



**City of Sutherlin  
Regular & Workshop Council Meeting  
Monday, December 9, 2019  
Civic Auditorium – 7:00 p.m.  
AGENDA**

**Mayor Todd McKnight**  
Council President Boggs  
Councilors Stone, Tomlinson, Vincent, Sumner and Wattles

**1. CALL TO ORDER / FLAG SALUTE**

**2. ROLL CALL**

**3. INTRODUCTION OF MEDIA**

**4. PUBLIC COMMENT**

[The purpose of citizen comment is to allow citizens to present information regarding agenda items only. A time limit of three minutes per citizen shall apply.]

**5. PRESENTATION**

- a. Audit Report
- b. Urban Renewal Feasibility
- c. Wastewater Treatment Plant Improvement Report

**6. CONSENT AGENDA**

- a. November 12, 2019 Minutes – Regular & Workshop Meeting

**7. COUNCIL BUSINESS**

- a. Parks Advisory Committee Appointment
- b. Contract Award – Emergency Management Grant

**8. WORKSHOP**

- a. Right of Way Dedication – West Duke

**9. STRATEGIC PLAN UPDATE** (Reports in Council Packet)

- a. Street Sign Replacement
- b. Volunteer Firefighters & UCC Student Updates

**10. CITY COUNCIL COMMENT**

**11. PUBLIC COMMENT**

[The purpose of citizen comment is to allow citizens to present information regarding items off the agenda. A time limit of three minutes per citizen shall apply.]

**12. ADJOURN**

*Members of the audience who wish to address the Council will be invited to do so. Speakers must use the microphone stating their name and address prior to addressing the Council.*



# **Call to Order & Flag Salute**





# ROLL CALL





# **Introduction Of Media**





# **PUBLIC COMMENT**

**Agenda Items only**





# PRESENTATIONS





## City of Sutherlin

STAFF REPORT					
Re: 2019 Audit				Meeting Date:	12/09/19
Purpose:	Action Item <input type="checkbox"/>	Workshop <input type="checkbox"/>	Report Only <input checked="" type="checkbox"/>	Discussion <input type="checkbox"/>	Update <input type="checkbox"/>
Submitted By: Dan Wilson, Finance Director				City Manager Review	<input checked="" type="checkbox"/>
Attachments: 2019 Communication to the Governing Body and 2019 Financial Report					

### WHAT IS BEING ASKED OF COUNCIL?

No action is being asked of council at this time. This report is to update the council as to the final status of the annual audit for the 2019 fiscal year. The Council will be presented the audit by Chris O'Dell, CPA who is the lead auditor on the city audit team this year for Pauly, Rogers and Co., P.C. Bound copies of the audit will be disbursed at the meeting.

### EXPLANATION

Staff has reviewed the final Financial Report for the year ended June 30, 2019 and is pleased to report that the city earned an unqualified opinion on the City's financial statements which is commonly referred to as a "clean" audit; meaning that the auditor's have issued an opinion that is with no reservations. Some highlights of the audit are:

From the Communication to the Governing Body letter

- Audit opinion letter – an unqualified opinion on the City's financial statements has been issued. This means we have given a "clean" opinion with no reservations. (p. 2)
- State minimum standards for audits – We found no exceptions or issues requiring comment. (p. 2)
- Qualitative Aspects of Accounting Practices – The disclosures in the financial statements are neutral, consistent, and clear. (P. 2)
- Difficulties Encountered in Performing the Audit – We encountered no significant difficulties in dealing with management in performing and completing our audit. (P. 2)
- Corrected and Uncorrected Misstatements – There were no uncorrected misstatements noted during the audit. (P. 2)
- Disagreements with Management – We are pleased to report that no such disagreements arose during the course of our audit. (P. 2)
- Supplementary Information within Documents Containing Audited Financial Statements – the information is appropriate and complete in relation to our audit of the financial statements. (P. 3)
- Other Information in Documents Containing Audited Financial Statements – Our results noted no material inconsistencies or misstatements of facts. (P. 3)
- The financial affairs have been professionally conducted. The accounting records were

in good condition... (P. 3)

From the Financial Report

- Note 2. DEPOSITS AND INVESTMENTS – Custodial Credit Risk – Investments – None of the City’s investments have custodial credit risk. (P. 19)
- Note 6. DEFINED BENEFIT PENSION PLAN – This note provides a large amount of information regarding the Oregon Public Employees Retirement plan and should be reviewed carefully. (P. 23-30)
- Note 7. OTHER POST-EMPLOYMENT BENEFIT PLAN-(RHIA) – This is a new note which was first included in last years’ audit report. It should be reviewed carefully. (p. 30-31)
- Note 9. RISK MANAGEMENT – Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. (P. 31)
- Note 12. OTHER POST-EMPLOYMENT BENEFITS (OPEB) - This is a new note which was first included in last years’ audit report. It should be reviewed carefully. (p. 33-34)

From the Independent Auditors’ Report Required by Oregon State Requirements

- In connection with our testing nothing came to our attention that caused us to believe the City of Sutherlin was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations. (P. 67)

From the Independent Auditors’ Report on Grant Compliance Review

- Due to the receipt of Federal funds, via loan proceeds from DEQ, a special audit on grant compliance was necessary this year. Pages 70-75 of the report disclose the findings of this audit.
- In our opinion, City of Sutherlin, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June, 30 2019. (P. 72)

Subsequent Actions Taken by Staff Pertaining to the 2019 Audit

- Filed the report with the Oregon Department of Revenue, Division of Audits and has paid the filing fee.
- Filed the report on the Municipal Securities Rulemaking Board’s (MSRB) web portal as part of our ongoing disclosure requirements with previously issued debt.
- Filed the report with Rural Development and DEQ as part of the annual reporting requirements for issued debt held by these entities.

<b>OPTIONS</b>
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N/A

<b>SUGGESTED MOTION(S)</b>
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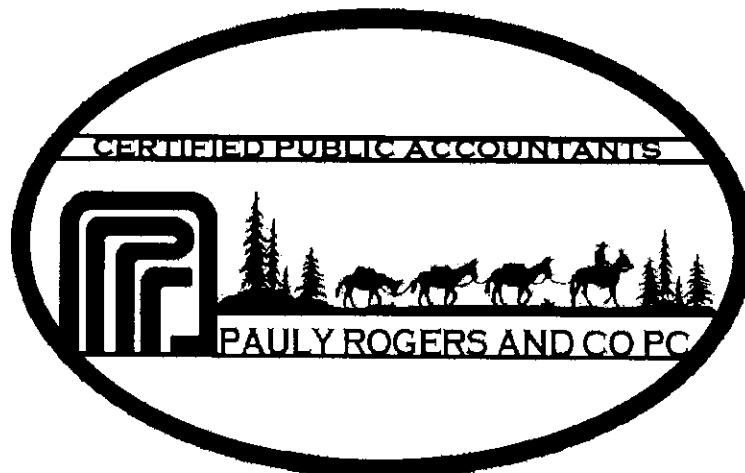
N/A



**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

**COMMUNICATION TO THE GOVERNING BODY**

**FOR THE YEAR ENDED JUNE 30, 2019**



12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223



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

October 9, 2019

To the City Council  
City of Sutherlin

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sutherlin for the year ended June 30, 2019. Professional standards require that we provide you with the information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

#### **Purpose of the Audit**

Our audit was conducted using sampling, inquiries and analytical procedures to opine on the fair presentation of the financial statements and compliance with:

- generally accepted accounting principles and auditing standards
- the Oregon Municipal Audit Law and the related administrative rules
- federal, state and other agency rules and regulations related to expenditures of federal awards

#### **Our Responsibility under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our engagement letter details our nonaudit services we provide; these services do not constitute an audit under Government Auditing Standards.

In planning and performing our audit, we considered internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of the basic financial statement amounts. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with the Uniform Guidance, we examined, on a test basis, evidence about compliance with the types of compliance requirements described in the OMB's Compliance Supplement applicable to each of the major federal programs for the purpose of expressing an opinion on compliance with those requirements. While our audit provided a reasonable basis for our opinion, it does not provide a legal determination on compliance with those requirements.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### **Planned Scope and Timing of the Audit**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We also communicated any internal control related matters that are required to be communicated under professional standards.

#### **Results of Audit**

1. Audit opinion letter - an unmodified opinion on the City's financial statements has been issued. This means we have given a "clean" opinion with no reservations.
2. State minimum standards for audits - We found no exceptions or issues requiring comment.
3. Federal Awards - We found no issues of non-compliance and no questioned costs. We have responsibility to review these programs and give our opinion on the schedule of expenditures of federal awards, and tests of the internal control system, compliance with laws and regulations, and general and specific requirements mandated by the various awards.
4. Management letter - No separate management letter was issued.

#### **Significant Audit Findings**

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019, except for the implementation of GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were Management's estimate of Accounts Receivable, the Net Pension Asset, OPEB's and Capital Asset Depreciation, which are based on estimated collectability of receivables and useful lives of assets. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures in the financial statements are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements or determined that their effects are immaterial. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. There were uncorrected misstatements noted during the audit.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Required Supplementary Information*

We applied certain limited procedures to the required supplementary information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on it.

*Supplementary Information within Documents Containing Audited Financial Statements*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

*Other Information in Documents Containing Audited Financial Statements*

With respect to the other information accompanying the financial statements, we read the information to identify if any material inconsistencies or misstatement of facts existed with the audited financial statements. Our results noted no material inconsistencies or misstatement of facts.

The financial affairs have been professionally conducted. The accounting records were in good condition and we commend the staff for their assistance and support during the audit.

**Other Matters – Future Accounting and Auditing Issues**

In order to keep you aware of new auditing standards issued by the American Institute of Certified Public Accountants and accounting statements issued by the Governmental Accounting Standards Board (GASB), we have prepared the following summary of the more significant upcoming issues:

**GASB 84 – FIDUCIARY ACTIVITIES**

This Statement is effective for fiscal years beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.


**GASB 87 – LEASES**

This Statement is effective for fiscal years beginning after December 15, 2019. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

**GASB 89 – ACCOUNTING FOR INTEREST COST INCURRED BEFORE THE END OF A CONSTRUCTION PERIOD**

This Statement is effective for fiscal years beginning after December 15, 2019. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 2009 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

This information is intended solely for the use of the City Council and management of the City of Sutherlin and is not intended to be and should not be used by anyone other than these specified parties.



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

**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2019**



**12700 SW 72<sup>nd</sup> Ave.**  
**Tigard, OR 97223**

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**FINANCIAL REPORT**

**WITH  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED JUNE 30, 2019**

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**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

**Mayor & City Council**

June 30, 2019

<b><u>Name</u></b>	<b><u>POSITION</u></b>	<b><u>TERM EXPIRES</u></b>
Todd McKnight	Mayor	December 31, 2020
Becky Wattles	City Councilor	December 31, 2022
Forrest Stone	City Councilor	December 31, 2020
Michelle Sumner	City Councilor	December 31, 2022
Tom Boggs	City Councilor	December 31, 2022
Seth Vincent	City Councilor	December 31, 2020
Travis Tomlinson	City Councilor	December 31, 2020

All council members will receive mail at the following address:

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

**ADMINISTRATION**

Jerry Gilliam, City Manager  
Dan Wilson, Finance Director  
**CITY OF SUTHERLIN**

# DOUGLAS COUNTY, OREGON

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**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

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**PAULY, ROGERS AND CO., P.C.**  
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[www.paulyrogersandcocpas.com](http://www.paulyrogersandcocpas.com)

October 9, 2019

To the City Council  
City of Sutherlin  
Sutherlin, Oregon

## **INDEPENDENT AUDITORS' REPORT**

### **Report on the Financial Statements**

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sutherlin as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the basic financial statements, as listed in the table of contents.

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

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, 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 financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sutherlin at June 30, 2019 and the results of its operations and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements, and is also not a required part of the basic financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Information*

The listing of Council members containing their term expiration dates, located before the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## **Reports on Other Legal and Regulatory Requirements**

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2019 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 9, 2019 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A black rectangular redaction box covering the signature area. Above the box, a portion of a pen is visible.

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

**CITY OF SUTHERLIN**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2019**

The management of the City of Sutherlin, Oregon presents this narrative overview and analysis to facilitate both a short and a long-term analysis of the financial activities of the City for the fiscal year ended June 30, 2019. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report.

**Financial Highlights**

- The City's total assets increased \$12,685,672 from \$45,516,513 to \$58,202,185, or 27.9%. Capital assets, net of depreciation and related debt increased \$593,444 million, or 2.7%. Additionally, cash and investments increased by \$187,304 from \$8,375,344 to \$8,562,648, or 2.2%.
- The City's total liabilities increased \$11,827,793 from \$17,886,013 to \$29,713,806, or 66.1%. This is largely due to an increase in long term debt, \$11,796,165.
- The total net position of the City (assets minus liabilities) increased \$1,295,570 from \$28,226,000 to \$29,521,571, or 4.6%. Unrestricted net position ended the year at \$3,037,932, a decrease of \$534,796, or (15.0%).
- The City's governmental funds reported combined ending balances of \$4,853,732, an increase of \$451,044, or 10.2%. Of this amount \$2,519,964 is unassigned and available for spending at the government's discretion. This is an increase of \$485,224, or 23.8%, over last year.
- The General Fund's unassigned ending fund balance is \$2,519,964. This represents 54.1% of total General Fund expenditures for the year. Last year was at 45.2%.

**Overview of the Financial Statements**

The City's basic financial statements comprise three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the basic financial statements.

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

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

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

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

The governmental activities of the City include the following:

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

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

- Wastewater
- Water

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

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

***Governmental funds.*** Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements.



Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages four through seven in the basic financial statements.

The City maintains 14 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for those funds that are considered significant (major) to the City taken as a whole. These financial statements report two major funds: General and Street Construction. Data for the other 12 governmental funds are aggregated into a single column in the fund financials.

Summary fund data by fund-type for these non-major governmental funds is provided in the form of combining statements on pages 43 through 44a. Individual fund data for each of these non-major governmental funds is provided as supplementary information in the form of schedules of revenues, expenditures and changes in fund balance on pages 45 through 56.

In order to provide prudent and responsible control over city expenditures and revenues, the City adopts an annual budget for all governmental funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the General Fund and the other major funds as required supplementary information on pages 37 and 38. Budgetary comparisons for all other governmental funds have been provided as other supplementary information on pages 45 through 56.

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

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

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water utility and wastewater utility operations. The enterprise funds are reported separately in the proprietary fund financial statements in the basic financial statements and can be found on pages 8 through 10a.

Internal service funds act like a rental agency of personnel, equipment and materials to support the activities of other funds. Internal service funds are supported by direct

charges to other funds and do not accrue a cash balance. The City uses an internal service fund to support the city building/facilities, streets/drainage, water, and wastewater activities. The internal service fund is reported separately in the proprietary fund financial statements in the basic financial statements and can be found on pages 8 through 10a.

In order to provide prudent and responsible control over City expenditures and revenues, the City adopts an annual budget for all proprietary funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the enterprise and internal service funds as other supplementary information on pages 39 through 42 and 60 through 65.

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

Since the fund is held in trust for other parties the City does not budget these funds. The funds are however audited and corresponding information on their activities can be found on pages 11 and 66.

***Notes to the basic financial statements.*** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the financial statements and should be read in conjunction with them. The notes can be found on pages 12 through 34.

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

## **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$29,521,570 at the close of the most recent fiscal year.

The largest portion of the City's net position, 77.7% reflects its investment in capital assets (e.g., land and right of way, buildings, improvements, equipment, and infrastructure, net of accumulated depreciation), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

City of Sutherland's Net Position						
	Governmental Activities		Business-Type Activities		Totals	
	2018	2019	2018	2019	2018	2019
<b>Assets</b>						
Current assets	\$ 5,300,462	\$ 4,509,364	\$ 4,818,516	\$ 6,909,421	\$ 10,118,978	\$ 11,418,785
Noncurrent Assets	9,376,335	10,118,558	26,021,200	36,664,842	35,397,535	46,783,400
Total assets	<u>14,676,797</u>	<u>14,627,922</u>	<u>30,839,716</u>	<u>43,574,263</u>	<u>45,516,513</u>	<u>58,202,185</u>
Deferred Outflows of Resources	<u>845,245</u>	<u>1,446,227</u>	<u>-</u>	<u>-</u>	<u>845,245</u>	<u>1,446,227</u>
<b>Liabilities</b>						
Current liabilities	1,885,884	658,607	987,400	2,246,305	2,873,284	2,904,912
Other liabilities	3,385,402	4,157,415	11,627,327	22,651,479	15,012,729	26,808,894
Total liabilities	<u>5,271,286</u>	<u>4,816,022</u>	<u>12,614,727</u>	<u>24,897,784</u>	<u>17,886,013</u>	<u>29,713,806</u>
Deferred Inflows of Resources	<u>249,745</u>	<u>413,036</u>	<u>-</u>	<u>-</u>	<u>249,745</u>	<u>413,036</u>
<b>Net Position</b>						
Invested in capital assets, net of related debt	8,325,345	9,308,558	14,017,836	13,628,067	22,343,181	22,936,625
Restricted	490,779	813,141	1,819,312	2,733,872	2,310,091	3,547,013
Unrestricted	1,184,887	723,392	2,387,841	2,314,540	3,572,728	3,037,932
Total Net Position	<u>\$ 10,001,011</u>	<u>\$ 10,845,091</u>	<u>\$ 18,224,989</u>	<u>\$ 18,676,479</u>	<u>\$ 28,226,000</u>	<u>\$ 29,521,570</u>

An additional portion of the City's assets, 12.0% represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net position \$3,037,932 may be used to meet the government's ongoing obligations to citizens and creditors.

The City's current asset position increased by \$1,299,807 and the total noncurrent assets increased by \$11,385,865. The increase in Noncurrent Assets is due to the addition of capital assets, mainly in the Wastewater section, using loan proceeds provided by DEQ.

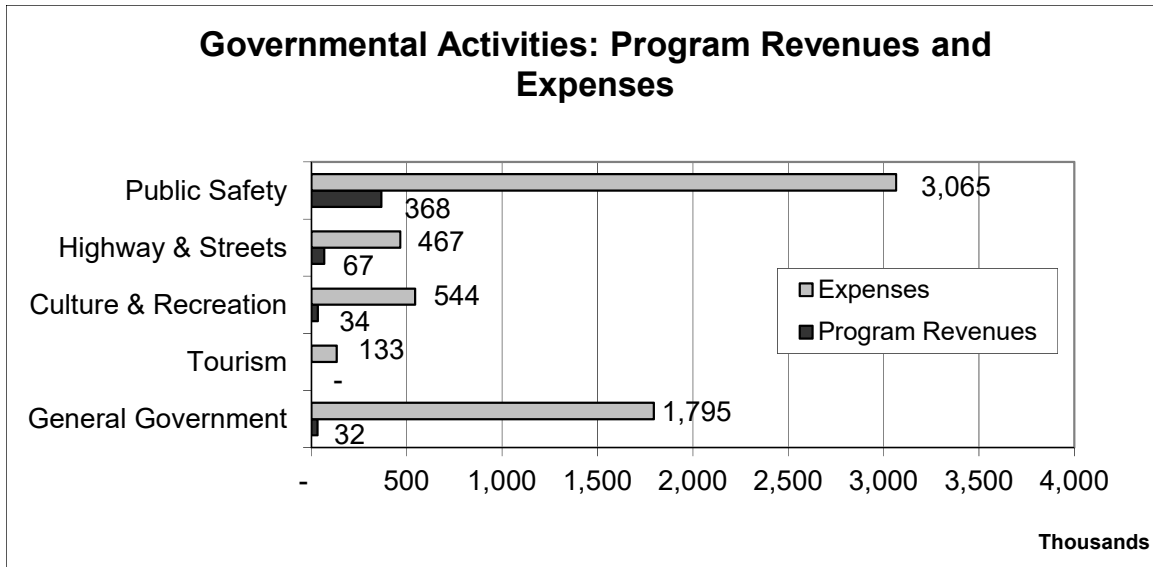
Deferred Outflows of resources, pension and post-retirement related benefits, increased by \$600,982. Deferred Inflows of Resources, pension and post-retirement related benefits, increased by \$163,291. For additional information regarding these line items, see notes 6 and 12 in the Notes to Basic Financial Statements.

City of Sutherlin's Change in Net Position						
	Governmental Activities		Business-Type		Totals	
	2018	2019	2018	2019	2018	2019
<b>Revenues:</b>						
Program						
Fines, fees, and charges for services	\$ 455,690	\$ 501,104	\$ 4,340,499	\$ 5,458,125	\$ 4,796,189	\$ 5,959,229
Operating grants and contributions	166,292	155,821	-	-	166,292	155,821
Capital grants and contributions	-	-	-	-	-	-
General						
Property Taxes	2,854,365	2,978,457	-	-	2,854,365	2,978,457
Franchise fees	452,104	452,479	-	-	452,104	452,479
Intergovernmental	1,550,252	1,137,113	-	-	1,550,252	1,137,113
Interest	100,173	101,585	42,298	69,645	142,471	171,230
Miscellaneous	181,390	427,821	2	2,248	181,392	430,069
Gain (loss) On Disposal	25,876	-	-	-	25,876	-
Total revenues	5,786,142	5,754,380	4,382,799	5,530,018	10,168,941	11,284,398
<b>Expenses:</b>						
General government	2,075,288	1,795,298	-	-	2,075,288	1,795,298
Public safety	3,234,227	3,065,406	-	-	3,234,227	3,065,406
Highway and streets	579,971	466,883	-	-	579,971	466,883
Culture and recreation	537,949	544,008	-	-	537,949	544,008
Tourism	141,758	133,445	-	-	141,758	133,445
Interest on long-term debt	36,238	16,874	-	-	36,238	16,874
Wastewater	-	-	1,803,237	1,803,309	1,803,237	1,803,309
Water	-	-	1,770,842	2,163,605	1,770,842	2,163,605
Ambulance	-	-	-	-	-	-
Total expenses	6,605,431	6,021,914	3,574,079	3,966,914	10,179,510	9,988,828
Increase (decrease) in Net Position before transfers	(819,289)	(267,534)	808,720	1,563,104	(10,569)	1,295,570
Transfers	926,207	1,111,614	(926,207)	(1,111,614)	-	-
Change in Net Position	106,918	844,080	(117,487)	451,490	(10,569)	1,295,570
Net Position July 1, Restated	9,894,093	10,001,011	18,342,476	18,224,989	28,236,569	28,226,000
Prior Period Adjustment	-	-	-	-	-	-
Net Position June 30	\$ 10,001,011	\$ 10,845,091	\$ 18,224,989	\$ 18,676,479	\$ 28,226,000	\$ 29,521,570

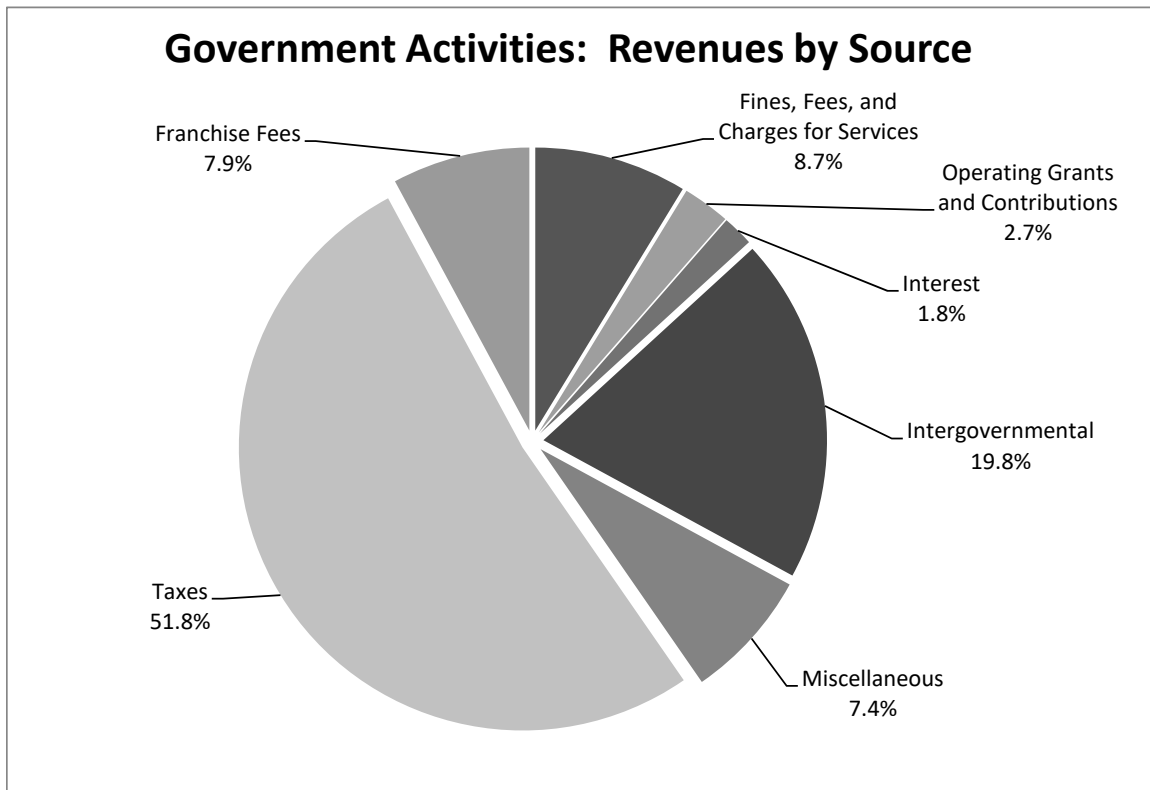
Expenses above include the indirect expenses as allocated in the Statement of Activities on page 3 and 3A of the basic financial statements.

**Governmental activities.** Governmental-type activities increased the City's total net position by \$844,080. Total depreciation attributed to the governmental activities (primarily street infrastructure) was \$523,543 as detailed on page 20 of the notes to basic financial statements.

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

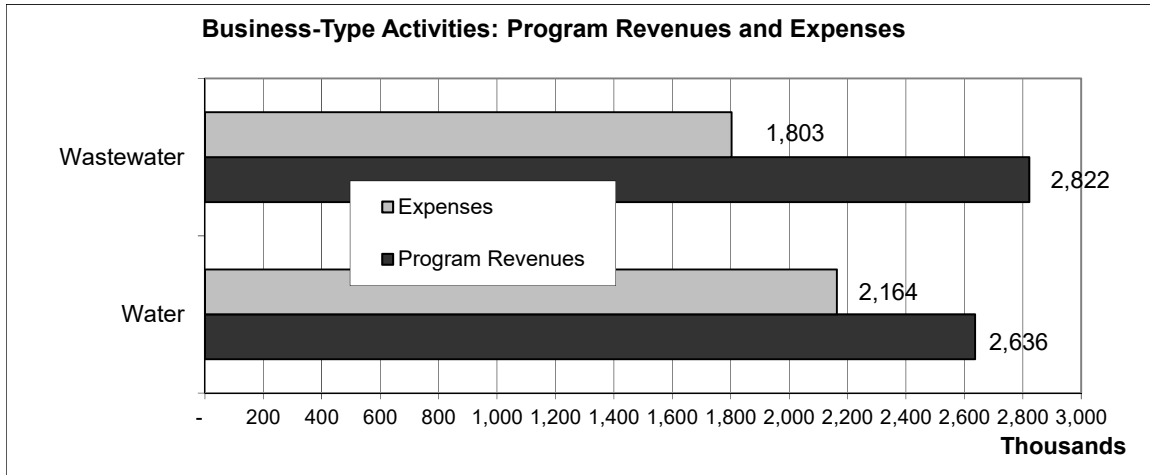


The next chart shows the percent of the total for each source of revenue supporting governmental activities.

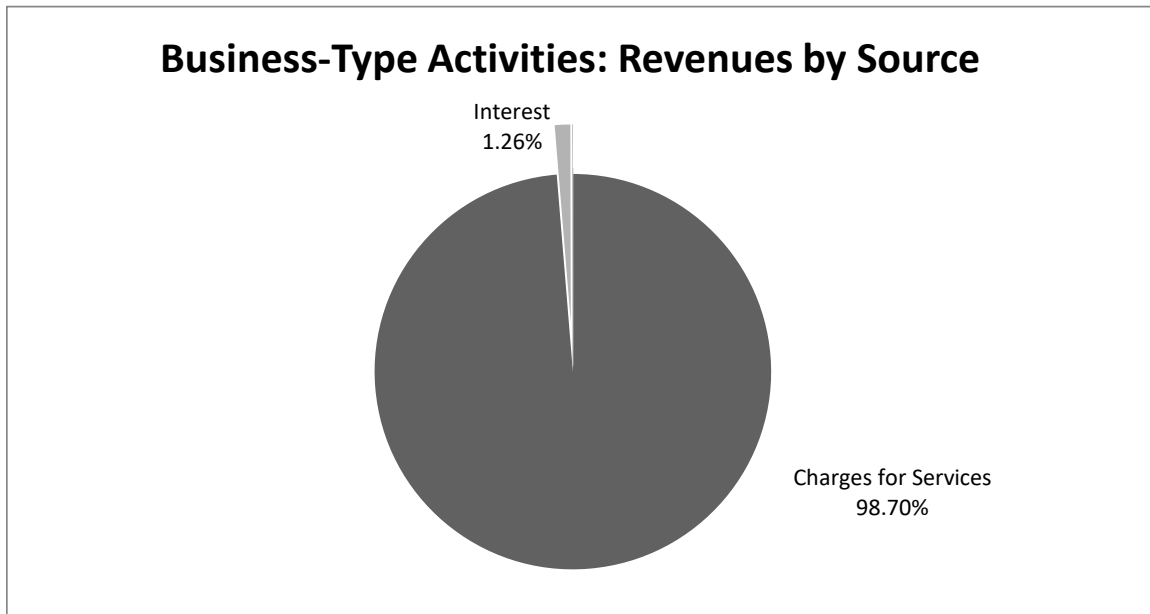


**Business-type activities.** Business-type activities decreased the City's net position by \$451,490. Total depreciation attributed to the business-type funds was \$1.10 million as detailed on pages 20 and 21 of the notes to basic financial statements.

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



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



**Capital assets.** The City's investment in capital assets for its governmental and business-type activities amounted to \$46.78 million (net of accumulated depreciation) or an increase of \$11.39 million when compared to last year. This investment in capital assets includes land, right-of-way (included with land), construction in progress, infrastructure (water distribution lines, wastewater collection lines, pump stations, reservoirs, etc.), water rights (development of), buildings and plant (includes the water treatment plants and the wastewater treatment plant), and vehicles and equipment.

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

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	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>
Land	\$ 1,116,919	\$ 1,118,086	\$ 3,281,776	\$ 3,281,776	\$ 4,398,695	\$ 4,399,862
Construction in progress	2,260,248	3,283,046	3,046,861	14,684,239	5,307,109	17,967,285
Water Rights	-	-	635,414	644,804	635,414	644,804
Infrastructure	3,676,685	3,491,252	18,786,002	17,753,674	22,462,687	21,244,926
Buildings and plant	1,951,549	1,875,250	204,531	192,794	2,156,080	2,068,044
Vehicles and equipment	370,934	350,924	66,616	107,555	437,550	458,479
	<u>\$ 9,376,335</u>	<u>\$ 10,118,558</u>	<u>\$ 26,021,200</u>	<u>\$ 36,664,842</u>	<u>\$ 35,397,535</u>	<u>\$ 46,783,400</u>

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

- Upgrades to the Wastewater Treatment Plant (In Progress at Year-End)
- Central Avenue Improvement Construction (In Progress at Year-End)
- Valentine Avenue Improvement Construction (In Progress at Year-End)
- New Holiday Decorations
- New Public Safety Equipment
- New Public Safety Vehicle
- New Public Works Vehicles (2)
- Various Building Improvement Projects
- Various pavement overlay projects

Additional information on the City's capital assets can be found in note three to the basic financial statements (pages 20 and 21).

**Long-term obligations.** At the end of the fiscal year, the City had total long-term obligations totaling \$24,063,747. Outstanding long-term obligations include: \$5,527,862 to be serviced by water user rates and connection fees, \$17,001,547 to be serviced by wastewater user rates and connection fees (all backed by the full faith and credit of the City), and \$507,366 in notes payable to be serviced by water and wastewater revenues. The remaining \$1,026,972 in long-term obligations, or 4.3% of the total long-term obligations, is to be paid by existing general government revenue sources.

<b>City of Sutherlin's Long-Term Obligations</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>
General obligation bonds	\$ 350,000	305,000	-	-	350,000	305,000
Revenue bonds	-	-	5,719,986	5,527,862	5,719,986	5,527,862
Refunding bonds	-	-	400,000	330,000	400,000	330,000
Note payables	505,000	505,000	5,883,378	17,178,913	6,388,378	17,683,913
Capital leases	-	-	-	-	-	-
Accumulated compensated absences	195,990	216,972	-	-	195,990	216,972
	<u>\$ 1,050,990</u>	<u>1,026,972</u>	<u>12,003,364</u>	<u>23,036,775</u>	<u>13,054,354</u>	<u>24,063,747</u>

The City's total long-term debt obligation increased by \$11,009,393 over last fiscal year's ending balance. The increase is largely due to receipt of interim loan proceeds from DEQ for the wastewater treatment plan upgrade. Accumulated compensated absences netted an increase of \$20,982.

ORS 223.295 limits the amount of general obligation assessment bonded debt which a city may have outstanding at any one time to three percent (3.00%) of the Real Market Value of the City. The City had only the refunding bonds and the Library GO bond as outstanding bonded debt at June 30, 2019. The City's outstanding obligations subject to bonded debt limitations was \$635,000 or 2.9% of debt capacity.

<b>City of Sutherlin's Remaining Debt Capacity</b>	
Real Market Value (fiscal year 2018-2019 Douglas County)	\$ 737,245,931
Debt capacity (3.00% of RMV)	22,117,378
Outstanding Obligations	- 635,000
Remaining Debt Capacity	<u>\$ 21,482,378</u>

Additional information on the City's long-term obligations can be found in note 5 to the basic financial statements (see pages 21 through 23).

### **Fund-based Financial Analysis**

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

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

As of the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$4,853,732, an increase of \$451,044 in comparison with the prior year.



Approximately 52% of this total amount, \$2,519,964, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance has some level of restrictions placed upon them, as follows:

- *Nonspendable fund balance* (amounts that are not in a spendable form or are required to be maintained intact) was \$2,168
- *Restricted fund balance* (amounts constrained to specific purposes by their providers such as grantors, bondholders, and higher levels of government, through constitutional provisions, or by enabling legislation) was \$813,141
- *Committed fund balance* (amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint) was \$355,150
- *Assigned fund balance* (amounts a government *intends* to use for a specific purpose) was \$1,163,309

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,519,964. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 54.1% of total General Fund expenditures.

The General Fund's overall fund balance increased by \$774,969 due to increased revenues and cost management.

The fund balance of the Street Construction fund decreased by (\$727,332) during the fiscal year. Additional funds expended for the Central Avenue project are the reason for this decrease.

Finally, the fund balance for all other governmental funds increased \$403,407.

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

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

• Water	343,671	4.9%
• Wastewater	376,276	5.1%
• Water Construction Fund	0	0.0%
• Wastewater Construction Fund	0	0.0%
• Other Non-Major Funds	445,599	28.8%

Restrictions on net position exist in the first four funds above totaling \$1,629,510 all due to capital projects restrictions in the Water and Wastewater Construction Funds.

Restrictions on net position exist in the Other Non-Major Enterprise Funds totaling \$1,104,362; debt service restrictions total \$279,788 and capital projects restrictions total \$824,574. These restrictions generally limit the use of monies in the funds to related activities.

Total business-type net position increased \$430,325 during the fiscal year.

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

## **General Fund Budgetary Highlights**

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

### **Revenues:**

- There were no changes in the budgeted revenues for the fiscal year

### **Expenditures:**

- City Manager's Office increased \$2,500 due to a compensation increase for the City Manager.
- City Recorder/HR increased by \$24,000 due to the retirement of a long tenured employee. This employee had accrued a large amount of vacation time which became payable upon retirement.
- Contingency decreased \$26,500 to accommodate these increases.

There were variations between the final amended budget and the actual year-end amounts in the General Fund; actual expenditures were \$874,554 (16.4%) less than the adjusted budget. This was largely due to cost management in the Fire and Police Departments. Revenues were greater than the adjusted budget by \$273,898 7.0%. This was largely due to greater amounts received than anticipated for Property Taxes, Fines and Forfeitures, and Miscellaneous Revenues. Actual transfers in were the same as the final amended budget.

During the year, prior to transfers in and out, actual expenditures exceeded actual revenues by \$250,676. Net transfers in and out of the General Fund amounted to \$735,900. The net effect of revenues, expenditures, and transfers was a \$485,224 increase in fund balance.

## **Economic Factors and Next Year's Budgets and Rates**

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. The following are the major assumptions used in developing the FY 2019-2020 budget:

- Last fiscal year the increase in property taxes collected was 2.7% and real market value increased 8.0%. The city chose to increase budgeted tax revenue for the 2019-2020 fiscal year by 4.7% based on recent historical trends and increase in new homes constructed.
- Cost of Living Adjustment (COLA) is calculated to be 2.0% for all sworn police officers, fire department employees, and those who supervise them and 3.0% for all other represented and non-represented employees.
- Water rates will be increased by 2.7% as of August 1, 2019 for the annual CPI adjustment. Wastewater rates were completely revised during fiscal year 2014-15 in order to provide equity among the rate classes. The new rates were effective December 1, 2015 and will then increase every August 1 for the following five years thereafter. The rate of increase/decrease will vary depending on the rate class. The overall projected increase for the year equates to 17.3% over last year's budgeted amount. These increases are needed to support the future debt service for the wastewater treatment plant upgrade.
- While hopeful for the future we expect the local economy will continue to increase at a moderate rate.
- Interest rates on investments will average 1.0% during the fiscal year.

## **Requests for Information**

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

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

**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**  
**BASIC FINANCIAL STATEMENTS**

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**STATEMENT OF NET POSITION  
June 30, 2019**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS TYPE	TOTAL
<b>ASSETS</b>			
Cash and Investments	\$ 5,120,629	\$ 3,442,019	\$ 8,562,648
Receivables	541,189	2,286,392	2,827,581
Prepays	2,168	26,388	28,556
Interfund Loans	(5,628)	5,628	-
Internal Balances	(1,148,994)	1,148,994	-
Capital Assets not being depreciated	4,401,132	18,610,819	23,011,951
Capital Assets, net of accumulated depreciation	5,717,426	18,054,023	23,771,449
<b>Total Assets</b>	<b>14,627,922</b>	<b>43,574,263</b>	<b>58,202,185</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB Deferrals - Implicit Subsidy	7,342	-	7,342
Pension Related Deferrals - Oregon PERS	1,438,885	-	1,438,885
<b>Total Deferred Outflows</b>	<b>1,446,227</b>	<b>-</b>	<b>1,446,227</b>
<b>LIABILITIES</b>			
Accounts Payable	368,454	1,700,995	2,069,449
Accrued Expenses	20,998	-	20,998
Customer Deposits	-	74,866	74,866
Accrued Interest Payable	-	85,148	85,148
Accrued Compensated Absences	216,972	-	216,972
Noncurrent liabilities:			
Due Within One Year:			
Bonds and Notes Payable	45,000	385,296	430,296
Due In More Than One Year			
OPEB Liability	129,935	-	129,935
Net Pension Liability	3,269,663	-	3,269,663
Bonds and Notes Payable	765,000	22,651,479	23,416,479
<b>Total Liabilities</b>	<b>4,816,022</b>	<b>24,897,784</b>	<b>29,713,806</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB Deferrals - Implicit Subsidy	34,183	-	34,183
Pension Related Deferrals - Oregon PERS	378,853	-	378,853
<b>Total Deferred Inflows</b>	<b>413,036</b>	<b>-</b>	<b>413,036</b>
<b>NET POSITION:</b>			
Net Investment in			
Capital Assets	9,308,558	13,628,067	22,936,625
Restricted for:			
Bond Covenants	-	195,724	195,724
Debt Service	4,758	84,064	88,822
Capital Projects	808,383	2,454,084	3,262,467
Unrestricted	723,392	2,314,540	3,037,932
<b>Total Net Position</b>	<b>\$ 10,845,091</b>	<b>\$ 18,676,479</b>	<b>\$ 29,521,570</b>

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

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2019**

		Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs	Expenses			
Governmental Activities				
General Government	\$ 1,795,298	\$ 32,257	\$ -	\$ -
Public Safety & Fire	3,065,406	367,681	30,000	-
Highways and Streets	466,883	66,955	-	-
Culture and Recreation	544,008	34,211	125,821	-
Tourism	133,445	-	-	-
Interest on Long-term Debt	16,874	-	-	-
Total Governmental Activities	6,021,914	501,104	155,821	-
Business-Type Activities				
Wastewater	1,803,309	2,821,795	-	-
Water	2,163,605	2,636,330	-	-
Total Business Activities	3,966,914	5,458,125	-	-
Total Primary Government	\$ 9,988,828	\$ 5,959,229	\$ 155,821	\$ -

General Revenues:

Property Taxes  
Franchise Taxes  
Intergovernmental  
Miscellaneous  
Interest  
Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

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

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Net Revenues (Expenses) and Changes in Net Position

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Governmental Activities	Business-Type Activities	Total
\$ (1,763,041)	\$ -	\$ (1,763,041)
(2,667,725)	-	(2,667,725)
(399,928)	-	(399,928)
(383,976)	-	(383,976)
(133,445)	-	(133,445)
(16,874)	-	(16,874)
(5,364,989)	-	(5,364,989)
-	1,018,486	1,018,486
-	472,725	472,725
-	1,491,211	1,491,211
(5,364,989)	1,491,211	(3,873,778)
2,978,457	-	2,978,457
452,479	-	452,479
1,137,113	-	1,137,113
427,821	2,248	430,069
101,585	69,645	171,230
1,111,614	(1,111,614)	-
6,209,069	(1,039,721)	5,169,348
844,080	451,490	1,295,570
10,001,011	18,224,989	28,226,000
\$ 10,845,091	\$ 18,676,479	\$ 29,521,570



**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2019**

	GENERAL FUND	STREET CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,556,266	\$ 337,939	\$ 1,062,619	\$ 4,956,824
Accounts Receivable	416,839	3,866	120,484	541,189
Prepays	-	-	2,168	2,168
Total Assets	<u>\$ 3,973,105</u>	<u>\$ 341,805</u>	<u>\$ 1,185,271</u>	<u>\$ 5,500,181</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 30,410	\$ 268,181	\$ 67,363	\$ 365,954
Interfund Payable	-	-	5,628	5,628
Accrued Expenses	16,317	-	-	16,317
Total Liabilities	46,727	268,181	72,991	387,899
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	253,221	-	5,329	258,550
Total Liabilities and Deferred Inflows	<u>299,948</u>	<u>268,181</u>	<u>78,320</u>	<u>646,449</u>
<b>Fund Balances:</b>				
Nonspendable	-	-	2,168	2,168
Restricted	-	-	813,141	813,141
Committed	-	73,624	281,526	355,150
Assigned	1,153,193	-	10,116	1,163,309
Unassigned	2,519,964	-	-	2,519,964
Total Fund Balances	<u>3,673,157</u>	<u>73,624</u>	<u>1,106,951</u>	<u>4,853,732</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 3,973,105</u>	<u>\$ 341,805</u>	<u>\$ 1,185,271</u>	<u>\$ 5,500,181</u>

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

**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

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

**June 30, 2019**

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

Fund Balances	\$ 4,853,732
The cost of capital assets (land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) is reported as an expenditure in governmental funds. The statement of net position includes those capital assets among the assets of the City as a whole.	
Net Capital Assets	10,118,558
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.	
Long-term Obligations	
Bonds and Notes Payable	(810,000)
Accrued Compensated absences	(216,972)
The Net Pension Asset (Liability) and OPEB Asset (Liability), and deferred inflows and outflows related to the Net Pension Asset (Liability) and OPEB Asset (Liability) is the difference between the total pension liability and assets set aside to pay benefits earned to past and current employees and beneficiaries	
OPEB liability and related deferred inflows and outflows	(156,776)
Net Pension Liability and related deferred inflows and outflows	(2,209,631)
The internal service fund is not reported in the governmental funds but is included in the government-wide governmental activities.	
Net Position of internal service fund	(992,370)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Unearned/Unavailable Revenue	<u>258,550</u>
Total Net Position	<u><u>\$ 10,845,091</u></u>

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

**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2019**

	GENERAL FUND	STREET CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>REVENUES</b>				
Property Taxes	\$ 2,937,087	\$ -	\$ 51,000	\$ 2,988,087
Franchise Fees	452,479	-	-	452,479
System Development Charges	-	-	96,955	96,955
Assessments	-	-	187,945	187,945
Grants and Contributions	-	-	130,033	130,033
Licences, Permits and Fees	1,840	-	-	1,840
Fines and Forfeitures	139,184	-	-	139,184
Charges for Services	29,421	-	-	29,421
Intergovernmental	509,089	295,935	588,981	1,394,005
Interest	75,379	4,332	21,874	101,585
Miscellaneous	80,617	-	138,523	219,140
Total Revenues	4,225,096	300,267	1,215,311	5,740,674
<b>EXPENDITURES</b>				
Current:				
General Government	1,575,357	-	-	1,575,357
Culture and Recreation	157,282	-	146,104	303,386
Tourism	-	-	122,975	122,975
Highways and Streets	-	-	114,161	114,161
Public Safety and Fire	2,713,077	-	-	2,713,077
Debt Service	-	-	61,874	61,874
Capital Outlay	210,311	1,027,599	15,090	1,253,000
Total Expenditures	4,656,027	1,027,599	460,204	6,143,830
Excess of Revenues Over, (Under) Expenditures	(430,931)	(727,332)	755,107	(403,156)
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers In	1,685,900	-	24,000	1,709,900
Transfers Out	(480,000)	-	(375,700)	(855,700)
Total Other Financing Sources, (Uses)	1,205,900	-	(351,700)	854,200
Net Change in Fund Balance	774,969	(727,332)	403,407	451,044
Beginning Fund Balance	2,898,188	800,956	703,544	4,402,688
Ending Fund Balance	\$ 3,673,157	\$ 73,624	\$ 1,106,951	\$ 4,853,732

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

**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS - TO STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2019**

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

Excess of Revenues over Expenditures	\$	451,044
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay		1,265,766
Depreciation Expense		(523,543)

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

OPEB		(381,052)
Net Pension Liability		(10,453)

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

27,930

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

Principal payments on long-term obligations/Accrued Vacation		24,018
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Unearned/Unavailable Revenue		(9,630)
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Change in Net Position	\$	<u>844,080</u>
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The accompanying notes are an integral part of the basic financial statements.

**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

**STATEMENT OF PROPRIETARY NET POSITION**  
**June 30, 2019**

	WATER FUND	WASTEWATER FUND	WATER CONSTRUCTION FUND
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 309,273	\$ 228,214	\$ 1,063,131
Accounts Receivable, net	231,143	214,419	-
Interfund Loan	-	-	-
Prepays	-	-	-
Total Current Assets	<u>540,416</u>	<u>442,633</u>	<u>1,063,131</u>
Noncurrent Assets			
Capital Assets, Net	<u>12,666,431</u>	<u>23,998,411</u>	<u>-</u>
Total Noncurrent Assets	12,666,431	23,998,411	-
Total Assets	<u><u>\$ 13,206,847</u></u>	<u><u>\$ 24,441,044</u></u>	<u><u>\$ 1,063,131</u></u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 74,201	\$ 28,887	\$ 17,525
Accrued Expenses	-	-	-
Bond Premium, net	-	-	-
Customer Deposits	74,866	-	-
Accrued Interest Payable	47,678	37,470	-
Long Term Debt, Current Position	<u>223,094</u>	<u>162,202</u>	<u>-</u>
Total Current Liabilities	<u>419,839</u>	<u>228,559</u>	<u>17,525</u>
Long-term Liabilities			
Long Term Debt, Net of Current Position	<u>5,812,134</u>	<u>16,839,345</u>	<u>-</u>
Total Long-term Liabilities	<u>5,812,134</u>	<u>16,839,345</u>	<u>-</u>
Total Liabilities	<u>6,231,973</u>	<u>17,067,904</u>	<u>17,525</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	6,631,203	6,996,864	-
Restricted for:			
Bond Covenants	-	-	-
Debt Services	-	-	-
Capital Projects	-	-	1,045,606
Unrestricted	<u>343,671</u>	<u>376,276</u>	<u>-</u>
Total Net Position	<u>6,974,874</u>	<u>7,373,140</u>	<u>1,045,606</u>
Total Liabilities and Fund Equity	<u><u>\$ 13,206,847</u></u>	<u><u>\$ 24,441,044</u></u>	<u><u>\$ 1,063,131</u></u>

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

WASTEWATER CONSTRUCTION FUND	OTHER NONMAJOR FUNDS	TOTAL	INTERNAL SERVICE FUND	
\$ 521,613	\$ 1,319,788	\$ 3,442,019	\$ 163,805	
1,642,318	198,512	2,286,392		
-	5,628	5,628	-	
-	26,388	26,388	-	
2,163,931	1,550,316	5,760,427	163,805	
-	-	36,664,842	-	
-	-	36,664,842	-	
\$ 2,163,931	\$ 1,550,316	\$ 42,425,269	\$ 163,805	
\$ 1,580,027	\$ 355	\$ 1,700,995	\$ 2,500	
-	-	-	4,681	
-	-	-	-	
-	-	74,866	-	
-	-	85,148	-	
-	-	385,296	-	
1,580,027	355	2,246,305	7,181	
-	-	22,651,479	-	
-	-	22,651,479	-	
1,580,027	355	24,897,784	7,181	
-	-	13,628,067	-	
-	195,724	195,724	-	
-	84,064	84,064	-	
583,904	824,574	2,454,084	-	
-	445,599	1,165,546	156,624	
583,904	1,549,961	17,527,485	156,624	
\$ 2,163,931	\$ 1,550,316	\$ 42,425,269	\$ 163,805	
Net Position Above			17,527,485	
Internal Service Activities related to Business Typ			1,148,994	
Total Net Position Business Type Activitie			18,676,479	

**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2019**

	WATER FUND	WASTEWATER FUND	WATER CONSTRUCTION FUND
OPERATING REVENUES			
Charges for Services	\$ 2,198,944	\$ 2,466,236	\$ -
Miscellaneous	-	11,699	-
	<u>2,198,944</u>	<u>2,477,935</u>	<u>-</u>
Total Operating Revenues	<u>2,198,944</u>	<u>2,477,935</u>	<u>-</u>
OPERATING EXPENSES			
Personal Service	-	-	-
Materials and Services	386,721	601,341	66,094
Depreciation and Amortization	456,104	608,464	-
	<u>842,825</u>	<u>1,209,805</u>	<u>66,094</u>
Total Operating Expenses	<u>842,825</u>	<u>1,209,805</u>	<u>66,094</u>
Operating Income -Loss	<u>1,356,119</u>	<u>1,268,130</u>	<u>(66,094)</u>
NONOPERATING REVENUES, (EXPENSES)			
Interest	8,556	10,452	21,145
Debt Proceeds	-	-	-
Interest Expense	-	-	-
Invergovernmental	-	-	-
Miscellaneous	-	-	-
	<u>8,556</u>	<u>10,452</u>	<u>21,145</u>
Total Nonoperating Revenues (Expenses)	<u>8,556</u>	<u>10,452</u>	<u>21,145</u>
Capital Contributions	329,014	308,996	-
Capital Contributions - System Development Charges	11,082	-	97,290
Transfers In	-	-	250,000
Transfers Out	<u>(1,703,800)</u>	<u>(2,048,400)</u>	<u>-</u>
Change in Net Position	971	(460,822)	302,341
Net Position (Deficit), Beginning of Year, Restated	<u>6,973,903</u>	<u>7,833,962</u>	<u>743,265</u>
Net Position (Deficit), end of yea	<u>\$ 6,974,874</u>	<u>\$ 7,373,140</u>	<u>\$ 1,045,606</u>

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

WASTEWATER CONSTRUCTION FUND	OTHER NONMAJOR FUNDS	TOTAL	INTERNAL SERVICE FUND
\$ -	\$ 24,208	\$ 4,689,388	\$ -
-	-	11,699	22,538
-	24,208	4,701,087	22,538
-	-	-	1,201,866
11,571,285	68,636	12,694,077	43,502
-	-	1,064,568	-
11,571,285	68,636	13,758,645	1,245,368
(11,571,285)	(44,428)	(9,057,558)	(1,222,830)
889	25,473	66,515	3,927
11,409,448	-	11,409,448	-
-	(623,095)	(623,095)	-
-	-	-	-
-	2,248	2,248	-
11,410,337	(595,374)	10,855,116	3,927
-	-	638,010	-
8,585	-	116,957	-
600,000	780,000	1,630,000	1,393,000
-	-	(3,752,200)	(125,000)
447,637	140,198	430,325	49,097
136,267	1,409,763	17,097,160	107,527
\$ 583,904	\$ 1,549,961	\$ 17,527,485	\$ 156,624



**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2019**

	WATER FUND	WASTEWATER FUND	WATER CONSTRUCTION FUND
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 2,187,631	\$ 2,444,321	\$ -
Cash Paid to Suppliers	(367,633)	(610,797)	(48,569)
Net Cash Provided (Used) by Operating Activities	1,819,998	1,833,524	(48,569)
Cash Flows from Noncapital Financing Activities:			
Miscellaneous	11,082	-	97,290
Interfund Loans	-	-	-
Transfers	(1,703,800)	(2,048,400)	250,000
Net Cash Provided (Used) by Noncapital Financing Activities	(1,692,718)	(2,048,400)	347,290
Cash Flows from Capital and Related Financing Activities:			
Bond Proceeds	-	-	-
Interfund Loan	-	-	-
Payments on debt	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	-
Cash Flows from Investing Activities:			
Purchase of Capital Assets	-	-	-
Earnings on Investments	8,556	10,452	21,145
Net Increase (Decrease) in Cash and Cash Equivalents	135,836	(204,424)	319,866
Cash and Investments at Beginning of Year	173,437	432,638	743,265
Cash and Investments at End of Year	\$ 309,273	\$ 228,214	\$ 1,063,131
Reconciliation of Operating Income to			
Net Cash Provided by Operating Activities			
Operating Income, (Loss)	\$ 1,356,119	\$ 1,268,130	\$ (66,094)
Noncash Items Included in Income:			
Depreciation	456,104	608,464	-
Decrease (Increase) in Accounts Receivable	(12,523)	(33,614)	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	19,088	(9,456)	17,525
Increase (Decrease) in Customer Deposits	1,210	-	-
Net Cash Provided (Used) by Operating Activities	\$ 1,819,998	\$ 1,833,524	\$ (48,569)

Noncash Transactions:

All of the enterprise funds have their debt and capital assets purchased/paid for them. The funds recognized capital contributions on the Statement of Revenues and Expenses to account for this activity. The Water and Wastewater funds had the following noncash transactions for capital contributions: \$329,014 and \$308,996, respectively.

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

WASTEWATER CONSTRUCTION FUND	OTHER NONMAJOR FUNDS	TOTAL	INTERNAL SERVICE FUND
\$ (1,480,976) (10,387,150)	\$ 68,366 (68,282)	\$ 3,219,342 (11,482,431)	\$ 22,538 (1,243,654)
(11,868,126)	84	(8,263,089)	(1,221,116)
8,585	1,125	118,082	-
-	34,714	34,714	-
600,000	780,000	(2,122,200)	1,268,000
608,585	815,839	(1,969,404)	1,268,000
11,409,448	-	11,409,448	-
-	-	-	-
-	(623,095)	(623,095)	-
11,409,448	(623,095)	10,786,353	-
889	25,473	66,515	3,927
150,796	218,301	620,375	50,811
370,817	1,101,487	2,821,644	112,994
\$ 521,613	\$ 1,319,788	\$ 3,442,019	\$ 163,805
\$ (11,571,285)	\$ (44,428)	\$ (9,057,558)	\$ (1,222,830)
-	-	1,064,568	-
(1,480,976)	44,158	(1,482,955)	-
1,184,135	354	1,211,646	1,714
-	-	1,210	-
\$ (11,868,126)	\$ 84	\$ (8,263,089)	\$ (1,221,116)

**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

**STATEMENT OF FIDUCIARY ASSETS**  
**FIDUCIARY FUNDS**  
**June 30, 2019**

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	<u>Agency</u>
ASSETS	
Cash and Cash Equivalents	\$ (7,050)
Accounts Receivable	<u>-</u>
Total Assets	<u><u>\$ (7,050)</u></u>
LIABILITIES	
Accounts Payable	\$ 17,863
Amounts held in trust	<u>(24,913)</u>
Total Liabilities	<u><u>\$ (7,050)</u></u>

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

**CITY OF SUTHERLIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. ORGANIZATION (REPORTING ENTITY)**

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

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

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

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

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

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

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

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

**CITY OF SUTHERLIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

Water - accounts for the operation of the water system.

**CITY OF SUTHERLIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

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

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

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

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

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

**D. BUDGETS POLICIES AND BUDGETARY CONTROL**

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

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

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

**CITY OF SUTHERLIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. BUDGETS POLICIES AND BUDGETARY CONTROL (CONTINUED)**

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

**E. COMPENSATED ABSENCES - SICK LEAVE**

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

**F. USE OF ESTIMATES**

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

**G. CASH AND CASH EQUIVALENTS**

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

**H. RECEIVABLES**

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

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

**I. CAPITAL ASSETS**

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

**CITY OF SUTHERLIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. CAPITAL ASSETS (CONTINUED)**

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

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

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

**J. FUND EQUITY**

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

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

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



**CITY OF SUTHERLIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. FUND EQUITY (CONTINUED)**

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

**K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

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

**L. RETIREMENT PLANS**

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

**M. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY**

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

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

**CITY OF SUTHERLIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY (CONTINUED)**

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

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

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

**2. DEPOSITS AND INVESTMENTS**

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

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2019. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2019, the fair value of the position in the LGIP is 100.65% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

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

**CITY OF SUTHERLIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

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**2. DEPOSITS AND INVESTMENTS (CONTINUED)**

As of June 30, 2019, the City had the following investments:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-18	More than 18
State Treasurer's Investment Pool	\$ 8,299,534	\$ 8,299,534	\$ -	\$ -
Total	\$ 8,299,534	\$ 8,299,534	\$ -	\$ -

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

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

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

*Custodial Credit Risk - Deposits:* This is the risk that, in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides Insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program. Oregon Revised Statutes and City policy require depository institutions to maintain on deposit, with the collateral pool manager, securities having a value not less than 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. As of June 30, 2019, the total bank balance per the bank statements was \$964,978. Of these deposits, \$250,000 was covered by federal depository insurance. The remainder, if any, is collateralized the Oregon Public Funds Collateralization Program (PFCP). The City's deposits and investments at June 30, 2019 are as follows:

Deposits with Financial Institutions:	
Petty Cash	\$ 500
Demand Deposits	255,564
Investments	8,299,534
Total cash and Investments	<u>\$ 8,555,598</u>

**CITY OF SUTHERLIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

**3. CAPITAL ASSETS**

Changes in Governmental Capital Assets for the year ended June 30, 2019 are as follows:

<u>Governmental Activities</u>	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
Land*	\$ 1,116,919	\$ 1,167	\$ -	\$ 1,118,086
Construction in Progress*	2,260,248	1,028,165	(5,367)	3,283,046
Infrastructure	102,168,425	69,840	-	102,238,265
Buildings and Improvements	4,400,810	36,062	-	4,436,872
Vehicles and Equipment	2,416,451	135,899	(27,225)	2,525,125
Total Capital Assets	<u>112,362,853</u>	<u>1,271,133</u>	<u>(32,592)</u>	<u>113,601,394</u>
Accumulated Depreciation:				
Infrastructure	98,491,740	255,273		98,747,013
Buildings and Improvements	2,449,261	112,361		2,561,622
Vehicles and Equipment	2,045,517	155,909	(27,225)	2,174,201
Total Accumulated Depreciation	<u>102,986,518</u>	<u>523,543</u>	<u>(27,225)</u>	<u>103,482,836</u>
Total Net Capital Assets	<u>\$ 9,376,335</u>			<u>\$ 10,118,558</u>

\*Non Depreciable Asset

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

General Government	\$ 75,402
Public Safety	139,540
Highways and Streets	206,122
Culture and Recreation	101,654
Tourism	825
Total	<u>\$ 523,543</u>

Changes in Business-Type Capital Assets for the year ended June 30, 2019 are as follows:

	<u>Balances July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
Capital Assets not being depreciated				
Land	\$ 3,281,776	\$ -	\$ -	\$ 3,281,776
Construction in progress	3,046,860	11,637,379	-	14,684,239
Water Rights	635,414	9,390	-	644,804
Total capital assets not being depreciated	<u>6,964,050</u>	<u>11,646,769</u>	<u>-</u>	<u>18,610,819</u>
Capital assets being depreciated				
Infrastructure and plant	51,440,501	-	-	51,440,501
Buildings	330,213	-	-	330,213
Vehicles and equipment	895,525	61,441	(10,000)	946,966
Total capital assets being depreciated	<u>52,666,239</u>	<u>61,441</u>	<u>(10,000)</u>	<u>52,717,680</u>

**CITY OF SUTHERLIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

**3. CAPITAL ASSETS (CONTINUED)**

	Balances July 1, 2018	Additions	Deletions	Balance June 30, 2019
Less accumulated depreciation for:				
Infrastructure and Plant	32,654,499	1,032,328	-	33,686,827
Buildings	125,682	11,737	-	137,419
Vehicles and equipment	828,908	20,503	(10,000)	839,411
Total	33,609,089	1,064,568	(10,000)	34,663,657
Total capital assets being depreciated, net	19,057,150	(1,003,127)	-	18,054,023
<b>Total capital assets, net</b>	<b>\$ 26,021,200</b>	<b>\$ 10,643,642</b>	<b>\$ -</b>	<b>\$ 36,664,842</b>

**4. RECEIVABLES**

The City's receivables at June 30, 2019 are shown below:

Property Taxes	\$ 275,865
Accounts	2,060,366
Utility Accounts	491,350
	<u>\$ 2,827,581</u>

**5. DEBT**

Transactions for governmental activities for the year ended June 30, 2019 were as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due within One Year
General Obligation Bonds (original amount \$800,000, & 3-5% interest)	\$ 350,000	\$ -	\$ 45,000	\$ 305,000	\$ 45,000
Direct Borrowing: ODOT Note Payable \$505k, 1.61%	505,000	-	-	505,000	-
Compensated Absences	195,990	216,972	195,990	216,972	216,972
Total	<u>\$ 1,050,990</u>	<u>\$ 216,972</u>	<u>\$ 240,990</u>	<u>\$ 1,026,972</u>	<u>\$ 261,972</u>

The GO Bonds have no significant default provisions. The ODOT note from direct borrowing contains a provision that in an event of default and the City is unable to make payment, outstanding amounts become immediately due. Another provision states that in the event of default, the State of Oregon may withhold the City's apportionment of the State Highway Fund revenue.

Year	Principal	Interest	Principal	Interest
2019-2020	45,000	14,856	-	8,131
2020-2021	45,000	13,000	23,373	12,197
2021-2022	50,000	10,750	47,312	7,565
2022-2023	50,000	8,250	48,077	6,800
2023-2024	55,000	5,750	48,854	6,023
2024-2029	60,000	3,000	256,376	18,008
2029-2031	-	-	81,008	1,089
	<u>305,000</u>	<u>55,606</u>	<u>505,000</u>	<u>59,813</u>

**CITY OF SUTHERLIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

**5. DEBT (CONTINUED)**

Transactions for business-type activities for the year ended June 30, 2019 were as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due within One Year
<b><u>Revenue Bonds:</u></b>					
Water Revenue Series 2008 (original amount \$2,360,000, 3.75-5%)	1,410,000	-	115,000	1,295,000	120,000
2012 Refunding Bonds (original amount \$795,000, 1.85-3.6%)	400,000	-	70,000	330,000	75,000
USDA Revenue Bonds (\$4,601,000, 2.375%)	4,309,986	-	77,124	4,232,862	78,956
Total Revenue Bonds	<u>6,119,986</u>	<u>-</u>	<u>262,124</u>	<u>5,857,862</u>	<u>273,956</u>
<b><u>Direct Borrowings:</u></b>					
OECD (original amount \$779,697, 3-4.75%)	536,335	-	28,969	507,366	24,138
IFA Loan, October 2014 (original amount \$2,625,000, 2.67%)	2,259,380	-	84,944	2,174,436	87,202
Total Direct Borrowings	<u>2,795,715</u>	<u>-</u>	<u>113,913</u>	<u>2,681,802</u>	<u>111,340</u>
Total	<u>\$ 8,915,701</u>	<u>\$ -</u>	<u>\$ 376,037</u>	<u>\$ 8,539,664</u>	<u>\$ 385,296</u>

The 2008 Water Revenue Bonds and the OECD Loan do not have significant default provisions. The 2012 Refunding Bonds contain a provision stating that in the event of default, the majority Owners of the Bonds may take whatever action at law or in equity to enforce the Financing Agreement or protect the rights of the Owner. However, upon default the unpaid principal components will not become immediately due and payable. The USDA Revenue Bonds contain a provision that in the event of default all Net Water Revenues of the City will be accounted for in an express trust for USDA. The IFA loan contains a provision that states that in the event of default and the City is unable to make payment, all amounts outstanding become immediately due and repayment of all associated grants and interest on those grants is required.

**Revenue Bonds:**

2008 Water Revenue Bonds			2012 Refunding Bonds		2013 USDA Revenue Bonds	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2019-2020	120,000	52,774	75,000	9,593	78,956	100,530
2020-2021	125,000	47,976	70,000	7,345	80,831	98,655
2021-2022	130,000	42,974	40,000	5,640	82,750	96,736
2022-2023	140,000	37,774	40,000	4,400	84,716	94,770
2023-2024	145,000	32,176	35,000	3,150	86,728	92,758
2024-2029	635,000	60,020	70,000	2,520	465,532	431,898
	<u>\$ 1,295,000</u>	<u>\$ 273,694</u>	<u>\$ 330,000</u>	<u>\$ 32,648</u>	<u>\$ 4,232,862</u>	<u>\$ 2,046,728</u>

**CITY OF SUTHERLIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

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**5. DEBT (CONTINUED)**

Direct Borrowings:

2009 OECD Loan			2014 IFA Loan	
Year	Principal	Interest	Principal	Interest
2019-2020	24,138	24,961	87,202	58,058
2020-2021	24,324	23,975	89,530	55,729
2021-2022	29,497	22,802	91,920	53,339
2022-2023	29,722	21,327	94,375	50,885
2023-2024	29,957	19,841	96,894	48,365
2024-2029	168,547	74,947	524,688	201,610
2029-2034	201,181	30,815	598,576	127,720
2034-2039	-	-	591,251	43,428
	<u>\$ 507,366</u>	<u>\$ 218,668</u>	<u>\$ 2,174,436</u>	<u>\$ 639,134</u>

The City entered into a loan agreement with Oregon DEQ, the total amount to be received is \$18,500,000, at an interest rate of 1.47%. At June 30, 2019 the City has drawn down \$14,497,111, no amortization schedule has been set yet, all of the balance is classified as due in more than one year. The DEQ loan contains a provision that all amounts outstanding become immediately due in the event of default. Also, DEQ may notify the Oregon State Treasurer to withhold any amounts otherwise due to the City from the State of Oregon.

**6. DEFINED BENEFIT PENSION PLAN**

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

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.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. A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

**CITY OF SUTHERLIN**  
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**6. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

- ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:
    - member was employed by PERS employer at the time of death,
    - member died within 120 days after termination of PERS covered employment,
    - member died as a result of injury sustained while employed in a PERS-covered job, or
    - member was on an official leave of absence from a PERS-covered job at the time of death.
  - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
  - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:  
*Police and fire:* 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.  
*General service:* 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.  
A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.
  - ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
  - 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.



**CITY OF SUTHERLIN**  
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**6. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**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, 2015 actuarial valuation, which became effective July 1, 2017. 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, 2019 were \$249,946, excluding amounts to fund employer specific liabilities. In addition approximately \$170,883 in employee contributions were paid or picked up by the City in fiscal 2018. At June 30, 2019, the City reported a net pension liability of \$3,269,663 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2016. 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. As of the measurement dates of June 30, 2018 and 2017, the City's proportion was .02 percent. Pension expense for the year ended June 30, 2019 was \$381,052.

The rates in effect for the year ended June 30, 2019 were:

- (1) Tier 1/Tier 2 – 13.42%
- (2) OPSRP general services – 9.69%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 11,224	\$ -
Changes in assumptions	760,190	-
Net difference between projected and actual earnings on pension plan investments	-	145,192
Net changes in proportionate share	317,525	114,587
Differences between City contributions and proportionate share of contributions	-	119,074
Subtotal - Amortized Deferrals (below)	1,088,939	378,853
City contributions subsequent to measuring date	249,946	-
Deferred outflow (inflow) of resources	<u>\$ 1,338,885</u>	<u>\$ 378,853</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2020.

**CITY OF SUTHERLIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**6. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

<u>Year ending June 30,</u>	<u>Amount</u>
2020	\$ 411,784
2021	292,400
2022	(12,260)
2023	87,748
2024	30,416
Thereafter	-
Total	<u>\$ 810,088</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 4, 2019. Oregon PERS produces an independently audited CAFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf>

**Actuarial Valuations** – The employer contribution rates effective July 1, 2017 through June 30, 2019, 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.

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**6. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Actuarial Methods and Assumptions:**

Valuation Date	December 31, 2016 rolled forward to June 30, 2018
Experience Study Report	2016, Published July 26, 2017
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	2.50 percent
Investment rate of return	7.20 percent
Projected salary increase	3.50 percent overall payroll growth
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/.15%) in accordance with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

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 2016 Experience Study which is reviewed for the four-year period ending December 31, 2016.

**Assumed Asset Allocation:**

<b>Asset Class/Strategy</b>	<b>Low Range</b>	<b>High Range</b>	<b>OIC Target</b>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	13.5%	21.5%	17.5%
Alternative Investments	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

(Source: June 30, 2018 PERS CAFR; p. 98)

**CITY OF SUTHERLIN**  
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**6. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Long-Term Expected Rate of Return:**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015, revised as of June 7, 2017, 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.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Compound Annual (Geometric) Return</b>
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micro Cap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.13%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equity	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
<i>Assumed Inflation - Mean</i>		<i>2.50%</i>

*(Source: June 30, 2018 PERS CAFR; p. 72)*

**Discount Rate** – The discount rate used to measure the total pension liability as of the measurement date of June 30, 2018 and 2017, was 7.20 percent and 7.50 percent, respectively, 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 SUTHERLIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**6. DEFINED BENEFIT 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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability	\$ 5,464,224	\$ 3,269,663	\$ 1,458,233

**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.

There are no changes subsequent to the June 30, 2018 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

**Deferred Compensation Plan**

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the City 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 City.

**OPSRP Individual Account Program (OPSRP IAP)**

*Plan Description:*

Employees of the City are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

**CITY OF SUTHERLIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**6. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

*Pension Benefits:*

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

*Death Benefits:*

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

*Contributions:*

Employees of the City pay six (6) percent of their covered payroll. The City made \$170,883 in contributions to member IAP accounts for the year ended June 30, 2019.

**7. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA)**

**Plan Description:**

As a member of Oregon Public Employees Retirement System (OPERS) the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

**Funding Policy:**

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

**CITY OF SUTHERLIN**  
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**7. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA) (CONTINUED)**

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the City currently contributes 0.49% of annual covered OPERF payroll and 0.42% of OPSRP payroll under a contractual requirement in effect until June 30, 2019. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contribution to RHIA for the year ended June 30, 2017, 2018 and 2019 were \$11,126, \$11,796 and \$12,775, respectively, which equaled the required contributions each year.

At June 30, 2019, the City's net OPEB liability/(asset) and deferred inflows and outflows were not considered significant by management and were not accrued on the government wide statements.

**8. INTERFUND TRANSFERS**

Cash transfers are indicative of funding for capital projects, debt service, subsidies of various city operations, and re-allocations of special revenues. Transfers are netted on the Statement of Activities as required by GASB 34. The following schedule briefly summarizes the City's transfer activity for the year ended June 30, 2019:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 1,685,900	\$ 480,000
Street Construction	-	-
Other Governmental	24,000	375,700
Water	-	1,703,800
Wastewater	-	2,048,400
Water Construction	250,000	-
Wastewater Construction	600,000	-
Other Business Type	780,000	-
Internal Service	1,393,000	125,000
Total	<u>\$ 4,732,900</u>	<u>\$ 4,732,900</u>

Please note that the "Internal Balances" noted on the Statement of Net Position is not an interfund balance, but a representation over time that represents the amount of use the internal service fund allocates to the governmental and business type activities.

**9. RISK MANAGEMENT**

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

**CITY OF SUTHERLIN**  
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**10. FUND BALANCE CONSTRAINTS**

The specific purposes for each of the categories of fund balance as of June 30, 2019 are as follows:

	<b>General Fund</b>	<b>Street Construction Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Fund Balances:</b>				
<b><u>Nonspendable:</u></b>				
Prepays	\$ -	\$ -	\$ 2,168	\$ 2,168
<b><u>Restricted:</u></b>				
Street Storm Drainage Maintenance	-	-	426,806	426,806
System Development Charges	-	-	381,577	381,577
Debt Payments	-	-	4,758	4,758
	-	-	813,141	813,141
<b><u>Committed to:</u></b>				
Street Construction	-	73,624	-	73,624
Tourism	-	-	219,252	219,252
Parks Capital Projects	-	-	62,274	62,274
	-	73,624	281,526	355,150
<b><u>Assigned to:</u></b>				
General City	1,153,193	-	-	1,153,193
Library	-	-	383	383
Dial A Ride	-	-	9,733	9,733
Library Capital Projects	-	-	-	-
	1,153,193	-	10,116	1,163,309
<b>Unassigned:</b>	2,519,964	-	-	2,519,964
<b>Total Fund Balances</b>	<u>\$ 3,673,157</u>	<u>\$ 73,624</u>	<u>\$ 1,106,951</u>	<u>\$ 4,853,732</u>

**11. TAX ABATEMENTS**

As of June 30, 2019, the City provides tax abatements through one significant program: Enterprise Zone, ORS 285C.175.

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

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

For the fiscal year ended June 30, 2019, the City abated property taxes totaling \$152,313 under this program.



**CITY OF SUTHERLIN**  
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**12. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Post-employment Health Insurance Subsidy**

Plan Description

The City administers a single-employer defined benefit healthcare plan that covers both active and retired participants. The plan provides post-retirement healthcare benefits for eligible retirees and their dependents through the City's group health insurance plans. The City's post-retirement plan was established in accordance with Oregon Revised Statutes (ORS) 243.303 which states, in part, that for the purposes of establishing healthcare premiums, the calculated rate must be based on the cost of all plan members, including both active employees and retirees. Because claim costs are generally higher for retiree groups than for active members, the premium amount does not represent the full cost of coverage for retirees. The resulting additional cost, or implicit subsidy, is required to be valued under GASB Statement 75 related to Other Post-Employment Benefits (OPEB). Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective. The valuation date was July 1, 2018 and the measurement date was June 30, 2018.

Funding Policy

The City has not established a trust fund to finance the cost of post-employment health care benefits related to implicit rate subsidies. Premiums are paid by retirees based on the rates established for active employees. Additional costs related to an implicit subsidy are paid by the City on a pay-as-you-go basis. There is no obligation on the part of the City to fund these benefits in advance.

Actuarial Methods and Assumptions

The City engaged an actuary to perform a valuation as of June 30, 2018 using the Entry Age Normal, level percent of salary Actuarial Cost Method. Mortality rates were based on the RP-2014 Healthy Annuitant, sex distinct mortality tables blended 50/50 blue collar and white collar, set back one year for males. Mortality is projected on a generational basis using the Unisex Social Security Data Scale. Demographic assumptions regarding retirement, mortality, and turnover are based on Oregon PERS valuation assumptions as of December 31, 2017. Election rate and lapse assumptions are based on experience implied by valuation data for this and other Oregon public employers.

Changes in the Net OPEB Liability

	<u>Increase/ (Decrease)</u>
<b>Total OPEB Liability at June 30, 2018</b>	<b>145,603</b>
<b>Changes for the year:</b>	
Service cost	16,386
Interest	5,663
Changes of benefit terms	-
Differences between expected and actual experience	(18,647)
Changes of assumptions or other input	(11,409)
Benefit payments	(7,661)
<b>Balance as of June 30, 2019</b>	<b>129,935</b>

**CITY OF SUTHERLIN**  
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**12. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Trend Rates

The following analysis presents the net OPEB liability using a discount rate of 3.87%, as well as what the City's net OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current rate:

	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
Total OPEB Liability	\$ 141,384	\$ 129,935	\$ 119,386

A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 114,586	\$ 129,935	\$ 148,178

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Benefits:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 16,642	\$ -
Changes in assumptions	17,541	
Benefit payments	-	7,342
Deferred outflow (inflow) of resources	<u>\$ 34,183</u>	<u>\$ 7,342</u>

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

<u>Year ending June 30,</u>	<u>Amount</u>
2020	\$ (4,254)
2021	\$ (4,254)
2022	\$ (4,254)
2023	\$ (4,254)
2024	\$ (4,254)
Thereafter	(12,913)
Total	<u>\$ (34,183)</u>

**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2019**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.02 %	\$ 3,269,663	\$ 2,715,431	120%	82.1 %
2018	0.02	2,424,799	2,649,160	92%	83.1
2017	0.02	2,930,363	2,477,286	118	80.5
2016	0.02	1,190,449	2,268,510	52.48	91.9
2015	0.02	(385,502)	2,224,914	(17.0)	103.6
2014	0.02	867,896	2,156,450	39.0	92.0

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

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

**SCHEDULE OF CONTRIBUTIONS**

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2019	\$ 249,946	\$ 249,946	\$ -	\$ 2,957,914	8.5 %
2018	218,437	218,437	-	2,715,431	8.0
2017	168,464	168,464	-	2,649,160	6.4
2016	154,896	154,896	-	2,477,286	6.3
2015	153,399	153,399	-	2,268,510	6.9
2014	159,387	159,387	-	2,224,914	7.4

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

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

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF CHANGES IN OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS  
For the Year Ended June 30, 2019**

	2017-2018	2018-2019
<b>Total Other Post Employment Benefits Liability at beginning of year</b>	<b>\$ 139,232</b>	<b>\$ 145,603</b>
<u>Changes for the year:</u>		
Service Cost	17,235	16,386
Interest	4,377	5,663
Changes in Benefit Terms	-	-
Differences between expected and actual experience	-	(18,647)
Changes in assumptions or other input	(9,403)	(11,409)
Benefit Payments	(5,838)	(7,661)
Net changes for the year	6,371	-15,668
<b>Total Other Post Employment Benefits Liability at year end</b>	<b>\$ 145,603</b>	<b>\$ 129,935</b>
<b>Fiduciary Net Position - Beginning</b>	<b>\$ -</b>	<b>\$ -</b>
Contributions - Employer	5,838	7,661
Contributions - Employee	-	-
Net Investment Income	-	-
Benefit Payments	(5,838)	(7,661)
Administrative Expense	-	-
Net changes for the year	-	-
<b>Fiduciary Net Position - Ending</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Liability for Other Post Employment Benefits - End of Year</b>	<b>\$ 145,603</b>	<b>\$ 129,935</b>
Fiduciary Net Position as a percentage of the total Single Employer Pension Liability	0%	0%
Covered Payroll	\$ 2,732,858	\$ 2,965,721
Net Single Employer Pension Plan as a Percentage of Covered Payroll	5%	4%

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2019**

	<u>GENERAL FUND</u>			VARIANCE POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<b>REVENUES</b>				
Property Taxes	\$ 2,860,000	\$ 2,860,000	\$ 2,937,087	\$ 77,087
Franchise Fees	428,000	428,000	452,479	24,479
Licences, Permits and Fees	500	500	1,840	1,340
Fines and Forfeitures	100,000	100,000	139,184	39,184
Charges for Services	18,000	18,000	29,421	11,421
Intergovernmental	476,642	476,642	504,089	27,447
Interest	25,000	25,000	52,863	27,863
Miscellaneous	13,000	13,000	78,077	65,077
Total Revenues	<u>3,921,142</u>	<u>3,921,142</u>	<u>4,195,040</u>	<u>273,898</u>
<b>EXPENDITURES</b>				
City Manager's Office	140,383	142,883 (1)	140,116	2,767
City Attorney	62,500	62,500 (1)	20,846	41,654
Mayor & Council	4,000	4,000 (1)	2,986	1,014
Non-Departmental	268,400	268,400 (1)	263,480	4,920
City Recorder/HR	224,975	248,975 (1)	241,993	6,982
Municipal Court	177,517	177,517 (1)	161,813	15,704
Finance	437,116	437,116 (1)	400,830	36,286
Planning	382,401	382,401 (1)	343,293	39,108
Police	2,212,471	2,212,471 (1)	1,878,572	333,899
Parks/Facilities	181,076	181,076 (1)	157,282	23,794
Fire	1,029,431	1,029,431 (1)	834,505	194,926
Contingency	200,000	173,500 (1)	-	173,500
Total Expenditures	<u>5,320,270</u>	<u>5,320,270</u>	<u>4,445,716</u>	<u>874,554</u>
Excess of Revenues Over, (Under) Expenditures	(1,399,128)	(1,399,128)	(250,676)	1,148,452
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers Out	(480,000)	(480,000) (1)	(480,000)	-
Transfers In	1,215,900	1,215,900	1,215,900	-
Net Change in Fund Balance	(663,228)	(663,228)	485,224	1,148,452
Beginning Fund Balance	<u>1,933,000</u>	<u>1,933,000</u>	<u>2,034,740</u>	<u>101,740</u>
Ending Fund Balance	<u>\$ 1,269,772</u>	<u>\$ 1,269,772</u>	<u>\$ 2,519,964</u>	<u>\$ 1,250,192</u>
Reconciliation to GAAP Fund Balance:				
Ending Fund Balances				
Bicycle / Footpath Fund			20,837	
Police Reserve			72,567	
Public Works Operations Reserve			311,247	
Fire Reserve Fund			628,789	
Parks Facilities Reserve Fund			119,753	
			<u>\$ 3,673,157</u>	

(1) Appropriation Level

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2019**

<u>STREET CONSTRUCTION FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ 900,000	\$ 900,000	\$ 295,935	\$ (604,065)
Interest	<u>1,500</u>	<u>1,500</u>	<u>4,332</u>	<u>2,832</u>
Total Revenues	<u>901,500</u>	<u>901,500</u>	<u>300,267</u>	<u>(601,233)</u>
EXPENDITURES				
Capital Outlay	2,490,000	2,490,000 (1)	1,027,599	1,462,401
Contingency	<u>22,500</u>	<u>22,500</u> (1)	<u>-</u>	<u>22,500</u>
Total Expenditures	<u>2,512,500</u>	<u>2,512,500</u>	<u>1,027,599</u>	<u>1,484,901</u>
Excess of Revenues Over, (Under) Expenditures	(1,611,000)	(1,611,000)	(727,332)	883,668
Net Change in Fund Balance	(1,611,000)	(1,611,000)	(727,332)	883,668
Beginning Fund Balance	<u>1,611,000</u>	<u>1,611,000</u>	<u>800,956</u>	<u>(810,044)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,624</u>	<u>\$ 73,624</u>

(1) Appropriation Level

**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

**SUPPLEMENTARY INFORMATION**



**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2019**

<u>WATER OPERATIONS FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Charges for Services	\$ 2,076,600	\$ 2,076,600	\$ 2,189,557	\$ 112,957
System Development Charges	3,000	3,000	11,082	8,082
Interest	3,000	3,000	8,556	5,556
Total Revenues	2,082,600	2,082,600	2,209,195	126,595
<b>EXPENDITURES</b>				
Materials and Services	485,150	485,150 (1)	377,331	107,819
Capital Outlay	10,000	10,000 (1)	9,390	610
Contingency	91,650	91,650 (1)	-	91,650
Total Expenditures	586,800	586,800	386,721	91,650
Excess of Revenues Over, (Under) Expenditures	1,495,800	1,495,800	1,822,474	326,674
<b>OTHER FINANCING SOURCES, (USES)</b>				
Interfund Loan	-	-	-	-
Transfers Out	(1,703,800)	(1,703,800) (1)	(1,703,800)	-
Total Other Financing Sources, (Uses)	(1,703,800)	(1,703,800)	(1,703,800)	-
Net Change in Fund Balance	(208,000)	(208,000)	118,674	326,674
Beginning Fund Balance	208,000	208,000	244,608	36,608
Ending Fund Balance	\$ -	\$ -	363,282	\$ 363,282
<b>Reconciling Items:</b>				
Capital Assets, Net			12,666,431	
Deferred Revenue			28,067	
Accrued Interest			(47,678)	
Long-Term Obligations			(6,035,228)	
Net Position			\$ 6,974,874	

(1) Appropriation Level

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2019**

WASTEWATER OPERATIONS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Charges for Services	\$ 2,350,500	\$ 2,350,500	\$ 2,466,236	\$ 115,736
Interest	3,000	3,000	10,452	7,452
Miscellaneous	-	-	8,832	8,832
Total Revenues	2,353,500	2,353,500	2,485,520	132,020
EXPENDITURES				
Materials and Services	658,100	658,100 (1)	601,341	56,759
Contingency	132,000	132,000 (1)	-	132,000
Total Expenditures	790,100	790,100	601,341	188,759
Excess of Revenues over Expenditures	1,563,400	1,563,400	1,884,179	(56,739)
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(2,048,400)	(2,048,400) (1)	(2,048,400)	-
Total Other Financing Sources	(2,048,400)	(2,048,400)	(2,048,400)	-
Net Change in Fund Balance	(485,000)	(485,000)	(164,221)	132,020
Beginning Fund Balance	485,000	485,000	552,300	67,300
Ending Fund Balance	\$ -	\$ -	\$ 388,079	\$ 388,079

Reconciling Items:

Capital Assets, Net	23,998,411
Deferred Revenue	25,667
Accrued Interest	(37,470)
Long-Term Obligations	(17,001,547)
Net Position	\$ 7,373,140

(1) Appropriation Level

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2019**

**WATER CONSTRUCTION FUND**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
System Development Charges	\$ 30,000	\$ 30,000	\$ 97,290	\$ 67,290
Interest	2,500	2,500	21,145	18,645
Total Revenues	32,500	32,500	118,435	85,935
EXPENDITURES				
Capital Outlay	1,217,000	1,217,000 (1)	66,094	1,150,906
Contingency	769,500	769,500 (1)	-	769,500
Total Expenditures	1,986,500	1,986,500	66,094	1,920,406
Excess of Revenues Over, (Under) Expenditures	(1,954,000)	(1,954,000)	52,341	2,006,341
OTHER FINANCING SOURCES, (USES)				
Debt Proceeds	1,007,000	1,007,000	-	(1,007,000)
Transfers In	250,000	250,000	250,000	-
Net Change in Fund Balance	(697,000)	(697,000)	302,341	999,341
Beginning Fund Balance	697,000	697,000	743,265	46,265
Ending Fund Balance	\$ -	\$ -	\$ 1,045,606	\$ 1,045,606

(1) Appropriation Level

**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the Year Ended June 30, 2019**

WASTEWATER CONSTRUCTION FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
System Development Charges	\$ 2,500	\$ 2,500	\$ 8,585	\$ 6,085
Interest	3,000	3,000	889	(2,111)
Total Revenues	5,500	5,500	9,474	3,974
EXPENDITURES				
Capital Outlay	15,000,000	15,000,000 (1)	11,571,285	3,428,715
Contingency	1,090,500	1,090,500 (1)	-	1,090,500
Total Expenditures	16,090,500	16,090,500	11,571,285	4,519,215
Excess of Revenues Over, (Under) Expenditures	(16,085,000)	(16,085,000)	(11,561,811)	4,523,189
OTHER FINANCING SOURCES, (USES)				
Loan Proceeds	15,000,000	15,000,000	11,409,448	(3,590,552)
Transfers In	600,000	600,000	600,000	-
Net Change in Fund Balance	(485,000)	(485,000)	447,637	932,637
Beginning Fund Balance	485,000	485,000	136,267	(348,733)
Ending Fund Balance	\$ -	\$ -	\$ 583,904	\$ 583,904

(1) Appropriation Level

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2019**

	STREET STORM DRAINAGE FUND	STREET SDC FUND	TOURISM MOTEL TAX	LIBRARY BOARD FUND	DIAL A RIDE FUND
<b>ASSETS</b>					
Cash and Equivalents	\$ 387,737	\$ 381,577	\$ 238,895	\$ 383	\$ (13,005)
Prepays	2,168	-	-	-	-
Accounts Receivable	57,286	-	26,446	-	31,423
Total Assets	<u>\$ 447,191</u>	<u>\$ 381,577</u>	<u>\$ 265,341</u>	<u>\$ 383</u>	<u>\$ 18,418</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 18,217	\$ -	\$ 40,461	\$ -	\$ 8,685
Interfund Loan	-	-	5,628	-	-
Deferred Revenue	-	-	-	-	-
Total Liabilities	<u>18,217</u>	<u>-</u>	<u>46,089</u>	<u>-</u>	<u>8,685</u>
<b>FUND BALANCES</b>					
Unspendable	2,168	-	-	-	-
Restricted	426,806	381,577	-	-	-
Committed	-	-	219,252	-	-
Assigned	-	-	-	383	9,733
Total Fund Balances	<u>428,974</u>	<u>381,577</u>	<u>219,252</u>	<u>383</u>	<u>9,733</u>
Total Liabilities and Fund Balances	<u>\$ 447,191</u>	<u>\$ 381,577</u>	<u>\$ 265,341</u>	<u>\$ 383</u>	<u>\$ 18,418</u>

DEBT SERVICE		CAPITAL PROJECTS FUNDS		
LIBRARY GO BOND FUND		PARKS CONSTRUCTION FUND		TOTAL
\$	4,758	\$	62,274	\$ 1,062,619
	-		-	2,168
	5,329		-	120,484
<u>\$</u>	<u>10,087</u>	<u>\$</u>	<u>62,274</u>	<u>\$ 1,185,271</u>
\$	-	\$	-	\$ 67,363
	-		-	5,628
	5,329		-	5,329
	5,329		-	78,320
	-		-	2,168
	4,758		-	813,141
	-		62,274	281,526
	-		-	10,116
	4,758		62,274	1,106,951
<u>\$</u>	<u>10,087</u>	<u>\$</u>	<u>62,274</u>	<u>\$ 1,185,271</u>

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2019**

	STREET STORM DRAINAGE FUND	STREET SDC FUND	TOURISM MOTEL TAX	LIBRARY BOARD FUND	DIAL A RIDE FUND
<b>REVENUES</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
System Development Charges	-	66,955	-	-	-
Assessments	-	-	187,945	-	-
Grants and Contributions	-	-	-	-	130,033
Intergovernmental	588,981	-	-	-	-
Interest	7,061	7,998	5,463	56	-
Miscellaneous	135,928	-	2,000	-	595
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Revenues	\$ 731,970	\$ 74,953	\$ 195,408	\$ 56	\$ 130,628
<b>EXPENDITURES</b>					
Current					
Materials and Services	-	-	-	-	-
Culture and Recreation	-	-	-	24,000	122,104
Tourism	-	-	122,975	-	-
Highways and Streets	114,161	-	-	-	-
Capital Outlay	15,090	-	-	-	-
Debt Service	-	-	218	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	129,251	-	123,193	24,000	122,104
Excess of Revenues Over, (Under) Expenditures	602,719	74,953	72,215	(23,944)	8,524
<b>OTHER FINANCING SOURCES, (USES)</b>					
Transfers In	-	-	-	24,000	-
Transfers Out	(342,700)	-	(14,800)	-	(18,200)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Other Financing Sources, (Uses)	(342,700)	-	(14,800)	24,000	(18,200)
<b>NET CHANGE IN FUND BALANCES</b>	260,019	74,953	57,415	56	(9,676)
<b>BEGINNING FUND BALANCES</b>	168,955	306,624	161,837	327	19,409
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ENDING FUND BALANCES</b>	<u>\$ 428,974</u>	<u>\$ 381,577</u>	<u>\$ 219,252</u>	<u>\$ 383</u>	<u>\$ 9,733</u>

DEBT SERVICE LIBRARY GO BOND FUND	CAPITAL PROJECTS FUNDS PARKS CONSTRUCTION FUND	TOTAL
\$ 51,000	\$ -	\$ 51,000
-	30,000	96,955
-	-	187,945
-	-	130,033
-	-	588,981
214	1,082	21,874
-	-	138,523
<u>\$ 51,214</u>	<u>\$ 31,082</u>	<u>\$ 1,215,311</u>
-	-	-
-	-	146,104
-	-	122,975
-	-	114,161
-	-	15,090
61,656	-	61,874
<u>61,656</u>	<u>-</u>	<u>460,204</u>
(10,442)	31,082	755,107
-	-	24,000
-	-	(375,700)
<u>-</u>	<u>-</u>	<u>(351,700)</u>
(10,442)	31,082	403,407
15,200	31,192	703,544
<u>\$ 4,758</u>	<u>\$ 62,274</u>	<u>\$ 1,106,951</u>



**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the Year Ended June 30, 2019**

<u>STATE GAS TAX FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 588,981	\$ 88,981
Charges for Service	135,900	135,900	135,928	28
Miscellaneous	-	-	-	-
Interest	1,500	1,500	7,061	5,561
Total Revenues	<u>637,400</u>	<u>637,400</u>	<u>731,970</u>	<u>94,570</u>
<b>EXPENDITURES</b>				
Materials and Services	156,600	156,600 (1)	114,161	42,439
Capital Outlay	265,000	265,000 (1)	15,090	249,910
Contingency	19,100	19,100 (1)	-	19,100
Total Expenditures	<u>440,700</u>	<u>440,700</u>	<u>129,251</u>	<u>311,449</u>
Excess of Revenues Over, (Under) Expenditures	196,700	196,700	602,719	406,019
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers Out	<u>(342,700)</u>	<u>(342,700) (1)</u>	<u>(342,700)</u>	<u>-</u>
Net Change in Fund Balance	(146,000)	(146,000)	260,019	406,019
Beginning Fund Balance	<u>146,000</u>	<u>146,000</u>	<u>168,955</u>	<u>22,955</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 428,974</u>	<u>\$ 428,974</u>

(1) Appropriation Level

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2019**

STREET SDC SPECIAL REVENUE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
System Development Charges	\$ 45,000	\$ 45,000	\$ 66,955	\$ 21,955
Interest	2,500	2,500	7,998	5,498
Total Revenues	47,500	47,500	74,953	27,453
EXPENDITURES				
Contingency	342,500	342,500 (1)	-	342,500
Total Expenditures	342,500	342,500	-	342,500
Excess of Revenues Over, (Under) Expenditures	(295,000)	(295,000)	74,953	369,953
OTHER FINANCING SOURCES, (USES)				
Transfers Out	-	- (1)	-	-
Net Change in Fund Balance	(295,000)	(295,000)	74,953	369,953
Beginning Fund Balance	295,000	295,000	306,624	11,624
Ending Fund Balance	\$ -	\$ -	\$ 381,577	\$ 381,577

(1) Appropriation Level

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2019**

TOURISM - MOTEL TAX FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Assessments	\$ 185,000	\$ 185,000	\$ 187,945	\$ 2,945
Interest	1,500	1,500	5,463	3,963
Miscellaneous	-	-	2,000	2,000
Total Revenues	186,500	186,500	195,408	8,908
EXPENDITURES				
Materials and Services	116,075	126,075 (1)	122,975	3,100
Capital Outlay	-	- (1)	-	-
Debt Service	33,830	33,830 (1)	33,808	22
Contingency	224,795	214,795 (1)	-	214,795
Total Expenditures	374,700	374,700	156,783	217,917
Excess of Revenues Over, (Under) Expenditures	(188,200)	(188,200)	38,625	226,825
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(14,800)	(14,800) (1)	(14,800)	-
Interfund Loan Proceeds	-	-	-	-
Net Change in Fund Balance	(203,000)	(203,000)	23,825	226,825
Beginning Fund Balance	203,000	203,000	201,055	(1,945)
Ending Fund Balance	\$ -	\$ -	\$ 224,880	\$ 224,880
Reconciliation to GAAP:				
Interfund Loan			\$ (5,628)	
GAAP Net Position			\$ 219,252	

(1) Appropriation Level

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2019**

	<u>LIBRARY BOARD FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Grants and Contributions	\$ 500	\$ 500	\$ -	\$ (500)
Interest	25	25	56	31
Total Revenues	525	525	56	(469)
EXPENDITURES				
Materials and Services	24,000	24,000 (1)	24,000	-
Contingency	825	825 (1)		825
Total Expenditures	24,825	24,825	24,000	825
Excess of Revenues Over, (Under) Expenditures	(24,300)	(24,300)	(23,944)	356
OTHER FINANCING SOURCES, (USES)				
Transfers In	24,000	24,000	24,000	-
Net Change in Fund Balance	(300)	(300)	56	356
Beginning Fund Balance	300	300	327	27
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 383</u>	<u>\$ 383</u>

(1) Appropriation Level

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2019**

	<u>DIAL-A-RIDE FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Grants and Contributions	\$ 119,592	\$ 119,592	\$ 130,033	\$ 10,441
Miscellaneous	3,500	3,500	595	(2,905)
Interest	200	200	-	(200)
Total Revenues	<u>123,292</u>	<u>123,292</u>	<u>130,628</u>	<u>7,336</u>
EXPENDITURES				
Materials and Services	122,150	129,650 (1)	122,104	7,546
Contingency	<u>7,942</u>	<u>442</u> (1)	<u>-</u>	<u>442</u>
Total Expenditures	<u>130,092</u>	<u>130,092</u>	<u>122,104</u>	<u>7,988</u>
Excess of Revenues Over, (Under) Expenditures	(6,800)	(6,800)	8,524	15,324
OTHER FINANCING SOURCES, (USES)				
Transfers Out	<u>(18,200)</u>	<u>(18,200)</u> (1)	<u>(18,200)</u>	<u>-</u>
Net Change in Fund Balance	(25,000)	(25,000)	(9,676)	15,324
Beginning Fund Balance	<u>25,000</u>	<u>25,000</u>	<u>19,409</u>	<u>(5,591)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,733</u>	<u>\$ 9,733</u>

(1) Appropriation Level

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2019**

	<u>LIBRARY GO BOND FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Property Taxes	\$ 51,250	\$ 51,250	\$ 51,000	\$ (250)
Interest	-	-	214	214
Total Revenues	<u>51,250</u>	<u>51,250</u>	<u>51,214</u>	<u>(36)</u>
EXPENDITURES				
Debt Service	<u>61,660</u>	<u>61,660</u> (1)	<u>61,656</u>	<u>4</u>
Total Expenditures	<u>61,660</u>	<u>61,660</u>	<u>61,656</u>	<u>4</u>
Net Change in Fund Balance	(10,410)	(10,410)	(10,442)	(32)
Beginning Fund Balance	<u>29,000</u>	<u>29,000</u>	<u>15,200</u>	<u>(13,800)</u>
Ending Fund Balance	<u>\$ 18,590</u>	<u>\$ 18,590</u>	<u>\$ 4,758</u>	<u>\$ (13,832)</u>

(1) Appropriation Level

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2019**

<u>PARKS CONSTRUCTION FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>				
System Development Charges	\$ 7,500	\$ 7,500	\$ 30,000	\$ 22,500
Interest	<u>150</u>	<u>150</u>	<u>1,082</u>	<u>932</u>
Total Revenues	<u>7,650</u>	<u>7,650</u>	<u>31,082</u>	<u>23,432</u>
<b>EXPENDITURES</b>				
Contingency	<u>17,650</u>	<u>17,650 (1)</u>	<u>-</u>	<u>17,650</u>
Total Expenditures	<u>17,650</u>	<u>17,650</u>	<u>-</u>	<u>17,650</u>
Excess of Revenues Over, (Under) Expenditures	(10,000)	(10,000)	31,082	41,082
Net Change in Fund Balance	(10,000)	(10,000)	31,082	41,082
Beginning Fund Balance	<u>10,000</u>	<u>10,000</u>	<u>31,192</u>	<u>21,192</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,274</u>	<u>\$ 62,274</u>

(1) Appropriation Level

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2019**

<u>BICYCLE FOOTPATH FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Interest	100	100	384	284
Total Revenues	<u>5,100</u>	<u>5,100</u>	<u>5,384</u>	<u>284</u>
EXPENDITURES				
Contingency	<u>20,100</u>	<u>20,100</u> (1)	<u>-</u>	<u>20,100</u>
Total Expenditures	<u>20,100</u>	<u>20,100</u>	<u>-</u>	<u>20,100</u>
Excess of Revenues Over, (Under) Expenditures	(15,000)	(15,000)	5,384	20,384
Beginning Fund Balance	<u>15,000</u>	<u>15,000</u>	<u>15,453</u>	<u>453</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,837</u>	<u>\$ 20,837</u>

(1) Appropriation Level



**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2019**

	<u>POLICE RESERVE FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interest	\$ 1,200	\$ 1,200	\$ 1,379	\$ 179
Total Revenues	<u>1,200</u>	<u>1,200</u>	<u>1,379</u>	<u>179</u>
EXPENDITURES				
Capital Outlay	69,000	120,000 (1)	105,966	14,034
Contingency	<u>99,200</u>	<u>48,200 (1)</u>	<u>-</u>	<u>48,200</u>
Total Expenditures	<u>168,200</u>	<u>168,200</u>	<u>105,966</u>	<u>62,234</u>
Excess of Revenues Over, (Under) Expenditures	(167,000)	(167,000)	(104,587)	62,413
OTHER FINANCING SOURCES, (USES)				
Transfers In	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net Change in Fund Balance	(67,000)	(67,000)	(4,587)	62,413
Beginning Fund Balance	<u>67,000</u>	<u>67,000</u>	<u>77,154</u>	<u>10,154</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,567</u>	<u>\$ 72,567</u>

(1) Appropriation Level

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2019**

	<u>FIRE RESERVE FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interest	\$ 3,000	\$ 3,000	\$ 12,245	\$ 9,245
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>12,245</u>	<u>9,245</u>
EXPENDITURES				
Contingency	<u>617,000</u>	<u>617,000</u> (1)	<u>-</u>	<u>617,000</u>
Total Expenditures	<u>617,000</u>	<u>617,000</u>	<u>-</u>	<u>617,000</u>
Excess of Revenues Over, (Under) Expenditures	(614,000)	(614,000)	12,245	626,245
OTHER FINANCING SOURCES, (USES)				
Surplus Property Sales		-	-	-
Transfers In	<u>165,000</u>	<u>165,000</u>	<u>165,000</u>	<u>-</u>
Net Change in Fund Balance	(449,000)	(449,000)	177,245	626,245
Beginning Fund Balance	<u>449,000</u>	<u>449,000</u>	<u>451,544</u>	<u>2,544</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 628,789</u>	<u>\$ 628,789</u>

(1) Appropriation Level

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2019**

PUBLIC WORKS OPERATIONS RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Interest	\$ 500	\$ 500	\$ 5,643	\$ 5,143
Miscellaneous	-	-	2,540	2,540
Total Revenues	500	500	8,183	7,683
EXPENDITURES				
Capital Outlay	45,000	45,000 (1)	-	45,000
Contingency	257,500	257,500 (1)	-	257,500
Total Expenditures	302,500	302,500	-	302,500
Excess of Revenues Over, (Under) Expenditures	(302,000)	(302,000)	8,183	310,183
OTHER FINANCING SOURCES, (USES)				
Transfers In	125,000	125,000	125,000	-
Net Change in Fund Balance	(177,000)	(177,000)	133,183	310,183
Beginning Fund Balance	177,000	177,000	178,064	1,064
Ending Fund Balance	\$ -	\$ -	\$ 311,247	\$ 311,247

(1) Appropriation Level

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2019**

PARKS/FACILITIES RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Interest	\$ 2,000	\$ 2,000	\$ 2,865	\$ 865
Total Revenues	2,000	2,000	2,865	865
EXPENDITURES				
Capital Outlay	200,500	200,500 (1)	104,345	96,155
Contingency	18,500	18,500 (1)	-	18,500
Total Expenditures	219,000	219,000	104,345	114,655
Excess of Revenues Over, (Under) Expenditures	(217,000)	(217,000)	(101,480)	115,520
OTHER FINANCING SOURCES, (USES)				
Transfers In	80,000	80,000	80,000	-
Net Change in Fund Balance	(137,000)	(137,000)	(21,480)	115,520
Beginning Fund Balance	137,000	137,000	141,233	4,233
Ending Fund Balance	\$ -	\$ -	\$ 119,753	\$ 119,753

(1) Appropriation Level

**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

**COMBINING STATEMENT OF NET POSITION -**  
**NONMAJOR ENTERPRISE FUNDS**

**June 30, 2019**

	WATER RESERVE FUND	WASTEWATER RESERVE FUND	KNOLLS ESTATE STEP SURCHARGE FUND
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 326,727	\$ 73,272	\$ 40,327
Accounts Receivable	-	-	-
Interfund Loan Receivable	5,628	-	-
Prepays	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>\$ 332,355</u></u>	<u><u>\$ 73,272</u></u>	<u><u>\$ 40,327</u></u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	<u>355</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>355</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Restricted for Bond Covenant	\$ -	\$ -	\$ -
Restricted for Debt Service	-	-	-
Restricted for Capital Projects	-	-	-
Unrestricted	<u>332,000</u>	<u>73,272</u>	<u>40,327</u>
Total Net Position	<u>332,000</u>	<u>73,272</u>	<u>40,327</u>
Total Liabilities and Net Position	<u><u>\$ 332,355</u></u>	<u><u>\$ 73,272</u></u>	<u><u>\$ 40,327</u></u>

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WATER DEBT SERVICE FUND	WASTEWATER DEBT SERVICE FUND	TOTAL
<u>                    </u>	<u>                    </u>	<u>                    </u>
\$ 253,400	\$ 626,062	\$ 1,319,788
-	198,512	198,512
-	-	5,628
<u>26,388</u>	<u>-</u>	<u>26,388</u>
<u><u>\$ 279,788</u></u>	<u><u>\$ 824,574</u></u>	<u><u>\$ 1,550,316</u></u>
<u>-</u>	<u>-</u>	<u>355</u>
<u>-</u>	<u>-</u>	<u>355</u>
\$ 195,724	\$ -	\$ 195,724
84,064	-	84,064
-	824,574	824,574
<u>-</u>	<u>-</u>	<u>445,599</u>
<u>279,788</u>	<u>824,574</u>	<u>1,549,961</u>
<u><u>\$ 279,788</u></u>	<u><u>\$ 824,574</u></u>	<u><u>\$ 1,550,316</u></u>

**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - NONMAJOR ENTERPRISE FUNDS**  
**For the Year Ended June 30, 2019**

	<u>WATER RESERVE FUND</u>	<u>WASTEWATER RESERVE FUND</u>	<u>KNOLLS ESTATE STEP SURCHARGE FUND</u>
OPERATING REVENUES			
Charges for Services	\$ -	\$ -	\$ 16,962
OPERATING EXPENSES			
Materials and Services	<u>31,756</u>	<u>29,685</u>	<u>7,195</u>
Operating income (loss)	(31,756)	(29,685)	9,767
NONOPERATING REVENUES (EXPENSES)			
Interest	7,474	1,784	784
Interest Expense	-	-	-
Debt Proceeds	-	-	-
Transfers In	-	15,000	-
Miscellaneous	<u>1,123</u>	<u>1,125</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>8,597</u>	<u>17,909</u>	<u>784</u>
Change in Net Position	(23,159)	(11,776)	10,551
Beginning Net Position	<u>355,159</u>	<u>85,048</u>	<u>29,776</u>
Ending Net Position	<u><u>\$ 332,000</u></u>	<u><u>\$ 73,272</u></u>	<u><u>\$ 40,327</u></u>

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WATER DEBT SERVICE FUND	WASTEWATER DEBT SERVICE FUND	TOTAL
<u>                    </u>	<u>                    </u>	<u>                    </u>
\$ -	\$ 7,246	\$ 24,208
<u>-</u>	<u>-</u>	<u>68,636</u>
-	7,246	(44,428)
4,046	11,385	25,473
(395,996)	(227,099)	(623,095)
-	-	-
425,000	340,000	780,000
<u>-</u>	<u>-</u>	<u>2,248</u>
<u>33,050</u>	<u>124,286</u>	<u>184,626</u>
33,050	131,532	140,198
<u>246,738</u>	<u>693,042</u>	<u>1,409,763</u>
<u>\$ 279,788</u>	<u>\$ 824,574</u>	<u>\$ 1,549,961</u>



**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Year Ended June 30, 2019**

	WATER RESERVE FUND	WASTEWATER RESERVE FUND	KNOLLS ESTATE STEP SURCHARGE FUND
Cash Flows from Operating Activities:			
Cash from Customers	\$ -	\$ -	\$ 16,962
Cash paid to Suppliers	(31,402)	(29,685)	(7,195)
	<u>(31,402)</u>	<u>(29,685)</u>	<u>(7,195)</u>
Cash flow from Operations	(31,402)	(29,685)	9,767
Cash Flows from Investing Activities:			
Earnings on Investments and Other	7,474	1,784	784
	<u>7,474</u>	<u>1,784</u>	<u>784</u>
Cash Flows from Noncapital Financing Activities:			
Miscellaneous	-	1,125	-
Interfund Loans	34,714	-	-
Transfers	-	15,000	-
	<u>-</u>	<u>15,000</u>	<u>-</u>
Cash flow from Noncapital Financing	34,714	16,125	-
	<u>34,714</u>	<u>16,125</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Payments on long term debt	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,786	(11,776)	10,551
	<u>10,786</u>	<u>(11,776)</u>	<u>10,551</u>
Cash and Cash Equivalents, Beginning	315,941	85,048	29,776
	<u>315,941</u>	<u>85,048</u>	<u>29,776</u>
Cash and Cash Equivalents, Ending	\$ 326,727	\$ 73,272	\$ 40,327
	<u>\$ 326,727</u>	<u>\$ 73,272</u>	<u>\$ 40,327</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income, (Loss)	\$ (31,756.00)	\$ (29,685)	\$ 9,767
Noncash Items Included in Income:			
(Increase), Decrease in Assets and Accrued Liabilities	-	-	-
	354	-	-
	<u>354</u>	<u>-</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	\$ (31,402)	\$ (29,685)	\$ 9,767
	<u>\$ (31,402)</u>	<u>\$ (29,685)</u>	<u>\$ 9,767</u>

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WATER DEBT SERVICE FUND	WASTEWATER DEBT SERVICE FUND	TOTAL
\$ 2,300	\$ 49,104	\$ 68,366
-	-	(68,282)
2,300	49,104	84
4,046	11,385	25,473
-	-	1,125
-	-	34,714
425,000	340,000	780,000
425,000	340,000	815,839
(395,996)	(227,099)	(623,095)
35,350	173,390	218,301
218,050	452,672	1,101,487
\$ 253,400	\$ 626,062	\$ 1,319,788
\$ -	\$ 7,246	\$ (44,428)
2,300	41,858	44,158
-	-	354
\$ 2,300	\$ 49,104	\$ 84

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2019**

WATER RESERVE FUND  
A NONMAJOR ENTERPRISE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Interest	\$ 3,000	\$ 3,000	\$ 7,474	\$ 4,474
Miscellaneous	33,600	33,600	34,714	1,114
Total Revenues	36,600	36,600	42,188	5,588
EXPENDITURES				
Capital Outlay	35,000	35,000 (1)	31,756	3,244
Contingency	317,600	317,600 (1)	-	317,600
Total Expenditures	352,600	352,600	31,756	320,844
Excess of Revenues Over, (Under) Expenditures	(316,000)	(316,000)	10,432	326,432
Net Change in Fund Balance	(316,000)	(316,000)	10,432	326,432
Beginning Fund Balance	316,000	316,000	315,941	(59)
Ending Fund Balance	\$ -	\$ -	\$ 326,373	\$ 326,373
Reconciliation to GAAP:				
			Interfund Loan	\$ 5,628
			GAAP Net Position	\$ 332,000

(1) Appropriation Level

**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the Year Ended June 30, 2019**

PUBLIC WORKS WASTEWATER RESERVE FUND  
A NONMAJOR ENTERPRISE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Interest	\$ 750	\$ 750	\$ 1,784	\$ 1,034
Miscellaneous	-	-	1,125	1,125
Total Revenues	750	750	2,909	2,159
EXPENDITURES				
Capital Outlay	35,000	35,000 (1)	29,685	5,315
Contingency	66,750	66,750 (1)	-	66,750
Total Expenditures	101,750	101,750	29,685	72,065
Excess of Revenues Over, (Under) Expenditures	(101,000)	(101,000)	(26,776)	74,224
OTHER FINANCING SOURCES, (USES)				
Transfers In	15,000	15,000	15,000	-
Net Change in Fund Balance	(86,000)	(86,000)	(11,776)	74,224
Beginning Fund Balance	86,000	86,000	85,048	(952)
Ending Fund Balance	\$ -	\$ -	\$ 73,272	\$ 73,272

(1) Appropriation Level

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2019**

KNOLLS ESTATE STEP SURCHARGE FUND  
A NONMAJOR ENTERPRISE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Charges for Services	\$ 16,000	\$ 16,000	\$ 16,962	\$ 962
Interest	300	300	784	484
Total Revenues	16,300	16,300	17,746	1,446
EXPENDITURES				
Materials and Services	25,000	25,000 (1)	7,195	17,805
Contingency	21,300	21,300 (1)	-	21,300
Total Expenditures	46,300	46,300	7,195	39,105
Net Change in Fund Balance	(30,000)	(30,000)	10,551	40,551
Beginning Fund Balance	30,000	30,000	29,776	(224)
Ending Fund Balance	\$ -	\$ -	\$ 40,327	\$ 40,327

(1) Appropriation Level

**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the Year Ended June 30, 2019**

WATER DEBT SERVICE FUND  
A NONMAJOR ENTERPRISE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Interest	\$ 2,000	\$ 2,000	\$ 4,046	\$ 2,046
Total Revenues	2,000	2,000	4,046	2,046
EXPENDITURES				
Debt Service	404,100	404,100 (1)	395,996	8,104
Contingency	2,125	2,125 (1)	-	2,125
Total Expenditures	406,225	406,225	395,996	10,229
Excess of Revenues Over, (Under) Expenditures	(404,225)	(404,225)	(391,950)	12,275
OTHER FINANCING SOURCES, (USES)				
Transfers In	425,000	425,000	425,000	-
Net Change in Fund Balance	20,775	20,775	33,050	12,275
Beginning Fund Balance	247,000	247,000	246,738	(262)
Ending Fund Balance	\$ 267,775	\$ 267,775	\$ 279,788	\$ 12,013

(1) Appropriation Level

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2019**

WASTEWATER DEBT SERVICE FUND  
A NONMAJOR ENTERPRISE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Assesments	\$ 42,000	\$ 42,000	\$ 49,104	\$ 7,104
Interest	9,620	9,620	11,385	1,765
Total Revenues	51,620	51,620	60,489	8,869
EXPENDITURES				
Debt Service	307,115	307,115 (1)	227,099	80,016
Contingency	535,505	535,505 (1)	-	535,505
Total Expenditures	842,620	842,620	227,099	615,521
Excess of Revenues Over, (Under) Expenditures	(791,000)	(791,000)	(166,610)	624,390
OTHER FINANCING SOURCES, (USES)				
Transfers In	340,000	340,000	340,000	-
Net Change in Fund Balance	(451,000)	(451,000)	173,390	624,390
Beginning Fund Balance	451,000	451,000	452,672	1,672
Ending Fund Balance	\$ -	\$ -	\$ 626,062	\$ 626,062

Reconciliation to GAAP:

Deferred Revenue \$ 198,512

GAAP Net Position \$ 824,574

(1) Appropriation Level

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2019**

PUBLIC WORKS OPERATIONS FUND - INTERNAL SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Earnings on Investments	\$ 750	\$ 750	\$ 3,927	\$ 3,177
Miscellaneous	-	-	22,538	22,538
Total Revenues	750	750	26,465	25,715
EXPENDITURES				
Personnel Services	\$ 1,256,097	\$ 1,256,097 (1)	\$ 1,201,866	\$ 54,231
Materials and Services	76,300	76,300 (1)	43,502	32,798
Contingency	20,353	20,353 (1)	-	20,353
Total Expenditures	1,352,750	1,352,750	1,245,368	107,382
Excess of Revenues Over, (Under) Expenditures	(1,352,000)	(1,352,000)	(1,218,903)	133,097
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(125,000)	(125,000) (1)	(125,000)	-
Transfers In	1,393,000	1,393,000	1,393,000	-
Net Change in Fund Balance	(84,000)	(84,000)	49,097	133,097
Beginning Fund Balance	84,000	84,000	107,527	23,527
Ending Fund Balance	\$ -	\$ -	\$ 156,624	\$ 156,624

(1) Appropriation Level



**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS**  
**For the Year Ended June 30, 2019**

	Balance at June 30, 2018	Additions	Deductions	Balance at June 30, 2019
<b>Municipal Court</b>				
<b>Assets</b>				
Cash	\$ (7,788)	\$ (7,050)	\$ (7,788)	\$ (7,050)
Accounts Receivable	1,872	-	1,872	-
	<u>1,872</u>	<u>-</u>	<u>1,872</u>	<u>-</u>
Total Assets	<u>\$ (5,916)</u>	<u>\$ (7,050)</u>	<u>\$ (5,916)</u>	<u>\$ (7,050)</u>
<b>Liabilities</b>				
Accounts Payable	\$ 7,358	\$ 3,147	\$ (7,358)	\$ 17,863
Amounts held in trust	(13,274)	42,669	54,308	(24,913)
	<u>(13,274)</u>	<u>42,669</u>	<u>54,308</u>	<u>(24,913)</u>
Total Liabilities	<u>\$ (5,916)</u>	<u>\$ 45,816</u>	<u>\$ 46,950</u>	<u>\$ (7,050)</u>
<b>Total Agency Funds</b>				
<b>Assets</b>				
Cash	\$ (7,788)	\$ (7,050)	\$ (7,788)	\$ (7,050)
Accounts Receivable	1,872	-	1,872	-
	<u>1,872</u>	<u>-</u>	<u>1,872</u>	<u>-</u>
Total Assets	<u>\$ (5,916)</u>	<u>\$ (7,050)</u>	<u>\$ (5,916)</u>	<u>\$ (7,050)</u>
<b>Liabilities</b>				
Accounts Payable	\$ 7,358	\$ 3,147	\$ (7,358)	\$ 17,863
Amounts held in trust	(13,274)	42,669	54,308	(24,913)
	<u>(13,274)</u>	<u>42,669</u>	<u>54,308</u>	<u>(24,913)</u>
Total Liabilities	<u>\$ (5,916)</u>	<u>\$ 45,816</u>	<u>\$ 46,950</u>	<u>\$ (7,050)</u>

**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

**INDEPENDENT AUDITORS' REPORT REQUIRED BY  
OREGON STATE REGULATIONS**



**PAULY, ROGERS AND CO., P.C.**  
12700 SW 72<sup>nd</sup> Ave. ♦ Tigard, OR 97223  
(503) 620-2632 ♦ (503) 684-7523 FAX  
[www.paulyrogersandcocpas.com](http://www.paulyrogersandcocpas.com)

October 9, 2019

### **Independent Auditors' Report Required by Oregon State Requirements**

We have audited the basic financial statements of the City of Sutherlin as of and for the year ended June 30, 2019, and have issued our report thereon dated October 9, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards..

### **Compliance**

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

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

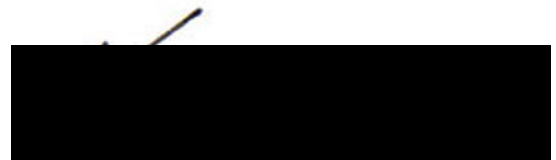
- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Highway revenues used for public highways, roads,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

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

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

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

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

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

**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

**GRANT COMPLIANCE REVIEW**

**CITY OF SUTHERLIN**  
**DOUGLAS COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2019**

	Pass Through Organization	CFDA Number	Pass Through Entity Number	Grant Period		Pass Through to Subrecipients
US DEPARTMENT OF AGRICULTURE						
Capitalization Grants for Clean Waters						
State Revolving Funds	Oregon DEQ	66.458	R89540	open	(1) <u>2,672,873</u>	<u>-</u>
TOTAL FEDERAL FINANCIAL EXPENDITURES					<u>2,672,873</u>	<u>-</u>

(1) This amount is included in the total loan drawn down from DEQ (See page 23)



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October 9, 2019

To the Mayor and City Council  
City of Sutherlin, Oregon

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Sutherlin as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated October 9, 2019.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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





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October 9, 2019

To the Mayor and City Council  
City of Sutherlin, Oregon

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**Report on Compliance for Each Major Federal Program**

We have audited City of Sutherlin's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2019. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of compliance.

**Opinion on Each Major Federal Program**

In our opinion, City of Sutherlin, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

## Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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

**CITY OF SUTHERLIN  
DOUGLAS COUNTY, OREGON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

***For the Year Ended June 30, 2019***

---

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ yes

☒ no

Significant deficiency(s) identified that are not considered  
to be material weaknesses?

☐ yes

☒ none  
reported

Noncompliance material to financial statements noted?

☐ yes

☒ no

Any GAGAS audit findings disclosed that are required to be reported  
in accordance with section 515(d)(2) of the Uniform Guidance?

☐ yes

☒ no

**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified?

☐ yes

☒ no

Significant deficiency(s) identified that are not considered  
to be material weaknesses?

☐ yes

☒ none  
reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in  
accordance with section 200.516(a) of the Uniform Guidance?

☐ yes

☒ no

**IDENTIFICATION OF MAJOR PROGRAMS**

**CFDA  
NUMBER**

**NAME OF FEDERAL PROGRAM CLUSTER**

66.458

Clean Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B  
programs: \$750,000

Auditee qualified as low-risk auditee?

☐ yes

☒ no

**CITY OF SUTHERLIN  
DOUGLAS COUNTY OREGON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

***For the Year Ended June 30, 2019***

---

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL EXPENDITURES**

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the entity.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The entity has not elected to use the ten percent de minimus indirect cost rate as allowed under Uniform Guidance.

**3. FEDERAL LOAN PROGRAMS**

The federal loan programs listed subsequently are administered directly by the entity and balances and transactions relating to the programs are included in the entity's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the schedule. The balance of loans outstanding as of June 30, 2019 consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance at 6/30/19</u>
66.458	Clean Water State Revolving Funds	\$14,497,111



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## City of Sutherlin

STAFF REPORT					
<b>Re: Consulting Services for Urban Renewal Feasibility Study.</b>				Meeting Date:	12-09-2019
<b>Purpose:</b>	Action Item <input type="checkbox"/>	Workshop <input type="checkbox"/>	Report Only <input type="checkbox"/>	Discussion <input type="checkbox"/>	Update <input checked="" type="checkbox"/>
<b>Submitted By: Kristi Gilbert, Community Development Supervisor and Brian Elliott, Community Development Director</b>				City Manager Review	<input checked="" type="checkbox"/>
<b>Attachments:</b>	Urban Renewal Feasibility Study prepared by Elaine Howard Consulting, LLC and Tiberius Solutions LLC				

### WHAT IS BEING ASKED OF COUNCIL?

Elaine Howard will be providing the Council with an update on the Urban Renewal Feasibility Study.

### EXPLANATION

Elaine Howard Consulting, LLC and Tiberius Solutions LLC have completed the Urban Renewal Feasibility Study. Elaine will be presenting findings at the December 9, 2019 Council Meeting.

### OPTIONS

Not applicable.

### SUGGESTED MOTION(S)

Not applicable.

# Urban Renewal Feasibility Study

## CITY OF SUTHERLIN, OREGON



# Feasibility Study Purpose

1. **Develop Boundary – AV and Area restrictions in ORS 457**
2. **Assess Blight**
3. **Complete Financial Analysis**
4. **Examine Impacts to Taxing Districts**
5. **Present Feasibility Study to City Council**



# City of Sutherlin Urban Renewal Boundary

November 2019



Urban Renewal Boundary



Urban Renewal Parcels

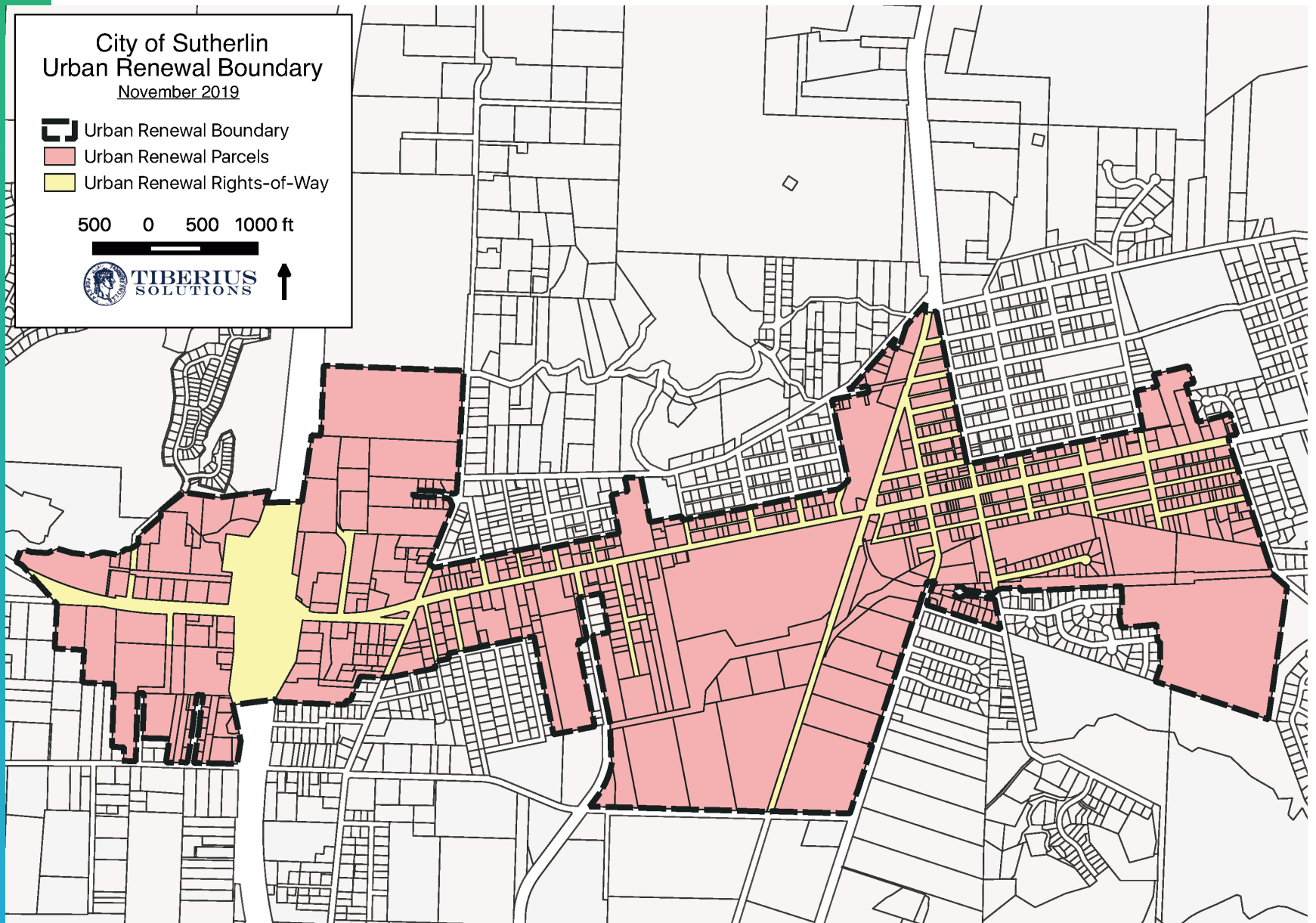


Urban Renewal Rights-of-Way

500 0 500 1000 ft



TIBERIUS  
SOLUTIONS





# Blight Findings

1. Storm Drain
2. Water
3. Transportation
4. Under-development

# Growth Assumptions and Timeframe

3% Assessed Value Growth  
25-year time frame

E Zone property – early impact on revenues for projects

# Maximum Indebtedness: Tax Increment Finance (TIF) projections

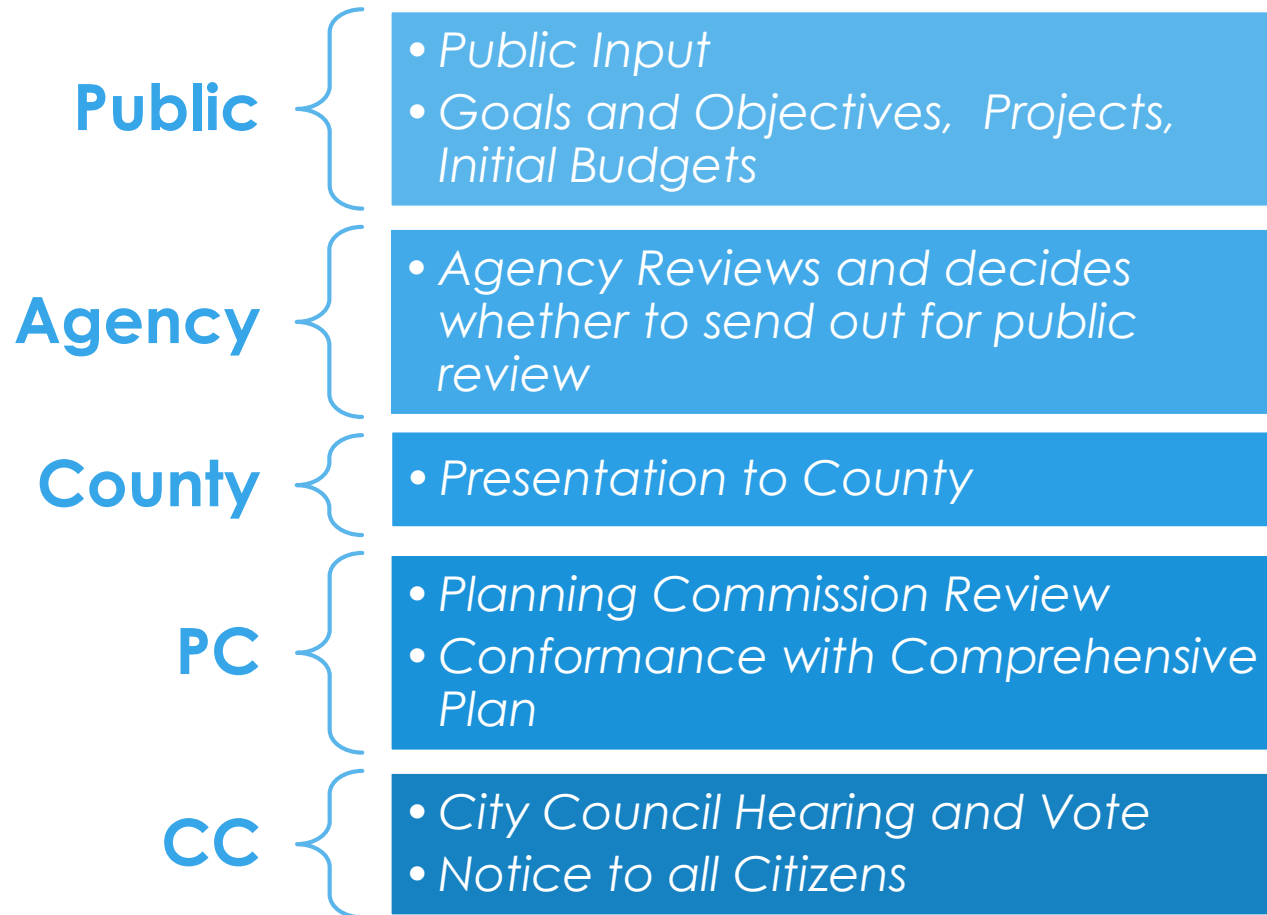
	Actual Dollars	Rounded Dollars
Total Net TIF		
Maximum Indebtedness Capacity		23,300,000
(2020 \$)	15,418,341	15,400,000
Years 1-5	2,434,135	2,400,000
Years 6-10	4,662,390	4,600,000
Years 11-15	2,897,456	2,900,000
Years 16-20	2,775,182	2,800,000
Years 21-25	2,689,178	2,700,000

# Impacts on Taxing Districts

	Total estimated impact
City	\$12,779,031
County	2,523,370
WC Sutherlin	904,778
4H/Extension	136,104
ESD	1,201,345*
School District	9,258,472*
Community College	1,032,348

**\* Indirect Impact - State School Fund**

# How is a Plan Adopted?



# Next Steps

1. Form Urban Renewal Agency
2. Prepare UR Plan and Report  
Advisory Committee?  
Public Input?  
Identify Projects and Costs
3. Timeline – ideally before July-2020
4. Establish URD work plan (consulting?)



# **WASTEWATER TREATMENT PLANT IMPROVEMENT REPORT (Power Point)**



gg81517868 GoGraph ©



# CONSENT AGENDA





**CITY OF SUTHERLIN**  
**Regular/Workshop City Council Meeting**  
**Sutherlin Civic Auditorium**  
**Tuesday, November 12, 2019 – 7:00 p.m.**

**COUNCIL MEMBERS:**

Tom Boggs, Forrest Stone, Michelle Sumner, Travis Tomlinson, Seth Vincent, Becky Wattles  
**MAYOR:** Todd McKnight

**CITY STAFF:** City Manager, Jerry Gillham  
Assistant CM/Finance Director, Dan Wilson  
City Recorder, Diane Harris  
Deputy City Recorder, Melanie Masterfield  
Community Development Director, Brian Elliott  
Public Works Director, Aaron Swan  
Police Captain, Kurt Sorenson  
Fire Chief, Mike Lane  
City Attorney, Chad Jacobs (via Skype)

**AUDIENCE:** Joe Groussman, Tami Trowbridge, Chuck Brummel, James Thatcher

Meeting called to order by Mayor McKnight at 7:00 p.m.

**Flag Salute:**

**Roll Call:** Excused – Councilors Stone & Wattles

**Introduction of Media:** None

**PUBLIC COMMENT** (agenda items only)

- None

**CONSENT AGENDAS**

- **October 14, 2019 Minutes – Regular Meeting**
- **October 28, 2019 Minutes – Workshop Meeting**

**MOTION** made by Councilor Boggs to approve the Consent Agendas as presented; second by Councilor Tomlinson.

In Favor: Councilors Boggs, Sumner, Vincent, Tomlinson and Mayor McKnight

Discussion: None

Opposed: None

Motion carried unanimously.

**COUNCIL BUSINESS**

- **Ordinance No. 1072 – Second Hand Dealers (second reading & adoption)**

City Recorder, Diane Harris read the Ordinance by title only: “An Ordinance repealing and replacing Sutherlin Municipal Code chapter 5.24 – Used Merchandise Dealers with a new chapter 5.24 regulating second hand property dealers.”

Staff Report – City Manager, Jerry Gillham asked Council to approve and adopt the second reading. No additional information was added.

**MOTION** made by Councilor Sumner to approve second reading and adoption of Ordinance No. 1072 – Second Hand Dealers as presented; second by Councilor Tomlinson.

Discussion: None

In Favor: Councilors Boggs, Sumner, Vincent, Tomlinson and Mayor McKnight

Opposed: None

Motion carried unanimously.

- **Contract Award – Ford’s Pond Community Park & Trail Improvement – Design & Construction Management**

Staff Report – Community Development Director, Brian Elliott explained that the City received three Requests for Proposals (RFP) for engineering and architectural services. All three firms were interviewed and it was the consensus of the interview team to recommend awarding the contract to The Dyer Partnership Engineers & Planners Inc. in the amount of and not to exceed \$115,000 for the Ford’s Pond Community Park & Trail Improvement – Design & Construction Management.

**MOTION** made by Councilor Boggs to approve the contract award to The Dyer Partnership Engineers & Planners Inc. for the Ford’s Pond Community Park & Trail Improvement – Design & Construction Management as presented; second by Councilor Tomlinson.

Discussion: None

In Favor: Councilors Boggs, Sumner, Vincent, Tomlinson and Mayor McKnight

Opposed: None

Motion carried unanimously.

- **Resolution 2019.20 – Supplemental Budget Adjustment**

Staff Report – Finance Director, Dan Wilson asked Council to consider approving and adopting this resolution for budget adjustments. At the time the fiscal year 2019-20 budget was adopted, the following expenses were not anticipated.

- \$470,000 from the Fire Reserve Fund for the purchase of a new fire engine. Council previously approved on August 26, 2019.
- \$55,000 from the Tourism-Motel Tax Fund for a new downtown park designed by Sutherlin FFA. Council previously approved on May 13, 2019.
- \$50,000 from the Tourism-Motel Tax Fund for matching funds for a Ford’s Pond park grant. Council previously approved on October 14, 2019.
- \$737,086 from the Parks Construction Fund for improving the park at Ford’s Pond. Council previously approved October 14, 2019.

**MOTION** made by Councilor Sumner to approve Resolution 2019.20 – Supplemental Budget Adjustment as presented; second by Councilor Tomlinson.

Discussion: None

In Favor: Councilors Boggs, Sumner, Vincent, Tomlinson and Mayor McKnight

Opposed: None

Motion carried unanimously.

- **Resolution 2019.21 – DEQ Loan Agreement**

Staff Report – Wilson asked Council to consider authorizing the City Manager to execute Loan Agreement R89541 in the amount of \$1,750,000 from the Clean Water State Revolving Fund. Due to increasing costs between 2015 (when the loan originated) and 2018 (when plant construction began), additional funds were needed to complete construction. Council previously approved the additional amount during the July 8, 2019 Council meeting.

**MOTION** made by Councilor Vincent to approve Resolution 2019.21 – DEQ Loan Agreement as presented; second by Councilor Tomlinson.

Discussion: None

In Favor: Councilors Boggs, Sumner, Vincent, Tomlinson and Mayor McKnight

Opposed: None

Motion carried unanimously.

## **REPORTS**

- **Beecroft to Quail Run Sidewalk Project**

Public Works Director, Aaron Swan discussed continuation of sidewalk on the east end of town from Beecroft to Quail Run next year. Funds are now available so the first phase will consist of installing sidewalks to the Silver Glen Community Park and the following year, will continue to Quail Run. We're also working on the ADA ramp compliance both at Central Park and east of town.

## **STRATEGIC PLAN UPDATE**

- **Speed Zone Requests**

- Ft McKay to west of Intersection of Ft McKay and Church Rd
- Intersection of Church Rd and Hwy 138 to Ft McKay

Staff Report – Elliott stated that all the information was included in the staff report.

- Councilor Boggs – Are the traffic surveys being done on Ft McKay from Hwy 138 through Church Rd? *Elliott – The analysis will be done at the intersection of Ft McKay and Hwy 138 out west to Church Rd and into the corners. An analysis will also be done on Church Rd.* Is this a State or County project? *The application was submitted to the County and approved by ODOT. The city will be notified when the analysis is complete.*

- **Nonpareil Water Treatment Plant (NWTP) Disinfection System Improvement**

Staff Report – Elliott stated that all the information was provided in the staff report.

Council had no comments or questions.

## **COUNCIL COMMENTS**

Councilor Tomlinson

- None

Councilor Boggs

- Are the potholes at exit 135 getting fixed? *Swan – ODOT states it will all be fixed next year.*

Councilor Sumner

- Are there options for helping businesses get their store fronts fixed up? *Gillham – If and when an Urban Renewal District is formed, grants will be created for businesses to utilize for improvements.*
- Can the grant program be started quickly after the Urban Renewal District is formed? *That's the intent.*

Councilor Vincent

- Thanked all the Veterans

Mayor McKnight

- Thanked all the Veterans in our community for their service and thanked the Lions Club for putting out the flags.

## **PUBLIC COMMENT**

- Chuck Brummel announced that he is interested in being a candidate for City Council next year when vacancies open and expressed his love and appreciation for this community.

## **ADJOURNMENT**

With no further business, meeting adjourned at 7:22 p.m.

Approved:

\_\_\_\_\_  
Jerry Gillham, City Manager

Respectfully submitted by,

\_\_\_\_\_  
Diane Harris, CMC, City Recorder

\_\_\_\_\_  
Todd McKnight, Mayor



# **COUNCIL BUSINESS**





126 E. Central Avenue  
Sutherlin, OR 97479  
541-459-2856  
Fax: 541-459-9363  
[www.cityofsutherlin.com](http://www.cityofsutherlin.com)

## City of Sutherlin

STAFF REPORT					
Re: Parks Advisory Committee Appointment				Meeting Date:	12/9/19
Purpose:	Action Item <input checked="" type="checkbox"/>	Workshop <input type="checkbox"/>	Report Only <input type="checkbox"/>	Discussion <input type="checkbox"/>	Update <input type="checkbox"/>
Submitted By: City Recorder, Diane Harris				City Manager Review	<input checked="" type="checkbox"/>
Attachments: Application					

### WHAT IS BEING ASKED OF COUNCIL?

There is one vacancy available on the Parks Advisory Committee, term ends on December 31, 2020. The Mayor is being asked, on behalf of the Council, to consider the attached application for appointment.

### EXPLANATION

The City has received an application from resident and business owner, Terry Brock for the Parks Advisory Committee.

### OPTIONS

To approve or not approve appointment to the Parks Advisory Committee.

### SUGGESTED MOTION(S)

Mayor to appoint Terry Brock to the Parks Advisory Committee, term ending December 31, 2020.

Mayor to not appoint Terry Brock to the Parks Advisory Committee, term ending December 31, 2020.



# City of Sutherlin

## Application for Citizen Committee/Commission/Board Appointment

Name Terry Brock Date 11/12/19

Address [REDACTED] Phone 733-5164

Email theBrockShopTotalFitness@outlook.com Bus. Phone \_\_\_\_\_

Length of Residency in Sutherlin 10 years Registered Voter? yes

Candidate for position on Parks and Rec.

Relevant background and experience Coached kids sports for years, owner of fitness center

What are your major interests or concerns in the City's programs? \_\_\_\_\_

Help Develop assets to improve health and wellness.

Why would you like to be appointed to this position?

I enjoy being a part of progress to help the area

**RETURN THIS FORM TO:** City Recorder, 126 E. Central Ave., Sutherlin, OR 97479

\*\*\*\*\*

**For Office Use Only:**

Date received: 11/12/2019

Date considered: \_\_\_\_\_

Action by Council \_\_\_\_\_

Term Expires: \_\_\_\_\_



126 E. Central Avenue  
Sutherlin, OR 97479  
541-459-2856  
Fax: 541-459-9363  
[www.cityofsutherlin.com](http://www.cityofsutherlin.com)

## City of Sutherlin

STAFF REPORT					
<b>Re:</b> Contract Award for the Homeland Security Grant				<b>Meeting Date:</b>	12/09/19
<b>Purpose:</b>	Action Item <input checked="" type="checkbox"/>	Workshop <input type="checkbox"/>	Report Only <input type="checkbox"/>	Discussion <input type="checkbox"/>	Update <input type="checkbox"/>
<b>Submitted By:</b> Dennis Riggs, Emergency Manager				City Manager Review <input checked="" type="checkbox"/>	
<b>Attachments:</b> FEMA Contract, Generator Specs					

### WHAT IS BEING ASKED OF COUNCIL?

Council is being asked to approve the 2019 SHSP Grant Award Contract.

### EXPLANATION

The City of Sutherlin has been notified that it has been awarded a 2019 State Homeland Security Grant in the amount of \$32,000.00. The award is being applied to the purchase of a Winco RP25 20KW Generator (see attached). This generator sits on a trailer making it portable enough to be used at either of the primary or secondary Sutherlin Emergency Operating Centers or be placed in service to other essential emergency response elements if and when needed.

### OPTIONS

N/A

### SUGGESTED MOTION(S)

To approve the 2019 State Homeland Security Grant Contract.

To not approve the 2019 State Homeland Security Grant Contract.



**OREGON MILITARY DEPARTMENT  
OFFICE OF EMERGENCY MANAGEMENT  
HOMELAND SECURITY GRANT PROGRAM  
STATE HOMELAND SECURITY PROGRAM**

**CFDA # 97.067**

**CITY OF SUTHERLIN**

**\$32,000**

**Grant No: 19-261**

This Agreement is made and entered into by and between the **State of Oregon**, acting by and through the Oregon Military Department, Office of Emergency Management, hereinafter referred to as "OEM," and the **City of Sutherlin** hereinafter referred to as "Subrecipient," and collectively referred to as the "Parties."

1. **Effective Date.** This Agreement shall become effective on the date this Agreement is fully executed and approved as required by applicable law. Reimbursements will be made for Project Costs incurred beginning on **October 1, 2019** and ending, unless otherwise terminated or extended, on **September 30, 2020** (the "Grant Award Period"). No Grant Funds are available for expenditures after the Grant Award Period. OEM's obligation to disburse Grant Funds under this Agreement is subject to Sections 6 and 10 of this Agreement.
2. **Agreement Documents.** This Agreement consists of this document and the following documents, all of which are attached hereto and incorporated herein by reference:

Exhibit A: **Project Description and Budget**

Exhibit B: **Federal Requirements and Certifications**

Exhibit C: **Subcontractor Insurance**

Exhibit D: **Information required by 2 CFR 200.331(a)**

In the event of a conflict between two or more of the documents comprising this Agreement, the language in the document with the highest precedence shall control. The precedence of each of the documents comprising this Agreement is as follows, listed from highest precedence to lowest precedence: Exhibit B; this Agreement without Exhibits; Exhibit A; Exhibit C.

3. **Grant Funds.** In accordance with the terms and conditions of this Agreement, OEM shall provide Subrecipient an amount not to exceed **\$32,000** in Grant Funds for eligible costs described in Section 6 hereof. Grant Funds for this Program will be from the Fiscal Year 2019 State Homeland Security Program (SHSP) grant.
4. **Project.** The Grant Funds shall be used solely for the Project described in Exhibit A and shall not be used for any other purpose. No Grant Funds will be disbursed for any changes to the Project unless such changes are approved by OEM by amendment pursuant to Section 11.d hereof.
5. **Reports.** Failure of Subrecipient to submit the required program, financial, or audit reports, or to resolve program, financial, or audit issues may result in the suspension of grant payments, termination of this Agreement, or both.



**a. Performance Reports.**

- i. Subrecipient agrees to submit performance reports, using a form provided by OEM, on its progress in meeting each of the agreed upon milestones. The narrative reports will address specific information regarding the activities carried out under the FY 2019 State Homeland Security Program.
- ii. Reports are due to OEM on or before the 30th day of the month following each subsequent calendar quarter (ending on March 31, June 30, September 30, and December 31).
- iii. Subrecipient may request from OEM prior written approval to extend a performance report requirement past its due date. OEM, in its sole discretion, may approve or reject the request.

**b. Financial Reimbursement Reports.**

- i. To receive reimbursement, Subrecipient must submit a signed Request for Reimbursement (RFR), using a form provided by OEM that includes supporting documentation for all grant expenditures. RFRs may be submitted monthly but no less frequently than quarterly during the term of this Agreement. At a minimum, RFRs must be submitted on or before 30 days following each subsequent calendar quarter (ending on March 31, June 30, September 30, and December 31), and a final RFR must be submitted no later than 30 days following the end of the grant period.
- ii. Reimbursements for expenses will be withheld if performance reports are not submitted by the specified dates or are incomplete.
- iii. Reimbursement rates for travel expenses shall not exceed those allowed by the State of Oregon. Requests for reimbursement for travel must be supported with a detailed statement identifying the person who traveled, the purpose of the travel, the dates, times, and places of travel, and the actual expenses or authorized rates incurred.
- iv. Reimbursements will only be made for actual expenses incurred during the Grant Award Period. Subrecipient agrees that no grant may be used for expenses incurred before or after the Grant Award Period.

**6. Disbursement and Recovery of Grant Funds.**

- a. **Disbursement Generally.** OEM shall reimburse eligible costs incurred in carrying out the Project, up to the Grant Fund amount provided in Section 3. Reimbursements shall be made by OEM upon approval by OEM of an RFR. Eligible costs are the reasonable and necessary costs incurred by Subrecipient for the Project, in accordance with the State Homeland Security Program guidance and application materials, including without limitation the United States Department of Homeland Security Notice of Funding Opportunity (NOFO), that are not excluded from reimbursement by OEM, either by this Agreement or by exclusion as a result of financial review or audit. The guidance, application materials and NOFO are available at <http://www.oregon.gov/oem/emresources/Grants/Pages/HSGP.aspx>.
- b. **Conditions Precedent to Disbursement.** OEM's obligation to disburse Grant Funds to Subrecipient is subject to satisfaction, with respect to each disbursement, of each of the following conditions precedent:

- i. OEM has received funding, appropriations, limitations, allotments or other expenditure authority sufficient to allow OEM, in the exercise of its reasonable administrative discretion, to make the disbursement.
  - ii. Subrecipient is in compliance with the terms of this Agreement including, without limitation, Exhibit B and the requirements incorporated by reference in Exhibit B.
  - iii. Subrecipient's representations and warranties set forth in Section 7 hereof are true and correct on the date of disbursement with the same effect as though made on the date of disbursement.
  - iv. Subrecipient has provided to OEM a RFR in accordance with Section 5.b of this Agreement.
- c. **Recovery of Grant Funds.** Any funds disbursed to Subrecipient under this Agreement that are expended in violation or contravention of one or more of the provisions of this Agreement ("Misexpended Funds") or that remain unexpended on the earlier of termination or expiration of this Agreement ("Unexpended Funds") must be returned to OEM. Subrecipient shall return all Misexpended Funds to OEM promptly after OEM's written demand and no later than 15 days after OEM's written demand.
7. **Representations and Warranties of Subrecipient.** Subrecipient represents and warrants to OEM as follows:
- a. **Organization and Authority.** Subrecipient is a political subdivision of the State of Oregon and is eligible to receive the Grant Funds. Subrecipient has full power, authority, and legal right to make this Agreement and to incur and perform its obligations hereunder, and the making and performance by Subrecipient of this Agreement (1) have been duly authorized by all necessary action of Subrecipient and (2) do not and will not violate any provision of any applicable law, rule, regulation, or order of any court, regulatory commission, board, or other administrative agency, (3) do not and will not result in the breach of, or constitute a default or require any consent under any other agreement or instrument to which Subrecipient is a party or by which Subrecipient or any of its properties may be bound or affected. No authorization, consent, license, approval of, filing or registration with or notification to any governmental body or regulatory or supervisory authority is required for the execution, delivery or performance by Subrecipient of this Agreement.
  - b. **Binding Obligation.** This Agreement has been duly executed and delivered by Subrecipient and constitutes a legal, valid and binding obligation of Subrecipient, enforceable in accordance with its terms subject to the laws of bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights generally.
  - c. **No Solicitation.** Subrecipient's officers, employees, and agents shall neither solicit nor accept gratuities, favors, or any item of monetary value from contractors, potential contractors, or parties to subagreements. No member or delegate to the Congress of the United States shall be admitted to any share or part of this Agreement or any benefit arising therefrom.
  - d. **NIMS Compliance.** By accepting FY 2019 funds, Subrecipient certifies that it has met National Incident Management System (NIMS) compliance activities outlined in the Oregon NIMS Requirements located through OEM at [http://www.oregon.gov/oem/emresources/Plans\\_Assessments/Pages/NIMS.aspx](http://www.oregon.gov/oem/emresources/Plans_Assessments/Pages/NIMS.aspx).

The warranties set forth in this section are in addition to, and not in lieu of, any other warranties set forth in this Agreement or implied by law.

## **8. Records Maintenance and Access; Audit.**

- a. Records, Access to Records and Facilities.** Subrecipient shall make and retain proper and complete books of record and account and maintain all fiscal records related to this Agreement and the Project in accordance with all applicable generally accepted accounting principles, generally accepted governmental auditing standards and state minimum standards for audits of municipal corporations. Subrecipient acknowledges and agrees, and Subrecipient will require its contractors, subcontractors, sub-recipients (collectively hereafter "contractors"), successors, transferees, and assignees to acknowledge and agree, to provide OEM, Oregon Secretary of State (Secretary), Office of Inspector General (OIG), Department of Homeland Security (DHS), Federal Emergency Management Agency (FEMA), or any of their authorized representatives, access to records, accounts, documents, information, facilities, and staff. Subrecipient and its contractors must cooperate with any compliance review or complaint investigation by any of the above listed agencies, providing them access to and the right to examine and copy records, accounts, and other documents and sources of information related to the grant and permit access to facilities, personnel, and other individuals and information as may be necessary. The right of access is not limited to the required retention period but shall last as long as the records are retained.
- b. Retention of Records.** Subrecipient shall retain and keep accessible all books, documents, papers, and records that are directly related to this Agreement, the Grant Funds or the Project for until the latest of (a) six years following termination, completion or expiration of this Agreement, (b) upon resolution of any litigation or other disputes related to this Agreement, or (c) as required by 2 CFR 200.333. It is the responsibility of Subrecipient to obtain a copy of 2 CFR Part 200, and to apprise itself of all rules and regulations set forth.
- c. Audits.**
  - i. If Subrecipient expends \$750,000 or more in Federal funds (from all sources) in its fiscal year, Subrecipient shall have a single organization-wide audit conducted in accordance with the provisions of 2 CFR 200 Subpart F. Copies of all audits must be submitted to OEM within 30 days of completion. If Subrecipient expends less than \$750,000 in its fiscal year in Federal funds, Subrecipient is exempt from Federal audit requirements for that year. Records must be available for review or audit by appropriate officials as provided in Section 8.a. herein.
  - ii. Audit costs for audits not required in accordance with 2 CFR 200 Subpart F are unallowable. If Subrecipient did not expend \$750,000 or more in Federal funds in its fiscal year, but contracted with a certified public accountant to perform an audit, costs for performance of that audit shall not be charged to the grant.
  - iii. Subrecipient shall save, protect and hold harmless the OEM from the cost of any audits or special investigations performed by the Secretary or any federal agency with respect to the funds expended under this Agreement. Subrecipient acknowledges and agrees that any audit costs incurred by Subrecipient as a result of allegations of fraud, waste or abuse are ineligible for reimbursement under this or any other agreement between Subrecipient and the State of Oregon.

## **9. Subrecipient Procurements; Property and Equipment Management and Records; Subcontractor Indemnity and Insurance**

- a. Subagreements.** Subrecipient may enter into agreements (hereafter "subagreements") for performance of the Project. Subrecipient shall use its own procurement procedures and

regulations, provided that the procurement conforms to applicable Federal and State law (including without limitation ORS chapters 279A, 279B, 279C, and that for contracts for more than \$150,000, the contract shall address administrative, contractual or legal remedies for violation or breach of contract terms and provide for sanctions and penalties as appropriate, and for contracts for more than \$10,000 address termination for cause or for convenience including the manner in which termination will be effected and the basis for settlement).

- i. Subrecipient shall provide to OEM copies of all Requests for Proposals or other solicitations for procurements anticipated to be for \$100,000 or more and to provide to OEM, upon request by OEM, such documents for procurements for less than \$100,000. Subrecipient shall include with its RFR a list of all procurements issued during the period covered by the report.
  - ii. All subagreements, whether negotiated or competitively bid and without regard to dollar value, shall be conducted in a manner that encourages fair and open competition to the maximum practical extent possible. All sole-source procurements in excess of \$100,000 must receive prior written approval from OEM in addition to any other approvals required by law applicable to Subrecipient. Justification for sole-source procurement in excess of \$100,000 should include a description of the program and what is being contracted for, an explanation of why it is necessary to contract noncompetitively, time constraints and any other pertinent information. Interagency agreements between units of government are excluded from this provision.
  - iii. Subrecipient shall be alert to organizational conflicts of interest or non-competitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. Contractors that develop or draft specifications, requirements, statements of work, or Requests for Proposals (RFP) for a proposed procurement shall be excluded from bidding or submitting a proposal to compete for the award of such procurement. Any request for exemption must be submitted in writing to OEM.
  - iv. Subrecipient agrees that, to the extent it uses contractors, such contractors shall use small, minority, women-owned or disadvantaged business concerns and contractors or subcontractors to the extent practicable.
- b. Purchases and Management of Property and Equipment; Records.** Subrecipient agrees to comply with all applicable federal requirements referenced in Exhibit B, Section II.C.1 to this Agreement and procedures for managing and maintaining records of all purchases of property and equipment will, at a minimum, meet the following requirements:
- i. All property and equipment purchased under this agreement, whether by Subrecipient or a contractor, will be conducted in a manner providing full and open competition and in accordance with all applicable procurement requirements, including without limitation ORS chapters 279A, 279B, 279C, and purchases shall be recorded and maintained in Subrecipient's property or equipment inventory system.
  - ii. Subrecipient's property and equipment records shall include: a description of the property or equipment; the manufacturer's serial number, model number, or other identification number; the source of the property or equipment, including the Catalog of Federal Domestic Assistance (CFDA) number; name of person or entity holding title to the property or equipment; the acquisition date; cost and percentage of Federal participation in the cost; the location, use and condition of the property or equipment; and any ultimate disposition data including the date of disposal and sale price of the property or equipment.
  - iii. A physical inventory of the property and equipment must be taken and the results reconciled with the property and equipment records at least once every two years.

- iv. Subrecipient must develop a control system to ensure adequate safeguards to prevent loss, damage, or theft of the property and equipment. Subrecipient shall investigate any loss, damage, or theft and shall provide the results of the investigation to OEM upon request.
  - v. Subrecipient must develop, or require its contractors to develop, adequate maintenance procedures to keep the property and equipment in good condition.
  - vi. If Subrecipient is authorized to sell the property or equipment, proper sales procedures must be established to ensure the highest possible return.
  - vii. Subrecipient agrees to comply with 2 CFR 200.313 pertaining to use and disposal of equipment purchased with Grant Funds, including when original or replacement equipment acquired with Grant Funds is no longer needed for the original project or program or for other activities currently or previously supported by a Federal agency.
  - viii. Subrecipient shall require its contractors to use property and equipment management requirements that meet or exceed the requirements provided herein applicable to all property and equipment purchased with Grant Funds.
  - ix. Subrecipient shall, and shall require its contractors to, retain the records described in this Section 9.b. for a period of six years from the date of the disposition or replacement or transfer at the discretion of OEM. Title to all property and equipment purchased with Grant Funds shall vest in Subrecipient if Subrecipient provides written certification to OEM that it will use the property and equipment for purposes consistent with the State Homeland Security Program.
- c. **Subagreement indemnity; insurance.** Subrecipient's subagreement(s) shall require the other party to such subagreements(s) that is not a unit of local government as defined in ORS 190.003, if any, to indemnify, defend, save and hold harmless OEM and its officers, employees and agents from and against any and all claims, actions, liabilities, damages, losses, or expenses, including attorneys' fees, arising from a tort, as now or hereafter defined in ORS 30.260, caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of the other party to Subrecipient's subagreement or any of such party's officers, agents, employees or subcontractors ("Claims"). It is the specific intention of the Parties that OEM shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of OEM, be indemnified by the other party to Subrecipient's subagreement(s) from and against any and all Claims.

Any such indemnification shall also provide that neither Subrecipient's contractor(s) nor any attorney engaged by Subrecipient's contractor(s) shall defend any claim in the name of OEM or any agency of the State of Oregon (collectively "State"), nor purport to act as legal representative of the State or any of its agencies, without the prior written consent of the Oregon Attorney General. The State may, at any time at its election, assume its own defense and settlement in the event that it determines that Subrecipient's contractor is prohibited from defending State or that Subrecipient's contractor is not adequately defending State's interests, or that an important governmental principle is at issue or that it is in the best interests of State to do so. State reserves all rights to pursue claims it may have against Subrecipient's contractor if State elects to assume its own defense.

Subrecipient shall require the other party, or parties, to each of its subagreements that are not units of local government as defined in ORS 190.003 to obtain and maintain insurance of the types and in the amounts provided in Exhibit C to this Agreement.

## 10. Termination

- a. **Termination by OEM.** OEM may terminate this Agreement effective upon delivery of written notice of termination to Subrecipient, or at such later date as may be established by OEM in such written notice, if:
  - i. Subrecipient fails to perform the Project within the time specified herein or any extension thereof or commencement, continuation or timely completion of the Project by Subrecipient is, for any reason, rendered improbable, impossible, or illegal; or
  - ii. OEM fails to receive funding, appropriations, limitations or other expenditure authority sufficient to allow OEM, in the exercise of its reasonable administrative discretion, to continue to make payments for performance of this Agreement; or
  - iii. Federal or state laws, rules, regulations or guidelines are modified or interpreted in such a way that the Project is no longer allowable or no longer eligible for funding under this Agreement; or
  - iv. The Project would not produce results commensurate with the further expenditure of funds; or
  - v. Subrecipient takes any action pertaining to this Agreement without the approval of OEM and which under the provisions of this Agreement would have required the approval of OEM.
  - vi. OEM determines there is a material misrepresentation, error or inaccuracy in Subrecipient's application.
- b. **Termination by Subrecipient.** Subrecipient may terminate this Agreement effective upon delivery of written notice of termination to OEM, or at such later date as may be established by Subrecipient in such written notice, if:
  - i. The requisite local funding to continue the Project becomes unavailable to Subrecipient; or
  - ii. Federal or state laws, rules, regulations or guidelines are modified or interpreted in such a way that the Project is no longer allowable or no longer eligible for funding under this Agreement.
- c. **Termination by Either Party.** Either Party may terminate this Agreement upon at least ten days notice to the other Party and failure of the other Party to cure within the ten days, if the other Party fails to comply with any of the terms of this Agreement.
- d. **Settlement upon Termination.** Immediately upon termination under Sections 10.a.i, v., or vi, no Grant Funds shall be disbursed by OEM and Subrecipient shall return to OEM Grant Funds previously disbursed to Subrecipient by OEM in accordance with Section 6.c and the terminating party may pursue additional remedies in law or equity. Termination of this Agreement does not relieve Subrecipient of any other term of this Agreement that may survive termination, including without limitation Sections 11.a and c.

## 11. GENERAL PROVISIONS

- a. **Contribution.** To the extent authorized by law, Recipient shall defend (subject to ORS chapter 180), indemnify, save and hold harmless OEM and its officers, employees and agents from and against any and all claims, suits, actions, proceedings, losses, damages, liability and court awards including costs, expenses, and attorneys' fees incurred related to any actual or alleged act or

omission by Recipient, or its employees, agents or contractors. This Section shall survive expiration or termination of this Agreement.

- b. **Dispute Resolution.** The Parties shall attempt in good faith to resolve any dispute arising out of this Agreement. In addition, the Parties may agree to utilize a jointly selected mediator or arbitrator (for non-binding arbitration) to resolve the dispute short of litigation. Each party shall bear its own costs incurred under this Section 11.b.
- c. **Responsibility for Grant Funds.** Subrecipient, pursuant to this Agreement with OEM, shall assume sole liability for its breach of the conditions of this Agreement, and shall, upon its breach of conditions that causes or requires OEM to return funds to DHS or FEMA, hold harmless and indemnify OEM for an amount equal to the funds received under this Agreement; or if legal limitations apply to the Subrecipient's indemnification ability, the indemnification amount shall be the maximum amount of funds available to Subrecipient for expenditure, including any available contingency funds or other available non-appropriated funds, up to the amount received under this Agreement.
- d. **Amendments.** This Agreement may be amended or extended only by a written instrument signed by both Parties and approved as required by applicable law.
- e. **Duplicate Payment.** Subrecipient is not entitled to compensation or any other form of duplicate, overlapping or multiple payments for the same work performed under this Agreement from any agency of the State of Oregon or the United States of America or any other party, organization or individual.
- f. **No Third Party Beneficiaries.** OEM and Subrecipient are the only Parties to this Agreement and are the only Parties entitled to enforce its terms. Nothing in this Agreement gives, is intended to give, or shall be construed to give or provide any benefit or right, whether directly or indirectly, to a third person unless such a third person is individually identified by name herein and expressly described as an intended beneficiary of the terms of this Agreement.

Subrecipient acknowledges and agrees that the Federal Government, absent express written consent by the Federal Government, is not a party to this Agreement and shall not be subject to any obligations or liabilities to Subrecipient, contractor or any other party (whether or not a party to the Agreement) pertaining to any matter resulting from the this Agreement.

- g. **Notices.** Except as otherwise expressly provided in this Section, any communications between the parties hereto or notice to be given hereunder shall be given in writing by personal delivery, facsimile, email or mailing the same by registered or certified mail, postage prepaid to Subrecipient or OEM at the appropriate address or number set forth on the signature page of this Agreement, or to such other addresses or numbers as either party may hereafter indicate pursuant to this Section. Any communication or notice so addressed and sent by registered or certified mail shall be deemed delivered upon receipt or refusal of receipt. Any communication or notice delivered by facsimile shall be deemed to be given when receipt of the transmission is generated by the transmitting machine. Any communication or notice by personal delivery shall be deemed to be given when actually delivered. Any communication by email shall be deemed to be given when the recipient of the email acknowledges receipt of the email. The parties also may communicate by telephone, regular mail or other means, but such communications shall not be deemed Notices under this Section unless receipt by the other party is expressly acknowledged in writing by the receiving party.

- h. Governing Law, Consent to Jurisdiction.** This Agreement shall be governed by, construed in accordance with, and enforced under the laws of the State of Oregon without regard to principles of conflicts of law. Any claim, action, suit or proceeding (collectively, "Claim") between OEM (or any other agency or department of the State of Oregon) and Subrecipient that arises from or relates to this Agreement shall be brought and conducted solely and exclusively within the Circuit Court of Marion County in the State of Oregon. In no event shall this section be construed as a waiver by the State of Oregon of any form of defense or immunity, whether sovereign immunity, governmental immunity, immunity based on the eleventh amendment to the Constitution of the United States or otherwise, from any Claim or from the jurisdiction of any court. Each party hereby consents to the exclusive jurisdiction of the Circuit Court of Marion County in the State of Oregon, waives any objection to venue, and waives any claim that such forum is an inconvenient forum.
- i. Compliance with Law.** Subrecipient shall comply with all federal, state and local laws, regulations, executive orders and ordinances applicable to the Agreement or to the implementation of the Project, including without limitation as described in Exhibit B.
- j. Insurance; Workers' Compensation.** All employers, including Subrecipient, that employ subject workers who provide services in the State of Oregon shall comply with ORS 656.017 and provide the required Workers' Compensation coverage, unless such employers are exempt under ORS 656.126. Employer's liability insurance with coverage limits of not less than \$500,000 must be included. Subrecipient shall ensure that each of its subrecipient(s), contractor(s), and subcontractor(s) complies with these requirements.
- k. Independent Contractor.** Subrecipient shall perform the Project as an independent contractor and not as an agent or employee of OEM. Subrecipient has no right or authority to incur or create any obligation for or legally bind OEM in any way. Subrecipient acknowledges and agrees that Subrecipient is not an "officer", "employee", or "agent" of OEM, as those terms are used in ORS 30.265, and shall not make representations to third parties to the contrary.
- l. Severability.** If any term or provision of this Agreement is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the Parties shall be construed and enforced as if this Agreement did not contain the particular term or provision held to be invalid.
- m. Counterparts.** This Agreement may be executed in two or more counterparts (by facsimile or otherwise), each of which is an original and all of which together are deemed one agreement binding on all Parties, notwithstanding that all Parties are not signatories to the same counterpart.
- n. Integration and Waiver.** This Agreement, including all Exhibits and referenced documents, constitutes the entire agreement between the Parties on the subject matter hereof. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Agreement. The delay or failure of either Party to enforce any provision of this Agreement shall not constitute a waiver by that Party of that or any other provision. Subrecipient, by the signature below of its authorized representative, hereby acknowledges that it has read this Agreement, understands it, and agrees to be bound by its terms and conditions.



**THE PARTIES**, by execution of this Agreement, hereby acknowledge that each Party has read this Agreement, understands it, and agrees to be bound by its terms and conditions.

SIGNATURE PAGE TO FOLLOW

**CITY OF SUTHERLIN**

By \_\_\_\_\_

Name \_\_\_\_\_  
(printed)

Date \_\_\_\_\_

**APPROVED AS TO LEGAL SUFFICIENCY**  
(If required for Subrecipient)

By \_\_\_\_\_  
Subrecipient's Legal Counsel

Date \_\_\_\_\_

**Subrecipient Program Contact:**

Dennis Riggs  
Emergency Manager  
City of Sutherlin  
125 E Central Ave  
Sutherlin, OR 97479  
541-459-3387  
emergency.prep@ci.sutherlin.or.us

**Subrecipient Fiscal Contact:**

Dan Wilson  
City Finance Director  
City of Sutherlin  
125 E Central Ave  
Sutherlin, OR 97479  
541-459-2856 ext 203  
d.wilson@ci.sutherlin.or.us

**STATE OF OREGON**, acting by and through its Oregon  
Military Department, Office of Emergency Management

By \_\_\_\_\_

Name \_\_\_\_\_  
(printed)  
Operations and Preparedness Section Manager, OEM

Date \_\_\_\_\_

**APPROVED AS TO FORM**

By Samuel B. Zeigler via email  
Senior Assistant Attorney General

Date September 5, 2019

**OEM Program Contact:**

Sidra Metzger-Hines  
Grants Coordinator  
Oregon Military Department  
Office of Emergency Management  
PO Box 14370  
Salem, OR 97309-5062  
503-378-3661  
sidra.metzgerhines@state.or.us

**OEM Fiscal Contact:**

Natalie Day  
Senior Grants Accountant  
Oregon Military Department  
Office of Emergency Management  
PO Box 14370  
Salem, OR 97309-5062  
503-378-3931  
natalie.day@state.or.us

**Exhibit A**  
**Grant No: 19-261**  
**Subrecipient: City of Sutherlin**

**I. Project Description**

Project Title: Sutherlin Emergency Generator

This project will purchase a mobile generator for the City of Sutherlin.

**II. Budget**

Power	\$ 32,000
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<b>Total</b>	<b>\$ 32,000</b>
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## EXHIBIT B

### Federal Requirements and Certifications

**I. General.** Subrecipient agrees to comply with all federal requirements applicable to this Agreement. Those federal requirements include, without limitation, financial management and procurement requirements; requirements for maintaining accounting and financial records in accordance with Generally Accepted Accounting Principles (GAAP); and all other financial, administrative, and audit requirements as set forth in the most recent versions of the Code of Federal Regulations (CFR), Department of Homeland Security (DHS) program legislation, and DHS/Federal Emergency Management Agency (FEMA) program regulations and requirements.

### II. Specific Requirements and Certifications

- A. Debarment, Suspension, Ineligibility and Voluntary Exclusion.** Subrecipient certifies by accepting funds under this Agreement that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, nor voluntarily excluded from participation in this transaction by any Federal department or agency (2 CFR 200.213).
- B. Standard Assurances and Certifications Regarding Lobbying.** Subrecipient is required to comply with 2 CFR 200.450 and the authorities cited therein, including 31 USC § 1352 and *New Restrictions on Lobbying* published at 55 Federal Register 6736 (February 26, 1990).
- C. Compliance with Applicable Federal Law.** Subrecipient agrees to comply with all applicable laws, regulations, program guidance, the Federal Government in the performance of this Agreement, including but not limited to:
1. Administrative Requirements set forth in 2 CFR Part 200, including, without limitation:
    - a. Using Grant Funds only in accordance with applicable cost principles described in 2 CFR Subpart E, including that costs allocable to this Grant may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by federal statutes, regulations or the terms of federal awards or other reasons;
    - b. Subrecipient must establish a Conflict of Interest policy applicable to any procurement contract or subawards made under this Agreement in accordance with 2 CFR 200.112. Conflicts of Interest must be disclosed in writing to the OEM within 5 calendar days of discovery including any information regarding measures to eliminate, neutralize, mitigate or otherwise resolve the conflict of interest.
  2. USA Patriot Act of 2001, which amends 18 USC §§ 175-175c.
  3. Section 6 of the Hotel and Motel Fire Safety Act of 1990, 15 USC 2225(a).
  4. False Claims Act & Program Fraud Civil Remedies, 31 USC 3729, prohibiting recipients of federal payments from submitting a false claim for payment. *See* 38 USC 3801-3812 detailing administrative remedies for false claims and statements made.
  5. Whistleblower Protection Act, 10 USC §§ 2409 and 2324 and 41 USC §§ 4712, 4304 and 4310 requiring compliance with whistleblower protections, as applicable.
  6. No supplanting. Grant Funds under this Agreement shall not replace funds that have been budgeted for the same purposes through non-Federal sources. Subrecipient may be required to

demonstrate and document that a reduction in non-Federal resources occurred for reasons other than receipt or expected receipt of Federal funds. Any project cost allocable to this Agreement may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons.

- D. Non-discrimination and Civil Rights Compliance.** Subrecipient, and all of its contractors and subcontractors, assures compliance with all applicable nondiscrimination laws, including, but not limited to:
- a. Title VI of the Civil Rights Act of 1964, 42 USC § 2000d et seq., as amended, and related nondiscrimination regulations in 6 CFR Part 21 and 44 CFR Part 7.
  - b. Title VIII of the Civil Rights Act of 1968, 42 USC § 3601, as amended, and implementing regulations at 6 CFR Part 21 and 44 CFR Part 7.
  - c. Titles I, II, and III of the Americans with Disabilities Act of 1990, as amended, 42 USC §§ 12101 – 12213.
  - d. Age Discrimination Act of 1975, 42 USC § 6101 et seq.
  - e. Title IX of the Education Amendments of 1972, as amended, 20 USC § 1681 et seq.
  - f. Section 504 of the Rehabilitation Act of 1973, as amended, 29 USC § 794, as amended.
- E. Services to Limited English Proficient (LEP) Persons.** Subrecipient, and any of its contractors and subcontractors agrees to comply with the requirements Title VI of the Civil Rights Act of 1964 and Executive Order 13166, improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin and resulting agency guidance, national origin discrimination includes discrimination on the basis of LEP. To ensure compliance with Title VI, Subrecipient must take reasonable steps to ensure that LEP persons have meaningful access to your programs. Meaningful access may entail providing language assistance services, including oral and written translation, where necessary. Subrecipient is encouraged to consider the need for language services for LEP persons served or encountered both in developing budgets and in conducting programs and activities. For assistance additional information regarding LEP obligations, please see <http://www.lep.gov>.
- F. Procurement of Recovered Materials.** Subrecipient must comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Recovery and Conservation Act and in accordance with Environmental Protection Agency guidelines at 40 CFR Part 247.
- G. SAFECOM.** If the Grant Funds are for emergency communication equipment and related activities, Subrecipient must comply with SAFECOM Guidance for Emergency Communication Grants, including provisions on technical standards that ensure and enhance interoperable communications.
- H. Drug Free Workplace Requirements.** Subrecipient agrees to comply with the requirements of the Drug-Free Workplace Act of 1988, 41 USC § 701 et seq., as amended, and implementing regulations at 2 CFR Part 3001 which require that all organizations receiving grants (or subgrants) from any Federal agency agree to maintain a drug-free workplace. Subrecipient must notify this office if an employee of Subrecipient is convicted of violating a criminal drug statute. Failure to comply with these requirements may be cause for debarment.

- I. Human Trafficking (2 CFR Part 175).** Subrecipient must comply with requirements of Section 106(g) of the Trafficking Victims Protection Act of 2000, 22 USC § 7104, as amended and 2 CFR § 175.15.
- J. Fly America Act of 1974.** Subrecipient agrees to comply with the requirements of the Preference for U.S. Flag Air Carriers: (air carriers holding certificates under 49 USC § 41102) for international air transportation of people and property to the extent that such service is available, in accordance with the International Air Transportation Fair Competitive Practices Act of 1974, as amended, (49 USC § 40118) and the interpretative guidelines issued by the Comptroller General of the United States in the March 31, 1981, amendment to the Comptroller General Decision B138942.
- K. Activities Conducted Abroad.** Subrecipient agrees to comply with the requirements that project activities carried on outside the United States are coordinated as necessary with appropriate government authorities and that appropriate licenses, permits, or approvals are obtained.
- L. Acknowledgement of Federal Funding from DHS.** Subrecipient agrees to comply with requirements to acknowledge Federal funding when issuing statements, press releases, requests for proposals, bid invitations, and other documents describing projects or programs funded in whole or in part with Federal funds.
- M. Copyright.** Subrecipient shall affix the applicable copyright notices of 17 USC § 401 or 402 and an acknowledgement of Government sponsorship (including Subgrant number) to any work first produced under an award unless the work includes any information that is otherwise controlled by the Government (e.g., classified information or other information subject to national security or export control laws or regulations). For any scientific, technical, or other copyright work based on or containing data first produced under this Agreement, including those works published in academic, technical or professional journals, symposia proceedings, or similar works, Subrecipient grants the Government a royalty-free, nonexclusive and irrevocable license to reproduce, display, distribute copies, perform, disseminate, or prepare derivative works, and to authorize others to do so, for Government purposes in all such copyrighted works.
- N. Patents and Intellectual Property Rights.** Unless otherwise provided by law, Subrecipient is subject the Bayh-Dole Act, 35 USC § 200 et seq., as amended, including requirements governing the development, reporting and disposition of rights to inventions and patents resulting from financial assistance awards, 37 CFR Part 401, and the standard patent rights clause in 37 CFR § 401.14.
- O. Use of DHS Seal, Logo and Flags.** Subrecipient agrees to obtain DHS's approval prior to using the DHS seal(s), logos, crests or reproductions of flags or likenesses of DHS agency officials, including use of the United States Coast Guard seal, logo, crests or reproductions of flags or likenesses of Coast Guard officials.
- P. Personally Identifiable Information (PII).** Subrecipient, if it collects PII, is required to have a publically available privacy policy that described what PII they collect, how they use it, whether they share it with third parties and how individuals may have their PII corrected where appropriate.
- Q. Federal Debt Status.** Subrecipient shall be non-delinquent in its repayment of any federal debt. Examples of relevant debt include delinquent payroll and other taxes, audit disallowances, benefit

overpayments and any amounts due under Section 11.c of this Agreement. See OMB Circular A-129 for additional information and guidance.

- R. Energy Policy and Conservation Act.** Subrecipient must comply with the requirements of 42 USC § 6201 which contains policies relating to energy efficiency that are defined in the state energy conservation plan issues in compliance with the Act
- S. Lobbying Prohibitions.** Subrecipient must comply with 31 USC §1352, which provides that none of the funds provided under an award may be expended by the subrecipient to pay any person to influence, or attempt to influence and officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any Federal action concerning the award or renewal.
- T. Terrorist Financing.** Subrecipient must comply with US Executive Order 13224 and US law that prohibits transactions with, and the provisions of resources and support to, individuals and organizations associated with terrorism. It is the legal responsibility of Subrecipients to ensure compliance with the EO and laws.
- U. Faith-Based Organizations.** Subrecipient must comply with the equal treatment policies and requirements contained in 6 C.F.R. Part 19 and other applicable statutes, regulations, and guidance governing the participations of faith-based organizations in individual DHS programs.
- V. National Environmental Policy Act.** Subrecipient must comply with the requirements of the National Environmental Policy Act (NEPA) and the Council on Environmental Quality (CEQ) Regulations for Implementing the Procedural Provisions of NEPA, which requires Subrecipient to use all practicable means within its authority, and consistent with other essential considerations of national policy, to create and maintain conditions under which people and nature can exist in productive harmony and fulfill the social, economic, and other needs of present and future generations of Americans.
- W. Federal Leadership on Reducing Text Messaging while Driving.** Subrecipient is encouraged to adopt and enforce policies that ban text messaging while driving as described in E.O. 13513, including conducting initiatives described in Section 3(a) of the Order when on official government business or when performing any work for or on behalf of the federal government.
- X. Environmental Planning and Historic Preservation.** DHS/FEMA funded activities that may require an EHP review are subject to FEMA's Environmental Planning and Historic Preservation review process. If ground disturbing activities occur during construction, sub-recipient will monitor ground disturbance, and if any potential archeological resources are discovered, applicant will immediately cease work in that area and notify Oregon Office of Emergency Management, and DHS/FEMA.

## EXHIBIT C

### Subagreement Insurance Requirements

#### GENERAL.

Subrecipient shall require in its first tier subagreements with entities that are not units of local government as defined in ORS 190.003, if any, to: i) obtain insurance specified under TYPES AND AMOUNTS and meeting the requirements under ADDITIONAL INSURED, "TAIL" COVERAGE, NOTICE OF CANCELLATION OR CHANGE, and CERTIFICATES OF INSURANCE before performance under the subagreement commences; and ii) maintain the insurance in full force throughout the duration of the subagreement. The insurance must be provided by insurance companies or entities that are authorized to transact the business of insurance and issue coverage in the State of Oregon and that are acceptable to OEM. Subrecipient shall not authorize work to begin under subagreements until the insurance is in full force. Thereafter, Subrecipient shall monitor continued compliance with the insurance requirements on an annual or more frequent basis. Subrecipient shall incorporate appropriate provisions in the subagreement permitting it to enforce compliance with the insurance requirements and shall take all reasonable steps to enforce such compliance. In no event shall Subrecipient permit work under a subagreement when Subrecipient is aware that the contractor is not in compliance with the insurance requirements. As used in this section, "first tier" means a subagreement in which Subrecipient is a Party.

#### TYPES AND AMOUNTS.

i. WORKERS COMPENSATION. Insurance in compliance with ORS 656.017, which requires all employers that employ subject workers, as defined in ORS 656.027, to provide workers' compensation coverage for those workers, unless they meet the requirement for an exemption under ORS 656.126(2). Employers' liability insurance with coverage limits of not less than \$500,000 must be included.

ii. COMMERCIAL GENERAL LIABILITY.

Commercial General Liability Insurance covering bodily injury, death, and property damage in a form and with coverages that are satisfactory to OEM. This insurance shall include personal injury liability, products and completed operations. Coverage shall be written on an occurrence form basis, with not less than the following amounts as determined by OEM:

Bodily Injury, Death and Property Damage:

\$500,000 per occurrence, (for all claimants for claims arising out of a single accident or occurrence).

iii. AUTOMOBILE Liability Insurance: Automobile Liability.

Automobile Liability Insurance covering all owned, non-owned and hired vehicles. This coverage may be written in combination with the Commercial General Liability Insurance (with separate limits for "Commercial General Liability" and "Automobile Liability"). Automobile Liability Insurance must be in not less than the following amounts as determined by OEM:



Bodily Injury, Death and Property Damage:

\$500,000 per occurrence (for all claimants for claims arising out of a single accident or occurrence).

ADDITIONAL INSURED. The Commercial General Liability Insurance and Automobile Liability insurance must include OEM, its officers, employees and agents as Additional Insureds but only with respect to the contractor's activities to be performed under the Subcontract. Coverage must be primary and non-contributory with any other insurance and self-insurance.

"TAIL" COVERAGE. If any of the required insurance policies is on a "claims made" basis, such as professional liability insurance, the contractor shall maintain either "tail" coverage or continuous "claims made" liability coverage, provided the effective date of the continuous "claims made" coverage is on or before the effective date of the Subcontract, for a minimum of 24 months following the later of : (i) the contractor's completion and Subrecipient's acceptance of all Services required under the Subcontract or, (ii) the expiration of all warranty periods provided under the Subcontract. Notwithstanding the foregoing 24-month requirement, if the contractor elects to maintain "tail" coverage and if the maximum time period "tail" coverage reasonably available in the marketplace is less than the 24-month period described above, then the contractor may request and OEM may grant approval of the maximum "tail " coverage period reasonably available in the marketplace. If OEM approval is granted, the contractor shall maintain "tail" coverage for the maximum time period that "tail" coverage is reasonably available in the marketplace.

NOTICE OF CANCELLATION OR CHANGE. The contractor or its insurer must provide 30 days' written notice to Subrecipient before cancellation of, material change to, potential exhaustion of aggregate limits of, or non-renewal of the required insurance coverage(s).

CERTIFICATE(S) OF INSURANCE. Subrecipient shall obtain from the contractor a certificate(s) of insurance for all required insurance before the contractor performs under the Subcontract. The certificate(s) or an attached endorsement must specify: i) all entities and individuals who are endorsed on the policy as Additional Insured and ii) for insurance on a "claims made" basis, the extended reporting period applicable to "tail" or continuous "claims made" coverage. INSURANCE REQUIREMENT REVIEW. Recipient agrees to periodic review of insurance requirements by OEM under this Agreement and to provide updated requirements as mutually agreed upon by OEM and Recipient.

OEM ACCEPTANCE. All insurance providers are subject to OEM acceptance. If requested by OEM, Recipient shall provide complete copies of its Contractors' insurance policies, endorsements, self-insurance documents and related insurance documents to OEM's representatives responsible for verification of the insurance coverages required under this Exhibit C.

## **Exhibit D**

### **Information required by 2 CFR 200.331(a)**

**1. Federal Award Identification:**

- (i) Sub-recipient name (which must match registered name in DUNS): City of Sutherlin
- (ii) Sub-recipient's DUNS number: 019158790
- (iii) Federal Award Identification Number (FAIN): EMW-2019-SS-00068-S01
- (iv) Federal Award Date: September 1, 2019
- (v) Sub-award Period of Performance Start and End Date: From October 1, 2019 to September 30, 2020
- (vi) Amount of Federal Funds Obligated by this Agreement: \$32,000
- (vii) Total Amount of Federal Funds Obligated to the Subrecipient by the pass-through entity including this agreement \*: \$32,000
- (viii) Total Amount of Federal Award committed to the Subrecipient by the pass-through entity: \$32,000
- (ix) Federal award project description: State Homeland Security Program Grant plays an important role in the implementation of the National Preparedness System by supporting the building, sustainment, and delivery of core capabilities essential to achieving the National Preparedness Goal of a secure and resilient Nation.
- (x)
  - (a) Name of Federal awarding agency: U.S. Department of Homeland Security, Federal Emergency Management Agency (FEMA)
  - (b) Name of Pass-through entity: Oregon Military Department, Office of Emergency Management
  - (c) Contact information for awarding official: Andrew Phelps, Director – Oregon Office of Emergency Management, PO Box 14370, Salem, OR 97309-5062
- (xi) CFDA Number and Name: 97.067 Homeland Security Grant Program  
Amount: \$7,327,500
- (xii) Is Award R&D? No
- (xiii) Indirect cost rate for the Federal award: 12%

**2. Subrecipient's indirect cost rate: 0% \*The Total amount of Federal Funds Obligated to the Subrecipient by the pass-through entity is the Total Amount of Federal Funds Obligated to the Subrecipient by the pass-through entity during the current fiscal year.**

# WINCO®

## RP25

### Features

#### **Isuzu engine**

Premium-grade Isuzu engines are application-engineered to power equipment that works for a living.

#### **Switchable voltage**

4-position voltage selector switch, featuring safety shutdowns and safety lockout.

#### **Shore Power Inlet**

For easy connection to block heater and battery charger.

#### **Cam-Lock Receptacle**

Full power terminal block and cam-locks included

#### **Powder coat paint**

For an incredibly durable finish.

#### **Dual circuit breakers**

For high and low voltage over-current protection.

#### **DSE 7310 digital controller**

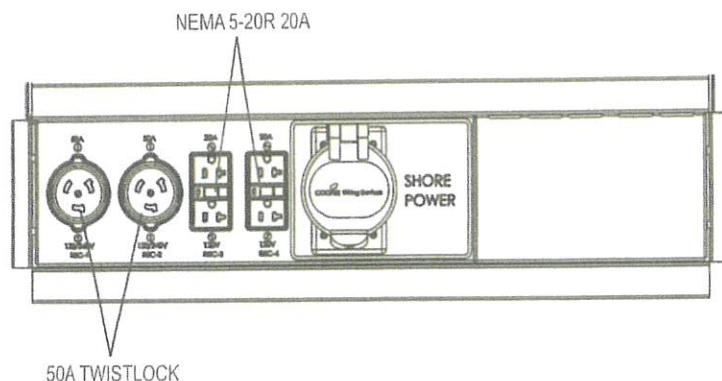
With automatic safety shutdowns and digital readouts.

#### **100% load tested**

You won't find statistical sampling here. We load test every generator before it leaves our facility.

## **REDI POWER**

**19.7 kVa @ 1.0 PF**  
**25 kVa @ 0.8 PF**



### Optional Accessories

2 5/16" Coupler

3" Pintle

50 amp (CS6369C) plug

Spare tire

Tool Box

Battery



# WORKSHOP





126 E. Central Avenue  
Sutherlin, OR 97479  
541-459-2856  
Fax: 541-459-9363  
www.cityofsutherlin.com

## City of Sutherlin

STAFF REPORT					
<b>Action:</b> Right-of-Way Dedication				<b>Meeting Date:</b>	12/9/19
<b>Purpose:</b>	Action Item <input type="checkbox"/>	Workshop <input type="checkbox"/>	Report Only <input type="checkbox"/>	Discussion <input checked="" type="checkbox"/>	Update <input type="checkbox"/>
<b>Submitted By:</b> Jamie Chartier, City Planner and Brian Elliott, Community Development Director				City Manager Review <input checked="" type="checkbox"/>	
<b>Attachments:</b> Exhibits A & B					

### WHAT IS BEING ASKED OF COUNCIL?

This staff report is to inform City Council of a request to consider accepting two (2) Right-of-Ways from Sam Robinson.

### EXPLANATION

Sam Robinson constructed two (2), 60 foot Right-of-Ways to City standards for the dedication of the City of Sutherlin (see attached exhibit "B"). One (1) of the 60 foot right-of-ways is located south of West Duke Road, approximately 570.75' in length. The second 60 foot right-of-way is located off Fir Grove Lane, east from Fir Grove Lane approximately 402.72' in length.

Dedication of the two (2) Right-of-Ways are derived from an Irrevocable Offer required as a condition of approval of two (2) separate Land Partition applications (Planning Department File No's 18-S022 and 18-S023).

### OPTIONS

N/A

### SUGGESTED MOTION(S)

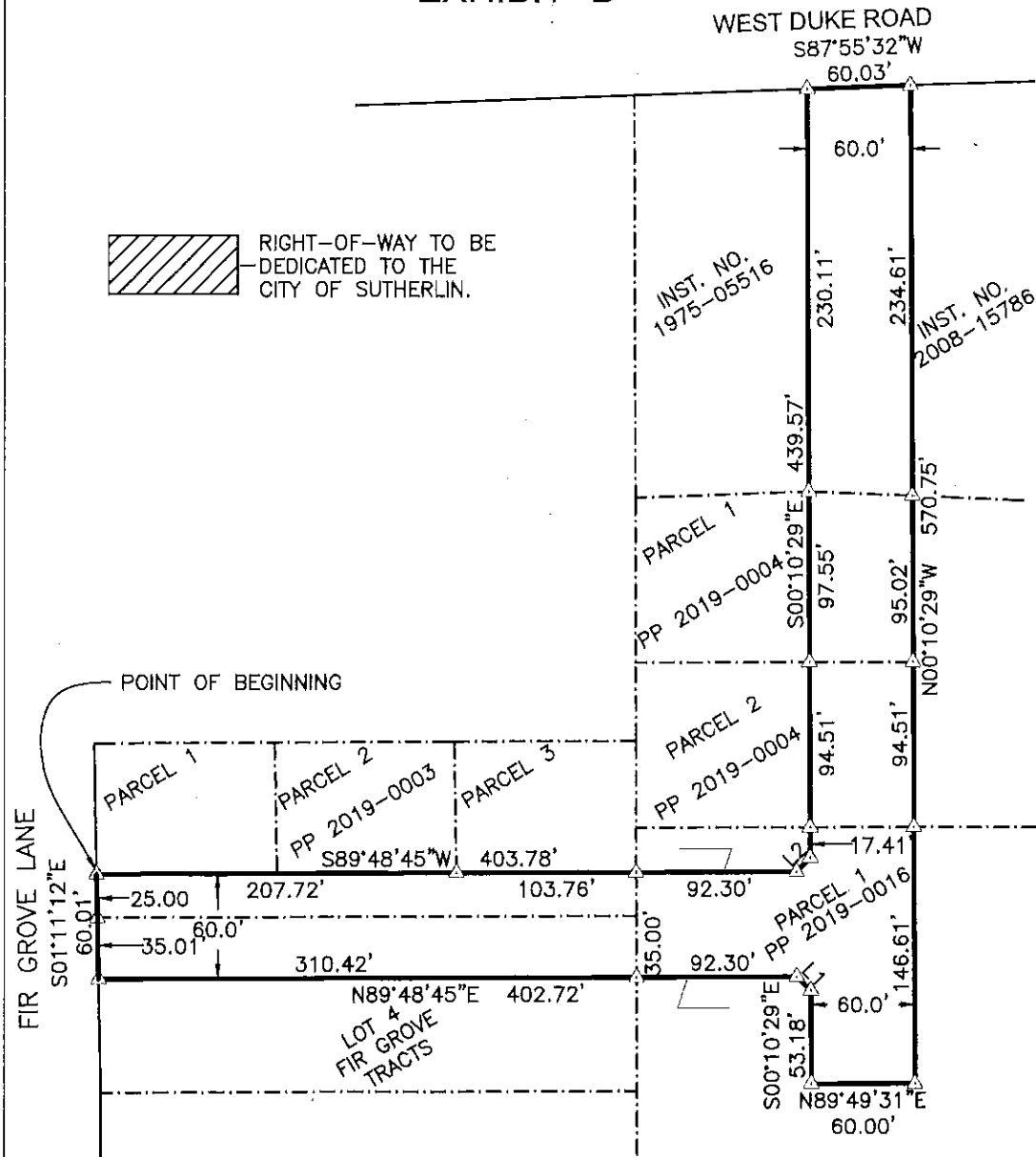
N/A

# EXHIBIT "A"

A 60.00-foot wide strip of land being a portion of LOT 4, Fir Grove Tracts, Volume 9, Page 20, Plat Records of Douglas County, a portion of PARCEL 1, Partition Plat 2019-0016, Plat Records of Douglas County, PARCEL 1 and 2, Partition Plat 2019-0004, Plat Records of Douglas County, a portion of that tract of land described in Instrument Number 2008-15786, Deed Records of Douglas County, and a portion of PARCEL 3, Partition Plat 2019-0003, Plat Records of Douglas County, located in the Northwest and Southwest Quarters of Section 19, Township 25 South, Range 5 West, Willamette Meridian, Douglas County, Oregon, more particularly described as follows:

Beginning at the most Westerly Northwest corner of said PARCEL 3, being the Southwest corner of PARCEL 1, said Partition Plat 2019-0003 and being on the Easterly Right-of-way Boundary of Fir Grove Lane; Thence Southerly along the West boundary of said PARCEL 3, coincident with said Easterly Right-of-way boundary, South 01°11'12" East, 25.00 feet to the Southwest corner of said PARCEL 3, being the Northwest corner of said LOT 4; Thence continuing Southerly along the West boundary of said LOT 4, coincident with said Easterly Right-of-Way boundary, South 01°11'12" East, 35.01 feet; Thence leaving said West boundary and said Easterly Right-of-Way boundary, North 89°48'45" East, 310.42 feet to the East boundary of said LOT 4, being the West boundary of said PARCEL 1 of said Partition Plat 2019-0016, from which the Northeast corner of said LOT 4 bears North 00°10'15" East, 35.00 feet; Thence leaving said East boundary of said LOT 4 and West boundary of said PARCEL 1, North 89°48'45" East, 92.30 feet; Thence South 45°10'52" East, 11.31 feet; Thence South 00°10'29" East, 53.18 feet; Thence North 89°49'31" East, 60.00 feet; Thence North 00°10'29" West, 146.61 feet to a point on the North boundary of said PARCEL 1, said Partition Plat 2019-0016, being the Southeast corner of said PARCEL 2, said Partition Plat 2019-0004; Thence leaving said North boundary, Northerly along the East boundary of said PARCEL 2, North 00°10'29" West, 94.51 feet to the Northeast corner of said PARCEL 2, being the Southeast corner of said PARCEL 1, said Partition Plat 2019-0004; Thence continuing Northerly along the East boundary of said PARCEL 1, North 00°10'29" West, 95.02 feet to the Northeast corner of said PARCEL 1, being on the South boundary of said Instrument Number 2008-15786; Thence leaving said South boundary, North 00°10'29" West, 234.61 feet to a point on the North boundary of said Instrument Number 2008-15786, being on the Southerly Right-of-Way boundary of West Duke Road; Thence Westerly along said North boundary, coincident with said Southerly Right-of-Way boundary, South 87°55'32" West, 60.03 feet to the Northwest corner of said Instrument Number 2008-15786, being the Northeast corner of that tract of land described in Instrument Number 1975-05516, Deed Records of Douglas County; Thence leaving said Southerly Right-of-Way boundary, Southerly along the West boundary of said Instrument Number 2008-15786, coincident with the East boundary of said Instrument Number 1975-05516, South 00°10'29" West, 230.11 feet to the Southwest corner of said Instrument Number 2008-15786, being the Southeast corner of said Instrument Number 1975-05516, and being on the North boundary of the aforementioned PARCEL 1, said Partition Plat 2019-0004; Thence leaving said North boundary, South 00°10'29" East, 97.55 feet to a point on South boundary of said PARCEL 1, being the North boundary of the aforementioned PARCEL 2, said Partition Plat 2019-0004; Thence leaving said South boundary of said PARCEL 1 and the North boundary of said PARCEL 2, South 00°10'29" East, 94.51 feet to a point on the South boundary of said PARCEL 2, being on the North boundary of the aforementioned PARCEL 1, said Partition Plat 2019-0016; Thence leaving said South boundary of said PARCEL 2 and North boundary of said PARCEL 1, South 00°10'29" East, 17.41 feet; Thence South 44°49'08" West, 11.31 feet; Thence South 89°48'45" West, 92.30 feet to a point on the West boundary of said PARCEL 1, being the East boundary of the aforementioned PARCEL 3, said Partition Plat 2019-0003; Thence leaving said West boundary of said PARCEL 1 and the East boundary of said PARCEL 3, South 89°48'45" West, 103.76 feet to the Southeast corner of PARCEL 2, said Partition Plat 2019-0003; Thence Westerly along the South boundaries of said PARCEL 2 and the aforementioned PARCEL 1, said Partition Plat 2019-0003, coincident with most Westerly North boundary of said PARCEL 3, South 89°48'45" West, 207.72 feet to the point of beginning and there terminating.

# EXHIBIT "B"



LINE TABLE

LINE #	DIRECTION	LENGTH
L1	S45°10'52"E	11.31
L2	S44°49'08"W	11.31



REGISTERED  
PROFESSIONAL  
LAND SURVEYOR

PRELIMINARY

OREGON  
NOVEMBER 10, 2010  
BRENT H. KNAPP  
81116

EXPIRES: 6/30/2021

SURVEYED FOR:  
SAM ROBINSON  
P.O. BOX 917  
SUTHERLIN, OR 97479

**i.e.**  
ENGINEERING  
809 S.E. Pine Street  
Roseburg, Oregon 97470  
PHONE (541) 673-0166  
FAX (541) 440-9392

DATE: 12/02/19

DWG: BHK

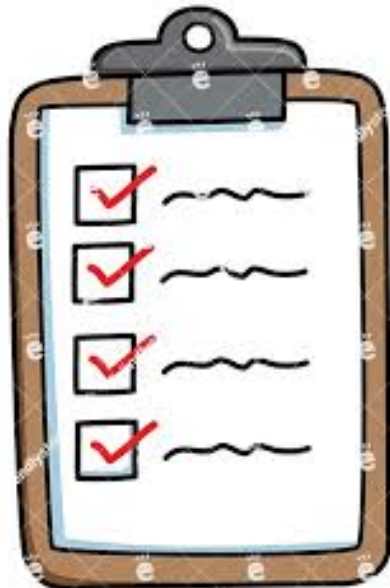
SCALE: NONE

JOB NO. 0682-16

PAGE: 1 OF 1



# **STRATEGIC PLAN UPDATE**







# **STREET SIGN REPLACEMENT (Verbal)**





126 E. Central Avenue  
Sutherlin, OR 97479  
541-459-2856  
Fax: 541-459-9363  
[www.cityofsutherlin.com](http://www.cityofsutherlin.com)

## City of Sutherlin

STAFF REPORT					
<b>Re:</b> Volunteer Firefighters & UCC Student Update				<b>Meeting Date:</b>	12/9/2019
<b>Purpose:</b>	Action Item <input type="checkbox"/>	Workshop <input type="checkbox"/>	Report Only <input checked="" type="checkbox"/>	Discussion <input checked="" type="checkbox"/>	Update <input type="checkbox"/>
<b>Submitted By:</b> Mike Lane, Fire Chief				<b>City Manager Review</b>	<input checked="" type="checkbox"/>
<b>Attachments:</b>					

### WHAT IS BEING ASKED OF COUNCIL?

Council will be given a status update of the Volunteer Firefighters and UCC Students in the Sutherlin Fire Department.

### EXPLANATION

The Sutherlin Fire Department is a combination department consisting of career staff, volunteers, students and other City employees. As of 12/1/2019 there are currently 17 Volunteers serving on the Sutherlin Fire Department. As this number generally fluctuates during the year, we are constantly recruiting for new volunteers.

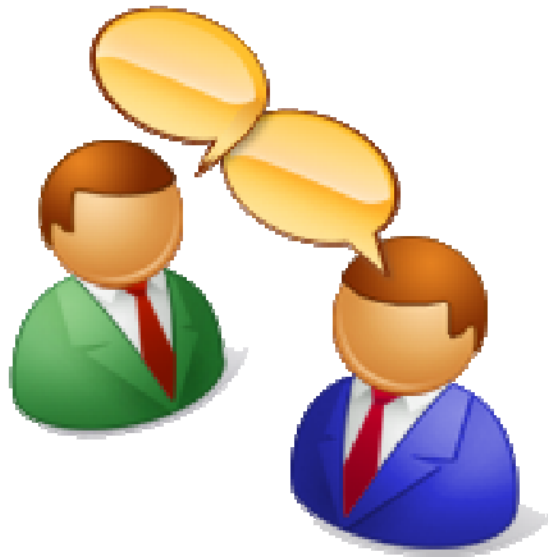
We train the volunteers to the standards set by the Department of Public Safety Standards & Training. We have volunteers certified to Fire Officer, Aerial Operator, Engineer, and Firefighter.

We currently have 4 UCC Scholarship students on the department all of which reside at the Calapooia fire station. In exchange for the tuition these students work ten 24-hour shifts at the main fire station every month. Two of our scholarship students were recently employed full-time by local fire departments. We are currently in the process to replace them.

While we are looking at ways to cover time off for our career staff, we also have the issue of students leaving for class at the same time, leaving us short staffed. I would like to add 3 additional scholarship positions in the 20/21 budget. While still possible for all three of them to leave at the same time, having three per shift would make it less likely. The cost of the three scholarships would be an additional \$24,000 annually, plus some minor adjustments in PPE and uniforms line items.



# **COUNCIL COMMENTS**





# **PUBLIC COMMENT**





# ADJOURNMENT





# **FOR YOUR INFORMATION**



## STRATEGIC PLAN - ACCOUNTABILITY BENCHMARKS

MONTH	DEPT	GOAL	ACTION	✓
<b>APR 2019</b>				
04/08/19	CDD/PW-Facilities/Parks	Continue Central Park improvements to include Christmas holidays lighting display	Funding - Report to Council	✓
04/22/19	CDD/PW-Transportation	Complete Valentine Avenue engineering and begin construction	Bid award - Council approval	✓
04/22/19	Admin	Complete and implement a new City Personnel Policy Handbook	Present update to Council	✓
04/22/19	CDD/PW-Development	Contract with an engineering firm for plan review/subdivision fees	Council Workshop - Proposed fees	✓
<b>MAY 2019</b>				
05/13/19	CDD/PW-Water	Nonpareil WTP Disinfection System	Bid process and present to Council	✓
05/28/19	CDD/PW-Facilities/Parks	Additional benches at Splash Park inside play area and unfenced section - kid friendly	Report to Council	✓
05/28/19	CDD/PW-Facilities/Parks	Central Park - Additional water features	Present to Council for Approval if needed	✓
05/28/19	CDD/PW-Transportation	Create a Street Management Masterplan w/funding options	Establish a methodology and timeline, report to Council	✓
05/28/19	CDD/PW-Development	Contract with an engineering firm for plan review/subdivision fees	Present findings to Council	✓
<b>JUN 2019</b>				
06/10/19	CDD/PW-Development	Contract with an engineering firm for plan review/subdivision fees	Present fee resolution for Council approval	✓
06/24/19	Admin	Complete union required class & comp survey prior to agreed 2019 COLA increase	Present update to Council (May 28th Executive Session)	✓
06/24/19	CDD/PW-Wastewater	Evaluate the current and potential use of Everett Avenue building	Report to Council (report provided at April 22nd Workshop Mtg)	✓
<b>JUL 2019</b>				
07/22/19	CDD/PW-Development	Comprehensive Plan Code Audit	Report to Council	✓
07/22/19	CDD/PW-Facilities/Parks	Central Park - Additional water features	Report to Council	✓
07/22/19	Finance	Create a long-term budget forecast	Report to Council	✓
07/22/19	CDD/PW-Wastewater	NPDES Permit renewal	Report to Council	✓
<b>AUG 2019</b>				
08/12/19	CDD/PW-Water	Nonpareil WTP modernization improvements	Present to Council (reported at July 22nd Workshop)	✓
08/26/19	CDD/PW-Water	Begin recertification process for Cooper Creek Storage and live-stream permits	Present to Council (reported at July 22nd Workshop)	✓
08/26/19	CDD/PW-Water	Consider new code language allowing for provision of water services outside city limits	Report to Council	✓
08/26/19	Fire	Enhance response capabilities for west side of town	Progress report to Council	✓
<b>SEP 2019</b>				
09/09/19	CDD/PW-Transportation	Complete Valentine Avenue engineering and begin construction	Report to Council	✓
9/23/2019 Mtg Cancelled	Finance & CDD - Development	Examine System Development Charge Rates and develop SDC matrix	Present to Council (moved to 10/14/19 mtg)	✓
9/23/2019 Mtg Cancelled	CDD/PW-Facilities/Parks	Continue Central Park improvements to include Christmas holidays lighting display	Present to Council (moved to 10/14/19 mtg)	✓
9/23/2019 Mtg Cancelled	Fire	ISO (Insurance Service Office) rating (Fire Dept update)	Report results to Council (moved to 10/14/19 mtg)	✓

Note: "Report to Council" can be a written Strategic Plan Update, Presentation or Workshop

Revised 11/18/2019

## STRATEGIC PLAN - ACCOUNTABILITY BENCHMARKS

MONTH	DEPT	GOAL	ACTION	
<b>OCT 2019</b>				
10/14/19	CDD-Development	Evaluate all new-development beneficiaries regarding System Development Charges and establish new SDC;s according to the analysis	Develop SDC matrix/present to Council	✓
10/28/19	CDD/PW-Facilities/Parks	Community Center building - caulk and paint exterior	Report to Council	✓
10/28/19	CDD/PW-Facilities/Parks	Library building - caulk and paint exterior	Report to Council	✓
10/28/19	CDD/PW-Facilities/Parks	Implement a 10-year non-compliant ADA replacement ramp plan	Report to Council	✓
10/28/19	Police	Recruitment and retention	Report to Council	✓
10/28/19	Fire	Create backfill relief position	Present to Council	✓
<b>NOV 2019</b>				
11/12/19	CDD/PW-Transportation	Speed Zone Analysis-Ft McKay to west of intersection of Ft McKay and Church Rd	Report to Council	✓
11/12/19	CDD/PW-Transportation	Speed Zone Analysis-Intersection of Church Rd and Hwy 138 to Ft McKay	Report to Council	✓
11/12/19	CDD/PW-Transportation	Complete sidewalks from Beecroft to Quail Run and Central Avenue	Bid process and present to Council	✓
11/12/19	Police	Integration of K9 program	Report to Council - Discussed at Oct 28th mtg	✓
<b>DEC 2019</b>				
12/09/19	Finance	Earn a "clean audit"	Accept audited financials and present to Council	✓
12/09/19	CDD/PW-Transportation	Replace all old street signs so they match the new street sign design	Report to Council	✓
12/09/19	CDD/PW-Wastewater	Complete construction of new WTP	Report to Council	✓
12/09/19	CDD-Planning	Consider feasibility of commercial/multi-family Urban Renewal District	Present options to Council	✓
12/09/19	Fire	Grow volunteers & UCC Students	Report to Council	✓
<b>JAN 2020</b>				
01/13/20	CDD/PW-Water	Schoon Mt water storage tank upgrade	Bid process, bonding, funding agency and present to Council	
01/13/20	CDD/PW-Water	Sixth Ave and Oak St Pump Station upgrade	Bid process, funding agency approval and present to Council	
01/27/20	CDD/PW-Facilities/Parks	Install larger security signage and new, more reliable 24/7 cameras	Report to Council	
01/27/20	CDD/PW-Wastewater	Evaluate the current and potential use of Everett Ave building	Report to Council	
01/27/20	CDD/PW-Water	Nonpareil WTP Disinfection System improvement	Report to Council	
01/27/20	CDD/PW-Wastewater	Obtain certification NPDES permit from DEQ	Report to Council	
01/27/20	CDD/PW-Transportation	Develop a "plan-of-action" for upgrading Waite St from Central to Southside Rd	Report to Council	

Note: "Report to Council" can be a written Strategic Plan Update, Presentation or Workshop

Revised 11/18/2019



## STRATEGIC PLAN - ACCOUNTABILITY BENCHMARKS

MONTH	DEPT	GOAL	ACTION	
<b>FEB 2020</b>				
02/10/20	CDD-Development	Commercial and industrial development recruitment and retention (large and small)	Present updated EDP to Council	
02/24/20	CDD/PW-Wastewater	Initiate a new in-flow and infiltration prevention program	Report to Council	
<b>MAR 2020</b>				
03/09/20	CDD/PW-Facilities/Parks	Identify and upgrade ADA accessibility around Central Park	Award Contract - Council Approval	
<b>APR 2020</b>				
04/13/20	CDD/PW-Development	Wastewater extension/reimbursement district	Bid process, present to Council to award	
04/27/20	Finance & CDD - Planning	Develop new SDC matrix and present to Council	Present to Council	
<b>MAY 2020</b>				
05/11/20	Admin	Begin CBA agreements - AFSCME	Present to Council	
<b>JUN 2020</b>				
06/22/20	CDD/PW-	Transportation System Plan (TSP) update	Report to Council	
06/22/20	CDD-Development	Wastewater extension/reimbursement district	Report to Council	
<b>JUL 2020</b>				
07/13/20	CDD/PW-	Install a crosswalk from Nicholas Ct to St John	Bid process, present to Council for	
07/13/20	CDD/PW-Water	Nonpareil Water Treatment Plant modernization improvements	Bid process, funding approval and present to Council	
<b>AUG 2020</b>				
<b>SEP 2020</b>				
<b>OCT 2020</b>				
10/12/20	CDD/PW-Water	Schoon Mountain Pump Station improvements (pump replacement)	Bid process, funding approval and present to Council	
10/26/20	CDD/PW-Facilities/Parks	Identify and upgrade ADA accessibility around Central Park	Report to Council	
10/26/20	CDD/PW-Parks	Central Park - Repair or replace deteriorated sidewalks	Report to Council	
<b>NOV 2020</b>				
11/09/20	CDD/PW-Facilities/Parks	Improve drainage in Central Park (phase III)	Complete and report to Council	
11/09/20	CDD/PW-Transportation	Create a street management master plan with funding options	Report both the new plan and funding options to Council	
<b>DEC 2020</b>				
12/14/20	CDD/PW-Transportation	Install a crosswalk from Nicholas Ct to St John	Report to Council	
12/14/20	CDD/PW-Water	Seek funding and create a plan to install a secondary in-flow at Cooper Creek	Report to Council	
<b>JAN 2021</b>				
01/11/21	CDD/PW-Wastewater	Complete construction of new WTP (after 1-year performance evaluation)	Report to Council	
<b>FEB 2021</b>				
02/08/21	CDD/PW-	Complete sidewalks from Beecroft to Quail Run	Report to Council	

Note: "Report to Council" can be a written Strategic Plan Update, Presentation or Workshop

Revised 11/18/2019

SACC Budget vs Actual  
Tourism - Motel Tax Fund  
Through November, 30, 2019

	<b>BUDGET:</b>	<b>ACTUAL:</b>
Carry Over Discretionary Funds	<b>42,000.00</b>	42,000.00
Magazine Advertising	<b>5,500.00</b>	930.00
<b>Receipts from City</b>	<b>118,750.00</b>	40,425.63
<b>Receipts from Country Concert</b>	<b>14,000.00</b>	14,638.00
Total Revenue	<b>180,250.00</b>	97,993.63
<b>Expenditures:</b>		
<b>Personnel: Revised</b>	<b>41,250.00</b>	13,358.40
<b>Mat'l &amp; Services:</b>		
Advertising	26,000.00	5,636.82
Building Maint. & Services	1,500.00	48.22
Furnishings & Equipment	2,400.00	
Magazine Design, Printing	7,500.00	8,990.00
Memberships	500.00	125.00
Office Supplies	600.00	344.17
Postage	400.00	25.73
Telephone	1,500.00	549.92
Tour. Promotion-Music...	600.00	435.00
Tour. Event - Museum	250.00	
Tour. Event - Brewfest	4,000.00	4,000.00
Tour. Award - Geocaching	1,500.00	
Events - Other	10,000.00	
Tourism-Country Concert	15,000.00	19,057.52
Travel & Training	1,000.00	
Utilities	1,200.00	455.05
<b>Total Mat'l &amp; Services</b>	<b>73,950.00</b>	39,667.42
<b>General Admin:</b>	<b>9,500.00</b>	1,422.93
Total Expenses	124,700.00	54,448.75
Revenue Less Expense	55,550.00	43,544.88
Tourism Promo Plan - Carry Frwd	18,741.50	

## Melanie Masterfield

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**From:** Melanie Masterfield  
**Sent:** Tuesday, December 3, 2019 11:23 AM  
**To:** Ashley (ashley@bciradio.com); DC Commisioners (commissioners@co.douglas.or.us); Erica Welch; KUGN (news@kugn.com); Kyle-KQEN (KYLE@BCIRADIO.COM); News Desk (newsdesk@nrtoday.com); Register Guard (rgnews@registerguard.com); Roseburg Beacon (info@roseburgbeacon.com)  
**Subject:** Sutherlin City Council Agenda  
**Attachments:** CC AGENDA DEC 9.19 REG & WS MTG.pdf

Good morning. Attached is the agenda for Sutherlin's City Council meeting on Monday, December 9, 2019.



Melanie Masterfield  
Deputy City Recorder

**City of Sutherlin**  
**126 E Central Ave**  
**Sutherlin, OR 97479**  
**541-459-2856**

[m.masterfield@ci.sutherlin.or.us](mailto:m.masterfield@ci.sutherlin.or.us)