

***CITY OF AUMSVILLE, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2015***

CITY OF AUMSVILLE
CITY OFFICIALS
JUNE 30, 2015

MAYOR

Term Expires

Harold White, Mayor
620 Locust Street
Aumsville, Oregon 97325

December 31, 2016

CITY COUNCIL MEMBERS

Robert Baugh, Jr., President
955 Cheryl Street
Aumsville, Oregon 97325

December 31, 2018

Gary T. Dahl, Personnel Commissioner
606 Windemere Street SE
Aumsville, Oregon 97325

December 31, 2016

Della Seney, Transportation Commissioner
665 Michae Way
Aumsville, Oregon 97325

December 31, 2018

Nico Casarez, Parks Commissioner
137 Carmel St.
Aumsville, Oregon 97325

December 31, 2016

Brian Czarnik, Street Commissioner
550 10th Place
Aumsville, Oregon 97325

December 31, 2018

Lorie Walters, Commissioner at Large
625 Del Mar Drive
Aumsville, Oregon 97325

December 31, 2016

CITY ADMINISTRATION

Maryann Hills, City Administrator
P.O. Box 524
Detroit, Oregon 97342

James McGehee, City Attorney
P. O. Box 476
Stayton, Oregon 97383

MAILING ADDRESS

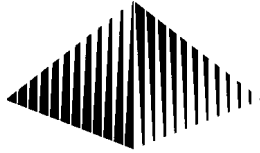
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CITY OF AUMSVILLE
TABLE OF CONTENTS

| | <u><i>Page</i></u> |
|---|--------------------|
| <i>FINANCIAL SECTION</i> | |
| Independent Auditor's Report | 1-2 |
| Management's Discussion and Analysis | 3-9 |
| <i>Basic Financial Statements</i> | |
| Government-wide Financial Statements | |
| Statement of Net Position (Modified Cash Basis) | 10 |
| Statement of Activities (Modified Cash Basis) | 11 |
| Fund Financial Statements | |
| Balance Sheet (Modified Cash Basis) - Governmental Funds | 12 |
| Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) - Governmental Funds | 13 |
| Statement of Fund Net Position (Modified Cash Basis) - Proprietary Funds | 14 |
| Statement of Revenues, Expenses and Changes in Fund Net Position (Modified Cash Basis) - Proprietary Funds | 15 |
| Notes to Basic Financial Statements | 16-40 |
| <i>Supplemental Information</i> | |
| Reconciliation of Budgetary Funds to Reporting Funds – General Fund | |
| Balance Sheet (Modified Cash Basis) | 41 |
| Reconciliation of Budgetary Funds to Reporting Funds – General Fund | |
| Statement of Revenues, Expenditures and Changes in Fund Balance (Modified Cash Basis) | 42 |
| Combining Balance Sheet (Modified Cash Basis) - Nonmajor Governmental Funds | 43 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) - Nonmajor Governmental Funds | 44 |
| Schedules of Revenues, Expenditures and Changes in Fund Balance (Modified Cash Basis) - Budget and Actual | |
| General Fund | 45 |
| Police Fund | 46 |
| Street Fund | 47 |
| Park SDC Fund | 48 |
| Public Works Equipment Fund | 49 |
| Park Fund | 50 |
| Bikeway/Pedestrian Fund | 51 |
| OPRD Grant Fund | 52 |
| Investment in Aumsville Family & Children Fund | 53 |
| Transportation System SDC Fund | 54 |
| Vehicle Replacement Fund | 55 |
| Major Office Equipment Fund | 56 |
| City Reserve Fund | 57 |
| Water Fund | 58 |
| Sewer Fund | 59 |
| Water Improvement Fund | 60 |
| Sewer Improvement Fund | 61 |
| Water SDC Fund | 62 |
| Sewer SDC Fund | 63 |

CITY OF AUMSVILLE
TABLE OF CONTENTS (Continued)

| | <u>Page</u> |
|---|--------------------|
| <i>FINANCIAL SECTION (Continued)</i> | |
| <i>Supplemental Information (Continued)</i> | |
| Other Schedules | |
| Schedule of Property Tax Transactions | 64 |
| | |
| <i>COMPLIANCE SECTION</i> | |
| Independent Auditor's Report Required by Oregon State Regulations | 65-66 |



GROVE, MUELLER & SWANK, P.C.

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Aumsville
595 Main Street
Aumsville, Oregon 97325

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in the notes to the financial statements; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Aumsville, as of June 30, 2015, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in the notes to the financial statements.

Basis of Accounting

We draw attention to the notes of the financial statements, which describe the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Report on Supplemental and Other 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 supplemental information and management's discussion and analysis, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements.


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

Management's discussion and analysis has 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 it.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 29, 2015, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

By: 
Devan W. Esch, Shareholder
December 29, 2015



City of Aumsville

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 Aumsville, Oregon 97325
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FYE 2015 MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis presents the highlights of the financial position of the City of Aumsville (City). The analysis focuses on the financial activities of the City for the fiscal year ending (FYE) June 30, 2015.

Financial Highlights

| | June 30, | | change |
|-------------------------------------|--------------|--------------|------------|
| | 2015 | 2014 | |
| Net position | \$ 8,838,678 | \$ 8,640,384 | \$ 198,294 |
| Change in net position | 198,294 | 940,018 | (741,724) |
| Governmental net position | 5,129,804 | 4,983,617 | 146,187 |
| Proprietary net position | 3,708,874 | 3,656,767 | 52,107 |
| Change in governmental net position | 146,187 | 711,844 | (565,657) |
| Change in proprietary net position | 52,107 | 228,174 | (176,067) |

OVERVIEW OF THE FINANCIAL STATEMENTS

The intent of this overview and analysis is to explain the changes in the financial position of the City of Aumsville and the reasons they occurred. The City's detailed information is provided in the *audited financial statements* provided by an independent auditor similar to a private-sector business.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Aumsville's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements include:

The Statement of Net Position (modified cash basis). The *statement of net position* presents information on all of the assets and liabilities of the City as of the date on the statement. Net position is what remains after the liabilities have been paid off or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities (modified cash basis). The *statement of activities* presents information showing how the net position of the City changed over the most recent fiscal year by tracking revenues, expenses and other transactions that increase or reduce net position.

The City reports on the modified cash basis of accounting.

Fund financial statements. The *fund financial statements* provide more detailed information about the City's funds, focusing on its most significant or "major" funds – not the City of Aumsville as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Aumsville, like state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. The *governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Proprietary funds. The City of Aumsville charges customers for the services it provides – whether to outside users or to other units of the City and these services are generally reported in proprietary funds. All of the City's proprietary funds are enterprise funds. Enterprise funds are used to report the same functions as business-type activities in the governmental-wide financial statements.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplemental information* including the combining statements for the non-major funds and the budgetary comparison schedules.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of Aumsville, assets exceeded liabilities by \$8,838,678 at June 30, 2015.

City of Aumsville Statements of Net Position (Modified Cash Basis) June 30,

| | 2015 | | | 2014 | | |
|---------------------------------|----------------------------|-----------------------------|---------------------|----------------------------|-----------------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Cash and cash equivalents | \$ 904,422 | \$ 958,345 | \$ 1,862,767 | \$ 1,021,909 | \$ 1,079,027 | \$ 2,100,936 |
| Non-depreciable capital assets | 631,926 | 484,646 | 1,116,572 | 362,848 | 233,211 | 596,059 |
| Depreciable capital assets, net | 3,749,205 | 4,434,956 | 8,184,161 | 3,824,894 | 4,601,165 | 8,426,059 |
| Total assets | 5,285,553 | 5,877,947 | 11,163,500 | 5,209,651 | 5,913,403 | 11,123,054 |
| Deposits | 3,416 | 60,130 | 63,546 | 12,045 | 53,906 | 65,951 |
| Long-term liabilities | | | | | | |
| Portion due within one year | 16,902 | 83,589 | 100,491 | 15,690 | 82,869 | 98,559 |
| Portion due in more than one y | 135,431 | 2,025,354 | 2,160,785 | 198,299 | 2,119,861 | 2,318,160 |
| Total liabilities | 155,749 | 2,169,073 | 2,324,822 | 226,034 | 2,256,636 | 2,482,670 |
| Net position: | | | | | | |
| Investment in capital assets | 4,228,798 | 2,810,659 | 7,039,457 | 3,973,753 | 2,631,646 | 6,605,399 |
| Restricted | 318,859 | 292,033 | 610,892 | 433,597 | 386,049 | 819,646 |
| Unrestricted | 582,147 | 606,182 | 1,188,329 | 576,267 | 639,072 | 1,215,339 |
| Total Net Position | \$ 5,129,804 | \$ 3,708,874 | \$ 8,838,678 | \$ 4,983,617 | \$ 3,656,767 | \$ 8,640,384 |

The *Net Position – Restricted* are funds that are legally restricted for capital projects and other specific purposes.

The *Net Position - Unrestricted* may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF AUMSVILLE CHANGES IN NET POSITION

The City's total revenues were approximately \$2.8 million, of this an approximate 77% were from charges for services, fines, fees, permits, licenses and other sources. The remaining 23% came from property taxes.

The total cost of all programs and services was approximately \$2.6 million. Costs for utilities were approximately \$1.4 million (47%) and the remainder were for general government, public safety, streets, highways and other governmental activities.

City of Aumsville
Statements of Activities (Modified Cash Basis)
June 30,

| | 2015 | | | 2014 | | |
|---------------------------------|----------------------------|---------------------------------|---------------------|----------------------------|---------------------------------|---------------------|
| | Governmental Activities | Business- type Activities | Total | Governmental Activities | Business- type Activities | Total |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for service | \$ 115,885 | \$ 1,232,797 | \$ 1,348,682 | \$ 117,802 | \$ 1,176,134 | \$ 1,293,936 |
| Operating grants | 259,155 | - | 259,155 | 260,499 | - | 260,499 |
| Capital grants | 104,056 | 95,712 | 199,768 | 653,527 | 209,116 | 862,643 |
| General Revenues | | | | | | |
| Taxes and assessments | 643,457 | - | 643,457 | 611,847 | - | 611,847 |
| Franchise taxes | 245,199 | - | 245,199 | 248,388 | - | 248,388 |
| Intergovernmental | 70,533 | - | 70,533 | 66,589 | - | 66,589 |
| Miscellaneous | 57,477 | 13,515 | 70,992 | 55,683 | 19,416 | 75,099 |
| <i>Total Revenues</i> | <u>1,495,762</u> | <u>1,342,024</u> | <u>2,837,786</u> | <u>2,014,335</u> | <u>1,404,666</u> | <u>3,419,001</u> |
| Expenses | | | | | | |
| General government | 417,968 | - | 417,968 | 401,947 | - | 401,947 |
| Public safety | 750,814 | - | 750,814 | 666,695 | - | 666,695 |
| Transportation | 143,056 | - | 143,056 | 180,708 | - | 180,708 |
| Community development | 82,888 | - | 82,888 | 83,295 | - | 83,295 |
| Interest on long-term debt | 11,925 | - | 11,925 | 13,820 | - | 13,820 |
| Water | - | 603,222 | 603,222 | - | 566,686 | 566,686 |
| Sewer | - | 629,619 | 629,619 | - | 565,832 | 565,832 |
| <i>Total Expenses</i> | <u>1,406,651</u> | <u>1,232,841</u> | <u>2,639,492</u> | <u>1,346,465</u> | <u>1,132,518</u> | <u>2,478,983</u> |
| Transfers | 57,076 | (57,076) | - | 43,974 | (43,974) | - |
| Change in net position | 146,187 | 52,107 | 198,294 | 711,844 | 228,174 | 940,018 |
| Net position, beginning of year | 4,983,617 | 3,656,767 | 8,640,384 | 4,271,773 | 3,428,593 | 7,700,366 |
| Net position, end of year | <u>\$ 5,129,804</u> | <u>\$ 3,708,874</u> | <u>\$ 8,838,678</u> | <u>\$ 4,983,617</u> | <u>\$ 3,656,767</u> | <u>\$ 8,640,384</u> |

GOVERNMENTAL ACTIVITIES

The cost for all *governmental* activities was \$1,406,651 for the year ended June 30, 2015. The amount that our taxpayers paid was only \$643,457 through property taxes. Those who directly benefited from the programs (fines, fees and charges for services) paid \$115,885 or 8%.

Net position of the governmental-type activities increased by \$146,187 during the fiscal year ended June 30, 2015.

BUSINESS-TYPE ACTIVITIES

The cost for all *business-type* activities totaled \$1,232,841 for the year. The City utility costs are paid by utility service fees, system development charges, and other utility related income. The City's net position increased by \$52,107 from business-type activities.

FINANCIAL ANALYSIS OF THE CITY OF AUMSVILLE FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The General Fund is the chief operating fund of the City. Proprietary funds are the City's business-type enterprise funds, such as water and sewer.

The City's governmental funds reported combined ending fund balances of \$5,129,804 at the end of the current fiscal year.

Major Governmental Funds:

General and Police Funds. The General and Police Funds are the primary operating funds of the City. The combined fund balances were as of June 30, 2015. The combined fund balances increased during the current fiscal year. As a measure of the liquidity, it may be useful to compare total fund balances to total fund expenditures. Fund balances represent of total expenditures.

Street Fund. The Street Fund accounts for street maintenance and improvements. The fund balance decreased during the year due to the completion of street projects.

Park SDC Fund – The fund balance increased due mainly to minimal expenditures.

Public Works Equipment Fund – The fund balance decreased during the year. The decrease was due mainly to expenditures for capital outlay.

The City's enterprise funds reported \$3,708,874 combined ending net position at year end.

Major Proprietary Funds:

Water – The Water fund revenues are from charges for services and expenses are for personal services, materials and services, and capital outlay. The fund's net positions decreased during the year mostly due to transfers out and debt payments.

Sewer – The Sewer fund revenues are from charges for services and expenses are for personal services, materials and services, and capital outlay. The fund's net position decreased during the year mostly due to transfers out and debt payments.

Water improvement – The Water improvement fund revenues are from transfers in from the Water fund and expenses are for capital outlay and materials and services. The fund's net position increased during the year due to transfers in.

Sewer improvement - The Sewer improvement fund revenues are from transfers in from the Sewer fund and expenses are for capital outlay and materials and services. The fund's net position increased during the year due to transfers in.

Water SDC - The Water SDC fund revenues are from system development charges, and expenses are for capital outlay and materials and services. The fund's net position decreased during the year due to materials and services and capital outlay in excess of SDC charges.

Sewer SDC - The Sewer SDC fund revenues are from system development charges, and expenses are for capital outlay and materials and services. The fund's net position increased during the year due to minimal expenditures.

BUDGETARY HIGHLIGHTS

There were no changes made to the adopted budget for the General Fund during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets The City's capital assets for governmental and business-type activities are shown below. Capital assets include land, buildings, distribution systems (water and sewer), machinery and equipment, and infrastructure. More detailed information on the City's capital assets can be found in the notes to the basic financial statements.

Capital Assets As of June 30, 2015 and 2014

| | Governmental Activities | | Business-type Activities | | Totals | |
|--------------------------------|-------------------------|-------------|--------------------------|-------------|--------------|--------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Land | \$ 301,607 | \$ 301,607 | \$ - | \$ - | \$ 301,607 | \$ 301,607 |
| Buildings | 1,714,334 | 1,711,939 | 199,324 | 199,324 | 1,913,658 | 1,911,263 |
| Equipment | 439,562 | 380,922 | 1,995,245 | 1,990,245 | 2,434,807 | 2,371,167 |
| Construction in progress | 330,319 | 61,241 | 484,646 | 233,211 | 814,965 | 294,452 |
| Infrastructure | 2,729,019 | 2,720,228 | 4,637,614 | 4,637,614 | 7,366,633 | 7,357,842 |
| | 5,514,841 | 5,175,937 | 7,316,829 | 7,060,394 | 12,831,670 | 12,236,331 |
| Less: accumulated depreciation | (1,133,710) | (988,195) | (2,397,227) | (2,226,018) | (3,530,937) | (3,214,213) |
| Net capital assets | \$4,381,131 | \$4,187,742 | \$ 4,919,602 | \$4,834,376 | \$ 9,300,733 | \$ 9,022,118 |

Long-term debt The long-term debt of the City is shown below. The City made scheduled payments on existing debt during the year. More detailed information on the City's long-term debt can be found in the notes to the basic financial statements.

Outstanding Debt As of June 30,

| | Governmental Activities | | Business-type Activities | | Totals | |
|-------------------------------|-------------------------|------------|--------------------------|-------------|-------------|-------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| OECD Water loan | \$ - | \$ - | \$ 175,398 | \$ 197,224 | \$ 175,398 | \$ 197,224 |
| OECD Public works loan | - | - | 1,933,545 | 2,005,506 | 1,933,545 | 2,005,506 |
| City Hall/Police complex loan | 152,333 | 213,989 | - | - | 152,333 | 213,989 |
| | \$ 152,333 | \$ 213,989 | \$2,108,943 | \$2,202,730 | \$2,261,276 | \$2,416,719 |

FUTURE ECONOMIC FACTORS FOR THE CITY OF AUMSVILLE

The City's cash reserves for vehicles, public works equipment, and major office equipment will provide funding for replacement, major repairs and new acquisitions, as they become necessary.

Economic Factors and Fiscal Year 2015-16 Budgets and Rates

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. The following are the major assumptions used in developing the FYE 2016 budget:

- The City's tax rate remains \$3.6327 per \$1,000 of property valuation, which is the City's permanent levy rate.

- General fund revenues will continue to come in at or better than the financial forecast.
- Interest rates on investments may only average 0.45%.
- No increase in employee retirement contribution rates in FY 2015-16.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

It is my desire to provide you with factual, succinct, information on the genuine financial stability of Aumsville in this financial analysis. It was designed to provide City of Aumsville citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this analysis or need more detailed financial information, please contact me, Maryann Hills, City Administrator at (503) 749-2030 ext: 301, 595 Main Street, Aumsville, Oregon, 97325, or maryann@aumsville.us.

BASIC FINANCIAL STATEMENTS

CITY OF AUMSVILLE, OREGON
STATEMENT OF NET POSITION (MODIFIED CASH BASIS)
JUNE 30, 2015

| | <i>Governmental Activities</i> | <i>Business-type Activities</i> | <i>Totals</i> |
|-----------------------------------|---|--|----------------------|
| <i>ASSETS</i> | | | |
| Cash and cash equivalents | \$ 904,422 | \$ 958,345 | \$ 1,862,767 |
| Non-depreciable capital assets | 631,926 | 484,646 | 1,116,572 |
| Depreciable capital assets, net | 3,749,205 | 4,434,956 | 8,184,161 |
| | <hr/> | <hr/> | <hr/> |
| <i>Total Assets</i> | 5,285,553 | 5,877,947 | 11,163,500 |
| <i>LIABILITIES</i> | | | |
| Deposits | 3,416 | 60,130 | 63,546 |
| Long-term liabilities | | | |
| Portion due within one year | 16,902 | 83,589 | 100,491 |
| Portion due in more than one year | 135,431 | 2,025,354 | 2,160,785 |
| | <hr/> | <hr/> | <hr/> |
| <i>NET POSITION</i> | | | |
| Investment in capital assets | 4,228,798 | 2,810,659 | 7,039,457 |
| Restricted for: | | | |
| Capital outlay | 17,067 | 292,033 | 309,100 |
| Streets | 164,553 | - | 164,553 |
| Community development | 137,239 | - | 137,239 |
| Unrestricted | 582,147 | 606,182 | 1,188,329 |
| | <hr/> | <hr/> | <hr/> |
| <i>Total Net Position</i> | \$ 5,129,804 | \$ 3,708,874 | \$ 8,838,678 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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

CITY OF AUMSVILLE, OREGON
STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2015

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues | | |
|---|---------------------|---|---|---|
| | | Fees, Fines and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| General government | \$ 417,968 | \$ 42,317 | \$ - | \$ 67,941 |
| Public safety | 750,814 | 60,568 | 7,377 | - |
| Transportation | 143,056 | - | 217,018 | 10,005 |
| Community development | 82,888 | 13,000 | 34,760 | 26,110 |
| Interest on long-term debt | 11,925 | - | - | - |
| <i>Total Governmental activities</i> | 1,406,651 | 115,885 | 259,155 | 104,056 |
| Business-type activities: | | | | |
| Water | 603,222 | 597,000 | - | 41,082 |
| Sewer | 629,619 | 635,797 | - | 54,630 |
| <i>Total Business-type activities</i> | 1,232,841 | 1,232,797 | - | 95,712 |
| <i>Total Activities</i> | <u>\$ 2,639,492</u> | <u>\$ 1,348,682</u> | <u>\$ 259,155</u> | <u>\$ 199,768</u> |
| General revenues: | | | | |
| Property taxes | | | | |
| Franchise taxes | | | | |
| Intergovernmental | | | | |
| Miscellaneous | | | | |
| <i>Total General revenues</i> | | | | |
| Transfers | | | | |
| Change in net position | | | | |
| Net position - beginning of year | | | | |
| Net position - end of year | | | | |

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

| <i>Governmental Activities</i> | <i>Business-type Activities</i> | <i>Total</i> |
|---|--|---------------------|
| \$ (307,710) | \$ - | \$ (307,710) |
| (682,869) | - | (682,869) |
| 83,967 | - | 83,967 |
| (9,018) | - | (9,018) |
| (11,925) | - | (11,925) |
| (927,555) | - | (927,555) |
| - | 34,860 | 34,860 |
| - | 60,808 | 60,808 |
| - | 95,668 | 95,668 |
| (927,555) | 95,668 | (831,887) |
| 643,457 | - | 643,457 |
| 245,199 | - | 245,199 |
| 70,533 | - | 70,533 |
| 57,477 | 13,515 | 70,992 |
| 1,016,666 | 13,515 | 1,030,181 |
| 57,076 | (57,076) | - |
| 146,187 | 52,107 | 198,294 |
| 4,983,617 | 3,656,767 | 8,640,384 |
| <u>\$ 5,129,804</u> | <u>\$ 3,708,874</u> | <u>\$ 8,838,678</u> |

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

CITY OF AUMSVILLE, OREGON
BALANCE SHEET (MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS
JUNE 30, 2015

| | <u>Special Revenue</u> | |
|---|------------------------|---------------|
| | <u>General</u> | <u>Street</u> |
| ASSETS | | |
| Cash and cash equivalents | \$ 284,899 | \$ 162,842 |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities | | |
| Deposits | \$ 3,416 | \$ - |
| Fund Balance | | |
| Restricted for: | | |
| Capital outlay | - | - |
| Community development | - | - |
| Streets | - | 162,842 |
| Committed to: | | |
| Community development | - | - |
| Public safety | 104,445 | - |
| Capital outlay | - | - |
| Unassigned | 177,038 | - |
| <i>Total Fund Balance</i> | 281,483 | 162,842 |
| <i>Total Liabilities and Fund Balance</i> | \$ 284,899 | \$ 162,842 |

**Reconciliation of the Balance Sheet (Modified Cash Basis)
to the Statement of Net Position (Modified Cash Basis)**

Fund balances

Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value:

- Capital assets, cost
- Accumulated depreciation

Long-term liabilities are not financial requirements of governmental funds, but are reported in the Statement of Net Position

- City Hall / Police complex loan

Net position

| <i>Capital Projects</i> | | | |
|-------------------------|-------------------------------|---------------------------------|--------------|
| <i>Parks SDC</i> | <i>Public Works Equipment</i> | <i>Other Governmental Funds</i> | <i>Total</i> |
| \$ 137,239 | \$ 114,884 | \$ 204,558 | \$ 904,422 |
| \$ - | \$ - | \$ - | \$ 3,416 |
| - | - | 17,067 | 17,067 |
| 137,239 | - | - | 137,239 |
| - | - | 1,711 | 164,553 |
| - | - | 40,868 | 40,868 |
| - | - | - | 104,445 |
| - | 114,884 | 144,912 | 259,796 |
| - | - | - | 177,038 |
| 137,239 | 114,884 | 204,558 | 901,006 |
| \$ 137,239 | \$ 114,884 | \$ 204,558 | \$ 904,422 |
| | | | \$ 901,006 |
| | | | 5,514,841 |
| | | | (1,133,710) |
| | | | (152,333) |
| | | | \$ 5,129,804 |

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

CITY OF AUMSVILLE, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

| | <u>General</u> | <u>Special Revenue</u> |
|---|-------------------|------------------------|
| | | <u>Street</u> |
| REVENUES | | |
| Taxes and assessments | \$ 643,457 | \$ - |
| Fines and forfeitures | 60,568 | - |
| Licenses and permits | 287,516 | - |
| Charges for services | - | - |
| Intergovernmental | 76,760 | 217,023 |
| Miscellaneous | 15,193 | 1,019 |
| <i>Total Revenues</i> | <u>1,083,494</u> | <u>218,042</u> |
| EXPENDITURES | | |
| General government | 246,317 | - |
| Public safety | 742,451 | - |
| Transportation | - | 158,327 |
| Community development | - | - |
| Capital acquisitions | 8,558 | 141,273 |
| Debt payments | | |
| Principal | 61,656 | - |
| Interest | 11,925 | - |
| <i>Total Expenditures</i> | <u>1,070,907</u> | <u>299,600</u> |
| REVENUES OVER (UNDER) EXPENDITURES | 12,587 | (81,558) |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in | 793,907 | - |
| Transfers out | (787,489) | (13,561) |
| <i>Total Other Financing Sources (Uses)</i> | <u>6,418</u> | <u>(13,561)</u> |
| NET CHANGE IN FUND BALANCE | 19,005 | (95,119) |
| FUND BALANCE, beginning of year | <u>262,478</u> | <u>257,961</u> |
| FUND BALANCE, end of year | <u>\$ 281,483</u> | <u>\$ 162,842</u> |

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance (Modified Cash Basis) to the Statement of Activities (Modified Cash Basis)

Net change in fund balance

Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over the estimated useful life as depreciation expense

Capital outlay

Depreciation expense

Net book value of capital asset disposals

Debt principal paid is reported as an expenditure in governmental funds. However, it does not affect the Statement of Activities, but is reported as a decrease in noncurrent liabilities on the Statement of Net Position

Change in net position of governmental activities

| <i>Capital Projects</i> | | <i>Other Governmental Funds</i> | | <i>Total</i> |
|-------------------------|-------------------------------|---------------------------------|------|--------------|
| <i>Parks SDC</i> | <i>Public Works Equipment</i> | | | |
| \$ - | \$ - | \$ - | \$ - | \$ 643,457 |
| - | - | - | - | 60,568 |
| 26,110 | - | 10,000 | - | 323,626 |
| - | - | 2,235 | - | 2,235 |
| - | - | 99,059 | - | 392,842 |
| 631 | 560 | 55,631 | - | 73,034 |
| 26,741 | 560 | 166,925 | - | 1,495,762 |
| - | - | - | - | 246,317 |
| - | - | 6,017 | - | 748,468 |
| - | - | - | - | 158,327 |
| - | - | 88,340 | - | 88,340 |
| 4,188 | 54,353 | 138,291 | - | 346,663 |
| - | - | - | - | 61,656 |
| - | - | - | - | 11,925 |
| 4,188 | 54,353 | 232,648 | - | 1,661,696 |
| 22,553 | (53,793) | (65,723) | - | (165,934) |
| - | 43,844 | 59,144 | - | 896,895 |
| (363) | (15,080) | (23,326) | - | (839,819) |
| (363) | 28,764 | 35,818 | - | 57,076 |
| 22,190 | (25,029) | (29,905) | - | (108,858) |
| 115,049 | 139,913 | 234,463 | - | 1,009,864 |
| \$ 137,239 | \$ 114,884 | \$ 204,558 | \$ - | \$ 901,006 |
| | | | \$ - | (108,858) |
| | | | | 349,377 |
| | | | | (151,799) |
| | | | | (4,189) |
| | | | | 61,656 |
| | | | \$ - | 146,187 |

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

CITY OF AUMSVILLE, OREGON

STATEMENT OF FUND NET POSITION (MODIFIED CASH BASIS) - PROPRIETARY FUNDS

JUNE 30, 2015

| | <u>Water</u> | <u>Sewer</u> | <u>Water Improvement</u> |
|-------------------------------|------------------|-------------------|------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 108,698 | \$ 146,647 | \$ 220,054 |
| LIABILITIES | | | |
| Deposits | 30,065 | 30,065 | - |
| NET POSITION | | | |
| Restricted for capital outlay | - | - | - |
| Unrestricted | 78,633 | 116,582 | 220,054 |
| <i>Total Net Position</i> | <u>\$ 78,633</u> | <u>\$ 116,582</u> | <u>\$ 220,054</u> |

***Reconciliation of the Statement of Fund Net Position (Modified Cash Basis)
to the Statement of Net Position (Modified Cash Basis)***

Fund net position

Capital assets are not financial resources for the modified cash basis, but are reported in the Statement of Net Position at their net depreciable value:

Capital assets, cost

Accumulated depreciation

Long-term liabilities are not financial requirements for the modified cash basis, but are reported in the Statement of Net Position

OECD Water loan

OECD Public works loan

Net position

| <u>Sewer Improvement</u> | <u>Water SDC</u> | <u>Sewer SDC</u> | <u>Total</u> |
|------------------------------|------------------|-------------------|---------------------|
| \$ 190,913 | \$ 90,146 | \$ 201,887 | \$ 958,345 |
| - | - | - | 60,130 |
| - | 90,146 | 201,887 | 292,033 |
| 190,913 | - | - | 606,182 |
| <u>\$ 190,913</u> | <u>\$ 90,146</u> | <u>\$ 201,887</u> | <u>\$ 898,215</u> |
| | | | \$ 898,215 |
| | | | 7,316,829 |
| | | | (2,397,227) |
| | | | (175,398) |
| | | | (1,933,545) |
| | | | <u>\$ 3,708,874</u> |

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

CITY OF AUMSVILLE, OREGON**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION****(MODIFIED CASH BASIS) - PROPRIETARY FUNDS****YEAR ENDED JUNE 30, 2015**

| | <u>Water</u> | <u>Sewer</u> | <u>Water Improvement</u> |
|---|--------------|--------------|------------------------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ 597,000 | \$ 635,797 | \$ - |
| Miscellaneous | 2,819 | 6,080 | - |
| <i>Total Operating Revenues</i> | 599,819 | 641,877 | - |
| OPERATING EXPENSES | | | |
| Personal services | 355,956 | 335,507 | - |
| Materials and services | 136,296 | 107,197 | 14,215 |
| <i>Total Operating Expenses</i> | 492,252 | 442,704 | 14,215 |
| OPERATING INCOME | 107,567 | 199,173 | (14,215) |
| NONOPERATING ITEMS | | | |
| Capital acquisitions | (8,924) | (6,570) | (81,626) |
| Interest revenue | 741 | 752 | 891 |
| Debt payments | | | |
| Principal | (21,826) | (71,961) | - |
| Interest | (8,678) | (70,687) | - |
| <i>Total Nonoperating Items</i> | (38,687) | (148,466) | (80,735) |
| NET INCOME BEFORE CONTRIBUTION AND TRANSFERS | | | |
| Capital contributions | - | - | - |
| Transfers in | - | - | 100,000 |
| Transfers out | (127,988) | (98,701) | - |
| CHANGE IN NET POSITION | (59,108) | (47,994) | 5,050 |
| NET POSITION, beginning of year | 137,741 | 164,576 | 215,004 |
| NET POSITION, end of year | \$ 78,633 | \$ 116,582 | \$ 220,054 |

**Reconciliation of the Statement of Revenues, Expenses, and Changes in Fund Net Position (Modified Cash Basis) to the
Statement of Activities (Modified Cash Basis)**

Net change in fund net position

Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over the estimated useful life as depreciation expense

 Capital outlay

 Depreciation expense

Debt principal paid is reported as an expenditure in governmental funds. However, it does not affect the Statement of Activities, but is reported as a decrease in noncurrent liabilities on the Statement of Net Position.

Change in net position of governmental activities

| <i>Sewer Improvement</i> | <i>Water SDC</i> | <i>Sewer SDC</i> | <i>Total</i> |
|------------------------------|------------------|------------------|--------------|
| \$ - | \$ - | \$ - | \$ 1,232,797 |
| - | 651 | 874 | 10,424 |
| - | 651 | 874 | 1,243,221 |
| - | - | - | 691,463 |
| 1,544 | 31,091 | - | 290,343 |
| 1,544 | 31,091 | - | 981,806 |
| (1,544) | (30,440) | 874 | 261,415 |
| - | (159,776) | - | (256,896) |
| 706 | - | - | 3,090 |
| - | - | - | (93,787) |
| - | - | - | (79,365) |
| 706 | (159,776) | - | (426,958) |
| - | 41,082 | 54,630 | 95,712 |
| 70,000 | - | - | 170,000 |
| - | (193) | (193) | (227,075) |
| 69,162 | (149,327) | 55,311 | (126,906) |
| 121,751 | 239,473 | 146,576 | 1,025,121 |
| \$ 190,913 | \$ 90,146 | \$ 201,887 | \$ 898,215 |
| | | | \$ (126,906) |
| | | | 256,435 |
| | | | (171,209) |
| | | | 93,787 |
| | | | \$ 52,107 |

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Aumsville, Oregon is governed by an elected mayor and six council members who comprise the City Council. The City Council exercises supervisory responsibilities over the City operations, but day-to-day management control is the responsibility of a city manager. All significant activities and organizations for which the City is financially accountable are included in the financial statements.

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

As discussed further under *Measurement Focus and Basis of Accounting*, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

Basic Financial Statements

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

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

The Statement of Net Position (Modified Cash Basis) presents all the assets and liabilities of the City. Net position, representing assets less liabilities, is shown in three components. Investment in capital assets, less related outstanding debt used to acquire them, restricted for special purposes, amounts which must be spent in accordance with legal restrictions, and unrestricted, the amount available for ongoing City activities.

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

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary or fiduciary. Currently, the City has governmental and proprietary type funds. Major individual governmental funds, and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the other supplementary information.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

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. The various funds are reported by generic classification within the financial statements.

Government accounting standards set forth minimum criteria (percentage of the assets liabilities, revenues or expenditures/expenses of either fund category or the government and enterprise combined) for the determination of major funds.

The City reports the following major governmental funds:

General Fund - This fund accounts for the financial operations of the City not accounted for in any other fund. Principal sources of revenues are property taxes, licenses and permits, franchise fees and State shared revenues. Primary expenditures are for general administration and municipal court operations of the City.

Police Fund - Accounts for the operation of the City's police department. This fund is combined with the general fund for reporting purposes.

Street Fund - Accounts for revenues and expenditures of State gas tax and other revenues related to streets.

Park System Development Charge (SDC) Fund - Accounts for the development and improvements of the City's parks.

Public Works Equipment Fund - Money set aside for purchase of public works related equipment.

The City reports the following nonmajor governmental funds:

Park Fund - Accounts for monies earmarked for operation of the City's parks.

Bikeway/Pedestrian Fund - Accounts for monies earmarked for use on the City's bikeways and sidewalks.

OPRD Grant Fund - Accounts for revenues and expenditures of OPRD grants.

Investing in Aumsville Families and Children Fund – Accounts for monies earmarked for activities which promote family and community enhancement.

Transportation System SDC Fund - Money set aside for the development and improvements of the City's streets.

Vehicle Replacement Fund - Money set aside for purchase of police and public works vehicles.

Major Office Equipment Fund - Money set aside for the purchase of major office equipment.

City Reserve Fund - Money set aside for emergencies or unexpected City expenses and police reserves.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The City reports the following proprietary funds as major funds. These funds are used to account for the acquisition, operation, and maintenance of the sewer and water systems. These funds are entirely or predominantly self-supported through user charges to customers.

Water Fund - The Water Fund is used to account for the operation of the City's water department. Primary revenues are sales of water to users and related fees and interest on invested funds. Expenses are for operating costs.

Sewer Fund - This fund is used to account for the operation of the City's sewer utility. Primary revenues are charges for sewer services and interest on invested funds. Expenses are for operating costs.

Water Improvements Fund - Revenues are transfers in, which are primarily for major maintenance and repairs, and for water system improvements.

Sewer Improvement Fund - Revenues consists of interest on investments and transfers from the Sewer Fund. Expenses are for maintenance and repair of and improvements to the sewer system.

Water System Development Charge (SDC) Fund - Revenues consists of systems developments charges. Expenses are for the development of the water system.

Sewer System Development Charge (SDC) Fund - Revenues are primarily system development charges. Expenses are for sewer system development.

Fund Balance

In governmental funds, the City's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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

Definitions of Governmental Fund Types

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

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term “proceeds of specific revenues sources” means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements. Special Revenue Funds whose primary source of funding is transfers from the General Fund must be reported as part of the General Fund. Therefore, in the Governmental Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances, the Police Fund has been combined with the General Fund.

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

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

In the government-wide Statement of Net Position (Modified Cash Basis) and Statement of Activities (Modified Cash Basis), both governmental and business-type activities are presented using the economic resource measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an economic resource measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, change in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

CITY OF AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include:

1. Interfund receivables and payables that are temporary borrowing and result from transactions involving cash or cash equivalents are recognized.
2. Assets that normally convert to cash or cash equivalents (e.g., certificates of deposit, external cash pools, and marketable investments) that arise from transactions and events involving cash or cash equivalents are recognized.
3. Liabilities for cash (or cash equivalents) held on behalf of others or held in escrow are recognized.
4. Assets and related debt are recorded on the government-wide financial statements.

The modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods and services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the City utilized the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for the governmental funds would use the modified accrual basis of accounting, and the fund financial statements for the enterprise funds would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

The City's policy, although not in accordance with accounting principles generally accepted in the United States of America, is acceptable under Oregon Law (ORS 294.333), which leaves the selection of the method of accounting to the discretion of the municipal corporation.

Enterprise funds distinguish between operating revenues and expenses and nonoperating items. Operating revenues and expenses result from providing services to customers in connection with ongoing utility operations. The principal operating revenues are charges to customers for service. Operating expenses include payroll and related costs, and materials and supplies. All revenues not considered operating are reported as nonoperating items.

When expenditures are paid for purposes in which both net position - restricted and net position – unrestricted are available, the City deems net position - restricted to be spent first.

Cash and Cash Equivalents

The City maintains cash and cash equivalents in a common pool that is available for use by all funds. Each fund type's portion of this pool is displayed as cash and cash equivalents. The City considers cash on hand, demand deposits and savings accounts, and short-term investments with an original maturity of three months or less from the date of acquisition to be cash and cash equivalents.

CITY OF AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents (Continued)

Oregon Revised Statutes authorize the City to invest in certificates of deposit, savings accounts, bank repurchase agreements, bankers' acceptances, general obligations of U.S. Government and its agencies, certain obligations of Oregon municipalities and the State Treasurer's Local Government Investment Pool, among others.

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments in the Local Governmental Investment Pool are stated at cost, which approximates fair value.

Property Taxes

Property taxes are levied by the County Assessor and collected by the County Tax Collector. The taxes are levied and become a lien as of July 1. They may be paid in three installments payable in equal payments due November 15, February 15, and May 15. The City's property tax collection records show that most of the property taxes due are collected during the year of levy and delinquent taxes are collected in the next few years.

Capital Assets

Capital assets (items costing more than \$2,500 and lasting more than one year) are reported in the applicable governmental or business-type activities in the notes to the financial statements. In the fund statements, capital assets are charged as expenditures as purchased. Capital assets are recorded at cost or estimated historical cost where records are available. Donated assets are not recorded. Maintenance and repairs are expensed as incurred. Replacements which improve or extend the lives of property are capitalized.

Capital assets are depreciated unless they are inexhaustible in nature (e.g., land and right-of-ways). Depreciation is an accounting process to allocate the cost of capital assets in a systematic and rational manner to those periods expected to benefit from the use of capital assets. Depreciation is not intended to represent an estimate in the decline of fair market value, nor are capital assets, net of accumulated depreciation, intended to represent an estimate of the current condition of the assets, or the maintenance requirements needed to maintain the assets at their current level of condition.

Depreciation is computed over the estimated useful lives of the capital assets. Depreciation is calculated on the straight-line basis. The estimated useful lives of the various categories of assets are as follows:

| | |
|----------------------------|---------------|
| Buildings and improvements | 30 - 40 years |
| Water and Sewer Systems | 20 - 50 years |
| Infrastructure | 20 - 50 years |
| Equipment | 7 - 30 years |

Upon disposal of capital assets, cost and accumulated depreciation are removed from the accounts.

Long-Term Debt

Long-term debt is presented only in the government-wide financial statements and in the notes to the financial statements. Payments of principal and interest are recorded as expenditures/expenses when paid.

CITY OF AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Compensated Absences

Accumulated unpaid vacation and comp time is recorded as an expenditure/expense when paid.

Budgets and Budgetary Accounting

The City adopts the budget on an object basis (personal services, materials and services, capital outlay and debt service), therefore, cash expenditures of a fund may not legally exceed that fund’s appropriations for an object. The City Council may amend the budget to expend unforeseen revenues by supplemental appropriations. All supplemental appropriations are included in the budget comparison statements. Appropriations lapse at year-end and may not be carried over. The City does not use encumbrance accounting.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenditures as of and for the year ended June 30, 2015. Actual results may differ from such estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following at June 30, 2015:

| | |
|----------------------------------|---------------------|
| Cash | |
| Cash on hand | \$ 1,540 |
| Demand deposits | 19,462 |
| Time deposits | 496,102 |
| Investments | |
| Local Government Investment Pool | 1,345,662 |
| | <u>1,862,767</u> |
| | <u>\$ 1,862,767</u> |

Deposits

The book balance of the City’s bank deposits was and the bank balance was \$19,462 year end. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the City’s deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City’s deposits with financial institutions for up to \$250,000 each for the aggregate of all demand deposits and the aggregate of all time deposit and savings accounts at each financial institution. Deposits in excess of FDIC coverage are with institutions participating in

CITY OF AUMSVILLE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk – Deposits (Continued)

the Oregon Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2015, all of the City's bank balances were covered by FDIC insurance.

Local Government Investment Pool

The State Treasurer of the State of Oregon maintains the Oregon Short-term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2015, the fair value of the position in the Oregon State Treasurer's Short-term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short-term Fund is not rated for credit quality. Separate financial statements for the Oregon Short-term Fund are available from the Oregon State Treasurer.

Interest Rate Risk

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

Custodial Risk – Local Governmental Investment Pool

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

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

CITY OF AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

CASH AND CASH EQUIVALENTS (Continued)

Custodial Risk – Local Governmental Investment Pool (Continued)

investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

CAPITAL ASSETS

The summary of capital assets for governmental activities for the year ended June 30, 2015 is as follows:

| | <i>Balances July 1, 2014</i> | <i>Additions</i> | <i>Retirements</i> | <i>Balances June 30, 2015</i> |
|--|--------------------------------------|-------------------|--------------------|---------------------------------------|
| Non-depreciable | | | | |
| Construction in progress | \$ 61,241 | \$ 269,078 | \$ - | \$ 330,319 |
| Land | 301,607 | - | - | 301,607 |
| <i>Total non-depreciable</i> | <u>362,848</u> | <u>269,078</u> | <u>-</u> | <u>631,926</u> |
| Depreciable | | | | |
| Buildings and improvements | 1,711,939 | 2,395 | - | 1,714,334 |
| Equipment | 380,922 | 69,113 | (10,473) | 439,562 |
| Infrastructure | 2,720,228 | 8,791 | - | 2,729,019 |
| <i>Total depreciable</i> | <u>4,813,089</u> | <u>80,299</u> | <u>(10,473)</u> | <u>4,882,915</u> |
| Accumulated depreciation | | | | |
| Buildings and improvements | (275,938) | (42,157) | - | (318,095) |
| Equipment | (302,578) | (22,847) | 6,284 | (319,141) |
| Infrastructure | (409,679) | (86,795) | - | (496,474) |
| Less accumulated depreciation | <u>(988,195)</u> | <u>(151,799)</u> | <u>6,284</u> | <u>(1,133,710)</u> |
| <i>Total depreciable capital assets, net</i> | <u>3,824,894</u> | <u>(71,500)</u> | <u>(4,189)</u> | <u>3,749,205</u> |
| <i>Governmental activities capital assets, net</i> | <u>\$ 4,187,742</u> | <u>\$ 197,578</u> | <u>\$ (4,189)</u> | <u>\$ 4,381,131</u> |

CITY OF AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

CAPITAL ASSETS (Continued)

The summary of capital assets for the business-type activities for the year ended June 30, 2015 is as follows:

| | <i>Balances July 1, 2014</i> | <i>Additions</i> | <i>Retirements</i> | <i>Balances June 30, 2015</i> |
|---|--------------------------------------|------------------|--------------------|---------------------------------------|
| Non-depreciable | | | | |
| Construction in progress | \$ 233,211 | \$ 251,435 | \$ - | \$ 484,646 |
| Depreciable | | | | |
| Buildings and improvements | 199,324 | - | - | 199,324 |
| Equipment | 1,815,067 | - | - | 1,815,067 |
| Infrastructure | 4,637,614 | - | - | 4,637,614 |
| Vehicles | 175,178 | 5,000 | - | 180,178 |
| <i>Total depreciable</i> | <u>6,827,183</u> | <u>5,000</u> | <u>-</u> | <u>6,832,183</u> |
| Accumulated depreciation | | | | |
| Buildings and improvements | (134,920) | (4,270) | - | (139,190) |
| Equipment | (425,142) | (53,826) | - | (478,968) |
| Infrastructure | (1,516,352) | (106,276) | - | (1,622,628) |
| Vehicles | (149,604) | (6,837) | - | (156,441) |
| Less accumulated depreciation | <u>(2,226,018)</u> | <u>(171,209)</u> | <u>-</u> | <u>(2,397,227)</u> |
| <i>Total depreciable capital assets, net</i> | <u>4,601,165</u> | <u>(166,209)</u> | <u>-</u> | <u>4,434,956</u> |
| <i>Business-type activities capital assets, net</i> | <u>\$ 4,834,376</u> | <u>\$ 85,226</u> | <u>\$ -</u> | <u>\$ 4,919,602</u> |

CITY OF AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

LONG-TERM DEBT

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

| | <u>Outstanding July 1, 2014</u> | <u>Issued</u> | <u>Matured/ Redeemed During Year</u> | <u>Outstanding June 30, 2015</u> | <u>Next Year Requirements</u> |
|--|---|---------------|--|--|---------------------------------------|
| Governmental Activities | | | | | |
| City Hall/Police Complex loan, issued 2009, original amount \$400,000 120 monthly payments of \$2,452 with interest at 5.75%, final maturity 2019, collateralized by real estate | \$ 213,989 | \$ - | \$ (61,656) | \$ 152,333 | \$ 16,902 |
| Business-type Activities | | | | | |
| OECD Water Improvement Loan, issued 2006, annual installments of \$20,045 including interest at 4.41% through December 2031 | \$ 197,224 | \$ - | \$ (21,826) | \$ 175,398 | \$ 11,389 |
| OECD Public Works Loan, issued 2011, annual installments ranging from \$139,000 to \$143,000 including interest from 2 to 4% through December 2034 | 2,005,506 | - | (71,961) | 1,933,545 | 72,200 |
| Total business-type activities | \$ 2,202,730 | \$ - | \$ (93,787) | \$ 2,108,943 | \$ 83,589 |

The OECD Public Works Loan requires the City to prepare its financial statements in accordance with generally accepted accounting principles as established by the Government Accounting Standards Board. The City prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Future debt service requirements for governmental activities are as follows:

Governmental Activities

| <u>Fiscal Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|-------------------|-------------------|-------------------|
| 2016 | \$ 16,902 | \$ 12,522 | \$ 29,424 |
| 2017 | 17,900 | 11,524 | 29,424 |
| 2018 | 18,957 | 10,467 | 29,424 |
| 2019 | 98,574 | 68,794 | 167,368 |
| | <u>\$ 152,333</u> | <u>\$ 103,307</u> | <u>\$ 255,640</u> |

CITY OF AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

LONG-TERM DEBT (Continued)

Future debt service requirements for business-type activities are as follows:

Business-type Activities

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--|---------------------|-------------------|---------------------|
| 2016 | \$ 83,589 | \$ 77,904 | \$ 161,493 |
| 2017 | 84,335 | 75,957 | 160,292 |
| 2018 | 85,109 | 73,984 | 159,093 |
| 2019 | 85,973 | 71,620 | 157,593 |
| 2020 | 91,935 | 68,858 | 160,793 |
| 2021-2025 | 505,979 | 295,242 | 801,221 |
| 2026-2030 | 549,497 | 202,462 | 751,959 |
| 2031-2035 | 622,526 | 76,295 | 698,821 |
| | <u>\$ 2,108,943</u> | <u>\$ 942,322</u> | <u>\$ 3,051,265</u> |

PENSION PLAN

Defined Benefit Plan

Name of the pension plan: The Oregon Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer defined benefit plan.

Plan description. Employees of the City are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. OPERS issues a publicly available financial report. This report can be obtained at the PERS website: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Benefits provided under Chapter 238-Tier One / Tier Two

1. *Pension Benefits.* The OPERS 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

CITY OF AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

Defined Benefit Plan (Continued)

Benefits provided under Chapter 238-Tier One / Tier Two (Continued)

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.

2. *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:
 - Member was employed by a OPERS employer at the time of death,
 - Member died within 120 days after termination of OPERS-covered employment,
 - Member died as a result of injury sustained while employed in a OPERS-covered job, or
 - Member was on an official leave of absence from a OPERS-covered job at the time of death.
3. *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 OPERS judge members) for disability benefits regardless of the length of OPERS-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.
4. *Benefit Changes After Retirement.* Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

Benefits provided under Chapter 238A-OPSRP Pension Program (OPSRP DB)

1. *Pension Benefits.* The ORS 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and Fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

CITY OF AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

Defined Benefit Plan (Continued)

Benefits provided under Chapter 238A-OPSRP Pension Program (OPSRP DB) (Continued)

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.

2. *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.
3. *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.
4. *Benefit Changes After Retirement.* Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

Contributions

OPERS 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, 2011 actuarial valuation, as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer contributions for the year ended June 30, 2015 were \$107,025, excluding amounts to fund employer specific liabilities. These contributions were allocated \$57,753 to PERS/OPSRP, \$45,170 to the IAP, and \$4,102 to the Retiree Health Insurance accounts.

The rates in effect for the fiscal year ended June 30, 2015 were: (1) Tier1/Tier 2 – 9.62%, (2) OPSRP general service – 5.93%, and (3) OPSRP uniformed – 8.66%.

Actuarial Valuations

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component

CITY OF AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

Defined Benefit Plan (Continued)

Actuarial Valuations (Continued)

of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Methods and Assumptions

| | |
|----------------------------|--|
| Valuation Date | December 31, 2012 rolled forward to June 30, 2014 |
| Experience Study Report | 2012, published September 18, 2013 |
| 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 percent |
| Investment Rate of Return | 7.75 percent |
| Projected Salary Increases | 3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases 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 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

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 AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

Defined Benefit Plan (Continued)

Depletion Date Projection

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

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS:

- Oregon PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Assumed Asset Allocation

| <u>Asset Class/Strategy</u> | <u>Low Range</u> | <u>High Range</u> | <u>OIC Target</u> |
|-----------------------------|------------------|-------------------|-------------------|
| 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 AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

Defined Benefit Plan (Continued)

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.

| <u>Asset Class</u> | <u>Target</u> | <u>Compound Annual Return (Geometric)</u> |
|-----------------------------------|---------------|---|
| 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 Equity | 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 | 7.71 | 6.07 |
| Assumed Inflation - Mean | | 2.75 |

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.75 percent) or 1% 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> |
|--|--------------------------------|----------------------------------|--------------------------------|
| Proportionate share of the net pension liability (asset) | \$ 429,275 | \$ (202,712) | \$ (737,228) |

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

CITY OF AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

Defined Benefit Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City had an asset of \$202,712 for its proportionate share of the net pension asset. As the City utilizes the modified cash basis of accounting, this asset is not reported on the Statement of Net Position. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2012 and rolled forward to June 30, 2014. Therefore, these calculations did not reflect current year amounts paid. The City's proportion of the net pension asset was based on the City's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers.

Rates of every employer have at least two major components:

1. Normal Cost Rate: The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.
2. UAL Rate: If system assets are less than the actuarial liability, an Unfunded Actuarial Liability (UAL) exists. UAL can arise in a biennium when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises in a given biennium over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The present value of all projected UAL Rate contributions is simply the Unfunded Actuarial Liability (UAL) itself. The UAL represents the portion of the projected long-term contribution effort related to past service.
3. Looking at both rate components, the projected long-term contribution effort is just the sum of the PVFNC and the UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings.

The UAL has Tier 1/Tier 2 and OPSRP pieces. The Tier 1/Tier 2 piece is based on the employer's Tier 1/Tier 2 pooling arrangement. If an employer participates in one of the two large Tier 1/Tier 2 rate pools [State & Local Government Rate Pool (SLGRP) or School Districts Rate Pool], then the employer's Tier 1/Tier 2 UAL is just their pro-rata share of their pool's UAL. The pro-rata calculation is based on the employer's payroll in proportion to the pool's total payroll. For example, if the employer's payroll is one percent of the pool's total payroll, the employer will be allocated one percent of the pool's UAL. The OPSRP piece of the UAL follows a parallel pro-rata approach, as OPSRP experience is mandatorily pooled at a state-wide level. Employers that do not participate in a Tier 1/Tier 2 pooling arrangement, who are referred to as "Independent Employers", have their Tier 1/Tier 2 UAL tracked separately in the actuarial valuation. The division of the UAL across employers is shown graphically below.

An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier 1/Tier 2 payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

CITY OF AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

Defined Benefit Plan (Continued)

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

The employer's Normal Cost Rates for each payroll are combined with system-wide present value factors for each payroll to develop an estimated PVFNC. The present value factors are actuarially determined at a system level for simplicity and to allow for the PVFNC calculations to be audited in a timely, cost-effective manner. Thus for each and every system employer, the PVFNC is calculated following the format in the table below.

Since many governments in Oregon have sold pension obligation bonds and deposited the proceeds with OPERS (referred to as side accounts or transitional liability or surplus), adjustments are required. After each employer's projected long-term contribution effort is calculated, that amount is reduced by the value of the employer's side account, transitional liability/surplus, and pre-SLGRP liability/surplus (if any). This is done as those balances increase/decrease the employer's projected long-term contribution effort because side accounts are effectively pre-paid contributions.

Looking at both rate components, the projected long-term contribution effort is just the sum of the PVFNC and UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings. Each of the two contribution effort components are calculated at the employer-specific level. The sum of these components across all employers is the total projected long-term contribution effort.

At June 30, 2015, the City's proportion was 0.00894304%.

For the year ended June 30, 2015, the City reported pension expense of \$107,286.

Changes in Plan Provisions Subsequent to Measurement Date

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. 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. The City will make restoration payments to those benefit recipients.

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.

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and will not be included in the net pension liability (asset) proportionate shares provided to employers in June 2015.

It is estimated that this change will increase overall PERS net pension liability by \$178 million.

Changes in Assumptions

A summary of key changes implemented since the December 31, 2011 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2012 Experience Study for the System, which was published on September 18, 2013, and can be found at the PERS website: <http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>

PENSION PLAN (Continued)

Defined Benefit Plan (Continued)

Changes in Actuarial Methods and Allocation Procedures

Actuarial Cost Method

The Actuarial Cost Method was changed from the Projected Unit Credit (PUC) Cost Method to the Entry Age Normal (EAN) Cost Method. This change will allow PERS to use the same cost method for contribution rate calculations as required for financial reporting under GASB Statements 67 and 68.

Tier 1/Tier 2 UAL Amortization

In combination with the change in cost method, the Board chose to re-amortize the outstanding Tier 1/Tier 2 UAL as of December 31, 2013 over a closed period of 20 years as a level percentage of projected payroll. Gains and losses between subsequent rate-setting valuations will be amortized over a closed 20 year period from the valuation in which they are first recognized.

Contribution Rate Stabilization Method

The “grade-in range” over which the rate collar gradually doubles was modified so that the collar doubles as funded status (excluding side accounts) decreases from 70% to 60% or increases from 130% to 140%. Previously the ranges had been 80% to 70% and 120% to 130%. The modification to the grade-in range was made in combination with the change to actuarial cost method, as discussed at the July 2013 PERS Board public meeting.

Allocation of Liability for Service Segments

For purposes of allocating Tier 1/Tier 2 member’s actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by PERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier 1/Tier 2 population. For the December 31, 2010 and December 31, 2011 valuations, the Money Match was weighted 40 percent for General Service members and 10 percent for Police & Fire members. For the December 31, 2012 and December 31, 2013 valuations, this weighting has been adjusted to 30 percent for General Service members and 5 percent for Police & Fire members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

Changes in Economic Assumptions

Investment Return and Interest Crediting

The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.75%. Previously, the assumed investment return and interest crediting to regular account balances was 8.00% and the assumed interest crediting to variable account balances was 8.25%.

OPSRP Administrative Expenses

Assumed administrative expenses for the OPSRP System were reduced from \$6.6 million per year to \$5.5 million per year.

PENSION PLAN (Continued)

Defined Benefit Plan (Continued)

Changes in Economic Assumptions (Continued)

Healthcare Cost Inflation

The healthcare cost inflation for the maximum RHIPA subsidy was updated based on analysis performed by Milliman's healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced in 2018 by the Patient Protection and Affordable Care Act.

Changes in Demographic Assumptions

Healthy Mortality

The healthy mortality assumption is based on the RP2000 generational mortality tables with group-specific class and setback adjustments. The group-specific adjustments have been updated to more closely match recently observed system experience.

Disabled Mortality

The disabled mortality assumption base was changed from the RP2000 healthy tables to the RP2000 disabled tables. Gender-specific adjustments were applied to align the assumption with recently observed system experience.

Disability, Retirement from Active Status, and Termination

Rates for disability, retirement from active status, and termination were adjusted. Termination rates were changed from being indexed upon age to being indexed upon duration from hire date.

Changes in Salary Increase Assumptions

Merit Increases, Unused Sick Leave, and Vacation Pay

Unused Sick Leave and Vacation Pay rates were adjusted.

Retiree Healthcare Participation

The RHIA participation rate for healthy retirees was reduced from 48% to 45%. The RHIPA participation rate was changed from a uniform rate of 13% to a service-based table of rates. (Source: December 31, 2012 Actuarial Valuation p.89)

CITY OF AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

Defined Contribution Plan

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP 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.

Death Benefits

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

Contributions

The City has chosen to pay the employees contributions to the plan. 6% of covered payroll is paid for general service employees and 6% of covered payroll is paid for firefighters and police officers.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF THE OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Last Two Fiscal Years¹

| | <u>2015</u> | <u>2014</u> |
|--|--------------|-------------|
| Proportion of the net pension liability (asset) | 0.00894304% | 0.00894304% |
| Proportionate share of the net pension liability (asset) | \$ (202,712) | \$ 456,376 |
| Covered-employee payroll | 991,749 | 900,628 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | -20.44% | 50.67% |

CITY OF AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

CONTRIBUTIONS TO THE OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Two Fiscal Years¹

| | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|
| Contractually required contribution | \$ 107,286 | \$ 93,265 |
| Contributions in relation to the contractually required contribution | 107,286 | 93,265 |
| Contribution deficiency (excess) | - | - |
| City's covered-employee payroll | 991,749 | 900,628 |
| Contributions as a percentage of covered-employee payroll | 10.82% | 10.36% |

¹ Ten year trend information as required by GASB No. 68 will be presented on a prospective basis.

TRANSFERS

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move revenues restricted to debt service from the funds collecting the revenues to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

TRANSFERS (Continued)

Interfund transfers in and out for all funds were as follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|------------------------|---------------------|----------------------|
| General | \$ 30,907 | \$ 774,747 |
| Police | 763,000 | 12,743 |
| Street | - | 13,561 |
| Park | 6,732 | 1,500 |
| Public Works Equipment | 43,844 | 15,080 |
| Vehicle Replacement | 9,500 | - |
| Major Office Equipment | 17,832 | - |
| City Reserve | 10,000 | - |
| Parks SDC | - | 363 |
| OPRD Grant | 15,080 | 21,826 |
| Water | - | 127,988 |
| Sewer | - | 98,701 |
| Water SDC | - | 193 |
| Water Improvement | 100,000 | - |
| Sewer SDC | - | 193 |
| Sewer Improvement | 70,000 | - |
| | <u>\$ 1,066,895</u> | <u>\$ 1,066,895</u> |

COMMITMENTS AND CONTINGENCIES

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

NEW PRONOUNCEMENTS

GASB Statement No. 68 “Accounting and Reporting for Pension Plans—an amendment of GASB Statement No. 27.” The statement establishes accounting and financial reporting requirements related to pensions provided by governments. The statement was implemented in the current year.

GASB Statement No. 69 “Government Combinations and Disposals of Government Operations.” The statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The statement was implemented with no effect in the current year.

GASB Statement No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date”. The statement amends transition provisions of GASB Statement No. 68, establishes accounting and financial reporting standards for recognition of contributions made between the measurement date of the net pension liability and implementation of GASB Statement No. 68. The statement was implemented in the current year.

CITY OF AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

NEW PRONOUNCEMENTS (Continued)

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

GASB Statement No. 72 “Fair Value Measurement and Application” addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for determining a fair value measurement for financial reporting purposes, as well as guidance for applying fair value to certain investments, and disclosures related to all fair value measurements. The statement is effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 73 “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68”, completes the suite of pension standards. The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. The statement is generally effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. It requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The statement is effective for fiscal years beginning after June 15, 2016.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 29, 2015, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

CITY OF AUMSVILLE, OREGON
RECONCILIATION OF BUDGETARY TO REPORTING FUNDS
BALANCE SHEET - GENERAL FUND
JUNE 30, 2015

| | <i>Budgetary funds</i> | | <i>Total (reported as General)</i> |
|---|------------------------|-------------------|------------------------------------|
| | <i>General</i> | <i>Police</i> | |
| ASSETS | | | |
| Cash and cash equivalents | \$ 180,454 | \$ 104,445 | \$ 284,899 |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | | | |
| Deposits | \$ 3,416 | \$ - | \$ 3,416 |
| Fund Balance | | | |
| Committed to public safety | - | 104,445 | 104,445 |
| Unassigned | 177,038 | - | 177,038 |
| <i>Total Fund Balance</i> | 177,038 | 104,445 | 281,483 |
| Total Liabilities and Fund Balance | \$ 180,454 | \$ 104,445 | \$ 284,899 |

CITY OF AUMSVILLE, OREGON**RECONCILIATION OF BUDGETARY TO REPORTING FUNDS****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND**

YEAR ENDED JUNE 30, 2015

| | <i>Budgetary funds</i> | | <i>Total (reported as General)</i> |
|---|------------------------|-------------------|--|
| | <i>General</i> | <i>Police</i> | |
| REVENUES | | | |
| Taxes and assessments | \$ 643,441 | \$ 16 | \$ 643,457 |
| Fines and forfeitures | 53,303 | 7,265 | 60,568 |
| Licenses and permits | 287,516 | - | 287,516 |
| Intergovernmental | 70,533 | 6,227 | 76,760 |
| Miscellaneous | 12,837 | 2,356 | 15,193 |
| <i>Total Revenues</i> | <u>1,067,630</u> | <u>15,864</u> | <u>1,083,494</u> |
| EXPENDITURES | | | |
| General government | 246,317 | - | 246,317 |
| Public safety | - | 742,451 | 742,451 |
| Capital outlay | 195 | 8,363 | 8,558 |
| Debt Service | | | |
| Principal | 61,656 | - | 61,656 |
| Interest | 11,925 | - | 11,925 |
| <i>Total Expenditures</i> | <u>320,093</u> | <u>750,814</u> | <u>1,070,907</u> |
| REVENUES OVER (UNDER) EXPENDITURES | 747,537 | (734,950) | 12,587 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 30,907 | 763,000 | 793,907 |
| Transfers out | (774,746) | (12,743) | (787,489) |
| <i>Total Other Financing Sources and Uses</i> | <u>(743,839)</u> | <u>750,257</u> | <u>6,418</u> |
| NET CHANGE IN FUND BALANCE | 3,698 | 15,307 | 19,005 |
| FUND BALANCE, beginning of year | 173,340 | 89,138 | 262,478 |
| FUND BALANCE, end of year | <u>\$ 177,038</u> | <u>\$ 104,445</u> | <u>\$ 281,483</u> |

CITY OF AUMSVILLE, OREGON

COMBINING BALANCE SHEET (MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2015

| | <u>Special Revenue</u> | | |
|---|------------------------|---------------------------------|--|
| | <u>Park</u> | <u>Bikeway / Pedestrian</u> | <u>Investment in Aumsville Family & Children</u> |
| ASSETS | | | |
| Cash and cash equivalents | \$ 39,595 | \$ 1,711 | \$ 1,273 |
| | | | |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | \$ - | \$ - | \$ - |
| | | | |
| Fund Balance: | | | |
| Restricted for: | | | |
| Capital outlay | - | - | - |
| Streets | - | 1,711 | - |
| Committed to: | | | |
| Capital outlay | - | - | - |
| Community development | 39,595 | - | 1,273 |
| | | | |
| Total Fund Balance | <u>39,595</u> | <u>1,711</u> | <u>1,273</u> |
| | | | |
| Total Liabilities and Fund Balance | <u>\$ 39,595</u> | <u>\$ 1,711</u> | <u>\$ 1,273</u> |

Capital Projects

| <i>Transportation System SDC</i> | <i>Vehicle Replacement</i> | <i>Major Office Equipment</i> | <i>City Reserve</i> | <i>Total</i> |
|--------------------------------------|--------------------------------|-----------------------------------|---------------------|--------------|
| \$ 17,067 | \$ 60,968 | \$ 14,486 | \$ 69,458 | \$ 204,558 |
| - | - | - | - | - |
| 17,067 | - | - | - | 17,067 |
| - | - | - | - | 1,711 |
| - | 60,968 | 14,486 | 69,458 | 144,912 |
| - | - | - | - | 40,868 |
| 17,067 | 60,968 | 14,486 | 69,458 | 204,558 |
| \$ 17,067 | \$ 60,968 | \$ 14,486 | \$ 69,458 | \$ 204,558 |

CITY OF AUMSVILLE, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015**

| | <i>Special Revenue</i> | | |
|---|------------------------|---------------------------------|-------------------|
| | <i>Park</i> | <i>Bikeway / Pedestrian</i> | <i>OPRD Grant</i> |
| REVENUES | | | |
| Licenses and permits | \$ - | \$ - | \$ - |
| Charges for services | 2,235 | - | - |
| Intergovernmental | 28,926 | 2,192 | 67,941 |
| Miscellaneous | 49,466 | 26 | 30 |
| <i>Total Revenues</i> | 80,627 | 2,218 | 67,971 |
| EXPENDITURES | | | |
| Community development | 75,432 | - | 6,300 |
| Capital acquisitions | 5,379 | 11,500 | 97,513 |
| <i>Total Expenditures</i> | 80,811 | 11,500 | 103,813 |
| REVENUES OVER (UNDER) EXPENDITURES | (184) | (9,282) | (35,842) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 6,732 | - | 15,080 |
| Transfers out | (1,500) | - | (21,826) |
| <i>Total Other Financing Sources and Uses</i> | 5,232 | - | (6,746) |
| NET CHANGE IN FUND BALANCE | 5,048 | (9,282) | (42,588) |
| FUND BALANCE, beginning of year | 34,547 | 10,993 | 42,588 |
| FUND BALANCE, end of year | \$ 39,595 | \$ 1,711 | \$ - |

Capital Projects

| Investment in Aumsville Family & Children | Transportation System SDC | Vehicle Replacement | Major Office Equipment | City Reserve | Total |
|--|--------------------------------------|--------------------------------|-----------------------------------|---------------------|--------------|
| \$ - | \$ 10,000 | \$ - | \$ - | \$ - | \$ 10,000 |
| - | - | - | - | - | 2,235 |
| - | - | - | - | - | 99,059 |
| 5,265 | 61 | 316 | 139 | 328 | 55,631 |
| 5,265 | 10,061 | 316 | 139 | 328 | 166,925 |
| 6,608 | - | - | - | - | 88,340 |
| - | - | 6,017 | 23,899 | - | 144,308 |
| 6,608 | - | 6,017 | 23,899 | - | 232,648 |
| (1,343) | 10,061 | (5,701) | (23,760) | 328 | (65,723) |
| - | - | 9,500 | 17,832 | 10,000 | 59,144 |
| - | - | - | - | - | (23,326) |
| - | - | 9,500 | 17,832 | 10,000 | 35,818 |
| (1,343) | 10,061 | 3,799 | (5,928) | 10,328 | (29,905) |
| 2,616 | 7,006 | 57,169 | 20,414 | 59,130 | 234,463 |
| \$ 1,273 | \$ 17,067 | \$ 60,968 | \$ 14,486 | \$ 69,458 | \$ 204,558 |

CITY OF AUMSVILLE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - GENERAL FUND****YEAR ENDED JUNE 30, 2015**

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Taxes and assessments | \$ 610,165 | \$ 610,165 | \$ 643,441 | \$ 33,276 |
| Fines and forfeitures | 40,000 | 40,000 | 53,303 | 13,303 |
| Licenses and permits | 362,985 | 362,985 | 287,516 | (75,469) |
| Intergovernmental | 67,400 | 67,400 | 70,533 | 3,133 |
| Miscellaneous | 17,600 | 17,600 | 12,837 | (4,763) |
| <i>Total Revenues</i> | 1,098,150 | 1,098,150 | 1,067,630 | (30,520) |
| EXPENDITURES | | | | |
| Personal services | 154,436 | 154,436 | 142,200 | 12,236 |
| Materials and services | 180,847 | 180,847 | 104,117 | 76,730 |
| Debt Service | | | | |
| Principal | 63,151 | 63,151 | 61,656 | 1,495 |
| Interest | 10,430 | 10,430 | 11,925 | (1,495) |
| Capital outlay | 2,000 | 2,000 | 195 | 1,805 |
| Contingency | 109,601 | 109,601 | - | 109,601 |
| <i>Total Expenditures</i> | 520,465 | 520,465 | 320,093 | 200,372 |
| REVENUES OVER (UNDER) EXPENDITURES | 577,685 | 577,685 | 747,537 | 169,852 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 24,400 | 24,400 | 30,907 | 6,507 |
| Transfers out | (774,746) | (774,746) | (774,746) | - |
| <i>Total Other Financing Sources and Uses</i> | (750,346) | (750,346) | (743,839) | 6,507 |
| NET CHANGE IN FUND BALANCE | (172,661) | (172,661) | 3,698 | 176,359 |
| FUND BALANCE, beginning of year | 172,661 | 172,661 | 173,340 | 679 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 177,038 | \$ 177,038 |

CITY OF AUMSVILLE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - POLICE FUND****YEAR ENDED JUNE 30, 2015**

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Taxes and assessments | \$ 30 | \$ 30 | \$ 16 | \$ (14) |
| Fines and forfeitures | 6,400 | 6,400 | 7,265 | 865 |
| Intergovernmental | 10,100 | 10,100 | 6,227 | (3,873) |
| Miscellaneous | 3,640 | 3,640 | 2,356 | (1,284) |
| <i>Total Revenues</i> | 20,170 | 20,170 | 15,864 | (4,306) |
| EXPENDITURES | | | | |
| Personal services | 648,818 | 648,818 | 598,963 | 49,855 |
| Materials and services | 173,210 | 173,210 | 143,488 | 29,722 |
| Capital outlay | 10,125 | 10,125 | 8,363 | 1,762 |
| Contingency | 5,080 | 5,080 | - | 5,080 |
| <i>Total Expenditures</i> | 837,233 | 837,233 | 750,814 | 86,419 |
| REVENUES OVER (UNDER) EXPENDITURES | (817,063) | (817,063) | (734,950) | 82,113 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 763,000 | 763,000 | 763,000 | - |
| Transfers out | (12,743) | (12,743) | (12,743) | - |
| <i>Total Other Financing Sources and Uses</i> | 750,257 | 750,257 | 750,257 | - |
| NET CHANGE IN FUND BALANCE | (66,806) | (66,806) | 15,307 | 82,113 |
| FUND BALANCE, beginning of year | 66,806 | 66,806 | 89,138 | 22,332 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 104,445 | \$ 104,445 |

CITY OF AUMSVILLE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - STREET FUND
YEAR ENDED JUNE 30, 2015

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Intergovernmental | \$ 270,000 | \$ 270,000 | \$ 217,023 | \$ (52,977) |
| Miscellaneous | 4,526 | 4,526 | 1,019 | (3,507) |
| <i>Total Revenues</i> | 274,526 | 274,526 | 218,042 | (56,484) |
| EXPENDITURES | | | | |
| Personal services | 83,173 | 83,173 | 76,030 | 7,143 |
| Materials and services | 95,142 | 95,142 | 82,297 | 12,845 |
| Capital outlay | 293,000 | 293,000 | 141,273 | 151,727 |
| Contingency | 35,987 | 35,987 | - | 35,987 |
| <i>Total Expenditures</i> | 507,302 | 507,302 | 299,600 | 207,702 |
| REVENUES OVER (UNDER) EXPENDITURES | (232,776) | (232,776) | (81,558) | 151,218 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (13,561) | (13,561) | (13,561) | - |
| NET CHANGE IN FUND BALANCE | (246,337) | (246,337) | (95,119) | 151,218 |
| FUND BALANCE, beginning of year | 246,337 | 246,337 | 257,961 | 11,624 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 162,842 | \$ 162,842 |

CITY OF AUMSVILLE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – PARK SDC FUND
YEAR ENDED JUNE 30, 2015

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Licenses and permits | \$ 44,387 | \$ 44,387 | \$ 26,110 | \$ (18,277) |
| Miscellaneous | 600 | 600 | 631 | 31 |
| <i>Total Revenues</i> | 44,987 | 44,987 | 26,741 | (18,246) |
| EXPENDITURES | | | | |
| Materials and services | 11,000 | 10,800 | - | 10,800 |
| Capital outlay | 138,795 | 138,795 | 4,188 | 134,607 |
| <i>Total Expenditures</i> | 149,795 | 149,595 | 4,188 | 145,407 |
| REVENUES OVER (UNDER) | | | | |
| EXPENDITURES | (104,808) | (104,608) | 22,553 | 127,161 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (15,813) | (16,013) | (363) | 15,650 |
| NET CHANGE IN FUND BALANCE | (120,621) | (120,621) | 22,190 | 142,811 |
| FUND BALANCE, beginning of year | 120,621 | 120,621 | 115,049 | (5,572) |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 137,239 | \$ 137,239 |

CITY OF AUMSVILLE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - PUBLIC WORKS EQUIPMENT FUND
YEAR ENDED JUNE 30, 2015

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|----------------|-------------------|-------------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Miscellaneous | \$ 1,816 | \$ 1,816 | \$ 560 | \$ (1,256) |
| EXPENDITURES | | | | |
| Materials and services | 20,000 | 20,000 | - | 20,000 |
| Capital outlay | 149,591 | 149,591 | 54,353 | 95,238 |
| <i>Total Expenditures</i> | <u>169,591</u> | <u>169,591</u> | <u>54,353</u> | <u>115,238</u> |
| REVENUES OVER (UNDER) EXPENDITURES | (167,775) | (167,775) | (53,793) | 113,982 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 112,865 | 112,865 | 43,844 | (69,021) |
| Transfers out | (85,000) | (85,000) | (15,080) | 69,920 |
| <i>Total Other Financing Sources and Uses</i> | <u>27,865</u> | <u>27,865</u> | <u>28,764</u> | <u>899</u> |
| NET CHANGE IN FUND BALANCE | (139,910) | (139,910) | (25,029) | 114,881 |
| FUND BALANCE, beginning of year | <u>139,910</u> | <u>139,910</u> | <u>139,913</u> | <u>3</u> |
| FUND BALANCE, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 114,884</u> | <u>\$ 114,884</u> |

CITY OF AUMSVILLE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - PARK FUND
YEAR ENDED JUNE 30, 2015

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Charges for services | \$ 500 | \$ 500 | \$ 2,235 | \$ 1,735 |
| Intergovernmental | 28,000 | 28,000 | 28,926 | 926 |
| Miscellaneous | 49,780 | 49,780 | 49,466 | (314) |
| <i>Total Revenues</i> | 78,280 | 78,280 | 80,627 | 2,347 |
| EXPENDITURES | | | | |
| Personal services | 40,723 | 41,723 | 41,013 | 710 |
| Materials and services | 39,824 | 39,824 | 34,419 | 5,405 |
| Capital outlay | 20,000 | 20,000 | 5,379 | 14,621 |
| Contingency | 9,678 | 8,678 | - | 8,678 |
| <i>Total Expenditures</i> | 110,225 | 110,225 | 80,811 | 29,414 |
| REVENUES OVER (UNDER) EXPENDITURES | (31,945) | (31,945) | (184) | 31,761 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 2,545 | 2,545 | 6,732 | 4,187 |
| Transfers out | (1,500) | (1,500) | (1,500) | - |
| <i>Total Other Financing Sources and Uses</i> | 1,045 | 1,045 | 5,232 | 4,187 |
| NET CHANGE IN FUND BALANCE | (30,900) | (30,900) | 5,048 | 35,948 |
| FUND BALANCE, beginning of year | 30,900 | 30,900 | 34,547 | 3,647 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 39,595 | \$ 39,595 |

CITY OF AUMSVILLE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – BIKEWAY/PEDESTRIAN FUND

YEAR ENDED JUNE 30, 2015

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Intergovernmental | \$ 1,875 | \$ 1,875 | \$ 2,192 | \$ 317 |
| Miscellaneous | 20 | 20 | 26 | 6 |
| <i>Total Revenues</i> | 1,895 | 1,895 | 2,218 | 323 |
| EXPENDITURES | | | | |
| Capital outlay | 7,500 | 11,500 | 11,500 | - |
| NET CHANGE IN FUND BALANCE | (10,899) | (10,899) | (9,282) | 1,617 |
| FUND BALANCE, beginning of year | 10,899 | 10,899 | 10,993 | 94 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 1,711 | \$ 1,711 |

CITY OF AUMSVILLE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – OPRD GRANT FUND

YEAR ENDED JUNE 30, 2015

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Intergovernmental | \$ 90,141 | \$ 90,141 | \$ 67,941 | \$ (22,200) |
| Miscellaneous | 15 | 15 | 30 | 15 |
| <i>Total Revenues</i> | 90,156 | 90,156 | 67,971 | (22,185) |
| EXPENDITURES | | | | |
| Materials and services | 3,364 | 6,304 | 6,300 | 4 |
| Capital outlay | 118,112 | 115,172 | 97,513 | 17,659 |
| <i>Total Expenditures</i> | 121,476 | 121,476 | 103,813 | 17,663 |
| REVENUES OVER (UNDER) EXPENDITURES | (31,320) | (31,320) | (35,842) | (4,522) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 98,068 | 98,068 | 15,080 | (82,988) |
| Transfers out | (85,115) | (85,115) | (21,826) | 63,289 |
| <i>Total Other Financing Sources and Uses</i> | 12,953 | 12,953 | (6,746) | (19,699) |
| NET CHANGE IN FUND BALANCE | (18,367) | (18,367) | (42,588) | (24,221) |
| FUND BALANCE, beginning of year | 18,367 | 18,367 | 42,588 | 24,221 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ - | \$ - |

CITY OF AUMSVILLE, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (MODIFIED CASH BASIS) - BUDGET AND ACTUAL – INVESTMENT IN AUMSVILLE FAMILY & CHILDREN FUND
YEAR ENDED JUNE 30, 2015**

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Miscellaneous | \$ 24,310 | \$ 24,310 | \$ 5,265 | \$ (19,045) |
| EXPENDITURES | | | | |
| Personal services | 1,500 | 1,500 | - | 1,500 |
| Materials and services | 23,570 | 23,570 | 6,608 | 16,962 |
| Capital outlay | 1,000 | 1,000 | - | 1,000 |
| <i>Total Expenditures</i> | 26,070 | 26,070 | 6,608 | 19,462 |
| NET CHANGE IN FUND BALANCE | (1,760) | (1,760) | (1,343) | 417 |
| FUND BALANCE, beginning of year | 1,760 | 1,760 | 2,616 | 856 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 1,273 | \$ 1,273 |

CITY OF AUMSVILLE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – TRANSPORTATION SYSTEM SDC FUND

YEAR ENDED JUNE 30, 2015

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Licenses and permits | \$ 17,000 | \$ 17,000 | \$ 10,000 | \$ (7,000) |
| Miscellaneous | 45 | 45 | 61 | 16 |
| <i>Total Revenues</i> | 17,045 | 17,045 | 10,061 | (6,984) |
| EXPENDITURES | | | | |
| Personal services | 2,000 | 2,000 | - | 2,000 |
| Materials and services | 20,052 | 20,052 | - | 20,052 |
| <i>Total Expenditures</i> | 22,052 | 22,052 | - | 22,052 |
| NET CHANGE IN FUND BALANCE | (5,007) | (5,007) | 10,061 | 15,068 |
| FUND BALANCE, beginning of year | 5,007 | 5,007 | 7,006 | 1,999 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 17,067 | \$ 17,067 |

CITY OF AUMSVILLE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – VEHICLE REPLACEMENT FUND
YEAR ENDED JUNE 30, 2015

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Miscellaneous | \$ 294 | \$ 294 | \$ 316 | \$ 22 |
| EXPENDITURES | | | | |
| Capital outlay | 66,953 | 66,953 | 6,017 | 60,936 |
| REVENUES OVER (UNDER) EXPENDITURES | (66,659) | (66,659) | (5,701) | 60,958 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 9,500 | 9,500 | 9,500 | - |
| NET CHANGE IN FUND BALANCE | (57,159) | (57,159) | 3,799 | 60,958 |
| FUND BALANCE, beginning of year | 57,159 | 57,159 | 57,169 | 10 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 60,968 | \$ 60,968 |

CITY OF AUMSVILLE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - MAJOR OFFICE EQUIPMENT FUND
YEAR ENDED JUNE 30, 2015

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Miscellaneous | \$ 189 | \$ 189 | \$ 139 | \$ (50) |
| EXPENDITURES | | | | |
| Capital outlay | 39,306 | 39,306 | 23,899 | 15,407 |
| REVENUES OVER (UNDER) | | | | |
| EXPENDITURES | (39,117) | (39,117) | (23,760) | 15,357 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 17,832 | 17,832 | 17,832 | - |
| NET CHANGE IN FUND BALANCE | (21,285) | (21,285) | (5,928) | 15,357 |
| FUND BALANCE, beginning of year | 21,285 | 21,285 | 20,414 | (871) |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 14,486 | \$ 14,486 |

CITY OF AUMSVILLE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - CITY RESERVE FUND****YEAR ENDED JUNE 30, 2015**

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Miscellaneous | \$ 308 | \$ 308 | \$ 328 | \$ 20 |
| EXPENDITURES | | | | |
| Materials and services | 31,050 | 31,050 | - | 31,050 |
| Capital outlay | 38,386 | 38,386 | - | 38,386 |
| <i>Total Expenditures</i> | 69,436 | 69,436 | - | 69,436 |
| REVENUES OVER (UNDER) EXPENDITURES | (69,128) | (69,128) | 328 | 69,456 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 10,000 | 10,000 | 10,000 | - |
| NET CHANGE IN FUND BALANCE | (59,128) | (59,128) | 10,328 | 69,456 |
| FUND BALANCE, beginning of year | 59,128 | 59,128 | 59,130 | 2 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 69,458 | \$ 69,458 |

CITY OF AUMSVILLE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - WATER FUND
YEAR ENDED JUNE 30, 2015

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Charges for services | \$ 597,215 | \$ 597,215 | \$ 597,000 | \$ (215) |
| Miscellaneous | 2,005 | 2,005 | 3,560 | 1,555 |
| <i>Total Revenues</i> | 599,220 | 599,220 | 600,560 | 1,340 |
| EXPENDITURES | | | | |
| Personal services | 370,435 | 370,435 | 355,956 | 14,479 |
| Materials and services | 143,470 | 143,470 | 136,296 | 7,174 |
| Debt service | | | | |
| Principal | 21,365 | 21,365 | 21,826 | (461) |
| Interest | 9,140 | 9,140 | 8,678 | 462 |
| Capital outlay | 18,500 | 18,500 | 8,924 | 9,576 |
| Contingency | 45,849 | 42,824 | - | 42,824 |
| <i>Total Expenditures</i> | 608,759 | 605,734 | 531,680 | 74,054 |
| REVENUES OVER (UNDER) EXPENDITURES | (9,539) | (6,514) | 68,880 | 75,394 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (124,966) | (127,991) | (127,988) | 3 |
| CHANGE IN FUND BALANCE | (134,505) | (134,505) | (59,108) | 75,397 |
| FUND BALANCE, beginning of year | 134,505 | 134,505 | 137,741 | 3,236 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 78,633 | \$ 78,633 |

CITY OF AUMSVILLE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - SEWER FUND
YEAR ENDED JUNE 30, 2015

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Charges for services | \$ 671,665 | \$ 671,665 | \$ 635,797 | \$ (35,868) |
| Miscellaneous | 6,500 | 6,500 | 6,832 | 332 |
| <i>Total Revenues</i> | 678,165 | 678,165 | 642,629 | (35,536) |
| EXPENDITURES | | | | |
| Personal services | 349,387 | 349,387 | 335,507 | 13,880 |
| Materials and services | 127,178 | 127,178 | 107,197 | 19,981 |
| Debt service | | | | |
| Principal | 71,961 | 71,961 | 71,961 | - |
| Interest | 70,688 | 70,688 | 70,687 | 1 |
| Capital outlay | 13,500 | 13,500 | 6,570 | 6,930 |
| Contingency | 118,629 | 115,389 | - | 115,389 |
| <i>Total Expenditures</i> | 751,343 | 748,103 | 591,922 | 156,181 |
| REVENUES OVER (UNDER) EXPENDITURES | (73,178) | (69,938) | 50,707 | 120,645 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (95,466) | (98,706) | (98,701) | 5 |
| CHANGE IN FUND BALANCE | (168,644) | (168,644) | (47,994) | 120,650 |
| FUND BALANCE, beginning of year | 168,644 | 168,644 | 164,576 | (4,068) |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 116,582 | \$ 116,582 |

CITY OF AUMSVILLE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - WATER IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2015

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|----------------|-------------------|-------------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Miscellaneous | \$ 500 | \$ 500 | \$ 891 | \$ 391 |
| EXPENDITURES | | | | |
| Materials and services | 234,390 | 201,390 | 14,215 | 187,175 |
| Capital outlay | 49,822 | 82,822 | 81,626 | 1,196 |
| <i>Total Expenditures</i> | <u>284,212</u> | <u>284,212</u> | <u>95,841</u> | <u>188,371</u> |
| REVENUES OVER (UNDER) EXPENDITURES | (283,712) | (283,712) | (94,950) | 188,762 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>100,000</u> | <u>100,000</u> | <u>100,000</u> | <u>-</u> |
| CHANGE IN FUND BALANCE | (183,712) | (183,712) | 5,050 | 188,762 |
| FUND BALANCE, beginning of year | <u>183,712</u> | <u>183,712</u> | <u>215,004</u> | <u>31,292</u> |
| FUND BALANCE, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 220,054</u> | <u>\$ 220,054</u> |

CITY OF AUMSVILLE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - SEWER IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2015

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|--------------------|--------------------------|--------------------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Miscellaneous | \$ 715 | \$ 715 | \$ 706 | \$ (9) |
| EXPENDITURES | | | | |
| Materials and services | 140,000 | 140,000 | 1,544 | 138,456 |
| Capital outlay | 52,447 | 52,447 | - | 52,447 |
| <i>Total Expenditures</i> | <u>192,447</u> | <u>192,447</u> | <u>1,544</u> | <u>190,903</u> |
| REVENUES OVER (UNDER) EXPENDITURES | (191,732) | (191,732) | (838) | 190,894 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>70,000</u> | <u>70,000</u> | <u>70,000</u> | <u>-</u> |
| CHANGE IN FUND BALANCE | (121,732) | (121,732) | 69,162 | 190,894 |
| FUND BALANCE, beginning of year | <u>121,732</u> | <u>121,732</u> | <u>121,751</u> | <u>19</u> |
| FUND BALANCE, end of year | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 190,913</u></u> | <u><u>\$ 190,913</u></u> |

CITY OF AUMSVILLE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - WATER SDC FUND****YEAR ENDED JUNE 30, 2015**

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Licenses and permits | \$ 69,265 | \$ 69,265 | \$ 41,082 | \$ (28,183) |
| Miscellaneous | 450 | 450 | 651 | 201 |
| <i>Total Revenues</i> | 69,715 | 69,715 | 41,733 | (27,982) |
| EXPENDITURES | | | | |
| Materials and services | 33,500 | 35,450 | 31,091 | 4,359 |
| Capital outlay | 212,516 | 210,516 | 159,776 | 50,740 |
| <i>Total Expenditures</i> | 246,016 | 245,966 | 190,867 | 55,099 |
| REVENUES OVER (UNDER) EXPENDITURES | (176,301) | (176,251) | (149,134) | 27,117 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (150) | (200) | (193) | 7 |
| CHANGE IN FUND BALANCE | (176,451) | (176,451) | (149,327) | 27,124 |
| FUND BALANCE, beginning of year | 176,451 | 176,451 | 239,473 | 63,022 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 90,146 | \$ 90,146 |

CITY OF AUMSVILLE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - SEWER SDC FUND****YEAR ENDED JUNE 30, 2015**

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Licenses and permits | \$ 92,106 | \$ 92,106 | \$ 54,630 | \$ (37,476) |
| Miscellaneous | 1,200 | 1,200 | 874 | (326) |
| <i>Total Revenues</i> | 93,306 | 93,306 | 55,504 | (37,802) |
| EXPENDITURES | | | | |
| Materials and services | 20,150 | 19,950 | - | 19,950 |
| Capital outlay | 208,867 | 208,867 | - | 208,867 |
| <i>Total Expenditures</i> | 229,017 | 228,817 | - | 228,817 |
| REVENUES OVER (UNDER) EXPENDITURES | (135,711) | (135,511) | 55,504 | 191,015 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | (200) | (193) | 7 |
| CHANGE IN FUND BALANCE | (135,711) | (135,711) | 55,311 | 191,022 |
| FUND BALANCE, beginning of year | 135,711 | 135,711 | 146,576 | 10,865 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 201,887 | \$ 201,887 |

OTHER SCHEDULES

CITY OF AUMSVILLE, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2015

| <i>Tax Year</i> | <i>Uncollected Balances July 1, 2014</i> | <i>2014-2015 Levy</i> | <i>Added To Rolls</i> | <i>Interest, Discounts & Adjustments</i> | <i>Turnovers</i> | <i>Uncollected Balances June 30, 2015</i> |
|------------------------|---|----------------------------------|----------------------------------|---|-------------------------|--|
| 2014-15 | \$ - | \$ 656,659 | \$ 61 | \$ (19,268) | \$ (620,333) | \$ 17,119 |
| 2013-14 | 18,614 | - | - | (198) | (10,326) | 8,090 |
| 2012-13 | 9,633 | - | - | (152) | (4,499) | 4,982 |
| 2011-12 | 5,387 | - | - | (58) | (3,447) | 1,882 |
| 2010-11 | 1,962 | - | - | (42) | (1,219) | 701 |
| 2009-10 | 689 | - | - | (35) | (156) | 498 |
| 2008-09 | 385 | - | - | (30) | (84) | 271 |
| Prior Years | 1,030 | - | - | (74) | (63) | 893 |
| Total | \$ 37,700 | \$ 656,659 | \$ 61 | \$ (19,857) | \$ (640,127) | \$ 34,436 |

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

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

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Mayor and City Council
City of Aumsville
595 Main Street
Aumsville, Oregon 97325

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Aumsville, Oregon as of and for the year ended June 30, 2015, and have issued our report thereon dated December 29, 2015.

Compliance and Other Matters

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

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

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

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except the Oregon Business Development Department (formerly OECDD) requires the City to prepare financial statements in accordance with generally accepted accounting principals. The City was not in compliance with this requirement.


Internal Control Over Financial Reporting

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

Restriction on Use

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

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

By: 

Devan W. Esch, A Shareholder

December 29, 2015