

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017



12700 SW 72nd Ave.
Tigard, OR 97223

**CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON**

CASH BASIS FINANCIAL STATEMENTS

**WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2017

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

2016-2017
FINANCIAL REPORT

<u>CITY COUNCIL</u>	<u>TERM EXPIRES</u>
Jake Young, Mayor	December 31, 2018
Frank Braudt, President	December 31, 2020
Judy Coleman	December 31, 2020
Mike Boye'	December 31, 2018
Buddy Kovachy	December 31, 2018
Dawn Russ	December 31, 2018
Louise Barton	December 31, 2020

All council members receive mail at the address shown below.

ADMINISTRATION

Janelle Evans, City Administrator/Recorder
250 N Main St.
Canyonville, Oregon 97417

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

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CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

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November 30, 2017

Mayor and City Council
City of Canyonville
Canyonville, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of 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 preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Canyonville as of June 30, 2017, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Canyonville financial statements. The supplementary information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

The listing of board members containing their term expiration dates, located before the table of contents, and the other information, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 30, 2017, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



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

Management's Discussion and Analysis

As management of City of Canyonville ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017.

Financial Highlights

- The city's total net position increased by \$646 thousand. The increase is attributed primarily to the increase in the utility user fees.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,178,659.00, a increase of \$90,107.00 in comparison with the prior year. Approximately \$403,742.00 of the total amount constitutes unassigned fund balance, which is available for spending at the government's discretion.
- At the end of the current fiscal year, the unreserved fund balance of the general fund was \$403 thousand.
- The City's total long-term debt is at \$123,444.00.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused time off).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (*business-type activities*). The governmental activities of the City include general government, highways and streets, and culture and recreation. Business-type activities of the City include water, and wastewater.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

The City maintains 9 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the street fund, both considered to be major funds. Data from the other 7 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund and street fund to demonstrate compliance with this budget.

Proprietary funds. The City has two proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for water and wastewater.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for governmental funds.

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

Other information.

The budgetary information for the non-major funds and the combining statements referred to earlier in connection with non-major governmental funds.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

City of Canyonville's Net Position

	Governmental		Business Type		Total	
	2016	2017	2016	2017	2016	2017
Current and other assets	1,088,552	1,178,659	3,187,833	3,744,296	4,276,385	4,922,955
Total assets	1,088,552	946,038	3,187,833	3,744,296	4,276,385	4,690,334
Restricted	301,669	365,456	67,348	67,348	369,017	432,804
Unrestricted	786,883	813,203	3,120,485	3,676,948	3,907,368	4,490,151
Total Net position	1,088,552	1,178,659	3,187,833	3,744,296	4,276,385	4,922,955

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$4,490,151.00) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position increased by \$646 thousand during the fiscal year. This increase is due primarily to utility rate increases.

Governmental Business. Change in net position are as follows:

	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2017	2016	2017	2016	2017
Revenues:						
Program revenues:						
Charges for services	36,564	35,846	1,260,514	1,296,790	1,297,078	1,332,636
Operating grants /contributions						
Capital grants and contributions	178,720	95,831			178,720	95,831
General revenues:						
Property taxes	293,685	284,455			293,685	284,455
Other taxes	130,864	133,035			130,864	133,035
Intergovernmental	148,811	170,524			148,811	170,524
Other Revenue	26,255	3,366			26,255	3,366
Investment Income	5,444	10,468	20,195	38,848	25,639	49,316
Total revenues	820,343	733,525	1,280,709	1,335,638	2,101,052	2,069,163
Expenses:						
General government	363,469	372,863			363,469	372,863
Public safety	15,884	15,304			15,884	15,304
Highways and streets	81,617	49,208			81,617	49,208
Culture and recreation	22,754	14,310			22,754	14,310
Community						
Development	199,092	92,324			199,092	92,324
Capital Outlay	62,972	114,521			62,972	114,521
Debt Service	18,797	9,888			18,797	9,888
Water			395,466	343,391	395,466	343,391
Wastewater			419,016	410,784	419,016	410,784
Total expenses	764,585	668,418	814,482	754,175	1,579,067	1,422,593
Transfers	25,000	25,000	-25,000	-25,000	0	0
Change in net position	80,758	90,107	441,227	556,463	521,985	646,570
Beginning net position	1,007,614	1,088,372	1,779,592	3,187,833	3,754,220	4,276,385
Ending net position	1,088,372	1,178,659	3,187,833	3,744,296	4,276,205	4,922,955

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,178,659.00, an increase of \$90,107.00 in comparison with the prior year. Approximately \$813,203.00 of the total amount constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance reached \$408,233 all of which is unreserved.

The fund balance of the City's general fund increased by \$830.00 during the current fiscal year, key factors in this increase were decreases in expenditures.

General Fund Budgetary Highlights

The City of Canyonville is not in compression so the General Fund is relatively stable. The City is extremely conservative with the money spent from the General Fund and has managed to build a little reserve. This year's budget included a contingency of approximately \$155,285.00 which was not spent. The original budget and the final budget were the same for the fiscal year. The City actually received \$62,519.00 more in revenue than estimated.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2017 amounts to \$12,755,399.00. This investment in capital assets includes land, buildings and utility systems, improvements, machinery and equipment, park facilities, and roads.

City of Canyonville's Capital Assets

	Governmental Activity		Business-Type Activity		Total	
	2016	2017	2016	2017	2016	2017
Land	\$ 143,400	\$ 143,400	\$ 82,721	\$ 82,721	\$ 226,121	\$ 226,121
Dam and water impoundment fac			1,984,789	1,984,789	1,984,789	1,984,789
Utility Plant & distribution system			6,190,014	6,190,014	6,190,014	6,190,014
Construction in progress			2,325,706	2,325,706	2,325,706	2,325,706
Buildings	473,141	495,336			473,141	495,336
Machinery and equipment	215,226	290,327	579,126	585,126	794,352	875,453
Infrastructure / Systems	657,980	657,980			657,980	657,980
	<u>\$ 1,489,747</u>	<u>\$1,587,043</u>	<u>\$11,162,356</u>	<u>\$11,168,356</u>	<u>\$12,652,103</u>	<u>\$12,755,399</u>

Long-term Debt

At the end of the current fiscal year, the city had a total bonded debt of \$123,444.00 consisting of general obligation bonds and loans payable, net of unamortized premiums. Additional information on the City’s long term debt can be found on page 21 of this report.

Economic Factors and Next Year’s Budgets and Rates.

The City is under a Mutual Agreement Order from the Department of Environment Quality to upgrade the City’s wastewater treatment plant. The City has completed a facility master plan and the total project cost is estimated at \$12.9 million. The project has been broken down into 2 phases. Phase 1 is approximately \$2.4 million and was funded with grants. Phase 2 is \$10.5 million and will be funded with a combination of low interest loans and grants. The City has completed a sewer rate study which projects that the sewer rate will reach \$89.00 by the end of the project which is schedule to be completed in 2018. In January 2013 the City adopted Resolution 604 establishing the necessary rate increases for the next 5 years. The last sewer rate was needed so the sewer rate stayed the same as last fiscal year.

At the end of the fiscal year the following had accumulated for future needs:

Capital Reserve Water Fund 26	\$ 353,282.00
Water SDC Fund 20	<u>\$ 162,911.00</u>
Water Plant	\$ 516,193.00
Capital Reserve Sewer Fund 27	\$1,870,285.00
Wastewater SDC Fund 21	<u>\$ 819,404.00</u>
Sewer Plant	\$2,689,689.00
Bikeway/Footpath Fund 17	\$ 15,498.00
Equipment Replacement fund 08	\$ 122,894.00
Facility Reserve Fund 30	\$ 274,625.00

Request for Information

This financial report is designed to provide a general overview of the City of Canyonville’s finances for all or those interested in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Manager.

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

STATEMENT OF NET POSITION - CASH BASIS
June 30, 2017

	<u>GOVERNMENTAL</u>	<u>BUSINESS TYPE</u>	<u>TOTAL</u>
ASSETS			
Cash and Investments	\$ 1,178,659	\$ 3,744,296	\$ 4,922,955
Total Assets	<u>1,178,659</u>	<u>3,744,296</u>	<u>4,922,955</u>
NET POSITION			
Restricted for Debt Covenant	52,516	67,348	119,864
Restricted for Other Purposes	312,940	-	312,940
Unrestricted	<u>813,203</u>	<u>3,676,948</u>	<u>4,490,151</u>
TOTAL NET POSITION	<u><u>\$ 1,178,659</u></u>	<u><u>\$ 3,744,296</u></u>	<u><u>\$ 4,922,955</u></u>

See accompanying notes to the basic financial statements

**CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON**

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

Functions/Programs	Disbursements	Program Cash Receipts		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Governmental	\$ 372,863	\$ 18,665	\$ -	\$ -
Public Safety/Municipal Court	15,304	16,481	-	-
Highways and Streets	49,208	-	-	-
Culture and Recreation	14,310	700	-	-
Community Development	92,324	-	95,831	-
Capital Outlay	114,521	-	-	-
Long Term Debt Payments	9,888	-	-	-
Total Governmental Activities	<u>668,418</u>	<u>35,846</u>	<u>95,831</u>	<u>-</u>
Business-Type Activities				
Water	343,391	419,676	-	-
Sewer	410,784	877,114	-	-
Total Business Activities	<u>754,175</u>	<u>1,296,790</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 1,422,593</u>	<u>\$ 1,332,636</u>	<u>\$ 95,831</u>	<u>\$ -</u>

General Receipts

Taxes:
Property Taxes
Levied for General Purpose
Levied for Debt Services
Franchise and other Taxes
Intergovernmental
Interest Income
Miscellaneous
Transfers
 Total General Receipts and Transfers
 Change in Cash Basis Net Position
 Beginning Cash Basis Net Position
 Ending Cash Basis Net Position

See accompanying notes to the basic financial statements

Net Receipts (Disbursements) and
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (354,198)		\$ (354,198)
1,177		1,177
(49,208)		(49,208)
(13,610)		(13,610)
3,507		3,507
(114,521)		(114,521)
(9,888)		(9,888)
<u>(536,741)</u>		<u>(536,741)</u>
-	\$ 76,285	76,285
-	466,330	466,330
-	542,615	542,615
<u>(536,741)</u>	<u>542,615</u>	<u>5,874</u>
264,339	-	264,339
20,116	-	20,116
133,035	-	133,035
170,524	-	170,524
10,468	38,848	49,316
3,366	-	3,366
25,000	(25,000)	-
<u>626,848</u>	<u>13,848</u>	<u>640,696</u>
90,107	556,463	646,570
<u>1,088,552</u>	<u>3,187,833</u>	<u>4,276,385</u>
<u>\$ 1,178,659</u>	<u>\$ 3,744,296</u>	<u>\$ 4,922,955</u>

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS
June 30, 2017

	<u>GENERAL FUND</u>	<u>STATE STREET FUND</u>	<u>CDBG 2013 GRANT FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
ASSETS					
Cash and Investments	\$ 403,742	\$ 281,147	\$ 12,755	\$ 481,015	\$ 1,178,659
Total Assets	<u>\$ 403,742</u>	<u>\$ 281,147</u>	<u>\$ 12,755</u>	<u>\$ 481,015</u>	<u>\$ 1,178,659</u>
Cash Basis Fund Balances:					
Restricted for:					
Streets	\$ -	\$ 281,147	\$ -	\$ -	\$ 281,147
Bikeway and Footpath	-	-	-	15,498	15,498
IFA Loan	-	-	-	3,540	3,540
CDBG	-	-	12,755	-	12,755
Debt Service	-	-	-	52,516	52,516
Committed					
Equipment Replacement	-	-	-	122,894	122,894
South County Community Center Facilities	-	-	-	274,625	274,625
Unassigned	<u>403,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>403,742</u>
Total Cash Basis Fund Balances	<u>403,742</u>	<u>281,147</u>	<u>12,755</u>	<u>481,015</u>	<u>1,178,659</u>
Total Cash Basis Fund Balances	<u>\$ 403,742</u>	<u>\$ 281,147</u>	<u>\$ 12,755</u>	<u>\$ 481,015</u>	<u>\$ 1,178,659</u>

See accompanying notes to the basic financial statements

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	GENERAL FUND	STATE STREET FUND	CDGB 2013 GRANT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts					
Taxes	\$ 264,339	\$ -	\$ -	\$ 20,116	\$ 284,455
Interest	4,578	2,165	-	3,725	10,468
Intergovernmental	55,798	114,726	-	-	170,524
Grants	-	-	-	95,831	95,831
Fees, Permits, and Rents	149,949	-	-	-	149,949
Fines	16,481	-	-	-	16,481
Miscellaneous	2,874	1,943	-	1,000	5,817
Total Receipts	<u>494,019</u>	<u>118,834</u>	<u>-</u>	<u>120,672</u>	<u>733,525</u>
Disbursements					
Current					
General Governmental	372,863	-	-	-	372,863
Public Safety/Municipal Court	15,304	-	-	-	15,304
Highways and Streets	-	49,208	-	-	49,208
Culture and Recreation	14,310	-	-	-	14,310
Community Development	33	-	-	92,291	92,324
Capital Outlay	-	-	-	114,521	114,521
Debt Services	-	-	-	9,888	9,888
Total Disbursements	<u>402,510</u>	<u>49,208</u>	<u>-</u>	<u>216,700</u>	<u>668,418</u>
Excess of Receipts Over, -Under Disbursements	91,509	69,626	-	(96,028)	65,107
Other Financing Sources, -Uses					
Transfers In	-	-	-	149,513	149,513
Transfers Out	(96,000)	(21,100)	-	(7,413)	(124,513)
Total Other Financing Sources, -Uses	<u>(96,000)</u>	<u>(21,100)</u>	<u>-</u>	<u>142,100</u>	<u>25,000</u>
Net Change in Cash Basis Fund Balance	(4,491)	48,526	-	46,072	90,107
Beginning Cash Basis Fund Balance	<u>408,233</u>	<u>232,621</u>	<u>12,755</u>	<u>434,943</u>	<u>1,088,552</u>
Ending Cash Basis Fund Balance	<u>\$ 403,742</u>	<u>\$ 281,147</u>	<u>\$ 12,755</u>	<u>\$ 481,015</u>	<u>\$ 1,178,659</u>

See accompanying notes to the basic financial statements

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

STATEMENT OF NET POSITION - CASH BASIS
PROPRIETARY FUNDS
June 30, 2017

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
ASSETS			
Cash and Investments	\$ 851,539	\$ 2,892,757	\$ 3,744,296
Total Assets	<u>\$ 851,539</u>	<u>\$ 2,892,757</u>	<u>\$ 3,744,296</u>
Net Position			
Restricted	\$ -	\$ 67,348	\$ 67,348
Unrestricted	<u>851,539</u>	<u>2,825,409</u>	<u>3,676,948</u>
Total Net Position	<u>\$ 851,539</u>	<u>\$ 2,892,757</u>	<u>\$ 3,744,296</u>

See accompanying notes to the basic financial statements

**CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
PROPRIETARY FUNDS
For the Year Ended June 30, 2017**

	WATER FUND	SEWER FUND	TOTAL
Operating Receipts			
Charges for Services	\$ 419,571	\$ 875,145	\$ 1,294,716
Miscellaneous	105	1,969	2,074
Total Operating Receipts	419,676	877,114	1,296,790
Operating Disbursements			
Personal Services	215,445	194,903	410,348
Other Operating Disbursements	126,036	165,344	291,380
Capital Outlay	1,910	3,000	4,910
Debt Service	-	47,537	47,537
Total Operating Disbursements	343,391	410,784	754,175
Operating Income (Loss)	76,285	466,330	542,615
Non-Operating Receipts (Disbursements)			
Interest Income	9,054	29,794	38,848
Transfers In	69,750	484,750	554,500
Transfers Out	(99,500)	(480,000)	(579,500)
Total Non-Operating Receipts (Disbursements)	(20,696)	34,544	13,848
Net Change in Cash Basis Fund Balance	55,589	500,874	556,463
Beginning Cash Basis Fund Balance	795,950	2,391,883	3,187,833
Ending Cash Basis Fund Balance	\$ 851,539	\$ 2,892,757	\$ 3,744,296

See accompanying notes to the basic financial statements

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND

For the Year Ended June 30, 2017

	<u>Balance at June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2017</u>
<u>WATER AND SEWER DEPOSITS</u>				
Assets				
Cash	\$ 35,491	\$ 730	\$ -	\$ 36,221
Total Assets	<u>\$ 35,491</u>	<u>\$ 730</u>	<u>\$ -</u>	<u>\$ 36,221</u>
Liabilities				
Due to Customers	<u>\$ 35,491</u>	<u>\$ 730</u>	<u>\$ -</u>	<u>\$ 36,221</u>

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City have been prepared in conformity with the cash basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. THE FINANCIAL REPORTING ENTITY

The City of Canyonville is a municipal corporation governed by an elected mayor and six-member governing council (council). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The City has no component units.

The City operates under a charter enacted in 1901. Under the charter, the City is governed by a mayor and six council members who comprise the City Council.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

BASIS OF ACCOUNTING

The City follows the cash basis of accounting. Under the cash basis of accounting, receipts are recorded when received and disbursements are recorded as paid in cash or by check. This basis of accounting is applied to both the government-wide financial statements, and the governmental type fund financial statements uniformly.

This basis of accounting is not equivalent to the generally accepted accounting principles (GAAP) basis of accounting. Under GAAP the fund financial statements require that revenues be recorded as they become susceptible to accrual (i.e. when they become measurable and available) and expenditures recorded as goods and services received. For the government-wide statements GAAP requires that the accrual basis of accounting be applied. Under the accrual basis of accounting the cost of capital assets is capitalized and depreciated over their estimated useful lives, debt is recorded as incurred, revenues are recorded when earned irrespective of the collection of cash, and disbursements, including depreciation, are recorded when incurred. Management believes the cash basis of accounting is preferable for the City due to the City's small size and the necessity of assessing available cash resources. The cash basis of accounting is allowed under Oregon Local Budget Law.

FUND FINANCIAL STATEMENTS

The accounts of the City are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. DESCRIPTION OF FUNDS

The City reports the following major funds:

GENERAL FUND

The General Fund accounts for all financial resources and expenditures of the City, except those required to be accounted for in another fund. Its main sources of revenues are local property taxes, intergovernmental receipts, utility franchise fees, and permits.

STATE STREET FUND

This fund accounts for monies expended for maintenance and improvement of the City's roads and streets.

CDBG 2013 GRANT FUND

This fund accounts for monies expended and revenues from CDBG grant projects.

WATER FUND

The Water Fund is used to document revenues and expenditures for maintenance and operation of the City's water utility system. The primary revenue source is "user fees" paid by customers of the utility for water consumed.

SEWER FUND

The Sewer Fund is used to document revenues and expenditures for maintenance, operation, and debt service of the City's sanitary sewer system. The primary revenue source is "user fees" paid by customers of the utility.

D. BUDGET

A budget is prepared and legally adopted for each governmental fund type on the cash basis of accounting in the main program categories required by the Oregon Local Budget Law. The City begins its budget process early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The Council may amend the budget prior to adoption, however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is then adopted, appropriations are made and the tax levy declared no later than June 30th.

Expenditure budgets are appropriated at the following levels for each fund: Personal Services, Materials and Services, Capital Outlay, Operating Contingency, and Interfund Transactions. Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Council approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Council approves them due to a need which exists which was not determined at the time the budget was adopted. Budget amounts shown in the Basic Financial Statements reflect the original budget and appropriation adjustments. Disbursements of the various funds were within authorized appropriations.

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS

The City has adopted the principles of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* (GASB 34), as they are applicable to cash basis financial statements. The Statement requires that the City present both government-wide and fund financial statements, and reconcile the two types of statements, if necessary. The government-wide financial reports information on the primary government. 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 receipts, 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 disbursements of a given function or segments are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

F. PROPERTY TAXES RECEIVABLE

Property taxes receivable is disclosed to indicate the amount of uncollected taxes that the City can expect to receive in the future. Real and personal property are assessed and property taxes 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. Taxes not received by May 15th are considered delinquent. As required by law, Douglas County manages tax collections for the City. Substantially all taxes receivable are considered collectible through liens on the underlying property.

G. CAPITAL ASSETS

Non-expendable equipment purchased is usually recorded as a capital outlay disbursement in the governmental and proprietary funds. The original historical cost of such assets has been estimated or tracked and is recorded by the City, but, under the cash basis of accounting the cost of capital assets of the City are not required to be displayed in the financial statements. The costs of significant betterments to capital assets are similarly recorded as disbursements and not capitalized. Depreciation is not recorded. When assets are donated, the estimated value is used to increase the balances of the capital assets. No receipts or disbursements are recorded since no cash was received or used when assets are donated. Normal repairs and maintenance are charged to disbursements as capital outlay or as materials and services. When property is retired or sold, any related proceeds are recorded in a governmental or proprietary fund.

H. LONG-TERM DEBT

Although the cash basis of accounting does not require that debt be displayed, the City believes that presentation of this information is important. Accordingly, the details of debt are presented in these notes to the financial statements

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED).

I. RETIREMENT PLAN

Substantially all of the City's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. GASB Statements 68 and 71 have been implemented as of July 1, 2014. City employees are participants in Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged to expenditures as funded.

J. NET POSITION

Net position comprise the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position are classified in the following two categories:

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There are no restricted assets.

Unrestricted net position – consists of all other assets that are not included in the other categories previously mentioned.

K. FUND BALANCE

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

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

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED).

K. FUND BALANCE (CONTINUED)

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

2. CASH AND INVESTMENTS

State statutes govern the City's cash management policies, because the City does not have an official investment policy. Statutes authorize the City to invest in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

Investments

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

The City maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is reported on the combined balance sheet as Cash and Investments or amounts Due to/from Other Funds. Cash and Investments (recorded at fair value) consisted of:

Petty Cash	\$	400
Demand Deposits		251,799
Investments		<u>4,706,977</u>
	\$	<u><u>4,959,176</u></u>

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

The City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (months)	
		Less Than 3	More than 3
State Treasurers Investment Pool	\$ 4,706,977	\$ -	\$ -
Total	<u>\$ 4,706,977</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. The City does not have any investments that have a maturity date.

Credit Risk

Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Concentration of Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2017, the City's bank balance was \$306,682, of which \$250,000 is covered by FDIC insurance. Any deposits not covered by federal depository insurance are collateralized by the State of Oregon.

3. CAPITAL ASSETS

The changes in the capital assets for the fiscal year ended June 30, 2017 are as follows:

Governmental Funds

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land	\$ 143,400	\$ -	\$ -	\$ 143,400
Buildings	473,141	22,195	-	495,336
Equipment	215,226	75,101	-	290,327
Infrastructure	657,980	-	-	657,980
Total	<u>\$ 1,489,747</u>	<u>\$ 97,296</u>	<u>\$ -</u>	<u>\$ 1,587,043</u>

Sewer Fund

	Beginning of Year	Additions	(Deletions)	Balance End of the Year
Land	\$ 60,847	\$ -	\$ -	\$ 60,847
Utility Plant and Distribution Systems	2,371,705	-	-	2,371,705
Equipment	341,610	-	-	341,610
Construction in Progress	2,325,706	-	-	2,325,706
Total	<u>\$ 5,099,868</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,099,868</u>

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. CAPITAL ASSETS (CONTINUED)

Water Fund

	Balance			Balance End of
	Beginning of	Additions	(Deletions)	the Year
Land	\$ 21,874	\$ -	\$ -	\$ 21,874
Dam and Water Impound Fac.	1,984,789	-	-	1,984,789
Utility Plant and Distribution System	3,818,309	-	-	3,818,309
Equipment	237,516	6,000	-	243,516
Total	<u>\$ 6,062,488</u>	<u>\$ 6,000</u>	<u>\$ -</u>	<u>\$ 6,068,488</u>

4. PENSION PLAN

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

<http://sos.oregon.gov/audits/documents/2016-36.pdf>

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

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
 - ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disable from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. PENSION PLAN (CONTINUED)

- iv. **Benefit Changes After Retirement.** Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
- Police and fire:* 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
- General service:* 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
- A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.
- ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
- iv. **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2014 actuarial valuation, which became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2017 were \$48,804, excluding amounts to fund employer specific liabilities.

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. PENSION PLAN (CONTINUED)

Since the City's financial statements are reported on the cash basis, no amounts are reported on the balance sheet for pension related assets, deferred outflows, liabilities or deferred inflows. Had the City's financial statements been reported in accordance with GAAP, it would have reported a net pension liability of \$551,153 at June 30, 2017 for its proportionate share of the net pension asset. The pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2014, the City's proportion was .004 percent.

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated December 1, 2016. Oregon PERS produces an independently audited CAFR which can be found at:

<http://sos.oregon.gov/audits/documents/2016-36.pdf>

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

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

**CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

4. PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions:

Valuation date	December 31, 2014 rolled forward to June 30, 2016 measurement date
Experience Study Report	2014, Published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.5 percent (reduced from 2.75 percent)
Investment rate of return	7.5 percent (reduced from 7.75 percent)
Projected salary increase	3.5 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service (reduced from 3.5 percent)
Cost of Living Adjustment	Blend of 2.0 percent COLA and graded COLA (1.25/0.15 percent) in accordance with <i>Moro</i> decision, blend based on service
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males and 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

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

Assumed Asset Allocation:

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

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

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. 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 2013 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

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

Discount Rate – The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. PENSION PLAN (CONTINUED)

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

	Decrease █ (6.50%) █	Rate █ (7.50%) █	Increase █ (8.50%) █
District's proportionate share of the net pension liability	\$ 889,929	\$ 551,153	\$ 267,996

Changes Subsequent to the Measurement Date

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

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

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

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

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. RISK MANAGEMENT

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

6. LONG-TERM DEBT

The following changes occurred in the general long-term debt during the year ended June 30, 2017:

				<u>June 30, 2017</u>	
	<u>July 1, 2016</u>	<u>Payments</u>	<u>Additions</u>	<u>Total</u>	<u>Due Within one year</u>
\$325,000 Water bond issued, September 1981. The loan was issued from Farmers Home Administration, who sold loan to GE Capital. Principal is due at maturity, with interest rate of 5% annually. Loan is due 2017.	\$ 7,230	\$ 7,230	\$ -	\$ -	\$ -
\$650,000 loan was issued in 1997. The loan was issued from State of Oregon DEQ. Terms are 20 year loan, with interest of 3.69%. Loan matures in 2018.	111,221	43,272	-	67,949	44,884
\$55,495 loan was issued in 2017. The loan was issued by KS StateBank. Terms are a 7 year loan maturing in 2024.	-	-	55,495	55,495	7,258
Total Long Term Debt	\$ 118,451	\$ 50,502	\$ 55,495	\$ 123,444	\$ 52,142

Future maturities of long-term debt are as follows:

	<u>Sweeper Loan</u>		<u>1997 Loan</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017-18	7,258	1,626	44,884	2,097	52,142	3,723
2018-19	7,470	1,413	23,065	426	30,535	1,839
2019-20	7,689	1,194	-	-	7,689	1,194
2020-21	7,915	969	-	-	7,915	969
2021-22	8,147	737	-	-	8,147	737
2022-24	17,016	752	-	-	17,016	752
	\$55,495	\$6,691	\$67,949	\$2,523	\$123,444	\$9,214

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. PROPERTY TAX LIMITATIONS

The State of Oregon imposes a constitutional limit on property taxes for schools and nonschool government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for nonschool operations are limited to \$10 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997.

This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

8. INTERFUND TRANSFERS

The following interfund transfers occurred during fiscal year 2016-2017 (all transfers are normal operating transfers):

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds		
General Fund	\$ -	\$ 96,000
State Street Fund	-	21,100
Non Major	149,513	7,413
Business Type Funds		
Water Fund	69,750	99,500
Sewer Fund	<u>484,750</u>	<u>480,000</u>
Total	<u>\$ 704,013</u>	<u>\$ 704,013</u>

9. INTERGOVERNMENTAL AGREEMENT

On August 19, 1981, the City of Canyonville entered into an intergovernmental agreement with Douglas County to construct, maintain and operate a joint water impoundment project on the West Fork of Canyon Creek.

The City has taken title to all the assets and improvements and has in return indemnified the County against all claims, liens, demands, encumbrances or litigation related to the impound facilities and operations.

Through the year 2027, the City will pay the County an amount equal to \$1 for each resident within the area served by the City's water system and 50 percent of each new user fee or \$200 per new connect, whichever is greater.

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

SUPPLEMENTARY INFORMATION

Combining, Individual Fund,
And Other Financial Statements

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

	<u>GENERAL FUND</u>			VARIANCE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>TO FINAL BUDGET POSITIVE/(NEGATIVE)</u>
Receipts				
Taxes, Current	\$ 230,000	\$ 230,000	\$ 257,021	\$ 27,021
Taxes, Prior	6,000	6,000	7,318	1,318
Interest	1,200	1,200	4,578	3,378
Intergovernmental	39,300	39,300	55,798	16,498
Planning, Engineering, and Review Fees	9,000	9,000	1,435	(7,565)
Fees, Licenses, and Permits	128,200	128,200	148,514	20,314
Fines	15,000	15,000	16,481	1,481
Miscellaneous	2,800	2,800	2,874	74
Total Receipts	<u>431,500</u>	<u>431,500</u>	<u>494,019</u>	<u>62,519</u>
Disbursements				
Administration	482,585	482,585 (1)	302,141	180,444
City/County Library	3,845	3,845 (1)	3,439	406
Pioneer Park	17,100	17,100 (1)	9,352	7,748
Community Projects	1,200	1,200 (1)	65	1,135
Public Officials	2,225	2,225 (1)	1,557	668
YMCA	2,500	2,500 (1)	1,454	1,046
Municipal Court	18,445	18,445 (1)	15,304	3,141
Planning and Community Development	12,500	12,500 (1)	33	12,467
Auxiliary/ Support Services	100,100	100,100 (1)	69,165	30,935
Total Disbursements	<u>640,500</u>	<u>640,500</u>	<u>402,510</u>	<u>237,990</u>
Excess of Receipts Over, -Under Disbursements	(209,000)	(209,000)	91,509	300,509
Other Financing Sources, -Uses				
Transfers Out	(96,000)	(96,000) (1)	(96,000)	-
Total Other Financing Sources, -Uses	<u>(96,000)</u>	<u>(96,000)</u>	<u>(96,000)</u>	<u>-</u>
Net Change in Cash Basis Fund Balance	(305,000)	(305,000)	(4,491)	300,509
Beginning Cash Basis Fund Balance	305,000	305,000	408,233	103,233
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 403,742</u>	<u>\$ 403,742</u>

(1) Appropriation Level

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

<u>STATE STREET FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Receipts				
Interest	\$ 600	\$ 600	\$ 2,165	\$ 1,565
Intergovernmental	97,000	97,000	114,726	17,726
Miscellaneous	50,700	50,700	1,943	(48,757)
Total Receipts	<u>148,300</u>	<u>148,300</u>	<u>118,834</u>	<u>(29,466)</u>
Disbursements				
Personal Services	36,420	36,420 (1)	32,784	3,636
Materials and Services	38,700	38,700 (1)	16,424	22,276
Capital Outlay	149,000	149,000 (1)	-	149,000
Contingency	78,080	78,080 (1)	-	78,080
Total Disbursements	<u>302,200</u>	<u>302,200</u>	<u>49,208</u>	<u>252,992</u>
Excess of Receipts Over -Under Disbursements	(153,900)	(153,900)	69,626	223,526
OTHER FINANCING SOURCES				
Transfers Out	(21,100)	(21,100) (1)	(21,100)	-
Net Change in Cash Basis Fund Balance	(175,000)	(175,000)	48,526	223,526
Beginning Cash Basis Fund Balance	<u>175,000</u>	<u>175,000</u>	<u>232,621</u>	<u>57,621</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 281,147</u>	<u>\$ 281,147</u>

(1) Appropriation Level

**CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2017**

CDBG 2013 GRANT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
CDBG Grant	\$ -	\$ -	\$ -	\$ -
Total Receipts	-	-	-	-
Disbursements				
Materials and Services	-	- (1)	-	-
Contingency	-	- (1)	-	-
Total Disbursements	-	-	-	-
Net Change in Cash Basis Fund Balance	-	-	-	-
Beginning Cash Basis Fund Balance	-	-	12,755	12,755
Ending Cash Basis Fund Balance	\$ -	\$ -	\$ 12,755	\$ 12,755

(1) Appropriation Level

**CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON**

**COMBINING BALANCE SHEET - ALL NON MAJOR GOVERNMENTAL FUNDS
-CASH BASIS
June 30, 2017**

	<u>SPECIAL REVENUE FUNDS</u>	
	<u>BIKEWAY & FOOTPATH RESERVE FUND</u>	<u>IFA LOAN FUND</u>
ASSETS		
Cash and Investments	\$ 15,498	\$ 3,540
Total Assets	\$ 15,498	\$ 3,540
FUND BALANCE		
Restricted	\$ 15,498	3,540
Committed	-	-
Total Cash Basis Fund Balances	\$ 15,498	\$ 3,540

CAPITAL PROJECTS FUNDS

<u>EQUIPMENT REPLACEMENT FUND</u>	<u>SOUTH COUNTY COMMUNITY CENTER FUND</u>	<u>FACILITY RESERVE FUND</u>	<u>CANYONVILLE DAM BOND & INTEREST FUND</u>	<u>TOTAL</u>
\$ 122,894	\$ 11,942	\$ 274,625	\$ 52,516	\$ 481,015
<u>\$ 122,894</u>	<u>\$ 11,942</u>	<u>\$ 274,625</u>	<u>\$ 52,516</u>	<u>\$ 481,015</u>
\$ - 122,894	\$ - 11,942	\$ - 274,625	\$ 52,516 -	\$ 71,554 409,461
<u>\$ 122,894</u>	<u>\$ 11,942</u>	<u>\$ 274,625</u>	<u>\$ 52,516</u>	<u>\$ 481,015</u>

**CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON**

**COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE -CASH BASIS - ALL NON MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017**

	SPECIAL REVENUE FUNDS	
	BIKEWAY & FOOTPATH RESERVE FUND	IFA LOAN FUND
Receipts		
Property Taxes	\$ -	\$ -
Grants	-	95,831
Interest	138	-
Miscellaneous	-	-
Total Receipts	138	95,831
Disbursements		
Materials and Services	-	92,291
Capital Outlay	-	-
Debt Services	-	-
Total Disbursements	-	92,291
Excess of Receipts Over, -Under Disbursements	138	3,540
Other Financing Sources, -Uses		
Transfers In	1,100	-
Transfers Out	-	-
Total Other Financing Sources, -Uses	1,100	-
Net Change in Cash Basis Fund Balance	1,238	3,540
Beginning Cash Basis Fund Balance	14,260	-
Ending Cash Basis Fund Balance	\$ 15,498	\$ 3,540

CAPITAL PROJECTS FUNDS

<u>EQUIPMENT REPLACEMENT FUND</u>	<u>SOUTH COUNTY COMMUNITY CENTER FUND</u>	<u>FACILITY RESERVE FUND</u>	<u>CANYONVILLE DAM BOND & INTEREST FUND</u>	<u>TOTAL</u>
\$ -	\$ -	\$ -	\$ 20,116	\$ 20,116
-	-	-	-	95,831
2,200	-	1,132	255	3,725
-	1,000	-	-	1,000
<u>2,200</u>	<u>1,000</u>	<u>1,132</u>	<u>20,371</u>	<u>120,672</u>
-	-	-	-	92,291
90,505	-	24,016	-	114,521
-	-	-	9,888	9,888
<u>90,505</u>	<u>-</u>	<u>24,016</u>	<u>9,888</u>	<u>216,700</u>
(88,305)	1,000	(22,884)	10,483	(96,028)
55,000	8,413	85,000	-	149,513
-	-	(7,413)	-	(7,413)
<u>55,000</u>	<u>8,413</u>	<u>77,587</u>	<u>-</u>	<u>142,100</u>
(33,305)	9,413	54,703	10,483	46,072
<u>156,199</u>	<u>2,529</u>	<u>219,922</u>	<u>42,033</u>	<u>434,943</u>
<u>\$ 122,894</u>	<u>\$ 11,942</u>	<u>\$ 274,625</u>	<u>\$ 52,516</u>	<u>\$ 481,015</u>

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

BIKEWAY & FOOTPATH RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE</u>
Receipts				
Interest	\$ 40	\$ 40	\$ 138	\$ 98
Total Receipts	<u>40</u>	<u>40</u>	<u>138</u>	<u>98</u>
Disbursements				
Capital Outlay	15,340	15,340 (1)	-	15,340
Total Disbursements	<u>15,340</u>	<u>15,340</u>	<u>-</u>	<u>15,340</u>
Excess of Receipts Over -Under Disbursements	(15,300)	(15,300)	138	15,438
OTHER FINANCING SOURCES				
Transfers In	1,100	1,100	1,100	-
Net Change in Cash Basis Fund Balance	(14,200)	(14,200)	1,238	15,438
Beginning Cash Basis Fund Balance	14,200	14,200	14,260	60
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,498</u>	<u>\$ 15,498</u>

(1) Appropriation Level

**CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2017**

	<u>IFA LOAN FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Receipts				
IFA Loan	1,800,000	1,800,000	95,831	(1,704,169)
Total Receipts	1,800,000	1,800,000	95,831	(1,704,169)
Disbursements				
Materials and Services	1,800,000	1,800,000 (1)	92,291	1,707,709
Total Disbursements	1,800,000	1,800,000	92,291	1,707,709
Net Change in Cash Basis Fund Balance	-	-	3,540	3,540
Beginning Cash Basis Fund Balance	-	-	-	-
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,540</u>	<u>\$ 3,540</u>

(1) Appropriation Level

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

EQUIPMENT REPLACEMENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE</u>
Receipts				
Interest	\$ 700	\$ 700	\$ 2,200	\$ 1,500
Total Receipts	<u>700</u>	<u>700</u>	<u>2,200</u>	<u>1,500</u>
Disbursements				
Capital Outlay	214,800	214,800 (1)	90,505	124,295
Total Disbursements	<u>214,800</u>	<u>214,800</u>	<u>90,505</u>	<u>124,295</u>
Excess of Receipts Over -Under Disbursements	(214,100)	(214,100)	(88,305)	125,795
OTHER FINANCING SOURCES				
Proceeds from Sale of Assets	100	100	-	(100)
Transfers In	55,000	55,000	55,000	-
Net Change in Cash Basis Fund Balance	(159,000)	(159,000)	(33,305)	125,695
Beginning Cash Basis Fund Balance	<u>159,000</u>	<u>159,000</u>	<u>156,199</u>	<u>(2,801)</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,894</u>	<u>\$ 122,894</u>

(1) Appropriation Level

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

SOUTH COUNTY COMMUNITY CENTER FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Miscellaneous	\$ 1,000	\$ 1,000	\$ 1,000	-
Total Receipts	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Disbursements				
Capital Outlay	11,813	11,813 (1)		11,813
Total Disbursements	<u>11,813</u>	<u>11,813</u>	<u>-</u>	<u>11,813</u>
Excess of Receipts Over -Under Disbursements	(10,813)	(10,813)	1,000	11,813
OTHER FINANCING SOURCES				
Transfers In	8,413	8,413	8,413	-
Net Change in Cash Basis Fund Balance	(2,400)	(2,400)	9,413	11,813
Beginning Cash Basis Fund Balance	<u>2,400</u>	<u>2,400</u>	<u>2,529</u>	<u>129</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,942</u>	<u>\$ 11,942</u>

(1) Appropriation Level

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

FACILITY RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE</u>
Receipts				
Interest	\$ 350	\$ 350	\$ 1,132	\$ 782
Total Receipts	<u>350</u>	<u>350</u>	<u>1,132</u>	<u>782</u>
Disbursements				
Materials and Services	2,500	2,500 (1)	-	2,500
Capital Outlay	<u>295,187</u>	<u>295,187 (1)</u>	<u>24,016</u>	<u>271,171</u>
Total Disbursements	<u>297,687</u>	<u>297,687</u>	<u>24,016</u>	<u>273,671</u>
Excess of Receipts Over -Under Disbursements	(297,337)	(297,337)	(22,884)	274,453
OTHER FINANCING SOURCES				
Transfers Out	(7,413)	(7,413) (1)	(7,413)	-
Transfers In	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>-</u>
Net Change in Cash Basis Fund Balance	(219,750)	(219,750)	54,703	274,453
Beginning Cash Basis Fund Balance	<u>219,750</u>	<u>219,750</u>	<u>219,922</u>	<u>172</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 274,625</u>	<u>\$ 274,625</u>

(1) Appropriation Level

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

CANYONVILLE DAM BOND & INTEREST FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE</u>
Receipts				
Taxes				
Current	\$ 11,000	\$ 11,000	\$ 18,555	\$ 7,555
Prior	1,000	1,000	1,561	561
Interest	80	80	255	175
	<u>12,080</u>	<u>12,080</u>	<u>20,371</u>	<u>8,291</u>
Total Receipts				
Disbursements				
Debt Service				
Principal	10,100	10,100	9,646	454
Interest	900	900	242	658
	<u>11,000</u>	<u>11,000</u>	<u>9,888</u>	<u>1,112</u>
Total Disbursements				
Net Change in Cash Basis Fund Balance	1,080	1,080	10,483	9,403
Beginning Cash Basis Fund Balance	<u>42,600</u>	<u>42,600</u>	<u>42,033</u>	<u>(567)</u>
Ending Cash Basis Fund Balance	<u>\$ 43,680</u>	<u>\$ 43,680</u>	<u>\$ 52,516</u>	<u>\$ 8,836</u>

(1) Appropriation Level

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

COMBINING BALANCE SHEET - ALL NON MAJOR ENTERPRISE FUNDS - CASH BASIS

June 30, 2017

	WATER			
	WATER FUND	WATER SYSTEM DEVELOPMENT FUND	CAPITAL RESERVE WATER FUND	O'SHEA CREEK TIMBER FUND
ASSETS				
Cash and Investments	\$ 228,257	\$ 162,911	\$ 353,282	\$ 107,089
Total Assets	\$ 228,257	\$ 162,911	\$ 353,282	\$ 107,089
FUND BALANCE				
Restricted for Debt Covenants	\$ -	\$ -	\$ -	\$ -
Unreserved	228,257	162,911	353,282	107,089
Total Cash Basis Fund Balances	\$ 228,257	\$ 162,911	\$ 353,282	\$ 107,089

SEWER

<u>SEWER FUND</u>	<u>WASTEWATER SYSTEM DEVELOPMENT FUND</u>	<u>CAPITAL RESERVE SEWER FUND</u>	<u>NONMAJOR TOTAL</u>
\$ 203,068	\$ 819,404	\$ 1,870,285	\$ 3,744,296
<u>\$ 203,068</u>	<u>\$ 819,404</u>	<u>\$ 1,870,285</u>	<u>\$ 3,744,296</u>
\$ 67,348	\$ -	\$ -	\$ 67,348
135,720	819,404	1,870,285	3,676,948
<u>\$ 203,068</u>	<u>\$ 819,404</u>	<u>\$ 1,870,285</u>	<u>\$ 3,744,296</u>

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -
CASH BASIS ALL NON MAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2017

	WATER			
	WATER FUND	WATER SYSTEM DEVELOPMENT FUND	CAPITAL RESERVE WATER FUND	O'SHEA CREEK TIMBER FUND
Receipts				
Charges for Services	\$ 419,571	\$ -	\$ -	\$ -
Interest	1,476	2,165	3,740	1,673
Other Receipts	105	-	-	-
Total Receipts	<u>421,152</u>	<u>2,165</u>	<u>3,740</u>	<u>1,673</u>
Disbursements				
Personal Services	215,445	-	-	-
Materials and Services	126,036	-	-	-
Capital Outlay	1,910	-	-	-
Debt Service	-	-	-	-
Total Disbursements	<u>343,391</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Receipts Over, -Under Disbursements	77,761	2,165	3,740	1,673
Other Financing Sources, -Uses				
Transfers In	-	-	69,750	-
Transfers Out	(99,500)	-	-	-
Total Other Financing Sources, -Uses	<u>(99,500)</u>	<u>-</u>	<u>69,750</u>	<u>-</u>
Net Change in Cash Basis Fund Balance	(21,739)	2,165	73,490	1,673
Beginning Cash Basis Fund Balance	<u>249,996</u>	<u>160,746</u>	<u>279,792</u>	<u>105,416</u>
Ending Cash Basis Fund Balance	<u>\$ 228,257</u>	<u>\$ 162,911</u>	<u>\$ 353,282</u>	<u>\$ 107,089</u>

SEWER

SEWER FUND	WASTEWATER SYSTEM DEVELOPMENT FUND	CAPITAL RESERVE SEWER FUND	NONMAJOR TOTAL
\$ 875,145	\$ -	\$ -	\$ 1,294,716
3,395	13,704	12,695	38,848
1,969	-	-	2,074
<u>880,509</u>	<u>13,704</u>	<u>12,695</u>	<u>1,335,638</u>
194,903	-	-	410,348
165,344	-	-	291,380
-	-	3,000	4,910
47,537	-	-	47,537
<u>407,784</u>	<u>-</u>	<u>3,000</u>	<u>754,175</u>
472,725	13,704	9,695	581,463
-	-	484,750	554,500
(480,000)	-	-	(579,500)
<u>(480,000)</u>	<u>-</u>	<u>484,750</u>	<u>(25,000)</u>
(7,275)	13,704	494,445	556,463
210,343	805,700	1,375,840	3,187,833
<u>\$ 203,068</u>	<u>\$ 819,404</u>	<u>\$ 1,870,285</u>	<u>\$ 3,744,296</u>

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

<u>WATER FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Receipts				
Interest	\$ 500	\$ 500	\$ 1,476	\$ 976
Charges for Services				
New Service Connections	3,000	3,000	-	(3,000)
Utility Services	390,000	390,000	406,918	16,918
Miscellaneous Water Fees	10,600	10,600	12,653	2,053
Miscellaneous	500	500	105	(395)
Total Receipts	404,600	404,600	421,152	16,552
Disbursements				
Personal Services	231,320	231,320 (1)	215,445	15,875
Materials and Services	176,090	176,090 (1)	126,036	50,054
Capital Outlay	11,910	11,910 (1)	1,910	10,000
Debt Service	2,000	2,000 (1)	-	2,000
Contingency	68,780	68,780 (1)	-	68,780
Total Disbursements	490,100	490,100	343,391	146,709
Excess of Receipts Over -Under Disbursements	(85,500)	(85,500)	77,761	163,261
OTHER FINANCING SOURCES				
Transfers Out	(99,500)	(99,500) (1)	(99,500)	-
Net Change in Cash Basis Fund Balance	(185,000)	(185,000)	(21,739)	163,261
Beginning Cash Basis Fund Balance	185,000	185,000	249,996	64,996
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,257</u>	<u>\$ 228,257</u>

(1) Appropriation Level

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

<u>WATER SYSTEM DEVELOPMENT FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Receipts				
Interest	\$ 700	\$ 700	\$ 2,165	\$ 1,465
System Development Fees	7,940	7,940	-	(7,940)
Total Receipts	<u>8,640</u>	<u>8,640</u>	<u>2,165</u>	<u>(6,475)</u>
Disbursements				
Materials and Services	169,040	169,040 (1)	-	169,040
Total Disbursements	<u>169,040</u>	<u>169,040</u>	<u>-</u>	<u>169,040</u>
Net Change in Cash Basis Fund Balance	(160,400)	(160,400)	2,165	162,565
Beginning Cash Basis Fund Balance	<u>160,400</u>	<u>160,400</u>	<u>160,746</u>	<u>346</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,911</u>	<u>\$ 162,911</u>

(1) Appropriation Level

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

CAPITAL RESERVE WATER FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Interest	\$ 900	\$ 900	\$ 3,740	\$ 2,840
Total Receipts	900	900	3,740	2,840
Disbursements				
Materials and Services	20,000	20,000 (1)	-	20,000
Capital Outlay	321,450	321,450 (1)	-	321,450
Total Disbursements	341,450	341,450	-	341,450
Excess of Receipts Over, -Under Disbursements	(340,550)	(340,550)	3,740	344,290
OTHER FINANCING SOURCES, -USES				
Transfers In	69,750	69,750	69,750	-
Total Other Financing Sources, -Uses	69,750	69,750	69,750	-
Net Change in Cash Basis Fund Balance	(270,800)	(270,800)	73,490	344,290
Beginning Cash Basis Fund Balance	270,800	270,800	279,792	8,992
Ending Cash Basis Fund Balance	\$ -	\$ -	\$ 353,282	\$ 353,282

(1) Appropriation Level

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

O'SHEA CREEK TIMBER FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE</u>
Receipts				
Interest	\$ 600	\$ 600	\$ 1,673	\$ 1,073
Total Receipts	<u>600</u>	<u>600</u>	<u>1,673</u>	<u>1,073</u>
Disbursements				
Materials and Services	105,850	105,850 (1)	-	105,850
Total Disbursements	<u>105,850</u>	<u>105,850</u>	<u>-</u>	<u>105,850</u>
Net Change in Cash Basis Fund Balance	(105,250)	(105,250)	1,673	106,923
Beginning Cash Basis Fund Balance	<u>105,250</u>	<u>105,250</u>	<u>105,416</u>	<u>166</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,089</u>	<u>\$ 107,089</u>

(1) Appropriation Level

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

<u>SEWER FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Receipts				
Interest	\$ 1,000	\$ 1,000	\$ 3,395	\$ 2,395
Charges for Services				
Utility Services	840,000	840,000	875,145	35,145
Miscellaneous Sewer Fees	300	300	-	(300)
Miscellaneous	2,100	2,100	1,969	(131)
Total Receipts	<u>843,400</u>	<u>843,400</u>	<u>880,509</u>	<u>37,109</u>
Disbursements				
Personal Services	237,250	237,250 (1)	194,903	42,347
Materials and Services	207,240	207,240 (1)	165,344	41,896
Contingency	40,810	40,810 (1)	-	40,810
Debt Service	48,100	48,100 (1)	47,537	563
Total Disbursements	<u>533,400</u>	<u>533,400</u>	<u>407,784</u>	<u>125,616</u>
Excess of Receipts Over -Under Disbursements	310,000	310,000	472,725	162,725
OTHER FINANCING SOURCES, -USES				
Transfers Out	(480,000)	(480,000) (1)	(480,000)	-
Total Other Financing Sources, -Uses	(480,000)	(480,000)	(480,000)	-
Net Change in Cash Basis Fund Balance	(170,000)	(170,000)	(7,275)	162,725
Beginning Cash Basis Fund Balance	<u>216,564</u>	<u>216,564</u>	<u>210,343</u>	<u>(6,221)</u>
Ending Cash Basis Fund Balance	<u>\$ 46,564</u>	<u>\$ 46,564</u>	<u>\$ 203,068</u>	<u>\$ 156,504</u>

(1) Appropriation Level

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

WASTEWATER SYSTEM DEVELOPMENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE</u>
Receipts				
Interest	\$ 4,000	\$ 4,000	\$ 13,704	\$ 9,704
System Development Fees	11,250	11,250	-	(11,250)
 Total Receipts	 15,250	 15,250	 13,704	 (1,546)
Disbursements				
Materials and Services	115,500	115,500 (1)	-	115,500
Capital Outlay	704,500	704,500 (1)	-	704,500
 Total Disbursements	 820,000	 820,000	 -	 820,000
Net Change in Cash Basis Fund Balance	(804,750)	(804,750)	13,704	818,454
Beginning Cash Basis Fund Balance	804,750	804,750	805,700	950
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 819,404</u>	<u>\$ 819,404</u>

(1) Appropriation Level

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

CAPITAL RESERVE SEWER FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Interest	\$ 4,000	\$ 4,000	\$ 12,695	\$ 8,695
Total Receipts	4,000	4,000	12,695	8,695
Disbursements				
Capital Outlay	1,863,200	1,863,200 (1)	3,000	1,860,200
Total Disbursements	1,863,200	1,863,200	3,000	1,860,200
Excess of Receipts Over, -Under Disbursements	(1,859,200)	(1,859,200)	9,695	1,868,895
OTHER FINANCING SOURCES, -USES				
Transfers In	484,750	484,750	484,750	-
Total Other Financing Sources, -Uses	484,750	484,750	484,750	-
Net Change in Cash Basis Fund Balance	(1,374,450)	(1,374,450)	494,445	1,868,895
Beginning Cash Basis Fund Balance	1,374,450	1,374,450	1,375,840	1,390
Ending Cash Basis Fund Balance	\$ -	\$ -	\$ 1,870,285	\$ 1,870,285

(1) Appropriation Level

**CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON**

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

<u>TAX YEAR</u>	<u>IMPOSED LEVY OR UNCOLLECTED AT 7-1-16</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>ADD INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED AT 6-30-17</u>
CURRENT:						
2016-17	\$ 295,785	\$ 7,431	\$ (3,425)	\$ 141	\$ 273,440	\$ 11,630
PRIOR YEARS:						
2015-16	12,203	(1)	(607)	355	4,888	7,064
2014-15	7,742	(1)	(1,204)	394	2,110	4,823
2013-14	6,165	(1)	(2,037)	613	2,113	2,629
2012-13	2,145	(1)	(3)	496	1,399	1,240
Prior	6,741	-	(2,113)	416	688	4,356
Total	\$ 330,781	\$ 7,427	\$ (9,389)	\$ 2,415	\$ 284,638	\$ 31,742
Revenue Allocation to Funds:						
General Fund						\$ 264,339
Debt Services Fund						20,116
Other						183
						<u>\$ 284,638</u>

CITY OF CANYONVILLE
DOUGLAS COUNTY, OREGON

2016-2017 INDEPENDENT AUDITORS'
COMMENTS AND DISCLOSURES



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November 30, 2017

Independent Auditors' Report Required by Oregon State Regulations

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

Compliance

As part of obtaining reasonable assurance about whether the City of Canyonville'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.**
- **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).**

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

OAR 162-10-0230 Internal Control

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

2016-2017 INDEPENDENT AUDITORS' COMMENTS AND DISCLOSURES

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

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

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