ 25,718,849</u>
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					20,180,996
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:					
Property taxes earned but unavailable					268,796
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.					(153,387)
The net pension liability and the total OPEB liability and deferred inflows and outflows related to the net pension asset is the difference between the total pension liability and assets set aside to pay benefits earned to past and current employees and beneficiaries					
Net pension liability					(1,987,751)
Deferred inflows and deferred outflows					(1,172,281)
Total OPEB liability					(207,616)
Deferred inflows and deferred outflows					5,087
All long term liabilities are reported in the Statement of Net Position whereas in governmental funds, long term liabilities are not due and payable in the current period and are not reported					
Interest payable					(34,578)
Bond payable					(11,175,000)
Capital lease payable					(5,758)
Post-closure cost care					(207,471)
Bond premium					(25,581)
Net Position of Governmental Activities					<u>\$ 24,030,509</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF TROUTDALE, OREGON**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
*For the Year Ended June 30, 2018*

	General Fund	Street Fund	URA Riverfront Development	Other Governmental	Total Governmental
<b>REVENUES</b>					
Intergovernmental	\$ 1,714,744	\$ 1,041,588	\$ 3,061	\$ 107,917	\$ 2,867,310
Charges for services	9,143	-	-	865,435	874,578
Property taxes	5,313,435	-	-	158,721	5,472,156
Franchise	1,202,886	-	-	194,817	1,397,703
Licenses and permits	47,915	-	-	1,694,986	1,742,901
Fines and forfeitures	235,011	-	-	-	235,011
Interest	103,466	40,698	17,597	96,467	258,228
Miscellaneous	1,603,664	385,004	-	12,074	2,000,742
Hotel/motel transient tax	724,912	-	-	-	724,912
Fuel tax	-	836,214	-	-	836,214
Solid waste tax	74,054	-	-	-	74,054
Total revenues	<u>11,029,230</u>	<u>2,303,504</u>	<u>20,658</u>	<u>3,130,417</u>	<u>16,483,809</u>
<b>EXPENDITURES</b>					
Current:					
General government	2,542,026	-	-	-	2,542,026
Public safety	5,552,528	-	-	-	5,552,528
Highway and Streets	-	1,001,291	-	-	1,001,291
Solid waste/recycling	14,297	-	-	-	14,297
Community development	1,531,366	-	191,830	651,340	2,374,536
Capital outlay	493,058	111,923	2,406,807	300,442	3,312,230
Debt service:					
Principal	-	-	-	141,518	141,518
Interest	-	-	-	41,812	41,812
Total expenditures	<u>10,133,275</u>	<u>1,113,214</u>	<u>2,598,637</u>	<u>1,135,112</u>	<u>14,980,238</u>
Excess (deficiency) of revenues over (under) expenditures	895,955	1,190,290	(2,577,979)	1,995,305	1,503,571
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	876	-	-	257,000	257,876
Transfers out	(597,000)	-	-	(876)	(597,876)
Issuance of debt	5,000,000	-	-	-	5,000,000
Total other financing sources (uses)	<u>4,403,876</u>	<u>-</u>	<u>-</u>	<u>256,124</u>	<u>4,660,000</u>
Net change in fund balance	5,299,831	1,190,290	(2,577,979)	2,251,429	6,163,571
FUND BALANCES, BEGINNING	<u>5,488,905</u>	<u>2,155,730</u>	<u>(692,230)</u>	<u>5,429,077</u>	<u>12,381,482</u>
FUND BALANCES, ENDING	<u>\$ 10,788,736</u>	<u>\$ 3,346,020</u>	<u>\$ (3,270,209)</u>	<u>\$ 7,680,506</u>	<u>\$ 18,545,053</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF TROUTDALE, OREGON**  
**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, 2018*

Net change in fund balances - total governmental funds	\$	6,163,571
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*Amounts reported for governmental activities in the  
Statement of Activities are different because:*

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital asset additions	\$ 2,960,015		
Loss on disposal	(905)		
Less current year depreciation	<u>(722,173)</u>		2,236,937

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds

Property taxes		(54,307)
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Loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. The repayment of the principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which proceeds exceeded repayments.

Principal payments	403,000		
Bond premium amort	3,283		
Bond discount	17,100		
Landfill post-closure cost care	11,250		
Debt issuance proceeds	(5,000,000)		
Capital lease payments	<u>10,194</u>		(4,555,173)

The pension expense and the changes in deferred inflows and outflows related to the net pension liability represents the changes in net pension liability from year to year due to changes in total pension liability and the fair value of pension plan net position to pay pension benefits.

272,411

The OPEB expense and the changes in deferred inflows and outflows related to the total OPEB liability represents the changes in the total OPEB liability from year to year due to changes in total pension liability and the fair value of the OPEB plan net position to pay pension benefits.

14,868

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	(24,502)		
Accrued interest expense	<u>(12,776)</u>		<u>(37,278)</u>

Change in net position of governmental activities	\$	<u><u>4,041,029</u></u>
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The notes to the financial statements are an integral part of this statement.

**CITY OF TROUTDALE, OREGON  
GENERAL FUND**

**For the Year Ended June 30, 2018**

**REVENUES:**

Current:

### Loan Proceeds

**FUND BALANCE, ENDING**

### Interfund loan transactions

GAAP Fund Balance

-10-

**CITY OF TROUTDALE, OREGON**  
**STREET FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2018**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Intergovernmental	\$ 940,075	\$ 940,075	\$ 1,041,588	\$ 101,513
Charges for services	300	300	-	(300)
Fuel Tax	360,000	360,000	836,214	476,214
Interest	5,000	5,000	40,698	35,698
Miscellaneous	5,000,700	5,000,700	385,004	(4,615,696)
Total revenues	6,306,075	6,306,075	2,303,504	(4,002,571)
<b>EXPENDITURES:</b>				
Personnel services	173,169	173,169	157,516	15,653
Materials and services	1,306,100	1,306,100	843,775	462,325
Capital outlay	5,327,900	5,327,900	111,923	5,215,977
Contingency	500,000	500,000	-	500,000
Total expenditures	7,307,169	7,307,169	1,113,214	6,193,955
Net changes in fund balances	(1,001,094)	(1,001,094)	1,190,290	2,191,384
<b>FUND BALANCES, BEGINNING</b>	1,489,865	1,489,865	2,155,730	665,865
<b>FUND BALANCES, ENDING</b>	\$ 488,771	\$ 488,771	\$ 3,346,020	\$ 2,857,249

The notes to the financial statements are an integral part of this statement.

# **FUND FINANCIAL STATEMENTS**

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## **Proprietary Funds**

The City of Troutdale utilizes four Proprietary Funds. These funds are used to account for acquisition, operation, and maintenance of the water, sewer, and storm sewer facilities and the cost of public works management and operating automotive and other equipment used by public works. These funds are entirely or predominantly self-supported through user charges to customer. Funds included are:

### ***Water***

### ***Sewer***

### ***Storm Sewer***

### ***Public Services***

For budgetary purposes (see budget schedules in the Supplemental Information section), the Water, Sewer, and Storm Sewer funds are accounted in the following separate funds:

### ***Water***

Water Fund

Water Improvement Fund

### ***Sewer***

Sewer Fund

Debt Service Fund (business-type activity portion)

Sewer Improvement Fund

### ***Storm Sewer***

Storm Sewer Improvement Fund

Storm Sewer Utility Fund

For generally accepted accounting principles purposes, these aforementioned funds and the Public Services Fund are consolidated and included as four Enterprise Funds.

**CITY OF TROUTDALE, OREGON**  
**Proprietary Funds**  
**Statement of Net Position**  
*June 30, 2018*

**Business-type Activities - Enterprise Funds**

	<b>Water</b>	<b>Sewer</b>	<b>Storm Sewer</b>	<b>Public Services</b>	<b>Totals</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 1,210,321	\$ 2,676,878	\$ 143,641	\$ 658,105	\$ 4,688,945
Accounts receivables, net	228,222	315,032	60,609	-	603,863
Inventories	44,446	-	-	-	44,446
Property taxes receivable	-	74,973	-	-	74,973
Total current assets	<u>1,482,989</u>	<u>3,066,883</u>	<u>204,250</u>	<u>658,105</u>	<u>5,412,227</u>
Noncurrent assets:					
Restricted cash and cash equivalents	146,330	756,717	2,385,427	-	3,288,474
Capital assets not being depreciated	237,890	1,450,300	3,071	-	1,691,261
Capital assets being depreciated, net	7,788,502	16,858,902	5,198,268	-	29,845,672
Total noncurrent assets	<u>8,172,722</u>	<u>19,065,919</u>	<u>7,586,766</u>	<u>-</u>	<u>34,825,407</u>
Total assets	<u>9,655,711</u>	<u>22,132,802</u>	<u>7,791,016</u>	<u>658,105</u>	<u>40,237,634</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related deferral	<u>119,430</u>	<u>119,430</u>	<u>54,286</u>	<u>-</u>	<u>293,146</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	229,433	26,081	7,296	26,501	289,311
Accrued compensated absences - current	3,961	6,988	3,412	-	14,361
Deposits	10,886	-	-	-	10,886
Total current liabilities	<u>244,280</u>	<u>33,069</u>	<u>10,708</u>	<u>26,501</u>	<u>314,558</u>
Noncurrent liabilities:					
Net pension liability	299,524	299,524	136,147	-	735,195
Accrued compensated absences	15,843	27,951	13,649	-	57,443
Total liabilities	<u>559,647</u>	<u>360,544</u>	<u>160,504</u>	<u>26,501</u>	<u>1,107,196</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Net deferred pension asset	<u>296,075</u>	<u>296,075</u>	<u>134,580</u>	<u>-</u>	<u>726,730</u>
<b>NET POSITION</b>					
Net investment in capital assets	8,026,392	18,309,202	5,201,339	-	31,536,933
Restricted for infrastructure expansion	146,330	756,717	2,385,427	-	3,288,474
Unrestricted	746,697	2,529,694	(36,548)	631,604	3,871,447
Total net position	<u>\$ 8,919,419</u>	<u>\$ 21,595,613</u>	<u>\$ 7,550,218</u>	<u>\$ 631,604</u>	<u>\$ 38,696,854</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF TROUTDALE, OREGON**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
*For the Year Ended June 30, 2018*

**Business-type Activities - Enterprise Funds**

	<b>Water</b>	<b>Sewer</b>	<b>Storm Sewer</b>	<b>Public Services</b>	<b>Totals</b>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 2,105,320	\$ 3,087,338	\$ 618,967	\$ 1,662,625	\$ 7,474,250
Licenses & permits	-	-	-	51,858	51,858
Total operating revenues	<u>2,105,320</u>	<u>3,087,338</u>	<u>618,967</u>	<u>1,714,483</u>	<u>7,526,108</u>
<b>OPERATING EXPENSES</b>					
Personal services	352,394	468,194	153,962	969,101	1,943,651
Depreciation	429,847	584,722	260,136	-	1,274,705
Contractual services	179,675	153,212	324,316	186,557	843,760
Utilities	445,329	582,115	1,300	43,196	1,071,940
Repairs and maintenance	223,437	390,324	42,147	39,389	695,297
Other operating expenses	312,812	679,646	31,207	313,860	1,337,525
Total operating expenses	<u>1,943,494</u>	<u>2,858,213</u>	<u>813,068</u>	<u>1,552,103</u>	<u>7,166,878</u>
Operating income (loss)	<u>161,826</u>	<u>229,125</u>	<u>(194,101)</u>	<u>162,380</u>	<u>359,230</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment revenue	33,375	59,279	38,215	11,202	142,071
Interest expense	-	(588,072)	-	-	(588,072)
Miscellaneous	2,907	(94,326)	-	11	(91,408)
Intergovernmental	106,390	-	-	-	106,390
Property taxes	-	1,115,233	-	-	1,115,233
Total nonoperating revenues (expenses)	<u>142,672</u>	<u>492,114</u>	<u>38,215</u>	<u>11,213</u>	<u>684,214</u>
Income (loss) before contributions and transfers	304,498	721,239	(155,886)	173,593	1,043,444
Capital Contributions	83,259	512,880	1,058,359	-	1,654,498
Transfers In	-	534,632	165,000	-	699,632
Transfers Out	-	(359,632)	-	-	(359,632)
Total	<u>83,259</u>	<u>687,880</u>	<u>1,223,359</u>	<u>-</u>	<u>1,994,498</u>
Increase (decrease) in net position	387,757	1,409,119	1,067,473	173,593	3,037,942
Net position - beginning	<u>8,531,662</u>	<u>20,186,494</u>	<u>6,482,745</u>	<u>458,011</u>	<u>35,658,912</u>
Net position - ending	<u>\$ 8,919,419</u>	<u>\$ 21,595,613</u>	<u>\$ 7,550,218</u>	<u>\$ 631,604</u>	<u>\$ 38,696,854</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF TROUTDALE, OREGON**  
**Proprietary Funds**  
**Statement of Cash Flows**  
*For the Year Ended June 30, 2018*

	<b>Business-type Activities - Enterprise Funds</b>				
	<b>Water</b>	<b>Sewer</b>	<b>Storm Sewer</b>	<b>Public Services</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 2,082,092	\$ 3,096,957	\$ 598,809	\$ 1,714,483	\$ 7,492,341
Payments to employees	(389,344)	(511,887)	(167,987)	(969,101)	(2,038,319)
Payments to suppliers	(981,712)	(1,802,157)	(412,692)	(575,499)	(3,772,060)
Net cash provided (used) by operating activities	711,036	782,913	18,130	169,883	1,681,962
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital contribution	83,259	512,880	1,058,359	-	1,654,498
Purchases of capital assets	(620,268)	47,445	(803,562)	-	(1,376,385)
Property taxes	-	1,115,233	-	-	1,115,233
Principal paid on capital debt	-	(1,220,853)	-	-	(1,220,853)
Interest paid on capital debt	-	(592,132)	-	-	(592,132)
Intergovernmental	109,297	(94,326)	-	-	14,971
Net cash provided (used) by capital and related financing activities	(427,712)	(231,753)	254,797	-	(404,668)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers	-	175,000	165,000	-	340,000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	33,375	59,279	38,215	11,213	142,082
Net increase in cash and cash equivalents	316,699	785,439	476,142	181,096	1,759,376
Balances - beginning of the year	1,039,952	2,648,156	2,052,926	477,009	6,218,043
Balances - end of the year	\$ 1,356,651	\$ 3,433,595	\$ 2,529,068	\$ 658,105	\$ 7,977,419
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating Income	\$ 161,826	\$ 229,125	\$ (194,101)	\$ 162,380	\$ 359,230
Adjustments to reconcile operating income to net cash provided by operating activities:					
Cash flows reported in other categories:					
Depreciation expense	429,847	584,722	260,136	-	1,274,705
Change in assets and liabilities:					
Accounts receivable	(32,228)	9,619	(20,158)	-	(42,767)
Inventories	4,197	-	-	-	4,197
Accounts payable	175,344	3,140	(13,722)	7,503	172,265
Accrued compensated absences	4,099	(2,644)	4,633	-	6,088
Pension related accounts	(41,049)	(41,049)	(18,658)	-	(100,756)
Deposits	9,000	-	-	-	9,000
Net cash provided by operating activities	\$ 711,036	\$ 782,913	\$ 18,130	\$ 169,883	\$ 1,681,962

The notes to the financial statements are an integral part of this statement.

**NOTES TO  
BASIC FINANCIAL STATEMENTS**

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## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP statements require the application of all relevant Governmental Accounting Standards Board (GASB) pronouncements. The financial statements have incorporated all applicable GASB pronouncements.

### **REPORTING ENTITY**

The City of Troutdale, Oregon is a municipal corporation, incorporated on October 2, 1907. The City operates under a Council-Manager form of government as amended by the voters in 2010. The governing body consists of six elected council members and a mayor. The mayor and council members are each elected to serve a four-year term. All are part-time elected officials who exercise the legislative powers of the City and determine matters of policy. The City Manager, a full-time appointed official, administers policies and coordinates the activities of the City. The heads of the various departments, formed to provide services, are under the direct supervision of the City Manager.

Accounting principles generally accepted in the United States of America require that these financial statements present the City of Troutdale (the primary government) and all component units, if any. Component units, as established by the Government Accounting Standards Board (GASB) Statement No. 14, 39, 61, are separate organizations that are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

The Urban Renewal Agency (Agency) of the City of Troutdale was created by City Council Ordinance pursuant to Oregon Revised Statute (ORS) 457.035 in January of 2006. The Troutdale Riverfront Renewal Plan (Plan) obtained voter approval in May 2006, and the Plan was assigned to the Agency to implement. The Agency is a legally separate entity which is governed by a board comprised of the members of the City Council as stipulated by the Agency's bylaws, and operational management of the Agency's activities is performed by City Management. The City Council has the ability to impose its will on the Agency as determined on the basis of budget adoption, taxation authority, and funding for the Agency. The Plan duration was originally approved for 10 years, which was extended an additional 10 years, with the up to a total of \$7 million in principal indebtedness limit unchanged. The Agency is presented as a blended component unit within the governmental funds.

### **BASIC FINANCIAL STATEMENTS**

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

*Government-wide financial statements* display information about the reporting government as a whole. These statements focus on the sustainability as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

CITY OF TROUTDALE, OREGON  
Notes to Basic Financial Statements  
June 30, 2018

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The *Statement of Net Position* presents information on all of the assets and liabilities, with the difference between the two reported as *net position*.

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

*Fund financial statements* display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and detailed in the supplementary information.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include charges between the business-type activities/enterprise funds and the General Fund. Charges are allocated as reimbursement for services provided by the General Fund in support of those functions based on levels or service provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These charges are included in direct program expenses.

### **Basis of Presentation**

The financial transactions are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

There are stated minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and proprietary combined) for the determination of major funds. Non-major funds are combined in a column in the fund financial statements titled "Other Governmental" and detailed in the combining section.

There are the following major governmental funds:

- ***General Fund***  
This is the primary operating fund. It accounts for all financial operations, except those required to be accounted for in another fund. Principal sources of revenues are property taxes, licenses and permits, state and county shared revenues, franchise fees and charges for administrative services from other funds. Primary expenditures in the general fund are made for public safety (police and fire), community development, and general government.
- ***Street Fund***  
This fund accounts for the State of Oregon gasoline taxes. The state gasoline taxes are restricted for expenditures under Article XI, Section 3 of the Oregon Constitution for construction, maintenance and repair of streets, roads and bike and foot paths.

CITY OF TROUTDALE, OREGON  
Notes to Basic Financial Statements  
June 30, 2018

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- *URA Riverfront Development Fund*  
This fund accounts for the general operations of the urban renewal agency. Primary resources are property taxes.

Additionally, there are the following non-major funds within the governmental fund type.

- *Special Revenue Funds*  
These funds account for revenues from specific taxes or ear-marked revenues that are legally restricted to expenditures for specific purposes.
- *Debt Service Funds*  
These funds account for the accumulation of resources and payment of bond principal and interest.
- *Capital Projects Funds*  
These funds account for revenues derived from specific tax or other ear-marked revenue sources, which are legally restricted to finance the acquisition or construction of major capital assets.

Each of the four proprietary funds are presented as major funds. Three funds are used to account for the acquisition, operation, and maintenance of water, sewer, and storm sewer facilities and are entirely or predominantly self-supported through user charges to customers. Additionally, the Public Services Fund is used to account for the public works management function and the cost of operating automotive and other equipment used by the public works department. The fund's financing sources for the public works management and equipment maintenance activities are billings to the benefiting public works funds. The activities in this fund directly support the operations of the three other proprietary funds. The following proprietary funds are reported:

- *Water Fund*  
Water Fund (budgetary basis financial statements only)  
Water Improvement Fund (budgetary basis financial statements only)
- *Sewer Fund*  
Sewer Fund (budgetary basis financial statements only)  
Sewer Improvement Fund (budgetary basis financial statements only)  
Debt Service Fund (budgetary basis financial statements only – portion related to Sewer Bonds)
- *Storm Sewer Fund*  
Storm Sewer Utility Fund (budgetary basis financial statements only)  
Storm Sewer Improvement Fund (budgetary basis financial statements only)
- *Public Services Fund*

## MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus.

The government-wide financial statements and the proprietary funds financial statements are presented on a *full accrual* basis of accounting with an *economic resource* measurement focus. An economic resource focus concentrates on an entity or fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurement focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

Governmental fund financial statements are presented on a *modified accrual* basis of accounting with a *current financial resource* measurement focus. This measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual basis of accounting, a current financial resources measurement focus is inseparable from a modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. *Measurable* means the amount of the transaction can be determined and revenues are considered *available* when they are collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, revenues are considered available if they are collected within 60 days of the end of the current fiscal period. Revenues considered susceptible to accrual are property taxes, state, county and local shared revenues taxes and fees, franchise fees, intergovernmental grants, and investment income.

A unavailable revenue liability arises on the balance sheets of the governmental funds when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. This *unavailable* revenue consists primarily of uncollected property taxes and assessments not deemed available to finance operation of the current period. In the government-wide Statement of Activities, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the liability created on the balance sheets of the governmental funds for unavailable revenue is eliminated. Note that unavailable revenues also arise outside the scope of measurement focus and basis of accounting, such as when resources are received before there is legal claim to them. For instance, when grant monies are received prior to the incurrence of qualifying expenditures.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Vested compensated absences are recorded as expenditures only to the extent that they are expected to be liquidated with expendable financial resources. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized. Thus, the expense and related accrued liability for long term portions of debt and compensated absences must be included.

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Since the governmental fund statements are presented on a different measurement focus and basis accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

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. Likewise, general revenues include all taxes.

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 principle ongoing operations. The principle operating revenues of the City's Water, Sewer, Storm Sewer, and Public Services Funds are charges to customers for sales and services. The Water, Sewer, and Storm Sewer Funds also recognize System Development Charges (SDC) fees intended to recover the cost of connecting new customers to the utility systems as operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and overhead charges, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

## **ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND EQUITY**

### **Cash and Investments**

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

### **Fair Value Inputs and Methodologies and Hierarchy**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

**Level 1** – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

**Level 2** – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

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**Level 3** – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund’s own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

**Receivables and Payables**

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Recorded property taxes receivable that are collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as an unavailable revenue because it is not deemed available to finance operations of the current period. An allowance for doubtful accounts is not deemed necessary by management, as uncollectible taxes become a lien on the property. Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Assessments are recognized as receivables at the time the property owners are assessed for property improvement. These receivables are offset by unavailable revenue and, accordingly, have not been recognized as revenue.

In the government-wide financial statements, property taxes and assessment receivables are recognized as revenue when earned.

Receivables of the proprietary funds are recognized as revenue when earned, including services provided but not billed.

**Supply Inventories and Prepaid items**

Inventories of materials and supplies in all funds are stated at cost on a first-in, first-out basis and charged to expenses as used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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**Restricted Assets**

Cash and investments which may only be used for construction of capital assets or debt service principal and interest payments in accordance with applicable laws and regulations have been reported as restricted cash and investments on the Government-wide Statement of Net Position and the Proprietary Fund Statement of Net Position.

**Capital Assets**

Capital assets — which include property, plant, equipment, and infrastructure (e.g., streets, sidewalks, and similar items) — are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements.

Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of greater than one year. Capital assets are recorded at historical cost or estimated historical cost. Donated assets are reported at acquisition value rather than fair value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	20 - 50
Improvements other than buildings	10 - 20
Utility systems and infrastructure	20 - 40
Machinery, equipment, and vehicles	5 - 15

Capital assets include contribution of capital assets from outside developers. Revenue from these capital contributions is reflected in general revenues on the statement of activities.

**Accrued Compensated Absences and Sick Pay**

Accumulated vested vacation and comp-time pay is accrued as it is earned. For governmental funds, only the portion in connection with terminated employees is reported. The non-current portion (the amount estimated to be used in subsequent fiscal years) is maintained separately and represents a reconciling item between the fund-level and government-wide presentations. In business-type/enterprise funds, both the current and long-term liabilities are recorded.

Sick pay, which does not vest, is recognized in all funds when leave is taken.

**Long-Term Debt**

In the government-wide financial statements, and proprietary 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 are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as period costs in the year of issue and are shown as other financing uses.

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In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Fund Balance**

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. Pursuant to the Fund Balance Policy adopted by the City Council Resolution 2110, the City Manager and the Finance Director have been given authority to assign fund balances.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

### **Use of Estimates**

In preparing the financial statements, management is required to make estimates and assumptions that will affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. A deferred outflow is reported on the Statement of Net Position for the pension deferral and OPEB deferral.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. Additionally, another items reported on the Statement of Net Position are as follows – pension related deferral and OPEB related deferral.

## **2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **BUDGETARY INFORMATION**

An annual budget is adopted on a basis consistent with Oregon Revised Statutes (ORS 294 – Local Budgets Law). The process under which the budget is adopted is described in the following paragraphs.

Each April or May, the City Manager submits a proposed budget to the Budget Committee (consisting of the City Council and an equal number of citizens of the City). All funds are required to be budgeted for except the fiduciary fund. The budget is prepared on the modified accrual basis of accounting. Interfund loans are budgeted as sources and uses in accordance with state budget laws. Estimated receipts and expenditures are budgeted for by fund and object.

The Budget Committee conducts public hearings for the purpose of obtaining citizens' comments, and then approves a budget which is then submitted to the City Council for final adoption. The approved expenditures for each fund may not be increased by more than 10% by Council without returning to the Budget Committee for a second approval. After the Council adopts the budget and certifies the total of ad valorem taxes to be levied, no additional tax levy may be made for that fiscal year.

The City Council legally adopted the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution is by department for the General Fund and by object class for all other funds. Expenditure budgets are appropriated at the legal level of control which is the department level in the General Fund and the following levels for all other funds: Personal Services, Materials and Services, Capital Outlay, Interfund Transactions, Debt Service, and Operating Contingency. Appropriations lapse as of year-end.

The City Council may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets as authorized by Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in

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newspapers and approval by the City Council. Expenditure appropriations may not be legally over-expended except in the case of grant receipts that could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year. Management may modify original and supplemental budgets by the use of appropriation transfers between the levels of control within a fund.

**Excess of Expenditures over Appropriations**

Expenditures of the various funds were within authorized appropriations.

**3. DETAILED NOTES ON ALL FUNDS**

**POOLED DEPOSITS AND INVESTMENTS**

Cash and investment balances are maintained in a common pooled account. Investment income is allocated monthly based on each fund's average cash balance.

Cash and investments are comprised of the following at June 30, 2018:

Cash and investments	\$ 15,228,188
Restricted assets - cash and investments	<u>10,854,935</u>
	<u><u>\$ 26,083,123</u></u>
Deposits with financial institutions	\$ 211,575
Petty cash	950
Oregon State Treasurer's Local Government Investment Pool	<u>25,870,598</u>
	<u><u>\$ 26,083,123</u></u>

**DEPOSITS**

Deposits with financial institutions include bank demand deposits. At year-end, the total bank balance per the bank statements is \$473,516. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

**Custodial Credit Risk – Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. At various times during the fiscal year, bank balances exceeded the FDIC limit but the excess funds were covered by collateral pledged by qualified depositories. These depositories are qualified by the Oregon State Treasurer's office.

**INVESTMENTS**

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the

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types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. Pool funds are available next day via ACH withdrawals and same day wire transfer withdrawals are limited to \$1.5 million. The audited financial reports of the Oregon Short Term Fund can be found here: [http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx) If the link has expired please contact the Oregon Short Term Fund directly.

As of June 30, 2018, there were the following investments:

Investment type	Maturities	Fair value
Oregon State Treasury's Local Government Investment Pool	Avg 0 – 6 months	<u>\$25,870,598</u>

#### Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. Declines in fair values are managed by limiting the weighted average maturity of the investment portfolio to levels required by State statute.

#### Credit Risk

State statutes authorize investment primarily in general obligations of the U.S. government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers and the Oregon State Treasury's Local Government Investment Pool. The Oregon State Treasury's Local Government Investment Pool is not rated.

#### Concentration of Credit Risk

At June 30, 2018, 100% of total investments were in the Oregon State Treasury's Local Government Investment Pool. State statutes do not limit the percentage of investment in the Pool.

#### RECEIVABLES

Receivables as of June 30, 2018 for the major and non-major governmental funds in the aggregate are as follows:

	General	Street	Total Non-major	Total
Property taxes	\$ 288,068	\$ -	\$ 7,428	\$ 295,496
Accounts	<u>553,539</u>	<u>273,961</u>	<u>31,523</u>	<u>859,023</u>
	<u>\$ 841,607</u>	<u>\$ 273,961</u>	<u>\$ 38,951</u>	<u>\$ 1,154,519</u>

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There is no allowance for uncollectible accounts deemed necessary by management.

Governmental funds report unavailable revenue in the fund financial statements in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also delay recognition in connection with resources that have been received, but not yet earned. As of the end of the fiscal year, the various components of unavailable and unearned revenue reported in the governmental funds were as follows:

Property Taxes	\$ 268,796
Other items	3,500
Total	<u>\$ 272,296</u>

### CAPITAL ASSETS

Capital asset activity for governmental activities for the fiscal year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Non-depreciable				
Land	\$ 3,461,425	\$ 2,406,807	\$ (905)	\$ 5,867,327
Intangibles	45,942	-	-	45,942
Construction in progress	550,001	255,301	(550,000)	255,302
Total non-depreciable	<u>4,057,368</u>	<u>2,662,108</u>	<u>(550,905)</u>	<u>6,168,571</u>
Depreciable				
Buildings and improvements	10,799,121	-	-	10,799,121
Land improvements	4,768,125	90,205	-	4,858,330
Equipment	1,458,953	156,816	(168,120)	1,447,649
Infrastructure	24,587,669	600,886	-	25,188,555
Total depreciable	<u>41,613,868</u>	<u>847,907</u>	<u>(168,120)</u>	<u>42,293,655</u>
Accumulated depreciation				
Buildings and improvements	(2,936,457)	(176,036)	-	(3,112,493)
Land improvements	(3,466,418)	(92,848)	-	(3,559,266)
Equipment	(1,145,687)	(144,044)	168,120	(1,121,611)
Infrastructure	(20,178,615)	(309,245)	-	(20,487,860)
Total accumulated depreciation	<u>(27,727,177)</u>	<u>(722,173)</u>	<u>168,120</u>	<u>(28,281,230)</u>
Depreciable, net	<u>13,886,691</u>	<u>125,734</u>	<u>-</u>	<u>14,012,425</u>
Governmental activities capital assets, net	<u>\$ 17,944,059</u>	<u>\$ 2,787,842</u>	<u>\$ (550,905)</u>	<u>\$ 20,180,996</u>

Depreciation expense for governmental activities is charged to functions as follows:

General government	\$ 68,001
Public safety	171,680
Highways and streets	310,197
Community development	172,295
Total depreciation for governmental activities	<u>\$ 722,173</u>

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Capital asset activity for business-type activities for the fiscal year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
<b>Non-depreciable</b>				
Land	\$ 1,751,742	\$ -	\$ (104,770)	\$ 1,646,972
Intangibles	30,788	-	-	30,788
Construction in progress	-	13,501	-	13,501
Total non-depreciable	<u>1,782,530</u>	<u>13,501</u>	<u>(104,770)</u>	<u>1,691,261</u>
<b>Depreciable</b>				
Buildings and improvements	2,331,719	-	-	2,331,719
Land improvements	369,982	-	-	369,982
Equipment	1,101,556	89,973	(32,189)	1,159,340
Infrastructure	56,214,782	1,377,681	-	57,592,463
Total depreciable	<u>60,018,039</u>	<u>1,467,654</u>	<u>(32,189)</u>	<u>61,453,504</u>
<b>Accumulated depreciation</b>				
Buildings and improvements	(905,749)	(48,423)	-	(954,172)
Land improvements	(314,134)	(11,369)	-	(325,503)
Equipment	(982,069)	(28,999)	32,189	(978,879)
Infrastructure	(28,163,364)	(1,185,914)	-	(29,349,278)
Total accumulated depreciation	<u>(30,365,316)</u>	<u>(1,274,705)</u>	<u>32,189</u>	<u>(31,607,832)</u>
Depreciable, net	<u>29,652,723</u>	<u>192,949</u>	<u>-</u>	<u>29,845,672</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 31,435,253</u>	<u>\$ 206,450</u>	<u>\$ (104,770)</u>	<u>\$ 31,536,933</u>

Depreciation expense for business-type activities is charged to functions as follows:

Water	\$ 429,847
Sewer	584,722
Storm Sewer	260,136
Total depreciation business-type activities	<u>\$ 1,274,705</u>

### INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund transfers between governmental and business-type activities are reported as net transfers in the Statement of Activities. Net transfers in the Statement of Activities are reported as zero for the fiscal year ended June 30, 2018. Transfers between funds provide support for various programs in accordance with budgetary authorizations.

Interfund transfers are used to pay administrative services, provide funds for debt service, contribute toward the cost of capital projects, and provide operational resources.

The transfers for business type activities are presented in the budgetary funds and not in the proprietary funds as for generally accepted accounting principals purposes, these funds are consolidated.

Interfund receivables and payables are used to fund current operations and long term projects.

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The interfund activity for fiscal year ended June 30, 2018 is as follows:

ALL ACTIVITIES	TRANSFERS FROM	TRANSFERS TO
GENERAL FUND	\$ 876	\$ 597,000
NONMAJOR FUNDS	257,000	876
SEWER FUND	534,632	359,632
STORM SEWER FUND	165,000	-
	<u>957,508</u>	<u>957,508</u>
<b>TOTAL INTERFUND TRANSFERS</b>	<b><u>\$ 957,508</u></b>	<b><u>\$ 957,508</u></b>
	INTERFUND LOAN RECEIVABLE	INTERFUND LOAN PAYABLE
GOVERNMENTAL ACTIVITIES		
GENERAL FUND	\$ 5,200,000	\$ 55,000
URA RIVERFRONT DEVELOPMENT	-	5,200,000
NONMAJOR FUNDS	167,500	112,500
	<u>5,367,500</u>	<u>5,367,500</u>
	<b><u>\$ 5,367,500</u></b>	<b><u>\$ 5,367,500</u></b>

### LONG-TERM DEBT

There are a variety of debt types for the purpose of carrying out capital financing activities. The various types of debt are discussed below. Outstanding debt amounts are as of June 30, 2018.

The following table presents current year changes in long-term debt outstanding, along with the current portions due for each issue.

	Beginning Balance	Increase	Decrease	Ending Balance	Due in One Year
<b>Governmental Activities</b>					
Parks and Facilities Loan	\$ 138,000	\$ -	\$ (138,000)	\$ -	\$ -
G.O. Bonds	6,440,000	-	(265,000)	6,175,000	290,000
Full Faith and Credit Obligations	-	5,000,000	-	5,000,000	-
Capital Leases	15,952	-	(10,194)	5,758	5,758
Landfill post-closure care	218,721	-	(11,250)	207,471	11,501
Deferred Amounts:					
Bond Premium	45,964	-	(3,283)	42,681	-
Bond Discount	-	(17,100)	-	(17,100)	-
	<u>6,858,637</u>	<u>\$ 4,982,900</u>	<u>\$ (427,727)</u>	<u>\$ 11,413,810</u>	<u>\$ 307,259</u>
<b>Total Governmental Activities</b>	<b><u>\$ 6,858,637</u></b>	<b><u>\$ 4,982,900</u></b>	<b><u>\$ (427,727)</u></b>	<b><u>\$ 11,413,810</u></b>	<b><u>\$ 307,259</u></b>
<b>Business-type Activities</b>					
Refunding, 2008	\$ 1,235,000	\$ -	\$ (1,235,000)	\$ -	\$ -
Deferred Amounts:					
Bond Premium	(26,733)	-	26,733	-	-
Bond Discount	12,586	-	(12,586)	-	-
	<u>1,220,853</u>	<u>-</u>	<u>(1,220,853)</u>	<u>-</u>	<u>-</u>
<b>Total Business-type Activities</b>	<b><u>\$ 1,220,853</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (1,220,853)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

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**GOVERNMENTAL ACTIVITIES**

**General Obligation Bonds**

General obligation bonds were issued in February of 2011 in the amount of \$7,540,000 for the construction of a new police station. These twenty (20) year term bonds were issued with interest rates ranging from 2.0% to 4.0% and the final maturity due in 2031. The balance outstanding at June 30, 2018 is \$6,175,000. Principal and interest is payable from property tax revenues.

Annual debt service requirements to maturity for general obligation bonds for governmental type activities are as follows:

Year Ending June 30,	Principal	Interest
2019	\$ 290,000	\$ 253,698
2020	315,000	242,098
2021	340,000	229,498
2022	370,000	215,898
2023	400,000	201,098
2024-2028	2,495,000	739,355
2029-2033	1,965,000	172,646
Totals	<u>\$ 6,175,000</u>	<u>\$ 2,054,291</u>

**Full Faith and Credit Obligation Bonds**

Full faith and credit obligation bonds were issued in March of 2018 in the amount of \$5,000,000 to finance projects for the Troutdale Riverfront Renewal Plan. These ten (10) year term bonds were issued with interest rates ranging from 3.15% to 3.59% and the final maturity due in 2028. The balance outstanding at June 30, 2018 is \$5,000,000. Principal and interest is payable from general government revenue. Annual debt service requirements to maturity for full faith and credit obligation bonds for governmental type activities are as follows:

Year Ending June 30,	Principal	Interest
2019	\$ -	\$ 167,000
2020	-	167,000
2021	-	167,000
2022	-	167,000
2023	-	167,000
2024-2028	5,000,000	512,000
Totals	<u>\$ 5,000,000</u>	<u>\$ 1,347,000</u>

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**Capital leases**

Three capital leases have been entered into for several copiers. The cost of the equipment was capitalized for \$50,976. The leases are for a period of 60 months and yearly payments are required ranging from \$1,125 to \$3,436. The current year lease expense was \$5,758. The following is a schedule of future lease payments at June 30:

Year Ending June 30,	Principal	Interest
2018	5,758	-
Totals	<u>\$ 5,758</u>	<u>\$ -</u>

**BUSINESS-TYPE ACTIVITIES**

**ACCRUED COMPENSATED ABSENCES**

Changes in accrued compensated absences are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within one year
Governmental	\$ 128,885	\$ 196,972	\$ (172,470)	\$ 153,387	\$ 30,677
Business Type	<u>65,716</u>	<u>79,599</u>	<u>(73,511)</u>	<u>71,804</u>	<u>14,361</u>
Total	<u>\$ 194,601</u>	<u>\$ 276,571</u>	<u>\$ (245,981)</u>	<u>\$ 225,191</u>	<u>\$ 45,038</u>

The General Fund has been charged with the costs to liquidate the liability for the compensated absence for the governmental funds.

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**RESTRICTED ASSETS**

The balances of the restricted cash and investment accounts are as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Street	\$ 3,090,701	\$ -
Project Fund	53,076	-
Street Tree	42,690	-
Code Specialties	1,928,781	-
Sam Cox Building	38,606	-
Community Enhancement Fund	19,591	-
Bike Paths and Trails	11,431	-
Debt service reserves:		
FF & C Debt Service	85,929	
System Development Charges:		
Water SDC	-	146,330
Sewer SDC	-	756,717
Street SDC	998,857	-
Storm SDC	-	2,385,427
Parks SDC	1,296,799	-
Total restricted assets	<u>\$ 7,566,461</u>	<u>\$ 3,288,474</u>

**4. OTHER INFORMATION**

**RISK MANAGEMENT**

There is exposure 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 is a member of City-County Insurance Services (CCIS), a public entity risk pool currently operating a common risk management and insurance program. An annual premium is paid to CCIS for its insurance coverage. Based on the experience and the pool, there may be liability for an additional premium of up to approximately 20% of its initial premium or it may receive a refund. There has never been the requirement to pay an additional premium. Predetermined limits and deductible amounts are stated in the policy. Commercial insurance is carried for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**CONTINGENT LIABILITIES**

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Management intends to vigorously contest these matters and does not believe their ultimate resolution will have a material effect upon the financial position, results of operations or cash flows.

During 1979 and 1980 sewer hookup reservations were sold as a means of financing the expansion of the wastewater treatment plant. Amounts received from property owners are nontransferable and nonrefundable. Deposits are applied to the sewer system development charge at the time of hookup.

Federal grants are subject to audit by the grantor agency and any adjustments may become a liability of the appropriate fund. Management believes that adjustments, if any, will not materially affect the financial position.

## **PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

<http://www.oregon.gov/pers/documents/financials/CAFR/2017-CAFR.pdf>

If the link is expired please contact Oregon PERS for this information.

a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

- ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:
- member was employed by PERS employer at the time of death,
  - member died within 120 days after termination of PERS covered employment,
  - member died as a result of injury sustained while employed in a PERS-covered job, or
  - member was on an official leave of absence from a PERS-covered job at the time of death.
- iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service

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- time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
- iv. **Benefit Changes After Retirement.** Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- employed continuously as a police and fire member for at least five years immediately preceding retirement.
- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
- Police and fire:* 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been
- General service:* 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
- A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.
- ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
- iv. **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

**Contributions** – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2018 were \$324,308, excluding amounts to fund employer specific liabilities. In addition approximately \$69,901 in employee contributions were paid or picked up by the City in fiscal 2018. At June 30, 2018, the City reported a net pension liability of \$2,722,946 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of

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December 31, 2015. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2017, the City's proportion was .02 percent. Pension expense for the year ended June 30, 2018 was \$373,167.

The rates in effect for the year ended June 30, 2018 were:

- (1) Tier 1/Tier 2 – 14.74%
- (2) OPSRP general services – 8.02%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual expense	\$ 131,683	\$ -
Changes in assumptions	496,345	-
Net difference between projected and actual earnings on pension plan investments	28,053	-
Net changes in proportionate share	40,698	2,449,487
Differences between City contributions and proportionate share of contributions	64,640	242,105
Subtotal - Amortized Deferrals (below)	761,419	2,691,592
City contributions subsequent to measuring date	324,308	-
Deferred outflow (inflow) of resources	<u>\$ 1,085,727</u>	<u>\$ 2,691,592</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2019.

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2019	\$ (512,603)
2020	(287,590)
2021	(381,795)
2022	(600,697)
2023	(147,488)
Thereafter	-
Total	<u>\$ (1,930,173)</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 16, 2018. Oregon PERS produces an independently audited CAFR which can be found at:

<http://www.oregon.gov/pers/documents/financials/CAFR/2017-CAFR.pdf>

**Actuarial Valuations** – The employer contribution rates effective July 1, 2017 through June 30, 2019, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the

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amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

**Actuarial Methods and Assumptions:**

Valuation Date	December 31, 2015 rolled forward to June 30, 2017
Experience Study Report	2014, Published September 23, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.50 percent
Investment rate of return	7.50 percent
Projected salary increase	3.5 percent overall payroll growth
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/.15%) in accordance with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males and 95% for females) of the RP-2000 sex-distinct, generational per scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2015 Experience Study which is reviewed for the four-year period ending December 31, 2015.

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**Assumed Asset Allocation:**

<b>Asset Class/Strategy</b>	<b>Low Range</b>	<b>High Range</b>	<b>OIC Target</b>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100%

*(Source: June 30, 2017 PERS CAFR; p. 92)*

**Long-Term Expected Rate of Return:**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

(Source: June 30, 2017 PERS CAFR; p. 69)

**Discount Rate** – The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the 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 Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 4,640,400	\$ 2,722,946	\$ 1,119,602

### **Changes Subsequent to the Measurement Date**

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016.

### **Deferred Compensation Plan**

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the City for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the City.

### **OPSRP Individual Account Program (OPSRP IAP)**

#### *Plan Description:*

Employees of the City are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

#### *Pension Benefits:*

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

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***Death Benefits:***

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

***Contributions:***

Employees of the City pay six (6) percent of their covered payroll. The City did not make any optional contributions to member IAP accounts for the year ended June 30, 2018.

**Retirement Health Insurance Account**

***Plan Description:***

As a member of Oregon Public Employees Retirement System (OPERS) the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

***Funding Policy:***

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the City currently contributes 0.50% of annual covered OPERF payroll and 0.43% of OPSRP payroll under a contractual requirement in effect until June 30, 2019. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to RHIA for the years ended June 30, 2017 and 2018 were \$14,293, \$14,560, respectively, which equaled the required contributions each year.

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At June 30, 2018, the City's net OPEB liability/(asset) and deferred inflows and outflows were not considered significant by management and were not accrued on the government wide statements.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700.

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

#### **POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) GASB 75**

**Plan Description:** The City operates a single-employer retiree benefit plan that provides postemployment health, dental and vision insurance benefits to eligible employees and their spouses. There are active and retired members in the plan. All classes of employee are eligible to continue coverage upon retirement. Qualified spouses, domestic partners, and children may qualify for coverage. Coverage for retirees and eligible dependents continues until Medicare eligibility for each individual (or until dependent children become ineligible).

Benefits and eligibility for members are established through the collective bargaining agreements. The post-retirement healthcare plan is established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the City's implicit employer contribution. The City did not establish an irrevocable trust (or equivalent arrangement) to account for the plan

**Funding Policy:** The benefits from this program are paid by the City on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is not obligation on the part of the City to fund these benefits in advance.

**Actuarial Methods and Assumptions:** The City engaged an actuary to perform an evaluation as of June 30, 2018 using entry age normal, level percent of salary Actuarial Cost Method. The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

Discount Rate per year	3.58%
General Inflation Rate per year	2.50%
Salary Scale per year	3.50%

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Health Care Cost Trends:

<u>Year</u>	<u>Trend</u>		<u>Year</u>	<u>Trend</u>
2017	7.5	%	2036-2040	6.00 %
2018	6.00		2041-2043	5.75
2019	5.5		2044-2052	5.50
2020-2025	5.25		2053-2063	5.25
2026	5		2064+	5.00
2027-2029	5.25			
2030	5.75			
2031-2035	6.25			

Mortality rates were based on rates adopted by the Oregon Public Employees Retirement System (PERS) for its December 31, 2016 actuarial valuation of retirement benefits.

Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service.

Disability rates were not used.

Retirement rates were based on Oregon PERS assumptions. Annual rates are based on age, Tier / OPSRP, and duration of service.

The projection of benefits for financial reporting purpose does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Changes in Medical Benefit OPEB Liability:

Balance at June 30, 2017	\$ 217,397
Changes for the Year:	
Service Cost	13,287
Interest	6,317
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions or Other Input	(11,198)
Benefit Payments	(18,187)
Net Changes for the Year	(9,781)
Total OPEB Liability at June 30, 2018	<u>\$ 207,616</u>

CITY OF TROUTDALE, OREGON  
Notes to Basic Financial Statements  
June 30, 2018

Sensitivity of the Net Other Post-Employment Benefit Liability to Changes in Discount and Trend Rates: The following presents the net other post-employment benefit liability (NOL), calculated using the discount rate of 3.58 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

June 30, 2018	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 222,903	\$ 207,616	\$ 193,482

The following presents the net other post-employment benefit liability (NOL), calculated using trend rate of 6.5 percent graded down to 5.0 percent, as well as what the liability would be if it was calculated using a trend rate 1-percentage-point lower (5.5 percent graded down to 4.0 percent) or 1-percentage-point higher (7.5 percent graded down to 6.0 percent) than the current rate:

June 30, 2018	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 188,777	\$ 207,616	\$ 229,688

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	(9,392)	-
Benefit Payments	-	14,479
Deferred outflow (inflow) of resources	<u>\$ (9,392)</u>	<u>\$ 14,479</u>

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

Year ending June 30,	Amount
2019	\$ (1,806)
2020	(1,806)
2021	(1,806)
2022	(1,806)
2023	(1,806)
Thereafter	(362)
Total	<u>\$ (9,392)</u>

## **DEFERRED COMPENSATION PLANS**

Two deferred compensation trust plans were created in accordance with Internal Revenue Code Section 457. The trusts hold the assets for the exclusive benefit of plan participants and their beneficiaries. Plan assets are not the property of the City, or subject to the claims of the City's general creditors.

## **PROPERTY TAX LIMITATION**

The State of Oregon has a constitutional limit on property taxes for governmental operations. Under the limitation, tax revenue is separated into those for public schools and those for local governments other than public schools. The limitation specifies a maximum rate for all local government operations of \$10.00 per \$1,000 of real market value, while schools are similarly limited to a \$5.00 maximum rate. Local government taxes in the City currently do not exceed the \$10.00 rate limit; however, this limitation may affect the availability of future tax revenues.

In May 1997, voters approved Measure 50 which rolled back assessed values to 90% of 1995-96 and limits future increases of taxable assessed values to 3% per year, exclusive of new construction and property that is improved, rezoned, subdivided, or ceases to qualify for exemption. Tax rates are now fixed and not subject to change. Voters may approve local initiatives above the fixed rate provided a majority approves at either (i) a general election in an even numbered year, or (ii) at any other election in which at least 50% of registered voters cast a ballot.

## **POST-CLOSURE LANDFILL CARE**

The Sunrise Park (Obrist) Landfill previous Solid Waste Disposal Site Closure Permit Number 1193 expired in April 2009. The facility is permitted as a Closed Construction and Demolition Landfill. The landfill closure permit was renewed by the Oregon Department of Environmental Quality (DEQ) on December 21, 2012 based upon a Land Use Compatibility Statement May 14, 1998 and a Solid Waste Disposal Site Closure Permit renewal application of November 17, 2008, and an Environmental Monitoring Plan approved by DEQ on March 15, 2011.

The City has had a previously unrecorded a liability for the estimated costs of landfill postclosure care. As part of the above renewal application with DEQ the City is providing a financial assurance plan beginning with the 2012-2013 fiscal year and for each subsequent year to comply with State and federal laws and regulations which require the City to perform certain maintenance and monitoring functions at the site for thirty years after closure.

The City has evaluated the liability by examining the estimated costs needed to perform the postclosure care over the remaining life determined the year ended June 30, 2018 estimated liability of \$207,471. The estimated future costs to maintain and monitor the landfill may change due to one or more of the following factors of inflation, deflation, changes in technology or changes to applicable laws or regulations. The City believes this long term liability has been, and will remain, immaterial in light of the City's overall financial condition.

CITY OF TROUTDALE, OREGON  
Notes to Basic Financial Statements  
June 30, 2018

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## 5. DEFICIT FUND BALANCE

There is a deficit fund balance in the following fund:

URA Riverfront Development Fund - \$3,270,209  
Sam Cox Building - \$78,644

The deficit fund balances are the result of budgetary to GAAP accounting differences for Interfund Loans.

## 6. FUND BALANCE CONSTRAINTS

The specific purposes for each of the categories of fund balance as of June 30, 2018 are as follows:

<b>Fund Balances:</b>	<b>General Fund</b>	<b>Street Fund</b>	<b>URA Riverfront Development</b>	<b>Nonmajor Funds</b>	<b>Total</b>
<b><u>Nonspendable:</u></b>					
Prepaid items	\$ 8,075	\$ -	\$ -	\$ -	\$ 8,075
Inventory	608	13,758	-	-	14,366
Total	8,683	13,758	-	-	22,441
<b><u>Restricted:</u></b>					
Capital projects	-	-	-	6,603,108	6,603,108
Debt service	-	-	-	1,156,042	1,156,042
Street maintenance	-	3,332,262	-	-	3,332,262
Total	-	3,332,262	-	7,759,150	11,091,412
<b>Unassigned:</b>	10,780,053	-	(3,270,209)	(78,644)	7,431,200
<b>Total Fund Balances</b>	<b>\$ 10,788,736</b>	<b>\$ 3,346,020</b>	<b>\$ (3,270,209)</b>	<b>\$ 7,680,506</b>	<b>\$ 18,545,053</b>

## 7. TAX ABATEMENT DISCLOSURES

As of June 30, 2018, the City offers tax abatements as a sponsor of the Columbia Cascade Enterprise Zone, ORS Chapter 285C, which would reduce the City's property tax revenue. For the current reporting period there were no companies receiving tax abatements, however projects currently in process are expected to result in tax abatements in future reporting periods.

In addition, there were tax abatement programs provided by the State of Oregon which also reduced the City's property tax revenues.

- Special Assessment of Historic Property, ORS 358.487 to 358.543. To support historic building preservation the program specially assesses a property's assessed value for 10 years through the State Historic Preservation Office (SHPO) approval. City property tax revenues were reduced by \$15,939 by the program during the current reporting period.

CITY OF TROUTDALE, OREGON  
Notes to Basic Financial Statements  
June 30, 2018

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- Alternative Energy Systems, ORS 307.175. To encourage alternative energy production this abatement exempts the additional taxable value of equipping a property with net metering or with alternative systems for onsite electricity or climate control as compared to a conventional system until 2023. City property taxes were reduced by \$3,758 by the program during the current reporting period.

**8. RESTATEMENT OF NET POSITION**

The City implemented GASB #75, Formerly GASB #45, for Other Post-Employment Benefits (OPEB) which resulted in a restatement of beginning net position for 2017-18 in the amount of (\$217,397).

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

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**CITY OF TROUTDALE, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION  
For the fiscal year ended June 30, 2018**

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) City's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2008	0.0202 %	\$ 2,722,947	\$ 3,061,346	0.9 %	83.1 %
2017	0.0532	7,989,157	2,896,024	2.8	80.5
2016	0.0580	3,351,769	4,718,429	0.7	91.9
2015	0.0540	(1,224,762)	4,771,980	(26.0)	103.6
2014	0.0540	2,757,356	3,534,062	57.8	92.0

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2018	\$ 324,308	\$ 324,308	\$ -	\$ 3,328,387	10%
2017	292,159	292,159	-	3,061,346	10%
2016	296,606	296,606	-	2,896,024	10%
2015	414,661	414,661	-	4,718,429	8.8
2014	416,388	416,388	-	4,771,980	8.7

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**CITY OF TROUTDALE, OREGON**

**SCHEDULE OF CHANGES IN OTHER POST-EMPLOYMENT BENEFITS (OPEB) LIABILITY**  
**For the Year Ended June 30, 2018**

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Total OPEB Liability at June 30, 2017		\$	217,397
Changes for the year:			
Service Cost	\$	13,287	
Interest		6,317	
Changes of Benefit Terms		-	
Differences Between Expected and Actual Experience		-	
Changes of Assumptions or Other Input		(11,198)	
Benefit Payments		(18,187)	
Net Changes for the Year			(9,781)
<b>Total OPEB Liability at June 30, 2018</b>		<b>\$</b>	<b>207,616</b>
Covered Payroll			3,328,387
Total OPEB Plan as a Percentage of Covered Payroll			6.24%

Note: This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full year trend has been compiled, information is presented for the years for which the required supplementary schedule information is available. The City implemented GASB 75 in the fiscal year ending June 30, 2018.

## **SUPPLEMENTARY INFORMATION**

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**CITY OF TROUTDALE, OREGON**  
**URA RIVERFRONT DEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES:</b>				
Intergovernmental grant	\$ 2,050,000	\$ 2,050,000	\$ 3,061	\$ (2,046,939)
Interest	-	-	17,597	17,597
Total revenues	2,050,000	2,050,000	20,658	(2,029,342)
<b>EXPENDITURES:</b>				
Materials and services	700,000	700,000	191,830	508,170
Capital outlay	1,550,000	6,550,000	2,406,807	4,143,193
Contingency	1,754,882	1,754,882	-	1,754,882
Total expenditures	4,004,882	9,004,882	2,598,637	6,406,245
Revenues over (under) expenditures	(1,954,882)	(6,954,882)	(2,577,979)	4,376,903
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund Loan Proceeds	-	5,000,000	5,000,000	-
Land Sale Proceeds	1,500,000	1,500,000	-	(1,500,000)
Total other financing sources (uses)	1,500,000	6,500,000	5,000,000	(1,500,000)
Net changes in fund balances	(454,882)	(454,882)	2,422,021	2,876,903
<b>FUND BALANCES, BEGINNING</b>	454,882	454,882	407,770	(47,112)
<b>FUND BALANCES, ENDING</b>	\$ -	\$ -	\$ 2,829,791	\$ 2,829,791
Budget to GAAP Reconciliation				
Interfund loan transactions			(6,100,000)	
GAAP Fund Balance			\$ (3,270,209)	

**CITY OF TROUTDALE, OREGON**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
*June 30, 2018*

	<b>Total Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Debt Service Funds</b>	<b>Total Nonmajor Capital Projects Funds</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and investments	\$ 2,041,099	\$ 85,929	\$ 4,467,386	\$ 6,594,414
Accounts receivable	30,811	712	-	31,523
Property taxes receivable	-	7,428	-	7,428
Interfund loan receivable	-	-	167,500	167,500
Due from	-	1,068,685	-	1,068,685
Total assets	<u>\$ 2,071,910</u>	<u>\$ 1,162,754</u>	<u>\$ 4,634,886</u>	<u>\$ 7,869,550</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 64,565	\$ -	\$ 517	\$ 65,082
Deposits payable	4,750	-	-	4,750
Interfund loan	112,500	-	-	112,500
Total liabilities	<u>181,815</u>	<u>-</u>	<u>517</u>	<u>182,332</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Taxes	<u>-</u>	<u>6,712</u>	<u>-</u>	<u>6,712</u>
<b>FUND BALANCES</b>				
Restricted	1,968,739	1,156,042	4,634,369	7,759,150
Unassigned	(78,644)	-	-	(78,644)
Total fund balances	<u>1,890,095</u>	<u>1,156,042</u>	<u>4,634,369</u>	<u>7,680,506</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,071,910</u>	<u>\$ 1,162,754</u>	<u>\$ 4,634,886</u>	<u>\$ 7,869,550</u>

**CITY OF TROUTDALE, OREGON**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
*June 30, 2018*

	<b>Street Tree Fund</b>	<b>Bike Paths &amp; Trails Fund</b>	<b>Code Specialties Fund</b>	<b>Sam Cox Building Fund</b>	<b>Comm. Enhance. Fund</b>	<b>Total</b>
<b>ASSETS</b>						
Cash and investments	\$ 42,690	\$ 11,431	\$ 1,928,781	\$ 38,606	\$ 19,591	\$ 2,041,099
Accounts receivable	-	991	3,789	-	26,031	30,811
Total assets	<u>\$ 42,690</u>	<u>\$ 12,422</u>	<u>\$ 1,932,570</u>	<u>\$ 38,606</u>	<u>\$ 45,622</u>	<u>\$ 2,071,910</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 2,260	\$ -	\$ 62,305	\$ -	\$ -	\$ 64,565
Deposits payable	-	-	-	4,750	-	4,750
Interfund loan	-	-	-	112,500	-	112,500
Total liabilities	<u>2,260</u>	<u>-</u>	<u>62,305</u>	<u>117,250</u>	<u>-</u>	<u>181,815</u>
<b>FUND BALANCES</b>						
Restricted	40,430	12,422	1,870,265	-	45,622	1,968,739
Unassigned	-	-	-	(78,644)	-	(78,644)
Total fund balances	<u>40,430</u>	<u>12,422</u>	<u>1,870,265</u>	<u>(78,644)</u>	<u>45,622</u>	<u>1,890,095</u>
Total liabilities and fund balance	<u>\$ 42,690</u>	<u>\$ 12,422</u>	<u>\$ 1,932,570</u>	<u>\$ 38,606</u>	<u>\$ 45,622</u>	<u>\$ 2,071,910</u>

**CITY OF TROUTDALE, OREGON**  
**Nonmajor Debt Service Funds**  
**Combining Balance Sheet**  
*June 30, 2018*

	<b>COP Debt Service Fund</b>	<b>URA Debt Service Fund</b>	<b>FF&amp;C Debt Service Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ 85,929	\$ 85,929
Property taxes receivable	-	7,428	-	7,428
Accounts receivable	-	712	-	712
Due from	-	1,068,685	-	1,068,685
Total assets	<u>\$ -</u>	<u>\$ 1,076,825</u>	<u>\$ 85,929</u>	<u>\$ 1,162,754</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Taxes	\$ -	\$ 6,712	\$ -	\$ 6,712
Total deferred inflows of resouces	<u>-</u>	<u>6,712</u>	<u>-</u>	<u>6,712</u>
<b>FUND BALANCES</b>				
Restricted	-	1,070,113	85,929	1,156,042
Total fund balances	<u>-</u>	<u>1,070,113</u>	<u>85,929</u>	<u>1,156,042</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 1,076,825</u>	<u>\$ 85,929</u>	<u>\$ 1,162,754</u>

**CITY OF TROUTDALE, OREGON**  
**Nonmajor Capital Projects Funds**  
**Combining Balance Sheet**  
*June 30, 2018*

	<u>Street Improvement Fund</u>	<u>Parks Improvement Fund</u>	<u>Utilities Underground Fund</u>	<u>STP Site Redevelop ment Fund</u>	<u>Project Fund</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and investments	\$ 998,857	\$ 1,296,799	\$ 2,118,654	\$ -	\$ 53,076	\$ 4,467,386
Interfund loan receivable	-	167,500	-	-	-	167,500
Total assets	<u>\$ 998,857</u>	<u>\$ 1,464,299</u>	<u>\$ 2,118,654</u>	<u>\$ -</u>	<u>\$ 53,076</u>	<u>\$ 4,634,886</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 517	\$ -	\$ -	\$ -	\$ 517
Total liabilities	<u>-</u>	<u>517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>517</u>
<b>FUND BALANCES</b>						
Restricted	998,857	1,463,782	2,118,654	-	53,076	4,634,369
Total fund balances	<u>998,857</u>	<u>1,463,782</u>	<u>2,118,654</u>	<u>-</u>	<u>53,076</u>	<u>4,634,369</u>
Total liabilities and fund balances	<u>\$ 998,857</u>	<u>\$ 1,464,299</u>	<u>\$ 2,118,654</u>	<u>\$ -</u>	<u>\$ 53,076</u>	<u>\$ 4,634,886</u>

**CITY OF TROUTDALE, OREGON**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
*For the Year Ended June 30, 2018*

	<b>Total Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Debt Service Funds</b>	<b>Total Nonmajor Capital Projects Funds</b>	<b>Total</b>
<b>REVENUES</b>				
Intergovernmental	\$ 107,917	\$ -	\$ -	\$ 107,917
Charges for services	-	-	865,435	865,435
Property taxes	-	158,721	-	158,721
Franchise	-	-	194,817	194,817
Licenses and permits	1,694,986	-	-	1,694,986
Interest	21,147	1,050	74,270	96,467
Miscellaneous	12,074	-	-	12,074
Total revenues	<u>1,836,124</u>	<u>159,771</u>	<u>1,134,522</u>	<u>3,130,417</u>
<b>EXPENDITURES</b>				
Community development	675,663	-	297	675,960
Capital outlay	822	-	275,000	275,822
Debt service:				
Principal	-	141,518	-	141,518
Interest	-	41,812	-	41,812
Total expenditures	<u>676,485</u>	<u>183,330</u>	<u>275,297</u>	<u>1,135,112</u>
Excess (deficiency) of revenues over (under) expenditures	1,159,639	(23,559)	859,225	1,995,305
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	257,000	-	257,000
Transfers out	-	(843)	(33)	(876)
Total other financing sources (uses)	<u>-</u>	<u>256,157</u>	<u>(33)</u>	<u>256,124</u>
Net changes in fund balances	1,159,639	232,598	859,192	2,251,429
<b>FUND BALANCES, BEGINNING</b>	<u>730,456</u>	<u>923,444</u>	<u>3,775,177</u>	<u>5,429,077</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 1,890,095</u>	<u>\$ 1,156,042</u>	<u>\$ 4,634,369</u>	<u>\$ 7,680,506</u>

**CITY OF TROUTDALE, OREGON**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
*For the Year Ended June 30, 2018*

	<b>Street Tree Fund</b>	<b>Bike Paths &amp; Trails Fund</b>	<b>Code Specialties Fund</b>	<b>Sam Cox Building Fund</b>	<b>Comm. Enhance. Fund</b>	<b>Total</b>
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ 10,355	\$ -	\$ -	\$ 97,562	\$ 107,917
Licenses, permits, and fees	-	-	1,672,489	22,497	-	1,694,986
Miscellaneous	-	-	12,074	-	-	12,074
Interest	752	70	19,948	-	377	21,147
Total revenues	<u>752</u>	<u>10,425</u>	<u>1,704,511</u>	<u>22,497</u>	<u>97,939</u>	<u>1,836,124</u>
<b>EXPENDITURES</b>						
Community development	7,501	-	494,760	28,030	145,372	675,663
Capital outlay	-	822	-	-	-	822
Total expenditures	<u>7,501</u>	<u>822</u>	<u>494,760</u>	<u>28,030</u>	<u>145,372</u>	<u>676,485</u>
Net changes in fund balances	(6,749)	9,603	1,209,751	(5,533)	(47,433)	1,159,639
<b>FUND BALANCES, BEGINNING</b>	<u>47,179</u>	<u>2,819</u>	<u>660,514</u>	<u>(73,111)</u>	<u>93,055</u>	<u>730,456</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 40,430</u>	<u>\$ 12,422</u>	<u>\$1,870,265</u>	<u>\$ (78,644)</u>	<u>\$ 45,622</u>	<u>\$ 1,890,095</u>

**CITY OF TROUTDALE, OREGON**  
**Nonmajor Debt Service Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
*For the Year Ended June 30, 2018*

	<b>COP Debt Service Fund</b>	<b>URA Debt Service Fund</b>	<b>FF&amp;C Debt Service Fund</b>	<b>Total</b>
<b>REVENUES</b>				
Property taxes	\$ -	\$ 158,721	\$ -	\$ 158,721
Interest	690	-	360	1,050
Total revenues	<u>690</u>	<u>158,721</u>	<u>360</u>	<u>159,771</u>
<b>EXPENDITURES</b>				
Debt Service				
Principal	138,000	3,518	-	141,518
Interest	<u>2,381</u>	<u>-</u>	<u>39,431</u>	<u>41,812</u>
Total expenditures	<u>140,381</u>	<u>3,518</u>	<u>39,431</u>	<u>183,330</u>
Excess (deficiency) of revenues over (under) expenditures	(139,691)	155,203	(39,071)	(23,559)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	132,000	-	125,000	257,000
Transfers out	<u>(843)</u>	<u>-</u>	<u>-</u>	<u>(843)</u>
Total other financing sources (uses)	<u>131,157</u>	<u>-</u>	<u>125,000</u>	<u>256,157</u>
Net changes in fund balances	(8,534)	155,203	85,929	232,598
<b>FUND BALANCES, BEGINNING</b>	<u>8,534</u>	<u>914,910</u>	<u>-</u>	<u>923,444</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ 1,070,113</u>	<u>\$ 85,929</u>	<u>\$ 1,156,042</u>

**CITY OF TROUTDALE, OREGON**  
**Nonmajor Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
*For the Year Ended June 30, 2018*

	<u>Street Improvement Fund</u>	<u>Parks Improvement Fund</u>	<u>Utilities Undergrounding Fund</u>	<u>Site Redevelopment Fund</u>	<u>Project Fund</u>	<u>Total</u>
<b>REVENUES</b>						
Charges for services	\$ 840,435	\$ 25,000	\$ -	\$ -	\$ -	\$ 865,435
Franchise	-	-	194,817	-	-	194,817
Interest	11,986	29,291	32,122	-	871	74,270
Total revenues	<u>852,421</u>	<u>54,291</u>	<u>226,939</u>	<u>-</u>	<u>871</u>	<u>1,134,522</u>
<b>EXPENDITURES</b>						
Materials and services	286	11	-	-	-	297
Capital outlay	275,000	-	-	-	-	275,000
Total expenditures	<u>275,286</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,297</u>
Revenues over (under) expenditures	577,135	54,280	226,939	-	871	859,225
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33)</u>	<u>-</u>	<u>(33)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33)</u>	<u>-</u>	<u>(33)</u>
Net changes in fund balances	577,135	54,280	226,939	(33)	871	859,192
<b>FUND BALANCES, BEGINNING</b>	<u>421,722</u>	<u>1,409,502</u>	<u>1,891,715</u>	<u>33</u>	<u>52,205</u>	<u>3,775,177</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 998,857</u>	<u>\$ 1,463,782</u>	<u>\$ 2,118,654</u>	<u>\$ -</u>	<u>\$ 53,076</u>	<u>\$ 4,634,369</u>

**SCHEDULE OF REVENUES,  
EXPENDITURES/EXPENSES  
AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL**

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**Governmental Funds**

***Special Revenue Funds***

Street Tree Fund  
Bike Paths and Trails Fund  
Code Specialties Fund  
Sam Cox Building Fund  
Metro Community Enhancement Fund

***Debt Service Funds***

COP Debt Service Fund  
URA Debt Service Fund  
FF&C Debt Service Fund

***Capital Projects Funds***

Street Improvement Fund  
Parks Improvement Fund  
Utilities Undergrounding Fund  
STP Site Redevelopment Fund  
Projects Fund

**CITY OF TROUTDALE, OREGON**  
**STREET TREE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2018**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Investment earnings	\$ 350	\$ 350	\$ 752	\$ 402
Total revenues	350	350	752	402
<b>EXPENDITURES:</b>				
Materials and services	39,277	39,277	7,501	31,776
Total expenditures	39,277	39,277	7,501	31,776
Net changes in fund balances	(38,927)	(38,927)	(6,749)	32,178
<b>FUND BALANCES, BEGINNING</b>	38,927	38,927	47,179	8,252
<b>FUND BALANCES, ENDING</b>	\$ -	\$ -	\$ 40,430	\$ 40,430

**CITY OF TROUTDALE, OREGON  
BIKE PATHS & TRAILS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2018**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 9,237	\$ 9,237	\$ 10,355	\$ 1,118
Investment earnings	100	100	70	(30)
Total revenues	9,337	9,337	10,425	1,088
<b>EXPENDITURES:</b>				
Capital outlay	9,367	9,367	822	8,545
Total expenditures	9,367	9,367	822	8,545
Net changes in fund balances	(30)	(30)	9,603	9,633
<b>FUND BALANCES, BEGINNING</b>	30	30	2,819	2,789
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,422</u>	<u>\$ 12,422</u>

**CITY OF TROUTDALE, OREGON  
CODE SPECIALTIES FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2018**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Permits and fees	\$ 282,200	\$ 582,200	\$ 1,672,489	\$ 1,090,289
Miscellaneous	200	200	12,074	11,874
Investment earnings	-	-	19,948	19,948
Total revenues	282,400	582,400	1,704,511	1,122,111
<b>EXPENDITURES:</b>				
Building inspections	290,595	390,595	296,374	94,221
Electrical inspections	69,994	169,994	87,051	82,943
Plumbing inspections	51,589	151,589	111,335	40,254
Contingency	20,246	20,246	-	20,246
Total expenditures	432,424	732,424	494,760	237,664
Revenues over (under) expenditures	(150,024)	(150,024)	1,209,751	1,359,775
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	12,000	12,000	-	(12,000)
Total other financing sources (uses)	12,000	12,000	-	(12,000)
Net changes in fund balances	(138,024)	(138,024)	1,209,751	1,347,775
<b>FUND BALANCES, BEGINNING</b>	138,024	138,024	660,514	522,490
<b>FUND BALANCES, ENDING</b>	\$ -	\$ -	\$ 1,870,265	\$ 1,870,265

**CITY OF TROUTDALE, OREGON**  
**SAM COX BUILDING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2018**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Permits and fees	\$ 15,000	\$ 15,000	\$ 22,497	\$ 7,497
Investment earnings	1,000	1,000	-	(1,000)
Total revenues	16,000	16,000	22,497	6,497
<b>EXPENDITURES:</b>				
Materials and Services	26,483	26,483	25,910	573
Capital Outlay	26,000	26,000	24,620	1,380
Contingency	4,097	4,097	-	4,097
Total expenditures	56,580	56,580	50,530	6,050
Revenues over (under) expenditures	(40,580)	(40,580)	(28,033)	447
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	20,000	20,000	-	(20,000)
Total other financing sources (uses)	20,000	20,000	-	(20,000)
Net changes in fund balances	(20,580)	(20,580)	(28,033)	(7,453)
<b>FUND BALANCES, BEGINNING</b>	20,580	20,580	61,889	41,309
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,856</u>	<u>\$ 33,856</u>
Budget to GAAP Reconciliation				
Interfund loan transactions			(112,500)	
GAAP Fund Balance			<u>\$ (78,644)</u>	

**CITY OF TROUTDALE, OREGON  
COMMUNITY ENHANCEMENT PROGRAM FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2018**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Permits and fees	\$ 80,000	\$ 80,000	\$ 97,562	\$ 17,562
Investment Earnings	100	100	377	277
Total revenues	80,100	80,100	97,939	17,839
<b>EXPENDITURES:</b>				
Materials and Services	199,730	199,730	145,372	54,358
Total expenditures	199,730	199,730	145,372	54,358
Net changes in fund balances	(119,630)	(119,630)	(47,433)	72,197
<b>FUND BALANCES, BEGINNING</b>	119,630	119,630	93,055	(26,575)
<b>FUND BALANCES, ENDING</b>	\$ -	\$ -	\$ 45,622	\$ 45,622

**CITY OF TROUTDALE, OREGON**  
**COP DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2018**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Investment earnings	\$ 100	\$ 100	\$ 690	\$ 590
Total revenues	100	100	690	590
<b>EXPENDITURES:</b>				
Debt Service:				
Principal	139,100	139,100	138,000	1,100
Interest	1,300	1,300	2,381	(1,081)
Total debt service	140,400	140,400	140,381	19
Revenues over (under) expenditures	(140,300)	(140,300)	(139,691)	609
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	132,000	132,000	132,000	-
Transfers out	-	(1,000)	(843)	157
Total other financing sources (uses)	132,000	131,000	131,157	157
Net changes in fund balances	(8,300)	(9,300)	(8,534)	766
<b>FUND BALANCES, BEGINNING</b>	8,300	9,300	8,534	(766)
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF TROUTDALE, OREGON**  
**URA DEBT SERVICE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2018**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Property taxes				
Current year	\$ 129,000	\$ 129,000	\$ 137,473	\$ 8,473
Prior year	1,500	1,500	1,856	356
Penalties and interest	1,500	1,500	19,392	17,892
Total revenues	132,000	132,000	158,721	26,721
<b>EXPENDITURES:</b>				
Debt Service:				
Principal and Interest	101,300	101,300	3,518	97,782
Total expenditures	101,300	101,300	3,518	97,782
Net changes in fund balances	30,700	30,700	155,203	124,503
<b>FUND BALANCES, BEGINNING</b>	6,350	6,350	14,910	8,560
<b>FUND BALANCES, ENDING</b>	<u>\$ 37,050</u>	<u>\$ 37,050</u>	<u>\$ 170,113</u>	<u>\$ 133,063</u>
Budget to GAAP Reconciliation				
Interfund loan transactions			<u>900,000</u>	
GAAP Fund Balance			<u>\$ 1,070,113</u>	

**CITY OF TROUTDALE, OREGON**  
**FF&C DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2018**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Interest	\$ -	\$ -	\$ 360	\$ 360
Total revenues	-	-	360	360
<b>EXPENDITURES:</b>				
Debt Service:				
Principal and Interest	-	125,000	39,431	85,569
Total expenditures	-	125,000	39,431	85,569
Revenues over (under) expenditures	-	(125,000)	(39,071)	85,929
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	125,000	125,000	-
Total other financing sources (uses)	-	125,000	125,000	-
Net changes in fund balances	-	-	85,929	85,929
<b>FUND BALANCES, BEGINNING</b>	-	-	-	-
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,929</u>	<u>\$ 85,929</u>

**CITY OF TROUTDALE, OREGON  
STREET IMPROVEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2018**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
System development charges	\$ 40,000	\$ 40,000	\$ 840,435	\$ 800,435
Investment earnings	2,500	2,500	11,986	9,486
Total revenues	42,500	42,500	852,421	809,921
<b>EXPENDITURES:</b>				
Materials and services	25,000	25,000	286	24,714
Capital outlay	350,000	350,000	275,000	75,000
Contingency	124,798	124,798	-	124,798
Total expenditures	499,798	499,798	275,286	224,512
Net changes in fund balances	(457,298)	(457,298)	577,135	1,034,433
<b>FUND BALANCES, BEGINNING</b>	457,298	457,298	421,722	(35,576)
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 998,857</u>	<u>\$ 998,857</u>

**CITY OF TROUTDALE, OREGON**  
**PARKS IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2018**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 48,500	\$ (51,500)
System development charges	15,000	15,000	25,000	10,000
Investment earnings	8,000	8,000	29,291	21,291
Total revenues	123,000	123,000	102,791	(20,209)
<b>EXPENDITURES:</b>				
Materials and services	75,000	75,000	11	74,989
Capital outlay	382,500	382,500	-	382,500
Contingency	488,792	488,792	-	488,792
Total expenditures	946,292	946,292	11	946,281
Revenues over (under) expenditures	(823,292)	(823,292)	102,780	926,072
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	48,500	48,500	-	(48,500)
Transfers Out	(293,000)	(293,000)	-	293,000
Total other financing sources (uses)	(244,500)	(244,500)	-	244,500
Net changes in fund balances	(1,067,792)	(1,067,792)	102,780	1,170,572
<b>FUND BALANCE, BEGINNING</b>	1,067,792	1,067,792	1,193,502	125,710
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 1,296,282	\$ 1,296,282
Budget to GAAP Reconciliation				
Interfund loan transactions			167,500	
GAAP Fund Balance			\$ 1,463,782	

**CITY OF TROUTDALE, OREGON**  
**UTILITIES UNDERGROUNDING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2018**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Franchise fees	\$ 189,820	\$ 189,820	\$ 194,817	\$ 4,997
Investment earnings	5,000	5,000	32,122	27,122
Total revenues	194,820	194,820	226,939	32,119
<b>EXPENDITURES:</b>				
Capital outlay	2,023,773	2,023,773	-	2,023,773
Total expenditures	2,023,773	2,023,773	-	2,023,773
Net changes in fund balances	(1,828,953)	(1,828,953)	226,939	2,055,892
<b>FUND BALANCE, BEGINNING</b>	1,828,953	1,828,953	1,891,715	62,762
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 2,118,654	\$ 2,118,654

**CITY OF TROUTDALE, OREGON**  
**STP SITE REDEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2018**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	\$ -	\$ (1,000)	\$ (33)	\$ 967
Net changes in fund balances	-	(1,000)	(33)	967
<b>FUND BALANCE, BEGINNING</b>	-	1,000	33	(967)
<b>FUND BALANCE, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF TROUTDALE, OREGON  
POLICE FACILITY PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2018**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Interest	\$ 350	\$ 350	\$ 871	\$ 521
Total revenues	350	350	871	521
<b>EXPENDITURES:</b>				
Capital outlay	52,019	52,019	-	52,019
Total expenditures	52,019	52,019	-	52,019
Net changes in fund balances	(51,669)	(51,669)	871	52,540
<b>FUND BALANCES, BEGINNING</b>	51,669	51,669	52,205	536
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,076</u>	<u>\$ 53,076</u>

**SCHEDULE OF REVENUES,  
EXPENDITURES/EXPENSES  
AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL**

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**Proprietary Funds**

Water Fund

Water Improvement Fund

Water Fund Reconciliation of Budgetary Revenues and  
Expenditures to Proprietary Revenues and Expenses

Sewer Fund

Debt Service Fund (business-type activity portion)

Sewer Improvement Fund

Sewer Fund Reconciliation of Budgetary Revenues and  
Expenditures to Proprietary Revenues and Expenses

Storm Sewer Improvement Fund

Storm Sewer Utility Fund

Storm Sewer Fund Reconciliation of Budgetary Revenues and  
Expenditures to Proprietary Revenues and Expenses

Public Services Fund

**CITY OF TROUTDALE, OREGON  
WATER FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2018**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 106,390	\$ 106,390
Charges for services	1,932,817	1,932,817	2,105,320	172,503
Investment earnings	83,304	83,304	26,404	(56,900)
Miscellaneous	1,000	1,000	2,907	1,907
Total revenues	2,017,121	2,017,121	2,241,021	223,900
<b>EXPENDITURES:</b>				
Personnel services	459,687	459,687	389,344	70,343
Materials and services	1,338,050	1,338,050	1,190,441	147,609
Capital outlay	741,900	741,900	579,857	162,043
Contingency	350,000	350,000	-	350,000
Total expenditures	2,889,637	2,889,637	2,159,642	729,995
Net changes in fund balances	(872,516)	(872,516)	81,379	953,895
<b>FUND BALANCES, BEGINNING</b>	969,803	969,803	1,165,291	195,488
<b>FUND BALANCES, ENDING</b>	<u>\$ 97,287</u>	<u>\$ 97,287</u>	<u>\$ 1,246,670</u>	<u>\$ 1,149,383</u>

**CITY OF TROUTDALE, OREGON**  
**WATER IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2018**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
System development charges	\$ 9,000	\$ 9,000	\$ 83,259	\$ 74,259
Investment earnings	100	100	6,971	6,871
Total revenues	9,100	9,100	90,230	81,130
<b>EXPENDITURES:</b>				
Materials and services	25,000	25,000	10,786	14,214
Capital outlay	35,000	35,000	437	34,563
Contingency	3,016	3,016	-	3,016
Total expenditures	63,016	63,016	11,223	51,793
Net changes in fund balances	(53,916)	(53,916)	79,007	132,923
<b>FUND BALANCES, BEGINNING</b>	53,916	53,916	63,323	9,407
<b>FUND BALANCES, ENDING</b>	\$ -	\$ -	\$ 142,330	\$ 142,330

**CITY OF TROUTDALE, OREGON**  
**WATER FUND**  
**RECONCILIATION OF BUDGETARY REVENUES AND EXPENDITURES**  
**TO PROPRIETARY REVENUES AND EXPENSES**  
**For the Year Ended June 30, 2018**

	<u><b>Revenues</b></u>	<u><b>Expenditures/ Expenses</b></u>
Water Fund	\$ 2,241,021	\$ 2,159,642
Water Improvement Fund	90,230	11,223
Total (Budgetary)	<u>2,331,251</u>	<u>2,170,865</u>
Capital outlay expenditures capitalized	-	(620,268)
Depreciation expense	-	429,847
Pension expense	-	(41,049)
Net change in accrued compensated absences	<u>-</u>	<u>4,099</u>
Revenues and expenses (GAAP)	\$ 2,331,251	\$ 1,943,494

**CITY OF TROUTDALE, OREGON  
SEWER FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2018**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Charges for services	\$ 3,023,164	\$ 3,023,164	\$ 3,087,338	\$ 64,174
Investment earnings	6,000	6,000	33,099	27,099
Miscellaneous	1,000	1,000	10,444	9,444
Total revenues	3,030,164	3,030,164	3,130,881	100,717
<b>EXPENDITURES:</b>				
Personnel services	530,902	530,902	511,887	19,015
Materials and services	2,052,505	2,052,505	1,744,111	308,394
Capital outlay	580,000	580,000	118,225	461,775
Contingency	850,000	850,000	-	850,000
Total expenditures	4,013,407	4,013,407	2,374,223	1,639,184
Revenues over (under) expenditures	(983,243)	(983,243)	756,658	1,739,901
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(359,632)	(359,632)	(359,632)	-
Total other financing sources (uses)	(359,632)	(359,632)	(359,632)	-
Net changes in fund balances	(1,342,875)	(1,342,875)	397,026	1,739,901
<b>FUND BALANCES, BEGINNING</b>	1,865,257	1,865,257	2,209,883	344,626
<b>FUND BALANCES, ENDING</b>	<u>\$ 522,382</u>	<u>\$ 522,382</u>	<u>\$ 2,606,909</u>	<u>\$ 2,084,527</u>

**CITY OF TROUTDALE, OREGON**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2018**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Property taxes				
Current Year	\$ 1,102,573	\$ 1,102,573	\$ 1,113,172	\$ 10,599
Prior Year	5,000	5,000	20,443	15,443
Investment earnings	100	100	13,538	13,438
Total revenues	1,107,673	1,107,673	1,147,153	39,480
<b>EXPENDITURES:</b>				
Debt Service:				
Principal	1,500,000	1,500,000	1,500,000	-
Interest	312,985	312,985	312,985	-
Total debt service	1,812,985	1,812,985	1,812,985	-
Revenues over (under) expenditures	(705,312)	(705,312)	(665,832)	39,480
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	534,632	534,632	534,632	-
Total other financing sources (uses)	534,632	534,632	534,632	-
Net changes in fund balances	(170,680)	(170,680)	(131,200)	39,480
<b>FUND BALANCES, BEGINNING</b>	445,854	445,854	496,075	50,221
<b>FUND BALANCES, ENDING</b>	<u>\$ 275,174</u>	<u>\$ 275,174</u>	<u>\$ 364,875</u>	<u>\$ 89,701</u>

**CITY OF TROUTDALE, OREGON**  
**SEWER IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2018**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
System development charges	\$ 40,000	\$ 40,000	\$ 512,880	\$ 472,880
Investment earnings	100	100	12,642	12,542
Total revenues	40,100	40,100	525,522	485,422
<b>EXPENDITURES:</b>				
Materials and Services	25,000	25,000	286	24,714
Capital Outlay	30,000	30,000	-	30,000
Contingency	129,034	129,034	-	129,034
Total expenditures	184,034	184,034	286	183,748
Net changes in fund balances	(143,934)	(143,934)	525,236	669,170
<b>FUND BALANCES, BEGINNING</b>	143,934	143,934	231,481	87,547
<b>FUND BALANCES, ENDING</b>	\$ -	\$ -	\$ 756,717	\$ 756,717

**CITY OF TROUTDALE, OREGON**  
**SEWER FUND**  
**RECONCILIATION OF BUDGETARY REVENUES AND EXPENDITURES**  
**TO PROPRIETARY REVENUES AND EXPENSES**  
**For the Year Ended June 30, 2018**

	<b>Revenues</b>	<b>Expenditures/ Expenses</b>
Sewer Fund	\$ 3,130,881	\$ 2,374,223
Debt Service Fund	1,147,153	1,812,985
Sewer Improvement Fund	525,522	286
Total	<u>4,803,556</u>	<u>4,187,494</u>
Depreciation expense	-	584,722
Capital outlay	-	(57,325)
Loss on sale of capital asset	(104,770)	-
Net change in accrued compensated absences	-	(2,644)
Change in unavailable property taxes	(18,382)	-
Interest	-	(4,060)
Pension expense	-	(41,049)
Bond Premium and Discount Amortization	-	14,147
Payment of bond principal	<u>-</u>	<u>(1,235,000)</u>
Revenues and expenses	\$ 4,680,404	\$ 3,446,285

**CITY OF TROUTDALE, OREGON**  
**STORM SEWER IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES:</b>				
System development charges	\$ 10,000	\$ 10,000	\$ 1,058,359	\$ 1,048,359
Investment earnings	7,000	7,000	37,178	30,178
Total revenues	17,000	17,000	1,095,537	1,078,537
<b>EXPENDITURES:</b>				
Materials and services	35,000	35,000	286	34,714
Capital outlay	610,000	610,000	535,000	75,000
Contingency	962,530	962,530	-	962,530
Total expenditures	1,607,530	1,607,530	535,286	1,072,244
Net changes in fund balances	(1,590,530)	(1,590,530)	560,251	2,150,781
<b>FUND BALANCES, BEGINNING</b>	1,590,530	1,590,530	1,825,176	234,646
<b>FUND BALANCES, ENDING</b>	\$ -	\$ -	\$ 2,385,427	\$ 2,385,427

**CITY OF TROUTDALE, OREGON  
STORM SEWER UTILITY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2018**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Charges for services	\$ 616,972	\$ 616,972	\$ 618,967	\$ 1,995
Investment earnings	500	500	592	92
Miscellaneous	5,000	5,000	445	(4,555)
Total revenues	622,472	622,472	620,004	(2,468)
<b>EXPENDITURES:</b>				
Personnel services	179,696	179,696	167,987	11,709
Materials and services	437,132	437,132	395,431	41,701
Capital outlay	225,000	275,000	271,815	3,185
Contingency	126,401	76,401	-	76,401
Total expenditures	968,229	968,229	835,233	132,996
Revenues over (under) expenditures	(345,757)	(345,757)	(215,229)	130,528
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	165,000	165,000	165,000	-
Total other financing sources (uses)	165,000	165,000	165,000	-
Net changes in fund balances	(180,757)	(180,757)	(50,229)	130,528
<b>FUND BALANCES, BEGINNING</b>	180,757	180,757	247,183	66,426
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,954</u>	<u>\$ 196,954</u>

**CITY OF TROUTDALE, OREGON**  
**STORM SEWER FUND**  
**RECONCILIATION OF BUDGETARY REVENUES AND EXPENDITURES**  
**TO PROPRIETARY REVENUES AND EXPENSES**  
**For the Year Ended June 30, 2018**

	<u><b>Revenues</b></u>	<u><b>Expenditures/ Expenses</b></u>
Storm Sewer Improvement Fund	\$ 1,095,537	\$ 535,286
Storm Sewer Utility Fund	620,004	835,233
Total	<u>1,715,541</u>	<u>1,370,519</u>
Depreciation expense	-	260,136
Capital outlay	-	(803,562)
Pension expense	-	(18,658)
Net change in accrued compensated absences	<u>-</u>	<u>4,633</u>
Revenues and expenses	\$ 1,715,541	\$ 813,068

**CITY OF TROUTDALE, OREGON**  
**INTERNAL SERVICES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2018**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 1,700,432	\$ 1,700,432	\$ 1,662,625	\$ (37,807)
Licenses and permits	4,556	4,556	51,858	47,302
Investment earnings	1,000	1,000	11,202	10,202
Miscellaneous	-	-	11	11
Total revenues	1,705,988	1,705,988	1,725,696	19,708
<b>EXPENDITURES:</b>				
Equipment maintenance	316,803	316,803	285,469	31,334
Public works management	1,335,854	1,335,854	1,266,634	69,220
Contingency	257,750	257,750	-	257,750
Total expenditures	1,910,407	1,910,407	1,552,103	358,304
Net Changes in fund balances	(204,419)	(204,419)	173,593	378,012
<b>FUND BALANCES, BEGINNING</b>	204,419	204,419	458,011	253,592
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 631,604</u>	<u>\$ 631,604</u>

**CITY OF TROUTDALE, OREGON**  
**PUBLIC SERVICES FUND**  
**RECONCILIATION OF BUDGETARY REVENUES AND EXPENDITURES**  
**TO PROPRIETARY REVENUES AND EXPENSES**  
**For the Year Ended June 30, 2018**

	<u><b>Revenues</b></u>	<u><b>Expenditures/ Expenses</b></u>
Public Services Fund	\$ 1,725,696	\$ 1,552,103
Total	1,725,696	1,552,103
Transfers	<u>-</u>	<u>-</u>
Revenues and expenses	\$ 1,725,696	\$ 1,552,103

**CAPITAL ASSETS  
USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

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**CITY OF TROUTDALE, OREGON**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule By Source**  
*June 30, 2018*

**Governmental funds capital assets:**

Land	\$ 5,867,327
Intangibles	45,942
Land improvements	4,858,330
Buildings and building improvements	10,799,121
Equipment	1,447,650
Infrastructure	25,188,554
Work in process	<u>255,302</u>
Total governmental funds capital assets	<u><u>\$ 48,462,226</u></u>

**Investments in governmental capital assets by source:**

Balance, July 1, 2017	\$ 45,671,236
Net changes provided by:	
General fund	2,420,083
Parks	298,635
Public Safety	-
Public Works	-
Streets	<u>72,272</u>
Total	2,790,990
Total governmental funds capital assets	<u><u>\$ 48,462,226</u></u>

**CITY OF TROUTDALE, OREGON**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule By Function and Activity**  
*June 30, 2018*

	<u>Land and Land Improvements and Intangibles</u>	<u>Buildings and Improvements</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Work in Progress</u>	<u>Total</u>
General Government	\$ 3,689,496	\$ 1,138,972	\$ 339,686	\$ -	\$ -	\$ 5,168,154
Community Development	6,221,965	2,198,023	548,022	443,959	255,302	9,667,271
Public Safety	115,781	7,425,333	175,217	-	-	7,716,331
Highways and Streets	<u>744,358</u>	<u>36,793</u>	<u>384,724</u>	<u>24,744,595</u>	<u>-</u>	<u>25,910,470</u>
Total Investment	<u>\$ 10,771,600</u>	<u>\$ 10,799,121</u>	<u>\$ 1,447,649</u>	<u>\$ 25,188,554</u>	<u>\$ 255,302</u>	<u>\$ 48,462,226</u>

**CITY OF TROUTDALE, OREGON**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity**  
*For the Year Ended June 30, 2018*

Function and Activity	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
General Government	\$ 2,748,072	\$ 2,473,649	\$ (53,567)	\$ 5,168,154
Community Development	9,368,636	345,507	(46,872)	9,667,271
Public Safety	7,716,331	-	-	7,716,331
Highways and Streets	<u>25,838,197</u>	<u>690,859</u>	<u>(618,586)</u>	<u>25,910,470</u>
<b>Total Investment</b>	<u><u>\$ 45,671,236</u></u>	<u><u>\$ 3,510,015</u></u>	<u><u>\$ (719,025)</u></u>	<u><u>\$ 48,462,226</u></u>

City of Troutdale, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES

June 30, 2018

Tax Year	Taxes Uncollected July 1, 2017	Add Levy As Extended By Assessor	(Deduct) Discounts Allowed	Add Interest Adjustments	Add (Deduct) Cancellations and Adjustments	(Deduct) Interest and Tax Collected	Taxes Uncollected June 30, 2018
2017-18	\$ -	\$ 6,837,147	\$ (179,741)	\$ 1,362	\$ (53,038)	\$ (6,502,012)	\$ 103,718
2016-17	129,162	-	18	1,801	(31,784)	(50,089)	49,108
2015-16	80,144	-	26	2,263	(25,810)	(19,608)	37,015
2014-15	62,631	-	13	3,102	(5,640)	(17,562)	42,544
2013-14	45,977	-	-	1,970	(3,435)	(9,619)	34,893
2012-13	33,719	-	-	306	(1,643)	(1,029)	31,353
2011-12	35,716	-	-	197	(3,369)	(573)	31,970
2010-11	19,964	-	-	80	(136)	(224)	19,684
2009-10	18,111	-	-	56	(105)	(150)	17,913
2008-09	636	-	-	49	(82)	(120)	483
2007-08 and prior	2,401	-	-	296	(290)	(621)	1,786
Total	\$ 428,461	\$ 6,837,147	\$ (179,684)	\$ 11,482	\$ (125,333)	\$ (6,601,606)	\$ 370,468

	Revenue Total	Receivable June 30, 2018
Governmental Funds	\$ 5,472,156	\$ 295,496
Proprietary Funds	1,115,233	74,973
Subtotal	6,587,389	\$ 370,469
Miscellaneous adjustments		
Change in property taxes subject to accrual	(54,307)	
Total taxes, tax penalties and interest	\$ 6,533,082	

## **OTHER INFORMATION**

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City of Troutdale, Oregon

SCHEDULE OF DEBT PRINCIPAL TRANSACTIONS

June 30, 2018

	Interest Rate			Original Issue Date Amount	Outstanding July 1, 2017	2017-2018 Transactions			Outstanding at June 30, 2018
						Increases/ (Reductions)	Matured/ Called	Paid	Unmatured
<u>General obligation bonds</u>									
WPCF Refunding Bonds, Series 2008	3.25-4	%	6-17-08	\$ 8,555,000	\$ 1,235,000	\$ -	\$ 1,235,000	\$ 1,235,000	\$ -
Police Facility Bonds, Series 2011	2.0-4.35	%	2-17-11	\$ 7,540,000	\$ 6,195,000	\$ -	\$ 265,000	\$ 265,000	\$ 5,930,000
<u>COP Note Payable</u>									
P & F Building Loan	3.45	%	3-31-08	\$ 1,173,000	\$ 138,000	\$ -	\$ 138,000	\$ 138,000	\$ -
<u>Full Faith and Credit Obligation Bonds</u>									
Troutdale Riverfront Renewal Plan	3.15-3.59	%	3-1-18	\$ 5,000,000	\$ -	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000

City of Troutdale, Oregon

SCHEDULE OF DEBT INTEREST TRANSACTIONS

June 30, 2018

	Issue Date	2017-2018 Transactions					Future Liability at June 30, 2018	
		Unmatured	Total	Increases/ (Reductions)	Matured	Paid	Unmatured	Total
<u>General obligation bonds</u>								
WPCF Refunding Bonds, Series 2008 3.25%-4% interest	6-17-08	\$ <u>49,400</u>	\$ <u>49,400</u>	\$ <u>-</u>	\$ <u>49,400</u>	\$ <u>49,400</u>	\$ <u>-</u>	\$ <u>-</u>
Police Facility Bonds, Series 2011 2.0%-4.35% interest	2-17-11	\$ <u>2,317,870</u>	\$ <u>2,317,870</u>	\$ <u>-</u>	\$ <u>263,585</u>	\$ <u>263,585</u>	\$ <u>2,054,285</u>	\$ <u>2,054,285</u>
<u>COP Note Payable</u>								
P & F Building Loan	3-31-08	\$ <u>2,380</u>	\$ <u>2,380</u>	\$ <u>-</u>	\$ <u>2,380</u>	\$ <u>2,380</u>	\$ <u>-</u>	\$ <u>-</u>
<u>Full Faith and Credit Obligation Bonds</u>								
Troutdale Riverfront Renewal Plan	3-1-18	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,386,431</u>	\$ <u>39,431</u>	\$ <u>39,431</u>	\$ <u>1,347,000</u>	\$ <u>1,347,000</u>

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS  
OF GENERAL OBLIGATION BONDS

June 30, 2018

Year of Maturity	Police Facility Series 2011 Issued 2-17-2011	
	Principal	Interest
2018-19	\$ 290,000	\$ 253,698
2019-20	315,000	242,098
2020-21	340,000	229,498
2021-22	370,000	215,898
2022-23	400,000	201,098
2023-24	430,000	185,098
2024-25	465,000	167,898
2025-26	495,000	149,298
2026-27	535,000	129,498
2027-28	570,000	107,563
2028-29	610,000	83,908
2029-30	655,000	58,288
2030-31	<u>700,000</u>	<u>30,450</u>
	\$ <u><u>6,175,000</u></u>	\$ <u><u>2,054,285</u></u>

City of Troutdale, Oregon

SCHEDULE OF GENERAL GOVERNMENTAL REVENUES BY SOURCE  
BUDGETARY BASIS  
ALL GOVERNMENTAL FUND TYPES

Last ten fiscal years

(1) Fiscal year ended June 30,	Taxes	Intergovern- mental Revenues	Licenses and Permits	Fines and Forfeitures	Charges for Current Services	Franchise Fees	Assessment Collections	Total
2009	\$ 3,807,929	\$ 2,279,607	\$ 516,513	\$ 209,957	\$ 796,010	\$ 1,269,282	\$ 1,211,874	\$ 10,091,172
2010	4,495,720	1,656,814	381,506	353,827	351,583	1,308,156	1,020,628	9,568,234
2011	4,578,650	1,982,701	229,827	402,602	261,490	1,242,675	1,006,855	9,704,800
2012	4,638,551	2,043,778	276,682	359,776	318,235	1,279,355	1,072,325	9,988,702
2013	4,705,830	2,794,696	246,595	362,591	409,348	1,272,918	1,141,834	10,933,812
2014	4,910,416	2,237,890	356,378	339,269	344,131	1,276,287	1,189,477	10,653,848
2015	5,479,355	2,498,274	401,936	295,888	313,894	1,319,304	1,012,273	11,320,924
2016	5,879,695	2,617,629	269,583	222,053	60,110	1,332,446	1,441,518	11,823,034
2017	6,515,952	2,570,534	1,054,239	381,928	67,403	1,345,455	2,111,679	14,047,190
2018	7,107,336	2,867,310	1,742,901	235,011	874,578	1,397,703	2,258,970	16,483,809

(1) This schedule is presented on the budgetary basis. Statements and Schedules of Revenue, Expenditures, and Changes in Fund Balance, Budget and Actual are used to determine these amounts and supplemented by detailed financial records of the City.

City of Troutdale, Oregon

SCHEDULE OF GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION  
BUDGETARY BASIS  
ALL GOVERNMENTAL FUND TYPES

Last ten fiscal years

(1) Fiscal year ended June 30,	General Government	Public Safety	Highways and Streets	Community Development	Solid Waste/ Recycling	Capital Outlay	Debt Service	Total
2009	\$ 2,040,359	\$ 4,780,944	\$ 705,840	\$ 1,708,006	\$ 22,958	\$ 1,062,479	\$ 133,830	\$ 10,454,416
2010	2,233,315	4,860,333	546,464	1,452,360	3,166	172,217	135,466	9,403,321
2011	2,120,597	5,201,680	782,891	1,360,661	8,139	364,552	136,930	9,975,450
2012	2,104,647	5,307,537	724,049	1,360,507	13,780	5,534,665	138,221	15,183,406
2013	2,088,156	5,240,764	786,038	1,295,030	13,517	2,788,459	139,340	12,351,304
2014	2,067,329	5,462,943	929,899	1,581,270	17,225	619,939	140,286	10,818,891
2015	2,182,269	5,677,030	732,538	1,617,532	15,114	307,304	142,093	10,673,880
2016	2,101,025	5,572,587	977,486	1,649,501	14,832	616,417	143,843	11,075,691
2017	2,281,365	5,391,943	731,374	2,000,360	9,257	344,192	145,354	10,903,845
2018	2,542,026	5,552,528	1,001,291	2,374,536	14,297	3,312,230	183,330	14,980,238

(1) This schedule is presented on the budgetary basis. Statements and Schedules of Revenue, Expenditures, and Changes in Fund Balance, Budget and Actual are used to determine these amounts and supplemented by detailed financial records of the City.

City of Troutdale, Oregon

SCHEDULE OF ACCOUNTABILITY FOR INDEPENDENTLY ELECTED OFFICIALS

Fiscal year ended June 30, 2018

Oregon Revised Statutes section 297 requires a statement of accountability for each independently elected official collecting or receiving money in the municipal corporation. The statement is a presentation of the beginning balances, receipts, disbursements, refunds, and turnovers to the appropriate governmental official, reconciled to cash on hand at the beginning and end of the audit period.

In compliance with ORS 297, there are no independently elected officials that collect or receive money on behalf of the City of Troutdale.

# **STATISTICAL SECTION**

This part of the City of Troutdale's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall health.

## **Pages**

### **Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being has changed over time.

92-96

### **Revenue Capacity**

These schedules contain trend information to help the reader assess the City's local revenue source, the property tax.

97-100

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

101-104

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

105-109

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

110-111

**CITY OF TROUTDALE , OREGON**  
**NET ASSETS BY COMPONENT**  
**Last Ten Fiscal Years Ending June 30th**  
**(accrual basis of accounting)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 12,296,699	\$ 12,618,818	\$ 5,149,917	\$ 10,813,733	\$ 11,681,650	\$ 11,679,907	\$ 10,979,510	\$ 11,576,791	\$ 11,304,143	\$ 8,767,186
Restricted	419,279	97,144	10,864,094	6,788,007	5,338,679	5,478,484	5,893,683	5,886,401	7,647,283	11,091,412
Unrestricted	7,271,820	7,697,747	4,302,031	1,151,803	3,056,564	3,110,090	2,775,525	1,610,901	1,255,451	4,171,911
Total governmental activities net assets	<u>\$ 19,987,798</u>	<u>\$ 20,413,709</u>	<u>\$ 20,316,042</u>	<u>\$ 18,753,543</u>	<u>\$ 20,076,893</u>	<u>\$ 20,268,481</u>	<u>\$ 19,648,718</u>	<u>\$ 19,074,093</u>	<u>\$ 20,206,877</u>	<u>\$ 24,030,509</u>
Business-type activities										
Net investment in capital assets	\$ 27,192,212	\$ 26,758,247	\$ 26,309,662	\$ 25,923,958	\$ 26,034,221	\$ 30,043,118	\$ 29,873,029	\$ 30,273,275	\$ 30,214,400	\$ 31,536,933
Restricted	2,496,813	2,256,533	2,278,696	2,056,152	1,147,530	2,332,344	2,374,868	2,044,059	2,121,132	3,288,474
Unrestricted	2,606,022	2,835,946	2,965,237	3,220,411	4,392,238	3,449,058	3,417,969	2,116,593	3,323,380	3,871,447
Total business-type activities net assets	<u>\$ 32,295,047</u>	<u>\$ 31,850,726</u>	<u>\$ 31,553,595</u>	<u>\$ 31,200,521</u>	<u>\$ 31,573,989</u>	<u>\$ 35,824,520</u>	<u>\$ 35,665,866</u>	<u>\$ 34,433,927</u>	<u>\$ 35,658,912</u>	<u>\$ 38,696,854</u>
Primary government										
Net investment in capital assets	\$ 39,488,911	\$ 39,377,065	\$ 31,459,579	\$ 36,737,691	\$ 37,715,871	\$ 41,723,025	\$ 40,852,539	\$ 41,850,066	\$ 41,518,543	\$ 40,304,119
Restricted	2,916,092	2,353,677	13,142,790	8,844,159	6,486,209	7,810,828	8,268,551	7,930,460	9,768,415	14,379,886
Unrestricted	9,877,842	10,533,693	7,267,268	4,372,214	7,448,802	6,559,148	6,193,494	3,727,494	4,578,831	8,043,358
Total primary government net assets	<u>\$ 52,282,845</u>	<u>\$ 52,264,435</u>	<u>\$ 51,869,637</u>	<u>\$ 49,954,064</u>	<u>\$ 51,650,882</u>	<u>\$ 56,093,001</u>	<u>\$ 55,314,584</u>	<u>\$ 53,508,020</u>	<u>\$ 55,865,789</u>	<u>\$ 62,727,363</u>

<sup>1</sup> Information is presented for years ended subsequent to the implementation of GASB Statement No. 34.

**CITY OF TROUTDALE , OREGON**  
**CHANGES IN NET ASSETS**  
**Last Ten Fiscal Years Ending June 30th**  
**(accrual basis of accounting)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,244,169	\$ 2,474,134	\$ 2,207,978	\$ 2,290,744	\$ 1,980,493	\$ 1,875,390	\$ 2,016,349	\$ 2,251,403	\$ 2,366,482	\$ 2,344,521
Public safety	5,479,783	5,145,857	5,081,873	6,030,937	4,760,654	5,365,424	5,235,720	6,536,118	6,272,781	5,767,448
Highways and streets	809,014	578,566	1,427,173	1,419,589	1,239,829	1,408,175	1,166,959	1,519,782	1,179,564	1,319,285
Solid waste/recycling	26,314	3,352	8,165	15,320	28,845	15,945	13,375	16,926	10,465	14,408
Community development	1,957,668	1,537,680	900,494	1,818,625	1,580,808	1,812,461	1,780,461	2,204,802	2,579,361	2,565,323
Interest on long-term debt	38,591	85,879	86,643	16,125	20,900	1,379	15,454	11,020	6,215	37,488
Transfers Out	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	10,555,539	9,825,468	9,712,326	11,591,340	9,611,529	10,478,774	10,228,318	12,540,051	12,414,868	12,048,473
Business-type activities:										
Water	\$ 1,806,634	\$ 1,783,764	\$ 1,941,720	\$ 2,019,228	\$ 1,882,941	\$ 1,887,225	\$ 1,696,706	\$ 2,409,035	\$ 1,975,540	\$ 1,837,104
Sewer	2,480,974	2,577,321	2,714,223	3,306,348	3,180,079	3,343,454	3,087,108	4,066,368	3,262,115	3,446,285
Storm sewer	356,319	423,444	685,874	566,641	449,292	461,676	614,969	1,303,614	835,776	813,068
Public services	926,672	945,183	891,327	961,728	942,509	1,081,187	1,108,024	1,336,509	1,333,159	1,552,103
Total business-type activities expenses	5,570,599	5,729,712	6,233,144	6,853,945	6,454,821	6,773,542	6,506,807	9,115,526	7,406,590	7,648,560
Total primary government expenses	<u>\$ 16,126,138</u>	<u>\$ 15,555,180</u>	<u>\$ 15,945,470</u>	<u>\$ 18,445,285</u>	<u>\$ 16,066,350</u>	<u>\$ 17,252,316</u>	<u>\$ 16,735,125</u>	<u>\$ 21,655,577</u>	<u>\$ 19,821,458</u>	<u>\$ 19,697,033</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 795,134	\$ 913,289	\$ 463,477	\$ 323,000	\$ 275,880	\$ 397,213	\$ 325,671	\$ 69,903	\$ 55,717	\$ 57,058
Other activities	9,777	7,593	7,650	7,875	7,875	8,175	7,875	600	2,700	-
Operating grants and contributions	676,716	641,179	744,784	802,626	914,475	889,969	929,972	963,559	974,986	1,051,943
Capital grants and contributions	140,912	481,516	10,406	2,508	53,745	50,397	57,550	509,705	57,376	865,435
Total governmental activities program revenues	1,622,539	2,043,577	1,226,317	1,136,009	1,251,975	1,345,754	1,321,068	1,543,767	1,090,779	1,974,436
Business-type activities:										
Charges for services:										
Water	1,410,442	1,581,316	1,339,871	1,397,723	1,508,663	1,443,755	1,429,516	1,670,061	1,699,038	2,105,320
Sewer	2,091,078	2,179,348	2,180,436	2,290,594	2,380,969	2,471,898	2,575,013	2,777,232	2,895,792	3,087,338
Storm sewer	197,162	196,743	197,412	214,480	231,036	240,270	251,092	319,224	380,035	618,967
Public services	24,095	842,452	975,025	1,021,826	1,024,115	1,029,977	973,584	1,323,756	1,638,251	1,714,483
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	228,607	1,729,149	108,618	161,711	40,867	63,281	4,176,323	52,032	104,379	1,654,498
Total business-type activities program revenues	3,951,384	6,529,008	4,801,362	5,086,334	5,185,650	5,249,181	9,405,528	6,142,305	6,717,495	9,180,606
Total primary government program revenues	<u>\$ 5,573,923</u>	<u>\$ 8,572,585</u>	<u>\$ 6,027,679</u>	<u>\$ 6,222,343</u>	<u>\$ 6,437,625</u>	<u>\$ 6,594,935</u>	<u>\$ 10,726,596</u>	<u>\$ 7,686,072</u>	<u>\$ 7,808,274</u>	<u>\$ 11,155,042</u>

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net(expense)/revenue										
Governmental activities	\$ (7,781,891)	\$ (8,486,009)	\$ (10,455,331)	\$ (8,359,554)	\$ (9,133,020)	\$ (8,907,250)	\$ (8,915,124)	\$ (10,996,284)	\$ (11,324,089)	\$ (10,074,037)
Business-type activities	799,296	(1,431,782)	(1,767,611)	(1,269,171)	(1,524,361)	2,898,721	(1,037,004)	(2,973,221)	(689,095)	1,532,046
Total primary government net expense	<u>\$ (6,982,595)</u>	<u>\$ (9,917,791)</u>	<u>\$ (12,222,942)</u>	<u>\$ (9,628,725)</u>	<u>\$ (10,657,381)</u>	<u>\$ (6,008,529)</u>	<u>\$ (9,952,128)</u>	<u>\$ (13,969,505)</u>	<u>\$ (12,013,184)</u>	<u>\$ (8,541,991)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 3,807,929	\$ 3,956,364	\$ 4,100,036	\$ 4,196,608	\$ 4,198,071	\$ 4,389,337	\$ 4,862,600	\$ 4,945,564	\$ 5,218,664	\$ 5,417,849
Franchise taxes	1,269,282	1,308,156	1,242,675	1,279,355	1,272,918	1,276,287	1,319,304	1,332,446	1,345,455	1,397,703
Business income taxes	1,312,523	657,704	716,750	670,940	708,606	789,670	875,509	1,118,817	1,054,570	1,185,784
Hotel taxes	414,443	402,806	429,249	427,973	451,708	480,624	47,516	718,344	738,182	724,913
Liquor taxes	186,331	174,967	182,575	204,188	213,221	224,251	577,726	230,109	245,594	256,000
Cigarette taxes	24,312	22,674	20,911	23,354	22,735	21,545	21,382	21,140	20,367	19,813
Solid waste taxes	50,203	52,465	56,310	54,109	57,118	56,968	58,114	64,176	64,278	74,054
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Investment earnings	148,990	54,186	56,150	74,488	54,752	45,229	45,229	61,068	114,463	258,228
Miscellaneous	1,004,940	1,835,854	1,809,260	1,845,851	2,609,996	2,065,383	2,219,435	1,929,995	3,655,300	4,780,722
Gain on sale of capital assets	-	-	(135,266)	-	-	-	-	-	-	-
Transfers	13,727	(15,000)	-	-	-	-	-	-	-	-
Total governmental activities	<u>\$ 8,232,680</u>	<u>\$ 8,450,176</u>	<u>\$ 8,478,650</u>	<u>\$ 8,776,866</u>	<u>\$ 9,589,125</u>	<u>\$ 9,349,294</u>	<u>\$ 10,026,816</u>	<u>\$ 10,421,659</u>	<u>\$ 12,456,873</u>	<u>\$ 14,115,066</u>
Business-type activities:										
Taxes										
Property taxes	641,663	653,165	721,442	1,274,401	1,431,836	1,459,418	1,409,806	1,320,157	1,306,567	1,115,233
Investment earnings	110,273	36,579	25,830	28,190	30,758	30,761	30,100	42,170	67,792	142,071
Miscellaneous	18,844	93,082	102,407	12,630	116,514	128,366	47,957	26,955	21,721	(91,408)
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	-	15,000	-	-	-	-	-	352,000	518,000	340,000
Total business-type activities	<u>770,780</u>	<u>797,826</u>	<u>849,679</u>	<u>1,315,221</u>	<u>1,579,108</u>	<u>1,618,545</u>	<u>1,487,863</u>	<u>1,741,282</u>	<u>1,914,080</u>	<u>1,505,896</u>
Total primary government	<u>\$ 9,003,460</u>	<u>\$ 9,248,002</u>	<u>\$ 9,328,329</u>	<u>\$ 10,092,087</u>	<u>\$ 11,168,233</u>	<u>\$ 10,967,839</u>	<u>\$ 11,514,679</u>	<u>\$ 12,162,941</u>	<u>\$ 14,370,953</u>	<u>15,620,962</u>
<b>Change in Net Assets</b>										
Governmental activities	\$ 450,789	\$ (35,833)	\$ (1,976,681)	\$ 417,312	\$ 456,105	\$ 442,044	\$ 1,111,692	\$ (574,625)	\$ 1,132,784	\$ 4,041,029
Business-type activities	<u>1,570,076</u>	<u>(633,956)</u>	<u>(917,932)</u>	<u>46,050</u>	<u>54,747</u>	<u>4,517,266</u>	<u>450,859</u>	<u>(1,231,939)</u>	<u>1,224,985</u>	<u>3,037,942</u>
Total primary government	<u>\$ 2,020,865</u>	<u>\$ (669,789)</u>	<u>\$ (2,894,613)</u>	<u>\$ 463,362</u>	<u>\$ 510,852</u>	<u>\$ 4,959,310</u>	<u>\$ 1,562,551</u>	<u>\$ (1,806,564)</u>	<u>\$ 2,357,769</u>	<u>\$ 7,078,971</u>

<sup>1</sup> Information is presented for years ended subsequent to the implementation of GASB Statement No. 34.

**CITY OF TROUTDALE , OREGON**  
**FUND BALANCE OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years Ending June 30th**  
**(modified accrual basis of accounting)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Reserved (pre GASB #54)	\$ 356,254	\$ 356,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved (pre GASB #54)	3,405,819	3,525,521	-	-	-	-	-	-	-	-
<i>GASB No. 54 Categories:</i>										
Nonspendable	-	-	2,326	1,973	4,234	4,763	4,684	2,135	13,286	8,683
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	54,000	54,000	-	-	-	-	-	-
Unassigned	-	-	3,578,983	3,620,883	3,728,007	3,700,166	4,073,773	4,543,953	5,475,619	10,780,053
Total general fund	<u>\$ 3,762,073</u>	<u>\$ 3,881,775</u>	<u>\$ 3,635,309</u>	<u>\$ 3,676,856</u>	<u>\$ 3,732,241</u>	<u>\$ 3,704,929</u>	<u>\$ 4,078,457</u>	<u>\$ 4,546,088</u>	<u>\$ 5,488,905</u>	<u>\$ 10,788,736</u>
 All other governmental funds										
Reserved (pre GASB #54)	\$ 29,602	\$ 63,025	\$ 97,144	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds (pre GASB #54)	1,115,154	973,682	946,312	-	-	-	-	-	-	-
Capital project funds (pre GASB #54)	2,595,186	2,892,319	2,915,781	-	-	-	-	-	-	-
Permanent funds (pre GASB #54)										
<i>GASB No. 54 Categories:</i>										
Nonspendable	-	-	-	13,233	11,607	13,079	12,134	12,259	9,818	13,758
Restricted	-	-	-	11,776,026	6,825,730	5,338,679	5,478,484	5,893,683	5,886,401	11,091,412
Assigned	-	-	-	21,768	(37,723)	-	-	-	-	-
Unassigned	-	-	-	(156,207)	(222,158)	(247,179)	(481,797)	(623,605)	(686,170)	(3,348,853)
Total all other governmental funds	<u>\$ 3,739,942</u>	<u>\$ 3,929,026</u>	<u>\$ 3,959,237</u>	<u>\$ 11,654,820</u>	<u>\$ 6,577,456</u>	<u>\$ 5,104,579</u>	<u>\$ 5,008,821</u>	<u>\$ 5,282,337</u>	<u>\$ 5,210,049</u>	<u>\$ 7,756,317</u>

<sup>1</sup> Information is presented for years ended subsequent to the implementation of GASB Statement No. 34.

**CITY OF TROUTDALE , OREGON**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years Ending June 30th**  
**(modified accrual basis of accounting)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Taxes	\$ 5,077,211	\$ 5,749,690	\$ 5,821,325	\$ 5,917,906	\$ 5,978,748	\$ 6,186,703	\$ 6,798,659	\$ 7,212,141	\$ 7,861,407	\$ 1,742,901
Licenses and permits	516,513	381,506	229,827	276,682	246,595	356,378	401,936	269,583	1,054,239	235,011
Intergovernmental	2,593,522	1,656,814	1,982,701	2,043,778	2,794,696	2,237,890	2,498,274	2,617,629	2,570,534	258,228
Charges for services	796,010	351,583	261,490	318,235	409,348	344,131	313,894	60,110	67,403	2,000,742
Fines	209,957	353,827	402,602	359,776	362,591	339,269	295,888	222,053	381,928	874,578
Investment earnings	148,990	54,186	56,150	74,488	54,752	45,229	47,516	61,068	114,463	2,867,310
Miscellaneous	748,969	1,020,628	950,705	997,837	1,087,082	1,144,248	964,757	1,380,450	1,997,216	8,505,039
<b>Total revenues</b>	<b>10,091,172</b>	<b>9,568,234</b>	<b>9,704,800</b>	<b>9,988,702</b>	<b>10,933,812</b>	<b>10,653,848</b>	<b>11,320,924</b>	<b>11,823,034</b>	<b>14,047,190</b>	<b>16,483,809</b>
<b>Expenditures</b>										
General government	2,040,359	2,233,315	2,120,597	2,104,647	2,088,156	2,067,329	2,182,269	2,101,025	2,281,365	2,542,026
Public safety	4,780,944	4,860,333	5,201,680	5,307,537	5,240,764	5,462,943	5,677,030	5,572,587	5,391,943	5,552,528
Highways and streets	705,840	546,464	782,891	724,049	786,038	929,899	732,538	977,486	731,374	1,001,291
Solid waste/recycling	22,958	3,166	8,139	13,780	13,517	17,225	15,114	14,832	9,257	14,297
Community development	1,708,006	1,452,360	1,360,661	1,360,507	1,295,030	1,581,270	1,617,532	1,649,501	2,000,360	2,374,536
Capital outlay	1,062,479	172,217	364,552	5,534,665	2,788,459	619,939	307,304	616,417	344,192	3,312,230
Debt service										
Principal	95,000	100,000	105,000	110,000	115,000	120,000	126,033	132,182	138,264	141,518
Interest	38,830	35,466	31,930	28,221	24,340	20,286	16,060	11,661	7,090	41,812
<b>Total expenditures</b>	<b>10,454,416</b>	<b>9,403,321</b>	<b>9,975,450</b>	<b>15,183,406</b>	<b>12,351,304</b>	<b>10,818,891</b>	<b>10,673,880</b>	<b>11,075,691</b>	<b>10,903,845</b>	<b>14,980,238</b>
Excess of revenues over (under) expenditures	(363,244)	164,913	(270,650)	(5,194,704)	(1,417,492)	(165,043)	647,044	747,343	3,143,345	1,503,571
<b>Other financing sources (uses)</b>										
Transfers in	308,775	152,056	482,104	138,000	143,000	141,000	142,000	142,000	142,100	257,876
Transfers out	(295,048)	(167,056)	(482,104)	(138,000)	(143,000)	(141,000)	(142,000)	(494,000)	(660,100)	(597,876)
Capital leases proceeds	-	-	114,105	158,887	-	41,973	-	-	-	-
Bond proceeds	-	-	7,540,000	-	-	-	-	-	-	5,000,000
Bonds premium	-	-	65,662	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>13,727</b>	<b>(15,000)</b>	<b>7,719,767</b>	<b>158,887</b>	<b>-</b>	<b>41,973</b>	<b>-</b>	<b>(352,000)</b>	<b>(518,000)</b>	<b>4,660,000</b>
<b>Net change in fund balances</b>	<b>\$ (349,517)</b>	<b>\$ 149,913</b>	<b>\$ 7,449,117</b>	<b>\$ (5,035,817)</b>	<b>\$ (1,417,492)</b>	<b>\$ (123,070)</b>	<b>\$ 647,044</b>	<b>\$ 395,343</b>	<b>\$ 2,625,345</b>	<b>\$ 6,163,571</b>
Debt service as a percentage of noncapital expenditures	1.4%	1.5%	1.4%	1.5%	1.5%	1.4%	1.4%	1.4%	1.4%	1.6%

<sup>1</sup> Information is presented for years ended subsequent to the implementation of GASB Statement No. 34.

**CITY OF TROUTDALE , OREGON**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE**  
**OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years Ending June 30th**

Fiscal Year Ended	Assessed Value¹										Ratio of Total Assessed Value to Total Real Market Value	Total City Tax Rate
	Real Property					Personal Property	Manufactured Property	Public Utilities Property	Total	Total Real Market Value		
	Residential Property	Commercial Property	Industrial Property	Other Property	Total Real Property							
2009	\$ 671,196,810	\$ 170,212,610	\$ 38,397,830	\$ 55,947,030	\$ 935,754,280	\$ 30,404,405	\$ 9,312,120	\$ 25,564,310	\$ 1,001,035,115	\$ 1,629,878,407	61.42%	4.43
2010	724,460,240	132,033,070	95,566,630	58,252,340	1,010,312,280	30,827,601	10,750,860	30,057,100	1,081,947,841	1,855,868,519	58.30%	4.41
2011	748,603,040	135,205,020	102,409,550	55,708,990	1,041,926,600	28,481,859	10,538,230	30,086,170	1,111,032,859	1,824,028,187	60.91%	4.47
2012	750,287,090	138,073,440	105,218,010	57,320,510	1,050,899,050	30,835,046	10,518,970	37,638,877	1,129,891,943	1,731,455,887	65.26%	4.98
2013	735,543,050	198,583,360	19,993,540	68,507,590	1,022,627,540	50,886,853	9,312,620	39,162,900	1,121,989,913	1,711,308,740	65.56%	5.16
2014	767,084,170	212,904,330	19,566,760	61,056,060	1,060,611,320	53,724,870	9,628,180	40,383,830	1,164,348,200	1,729,071,950	67.34%	5.16
2015	807,457,540	267,671,940	19,354,720	62,446,640	1,156,930,840	79,633,140	9,635,280	43,185,990	1,289,385,250	1,904,289,273	67.71%	5.00
2016	833,060,570	263,739,740	19,145,910	64,346,310	1,180,292,530	82,551,860	11,255,730	46,033,700	1,320,133,820	1,985,287,321	66.50%	4.87
2017	859,236,490	274,626,400	15,759,960	66,272,230	1,215,895,080	89,002,700	12,687,070	77,829,200	1,395,414,050	2,128,241,371	65.57%	4.80
2018	889,103,470	289,950,500	15,562,390	67,726,240	1,262,342,600	80,886,545	13,530,170	101,609,600	1,458,368,915	2,402,175,197	60.71%	4.64

Source: Multnomah County Division of Assessment and Taxation.

<sup>1</sup> Properties are assessed annually by the County (residential properties) and the State (major commercial properties). Real market values are based on those assessments. Oregon voters approved Ballot Measure 50 in May of 1997, which established a base for property values (the assessed values shown) and limited future increases to three percent per year, regardless of actual market values. New construction is valued equivalent to existing assessed properties by applying a changed property ratio to real market values of the construction as determined by the assessors. (Sal7a)

**CITY OF TROUTDALE , OREGON**  
**PROPERTY TAX RATES <sup>1</sup>**  
**DIRECT AND OVERLAPPING <sup>2</sup> GOVERNMENTS**  
**Last Ten Fiscal Years Ending June 30th**

CITY OF TROUTDALE , OREGON					Overlapping Rates										Total Direct & Overlapping Rates
					Regional & County					School District					
Fiscal Year	Operating	Debt Service	Urban Renewal Agency	Total City	Multnomah County	Port of Portland	Metro Service District	Tri-Met	Soil Conservation District	Total Regional & County	Multnomah County ESD	Reynolds School District	Mt. Hood Community College	Total Schools	
2009	3.76	0.64	0.03	4.43	5.38	0.07	0.40	0.08	0.09	6.02	0.46	5.80	0.49	6.75	17.20
2010	3.76	0.62	0.04	4.41	5.39	0.07	0.44	0.09	0.10	6.08	0.46	5.59	0.49	6.54	17.04
2011	3.75	0.67	0.04	4.47	5.37	0.07	0.41	0.09	0.10	6.04	0.46	5.58	0.49	6.53	17.03
2012	3.75	1.16	0.07	4.98	5.42	0.07	0.31	0.06	0.10	5.96	0.46	5.75	0.49	6.70	17.64
2013	3.74	1.31	0.10	5.16	5.40	0.07	0.40	-	0.10	5.97	0.45	5.95	0.49	6.89	18.02
2014	3.74	1.29	0.13	5.16	5.65	0.07	0.47	-	0.10	6.29	0.45	5.97	0.49	6.92	18.36
2015	3.73	1.12	0.14	5.00	5.63	0.07	0.46	-	0.10	6.25	0.45	5.77	0.49	6.71	17.96
2016	3.74	1.03	0.10	4.87	5.63	0.07	0.39	-	0.09	6.18	0.45	5.94	0.49	6.88	17.93
2017	3.74	0.96	0.09	4.80	5.54	0.07	0.40	-	0.01	6.02	0.46	6.02	0.49	6.96	17.78
2018	3.74	0.80	0.10	4.64	5.54	0.07	0.41	-	0.09	6.11	0.45	6.26	0.49	7.20	17.95

Source: Multnomah County Division of Assessment and Taxation.

<sup>1</sup> In May of 1997 Oregon voters approved Ballot Measure 50 which established permanent tax rates for local taxing districts. Changes to permanent rates would require a state-wide majority vote to remove the effects of the measure from the Oregon constitution. Special levies, with certain restrictions, can be added to permanent rates by vote within each district.

<sup>2</sup> Overlapping rates are the tax rates of various local and county governments that apply to property owners within the City of Troutdale, for Levy Code Area 242. Not all overlapping rates apply to all City of Troutdale property owners (e.g., the rates for special districts apply only to the proportion of the City of Troutdale's property owners whose property is located within the geographic boundaries of the special district).

**CITY OF TROUTDALE , OREGON  
PRINCIPAL PROPERTY TAXPAYERS  
June 30, 2018**

Taxpayer	2017-2018			2008-2009		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value		Value
FEDEX GROUND PACKAGE SYSTEM, INC	\$ 94,976,880	1	6.5%			
COMCAST CORPORATION	60,954,500	2	4.2%			
AUSTELL COLUMBIA GOG	23,619,750	3	1.6%			
PORTLAND GENERAL ELECTRIC	15,077,000	4	1.0%	\$ 8,429,000	8	0.8%
TOYO TANSO USA, INC	14,683,110	5	1.0%	16,817,920	2	1.7%
MOUNTAIN MEADOWS COMMUNITY, ICN	12,690,450	6	0.9%	9,726,220	5	1.0%
BURLINGAME DEVELOPMENT INC	12,627,670	7	0.9%	9,066,270	6	0.9%
MGPX PROPERTIES	11,044,050	8	0.8%			
TOUTDALE TERRACE	10,304,650	9	0.7%	7,897,750	9	0.8%
HPT TA PROPERTIES LLC	9,414,720	10	0.6%			
MCW-RC OR-Cherry Park LLC						
CHELSEA GCA REALTY PARTNERSHIP				18,111,990	1	1.8%
PORT OF PORTLAND				11,932,200	3	1.2%
RED SHED PROPERTIES, LLC				10,070,200	4	1.0%
MCW-RC OR CHERRY PARK LLC				8,869,720	7	0.9%
TUBE SPECIALTIES,				7,565,670	10	0.8%
Totals	\$265,392,780		18.3%	\$ 108,486,940		10.8%

Source: Multnomah County Division of Assessment and Taxation.

**CITY OF TROUTDALE , OREGON**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years Ending June 30th**

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections to Date	
		Current Tax Collections	Percentage of Levy	Delinquent Tax Collections	Amount	Percentage of Levy
2009	\$ 4,643,517	\$ 4,345,859	93.6%	\$ 297,174	\$ 4,643,033	99.99%
2010	4,776,510	4,453,024	93.2%	305,573	4,758,597	99.62%
2011	4,916,098	4,641,549	94.4%	254,865	4,896,414	99.60%
2012	5,548,240	5,286,245	95.3%	230,025	5,516,270	99.42%
2013	5,673,471	5,466,703	96.4%	175,415	5,642,117	99.45%
2014	5,998,948	5,676,214	94.6%	287,841	5,964,055	99.42%
2015	6,444,151	6,111,873	94.8%	289,735	6,401,607	99.34%
2016	6,432,106	6,109,545	95.0%	285,546	6,395,091	99.42%
2017	6,706,161	6,381,733	95.2%	275,320	6,657,053	99.27%
2018	6,837,147	6,502,012	95.1%	-	6,502,012	95.10%

Source: Multnomah County Division of Assessment and Taxation

Annual Property Tax Distribution Summary

Annual Property Tax Receivable Summary

**CITY OF TROUTDALE , OREGON**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years Ending June 30th**

Fiscal Year	Governmental Activities					Business-Type Activities			Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Net G.O. Bond (Premium) / Discount	Landfill Post- Closure Care	Capital Lease Payable	Finance Agreement	General Obligation Bonds	Net G.O. Bond (Premium) / Discount	Total Primary Government		
2009	\$ -	\$ -	\$ -	\$ -	\$ 1,078,000	\$ 9,450,000	\$ (127,323)	\$ 10,400,677	0.04%	669
2010	-	-	-	-	978,000	8,570,000	(113,176)	9,434,824	0.03%	605
2011	7,540,000	65,662	-	78,770	873,000	7,645,000	(99,029)	16,103,403	0.05%	1008
2012	7,480,000	62,379	-	146,684	763,000	6,685,000	(84,882)	15,052,181	0.05%	941
2013	7,315,000	59,096	261,786	81,194	648,000	5,685,000	(70,735)	13,979,341	0.04%	857
2014	7,130,000	55,813	251,256	88,645	528,000	4,645,000	(56,588)	12,642,126	0.03%	774
2015	6,915,000	52,530	240,491	61,144	403,000	3,555,000	(42,441)	11,184,724	0.03%	698
2016	6,685,000	49,247	229,726	26,148	273,000	2,420,000	(28,294)	9,654,827	0.02%	602
2017	6,440,000	45,964	218,721	15,952	138,000	1,235,000	(14,147)	8,079,490	0.02%	503
2018	6,175,000	25,581	207,471	5,758	5,000,000	-	-	11,413,810	N/A	705

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See the Schedule of Demographic and Economic Statistics for population data used in this calculation.

N/A - data not available.

**CITY OF TROUTDALE , OREGON**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years Ending June 30th**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Value of Taxable Property <sup>1</sup>	Per Capita <sup>2</sup>
2009	\$ 9,322,677	\$ 214,654	\$ 9,108,023	0.51%	529
2010	8,456,824	260,037	8,196,787	0.80%	932
2011	15,151,633	222,672	14,928,961	0.76%	870
2012	14,142,497	259,279	13,883,218	0.74%	795
2013	12,988,361	326,086	12,662,275	0.67%	715
2014	11,774,225	473,658	11,300,567	0.58%	625
2015	10,480,089	652,205	9,827,884	0.44%	528
2016	9,125,953	789,600	8,336,353	0.35%	430
2017	7,706,817	923,444	6,783,373	0.48%	640
2018	6,175,000	1,156,042	5,018,958	0.21%	310

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data used in this calculation.

<sup>2</sup> See the Schedule of Demographic and Economic Statistics for population data used in this calculation.

**CITY OF TROUTDALE , OREGON**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**June 30, 2018**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable <sup>1</sup>	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Multnomah County	\$ 56,481,704	1.32%	\$ 745,558
Metro	223,905,000	0.69%	1,544,945
Port of Portland	60,339,399	0.64%	386,172
Reynolds School District No. 7	208,085,539	21.32%	44,363,837
Gresham-Barlow School District No. 10	304,749,806	0.48%	1,462,799
Mt. Hood Community College	56,481,704	4.83%	2,728,066
Multnomah Education Service District	28,200,000	1.30%	366,600
Other:			
Multnomah County	224,738,000	1.32%	2,966,542
Port of Portland	815,328,291	0.64%	5,218,101
TriMet Transportation District	828,820,000	0.86%	7,127,852
Subtotal, overlapping debt			66,910,472
City of Troutdale, Oregon direct debt			<u>11,413,810</u>
Total direct and overlapping debt			<u><u>\$ 78,324,282</u></u>

Source: The State of Oregon Office of the Treasurer, acting on behalf of the Municipal Debt Advisory Commission (MDAC)  
& Multnomah County Division of Assessment and Taxation

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Troutdale. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt, of each overlapping government.

<sup>1</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values.

**CITY OF TROUTDALE , OREGON**  
**LEGAL DEBT MARGIN INFORMATION**  
**Last Ten Fiscal Years Ending June 30th**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 50,725,479	\$ 55,676,056	\$ 54,720,846	\$ 51,943,677	\$ 51,339,262	\$ 51,872,159	\$ 57,128,678	\$ 59,558,620	\$ 63,847,241	\$ 72,065,256
Total net debt application to limit	-	-	-	-	-	-	-	-	-	5,000,000
Legal debt margin	<u>\$ 50,725,479</u>	<u>\$ 55,676,056</u>	<u>\$ 54,720,846</u>	<u>\$ 51,943,677</u>	<u>\$ 51,339,262</u>	<u>\$ 51,872,159</u>	<u>\$ 57,128,678</u>	<u>\$ 59,558,620</u>	\$ 63,847,241	\$ 67,065,256
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.94%

**Legal Debt Margin Calculation for Fiscal Year 2017-2018**

Real market value (2017-18) <sup>1</sup>	\$ 2,402,175,197
Debt limit (3% of total real market value)	72,065,256
Debt subject to limit:	5,000,000
Legal debt margin	\$ 67,065,256

<sup>1</sup> Note: Oregon Revised Statute 287A.050 provides a debt limit of 3% of the taxable real market value within the City's boundaries for general obligation bonds. Utility revenue bonds and assessment bonds are excluded from the limitation. The general obligation bonds outstanding for the City are for the new police station, which is excluded from debt subject to the limit. The Full Faith and Credit Obligations issued in 2018 are subject to the debt limit.

**CITY OF TROUTDALE , OREGON**  
**PROPERTY VALUE AND NEW CONSTRUCTION VALUE**  
**Last Ten Fiscal Years Ending June 30th**

Fiscal Year	New Commercial Construction <sup>1</sup>		New Residential Construction <sup>1</sup>		Property Value	
	Number of Units	Value	Number of Units	Value	Assessed Value <sup>2</sup>	Tax Rate
2009	14	\$ 40,047,369	17	\$ 3,173,369	#####	4.40
2010	43	58,680,115	20	3,642,609	1,079,497,361	4.39
2011	-	-	3	640,367	1,107,900,669	4.44
2012	46	7,876,916	16	940,582	1,124,964,739	4.93
2013	42	3,061,104	19	937,644	1,115,008,909	5.09
2014	53	18,894,063	19	1,205,558	1,278,870,040	5.06
2015	86	8,443,560	36	1,093,255	1,289,385,250	4.86
2016	79	3,666,027	40	1,466,695	1,320,133,820	4.77
2017	46	21,609,088	56	6,298,576	1,387,498,970	4.73
2018	72	178,558,311	54	3,612,348	1,451,512,515	4.64

1 City of Troutdale Building Department.

2 Multnomah County Division of Assessment and Taxation.

**CITY OF TROUTDALE , OREGON**  
**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS**  
**Last Ten Fiscal Years Ending June 30th**

Fiscal Year	Special Assessment Billings	Special Assessment Collections <sup>1</sup>
2009	-	-
2010	-	-
2011	-	-
2012	-	-
2013	-	-
2014	-	-
2015	-	-
2016	-	-
2017	-	-
2018	-	-

<sup>1</sup> Includes prepayments.

**CITY OF TROUTDALE , OREGON**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years Ending June 30th**

Fiscal Year	Population <sup>1</sup>	Personal Income (Multnomah County) <sup>2</sup>	Per Capita Personal Income (Portland Metro Area) <sup>2</sup>	School Enrollment <sup>3</sup>	Unemployment Rate (Portland Metro Area) <sup>4</sup>
2009	15,535	\$28,440,292,000	\$ 38,565	3,689	10.7%
2010	15,595	29,458,183,000	39,384	4,674	10.5%
2011	15,980	31,161,157,000	41,302	4,089	9.1%
2012	16,000	32,644,222,000	43,189	4,252	8.2%
2013	16,005	33,376,029,000	43,728	4,128	7.2%
2014	16,015	36,588,018,000	45,794	4,221	6.4%
2015	16,020	38,906,295,000	48,422	4,159	5.8%
2016	16,035	41,194,678,000	50,489	4,156	5.6%
2017	16,070	43,873,915,000	54,329	4,064	4.1%
2018	16,185	N/A	N/A	4,101	N/A

Data Sources:

<sup>1</sup> Portland State University, Population Research and Census center.

<sup>2</sup> U.S. Department of Commerce, Bureau of Economic Analysis. Calendar year info

<sup>3</sup> Reynolds School District: Four schools located within corporate limits.

<sup>4</sup> U.S. Department of Labor, Bureau of Labor Statistics, Calendar year info since 2007

N/A - data not available.

**CITY OF TROUTDALE , OREGON**  
**PRINCIPAL EMPLOYERS**  
**Current Year and Prior Year**

<b>Employer</b>	<b>2018</b>			<b>2017</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
FedEx Ground Package System, Inc.	753	1	14.08%	740	1	13.98%
Walsh Trucking Co., LTD	416	2	7.78%	416	2	7.86%
Home Depot USA, Inc.	165	3	3.09%	176	3	3.33%
Tube Specialties	140	4	2.62%	140	4	2.65%
Safeway Services	137	5	2.56%	137	5	2.59%
Travel Centers of America	125	6	2.34%	125	7	2.36%
Safeway, Inc.	122	7	2.28%	106	10	2.00%
Edgefield McMenamins	120	8	2.24%	120	8	2.27%
Development NW	120	9	2.24%			0.00%
Amazon.com	117	10	2.19%			0.00%
Toyo Tanso USA, Inc				134	6	2.53%
Postal Express, Inc.				113	9	2.14%
<b>Totals</b>	<b>2,215</b>		<b>41.86%</b>	<b>2,207</b>		<b>41.70%</b>

Source: City of Troutdale business license applications self reported.  
Combined full time and part time positions reported

**CITY OF TROUTDALE , OREGON**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT**  
**EMPLOYEES BY FUNCTION**  
**Last Ten Fiscal Years Ending June 30th**

<b>Function</b>	<b>Full-time Equivalent Employees for Fiscal Year Ended</b>									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Government	14.5	14.0	14.3	14.3	15.8	13.4	12.4	14.1	15.1	16.0
Police										
Officers	24	22	23	23	24	25	25	0.0	0.0	0.0
Civilians	5.0	5.0	4.5	4.5	3.5	3.5	3.5	0.5	0.5	0.5
Building Safety		4.0	2.1	2.1	1.7	1.5	1.8	3.3	3.0	3.0
Community Development	16.8	3.0	2.5	2.5	2.0	1.0	1.5	2.5	3.0	3.0
Parks & Facilities		4.0	4.0	4.0	4.4	6.0	6.0	6.0	6.0	6.0
Streets	2.0	2.0	1.5	1.6	1.5	1.9	1.9	1.8	1.8	2.1
Water	5.9	6.0	5.5	5.4	5.0	4.8	5.0	5.1	4.1	4.1
Sewer	8.0	6.0	6.0	6.0	8.0	8.0	6.0	5.9	5.9	5.5
Storm							2.1	2.2	2.2	2.6
Public Works Services										
Equipment Maintenance	2.1	2.1	1.5	2.1	2.1	1.7	1.7	2.1	2.1	2.1
Management	<u>6.0</u>	<u>6.0</u>	<u>5.8</u>	<u>5.9</u>	<u>6.0</u>	<u>5.9</u>	<u>6.2</u>	<u>6.2</u>	<u>10.0</u>	<u>9.0</u>
Total	<u>84.2</u>	<u>74.1</u>	<u>70.6</u>	<u>71.4</u>	<u>74.0</u>	<u>72.8</u>	<u>72.8</u>	<u>49.5</u>	<u>53.6</u>	<u>53.8</u>

Source: City financial records.

**CITY OF TROUTDALE , OREGON**  
**OPERATING INDICATORS BY FUNCTION**  
**Last Ten Fiscal Years Ending June 30th**

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Calls for service <sup>1</sup>	8,662	8,179	8,236	11,897	11,798	10,505	10,592	10,484	10,943	N/A
Traffic Calls <sup>1</sup>	3,018	3,808	3,828	3,316	3,060	2,508	1,571	2,440	2,644	N/A
Part I crimes <sup>2</sup>	560	532	549	599	550	558	493	613	615	N/A
Part II crimes <sup>2</sup>	736	772	882	940	727	608	727	238	329	N/A
Water										
Number of users	4,605	4,616	4,645	4,641	4,644	4,648	4,655	4,662	4,539	4,555
Average daily production (in thousands of gallons)	1,733	1,562	1,547	1,643	1,617	1,547	1,592	1,641	1,560	1,620
Sewer System										
Number of users	4,497	4,511	4,514	4,476	4,373	4,491	4,498	4,419	4,452	4,462
Average daily use or consumption (in thousands of gallons)	1,348	1,200	1,200	1,397	1,390	1,337	1,303	1,170	1,500	1,600
Storm Water System										
Number of users	4,605	4,619	4,633	4,560	4,466	4,584	4,591	4,609	4,686	4,705

Sources: Various City departments.

N/A - data not available.

<sup>1</sup> Calls for Service compiled on a calendar year basis from Bureau of Emergency Communications (BOEC) dispatch reports. Traffic calls compiled on a calendar year basis from BOEC dispatch reports but are officer initiated.

<sup>2</sup> Police Part I and II crime statistics compiled on a calendar year basis. Part I crimes include homicide, forcible rape, robbery, aggravated assault, burglary, larceny, motor vehicle theft, and arson. Part II crimes include simple assault, forgery/counterfeit, fraud, embezzlement, stolen property, vandalism, weapons laws, prostitution, other sex offenses, drug abuse, gambling, offenses against family, DUI, liquor laws, disorderly conduct, negligent homicide, and curfew/runaway.

Note: Indicators are not available for highways and streets and general government.

**CITY OF TROUTDALE , OREGON**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**Last Ten Fiscal Years Ending June 30th**

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	24	24	20	20	20	20	20	0	0	0
Highways and streets										
Streets (miles)	41.2	42.5	42.8	42.9	42.8	43.2	43.2	43.8	43.6	43.73
Culture and recreation										
Parks acreage	73	73	87	89.70	86.45	86.45	83.47	83.47	83.47	83.47
Greenways acreage	96	96	164	164.11	163.91	152.30	154.03	154.03	154.03	154.03
Parks, Greenways & Natural Areas	18	18	29	29	30	30	29	29	29	29
Water system										
Water main lines (miles)	64	64	61	61.25	65.50	66.89	66.72	66.72	67.6	67.85
Daily storage capacity (in millions of gallons)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6	6	6
Daily production capacity (in millions of gallons)	4.4	3.8	6.0	6.0	5.2	5.8	5.8	5.8	6.99	6.99
Sewer system										
Sanitary sewer lines (miles)	51.5	51.5	54.6	54.62	55.91	55.87	55.92	55.98	55.98	56.07
Daily plant capacity (in millions of gallons)	3	3	3	3	3	3	3	3	6.3	3
Storm water system										
Miles of service lines	32.4	32.4	37.0	37.0	34.3	34.3	34.4	34.4	34.4	34.4

Sources: Various City departments.

<sup>1</sup> New Water Pollution Control Facility opened for production in 2002.

<sup>2</sup> Previous years reported total water rights. In FY 2008, total physical well production capacity is reported

**CITY OF TROUTDALE  
MULTNOMAH COUNTY, OREGON**

**INDEPENDENT AUDITORS' REPORT  
REQUIRED BY OREGON STATE REGULATIONS**



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December 21, 2018

### **Independent Auditors' Report Required by Oregon State Regulations**

We have audited the basic financial statements of the City of Troutdale as of and for the year ended June 30, 2018, and have issued our report thereon dated December 21, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

#### **Compliance**

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

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

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **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).**
- **Schedule of Accountability of Elected Officials**

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

**OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered the internal controls over financial reporting as a basis for designing our auditing procedures 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 internal controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

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

A handwritten signature in cursive script that reads "Tara M. Kamp, CPA".

Tara M. Kamp, CPA  
PAULY, ROGERS AND CO., P.C.