



# **STAYTON, OREGON**

## **Audit Report**

**June 30, 2013**

**STEVE TUCHSCHERER**  
Certified Public Accountant  
A Professional Corporation

# CITY OF STAYTON

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

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## 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 (Term ended 12/2012) . . . . .	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	
EMILY GOOCH . . . . .	Council Member
1840 E. Pine Street, Stayton, OR 97383	
CATHERINE HEMSHORN . . . . .	Council Member
PO Box 235, Sublimity, OR 97385	

## CITY ADMINISTRATION

DON EUBANK . . . . .	City Administrator
362 N. 3 <sup>rd</sup> Avenue, Stayton, OR 97383	
CHRISTINE SHAFFER . . . . .	Finance Director
360 N. 3 <sup>rd</sup> 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 the City of Stayton as of and for the year ended June 30, 2013 which collectively comprise the City's basic financial statements, as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

### **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 City of Stayton as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 8 and 36 through 41 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 assurance.

### *Other Information*

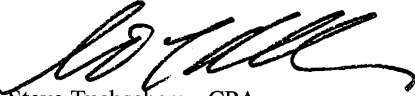
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Stayton's basic financial statements. The combining and individual non-major fund financial statements and additional supporting schedules listed in the table of contents as Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Stayton.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the budgetary comparison schedules are fairly stated in all material respects in relation to the financial statements taken as a whole.

Other schedules listed in the table of contents as Other Supplementary Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2013, on our consideration of the City of Stayton's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Stayton's internal control over financial reporting and compliance.



Steve Tuhscherer, CPA  
November 22, 2013

**MANAGEMENT'S DISCUSSION**  
**AND ANALYSIS**



**CITY OF STAYTON**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2013**  
**Unaudited**

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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, 2013. 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, 2013 are as follows:

- The City's net position increased by \$2,049,260 which represents a 3.88 percent increase from the previous year. Net position is \$37,894,277 for governmental activities and \$16,963,664 for business-type activities.
- General revenues from governmental activities accounted for \$3,617,497 in revenue, or 74.1 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,262,505 or 25.9 percent of all revenues for governmental activities. Total revenue from governmental activities is \$4,880,002.
- General revenues from business-type activities accounted for \$278,469 in revenue, or 4.6 percent of all revenues from business-type activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,733,422 or 95.4 percent of all revenues for business-type activities. Total revenue from business-type activities is \$6,011,891.
- The City had \$9,232,187 in program expenses. Of the program expenses, \$1,845,671 was for providing water service, \$2,335,934 was for providing sewer service, and \$295,713 was for operating the municipal pool.
- Among the governmental funds, the General Fund had \$3,025,825 in revenues, which primarily consisted of property taxes and franchise taxes. It also includes interfund transfers in of \$340,565. General Fund expenditures totaled \$2,912,854 including \$258,500 in interfund transfers out. The General Fund's fund balance increased \$112,971 to \$742,584 from \$629,613.

Among proprietary funds, the Water Fund had \$1,832,098 in revenues, which primarily consisted of user fees. The Sewer Fund had \$4,250,489 in revenues, which primarily consisted of user fees and included \$1,032,896 of intergovernmental grants. The Swimming Pool Fund had \$318,856 in revenues which primarily consisted of property taxes and user fees.

**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 Position*. 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 position 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, 2013**  
**Unaudited**

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The second government-wide statement is the *Statement of Activities* which reports how the City's net position 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)**  
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**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 Position provides the perspective of the City as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The City's net position at fiscal year-end is \$54,857,942 this is an increase of \$2,049,260 or 3.88%.

A significant portion of the City's net position (87% 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 position for the current and prior year.

	<b><u>Summary of Net Position</u></b>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Assets</b>						
Current and Other Assets	\$ 3,212,014	\$ 2,942,852	\$ 4,427,935	\$ 4,285,043	\$ 7,639,949	\$ 7,227,895
Capital Assets	34,887,792	34,286,303	32,015,680	31,433,574	66,903,472	65,719,877
Total Assets	<u>38,099,806</u>	<u>37,229,155</u>	<u>36,443,615</u>	<u>35,718,617</u>	<u>74,543,421</u>	<u>72,947,772</u>
<b>Liabilities</b>						
Current Liabilities	205,526	234,308	1,273,849	8,858,834	1,479,375	9,093,143
Long-Term Liabilities	-	-	18,206,103	11,045,945	18,206,103	11,045,945
Total Liabilities	<u>205,526</u>	<u>234,308</u>	<u>19,479,952</u>	<u>19,904,779</u>	<u>19,685,477</u>	<u>20,139,088</u>
<b>Net Position</b>						
Invested in Capital Assets						
Net of Debt	34,887,792	34,286,303	12,842,707	19,818,640	47,730,499	54,104,943
Restricted	540,867	287,933	969,897	(7,591,071)	1,510,764	(7,303,138)
Unrestricted	2,465,618	2,420,610	3,151,060	3,586,267	5,616,679	6,006,876
Total Net Position	<u>\$ 37,894,277</u>	<u>\$ 36,994,846</u>	<u>\$ 16,963,664</u>	<u>\$ 15,813,836</u>	<u>\$ 54,857,942</u>	<u>\$ 52,808,681</u>

**CITY OF STAYTON**  
**Management's Discussion and Analysis (MD&A)**  
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**Changes in net position** - The City's total revenues for the fiscal year ended June 30, 2013 were \$10,891,893. The total cost of all programs and services was \$9,232,187. The following table shows a comparative analysis of government-wide revenues, expenses and changes in net position.

**Summary of Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012-13</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2011-12</u>
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 338,275	\$ 215,953	\$ 4,700,526	\$ 4,367,528	\$ 5,038,801	\$ 4,583,481
Operating Grants and Contributions	787	-	-	-	787	-
Capital Grants and Contributions	923,443	702,337	1,032,896	963,116	1,956,339	1,665,453
Total Program Revenues	1,262,505	918,290	5,733,422	5,330,644	6,995,927	6,248,934
<b>General Revenues</b>						
<b>Local Sources</b>						
Property Taxes	1,922,787	2,129,019	157,097	155,619	2,079,884	2,284,638
Franchise Fees	693,016	659,918	-	-	693,016	659,918
Other Taxes	64,113	59,595	-	-	64,113	59,595
Intergovernmental	646,661	524,104	-	-	646,661	524,104
Interest & Investment Earnings	10,951	9,972	20,955	28,000	31,906	37,972
Other Revenues	279,969	198,874	100,417	44,726	380,386	243,600
Total General Revenues	3,617,497	3,581,482	278,469	228,345	3,895,966	3,809,827
Total Revenues	4,880,002	4,499,772	6,011,891	5,558,989	10,891,893	10,058,761
<b>Program Expenses</b>						
General Government	1,585,816	1,585,659	-	-	1,585,816	1,585,659
Public Safety	1,794,137	1,823,363	-	-	1,794,137	1,823,363
Highways and Streets	753,066	787,043	-	-	753,066	787,043
Culture and Recreation	621,849	615,252	-	-	621,849	615,252
Interest Expense	-	-	-	259,226	-	259,226
<b>Utility Services</b>						
Water Utilities	-	-	1,845,671	1,070,076	1,845,671	1,070,076
Sewer Utilities	-	-	2,335,934	1,400,015	2,335,934	1,400,015
Swimming Pool	-	-	295,713	336,892	295,713	336,892
Total Program Expenses	4,754,868	4,811,317	4,477,319	3,066,210	9,232,187	7,877,528
Transfers	774,298	987,419	(774,298)	(987,419)	-	-
Special Item - Refinancing Bond Premium	-	-	389,552	-	389,552	-
<b>Change in Net Position</b>	<b>\$ 899,432</b>	<b>\$ 675,874</b>	<b>\$ 1,149,826</b>	<b>\$ 1,505,360</b>	<b>\$ 2,049,258</b>	<b>\$ 2,181,233</b>

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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**Unaudited**

**Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net (Cost) Profit of Services</u>	
	<u>2012-13</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2011-12</u>
General Government	\$ 1,585,816	\$ 1,585,659	\$ (1,553,869)	\$ (1,569,871)
Public Safety	1,794,137	1,823,363	(1,735,314)	(1,777,477)
Public Works	753,066	787,043	231,411	(161,203)
Culture and Recreation	621,849	615,252	(434,591)	(384,476)
Total Program Expenses	<u>\$ 4,754,868</u>	<u>\$ 4,811,317</u>	<u>\$ (3,492,363)</u>	<u>\$ (3,893,027)</u>

The dependence on general revenues for general government activities is apparent. For 2012-13, 74.1 percent of general government activities are supported through general revenues

**Business-Type Activities**

	<u>Total Cost of Services</u>		<u>Net (Cost) Profit of Services</u>	
	<u>2012-13</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2011-12</u>
Utility Services	\$ 4,181,605	\$ 2,470,092	\$ 1,438,596	\$ 2,766,099
Swimming Pool	295,713	336,892	(182,492)	(242,439)
Interest on Long-Term Debt	-	259,226	-	(259,226)
Total Program Expenses	<u>\$ 4,477,319</u>	<u>\$ 3,066,210</u>	<u>\$ 1,256,103</u>	<u>\$ 2,264,434</u>

Business type activities increased the City's net position by \$2,049,258. Of the business-type activities, the Sewer Fund, Water Fund and Swimming Pool Fund accounted for approximately 38.9%, 58.7% and 2.4% 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 \$3,027,963, an increase of \$294,245. The fund balance constitutes restricted, committed, assigned and unassigned amounts. Of the current fund balances, \$540,867 is restricted, \$1,744,512 is committed and \$742,584 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, 2013**  
**Unaudited**

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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 \$742,584, an increase of \$112,971 over the previous year.

The Street Fund reported a restricted ending fund balance of \$161,850, an increase of \$151,347 over the previous year.

The Vehicle Replacement Fund reported a fund balance of \$981,138, a decrease of \$55,056 from the previous year. The Vehicle Replacement fund balance is committed for vehicle replacement.

The Facilities Development Fund reported a fund balance of \$494,323, an increase of \$42,501 over the previous year. The Facilities Development fund balance is committed for miscellaneous capital projects.

The Trust Fund reported a fund balance of \$118,620, an increase of \$6,571 over the previous year. The Trust fund balance is committed for miscellaneous community projects.

The 10<sup>th</sup> Avenue Construction Fund reported a fund balance of \$0, a decrease of \$61,277 from the previous year. The 10<sup>th</sup> Avenue Construction fund balance is committed for improvements to 10<sup>th</sup> Avenue.

*Proprietary Funds*

The Water Fund reported a budgetary fund balance of \$714,002, a decrease of \$441,327 from the previous year. The Water Fund ending balance includes restricted assets of \$31,414 for customer deposits.

The Sewer Fund reported a budgetary fund balance of \$2,689,919, an increase of \$188,179 from the previous year. The Sewer Fund ending balance includes restricted assets of \$336,767 for debt service and \$29,751 for customer deposits.

**Budgetary Highlights**

An appropriation transfer resolution was adopted by the City Council in June, 2013 to allow for additional materials and services spending in the Public Works Administration Fund.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2013, the City had invested, before net reduction for accumulated depreciation, \$102,366,039 in capital assets, including buildings, land, construction in process, vehicles, water and sewer utility systems, and other equipment. This amount represents an increase of \$2,747,594 over the prior year. This includes additions to the sewer fund plant improvements and 10<sup>th</sup> Avenue construction.

Total depreciation expense for the year was \$1,563,999. 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, 2013 the City had total debt outstanding of \$18,875,058. Proceeds from additions to long-term debt of \$14,126,000 were received during the fiscal year ending June 30, 2013, this included an amount for refunding previously issued sewer bonds and an additional \$8,316,000 from the USDA for additions to the sewer plant that was interim financing in the previous year. Existing debt was reduced by \$6,575,322, which included \$6,103,889 that was refinanced. Interest paid on the debt amounted to \$770,557.

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, 2013**  
**Unaudited**

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**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 2013-2014 budget. 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. Although the City's total budget of \$17,172,401 for the fiscal year ending June 30, 2014 represents a 41% decrease from the current fiscal year, the decrease is mostly attributable to the completion of the Wastewater Treatment Plant Improvement project early in fiscal year 2012-13.

Amounts available for appropriation in the General Fund are \$3,663,265 for the fiscal year 2013-14, an increase of \$133,518 or 3.8%. No new programs were added to the 2013-2014 budget.

The City is budgeting a \$270,000 or 9.8 percent decrease in Water Fund resources, due entirely to a decreased beginning fund balance. A \$348,222 decrease in debt service expenditures is budgeted in the Water Fund.

For the Sewer Fund the City is budgeting a \$136,000 or 2.7 percent increase in resources. Budgeted expenditures of \$72,500 in the Sewer Construction Fund for fiscal year 2013-14 represent a decrease of \$9,973,500 or 99% and are intended to cover any remaining capital outlay for the recently completed Wastewater Treatment Plant Improvement project.

The Street Fund budget is decreased by \$309,900 or 31.4% primarily due to a decrease in ODOT/STP grants. The decrease in grants is partially offset by a slight increase in state gas tax revenues, the anticipated street maintenance fee generating \$84,000, and the sidewalk maintenance revenue expected to generate \$60,000 for fiscal year 2013-14.

With the exceptions noted above, operating costs of both governmental activities and business-type activities are expected to be similar to those of the 2012-13 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**



**Government – Wide**  
**Financial Statements**

# CITY OF STAYTON

## STATEMENT OF NET POSITION

June 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>ASSETS:</u></b>			
Current Assets:			
Cash and Investments	\$ 2,950,292	\$ 4,031,382	\$ 6,981,674
Receivables	261,722	396,553	658,275
Total Current Assets	3,212,014	4,427,935	7,639,949
Capital Assets:			
Land	1,759,203	247,157	2,006,360
Infrastructure	51,324,587	33,778,979	85,103,566
Buildings & Improvements	3,785,490	6,007,994	9,793,484
Equipment & Vehicles	1,177,991	1,305,985	2,483,976
Other Capital Assets	1,606,817	1,371,836	2,978,653
Less: Accumulated Depreciation	(24,766,296)	(10,696,271)	(35,462,567)
Total Capital Assets, Net of Depreciation	34,887,792	32,015,680	66,903,472
<b>Total Assets</b>	<b>\$ 38,099,806</b>	<b>\$ 36,443,615</b>	<b>\$ 74,543,421</b>
<b><u>LIABILITIES:</u></b>			
Current Liabilities:			
Accounts Payable	\$ 77,880	\$ 163,503	\$ 241,383
Interest Payable	-	344,101	344,101
Customer Deposits	141	61,165	61,306
Accrued Compensated Absences	118,852	26,776	145,628
OPEB Payable	8,653	9,349	18,001
Current Portion of Long-Term Liabilities:			
Bonds Payable	-	668,955	668,955
Total Current Liabilities	205,526	1,273,849	1,479,375
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Bonds Payable	-	18,206,103	18,206,103
Total Long-Term Liabilities	-	18,206,103	18,206,103
<b>Total Liabilities</b>	<b>\$ 205,526</b>	<b>\$ 19,479,952</b>	<b>\$ 19,685,477</b>
<b><u>NET POSITION:</u></b>			
Invested in capital assets, net of related debt	\$ 34,887,792	\$ 12,842,707	\$ 47,730,499
Restricted for:			
Capital Projects	-	432,366	432,366
Debt Service	-	336,767	336,767
Other Projects	540,867	200,764	741,631
Unrestricted	2,465,618	3,151,060	5,616,679
<b>Total Net Position</b>	<b>\$ 37,894,277</b>	<b>\$ 16,963,664</b>	<b>\$ 54,857,942</b>

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, 2013**

	<u>Program Revenues</u>				<b>Net (Expense) Revenue and Change in Net Position</b>
	<u>(Expenses)</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>					
General Government	\$ 1,585,816	\$ 31,160	\$ 787	\$ -	\$ (1,553,869)
Public Safety	1,794,137	51,333	-	7,490	(1,735,314)
Highway and Streets	753,066	68,524	-	915,953	231,411
Culture and Recreation	621,849	187,258	-	-	(434,591)
<b>Total Governmental Activities</b>	<b>\$ 4,754,868</b>	<b>\$ 338,275</b>	<b>\$ 787</b>	<b>\$ 923,443</b>	<b>\$ (3,492,363)</b>
<b><u>BUSINESS-TYPE ACTIVITIES:</u></b>					
Water Utilities	\$ 1,845,671	\$ 1,826,417	\$ -	\$ -	\$ (19,254)
Sewer Utilities	2,335,934	2,760,888	-	1,032,896	1,457,850
Swimming Pool	295,713	113,221	-	-	(182,492)
<b>Total Business-type Activities</b>	<b>\$ 4,477,319</b>	<b>\$ 4,700,526</b>	<b>\$ -</b>	<b>\$ 1,032,896</b>	<b>\$ 1,256,103</b>
<b>Total Primary Government</b>	<b>\$ 9,232,187</b>	<b>\$ 5,038,801</b>	<b>\$ 787</b>	<b>\$ 1,956,339</b>	<b>\$ (2,236,260)</b>
			<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b><u>Total</u></b>
<b><u>CHANGES IN NET POSITION:</u></b>					
<b>Net (expense) revenue</b>			\$ (3,492,363)	\$ 1,256,103	\$ (2,236,260)
General Revenues:					
Property Taxes, levied for general purposes			1,922,787	157,097	2,079,884
Intergovernmental Tax Turnovers			646,661	-	646,661
State Revenue Sharing			64,113	-	64,113
Franchise Taxes			693,016	-	693,016
Interest and Investment Earnings			10,951	20,955	31,906
Other Revenue			279,969	100,417	380,386
<i>Special Item</i> - Refinancing Bond Premium			-	389,552	389,552
Interfund Transfers			774,298	(774,298)	-
<b>Total General Revenues, Special Items and Transfers</b>			<b>4,391,795</b>	<b>(106,277)</b>	<b>4,285,518</b>
Change in Net Position			899,432	1,149,826	2,049,258
NET POSITION, JULY 1, 2012			36,994,846	15,813,838	52,808,684
<b>NET POSITION, JUNE 30, 2013</b>			<b>\$ 37,894,277</b>	<b>\$ 16,963,664</b>	<b>\$ 54,857,942</b>

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

**Governmental Fund**  
**Financial Statements**

**CITY OF STAYTON**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**June 30, 2013**

	<b>General Fund</b>	<b>Street Fund</b>	<b>Vehicle Replacement Fund</b>	<b>Facilities Development Fund</b>	<b>Trust Fund</b>	<b>10th Avenue Construction Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>ASSETS:</u></b>								
Cash and Investments	\$ 632,044	\$ 165,160	\$ 981,138	\$ 496,070	\$ 141,560	\$ -	\$ 534,320	\$ 2,950,292
Receivables:								
Accounts	120,249	8,227	-	-	-	-	-	128,476
Property Tax	122,638	-	-	-	-	-	10,608	133,246
<b>Total Assets</b>	<b>\$ 874,931</b>	<b>\$ 173,387</b>	<b>\$ 981,138</b>	<b>\$ 496,070</b>	<b>\$ 141,560</b>	<b>\$ -</b>	<b>\$ 544,928</b>	<b>\$ 3,212,014</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u></b>								
Liabilities:								
Accounts Payable	\$ 34,598	\$ 11,537	\$ -	\$ 1,746	\$ 22,940	\$ -	\$ 7,059	\$ 77,880
Deposits	141	-	-	-	-	-	-	141
<b>Total Liabilities</b>	<b>34,739</b>	<b>11,537</b>	<b>-</b>	<b>1,746</b>	<b>22,940</b>	<b>-</b>	<b>7,059</b>	<b>78,021</b>
Deferred Inflows of Resources:								
Deferred Property Tax Revenue	97,608	-	-	-	-	-	8,421	106,029
<b>Total Deferred Inflows of Resources</b>	<b>97,608</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,421</b>	<b>106,029</b>
Fund Balances:								
Restricted for:								
Street Projects	-	161,850	-	-	-	-	312,349	474,199
Miscellaneous Community Projects	-	-	-	-	-	-	2,529	2,529
Parks & Recreation Programs	-	-	-	-	-	-	64,139	64,139
Committed for:								
Vehicle Replacement	-	-	981,138	-	-	-	-	981,138
Library Programs	-	-	-	-	-	-	81,085	81,085
Public Works Programs	-	-	-	-	-	-	69,346	69,346
Miscellaneous Community Projects	-	-	-	-	118,620	-	-	118,620
Miscellaneous Capital Projects	-	-	-	494,323	-	-	-	494,323
Unassigned	742,584	-	-	-	-	-	-	742,584
<b>Total Fund Balances</b>	<b>742,584</b>	<b>161,850</b>	<b>981,138</b>	<b>494,323</b>	<b>118,620</b>	<b>-</b>	<b>529,448</b>	<b>3,027,963</b>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>	<b>\$ 874,931</b>	<b>\$ 173,387</b>	<b>\$ 981,138</b>	<b>\$ 496,069</b>	<b>\$ 141,560</b>	<b>\$ -</b>	<b>\$ 544,928</b>	<b>\$ 3,212,013</b>

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 POSITION**

**June 30, 2013**

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**Total Fund Balances - Governmental Funds** \$ 3,027,963

**Amounts reported for governmental activities in the Statement of Net Position 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 -	\$ 59,654,088	
The accumulated depreciation is -	<u>(24,766,296)</u>	
Net Value of Assets		34,887,792

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

Property Taxes		106,029
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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		(8,653)
Accrued Compensated Absences		<u>(118,852)</u>

<b>Net Position of Governmental Activities</b>		<b><u>\$ 37,894,279</u></b>
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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, 2013**

	<b>General Fund</b>	<b>Street Fund</b>	<b>Vehicle Replacement Fund</b>	<b>Facilities Development Fund</b>	<b>Trust Fund</b>	<b>10th Avenue Construction Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>REVENUES:</u></b>								
Taxes and Assessments	\$ 1,684,141	\$ 85,932	\$ -	\$ -	\$ -	\$ -	\$ 155,290	\$ 1,925,363
Intergovernmental	176,708	532,948	-	-	-	-	1,118	710,774
Franchise Taxes	693,016	-	-	-	-	-	-	693,016
Licenses & Permits	31,160	-	-	-	-	-	110,974	142,134
Charges for Service	4,164	-	-	-	-	-	82,100	86,264
Fines and Forfeitures	48,430	-	-	-	-	-	15,080	63,510
Investment Revenue	2,081	586	3,486	2,353	-	-	2,445	10,951
Grants	787	229,484	-	-	-	686,469	53,857	970,597
Other Revenue	44,773	14	-	45,497	167,210	-	22,475	279,969
<b>Total Revenues</b>	<b>2,685,260</b>	<b>848,964</b>	<b>3,486</b>	<b>47,850</b>	<b>167,210</b>	<b>686,469</b>	<b>443,339</b>	<b>4,882,578</b>
<b><u>EXPENDITURES:</u></b>								
Current Operating:								
General Government	593,154	-	-	90,858	160,639	-	48,252	892,903
Public Safety	1,750,987	-	-	-	-	-	18,698	1,769,685
Highway and Streets	103,349	253,625	-	-	-	40,386	396,092	793,452
Culture and Recreation	180,706	-	-	-	-	-	382,483	563,189
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	26,158	99,402	243,943	-	-	933,293	40,606	1,343,402
<b>Total Expenditures</b>	<b>2,654,354</b>	<b>353,027</b>	<b>243,943</b>	<b>90,858</b>	<b>160,639</b>	<b>973,679</b>	<b>886,131</b>	<b>5,362,631</b>
Excess (Deficiency) of Revenues								
Over Expenditures	30,906	495,937	(240,457)	(43,008)	6,571	(287,210)	(442,792)	(480,053)
<b><u>OTHER FINANCING SOURCES (USES):</u></b>								
Interfund Transfers In	340,565	-	185,401	85,509	-	225,933	542,500	1,379,908
Interfund Transfers (Out)	(258,500)	(344,590)	-	-	-	-	(2,520)	(605,610)
<b>Total Other Financing Sources/(Uses)</b>	<b>82,065</b>	<b>(344,590)</b>	<b>185,401</b>	<b>85,509</b>	<b>-</b>	<b>225,933</b>	<b>539,980</b>	<b>774,298</b>
Net Change in Fund Balances	112,971	151,347	(55,056)	42,501	6,571	(61,277)	97,188	294,245
FUND BALANCES, July 1, 2012	629,613	10,503	1,036,194	451,822	112,049	61,277	432,260	2,733,718
Prior Period Adjustment	-	-	-	-	-	-	-	-
Equity Transfer	-	-	-	-	-	-	-	-
<b>FUND BALANCES, June 30, 2013</b>	<b>\$ 742,584</b>	<b>\$ 161,850</b>	<b>\$ 981,138</b>	<b>\$ 494,323</b>	<b>\$ 118,620</b>	<b>\$ -</b>	<b>\$ 529,448</b>	<b>\$ 3,027,963</b>

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, 2013**

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<b>Net Changes in Fund Balances - Total Governmental Funds</b>	\$ 294,245
<b>Amounts reported for governmental activities in the Statement of Activities are different because:</b>	
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	\$ 1,432,550
Less current year depreciation	<u>(831,061)</u>
	601,489
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	(2,576)
Additions to certain payroll liabilities are reported as an expense in the Statement of Activities.	
Vacation Payable	8,447
Other Post-Employment Benefits Payable	<u>(2,173)</u>
<b>Changes in Net Position of Governmental Assets</b>	<b><u>\$ 899,432</u></b>

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 POSITION**  
**PROPRIETARY FUNDS**

**June 30, 2013**

	<b>Enterprise Funds</b>			<b>Total Proprietary Funds</b>
	<b>Water Utility Fund</b>	<b>Sewer Utility Fund</b>	<b>Other Funds</b>	
<b><u>ASSETS:</u></b>				
Current Assets:				
Cash and Investments	\$ 760,336	\$ 3,058,087	\$ 212,959	\$ 4,031,382
Receivables	142,361	\$ 243,406	10,786	396,553
Total Current Assets	902,697	3,301,493	223,745	4,427,935
Capital Assets:				
Land	31,825	215,332	-	247,157
Infrastructure	12,492,258	21,286,721	-	33,778,979
Buildings & Improvements	4,760,274	467,867	779,853	6,007,994
Equipment & Vehicles	709,644	573,485	22,856	1,305,985
Other Capital Assets	33,316	1,090,319	248,201	1,371,836
Less: Accumulated Depreciation	(5,514,903)	(4,428,373)	(752,995)	(10,696,271)
Total Capital Assets, Net of Depreciation	12,512,414	19,205,351	297,915	32,015,680
<b>Total Assets</b>	<b>13,415,111</b>	<b>22,506,844</b>	<b>521,660</b>	<b>36,443,615</b>
<b><u>LIABILITIES:</u></b>				
Current Liabilities:				
Accounts Payable	14,786	145,921	2,796	163,503
Interest Payable	83,451	260,650	-	344,101
Customer Deposits	31,414	29,751	-	61,165
Accrued Compensated Absences	15,236	11,540	-	26,776
OPEB Payable	3,459	5,744	145	9,349
Current Portion of Long-Term Obligations	232,198	436,757	-	668,955
Total Current Liabilities	380,545	890,363	2,941	1,273,849
Long-Term Obligations	4,766,860	13,439,243	-	18,206,103
Total Long-Term Liabilities	4,766,860	13,439,243	-	18,206,103
<b>Total Liabilities</b>	<b>5,147,404</b>	<b>14,329,606</b>	<b>2,941</b>	<b>19,479,952</b>
<b><u>NET POSITION:</u></b>				
Invested in capital assets, net of related debt	7,513,356	5,329,351	-	12,842,707
Restricted for:				
Capital Projects	-	432,366	-	432,366
Debt Service	-	336,767	-	336,767
Other Purposes	171,013	29,751	-	200,764
Unrestricted	583,338	2,049,003	518,720	3,151,060
<b>Total Net Position</b>	<b>\$ 8,267,707</b>	<b>\$ 8,177,238</b>	<b>\$ 518,720</b>	<b>\$ 16,963,664</b>

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 POSITION

### PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2013

	Enterprise Funds			Total Proprietary Funds
	Water Utility Funds	Sewer Utility Funds	Other Funds	
<b><u>OPERATING REVENUES:</u></b>				
Charges for Services & Fees	\$ 1,791,707	\$ 2,715,024	\$ 113,221	\$ 4,619,952
Developer Reimbursements	34,710	45,864	-	80,574
<b>Total Revenues</b>	<b>1,826,417</b>	<b>2,760,888</b>	<b>113,221</b>	<b>4,700,526</b>
<b><u>OPERATING EXPENSES:</u></b>				
Personal Services	404,419	554,786	180,206	1,139,412
Materials and Supplies	507,770	819,943	96,798	1,424,511
Depreciation Expense	322,790	391,911	18,237	732,938
<b>Total Operating Expenses</b>	<b>1,234,979</b>	<b>1,766,640</b>	<b>295,241</b>	<b>3,296,861</b>
<b>Income (Loss) from Operations</b>	<b>591,438</b>	<b>994,248</b>	<b>(182,020)</b>	<b>1,403,665</b>
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>				
Property Taxes	-	-	157,097	157,097
Intergovernmental- Grants	-	1,032,896	-	1,032,896
Investment Revenue	5,226	14,848	881	20,955
Interest Expense	(610,692)	(465,072)	(472)	(1,076,236)
Refinancing Bond Premium	-	389,552	-	389,552
Loan fees and Bond Issuance Costs	-	(104,222)	-	(104,222)
Miscellaneous	455	52,305	47,657	100,417
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(605,011)</b>	<b>920,307</b>	<b>205,163</b>	<b>520,459</b>
<b>Income before Transfers</b>	<b>(13,573)</b>	<b>1,914,555</b>	<b>23,143</b>	<b>1,924,124</b>
<b><u>TRANSFERS:</u></b>				
Transfers from Other Funds	-	25,210	73,500	98,710
Transfers to Other Funds	(389,187)	(483,821)	-	(873,008)
<b>Changes in Net Position</b>	<b>(402,760)</b>	<b>1,455,944</b>	<b>96,643</b>	<b>1,149,826</b>
TOTAL NET POSITION, June 30, 2012	8,670,467	6,721,294	422,077	15,813,838
<b>TOTAL NET POSITION, June 30, 2013</b>	<b>\$ 8,267,707</b>	<b>\$ 8,177,238</b>	<b>\$ 518,720</b>	<b>\$ 16,963,664</b>

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, 2013**

	Enterprise Funds			Total Proprietary Funds
	Water Utility Fund	Sewer Utility Fund	Other Funds	
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>				
Cash Received from User Charges	\$ 1,821,069	\$ 2,741,617	\$ 113,018	\$ 4,675,704
Cash Payments for Employee Services	(414,697)	(562,399)	(192,664)	(1,169,761)
Cash Payments to Suppliers	(502,647)	(730,178)	(98,848)	(1,331,673)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>903,725</b>	<b>1,449,040</b>	<b>(178,494)</b>	<b>2,174,270</b>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u></b>				
Transfer from Other Funds	-	25,210	73,500	98,710
Transfer to Other Funds	(389,187)	(483,821)	-	(873,008)
<b>Net Cash Provided (Used) by Non-capital Financing Activities</b>	<b>(389,187)</b>	<b>(458,611)</b>	<b>73,500</b>	<b>(774,298)</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>				
Proceeds from collection of Property Taxes	-	-	157,097	157,097
Proceeds from collection of Grants Other Non-Operating Revenue	455	1,085,201	47,657	1,133,313
Acquisition of Capital Assets	(176,142)	(1,113,304)	(25,598)	(1,315,044)
Proceeds from Short Term Borrowing	-	(8,310,100)	-	(8,310,100)
Refinancing Bond Premium	-	389,552	-	389,552
Loan fees and Bond Issuance Costs	-	(104,222)	-	(104,222)
Principal Paid on Long Term Debt	(221,433)	7,772,111	(24,489)	7,526,189
Interest Paid on Long Term Debt	(529,707)	(259,261)	(472)	(789,440)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(926,827)</b>	<b>(540,023)</b>	<b>154,195</b>	<b>(1,312,655)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>				
Investment Income	5,226	14,848	881	20,955
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>5,226</b>	<b>14,848</b>	<b>881</b>	<b>20,955</b>
CASH AND CASH EQUIVALENTS AT JULY 1, 2012	1,167,399	2,592,835	162,877	3,923,111
<b>CASH AND CASH EQUIVALENTS AT JUNE 30, 2013</b>	<b>\$ 760,336</b>	<b>\$ 3,058,089</b>	<b>\$ 212,959</b>	<b>\$ 4,031,383</b>
<b><u>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS</u></b>				
<b><u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>				
Income (loss) from operations	\$ 591,438	\$ 994,248	\$(182,020)	\$ 1,403,665
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:				
Depreciation	322,790	391,911	18,237	732,938
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	(10,781)	(23,637)	(203)	(34,621)
Increase (decrease) in deposits	5,433	4,366	-	9,799
Increase (decrease) in payables	(5,155)	82,152	(14,508)	62,488
<b>Net cash provided (used) by operating activities</b>	<b>\$ 903,725</b>	<b>\$ 1,449,040</b>	<b>\$(178,494)</b>	<b>\$ 2,174,270</b>

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, 2013

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#### **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 position 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 position 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, 2013

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**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.

Facilities Development Fund - This Fund provides for the maintenance of development of the facilities. The primary sources of revenue are from rents collected and interfund transfers.

Trust Fund - This Fund provides for the collection and distribution of funds temporarily entrusted to the City. The primary sources of revenue are from county permits and donations.

10<sup>th</sup> 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 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). There are no non-major capital projects funds reported.

**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 Position. 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, 2013

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**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 position 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, 2013

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**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, 2013

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**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 Inflows of Resources:

In the governmental funds, property taxes which have not been collected within sixty days subsequent to year-end are not considered measurable and available and are therefore not recognized as revenue, but rather as deferred inflows of resources.

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 Position.

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, 2013

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**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 position, which represents the difference between assets and liabilities. Net position is 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 position - Consists of net position 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 position - All other net position 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 position is available.

**CITY OF STAYTON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2013

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**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, 2013.
- 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, 2013

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**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, 2013, the reported amount of the City's deposits was \$112,950 and the bank balance was \$340,852. 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, 2013, the City's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

At June 30, 2013, 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)	\$ 6,868,024	N/A
Total Investments	<u>\$ 6,868,024</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, 2013

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**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 activities are as follows:

	General Fund	Street Fund	Other Governmental Funds	Total
Property Taxes	\$ 122,638	\$ -	\$ 10,608	\$ 133,246
Accounts	120,249	8,227	-	128,476
Total	<u>\$ 242,887</u>	<u>\$ 8,227</u>	<u>\$ 10,608</u>	<u>\$ 261,722</u>

**CITY OF STAYTON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2013

**4. CAPITAL ASSETS:**

The following is a summary of capital asset activity for the fiscal year ended June 30, 2013:

<b>Governmental Activities</b>	June 30, 2012	Additions	Deletions	June 30, 2013
<b>Assets not being depreciated:</b>				
Land	\$ 1,759,203	\$ -	\$ -	\$ 1,759,203
Construction-In-Process	741,937	1,104,140	1,846,077	-
<b>Assets being depreciated:</b>				
Infrastructure	49,478,510	1,846,077	-	51,324,587
Buildings & Improvements	3,732,327	53,163	-	3,785,490
Equipment & Vehicles	902,744	275,247	-	1,177,991
Other Capital Assets	1,606,817	-	-	1,606,817
Total Depreciable Assets	55,720,398	2,174,487	-	57,894,885
<b>Less: Accumulated Depreciation</b>				
Infrastructure	20,891,905	673,238	-	21,565,143
Buildings & Improvements	1,203,939	71,149	-	1,275,088
Equipment & Vehicles	566,417	45,545	-	611,962
Other Capital Assets	1,272,974	41,129	-	1,314,103
Total Accumulated Depreciation	23,935,235	831,061	-	24,766,296
Net Value of Capital Assets Being Depreciated	31,785,163	1,343,426	-	33,128,589
Total Governmental Activities--Net Value of Capital Assets	<u>\$ 34,286,303</u>	<u>\$ 1,343,426</u>	<u>\$ -</u>	<u>\$ 34,887,792</u>
 <b>Business-type Activities</b>				
<b>Assets not being depreciated:</b>				
Land	\$ 247,157	\$ -	\$ -	\$ 247,157
Construction-In-Process	10,279,876	1,053,307	11,333,183	-
<b>Assets being depreciated:</b>				
Infrastructure	22,350,787	11,428,192	-	33,778,979
Buildings & Improvements	5,922,399	85,595	-	6,007,994
Equipment & Vehicles	1,224,852	81,133	-	1,305,985
Other Capital Assets	1,371,836	-	-	1,371,836
Total Depreciable Assets	30,869,874	11,594,920	-	42,464,794
<b>Less: Accumulated Depreciation</b>				
Infrastructure	7,183,291	542,326	-	7,725,617
Buildings & Improvements	945,377	121,966	-	1,067,343
Equipment & Vehicles	676,648	50,646	-	727,294
Other Capital Assets	1,158,017	18,000	-	1,176,017
Total Accumulated Depreciation	9,963,333	732,938	-	10,696,271
Net Value of Capital Assets Being Depreciated	20,906,541	10,861,982	-	31,768,523
Total Business-type Activities--Net Value of Capital Assets	<u>\$ 31,433,574</u>	<u>\$ 11,915,289</u>	<u>\$ 11,333,183</u>	<u>\$ 32,015,680</u>
Total Net Position of Primary Government	<u>\$ 65,719,877</u>	<u>\$ 13,258,715</u>	<u>\$ 11,333,183</u>	<u>\$ 66,903,472</u>
 <b>Depreciation expense was charged to functions of the primary government as follows:</b>				
Governmental Activities:		Business-Type Activities		
General Government	750,122	Water Utilities	\$ 322,790	
Police	22,279	Sewer Utilities	391,911	
Library	58,660	Swimming Pool	18,237	
Total depreciation expense - governmental activities	<u>\$ 831,061</u>		<u>\$ 732,938</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, 2013

**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, 2012	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2013	Due within One Year
<b>BUSINESS-TYPE ACTIVITIES</b>					
OEED Bonds, series 1993 for special public works projects					
- Original Balance \$510,000					
Dated: December 21, 1993					
Interest Rate: 5.19%					
Principal	\$ 81,791	\$ -	\$ 39,861	\$ 41,930	\$ 41,930
Interest	-	4,245	4,245	-	2,176
Totals	\$ 81,791	\$ 4,245	\$ 44,106	\$ 41,930	\$ 44,106
Limited Tax Debt Bonds payable to US Bank for refunding of previously issued sewer bonds					
- Original Balance \$5,810,000					
Dated: January 3, 2013					
Interest Rate: 2.75%					
Principal	\$ -	\$ 5,810,000	\$ 250,000	\$ 5,560,000	\$ 320,000
Interest	-	69,745	69,745	-	164,650
Totals	\$ -	\$ 5,879,745	\$ 319,745	\$ 5,560,000	\$ 484,650
Sewer Revenue Bonds, US Department of Agriculture - Original Balance \$2,952,000					
Dated: May 28, 1997					
Interest Rate: 5.00%					
Principal	\$ 2,421,744	\$ -	\$ 2,421,744	\$ -	\$ -
Interest	-	72,984	72,984	-	-
Totals	\$ 2,421,744	\$ 72,984	\$ 2,494,728	\$ -	\$ -
Oregon Department of Environmental Quality (ODEQ) Clean Water Revolving Loan - Original Balance \$4,382,000					
Dated: September 27, 2007					
Interest Rate: 2.92%					
Principal	\$ 3,682,145	\$ -	\$ 3,682,145	\$ -	\$ -
Interest	-	98,121	98,121	-	-
Totals	\$ 3,682,145	\$ 98,121	\$ 3,780,266	\$ -	\$ -
Business Oregon Water State Revolving Loan - Original Balance \$5,138,700					
Dated: February 18, 2009					
Interest Rate: 3.4%					
Principal	\$ 5,138,700	\$ -	\$ 181,572	\$ 4,957,128	\$ 190,268
Interest	-	525,462	525,462	-	168,542
Totals	\$ 5,138,700	\$ 525,462	\$ 707,034	\$ 4,957,128	\$ 358,810
Sewer Revenue Bonds, US Department of Agriculture for additions to sewer plant					
- Original Balance \$8,316,000					
Dated: September 6, 2012					
Interest Rate: 2.75%					
Principal	\$ -	\$ 8,316,000	\$ -	\$ 8,316,000	\$ 116,757
Interest	-	-	-	-	228,690
Totals	\$ -	\$ 8,316,000	\$ -	\$ 8,316,000	\$ 345,447
<b>TOTAL DEBT AGREEMENTS:</b>					
Principal	\$ 11,324,380	\$ 14,126,000	\$ 6,575,322	\$ 18,875,058	\$ 668,955
Interest	-	770,557	770,557	-	564,058
Totals	\$ 11,324,380	\$ 14,896,557	\$ 7,345,879	\$ 18,875,058	\$ 1,233,013



**CITY OF STAYTON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2013

**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>
<b><u>Business-Type Activities</u></b>				
OEDD Bonds, series 1993 for special public works projects - Original Balance \$510,000				
	2014	\$ 41,930	\$ 2,176	\$ 44,106
	Total	<u>\$ 41,930</u>	<u>\$ 2,176</u>	<u>\$ 44,106</u>
Full Faith & Credit Refinancing Obligations, Series 2013- US Bank NA. -Original Balance \$2.810.000				
	2014	\$ 320,000	\$ 164,650	\$ 484,650
	2015	325,000	158,250	483,250
	2016	330,000	151,750	481,750
	2017	335,000	145,150	480,150
	2018	345,000	135,100	480,100
	2019-2023	1,880,000	502,900	2,382,900
	2024-2028	2,025,000	176,850	2,201,850
	Total	<u>\$ 5,560,000</u>	<u>\$ 1,434,650</u>	<u>\$ 6,994,650</u>
Business Oregon Water State Revolving Loan - Original Balance \$5,138,700				
	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	217,495	141,316	358,811
	2019-2023	1,203,554	590,500	1,794,054
	2024-2028	1,422,554	371,500	1,794,054
	2029-2032	1,312,750	112,975	1,425,725
	Total	<u>\$ 4,957,128</u>	<u>\$ 1,850,758</u>	<u>\$ 6,807,886</u>
Sewer Revenue Bonds, US Department of Agriculture Original Balance \$8,316,000 Dated September 6, 2012				
	2014	\$ 116,757	\$ 228,690	\$ 345,447
	2015	119,968	225,479	345,447
	2016	123,267	222,180	345,447
	2017	126,657	218,790	345,447
	2018	130,140	215,307	345,447
	2019-2023	706,392	1,020,843	1,727,235
	2024-2028	809,011	918,224	1,727,235
	2029-2032	926,539	800,696	1,727,235
	2033-2037	1,061,140	666,095	1,727,235
	2038-2042	1,215,295	511,940	1,727,235
	2043-2047	1,391,846	335,389	1,727,235
	2048-2052	1,588,988	133,191	1,722,179
	Total	<u>\$ 8,316,000</u>	<u>\$ 5,496,824</u>	<u>\$ 13,812,824</u>

**CITY OF STAYTON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2013

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**6. LONG-TERM DEBT REFUNDING:**

On January 3, 2013, the City issued \$5.81 million in sewer revenue bonds with an average interest rate of 3.089 percent to refund \$2.42 million of outstanding 1997 Series USDA sewer revenue bonds with an average interest rate of 5.00 percent and \$3.59 million of outstanding 2007 DEQ clean water state revolving loan obligations. The gross proceeds from the new bond issue of \$6.20 million (less payment of \$0.07 million in underwriting fees, insurance, and other issuance costs) were used to pay the U.S. Department of Agriculture in full for the 1997 series sewer revenue bonds and pay the 2007 DEQ clean water state revolving loan obligations in full. The City refunded the bonds to reduce its total debt service payments over the next 24 years by \$1.58 million and to obtain an economic gain (difference between the present values of the debt services payments on the old and new debt) of \$1.09 million.

**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 2012-13 was 17.4% of employee earnings. The contribution for the year ended June 30, 2013 was \$314,908 which consists of \$235,249 for the City's portion, and \$79,659 for the employees' portion.

For the year ended June 30, 2013, the City's annual pension cost is *estimated* to be \$314,908. For the two preceding years ended June 30, 2012 and 2011, the City's pension cost was \$312,568 and \$319,402 respectively. The actual contribution was \$315,459 and \$313,885 respectively for the two preceding years ended June 30, 2012 and 2011. The required contribution was determined as part of the July 1, 2012 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 of 4.0 percent per year, compounded annually. For this valuation, the actuarial value of assets is equal of the plan's net position, 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
7/1/2012	\$4,462,962	\$5,094,628	\$631,666	87.6%	\$1,177,580	53.6%
7/1/2011	4,098,352	4,491,047	392,695	91.3%	1,230,182	31.9%
7/1/2010	3,699,358	4,126,006	426,648	89.7%	1,212,310	35.2%

**CITY OF STAYTON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2013

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**7. PENSION PLAN (Cont.):**

**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.

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](http://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, 2013 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, 2013, 2012, and 2011 were \$185,481, \$184,103, and \$161,214 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/>.

**CITY OF STAYTON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2013

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

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 a period not to exceed thirty years. The City's contributions to PERS' RHIA for the year ended June 30, 2013, was *estimated* to be \$6,071, which equaled the *estimated* 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, 2013, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

Annual required contribution	\$	8,050
Interest on net OPEB obligation		194
Adjustment to the annual required contribution		-
Annual OPEB cost (expense)		8,244
Contributions made		6,071
Increase in net OPEB obligation		2,173
Net OPEB obligation, beginning of year		6,479
Net OPEB obligation, end of year	\$	8,652

*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.

**CITY OF STAYTON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2013

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

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 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 estimated contributions to Union Bank's RHIA for the year ended June 30, 2013, was \$7,207, which equaled the estimated required contributions for the year, based on amounts from the June 30, 2012 actuarial report.

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, 2013, the amount *estimated* to be contributed to the plans, and the *estimated* changes in the City's net OPEB obligation:

Annual required contribution	\$ 9,530
Interest on net OPEB obligation	460
Adjustment to the annual required contribution	<u>-</u>
Annual OPEB cost (expense)	9,990
Contributions made	<u>7,207</u>
Increase in net OPEB obligation	2,783
Net OPEB obligation, beginning of year	<u>6,566</u>
Net OPEB obligation, end of year	<u><u>\$ 9,349</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 (CIS), a public entity risk pool currently operating as a common risk management and insurance program for approximately 265 municipal corporations and associated entities in the State of Oregon. CIS is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of \$2 million for each insured event.

The City has obtained, from CIS, 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, 2013

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**11. INTERFUND TRANSFERS:**

Interfund transfers for the year ended June 30, 2013 were as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 258,500	\$ 340,565
Library Fund	-	129,500
Street Fund	344,590	-
Street SDC Fund	2,120	-
Parks SDC	400	-
Public Works Fund	-	413,000
Vehicle Replacement	-	185,401
Facilities Development	-	85,509
Muni Water	388,317	-
Water SDC	870	-
Sewer	481,906	-
Sewer SDC	1,915	-
Sewer Construction	-	25,210
Swimming Pool	-	73,500
10th Ave Construction	-	225,933
Total	<u>\$ 1,478,618</u>	<u>\$ 1,478,618</u>

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, 2013

**12. 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, 2013 are as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b><u>CONDENSED STATEMENT OF NET POSITION:</u></b>			
Current Assets	\$ 902,697	\$ 3,301,493	\$ 4,204,190
Capital Assets	12,512,414	19,205,351	31,717,765
Total Assets	<u>\$ 13,415,111</u>	<u>\$ 22,506,844</u>	<u>\$ 35,921,955</u>
Current Liabilities	403,257	909,527	1,312,785
Non-Current Liabilities	4,766,860	13,439,243	18,206,103
Total Liabilities	<u>\$ 5,170,117</u>	<u>\$ 14,348,770</u>	<u>\$ 19,518,887</u>
Total Net Position			
Invested in Capital Assets, net of related debt	\$ 7,513,356	\$ 5,329,351	\$ 12,842,707
Restricted for Capital Projects	-	432,366	432,366
Restricted for Debt Service	-	336,767	336,767
Restricted for Other Purposes	171,013	29,751	200,764
Unrestricted	560,625	2,029,839	2,590,464
<b><u>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION:</u></b>			
Operating Revenues	1,826,417	2,760,888	4,587,305
Operating Expenses	934,902	1,393,893	2,328,795
Depreciation	322,790	391,911	714,701
Operating Income (Loss)	<u>568,725</u>	<u>975,084</u>	<u>1,543,809</u>
Non-Operating Revenues (Expenses)	(605,011)	920,307	315,296
Transfers To (From)	<u>(389,187)</u>	<u>(458,611)</u>	<u>(847,798)</u>
Change In Net Position	(425,473)	1,436,780	1,011,307
Beginning Net Position	<u>8,670,467</u>	<u>6,721,294</u>	<u>15,391,761</u>
Ending Net Position	<u>\$ 8,244,994</u>	<u>\$ 8,158,074</u>	<u>\$ 16,403,068</u>
<b><u>CONDENSED STATEMENT OF CASH FLOWS:</u></b>			
Cash Provided (Used) by:			
Operating Activities	903,725	1,449,040	2,352,764
Non Capital Financing Activities	(389,187)	(458,611)	(847,798)
Capital & Related Financing	(926,827)	(540,023)	(1,466,850)
Investing Activities	5,226	14,848	20,074
Beginning Cash	<u>1,167,399</u>	<u>2,592,835</u>	<u>3,760,234</u>
Ending Cash	<u>\$ 760,336</u>	<u>\$ 3,058,089</u>	<u>\$ 3,818,424</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, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Taxes and Assessments	\$ 1,708,922	\$ 1,708,922	\$ 1,684,141	\$ (24,781)
Charges for Services	6,700	6,700	4,164	(2,536)
Intergovernmental	162,000	162,000	176,708	14,708
Franchise Taxes	626,000	626,000	693,016	67,016
Licenses, Permits and Fees	17,700	17,700	31,160	13,460
Fines and Forfeitures	20,000	20,000	48,430	28,430
Investment Revenue	1,000	1,000	2,081	1,081
Grants	1,500	1,500	787	(713)
Rents	29,360	29,360	33,224	3,864
Other Revenue	16,000	16,000	11,549	(4,451)
<b>Total Revenues</b>	<b>2,589,182</b>	<b>2,589,182</b>	<b>2,685,260</b>	<b>96,078</b>
<b><u>EXPENDITURES:</u></b>				
Personal Services	2,052,358	2,052,358	1,922,465	(129,893)
Materials and Services	838,360	838,360	705,731	(132,629)
Capital Outlay	30,500	30,500	26,158	(4,342)
Contingency	192,056	192,056	-	(192,056)
<b>Total Expenditures</b>	<b>3,113,274</b>	<b>3,113,274</b>	<b>2,654,354</b>	<b>(458,920)</b>
Excess (Deficiency) of Revenues Over Expenditures	(524,092)	(524,092)	30,906	554,998
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer In	340,565	340,565	340,565	-
Operating Transfer (Out)	(258,500)	(258,500)	(258,500)	-
<b>Total Other Financing Sources/(Uses)</b>	<b>82,065</b>	<b>82,065</b>	<b>82,065</b>	<b>-</b>
Net Change in Fund Balance	(442,027)	(442,027)	112,971	554,998
FUND BALANCE - July 1, 2012	600,000	600,000	629,613	29,613
<b>FUND BALANCE - June 30, 2013</b>	<b>\$ 157,973</b>	<b>\$ 157,973</b>	<b>\$ 742,584</b>	<b>\$ 584,611</b>

# CITY OF STAYTON

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

### STREET FUND

For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
<b>REVENUES:</b>				
Taxes and Assessments	\$ 84,000	\$ 84,000	\$ 85,932	\$ 1,932
Intergovernmental	410,000	410,000	532,948	122,948
Grants	451,119	451,119	229,484	(221,635)
Investment Revenue	250	250	586	336
Miscellaneous Revenue	250	250	14	(236)
<b>Total Revenues</b>	<b>945,619</b>	<b>945,619</b>	<b>848,964</b>	<b>(96,655)</b>
<b>EXPENDITURES:</b>				
Personal Services	86,275	86,275	81,150	(5,125)
Materials and Services	196,030	196,030	172,475	(23,555)
Capital Outlay	100,000	100,000	99,402	(598)
Contingency	8,157	8,157	-	(8,157)
<b>Total Expenditures</b>	<b>390,462</b>	<b>390,462</b>	<b>353,027</b>	<b>(37,435)</b>
Excess (Deficiency) of Revenues Over Expenditures	555,157	555,157	495,937	(59,220)
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfer (Out)	(595,157)	(595,157)	(344,590)	(250,567)
<b>Total Other Financing Sources (Uses):</b>	<b>(595,157)</b>	<b>(595,157)</b>	<b>(344,590)</b>	<b>(250,567)</b>
Net Change In Fund Balance	(40,000)	(40,000)	151,347	(309,787)
FUND BALANCE, July 1, 2012	40,000	40,000	10,503	(29,497)
<b>FUND BALANCE, June 30, 2013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 161,850</b>	<b>\$ (339,284)</b>

**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, 2013**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 4,000	\$ 4,000	\$ 6,138	\$ 2,138
<b>Total Revenues</b>	4,000	4,000	6,138	2,138
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	425,000	425,000	243,943	(181,057)
Contingency	500,000	500,000	-	(500,000)
<b>Total Expenditures</b>	925,000	925,000	243,943	(681,057)
Excess (Deficiency) of Revenues Over Expenditures	(921,000)	(921,000)	(237,805)	683,195
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Interfund Loan Repayment	21,836	21,836	21,837	1
Operating Transfer In	185,401	185,401	185,401	-
<b>Total Other Financing Sources/(Uses)</b>	207,237	207,237	207,238	1
Net Change in Fund Balance	(713,763)	(713,763)	(30,567)	683,196
<b>FUND BALANCE - July 1, 2012</b>	885,000	885,000	1,011,705	126,705
<b>FUND BALANCE - June 30, 2013</b>	<b>\$ 171,237</b>	<b>\$ 171,237</b>	<b>\$ 981,138</b>	<b>\$ 809,901</b>

**Reconciliation to Generally Accepted Accounting Principles:**

Net change in fund balance from above	(30,567)
Change in Interfund Loan Interest Payable	(2,652)
Repayment of Interfund Loan	(21,837)
Net Change in Fund Balance, GAAP Basis	<u>\$ (55,056)</u>

# CITY OF STAYTON

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

### FACILITIES DEVELOPMENT FUND

For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 1,500	\$ 1,500	\$ 2,353	\$ 853
Rents	44,946	44,946	45,497	551
<b>Total Revenues</b>	<b>46,446</b>	<b>46,446</b>	<b>47,850</b>	<b>1,404</b>
<b><u>EXPENDITURES:</u></b>				
Materials and Services	160,000	160,000	90,858	(69,142)
Capital Outlay	230,000	230,000	-	(230,000)
Contingency	137,005	137,005	-	(137,005)
<b>Total Expenditures</b>	<b>527,005</b>	<b>527,005</b>	<b>90,858</b>	<b>(436,147)</b>
Excess (Deficiency) of Revenues Over Expenditures	(480,559)	(480,559)	(43,008)	437,551
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer In	85,509	85,509	85,509	-
<b>Total Other Financing Sources (Uses):</b>	<b>85,509</b>	<b>85,509</b>	<b>85,509</b>	<b>-</b>
Net Change In Fund Balance	(395,050)	(395,050)	42,501	437,551
FUND BALANCE, July 1, 2012	425,050	425,050	451,822	26,772
<b>FUND BALANCE, June 30, 2013</b>	<b>\$ 30,000</b>	<b>\$ 30,000</b>	<b>\$ 494,323</b>	<b>\$ 464,323</b>

**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, 2013**

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	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES:</u></b>				
Miscellaneous Revenue	350,000	350,000	167,210	(182,790)
<b>Total Revenues</b>	350,000	350,000	167,210	(182,790)
<b><u>EXPENDITURES:</u></b>				
Materials and Services	350,000	350,000	160,639	(189,361)
<b>Total Expenditures</b>	350,000	350,000	160,639	(189,361)
Excess (Deficiency) of Revenues Over Expenditures	-	-	6,571	6,571
FUND BALANCE, July 1, 2012	150,000	150,000	112,049	(37,951)
<b>FUND BALANCE, June 30, 2013</b>	<b>\$ 150,000</b>	<b>\$ 150,000</b>	<b>\$ 118,620</b>	<b>\$ (31,380)</b>

# 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, 2013

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Grants	\$ 1,087,680	\$ 1,087,680	\$ 686,469	\$ (401,211)
<b>Total Revenues</b>	<b>1,087,680</b>	<b>1,087,680</b>	<b>686,469</b>	<b>(401,211)</b>
<b><u>EXPENDITURES:</u></b>				
Materials and Services	300,000	300,000	40,386	(259,614)
Capital Outlay	1,362,000	1,362,000	933,293	(428,707)
Contingency	200,000	200,000	-	(200,000)
<b>Total Expenditures</b>	<b>1,862,000</b>	<b>1,862,000</b>	<b>973,679</b>	<b>(888,321)</b>
Excess (Deficiency) of Revenues Over Expenditures	(774,320)	(774,320)	(287,210)	487,110
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer In	551,500	551,500	225,933	(325,567)
<b>Total Other Financing Sources (Uses):</b>	<b>551,500</b>	<b>551,500</b>	<b>225,933</b>	<b>(325,567)</b>
Net Change In Fund Balance	(222,820)	(222,820)	(61,277)	161,543
FUND BALANCE, July 1, 2012	222,820	222,820	61,277	(161,543)
<b>FUND BALANCE, June 30, 2013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**OTHER**  
**SUPPLEMENTARY**  
**INFORMATION**

**Combining and Individual**  
**Fund Financial Statements**

**Additional Supporting Schedules**

## **Proprietary Funds**



**CITY OF STAYTON**  
**COMBINING SCHEDULE OF NET POSITION**  
**WATER UTILITY FUNDS**  
**June 30, 2013**

	<u>Water Fund</u>	<u>Water SDC Fund</u>	<u>Total</u>
<b><u>ASSETS:</u></b>			
Current Assets:			
Cash & Investments	\$ 620,737	\$ 139,599	\$ 760,336
Accounts Receivable	142,361	-	142,361
Total Current Assets	763,098	139,599	902,697
Capital Assets:			
Land	31,825	-	31,825
Infrastructure	12,492,258	-	12,492,258
Buildings & Improvements	4,760,274	-	4,760,274
Equipment & Vehicles	709,644	-	709,644
Other Capital Assets	33,316	-	33,316
Less: Accumulated Depreciation	(5,514,903)	-	(5,514,903)
Total Capital Assets, Net of Depreciation	12,512,414	-	12,512,414
<b>Total Assets</b>	<b>\$13,275,512</b>	<b>\$ 139,599</b>	<b>\$ 13,415,111</b>
<b><u>LIABILITIES:</u></b>			
Current Liabilities:			
Accounts Payable	\$ 14,786	\$ -	\$ 14,786
Interest Payable	83,451	-	83,451
Customer Deposits	31,414	-	31,414
Compensated Absences Payable	15,236	-	15,236
OPEB Payable	3,459	-	3,459
Current Portion of Long-Term Debt	232,198	-	232,198
Total Current Liabilities:	380,545	-	380,545
Long-Term Debt, Non-Current Portion	4,766,860	-	4,766,860
<b>Total Liabilities</b>	<b>5,147,404</b>	<b>-</b>	<b>5,147,404</b>
<b><u>NET POSITION:</u></b>			
Invested in capital assets, net of related debt	7,513,356	-	7,513,356
Restricted for:			
Other Purposes	31,414	139,599	171,013
Unrestricted	583,338	-	583,338
<b>Total Net Position</b>	<b>\$ 8,128,108</b>	<b>\$ 139,599</b>	<b>\$ 8,267,707</b>

# **CITY OF STAYTON**

## **COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

### **WATER UTILITY FUNDS**

**For the Fiscal Year Ended June 30, 2013**

	<u>Water Fund</u>	<u>Water SDC Fund</u>	<u>Total</u>
<b><u>OPERATING REVENUES:</u></b>			
Charges for Services	1,791,707	-	1,791,707
System Development Charges	-	34,710	34,710
<b>Total Operating Revenues</b>	<b>1,791,707</b>	<b>34,710</b>	<b>1,826,417</b>
<b><u>OPERATING EXPENSES:</u></b>			
Personal Services	404,419	-	404,419
Materials and Services	507,770	-	507,770
Depreciation	322,790	-	322,790
<b>Total Operating Expenses</b>	<b>1,234,979</b>	<b>-</b>	<b>1,234,979</b>
Operating Income (loss)	556,728	34,710	591,438
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>			
Investment Revenue	4,577	649	5,226
Interest Expense	(610,692)	-	(610,692)
Miscellaneous	455	-	455
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(605,660)</b>	<b>649</b>	<b>(605,011)</b>
Income (loss) before transfers	(48,932)	35,359	(13,573)
<b><u>TRANSFERS:</u></b>			
Operating Transfers (Out)	(388,317)	(870)	(389,187)
<b>Total Transfers:</b>	<b>(388,317)</b>	<b>(870)</b>	<b>(389,187)</b>
Changes in Net Position	(437,249)	34,489	(402,760)
NET POSITION, July 1, 2012	8,565,357	105,110	8,670,467
<b>NET POSITION, June 30, 2013</b>	<b>\$ 8,128,108</b>	<b>\$139,599</b>	<b>\$ 8,267,707</b>

# CITY OF STAYTON

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

### WATER FUND

**For the Fiscal Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
<b><u>REVENUES:</u></b>				
Charges for Services	\$ 1,745,000	\$ 1,745,000	\$ 1,758,636	\$ 13,636
Licenses, Permits and Fees	29,000	29,000	33,071	4,071
Investment Revenue	3,500	3,500	4,577	1,077
Other Revenue	11,000	11,000	455	(10,545)
<b>Total Revenues</b>	<b>1,788,500</b>	<b>1,788,500</b>	<b>1,796,739</b>	<b>8,239</b>
<b><u>EXPENDITURES:</u></b>				
Personal services	458,163	458,163	414,697	(43,466)
Materials and supplies	487,140	487,140	450,831	(36,309)
Capital Outlay	240,000	240,000	233,081	(6,919)
Debt Service				
Principal	221,434	221,434	221,433	(1)
Interest	529,707	529,707	529,707	-
Contingency	248,739	248,739	-	(248,739)
<b>Total Expenditures</b>	<b>2,185,183</b>	<b>2,185,183</b>	<b>1,849,749</b>	<b>(335,434)</b>
Excess (Deficiency) of Revenues Over Expenditures	(396,683)	(396,683)	(53,010)	343,673
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer (Out)	(388,317)	(388,317)	(388,317)	-
<b>Total Other Financing Sources/(Uses)</b>	<b>(388,317)</b>	<b>(388,317)</b>	<b>(388,317)</b>	<b>-</b>
Net Change In Fund Balance	(785,000)	(785,000)	(441,327)	343,673
<b>FUND BALANCE - July 1, 2012</b>	<b>960,000</b>	<b>960,000</b>	<b>1,155,329</b>	<b>195,329</b>
<b>FUND BALANCE - June 30, 2013</b>	<b>\$ 175,000</b>	<b>\$ 175,000</b>	<b>\$ 714,002</b>	<b>\$ 539,002</b>

**Reconciliation to generally accepted accounting principles basis**

Net change in fund balance from above	(441,327)
Debt Repayment - Principal	221,433
Capital outlay that is capitalized	176,142
Depreciation Expense	(322,790)
Change in Vacation Payable	(803)
Change in Interest Payable	(80,985)
OPEB Expense	11,081
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Position	<u>\$ (437,249)</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, 2013**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES:</u></b>				
Licenses, Permits and Fees	\$ 10,680	\$ 10,680	\$ 34,710	\$ 24,030
Investment Revenue	500	500	649	149
<b>Total Revenues</b>	<b>11,180</b>	<b>11,180</b>	<b>35,359</b>	<b>24,179</b>
<b><u>EXPENDITURES:</u></b>				
Materials and Services	27,000	27,000	-	(27,000)
Capital Outlay	60,000	60,000	-	(60,000)
<b>Total Expenditures</b>	<b>87,000</b>	<b>87,000</b>	<b>-</b>	<b>(87,000)</b>
Excess (Deficiency) of Revenues Over Expenditures	(75,820)	(75,820)	35,359	111,179
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer (Out)	(870)	(870)	(870)	-
<b>Total Other Financing Sources/(Uses)</b>	<b>(870)</b>	<b>(870)</b>	<b>(870)</b>	<b>-</b>
Net Change In Fund Balance	(76,690)	(76,690)	34,489	111,179
FUND BALANCE, July 1, 2012	100,000	100,000	105,110	5,110
<b>FUND BALANCE, June 30, 2013</b>	<b>\$ 23,310</b>	<b>\$ 23,310</b>	<b>\$ 139,599</b>	<b>\$ 116,289</b>

# CITY OF STAYTON

## COMBINING SCHEDULE OF NET POSITION

### SEWER UTILITY FUNDS

June 30, 2013

	Sewer Fund	Sewer SDC Fund	Sewer Construction Fund	Total
<b><u>ASSETS:</u></b>				
Current Assets:				
Cash & Investments	\$ 2,625,721	\$ 359,866	\$ 72,500	\$ 3,058,087
Accounts Receivable	243,406	-	-	243,406
Total Current Assets	2,869,127	359,866	72,500	3,301,493
Capital Assets:				
Land	215,332	-	-	215,332
Infrastructure	21,286,721	-	-	21,286,721
Buildings & Improvements	467,867	-	-	467,867
Equipment & Vehicles	573,485	-	-	573,485
Other Capital Assets	1,090,319	-	-	1,090,319
Less: Accumulated Depreciation	(4,428,373)	-	-	(4,428,373)
Total Capital Assets, Net of Depreciation	19,205,351	-	-	19,205,351
Total Assets	<u>\$ 22,074,478</u>	<u>\$ 359,866</u>	<u>\$ 72,500</u>	<u>\$ 22,506,844</u>
<b><u>LIABILITIES:</u></b>				
Current Liabilities:				
Accounts Payable	\$ 145,921	\$ -	\$ -	\$ 145,921
Interest Payable	260,650	-	-	260,650
Customer Deposits	29,751	-	-	29,751
Compensated Absences Payable	11,540	-	-	11,540
OPEB Payable	5,744	-	-	5,744
Current Portion of Long-Term Debt	436,757	-	-	436,757
Total Current Liabilities	890,363	-	-	890,363
Long-Term Debt, Non-Current Portion	13,439,243	-	-	13,439,243
Total Liabilities	<u>14,329,606</u>	<u>-</u>	<u>-</u>	<u>14,329,606</u>
<b><u>NET POSITION:</u></b>				
Invested in capital assets, net of related debt	5,329,351	-	-	5,329,351
Restricted for:				
Capital Projects	-	359,866	72,500	432,366
Debt Service	336,767	-	-	336,767
Other Purposes	29,751	-	-	29,751
Unrestricted	2,049,003	-	-	2,049,003
Total Net Position	<u>\$ 7,744,872</u>	<u>\$ 359,866</u>	<u>\$ 72,500</u>	<u>\$ 8,177,238</u>

# CITY OF STAYTON

## COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

### SEWER UTILITY FUNDS

For the Fiscal Year Ended June 30, 2013

	Sewer Fund	Sewer SDC Fund	Sewer Construction Fund	Total
<b><u>OPERATING REVENUES:</u></b>				
Charges for Services	\$ 2,715,024	\$ -	\$ -	\$ 2,715,024
System Development Charges	-	45,864	-	45,864
<b>Total Operating Revenues</b>	<b>2,715,024</b>	<b>45,864</b>	<b>-</b>	<b>2,760,888</b>
<b><u>OPERATING EXPENSES:</u></b>				
Personal Services	554,786	-	-	554,786
Materials and Services	791,619	28,324	-	819,943
Depreciation	391,911	-	-	391,911
<b>Total Operating Expenses</b>	<b>1,738,316</b>	<b>28,324</b>	<b>-</b>	<b>1,766,640</b>
Operating Income (loss)	976,708	17,540	-	994,248
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>				
Intergovernmental - Grants	-	-	1,032,896	1,032,896
Investment Revenue	13,066	1,750	32	14,848
Interest Expense	(465,072)	-	-	(465,072)
Refinancing Bond Premium	389,552	-	-	389,552
Loan fees and Bond Issuance Costs	(70,360)	-	(33,862)	(104,222)
Miscellaneous Revenue	52,305	-	-	52,305
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(80,509)</b>	<b>1,750</b>	<b>999,066</b>	<b>920,307</b>
Income (loss) before transfers	896,199	19,290	999,066	1,914,555
<b><u>TRANSFERS:</u></b>				
Operating Transfers In	-	-	25,210	25,210
Operating Transfers (Out)	(481,906)	(1,915)	-	(483,821)
<b>Total Transfers:</b>	<b>(481,906)</b>	<b>(1,915)</b>	<b>25,210</b>	<b>(458,611)</b>
Changes in Net Position	414,293	17,375	1,024,276	1,455,944
NET POSITION, July 1, 2012	14,805,609	342,491	(8,426,806)	6,721,294
<b>EQUITY TRANSFER IN (OUT)</b>	<b>(7,475,030)</b>	<b>-</b>	<b>7,475,030</b>	<b>-</b>
<b>NET POSITION, June 30, 2013</b>	<b>\$ 7,744,872</b>	<b>\$ 359,866</b>	<b>\$ 72,500</b>	<b>\$ 8,177,238</b>

**CITY OF STAYTON**

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

**SEWER FUND**

**For the Fiscal Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES:</u></b>				
Charges for Services	\$ 2,626,680	\$ 2,626,680	\$ 2,715,024	\$ 88,344
Investment Revenue	9,000	9,000	13,066	4,066
Other Revenue	2,500	2,500	55,033	52,533
<b>Total Revenues</b>	<b>2,638,180</b>	<b>2,638,180</b>	<b>2,783,123</b>	<b>144,943</b>
<b><u>EXPENDITURES:</u></b>				
Personal services	665,960	665,960	562,399	(103,561)
Materials and supplies	1,105,269	1,105,269	977,142	(128,127)
Capital Outlay	315,000	315,000	86,811	(228,189)
Debt Service				
Principal	241,730	241,730	344,771	103,041
Interest	227,373	227,373	123,504	(103,869)
Loan Service Fee	18,441	18,441	18,411	(30)
Contingency	384,141	384,141	-	(384,141)
<b>Total Expenditures</b>	<b>2,957,914</b>	<b>2,957,914</b>	<b>2,113,038</b>	<b>(844,876)</b>
Excess (Deficiency) of Revenues Over Expenditure:	(319,734)	(319,734)	670,085	989,819
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer (Out)	(831,696)	(831,696)	(481,906)	(349,790)
Reserved for Future Expenditure	(491,270)	(491,270)	-	(491,270)
<b>Total Other Financing Sources/(Uses)</b>	<b>(1,322,966)</b>	<b>(1,322,966)</b>	<b>(481,906)</b>	<b>841,060</b>
Net Change In Fund Balance	(1,642,700)	(1,642,700)	188,179	1,830,879
<b>FUND BALANCE - July 1, 2012</b>	<b>2,414,000</b>	<b>2,414,000</b>	<b>2,501,740</b>	<b>87,740</b>
<b>FUND BALANCE - June 30, 2013</b>	<b>\$ 771,300</b>	<b>\$ 771,300</b>	<b>\$ 2,689,919</b>	<b>\$ 1,918,619</b>

**Reconciliation to generally accepted accounting principles basis**

Net change in fund balance from above	188,179
Change in Interest Payable	(323,157)
Debt Repayment - Principal	344,771
Refinancing Bond Premium	389,552
Loan fees and Bond Issuance Costs	(73,088)
Capital outlay that is capitalized	272,334
Depreciation Expense	(391,911)
Change in Vacation Payable	(481)
OPEB Expense	(1,107)
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Position	<u>\$ 405,092</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, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES:</u></b>				
Licenses, Permits and Fees	\$ 7,056	\$ 7,056	\$ 45,864	\$ 38,808
Investment Revenue	1,200	1,200	1,750	550
<b>Total Revenues</b>	<b>8,256</b>	<b>8,256</b>	<b>47,614</b>	<b>39,358</b>
<b><u>EXPENDITURES:</u></b>				
Materials and Services	95,000	95,000	28,324	(66,676)
Capital Outlay	240,000	240,000	-	(240,000)
<b>Total Expenditures</b>	<b>335,000</b>	<b>335,000</b>	<b>28,324</b>	<b>(306,676)</b>
Excess (Deficiency) of Revenues Over Expenditures	(326,744)	(326,744)	19,290	346,034
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer (Out)	(1,915)	(1,915)	(1,915)	-
<b>Total Other Financing Sources/(Uses)</b>	<b>(1,915)</b>	<b>(1,915)</b>	<b>(1,915)</b>	<b>-</b>
Net Change In Fund Balance	(328,659)	(328,659)	17,375	346,034
FUND BALANCE, July 1, 2012	338,272	338,272	342,491	4,219
<b>FUND BALANCE, June 30, 2013</b>	<b>\$ 9,613</b>	<b>\$ 9,613</b>	<b>\$ 359,866</b>	<b>\$ 350,253</b>



**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, 2013**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ -	\$ -	\$ 32	\$ 32
<b>Total Revenues</b>	-	-	32	32
<b><u>EXPENDITURES:</u></b>				
Materials and Services	107,500	107,500	74,610	(32,890)
Capital Outlay	1,475,000	1,475,000	766,360	(708,640)
Debt Service	8,356,000	8,356,000	8,343,962	(12,038)
Contingency	107,500	107,500	-	(107,500)
<b>Total Expenditures</b>	10,046,000	10,046,000	9,184,932	(861,068)
Excess (Deficiency) of Revenues Over Expenditures	(10,046,000)	(10,046,000)	(9,184,900)	861,100
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer In	300,000	300,000	25,210	(274,790)
Grant Proceeds	1,130,000	1,130,000	1,032,896	(97,104)
Bond Proceeds	8,316,000	8,316,000	8,316,000	-
<b>Total Other Financing Sources/(Uses)</b>	9,746,000	9,746,000	9,374,106	(371,894)
Net Change In Fund Balance	(300,000)	(300,000)	189,206	489,206
FUND BALANCE, July 1, 2012	300,000	300,000	(116,706)	(416,706)
<b>FUND BALANCE, June 30, 2013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 72,500</b>	<b>\$ 72,500</b>

**Reconciliation to generally accepted accounting principles basis**

Net change in fund balance from above	189,206
Expenditures that are capitalized	9,151,070
Loan Proceeds that are reclassified as debt	<u>(8,316,000)</u>
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Position	<u>\$ 1,024,276</u>

# CITY OF STAYTON

## COMBINING SCHEDULE OF NET POSITION

### NON-MAJOR ENTERPRISE FUNDS

June 30, 2013

	Swimming Pool Fund	Sublimity RECD Fund	Total
<b><u>ASSETS:</u></b>			
Currents Assets:			
Cash & Investments	\$ 117,989	\$ 94,970	\$ 212,959
Property Tax Receivable	10,786	-	10,786
Total Current Assets	128,775	94,970	223,745
Capital Assets:			
Buildings & Improvements	779,853	-	779,853
Equipment & Vehicles	22,856	-	22,856
Other Capital Assets	248,201	-	248,201
Less: Accumulated Depreciation	(752,995)	-	(752,995)
Total Capital Assets, Net of Depreciation	297,915	-	297,915
Total Assets	\$ 426,690	\$ 94,970	\$ 521,660
<b><u>LIABILITIES:</u></b>			
Accounts Payable	\$ 2,796	\$ -	\$ 2,796
OPEB Payable	145	-	145
Total Liabilities	2,941	-	2,941
<b><u>NET POSITION:</u></b>			
Committed for:			
Swimming Pool Programs	423,750	-	423,750
Debt Service	-	94,970	94,970
Total Net Position	\$ 423,750	\$ 94,970	\$ 518,720

# CITY OF STAYTON

## COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

### NON-MAJOR ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2013

	Swimming Pool Fund	Sublimity RECD Fund	Total
<b><u>OPERATING REVENUES:</u></b>			
Charges for Services	113,221	-	113,221
<b>Total Operating Revenues</b>	<b>113,221</b>	<b>-</b>	<b>113,221</b>
<b><u>OPERATING EXPENSES:</u></b>			
Personal Services	180,206	-	180,206
Materials and Services	96,798	-	96,798
Depreciation	18,237	-	18,237
<b>Total Operating Expenses</b>	<b>295,241</b>	<b>-</b>	<b>295,241</b>
Operating Income (loss)	(182,020)	-	(182,020)
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>			
Property Taxes	157,097	-	157,097
Investment Revenue	395	486	881
Interest Expense	(472)	-	(472)
Miscellaneous Revenues	47,657	-	47,657
<b>Total Non-Operating Revenues (Expenses)</b>	<b>204,677</b>	<b>486</b>	<b>205,163</b>
Income (Loss) Before Transfers	22,657	486	23,143
<b><u>TRANSFERS:</u></b>			
Operating Transfers In	73,500	-	73,500
<b>Total Transfers:</b>	<b>73,500</b>	<b>-</b>	<b>73,500</b>
Changes in Net Position	96,157	486	96,643
NET POSITION, July 1, 2012	327,593	94,484	422,077
<b>NET POSITION, June 30, 2013</b>	<b>\$ 423,750</b>	<b>\$ 94,970</b>	<b>\$ 518,720</b>

# 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, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES:</u></b>				
Taxes and Assessments	\$ 153,400	\$ 153,400	\$ 156,773	\$ 3,373
Charges for Services	107,000	107,000	113,221	6,221
Grants and Contributions	20,000	20,000	45,016	25,016
Investment Revenue	300	300	395	95
Miscellaneous Revenue	3,500	3,500	1,317	(2,183)
<b>Total Revenues</b>	<b>284,200</b>	<b>284,200</b>	<b>316,722</b>	<b>32,522</b>
<b><u>EXPENDITURES:</u></b>				
Personal Services	228,281	228,281	192,664	(35,617)
Materials and Services	107,040	107,040	95,292	(11,748)
Capital Outlay	50,000	50,000	27,104	(22,896)
Debt Service:				
Interfund Loan - Principal	21,837	21,837	21,837	-
Interfund Loan - Interest	1,800	1,800	1,800	-
Contingency	8,742	8,742	-	(8,742)
<b>Total Expenditures</b>	<b>417,700</b>	<b>417,700</b>	<b>338,697</b>	<b>(79,003)</b>
Excess (Deficiency) of Revenues Over Expenditures	(133,500)	(133,500)	(21,975)	111,525
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Operating Transfer In	73,500	73,500	73,500	-
<b>Total Other Financing Sources/(Uses)</b>	<b>73,500</b>	<b>73,500</b>	<b>73,500</b>	<b>-</b>
Net Change In Fund Balance	(60,000)	(60,000)	51,525	111,525
FUND BALANCE, July 1, 2012	60,000	60,000	65,827	5,827
<b>FUND BALANCE, June 30, 2013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 117,352</b>	<b>\$ 117,352</b>

**Reconciliation to generally accepted accounting principles basis**

Net change in fund balance from above	51,525
Change in Deferred Revenue	324
Interfund Loan Repayment - Principal	24,489
Capital outlay that is capitalized	25,598
Change in Vacation Payable	4,624
OPEB Expense	7,834
Depreciation Expense	(18,237)
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Position	<u>\$ 96,157</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, 2013**

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	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 500	\$ 500	\$ 486	\$ (14)
<b>Total Revenues</b>	500	500	486	(14)
<b><u>EXPENDITURES:</u></b>				
<b>Total Expenditures</b>	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	500	500	486	(14)
FUND BALANCE, July 1, 2012	95,000	95,000	94,484	(516)
<b>FUND BALANCE, June 30, 2013</b>	<u>\$ 95,500</u>	<u>\$ 95,500</u>	<u>\$ 94,970</u>	<u>\$ (530)</u>

**Non-Major Special**  
**Revenue Funds**

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

**June 30, 2013**

	<u>Library Fund</u>	<u>Street SDC Fund</u>	<u>Parks SDC Fund</u>	<u>Public Works Admin. Fund</u>	<u>Grants Fund</u>	<u>911 Fund</u>	<u>Total</u>
<b><u>ASSETS:</u></b>							
Cash & Investments	\$ 82,842	\$ 312,349	\$ 64,139	\$ 72,454	\$2,536	\$ -	\$ 534,320
Property Tax Receivable	10,608	-	-	-	-	-	10,608
<b>Total Assets</b>	<b>93,450</b>	<b>312,349</b>	<b>64,139</b>	<b>72,454</b>	<b>2,536</b>	<b>-</b>	<b>544,928</b>
<b><u>LIABILITIES:</u></b>							
Accounts Payable	3,944	-	-	3,108	7	-	7,059
Deferred Revenue	8,421	-	-	-	-	-	8,421
<b>Total Liabilities</b>	<b>12,365</b>	<b>-</b>	<b>-</b>	<b>3,108</b>	<b>7</b>	<b>-</b>	<b>15,480</b>
<b><u>FUND BALANCES:</u></b>							
Restricted for:							
Street Projects	-	312,349	-	-	-	-	312,349
Misc Community Projects	-	-	-	-	2,529	-	2,529
Parks & Recreation Programs	-	-	64,139	-	-	-	64,139
Committed for:							
Library Programs	81,085	-	-	-	-	-	81,085
Public Works Programs	-	-	-	69,346	-	-	69,346
<b>Total Fund Balances</b>	<b>81,085</b>	<b>312,349</b>	<b>64,139</b>	<b>69,346</b>	<b>2,529</b>	<b>-</b>	<b>529,448</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 93,450</b>	<b>\$ 312,349</b>	<b>\$ 64,139</b>	<b>\$ 72,454</b>	<b>\$2,536</b>	<b>\$ -</b>	<b>\$ 544,928</b>

**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, 2013**

	<u>Library Fund</u>	<u>Street SDC Fund</u>	<u>Parks SDC Fund</u>	<u>Public Works Admin Fund</u>	<u>Grants Fund</u>	<u>911 Fund</u>	<u>Total</u>
<b><u>REVENUES:</u></b>							
Taxes and Assessments	\$ 136,592	\$ -	\$ -	\$ -	\$ -	\$ 18,698	\$ 155,290
Intergovernmental	1,118	-	-	-	-	-	1,118
Licenses and Permits	10,180	68,524	32,270	-	-	-	110,974
Charges for Services	82,100	-	-	-	-	-	82,100
Grants	25,150	-	-	-	28,707	-	53,857
Fines and Forfeitures	15,080	-	-	-	-	-	15,080
Investment Revenue	403	1,589	266	187	-	-	2,445
Other Revenue	279	-	-	38	22,158	-	22,475
<b>Total Revenues</b>	<b>270,902</b>	<b>70,113</b>	<b>32,536</b>	<b>225</b>	<b>50,865</b>	<b>18,698</b>	<b>443,339</b>
<b><u>EXPENDITURES:</u></b>							
General Government	-	-	-	-	48,252	-	48,252
Public Safety	-	-	-	-	-	18,698	18,698
Highways and Street	-	-	-	396,092	-	-	396,092
Culture and Recreation	381,328	-	1,155	-	-	-	382,483
Capital Outlay	40,606	-	-	-	-	-	40,606
<b>Total Expenditures</b>	<b>421,934</b>	<b>-</b>	<b>1,155</b>	<b>396,092</b>	<b>48,252</b>	<b>18,698</b>	<b>886,131</b>
Excess (Deficiency) of Revenues Over Expenditures	(151,032)	70,113	31,381	(395,867)	2,613	-	(442,792)
<b><u>OTHER FINANCING SOURCES (USES):</u></b>							
Operating Transfers In	129,500	-	-	413,000	-	-	542,500
Operating Transfers (Out)	-	(2,120)	(400)	-	-	-	(2,520)
<b>Total Other Financing Sources (Uses):</b>	<b>129,500</b>	<b>(2,120)</b>	<b>(400)</b>	<b>413,000</b>	<b>-</b>	<b>-</b>	<b>539,980</b>
Net Change In Fund Balances	(21,532)	67,993	30,981	17,133	2,613	-	97,188
FUND BALANCE, July 1, 2012	102,617	244,356	33,158	52,213	(84)	-	432,260
<b>FUND BALANCE, June 30, 2013</b>	<b>\$ 81,085</b>	<b>\$ 312,349</b>	<b>\$ 64,139</b>	<b>\$ 69,346</b>	<b>\$ 2,529</b>	<b>\$ -</b>	<b>\$ 529,448</b>



# CITY OF STAYTON

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

### LIBRARY FUND

**For the Fiscal Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
<b><u>REVENUES:</u></b>				
Taxes and Assessments	\$ 134,700	\$ 134,700	\$ 136,592	\$ 1,892
Intergovernmental	1,100	1,100	1,118	18
Licenses, Permits and Fees	9,500	9,500	10,180	680
Charges for Services	83,250	83,250	82,100	(1,150)
Grants and Contributions	30,000	30,000	25,150	(4,850)
Fines and Forfeitures	15,000	15,000	15,080	80
Investment Revenue	200	200	403	203
Miscellaneous Revenue	1,600	1,600	279	(1,321)
<b>Total Revenues</b>	<b>275,350</b>	<b>275,350</b>	<b>270,902</b>	<b>(4,448)</b>
<b><u>EXPENDITURES:</u></b>				
Personal Services	331,106	331,106	327,387	(3,719)
Materials and Services	65,306	65,306	53,941	(11,365)
Capital Outlay	48,500	48,500	40,606	(7,894)
Contingency	29,938	29,938	-	(29,938)
<b>Total Expenditures</b>	<b>474,850</b>	<b>474,850</b>	<b>421,934</b>	<b>(52,916)</b>
Excess (Deficiency) of Revenues Over Expenditures	(199,500)	(199,500)	(151,032)	48,468
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer In	129,500	129,500	129,500	-
<b>Total Other Financing Sources (Uses):</b>	<b>129,500</b>	<b>129,500</b>	<b>129,500</b>	<b>-</b>
Net Change In Fund Balance	(70,000)	(70,000)	(21,532)	48,468
FUND BALANCE, July 1, 2012	70,000	70,000	102,617	32,617
<b>FUND BALANCE, June 30, 2013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 81,085</b>	<b>\$ 81,085</b>

# 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, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES:</u></b>				
Licenses, Permits and Fees	\$ 10,248	\$ 10,248	\$ 68,524	\$ 58,276
Investment Revenue	1,200	1,200	1,589	389
<b>Total Revenues</b>	<b>11,448</b>	<b>11,448</b>	<b>70,113</b>	<b>58,665</b>
<b><u>EXPENDITURES:</u></b>				
Materials and Services	31,000	31,000	-	(31,000)
Capital Outlay	215,000	215,000	-	(215,000)
<b>Total Expenditures</b>	<b>246,000</b>	<b>246,000</b>	<b>-</b>	<b>(246,000)</b>
Excess (Deficiency) of Revenues Over Expenditures	(234,552)	(234,552)	70,113	304,665
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer (Out)	(2,120)	(2,120)	(2,120)	-
<b>Total Other Financing Sources (Uses):</b>	<b>(2,120)</b>	<b>(2,120)</b>	<b>(2,120)</b>	<b>-</b>
Net Change In Fund Balance	(236,672)	(236,672)	67,993	304,665
FUND BALANCE, July 1, 2012	268,344	268,344	244,356	(23,988)
<b>FUND BALANCE, June 30, 2013</b>	<b>\$ 31,672</b>	<b>\$ 31,672</b>	<b>\$ 312,349</b>	<b>\$ 280,677</b>

# 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, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES:</u></b>				
Licenses, Permits and Fees	\$ 4,500	\$ 4,500	\$ 32,270	\$ 27,770
Investment Revenue	120	120	266	146
<b>Total Revenues</b>	<b>4,620</b>	<b>4,620</b>	<b>32,536</b>	<b>27,916</b>
<b><u>EXPENDITURES:</u></b>				
Materials and Services	3,500	3,500	1,155	(2,345)
Capital Outlay	10,000	10,000	-	(10,000)
<b>Total Expenditures</b>	<b>13,500</b>	<b>13,500</b>	<b>1,155</b>	<b>(12,345)</b>
Excess (Deficiency) of Revenues Over Expenditures	(8,880)	(8,880)	31,381	40,261
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer (Out)	(400)	(400)	(400)	-
<b>Total Other Financing Sources (Uses):</b>	<b>(400)</b>	<b>(400)</b>	<b>(400)</b>	<b>-</b>
Net Change In Fund Balance	(9,280)	(9,280)	30,981	40,261
FUND BALANCE, July 1, 2012	24,000	24,000	33,158	9,158
<b>FUND BALANCE, June 30, 2013</b>	<b>\$ 14,720</b>	<b>\$ 14,720</b>	<b>\$ 64,139</b>	<b>\$ 49,419</b>

# 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, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 100	\$ 100	\$ 187	\$ 87
Miscellaneous Revenue	2,000	2,000	38	(1,962)
<b>Total Revenues</b>	<b>2,100</b>	<b>2,100</b>	<b>225</b>	<b>(1,875)</b>
<b><u>EXPENDITURES:</u></b>				
Personal Services	337,571	337,571	289,793	(47,778)
Materials and Services	110,852	120,852	106,299	(14,553)
Contingency	16,677	6,677	-	(6,677)
<b>Total Expenditures</b>	<b>465,100</b>	<b>465,100</b>	<b>396,092</b>	<b>(69,008)</b>
Excess (Deficiency) of Revenues Over Expenditures	(463,000)	(463,000)	(395,867)	67,133
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer In	413,000	413,000	413,000	-
<b>Total Other Financing Sources (Uses):</b>	<b>413,000</b>	<b>413,000</b>	<b>413,000</b>	<b>-</b>
Net Change In Fund Balance	(50,000)	(50,000)	17,133	67,133
FUND BALANCE, July 1, 2012	50,000	50,000	52,213	2,213
<b>FUND BALANCE, June 30, 2013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 69,346</b>	<b>\$ 69,346</b>

# CITY OF STAYTON

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

### GRANTS FUND

For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
<b><u>REVENUES:</u></b>				
Intergovernmental				
Grants	\$ 324,000	\$ 324,000	\$ 28,707	\$ (295,293)
Miscellaneous Revenue	108,000	108,000	22,158	(85,842)
<b>Total Revenues</b>	<b>432,000</b>	<b>432,000</b>	<b>50,865</b>	<b>(381,135)</b>
<b><u>EXPENDITURES:</u></b>				
Personal Services	97,000	97,000	33,325	(63,675)
Materials and Services	166,500	166,500	14,927	(151,573)
Capital Outlay	70,500	70,500	-	(70,500)
<b>Total Expenditures</b>	<b>334,000</b>	<b>334,000</b>	<b>48,252</b>	<b>(285,748)</b>
Excess (Deficiency) of Revenues Over Expenditures	98,000	98,000	2,613	(95,387)
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer (Out)	(100,000)	(100,000)	-	(100,000)
<b>Total Other Financing Sources (Uses):</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>-</b>	<b>(100,000)</b>
Net Change In Fund Balance	(2,000)	(2,000)	2,613	(195,387)
FUND BALANCE, July 1, 2012	2,000	2,000	(84)	(2,084)
<b>FUND BALANCE, June 30, 2013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,529</b>	<b>\$ (197,471)</b>

# CITY OF STAYTON

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

### 911 FUND

For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES:</u></b>				
Taxes and Assessments	\$ 60,000	\$ 60,000	\$ 18,698	\$ (41,302)
<b>Total Revenues</b>	60,000	60,000	18,698	(41,302)
<b><u>EXPENDITURES:</u></b>				
Materials and Services	60,000	60,000	18,698	(41,302)
<b>Total Expenditures</b>	60,000	60,000	18,698	(41,302)
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
FUND BALANCE, July 1, 2012	-	-	-	-
<b>FUND BALANCE, June 30, 2013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Additional Supporting**  
**Schedules**

# CITY OF STAYTON

## SCHEDULE OF PROPERTY TAXES

**For the Fiscal Year Ended June 30, 2013**

		General Fund Permanent Rate Tax, Subject to Measure 5	Local Option	Total
Assessed Valuation, 2012-13 Tax Roll		\$515,603,122	\$515,603,122	\$515,603,122
General Fund Permanent Rate Levy, Per \$1,000		0.0033280		
Local Option Levy Rate, Per \$1,000			0.0005818	
Amount Levy Rates Will Raise		1,715,927	299,978	2,015,905
Roll Corrections & Omitted Property		-	-	-
Net Tax Levy Imposed		<u>\$ 1,715,927</u>	<u>\$ 299,978</u>	<u>\$ 2,015,905</u>
	Uncollected Balance July 1, 2012	Collector's Adjustment & Discounts Increase (Decrease)	Collections During the Year	Uncollected Balance June 30, 2013
2012-13	\$ 2,015,905	\$ (62,759)	\$ 1,883,743	\$ 69,403
2011-12	72,314	5,747	42,629	35,432
2010-11	38,439	2,056	17,832	22,663
2009-10	23,288	(340)	15,080	7,868
2008-09	8,836	5,279	11,507	2,608
2007-08	2,079	113	665	1,527
2006-07 & Prior	4,898	299	666	4,531
<b>Total Cash Collections</b>	<u>\$ 2,165,759</u>	<u>\$ (49,605)</u>	<u>\$ 1,972,122</u>	<u>\$ 144,032</u>
Less Accrued Revenue - June 30, 2012			(33,046)	
Add Accrued Revenue - June 30, 2013			29,375	
<b>Total Property Tax Revenue</b>			<u>\$ 1,968,451</u>	



# CITY OF STAYTON

## SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2013

	Outstanding Balance July 1, 2012	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2013	Due within One Year
<b>BUSINESS-TYPE ACTIVITIES</b>					
OEDD Bonds, series 1993 for special public works projects					
- Original Balance \$510,000					
Dated: December 21, 1993					
Interest Rate: 5.19%					
Principal	\$ 81,791	\$ -	\$ 39,861	\$ 41,930	\$ 41,930
Interest	-	4,245	4,245	-	2,176
Totals	\$ 81,791	\$ 4,245	\$ 44,106	\$ 41,930	\$ 44,106
Limited Tax Debt Bonds payable to US Bank for refunding of previously issued sewer bonds					
- Original Balance \$5,810,000					
Dated: January 3, 2013					
Interest Rate: 2.75%					
Principal	\$ -	\$ 5,810,000	\$ 250,000	\$ 5,560,000	\$ 320,000
Interest	-	69,745	69,745	-	164,650
Totals	\$ -	\$ 5,879,745	\$ 319,745	\$ 5,560,000	\$ 484,650
Sewer Revenue Bonds, US Department of Agriculture - Original Balance \$2,952,000					
Dated: May 28, 1997					
Interest Rate: 5.00%					
Principal	\$ 2,421,744	\$ -	\$2,421,744	\$ -	\$ -
Interest	-	72,984	72,984	-	-
Totals	\$ 2,421,744	\$ 72,984	\$2,494,728	\$ -	\$ -
Oregon Department of Environmental Quality (ODEQ) Clean					
Water Revolving Loan - Original Balance \$4,382,000					
Dated: September 27, 2007					
Interest Rate: 2.92%					
Principal	\$ 3,682,145	\$ -	\$3,682,145	\$ -	\$ -
Interest	-	98,121	98,121	-	-
Totals	\$ 3,682,145	\$ 98,121	\$3,780,266	\$ -	\$ -
Business Oregon Water State Revolving Loan - Original Balance \$5,138,700					
Dated: February 18, 2009					
Interest Rate: 3.4%					
Principal	\$ 5,138,700	\$ -	\$ 181,572	\$ 4,957,128	\$ 190,268
Interest	-	525,462	525,462	-	168,542
Totals	\$ 5,138,700	\$ 525,462	\$ 707,034	\$ 4,957,128	\$ 358,810
Sewer Revenue Bonds, US Department of Agriculture for additions to sewer plant					
- Original Balance \$8,316,000					
Dated: September 6, 2012					
Interest Rate: 2.75%					
Principal	\$ -	\$ 8,316,000	\$ -	\$ 8,316,000	\$ 116,757
Interest	-	-	-	-	228,690
Totals	\$ -	\$ 8,316,000	\$ -	\$ 8,316,000	\$ 345,447
<b>TOTAL DEBT AGREEMENTS:</b>					
Principal	\$ 11,324,380	\$ 14,126,000	\$6,575,322	\$ 18,875,058	\$ 668,955
Interest	-	770,557	770,557	-	564,058
Totals	\$ 11,324,380	\$ 14,896,557	\$7,345,879	\$ 18,875,058	\$ 1,233,013

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

**For the Fiscal Year Ended June 30, 2013**

	Fiscal Year Ended June 30,	Total Payment	Principal	Interest	Fiscal Year- end Balance
<b><u>Business-Type Activities</u></b>					
OEDD Bonds, series 1993 for special public works projects - Original Balance \$510,000	2014	44,106	41,930	2,176	-
<b>Totals</b>		<b>\$ 44,106</b>	<b>\$ 41,930</b>	<b>\$ 2,176</b>	

Full Faith and Credit Refunding Obligations					
US Bank N.A. Dated: January 3, 2013	2014	484,650	320,000	164,650	5,240,000
Original Balance -\$5,810,000	2015	483,250	325,000	158,250	4,915,000
	2016	481,750	330,000	151,750	4,585,000
	2017	480,150	335,000	145,150	4,250,000
	2018	480,100	345,000	135,100	3,905,000
	2019	479,750	355,000	124,750	3,550,000
	2020	479,100	365,000	114,100	3,185,000
	2021	478,150	375,000	103,150	2,810,000
	2022	473,150	385,000	88,150	2,425,000
	2023	472,750	400,000	72,750	2,025,000
	2024	470,750	410,000	60,750	1,615,000
	2025	473,450	425,000	48,450	1,190,000
	2026	470,700	435,000	35,700	755,000
	2027	467,650	445,000	22,650	310,000
	2028	319,300	310,000	9,300	-
<b>Totals</b>		<b>\$ 6,994,650</b>	<b>\$ 5,560,000</b>	<b>\$ 1,434,650</b>	

	Fiscal Year Ended June 30,	Total Payment	Principal	Interest	Fiscal Year- end Balance
Business Oregon Water State Revolving Loan - Original Balance \$5,138,700 Dated February 18, 2009	2014	358,811	190,268	168,542	4,766,860
	2015	358,811	196,738	162,073	4,570,122
	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	-
<b>Totals</b>		<b>\$ 6,807,887</b>	<b>\$ 4,957,128</b>	<b>\$ 1,850,758</b>	

Continued

**CITY OF STAYTON**  
**SCHEDULE OF FUTURE REQUIREMENTS FOR**  
**RETIREMENT OF LONG-TERM DEBT (Continued)**

**For the Fiscal Year Ended June 30, 2013**

	Fiscal Year Ended June 30,	Total Payment	Principal	Interest	Fiscal Year- end Balance
Sewer Revenue Bonds, US Department of Agriculture	2014	345,447	116,757	228,690	8,199,243
Water System Improvement Project	2015	345,447	119,968	225,479	8,079,275
Original Balance \$8,316,000	2016	345,447	123,267	222,180	7,956,008
Dated September 6, 2012	2017	345,447	126,657	218,790	7,829,351
	2018	345,447	130,140	215,307	7,699,211
	2019	345,447	133,719	211,728	7,565,492
	2020	345,447	137,396	208,051	7,428,096
	2021	345,447	141,174	204,273	7,286,922
	2022	345,447	145,057	200,390	7,141,865
	2023	345,447	149,046	196,401	6,992,819
	2024	345,447	153,144	192,303	6,839,675
	2025	345,447	157,356	188,091	6,682,319
	2026	345,447	161,683	183,764	6,520,636
	2027	345,447	166,130	179,317	6,354,506
	2028	345,447	170,698	174,749	6,183,808
	2029	345,447	175,392	170,055	6,008,416
	2030	345,447	180,216	165,231	5,828,200
	2031	345,447	185,171	160,276	5,643,029
	2032	345,447	190,264	155,183	5,452,765
	2033	345,447	195,496	149,951	5,257,269
	2034	345,447	200,872	144,575	5,056,397
	2035	345,447	206,396	139,051	4,850,001
	2036	345,447	212,072	133,375	4,637,929
	2037	345,447	217,904	127,543	4,420,025
	2038	345,447	223,896	121,551	4,196,129
	2039	345,447	230,053	115,394	3,966,076
	2040	345,447	236,380	109,067	3,729,696
	2041	345,447	242,880	102,567	3,486,816
	2042	345,447	249,560	95,887	3,237,256
	2043	345,447	256,422	89,025	2,980,834
	2044	345,447	263,474	81,973	2,717,360
	2045	345,447	270,720	74,727	2,446,640
	2046	345,447	278,164	67,283	2,168,476
	2047	345,447	285,814	59,633	1,882,662
	2048	345,447	293,674	51,773	1,588,988
	2049	345,447	301,750	43,697	1,287,238
	2050	345,447	310,048	35,399	977,190
	2051	345,447	318,574	26,873	658,616
	2052	345,447	327,335	18,112	331,281
	2053	345,447	331,281	9,110	-
<b>Totals</b>		<b>13,817,880</b>	<b>8,316,000</b>	<b>5,496,824</b>	

**ACCOMPANYING**  
**INFORMATION**

**CITY OF STAYTON**  
**AUDITOR'S COMMENTS AND DISCLOSURES**  
**REQUIRED BY STATE REGULATION**  
**As of June 30, 2013**

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

We have audited the basic financial statements of the City of Stayton as of and for the year ended June 30, 2013, and have issued our report thereon dated November 22, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**Compliance**

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

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

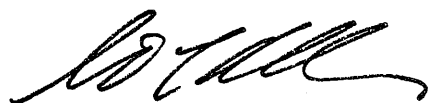
- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways and roads (ORS Chapters 294, 368 & 373).**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

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

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

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

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



Steve Tuchscherer, CPA, PC

Roseburg, Oregon  
November 22, 2013

**SINGLE AUDIT**  
**SECTION**

**CITY OF STAYTON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Fiscal Year Ended June 30, 2013**

Grantor Program and Title	Federal CFDA Number	State Project Number	Amount Awarded	Expenditures
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
Passed through Oregon Association of Chiefs of Police Occupant Protection Incentive Grants	20.602		\$ 1,080	\$ 1,080
Passed through Oregon Department of Transportation Oregon Bicycle Traffic Safety Alliance	20.605		5,000	5,000
Total U.S Department of Transportatin			<u>6,080</u>	<u>6,080</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
Passed through City of Salem Homeland Security Grant	7.233		1,410	1,410
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Water and Waste Water Systems for Rural Communities Grant	* 10.760		2,001,000	1,032,896
<b>TOTALS</b>			<u>\$ 15,281,618</u>	<u>\$ 1,040,386</u>
<u>Loan Balances</u>				
<b>ENVIRONMENTAL PROTECTION AGENCY</b>				
Passed through Oregon Economic and Community Development Department Capitalization Grants for Safe Drinking Water	66.468		\$ 4,957,128	\$ -
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Water and Waste Water Systems for Rural Communities Revolving Loan *	10.760		8,316,000	-
<b>TOTAL FEDERAL LOAN BALANCES</b>			<u>\$ 13,273,128</u>	<u>\$ -</u>

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



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

Honorable Mayor and City Council  
City of Stayton, Oregon

I have audited the financial statements of City of Stayton as of and for the year ended June 30, 2013, and have issued my report thereon dated November 22, 2013. 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.

**Internal Control over Financial Reporting**

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

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

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

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

**Purpose of this Report**

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

Steve Tuchscherer, CPA  
November 22, 2013





INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Honorable Mayor and City Council  
City of Stayton, Oregon

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

I have audited the compliance of City of Stayton with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2013. City of Stayton's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

My responsibility is to express an opinion on City of Stayton's compliance based on my audit. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Stayton's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of City of Stayton's compliance with those requirements.

**Opinion on Each Major Federal Program**

In my opinion, City of Stayton complied, in all material respects, with the types of requirements referred to above that could have a material effect on each of its major federal programs for the year ended June 30, 2013.

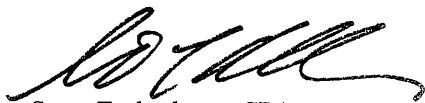
**Report on Internal Control Over Compliance**

The management of City of Stayton is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered City of Stayton's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of City of Stayton's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Steve Tuchscherer, CPA  
November 22, 2013

# **CITY OF STAYTON, OREGON**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2013

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### **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, 2013.

### **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*.

### **Section IV—Summary Schedule of Prior Audit Findings**

There were no findings or questioned costs for the year ended June 30, 2012.