

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017



12700 SW 72nd Ave.
Tigard, OR 97223

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

FINANCIAL REPORT

**WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

Mayor & City Council

June 30, 2017

<u>Name</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Todd McKnight	Mayor	December 31, 2018
Wayne Luzier	Council President	December 31, 2018
Forrest Stone	City Councilor	December 31, 2020
Dennis Riggs	City Councilor	December 31, 2018
Tom Boggs	City Councilor	December 31, 2018
Seth Vincent	City Councilor	December 31, 2020
Travis Tomlinson	City Councilor	December 31, 2020

All council members will receive mail at the following address:

City of Sutherlin
126 East Central Ave.
Sutherlin, Oregon 97479

ADMINISTRATION

Jerry Gilliam, City Manager
Dan Wilson, Finance Director

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

T A B L E O F C O N T E N T S

PAGE
NUMBER

INDEPENDENT AUDITORS' REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION:	
Management's Discussion and Analysis	a-n
FINANCIAL STATEMENTS AND SCHEDULES:	
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position	2
Statement of Activities	3
Balance Sheet - Governmental Funds	4
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position	5
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	6
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds - To Statement of Activities	7
Statement of Proprietary Net Position	8
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	9
Statement of Cash Flows - All Proprietary Funds	10
Statement of Fiduciary Assets	11
Notes to Basic Financial Statements	12
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Proportionate Share of the Net Pension Liability and Contributions	31
Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget:	
Governmental Funds:	
General Fund	32
Street Construction Fund	33
SUPPLEMENTARY INFORMATION:	
Enterprise Funds:	
Water Fund	34
Wastewater Fund	35
Water Construction Fund	36
Wastewater Construction Fund	37
Combining Balance Sheet - Nonmajor Governmental Funds	38
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	39

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

T A B L E O F C O N T E N T S (CONTINUED)

PAGE
NUMBER

Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget:	
Street / Storm Drainage Fund	40
Street System Development Charges Fund	41
Tourism – Motel Tax Fund	42
Library Board Fund	43
Mainstreet Program Fund	44
Dial-A-Ride Fund	45
Street Maintenance Reserve Fund	46
Central Avenue Reserve Fund	47
Library GO Bond Fund	48
Parks Construction Fund	49
Bicycle Footpath Fund	50
Police Reserve Fund	51
Fire Reserve Fund	52
Public Works Operations Reserve Fund	53
Parks / Facilities Reserve Fund	54
Combining Statement of Net Position – Nonmajor Enterprise Funds	55
Combining Statement of Revenues, Expenditures and Changes in Net Position– Nonmajor Enterprise Funds	56
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	57
Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget – Nonmajor Enterprise Funds	
Water Reserve Fund	58
Public Works Wastewater Reserve Fund	59
Knolls Estate Step Surcharge Fund	60
Water Debt Service Fund	61
Wastewater Debt Service Fund	62
Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget – Internal Service Fund	
Public Works Operations Fund	63
Combining Statement of Changes in Assets and Liabilities – Agency Funds	64
Schedule of Property Tax Transactions and Balances of Taxes Uncollected	65
INDEPENDENT AUDITORS’ REPORT REQUIRED BY OREGON STATE REGULATIONS	66



PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

October 20, 2017

To the City Council
City of Sutherlin
Sutherlin, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sutherlin as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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 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 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sutherlin at June 30, 2017 and the results of its operations and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

The City adopted the provisions of GASB Statement No. 77, *Tax Abatements*, for the year ended June 30, 2017. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis, as listed in the table of contents, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have 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 records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the financial statements as a whole.

The listing of Council members containing their term expiration dates, located before the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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.

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 20, 2017 on our consideration of 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.

A handwritten signature in black ink, appearing to read "Ken Allen". The signature is fluid and cursive, with the first name "Ken" and the last name "Allen" clearly distinguishable.

Kenneth Allen, CPA
Municipal Auditor
PAULY, ROGERS AND CO., P.C.

CITY OF SUTHERLIN
Management's Discussion and Analysis
For the Year Ended June 30, 2017

The management of the City of Sutherlin, Oregon presents this narrative overview and analysis to facilitate both a short and a long-term analysis of the financial activities of the City for the fiscal year ended June 30, 2017. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report.

Financial Highlights

- The City's total assets increased \$2,686,785 from \$40,835,103 to \$43,521,888, or 6.6%. Capital assets, net of depreciation and related debt decreased \$3.84 million, or (15.6%). Additionally, cash and investments increased by \$3,430,948 from \$4,708,654 to \$8,139,602, or 72.9%. The large increase in cash and investments is largely due to the receipt of funds, \$2.15M, from the Oregon Department of Transportation for street improvements which will occur next fiscal year.
- The City's total liabilities increased \$4,182,533 from \$12,323,309 to \$16,505,842. This is largely due to the increase in net pension liability of \$1,739,914 on the governmental portion of the Statement of Net Position as well as an increase to the loan from Oregon DEQ for improvements on the Wastewater Treatment plant, \$1,989,507.
- The total net position of the City (assets minus liabilities) decreased \$93,626 from \$28,469,427 to \$28,375,801, or (0.3%). Unrestricted net position ended the year at \$5,705,356, an increase of \$3,697,520, or 184.2%.
- The City's governmental funds reported combined ending fund balances of \$6,395,725, an increase of \$3,628,193, or 131.1%. \$1,708,257 is unassigned and available for spending at the government's discretion. This is an increase of \$143,700, or 9.2%, over last year.
- The General Fund's unassigned ending fund balance is \$1,708,257. This represents 37.8% of total General Fund expenditures for the year. Last year was at 39.6%.

Overview of the Financial Statements

The City's basic financial statements comprise three components:

1. Government-wide financial statements,
2. Fund financial statements, and

3. Notes to the basic financial statements.

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 private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period. Examples of such items include earned (assessed/levied), but uncollected property taxes, and earned, but unused compensated absences.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the City include the following:

- General Government
- Public Safety
- Highways and Streets
- Culture and Recreation
- Tourism

The Business-type activities of the City include the following:

- Wastewater
- Water

The government-wide financial statements can be found on pages 2 through 3-A in the basic financial statements section.

Fund financial statements. 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income

determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current 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 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 government's near-term financial decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages four through seven in the basic financial statements.

The City maintains 17 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for those funds that are considered significant (major) to the City taken as a whole. These financial statements report two major funds: General and Street Construction. Data for the other 15 governmental funds are aggregated into a single column in the fund financials.

Summary fund data by fund-type for these non-major governmental funds is provided in the form of combining statements on pages 38 through 39-A. Individual fund data for each of these non-major governmental funds is provided as supplementary information in the form of schedules of revenues, expenditures and changes in fund balance on pages 40 through 54.

In order to provide prudent and responsible control over city expenditures and revenues, the City adopts an annual budget for all governmental funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the General Fund and the other major funds as required supplementary information on pages 32 and 33. Budgetary comparisons for all other governmental funds have been provided as other supplementary information on pages 40 through 54.

The governmental fund financial statements can be found on pages 4 through 7 in the basic financial statements.

Proprietary funds. Proprietary funds are used to account for activities where the emphasis is placed on net income determination. The City maintains two types of proprietary funds; namely, enterprise funds and internal service funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water utility and wastewater utility operations. The enterprise funds are

reported separately in the proprietary fund financial statements in the basic financial statements and can be found on pages 8 through 10-A.

Internal service funds act like a rental agency of personnel, equipment and materials to support the activities of other funds. Internal service funds are supported by direct charges to other funds and do not accrue a cash balance. The City uses an internal service fund to support the city building/facilities, streets/drainage, water, and wastewater activities. The internal service fund is reported separately in the proprietary fund financial statements in the basic financial statements and can be found on pages 8 through 10-A.

In order to provide prudent and responsible control over City expenditures and revenues, the City adopts an annual budget for all proprietary funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the enterprise and internal service funds as other supplementary information on pages 34 through 37 and 58 through 63.

Fiduciary funds. Fiduciary funds of the City are agency funds which hold assets on behalf of others. The City maintains one agency fund: Municipal Court.

Since the fund is held in trust for other parties the City does not budget these funds. The funds are however audited and corresponding information on their activities can be found on pages 11 and 64.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the financial statements and should be read in conjunction with them. The notes can be found on pages 12 through 30.

Other supplementary information. The combining statements and schedules referred to earlier follow the notes in this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$28,375,801 at the close of the most recent fiscal year.

The largest portion of the City's net position, 73.3% reflects its investment in capital assets (e.g., land and right of way, buildings, improvements, equipment, and infrastructure, net of accumulated depreciation), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it

should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

City of Sutherlin's Net Position						
	Governmental Activities		Business-Type Activities		Totals	
	2016	2017	2016	2017	2016	2017
Assets						
Current assets	\$ 2,106,194	\$ 6,082,450	\$ 3,907,932	\$ 3,756,670	\$ 6,014,126	\$ 9,839,120
Noncurrent Assets	9,746,673	7,024,471	25,074,304	26,658,297	34,820,977	33,682,768
Total assets	<u>11,852,867</u>	<u>13,106,921</u>	<u>28,982,236</u>	<u>30,414,967</u>	<u>40,835,103</u>	<u>43,521,888</u>
Deferred Outflows of Resources	<u>283,083</u>	<u>1,518,754</u>	-	-	<u>283,083</u>	<u>1,518,754</u>
Liabilities						
Current liabilities	316,572	647,988	609,092	628,091	925,664	1,276,079
Other liabilities	1,580,449	3,785,363	9,817,196	11,444,400	11,397,645	15,229,763
Total liabilities	<u>1,897,021</u>	<u>4,433,351</u>	<u>10,426,288</u>	<u>12,072,491</u>	<u>12,323,309</u>	<u>16,505,842</u>
Deferred Inflows of Resources	<u>325,450</u>	<u>158,999</u>	-	-	<u>325,450</u>	<u>158,999</u>
Net Position						
Invested in capital assets, net of related debt	9,746,673	5,950,884	4,898,375	4,851,594	24,645,048	20,802,478
Restricted	364,168	660,308	1,452,375	1,207,659	1,816,543	1,867,967
Unrestricted	(197,362)	3,422,133	2,205,198	2,283,223	2,007,836	5,705,356
Total Net Position	<u>\$ 9,913,479</u>	<u>\$ 10,033,325</u>	<u>\$ 18,555,948</u>	<u>\$ 18,342,476</u>	<u>\$ 28,469,427</u>	<u>\$ 28,375,801</u>

An additional portion of the City's assets, 6.6% represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net position \$5,705,356 may be used to meet the government's ongoing obligations to citizens and creditors.

Although the City's current asset position increased by \$3,824,994 the total noncurrent assets decreased by (\$1,138,209). The increase in current assets was due to funds received from ODOT as mentioned above. The decrease in Noncurrent Assets is due to the addition of capital assets not keeping up with depreciation on existing assets.

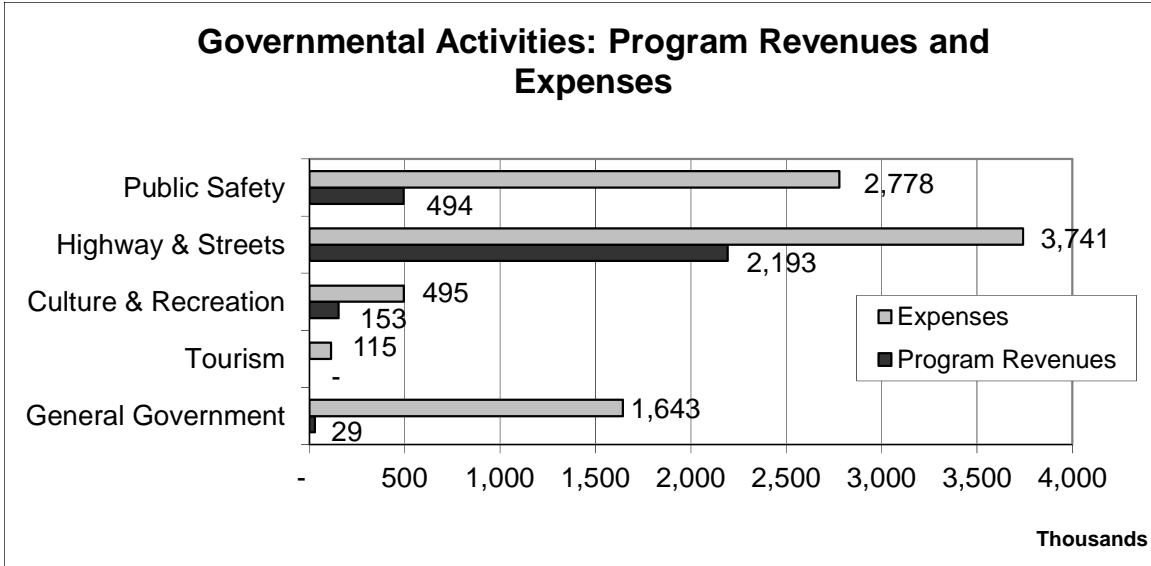
It should be noted that there are two new line items, introduced last fiscal year, in the chart above; deferred outflows of resources and deferred inflows of resources. The deferred outflows of resources are comprised of pension related deferrals. The deferred inflows of resources are comprised of deferred pension assets. For additional information regarding the City's defined benefit pension plan, see note 6 in the Notes to Basic Financial Statements.

City of Sutherlin's Change in Net Position						
	Governmental		Business-Type		Totals	
	2016	2017	2016	2017	2016	2017
Revenues:						
Program						
Fines, fees, and charges for services	\$ 384,413	\$ 415,861	\$ 3,797,992	\$ 4,187,618	\$ 4,182,405	\$ 4,603,479
Operating grants and contributions	98,944	2,453,438	-	-	98,944	2,453,438
Capital grants and contributions	-	-	-	-	-	-
General						
Property Taxes	2,716,165	2,776,747	-	-	2,716,165	2,776,747
Franchise fees	423,377	443,213	-	-	423,377	443,213
Intergovernmental	84,565	1,589,003	-	-	84,565	1,589,003
Interest	14,937	56,999	19,835	19,672	34,772	76,671
Miscellaneous	229,004	323,027	-	-	229,004	323,027
Gain (loss) On Disposal	-	5,750	-	-	-	5,750
Total revenues	<u>4,681,405</u>	<u>8,064,038</u>	<u>3,817,827</u>	<u>4,207,290</u>	<u>8,499,232</u>	<u>12,271,328</u>
Expenses:						
General government	2,628,415	1,643,491	-	-	2,628,415	1,643,491
Public safety	2,228,804	2,778,110	-	-	2,228,804	2,778,110
Highway and streets	3,743,013	3,741,038	-	-	3,743,013	3,741,038
Culture and recreation	478,782	495,181	-	-	478,782	495,181
Tourism	99,343	114,628	-	-	99,343	114,628
Interest on long-term debt	24,750	19,422	-	-	24,750	19,422
Wastewater	-	-	1,657,245	1,868,276	1,657,245	1,868,276
Water	-	-	1,611,128	1,704,808	1,611,128	1,704,808
Ambulance	-	-	-	-	-	-
Total expenses	<u>9,203,107</u>	<u>8,791,870</u>	<u>3,268,373</u>	<u>3,573,084</u>	<u>12,471,480</u>	<u>12,364,954</u>
Increase (decrease) in Net Position before transfers	(4,521,702)	(727,832)	549,454	634,206	(3,972,248)	(93,626)
Transfers	755,783	847,678	(755,783)	(847,678)	-	-
Change in Net Position	<u>(3,765,919)</u>	<u>119,846</u>	<u>(206,329)</u>	<u>(213,472)</u>	<u>(3,972,248)</u>	<u>(93,626)</u>
Net Position July 1	13,679,398	9,913,479	18,762,277	18,555,948	32,441,675	28,469,427
Prior Period Adjustment	-	-	-	-	-	-
Net Position June 30	<u>\$ 9,913,479</u>	<u>\$ 10,033,325</u>	<u>\$ 18,555,948</u>	<u>\$ 18,342,476</u>	<u>\$ 28,469,427</u>	<u>\$ 28,375,801</u>

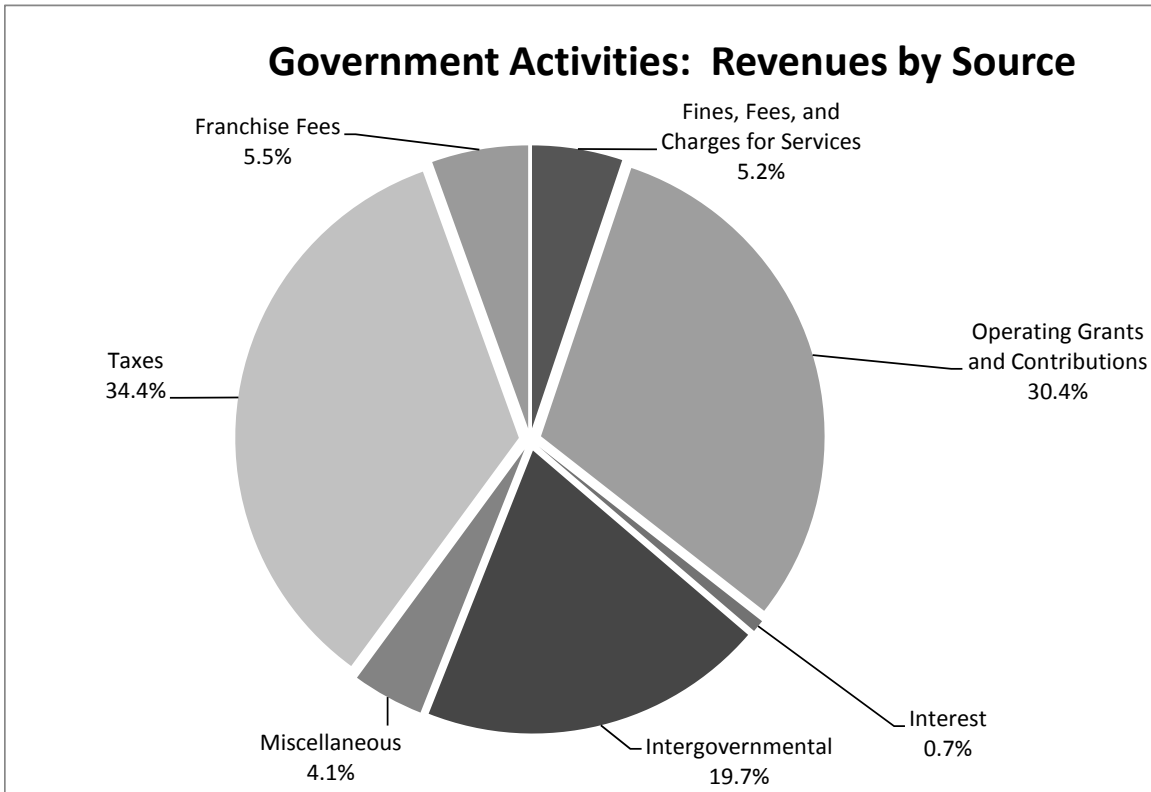
Expenses above include the indirect expenses as allocated in the Statement of Activities on page 3 and 3-A of the basic financial statements.

Governmental activities. Governmental-type activities increased the City's total net position by \$119,846. Total depreciation attributed to the governmental activities (primarily street infrastructure) was \$3.70 million as detailed on page 20 of the notes to basic financial statements.

The next chart compares program revenues and expenses for the individual governmental activities for the fiscal year. As the chart reflects, all governmental activities relied on general revenues to support their functions.

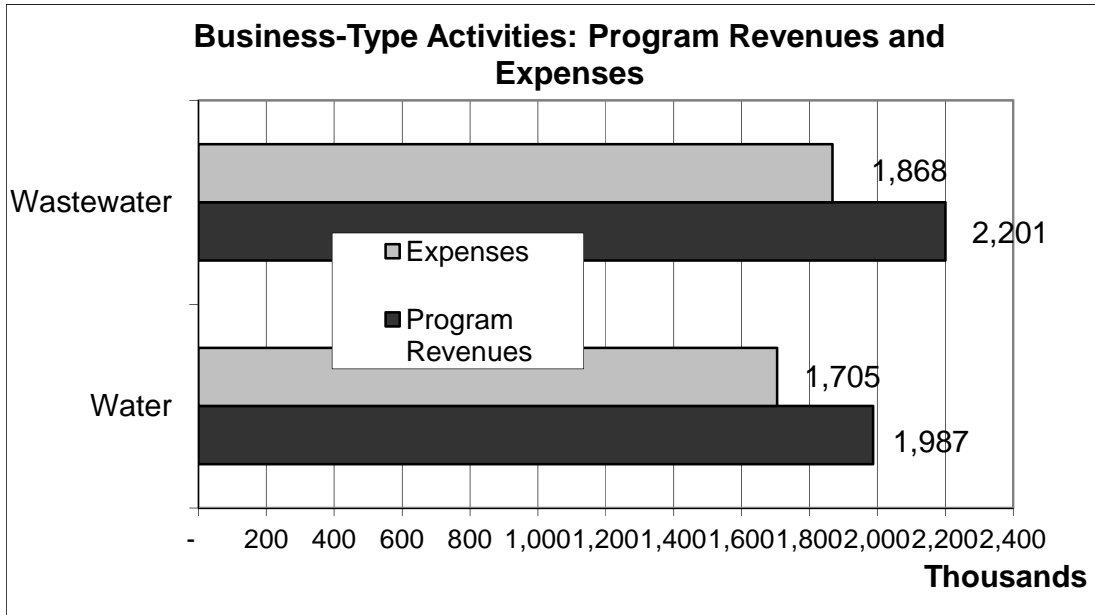


The next chart shows the percent of the total for each source of revenue supporting governmental activities.

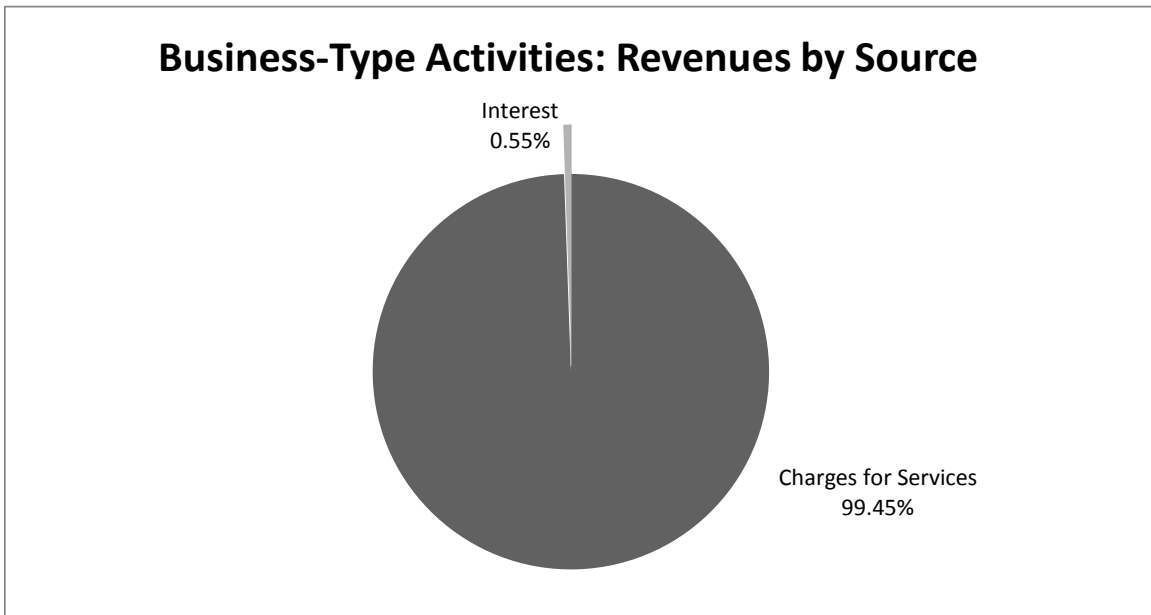


Business-type activities. Business-type activities decreased the City’s net position by (\$213,472). Total depreciation attributed to the business-type funds was \$1.15 million as detailed on page 20 of the notes to basic financial statements.

The following chart compares program revenues to expenses by individual business-type activity for the current year. These business-type activities recover more costs through program revenues than governmental activities. As the chart shows, annual revenues for both the Wastewater and Water enterprises exceeded expenses.



The following chart shows that nearly 100% of revenues for business-type activities, for the year, were generated by charges for services.



Capital assets. The City’s investment in capital assets for its governmental and business-type activities amounted to \$33.68 million (net of accumulated depreciation) or a decrease of \$1.14 million when compared to last year. This investment in capital assets

includes land, right-of-way (included with land), construction in progress, infrastructure (water distribution lines, wastewater collection lines, pump stations, reservoirs, etc.), water rights (development of), buildings and plant (includes the water treatment plants and the wastewater treatment plant), and vehicles and equipment.

City of Sutherlin's Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Totals	
	2016	2017	2016	2017	2016	2017
Land	\$ 1,116,919	\$ 1,116,919	\$ 3,281,776	\$ 3,281,776	\$ 4,398,695	\$ 4,398,695
Construction in progress	113,320	524,619	506,346	2,691,978	619,666	3,216,597
Water Rights	-	-	629,901	629,901	629,901	629,901
Infrastructure	6,506,263	3,202,486	20,336,351	19,768,178	26,842,614	22,970,664
Buildings and plant	1,758,341	1,660,454	228,005	216,268	1,986,346	1,876,722
Vehicles and equipment	251,830	519,993	91,925	70,196	343,755	590,189
	<u>\$ 9,746,673</u>	<u>\$ 7,024,471</u>	<u>\$ 25,074,304</u>	<u>\$ 26,658,297</u>	<u>\$ 34,820,977</u>	<u>\$ 33,682,768</u>

Major capital asset events during the fiscal year included the following:

- Final design of Wastewater Treatment Plant Upgrade
- Upgrades to the Wastewater Treatment Plant (In Progress at Year End)
- Completion of North Comstock Water Line Improvement
- Central Avenue Improvement Project Engineering
- Central Park Playground and Splash pad improvements (In Progress at Year End)
- New Public Safety Equipment including SCBAs
- New Public Safety Vehicles (2)
- Various Building Improvement Projects
- Various pavement slurry seal projects

Additional information on the City's capital assets can be found in note three to the basic financial statements (page 20).

Long-term obligations. At the end of the fiscal year, the City had total long-term obligations totaling \$12,880,290. Outstanding long-term obligations include: \$5,910,321 to be serviced by water user rates and connection fees, \$5,285,587 to be serviced by wastewater user rates and connection fees (all backed by the full faith and credit of the City), and \$610,795 in notes payable to be serviced by water and wastewater revenues. The remaining \$1,073,587 in long-term obligations, or 8.3% of the total long-term obligations, is to be paid by existing general government revenue sources.

City of Sutherlin's Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
General obligation bonds	\$ 430,000	390,000	-	-	430,000	390,000
Revenue bonds	-	-	6,094,400	5,910,321	6,094,400	5,910,321
Refunding bonds	-	-	535,000	465,000	535,000	465,000
Note payables	-	505,000	3,546,529	5,431,382	3,546,529	5,936,382
Capital leases	-	-	-	-	-	-
Accumulated compensated absences	179,188	178,587	-	-	179,188	178,587
	<u>\$ 609,188</u>	<u>1,073,587</u>	<u>10,175,929</u>	<u>11,806,703</u>	<u>10,785,117</u>	<u>12,880,290</u>

The City’s total long-term debt obligation increased by \$2,095,173 over last fiscal year’s ending balance. The increase is largely due to receipt of interim loan proceeds from DEQ for the wastewater treatment plan upgrade. In addition, the City secured financing in the amount of \$505,000 from Oregon Transportation Infrastructure Bank for the Central Avenue Improvement Project. Accumulated compensated absences netted a decrease of (\$601).

ORS 223.295 limits the amount of general obligation assessment bonded debt which a city may have outstanding at any one time to three percent (3.00%) of the Real Market Value of the City. The City had only the refunding bonds and the Library GO bond as outstanding bonded debt at June 30, 2017. The City’s outstanding obligations subject to bonded debt limitations was \$465,000 or 2.4% of debt capacity.

City of Sutherlin's Remaining Debt Capacity

Real Market Value (fiscal year 2016-2017 Douglas County)	\$ 655,843,879
Debt capacity (3.00% of RMV)	19,675,316
Outstanding Obligations	- 465,000
Remaining Debt Capacity	<u>\$ 19,210,316</u>

Additional information on the City’s long-term obligations can be found in note 5 to the basic financial statements (see pages 21 and 22).

Fund-based Financial Analysis

As previously discussed, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental 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, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$6,395,725, an increase of \$3,628,193 in comparison with the prior year. Approximately 26.7% of this total amount, \$1,708,257, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance has some level of restrictions placed upon them, as follows:

- *Nonspendable fund balance* (amounts that are not in a spendable form or are required to be maintained intact) was \$6,559
- *Restricted fund balance* (amounts constrained to specific purposes by their providers such as grantors, bondholders, and higher levels of government, through constitutional provisions, or by enabling legislation) was \$660,308
- *Committed fund balance* (amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint) was \$1,878,075
- *Assigned fund balance* (amounts a government *intends* to use for a specific purpose) was \$2,142,526

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,708,257. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 37.8% of total General Fund expenditures.

The General Fund's overall fund balance increased by \$434,273 due to increased revenues and cost management.

The fund balance of the Street Construction fund increased by \$1,590,604 during the fiscal year. As previously mentioned, funds in the amount of \$2.15 million were received from ODOT for street improvements which have yet to be completed.

Finally, the fund balance for all other governmental funds increased \$1,603,316. This increase is also related to the ODOT funds received as noted above.

Proprietary funds: The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position and its percent to total net position of each proprietary fund are as follows:

• Water	329,441	4.5%
• Wastewater	317,235	3.9%
• Water Construction Fund	0	0.0%
• Wastewater Construction Fund	0	0.0%
• Other Non-Major Funds	477,614	37.6%

Restrictions on net position exist in the above funds totaling \$415,141 all due to capital projects restrictions in the Water and Wastewater Construction Funds.

Restrictions on net position exist in the Other Non-Major Enterprise Funds totaling \$792,518; debt service restrictions total \$229,001 and capital projects restrictions total \$563,517. These restrictions generally limit the use of monies in the funds to related activities.

Total business-type net position decreased \$235,929 during the fiscal year.

Other factors concerning the finances of proprietary funds can be found in the previous discussion of the City’s business-type activities.

General Fund Budgetary Highlights

The difference between the original general fund budget and the final amended budget was neutral. Adjustments to the General Fund were as follows:

Revenues:

- Intergovernmental increased by \$5,838 due to receipt of a Police grant

Expenditures:

- Planning increased \$44,000 due to reorganization of employee duties
- Contingency decreased \$44,000 to accommodate this increase
- Police increased by \$5,838 to expend the grant funds above

There were variations between the final amended budget and the actual year-end amounts in the General Fund; actual expenditures were \$302,130 (6.8%) less than the adjusted budget. This was largely due to cost management in the Fire and Police Departments. Revenues were greater than the adjusted budget by \$100,807 2.7%. This was due to greater amounts received than anticipated for Franchise Fees, Fines and Forfeitures, and Miscellaneous Revenues. Actual transfers in were the same as the final amended budget.

During the year, prior to transfers in and out, actual expenditures exceeded actual revenues by \$296,403. Net transfers in and out of the General Fund amounted to \$352,700. The net effect of revenues, expenditures, and transfers was a \$56,297 increase in fund balance.

Economic Factors and Next Year's 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 FY 2017-2018 budget:

- Last fiscal year the increase in property tax revenue was 1.7% and real market value increased 4.1%. The city chose to increase budgeted tax revenue for the 2017-2018 fiscal year by 2.0% based on recent historical trends.
- Cost of Living Adjustment (COLA) is calculated to be 2.0% for all sworn police officers, fire department employees, and those who supervise them and 3.0% for all other represented and non-represented employees.
- Water rates will be increased by 2.5% as of August 1, 2017 for the annual CPI adjustment. Wastewater rates were completely revised during fiscal year 2014-15 in order to provide equity among the rate classes. The new rates were effective December 1, 2015 and will then increase every July 1 for the following five years thereafter. The rate of increase/decrease will vary depending on the rate class. The overall projected increase for the year equates to 14.1% over last year's budgeted amount. These increases are needed to support the future debt service for the wastewater treatment plant upgrade.
- While hopeful for the future we expect the local economy will continue to see limited growth.
- Interest rates on investments will average during the fiscal year to 1.0%.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Dan Wilson,
Finance Director
City of Sutherlin
126 E. Central Ave.
Sutherlin, OR 97479

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON
BASIC FINANCIAL STATEMENTS

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2017

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS TYPE	TOTAL
ASSETS			
Cash and Investments	\$ 6,317,861	\$ 1,821,741	\$ 8,139,602
Receivables	1,014,603	647,368	1,661,971
Prepays	6,559	30,988	37,547
Interfund Loans	(97,640)	97,640	-
Internal Balances	(1,158,933)	1,158,933	-
Total Current Assets	6,082,450	3,756,670	9,839,120
Noncurrent Assets:			
Capital Assets, net	7,024,471	26,658,297	33,682,768
Total Assets	13,106,921	30,414,967	43,521,888
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferrals	1,518,754	-	1,518,754
LIABILITIES			
Accounts Payable	421,282	146,475	567,757
Accrued Expenses	8,119	-	8,119
Customer Deposits	-	68,717	68,717
Accrued Interest Payable	-	50,596	50,596
Long-term Debt:			
Proportionate Share of Net Pension Liability	2,930,363	-	2,930,363
Due Within One Year	218,587	362,303	580,890
Due In More Than One Year	855,000	11,444,400	12,299,400
Total Liabilities	4,433,351	12,072,491	16,505,842
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Asset	158,999	-	158,999
NET POSITION:			
Net Investment in			
Capital Assets	5,950,884	14,851,594	20,802,478
Restricted for:			
Bond Covenants	-	195,724	195,724
Debt Service	22,190	33,277	55,467
Capital Projects	638,118	978,658	1,616,776
Unrestricted	3,422,133	2,283,223	5,705,356
Total Net Position	\$ 10,033,325	\$ 18,342,476	\$ 28,375,801

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

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017**

Functions/Programs	Program Revenues			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 1,643,491	\$ 23,576	\$ 5,288	\$ -
Public Safety & Fire	2,778,110	332,220	162,058	-
Highways and Streets	3,741,038	43,098	2,150,000	-
Culture and Recreation	495,181	16,967	136,092	-
Tourism	114,628	-	-	-
Interest on Long-term Debt	19,422	-	-	-
Total Governmental Activities	<u>8,791,870</u>	<u>415,861</u>	<u>2,453,438</u>	<u>-</u>
Business-Type Activities				
Wastewater	1,868,276	2,200,535	-	-
Water	1,704,808	1,987,083	-	-
Total Business Activities	<u>3,573,084</u>	<u>4,187,618</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 12,364,954</u>	<u>\$ 4,603,479</u>	<u>\$ 2,453,438</u>	<u>\$ -</u>

General Revenues:
Property Taxes
Franchise Taxes
Intergovernmental
Miscellaneous
Interest
Gain/(Loss) On Disposal
Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

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

Net Revenues (Expenses) and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (1,614,627)	\$ -	\$ (1,614,627)
(2,283,832)	-	(2,283,832)
(1,547,940)	-	(1,547,940)
(342,122)	-	(342,122)
(114,628)	-	(114,628)
(19,422)	-	(19,422)
(5,922,571)	-	(5,922,571)
-	332,259	332,259
-	282,275	282,275
-	614,534	614,534
(5,922,571)	614,534	(5,308,037)
2,776,747	-	2,776,747
443,213	-	443,213
1,589,003	-	1,589,003
323,027	-	323,027
56,999	19,672	76,671
5,750	-	5,750
847,678	(847,678)	-
6,042,417	(828,006)	5,214,411
119,846	(213,472)	(93,626)
9,913,479	18,555,948	28,469,427
\$ 10,033,325	\$ 18,342,476	\$ 28,375,801

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017**

	GENERAL FUND	STREET CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
ASSETS				
Cash and Cash Equivalents	\$ 2,368,132	\$ 1,382,108	\$ 2,419,092	\$ 6,169,332
Accounts Receivable	408,472	500,000	106,130	1,014,602
Prepays	6,559	-	-	6,559
Total Assets	<u>\$ 2,783,163</u>	<u>\$ 1,882,108</u>	<u>\$ 2,525,222</u>	<u>\$ 7,190,493</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 133,351	\$ 195,662	\$ 86,300	\$ 415,313
Interfund Payable	25,142	-	72,498	97,640
Accrued Expenses	8,119	-	-	8,119
Total Liabilities	166,612	195,662	158,798	521,072
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	267,765	-	5,931	273,696
Total Liabilities and Deferred Inflows	<u>434,377</u>	<u>195,662</u>	<u>164,729</u>	<u>794,768</u>
Fund Balances:				
Nonspendable	6,559	-	-	6,559
Restricted	-	-	660,308	660,308
Committed	-	1,686,446	191,629	1,878,075
Assigned	633,970	-	1,508,556	2,142,526
Unassigned	1,708,257	-	-	1,708,257
Total Fund Balances	<u>2,348,786</u>	<u>1,686,446</u>	<u>2,360,493</u>	<u>6,395,725</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 2,783,163</u>	<u>\$ 1,882,108</u>	<u>\$ 2,525,222</u>	<u>\$ 7,190,493</u>

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

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION

June 30, 2017

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

Fund Balances	\$ 6,395,725
The cost of capital assets (land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) is reported as an expenditure in governmental funds. The statement of net position includes those capital assets among the assets of the City as a whole.	
Net Capital Assets	7,024,471
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.	
Long-term Obligations	(1,073,587)
The Net Pension Asset (Liability), and deferred inflows and outflows related to the Net Pension Asset is the difference between the total pension liability and assets set aside to pay benefits earned to past and current employees and beneficiaries	
	(1,570,608)
The internal service fund is not reported in the governmental funds but is included in the government-wide governmental activities.	
Net Position of internal service fund	(1,016,372)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Unearned/Unavailable Revenue	<u>273,696</u>
Total Net Position	<u>\$ 10,033,325</u>

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

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017**

	GENERAL FUND	STREET CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES				
Property Taxes	\$ 2,715,157	\$ -	\$ 51,000	\$ 2,766,157
Franchise Fees	443,213	-	-	443,213
System Development Charges	-	-	53,098	53,098
Assessments	-	-	194,388	194,388
Grants and Contributions	-	-	138,760	138,760
Licences, Permits and Fees	3,825	-	-	3,825
Fines and Forfeitures	127,254	-	-	127,254
Charges for Services	19,966	-	-	19,966
Intergovernmental	611,010	651,302	2,648,787	3,911,099
Interest	22,070	4,689	30,240	56,999
Miscellaneous	72,782	-	259,728	332,510
Total Revenues	<u>4,015,277</u>	<u>655,991</u>	<u>3,376,001</u>	<u>8,047,269</u>
EXPENDITURES				
Current:				
General Government	1,464,185	-	-	1,464,185
Culture and Recreation	159,796	-	100,740	260,536
Tourism	-	-	103,979	103,979
Highways and Streets	-	-	131,182	131,182
Public Safety and Fire	2,515,667	-	-	2,515,667
Debt Service	217	-	59,806	60,023
Capital Outlay	373,589	265,387	362,278	1,001,254
Total Expenditures	<u>4,513,454</u>	<u>265,387</u>	<u>757,985</u>	<u>5,536,826</u>
Excess of Revenues Over, (Under) Expenditures	(498,177)	390,604	2,618,016	2,510,443
OTHER FINANCING SOURCES, (USES)				
Interfund Loans	-	-	-	-
Loan Proceeds	-	500,000	-	500,000
Surplus Property	5,750	-	-	5,750
Transfers In	1,499,700	700,000	220,000	2,419,700
Transfers Out	(573,000)	-	(1,234,700)	(1,807,700)
Total Other Financing Sources, (Uses)	<u>932,450</u>	<u>1,200,000</u>	<u>(1,014,700)</u>	<u>1,117,750</u>
Net Change in Fund Balance	434,273	1,590,604	1,603,316	3,628,193
Beginning Fund Balance	<u>1,914,513</u>	<u>95,842</u>	<u>757,177</u>	<u>2,767,532</u>
Ending Fund Balance	<u>\$ 2,348,786</u>	<u>\$ 1,686,446</u>	<u>\$ 2,360,493</u>	<u>\$ 6,395,725</u>

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

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS - TO STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2017

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

Excess of Revenues over Expenditures \$ 3,628,193

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	972,834
Depreciation Expense	(3,695,036)

The Pension Expense and the changes in deferred inflows and outflows related to the Net Pension Asset represents the changes in Net Pension Asset (Liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits. (337,792)

Internal service funds are used by management to charge the costs of various function to the individual funds. The net revenue (expense) of the internal service fund is allocated between governmental and business-type activities. 5,456

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes in liability balances.

Principal payments on long-term obligations/Accrued Vacation	(464,399)
--------------------------------------------------------------	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Unearned/Unavailable Revenue	<u>10,590</u>
------------------------------	---------------

Change in Net Position	<u><u>\$ 119,846</u></u>
------------------------	--------------------------

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

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**STATEMENT OF PROPRIETARY NET POSITION
June 30, 2017**

	WATER FUND	WASTEWATER FUND	WATER CONSTRUCTION FUND
ASSETS			
Current Assets			
Cash and Investments	\$ 254,735	\$ 187,619	\$ 238,980
Accounts Receivable, net	208,269	159,669	-
Interfund Loan	25,142	-	-
Prepays	-	-	-
Total Current Assets	<u>488,146</u>	<u>347,288</u>	<u>238,980</u>
Noncurrent Assets			
Bond Issue Costs, net	-	-	-
Capital Assets, Net	<u>13,461,583</u>	<u>13,196,714</u>	<u>-</u>
Total Noncurrent Assets	13,461,583	13,196,714	-
Total Assets	<u>\$ 13,949,729</u>	<u>\$ 13,544,002</u>	<u>\$ 238,980</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 39,392	\$ 30,053	\$ 31,066
Accrued Expenses	-	-	-
Bond Premium, net	-	-	-
Customer Deposits	68,717	-	-
Accrued Interest Payable	50,596	-	-
Long Term Debt, Current Position	<u>214,578</u>	<u>147,725</u>	<u>-</u>
Total Current Liabilities	<u>373,283</u>	<u>177,778</u>	<u>31,066</u>
Long-term Liabilities			
Long Term Debt, Net of Current Position	<u>6,306,538</u>	<u>5,137,862</u>	<u>-</u>
Total Long-term Liabilities	<u>6,306,538</u>	<u>5,137,862</u>	<u>-</u>
Total Liabilities	<u>6,679,821</u>	<u>5,315,640</u>	<u>31,066</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	6,940,467	7,911,127	-
Restricted for:			
Bond Covenants	-	-	-
Debt Services	-	-	-
Capital Projects	-	-	207,914
Unrestricted	<u>329,441</u>	<u>317,235</u>	<u>-</u>
Total Net Position	<u>7,269,908</u>	<u>8,228,362</u>	<u>207,914</u>
Total Liabilities and Fund Equity	<u>\$ 13,949,729</u>	<u>\$ 13,544,002</u>	<u>\$ 238,980</u>

The accompanying notes are an integral part of the basic financial statement

WASTEWATER CONSTRUCTION FUND	OTHER NONMAJOR FUNDS	TOTAL	INTERNAL SERVICE FUND
\$ 252,181	\$ 888,226	\$ 1,821,741	\$ 148,529
-	279,430	647,368	-
-	72,498	97,640	-
-	30,988	30,988	-
<u>252,181</u>	<u>1,271,142</u>	<u>2,597,737</u>	<u>148,529</u>
-	-	-	-
-	-	26,658,297	-
-	-	26,658,297	-
<u>\$ 252,181</u>	<u>\$ 1,271,142</u>	<u>\$ 29,256,034</u>	<u>\$ 148,529</u>
\$ 44,954	\$ 1,010	\$ 146,475	\$ 2,326
-	-	-	3,643
-	-	-	-
-	-	68,717	-
-	-	50,596	-
-	-	362,303	-
<u>44,954</u>	<u>1,010</u>	<u>628,091</u>	<u>5,969</u>
-	-	11,444,400	-
-	-	11,444,400	-
<u>44,954</u>	<u>1,010</u>	<u>12,072,491</u>	<u>5,969</u>
-	-	14,851,594	-
-	195,724	195,724	-
-	33,277	33,277	-
207,227	563,517	978,658	-
-	477,614	1,124,290	142,560
<u>207,227</u>	<u>1,270,132</u>	<u>17,183,543</u>	<u>142,560</u>
<u>\$ 252,181</u>	<u>\$ 1,271,142</u>	<u>\$ 29,256,034</u>	<u>\$ 148,529</u>
	Net Position Above		17,183,543
	Internal Service Activities related to Business Typ		1,158,933
	Total Net Position Business Type Activitie		<u>18,342,476</u>

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2017

	WATER FUND	WASTEWATER FUND	WATER CONSTRUCTION FUND
OPERATING REVENUES			
Charges for Services	\$ 1,945,056	\$ 1,853,085	\$ -
Miscellaneous	-	11,774	-
Total Operating Revenues	<u>1,945,056</u>	<u>1,864,859</u>	<u>-</u>
OPERATING EXPENSES			
Personal Service	-	-	-
Materials and Services	356,727	536,628	574,547
Depreciation and Amortization	511,214	638,015	-
Total Operating Expenses	<u>867,941</u>	<u>1,174,643</u>	<u>574,547</u>
Operating Income -Loss	<u>1,077,115</u>	<u>690,216</u>	<u>(574,547)</u>
NONOPERATING REVENUES, (EXPENSES)			
Interest	3,002	2,312	3,107
Debt Proceeds	-	-	-
Interest Expense	-	-	-
System Development Charges	1,976	-	40,051
Invergovernmental	-	-	-
Miscellaneous	-	-	-
Total Nonoperating Revenues (Expenses)	<u>4,978</u>	<u>2,312</u>	<u>43,158</u>
Capital Contributions	811,232	307,625	-
Transfers In	-	-	200,000
Transfers Out	<u>(1,568,200)</u>	<u>(1,329,800)</u>	<u>-</u>
Change in Net Position	325,125	(329,647)	(331,389)
Net Position (Deficit), Beginning of Year, Restated	<u>6,944,783</u>	<u>8,558,009</u>	<u>539,303</u>
Net Position (Deficit), end of yea	<u>\$ 7,269,908</u>	<u>\$ 8,228,362</u>	<u>\$ 207,914</u>

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

WASTEWATER CONSTRUCTION FUND	OTHER NONMAJOR FUNDS	TOTAL	INTERNAL SERVICE FUND
\$ -	\$ 24,774	\$ 3,822,915	\$ -
-	-	11,774	8,895
-	24,774	3,834,689	8,895
-	-	-	1,114,914
2,144,631	22,378	3,634,911	74,262
-	-	1,149,229	-
2,144,631	22,378	4,784,140	1,189,176
(2,144,631)	2,396	(949,451)	(1,180,281)
1,773	7,714	17,908	2,193
1,989,507	-	1,989,507	-
-	(640,054)	(640,054)	-
3,277	-	45,304	-
-	-	-	-
-	-	-	-
1,994,557	(632,340)	1,412,665	2,193
-	-	1,118,857	-
100,000	780,000	1,080,000	1,330,000
-	-	(2,898,000)	(124,000)
(50,074)	150,056	(235,929)	27,912
257,301	1,120,076	17,419,472	114,648
\$ 207,227	\$ 1,270,132	\$ 17,183,543	\$ 142,560

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2017

	WATER FUND	WASTEWATER FUND	WATER CONSTRUCTION FUND
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 2,019,834	\$ 1,881,971	\$ -
Cash Paid to Suppliers	(375,031)	(553,543)	(557,997)
Net Cash Provided (Used) by Operating Activities	<u>1,644,803</u>	<u>1,328,428</u>	<u>(557,997)</u>
Cash Flows from Noncapital Financing Activities:			
Miscellaneous	1,976	-	40,051
Interfund Loans	-	-	-
Transfers	(1,568,200)	(1,329,800)	200,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,566,224)</u>	<u>(1,329,800)</u>	<u>240,051</u>
Cash Flows from Capital and Related Financing Activities:			
Bond Proceeds	-	-	-
Interfund Loan	33,375	-	-
Payments on debt	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>33,375</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:			
Purchase of Capital Assets	-	-	-
Earnings on Investments	3,002	2,312	3,107
Net Increase (Decrease) in Cash and Cash Equivalents	114,956	940	(314,839)
Cash and Investments at Beginning of Year	<u>139,779</u>	<u>186,679</u>	<u>553,819</u>
Cash and Investments at End of Year	<u>\$ 254,735</u>	<u>\$ 187,619</u>	<u>\$ 238,980</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income, (Loss)	\$ 1,077,115	\$ 690,216	\$ (574,547)
Noncash Items Included in Income:			
Depreciation	511,214	638,015	-
Decrease (Increase) in Accounts Receivable	70,548	17,112	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(18,304)	(16,915)	16,550
Increase (Decrease) in Customer Deposits	4,230	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,644,803</u>	<u>\$ 1,328,428</u>	<u>\$ (557,997)</u>

Noncash Transactions:

All of the enterprise funds have their debt and capital assets purchased/paid for them. The funds recognized capital contributions on the Statement of Revenues and Expenses to account for this activity. The Water and Wastewater funds had the following noncash transactions for capital contributions: \$811,232 and \$307,625, respectively.

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

WASTEWATER CONSTRUCTION FUND	OTHER NONMAJOR FUNDS	TOTAL	INTERNAL SERVICE FUND
\$ -	\$ 69,037	\$ 3,970,842	\$ 11,005
(2,114,762)	(22,378)	(3,623,711)	(1,193,570)
(2,114,762)	46,659	347,131	(1,182,565)
3,277	27,502	72,806	-
-	(100,000)	(100,000)	-
100,000	780,000	(1,818,000)	1,206,000
103,277	707,502	(1,845,194)	1,206,000
1,989,507	-	1,989,507	-
-	-	33,375	-
-	(640,054)	(640,054)	-
1,989,507	(640,054)	1,382,828	-
1,773	7,714	17,908	2,193
(20,205)	121,821	(97,327)	25,628
272,386	766,405	1,919,068	122,901
\$ 252,181	\$ 888,226	\$ 1,821,741	\$ 148,529
\$ (2,144,631)	\$ 2,395	\$ (949,452)	\$ (1,180,281)
-	-	1,149,229	-
-	44,264	131,924	2,110
29,869	-	11,200	(4,394)
-	-	4,230	-
\$ (2,114,762)	\$ 46,659	\$ 347,131	\$ (1,182,565)

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

STATEMENT OF FIDUCIARY ASSETS
FIDUCIARY FUNDS
June 30, 2017

	<u>Agency</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 5,291</u>
Total Assets	<u><u>\$ 5,291</u></u>
LIABILITIES	
Accounts Payable	\$ 13,787
Amounts held in trust	<u>(8,496)</u>
Total Liabilities	<u><u>\$ 5,291</u></u>

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

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION (REPORTING ENTITY)

The City was incorporated in 1911. Control of the City is vested in its mayor and council members who are elected to office by voters within the City. Administrative functions are delegated to individuals who report to and are responsible to the Mayor and Council. The chief administrative officer is the City Manager.

The accompanying financial statements present all activities, funds, and component units for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of this criteria, the City is a primary government with no includable component units.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are 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.

The statement of activities 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. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING & FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statements and proprietary funds have applied all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements. The City has elected not to follow FASB pronouncements issued after November 30, 1989.

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING & FINANCIAL STATEMENT PRESENTATION (CONTINUED)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the City, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The basis of accounting described above is in accordance with accounting principles generally accepted in the United States of America.

The City reports the following major governmental funds:

General - accounts for all financial resources of the City, except those required to be accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, and state shared revenues. Expenditures are primarily for general government operations, highways and streets, public safety, tourism, and culture and recreation.

Street Construction - accounts for the cost of construction of City streets and storm water drainage systems.

The City reports the following major proprietary funds:

Water - accounts for the operation of the water system.

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING & FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Wastewater – accounts for the operation of the wastewater treatment plant and collection system.

Water Construction – accounts for the receipt and disbursement of funds for major replacement or additions to the water system infrastructure. The principal sources of revenues are transfers from the Water fund and water system development charges.

Wastewater Construction – accounts for the receipt and disbursement of funds for major replacement or additions to the wastewater system infrastructure. The principal sources of revenues are loan proceeds.

The City also includes the following fund types as other governmental funds and other enterprise funds:

Special revenue – accounts for revenue derived from specific taxes or other revenue sources, which are legally restricted to particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make expenditures.

Debt service – accounts for repayment of principal and interest on its outstanding loan.

Capital projects – accounts for expenditures on major construction projects. The principal sources of revenues are proceeds from donations.

Enterprise – accounts for the operations of predominantly self-supporting activities. Enterprise funds account for services rendered to the public on a user charge basis, and internal service funds account for services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

Agency – accounts for resources received and held by the CITY in a fiduciary capacity. Disbursements from these funds are made in accordance with applicable legislative enactment.

D. BUDGETS POLICIES AND BUDGETARY CONTROL

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year end.

The City begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The City council adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The City established the levels of budgetary control at the personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds.

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BUDGETS POLICIES AND BUDGETARY CONTROL (CONTINUED)

Budget amounts shown in the basic financial statements have been revised since the original budget amounts were adopted. The City council must authorize all appropriation transfers and supplementary budgetary appropriations. The City's disbursements did not exceed appropriations.

E. COMPENSATED ABSENCES - SICK LEAVE

The City has a policy which permits full-time employees to accumulate sick leave at the rate of one day per month up to 2,000 hours.

F. USE OF ESTIMATES

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

G. CASH AND CASH EQUIVALENTS

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts, and any highly-liquid debt instruments purchased with a maturity of three months or less.

H. RECEIVABLES

Property taxes are assessed and become a lien on all taxable property as of July 1. Property taxes are levied on November 15. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Property taxes receivable collected within 60 days subsequent to year-end are considered measurable and available, and are recognized as revenues. All other property taxes receivable are offset by deferred revenue because they are not deemed available to finance operations of the current period.

Receivables for federal and state grants and state, county, and local shared revenue are recorded as revenue in all fund types as earned. Receivables of the Proprietary Funds are recorded as revenue in all funds as earned. The allowance for doubtful accounts is established on a historical view of delinquencies.

I. CAPITAL ASSETS

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed fixed assets are recorded at estimated fair market value at the time received. Public domain (infrastructure) capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems acquired since July 1, 2003 are recorded at cost. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. CAPITAL ASSETS (CONITNUED)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Net revenue bond interest cost incurred during the construction periods is capitalized when material.

Capital assets are depreciated using the straight line method over the following estimated useful lives.

Assets	10- 50
Buildings	20-40
Improvements other than buildings	4-10
Equipment	20-30
Streets	20-50
Distribution and collection systems	18

J. FUND EQUITY

In March 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- *Nonspendable* fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents prepaid items.
- *Restricted* fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- *Committed* fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- *Assigned* fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The City Council has granted the City Manager and the Finance Director the authority to classify portions of ending fund balance as Assigned.
- *Unassigned* fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The Council has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. FUND EQUITY

To preserve a sound financial system and to provide a stable financial base, the Council has adopted the following fund balance policy: The City shall strive to maintain the General Fund undesignated fund balance at 35% or four months of regular general fund operating expenditures. In enterprise funds, the City shall strive to maintain positive retained earnings positions to provide sufficient reserves for emergencies and revenue shortfalls. Specifically, in the Water and Sewer Enterprise Fund, an operating reserve will be established and maintained at 20 percent of the current year's budget appropriation for operation and maintenance, which is defined as the total budget less debt service and capital projects expenditures. The City shall not regularly maintain positive retained earnings in internal service funds. When an internal service fund builds up retained earnings, the City shall transfer it to other operating funds. The City shall maintain sufficient reserves in its debt service funds which shall equal or exceed the reserve fund balances required by bond ordinances.

K. DEFERRED OUFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

L. RETIREMENT PLANS

Substantially all of the City's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. GASB Statements 68 and 71 have been implemented as of July 1, 2015.

M. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

2. DEPOSITS AND INVESTMENTS

The City maintains a pool of cash and investments that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and investments. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2017. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2017, the fair value of the position in the LGIP is 100.57% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

Credit risk: Oregon statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-I by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

2. DEPOSITS AND INVESTMENTS (CONTINUED)

As of June 30, 2017, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>		
		<u>Less than 3</u>	<u>3-18</u>	<u>More than 18</u>
State Treasurer's Investment Pool	\$ 7,785,571	\$ 7,785,571	\$ -	\$ -
Total	<u>\$ 7,785,571</u>	<u>\$ 7,785,571</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk: The City's policy to manage its exposure to fair-value losses arising from increases in interest rates is to limit investment maturities to 18 months.

Concentration of Credit Risk: The City policy does not allow for an investment in anyone issuer that is in excess of 50 percent of the City's total investments with the exception of the LGIP, Treasury Direct, or the City's banking institution.

Custodial Credit Risk - Investments: This is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. None of the City's investments have custodial credit risk. The City's policy does not limit the amount of investments that can be held by counterparties.

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 up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program. Oregon Revised Statutes and City policy require depository institutions to maintain on deposit, with the collateral pool manager, securities having a value not less than 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. As of June 30, 2017, the total bank balance per the bank statements was \$498,832. Of these deposits, \$250,000 was covered by federal depository insurance. The remainder, if any, is collateralized the Oregon Public Funds Collateralization Program (PFCP). The City's deposits and investments at June 30, 2017 are as follows:

Deposits with Financial Institutions:	
Petty Cash	\$ 500
Demand Deposits	358,822
Investments	<u>7,785,571</u>
Total cash and Investments	<u>\$ 8,144,893</u>

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

3. CAPITAL ASSETS

Changes in Governmental Capital Assets for the year ended June 30, 2017 are as follows:

<u>Governmental Activities</u>	Balance			Balance June 30, 2017
	June 30, 2016	Additions	Deletions	
Land*	\$ 1,116,919	\$ 20,680	\$ (20,680)	\$ 1,116,919
Construction in Progress*	113,320	524,619	(113,320)	524,619
Infrastructure	101,256,389	164,908	-	101,421,297
Buildings and Improvements	3,956,047	42,709	-	3,998,756
Vehicles and Equipment	2,235,226	353,918	-	2,589,144
Total Capital Assets	108,677,901	1,106,834	(134,000)	109,650,735
Accumulated Depreciation:				
Infrastructure	94,750,126	3,468,685	-	98,218,811
Buildings and Improvements	2,197,706	140,596	-	2,338,302
Vehicles and Equipment	1,983,396	85,755	-	2,069,151
Total Accumulated Depreciation	98,931,228	3,695,036	-	102,626,264
Total Net Capital Assets	\$ 9,746,673			\$ 7,024,471

Depreciation expense was charged to functions/programs of the City as follows:

General Government	\$ 64,900
Public Safety	74,468
Highways and Streets	3,468,804
Culture and Recreation	86,039
Tourism	825
Total	\$ 3,695,036

Changes in Business-Type Capital Assets for the year ended June 30, 2017 are as follows:

	Balances			Balance June 30, 2017
	July 1, 2016	Additions	Deletions	
Capital Assets not being depreciated				
Land	\$ 3,281,776		\$ -	\$ 3,281,776.00
Construction in progress	506,346	2,222,218	(36,586)	2,691,978
Water Rights	629,901		-	629,901
Total capital assets not being depreciated	4,418,023	2,222,218	(36,586)	6,603,655
Capital assets being depreciated				
Infrastructure and plant	50,818,821	537,390	-	51,356,211
Buildings	330,213		-	330,213
Vehicles and equipment	1,096,745	10,200	-	1,106,945
Total capital assets being depreciated	52,245,779	547,590	-	52,793,369
Less accumulated depreciation for:				
Infrastructure and Plant	30,482,470	1,105,563	-	31,588,033
Buildings	102,208	11,737	-	113,945
Vehicles and equipment	1,004,820	31,929	-	1,036,749
Total	31,589,498	1,149,229	-	32,738,727
Total capital assets being depreciated, net	20,656,281	(601,639)	-	20,054,642
Total capital assets, net	\$ 25,074,304	\$ 1,620,579	\$ (36,586)	\$ 26,658,297

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

4. RECEIVABLES

The City's receivables at June 30, 2017 are shown below:

Property Taxes	\$	284,767
Accounts		1,009,266
Utility Accounts		367,938
		<u>1,661,971</u>

5. LONG-TERM OBLIGATIONS

A. Transactions for governmental activities for the year ended June 30, 2017 were as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due within One Year
General Obligation Bonds (original amount \$800,000, & 3-5% interest	430,000	-	40,000	390,000	40,000
ODOT Note Payable \$505k, 1.61%	-	505,000	-	505,000	-
Compensated Absences	179,188	178,587	179,188	178,587	178,587
Total	<u>\$ 616,371</u>	<u>\$ 683,587</u>	<u>\$ 226,371</u>	<u>\$ 1,073,587</u>	<u>\$ 218,587</u>

Transactions for business-type activities for the year ended June 30, 2017 were as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due within One Year
USDA Rural Development (original amount \$450,000, 3.25-5% interest)	\$ 492	\$ -	\$ 492	\$ -	\$ -
Water Revenue Series 2008 (original amount \$2,360,000, 3.75-5%)	1,635,000	-	110,000	1,525,000	115,000
2012 Refunding Bonds (original amount \$795,000, 1.85-3.6%)	535,000	-	70,000	465,000	65,000
USDA Revenue Bonds (\$4,601,000, 2.375%)	4,458,908	-	73,587	4,385,321	75,335
OECCD (original amount \$779,697, 3-4.75%)	634,875	-	24,080	610,795	24,243
IFA Loan, October 2014 (original amount \$2,625,000, 2.67%)	2,422,679	-	80,574	2,342,105	82,725
Total	<u>\$ 9,686,954</u>	<u>\$ -</u>	<u>\$ 358,733</u>	<u>\$ 9,328,221</u>	<u>\$ 362,303</u>

Governmental:

Year	2005 Bonds		2017 ODOT Note	
	Principal	Interest	Principal	Interest
2017-2018	40,000	19,806	-	-
2018-2019	45,000	18,256	-	8,131
2019-2020	45,000	16,656	-	8,131
2020-2021	45,000	14,856	23,373	12,197
2021-2022	50,000	12,000	47,312	7,565
2022-2027	165,000	27,750	248,283	26,101
2027-2031	-	-	186,032	5,817
	<u>390,000</u>	<u>109,324</u>	<u>505,000</u>	<u>67,942</u>

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

5. LONG-TERM OBLIGATIONS (CONTINUED)

Business-Type

<u>2012 Refunding Bonds</u>			<u>2009 OECCD Loan</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>		
2017-2018	65,000	13,527	24,243	28,784		
2018-2019	70,000	11,841	24,413	27,814		
2019-2020	75,000	9,593	24,601	26,777		
2020-2021	70,000	7,345	29,808	25,670		
2021-2022	40,000	5,640	30,000	24,478		
2022-2027	145,000	10,070	168,849	99,713		
2027-2032	-	-	211,662	54,338		
2032-2036	-	-	97,219	6,936		
	<u>\$ 465,000</u>	<u>\$ 58,016</u>	<u>\$ 610,795</u>	<u>\$ 294,510</u>		

<u>2008 Water Revenue Bonds</u>			<u>2013 USDA Revenue Bonds</u>		<u>2014 IFA Loan</u>	
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017-2018	115,000	61,976	75,335	104,151	82,725	62,534
2018-2019	115,000	57,374	77,124	102,362	84,944	60,325
2019-2020	120,000	52,774	78,956	100,530	87,202	58,058
2020-2021	125,000	47,976	80,831	98,655	89,530	55,729
2021-2022	130,000	42,974	82,750	96,736	91,920	53,339
2022-2027	750,000	122,958	444,183	453,247	497,753	228,545
2027-2032	170,000	7,012	499,495	397,935	567,848	158,448
2032-2037	-	-	561,695	335,735	647,814	78,485
2037-2042	-	-	631,640	265,790	192,369	6,530
2042-2047	-	-	710,296	187,134	-	-
2047-2052	-	-	798,745	98,685	-	-
2052-2056	-	-	344,271	12,284	-	-
	<u>\$1,525,000</u>	<u>\$ 393,044</u>	<u>\$4,385,321</u>	<u>\$ 2,253,244</u>	<u>\$ 2,342,105</u>	<u>\$ 761,993</u>

The City entered into a loan agreement with Oregon DEQ, the total amount to be received is \$18,500,000, at an interest rate of 1.47%. At June 30, 2017 the City has drawn down \$2,478,482, all of which is classified as due in more than one year.

6. DEFINED BENEFIT PENSION PLAN

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

If the link is expired please contact Oregon PERS for this information.

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

6. DEFINED BENEFIT PENSION PLAN

- i. **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, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
 - ii. **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 on or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **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 equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** 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:

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 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.
 - ii. **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.

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

6. DEFINED BENEFIT PENSION PLAN

- iii. **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.
- iv. **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

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. The 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, which became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2017 were \$168,464, excluding amounts to fund employer specific liabilities. In addition approximately \$145,740 in employee contributions were paid or picked up by the City in fiscal 2017. At June 30, 2017, the City reported a net pension liability of \$2,930,363 for its proportionate share of the net pension liability. The pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2014, the City's proportion was .02 percent.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 96,949	\$ -
Changes in assumptions	624,976	-
Net difference between projected and actual earnings on pension plan investments	578,917	-
Net changes in proportionate share and differences between District contributions and proportionate share of contributions	49,448	65,384
	-	93,615
Subtotal - Amortized Deferrals (below)	1,350,290	158,999
School contributions subsequent to measuring date	168,464	-
Deferred outflow (inflow) of resources	<u>\$ 1,518,754</u>	<u>\$ 158,999</u>

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2016	\$ 207,719
2017	\$ 207,719
2018	\$ 421,783
2019	\$ 313,987
2020	\$ 40,083
Thereafter	-
Total	<u>\$ 1,191,291</u>

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

6. DEFINED BENEFIT PENSION PLAN

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated December 1, 2016. Oregon PERS produces an independently audited CAFR which can be found at: http://www.oregon.gov/pers/docs/financial_reports/2016_cafr.pdf

Actuarial Valuations – The employer contribution rates effective July 1, 2015 through June 30, 2017, were set using the entry age normal 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 (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer 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 actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation date	December 31, 2014 rolled forward to June 30, 2016 measurement date
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
Inflation rate	2.5 percent (reduced from 2.75 percent)
Investment rate of return	7.5 percent (reduced from 7.75 percent)
Projected salary increase	3.5 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service (reduced from 3.5 percent)
Cost of Living Adjustment	Blend of 2.0 percent COLA and graded COLA (1.25/0.15 percent) in accordance with <i>Moro</i> decision, blend based on service
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males and 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

6. DEFINED BENEFIT PENSION PLAN

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts 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 method and assumptions shown are based on the 2014 Experience Study which is reviewed for the four-year period ending December 31, 2014.

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100%

Source: June 30, 2014 PERS CAFR; p. 54 – 55)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

6. DEFINED BENEFIT PENSION PLAN

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-term Bonds	8.00%	3.70%
Intermediate-Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equity	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	7.71%	6.07%
<i>Assumed Inflation</i>		2.75%

Source: June 30, 2014 PERS CAFR; p. 54 – 55)

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the 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.

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 7.55 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	(6.5%)	(7.5%)	(8.5%)
District's proportionate share of the net pension liability	\$ 4,731,559	\$ 2,930,363	\$ 1,424,878

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

6. DEFINED BENEFIT PENSION PLAN

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016.

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the District.

Individual Account Program - In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment. Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan that is invested in the IAP. The District makes this contribution on behalf of its employees.

7. INTERFUND TRANSFERS

Cash transfers are indicative of funding for capital projects, debt service, subsidies of various city operations, and re-allocations of special revenues. Transfers are netted on the Statement of Activities as required by GASB 34. The following schedule briefly summarizes the City's transfer activity for the year ended June 30, 2017:

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

7. INTERFUND TRANSFERS (CONTINUED)

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 1,499,700	\$ 573,000
Street Construction	\$ 700,000	\$ -
Other Governmental	220,000	1,234,700
Water	-	1,568,200
Wastewater	-	1,329,800
Water Construction	200,000	-
Wastewater Construction	100,000	-
Other Business Type	780,000	-
Internal Service	1,330,000	124,000
	<u>1,330,000</u>	<u>124,000</u>
 Total	 <u>\$ 4,829,700</u>	 <u>\$ 4,829,700</u>

Please note that the “Internal Balances” noted on the Statement of Net Position is not an interfund balance, but a representation over time that represents the amount of use the internal service fund allocates to the governmental and business type activities. There is also a capital interfund loan between the Public Works Operations Reserve fund (which combines with General Fund) and the Water fund in the amount of \$25,142, which the original amount was \$100,000 and has a term of 3 years, with .5% interest, the current balance is \$72,498..

8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

9. FUND BALANCE CONSTRAINTS

The specific purposes for each of the categories of fund balance as of June 30, 2017 are as follows:

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

9. FUND BALANCE CONSTRAINTS (CONTINUED)

Fund Balances:	General Fund	Street Construction Fund	Other Governmental Funds	Total
<u>Nonspendable:</u>				
Prepays	\$ 6,559	\$ -	\$ -	\$ 6,559
<u>Restricted:</u>				
Street Storm Drainage Maintenance	-	-	306,702	306,702
System Development Charges	-	-	331,416	331,416
Debt Payments	-	-	22,190	22,190
	-	-	660,308	660,308
<u>Committed to:</u>				
Street Construction	-	1,686,446	-	1,686,446
Tourism	-	-	103,138	103,138
Parks Capital Projects	-	-	60,989	60,989
	-	1,686,446	164,127	1,850,573
<u>Assigned to:</u>				
General City	633,970	-	1,470,867	2,104,837
Library	-	-	190	190
Dial A Ride	-	-	37,499	37,499
Library Capital Projects	-	-	-	-
	633,970	-	1,508,556	2,142,526
Unassigned:	1,708,257	-	-	1,708,257
Total Fund Balances	\$ 2,348,786	\$ 1,686,446	\$ 2,332,991	\$ 6,368,223

10. COMMITMENTS AND CONTINGENCIES

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel, the resolution of these matters will not have a material adverse cash effect of the financial condition of the government.

11. TAX ABATEMENTS

As of June 30, 2017, the City provides tax abatements through one significant program: Enterprise Zone, ORS 285C.175.

The Oregon Enterprise Zone program is a State of Oregon economic development program established, that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor.

The Enterprise Zone program allows industrial firms that will be making a substantial new capital investment a waiver of 100% of the amount of real property taxes attributable to the new investment for a 5-year period after completion. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

For the fiscal year ended June 30, 2017, the City abated property taxes totaling \$166,932 under this program.

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2017

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.02 %	\$ 2,930,363	\$ 2,477,286	118%	80.5 %
2016	0.02	1,190,449	2,268,510	52.48	91.9
2015	0.02	(385,502)	2,224,914	(17.0)	103.6
2014	0.02	867,896	2,156,450	39.0	92.0

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2017	\$ 168,464	\$ 168,464	\$ -	\$ 2,649,160	6.4 %
2016	154,896	154,896	-	2,477,286	6.3
2015	153,399	153,399	-	2,268,510	6.9
2014	159,387	159,387	-	2,224,914	7.4

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017**

GENERAL FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Property Taxes	\$ 2,750,650	\$ 2,750,650	\$ 2,715,157	\$ (35,493)
Franchise Fees	416,800	416,800	443,213	26,413
Licences, Permits and Fees	9,500	9,500	3,825	(5,675)
Fines and Forfeitures	100,000	100,000	127,254	27,254
Charges for Services	13,500	13,500	19,966	6,466
Intergovernmental	427,150	432,988	443,952	10,964
Interest	5,000	5,000	17,096	12,096
Miscellaneous	14,000	14,000	72,782	58,782
Total Revenues	<u>3,736,600</u>	<u>3,742,438</u>	<u>3,843,245</u>	<u>100,807</u>
EXPENDITURES				
City Manager's Office	137,800	137,800 (1)	133,697	4,103
City Attorney	68,500	68,500 (1)	60,491	8,009
Mayor & Council	4,000	4,000 (1)	1,859	2,141
Non-Departmental	251,700	251,700 (1)	239,536	12,164
City Recorder/HR	195,155	195,155 (1)	191,698	3,457
Municipal Court	169,488	169,488 (1)	160,577	8,911
Finance	380,074	380,074 (1)	367,909	12,165
Planning	269,459	313,459 (1)	308,418	5,041
Police	1,966,076	1,971,914 (1)	1,828,593	143,321
Parks/Facilities	177,143	177,143 (1)	159,796	17,347
Fire	772,545	772,545 (1)	687,074	85,471
Contingency	200,000	156,000 (1)	-	156,000
Total Expenditures	<u>4,591,940</u>	<u>4,597,778</u>	<u>4,139,648</u>	<u>458,130</u>
Excess of Revenues Over, (Under) Expenditures	(855,340)	(855,340)	(296,403)	558,937
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(573,000)	(573,000) (1)	(573,000)	-
Transfers In	925,700	925,700	925,700	-
Net Change in Fund Balance	<u>(502,640)</u>	<u>(502,640)</u>	<u>56,297</u>	<u>558,937</u>
Beginning Fund Balance	<u>1,649,000</u>	<u>1,649,000</u>	<u>1,658,519</u>	<u>9,519</u>
Ending Fund Balance	<u>\$ 1,146,360</u>	<u>\$ 1,146,360</u>	<u>\$ 1,714,816</u>	<u>\$ 568,456</u>
Reconciliation to GAAP Fund Balance:				
Ending Fund Balances				
Bicycle / Footpath Fund			10,077	
Police Reserve			136,022	
Public Works Operations Reserve			76,247	
Public Works Operations Reserve - Interfund Loan			(25,142)	
Fire Reserve Fund			257,833	
Parks Facilities Reserve Fund			178,933	
			<u>\$ 2,348,786</u>	

(1) Appropriation Level

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

STREET CONSTRUCTION FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 651,302	\$ 451,302
Interest	600	600	4,689	4,089
Total Revenues	<u>200,600</u>	<u>200,600</u>	<u>655,991</u>	<u>455,391</u>
EXPENDITURES				
Capital Outlay	330,000	950,000 (1)	265,387	684,613
Contingency	53,600	53,600 (1)	-	53,600
Total Expenditures	<u>383,600</u>	<u>1,003,600</u>	<u>265,387</u>	<u>738,213</u>
Excess of Revenues Over, (Under) Expenditures	(183,000)	(803,000)	390,604	1,193,604
OTHER FINANCING SOURCES, (USES)				
Loan Proceeds			500,000	
Transfers Out		- (1)	-	-
Transfers In	80,000	700,000	700,000	-
Total Other Financing Sources, (Uses)	80,000	700,000	1,200,000	-
Net Change in Fund Balance	(103,000)	(103,000)	1,590,604	1,693,604
Beginning Fund Balance	<u>103,000</u>	<u>103,000</u>	<u>95,842</u>	<u>(7,158)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,686,446</u>	<u>\$ 1,686,446</u>

(1) Appropriation Level

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

SUPPLEMENTARY INFORMATION

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

<u>WATER OPERATIONS FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	\$ 1,985,300	\$ 1,985,300	\$ 2,001,274	\$ 15,974
System Development Charges	1,500	1,500	1,976	476
Interest	1,000	1,000	3,002	2,002
Miscellaneous	<u>33,375</u>	<u>33,375</u>	<u>33,375</u>	<u>-</u>
Total Revenues	<u>2,021,175</u>	<u>2,021,175</u>	<u>2,039,627</u>	<u>18,452</u>
EXPENDITURES				
Materials and Services	395,950	395,950 (1)	356,727	39,223
Capital Outlay	10,000	10,000 (1)	-	10,000
Contingency	<u>145,025</u>	<u>145,025 (1)</u>	<u>-</u>	<u>145,025</u>
Total Expenditures	<u>550,975</u>	<u>550,975</u>	<u>356,727</u>	<u>145,025</u>
Excess of Revenues Over, (Under) Expenditures	<u>1,470,200</u>	<u>1,470,200</u>	<u>1,682,900</u>	<u>212,700</u>
OTHER FINANCING SOURCES, (USES)				
Interfund Loan	-	-	-	-
Transfers Out	<u>(1,568,200)</u>	<u>(1,568,200) (1)</u>	<u>(1,568,200)</u>	<u>-</u>
Total Other Financing Sources, (Uses)	<u>(1,568,200)</u>	<u>(1,568,200)</u>	<u>(1,568,200)</u>	<u>-</u>
Net Change in Fund Balance	(98,000)	(98,000)	114,700	212,700
Beginning Fund Balance	<u>98,000</u>	<u>98,000</u>	<u>232,464</u>	<u>134,464</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>347,164</u>	<u>\$ 347,164</u>
Reconciling Items:				
Capital Assets, Net			13,461,583	
Deferred Revenue			7,731	
Accrued Interest			(50,596)	
Interfund Loan			25,142	
Long-Term Obligations			<u>(6,521,116)</u>	
Net Position			<u>\$ 7,269,908</u>	

(1) Appropriation Level

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

WASTEWATER OPERATIONS FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	\$ 1,758,920	\$ 1,758,920	\$ 1,888,930	\$ 130,010
Interest	1,000	1,000	2,312	1,312
Miscellaneous	-	-	11,774	11,774
Total Revenues	<u>1,759,920</u>	<u>1,759,920</u>	<u>1,903,016</u>	<u>143,096</u>
EXPENDITURES				
Materials and Services	517,850	560,350 (1)	536,628	23,722
Capital Outlay	22,000	22,000 (1)	-	22,000
Contingency	149,270	106,770 (1)	-	106,770
Total Expenditures	<u>689,120</u>	<u>689,120</u>	<u>536,628</u>	<u>152,492</u>
Excess of Revenues over Expenditures	1,070,800	1,070,800	1,366,388	(9,396)
OTHER FINANCING SOURCES, (USES)				
Transfers Out	<u>(1,329,800)</u>	<u>(1,329,800) (1)</u>	<u>(1,329,800)</u>	<u>-</u>
Net Change in Fund Balance	(259,000)	(259,000)	36,588	143,096
Beginning Fund Balance	<u>259,000</u>	<u>259,000</u>	<u>272,670</u>	<u>13,670</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 309,258</u>	<u>\$ 309,258</u>

Reconciling Items:

Capital Assets, Net	13,196,714
Deferred Revenue	7,977
Long-Term Obligations	<u>(5,285,587)</u>
Net Position	<u>\$ 8,228,362</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017**

WATER CONSTRUCTION FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
System Development Charges	\$ 10,000	\$ 10,000	\$ 40,051	\$ 30,051
Interest	1,800	1,800	3,107	1,307
Total Revenues	<u>11,800</u>	<u>11,800</u>	<u>43,158</u>	<u>31,358</u>
EXPENDITURES				
Capital Outlay	601,000	601,000 (1)	574,547	26,453
Contingency	148,400	148,400 (1)	-	148,400
Total Expenditures	<u>749,400</u>	<u>749,400</u>	<u>574,547</u>	<u>174,853</u>
Excess of Revenues Over, (Under) Expenditures	(737,600)	(737,600)	(531,389)	206,211
OTHER FINANCING SOURCES, (USES)				
Transfers In	200,000	200,000	200,000	-
Net Change in Fund Balance	(537,600)	(537,600)	(331,389)	206,211
Beginning Fund Balance	<u>537,600</u>	<u>537,600</u>	<u>539,303</u>	<u>1,703</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,914</u>	<u>\$ 207,914</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017**

WASTEWATER CONSTRUCTION FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
System Development Charges	\$ 1,000	\$ 1,000	\$ 3,277	\$ 2,277
Interest	1,500	1,500	1,773	273
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>5,050</u>	<u>2,550</u>
EXPENDITURES				
Capital Outlay	1,694,000	2,294,000 (1)	2,144,631	149,369
Contingency	520,400	520,400 (1)	-	520,400
Total Expenditures	<u>2,214,400</u>	<u>2,814,400</u>	<u>2,144,631</u>	<u>669,769</u>
Excess of Revenues Over, (Under) Expenditures	(2,211,900)	(2,811,900)	(2,139,581)	672,319
OTHER FINANCING SOURCES, (USES)				
Loan Proceeds	1,693,500	2,293,500	1,989,507	(303,993)
Transfers In	100,000	100,000	100,000	-
Net Change in Fund Balance	(418,400)	(418,400)	(50,074)	368,326
Beginning Fund Balance	<u>418,400</u>	<u>418,400</u>	<u>257,301</u>	<u>(161,099)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,227</u>	<u>\$ 207,227</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017**

	STREET STORM DRAINAGE FUND	STREET SDC FUND	TOURISM MOTEL TAX	LIBRARY BOARD FUND	MAINSTREET PROGRAM FUND
ASSETS					
Cash and Equivalents	\$ 284,336	\$ 331,416	\$ 196,709	\$ 190	\$ -
Prepays	-	-	-	-	-
Accounts Receivable	41,286	-	31,140	-	-
Total Assets	<u>\$ 325,622</u>	<u>\$ 331,416</u>	<u>\$ 227,849</u>	<u>\$ 190</u>	<u>\$ -</u>
LIABILITIES					
Accounts Payable	\$ 18,920	\$ -	\$ 24,711	\$ -	\$ -
Interfund Loan	-	-	72,498	-	-
Deferred Revenue	-	-	-	-	-
Total Liabilities	<u>18,920</u>	<u>-</u>	<u>97,209</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	306,702	331,416	-	-	-
Committed	-	-	130,640	-	-
Assigned	-	-	-	190	-
Total Fund Balances	<u>306,702</u>	<u>331,416</u>	<u>130,640</u>	<u>190</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 325,622</u>	<u>\$ 331,416</u>	<u>\$ 227,849</u>	<u>\$ 190</u>	<u>\$ -</u>

DIAL A RIDE FUND	STREET MAINTENANCE FUND	CENTRAL AVENUE FUND	CAPITAL PROJECTS FUNDS		TOTAL
			DEBT SERVICE LIBRARY GO BOND FUND	PARKS CONSTRUCTION FUND	
\$ 12,288	\$ 252,563	\$ 1,218,304	\$ 22,190	\$ 101,096	\$ 2,419,092
-	-	-	-	-	-
<u>27,773</u>	<u>-</u>	<u>-</u>	<u>5,931</u>	<u>-</u>	<u>106,130</u>
<u>\$ 40,061</u>	<u>\$ 252,563</u>	<u>\$ 1,218,304</u>	<u>\$ 28,121</u>	<u>\$ 101,096</u>	<u>\$ 2,525,222</u>
\$ 2,562	\$ -	\$ -	\$ -	\$ 40,107	\$ 86,300
-	-	-	-	-	72,498
-	-	-	5,931	-	5,931
<u>2,562</u>	<u>-</u>	<u>-</u>	<u>5,931</u>	<u>40,107</u>	<u>164,729</u>
-	-	-	22,190	-	660,308
-	-	-	-	60,989	191,629
<u>37,499</u>	<u>252,563</u>	<u>1,218,304</u>	<u>-</u>	<u>-</u>	<u>1,508,556</u>
<u>37,499</u>	<u>252,563</u>	<u>1,218,304</u>	<u>22,190</u>	<u>60,989</u>	<u>2,360,493</u>
<u>\$ 40,061</u>	<u>\$ 252,563</u>	<u>\$ 1,218,304</u>	<u>\$ 28,121</u>	<u>\$ 101,096</u>	<u>\$ 2,525,222</u>

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017**

	STREET STORM DRAINAGE FUND	STREET SDC FUND	TOURISM MOTEL TAX	LIBRARY BOARD FUND	MAINSTREET PROGRAM FUND
REVENUES					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
System Development Charges	-	43,098	-	-	-
Assessments	-	-	194,388	-	-
Grants and Contributions	-	-	-	-	-
Intergovernmental	473,787	-	-	-	-
Interest	1,365	3,253	2,152	2	18
Miscellaneous	252,760	-	-	-	-
Total Revenues	\$ 727,912	\$ 46,351	\$ 196,540	\$ 2	\$ 18
EXPENDITURES					
Current					
Materials and Services	-	-	-	-	13,251
Culture and Recreation	-	-	-	-	-
Tourism	-	-	103,979	-	-
Highways and Streets	117,931	-	-	-	-
Capital Outlay	62,430	-	28,174	-	-
Debt Service	-	-	-	-	-
Total Expenditures	180,361	-	132,153	-	13,251
Excess of Revenues Over, (Under) Expenditures	547,551	46,351	64,387	2	(13,233)
OTHER FINANCING SOURCES, (USES)					
Transfers In	-	-	-	-	-
Transfers Out	(289,200)	-	(232,800)	-	-
Total Other Financing Sources, (Uses)	(289,200)	-	(232,800)	-	-
NET CHANGE IN FUND BALANCES	258,351	46,351	(168,413)	2	(13,233)
BEGINNING FUND BALANCES	48,351	285,065	299,053	188	13,233
ENDING FUND BALANCES	\$ 306,702	\$ 331,416	\$ 130,640	\$ 190	\$ -

<u>DIAL A RIDE FUND</u>	<u>STREET MAINTENANCE FUND</u>	<u>CENTRAL AVENUE FUND</u>	<u>DEBT SERVICE LIBRARY GO BOND FUND</u>	<u>CAPITAL PROJECTS FUNDS PARKS CONSTRUCTION FUND</u>	<u>TOTAL</u>
\$ -	\$ -	\$ -	\$ 51,000	\$ -	\$ 51,000
-	-	-	-	10,000	53,098
-	-	-	-	-	194,388
138,760	-	-	-	-	138,760
-	250,000	1,900,000	-	25,000	2,648,787
80	2,563	18,304	244	2,259	30,240
6,968	-	-	-	-	259,728
<u>\$ 145,808</u>	<u>\$ 252,563</u>	<u>\$ 1,918,304</u>	<u>\$ 51,244</u>	<u>\$ 37,259</u>	<u>\$ 3,376,001</u>
-	-	-	-	-	13,251
100,740	-	-	-	-	100,740
-	-	-	-	-	103,979
-	-	-	-	-	117,931
27,669	-	-	-	244,005	362,278
-	-	-	59,806	-	59,806
<u>128,409</u>	<u>-</u>	<u>-</u>	<u>59,806</u>	<u>244,005</u>	<u>757,985</u>
17,399	252,563	1,918,304	(8,562)	(206,746)	2,618,016
-	-	-	-	220,000	220,000
(12,700)	-	(700,000)	-	-	(1,234,700)
<u>(12,700)</u>	<u>-</u>	<u>(700,000)</u>	<u>-</u>	<u>220,000</u>	<u>(1,014,700)</u>
4,699	252,563	1,218,304	(8,562)	13,254	1,603,316
32,800	-	-	30,752	47,735	757,177
<u>\$ 37,499</u>	<u>\$ 252,563</u>	<u>\$ 1,218,304</u>	<u>\$ 22,190</u>	<u>\$ 60,989</u>	<u>\$ 2,360,493</u>

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

<u>STREET / STORM DRAINAGE</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ 480,000	\$ 480,000	\$ 473,787	\$ (6,213)
Miscellaneous	135,500	135,500	252,760	117,260
Interest	300	300	1,365	1,065
Total Revenues	<u>615,800</u>	<u>615,800</u>	<u>727,912</u>	<u>112,112</u>
EXPENDITURES				
Materials and Services	171,000	171,000 (1)	117,931	53,069
Capital Outlay	247,000	247,000 (1)	62,430	184,570
Contingency	23,300	23,300 (1)	-	23,300
Total Expenditures	<u>441,300</u>	<u>441,300</u>	<u>180,361</u>	<u>260,939</u>
Excess of Revenues Over, (Under) Expenditures	174,500	174,500	547,551	373,051
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(289,200)	(289,200) (1)	(289,200)	-
Net Change in Fund Balance	(114,700)	(114,700)	258,351	373,051
Beginning Fund Balance	<u>114,700</u>	<u>114,700</u>	<u>48,351</u>	<u>(66,349)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 306,702</u>	<u>\$ 306,702</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017**

STREET SDC SPECIAL REVENUE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
System Development Charges	\$ 15,000	\$ 15,000	\$ 43,098	\$ 28,098
Interest	1,300	1,300	3,253	1,953
Total Revenues	<u>16,300</u>	<u>16,300</u>	<u>46,351</u>	<u>30,051</u>
EXPENDITURES				
Contingency	<u>282,700</u>	<u>282,700</u> (1)	<u>-</u>	<u>282,700</u>
Total Expenditures	<u>282,700</u>	<u>282,700</u>	<u>-</u>	<u>282,700</u>
Net Change in Fund Balance	(266,400)	(266,400)	46,351	312,751
Beginning Fund Balance	<u>266,400</u>	<u>266,400</u>	<u>285,065</u>	<u>18,665</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 331,416</u>	<u>\$ 331,416</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017**

TOURISM - MOTEL TAX FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Assessments	\$ 160,000	\$ 160,000	\$ 194,388	\$ 34,388
Interest	600	600	2,152	1,552
Total Revenues	<u>160,600</u>	<u>160,600</u>	<u>196,540</u>	<u>35,940</u>
EXPENDITURES				
Materials and Services	100,600	139,980 (1)	131,481	8,499
Capital Outlay	5,000	5,000 (1)	-	5,000
Debt Service	-	28,500 (1)	28,174	326
Contingency	199,300	131,420 (1)	-	131,420
Total Expenditures	<u>304,900</u>	<u>304,900</u>	<u>159,655</u>	<u>145,245</u>
Excess of Revenues Over, (Under) Expenditures	(144,300)	(144,300)	36,885	181,185
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(132,800)	(232,800) (1)	(232,800)	-
Interfund Loan Proceeds	-	100,000	100,000	-
Net Change in Fund Balance	(277,100)	(277,100)	(95,915)	181,185
Beginning Fund Balance	<u>277,100</u>	<u>277,100</u>	<u>299,053</u>	<u>21,953</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 203,138</u>	<u>\$ 203,138</u>
		Reconciliation to GAAP:		
		Interfund Loan	<u>\$ (72,498)</u>	
		GAAP Net Position	<u>\$ 130,640</u>	

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017**

<u>LIBRARY BOARD FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interest	\$ -	\$ -	\$ 2	\$ 2
Total Revenues	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Net Change in Fund Balance	-	-	2	2
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>188</u>	<u>188</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190</u>	<u>\$ 190</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017**

MAINSTREET PROGRAM FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interest	\$ -	\$ 60	\$ 18	\$ (42)
Total Revenues	-	60	18	(42)
EXPENDITURES				
Materials and Services	13,200	13,260 (1)	13,251	9
Total Expenditures	13,200	13,260	13,251	9
Net Change in Fund Balance	(13,200)	(13,200)	(13,233)	(33)
Beginning Fund Balance	13,200	13,200	13,233	33
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017**

<u>DIAL-A-RIDE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Grants and Contributions	\$ 89,092	\$ 119,092	\$ 138,760	\$ 19,668
Miscellaneous	7,140	7,140	6,968	(172)
Interest	-	-	80	80
	<u>96,232</u>	<u>126,232</u>	<u>145,808</u>	<u>19,576</u>
EXPENDITURES				
Materials and Services	93,150	109,150 (1)	100,740	8,410
Capital Outlay	-	30,000 (1)	27,669	2,331
Contingency	34,082	18,082 (1)	-	18,082
	<u>127,232</u>	<u>157,232</u>	<u>128,409</u>	<u>28,823</u>
Excess of Revenues Over, (Under) Expenditures	(31,000)	(31,000)	17,399	48,399
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(12,700)	(12,700) (1)	(12,700)	-
Net Change in Fund Balance	(43,700)	(43,700)	4,699	48,399
Beginning Fund Balance	<u>43,700</u>	<u>43,700</u>	<u>32,800</u>	<u>(10,900)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,499</u>	<u>\$ 37,499</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017**

STREET MAINTENANCE RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 250,000	\$ 250,000
Interest	<u>1,000</u>	<u>1,000</u>	<u>2,563</u>	<u>1,563</u>
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>252,563</u>	<u>251,563</u>
EXPENDITURES				
Contingency	<u>251,000</u>	<u>251,000</u> (1)	<u>-</u>	<u>251,000</u>
Total Expenditures	<u>251,000</u>	<u>251,000</u>	<u>-</u>	<u>251,000</u>
Net Change in Fund Balance	(250,000)	(250,000)	252,563	502,563
Beginning Fund Balance	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>(250,000)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,563</u>	<u>\$ 252,563</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017**

CENTRAL AVENUE RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 1,900,000	\$ 1,900,000
Interest	<u>10,000</u>	<u>10,000</u>	<u>18,304</u>	<u>8,304</u>
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>1,918,304</u>	<u>1,908,304</u>
EXPENDITURES				
Contingency	<u>1,830,000</u>	<u>1,210,000</u> (1)	<u>-</u>	<u>1,210,000</u>
Total Expenditures	<u>1,830,000</u>	<u>1,210,000</u>	<u>-</u>	<u>1,210,000</u>
Excess of Revenues Over, (Under) Expenditures	(1,820,000)	(1,200,000)	1,918,304	3,118,304
OTHER FINANCING SOURCES, (USES)				
Transfers Out	<u>(80,000)</u>	<u>(700,000)</u> (1)	<u>(700,000)</u>	<u>-</u>
Net Change in Fund Balance	(1,900,000)	(1,900,000)	1,218,304	3,118,304
Beginning Fund Balance	<u>1,900,000</u>	<u>1,900,000</u>	<u>-</u>	<u>(1,900,000)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,218,304</u>	<u>\$ 1,218,304</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017**

<u>LIBRARY GO BOND FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Property Taxes	\$ 51,000	\$ 51,000	\$ 51,000	\$ -
Interest	-	-	244	244
Total Revenues	<u>51,000</u>	<u>51,000</u>	<u>51,244</u>	<u>244</u>
EXPENDITURES				
Debt Service	<u>59,810</u>	<u>59,810</u> (1)	<u>59,806</u>	<u>4</u>
Total Expenditures	<u>59,810</u>	<u>59,810</u>	<u>59,806</u>	<u>4</u>
Net Change in Fund Balance	(8,810)	(8,810)	(8,562)	248
Beginning Fund Balance	<u>40,000</u>	<u>40,000</u>	<u>30,752</u>	<u>(9,248)</u>
Ending Fund Balance	<u>\$ 31,190</u>	<u>\$ 31,190</u>	<u>\$ 22,190</u>	<u>\$ (9,000)</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017**

<u>PARKS CONSTRUCTION FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
System Development Charges	\$ 3,000	\$ 3,000	\$ 10,000	\$ 7,000
Intergovernmental	180,000	230,000	25,000	(205,000)
Interest	150	150	2,259	2,109
Total Revenues	<u>183,150</u>	<u>233,150</u>	<u>37,259</u>	<u>(195,891)</u>
EXPENDITURES				
Capital Outlay	120,000	350,000 (1)	244,005	105,995
Contingency	<u>196,150</u>	<u>16,150 (1)</u>	<u>-</u>	<u>16,150</u>
Total Expenditures	<u>316,150</u>	<u>366,150</u>	<u>244,005</u>	<u>122,145</u>
Excess of Revenues Over, (Under) Expenditures	(133,000)	(133,000)	(206,746)	(73,746)
OTHER FINANCING SOURCES, (USES)				
Transfers In	<u>120,000</u>	<u>120,000</u>	<u>220,000</u>	<u>100,000</u>
Net Change in Fund Balance	(13,000)	(13,000)	13,254	26,254
Beginning Fund Balance	<u>13,000</u>	<u>13,000</u>	<u>47,735</u>	<u>34,735</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,989</u>	<u>\$ 60,989</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017**

<u>BICYCLE FOOTPATH FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental Interest	\$ 5,000 25	\$ 5,000 25	\$ 5,000 57	\$ - 32
Total Revenues	<u>5,025</u>	<u>5,025</u>	<u>5,057</u>	<u>32</u>
EXPENDITURES				
Contingency	<u>10,025</u>	<u>10,025 (1)</u>	<u>-</u>	<u>10,025</u>
Total Expenditures	<u>10,025</u>	<u>10,025</u>	<u>-</u>	<u>10,025</u>
Excess of Revenues Over, (Under) Expenditures	(5,000)	(5,000)	5,057	10,057
Beginning Fund Balance	<u>5,000</u>	<u>5,000</u>	<u>5,020</u>	<u>20</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,077</u>	<u>\$ 10,077</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017**

<u>POLICE RESERVE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interest	\$ 300	\$ 300	\$ 1,425	\$ 1,125
Total Revenues	<u>300</u>	<u>300</u>	<u>1,425</u>	<u>1,125</u>
EXPENDITURES				
Capital Outlay	-	50,000 (1)	45,257	4,743
Contingency	<u>179,990</u>	<u>129,990 (1)</u>	<u>-</u>	<u>129,990</u>
Total Expenditures	<u>179,990</u>	<u>179,990</u>	<u>45,257</u>	<u>134,733</u>
Excess of Revenues Over, (Under) Expenditures	(179,690)	(179,690)	(43,832)	135,858
OTHER FINANCING SOURCES, (USES)				
Transfers In	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>-</u>
Net Change in Fund Balance	(114,690)	(114,690)	21,168	135,858
Beginning Fund Balance	<u>114,690</u>	<u>114,690</u>	<u>114,854</u>	<u>164</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,022</u>	<u>\$ 136,022</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017**

<u>FIRE RESERVE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 162,058	\$ 162,058
Interest	75	75	1,351	1,276
Total Revenues	<u>75</u>	<u>75</u>	<u>163,409</u>	<u>163,334</u>
EXPENDITURES				
Capital Outlay	265,000	265,000 (1)	236,486	28,514
Contingency	60,125	60,125 (1)	-	60,125
Total Expenditures	<u>325,125</u>	<u>325,125</u>	<u>236,486</u>	<u>88,639</u>
Excess of Revenues Over, (Under) Expenditures	(325,050)	(325,050)	(73,077)	251,973
OTHER FINANCING SOURCES, (USES)				
Surplus Property Sales		-	5,750	5,750
Transfers In	265,000	265,000	265,000	-
Net Change in Fund Balance	(60,050)	(60,050)	197,673	257,723
Beginning Fund Balance	<u>60,050</u>	<u>60,050</u>	<u>60,160</u>	<u>110</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257,833</u>	<u>\$ 257,833</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017**

PUBLIC WORKS OPERATIONS RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interest	\$ 100	\$ 100	\$ 635	\$ 535
Total Revenues	<u>100</u>	<u>100</u>	<u>635</u>	<u>535</u>
EXPENDITURES				
Debt Service	33,600	33,600 (1)	33,591	9
Capital Outlay	45,000	45,000 (1)	42,722	2,278
Contingency	73,400	73,400 (1)	-	73,400
Total Expenditures	<u>152,000</u>	<u>152,000</u>	<u>76,313</u>	<u>75,687</u>
Excess of Revenues Over, (Under) Expenditures	(151,900)	(151,900)	(75,678)	76,222
OTHER FINANCING SOURCES, (USES)				
Transfers In	124,000	124,000	124,000	-
Net Change in Fund Balance	(27,900)	(27,900)	48,322	76,222
Beginning Fund Balance	<u>27,900</u>	<u>27,900</u>	<u>27,925</u>	<u>25</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,247</u>	<u>\$ 76,247</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017**

PARKS/FACILITIES RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interest	\$ 500	\$ 500	\$ 1,506	\$ 1,006
Total Revenues	<u>500</u>	<u>500</u>	<u>1,506</u>	<u>1,006</u>
EXPENDITURES				
Capital Outlay	165,000	165,000 (1)	49,124	115,876
Contingency	<u>61,900</u>	<u>61,900 (1)</u>	<u>-</u>	<u>61,900</u>
Total Expenditures	<u>226,900</u>	<u>226,900</u>	<u>49,124</u>	<u>177,776</u>
Excess of Revenues Over, (Under) Expenditures	(226,400)	(226,400)	(47,618)	178,782
OTHER FINANCING SOURCES, (USES)				
Transfers In	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>-</u>
Net Change in Fund Balance	(106,400)	(106,400)	72,382	178,782
Beginning Fund Balance	<u>106,400</u>	<u>106,400</u>	<u>106,551</u>	<u>151</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,933</u>	<u>\$ 178,933</u>

(1) Appropriation Level

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

COMBINING STATEMENT OF NET POSITION -
NONMAJOR ENTERPRISE FUNDS
June 30, 2017

	WATER RESERVE FUND	WASTEWATER RESERVE FUND	KNOLLS ESTATE STEP SURCHARGE FUND
ASSETS			
Cash and Cash Equivalents	\$ 292,836	\$ 84,419	\$ 28,871
Accounts Receivable	-	-	-
Interfund Loan Receivable	72,498	-	-
Prepays	-	-	-
Total Assets	<u>\$ 365,334</u>	<u>\$ 84,419</u>	<u>\$ 28,871</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	-	-	1,010
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,010</u>
NET POSITION			
Restricted for Bond Covenant	\$ -	\$ -	\$ -
Restricted for Debt Service	-	-	-
Restricted for Capital Projects	-	-	-
Unrestricted	<u>365,334</u>	<u>84,419</u>	<u>27,861</u>
Total Net Position	<u>365,334</u>	<u>84,419</u>	<u>27,861</u>
Total Liabilities and Net Position	<u>\$ 365,334</u>	<u>\$ 84,419</u>	<u>\$ 28,871</u>

WATER DEBT SERVICE FUND	WASTEWATER DEBT SERVICE FUND	TOTAL
\$ 198,013	\$ 284,087	\$ 888,226
-	279,430	279,430
-	-	72,498
30,988	-	30,988
<u>\$ 229,001</u>	<u>\$ 563,517</u>	<u>\$ 1,271,142</u>
-	-	1,010
-	-	1,010
\$ 195,724	\$ -	\$ 195,724
33,277	-	33,277
-	563,517	563,517
-	-	477,614
<u>229,001</u>	<u>563,517</u>	<u>1,270,132</u>
<u>\$ 229,001</u>	<u>\$ 563,517</u>	<u>\$ 1,271,142</u>

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - NONMAJOR ENTERPRISE FUNDS**
For the Year Ended June 30, 2017

	<u>WATER RESERVE FUND</u>	<u>WASTEWATER RESERVE FUND</u>	<u>KNOLLS ESTATE STEP SURCHARGE FUND</u>
OPERATING REVENUES			
Charges for Services	\$ -	\$ -	\$ 15,974
OPERATING EXPENSES			
Materials and Services	<u>10,200</u>	<u>-</u>	<u>12,178</u>
Operating income (loss)	(10,200)	-	3,796
NONOPERATING REVENUES (EXPENSES)			
Interest	3,665	781	267
Interest Expense	-	-	-
Transfers In	-	15,000	-
Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>3,665</u>	<u>15,781</u>	<u>267</u>
Change in Net Position	(6,535)	15,781	4,063
Beginning Net Position	<u>371,869</u>	<u>68,638</u>	<u>23,798</u>
Ending Net Position	<u>\$ 365,334</u>	<u>\$ 84,419</u>	<u>\$ 27,861</u>

WATER DEBT SERVICE FUND	WASTEWATER DEBT SERVICE FUND	TOTAL
\$ -	\$ 8,800	\$ 24,774
-	-	22,378
-	8,800	2,396
1,311	1,690	7,714
(410,020)	(230,034)	(640,054)
425,000	340,000	780,000
-	-	-
16,291	111,656	147,660
16,291	120,456	150,056
212,710	443,061	1,120,076
<u>\$ 229,001</u>	<u>\$ 563,517</u>	<u>\$ 1,270,132</u>

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2017

	WATER RESERVE FUND	WASTEWATER RESERVE FUND	KNOLLS ESTATE STEP SURCHARGE FUND
Cash Flows from Operating Activities:			
Cash from Customers	-	-	15,973
Cash paid to Suppliers	(10,200)		(12,178)
Cash flow from Operations	(10,200)	-	3,795
Cash Flows from Investing Activities:			
Earnings on Investments and Other	3,665	781	267
Cash Flows from Noncapital Financing Activities:			
Miscellaneous	27,502		-
Interfund Loans	(100,000)		
Transfers	-	15,000	-
Cash flow from Noncapital Financing	(72,498)	15,000	-
Cash Flows from Capital and Related Financing Activities:			
Payments on long term debt	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(79,033)	15,781	4,062
Cash and Cash Equivalents, Beginning	371,869	68,638	24,809
Cash and Cash Equivalents, Ending	292,836	84,419	28,871
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income, (Loss)	(10,200)	-	3,795
Noncash Items Included in Income: (Increase), Decrease in Assets	-	-	-
Net Cash Provided (Used) by Operating Activities	(10,200)	-	3,795

<u>WATER DEBT SERVICE FUND</u>	<u>WASTEWATER DEBT SERVICE FUND</u>	<u>TOTAL</u>
2,199	50,865	69,037
-	-	(22,378)
2,199	50,865	46,659
1,311	1,690	7,714
-	-	27,502
-	-	(100,000)
425,000	340,000	780,000
425,000	340,000	707,502
(410,020)	(230,034)	(640,054)
18,490	162,521	121,821
179,523	121,566	766,405
198,013	284,087	888,226
-	8,800	2,395
2,199	42,065	44,264
2,199	50,865	46,659

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

WATER RESERVE FUND
A NONMAJOR ENTERPRISE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interest	\$ 1,600	\$ 1,600	\$ 3,665	\$ 2,065
Miscellaneous	<u>-</u>	<u>-</u>	<u>27,502</u>	<u>27,502</u>
Total Revenues	<u>1,600</u>	<u>1,600</u>	<u>31,167</u>	<u>29,567</u>
EXPENDITURES				
Capital Outlay	15,000	15,000 (1)	10,200	4,800
Contingency	<u>358,100</u>	<u>258,100 (1)</u>	<u>-</u>	<u>258,100</u>
Total Expenditures	<u>373,100</u>	<u>273,100</u>	<u>10,200</u>	<u>262,900</u>
Excess of Revenues Over, (Under) Expenditures	(371,500)	(271,500)	20,967	292,467
OTHER FINANCING SOURCES, (USES)				
Interfund Loans	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net Change in Fund Balance	(371,500)	(371,500)	(79,033)	292,467
Beginning Fund Balance	<u>371,500</u>	<u>371,500</u>	<u>371,869</u>	<u>369</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 292,836</u>	<u>\$ 292,836</u>

Reconciliation to GAAP:	
Interfund Loan	<u>\$ 72,498</u>
GAAP Net Position	<u>\$ 365,334</u>

(1) Appropriation Level

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

PUBLIC WORKS WASTEWATER RESERVE FUND
A NONMAJOR ENTERPRISE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interest	\$ 300	\$ 300	\$ 781	\$ 481
Total Revenues	<u>300</u>	<u>300</u>	<u>781</u>	<u>481</u>
EXPENDITURES				
Contingency	<u>83,800</u>	<u>83,800</u> (1)	<u>-</u>	<u>83,800</u>
Total Expenditures	<u>83,800</u>	<u>83,800</u>	<u>-</u>	<u>83,800</u>
Excess of Revenues Over, (Under) Expenditures	(83,500)	(83,500)	781	84,281
OTHER FINANCING SOURCES, (USES)				
Transfers In	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net Change in Fund Balance	(68,500)	(68,500)	15,781	84,281
Beginning Fund Balance	<u>68,500</u>	<u>68,500</u>	<u>68,638</u>	<u>138</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,419</u>	<u>\$ 84,419</u>

(1) Appropriation Level

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

KNOLLS ESTATE STEP SURCHARGE FUND
A NONMAJOR ENTERPRISE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	\$ 16,000	\$ 16,000	\$ 15,974	\$ (26)
Interest	<u>100</u>	<u>100</u>	<u>267</u>	<u>167</u>
Total Revenues	<u>16,100</u>	<u>16,100</u>	<u>16,241</u>	<u>141</u>
EXPENDITURES				
Materials and Services	15,000	15,000 (1)	12,178	2,822
Contingency	<u>24,900</u>	<u>24,900 (1)</u>	<u>-</u>	<u>24,900</u>
Total Expenditures	<u>39,900</u>	<u>39,900</u>	<u>12,178</u>	<u>27,722</u>
Net Change in Fund Balance	(23,800)	(23,800)	4,063	27,863
Beginning Fund Balance	<u>23,800</u>	<u>23,800</u>	<u>23,798</u>	<u>(2)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,861</u>	<u>\$ 27,861</u>

(1) Appropriation Level

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

WATER DEBT SERVICE FUND
A NONMAJOR ENTERPRISE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interest	\$ 800	\$ 800	\$ 1,311	\$ 511
Total Revenues	<u>800</u>	<u>800</u>	<u>1,311</u>	<u>511</u>
EXPENDITURES				
Debt Service	410,310	410,310 (1)	410,020	290
Contingency	<u>13,715</u>	<u>13,715 (1)</u>	<u>-</u>	<u>13,715</u>
Total Expenditures	<u>424,025</u>	<u>424,025</u>	<u>410,020</u>	<u>14,005</u>
Excess of Revenues Over, (Under) Expenditures	(423,225)	(423,225)	(408,709)	14,516
OTHER FINANCING SOURCES, (USES)				
Transfers In	<u>425,000</u>	<u>425,000</u>	<u>425,000</u>	<u>-</u>
Net Change in Fund Balance	1,775	1,775	16,291	14,516
Beginning Fund Balance	<u>212,000</u>	<u>212,000</u>	<u>212,710</u>	<u>710</u>
Ending Fund Balance	<u>\$ 213,775</u>	<u>\$ 213,775</u>	<u>\$ 229,001</u>	<u>\$ 15,226</u>

(1) Appropriation Level

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

WASTEWATER DEBT SERVICE FUND
A NONMAJOR ENTERPRISE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Assesments	\$ 41,000	\$ 41,000	\$ 50,865	\$ 9,865
Interest	8,865	8,865	1,690	(7,175)
Total Revenues	<u>49,865</u>	<u>49,865</u>	<u>52,555</u>	<u>2,690</u>
EXPENDITURES				
Debt Service	250,045	250,045 (1)	230,034	20,011
Contingency	246,220	246,220 (1)	-	246,220
Total Expenditures	<u>496,265</u>	<u>496,265</u>	<u>230,034</u>	<u>266,231</u>
Excess of Revenues Over, (Under) Expenditures	(446,400)	(446,400)	(177,479)	268,921
OTHER FINANCING SOURCES, (USES)				
Transfers In	340,000	340,000	340,000	-
Net Change in Fund Balance	(106,400)	(106,400)	162,521	268,921
Beginning Fund Balance	<u>106,400</u>	<u>106,400</u>	<u>121,566</u>	<u>15,166</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 284,087</u>	<u>\$ 284,087</u>

Reconciliation to GAAP:

Deferred Revenue \$ 279,430

GAAP Net Position \$ 563,517

(1) Appropriation Level

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

PUBLIC WORKS OPERATIONS FUND - INTERNAL SERVICE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Earnings on Investments	\$ 100	\$ 100	\$ 2,193	\$ 2,093
Miscellaneous	-	-	8,895	8,895
Total Revenues	<u>100</u>	<u>100</u>	<u>11,088</u>	<u>10,988</u>
EXPENDITURES				
Personnel	\$ 1,187,748	\$ 1,187,748 (1)	\$ 1,114,914	\$ 72,834
Materials and Services	80,000	80,000 (1)	74,262	5,738
Contingency	21,352	21,352 (1)	-	21,352
Total Expenditures	<u>1,289,100</u>	<u>1,289,100</u>	<u>1,189,176</u>	<u>99,924</u>
Excess of Revenues Over, (Under) Expenditures	(1,289,000)	(1,289,000)	(1,178,088)	110,912
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(124,000)	(124,000) (1)	(124,000)	-
Transfers In	1,330,000	1,330,000	1,330,000	-
Net Change in Fund Balance	(83,000)	(83,000)	27,912	110,912
Beginning Fund Balance	<u>83,000</u>	<u>83,000</u>	<u>114,648</u>	<u>31,648</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,560</u>	<u>\$ 142,560</u>

(1) Appropriation Level

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
For the Year Ended June 30, 2017

	Balance at June 30, 2016	Additions	Deductions	Balance at June 30, 2017
Municipal Court				
Assets				
Cash	\$ 7,778	\$ 5,291	\$ 7,778	\$ 5,291
Accounts Receivable	-	-	-	-
Total Assets	<u>\$ 7,778</u>	<u>\$ 5,291</u>	<u>\$ 7,778</u>	<u>\$ 5,291</u>
Liabilities				
Accounts Payable	\$ 8,508	\$ 13,787	\$ 8,508	\$ 13,787
Amounts held in trust	(730)	-	7,766	(8,496)
Total Liabilities	<u>\$ 7,778</u>	<u>\$ 13,787</u>	<u>\$ 16,274</u>	<u>\$ 5,291</u>
Total Agency Funds				
Assets				
Cash	\$ 7,778	\$ 5,291	\$ 7,778	\$ 5,291
Accounts Receivable	-	-	-	-
Total Assets	<u>\$ 7,778</u>	<u>\$ 5,291</u>	<u>\$ 7,778</u>	<u>\$ 5,291</u>
Liabilities				
Accounts Payable	\$ 8,508	\$ 13,787	\$ 8,508	\$ 13,787
Amounts held in trust	(730)	-	7,766	(8,496)
Total Liabilities	<u>\$ 7,778</u>	<u>\$ 13,787</u>	<u>\$ 16,274</u>	<u>\$ 5,291</u>

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2017

<u>TAX YEAR</u>	<u>IMPOSED LEVY OR UNCOLLECTED AT 7-1-16</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED AT 6-30-17</u>
CURRENT:						
2016-2017	\$ 2,870,747	\$ 72,119	\$ (33,250)	\$ 1,372	\$ 2,653,875	\$ 112,875
PRIOR YEARS:						
2015-2016	111,020	(5)	(4,177)	3,274	45,035	65,087
2014-2015	67,050	(7)	(4,720)	3,758	20,115	45,980
2013-2014	45,038	(7)	(6,594)	5,703	19,675	24,479
2012-2013	25,235	(7)	(5,450)	4,586	12,925	11,453
Prior	29,711	(1)	(3,267)	2,380	3,932	24,893
Total Prior	<u>278,054</u>	<u>(27)</u>	<u>(24,208)</u>	<u>19,701</u>	<u>101,682</u>	<u>171,892</u>
Total	<u>\$ 3,148,801</u>	<u>\$ 72,092</u>	<u>\$ (57,458)</u>	<u>\$ 21,073</u>	<u>\$ 2,755,557</u>	<u>\$ 284,767</u>

RECONCILIATION OF REVENUE:	<u>GENERAL FUND</u>
Cash Collections by County Treasurer Above	\$ 2,755,557
Accrual of Receivables:	
Other	14,476
June 30, 2016	(14,948)
June 30, 2017	<u>11,072</u>
Total Revenue	<u>\$ 2,766,157</u>

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY
OREGON STATE REGULATIONS



PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

October 20, 2017

Independent Auditors' Report Required by Oregon State Requirements

We have audited the basic financial statements of the City of Sutherlin as of and for the year ended June 30, 2017, and have issued our report thereon dated October 20, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America..

Compliance

As part of obtaining reasonable assurance about whether the 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.**
- **Highway revenues used for public highways, roads, and streets.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the City of Sutherlin 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.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

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

A handwritten signature in black ink, appearing to read "Ken Allen". The signature is fluid and cursive, with a large initial "K" and "A".

Kenneth Allen, CPA
PAULY, ROGERS AND CO., P.C.