

# City of Brookings

## MEETING AGENDA – MODIFIED

### CITY COUNCIL/URBAN RENEWAL AGENCY

**Monday, December 10, 2018, 7:00pm**

City Hall Council Chambers, 898 Elk Drive, Brookings, OR 97415

### CITY COUNCIL

#### A. Call to Order

#### B. Pledge of Allegiance

#### C. Roll Call

#### D. Ceremonies & Appointments

1. Appointment of Clayton Malmberg to Planning Commission [Pg. 3]

#### E. Oral Requests and Communications from the audience

1. Public Comments on non-agenda items – 5 minute limit per person.\*

#### F. Consent Calendar

1. Approve Council minutes for November 13, 2018 [Pg. 6]
2. Accept TPAC Committee minutes for October 11, 2018 [Pg. 10]
3. Accept Parks and Recreation Commission minutes for October 18, 2018 [Pg. 12]
4. Port Cleaning Station Remodel Evaluation [Pg. 13]
5. Approve Superfly Distilling Co. Liquor License [Pg. 16]
6. Approve El Rancho Viejo Liquor License [Pg. 19]

#### G. Staff Reports

1. Local Government Grant application [PWDS, Pg. 22]
  - a. Resolution 18-R-1150 [Pg. 23]
  - b. Engineer's Cost Estimate [Pg. 24]
2. Certification of November 6, 2018, Election Abstraction [City Manager, Pg. 25]
  - a. Election Abstract [Pg. 26]
  - b. Certificates of Election [Pg. 28]
3. Acceptance of City's audit report for fiscal year ended June 30, 2018. [City Manager, Pg. 31]
  - a. Audit report [City Manager, Pg. 32]

#### H. Informational Non-Action Items

1. November Vouchers [Pg. 143]
2. Vacant Committee Positions [Pg. 147]

#### I. Remarks from Mayor and Councilors

1. Reports from Council Liaisons

#### J. Adjournment

# **URBAN RENEWAL AGENCY**

## **A. Call to Order**

## **B. Roll Call**

## **C. Consent Calendar**

1. Approve Urban Renewal Agency Minutes for June 25, 2018 [Pg. 148]

## **D. Public Comments**

## **E. Staff Reports**

1. Acceptance of Agency audit report for fiscal year ended June 30, 2018. [City Manager, Pg. 149]
  - a. Audit report [Pg. 150]

## **F. Agency Remarks**

## **G. Adjournment**

\*Obtain Public Comment Forms and view the agenda and packet information on-line at [www.brookings.or.us](http://www.brookings.or.us), at City Hall and at the local library. Return completed Public Comment Forms to the City Recorder before the start of meeting or during regular business hours.

All public meetings are held in accessible locations. Auxiliary aids will be provided upon request with at least 72 hours advance notification. Please contact 469-1102 if you have any questions regarding this notice.



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OCT 19 2018  
CITY OF BROOKINGS

**City of Brookings**  
898 Elk Drive, Brookings, OR 97415  
Phone: 541- 469-2163 Fax: 541-469-3650  
[www.brookings.or.us](http://www.brookings.or.us)

**APPLICATION TO SERVE ON A  
COMMISSION OR COMMITTEE**

**PART I Contact Information:**

Applicant Name: Clayton Malmberg  
Physical Address: 925 Timberline Dr. Brookings, OR. 97415  
Mailing Address: 925 Timberline Dr. Brookings, OR. 97415  
Email Address: cmalmber@sbcglobal.net Phone: 707-972-8069

**PART II Position Selection, Requirements and Restrictions: (Please answer all that apply)**

- | 1. Commission/Committee applying for:  | <u>Composition (i)</u>   | <u>Term (ii)</u> |
|--|--------------------------|------------------|
| <input checked="" type="checkbox"/> Planning Commission/Commission for Citizen Involvement (iii) | 5 Electors, 2 UGB        | 4 years          |
| <input type="checkbox"/> Budget Committee  | 5 Electors               | 3 years          |
| <input type="checkbox"/> Parks and Recreation Commission   | 4 Residents, 1 UGB       | 2 years          |
| <input type="checkbox"/> Tourism Promotion Advisory Committee (TPAC) (iii)                       | 4 Residents, 3 Curry Co. | 3 years          |
| <input type="checkbox"/> Other (please specify): _____   |                          |                  |
2. City residents: How long have you lived in the City of Brookings? 2 years 8 months  
*Planning & Budget Applicants Only:* Are you a City elector (registered voter)? ☒ Yes ☐ No
3. UGB residents: How long have you lived in the UGB? \_\_\_\_\_ years \_\_\_\_\_ months
4. What is your current occupation? Professional Licensced Civil Engineer (Resident Engineer, Caltrans Construction)

**NOTES:**

**(i) *Membership requirements:***

- Residents must reside inside City limits; resident/UGB status determined by physical address.
- Electors are registered voters of the City of Brookings (verified by County Elections Office).
- UGB members must reside within the Brookings Urban Growth Boundary (contact the Planning Department at 541-469-1137 for assistance in determining UGB status).

**(ii) *Term:*** Appointments to fill mid-term vacancies will be for the remainder of that term.

**(iii) *Other restrictions:***

- Planning Commission: No more than two (2) Commissioners may be principally involved, as individuals, members or partners, in the buying, selling or development of real estate for profit. No two (2) members shall be involved in the same kind of business or profession.
- TPAC: The three (3) Curry Co. members must own property, own a business or be employed in the City.

**PART III Background Information: (Attach additional pages if needed)**

1. List your related experience and/or background to the position you are applying for:

My professional experience as a Civil Engineer gives me a unique set of skills that would be a valuable asset to the Planning Commision. I have lived in Brookings for nearly 3 years. I own a home here and my kids go to school here. I love Brookings for what it is and want to play an active role in my community in a way that best utilizes my skill set.

2. List any unrelated work history, educational background, and volunteer experience you may have:

I play an active role in the Claren Glen home owners association on the landscape and Architecture committee here in Brookings Oregon. I have worked in the Civil Engineering field overseeing inspection, materials testing, planning, designing and Engineering major highway constrution projects including roads, bridges, retaining walls and various other Civil Engineering structures for the past 12 years. Prior to my experience as an Engineer I worked as a Certified Arborist, Fire crew boss, Backcountry trails crew Supervisor and in fisheries restoration work.

3. Briefly describe your interest in this position and what you hope to accomplish:

As stated above, I believe that my experience as an Engineer gives me a skill set that can be utilized well in the Planning commission. I want to play a more active role in the community and contribute to it's success.



**PART IV Volunteer Agreement:** *Please read and check off the following before signing:*

- ☒ I acknowledge that I will not be under the direct supervision and control of the City in connection with the voluntary services for which I have applied.
- ☒ I acknowledge that I will receive no compensation or expense reimbursement from the City in connection with any volunteer services for which I have applied.
- ☒ I understand and agree that my volunteer service will be donated to the City at times other than my regular work hours.
- ☒ I understand that if the position I applied for requires me to be an elector of the City of Brookings, that the City has permission to verify my status as a registered voter.
- ☒ I agree to release the City from all matters relating to the voluntary service for which I have applied, including compliance, if any is required, with social security, withholdings, insurance and all other regulations and reportings governing such matters. I assume full responsibility for any injuries or damages suffered by or arising from the voluntary service described herein. (*Planning Commission applicants, see \*\* below*)
- ☒ I agree to release, indemnify and hold the City harmless from and against any and all actions, causes of action, claims, demands, liabilities, losses, damages or expenses, of whatsoever kind and nature, including attorney fees, which City may sustain or incur as a result of errors or omissions in the performance of the voluntary service set forth herein.
- ☒ By signing this application voluntarily, I, the Applicant, do hereby acknowledge that I have read and agree to the terms stated above and that I understand and acknowledge that this document will become public information and may be distributed to the public and news media as part of a City Council Agenda Packet.

Clayton Malmberg

Applicant (print name)

Applicant's Signature

10/19/18

Date

**\*\*Planning Commissioners** holding office on April 1<sup>st</sup> of each year are required to file an Annual Statement of Economic Interest with the Oregon Government Ethics Commission (OGE). You may view a sample form at [http://www.oregon.gov/ogec/docs/sei/sei-11\\_form\\_sample\\_only\\_for\\_website.pdf](http://www.oregon.gov/ogec/docs/sei/sei-11_form_sample_only_for_website.pdf). Official forms provided by OGE.

Submit completed applications by mail or in person to the City Recorder, 898 Elk Drive, Brookings, OR 97415. Regular business hours are 9 am to 4:30 pm, Monday – Friday.

*Commission and Committee contact information:*

- Planning Commission: 541-469-1103 - [lziemer@brookings.or.us](mailto:lziemer@brookings.or.us)
- Budget Committee: 541-469-1123 - [jhoward@brookings.or.us](mailto:jhoward@brookings.or.us)
- Parks and Recreation Commission: 541-469-1103 - [lziemer@brookings.or.us](mailto:lziemer@brookings.or.us)
- Tourism Promotion Advisory Committee: 541-469-1102 – [tdavis@brookings.or.us](mailto:tdavis@brookings.or.us)

# **City of Brookings**

## **CITY COUNCIL MEETING MINUTES**

City Hall Council Chambers, 898 Elk Drive, Brookings, OR 97415

**Tuesday, November 13, 2018**

### **Call to Order**

Mayor Pieper called the meeting to order at 7:07 PM.

### **Roll Call**

Council present: Mayor Jake Pieper, Councilors Bill Hamilton, Brent Hodges, Ron Hedenskog, and Dennis Triglia present; a quorum present

Staff present: City Manager Janell Howard, City Attorney Martha Rice, Administrative Aide Rita Ritz, Public Works & Development Director Tony Baron, Deputy Public Works Director Jay Trost, Building Official Garrett Thomson, and Deputy HR/Accountant Lu Ehlers, and Planning Assistant Lauri Ziemer.

Media Present: Jane Stebbins from Curry Pilot present

Others Present: Approximately 40 audience members

### **Modification to Agenda**

**Councilor Triglia moved, Councilor Hodges seconded and Council voted 2-3 to add Father Bernie Lindley as a Public Appearance, motion failed.**

**Councilor Triglia moved to remove Item D3, Removal of Committee Members from the agenda, no second, motion failed.**

### **Ceremonies**

*Worldwide Candle Lighting Day*

**Councilor Hedenskog moved, Councilor Hodges seconded and Council voted unanimously to proclaim the second Sunday in December as Worldwide Candle Lighting Day.**

- Mayor Pieper read the proclamation and presented it to Georgia Cockerham
- Georgia Cockerham addressed Council thanking them for their support

*Introduction of Michael Matheson*

**Brian Helliwell of Jacobs introduced Michael Matheson.**

- Michael addressed Council and informed them of his back ground
- Mayor Pieper and Council welcomed Michael to Brookings, and thanked Jacobs for all they have done

*Removal of Committee Members*

Mayor Pieper

**Councilor Hedenskog moved, Councilor Hamilton seconded and Council voted 3-2 to remove Candice Michel from TPAC Committee.**

**Councilor Hedenskog moved, Councilor Hamilton seconded and Council voted 3-2 to remove Teresa Lawson from Budget Committee.**

The following individuals addressed Council in opposition to the measure:

1. Dave Carlson of 1223 Barclay Drive
2. Debra Worth of 328 S. Hazel Street
3. Teresa Lawson of 820 Brookhaven Drive
4. James M Benson of 315 Memory Lane
5. Candice Michel of 1253 Rowland Lane
6. Mary Ralls of 16063 Driftwood Lane
7. Dan Sherman of 820 Brookhaven Drive
8. Michael Frederick of 16883 Yellowbrick Rd
9. Shane Eck of 216 Cypress Street
10. Tracy Rupp of 97671 Marine Drive
11. Judy Kaplar of 441 Buena Vista Loop
12. Barbara Braunstein of 97894 Port View Lane
13. Marty Grodin of 1245 Iris Street

### **Public Hearing/Ordinance/Resolutions**

#### *Flood Damage Prevention*

Public Works & Development Services Director Tony Baron presented the staff report.

Councilors discussed details of the Flood Damage Prevention ordinance.

Mayor Pieper opened the Public Hearing at 8:39 p.m.

With no one present wishing to address Council regarding the item, Mayor Pieper closed the Public Hearing at 8:40 p.m.

**Councilor Hedenskog moved, Councilor Hamilton seconded and Council voted unanimously to adopt Ordinance 18-O-775, amending Chapter 17.98, Flood Damage Prevention, of the Brookings Municipal Code to align with current Federal Emergency Management Agency (FEMA) and Department of Land Conservation and Development (DLCD) flood management regulations.**

#### *Manufactured Dwelling Permit Fee Update*

Building Official Garrett Thomson presented the staff report.

Councilors expressed the increase as being too high and how it could affect lower income families, also how it would not encourage people to move to Brookings. They asked to see this brought back at a later time.

Other Councilors stated the increase not being high enough to cover all of the expenses and time for the Building Officials.

**Councilor Hedenskog moved to raise the rate or Resolution 18-R-1149, to increase the rate of manufactured dwelling permit fees by one hundred dollars, no second, motion fails.**

**Councilor Hodges moved, Mayor Pieper seconded and Council voted 2-3 to accept Resolution 18-R-1149, approve the increase of manufactured dwelling permit fees. Motion fails.**

**Councilor Triglia moved, Council Hedenskog seconded and Council voted 3-2 to remove Resolution 18-R-1149, increase of manufactured dwelling fee update.**

#### **Oral Requests and Communications from the audience**

- Father Bernie Lindley of 401 Fir Street, addressed Council thanking Councilor Hedenskog for his serve over the years as a community kitchen manager and requested matters regarding Homelessness be brought to a workshop to form a possible task force.
- Jean Soderman of 1724 Arch Lane, addressed the Council about the organization Indivisible 97415.

#### **Consent Calendar**

1. Approve Council minutes for October 22, 2018
2. Accept Parks and Recreation Commission minutes for September 27, 2018
3. Accept Planning Committee minutes for July 10, 2018
4. Accept Planning Committee minutes for August 7, 2018
5. Receive monthly financial report for October 2018

**Councilor Triglia moved, Councilor Hedenskog seconded and Council voted unanimously to approve the Consent Calendar.**

#### **Staff Reports**

##### *Salmon Run Gold Course Property Tax*

City Manager Howard presented the staff report.

Councilor discussed the pros and cons of waiting to pay the tax or to pay the tax and hope to receive a credit back.

**Councilor Hedenskog moved, Councilor Hodges seconded and Council voted 4-1 to directing staff to pay the property tax amount assessed on the Salmon Run Golf Course.**

#### **Remarks from Mayor and Councilors**

Councilor Hamilton remarked how well Chetco Point improvements are constructed and thanked the family who donated for the improvements in honor of their parents. He reminded everyone to be in the spirit of Thanksgiving, and to please be kind to one another.

Councilor Triglia congratulated Mayor Pieper and Councilor Hedenskog on their victories for being re-elected to office. He also thanked all Veterans for their service, and wished them a Happy Veterans Day.

Mayor Pieper commented on how incredible the new ball field lights are.

**Adjournment**

Councilor Hedenskog moved, Councilor Hodges seconded, and Mayor Pieper adjourned the meeting at 9:49 p.m.

Respectfully submitted:

ATTESTED:  
this \_\_\_\_\_ day of \_\_\_\_\_ 2018:

\_\_\_\_\_  
Jake Pieper, Mayor

\_\_\_\_\_  
Janell K Howard, Interim City Recorder

**TOURISM PROMOTION ADVISORY COMMITTEE (TPAC) MINUTES**  
**Thursday – October 11, 2018**

**CALL TO ORDER**

Meeting called to order at 4:01 PM

**1. ROLL CALL**

*Present:* Committee members Candice Michel, Tim Kennedy, Sonya Billington, Dane Tippman, Skip Watwood; Barbara Ciaramella, and Bob Pieper.

Also present: Staff Committee Liaison Teri Davis

**2. APPROVAL OF MINUTES –**

**Motion made by Candice Michel to approve the minutes of September 13, 2018; motion seconded by Sonya Billington. Committee voted and the motion carried unanimously.**

**3. Public Comment** – no one requested to speak to the Committee regarding non-agenda items.

**4. ACTION ITEMS**

- a. Charm Trail** – Mike Will presented the program. The Committee discussed its function in the program as a guide to the program's parameters; Committee was requested to determine if program should tie in to Coos Bay program or operate separately; Committee was requested to determine if Brookings City Hall Visitors Center should operate as a hub and/or vendor of bracelets and charms.

Connie Lundquist of Ocean Jewels and Tammy Tanner of Feather Your Nest spoke in support of the program.

**Motion made by Candice Michel to participate in the program with the Brookings City Hall Visitors Center operating as a hub; motion seconded by Sonya Billington.**

Committee further discussed concerns about community buy-in; Visitors Center's hours of operation.

After discussion, Candice Michel withdrew her motion.

Committee tabled the item to a future meeting.

- b. Nature's Coastal Holiday** – Leslie Wilkinson presented the request indicating that new, more aggressive marketing and advertising is being conducted in the Rogue Valley. The event is requesting \$5,000.

The Committee discussed TPAC budget limitations, the event's funding needs and its expected profits, and the ability of the event to increase hotel stays.

**Motion made by Skip Watwood to grant \$3,000 to Nature's Coastal Holiday; motion seconded by Candice Michel. Committee voted and the motion carried unanimously.**

- c. KATU Proposal** – the Committee took no action  
**d. City Budgeting recommendations** – Dane Tippman presented a Draft Memo to Council

The Committee reviewed the draft memo and determined to add Nature's Coastal Holiday to the list of events; Dane will return with the finalized memo at a future meeting for inclusion in the Committee's meeting minutes.

**5. INFORMATIONAL ITEMS**

- a. Rick Dancer Media Services** – Teri explained the email traffic which prompted this item. Julie Miller offered background on the videos which were produced by this company in the Coos Bay area.

Julie further offered to research video stats and to bring that information back to TPAC at the November meeting.

- b. Regional Tourism Branding** – Julie Miller presented on behalf of Oregon South Coast Regional Tourism Network about its efforts to brand the region and about funding which exists to assist the area with destination development. Julie invited members of the Committee to attend a meeting in Bandon on November 7 to voice their opinions on the regional branding efforts.
- c. Recent Council Actions** – Teri informed that Council accepted the Azalea Festival Event evaluation
- d. TPAC Budget and & Internet Hit Info** – Committee reviewed the budget and the internet video views spreadsheet.


**7. COMMITTEE COMMENTS ON NON-AGENDA ITEMS**

- a. Bob Pieper requested Tim Kennedy provide information regarding the residences of the hotel patrons to determine where tourists are visiting from.

**8. SCHEDULE NEXT MEETING** – Next meeting scheduled for November 8, 2018. Committee cancelled the December 13, 2018 meeting.

**9. ADJOURNMENT** – with no further business before the Committee, meeting adjourned at 6:14 pm.

Respectfully submitted,

  
Skip Watwood, Chair  
(approved at November 8, 2018 meeting)

MINUTES  
BROOKINGS PARKS AND RECREATION COMMISSION  
October 18, 2018

**CALL TO ORDER**

Chair Trace Kather called the meeting to order at 7:00 pm followed by the Pledge of Allegiance.

**ROLL CALL**

*Present:* Commissioners Tom Bozack, Patt Brown, Holly Beyer, and Chair Trace Kather

*Also present:* PWDS Director Tony Baron, Deputy PWDS Director Jay Trost

**APPROVAL OF MINUTES**

**Motion made by Commissioner Bozack to approve the minutes of September 27, 2018;**

Commissioner Brown noted typographic error which was corrected; **motion seconded by Commissioner Beyer to approve with noted correction and Commission voted; the motion carried unanimously.**

**PUBLIC APPEARANCES – None**

**REGULAR AGENDA –**

**A. Skate Park Closure Policy** – Jay Trost presented PARC on the proposed skatepark closure policy because of continued vandalism and destruction of property. Believe most of the vandalism is happening in daylight hours and users of the skate park know who is committing the acts. Closing would allow for maintenance to be performed and would reinforce the culture of self regulation among the users. Believes that positive peer pressure can have an impact on the persons committing the acts and hold the users accountable for their peers committing the vandalism. The security cameras in place require extensive amounts of time to review tape and are unable to capture in detail individuals committing crimes as figures come in and out of frame. Commission discussed proposed options.

Note: Audio recording stopped at 25 minutes, following is a summary of the remainder of the meeting.

**Commission would like to move forward with a Park Facility Closure Policy that includes all park facilities not just the skate park. Directed Jay Trost to provide proposed policy for next meeting.**

**INFORMATION UPDATES/DISCUSSION ITEMS**

**A. Chetco Point Trail Progress** – Jay Trost provided updates on the Chetco Point Trail project. Advised bridge is in progress and paving and signage will finish out project.

**ADJOURNMENT**

With no further business, meeting adjourned at 7:55 pm.

Respectfully submitted,



Trace Kather, Chair - approved at November 29, 2018 meeting



# CITY OF BROOKINGS

## COUNCIL AGENDA REPORT

Meeting Date: December 10, 2018

Originating Dept: City Manager

Signature (submitted by)

  
City Manager Approval

---

Subject:

Acceptance of Port Cleaning Station Remodel Evaluation

Financial Impact:

Funding was already allocated for this project.

Background/Discussion:

Council authorized a grant to the Oregon South Coast Fisherman in the amount of \$1,500 in Transient Occupancy Tax (TOT) funding to cover the costs to make and install a 4' x 8' "Port of Brookings Harbor" sign at the port. The sign is used as a background for people to take photos in front of.

The event organizers have provided an event evaluation report to the Tourism Promotion Advisory Committee.

Attachment(s):

- a. Event Evaluation & Photo

Nov. 8th ?



# City of Brookings

898 Elk Drive, Brookings, OR 97415  
(541) 469-1102 Fax (541) 469-3650

## Tourism Promotion Special Event Program

### Project Evaluation Report Form

*Within three (3) months of completing the event, the following information must be provided and returned to Lauri in Visitor Center.*

Project Title: PORT CLEANING STATION REMODEL Completion Date: OCT 11, 2018  
Contact Person: DAVE KUHN PRES. OSCF Phone: 805 350-0542  
Amount Awarded \$ 1500

1. How was the funding used? (Examples: "Purchase flyers - \$\_\_\_," or "Purchase advertising in [name of publication] - \$\_\_\_." Detailed receipts are not required).

Thank you again for the funding!  
The money was used to make and install  
the 4'x8' 'PORT OF BROOKINGS HARBOR' sign.  
As you can see in the pictures our OSCF logo  
and Brookings City logo are displayed.

2. Estimate how many people have been attracted to area because of project. Approximately how many of these were from outside Curry County?

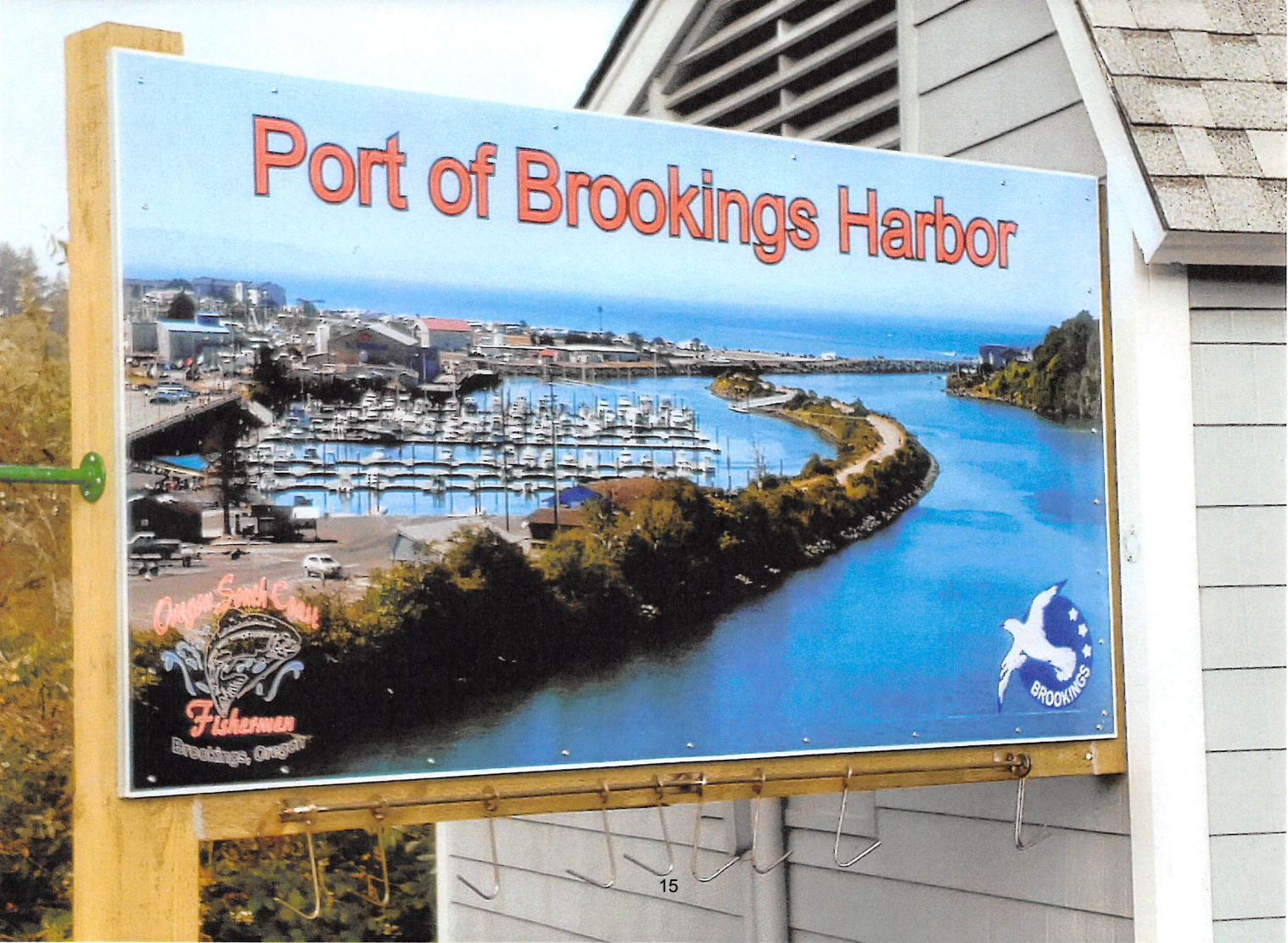
It is difficult to estimate how many people  
will take a picture with their catch with the  
sign in the background. Last weekend, OCT 13 & 14  
well over one hundred people posed for their picture.  
Over the years, thousands will take a picture!

Note: Failure to submit this report to the City within the allotted time (three months from approved event completion) may eliminate your organization from future consideration for funding under this program.

Signed: Dave Kuhn Dated: 10/18/18

Organization: OREGON SOUTH COAST FISHERMEN







# CITY OF BROOKINGS POLICE DEPARTMENT

Kelby McCrae, Chief of Police



**To:** Brookings City Council through City Manager Janell Howard  
**From:** Lieutenant Donny Dotson  
**Date:** 11/27/18  
**Subject:** Liquor License Application

The Brookings Police Department found no **local** disqualifying information prohibiting **Deon Shafer** with her attached **Distillery** liquor license application. The business "**Superfly Distilling Co.**" is located at 701 Railroad Ave, Brookings, Oregon. It is the recommendation of the Brookings Police Department the above mentioned applicants be granted their request with final approval coming from the **Oregon Liquor Control Commission**.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Donny Dotson".

Lieutenant Donny Dotson  
Brookings Police Department







## LIQUOR LICENSE APPLICATION

3. Applicant #1 <b>Deon Shafer</b>		Applicant #2	
Applicant #3		Applicant #4	
4. Trade Name of the Business (Name Customers Will See) <b>Superfly Distilling Co.</b>			
5. Business Address (Number and Street Address of the Location that will have the liquor license) <b>701 Railroad Ave</b>			
City <b>Brookings</b>		County <b>Curry</b>	Zip Code <b>97415</b>
6. Does the business address currently have an OLCC liquor license? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO			
7. Does the business address currently have an OLCC marijuana license? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO			
8. Mailing Address/PO Box, Number, Street, Rural Route (where the OLCC will send your mail) <b>PO. Box 367</b>			
City <b>Smith River</b>		State <b>CA</b>	Zip Code <b>95567</b>
9. Phone Number of the Business Location <b>707-458-5907</b>		Email Contact for this Application <b>deonshafer@yahoo.com</b>	
Contact Person for this Application <b>Deon Shafer</b>		Phone Number <b>707-458-5907</b>	
Mailing Address <b>PO. Box 367</b>		City <b>Smith River</b>	State <b>CA</b>
		Zip Code <b>95567</b>	

I understand that marijuana (such as use, consumption, ingestion, inhalation, samples, give-away, sale, etc.) is prohibited on the licensed premises.

I attest that all answers on all forms, documents, and information provided to the OLCC are true and complete.

**Applicant Signature(s)**

- Each individual person listed as an applicant must sign the application.
- If an applicant is an entity, such as a corporation or LLC, at least one person who is authorized to sign for the entity must sign the application.
- A person with the authority to sign on behalf of the applicant (such as the applicant's attorney or a person with power of attorney) may sign the application. If a person other than an applicant signs the application, please provide proof of signature authority.

  
(Applicant #1)\_\_\_\_\_  
(Applicant #2)\_\_\_\_\_  
(Applicant #3)\_\_\_\_\_  
(Applicant #4)

# CITY OF BROOKINGS POLICE DEPARTMENT

Kelby McCrae, Chief of Police



**To:** Brookings City Council through City Manager Janell Howard  
**From:** Lieutenant Donny Dotson  
**Date:** 11/27/18  
**Subject:** Liquor License Application

The Brookings Police Department found no **local** disqualifying information prohibiting **Jose Pelayo and Maria Estrada** with their attached **Full On-Premesis, Commercial** liquor license application. The business "**El Rancho Viejo**" is located at 1025 Chetco Avenue, Brookings, Oregon. It is the recommendation of the Brookings Police Department the above mentioned applicants be granted their request with final approval coming from the **Oregon Liquor Control Commission**.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Donny Dotson", is written over a horizontal line.

Lieutenant Donny Dotson  
Brookings Police Department





# LIQUOR LICENSE APPLICATION

Jose Delayo Inc.

Lba. El Rancho Viejo

CITY OF BROOKINGS

License Applied For:		CITY AND COUNTY USE ONLY	
<input type="checkbox"/> Brewery 1 <sup>st</sup> Location		Date application received:	<u>11/26/2018</u>
<input type="checkbox"/> Brewery 2 <sup>nd</sup> Location		Name of City or County:	<u>Brookings</u>
<input type="checkbox"/> Brewery 3 <sup>rd</sup> Location		Recommends this license be:	
<input type="checkbox"/> Brewery-Public House 1 <sup>st</sup> location		<input type="checkbox"/> Granted <input type="checkbox"/> Denied	
<input type="checkbox"/> Brewery-Public House 2 <sup>nd</sup> location		By: _____	
<input type="checkbox"/> Brewery-Public House 3 <sup>rd</sup> location		Date: _____	
<input type="checkbox"/> Distillery			
<input checked="" type="checkbox"/> Full On-Premises, Commercial			
<input type="checkbox"/> Full On-Premises, Caterer			
<input type="checkbox"/> Full On-Premises, Passenger Carrier			
<input type="checkbox"/> Full On-Premises, Other Public Location			
<input type="checkbox"/> Full On-Premises, For Profit Private Club			
<input type="checkbox"/> Full On-Premises, Nonprofit Private Club			
<input type="checkbox"/> Grower Sales Privilege 1 <sup>st</sup> location			
<input type="checkbox"/> Grower Sales Privilege 2 <sup>nd</sup> location			
<input type="checkbox"/> Grower Sales Privilege 3 <sup>rd</sup> location			
<input type="checkbox"/> Limited On-Premises			
<input type="checkbox"/> Off-Premises			
<input type="checkbox"/> Off-Premises with Fuel Pumps			
<input type="checkbox"/> Warehouse			
<input type="checkbox"/> Wholesale Malt Beverage & Wine			
<input type="checkbox"/> Winery 1 <sup>st</sup> Location			
<input type="checkbox"/> Winery 2 <sup>nd</sup> Location			
<input type="checkbox"/> Winery 3 <sup>rd</sup> Location			

Jose Pelayo Inc.

(Applicant #2)

(Applicant #4)

OLCC USE ONLY	OLCC FINANCIAL SERVICES USE ONLY
---------------	----------------------------------





OREGON LIQUOR CONTROL COMMISSION

## LIQUOR LICENSE APPLICATION

3. Applicant #1 Jose Pelayo Inc.		Applicant #2	
Applicant #3		Applicant #4	
4. Trade Name of the Business (Name Customers Will See) El Rancho Viejo			
5. Business Address (Number and Street Address of the Location that will have the liquor license) 1026 Chetco Ave			
City Brookings	County	Zip Code 97415	
6. Does the business address currently have an OLCC liquor license? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO			
7. Does the business address currently have an OLCC marijuana license? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO			
8. Mailing Address/PO Box, Number, Street, Rural Route (where the OLCC will send your mail) PO Box 592			
City Brookings	State OR	Zip Code 97415	
9. Phone Number of the Business Location 541-412-0184		Email Contact for this Application taxaandb@yahoo.com	
Contact Person for this Application Betty Aguilar		Phone Number 503-889-0100	
Mailing Address 325 SE 181st Ave	City Portland	State OR	Zip Code 97233

I understand that marijuana (such as use, consumption, ingestion, inhalation, samples, give-away, sale, etc.) is prohibited on the licensed premises.

I attest that all answers on all forms, documents, and information provided to the OLCC are true and complete.

Applicant Signature(s)

- Each individual person listed as an applicant must sign the application.
- If an applicant is an entity, such as a corporation or LLC, at least one person who is authorized to sign for the entity must sign the application.
- A person with the authority to sign on behalf of the applicant (such as the applicant's attorney or a person with power of attorney) may sign the application. If a person other than an applicant signs the application, please provide proof of signature authority.

*Jose A Pelayo P.*

(Applicant #1)

(Applicant #2)

(Applicant #3)

(Applicant #4)

# CITY OF BROOKINGS

## COUNCIL AGENDA REPORT

Meeting Date: December 10, 2018

Originating Dept: Parks

Signature (submitted by)

City Manager Approval

---

**Subject:** Resolution for submission of a Local Government Grant application to the Oregon Parks and Recreation Department (OPRD) for Phase 4 of the Azalea Park project, the Capella parking lot and picnic area.

**Recommended Motion:** Adopt Resolution 18-R-1150 authorizing submission of a Local Government Grant application to the Oregon Parks and Recreation Department for park improvement projects at Azalea Park.

**Financial Impact:** The total cost for the Azalea Park Capella Parking lot and picnic area Phase 4 project is estimated at \$455,832. OPRD is administering the Local Government Grant program requiring a 40% match. If successful, the required match would be \$182,332 to be funded from Capital Projects Reserve Fund and Natures Coastal Holiday.

**Background/Discussion:** Phase four of this four phased project includes paving the Capella parking lot in addition to a designated picnic area in the Kid Town area of the park. Phase one and two are complete and phase three is currently in progress. All of the first three phases were partially funded with a combination of City and grant funding.

In 2015, The City of Brookings received a \$212,128 grant from OPRD for phase one. In 2017, the City of Brookings was awarded a \$166,300 grant from Business Oregon Regional Solutions, that was increased to \$201,000 in 2018, for phase two of the project. Also in 2018, the City of Brookings was awarded a grant of \$418,365 for phase 3. Natures Coastal Holiday recently funded the installation of 8 light poles (5 at the Capella parking lot and 3 at the lower parking lot across from St. Timothy's) at a cost of approximately \$13,060. Natures Coastal Holiday is committed to fundraising for the matching funds for this final phase.

**Attachment(s):**

- a. Resolution 18-R-1150
- b. Engineer's Cost Estimate

**CITY OF BROOKINGS  
STATE OF OREGON**

**RESOLUTION 18-R-1150**

**A RESOLUTION OF THE CITY OF BROOKINGS AUTHORIZING SUBMISSION OF A LOCAL GOVERNMENT GRANT APPLICATION TO THE OREGON PARKS AND RECREATION DEPARTMENT FOR A BROOKINGS PARK IMPROVEMENT PROJECT.**

**WHEREAS**, the Oregon Parks and Recreation Department will be accepting applications for the Local Government Grant Program; and

**WHEREAS**, the City of Brookings desires to participate in this grant program to the greatest extent possible as a means of providing needed park and recreation acquisitions, improvements and enhancements to public park areas; and

**WHEREAS**, the City Council has identified improvements at Azalea Park as a high priority in the Parks Master Plan and

**WHEREAS**, the Azalea Park Ball Field Reconfiguration Project - Phase Four will enhance the visitor's experience; and

**WHEREAS**, grant funding for the Azalea Park Ball Field Reconfiguration Project - Phase Four will be used to add paved parking and a covered picnic area; and

**WHEREAS**, the City of Brookings will provide adequate funding for on-going operations and maintenance of this park and recreation facility should the grant funds be awarded; and

**WHEREAS**, the City of Brookings hereby certifies that the matching share for this application is readily available at this time;

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Brookings, Oregon, does hereby authorize the submission of a Local Government Grant Program application to the Oregon Parks and Recreation Department for the Azalea Park Ball Field Reconfiguration Project - Phase Four, as described herein.

Passed by the City Council \_\_\_\_\_, 2018 ; effective \_\_\_\_\_.

Attest:

\_\_\_\_\_  
Mayor Jake Pieper

\_\_\_\_\_  
Interim Recorder Janell K. Howard

**City of Brookings**  
**Azalea Park - Capella Parking Lot**

18-Apr-18

No.	Description	Quantity	Unit	Unit Cost	Item Cost
1	Construction Facilities And Temporary Controls	All	LS	\$13,500.00	\$13,500
2	Miscellaneous Demolition and Site Preparation	All	LS	\$8,000.00	\$8,000
3	Roadway Excavation	1050	CY	\$18.00	\$18,900
4	Storm Drain Manhole	1	EA	\$5,000.00	\$5,000
5	Catch Basin - Type CG3	4	EA	\$1,800.00	\$7,200
6	12" Storm Drain Pipe - Class III Backfill	900	LF	\$60.00	\$54,000
7	Foundation Stabilization	60	CY	\$50.00	\$3,000
8	Aggregate Base	1560	TONS	\$24.00	\$37,440
9	Asphalt Concrete Pavement	415	TONS	\$130.00	\$53,950
10	Type C Curb	1225	LF	\$30.00	\$36,750
11	Concrete Sidewalk	2660	SF	\$9.00	\$23,940
12	Extra for Concrete Access Ramp	1	EA	\$1,500.00	\$1,500
13	Painted Stripe	1570	LF	\$1.00	\$1,570
14	Thermoplastic Arrow/Handicap Symbol	5	EA	\$300.00	\$1,500
15	Slope Protection	10	CY	\$75.00	\$750
16	Water Quality Swale	All	LS	\$10,000.00	\$10,000
17	Landscaping	All	LS	\$5,000.00	\$5,000
Total Construction Cost					\$282,000
Engineering (Design)					\$22,560
Engineering (Bidding and Construction Management)					\$22,560
Contingency (10%)					\$32,712
Legal & Administration					\$6,000
<b>Total Project Cost</b>					<b>\$365,832</b>

**Notes:**

1. Landscaping does not include irrigation system or plants/trees.
2. Paving section is based on 2" asphalt concrete pavement on 8" aggregate base

# CITY OF BROOKINGS

## COUNCIL AGENDA REPORT

Meeting Date: December 10, 2018

Originating Dept: City Manager

Signature (submitted by)

  
City Manager Approval

---

**Subject:**

Certification of November 6, 2018, Election Abstract

**Recommended Motion:**

Motion to accept the November 6, 2018, Election Abstract from the Curry County Clerk.

**Background/Discussion:**

With each election, the Curry County Clerk prepares and mails an Abstract of votes cast in the City of Brookings to the Brookings Election Officer.

Pursuant to Oregon Revised Statutes (ORS) 254.565, a certificate of election shall be prepared and delivered to each qualified candidate having the most votes for election to a city office.

**Attachment(s):**

- a. Election Abstract
- b. Certificates of Election



Reneé Kolen  
Curry County Clerk

RECEIVED

NOV 29 2018

CITY OF BROOKINGS

Recording Division  
Elections Division

29821 Ellensburg Avenue, 2<sup>nd</sup> Floor Courthouse  
Mail To: 94235 Moore Street, Suite 212  
Gold Beach, OR 97444  
(541) 247-3295  
(800) 243-7620  
(541)-247-9361 Fax  
[www.co.curry.or.us/Clerk](http://www.co.curry.or.us/Clerk)

Date: November 26, 2018  
To: City Election Authority  
From: Shelley Denney, Supervisor of Elections  
Subject: Election Abstract

Per ORS 254.545(3) enclosed is the Election Abstract for the November 8, 2016 General Election.

Should you have any questions please feel free to contact our office.

Sincerely,

Shelley Denney, C.R.A., C.E.A.  
Chief Deputy County Clerk

Curry County, Oregon — General Election — November 06, 2018

City of Brookings — Official

Page 1 of 1

11/26/2018 09:13 AM

Total Number of Voters : 11,727 of 17,016 = 68.92%  
Number of District Voters: 2,857 of 4,364 = 65.47%

Precincts Reporting 27 of 27 = 100.00%  
District Precincts Reporting 4 of 4 = 100.00%

Party	Candidate	Absentee/NA	Ballots Cast	Total
City of Brookings, Mayor, Vote For 1				
II	Teresa D Lawson	0 0.00%	1,074 41.12%	1,074 41.12%
II	Jake Pieper	0 0.00%	1,528 58.50%	1,528 58.50%
	Write-Ins	0 0.00%	10 0.38%	10 0.38%
Cast Votes: 2,612 91.42%				
Over Votes: 1 0.04%				
Under Votes: 244 8.54%				

Precincts			Voters		
Counted	Total	Percent	Ballots	Registered	Percent
4	4	100.00%	2,857	4,364	65.47%

City of Brookings, Council, Position 3, Vote For 1

II	Carla Gottlieb	0 0.00%	616 27.05%	616 27.05%
II	Dane Tippman	0 0.00%	387 17.00%	387 17.00%
II	John A McKinney	0 0.00%	1,266 55.60%	1,266 55.60%
II	Write-Ins	0 0.00%	8 0.35%	8 0.35%
Cast Votes: 2,277 79.70%				
Over Votes: 1 0.04%				
Under Votes: 579 20.27%				

Precincts			Voters		
Counted	Total	Percent	Ballots	Registered	Percent
4	4	100.00%	2,857	4,364	65.47%

City of Brookings, Council, Position 4, Vote For 1

II	Dennis Triglia	0 0.00%	1,127 46.25%	1,127 46.25%
II	Ron Hedenskog	0 0.00%	1,302 53.43%	1,302 53.43%
	Write-Ins	0 0.00%	8 0.33%	8 0.33%
Cast Votes: 2,437 85.30%				
Over Votes: 0 0.00%				
Under Votes: 420 14.70%				

Precincts			Voters		
Counted	Total	Percent	Ballots	Registered	Percent
4	4	100.00%	2,857	4,364	65.47%

I certify the votes recorded on this abstract correctly summarize the tally of votes cast for the

November 6, 2018 Election.

By: Shelley Denney, Chief Deputy County Clerk

Dated this 26th day of November 2018



# CERTIFICATE OF ELECTION

CITY OF BROOKINGS



CURRY COUNTY

STATE OF OREGON

I, Janell Howard, Interim City Elections Officer for the City of Brookings, do hereby certify that at a General Election duly held in Curry County on the 6th day of November, 2018,

***Jake Pieper***

Was duly elected to the office of

**Mayor of the City of Brookings**



*In and for the City of Brookings, Curry County, State of Oregon,  
WJF.NESS my hand and the seal of the City of Brookings this  
10th Day of December, 2018.*

*Janell K Howard, Interim City Elections Officer*



# CERTIFICATE OF ELECTION

CITY OF BROOKINGS



CURRY COUNTY

STATE OF OREGON

I, Janell Howard, Interim City Elections Officer for the City of Brookings, do hereby certify that at a  
General Election duly held in Curry County on the 6th day of November, 2018,

*John McKinney*

Was duly elected to the office of

Council Member of the City of Brookings



*In and for the City of Brookings, Curry County, State of Oregon,  
WJF NESS my hand and the seal of the City of Brookings this  
10th Day of December, 2018.*

*Janell K Howard, Interim City Elections Officer*

# CERTIFICATE OF ELECTION

CITY OF BROOKINGS



CURRY COUNTY

STATE OF OREGON

I, Janell Howard, Interim City Elections Officer for the City of Brookings, do hereby certify that at a General Election duly held in Curry County on the 6th day of November, 2018,

***Ron Hedenskog***

Was duly elected to the office of

**Council Member of the City of Brookings**

*In and for the City of Brookings, Curry County, State of Oregon,  
WITNESS my hand and the seal of the City of Brookings this  
10th Day of December, 2018.*



*Janell K Howard, Interim City Elections Officer*

# CITY OF BROOKINGS

## COUNCIL AGENDA REPORT

Meeting Date: December 10, 2018

Originating Dept: City Manager

Signature (submitted by)

  
City Manager Approval

---

**Subject:**

Audit Report for the fiscal year ended June 30, 2018

**Recommended Motion:**

Motion to accept the City's Audit for the fiscal year ended June 30, 2018.

**Financial Impact:**

None.

**Background/Discussion:**

Moss Adams LLP completed the City's audit for the fiscal year ending June 30, 2018. An electronic copy of the audit is attached to the packet that is received electronically, and is available on the City's website. A bound hard copy of the audit report will be put in the Mayor's and Councilors' boxes by Monday, and a copy will be available for viewing at City Hall.

The City received an unqualified opinion on the June 30, 2018 audit; which means there were no exceptions, findings, or questioned costs.

**Attachment:**

June 30, 2018 Audit

# **CITY OF BROOKINGS**



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

**City of Brookings**  
**Officers and Members of the Governing Body**  
**For the Year Ended June 30, 2018**

*CITY MANAGER*

Gary Milliman

*FINANCE AND HUMAN RESOURCES DIRECTOR*

Janell Howard

*MAYOR*

Jake Pieper  
17163 Parkview Dr  
Brookings, OR 97415

*CITY COUNCIL*

Bill Hamilton  
417 Fern Ave  
Brookings, OR 97415

Brent Hodges  
Po Box 4970  
Brookings, OR 97415

Ron Hedenskog  
16956 Old County Road  
Brookings, OR 97415

Dennis Triglia  
96359 Dawson Rd  
Brookings, OR 97415

*CITY ADDRESS*

898 Elk Drive  
Brookings, OR 97415

# City of Brookings

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**City of Brookings**  
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## **Report of Independent Auditors**

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## **Report of Independent Auditors**

Honorable Mayor and Members of the City Council  
City of Brookings, Oregon

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, budgetary statement for the general fund and the aggregate remaining fund information of the City of Brookings, Oregon (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2018, and the respective changes in financial position, respective budgetary statements for the general fund and, where applicable, cash flows thereof 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 on pages iv to x, schedule of the proportionate share of the net pension liability on page 46, schedule of contributions on page 47, schedule of the proportionate share of the net OPEB liability on page 48, and the schedule of contributions on page 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

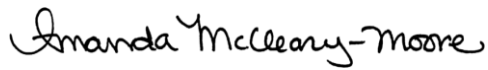
### ***Supplementary Information***

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

The combining and individual fund financial statements and schedules on pages 50 through 89 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations**

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 6, 2018 on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink that reads "Amanda McCleary-Moore". The signature is written in a cursive, flowing style.

Amanda McCleary-Moore, Partner for  
Moss Adams LLP  
Medford, Oregon  
December 6, 2018

## **Management's Discussion and Analysis**

---



# City of Brookings

898 Elk Drive, Brookings, OR 97415

(541) 469-2163 Fax (541) 469-3650

[www.brookings.or.us](http://www.brookings.or.us)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2018

This discussion and analysis presents the highlights of financial activities and financial position for the City of Brookings (City). The analysis focuses on significant issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City. Please read it in conjunction with the City's financial statements.

### **FINANCIAL HIGHLIGHTS**

- Total assets exceeded liabilities at June 30, 2018, by \$47.6 million. Of this amount, \$2.1 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$2.6 million during the fiscal year due to an increase in net capital assets, including infrastructure at the Airport and Railroad Street.
- The General Fund's fund balance is approximately \$1.2 million at the end of the fiscal year, or 32 percent of General Fund expenditures.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**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 a private-sector business.

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

The *statement of activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Examples of such items include earned, but uncollected property taxes, and earned, but unused, compensated absences.

## MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

The government-wide financial statements distinguish functions 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 government activities include the following:

- General government
- Public safety
- Highways and streets
- Culture and Recreation

The business-type activities include the following:

- Water
- Wastewater

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance – related legal requirement. All funds can be divided into two categories: governmental or proprietary funds.

*Governmental Funds.* Governmental fund statements follow the more traditional presentation of financial statements. The City’s major governmental funds are presented in their own column and the remaining funds are combined into a column titled “Total Nonmajor Funds.” Page 6 presents a reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities.

The City adopts an annual appropriated budget for all its funds, except agency funds. To demonstrate compliance, budgetary comparison statements have been provided for all of the funds.

*Proprietary Funds.* The proprietary fund financial statements immediately follow the governmental fund financial statements. The City maintains two major propriety funds which are used to report the same functions presented as business type activities in the governmental-wide financial statements, only in more detail. Proprietary fund reports include statement of net assets, statement of revenues, expenses and changes in fund net assets and statement of cash flows.

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

**Other Supplementary Information.** Readers desiring additional information on non-major funds can find it in the combining statements of non-major funds and the budgetary comparison schedules.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### Net Position at Fiscal Year End

(in thousands)

	Governmental Activities		Business-Type Activities		Totals
	2018	2017	2018	2017	2018
<b>Assets</b>					
Cash and investments	\$ 2,960	\$ 4,287	\$ 4,874	\$ 3,413	\$ 7,834
Capital assets, net	32,238	29,770	19,522	20,423	51,760
Other assets	1,218	814	816	2,511	2,034
Total assets	36,416	34,871	25,212	26,347	61,628
<b>Deferred Outflows</b>					
Pension related items	1,160	1,954	494	957	1,654
<b>Liabilities</b>					
Long-term liabilities	5,427	6,404	9,477	11,447	14,904
Other liabilities	193	444	389	684	582
Total liabilities	5,620	6,848	9,866	12,131	15,486
<b>Deferred Inflows</b>					
Pension related items	168	156	53	31	221
<b>Net Position</b>					
Net Investment in capital assets	30,514	27,430	11,543	10,356	42,057
Restricted	1,146	1,558	2,282	2,339	3,428
Unrestricted	128	833	1,962	2,447	2,090
Total net position	\$ 31,788	\$ 29,821	\$ 15,787	\$ 15,142	\$ 47,575

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 \$47.6 million as of June 30, 2018.

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, building and improvements, equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the City's investments 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. The balance of total net position invested in capital assets net of related debt was \$42.1 million at June 30, 2018.

An additional portion of net position represents resources that are subject to external restrictions on how they may be used. Restricted net position at June 30, 2018 were \$3.4 million. The remaining

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

balance of unrestricted net position, \$2.1 million, may be used to meet ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>
<b>REVENUES</b>					
Program revenues					
Charges for services	\$ 632	\$ 585	\$ 4,402	\$ 4,341	\$ 5,034
Grants and contributions	1,882	677	953	2,551	2,835
General revenues					
Taxes	3,750	3,616	-	-	3,750
Other	941	641	110	127	1,051
Total revenues	<u>7,205</u>	<u>5,519</u>	<u>5,465</u>	<u>7,019</u>	<u>12,670</u>
<b>EXPENSES</b>					
Governmental activities	5,579	5,502	-	-	5,579
Business-type activities	-	-	4,479	4,440	4,479
Total expenses	<u>5,579</u>	<u>5,502</u>	<u>4,479</u>	<u>4,440</u>	<u>10,058</u>
Net (expense) revenue	1,626	17	986	2,579	2,612
Transfers	341	160	(341)	(160)	-
Change in net position	1,967	177	645	2,419	2,612
Beginning net position	<u>29,821</u>	<u>29,644</u>	<u>15,142</u>	<u>12,723</u>	<u>44,963</u>
Ending net position	<u>\$ 31,788</u>	<u>\$ 29,821</u>	<u>\$ 15,787</u>	<u>\$ 15,142</u>	<u>\$ 47,575</u>

**Governmental Activities.** Governmental activities increased the City's net position by \$2.0 million primarily due to increased net capital assets. Tax revenue increased \$134,000, which is property taxes from the General Fund. In total, expenses remained approximately the same, only increasing by \$77,000 compared to prior year. This was primarily due to decreased capital projects this year.

**Business-type Activities.** Business-type activities increased the City's net position by \$645,000. Charges for services increasing slightly by \$61,000 and grants and contributions decreased \$1.6 million due to the EDA grant received in the prior year for the airport infrastructure project. Expenditures remained approximately the same, only decreasing \$39,000.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### GENERAL FUND BUDGETARY HIGHLIGHTS

The City's General Fund appropriations decreased by approximately \$229,000 to \$4.8 million. The General Fund revenues were \$224,000 more than the budget. Actual expenditures within the General Fund were 81 percent of the final budget. The overall increase in the fund balance was \$204,000 due to revenues being slightly greater than expenditures.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** As of June 30, 2018, the City has invested \$51.7 million in capital assets as reflected in the following table. This represents a net increase for current year activity (additions, retirements, and depreciation) of \$1.5 million, primarily due to the airport infrastructure project.

#### **Capital Assets at Fiscal Year-End**

(Net of Depreciation)

(in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land and non-depreciable assets	\$ 16.3	\$ 16.3	\$ 0.6	\$ 0.6	\$ 16.9	\$ 16.9
Building and improvements	2.5	2.4	4.2	4.5	6.7	6.9
Vehicles and equipment	0.9	1.0	1.0	1.0	1.9	2.0
Infrastructure	10.4	9.7	13.7	13.2	24.1	22.9
Construction in progress	2.1	0.4	-	1.1	2.1	1.5
Total	<u>\$ 32.2</u>	<u>\$ 29.8</u>	<u>\$ 19.5</u>	<u>\$ 20.4</u>	<u>\$ 51.7</u>	<u>\$ 50.2</u>

The following table reconciles the changes in capital assets. Additions include assets acquired or under construction at year-end. Reductions are for retirements and depreciation.

#### **Change in Capital Assets**

(in millions)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Beginning balance	\$ 29.8	\$ 20.4	\$ 50.2
Additions	3.4	1.6	5.0
Retirement	(0.2)	(1.2)	(1.4)
Depreciation	<u>(0.8)</u>	<u>(1.3)</u>	<u>(2.1)</u>
Ending balance	<u>\$ 32.2</u>	<u>\$ 19.5</u>	<u>\$ 51.7</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For more information on the City's capital assets, including a breakdown of the major asset categories by governmental and business-type activities, refer to page 22 of the notes to the financial statements.

**Debt Outstanding.** As of year end, the City had \$14.9 million in debt outstanding compared to \$17.8 million last year. \$2.4 million is due within one year.

### Outstanding Debt at Fiscal Year End

(in millions)

	2018	2017
<b>Governmental</b>		
Notes payable	\$ 0.5	\$ 0.6
Loan payable	1.1	1.6
Capital lease	0.1	0.2
Net pension liability	3.4	3.8
Compensated absences	0.3	0.2
Sub-total	5.4	6.4
<b>Business-type</b>		
Loan payable - bank	8.0	9.4
Net pension liability	1.5	1.9
Compensated absences	-	0.1
Sub-total	9.5	11.4
<b>Total</b>	<u>\$ 14.9</u>	<u>\$ 17.8</u>

For more detailed information on the City's debt and amortization terms, refer to pages 25-28 of the notes to the financial statements.

## ECONOMIC FACTORS

Like all cities in Oregon, the City operates under Measure 50, the tax limitation measure approved by voters on May 20, 1997. This measure rolled back assessed values to 1995-96 levels and effectively limited increased property tax revenues the City could anticipate in future years to a maximum of 3 percent, with permitted allowances for increasing valuations based on new construction and annexations. No substantive changes to the basic provisions of Measure 50 have been enacted during subsequent Oregon Legislative sessions. The City management team and staff continue to meet the challenge of quality service delivery with limited increases in property tax revenue.

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

The City’s business-type activities are funded by utility charges for water and sewer services. Past revenue increases are needed to make the debt service payments on the City’s revenue secured loan which was used to upgrade the wastewater plant and construction and financing of a new sludge treatment process. In 2017-18, the City implemented a wastewater rate increase of 3.0 percent and a water rate increase of 3.8 percent. On July 1, 2018, the City implemented a water rate increase of 3.9 percent and did not increase wastewater rates. The financial methodology is to be proactive instead of reactionary for vital capital improvement projects. The additional revenue was used to cover operating and maintenance costs and pay related debt payments. The system replacement fees are structured to and have increased by an inflationary factor each year.

## **REQUESTS FOR INFORMATION**

The City’s financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City’s finances and to demonstrate the City’s accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed:

Janell K. Howard  
City Manager/Finance Director  
City of Brookings  
898 Elk Drive  
Brookings, Oregon 97415  
[jhoward@brookings.or.us](mailto:jhoward@brookings.or.us).

## **Basic Financial Statements**

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**City of Brookings**  
**Statement of Net Position**  
**June 30, 2018**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 2,960,170	\$ 4,874,147	\$ 7,834,317
Receivables, net	1,174,000	532,173	1,706,173
Inventory	-	280,109	280,109
Lease receivable	44,350	-	44,350
OPEB asset	7,916	3,394	11,310
Capital assets, not being depreciated			
Land	2,923,798	551,507	3,475,305
Construction in progress	2,122,648	-	2,122,648
Right of way	13,360,659	-	13,360,659
Capital assets (net of accumulated depreciation)			
Other capital assets	13,830,477	18,971,163	32,801,640
<b>Total assets</b>	<b>36,424,018</b>	<b>25,212,493</b>	<b>61,636,511</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	1,143,057	490,113	1,633,170
OPEB related items	8,547	3,665	12,212
<b>Total deferred outflows of resources</b>	<b>1,151,604</b>	<b>493,778</b>	<b>1,645,382</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	159,270	155,400	314,670
Accrued interest payable	14,841	18,406	33,247
Unearned revenue	44,350	-	44,350
Deposits	19,012	215,276	234,288
Noncurrent liabilities			
Due within one year	843,410	1,588,973	2,432,383
Due in more than one year	1,147,222	6,415,231	7,562,453
Pension liability	3,435,858	1,473,211	4,909,069
<b>Total liabilities</b>	<b>5,663,963</b>	<b>9,866,497</b>	<b>15,530,460</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	120,055	51,477	171,532
OPEB related items	3,966	1,701	5,667
<b>Total deferred inflows of resources</b>	<b>124,021</b>	<b>53,178</b>	<b>177,199</b>
<b>NET POSITION</b>			
Net investment in capital assets	30,513,720	11,543,141	42,056,861
Restricted for			
Highways and streets	130,568	-	130,568
Capital projects	399,279	829,145	1,228,424
Debt service	347,074	1,452,091	1,799,165
Other purposes	268,906	-	268,906
Unrestricted	128,091	1,962,219	2,090,310
<b>Total net position</b>	<b>\$ 31,787,638</b>	<b>\$ 15,786,596</b>	<b>\$ 47,574,234</b>

**City of Brookings**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES							
General government	\$ 948,080	\$ 132,543	\$ -	\$ -	\$ (815,537)		\$ (815,537)
Public safety	3,050,246	266,653	171,507	-	(2,612,086)		(2,612,086)
Highways and streets	886,971	217,955	1,104,110	-	435,094		435,094
Culture and recreation	637,931	14,964	606,388	-	(16,579)		(16,579)
Interest on long-term obligations	56,083	-	-	-	(56,083)		(56,083)
Total governmental activities	5,579,311	632,115	1,882,005	-	(3,065,191)		(3,065,191)
BUSINESS-TYPE ACTIVITIES:							
Water	1,816,757	1,673,591	-	258,881		\$ 115,715	115,715
Wastewater	2,662,004	2,728,073	-	693,708		759,777	759,777
Total business-type activities	4,478,761	4,401,664	-	952,589		875,492	875,492
Total	\$ 10,058,072	\$ 5,033,779	\$ 1,882,005	\$ 952,589	(3,065,191)	875,492	(2,189,699)
General revenues							
Taxes levied for general purposes					3,232,135	-	3,232,135
Miscellaneous taxes					517,994	-	517,994
Franchise fees					278,857	-	278,857
Grants and contributions not restricted to specific programs					269,080	-	269,080
Unrestricted investment earnings					68,440	68,820	137,260
Miscellaneous					325,157	40,945	366,102
Transfers					340,654	(340,654)	-
Total general revenues and transfers					5,032,317	(230,889)	4,801,428
Change in net position					1,967,126	644,603	2,611,729
Net position - beginning					29,820,512	15,141,993	44,962,505
Net position - ending					\$ 31,787,638	\$ 15,786,596	\$ 47,574,234

**City of Brookings**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	General	Street System Development	Total Nonmajor Funds	Total Government Funds
<b>ASSETS</b>				
Cash and investments	\$ 813,270	\$ 41,584	\$ 2,105,316	\$ 2,960,170
Receivables	386,147	361,989	425,864	1,174,000
Due from other funds	337,195	-	-	337,195
Prepaid items	-	-	-	-
Total assets	<u>\$ 1,536,612</u>	<u>\$ 403,573</u>	<u>\$ 2,531,180</u>	<u>\$ 4,471,365</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 51,117	\$ 41,584	\$ 65,905	\$ 158,606
Payroll and related liabilities	664	-	-	664
Due to other funds	-	337,195	-	337,195
Consumer deposits	19,012	-	-	19,012
Total liabilities	<u>70,793</u>	<u>378,779</u>	<u>65,905</u>	<u>515,477</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	<u>237,471</u>	<u>361,989</u>	<u>294,766</u>	<u>894,226</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted for				
Highways and streets	-	-	130,568	130,568
Urban renewal projects	-	-	228,469	228,469
911 services	-	-	248,762	248,762
Tourism	-	-	20,144	20,144
Debt service	-	-	347,074	347,074
Capital projects	-	-	399,279	399,279
Committed for				
Capital projects	-	-	722,011	722,011
Police programs	-	-	62,183	62,183
Current and future health care programs	-	-	2,397	2,397
Fire equipment and training	-	-	9,622	9,622
Unassigned	<u>1,228,348</u>	<u>(337,195)</u>	<u>-</u>	<u>891,153</u>
Total fund balances	<u>1,228,348</u>	<u>(337,195)</u>	<u>2,170,509</u>	<u>3,061,662</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,536,612</u>	<u>\$ 403,573</u>	<u>\$ 2,531,180</u>	<u>\$ 4,471,365</u>

**City of Brookings**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**To the Statement of Net Position**  
**June 30, 2018**

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Total fund balances reported on the governmental funds balance sheet	\$ 3,061,662
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*Amounts reported for governmental activities in the statement of net position are different because:*

Lease receivables are not available and, therefore, are not reported in the funds	44,350
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	32,237,584
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The government-wide statements report as a deferred outflow, contributions made to OPERS subsequent to the measurement date of June 30, 2017 and changes in assumptions and investment returns related to its participation in OPERS	1,151,604
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The government-wide statement report a deferred inflow related to changes in assumptions and investment returns related to its participation in OPERS	(124,021)
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Other long-term assets are not available for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	894,226
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Unearned revenues associated with lease receivables are not available and, therefore, are not reported in the funds	(44,350)
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Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	<u>(5,433,417)</u>
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Net position of governmental activities	<u><u>\$ 31,787,638</u></u>
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**City of Brookings**

**Statement of Revenues, Expenditures, and Changes in Fund Balances –  
Governmental Funds  
For the Year Ended June 30, 2018**

	General	Street System Development	Total Nonmajor Funds	Total Government Funds
<b>REVENUES</b>				
Property taxes	\$ 2,641,204	\$ -	\$ 578,596	\$ 3,219,800
Transient tax	172,358	-	56,819	229,177
Local marijuana tax	80,394	-	-	80,394
Local gas tax	-	-	288,817	288,817
Franchise fees	198,463	-	-	198,463
Licenses, permits and fees	131,294	-	1,020	132,314
Fines and forfeitures	105,316	-	-	105,316
Charges for services	164,443	-	-	164,443
System development charges	-	29,128	27,186	56,314
System replacement charges	-	-	196,170	196,170
Intergovernmental	249,320	620,983	769,989	1,640,292
Interest	26,527	3,285	38,628	68,440
Miscellaneous	146,073	-	221,243	367,316
Total revenues	<u>3,915,392</u>	<u>653,396</u>	<u>2,178,468</u>	<u>6,747,256</u>
<b>EXPENDITURES</b>				
Current				
General government	835,366	789	41,752	877,907
Public safety	2,473,576	-	38,319	2,511,895
Highways and streets	-	-	430,947	430,947
Culture and recreation	412,153	-	56,954	469,107
Debt service	148,762	-	562,214	710,976
Capital outlay	-	1,506,302	1,702,012	3,208,314
Total expenditures	<u>3,869,857</u>	<u>1,507,091</u>	<u>2,832,198</u>	<u>8,209,146</u>
Excess (deficiency) of revenues over expenditures	<u>45,535</u>	<u>(853,695)</u>	<u>(653,730)</u>	<u>(1,461,890)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	488,587	-	911,252	1,399,839
Transfers out	<u>(330,500)</u>	<u>-</u>	<u>(691,592)</u>	<u>(1,022,092)</u>
Total other financing sources	<u>158,087</u>	<u>-</u>	<u>219,660</u>	<u>377,747</u>
Net change in fund balances	203,622	(853,695)	(434,070)	(1,084,143)
Fund balances at beginning of year	<u>1,024,726</u>	<u>516,500</u>	<u>2,604,579</u>	<u>4,145,805</u>
Fund balance at end of year	<u>\$ 1,228,348</u>	<u>\$ (337,195)</u>	<u>\$ 2,170,509</u>	<u>\$ 3,061,662</u>

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2018**

**City of Brookings**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances –**  
**Budget to Actual**  
**General Fund**  
**For the Year Ended June 30, 2018**

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Property taxes	\$ 2,591,282	\$ 2,591,282	\$ 2,641,204	\$ 49,922
Transient tax	153,000	153,000	172,358	19,358
Franchise fees	110,000	198,000	198,463	463
Local marijuana tax	60,000	60,000	80,394	20,394
Licenses, permits, and fees	110,900	110,900	131,294	20,394
Fines and forfeitures	72,000	72,000	105,316	33,316
Charges for services	156,000	156,000	164,443	8,443
Intergovernmental	240,300	254,978	249,320	(5,658)
Interest	15,000	15,000	26,527	11,527
Miscellaneous	80,000	80,000	146,073	66,073
Total revenues	3,588,482	3,691,160	3,915,392	224,232
EXPENDITURES				
Judicial	36,411	38,422	32,876	5,546
Legislative and administration	293,364	329,441	313,827	15,614
Police	2,284,807	2,292,132	2,201,408	90,724
Fire	290,554	291,307	272,168	19,139
Planning and building	264,919	265,035	178,881	86,154
Parks and recreation	333,373	354,926	309,845	45,081
Administrative services	228,330	228,406	218,213	10,193
Swimming pool	104,112	104,294	102,308	1,986
Non-departmental	145,500	158,158	91,569	66,589
Debt service	149,669	149,669	148,762	907
Contingency and reserves	652,530	586,457	-	586,457
Total expenditures	4,783,569	4,798,247	3,869,857	928,390
Excess (deficiency) of revenues over expenditures	(1,195,087)	(1,107,087)	45,535	1,152,622
OTHER FINANCING SOURCES (USES)				
Transfers in	488,587	488,587	488,587	-
Transfers out	(243,500)	(331,500)	(330,500)	1,000
Total other financing sources (uses)	245,087	157,087	158,087	1,000
Net change in fund balance	(950,000)	(950,000)	203,622	1,153,622
Fund balance at beginning of year	950,000	950,000	1,024,726	74,726
Fund balance at end of year	\$ -	\$ -	\$ 1,228,348	1,228,348

**City of Brookings**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

	Business-type Activities				
	Water	Wastewater	Water System Replacement	Total Nonmajor Funds	Total Enterprise Funds
<b>ASSETS</b>					
Current assets					
Cash and investments	\$ 476,739	\$ 748,386	\$ 457,108	\$ 3,191,914	\$ 4,874,147
Receivables, net	153,729	245,985	47,021	85,438	532,173
Inventory	211,557	68,552	-	-	280,109
Total current assets	842,025	1,062,923	504,129	3,277,352	5,686,429
Noncurrent assets					
Net OPEB asset	1,339	2,055	-	-	3,394
Capital assets					
Land	258,658	292,849	-	-	551,507
Other capital assets, net	8,054,396	10,916,767	-	-	18,971,163
Total capital assets	8,313,054	11,209,616	-	-	19,522,670
Total noncurrent assets	8,314,393	11,211,671	-	-	19,526,064
Total assets	9,156,418	12,274,594	504,129	3,277,352	25,212,493
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related items	193,399	296,714	-	-	490,113
OPEB related items	1,446	2,219	-	-	3,665
Total deferred outflows of resources	194,845	298,933	-	-	493,778
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable and accrued liabilities	40,796	72,382	18,782	23,440	155,400
Accrued interest payable	4,544	4,372	4,331	5,159	18,406
Consumer deposits	215,276	-	-	-	215,276
Compensated absences	8,567	16,108	-	-	24,675
Long-term obligations due within one year	275,256	1,031,203	117,526	140,313	1,564,298
Total current liabilities	544,439	1,124,065	140,639	168,912	1,978,055
Long-term obligations due in more than one year	2,965,686	4,117,714	355,388	449,654	7,888,442
Total liabilities	3,510,125	5,241,779	496,027	618,566	9,866,497
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension related items	20,313	31,164	-	-	51,477
OPEB related items	671	1,030	-	-	1,701
Total deferred inflows of resources	20,984	32,194	-	-	53,178
<b>NET POSITION</b>					
Net investment in capital assets	5,653,442	6,952,580	-	-	12,606,022
Restricted for					
Capital projects	-	-	8,102	821,043	829,145
Debt service	-	-	-	1,452,091	1,452,091
Unrestricted	166,712	346,974	-	385,652	899,338
Total net position	\$ 5,820,154	\$ 7,299,554	\$ 8,102	\$ 2,658,786	\$ 15,786,596

**City of Brookings**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	Business-type Activities				
	Water	Wastewater	Water System Replacement	Total Nonmajor Funds	Totals Enterprise Funds
<b>OPERATING REVENUES</b>					
Charges for services	\$ 1,673,591	\$ 2,936,493	\$ -	\$ -	\$ 4,610,084
<b>OPERATING EXPENSES</b>					
Personal services	601,101	889,049	-	-	1,490,150
Materials and services	726,224	722,916	-	-	1,449,140
Depreciation	405,543	908,628	-	-	1,314,171
Total operating expenses	1,732,868	2,520,593	-	-	4,253,461
Operating income (loss)	(59,277)	415,900	-	-	356,623
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	13,054	17,443	10,411	27,913	68,821
Miscellaneous	33,018	190,624	10,000	-	233,642
Interest expense	(73,568)	(127,744)	(10,319)	(13,664)	(225,295)
Total nonoperating revenue (expenses)	(27,496)	80,323	10,092	14,249	77,168
Income (loss) before capital contributions and transfers	(86,773)	496,223	10,092	14,249	433,791
Capital grants and contributions	-	-	224,889	318,781	543,670
Transfers in	805,040	1,243,452	170,269	1,942,522	4,161,283
Transfers out	(529,386)	(1,380,010)	(604,960)	(1,979,786)	(4,494,142)
Change in net position	188,881	359,665	(199,710)	295,766	644,602
Net position - beginning	5,631,273	6,939,889	207,812	2,363,020	15,141,994
Net position - ending	\$ 5,820,154	\$ 7,299,554	\$ 8,102	\$ 2,658,786	\$ 15,786,596

**City of Brookings**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	Business-type Activities				
	Water	Wastewater	Water System Replacement	Total Nonmajor Funds	Total Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 1,635,731	\$ 3,012,676	\$ -	\$ -	\$ 4,648,407
Payments to suppliers	(724,538)	(696,790)	-	-	(1,421,328)
Payments to employees	(555,495)	(868,705)	-	-	(1,424,200)
Net cash provided by (used in) operating activities	355,698	1,447,181	-	-	1,802,879
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Advances to other fund	-	-	-	871,146	871,146
Advances from other fund	-	-	(871,146)	-	(871,146)
Transfers in	805,040	1,243,452	170,270	1,942,522	4,161,284
Transfers out	(529,386)	(1,380,010)	(640,700)	(2,303,101)	(4,853,197)
Net cash provided by (used in) noncapital financing activities	275,654	(136,558)	(1,341,576)	510,567	(691,913)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
System development charges received	-	-	-	353,741	353,741
Capital grants	42,248	-	1,893,543	-	1,935,791
Other	-	190,624	-	-	190,624
Acquisition of capital assets	(266,305)	(156,587)	-	-	(422,892)
Principal paid on long-term obligations	(270,300)	(1,007,446)	(117,853)	(149,240)	(1,544,839)
Interest paid on long-term obligations	(74,020)	(128,776)	(12,416)	(15,860)	(231,072)
Net cash provided by (used in) capital and related financing activities	(568,377)	(1,102,185)	1,763,274	188,641	281,353
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	13,054	17,443	10,410	27,913	68,820
Net increase in cash	76,029	225,881	432,108	727,121	1,461,139
Cash - beginning of year	400,710	522,505	25,000	2,464,793	3,413,008
Cash - end of year	\$ 476,739	\$ 748,386	\$ 457,108	\$ 3,191,914	\$ 4,874,147



**City of Brookings**  
**Statement of Cash Flows**  
**Proprietary Funds (continued)**  
**For the Year Ended June 30, 2018**

	Business-type Activities				
	Water	Wastewater	Water System Replacement	Total Nonmajor Funds	Total Enterprise Funds
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY (USED IN)					
OPERATING ACTIVITIES					
Operating (loss)	\$ (59,277)	\$ 415,900	\$ -	\$ -	\$ 356,623
Adjustments to reconcile operating (loss) to net cash provided by (used in)					
operating activities					
Depreciation	405,543	908,628	-	-	1,314,171
(Increase) in assets and deferred outflows					
Receivables	(37,860)	76,184	-	-	38,324
Inventory	(14,529)	(18,617)	-	-	(33,146)
Net OPEB asset	(1,339)	(2,055)	-	-	(3,394)
Pension and OPEB related items	170,975	292,399	-	-	463,374
Increase (decrease) in liabilities and deferred inflows					
Accounts payable and accrued liabilities	23,405	44,742	-	-	68,147
Consumer deposits	1,775	-	-	-	1,775
Compensated absences payable	(7,626)	(17,810)	-	-	(25,436)
Net pension liability	(134,508)	(265,237)	-	-	(399,745)
Pension and OPEB related items	9,139	13,047	-	-	22,186
Net cash provided by (used in) operating activities	<u>\$ 355,698</u>	<u>\$ 1,447,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,802,879</u>

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. Financial Reporting Entity**

The City of Brookings (City) was organized under the general laws of the State of Oregon. Control of the City is vested in its Mayor and Council Members who are elected to office by voters within the City. Administrative functions are delegated to individuals who report to and are responsible to the Mayor and City Council. The chief administrative officer is the City Manager.

The accompanying financial statements present all activities, funds and the component unit for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government.

*Brookings Urban Renewal Agency* – The Agency was created in July 2003 under the provisions of state law as the agency responsible for rebuilding the infrastructure, public facilities, and parks in the boundaries of the city. The "tax increment financing" method is used to provide funds for the Agency. The City Council serves as the governing board of the Brookings Urban Renewal Agency (the Agency). Therefore, the accounts of the agency are included in the financial statements of the City. A seven-member Advisory Committee appointed by the Agency makes recommendations on project priorities and plan amendments. The Agency's separate June 30, 2018 financial statements are available at the City's finance office.

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

### **B. Government-wide and Fund Financial Statements**

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

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

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The basis of accounting described above is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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, public safety (police), and culture and recreation.
- *Street System Development* – accounts for street capital improvements that increase capacity. The principal source of revenue is system development charges

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following major proprietary funds:

- *Water* – accounts for the operation of the City's water system.
- *Wastewater* – accounts for the operation of the City's wastewater system.
- *Water System Replacement* – provide resources for future replacements of major infrastructure systems included as a major fund for consistency with the prior year.

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

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

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

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

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

### D. Budget Policies and Budgetary Control

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

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

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The City established the levels of budgetary control at the department or activity level.

Negative Fund Balance – The Street System Development Fund has a negative fund balance of (\$337,195). Management plans to correct this with future transfers.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### E. Cash and Cash Equivalents

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

### F. Receivables

Receivables are reported at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off, as of year-end, all balances that have not been collected by the time the financial statements are issued. All receivables are shown net of an allowance for uncollectibles of \$0 as no allowance for doubtful accounts was deemed necessary.

### G. Inventory

Inventory is valued at the lower of cost (first-in, first-out method) or market. Inventory consists of expendable supplies held for consumption.

### H. Capital Assets

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

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

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

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

<u>Assets</u>	<u>Years</u>
Land improvements	0 - 50
Buildings	25 - 50
Building improvements	20 - 40
Equipment	5 - 15
Infrastructure	25 - 40
Water and wastewater systems	25
Storm drains	25

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **I. Long-term Obligations**

Long-term obligations consist of notes, bonds, compensated absences and net pension liability.

Long-term obligations expected to be repaid from proprietary funds are accounted for in the business-type activities and proprietary funds. Long-term obligations expected to be repaid from governmental funds are accounted for in the governmental activities.

### **J. Compensated Absences**

Vacation and comp-time leave amounts are accrued as they are earned.

### **K. Pensions and OPEB**

For purposes of measuring the net pension liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employee Retirement System (OPERS) and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **L. Deferred Outflows / Inflows of Resources**

In addition to assets, the statements of net position report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. These include refunded debt charges and pension and OPEB related items.

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

The balance sheet of governmental funds will report as deferred inflows unavailable revenues from property taxes.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### M. Fund Balance and Net Position

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

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

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

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

In the government-wide and proprietary fund financial statements, when both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

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

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

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

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

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

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

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

### **N. Risk Management**

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

## **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. Additionally, several funds hold separate cash and investment 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. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year, at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the City's position in the LGIP is the same as the value of the pool shares.

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

## 2. DEPOSITS AND INVESTMENTS (continued)

As of June 30, 2018, the City had the following investments:

	<u>Maturities</u>	<u>Amortized Cost</u>
State Treasurer's Investment Pool	N/A	<u>\$ 6,698,659</u>

*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 issuer.

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

*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 Depositary 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 are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2018, \$1,027,535 of the City's bank balances were exposed to custodial risk.

### A. The City's deposits and investments at June 30, 2018 are as follows:

Total investments	\$ 6,698,659
Cash on hand	3,000
Deposits with financial institutions	<u>1,132,658</u>
Total deposits and investments	<u>\$ 7,834,317</u>

## 2. DEPOSITS AND INVESTMENTS (continued)

### B. Cash and investments by fund at June 30, 2018:

#### GOVERNMENTAL ACTIVITIES/FUNDS

General	\$ 813,270
Street	95,531
Nonmajor governmental	<u>2,051,369</u>
Total governmental activities/funds	<u>2,960,170</u>

#### BUSINESS-TYPE ACTIVITIES/PROPRIETARY FUNDS

Water	476,739
Wastewater	748,386
Water system replacement	457,108
Nonmajor enterprise	<u>3,191,914</u>
Total business-type activities/proprietary funds	<u>4,874,147</u>

Total cash and investments	<u><u>\$ 7,834,317</u></u>
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## 3. RECEIVABLES

### A. The City's receivables at June 30, 2018 are shown below:

	Governmental Activities / Funds			
	General	Street	Total Nonmajor	Totals
User charges	\$ -	\$ -	\$ 17,786	\$ 17,786
Assessments	-	-	9,410	9,410
Property taxes	260,459	-	52,916	313,375
Accounts	123,590	37,915	70,252	231,757
System development charges	2,098	-	33,774	35,872
Grants	-	67,997	497,803	565,800
	<u>\$ 386,147</u>	<u>\$ 105,912</u>	<u>\$ 681,941</u>	<u>\$ 1,174,000</u>

### 3. RECEIVABLES (continued)

	Business-type Activities / Proprietary Funds			
	Water	Wastewater	Total Nonmajor	Totals
User charges	\$ 126,784	\$ 245,643	\$ -	\$ 372,427
Accounts	26,945	342	-	27,287
System replacement charges	-	-	27,151	27,151
System development charges	-	-	71,157	71,157
Grants	-	-	34,151	34,151
	<u>\$ 153,729</u>	<u>\$ 245,985</u>	<u>\$ 132,459</u>	<u>\$ 532,173</u>

#### B. Property taxes

##### i. Collection procedures

Taxes are levied on July 1 and are payable in three installments due November 15, February 15 and May 15. Curry County bills and collects property taxes for the City.

##### ii. Ensuing year's levy

The City's permanent tax rate is \$3.763 per \$1,000 assessed value as limited by the Constitution of the State of Oregon.

The Urban Renewal Agency will levy 100 percent of the amount of its authority under option one of ORS 457.435(2)(a) for the retirement of long-term obligations principal and interest without making a special levy in 2016-17. The tax rate limit of \$10.00 per thousand of assessed value imposed by the Oregon Constitution is not expected to affect these levies.

### 4. LEASE RECEIVABLE

The City entered into an agreement with Early Management Team, Inc. (the Company) for operation of the golf course. As part of the agreement, the City agreed to lease golf carts for the Company to use. The Company agreed to reimburse the City for all lease payments made on the golf carts until the management agreement ends or the lease is paid in full and ownership of the golf carts transfers to the Company. The initial management agreement ends May 19, 2019 but can be renewed for two additional terms of 36 months each.

## 5. CAPITAL ASSETS

### A. Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 2,923,798	\$ -	\$ -	\$ 2,923,798
Right of way	13,360,659	-	-	13,360,659
Construction in progress	356,614	1,964,500	(198,468)	2,122,646
Total capital assets not being depreciated	16,641,071	1,964,500	(198,468)	18,407,103
Capital assets being depreciated				
Buildings and improvements	4,508,763	256,252	-	4,765,015
Equipment	3,536,197	72,829	-	3,609,026
Infrastructure	16,482,023	1,150,067	-	17,632,090
Total capital assets being depreciated	24,526,983	1,479,148	-	26,006,131
Less accumulated depreciation for				
Buildings and improvements	2,087,467	159,734	-	2,247,201
Equipment	2,528,172	207,628	-	2,735,800
Infrastructure	6,783,108	409,543	-	7,192,651
Total accumulated depreciation	11,398,747	776,905	-	12,175,652
Total capital assets being depreciated, net	13,128,236	702,243	-	13,830,479
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 29,769,307</b>	<b>\$ 2,666,743</b>	<b>\$ (198,468)</b>	<b>\$ 32,237,582</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 551,507	\$ -	\$ -	\$ 551,507
Construction in progress	1,102,914	100,398	(1,203,312)	-
Total capital assets not being depreciated	1,654,421	100,398	(1,203,312)	551,507
Capital assets being depreciated				
Infrastructure	31,321,847	1,451,184	-	32,773,031
Buildings and improvements	9,313,289	-	-	9,313,289
Equipment and vehicles	1,799,494	65,392	-	1,864,886
Total capital assets being depreciated	42,434,630	1,516,576	-	43,951,206
Less accumulated depreciation for				
Infrastructure	18,146,067	862,578	-	19,008,645
Buildings and improvements	4,765,496	314,681	-	5,080,177
Equipment and vehicles	754,309	136,912	-	891,221
Total accumulated depreciation	23,665,872	1,314,171	-	24,980,043
Total capital assets being depreciated, net	18,768,758	202,405	-	18,971,163
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 20,423,179</b>	<b>\$ 302,803</b>	<b>\$ (1,203,312)</b>	<b>\$ 19,522,670</b>

## 5. CAPITAL ASSETS (continued)

### B. Depreciation expense was charged to functions/programs of the City as follows for the year ended June 30, 2018:

#### GOVERNMENTAL ACTIVITIES

General government	\$ 34,047
Public safety	139,024
Highways and streets	473,554
Culture and recreation	<u>130,280</u>

Total depreciation expense - governmental activities	<u><u>\$ 776,905</u></u>
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#### BUSINESS-TYPE ACTIVITIES

Water	\$ 405,543
Wastewater	<u>908,628</u>

Total depreciation expense - business-type activities	<u><u>\$ 1,314,171</u></u>
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## 6. UNAVAILABLE REVENUE

As of June 30, 2018, the City had the following unavailable revenue:

	Governmental Funds			Totals
	General	Street System Development	Total Nonmajor	
Property taxes	\$ 234,280	\$ -	\$ 47,771	\$ 282,051
Assessments	3,191	-	9,410	12,601
Grants	-	-	228,605	228,605
System development charges	-	361,989	8,980	370,969
	<u><u>\$ 237,471</u></u>	<u><u>\$ 361,989</u></u>	<u><u>\$ 294,766</u></u>	<u><u>\$ 894,226</u></u>

## 7. INTERFUND TRANSACTIONS

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

	Transfer In	Transfer Out
GOVERNMENTAL		
General	\$ 488,578	\$ 330,500
Nonmajor	911,252	691,592
	<u>\$ 1,399,830</u>	<u>\$ 1,022,092</u>
PROPREITARY FUNDS		
Water	\$ 805,040	\$ 529,386
Wastewater	1,243,452	1,380,010
Wastewater Replacement Funds	170,269	604,960
Nonmajor	1,942,522	1,979,786
	<u>\$ 4,161,283</u>	<u>\$ 4,494,142</u>
Totals		

Governmental activities made additional transfers to the enterprise funds in the net amount of \$44,879 for the purchase of capital assets and repayment of long-term obligations.

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



## 8. LONG-TERM OBLIGATIONS

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

	Outstanding July 1, 2017	Additions	Reductions	Outstanding June 30, 2018	Balances Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Long-term debt obligations					
Loans					
Storm system - Umpqua Bank	\$ 331,110	\$ -	\$ 51,705	\$ 279,405	\$ 53,048
Urban renewal - Umpqua Bank	1,207,098	-	392,101	814,997	402,283
Vehicles - Umpqua Bank	54,850	-	54,850	-	-
Notes					
Fire truck - Rogue Credit Union	214,177	-	24,154	190,023	24,878
911 tower - Umpqua Bank	282,571	-	35,398	247,173	36,938
Street Sweeper - Rogue Credit Union	68,091	-	14,287	53,804	14,756
Capital lease					
Golf carts - Umpqua Bank	181,837	-	43,379	138,458	44,737
Total long-term debt obligations	2,339,734	-	615,874	1,723,860	576,640
Other long-term obligations					
Net pension liability	3,824,180	-	388,322	3,435,858	-
Compensated absences	240,651	266,770	240,651	266,770	266,770
Total long-term obligations	<u>\$ 6,404,565</u>	<u>\$ 266,770</u>	<u>\$ 1,244,847</u>	<u>\$ 5,426,488</u>	<u>\$ 843,410</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Long-term debt obligations					
Loans					
Wastewater - Umpqua Bank	\$ 5,240,301	\$ -	\$ 996,145	\$ 4,244,156	\$ 1,021,552
Storm system - Umpqua Bank	204,974	-	42,092	162,882	32,839
Water - Umpqua Bank	2,905,731	-	258,999	2,646,732	265,605
Wastewater - Umpqua Bank	575,000	-	115,000	460,000	115,000
Wastewater - Umpqua Bank	550,000	-	110,000	440,000	110,000
Notes					
Ford vehicle - Rogue Credit Union	14,933	-	8,886	6,047	6,047
Dodge 1500 - Rogue Credit Union	8,113	-	4,381	3,732	3,732
Dodge vehicles - First Community	25,316	-	9,336	15,980	9,523
Total long-term debt obligations	9,524,368	-	1,544,839	7,979,529	1,564,298
Other long-term obligations					
Net pension liability	1,872,956	-	399,745	1,473,211	-
Compensated absences	50,111	24,675	50,111	24,675	24,675
Total long-term obligations	<u>\$ 11,447,435</u>	<u>\$ 24,675</u>	<u>\$ 1,994,695</u>	<u>\$ 9,477,415</u>	<u>\$ 1,588,973</u>

## **8. LONG-TERM OBLIGATIONS (continued)**

### **B. Governmental Activities**

*Storm system – Umpqua Bank* – The City borrowed \$850,000 for storm system improvements. Of the original \$850,000, \$525,000 was allocated to the governmental activities and \$325,000 to the business-type activities. Semi-annual payments of \$48,507 include interest at 2.58 percent.

*Urban renewal – Umpqua Bank* – The City borrowed \$2,685,000 to pay off the Urban Renewal Bonds previously issued. Semi-annual payments of \$211,497 include interest at 2.58 percent.

*Vehicles – Umpqua Bank* – The City borrowed \$264,000 to purchase 5 police cars and 2 SUV's. Semi-annual payments of \$27,896 include interest at 2 percent.

*Fire truck – Chetco Federal Credit Union* – The City borrowed \$365,000 to purchase a fire truck. Annual payments of \$30,579 include interest at 3 percent.

*911 Tower – Umpqua Bank* – The City borrowed \$540,000 to build a 911 tower. Annual payments of \$47,690 include interest at 4.35 percent.

*Golf carts – Umpqua Bank* – The noncancellable lease agreement for the golf carts qualifies as a capital lease for accounting purposes and therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Gross assets of \$224,475 and accumulated depreciation of \$91,066 have been recorded under capital lease as of June 30, 2016.

*Street sweeper – Rogue Credit Union* – The City borrowed \$75,000 to purchase a street sweeper. Monthly payments of \$1,357 included interest at 3.24 percent.

### **C. Business-Type Activities**

*Wastewater – Umpqua Bank* – The City borrowed \$9,880,000 for wastewater system improvements. Semi-annual payments of \$561,358 include interest at 2.50 percent.

*Storm system – Umpqua Bank* – The City borrowed \$850,000 for storm system improvements. Of the original \$850,000, \$525,000 was allocated to the governmental activities and \$325,000 to the business-type activities. Semi-annual payments of \$48,507 include interest at 2.58 percent.

*Water – Umpqua Bank* – The City borrowed \$3,650,000 for water system improvements. Interest varies depending on the maturity of the principal amount from 2.5 to 4 percent. Semi-annual payments of \$165,513 include interest.

*Ford vehicle – Rogue Federal Credit Union* – The City borrowed \$42,995 to purchase a new Ford F-450 dump truck. Monthly payments of \$763 include interest at 2.49 percent.

*Dodge 1500 – Rogue Federal Credit Union* – The City borrowed \$21,281 to purchase a new vehicle. Monthly payments of \$378 include interest at 2.49 percent.

*Dodge vehicles – First Community Credit Union* – The City borrowed \$46,386 to purchase two Dodge 1500's. Monthly payments of \$813 include interest at 1.99 percent.

## 8. LONG-TERM OBLIGATIONS (continued)

*Water system replacement – Umpqua Bank* – The City borrowed \$575,000 for water system improvements. Annual payments of \$57,500 include interest at 2.026 percent.

*Wastewater system replacement – Umpqua Bank* – The City borrowed \$550,000 for wastewater system improvements. Annual payments of \$550,000 include interest at 2.026 percent.

### D. Future maturities - governmental activities are as follows:

Fiscal Year	Loans Payable Umpqua Bank			
	Storm System		Urban Renewal	
	Principal	Interest	Principal	Interest
2019	\$ 53,048	\$ 6,872	\$ 402,283	\$ 18,456
2020	54,411	5,508	412,714	8,025
2021	55,838	4,082	-	-
2022	57,288	2,632	-	-
2023	58,820	1,144	-	-
2024-28	-	-	-	-
	<u>\$ 279,405</u>	<u>\$ 20,238</u>	<u>\$ 814,997</u>	<u>\$ 26,481</u>

Fiscal Year	Notes Payable Rogue Credit Union				Notes Payable Umpqua Bank	
	Fire Truck		Street Sweeper		911 Tower	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 24,878	\$ 5,701	\$ 14,756	\$ 1,526	\$ 36,938	\$ 10,752
2020	25,625	4,954	15,240	1,043	38,544	9,145
2021	26,382	4,197	15,743	540	40,221	7,469
2022	27,185	3,394	8,065	8,219	41,971	5,719
2023	28,000	2,579	-	-	43,797	3,893
2024-28	57,953	2,615	-	-	45,702	1,988
	<u>\$ 190,023</u>	<u>\$ 23,440</u>	<u>\$ 53,804</u>	<u>\$ 11,327</u>	<u>\$ 247,173</u>	<u>\$ 38,966</u>

Fiscal Year	Capital Lease Umpqua Bank			
	Golf Carts		Totals	
	Principal	Interest	Principal	Interest
2019	\$ 44,737	\$ 3,645	\$ 576,640	\$ 46,952
2020	46,138	2,244	592,672	30,919
2021	47,583	799	185,767	17,087
2022	-	-	134,509	19,964
2023	-	-	130,617	7,616
2024-28	-	-	103,655	4,603
	<u>\$ 138,458</u>	<u>\$ 6,688</u>	<u>\$ 1,723,860</u>	<u>\$ 127,140</u>

## 8. LONG-TERM OBLIGATIONS (continued)

### E. Future maturities - business-type activities are as follows:

Fiscal Year	Notes Payable Umpqua Bank					
	Wastewater		Wastewater		Storm System	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 1,021,552	\$ 101,162	\$ 110,000	\$ 6,438	\$ 32,839	\$ 4,254
2020	1,047,424	75,292	55,000	5,126	33,683	3,410
2021	1,074,329	48,387	55,000	4,482	34,567	2,527
2022	1,100,849	20,983	55,000	3,987	35,464	1,629
2023	-	-	55,000	3,361	26,329	708
2024-28	-	-	110,000	8,500	-	-
	<u>\$ 4,244,154</u>	<u>\$ 245,824</u>	<u>\$ 440,000</u>	<u>\$ 31,894</u>	<u>\$ 162,882</u>	<u>\$ 12,528</u>

Fiscal Year	Notes Payable Umpqua Bank				Rogue Credit Union	
	Water Loan		Water Loan		Ford Vehicle	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 265,605	\$ 65,421	\$ 115,000	\$ 6,698	\$ 6,047	\$ 57
2020	272,224	58,801	57,500	5,359	-	-
2021	279,324	51,702	57,500	4,686	-	-
2022	286,449	44,577	57,500	4,168	-	-
2023	293,755	37,270	57,500	3,514	-	-
2024-28	1,249,375	72,296	115,000	8,886	-	-
	<u>\$ 2,646,732</u>	<u>\$ 330,067</u>	<u>\$ 460,000</u>	<u>\$ 33,311</u>	<u>\$ 6,047</u>	<u>\$ 57</u>

Fiscal Year	Rogue Credit Union		Note Payable - First Community Credit Union		Totals	
	Dodge 1500		Dodge Vehicles			
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 3,732	\$ 57	\$ 9,527	\$ 232	\$ 1,564,302	\$ 184,319
2020	-	-	6,455	49	1,472,286	148,037
2021	-	-	-	-	1,500,720	111,784
2022	-	-	-	-	1,535,262	75,344
2023	-	-	-	-	432,584	44,853
2024-28	-	-	-	-	1,474,375	89,682
	<u>\$ 3,732</u>	<u>\$ 57</u>	<u>\$ 15,982</u>	<u>\$ 281</u>	<u>\$ 7,979,529</u>	<u>\$ 654,019</u>

## **9. DEFINED BENEFIT PENSION PLAN**

### **A. 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.

The OPERS consists of a single cost-sharing multiple employer defined benefit pension plan.

OPERS produces an independently audited Comprehensive Annual Financial Report which can be found at: <http://www.oregon.gov/pers/pages/index.aspx>

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

### **B. Description of Benefit Terms**

#### **Plan Benefits**

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

- i. Tier one/tier two retirement benefit (Chapter 238). Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

#### **Pension benefits**

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

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

## **9. DEFINED BENEFIT PENSION PLAN (continued)**

### **Death benefits**

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

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

### **Disability benefits**

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

### **Benefit changes after retirement**

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the cost-of-living increases are 2.0 percent.

## **ii. Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP DB)**

### **Pension benefits**

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

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

*Police and fire* – 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

## **9. DEFINED BENEFIT PENSION PLAN (continued)**

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

### **Death benefits**

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

### **Disability Benefits**

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

### **Benefit changes after retirement**

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

## **C. Contributions**

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

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The rates, based on a percentage of payroll, first became effective July 1, 2015.

Tier 1/tier 2 employer contribution rates are 16.72 percent and the OPSRP employer contribution rates are 10.19 percent for general service employees and 14.30 percent for public safety employees. Employer contributions for the year ended June 30, 2018 were \$698,275, excluding amounts to fund employer specific liabilities.

## **9. DEFINED BENEFIT PENSION PLAN (continued)**

### **D. Pension asset or liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions**

At June 30, 2018, the City reported a liability of \$4,909,069 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

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

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

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

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

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

The UAL has Tier 1/Tier 2 and OPSRP pieces. The Tier 1/Tier 2 piece is based on the employer's Tier 1/Tier 2 pooling arrangement. If an employer participates in one of the two large Tier 1/Tier 2 rate pools [State & Local Government Rate Pool (SLGRP) or School Districts Rate Pool], then the employer's Tier 1/Tier 2 UAL is their pro-rata share of their pool's UAL. The pro-rata calculation is based on the employer's payroll in proportion to the pool's total payroll. The OPSRP piece of the UAL follows a parallel pro-rata approach, as OPSRP experience is mandatorily pooled at a state-wide level. Employers that do not participate in a Tier 1/Tier 2 pooling arrangement, who are referred to as "Independent Employers", have their Tier 1/Tier 2 UAL tracked separately in the actuarial valuation.



## 9. DEFINED BENEFIT PENSION PLAN (continued)

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

At the June 30, 2017 measurement date, the City's proportion was 0.03641733%, which is a decrease of 0.00153239% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$998,373. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 237,405	\$ -
Changes of assumptions	894,936	-
Net difference between projected and actual earnings on pension plan investments	50,575	-
Changes in proportion share	6,674	131,527
Differences between City's contributions and Proportionate share of contributions	5,752	40,005
Subtotal	1,195,342	171,532
City's contributions subsequent to the measurement date	437,828	-
	<u>\$ 1,633,170</u>	<u>\$ 171,532</u>

\$437,928 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

### Year end June 30.

2019	\$186,866
2020	586,819
2021	391,575
2022	(141,674)
2023	<u>223</u>
	<u>\$1,023,810</u>

## **9. DEFINED BENEFIT PENSION PLAN (continued)**

### **E. Actuarial Valuations**

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

#### **Actuarial cost method**

The employer contribution rates effective July 1, 2016, through June 30, 2018, were set using the entry age normal actuarial cost method. Under this actuarial cost method, each active member's entry age present value of projected benefits is allocated over the member's service from the member's date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

#### **Tier One/Tier Two unfunded actuarial accrued liability amortization**

The Tier 1/Tier 2 UAL amortization period is reset to 20 years as of December 31, 2014. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of combined valuation payroll (Tier 1/Tier 2 plus OPSRP payroll) over a closed 20-year period from the valuation in which they are first recognized.

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

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

#### **Asset valuation method**

The actuarial value of assets equals the market value of assets, excluding the Contingency and Capital Preservation Reserves, and the Rate Guarantee Reserve when it is in positive surplus status. Market values are reported to the actuary by PERS.

#### **Contribution rate stabilization method**

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

## 9. DEFINED BENEFIT PENSION PLAN (continued)

### Allocation of liability for service segments

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

### Allocation of benefits-in-force reserve

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

### Economic assumptions

Investment return	7.20% compounded annually
Pre-2014 interest crediting	8.00% compounded annually on regular account balances
	8.25% compounded annually on variable account balances
Post 2013 interest crediting	7.20% compounded annually
Inflation	2.50% compounded annually
Payroll growth	3.50% compounded annually
Healthcare cost trends	Ranges from 7.5% in 2017 to 4.2% in 2093

### Demographic assumptions

#### Mortality tables

Healthy retirees	RP 2000, Generational (Scale AA) Combined Active/Healthy Annuitant, Sex Distinct
Disabled retirees	RP 2000, Static, Combined Disabled, No Collar, Sex Distinct Male 70% and Female 95% of disabled table
Non-annuitants	Ranges from 60% to 75% of healthy retired mortality tables depending upon sex and employment type

### Retirement assumptions

Probability tables based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70, election to receive a lump sum option at retirement, disability assumptions, termination assumptions and Oregon post-retirement

### Salary increase assumptions

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

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

## 9. DEFINED BENEFIT PENSION PLAN (continued)

### OPSRP unfunded actuarial accrued liability amortization

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

### Economic assumptions

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

### Retirement assumptions

Probability tables are different but still based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70, election to receive a lump sum option at retirement, disability assumptions, termination assumptions and Oregon post-retirement residency assumptions.

### F. Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study Report	2015, published September 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-term expected rate of return	7.50 percent
Discount rate	7.50 percent
Projected Salary Increases	3.50 percent
Cost of living adjustments (COLA)	Blend of 2.00 percent COLA and graded COLA (1.25%/0.015) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<p><b>Healthy retirees and beneficiaries:</b> RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><b>Disabled retirees:</b> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

## **9. DEFINED BENEFIT PENSION PLAN (continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2015 Experience Study which reviewed experience for the four-year period ending on December 31, 2015.

### **Discount Rate**

The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from 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.

### **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 2016 the PERS Board reviewed long-term assumptions developed by both the actuary's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS audited financial statements.

## 9. DEFINED BENEFIT PENSION PLAN (continued)

The table below presents the assumptions for each of the asset classes in which the Plan was invested at the time based on the OIC's long-term target asset allocation.

<u>Long-Term Expected Rate of Return</u>				
Asset Class	Target Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00 %	4.10 %	4.00 %	4.68 %
Short-Term Bonds	8.00	3.65	3.61	2.74
Bank/Leveraged Loans	3.00	5.69	5.42	7.82
High Yield Bonds	1.00	6.67	6.20	10.28
Large/Mid Cap US Equities	15.75	7.96	6.70	17.07
Small Cap US Equities	1.31	8.93	6.99	21.35
Micro Cap US Equities	1.31	9.37	7.01	23.72
Developed Foreign Equities	13.13	8.34	6.73	19.40
Emerging Market Equities	4.12	10.56	7.25	28.45
Non-US Small Cap Equities	1.88	9.01	7.22	20.55
Private Equity	17.50	11.60	7.97	30.00
Real Estate (Property)	10.00	6.48	5.84	12.00
Real Estate (REITS)	2.50	8.74	6.69	22.02
Hedge Fund of Funds – Diversified	2.50	4.94	4.64	8.09
Hedge Fund – Event-driven	0.63	7.07	6.72	8.90
Timber	1.88	6.60	5.85	13.00
Farmland	1.88	7.11	6.37	13.00
Infrastructure	3.75	8.31	7.13	16.50
Commodities	1.88	6.07	4.58	18.40
Assumed Inflation - Mean			2.50 %	1.85 %
* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of December 3, 2014. The revised allocation was adopted at the June 3, 2015 OIC meeting.				

### Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

## 9. DEFINED BENEFIT PENSION PLAN (continued)

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

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

Based on these circumstances, it is OPERS independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

### G. Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.

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

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
City's proportionate share of net pension liability	\$ 8,365,951	\$ 4,909,069	\$ 2,018,477

## 10. DEFINED CONTRIBUTION PLAN

### Individual Account Program (IAP)

Participants in OPERS defined benefit pension plan also participate in the defined contribution plan.

### Pension Benefits

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

## **10. DEFINED CONTRIBUTION PLAN (continued)**

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

### **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**

The City makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2018 were \$165,535.

### **Recordkeeping**

PERS contracts with VOYA Financial to maintain IAP participant records.

## **11. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM RETIREE HEALTH INSURANCE ACCOUNT**

**Plan Description** – The Oregon Public Employee Retirement System (OPERS) administers the Retirement Health Insurance Account (RHIA) cost-sharing multiple-employer defined benefit OPEB plan (the Plan) for units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides OPEB through the Plan.

OPERS is administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The Oregon Legislature has delegated authority to the Public Employees Retirement Board (Board) to administer and manage OPERS. All members of the board are appointed by the governor and confirmed by the State Senate. The governor designates the chairperson. One member must be a public employer manager or a local elected official, one member must be a union-represented public employee or retiree, and three members must have experience in business management, pension management, or investing.

RHIA was established by ORS 238.420 and is administered and managed by the Board. The Plan was closed to new entrants hired on or after August 29, 2003.

OPERS issues a publicly available financial report online at:

<http://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx>



## 11. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM RETIREE HEALTH INSURANCE ACCOUNT (continued)

### Benefits Provided

The RHIA provides a monthly premium subsidy available to Medicare entitled (enrolled in Medicare Parts A and B) retirees that are receiving either a PERS service or disability retirement allowance and have had either eight or more years of qualifying service time at retirement or is receiving a PERS disability retirement allowance that is computed as if the retiree had eight or more years of creditable service time.

### Contributions

Employer contributions to OPERS are calculated based on creditable compensation for active members reported by employers. Employer contributions are accrued when due pursuant to legal requirements. Employer proportions are determined as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. Ultimate authority for setting and changing the laws governing contributions rest with the Oregon Legislature. Employees are not required to contribute to the OPEB plan.

The contribution, as determined by the proportionate share, as of the June 30, 2017 measurement date was \$12,212.

### Assets, liabilities, deferred outflows of resources and deferred inflows of resources, and expense related to OPEB

At June 30, 2018, City of Brookings reported an asset of \$11,310 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of December 31, 2015. The City's proportionate share as of the June 30, 2017 measurement date was .02710102%. The proportionate share prior to the June 30, 2016 measurement date was .02926476%.

For the year ended June 30, 2018, the City recognized OPEB income of \$98 and deferred outflows of resources and inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on investments	\$ -	\$ 5,238
Changes in proportionate share	-	429
City's contributions subsequent to the measurement date	12,212	-
	<u>\$ 12,212</u>	<u>\$ 5,667</u>

## 11. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM RETIREE HEALTH INSURANCE ACCOUNT (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ended June 30:

2019	\$ (1,469)
2020	(1,469)
2021	(1,421)
2022	(1,308)
	<hr/>
	\$ (5,667)

**Actuarial methods and assumptions.** The total OPEB liability based on the December 31, 2015 actuarial valuation date and rolled forward to the June 30, 2017 measurement date. The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified, were used:

Actuarial assumptions	
Inflation rate	2.50%
Long-term expected rate of return	7.50%
Discount rate	7.50%
Salary changes	3.50%
Healthcare cost trend rates	Not applicable

Mortality rates are based on the RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs. For active members mortality rates are a percentage of healthy retiree rates that vary by group. For disabled members, mortality rates are a percentage (70% for males and 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

**Discount rate** – The discount rate used to measure the total OPEB liability at June 30, 2017 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at contractually required rates, as actuarially determined. Based on those assumptions, the RHIA 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 OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Long term expected rate of return** – The long-term expected rate of return was determined by a review of the long-term assumptions developed by Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table showing Milliman's assumptions for each of the asset classes in which the Plan was invested at the time based on OIC's long-term target asset allocation can be found in section E.2 on page 44.

## 11. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM RETIREE HEALTH INSURANCE ACCOUNT (continued)

***Sensitivity of proportionate share of the net OPEB liability to changes in the discount rate.*** The following presents the County's proportionate share of the net OPEB liability, as well as what the County's proportionate share of the net OPEB liability would be if calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current discount rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1 % Increase (8.5%)
Net OPEB liability (asset)	\$ 1,577	\$ (11,310)	\$ (22,272)

***OPEB plan fiduciary new position*** – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPERS financial report.

## 12. INTERGOVERNMENTAL AGREEMENT

The City has an intergovernmental agreement with the Upper Chetco Rural Fire Protection District (the District), to provide fire protection. The Agreement has been renewed until June 30, 2019. The Agreement must be evaluated at the end of each 12-month period. Following the evaluation either party may cancel the Agreement by giving one year written notice of termination.

The City agrees to provide fire protection to the District, including the use of available pumpers, tankers and sufficient personnel to operate fire protection apparatus. The District pays the City an annual fee equal to 90 percent of the property taxes collected by the District.

## 13. NET POSITION RESTRICTED THROUGH ENABLING LEGISLATION

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

### Governmental Activities

Highways and streets – Article IX, Section 3a of the Oregon State Constitution restricts the use of revenue from taxes on motor vehicle fuel use	\$130,568
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Capital Projects – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made	\$399,279
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Other purposes – the State of Oregon restricts the use of 911 taxes	\$248,762
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### Business-type Activities

Capital Projects – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made	\$829,145
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## 14. RISK MANAGEMENT

The City is exposed to various risks of loss related to theft of, damage to, and destruction of assets; torts; 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.

## 15. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City has issued revenue bonds to finance water and wastewater systems. The two systems are accounted for in eight enterprise funds.

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

<b>A. Condensed statement of net position</b>			
		<u>Water</u>	<u>Wastewater</u>
ASSETS			
Current		\$ 1,710,151	\$ 3,976,278
Capital assets, net		<u>8,313,054</u>	<u>11,209,616</u>
Total assets		<u>10,023,205</u>	<u>15,185,894</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items		<u>1,446</u>	<u>2,219</u>
LIABILITIES			
Current		685,078	1,292,977
Noncurrent		<u>3,321,074</u>	<u>4,567,368</u>
Total liabilities		<u>4,006,152</u>	<u>5,860,345</u>
DEFERRED INFLOWS OF RESOURCES			
Pension and OPEB related items		<u>671</u>	<u>1,030</u>
NET POSITION			
Net investment in capital assets		5,653,442	6,952,580
Restricted		372,099	1,909,137
Unrestricted		<u>166,712</u>	<u>732,626</u>
TOTAL NET POSITION		<u>\$ 6,192,253</u>	<u>\$ 9,594,343</u>

## 15. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (continued)

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

	Water	Wastewater
Operating revenue	\$ 1,673,591	\$ 2,936,493
Depreciation expense	405,543	908,628
Other operating expenses	1,327,325	1,611,965
Operating (loss)	(59,277)	415,900
Nonoperating revenues (expenses)	(17,306)	94,474
(Loss) before transfers and capital contributions	(76,583)	510,374
Capital contributions	248,880	294,790
Transfers in	1,433,392	2,727,891
Transfers out	(1,592,429)	(2,901,713)
Change in net position	13,260	631,342
Net position – beginning	6,178,992	8,963,001
Net position – ending	\$ 6,192,252	\$ 9,594,343

### C. Condensed statement of cash flows

	Water	Wastewater
Net cash provided by (used in)		
Operating activities	\$ 355,698	\$ 1,447,181
Non-capital financing activities	(1,065,922)	374,009
Capital and related financing activities	1,221,624	(940,271)
Investing activities	23,562	45,258
Net increase in cash	534,962	926,177
Cash and cash equivalents - beginning	756,737	2,656,271
Cash and cash equivalents - ending	\$ 1,291,699	\$ 3,582,448

## 16. Commitments

As of June 30, 2018, the City does not have any commitments.

## 17. Tax Abatements

The City has entered into no tax abatement programs. There are no tax abatement programs entered into by another government reducing the City's property tax revenues for the year ended June 30, 2018.

## **Required Supplementary Information**

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**City of Brookings**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**Oregon Public Employees Retirement System**  
**Last 10 Years Ended June 30, \***

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	2018	2017	2016	2015	2014
Proportion of the collective net pension liability (asset)	0.03641733%	0.03794972%	0.03862112%	0.03790856%	0.03790856%
Proportionate share of the collective net pension liability (asset)	\$ 4,909,069	\$ 5,697,134	\$ 2,217,417	\$ (859,279)	\$ 1,934,529
Covered payroll	\$ 2,965,101	\$ 2,835,306	\$ 2,827,965	\$ 2,663,955	\$ 2,663,955
Proportionate share of the collective net pension liability (asset) as a percentage of the covered payroll	166%	201%	78%	-32%	73%
Pension plan's fiduciary net position as a percentage of the total pension liability	83%	81%	92%	104%	92%

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

**City of Brookings**  
**Schedule of Contributions – Pension**  
**Oregon Public Employees Retirement System**  
**Last 10 Years Ended June 30, \***

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	2018	2017	2016	2015	2014
Contractually required contributions	\$ 437,927	\$ 367,477	\$ 386,346	\$ 349,482	\$ 339,336
Contractually required contributions recognized by the pension plan	437,927	367,477	386,346	349,482	339,336
Difference	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,818,163	\$ 2,965,101	\$ 2,835,306	\$ 2,827,965	\$ 2,663,955
Contractually required contributions as a percentage of covered payroll	15.54%	12.39%	13.63%	12.36%	12.74%

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



**City of Brookings**  
**Schedule of the Proportionate Share of the Net OPEB Liability**  
**Oregon Public Employees Retirement System**  
**Last 10 Years Ended June 30, \***

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	<u>2018</u>	<u>2017</u>
Proportion of the collective net OPEB liability (asset)	0.02710102%	0.02926476%
Proportionate share of the collective net OPEB liability (asset)	\$ (11,310)	\$ 7,947
Covered payroll	\$ 2,965,101	\$ 2,835,306
Proportionate share of the collective net OPEB liability (asset) as a percentage of the covered payroll	0%	0%
OPEB's fiduciary net position as a percentage of the total OPEB liability	94.2%	108.9%

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

**City of Brookings**  
**Schedule of Contributions - OPEB**  
**Oregon Public Employees Retirement System**  
**Last 10 Years Ended June 30, \***

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	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 12,212	\$ 13,630
Contractually required contributions recognized by OPEB	<u>12,212</u>	<u>13,630</u>
Difference	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 <u>\$ 2,818,163</u>	 <u>\$ 2,965,101</u>
 Contractually required contributions as a percentage of covered payroll	 <u>0.43%</u>	 <u>0.46%</u>

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

## **Combining and Individual Fund Statements and Schedules**

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**City of Brookings**  
**Street System Development – Capital Projects Fund (Major Fund)**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual**  
**For the Year Ended June 30, 2018**

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	Budget			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
Improvement fees	\$ 5,000	\$ 5,000	\$ 23,394	\$ 18,394
Reimbursement fees	2,000	2,000	5,734	3,734
Grant revenue	-	1,912,482	620,983	(1,291,499)
Interest	5,000	5,000	3,285	(1,715)
Total revenues	12,000	1,924,482	653,396	(1,271,086)
<b>EXPENDITURES</b>				
Street Program	512,000	2,424,482	1,507,091	917,391
Total expenditures	512,000	2,424,482	1,507,091	917,391
Net change in fund balance	(500,000)	(500,000)	(853,695)	(353,695)
Fund balance at beginning of year	500,000	500,000	516,500	16,500
Fund balance at end of year	\$ -	\$ -	\$ (337,195)	\$ (337,195)

**City of Brookings**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2018**

	Special Revenue	Debt Service	Capital Projects	Totals
<b>ASSETS</b>				
Cash and investments	\$ 620,867	\$ 347,074	\$ 1,137,375	\$ 2,105,316
Receivables	201,399	-	224,465	425,864
Prepaid items	-	-	-	-
Total assets	<u>\$ 822,266</u>	<u>\$ 347,074</u>	<u>\$ 1,361,840</u>	<u>\$ 2,531,180</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 4,353	\$ -	\$ 61,552	\$ 65,905
Due to other funds	-	-	-	-
Total liabilities	<u>4,353</u>	<u>-</u>	<u>61,552</u>	<u>65,905</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	<u>115,768</u>	<u>-</u>	<u>178,998</u>	<u>294,766</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted for				
Highways and streets	130,568	-	-	130,568
Urban renewal projects	228,469	-	-	228,469
911 services	248,762	-	-	248,762
Tourism	20,144	-	-	20,144
Debt service	-	347,074	-	347,074
Capital projects	-	-	399,279	399,279
Committed for				
Capital projects	-	-	722,011	722,011
Police programs	62,183	-	-	62,183
Current and future health care programs	2,397	-	-	2,397
Fire equipment and training	<u>9,622</u>	<u>-</u>	<u>-</u>	<u>9,622</u>
Total fund balances	<u>702,145</u>	<u>347,074</u>	<u>1,121,290</u>	<u>2,170,509</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 822,266</u>	<u>\$ 347,074</u>	<u>\$ 1,361,840</u>	<u>\$ 2,531,180</u>

**City of Brookings**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2018**

	Special Revenue	Debt Service	Capital Projects	Totals
<b>REVENUES</b>				
Property taxes	\$ 578,596	\$ -	\$ -	\$ 578,596
Transient tax	56,819	-	-	56,819
Local gas tax	-	-	288,817	288,817
Licenses, permits and fees	1,020	-	-	1,020
System development charges	-	-	27,186	27,186
System replacement charges	-	-	196,170	196,170
Intergovernmental	614,738	-	155,251	769,989
Interest	17,273	2,947	18,408	38,628
Miscellaneous	23,786	-	197,457	221,243
	<u>1,292,232</u>	<u>2,947</u>	<u>883,289</u>	<u>2,178,468</u>
Total revenues				
<b>EXPENDITURES</b>				
Current				
General government	28,665	-	13,087	41,752
Public safety	38,319	-	-	38,319
Highways and streets	430,947	-	-	430,947
Culture and recreation	56,954	-	-	56,954
Debt service	44,449	517,765	-	562,214
Capital outlay	221,502	-	1,480,510	1,702,012
	<u>820,836</u>	<u>517,765</u>	<u>1,493,597</u>	<u>2,832,198</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>471,396</u>	<u>(514,818)</u>	<u>(610,308)</u>	<u>(653,730)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	547,752	363,500	911,252
Transfers out	(589,072)	-	(102,520)	(691,592)
	<u>(589,072)</u>	<u>547,752</u>	<u>260,980</u>	<u>219,660</u>
Total other financing sources (uses)				
Net change in fund balances	(117,676)	32,934	(349,328)	(434,070)
Fund balances at beginning of year	819,821	314,140	1,470,618	2,604,579
	<u>(117,676)</u>	<u>32,934</u>	<u>(349,328)</u>	<u>(434,070)</u>
Fund balances at end of year	<u>\$ 702,145</u>	<u>\$ 347,074</u>	<u>\$ 1,121,290</u>	<u>\$ 2,170,509</u>

**City of Brookings**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2018**

	Street Fund	Urban Renewal	911	Special Police	Health Fair	Special Fire	Tourism	Totals
<b>ASSETS</b>								
Cash and investments	\$ 95,531	\$ 223,324	\$ 206,358	\$ 62,183	\$ 2,397	\$ 9,622	\$ 21,452	\$ 620,867
Receivables	105,912	52,916	42,571	-	-	-	-	201,399
<b>TOTAL ASSETS</b>	<b>\$ 201,443</b>	<b>\$ 276,240</b>	<b>\$ 248,929</b>	<b>\$ 62,183</b>	<b>\$ 2,397</b>	<b>\$ 9,622</b>	<b>\$ 21,452</b>	<b>\$ 822,266</b>
<b>LIABILITIES</b>								
Accounts payable and	\$ 2,878	\$ -	\$ 167	\$ -	\$ -	\$ -	\$ 1,308	\$ 4,353
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue	67,997	47,771	-	-	-	-	-	115,768
<b>FUND BALANCES</b>								
Restricted for								
Highways and streets	130,568	-	-	-	-	-	-	130,568
Urban renewal projects	-	228,469	-	-	-	-	-	228,469
911 services	-	-	248,762	-	-	-	-	248,762
Tourism	-	-	-	-	-	-	20,144	20,144
Committed for								
Police programs	-	-	-	62,183	-	-	-	62,183
Current and future health care programs	-	-	-	-	2,397	-	-	2,397
Fire equipment and training	-	-	-	-	-	9,622	-	9,622
<b>Total fund balances</b>	<b>130,568</b>	<b>228,469</b>	<b>248,762</b>	<b>62,183</b>	<b>2,397</b>	<b>9,622</b>	<b>20,144</b>	<b>702,145</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 201,443</b>	<b>\$ 276,240</b>	<b>\$ 248,929</b>	<b>\$ 62,183</b>	<b>\$ 2,397</b>	<b>\$ 9,622</b>	<b>\$ 21,452</b>	<b>\$ 822,266</b>

**City of Brookings**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2018**

	Street Fund	Urban Renewal	911	Special Police	Health Fair	Special Fire	Tourism	Totals
<b>REVENUES</b>								
Property taxes	\$ -	\$ 578,596	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 578,596
Transient tax	-	-	-	-	-	-	56,819	56,819
Licenses, permits and fees	-	-	-	-	-	1,020	-	1,020
Intergovernmental	416,223	-	167,381	31,134	-	-	-	614,738
Interest	2,137	10,137	3,733	920	-	136	210	17,273
Miscellaneous	14,091	-	-	9,695	-	-	-	23,786
Total revenues	432,451	588,733	171,114	41,749	-	1,156	57,029	1,292,232
<b>EXPENDITURES</b>								
Current								
General government	-	28,665	-	-	-	-	-	28,665
Public safety	-	-	18,321	19,998	-	-	-	38,319
Highways and streets	430,947	-	-	-	-	-	-	430,947
Culture and recreation	-	-	-	-	-	-	56,954	56,954
Debt service	20,604	-	23,845	-	-	-	-	44,449
Capital outlay	-	221,502	-	-	-	-	-	221,502
Total expenditures	451,551	250,167	42,166	19,998	-	-	56,954	820,836
Excess (deficiency) of revenues over expenditures	(19,100)	338,566	128,948	21,751	-	1,156	75	471,396
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers out	(31,582)	(450,739)	(102,100)	-	-	-	(4,651)	(589,072)
Total other financing sources	(31,582)	(450,739)	(102,100)	-	-	-	(4,651)	(589,072)
Net change in fund balances	(50,682)	(112,173)	26,848	21,751	-	1,156	(4,576)	(117,676)
Fund balances at beginning of year	181,250	340,642	221,914	40,432	2,397	8,466	24,720	819,821
Fund balances at end of year	\$ 130,568	\$ 228,469	\$ 248,762	\$ 62,183	\$ 2,397	\$ 9,622	\$ 20,144	\$ 702,145



**City of Brookings**  
**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**June 30, 2018**

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	Urban Renewal Debt Service	Storm Loan	Totals
ASSETS			
Cash and investments	<u>\$    347,074</u>	<u>\$          -</u>	<u>\$    347,074</u>
FUND BALANCES			
Restricted for debt service	<u>\$    347,074</u>	<u>\$          -</u>	<u>\$    347,074</u>

**City of Brookings**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Debt Service Funds**  
**For the Year Ended June 30, 2018**

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	Urban Renewal Debt Service	Storm Loan	Totals
REVENUES			
Interest	\$ 2,947	\$ -	\$ 2,947
EXPENDITURES			
Debt service	420,752	97,013	517,765
Excess (deficiency) of revenues over expenditures	(417,805)	97,013	(320,792)
OTHER FINANCING SOURCES (USES)			
Transfers in	450,739	97,013	547,752
Total other financing sources (uses)	450,739	97,013	547,752
Net change in fund balances	32,934	-	32,934
Fund balances at beginning of year	314,140	-	314,140
Fund balances at end of year	<u>\$ 347,074</u>	<u>\$ -</u>	<u>\$ 347,074</u>

**City of Brookings**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**June 30, 2018**

	Technology Reserve	Street System Replacement	Stormwater System Replacement	Parks and Recreation System Development	Stormwater System Development	Capital Projects Reserve	Totals
<b>ASSETS</b>							
Cash and investments	\$ 67,205	\$ 197,669	\$ 188,221	\$ 288,379	\$ 110,900	\$ 285,001	\$ 1,137,375
Receivables	-	37,092	17,785	1,342	7,638	160,608	224,465
Total assets	<u>\$ 67,205</u>	<u>\$ 234,761</u>	<u>\$ 206,006</u>	<u>\$ 289,721</u>	<u>\$ 118,538</u>	<u>\$ 445,609</u>	<u>\$ 1,361,840</u>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 831	\$ -	\$ -	\$ -	\$ -	\$ 60,721	\$ 61,552
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,721</u>	<u>61,552</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	-	9,410	-	1,342	7,638	160,608	178,998
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted for capital projects	-	-	-	288,379	110,900	-	399,279
Committed for capital projects	66,374	225,351	206,006	-	-	224,280	722,011
Total fund balances	<u>66,374</u>	<u>225,351</u>	<u>206,006</u>	<u>288,379</u>	<u>110,900</u>	<u>224,280</u>	<u>1,121,290</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 67,205</u>	<u>\$ 234,761</u>	<u>\$ 206,006</u>	<u>\$ 289,721</u>	<u>\$ 118,538</u>	<u>\$ 445,609</u>	<u>\$ 1,361,840</u>

**City of Brookings**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended June 30, 2018**

	Technology Reserve	Street System Replacement	Stormwater System Replacement	Parks and Recreation System Development	Stormwater System Development	Capital Projects Reserve	Totals
<b>REVENUES</b>							
Local gas tax	\$ -	\$ 288,817	\$ -	\$ -	\$ -	\$ -	\$ 288,817
System development charges	-	-	-	14,964	12,222	-	27,186
System replacement charges	-	17	196,153	-	-	-	196,170
Intergovernmental	-	-	-	-	-	155,251	155,251
Interest	896	2,947	5,411	4,463	1,992	2,699	18,408
Miscellaneous	-	-	-	184,397	-	13,060	197,457
Total revenues	896	291,781	201,564	203,824	14,214	171,010	883,289
<b>EXPENDITURES</b>							
Current							
General government	13,087	-	-	-	-	-	13,087
Capital outlay	39,960	232,517	611,913	83,422	35,002	477,696	1,480,510
Total expenditures	53,047	232,517	611,913	83,422	35,002	477,696	1,493,597
Excess (deficiency) of revenues over expenditures	(52,151)	59,264	(410,349)	120,402	(20,788)	(306,686)	(610,308)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	75,500	-	-	-	-	288,000	363,500
Transfers out	(42,600)	(4,914)	(55,006)	-	-	-	(102,520)
Total other financing sources (uses)	32,900	(4,914)	(55,006)	-	-	288,000	260,980
Net change in fund balances	(19,251)	54,350	(465,355)	120,402	(20,788)	(18,686)	(349,328)
Fund balances at beginning of year	85,625	171,001	671,361	167,977	131,688	242,966	1,470,618
Fund balances at end of year	\$ 66,374	\$ 225,351	\$ 206,006	\$ 288,379	\$ 110,900	\$ 224,280	\$ 1,121,290

# City of Brookings

## Street Fund – Special Revenue Fund

### Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual

For the Year Ended June 30, 2018

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 485,000	\$ 485,000	\$ 416,223	\$ (68,777)
Interest	1,400	1,400	2,137	737
Miscellaneous	12,250	12,250	14,091	1,841
Total revenues	498,650	498,650	432,451	(66,199)
EXPENDITURES				
Street maintenance	517,515	518,320	430,947	87,373
Debt service	27,583	27,583	20,604	6,979
Contingency	121,970	121,165	-	121,165
Total expenditures	667,068	667,068	451,551	215,517
Excess (deficiency) of revenues over expenditures	(168,418)	(168,418)	(19,100)	149,318
OTHER FINANCING SOURCES (USES)				
Transfers out	(31,582)	(31,582)	(31,582)	-
Net change in fund balance	(200,000)	(200,000)	(50,682)	149,318
Fund balance at beginning of year	200,000	200,000	181,250	(18,750)
Fund balance at end of year	\$ -	\$ -	\$ 130,568	\$ 130,568

**City of Brookings**  
**Urban Renewal – Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual**  
**For the Year Ended June 30, 2018**

	Budget			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
Property taxes	\$ 534,592	\$ 534,592	\$ 578,596	\$ 44,004
Interest	3,000	3,000	10,137	7,137
Total revenues	537,592	537,592	588,733	51,141
<b>EXPENDITURES</b>				
Urban Renewal Division	35,000	685,000	28,665	656,335
Capital outlay	391,853	391,853	221,502	170,351
Total expenditures	426,853	1,076,853	250,167	826,686
Excess (deficiency) of revenues over expenditures	110,739	(539,261)	338,566	877,827
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan proceeds	-	650,000	-	650,000
Transfers out	(450,739)	(450,739)	(450,739)	-
Total other financing sources (uses)	(450,739)	199,261	(450,739)	650,000
Net change in fund balance	(340,000)	(340,000)	(112,173)	877,827
Fund balance at beginning of year	340,000	340,000	340,642	642
Fund balance at end of year	\$ -	\$ -	\$ 228,469	\$ 228,469

**City of Brookings**  
**911 – Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual**  
**For the Year Ended June 30, 2018**

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 165,000	\$ 167,381	\$ 2,381
Interest	1,500	3,733	2,233
Total revenues	166,500	171,114	4,614
EXPENDITURES			
911 Division	133,400	18,321	115,079
Contingency	100,000	-	100,000
Debt Service	24,000	23,845	155
Total expenditures	257,400	42,166	215,234
Excess (deficiency) of revenues over expenditure	(90,900)	128,948	219,848
OTHER FINANCING SOURCES (USES)			
Transfers out	(102,100)	(102,100)	-
Net change in fund balance	(193,000)	26,848	219,848
Fund balance at beginning of year	193,000	221,914	28,914
Fund balance at end of year	\$ -	\$ 248,762	\$ 248,762

**City of Brookings**  
**Special Police – Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual**  
**For the Year Ended June 30, 2018**

	Budget			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
Intergovernmental	\$ 5,000	\$ 36,134	\$ 31,134	\$ (5,000)
Interest	-	-	920	920
Miscellaneous	22,000	22,000	9,695	(12,305)
Total revenues	27,000	58,134	41,749	(16,385)
<b>EXPENDITURES</b>				
Special police				
K9	22,915	22,915	13,105	9,810
Safety city	9,234	9,234	5,365	3,869
Federal restitution	4,166	4,166	-	4,166
State restitution	1,390	1,390	-	1,390
Police reserves	19,400	19,400	1,528	17,872
Police VIPS	750	750	-	750
Grants program	11,500	42,634	-	42,634
Total expenditures	69,355	100,489	19,998	80,491
Excess (deficiency) of revenues over expenditures	(42,355)	(42,355)	21,751	64,106
Net change in fund balance	(42,355)	(42,355)	21,751	64,106
Fund balance at beginning of year	42,355	42,355	40,432	(1,923)
Fund balance at end of year	\$ -	\$ -	\$ 62,183	62,183



**City of Brookings**  
**Health Fair – Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual**  
**For the Year Ended June 30, 2018**

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	Budget	Actual	Variance
REVENUES			
Rentals	\$ 1,500	\$ -	\$ (1,500)
Total revenues	1,500	-	(1,500)
EXPENDITURES			
Health fair program	2,500	-	2,500
Contingency	1,300	-	1,300
Total expenditures	3,800	-	3,800
Net change in fund balance	(2,300)	-	2,300
Fund balance at beginning of year	2,300	2,397	97
Fund balance at end of year	\$ -	\$ 2,397	\$ 2,397

**City of Brookings**  
**Special Fire – Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual**  
**For the Year Ended June 30, 2018**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses and permits	\$ 1,200	\$ 1,020	\$ (180)
Interest	-	136	136
Miscellaneous	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total revenues	<u>2,200</u>	<u>1,156</u>	<u>(1,044)</u>
EXPENDITURES			
Fire program	<u>10,200</u>	<u>-</u>	<u>10,200</u>
Total expenditures	<u>10,200</u>	<u>-</u>	<u>10,200</u>
Net change in fund balance	(8,000)	1,156	9,156
Fund balance at beginning of year	<u>8,000</u>	<u>8,466</u>	<u>466</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 9,622</u></u>	<u><u>\$ 9,622</u></u>

**City of Brookings**  
**Tourism – Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual**  
**For the Year Ended June 30, 2018**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Transient tax	\$ 51,000	\$ 56,819	\$ 5,819
Interest	100	210	110
	<u>51,100</u>	<u>57,029</u>	<u>5,929</u>
Total revenues			
	<u>51,100</u>	<u>57,029</u>	<u>5,929</u>
EXPENDITURES			
Tourism	69,100	56,954	12,146
	<u>69,100</u>	<u>56,954</u>	<u>12,146</u>
Total expenditures			
	<u>69,100</u>	<u>56,954</u>	<u>12,146</u>
Excess (deficiency) of revenues over expenditure	(18,000)	75	18,075
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(4,651)	(4,651)
	<u>-</u>	<u>(4,651)</u>	<u>(4,651)</u>
Net change in fund balance	(18,000)	(4,576)	13,424
Fund balance at beginning of year	18,000	24,720	6,720
	<u>18,000</u>	<u>24,720</u>	<u>6,720</u>
Fund balance at end of year	\$ -	\$ 20,144	\$ 20,144
	<u>\$ -</u>	<u>\$ 20,144</u>	<u>\$ 20,144</u>

**City of Brookings**  
**Urban Renewal Debt Service – Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual**  
**For the Year Ended June 30, 2018**

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	Budget			
	Original	Final	Actual	Variance
REVENUES				
Interest	\$ -	\$ -	\$ 2,947	\$ 2,947
EXPENDITURES				
Debt service	450,739	450,739	420,752	29,987
Contingency	300,000	300,000	-	300,000
Total expenditures	750,739	750,739	420,752	329,987
Excess (deficiency) of revenues over expenditures	(750,739)	(750,739)	(417,805)	332,934
OTHER FINANCING SOURCES (USES)				
Transfers in	450,739	450,739	450,739	-
Net change in fund balance	(300,000)	(300,000)	32,934	332,934
Fund balance at beginning of year	300,000	300,000	314,140	14,140
Fund balance at end of year	\$ -	\$ -	\$ 347,074	\$ 347,074

**City of Brookings**  
**Storm Loan – Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual**  
**For the Year Ended June 30, 2018**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES			
Debt service	<u>\$ 97,013</u>	<u>\$ 97,013</u>	<u>\$ -</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>97,013</u>	<u>97,013</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**City of Brookings**  
**Technology Reserve – Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual**  
**For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 500	\$ 896	\$ 396
EXPENDITURES			
Technology program	88,400	53,047	35,353
Contingency	10,000	-	10,000
Total expenditures	98,400	53,047	45,353
Excess (deficiency) of revenues over expenditure	(97,900)	(52,151)	45,749
OTHER FINANCING SOURCES (USES)			
Transfers in	75,500	75,500	-
Transfers out	(42,600)	(42,600)	-
Total other financing sources (uses)	32,900	32,900	-
Net change in fund balance	(65,000)	(19,251)	45,749
Fund balance at beginning of year	65,000	85,625	20,625
Fund balance at end of year	<u>\$ -</u>	<u>\$ 66,374</u>	<u>\$ 66,374</u>

**City of Brookings**  
**Street System Replacement – Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual**  
**For the Year Ended June 30, 2018**

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	Budget	Actual	Variance
REVENUES			
Local gas tax	\$ 300,000	\$ 288,817	\$ (11,183)
Interest	2,000	2,947	947
System replacement fees	-	17	17
Total revenues	302,000	291,781	(10,219)
EXPENDITURES			
Capital outlay	507,086	232,517	274,569
Excess (deficiency) of revenues over expenditure	(205,086)	59,264	264,350
OTHER FINANCING SOURCES (USES)			
Transfers out	(4,914)	(4,914)	-
Total other financing sources (uses)	(4,914)	(4,914)	-
Net change in fund balance	(210,000)	54,350	264,350
Fund balance at beginning of year	210,000	171,001	(38,999)
Fund balance at end of year	\$ -	\$ 225,351	\$ 225,351

**City of Brookings**  
**Stormwater System Replacement – Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual**  
**For the Year Ended June 30, 2018**

	Budget	Actual	Variance
REVENUES			
System replacement fees	\$ 192,000	\$ 196,153	\$ 4,153
Interest	4,000	5,411	1,411
Total revenues	196,000	201,564	5,564
EXPENDITURES			
Capital outlay	630,994	611,913	19,081
Total expenditures	630,994	611,913	19,081
Excess (deficiency) of revenues over expenditure	(434,994)	(410,349)	24,645
OTHER FINANCING SOURCES (USES)			
Transfers out	(55,006)	(55,006)	-
Total other financing sources (uses)	(55,006)	(55,006)	-
Net change in fund balance	(490,000)	(465,355)	24,645
Fund balance at beginning of year	490,000	671,361	181,361
Fund balance at end of year	\$ -	\$ 206,006	\$ 206,006



## City of Brookings

### Parks and Receptions System Development – Capital Projects Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual For the Year Ended June 30, 2018

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	Budget	Actual	Variance
REVENUES			
Improvement fees	\$ 3,000	\$ 12,201	\$ 9,201
Reimbursement fees	1,200	2,763	1,563
Donations	200,000	184,397	(15,603)
Interest	1,100	4,463	3,363
Total revenues	205,300	203,824	(1,476)
EXPENDITURES			
Parks and recreation program	302,300	83,422	218,878
Total expenditures	302,300	83,422	218,878
Net change in fund balance	(97,000)	120,402	217,402
Fund balance at beginning of year	97,000	167,977	70,977
Fund balance at end of year	\$ -	\$ 288,379	\$ 288,379

**City of Brookings**  
**Stormwater System Development – Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual**  
**For the Year Ended June 30, 2018**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Improvement fees	\$ 2,000	\$ 5,368	\$ 3,368
Reimbursement fees	3,000	6,854	3,854
Interest	1,500	1,992	492
	<u>6,500</u>	<u>14,214</u>	<u>7,714</u>
Total revenues			
EXPENDITURES			
Stormwater system	133,500	35,002	98,498
	<u>133,500</u>	<u>35,002</u>	<u>(98,498)</u>
Total expenditures			
Net change in fund balance	(127,000)	(20,788)	106,212
Fund balance at beginning of year	127,000	131,688	4,688
	<u>127,000</u>	<u>131,688</u>	<u>4,688</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 110,900</u>	<u>\$ 110,900</u>

**City of Brookings**  
**Capital Projects Reserve – Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual**  
**For the Year Ended June 30, 2018**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 283,536	\$ 283,536	\$ 155,251	\$ (128,285)
Interest	1,000	1,000	2,699	1,699
Miscellaneous	8,000	8,000	13,060	5,060
Total revenues	292,536	292,536	171,010	(121,526)
EXPENDITURES				
Parks and recreation program	540,900	540,900	343,714	197,186
Public safety	75,000	75,000	-	75,000
Capital outlay	166,636	254,636	133,982	120,654
Total expenditures	782,536	870,536	477,696	(392,840)
Excess (deficiency) of revenues over expenditures	(490,000)	(578,000)	(306,686)	271,314
OTHER FINANCING SOURCES				
Transfers in	200,000	288,000	288,000	-
Total other financing sources (uses)	200,000	288,000	288,000	-
Net change in fund balance	(290,000)	(290,000)	(18,686)	271,314
Fund balance at beginning of year	290,000	290,000	242,966	(47,034)
Fund balance at end of year	\$ -	\$ -	\$ 224,280	\$ 224,280

**City of Brookings**  
**Water – Enterprise Fund (Major Fund)**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual**  
**For the Year Ended June 30, 2018**

	Budget			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
Charges for services	\$ 1,637,000	\$ 1,637,000	\$ 1,673,591	\$ 36,591
Interest	4,500	4,500	13,054	8,554
Other	50,000	50,000	42,248	(7,752)
Total revenues	1,691,500	1,691,500	1,728,893	37,393
<b>EXPENDITURES</b>				
Water distribution	609,097	610,895	565,321	45,574
Water treatment	574,391	575,286	531,147	44,139
Debt service	29,800	29,800	14,330	15,470
Contingency	178,826	176,133	-	176,133
Total expenditures	1,392,114	1,392,114	1,110,798	281,316
Excess (deficiency) of revenues over expenditures	299,386	299,386	618,095	318,709
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(589,386)	(589,386)	(529,386)	60,000
Total other financing sources (uses)	(589,386)	(589,386)	(529,386)	60,000
Net change in fund balance	(290,000)	(290,000)	88,709	378,709
Fund balance at beginning of year	290,000	290,000	285,687	(4,313)
Fund balance at end of year	\$ -	\$ -	374,396	\$ 374,396
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Inventory			211,557	
Capital assets, net			8,313,054	
Pension related items			(408,244)	
Accrued interest payable			(4,544)	
Compensated absences payable			(8,567)	
Long-term obligations			(2,659,612)	
OPEB related items			2,114	
Net position at end of year			\$ 5,820,154	

**City of Brookings**  
**Wastewater – Enterprise Fund (Major Fund)**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual**  
**For the Year Ended June 30, 2018**

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Charges for services	\$ 2,903,000	\$ 2,903,000	\$ 2,936,493	\$ 33,493
Interest	10,000	10,000	17,443	7,443
Other	226,300	226,300	190,624	(35,676)
Total revenues	3,139,300	3,139,300	3,144,560	5,260
EXPENDITURES				
Wastewater collection	786,844	790,315	620,735	169,580
Wastewater treatment	1,128,314	1,130,242	1,024,530	105,712
Debt service	29,800	29,800	14,330	15,470
Contingency	314,332	308,933	-	308,933
Total expenditures	2,259,290	2,259,290	1,659,595	599,695
Excess (deficiency) of revenues over expenditures	880,010	880,010	1,484,965	604,955
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,380,010)	(1,380,010)	(1,380,010)	-
Total other financing sources (uses)	(1,380,010)	(1,380,010)	(1,380,010)	-
Net change in fund balance	(500,000)	(500,000)	104,955	604,955
Fund balance at beginning of year	500,000	500,000	817,034	317,034
Fund balance at end of year	\$ -	\$ -	921,989	\$ 921,989
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Inventory			68,552	
Capital assets, net			11,209,616	
Pension related items			(626,331)	
Accrued interest payable			(4,372)	
Compensated absences payable			(16,108)	
Long-term obligations			(4,257,036)	
OPEB related items			3,244	
Net position at end of year			\$ 7,299,554	

**City of Brookings**  
**Water System Replacement – Enterprise Fund (Major Fund)**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual**  
**For the Year Ended June 30, 2018**

	Budget			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
Grants	\$ 222,500	\$ 252,500	\$ 58,596	\$ (193,904)
System replacement fees	140,000	140,000	142,143	2,143
Interest	5,000	5,000	10,410	5,410
Total revenues	367,500	397,500	211,149	(186,351)
<b>EXPENDITURES</b>				
Water system maintenance	1,437,496	1,467,496	475,050	992,446
Excess (deficiency) of revenues over expenditures	(1,069,996)	(1,069,996)	(263,901)	806,095
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of long-term obligations	100,000	100,000	-	(100,000)
Transfers in	-	-	40,000	40,000
Transfers out	(130,004)	(130,004)	(129,910)	94
Total other financing sources (uses)	(30,004)	(30,004)	(89,910)	(59,906)
Net change in fund balance	(1,100,000)	(1,100,000)	(353,811)	746,189
Fund balance at beginning of year	1,100,000	1,100,000	805,007	(294,993)
Fund balance at end of year	\$ -	\$ -	451,196	\$ 451,196
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Accrued interest payable			(4,331)	
Unavailable revenue			34,151	
Long-term obligations			(472,914)	
Net position at end of year			\$ 8,102	

**City of Brookings**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2018**

	Wastewater Loan	Wastewater System Replacement	Water System Development	Wastewater System Development
<b>ASSETS</b>				
Current assets				
Cash and investments	\$ 1,121,064	\$ 966,632	\$ 26,825	\$ 275,226
Receivables	-	14,281	6,145	65,012
Total assets	1,121,064	980,913	32,970	340,238
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued liabilities	-	135	-	23,305
Accrued interest payable	-	5,159	-	-
Long-term obligations due within one year	-	140,313	-	-
Total current liabilities	-	145,607	-	23,305
Long-term obligations due in more than one year	-	449,654	-	-
Total liabilities	-	595,261	-	23,305
<b>NET POSITION</b>				
Restricted for				
Capital projects	-	-	32,970	316,933
Debt service	1,121,064	-	-	-
Unrestricted	-	385,652	-	-
Total net position	\$ 1,121,064	\$ 385,652	\$ 32,970	\$ 316,933

**City of Brookings**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds (continued)**  
**June 30, 2018**

	Water Loan	Wastewater Treatment System Development	Totals
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 331,027	\$ 471,140	\$ 3,191,914
Receivables	-	-	85,438
	<u>331,027</u>	<u>471,140</u>	<u>3,277,352</u>
Total assets			
	<u>331,027</u>	<u>471,140</u>	<u>3,277,352</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	-	-	23,440
Accrued interest payable	-	-	5,159
Long-term obligations due within one year	-	-	140,313
	<u>-</u>	<u>-</u>	<u>140,313</u>
Total current liabilities	-	-	168,912
Long-term obligations due in more than one year	-	-	449,654
	<u>-</u>	<u>-</u>	<u>449,654</u>
Total liabilities	-	-	618,566
	<u>-</u>	<u>-</u>	<u>618,566</u>
<b>NET POSITION</b>			
Restricted for			
Capital projects	-	471,140	821,043
Debt service	331,027	-	1,452,091
Unrestricted	-	-	385,652
	<u>-</u>	<u>-</u>	<u>385,652</u>
Total net position	<u>\$ 331,027</u>	<u>\$ 471,140</u>	<u>\$ 2,658,786</u>



**City of Brookings**  
**Combining Statement of Revenues, Expenses, And Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2018**

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	<u>Wastewater Loan</u>	<u>Wastewater System Replacement</u>	<u>Water System Development</u>	<u>Wastewater System Development</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	\$ -	\$ 14,747	\$ 98	\$ 6,589
Interest expense	-	(13,664)	-	-
Total nonoperating revenues (expenses)	-	1,083	98	6,589
Income (loss) before capital contributions and transfers	-	1,083	98	6,589
Capital contributions	-	157,451	23,991	70,759
Transfers in	1,244,339	240,100	-	-
Transfers out	(1,244,280)	(244,423)	-	(33,000)
	59	153,128	23,991	37,759
Change in net position	59	154,211	24,089	44,348
Total net position at beginning of year	1,121,005	231,441	8,881	272,585
Total net position at end of year	<u>\$ 1,121,064</u>	<u>\$ 385,652</u>	<u>\$ 32,970</u>	<u>\$ 316,933</u>

**CITY OF BROOKINGS**

**Combining Statement of Revenues, Expenses, And Changes in Net Position**

**Nonmajor Enterprise Funds (continued)**

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

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	Water Loan	Wastewater Treatment System Development	Totals
NONOPERATING REVENUES (EXPENSES)			
Interest income	\$ -	\$ 6,479	\$ 27,913
Interest expense	-	-	(13,664)
Total nonoperating revenues (expenses)	-	6,479	14,249
Income (loss) before capital contributions and transfers	-	6,479	14,249
Capital contributions	-	66,580	318,781
Transfers in	458,083	-	1,942,522
Transfers out	(458,083)	-	(1,979,786)
	-	66,580	281,517
Change in net position	-	73,059	295,766
Total net position at beginning of year	331,027	398,081	2,363,020
Total net position at end of year	<u>\$ 331,027</u>	<u>\$ 471,140</u>	<u>\$ 2,658,786</u>

**City of Brookings**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2018**

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	Wastewater Loan	Wastewater System Replacement	Water System Development	Wastewater System Development
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Advances to other fund	\$ -	\$ 871,146	\$ -	\$ -
Transfers in	1,244,339	240,100	-	-
Transfers out	(1,244,280)	(257,902)	-	(342,836)
Net cash provided by (used in) noncapital financing activities	59	853,344	-	(342,836)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
System development charges received	-	157,292	26,727	103,142
Principal paid on long-term obligations	-	(149,240)	-	-
Interest paid on long-term obligations	-	(15,860)	-	-
Net cash provided by (used in) capital and related financing activities	-	(7,808)	26,727	103,142
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	-	14,747	98	6,589
Net increase (decrease) in cash	59	860,283	26,825	(233,105)
Cash - beginning of year	1,121,005	106,349	-	508,331
Cash - end of year	<u>\$ 1,121,064</u>	<u>\$ 966,632</u>	<u>\$ 26,825</u>	<u>\$ 275,226</u>

**City of Brookings**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds (continued)**  
**For the Year Ended June 30, 2018**

	Water Loan	Wastewater Treatment System Development	Totals
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances to other fund	\$ -	\$ -	\$ 871,146
Transfers in	458,083	-	1,942,522
Transfers out	(458,083)	-	(2,303,101)
Net cash provided by (used in) noncapital financing activities	-	-	510,567
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
System development charges received	-	66,580	353,741
Principal paid on long-term obligations	-	-	(149,240)
Interest paid on long-term obligations	-	-	(15,860)
Net cash provided by (used in) capital and related financing activities	-	66,580	188,641
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	-	6,479	27,913
Net increase (decrease) in cash	-	73,059	727,121
Cash - beginning of year	331,027	398,081	2,464,793
Cash - end of year	<u>\$ 331,027</u>	<u>\$ 471,140</u>	<u>\$ 3,191,914</u>

**City of Brookings**  
**Wastewater Loan – Enterprise Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual**  
**For the Year Ended June 30, 2018**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES			
Debt service	<u>1,244,339</u>	<u>1,244,280</u>	<u>59</u>
Total expenditures	<u>1,244,339</u>	<u>1,244,280</u>	<u>59</u>
Excess (deficiency) of revenues over expenditures	<u>(1,244,339)</u>	<u>(1,244,280)</u>	<u>59</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>1,244,339</u>	<u>1,244,339</u>	<u>-</u>
Total other financing sources (uses)	<u>1,244,339</u>	<u>1,244,339</u>	<u>-</u>
Net change in fund balance	-	59	59
Fund balance at beginning of year	<u>1,122,716</u>	<u>1,121,005</u>	<u>(1,711)</u>
Fund balance at end of year	<u><u>\$ 1,122,716</u></u>	<u><u>\$ 1,121,064</u></u>	<u><u>\$ (1,652)</u></u>

**City of Brookings**  
**Wastewater System Replacement – Enterprise Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual**  
**For the Year Ended June 30, 2018**

	Budget	Actual	Variance
REVENUES			
System replacement fees	\$ 155,000	\$ 157,450	\$ 2,450
Interest	6,000	14,747	8,747
Total revenues	161,000	172,197	11,197
EXPENDITURES			
Wastewater system maintenance	1,130,137	88,559	1,041,578
Total expenditures	1,130,137	88,559	1,041,578
Excess (deficiency) of revenues over expenditures	(969,137)	83,638	1,052,775
OTHER FINANCING SOURCES (USES)			
Transfers in	125,000	75,000	(50,000)
Transfers out	(155,863)	(155,863)	-
Total other financing sources (uses)	(30,863)	(80,863)	(50,000)
Net change in fund balance	(1,000,000)	2,775	1,002,775
Fund balance at beginning of year	1,000,000	978,003	(21,997)
Fund balance at end of year	\$ -	980,778	\$ 980,778
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES			
Accrued interest payable		(5,159)	
Long-term obligations		(589,967)	
Net position at end of year		\$ 385,652	

## City of Brookings

### Water System Development – Enterprise Fund

#### Schedule of Revenues, Expenditures, and Changes in Fund Balance –

#### Budget to Actual

For the Year Ended June 30, 2018

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Improvement fees	\$ 8,000	\$ 8,000	\$ 22,464	\$ 14,464
Reimbursement fees	1,500	1,500	4,263	2,763
Interest	-	-	98	98
Total revenues	9,500	9,500	26,825	17,325
EXPENDITURES				
Water system	9,500	9,500	-	9,500
Total expenditures	9,500	9,500	-	9,500
Net change in fund balance	-	-	26,825	26,825
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	26,825	\$ 26,825
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Unavailable revenue			6,145	
Net position at end of year			\$ 32,970	

**City of Brookings**  
**Wastewater System Development – Enterprise Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual**  
**For the Year Ended June 30, 2018**

	Budget	Actual	Variance
REVENUES			
Improvement fees	\$ 3,000	\$ 49,118	\$ 46,118
Reimbursement fees	2,500	54,024	51,524
Interest	3,000	6,589	3,589
Total revenues	8,500	109,731	101,231
EXPENDITURES			
Wastewater system	388,500	33,000	355,500
Total expenditures	388,500	33,000	355,500
Net change in fund balance	(380,000)	76,731	456,731
Fund balance at beginning of year	380,000	175,190	(204,810)
Fund balance at end of year	\$ -	251,921	\$ 251,921
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES			
Unavailable revenue		65,012	
Net position at end of year		\$ 316,933	



**City of Brookings**  
**Water Loan – Enterprise Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual**  
**For the Year Ended June 30, 2018**

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	Budget	Actual	Variance
EXPENDITURES			
Debt service	\$ 458,177	\$ 458,083	\$ 94
Excess (deficiency) of revenues over expenditures	(458,177)	(458,083)	94
OTHER FINANCING SOURCES (USES)			
Transfers in	458,177	458,083	(94)
Net change in fund balance	-	-	-
Fund balance at beginning of year	331,027	331,027	-
Fund balance at end of year	<u>\$ 331,027</u>	<u>\$ 331,027</u>	<u>\$ -</u>

**City of Brookings**

**Wastewater Treatment System Development – Enterprise Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual**  
**For the Year Ended June 30, 2018**

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	Budget	Actual	Variance
REVENUES			
System development fees	\$ 6,500	\$ 66,580	\$ 60,080
Interest	6,000	6,479	479
	<u>12,500</u>	<u>73,059</u>	<u>60,559</u>
Total revenues			
EXPENDITURES			
Wastewater system	677,500	-	677,500
	<u>677,500</u>	<u>-</u>	<u>677,500</u>
Total expenditures			
Net change in fund balance	(665,000)	73,059	738,059
Fund balance at beginning of year	665,000	398,081	(266,919)
	<u>\$ -</u>	<u>\$ 471,140</u>	<u>\$ 471,140</u>
Fund balance at end of year			

**City of Brookings**  
**Schedule of Property Tax Transactions**  
**For the Year Ended June 30, 2018**

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**CITY OF BROOKINGS**

<u>Tax Year</u>	<u>Taxes Receivable July 1, 2017</u>	<u>Current Levy</u>	<u>Discounts and Adjustments</u>	<u>Collections</u>	<u>Taxes Receivable June 30, 2018</u>
2017-18		\$ 2,751,814	\$ (74,744)	\$ (2,578,747)	\$ 98,322
2016-17	\$ 101,135	-	5,069	(55,920)	50,284
2015-16	52,645	-	4,591	(21,594)	35,642
2014-15	38,426	-	7,977	(25,652)	20,751
2013-14	20,333	-	3,703	(11,062)	12,974
2012-13	12,628	-	126	(903)	11,851
2011-12	10,650	-	(150)	(271)	10,229
Prior years	21,602	-	663	(1,860)	20,406
	<u>\$ 257,419</u>	<u>\$ 2,751,814</u>	<u>\$ (52,766)</u>	<u>\$ (2,696,008)</u>	<u>\$ 260,459</u>

**BROOKINGS URBAN RENEWAL AGENCY**

<u>Tax Year</u>	<u>Taxes Receivable July 1, 2017</u>	<u>Current Levy</u>	<u>Discounts and Adjustments</u>	<u>Collections</u>	<u>Taxes Receivable June 30, 2018</u>
2017-18		\$ 605,247	\$ (16,440)	\$ (567,182)	\$ 21,625
2016-17	\$ 20,872	-	1,046	(11,540)	10,377
2015-16	9,308	-	812	(3,818)	6,302
2014-15	6,606	-	1,371	(4,410)	3,568
2013-14	4,324	-	788	(2,353)	2,759
2012-13	2,577	-	26	(184)	2,418
2011-12	2,122	-	(30)	(54)	2,038
Prior years	3,920	-	258	(349)	3,829
	<u>\$ 49,729</u>	<u>\$ 605,247</u>	<u>\$ (12,169)</u>	<u>\$ (589,890)</u>	<u>\$ 52,916</u>

**Report of Independent Auditors Required by  
Oregon State Regulations**

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**Report of Independent Auditors on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Oregon Minimum Audit Standards***

Honorable Mayor and Members of the City Council  
City of Brookings, Oregon

We have audited the basic financial statements of City of Brookings, Oregon (the City) as of and for the year ended June 30, 2018 and have issued our report thereon dated December 6, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

**Compliance**

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The use of approved depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2018 and 2019.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The requirements pertaining to the use of revenue from taxes on motor vehicle use fuel funds.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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 that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State.

## **Internal Control over Financial Reporting**

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

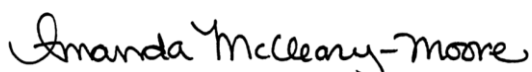
*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination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

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted certain other matters that we reported to management of the City in a separate letter dated December 6, 2018.

## **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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Amanda McCleary-Moore, Partner for  
Moss Adams LLP  
Medford, Oregon  
December 6, 2018

## Report Criteria:

Report type: Summary

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Check GL Account	Amount
11/18	11/07/2018	76872	1	Erika Sterling	20-00-2005	25.39- V
11/18	11/07/2018	77463	1	Allridge Evans	20-00-2005	3.42- V
11/18	11/07/2018	77493	5638	Guy Smith	15-00-2005	25.00- V
11/18	11/07/2018	77757	1	Deborah Fries	20-00-2005	191.30- V
11/18	11/07/2018	77811	1	Bill K or Helen M Smyth	20-00-2005	20.96- V
11/18	11/07/2018	78043	1	Abigael Garcia Heredia	20-00-2005	198.48- V
11/18	11/07/2018	78200	1	Michelle Johnson	20-00-2005	36.79- V
11/18	11/07/2018	78333	1	Kendra Hoven	20-00-2005	10.93- V
11/18	11/07/2018	78670	1	Michael Bowen	20-00-2005	4.56- V
11/18	11/07/2018	78719	1	Allison Peck	20-00-2005	124.01- V
11/18	11/07/2018	79203	3	Richard Brown	20-00-2005	1,034.34- V
11/18	11/07/2018	79284	1	Shelly Newton	20-00-2005	3.48- V
11/18	11/07/2018	79287	1	Elizabeth Wray	20-00-2005	38.23- V
11/18	11/07/2018	79315	3	David Gordon	20-00-2005	4.80- V
11/18	11/07/2018	79421	1	William Hoppe	20-00-2005	28.78- V
11/18	11/07/2018	79590	1	Rosemary L Black	20-00-2005	2.47- V
11/18	11/07/2018	79972	4	Garrett Thomson	10-00-2005	32.00- V
11/18	11/07/2018	80087	1	James Davis	20-00-2005	33.55- V
11/18	11/07/2018	80228	1	Theron Fox	20-00-2005	62.70- V
11/18	11/07/2018	80344	1	David Bradley	20-00-2005	40.97- V
11/18	11/07/2018	80347	1	Shelly Newton	20-00-2005	10.00- V
11/18	11/07/2018	80565	1	Jeff & Shelly Zaniewski	20-00-2005	30.09- V
11/18	11/20/2018	82000	5804	Early Management Team Inc	10-00-2005	1,030.00- V
11/18	11/05/2018	82191	5048	Brookings Harbor Medical Center	10-00-2005	444.00
11/18	11/05/2018	82192	416	Brookings Lock & Safe Inc	10-00-2005	2.50
11/18	11/05/2018	82193	313	Brookings Vol Firefighters	10-00-2005	2,250.00
11/18	11/05/2018	82194	5567	CAL/OR Insurance Specialists Inc	30-00-2005	683.33
11/18	11/05/2018	82195	3834	Clean Sweep Janitorial Service	25-00-2005	1,940.00
11/18	11/05/2018	82196	4882	Coastal Heating & Air	50-00-2005	450.00
11/18	11/05/2018	82197	5827	Coastal Investments LLC	10-00-2005	1,130.00
11/18	11/05/2018	82198	1745	Coastal Paper & Supply, Inc	10-00-2005	656.86
11/18	11/05/2018	82199	182	Coos-Curry Electric	10-00-2005	3,288.93
11/18	11/05/2018	82200	4713	Corpro Companies	20-00-2005	830.00
11/18	11/05/2018	82201	317	DCBS - Fiscal Services	10-00-2005	685.80
11/18	11/05/2018	82202	185	Del Cur Supply	20-00-2005	35.96
11/18	11/05/2018	82203	1	Caree A Connolly	20-00-2005	28.89
11/18	11/05/2018	82204	1	Joshua & Rosalinda Kuzmicz	20-00-2005	200.00
11/18	11/05/2018	82205	2186	Ferguson Enterprises Inc #3011	20-00-2005	394.16
11/18	11/05/2018	82206	5432	First Community Credit Union	25-00-2005	812.99
11/18	11/05/2018	82207	298	Freeman Rock, Inc	50-00-2005	1,404.00
11/18	11/05/2018	82208	5898	Caitlin Goins	10-00-2005	161.00
11/18	11/05/2018	82209	199	Richard Harper	10-00-2005	400.00
11/18	11/05/2018	82210	4171	In-Motion Graphics	10-00-2005	61.50
11/18	11/05/2018	82211	4443	Napa Auto Parts-Golder's	10-00-2005	47.48
11/18	11/05/2018	82212	5886	Office Depot Inc	10-00-2005	57.59
11/18	11/05/2018	82213	5008	Online Information Services	10-00-2005	121.60
11/18	11/05/2018	82214	4	Jerold Rice	10-00-2005	218.00
11/18	11/05/2018	82215	4	Wade Taylor	10-00-2005	218.00
11/18	11/05/2018	82216	322	Postmaster	25-00-2005	850.00
11/18	11/05/2018	82217	3	Joshua & Rosalinda Kuzmicz	20-00-2005	241.84
11/18	11/05/2018	82218	1840	Rogue Credit Union	15-00-2005	2,497.61
11/18	11/05/2018	82219	5513	South Coast Development Council Inc	10-00-2005	5,000.00
11/18	11/05/2018	82220	4542	Umpqua Bank	10-00-2005	8,484.19

M = Manual Check, V = Void Check

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Check GL Account	Amount
11/18	11/05/2018	82221	2863	Verizon Wireless	10-00-2005	497.44
11/18	11/05/2018	82222	861	Village Express Mail Center	10-00-2005	4.38
11/18	11/08/2018	82223	4477	Alpine Products, Inc	15-00-2005	112.80
11/18	11/08/2018	82224	5871	BALCO Uniform Co Inc	10-00-2005	351.60
11/18	11/08/2018	82225	715	Budge McHugh Supply	20-00-2005	8,920.77
11/18	11/08/2018	82226	5822	Chaves Consulting Inc	49-00-2005	370.20
11/18	11/08/2018	82227	4882	Coastal Heating & Air	50-00-2005	190.00
11/18	11/08/2018	82228	166	Dan's Auto & Marine Electric	25-00-2005	253.17
11/18	11/08/2018	82229	284	Day Management Corp	30-00-2005	909.84
11/18	11/08/2018	82230	1	Theron Fox	20-00-2005	62.70
11/18	11/08/2018	82231	1	Bill K or Helen M Smyth	20-00-2005	20.96
11/18	11/08/2018	82232	3342	Fastenal	20-00-2005	343.52
11/18	11/08/2018	82233	2186	Ferguson Enterprises Inc #3011	20-00-2005	2,260.89
11/18	11/08/2018	82234	153	Ferrellgas	20-00-2005	48.58
11/18	11/08/2018	82235	4646	Frontier	30-00-2005	142.86
11/18	11/08/2018	82236	5898	Caitlin Goins	10-00-2005	51.00
11/18	11/08/2018	82237	5065	Gold Beach Lumber	58-00-2005	19,194.54
11/18	11/08/2018	82238	4978	Grants Pass Daily Courier	10-00-2005	202.13
11/18	11/08/2018	82239	162	Kerr Hardware	15-00-2005	1,541.49
11/18	11/08/2018	82240	328	Les Schwab Tire Center	10-00-2005	1,093.64
11/18	11/08/2018	82241	4487	Net Assets Corporation	10-00-2005	348.00
11/18	11/08/2018	82242	5897	Nevco Sports LLC	50-00-2005	590.25
11/18	11/08/2018	82243	5886	Office Depot Inc	10-00-2005	605.53
11/18	11/08/2018	82244	279	One Call Concepts, Inc	20-00-2005	50.16
11/18	11/08/2018	82245	4	Garrett Thomson	10-00-2005	32.00
11/18	11/08/2018	82246	5772	PowerPhone Inc	10-00-2005	109.00
11/18	11/08/2018	82247	5638	Guy Smith	15-00-2005	25.00
11/18	11/08/2018	82248	3487	Tailored Solutions Corp	10-00-2005	721.00
11/18	11/08/2018	82249	2122	Cardmember Service	10-00-2005	4,213.41
11/18	11/08/2018	82250	169	Waste Connections Inc	10-00-2005	3,303.46
11/18	11/08/2018	82251	151	Western Communications, Inc.	10-00-2005	932.48
11/18	11/15/2018	82252	4734	Aramark Uniform Services	10-00-2005	120.00
11/18	11/15/2018	82253	4363	Black & Rice LLP	10-00-2005	1,761.00
11/18	11/15/2018	82254	5048	Brookings Harbor Medical Center	10-00-2005	355.00
11/18	11/15/2018	82255	193	Central Equipment Co, Inc	50-00-2005	4,000.00
11/18	11/15/2018	82256	5858	CH2M Hill OMI	25-00-2005	107,604.13
11/18	11/15/2018	82257	3015	Charter Communications	10-00-2005	719.96
11/18	11/15/2018	82258	1740	Code Publishing Company Inc	10-00-2005	373.50
11/18	11/15/2018	82259	183	Colvin Oil Company	10-00-2005	2,401.40
11/18	11/15/2018	82260	5899	Curry County Tax Collector	10-00-2005	10,239.13
11/18	11/15/2018	82261	173	Curry Equipment	20-00-2005	254.80
11/18	11/15/2018	82262	1	Jane Stebbins	20-00-2005	300.00
11/18	11/15/2018	82263	1	David & Sharon Zinn	20-00-2005	200.00
11/18	11/15/2018	82264	5804	Early Management Team Inc	50-00-2005	2,995.96
11/18	11/15/2018	82265	4646	Frontier	25-00-2005	850.46
11/18	11/15/2018	82266	5884	Hansen Pole Buildings LLC	58-00-2005	3,061.00
11/18	11/15/2018	82267	139	Harbor Logging Supply	25-00-2005	2,542.85
11/18	11/15/2018	82268	5085	Infinite Electronics Int'l Inc	49-00-2005	165.05
11/18	11/15/2018	82269	5255	Gavin McVay	10-00-2005	136.00
11/18	11/15/2018	82270	5789	Moss Adams LLP	75-00-2005	19,525.00
11/18	11/15/2018	82271	5354	New Creation Builders	58-00-2005	103,370.40
11/18	11/15/2018	82272	3159	NorthCoast Health Screening	10-00-2005	262.00
11/18	11/15/2018	82273	4559	Oregon Assoc of Clean Water Agencies	25-00-2005	700.00
11/18	11/15/2018	82274	252	Paramount Pest Control	10-00-2005	50.00
11/18	11/15/2018	82275	4	Elizabeth Dougherty	10-00-2005	214.00
11/18	11/15/2018	82276	4	Sadie Spicer	10-00-2005	218.00

M = Manual Check, V = Void Check



GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Check GL Account	Amount
11/18	11/15/2018	82277	207	Quill Corporation	10-00-2005	117.31
11/18	11/15/2018	82278	5730	Spectrum Reach	32-00-2005	500.00
11/18	11/15/2018	82279	486	Dept of Forestry	10-00-2005	742.17
11/18	11/15/2018	82280	142	Tidewater Contractors Inc	51-00-2005	53,392.35
11/18	11/15/2018	82281	3752	Trace Analytics, LLC	10-00-2005	88.00
11/18	11/21/2018	82282	4058	44Mag Distributing LLC	10-00-2005	72.00
11/18	11/21/2018	82283	5048	Brookings Harbor Medical Center	25-00-2005	200.00
11/18	11/21/2018	82284	5070	Canon Solutions America	10-00-2005	383.60
11/18	11/21/2018	82285	183	Colvin Oil Company	10-00-2005	2,619.71
11/18	11/21/2018	82286	4746	Curry County Treasurer	10-00-2005	306.75
11/18	11/21/2018	82287	1	Tomas Baeza	20-00-2005	187.86
11/18	11/21/2018	82288	1	Rodney Minnier	20-00-2005	6.07
11/18	11/21/2018	82289	1	Nicholas & Kathryn Wymer	20-00-2005	137.01
11/18	11/21/2018	82290	5804	Early Management Team Inc	10-00-2005	1,020.00
11/18	11/21/2018	82291	2186	Ferguson Enterprises Inc #3011	20-00-2005	89.67
11/18	11/21/2018	82292	4646	Frontier	30-00-2005	557.83
11/18	11/21/2018	82293	4872	G. W., Inc.	10-00-2005	476.00
11/18	11/21/2018	82294	4171	In-Motion Graphics	10-00-2005	535.00
11/18	11/21/2018	82295	4980	iSecure	10-00-2005	33.00
11/18	11/21/2018	82296	4269	Gary Milliman	10-00-2005	30.52
11/18	11/21/2018	82297	5886	Office Depot Inc	10-00-2005	189.44
11/18	11/21/2018	82298	4332	Oregon Assoc Chiefs of Police	10-00-2005	167.00
11/18	11/21/2018	82299	5155	Oregon Department of Revenue	10-00-2005	812.50
11/18	11/21/2018	82300	5101	Pitney Bowes Reserve Acct	10-00-2005	500.00
11/18	11/21/2018	82301	207	Quill Corporation	10-00-2005	42.00
11/18	11/21/2018	82302	3220	Radar Shop, The	10-00-2005	783.00
11/18	11/21/2018	82303	5870	Rita Ritz	10-00-2005	14.00
11/18	11/21/2018	82304	1840	Rogue Credit Union	10-00-2005	30,579.01
11/18	11/21/2018	82305	5900	Wells Fargo Bank NA	25-00-2005	1,641.67
11/18	11/29/2018	82306	182	Coos-Curry Electric	10-00-2005	3,689.85
11/18	11/29/2018	82307	4724	Curry County	10-00-2005	683.00
11/18	11/29/2018	82308	259	Da-Tone Rock Products	15-00-2005	993.53
11/18	11/29/2018	82309	5826	Ron Dean	15-00-2005	14.00
11/18	11/29/2018	82310	1	Timilia Thomas	20-00-2005	148.01
11/18	11/29/2018	82311	371	Dept. of Environmental Quality	25-00-2005	1,080.00
11/18	11/29/2018	82312	2640	Dyer Partnership Inc., The	52-00-2005	8,294.95
11/18	11/29/2018	82313	298	Freeman Rock, Inc	58-00-2005	2,145.52
11/18	11/29/2018	82314	4953	Harbor Truss and Supply LLC	50-00-2005	225.00
11/18	11/29/2018	82315	5860	Lane Council of Governments	10-00-2005	3,990.70
11/18	11/29/2018	82316	202	League of Oregon Cities	10-00-2005	31.64
11/18	11/29/2018	82317	329	New Hope Plumbing	50-00-2005	2,132.00
11/18	11/29/2018	82318	5886	Office Depot Inc	10-00-2005	527.86
11/18	11/29/2018	82319	4781	OHA Cashier	20-00-2005	90.00
11/18	11/29/2018	82320	5901	Mike Pundyk	15-00-2005	14.00
11/18	11/29/2018	82321	3	Rodney Minnier	20-00-2005	90.81
11/18	11/29/2018	82322	5638	Guy Smith	15-00-2005	14.00
Grand Totals:						460,914.76

Dated: \_\_\_\_\_

Mayor: \_\_\_\_\_

City Council: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

City Recorder: \_\_\_\_\_

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Report Criteria:

Report type: Summary

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# City of Brookings

898 Elk Drive, Brookings, OR 97415

(541) 469-1102 Fax (541) 469-3650

[tdavis@brookings.or.us](mailto:tdavis@brookings.or.us)

## Committee Vacancies

Date: December 10, 2018

**Re: Vacant Volunteer Positions**

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Following is a list of all Commission/Committee positions and terms currently vacant:

Position	Held By	Month/ Day	Year Expires	Term/ Years
Budget #1	VACANT	2/1	2021	3
Budget #2	VACANT	2/1	2019	3
Budget #3	VACANT	2/1	2019	3
Parks & Rec #2	VACANT	2/1	2019	2
TPAC #4	VACANT	7/1	2019	3
Planning Commission #3	VACANT	4/1	2020	4

# City of Brookings Urban Renewal Agency Meeting MINUTES

City Hall Council Chambers, 898 Elk Drive, Brookings, OR 97415

**Tuesday, June 25, 2018**

## **Call to Order**

Chair Pieper called the meeting to order at 9:05 PM, immediately following the City Council meeting.

## **Roll Call**

Agency present: Chair Jake Pieper, Directors Bill Hamilton, Brent Hodges, Ron Hedenskog and Dennis Triglia; a quorum present.

Staff present: City Manager Gary Milliman, City Attorney Martha Rice, Finance and Human Resources Director Janell Howard, and Acting City Recorder Rita Ritz.

## **Agency minutes**

**Director Triglia moved, Director Hedenskog seconded and Council voted unanimously to approve the May 29, 2018 Agency minutes as written.**

## **Staff Reports**

*Transfer of Appropriation for FY 2017-18*

Finance and Human Resources Director Howard provided the staff report.

**Director Triglia moved, Director Hodges seconded and the Agency voted unanimously to adopt Resolution 18-R-1145, approving appropriation transfers for the Brookings' Urban Renewal Agency for 2017-18.**

## **Agency Comments**

None

## **Adjourn**

Director Hedenskog moved, Director Hodges seconded and Council voted unanimously by voice to adjourn at 9:10 PM.

Respectfully submitted:

ATTESTED:

this \_\_\_\_\_ day of \_\_\_\_\_ 2018:

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Jake Pieper, Chair

---

Janell K Howard, Interim City Recorder

# BROOKINGS URBAN RENEWAL AGENCY

## COUNCIL AGENDA REPORT

Meeting Date: December 10, 2018

Originating Dept: City Manager

Signature (submitted by)

  
City Manager Approval

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Subject:

Audit Report for the fiscal year ended June 30, 2018.

Recommended Motion:

Motion to accept the Brookings Urban Renewal Agency's Audit for the fiscal year ended June 30, 2018.

Financial Impact:

None.

Background/Discussion:

Moss Adams LLP completed the Urban Renewal Agency's audit for the fiscal year ending June 30, 2018. An electronic copy of the audit is attached to the packet that is received electronically, and is available on the City's website. A bound hard copy of the audit report will be put in the Agency Members' boxes by Monday, and a copy will be available for viewing at City Hall.

The Urban Renewal Agency received an unqualified opinion on the June 30, 2018 review; which means there were no exceptions, findings, or questioned costs.

Attachment:

June 30, 2018 Audit



ANNUAL FINANCIAL REPORT

**BROOKINGS URBAN RENEWAL AGENCY**  
**A COMPONENT UNIT OF CITY OF BROOKINGS, OREGON**

For the Year Ended June 30, 2018



**Brookings Urban Renewal Agency**  
**A Component Unit of City of Brookings, Oregon**

**Officers and Members of the Governing Body**  
For the Year Ended June 30, 2018

Bill Hamilton  
1 Park Avenue #401  
Brookings OR 97415

Ron Hedenskog  
16956 Old County Rd  
Brookings, OR 97415

Brent Hodges  
Po Box 4970  
Brookings OR 97415

Jake Pieper  
17163 Parkview Dr  
Brookings OR 97415

Dennis Triglia  
96359 Dawson Rd  
Brookings, OR 97415

**CONTACT PERSON**

Janell Howard  
898 Elk Drive  
Brookings, OR 97415

**Brookings Urban Renewal Agency**  
**A Component Unit of City of Brookings, Oregon**

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For the Year Ended June 30, 2018

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## **Report of Independent Auditors**

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## **Report of Independent Auditors**

Honorable Mayor and Members of the City Council  
Brookings Urban Renewal Agency

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

We have audited the accompanying financial statements of Brookings Urban Renewal Agency (the Agency), a component unit of City of Brookings, Oregon, which comprise the governmental activities, each major fund and the budgetary comparison statement for the general (special revenue) fund as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency'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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency as of June 30, 2018, and the respective changes in financial position, and budgetary comparison statement for the general fund (special revenue), thereof 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 on pages iii to vii be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

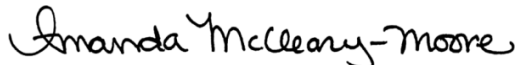
### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The individual fund comparison and schedule of property tax transactions are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund comparison and schedule of property tax transactions on pages 13 through 14 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. 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 individual fund comparison and schedule of property tax transactions are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## ***Other Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations***

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 6, 2018 on our consideration of the Agency's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Amanda McCleary-Moore, Partner for  
Moss Adams LLP  
Medford, Oregon  
December 6, 2018

## **Management's Discussion and Analysis**

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# Brookings Urban Renewal Agency

898 Elk Drive, Brookings, OR 97415

(541) 469-2163 Fax (541) 469-3650

[www.brookings.or.us](http://www.brookings.or.us)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2018

This discussion and analysis presents the highlights of financial activities and financial position for the Brookings Urban Renewal Agency (Agency), component unit of the City of Brookings, Oregon. The analysis focuses on significant issues, major financial activities and resulting changes in financial position, budget changes, and variances from the budget, and specific issues related to funds and the economic factors affecting the Agency.

Management's Discussion and Analysis (MD&A) focuses on the current year activities and resulting changes from the prior year. Please read it in conjunction with the Agency's financial statements (beginning on page 1).

### FINANCIAL HIGHLIGHTS

- The net assets of the Agency increased by \$317,413 from (\$509,939) to (\$192,526) at June 30, 2018.
- Governmental activities revenue increased by \$54,309 (10%) to \$595,805. This is due to an increase in property tax revenues.
- Overall, expenditures increased by \$207,015 to \$278,392. This is due to the Railroad Street capital improvements.

### REPORT LAYOUT

The Agency's annual financial report consists of several sections. Taken together they provide a comprehensive look at the Agency. The components of the report include the following:

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

**Basic Financial Statements.** Includes statement of Net Assets, Statement of Activities, and Changes in Net Assets, fund financial statements, and notes to the financial statements. Statements of Net Assets and Activities focus on entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the Agency.

*The Statement of Assets* focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the Agency owns, the liabilities it owns and the net difference. The net differences if further separated into amounts restricted for specific purposes and unrestricted amounts.

*The Statement of Activities* presents information showing how the Agency's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The focus is on Agency revenues and expenditures, the net of which equals change in net assets.

*Fund financial statements* focus separately on major governmental funds. Governmental fund statements follow the more traditional presentation of financial statements. The Agency's General Fund is presented here along with budgetary comparisons.

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

**Other Supplementary Information.** The report includes other financial information, comments, and disclosures from the independent certified public accountants, as required by Oregon Statutes.

## AGENCY AS A WHOLE

### Government-Wide Financial Statements

#### Statement of Net Position at June 30, 2018:

<b>Table 1</b>							
<b>Net Position at Fiscal Year End</b>							
<b>Governmental Activities</b>							
			<b>2018</b>		<b>2017</b>		
	Assets						
	Cash and investments	\$	570,398		\$	648,991	
	Other assets		<u>52,916</u>		<u>49,729</u>		
	Total Assets		<u>623,314</u>		<u>698,720</u>		
	Liabilities						
	Long-term liabilities		814,997		1,207,098		
	Other liabilities		<u>843</u>		<u>1,561</u>		
	Total Liabilities		<u>815,840</u>		<u>1,208,659</u>		
	Net Position:						
	Unrestricted		<u><u>\$ (192,526)</u></u>		<u><u>\$ (509,939)</u></u>		

As of June 30, 2018, the Agency had current liabilities of \$843, and long-term liabilities of \$814,997. Projects completed and assets purchased by the Agency become assets of the City; however, the debt remains with the Agency.

#### Governmental Activities

The Agency's net assets increased by \$317,413 from (\$509,939) to (\$192,526) primarily due to the decrease in long term debt.

## Statement of Activities for the Year Ended June 30, 2018:

Table 2							
Governmental Activities For Fiscal Year Ending							
			2018		2017		
	REVENUES						
	General revenues						
	Taxes		\$ 582,721		\$ 534,305		
	Investment earnings		<u>13,084</u>		<u>7,191</u>		
	Total revenues		595,805		541,496		
	EXPENSES						
	Program		<u>278,392</u>		<u>71,377</u>		
	Change in net position		317,413		470,119		
	Beginning net position		<u>(509,939)</u>		<u>(980,058)</u>		
	Ending net assets		\$ (192,526)		\$ (509,939)		

Nearly all of the general revenue was tax increment funding. The remainder was from investment earnings.

Program expenses included \$221,502 for Railroad Street capital improvements and \$28,226 for interest on long term debt obligations.

### BUDGETARY HIGHLIGHTS

One change was made from the original 2017-18 adopted General Fund budget, increasing capital outlay and increasing loan proceeds \$650,000 for financing on the Railroad Street project.

### DEBT ADMINISTRATION

As of June 30, 2018, the Agency had \$814,997 of outstanding debt compared to \$1,207,098 in the prior year. \$402,283 is due within one year. On July 22, 2008, the Agency sold \$3.4 million in bonds at 4.66% interest. The agency refinanced this debt in July 2013 at 2.53%, maturing June 2020.



			<b>Table 3</b>					
			<b>Outstanding Debt at Fiscal Year End</b>					
			<b>2018</b>		<b>2017</b>			
	<b>Governmental</b>							
	Tax Increment Bonds	\$	814,997		\$	1,207,098		

### **ECONOMIC FACTORS**

Like all municipalities in Oregon, the Agency is operating under Measure 50, the tax limitation measure approved by voters on May 20, 1997. This measure rolled back assessed values to 1995-96 levels and effectively limited increased property tax revenues the City could anticipate in future years to a maximum of 3%, with permitted allowances for increasing valuations based on new construction and annexations. No substantive changes to the basic provisions of Measure 50 have been enacted during subsequent Oregon Legislative sessions.

As an urban renewal agency, the Agency receives tax increment revenues; calculated on the assessed value over the frozen base, which was set at the time the urban renewal district was formed. When the Agency completes projects, it is actually investing in itself; as the value of property increases in the district, the tax increment revenues increases.

### **REQUEST FOR INFORMATION**

The Agency's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with the general overview of the Agency's finances and to demonstrate the Agency's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Janell K. Howard  
City of Brookings  
City Manager/Finance Director  
898 Elk Drive  
Brookings, OR 97415  
(541) 469-2163  
[jhoward@brookings.or.us](mailto:jhoward@brookings.or.us)

## **Basic Financial Statements**

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**Brookings Urban Renewal Agency**  
**A Component Unit of City of Brookings, Oregon**  
**Statement of Net Position**  
**June 30, 2018**

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	Governmental Activities
ASSETS	
Cash and investments	\$ 570,398
Receivables	<u>52,916</u>
Total assets	<u>623,314</u>
LIABILITIES	
Accrued interest payable	843
Long-term obligations	
Due within one year	402,283
Due in more than one year	<u>412,714</u>
Total liabilities	<u>815,840</u>
NET POSITION (DEFICIT)	
Unrestricted	<u><u>\$ (192,526)</u></u>

**Brookings Urban Renewal Agency**  
**A Component Unit of City of Brookings, Oregon**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

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	Governmental Activities
PROGRAM EXPENSES	
General government	\$ 250,166
Interest on long-term obligations	<u>28,226</u>
Total program expenses	<u>278,392</u>
GENERAL REVENUES	
Property taxes, levied for debt service	582,721
Unrestricted investment earnings	<u>13,084</u>
Total general revenues	<u>595,805</u>
Change in net position	317,413
NET POSITION (DEFICIT) - beginning	<u>(509,939)</u>
NET POSITION (DEFICIT) - ending	<u><u>\$ (192,526)</u></u>

**Brookings Urban Renewal Agency**  
**A Component Unit of City of Brookings, Oregon**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	General	Debt Service	Totals
ASSETS			
Cash and investments	\$ 223,324	\$ 347,074	\$ 570,398
Receivables	52,916	-	52,916
Total assets	<u>\$ 276,240</u>	<u>\$ 347,074</u>	<u>\$ 623,314</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>\$ 47,771</u>	<u>\$ -</u>	<u>\$ 47,771</u>
FUND BALANCES			
Restricted for			
Urban renewal projects	228,469	-	228,469
Debt service	-	347,074	347,074
Total fund balances	<u>228,469</u>	<u>347,074</u>	575,543
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 276,240</u>	<u>\$ 347,074</u>	

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

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

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(815,840)
Long-term assets which are not available for current-period expenditures are reported as unavailable revenue in the funds. However, such amounts are recognized as revenue in the government-wide financial statements.	<u>47,771</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (192,526)</u>

**Brookings Urban Renewal Agency**  
**A Component Unit of City of Brookings, Oregon**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Fund**  
**For the Year Ended June 30, 2018**

	General	Debt Service	Totals
REVENUES			
Property taxes	\$ 578,596	\$ -	\$ 578,596
Interest	10,137	2,962	13,099
Total revenues	588,733	2,962	591,695
EXPENDITURES			
Current			
General government	28,665	-	28,665
Debt service	-	420,753	420,753
Capital outlay	221,502	-	221,502
Total expenditures	250,167	420,753	670,920
Excess (deficiency) of revenues over expenditures	338,566	(417,791)	(79,225)
OTHER FINANCING SOURCES (USES)			
Transfer in	-	450,739	450,739
Transfer out	(450,739)	-	(450,739)
Total other financing sources (uses)	(450,739)	450,739	-
Net change in fund balances	(112,173)	32,948	(79,225)
Fund balances at beginning of year	340,642	314,126	654,768
Fund balances at end of year	\$ 228,469	\$ 347,074	\$ 575,543

**Brookings Urban Renewal Agency**  
**A Component Unit of City of Brookings, Oregon**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2018**

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NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (79,225)
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*Amounts reported for governmental activities in the statement of activities  
are different because of the following:*

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

Taxes	4,125
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Repayment of long-term obligations principal is an expenditure  
in the governmental funds, but the repayment reduces  
long-term obligations in the statement of net position.

392,101
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Interest accrued on long-term obligations is an expense  
on the statement of activities however only amounts  
actually paid are expenditures in the funds

<u>412</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

<u><u>\$ 317,413</u></u>
--------------------------

**Brookings Urban Renewal Agency**  
**A Component Unit of City of Brookings, Oregon**  
**General (Special Revenue) Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances –**  
**Budget and Actual**  
**For the Year Ended June 30, 2018**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 534,592	\$ 534,592	\$ 578,596	\$ 44,004
Interest	3,000	3,000	10,137	7,137
Total revenues	537,592	537,592	588,733	51,141
EXPENDITURES				
Materials and services	35,000	685,000	28,665	656,335
Capital outlay	391,853	391,853	221,502	170,351
Total expenditures	426,853	1,076,853	250,167	826,686
Excess (deficiency) of revenues over expenditures	110,739	(539,261)	338,566	877,827
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	650,000	-	650,000
Transfers out	(450,739)	(450,739)	(450,739)	-
Net change in fund balance	(340,000)	(340,000)	(112,173)	877,827
Fund balance at beginning of year	340,000	340,000	340,642	642
Fund balance at end of year	\$ -	\$ -	\$ 228,469	\$ 228,469



## **Note 1 – Summary of Significant Accounting Policies**

**Organization** – The Brookings Urban Renewal Agency (the Agency), a component unit of the City of Brookings, was organized in July 2003 under ORS 457 and is a municipal corporation created by the City of Brookings to facilitate urban renewal within the boundaries of the City. The City Council serves as the governing body and is accountable for the fiscal matters of the Agency.

**Urban renewal areas** – Tax allocation bonds for urban renewal plan areas are authorized by state law to 1) eliminate and prevent the development or spread of urban blight and deterioration; and 2) encourage needed urban conservation and rehabilitation and provide for redevelopment of blighted or deteriorated areas.

Projects are financed in urban renewal plan areas as follows:

- The Agency (City Council) selects an urban renewal plan area and defines its boundaries.
- The County Assessor "freezes" the assessed value of property within the urban renewal area. This is referred to as the "frozen" value.
- Any increase in assessed value above the frozen value is called the "incremental value." The tax revenue generated by the tax rate times the incremental value is provided for use in paying the principal and interest on any indebtedness incurred to finance Urban Renewal Projects.
- Urban Renewal Tax Increment revenues are used to repay the indebtedness of the Agency. The proceeds of the indebtedness finance the Agency's activities.

As required by ORS 457.190(3)(a), the Agency has included in its current plan the maximum amount of indebtedness that may be issued or incurred under the plan in the amount of \$15,825,000.

### **Basis of presentation, measurement focus, and basis of accounting**

**Government-wide financial statements** – The statement of net position and the statement of activities display information about the Agency, including all of its financial activities. Governmental activities are financed primarily through property taxes and proceeds from borrowings.

The statement of activities presents a comparison between direct expenses and program revenues for the Agency's program. The Agency does not allocate indirect expenses. Program revenues include grants and contributions that are restricted to meeting operational requirements. Revenues that are not classified as program revenues, including property taxes, earnings on investments and the gain on sale of property, are presented as general revenues.

**Fund financial statements** – The fund financial statements provide information about the Agency's funds. The emphasis of fund financial statements is on major funds, each displayed in a separate column.

## **Note 1 – Summary of Significant Accounting Policies (continued)**

The General Fund accounts for general administration of the Agency's urban renewal areas, for acquisition and rehabilitation of blighted and deteriorated areas within the designated urban renewal areas.

The Debt Service Fund accounts for repayment of debt incurred by the Agency.

**Measurement focus and basis of accounting** – Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Agency receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Agency considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, which are recognized as expenditures to the extent they have been incurred. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt are reported as other financing sources.

### **Equity classification**

**Government-wide statements** – Equity is classified as net position and displayed in three components:

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

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

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

In the government wide financial statements when both restricted and unrestricted net position are available, unrestricted resources are used only after the restricted resources are depleted.

## **Note 1 – Summary of Significant Accounting Policies (continued)**

**Governmental fund type fund balance reporting** – Governmental type fund balances are to be reported within the fund balance categories listed below:

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

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

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

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

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

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

**Budget policies and budgetary control** – Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year-end.

The Agency 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 governing body adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally overexpended.

## **Note 1 – Summary of Significant Accounting Policies (continued)**

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The governing body 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.

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

**Long-term obligations** – In the government-wide financial statements' long-term obligations are reported as liabilities in the governmental activities' statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are deferred and amortized over the life of the bond.

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

## **Note 2 – Deposits and Investments**

The Agency invests its cash in the City of Brookings, Oregon's cash and investment management pool, which is available for use by all City funds and is unrated. The cash and investment management pool has the general characteristic of a demand deposit account in that City funds may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty. Interest earned from pooled investments is allocated to each fund based on each fund's portion of the total investment balance calculated on a daily basis.

State statutes authorize the County to invest in the State of Oregon Local Government Investment Pool. The LGIP operates in accordance with appropriate State laws. It is not practical to determine the investment risk, collateral, or insurance coverage for the Agency's share of these pooled investments.

Information about the pooled investments, including investment risk, collateral, and insurance coverage, is included in the City's annual financial report and may be obtained by contacting the City's Finance Department at 898 Elk Drive, Brookings, Oregon 97415.

### Note 3 – Receivables

The Agency's receivables at June 30, 2018 are shown below:

Property taxes	<u>\$52,916</u>
----------------	-----------------

*Collection procedures* – Taxes are levied on July 1 and are payable in three installments due November 15, February 15, and May 5. Curry County bills and collects property taxes for the Agency.

*Ensuing year's levy* – The Agency will levy 100 percent of the amount of its authority under option one of ORS 457.435(2)(a) for the retirement of long-term obligations principal and interest without making a special levy in 2017-18.

The tax rate limit of \$10 per thousand of assessed value imposed by the Oregon Constitution is not expected to affect this levy.

### Note 4 – Unavailable Revenue

Resources owned by the Agency, which are measurable, but not available, and therefore, unavailable in the funds, consist of the following at June 30, 2018:

Property taxes	<u>\$47,771</u>
----------------	-----------------

### Note 5 – Long-Term Obligations

Transactions for the governmental activities for the year ended June 30, 2018 were as follows:

	Outstanding June 30, 2017	Additions	Reductions	Outstanding June 30, 2018	Balances Due Within One Year
Long-term debt obligations					
Loans					
Umpqua Bank	<u>\$ 1,207,998</u>	<u>\$ -</u>	<u>\$ 393,001</u>	<u>\$ 814,997</u>	<u>\$ 402,283</u>

**Note 5 – Long-Term Obligations (continued)****Governmental activities long-term debt obligations**

*Umpqua Bank* – The Agency borrowed \$2,685,000 to pay off the Urban Renewal Bonds previously issued. Semi-annual payments of \$210,370 include interest at 2.58 percent.

Future matures of long-term obligations are as follows:

<u>Fiscal Year</u>	<u>Umpqua Bank</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 402,283	\$ 18,456
2020	412,714	8,025
	<u>\$ 814,997</u>	<u>\$ 26,481</u>

**Note 6 – Tax Abatements**

The Agency has entered into no tax abatement programs. There are no tax abatement programs entered into by another government reducing the Agency's property tax revenues for the year ended June 30, 2018.

## **Supplemental Information**

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**Brookings Urban Renewal Agency**  
**A Component Unit of City of Brookings, Oregon**  
**Debt Service Fund (Major Fund)**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual**  
**For the Year Ended June 30, 2018**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 2,947	\$ 2,947
EXPENDITURES				
Debt service	450,739	450,739	420,752	29,987
Contingency	300,000	300,000	-	300,000
Total expenditures	750,739	750,739	420,752	329,987
Excess (deficiency) of revenues over expenditures	(750,739)	(750,739)	(417,805)	332,934
OTHER FINANCING SOURCES (USES)				
Transfers in	450,739	450,739	450,739	-
Net change in fund balance	(300,000)	(300,000)	32,934	332,934
Fund balance at beginning of year	300,000	300,000	314,140	14,140
Fund balance at end of year	\$ -	\$ -	\$ 347,074	\$ 347,074



**Brookings Urban Renewal Agency**  
**A Component Unit of City of Brookings, Oregon**  
**Schedule of Property Tax Transactions**  
**For the Year Ended June 30, 2018**

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<u>Tax Year</u>	<u>Taxes Receivable July 1, 2017</u>	<u>Current Levy</u>	<u>Discounts and Adjustments</u>	<u>Collections</u>	<u>Taxes Receivable June 30, 2018</u>
2017-18		\$ 605,247	\$ (16,440)	\$ (567,182)	\$ 21,625
2016-17	\$ 20,872	-	1,046	(11,540)	10,377
2015-16	9,308	-	812	(3,818)	6,302
2014-15	6,606	-	1,371	(4,410)	3,568
2013-14	4,324	-	788	(2,353)	2,759
2012-13	2,577	-	26	(184)	2,418
2011-12	2,122	-	(30)	(54)	2,038
Prior years	<u>3,920</u>	<u>-</u>	<u>258</u>	<u>(349)</u>	<u>3,829</u>
	<u>\$ 49,729</u>	<u>\$ 605,247</u>	<u>\$ (12,169)</u>	<u>\$ (589,890)</u>	<u>\$ 52,916</u>

**Report of Independent Auditors  
Required by Oregon State Regulations**

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## **Report of Independent Auditors on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Oregon Minimum Audit Standards**

Honorable Mayor and Members of the City Council  
Brookings Urban Renewal Agency

We have audited the basic financial statements of Brookings Urban Renewal Agency (the Agency), a component unit of City of Brookings, Oregon as of and for the year ended June 30, 2018 and have issued our report thereon dated December 6, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

### **Compliance**

As part of obtaining reasonable assurance about whether the Agency's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The use of approved depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2018 and 2019.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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 that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State.

## **Internal Control over Financial Reporting**

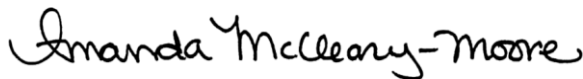
In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the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

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## **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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Amanda McCleary-Moore, Partner for  
Moss Adams LLP  
Medford, Oregon  
December 6, 2018



MOSSADAMS



**LEAGUE OF WOMEN VOTERS'  
OF CURRY COUNTY**

**Presentation to the Brookings City Council - December 10, 2018**

Good Evening City Councilors and Mayor Pieper. My name is Lucie La Bonté and I am the President of the League of Women Voters of Curry County.

The League of Women Voters believes democratic government depends upon the informed and active participation of its citizens.

The League has had a good working relationship with the City of Brookings for 30 years. 30 years ago, the City of Brookings approached us for help on a water issue involving the water in-take and Chetco River. The League then conducted a study on the Chetco River, "Water Sources and Uses in Curry County". Positions were adopted in 1993 and revised in 1997 and 2012. Mayor Brendlinger was a member and on the committee in 1993. We also worked to develop the City's Water Conservation Plan adopted in 2001.

Now in 2018, we are once again concerned about water quality and quantity on the Chetco River. With the impact of the Chetco Bar Fire and increasing development demands the League will be watching this issue.

The League of Women Voters of Oregon adopted a position of Civil Discourse in 2017. We will be asking all city councils and our County Commission to adopt a proclamation promoting Civil Discourse in their jurisdictions in the near future.

Thank you for your time.

Lucie La Bonté  
President