



**Silverton, Oregon**

**ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2018**

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**CITY OF SILVERTON**

**OFFICERS AND MEMBERS OF THE GOVERNING BODY  
For The Year Ended June 30, 2018**

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429 S Third Street  
Silverton, OR 97381

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**City Manager**

Christy S. Wurster

**Finance Director**

Kathleen Zaragoza

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**CITY OF SILVERTON**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the City Council  
CITY OF SILVERTON  
Silverton, Oregon

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **CITY OF SILVERTON**, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

The City's 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.

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **CITY OF SILVERTON**, as of June 30, 2018, the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### *Emphasis of Matter*

As discussed in Note 1S to the financial statements, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages a-f and the schedules of proportionate share of the net pension liability, contributions, proportionate share of the net other postemployment benefit liability, contributions, and changes in the City's total other postemployment benefit liability and related ratios on pages 50 - 54 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 required supplementary information 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and individual fund schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Oregon State Regulations**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 31, 2018, on our consideration of the City's compliance with certain provisions of laws and regulation, 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.

Boldt Carlisle + Smith  
Certified Public Accountants  
Salem, Oregon  
December 31, 2018

By:

  
Bradley G. Bingenheimer, Member

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## CITY OF SILVERTON

### MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2018

This discussion and analysis presents the highlights of financial activities and financial position for the City of Silverton. The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Please read it in conjunction with the City's financial statements.

#### FINANCIAL HIGHLIGHTS

The City's assets exceeded its liabilities at June 30, 2018 by \$63,202,120 (*net position*). Of this amount, \$36,715,523 was invested in capital assets; \$18,253,648 was restricted for specific purposes resulting in unrestricted net position of \$8,232,949.

The City's total net position increased by \$5,302,394 (or 9.16%). The majority of the increase is due primarily to the increase of the amount restricted for specific purposes.

The City's governmental activities had an increase in net position of \$3,274,235 of which \$1,346,271 is for net investment in capital assets. There was also an increase in restricted for specific purposes of \$1,413,034.

The City's business-type activities had an increase in total net position of \$2,028,159, which is a result of the increase in the restricted for capital projects.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The City's annual financial report consists of several sections. Taken together they provide a report of the City's financial position as of June 30, 2018. The components of the report include the following:

**Management's Discussion and Analysis** This section of the report provides financial highlights, overview and economic factors affecting the City.

**Basic Financial Statements** They include a statement of net position, a statement of activities, fund financial statements and the notes to the financial statements.

The statements of net position and activities focus on an entity-wide presentation using the accrual basis of accounting and provide both long-term and short-term information about the City's financial status. The governmental activities include most of the City's basic services such as police, street maintenance and improvement, community planning and governance. The business-type activities include the operation of the City's sewer and water utilities.

Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own columns and the nonmajor funds are combined into a column titled "total nonmajor funds." A budgetary comparison statement is presented for the General Fund.

Statements for the City's proprietary funds follow the governmental funds and include net position; revenues, expenses and changes in fund net position; and cash flows.

The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**Combining and Individual Fund Statements and Schedules.** Readers wanting additional information about other major funds not presented in the basic financial statements and nonmajor funds can find it in this section. Included within this section are:

- Combining statements of nonmajor governmental funds. These statements include balance sheets and statements of revenues, expenditures and changes in fund balances.
- Budgetary comparisons. Budgetary information for all funds, except the General Fund, which is presented within the basic financial statements, are presented here.
- Combining statements of nonmajor proprietary funds. These statements include balance sheets, statements of revenues, expenses, and changes in net position and cash flows.

**Audit comments and disclosures required by state regulations.** These are supplemental communications on the City's compliance and internal controls as required by Oregon State Statutes.

## FINANCIAL SUMMARY AND ANALYSIS

As mentioned earlier, the City's net position as of June 30, 2018 was \$63,202,120. The largest portion of net position is comprised of the City's investment in capital assets (e.g., land, buildings, equipment and public infrastructure); less any related debt outstanding used to acquire those assets. The City uses capital assets to provide services to citizens; therefore, these assets are not available for future spending. The resources to repay the related debt is not provided by capital assets, but will be provided from other sources such as charges for services.

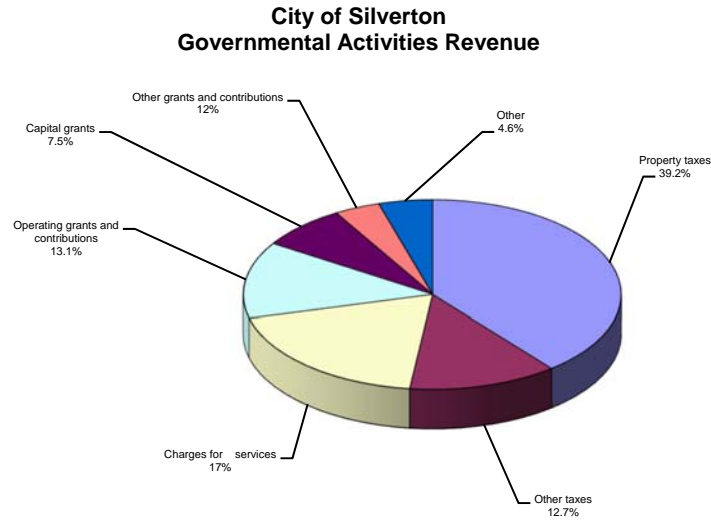
### NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2017	2018	2017	2018	2017	2018
<u>Assets</u>						
Current and other assets	\$ 18,004,425	\$ 19,352,138	\$ 9,122,683	\$ 11,672,559	\$ 27,127,108	\$ 31,024,697
Capital assets, net	14,235,189	16,204,433	32,630,005	31,782,623	46,865,194	47,987,056
<u>Total assets</u>	<u>32,239,614</u>	<u>35,556,571</u>	<u>41,752,688</u>	<u>43,455,182</u>	<u>73,992,302</u>	<u>79,011,753</u>
<u>Deferred outflows of resources</u>	<u>2,015,434</u>	<u>1,188,294</u>	<u>734,680</u>	<u>471,207</u>	<u>2,750,114</u>	<u>1,659,501</u>
<u>Liabilities</u>						
Long-term liabilities	5,404,305	4,670,933	12,737,330	12,095,551	18,141,635	16,766,484
Other liabilities	350,545	267,432	160,636	196,106	511,181	463,538
<u>Total liabilities</u>	<u>5,754,850</u>	<u>4,938,365</u>	<u>12,897,966</u>	<u>12,291,657</u>	<u>18,652,816</u>	<u>17,230,022</u>
<u>Deferred inflows of resources</u>	<u>139,150</u>	<u>171,217</u>	<u>50,724</u>	<u>67,895</u>	<u>189,874</u>	<u>239,112</u>
<u>Net position</u>						
Net investment in capital assets	13,827,999	15,174,267	21,812,122	21,541,256	35,640,121	36,715,523
Restricted	8,326,272	9,739,306	6,712,245	8,514,342	15,038,517	18,253,648
Unrestricted	6,206,777	6,721,710	1,014,311	1,511,239	7,221,088	8,232,949
<u>Total net position</u>	<u>\$ 28,361,048</u>	<u>\$ 31,635,283</u>	<u>\$ 29,538,678</u>	<u>\$ 31,566,837</u>	<u>\$ 57,899,726</u>	<u>\$ 63,202,120</u>

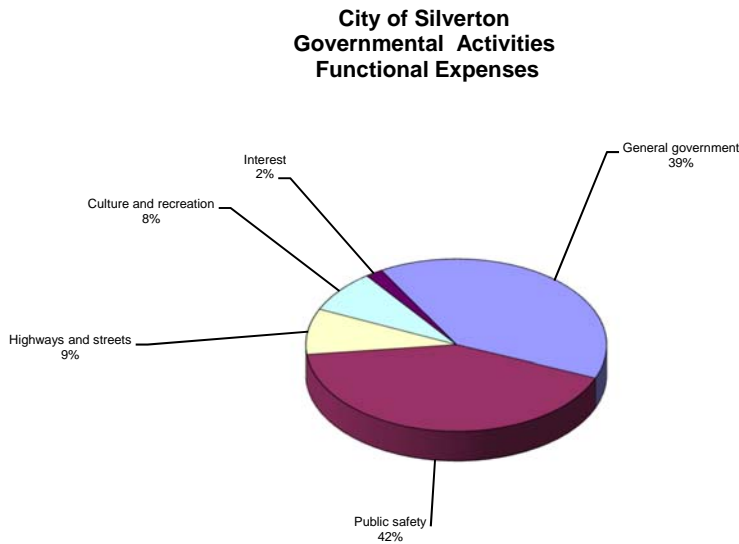
**MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)**

**FINANCIAL SUMMARY AND ANALYSIS (continued)**

The governmental activities revenue comes primarily from property taxes, charges for services and various grants and contributions. The City’s governmental expenses cover a wide variety of services, with general government, public safety and streets accounting for most of these expenses.



Property taxes are the City’s primary source of revenue comprising 39.2% of the City’s governmental revenue. The City’s permanent tax rate is \$3.6678 per \$1,000 of assessed value. Additional taxes levied are for a pool operation levy. The next largest revenue source was from charges for services, 17%.



The primary expenses for governmental activities are public safety at 42% and general government at 39%. Public safety expenses are greater than general government expenses by \$146,251. Both general government expenses and public safety expenses are less for the 2018 fiscal year as compared to the 2017 fiscal year by a total of \$117,895.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**FINANCIAL SUMMARY AND ANALYSIS (continued)**

Net position of the governmental activities increased by \$3,274,235, or 11.54%. Net position of the City's business-type activities increased by \$2,028,159 or 6.87%. Key elements of these changes are as follows:

	Governmental Activities		Business-type Activities		Totals	
	2017	2018	2017	2018	2017	2018
<b>Revenues</b>						
Program:						
Charges for services	\$ 1,524,779	\$ 1,711,008	\$ 5,520,198	\$ 6,163,714	\$ 7,044,977	\$ 7,874,722
Operating grants and contributions	86,868	1,176,255	-	-	86,868	1,176,255
Capital grants and contributions	1,513,270	671,982	594,824	480,826	2,108,094	1,152,808
General:						
Property taxes	3,320,962	3,526,283	-	-	3,320,962	3,526,283
Other taxes	1,042,671	1,146,208	-	-	1,042,671	1,146,208
Other grants and contributions	840,785	350,423	-	-	840,785	350,423
Other	397,729	414,463	102,311	176,719	500,040	591,182
Total revenues	<u>8,727,064</u>	<u>8,996,622</u>	<u>6,217,333</u>	<u>6,821,259</u>	<u>14,944,397</u>	<u>15,817,881</u>
<b>Expenses</b>						
General government	2,501,626	2,492,699	-	-	2,501,626	2,492,699
Public safety	2,747,918	2,638,950	-	-	2,747,918	2,638,950
Highways and streets	536,548	543,490	-	-	536,548	543,490
Culture and recreation	454,740	506,124	-	-	454,740	506,124
Interest on long-term obligations	123,665	115,527	-	-	123,665	115,527
Sewer	-	-	2,415,132	2,409,751	2,415,132	2,409,751
Water	-	-	1,381,859	1,541,911	1,381,859	1,541,911
Total expenses	<u>6,364,497</u>	<u>6,296,790</u>	<u>3,796,991</u>	<u>3,951,662</u>	<u>10,161,488</u>	<u>10,248,452</u>
Change in net position before transfers	2,362,567	2,699,832	2,420,342	2,869,597	4,782,909	5,569,429
Transfers	<u>1,167,074</u>	<u>772,713</u>	<u>(1,167,074)</u>	<u>(772,713)</u>	<u>-</u>	<u>-</u>
Increase in net position	3,529,641	3,472,545	1,253,268	2,096,884	4,782,909	5,569,429
Net position - beginning	24,178,157	28,361,048	28,283,158	29,538,678	52,461,315	57,899,726
Prior period adjustment	<u>653,250</u>	<u>(198,300)</u>	<u>2,252</u>	<u>(68,725)</u>	<u>655,502</u>	<u>(267,025)</u>
Net position - ending	<u>\$ 28,361,048</u>	<u>\$ 31,635,293</u>	<u>\$ 29,538,678</u>	<u>\$ 31,566,837</u>	<u>\$ 57,899,726</u>	<u>\$ 63,202,130</u>

**Governmental Activities**

The change in net position for governmental activities for 2018 was an increase of \$3,274,235. The increase is due to an increase in charges for services primarily in the highway and streets activities and a small decrease in total expenditures.



## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

### **Business-type Activities**

The increase in net position for business activities is \$2,028,159. The change is an increase in the charges for service.

### **FINANCIAL ANALYSIS OF FUNDS**

As of June 30, 2018, the City's governmental funds reported a combined fund balance of \$15,690,947, which is an increase of \$2,278,809 from June 30, 2017. The increase is primarily the result of an increase in cash and cash equivalents.

The General Fund is the primary operating fund of the City. As of June 30, 2018, the fund balance for the General Fund is \$3,753,205, which is an increase of \$125,309 from June 30, 2017. This change is the result of the increase in cash and cash equivalents, which increased by \$225,055.

Proprietary funds provide the same type of information as presented in the government-wide statements of net position and activities, but in more detail. The proprietary fund's net position amounted to \$31,566,837 as of June 30, 2018, which is an increase of \$2,028,159 from June 30, 2017. The primary change was the net result of an increase in current assets with a decrease in both current liabilities and long-term liabilities.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

There were eleven budget transfer resolutions adopted by City Council during the fiscal year ended June 30, 2018. The General Fund budget appropriation changes reduced contingency, increased appropriations to allow for salary changes related to the new police agreement, funds to pay for additional audit services, and funds to purchase 2.28 acres of property, Pettit Property, and to fund an additional staff person in the planning department. The Building Operations Fund decreased contingency and increased appropriations for additional staff to assist with building inspection related services. The Street Fund decreased contingency and increased street maintenance for a guardrail replacement and for contracted services related to placing a fuels tax on the voter ballot. The Sewer Fund decreased contingency and increased appropriations for the supplemental environmental project (SEP) funding. The Water Fund decreased contingency and increased expenditures for water meter replacements.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

As of June 30, 2018, the City has invested \$73,057,606 in capital assets of its governmental and business-type activities, before accumulated depreciation. This investment includes land and land improvements, buildings, equipment and public infrastructure of roads and bridges. The investment in governmental activities capital assets increased by \$2,462,105, and business-type activities increased by \$133,057. Significant additions during the year ended June 30, 2018 in governmental activities was the purchase of two parcels of land and investment in infrastructure of \$1,017,09. The investment in business-type activities increased due to improvements made to the plant and equipment and utility lines.

Additional information regarding the City's capital assets is located within note 4 of the financial statements.

The governmental long-term principal debt outstanding as of June 30, 2018 was \$1,030,166 and business-type principal debt was \$10,681,551.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

A summary of the City's principal long-term debt outstanding as of June 30, 2018 is as follows:

Pension Obligation Bond	\$ 1,392,106
Sewer Revenue Bonds payable to Bank of New York	5,930,000
Sewer LOCAP Rev Bonds payable to Bank of New York	3,350,000
Water Revenue loan payable to Citizens Bank	976,366
Notes payable to Oregon Economic and Community Development Department	52,478
Urban Renewal Loan to School District	25,767
Compensated absences	249,612

Additional information pertaining to the City's long-term debt is located within Note 7 of the financial statements.

### ECONOMIC FACTORS

During the 2018 fiscal year, the City housing construction was about the same growth as in the last few years. Property taxes levied was up from the prior year but only by about 1.74%. The City has several housing projects still underway that will be completed over the next several years. The City continues to be financially strong and continues to improve the infrastructure needs of the City for streets, sewer and water. As with many local governments, the City has many unfunded capital improvement projects pertaining to infrastructure that still need to be addressed. In addition, the City is often asked to assist with infrastructure and other public amenities.

### FINANCIAL CONTACT

The City's financial statements are intended to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability.

If you have questions about the financial report or need additional financial information, please contact Kathleen Zaragoza, Finance Director at 306 S Water St, Silverton, OR 97381. Financial information can also be located on the City of Silverton website at [www.silverton.or.us](http://www.silverton.or.us).

## **BASIC FINANCIAL STATEMENTS**

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**CITY OF SILVERTON**

**STATEMENT OF NET POSITION**

**June 30, 2018**

	Governmental Activities	Business-type Activities	Totals
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 17,714,971	\$ 10,993,184	\$ 28,708,155
Receivables, net	1,616,159	599,662	2,215,821
Inventories	12,084	76,174	88,258
Net other postemployment benefit asset	8,924	3,539	12,463
Capital assets:			
Land, improvements and construction in progress	5,735,717	2,231,460	7,967,177
Other capital assets, net	<u>10,468,716</u>	<u>29,551,163</u>	<u>40,019,879</u>
<b>TOTAL ASSETS</b>	<u>35,556,571</u>	<u>43,455,182</u>	<u>79,011,753</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pension related items	1,174,654	465,799	1,640,453
Other postemployment benefit items	<u>13,640</u>	<u>5,408</u>	<u>19,048</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,188,294</u>	<u>471,207</u>	<u>1,659,501</u>
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued liabilities	192,250	87,197	279,447
Accrued interest payable	6,681	40,534	47,215
Consumer deposits	68,501	68,375	136,876
Long-term liabilities:			
Due within one year	299,996	655,342	955,338
Due in more than one year	<u>4,370,937</u>	<u>11,440,209</u>	<u>15,811,146</u>
<b>TOTAL LIABILITIES</b>	<u>4,938,365</u>	<u>12,291,657</u>	<u>17,230,022</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pension related items	155,615	61,708	217,323
Other postemployment benefit items	<u>15,602</u>	<u>6,187</u>	<u>21,789</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>171,217</u>	<u>67,895</u>	<u>239,112</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	15,174,267	21,541,256	36,715,523
Restricted for:			
Capital projects	4,554,069	7,123,927	11,677,996
Debt service	505,604	1,390,415	1,896,019
Highways and streets	1,994,671	-	1,994,671
Pool operations	570,745	-	570,745
Urban renewal	1,258,522	-	1,258,522
Other purposes	855,695	-	855,695
Unrestricted	<u>6,721,710</u>	<u>1,511,239</u>	<u>8,232,949</u>
<b>TOTAL NET POSITION</b>	<u>\$ 31,635,283</u>	<u>\$ 31,566,837</u>	<u>\$ 63,202,120</u>

*See accompanying notes*

**CITY OF SILVERTON**

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2018**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
<b>Governmental activities:</b>							
General government	\$ 2,492,699	\$ 487,557	\$ -	\$ 84,242	\$ (1,920,900)		\$ (1,920,900)
Public safety	2,638,950	161,268	99,322	-	(2,378,360)		(2,378,360)
Highways and streets	543,490	973,336	1,075,328	391,423	1,896,597		1,896,597
Culture and recreation	506,124	88,847	1,605	196,317	(219,355)		(219,355)
Interest on long-term obligations	115,527	-	-	-	(115,527)		(115,527)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>6,296,790</u>	<u>1,711,008</u>	<u>1,176,255</u>	<u>671,982</u>	<u>(2,737,545)</u>		<u>(2,737,545)</u>
<b>Business-type activities:</b>							
Sewer	2,409,751	3,602,688	-	222,752		\$ 1,415,689	1,415,689
Water	1,541,911	2,561,026	-	258,074		1,277,189	1,277,189
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>3,951,662</u>	<u>6,163,714</u>	<u>-</u>	<u>480,826</u>		<u>2,692,878</u>	<u>2,692,878</u>
<b>TOTALS</b>	<u>\$ 10,248,452</u>	<u>\$ 7,874,722</u>	<u>\$ 1,176,255</u>	<u>\$ 1,152,808</u>	<u>(2,737,545)</u>	<u>2,692,878</u>	<u>(44,667)</u>
<b>General revenues:</b>							
Taxes levied for:							
General purposes					2,758,843	-	2,758,843
Debt service					767,440	-	767,440
Miscellaneous taxes					367,119	-	367,119
Franchise fees					779,089	-	779,089
Grants and contributions not restricted to specific programs					350,423	-	350,423
Unrestricted investment earnings					373,028	170,355	543,383
Miscellaneous					41,425	6,364	47,789
<b>Transfers</b>					<u>772,713</u>	<u>(772,713)</u>	<u>-</u>
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<u>6,210,080</u>	<u>(595,994)</u>	<u>5,614,086</u>
Change in net position					3,472,535	2,096,884	5,569,419
Net position - beginning					28,361,048	29,538,678	57,899,726
Prior period adjustment					<u>(198,300)</u>	<u>(68,725)</u>	<u>(267,025)</u>
Net position - ending					<u>\$ 31,635,283</u>	<u>\$ 31,566,837</u>	<u>\$ 63,202,120</u>

*See accompanying notes*

**CITY OF SILVERTON**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2018**

	General	Total Nonmajor Funds	Total Governmental Funds
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 3,742,361	\$ 11,687,964	\$ 15,430,325
Receivables	401,148	1,215,011	1,616,159
Inventories	-	12,084	12,084
	\$ 4,143,509	\$ 12,915,059	\$ 17,058,568
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued liabilities	\$ 112,107	\$ 80,143	\$ 192,250
Consumer deposits	68,501	-	68,501
	180,608	80,143	260,751
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable revenue	209,696	897,174	1,106,870
	209,696	897,174	1,106,870
<b><u>FUND BALANCES</u></b>			
Nonspendable	-	12,084	12,084
Restricted	-	9,916,444	9,916,444
Committed	-	1,790,970	1,790,970
Assigned	537,429	218,244	755,673
Unassigned	3,215,776	-	3,215,776
	3,753,205	11,937,742	15,690,947
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,143,509	\$ 12,915,059	

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

*Amounts reported for governmental activities in the statement of net position are different because:*

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	16,204,433
Net other postemployment benefit asset represents the City's proportionate share of the Oregon PERS Retirement Health Insurance Account which is not reported in the funds.	8,924
Other long-term assets are not available for current period expenditures and, therefore, are reported as unavailable in the funds.	1,106,870
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(4,677,614)
Internal service funds are used by management to charge the cost of certain activities such as capital asset replacement and payment of extended leave benefits. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	2,284,646
Deferred outflows related to the pension plan and other postemployment benefits are not current financial resources and therefore are not reported in the funds	1,188,294
Deferred inflows related to the pension plan and other postemployment benefits are reported in the statement of net position but are not reported in the funds	(171,217)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 31,635,283

*See accompanying notes*

**CITY OF SILVERTON**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2018**

	General	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>			
Property taxes	\$ 2,694,964	\$ 757,246	\$ 3,452,210
Transient tax	-	321,011	321,011
Franchise fees	779,089	-	779,089
Local fuel tax	-	46,108	46,108
Licenses, permits and fees	163,267	2,486,254	2,649,521
Fines and forfeitures	243,443	-	243,443
Assessments	-	49,779	49,779
Intergovernmental	449,745	1,159,570	1,609,315
Rentals	11	-	11
Loan repayments	-	179,570	179,570
Interest	72,095	190,462	262,557
Miscellaneous	114,210	70,526	184,736
<b>TOTAL REVENUES</b>	<u>4,516,824</u>	<u>5,260,526</u>	<u>9,777,350</u>
<b>EXPENDITURES</b>			
Current			
General government	1,627,606	595,439	2,223,045
Public safety	2,473,947	-	2,473,947
Highways and streets	-	299,647	299,647
Culture and recreation	200,372	152,495	352,867
Debt service	-	531,391	531,391
Capital outlay	334,770	2,035,140	2,369,910
<b>TOTAL EXPENDITURES</b>	<u>4,636,695</u>	<u>3,614,112</u>	<u>8,250,807</u>
Excess (deficiency) of revenues over expenditures	<u>(119,871)</u>	<u>1,646,414</u>	<u>1,526,543</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,423,393	1,177,075	2,600,468
Transfers out	<u>(1,153,223)</u>	<u>(598,846)</u>	<u>(1,752,069)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>270,170</u>	<u>578,229</u>	<u>848,399</u>
Net change in fund balances	150,299	2,224,643	2,374,942
Fund balances at beginning of year	3,627,896	9,784,242	13,412,138
Prior period adjustment	<u>(24,990)</u>	<u>(71,143)</u>	<u>(96,133)</u>
Fund balance at end of year	<u>\$ 3,753,205</u>	<u>\$ 11,937,742</u>	<u>\$ 15,690,947</u>

*See accompanying notes*



**CITY OF SILVERTON**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2018**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 2,374,942

*Amounts reported for governmental activities in the Statement of Activities are different because of the following*

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between those two amounts is:

Capital outlay	\$ 2,487,682	
Depreciation	<u>(518,438)</u>	1,969,244

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

Taxes	74,073	
Special assessments	(282,183)	
Fines and forfeitures	(85,158)	
Housing rehabilitation loans	(180,145)	
Contribution of capital asset	<u>(574,283)</u>	(1,047,696)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Compensated absences		(22,096)
Accrued interest		4,981

Repayment of long-term obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net position.

350,353

The amount contributed to defined benefit pension plans is reported as an expenditure in the funds, while governmental activities reports pension expense as the change in net pension asset or liability, pension related deferred outflows of resources and deferred inflows of resources

Change in deferred outflows of resources - pension related	(840,780)	
Change in net pension asset or liability	579,112	
Change in deferred inflows of resources - pension related	<u>(16,465)</u>	
Total pension expense adjustment		(278,133)

The amount contributed to the other postemployment benefit plans is reported as an expenditure in the funds, while governmental activities reports additional other postemployment benefit expense as the change in postemployment asset or liability, other postemployment benefit related deferred outflows of resource sand deferred inflows of resources

Change in deferred outflows of resources - other postemployment benefit related	13,640	
Change in other postemployment benefit asset	8,924	
Change in other postemployment benefit liability	(687)	
Change in deferred inflows of resources - other postemployment benefit related	<u>(15,602)</u>	
Total other postemployment benefit expense adjustment		6,275

Internal service funds are used by management to charge the cost of certain activities, such as major equipment replacement and extended leave payments, to individual funds. The net revenue (expense) of internal services funds, adjusted for interfund activity, is reported with governmental activities.

114,665

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,472,535

*See accompanying notes*

**CITY OF SILVERTON**

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 2,561,895	\$ 2,561,895	\$ 2,694,964	\$ 133,069
Franchise fees	628,000	628,000	779,089	151,089
Fees and permits	109,700	109,700	163,267	53,567
Fines and forfeitures	131,000	131,000	243,443	112,443
Intergovernmental	345,323	345,323	449,745	104,422
Rentals	-	-	11	11
Interest	42,000	42,000	64,894	22,894
Miscellaneous	65,500	65,500	102,021	36,521
<b>TOTAL REVENUES</b>	<u>3,883,418</u>	<u>3,883,418</u>	<u>4,497,434</u>	<u>614,016</u>
<b>EXPENDITURES</b>				
City council	21,050	24,250	10,962	13,288
City management	420,014	425,376	376,015	49,361
Finance	505,215	505,215	463,404	41,811
Police	2,739,695	2,768,429	2,458,365	310,064
Community enforcement	57,471	57,471	39,178	18,293
Planning	212,076	229,651	196,333	33,318
Facilities maintenance	278,293	588,293	534,113	54,180
Parks and recreation	269,535	269,535	202,760	66,775
Computer services	68,600	68,600	52,009	16,591
Non-departmental				
Materials and services	388,800	395,800	303,556	92,244
Capital outlay	13,000	13,000	-	13,000
Contingency	633,104	261,233	-	261,233
<b>TOTAL EXPENDITURES</b>	<u>5,606,853</u>	<u>5,606,853</u>	<u>4,636,695</u>	<u>970,158</u>
Excess (deficiency) of revenues over expenditures	<u>(1,723,435)</u>	<u>(1,723,435)</u>	<u>(139,261)</u>	<u>1,584,174</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,217,308	1,217,308	1,207,198	(10,110)
Transfers out	(1,153,223)	(1,153,223)	(1,153,223)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>64,085</u>	<u>64,085</u>	<u>53,975</u>	<u>(10,110)</u>
Net change in fund balance	(1,659,350)	(1,659,350)	(85,286)	1,574,064
Fund balance at beginning of year	2,902,175	2,902,175	3,326,052	423,877
Prior period adjustment	-	-	(24,990)	(24,990)
<b>Fund balance at end of year</b>	<u>\$ 1,242,825</u>	<u>\$ 1,242,825</u>	<u>\$ 3,215,776</u>	<u>\$ 1,972,951</u>

*See accompanying notes*

**CITY OF SILVERTON**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2018**

	Business-type Activities / Enterprise Funds				Governmental Activities	
	Sewer	Water	Total		Service	Internal Funds
			Nonmajor Funds	Total Enterprise Funds		
<b><u>ASSETS</u></b>						
Current assets						
Cash and cash equivalents	\$ 1,397,467	\$ 1,059,977	\$ 8,535,740	\$ 10,993,184	\$ 2,284,646	
Receivables, net	352,582	247,080	-	599,662	-	
Inventories	6,832	69,342	-	76,174	-	
Total current assets	1,756,881	1,376,399	8,535,740	11,669,020	2,284,646	
Net other postemployment benefit asset	1,997	1,542	-	3,539	-	
Capital assets						
Land and construction in progress	1,765,122	466,338	-	2,231,460	-	
Other capital assets, net	21,325,457	8,225,706	-	29,551,163	-	
<b>TOTAL ASSETS</b>	<b>24,849,457</b>	<b>10,069,985</b>	<b>8,535,740</b>	<b>43,455,182</b>	<b>2,284,646</b>	
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>						
Pension related items	262,851	202,948	-	465,799	-	
Other postemployment benefit related items	3,052	2,356	-	5,408	-	
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>265,903</b>	<b>205,304</b>	<b>-</b>	<b>471,207</b>	<b>-</b>	
<b><u>LIABILITIES</u></b>						
Current liabilities						
Accounts payable and accrued liabilities	44,689	21,110	21,398	87,197	-	
Consumer deposits	-	68,375	-	68,375	-	
Accrued interest payable	33,228	4,895	-	38,123	-	
Compensated absences	28,681	20,917	-	49,598	-	
Long-term obligations due within one year	430,000	165,693	-	595,693	-	
Total current liabilities	536,598	280,990	21,398	838,986	-	
Long-term obligations due in more than one year	9,604,931	1,405,144	-	11,010,075	-	
<b>TOTAL LIABILITIES</b>	<b>10,141,529</b>	<b>1,686,134</b>	<b>21,398</b>	<b>11,849,061</b>	<b>-</b>	
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>						
Pension related items	34,822	26,886	-	61,708	-	
Other postemployment benefit related items	3,491	2,696	-	6,187	-	
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>38,313</b>	<b>29,582</b>	<b>-</b>	<b>67,895</b>	<b>-</b>	
<b><u>NET POSITION</u></b>						
Net investment in capital assets	13,825,579	7,715,677	-	21,541,256	-	
Restricted for:						
Capital projects	-	-	7,123,927	7,123,927	-	
Debt service	-	-	1,390,415	1,390,415	-	
Unrestricted	1,109,939	843,896	-	1,953,835	2,284,646	
<b>TOTAL NET POSITION</b>	<b>\$ 14,935,518</b>	<b>\$ 8,559,573</b>	<b>\$ 8,514,342</b>	<b>32,009,433</b>	<b>\$ 2,284,646</b>	
Long-term obligations issued to prepay the PERS unfunded actuarial liability are allocable to business-type activities in the statement of net position				(442,596)		
Net position of business-type activities				<u>\$ 31,566,837</u>		

*See accompanying notes*

**CITY OF SILVERTON**

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS**

**For the Year Ended June 30, 2018**

	Business-type Activities / Enterprise Funds				Governmental
			Total	Total	Activities
	Sewer	Water	Nonmajor Funds	Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES</b>					
Charges for services	\$ 3,602,688	\$ 2,561,026	\$ -	\$ 6,163,714	\$ -
<b>OPERATING EXPENSES</b>					
Personal services	841,814	683,446	-	1,525,260	-
Materials and services	507,602	444,614	2,300	954,516	-
Depreciation	622,952	354,837	-	977,789	-
Total operating expenses	<u>1,972,368</u>	<u>1,482,897</u>	<u>2,300</u>	<u>3,457,565</u>	<u>-</u>
Operating income (loss)	<u>1,630,320</u>	<u>1,078,129</u>	<u>(2,300)</u>	<u>2,706,149</u>	<u>-</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest	23,927	17,061	129,367	170,355	39,145
Miscellaneous	4,912	1,452	-	6,364	-
Interest	<u>(412,068)</u>	<u>(31,398)</u>	<u>-</u>	<u>(443,466)</u>	<u>-</u>
Total nonoperating revenue (expenses)	<u>(383,229)</u>	<u>(12,885)</u>	<u>129,367</u>	<u>(266,747)</u>	<u>39,145</u>
Income before capital contributions and transfers	1,247,091	1,065,244	127,067	2,439,402	39,145
Capital contributions	-	-	708,639	708,639	-
Transfers in	32,388	64,479	1,123,779	1,220,646	277,136
Transfers out	<u>(1,113,677)</u>	<u>(1,010,637)</u>	<u>(157,388)</u>	<u>(2,281,702)</u>	<u>(201,616)</u>
Change in net position	165,802	119,086	1,802,097	2,086,985	114,665
Net position at beginning of year	14,808,497	8,470,431	6,712,245		2,169,981
Prior period adjustment	<u>(38,781)</u>	<u>(29,944)</u>	<u>-</u>		<u>-</u>
Net position - ending	<u>\$ 14,935,518</u>	<u>\$ 8,559,573</u>	<u>\$ 8,514,342</u>		<u>\$ 2,284,646</u>
Adjustment to reflect the changes in the pension bond related to enterprise funds				<u>9,899</u>	
<b>CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES</b>				<u>\$ 2,096,884</u>	

*See accompanying notes*

**CITY OF SILVERTON**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2018**

	Business-type Activities / Enterprise Funds				Governmental Activities
	Sewer	Water	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 3,576,619	\$ 2,506,181	\$ -	\$ 6,082,800	\$ -
Payments to suppliers	(476,052)	(442,905)	7,714	(911,243)	-
Payments to employees	(764,204)	(608,039)	-	(1,372,243)	-
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>2,336,363</u>	<u>1,455,237</u>	<u>7,714</u>	<u>3,799,314</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
System development charges received	-	-	708,639	708,639	-
Other	4,912	1,452	-	6,364	-
Transfers in	-	-	1,123,779	1,123,779	277,136
Transfers out	(1,113,677)	(1,010,637)	(125,000)	(2,249,314)	-
Acquisition of capital assets	(25,148)	(8,392)	(32,388)	(65,928)	(201,616)
Principal paid on long-term obligations	(415,000)	(161,516)	-	(576,516)	-
Interest paid on long-term obligations	(413,279)	(32,208)	-	(445,487)	-
<b>NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(1,962,192)</u>	<u>(1,211,301)</u>	<u>1,675,030</u>	<u>(1,498,463)</u>	<u>75,520</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest	23,927	17,061	129,367	170,355	39,145
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>23,927</u>	<u>17,061</u>	<u>129,367</u>	<u>170,355</u>	<u>39,145</u>
Net increase (decrease) in cash and cash equivalents	398,098	260,997	1,812,111	2,471,206	114,665
Cash and cash equivalents - beginning of year	999,369	798,980	6,723,629	8,521,978	2,169,981
Cash and cash equivalents - end of year	<u>\$ 1,397,467</u>	<u>\$ 1,059,977</u>	<u>\$ 8,535,740</u>	<u>\$ 10,993,184</u>	<u>\$ 2,284,646</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 1,630,320	\$ 1,078,129	\$ (2,300)	\$ 2,706,149	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	622,952	354,837	-	977,789	-
Decrease (increase) in assets and deferred outflows					
Receivables	(26,069)	(55,701)	-	(81,770)	-
Inventories	5,720	919	-	6,639	-
Net other postemployment benefit asset	(1,997)	(1,542)	-	(3,539)	-
Pension related items	159,552	109,329	-	268,881	-
Other postemployment benefit related items	(3,052)	(2,356)	-	(5,408)	-
Increase (decrease) in liabilities and deferred inflows					
Accounts payable and accrued liabilities	25,830	790	10,014	36,634	-
Consumer deposits	-	856	-	856	-
Accumulated unpaid vacation	(11,161)	(6,682)	-	(17,843)	-
Net pension liability	(75,035)	(31,482)	-	(106,517)	-
Other postemployment benefit liability	154	118	-	272	-
Pension related items	5,658	5,326	-	10,984	-
Other postemployment benefit related items	3,491	2,696	-	6,187	-
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ 2,336,363</u>	<u>\$ 1,455,237</u>	<u>\$ 7,714</u>	<u>\$ 3,799,314</u>	<u>\$ -</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS</b>					
Transfers in	\$ 32,388	\$ 64,479	\$ -	\$ 96,867	\$ -
Transfers out	-	-	(32,388)	(32,388)	-
Total non-cash transactions	<u>\$ 32,388</u>	<u>\$ 64,479</u>	<u>\$ (32,388)</u>	<u>\$ 64,479</u>	<u>\$ -</u>

*See accompanying notes*

## CITY OF SILVERTON

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

#### 1. Summary of significant accounting policies

##### A. Financial reporting entity

The **CITY OF SILVERTON** (City) was organized under the general laws of the State of Oregon. 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 the component unit 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.

The City Council serves as the governing body of the Silverton Urban Renewal Agency. Therefore, the accounts of the agency are included in the financial statements of the City.

Complete financial statements for the Silverton Urban Renewal Agency may be obtained from the City's finance department.

##### 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 (the primary government) and its component unit. 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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

#### C. Measurement focus, basis of accounting and 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.

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.

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 bases of accounting described above are in accordance with accounting principles generally accepted in the United States of America.

The City reports the following major governmental fund:

*General* - accounts for the financial resources of the City that are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, and state shared revenues. Expenditures are primarily for general government operations, public safety, and culture and recreation. The General Operating Reserve Fund has been combined with the General Fund for financial reporting purposes.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

The City reports the following major proprietary funds:

*Sewer* - accounts for the operation of the City's sewer system.

*Water* - accounts for the operation of the City's water system.

The City includes the following nonmajor governmental fund types:

*Special revenue* - account for revenue derived from specific taxes or other revenue sources, which are legally restricted to finance 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 fund authorized to make expenditures.

*Debt service* - account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

*Capital projects* - account for expenditures on major construction projects or equipment acquisition. The principal sources of revenues are proceeds from long-term obligations issued to finance capital acquisitions and improvements.

The City includes the following nonmajor proprietary fund types:

*Enterprise* - accounts for the operations of predominantly self-supporting activities. Enterprise funds account for services rendered to the public on a user charge basis.

*Internal service* - accounts for services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The principal sources of revenue are interfund charges and transfers.

#### D. Budget 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 department and program level, along with transfers and contingencies when activity could be identified as such, and personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for other activity in funds.



## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

Budget amounts shown in the financial statements have been revised since the original budget amounts were adopted. The City Council must authorize all appropriation transfers and supplementary budgetary appropriations.

#### E. 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.

#### F. Inventories

Inventories are valued at the lower of cost (first-in, first-out method) or market. Inventories consist of expendable supplies held for consumption.

#### G. Property taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Real and personal property taxes are levied upon all taxable property and become a lien against the property as of July 1 of each year. Property taxes are payable in three installments following the lien date on November 15, February 15 and May 15 each year.

Uncollected property taxes are reported in the governmental funds balance sheet as receivables; the portion which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as deferred inflows of resources. Property taxes which are collected within 60 days of the end of the current period are considered available and recognized as revenue.

#### H. User charges and fines receivable

User charges and fines receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off or adjusts to an allowance for doubtful accounts, as of year-end, all balances that have not been collected by the time the financial statements are issued and that are deemed unlikely to collect.

#### I. Assessments

Assessments receivable represent the uncollected amounts levied against benefited properties for the costs of local improvements. Since the assessments are liens against properties, an allowance for uncollectible amounts is not deemed necessary by management.

#### J. Grants and entitlements

Federal and state grants and state shared revenue are recorded as revenue in all fund types as earned.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

#### K. Other receivables

In governmental fund types, the portion of receivables which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as unavailable revenue. Notes and contracts are recorded at par. Interest assessed is recorded as revenue when the payment becomes due. Revenues are recorded when earned in proprietary fund types.

#### L. Capital assets

Capital assets are recorded in the statement of net position at cost or estimated historical cost if purchased or constructed. Donated items are recorded at their estimated fair value at the date of donation. The City records capital assets for items with original cost, or estimated fair value if donated, of \$5,000 or more and an expected economic useful life of 3 years or more.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Public domain (infrastructure) capital assets (e.g., roads, bridges, sidewalks, storm sewers, and other assets that are immovable and of value to the City) that have been acquired or significantly reconstructed since 1980 have been capitalized at estimated historical cost.

Upon disposal of capital assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in the change in net assets. Depreciation taken on contributed capital assets is recorded as an expense of operations and charged to retained earnings.

Capital assets are depreciated using the straight-line method over the following estimated useful lives with prorated depreciation in the year of acquisition and prorated depreciation in the year of disposal.

<u>Assets</u>	<u>Years</u>
Buildings and improvements	50
Plant in service	50
Machinery and equipment	10
Infrastructure	60

#### M. Long-term debt obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period in which they are incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

#### N. Other long-term obligations

##### Compensated absences

*Sick leave-* The City has a policy which permits employees to earn sick leave at the rate of one day per month with no limit on accumulation.

*Vacation-* The City has a policy which permits full-time employees to earn from 8 to 16 hours of vacation leave monthly based upon the years of continuous service. Employees may accumulate up to 240 hours.

##### Net pension liability

The net pension liability, measured as of July 1, 2017, is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service, net of the pension plan's fiduciary net position as of that date.

##### Other postemployment benefits liability (asset)

Other postemployment benefits include the City's implicit subsidy and the City's proportionate share of the Oregon Public Employees Retirement System Retiree Health Insurance Accounts (RHIA). The City's other postemployment obligation for the implicit subsidy is based on actuarial valuations performed every 2 years. The latest valuation used to determine the other post-employment obligation was dated July 1, 2016. The net RHIA liability (asset) represents the City's proportionate share of the cost-sharing multiple employer plan maintained by the Oregon Public Employees Retirement System.

#### O. Deferred outflows / inflows of resources

In addition to assets, the statements of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, 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. These include refunded debt charges and pension and other postemployment benefit related items.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents amount that apply to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. Pension and other postemployment benefit related items which are amortized over specified periods are reported as deferred inflows of resources.

The balance sheet of governmental funds will report as deferred inflows unavailable revenues from property taxes, special assessments and notes receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employee Retirement System (OPERS) and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. 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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

#### Q. Equity classification

##### Government-wide and proprietary fund reporting

In the government-wide and proprietary fund financial statements equity is classified as net position and displayed in three components:

***Net investment in capital assets*** – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

***Restricted net position***– Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

***Unrestricted net position*** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

In the government-wide and proprietary fund financial statements, 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 type fund balance reporting

Governmental type fund balances are reported within one of the fund balance categories list below:

***Non-spendable*** — Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

***Restricted*** — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

***Committed*** — Amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

***Assigned*** — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The City Council has granted authority to the Finance Director to assign fund balance amounts.

***Unassigned*** — the residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

In the governmental fund financial statements, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City, considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

#### Minimum fund balance policy

The city council has adopted a financial policy to maintain a minimum level of contingency and unappropriated fund balance as reserves to allow the City to adequately fund operations. In the General fund, this target level is set to allow the City to operate in the next fiscal year until property taxes are received in November each year, without borrowing. In the enterprise and operating funds, minimum sufficient fund balance should adequately fund operations for ninety days, and should include any debt service requirements. In the debt service funds, the City shall maintain sufficient fund balance to pay required annual debt service and fund any required debt service reserve requirements. Contingency in the General fund, enterprise funds and other operating funds shall be no less than 15% of the total fund. These amounts are intended to provide fiscal stability when economic downturns and other unexpected events occur. If fund balance falls below the minimum target level because it has been used, essentially as a "revenue" source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level.

#### R. Risk management

The City is exposed to various risks of loss related to errors and omissions, automobile, damage to and destruction of assets, bodily injury, and worker's compensation for which the City carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year and settled claims have not reached the level of commercial coverage in any of the past three fiscal years.

#### S. New accounting standards implemented

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures. This statement also identifies the actuarial methods and assumptions that are required to be used and enhances note disclosures and required supplementary information. The specific accounts impacting the City are detailed below.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

**Other postemployment benefit liability** – Previous standards defined other postemployment benefit liabilities in terms of the Annually Required Contribution. Statement No. 75 defines the other postemployment benefit liability as the portion of projected benefit payments that is attributed to past periods of employee service provided through a defined benefit other postemployment benefit plan that is not administered through a trust.

**Deferred inflows of resources and deferred outflows of resources** – Statement No. 75 includes recognition of deferred inflows and outflows of resources associated with changes of assumptions. This difference is to be recognized in OPEB expense using a closed period equal to the average expected remaining service lives of all covered active and inactive participants.

Statement No. 75 is effective for financial statement periods beginning after June 15, 2017 with the effects of the accounting change to be applied retroactively by restating the financial statements. The County adopted this new pronouncement in the current year and, accordingly, has restated amounts of effected balances within the financial statements as of June 30, 2017 as follows:

	As Originally Reported	As Restated	Effect of Change
<b>Statement of Net Position</b>			
<u>Governmental activities</u>			
Other postemployment benefit liability	\$ --	(173,310)	(173,310)
Net position	28,361,048	28,187,738	(173,310)
<u>Business-type activities</u>			
Other postemployment benefit liability	\$ --	(68,725)	(68,725)
Net position	29,538,678	29,469,953	(68,725)

### 2. Cash and cash equivalents

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

The City's cash and cash equivalents at June 30, 2018 are as follows:

Deposits with financial institutions	\$ 400,003
State of Oregon Local Government Investment Pool	28,305,652
Cash on hand	<u>2,500</u>
Total deposits and cash equivalents	<u>\$ 28,708,155</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 2. Cash and cash equivalents (continued)

#### A. Deposits with financial institutions

*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 District'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 are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2018, none of the City's bank balances were exposed to custodial credit risk.

#### B. State of Oregon Local Government Investment Pool

Balances in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale.. The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the City's position in the LGIP is the same as the value of the pool shares.

*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-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

*Concentration of Credit Risk:* The City does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100 percent of the City's investments are in the State of Oregon State and Local Investment Pool.

*Interest Rate Risk:* The City does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increases in interest rates.

*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. The City does not have a policy which limits the amount of investments that can be held by counterparties.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 3. Receivables

Receivables as of June 30, 2018 consist of the following:

	Governmental Activities / Funds			Business-type Activities/ Enterprise Funds		
	Nonmajor Governmental			Sewer	Water	Total
	General	Funds	Total			
User charges	\$ -	\$ -	\$ -	\$ 352,346	\$ 245,410	\$ 597,756
Property taxes	174,880	46,754	221,634	-	-	-
County treasurer	12,246	3,286	15,532	-	-	-
Local taxes	-	108,006	108,006	-	-	-
Intergovernmental	52,596	81,182	133,778	-	-	-
Franchise	103,056	-	103,056	-	-	-
Fees & Permits	-	86,218	86,218	236	1,670	1,906
Assessment	-	259,581	259,581	-	-	-
Fines	51,501	-	51,501	-	-	-
Loans	-	607,071	607,071	-	-	-
Miscellaneous	31,859	22,913	54,772	-	-	-
Allowance for doubtful accounts	(24,990)	-	(24,990)	-	-	-
	<u>\$ 401,148</u>	<u>\$ 1,215,011</u>	<u>\$ 1,616,159</u>	<u>\$ 352,582</u>	<u>\$ 247,080</u>	<u>\$ 599,662</u>

### 4. Capital assets

A. Activity in governmental activities for the year ended June 30, 2018 was as follows:

	Balances			Balances
	July 1, 2017	Additions	Deletions	
Capital assets not being depreciated				
Land	\$ 3,899,160	\$ 1,304,388	\$ -	\$ 5,203,548
Right of way	479,624	-	-	479,624
Construction in progress	70,291	18,999	(36,745)	52,545
Total capital assets not being depreciated	<u>4,449,075</u>	<u>1,323,387</u>	<u>(36,745)</u>	<u>5,735,717</u>
Capital assets being depreciated				
Buildings and improvements	4,140,640	-	-	4,166,217
Equipment	1,950,138	143,365	-	2,093,503
Land improvements	2,526,565	15,000	-	2,541,565
Infrastructure	6,063,858	1,017,098	-	7,080,956
Total capital assets being depreciated	<u>14,681,201</u>	<u>1,175,463</u>	<u>-</u>	<u>15,882,241</u>
Less accumulated depreciation for:				
Buildings and improvements	1,437,240	95,311	-	1,532,551
Equipment	1,326,011	147,329	-	1,473,340
Land improvements	879,285	76,357	-	955,642
Infrastructure	1,252,551	199,441	-	1,451,992
Total accumulated depreciation	<u>4,895,087</u>	<u>518,438</u>	<u>-</u>	<u>5,413,525</u>
Total capital assets being depreciated, net	<u>9,786,114</u>	<u>657,025</u>	<u>-</u>	<u>10,468,716</u>
Governmental activities capital assets, net	<u>\$ 14,235,189</u>	<u>\$ 1,980,412</u>	<u>\$ (36,745)</u>	<u>\$ 16,204,433</u>



**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**4. Capital assets (continued)**

B. Activity in business-type activities for the year ended June 30, 2018 was as follows:

	Balances			Balances	
	June 30, 2017	Additions	Deletions	June 30, 2018	
Capital assets not being depreciated					
Land	\$ 2,209,488	\$ -	\$ -	\$ 2,209,488	
Construction in progress	<u>-</u>	<u>21,972</u>	<u>-</u>	<u>21,972</u>	
Total capital assets not being depreciated	<u>2,209,488</u>	<u>21,972</u>	<u>-</u>	<u>2,231,460</u>	
Capital assets being depreciated					
Water and sewer lines	17,117,340	10,417	-	17,127,757	
Buildings and improvements	6,742,012	16,783	-	6,758,795	
Plant and equipment	24,902,568	81,235	-	24,983,803	
Land improvements	<u>337,833</u>	<u>-</u>	<u>-</u>	<u>337,833</u>	
Total capital assets being depreciated	<u>49,099,753</u>	<u>108,435</u>	<u>-</u>	<u>49,208,188</u>	
Less accumulated depreciation for:					
Water and sewer lines	7,711,210	295,499	-	8,006,709	
Buildings and improvements	2,591,102	138,216	-	2,729,318	
Plant and equipment	8,153,351	534,110	-	8,687,461	
Land improvements	<u>223,573</u>	<u>9,964</u>	<u>-</u>	<u>233,537</u>	
Total accumulated depreciation	<u>18,679,236</u>	<u>977,789</u>	<u>-</u>	<u>19,657,025</u>	
Total capital assets being depreciated, net	<u>30,420,517</u>	<u>(869,354)</u>	<u>-</u>	<u>29,551,163</u>	
Business-type activities capital assets, net	<u>\$ 32,630,005</u>	<u>\$ (847,382)</u>	<u>\$ -</u>	<u>\$ 31,782,623</u>	

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

<i>Governmental activities</i>	
General government	\$ 95,000
Public safety	48,565
Highways and streets	236,287
Culture and recreation	<u>138,586</u>
Total depreciation expense - governmental activities	<u>\$ 518,438</u>
<i>Business-type activities</i>	
Sewer	\$ 622,952
Water	<u>354,837</u>
Total depreciation expense - business-type activities	<u>\$ 977,789</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 5. Unavailable revenue

Financial resources in governmental funds which are measurable, but not yet available are as follows:

	General	Nonmajor Governmental Funds	Total Governmental Funds
Property taxes	\$ 159,026	\$ 42,445	\$ 201,471
Property assessments	-	254,609	254,609
Fines	50,670	-	50,670
Loans	-	600,120	600,120
	<u>\$ 209,696</u>	<u>\$ 897,174</u>	<u>\$ 1,106,870</u>

### 6. Interfund transactions

The interfund transfers during the year ended June 30, 2018 were as follows:

	In	Out
<u>Governmental</u>		
General	\$ 1,423,393	\$ 1,153,223
Nonmajor governmental	1,177,075	598,846
Governmental activities - non-cash	-	352,822
<u>Proprietary</u>		
Enterprise		
Sewer	-	1,113,677
Sewer - non-cash	32,388	-
Water	-	1,010,637
Water - non-cash	64,479	-
Nonmajor	1,123,779	125,000
Nonmajor - non-cash	-	32,388
Business-type activities - non-cash	288,343	-
Internal Service		
Internal Service	277,136	-
Totals	<u>\$ 4,386,593</u>	<u>\$ 4,386,593</u>

In the adopted budget, the City anticipates making interfund transfers to move resources between funds to provide resources for specific expenditures that are not supported by other revenues.

Non-cash transfers occur when a fund acquires capital assets which will be used in the operation of a different fund's activities, issues long-term obligations which will be repaid out of a different fund's resources, or pays principal and interest on long-term obligations reported as a liability in a different fund.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 7. Long-term obligations

- A. Changes in governmental activities long-term obligations for the year ended June 30, 2018 were as follows:

	Balances July 1, 2017	Additions	Reductions	Balances June 30, 2018	Balances Due Within One Year
Long-term debt obligations					
Bonded Debt					
Pension Obligation Bonds	\$ 1,423,413	\$ -	\$ 31,307	\$ 1,392,106	\$ 31,788
Less amount allocated to business activities	(450,084)	-	(9,899)	(440,185)	(10,051)
Loans					
Oregon Economic Development Department (OEDD)	234,225	-	181,747	52,478	52,478
Silver Falls School District, 4J	<u>172,965</u>	<u>-</u>	<u>147,198</u>	<u>25,767</u>	<u>25,767</u>
Total long-term debt obligations	1,380,519	-	350,353	1,030,166	99,982
Other long-term obligations					
Compensated absences	177,918	200,014	177,918	200,014	200,014
Net pension liability	3,845,868	-	579,112	3,266,756	-
Other postemployment benefits liability	<u>173,310</u>	<u>687</u>	<u>-</u>	<u>173,997</u>	<u>-</u>
Total long-term obligations	<u>\$ 5,577,615</u>	<u>\$ 200,701</u>	<u>\$ 1,107,383</u>	<u>\$ 4,670,933</u>	<u>\$ 299,996</u>

- B. Changes in business-type activities long-term obligations for the year ended June 30, 2018 were as follows:

	Balances July 1, 2017	Additions	Reductions	Balances June 30, 2018	Balances Due Within One Year
Long-term debt obligations					
Bonded Debt					
Sewer Revenue Refunding Bonds	\$ 6,200,000	\$ -	\$ 270,000	\$ 5,930,000	\$ 225,000
Local Oregon Capital Assets Program (LOCAP) Bonds	3,480,000	-	145,000	3,335,000	205,000
Pension Obligation Bonds amount allocated from governmental activities	450,084	-	9,899	440,185	10,051
Loans					
Citizen Bank	<u>1,137,883</u>	<u>-</u>	<u>161,517</u>	<u>976,366</u>	<u>165,693</u>
Total long-term debt obligations	11,267,967	-	586,416	10,681,551	605,744
Other long-term obligations					
Compensated absences	67,441	49,598	67,441	49,598	49,598
Net pension liability	1,401,922	-	106,517	1,295,405	-
Other postemployment benefits liability	<u>68,725</u>	<u>272</u>	<u>-</u>	<u>68,997</u>	<u>-</u>
Total long-term obligations	<u>\$ 12,806,055</u>	<u>\$ 49,870</u>	<u>\$ 760,374</u>	<u>\$ 12,095,551</u>	<u>\$ 655,342</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 7. Long-term obligations (continued)

#### C. Governmental activities long-term debt obligations

Pension Obligation Bonds- Original issue of \$1,957,495 due over 27 years in semi-annual installments payable on June 1 and December 1 with principal payments due annually on June 1. Variable interest rates at 2 to 7.36 percent.

OEDD loan - The City borrowed \$1,275,000 to provide financing for the extension of public infrastructure to specific properties within the City. Annual payments on December 1 with variable interest rates at 3 to 4.625 percent.

Silver Falls School District, 4J loan-Original issue of \$1,255,000 due over 14 years in annual installments payable on February 15, interest is adjusted to the rate of the Local Government Investment Pool on December 31 of each year.

#### D. Business-type activities long-term debt obligations

Sewer Revenue Refunding Bonds - The City issued bonds in the amount of \$8,170,000 to refund previously issued long-term debt. Payments are due over 25 years in semi-annual installments payable on June 1 and December 1 with principal payments due annually in June. Variable interest rates at 3 to 4.625 percent.

LOCAP Bonds - The City issued bonds in the amount of \$4,055,000 due over 20 years in annual installments payable on June 1. Variable interest rates at 2 to 4.6 percent.

Citizen Bank loan - The City borrowed \$1,663,000 due over 10 years in semi-annual installments payable on April 30 and October 31 with interest at 3 percent.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 7. Long-term obligations (continued)

E. The future maturities of governmental activities long-term obligations are as follows:

Fiscal Year	Pension Obligation Bonds		OEDD		Silver Falls SD		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 21,737	\$ 116,013	\$ 52,478	\$ 1,317	\$ 25,767	\$ 154	\$ 99,982	\$ 117,484
2020	34,406	110,181	-	-	-	-	34,406	110,181
2021	88,894	61,361	-	-	-	-	88,894	61,361
2022	102,570	55,272	-	-	-	-	102,570	55,272
2023-27	605,163	170,500	-	-	-	-	605,163	170,500
2028	99,151	6,792	-	-	-	-	99,151	6,792
	<u>\$ 951,921</u>	<u>\$ 520,119</u>	<u>\$ 52,478</u>	<u>\$ 1,317</u>	<u>\$ 25,767</u>	<u>\$ 154</u>	<u>\$ 1,030,166</u>	<u>\$ 521,590</u>

F. The future maturities of business-type activities long-term obligations are as follows:

Fiscal Year	Sewer Revenue Refunding Bonds		LOCAP		Pension Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 225,000	\$ 258,956	\$ 205,000	\$ 139,798	\$ 10,051	\$ 53,646
2020	235,000	249,956	210,000	131,597	15,910	50,950
2021	245,000	240,556	220,000	124,668	41,106	28,374
2022	255,000	230,756	225,000	116,967	47,430	25,558
2023-27	1,450,000	990,455	1,255,000	445,503	279,837	78,841
2028-32	1,780,000	651,575	1,220,000	143,290	45,851	3,141
2033-37	1,740,000	205,816	-	-	-	-
	<u>\$ 5,930,000</u>	<u>\$ 2,828,070</u>	<u>\$ 3,335,000</u>	<u>\$ 1,101,823</u>	<u>\$ 440,185</u>	<u>\$ 240,510</u>

Fiscal Year	Citizens Bank Loan		Totals	
	Principal	Interest	Principal	Interest
2019	\$ 165,693	\$ 28,032	\$ 605,744	\$ 480,432
2020	170,701	23,024	631,611	455,527
2021	175,861	17,864	681,967	411,462
2022	181,176	12,549	708,606	385,830
2023-27	282,935	8,504	3,267,772	1,523,303
2028-32	-	-	3,045,851	798,006
2033-37	-	-	1,740,000	205,816
	<u>\$ 976,366</u>	<u>\$ 89,975</u>	<u>\$ 10,681,551</u>	<u>\$ 4,260,378</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 7. Long-term obligations (continued)

#### G. Funds used to liquidate other long-term obligations

The General, Street, Building Operations, and Transportation Funds have been used to liquidate the governmental activities long-term obligations for compensated absences and other post-employment benefits.

### 8. Defined benefit pension plan

#### A. Plan description

Employees of the City are provided with pensions through the Oregon Public Employee Retirement Systems (OPERS).

The OPERS consists of a single cost-sharing multiple employer defined benefit pension plan. The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the pension plan's fiduciary net position. The report can be found at: [www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf](http://www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf)

#### B. Description of benefit terms

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

#### Tier One/Tier Two retirement benefit (Chapter 238)

Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

#### *Pension benefits*

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

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

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 8. Defined benefit pension plan (continued)

#### *Death benefits*

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a OPERS employer at the time of death,
- the member died within 120 days after termination of OPERS-covered employment,
- the member died as a result of injury sustained while employed in a OPERS-covered job, or
- the member was on an official leave of absence from a OPERS-covered job at the time of death.

#### *Disability benefits*

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

#### *Benefit changes after retirement*

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.

### Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP)

#### *Pension benefits*

The OPSRP pension program provides benefits to members hired on or after August 29, 2003.

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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 8. Defined benefit pension plan (continued)

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

#### *Death benefits*

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

#### *Disability benefits*

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

#### *Benefit changes after retirement*

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes.

#### C. Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation.

Tier 1/tier 2 employer contribution rates are 15.39 percent and the OPSRP employer contribution rates are 8.68 percent for general service employees and 12.79 percent for public safety employees. Employer contributions for the year ended June 30, 2018 were \$488,348.

#### D. Actuarial valuations – Tier One/Tier Two

The December 31, 2015 actuarial valuation used the following actuarial methods and valuation procedures in determining the Tier One/Tier Two contribution rates.

#### *Actuarial cost method*

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the entry age normal actuarial cost method. Under this actuarial cost method, each active member's entry age present value of projected benefits is allocated over the member's service from the member's date of entry until their assumed date of exit, taking into consideration expected future compensation increases.



## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 8. Defined benefit pension plan (continued)

#### *Unfunded actuarial accrued liability amortization*

The Tier 1/Tier 2 UAL amortization period is reset to 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 20 year period from the valuation in which they are first recognized.

#### *Retiree healthcare unfunded actuarial accrued liability amortization*

The UAL for Retiree Health Care as of December 31, 2007 is amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 10 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over a closed 10 year period from the valuation in which they are first recognized.

#### *Asset valuation method*

The actuarial value of assets equals the market value of assets, excluding the Contingency and Capital Preservation Reserves, and the Rate Guarantee Reserve when it is in positive surplus status. Market values are reported to the actuary by PERS. Real estate and private equity investments are reported on a three-month lag basis.

#### *Contribution rate stabilization method*

Contribution rates for a rate pool (e.g. Tier 1/Tier 2 SLGRP, Tier 1/Tier 2 School Districts, OPSRP) are confined to a collared range based on the prior contribution rate (prior to application of side accounts, pre-SLGRP liabilities, and 6 percent Independent Employer minimum). The new contribution rate will generally not increase or decrease from the prior contribution rate by more than the greater of 3 percentage points or 20 percent of the prior contribution rate. If the funded percentage excluding side accounts drops below 60% or increases above 140%, the size of the collar doubles. If the funded percentage excluding side accounts is between 60% and 70% or between 130% and 140%, the size of the rate collar is increased on a graded scale.

#### *Allocation of liability for service segments*

For active Tier 1/Tier 2 members who have worked for multiple PERS employers over their career, the calculated actuarial accrued liability is allocated among the employers based on a weighted average of the Money Match methodology, which uses account balance, and the Full Formula methodology, which uses service. The allocation is 30% (5% for police & fire) based on account balance with each employer and 70% (95% for police & fire) based on service with each employer. The entire normal cost is allocated to the current employer.

#### *Allocation of benefits-in-force reserve*

The reserve is allocated to each rate pool in proportion to the retiree liability attributable to the rate pool.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 8. Defined benefit pension plan (continued)

#### *Economic assumptions*

Investment return	7.50% compounded annually
Interest crediting	7.50% compounded annually on regular account balances
Inflation	2.50% compounded annually
Payroll growth	3.50% compounded annually
Healthcare cost trends	Ranges from 6.3% in 2016 to 4.4% in 2094

#### *Demographic assumptions*

##### Mortality tables

Healthy retirees	RP 2000, Generational (Scale BB) Combined
Active/Healthy Annuitant, Sex Distinct	
Disabled retirees	RP 2000, Generational (Scale BB), Combined Disabled, No Collar, Sex Distinct. Male 70% and Female 95% of disabled table
Non-annuitants	Ranges from 55% to 75% of healthy retired mortality tables depending upon sex and employment type

#### *Retirement assumptions*

Probability tables based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70. Dormant members are assumed to retire at Normal Retirement Age or at the first unreduced retirement age. Members retiring may elect to receive a full or partial lump sum at retirement with a partial lump sum estimated to be elected 4.5% of the time and a total lump sum elected 3% for 2015 and declining by 0.5% per year until reaching zero.

#### *Salary increase assumptions*

Salary increase assumptions, in addition to general payroll growth, include merit increase, unused sick leave and vacation pay adjustments.

#### E. Actuarial valuations – OPSRP

The December 31, 2015 actuarial valuation for OPSRP generally used the same actuarial methods and valuation procedures as Tier One/Tier Two contribution rates except as follows:

##### *OPSRP unfunded actuarial accrued liability amortization*

The UAL as of December 31, 2007 is amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed period 16 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 16 years from the valuation in which they are first recognized.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 8. Defined benefit pension plan (continued)

#### *Economic assumptions*

An additional amount for administrative expenses is added to the normal cost.

#### *Retirement assumptions*

Probability tables are different but still based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70. Dormant members are assumed to retire at Normal Retirement Age or at the first unreduced retirement age. Members retiring may elect to receive a full or partial lump sum at retirement with a partial lump sum estimated to be elected 4.5% of the time and a total lump sum elected 3% for 2015 and declining by 0.5% per year until reaching zero.

- F. Net pension liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

#### *Net pension liability*

At June 30, 2018, the City reported a liability of \$4,562,161 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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.

Employers' long-term contribution efforts are based on projected rates that have two major components:

Normal Cost Rate: The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.

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

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

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 8. Defined benefit pension plan (continued)

UAL Rate: If system assets are less than the actuarial liability, an Unfunded Actuarial Liability (UAL) exists. UAL can arise when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The present value of all projected UAL Rate contributions is equal to the Unfunded Actuarial Liability (UAL). The UAL represents the portion of the projected long-term contribution effort related to past service.

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

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

At June 30, 2017, the City's proportion was .03384383 percent, which was a decrease of .00111272 percent from its proportion measured as of June 30, 2016.

#### *Pension expense*

For the year ended June 30, 2018, the City recognized pension expense of \$939,830.

#### *Deferred inflows of resources and deferred outflows of resources*

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2017, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Differences between projected and actual earnings

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period.

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**8. Defined benefit pension plan (continued)**

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 220,628	\$ -
Changes of assumptions	831,601	-
Net difference between projected and actual earnings on pension plan investments	47,001	-
Changes in proportionate share	12,646	177,631
Difference between contributions and proportionate share of system contributions	40,229	39,692
Contributions subsequent to the measurement date	<u>488,348</u>	<u>-</u>
Total	<u>\$ 1,640,453</u>	<u>\$ 217,323</u>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement in the amount of \$488,348 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ends June 30,	
2019	\$ 166,941
2020	537,472
2021	354,452
2022	(127,276)
2023	<u>3,193</u>
Total	<u>\$ 934,782</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 8. Defined benefit pension plan (continued)

#### G. Actuarial methods and assumptions used in developing total pension liability

The total pension liability measured as of June 30, 2017 was based on an actuarial valuation as of December 31, 2014 using the following methods and assumptions:

Experience study report	2014, published September 2015
Inflation rate	2.5 percent
Long-term expected rate of return	7.5 percent
Discount rate	7.5 percent
Projected salary increases	3.5 percent
	Cost of living adjustments (COLA) blend of 2.00 percent COLA and graded COLA (1.25 percent/.015) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<b>Healthy retirees and beneficiaries:</b> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. <b>Active members:</b> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. <b>Disabled retirees:</b> Mortality rates are a percentage (70 percent for males, 95 percent for females) of the RP-2000 Sex-distinct generational per Scale BB, disabled mortality table.

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

#### *Discount rate*

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. On July 28, 2017, the PERS Board adopted a discount rate of 7.2 percent. The new rate will be effective January 1, 2018.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 8. Defined benefit pension plan (continued)

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both the actuary's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. 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 forward-looking capital market economic model.

Asset Class	Target Allocation	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Market Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equity	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - diversified	2.50%	4.64%
Hedge Fund - Event-driven	0.63%	6.72%
Commodities/Other	9.37%	7.01%
Assumed Inflation - Mean		2.50%

#### *Depletion date projection*

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 8. Defined benefit pension plan (continued)

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is OPERS independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

#### H. Sensitivity of the proportionate share of the net pension liability to changes in the discount rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the 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:

	<u>1-Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1-Percentage Point Higher</u>
Proportionate share of net pension liability	\$ 7,774,755	\$ 4,562,161	\$ 1,875,837

### 9. Defined contribution plan

#### A. Plan description

Individual account program (IAP) - Participants in OPERS defined benefit pension plan also participate in the defined contribution plan.

#### B. Pension benefits

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

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.



## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. Defined contribution plan (continued)

#### C. Death benefits

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

#### D. Contributions

The City makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2018 were \$179,115.

#### E. Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

### 10. Defined benefit other postemployment benefits plan

#### **Oregon Public Employees Retirement System (PERS) Defined Benefit OPEB Plan**

#### A. Plan description

The City contributes to the Oregon PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. The RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. Contributions are mandatory for each employer that is a member of PERS.

The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the plan's fiduciary net position. The report can be found at: [www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf](http://www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf)

#### B. Description of benefit terms

All benefits of the System are established by the legislature pursuant to Oregon Revised Statutes Chapters 238 and 238A.

The RHIA is closed to new members hired on or after August 29, 2003.

#### *Other Postemployment Healthcare benefits*

Eligible retired members receive a monthly healthcare benefit for life up to \$60 toward the monthly cost health insurance.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 10. Defined benefit other postemployment benefits plan (continued)

To be eligible, the member must:

- 1) Have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS
- 2) Receive both Medicare Parts A and B coverage
- 3) Enroll in a PERS-sponsored health plan

#### *Surviving spouse or dependent benefits*

A surviving spouse or dependent of a deceased retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she is receiving a retirement benefit or allowance from PERS or was insured at the time the member died and the member retired before May 1, 1991.

#### C. Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The City contributed 0.07 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits and 0.43 percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability. For the year ended June 30, 2018, the City made contributions in the amount of \$13,856 to the RHIA.

#### D. Actuarial valuations

Except as outlined below, the December 31, 2015 actuarial valuation used the same actuarial methods and valuation procedures to determine contribution rates as the PERS Tier One and Tier Two defined benefit pension plan as discussed in note 8.

#### *Economic assumptions*

A healthcare cost trend rate is not utilized in the actuarial valuation as statute stipulates a \$60 monthly payment for health insurance.

#### *Retiree healthcare participation assumptions*

Eligible retiring members are assumed to elect RHIA coverage 38% of the time for health retirees and 20% of the time for disabled retirees.

- E. Net OPEB liability/(asset), pension expense and deferred outflows of resources and deferred inflows of resources related to other postemployment benefits

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**10. Defined benefit other postemployment benefits plan (continued)**

*Net OPEB liability (asset)*

At June 30, 2018, the City reported a liability/(asset) of \$(12,463) for its proportionate share of the net OPEB liability/(asset). The net OPEB liability/(asset) was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability/(asset) was based on its actual, legally required contributions made during the fiscal year with the total actual contributions of all employers during the fiscal year.

At June 30, 2017, the City's proportion was .02986424 percent, which was an increase (decrease) of .00017376 percent from its proportion measured as of June 30, 2016.

*OPEB expense*

For the year ended June 30, 2018, the City recognized OPEB expense of \$5,093.

*Deferred inflows of resources and deferred outflows of resources*

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2017, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Differences between projected and actual earnings

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period.

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ --	\$ 5,738
Changes in proportionate share	34	--
Contributions subsequent to the measurement date	<u>13,856</u>	<u>--</u>
Total	<u>\$ 13,890</u>	<u>\$ 5,738</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 10. Defined benefit other postemployment benefits plan (continued)

Deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date in the amount of \$13,856 will be recognized as an adjust to the net OPEB (asset) / liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ends June 30,	
2019	\$ (1,430)
2020	(1,430)
2021	(1,435)
2022	<u>(1,409)</u>
Total	<u>\$ (5,704)</u>

#### F. Actuarial methods and assumptions used in developing total OPEB liability

Except as identified below, actuarial methods and assumptions used in developing the total OPEB liability are the same as those used to develop the total PERS pension liability as discussed in note 8 .

#### *Healthcare cost trend rate*

A healthcare cost trend rate is not utilized in the actuarial valuation as statute stipulates a \$60 monthly payment to retirees for health insurance.

#### *Depletion date projection*

GASB 75 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent the plan's fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 75 (paragraph 82) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**10. Defined benefit other postemployment benefits plan (continued)**

Based on these circumstances, it is OPERS independent actuary’s opinion that the detailed depletion date projections outlined in GASB 75 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

G. Sensitivity of the proportionate share of the net OPEB liability/(asset) to changes in the discount rate

The following presents the proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net OPEB liability/(asset) 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:

	<u>1-Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1-Percentage Point Higher</u>
Proportionate share of net OPEB liability/(asset)	\$ 1,737	\$ (12,463)	\$ (24,542)

**City of Silverton other postemployment benefits plan**

A. Plan description and benefits provided

The City provides other postemployment benefits (OPEB) for employees, retirees, spouses and dependents through a single employer defined benefit plan in the form of group health insurance benefits. As required by ORS 243.303(2), retirees who were hired after July 1, 2003 are allowed to continue, at the retirees’ expense, coverage under the group health insurance plan until age 65. The difference between the premium actually paid by the retirees under the group insurance plan and the premium they would pay if they were not included in the plan is considered to be an implicit subsidy under the provisions of GASB 75. The plan does not issue a separate stand-alone financial report.

B. Plan membership

As of June 30, 2018, there were 50 active employees, 0 eligible retirees, and 1 spouse of eligible retirees for a total of 51 plan members.

C. Contributions

The City funds the plan only to the extent of current year insurance premium requirements on a pay-as-you-go basis. The average monthly premium requirements for the City are as follows:

	<u>Medical/Vision</u>	<u>Dental</u>
For retirees	\$ 519	\$ 55
For spouses of retirees	580	41

D. Total OPEB liability, changes in total OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2018, the City reported a total OPEB liability of \$242,994. The total OPEB liability was measured as of June 30, 2017 and determined by an actuarial valuation as of that date.

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**10. Defined benefit other postemployment benefits plan (continued)**

Changes in the total OPEB liability is as follows:

	Total OPEB Liability
Balances at June 30, 2017	\$ 233,972
Changes for the year:	
Service cost	22,822
Interest	7,274
Changes in assumptions or other inputs	(17,917)
Benefit payments	<u>(3,157)</u>
Balances at June 30, 2018	<u>\$ 242,994</u>

For the year ended June 30, 2018, the City recognized OPEB expense of \$28,230. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ --	\$ 16,051
Contributions subsequent to the measurement date	<u>5,158</u>	<u>--</u>
	<u>\$ 5,158</u>	<u>\$ 16,051</u>

Deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date in the amount of \$5,158 will be recognized as an adjustment to the Total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ends June 30,	
2019	\$ (1,866)
2020	(1,866)
2021	(1,866)
2022	(1,866)
2023	(1,866)
Thereafter	(6,721)

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 10. Defined benefit other postemployment benefits plan (continued)

#### E. Actuarial valuation

The City contributions are based on the accruing benefit costs measured using the individual entry age normal actuarial cost method. The present value of benefits is allocated over the service for each active employee from their date of hire to their expected retirement age, as a level percent of the employee's pay. This level percent times pay is referred to as the service cost and is that portion of the present value of benefits attributable to an employee's service in a current year. The service cost equals \$0 for retired members. The total OPEB liability is the present value of benefits less the actuarial present value of future normal costs and represents the liabilities allocated to service up to the valuation date. For retirees, the total OPEB liability is equal to the present value of benefits.

#### F. Actuarial methods and assumptions used in developing total OPEB liability

Valuation Date	July 1, 2016
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Actuarial Assumptions:	
Inflation Rate	2.5 percent
Projected Salary Increases	3.5 percent
Mortality	Healthy retirees and beneficiaries: RP-2000 white collar male and female set back one year for male, generational per Scale BB for males and females

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

#### Discount rate

The discount rate used to measure the total OPEB liability was 3.58 percent. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 2.85 percent.

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**10. Defined benefit other postemployment benefits plan (continued)**

Healthcare cost trend rate

The assumed healthcare cost trend for medical and vision costs is as follows:

Year	Pre-65 Trend
2016	7.00%
2017	7.50%
2018	6.00%
2019	5.50%
2020-2025	5.25%
2026	5.00%
2027-2029	5.25%
2030	5.75%
2031-2035	6.25%
2036-2040	6.00%
2041-2043	5.75%
2044-2052	5.50%
2053-2063	5.25%
2064+	5.00%

Dental costs are assumed to increase 4.5 percent in all future years.

Sensitivity of the City total OPEB liability to changes in the discount and healthcare cost trend rates

The following presents the City total OPEB liability calculated using the discount rate of 3.58 percent, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1-Percentage Point Lower	Current Discount Rate	1-Percentage Point Higher
City's total OPEB liability	\$ 268,422	\$ 242,994	\$ 219,970
	1- Percentage Point Lower	Current Trend Rate	1-Percentage Point Higher
City's total OPEB liability	\$ 210,496	\$ 242,994	\$ 282,450



## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 11. Net position restricted by enabling legislation

The amount of net position restricted by enabling legislation is as follows:

#### Governmental Activities

Capital projects – Ordinances imposing System Development Charges (SDC) and Local Improvement District (LID) assessments restrict the use to capital improvements which expand the capacity of the system for which the charge was made	\$ 4,171,638
Highways and streets – Street maintenance fees are restricted for maintenance of public streets	608,369
Park maintenance – Park maintenance fees are restricted for operations and maintenance of city parks	185,896
Stormwater – Stormwater fees are restricted for capital improvement of the City’s stormwater system	324,519
Urban renewal taxes are restricted to improving and redeveloping designated areas (community development)	1,258,522

#### Business-type Activities

Capital projects – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made	\$ 3,966,831
--	--------------

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**12. Governmental fund balances**

Fund balances for governmental funds have been reported in the categories of nonspendable, restricted, committed, assigned and unassigned. The specific purposes for these amounts are as follows:

<b>Fund balances:</b>	<u>General</u>	Nonmajor Governmental Funds	<u>Total</u>
<b>Nonspendable</b>	\$ -	\$ 12,084	\$ 12,084
<b>Restricted for:</b>			
Transportation	-	68,489	68,489
Transient tax	-	81,779	81,779
Highways and streets	-	1,989,272	1,989,272
Park maintenance and improvements	-	190,865	190,865
Pool operations	-	554,718	554,718
Debt service	-	1,364,675	1,364,675
Capital projects	-	4,558,174	4,558,174
Other purposes	-	514,562	514,562
<b>Committed for:</b>			
Capital projects		1,790,970	1,790,970
<b>Assigned for:</b>			
Unexpected future expenditures	537,429	-	537,429
CDBG housing rehabilitation	-	593,910	593,910
Capital projects	-	200,970	200,970
Debt service	-	17,274	17,274
Other purposes	-	-	-
<b>Unassigned</b>	<u>3,215,776</u>	<u>-</u>	<u>3,215,776</u>
<b>Total</b>	<u>\$3,753,205</u>	<u>\$ 11,937,742</u>	<u>\$ 15,690,947</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 13. Segment information for enterprise funds

The City has issued revenue bonds to finance sewer and water systems. The two systems are accounted for in ten funds.

Summary financial information for the sewer and water systems for the year ended June 30, 2018 is as follows:

<b>Condensed statement of net position</b>	<u>Sewer</u>	<u>Water</u>
Assets		
Current	\$ 7,697,655	\$ 3,971,365
Net other postemployment benefit asset	1,997	1,542
Capital	<u>23,090,579</u>	<u>8,692,044</u>
Total assets	<u>30,790,231</u>	<u>12,664,951</u>
Deferred outflows of resources	<u>265,903</u>	<u>205,304</u>
Liabilities		
Current	557,996	280,990
Noncurrent	<u>9,604,931</u>	<u>1,405,144</u>
Total liabilities	<u>10,162,927</u>	<u>1,686,134</u>
Deferred inflows of resources	<u>38,313</u>	<u>29,582</u>
Net position		
Net investment in capital assets	13,825,579	7,715,677
Restricted	5,919,376	2,594,966
Unrestricted	<u>1,109,939</u>	<u>843,896</u>
Total net position	<u>\$ 20,854,894</u>	<u>\$ 11,154,539</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 13. Segment information for enterprise funds (continued)

#### Condensed statement of revenues, expenses and changes in fund net position

	Sewer	Water
Operating revenue	\$ 3,602,688	\$ 2,561,026
Depreciation expense	622,952	354,837
Other operating expenses	<u>1,349,416</u>	<u>1,130,360</u>
Operating income	1,630,320	1,075,829
Nonoperating revenues (expenses)	<u>(291,440)</u>	<u>24,693</u>
Income before capital contributions and transfers	1,338,880	1,100,522
Capital contributions	334,075	374,564
Transfers in	691,167	529,479
Transfers out	<u>(1,146,065)</u>	<u>(1,135,637)</u>
Change in net position	1,218,057	868,928
Net position – beginning	19,675,618	10,315,555
Prior period adjustment	<u>(38,781)</u>	<u>(29,944)</u>
Net position – ending	<u>\$ 20,854,894</u>	<u>\$ 11,154,539</u>

#### Condensed statement of cash flows

Net cash provided by (used in):		
Operating activities	\$ 2,346,377	\$ 1,452,937
Capital and related financing activities	(1,001,726)	(496,737)
Investing activities	<u>115,716</u>	<u>54,639</u>
Net increase in cash and cash equivalents	1,460,367	1,010,839
Cash and cash equivalents - beginning	<u>5,877,874</u>	<u>2,644,104</u>
Cash and cash equivalents - ending	<u>\$ 7,338,241</u>	<u>\$ 3,654,943</u>

### 14. Contingencies - accumulated sick leave

Portions of sick leave accumulated at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2018, City employees had accumulated 1,751 days of sick leave.

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**15. Commitments**

The City has entered into commitments for various projects as of June 30, 2018 as follows:

Project	Disbursed to Date	Remaining Commitment
Sewer projects	\$ 34,802	\$ 30,561
Water projects	126,771	4,769
Street projects	58,590	4,410
Transportation system plan	153,901	30,417
Urban renewal projects	-	75,502
Other	21,026	3,864
Total	\$ 395,090	\$ 149,524

**16. Tax abatements**

Marion County has entered into property tax abatement agreements and the City’s property taxes to be received for the 2017-18 levy year has been reduced under the following programs:

<u>Program and statutory authority</u>	<u>Amount of Reduction</u>
Enterprise zone – ORS 285C.050-.250	\$ 4,809
Historic property – ORS 358.475-.545	451

**17. Prior period adjustments**

A prior period adjustment of \$71,143 was made to the assessment fund related to billings of property assessments that have been invoiced but not yet collected. These amounts were recognized as revenue in prior years, but have not yet been collected by the City and are not available to pay for current expenditures, therefore they are still considered deferred revenue in the fund statements. This adjustment resulted in changes to deferred revenue and fund balance in the assessment fund.

A prior period adjustment of \$24,990 was made in the general fund to record an allowance for doubtful accounts. This allowance is related to the City’s assessment of the collectibility of unpaid parking tickets from previous years.

**18. Subsequent events**

In September 2018, the City was served with a lawsuit regarding inverse condemnation of a homeowner’s property in the amount of \$296,000, plus legal expenses. The City is contesting the claims and intends to defend itself against the claim and has engaged legal counsel to do so. At this time it is not possible to predict with certainty what liability may result from the claims.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF SILVERTON**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last 10 Years Ended June 30, \***

	2018	2017	2016	2015	2014
Proportion of the collective net pension liability (asset)	0.03384383%	0.03495655%	0.03743192%	0.03608146%	0.03608146%
Proportionate share of the collective net pension liability (asset)	\$ 4,562,161	\$ 5,247,790	\$ 2,149,139	\$ (817,864)	\$ 1,841,290
Covered payroll	\$ 3,180,866	\$ 2,846,199	\$ 2,828,460	\$ 2,862,807	\$ 2,698,244
Proportionate share of the collective net pension liability (asset) as a percentage of the covered payroll	143.425%	184.379%	75.983%	-28.569%	68.240%
Pension plan's fiduciary net position as a percentage of the total pension liability	83.119%	80.527%	91.875%	103.590%	91.974%

\* Information will be accumulated annually until 10 years is presented

**CITY OF SILVERTON**  
**SCHEDULE OF CONTRIBUTIONS**  
**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**Last 10 Years Ended June 30, \***

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contributions	\$ 502,491	\$ 382,091	\$ 375,097	\$ 335,739	\$ 317,383	\$ 304,410	\$ 314,210	\$ 211,625	\$ 193,793	\$ 259,436
Contractually required contributions recognized by the pension plan	502,491	382,091	375,097	335,739	317,383	304,410	314,210	211,625	193,793	259,436
Difference	-	-	-	-	-	-	-	-	-	-
Covered payroll	3,180,866	2,846,199	2,828,460	2,862,807	2,698,244	2,779,029	2,960,342	2,982,103	2,844,590	2,800,807
Contractually required contributions as a percentage of covered payroll	15.79730%	13.42461%	13.26153%	11.72761%	11.76257%	10.95383%	10.61398%	7.09650%	6.81269%	9.26289%

**CITY OF SILVERTON**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**Last Ten Fiscal Years\***

Year Ended June 30,	City's proportion of the net OPEB liability (asset)	City's proportionate share of the net OPEB liability (asset)	City's covered payroll	City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2018	0.029864240%	\$ (12,464)	\$ 3,180,866	-0.39%	108.88%
2017	0.029869048%	8,063	2,846,199	0.28%	80.53%

\* This schedule is 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 SILVERTON**  
**SCHEDULE OF OPEB CONTRIBUTIONS**  
**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**Last Ten Fiscal Years\***

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percent of covered payroll
2018	\$ 13,856	\$ 13,856	-	\$ 3,180,866	0.44%
2017	14,423	14,423	-	2,846,199	0.51%

\*This schedule is 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 SILVERTON**  
**SCHEDULE OF CHANGES IN THE CITY'S TOTAL OTHER**  
**POSTEMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS**  
**Last 10 Plan Fiscal Years\***

	June 30, 2018
Service cost	\$ 22,822
Interest on total OPEB liability	7,274
Effect of assumptions changes or inputs	(17,917)
Benefit payments	(3,157)
Net change in total OPEB liability	9,022
Total OPEB liability - beginning of year	233,972
Total OPEB liability - end of year	\$ 242,994
Covered payroll	\$ 3,180,866
Total OPEB liability as a percentage of covered payroll	7.6%

Notes to schedule

\*Information will be accumulated until 10 years are presented.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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**COMBINING FINANCIAL STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES**

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**CITY OF SILVERTON**

**COMBINING BALANCE SHEET  
GENERAL FUNDS  
June 30, 2018**

	General	General Operating Reserve	Totals
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 3,204,932	\$ 537,429	\$ 3,742,361
Receivables	401,148	-	401,148
<b>TOTAL ASSETS</b>	<b>\$ 3,606,080</b>	<b>\$ 537,429</b>	<b>\$ 4,143,509</b>
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued liabilities	\$ 112,107	\$ -	\$ 112,107
Consumer deposits	68,501	-	68,501
<b>TOTAL LIABILITIES</b>	180,608	-	180,608
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable revenue	209,696	-	209,696
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	209,696	-	209,696
<b><u>FUND BALANCES</u></b>			
Assigned	-	537,429	537,429
Unassigned	3,215,776	-	3,215,776
<b>TOTAL FUND BALANCES</b>	3,215,776	537,429	3,753,205
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 3,606,080</b>	<b>\$ 537,429</b>	<b>\$ 4,143,509</b>

**CITY OF SILVERTON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GENERAL FUNDS**

**For the Year Ended June 30, 2018**

	General	General Operating Reserve	Totals
<b>REVENUES</b>			
Property taxes	\$ 2,694,964	\$ -	\$ 2,694,964
Franchise fees	779,089	-	779,089
Licenses, permits and fees	163,267	-	163,267
Fines and forfeitures	243,443	-	243,443
Intergovernmental	449,745	-	449,745
Rentals	11	-	11
Interest	64,894	7,201	72,095
Miscellaneous	102,021	12,189	114,210
	<u>4,497,434</u>	<u>19,390</u>	<u>4,516,824</u>
<b>TOTAL REVENUES</b>			
	<u>4,497,434</u>	<u>19,390</u>	<u>4,516,824</u>
<b>EXPENDITURES</b>			
Current			
General government	1,627,606	-	1,627,606
Public safety	2,473,947	-	2,473,947
Culture and recreation	200,372	-	200,372
Capital outlay	334,770	-	334,770
	<u>4,636,695</u>	<u>-</u>	<u>4,636,695</u>
<b>TOTAL EXPENDITURES</b>			
	<u>4,636,695</u>	<u>-</u>	<u>4,636,695</u>
Excess (deficiency) of revenues over expenditures	<u>(139,261)</u>	<u>19,390</u>	<u>(119,871)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,207,198	216,195	1,423,393
Transfers out	(1,153,223)	-	(1,153,223)
	<u>53,975</u>	<u>216,195</u>	<u>270,170</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			
	<u>53,975</u>	<u>216,195</u>	<u>270,170</u>
Net change in fund balances	(85,286)	235,585	150,299
Fund balances at beginning of year	3,326,052	301,844	3,627,896
Prior period adjustment	(24,990)	-	(24,990)
	<u>(85,286)</u>	<u>235,585</u>	<u>150,299</u>
Fund balance at end of year	<u>\$ 3,215,776</u>	<u>\$ 537,429</u>	<u>\$ 3,753,205</u>

**CITY OF SILVERTON**

**GENERAL OPERATING RESERVE - GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Interest	\$ 3,150	\$ 7,201	\$ 4,051
Miscellaneous	<u>-</u>	<u>12,189</u>	<u>12,189</u>
<b>TOTAL REVENUES</b>	<u>3,150</u>	<u>19,390</u>	<u>16,240</u>
Excess (deficiency) of revenues over expenditures	<u>3,150</u>	<u>19,390</u>	<u>16,240</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>217,274</u>	<u>216,195</u>	<u>(1,079)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>217,274</u>	<u>216,195</u>	<u>(1,079)</u>
Net change in fund balance	220,424	235,585	15,161
Fund balance at beginning of year	<u>299,872</u>	<u>301,844</u>	<u>1,972</u>
Fund balance at end of year	<u>\$ 520,296</u>	<u>\$ 537,429</u>	<u>\$ 17,133</u>

**CITY OF SILVERTON**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2018**

	Special Revenue	Debt Service	Capital Projects	Totals
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 3,582,220	\$ 263,297	\$ 7,842,447	\$ 11,687,964
Receivables	875,473	259,581	79,957	1,215,011
Inventories	12,084	-	-	12,084
<b>TOTAL ASSETS</b>	<b>\$ 4,469,777</b>	<b>\$ 522,878</b>	<b>\$ 7,922,404</b>	<b>\$ 12,915,059</b>
<b><u>LIABILITIES</u></b>				
Accounts payable and accrued liabilities	\$ 79,275	\$ -	\$ 868	\$ 80,143
Due to other funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>79,275</b>	<b>-</b>	<b>868</b>	<b>80,143</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unavailable revenue	642,565	254,609	-	897,174
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>642,565</b>	<b>254,609</b>	<b>-</b>	<b>897,174</b>
<b><u>FUND BALANCES</u></b>				
Nonspendable	12,084	-	-	12,084
Restricted	3,735,853	250,995	5,929,596	9,916,444
Committed	-	-	1,790,970	1,790,970
Assigned	-	17,274	200,970	218,244
<b>TOTAL FUND BALANCES</b>	<b>3,747,937</b>	<b>268,269</b>	<b>7,921,536</b>	<b>11,937,742</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 4,469,777</b>	<b>\$ 522,878</b>	<b>\$ 7,922,404</b>	<b>\$ 12,915,059</b>

**CITY OF SILVERTON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2018**

	Special Revenue	Debt Service	Capital Projects	Totals
<b>REVENUES</b>				
Property taxes	\$ 757,246	\$ -	\$ -	\$ 757,246
Transient tax	321,011	-	-	321,011
Local fuel tax	46,108	-	-	46,108
Licenses and permits	395,101	-	2,091,153	2,486,254
Assessments	-	49,779	-	49,779
Intergovernmental	724,818	-	434,752	1,159,570
Loan repayments	179,570	-	-	179,570
Interest	61,497	9,388	119,577	190,462
Miscellaneous	70,526	-	-	70,526
<b>TOTAL REVENUES</b>	<u>2,555,877</u>	<u>59,167</u>	<u>2,645,482</u>	<u>5,260,526</u>
<b>EXPENDITURES</b>				
Current				
General government	595,439	-	-	595,439
Highways and streets	278,183	-	21,464	299,647
Culture and recreation	152,495	-	-	152,495
Debt service	150,000	381,391	-	531,391
Capital outlay	31,100	-	2,004,040	2,035,140
<b>TOTAL EXPENDITURES</b>	<u>1,207,217</u>	<u>381,391</u>	<u>2,025,504</u>	<u>3,614,112</u>
Excess (deficiency) of revenues over expenditures	<u>1,348,660</u>	<u>(322,224)</u>	<u>619,978</u>	<u>1,646,414</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	10,620	316,455	850,000	1,177,075
Transfers out	(422,269)	(16,195)	(160,382)	(598,846)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(411,649)</u>	<u>300,260</u>	<u>689,618</u>	<u>578,229</u>
Net change in fund balances	937,011	(21,964)	1,309,596	2,224,643
Fund balances at beginning of year	2,810,926	361,376	6,611,940	9,784,242
Prior period adjustment	-	(71,143)	-	(71,143)
<b>Fund balances at end of year</b>	<u>\$ 3,747,937</u>	<u>\$ 268,269</u>	<u>\$ 7,921,536</u>	<u>\$ 11,937,742</u>

**CITY OF SILVERTON**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS**

**June 30, 2018**

	Street	Building Operations	Transportation	Electrical Inspection
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 559,601	\$ 512,140	\$ 52,051	\$ 15,224
Receivables	72,118	-	19,104	-
Inventories	5,399	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 637,118</b>	<b>\$ 512,140</b>	<b>\$ 71,155</b>	<b>\$ 15,224</b>
<b><u>LIABILITIES</u></b>				
Accounts payable and accrued liabilities	\$ 8,900	\$ 11,640	\$ 2,666	\$ 1,162
<b>TOTAL LIABILITIES</b>	<b>8,900</b>	<b>11,640</b>	<b>2,666</b>	<b>1,162</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unavailable revenue	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>FUND BALANCES</u></b>				
Nonspendable	5,399	-	-	-
Restricted	622,819	500,500	68,489	14,062
<b>TOTAL FUND BALANCES</b>	<b>628,218</b>	<b>500,500</b>	<b>68,489</b>	<b>14,062</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 637,118</b>	<b>\$ 512,140</b>	<b>\$ 71,155</b>	<b>\$ 15,224</b>

Transient Tax	Community Development Block Grant	Pool Operations Levy	Parks Fee	Urban Renewal	Totals
	Housing Rehabilitation				
\$ 33,043	\$ 593,909	\$ 553,572	\$ 179,906	\$ 1,082,774	\$ 3,582,220
100,490	480,644	19,868	6,260	176,989	875,473
-	-	6,685	-	-	12,084
<u>\$ 133,533</u>	<u>\$ 1,074,553</u>	<u>\$ 580,125</u>	<u>\$ 186,166</u>	<u>\$ 1,259,763</u>	<u>\$ 4,469,777</u>
\$ 51,754	\$ -	\$ 1,642	\$ 270	\$ 1,241	\$ 79,275
<u>51,754</u>	<u>-</u>	<u>1,642</u>	<u>270</u>	<u>1,241</u>	<u>79,275</u>
-	480,643	17,080	-	144,842	642,565
-	480,643	17,080	-	144,842	642,565
-	-	6,685	-	-	12,084
<u>81,779</u>	<u>593,910</u>	<u>554,718</u>	<u>185,896</u>	<u>1,113,680</u>	<u>3,735,853</u>
<u>81,779</u>	<u>593,910</u>	<u>561,403</u>	<u>185,896</u>	<u>1,113,680</u>	<u>3,747,937</u>
<u>\$ 133,533</u>	<u>\$ 1,074,553</u>	<u>\$ 580,125</u>	<u>\$ 186,166</u>	<u>\$ 1,259,763</u>	<u>\$ 4,469,777</u>

**CITY OF SILVERTON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2018**

	Street	Building Operations	Transportation	Electrical Inspection
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Transient tax	-	-	-	-
Local fuel tax	46,108	-	-	-
Licenses, permits and fees	48,797	237,891	-	28,409
Intergovernmental	640,576	-	84,242	-
Loan repayments	-	-	-	-
Interest	4,518	8,867	734	289
Miscellaneous	58,632	300	1,825	-
<b>TOTAL REVENUES</b>	<b>798,631</b>	<b>247,058</b>	<b>86,801</b>	<b>28,698</b>
<b>EXPENDITURES</b>				
Current				
General government	-	205,100	64,753	26,941
Highways and streets	278,183	-	-	-
Culture and recreation	-	-	-	-
Debt service	-	-	-	-
Capital outlay	25,355	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>303,538</b>	<b>205,100</b>	<b>64,753</b>	<b>26,941</b>
Excess (deficiency) of revenues over expenditures	495,093	41,958	22,048	1,757
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(264,137)	(49,398)	(3,434)	(6,521)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(264,137)</b>	<b>(49,398)</b>	<b>(3,434)</b>	<b>(6,521)</b>
Net change in fund balances	230,956	(7,440)	18,614	(4,764)
Fund balances at beginning of year	397,262	507,940	49,875	18,826
Fund balances at end of year	<b>\$ 628,218</b>	<b>\$ 500,500</b>	<b>\$ 68,489</b>	<b>\$ 14,062</b>



Transient Tax	Community Development Block Grant Housing Rehabilitation	Pool Operations Levy	Parks Fee	Urban Renewal	Totals
\$ -	\$ -	\$ 266,146	\$ -	\$ 491,100	\$ 757,246
321,011	-	-	-	-	321,011
-	-	-	-	-	46,108
-	-	-	80,004	-	395,101
-	-	-	-	-	724,818
-	78,755	-	-	100,815	179,570
1,905	9,668	9,433	2,800	23,283	61,497
7,414	-	-	1,580	775	70,526
<u>330,330</u>	<u>88,423</u>	<u>275,579</u>	<u>84,384</u>	<u>615,973</u>	<u>2,555,877</u>
213,903	467	-	-	84,275	595,439
-	-	-	-	-	278,183
-	-	131,903	20,592	-	152,495
-	-	-	-	150,000	150,000
-	-	-	5,745	-	31,100
<u>213,903</u>	<u>467</u>	<u>131,903</u>	<u>26,337</u>	<u>234,275</u>	<u>1,207,217</u>
<u>116,427</u>	<u>87,956</u>	<u>143,676</u>	<u>58,047</u>	<u>381,698</u>	<u>1,348,660</u>
-	-	-	10,620	-	10,620
<u>(98,779)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(422,269)</u>
<u>(98,779)</u>	<u>-</u>	<u>-</u>	<u>10,620</u>	<u>-</u>	<u>(411,649)</u>
17,648	87,956	143,676	68,667	381,698	937,011
64,131	505,954	417,727	117,229	731,982	2,810,926
<u>\$ 81,779</u>	<u>\$ 593,910</u>	<u>\$ 561,403</u>	<u>\$ 185,896</u>	<u>\$ 1,113,680</u>	<u>\$ 3,747,937</u>

**CITY OF SILVERTON**

**COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
June 30, 2018**

	Debt Service	Assessment	Totals
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 17,274	\$ 246,023	\$ 263,297
Receivables	-	259,581	259,581
TOTAL ASSETS	<u>\$ 17,274</u>	<u>\$ 505,604</u>	<u>\$ 522,878</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable revenue	\$ -	\$ 254,609	\$ 254,609
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>254,609</u>	<u>254,609</u>
<b><u>FUND BALANCES</u></b>			
Restricted	-	250,995	250,995
Assigned	17,274	-	17,274
TOTAL FUND BALANCES	<u>17,274</u>	<u>250,995</u>	<u>268,269</u>
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 17,274</u>	<u>\$ 505,604</u>	<u>\$ 522,878</u>

**CITY OF SILVERTON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICE FUNDS  
For the Year Ended June 30, 2018**

	Bonded Debt Service	Debt Service	Assessment	Totals
<b>REVENUES</b>				
Assessments	\$ -	\$ -	\$ 49,779	\$ 49,779
Interest	-	1,876	7,512	9,388
TOTAL REVENUES	-	1,876	57,291	59,167
<b>EXPENDITURES</b>				
Debt service	-	191,431	189,960	381,391
TOTAL EXPENDITURES	-	191,431	189,960	381,391
Excess (deficiency) of revenues over expenditures	-	(189,555)	(132,669)	(322,224)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	191,455	125,000	316,455
Transfer out	(16,195)	-	-	(16,195)
TOTAL OTHER FINANCING SOURCES (USES)	(16,195)	191,455	125,000	300,260
Net change in fund balances	(16,195)	1,900	(7,669)	(21,964)
Fund balances at beginning of year	16,195	15,374	329,807	361,376
Prior period adjustment	-	-	(71,143)	(71,143)
Fund balances at end of year	\$ -	\$ 17,274	\$ 250,995	\$ 268,269

**CITY OF SILVERTON**

**COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS**

**June 30, 2018**

	Building Capital Improvement Reserve	Steelhammer LID	Street Improvement SDC	Street Maintenance Fee	Street Lights Improvement	Street Reimbursement SDC	Street Projects
<b><u>ASSETS</u></b>							
Cash and cash equivalents	\$ 1,297,984	\$ 28,685	\$ 1,378,244	\$ 567,200	\$ 200,970	\$ 380,222	\$ 758,084
Receivables	-	-	-	41,169	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 1,297,984</u>	<u>\$ 28,685</u>	<u>\$ 1,378,244</u>	<u>\$ 608,369</u>	<u>\$ 200,970</u>	<u>\$ 380,222</u>	<u>\$ 758,084</u>
<b><u>LIABILITIES</u></b>							
Accounts payable and accrued liabilities	\$ -	\$ 868	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	-	868	-	-	-	-	-
<b><u>FUND BALANCE</u></b>							
Restricted	-	27,817	1,378,244	608,369	-	380,222	758,084
Committed	1,297,984	-	-	-	-	-	-
Assigned	-	-	-	-	200,970	-	-
<b>TOTAL FUND BALANCE</b>	<u>1,297,984</u>	<u>27,817</u>	<u>1,378,244</u>	<u>608,369</u>	<u>200,970</u>	<u>380,222</u>	<u>758,084</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,297,984</u>	<u>\$ 28,685</u>	<u>\$ 1,378,244</u>	<u>\$ 608,369</u>	<u>\$ 200,970</u>	<u>\$ 380,222</u>	<u>\$ 758,084</u>

Parks and Recreation Improvement SDC	Parks Projects	Stormwater Improvement SDC	Stormwater Projects	Stormwater Fee	Stormwater Reimbursement SDC	Civic Building Project	Totals
\$ 1,800,479	\$ 4,969	\$ 478,291	\$ 57,912	\$ 285,731	\$ 110,690	\$ 492,986	\$ 7,842,447
-	-	-	-	38,788	-	-	79,957
<u>\$ 1,800,479</u>	<u>\$ 4,969</u>	<u>\$ 478,291</u>	<u>\$ 57,912</u>	<u>\$ 324,519</u>	<u>\$ 110,690</u>	<u>\$ 492,986</u>	<u>\$ 7,922,404</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 868
-	-	-	-	-	-	-	868
1,800,479	4,969	478,291	57,912	324,519	110,690	-	5,929,596
-	-	-	-	-	-	492,986	1,790,970
-	-	-	-	-	-	-	200,970
<u>1,800,479</u>	<u>4,969</u>	<u>478,291</u>	<u>57,912</u>	<u>324,519</u>	<u>110,690</u>	<u>492,986</u>	<u>7,921,536</u>
<u>\$ 1,800,479</u>	<u>\$ 4,969</u>	<u>\$ 478,291</u>	<u>\$ 57,912</u>	<u>\$ 324,519</u>	<u>\$ 110,690</u>	<u>\$ 492,986</u>	<u>\$ 7,922,404</u>

**CITY OF SILVERTON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
For the Year Ended June 30, 2018**

	Building Capital Improvement Reserve	Steelhammer LID	Street Improvement SDC	Street Maintenance Fee	Street Lights Improvement	Street Reimbursement SDC
<b>REVENUES</b>						
Licenses, permits and fees	\$ -	\$ 23,093	\$ 424,056	\$ 474,863	\$ -	\$ 88,041
Intergovernmental	-	400,000	-	34,752	-	-
Interest	19,846	1,659	20,231	6,473	3,415	5,473
<b>TOTAL REVENUES</b>	<u>19,846</u>	<u>424,752</u>	<u>444,287</u>	<u>516,088</u>	<u>3,415</u>	<u>93,514</u>
<b>EXPENDITURES</b>						
Current						
Highways and streets	-	-	21,342	122	-	-
Capital outlay	-	779,091	-	201,198	-	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>779,091</u>	<u>21,342</u>	<u>201,320</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>19,846</u>	<u>(354,339)</u>	<u>422,945</u>	<u>314,768</u>	<u>3,415</u>	<u>93,514</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	250,000	-	-	50,000	-	-
Transfers out	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	269,846	(354,339)	422,945	364,768	3,415	93,514
Fund balances at beginning of year	1,028,138	382,156	955,299	243,601	197,555	286,708
Fund balances at end of year	<u>\$ 1,297,984</u>	<u>\$ 27,817</u>	<u>\$ 1,378,244</u>	<u>\$ 608,369</u>	<u>\$ 200,970</u>	<u>\$ 380,222</u>

Street Projects	Parks and Recreation Improvement SDC	Parks Projects	Stormwater Improvement SDC	Stormwater Projects	Stormwater Fee	Stormwater Reimbursement SDC	Civic Building Project	Totals
\$ -	\$ 542,787	\$ -	\$ 55,598	\$ -	\$ 449,676	\$ 33,039	\$ -	\$ 2,091,153
-	-	-	-	-	-	-	-	434,752
<u>12,439</u>	<u>25,922</u>	<u>-</u>	<u>7,607</u>	<u>395</u>	<u>3,643</u>	<u>1,128</u>	<u>11,346</u>	<u>119,577</u>
<u>12,439</u>	<u>568,709</u>	<u>-</u>	<u>63,205</u>	<u>395</u>	<u>453,319</u>	<u>34,167</u>	<u>11,346</u>	<u>2,645,482</u>
-	-	-	-	-	-	-	-	21,464
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,023,751</u>	<u>2,004,040</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,023,751</u>	<u>2,025,504</u>
<u>12,439</u>	<u>568,709</u>	<u>-</u>	<u>63,205</u>	<u>395</u>	<u>453,319</u>	<u>34,167</u>	<u>(1,012,405)</u>	<u>619,978</u>
50,000	-	-	-	-	-	-	500,000	850,000
<u>-</u>	<u>-</u>	<u>(10,620)</u>	<u>-</u>	<u>-</u>	<u>(149,762)</u>	<u>-</u>	<u>-</u>	<u>(160,382)</u>
<u>50,000</u>	<u>-</u>	<u>(10,620)</u>	<u>-</u>	<u>-</u>	<u>(149,762)</u>	<u>-</u>	<u>500,000</u>	<u>689,618</u>
62,439	568,709	(10,620)	63,205	395	303,557	34,167	(512,405)	1,309,596
<u>695,645</u>	<u>1,231,770</u>	<u>15,589</u>	<u>415,086</u>	<u>57,517</u>	<u>20,962</u>	<u>76,523</u>	<u>1,005,391</u>	<u>6,611,940</u>
<u>\$ 758,084</u>	<u>\$ 1,800,479</u>	<u>\$ 4,969</u>	<u>\$ 478,291</u>	<u>\$ 57,912</u>	<u>\$ 324,519</u>	<u>\$ 110,690</u>	<u>\$ 492,986</u>	<u>\$ 7,921,536</u>

**CITY OF SILVERTON**

**STREET - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Fees and permits	\$ 30,560	\$ 48,797	\$ 18,237
Local fuel tax	-	46,108	46,108
Intergovernmental	500,000	640,576	140,576
Interest	2,000	4,518	2,518
Miscellaneous	<u>-</u>	<u>58,632</u>	<u>58,632</u>
 TOTAL REVENUES	 <u>532,560</u>	 <u>798,631</u>	 <u>266,071</u>
 <b>EXPENDITURES</b>			
Street administration	95,557	86,527	9,030
Street operations	279,897	217,011	62,886
Contingency	<u>84,179</u>	<u>-</u>	<u>84,179</u>
 TOTAL EXPENDITURES	 <u>459,633</u>	 <u>303,538</u>	 <u>156,095</u>
 Excess (deficiency) of revenues over expenditures	 <u>72,927</u>	 <u>495,093</u>	 <u>422,166</u>
 <b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(264,137)</u>	<u>(264,137)</u>	<u>-</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>(264,137)</u>	 <u>(264,137)</u>	 <u>-</u>
 Net change in fund balance	 (191,210)	 230,956	 422,166
Fund balance at beginning of year	<u>286,406</u>	<u>397,262</u>	<u>110,856</u>
 Fund balance at end of year	 <u>\$ 95,196</u>	 <u>\$ 628,218</u>	 <u>\$ 533,022</u>



**CITY OF SILVERTON**

**BUILDING OPERATIONS - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Fees and permits	\$ 204,000	\$ 237,891	\$ 33,891
Interest	2,850	8,867	6,017
Miscellaneous	-	300	300
<b>TOTAL REVENUES</b>	<u>206,850</u>	<u>247,058</u>	<u>40,208</u>
<b>EXPENDITURES</b>			
Building inspection services	259,341	205,100	54,241
Contingency	144,341	-	144,341
<b>TOTAL EXPENDITURES</b>	<u>403,682</u>	<u>205,100</u>	<u>198,582</u>
Excess (deficiency) of revenues over expenditures	<u>(196,832)</u>	<u>41,958</u>	<u>238,790</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(49,398)	(49,398)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(49,398)</u>	<u>(49,398)</u>	<u>-</u>
Net change in fund balance	(246,230)	(7,440)	238,790
Fund balance at beginning of year	<u>396,223</u>	<u>507,940</u>	<u>111,717</u>
Fund balance at end of year	<u>\$ 149,993</u>	<u>\$ 500,500</u>	<u>\$ 350,507</u>

**CITY OF SILVERTON**

**TRANSPORTATION - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Intergovernmental	\$ 93,500	\$ 84,242	\$ (9,258)
Interest	410	734	324
Miscellaneous	1,800	1,825	25
<b>TOTAL REVENUES</b>	<b>95,710</b>	<b>86,801</b>	<b>(8,909)</b>
<b>EXPENDITURES</b>			
Trolley services	97,399	64,753	32,646
Contingency	53,243	-	53,243
<b>TOTAL EXPENDITURES</b>	<b>150,642</b>	<b>64,753</b>	<b>85,889</b>
Excess (deficiency) of revenues over expenditures	(54,932)	22,048	76,980
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(3,434)	(3,434)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,434)</b>	<b>(3,434)</b>	<b>-</b>
Net change in fund balance	(58,366)	18,614	76,980
Fund balance at beginning of year	58,366	49,875	(8,491)
Fund balance at end of year	\$ -	\$ 68,489	\$ 68,489

**CITY OF SILVERTON**

**ELECTRICAL INSPECTION - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Fees and permits	\$ 32,500	\$ 28,409	\$ (4,091)
Interest	100	289	189
<b>TOTAL REVENUES</b>	<b>32,600</b>	<b>28,698</b>	<b>(3,902)</b>
<b>EXPENDITURES</b>			
Electrical inspection services	29,101	26,941	2,160
Contingency	10,646	-	10,646
<b>TOTAL EXPENDITURES</b>	<b>39,747</b>	<b>26,941</b>	<b>12,806</b>
Excess (deficiency) of revenues over expenditures	(7,147)	1,757	8,904
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(6,521)	(6,521)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(6,521)</b>	<b>(6,521)</b>	<b>-</b>
Net change in fund balance	(13,668)	(4,764)	8,904
Fund balance at beginning of year	13,668	18,826	5,158
Fund balance at end of year	\$ -	\$ 14,062	\$ 14,062

**CITY OF SILVERTON**

**TRANSIENT TAX - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Transient room tax	\$ 290,000	\$ 321,011	\$ 31,011
Interest	450	1,905	1,455
Miscellaneous	-	7,414	7,414
<b>TOTAL REVENUES</b>	<b>290,450</b>	<b>330,330</b>	<b>39,880</b>
<b>EXPENDITURES</b>			
Materials and services	224,607	213,903	10,704
Contingency	30,000	-	30,000
<b>TOTAL EXPENDITURES</b>	<b>254,607</b>	<b>213,903</b>	<b>40,704</b>
Excess (deficiency) of revenues over expenditures	35,843	116,427	80,584
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(89,954)	(98,779)	(8,825)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(89,954)</b>	<b>(98,779)</b>	<b>(8,825)</b>
Net change in fund balance	(54,111)	17,648	71,759
Fund balance at beginning of year	54,111	64,131	10,020
Fund balance at end of year	<b>\$ -</b>	<b>\$ 81,779</b>	<b>\$ 81,779</b>

**CITY OF SILVERTON**

**COMMUNITY DEVELOPMENT BLOCK GRANT  
HOUSING REHABILITATION - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Loan repayments	\$ 28,000	\$ 78,755	\$ 50,755
Interest	2,600	9,668	7,068
<b>TOTAL REVENUES</b>	<b>30,600</b>	<b>88,423</b>	<b>57,823</b>
<b>EXPENDITURES</b>			
Materials and services	252,500	467	252,033
Contingency	288,390	-	288,390
<b>TOTAL EXPENDITURES</b>	<b>540,890</b>	<b>467</b>	<b>540,423</b>
Net change in fund balance	(510,290)	87,956	598,246
Fund balance at beginning of year	510,290	505,954	(4,336)
Fund balance at end of year	<b>\$ -</b>	<b>\$ 593,910</b>	<b>\$ 593,910</b>

**CITY OF SILVERTON**

**POOL OPERATIONS LEVY - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Property taxes	\$ 259,300	\$ 266,146	\$ 6,846
Interest	2,500	9,433	6,933
<b>TOTAL REVENUES</b>	<b>261,800</b>	<b>275,579</b>	<b>13,779</b>
<b>EXPENDITURES</b>			
Materials and services	182,850	131,903	50,947
Capital outlay	1,200	-	1,200
Contingency	268,524	-	268,524
<b>TOTAL EXPENDITURES</b>	<b>452,574</b>	<b>131,903</b>	<b>320,671</b>
Net change in fund balance	(190,774)	143,676	334,450
Fund balance at beginning of year	374,174	417,727	43,553
Fund balance at end of year	<b>\$ 183,400</b>	<b>\$ 561,403</b>	<b>\$ 378,003</b>

**CITY OF SILVERTON**

**PARKS FEE - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Fees and permits	\$ 75,245	\$ 80,004	\$ 4,759
Interest	550	2,800	2,250
Miscellaneous	-	1,580	1,580
<b>TOTAL REVENUES</b>	<u>75,795</u>	<u>84,384</u>	<u>8,589</u>
 <b>EXPENDITURES</b>			
Parks maintenance	33,679	20,592	13,087
Capital outlay	109,670	5,745	103,925
Contingency and reserves	50,620	-	50,620
<b>TOTAL EXPENDITURES</b>	<u>193,969</u>	<u>26,337</u>	<u>167,632</u>
 Excess (deficiency) of revenues over expenditures	<u>(118,174)</u>	<u>58,047</u>	<u>176,221</u>
 <b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	10,620	10,620	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>10,620</u>	<u>10,620</u>	<u>-</u>
 Net change in fund balance	<u>(107,554)</u>	<u>68,667</u>	<u>176,221</u>
Fund balance at beginning of year	<u>107,554</u>	<u>117,229</u>	<u>9,675</u>
 Fund balance at end of year	<u>\$ -</u>	<u>\$ 185,896</u>	<u>\$ 185,896</u>

**CITY OF SILVERTON**

**URBAN RENEWAL - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Property taxes	\$ 426,710	\$ 491,100	\$ 64,390
Loan repayments	22,550	100,815	78,265
Interest	8,827	23,283	14,456
Miscellaneous	150	775	625
<b>TOTAL REVENUES</b>	<b>458,237</b>	<b>615,973</b>	<b>157,736</b>
<b>EXPENDITURES</b>			
Materials and services	44,175	3,785	40,390
Debt service	150,000	150,000	-
Capital outlay	695,095	80,490	614,605
Contingency	215,000	-	215,000
<b>TOTAL EXPENDITURES</b>	<b>1,104,270</b>	<b>234,275</b>	<b>869,995</b>
Net change in fund balance	(646,033)	381,698	1,027,731
Fund balance at beginning of year	646,033	731,982	85,949
Fund balance at end of year	<b>\$ -</b>	<b>\$ 1,113,680</b>	<b>\$ 1,113,680</b>



**CITY OF SILVERTON**

**BONDED DEBT SERVICE - DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	\$ (17,274)	\$ (16,195)	\$ 1,079
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(17,274)	(16,195)	1,079
Net change in fund balance	(17,274)	(16,195)	1,079
Fund balance at beginning of year	17,274	16,195	(1,079)
Fund balance at end of year	\$ -	\$ -	\$ -

**CITY OF SILVERTON**

**DEBT SERVICE - DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Interest	\$ 850	\$ 1,876	\$ 1,026
 TOTAL REVENUES	850	1,876	1,026
 <b>EXPENDITURES</b>			
Debt service	207,477	191,431	16,046
 TOTAL EXPENDITURES	207,477	191,431	16,046
 Excess (deficiency) of revenues over expenditures	(206,627)	(189,555)	17,072
 <b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	191,455	191,455	-
 TOTAL OTHER FINANCING SOURCES (USES)	191,455	191,455	-
 Net change in fund balance	(15,172)	1,900	17,072
Fund balance at beginning of year	15,172	15,374	202
 Fund balance at end of year	\$ -	\$ 17,274	\$ 17,274

**CITY OF SILVERTON**

**ASSESSMENT - DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Assessments	\$ 60,000	\$ 49,779	\$ (10,221)
Interest	3,000	7,512	4,512
<b>TOTAL REVENUES</b>	<b>63,000</b>	<b>57,291</b>	<b>(5,709)</b>
<b>EXPENDITURES</b>			
Materials and services	6,000	-	6,000
Debt service	189,960	189,960	-
Contingency	305,068	-	305,068
<b>TOTAL EXPENDITURES</b>	<b>501,028</b>	<b>189,960</b>	<b>311,068</b>
Excess (deficiency) of revenues over expenditures	(438,028)	(132,669)	305,359
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	125,000	125,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>125,000</b>	<b>125,000</b>	<b>-</b>
Net change in fund balance	(313,028)	(7,669)	305,359
Fund balance at beginning of year	313,028	329,807	16,779
Prior period adjustment	-	(71,143)	(71,143)
Fund balance at end of year	<b>\$ -</b>	<b>\$ 250,995</b>	<b>\$ 250,995</b>

**CITY OF SILVERTON**

**BUILDING CAPITAL IMPROVEMENT RESERVE - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Interest	\$ 10,000	\$ 19,846	\$ 9,846
<b>TOTAL REVENUES</b>	10,000	19,846	9,846
<b>EXPENDITURES</b>			
Capital outlay	1,286,365	-	1,286,365
<b>TOTAL EXPENDITURES</b>	1,286,365	-	1,286,365
Excess (deficiency) of revenues over expenditures	(1,276,365)	19,846	1,296,211
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	250,000	250,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	250,000	250,000	-
Net change in fund balance	(1,026,365)	269,846	1,296,211
Fund balance at beginning of year	1,026,365	1,028,138	1,773
Fund balance at end of year	\$ -	\$ 1,297,984	\$ 1,297,984

**CITY OF SILVERTON**

**STEELHAMMER LID - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Intergovernmental	\$ 400,000	\$ 400,000	\$ -
System development charges	-	23,093	23,093
Interest	2,500	1,659	(841)
<b>TOTAL REVENUES</b>	<b>402,500</b>	<b>424,752</b>	<b>22,252</b>
<b>EXPENDITURES</b>			
Capital outlay	847,370	779,091	68,279
<b>TOTAL EXPENDITURES</b>	<b>847,370</b>	<b>779,091</b>	<b>68,279</b>
Excess (deficiency) of revenues over expenditures	(444,870)	(354,339)	90,531
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	75,000	-	(75,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>75,000</b>	<b>-</b>	<b>(75,000)</b>
Net change in fund balance	(369,870)	(354,339)	15,531
Fund balance at beginning of year	369,870	382,156	12,286
Fund balance at end of year	\$ -	\$ 27,817	\$ 27,817

**CITY OF SILVERTON**

**STREET IMPROVEMENT SDC - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
System development charges	\$ 197,760	\$ 424,056	\$ 226,296
Interest	4,500	20,231	15,731
<b>TOTAL REVENUES</b>	<b>202,260</b>	<b>444,287</b>	<b>242,027</b>
<b>EXPENDITURES</b>			
Materials and services	95,000	21,342	73,658
Street improvements	996,913	-	996,913
<b>TOTAL EXPENDITURES</b>	<b>1,091,913</b>	<b>21,342</b>	<b>1,070,571</b>
Net change in fund balance	(889,653)	422,945	1,312,598
Fund balance at beginning of year	889,653	955,299	65,646
Fund balance at end of year	<b>\$ -</b>	<b>\$ 1,378,244</b>	<b>\$ 1,378,244</b>

**CITY OF SILVERTON**

**STREET MAINTENANCE FEE - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Fees and permits	\$ 526,600	\$ 474,863	\$ (51,737)
Intergovernmental	-	34,752	34,752
Interest	1,250	6,473	5,223
<b>TOTAL REVENUES</b>	<u>527,850</u>	<u>516,088</u>	<u>(11,762)</u>
<b>EXPENDITURES</b>			
Street improvements	805,687	201,320	604,367
<b>TOTAL EXPENDITURES</b>	<u>805,687</u>	<u>201,320</u>	<u>604,367</u>
Excess (deficiency) of revenues over expenditures	<u>(277,837)</u>	<u>314,768</u>	<u>592,605</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	50,000	50,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance	(227,837)	364,768	592,605
Fund balance at beginning of year	<u>227,837</u>	<u>243,601</u>	<u>15,764</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 608,369</u>	<u>\$ 608,369</u>

**CITY OF SILVERTON**

**STREET LIGHTS IMPROVEMENT - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Interest	\$ 1,800	\$ 3,415	\$ 1,615
<b>TOTAL REVENUES</b>	<b>1,800</b>	<b>3,415</b>	<b>1,615</b>
<b>EXPENDITURES</b>			
Street lighting	199,126	-	199,126
<b>TOTAL EXPENDITURES</b>	<b>199,126</b>	<b>-</b>	<b>199,126</b>
Net change in fund balance	(197,326)	3,415	200,741
Fund balance at beginning of year	197,326	197,555	229
Fund balance at end of year	\$ -	\$ 200,970	\$ 200,970



**CITY OF SILVERTON**

**STREET REIMBURSEMENT SDC - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
System development charges	\$ 41,280	\$ 88,041	\$ 46,761
Interest	<u>2,582</u>	<u>5,473</u>	<u>2,891</u>
 TOTAL REVENUES	 <u>43,862</u>	 <u>93,514</u>	 <u>49,652</u>
 <b>EXPENDITURES</b>			
Street improvements	<u>277,130</u>	<u>-</u>	<u>277,130</u>
 TOTAL EXPENDITURES	 <u>277,130</u>	 <u>-</u>	 <u>277,130</u>
 Excess (deficiency) of revenues over expenditures	 (233,268)	 93,514	 326,782
 <b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(25,000)</u>	<u>-</u>	<u>25,000</u>
 Net change in fund balance	 (258,268)	 93,514	 351,782
Fund balance at beginning of year	<u>258,268</u>	<u>286,708</u>	<u>28,440</u>
 Fund balance at end of year	 <u><u>\$ -</u></u>	 <u><u>\$ 380,222</u></u>	 <u><u>\$ 380,222</u></u>

**CITY OF SILVERTON**

**STREET PROJECTS - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Interest	\$ 2,300	\$ 12,439	\$ 10,139
<b>TOTAL REVENUES</b>	2,300	12,439	10,139
<b>EXPENDITURES</b>			
Street improvements	253,095	-	253,095
<b>TOTAL EXPENDITURES</b>	253,095	-	253,095
Excess (deficiency) of revenues over expenditures	(250,795)	12,439	263,234
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	50,000	50,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	50,000	50,000	-
Net change in fund balance	(200,795)	62,439	263,234
Fund balance at beginning of year	700,795	695,645	(5,150)
Fund balance at end of year	\$ 500,000	\$ 758,084	\$ 258,084

**CITY OF SILVERTON**

**PARKS AND RECREATION IMPROVEMENT SDC - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
System development charges	\$ 294,060	\$ 542,787	\$ 248,727
Interest	8,500	25,922	17,422
<b>TOTAL REVENUES</b>	<b>302,560</b>	<b>568,709</b>	<b>266,149</b>
<b>EXPENDITURES</b>			
Parks improvements	1,444,089	-	1,444,089
<b>TOTAL EXPENDITURES</b>	<b>1,444,089</b>	<b>-</b>	<b>1,444,089</b>
Net change in fund balance	(1,141,529)	568,709	1,710,238
Fund balance at beginning of year	1,141,529	1,231,770	90,241
Fund balance at end of year	\$ -	\$ 1,800,479	\$ 1,800,479

**CITY OF SILVERTON**

**PARKS PROJECTS - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Interest	\$ 100	\$ -	\$ (100)
<b>TOTAL REVENUES</b>	100	-	(100)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(10,620)	(10,620)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(10,620)	(10,620)	-
Net change in fund balance	(10,520)	(10,620)	(100)
Fund balance at beginning of year	10,520	15,589	5,069
Fund balance at end of year	\$ -	\$ 4,969	\$ 4,969

**CITY OF SILVERTON**

**STORMWATER IMPROVEMENT SDC - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
System development charges	\$ 32,880	\$ 55,598	\$ 22,718
Interest	<u>3,000</u>	<u>7,607</u>	<u>4,607</u>
<b>TOTAL REVENUES</b>	<u>35,880</u>	<u>63,205</u>	<u>27,325</u>
<b>EXPENDITURES</b>			
Storm water improvements	<u>432,398</u>	<u>-</u>	<u>432,398</u>
<b>TOTAL EXPENDITURES</b>	<u>432,398</u>	<u>-</u>	<u>432,398</u>
Excess (deficiency) of revenues over expenditures	<u>(396,518)</u>	<u>63,205</u>	<u>459,723</u>
Net change in fund balance	(396,518)	63,205	459,723
Fund balance at beginning of year	<u>396,518</u>	<u>415,086</u>	<u>18,568</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 478,291</u>	<u>\$ 478,291</u>

**CITY OF SILVERTON**

**STORMWATER PROJECTS - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Interest	\$ -	\$ 395	\$ 395
TOTAL REVENUES	-	395	395
Net change in fund balance	-	395	395
Fund balance at beginning of year	-	57,517	57,517
Fund balance at end of year	\$ -	\$ 57,912	\$ 57,912

**CITY OF SILVERTON**

**STORMWATER FEE - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Fees and permits	\$ 440,855	\$ 449,676	\$ 8,821
Interest	<u>25</u>	<u>3,643</u>	<u>3,618</u>
 TOTAL REVENUES	 <u>440,880</u>	 <u>453,319</u>	 <u>12,439</u>
 <b>EXPENDITURES</b>			
Capital outlay	<u>281,028</u>	<u>-</u>	<u>281,028</u>
 TOTAL EXPENDITURES	 <u>281,028</u>	 <u>-</u>	 <u>281,028</u>
 Excess (deficiency) of revenues over expenditures	 <u>159,852</u>	 <u>453,319</u>	 <u>293,467</u>
 <b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(159,872)</u>	<u>(149,762)</u>	<u>10,110</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>(159,872)</u>	 <u>(149,762)</u>	 <u>10,110</u>
 Net change in fund balance	 (20)	 303,557	 303,577
Fund balance at beginning of year	<u>20</u>	<u>20,962</u>	<u>20,942</u>
 Fund balance at end of year	 <u><u>\$ -</u></u>	 <u><u>\$ 324,519</u></u>	 <u><u>\$ 324,519</u></u>

**CITY OF SILVERTON**

**STORMWATER REIMBURSEMENT SDC - CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
 For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
System development charges	\$ 19,860	\$ 33,039	\$ 13,179
Interest	625	1,128	503
	20,485	34,167	13,682
<b>TOTAL REVENUES</b>			
<b>EXPENDITURES</b>			
Capital outlay	41,347	-	41,347
	41,347	-	41,347
<b>TOTAL EXPENDITURES</b>			
Excess (deficiency) of revenues over expenditures	(20,862)	34,167	55,029
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(50,000)	-	50,000
	(50,000)	-	50,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			
Net change in fund balance	(70,862)	34,167	105,029
Fund balance at beginning of year	70,862	76,523	5,661
Fund balance at end of year	\$ -	\$ 110,690	\$ 110,690



**CITY OF SILVERTON**

**CIVIC BUILDING PROJECT - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Interest	\$ 500	\$ 11,346	\$ 10,846
<b>TOTAL REVENUES</b>	500	11,346	10,846
<b>EXPENDITURES</b>			
Capital outlay	1,502,850	1,023,751	479,099
<b>TOTAL EXPENDITURES</b>	1,502,850	1,023,751	479,099
Excess (deficiency) of revenues over expenditures	(1,502,350)	(1,012,405)	489,945
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	500,000	500,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	500,000	500,000	-
Net change in fund balance	(1,002,350)	(512,405)	489,945
Fund balance at beginning of year	1,002,350	1,005,391	3,041
Fund balance at end of year	\$ -	\$ 492,986	\$ 492,986

**CITY OF SILVERTON**

**SEWER - ENTERPRISE FUND (MAJOR FUND)  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Charges for services	\$ 3,356,081	\$ 3,602,688	\$ 246,607
Interest	7,000	23,927	16,927
Miscellaneous	-	4,912	4,912
<b>TOTAL REVENUES</b>	<b>3,363,081</b>	<b>3,631,527</b>	<b>268,446</b>
<b>EXPENDITURES</b>			
Sewer administration	243,708	223,684	20,024
Sewer operations	1,213,324	799,979	413,345
Sewer maintenance	354,584	262,130	92,454
Debt service	828,285	828,279	6
Contingency	265,694	-	265,694
<b>TOTAL EXPENDITURES</b>	<b>2,905,595</b>	<b>2,114,072</b>	<b>791,523</b>
Excess (deficiency) of revenues over expenditures	457,486	1,517,455	1,059,969
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(1,113,677)	(1,113,677)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,113,677)</b>	<b>(1,113,677)</b>	<b>-</b>
Net change in fund balance	(656,191)	403,778	1,059,969
Fund balance at beginning of year	935,201	1,279,733	344,532
Fund balance at end of year	<b>\$ 279,010</b>	<b>1,683,511</b>	<b>\$ 1,404,501</b>
<b>Reconciliation to generally accepted accounting principles</b>			
Net other postemployment benefits asset		1,997	
Capital assets, net		23,090,579	
Deferred outflows of resources		265,903	
Accrued interest payable		(33,228)	
Net pension liability		(730,996)	
Long-term obligations		(9,265,000)	
Other postemployment benefits liability		(38,935)	
Deferred inflows of resources		(38,313)	
Net position at end of year		<b>\$ 14,935,518</b>	

**CITY OF SILVERTON**

**WATER - ENTERPRISE FUND (MAJOR FUND)  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Charges for services	\$ 2,436,220	\$ 2,561,026	\$ 124,806
Interest	6,250	17,061	10,811
Miscellaneous	-	1,452	1,452
<b>TOTAL REVENUES</b>	<b>2,442,470</b>	<b>2,579,539</b>	<b>137,069</b>
<b>EXPENDITURES</b>			
Water administration	244,609	211,186	33,423
Water operations	467,747	290,206	177,541
Water maintenance	626,319	552,971	73,348
Debt service	193,726	193,725	1
Contingency	398,751	-	398,751
<b>TOTAL EXPENDITURES</b>	<b>1,931,152</b>	<b>1,248,088</b>	<b>683,064</b>
Excess (deficiency) of revenues over expenditures	511,318	1,331,451	820,133
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(1,010,637)	(1,010,637)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,010,637)</b>	<b>(1,010,637)</b>	<b>-</b>
Net change in fund balance	(499,319)	320,814	820,133
Fund balance at beginning of year	879,659	945,183	65,524
Fund balance at end of year	<b>\$ 380,340</b>	<b>1,265,997</b>	<b>\$ 885,657</b>
<b>Reconciliation to generally accepted accounting principles</b>			
Net other postemployment benefits asset		1,542	
Capital assets, net		8,692,044	
Deferred outflows of resources		205,304	
Accrued interest payable		(4,895)	
Net pension liability		(564,409)	
Long-term obligations		(976,366)	
Other postemployment benefits liability		(30,062)	
Deferred inflows of resources		(29,582)	
Net position at end of year		<b>\$ 8,559,573</b>	

**CITY OF SILVERTON**

**COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
June 30, 2018**

	Sewer Improvement SDC	Sewer Reimbursement SDC	Water Improvement SDC
<b><u>ASSETS</u></b>			
Current assets			
Cash and cash equivalents	\$ 936,671	\$ 960,066	\$ 1,782,889
<b>TOTAL ASSETS</b>	<b>936,671</b>	<b>960,066</b>	<b>1,782,889</b>
<b><u>LIABILITIES</u></b>			
Current liabilities			
Accounts payable and accrued liabilities	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>NET POSITION</u></b>			
Restricted for:			
Capital projects	936,671	960,066	1,782,889
Debt service	-	-	-
<b>TOTAL NET POSITION</b>	<b>\$ 936,671</b>	<b>\$ 960,066</b>	<b>\$ 1,782,889</b>

<u>Water Reimbursement SDC</u>	<u>Sewer Debt Reserve</u>	<u>WWTP Digester Project</u>	<u>Sewer Capital Project</u>	<u>Water Capital Project</u>	<u>Totals</u>
<u>\$ 293,095</u>	<u>\$ 1,390,415</u>	<u>\$ 622,520</u>	<u>\$ 2,031,102</u>	<u>\$ 518,982</u>	<u>\$ 8,535,740</u>
<u>293,095</u>	<u>1,390,415</u>	<u>622,520</u>	<u>2,031,102</u>	<u>518,982</u>	<u>8,535,740</u>
<u>-</u>	<u>-</u>	<u>21,398</u>	<u>-</u>	<u>-</u>	<u>21,398</u>
<u>-</u>	<u>-</u>	<u>21,398</u>	<u>-</u>	<u>-</u>	<u>21,398</u>
<u>293,095</u>	<u>-</u>	<u>601,122</u>	<u>2,031,102</u>	<u>518,982</u>	<u>7,123,927</u>
<u>-</u>	<u>1,390,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,390,415</u>
<u>\$ 293,095</u>	<u>\$ 1,390,415</u>	<u>\$ 601,122</u>	<u>\$ 2,031,102</u>	<u>\$ 518,982</u>	<u>\$ 8,514,342</u>

**CITY OF SILVERTON**

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended June 30, 2018**

	Sewer Improvement SDC	Sewer Reimbursement SDC	Water Improvement SDC
	<u>          </u>	<u>          </u>	<u>          </u>
<b>OPERATING EXPENSES</b>			
Materials and services	\$ -	\$ -	\$ -
Operating (loss)	-	-	-
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest	<u>14,090</u>	<u>15,069</u>	<u>28,016</u>
Income(loss) before capital contributions and transfers	14,090	15,069	28,016
Capital contributions	204,131	129,944	253,429
Transfers in	-	-	-
Transfers out	<u>(10,416)</u>	<u>-</u>	<u>-</u>
Change in net position	207,805	145,013	281,445
Net position at beginning of year	<u>728,866</u>	<u>815,053</u>	<u>1,501,444</u>
Net position at end of year	<u>\$ 936,671</u>	<u>\$ 960,066</u>	<u>\$ 1,782,889</u>

Water Reimbursement SDC	Sewer Debt Reserve	WWTP Digester Project	Sewer Capital Project	Water Capital Project	Totals
\$ -	\$ -	\$ -	\$ -	\$ 2,300	\$ 2,300
-	-	-	-	(2,300)	(2,300)
<u>4,840</u>	<u>22,454</u>	<u>10,578</u>	<u>29,598</u>	<u>4,722</u>	<u>129,367</u>
4,840	22,454	10,578	29,598	2,422	127,067
121,135	-	-	-	-	708,639
-	98,779	-	560,000	465,000	1,123,779
<u>(125,000)</u>	<u>-</u>	<u>(21,398)</u>	<u>(574)</u>	<u>-</u>	<u>(157,388)</u>
975	121,233	(10,820)	589,024	467,422	1,802,097
<u>292,120</u>	<u>1,269,182</u>	<u>611,942</u>	<u>1,442,078</u>	<u>51,560</u>	<u>6,712,245</u>
<u>\$ 293,095</u>	<u>\$ 1,390,415</u>	<u>\$ 601,122</u>	<u>\$ 2,031,102</u>	<u>\$ 518,982</u>	<u>\$ 8,514,342</u>

**CITY OF SILVERTON**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Year Ended June 30, 2018**

	Sewer Improvement SDC	Sewer Reimbursement SDC	Water Improvement SDC
	<u>          </u>	<u>          </u>	<u>          </u>
<b>CASH FLOWS FROM OPERATING ACTIVITES</b>			
Payments to suppliers	\$ -	\$ -	\$ -
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
System development charges received	204,131	129,944	253,429
Transfers in	-	-	-
Transfers out	-	-	-
Acquisition of capital assets	<u>(10,416)</u>	<u>-</u>	<u>-</u>
<b>NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>193,715</u>	<u>129,944</u>	<u>253,429</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest	<u>14,090</u>	<u>15,069</u>	<u>28,016</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>14,090</u>	<u>15,069</u>	<u>28,016</u>
Net increase (decrease) in cash and cash equivalents	207,805	145,013	281,445
Cash and cash equivalents - beginning of year	<u>728,866</u>	<u>815,053</u>	<u>1,501,444</u>
Cash and cash equivalents - end of year	<u>\$ 936,671</u>	<u>\$ 960,066</u>	<u>\$ 1,782,889</u>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating (loss)	\$ -	\$ -	\$ -
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities			
Increase in liabilities			
Accounts payable and accrued liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS</b>			
Transfers out	<u>\$ (10,416)</u>	<u>\$ -</u>	<u>\$ -</u>



Water Reimbursement SDC	Sewer Debt Reserve	WWTP Digester Project	Sewer Capital Project	Water Capital Project	Totals
\$ -	\$ -	\$ 21,398	\$ (11,384)	\$ (2,300)	\$ 7,714
121,135	-	-	-	-	708,639
-	98,779	-	560,000	465,000	1,123,779
(125,000)	-	-	-	-	(125,000)
-	-	(21,398)	(574)	-	(32,388)
(3,865)	98,779	(21,398)	559,426	465,000	1,675,030
4,840	22,454	10,578	29,598	4,722	129,367
4,840	22,454	10,578	29,598	4,722	129,367
975	121,233	10,578	577,640	467,422	1,812,111
292,120	1,269,182	611,942	1,453,462	51,560	6,723,629
<u>\$ 293,095</u>	<u>\$ 1,390,415</u>	<u>\$ 622,520</u>	<u>\$ 2,031,102</u>	<u>\$ 518,982</u>	<u>\$ 8,535,740</u>
\$ -	\$ -	\$ -	\$ -	\$ (2,300)	\$ (2,300)
-	-	21,398	(11,384)	-	10,014
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,398</u>	<u>\$ (11,384)</u>	<u>\$ (2,300)</u>	<u>\$ 7,714</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,398)</u>	<u>\$ (574)</u>	<u>\$ -</u>	<u>\$ (32,388)</u>

**CITY OF SILVERTON**

**SEWER IMPROVEMENT SDC - ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
System development charges	\$ 178,980	\$ 193,715	\$ 14,735
Assessments	-	10,416	10,416
Interest	<u>7,630</u>	<u>14,090</u>	<u>6,460</u>
 TOTAL REVENUES	 <u>186,610</u>	 <u>218,221</u>	 <u>31,611</u>
 <b>EXPENDITURES</b>			
Sewer improvements	<u>238,441</u>	<u>10,416</u>	<u>228,025</u>
 TOTAL EXPENDITURES	 <u>238,441</u>	 <u>10,416</u>	 <u>228,025</u>
 Net change in fund balance	 (51,831)	 207,805	 259,636
Fund balance at beginning of year	<u>663,572</u>	<u>728,866</u>	<u>65,294</u>
 Fund balance at end of year	 <u><u>\$ 611,741</u></u>	 <u><u>\$ 936,671</u></u>	 <u><u>\$ 324,930</u></u>

**CITY OF SILVERTON**

**SEWER REIMBURSEMENT SDC - ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
System development charges	\$ 121,860	\$ 129,944	\$ 8,084
Interest	<u>8,849</u>	<u>15,069</u>	<u>6,220</u>
TOTAL REVENUES	<u>130,709</u>	<u>145,013</u>	<u>14,304</u>
Net change in fund balance	130,709	145,013	14,304
Fund balance at beginning of year	<u>769,555</u>	<u>815,053</u>	<u>45,498</u>
Fund balance at end of year	<u>\$ 900,264</u>	<u>\$ 960,066</u>	<u>\$ 59,802</u>

**CITY OF SILVERTON**

**WATER IMPROVEMENT SDC - ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
System development charges	\$ 241,740	\$ 253,429	\$ 11,689
Interest	12,250	28,016	15,766
<b>TOTAL REVENUES</b>	<b>253,990</b>	<b>281,445</b>	<b>27,455</b>
<b>EXPENDITURES</b>			
Water improvements	1,684,348	-	1,684,348
<b>TOTAL EXPENDITURES</b>	<b>1,684,348</b>	<b>-</b>	<b>1,684,348</b>
Excess (deficiency) of revenues over expenditures	(1,430,358)	281,445	1,711,803
Net change in fund balance	(1,430,358)	281,445	1,711,803
Fund balance at beginning of year	1,430,358	1,501,444	71,086
Fund balance at end of year	\$ -	\$ 1,782,889	\$ 1,782,889

**CITY OF SILVERTON**

**WATER REIMBURSEMENT SDC - ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
System development charges	\$ 88,500	\$ 121,135	\$ 32,635
Interest	<u>1,400</u>	<u>4,840</u>	<u>3,440</u>
<b>TOTAL REVENUES</b>	<u>89,900</u>	<u>125,975</u>	<u>36,075</u>
<b>EXPENDITURES</b>			
Water improvements	<u>101,839</u>	<u>-</u>	<u>101,839</u>
<b>TOTAL EXPENDITURES</b>	<u>101,839</u>	<u>-</u>	<u>101,839</u>
Excess (deficiency) of revenues over expenditures	<u>(11,939)</u>	<u>125,975</u>	<u>137,914</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>
Net change in fund balance	(136,939)	975	137,914
Fund balance at beginning of year	<u>136,939</u>	<u>292,120</u>	<u>155,181</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 293,095</u></u>	<u><u>\$ 293,095</u></u>

**CITY OF SILVERTON**

**SEWER DEBT RESERVE - ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Interest	\$ 12,500	\$ 22,454	\$ 9,954
 TOTAL REVENUES	12,500	22,454	9,954
 <b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	89,954	98,779	8,825
 TOAL OTHER FINANCING SOURCES (USES)	89,954	98,779	8,825
 Net change in fund balance	102,454	121,233	18,779
Fund balance at beginning of year	1,268,442	1,269,182	740
 Fund balance at end of year	\$ 1,370,896	\$ 1,390,415	\$ 19,519

**CITY OF SILVERTON**

**WWTP DIGESTER PROJECT - ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Interest	\$ 1,560	\$ 10,578	\$ 9,018
<b>TOTAL REVENUES</b>	1,560	10,578	9,018
<b>EXPENDITURES</b>			
Capital outlay	612,931	21,398	591,533
<b>TOTAL EXPENDITURES</b>	612,931	21,398	591,533
Net change in fund balance	(611,371)	(10,820)	600,551
Fund balance at beginning of year	611,371	611,942	571
Fund balance at end of year	\$ -	\$ 601,122	\$ 601,122

**CITY OF SILVERTON**

**SEWER CAPITAL PROJECT - ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Interest	\$ 14,000	\$ 29,598	\$ 15,598
<b>TOTAL REVENUES</b>	<u>14,000</u>	<u>29,598</u>	<u>15,598</u>
<b>EXPENDITURES</b>			
Sewer improvements	<u>740,000</u>	<u>574</u>	<u>739,426</u>
<b>TOTAL EXPENDITURES</b>	<u>740,000</u>	<u>574</u>	<u>739,426</u>
Excess (deficiency) of revenues over expenditures	<u>(726,000)</u>	<u>29,024</u>	<u>755,024</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>560,000</u>	<u>560,000</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>560,000</u>	<u>560,000</u>	<u>-</u>
Net change in fund balance	(166,000)	589,024	755,024
Fund balance at beginning of year	<u>1,530,316</u>	<u>1,442,078</u>	<u>(88,238)</u>
Fund balance at end of year	<u>\$ 1,364,316</u>	<u>\$ 2,031,102</u>	<u>\$ 666,786</u>



**CITY OF SILVERTON**

**WATER CAPITAL PROJECT - ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Interest	\$ 600	\$ 4,722	\$ 4,122
<b>TOTAL REVENUES</b>	600	4,722	4,122
<b>EXPENDITURES</b>			
Water improvements	516,635	2,300	514,335
<b>TOTAL EXPENDITURES</b>	516,635	2,300	514,335
Excess (deficiency) of revenues over expenditures	(516,035)	2,422	518,457
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	465,000	465,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	465,000	465,000	-
Net change in fund balance	(51,035)	467,422	518,457
Fund balance at beginning of year	51,035	51,560	525
Fund balance at end of year	\$ -	\$ 518,982	\$ 518,982

**CITY OF SILVERTON**

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
June 30, 2018**

	Fleet Replacement	Major Equipment Replacement	Extended Leave	Totals
<b><u>ASSETS</u></b>				
Current assets				
Cash and cash equivalents	\$ 1,166,505	\$ 991,975	\$ 126,166	\$ 2,284,646
<b>TOTAL ASSETS</b>	<b>1,166,505</b>	<b>991,975</b>	<b>126,166</b>	<b>2,284,646</b>
<b><u>NET POSITION</u></b>				
Unrestricted	<b>\$ 1,166,505</b>	<b>\$ 991,975</b>	<b>\$ 126,166</b>	<b>\$ 2,284,646</b>

**CITY OF SILVERTON**

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
For the Year Ended June 30, 2018**

	<u>Fleet Replacement</u>	<u>Major Equipment Replacement</u>	<u>Extended Leave</u>	<u>Totals</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest	\$ 20,484	\$ 16,517	\$ 2,144	\$ 39,145
Total nonoperating revenues (expenses)	<u>20,484</u>	<u>16,517</u>	<u>2,144</u>	<u>39,145</u>
Income before transfers	20,484	16,517	2,144	39,145
Transfers in	183,988	93,148	-	277,136
Transfers out	<u>(201,616)</u>	<u>-</u>	<u>-</u>	<u>(201,616)</u>
Change in net position	2,856	109,665	2,144	114,665
Net position at beginning of year	<u>1,163,649</u>	<u>882,310</u>	<u>124,022</u>	<u>2,169,981</u>
Net position at end of year	<u>\$ 1,166,505</u>	<u>\$ 991,975</u>	<u>\$ 126,166</u>	<u>\$ 2,284,646</u>

**CITY OF SILVERTON**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Year Ended June 30, 2018**

	<u>Fleet</u>	<u>Major Equipment</u>	<u>Extended</u>	<u>Totals</u>
	<u>Replacement</u>	<u>Replacement</u>	<u>Leave</u>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Transfers in	\$ 183,988	\$ 93,148	\$ -	\$ 277,136
Acquisition of capital assets	<u>(201,616)</u>	<u>-</u>	<u>-</u>	<u>(201,616)</u>
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(17,628)</u>	<u>93,148</u>	<u>-</u>	<u>75,520</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest	<u>20,484</u>	<u>16,517</u>	<u>2,144</u>	<u>39,145</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>20,484</u>	<u>16,517</u>	<u>2,144</u>	<u>39,145</u>
Net increase (decrease) in cash and cash equivalents	2,856	109,665	2,144	114,665
Cash and cash equivalents - beginning of year	<u>1,163,649</u>	<u>882,310</u>	<u>124,022</u>	<u>2,169,981</u>
Cash and cash equivalents - end of year	<u>\$ 1,166,505</u>	<u>\$ 991,975</u>	<u>\$ 126,166</u>	<u>\$ 2,284,646</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS</b>				
Transfers out	<u>\$ (64,479)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (64,479)</u>

**CITY OF SILVERTON**

**FLEET REPLACEMENT - INTERNAL SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	Budget	Actual	Variance
<b>REVENUES</b>			
Interest	\$ 8,000	\$ 20,484	\$ 12,484
<b>TOTAL REVENUES</b>	8,000	20,484	12,484
<b>EXPENDITURES</b>			
Capital outlay	206,850	201,616	5,234
<b>TOTAL EXPENDITURES</b>	206,850	201,616	5,234
Excess (deficiency) of revenues over expenditures	(198,850)	(181,132)	17,718
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	183,988	183,988	-
<b>TOAL OTHER FINANCING SOURCES (USES)</b>	183,988	183,988	-
Net change in fund balance	(14,862)	2,856	17,718
Fund balance at beginning of year	1,161,710	1,163,649	1,939
Fund balance at end of year	\$ 1,146,848	\$ 1,166,505	\$ 19,657

**CITY OF SILVERTON**

**MAJOR EQUIPMENT REPLACEMENT - INTERNAL SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Interest	\$ 8,870	\$ 16,517	\$ 7,647
<b>TOTAL REVENUES</b>	<u>8,870</u>	<u>16,517</u>	<u>7,647</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>980,353</u>	<u>-</u>	<u>980,353</u>
<b>TOTAL EXPENDITURES</b>	<u>980,353</u>	<u>-</u>	<u>980,353</u>
Excess (deficiency) of revenues over expenditures	<u>(971,483)</u>	<u>16,517</u>	<u>988,000</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>93,148</u>	<u>93,148</u>	<u>-</u>
<b>TOAL OTHER FINANCING SOURCES (USES)</b>	<u>93,148</u>	<u>93,148</u>	<u>-</u>
Net change in fund balance	(878,335)	109,665	988,000
Fund balance at beginning of year	<u>878,335</u>	<u>882,310</u>	<u>3,975</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 991,975</u></u>	<u><u>\$ 991,975</u></u>

**CITY OF SILVERTON**

**EXTENDED LEAVE - INTERNAL SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Interest	\$ 950	\$ 2,144	\$ 1,194
<b>TOTAL REVENUES</b>	<u>950</u>	<u>2,144</u>	<u>1,194</u>
<b>EXPENDITURES</b>			
Personnel services	<u>124,580</u>	<u>-</u>	<u>124,580</u>
<b>TOTAL EXPENDITURES</b>	<u>124,580</u>	<u>-</u>	<u>124,580</u>
Net change in fund balance	(123,630)	2,144	125,774
Fund balance at beginning of year	<u>123,630</u>	<u>124,022</u>	<u>392</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 126,166</u>	<u>\$ 126,166</u>

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## **COMPLIANCE SECTION**

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

Honorable Mayor and Members of the City Council  
CITY OF SILVERTON  
Silverton, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the CITY OF SILVERTON as of and for the year ended June 30, 2018, and have issued our report thereon dated December 31, 2018.

### Compliance

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

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

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY  
OREGON STATE REGULATIONS (Continued)**

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

**OAR 162-10-0230 Internal Control**

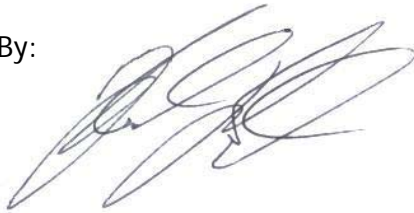
In planning and performing our audit of the financial statements, we considered the City internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose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

**Restriction on Use**

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

Boldt Carlisle + Smith  
Certified Public Accountants  
Salem, Oregon  
December 31, 2018

By:



Bradley G. Bingenheimer, Member