

***CITY OF AUMSVILLE, OREGON  
ANNUAL FINANCIAL REPORT  
Year Ended June 30, 2017***

**MAYOR**

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

**CITY COUNCIL MEMBERS**

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

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

Kevin Crawford, Commissioner  
595 Main Street  
Aumsville, Oregon 97325

Gabe Clayton, Commissioner  
595 Main Street  
Aumsville, Oregon 97325

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

Lorie Walters, Parks & Family Recreation Commissioner  
625 Del Mar Drive  
Aumsville, Oregon 97325

**CITY ADMINISTRATION**

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

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

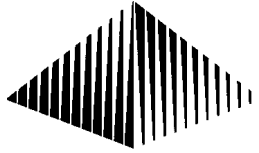
**MAILING ADDRESS**

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**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, 2017, 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, 2017, 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 January 9, 2018, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

By:   
Devan W. Esch, Shareholder  
January 9, 2018



# City of Aumsville

595 Main Street  
 Aumsville, Oregon 97325  
 maryann@aumsville.us, www.aumsville.us  
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## FYE 2017 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, 2017.

### Financial Highlights

	June 30,		change
	2017	2016	
Net position	\$ 9,417,736	\$ 8,908,996	\$ 508,740
Change in net position	508,740	70,318	438,422
Governmental net position	5,528,093	5,214,474	313,619
Proprietary net position	3,889,643	3,694,522	195,121
Change in governmental net position	313,619	84,670	228,949
Change in proprietary net position	195,121	(14,352)	209,473

### 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 \$9,417,736 at June 30, 2017.

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

	2017			2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 1,130,850	\$ 1,188,193	\$ 2,319,043	\$ 847,833	\$ 986,369	\$ 1,834,202
Non-depreciable capital assets	430,974	495,832	926,806	428,624	495,832	924,456
Depreciable capital assets, net	4,001,919	4,179,326	8,181,245	4,062,804	4,284,215	8,347,019
<b>Total assets</b>	<b>5,563,743</b>	<b>5,863,351</b>	<b>11,427,094</b>	<b>5,339,261</b>	<b>5,766,416</b>	<b>11,105,677</b>
Deposits	6,950	56,034	62,984	15,655	57,960	73,615
Long-term liabilities						
Portion due within one year	8,900	85,109	94,009	31,564	84,335	115,899
Portion due in more than one year	19,800	1,832,565	1,852,365	77,568	1,929,599	2,007,167
<b>Total liabilities</b>	<b>35,650</b>	<b>1,973,708</b>	<b>2,009,358</b>	<b>124,787</b>	<b>2,071,894</b>	<b>2,196,681</b>
Net position:						
Net investment in capital assets	4,404,193	2,757,484	7,161,677	4,382,296	2,766,113	7,148,409
Restricted	304,569	360,251	664,820	159,847	311,327	471,174
Unrestricted	819,331	771,908	1,591,239	672,331	617,082	1,289,413
<b>Total Net Position</b>	<b>\$ 5,528,093</b>	<b>\$ 3,889,643</b>	<b>\$ 9,417,736</b>	<b>\$ 5,214,474</b>	<b>\$ 3,694,522</b>	<b>\$ 8,908,996</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 \$3.2 million, of this an approximate 78% were from charges for services, fines, fees, permits, licenses and other sources. The remaining 22% came from property taxes.

The total cost of all programs and services was approximately \$2.7 million. Costs for utilities were approximately \$1.1 million (44%) 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,**

	2017			2016		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues						
Program Revenues						
Charges for service	\$ 167,475	\$ 1,341,846	\$ 1,509,321	\$ 93,825	\$ 1,301,413	\$ 1,395,238
Operating grants	376,107	-	376,107	347,468	-	347,468
Capital grants	97,774	60,553	158,327	12,897	20,108	33,005
General Revenues						
Taxes and assessments	691,555	-	691,555	667,892	-	667,892
Franchise taxes	259,841	-	259,841	248,734	-	248,734
Intergovernmental	65,023	-	65,023	61,334	-	61,334
Miscellaneous	67,751	37,395	105,146	71,134	16,866	88,000
<i>Total Revenues</i>	<u>1,725,526</u>	<u>1,439,794</u>	<u>3,165,320</u>	<u>1,503,284</u>	<u>1,338,387</u>	<u>2,841,671</u>
Expenses						
General government	443,836	-	443,836	499,234	-	499,234
Public safety	766,919	-	766,919	698,192	-	698,192
Transportation	146,120	-	146,120	131,719	-	131,719
Community development	116,483	-	116,483	142,723	-	142,723
Interest on long-term debt	2,166	-	2,166	6,777	-	6,777
Water	-	508,786	508,786	-	590,312	590,312
Sewer	-	672,270	672,270	-	702,396	702,396
<i>Total Expenses</i>	<u>1,475,524</u>	<u>1,181,056</u>	<u>2,656,580</u>	<u>1,478,645</u>	<u>1,292,708</u>	<u>2,771,353</u>
Transfers	63,617	(63,617)	-	60,031	(60,031)	-
Change in net position	313,619	195,121	508,740	84,670	(14,352)	70,318
Net position, beginning of year	5,214,474	3,694,522	8,908,996	5,129,804	3,708,874	8,838,678
Net position, end of year	<u>\$ 5,528,093</u>	<u>\$ 3,889,643</u>	<u>\$ 9,417,736</u>	<u>\$ 5,214,474</u>	<u>\$ 3,694,522</u>	<u>\$ 8,908,996</u>

**GOVERNMENTAL ACTIVITIES**

The cost for all *governmental* activities was \$1,475,524 for the year ended June 30, 2017. The amount that our taxpayers paid was only \$691,555 through property taxes. Those who directly benefited from the programs (fines, fees and charges for services) paid \$167,475 or 11%.

Net position of the governmental-type activities increased by \$313,619 during the fiscal year ended June 30, 2017.

**BUSINESS-TYPE ACTIVITIES**

The cost for all *business-type* activities totaled \$1,181,056 for the year. The City utility costs are paid by utility service fees, system development charges, and other utility related income. The City's net position increased by \$195,121 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 \$1,123,900 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 \$370,600 as of June 30, 2017. This was an increase of \$72,825 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 33% of total expenditures.

*Street Fund.* The Street Fund accounts for street maintenance and improvements. The fund balance increased by \$68,203 during the year due to expenditures being under budget.

*Public Works Equipment Fund* – The fund balance increased by \$30,113 during the year. The increase was due mainly to transfers in and minimal expenditures.

The City's enterprise funds reported \$1,132,159 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 increased \$71,559 during the year mostly due to expenditures being under budget.

*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 increased by \$45,478 during the year mostly due to expenditures being under budget.

*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 \$33,032 during the year due to transfers in and minimal expenditures.

*Sewer improvement* - The Sewer improvement fund revenues are from transfers in from the Sewer fund and expenditures are for capital outlay and materials and services. The fund's net position increased by \$4,757 during the year due to transfers in and minimal expenditures.

*Sewer SDC* - The Sewer SDC fund revenues are from system development charges, and expenditures are for capital outlay and materials and services. The fund's net position increased by \$28,440 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.

Council authorized the expenditure of a special purpose grant received from City County Insurance Services to install a vehicle lift at the Public Works shop. The grant totaled \$7,718, and was appropriated \$3,859 in both Water (012) and Sewer (013) funds in their respective Purchase of Equipment capital outlay line items.

## 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, 2017 and 2016

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 301,607	\$ 301,607	\$ -	\$ -	\$ 301,607	\$ 301,607
Construction in progress	129,367	127,017	495,832	495,832	625,199	622,849
Buildings	1,759,364	1,715,514	199,324	199,324	1,958,688	1,914,838
Equipment and vehicles	492,367	455,212	2,041,589	2,011,048	2,533,956	2,466,260
Infrastructure	3,203,974	3,173,780	4,682,844	4,646,071	7,886,818	7,819,851
	5,886,679	5,773,130	7,419,589	7,352,275	13,306,268	13,125,405
Less: accumulated depreciation	(1,453,786)	(1,281,702)	(2,744,431)	(2,572,228)	(4,198,217)	(3,853,930)
Net capital assets	\$ 4,432,893	\$ 4,491,428	\$ 4,675,158	\$ 4,780,047	\$ 9,108,051	\$ 9,271,475

**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, 2017

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
OECD Water loan	\$ -	\$ -	\$ 128,773	\$ 152,589	\$ 128,773	\$ 152,589
OECD Public works loan	-	-	1,788,901	1,861,345	1,788,901	1,861,345
City Hall/Police complex loan	-	81,532	-	-	-	81,532
Vision Municipal Solutions	28,700	27,600	-	-	28,700	27,600
	\$ 28,700	\$ 109,132	\$ 1,917,674	\$ 2,013,934	\$ 1,946,374	\$ 2,123,066

## 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 2017-18 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 2017-18 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%.
- User rates for water and sewer service will increase by 10% in 2017-18 in order to keep pace with the

rising costs of delivering service.

- In 2017-18 the PERS contribution rates will increase from approximately 11.5% of salaries to approximately 16% of salaries.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

***BASIC FINANCIAL STATEMENTS***

**CITY OF AUMSVILLE, OREGON**  
**STATEMENT OF NET POSITION (MODIFIED CASH BASIS)**  
**JUNE 30, 2017**

	<b><i>Governmental Activities</i></b>	<b><i>Business-type Activities</i></b>	<b><i>Totals</i></b>
<b><i>ASSETS</i></b>			
Cash and cash equivalents	\$ 1,130,850	\$ 1,188,193	\$ 2,319,043
Non-depreciable capital assets	430,974	495,832	926,806
Depreciable capital assets, net	4,001,919	4,179,326	8,181,245
<i>Total Assets</i>	5,563,743	5,863,351	11,427,094
<b><i>LIABILITIES</i></b>			
Deposits	6,950	56,034	62,984
Long-term liabilities			
Portion due within one year	8,900	85,109	94,009
Portion due in more than one year	19,800	1,832,565	1,852,365
<i>Total Liabilities</i>	35,650	1,973,708	2,009,358
<b><i>NET POSITION</i></b>			
Net investment in capital assets	4,404,193	2,757,484	7,161,677
Restricted for:			
Capital outlay	198,806	360,251	559,057
Streets	105,763	-	105,763
Unrestricted	819,331	771,908	1,591,239
<i>Total Net Position</i>	\$ 5,528,093	\$ 3,889,643	\$ 9,417,736

*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, 2017**

<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	\$ 443,836	\$ 79,837	\$ -	\$ 8,656
Public safety	766,919	69,049	16,849	-
Transportation	146,120	-	259,596	66,429
Community development	116,483	18,589	99,662	22,689
Interest on long-term debt	2,166	-	-	-
<i>Total Governmental activities</i>	1,475,524	167,475	376,107	97,774
<b>Business-type activities:</b>				
Water	508,786	661,086	-	21,553
Sewer	672,270	680,760	-	39,000
<i>Total Business-type activities</i>	1,181,056	1,341,846	-	60,553
<i>Total Activities</i>	<u>\$ 2,656,580</u>	<u>\$ 1,509,321</u>	<u>\$ 376,107</u>	<u>\$ 158,327</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>
\$ (355,343)	\$ -	\$ (355,343)
(681,021)	-	(681,021)
179,905	-	179,905
24,457	-	24,457
(2,166)	-	(2,166)
(834,168)	-	(834,168)
-	173,853	173,853
-	47,490	47,490
-	221,343	221,343
(834,168)	221,343	(612,825)
691,555	-	691,555
259,841	-	259,841
65,023	-	65,023
67,751	37,395	105,146
1,084,170	37,395	1,121,565
63,617	(63,617)	-
313,619	195,121	508,740
5,214,474	3,694,522	8,908,996
<u>\$ 5,528,093</u>	<u>\$ 3,889,643</u>	<u>\$ 9,417,736</u>

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



**CITY OF AUMSVILLE, OREGON**

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

**JUNE 30, 2017**

	<u>Special Revenue</u>	
	<u>General</u>	<u>Street</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 377,550	\$ 99,281
	<hr/>	<hr/>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Deposits	\$ 6,950	\$ -
<b>Fund Balance</b>		
Restricted for:		
Capital acquisitions	-	-
Streets	-	99,281
Committed to:		
Community development	-	-
Public safety	138,899	-
Capital acquisitions	-	-
Unassigned	231,701	-
	<hr/>	<hr/>
Total Fund Balance	370,600	99,281
	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ 377,550	\$ 99,281
	<hr/>	<hr/>

**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*

---

***Capital Projects***

<b><i>Public Works Equipment</i></b>	<b><i>Other Governmental Funds</i></b>	<b><i>Total</i></b>
\$ 164,308	\$ 489,711	\$ 1,130,850
\$ -	\$ -	\$ 6,950
-	198,806	198,806
-	6,482	105,763
-	81,949	81,949
-	-	138,899
164,308	202,474	366,782
-	-	231,701
164,308	489,711	1,123,900
\$ 164,308	\$ 489,711	\$ 1,130,850
		\$ 1,123,900
		5,886,679
		(1,453,786)
		(28,700)
		\$ 5,528,093

*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, 2017**

	<u>General</u>	<u>Special Revenue</u>
		<u>Street</u>
<b>REVENUES</b>		
Taxes and assessments	\$ 691,555	\$ -
Fines and forfeitures	69,049	-
Licenses and permits	339,678	-
Charges for services	-	-
Intergovernmental	79,647	259,880
Miscellaneous	24,989	799
<i>Total Revenues</i>	<u>1,204,918</u>	<u>260,679</u>
<b>EXPENDITURES</b>		
General government	267,233	-
Public safety	768,604	-
Transportation	-	142,815
Community development	-	-
Capital acquisitions	9,608	35,849
Debt payments		
Principal	83,532	-
Interest	2,166	-
<i>Total Expenditures</i>	<u>1,131,143</u>	<u>178,664</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	73,775	82,015
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	817,523	-
Transfers out	(818,473)	(13,812)
<i>Total Other Financing Sources (Uses)</i>	<u>(950)</u>	<u>(13,812)</u>
<b>NET CHANGE IN FUND BALANCE</b>	72,825	68,203
<b>FUND BALANCE, beginning of year</b>	<u>297,775</u>	<u>31,078</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 370,600</u>	<u>\$ 99,281</u>

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

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

- Capital acquisitions
- Depreciation expense
- 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><i>Capital Projects</i></b>		
<b><i>Public Works Equipment</i></b>	<b><i>Other Governmental Funds</i></b>	<b><i>Total</i></b>
\$ -	\$ -	\$ 691,555
-	-	69,049
-	76,253	415,931
8,656	900	9,556
-	64,872	404,399
1,556	107,692	135,036
<b>10,212</b>	<b>249,717</b>	<b>1,725,526</b>
-	-	267,233
-	-	768,604
-	-	142,815
-	133,982	133,982
8,099	38,633	92,189
-	6,900	90,432
-	-	2,166
<b>8,099</b>	<b>179,515</b>	<b>1,497,421</b>
2,113	70,202	228,105
28,000	51,253	896,776
-	(874)	(833,159)
<b>28,000</b>	<b>50,379</b>	<b>63,617</b>
30,113	120,581	291,722
134,195	369,130	832,178
<b>\$ 164,308</b>	<b>\$ 489,711</b>	<b>\$ 1,123,900</b>

\$ 291,722

119,948  
(177,769)  
(714)

90,432

(10,000)

**\$ 313,619**

*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, 2017**

	<u>Water</u>	<u>Sewer</u>	<u>Water Improvement</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 165,374	\$ 171,630	\$ 312,621
<b>LIABILITIES</b>			
Deposits	28,017	28,017	-
<b>NET POSITION</b>			
Restricted for capital outlay	-	-	-
Unrestricted	137,357	143,613	312,621
<i>Total Net Position</i>	<u>\$ 137,357</u>	<u>\$ 143,613</u>	<u>\$ 312,621</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>
\$ 178,317	\$ 241,459	\$ 118,792	\$ 1,188,193
-	-	-	56,034
-	241,459	118,792	360,251
178,317	-	-	771,908
<u>\$ 178,317</u>	<u>\$ 241,459</u>	<u>\$ 118,792</u>	<u>\$ 1,132,159</u>
			\$ 1,132,159
			7,419,589
			(2,744,431)
			(128,773)
			(1,788,901)
			<u>\$ 3,889,643</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, 2017**

	<u>Water</u>	<u>Sewer</u>	<u>Water Improvement</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 661,086	\$ 680,759	\$ -
Miscellaneous	8,622	16,687	-
<i>Total Operating Revenues</i>	669,708	697,446	-
<b>OPERATING EXPENSES</b>			
Personal services	366,337	344,796	-
Materials and services	112,061	108,625	12,119
<i>Total Operating Expenses</i>	478,398	453,421	12,119
<b>OPERATING INCOME</b>	191,310	244,025	(12,119)
<b>NONOPERATING ITEMS</b>			
Capital acquisitions	(17,440)	(7,906)	-
Interest revenue	1,794	1,516	3,151
Debt payments			
Principal	(23,816)	(72,444)	-
Interest	(6,729)	(67,804)	-
<i>Total Nonoperating Items</i>	(46,191)	(146,638)	3,151
<b>NET INCOME BEFORE CONTRIBUTION AND TRANSFERS</b>			
Capital contributions	-	-	-
Transfers in	-	-	42,000
Transfers out	(73,560)	(51,909)	-
<b>CHANGE IN NET POSITION</b>	71,559	45,478	33,032
<b>NET POSITION, beginning of year</b>	65,798	98,135	279,589
<b>NET POSITION, end of year</b>	\$ 137,357	\$ 143,613	\$ 312,621

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

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

Capital acquisitions  
Depreciation expense

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

*Change in net position of governmental activities*

<i>Sewer Improvement</i>	<i>Sewer SDC</i>	<i>Water SDC</i>	<i>Total</i>
\$ -	\$ -	\$ -	\$ 1,341,845
-	-	-	25,309
-	-	-	1,367,154
-	-	-	711,133
809	809	1,053	235,476
809	809	1,053	946,609
(809)	(809)	(1,053)	420,545
(28,524)	-	(1,155)	(55,025)
1,841	2,560	1,225	12,087
-	-	-	(96,260)
-	-	-	(74,533)
(26,683)	2,560	70	(213,731)
12,249	26,751	21,553	60,553
20,000	-	-	62,000
-	(62)	(86)	(125,617)
4,757	28,440	20,484	203,750
173,560	213,019	98,308	928,409
\$ 178,317	\$ 241,459	\$ 118,792	\$ 1,132,159

\$ 203,750

67,314  
(172,203)

96,260

\$ 195,121

*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.

*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.

*Park System Development Charge (SDC) Fund* - Accounts for the development and improvements 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.

**CITY OF AUMSVILLE, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

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

*Fund Balance (Continued)*

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

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

*Definitions of Governmental Fund Types*

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

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

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

*Measurement Focus and Basis of Accounting*

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

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

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

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

**CITY OF AUMSVILLE, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

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

*Measurement Focus and Basis of Accounting (Continued)*

- b. The proprietary funds utilize an economic resource measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, change in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

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

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

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

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

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

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

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

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

*Cash and Cash Equivalents*

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

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

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

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

*Property Taxes*

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

*Capital Assets*

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

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

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

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

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

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

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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, 2017. Actual results may differ from such estimates.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are comprised of the following at June 30, 2017:

<b>Cash</b>	
Cash on hand	\$ 1,540
Demand deposits	42,474
<b>Investments</b>	
Local Government Investment Pool	2,275,029
	<hr/>
	\$ 2,319,043
	<hr/> <hr/>

*Deposits*

The book balance of the City's bank deposits was \$42,474 and the bank balance was \$114,540 at year end. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

## **CITY OF AUMSVILLE, OREGON**

*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*

*YEAR ENDED JUNE 30, 2017*

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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, 2017, 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, 2017, 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, 2017**

**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, 2017 is as follows:

	<b><i>Balances July 1, 2016</i></b>	<b><i>Additions</i></b>	<b><i>Retirements</i></b>	<b><i>Balances June 30, 2017</i></b>
Non-depreciable				
Construction in progress	\$ 127,017	\$ 2,350	\$ -	\$ 129,367
Land	301,607	-	-	301,607
<i>Total non-depreciable</i>	<u>428,624</u>	<u>2,350</u>	<u>-</u>	<u>430,974</u>
Depreciable				
Buildings and improvements	1,715,514	43,850	-	1,759,364
Equipment	455,212	43,554	(6,399)	492,367
Infrastructure	3,173,780	30,194	-	3,203,974
<i>Total depreciable</i>	<u>5,344,506</u>	<u>117,598</u>	<u>(6,399)</u>	<u>5,455,705</u>
Accumulated depreciation				
Buildings and improvements	(353,983)	(45,585)	-	(399,568)
Equipment	(331,945)	(31,417)	5,685	(357,677)
Infrastructure	(595,774)	(100,767)	-	(696,541)
Less accumulated depreciation	<u>(1,281,702)</u>	<u>(177,769)</u>	<u>5,685</u>	<u>(1,453,786)</u>
<i>Total depreciable capital assets, net</i>	<u>4,062,804</u>	<u>(60,171)</u>	<u>(714)</u>	<u>4,001,919</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 4,491,428</u>	<u>\$ (57,821)</u>	<u>\$ (714)</u>	<u>\$ 4,432,893</u>

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

**CAPITAL ASSETS (Continued)**

The summary of capital assets for the business-type activities for the year ended June 30, 2017 is as follows:

	<i><b>Balances July 1, 2016</b></i>	<i><b>Additions</b></i>	<i><b>Retirements</b></i>	<i><b>Balances June 30, 2017</b></i>
Non-depreciable				
Construction in progress	\$ 495,832	\$ -	\$ -	\$ 495,832
Depreciable				
Buildings and improvements	199,324	-	-	199,324
Equipment	1,830,870	30,541	-	1,861,411
Infrastructure	4,646,071	36,773	-	4,682,844
Vehicles	180,178	-	-	180,178
<i>Total depreciable</i>	<u>6,856,443</u>	<u>67,314</u>	<u>-</u>	<u>6,923,757</u>
Accumulated depreciation				
Buildings and improvements	(143,461)	(4,270)	-	(147,731)
Equipment	(533,620)	(57,225)	-	(590,845)
Infrastructure	(1,733,960)	(107,605)	-	(1,841,565)
Vehicles	(161,187)	(3,103)	-	(164,290)
Less accumulated depreciation	<u>(2,572,228)</u>	<u>(172,203)</u>	<u>-</u>	<u>(2,744,431)</u>
<i>Total depreciable capital assets, net</i>	<u>4,284,215</u>	<u>(104,889)</u>	<u>-</u>	<u>4,179,326</u>
<i>Business-type activities capital assets, net</i>	<u><u>\$ 4,780,047</u></u>	<u><u>\$ (104,889)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,675,158</u></u>

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

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**LONG-TERM DEBT**

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

	<u>Outstanding July 1, 2016</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2017</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	\$ 81,532	\$ -	\$ (81,532)	\$ -	\$ -
Vision Municipal Solutions Capitalization, Software and professional services, Five annual payments of \$8,900, no interest	27,600	10,000	(8,900)	28,700	8,900
	<u>\$ 109,132</u>	<u>\$ 10,000</u>	<u>\$ (90,432)</u>	<u>\$ 28,700</u>	<u>\$ 8,900</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	\$ 152,589	\$ -	\$ (23,816)	\$ 128,773	\$ 12,416
OECD Public Works Loan, issued 2011, annual installments ranging from \$139,000 to \$143,000 including interest from 2 to 4% through December 2034	1,861,345	-	(72,444)	1,788,901	72,693
Total business-type activities	<u>\$ 2,013,934</u>	<u>\$ -</u>	<u>\$ (96,260)</u>	<u>\$ 1,917,674</u>	<u>\$ 85,109</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. In past years this requirement has been waived by the lender.

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

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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>
2018	\$ 8,900	\$ -	\$ 8,900
2019	8,900	-	8,900
2020	8,900	-	8,900
2021	2,000	-	2,000
	<u>\$ 28,700</u>	<u>\$ -</u>	<u>\$ 28,700</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>
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	99,041	62,528	161,569
2023-2027	520,010	256,054	776,064
2028-2032	555,660	145,205	700,865
2033-2035	387,012	31,232	418,244
	<u>\$ 1,917,674</u>	<u>\$ 775,390</u>	<u>\$ 2,693,064</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 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.

## **CITY OF AUMSVILLE, OREGON**

*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*

*YEAR ENDED JUNE 30, 2017*

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### ***PENSION PLAN (Continued)***

#### **Benefits provided under ORS Chapter 238 – Tier One/ Tier Two (Continued)**

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.

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.

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

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**PENSION PLAN (Continued)**

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

*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, 2014 actuarial valuation. The City's contribution rates in effect for the fiscal year ended June 30, 2017 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, 2017 were \$115,005, excluding amounts to fund employer specific liabilities.

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.

Valuation Date	December 31, 2014 rolled forward to June 30, 2016
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	2.50 percent
Investment rate of return	7.50 percent

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

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***PENSION PLAN (Continued)***

Actuarial Methods and Assumptions (Continued):

Projected salary increases	3.50 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 (70% for males, 95% 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 7.50 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 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.

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

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**PENSION PLAN (Continued)**

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

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Compound Annual (Geometric) Return</u>
Core Fixed Income	8.00 %	4.00 %
Short-Term Bonds	8.00	3.61
Bank/Leveraged Loans	3.00	5.42
High Yield Bonds	1.00	6.20
Large/Mid Cap US Equities	15.75	6.70
Small Cap US Equities	1.31	6.99
Micro Cap US Equities	1.31	7.01
Developed Foreign Equities	13.13	6.73
Emerging Market Equities	4.12	7.25
Non-US Small Cap Equities	1.88	7.22
Private Equity	17.50	7.97
Real Estate (Property)	10.00	5.84
Real Estate (REITS)	2.50	6.69
Hedge Fund of Funds - Diversified	2.50	4.64
Hedge Fund - Event-driven	0.63	6.72
Timber	1.88	5.85
Farmland	1.88	6.37
Infrastructure	3.75	7.13
Commodities	1.88	4.58
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 7.50, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Proportionate share of the net pension liability	\$ 2,290,200	\$ 1,418,373	\$ 689,679



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

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**TRANSFERS**

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

		<u>Transfers In</u>	<u>Transfers Out</u>
10	General	\$ 26,523	\$ 810,926
11	Police	791,000	7,547
14	Street	-	13,812
15	Park	-	750
16	Public Works Equipment	28,000	-
30	Transportation SDC	-	62
20	Vehicle Replacement	9,500	-
27	Major Office Equipment	37,653	-
22	City Reserve	4,100	-
32	Parks SDC	-	62
12	Water	-	73,560
13	Sewer	-	51,909
24	Water SDC	-	86
28	Water Improvement	42,000	-
29	Sewer SDC	-	62
19	Sewer Improvement	20,000	-
		<u>\$ 958,776</u>	<u>\$ 958,776</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.

**NEW PRONOUNCEMENTS**

The City implemented the following pronouncement during the current fiscal year:

GASB Statement No. 77, "Tax Abatement Disclosures," addresses the disclosure requirements for governments that have tax abated properties in their jurisdiction. It will require governments to disclose a description of the tax abatement program, the gross dollar amount of taxes abated during the period, and commitments made by a government, other than to abate taxes, as part of the tax abatement agreement. The implementation of this pronouncement did not affect the current year financial statements.

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

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***NEW PRONOUNCEMENTS (Continued)***

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

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. It requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The statement is effective for fiscal years beginning after June 15, 2017.

***SUBSEQUENT EVENTS***

Management has evaluated subsequent events through January 9, 2018, 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, 2017**

	<i>Budgetary funds</i>		<i>Total (reported as General)</i>
	<i>General</i>	<i>Police</i>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 238,651	\$ 138,899	\$ 377,550
<b>LIABILITIES AND FUND BALANCE</b>			
<i>Liabilities</i>			
Deposits	\$ 6,950	\$ -	\$ 6,950
<i>Fund Balance</i>			
Committed to public safety	-	138,899	138,899
Unassigned	231,701	-	231,701
<i>Total Fund Balance</i>	231,701	138,899	370,600
<i>Total Liabilities and Fund Balance</i>	\$ 238,651	\$ 138,899	\$ 377,550

**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, 2017

	<i>Budgetary funds</i>		<i>Total (reported as General)</i>
	<i>General</i>	<i>Police</i>	
<b>REVENUES</b>			
Taxes and assessments	\$ 691,536	\$ 19	\$ 691,555
Fines and forfeitures	65,713	3,336	69,049
Licenses and permits	339,678	-	339,678
Intergovernmental	65,023	14,624	79,647
Miscellaneous	22,951	2,038	24,989
<i>Total Revenues</i>	<u>1,184,901</u>	<u>20,017</u>	<u>1,204,918</u>
<b>EXPENDITURES</b>			
General government	267,233	-	267,233
Public safety	-	768,604	768,604
Capital acquisitions	6,442	3,166	9,608
Debt payments			
Principal	83,532	-	83,532
Interest	2,166	-	2,166
<i>Total Expenditures</i>	<u>359,373</u>	<u>771,770</u>	<u>1,131,143</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	825,528	(751,753)	73,775
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	26,523	791,000	817,523
Transfers out	(810,926)	(7,547)	(818,473)
<i>Total Other Financing Sources and Uses</i>	<u>(784,403)</u>	<u>783,453</u>	<u>(950)</u>
<b>NET CHANGE IN FUND BALANCE</b>	41,125	31,700	72,825
<b>FUND BALANCE, beginning of year</b>	<u>190,576</u>	<u>107,199</u>	<u>297,775</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 231,701</u>	<u>\$ 138,899</u>	<u>\$ 370,600</u>

**CITY OF AUMSVILLE, OREGON**

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

**JUNE 30, 2017**

	<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	\$ 80,148	\$ 6,482	\$ 1,801
<b>LIABILITIES AND FUND BALANCE</b>			
<i>Liabilities</i>	\$ -	\$ -	\$ -
<b>Fund Balance:</b>			
Restricted for:			
Capital acquisitions	-	-	-
Streets	-	6,482	-
Committed to:			
Capital acquisitions	-	-	-
Community development	80,148	-	1,801
<i>Total Fund Balance</i>	80,148	6,482	1,801
<i>Total Liabilities and Fund Balance</i>	\$ 80,148	\$ 6,482	\$ 1,801

**Capital Projects**

<b><i>Parks SDC</i></b>	<b><i>Transportation System SDC</i></b>	<b><i>Vehicle Replacement</i></b>	<b><i>Major Office Equipment</i></b>	<b><i>City Reserve</i></b>	<b><i>Total</i></b>
\$ 107,501	\$ 91,305	\$ 73,895	\$ 48,372	\$ 80,207	\$ 489,711
-	-	-	-	-	-
107,501	91,305	-	-	-	198,806
-	-	-	-	-	6,482
-	-	73,895	48,372	80,207	202,474
-	-	-	-	-	81,949
107,501	91,305	73,895	48,372	80,207	489,711
\$ 107,501	\$ 91,305	\$ 73,895	\$ 48,372	\$ 80,207	\$ 489,711

**CITY OF AUMSVILLE, OREGON****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2017**

	<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	900	-	-
Intergovernmental	62,502	2,370	-
Miscellaneous	55,124	59	49,062
<i>Total Revenues</i>	118,526	2,429	49,062
<b>EXPENDITURES</b>			
Community development	77,211	-	52,700
Debt Service			
Principal	-	-	-
Capital acquisitions	26,741	-	-
<i>Total Expenditures</i>	103,952	-	52,700
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	14,574	2,429	(3,638)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	(750)	-	-
<i>Total Other Financing Sources and Uses</i>	(750)	-	-
<b>NET CHANGE IN FUND BALANCE</b>	13,824	2,429	(3,638)
<b>FUND BALANCE, beginning of year</b>	66,324	4,053	5,439
<b>FUND BALANCE, end of year</b>	\$ 80,148	\$ 6,482	\$ 1,801



**Capital Projects**

<i>Parks SDC</i>	<i>Transportation System SDC</i>	<i>Vehicle Replacement</i>	<i>Major Office Equipment</i>	<i>City Reserve</i>	<i>Total</i>
\$ 10,108	\$ 66,145	\$ -	\$ -	\$ -	\$ 76,253
-	-	-	-	-	900
-	-	-	-	-	64,872
1,164	477	738	205	863	107,692
11,272	66,622	738	205	863	249,717
3,680	-	-	-	391	133,982
-	-	-	6,900	-	6,900
-	-	-	7,042	4,850	38,633
3,680	-	-	13,942	5,241	179,515
7,592	66,622	738	(13,737)	(4,378)	70,202
-	-	9,500	37,653	4,100	51,253
(62)	(62)	-	-	-	(874)
(62)	(62)	9,500	37,653	4,100	50,379
7,530	66,560	10,238	23,916	(278)	120,581
99,971	24,745	63,657	24,456	80,485	369,130
\$ 107,501	\$ 91,305	\$ 73,895	\$ 48,372	\$ 80,207	\$ 489,711

**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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 696,838	\$ 696,838	\$ 691,536	\$ (5,302)
Fines and forfeitures	46,000	46,000	65,713	19,713
Licenses and permits	329,946	329,946	339,678	9,732
Intergovernmental	66,200	66,200	65,023	(1,177)
Miscellaneous	17,227	17,227	22,951	5,724
<i>Total Revenues</i>	1,156,211	1,156,211	1,184,901	28,690
<b>EXPENDITURES</b>				
Personal services	159,337	159,337	145,414	13,923
Materials and services	152,135	152,135	121,819	30,316
Debt Service				
Principal	83,590	83,590	83,532	58
Interest	2,353	2,353	2,166	187
Capital outlay	27,500	27,500	6,442	21,058
Contingency	134,782	134,782	-	134,782
<i>Total Expenditures</i>	559,697	559,697	359,373	200,324
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	596,514	596,514	825,528	229,014
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	27,225	27,225	26,523	(702)
Transfers out	(810,926)	(810,926)	(810,926)	-
<i>Total Other Financing Sources and Uses</i>	(783,701)	(783,701)	(784,403)	(702)
<b>NET CHANGE IN FUND BALANCE</b>	(187,187)	(187,187)	41,125	228,312
<b>FUND BALANCE, beginning of year</b>	187,187	187,187	190,576	3,389
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 231,701	\$ 231,701

**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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 16	\$ 16	\$ 19	\$ 3
Fines and forfeitures	7,400	7,400	3,336	(4,064)
Intergovernmental	13,500	13,500	14,624	1,124
Miscellaneous	4,992	4,992	2,038	(2,954)
<i>Total Revenues</i>	25,908	25,908	20,017	(5,891)
<b>EXPENDITURES</b>				
Personal services	706,246	706,246	624,074	82,172
Materials and services	187,350	187,350	144,530	42,820
Capital outlay	6,350	6,350	3,166	3,184
Contingency	20,356	20,356	-	20,356
<i>Total Expenditures</i>	920,302	920,302	771,770	148,532
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(894,394)	(894,394)	(751,753)	142,641
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	791,000	791,000	791,000	-
Transfers out	(7,547)	(7,547)	(7,547)	-
<i>Total Other Financing Sources and Uses</i>	783,453	783,453	783,453	-
<b>NET CHANGE IN FUND BALANCE</b>	(110,941)	(110,941)	31,700	142,641
<b>FUND BALANCE, beginning of year</b>	110,941	110,941	107,199	(3,742)
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 138,899	\$ 138,899

**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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 226,610	\$ 226,610	\$ 259,880	\$ 33,270
Miscellaneous	4,366	4,366	799	(3,567)
<i>Total Revenues</i>	230,976	230,976	260,679	29,703
<b>EXPENDITURES</b>				
Personal services	89,967	89,967	81,759	8,208
Materials and services	79,227	79,227	61,056	18,171
Capital outlay	56,000	56,000	35,849	20,151
Contingency	20,545	20,545	-	20,545
<i>Total Expenditures</i>	245,739	245,739	178,664	67,075
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(14,763)	(14,763)	82,015	96,778
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(13,812)	(13,812)	(13,812)	-
<b>NET CHANGE IN FUND BALANCE</b>	(28,575)	(28,575)	68,203	96,778
<b>FUND BALANCE, beginning of year</b>	28,575	28,575	31,078	2,503
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 99,281	\$ 99,281

**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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 8,656	\$ 8,656
Miscellaneous	1,056	1,056	1,556	500
<b>EXPENDITURES</b>				
Materials and services	7,255	7,255	-	7,255
Capital outlay	153,081	153,081	8,099	144,982
<i>Total Expenditures</i>	160,336	160,336	8,099	152,237
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(159,280)	(159,280)	2,113	161,393
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	28,000	28,000	28,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(131,280)	(131,280)	30,113	161,393
<b>FUND BALANCE, beginning of year</b>	131,280	131,280	134,195	2,915
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 164,308	\$ 164,308

**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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 500	\$ 500	\$ 900	\$ 400
Intergovernmental	52,600	52,600	62,502	9,902
Miscellaneous	54,918	54,918	55,124	206
<i>Total Revenues</i>	108,018	108,018	118,526	10,508
<b>EXPENDITURES</b>				
Personal services	49,543	49,543	43,651	5,892
Materials and services	46,262	46,262	33,560	12,702
Capital outlay	52,000	52,000	26,741	25,259
Contingency	31,604	31,604	-	31,604
<i>Total Expenditures</i>	179,409	179,409	103,952	75,457
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(71,391)	(71,391)	14,574	85,965
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,000	1,000	-	(1,000)
Transfers out	(750)	(750)	(750)	-
<i>Total Other Financing Sources and Uses</i>	250	250	(750)	(1,000)
<b>NET CHANGE IN FUND BALANCE</b>	(71,141)	(71,141)	13,824	84,965
<b>FUND BALANCE, beginning of year</b>	71,141	71,141	66,324	(4,817)
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 80,148	\$ 80,148

**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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 2,267	\$ 2,267	\$ 2,370	\$ 103
Miscellaneous	39	39	59	20
<i>Total Revenues</i>	2,306	2,306	2,429	123
<b>EXPENDITURES</b>				
Materials and services	6,263	6,263	-	6,263
<b>NET CHANGE IN FUND BALANCE</b>	(3,957)	(3,957)	2,429	6,386
<b>FUND BALANCE, beginning of year</b>	3,957	3,957	4,053	96
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 6,482	\$ 6,482

**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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Miscellaneous	56,713	56,713	49,062	(7,651)
<i>Total Revenues</i>	57,713	57,713	49,062	(8,651)
<b>EXPENDITURES</b>				
Personal services	1,500	1,500	1,475	25
Materials and services	62,573	62,573	51,225	11,348
<i>Total Expenditures</i>	64,073	64,073	52,700	11,373
<b>NET CHANGE IN FUND BALANCE</b>	(6,360)	(6,360)	(3,638)	2,722
<b>FUND BALANCE, beginning of year</b>	7,295	7,295	5,439	(1,856)
<b>FUND BALANCE, end of year</b>	\$ 935	\$ 935	\$ 1,801	\$ 866



**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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 38,829	\$ 38,829	\$ 10,108	\$ (28,721)
Miscellaneous	853	853	1,164	311
<i>Total Revenues</i>	39,682	39,682	11,272	(28,410)
<b>EXPENDITURES</b>				
Materials and services	15,000	15,000	3,680	11,320
Capital outlay	126,330	126,330	-	126,330
<i>Total Expenditures</i>	141,330	141,330	3,680	137,650
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(101,648)	(101,648)	7,592	109,240
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,400)	(1,400)	(62)	1,338
<b>NET CHANGE IN FUND BALANCE</b>	(103,048)	(103,048)	7,530	110,578
<b>FUND BALANCE, beginning of year</b>	103,048	103,048	99,971	(3,077)
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 107,501	\$ 107,501

**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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 107,598	\$ 107,598	\$ 66,145	\$ (41,453)
Miscellaneous	607	607	477	(130)
<i>Total Revenues</i>	108,205	108,205	66,622	(41,583)
<b>EXPENDITURES</b>				
Personal services	4,000	4,000	-	4,000
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	104,205	104,205	66,622	(37,583)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(175)	(175)	(62)	113
<b>NET CHANGE IN FUND BALANCE</b>	104,030	104,030	66,560	(37,470)
<b>FUND BALANCE, beginning of year</b>	24,721	24,721	24,745	24
<b>FUND BALANCE, end of year</b>	\$ 128,751	\$ 128,751	\$ 91,305	\$ (37,446)

**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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 514	\$ 514	\$ 738	\$ 224
<b>EXPENDITURES</b>				
Capital outlay	73,642	73,642	-	73,642
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(73,128)	(73,128)	738	73,866
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	9,500	9,500	9,500	-
<b>NET CHANGE IN FUND BALANCE</b>	(63,628)	(63,628)	10,238	73,866
<b>FUND BALANCE, beginning of year</b>	63,628	63,628	63,657	29
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 73,895	\$ 73,895

**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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 186	\$ 186	\$ 205	\$ 19
<b>EXPENDITURES</b>				
Debt service				
Principal	6,900	6,900	6,900	-
Capital outlay	56,522	56,522	7,042	49,480
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(63,236)	(63,236)	(13,737)	49,499
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	37,653	37,653	37,653	-
<b>NET CHANGE IN FUND BALANCE</b>	(25,583)	(25,583)	23,916	49,499
<b>FUND BALANCE, beginning of year</b>	25,583	25,583	24,456	(1,127)
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 48,372	\$ 48,372

**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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 637	\$ 637	\$ 863	\$ 226
<b>EXPENDITURES</b>				
Materials and services	41,779	41,779	391	41,388
Capital outlay	43,386	43,386	4,850	38,536
<i>Total Expenditures</i>	85,165	85,165	5,241	79,924
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(84,528)	(84,528)	(4,378)	80,150
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,100	4,100	4,100	-
<b>NET CHANGE IN FUND BALANCE</b>	(80,428)	(80,428)	(278)	80,150
<b>FUND BALANCE, beginning of year</b>	80,428	80,428	80,485	57
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 80,207	\$ 80,207

**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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 672,368	\$ 672,368	\$ 661,086	\$ (11,282)
Miscellaneous	7,829	11,688	10,416	(1,272)
<i>Total Revenues</i>	680,197	684,056	671,502	(12,554)
<b>EXPENDITURES</b>				
Personal services	398,030	398,030	366,337	31,693
Materials and services	161,105	161,105	112,061	49,044
Debt service				
Principal	23,816	23,816	23,816	-
Interest	6,729	6,729	6,729	-
Capital outlay	47,000	50,859	17,440	33,419
Contingency	34,406	34,406	-	34,406
<i>Total Expenditures</i>	671,086	674,945	526,383	148,562
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	9,111	9,111	145,119	136,008
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(73,609)	(73,609)	(73,560)	49
<b>CHANGE IN FUND BALANCE</b>	(64,498)	(64,498)	71,559	136,057
<b>FUND BALANCE, beginning of year</b>	64,498	64,498	65,798	1,300
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 137,357	\$ 137,357

**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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 679,550	\$ 679,550	\$ 680,759	\$ 1,209
Miscellaneous	12,197	16,056	18,203	2,147
<i>Total Revenues</i>	691,747	695,606	698,962	3,356
<b>EXPENDITURES</b>				
Personal services	375,661	375,661	344,796	30,865
Materials and services	140,691	140,691	108,625	32,066
Debt service				
Principal	72,444	72,444	72,444	-
Interest	67,805	67,805	67,804	1
Capital outlay	17,000	20,859	7,906	12,953
Contingency	58,770	58,770	-	58,770
<i>Total Expenditures</i>	732,371	736,230	601,575	134,655
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(40,624)	(40,624)	97,387	138,011
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(51,909)	(51,909)	(51,909)	-
<b>CHANGE IN FUND BALANCE</b>	(92,533)	(92,533)	45,478	138,011
<b>FUND BALANCE, beginning of year</b>	92,533	92,533	98,135	5,602
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 143,613	\$ 143,613

**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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 1,936	\$ 1,936	\$ 3,151	\$ 1,215
<b>EXPENDITURES</b>				
Materials and services	296,000	296,000	12,119	283,881
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(294,064)	(294,064)	(8,968)	285,096
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	42,000	42,000	42,000	-
<b>CHANGE IN FUND BALANCE</b>	(252,064)	(252,064)	33,032	285,096
<b>FUND BALANCE, beginning of year</b>	277,368	277,368	279,589	2,221
<b>FUND BALANCE, end of year</b>	\$ 25,304	\$ 25,304	\$ 312,621	\$ 287,317



**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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 12,249	\$ 12,249
Miscellaneous	1,447	1,447	1,841	394
<i>Total Revenues</i>	1,447	1,447	14,090	12,643
<b>EXPENDITURES</b>				
Materials and services	87,000	87,000	809	86,191
Capital outlay	90,950	90,950	28,524	62,426
<i>Total Expenditures</i>	177,950	177,950	29,333	148,617
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(176,503)	(176,503)	(15,243)	161,260
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	20,000	20,000	20,000	-
<b>CHANGE IN FUND BALANCE</b>	(156,503)	(156,503)	4,757	161,260
<b>FUND BALANCE, beginning of year</b>	156,503	156,503	173,560	17,057
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 178,317	\$ 178,317

**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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 89,012	\$ 89,012	\$ 26,751	\$ (62,261)
Miscellaneous	1,908	1,908	2,560	652
<i>Total Revenues</i>	90,920	90,920	29,311	(61,609)
<b>EXPENDITURES</b>				
Materials and services	14,750	14,750	809	13,941
Capital outlay	289,327	289,327	-	289,327
<i>Total Expenditures</i>	304,077	304,077	809	303,268
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(213,157)	(213,157)	28,502	241,659
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(175)	(175)	(62)	113
<b>CHANGE IN FUND BALANCE</b>	(213,332)	(213,332)	28,440	241,772
<b>FUND BALANCE, beginning of year</b>	213,332	213,332	213,019	(313)
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 241,459	\$ 241,459

**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, 2017**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 71,714	\$ 71,714	\$ 21,553	\$ (50,161)
Miscellaneous	597	597	1,225	628
<i>Total Revenues</i>	72,311	72,311	22,778	(49,533)
<b>EXPENDITURES</b>				
Materials and services	12,000	12,000	1,053	10,947
Capital outlay	96,646	96,646	1,155	95,491
<i>Total Expenditures</i>	108,646	108,646	2,208	106,438
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(36,335)	(36,335)	20,570	56,905
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(175)	(175)	(86)	89
<b>CHANGE IN FUND BALANCE</b>	(36,510)	(36,510)	20,484	56,994
<b>FUND BALANCE, beginning of year</b>	98,252	98,252	98,308	56
<b>FUND BALANCE, end of year</b>	\$ 61,742	\$ 61,742	\$ 118,792	\$ 57,050

***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, 2017, and have issued our report thereon dated January 9, 2018.

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

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

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

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

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations 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  
January 9, 2018