



*Home of the Tualatin River National Wildlife Refuge*

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

**CITY OF SHERWOOD**

Sherwood, Oregon

Comprehensive Annual Financial Report

Year Ended June 30, 2016

Prepared by

City of Sherwood

Finance Department

# CITY OF SHERWOOD

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## **INTRODUCTORY SECTION**



*Home of the Tualatin River National Wildlife Refuge*

City of Sherwood  
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**Mayor**  
Krisanna Clark

**Council President**  
Jennifer Harris

**Councilors**  
Renee Brouse  
Linda Henderson  
Dan King  
Jennifer Kuiper  
Sally Robinson

**City Manager**  
Joseph Gall, ICMA-CM

**Assistant City Manager**  
Tom Pessemier

January 26, 2017

Citizens of Sherwood  
Honorable Mayor  
Members of the City Council

It is our pleasure to present you with the Fiscal Year 2016 Comprehensive Annual Financial Report (CAFR). This report documents the financial position of the City as of June 30, 2016 and the financial results for the fiscal year that ended on that date. We believe that the information contained herein is accurate in all material respects and is presented in a manner that complies with financial reporting requirements.

State law requires that most local governments publish a complete set of audited financial statements presented in conformance with United States Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed Certified Public Accountants (CPA). This report fulfills that requirement.

We hereby issue this Comprehensive Annual Financial Report of the City of Sherwood for the fiscal year ended June 30, 2016. This report is statutorily required to be completed within six months of the end of the fiscal year unless an extension is authorized. An extension for this report has been granted through January 31, 2017.

This CAFR will be submitted to the Government Financial Officers Association for consideration for the Certificate of Achievement for Excellence in Financial Reporting. The Certificate is a national award that recognizes the thoroughness of an entity's CAFR.

Management assumes full responsibility for the completeness and reliability of the information presented in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatements.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A begins on page 4 of the Financial Section of this report.

This report is the sixth of the City's annual reports to be audited by the firm of Talbot, Korvola & Warwick, LLP (TKW), a CPA firm licensed by the state of Oregon. They have issued an unmodified opinion on the City of Sherwood's financial statements for the fiscal year ended June 30, 2016. The independent auditor's report is located at the front of the Financial Section of this report, beginning on page 1.

## **REPORTING ENTITY**

The City of Sherwood is a city with a population of 19,145 located in Washington County, Oregon. It thrives in the same economic environment as the nearby cities of Beaverton, Hillsboro, Tigard, Tualatin, and Wilsonville: a mixture of high tech and traditional industries, with agriculture and forest products continuing to play a critical role in the region's economy.

Sherwood was incorporated in 1893. It is governed by an elected City Council who in turn appoint a professional city manager to whom they delegate the administration of the City. The City provides law enforcement, public works, library, community services and community development to its citizens. Fire protection is provided by a separate special district.

The City created an Urban Renewal Agency (the Agency) in 2001 and the Agency has been responsible for over \$44.7 million in public improvements in blighted areas since its inception. The City Council serves as the Agency's board of directors and the Agency is reported as a blended component unit within the City's CAFR. The Agency is currently completing some small projects and divesting of property acquired by the Agency. The Agency uses tax increment revenues as their sole funding source and has outstanding debt which is anticipated to be paid off in 2022. The Agency will cease operations shortly after the debt is paid off and all remaining assets will transfer to the City of Sherwood.

## **ECONOMIC ENVIRONMENT**

Sherwood continues to recover from the recession, resulting in an increase in development activity over the past year. Development is expected to continue over the next few years. The two main revenue sources for general government purposes are property taxes and franchise fees. Property taxes have slowly increased as new developments are added to the tax rolls and franchise fees have shown a slow increase as well.

Four things contribute to the City's stable general government funding sources.

1. Sherwood has a low percentage of commercial and industrial properties. Under Oregon's property tax system, the assessed value of these property categories is prone to more dramatic annual changes than the residential property category.
2. Depending on the rate of decrease of Real Market Value, Oregon's property tax system buffers the impact of falling residential property values on imposed taxes. Property taxes are calculated on the lesser of two values: assessed value or real market value. The assessed value of residential properties in Sherwood continues to lag the real market value.
3. No single employer dominates the list of Sherwood's largest taxpayers. While this tempers assessed value growth, this uniformity eliminates the risk of dependence on one employer for economic stability.
4. The City's economy is linked with that of the entire Portland/Vancouver Metropolitan Region, but is more insulated from economic downturns due to the high education and skill level of its population. As of June 30, 2016 Sherwood's Median Household Income (MHI) was \$84,113 while the average household income was \$103,066. This is 45% higher than the state average at \$70,915 and 17% higher than Washington County at \$87,768. Sherwood is considered one of the more affluent communities in the State and is in the top 20 cities for household income in the State of Oregon. The income bracket of \$100,000 - \$149,999 accounts for 25% of the households.

Table A shows the split between Sherwood's residential and non-residential property values and the gap between the assessed and market values. State law dictates that property taxes be assessed on the lower of the two. The large gap between the two (30%) is the cushion that keeps the City's tax receipts from falling.

Table A Current Tax Year (2015-16) Value Comparison (In Millions of Dollars)		
	Market Value	Assessed Value
Residential	\$ 1,828	\$ 1,321
Commercial/Industrial	433	278
All Other	264	181
Totals	<u>\$ 2,526</u>	<u>\$ 1,780</u>
The difference between Market and Assessed Values is \$745.3 million, or 30% of Market Value		
Source: Washington County Assessment and Taxation		

Table B Top 10 Property Owners Based on FY15-16 Assessed Value (In Thousands of Dollars)		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
WalMart Stores, Inc	\$23,215,190	1.3%
Portland General Electric	21,080,000	1.2%
MGP X Properties LLC	20,112,220	1.1%
Target Corporation	16,583,761	0.9%
Bir Sunfield, LLC	16,699,870	0.9%
Creekview Crossing SPE LLC	13,985,810	0.8%
Allied Systems Company	12,048,930	0.7%
Juniper Ridge Investments, LLC	11,231,700	0.6%
Home Depot	10,146,597	0.6%
Comcast Corp	9,833,100	0.6%
Total	<u>\$ 154,937,178</u>	<u>8.7%</u>
Source: Washington County Assessment and Taxation		

Franchise fees, another key source of revenue for general government purposes are showing a slight increase. This reflects an economic environment in which consumption of utility services is stable.

## CURRENT ECONOMIC DEVELOPMENT ACTIVITIES

The City of Sherwood is located in one of the most prosperous counties in Oregon and is poised for commercial and industrial growth. Sherwood has the land and the infrastructure



to serve commercial and industrial growth, while land for residential growth inside the City limits has become tight.

**Tonquin Employment Area:** The City has completed the preliminary planning for a new area of industrial and commercial development on the east side of town. This 296 acre site is within the urban growth boundary and brokers and developers are currently marketing the properties. This area has two large lot industrial sites which are in short supply in the Metro region. The construction of 124<sup>th</sup> Avenue, which is currently underway, will open up this area to industrial development. This area is outside of the City limits but the voters have passed the Citywide Annexation vote requirement. Developers are expected to apply for annexation to the City of Sherwood as they near construction for the site.

**Sherwood Broadband:** The City is also nurturing and improving its wholly-owned internet broadband system, Sherwood Broadband. The system now serves several large and small employers in the region as well as providing all internet services for the City and the Sherwood School district. It has the capacity to serve the fiber optic needs of employers who choose to locate in Sherwood.

**Residential Growth:** The residential growth in Sherwood has been higher than most other cities in the state over the past 10 – 20 years. However, available land for residential needs inside the City limits is quickly dwindling.

**Brookman area residential growth:** Annexation in the Brookman area has not been successful but there are renewed efforts since the state changed the annexation laws. As new lands for residential growth are not available the City will continue to see increased levels of infill and multi-family developments.

**Sherwood West Residential Expansion Infrastructure:** Sherwood West contains 1,291 acres now in urban reserves, but is not slated to be included in the City's urban growth boundary for many years. Once included it will open up a westward expansion of residential lands.

**Parkway Village at Sherwood:** This is an 189,000 square foot retail shopping center development on approximately 19 acres of a 55 acre site. The main anchor store of the shopping center opened in August of 2014, and most of the other sites and pads have since developed with The Old Spaghetti Factory opening in 2016.

**Cannery Property Projects:** The Sherwood Urban Renewal Agency is in the final stages of a \$13 million transformation of what is called the Cannery Property. This is a 7-acre site in Old Town Sherwood that was the site of a long out-of-use cannery. The Urban Renewal Agency owns the property and broke ground in 2011 with road and plaza construction. The construction of the new Sherwood Center for the Arts that houses a theater and classrooms was completed in February 2015. These projects are being partially funded through a state economic development loan secured with the Urban Renewal Agency's tax increment financing funds, backed up by a full faith and credit pledge of the City. Private development on the site completed construction of a 101 unit apartment complex that opened spring of 2014. The final piece of property that will be developed; most likely into a mixed use complex with retail shops on the bottom floor and apartments on the floors above, has yet to be scheduled.

## **CRITICAL FINANCIAL INFORMATION**

**Budget:** The total City budget for Fiscal Year 2017 (FY17) is \$47 million. Only \$14.5 million (31%) of the revenue supporting the budget is available for general purposes. The remaining portion of the budget (\$32.5 million) is constrained by statute or loan covenants to specific purposes, primarily infrastructure construction and maintenance.

**Debt:** As of June 30, 2016, the City had outstanding general obligation debt of \$1.8 million and outstanding notes payable of \$41.5 million. Total debt was \$43.3 million. The General Obligation debt is repaid from dedicated, voter-approved property tax assessments. The notes payable debt is repaid from several sources: tax increment financing, utility user fees, and building lease revenue. In October of 2016, Moody's Investors Services affirmed the City's Aa3 rating on General Obligation Bonds.

**Independent Audit:** The City's financial records are subject to annual audit by an independent accountant. This audit is conducted in accordance with generally accepted auditing standards, and Minimum Standards for Audits of Oregon Municipal Corporations as prescribed by the Oregon Secretary of State. The auditor must determine whether the City followed generally accepted accounting and reporting principles. The accounting firm of Talbot, Korvola & Warwick, LLP, of Lake Oswego Oregon, conducted the audit for the fiscal year ending June 30, 2016. Their report is found in the Financial Section of this report.

## **AWARDS AND ACKNOWLEDGEMENTS**

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 Sherwood for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This was the fourth consecutive year that the City of Sherwood has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

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

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget for fiscal year 2016-2017. This was the 14th consecutive year that the City has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and a communications device.


The preparation of this report was made possible by the dedicated service of the staff of the Finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

We would also like to acknowledge the financial and organizational commitment of the City Council and Budget Committee to our continual pursuit of improved financial accountability.

Sincerely,



Joseph P. Gall, ICMA-CM  
City Manager



Katie Henry  
Finance Director



Government Finance Officers Association

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

Presented to

**City of Sherwood  
Oregon**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

A handwritten signature in black ink, reading "Jeffrey R. Emswiler". The signature is written in a cursive, flowing style.

Executive Director/CEO

## CITY OF SHERWOOD

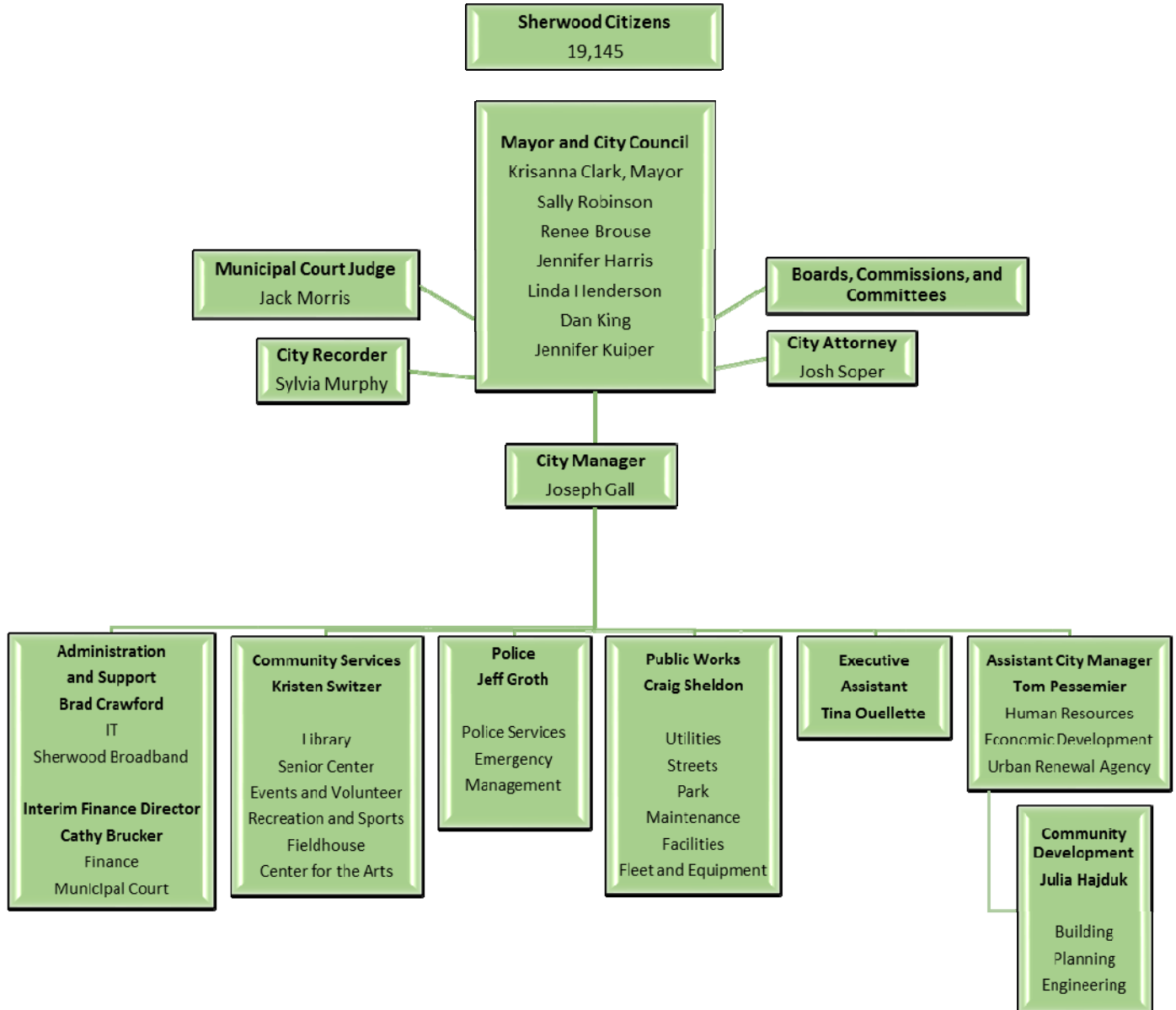
### CITY OFFICIALS JUNE 30, 2016

<u>Name</u>	<u>Term End Date</u>
<b>CITY COUNCIL MEMBERS</b>	
Krisanna Clark - Mayor 23854 SW Aldergrove Ave Sherwood, OR 97140	December 31, 2016
Linda Henderson 14715 SW Brooke Ct Sherwood, OR 97140	December 31, 2016
Dan King 17250 SW Sand Hill Ln Sherwood, OR 97140	December 31, 2016
Renee Brouse 22794 SW Highland Dr Sherwood, OR 97140	December 31, 2016
Sally Robinson 17879 SW Cereghino Ln Sherwood, OR 97140	December 31, 2018
Jennifer Harris 21484 SW Roellich Ave Sherwood, OR 97140	December 31, 2018
Jennifer Kuiper 17075 SW Cobblestone Dr Sherwood, OR 97140	December 31, 2018

#### **PRINCIPAL ADMINISTRATIVE OFFICIALS**

Joseph P. Gall, ICMA-CM, City Manager  
Cathy Brucker, Interim Finance Director

## 2016 CITY OF SHERWOOD ORGANIZATION CHART



## **FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**



**Talbot, Korvola  
& Warwick, LLP**

Certified Public Accountants  
& Consultants

**ACHIEVE MORE**

4800 Meadows Road, Suite 200  
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## **INDEPENDENT AUDITOR'S REPORT**

City Council  
City of Sherwood  
Sherwood, Oregon

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sherwood, Oregon (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

### **AUDITOR'S RESPONSIBILITY**

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

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

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

### **OPINIONS**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

An Independently Owned Member  
**MCGLADREY ALLIANCE**



**McGladrey**



## **INDEPENDENT AUDITOR'S REPORT (Continued)**

City Council  
City of Sherwood, Oregon  
Page 2

### **OTHER MATTERS**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of the Proportionate Share of the Net Pension Liability (Asset), and Schedule of Plan Contributions, 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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the General Fund and major special revenue funds, listed in the Table of Contents as Required Supplementary Information, be presented to supplement the basic financial statements. Such information, although not 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. The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as whole.

#### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements, and other financial schedules, collectively presented as Other Supplementary 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 Other Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

City Council  
City of Sherwood, Oregon  
Page 3

### **OTHER MATTERS (Continued)**

#### ***Other Information***

The Introductory, Other Information and Statistical sections 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.

### **OTHER REPORTING REQUIRED BY OREGON MINIMUM STANDARDS**

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated January 26, 2017, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

**TALBOT, KORVOLA & WARWICK, LLP**

By   
Angelique Whitlow, Partner

Lake Oswego, Oregon  
January 26, 2017

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **CITY OF SHERWOOD, OREGON**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016**

This section of the City of Sherwood's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016 presents the highlights of financial activities and illustrates the financial position of the City of Sherwood, Oregon ("the City") for the year ended June 30, 2016 ("FY16"). It has been prepared by management and should be read in conjunction with the financial statements and notes. To make this report easier to read, all dollar amounts have been rounded to the nearest million or thousand, as indicated.

#### **1. FINANCIAL HIGHLIGHTS**

##### **Government-Wide**

- Total assets and deferred outflows of the City exceed total liabilities and deferred inflows at the close of FY16 by \$145.7 million (net position). Of this amount, \$7.4 million may be used to meet the City's ongoing obligations to its citizens and creditors (unrestricted net position).
- Current assets were \$30.2 million at the end of FY16. Of that amount, \$27.5 million (91%) of current assets were in cash and investments. Sherwood's current assets increased by \$2.8 million (10.3%) during FY16. This is primarily due to prudent fiscal management, limited capital projects, and increased revenues from taxes and franchise fees.
- Sherwood had capital and long-term assets (net of depreciation) of \$168.4 million at the end of FY16. Sherwood's capital and long-term assets decreased by \$6 million (3.5%) during FY16 (after restatement). The primary reason for the decrease is depreciation on infrastructure and buildings.

##### **At the Consolidated Fund Level**

- In the aggregate, the governmental funds' ending fund balance was \$10.8 million, an increase of approximately \$1 million (10.5%) for the fiscal year.
- In the aggregate, the Proprietary funds' ending fund balance equivalent, *Net Position*, was \$80.3 million, an increase of \$2.4 million (3%) after restatement for the year.
- Total Property Tax revenue was \$8 million, a decrease of \$1.1 million (12.6%) from FY15 levels. This decrease is primarily due to a reduction in the amount levied for the Sherwood Urban Renewal Agency (URA). Incomplete reporting by the City to the County Assessor resulted in a one-time decrease in the URA levy.

#### **2. OVERVIEW OF THE FINANCIAL STATEMENTS**

This Discussion and Analysis serves as an introduction and summary of the City's basic financial statements. It is followed by the basic financial statements themselves, which are comprised of three elements; Government-Wide Financial Statements, Fund Financial Statements, and Notes to Basic Financial Statements.

This report also contains required and other supplementary information in addition to the basic financial statements.

## CITY OF SHERWOOD, OREGON

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

#### 2. OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

**Government-Wide Financial Statements** The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies.

One way to evaluate the City's financial position is by measuring the City's net positions and how they change over time. Tables 1 and 2 do this. The Statement of Net Position (Table 1) includes the City's assets, deferred outflow of resources, liabilities, and deferred inflows of resources with the difference reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of improvements or deterioration of the City's financial position.

The Statement of Activities (Table 2) presents all of the current year's revenues and expenses to show the source of the changes in net position. These two tables together show the City's net positions and how they have changed in the 12 months ended June 30, 2016.

Both of these statements are divided into two categories: *Governmental Activities* and *Proprietary activities*.

Governmental Activities include most of the City's basic services such as police, library, streets, community development, community services, and general administration. These are generally tax and fee supported functions.

Proprietary Activities are those functions for which the City charges fees for a direct provision of services. These services include water, sewer, storm, and telecommunications utilities. These are business-like entities, where the focus is on long term financial needs.

**CITY OF SHERWOOD, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**2. OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

**Statement of Net Position**

Table 1 shows that the City's total net position decreased from \$148.3 million as restated to \$145.7 million during FY16. This was a decrease of \$2.6 million or 1.75%.

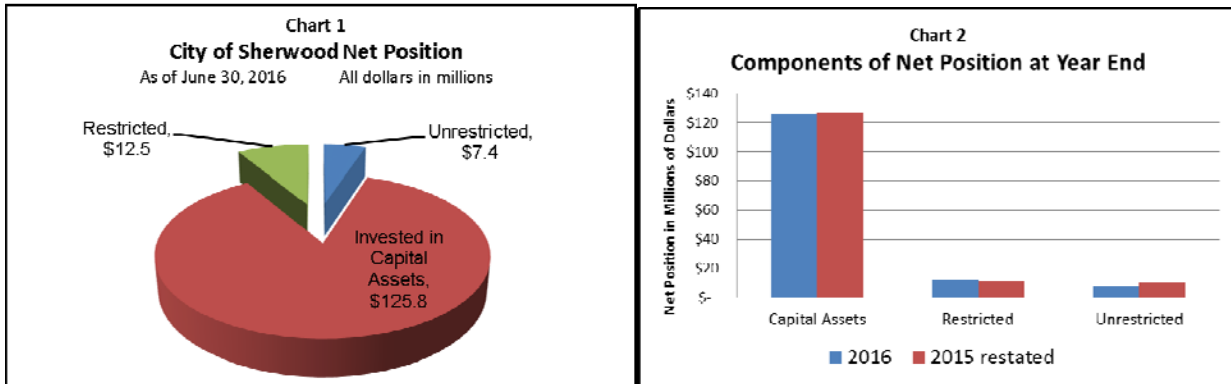
<b>Table 1</b> <b>Sherwood's Net Position</b> At Fiscal Year End (June 30, 2016 and 2015) <i>In Millions of Dollars</i>						
	<b>Governmental Activities</b>		<b>Proprietary Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015 (as restated)</b>	<b>2016</b>	<b>2015 (as restated)</b>	<b>2016</b>	<b>2015 (as restated)</b>
<b>ASSETS:</b>						
Current assets	\$ 13.1	\$ 11.5	\$ 17.2	\$ 15.9	\$ 30.2	\$ 27.4
Capital and long-term assets	81.1	87.0	87.3	87.4	168.4	174.5
<b>TOTAL ASSETS</b>	<b>94.2</b>	<b>98.5</b>	<b>104.5</b>	<b>103.4</b>	<b>198.7</b>	<b>201.9</b>
<b>DEFERRED OUTFLOWS</b>	<b>1.2</b>	<b>0.7</b>	<b>0.1</b>	<b>0.1</b>	<b>1.3</b>	<b>0.8</b>
<b>LIABILITIES:</b>						
Current liabilities	5.6	3.8	2.3	2.8	7.8	6.6
Long-term liabilities	23.3	21.9	21.9	22.3	45.2	44.2
<b>TOTAL LIABILITIES</b>	<b>28.8</b>	<b>25.7</b>	<b>24.2</b>	<b>25.1</b>	<b>53.0</b>	<b>50.8</b>
<b>DEFERRED INFLOWS</b>	<b>1.1</b>	<b>3.2</b>	<b>0.1</b>	<b>0.4</b>	<b>1.3</b>	<b>3.6</b>
<b>NET POSITION:</b>						
Net investment in capital assets	59.5	61.7	66.3	65.2	125.8	127.0
Restricted	7.6	6.6	4.8	4.6	12.5	11.2
Unrestricted	(1.8)	1.9	9.2	8.2	7.4	10.1
<b>TOTAL NET POSITION</b>	<b>\$ 65.4</b>	<b>\$ 70.3</b>	<b>\$ 80.3</b>	<b>\$ 78.0</b>	<b>\$ 145.7</b>	<b>\$ 148.3</b>

As Chart 1 below shows, the City's net investment in capital assets accounts for the majority of the City's net position. The City has invested \$125.8 million in land, buildings, equipment, and infrastructure (less depreciation and outstanding debt used to acquire those assets). The City uses these assets to provide services to its citizens so they are not assets that are available for future spending. Restricted net position (\$12.5 million) relates to amounts that are legally restricted for specific future obligations. Unrestricted net position (\$7.4 million) is available to meet the City's on-going obligations.

## CITY OF SHERWOOD, OREGON

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

#### 2. OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)



#### Statement of Activities

The Statement of Activities (Table 2) presents the changes in net position by detailing the revenues and expenses for the Fiscal Years 2016 and 2015. This information is broken into Governmental Activities and Proprietary Activities. Revenues and expenses are segregated by general categories (revenues) and programs (expenses). Highlights of increases and decreases of the year are as follows.

##### **Governmental Activities**

- Revenue decreased by a net of \$1.1 million (5.7%) primarily due to a one time decrease in Urban Renewal property tax revenue. Total expenses increased \$6.8 million (41%) in FY16 mainly due to the reporting requirements related to pension expense.

##### **Proprietary Activities**

- Overall revenue decreased from FY15 by \$2.2 million (18.5%).
  - Charges for services increased by \$0.5 million (6.5%) mainly in utility rate payer revenue.
  - Capital contributions decreased \$2.8 million (66.7%) due to decreased development activity resulting in decreased SDC's.
- Expenses increased by \$0.7 million (10.4%), mainly due to the reporting requirements related to pension expense.

With the significant underfunding of the Oregon Public Employees Retirement System (PERS) and the requirement to record expected future pension payments as an expense in the current period, pension expense recorded in the current year increased by \$6.8 million. Despite this large increase in expense, the overall net loss for the City for FY16 was kept to \$2.6 million. The overall ending net position was \$145.7 million.

**CITY OF SHERWOOD, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**2. OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

<b>Table 2</b> <b>Statement of Activities</b> For the Fiscal Years Ending (June 30, 2016 and 2015) <i>In Millions of Dollars</i>						
	<b>Governmental Activities</b>		<b>Proprietary Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Revenues</b>						
<u>Program Revenues</u>						
Charges for services	\$ 2.9	\$ 2.5	\$ 8.2	\$ 7.7	\$ 11.1	\$ 10.1
Operating grants/contributions	3.1	2.9	-	-	3.1	2.9
Capital grants/contributions	2.0	3.1	1.4	4.2	3.4	7.2
<u>General revenues</u>						
Property taxes	8.0	9.1	-	-	8.0	9.1
Franchise fees	1.9	1.5	-	-	1.9	1.5
Other general revenue	0.3	0.3	0.1	0.1	0.4	0.4
Total revenues	\$ 18.3	\$ 19.4	\$ 9.7	\$ 11.9	\$ 27.9	\$ 31.3
<b>Expenses</b>						
<u>Governmental Activities</u>						
Administration	\$ 3.7	\$ 2.4	\$ -	\$ -	\$ 3.7	\$ 2.4
Community development	2.0	2.7	-	-	2.0	2.7
Public safety	5.1	2.5	-	-	5.1	2.5
Community services	2.7	1.4	-	-	2.7	1.4
Public works	9.0	6.6	-	-	9.0	6.6
Interest on long-term debt	0.7	0.8	-	-	0.7	0.8
<u>Proprietary Activities</u>						
Water	-	-	5.0	4.9	5.0	4.9
Sanitary	-	-	0.9	0.6	0.9	0.6
Storm	-	-	1.2	0.9	1.2	0.9
Telecommunications	-	-	0.2	0.3	0.2	0.3
Total expenses	\$ 23.2	\$ 16.4	\$ 7.4	\$ 6.7	\$ 30.5	\$ 23.1
<b>Change in net position</b>	<b>\$ (4.9)</b>	<b>\$ 3.0</b>	<b>\$ 2.3</b>	<b>\$ 5.2</b>	<b>\$ (2.6)</b>	<b>\$ 8.2</b>
Beginning Net Position as Originally Stated	70.3	66.2	78.0	72.6	148.3	138.8
Restatement	-	1.1	-	0.2	-	1.3
Beginning Net Position as Restated	70.3	67.3	78.0	72.8	148.3	140.1
<b>Ending Net Position</b>	<b>\$ 65.4</b>	<b>\$ 70.3</b>	<b>\$ 80.3</b>	<b>\$ 78.0</b>	<b>\$ 145.7</b>	<b>\$ 148.3</b>

**3. FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and accounting standards. While there are numerous ways of categorizing funds, for simplicity sake, this report will continue the format initiated above, using the *Governmental* activities and *Proprietary* activities split.



# CITY OF SHERWOOD, OREGON

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

### 3. FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Continued)

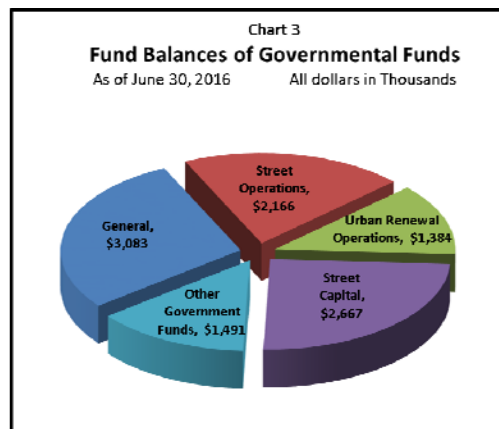
#### Government Funds in Total

The focus of the government funds is to provide information on near-term inflows, outflows, and fund balances of spendable resources for activities that are generally tax-supported. These funds focus on cash flow and indicate how well the City of Sherwood balances current revenues with current outflows. This is different than the focus of the proprietary funds, which rely on user fees directly related to the provision of services. The focus of proprietary funds is on the long term sustainability of the functions, similar to the focus of private sector entities. Net position is the key indicator of that sustainability.

Ending fund balances for the Governmental Funds increased by \$1 million (10.5%).

<b>Table 3</b> <b>Government Funds: Changes in Fund Balance</b> Fiscal Year 2016						
	<i>On a Modified Accrual Basis</i>			<i>In Thousands of Dollars</i>		
	<b>General</b>	<b>Street Operations</b>	<b>Urban Renewal Operations</b>	<b>Street Capital Projects</b>	<b>Other Government Funds</b>	<b>Totals</b>
Beginning Fund Balances	\$ 2,957	\$ 1,745	\$ 1,619	\$ 2,297	\$ 1,150	\$ 9,768
Change in Fund Balances	126	422	(235)	370	341	1,022
<b>Ending Fund Balances June 30, 2016</b>	<b>\$ 3,083</b>	<b>\$ 2,166</b>	<b>\$ 1,384</b>	<b>\$ 2,667</b>	<b>\$ 1,491</b>	<b>\$ 10,791</b>

- The Street Operations Fund increased 24% mainly due to the completion of a large pavement rehabilitation project at the end of FY15. No large projects were completed in this fund in FY16 .
- The Urban Renewal Operations fund decreased 14.5% due to the one time decrease in tax revenues.
- The Street Capital Fund increased 16% due to limited construction activity in FY16. In this fund revenue is generated and spent on projects, but not necessarily in the same fiscal year.
- The General Fund increased 4% due to increased property taxes and franchise fee revenues while carefully controlling operating expenses.
- The increase in Other Government is mainly due to deferred construction activity related to parks.



**CITY OF SHERWOOD, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

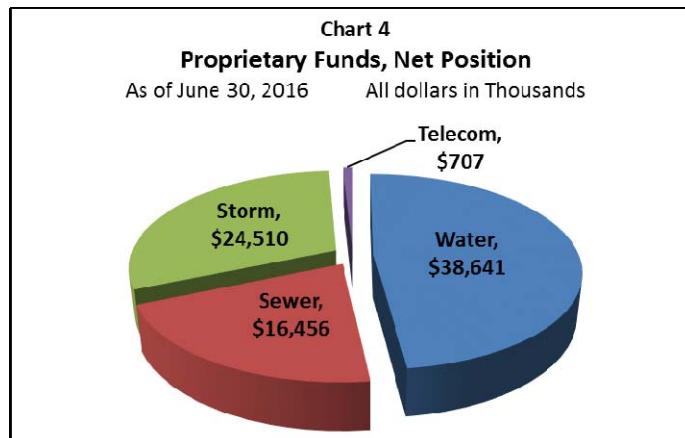
**3. FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Continued)**

**Proprietary Funds**

Table 4 and Chart 4 show that ending net position for the proprietary funds ended the year at \$80.3 million, \$2.4 million (3%) higher than last year after restatement of beginning net position.

<b>Table 4</b> <b>Proprietary Funds, Changes in Net Position</b> Fiscal Year 2016					
	<i>On an Accrual Basis</i>		<i>In Thousands of Dollars</i>		
	<b>Water</b>	<b>Sewer</b>	<b>Storm</b>	<b>Telecom</b>	<b>Totals</b>
Beginning Net Position as Originally Stated	\$ 37,209	\$ 16,569	\$ 23,607	\$ 419	\$ 77,804
Restatement	182	(17)	(14)	(1)	150
Beginning Net Position as Restated	\$ 37,391	\$ 16,552	\$ 23,593	\$ 418	\$ 77,954
Change in Net Position	1,250	(96)	917	289	2,359
<b>Net Position June 30, 2016</b>	<b>\$ 38,641</b>	<b>\$ 16,456</b>	<b>\$ 24,510</b>	<b>\$ 707</b>	<b>\$ 80,313</b>

- Water – increase due to an increase in revenue from utility rates while capital activity remains very low.
- Sewer – decrease due to pension and depreciation expense.
- Storm – increase due to capitalized expenditures and contributed assets from private developers.
- Telecom – increase due to an increase in revenue from rate payers and the final pay off of the interfund loan payable to the General Fund.



# CITY OF SHERWOOD, OREGON

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

### 4. GENERAL FUND BUDGETARY HIGHLIGHTS

**Original Budget Compared to Final Budget.** The General Fund budgetary schedule (on page 51) shows that the original budget appropriations were altered with an appropriation transfer resulting in a zero net change.

**Final Budget Compared to Actual Results.** The year-end fund balance was \$1 million higher than budgeted with major variances as follows.

- Beginning fund balance was \$0.3 million lower than budgeted.
- Revenue came in \$0.3 million over budget due in large part to fines as well as to increased state shared revenues.
- Expenditures were carefully controlled in public works and general administration which led to about \$0.35 million in savings.
- Contingency budget of \$0.6 million was not used.

The consistency of revenues and expenditures illustrates that the City has achieved its goal of financial stability and sustainability. The City has continued to control expenditures and nurtured revenues to generate an increase in fund balance. In FY16, the fund balance increased by \$0.3 million.

### 5. CAPITAL ASSETS

Government wide, capital assets decreased to \$168.4 million in FY16. This was a decrease of \$4.1 million (2.4%).

Table 5							
Government Wide Capital Assets							
Net of Depreciation							
For the Fiscal Years Ending (June 30, 2016 and 2015)							
In Millions of Dollars							
	Governmental Activities		Proprietary Activities		Total		
	2016	2015 (as restated)	2016	2015 (as restated)	2016	2015 (as restated)	
Land	\$ 13.5	\$ 13.5	\$ 0.2	\$ 0.3	\$ 13.7	\$ 13.8	
Intangibles	5.9	5.9	2.9	2.9	8.8	8.8	
Construction In Progress	0.8	0.4	2.3	1.7	3.1	2.1	
Infrastructure	34.1	37.7	81.4	81.6	115.5	119.3	
Buildings & Improvements	25.8	27.0	-	0.0	25.8	27.0	
Machinery and Equipment	0.6	0.6	0.3	0.3	0.9	0.9	
Vehicles	0.3	0.3	0.2	0.3	0.5	0.6	
<b>Total Capital Assets</b>	<b>\$ 81.1</b>	<b>\$ 85.4</b>	<b>\$ 87.3</b>	<b>\$ 87.2</b>	<b>\$ 168.4</b>	<b>\$ 172.5</b>	
Accumulated Depreciation	\$ 57.0	\$ 51.0	\$ 13.1	\$ 11.9	\$ 70.1	\$ 62.9	

## CITY OF SHERWOOD, OREGON

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

#### 5. CAPITAL ASSETS (Continued)

Major changes to capital assets, net of depreciation expense of \$7.3 million, are as follows:

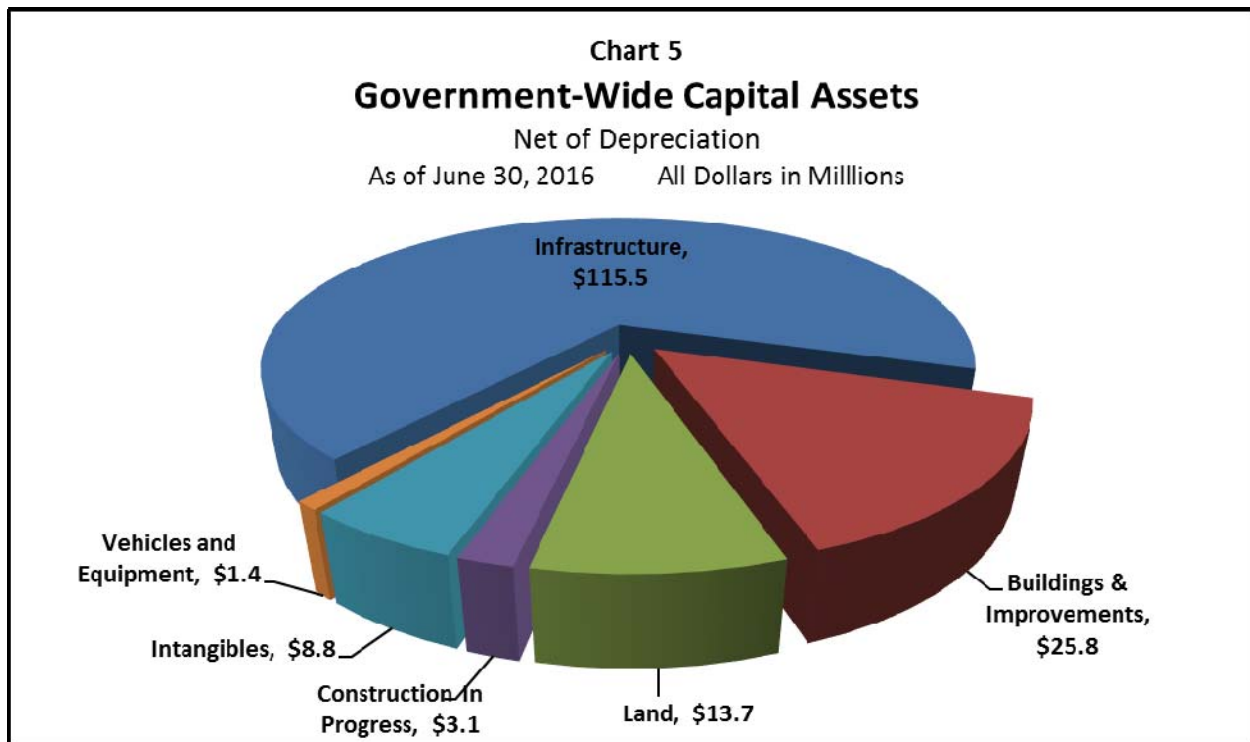
##### Governmental Activities:

- Improvements at the Center for the Arts: \$0.1 million
- Street improvements: \$0.6 million
- Contributed infrastructure from private developers: \$0.5 million

##### Proprietary Activities:

- Stormwater facilities: \$0.6 million
- Contributed infrastructure from private developers: \$0.6 million

Chart 5 shows the allocation of Capital Assets by category. Intangible assets are easements donated to and purchased by the City for right-of-way uses. Additional information regarding capital assets may be found in Note II.C.



#### 6. DEBT OUTSTANDING

On June 30, 2016, the City had long term debt obligations of \$43.3 million. Of this amount, \$1.8 million will be serviced by dedicated property taxes and \$19.2 million will be serviced by tax increment revenues. \$22.3 million is categorized as full faith and credit obligations, but is being serviced from building rents, systems development charges, and utility rate revenue.

Outstanding debt decreased by the principal payments made on debt in FY16. Additional information regarding the City's long-term obligations may be found in Note II.D. of the Notes to Basic Financial Statements.

# CITY OF SHERWOOD, OREGON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

### 6. DEBT OUTSTANDING (Continued)

<b>Table 6</b> <b>Outstanding Debt at Fiscal Year End</b> For the Fiscal Years Ending (June 30, 2016 and 2015) <i>In Millions of Dollars</i>						
	<b>Governmental Activities</b>		<b>Proprietary Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Full Faith and Credit	\$ 0.2	\$ 0.4	\$ 22.1	\$ 23.0	\$ 22.3	\$ 23.3
General Obligation Bonds	1.8	2.6	-	-	1.8	2.6
Tax Increment Revenue	19.2	20.2	-	-	19.2	20.2
<b>Total Outstanding Debt</b>	<b>\$ 21.2</b>	<b>\$ 23.3</b>	<b>\$ 22.1</b>	<b>\$ 23.0</b>	<b>\$ 43.3</b>	<b>\$ 46.2</b>

### 7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary economic factor influencing the City of Sherwood budget is growth in the active markets of commercial, industrial and multi-family. Current and foreseeable future growth has increased having a moderate impact on the City's revenue. Fiscal year 2017-18 property tax receipts are projected to be higher than last year's due to new developed lands coming onto the tax rolls. The other General Fund revenue sources are expected to continue with the trend of minimal annual increases. These increases in General Fund revenue have been forecast in next year's budget.

The fees required to support the City's proprietary activities have been updated in the water fund and SDC and rate studies are in process for the sanitary, storm, and street funds. The 2% limitation on future tax and fee increases over time will impact the water and street funds. Impacts to the storm and sanitary funds will be slower since Clean Water Services sets the bulk of the rates for these utilities.

Personnel services costs are projected to increase by about 7%. This increase is based on known retirement system contribution costs, estimated costs of merit increases and cost-of-living adjustments and an anticipated increase in the cost of medical insurance.

### 8. FINANCIAL CONTACT

The City's financial statements are designed to present City taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City's Director of Finance, Katie Henry, at 22560 SW Pine Street, Sherwood Oregon, 97140 or [henryk@sherwoodoregon.gov](mailto:henryk@sherwoodoregon.gov).

## **BASIC FINANCIAL STATEMENTS**

**CITY OF SHERWOOD**

Sherwood, Oregon

**STATEMENT OF NET POSITION  
JUNE 30, 2016**

	Governmental Activities	Proprietary Activities	Total
<b>ASSETS:</b>			
Cash and investments	\$ 3,842,877	\$ 9,847,002	\$ 13,689,879
Restricted cash and investments	7,814,768	5,992,096	13,806,864
Receivables, net	1,421,775	1,321,577	2,743,352
Capital assets:			
Land, improvements and construction in progress	20,241,425	5,464,803	25,706,228
Other capital assets, net	60,838,462	81,870,986	142,709,448
<b>TOTAL ASSETS</b>	<b>94,159,307</b>	<b>104,496,464</b>	<b>198,655,771</b>
<b>DEFERRED OUTFLOWS-PENSION</b>	<b>1,178,644</b>	<b>146,908</b>	<b>1,325,552</b>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable and other current liabilities	1,648,758	1,013,244	2,662,002
Payroll payable	251,352	38,173	289,525
Accrued interest payable	205,615	247,919	453,534
Current portion of long-term obligations	3,456,736	964,860	4,421,596
Total current liabilities	5,562,461	2,264,196	7,826,657
Noncurrent liabilities:			
Net pension liability	4,607,527	574,288	5,181,815
Noncurrent portion of long-term obligations	18,656,476	21,348,625	40,005,101
Total noncurrent liabilities	23,264,003	21,922,913	45,186,916
<b>TOTAL LIABILITIES</b>	<b>28,826,464</b>	<b>24,187,109</b>	<b>53,013,573</b>
<b>DEFERRED INFLOWS-PENSION</b>	<b>1,147,558</b>	<b>143,034</b>	<b>1,290,592</b>
<b>NET POSITION:</b>			
Net investment in capital assets	59,525,514	66,273,457	125,798,971
Restricted for:			
Capital assets	4,077,812	4,827,309	8,905,121
Street and roadside maintenance	2,166,328	-	2,166,328
Urban renewal projects	1,384,041	-	1,384,041
Unrestricted	(1,789,766)	9,212,463	7,422,697
<b>TOTAL NET POSITION</b>	<b>\$ 65,363,929</b>	<b>\$ 80,313,229</b>	<b>\$ 145,677,158</b>

See notes to basic financial statements.

# CITY OF SHERWOOD

Sherwood, Oregon

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

ACTIVITIES	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Proprietary Activities	
<b>Primary government:</b>							
Governmental activities:							
Administration	\$ 3,762,148	\$ 1,286,213	\$ 500,545	\$ -	\$ (1,975,390)	\$ -	\$ (1,975,390)
Community Development	2,038,515	580,776	283,973	796,534	(377,232)	-	(377,232)
Public Safety	5,091,476	10,062	67,182	-	(5,014,232)	-	(5,014,232)
Community Services	2,695,517	355,560	828,983	-	(1,510,974)	-	(1,510,974)
Public Works	8,989,818	687,514	1,431,823	1,235,498	(5,634,983)	-	(5,634,983)
Interest on long-term obligations	743,533	-	-	-	(743,533)	-	(743,533)
Total governmental activities	23,321,007	2,920,125	3,112,506	2,032,032	(15,256,344)	-	(15,256,344)
Proprietary activities:							
Water	4,978,817	5,314,365	-	878,536	-	1,214,084	1,214,084
Sewer	918,172	618,813	-	201,592	-	(97,767)	(97,767)
Storm	1,247,121	1,744,234	-	275,703	-	772,816	772,816
Telecommunications	236,319	523,819	-	-	-	287,500	287,500
Total proprietary activities	7,380,429	8,201,231	-	1,355,831	-	2,176,633	2,176,633
<b>Total</b>	<b>\$ 30,701,436</b>	<b>\$ 11,121,356</b>	<b>\$ 3,112,506</b>	<b>\$ 3,387,863</b>	<b>(15,256,344)</b>	<b>2,176,633</b>	<b>(13,079,711)</b>
<b>GENERAL REVENUES</b>							
Property taxes					7,976,698	-	7,976,698
Franchise taxes and fees					1,899,665	-	1,899,665
Unrestricted interest earnings					75,823	99,614	175,437
Miscellaneous					269,342	1,776	271,118
Gain (loss) on sale of capital assets					(143)	147,395	147,252
Transfers in (out)					66,011	(66,011)	-
<b>Total General Revenues</b>					<b>10,287,396</b>	<b>182,774</b>	<b>10,470,170</b>
<b>CHANGE IN NET POSITION</b>					<b>(4,968,948)</b>	<b>2,359,407</b>	<b>(2,609,541)</b>
<b>NET POSITION, June 30, 2015 as originally stated</b>					<b>69,188,221</b>	<b>77,804,175</b>	<b>146,992,396</b>
Cumulative effect of restatement					1,144,656	149,647	1,294,303
<b>NET POSITION, JUNE 30, 2015 as restated</b>					<b>70,332,877</b>	<b>77,953,822</b>	<b>148,286,699</b>
<b>NET POSITION, June 30, 2016</b>					<b>\$ 65,363,929</b>	<b>\$ 80,313,229</b>	<b>\$ 145,677,158</b>

See notes to basic financial statements.



**CITY OF SHERWOOD**

Sherwood, Oregon

**GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2016**

	General Fund	Street Operations Fund	Urban Renewal Operations Fund	Street Capital Fund	Other Nonmajor Governmental Funds	Totals
<b>ASSETS:</b>						
Cash and investments	\$ 3,676,832	\$ -	\$ -	\$ -	\$ 166,045	\$ 3,842,877
Restricted cash and investments	-	2,192,247	1,388,813	2,805,636	1,428,072	7,814,768
Receivables	1,046,378	151,073	144,857	-	79,467	1,421,775
Due from other funds	39,425	-	-	-	-	39,425
<b>TOTAL ASSETS</b>	<b>\$ 4,762,635</b>	<b>\$ 2,343,320</b>	<b>\$ 1,533,670</b>	<b>\$ 2,805,636</b>	<b>\$ 1,673,584</b>	<b>\$ 13,118,845</b>
<b>LIABILITIES:</b>						
Accounts payable	\$ 438,415	\$ 149,827	\$ 17,367	\$ 134,320	\$ 101,990	\$ 841,919
Payroll payable	233,598	11,845	2,353	2,001	1,555	251,352
Due to other funds	-	-	-	-	39,425	39,425
Other current liabilities	788,695	15,350	-	2,794	-	806,839
<b>TOTAL LIABILITIES</b>	<b>1,460,708</b>	<b>177,022</b>	<b>19,720</b>	<b>139,115</b>	<b>142,970</b>	<b>1,939,535</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	218,928	-	129,909	-	39,843	388,680
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>218,928</b>	<b>-</b>	<b>129,909</b>	<b>-</b>	<b>39,843</b>	<b>388,680</b>
<b>FUND BALANCES:</b>						
Restricted for:						
Capital projects	-	-	-	2,666,521	1,411,291	4,077,812
Street maintenance	-	2,166,298	-	-	-	2,166,298
Urban renewal projects	-	-	1,384,041	-	-	1,384,041
Committed to:						
Capital projects	-	-	-	-	118,983	118,983
School district	5,107	-	-	-	-	5,107
Assigned to:						
Fleet replacement	84,870	-	-	-	-	84,870
Unassigned	2,993,022	-	-	-	(39,503)	2,953,519
<b>TOTAL FUND BALANCES</b>	<b>3,082,999</b>	<b>2,166,298</b>	<b>1,384,041</b>	<b>2,666,521</b>	<b>1,490,771</b>	<b>10,790,630</b>
<b>TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 4,762,635</b>	<b>\$ 2,343,320</b>	<b>\$ 1,533,670</b>	<b>\$ 2,805,636</b>	<b>\$ 1,673,584</b>	<b>\$ 13,118,845</b>

See notes to basic financial statements.

**CITY OF SHERWOOD**

Sherwood, Oregon

**RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET POSITION  
JUNE 30, 2016**

<b>TOTAL FUND BALANCE</b>			\$ 10,790,630
Total net position shown in the Statement of Net Position is different because:			
Capital assets are not financial resources for budgetary purposes and therefore are not reported in the governmental funds.			
Cost	\$ 138,106,653		
Accumulated depreciation	<u>(57,026,766)</u>	81,079,887	
A portion of the City's receivables are collected after year-end but they are not collected soon enough to be available as financial resources for the current year. The revenues related to these receivables are unavailable and not reported in the governmental funds.			
		388,680	
Deferred inflows - Pension		(1,147,558)	
Deferred outflows - Pension		1,178,644	
Compensated absences not payable in the current year are not recorded as governmental fund liabilities.			
		(558,839)	
Long-term assets, are not reported as governmental fund assets and liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expense when it is due. These long-term assets and liabilities consist of:			
Bonds and notes payable	\$ (21,249,021)		
Net pension liability	(4,607,527)		
Premium on bonds	(305,352)		
Accrued interest payable	<u>(205,615)</u>	<u>(26,367,515)</u>	
<b>TOTAL NET POSITION</b>			<u><u>\$ 65,363,929</u></u>

See notes to basic financial statements.

**CITY OF SHERWOOD**

Sherwood, Oregon

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund	Street Operations Fund	Urban Renewal Operations Fund	Street Capital Fund	Other Nonmajor Governmental Funds	Totals
<b>REVENUES:</b>						
Property taxes	\$ 5,402,898	\$ -	\$ 1,714,544	\$ -	\$ 874,077	\$ 7,991,519
Franchises and fees	1,844,807	-	-	-	54,858	1,899,665
Intergovernmental	1,914,839	1,197,666	-	4,781	74,543	3,191,829
Charges for services	1,021,906	597,983	-	54,107	19,719	1,693,715
Infrastructure development fees	139,558	4,861	-	629,597	652,115	1,426,131
Fines and forfeitures	1,226,410	-	-	-	-	1,226,410
Interest on investments	25,932	12,563	11,687	15,942	9,699	75,823
Miscellaneous	256,071	2,271	10,000	1,000	-	269,342
<b>TOTAL REVENUES</b>	<b>11,832,421</b>	<b>1,815,344</b>	<b>1,736,231</b>	<b>705,427</b>	<b>1,685,011</b>	<b>17,774,434</b>
<b>EXPENDITURES:</b>						
Current:						
Administration	2,594,771	-	184,816	-	-	2,779,587
Community Development	1,587,474	-	-	-	-	1,587,474
Public Safety	3,620,713	-	-	-	-	3,620,713
Community Services	1,704,173	-	-	-	-	1,704,173
Public Works	1,787,415	1,196,309	-	-	221,153	3,204,877
Noncurrent						
Capital outlay	215,561	178,385	67,269	262,295	406,749	1,130,259
Debt service - principal	126,140	-	1,010,313	-	853,860	1,990,313
Debt service - interest	10,574	-	709,053	-	92,896	812,523
<b>TOTAL EXPENDITURES</b>	<b>11,646,821</b>	<b>1,374,694</b>	<b>1,971,451</b>	<b>262,295</b>	<b>1,574,658</b>	<b>16,829,919</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>185,600</b>	<b>440,650</b>	<b>(235,220)</b>	<b>443,132</b>	<b>110,353</b>	<b>944,515</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from sale of capital assets	11,791	-	-	-	-	11,791
Transfers in	84,870	-	-	-	230,204	315,074
Transfers out	(156,653)	(18,859)	-	(73,552)	-	(249,064)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(59,992)</b>	<b>(18,859)</b>	<b>-</b>	<b>(73,552)</b>	<b>230,204</b>	<b>77,801</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>125,608</b>	<b>421,791</b>	<b>(235,220)</b>	<b>369,580</b>	<b>340,557</b>	<b>1,022,316</b>
<b>FUND BALANCES - beginning of year</b>	<b>2,957,391</b>	<b>1,744,507</b>	<b>1,619,261</b>	<b>2,296,941</b>	<b>1,150,214</b>	<b>9,768,314</b>
<b>FUND BALANCES - end of year</b>	<b>\$ 3,082,999</b>	<b>\$ 2,166,298</b>	<b>\$ 1,384,041</b>	<b>\$ 2,666,521</b>	<b>\$ 1,490,771</b>	<b>\$ 10,790,630</b>

See notes to basic financial statements.

**CITY OF SHERWOOD**

Sherwood, 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, 2016**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 1,022,316
Amounts reported for governmental activities in the Statement of Activities are different because of the following:		
Governmental funds report capital assets additions as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:		
Expenditures capitalized	\$ 1,259,926	
Depreciation	<u>(6,091,010)</u>	(4,831,084)
Contributions of capital assets are not recorded as revenues in the fund statements		526,577
Other transactions related to capital assets not reported in the fund statements		(11,934)
Receivables that do not meet the measurable and available criteria are not recognized as revenue in the current year in governmental funds. In the Statement of Activities they are recognized as revenue when levied or earned.		(14,819)
Principal payments on long-term obligations are expenditures in the governmental funds, but reduce long-term liabilities in the Statement of Net Position.		
Premium on bonds	42,353	
Principal on capital lease	20,933	
Principal on bonds and notes	<u>1,990,313</u>	2,053,599
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.		
Pension Expense	(3,716,349)	
Accrued interest	26,637	
Compensated absences	<u>(23,891)</u>	<u>(3,713,603)</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ (4,968,948)</u>

See notes to basic financial statements.

**CITY OF SHERWOOD**

Sherwood, Oregon

**ENTERPRISE FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

	Water	Sewer	Storm	Telecom	Totals
<b>ASSETS:</b>					
Current assets:					
Cash and investments	\$ 5,736,653	\$ 781,818	\$ 3,028,580	\$ 299,951	\$ 9,847,002
Restricted cash and investments	3,260,720	2,675,538	55,838	-	5,992,096
Receivables, net	853,071	259,236	190,047	19,223	1,321,577
Total current assets	9,850,444	3,716,592	3,274,465	319,174	17,160,675
Noncurrent assets:					
Land, improvements and construction in progress	434,489	2,087,783	2,942,531	-	5,464,803
Other capital assets, net	51,460,848	11,279,861	18,689,668	440,609	81,870,986
Total noncurrent assets	51,895,337	13,367,644	21,632,199	440,609	87,335,789
<b>TOTAL ASSETS</b>	61,745,781	17,084,236	24,906,664	759,783	104,496,464
<b>DEFERRED OUTFLOWS :</b>					
Pension	69,691	31,522	43,107	2,588	146,908
<b>LIABILITIES:</b>					
Current liabilities:					
Accounts payable and other current liabilities	297,068	483,501	193,101	39,574	1,013,244
Payroll payable	20,340	5,503	11,944	386	38,173
Accrued interest payable	247,919	-	-	-	247,919
Current portion of long-term obligations	947,071	6,772	9,832	1,185	964,860
Total current liabilities	1,512,398	495,776	214,877	41,145	2,264,196
Long-term liabilities					
Net pension liability	272,434	123,226	168,511	10,117	574,288
Noncurrent portion of long-term obligations	21,321,939	10,159	14,749	1,778	21,348,625
Total long-term liabilities	21,594,373	133,385	183,260	11,895	21,922,913
<b>TOTAL LIABILITIES</b>	23,106,771	629,161	398,137	53,040	24,187,109
<b>DEFERRED INFLOWS:</b>					
Pension	67,853	30,691	41,970	2,520	143,034
<b>NET POSITION:</b>					
Net investment in capital assets	30,833,005	13,367,644	21,632,199	440,609	66,273,457
Restricted for capital improvements	2,095,933	2,675,538	55,838	-	4,827,309
Unrestricted	5,711,910	412,724	2,821,627	266,202	9,212,463
<b>TOTAL NET POSITION</b>	<u>\$ 38,640,848</u>	<u>\$ 16,455,906</u>	<u>\$ 24,509,664</u>	<u>\$ 706,811</u>	<u>\$ 80,313,229</u>

See notes to basic financial statements.

**CITY OF SHERWOOD**

Sherwood, Oregon

**ENTERPRISE FUNDS**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
FOR YEAR ENDED JUNE 30, 2016**

	Water	Sewer	Storm	Telecom	Totals
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 5,314,365	\$ 618,813	\$ 1,744,234	\$ 523,819	\$ 8,201,231
Miscellaneous	-	888	888	-	1,776
<b>TOTAL OPERATING REVENUES</b>	<b>5,314,365</b>	<b>619,701</b>	<b>1,745,122</b>	<b>523,819</b>	<b>8,203,007</b>
<b>OPERATING EXPENSES:</b>					
Personal services	824,235	370,885	521,668	24,042	1,740,830
Materials and services	2,470,507	364,937	497,384	188,714	3,521,542
Depreciation	762,346	182,350	228,069	22,663	1,195,428
<b>TOTAL OPERATING EXPENSES</b>	<b>4,057,088</b>	<b>918,172</b>	<b>1,247,121</b>	<b>235,419</b>	<b>6,457,800</b>
<b>OPERATING INCOME (LOSS)</b>	<b>1,257,277</b>	<b>(298,471)</b>	<b>498,001</b>	<b>288,400</b>	<b>1,745,207</b>
<b>NONOPERATING INCOME (EXPENSE):</b>					
Interest expense	(921,729)	-	-	(900)	(922,629)
Interest earnings	56,719	23,051	18,412	1,432	99,614
Gain on sale of capital assets	-	-	147,395	-	147,395
<b>TOTAL NONOPERATING INCOME (EXPENSE)</b>	<b>(865,010)</b>	<b>23,051</b>	<b>165,807</b>	<b>532</b>	<b>(675,620)</b>
<b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>392,267</b>	<b>(275,420)</b>	<b>663,808</b>	<b>288,932</b>	<b>1,069,587</b>
Capital contributions - System development fees	670,457	53,071	32,527	-	756,055
Capital contributions - Contributed assets	208,079	148,521	243,176	-	599,776
Transfers out	(20,975)	(22,268)	(22,768)	-	(66,011)
<b>CHANGE IN NET POSITION</b>	<b>1,249,828</b>	<b>(96,096)</b>	<b>916,743</b>	<b>288,932</b>	<b>2,359,407</b>
<b>NET POSITION, JUNE 30, 2015 AS ORIGINALLY STATED</b>	<b>37,209,032</b>	<b>16,569,189</b>	<b>23,607,206</b>	<b>418,748</b>	<b>77,804,175</b>
Cumulative effect of restatement	181,988	(17,187)	(14,285)	(869)	149,647
<b>NET POSITION, JUNE 30, 2015 AS RESTATED</b>	<b>37,391,020</b>	<b>16,552,002</b>	<b>23,592,921</b>	<b>417,879</b>	<b>77,953,822</b>
<b>NET POSITION, June 30, 2016</b>	<b>\$ 38,640,848</b>	<b>\$ 16,455,906</b>	<b>\$ 24,509,664</b>	<b>\$ 706,811</b>	<b>\$ 80,313,229</b>

See notes to basic financial statements.

**CITY OF SHERWOOD**

Sherwood, Oregon

**ENTERPRISE FUNDS  
STATEMENT OF CASH FLOWS  
JUNE 30, 2016**

	Water	Sewer	Storm	Telecom	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers	\$ 5,251,965	\$ 621,619	\$ 1,757,463	\$ 522,014	\$ 8,153,061
Payments to suppliers	(2,519,068)	(802,502)	(538,676)	(152,808)	(4,013,054)
Payments to employees	(626,946)	(286,926)	(395,825)	(18,669)	(1,328,366)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>2,105,951</u>	<u>(467,809)</u>	<u>822,962</u>	<u>350,537</u>	<u>2,811,641</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
Transfers out	(20,975)	(22,268)	(22,768)	-	(66,011)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition of capital assets	-	(23,608)	(775,435)	(21,930)	(820,973)
Proceeds from sale of capital assets	-	-	220,739	-	220,739
System development charges	670,457	53,071	32,527	-	756,055
Principal paid on long-term obligations	(899,650)	-	-	(179,874)	(1,079,524)
Interest paid on long-term obligations	(939,835)	-	-	(900)	(940,735)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(1,169,028)</u>	<u>29,463</u>	<u>(522,169)</u>	<u>(202,704)</u>	<u>(1,864,438)</u>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>					
Interest earnings	56,719	23,051	18,412	1,432	99,614
<b>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	<u>972,667</u>	<u>(437,563)</u>	<u>296,437</u>	<u>149,265</u>	<u>980,806</u>
<b>CASH AND INVESTMENTS, beginning of year</b>	<u>8,024,706</u>	<u>3,894,919</u>	<u>2,787,981</u>	<u>150,686</u>	<u>14,858,292</u>
<b>CASH AND INVESTMENTS, end of year</b>	<u>\$ 8,997,373</u>	<u>\$ 3,457,356</u>	<u>\$ 3,084,418</u>	<u>\$ 299,951</u>	<u>\$ 15,839,098</u>
<b>RECONCILIATION TO THE STATEMENT OF NET POSITION</b>					
Operating income (loss)	\$ 1,257,275	\$ (298,471)	\$ 498,001	\$ 288,400	\$ 1,745,205
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	762,346	182,350	228,069	22,663	1,195,428
Pension expense	212,953	98,614	135,265	6,591	453,423
Decrease (increase) in assets					
Receivables, net	(62,400)	1,918	12,341	(1,804)	(49,945)
Increase (decrease) in liabilities					
Accounts payable	(46,361)	(408,446)	(85,822)	35,905	(504,724)
Payroll payable	(13,163)	(15,721)	(11,316)	(594)	(40,794)
Compensated absences payable	(2,499)	1,066	1,894	(624)	(163)
Other current liabilities	(2,200)	(29,119)	44,530	-	13,211
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 2,105,951</u>	<u>\$ (467,809)</u>	<u>\$ 822,962</u>	<u>\$ 350,537</u>	<u>\$ 2,811,641</u>
<b>Summary of non-cash transactions:</b>					
Contributions of capital assets from developers	\$ 208,079	\$ 148,521	\$ 243,176	\$ -	\$ 599,776

See notes to basic financial statements.

**NOTES TO BASIC FINANCIAL STATEMENTS**



## **CITY OF SHERWOOD, OREGON**

### **NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016**

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

##### **A. Reporting entity**

The City of Sherwood is a municipal corporation governed by seven-member council. The City is managed by a City Manager who reports to the Council.

The accompanying financial statements present the City and its component unit. The City of Sherwood Urban Renewal Agency (URA) was formed July 1, 2001, and is a legally separate entity. The Sherwood City Council serves as the Board of Directors for the URA, and is financially accountable for its operations. The URA is included as a component unit in the basic financial statements, blended with the City. Financial statements of the City of Sherwood Urban Renewal Agency may be obtained from the agency's administrative offices at 22560 SW Pine St., Sherwood, Oregon 97140.

##### **B. Basic financial statements**

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

Government-wide financial statements display information about the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided by one fund and charged to another have been eliminated in the Statement of Activities with the exception of transfers between governmental activities and proprietary activities. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are combined into a single column in the basic financial statements and are detailed in the supplementary information.

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

## CITY OF SHERWOOD, OREGON

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2016

#### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### B. Basic financial statements (Continued)

Professional standards set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses, or either fund category or the governmental and enterprise combined) for the determination of major funds. The City may also elect to add major funds that City officials believe are particularly useful to financial statement users. Non-major funds are combined in a column in the fund financial statements and detailed as other supplementary information in the financial report.

##### Governmental Funds:

Governmental funds finance most governmental functions of the City. The acquisition, use and balances of the City's expendable financial resources and the related liabilities, excluding those accounted for in proprietary funds, are accounted for through governmental funds. The following are the City's major governmental funds:

*General:* The General Fund is the primary operating fund. It accounts for financial resources not accounted for in other funds. Costs incurred on behalf of other funds initially recorded in the General Fund are then subsequently reimbursed by the funds benefiting from the expenditure.

*Street Operations:* The Street Operations Fund records street fees, apportionment of vehicle taxes and gas tax revenue, these revenues are used to maintain the streets, sidewalks, and streetscapes.

*Urban Renewal Operations:* The Urban Renewal Operations Fund accounts for tax increment funds of the agency, operational costs, and debt service payments.

*Street Capital:* The Street Capital Fund records infrastructure development fees to fund street capital construction projects.

The City also reports non-major governmental funds within the following fund types:

*Capital projects:* Fund type used to account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.

*Debt service:* Governmental fund type used to account for accumulations of resources that are restricted, committed, or assigned to expenditure for principal and interest.

##### Proprietary Funds:

Proprietary funds are used to account for the acquisition, operation and maintenance of sewer, storm drainage, water systems, and telecommunications services in the City. These funds are entirely or predominantly self-supported through user charges to customers. The following are the City's major proprietary funds:

## **CITY OF SHERWOOD, OREGON**

### **NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2016**

#### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **B. Basic financial statements (Continued)**

- Water Fund — The Water fund accounts for the City's water operations and capital projects.
- Sanitary Sewer Fund — The Sewer fund accounts for the City's sewer operations and capital projects.
- Storm Fund — The Storm fund accounts for the City's storm drainage operations and capital projects.
- Telecommunications Fund — The Telecommunications fund accounts for the City's telecommunications utility.

##### **C. 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.

The government-wide and proprietary fund 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 funds 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 accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under modified accrual accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Property tax revenues are susceptible to accrual using the 60 day window.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Intergovernmental and interest associated with the current fiscal period are all considered to be susceptible to accrual using the 60 day window and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the City.

## CITY OF SHERWOOD, OREGON

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2016

#### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### C. Measurement focus and basis of accounting (Continued)

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was issued March 2012. The objective of this statement is to evaluate and reclassify various financial statement items that have been previously reported as either assets or liabilities, and evaluate them against the definitions provided for deferred outflows and deferred inflows of resources.

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. This separate financial statement element 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. With the implementation of GASB Statement No. 68, the City now presents deferred inflows from pensions as a deferred inflow on the statement of net position. The deferred inflows from pension are for investment differences between the pension liability and pension assets, and differences between City contributions and proportionate share of system contributions, as determined during the implementation of GASB Statement No. 68. The City also presents unavailable revenue as a deferred inflow of resources on the governmental funds balance sheet. The unavailable revenue arises in the governmental funds balance sheet when potential revenue does not meet both the measurable and available criteria for recognition in the current year. This unavailable revenue consists primarily of uncollected property taxes 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 deferral created on the governmental fund balance sheet for unavailable revenue is eliminated.

In addition to assets, the statement of net position may 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. With the implementation of GASB Statement No. 68, the City now presents deferred outflows from pensions as a deferred outflow on the statement of net position. The deferred outflows from pension are for pension plan contributions made subsequent to the measurement date of the pension liability, differences between expected and actual experience, changes in proportionate share, and differences between City contributions and proportionate share of system contributions.

Similar to the way revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt is recorded as a fund liability only when due, or to the extent that it is expected to be liquidated with expendable financial resources. However, in the government-wide financial statements with 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, interest, claims and judgments and compensated absences must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of 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 basic financial statements.

## CITY OF SHERWOOD, OREGON

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2016

#### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### C. Measurement focus and basis of accounting (Continued)

Proprietary funds distinguish between operating revenues and expenses and non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's ongoing operations. The principal operating revenues are charges to customers for services, intergovernmental revenues, and infrastructure development fees charged on building permits. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and overheads, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

##### D. Assets, deferred outflow of resources, liabilities, deferred inflow of resources, and net position or fund balance

###### 1. *Cash and investments*

Cash and investments include cash on hand, demand deposits, and balances in the Oregon State Treasury's Local Government Investment Pool (LGIP). LGIP balances can be withdrawn with one day's notice. The LGIP operates in accordance with appropriate state laws and regulations. Reported values of the City's share of the LGIP approximate fair value.

###### 2. *Receivables and Payables*

Property taxes levied for the fiscal year beginning July 1 are calculated on assessed values on January 1. Property taxes become a lien on the property on July 1. The tax roll is certified and billed in October. Taxes are due in equal payments on November 15, February 15, and May 15. Discounts are allowed for taxes paid in full by November 15. Unpaid taxes are late the day after the due date, and are delinquent on May 16. Interest accrues on all late amounts. Washington County assesses, collects, and turns over property taxes for Sherwood and all other cities in the County. Property tax receivables become liens on real property if not paid. Consequently, no allowances for uncollectible accounts are provided for them.

Proprietary fund receivables are recorded as revenue when earned, including services earned but not billed. The receivables of proprietary funds include billing for residential and commercial customers utilizing the City's water, sewer and storm water management services. An allowance for uncollectible accounts has been recorded for utility fees receivable, based on management's consideration of collectability and historical trends.

Under State of Oregon statutes, municipal court receivables are valid for ten years and are then renewable for another ten years. Delinquent receivables are turned over to an external collection agency after approximately 180 days. An allowance for uncollectible accounts has been recorded for court fines receivable, based on management's consideration of collectability and historical trends.

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, deferred outflow of resources, liabilities, deferred inflow of resources, and net position or fund balance (Continued)**

Accounts payable to vendors and contractors include general accounts payable, retainage payable, deposits payable and other accrued liabilities not included in short-term or long-term liabilities.

**3. Capital assets**

Capital assets are reported in the applicable governmental or proprietary activities columns in the government-wide financial statements and in the enterprise fund statements. Capital assets are defined as assets that benefit at least two fiscal periods and have a cost of at least \$5,000.

Infrastructure is defined as long-lived capital assets that can be preserved for a significantly greater number of years than most capital assets, and are normally stationary in nature. Infrastructure includes such items as water and sewer pipes, roads, and bridges.

Purchased or constructed capital assets are recorded at historical cost, or estimated historical cost if historical cost is not known. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset 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>Assets</u>	<u>Years</u>
Infrastructure	20 - 100
Buildings	50 - 60
Land improvements	12 - 20
Machinery and equipment	7 - 20
Licensed vehicles	5 - 10

**4. Compensated absences**

City employees accumulate earned but unused paid time off and sick leave. There is no liability for accumulated sick leave since the City does not pay any such amounts when employees separate from service. All unused paid time off is accrued when incurred in the government-wide and enterprise financial statements. In the governmental fund financial statements, compensated absences are reported only when they become due. In general, liabilities for compensated absences are liquidated by the fund that reports the liability, and in the General Fund and Street Operations Fund with respect to governmental activities.

## CITY OF SHERWOOD, OREGON

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2016

#### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### D. Assets, deferred outflow of resources, liabilities, deferred inflow of resources, and net position or fund balance (Continued)

###### 5. Long-term debt

In the government-wide financial statements, and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, proprietary activities, or proprietary fund in the 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.

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 premiums and discounts on debt issuances are reported as other financing sources and uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

###### 6. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

###### 7. Fund balance

In the fund financial statements, the fund balance for governmental funds is reported in a hierarchy of classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

- Fund balance is reported as non-spendable when the resources cannot be spent because they are either in a non-spendable form or legally or contractually required to be maintained intact. Resources in non-spendable form include inventories, prepaids, deposits and long-term advances.
- Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Fund balance is reported as committed when the City Council passes a resolution that places specific constraints on how the resources may be used. The City Council can modify or rescind the commitment at any time through passage of an additional resolution.

## **CITY OF SHERWOOD, OREGON**

### **NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2016**

#### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **D. Assets, deferred outflow of resources, liabilities, deferred inflow of resources, and net position or fund balance (Continued)**

- Resources that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Assigned fund balances are designated for specific use by the City Manager, authority granted by the City Council in Financial Policy V – Revenue Constraints and Fund Balance.
- Unassigned fund balance is the residual classification for the General Fund. This classification is also used to report any deficit fund balance amounts in other governmental funds.

The City has adopted the following order of spending regarding fund balance categories within the governmental funds. Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available; the order of spending for remaining unrestricted resources is committed (if applicable), assigned (if applicable) and lastly, unassigned fund balance.

Unrestricted fund balance is the sum of committed, assigned and unassigned fund balance in any individual fund. In the General Fund, City policy calls for the maintenance of an unrestricted fund balance of at least twenty percent of fund revenue.

##### **E. Use of estimates**

In preparing the City's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

##### **F. Budget**

In accordance with Oregon budget law, the City budgets all funds, including enterprise funds, using the current financial resources measurement focus and modified accrual basis of accounting.

The budget process begins with appointment of a Budget Officer and Budget Committee. Budget recommendations are developed through late winter. The Budget Committee approves the budget in early spring; public notices are published and public hearings held; and the Council adopts the budget prior to June 30.

Expenditures are appropriated by division, program or category level, as follows:

The General Fund is split into departments which reflect City programs and managerial responsibilities. These are grouped into five divisions for purposes of appropriations. The divisions are: Administration, Community Development, Public Safety, Community Services, and Public Works.



**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Budget (Continued)**

The Street Operations and the Telecommunications fund each have one program which is Operations while the General Construction and Street Capital funds each have one program which is Capital. The Water, Sanitary, and Storm Enterprise funds are appropriated by the operations or capital programs.

Expenditures cannot exceed appropriations at these legal levels of control. Management may amend line items in the budget without City Council approval as long as appropriations at the legal level of control are not changed. The City Council can amend the budget at the legal level of control within certain limits specified by statute. The statements and schedules in the Financial Section reflect the original and final budgets. There was one appropriation transfer approved by the Council during the year.

All appropriations lapse at fiscal year-end.

**II. DETAILED NOTES ON ALL FUNDS**

**A. Cash and investments**

Cash and investments are reflected on the Statement of Net Position at June 30, 2016 as follows:

Governmental Activities	\$ 11,657,645
Proprietary Activities	15,839,098
	<u>\$ 27,496,743</u>

Cash and investments consist of:

Petty cash	\$ 1,100
Deposits with financial institutions	(85,836)
Local Government Investment Pool	27,581,479
	<u>\$ 27,496,743</u>

	Governmental Activities	Proprietary Activities	Total
Cash and investments	\$ 3,842,877	\$ 9,847,002	\$ 13,689,879
Restricted cash and investments	7,814,768	5,992,096	13,806,864
	<u>\$ 11,657,645</u>	<u>\$ 15,839,098</u>	<u>\$ 27,496,743</u>

Restricted cash and investments consists of unspent bond proceeds, public, educational, and government (PEG) fees collected specifically for equipment and facilities related to public-access channels, and system development charges (SDC) fees collected for the specific use of SDC projects.

## CITY OF SHERWOOD, OREGON

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2016

#### II. DETAILED NOTES ON ALL FUNDS (Continued)

##### A. Cash and investments (Continued)

###### 1. *Custodial Risk – Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At June 30, 2016, the City had deposits with financial institutions totaling \$578,183, of which \$250,000 is insured by federal depository insurance.

Institutions with deposits in excess of FDIC coverage participate in the Oregon Public Funds Collateralization Program (PFCP) as defined in Oregon Revised Statutes (ORS) 295. This provides additional protection for public funds in the event of a bank loss, although it does not guarantee 100 percent protection. The Office of the State Treasurer categorizes the financial institutions in Oregon. Based on that categorization, banks must pledge collateral valued at between 10 percent and 110 percent of their public fund deposits. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. The Office of the State Treasurer maintains a list of qualified financial institutions for the deposit of public funds in excess of FDIC insurance. The financial institutions holding City deposits are all on the State Treasurer's list.

###### 2. *Investments*

State statutes authorize the City to invest 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 paper and corporate bonds and the State of Oregon Local Government Investment Pool.

###### *Custodial Risk – Investments*

For an investment, custodial risk is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City has no investments that are subject to custodial credit risk.

The City participates in the State of Oregon's Local Government Investment Pool (LGIP), an open-ended; no-load diversified portfolio created under ORS 294.805 to 294.895 that is not registered with the U.S. Securities and Exchange Commission as an investment company. The LGIP is administered by the State Treasurer and the Oregon Investment Council with the advice of the Oregon Short-Term Fund Board. These funds must be invested and managed, as a prudent investor would, exercising reasonable care, skill and caution. The Oregon Audits Division of the Secretary of State's Office audits the LGIP annually. Value of pool shares approximates fair value. The portion of the external investment pool belonging to local government participants is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report. A copy of the State's Comprehensive Annual Financial Report may be obtained online at [www.ost.state.or.us](http://www.ost.state.or.us) or by mail at the Oregon State Treasurer, 350 Winter St. NE, Salem, Oregon 97310-0840.

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

**II. DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

Receivables as of June 30, 2016, net of allowance for uncollectible amounts, are as follows:

	Governmental Funds	Proprietary Funds	Total
Receivables:			
Court Fines	\$ 1,429,708	\$ -	\$ 1,429,708
Property taxes	443,693	-	443,693
State Revenue	216,384	-	216,384
4th Qtr Franchise Fees	257,200	-	257,200
Sherwood School District	120,829	-	120,829
Sherwood West Metro Reimbursmt	65,828	-	65,828
Utility Bills	53,455	944,301	997,756
Utility Bills for CWS	-	214,308	214,308
FY15-16 Water True-up	-	237,489	237,489
US EPA Brownsfield Tannery Grant	34,927	-	34,927
Other miscellaneous	65,003	81	65,084
Gross Receivables	<u>2,687,027</u>	<u>1,396,179</u>	<u>4,083,206</u>
Less: allowance for uncollectibles			
Court	(1,257,012)	-	(1,257,012)
Utility Bills	(8,240)	(74,602)	(82,842)
Net Receivables	<u><u>\$ 1,421,775</u></u>	<u><u>\$ 1,321,577</u></u>	<u><u>\$ 2,743,352</u></u>

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

**II. DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital assets**

Capital assets for governmental activities for the year ended June 30, 2016 are as follows:

	Balance June 30, 2015	Restatement	Restated Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<b>Governmental Activities</b>						
Capital assets not being depreciated:						
Land	\$ 12,257,139	\$ 1,281,471	\$ 13,538,610	\$ -	\$ -	\$ 13,538,610
Intangibles (easements)	5,851,943	-	5,851,943	34,470	-	5,886,413
Construction work in progress	2,286,941	(1,866,445)	420,496	602,402	(206,496)	816,402
Total capital assets not being depreciated	<u>20,396,023</u>	<u>(584,974)</u>	<u>19,811,049</u>	<u>636,872</u>	<u>(206,496)</u>	<u>20,241,425</u>
Capital assets being depreciated:						
Infrastructure	72,672,322	-	72,672,322	637,161	-	73,309,483
Buildings and improvements	39,038,278	1,866,445	40,904,723	452,303	-	41,357,026
Machinery and equipment	1,732,012	-	1,732,012	150,726	(32,815)	1,849,923
Licensed vehicles	1,275,600	-	1,275,600	115,935	(42,743)	1,348,792
Total capital assets being depreciated	<u>114,718,212</u>	<u>1,866,445</u>	<u>116,584,658</u>	<u>1,356,125</u>	<u>(75,558)</u>	<u>117,865,224</u>
Less accumulated depreciation:						
Infrastructure	34,968,237	-	34,968,237	4,198,348	-	39,166,585
Buildings and improvements	13,876,680	37,766	13,914,446	1,680,936	-	15,595,382
Machinery and equipment	1,159,374	-	1,159,374	115,984	(20,881)	1,254,477
Licensed vehicles	957,324	-	957,324	95,742	(42,743)	1,010,323
Total accumulated depreciation	<u>50,961,615</u>	<u>37,766</u>	<u>50,999,381</u>	<u>6,091,010</u>	<u>(63,624)</u>	<u>57,026,767</u>
Total capital assets being depreciated, net	63,756,597	1,828,679	65,585,276	(4,734,885)	(11,934)	60,838,457
Governmental activities capital assets, net	<u>\$ 84,152,620</u>	<u>\$ 1,243,705</u>	<u>\$ 85,396,325</u>	<u>\$ (4,098,013)</u>	<u>\$ (218,430)</u>	<u>\$ 81,079,882</u>
Governmental activities:						
Administration				\$ 378,051		
Public safety				88,069		
Community services				363,279		
Public works				<u>5,261,611</u>		
Total depreciation expense - governmental activities				<u>\$ 6,091,010</u>		

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

**II. DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital assets (Continued)**

Capital assets for proprietary activities for the year ended June 30, 2016 are as follows:

	Balance June 30, 2015	Restatement	Restated Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<b>Proprietary activities</b>						
Capital assets not being depreciated:						
Land	\$ 298,289	\$ -	\$ 298,289	\$ -	\$ (73,344)	\$ 224,945
Intangibles (easements)	2,912,338	-	2,912,338	5,355	-	2,917,693
Construction work in progress	1,838,782	(116,519)	1,722,263	599,902	-	2,322,165
Total capital assets not being depreciated	<u>5,049,409</u>	<u>(116,519)</u>	<u>4,932,890</u>	<u>605,257</u>	<u>(73,344)</u>	<u>5,464,803</u>
Capital assets being depreciated:						
Infrastructure	92,129,677	(121,067)	92,008,610	793,562	-	92,802,172
Buildings and improvements	11,322	-	11,322	-	-	11,322
Machinery and equipment	1,611,685	-	1,611,685	21,930	-	1,633,615
Licensed vehicles	535,224	-	535,224	-	-	535,224
Total capital assets being depreciated	<u>94,287,908</u>	<u>(121,067)</u>	<u>94,166,842</u>	<u>815,492</u>	<u>-</u>	<u>94,982,333</u>
Less accumulated depreciation:						
Infrastructure	10,359,144	(3)	10,359,141	1,085,327	-	11,444,468
Buildings and improvements	3,116	-	3,116	453	-	3,569
Machinery and equipment	1,269,724	-	1,269,724	72,849	-	1,342,573
Licensed vehicles	283,938	-	283,938	36,799	-	320,737
Total accumulated depreciation	<u>11,915,922</u>	<u>(3)</u>	<u>11,915,919</u>	<u>1,195,428</u>	<u>-</u>	<u>13,111,347</u>
Total capital assets being depreciated, net	82,371,986	(121,064)	82,250,922	(379,936)	-	81,870,986
Proprietary activities capital assets, net	<u>\$ 87,421,395</u>	<u>\$ (237,583)</u>	<u>\$ 87,183,812</u>	<u>\$ 225,321</u>	<u>\$ (73,344)</u>	<u>\$ 87,335,789</u>
Proprietary activities:						
Water				\$ 762,346		
Sanitary				182,350		
Storm				228,069		
Telecom				22,663		
Total depreciation expense - proprietary activities				<u>\$ 1,195,428</u>		

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

**II. DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Long-term liabilities**

*1. Debt outstanding*

The City uses general obligation bonds and long-term loans to finance construction and acquisition of major capital facilities. General obligation bonds pledge the City's ability to levy property taxes; long-term notes pledge the full faith and credit of the City.

Bonds and loans outstanding and the changes in long-term liabilities for the year ended June 30, 2016 are as follows. Note that stated interest rates relate to identified maturities and the City holds no variable interest obligations.

	Original Amount	Outstanding June 30, 2015	Issued	Matured/ Redeemed During Year	Outstanding June 30, 2016	Due Within One Year
<b>Governmental activities</b>						
General Obligation Bonds:						
2004 A&B Refunding (interest 1-3.8%)	\$ 6,045,000	\$ 1,185,000	\$ -	\$ (585,000)	\$ 600,000	\$ 600,000
2011 Police Refunding (interest 2-4.04%)	2,305,000	1,460,000	-	(225,000)	1,235,000	230,000
2013 Capital Lease for two Police Cars	83,733	20,933	-	(20,933)	-	-
Long-term Loans:						
2001 YMCA Expansion (interest 2.76-5.4%)	1,970,000	350,000	-	(170,000)	180,000	180,000
Long-term Loans URA:						
2006 URA Streets #2 (3.66-4.45%)	6,400,000	4,465,446	-	(295,313)	4,170,133	307,325
2010 URA Cannery & Streets (interest 4.65%)	7,065,000	5,855,000	-	(275,000)	5,580,000	285,000
2010 URA Cannery Projects (interest 0.55%)	5,898,888	5,898,888	-	-	5,898,888	1,133,521
2012 Civic bldg & Street Refunding (interest 3.0%)	5,245,000	4,025,000	-	(440,000)	3,585,000	455,000
Total of long-term debt for governmental activities		23,260,267	-	(2,011,246)	21,249,021	3,190,846
Premium on bonds issued		347,705	-	(42,353)	305,352	42,355
Total of long-term debt and premiums for governmental activities		<u>\$ 23,607,972</u>	<u>\$ -</u>	<u>\$ (2,053,599)</u>	<u>\$ 21,554,373</u>	<u>\$ 3,233,201</u>
<b>Proprietary activities</b>						
Long-term Obligations for Enterprise activities:						
2008 SDW Water Reservoir (interest 3.55%)	6,000,000	\$ 4,866,966	\$ -	\$ (251,301)	\$ 4,615,665	\$ 260,223
2009 SDW Water Pipeline (interest 3.83%)	6,000,000	5,126,433	-	(238,528)	4,887,905	247,663
2011 Water Projects (interest 2-5%)	14,165,000	12,985,000	-	(410,000)	12,575,000	415,000
Total of long-term debt for proprietary activities		22,978,399	-	(899,829)	22,078,570	922,886
Premium on bonds issued		155,976	-	(7,426)	148,550	7,428
Total of long-term debt and premiums for proprietary activities		<u>\$ 23,134,375</u>	<u>\$ -</u>	<u>\$ (907,255)</u>	<u>\$ 22,227,120</u>	<u>\$ 930,314</u>

	Per statements June 30, 2015	Restatement	Restated June 30, 2015	Increases	Decreases	Outstanding June 30, 2016	Due Within One Year
<b>Compensated absences payable</b>							
Governmental activities	\$ 435,851	\$ 99,097	\$ 534,948	\$ 26,587	\$ (2,696)	\$ 558,839	\$ 223,536
Proprietary activities	73,780	12,748	86,528	2,961	(3,121)	86,368	34,547
Total	<u>\$ 509,631</u>	<u>\$ 111,845</u>	<u>\$ 621,476</u>	<u>\$ 29,548</u>	<u>\$ (5,817)</u>	<u>\$ 645,207</u>	<u>\$ 258,083</u>

Compensated absences in governmental activities have historically been paid in large part out of the General Fund (about 75%) with about 25% being paid out of Street Operations.

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

**II. DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Long-term liabilities (Continued)**

*2. Debt service requirements*

Fiscal Year Ending June 30,	Governmental Activities					Proprietary Activities		
	GO Bonds	City Loans	Loans - URA	Interest	Total Govern- mental Activities	Principal on Loans	Interest	Total Business- type Activities
2017	\$ 830,000	\$ 180,000	\$ 2,180,846	\$ 724,168	\$ 3,915,014	\$ 922,886	\$ 913,582	\$ 1,836,468
2018	240,000	-	2,245,610	626,384	3,111,994	956,609	882,408	1,839,017
2019	245,000	-	2,310,910	553,584	3,109,494	986,024	850,093	1,836,117
2020	255,000	-	2,376,760	477,193	3,108,953	1,026,156	812,362	1,838,518
2021	265,000	-	2,453,247	396,316	3,114,563	1,067,030	773,088	1,840,118
2022-2026	-	-	5,222,786	1,167,824	6,390,610	6,016,270	3,182,769	9,199,039
2027-2031	-	-	2,443,862	255,817	2,699,679	6,863,594	1,894,741	8,758,335
2032-2036	-	-	-	-	-	4,240,000	657,250	4,897,250
	<u>\$ 1,835,000</u>	<u>\$ 180,000</u>	<u>\$ 19,234,021</u>	<u>\$ 4,201,286</u>	<u>\$ 25,450,307</u>	<u>\$ 22,078,570</u>	<u>\$ 9,966,292</u>	<u>\$ 32,044,862</u>

**E. Inter-fund Loans and Transfers**

In March 2009, the General Fund advanced \$950,000 to the Telecom Fund for operational and capital construction costs. As of June 30, 2016 the loan has been paid back in full.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, (3) fund fleet operations, and (4) move funds from Street Capital Fund to General Construction to finance trail improvements.

Transfers Out:		Transfers In:		
	Fund	General Construction	General Fund	Total
1	General Fund	\$ 138,653	\$ -	\$ 138,653
2	General Fund	18,000	-	18,000
3	Water Fund	-	20,975	20,975
3	Sanitary Fund	-	22,268	22,268
3	Storm Fund	-	22,768	22,768
3	Street Operations Fund	-	18,859	18,859
4	Street Capital Fund	73,552	-	73,552
	Total	<u>\$ 230,204</u>	<u>\$ 84,870</u>	<u>\$ 315,074</u>

**Purpose:**

- 1 Transfer balance of PEG Funds
- 2 To fund replacement of Field House Turf
- 3 To fund Fleet Operations
- 4 To fund Cedar Creek Trail

## CITY OF SHERWOOD, OREGON

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2016

#### III. OTHER INFORMATION

##### A. Risk management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omission, injuries to employees, and natural disasters. The City purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three years.

##### B. Pension plan

###### 1. *Plan Description*

Substantially all City employees are members in the Oregon Public Employees Retirement System (PERS); a cost-sharing multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for government units in the State of Oregon. Employees hired before August 29, 2003 belong to the Tier One/Tier Two Retirement Benefit Program (established pursuant to ORS Chapter 238), while employees hired on or after August 29, 2003 belong to the OPSRP Pension Program (established pursuant to ORS Chapter 238A). PERS produces an independently audited CAFR which can be found at: [http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx).

###### 2. *Benefits Provided*

###### A. Tier One/Tier Two Retirement Benefit ORS Chapter 238

###### 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, 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 benefit 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 One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.



## CITY OF SHERWOOD, OREGON

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2016

#### III. OTHER INFORMATION (Continued)

##### B. Pension plan (Continued)

###### 2. *Benefits Provided* (Continued)

###### Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

###### Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (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 time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

###### Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA for creditable service earned before October 2013 is 2.00%. The COLA for creditable service earned after October 2013 is calculated as 1.25% on the first \$60,000 of annual benefit and 0.15% on amounts above \$60,000 of annual benefit.

##### B. OPSRP Pension Program (OPSRP DB)

###### Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by formula for members who attain normal retirement age.

For general service members, 1.5% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. For police and fire members, 1.8% is multiplied by the number of years of service and the final average salary.

## CITY OF SHERWOOD, OREGON

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2016

#### III. OTHER INFORMATION (Continued)

##### B. Pension plan (Continued)

###### 2. *Benefits Provided* (Continued)

Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and if the pension program is terminated, the date on which termination becomes effective.

###### Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

###### Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

###### Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA for creditable service earned before October 2013 is 2.00%. The COLA for creditable service earned after October 2013 is calculated as 1.25% on the first \$60,000 of annual benefit and 0.15% on amounts above \$60,000 of annual benefit.

##### C. OPSRP Individual Account Program (OPSRP IAP)

###### Pension Benefits

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 Individual Account Program (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.

## CITY OF SHERWOOD, OREGON

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2016

#### III. OTHER INFORMATION (Continued)

##### B. Pension plan (Continued)

###### 2. *Benefits Provided* (Continued)

###### 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.

###### 3. *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. This 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, 2013 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30, 2016 were \$904,156, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2016 were 16.62 percent for Tier One/Tier Two General Service Member and Police and Fire, 10.36 percent for OPSRP Pension Program General Service Members, and 14.47 percent for OPSRP Pension Program Police and Fire Members.

Covered employees are required to contribute 6% of their salary to the Plan, but the employer is allowed to pay any or all of the employees' contribution in addition to the required employers' contribution. The City has elected to contribute the 6% "pick-up" or \$401,717 of the employees' contribution.

###### 4. *Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2016, the City reported a liability of \$5,181,815 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013 rolled forward to June 30, 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 entities, actuarially determined. As of the measurement date of June 30, 2015, the City's proportion was 0.0903 percent, which is an increase from its proportion of 0.0826 percent measured as of June 30, 2014.

The Oregon Supreme Court (Court) ruled on April 30, 2015 that certain provisions of Senate Bill (SB) 861, signed into law in October 2013, were unconstitutional. SB 861 included provisions that limited post-retirement COLA on benefits accrued prior to the signing of the law.

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

**III. OTHER INFORMATION (Continued)**

**B. Pension plan (Continued)**

*4. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)*

The Court ruled that benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

For the year ended June 30, 2016, the City's recognized pension expense of \$5,086,998. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 279,430	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,086,226
Changes in proportionate share	131,361	-
Differences between City contributions and proportionate share of system contributions	10,605	204,366
City contributions subsequent to the measurement date	904,156	-
Total	<u>\$1,325,552</u>	<u>\$1,290,592</u>

\$904,156 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30:</u>	
2017	\$ (468,414)
2018	(468,414)
2019	(468,414)
2020	517,285
2021	18,763
	<u>\$ (869,193)</u>

## CITY OF SHERWOOD, OREGON

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2016

#### III. OTHER INFORMATION (Continued)

##### B. Pension plan (Continued)

###### 5. Actuarial Assumptions

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation Date	12/31/2013
Measurement Date	06/30/2015
Experience Study	2014, published September 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
Actuarial Assumptions:	
Inflation Rate	2.75%
Investment Rate of Return	7.75%
Discount Rate	7.75%
Projected Salary Increases	3.75% overall payroll growth; salaries for individuals are assumed to grow at 3.75% plus assumed rates of merit/longevity increases based on service
Cost of Living Adjustment	Blend of 2.0% COLA and graded COLA (1.25%/0.15%) in accordance with the Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

**III. OTHER INFORMATION (Continued)**

**B. Pension plan (Continued)**

*6. Changes in plan provisions subsequent to measurement date*

In accordance with statute, a biennial review of actuarial methods and assumptions was computed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.50%, effective January 1, 2016 which will be used for rates beginning July 1, 2017.

The Oregon Public Employees Retirement System issued its financial statements as of and for the year ended June 30, 2016 on December 1, 2016, which disclosed that the system-wide Net Pension Liability increased from \$5.7 billion as of June 30, 2015 to \$15 billion as of June 30, 2016. This increase was primarily the result of benefit payments exceeding contributions and net investment income, changes in assumptions, including changing the interest rate to 7.50%, and interest on the liability as current active members get closer to retirement. The estimated impact, based on City's proportion of the net pension liability as of the measurement date, is an approximately \$8.3 million increase in the City's share of the Net Pension Liability.

*7. Long-term expected rate of return*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption 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.

Asset Class/Strategy	Assumed Asset Allocation		
	Low Range	High Range	Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100.0%</u>

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

**III. OTHER INFORMATION (Continued)**

**B. Pension plan (Continued)**

*7. Long-term expected rate of return (Continued)*

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00%	3.70%
Intermediate-Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equities	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	1.25%	6.07%
Total	<u>100.00%</u>	
Assumed Inflation - Mean		2.75%

*8. Discount rate*

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those 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.

## CITY OF SHERWOOD, OREGON

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2016

#### III. OTHER INFORMATION (Continued)

##### B. Pension plan (Continued)

###### 9. *Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate*

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability (asset)	\$ 12,506,117	\$ 5,181,815	\$ (990,648)

###### 10. *Pension plan fiduciary net position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

##### C. Postemployment Benefits Other than Pensions

**Plan Description** – As a member of Oregon Public Employees Retirement System (PERS) 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 post-employment benefit plan administered by PERS. 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. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

**Funding Policy** – Given that 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 or the total monthly cost of Medicare companion health insurance premium coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 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 PERS at the time of retirement or received disability allowance as if the member had eight years or more of credible service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS 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 PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.



## CITY OF SHERWOOD, OREGON

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2016

#### III. OTHER INFORMATION (Continued)

##### C. Postemployment Benefits Other than Pensions (Continued)

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by PERS, currently 0.53 percent of annual covered payroll for Tier one/Tier two and .45 percent for OPSRP. The PERS Board of Trustees sets the employer contribution rate based on the annual required contributions (ARC) of the employers, 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 plan over a period not to exceed ten years. The City's contributions to RHIA were included in contributions made to PERS.

#### IV. COMMITMENTS AND CONTINGENCIES

The City is currently engaged in mediation with Clean Water Services regarding franchise fees previously collected. Any potential settlement would be paid out of the Sewer Fund. The City estimates the amount of the potential liability to be less than \$500,000 at this time, to be paid in FY18. The City is involved in other various claims and legal matters relating to its operations which the City does not believe have a material impact on its June 30, 2016 financial statements.

The City has outstanding commitments at June 30, 2016 totaling \$606,959 related to construction contracts.

#### V. RESTATEMENT - PRIOR PERIOD ADJUSTMENTS

In the prior period, the amount accrued for compensated absences did not include related Social Security, Medicare, or eligible retirement contributions. Also, the amounts recorded for revenues in the utility funds did not include revenues earned but not yet billed as of June 30, 2015. Errors in the valuation of land and in the classification of certain assets were also corrected. Net position has been restated as follows:

	Governmental Activities	Proprietary Type Activities	Total
Net position - beginning (as originally reported)	\$ 69,188,221	\$ 77,804,175	\$ 146,992,396
Cumulative effect of correction for compensated absences	(99,097)	(12,747)	(111,844)
Cumulative effect of correction for revenue accruals	-	399,977	399,977
Cumulative effect of correction for capital assets	1,243,753	(237,583)	1,006,170
Net position - beginning (as restated)	<u>\$ 70,332,877</u>	<u>\$ 77,953,822</u>	<u>\$ 148,286,699</u>

#### VI. OVER-EXPENDITURE OF APPROPRIATIONS

Oregon law prohibits expenditures in excess of Council-approved appropriations. During the current year, the City had one such over expenditure for transfers out from the General Fund of \$13,653. The full amount of restricted cash related to PEG fees was transferred from the general fund into the general construction fund. The amount to be transferred exceeded the initial projections but the budget was not updated to reflect this.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF SHERWOOD**  
Sherwood, Oregon

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)**  
**AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Property taxes	\$ 5,310,700	\$ 5,310,700	\$ 5,402,898	\$ 92,198
Franchise fees	1,851,200	1,851,200	1,844,807	(6,393)
Intergovernmental	1,815,916	1,815,916	1,914,839	98,923
Charges for services	854,933	854,933	1,021,906	166,973
Infrastructure development fees	335,575	335,575	139,558	(196,017)
Fines and forfeitures	1,100,000	1,100,000	1,226,410	126,410
Interest	20,300	20,300	25,932	5,632
Miscellaneous	248,314	248,314	256,071	7,757
<b>TOTAL REVENUES</b>	<b>11,536,938</b>	<b>11,536,938</b>	<b>11,832,421</b>	<b>295,483</b>
<b>EXPENDITURES:</b>				
Administration	2,708,670	2,708,670	2,605,089	103,581
Community development	1,539,441	1,589,441	1,587,474	1,967
Public safety	3,687,830	3,687,830	3,628,537	59,293
Community services	1,717,367	1,727,367	1,704,173	23,194
Public works	2,286,981	2,226,981	1,984,834	242,147
Debt service	136,714	136,714	136,714	-
Contingency	576,847	576,847	-	576,847
<b>TOTAL EXPENDITURES</b>	<b>12,653,850</b>	<b>12,653,850</b>	<b>11,646,821</b>	<b>1,007,029</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,116,912)</b>	<b>(1,116,912)</b>	<b>185,600</b>	<b>1,302,512</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	84,870	84,870	84,870	-
Transfers out	(143,000)	(143,000)	(156,653)	(13,653)
Interfund loan payments	179,874	179,874	179,874	-
Proceeds from sale of capital assets	-	-	11,791	11,791
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>121,744</b>	<b>121,744</b>	<b>119,882</b>	<b>(1,862)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(995,168)</b>	<b>(995,168)</b>	<b>305,482</b>	<b>1,300,650</b>
<b>FUND BALANCE - beginning of year</b>	<b>3,109,754</b>	<b>3,109,754</b>	<b>2,777,517</b>	<b>(332,237)</b>
<b>FUND BALANCE - end of year</b>	<b>\$ 2,114,586</b>	<b>\$ 2,114,586</b>	<b>\$ 3,082,999</b>	<b>\$ 968,413</b>
Change in fund balance budget basis			\$ 305,482	
Payment on interfund loan			(179,874)	
Change in fund balance GAAP basis			<u>\$ 125,608</u>	

**CITY OF SHERWOOD**  
Sherwood, Oregon

**STREET OPERATIONS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)**  
**AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 1,140,000	\$ 1,140,000	\$ 1,197,666	\$ 57,666
Charges for services	576,000	576,000	597,983	21,983
Infrastructure development fees	-	-	4,861	4,861
Interest	8,000	8,000	12,563	4,563
Miscellaneous	-	-	2,271	2,271
<b>TOTAL REVENUES</b>	<b>1,724,000</b>	<b>1,724,000</b>	<b>1,815,344</b>	<b>91,344</b>
<b>EXPENDITURES:</b>				
Personal services	384,605	384,605	328,555	56,050
Materials and services	1,760,074	1,760,074	867,754	892,320
Capital outlay	65,000	65,000	178,385	(113,385)
Contingency	86,200	86,200	-	86,200
<b>TOTAL EXPENDITURES</b>	<b>2,295,879</b>	<b>2,295,879</b>	<b>1,374,694</b>	<b>921,185</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(571,879)</b>	<b>(571,879)</b>	<b>440,650</b>	<b>1,012,529</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(18,859)	(18,859)	(18,859)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(18,859)</b>	<b>(18,859)</b>	<b>(18,859)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(590,738)</b>	<b>(590,738)</b>	<b>421,791</b>	<b>1,012,529</b>
<b>FUND BALANCE - beginning of year</b>	<b>1,141,998</b>	<b>1,141,998</b>	<b>1,744,507</b>	<b>602,509</b>
<b>FUND BALANCE - end of year</b>	<b>\$ 551,260</b>	<b>\$ 551,260</b>	<b>\$ 2,166,298</b>	<b>\$ 1,615,038</b>

**CITY OF SHERWOOD**  
Sherwood, Oregon

**URBAN RENEWAL OPERATIONS**  
**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)**  
**AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 3,585,535	\$ 3,585,535	\$ 1,714,544	\$ (1,870,991)
Fines, interest and other	18,000	18,000	21,687	3,687
<b>TOTAL REVENUES</b>	<u>3,603,535</u>	<u>3,603,535</u>	<u>1,736,231</u>	<u>(1,867,304)</u>
<b>EXPENDITURES:</b>				
Personal services	105,719	105,719	103,388	2,331
Materials and services	172,400	142,400	81,428	60,972
Capital outlay	475,000	375,000	67,269	307,731
Debt service	1,589,605	1,719,605	1,719,366	239
Contingency	180,177	180,177	-	180,177
<b>TOTAL EXPENDITURES</b>	<u>2,522,901</u>	<u>2,522,901</u>	<u>1,971,451</u>	<u>551,449</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>1,080,634</u>	<u>1,080,634</u>	<u>(235,220)</u>	<u>(1,315,854)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	150,000	150,000	-	(150,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>1,230,634</u>	<u>1,230,634</u>	<u>(235,220)</u>	<u>(1,465,854)</u>
<b>FUND BALANCE - beginning of year</b>	<u>1,950,180</u>	<u>1,950,180</u>	<u>1,619,261</u>	<u>(330,919)</u>
<b>FUND BALANCE - end of year</b>	<u>\$ 3,180,814</u>	<u>\$ 3,180,814</u>	<u>\$ 1,384,041</u>	<u>\$ (1,796,773)</u>

**CITY OF SHERWOOD**  
Sherwood, Oregon

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**For the last three fiscal years**

Year Ended June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.0903%	\$ 5,181,815	\$6,379,226	81.23%	91.88%
2015	0.0826%	(1,872,341)	6,207,920	-30.16%	103.59%
2014	0.0826%	4,215,278	5,921,428	71.19%	91.97%

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

This schedule is 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.

**Changes in Plan Provisions**

The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861 that were included in the 2013 actuarial valuation setting employer rates for July 1, 2015 through June 30, 2017. This reversal increased the benefits projected to be paid and consequently increased plan liabilities.

**Changes in assumptions**

Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2014 experience study, which was published on September 23, 2015, and can be found at [https://www.oregon.gov/pers/docs/2014\\_experience\\_study\\_9-23-15.pdf](https://www.oregon.gov/pers/docs/2014_experience_study_9-23-15.pdf).

**SCHEDULE OF PLAN CONTRIBUTIONS**  
**For the last three fiscal years**

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2016	\$ 904,156	\$ 904,156	\$ -	\$ 7,318,363	12.35 %
2015	749,886	749,886	-	6,379,226	11.76
2014	779,090	779,090	-	6,207,920	12.55

The amounts presented for each fiscal year were actuarially determined at December 31.

This schedule is 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.

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF SHERWOOD**

Sherwood, Oregon

**STREET CAPITAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 4,781	\$ 4,781
Charges for services	50,000	50,000	54,107	4,107
Infrastructure development fees	1,794,000	1,794,000	629,597	(1,164,403)
Interest	10,000	10,000	15,942	5,942
Miscellaneous	-	-	1,000	1,000
<b>TOTAL REVENUES</b>	<u>1,854,000</u>	<u>1,854,000</u>	<u>705,427</u>	<u>(1,148,573)</u>
<b>EXPENDITURES:</b>				
Personnel services	8,914	8,914	43,978	(35,064)
Materials and services	81,101	81,101	83,925	(2,824)
Capital outlay	395,500	395,500	134,392	261,108
<b>TOTAL EXPENDITURES</b>	<u>485,515</u>	<u>485,515</u>	<u>262,295</u>	<u>223,220</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>1,368,485</u>	<u>1,368,485</u>	<u>443,132</u>	<u>(925,353)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(650,000)</u>	<u>(650,000)</u>	<u>(73,552)</u>	<u>576,448</u>
<b>NET CHANGE IN FUND BALANCE</b>	718,485	718,485	369,580	(348,905)
<b>FUND BALANCE - beginning of year</b>	<u>2,984,122</u>	<u>2,984,122</u>	<u>2,296,941</u>	<u>(687,181)</u>
<b>FUND BALANCE - end of year</b>	<u><u>\$ 3,702,607</u></u>	<u><u>\$ 3,702,607</u></u>	<u><u>\$ 2,666,521</u></u>	<u><u>\$ (1,036,086)</u></u>



**CITY OF SHERWOOD**

Sherwood, Oregon

**NONMAJOR GOVERNMENTAL FUNDS****COMBINING BALANCE SHEET****JUNE 30, 2016**

	Debt Service	Capital Project Fund Gen Const	Totals
<b>ASSETS:</b>			
Cash and investments	\$ -	\$ 166,045	\$ 166,045
Restricted cash and investments	-	1,428,072	1,428,072
Receivables	45,628	33,839	79,467
<b>TOTAL ASSETS</b>	<b>\$ 45,628</b>	<b>\$ 1,627,956</b>	<b>\$ 1,673,584</b>
<b>LIABILITIES:</b>			
Accounts payable	\$ -	\$ 101,990	\$ 101,990
Payroll payable	-	1,555	1,555
Due to other funds	39,425	-	39,425
<b>TOTAL LIABILITIES</b>	<b>39,425</b>	<b>103,545</b>	<b>142,970</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue - property taxes	39,843	-	39,843
<b>FUND BALANCES:</b>			
Restricted	-	1,411,291	1,411,291
Committed	-	118,983	118,983
Unassigned	(33,640)	(5,863)	(39,503)
<b>TOTAL FUND BALANCES</b>	<b>(33,640)</b>	<b>1,524,411</b>	<b>1,490,771</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 45,628</b>	<b>\$ 1,627,956</b>	<b>\$ 1,673,584</b>

# CITY OF SHERWOOD

Sherwood, Oregon

## NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGE IN FUND BALANCE FOR THE YEAR ENDED JUNE 30, 2016

	Debt Service	Capital Project Fund Gen Const	Totals
<b>REVENUES:</b>			
Property taxes	\$ 874,077	\$ -	\$ 874,077
Franchises and fees	-	54,858	54,858
Intergovernmental	-	74,543	74,543
Charges for services	-	19,719	19,719
Infrastructure development fees	-	652,115	652,115
Interest and other	2,117	7,582	9,699
<b>TOTAL REVENUES</b>	<u>876,194</u>	<u>808,817</u>	<u>1,685,011</u>
<b>EXPENDITURES:</b>			
Current:			
Public works	-	221,153	221,153
Noncurrent			
Capital outlay	-	406,749	406,749
Debt service	899,219	47,537	946,756
<b>TOTAL EXPENDITURES</b>	<u>899,219</u>	<u>675,439</u>	<u>1,574,658</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(23,025)</u>	<u>133,378</u>	<u>110,353</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	230,204	230,204
<b>NET CHANGE IN FUND BALANCE</b>	(23,025)	363,582	340,557
<b>FUND BALANCE - beginning of year</b>	(10,615)	1,160,829	1,150,214
<b>FUND BALANCE - end of year</b>	<u>\$ (33,640)</u>	<u>\$ 1,524,411</u>	<u>\$ 1,490,771</u>

**CITY OF SHERWOOD**

Sherwood, Oregon

**DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Property taxes	\$ 897,582	\$ 897,582	\$ 874,077	\$ (23,505)
Interest	-	-	2,117	2,117
<b>TOTAL REVENUES</b>	<u>897,582</u>	<u>897,582</u>	<u>876,194</u>	<u>(21,388)</u>
<b>EXPENDITURES:</b>				
Debt service	<u>899,219</u>	<u>899,219</u>	<u>899,219</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>899,219</u>	<u>899,219</u>	<u>899,219</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,637)	(1,637)	(23,025)	(21,388)
<b>FUND BALANCE - beginning of year</b>	<u>1,637</u>	<u>1,637</u>	<u>(10,615)</u>	<u>(12,252)</u>
<b>FUND BALANCE - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (33,640)</u>	<u>\$ (33,640)</u>

# CITY OF SHERWOOD

Sherwood, Oregon

## GENERAL CONSTRUCTION FUND SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Franchises and fees	\$ -	\$ -	\$ 54,858	\$ 54,858
Intergovernmental	70,000	70,000	74,543	4,543
Charges for services	16,000	16,000	19,719	3,719
Infrastructure development fees	785,000	785,000	652,115	(132,885)
Interest and other	8,000	8,000	7,582	(418)
<b>TOTAL REVENUES</b>	<b>879,000</b>	<b>879,000</b>	<b>808,817</b>	<b>(70,183)</b>
<b>EXPENDITURES:</b>				
Personal services	90,619	90,619	83,844	6,775
Materials and services	333,211	333,211	137,309	195,902
Capital outlay	1,859,531	1,859,531	406,749	1,452,782
Debt service	47,537	47,537	47,537	-
<b>TOTAL EXPENDITURES</b>	<b>2,330,898</b>	<b>2,330,898</b>	<b>675,439</b>	<b>1,655,459</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,451,898)</b>	<b>(1,451,898)</b>	<b>133,378</b>	<b>1,585,277</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	793,000	793,000	230,204	(562,796)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(658,898)</b>	<b>(658,898)</b>	<b>363,582</b>	<b>1,022,480</b>
<b>FUND BALANCE - beginning of year</b>	<b>1,142,410</b>	<b>1,142,410</b>	<b>1,160,829</b>	<b>18,419</b>
<b>FUND BALANCE - end of year</b>	<b>\$ 483,512</b>	<b>\$ 483,512</b>	<b>\$ 1,524,411</b>	<b>\$ 1,040,899</b>

**CITY OF SHERWOOD**  
Sherwood, Oregon

**WATER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)**  
**AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Charges for services	\$ 4,304,000	\$ 4,304,000	\$ 5,314,365	\$ 1,010,365
Infrastructure development fees	1,014,300	1,014,300	670,457	(343,843)
Interest	40,000	40,000	56,719	16,719
<b>TOTAL REVENUES</b>	<b>5,358,300</b>	<b>5,358,300</b>	<b>6,041,541</b>	<b>683,241</b>
<b>EXPENDITURES:</b>				
Operations	3,699,719	3,699,719	3,056,910	642,809
Capital	265,405	265,405	27,198	238,207
Debt Service	1,839,667	1,839,667	1,839,667	-
Contingency	369,159	369,159	-	369,159
<b>TOTAL EXPENDITURES</b>	<b>6,173,950</b>	<b>6,173,950</b>	<b>4,923,775</b>	<b>1,250,175</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(815,650)</b>	<b>(815,650)</b>	<b>1,117,766</b>	<b>1,933,416</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(20,975)	(20,975)	(20,975)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(20,975)</b>	<b>(20,975)</b>	<b>(20,975)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(836,625)</b>	<b>(836,625)</b>	<b>1,096,791</b>	<b>1,933,416</b>
<b>FUND BALANCE</b> - beginning as originally stated	7,918,805	7,918,805	8,126,416	207,611
Cumulative effect of restatement	-	-	309,829	309,829
<b>FUND BALANCE</b> - beginning as restated	<b>7,918,805</b>	<b>7,918,805</b>	<b>8,436,245</b>	<b>517,440</b>
<b>FUND BALANCE</b> - end of year	<b>\$ 7,082,180</b>	<b>\$ 7,082,180</b>	<b>\$ 9,533,036</b>	<b>\$ 2,450,856</b>
Reconciliation of budget basis to GAAP basis				
Change in fund balance - budgetary basis			\$ 1,096,791	
Pension expense			(212,953)	
Depreciation expense			(762,346)	
Contributed assets			208,079	
Principal payments on long-term obligations			899,650	
Change in accrued interest on long-term obligations			10,682	
Change in compensated absences			2,499	
Amortization of debt premium			7,426	
Change in net position - GAAP basis			<u>\$ 1,249,828</u>	
Fund balance - budgetary basis			\$ 9,533,036	
Net pension liability			(272,434)	
Deferred outflows			69,691	
Deferred inflows			(67,853)	
Capital assets			51,895,337	
Long-term obligations and related premium			(22,227,120)	
Compensated absences			(41,890)	
Accrued interest on long-term obligations			<u>(247,919)</u>	
Net position - GAAP basis			<u>\$ 38,640,848</u>	

# CITY OF SHERWOOD

Sherwood, Oregon

## SEWER FUND

### SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental	\$ 40,000	\$ 40,000	\$ -	\$ (40,000)
Charges for services	590,800	590,800	618,813	28,013
Infrastructure development fees	334,200	334,200	53,071	(281,129)
Interest and other	14,000	14,000	23,939	9,939
<b>TOTAL REVENUES</b>	<b>979,000</b>	<b>979,000</b>	<b>695,823</b>	<b>(283,177)</b>
<b>EXPENDITURES:</b>				
Operations	590,431	590,431	505,759	84,672
Capital	443,832	443,832	153,991	289,841
Contingency	29,815	29,815	-	29,815
<b>TOTAL EXPENDITURES</b>	<b>1,064,078</b>	<b>1,064,078</b>	<b>659,750</b>	<b>404,328</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(85,078)</b>	<b>(85,078)</b>	<b>36,073</b>	<b>121,151</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(22,268)	(22,268)	(22,268)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(22,268)</b>	<b>(22,268)</b>	<b>(22,268)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(107,346)</b>	<b>(107,346)</b>	<b>13,805</b>	<b>121,151</b>
<b>FUND BALANCE</b> - beginning as originally stated	3,128,675	3,128,675	3,187,183	58,508
Cumulative effect of restatement	-	-	26,600	26,600
<b>FUND BALANCE</b> - beginning as restated	<b>3,128,675</b>	<b>3,128,675</b>	<b>3,213,783</b>	<b>85,108</b>
<b>FUND BALANCE</b> - end of year	<b>\$ 3,021,329</b>	<b>\$ 3,021,329</b>	<b>\$ 3,227,588</b>	<b>\$ 206,259</b>
Reconciliation of budget basis to GAAP basis				
Change in fund balance - budgetary basis			\$ 13,805	
Pension expense			(98,614)	
Depreciation expense			(182,350)	
Expenditures capitalized			23,608	
Contributed assets			148,521	
Change in compensated absences			(1,066)	
Change in net position - GAAP basis			<u>\$ (96,096)</u>	
Fund balance - budgetary basis			\$ 3,227,588	
Net pension liability			(123,226)	
Deferred outflows			31,522	
Deferred inflows			(30,691)	
Capital assets			13,367,644	
Compensated absences			(16,931)	
Net position - GAAP basis			<u>\$ 16,455,906</u>	

# CITY OF SHERWOOD

Sherwood, Oregon

## STORM FUND

### SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Charges for services	\$ 1,662,000	\$ 1,662,000	\$ 1,744,234	\$ 82,234
Infrastructure development fees	92,100	92,100	32,527	(59,573)
Interest and other	12,500	12,500	19,300	6,800
<b>TOTAL REVENUES</b>	<b>1,766,600</b>	<b>1,766,600</b>	<b>1,796,061</b>	<b>29,461</b>
<b>EXPENDITURES:</b>				
Operations	1,263,351	1,263,351	978,148	285,203
Capital	866,129	866,129	679,180	186,949
Contingency	112,903	112,903	-	112,903
<b>TOTAL EXPENDITURES</b>	<b>2,242,383</b>	<b>2,242,383</b>	<b>1,657,328</b>	<b>585,055</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(475,783)</b>	<b>(475,783)</b>	<b>138,733</b>	<b>614,516</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	-	-	220,739	220,739
Transfers out	(22,768)	(22,768)	(22,768)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(22,768)</b>	<b>(22,768)</b>	<b>197,971</b>	<b>220,739</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(498,551)</b>	<b>(498,551)</b>	<b>336,704</b>	<b>835,255</b>
<b>FUND BALANCE</b> - beginning as originally stated	1,992,830	1,992,830	2,669,166	676,336
Cumulative effect of restatement	-	-	63,550	63,550
<b>FUND BALANCE</b> - beginning as restated	<b>1,992,830</b>	<b>1,992,830</b>	<b>2,732,716</b>	<b>739,886</b>
<b>FUND BALANCE</b> - end of year	<b>\$ 1,494,279</b>	<b>\$ 1,494,279</b>	<b>\$ 3,069,420</b>	<b>\$ 1,575,141</b>
Reconciliation of budget basis to GAAP basis				
Change in fund balance - budget basis			\$ 336,704	
Pension expense			(135,265)	
Depreciation expense			(228,069)	
Contributed assets			243,176	
Expenditures capitalized			775,435	
Capital assets sold			(73,344)	
Change in compensated absences			(1,894)	
Change in net position - GAAP basis			<u>\$ 916,743</u>	
Fund balance - budget basis			\$ 3,069,420	
Net pension liability			(168,511)	
Deferred outflows			43,107	
Deferred inflows			(41,970)	
Capital assets			21,632,199	
Compensated absences			(24,581)	
Net position - GAAP basis			<u>\$ 24,509,664</u>	

# CITY OF SHERWOOD

Sherwood, Oregon

## TELECOMMUNICATIONS FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 470,238	\$ 470,238	\$ 523,819	\$ 53,581
Interest	400	400	1,432	1,032
<b>TOTAL REVENUES</b>	<u>470,638</u>	<u>470,638</u>	<u>525,251</u>	<u>54,613</u>
<b>EXPENDITURES:</b>				
Personal services	45,369	45,369	18,075	27,294
Materials and services	210,263	210,263	188,714	21,549
Capital outlay	55,000	55,000	21,930	33,070
Debt service	180,774	180,774	180,774	-
Contingency	23,532	23,532	-	23,532
<b>TOTAL EXPENDITURES</b>	<u>514,938</u>	<u>514,938</u>	<u>409,493</u>	<u>105,445</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(44,300)</u>	<u>(44,300)</u>	<u>115,758</u>	<u>160,058</u>
<b>FUND BALANCE - beginning of year</b>	<u>102,598</u>	<u>102,598</u>	<u>163,456</u>	<u>60,858</u>
<b>FUND BALANCE - end of year</b>	<u>\$ 58,298</u>	<u>\$ 58,298</u>	<u>\$ 279,214</u>	<u>\$ 220,916</u>

Reconciliation of budgetary basis to GAAP basis

Change in fund balance - budgetary basis	\$ 115,758
Pension expense	(6,591)
Depreciation expense	(22,663)
Expenditures capitalized	21,930
Principal payments on interfund loan	179,874
Change in compensated absences	624
Change in net position - GAAP basis	<u>\$ 288,932</u>
Fund balance - budgetary basis	\$ 279,214
Net pension liability	(10,117)
Deferred outflows	2,588
Deferred inflows	(2,520)
Capital assets	440,609
Compensated absences	(2,963)
Net position - GAAP basis	<u>\$ 706,811</u>



**CITY OF SHERWOOD**

Sherwood, Oregon

**CITY OF SHERWOOD**

Sherwood, Oregon

**SCHEDULE OF PROPERTY TAX TRANSACTIONS****YEAR ENDED JUNE 30, 2016**

<u>Tax Year</u>	<u>Uncollected Balances June 30, 2015</u>	<u>2015-16 Levy</u>	<u>Interest, Discounts &amp; Adjustments</u>	<u>Collections</u>	<u>Uncollected Balances June 30, 2016</u>
2015-16	\$ -	\$8,184,685	\$ (225,788)	\$ (7,808,260)	\$ 150,637
2014-15	173,087		2,024	(88,377)	86,734
2013-14	88,567		3,208	(24,044)	67,731
2012-13	60,035		4,790	(18,318)	46,507
2011-12	40,418		2,197	(12,297)	30,318
2010-11	30,642		668	(2,106)	29,204
Prior years	34,592		1,130	(3,160)	32,562
Total	<u>\$ 427,341</u>	<u>\$8,184,685</u>	<u>\$ (211,771)</u>	<u>\$ (7,956,562)</u>	<u>\$ 443,693</u>

## **STATISTICAL SECTION**

**CITY OF SHERWOOD**  
Sherwood, Oregon

**STATISTICAL SECTION**

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

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how financial performance has changed over time.	69–72
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.	73-76
<b>Debt Capacity</b> These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	77–80
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment which the City's financial activities take place.	81
<b>Operating Information</b> This schedule contains service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	82

**Sources:** Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

**CITY OF SHERWOOD**  
Sherwood, Oregon

**GOVERNMENT-WIDE NET POSITION**  
**LAST TEN FISCAL YEARS**

	2016	2015 as restated	2014 as restated	2013	2012	2011	2010	2009	2008	2007
Governmental activities										
Net investment in capital assets	\$ 59,525,514	\$ 61,788,307	\$ 50,984,632	\$ 52,838,930	\$ 53,808,000	\$ 50,616,029	\$ 14,235,108	\$ 12,402,695	\$ 11,348,565	\$ 15,812,783
Restricted	7,628,181	6,641,181	10,184,686	2,898,423	4,415,125	3,765,783	94,621	1,040,102	1,023,669	288,393
Unrestricted	(1,789,766)	1,903,389	5,056,030	9,119,548	6,412,820	6,315,572	(2,605,639)	(1,620,872)	391,698	1,768,706
Total governmental activities net position	<u>65,363,929</u>	<u>70,332,877</u>	<u>66,225,348</u>	<u>64,856,901</u>	<u>64,635,945</u>	<u>60,697,384</u>	<u>11,724,090</u>	<u>11,821,925</u>	<u>12,763,932</u>	<u>17,869,882</u>
Proprietary activities										
Net investment in capital assets	66,273,457	65,183,966	60,286,219	58,296,986	59,730,928	56,643,754	84,563,361	80,054,150	75,543,355	61,689,396
Restricted	4,827,309	4,557,700	4,508,411	3,939,196	3,218,306	-	10,501,066	12,792,835	12,859,547	14,281,995
Unrestricted	9,212,463	8,212,156	7,763,528	8,791,167	5,822,184	9,174,948	7,297,289	5,593,909	5,189,087	11,697,604
Total proprietary activities net position	<u>80,313,229</u>	<u>77,953,822</u>	<u>72,558,158</u>	<u>71,027,349</u>	<u>68,771,418</u>	<u>65,818,702</u>	<u>102,361,716</u>	<u>98,440,894</u>	<u>93,591,989</u>	<u>87,668,995</u>
Government-wide activities										
Net investment in capital assets	125,798,971	126,972,273	111,270,851	111,135,916	113,538,928	107,259,783	98,798,469	92,456,845	86,891,920	77,502,179
Restricted	12,455,490	11,198,881	14,693,097	6,837,619	7,633,431	3,765,783	10,595,687	13,832,937	13,883,216	14,570,388
Unrestricted	7,422,697	10,115,545	12,819,558	17,910,715	12,235,004	15,490,520	4,691,650	3,973,037	5,580,785	13,466,310
Total Government-wide activities net position	<u>\$ 145,677,158</u>	<u>\$ 148,286,699</u>	<u>\$ 138,783,506</u>	<u>\$ 135,884,250</u>	<u>\$ 133,407,363</u>	<u>\$ 126,516,086</u>	<u>\$ 114,085,806</u>	<u>\$ 110,262,819</u>	<u>\$ 106,355,921</u>	<u>\$ 105,538,877</u>

**CITY OF SHERWOOD**  
Sherwood, Oregon

**CHANGE IN NET POSITION**  
**LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Expenses</b>										
Governmental activities:										
Administration	\$ 3,762,148	\$ 2,399,678	\$ 3,029,706	\$ 2,883,811	\$ 2,516,677	\$ 796,230	\$ 4,396,849	\$ 3,355,687	\$ 2,415,467	\$ 2,053,032
Community Development	2,038,515	2,729,712	2,362,541	3,666,015	3,256,026	2,923,546	2,094,523	2,658,371	2,585,919	4,783,130
Public Safety	5,091,476	2,533,941	3,535,649	3,265,114	3,339,315	4,100,791	3,817,798	3,937,639	3,698,129	3,472,104
Community Services	2,695,517	1,369,635	1,423,661	1,431,554	1,446,959	1,765,099	1,717,317	1,678,574	1,652,687	1,481,816
Public Works	8,989,818	6,586,383	7,414,223	3,841,187	4,086,621	3,784,575	3,534,781	2,793,301	2,520,009	1,779,875
Interest on long-term obligations	743,533	817,135	809,553	1,091,076	1,081,817	1,503,754	1,131,451	1,548,302	2,432,283	425,622
Total governmental activities	<u>23,321,007</u>	<u>16,436,484</u>	<u>18,575,333</u>	<u>16,178,757</u>	<u>15,727,415</u>	<u>14,873,995</u>	<u>16,692,719</u>	<u>15,971,874</u>	<u>15,304,494</u>	<u>13,995,579</u>
Proprietary activities:										
Water	4,978,817	4,891,188	6,062,543	4,108,763	2,172,456	2,403,737	2,682,923	2,880,009	2,134,630	2,090,399
Sewer	918,172	628,522	610,702	549,521	495,249	397,484	456,138	526,200	1,833,247	2,660,082
Storm	1,247,121	875,105	1,094,161	942,614	929,770	985,975	671,150	659,026	699,162	903,635
Telecommunications	236,319	257,755	253,373	174,794	147,990	130,510	207,628	320,854	500,580	244,857
Total proprietary activities	<u>7,380,429</u>	<u>6,652,570</u>	<u>8,020,779</u>	<u>5,775,692</u>	<u>3,745,465</u>	<u>3,917,706</u>	<u>4,017,839</u>	<u>4,386,089</u>	<u>5,167,619</u>	<u>5,898,973</u>
Total Expenses	<u>\$ 30,701,436</u>	<u>\$ 23,089,054</u>	<u>\$ 26,596,112</u>	<u>\$ 21,954,449</u>	<u>\$ 19,472,880</u>	<u>\$ 18,791,701</u>	<u>\$ 20,710,558</u>	<u>\$ 20,357,963</u>	<u>\$ 20,472,113</u>	<u>\$ 19,894,552</u>
<b>Revenues</b>										
Governmental activities:										
Charges for services										
Administration	\$ 1,286,213	\$ 1,066,290	\$ 1,126,323	\$ 924,121	\$ 1,281,663	\$ 1,049,985	\$ 613,475	\$ 715,363	\$ 84,899	\$ 548,098
Community Development	580,776	446,008	687,417	535,078	331,001	313,117	263,475	729,620	702,458	827,567
Public Safety	10,062	17,037	8,303	22,655	8,219	15,565	48,975	54,208	52,205	93,455
Community Services	355,560	313,096	335,297	279,359	276,836	272,128	275,851	244,407	209,873	330,796
Public Works	687,514	616,609	632,329	574,717	525,855	43,254	478,161	533,745	346,230	27,493
Operating grants and contributions	3,112,506	2,887,486	2,768,146	2,566,862	2,450,372	3,737,468	2,930,611	1,502,756	1,158,996	2,375,635
Capital grants and contributions	2,032,032	3,075,352	2,836,247	1,240,908	4,236,522	4,363,569	1,314,967	3,070,470	391,689	623,535
General revenues and transfers	10,287,396	10,977,479	11,209,402	10,256,013	10,555,508	12,724,131	11,087,578	8,862,972	12,257,997	785,496
Total governmental activities	<u>18,352,059</u>	<u>19,399,357</u>	<u>19,603,464</u>	<u>16,399,713</u>	<u>19,665,976</u>	<u>22,519,217</u>	<u>17,013,093</u>	<u>15,713,541</u>	<u>15,204,347</u>	<u>5,612,075</u>
Proprietary activities:										
Charges for services										
Water	5,314,365	4,839,176	4,436,294	4,511,739	4,105,712	3,581,283	3,780,473	3,445,457	2,867,092	2,813,038
Sewer	618,813	599,113	575,710	554,285	523,271	444,953	456,512	329,064	1,497,143	2,170,669
Storm	1,744,234	1,727,594	1,619,100	1,525,022	1,418,566	1,340,927	1,330,603	559,283	479,548	584,780
Telecommunications	523,819	487,387	385,288	318,075	310,838	210,792	186,799	151,999	88,262	54,613
Operating grants and contributions	-	-	1,806,566	-	-	45,000	12,000	1,273,556	-	-
Capital grants and contributions	1,355,831	4,167,107	1,085,743	1,045,294	488,204	2,351,721	1,265,269	1,659,827	641,278	879,434
General revenues and transfers	182,774	78,211	69,954	77,208	(148,410)	216,741	488,796	1,132,128	3,966,596	9,763,189
Total proprietary activities	<u>9,739,836</u>	<u>11,898,588</u>	<u>9,978,655</u>	<u>8,031,623</u>	<u>6,698,181</u>	<u>8,191,417</u>	<u>7,520,452</u>	<u>8,551,314</u>	<u>9,539,919</u>	<u>16,265,723</u>
Total Revenues	<u>\$ 28,091,895</u>	<u>\$ 31,297,945</u>	<u>\$ 29,582,119</u>	<u>\$ 24,431,336</u>	<u>\$ 26,364,157</u>	<u>\$ 30,710,634</u>	<u>\$ 24,533,545</u>	<u>\$ 24,264,855</u>	<u>\$ 24,744,266</u>	<u>\$ 21,877,798</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ (4,968,948)	\$ 2,962,873	\$ 1,028,131	\$ 220,956	\$ 3,938,561	\$ 7,645,222	\$ 320,374	\$ (258,333)	\$ (100,147)	\$ (8,383,504)
Proprietary Activity	<u>2,359,407</u>	<u>5,246,018</u>	<u>1,957,876</u>	<u>2,255,931</u>	<u>2,952,717</u>	<u>4,273,711</u>	<u>3,502,613</u>	<u>4,165,225</u>	<u>4,372,300</u>	<u>10,366,750</u>
Total Net (Expense)/Revenue	<u>\$ (2,609,541)</u>	<u>\$ 8,208,891</u>	<u>\$ 2,986,007</u>	<u>\$ 2,476,887</u>	<u>\$ 6,891,277</u>	<u>\$ 11,918,933</u>	<u>\$ 3,822,987</u>	<u>\$ 3,906,892</u>	<u>\$ 4,272,153</u>	<u>\$ 1,983,246</u>

**CITY OF SHERWOOD**  
Sherwood, Oregon

**GOVERNMENTAL FUND BALANCE**  
**LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund:										
Nonspendable	\$ -	\$ 179,874	\$ 328,233	\$ 475,664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	138,653	209,973	176,427	127,704	75,640	-	-	-	-
Committed	5,107	-	7,230	68,596	3,500	-	-	-	-	-
Assigned	84,870	343	139	1,261	58,386	54,786	-	-	-	-
Unassigned	2,993,022	2,638,521	3,336,003	2,718,585	2,933,222	2,982,560	-	-	-	-
Unreserved	-	-	-	-	-	-	1,862,794	898,753	352,774	(900,143)
Total General Fund	<u>\$ 3,082,999</u>	<u>\$ 2,957,391</u>	<u>\$ 3,881,578</u>	<u>\$ 3,440,533</u>	<u>\$ 3,122,812</u>	<u>\$ 3,112,986</u>	<u>\$ 1,862,794</u>	<u>\$ 898,753</u>	<u>\$ 352,774</u>	<u>\$ (900,143)</u>
Street Operations:										
Restricted	<u>\$ 2,166,298</u>	<u>\$ 1,744,507</u>	<u>\$ 1,548,453</u>	<u>\$ 1,284,919</u>	<u>\$ 987,889</u>	<u>\$ 458,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Urban Renewal Operations:										
Restricted	<u>\$ 1,384,041</u>	<u>\$ 1,619,260</u>	<u>\$ 3,657,028</u>	<u>\$ 3,778,239</u>	<u>\$ 1,857,026</u>	<u>\$ 3,718,401</u>	<u>\$ 1,810,913</u>	<u>\$ 2,792,649</u>	<u>\$ 1,185,706</u>	<u>\$ 1,005,607</u>
Street Capital:										
Restricted	\$ 2,666,521	\$ 2,296,941	\$ 3,201,383	\$ 2,195,410	\$ 2,335,296	\$ 4,110,698	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	-	-	114,316	-	-	-	-
Total Street Capital	<u>\$ 2,666,521</u>	<u>\$ 2,296,941</u>	<u>\$ 3,201,383</u>	<u>\$ 2,195,410</u>	<u>\$ 2,335,296</u>	<u>\$ 4,225,014</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Urban Renewal Capital:										
Restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 508,904</u>	<u>\$ 3,078,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ 136,111	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,411,291	841,821	3,116,302	1,518,800	1,371,509	546,091	9,532	27,999	142,389	104,833
Committed	118,983	319,008	-	252,812	-	-	-	-	-	-
Assigned	-	-	-	244,466	251,383	498,317	-	-	-	-
Reserved	-	-	-	-	-	-	491,087	1,313,132	1,005,172	1,406,490
Unassigned	(39,503)	(10,615)	-	-	-	-	-	-	-	-
Total Other Governmental Funds	<u>\$ 1,490,771</u>	<u>\$ 1,150,214</u>	<u>\$ 3,116,302</u>	<u>\$ 2,152,189</u>	<u>\$ 1,622,892</u>	<u>\$ 1,044,408</u>	<u>\$ 500,619</u>	<u>\$ 1,341,131</u>	<u>\$ 1,147,561</u>	<u>\$ 1,511,323</u>

The Street Operations and Capital funds were created in 2011 as Governmental Funds. In prior years they were shown as programs in the Street Enterprise Fund.

The Urban Renewal Capital fund was created in 2012 as a Governmental Fund. In prior years it was shown as a part of the Urban Renewal General Fund.

**CITY OF SHERWOOD**  
Sherwood, Oregon

**CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Revenues:</b>										
Property taxes	\$ 7,991,519	\$ 9,155,253	\$ 9,250,482	\$ 8,375,347	\$ 8,400,078	\$ 8,223,769	\$ 7,975,681	\$ 7,366,025	\$ 7,231,552	\$ 6,502,468
Franchises and fees	1,899,665	1,544,203	1,592,483	1,580,367	1,574,434	1,471,115	1,578,593	1,392,530	1,348,651	1,250,409
Intergovernmental	3,191,829	2,887,486	2,768,145	2,594,181	4,999,094	4,072,817	1,548,654	417,679	1,376,518	2,458,024
Charges for services	1,693,715	1,411,682	1,760,618	1,474,026	1,203,285	618,975	819,818	934,562	1,178,892	1,057,628
Infrastructure development fees	1,426,131	544,726	2,836,246	666,200	233,533	800,843	239,299	1,049,026	407,344	602,458
Fines and forfeitures	1,226,410	1,047,358	1,029,052	861,904	1,224,727	1,020,855	347,328	454,802	390,651	532,392
Interest on investments	75,823	68,893	77,077	97,290	63,081	57,322	43,515	132,931	234,162	227,162
Miscellaneous	269,342	230,507	260,899	226,069	213,930	364,090	113,006	310,963	87,493	19,014
<b>Total Revenues</b>	<b>17,774,434</b>	<b>16,890,108</b>	<b>19,575,002</b>	<b>15,875,384</b>	<b>17,912,162</b>	<b>16,629,786</b>	<b>12,665,894</b>	<b>12,058,518</b>	<b>12,255,263</b>	<b>12,649,555</b>
<b>Expenditures:</b>										
Current:										
Administration	2,779,587	2,598,190	2,447,546	2,166,821	2,571,542	3,372,963	3,148,951	2,840,300	1,672,916	-
Community Development	1,587,474	1,424,929	1,126,553	992,193	784,847	1,275,027	1,437,184	1,846,610	2,404,042	-
Public Safety	3,620,713	3,379,100	3,485,772	3,259,944	3,220,610	4,039,547	3,696,119	3,841,057	3,774,378	-
Community Services	1,704,173	1,441,834	1,169,915	1,181,814	1,167,801	1,517,075	1,426,069	1,420,789	1,345,098	-
Public Works	3,204,877	2,812,908	3,116,834	2,290,168	2,431,579	1,969,097	802,833	737,027	820,622	-
Personal services (a)	-	-	-	-	-	-	-	-	-	9,635,581
Materials and services	-	-	-	-	-	-	-	-	-	212,669
Capital outlay	1,130,259	6,648,240	3,784,613	3,915,065	8,136,079	4,187,315	1,003,722	-	594,508	864,538
Debt service - principal	1,990,313	1,913,378	1,841,517	7,032,912	3,163,663	4,460,545	2,281,619	3,359,566	2,815,759	2,484,867
Debt service - interest	812,523	754,369	821,237	1,219,706	904,713	1,254,359	1,029,976	495,397	505,086	55,940
Reimbursements	-	-	-	-	-	-	-	-	-	(1,245,328)
<b>Total Expenditures</b>	<b>16,829,919</b>	<b>20,972,948</b>	<b>17,793,987</b>	<b>22,058,623</b>	<b>22,380,834</b>	<b>22,075,928</b>	<b>14,826,473</b>	<b>14,540,746</b>	<b>13,932,409</b>	<b>12,008,267</b>
<b>Excess (Deficiency of Revenues Over Expenditures)</b>	<b>944,515</b>	<b>(4,082,840)</b>	<b>1,781,015</b>	<b>(6,183,239)</b>	<b>(4,468,672)</b>	<b>(5,446,142)</b>	<b>(2,160,579)</b>	<b>(2,482,228)</b>	<b>(1,677,146)</b>	<b>641,288</b>
<b>Other Financing Sources (Uses)</b>										
Issuance of long-term debt	-	-	-	5,619,298	4,085,972	4,229,555	1,000,000	6,065,000	-	-
Proceeds from capital lease	-	-	-	83,733	80,938	-	-	-	-	-
Proceeds from sale of capital assets	11,791	204,500	-	533,489	-	-	-	-	-	-
Transfers in	315,074	4,151,500	2,505,726	429,485	895,122	2,889,027	859,338	3,596,098	584,479	-
Transfers out	(249,064)	(4,151,500)	(2,505,726)	(423,787)	(677,695)	(302,317)	(556,967)	(4,832,377)	-	(300,000)
<b>Total Other Financing Sources (Uses)</b>	<b>77,801</b>	<b>204,500</b>	<b>-</b>	<b>6,242,218</b>	<b>4,384,337</b>	<b>6,816,265</b>	<b>1,302,371</b>	<b>4,828,721</b>	<b>584,479</b>	<b>(300,000)</b>
<b>Net change in fund balances</b>	<b>\$ 1,022,316</b>	<b>\$ (3,878,340)</b>	<b>\$ 1,781,015</b>	<b>\$ 58,979</b>	<b>\$ (84,335)</b>	<b>\$ 1,370,123</b>	<b>\$ (858,208)</b>	<b>\$ 2,346,493</b>	<b>\$ (1,092,667)</b>	<b>\$ 341,288</b>
<b>Ratio of debt service to non-capital expenditures</b>	<b>18%</b>	<b>19%</b>	<b>19%</b>	<b>45%</b>	<b>29%</b>	<b>32%</b>	<b>24%</b>	<b>27%</b>	<b>25%</b>	<b>23%</b>

(a) Prior to 2008 expenses were grouped at the category level.

**CITY OF SHERWOOD**  
Sherwood, Oregon

**ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Assessed Value			Estimated Real Market Value (RMV)	Total Direct Tax Rate	Ratio of Total Assessed Value to Total Estimated Actual Value (b)	Estimated Actual Value Per Capita	URA Assessed Value (a)
	Real Property	Personal Property, Manufactured Homes and Utility	Total Assessed Value					
2016	\$ 1,682,898,700	\$ 97,496,399	\$ 1,780,395,099	\$ 2,525,733,974	\$ 3.623	70.5%	\$ 131,927	\$ 217,762,718
2015	1,585,147,450	99,742,536	1,684,889,986	2,345,831,747	3.457	71.8	122,947	206,974,813
2014	1,531,902,480	86,359,548	1,618,262,028	2,105,890,812	3.432	76.8	111,099	204,412,301
2013	1,462,572,520	83,782,363	1,546,354,883	1,997,911,773	3.482	77.4	107,559	171,273,361
2012	1,426,895,660	42,941,979	1,469,837,639	2,050,439,679	3.502	71.7	112,261	175,303,760
2011	1,390,201,260	88,302,603	1,478,503,863	2,176,404,364	3.549	67.9	119,222	166,693,864
2010	1,340,834,750	93,873,573	1,434,708,323	2,299,242,753	3.562	62.4	126,374	162,832,828
2009	1,291,402,080	80,382,741	1,371,784,821	2,480,684,514	3.539	55.3	149,080	122,130,330
2008	1,232,396,640	75,704,328	1,308,100,968	2,447,653,225	3.723	53.4	149,065	122,130,330
2007	1,158,876,970	70,374,662	1,229,251,632	2,181,671,499	3.777	56.3	133,313	122,130,330

(a) The City of Sherwood Urban Renewal Agency (URA) began operations on July 1, 2001. The amount shown as URA assessed value is the portion of the total assessed value attributable to the URA. Tax revenue on this value is restricted to urban renewal activities.

(b) Ballot Measure 50, implemented in the fiscal year ended June 30, 1998, limited assessed value.

Source: Washington County Assessment and Taxation



# CITY OF SHERWOOD

Sherwood, Oregon

## PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	City of Sherwood			Washington County and Other Governmental Entities			Education			Total
	Permanent Rate (a)	Debt Service (b)	Total City	Permanent Rate	Debt Service	Total County	Permanent Rate	Debt Service	Total Education	
2016	\$ 3.1189	\$ 0.5042	\$ 3.6231	\$ 5.8031	\$ 0.3106	\$ 6.1137	\$ 4.9647	\$ 3.8014	\$ 8.7661	\$ 18.5029
2015	2.9257	0.5309	3.4566	6.4513	0.3388	6.7901	4.6572	3.9446	8.6018	18.8485
2014	2.8810	0.5513	3.4323	6.3964	0.4670	6.8634	4.5860	3.8966	8.4826	18.7783
2013	2.9323	0.5497	3.4820	6.3451	0.5148	6.8599	4.6676	3.9034	8.5710	18.9129
2012	2.9168	0.5848	3.5016	6.4158	0.5027	6.9185	4.6430	3.8874	8.5304	18.9505
2011	2.9258	0.6231	3.5489	6.3943	0.8894	7.2837	4.6573	3.6122	8.2695	19.1021
2010	2.9233	0.6390	3.5623	6.4159	0.6134	7.0293	4.6534	3.9537	8.6071	19.1987
2009	2.9428	0.5964	3.5392	6.2872	0.5322	6.8194	4.6844	3.7533	8.4377	18.7963
2008	2.9574	0.7652	3.7226	6.2681	0.6343	6.9024	4.7077	3.8792	8.5869	19.2119
2007	2.9699	0.8074	3.7773	5.4245	0.4723	5.8968	4.7276	2.2182	6.9458	16.6199

(a) This is the permanent rate, which funds general operations. Permanent rates were fixed by the State in 1997 when property tax limitation measures were approved by the voters. No action of the City can increase the permanent rate from \$3.2975.

(b) Debt service levies are used for payments on general obligation bonds. The City may levy whatever rate is needed to pay debt service on these voter-approved bonds.

# CITY OF SHERWOOD

Sherwood, Oregon

## PRINCIPAL TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
WalMart Stores, Inc	\$ 23,215,190	1	1.3%	\$ N/A	-	0.0%
Portland General Electric	21,080,000	2	1.2%	8,771,000	8	0.7%
MGP X Properties LLC	20,112,220	3	1.1%	N/A	-	
Target Corporation	16,583,761	4	0.9%	13,333,636	2	1.1%
Bir Sunfield, LLC	16,699,870	5	0.9%	12,799,100	3	1.0%
Creekview Crossing SPE LLC	13,985,810	6	0.8%	N/A	-	
Allied Systems Company	12,048,930	7	0.7%	10,404,810	4	0.8%
Juniper Ridge Investments, LLC	11,231,700	8	0.6%	8,608,210	9	0.7%
Home Depot	10,146,597	9	0.6%	8,808,642	7	0.7%
Comcast Corp	9,833,100	10	0.6%	N/A	-	
Retail Property Partners	N/A			14,377,710	1	1.2%
BMC West Corporation	N/A			10,383,742	5	0.8%
Northwest Natural Gas Co	N/A			10,286,400	6	0.8%
Sherwood Crossing LLC	N/A			7,045,750	10	0.6%
	<u>\$ 154,937,178</u>		<u>8.7%</u>	<u>\$104,819,000</u>		<u>8.5%</u>

**CITY OF SHERWOOD**  
Sherwood, Oregon

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST SIX FISCAL YEARS**

<u>Fiscal Year Ended June 30</u>	<u>Taxes Levied</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections/Adj/ Discounts/Interest</u>	<u>Total Tax Collections</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>
<b>City of Sherwood:</b>							
2016	\$ 6,454,287	\$ 6,157,490	95.4%	\$ 178,052	\$ 6,335,542	\$ 118,745	98.2%
2015	5,830,966	5,565,047	95.4%	213,411	5,778,458	52,508	99.1%
2014	5,640,111	5,352,760	94.9%	248,259	5,601,019	39,092	99.3%
2013	5,389,489	5,130,153	95.2%	233,681	5,363,834	25,655	99.5%
2012	5,318,795	4,958,717	93.2%	341,552	5,300,269	18,526	99.7%
2011	5,255,367	4,967,960	94.5%	269,376	5,237,336	18,031	99.7%
Prior Years						26,294	
<b>Sherwood Urban Renewal Agency:</b>							
2016	\$ 1,730,398	\$ 1,650,826	95.4%	\$ 47,736	\$ 1,698,562	\$ 31,836	98.2%
2015	3,561,323	3,398,911	95.4%	130,342	3,529,253	32,070	99.1%
2014	3,891,961	3,693,675	94.9%	171,310	3,864,985	26,976	99.3%
2013	3,237,484	3,081,701	95.2%	140,372	3,222,073	15,411	99.5%
2012	3,320,192	3,157,865	95.1%	150,762	3,308,627	11,565	99.7%
2011	3,182,555	3,002,910	94.4%	168,726	3,171,636	10,919	99.7%
Prior Years						16,065	

Source: Washington County Assessment and Taxation

# CITY OF SHERWOOD

Sherwood, Oregon

## RATIO OF DEBT SERVICE EXPENDITURES TO GENERAL GOVERNMENTAL EXPENDITURES LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Bonded Debt ( a )			Loans/Notes Payable ( b )			Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service General Governmental Expenditures	
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service			Bonded Debt	Total Debt
2016	\$ 810,000	\$ 87,012	\$ 897,012	\$ 1,180,313	\$ 656,521	\$ 1,836,834	\$ 2,733,846	\$ 16,829,919	5.3%	16.2%
2015	780,000	112,493	892,493	1,133,328	704,642	1,837,970	2,730,463	20,972,948	4.3%	13.0%
2014	755,000	135,184	890,184	1,086,517	674,368	1,760,885	2,651,069	20,882,003	4.3%	12.7%
2013	735,000	157,625	892,625	6,297,960	933,451	7,231,411	8,124,036	22,058,623	4.0%	36.8%
2012	705,000	182,897	887,897	2,341,532	898,920	3,240,452	4,128,349	22,380,834	4.0%	18.4%
2011	3,050,000	243,091	3,293,091	8,475,526	1,260,663	9,736,189	13,029,280	22,045,928	14.9%	59.1%
2010	670,000	266,070	936,070	1,734,792	1,141,548	2,876,340	3,812,410	15,076,475	6.2%	25.3%
2009	655,000	283,501	938,501	1,674,606	1,094,784	2,769,390	3,707,891	14,540,746	6.5%	25.5%
2008	655,000	301,139	956,139	1,565,945	1,133,197	2,699,142	3,655,281	13,337,901	7.2%	27.4%
2007	645,000	317,239	962,239	1,325,761	1,018,090	2,343,851	3,306,090	12,008,267	8.0%	27.5%

( a ) All bonded debt is general obligation debt, and not subject to the limitations on property tax imposed by Measure 50.

( b ) Notes payable are being repaid from specific sources, including rent of buildings, parks system development charges, and Urban Renewal Agency property tax increment revenue. All notes are full faith and credit obligations of the City.

**CITY OF SHERWOOD**  
Sherwood, Oregon

**RATIO OF DEBT TO ASSESSED VALUE AND DEBT PER CAPITA  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Population	Assessed Value	Bonded Debt (a)	Less Debt Service Fund	Net Bonded Debt	Governmental Activities Notes Payable (b)	Proprietary Activities Notes Payable (b)	Total Obligation	Ratio of Debt to Assessed Value		Debt Per Capita	
									Net Bonded Debt	Total Obligation	Net Bonded Debt	Total Obligation
2016	19,145	\$ 1,780,395,099	\$ 1,835,000	\$ (33,640)	\$ 1,868,640	\$ 19,414,021	\$ 22,078,570	\$ 43,361,231	0.1%	2.4%	\$ 98	\$ 2,265
2015	19,080	1,684,889,986	2,645,000	(10,615)	\$ 2,655,615	23,239,334	22,978,399	48,873,348	0.2%	3.0%	138	2,561
2014	18,955	1,618,262,028	3,425,000	10,101	\$ 3,414,899	25,152,712	23,850,814	52,418,425	0.2%	3.2%	180	2,765
2013	18,575	1,546,354,883	4,180,000	8,432	\$ 4,171,568	22,959,865	24,701,435	51,832,868	0.3%	3.4%	225	2,790
2012	18,265	1,469,837,639	4,915,000	49,241	\$ 4,865,759	23,867,009	25,525,860	54,258,628	0.3%	3.7%	266	2,971
2011	18,255	1,478,503,863	5,620,000	47,382	\$ 5,572,618	22,302,146	26,419,060	54,293,824	0.4%	3.7%	305	2,974
2010	18,194	1,434,708,323	6,365,000	9,532	\$ 6,355,468	24,777,515	17,416,102	48,549,085	0.4%	3.4%	349	2,668
2009	16,700	1,371,784,821	7,035,000	27,999	\$ 7,007,001	28,359,751	10,477,015	45,843,767	0.5%	3.3%	420	2,745
2008	16,640	1,308,100,968	7,690,000	124,389	\$ 7,565,611	18,355,164	10,000,000	35,920,775	0.6%	2.7%	455	2,159
2007	16,420	1,229,251,632	8,345,000	104,833	\$ 8,240,167	19,921,293	10,000,000	38,161,460	0.7%	3.1%	502	2,324

(a) All bonded debt is general obligation debt, and not subject to the limitations on property tax imposed by Measure 50.

(b) Notes payable are being repaid from specific sources, including rent of buildings, parks system development charges, and Urban Renewal Agency property tax increment revenue. All notes are full faith and credit obligations of the City.

# CITY OF SHERWOOD

Sherwood, Oregon

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

June 30, 2016

Jurisdiction	Debt Outstanding	Percentage Applicable To City of Sherwood*	Amount Applicable to City of Sherwood
Overlapping debt			
Metro	\$ 2,398,729	1.05%	\$ 25,187
Northwest Regional ESD	111,265	2.56%	2,848
Port of Portland	616,822	0.97%	5,983
Portland Community College	5,628,510	1.32%	74,296
Tualatin Valley Fire and Rescue District	1,942,397	3.66%	71,092
Washington County	2,580,101	3.21%	82,821
School District 88J	56,328,150	56.40%	31,769,077
Subtotal, overlapping debt			32,031,304
City of Sherwood direct debt			21,554,373
Total direct and overlapping debt			<u>\$ 53,585,677</u>

\*Source: Oregon State Treasury, Municipal Debt Advisory Commission

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. This process recognizes that, when considering the City'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.

The percentage applicable to government is determined on the assessed value of the overlapping districts. The numerator is the City's assessed value and the denominator is the assessed value of the overlapping district.

# CITY OF SHERWOOD

Sherwood, Oregon

## COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2016

Fiscal Year	Total Taxable Assessed Value	Taxable Assessed Value as a Percentage of Estimated Actual Value	Estimated Actual Value
2016	\$ 1,780,395,099	70%	\$ 2,525,733,974
2015	1,684,889,986	72%	2,345,831,747
2014	1,618,262,028	77%	2,105,890,812
2013	1,546,354,883	77%	1,997,911,773
2012	1,469,837,639	72%	2,050,439,679
2011	1,478,503,863	68%	2,176,404,364
Debt limitations (3% of total real market value)			\$ 75,772,019
Outstanding Governmental Activities-General Obligation Debt			1,835,000
Net debt margin			\$ 73,937,019
Percentage of net debt margin available			97.58%
Percentage of net debt power exhausted			2.42%

### Last Ten Fiscal Years

Year	Debt Limit	Outstanding Indebtedness June 30	Percentage of Net Debt Margin Available
2016	\$ 75,772,019	\$ 1,835,000	97.58%
2015	70,374,952	2,645,000	96.24%
2014	63,176,724	3,425,000	94.58%
2013	59,937,353	4,180,000	93.03%
2012	61,513,190	4,915,000	92.01%
2011	65,292,131	5,620,000	91.39%
2010	68,977,283	6,365,000	90.55%
2009	74,420,535	7,035,000	90.55%
2008	73,429,597	7,690,000	89.53%
2007	65,450,145	8,345,000	87.25%

# CITY OF SHERWOOD

Sherwood, Oregon

## DEMOGRAPHIC STATISTICS LAST TEN FISCAL YEARS

July 1	Population (a)	Calendar Year	Unemployment Rate (b)	Median Age (c)	Average Household Size (c)	Per Capita Income	
						City of Sherwood	Washington County (c)
2016	19,145	2016	4.80%				
2015	19,080	2015	5.74%				
2014	18,955	2014	6.00%				
2013	18,575	2013	6.90%				
2012	18,265	2012	7.70%				
2011	18,255	2011	9.10%				
2010	18,194	2010	10.60%	32.1	2.8	\$ 32,525	\$ 30,900
2009	16,640	2009	11.20%				
2008	16,420	2008	5.50%				
2007	16,365	2007	4.60%				

(a) Source: Portland State University Center for Population Research and Census.

(b) Source: Bureau of Labor Statistics; <http://data.bls.gov>; for Portland, OR Metropolitan Statistical Area.

(c) Source: US Census through ESRI

Census data is only available every ten years. Median age, average household size, and per capita income is only available from the census report.

## PRINCIPAL EMPLOYERS CURRENT YEAR AND FOUR\* YEARS AGO

Employer	2016			2012		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Sherwood School District	551	1	12%	528	1	9%
Allied Systems Company	258	2	6%	360	2	6%
WalMart Stores, Inc	240	3	5%			
Target Corporation	133	4	3%	163	3	3%
Home Depot	125	5	3%	119	4	2%
Kohl's	112	6	3%			
City of Sherwood	112	7	3%	110	6	2%
Treske Precision Machining, Inc.	104	8	2%	110	5	2%
Fettig Commercial Construction	95	9	2%	75	9	1%
Showplace Landscape Services	85	10	2%	75	8	1%
Albertson's Food Center				81	7	1%
Hardwood Industries, Inc.				67	10	1%

Source: 2016 and 2012 Business License database

\* This schedule should present current year and nine years prior. However, information prior to 2012 is not available.



# CITY OF SHERWOOD

Sherwood, Oregon

## MISCELLANEOUS STATISTICS

June 30, 2016

Date of incorporation  
Form of government

1893  
Council/Manager

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Number of employees	112	106	98	95	96	96	94	88	89	89
Area in square miles	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.3
Miles of street	55	55	55	55	55	50	50	50	50	50
Culture and recreation:										
Senior/teen centers	2	2	2	2	2	2	2	2	2	2
Recreation centers	3	3	2	2	2	2	2	2	2	2
Acres of sports fields	55	55	55	55	55	61	61	61	54	54
Acres of maintained passive parks	57	57	57	57	57	67	67	67	67	67
Fire protection by Tualatin Valley Fire and Rescue:										
Number of stations in the City of Sherwood	1	1	1	1	1	1	1	1	1	1
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Services provided by School District 88J:										
Number of elementary schools in the City	4	4	4	4	4	4	4	3	3	3
Number of middle and high schools in the City	3	3	3	3	3	3	3	2	2	2

**INDEPENDENT AUDITOR'S REPORT  
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**OAR 162-10-0230 INTERNAL CONTROL**

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

**RESTRICTIONS ON USE**

This report is intended solely for the information and use of the City Council, Oregon Secretary of State Audits Division, and management and is not intended to be and should not be used by anyone other than these specified parties.

*Talbot, Korvola & Wanwick, LLP*

Lake Oswego, Oregon  
January 26, 2017