



CITY OF DONALD
Marion County, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2020



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CERTIFIED PUBLIC ACCOUNTANTS

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**CITY OF DONALD
Marion County, Oregon**

CITY OFFICIALS

June 30, 2020

MAYOR

Brad Oxenford

CITY COUNCIL

Gloria Nicholson, Council President

Sheryl Glenn

Katie Gonzalez

Troy Hellickson

Rod Scott

Gerry Waller

*All councilors receive mail at the address listed below

CITY MANAGER

Heidi Bell
10710 Main Street NE
Donald, Oregon 97020

CITY OF DONALD
Marion County, Oregon

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

The Honorable Brad Oxenford, Mayor
and Members of the City Council
City of Donald
Donald, Oregon 97020

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Donald, Marion County, Oregon, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Donald, Oregon as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting.

Basis of Accounting

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Donald's financial statements. The budgetary comparison information and combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The aforementioned information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated October 13, 2020 on our tests of the City's compliance with certain provisions of laws and regulations 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.

Accuity, LLC

By: 

Glen O. Kearns, CPA

Albany, Oregon
October 13, 2020

BASIC FINANCIAL STATEMENTS

CITY OF DONALD
Marion County, Oregon

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 165,452	\$ 1,224,758	\$ 1,390,210
Restricted assets			
Cash and cash equivalents	67,493	357,691	425,184
Capital assets not being depreciated	101,844	18,492	120,336
Capital assets being depreciated, net	450,974	1,390,250	1,841,224
Total assets	785,763	2,991,191	3,776,954
LIABILITIES			
Current liabilities			
Long-term debt, current portion	15,000	-	15,000
Noncurrent liabilities			
Long-term debt, less current portion	115,000	-	115,000
Total liabilities	130,000	-	130,000
NET POSITION			
Net investment in capital assets	552,818	1,408,742	1,961,560
Restricted for various purposes	67,493	357,691	425,184
Unrestricted	35,452	1,224,758	1,260,210
Total net position	\$ 655,763	\$ 2,991,191	\$ 3,646,954

The accompanying notes are an integral part of these financial statements.

CITY OF DONALD
Marion County, Oregon

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended June 30, 2020

<u>Functions/Programs</u>	Program Revenues			Net Revenues (Expenses) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities						
General government	\$ 119,346	\$ 36,496	\$ 1,000	\$ (81,850)	\$ -	\$ (81,850)
Highways and streets	41,423	-	-	(41,423)	-	(41,423)
Planning and building	32,981	-	-	(32,981)	-	(32,981)
Public safety	24,456	-	-	(24,456)	-	(24,456)
Parks	28,709	-	-	(28,709)	-	(28,709)
Community development	6,378	-	-	(6,378)	-	(6,378)
Unallocated depreciation expense	14,702	-	-	(14,702)	-	(14,702)
Interest on long-tem debt	5,065	-	-	(5,065)	-	(5,065)
Total governmental activities	<u>273,060</u>	<u>36,496</u>	<u>1,000</u>	<u>(235,564)</u>	<u>-</u>	<u>(235,564)</u>
Business-Type Activities						
Water	315,985	283,439	-	-	(32,546)	(32,546)
Sewer	301,158	341,819	-	-	40,661	40,661
System development	50,430	17,195	6,000	-	(27,235)	(27,235)
Total business-type activities	<u>667,573</u>	<u>642,453</u>	<u>6,000</u>	<u>-</u>	<u>(19,120)</u>	<u>(19,120)</u>
Total	<u>\$ 940,633</u>	<u>\$ 678,949</u>	<u>\$ 7,000</u>	<u>(235,564)</u>	<u>(19,120)</u>	<u>(254,684)</u>
General revenues						
Property taxes levied for general purposes				95,426	-	95,426
Property taxes levied for debt service				18,108	-	18,108
Franchise fees				59,366	-	59,366
Intergovernmental				114,098	-	114,098
Interest				9,350	30,953	40,303
Miscellaneous				4,394	27,655	32,049
Total general revenues				<u>300,742</u>	<u>58,608</u>	<u>359,350</u>
Transfers				9,674	(9,674)	-
Change in net position				74,852	29,814	104,666
Net position - beginning, as restated				580,911	2,961,377	3,542,288
Net position - ending				<u>\$ 655,763</u>	<u>\$ 2,991,191</u>	<u>\$ 3,646,954</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DONALD
Marion County, Oregon

BALANCE SHEET - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

June 30, 2020

	General Fund	Street Fund	Nonmajor Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 165,452	\$ 63,976	\$ 3,517	\$ 232,945
FUND BALANCES				
Fund balances				
Restricted	\$ -	\$ 63,976	\$ 3,517	\$ 67,493
Unassigned	165,452	-	-	165,452
Total fund balances	\$ 165,452	\$ 63,976	\$ 3,517	\$ 232,945

The accompanying notes are an integral part of these financial statements.

CITY OF DONALD
Marion County, Oregon

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES - MODIFIED CASH BASIS

June 30, 2020

Total fund balances		\$ 232,945
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds:		
Cost	698,445	
Accumulated depreciation	<u>(145,627)</u>	552,818
Long-term assets and liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. These liabilities consist of:		
Loans payable		<u>(130,000)</u>
Net position of governmental activities		<u>\$ 655,763</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DONALD
Marion County, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2020

	General Fund	Street Fund	Nonmajor Debt Service Fund	Total Governmental Funds
REVENUES				
Property taxes	\$ 95,426	\$ -	\$ 18,108	\$ 113,534
Franchise fees	59,366	-	-	59,366
Licenses and permits	36,496	-	-	36,496
Intergovernmental	29,948	69,932	-	99,880
Grants and contributions	1,999	-	-	1,999
Interest	4,451	4,786	113	9,350
Miscellaneous	17,311	303	-	17,614
Total revenues	<u>244,997</u>	<u>75,021</u>	<u>18,221</u>	<u>338,239</u>
EXPENDITURES				
Current				
General government	120,304	-	-	120,304
Planning and building	32,981	-	-	32,981
Highways and streets	-	37,701	-	37,701
Public safety	24,456	-	-	24,456
Parks	32,920	-	-	32,920
Community development	6,378	-	-	6,378
Capital outlay	82,429	200,043	-	282,472
Debt service	-	-	20,065	20,065
Total expenditures	<u>299,468</u>	<u>237,744</u>	<u>20,065</u>	<u>557,277</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(54,471)</u>	<u>(162,723)</u>	<u>(1,844)</u>	<u>(219,038)</u>
OTHER FINANCING				
SOURCES (USES)				
Transfers in	19,674	-	-	19,674
Transfers out	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
Total other financing sources (uses)	<u>9,674</u>	<u>-</u>	<u>-</u>	<u>9,674</u>
Net change in fund balances	(44,797)	(162,723)	(1,844)	(209,364)
Fund balances - beginning	<u>210,249</u>	<u>226,699</u>	<u>5,361</u>	<u>442,309</u>
Fund balances - ending	<u>\$ 165,452</u>	<u>\$ 63,976</u>	<u>\$ 3,517</u>	<u>\$ 232,945</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DONALD
Marion County, Oregon

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended June 30, 2020

Net change in fund balances		\$ (209,364)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital asset purchases	283,918	
Depreciation expense recorded in the current year	<u>(14,702)</u>	269,216
<p>Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.</p>		
Debt principal paid		<u>15,000</u>
Change in net position of governmental activities		<u><u>\$ 74,852</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF DONALD
Marion County, Oregon

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

PROPRIETARY FUNDS

June 30, 2020

	Business-Type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Sewer System Development Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
ASSETS					
Current assets					
Cash and cash equivalents	\$ 498,188	\$ 726,570	\$ -	\$ -	\$ 1,224,758
Restricted assets					
Cash and cash equivalents	-	-	287,752	69,939	357,691
Capital assets not being depreciated	18,492	-	-	-	18,492
Capital assets being depreciated, net	<u>731,512</u>	<u>34,331</u>	<u>-</u>	<u>624,407</u>	<u>1,390,250</u>
Total assets	<u>1,248,192</u>	<u>760,901</u>	<u>287,752</u>	<u>694,346</u>	<u>2,991,191</u>
NET POSITION					
Net investment in capital assets	750,004	34,331	-	624,407	1,408,742
Restricted for system development	-	-	287,752	69,939	357,691
Unrestricted	<u>498,188</u>	<u>726,570</u>	<u>-</u>	<u>-</u>	<u>1,224,758</u>
Total net position	<u>\$ 1,248,192</u>	<u>\$ 760,901</u>	<u>\$ 287,752</u>	<u>\$ 694,346</u>	<u>\$ 2,991,191</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DONALD
Marion County, Oregon

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION - MODIFIED CASH BASIS

PROPRIETARY FUNDS

For the Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds				Total Proprietary Funds
	Water Fund	Sewer Fund	Sewer System Development Fund	Nonmajor Proprietary Funds	
OPERATING REVENUES					
Charges for services	\$ 283,439	\$ 317,469	\$ 14,708	\$ 23,845	\$ 639,461
Miscellaneous income	2,313	3,984	-	-	6,297
Grants and contributions	-	-	3,000	3,000	6,000
Total operating revenues	<u>285,752</u>	<u>321,453</u>	<u>17,708</u>	<u>26,845</u>	<u>651,758</u>
OPERATING EXPENSES					
Personnel services	187,424	187,425	-	-	374,849
Materials and services	91,544	108,242	3,233	3,932	206,951
Depreciation	37,017	5,491	-	43,265	85,773
Total operating expenses	<u>315,985</u>	<u>301,158</u>	<u>3,233</u>	<u>47,197</u>	<u>667,573</u>
Operating income (loss)	<u>(30,233)</u>	<u>20,295</u>	<u>14,475</u>	<u>(20,352)</u>	<u>(15,815)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	10,253	14,076	5,648	976	30,953
Rental income	-	24,350	-	-	24,350
Total nonoperating revenues (expenses)	<u>10,253</u>	<u>38,426</u>	<u>5,648</u>	<u>976</u>	<u>55,303</u>
Income (loss) before contributions and transfers	<u>(19,980)</u>	<u>58,721</u>	<u>20,123</u>	<u>(19,376)</u>	<u>39,488</u>
TRANSFERS					
Transfers in	5,000	5,000	-	-	10,000
Transfers out	<u>(9,747)</u>	<u>(9,747)</u>	<u>(78)</u>	<u>(102)</u>	<u>(19,674)</u>
TOTAL TRANSFERS	<u>(4,747)</u>	<u>(4,747)</u>	<u>(78)</u>	<u>(102)</u>	<u>(9,674)</u>
Change in net position	(24,727)	53,974	20,045	(19,478)	29,814
Total net position, as restated	<u>1,272,919</u>	<u>706,927</u>	<u>267,707</u>	<u>713,824</u>	<u>2,961,377</u>
Total net position - ending	<u>\$ 1,248,192</u>	<u>\$ 760,901</u>	<u>\$ 287,752</u>	<u>\$ 694,346</u>	<u>\$ 2,991,191</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DONALD
Marion County, Oregon

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

PROPRIETARY FUNDS

For the Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Sewer System Development Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 285,752	\$ 321,453	\$ 17,708	\$ 26,845	\$ 651,758
Payments to employees	(187,424)	(187,425)	-	-	(374,849)
Payments to vendors	(91,544)	(108,242)	(3,233)	(3,932)	(206,951)
Net cash provided (used) by operating activities	<u>6,784</u>	<u>25,786</u>	<u>14,475</u>	<u>22,913</u>	<u>69,958</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	5,000	5,000	-	-	10,000
Transfers to other funds	(9,747)	(9,747)	(78)	(102)	(19,674)
Net cash provided (used) by noncapital financing activities	<u>(4,747)</u>	<u>(4,747)</u>	<u>(78)</u>	<u>(102)</u>	<u>(9,674)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Rental income	-	24,350	-	-	24,350
Net cash provided (used) by capital financing activities	<u>-</u>	<u>24,350</u>	<u>-</u>	<u>-</u>	<u>24,350</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	10,253	14,076	5,648	976	30,953
Net cash provided (used) by investing activities	<u>10,253</u>	<u>14,076</u>	<u>5,648</u>	<u>976</u>	<u>30,953</u>
Net increase (decrease) in cash and cash equivalents	12,290	59,465	20,045	23,787	115,587

(continued)

CITY OF DONALD
Marion County, Oregon

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

PROPRIETARY FUNDS

For the Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Sewer System Development Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
(continued)					
Cash and cash equivalents - beginning	\$ 485,898	\$ 667,105	\$ 267,707	\$ 46,152	\$ 1,466,862
Cash and cash equivalents - ending	<u>\$ 498,188</u>	<u>\$ 726,570</u>	<u>\$ 287,752</u>	<u>\$ 69,939</u>	<u>\$ 1,582,449</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (30,233)	\$ 20,295	\$ 14,475	\$ (20,352)	\$ (15,815)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	<u>37,017</u>	<u>5,491</u>	<u>-</u>	<u>43,265</u>	<u>85,773</u>
Net cash provided (used) by operating activities	<u>\$ 6,784</u>	<u>\$ 25,786</u>	<u>\$ 14,475</u>	<u>\$ 22,913</u>	<u>\$ 69,958</u>
Schedule of non-cash and capital related activities					
Contributions of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF DONALD
Marion County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Donald have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Description of Government-Wide 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 activities of the City. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

B. Reporting Entity

The City of Donald, Oregon has a rich history in agriculture, industry, business, and family, and was a main station for the Oregon Electric Railway by the early 1900's. The City was incorporated in 1912, and the government consists of an elected mayor and six council members. The City's mission is to improve quality of life for citizens and Donald by providing consistent, cost effective, and high-quality services.

The City is located 24 miles south of Portland and 27 miles north of Salem in the stunning Willamette Valley. Champoeg State Heritage Park, which is one of the State of Oregon's most notable landmarks, is just four miles west. Six miles east of the City is Willamette Aviation, Oregon's third busiest airport.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from all governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category - governmental and proprietary - are presented.

CITY OF DONALD
Marion County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the City. It accounts for all financial resources of the City except those required to be accounted for in another fund.

Special Revenue Fund

Streets Fund – The Streets Fund is used to account for highway taxes received from the State of Oregon. Primary expenses are for maintenance and improvement of the City’s roads and streets; fund balance is restricted for that purpose.

The City reports the following major proprietary funds:

Enterprise Funds

Water Fund – The Water Fund accounts for the operation and maintenance of the City’s water intake, purification, and delivery system, which provides water services to residents. Primary revenues are user fees.

Sewer Fund – The Sewer Fund accounts for the operation and maintenance of the City’s wastewater collection and treatment system, which provides wastewater services to residents. Primary revenues are user fees.

Sewer System Development Fund – The Sewer System Development Fund is used to account for revenues and expenses attributable to construction of the wastewater collection and treatment systems. Primary revenues are system development charges.

Additionally, the City reports the following nonmajor governmental funds:

Debt Service Fund

Debt Service Fund – The Debt Service Fund accounts for money reserved for payment of principal and interest on long-term obligations; fund balance is restricted for that purpose.

Additionally, the City reports the following nonmajor proprietary funds:

Water System Development Fund – The Water System Development Fund is used to account for revenues and expenses attributable to construction of the water collection and treatment systems. Primary revenues are system development charges; fund balance is restricted for that purpose.

CITY OF DONALD
Marion County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Parks System Development Fund – The Parks System Development Fund is used to account for revenues and expenses attributable to construction of the parks system. Primary revenues are system development charges; fund balance is restricted for that purpose.

Stormwater System Development Fund – The Stormwater System Development Fund is used to account for revenues and expenses attributable to construction of the stormwater system. Primary revenues are system development charges; fund balance is restricted for that purpose.

Transportation System Development Fund – The Transportation System Development Fund is used to account for revenues and expenses attributable to construction of the transportation system. Primary revenues are system development charges; fund balance is restricted for that purpose.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated, so that only the net amount is included as transfers in the governmental column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting, as described below.

Governmental fund financial statements are reported using the current financial resources measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statements present sources and uses of available expendable financial resources during a given period. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing source.

CITY OF DONALD
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June 30, 2020

In the government-wide financial statements and the fund financial statements, governmental and business-type activities are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, fund balance/net position, revenues, and expenditures when they result from cash transactions, with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements would use the modified accrual basis of accounting and the government-wide financial statements would be presented on the accrual basis of accounting.

F. Budgetary Information

1. Budgetary Basis of Accounting

The City budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, debt service, capital projects, and enterprise funds. All funds are budgeted on the modified cash basis of accounting.

The City begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the city council by resolution prior to the beginning of the City's fiscal year. The council resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, debt service, capital outlay, interfund transfers, and operating contingencies are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the city council at a regular council meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the city council.

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Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the city council. During the year, there were no supplemental budgets. The City does not use encumbrances and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts and one approved appropriation change.

G. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

State statutes authorize the government to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

3. Capital Assets

Capital assets resulting from cash transactions, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist.

The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized. Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

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Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Equipment	3-15
Sewer and water systems	10-20
Buildings and improvements	10-40
Parks and improvements	15-40
Infrastructure	20-50

4. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations arising from cash basis transactions are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount.

5. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

6. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned, fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF DONALD
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

7. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City council is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City council (council) has by resolution authorized the department managers to assign fund balance. The council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The City reports fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- 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.
- Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest-level action to remove or change the constraint.

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- Assigned fund balance - amounts that City intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the city council delegates authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The City has not formally adopted a minimum fund balance policy.

H. Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

I. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes and other intentionally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes attach as an enforceable lien on real property and are levied as of July 1st. The tax levy is divided into two billings: the first billing (mailed on July 1) is an estimate of the current year's levy based on prior year's taxes; the second billing (mailed on January 1) reflects adjustments to the current year's actual levy. The billings are considered past due 15 days after the respective billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15.

CITY OF DONALD
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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 proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer, Water, and System Development Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues not meeting this definition are reported as nonoperating revenues and expenses.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Cash Deposits with Financial Institutions

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

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value.

The City participates in an external investment pool (State of Oregon Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company.

The State's investment policies are governed by the Oregon Revised Statutes (ORC) and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill, and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments.

The portion of the external investment pool which belongs to local government investment participants is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report (CAFR). A copy of the State's CAFR may be obtained at the Oregon State Treasury, 350 Winter St. N.E., Salem, Oregon 97310-0840.

CITY OF DONALD
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or price 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 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 quoted prices for identical investments in active markets.
- *Level 2* - Observable inputs other than quoted market prices; and,
- *Level 3* - Unobservable inputs.

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2020.

Fair values of assets measured on a recurring basis at June 30, 2020 are as follows:

	Level 2
Investments:	
Oregon Local Government Investment Pool	\$ 1,658,222

Credit Risk

Oregon statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The City has not adopted an investment policy regarding credit risk; however, investments comply with state statutes.

Investments

As of June 30, 2020, the City had the following investments:

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	\$ 1,658,222

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City does not have a policy that limits 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. All City deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories.

Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer.

In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The City holds accounts at US Bank, for which deposits are insured by the FDIC up to \$250,000.

At June 30, 2020, the City had deposits of \$214,012 fully insured by the FDIC.

CITY OF DONALD
Marion County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Deposits

The City's deposits and investments at June 30, 2020 are as follows:

Cash on hand	\$ 200
Checking accounts	156,972
Total investments	<u>1,658,222</u>
Total deposits and investments	<u>\$ 1,815,394</u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 165,452
Business-type activities - unrestricted	
Water Fund	498,188
Sewer Fund	<u>726,570</u>
Total business-type deposits and investments	<u>1,224,758</u>
Subtotal unrestricted deposits and investments	1,390,210
Governmental activities - restricted	
Street Fund	63,976
Nonmajor: Debt Service Fund	<u>3,517</u>
Total governmental activities - restricted	<u>67,493</u>
Business-type activities - restricted	
Sewer System Development Fund	287,752
Nonmajor Proprietary Funds	<u>69,939</u>
Total business-type activities - restricted	<u>357,691</u>
Subtotal restricted deposits and investments	<u>425,184</u>
Total deposits and investments	<u>\$ 1,815,394</u>

Restricted cash is for street improvements, future payments of debt principal and interest, and future system development improvements.

CITY OF DONALD
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

B. Capital Assets

Capital asset activity resulting from modified cash basis transactions for the year ended June 30, 2020 was as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land and improvements	\$ 29,000	\$ -	\$ -	\$ 29,000
Construction in progress	-	72,844	-	72,844
Total capital assets not being depreciated	<u>29,000</u>	<u>72,844</u>	<u>-</u>	<u>101,844</u>
Capital assets being depreciated				
Parks and improvements	63,630	-	-	63,630
Buildings and improvements	270,075	-	-	270,075
Equipment	6,168	-	-	6,168
Infrastructure	45,654	211,074	-	256,728
Total capital assets being depreciated	<u>385,527</u>	<u>211,074</u>	<u>-</u>	<u>596,601</u>
Less accumulated depreciation for				
Parks and improvements	(44,804)	(875)	-	(45,679)
Buildings and improvements	(58,264)	(7,502)	-	(65,766)
Equipment	(6,168)	-	-	(6,168)
Infrastructure	(21,689)	(6,325)	-	(28,014)
Total accumulated depreciation	<u>(130,925)</u>	<u>(14,702)</u>	<u>-</u>	<u>(145,627)</u>
Total capital assets being depreciated, net	<u>254,602</u>	<u>196,372</u>	<u>-</u>	<u>450,974</u>
Governmental activities capital assets, net	<u>\$ 283,602</u>	<u>\$ 269,216</u>	<u>\$ -</u>	<u>\$ 552,818</u>

(continued)

CITY OF DONALD
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

(continued)	Restated Beginning Balance	Increases	Decreases	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Business-type activities				
Capital assets not being depreciated				
Land and improvements	\$ 18,492	\$ -	\$ -	\$ 18,492
Capital assets being depreciated				
Buildings and improvements	127,207	-	-	127,207
Equipment	191,895	-	-	191,895
Infrastructure	<u>3,271,577</u>	<u>-</u>	<u>-</u>	<u>3,271,577</u>
Total capital assets being depreciated	<u>3,590,679</u>	<u>-</u>	<u>-</u>	<u>3,590,679</u>
Less accumulated depreciation for				
Buildings and improvements	(69,961)	(4,449)	-	(74,410)
Equipment	(138,136)	(11,757)	-	(149,893)
Infrastructure	<u>(1,906,559)</u>	<u>(69,567)</u>	<u>-</u>	<u>(1,976,126)</u>
Total accumulated depreciation	<u>(2,114,656)</u>	<u>(85,773)</u>	<u>-</u>	<u>(2,200,429)</u>
Total capital assets being depreciated, net	<u>1,476,023</u>	<u>(85,773)</u>	<u>-</u>	<u>1,390,250</u>
Governmental activities capital assets, net	<u>\$ 1,494,515</u>	<u>\$ (85,773)</u>	<u>\$ -</u>	<u>\$ 1,408,742</u>

Capital assets are reported on the statement of net position as follows:

	Capital Assets	Accumulated Depreciation	Net Capital Assets
	<u> </u>	<u> </u>	<u> </u>
Governmental activities			
Land and improvements	\$ 29,000	\$ -	\$ 29,000
Construction in progress	72,844	-	72,844
Parks and improvements	63,630	(45,679)	17,951
Buildings and improvements	270,075	(65,766)	204,309
Equipment	6,168	(6,168)	-
Infrastructure	<u>256,728</u>	<u>(28,014)</u>	<u>228,714</u>
Total capital assets	<u>\$ 698,445</u>	<u>\$ (145,627)</u>	<u>\$ 552,818</u>

(continued)

CITY OF DONALD
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

(continued)	<u>Capital Assets</u>	<u>Accumulated Depreciation</u>	<u>Net Capital Assets</u>
Business-type activities			
Land and improvements	\$ 18,492	\$ -	\$ 18,492
Buildings and improvements	127,207	(74,410)	52,797
Equipment	191,895	(149,893)	42,002
Infrastructure	<u>3,271,577</u>	<u>(1,976,126)</u>	<u>1,295,451</u>
Total capital assets	<u>\$ 3,609,171</u>	<u>\$ (2,200,429)</u>	<u>\$ 1,408,742</u>

For governmental activities, depreciation was not charged to specific functions or programs of the City. Capital assets of the City's governmental activities are for the use of the entire City and are therefore unallocated. Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities	
Unallocated depreciation expense	<u>\$ 14,702</u>
Business-type activities	
Water	\$ 37,017
Sewer	5,491
System development	<u>43,265</u>
	<u>\$ 85,773</u>

C. Long-Term Liabilities

1. Changes in Long-Term Liabilities

The following is a summary of long-term liabilities arising from cash transactions for the year ended June 30, 2020:

	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities							
US Bank Loan	3.29%	<u>\$ 200,000</u>	<u>\$ 145,000</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 130,000</u>	<u>\$ 15,000</u>

2. Governmental Activities - US Bank Loan

On November 22, 2015, the City obtained a note payable with US Bank to refinance the City's General Obligation Bonds, Series 2005. Assets of the City are pledged as collateral. Interest on the note payable is fixed at 3.29%. Principal payments are due annually on February 1. Interest payments are due semiannually on February 1 and August 1. The Debt Service Fund has generally been used to liquidate the debt related to the US Bank loan. If the City is unable to make payment, the obligation contains an event of default; the lender may increase the interest rate to 5% per annum, plus the interest rate otherwise payable under the note.

CITY OF DONALD
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

3. Governmental Activity Interest

Interest expense for governmental funds for the year ended June 30, 2020 amounted to \$5,065.

4. Governmental Activity Future Maturities of Long-Term Debt

Year Ending June 30	US Bank Loan		
	Principal	Interest	Total
2021	\$ 15,000	\$ 4,577	\$ 19,577
2022	15,000	4,065	19,065
2023	20,000	3,564	23,564
2024	20,000	2,981	22,981
2025	25,000	1,983	26,983
2026	35,000	968	35,968
	<u>\$ 130,000</u>	<u>\$ 18,138</u>	<u>\$ 148,138</u>

5. Legal Debt Limit

The City's legal annual debt service limit (as defined by Oregon Revised Statute 478.410) as of June 30, 2020, was approximately \$5,366,012. The City's legal debt service limit is 3.00% or the real market value of property within the City. The City did not have any bonded debt outstanding as of June 30, 2020.

D. Interfund Transfers

Interfund transfers during the year consisted of:

	Transfers In:			
	Governmental	Business-type activities		
	General Fund	Water Fund	Sewer Fund	Total
Transfers out:				
Governmental activities				
General Fund	\$ -	\$ 5,000	\$ 5,000	\$ 10,000
Business-type activities				
Water Fund	9,747	-	-	9,747
Sewer Fund	9,747	-	-	9,747
Sewer System Dev. Fund	78	-	-	78
Nonmajor funds	102	-	-	102
Total	<u>\$ 19,674</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 29,674</u>

CITY OF DONALD
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

III. OTHER INFORMATION

A. 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; and natural disasters for which the City carries commercial insurance. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

B. Retirement Plans

1. ICMA Retirement Corporation Governmental Money Purchase Plan and Trust

General Information about the Pension Plan

Plan Description

The ICMA Retirement Corporation Plan is a single-employer defined contribution plan administered through the ICMA Retirement Corporation (ICMA-RC). Currently, the City contributes 6% of earnings for each participant of the plan.

Funding Policy

The benefits from ICMA-RC are fully paid, and consequently, no contributions by employees are required. There is no obligation to fund these benefits in advance, and the only obligation is to make current benefit payments due each fiscal year. Employer contributions for each plan year are required to be contributed to the trust no later than the 15th day, of the tenth calendar month, following the end of the fiscal year.

Each participant may make voluntary (unmatched) contributions to the plan, subject to limitations. Vesting provisions are defined as 50% after one year of service and 100% after two years of service. Pension expense for the year ended June 30, 2020 was \$36,452. Funds accumulated under this plan are held in trust for the exclusive benefit of the participants. Accordingly, the plan assets are not included in the City's modified cash basis financial statements.

C. Commitments

1. Capital Construction

The City has two large projects outstanding at year end: The Park Bathroom Remodel and Matthieu Street Improvements. As of June 30, 2020, the City had outstanding capital construction commitments of \$32,419 and \$82,962, respectively.

CITY OF DONALD
Marion County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

D. New Pronouncements

The Governmental Accounting Standards Board (GASB) issued [Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance](#). The Statement is intended to provide relief to governments and other stakeholders in light of the COVID-19 pandemic.

The guidance postpones by one year the effective dates of certain provisions in the pronouncements as follows:

GASB Statement No. 84, *Fiduciary Activities* – This statement established criteria and guidance for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes, as well as the reporting requirements for these fiduciary funds.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Borrowing and Direct Placements* – This statement addresses the information that is disclosed in the notes to government financial statements related to debt, including borrowing and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

The Statement postpones the effective dates of the following pronouncements by 18 months:

GASB Statement No. 87, *Leases* – This statement addresses the accounting and financial reporting for leases by governments, requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases.

The City will implement applicable new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements for implementing any of the above pronouncements.

The GASB provides other COVID-19 related resources on its website: <https://www.gasb.org/COVID19>.

E. Tax Abatement

Marion County has established an enterprise zone (the North Marion Enterprise Zone, including Aurora, Donald, Hubbard) under ORS 285C that abates property taxes on properties within the enterprise zone. As a result, the property taxes that the Cities will receive for the 2019-2020 levy year have been reduced by \$15,105.

CITY OF DONALD
Marion County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

F. Restatement

The City's previously issued financial statements were restated as follows:

<u>Government-Wide Basis</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>			
Beginning net position, as originally reported	\$ 574,440	\$ 2,935,427			
To adjust capital assets and accumulated depreciation to actual	<u>6,471</u>	<u>25,950</u>			
Beginning net position, as restated	<u>\$ 580,911</u>	<u>\$ 2,961,377</u>			
<u>Modified Cash Basis</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor Water System Development Fund</u>		
Beginning net position, as originally reported	\$ 917,257	\$ 1,400,612	\$ 316,551		
To adjust capital assets between funds	<u>355,662</u>	<u>(693,685)</u>	<u>363,973</u>		
Beginning net position, as restated	<u>\$ 1,272,919</u>	<u>\$ 706,927</u>	<u>\$ 680,524</u>		

G. Subsequent Events

Management has evaluated subsequent events through October 13, 2020, which was the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CITY OF DONALD
Marion County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - MODIFIED CASH BASIS

GENERAL FUND

For the Year Ended June 30, 2020

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Property taxes	\$ 81,400	\$ 14,026	\$ 95,426
Franchise fees	63,450	(4,084)	59,366
Licenses and permits	32,350	4,146	36,496
Intergovernmental	28,670	1,278	29,948
Grants and contributions	175,300	(173,301)	1,999
Interest	3,000	1,451	4,451
Miscellaneous	18,300	(989)	17,311
Total revenues	402,470	(157,473)	244,997
EXPENDITURES			
Current			
General government	173,776	(43,109)	130,667
Planning and building	38,500	(5,519)	32,981
Public safety	34,000	(9,544)	24,456
Parks	219,106	(114,120)	104,986
Community development	12,400	(6,022)	6,378
Contingency	50,000	(50,000)	-
Total expenditures	527,782	(228,314)	299,468
Excess (deficiency) of revenues over (under) expenditures	(125,312)	70,841	(54,471)
OTHER FINANCING SOURCES (USES)			
Transfers in	19,674	-	19,674
Transfers out	(10,000)	-	(10,000)
Total other financing sources (uses)	9,674	-	9,674
Net change in fund balance	(115,638)	70,841	(44,797)
Fund balance - beginning	115,638	94,611	210,249
Fund balance - ending	\$ -	\$ 165,452	\$ 165,452

CITY OF DONALD
Marion County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - MODIFIED CASH BASIS

STREET FUND

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES				
Intergovernmental	\$ 74,400	\$ 74,400	\$ (4,468)	\$ 69,932
Grants and contributions	50,000	150,000	(150,000)	-
Interest	3,580	3,580	1,206	4,786
Miscellaneous	<u>61,000</u>	<u>61,000</u>	<u>(60,697)</u>	<u>303</u>
Total revenues	<u>188,980</u>	<u>288,980</u>	<u>(213,959)</u>	<u>75,021</u>
EXPENDITURES				
Operations	304,696	404,696	(204,653)	237,744
Contingency	<u>75,000</u>	<u>75,000</u>	<u>(75,000)</u>	<u>-</u>
Total expenditures	<u>379,696</u>	<u>479,696</u>	<u>(241,952)</u>	<u>237,744</u>
Excess (deficiency) of revenues over (under) expenditures	(190,716)	(190,716)	27,993	(162,723)
Fund balance - beginning	<u>190,716</u>	<u>190,716</u>	<u>35,983</u>	<u>226,699</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,976</u>	<u>\$ 63,976</u>

CITY OF DONALD
Marion County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - MODIFIED CASH BASIS

DEBT SERVICE FUND

For the Year Ended June 30, 2020

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Property taxes	\$ 19,174	\$ (1,066)	\$ 18,108
Interest	85	28	113
Total revenues	19,259	(1,038)	18,221
EXPENDITURES			
Debt service	20,066	(1)	20,065
Excess (deficiency) of revenues over (under) expenditures	(807)	(1,037)	(1,844)
Fund balance - beginning	807	4,554	5,361
Fund balance - ending	\$ -	\$ 3,517	\$ 3,517

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF DONALD
Marion County, Oregon

COMBINING STATEMENT OF NET POSITION - MODIFIED CASH BASIS

NONMAJOR PROPRIETARY FUNDS

June 30, 2020

	Business-Type Activities - Enterprise Funds				
	Water System Development Fund	Parks System Development Fund	Stormwater System Development Fund	Transportation System Development Fund	Total Proprietary Funds
ASSETS					
Restricted assets					
Cash and cash equivalents	\$ 27,293	\$ 2,338	\$ 23,004	\$ 17,304	\$ 69,939
Capital assets being depreciated, net	624,407	-	-	-	624,407
Total assets	651,700	2,338	23,004	17,304	694,346
NET POSITION					
Net investment in capital assets	624,407	-	-	-	624,407
Restricted for system development	27,293	2,338	23,004	17,304	69,939
Total net position	\$ 651,700	\$ 2,338	\$ 23,004	\$ 17,304	\$ 694,346

CITY OF DONALD
Marion County, Oregon

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION - MODIFIED CASH BASIS

NONMAJOR PROPRIETARY FUNDS

For the Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds				Total Proprietary Funds
	Water System Development Fund	Parks System Development Fund	Stormwater System Development Fund	Transportation System Development Fund	
OPERATING REVENUES					
Charges for services	\$ 14,480	\$ 1,562	\$ 4,179	\$ 3,624	\$ 23,845
Grants and contributions	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
Total operating revenues	<u>17,480</u>	<u>1,562</u>	<u>4,179</u>	<u>3,624</u>	<u>26,845</u>
OPERATING EXPENSES					
Materials and services	3,233	233	233	233	3,932
Depreciation	<u>43,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,265</u>
Total operating expenses	<u>46,498</u>	<u>233</u>	<u>233</u>	<u>233</u>	<u>47,197</u>
Operating income (loss)	<u>(29,018)</u>	<u>1,329</u>	<u>3,946</u>	<u>3,391</u>	<u>(20,352)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	<u>270</u>	<u>21</u>	<u>395</u>	<u>290</u>	<u>976</u>
Income (loss) before contributions and transfers	<u>(28,748)</u>	<u>1,350</u>	<u>4,341</u>	<u>3,681</u>	<u>(19,376)</u>
TRANSFERS					
Transfers out	<u>(76)</u>	<u>(10)</u>	<u>(4)</u>	<u>(12)</u>	<u>(102)</u>
Change in net position	(28,824)	1,340	4,337	3,669	(19,478)
Total net position - beginning	<u>680,524</u>	<u>998</u>	<u>18,667</u>	<u>13,635</u>	<u>713,824</u>
Total net position - ending	<u>\$ 651,700</u>	<u>\$ 2,338</u>	<u>\$ 23,004</u>	<u>\$ 17,304</u>	<u>\$ 694,346</u>

CITY OF DONALD
Marion County, Oregon

COMBINING STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

NONMAJOR PROPRIETARY FUNDS

For the Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds				
	Water System Development Fund	Parks System Development Fund	Stormwater System Development Fund	Transportation System Development Fund	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 17,480	\$ 1,562	\$ 4,179	\$ 3,624	\$ 26,845
Payments to vendors	<u>(3,233)</u>	<u>(233)</u>	<u>(233)</u>	<u>(233)</u>	<u>(3,932)</u>
Net cash provided (used) by operating activities	<u>14,247</u>	<u>1,329</u>	<u>3,946</u>	<u>3,391</u>	<u>22,913</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	<u>(76)</u>	<u>(10)</u>	<u>(4)</u>	<u>(12)</u>	<u>(102)</u>
Net cash provided (used) by noncapital financing activities	<u>(76)</u>	<u>(10)</u>	<u>(4)</u>	<u>(12)</u>	<u>(102)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	<u>270</u>	<u>21</u>	<u>395</u>	<u>290</u>	<u>976</u>
Net cash provided (used) by investing activities	<u>270</u>	<u>21</u>	<u>395</u>	<u>290</u>	<u>976</u>
Net increase (decrease) in cash and cash equivalents	14,441	1,340	4,337	3,669	23,787
Cash and cash equivalents - beginning	<u>12,852</u>	<u>998</u>	<u>18,667</u>	<u>13,635</u>	<u>46,152</u>
Cash and cash equivalents - ending	<u>\$ 27,293</u>	<u>\$ 2,338</u>	<u>\$ 23,004</u>	<u>\$ 17,304</u>	<u>\$ 69,939</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (29,018)	\$ 1,329	\$ 3,946	\$ 3,391	\$ (20,352)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	<u>43,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,265</u>
Net cash provided (used) by operating activities	<u>\$ 14,247</u>	<u>\$ 1,329</u>	<u>\$ 3,946</u>	<u>\$ 3,391</u>	<u>\$ 22,913</u>

CITY OF DONALD
Marion County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL - MODIFIED CASH BASIS

WATER FUND

For the Year Ended June 30, 2020

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		Modified Cash Basis
			Budget Basis	Adjustments	
REVENUES					
Charges for services	\$ 315,750	\$ (32,311)	\$ 283,439	\$ -	\$ 283,439
Interest	7,740	2,513	10,253	-	10,253
Miscellaneous	<u>200</u>	<u>2,113</u>	<u>2,313</u>	<u>-</u>	<u>2,313</u>
Total revenues	<u>323,690</u>	<u>(27,685)</u>	<u>296,005</u>	<u>-</u>	<u>296,005</u>
EXPENDITURES					
Operations	581,853	(302,885)	278,968	-	278,968
Depreciation	-	-	-	37,017	37,017
Contingency	<u>70,000</u>	<u>(70,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>651,853</u>	<u>(372,885)</u>	<u>278,968</u>	<u>37,017</u>	<u>315,985</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(328,163)</u>	<u>345,200</u>	<u>17,037</u>	<u>(37,017)</u>	<u>(19,980)</u>
OTHER FINANCING					
SOURCES (USES)					
Transfers in	5,000	-	5,000	-	5,000
Transfers out	<u>(9,747)</u>	<u>-</u>	<u>(9,747)</u>	<u>-</u>	<u>(9,747)</u>
Total other financing sources (uses)	<u>(4,747)</u>	<u>-</u>	<u>(4,747)</u>	<u>-</u>	<u>(4,747)</u>
Net change in fund balance	(332,910)	345,200	12,290	(37,017)	(24,727)
Fund balance - beginning	<u>332,910</u>	<u>152,988</u>	<u>485,898</u>	<u>787,021</u>	<u>1,272,919</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 498,188</u>	<u>\$ 498,188</u>	<u>\$ 750,004</u>	<u>\$ 1,248,192</u>

CITY OF DONALD
Marion County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL - MODIFIED CASH BASIS

SEWER FUND

For the Year Ended June 30, 2020

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		Modified Cash Basis
			Budget Basis	Adjustments	
REVENUES					
Charges for services	\$ 322,450	\$ (4,981)	\$ 317,469	\$ -	\$ 317,469
Interest	10,445	3,631	14,076	-	14,076
Rental income	24,350	-	24,350	-	24,350
Miscellaneous	<u>200</u>	<u>3,784</u>	<u>3,984</u>	<u>-</u>	<u>3,984</u>
Total revenues	<u>357,445</u>	<u>2,434</u>	<u>359,879</u>	<u>-</u>	<u>359,879</u>
EXPENDITURES					
Operations	504,430	(208,763)	295,667	-	295,667
Depreciation	-	-	-	5,491	5,491
Contingency	<u>150,000</u>	<u>(150,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>654,430</u>	<u>(358,763)</u>	<u>295,667</u>	<u>5,491</u>	<u>301,158</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(296,985)</u>	<u>361,197</u>	<u>64,212</u>	<u>(5,491)</u>	<u>58,721</u>
OTHER FINANCING					
SOURCES (USES)					
Transfers in	5,000	-	5,000	-	5,000
Transfers out	<u>(9,747)</u>	<u>-</u>	<u>(9,747)</u>	<u>-</u>	<u>(9,747)</u>
Total other financing sources (uses)	<u>(4,747)</u>	<u>-</u>	<u>(4,747)</u>	<u>-</u>	<u>(4,747)</u>
Net change in fund balance	(301,732)	361,197	59,465	(5,491)	53,974
Fund balance - beginning	<u>301,732</u>	<u>365,373</u>	<u>667,105</u>	<u>39,822</u>	<u>706,927</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 726,570</u>	<u>\$ 726,570</u>	<u>\$ 34,331</u>	<u>\$ 760,901</u>

CITY OF DONALD
Marion County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL - MODIFIED CASH BASIS

SEWER SYSTEM DEVELOPMENT FUND

For the Year Ended June 30, 2020

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		Modified Cash Basis
			Budget Basis	Adjustments	
REVENUES					
Charges for services	\$ 4,001	\$ 10,707	\$ 14,708	\$ -	\$ 14,708
Interest	4,285	1,363	5,648	-	5,648
Grants and contributions	<u>528,000</u>	<u>(525,000)</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total revenues	<u>536,286</u>	<u>(512,930)</u>	<u>23,356</u>	<u>-</u>	<u>23,356</u>
EXPENDITURES					
Operations	743,904	(740,671)	3,233	-	3,233
Contingency	<u>60,000</u>	<u>(60,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>803,904</u>	<u>(800,671)</u>	<u>3,233</u>	<u>-</u>	<u>3,233</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(267,618)</u>	<u>287,741</u>	<u>20,123</u>	<u>-</u>	<u>20,123</u>
OTHER FINANCING					
SOURCES (USES)					
Transfers out	<u>(78)</u>	<u>-</u>	<u>(78)</u>	<u>-</u>	<u>(78)</u>
Net change in fund balance	(267,696)	287,741	20,045	-	20,045
Fund balance - beginning	<u>267,696</u>	<u>11</u>	<u>267,707</u>	<u>-</u>	<u>267,707</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 287,752</u>	<u>\$ 287,752</u>	<u>\$ -</u>	<u>\$ 287,752</u>

CITY OF DONALD
Marion County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL - MODIFIED CASH BASIS

WATER SYSTEM DEVELOPMENT FUND

For the Year Ended June 30, 2020

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		Modified Cash Basis
			Budget Basis	Adjustments	
REVENUES					
Charges for services	\$ 3,939	\$ 10,541	\$ 14,480	\$ -	\$ 14,480
Interest	205	65	270	-	270
Grants and contributions	<u>528,000</u>	<u>(525,000)</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total revenues	<u>532,144</u>	<u>(514,394)</u>	<u>17,750</u>	<u>-</u>	<u>17,750</u>
EXPENDITURES					
Operations	534,915	(531,682)	3,233	-	3,233
Depreciation	-	-	-	43,265	43,265
Contingency	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>544,915</u>	<u>(541,682)</u>	<u>3,233</u>	<u>43,265</u>	<u>46,498</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,771)</u>	<u>27,288</u>	<u>14,517</u>	<u>(43,265)</u>	<u>(28,748)</u>
OTHER FINANCING					
SOURCES (USES)					
Transfers out	<u>(76)</u>	<u>-</u>	<u>(76)</u>	<u>-</u>	<u>(76)</u>
Net change in fund balance	(12,847)	27,288	14,441	(43,265)	(28,824)
Fund balance - beginning	<u>12,847</u>	<u>5</u>	<u>12,852</u>	<u>667,672</u>	<u>680,524</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 27,293</u>	<u>\$ 27,293</u>	<u>\$ 624,407</u>	<u>\$ 651,700</u>

CITY OF DONALD
Marion County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL - MODIFIED CASH BASIS

PARKS SYSTEM DEVELOPMENT FUND

For the Year Ended June 30, 2020

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		Modified Cash Basis
			Budget Basis	Adjustments	
REVENUES					
Charges for services	\$ 518	\$ 1,044	\$ 1,562	\$ -	\$ 1,562
Interest	<u>20</u>	<u>1</u>	<u>21</u>	<u>-</u>	<u>21</u>
Total revenues	<u>538</u>	<u>1,045</u>	<u>1,583</u>	<u>-</u>	<u>1,583</u>
EXPENDITURES					
Operations	1,326	(1,093)	233	-	233
Contingency	<u>200</u>	<u>(200)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,526</u>	<u>(1,293)</u>	<u>233</u>	<u>-</u>	<u>233</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(988)</u>	<u>2,338</u>	<u>1,350</u>	<u>-</u>	<u>1,350</u>
OTHER FINANCING					
SOURCES (USES)					
Transfers out	<u>(10)</u>	<u>-</u>	<u>(10)</u>	<u>-</u>	<u>(10)</u>
Net change in fund balance	(998)	2,338	1,340	-	1,340
Fund balance - beginning	<u>998</u>	<u>-</u>	<u>998</u>	<u>-</u>	<u>998</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 2,338</u>	<u>\$ 2,338</u>	<u>\$ -</u>	<u>\$ 2,338</u>

CITY OF DONALD
Marion County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL - MODIFIED CASH BASIS

STORMWATER SYSTEM DEVELOPMENT FUND

For the Year Ended June 30, 2020

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		Modified Cash Basis
			Budget Basis	Adjustments	
REVENUES					
Charges for services	\$ 192	\$ 3,987	\$ 4,179	\$ -	\$ 4,179
Interest	<u>300</u>	<u>95</u>	<u>395</u>	<u>-</u>	<u>395</u>
Total revenues	<u>492</u>	<u>4,082</u>	<u>4,574</u>	<u>-</u>	<u>4,574</u>
EXPENDITURES					
Operations	18,948	(18,715)	233	-	233
Contingency	<u>200</u>	<u>(200)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>19,148</u>	<u>(18,915)</u>	<u>233</u>	<u>-</u>	<u>233</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(18,656)</u>	<u>22,997</u>	<u>4,341</u>	<u>-</u>	<u>4,341</u>
OTHER FINANCING					
SOURCES (USES)					
Transfers out	<u>(4)</u>	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>(4)</u>
Net change in fund balance	(18,660)	22,997	4,337	-	4,337
Fund balance - beginning	<u>18,660</u>	<u>7</u>	<u>18,667</u>	<u>-</u>	<u>18,667</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 23,004</u>	<u>\$ 23,004</u>	<u>\$ -</u>	<u>\$ 23,004</u>

CITY OF DONALD
Marion County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL - MODIFIED CASH BASIS

TRANSPORTATION SYSTEM DEVELOPMENT FUND

For the Year Ended June 30, 2020

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		Modified Cash Basis
			Budget Basis	Adjustments	
REVENUES					
Charges for services	\$ 590	\$ 3,034	\$ 3,624	\$ -	\$ 3,624
Interest	<u>215</u>	<u>75</u>	<u>290</u>	<u>-</u>	<u>290</u>
Total revenues	<u>805</u>	<u>3,109</u>	<u>3,914</u>	<u>-</u>	<u>3,914</u>
EXPENDITURES					
Operations	14,229	(13,996)	233	-	233
Contingency	<u>200</u>	<u>(200)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>14,429</u>	<u>(14,196)</u>	<u>233</u>	<u>-</u>	<u>233</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,624)</u>	<u>17,305</u>	<u>3,681</u>	<u>-</u>	<u>3,681</u>
OTHER FINANCING					
SOURCES (USES)					
Transfers out	<u>(12)</u>	<u>-</u>	<u>(12)</u>	<u>-</u>	<u>(12)</u>
Net change in fund balance	(13,636)	17,305	3,669	-	3,669
Fund balance - beginning	<u>13,636</u>	<u>(1)</u>	<u>13,635</u>	<u>-</u>	<u>13,635</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 17,304</u>	<u>\$ 17,304</u>	<u>\$ -</u>	<u>\$ 17,304</u>

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY
STATE REGULATIONS**



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

The Honorable Brad Oxenford, Mayor
and Members of the City Council
City of Donald
Donald, Oregon 97020

We have audited the basic financial statements of the City of Donald as of and for the year ended June 30, 2020 and have issued our report thereon dated October 13, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City of Donald's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 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 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.

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

Deposit of public funds with financial institutions (ORS Chapter 295)

Indebtedness limitations, restrictions, and repayment

Budgets legally required (ORS Chapter 294)

Insurance and fidelity bonds in force or required by law

Programs funded from outside sources

Highway revenues used for public highways, roads, and streets

Authorized investment of surplus funds (ORS Chapter 294)

Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

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



Accuity, LLC

Albany, Oregon
October 13, 2020