



Sublimity, Oregon

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

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CITY OF SUBLIMITY
OFFICERS AND MEMBERS OF THE GOVERNING BODY
For the Year Ended June 30, 2018

CITY RECORDER

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MAYOR

Raymond Heuberger
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Sublimity, OR 97385

CITY COUNCIL

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CITY OF SUBLIMITY

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INDEPENDENT AUDITOR'S REPORT

City Council
City of Sublimity

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Sublimity, as of June 30, 2018, and the respective changes in financial position-modified cash basis and, where applicable, cash flows, thereof, and the respective budgetary comparisons for the General and Street Funds for the year then ended on the basis of accounting described in Note 1(c).

INDEPENDENT AUDITOR'S REPORT (Continued)

Basis of Accounting

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

Other Matters

Other Information

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

The combining financial statements and individual fund schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and individual fund schedules are fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1(c).

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 7, 2018 on our consideration of the City of Sublimity's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 7, 2018

By:



Bradley G. Bingenheimer, Member

BASIC FINANCIAL STATEMENTS

CITY OF SUBLIMITY
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
June 30, 2018

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 2,116,256	\$ 3,112,116	\$ 5,228,372
Deposit on purchases	7,500	7,500	15,000
Capital assets:			
Land	12,315	528,812	541,127
Other capital assets, net	365,127	1,913,104	2,278,231
TOTAL ASSETS	2,501,198	5,561,532	8,062,730
LIABILITIES			
Payroll liabilities	3,803	-	3,803
Due to other governmental agencies	49,140	-	49,140
Deposits refundable	-	8,100	8,100
Compensated absences	4,685	15,728	20,413
Long-term obligations:			
Due within one year	-	45,000	45,000
TOTAL LIABILITIES	57,628	68,828	126,456
NET POSITION			
Net investment in capital assets	377,442	2,396,916	2,774,358
Restricted for:			
Highway and streets	377,310	-	377,310
Tourism	20,110	-	20,110
Capital projects	1,019,517	1,534,106	2,553,623
Unrestricted	649,191	1,561,682	2,210,873
TOTAL NET POSITION	\$ 2,443,570	\$ 5,492,704	\$ 7,936,274

See accompanying notes

CITY OF SUBLIMITY
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
GOVERNMENTAL ACTIVITIES							
General government	\$ 91,831	\$ 1,560	\$ -	\$ -	\$ (90,271)		\$ (90,271)
Public safety	172,957	177	2,004	-	(170,776)		(170,776)
Community development	48,565	113,386	-	-	64,821		64,821
Public works	146,869	-	174,863	78,382	106,376		106,376
Culture and recreation	59,898	3,540	-	55,652	(706)		(706)
TOTAL GOVERNMENTAL ACTIVITIES	<u>520,120</u>	<u>118,663</u>	<u>176,867</u>	<u>134,034</u>	<u>(90,556)</u>		<u>(90,556)</u>
BUSINESS-TYPE ACTIVITIES							
Sewer	664,090	985,233	-	142,442		\$ 463,585	463,585
Water	306,994	342,081	-	106,202		141,289	141,289
Storm water	285	-	-	71,896		71,611	71,611
TOTAL BUSINESS-TYPE ACTIVITIES	<u>971,369</u>	<u>1,327,314</u>	<u>-</u>	<u>320,540</u>		<u>676,485</u>	<u>676,485</u>
TOTALS	<u>\$ 1,491,489</u>	<u>\$ 1,445,977</u>	<u>\$ 176,867</u>	<u>\$ 454,574</u>	<u>(90,556)</u>	<u>676,485</u>	<u>585,929</u>
GENERAL REVENUES							
Property taxes, levied for general purposes					148,413	-	148,413
Franchise taxes					108,508	-	108,508
Transient lodging tax					28,069	-	28,069
Grants and contributions not restricted to specific programs					76,126	-	76,126
Unrestricted investment earnings					34,435	55,045	89,480
Miscellaneous					3,064	3,331	6,395
TOTAL GENERAL REVENUES					<u>398,615</u>	<u>58,376</u>	<u>456,991</u>
Change in net position					308,059	734,861	1,042,920
Net position - beginning					<u>2,135,511</u>	<u>4,757,843</u>	<u>6,893,354</u>
Net position - ending					<u>\$ 2,443,570</u>	<u>\$ 5,492,704</u>	<u>\$ 7,936,274</u>

See accompanying notes

CITY OF SUBLIMITY

**BALANCE SHEET
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
June 30, 2018**

	<u>General</u>	<u>Street</u>	<u>Street System Development</u>	<u>Total Nonmajor Funds</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ 706,819	\$ 377,310	\$ 650,370	\$ 381,757	\$ 2,116,256
TOTAL ASSETS	<u>\$ 706,819</u>	<u>\$ 377,310</u>	<u>\$ 650,370</u>	<u>\$ 381,757</u>	<u>\$ 2,116,256</u>
LIABILITIES					
Payroll liabilities	\$ 3,803	\$ -	\$ -	\$ -	\$ 3,803
Due to other governmental agencies	<u>49,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,140</u>
TOTAL LIABILITIES	<u>52,943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,943</u>
FUND BALANCES					
Restricted for:					
Highways and streets	-	377,310	-	-	377,310
Tourism	-	-	-	20,110	20,110
Capital improvements	-	-	650,370	361,647	1,012,017
Unassigned	<u>653,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>653,876</u>
TOTAL FUND BALANCES	<u>653,876</u>	<u>377,310</u>	<u>650,370</u>	<u>381,757</u>	2,063,313
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 706,819</u>	<u>\$ 377,310</u>	<u>\$ 650,370</u>	<u>\$ 381,757</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	377,442
Some assets have been paid for but not received in the current period and, therefore, are not reported in the funds.	7,500
Some liabilities are not due and paid in the current period and, therefore, are not reported in the funds.	<u>(4,685)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,443,570</u>

See accompanying notes

CITY OF SUBLIMITY

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

	<u>General</u>	<u>Street</u>	<u>Street System Development</u>	<u>Total Nonmajor Funds</u>	<u>Totals</u>
REVENUES					
Taxes and assessments	\$ 148,413	\$ -	\$ -	\$ -	\$ 148,413
Transient lodging tax	-	-	-	28,069	28,069
Franchise fees	108,508	-	-	-	108,508
Licenses and permits	114,946	-	-	-	114,946
System development charges	-	-	75,382	55,652	131,034
Fines and forfeitures	177	-	-	-	177
Charges for services	-	-	-	3,540	3,540
Intergovernmental	76,126	174,863	-	-	250,989
Interest	10,393	5,692	11,594	6,756	34,435
Miscellaneous	5,068	3,000	-	-	8,068
TOTAL REVENUES	<u>463,631</u>	<u>183,555</u>	<u>86,976</u>	<u>94,017</u>	<u>828,179</u>
EXPENDITURES					
General government	83,471	-	-	-	83,471
Public safety	172,957	-	-	-	172,957
Community development	48,565	-	-	-	48,565
Public works	510	128,090	4,706	-	133,306
Culture and recreation	-	-	-	41,652	41,652
Capital outlay	-	8,334	-	9,243	17,577
TOTAL EXPENDITURES	<u>305,503</u>	<u>136,424</u>	<u>4,706</u>	<u>50,895</u>	<u>497,528</u>
Excess (deficiency) of revenues over expenditures	<u>158,128</u>	<u>47,131</u>	<u>82,270</u>	<u>43,122</u>	<u>330,651</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	10,000	10,000
Transfers out	(10,000)	-	-	-	(10,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Net change in fund balances	148,128	47,131	82,270	53,122	330,651
Fund balances at beginning of year	<u>505,748</u>	<u>330,179</u>	<u>568,100</u>	<u>328,635</u>	<u>1,732,662</u>
Fund balances at end of year	<u>\$ 653,876</u>	<u>\$ 377,310</u>	<u>\$ 650,370</u>	<u>\$ 381,757</u>	<u>\$ 2,063,313</u>

See accompanying notes

CITY OF SUBLIMITY

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS**

TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 330,651

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

Governmental funds report capital outlay as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. No expenditures were capitalized this year.

Depreciation (22,986)

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

Compensated absences 394

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 308,059

See accompanying notes

CITY OF SUBLIMITY

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

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes and assessments	\$ 146,120	\$ 148,413	\$ 2,293
Franchise fees	102,200	108,508	6,308
Licenses and permits	47,625	114,946	67,321
Fines and forfeitures	200	177	(23)
Intergovernmental	58,300	76,126	17,826
Interest	5,000	10,393	5,393
Miscellaneous	<u>1,500</u>	<u>5,068</u>	<u>3,568</u>
 TOTAL REVENUES	 <u>360,945</u>	 <u>463,631</u>	 <u>102,686</u>
 EXPENDITURES			
Administration	183,650	180,832	2,818
General operations	200,527	124,671	75,856
Capital outlay	5,500	-	5,500
Contingency	<u>184,016</u>	<u>-</u>	<u>184,016</u>
 TOTAL EXPENDITURES	 <u>573,693</u>	 <u>305,503</u>	 <u>268,190</u>
 Excess (deficiency) of revenues over expenditures	 <u>(212,748)</u>	 <u>158,128</u>	 <u>370,876</u>
 OTHER FINANCING SOURCES (USES)			
Transfers in	14,317	13,575	(742)
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>4,317</u>	 <u>3,575</u>	 <u>(742)</u>
 Net change in fund balance	 (208,431)	 161,703	 370,134
Fund balance at beginning of year	<u>408,431</u>	<u>492,173</u>	<u>83,742</u>
 Fund balance at end of year	 <u>\$ 200,000</u>	 <u>\$ 653,876</u>	 <u>\$ 453,876</u>

See accompanying notes

CITY OF SUBLIMITY

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

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 160,000	\$ 174,863	\$ 14,863
Interest	1,650	5,692	4,042
Miscellaneous	<u>3,000</u>	<u>3,000</u>	<u>-</u>
TOTAL REVENUES	<u>164,650</u>	<u>183,555</u>	<u>18,905</u>
EXPENDITURES			
Street operations	213,999	128,090	85,909
Capital outlay	104,100	8,334	95,766
Contingency	<u>160,045</u>	<u>-</u>	<u>160,045</u>
TOTAL EXPENDITURES	<u>478,144</u>	<u>136,424</u>	<u>341,720</u>
Net change in fund balance	(313,494)	47,131	360,625
Fund balance at beginning of year	<u>322,244</u>	<u>330,179</u>	<u>7,935</u>
Fund balance at end of year	<u>\$ 8,750</u>	<u>\$ 377,310</u>	<u>\$ 368,560</u>

See accompanying notes

CITY OF SUBLIMITY

**STATEMENT OF NET POSITION
MODIFIED CASH BASIS
ENTERPRISE FUNDS
June 30, 2018**

	Business-type Activities				Total Enterprise Funds
	Sewer	Water	Water Systems Development	Total Nonmajor Funds	
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 1,455,492	\$ 61,974	\$ 583,286	\$ 1,011,364	\$ 3,112,116
Deposit on purchases	-	-	7,500	-	7,500
Advances to other funds	143,624	-	-	-	143,624
TOTAL CURRENT ASSETS	<u>1,599,116</u>	<u>61,974</u>	<u>590,786</u>	<u>1,011,364</u>	<u>3,263,240</u>
CAPITAL ASSETS					
Land	528,812	-	-	-	528,812
Other capital assets, net	818,462	1,094,642	-	-	1,913,104
TOTAL CAPITAL ASSETS, net	<u>1,347,274</u>	<u>1,094,642</u>	<u>-</u>	<u>-</u>	<u>2,441,916</u>
TOTAL ASSETS	<u>2,946,390</u>	<u>1,156,616</u>	<u>590,786</u>	<u>1,011,364</u>	<u>5,705,156</u>
LIABILITIES					
CURRENT LIABILITIES					
Deposits refundable	-	8,100	-	-	8,100
Compensated absences payable	7,864	7,864	-	-	15,728
Advances from other funds	-	143,624	-	-	143,624
Due within one year	-	45,000	-	-	45,000
TOTAL LIABILITIES	<u>7,864</u>	<u>204,588</u>	<u>-</u>	<u>-</u>	<u>212,452</u>
NET POSITION					
Net investment in capital assets	1,347,274	1,049,642	-	-	2,396,916
Restricted for:					
Capital projects	-	-	590,786	943,320	1,534,106
Unrestricted	1,591,252	(97,614)	-	68,044	1,561,682
TOTAL NET POSITION	<u>\$ 2,938,526</u>	<u>\$ 952,028</u>	<u>\$ 590,786</u>	<u>\$ 1,011,364</u>	<u>\$ 5,492,704</u>

See accompanying notes

CITY OF SUBLIMITY

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
MODIFIED CASH BASIS
ENTERPRISE FUNDS**

For the Year Ended June 30, 2018

	<u>Business-type Activities</u>	
	<u>Sewer</u>	<u>Water</u>
OPERATING REVENUES		
Charges for services	\$ 985,233	\$ 342,081
TOTAL OPERATING REVENUES	<u>985,233</u>	<u>342,081</u>
OPERATING EXPENSES		
Personnel services	136,604	137,096
Materials and services	491,718	89,427
Depreciation	<u>31,480</u>	<u>61,539</u>
TOTAL OPERATING EXPENSES	<u>659,802</u>	<u>288,062</u>
OPERATING INCOME (LOSS)	<u>325,431</u>	<u>54,019</u>
NONOPERATING REVENUES (EXPENSES)		
Interest earned on cash equivalents	23,949	704
Miscellaneous	-	3,331
Interest	<u>-</u>	<u>(5,054)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>23,949</u>	<u>(1,019)</u>
Income (loss) before capital contributions and transfers	349,380	53,000
Capital contributions	<u>-</u>	<u>-</u>
Change in net position	349,380	53,000
Net position at beginning of year	<u>2,589,146</u>	<u>899,028</u>
Net position at end of year	<u>\$ 2,938,526</u>	<u>\$ 952,028</u>

See accompanying notes

Water Systems Development	Total Nonmajor Funds	Total Enterprise Funds
\$ -	\$ -	\$ 1,327,314
-	-	1,327,314
-	-	273,700
13,878	4,573	599,596
-	-	93,019
<u>13,878</u>	<u>4,573</u>	<u>966,315</u>
<u>(13,878)</u>	<u>(4,573)</u>	<u>360,999</u>
10,738	19,654	55,045
-	-	3,331
-	-	(5,054)
<u>10,738</u>	<u>19,654</u>	<u>53,322</u>
(3,140)	15,081	414,321
<u>106,202</u>	<u>214,338</u>	<u>320,540</u>
103,062	229,419	734,861
<u>487,724</u>	<u>781,945</u>	<u>4,757,843</u>
<u>\$ 590,786</u>	<u>\$ 1,011,364</u>	<u>\$ 5,492,704</u>

CITY OF SUBLIMITY
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
ENTERPRISE FUNDS
For the Year Ended June 30, 2018

	<u>Business-type Activities</u>	
	<u>Sewer</u>	<u>Water</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 960,233	\$ 330,056
Payments to suppliers	(491,718)	(89,427)
Payments to employees	<u>(133,879)</u>	<u>(134,371)</u>
 NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	 <u>334,636</u>	 <u>106,258</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Miscellaneous	-	3,331
Payments on advances to other funds	40,000	-
Payments on advances from other funds	<u>-</u>	<u>(40,000)</u>
 NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	 <u>40,000</u>	 <u>(36,669)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
System development charges received	-	-
Principal paid on long-term obligations	-	(67,680)
Interest paid on long-term obligations	<u>-</u>	<u>(1,430)</u>
 NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	 <u>-</u>	 <u>(69,110)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on cash and cash equivalents	<u>20,325</u>	<u>704</u>
 Net increase (decrease) in cash and cash equivalents	 394,961	 1,183
Beginning cash and cash equivalents	<u>1,060,531</u>	<u>60,791</u>
 Ending cash and cash equivalents	 <u>\$ 1,455,492</u>	 <u>\$ 61,974</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ 325,431	\$ 54,019
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	31,480	61,539
Increase (decrease) in liability accounts		
Deposits refundable	(25,000)	(12,025)
Compensated absences payable	<u>2,725</u>	<u>2,725</u>
 NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	 <u>\$ 334,636</u>	 <u>\$ 106,258</u>

See accompanying notes

Water Systems Development	Total Nonmajor Funds	Total Enterprise Funds
\$ -	\$ -	\$ 1,290,289
(13,878)	(4,573)	(599,596)
-	-	(268,250)
(13,878)	(4,573)	422,443
-	-	3,331
-	-	40,000
-	-	(40,000)
-	-	3,331
106,202	214,338	320,540
-	-	(67,680)
-	-	(1,430)
106,202	214,338	251,430
10,738	19,654	51,421
103,062	229,419	728,625
480,224	781,945	2,383,491
\$ 583,286	\$ 1,011,364	\$ 3,112,116
\$ (13,878)	\$ (4,573)	\$ 360,999
-	-	93,019
-	-	(37,025)
-	-	5,450
\$ (13,878)	\$ (4,573)	\$ 422,443

CITY OF SUBLIMITY

NOTES TO BASIC FINANCIAL STATEMENTS June 30, 2018

1. Summary of significant accounting policies

A. Reporting entity

The City was established in 1903. The City provides basic services to the citizens within the city limits.

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

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

B. Government-wide financial statements and financial statement presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Individual major governmental and proprietary funds are reported in separate columns in the fund financial statements.

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

Only cash and cash equivalents and items that involve the receipt or disbursement of cash or cash equivalent during the period are recognized, except for the following modifications:

Interfund receivables and payables that arise from transactions and events involving cash or cash equivalents are recognized;

Assets that normally convert to cash or cash equivalents (e.g., certificates of deposit, marketable investments, and receivables resulting from loans) that arise from transactions and events involving cash or cash equivalents are recognized;

Liabilities for cash or cash equivalents held on behalf of others, held in escrow, or received in advance of being earned or meeting eligibility requirements are recognized;

Capital assets according to the City's policy as described in footnote 1(G); and

Long-term obligations according to the City's policy as described in footnote 1(H).

Compensated absences according to the City's policy as described in footnote 1(I)(i).

The City's policy is to prepare its fund financial statements on the modified cash basis of accounting. Consequentially, revenues are recognized when received and expenditures when cash is disbursed. These are special purpose frameworks other than accounting principles generally accepted in the United States of America. The City's policy, although not in accordance with generally accepted accounting principles, is acceptable under Oregon law (ORS 294.333), which leaves the selection of the method of accounting to the discretion of the municipal corporation.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

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

If the City utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

The City reports the following major governmental funds:

General – accounts for all financial resources of the City, except those required to be accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, and state shared revenues. Expenditures are primarily for general government operations and planning and community development. The following separately budgeted funds are included in the General Fund for financial reporting purposes: Cell Tower, Revenue Sharing, and Emergency.

Street – accounts for the cost of maintaining city streets. The principal source of revenue is state fuel taxes allocated to the City and the primary expenditures are for repairs and improvements of streets.

Street System Development – accounts for revenues and expenditures associated with street system development charges.

The City reports the following major proprietary funds:

Sewer – accounts for the operation of the City’s sewer system.

Water – accounts for the operation of the City’s water system.

Water System Development – accounts for revenues and expenditures associated with water system development charges.

The City also includes the following fund type as nonmajor funds:

Special revenue – accounts for revenue derived from specific taxes or other revenue sources which are legally restricted to finance particular functions or activities.

Capital projects – accounts for expenditures on major construction projects or equipment acquisition. The principal sources of revenues are transfers from other funds.

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

D. Budget policies and budgetary control

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

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

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

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

E. Cash and cash equivalents

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

F. Property taxes

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

As the basic financial statements are presented on the modified cash basis, uncollected property taxes are not reported. Property taxes are recorded as revenues when received.

G. Capital assets

Government-wide statements

Capital assets are recorded at amounts estimated by the City and adjusted by estimated amounts for accumulated depreciation in the statement of net position and depreciation expense in the statement of activities.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

Fund financial statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

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

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

<u>Assets</u>	<u>Years</u>
Building	20 - 50
Improvements other than buildings	10 - 50
Equipment	5 - 30
Vehicles	10 - 20
Distribution and collection systems	7 - 50

H. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over that life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs and the excess of bond amounts issued to refund previously issued debt over the refunded debt are reported as deferred charges and amortized over the term of the related debt.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

I. Compensated absences

i. Vacation leave

The City has a policy which permits employees to earn vacation leave at a rate determined by length of employment. Vacation leave must be used within two years. Any amounts not used or forfeited will be paid upon the employee's termination of employment.

ii. Sick leave

The City has a policy which permits full-time employees to earn sick leave at the rate of one day per month over their working careers up to a maximum of 24 days. The City does not compensate the employees for accumulations upon termination of employment.

J. Equity classification

i. Government-wide statements

Equity is classified as net position and displayed in three components:

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

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

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

In the government-wide and proprietary fund financial statements, when the City has restricted and unrestricted resources available, it is the City's policy to expend restricted resources first and then unrestricted resources as needed in determining the amounts to report as restricted net position and unrestricted net position.

ii. Governmental fund type fund balance reporting

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

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

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

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. City Council has retained the authority to assign fund balance amounts.

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

In the governmental fund financial statements, when the City has restricted and unrestricted (committed, assigned or unassigned) resources available, it is the City's policy to expend restricted resources first. Unrestricted resources are then expended in the order of committed, assigned, and unassigned as needed, unless otherwise provided for in actions to commit or assign resources, in determining the amounts to be reported in each of the fund balance categories.

2. Cash and cash equivalents

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

Deposits with financial institutions	\$ 456,287
State of Oregon Local Government Investment Pool	4,771,935
Cash on hand	<u>150</u>
Total cash and cash equivalents	<u>\$ 5,228,372</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Cash and cash equivalents (continued)

A. Deposits with financial institutions

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2018, \$260,393 of the City's bank balances were exposed to custodial credit risk.

B. Local Government Investment Pool

Balances in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale.

The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the City's position in the LGIP is the same as the value of the pool shares.

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

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

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

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City does not have a policy which limits the amount of investments that can be held by counterparties.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Capital assets

A. Governmental activities

	Balances <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>June 30, 2018</u>
Capital assets not being depreciated				
Land	\$ 12,315	\$ -	\$ -	\$ 12,315
Capital assets being depreciated				
Infrastructure	80,346	-	-	80,346
Building	381,886	-	-	381,886
Equipment	197,930	-	-	197,930
Total capital assets being depreciated	660,162	-	-	660,162
Less accumulated depreciation	<u>(272,049)</u>	<u>(22,986)</u>	-	<u>(295,035)</u>
Total capital assets being depreciated, net	<u>388,113</u>	<u>(22,986)</u>	-	<u>365,127</u>
Governmental activities capital assets, net	<u>\$ 400,428</u>	<u>\$ (22,986)</u>	<u>\$ -</u>	<u>\$ 377,442</u>

B. Business-type activities

	Balances <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>June 30, 2018</u>
Capital assets not being depreciated				
Land	\$ 528,812	\$ -	\$ -	\$ 528,812
Capital assets being depreciated				
Equipment	51,397	-	-	51,397
Water system	2,611,043	-	-	2,611,043
Sewer system	2,029,517	-	-	2,029,517
Total capital assets being depreciated	4,691,957	-	-	4,691,957
Less accumulated depreciation	<u>(2,685,834)</u>	<u>(93,019)</u>	-	<u>(2,778,853)</u>
Total capital assets being depreciated, net	<u>2,006,123</u>	<u>(93,019)</u>	-	<u>1,913,104</u>
Business-type activities capital assets, net	<u>\$ 2,534,935</u>	<u>\$ (93,019)</u>	<u>\$ -</u>	<u>\$ 2,441,916</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Capital assets (Continued)

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

Governmental activities:	
General government	\$ 8,754
Culture and recreation	9,003
Public works	<u>5,229</u>
Total governmental activities	<u>\$ 22,986</u>
Business-type activities:	
Sewer	\$ 31,480
Water	<u>61,539</u>
Total business-type activities	<u>\$ 93,019</u>

4. Long-term obligations

A. Transactions for the year ended June 30, 2018

	Balances <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balances <u>June 30, 2018</u>	Balances Due Within <u>One Year</u>
<u>Governmental activities</u>					
Other long-term obligations					
Compensated absences	\$ 5,079	\$ 4,685	\$ 5,079	\$ 4,685	\$ 4,685
	<u>5,079</u>	<u>4,685</u>	<u>5,079</u>	<u>4,685</u>	<u>4,685</u>
<u>Business-type activities</u>					
Long-term debt					
1998 Water Revenue Bonds	\$ 90,000	\$ -	\$ 45,000	\$ 45,000	\$ 45,000
Mid-Willamette Valley Council of Governments Loan	<u>22,680</u>	<u>-</u>	<u>22,680</u>	<u>-</u>	<u>-</u>
Total long-term debt	112,680	-	67,680	45,000	45,000
Other long-term obligations					
Compensated absences	<u>10,278</u>	<u>15,728</u>	<u>10,278</u>	<u>15,728</u>	<u>15,728</u>
Total business-type activities	<u>122,958</u>	<u>15,728</u>	<u>77,958</u>	<u>60,728</u>	<u>60,728</u>
Total long-term obligations	<u>\$ 128,037</u>	<u>\$ 20,413</u>	<u>\$ 83,037</u>	<u>\$ 65,413</u>	<u>\$ 65,413</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Long-term obligations (Continued)

B. Business-type activities long-term obligations

1998 Water Revenue Bonds – The City issued bonds in the amount of \$600,000 to finance expansion of the water utility system. The interest rate on the outstanding bonds is 5.02 percent.

C. The future maturities for long-term obligations of the business-type activities as of June 30, 2018 are as follows:

<u>Fiscal Year</u>	<u>Bond</u>	
	<u>Water Revenue, Series 1998</u>	
	<u>Principal</u>	<u>Interest</u>
2018-19	<u>\$ 45,000</u>	<u>\$ 1,153</u>

D. Funds used to liquidate other long-term obligations

The General, Sewer, and Water Funds have been used to liquidate obligations for compensated absences.

5. Retirement plan

The City sponsors a Simplified Employee Pension (SEP) Plan administered by Ameriprise. The SEP is a defined contribution plan whereby the City contributes 9 percent of an employees' gross pay during the first year of an employee's eligibility. The City's contribution rate increases one percent per year for each full year of eligibility, up to 12 percent. City employees are eligible to participate after completing one year of service and must be at least 21 years of age. The City's contribution to the SEP for the year ended June 30, 2018 was \$34,007.

6. Defined benefit other postemployment benefits plan

As required by ORS 243.303(2) all retirees are allowed to continue coverage (at the retirees' expense) under the group health insurance plan, until age 65 as an other post-employment benefit. The difference between the premium actually paid by retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

7. Segment information (Continued)

The City has outstanding revenue bonds which were used to finance water system improvements. Net revenues of the water system are pledged as security for repayment of these bonds. Water operations are accounted for in three separate funds.

Summary financial information for water system operation for the year ended June 30, 2018 is as follows:

Condensed statement of net position	<u>Water System</u>
Assets	
Current assets	\$ 720,804
Capital assets, net	<u>1,094,642</u>
Total assets	<u>1,815,446</u>
Liabilities	
Current liabilities	60,964
Advances from other funds	<u>143,624</u>
Total liabilities	<u>204,588</u>
Net position	
Net investment in capital assets	1,049,642
Restricted	590,786
Unrestricted	<u>(29,570)</u>
Total net position	<u>\$ 1,610,858</u>
Condensed statement of revenues, expenses and changes in net assets	<u>Water System</u>
Operating revenue	\$ 342,081
Depreciation	61,539
Other operating expenses	<u>240,401</u>
Operating income (loss)	40,141
Nonoperating revenues (expenses)	10,809
Capital contributions	<u>106,202</u>
Change in net position	157,152
Net position - beginning	<u>1,453,706</u>
Net position - ending	<u>\$ 1,610,858</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

7. Segment information (continued)

Condensed statement of cash flows	<u>Water System</u>
Net cash provided by (used in):	
Operating activities	\$ 92,380
Noncapital financing	(36,669)
Capital and related financing activities	37,092
Investing activities	<u>12,532</u>
Net increase (decrease) in cash	105,335
Cash - beginning	<u>607,969</u>
Cash - ending	<u>\$ 713,304</u>

8. Contingency – sick leave

Portions of amounts accumulated at any point in time can be expected to be redeemed before termination of employment, however, such redemptions cannot be reasonably estimated. As of June 30, 2018, employees of the City had accumulated 72 days of sick leave.

9. Commitments

The City has entered into an intergovernmental agreement with the City of Stayton regarding sewage services. Under the agreement, the City agrees to maintain a partnership with the City of Stayton to plan, finance, and operate a Wastewater Treatment Plant. The City has agreed to pay a percentage of the annual debt service of two loans from the U.S. Department of Agriculture and one loan from the Department of Environmental Quality. The loan proceeds are being used to improve the City of Stayton's sewage collection system. The City's proportionate share of the debt service, based on its proportionate share of the average annual flow at the Wastewater Treatment Plant for the year ended June 30, 2018 amounted to \$191,274. The City's share of the debt service for the year ending June 30, 2019 is projected to be \$190,505, paid in monthly installments of \$15,875.

The City owed corrective contributions to employee IRAs for a total of \$34,348 as of June 30, 2018.

10. 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. In 1981 the League of Oregon Cities joined together with the Association of Oregon Cities to form City County Insurance Services (CIS), a public entity risk pool currently operating as a common risk management and insurance program for approximately 265 municipal corporations and associated entities in the State of Oregon. CIS is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of \$2 million for each insured event.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Risk management (Continued)

The City continues to carry commercial insurance for other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

11. Interfund transfers and advances

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental		
General	\$ -	\$ 10,000
Nonmajor	10,000	-

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

An advance (loan) from the Sewer Fund to the Water Fund was made to fund operations for a term not to exceed three years. The advance is being repaid semi-annually, on December 31st and June 30th, with interest to be charged at the LGIP interest rate. At June 30, 2018, the balance is \$143,624.

12. Restricted net position

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

<u>Government Activities</u>		
Capital projects – Amounts received for system development charges (SDC) are restricted for capital by the city ordinance imposing the SDC	\$	1,012,017
Transient lodging tax – amounts received for transient lodging taxes are restricted for activities that fund tourism promotion as required by the city ordinance imposing the tax		20,110
<u>Business-type Activities</u>		
Capital projects – Amounts received for system development charges (SDC) are restricted for capital improvements by the city ordinance imposing the SDC		1,534,106

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

13. Budgetary perspective differences

The amounts reported for the General Fund in the governmental fund financial statements are different than the amounts reported in the budget to actual comparison statement as follows:

Other Financing Sources (Uses)

Total General Fund other financing sources (uses) - budgetary basis	\$ 3,575
Other financing sources (uses) of separately budgeted funds which are included in the General Fund on the government fund statements:	
Revenue Sharing Fund	<u>(13,575)</u>
Total other financing sources (uses) reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ (10,000)</u>

Fund balance at beginning of year

Total General Fund balance at beginning of year - budgetary basis	\$ 492,173
Fund balance at beginning of year of separately budgeted funds which are included in the General Fund on the government fund statements:	
Revenue Sharing Fund	<u>13,575</u>
Total fund balance at beginning of year reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 505,748</u>

**COMBINING FINANCIAL STATEMENTS
AND INDIVIDUAL SCHEDULES**

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CITY OF SUBLIMITY

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

GENERAL FUNDS

For the Year Ended June 30, 2018

	General	Revenue Sharing	Totals
REVENUES			
Taxes and assessments	\$ 148,413	\$ -	\$ 148,413
Franchise fees	108,508	-	108,508
Licenses and permits	114,946	-	114,946
Fines and forfeitures	177	-	177
Intergovernmental	76,126	-	76,126
Interest	10,393	-	10,393
Miscellaneous	5,068	-	5,068
TOTAL REVENUES	463,631	-	463,631
EXPENDITURES			
General government	83,471	-	83,471
Public safety	172,957	-	172,957
Community development	48,565	-	48,565
Public works	510	-	510
TOTAL EXPENDITURES	305,503	-	305,503
Excess (deficiency) of revenues over expenditures	158,128	-	158,128
OTHER FINANCING SOURCES (USES)			
Transfers in	13,575	-	13,575
Transfers out	(10,000)	(13,575)	(23,575)
TOTAL OTHER FINANCING SOURCES (USES)	3,575	(13,575)	(10,000)
Net change in fund balances	161,703	(13,575)	148,128
Fund balances at beginning of year	492,173	13,575	505,748
Fund balances at end of year	\$ 653,876	\$ -	\$ 653,876

CITY OF SUBLIMITY

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	\$ (14,317)	\$ (13,575)	\$ 742
TOTAL OTHER FINANCING SOURCES (USES)	<u>(14,317)</u>	<u>(13,575)</u>	<u>742</u>
Net change in fund balance	(14,317)	(13,575)	742
Fund balance at beginning of year	<u>14,317</u>	<u>13,575</u>	<u>(742)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SUBLIMITY

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 63,350	\$ 75,382	\$ 12,032
Interest	<u>3,500</u>	<u>11,594</u>	<u>8,094</u>
TOTAL REVENUES	<u>66,850</u>	<u>86,976</u>	<u>20,126</u>
EXPENDITURES			
Capital outlay	<u>200,000</u>	<u>4,706</u>	<u>195,294</u>
TOTAL EXPENDITURES	<u>200,000</u>	<u>4,706</u>	<u>195,294</u>
Net change in fund balance	(133,150)	82,270	215,420
Fund balance at beginning of year	<u>563,744</u>	<u>568,100</u>	<u>4,356</u>
Fund balance at end of year	<u>\$ 430,594</u>	<u>\$ 650,370</u>	<u>\$ 219,776</u>

CITY OF SUBLIMITY
COMBINING BALANCE SHEET
MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	Transient Tax (Parks)	Parks System Development	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 20,110	\$ 361,647	\$ 381,757
TOTAL ASSETS	<u>\$ 20,110</u>	<u>\$ 361,647</u>	<u>\$ 381,757</u>
FUND BALANCES			
Restricted for:			
Tourism	\$ 20,110	\$ -	\$ 20,110
Capital improvements	<u>-</u>	<u>361,647</u>	<u>361,647</u>
TOTAL FUND BALANCES	<u>\$ 20,110</u>	<u>\$ 361,647</u>	<u>\$ 381,757</u>

CITY OF SUBLIMITY

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

MODIFIED CASH BASIS

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2018

	Special Revenue	Capital Projects	
	Transient Tax (Parks)	Parks System Development	Totals
REVENUES			
Transient lodging tax	\$ 28,069	\$ -	\$ 28,069
System development charges	-	55,652	55,652
Charges for services	3,540	-	3,540
Interest	240	6,516	6,756
	<u>31,849</u>	<u>62,168</u>	<u>94,017</u>
TOTAL REVENUES			
	<u>31,849</u>	<u>62,168</u>	<u>94,017</u>
EXPENDITURES			
Culture and recreation	27,235	14,417	41,652
Capital outlay	9,243	-	9,243
	<u>36,478</u>	<u>14,417</u>	<u>50,895</u>
TOTAL EXPENDITURES			
	<u>36,478</u>	<u>14,417</u>	<u>50,895</u>
Excess (deficiency) of revenues over expenditures	<u>(4,629)</u>	<u>47,751</u>	<u>43,122</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>10,000</u>	-	<u>10,000</u>
TOTAL OTHER FINANCING SOURCES (USES)			
	<u>10,000</u>	-	<u>10,000</u>
Net change in fund balances	5,371	47,751	53,122
Fund balances at beginning of year	<u>14,739</u>	<u>313,896</u>	<u>328,635</u>
Fund balances at end of year	<u>\$ 20,110</u>	<u>\$ 361,647</u>	<u>\$ 381,757</u>

CITY OF SUBLIMITY

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Transient lodging tax	\$ 21,000	\$ 28,069	\$ 7,069
Charges for services	3,500	3,540	40
Interest	<u>144</u>	<u>240</u>	<u>96</u>
 TOTAL REVENUES	 <u>24,644</u>	 <u>31,849</u>	 <u>7,205</u>
 EXPENDITURES			
Parks operations	27,774	27,235	539
Capital outlay	11,250	9,243	2,007
Contingency	<u>7,204</u>	<u>-</u>	<u>7,204</u>
 TOTAL EXPENDITURES	 <u>46,228</u>	 <u>36,478</u>	 <u>9,750</u>
 Excess (deficiency) of revenues over expenditures	 <u>(21,584)</u>	 <u>(4,629)</u>	 <u>16,955</u>
 OTHER FINANCING SOURCES (USES)			
Transfers in	<u>10,000</u>	<u>10,000</u>	<u>-</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>10,000</u>	 <u>10,000</u>	 <u>-</u>
 Net change in fund balance	 (11,584)	 5,371	 16,955
Fund balance at beginning of year	<u>11,584</u>	<u>14,739</u>	<u>3,155</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 20,110</u>	 <u>\$ 20,110</u>

CITY OF SUBLIMITY

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 42,000	\$ 55,652	\$ 13,652
Interest	<u>3,700</u>	<u>6,516</u>	<u>2,816</u>
TOTAL REVENUES	<u>45,700</u>	<u>62,168</u>	<u>16,468</u>
EXPENDITURES			
Materials and services	-	14,417	(14,417)
Capital outlay	<u>364,470</u>	<u>-</u>	<u>364,470</u>
TOTAL EXPENDITURES	<u>364,470</u>	<u>14,417</u>	<u>350,053</u>
Net change in fund balance	(318,770)	47,751	366,521
Fund balance at beginning of year	<u>318,770</u>	<u>313,896</u>	<u>(4,874)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 361,647</u>	<u>\$ 361,647</u>

CITY OF SUBLIMITY

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

	Budget	Actual	Variance
REVENUES			
Charges for services	\$ 950,900	\$ 985,233	\$ 34,333
Interest	11,750	23,949	12,199
Miscellaneous	-	36,376	36,376
TOTAL REVENUES	962,650	1,045,558	82,908
EXPENDITURES			
Sewer operations	903,675	622,591	281,084
Capital outlay	45,500	3,002	42,498
Contingency	1,098,982	-	1,098,982
TOTAL EXPENDITURES	2,048,157	625,593	1,422,564
Excess (deficiency) of revenues over expenditures	(1,085,507)	419,965	1,505,472
OTHER FINANCING SOURCES (USES)			
Transfers in	61,000	-	(61,000)
TOTAL OTHER FINANCING SOURCES (USES)	61,000	-	(61,000)
Net change in fund balance	(1,024,507)	419,965	1,444,472
Fund balance at beginning of year	1,083,257	1,035,527	(47,730)
Fund balance at end of year	\$ 58,750	1,455,492	\$ 1,396,742
Adjustments to reconcile from budgetary basis to modified cash basis:			
Advances to other funds		143,624	
Capital assets, net		1,347,274	
Compensated absences payable		(7,864)	
Net position at end of year		\$ 2,938,526	

CITY OF SUBLIMITY

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

	Budget	Actual	Variance
REVENUES			
Charges for services	\$ 355,900	\$ 342,081	\$ (13,819)
Interest	200	704	504
Miscellaneous	-	3,331	3,331
TOTAL REVENUES	356,100	346,116	(9,984)
EXPENDITURES			
Water operations	243,525	223,798	19,727
Capital outlay	24,250	-	24,250
Debt service	70,952	109,110	(38,158)
Contingency	9,901	-	9,901
TOTAL EXPENDITURES	348,628	332,908	15,720
Excess (deficiency) of revenues over expenditures	7,472	13,208	5,736
OTHER FINANCING SOURCES (USES)			
Transfers out	(61,000)	-	61,000
TOTAL OTHER FINANCING SOURCES (USES)	(61,000)	-	61,000
Net change in fund balance	(53,528)	13,208	66,736
Fund balance at beginning of year	53,528	40,666	(12,862)
Fund balance at end of year	\$ -	53,874	\$ 53,874
Adjustments to reconcile from budgetary basis to modified cash basis:			
Capital assets, net		1,094,642	
Compensated absences payable		(7,864)	
Advances from other funds		(143,624)	
Long-term obligations		(45,000)	
Net position at end of year		\$ 952,028	

CITY OF SUBLIMITY

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

	Budget	Actual	Variance
REVENUES			
System development charges	\$ 82,950	\$ 106,202	\$ 23,252
Interest	4,345	10,738	6,393
TOTAL REVENUES	87,295	116,940	29,645
EXPENDITURES			
Materials and services	-	5,252	(5,252)
Capital outlay	569,600	8,626	560,974
TOTAL EXPENDITURES	569,600	13,878	555,722
Net change in fund balance	(482,305)	103,062	585,367
Fund balance at beginning of year	482,305	480,224	(2,081)
Fund balance at end of year	\$ -	583,286	\$ 583,286
Adjustments to reconcile from budgetary basis to modified cash basis:			
Deposit on purchases		7,500	
Net position at end of year		\$ 590,786	

CITY OF SUBLIMITY

**COMBINING STATEMENT OF NET POSITION
 MODIFIED CASH BASIS
 NONMAJOR ENTERPRISE FUNDS
 For the Year Ended June 30, 2018**

	<u>Water Construction</u>	<u>Sewer Systems Development</u>	<u>Storm Water Systems Development</u>	<u>Totals</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 68,044	\$ 431,647	\$ 511,673	\$ 1,011,364
TOTAL ASSETS	<u>68,044</u>	<u>431,647</u>	<u>511,673</u>	<u>1,011,364</u>
NET POSITION				
Restricted for:				
Capital projects	-	431,647	511,673	943,320
Unrestricted	<u>68,044</u>	<u>-</u>	<u>-</u>	<u>68,044</u>
TOTAL NET POSITION	<u>\$ 68,044</u>	<u>\$ 431,647</u>	<u>\$ 511,673</u>	<u>\$ 1,011,364</u>

CITY OF SUBLIMITY

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

	Water Construction	Sewer Systems Development	Storm Water Systems Development	Totals
OPERATING EXPENSES				
Materials and services	\$ -	\$ 4,288	\$ 285	\$ 4,573
OPERATING INCOME (LOSS)	-	(4,288)	(285)	(4,573)
NONOPERATING REVENUES (EXPENSES)				
Interest	1,090	9,058	9,506	19,654
TOTAL NONOPERATING REVENUES (EXPENSES)	1,090	9,058	9,506	19,654
Income (loss) before capital contributions and transfers	1,090	4,770	9,221	15,081
Capital contributions	-	142,442	71,896	214,338
Change in net position	1,090	147,212	81,117	229,419
Net position at beginning of year	66,954	284,435	430,556	781,945
Net position at end of year	\$ 68,044	\$ 431,647	\$ 511,673	\$ 1,011,364

CITY OF SUBLIMITY

COMBINING STATEMENT OF CASH FLOWS

MODIFIED CASH BASIS

NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2018

	<u>Water Construction</u>	<u>Sewer Systems Development</u>	<u>Storm Water Systems Development</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments to suppliers	\$ -	\$ (4,288)	\$ (285)	\$ (4,573)
 NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	 <u>-</u>	 <u>(4,288)</u>	 <u>(285)</u>	 <u>(4,573)</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
System development charges received	 <u>-</u>	 <u>142,442</u>	 <u>71,896</u>	 <u>214,338</u>
 NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	 <u>-</u>	 <u>142,442</u>	 <u>71,896</u>	 <u>214,338</u>
 CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on cash and cash equivalents	 <u>1,090</u>	 <u>9,058</u>	 <u>9,506</u>	 <u>19,654</u>
 NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	 <u>1,090</u>	 <u>9,058</u>	 <u>9,506</u>	 <u>19,654</u>
 Net increase in cash and cash equivalents	 1,090	 147,212	 81,117	 229,419
Beginning cash and cash equivalents	<u>66,954</u>	<u>284,435</u>	<u>430,556</u>	<u>781,945</u>
 Ending cash and cash equivalents	 <u>\$ 68,044</u>	 <u>\$ 431,647</u>	 <u>\$ 511,673</u>	 <u>\$ 1,011,364</u>

CITY OF SUBLIMITY

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	<u>\$ 650</u>	<u>\$ 1,090</u>	<u>\$ 440</u>
TOTAL REVENUES	<u>650</u>	<u>1,090</u>	<u>440</u>
EXPENDITURES			
Capital outlay	<u>63,443</u>	<u>-</u>	<u>63,443</u>
TOTAL EXPENDITURES	<u>63,443</u>	<u>-</u>	<u>63,443</u>
Net change in fund balance	(62,793)	1,090	63,883
Fund balance at beginning of year	<u>62,793</u>	<u>66,954</u>	<u>4,161</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 68,044</u>	<u>\$ 68,044</u>

CITY OF SUBLIMITY

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 117,950	\$ 142,442	\$ 24,492
Interest	<u>2,315</u>	<u>9,058</u>	<u>6,743</u>
 TOTAL REVENUES	 <u>120,265</u>	 <u>151,500</u>	 <u>31,235</u>
 EXPENDITURES			
Materials and services	-	4,288	(4,288)
Capital outlay	<u>397,647</u>	<u>-</u>	<u>397,647</u>
 TOTAL EXPENDITURES	 <u>397,647</u>	 <u>4,288</u>	 <u>393,359</u>
 Net change in fund balance	 (277,382)	 147,212	 424,594
Fund balance at beginning of year	<u>277,382</u>	<u>284,435</u>	<u>7,053</u>
 Fund balance at end of year	 <u><u>\$ -</u></u>	 <u><u>\$ 431,647</u></u>	 <u><u>\$ 431,647</u></u>

CITY OF SUBLIMITY

**STORM WATER SYSTEMS DEVELOPMENT - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 65,800	\$ 71,896	\$ 6,096
Interest	<u>4,500</u>	<u>9,506</u>	<u>5,006</u>
 TOTAL REVENUES	 <u>70,300</u>	 <u>81,402</u>	 <u>11,102</u>
 EXPENDITURES			
Materials and services	5,000	285	4,715
Capital outlay	<u>95,000</u>	<u>-</u>	<u>95,000</u>
 TOTAL EXPENDITURES	 <u>100,000</u>	 <u>285</u>	 <u>99,715</u>
 Net change in fund balance	 (29,700)	 81,117	 110,817
Fund balance at beginning of year	<u>426,286</u>	<u>430,556</u>	<u>4,270</u>
 Fund balance at end of year	 <u>\$ 396,586</u>	 <u>\$ 511,673</u>	 <u>\$ 115,087</u>

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

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

To the Mayor and City Council
CITY OF SUBLIMITY
Sublimity, Oregon

We have audited the basic financial statements of the CITY OF SUBLIMITY as of and for the year ended June 30, 2018, and have issued our report thereon dated December 7, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance and Other Matters

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

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

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

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

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

Compliance and Other Matters (continued)

Budgets legally required (ORS 294)

- Expenditures in excess of appropriations occurred as follows:

<u>Fund/Category</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
Water			
Debt service	\$ 70,952	\$ 109,110	\$ (38,158)
Water System Development			
Materials and services	\$ —	\$ 5,252	\$ (5,252)
Parks System Development			
Materials and services	\$ —	\$ 14,417	\$ (14,417)
Sewer System Development			
Materials and services	\$ —	\$ 4,288	\$ (4,288)

- Approved resources for the 2018-19 budget on published Form LB-1, Notice of Budget Hearing, did not agree to the approved budget in the detail budget document due to an error in the Water fund detail budget of \$27,300.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the City’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’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over financial reporting. Deficiencies, if any, in internal control have been communicated separately.

Restriction of Use

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

Boldt Carlisle + Smith
 Certified Public Accountants
 Salem, Oregon
 December 7, 2018

By:



Bradley G. Bingenheimer, Member