

***CITY OF AUMSVILLE, OREGON  
ANNUAL FINANCIAL REPORT  
Year Ended June 30, 2016***

***CITY OF AUMSVILLE***  
***CITY OFFICIALS***  
***JUNE 30, 2016***

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**MAYOR**

**Term Expires**

Harold White, Mayor  
620 Locust Street  
Aumsville, Oregon 97325

December 31, 2016

**CITY COUNCIL MEMBERS**

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

December 31, 2018

Trina Lee, Commissioner at Large  
315 N 8<sup>th</sup> Street  
Aumsville, Oregon 97325

December 31, 2016

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

December 31, 2018

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

December 31, 2016

Brian Czarnik, Street Commissioner  
550 10<sup>th</sup> Place  
Aumsville, Oregon 97325

December 31, 2018

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

December 31, 2016

**CITY ADMINISTRATION**

Ronald Harding, City Administrator  
577 SE Bayonne Court  
Salem, Oregon 97317

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

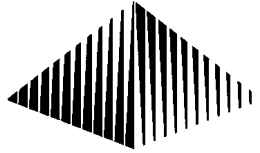
**MAILING ADDRESS**

595 Main Street  
Aumsville, Oregon 97325  
(503) 749-2030  
Facsimile (503) 749-1852

**CITY OF AUMSVILLE**  
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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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2016, 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 6, 2016, 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 6, 2016



# City of Aumsville

595 Main Street  
Aumsville, Oregon 97325  
maryann@aumsville.us, www.aumsville.us

**Phone: (503) 749-2030 • Fax: (503) 749-1852**

## FYE 2016 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, 2016.

### **Financial Highlights**

	June 30,		change
	2016	2015	
Net position	\$ 8,908,996	\$ 8,838,678	\$ 70,318
Change in net position	70,318	198,294	(127,976)
Governmental net position	5,214,474	5,129,804	84,670
Proprietary net position	3,694,522	3,708,874	(14,352)
Change in governmental net position	84,670	146,187	(61,517)
Change in proprietary net position	(14,352)	52,107	(66,459)

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

#### Overview of the Financial Statements

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

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

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

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

The City reports on the modified cash basis of accounting.

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

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

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

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

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

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

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of Aumsville, assets exceeded liabilities by \$8,908,996 at June 30, 2016.

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

	2016			2015		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 847,833	\$ 986,369	\$ 1,834,202	\$ 904,422	\$ 958,345	\$ 1,862,767
Non-depreciable capital assets	428,624	495,832	924,456	631,926	484,646	1,116,572
Depreciable capital assets, net	4,062,804	4,284,215	8,347,019	3,749,205	4,434,956	8,184,161
<b>Total assets</b>	<b>5,339,261</b>	<b>5,766,416</b>	<b>11,105,677</b>	<b>5,285,553</b>	<b>5,877,947</b>	<b>11,163,500</b>
Deposits	15,655	57,960	73,615	3,416	60,130	63,546
Long-term liabilities						
Portion due within one year	31,564	84,335	115,899	16,902	83,589	100,491
Portion due in more than one year	77,568	1,929,599	2,007,167	135,431	2,025,354	2,160,785
<b>Total liabilities</b>	<b>124,787</b>	<b>2,071,894</b>	<b>2,196,681</b>	<b>155,749</b>	<b>2,169,073</b>	<b>2,324,822</b>
Net position:						
Net investment in capital assets	4,382,296	2,766,113	7,148,409	4,228,798	2,810,659	7,039,457
Restricted	159,847	311,327	471,174	318,859	292,033	610,892
Unrestricted	672,331	617,082	1,289,413	582,147	606,182	1,188,329
<b>Total Net Position</b>	<b>\$ 5,214,474</b>	<b>\$ 3,694,522</b>	<b>\$ 8,908,996</b>	<b>\$ 5,129,804</b>	<b>\$ 3,708,874</b>	<b>\$ 8,838,678</b>

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 \$2.8 million, of this an approximate 76% were from charges for services, fines, fees, permits, licenses and other sources. The remaining 24% came from property taxes.

The total cost of all programs and services was approximately \$2.8 million. Costs for utilities were approximately \$1.1 million (47%) and the remainder was for general government, public safety, streets, highways and other governmental activities.



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

	2016			2015		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues						
Program Revenues						
Charges for service	\$ 93,825	\$ 1,301,413	\$ 1,395,238	\$ 115,885	\$ 1,232,797	\$ 1,348,682
Operating grants	347,468	-	347,468	259,155	-	259,155
Capital grants	12,897	20,108	33,005	104,056	95,712	199,768
General Revenues						
Taxes and assessments	667,892	-	667,892	643,457	-	643,457
Franchise taxes	248,734	-	248,734	245,199	-	245,199
Intergovernmental	61,334	-	61,334	70,533	-	70,533
Miscellaneous	71,134	16,866	88,000	57,477	13,515	70,992
<i>Total Revenues</i>	<u>1,503,284</u>	<u>1,338,387</u>	<u>2,841,671</u>	<u>1,495,762</u>	<u>1,342,024</u>	<u>2,837,786</u>
Expenses						
General government	499,234	-	499,234	417,968	-	417,968
Public safety	698,192	-	698,192	750,814	-	750,814
Transportation	131,719	-	131,719	143,056	-	143,056
Community development	142,723	-	142,723	82,888	-	82,888
Interest on long-term debt	6,777	-	6,777	11,925	-	11,925
Water	-	590,312	590,312	-	603,222	603,222
Sewer	-	702,396	702,396	-	629,619	629,619
<i>Total Expenses</i>	<u>1,478,645</u>	<u>1,292,708</u>	<u>2,771,353</u>	<u>1,406,651</u>	<u>1,232,841</u>	<u>2,639,492</u>
Transfers	60,031	(60,031)	-	57,076	(57,076)	-
Change in net position	84,670	(14,352)	70,318	146,187	52,107	198,294
Net position, beginning of year	5,129,804	3,708,874	8,838,678	4,983,617	3,656,767	8,640,384
Net position, end of year	<u>\$ 5,214,474</u>	<u>\$ 3,694,522</u>	<u>\$ 8,908,996</u>	<u>\$ 5,129,804</u>	<u>\$ 3,708,874</u>	<u>\$ 8,838,678</u>

**GOVERNMENTAL ACTIVITIES**

The cost for all *governmental* activities was \$1,478,645 for the year ended June 30, 2016. The amount that our taxpayers paid was only \$667,892 through property taxes. Those who directly benefited from the programs (fines, fees and charges for services) paid \$93,825 or 6%.

Net position of the governmental-type activities increased by \$84,670 during the fiscal year ended June 30, 2016.

**BUSINESS-TYPE ACTIVITIES**

The cost for all *business-type* activities totaled \$1,292,708 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 decreased by \$14,352 from business-type activities.

**FINANCIAL ANALYSIS OF THE CITY OF AUMSVILLE FUNDS**

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

The City's governmental funds reported combined ending fund balances of \$832,178 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 \$297,775 as of June 30, 2016. The combined fund balances increased \$16,292 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 28% of total expenditures.

*Street Fund.* The Street Fund accounts for street maintenance and improvements. The fund balance decreased by \$131,764 during the year due to the completion of street projects.

*Park SDC Fund* – The fund balance decreased by \$37,268 due mainly to expenditures in excess of revenues and transfers out.

*Public Works Equipment Fund* – The fund balance increased by \$19,311 during the year. The increase was due mainly to transfers in.

The City's enterprise funds reported \$928,409 combined ending fund balance at year end.

*Major Proprietary Funds:*

*Water* – The Water fund revenues are from charges for services and expenditures are for personal services, materials and services, and capital outlay. The fund's net position decreased \$12,835 during the year mostly due to transfers out and debt payments.

*Sewer* – The Sewer fund revenues are from charges for services and expenditures are for personal services, materials and services, and capital outlay. The fund's net position decreased by \$18,447 during the year mostly due to transfers out and debt payments.

*Water improvement* – The Water improvement fund revenues are from transfers in from the Water fund and expenditures are for capital outlay and materials and services. The fund's net position increased by \$59,535 during the year due to transfers in.

*Sewer improvement* - The Sewer improvement fund revenues are from transfers in from the Sewer fund and expenditures are for capital outlay and materials and services. The fund's net position decreased by \$17,353 during the year due to increased operating expenses and no revenue.

*Sewer SDC* - The Sewer SDC fund revenues are from system development charges, and expenditures are for capital outlay and materials and services. The fund's net position increased by \$11,132 during the year due to minimal expenditures.

**BUDGETARY HIGHLIGHTS**

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

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

### Capital Assets As of June 30, 2016 and 2015

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 301,607	\$ 301,607	\$ -	\$ -	\$ 301,607	\$ 301,607
Buildings	1,715,514	1,714,334	199,324	199,324	1,914,838	1,913,658
Equipment	455,212	439,562	2,011,048	1,995,245	2,466,260	2,434,807
Construction in progress	127,017	121,367	495,832	484,646	622,849	606,013
Infrastructure	3,173,780	2,937,971	4,646,071	4,637,614	7,819,851	7,575,585
	5,773,130	5,514,841	7,352,275	7,316,829	13,125,405	12,831,670
Less: accumulated depreciation	(1,281,702)	(1,133,710)	(2,572,228)	(2,397,227)	(3,853,930)	(3,530,937)
Net capital assets	<u>\$ 4,491,428</u>	<u>\$ 4,381,131</u>	<u>\$ 4,780,047</u>	<u>\$ 4,919,602</u>	<u>\$ 9,271,475</u>	<u>\$ 9,300,733</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,

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
OECCD Water loan	\$ -	\$ -	\$ 152,589	\$ 175,398	\$ 152,589	\$ 175,398
OECCD Public works loan	-	-	1,861,345	1,933,545	1,861,345	1,933,545
City Hall/Police complex loan	81,532	152,333	-	-	81,532	152,333
Vision Municipal Solutions	27,600	-	-	-	27,600	-
	<u>\$ 109,132</u>	<u>\$ 152,333</u>	<u>\$ 2,013,934</u>	<u>\$ 2,108,943</u>	<u>\$ 2,123,066</u>	<u>\$ 2,261,276</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 2016-17 Budgets and Rates

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. The following are the major assumptions used in developing the FYE 2017 budget:

- The City's tax rate remains \$3.6327 per \$1,000 of property valuation, which is the City's permanent levy rate.
- General fund revenues will continue to come in at or better than the financial forecast.
- Interest rates on investments may only average 0.45%.
- No increase in employee retirement contribution rates in FY 2016-17.

## **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 ext: 301, 595 Main Street, Aumsville, Oregon, 97325.

***BASIC FINANCIAL STATEMENTS***

**CITY OF AUMSVILLE, OREGON**  
**STATEMENT OF NET POSITION (MODIFIED CASH BASIS)**  
**JUNE 30, 2016**

	<b><i>Governmental Activities</i></b>	<b><i>Business-type Activities</i></b>	<b><i>Totals</i></b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 847,833	\$ 986,369	\$ 1,834,202
Non-depreciable capital assets	428,624	495,832	924,456
Depreciable capital assets, net	4,062,804	4,284,215	8,347,019
<i>Total Assets</i>	5,339,261	5,766,416	11,105,677
<b>LIABILITIES</b>			
Deposits	15,655	57,960	73,615
Long-term liabilities			
Portion due within one year	31,564	84,335	115,899
Portion due in more than one year	77,568	1,929,599	2,007,167
<i>Total Liabilities</i>	124,787	2,071,894	2,196,681
<b>NET POSITION</b>			
Net investment in capital assets	4,382,296	2,766,113	7,148,409
Restricted for:			
Capital outlay	24,745	311,327	336,072
Streets	35,131	-	35,131
Community development	99,971	-	99,971
Unrestricted	672,331	617,082	1,289,413
<i>Total Net Position</i>	\$ 5,214,474	\$ 3,694,522	\$ 8,908,996

*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, 2016**

<b>FUNCTIONS/PROGRAMS</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Fees, Fines and Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Governmental activities:</b>				
General government	\$ 499,234	\$ 28,174	\$ -	\$ -
Public safety	698,192	49,036	7,857	-
Transportation	131,719	-	255,063	7,675
Community development	142,723	16,615	84,548	5,222
Interest on long-term debt	6,777	-	-	-
<i>Total Governmental activities</i>	1,478,645	93,825	347,468	12,897
<b>Business-type activities:</b>				
Water	590,312	640,588	-	8,972
Sewer	702,396	660,825	-	11,136
<i>Total Business-type activities</i>	1,292,708	1,301,413	-	20,108
<i>Total Activities</i>	<u>\$ 2,771,353</u>	<u>\$ 1,395,238</u>	<u>\$ 347,468</u>	<u>\$ 33,005</u>
<b>General revenues:</b>				
Property taxes				
Franchise taxes				
Intergovernmental				
Miscellaneous				
<i>Total General revenues</i>				
<b>Transfers</b>				
<b>Change in net position</b>				
<b>Net position - beginning of year</b>				
<b>Net position - end of year</b>				

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

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
\$ (471,060)	\$ -	\$ (471,060)
(641,299)	-	(641,299)
131,019	-	131,019
(36,338)	-	(36,338)
(6,777)	-	(6,777)
(1,024,455)	-	(1,024,455)
-	59,248	59,248
-	(30,435)	(30,435)
-	28,813	28,813
(1,024,455)	28,813	(995,642)
667,892	-	667,892
248,734	-	248,734
61,334	-	61,334
71,134	16,866	88,000
1,049,094	16,866	1,065,960
60,031	(60,031)	-
84,670	(14,352)	70,318
5,129,804	3,708,874	8,838,678
\$ 5,214,474	\$ 3,694,522	\$ 8,908,996

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



**CITY OF AUMSVILLE, OREGON**  
**BALANCE SHEET (MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	<u>General</u>	<u>Special Revenue</u>
		<u>Street</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 313,430	\$ 31,078
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Deposits	\$ 15,655	\$ -
<b>Fund Balance</b>		
Restricted for:		
Capital acquisitions	-	-
Community development	-	-
Streets	-	31,078
Committed to:		
Community development	-	-
Public safety	107,199	-
Capital acquisitions	-	-
Unassigned	190,576	-
<b>Total Fund Balance</b>	<u>297,775</u>	<u>31,078</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 313,430</u>	<u>\$ 31,078</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>Parks SDC</i>	<i>Public Works Equipment</i>	<i>Other Governmental Funds</i>	<i>Total</i>
\$ 99,971	\$ 134,195	\$ 269,159	\$ 847,833
\$ -	\$ -	\$ -	\$ 15,655
-	-	24,745	24,745
99,971	-	-	99,971
-	-	4,053	35,131
-	-	71,763	71,763
-	-	-	107,199
-	134,195	168,598	302,793
-	-	-	190,576
99,971	134,195	269,159	832,178
\$ 99,971	\$ 134,195	\$ 269,159	\$ 847,833
			\$ 832,178
			5,773,130
			(1,281,702)
			(109,132)
			\$ 5,214,474

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, 2016**

	<u>General</u>	<u>Special Revenue</u>
		<u>Street</u>
<b>REVENUES</b>		
Taxes and assessments	\$ 667,892	\$ -
Fines and forfeitures	49,036	-
Licenses and permits	276,908	-
Charges for services	-	-
Intergovernmental	69,041	255,131
Miscellaneous	23,782	688
<i>Total Revenues</i>	<u>1,086,659</u>	<u>255,819</u>
<b>EXPENDITURES</b>		
General government	253,758	-
Public safety	713,790	-
Transportation	-	148,787
Community development	-	-
Capital acquisitions	14,471	225,360
Debt payments		
Principal	70,801	-
Interest	6,777	-
<i>Total Expenditures</i>	<u>1,059,597</u>	<u>374,147</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	27,062	(118,328)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	746,090	-
Transfers out	(756,860)	(13,436)
<i>Total Other Financing Sources (Uses)</i>	<u>(10,770)</u>	<u>(13,436)</u>
<b>NET CHANGE IN FUND BALANCE</b>	16,292	(131,764)
<b>FUND BALANCE, beginning of year</b>	281,483	162,842
<b>FUND BALANCE, end of year</b>	<u>\$ 297,775</u>	<u>\$ 31,078</u>

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

*Net change in fund balance*

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

- Capital outlay
- Depreciation expense
- Net book value of capital asset disposals

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

Debt incurred is not reported as revenue in the governmental funds, but is reported as an increase in noncurrent liabilities on the Statement of Net position

*Change in net position of governmental activities*

<b>Capital Projects</b>			
<b>Parks SDC</b>	<b>Public Works Equipment</b>	<b>Other Governmental Funds</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ 667,892
-	-	-	49,036
5,222	-	7,607	289,737
-	-	835	835
-	-	32,728	356,900
785	3,638	109,991	138,884
6,007	3,638	151,161	1,503,284
-	-	-	253,758
-	-	15,209	728,999
-	-	-	148,787
21,323	12,327	130,590	164,240
349	-	18,601	258,781
-	-	-	70,801
-	-	-	6,777
21,672	12,327	164,400	1,632,143
(15,665)	(8,689)	(13,239)	(128,859)
-	28,000	78,656	852,746
(21,603)	-	(816)	(792,715)
(21,603)	28,000	77,840	60,031
(37,268)	19,311	64,601	(68,828)
137,239	114,884	204,558	901,006
\$ 99,971	\$ 134,195	\$ 269,159	\$ 832,178
			\$ (68,828)
			281,687
			(170,422)
			(968)
			77,701
			(34,500)
			\$ 84,670

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, 2016**

	<u>Water</u>	<u>Sewer</u>	<u>Water Improvement</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 94,778	\$ 127,115	\$ 279,589
<b>LIABILITIES</b>			
Deposits	28,980	28,980	-
<b>NET POSITION</b>			
Restricted for capital outlay	-	-	-
Unrestricted	65,798	98,135	279,589
<i>Total Net Position</i>	<u>\$ 65,798</u>	<u>\$ 98,135</u>	<u>\$ 279,589</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>
\$ 173,560	\$ 213,019	\$ 98,308	\$ 986,369
-	-	-	57,960
-	213,019	98,308	311,327
173,560	-	-	617,082
<u>\$ 173,560</u>	<u>\$ 213,019</u>	<u>\$ 98,308</u>	<u>\$ 928,409</u>
			\$ 928,409
			7,352,275
			(2,572,228)
			(152,589)
			(1,861,345)
			<u>\$ 3,694,522</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, 2016**

	<u>Water</u>	<u>Sewer</u>	<u>Water Improvement</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 640,588	\$ 660,824	\$ -
Miscellaneous	3,823	7,025	-
<i>Total Operating Revenues</i>	644,411	667,849	-
<b>OPERATING EXPENSES</b>			
Personal services	362,553	341,828	-
Materials and services	140,439	123,561	14,871
<i>Total Operating Expenses</i>	502,992	465,389	14,871
<b>OPERATING INCOME</b>	141,419	202,460	(14,871)
<b>NONOPERATING ITEMS</b>			
Capital acquisitions	(21,849)	(105)	-
Interest revenue	738	748	1,406
Debt payments			
Principal	(22,809)	(72,200)	-
Interest	(7,735)	(69,248)	-
<i>Total Nonoperating Items</i>	(51,655)	(140,805)	1,406
<b>NET INCOME BEFORE CONTRIBUTION AND TRANSFERS</b>			
Capital contributions	-	-	-
Transfers in	-	-	73,000
Transfers out	(102,599)	(80,102)	-
<b>CHANGE IN NET POSITION</b>	(12,835)	(18,447)	59,535
<b>NET POSITION, beginning of year</b>	78,633	116,582	220,054
<b>NET POSITION, end of year</b>	\$ 65,798	\$ 98,135	\$ 279,589

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

*Net change in fund net position*

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

    Capital outlay

    Depreciation expense

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

*Change in net position of governmental activities*

<i>Sewer Improvement</i>	<i>Sewer SDC</i>	<i>Water SDC</i>	<i>Total</i>
\$ -	\$ -	\$ -	\$ 1,301,412
-	-	-	10,848
-	-	-	1,312,260
-	-	-	704,381
68,568	1,152	60	348,651
68,568	1,152	60	1,053,032
(68,568)	(1,152)	(60)	259,228
-	-	(1,184)	(23,138)
1,215	1,312	600	6,019
-	-	-	(95,009)
-	-	-	(76,983)
1,215	1,312	(584)	(189,111)
-	11,137	8,971	20,108
50,000	-	-	123,000
-	(165)	(165)	(183,031)
(17,353)	11,132	8,162	30,194
190,913	201,887	90,146	898,215
\$ 173,560	\$ 213,019	\$ 98,308	\$ 928,409

\$ 30,194

35,445  
(175,000)

95,009

\$ (14,352)

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



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

*Basic Financial Statements*

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

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

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

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

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

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

*Basis of Presentation*

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

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

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following nonmajor governmental funds:

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

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

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

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

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

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

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

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

*Basis of Presentation (Continued)*

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

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

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

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

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

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

The City reports the following nonmajor proprietary fund:

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

*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.

**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.

**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. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

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

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

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

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

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

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**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, 2015**

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

*Use of Estimates*

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenditures as of and for the year ended June 30, 2016. Actual results may differ from such estimates.

**CASH AND CASH EQUIVALENTS**

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

<b>Cash</b>	
Cash on hand	\$ 1,540
Demand deposits	14,660
Time deposits	743,180
<b>Investments</b>	
Local Government Investment Pool	1,074,822
	<u>1,834,202</u>
	<u>\$ 1,834,202</u>

*Deposits*

The book balance of the City’s bank deposits was \$757,840 and the bank balance was \$814,583 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, 2015*

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**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, 2016, 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, 2016, 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, 2016**

**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, 2016 is as follows:

	<b>Balances July 1, 2015</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balances June 30, 2016</b>
Non-depreciable				
Construction in progress	\$ 121,367	\$ 6,620	\$ (970)	\$ 127,017
Land	301,607	-	-	301,607
<i>Total non-depreciable</i>	<u>422,974</u>	<u>6,620</u>	<u>(970)</u>	<u>428,624</u>
Depreciable				
Buildings and improvements	1,714,334	8,690	(7,510)	1,715,514
Equipment	439,562	30,568	(14,918)	455,212
Infrastructure	2,937,971	235,809	-	3,173,780
<i>Total depreciable</i>	<u>5,091,867</u>	<u>275,067</u>	<u>(22,428)</u>	<u>5,344,506</u>
Accumulated depreciation				
Buildings and improvements	(318,095)	(43,398)	7,510	(353,983)
Equipment	(319,141)	(27,724)	14,920	(331,945)
Infrastructure	(496,474)	(99,300)	-	(595,774)
Less accumulated depreciation	<u>(1,133,710)</u>	<u>(170,422)</u>	<u>22,430</u>	<u>(1,281,702)</u>
<i>Total depreciable capital assets, net</i>	<u>3,958,157</u>	<u>104,645</u>	<u>2</u>	<u>4,062,804</u>
<i>Governmental activities capital assets, net</i>	<u><u>\$ 4,381,131</u></u>	<u><u>\$ 111,265</u></u>	<u><u>\$ (968)</u></u>	<u><u>\$ 4,491,428</u></u>

**CITY OF AUMSVILLE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

**CAPITAL ASSETS (Continued)**

The summary of capital assets for the business-type activities for the year ended June 30, 2016 is as follows:

	<i><b>Balances July 1, 2015</b></i>	<i><b>Additions</b></i>	<i><b>Retirements</b></i>	<i><b>Balances June 30, 2016</b></i>
Non-depreciable				
Construction in progress	\$ 484,647	\$ 11,185	\$ -	\$ 495,832
Depreciable				
Buildings and improvements	199,324	-	-	199,324
Equipment	1,815,067	15,803	-	1,830,870
Infrastructure	4,637,614	8,457	-	4,646,071
Vehicles	180,178	-	-	180,178
<i>Total depreciable</i>	<u>6,832,183</u>	<u>24,260</u>	<u>-</u>	<u>6,856,443</u>
Accumulated depreciation				
Buildings and improvements	(139,191)	(4,270)	-	(143,461)
Equipment	(478,967)	(54,653)	-	(533,620)
Infrastructure	(1,622,628)	(111,332)	-	(1,733,960)
Vehicles	(156,441)	(4,746)	-	(161,187)
Less accumulated depreciation	<u>(2,397,227)</u>	<u>(175,001)</u>	<u>-</u>	<u>(2,572,228)</u>
<i>Total depreciable capital assets, net</i>	<u>4,434,956</u>	<u>(150,741)</u>	<u>-</u>	<u>4,284,215</u>
<i>Business-type activities capital assets, net</i>	<u>\$ 4,919,603</u>	<u>\$ (139,556)</u>	<u>\$ -</u>	<u>\$ 4,780,047</u>

**CITY OF AUMSVILLE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

**LONG-TERM DEBT**

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

	<u>Outstanding July 1, 2015</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2016</u>	<u>Next Year Requirements</u>
<b>Governmental Activities</b>					
City Hall/Police Complex loan, issued 2009, original amount \$400,000 120 monthly payments of \$2,452 with interest at 5.75%, final maturity 2019, collateralized by real estate	\$ 152,333	\$ -	\$ (70,801)	\$ 81,532	\$ 24,664
Vision Municipal Solutions Capitalization, Software and professional services, Five annual payments of \$6,900, no interest	-	34,500	(6,900)	27,600	6,900
	<u>\$ 152,333</u>	<u>\$ 34,500</u>	<u>\$ (77,701)</u>	<u>\$ 109,132</u>	<u>\$ 31,564</u>
<b>Business-type Activities</b>					
OECD Water Improvement Loan, issued 2006, annual installments of \$20,045 including interest at 4.41% through December 2031	\$ 175,398	\$ -	\$ (22,809)	\$ 152,589	\$ 11,891
OECD Public Works Loan, issued 2011, annual installments ranging from \$139,000 to \$143,000 including interest from 2 to 4% through December 2034	1,933,545	-	(72,200)	1,861,345	72,444
Total business-type activities	<u>\$ 2,108,943</u>	<u>\$ -</u>	<u>\$ (95,009)</u>	<u>\$ 2,013,934</u>	<u>\$ 84,335</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.

**CITY OF AUMSVILLE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

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**LONG-TERM DEBT (Continued)**

Future debt service requirements for governmental activities are as follows:

**Governmental Activities**

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 31,564	\$ 4,760	\$ 36,324
2018	33,645	2,679	36,324
2019	35,224	1,117	36,341
2020	8,699	17	8,716
	<u>\$ 109,132</u>	<u>\$ 8,573</u>	<u>\$ 117,705</u>

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

**Business-type Activities**

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 84,335	\$ 75,957	\$ 160,292
2018	85,109	73,984	159,093
2019	85,973	71,620	157,593
2020	91,935	68,858	160,793
2021	92,934	65,909	158,843
2022-2026	526,913	277,139	804,052
2027-2031	539,081	180,333	719,414
2032-2035	507,654	76,295	583,949
	<u>\$ 2,013,934</u>	<u>\$ 890,095</u>	<u>\$ 2,904,029</u>

**PENSION PLAN**

The Oregon Public Employees Retirement System (OPERS) is a cost-sharing multiple employer defined benefit plan. Qualified employees of the City are provided with pensions through OPERS. Employees hired before August 29, 2003 belong to the Tier One/Tier Two Retirement Benefit Program (established pursuant to ORS Chapter 238), while employees hired on or after August 29, 2003 belong to the OPSRP Pension Program (established pursuant to ORS Chapter 238A). OPERS issues a publicly available financial report that can be obtained at

[http://www.oregon.gov/pers/pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/pages/section/financial_reports/financials.aspx).

**Benefits provided under ORS Chapter 238 – Tier One/ Tier Two**

**Pension Benefits:** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67

**CITY OF AUMSVILLE, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2016*

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**PENSION PLAN (Continued)**

percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

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

*Death Benefits:* Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met: the member was employed by a PERS employer at the time of death; the member died within 120 days after termination of PERS-covered employment; the member died as a result of injury sustained while employed in a PERS-covered job, or; the member was on an official leave of absence from a PERS-covered job at the time of death.

*Disability Benefits:* A member with 10 or more years of creditable service who becomes disabled from other than duty connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

*Benefit Changes After Retirement:* Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

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

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age: General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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

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

**CITY OF AUMSVILLE, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2016*

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**PENSION PLAN (Continued)**

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

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

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

*Benefit Changes After Retirement:* Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2016 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation. The City's contribution rates in effect for the fiscal year ended June 30, 2016 were 9.67 percent for Tier One/Two members, 3.30 percent for OPSRP general service members, and 7.41 percent for OPSRP uniformed members. The City's contributions for the year ended June 30, 2016 were \$112,035, excluding amounts to fund employer specific liabilities.

Members of PERS are required to contribute 6% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The total contributed by the City on behalf of employees for the year ended December 31, 2015 was \$112,035.

Actuarial Methods and Assumptions:

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set by OPERS using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

**CITY OF AUMSVILLE, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2016*

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**PENSION PLAN (Continued)**

Actuarial Methods and Assumptions: (Continued)

Valuation Date	December 31, 2013 rolled forward to June 30, 2015
Experience Study Report	2014, published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increases	3.75 percent overall payroll growth
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

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

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

*Long-Term Expected Rate of Return*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset

**CITY OF AUMSVILLE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

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**PENSION PLAN (Continued)**

*Long-Term Expected Rate of Return (Continued)*

allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target</u>	<u>Compound Annual Return (Geometric)</u>
Core Fixed Income	8.00 %	4.10 %
Short-Term Bonds	8.00	3.65
Bank/Leveraged Loans	3.00	5.69
High Yield Bonds	1.00	6.67
Large/Mid Cap US Equities	15.75	7.96
Small Cap US Equities	1.31	8.93
Micro Cap US Equities	1.31	9.37
Developed Foreign Equities	13.13	8.34
Emerging Market Equities	4.13	10.56
Non-US Small Cap Equities	1.88	9.01
Private Equity	17.50	11.60
Real Estate (Property)	10.00	6.48
Real Estate (REITS)	2.50	8.74
Hedge Fund of Funds - Diversified	2.50	4.94
Hedge Fund - Event-driven	0.63	7.07
Timber	1.88	6.60
Farmland	1.88	7.11
Infrastructure	3.75	8.31
Commodities	1.88	6.07
Assumed Inflation - Mean		2.50

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

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

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Proportionate share of the net pension liability	\$ 703,987	\$ 291,691	\$ (55,765)



**CITY OF AUMSVILLE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

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**TRANSFERS**

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 26,090	\$ 743,825
Police	720,000	13,035
Street	-	13,436
Park	21,300	750
Public Works Equipment	28,000	-
Transportation SDC	-	66
Vehicle Replacement	17,500	-
Major Office Equipment	26,856	-
City Reserve	13,000	-
Parks SDC	-	21,603
Water	-	102,599
Sewer	-	80,102
Water SDC	-	165
Water Improvement	73,000	-
Sewer SDC	-	165
Sewer Improvement	50,000	-
	<u>\$ 975,746</u>	<u>\$ 975,746</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.

**SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 6, 2016, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

***SUPPLEMENTAL INFORMATION***

**CITY OF AUMSVILLE, OREGON**  
**RECONCILIATION OF BUDGETARY TO REPORTING FUNDS**  
**BALANCE SHEET - GENERAL FUND**  
**JUNE 30, 2016**

	<i>Budgetary funds</i>		<i>Total (reported as General)</i>
	<i>General</i>	<i>Police</i>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 206,231	\$ 107,199	\$ 313,430
<b>LIABILITIES AND FUND BALANCE</b>			
<i>Liabilities</i>			
Deposits	\$ 15,655	\$ -	\$ 15,655
<i>Fund Balance</i>			
Committed to public safety	-	107,199	107,199
Unassigned	190,576	-	190,576
<i>Total Fund Balance</i>	190,576	107,199	297,775
<i>Total Liabilities and Fund Balance</i>	\$ 206,231	\$ 107,199	\$ 313,430

**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, 2016**

	<i>Budgetary funds</i>		<i>Total (reported as General)</i>
	<i>General</i>	<i>Police</i>	
<b>REVENUES</b>			
Taxes and assessments	\$ 667,879	\$ 13	\$ 667,892
Fines and forfeitures	45,457	3,579	49,036
Licenses and permits	276,908	-	276,908
Intergovernmental	61,334	7,707	69,041
Miscellaneous	19,874	3,908	23,782
<i>Total Revenues</i>	<u>1,071,452</u>	<u>15,207</u>	<u>1,086,659</u>
<b>EXPENDITURES</b>			
General government	253,758	-	253,758
Public safety	-	713,790	713,790
Capital acquisitions	8,843	5,628	14,471
Debt payments			
Principal	70,801	-	70,801
Interest	6,777	-	6,777
<i>Total Expenditures</i>	<u>340,179</u>	<u>719,418</u>	<u>1,059,597</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>731,273</u>	<u>(704,211)</u>	<u>27,062</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	26,090	720,000	746,090
Transfers out	(743,825)	(13,035)	(756,860)
<i>Total Other Financing Sources and Uses</i>	<u>(717,735)</u>	<u>706,965</u>	<u>(10,770)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>13,538</u>	<u>2,754</u>	<u>16,292</u>
<b>FUND BALANCE, beginning of year</b>	<u>177,038</u>	<u>104,445</u>	<u>281,483</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 190,576</u>	<u>\$ 107,199</u>	<u>\$ 297,775</u>

**CITY OF AUMSVILLE, OREGON**

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

**JUNE 30, 2016**

	<i>Special Revenue</i>		
	<i>Park</i>	<i>Bikeway / Pedestrian</i>	<i>Investment in Aumsville Family &amp; Children</i>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 66,324	\$ 4,053	\$ 5,439
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>	\$ -	\$ -	\$ -
<b>Fund Balance:</b>			
Restricted for:			
Capital acquisitions	-	-	-
Streets	-	4,053	-
Committed to:			
Capital acquisitions	-	-	-
Community development	66,324	-	5,439
<i>Total Fund Balance</i>	66,324	4,053	5,439
<i>Total Liabilities and Fund Balance</i>	\$ 66,324	\$ 4,053	\$ 5,439

<u>Capital Projects</u>		<u>Debt Service</u>		
<u>Transportation System SDC</u>	<u>Vehicle Replacement</u>	<u>Major Office Equipment</u>	<u>City Reserve</u>	<u>Total</u>
\$ 24,745	\$ 63,657	\$ 24,456	\$ 80,485	\$ 269,159
\$ -	\$ -	\$ -	\$ -	\$ -
24,745	-	-	-	24,745
-	-	-	-	4,053
-	63,657	24,456	80,485	168,598
-	-	-	-	71,763
24,745	63,657	24,456	80,485	269,159
\$ 24,745	\$ 63,657	\$ 24,456	\$ 80,485	\$ 269,159

**CITY OF AUMSVILLE, OREGON****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016**

	<i>Special Revenue</i>		
	<i>Park</i>	<i>Bikeway / Pedestrian</i>	<i>Investment in Aumsville Family &amp; Children</i>
<b>REVENUES</b>			
Licenses and permits	\$ -	\$ -	\$ -
Charges for services	835	-	-
Intergovernmental	30,404	2,324	-
Miscellaneous	56,623	18	52,223
<i>Total Revenues</i>	87,862	2,342	52,223
<b>EXPENDITURES</b>			
Community development	80,074	-	48,057
Capital acquisitions	1,609	-	-
<i>Total Expenditures</i>	81,683	-	48,057
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	6,179	2,342	4,166
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	21,300	-	-
Transfers out	(750)	-	-
<i>Total Other Financing Sources and Uses</i>	20,550	-	-
<b>NET CHANGE IN FUND BALANCE</b>	26,729	2,342	4,166
<b>FUND BALANCE, beginning of year</b>	39,595	1,711	1,273
<b>FUND BALANCE, end of year</b>	\$ 66,324	\$ 4,053	\$ 5,439

<i>Capital Projects</i>	<i>Debt Service</i>			
<i>Transportation System SDC</i>	<i>Vehicle Replacement</i>	<i>Major Office Equipment</i>	<i>City Reserve</i>	<i>Total</i>
\$ 7,607	\$ -	\$ -	\$ -	\$ 7,607
-	-	-	-	835
-	-	-	-	32,728
137	398	106	486	109,991
7,744	398	106	486	151,161
-	-	-	2,459	130,590
-	15,209	16,992	-	33,810
-	15,209	16,992	2,459	164,400
7,744	(14,811)	(16,886)	(1,973)	(13,239)
-	17,500	26,856	13,000	78,656
(66)	-	-	-	(816)
(66)	17,500	26,856	13,000	77,840
7,678	2,689	9,970	11,027	64,601
17,067	60,968	14,486	69,458	204,558
\$ 24,745	\$ 63,657	\$ 24,456	\$ 80,485	\$ 269,159



**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, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 641,397	\$ 641,397	\$ 667,879	\$ 26,482
Fines and forfeitures	50,000	50,000	45,457	(4,543)
Licenses and permits	325,735	325,735	276,908	(48,827)
Intergovernmental	62,000	62,000	61,334	(666)
Miscellaneous	21,500	21,500	19,874	(1,626)
<i>Total Revenues</i>	1,100,632	1,100,632	1,071,452	(29,180)
<b>EXPENDITURES</b>				
Personal services	156,907	156,907	148,198	8,709
Materials and services	156,592	156,592	105,560	51,032
Debt Service				
Principal	70,978	70,978	70,801	177
Interest	6,600	6,600	6,777	(177)
Capital outlay	15,277	15,277	8,843	6,434
Contingency	139,086	139,086	-	139,086
<i>Total Expenditures</i>	545,440	545,440	340,179	205,261
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	555,192	555,192	731,273	176,081
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	27,925	27,925	26,090	(1,835)
Transfers out	(743,825)	(743,825)	(743,825)	-
<i>Total Other Financing Sources and Uses</i>	(715,900)	(715,900)	(717,735)	(1,835)
<b>NET CHANGE IN FUND BALANCE</b>	(160,708)	(160,708)	13,538	174,246
<b>FUND BALANCE, beginning of year</b>	160,708	160,708	177,038	16,330
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 190,576	\$ 190,576

**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, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 10	\$ 10	\$ 13	\$ 3
Fines and forfeitures	7,750	7,750	3,579	(4,171)
Intergovernmental	10,900	10,900	7,707	(3,193)
Miscellaneous	4,050	4,050	3,908	(142)
<i>Total Revenues</i>	22,710	22,710	15,207	(7,503)
<b>EXPENDITURES</b>				
Personal services	639,518	639,518	569,098	70,420
Materials and services	166,774	166,774	144,692	22,082
Capital outlay	11,900	11,900	5,628	6,272
Contingency	5,553	5,553	-	5,553
<i>Total Expenditures</i>	823,745	823,745	719,418	104,327
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(801,035)	(801,035)	(704,211)	96,824
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	720,000	720,000	720,000	-
Transfers out	(13,035)	(13,035)	(13,035)	-
<i>Total Other Financing Sources and Uses</i>	706,965	706,965	706,965	-
<b>NET CHANGE IN FUND BALANCE</b>	(94,070)	(94,070)	2,754	96,824
<b>FUND BALANCE, beginning of year</b>	94,070	94,070	104,445	10,375
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 107,199	\$ 107,199

**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, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 245,000	\$ 245,000	\$ 255,131	\$ 10,131
Miscellaneous	4,626	4,626	688	(3,938)
<i>Total Revenues</i>	249,626	249,626	255,819	6,193
<b>EXPENDITURES</b>				
Personal services	82,675	82,675	80,379	2,296
Materials and services	94,768	94,768	68,408	26,360
Capital outlay	213,000	226,000	225,360	640
Contingency	23,051	10,051	-	10,051
<i>Total Expenditures</i>	413,494	413,494	374,147	39,347
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(163,868)	(163,868)	(118,328)	45,540
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(13,436)	(13,436)	(13,436)	-
<b>NET CHANGE IN FUND BALANCE</b>	(177,304)	(177,304)	(131,764)	45,540
<b>FUND BALANCE, beginning of year</b>	177,304	177,304	162,842	(14,462)
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 31,078	\$ 31,078

**CITY OF AUMSVILLE, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - PARK SDC FUND****YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 10,444	\$ 10,444	\$ 5,222	\$ (5,222)
Miscellaneous	700	700	785	85
<i>Total Revenues</i>	11,144	11,144	6,007	(5,137)
<b>EXPENDITURES</b>				
Materials and services	12,000	25,000	21,323	3,677
Capital outlay	131,300	97,000	349	96,651
<i>Total Expenditures</i>	143,300	122,000	21,672	100,328
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(132,156)	(110,856)	(15,665)	95,191
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(400)	(21,700)	(21,603)	97
<b>NET CHANGE IN FUND BALANCE</b>	(132,556)	(132,556)	(37,268)	95,288
<b>FUND BALANCE, beginning of year</b>	132,556	132,556	137,239	4,683
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 99,971	\$ 99,971

**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, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 710	\$ 710	\$ 3,638	\$ 2,928
<b>EXPENDITURES</b>				
Materials and services	20,000	20,000	12,327	7,673
Capital outlay	125,081	125,081	-	125,081
<i>Total Expenditures</i>	145,081	145,081	12,327	132,754
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(144,371)	(144,371)	(8,689)	135,682
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	28,000	28,000	28,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(116,371)	(116,371)	19,311	135,682
<b>FUND BALANCE, beginning of year</b>	116,371	116,371	114,884	(1,487)
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 134,195	\$ 134,195

**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, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 240	\$ 240	\$ 835	\$ 595
Intergovernmental	39,832	39,832	30,404	(9,428)
Miscellaneous	51,616	51,616	56,623	5,007
<i>Total Revenues</i>	91,688	91,688	87,862	(3,826)
<b>EXPENDITURES</b>				
Personal services	44,661	44,661	42,211	2,450
Materials and services	42,943	42,943	37,863	5,080
Capital outlay	28,000	28,000	1,609	26,391
Contingency	12,866	12,866	-	12,866
<i>Total Expenditures</i>	128,470	128,470	81,683	46,787
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(36,782)	(36,782)	6,179	42,961
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	21,300	21,300
Transfers out	(750)	(750)	(750)	-
<i>Total Other Financing Sources and Uses</i>	(750)	(750)	20,550	21,300
<b>NET CHANGE IN FUND BALANCE</b>	(37,532)	(37,532)	26,729	64,261
<b>FUND BALANCE, beginning of year</b>	37,532	37,532	39,595	2,063
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 66,324	\$ 66,324

**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, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 2,200	\$ 2,200	\$ 2,324	\$ 124
Miscellaneous	15	15	18	3
<i>Total Revenues</i>	2,215	2,215	2,342	127
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	(1,665)	(1,665)	2,342	4,007
<b>FUND BALANCE, beginning of year</b>	1,665	1,665	1,711	46
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 4,053	\$ 4,053

**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, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 49,380	\$ 49,380	\$ 52,223	\$ 2,843
<b>EXPENDITURES</b>				
Personal services	1,500	1,500	1,475	25
Materials and services	46,582	46,582	46,582	-
<i>Total Expenditures</i>	48,082	48,082	48,057	25
<b>NET CHANGE IN FUND BALANCE</b>	1,298	1,298	4,166	2,868
<b>FUND BALANCE, beginning of year</b>	42	42	1,273	1,231
<b>FUND BALANCE, end of year</b>	\$ 1,340	\$ 1,340	\$ 5,439	\$ 4,099



**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, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 4,000	\$ 4,000	\$ 7,607	\$ 3,607
Miscellaneous	84	84	137	53
<i>Total Revenues</i>	4,084	4,084	7,744	3,660
<b>EXPENDITURES</b>				
Personal services	4,000	4,000	-	4,000
Materials and services	14,975	14,975	-	14,975
<i>Total Expenditures</i>	18,975	18,975	-	18,975
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(14,891)	(14,891)	7,744	22,635
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(175)	(175)	(66)	109
<b>NET CHANGE IN FUND BALANCE</b>	(15,066)	(15,066)	7,678	22,744
<b>FUND BALANCE, beginning of year</b>	15,066	15,066	17,067	2,001
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 24,745	\$ 24,745

**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, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 280	\$ 280	\$ 398	\$ 118
<b>EXPENDITURES</b>				
Capital outlay	76,798	76,798	15,209	61,589
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(76,518)	(76,518)	(14,811)	61,707
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	17,500	17,500	17,500	-
<b>NET CHANGE IN FUND BALANCE</b>	(59,018)	(59,018)	2,689	61,707
<b>FUND BALANCE, beginning of year</b>	59,018	59,018	60,968	1,950
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 63,657	\$ 63,657

**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, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 140	\$ 140	\$ 106	\$ (34)
<b>EXPENDITURES</b>				
Capital outlay	41,943	41,943	16,992	24,951
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(41,803)	(41,803)	(16,886)	24,917
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	26,856	26,856	26,856	-
<b>NET CHANGE IN FUND BALANCE</b>	(14,947)	(14,947)	9,970	24,917
<b>FUND BALANCE, beginning of year</b>	14,947	14,947	14,486	(461)
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 24,456	\$ 24,456

**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, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 385	\$ 385	\$ 486	\$ 101
<b>EXPENDITURES</b>				
Materials and services	39,444	39,444	2,459	36,985
Capital outlay	43,386	43,386	-	43,386
<i>Total Expenditures</i>	82,830	82,830	2,459	80,371
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(82,445)	(82,445)	(1,973)	80,472
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	13,000	13,000	13,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(69,445)	(69,445)	11,027	80,472
<b>FUND BALANCE, beginning of year</b>	69,445	69,445	69,458	13
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 80,485	\$ 80,485

**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, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 620,800	\$ 620,800	\$ 640,588	\$ 19,788
Miscellaneous	2,190	2,190	4,561	2,371
<i>Total Revenues</i>	622,990	622,990	645,149	22,159
<b>EXPENDITURES</b>				
Personal services	377,274	377,274	362,553	14,721
Materials and services	150,192	150,192	140,439	9,753
Debt service				
Principal	22,826	22,826	22,809	17
Interest	7,718	7,718	7,735	(17)
Capital outlay	33,450	33,450	21,849	11,601
Contingency	23,992	23,992	-	23,992
<i>Total Expenditures</i>	615,452	615,452	555,385	60,067
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	7,538	7,538	89,764	82,226
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(103,155)	(103,155)	(102,599)	556
<b>CHANGE IN FUND BALANCE</b>	(95,617)	(95,617)	(12,835)	82,782
<b>FUND BALANCE, beginning of year</b>	95,617	95,617	78,633	(16,984)
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 65,798	\$ 65,798

**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, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 667,505	\$ 667,505	\$ 660,824	\$ (6,681)
Miscellaneous	6,500	6,500	7,773	1,273
<i>Total Revenues</i>	674,005	674,005	668,597	(5,408)
<b>EXPENDITURES</b>				
Personal services	328,907	360,560	341,828	18,732
Materials and services	138,527	138,527	123,561	14,966
Debt service				
Principal	72,200	72,200	72,200	-
Interest	69,249	69,249	69,248	1
Capital outlay	13,500	13,500	105	13,395
Contingency	83,160	51,507	-	51,507
<i>Total Expenditures</i>	705,543	705,543	606,942	98,601
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(31,538)	(31,538)	61,655	93,193
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(101,155)	(101,155)	(80,102)	21,053
<b>CHANGE IN FUND BALANCE</b>	(132,693)	(132,693)	(18,447)	114,246
<b>FUND BALANCE, beginning of year</b>	132,693	132,693	116,582	(16,111)
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 98,135	\$ 98,135

**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, 2016**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ 427	\$ 427	\$ 1,406	\$ 979
<b>EXPENDITURES</b>				
Materials and services	295,000	295,000	14,871	280,129
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(294,573)	(294,573)	(13,465)	281,108
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	73,000	73,000	73,000	-
<b>CHANGE IN FUND BALANCE</b>	(221,573)	(221,573)	59,535	281,108
<b>FUND BALANCE, beginning of year</b>	221,573	221,573	220,054	(1,519)
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,589</u>	<u>\$ 279,589</u>

**CITY OF AUMSVILLE, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - SEWER IMPROVEMENT FUND  
YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 700	\$ 700	\$ 1,215	\$ 515
<b>EXPENDITURES</b>				
Materials and services	146,000	146,000	68,568	77,432
Capital outlay	111,678	111,678	-	111,678
<i>Total Expenditures</i>	<u>257,678</u>	<u>257,678</u>	<u>68,568</u>	<u>189,110</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(256,978)	(256,978)	(67,353)	189,625
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>70,000</u>	<u>70,000</u>	<u>50,000</u>	<u>(20,000)</u>
<b>CHANGE IN FUND BALANCE</b>	(186,978)	(186,978)	(17,353)	169,625
<b>FUND BALANCE, beginning of year</b>	<u>186,978</u>	<u>186,978</u>	<u>190,913</u>	<u>3,935</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,560</u>	<u>\$ 173,560</u>



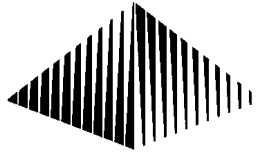
**CITY OF AUMSVILLE, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - SEWER SDC FUND****YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 22,272	\$ 22,272	\$ 11,137	\$ (11,135)
Miscellaneous	840	840	1,312	472
<i>Total Revenues</i>	23,112	23,112	12,449	(10,663)
<b>EXPENDITURES</b>				
Materials and services	15,500	15,500	1,152	14,348
Capital outlay	198,153	198,153	-	198,153
<i>Total Expenditures</i>	213,653	213,653	1,152	212,501
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(190,541)	(190,541)	11,297	201,838
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(175)	(175)	(165)	10
<b>CHANGE IN FUND BALANCE</b>	(190,716)	(190,716)	11,132	201,848
<b>FUND BALANCE, beginning of year</b>	190,716	190,716	201,887	11,171
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 213,019	\$ 213,019

**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, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 16,749	\$ 16,749	\$ 8,971	\$ (7,778)
Miscellaneous	450	450	600	150
<i>Total Revenues</i>	17,199	17,199	9,571	(7,628)
<b>EXPENDITURES</b>				
Materials and services	12,000	12,000	60	11,940
Capital outlay	96,646	96,646	1,184	95,462
<i>Total Expenditures</i>	108,646	108,646	1,244	107,402
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(91,447)	(91,447)	8,327	99,774
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(175)	(175)	(165)	10
<b>CHANGE IN FUND BALANCE</b>	(91,622)	(91,622)	8,162	99,784
<b>FUND BALANCE, beginning of year</b>	91,622	91,622	90,146	(1,476)
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 98,308	\$ 98,308

***COMPLIANCE SECTION***



## GROVE, MUELLER & SWANK, P.C.

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Aumsville, Oregon as of and for the year ended June 30, 2016, and have issued our report thereon dated December 6, 2016.

#### ***Compliance and Other Matters***

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

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

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

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

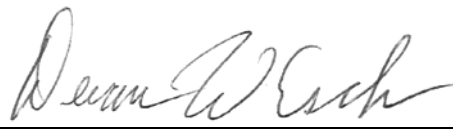
***Internal Control Over Financial Reporting***

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

***Restriction on Use***

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

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

By:   
Devan W. Esch, A Shareholder  
December 6, 2016