



STAYTON, OREGON

Audit Report

June 30, 2012

STEVE TUCHSCHERER
Certified Public Accountant
A Professional Corporation

CITY OF STAYTON

362 N. Third Avenue
Stayton, Oregon 97383
(503) 769-3425

CITY OFFICIALS

A. SCOTT VIGIL	Mayor
160 N. Evergreen, Stayton, OR 97383	
HENRY PORTER	Council President
985 N. Fourth Ave, Stayton, OR 97383	
JAMES LOFTUS	Council Member
633 N. Third Avenue, Stayton, OR 97383	
JENNIFER NIEGEL	Council Member
PO Box 248, Stayton, OR 97383	
BRIAN QUIGLEY	Council Member
1013 E. Virginia St., Stayton, OR 97383	
LARRY EMERY (Resigned Jan. 4, 2012)	Council Member
438 W. Burnett Street, Stayton, OR 97383	

CITY ADMINISTRATION

DON EUBANK	City Administrator
362 N. 3 rd Avenue, Stayton, OR 97383	
CHRISTINE SHAFFER	Finance Director
360 N. 3 rd Avenue, Stayton, OR 97383	

CITY OF STAYTON

AUDIT REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Stayton, Oregon

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Stayton, Oregon, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Stayton, Oregon's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my 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 of Stayton, Oregon, as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 20, 2012, on my consideration of the City of Stayton, Oregon's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 8 and 37 through 40 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. I have applied certain limited procedures to the management's discussion and analysis in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assistance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Stayton, Oregon's financial statements as a whole. The combining and individual non-major fund financial statements and additional supporting schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual non-major fund financial statements, additional supporting schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Steve Tuchscherer, CPA
December 20, 2012

MANAGEMENT'S DISCUSSION
AND ANALYSIS

CITY OF STAYTON
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2012
Unaudited

The management discussion and analysis of the City of Stayton, Oregon (the City) financial performance provides an overview of the City's financial activities for the fiscal year that ended June 30, 2012. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2012 are as follows:

- The City's net assets increased by \$1,838,260 which represents a 3.61 percent increase from the previous year. Net assets are \$36,994,846 for governmental activities and \$15,813,836 for business-type activities.
- General revenues from governmental activities accounted for \$3,581,482 in revenue, or 79.6 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$918,290 or 20.4 percent of all revenues for governmental activities. Total revenue from governmental activities is \$4,499,772.
- General revenues from business-type activities accounted for \$228,345 in revenue, or 4.1 percent of all revenues from business-type activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,330,644 or 95.9 percent of all revenues for business-type activities. Total revenue from business-type activities is \$5,558,989.
- The City had \$7,877,528 in program expenses. Of the program expenses, \$1,070,076 was for providing water service, \$1,400,015 was for providing sewer service, and \$336,892 was for operating the municipal pool.
- Among the governmental funds, the General Fund had \$2,598,218 in revenues, which primarily consisted of property taxes and franchise taxes. Actual amounts available for appropriation in the General Fund were \$55,750 more than budgeted. General Fund expenditures totaled \$3,021,457 including \$317,800 in interfund transfers out. The General Fund's fund balance decreased \$95,619 to \$629,613 from \$725,232.
- Among proprietary funds, the Water Fund had \$1,777,528 in revenues, which primarily consisted of user fees. The Sewer Fund had \$2,498,783 in revenues, which primarily consisted of user fees. The Swimming Pool Fund had \$367,653 in revenues which primarily consisted of property taxes and user fees. Actual amounts available for appropriations in the Water Fund were \$48,932 less than budgeted. Actual amounts available for appropriations in the Sewer Fund were \$384,622 more than budgeted. Actual amounts available for appropriations in the Swimming Pool Fund were \$15,236 more than budgeted.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes additional supplementary information to supplement the basic financial statements.

Government-wide Financial Statements

The first of the government-wide statements is the *Statement of Net Assets*. This is the City-wide statement of position presenting information that includes all of the City's assets and liabilities. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other non-financial factors such as the condition of buildings, and water and sewer systems facilities.

CITY OF STAYTON
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2012
Unaudited

The second government-wide statement is the *Statement of Activities* which reports how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the City's distinct activities or functions of the City that are principally supported by user fee revenues, intergovernmental revenues from grants, and property tax revenues. The governmental activities of the City include general government activities, street construction and maintenance, police services, and providing resources for library, culture and recreation. The proprietary activities of the City include water and sewer utilities.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, Fund Financial Statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining and individual fund statements in a later section of this report. The City reports two types of funds:

Governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Unlike the government-wide financial statements, these statements report short-term fiscal accountability focusing on use of spendable resources during the year and balances of spendable resources available at the end of the fiscal year.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the General Fund, the Street Fund and the Vehicle Replacement Fund. Budgetary comparison schedules for the other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

Proprietary funds are used to report the functions presented as business-type activities in the government-wide financial statements, only in more detail. The City maintains one type of proprietary fund - enterprise funds. The City uses enterprise funds to account for water, sewer, and other operations. The proprietary fund financial statements provide separate information for the Water Fund, Sewer Fund, and Other Funds. Included in the Water Fund for the Proprietary Statements on pages 15, 16, and 17 are the Water SDC Fund and the Water Construction Fund. Included in the Sewer Fund are the Sewer SDC Fund, and the Sewer Construction Fund. Included in the Other Funds are the Swimming Pool Fund and the Sublimity RECD Fund. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

Notes to the Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin immediately following the basic financial statements.

CITY OF STAYTON
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2012
Unaudited

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information budgetary comparison statements for the General Fund, the Housing Rehabilitation Fund and the Vehicle Replacement Fund. The required supplementary information immediately follows the notes to the financial statements.

Other supplementary information includes combining statements, individual fund statements and schedules, and other schedules. These statements and schedules immediately follow the required supplementary information in this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Recall that the Statement of Net Assets provides the perspective of the City as a whole. Net assets may serve over time as a useful indicator of a government's financial position.

The City's net assets at fiscal year-end are \$52,808,681 this is an increase of \$1,838,260 or 3.61%.

A significant portion of the City's net assets (102.5% percent) reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, improvements other than buildings, vehicles, and machinery and equipment), less any related debt used to acquire those assets that is 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 investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table provides a summary of the City's net assets for the current and prior year.

	<u>Summary of Net Assets</u>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Assets						
Current and Other Assets	\$ 2,942,853	\$ 2,775,973	\$ 4,285,043	\$ 9,983,114	\$ 7,227,896	\$ 12,759,087
Capital Assets	<u>34,286,303</u>	<u>34,203,674</u>	<u>31,433,574</u>	<u>24,892,231</u>	<u>65,719,877</u>	<u>59,095,905</u>
Total Assets	<u>37,229,156</u>	<u>36,979,647</u>	<u>35,718,617</u>	<u>34,875,345</u>	<u>72,947,773</u>	<u>71,854,992</u>
Liabilities						
Current Liabilities	234,308	422,195	8,858,834	9,292,743	9,093,143	9,714,938
Long-Term Liabilities	<u>-</u>	<u>-</u>	<u>11,045,945</u>	<u>11,169,633</u>	<u>11,045,945</u>	<u>11,169,633</u>
Total Liabilities	<u>234,308</u>	<u>422,195</u>	<u>19,904,779</u>	<u>20,462,376</u>	<u>20,139,088</u>	<u>20,884,571</u>
Net Assets						
Invested in Capital Assets						
Net of Debt	34,286,303	34,203,674	19,818,640	13,143,905	54,104,943	47,347,579
Restricted	287,931	653,481	(7,591,071)	(1,264,431)	(7,303,140)	(610,950)
Unrestricted	<u>2,420,612</u>	<u>1,700,297</u>	<u>3,586,267</u>	<u>2,533,495</u>	<u>6,006,878</u>	<u>4,233,792</u>
Total Net Assets	<u>\$ 36,994,846</u>	<u>\$ 36,557,452</u>	<u>\$ 15,813,836</u>	<u>\$ 14,412,969</u>	<u>\$ 52,808,681</u>	<u>\$ 50,970,421</u>

CITY OF STAYTON
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Changes in net assets - The City's total revenues for the fiscal year ended June 30, 2012 were \$10,058,761. The total cost of all programs and services was \$7,877,528. The following table shows a comparative analysis of government-wide revenues, expenses and changes in net assets.

Summary of Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Revenues						
Program Revenues						
Charges for Services	\$ 213,437	\$ 544,025	\$ 4,367,528	\$ 4,112,017	\$ 4,580,965	\$ 4,656,042
Operating Grants and Contributions	-	1,606	-	-	-	1,606
Capital Grants and Contributions	704,853	123,981	963,116	25,252	1,667,969	149,233
Total Program Revenues	918,290	669,612	5,330,644	4,137,269	6,248,934	4,806,881
General Revenues						
Local Sources						
Property Taxes	2,129,019	1,652,359	155,619	157,545	2,284,638	1,809,904
Franchise Fees	659,918	620,750	-	-	659,918	620,750
Other Taxes	59,595	62,734	-	-	59,595	62,734
Intergovernmental	524,104	451,562	-	-	524,104	451,562
Interest & Investment Earnings	9,972	13,551	28,000	33,899	37,972	47,450
Other Revenues	198,874	351,899	44,726	48,465	243,600	400,364
Total General Revenues	3,581,482	3,152,855	228,345	239,909	3,809,827	3,392,764
Total Revenues	4,499,772	3,822,467	5,558,989	4,377,178	10,058,761	8,199,645
Program Expenses						
General Government	1,585,659	2,151,596	-	-	1,585,659	2,151,596
Public Safety	1,823,363	1,868,374	-	-	1,823,363	1,868,374
Highways and Streets	787,043	713,564	-	-	787,043	713,564
Culture and Recreation	615,252	502,380	-	-	615,252	502,380
Interest Expense	-	-	259,226	270,039	259,226	270,039
Utility Services						
Water Utilities	-	-	1,070,076	953,535	1,070,076	953,535
Sewer Utilities	-	-	1,400,015	1,363,902	1,400,015	1,363,902
Swimming Pool	-	-	336,892	308,056	336,892	308,056
Total Program Expenses	4,811,317	5,235,914	3,066,210	2,895,532	7,877,528	8,131,446
Transfers	987,419	703,727	(987,419)	(703,727)	-	-
Change in Net Assets	<u>\$ 675,874</u>	<u>\$ (709,720)</u>	<u>\$ 1,505,360</u>	<u>\$ 777,919</u>	<u>\$ 2,181,233</u>	<u>\$ 68,199</u>

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table shows, for governmental activity, the total cost of the four major functional activities of the City. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

CITY OF STAYTON
Management's Discussion and Analysis (MD&A)
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	<u>Governmental Activities</u>			
	<u>Total Cost of Services</u>		<u>Net (Cost) Profit of Services</u>	
	<u>2011-12</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2010-11</u>
General Government	\$ 1,585,659	\$ 2,151,596	\$ (1,569,871)	\$ (2,081,608)
Public Safety	1,823,363	1,868,374	(1,774,961)	(1,579,680)
Public Works	787,043	713,564	(161,203)	(703,316)
Culture and Recreation	615,252	502,380	(386,992)	(201,698)
Total Program Expenses	<u>\$ 4,811,317</u>	<u>\$ 5,235,914</u>	<u>\$ (3,893,027)</u>	<u>\$ (4,566,302)</u>

The dependence on general revenues for general government activities is apparent. For 2011-12, 79.59 percent of general government activities are supported through general revenues

	<u>Business-Type Activities</u>			
	<u>Total Cost of Services</u>		<u>Net (Cost) Profit of Services</u>	
	<u>2011-12</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2010-11</u>
Utility Services	\$ 2,470,092	\$ 2,317,437	\$ 2,766,099	\$ 1,721,540
Swimming Pool	336,892	308,056	(242,439)	(209,764)
Interest on Long-Term Debt	259,226	270,039	(259,226)	(270,039)
Total Program Expenses	<u>\$ 3,066,210</u>	<u>\$ 2,895,532</u>	<u>\$ 2,264,434</u>	<u>\$ 1,241,737</u>

Business type activities increased the City's net assets by \$1,505,360. Of the business-type activities, the Sewer Fund, Water Fund and Swimming Pool Fund accounted for approximately 40.3%, 57.5% and 2.6% of revenues, respectively.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

Governmental Funds

As the City completed the year, its governmental funds reported a combined fund balance of \$2,741,716, an increase of \$175,216. The fund balance constitutes restricted, committed, assigned and unassigned amounts. Of the current fund balances, \$287,931 is restricted, \$1,816,172 is committed and \$629,613 is unassigned and available for spending at the City's discretion.

CITY OF STAYTON
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2012
Unaudited

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, unrestricted fund balance of the General Fund was \$629,613, a decrease of \$95,619 over the previous year.

The Street Fund reported a restricted ending fund balance of \$10,601, a decrease of \$71,533 over the previous year.

The Vehicle Replacement Fund reported a fund balance of \$1,011,705, an increase of \$194,634 over the previous year. The Vehicle Replacement fund balance is committed for vehicle replacement.

The 10th Avenue Construction Fund is a new fund which reported a fund balance of \$61,277, an increase of \$61,277 over the previous year. The 10th Avenue Construction fund balance is committed for improvements to 10th Avenue.

Proprietary Funds

The Water Fund reported a budgetary fund balance of \$1,155,238, an increase of \$445,788 over the previous year. The Water Fund ending balance includes restricted assets of \$25,981 for customer deposits.

The Sewer Fund reported a budgetary fund balance of \$2,501,740, an increase of \$197,206 from the previous year. The Sewer Fund ending balance includes restricted assets of \$336,767 for debt service and \$25,385 for customer deposits.

Budgetary Highlights

An appropriation transfer resolution was adopted by the City Council in February, 2012 to allow for additional capital outlay spending in the Parks Construction Fund and additional materials and services spending in the Parks SDC Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2012, the City had invested, before net reduction for accumulated depreciation, \$91,876,508 in capital assets, including buildings, land, vehicles, water and sewer utility systems, and other equipment. This amount represents an increase of \$7,608,110 over the prior year.

Total depreciation expense for the year was \$1,424,576. Additional information on the City's capital assets can be found in Note 3 of the Notes to the basic financial statements section of this report.

Long-Term Debt

At June 30, 2012 the City had total debt outstanding of \$11,324,380. Proceeds from additions to long-term debt of \$159,876 were received during the fiscal year ending June 30, 2012. Not included in the long-term debt balance is \$8,316,000 in proceeds from interim financing debt for construction of an expanded and updated sewer treatment plant. Existing debt was reduced by \$271,893. Interest paid on the debt amounted to \$242,440.

Additional information on the City's long-term debt can be found in Note 5 of the Notes to the Basic Financial Statements.

CITY OF STAYTON
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2012
Unaudited

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the City's officials during the process of developing the fiscal year 2012-2013 budget. The City's budget for the fiscal year ending June 30, 2012 is fairly consistent with the current fiscal year. The City considered the current economic environment, no increase in the current property tax rate, declining revenues, and expected inflationary increases in expenditures when establishing the budget.

Amounts available for appropriation in the General Fund are \$3,529,747 for the fiscal year 2012-13, a decrease of \$65,573 or 1.8%. No new programs were added to the 2012-2013 budget.

The City is budgeting a \$212,500 or 8.0 percent increase in Water Fund resources, due primarily from an increased beginning fund balance. The Water Fund is budgeting a \$115,000 increase in capital outlay expenditures for water system and plant improvements.

For the Sewer Fund the City is budgeting a \$633,485 or 14.3 percent increase in resources. In the Sewer Construction Fund, an increase of \$1,182,000 is budgeted to cover the remaining capital outlay for the Wastewater Treatment Plant Improvement project scheduled to be completed in July, 2012. Interim financing for this project in the amount of \$8,316,000 will transition to a loan with initial payment scheduled for 2012-13.

The Street Fund budget is increased by \$123,000 or 14% in anticipation of an increase in ODOT grants, an increase in state gas tax revenues and the anticipated street maintenance fee expected to generate \$84,000 for fiscal year 2012-13.

The 10th Avenue Fund was created as a special fund for the 10th Avenue Street, water, and storm sewer construction project. It is a \$1.8 million project funded from a variety of sources including a grant from the Department of Transportation and matching funding from Santiam Memorial Hospital. The full project is budgeted for 2012-13.

With the exceptions noted above, operating costs of both governmental activities and business-type activities are expected to be similar to those of the 2011-12 period.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives.

If you have any questions about this report or need additional information, contact the City of Stayton at (503) 769-3425. The office is located inside City Hall at 362 N. Third Avenue, Stayton, Oregon 97383.

BASIC FINANCIAL
STATEMENTS

CITY OF STAYTON
STATEMENT OF NET ASSETS

June 30, 2012

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	\$ 2,665,709	\$ 3,923,111	\$ 6,588,820
Receivables	252,655	361,932	614,587
Advances to Other Funds	24,489	-	24,489
Due From Other Funds	-	-	-
Total Current Assets	2,942,853	4,285,043	7,227,896
Capital Assets:			
Land	1,759,203	247,157	2,006,360
Construction in Progress	741,937	10,279,876	11,021,813
Infrastructure	49,478,510	22,350,787	71,829,297
Buildings & Improvements	3,732,327	5,922,399	9,654,726
Equipment & Vehicles	902,744	1,224,852	2,127,596
Other Capital Assets	1,606,817	1,371,836	2,978,653
Less: Accumulated Depreciation	(23,935,235)	(9,963,333)	(33,898,568)
Total Capital Assets, Net of Depreciation	34,286,303	31,433,574	65,719,877
Total Assets	\$ 37,229,156	\$ 35,718,617	\$ 72,947,773
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	\$ 100,530	\$ 70,665	\$ 171,195
Interest Payable	-	57,305	57,305
Customer Deposits	-	51,366	51,366
Deferred Revenue	-	-	-
Advances from Other Funds	-	24,489	24,489
Interim Construction Note Payable	-	8,310,100	8,310,100
Accrued Compensated Absences	127,299	30,116	157,415
OPEB Payable	6,479	36,358	42,838
Current Portion of Long-Term Liabilities:			
Bonds Payable	-	278,435	278,435
Total Current Liabilities	234,308	8,858,834	9,093,143
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Bonds Payable	-	11,045,945	11,045,945
Total Long-Term Liabilities	-	11,045,945	11,045,945
Total Liabilities	\$ 234,308	\$ 19,904,779	\$ 20,139,088
<u>NET ASSETS:</u>			
Invested in capital assets, net of related debt	\$ 34,286,303	\$ 19,818,640	\$ 54,104,943
Restricted for:			
Capital Projects	-	(8,084,314)	(8,084,314)
Debt Service	-	336,767	336,767
Other Projects	287,931	156,476	444,407
Unrestricted	2,420,612	3,586,267	6,006,878
Total Net Assets	\$ 36,994,846	\$ 15,813,836	\$ 52,808,681

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

CITY OF STAYTON

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2012

	(Expenses)	Program Revenues			Net (Expense) Revenue and Change in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>GOVERNMENTAL ACTIVITIES:</u>					
General Government	\$ 1,585,659	\$ 15,788	\$ -	\$ -	\$ (1,569,871)
Public Safety	1,823,363	40,146	-	5,740	(1,777,477)
Highway and Streets	787,043	17,234	-	608,606	(161,203)
Culture and Recreation	615,252	142,785	-	87,991	(384,476)
Interest Expense	-	-	-	-	-
Total Governmental Activities	\$ 4,811,317	\$ 215,953	\$ -	\$ 702,337	\$ (3,893,027)
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Water Utilities	\$ 1,070,076	\$ 1,761,904	\$ -	\$ -	\$ 691,828
Sewer Utilities	1,400,015	2,511,171	-	963,116	2,074,272
Swimming Pool	336,892	94,453	-	-	(242,439)
Interest on Long-Term Debt	259,226	-	-	-	(259,226)
Total Business-type Activities	\$ 3,066,210	\$ 4,367,528	\$ -	\$ 963,116	\$ 2,264,434
Total Primary Government	\$ 7,877,528	\$ 4,583,481	\$ -	\$ 1,665,453	\$ (1,628,594)
<u>CHANGES IN NET ASSETS:</u>					
			Governmental Activities	Business-type Activities	Total
Net (expense) revenue			\$ (3,893,027)	\$ 2,264,434	\$ (1,628,594)
<u>GENERAL REVENUES:</u>					
Local Sources:					
Property Taxes, levied for general purposes			2,129,019	155,619	2,284,638
Intergovernmental Tax Turnovers			524,104	-	524,104
State Revenue Sharing			59,595	-	59,595
Franchise Taxes			659,918	-	659,918
Interest and Investment Earnings			9,972	28,000	37,972
Other Revenue			198,874	44,726	243,600
Subtotal - General Revenues			3,581,482	228,345	3,809,827
Interfund Transfers			987,419	(987,419)	-
Total General Revenues and Transfers			4,568,901	(759,074)	3,809,827
Change in Net Assets			675,874	1,505,360	2,181,233
NET ASSETS, JULY 1, 2011			36,557,452	14,412,969	50,970,421
Equity Transfer In (Out)			(218,281)	218,281	-
Prior Period Adjustment			(20,199)	(322,774)	(342,973)
NET ASSETS, JUNE 30, 2012			\$ 36,994,846	\$ 15,813,836	\$ 52,808,681

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

Government – Wide
Financial Statements

Governmental Fund
Financial Statements

CITY OF STAYTON

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2012

	<u>General Fund</u>	<u>Street Fund</u>	<u>Vehicle Replacement Fund</u>	<u>10th Avenue Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS:</u>						
Cash and Investments	\$ 532,137	\$ 9,694	\$ 1,011,705	\$ 94,077	\$ 1,018,096	\$ 2,665,709
Receivables:						
Accounts	105,293	7,990	-	-	-	113,283
Property Tax	127,806	-	-	-	11,566	139,372
Advances from Other Funds	-	-	24,489	-	-	24,489
Total Assets	\$ 765,236	\$ 17,684	\$ 1,036,194	\$ 94,077	\$ 1,029,662	\$ 2,942,853
<u>LIABILITIES AND FUND BALANCES:</u>						
Liabilities:						
Accounts Payable	\$ 36,133	\$ 7,181	\$ -	\$ 32,800	\$ 24,416	\$ 100,530
Deferred Revenue	99,490	-	-	-	9,115	108,605
Total Liabilities	135,623	7,181	-	32,800	33,531	209,135
<u>FUND EQUITIES:</u>						
Restricted for:						
Street Projects	-	10,501	-	-	244,356	254,857
Miscellaneous Community Projects	-	-	-	-	-84	(84)
Parks & Recreation Programs	-	-	-	-	33,158	33,158
Committed for:						
Vehicle Replacement	-	-	1,036,194	-	-	1,036,194
Street Capital Projects	-	-	-	61,277	-	61,277
Library Programs	-	-	-	-	102,617	102,617
Public Works Programs	-	-	-	-	52,213	52,213
Miscellaneous Community Projects	-	-	-	-	112,049	112,049
Miscellaneous Capital Projects	-	-	-	-	451,822	451,822
Unassigned	629,613	-	-	-	-	629,613
Total Fund Equities	629,613	10,501	1,036,194	61,277	996,131	2,733,715
Total Liabilities & Fund Equities	\$ 765,236	\$ 17,682	\$ 1,036,194	\$ 94,077	\$ 1,029,662	\$ 2,942,850

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

CITY OF STAYTON

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

June 30, 2012

Total Fund Balances - Governmental Funds \$ 2,733,715

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

The cost of the assets is -	\$ 58,221,538	
The accumulated depreciation is -	<u>(23,935,235)</u>	
Net Value of Assets		34,286,303

Certain receivables that will not be available to pay for current-period expenditures are deferred in the governmental funds:

Property Taxes		108,605
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Other Post-Employment Benefits Payable		(6,479)
Accrued Compensated Absences		<u>(127,299)</u>

Net Assets of Governmental Activities		\$ 36,994,845
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The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF STAYTON

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

GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2012

	General Fund	Street Fund	Vehicle Replacement Fund	10th Avenue Construction Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES:</u>						
Taxes and Assessments	\$ 1,682,036	\$ 85,091	\$ -	\$ -	\$ 174,334	\$ 1,941,461
Intergovernmental	165,791	416,808	-	-	1,100	583,699
Franchise Taxes	659,918	-	-	-	-	659,918
Licenses & Permits	15,788	-	-	-	43,101	58,889
Charges for Service	3,212	-	-	-	50,913	54,125
Fines and Forfeitures	38,163	-	-	-	15,975	54,138
Investment Revenue	-	703	5,272	-	3,997	9,972
Grants	-	107,757	-	500,849	142,532	751,138
Other Revenue	33,310	448	-	865	164,251	198,874
Total Revenues	2,598,218	610,807	5,272	501,714	596,203	4,312,214
<u>EXPENDITURES:</u>						
Current Operating:						
General Government	663,383	-	-	-	145,316	808,699
Public Safety	1,758,314	-	-	-	37,654	1,795,968
Highway and Streets	103,212	243,757	-	276,537	381,818	1,005,324
Culture and Recreation	178,219	-	-	-	367,614	545,833
Capital Outlay	529	19,011	60,376	683,681	204,996	968,593
Total Expenditures	2,703,657	262,768	60,376	960,218	1,137,398	5,124,417
Excess (Deficiency) of Revenues						
Over Expenditures	(105,439)	348,039	(55,104)	(458,504)	(541,195)	(812,203)
<u>OTHER FINANCING SOURCES (USES):</u>						
Interfund Transfers In	327,620	-	235,901	519,781	663,926	1,747,228
Interfund Transfers (Out)	(317,800)	(419,572)	-	-	(22,437)	(759,809)
Total Other Financing Sources/(Uses)	9,820	(419,572)	235,901	519,781	641,489	987,419
Net Change in Fund Balances	(95,619)	(71,533)	180,797	61,277	100,294	175,216
FUND BALANCES, July 1, 2011	725,232	82,034	863,397	-	895,837	2,566,500
Prior Period Adjustment	-	-	(8,000)	-	-	(8,000)
FUND BALANCES, June 30, 2012	\$ 629,613	\$ 10,501	\$ 1,036,194	\$ 61,277	\$ 996,131	\$ 2,741,716

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

CITY OF STAYTON

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

For the Fiscal Year Ended June 30, 2012

Net Changes in Fund Balances - Total Governmental Funds \$ 175,216

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 1,166,110	
Less current year depreciation	<u>(853,001)</u>	
		313,109

Some revenues will not be collected for several months after the City's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue. However, these funds are recorded as revenue in the Statement of Activities.

The changes in amounts deferred are as follows:

Property Taxes	187,558
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Expense accruals in the governmental funds do not include all accrued interest expense payable.

The change in payables from the prior year to the current year is reconciled here.

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Additions to certain payroll liabilities are reported as an expense in the Statement of Activities.

Vacation Payable	2,230	
Other Post-Employment Benefits Payable	<u>(2,239)</u>	

Long term debt proceeds are included as revenue in governmental funds, but the proceeds increase long-term debt balances in the Statement of Net Assets

Repayment of long-term debt principal amounts are expenditures in the governmental funds, but the repayment reduces long-term debt liabilities in the Statement of Net Assets.

Retirement of debt principal is as follows:

Notes Payable	
Capital Leases Payable	<u>-</u>

Changes in Net Assets of Governmental Assets	<u>\$ 675,874</u>
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The accompanying notes to the basic financial statements are an integral part of this statement.

Proprietary Fund
Financial Statements

CITY OF STAYTON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2012

	Enterprise Funds			Total Proprietary Funds
	Water Utility Fund	Sewer Utility Fund	Other Funds	
<u>ASSETS:</u>				
Current Assets:				
Cash and Investments	\$ 1,167,399	\$ 2,592,835	\$ 162,877	\$ 3,923,111
Receivables	131,580	\$ 219,769	10,583	361,932
Total Current Assets	1,298,979	2,812,604	173,460	4,285,043
Capital Assets:				
Land	31,825	215,332	-	247,157
Construction in Progress	-	10,279,876	-	10,279,876
Infrastructure	12,397,249	9,953,538	-	22,350,787
Buildings & Improvements	4,760,274	407,870	754,255	5,922,399
Equipment & Vehicles	628,511	573,485	22,856	1,224,852
Other Capital Assets	33,316	1,090,319	248,201	1,371,836
Less: Accumulated Depreciation	(5,192,113)	(4,036,462)	(734,758)	(9,963,333)
Total Capital Assets, Net of Depreciation	12,659,062	18,483,958	290,554	31,433,574
Total Assets	13,958,041	21,296,562	464,014	35,718,617
<u>LIABILITIES:</u>				
Current Liabilities:				
Accounts Payable	9,663	56,156	4,846	70,665
Interest Payable	2,466	54,839	-	57,305
Customer Deposits	25,981	25,385	-	51,366
Accrued Compensated Absences	14,433	11,059	4,624	30,116
OPEB Payable	14,540	13,838	7,979	36,358
Advances from Other Funds	-	-	24,489	24,489
Interim Construction Note Payable	-	8,310,100	-	8,310,100
Current Portion of Long-Term Obligations	39,193	239,242	-	278,435
Total Current Liabilities	106,276	8,710,619	41,938	8,858,834
Long-Term Obligations	5,181,298	5,864,647	-	11,045,945
Total Long-Term Liabilities	5,181,298	5,864,647	-	11,045,945
Total Liabilities	5,287,574	14,575,266	41,938	19,904,779
<u>NET ASSETS:</u>				
Invested in capital assets, net of related debt	7,438,571	12,380,069	-	19,818,640
Restricted for:				
Capital Projects	-	(8,084,314)	-	(8,084,314)
Debt Service	-	336,767	-	336,767
Other Purposes	131,091	25,385	-	156,476
Unrestricted	1,456,928	2,001,802	416,838	3,875,567
Prior Period Adjustment	(356,124)	61,586	5,238	(289,300)
Total Net Assets	\$ 8,670,466	\$ 6,721,295	\$ 422,076	\$ 15,813,836

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

CITY OF STAYTON
**STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET ASSETS**
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2012

	Enterprise Funds			Total Proprietary Funds
	Water Utility Funds	Sewer Utility Funds	Other Funds	
<u>OPERATING REVENUES:</u>				
Charges for Services & Fees	\$ 1,745,884	\$ 2,486,475	\$ 94,453	\$ 4,326,812
Developer Reimbursements	16,020	24,696	-	40,716
Total Revenues	1,761,904	2,511,171	94,453	4,367,528
<u>OPERATING EXPENSES:</u>				
Personal Services	410,699	501,480	206,544	1,118,724
Materials and Supplies	339,334	673,616	103,735	1,116,685
Depreciation Expense	320,043	224,919	26,613	571,575
Total Operating Expenses	1,070,076	1,400,015	336,892	2,806,984
Income (Loss) from Operations	691,828	1,111,156	(242,439)	1,560,544
<u>NON-OPERATING REVENUES (EXPENSES):</u>				
Property Taxes	-	-	155,619	155,619
Intergovernmental- Grants	-	963,116	-	963,116
Investment Revenue	4,103	22,798	1,099	28,000
Interest Expense	(5,107)	(252,319)	(1,800)	(259,226)
Miscellaneous	2,483	2,287	39,956	44,726
Total Non-Operating Revenues (Expenses)	1,479	735,882	194,874	932,235
Income before Transfers	693,307	1,847,038	(47,565)	2,492,779
<u>TRANSFERS:</u>				
Transfers from Other Funds	25,476	-	76,300	101,776
Transfers to Other Funds	(627,384)	(451,811)	(10,000)	(1,089,195)
Changes in Net Assets	91,399	1,395,227	18,735	1,505,360
TOTAL NET ASSETS, June 30, 2011	8,716,887	5,297,979	398,103	14,412,969
Equity Transfer In (Out)	218,281	-	-	218,281
Prior Period Adjustment	23	(33,497)	-	(33,474)
TOTAL NET ASSETS, June 30, 2012	\$ 9,026,590	\$ 6,659,709	\$ 416,838	\$ 16,103,136

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

CITY OF STAYTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2012

	Enterprise Funds			Total Proprietary Funds
	Water Utility Fund	Sewer Utility Fund	Other Funds	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Cash Received from User Charges	\$ 1,751,266	\$ 2,462,831	\$ 95,133	\$ 4,309,230
Cash Payments for Employee Services	(406,970)	(491,574)	(201,437)	(1,099,981)
Cash Payments to Suppliers	(374,136)	(1,081,705)	(101,992)	(1,557,833)
Net Cash Provided (Used) by Operating Activities	970,160	889,552	(208,296)	1,651,416
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>				
Transfer from Other Funds	25,476	-	76,300	101,776
Transfer to Other Funds	(627,384)	(451,811)	(10,000)	(1,089,195)
Net Cash Provided (Used) by Non-capital Financing Activities	(601,908)	(451,811)	66,300	(987,419)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>				
Proceeds from Long-Term Debt	159,876	-	-	159,876
Proceeds from collection of Property Taxes	-	-	155,619	155,619
Proceeds from collection of Grants Other Non-Operating Revenue	2,483	965,403	39,956	1,007,842
Acquisition of Capital Assets	(158,596)	(7,025,341)	-	(7,183,937)
Principal Paid on Long Term Debt	(37,894)	(233,999)	(21,837)	(293,730)
Interest Paid on Long Term Debt	(6,212)	(254,441)	(1,800)	(262,453)
Net Cash Provided (Used) by Capital and Related Financing Activities	(40,343)	(6,548,378)	171,938	(6,416,783)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Investment Income	4,103	22,798	1,099	28,000
Net Cash Provided (Used) by Investing Activities	4,103	22,798	1,099	28,000
CASH AND CASH EQUIVALENTS AT JULY 1, 2011	835,386	8,680,673	131,836	9,647,895
CASH AND CASH EQUIVALENTS AT JUNE 30, 2012	\$ 1,167,398	\$ 2,592,834	\$ 162,877	\$ 3,923,109
<u>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS</u>				
<u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>				
Income (loss) from operations	\$ 691,851	\$ 1,077,659	\$ (242,439)	\$ 1,527,070
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:				
Depreciation	320,043	224,919	26,613	571,575
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	(12,022)	(15,371)	680	(26,713)
Increase (decrease) in deposits	1,361	528	-	1,889
Increase (decrease) in payables	(31,073)	(398,183)	6,850	(422,405)
Net cash provided (used) by operating activities	\$ 970,160	\$ 889,552	\$ (208,296)	\$ 1,651,416

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

Notes to the Basic
Financial Statements

CITY OF STAYTON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Stayton, Oregon (City) is a municipal corporation incorporated under the laws of the State of Oregon. The City is governed by an elected Mayor and an elected five member council. Administrative functions are delegated to the City administrator who reports to and is responsible to the mayor and council. The chief administrative officer is the City Administrator.

The financial statements of the City have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP Statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The following is a summary of the more significant policies of the City:

A. Reporting Entity

In determining the financial reporting entity, the City of Stayton complies with Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity." The criteria for including organizations as component units within the City's reporting entity, include whether 1) the organization is legally separate (can sue and be sued in their own name); 2) the City holds the corporate powers of the organization; 3) the City appoints a voting majority of the organization's board; 4) the City is able to impose its will on the organization; 5) the organization has the potential to impose a financial benefit/burden on the City; and 6) there is fiscal dependency by the organization on the City. Based on the aforementioned criteria, the City of Stayton is a primary government with no includable component units.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the overall City. Eliminations have been made to minimize the double counting of internal activities. 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. Direct expenses are those that are specifically associated with a program of function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. The City does not allocate indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Net assets are reported as restricted when constraints placed on net asset use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

Fund Financial Statements: The fund financial statements provide information about the city's funds including those of a fiduciary nature, if applicable. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

CITY OF STAYTON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

B. Basis of Presentation (Cont.)

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City reports the following major governmental funds:

General Fund - The General Fund is the main operating fund of the City. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Street Fund – This Fund provides for street and bridge repairs and maintenance within the City. The primary source of revenue is from state gas tax turnovers and maintenance fees collected by the City.

Vehicle Replacement Fund – This Fund provides for replacement of water, sewer, street, parks, and police department vehicles and other equipment used by the City on an established life-cycle basis. The primary source of revenue is from interfund transfers.

10th Avenue Construction Fund – This Fund provides for the 10th Avenue street and storm improvements. The primary sources of revenue are from grants collected and interfund transfers.

Additionally the City also reports non-major funds within the governmental fund type.

Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Non-major special revenue funds include the Library Fund, Street SDC Fund, Park SDC Fund, Public Works Administration Fund, Grants Fund, 911 Agency Fund, Trust Fund, and NEDCO Fund.

Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by business-type or propriety funds). Non-major capital projects funds include the Facilities Development Fund and the Park Construction Fund.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The City has presented the following major proprietary funds:

Water Fund - The Water Fund is used to account for the provision of water services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water system and billing and collection activities.

Sewer Fund - The Sewer Fund is used to account for the provision of sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the sewer system and billing and collection activities.

Sewer Construction Fund - The Sewer Construction Fund is used to account for the acquisition or construction of sewer utilities.

CITY OF STAYTON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

B. Basis of Presentation (Cont.)

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Measurement Focus/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. Non-exchange transactions, in which the city 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. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the city funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the city's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The city considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 of the city's Sewer and Water Funds are charges to customers for sales and services. These funds also recognize fees intended to recover the cost of connecting new customers to the city's utility systems as operating revenue. Operating expenses for enterprise 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 non-operating revenues and expenses.

CITY OF STAYTON
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

D. Budgeting

A budget is prepared for each city fund in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon local budget law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, capital outlay, contingencies, and debt service by fund are the levels of control. The detail budget document, however, is required to contain more specific, detailed information for the above mentioned expenditure categories. Appropriations lapse at June 30. Unexpected additional resources may be added to the budget by a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the city council. Original and supplemental budgets may be modified by using appropriations transfers between the levels of control. Such transfers require approval by the city council. The city does not utilize encumbrance accounting for budgeted funds.

E. Cash and Investments

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts and any short-term, highly liquid investments with initial maturity dates of three months or less.

The City has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the City to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon, and numerous other investment instruments.

The City's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The City's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the City's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended, non-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short Term Fund (OSTF) which was established by the State Treasurer.

In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

F. Property Taxes

The assessment date for the tax year is July 1. Personal and real property taxes are a lien on July 1. Total personal property tax becomes due and is delinquent when any installment is not paid by its due date. Real property tax is due and payable on November 15. However, a taxpayer may pay real property taxes in three equal installments, due the 15th day of November, February and May. Real property taxes become delinquent if not paid by May 15.

CITY OF STAYTON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

G. Accumulated Compensated Absences

Accumulated vested vacation and compensatory pay is accrued as it is earned. For governmental funds, compensation not expected to be liquidated with the current resources are reported as liabilities in the government-wide statements and represent a reconciling item between the fund level and government-wide presentations. In business-type funds both the current and long-term liabilities are recorded. Sick pay, which does not vest, is recognized in applicable funds when leave is taken.

H. Receivables & Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables". All other outstanding balances between funds are reported as "due to/from other funds."

An allowance for bad debts is not carried in the enterprise funds as the City has strong enforcement procedures including shut off of services and any uncollectible amounts would be immaterial. An allowance for bad debt is not carried in the governmental funds because the City has determined that any uncollectible amount would be immaterial to the financial statements.

I. Deferred Revenue

The City reports deferred revenue on its balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

J. Inventory

Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased. The costs of proprietary fund type inventories are recorded as expenditures when consumed rather than when purchased.

K. Long-Term Debt

All bonds to be paid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. Amounts of the long-term debt due within the following fiscal year are included in the current liabilities section of the Statement of Net Assets.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

CITY OF STAYTON
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

L. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Purchased or constructed capital assets are reported at cost, or estimated cost when original cost is not available. Donated capital assets are valued at their estimated fair market value on the date received. Maintenance and repairs of capital assets that do not significantly extend the useful life of an asset are not capitalized, but rather are charged to expenditures in the funds.

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method.

The estimated useful lives are as follows:

Buildings and Improvements	40-50 years
Furniture and Office Equipment	3-5 years
Machinery and Equipment	10-20 years
Vehicles	5-10 years
Water and Sewer Systems	40-50 years
Infrastructure	15-65 years

One-half year of depreciation is taken in the year the assets are acquired or retired.

M. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as well as disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

N. Equity Classifications:

Government-wide Statements

Equity is classified as net assets, which represents the difference between assets and liabilities. Net assets are displayed in three components:

- a. Invested in capital assets, net of related debt - 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 borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantor, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

CITY OF STAYTON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

N. Equity Classifications (Cont):

Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The City does not have any nonspendable resources as of June 30, 2012.
- Restricted: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The City has restricted funds for various projects that are to be used for governmental purposes.
- Committed: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision making authority, the City Council, and does not lapse at year-end. The City has committed resources for various projects and purposes.
- Assigned: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the City Council or through delegating this responsibility to selected staff members or through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

O. Inter-Fund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers in the fund financial statements. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

CITY OF STAYTON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

2. CASH AND INVESTMENTS:

For discussion of deposit and investment policies and other related information, see Note 1.E.

The City follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized at Note 1.E.

Investments, including amounts held in pool 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 prices, 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.

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website.

Qualifying depository banks must pledge securities with a particular value based on the bank's level of capitalization. The balances in excess of the FDIC insurance are considered exposed to custodial credit risk.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits exists when, in the event of a depository failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk.

As of June 30, 2012, the reported amount of the City's deposits was \$122,757 and the bank balance was \$755,659. Of the bank balance, the entire amount was covered by federal depository insurance or by pledged securities with the qualifying depository banks.

Investments - Oregon statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Governmental Investment Pool. The City has no credit risk policy or investment policy that would further limit its investment choices

Credit Risk - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2012, the City's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

At June 30, 2012, the City's investments in financial institutions are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government Investment Pool (LGIP)	\$ 6,425,445	N/A
Total Investments	<u>\$ 6,425,445</u>	

Investments in the LGIP and federal agency notes do not require disclosure credit rating quality.

CITY OF STAYTON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

2. CASH AND INVESTMENTS (CONT.):

Concentration of Credit Risk - An increased risk of loss occurs as more investments are acquired from one issuer. This results in a concentration of credit risk. The City places no limit on the amount that may be invested in any one issuer. More than 5 percent of the City's investments are in the Oregon State Treasurer's Local Government Investment Pool (LGIP). This investment is 100% of the City's total investments.

3. RECEIVABLES:

Receivables as of the end of the fiscal year for the City's governmental funds are as follows:

	General Fund	Street Fund	Vehicle Replacement Fund	Other Governmental Funds	Total
Property Taxes	\$ 127,806	\$ -	\$ -	\$ 11,566	\$ 139,372
Accounts	105,293	7,990	-	-	113,283
Advances to Other Funds	-	-	24,489	-	24,489
Total	<u>\$ 233,099</u>	<u>\$ 7,990</u>	<u>\$ 24,489</u>	<u>\$ 11,566</u>	<u>\$ 277,144</u>

Accounts receivable represent charges for water and sewer services provided by the City to its patrons that were outstanding at the end of the fiscal year.

The City's provision for future losses on uncollectible accounts or bad debts is based upon past collection experience. No allowance for doubtful accounts is provided because the City has the authority to certify a lien on the property served to the County Assessor for any amounts not paid. Any accounts not collectible in this manner are directly written off in the year the amount becomes uncollectible. Such direct write-offs during 2011-12 were immaterial.

Receivables as of the end of the fiscal year for the City's enterprise funds are as follows:

	<u>Enterprise Fund</u>
Accounts Receivable for User Charges	<u>\$ 361,932</u>
Total	<u>\$ 361,932</u>

CITY OF STAYTON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

4. CAPITAL ASSETS:

The following is a summary of capital asset activity for the fiscal year ended June 30, 2012:

Governmental Activities	June 30, 2011	Additions	Deletions	June 30, 2012
Assets not being depreciated:				
Land	\$ 1,759,203	\$ -	\$ -	\$ 1,759,203
Construction-In-Process	-	741,937	-	741,937
Assets being depreciated:				
Infrastructure	49,327,926	150,584	-	49,478,510
Buildings & Improvements	3,732,327	-	-	3,732,327
Equipment & Vehicles	847,436	55,308	-	902,744
Other Capital Assets	1,606,817	-	-	1,606,817
Total Depreciable Assets	55,514,506	205,892	-	55,720,398
Less: Accumulated Depreciation				
Infrastructure	20,213,405	678,500	-	20,891,905
Buildings & Improvements	1,132,790	71,149	-	1,203,939
Equipment & Vehicles	496,786	69,631	-	566,417
Other Capital Assets	1,239,253	33,721	-	1,272,974
Total Accumulated Depreciation	23,082,234	853,001	-	23,935,235
Net Value of Capital Assets Being Depreciated	32,432,272	(647,109)	-	31,785,163
Total Governmental Activities--Net Value of Capital Assets	<u>\$ 34,191,475</u>	<u>\$ (647,109)</u>	<u>\$ -</u>	<u>\$ 34,286,303</u>
Business-type Activities				
Assets not being depreciated:				
Land	\$ 225,743	\$ 21,414	\$ -	\$ 247,157
Construction-In-Process	8,134,703	6,860,787	4,715,614	10,279,876
Assets being depreciated:				
Infrastructure	21,853,980	496,807	-	22,350,787
Buildings & Improvements	1,206,785	4,715,614	-	5,922,399
Equipment & Vehicles	1,201,642	23,210	-	1,224,852
Other Capital Assets	1,371,836	-	-	1,371,836
Total Depreciable Assets	25,634,243	5,235,631	-	30,869,874
Less: Accumulated Depreciation				
Infrastructure	6,837,636	345,655	-	7,183,291
Buildings & Improvements	834,943	110,434	-	945,377
Equipment & Vehicles	590,394	86,254	-	676,648
Other Capital Assets	1,128,785	29,232	-	1,158,017
Total Accumulated Depreciation	9,391,758	571,575	-	9,963,333
Net Value of Capital Assets Being Depreciated	16,242,485	4,664,056	-	20,906,541
Total Business-type Activities--Net Value of Capital Assets	<u>\$ 24,602,931</u>	<u>\$ 11,546,257</u>	<u>\$ 4,715,614</u>	<u>\$ 31,433,574</u>
Total Net Assets of Primary Government	<u>\$ 58,794,406</u>	<u>\$ 10,899,148</u>	<u>\$ 4,715,614</u>	<u>\$ 65,719,877</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:		Business-Type Activities	
General Government	758,426	Water Utilities	\$ 320,043
Police	25,156	Sewer Utilities	224,919
Library	69,419	Swimming Pool	26,613
Total depreciation expense - governmental activities	<u>\$ 853,001</u>		<u>\$ 571,575</u>

* With the implementation of GASB #34, the City elected the prospective reporting approach for infrastructure assets. Accordingly, only infrastructure assets acquired on July 1, 2003 and thereafter will be presented in the financial statements.

CITY OF STAYTON
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

5. LONG-TERM DEBT:

The table below presents current year changes in long term obligations and the current portions due for each issue. Governmental and business-type activities are shown separately:

	Outstanding Balance July 1, 2011	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2012	Due within One Year
BUSINESS-TYPE ACTIVITIES					
OEDD Bonds, series 1993 for special public works projects					
- Original Balance \$510,000					
Dated: December 21, 1993					
Interest Rate: 5.19%					
Principal	\$ 119,685	\$ -	\$ 37,894	\$ 81,791	\$ 39,861
Interest	3,591	6,212	7,337	2,466	4,245
Totals	\$ 123,276	\$ 6,212	\$ 45,231	\$ 84,257	\$ 44,106
Sewer Revenue Bonds, US Department of Agriculture - Original Balance \$2,952,000					
Dated: May 28, 1997					
Interest Rate: 5.00%					
Principal	\$ 2,470,273	\$ -	\$ 48,529	\$ 2,421,744	\$ 48,149
Interest	11,167	123,294	123,513	10,948	123,894
Totals	\$ 2,481,440	\$ 123,294	\$ 172,042	\$ 2,432,692	\$ 172,043
Oregon Department of Environmental Quality (ODEQ) Clean Water Revolving Loan - Original Balance \$4,382,000					
Dated: September 27, 2007					
Interest Rate: 2.92%					
Principal	\$ 3,867,615	\$ -	\$ 185,470	\$ 3,682,145	\$ 190,925
Interest	45,793	109,688	111,590	43,891	106,135
Totals	\$ 3,913,408	\$ 109,688	\$ 297,060	\$ 3,726,036	\$ 297,060
Business Oregon Water State Revolving Loan - Original Balance \$5,138,700					
Dated: February 18, 2009					
Interest Rate: 3.4%					
Principal	\$ 4,978,824	\$ 159,876	\$ -	\$ 5,138,700	\$ -
Interest	-	-	-	-	-
Totals	\$ 4,978,824	\$ 159,876	\$ -	\$ 5,138,700	\$ -
TOTAL BUSINESS-TYPE ACTIVITIES DEBT AGREEMENTS:					
Principal	\$ 11,436,397	\$ 159,876	\$ 271,893	\$ 11,324,380	\$ 278,935
Interest	60,551	239,194	242,440	57,305	234,274
Totals	\$ 11,496,948	\$ 399,070	\$ 514,333	\$ 11,381,685	\$ 513,209
TOTAL DEBT AGREEMENTS:					
Principal	\$ 11,436,397	\$ 159,876	\$ 271,893	\$ 11,324,380	\$ 278,935
Interest	60,551	239,194	242,440	57,305	234,274
Totals	\$ 11,496,948	\$ 399,070	\$ 514,333	\$ 11,381,685	\$ 513,209

CITY OF STAYTON
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

5. LONG-TERM DEBT (Cont.):

The debt service requirements on the above debt are as follows:

	<u>Due Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Business-Type Activities</u>				
OEDD Bonds, series 1993 for special public works projects - Original Balance \$510,000				
	2013	39,861	4,245	44,106
	2014	41,930	2,176	44,106
	Total	<u>\$ 81,791</u>	<u>\$ 6,421</u>	<u>\$ 88,212</u>
Sewer Revenue Bonds, US Department of Agriculture - Original Balance \$2,952,000				
	2013	48,149	123,894	172,043
	2014	50,895	121,148	172,043
	2015	53,440	118,603	172,043
	2016	55,679	116,364	172,043
	2017	58,351	113,692	172,043
	2018-2022	336,274	523,941	860,215
	2023-2027	424,545	435,670	860,215
	2028-2032	535,989	324,226	860,215
	2033-2037	676,686	183,529	860,215
	2038-2039	181,736	26,044	207,780
	Total	<u>\$ 2,421,744</u>	<u>\$ 2,087,111</u>	<u>\$ 4,508,855</u>
Oregon Department of Environmental Quality (ODEQ) Clean Water Revolving Loan - Original Balance \$4,382,000				
	2013	190,925	106,135	297,060
	2014	196,541	100,519	297,060
	2015	202,322	94,738	297,060
	2016	208,273	88,787	297,060
	2017	214,398	82,662	297,060
	2018-2022	1,170,378	314,922	1,485,300
	2023-2027	1,352,927	132,373	1,485,300
	2028	146,381	2,137	148,518
	Total	<u>\$ 3,682,145</u>	<u>\$ 922,273</u>	<u>\$ 4,604,418</u>
Business Oregon Water State Revolving Loan - Original Balance \$5,138,700				
	2013	181,572	525,462	707,034
	2014	190,268	168,542	358,810
	2015	196,738	162,073	358,811
	2016	203,427	155,384	358,811
	2017	210,343	148,468	358,811
	2018-2022	1,163,979	630,075	1,794,054
	2023-2027	1,375,777	418,277	1,794,054
	2028-2032	1,616,596	167,939	1,784,535
	Total	<u>\$ 5,138,700</u>	<u>\$ 2,376,220</u>	<u>\$ 7,514,920</u>

CITY OF STAYTON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

6. INTERIM FINANCING:

The USDA approved a Rural Development, RUS, loan not to exceed \$8,316,000 for a wastewater system improvement project. The City received an interim loan from Bank of America for the full amount of \$8,316,000. The project is expected to be completed on September 6, 2012. At this time the interim loan is expected to be paid off by USDA.

7. PENSION PLAN:

Union Bank of California

The City sponsors a retirement plan for eligible employees and non-sworn police employees through a contract with Union Bank of California. The retirement plan is a defined benefit plan to which employees and the City both contribute. All full time employees are eligible to participate in the Plan after six months of employment. Benefits vest after 60 months of membership in the Plan. Employees may retire with insurance benefits at age 65 or at age 55 with 30 years of service. Employees are eligible for early retirement with reduced benefits at age 55. The Plan also provide for death and disability benefits.

The Plan requires, and it is the policy of the City, to fund all normal current and prior unfunded service pension costs over a period of ten years.

The rate of employee contribution is established in the Plan document as 6% of the basic monthly earnings. The rate of employer contributions is determined annually, based on an actuarial evaluation by Milliman USA. The employer rate for 2011-12 was 17% of employee earnings. The contribution for the year ended June 30, 2012 was \$322,666 which consists of \$230,476 for the City's portion, and \$92,190 for the employees' portion.

For the year ended June 30, 2012, the City's annual pension cost is estimated to be \$322,666. For the two preceding years ended June 30, 2011 and 2010, the City's pension cost was \$319,402 and \$297,236 respectively. The actual contribution was \$313,885 and \$298,706 respectively for the two preceding years ended June 30, 2011 and 2010. The required contribution was determined as part of the July 1, 2011 actuarial valuation using the aggregate actuarial cost method. The actuarial assumptions included (a) 6.5 percent investment rate of return (net of administrative expenses) and (b) projected salary increases due to inflation and seniority/merit raises of 5.0 percent per year, compounded annually. For this valuation, the actuarial value of assets is equal of the plan's net assets, which is the fund balance of the insurance contract at the valuation date.

Funding Status. The information presented below is the schedule of funding progress.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2010	\$3,699,358	\$4,126,006	\$426,648	89.7%	\$1,212,310	35.2%
7/1/2009	3,327,055	3,715,938	388,883	89.5%	1,183,671	32.9%
7/1/2008	3,070,359	3,454,188	383,829	88.9%	1,125,867	34.1%

Oregon Public Employees' Retirement System

Plan Description. The City contributes to the State of Oregon Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Oregon Public Employees Retirement System. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Oregon Revised Statutes 238 assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees and the State Legislature.

CITY OF STAYTON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

7. PENSION PLAN (Cont.):

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan (“OPSRP”) is effective for all new employees hired on or after August 29, 2003, and applies to any

inactive PERS members who return to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the “Pension Program”) and a defined contribution portion (the Individual Account Program or “IAP”). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on type of service.

Beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member’s IAP, not the member’s PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both the PERS and OPSRP system as long as they remain in covered employment.

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board (“OPERB”). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the PERS web site at www.pers.state.or.us.

Funding Policy. Plan members are required to contribute 6% of their annual covered salary. The City "picks up" employee contributions at a rate of 6% as allowed under ORS 237.075. The City is required to contribute at an actuarially determined rate for the qualifying employees under the OPSRP plan. The OPERB and the OPSRP rates in effect for the year ended June 30, 2012 were 19.16% and 12.97% respectively. The contribution requirements of plan members and the City are established and may be amended by the PERS Board of Trustees.

Annual Pension Cost. The City’s contribution to PERS for the years ending June 30, 2012, 2011, and 2010 were \$184,103, \$161,214, and \$160,015 respectively. The contributions actually made are equivalent to the Annual Pension Cost.

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB):

Oregon Public Employees Retirement Systems’ (PERS) Retiree Health Insurance Account (RHIA)

Plan Description

The City contributes to the Oregon Public Employees Retirement Systems’ (PERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Oregon Public Employees Retirement Board (OPERB). The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to \$60 per month towards the costs of health insurance for eligible PERS retirees. RHIA post-employment benefits are set by state statute. A comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598- 7377, or by accessing the PERS web site at <http://oregon.gov/PERS/>.

Funding Policy

Participating employers are contractually required to contribute at a rate assessed bi-annually by the OPERB, currently 0.59% of annual covered PERS payroll and 0.50% for OPSRP payroll. The OPERB sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over

CITY OF STAYTON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Cont.):

a period not to exceed thirty years. The City's contributions to PERS' RHIA for the year ended June 30, 2012, was \$5,946, which equaled the required contributions for the year.

The City's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the fiscal year ending June 30, 2012, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 7,947
Interest on net OPEB obligation	238
Adjustment to the annual required contribution	<u>-</u>
Annual OPEB cost (expense)	8,185
Contributions made	<u>5,946</u>
Increase in net OPEB obligation	2,239
Net OPEB obligation, beginning of year	<u>4,240</u>
Net OPEB obligation, end of year	<u><u>\$ 6,479</u></u>

Union Bank of California

Plan Description

The City contributes to the Union Bank of California Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Union Bank of California. The City established RHIA effective July 1, 1992 as a separate account from the pension plan. However, the assets for the RHIA are combined with the pension assets into one account for investment purposes. The financial statements are prepared by Union Bank and show the pension and RHIA assets on a combined basis. RHIA post-employment benefits are set by state statute.

Funding Policy

For each eligible employee who retires or becomes disabled on or after July 1, 1994, who is receiving a retirement or disability benefit from the Plan, had earned seven years of membership in the Plan at the time of retirement or disability and is age 65, the City shall provide the following:

Of the monthly cost of coverage for an eligible retired employee under a health care insurance contract entered into with the City that provides coverage after retirement, an amount equal to the monthly cost of that coverage or \$100, whichever is less, shall be paid from the RHIA established by Union Bank. Payment shall begin the first of the month coinciding with or next following the later of age 65 or the eligible employee's date of retirement. Payments shall terminate at the earlier of the date of the eligible employee's death, election by the eligible employee to terminate coverage, or cessation of premium required payments by the eligible employee.

The RHIA is established within this Trust as a separate and distinct account. Interest earned by the account shall be credited to the account. The account shall be used only to pay costs of health care insurance contract coverage detailed above. The RHIA shall be funded by employer contributions only.

Participating employers are required to contribute at a rate currently 0.7% of annual covered payroll. The pension administrator sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of

CITY OF STAYTON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Cont.):

funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to Union Bank's RHIA for the year ended June 30, 2011, was \$3,984, which equaled the required contributions for the year.

The City's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the fiscal year ending June 30, 2011, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 6,934
Interest on net OPEB obligation	130
Adjustment to the annual required contribution	<u>-</u>
Annual OPEB cost (expense)	7,064
Contributions made	<u>5,081</u>
Increase in net OPEB obligation	1,983
Net OPEB obligation, beginning of year	<u>2,001</u>
Net OPEB obligation, end of year	<u><u>\$ 3,984</u></u>

9. CONTINGENT LIABILITIES:

Amounts received or receivable from grantor agencies are subject to review and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amount, if any, to be immaterial.

10. RISK MANAGEMENT:

To reduce the risk of loss from liability, fire, theft, accident, medical costs, errors and omissions, the City maintains various commercial insurance policies.

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

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

CITY OF STAYTON
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

11. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Interfund balances at June 30, 2012 consisted of the following individual fund receivables and payables:

	Due From Other Funds	Due To Other Funds
Vehicle Replacement Fund	\$ 24,489	\$ -
Swimming Pool Fund	-	24,489
Total	\$ 24,489	\$ 24,489

The amount payable to the Vehicle Replacement Fund from the Swimming Pool Fund relates to a capital loan with a stated interest rate of 2% payable over the next year with the final installment of \$23,636.

The amount payable to the Sewer Fund from the Sewer Construction Fund results from cash deficits which are expected to be made up in the ensuing year.

Interfund transfers for the year ended June 30, 2012 were as follows:

	Transfers Out	Transfers In
General Fund	\$ 317,800	\$ 327,620
Library Fund	-	135,500
Street Fund	419,572	-
Street SDC Fund	2,120	-
Parks SDC	20,317	-
Public Works Fund	-	413,000
Vehicle Replacement	-	235,901
Parks Construction	-	19,917
Facilities Development	-	95,509
Muni Water	382,757	25,476
Water SDC	870	-
Water Construction	243,757	-
Sewer	449,896	-
Sewer SDC	1,915	-
Sewer Construction	-	-
Swimming Pool	10,000	76,300
10th Ave Construction	-	519,781
Total	\$ 1,849,004	\$ 1,849,004

The City makes interfund transfers to move resources between funds to provide resources for specific expenditures that are not supported by other revenues. The transfers are part of the City's budget preparation and adoption.

CITY OF STAYTON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

12. DEFERRED REVENUE:

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. In addition, governmental funds and proprietary funds report deferred revenue in connection with resources that have been received but not yet earned. At June 30, 2012, the various components of deferred revenue consist of the following:

Governmental Funds – Budget Basis:

	<u>Governmental Activities / Funds</u>		
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property Taxes	\$ 99,490	\$ 9,115	\$ 108,605
Total	<u>\$ 99,490</u>	<u>\$ 9,115</u>	<u>\$ 108,605</u>

CITY OF STAYTON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

13. SEGMENT INFORMATION FOR ENTERPRISE FUNDS:

The City maintains two Enterprise Funds which account for the municipal water and sewer activities. Key financial data for these operations for the year ended June 30, 2012 are as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>CONDENSED STATEMENT OF NET ASSETS:</u>			
Current Assets	\$ 1,298,979	\$ 2,812,604	\$ 4,111,583
Capital Assets	12,659,062	18,483,958	31,143,020
Total Assets	<u>\$ 13,958,041</u>	<u>\$ 21,296,562</u>	<u>\$ 35,254,603</u>
Current Liabilities	106,276	8,710,619	8,816,896
Non-Current Liabilities	5,181,298	5,864,647	11,045,945
Total Liabilities	<u>\$ 5,287,574</u>	<u>\$ 14,575,266</u>	<u>\$ 19,862,841</u>
Total Net Assets			
Invested in Capital Assets, net of related debt	\$ 7,438,571	\$ 12,380,069	\$ 19,818,640
Restricted for Capital Projects	-	(8,084,314)	(8,084,314)
Restricted for Debt Service	-	336,767	336,767
Restricted for Other Purposes	131,091	25,385	156,476
Unrestricted	1,456,928	2,001,802	3,458,729
<u>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS:</u>			
Operating Revenues	1,761,904	2,511,171	4,273,075
Operating Expenses	750,033	1,175,096	1,925,130
Depreciation	320,043	224,919	544,962
Operating Income (Loss)	691,828	1,111,156	1,802,983
Non-Operating Revenues (Expenses)	1,479	735,882	737,361
Transfers To (From)	(601,908)	(451,811)	(1,053,719)
Change In Net Assets	91,399	1,395,227	1,486,625
Beginning Net Assets	8,716,887	5,297,979	14,014,866
Ending Net Assets	<u>\$ 9,026,590</u>	<u>\$ 6,659,709</u>	<u>\$ 15,686,298</u>
<u>CONDENSED STATEMENT OF CASH FLOWS:</u>			
Cash Provided (Used) by:			
Operating Activities	970,137	923,049	1,893,186
Non Capital Financing Activities	(601,908)	(451,811)	(1,053,719)
Capital & Related Financing	(784,914)	(6,609,964)	(7,394,878)
Investing Activities	4,103	22,798	26,901
Beginning Cash	835,386	8,680,673	9,516,059
Ending Cash	<u>\$ 422,804</u>	<u>\$ 2,564,745</u>	<u>\$ 2,987,549</u>

REQUIRED
SUPPLEMENTARY
INFORMATION

CITY OF STAYTON

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

GENERAL FUND

For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Taxes and Assessments	\$ 1,663,000	\$ 1,663,000	\$ 1,682,036	\$ 19,036
Charges for Services	10,200	10,200	3,212	(6,988)
Intergovernmental	163,400	163,400	165,791	2,391
Franchise Taxes	628,000	628,000	659,918	31,918
Licenses, Permits and Fees	16,500	16,500	15,788	(712)
Fines and Forfeitures	29,000	29,000	38,163	9,163
Investment Revenue	5,000	5,000	-	(5,000)
Grants	1,500	1,500	-	(1,500)
Rents	28,600	28,600	29,472	872
Other Revenue	22,500	22,500	3,838	(18,662)
Total Revenues	2,567,700	2,567,700	2,598,218	30,518
<u>EXPENDITURES:</u>				
Personal Services	2,070,639	2,070,639	1,961,285	(109,354)
Materials and Services	829,709	829,709	741,843	(87,866)
Capital Outlay	38,000	38,000	529	(37,471)
Contingency	183,172	183,172	-	(183,172)
Total Expenditures	3,121,520	3,121,520	2,703,657	(417,863)
Excess (Deficiency) of Revenues Over Expenditures	(553,820)	(553,820)	(105,439)	448,381
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In	327,620	327,620	327,620	-
Operating Transfer (Out)	(317,800)	(317,800)	(317,800)	-
Total Other Financing Sources/(Uses)	9,820	9,820	9,820	-
Net Change in Fund Balance	(544,000)	(544,000)	(95,619)	448,381
Budgetary Fund Balance - July 1, 2011	700,000	700,000	725,232	25,232
Budgetary Fund Balance - June 30, 2012	\$ 156,000	\$ 156,000	\$ 629,613	\$ 473,613

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

CITY OF STAYTON

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

STREET FUND

For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget
	Original	Final		Positive (Negative)
<u>REVENUES:</u>				
Taxes and Assessments	\$ -	\$ -	\$ 85,091	\$ 85,091
Intergovernmental	728,000	728,000	416,808	(311,192)
Grants	-	-	107,757	107,757
Investment Revenue	250	250	703	453
Miscellaneous Revenue	350	350	448	98
Total Revenues	812,600	812,600	610,807	(201,793)
<u>EXPENDITURES:</u>				
Personal Services	83,029	83,029	80,529	(2,500)
Materials and Services	176,030	176,030	163,228	(12,802)
Capital Outlay	155,000	155,000	19,011	(135,989)
Contingency			-	-
Total Expenditures	414,059	414,059	262,768	(151,291)
Excess of Revenues Over (Under) Expenditures	398,541	398,541	348,039	(50,502)
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In			-	-
Operating Transfer (Out)	(419,572)	(419,572)	(419,572)	-
Total Other Financing Sources (Uses):	(419,572)	(419,572)	(419,572)	-
Net Change In Fund Balance	(21,031)	(21,031)	(71,533)	(50,502)
FUND BALANCE, July 1, 2011	50,000	50,000	82,034	32,034
FUND BALANCE, June 30, 2012	\$ 28,969	\$ 28,969	\$ 10,501	\$ (18,468)

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

CITY OF STAYTON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL VEHICLE REPLACEMENT FUND

For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment Revenue	\$ 4,000	\$ 4,000	\$ 5,272	\$ 1,272
Total Revenues	4,000	4,000	5,272	1,272
EXPENDITURES:				
Capital Outlay	300,000	300,000	60,376	(239,624)
Contingency	499,000	499,000	-	(499,000)
Total Expenditures	799,000	799,000	60,376	(738,624)
Excess (Deficiency) of Revenues Over Expenditures	(795,000)	(795,000)	(55,104)	739,896
OTHER FINANCING SOURCES (USES):				
Interfund Loan Repayment	21,836	21,836	21,837	1
Operating Transfer In	235,901	235,901	235,901	-
Total Other Financing Sources/(Uses)	257,737	257,737	257,738	1
Net Change in Fund Balance	(537,263)	(537,263)	202,634	739,897
Fund Balance - July 1, 2011	650,000	650,000	817,071	167,071
Prior Period Adjustment	-	-	(8,000)	(8,000)
Fund Balance - June 30, 2012	\$ 112,737	\$ 112,737	\$ 1,011,705	\$ 898,968

Reconciliation to Generally Accepted Accounting Principles:

Net change in fund balance from above	202,634
Repayment of Interfund Loan	(21,837)
Net Change in Fund Balance, GAAP Basis	<u>\$ 180,797</u>

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

CITY OF STAYTON

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

10TH AVENUE CONSTRUCTION FUND

For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Grants	\$ 1,924,176	\$ 1,924,176	\$ 500,849	\$ (1,423,327)
Miscellaneous Revenue	299,869	299,869	865	(299,004)
Total Revenues	2,224,045	2,224,045	501,714	(1,722,331)
<u>EXPENDITURES:</u>				
Personal Services			-	-
Materials and Services	432,700	432,700	276,537	(156,163)
Capital Outlay	2,255,908	2,255,908	683,681	(1,572,227)
Contingency	175,000	175,000	-	(175,000)
Total Expenditures	2,863,608	2,863,608	960,218	(1,903,390)
Excess of Revenues Over (Under) Expenditures	(639,563)	(639,563)	(458,504)	181,059
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In	639,563	639,563	519,781	(119,782)
Total Other Financing Sources (Uses):	639,563	639,563	519,781	(119,782)
Net Change In Fund Balance	-	-	61,277	61,277
FUND BALANCE, July 1, 2011	-	-	-	-
FUND BALANCE, June 30, 2012	\$ -	\$ -	\$ 61,277	\$ 61,277

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

OTHER
SUPPLEMENTARY
INFORMATION

Combining and Individual
Fund Financial Statements

Additional Supporting Schedules

Proprietary Funds

CITY OF STAYTON
COMBINING SCHEDULE OF NET ASSETS
WATER UTILITY FUNDS
June 30, 2012

	<u>Water Fund</u>	<u>Water SDC Fund</u>	<u>Total</u>
<u>ASSETS:</u>			
Current Assets:			
Cash & Investments	\$ 1,062,289	\$ 105,110	\$ 1,167,399
Accounts Receivable	131,580	-	131,580
Total Current Assets	1,193,869	105,110	1,298,979
Capital Assets:			
Land	31,825	-	31,825
Infrastructure	12,397,249	-	12,397,249
Buildings & Improvements	4,760,274	-	4,760,274
Equipment & Vehicles	628,511	-	628,511
Other Capital Assets	33,316	-	33,316
Less: Accumulated Depreciation	(5,192,113)	-	(5,192,113)
Total Capital Assets, Net of Depreciation	12,659,062	-	12,659,062
Total Assets	\$13,852,931	\$ 105,110	\$ 13,958,041
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	\$ 9,663	\$ -	\$ 9,663
Interest Payable	2,466	-	2,466
Customer Deposits	25,981	-	25,981
Compensated Absences Payable	14,433	-	14,433
OPEB Payable	14,540	-	14,540
Current Portion of Long-Term Debt	39,193	-	39,193
Total Current Liabilities:	106,276	-	106,276
Long-Term Debt, Non-Current Portion	5,181,298	-	5,181,298
Total Liabilities	5,287,574	-	5,287,574
<u>NET ASSETS:</u>			
Invested in capital assets, net of related debt	7,438,571	-	7,438,571
Restricted for:			
Other Purposes	25,981	105,110	131,091
Unrestricted	1,456,928	-	1,456,928
Prior Period Adjustment	(356,124)	-	(356,124)
Total Net Assets	\$ 8,565,356	\$ 105,110	\$ 8,670,466

CITY OF STAYTON

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

WATER UTILITY FUNDS

For the Fiscal Year Ended June 30, 2012

	Water Fund	Water SDC Fund	Water Construction Fund	Total
<u>OPERATING REVENUES:</u>				
Charges for Services	1,745,884	-	-	1,745,884
System Development Charges	-	16,020	-	16,020
Total Operating Revenues	1,745,884	16,020	-	1,761,904
<u>OPERATING EXPENSES:</u>				
Personal Services	410,699	-	-	410,699
Materials and Services	339,334	-	-	339,334
Depreciation	320,043	-	-	320,043
Total Operating Expenses	1,070,076	-	-	1,070,076
Operating Income (loss)	675,808	16,020	-	691,828
<u>NON-OPERATING REVENUES (EXPENSES):</u>				
Investment Revenue	3,685	418	-	4,103
Interest Expense	(5,107)	-	-	(5,107)
Miscellaneous	2,483	-	-	2,483
Total Non-Operating Revenues (Expenses)	1,061	418	-	1,479
Income (loss) before transfers	676,869	16,438	-	693,307
<u>TRANSFERS:</u>				
Operating Transfers In	25,476	-	-	25,476
Operating Transfers (Out)	(382,757)	(870)	(243,757)	(627,384)
Total Transfers:	(357,281)	(870)	(243,757)	(601,908)
Changes in Net Assets	319,588	15,568	(243,757)	91,399
NET ASSETS, July 1, 2011	8,543,464	89,542	83,881	8,716,887
EQUITY TRANSFER IN (OUT)	58,405	-	159,876	218,281
Prior Period Adjustment	23	-	-	23
NET ASSETS, June 30, 2012	\$ 8,921,480	\$105,110	\$ -	\$ 9,026,590

CITY OF STAYTON

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

WATER FUND

For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
<u>REVENUES:</u>				
Charges for Services	\$ 1,700,000	\$ 1,700,000	\$ 1,717,199	\$ 17,199
Licenses, Permits and Fees	29,000	29,000	28,685	(315)
Investment Revenue	3,500	3,500	3,685	185
Other Revenue	11,000	11,000	2,483	(8,517)
Total Revenues	1,743,500	1,743,500	1,752,052	8,552
<u>EXPENDITURES:</u>				
Personal services	499,122	499,122	406,970	(92,152)
Materials and supplies	450,705	450,705	405,534	(45,171)
Capital Outlay	125,000	125,000	92,396	(32,604)
Debt Service				
Principal	229,438	229,438	37,894	(191,544)
Interest	348,766	348,766	6,212	(342,554)
Total Expenditures	1,653,031	1,653,031	949,006	(704,025)
Excess (Deficiency of Revenues over Expenditures)	90,469	90,469	803,046	712,577
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In	80,000	80,000	25,476	(54,524)
Operating Transfer (Out)	(382,757)	(382,757)	(382,757)	-
Total Other Financing Sources/(Uses)	(302,757)	(302,757)	(357,281)	(54,524)
Net Change In Fund Balance	(212,288)	(212,288)	445,765	658,053
Budgetary Fund Balance - July 1, 2011	712,500	712,500	709,540	(2,960)
Prior Period Adjustment	-	-	23	23
Budgetary Fund Balance - June 30, 2012	\$ 500,212	\$ 500,212	\$ 1,155,328	\$ 655,116

Reconciliation to generally accepted accounting principles basis

Net change in fund balance from above	445,765
Debt Repayment - Principal	37,894
Capital outlay that is capitalized	158,596
Depreciation Expense	(320,043)
Change in Vacation Payable	2,733
Change in Interest Payable	1,105
OPEB Expense	(6,462)
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Assets	<u>\$ 319,588</u>

CITY OF STAYTON

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

WATER SDC FUND

For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Licenses, Permits and Fees	\$ 10,680	\$ 10,680	\$ 16,020	\$ 5,340
Investment Revenue	900	900	418	(482)
Total Revenues	11,580	11,580	16,438	4,858
<u>EXPENDITURES:</u>				
Materials and Services	27,000	27,000	-	(27,000)
Capital Outlay	135,000	135,000	-	(135,000)
Total Expenditures	162,000	162,000	-	(162,000)
Excess of Revenues Over (Under) Expenditures	(150,420)	(150,420)	16,438	166,858
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer (Out)	(870)	(870)	(870)	-
Total Other Financing Sources/(Uses)	(870)	(870)	(870)	-
Net Change In Fund Balance	(151,290)	(151,290)	15,568	166,858
FUND BALANCE, July 1, 2011	172,000	172,000	89,542	(82,458)
FUND BALANCE, June 30, 2012	\$ 20,710	\$ 20,710	\$ 105,110	\$ 84,400

CITY OF STAYTON

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

WATER CONSTRUCTION FUND

For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note 1)</u>	<u>Variance</u> <u>with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Total Revenues	-	-	-	-
<u>EXPENDITURES:</u>				
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	-	-
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer (Out)	(243,063)	(243,063)	(243,757)	(694)
Loan Proceeds	159,176	159,176	159,876	700
Total Other Financing Sources/(Uses)	(83,887)	(83,887)	(83,881)	6
Net Change In Fund Balance	(83,887)	(83,887)	(83,881)	6
FUND BALANCE, July 1, 2011	83,887	83,887	83,881	(6)
FUND BALANCE, June 30, 2012	\$ -	\$ -	\$ -	\$ -

Reconciliation to generally accepted accounting principles basis

Net change in fund balance from above	(83,881)
Loan Proceeds	(159,876)
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Assets	<u>\$ (243,757)</u>

CITY OF STAYTON
COMBINING SCHEDULE OF NET ASSETS
SEWER UTILITY FUNDS
June 30, 2012

	<u>Sewer Fund</u>	<u>Sewer SDC Fund</u>	<u>Sewer Construction Fund</u>	<u>Total</u>
<u>ASSETS:</u>				
Current Assets:				
Cash & Investments	\$ 2,367,049	\$ 342,491	\$ (116,705)	\$ 2,592,835
Accounts Receivable	219,769	-	-	219,769
Total Current Assets	2,586,818	342,491	(116,705)	2,812,604
Capital Assets:				
Land	215,332	-	-	215,332
Construction in Progress	10,279,876	-	-	10,279,876
Infrastructure	9,953,538	-	-	9,953,538
Buildings & Improvements	407,870	-	-	407,870
Equipment & Vehicles	573,485	-	-	573,485
Other Capital Assets	1,090,319	-	-	1,090,319
Less: Accumulated Depreciation	(4,036,462)	-	-	(4,036,462)
Total Capital Assets, Net of Depreciation	18,483,958	-	-	18,483,958
Total Assets	\$ 21,070,776	\$ 342,491	\$ (116,705)	\$ 21,296,562
<u>LIABILITIES:</u>				
Current Liabilities:				
Accounts Payable	\$ 56,156	\$ -	\$ -	\$ 56,156
Interest Payable	54,839	-	-	54,839
Customer Deposits	25,385	-	-	25,385
Compensated Absences Payable	11,059	-	-	11,059
OPEB Payable	13,838	-	-	13,838
Interim Construction Note Payable	-	-	8,310,100	8,310,100
Current Portion of Long-Term Debt	239,242	-	-	239,242
Total Current Liabilities	400,519	-	8,310,100	8,710,619
Long-Term Debt, Non-Current Portion	5,864,647	-	-	5,864,647
Total Liabilities	6,265,166	-	8,310,100	14,575,266
<u>NET ASSETS:</u>				
Invested in capital assets, net of related debt	12,380,069	-	-	12,380,069
Restricted for:				
Capital Projects	-	342,491	(8,426,805)	(8,084,314)
Debt Service	336,767	-	-	336,767
Other Purposes	25,385	-	-	25,385
Unrestricted	2,001,802	-	-	2,001,802
Prior Period Adjustment	61,586	-	-	61,586
Total Net Assets	\$ 14,805,609	\$ 342,491	\$ (8,426,805)	\$ 6,721,295

CITY OF STAYTON

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

SEWER UTILITY FUNDS

For the Fiscal Year Ended June 30, 2012

	Sewer Fund	Sewer SDC Fund	Sewer Construction Fund	Total
<u>OPERATING REVENUES:</u>				
Charges for Services	\$ 2,486,475	\$ -	\$ -	\$2,486,475
System Development Charges	-	24,696	-	24,696
Total Operating Revenues	2,486,475	24,696	-	2,511,171
<u>OPERATING EXPENSES:</u>				
Personal Services	501,480	-	-	501,480
Materials and Services	673,616	-	-	673,616
Depreciation	224,919	-	-	224,919
Total Operating Expenses	1,400,015	-	-	1,400,015
Operating Income (loss)	1,086,460	24,696	-	1,111,156
<u>NON-OPERATING REVENUES (EXPENSES):</u>				
Intergovernmental- Grants	-	-	963,116	963,116
Investment Revenue	10,021	1,438	11,339	22,798
Interest Expense & Loan Fees	(252,319)	-	-	(252,319)
Miscellaneous Revenue	2,287	-	-	2,287
Total Non-Operating Revenues (Expenses)	(240,011)	1,438	974,455	735,882
Income (loss) before transfers	846,449	26,134	974,455	1,847,038
<u>TRANSFERS:</u>				
Operating Transfers (Out)	(449,896)	(1,915)	-	(451,811)
Total Transfers:	(449,896)	(1,915)	-	(451,811)
Changes in Net Assets	396,553	24,219	974,455	1,395,227
NET ASSETS, July 1, 2011	7,520,180	318,272	(2,540,473)	5,297,979
EQUITY TRANSFER IN (OUT)	6,860,787	-	(6,860,787)	-
Prior Period Adjustment	(33,497)	-	-	(33,497)
NET ASSETS, June 30, 2012	\$ 14,744,023	\$ 342,491	\$ (8,426,805)	\$6,659,709

CITY OF STAYTON

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

SEWER FUND

For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
<u>REVENUES:</u>				
Charges for Services	\$ 2,471,445	\$ 2,471,445	\$ 2,486,475	\$ 15,030
Investment Revenue	9,750	9,750	10,021	271
Other Revenue	2,500	2,500	2,287	(213)
Total Revenues	2,483,695	2,483,695	2,498,783	15,088
<u>EXPENDITURES:</u>				
Personal services	628,061	628,061	491,574	(136,487)
Materials and supplies	833,604	833,604	731,176	(102,428)
Capital Outlay	295,000	295,000	106,994	(188,006)
Debt Service				
Principal	233,856	233,856	233,999	143
Interest	235,247	235,247	235,103	(144)
Loan Service Fee	19,338	19,338	19,338	-
Total Expenditures	2,245,106	2,245,106	1,818,184	(426,922)
Excess (Deficiency of Revenues over Expenditure)	238,589	238,589	680,599	442,010
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer (Out)	(824,896)	(824,896)	(449,896)	375,000
Total Other Financing Sources/(Uses)	(824,896)	(824,896)	(449,896)	375,000
Net Change In Fund Balance	(586,307)	(586,307)	230,703	817,010
Budgetary Fund Balance - July 1, 2011	1,935,000	1,935,000	2,304,534	369,534
Prior Period Adjustment	-	-	(33,497)	(33,497)
Budgetary Fund Balance - June 30, 2012	\$ 1,348,693	\$ 1,348,693	\$ 2,501,740	\$ 1,153,047

Reconciliation to generally accepted accounting principles basis

Net change in fund balance from above	230,703
Change in Interest Payable	2,122
Debt Repayment - Principal	233,999
Capital outlay that is capitalized	164,554
Depreciation Expense	(224,919)
Change in Vacation Payable	(3,756)
OPEB Expense	(6,150)
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Assets	<u>\$ 396,553</u>

CITY OF STAYTON

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

SEWER SDC FUND

For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Licenses, Permits and Fees	\$ 7,056	\$ 7,056	\$ 24,696	\$ 17,640
Investment Revenue	1,800	1,800	1,438	(362)
Total Revenues	8,856	8,856	26,134	17,278
<u>EXPENDITURES:</u>				
Materials and Services	95,000	95,000	-	(95,000)
Capital Outlay	200,000	200,000	-	(200,000)
Total Expenditures	295,000	295,000	-	(295,000)
Excess of Revenues Over (Under) Expenditures	(286,144)	(286,144)	26,134	312,278
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer (Out)	(1,915)	(1,915)	(1,915)	-
Total Other Financing Sources/(Uses)	(1,915)	(1,915)	(1,915)	-
Net Change In Fund Balances	(288,059)	(288,059)	24,219	312,278
FUND BALANCE, July 1, 2011	356,000	356,000	318,272	(37,728)
FUND BALANCE, June 30, 2012	\$ 67,941	\$ 67,941	\$ 342,491	\$ 274,550

CITY OF STAYTON

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

SEWER CONSTRUCTION FUND

For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Investment Revenue	\$ 24,000	\$ 24,000	\$ 11,339	\$ (12,661)
Total Revenues	24,000	24,000	11,339	(12,661)
<u>EXPENDITURES:</u>				
Materials and Services	210,000	210,000	178,814	(31,186)
Capital Outlay	8,000,000	8,000,000	6,561,391	(1,438,609)
Debt Service				
Contingency	534,000	534,000	-	(534,000)
Total Expenditures	8,864,000	8,864,000	6,860,787	(2,003,213)
Excess of Revenues Over (Under) Expenditures	(8,840,000)	(8,840,000)	(6,849,448)	1,990,552
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In	300,000	300,000	-	(300,000)
Grant Proceeds	2,000,000	2,000,000	963,116	(1,036,884)
Total Other Financing Sources/(Uses)	2,300,000	2,300,000	963,116	(1,336,884)
Net Change In Fund Balance	(6,540,000)	(6,540,000)	(5,886,332)	653,668
FUND BALANCE, July 1, 2011	6,540,000	6,540,000	5,769,627	(770,373)
FUND BALANCE, June 30, 2012	\$ -	\$ -	\$ (116,705)	\$ (116,705)

Reconciliation to generally accepted accounting principles basis

Net change in fund balance from above	(5,886,332)
Expenditures that are capitalized	6,860,787
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Assets	<u>\$ 974,455</u>

CITY OF STAYTON

COMBINING SCHEDULE OF NET ASSETS

NON-MAJOR ENTERPRISE FUNDS

June 30, 2012

	Swimming Pool Fund	Sublimity RECD Fund	Total
<u>ASSETS:</u>			
Currents Assets:			
Cash & Investments	\$ 68,393	\$ 94,484	\$ 162,877
Property Tax Receivable	10,583	-	10,583
Total Current Assets	78,976	94,484	173,460
Capital Assets:			
Buildings & Improvements	754,255	-	754,255
Equipment & Vehicles	22,856	-	22,856
Other Capital Assets	248,201	-	248,201
Less: Accumulated Depreciation	(734,758)	-	(734,758)
Total Capital Assets, Net of Depreciation	290,554	-	290,554
Total Assets	\$ 369,530	\$ 94,484	\$ 464,014
<u>LIABILITIES:</u>			
Accounts Payable	\$ 4,846	\$ -	\$ 4,846
Compensated Absences Payable	4,624	-	4,624
OPEB Payable	7,979	-	7,979
Interfund Loans Payable	24,489	-	24,489
Total Liabilities	41,938	-	41,938
<u>NET ASSETS:</u>			
Committed for:			
Swimming Pool Programs	322,354	-	322,354
Debt Service	-	94,484	94,484
Prior Period Adjustment	5,238	-	5,238
Total Net Assets	\$ 327,592	\$ 94,484	\$ 422,076

CITY OF STAYTON

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

NON-MAJOR ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2012

	<u>Swimming Pool Fund</u>	<u>Sublimity RECD Fund</u>	<u>Total</u>
<u>OPERATING REVENUES:</u>			
Charges for Services	94,453	-	94,453
Total Operating Revenues	94,453	-	94,453
<u>OPERATING EXPENSES:</u>			
Personal Services	206,544	-	206,544
Materials and Services	103,735	-	103,735
Depreciation	26,613	-	26,613
Total Operating Expenses	336,892	-	336,892
Operating Income (loss)	(242,439)	-	(242,439)
<u>NON-OPERATING REVENUES (EXPENSES):</u>			
Property Taxes	155,619	-	155,619
Investment Revenue	354	745	1,099
Interest Expense	(1,800)	-	(1,800)
Miscellaneous Revenues	39,956	-	39,956
Total Non-Operating Revenues (Expenses)	194,129	745	194,874
Income (Loss) Before Transfers	(48,310)	745	(47,565)
<u>TRANSFERS:</u>			
Operating Transfers In	76,300	-	76,300
Operating Transfers (Out)	(10,000)	-	(10,000)
Total Transfers:	66,300	-	66,300
Changes in Net Assets	17,990	745	18,735
NET ASSETS, July 1, 2011	304,364	93,739	398,103
NET ASSETS, June 30, 2012	\$ 322,354	\$ 94,484	\$ 416,838

CITY OF STAYTON

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

SWIMMING POOL FUND

For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
				(Budgetary Basis) (See Note 1)
<u>REVENUES:</u>				
Taxes and Assessments	\$ 153,400	\$ 153,400	\$ 156,590	\$ 3,190
Charges for Services	91,000	91,000	94,453	3,453
Grants and Contributions	40,000	40,000	30,000	(10,000)
Investment Revenue	500	500	354	(146)
Miscellaneous Revenue	18,200	18,200	9,956	(8,244)
Total Revenues	303,100	303,100	291,353	(11,747)
<u>EXPENDITURES:</u>				
Personal Services	220,507	220,507	201,437	(19,070)
Materials and Services	104,340	104,340	93,650	(10,690)
Capital Outlay	35,000	35,000	10,085	(24,915)
Debt Service:				
Interfund Loan - Principal	21,837	21,837	21,837	-
Interfund Loan - Interest	1,800	1,800	1,800	-
Contingency	5,916	5,916	-	(5,916)
Total Expenditures	389,400	389,400	328,809	(60,591)
Excess of Revenues Over (Under) Expenditures	(86,300)	(86,300)	(37,456)	48,844
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer In	76,300	76,300	76,300	-
Total Other Financing Sources/(Uses)	66,300	66,300	66,300	-
Net Change In Fund Balance	(20,000)	(20,000)	28,844	48,844
FUND BALANCE, July 1, 2011	20,000	20,000	36,983	16,983
FUND BALANCE, June 30, 2012	\$ -	\$ -	\$ 65,827	\$ 65,827

Reconciliation to generally accepted accounting principles basis

Net change in fund balance from above	28,844
Interfund Loan Repayment - Principal	21,837
Change in Vacation Payable	(1,561)
OPEB Expense	(3,546)
Depreciation Expense	(26,613)
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Assets	<u>\$ 18,961</u>

CITY OF STAYTON

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

SUBLIMITY/RD RESERVE FUND

For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Investment Revenue	\$ 500	\$ 500	\$ 745	\$ 245
Total Revenues	500	500	745	245
<u>EXPENDITURES:</u>				
Total Expenditures	-	-	-	-
Net Change In Fund Balances	500	500	745	245
FUND BALANCE, July 1, 2011	94,500	94,500	93,739	(761)
FUND BALANCE, June 30, 2012	\$ 95,000	\$ 95,000	\$ 94,484	\$ (516)

Combining Non-Major
Governmental Funds

CITY OF STAYTON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2012

	Combined Non-Major Special Revenue Funds	Combined Non-Major Capital Projects Funds	Total
<u>ASSETS:</u>			
Cash & Investments	\$ 565,524	\$ 452,572	\$1,018,096
Property Tax Receivable	11,566	-	11,566
Total Assets	577,090	452,572	1,029,662
<u>LIABILITIES:</u>			
Accounts Payable	23,666	750	24,416
Deferred Revenue	9,115	-	9,115
Total Liabilities	32,781	750	33,531
<u>FUND EQUITY:</u>			
Restricted for:			
Street Projects	244,356	-	244,356
Misc Community Projects	(84)	-	(84)
Parks & Recreation Programs	33,158	-	33,158
Committed for:			
Library Programs	102,617	-	102,617
Public Works Programs	52,213	-	52,213
Misc Community Projects	112,049	-	112,049
Misc Capital Projects	-	451,822	451,822
Total Fund Equity	544,309	451,822	996,131
Total Liabilities and Fund Equity	\$ 577,090	\$ 452,572	\$1,029,662

CITY OF STAYTON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2012

	Combined Non-Major Special Revenue Funds	Combined Non-Major Capital Projects Funds	Total
<u>REVENUES:</u>			
Taxes and Assessments	\$ 174,334	\$ -	\$ 174,334
Intergovernmental	1,100	-	1,100
Licenses and Permits	43,101	-	43,101
Charges for Services	50,913	-	50,913
Grants	54,541	87,991	142,532
Fines and Forfeitures	15,975	-	15,975
Investment Revenue	1,769	2,228	3,997
Other Revenue	123,191	41,060	164,251
Total Revenues	464,924	131,279	596,203
<u>EXPENDITURES:</u>			
General Government	145,316	-	145,316
Public Safety	37,654	-	37,654
Highway and Street	381,818	-	381,818
Culture and Recreation	352,355	15,259	367,614
Capital Outlay	59,435	145,561	204,996
Total Expenditures	976,578	160,820	1,137,398
Excess of Revenues Over (Under) Expenditures	(511,654)	(29,541)	(541,195)
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating Transfers In	548,500	115,426	663,926
Operating Transfers Out	(22,437)	-	(22,437)
Total Other Financing Sources (Uses):	526,063	115,426	641,489
Net Change In Fund Balances	14,409	85,885	100,294
FUND BALANCE, July 1, 2011	529,900	365,937	895,837
FUND BALANCE, June 30, 2012	\$ 544,309	\$ 451,822	\$ 996,131

Non-Major Special
Revenue Funds

CITY OF STAYTON
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS

June 30, 2012

	Library Fund	Street SDC Fund	Parks SDC Fund	Public Works Admin. Fund	Grants Fund	911 Fund	Trust Fund	Total
<u>ASSETS:</u>								
Cash & Investments	\$ 103,058	\$ 244,356	\$ 33,158	\$ 56,212	\$ 99	\$ -	\$ 128,641	\$ 565,524
Property Tax Receivable	11,566	-	-	-	-	-	-	11,566
Total Assets	114,624	244,356	33,158	56,212	99	-	128,641	577,090
<u>LIABILITIES:</u>								
Accounts Payable	2,892	-	-	3,999	183	-	16,592	23,666
Deferred Revenue	9,115	-	-	-	-	-	-	9,115
Total Liabilities	12,007	-	-	3,999	183	-	16,592	32,781
<u>FUND EQUITY:</u>								
Restricted for:								
Street Projects	-	244,356	-	-	-	-	-	244,356
Misc Community Projects	-	-	-	-	(84)	-	-	(84)
Parks & Recreation Programs	-	-	33,158	-	-	-	-	33,158
Committed for:								
Library Programs	102,617	-	-	-	-	-	-	102,617
Public Works Programs	-	-	-	52,213	-	-	-	52,213
Misc Community Projects	-	-	-	-	-	-	112,049	112,049
Total Fund Equity	102,617	244,356	33,158	52,213	(84)	-	112,049	544,309
Total Liabilities and Fund Equity	\$ 114,624	\$ 244,356	\$ 33,158	\$ 56,212	\$ 99	\$ -	\$ 128,641	\$ 577,090

CITY OF STAYTON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NON-MAJOR SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 2012

	Library Fund	Street SDC Fund	Parks SDC Fund	Public Works Admin Fund	Grants Fund	911 Fund	Trust Fund	Total
<u>REVENUES:</u>								
Taxes and Assessments	\$ 136,680	\$ -	\$ -	\$ -	\$ -	\$ 37,654	\$ -	\$ 174,334
Intergovernmental	1,100	-	-	-	-	-	-	1,100
Licenses and Permits	12,037	17,234	13,830	-	-	-	-	43,101
Charges for Services	50,913	-	-	-	-	-	-	50,913
Grants	25,040	-	-	-	29,501	-	-	54,541
Fines and Forfeitures	15,975	-	-	-	-	-	-	15,975
Investment Revenue	431	1,056	177	105	-	-	-	1,769
Other Revenue	-	-	-	650	750	-	121,791	123,191
Total Revenues	242,176	18,290	14,007	755	30,251	37,654	121,791	464,924
<u>EXPENDITURES:</u>								
General Government	-	-	-	-	35,803	-	109,513	145,316
Public Safety	-	-	-	-	-	37,654	-	37,654
Highways and Street	-	-	-	381,818	-	-	-	381,818
Culture and Recreation	348,310	-	4,045	-	-	-	-	352,355
Capital Outlay	39,435	-	20,000	-	-	-	-	59,435
Total Expenditures	387,745	-	24,045	381,818	35,803	37,654	109,513	976,578
Excess of Revenues Over (Under) Expenditures	(145,569)	18,290	(10,038)	(381,063)	(5,552)	-	12,278	(511,654)
<u>OTHER FINANCING SOURCES (USES):</u>								
Operating Transfers In	135,500	-	-	413,000	-	-	-	548,500
Operating Transfers (Out)	-	(2,120)	(20,317)	-	-	-	-	(22,437)
Total Other Financing Sources (Uses):	135,500	(2,120)	(20,317)	413,000	-	-	-	526,063
Net Change In Fund Balances	(10,069)	16,170	(30,355)	31,937	(5,552)	-	12,278	14,409
FUND BALANCE, July 1, 2011	112,686	228,186	63,513	20,276	5,468	-	99,771	529,900
FUND BALANCE, June 30, 2012	\$ 102,617	\$ 244,356	\$ 33,158	\$ 52,213	\$ (84)	\$ -	\$ 112,049	\$ 544,309

CITY OF STAYTON

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

LIBRARY FUND

For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Taxes and Assessments	\$ 134,700	\$ 134,700	\$ 136,680	\$ 1,980
Intergovernmental	1,346	1,346	1,100	(246)
Licenses, Permits and Fees	12,300	12,300	12,037	(263)
Charges for Services	67,061	67,061	50,913	(16,148)
Grants and Contributions	30,000	30,000	25,040	(4,960)
Fines and Forfeitures	15,000	15,000	15,975	975
Investment Revenue	200	200	431	231
Total Revenues	260,607	260,607	242,176	(18,431)
<u>EXPENDITURES:</u>				
Personal Services	308,851	308,851	297,326	(11,525)
Materials and Services	64,806	64,806	50,984	(13,822)
Capital Outlay	46,200	46,200	39,435	(6,765)
Contingency	26,250	26,250	-	(26,250)
Total Expenditures	446,107	446,107	387,745	(58,362)
Excess of Revenues Over (Under) Expenditures	(185,500)	(185,500)	(145,569)	39,931
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In	135,500	135,500	135,500	-
Total Other Financing Sources (Uses):	135,500	135,500	135,500	-
Net Change In Fund Balance	(50,000)	(50,000)	(10,069)	39,931
FUND BALANCE, July 1, 2011	50,000	50,000	112,686	62,686
FUND BALANCE, June 30, 2012	\$ -	\$ -	\$ 102,617	\$ 102,617

CITY OF STAYTON

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

STREET SDC FUND

For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Licenses, Permits and Fees	\$ 10,248	\$ 10,248	\$ 17,234	\$ 6,986
Investment Revenue	1,100	1,100	1,056	(44)
Total Revenues	11,348	11,348	18,290	6,942
<u>EXPENDITURES:</u>				
Materials and Services	31,000	31,000	-	(31,000)
Capital Outlay	200,000	200,000	-	(200,000)
Total Expenditures	231,000	231,000	-	(231,000)
Excess of Revenues Over (Under) Expenditures	(219,652)	(219,652)	18,290	237,942
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer (Out)	(2,120)	(2,120)	(2,120)	-
Total Other Financing Sources (Uses):	(2,120)	(2,120)	(2,120)	-
Net Change In Fund Balance	(221,772)	(221,772)	16,170	237,942
FUND BALANCE, July 1, 2011	232,000	232,000	228,186	(3,814)
FUND BALANCE, June 30, 2012	\$ 10,228	\$ 10,228	\$ 244,356	\$ 234,128

CITY OF STAYTON

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

PARKS SDC FUND

For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Licenses, Permits and Fees	\$ 4,500	\$ 4,500	\$ 13,830	\$ 9,330
Investment Revenue	300	300	177	(123)
Total Revenues	4,800	4,800	14,007	9,207
<u>EXPENDITURES:</u>				
Materials and Services	3,500	5,045	4,045	(1,000)
Capital Outlay	20,000	20,000	20,000	-
Total Expenditures	23,500	25,045	24,045	(1,000)
Excess of Revenues Over (Under) Expenditures	(18,700)	(20,245)	(10,038)	10,207
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer (Out)	(30,400)	(28,855)	(20,317)	(8,538)
Total Other Financing Sources (Uses):	(30,400)	(28,855)	(20,317)	(8,538)
Net Change In Fund Balance	(49,100)	(49,100)	(30,355)	1,669
FUND BALANCE, July 1, 2011	59,000	59,000	63,513	4,513
FUND BALANCE, June 30, 2012	\$ 9,900	\$ 9,900	\$ 33,158	\$ 6,182

CITY OF STAYTON

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

PUBLIC WORKS ADMINISTRATION FUND

For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
	REVENUES:			
Investment Revenue	\$ 100	\$ 100	\$ 105	\$ 5
Miscellaneous Revenue	2,000	2,000	650	(1,350)
Total Revenues	2,100	2,100	755	(1,345)
EXPENDITURES:				
Personal Services	338,456	338,456	305,458	(32,998)
Materials and Services	96,102	96,102	76,360	(19,742)
Contingency	10,542	10,542	-	(10,542)
Total Expenditures	445,100	445,100	381,818	(63,282)
Excess of Revenues Over (Under) Expenditures	(443,000)	(443,000)	(381,063)	61,937
OTHER FINANCING SOURCES (USES):				
Operating Transfer In	413,000	413,000	413,000	-
Total Other Financing Sources (Uses):	413,000	413,000	413,000	-
Net Change In Fund Balance	(30,000)	(30,000)	31,937	61,937
FUND BALANCE, July 1, 2011	30,000	30,000	20,276	(9,724)
FUND BALANCE, June 30, 2012	\$ -	\$ -	\$ 52,213	\$ 52,213

CITY OF STAYTON

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

GRANTS FUND

For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
<u>REVENUES:</u>				
Intergovernmental	\$ 324,000	\$ 324,000		
Grants	100,000	100,000	\$ 29,501	\$ (70,499)
Miscellaneous Revenue	8,000	8,000	750	(7,250)
Total Revenues	432,000	432,000	30,251	(77,749)
<u>EXPENDITURES:</u>				
Personal Services	97,000	97,000	27,356	(69,644)
Materials and Services	166,500	166,500	8,447	(158,053)
Capital Outlay	70,500	70,500	-	(70,500)
Total Expenditures	334,000	334,000	35,803	(298,197)
Excess of Revenues Over (Under) Expenditures	98,000	98,000	(5,552)	220,448
FUND BALANCE, July 1, 2011	2,000	2,000	5,468	3,468
FUND BALANCE, June 30, 2012	\$ -	\$ -	\$ (84)	\$ 323,916

CITY OF STAYTON

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

911 FUND

For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
<u>REVENUES:</u>				
Taxes and Assessments	\$ 60,000	\$ 60,000	\$ 37,654	\$ (22,346)
Total Revenues	60,000	60,000	37,654	(22,346)
<u>EXPENDITURES:</u>				
Materials and Services	60,000	60,000	37,654	(22,346)
Total Expenditures	60,000	60,000	37,654	(22,346)
Excess of Revenues Over (Under) Expenditures	-	-	-	-
FUND BALANCE, July 1, 2011	-	-	-	-
FUND BALANCE, June 30, 2012	\$ -	\$ -	\$ -	\$ -

CITY OF STAYTON

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

TRUST AND AGENCY FUND

For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
<u>REVENUES:</u>				
Miscellaneous Revenue	350,000	350,000	121,791	(228,209)
Total Revenues	350,000	350,000	121,791	(228,209)
<u>EXPENDITURES:</u>				
Materials and Services	350,000	350,000	109,513	(240,487)
Total Expenditures	350,000	350,000	109,513	(240,487)
Excess of Revenues Over (Under) Expenditures	-	-	12,278	12,278
FUND BALANCE, July 1, 2011	150,000	150,000	99,771	(50,229)
FUND BALANCE, June 30, 2012	\$ 150,000	\$ 150,000	\$ 112,049	\$ (37,951)

Capital Projects Funds

CITY OF STAYTON
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2012

	Facilities Developmen t Fund	Parks Construction Fund	Total
<u>ASSETS:</u>			
Cash & Investments	\$ 452,572	\$ -	\$ 452,572
Total Assets	\$ 452,572	\$ -	\$ 452,572
<u>LIABILITIES:</u>			
Accounts Payable	\$ 750	\$ -	\$ 750
Total Liabilities	750	-	750
<u>FUND EQUITY:</u>			
Committed for:			
Miscellaneous Capital Projects	451,822	-	451,822
Total Fund Equity	451,822	-	451,822
Total Liabilities and Fund Equity	\$ 452,572	\$ -	\$ 452,572

CITY OF STAYTON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NON-MAJOR CAPITAL PROJECTS FUNDS

For the Fiscal Year Ended June 30, 2012

	Facilities Development Fund	Parks Constructio n Fund	Total
<u>REVENUES:</u>			
Grants	\$ -	\$ 87,991	\$ 87,991
Investment Revenue	2,228	-	2,228
Other Revenue	41,060	-	41,060
Total Revenues	43,288	87,991	131,279
<u>EXPENDITURES:</u>			
Materials and Services	15,259	-	15,259
Total Expenditures	30,236	130,584	160,820
Excess of Revenues Over (Under) Expenditures	13,052	(42,593)	(29,541)
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating Transfers In	95,509	19,917	115,426
Total Other Financing Sources (Uses):	95,509	19,917	115,426
Net Change In Fund Balances	108,561	(22,676)	85,885
FUND BALANCE, July 1, 2011	343,261	22,676	365,937
FUND BALANCE, June 30, 2012	\$ 451,822	\$ -	\$451,822

CITY OF STAYTON

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

FACILITIES DEVELOPMENT FUND (A NON-MAJOR FUND)

For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Investment Revenue	\$ 1,650	\$ 1,650	\$ 2,228	\$ 578
Rents	44,946	44,946	41,060	(3,886)
Total Revenues	46,596	46,596	43,288	(3,308)
<u>EXPENDITURES:</u>				
Materials and Services	90,000	90,000	15,259	(74,741)
Capital Outlay	230,000	230,000	14,977	(215,023)
Contingency	79,674	79,674	-	(79,674)
Total Expenditures	399,674	399,674	30,236	(369,438)
Excess of Revenues Over (Under) Expenditures	(353,078)	(353,078)	13,052	366,130
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In	95,509	95,509	95,509	-
Total Other Financing Sources (Uses):	95,509	95,509	95,509	-
Net Change In Fund Balance	(257,569)	(257,569)	108,561	366,130
FUND BALANCE, July 1, 2011	332,569	332,569	343,261	10,692
FUND BALANCE, June 30, 2012	\$ 75,000	\$ 75,000	\$ 451,822	\$ 376,822

CITY OF STAYTON

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

PARKS CONSTRUCTION FUND (A NON-MAJOR FUND)

For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Grants	\$ 75,080	\$ 75,080	\$ 87,991	\$ 12,911
Total Revenues	75,080	75,080	87,991	12,911
<u>EXPENDITURES:</u>				
Capital Outlay	130,000	130,584	130,584	-
Contingency	4,080	3,496	-	(3,496)
Total Expenditures	134,080	134,080	130,584	(3,496)
Excess of Revenues Over (Under) Expenditures	(59,000)	(59,000)	(42,593)	16,407
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In	30,000	30,000	19,917	(10,083)
Total Other Financing Sources (Uses):	30,000	30,000	19,917	(10,083)
Net Change In Fund Balance	(29,000)	(29,000)	(22,676)	6,324
FUND BALANCE, July 1, 2011	29,000	29,000	22,676	(6,324)
FUND BALANCE, June 30, 2012	\$ -	\$ -	\$ -	\$ -

Additional Supporting
Schedules

CITY OF STAYTON

SCHEDULE OF PROPERTY TAXES

For the Fiscal Year Ended June 30, 2012

	General Fund Permanent Rate Tax, Subject to Measure 5	Local Option	Total	
Assessed Valuation, 2011-12 Tax Roll	\$513,710,047	\$513,710,047	\$513,710,047	
General Fund Permanent Rate Levy, Per \$1,000	0.0033280			
Local Option Levy Rate, Per \$1,000		0.0005839		
Amount Levy Rates Will Raise	1,709,627	299,955	2,009,582	
Loss Due to District's Compression	(1)	(1)	(2)	
Roll Corrections & Omitted Property	18	3	21	
Net Tax Levy Imposed	<u>\$ 1,709,644</u>	<u>\$ 299,957</u>	<u>\$ 2,009,601</u>	
	Uncollected Balance July 1, 2011	Collector's Adjustment & Discounts Increase (Decrease)	Collections During the Year	Uncollected Balance June 30, 2012
2011-12	\$ 2,009,601	\$ 11,678,568	\$ 1,880,451	\$ 11,807,718
2010-11	81,486	6,153,385	41,316	6,193,555
2009-10	41,835	3,728,786	14,541	3,756,080
2008-09	22,055	1,395,886	13,544	1,404,397
2007-08	7,011	326,903	9,015	324,899
2006-07	1,630	179,952	541	181,041
2005-06 & Prior	4,225	608,124	519	611,830
Total Cash Collections	<u>\$ 2,167,843</u>	<u>\$ 24,071,604</u>	<u>\$ 1,959,927</u>	<u>\$ 24,279,520</u>
Less Accrued Revenue - June 30, 2011			(27,920)	
Add Accrued Revenue - June 30, 2012			33,046	
Total Property Tax Revenue			<u>\$ 1,965,053</u>	

CITY OF STAYTON

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2012

	Outstanding Balance July 1, 2011	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2012	Due within One Year
BUSINESS-TYPE ACTIVITIES					
OEDD Bonds, series 1993 for special public works projects					
- Original Balance \$510,000					
Dated: December 21, 1993					
Interest Rate: 5.19%					
Principal	\$ 119,685	\$ -	\$ 37,894	\$ 81,791	\$ 39,861
Interest	3,591	6,212	7,337	2,466	4,245
Totals	<u>\$ 123,276</u>	<u>\$ 6,212</u>	<u>\$ 45,231</u>	<u>\$ 84,257</u>	<u>\$ 44,106</u>
Sewer Revenue Bonds, US Department of Agriculture - Original Balance \$2,952,000					
Dated: May 28, 1997					
Interest Rate: 5.00%					
Principal	\$ 2,470,273	\$ -	\$ 48,529	\$ 2,421,744	\$ 48,149
Interest	11,167	123,294	123,513	10,948	123,894
Totals	<u>\$ 2,481,440</u>	<u>\$ 123,294</u>	<u>\$ 172,042</u>	<u>\$ 2,432,692</u>	<u>\$ 172,043</u>
Oregon Department of Environmental Quality (ODEQ) Clean Water Revolving Loan - Original Balance \$4,382,000					
Dated: September 27, 2007					
Interest Rate: 2.92%					
Principal	\$ 3,867,615	\$ -	\$ 185,470	\$ 3,682,145	\$ 190,925
Interest	45,793	109,688	111,590	43,891	106,135
Totals	<u>\$ 3,913,408</u>	<u>\$ 109,688</u>	<u>\$ 297,060</u>	<u>\$ 3,726,036</u>	<u>\$ 297,060</u>
Business Oregon Water State Revolving Loan - Original Balance \$5,138,700					
Dated: February 18, 2009					
Interest Rate: 3.4%					
Principal	\$ 4,978,824	\$ 159,876	\$ -	\$ 5,138,700	\$ 181,572
Interest	-	-	-	-	525,462
Totals	<u>\$ 4,978,824</u>	<u>\$ 159,876</u>	<u>\$ -</u>	<u>\$ 5,138,700</u>	<u>\$ 707,034</u>
TOTAL BUSINESS-TYPE ACTIVITIES DEBT AGREEMENTS:					
Principal	\$ 11,436,397	\$ 159,876	\$ 271,893	\$ 11,324,380	\$ 460,507
Interest	60,551	239,194	242,440	57,305	759,736
Totals	<u>\$ 11,496,948</u>	<u>\$ 399,070</u>	<u>\$ 514,333</u>	<u>\$ 11,381,685</u>	<u>\$ 1,220,243</u>
TOTAL DEBT AGREEMENTS:					
Principal	\$ 11,436,397	\$ 159,876	\$ 271,893	\$ 11,324,380	\$ 460,507
Interest	60,551	239,194	242,440	57,305	759,736
Totals	<u><u>\$ 11,496,948</u></u>	<u><u>\$ 399,070</u></u>	<u><u>\$ 514,333</u></u>	<u><u>\$ 11,381,685</u></u>	<u><u>\$ 1,220,243</u></u>

CITY OF STAYTON
SCHEDULE OF FUTURE REQUIREMENTS FOR
RETIREMENT OF LONG-TERM DEBT

For the Fiscal Year Ended June 30, 2012

	Fiscal Year Ended June 30,	Sinking Fund Require- ment	Total Payment	Principal	Interest	Fiscal Year- end Balance
<u>Business-Type Activities</u>						
OEDD Bonds, series 1993 for special public works projects - Original Balance \$510,000	2013	-	44,106	39,861	4,245	41,930
	2014	-	44,106	41,930	2,176	-
Totals		\$ -	\$ 88,212	\$ 81,791	\$ 6,421	
Sewer Revenue Bonds, US Department of Agriculture - Original Balance \$2,952,000	2013	-	172,043	48,149	123,894	\$ 2,373,595
	2014	-	172,043	50,895	121,148	2,322,700
	2015	-	172,043	53,440	118,603	2,269,260
	2016	-	172,043	55,679	116,364	2,213,581
	2017	-	172,043	58,351	113,692	2,155,230
	2018	-	172,043	61,135	110,908	2,094,095
	2019	-	172,043	64,052	107,991	2,030,043
	2020	-	172,043	67,109	104,934	1,962,934
	2021	-	172,043	70,311	101,732	1,892,623
	2022	-	172,043	73,667	98,376	1,818,956
	2023	-	172,043	77,182	94,861	1,741,774
	2024	-	172,043	80,866	91,177	1,660,908
	2025	-	172,043	84,725	87,318	1,576,183
	2026	-	172,043	88,768	83,275	1,487,415
	2027	-	172,043	93,004	79,039	1,394,411
	2028	-	172,043	97,443	74,600	1,296,968
	2029	-	172,043	102,093	69,950	1,194,875
	2030	-	172,043	106,965	65,078	1,087,910
	2031	-	172,043	112,070	59,973	975,840
	2032	-	172,043	117,418	54,625	858,422
	2033	-	172,043	123,022	49,021	735,400
	2034	-	172,043	128,892	43,151	606,508
	2035	-	172,043	135,044	36,999	471,464
	2036	-	172,043	141,488	30,555	329,976
	2037	-	172,043	148,240	23,803	181,736
	2038	-	172,043	155,315	16,728	26,421
	2039	-	35,737	26,421	9,316	-
Totals			\$ 4,508,855	\$ 2,421,744	\$ 2,087,111	
Oregon Department of Environmental Quality (ODEQ) Clean Water Revolving Loan - Original Balance \$4,382,000	2013	150,387	297,060	190,925	106,135	3,311,050
	2014	150,387	297,060	196,541	100,519	3,114,509
	2015	150,387	297,060	202,322	94,738	2,912,187
	2016	150,387	297,060	208,273	88,787	2,703,914
	2017	150,387	297,060	214,398	82,662	2,489,516
	2018	150,387	297,060	220,705	76,355	2,268,811
	2019	150,387	297,060	227,196	69,864	2,041,615
	2020	150,387	297,060	233,879	63,181	1,807,736
	2021	150,387	297,060	240,758	56,302	1,566,978
	2022	150,387	297,060	247,840	49,220	1,319,138
	2023	150,387	297,060	255,129	41,931	1,064,009
	2024	150,387	297,060	262,633	34,427	801,376
	2025	150,387	297,060	270,358	26,702	531,018
	2026	150,387	297,060	278,311	18,749	252,707
	2027	150,387	297,060	286,496	10,564	(33,789)
	2028	150,387	148,518	146,381	2,137	(180,170)
Totals			\$ 4,604,418	\$ 3,682,145	\$ 922,273	

Continued

City of STAYTON
SCHEDULE OF FUTURE REQUIREMENTS FOR
RETIREMENT OF LONG-TERM DEBT (Continued)

For the Fiscal Year Ended June 30, 2012

	Fiscal Year Ended June 30,	Sinking Fund Require- ment	Total Payment	Principal	Interest	Fiscal Year- end Balance
	2013	-	707,034	181,572	525,462	4,957,128
Business Oregon Water State Revolving Loan	2014	-	358,811	190,268	168,542	4,766,860
- Original Balance \$5,138,700	2015	-	358,811	196,738	162,073	4,570,122
Dated February 18, 2009	2016	-	358,811	203,427	155,384	4,366,695
	2017	-	358,811	210,343	148,468	4,156,352
	2018	-	358,811	217,495	141,316	3,938,857
	2019	-	358,811	224,890	133,921	3,713,968
	2020	-	358,811	232,536	126,275	3,481,432
	2021	-	358,811	240,442	118,369	3,240,990
	2022	-	358,811	248,617	110,194	2,992,373
	2023	-	358,811	257,070	101,741	2,735,303
	2024	-	358,811	265,811	93,000	2,469,493
	2025	-	358,811	274,848	83,963	2,194,645
	2026	-	358,811	284,193	74,618	1,910,452
	2027	-	358,811	293,856	64,955	1,616,596
	2028	-	358,811	303,847	54,964	1,312,749
	2029	-	358,811	314,178	44,633	998,571
	2030	-	358,811	324,860	33,951	673,712
	2031	-	358,811	335,905	22,906	337,807
	2032	-	349,292	337,807	11,485	(0)
Totals			\$ 7,514,921	\$ 5,138,700	\$ 2,376,220	

ACCOMPANYING
INFORMATION

CITY OF STAYTON
AUDITOR'S COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATION
As of June 30, 2012

To the Governing Body of the City of Stayton
Stayton, Oregon

Oregon Administrative Rule (OAR) 162-010-0120 requires certain other financial information considered necessary for full disclosure of the fiscal affairs of Oregon Municipal corporations. That financial information is set forth in OAR 162-010-0130 through 162-010-0190. The basic financial statements, notes to the financial statements, and supplementary information as listed in the table of contents, provide that information.

Oregon Administrative Rule (OAR) 162-010-0200 requires comments and disclosures relating to our audit of the City's fiscal affairs and compliance with legal requirements as set forth in OAR 162-010-0210 through 162-010-0320. We performed procedures, which may have included samples of transactions, to obtain sufficient audit evidence to support the comments that follow:

ACCOUNTING RECORDS AND INTERNAL CONTROL:

The City's accounting records were in satisfactory condition for audit purposes.

As part of my examination of the financial statements, I obtained an understanding of the accounting system and the internal controls incorporated into that system. The purpose of understanding the accounting system and its controls is to assist in planning the nature and scope of my examination. The process involved in obtaining an understanding of the system is more limited than a study and evaluation necessary to express an opinion on the internal control system as a whole. Accordingly, I do not express an opinion on the system of internal control.

As part of my audit of the basic financial statements, and as required by *Governmental Auditing Standards*, I tested on a limited basis internal controls of the City and adjusted the nature and extent of other auditing procedures as deemed necessary. Although the City's system of internal control is somewhat limited by the number of administrative personnel available, my study did not disclose any conditions which I considered to be a deficiency in the internal controls.

Management has been provided with a separate letter containing certain items I noted during the audit.

COLLATERAL:

ORS 295 requires deposits with financial institutions in excess of the amount insured by the Federal Deposit Insurance Corporation be held at qualifying institutions under the Public Funds Collateralization Program and that public officials provide the Office of the Oregon State Treasurer with the names of all bank depositories in which the City currently deposits public funds.

The City has complied with the provisions of ORS 295 as it pertains to the collateralization of public funds.

INDEBTEDNESS:

The City has not exceeded its legal debt limitation as provided by ORS 328.245. The City was in compliance with all debt covenants and all payments were made on a timely basis.

CITY OF STAYTON
AUDITOR'S COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATION (Continued)
As of June 30, 2012

BUDGET:

Minutes and resolutions of the Budget Committee and City Council were reviewed for compliance of Oregon Budget Law in preparation, adoption and execution of the current year's budget and preparation and adoption of the ensuing year's budget. I found no instances of non-compliance of Oregon Budget Law by the City for the 2011-12 fiscal year or in preparation and adoption of the 2012-13 budget.

INVESTMENTS:

The City is in compliance with legal requirements of ORS 294 pertaining to investment of public funds.

INSURANCE AND FIDELITY BONDS:

I have examined the City's fidelity bonds and insurance coverage at June 30, 2012 and ascertained that such policies appeared to be in force as of that date and appeared to comply with the legal requirements. I recommend periodic review of insurance by qualified individuals, as I do not possess expertise in this area.

PUBLIC CONTRACTING:

The City complied with the requirements of ORS 279 by making every effort to construct public improvements at the least cost to the public agency. Adequate bids and quotes were obtained for all required contracts and purchases.

PROGRAMS FUNDED FROM OUTSIDE SOURCES:

During the fiscal year, the City complied with all appropriate laws, rules, and regulations pertaining to programs funded by the federal government and the State of Oregon. My examination included procedures required under the Single Audit Act of 1984 and described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*. In accordance with *Governmental Auditing Standards*, I issued a report on my consideration of the City of Stayton's compliance and internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. Those reports are in the Single Audit Section of these financial statements.

HIGHWAY FUNDS:

Based on my review of expenditures of monies received from the State of Oregon for road and highway construction, I am not aware of any instances of noncompliance with respect to Article IX, section 3(a) of the Oregon Constitution, pertaining to the use of receipts from taxes on motor vehicle use fuel. Furthermore, I am not aware of any noncompliance with respect to ORS 294, 368, and 373, pertaining to the use of road funds. My review procedures related to the highway funds included examining on a test basis, documents supporting expenditures in the City's Street Fund.

CITY OF STAYTON
AUDITOR'S COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATION (Continued)
As of June 30, 2012

STATEMENT OF ACCOUNTABILITY FOR INDEPENDENTLY ELECTED OFFICIALS:

This statement is not applicable to the City.

This report is intended solely for the information of the State of Oregon, Secretary of State, Division of Audits and other state agencies and is not intended and should not be used by anyone other than these specified parties.

Steven L. Tuchscherer, CPA
Steve Tuchscherer, CPA, PC

Roseburg, Oregon
December 20, 2012

SINGLE AUDIT
SECTION

CITY OF STAYTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2012

Grantor Program and Title	Federal CFDA Number	State Project Number	Amount Awarded	Receipts	Expenditures
U.S. DEPARTMENT OF TRANSPORTATION					
Passed through Oregon Association of Chiefs of Police Occupant Protection Incentive Grants	20.602		\$ 2,000	\$ 1,740	\$ 1,740
Passed through Oregon Department of Transportation Oregon Bicycle Traffic Safety Alliance	20.605		4,000	4,000	4,000
Total U.S Department of Transportatin			6,000	5,740	5,740
ENVIRONMENTAL PROTECTION AGENCY					
Passed through Oregon Economic and Community Development Department Capitalization Grants for Safe Drinking Water	66.468		5,138,700	159,876	159,876
U.S. DEPARTMENT OF AGRICULTURE					
Water and Waste Water Systems for Rural Communities Revolving Loan	10.760		8,316,000	-	5,897,671
Water and Waste Water Systems for Rural Communities Grant	10.760		2,001,000	963,116	963,116
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$13,460,700	\$ 165,616	\$ 6,063,287

This schedule has been prepared using the modified accrual basis of accounting.

CITY OF STAYTON, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2012

Section I—Summary of Auditor’s Results

1. The auditor’s report expresses an unqualified opinion on the financial statements of City of Stayton, Oregon.
2. No significant deficiencies in internal control were disclosed by the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of City of Stayton, Oregon were disclosed during the audit.
4. No significant deficiencies in internal control were disclosed by the audit of the financial statements.
5. No significant deficiencies in internal controls over major programs were disclosed by the audit.
6. The auditor’s report on compliance for the major federal award program expresses an unqualified opinion.
7. The audit did not disclose any findings that are required to be reported.
8. The programs tested as a major program was Water and Waste Water Systems for Rural Communities, CFDA 10.760.
9. The threshold for distinguishing between Type A and B programs was \$300,000.
10. The City was not determined to be a low-risk auditee.

Section II—Financial Statements Findings

No findings related to the financial statements are reported for the year ended June 30, 2012.

Section III—Findings and Questioned Costs for Federal Awards.

No matters were reported relating to significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.