

***CITY OF AUMSVILLE, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2018***

MAYOR

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

CITY COUNCIL MEMBERS

Della Seney, President, Transportation Commissioner
595 Main St
Aumsville, Oregon 97325

Gus Bedwell, Commissioner
595 Main St
Aumsville, Oregon 97325

Gabe Clayton, Commissioner
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Brian Czarnik, Commissioner
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Larry Purdy, Commissioner
595 Main St
Aumsville, Oregon 97325

CITY ADMINISTRATION

Ronald Harding, City Administrator
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MAILING ADDRESS

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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, 2018, 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, 2018, 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.

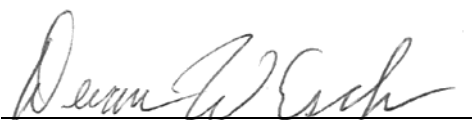
The supplemental information as listed in the table of contents is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures 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 14, 2018, 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 14, 2018



City of Aumsville

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FYE 2018 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, 2018.

Financial Highlights

	June 30,		change
	2018	2017	
Net position	\$ 10,658,776	\$ 9,417,736	\$ 1,241,040
Change in net position	1,241,040	508,740	732,300
Governmental net position	6,179,794	5,528,093	651,701
Proprietary net position	4,478,982	3,889,643	589,339
Change in governmental net position	651,701	313,619	338,082
Change in proprietary net position	589,339	195,121	394,218

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 \$10,658,776 at June 30, 2018.

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

	2018			2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 1,788,804	\$ 1,854,405	\$ 3,643,209	\$ 1,130,850	\$ 1,188,193	\$ 2,319,043
Non-depreciable capital assets	332,780	11,457	344,237	430,974	495,832	926,806
Depreciable capital assets, net	4,102,439	4,488,852	8,591,291	4,001,919	4,179,326	8,181,245
Total assets	6,224,023	6,354,714	12,578,737	5,563,743	5,863,351	11,427,094
Deposits	24,429	55,672	80,101	6,950	56,034	62,984
Long-term liabilities						
Portion due within one year	8,900	85,973	94,873	8,900	85,109	94,009
Portion due in more than one year	10,900	1,734,087	1,744,987	19,800	1,832,565	1,852,365
Total liabilities	44,229	1,875,732	1,919,961	35,650	1,973,708	2,009,358
Net position:						
Net investment in capital assets	4,415,419	2,680,249	7,095,668	4,404,193	2,757,484	7,161,677
Restricted	475,579	730,230	1,205,809	304,569	360,251	664,820
Unrestricted	1,288,796	1,068,503	2,357,299	819,331	771,908	1,591,239
Total Net Position	\$ 6,179,794	\$ 4,478,982	\$ 10,658,776	\$ 5,528,093	\$ 3,889,643	\$ 9,417,736

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.

The *Net Investment in Capital Assets* represents the cost of capital assets less accumulated depreciation and less any debt incurred for the acquisition of capital assets.

CITY OF AUMSVILLE CHANGES IN NET POSITION

The City's total revenues were approximately \$4.2 million, of this an approximate 83% were from charges for services, fines, fees, permits, licenses and other sources. The remaining 17% came from property taxes.

The total cost of all programs and services was approximately \$2.9 million. Costs for utilities were approximately \$1.3 million (44%) and the remainder was for general government, public safety, streets, highways and other governmental activities.

Statements of Activities (Modified Cash Basis)

June 30,

	2018			2017		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues						
Program Revenues						
Charges for service	\$ 309,353	\$ 1,527,254	\$ 1,836,607	\$ 167,475	\$ 1,341,846	\$ 1,509,321
Operating grants	329,204	-	329,204	376,107	-	376,107
Capital grants	444,853	363,498	808,351	97,774	60,553	158,327
General Revenues						
Taxes and assessments	717,831	-	717,831	691,555	-	691,555
Franchise taxes	265,091	-	265,091	259,841	-	259,841
Intergovernmental	75,981	-	75,981	65,023	-	65,023
Miscellaneous	97,718	48,588	146,306	67,751	37,395	105,146
<i>Total Revenues</i>	<u>2,240,031</u>	<u>1,939,340</u>	<u>4,179,371</u>	<u>1,725,526</u>	<u>1,439,794</u>	<u>3,165,320</u>
Expenses						
General government	696,307	-	696,307	443,836	-	443,836
Public safety	826,671	-	826,671	766,919	-	766,919
Transportation	19,112	-	19,112	146,120	-	146,120
Community development	106,390	-	106,390	116,483	-	116,483
Interest on long-term debt	-	-	-	2,166	-	2,166
Water	-	625,899	625,899	-	508,786	508,786
Sewer	-	663,952	663,952	-	672,270	672,270
<i>Total Expenses</i>	<u>1,648,480</u>	<u>1,289,851</u>	<u>2,938,331</u>	<u>1,475,524</u>	<u>1,181,056</u>	<u>2,656,580</u>
Transfers	60,150	(60,150)	-	63,617	(63,617)	-
Change in net position	651,701	589,339	1,241,040	313,619	195,121	508,740
Net position, beginning of year	5,528,093	3,889,643	9,417,736	5,214,474	3,694,522	8,908,996
Net position, end of year	<u>\$ 6,179,794</u>	<u>\$ 4,478,982</u>	<u>\$ 10,658,776</u>	<u>\$ 5,528,093</u>	<u>\$ 3,889,643</u>	<u>\$ 9,417,736</u>

GOVERNMENTAL ACTIVITIES

The cost for all *governmental* activities was \$1,648,480 for the year ended June 30, 2018. The amount that our taxpayers paid was only \$717,831 through property taxes. Those who directly benefited from the programs (fines, fees and charges for services) paid \$309,353 or 17%.

Net position of the governmental-type activities increased by \$651,701 during the fiscal year ended June 30, 2018.

BUSINESS-TYPE ACTIVITIES

The cost for all *business-type* activities totaled \$1,289,851 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 \$589,339 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, which are water and sewer.

The City's governmental funds reported combined ending fund balances of \$1,764,375 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 \$576,060 as of June 30, 2018. This was an increase of \$205,460 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 48% of total expenditures.

Street Fund. The Street Fund accounts for street maintenance and improvements. The fund balance increased by \$76,175 during the year, due to expenditures being under budget.

Special Projects Fund. This fund was created in the current fiscal year for the purposes of tracking grant money received from the Oregon Department of Transportation through the Safe Routes to Schools program. The fund had a restricted ending fund balance of \$229,628 which will be used to improve sidewalks during fiscal year 2018-19.

Transportation System SDC Fund. The fund balance increased by \$135,399 during the year as a result of limited spending.

The City's enterprise funds reported \$1,798,733 combined ending fund balance at year end.

Major Proprietary Funds:

Water – Water fund revenues are from charges for services and expenditures are for personal services, materials and services, capital acquisitions and debt payments. The fund's net position increased \$129,989 during the year as a result of rate increases and conservative spending.

Sewer – The Sewer fund revenues are from charges for services and expenditures are for personal services, materials and services, and capital acquisitions. The fund's net position increased by \$103,967 during the year which was also the result of rate increases and conservative spending.

Water improvement – The Water improvement fund revenues are from transfers in from the Water fund and expenditures are for capital acquisitions and materials and services. The fund's net position increased by \$40,063 during the year due to transfers in and minimal expenditures.

Sewer improvement - The Sewer improvement fund revenues are from transfers in from the Sewer fund and expenditures are for capital acquisitions and materials and services. The fund's net position increased by \$22,576 during the year due to transfers in and minimal expenditures.

Sewer SDC - The Sewer SDC fund revenues are from system development charges, and expenditures are for capital acquisitions and materials and services. The fund's net position increased by \$198,518 during the year due to minimal expenditures.

Water SDC – The Water SDC fund revenues are from system development charges, and expenditures are for development of the water system. The fund's net position increased by \$171,461 during the year due to minimal expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City Council made one adjustment to the adopted budget for the General Fund during the fiscal year ended June 30, 2018.

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, 2018 and 2017					
	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 301,607	\$ 301,607	\$ -	\$ -	\$ 301,607	\$ 301,607
Construction in progress	31,173	129,367	11,457	495,832	42,630	625,199
Buildings	1,894,018	1,759,364	199,324	199,324	2,093,342	1,958,688
Equipment and vehicles	513,812	492,367	2,049,939	2,041,589	2,563,751	2,533,956
Infrastructure	3,335,526	3,203,974	5,167,219	4,682,844	8,502,745	7,886,818
	6,076,136	5,886,679	7,427,939	7,419,589	13,504,075	13,306,268
Less: accumulated depreciation	(1,640,917)	(1,453,786)	(2,927,630)	(2,744,431)	(4,568,547)	(4,198,217)
Net capital assets	<u>\$ 4,435,219</u>	<u>\$ 4,432,893</u>	<u>\$ 4,500,309</u>	<u>\$ 4,675,158</u>	<u>\$ 8,935,528</u>	<u>\$ 9,108,051</u>

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, 2018					
	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
OECD Water loan	\$ -	\$ -	\$ 103,852	\$ 128,773	\$ 103,852	\$ 128,773
OECD Public works loan	-	-	1,716,208	1,788,901	1,716,208	1,788,901
Vision Municipal Solutions	19,800	28,700	-	-	19,800	28,700
	<u>\$ 19,800</u>	<u>\$ 28,700</u>	<u>\$ 1,820,060</u>	<u>\$ 1,917,674</u>	<u>\$ 1,839,860</u>	<u>\$ 1,946,374</u>

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 2018-19 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 2018-19 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.
- No increase in employee retirement contribution rates in FY 2018-19.

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 Ronald Harding, City Administrator at (503) 749-2030 extension: 301, 595 Main Street, Aumsville, Oregon, 97325.

BASIC FINANCIAL STATEMENTS

CITY OF AUMSVILLE, OREGON
STATEMENT OF NET POSITION (MODIFIED CASH BASIS)
JUNE 30, 2018

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
ASSETS			
Cash and cash equivalents	\$ 1,788,804	\$ 1,854,405	\$ 3,643,209
Non-depreciable capital assets	332,780	11,457	344,237
Depreciable capital assets, net	4,102,439	4,488,852	8,591,291
<i>Total Assets</i>	6,224,023	6,354,714	12,578,737
LIABILITIES			
Deposits	24,429	55,672	80,101
Long-term liabilities			
Portion due within one year	8,900	85,973	94,873
Portion due in more than one year	10,900	1,734,087	1,744,987
<i>Total Liabilities</i>	44,229	1,875,732	1,919,961
NET POSITION			
Net investment in capital assets	4,415,419	2,680,249	7,095,668
Restricted for:			
Capital outlay	66,990	730,230	797,220
Streets	408,589	-	408,589
Unrestricted	1,288,796	1,068,503	2,357,299
<i>Total Net Position</i>	\$ 6,179,794	\$ 4,478,982	\$ 10,658,776

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, 2018

	<i>Expenses</i>	<i>Program Revenues</i>		
		<i>Fees, Fines and Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>
<i>FUNCTIONS/PROGRAMS</i>				
<i>Governmental activities:</i>				
General government	\$ 696,307	\$ 162,292	\$ -	\$ -
Public safety	826,671	127,940	15,236	-
Transportation	19,112	-	249,308	366,523
Community development	106,390	19,121	64,660	78,330
<i>Total Governmental activities</i>	1,648,480	309,353	329,204	444,853
<i>Business-type activities:</i>				
Water	625,899	769,856	-	169,421
Sewer	663,952	757,398	-	194,077
<i>Total Business-type activities</i>	1,289,851	1,527,254	-	363,498
<i>Total Activities</i>	\$ 2,938,331	\$ 1,836,607	\$ 329,204	\$ 808,351
<i>General revenues:</i>				
Property taxes				
Franchise taxes				
Intergovernmental				
Miscellaneous				
<i>Total General revenues</i>				
<i>Transfers</i>				
<i>Change in net position</i>				
<i>Net position - beginning of year</i>				
<i>Net position - end of year</i>				

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

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
\$ (534,015)	\$ -	\$ (534,015)
(683,495)	-	(683,495)
596,719	-	596,719
55,721	-	55,721
<hr/>		
(565,070)	-	(565,070)
<hr/>		
-	313,378	313,378
-	287,523	287,523
<hr/>		
-	600,901	600,901
<hr/>		
(565,070)	600,901	35,831
<hr/>		
717,831	-	717,831
265,091	-	265,091
75,981	-	75,981
97,718	48,588	146,306
<hr/>		
1,156,621	48,588	1,205,209
<hr/>		
60,150	(60,150)	-
<hr/>		
651,701	589,339	1,241,040
<hr/>		
5,528,093	3,889,643	9,417,736
<hr/>		
\$ 6,179,794	\$ 4,478,982	\$ 10,658,776
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The accompanying notes are an integral part of the financial statements.

CITY OF AUMSVILLE, OREGON

BALANCE SHEET (MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS

JUNE 30, 2018

		<u>Special Revenue</u>	
	<u>General</u>	<u>Street</u>	<u>Special Projects</u>
ASSETS			
Cash and cash equivalents	\$ 600,489	\$ 175,456	\$ 229,628
LIABILITIES AND FUND BALANCE			
Liabilities			
Deposits	\$ 24,429	\$ -	\$ -
Fund Balance			
Restricted for:			
Capital acquisitions	-	-	-
Streets	-	175,456	229,628
Committed to:			
Community development	-	-	-
Public safety	218,575	-	-
Capital acquisitions	-	-	-
Unassigned	357,485	-	-
<i>Total Fund Balance</i>	<u>576,060</u>	<u>175,456</u>	<u>229,628</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 600,489</u>	<u>\$ 175,456</u>	<u>\$ 229,628</u>

**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

Net position

<i>Capital Projects</i>		
<i>Transportation System SDC</i>	<i>Other Governmental Funds</i>	<i>Total</i>
\$ 226,704	\$ 556,527	\$ 1,788,804
\$ -	\$ -	\$ 24,429
-	66,990	66,990
-	3,505	408,589
-	86,528	86,528
-	-	218,575
226,704	399,504	626,208
-	-	357,485
226,704	556,527	1,764,375
\$ 226,704	\$ 556,527	\$ 1,788,804
		\$ 1,764,375
		6,076,136
		(1,640,917)
		(19,800)
		\$ 6,179,794

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, 2018**

	Special Revenue		
	General	Street	Special Projects
REVENUES			
Taxes and assessments	\$ 717,832	\$ -	\$ -
Fines and forfeitures	43,060	-	-
Licenses and permits	427,383	-	-
Charges for services	84,880	-	229,628
Intergovernmental	87,944	252,907	-
Miscellaneous	46,013	2,476	-
<i>Total Revenues</i>	<u>1,407,112</u>	<u>255,383</u>	<u>229,628</u>
EXPENDITURES			
General government	365,691	-	-
Public safety	833,552	-	-
Transportation	-	154,114	-
Community development	-	-	-
Capital acquisitions	12,057	11,600	-
Debt payments			
Principal	-	-	-
<i>Total Expenditures</i>	<u>1,211,300</u>	<u>165,714</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	195,812	89,669	229,628
OTHER FINANCING SOURCES (USES)			
Transfers in	829,384	-	-
Transfers out	(819,736)	(13,494)	-
<i>Total Other Financing Sources (Uses)</i>	<u>9,648</u>	<u>(13,494)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	205,460	76,175	229,628
FUND BALANCE, beginning of year	370,600	99,281	-
FUND BALANCE, end of year	<u>\$ 576,060</u>	<u>\$ 175,456</u>	<u>\$ 229,628</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 acquisitions are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital acquisitions over the estimated useful life as depreciation expense:

Capital acquisitions
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>Capital Projects</i>		
<i>Transportation System SDC</i>	<i>Other Governmental Funds</i>	<i>Total</i>
\$ -	\$ -	\$ 717,832
-	-	43,060
133,297	78,330	639,010
-	1,265	315,773
-	49,743	390,594
2,170	83,103	133,762
<u>135,467</u>	<u>212,441</u>	<u>2,240,031</u>
-	-	365,691
-	9,645	843,197
-	-	154,114
-	104,749	104,749
-	159,398	183,055
-	8,900	8,900
<u>-</u>	<u>282,692</u>	<u>1,659,706</u>
135,467	(70,251)	580,325
-	84,882	914,266
(68)	(20,818)	(854,116)
<u>(68)</u>	<u>64,064</u>	<u>60,150</u>
135,399	(6,187)	640,475
91,305	562,714	1,123,900
<u>\$ 226,704</u>	<u>\$ 556,527</u>	<u>\$ 1,764,375</u>
		\$ 640,475
		189,457
		(187,131)
		8,900
		<u>\$ 651,701</u>

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, 2018

	<u>Water</u>	<u>Sewer</u>	<u>Water Improvement</u>
ASSETS			
Cash and cash equivalents	\$ 295,182	\$ 275,416	\$ 352,684
LIABILITIES			
Deposits	27,836	27,836	-
NET POSITION			
Restricted for capital outlay	-	-	-
Unrestricted	267,346	247,580	352,684
<i>Total Net Position</i>	<u>\$ 267,346</u>	<u>\$ 247,580</u>	<u>\$ 352,684</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

<i>Sewer Improvement</i>	<i>Sewer SDC</i>	<i>Water SDC</i>	<i>Total</i>
\$ 200,893	\$ 439,977	\$ 290,253	\$ 1,854,405
-	-	-	55,672
-	439,977	290,253	730,230
200,893	-	-	1,068,503
<u>\$ 200,893</u>	<u>\$ 439,977</u>	<u>\$ 290,253</u>	<u>\$ 1,798,733</u>
			\$ 1,798,733
			7,427,939
			(2,927,630)
			(103,852)
			(1,716,208)
			<u>\$ 4,478,982</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, 2018**

	<u>Water</u>	<u>Sewer</u>	<u>Water Improvement</u>
OPERATING REVENUES			
Charges for services	\$ 769,856	\$ 757,398	\$ -
Miscellaneous	7,281	16,318	-
<i>Total Operating Revenues</i>	<u>777,137</u>	<u>773,716</u>	<u>-</u>
OPERATING EXPENSES			
Personal services	399,440	376,375	-
Materials and services	127,004	105,623	7,549
<i>Total Operating Expenses</i>	<u>526,444</u>	<u>481,998</u>	<u>7,549</u>
OPERATING INCOME	250,693	291,718	(7,549)
NONOPERATING ITEMS			
Capital acquisitions	(22,717)	(2,305)	-
Interest revenue	4,530	3,672	5,612
Debt payments			
Principal	(24,921)	(72,693)	-
Interest	(5,679)	(66,355)	-
<i>Total Nonoperating Items</i>	<u>(48,787)</u>	<u>(137,681)</u>	<u>5,612</u>
NET INCOME BEFORE CONTRIBUTION AND TRANSFERS			
Capital contributions	-	-	-
Transfers in	-	-	42,000
Transfers out	(71,917)	(50,070)	-
CHANGE IN NET POSITION	129,989	103,967	40,063
NET POSITION, beginning of year	<u>137,357</u>	<u>143,613</u>	<u>312,621</u>
NET POSITION, end of year	<u>\$ 267,346</u>	<u>\$ 247,580</u>	<u>\$ 352,684</u>

***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 acquisitions are reported as expenditures in the budgetary financial statements. However, the Statement of Activities allocates the cost of capital acquisitions over the estimated useful life as depreciation expense

Capital acquisitions
Depreciation expense

Debt principal paid is reported as an expenditure in the budgetary financial statements. 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>Sewer SDC</i>	<i>Water SDC</i>	<i>Total</i>
\$ -	\$ -	\$ -	\$ 1,527,254
-	-	-	23,599
-	-	-	1,550,853
-	-	-	775,815
646	646	663	242,131
646	646	663	1,017,946
(646)	(646)	(663)	532,907
-	-	-	(25,022)
3,222	5,155	2,798	24,989
-	-	-	(97,614)
-	-	-	(72,034)
3,222	5,155	2,798	(169,681)
-	194,077	169,421	363,498
20,000	-	-	62,000
-	(68)	(95)	(122,150)
22,576	198,518	171,461	666,574
178,317	241,459	118,792	1,132,159
\$ 200,893	\$ 439,977	\$ 290,253	\$ 1,798,733
			\$ 666,574
			8,350
			(183,199)
			97,614
			\$ 589,339

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.

Special Projects Fund – Accounts for revenues received from the Oregon Department of Transportation through the Safe Routes to Schools program.

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

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.

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

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

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

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 Improvement 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.

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

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

The City reports no nonmajor proprietary funds.

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.

CITY OF AUMSVILLE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

Resources that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. 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.

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. Budgetary 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.

CITY OF AUMSVILLE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

- 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.

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. 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. Additionally, capital assets and long-term debt are reported only in the government-wide financial statements.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 a program basis, therefore, cash expenditures of a fund may not legally exceed that fund's appropriations for a program. 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, 2018. Actual results may differ from such estimates.

CASH AND CASH EQUIVALENTS

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

Cash	
Cash on hand	\$ 1,540
Demand deposits	25,706
Investments	
Local Government Investment Pool	3,615,963
	<u>3,643,209</u>
	<u><u>\$ 3,643,209</u></u>

Deposits

The book balance of the City's bank deposits was \$25,706 and the bank balance was \$96,145 at year end. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

CITY OF AUMSVILLE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions 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 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, 2018, 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, 2018, 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

CITY OF AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

CASH AND CASH EQUIVALENTS (Continued)

Custodial Risk – Local Governmental Investment Pool (Continued)

Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

CAPITAL ASSETS

The summary of capital assets for governmental activities for the year ended June 30, 2018 is as follows:

	<i>Balances July 1, 2017</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2018</i>
Non-depreciable				
Construction in progress	\$ 129,367	\$ 15,049	\$ (113,243)	\$ 31,173
Land	301,607	-	-	301,607
<i>Total non-depreciable</i>	<u>430,974</u>	<u>15,049</u>	<u>(113,243)</u>	<u>332,780</u>
Depreciable				
Buildings and improvements	1,759,364	134,654	-	1,894,018
Equipment	492,367	21,445	-	513,812
Infrastructure	3,203,974	131,552	-	3,335,526
<i>Total depreciable</i>	<u>5,455,705</u>	<u>287,651</u>	<u>-</u>	<u>5,743,356</u>
Accumulated depreciation				
Buildings and improvements	(399,568)	(52,123)	-	(451,691)
Equipment	(357,677)	(30,875)	-	(388,552)
Infrastructure	(696,541)	(104,133)	-	(800,674)
Less accumulated depreciation	<u>(1,453,786)</u>	<u>(187,131)</u>	<u>-</u>	<u>(1,640,917)</u>
<i>Total depreciable capital assets, net</i>	<u>4,001,919</u>	<u>100,520</u>	<u>-</u>	<u>4,102,439</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 4,432,893</u>	<u>\$ 115,569</u>	<u>\$ (113,243)</u>	<u>\$ 4,435,219</u>

CITY OF AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

CAPITAL ASSETS (Continued)

The summary of capital assets for the business-type activities for the year ended June 30, 2018 is as follows:

	<i>Balances July 1, 2017</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2018</i>
Non-depreciable				
Construction in progress	\$ 495,832	\$ -	\$ (484,375)	\$ 11,457
Depreciable				
Buildings and improvements	199,324	-	-	199,324
Equipment	1,861,411	8,350	-	1,869,761
Infrastructure	4,682,844	484,375	-	5,167,219
Vehicles	180,178	-	-	180,178
<i>Total depreciable</i>	<u>6,923,757</u>	<u>492,725</u>	<u>-</u>	<u>7,416,482</u>
Accumulated depreciation				
Buildings and improvements	(147,731)	(4,270)	-	(152,001)
Equipment	(590,845)	(57,339)	-	(648,184)
Infrastructure	(1,841,565)	(119,714)	-	(1,961,279)
Vehicles	(164,290)	(1,876)	-	(166,166)
Less accumulated depreciation	<u>(2,744,431)</u>	<u>(183,199)</u>	<u>-</u>	<u>(2,927,630)</u>
<i>Total depreciable capital assets, net</i>	<u>4,179,326</u>	<u>309,526</u>	<u>-</u>	<u>4,488,852</u>
<i>Business-type activities capital assets, net</i>	<u>\$ 4,675,158</u>	<u>\$ 309,526</u>	<u>\$ (484,375)</u>	<u>\$ 4,500,309</u>

CITY OF AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

LONG-TERM DEBT

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

	<u>Outstanding July 1, 2017</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2018</u>	<u>Next Year Requirements</u>
Governmental Activities					
Vision Municipal Solutions Capitalization, Software and professional services, Five annual payments of \$8,900, no interest	\$ 28,700	\$ -	\$ (8,900)	\$ 19,800	\$ 8,900
Business-type Activities					
OECD Water Improvement Loan, issued 2006, annual installments of \$20,045 including interest at 4.41% through December 2031	\$ 128,773	\$ -	\$ (24,921)	\$ 103,852	\$ 12,963
OECD Public Works Loan, issued 2011, annual installments ranging from \$139,000 to \$143,000 including interest from 2 to 4% through December 2034	1,788,901	-	(72,693)	1,716,208	73,010
Total business-type activities	<u>\$ 1,917,674</u>	<u>\$ -</u>	<u>\$ (97,614)</u>	<u>\$ 1,820,060</u>	<u>\$ 85,973</u>

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>
2019	\$ 8,900	\$ -	\$ 8,900
2020	8,900	-	8,900
2021	2,000	-	2,000
	<u>\$ 19,800</u>	<u>\$ -</u>	<u>\$ 19,800</u>

CITY OF AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

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
2019	\$ 85,973	\$ 71,620	\$ 157,593
2020	91,935	68,858	160,793
2021	92,934	65,909	158,843
2022	99,041	62,528	161,569
2023	100,191	58,927	159,118
2024-2028	509,980	234,690	744,670
2029-2033	579,462	123,123	702,585
2034-2035	260,544	15,751	276,295
	<u>\$ 1,820,060</u>	<u>\$ 701,406</u>	<u>\$ 2,521,466</u>

PENSION PLAN

Plan Description - City employees are provided pension benefits through the Oregon Public Employees Retirement System (PERS). PERS is a cost-sharing multiple-employer defined benefit pension plan for units of state and local government in Oregon, containing multiple actuarial pools. Benefits are established and amended by the Oregon State Legislature pursuant to ORS Chapters 238 and 238A. The legislature has delegated the authority to administer and manage PERS to the Public Employees Retirement Board. PERS issues a publicly available financial report that can be found at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Benefits Provided - PERS provides retirement, disability, and death benefits which vary based on a qualified employee's hiring date and employment class (general service or police/fire). All City employees are eligible to participate after six months of covered employment. Details applicable to police/fire employees are noted in [square brackets] where different.

The Tier One/Tier Two Retirement Plan applies to qualifying employees hired before August 29, 2003 and is closed to new members.

Monthly retirement benefits are based on final 3-year average salary multiplied by years of service and a factor of 1.67% [2.00%]. Benefits may also be based on a money match computation, or formula plus annuity (for members contributing before August 21, 1981), if a greater benefit results. Employees are fully vested after making contributions in each of five calendar years, and are eligible to retire at age 55 [50]. Tier One benefits are reduced if retirement occurs prior to age 58 [55] with less than 30 [25] years of service; Tier Two benefits are reduced for retirement prior to age 60.

Employees are eligible for service-related disability benefits regardless of length of service; 10 years of service is required for nonservice-related benefits. Disability benefits are determined in the same manner as retirement benefits with service time computed to age 58 [55].

CITY OF AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

PENSION PLAN (Continued)

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance. The beneficiary may also receive a matching lump-sum payment from employer funds if the member was in covered employment at the time of death, or if the member died less than 120 days after termination, while on official leave of absence, or as a result of a job-related injury.

Monthly benefits are subject to annual cost-of-living adjustments (COLA). For benefits earned after the relevant effective dates, the COLA is subject to a cap of 1.25% on the first \$60,000 of annual benefits and 0.15% thereafter (ORS 238.360).

The Oregon Public Service Retirement Plan (OPSRP) applies to qualifying employees hired on or after August 29, 2003.

Monthly retirement benefits are based on final 3-year average salary multiplied by years of service and a factor of 1.50% [1.80%]. Employees are fully vested after completing 600 hours of service in each of five calendar years, and are eligible to retire at age 58 [53] with 30 [25] years of service, or at age 65 [60] otherwise.

Employees are eligible for service-related disability benefits regardless of length of service; 10 years of service is required for nonservice-related benefits. The benefit is 45% of the employee's salary during the last full month of employment before the disability occurred.

Upon the death of a non-retired member, the beneficiary receives a monthly benefit equal to 50% of the retirement benefit that would have been paid to the member.

Monthly benefits are subject to annual cost-of-living adjustments (COLA). For benefits earned after the relevant effective dates, the COLA is subject to a cap of 1.25% on the first \$60,000 of annual benefits and 0.15% thereafter (ORS 238A.210).

Contribution Requirements – As a participating employer, the City is required to make monthly contributions to PERS based on actuarially determined percentages of covered payroll. Rates in effect for fiscal year 2018 were 17.02% for Tier One/Tier Two employees, 8.95% for OPSRP general service employees, and 13.72% for OPSRP police/fire employees. The City's total contributions to PERS were \$185,374, for fiscal year ended June 30, 2018.

Contribution requirements are established by Oregon statute and may be amended by an act of the Oregon State Legislature. Employer contribution rates for fiscal year 2018 were based on the December 31, 2015 actuarial valuation using the entry age normal actuarial cost method. It is important to note that the actuarial valuations used for rate setting are based on different methods and assumptions than those used for financial reporting which are described later in this note.

Employee contributions are set by statute at 6% of salary and are remitted by participating employers, who may agree to make employee contributions on the employee's behalf. Prior to January 1, 2004, employee contributions were credited to the defined benefit pension plan. Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan described in the subsequent note.

CITY OF AUMSVILLE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

PENSION PLAN (Continued)

Pension Assets/Liabilities, Pension Expense, and Pension-Related Deferrals – At June 30, 2018, the City reported a net pension liability of \$1,205,074 as its proportionate share of the collective net pension liability for PERS, measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was based on a December 31, 2015 actuarial valuation, rolled forward to the measurement date. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to PERS relative to the projected contributions of all participating employers, as actuarially determined. The City’s proportion was 0.00894% as of the June 30, 2017 measurement date, compared to 0.00945% as of June 30, 2016.

Actuarial Methods and Assumptions – The total pension liability in the December 31, 2015 actuarial valuation was determined using the entry age normal method and the following actuarial assumptions, applied to all periods included in the measurement: inflation rate of 2.50%, projected salary increases of 3.50%, investment rate of return of 7.50%, and mortality rates based on the RP-2000 sex-distinct mortality tables, with generational adjustments per scale BB. These assumptions were based on the results of an actuarial experience study for the four-year period ending December 31, 2014.

The long-term expected rate of return on pension plan investments was developed by combining estimated rates of return for each major asset class weighted by target asset allocation percentages and adjusting for inflation.

Target allocations and estimated geometric rates of return for each major asset class are available in the PERS publicly available financial report previously mentioned.

The discount rate used to measure the total pension liability was 7.50%. 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 was applied to all periods of projected benefit payments to determine the total pension liability.

The following chart shows the sensitivity of the net pension liability (asset) to changes in the discount rate, based on calculations using discount rates of 6.50%, 7.50%, and 8.50%.

	<u>1% Decrease</u> <u>(6.50%)</u>	<u>Discount Rate</u> <u>(7.50%)</u>	<u>1% Increase</u> <u>(8.50%)</u>
Proportionate share of the net pension liability	\$ 2,053,665	\$ 1,205,074	\$ 495,494

Pension Plan Fiduciary Net Position – Detailed information about PERS’ net position is available in its separately issued financial report.

Defined Contribution Plan – PERS-eligible employees are statutorily required to contribute 6% of their annual covered salary to the OPSRP Individual Account Program (IAP), a defined contribution pension plan. Benefits terms, including contribution requirements, are established by the Oregon Legislature. As permitted, the City has opted to pick-up the contributions on behalf of employees; contributions were \$57,618 for the year ended June 30, 2017. Employees are fully vested after completing 600 hours of service in each of five calendar years. PERS contracts with VOYA Financial to administer the IAP.

CITY OF AUMSVILLE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

PENSION PLAN (Continued)

Changes in Plan Provisions Subsequent to Measurement Date – The PERS Board lowered the Assumed Rate of Return from 7.50% to 7.20% on July 28, 2017. This change is effective January 1, 2018, and will decrease the net OPEB asset or increase the net OPEB liability in future periods.

POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The other postemployment benefits (OPEB) for the City combines two separate plans. The City provides an implicit rate subsidy for retiree health insurance premiums administered by Citycounty Insurance Services (CIS), and a contribution to the State of Oregon’s PERS cost-sharing multiple-employer defined health insurance benefit plan. The total OPEB liability is based on a valuation provided by an independent actuarial firm based on assumptions including inflation rate, projected salary increases, discount rate, medical, dental and vision increases, and mortality rates and other inputs. The total OPEB liability was estimated at June 30, 2018 by Milliman Actuarial Services for both plans to be \$87,431.

TRANSFERS

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 29,384	\$ 812,120
Police	800,000	7,616
Street	-	13,494
Public Works Equipment	28,000	-
Transportation SDC	-	68
Park	-	750
Parks SDC	-	68
Investment in Aumsville Family & Children Fund	2,500	-
Vehicle Replacement	29,500	-
Major Office Equipment	24,882	-
City Reserve	-	20,000
Water	-	71,917
Sewer	-	50,070
Water Improvement	42,000	-
Sewer Improvement	20,000	-
Sewer SDC	-	68
Water SDC	-	95
	<u>\$ 976,266</u>	<u>\$ 976,266</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move 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.

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.

SUPPLEMENTAL INFORMATION

CITY OF AUMSVILLE, OREGON
RECONCILIATION OF BUDGETARY TO REPORTING FUNDS
BALANCE SHEET - GENERAL FUND
JUNE 30, 2018

	<i>Budgetary funds</i>		<i>Total (reported as General)</i>
	<i>General</i>	<i>Police</i>	
ASSETS			
Cash and cash equivalents	\$ 381,914	\$ 218,575	\$ 600,489
LIABILITIES AND FUND BALANCE			
<i>Liabilities</i>			
Deposits	\$ 24,429	\$ -	\$ 24,429
<i>Fund Balance</i>			
Committed to public safety	-	218,575	218,575
Unassigned	357,485	-	357,485
<i>Total Fund Balance</i>	357,485	218,575	576,060
<i>Total Liabilities and Fund Balance</i>	\$ 381,914	\$ 218,575	\$ 600,489

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, 2018**

	<i>Budgetary funds</i>		<i>Total (reported as General)</i>
	<i>General</i>	<i>Police</i>	
REVENUES			
Taxes and assessments	\$ 717,823	\$ 9	\$ 717,832
Fines and forfeitures	38,922	4,138	43,060
Licenses and permits	427,383	-	427,383
Fees for services	-	84,880	84,880
Intergovernmental	75,981	11,963	87,944
Miscellaneous	23,110	22,903	46,013
<i>Total Revenues</i>	1,283,219	123,893	1,407,112
EXPENDITURES			
General government	365,691	-	365,691
Public safety	-	833,552	833,552
Capital acquisitions	9,008	3,049	12,057
Debt payments			
Principal	-	-	-
<i>Total Expenditures</i>	374,699	836,601	1,211,300
REVENUES OVER (UNDER) EXPENDITURES	908,520	(712,708)	195,812
OTHER FINANCING SOURCES (USES)			
Transfers in	29,384	800,000	829,384
Transfers out	(812,120)	(7,616)	(819,736)
<i>Total Other Financing Sources and Uses</i>	(782,736)	792,384	9,648
NET CHANGE IN FUND BALANCE	125,784	79,676	205,460
FUND BALANCE, beginning of year	231,701	138,899	370,600
FUND BALANCE, end of year	\$ 357,485	\$ 218,575	\$ 576,060

CITY OF AUMSVILLE, OREGON

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

JUNE 30, 2018

	<i>Special Revenue</i>		
	<i>Park</i>	<i>Bikeway / Pedestrian</i>	<i>Investment in Aumsville Family & Children</i>
ASSETS			
Cash and cash equivalents	\$ 83,487	\$ 3,505	\$ 3,041
LIABILITIES AND FUND BALANCE			
<i>Liabilities</i>	\$ -	\$ -	\$ -
Fund Balance:			
Restricted for:			
Capital acquisitions	-	-	-
Streets	-	3,505	-
Committed to:			
Capital acquisitions	-	-	-
Community development	83,487	-	3,041
<i>Total Fund Balance</i>	83,487	3,505	3,041
<i>Total Liabilities and Fund Balance</i>	\$ 83,487	\$ 3,505	\$ 3,041

Capital Projects

<i>Public Works Equipment</i>	<i>Parks SDC</i>	<i>Vehicle Replacement</i>	<i>Major Office Equipment</i>	<i>City Reserve</i>	<i>Total</i>
\$ 180,183	\$ 66,990	\$ 94,980	\$ 62,699	\$ 61,642	\$ 556,527
-	-	-	-	-	-
-	66,990	-	-	-	66,990
-	-	-	-	-	3,505
180,183	-	94,980	62,699	61,642	399,504
-	-	-	-	-	86,528
180,183	66,990	94,980	62,699	61,642	556,527
\$ 180,183	\$ 66,990	\$ 94,980	\$ 62,699	\$ 61,642	\$ 556,527

CITY OF AUMSVILLE, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	<i>Special Revenue</i>		
	<i>Park</i>	<i>Bikeway / Pedestrian</i>	<i>Investment in Aumsville Family & Children</i>
REVENUES			
Licenses and permits	\$ -	\$ -	\$ -
Charges for services	1,265	-	-
Intergovernmental	43,625	2,518	3,600
Miscellaneous	63,971	74	10,485
<i>Total Revenues</i>	108,861	2,592	14,085
EXPENDITURES			
Community development	87,014	-	15,345
Debt Service			
Principal	-	-	-
Capital acquisitions	17,758	5,569	-
<i>Total Expenditures</i>	104,772	5,569	15,345
REVENUES OVER (UNDER) EXPENDITURES	4,089	(2,977)	(1,260)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	2,500
Transfers out	(750)	-	-
<i>Total Other Financing Sources and Uses</i>	(750)	-	2,500
NET CHANGE IN FUND BALANCE	3,339	(2,977)	1,240
FUND BALANCE, beginning of year	80,148	6,482	1,801
FUND BALANCE, end of year	\$ 83,487	\$ 3,505	\$ 3,041

Capital Projects

<i>Public Works Equipment</i>	<i>Parks SDC</i>	<i>Vehicle Replacement</i>	<i>Major Office Equipment</i>	<i>City Reserve</i>	<i>Total</i>
\$ -	\$ 78,330	\$ -	\$ -	\$ -	\$ 78,330
-	-	-	-	-	1,265
-	-	-	-	-	49,743
2,959	2,155	1,230	794	1,435	83,103
2,959	80,485	1,230	794	1,435	212,441
-	2,390	-	-	-	104,749
-	-	-	8,900	-	8,900
15,084	118,538	9,645	2,449	-	169,043
15,084	120,928	9,645	11,349	-	282,692
(12,125)	(40,443)	(8,415)	(10,555)	1,435	(70,251)
28,000	-	29,500	24,882	-	84,882
-	(68)	-	-	(20,000)	(20,818)
28,000	(68)	29,500	24,882	(20,000)	64,064
15,875	(40,511)	21,085	14,327	(18,565)	(6,187)
164,308	107,501	73,895	48,372	80,207	562,714
\$ 180,183	\$ 66,990	\$ 94,980	\$ 62,699	\$ 61,642	\$ 556,527

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, 2018**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 727,000	\$ 727,000	\$ 717,823	\$ (9,177)
Fines and forfeitures	60,000	60,000	38,922	(21,078)
Licenses and permits	334,700	334,700	427,383	92,683
Intergovernmental	72,800	72,800	75,981	3,181
Miscellaneous	24,000	24,000	23,110	(890)
<i>Total Revenues</i>	1,218,500	1,218,500	1,283,219	64,719
EXPENDITURES				
Capital outlay	27,500	27,500	9,008	18,492
Administration	375,461	375,461	374,699	762
Contingency	56,319	53,819	-	53,819
<i>Total Expenditures</i>	431,780	429,280	374,699	54,581
REVENUES OVER (UNDER) EXPENDITURES	786,720	789,220	908,520	119,300
OTHER FINANCING SOURCES (USES)				
Transfers in	29,276	29,497	29,384	(113)
Transfers out	(876,620)	(879,120)	(812,120)	67,000
<i>Total Other Financing Sources and Uses</i>	(847,344)	(849,623)	(782,736)	66,887
NET CHANGE IN FUND BALANCE	(60,624)	(60,403)	125,784	186,187
FUND BALANCE, beginning of year	213,655	213,876	231,701	17,825
FUND BALANCE, end of year	\$ 153,031	\$ 153,473	\$ 357,485	\$ 204,012

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, 2018**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 20	\$ 20	\$ 9	\$ (11)
Fines and forfeitures	4,500	4,500	4,138	(362)
Charges for services	-	-	84,880	84,880
Intergovernmental	15,100	15,100	11,963	(3,137)
Miscellaneous	1,500	1,500	22,903	21,403
<i>Total Revenues</i>	21,120	21,120	123,893	102,773
EXPENDITURES				
Police Department	938,738	938,738	836,601	102,137
Contingency	7,419	7,419	-	7,419
<i>Total Expenditures</i>	946,157	946,157	836,601	109,556
REVENUES OVER (UNDER) EXPENDITURES	(925,037)	(925,037)	(712,708)	212,329
OTHER FINANCING SOURCES (USES)				
Transfers in	867,000	867,000	800,000	(67,000)
Transfers out	(7,616)	(7,616)	(7,616)	-
<i>Total Other Financing Sources and Uses</i>	859,384	859,384	792,384	(67,000)
NET CHANGE IN FUND BALANCE	(65,653)	(65,653)	79,676	145,329
FUND BALANCE, beginning of year	65,653	65,653	138,899	73,246
FUND BALANCE, end of year	\$ -	\$ -	\$ 218,575	\$ 218,575

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, 2018

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 251,400	\$ 251,400	\$ 252,907	\$ 1,507
Miscellaneous	700	700	2,476	1,776
<i>Total Revenues</i>	252,100	252,100	255,383	3,283
EXPENDITURES				
Public works	219,932	219,932	165,714	54,218
Contingency	32,989	32,989	-	32,989
<i>Total Expenditures</i>	252,921	252,921	165,714	87,207
EXPENDITURES	(821)	(821)	89,669	90,490
OTHER FINANCING SOURCES (USES)				
Transfers out	(13,494)	(13,494)	(13,494)	-
NET CHANGE IN FUND BALANCE	(14,315)	(14,315)	76,175	90,490
FUND BALANCE, beginning of year	117,688	117,688	99,281	(18,407)
FUND BALANCE, end of year	\$ 103,373	\$ 103,373	\$ 175,456	\$ 72,083

CITY OF AUMSVILLE, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2018**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ -	\$ 306,171	\$ 229,628	\$ (76,543)
EXPENDITURES				
Materials and services	-	239,001	-	239,001
Capital outlay	-	67,170	-	67,170
<i>Total Expenditures</i>	-	306,171	-	306,171
NET CHANGE IN FUND BALANCE	-	-	229,628	229,628
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 229,628	\$ 229,628

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, 2018

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 48,000	\$ 48,000	\$ 133,297	\$ 85,297
Miscellaneous	400	400	2,170	1,770
<i>Total Revenues</i>	48,400	48,400	135,467	87,067
EXPENDITURES				
Public works	145,514	145,514	-	145,514
REVENUES OVER (UNDER) EXPENDITURES	(97,114)	(97,114)	135,467	232,581
OTHER FINANCING SOURCES (USES)				
Transfers out	(100)	(100)	(68)	32
NET CHANGE IN FUND BALANCE	(97,214)	(97,214)	135,399	232,613
FUND BALANCE, beginning of year	97,214	97,214	91,305	(5,909)
FUND BALANCE, end of year	\$ -	\$ -	\$ 226,704	\$ 226,704

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, 2018

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 1,100	\$ 1,100	\$ 1,265	\$ 165
Intergovernmental	48,600	48,600	43,625	(4,975)
Miscellaneous	58,700	58,700	63,971	5,271
<i>Total Revenues</i>	108,400	108,400	108,861	461
EXPENDITURES				
Public works	133,308	133,308	104,772	28,536
Contingency	19,996	19,996	-	19,996
<i>Total Expenditures</i>	153,304	153,304	104,772	48,532
EXPENDITURES	(44,904)	(44,904)	4,089	48,993
OTHER FINANCING SOURCES (USES)				
Transfers out	(750)	(750)	(750)	-
NET CHANGE IN FUND BALANCE	(45,654)	(45,654)	3,339	48,993
FUND BALANCE, beginning of year	75,290	75,290	80,148	4,858
FUND BALANCE, end of year	\$ 29,636	\$ 29,636	\$ 83,487	\$ 53,851

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, 2018**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 2,600	\$ 2,600	\$ 2,518	\$ (82)
Miscellaneous	100	100	74	(26)
<i>Total Revenues</i>	2,700	2,700	2,592	(108)
EXPENDITURES				
Public works	9,270	9,270	5,569	3,701
NET CHANGE IN FUND BALANCE	(6,570)	(6,570)	(2,977)	3,593
FUND BALANCE, beginning of year	6,570	6,570	6,482	(88)
FUND BALANCE, end of year	\$ -	\$ -	\$ 3,505	\$ 3,505

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, 2018**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ 3,600	\$ 3,600
Miscellaneous	57,900	23,400	10,485	(12,915)
<i>Total Revenues</i>	57,900	23,400	14,085	(9,315)
EXPENDITURES				
Park and recreation commission	56,400	24,400	15,345	9,055
REVENUES OVER (UNDER) EXPENDITURES	1,500	(1,000)	(1,260)	(260)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,500	2,500	-
NET CHANGE IN FUND BALANCE	1,500	1,500	1,240	(260)
FUND BALANCE, beginning of year	1,485	1,485	1,801	316
FUND BALANCE, end of year	\$ 2,985	\$ 2,985	\$ 3,041	\$ 56

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, 2018

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 1,700	\$ 1,700	\$ 2,959	\$ 1,259
EXPENDITURES				
Public works	193,350	193,350	15,084	178,266
REVENUES OVER (UNDER)				
EXPENDITURES	(191,650)	(191,650)	(12,125)	179,525
OTHER FINANCING SOURCES (USES)				
Transfers in	28,000	28,000	28,000	-
NET CHANGE IN FUND BALANCE	(163,650)	(163,650)	15,875	179,525
FUND BALANCE, beginning of year	163,650	163,650	164,308	658
FUND BALANCE, end of year	\$ -	\$ -	\$ 180,183	\$ 180,183

CITY OF AUMSVILLE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

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

YEAR ENDED JUNE 30, 2018

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 31,000	\$ 31,000	\$ 78,330	\$ 47,330
Miscellaneous	1,300	1,300	2,155	855
<i>Total Revenues</i>	32,300	32,300	80,485	48,185
EXPENDITURES				
Public works	133,528	133,528	120,928	12,600
REVENUES OVER (UNDER) EXPENDITURES	(101,228)	(101,228)	(40,443)	60,785
OTHER FINANCING SOURCES (USES)				
Transfers out	(100)	(100)	(68)	32
NET CHANGE IN FUND BALANCE	(101,328)	(101,328)	(40,511)	60,817
FUND BALANCE, beginning of year	101,328	101,328	107,501	6,173
FUND BALANCE, end of year	\$ -	\$ -	\$ 66,990	\$ 66,990

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, 2018

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 1,026	\$ 1,026	\$ 1,230	\$ 204
EXPENDITURES				
Public works	104,373	104,373	9,645	94,728
REVENUES OVER (UNDER) EXPENDITURES	(103,347)	(103,347)	(8,415)	94,932
OTHER FINANCING SOURCES (USES)				
Transfers in	29,500	29,500	29,500	-
NET CHANGE IN FUND BALANCE	(73,847)	(73,847)	21,085	94,932
FUND BALANCE, beginning of year	73,847	73,847	73,895	48
FUND BALANCE, end of year	\$ -	\$ -	\$ 94,980	\$ 94,980

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, 2018

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 400	\$ 400	\$ 794	\$ 394
EXPENDITURES				
Debt service				
Principal	8,900	8,900	8,900	-
Administration	11,768	11,768	4,554	7,214
Public works	30,524	30,524	6,724	23,800
Police department	7,036	7,036	71	6,965
<i>Total Expenditures</i>	<u>58,228</u>	<u>58,228</u>	<u>11,349</u>	<u>37,979</u>
REVENUES OVER (UNDER) EXPENDITURES	(57,828)	(57,828)	(10,555)	38,373
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>24,882</u>	<u>24,882</u>	<u>24,882</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(32,946)	(32,946)	14,327	38,373
FUND BALANCE, beginning of year	<u>32,946</u>	<u>32,946</u>	<u>48,372</u>	<u>15,426</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,699</u>	<u>\$ 53,799</u>

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, 2018**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 1,000	\$ 1,000	\$ 1,435	\$ 435
EXPENDITURES				
Materials and services	2,414	2,414	-	2,414
Capital outlay	23,286	23,286	-	23,286
<i>Total Expenditures</i>	25,700	25,700	-	25,700
REVENUES OVER (UNDER) EXPENDITURES	(24,700)	(24,700)	1,435	26,135
OTHER FINANCING SOURCES (USES)				
Transfers out	(20,000)	(20,000)	(20,000)	-
NET CHANGE IN FUND BALANCE	(44,700)	(44,700)	(18,565)	26,135
FUND BALANCE, beginning of year	78,157	78,157	80,207	2,050
FUND BALANCE, end of year	\$ 33,457	\$ 33,457	\$ 61,642	\$ 28,185

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, 2018

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 728,100	\$ 728,100	\$ 769,856	\$ 41,756
Miscellaneous	7,400	7,400	11,811	4,411
<i>Total Revenues</i>	735,500	735,500	781,667	46,167
EXPENDITURES				
Public works	632,795	635,295	549,161	86,134
Debt service				
Principal	24,900	24,900	24,921	(21)
Interest	5,700	5,700	5,679	21
Contingency	70,801	68,080	-	68,080
<i>Total Expenditures</i>	734,196	733,975	579,761	154,214
REVENUES OVER (UNDER) EXPENDITURES	1,304	1,525	201,906	200,381
OTHER FINANCING SOURCES (USES)				
Transfers out	(71,697)	(71,918)	(71,917)	1
CHANGE IN FUND BALANCE	(70,393)	(70,393)	129,989	200,382
FUND BALANCE, beginning of year	70,393	70,393	137,357	66,964
FUND BALANCE, end of year	\$ -	\$ -	\$ 267,346	\$ 267,346

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, 2018**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 745,100	\$ 745,100	\$ 757,398	\$ 12,298
Miscellaneous	15,100	15,100	19,990	4,890
<i>Total Revenues</i>	760,200	760,200	777,388	17,188
EXPENDITURES				
Public works	543,650	543,650	484,303	59,347
Debt service				
Principal	72,700	72,700	72,693	7
Interest	66,400	66,400	66,355	45
Contingency	30,000	30,000	-	30,000
<i>Total Expenditures</i>	712,750	712,750	623,351	89,399
REVENUES OVER (UNDER) EXPENDITURES	47,450	47,450	154,037	106,587
OTHER FINANCING SOURCES (USES)				
Transfers out	(50,081)	(50,081)	(50,070)	11
CHANGE IN FUND BALANCE	(2,631)	(2,631)	103,967	106,598
FUND BALANCE, beginning of year	90,724	90,724	143,613	52,889
FUND BALANCE, end of year	\$ 88,093	\$ 88,093	\$ 247,580	\$ 159,487

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, 2018**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 3,400	\$ 3,400	\$ 5,612	\$ 2,212
EXPENDITURES				
Public works	349,956	349,956	7,549	342,407
REVENUES OVER (UNDER) EXPENDITURES	(346,556)	(346,556)	(1,937)	344,619
OTHER FINANCING SOURCES (USES)				
Transfers in	42,000	42,000	42,000	-
CHANGE IN FUND BALANCE	(304,556)	(304,556)	40,063	344,619
FUND BALANCE, beginning of year	304,556	304,556	312,621	8,065
FUND BALANCE, end of year	\$ -	\$ -	\$ 352,684	\$ 352,684

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, 2018**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Miscellaneous	\$ 2,000	\$ 2,000	\$ 3,222	\$ 1,222
EXPENDITURES				
Public works	187,563	187,563	646	186,917
REVENUES OVER (UNDER) EXPENDITURES	(185,563)	(185,563)	2,576	188,139
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	20,000	20,000	-
CHANGE IN FUND BALANCE	(165,563)	(165,563)	22,576	188,139
FUND BALANCE, beginning of year	165,563	165,563	178,317	12,754
FUND BALANCE, end of year	\$ -	\$ -	\$ 200,893	\$ 200,893

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, 2018

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 70,000	\$ 70,000	\$ 194,077	\$ 124,077
Miscellaneous	2,800	2,800	5,155	2,355
<i>Total Revenues</i>	72,800	72,800	199,232	126,432
EXPENDITURES				
Public works	323,094	323,094	646	322,448
REVENUES OVER (UNDER) EXPENDITURES	(250,294)	(250,294)	198,586	448,880
OTHER FINANCING SOURCES (USES)				
Transfers out	(100)	(100)	(68)	32
CHANGE IN FUND BALANCE	(250,394)	(250,394)	198,518	448,912
FUND BALANCE, beginning of year	250,394	250,394	241,459	(8,935)
FUND BALANCE, end of year	\$ -	\$ -	\$ 439,977	\$ 439,977

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, 2018

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 57,000	\$ 57,000	\$ 169,421	\$ 112,421
Miscellaneous	1,300	1,300	2,798	1,498
<i>Total Revenues</i>	58,300	58,300	172,219	113,919
EXPENDITURES				
Public works	184,460	184,460	663	183,797
REVENUES OVER (UNDER) EXPENDITURES	(126,160)	(126,160)	171,556	297,716
OTHER FINANCING SOURCES (USES)				
Transfers out	(100)	(100)	(95)	5
CHANGE IN FUND BALANCE	(126,260)	(126,260)	171,461	297,721
FUND BALANCE, beginning of year	126,260	126,260	118,792	(7,468)
FUND BALANCE, end of year	\$ -	\$ -	\$ 290,253	\$ 290,253

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
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(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, 2018, and have issued our report thereon dated December 14, 2018.

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.

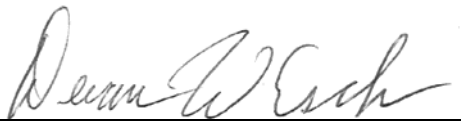
Internal Control Over Financial Reporting

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 14, 2018