



# **STAYTON, OREGON**

## **Audit Report**

**June 30, 2015**

**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

HENRY PORTER . . . . .	Mayor
985 N. Fourth Ave, Stayton, OR 97383	
A. SCOTT VIGIL . . . . .	Ex-Mayor
160 N. Evergreen, 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 . . . . .	Ex-Council Member
1840 E. Pine Street, Stayton, OR 97383	
CATHERINE HEMSHORN . . . . .	Ex- Council Member
1457 5 <sup>th</sup> Court, Stayton, OR 97383	
PRISCILLA GLIDEWELL . . . . .	Council Member
784 N. Third Ave., Stayton, OR 97383	
RALPH LEWIS . . . . .	Council Member
443 W. Burnett St., Stayton, OR 97383	
JOE USSELMAN . . . . .	Council Member
1001 N. 5 <sup>th</sup> Ave., Stayton, OR 97383	

## CITY ADMINISTRATION

KEITH CAMPBELL . . . . .	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

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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, 2015 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, 2015, 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 on pages 2-14, budgetary comparison information on pages 49-51, and pension schedules on pages 52-53 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 required supplementary information 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*

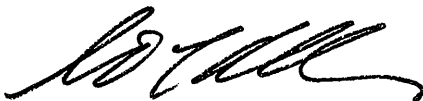
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Stayton's basic financial statements. The combining and individual non-major fund financial statements and additional supporting schedules listed in the table of contents as Other 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 October 26, 2015, 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 Tuchscherer, CPA  
October 26, 2015

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



**CITY OF STAYTON**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2015**  
**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, 2015. 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, 2015 are as follows:

- Changes in the financial statements are included for this year due to the implementation of Governmental Accounting Standards Board Statements 67 & 68. Those statements require accounting and reporting changes related to employee pension plans. Net pension liability or asset, as well as deferred inflows and outflows of resources, and restricted amounts of the government's net position, each related to pension activities all appear for the first time on the Statements of Net Position. Also, beginning net positions have been restated to include the estimated impacts of the new requirements prior to the current year. Note 6, beginning on page 37 of this report, describe in detail the government's pension plans.
- The City's net position, after consideration of the restatement for pension costs prior to the current year, increased by \$2,168,701 which represents a 4 percent increase from the previous year. Net position is \$37,460,355 for governmental activities and \$18,986,933 for business-type activities.
- General revenues from governmental activities accounted for \$3,789,189 in revenue, or 86.8 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$576,563 or 13.2 percent of all revenues for governmental activities. Total revenue from governmental activities is \$4,365,752.
- General revenues from business-type activities accounted for \$221,917 in revenue, or 4.2 percent of all revenues from business-type activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,081,312 or 95.8 percent of all revenues for business-type activities. Total revenue from business-type activities is \$5,303,229.
- The City had \$7,945,249 in program expenses. Of the program expenses, \$864,918 was for providing water service, \$1,974,715 was for providing sewer service, and \$305,723 was for operating the municipal pool.
- Among the governmental funds, the General Fund had \$3,380,262 in revenues, which primarily consisted of property taxes and franchise taxes. It also included interfund transfers in of \$347,335. General Fund expenditures totaled \$3,220,430 including \$295,000 in interfund transfers out. The General Fund's fund balance increased \$159,832 to \$1,224,958 from \$1,065,126.
- Among proprietary funds, the Water Fund had \$1,827,314 in revenues, which primarily consisted of user fees. The Sewer Fund had \$3,073,482 in revenues, which primarily consisted of user fees.

**CITY OF STAYTON**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2015**  
**Unaudited**

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**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.

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.

**CITY OF STAYTON**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2015**  
**Unaudited**

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*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 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, the Sublimity RECD Fund, Storm Water Fund and Storm SDC 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.

*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 Street Fund and the Vehicle Replacement Fund and the Pension Schedules. 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.

**CITY OF STAYTON**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2015**  
**Unaudited**

**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 \$56,447,288 this is an increase of \$2,168,701 or 4%.

A significant portion of the City's net position (86% 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.

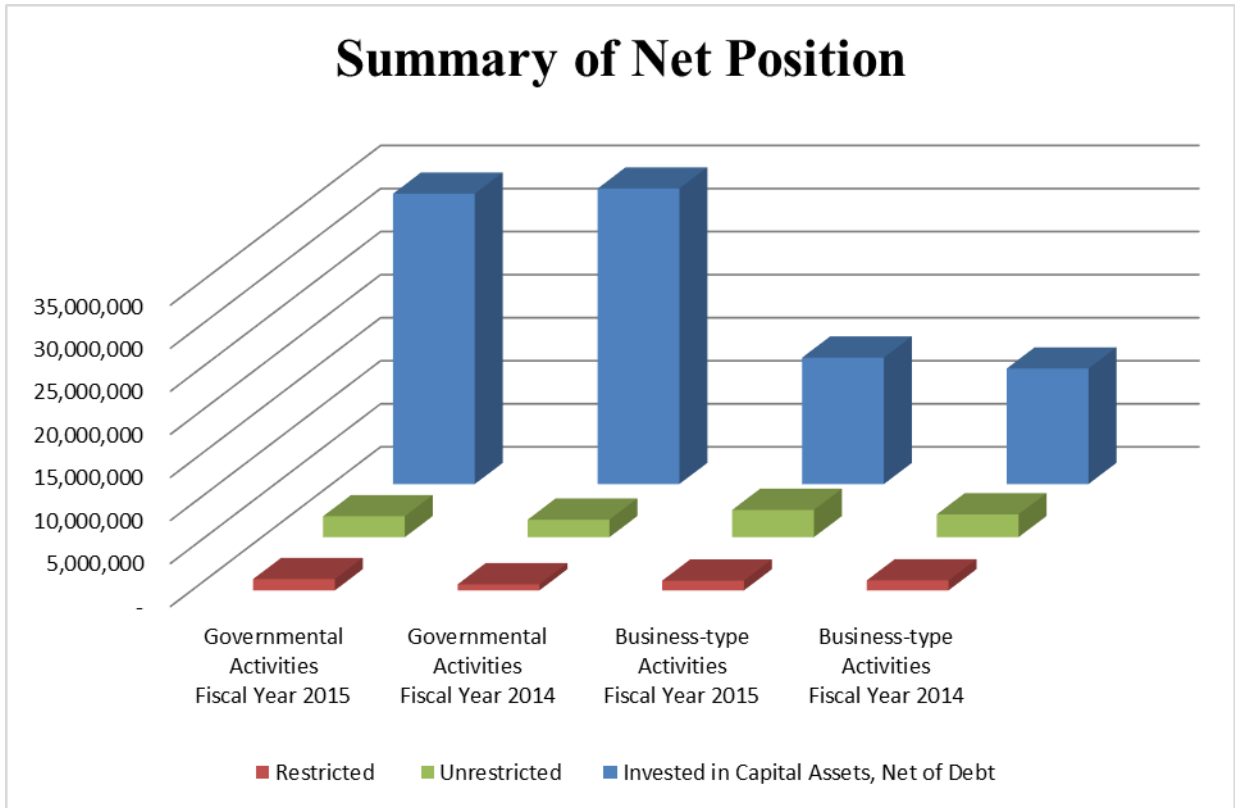
The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Assets</b>						
Current and Other Assets	\$ 4,669,009	\$ 3,584,698	\$ 4,772,845	\$ 4,210,355	\$ 9,441,854	\$ 7,795,053
Capital Assets	33,722,217	34,322,858	31,806,940	31,892,882	65,529,157	66,215,740
Total Assets	<u>38,391,226</u>	<u>37,907,556</u>	<u>36,579,785</u>	<u>36,103,237</u>	<u>74,971,011</u>	<u>74,010,793</u>
<b>Liabilities</b>						
Current Liabilities	335,927	280,474	1,130,115	1,827,864	1,466,042	2,108,338
Long-Term Liabilities	-	-	16,462,735	17,054,129	16,462,735	17,054,129
Total Liabilities	<u>335,927</u>	<u>280,474</u>	<u>17,592,850</u>	<u>18,881,993</u>	<u>17,928,777</u>	<u>19,162,467</u>
<b>Deferred Inflow of Resources</b>						
- Restated for Prior Year	<u>594,942</u>	<u>569,735</u>	<u>-</u>	<u>-</u>	<u>594,942</u>	<u>569,735</u>
<b>Net Position</b>						
Invested in Capital Assets						
Net of Debt	33,722,217	34,322,858	14,687,511	13,415,531	48,409,728	47,738,389
Restricted	1,304,691	699,149	1,132,057	1,156,581	2,436,748	1,855,730
Unrestricted	<u>2,433,447</u>	<u>2,035,339</u>	<u>3,167,365</u>	<u>2,649,129</u>	<u>5,600,812</u>	<u>4,684,468</u>
Total Net Position - Restated for Prior Year	<u>\$ 37,460,355</u>	<u>\$ 37,057,346</u>	<u>\$ 18,986,933</u>	<u>\$ 17,221,241</u>	<u>\$ 56,447,288</u>	<u>\$ 54,278,587</u>

**CITY OF STAYTON**  
**Management's Discussion and Analysis (MD&A)**  
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See the chart below to gain an understanding of the City's actual financial position and how each component relates to the activities performed.



**CITY OF STAYTON**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2015**  
**Unaudited**

**Changes in net position** - The City's total revenues for the fiscal year ended June 30, 2015 were \$9,668,981. The total cost of all programs and services was \$7,945,249. The following table shows a comparative analysis of government-wide revenues, expenses and changes in net position.

**Summary of Changes in Net Position**

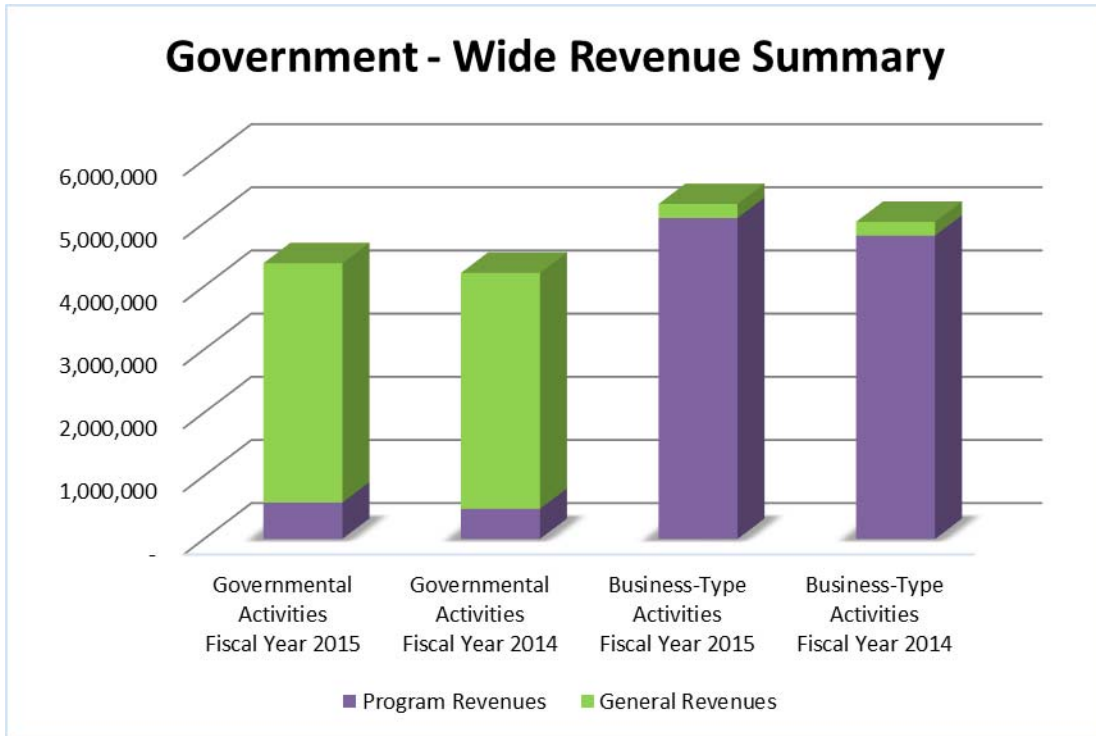
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014-15</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2013-14</u>
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 351,415	\$ 326,204	\$ 5,081,312	\$ 4,802,992	\$ 5,432,727	\$ 5,129,196
Operating Grants and Contributions	1,000	382	-	-	1,000	382
Capital Grants and Contributions	224,148	150,383	-	-	224,148	150,383
Total Program Revenues	576,563	476,969	5,081,312	4,802,992	5,657,875	5,279,961
<b>General Revenues</b>						
<b>Local Sources</b>						
Property Taxes	2,027,544	1,978,319	157,593	153,450	2,185,137	2,131,769
Franchise Fees	855,286	840,194	-	-	855,286	840,194
Other Taxes	69,736	64,383	-	-	69,736	64,383
Intergovernmental	603,144	559,983	-	-	603,144	559,983
Interest & Investment Earnings	12,128	9,321	20,254	18,428	32,382	27,749
Other Revenues	221,351	283,872	44,070	45,530	265,421	329,402
Total General Revenues	3,789,189	3,736,072	221,917	217,408	4,011,106	3,953,480
Total Revenues	4,365,752	4,213,041	5,303,229	5,020,400	9,668,981	9,233,441
<b>Program Expenses</b>						
General Government	1,876,304	1,692,704	-	-	1,876,304	1,692,704
Public Safety	1,624,070	1,839,107	-	-	1,624,070	1,839,107
Highways and Streets	668,615	829,769	-	-	668,615	829,769
Culture and Recreation	630,904	645,168	-	-	630,904	645,168
Interest Expense	-	-	-	-	-	-
<b>Utility Services</b>						
Water Utilities	-	-	864,918	1,542,985	864,918	1,542,985
Sewer Utilities	-	-	1,974,715	2,505,943	1,974,715	2,505,943
Swimming Pool	-	-	194,869	217,386	194,869	217,386
Storm Water	-	-	110,854	-	110,854	-
Total Program Expenses	4,799,893	5,006,748	3,145,356	4,266,314	7,945,249	9,273,062
Transfers	837,150	839,288	(837,150)	(839,288)	-	-
Special Item -Gain on Sale of Equipment	-	30,000	-	-	-	30,000
<b>Change in Net Position</b>	<b>\$ 403,009</b>	<b>\$ 75,581</b>	<b>\$ 1,320,723</b>	<b>\$ (85,202)</b>	<b>\$ 1,723,732</b>	<b>\$ (9,621)</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)**  
**For the Fiscal Year Ended June 30, 2015**  
**Unaudited**

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The following chart analyzes the revenue between governmental activities and business-type activities from prior to current year.



**CITY OF STAYTON**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2015**  
**Unaudited**

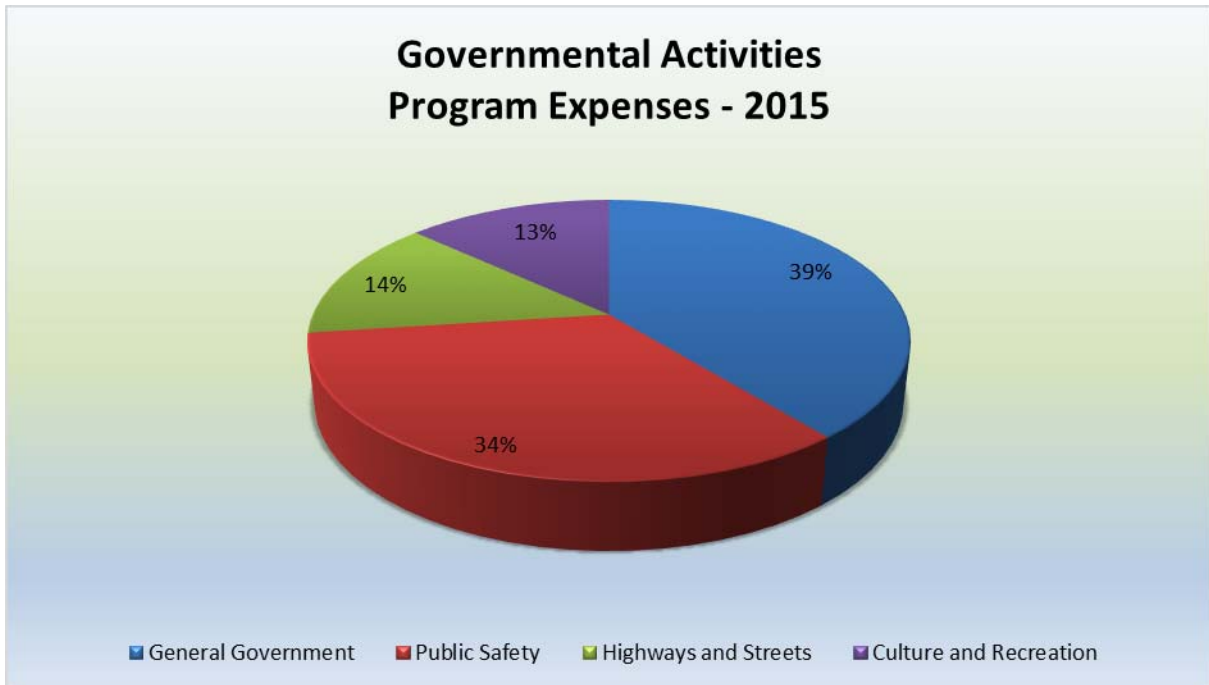
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**Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net (Cost) Profit of Services</u>	
	<u>2014-15</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2013-14</u>
General Government	\$ 1,876,304	\$ 1,692,704	\$ (1,841,415)	\$ (1,676,223)
Public Safety	1,624,070	1,839,107	(1,499,646)	(1,753,503)
Public Works	668,615	829,769	(506,778)	(691,433)
Culture and Recreation	<u>630,904</u>	<u>645,168</u>	<u>(375,491)</u>	<u>(408,620)</u>
Total Program Expenses	<u>\$ 4,799,893</u>	<u>\$ 5,006,748</u>	<u>\$ (4,223,330)</u>	<u>\$ (4,529,779)</u>

The dependence on general revenues for general government activities is apparent. For 2014-15, 88 percent of general government activities are supported through general revenues

This graph represents the cost of the City's Program expenses by governmental activities.





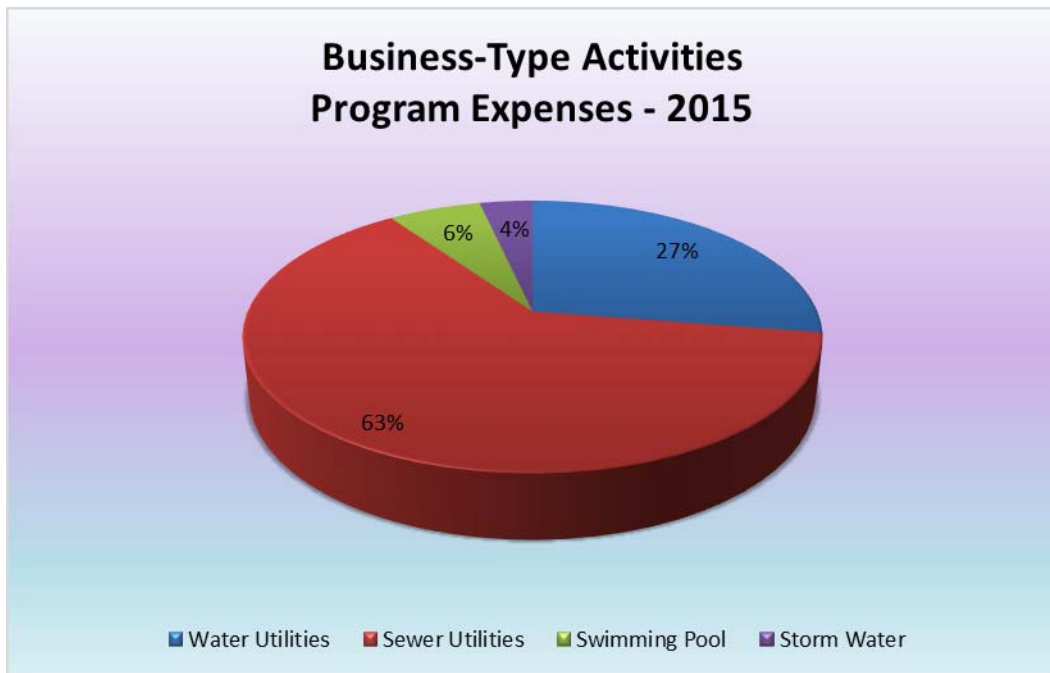
**CITY OF STAYTON**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2015**  
**Unaudited**

---

	<b><u>Business-Type Activities</u></b>			
	<u>Total Cost of Services</u>		<u>Net (Cost) Profit of Services</u>	
	<u>2014-15</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2013-14</u>
Utility Services	\$ 2,839,633	\$ 4,048,928	\$ 2,023,278	\$ 753,774
Swimming Pool	194,869	217,386	(194,869)	(217,096)
Storm Water	110,854	-	107,547	-
<b>Total Program Expenses</b>	<b><u>\$ 3,145,356</u></b>	<b><u>\$ 4,266,314</u></b>	<b><u>\$ 1,935,956</u></b>	<b><u>\$ 536,678</u></b>

Business type activities increased the City's net position by \$1,320,723. Of the business-type activities, the Sewer Fund, Water Fund, Swimming Pool Fund and Storm Water Funds accounted for approximately 27%, 63%, 6% and 4% of revenues, respectively.

This graph represents the cost of the City's Program expenses by business-type activities.



**CITY OF STAYTON**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2015**  
**Unaudited**

**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***

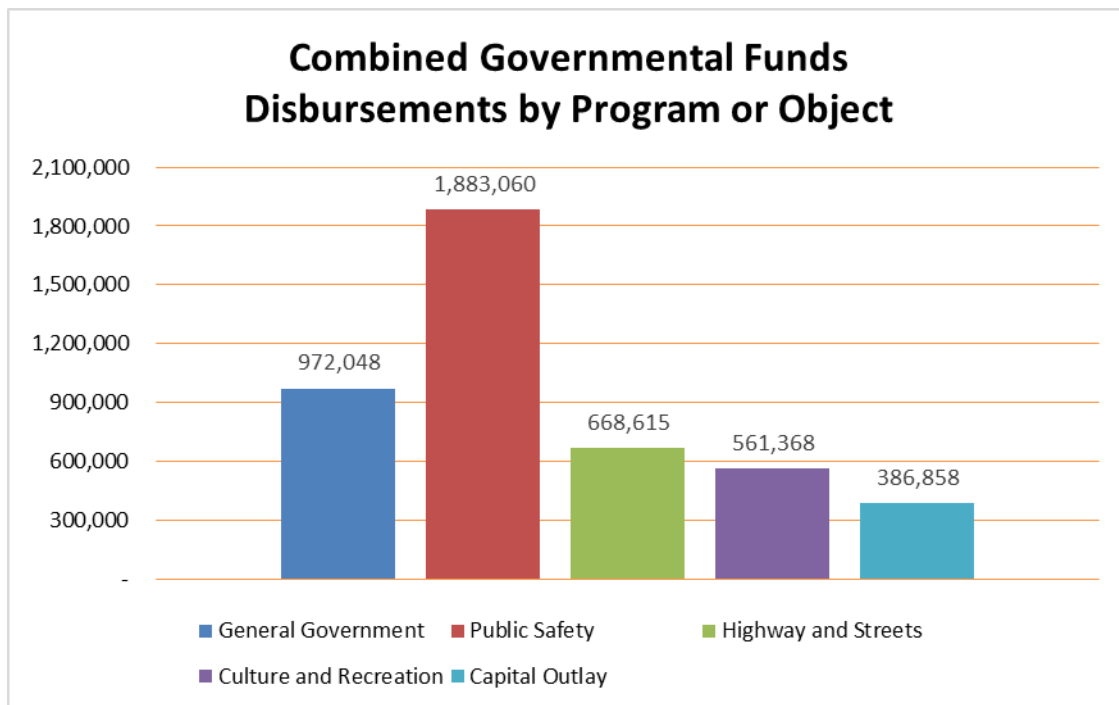
As the City completed the year, its governmental funds reported a combined fund balance of \$4,089,354, an increase of \$742,224. The fund balance constitutes restricted, committed, assigned and unassigned amounts. Of the current fund balances, \$997,385 is restricted, \$1,867,011 is committed and \$1,224,958 is unassigned and available for spending at the City's discretion.

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 \$1,224,958, an increase of \$159,832 over the previous year.

The Street Fund reported a restricted ending fund balance of \$547,463, an increase of \$284,495 over the previous year.

The Vehicle Replacement Fund reported a fund balance of \$1,020,001, an increase of \$159,982 from the previous year. The Vehicle Replacement fund balance is committed for vehicle replacement.

Following is a comparison of current expenditures by program of the governmental funds.



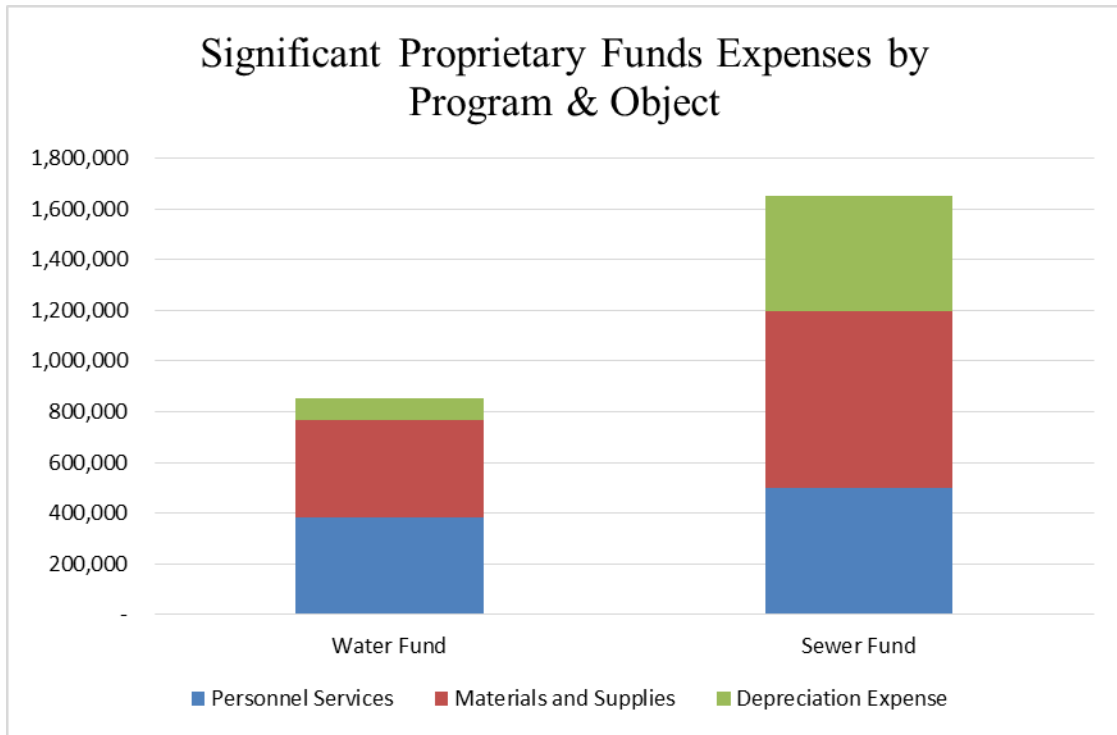
**CITY OF STAYTON**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2015**  
**Unaudited**

*Proprietary Funds*

The Water Fund reported a budgetary fund balance of \$701,868, an increase of \$16,064 from the previous year.

The Sewer Fund reported a budgetary fund balance of \$3,086,258, an increase of \$496,831 from the previous year. The Sewer Fund ending balance includes restricted assets of \$522,379 for debt service.

Following is a comparison of current expenses by program of the proprietary funds.



**Budgetary Highlights**

An appropriation transfer resolution was adopted by the City Council in May, 2015 to allow for additional materials and services spending in the Public Works Administration Fund, Library Fund and General Fund. A supplemental budget resolution was also adopted during the fiscal year to increase appropriations in the Swimming Pool Fund.

General Fund resources were budgeted and anticipated to be collected in the amount of \$2,715,930 during the fiscal year. Actual resources of \$2,902,409 were available, \$186,479 more than budgeted. General Fund expenditures budget was under-spent by \$551,063. The ending fund balance was greater than what was budgeted by \$880,126 and greater than the prior year by \$322,542.

The Water Fund balance and the Sewer Fund balance increased during the fiscal year. Both funds remained within the expenditure budgets in all appropriation areas. The Water Fund's actual resources were less than budgeted by \$33,998. The Sewer Fund's actual resources were more than budgeted by \$109,426.

**CITY OF STAYTON**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2015**  
**Unaudited**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2015, the City had invested, before net reduction for accumulated depreciation, \$104,074,193 in capital assets, including buildings, land, construction in process, vehicles, water and sewer utility systems, and other equipment. This amount represents an increase of \$571,680 over the prior year. This includes additions to the water and sewer funds and governmental funds.

Total depreciation expense for the year was \$1,501,119. 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, 2015 the City had total debt outstanding of \$17,564,397. Existing debt was reduced by \$641,706. Interest paid on the debt amounted to \$545,792.

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

**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 2015-16 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. The City's total budget of \$21,493,099 for the fiscal year ending June 30, 2016 represents a 2.2% increase from the current fiscal year. The increase is primarily due to the Parks Construction Fund, which is dedicated to the rehabilitation of Pioneer Park.

Amounts available for appropriation in the General Fund are \$4,110,845 for the fiscal year 2015-16, an increase of \$121,416 or 1.5%. The Municipal Court will begin its second year of operation in the 2015-16 fiscal year. I would caution that adjustments may still need to be made as we continue to move forward with the operations of our Court.

The City is budgeting a \$178,268 or 1.6 percent increase in resources in the Sewer Fund. It includes a sewer rate increase for Stayton and Sublimity, as recommended in the adopted Wastewater master Plan. The proposed budget provides funds to maintain all pumps and motors at the treatment plant and routine maintenance of sewer collection pipes.

The Street Fund budget is increased by \$195,000 or 10.3% in order to work on long range pavement management.

With the exceptions noted above, operating costs of both governmental activities and business-type activities are expected to be similar to those of the 2014-15 period.

**CITY OF STAYTON**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2015**  
**Unaudited**

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**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, 2015**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>ASSETS:</u></b>			
Current Assets:			
Cash and Investments	\$ 3,956,805	\$ 4,347,750	\$ 8,304,555
Receivables	404,898	425,095	829,993
Total Current Assets	4,361,703	4,772,845	9,134,548
Restricted Assets:			
Net Pension Asset	307,306	-	307,306
Total Restricted Assets	307,306	-	307,306
Capital Assets:			
Land	1,759,203	247,157	2,006,360
Construction in Progress	51,530	-	51,530
Infrastructure	51,667,221	34,030,040	85,697,261
Buildings & Improvements	3,936,335	6,244,298	10,180,633
Equipment & Vehicles	1,306,863	1,905,103	3,211,966
Other Capital Assets	1,606,817	1,371,836	2,978,653
Less: Accumulated Depreciation	(26,605,752)	(11,991,494)	(38,597,246)
Total Capital Assets, Net of Depreciation	33,722,217	31,806,940	65,529,157
<b>Total Assets</b>	<b>\$ 38,391,226</b>	<b>\$ 36,579,785</b>	<b>\$ 74,971,011</b>
<b><u>LIABILITIES:</u></b>			
Current Liabilities:			
Accounts Payable	\$ 196,887	\$ 69,584	\$ 266,471
Interest Payable	-	281,352	281,352
Customer Deposits	-	91,724	91,724
Accrued Compensated Absences	128,501	23,933	152,434
OPEB Payable	10,539	6,828	17,367
Current Portion of Long-Term Liabilities	-	656,694	656,694
Total Current Liabilities	335,927	1,130,115	1,466,042
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities	-	16,462,735	16,462,735
<b>Total Liabilities</b>	<b>\$ 335,927</b>	<b>\$ 17,592,850</b>	<b>\$ 17,928,777</b>
<b><u>DEFERRED INFLOW OF RESOURCES:</u></b>			
Deferred Earnings on Pension Assets	594,942	-	594,942
<b>Total Deferred Inflow of Resources</b>	<b>\$ 594,942</b>	<b>\$ -</b>	<b>\$ 594,942</b>
<b><u>NET POSITION:</u></b>			
Invested in capital assets, net of related debt	\$ 33,722,217	\$ 14,687,511	\$ 48,409,728
Restricted for:			
Capital Projects	-	609,678	609,678
Debt Service	-	522,379	522,379
Community and Public Works Projects	997,385	-	997,385
Net Pension Asset	307,306	-	307,306
Unrestricted	2,433,447	3,167,365	5,600,812
<b>Total Net Position</b>	<b>\$ 37,460,355</b>	<b>\$ 18,986,933</b>	<b>\$ 56,447,288</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, 2015

	(Expenses)	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>					
General Government	\$ 1,876,304	\$ 33,889	\$ 1,000	\$ -	\$ (1,841,415)
Public Safety	1,624,070	121,673	-	2,751	(1,499,646)
Highway and Streets	668,615	35,303	-	126,534	(506,778)
Culture and Recreation	630,904	160,550	-	94,863	(375,491)
<b>Total Governmental Activities</b>	<b>\$ 4,799,893</b>	<b>\$ 351,415</b>	<b>\$ 1,000</b>	<b>\$ 224,148</b>	<b>\$ (4,223,330)</b>
<b><u>BUSINESS-TYPE ACTIVITIES:</u></b>					
Water Utilities	\$ 864,918	\$ 1,819,563	\$ -	\$ -	\$ 954,645
Sewer Utilities	1,974,715	3,043,348	-	-	1,068,633
Swimming Pool	194,869	-	-	-	(194,869)
Storm Water	110,854	218,401	-	-	107,547
<b>Total Business-type Activities</b>	<b>\$ 3,145,356</b>	<b>\$ 5,081,312</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,935,956</b>
<b>Total Primary Government</b>	<b>\$ 7,945,249</b>	<b>\$ 5,432,727</b>	<b>\$ 1,000</b>	<b>\$ 224,148</b>	<b>\$ (2,287,374)</b>
<b><u>CHANGES IN NET POSITION:</u></b>					
Net (expense) revenue			\$ (4,223,330)	\$ 1,935,956	\$ (2,287,374)
General Revenues:					
Property Taxes, levied for general purposes			2,027,544	157,593	2,185,137
Intergovernmental Tax Turnovers			603,144	-	603,144
State Revenue Sharing			69,736	-	69,736
Franchise Taxes			855,286	-	855,286
Interest and Investment Earnings			12,128	20,254	32,382
Other Revenue			221,351	44,070	265,421
Interfund Transfers			837,150	(837,150)	-
<b>Total General Revenues, Special Items and Transfers</b>			<b>4,626,339</b>	<b>(615,233)</b>	<b>4,011,106</b>
Change in Net Position			403,009	1,320,723	1,723,732
Net Position, July 1, 2014 - Restated			37,057,346	17,666,210	54,723,556
<b>Net Position, June 30, 2015</b>			<b>\$ 37,460,355</b>	<b>\$ 18,986,933</b>	<b>\$ 56,447,288</b>

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



**BASIC FINANCIAL**  
**STATEMENTS**

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

# CITY OF STAYTON

## BALANCE SHEET GOVERNMENTAL FUNDS

June 30, 2015

	General Fund	Street Fund	Vehicle Replacement Fund	Other Governmental Funds	Total Governmental Funds
<b><u>ASSETS:</u></b>					
Cash and Investments	\$ 1,104,797	\$ 503,918	\$ 1,030,592	\$ 1,317,498	\$ 3,956,805
Receivables:					
Accounts	120,027	175,922	-	3,339	299,288
Property Tax	97,307	-	-	8,303	105,610
<b>Total Assets</b>	<b>\$ 1,322,131</b>	<b>\$ 679,840</b>	<b>\$ 1,030,592</b>	<b>\$ 1,329,140</b>	<b>\$ 4,361,703</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u></b>					
Liabilities:					
Accounts Payable	\$ 27,571	\$ 132,377	\$ 10,591	\$ 26,348	\$ 196,887
<b>Total Liabilities</b>	<b>27,571</b>	<b>132,377</b>	<b>10,591</b>	<b>26,348</b>	<b>196,887</b>
Deferred Inflows of Resources:					
Deferred Property Tax Revenue	69,602	-	-	5,860	75,462
<b>Total Deferred Inflows of Resources</b>	<b>69,602</b>	<b>-</b>	<b>-</b>	<b>5,860</b>	<b>75,462</b>
Fund Balances:					
Restricted for:					
Street Projects	-	547,463	-	394,072	941,535
Miscellaneous Community Projects	-	-	-	4,653	4,653
Parks & Recreation Programs	-	-	-	51,197	51,197
Committed for:					
Vehicle Replacement	-	-	1,020,001	-	1,020,001
Library Programs	-	-	-	120,543	120,543
Public Works Programs	-	-	-	81,152	81,152
Miscellaneous Community Projects	-	-	-	92,041	92,041
Miscellaneous Capital Projects	-	-	-	553,274	553,274
Unassigned	1,224,958	-	-	-	1,224,958
<b>Total Fund Balances</b>	<b>1,224,958</b>	<b>547,463</b>	<b>1,020,001</b>	<b>1,296,932</b>	<b>4,089,354</b>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>	<b>\$ 1,322,131</b>	<b>\$ 679,840</b>	<b>\$ 1,030,592</b>	<b>\$ 1,329,140</b>	<b>\$ 4,361,703</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, 2015

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**Total Fund Balances - Governmental Funds** \$ 4,089,354

**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 -	\$ 60,327,969	
The accumulated depreciation is -	<u>(26,605,752)</u>	
Net Value of Assets		33,722,217
Net pension assets reported in governmental activities are not financial resources and therefore are not reported in the governmental funds.		307,306
Certain receivables that will not be available to pay for current-period expenditures are deferred in the governmental funds:		
Property Taxes		75,462
Deferred inflows and outflows of pension contributions and earnings are not reported in the governmental funds		
Deferred Earnings on Pension Assets		(594,942)
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		(10,539)
Accrued Compensated Absences		<u>(128,501)</u>
<b>Net Position of Governmental Activities</b>		<b><u>\$ 37,460,357</u></b>

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

# CITY OF STAYTON

## Statement of Revenues, Expenditures, and Changes in Fund Balances

### GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2015

	General Fund	Street Fund	Vehicle Replacement Fund	Other Governmental Funds	Total Governmental Funds
<b><u>REVENUES:</u></b>					
Taxes and Assessments	\$ 1,789,003	\$ 85,969	\$ -	\$ 163,843	\$ 2,038,815
Intergovernmental	192,667	478,862	-	1,351	672,880
Franchise Taxes	855,286	-	-	-	855,286
Licenses & Permits	33,889	-	-	68,436	102,325
Charges for Service	3,215	-	-	67,421	70,636
Fines and Forfeitures	119,532	-	-	14,653	134,185
Investment Revenue	1,247	1,926	4,462	4,493	12,128
Grants	1,000	126,534	-	141,883	269,417
Other Revenue	37,088	3,840	-	180,423	221,351
<b>Total Revenues</b>	<b>3,032,927</b>	<b>697,131</b>	<b>4,462</b>	<b>642,503</b>	<b>4,377,023</b>
<b><u>EXPENDITURES:</u></b>					
Current Operating:					
General Government	744,128	-	-	227,920	972,048
Public Safety	1,883,060	-	-	-	1,883,060
Highway and Streets	107,252	161,881	-	399,482	668,615
Culture and Recreation	175,731	-	-	385,637	561,368
Capital Outlay	15,259	127,818	76,743	167,038	386,858
<b>Total Expenditures</b>	<b>2,925,430</b>	<b>289,699</b>	<b>76,743</b>	<b>1,180,077</b>	<b>4,471,949</b>
Excess (Deficiency) of Revenues					
Over Expenditures	107,497	407,432	(72,281)	(537,574)	(94,926)
<b><u>OTHER FINANCING SOURCES (USES):</u></b>					
Interfund Transfers In	347,335	-	232,263	710,009	1,289,607
Interfund Transfers (Out)	(295,000)	(122,937)	-	(34,520)	(452,457)
<b>Total Other Financing Sources/(Uses)</b>	<b>52,335</b>	<b>(122,937)</b>	<b>232,263</b>	<b>675,489</b>	<b>837,150</b>
Net Change in Fund Balances	159,832	284,495	159,982	137,915	742,224
Fund Balances, July 1, 2014	1,065,126	262,968	860,019	1,159,017	3,347,130
<b>Fund Balances, June 30, 2015</b>	<b>\$ 1,224,958</b>	<b>\$ 547,463</b>	<b>\$ 1,020,001</b>	<b>\$ 1,296,932</b>	<b>\$ 4,089,354</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, 2015**

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**Net Changes in Fund Balances - Total Governmental Funds** \$ 742,224

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

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

Expenditures for capitalized assets	\$ 321,019	
Less current year depreciation	<u>(921,660)</u>	
		(600,641)

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	(11,271)
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Additions to certain payroll liabilities are reported as an expense in the Statement of Activities.

Vacation Payable	(8,819)
Other Post-Employment Benefits Payable	(583)

Adjustment for pension costs on accrued basis 282,099

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<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 403,009</u></b>
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**BASIC FINANCIAL**  
**STATEMENTS**

**Proprietary Fund**  
**Financial Statements**

**CITY OF STAYTON**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2015**

	<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	\$ 844,928	\$ 3,276,583	\$ 226,239	\$ 4,347,750
Receivables	130,681	\$ 284,465	9,949	425,095
Total Current Assets	975,609	3,561,048	236,188	4,772,845
Capital Assets:				
Land	31,825	215,332	-	247,157
Infrastructure	12,666,022	21,364,018	-	34,030,040
Buildings & Improvements	4,760,274	581,837	902,187	6,244,298
Equipment & Vehicles	809,880	1,058,513	36,710	1,905,103
Other Capital Assets	33,316	1,090,319	248,201	1,371,836
Less: Accumulated Depreciation	(5,821,987)	(5,351,843)	(817,664)	(11,991,494)
Total Capital Assets, Net of Depreciation	12,479,330	18,958,176	369,434	31,806,940
<b>Total Assets</b>	<b>13,454,939</b>	<b>22,519,224</b>	<b>605,622</b>	<b>36,579,785</b>
<b><u>LIABILITIES:</u></b>				
Current Liabilities:				
Accounts Payable	14,779	25,916	28,889	69,584
Interest Payable	89,825	191,527	-	281,352
Customer Deposits	47,794	43,930	-	91,724
Accrued Compensated Absences	12,658	11,275	-	23,933
OPEB Payable	2,567	4,261	-	6,828
Current Portion of Long-Term Obligations	203,427	453,267	-	656,694
Total Current Liabilities	371,050	730,176	28,889	1,130,115
Long-Term Obligations	4,366,695	12,096,040	-	16,462,735
Total Long-Term Liabilities	4,366,695	12,096,040	-	16,462,735
<b>Total Liabilities</b>	<b>4,737,745</b>	<b>12,826,216</b>	<b>28,889</b>	<b>17,592,850</b>
<b><u>NET POSITION:</u></b>				
Invested in capital assets, net of related debt	7,909,208	6,408,869	369,434	14,687,511
Restricted for:				
Capital Projects	208,271	401,407	-	609,678
Debt Service	-	522,379	-	522,379
Unrestricted	599,714	2,360,352	207,299	3,167,365
<b>Total Net Position</b>	<b>\$ 8,717,193</b>	<b>\$ 9,693,007</b>	<b>\$ 576,733</b>	<b>\$ 18,986,933</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, 2015

	Enterprise Funds			Total Proprietary Funds
	Water Utility Funds	Sewer Utility Funds	Other Funds	
<b><u>OPERATING REVENUES:</u></b>				
Charges for Services & Fees	\$ 1,771,901	\$ 2,986,052	\$ 214,767	\$ 4,972,720
Developer Reimbursements	47,662	57,296	3,634	108,592
<b>Total Revenues</b>	<b>1,819,563</b>	<b>3,043,348</b>	<b>218,401</b>	<b>5,081,312</b>
<b><u>OPERATING EXPENSES:</u></b>				
Personnel Services	384,106	499,170	29,013	912,289
Materials and Supplies	385,102	697,511	238,708	1,321,321
Depreciation Expense	84,924	456,533	38,002	579,459
<b>Total Operating Expenses</b>	<b>854,132</b>	<b>1,653,214</b>	<b>305,723</b>	<b>2,813,069</b>
<b>Income (Loss) from Operations</b>	<b>965,431</b>	<b>1,390,134</b>	<b>(87,322)</b>	<b>2,268,243</b>
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>				
Property Taxes	-	-	157,593	157,593
Investment Revenue	4,305	14,910	1,039	20,254
Interest Expense	(10,786)	(321,501)	-	(332,287)
Miscellaneous	3,446	15,224	25,400	44,070
<b>Total Non-Operating Rev. (Exp.)</b>	<b>(3,035)</b>	<b>(291,367)</b>	<b>184,032</b>	<b>(110,370)</b>
<b>Income before Transfers</b>	<b>962,396</b>	<b>1,098,767</b>	<b>96,710</b>	<b>2,157,873</b>
<b><u>TRANSFERS:</u></b>				
Transfers from Other Funds	-	-	53,000	53,000
Transfers to Other Funds	(399,789)	(416,381)	(73,980)	(890,150)
<b>Changes in Net Position</b>	<b>562,607</b>	<b>682,386</b>	<b>75,730</b>	<b>1,320,723</b>
Net Position, July 1, 2014 - Restated (see Note 11)	8,154,586	9,010,621	501,003	17,666,210
<b>Net Position, June 30, 2015</b>	<b>\$ 8,717,193</b>	<b>\$ 9,693,007</b>	<b>\$ 576,733</b>	<b>\$ 18,986,933</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, 2015**

	<u>Enterprise Funds</u>			<u>Total Proprietary Funds</u>
	<u>Water Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Other Funds</u>	
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>				
Cash Received from User Charges	\$ 1,832,974	\$ 3,032,130	\$ 218,455	\$ 5,083,559
Cash Payments for Employee Services	(387,779)	(501,580)	(29,168)	(918,527)
Cash Payments to Suppliers	(385,540)	(719,693)	(211,082)	(1,316,315)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>1,059,655</b>	<b>1,810,857</b>	<b>(21,795)</b>	<b>2,848,717</b>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u></b>				
Transfer from Other Funds	-	-	53,000	53,000
Transfer to Other Funds	(399,789)	(416,381)	(73,980)	(890,150)
<b>Net Cash Provided (Used) by Non-capital Financing Activities</b>	<b>(399,789)</b>	<b>(416,381)</b>	<b>(20,980)</b>	<b>(837,150)</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>				
Proceeds from collection of Property Taxes	-	-	157,593	157,593
Proceeds from collection of Grants Other Non-Operating Revenue	3,446	15,224	25,400	44,070
Acquisition of Capital Assets	(234,397)	(122,932)	(136,188)	(493,517)
Principal Paid on Long Term Debt	(196,738)	(444,968)	-	(641,706)
Interest Paid on Long Term Debt	(162,073)	(383,719)	-	(545,792)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(589,762)</b>	<b>(936,395)</b>	<b>46,805</b>	<b>(1,479,352)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>				
Investment Income	4,305	14,910	1,039	20,254
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>4,305</b>	<b>14,910</b>	<b>1,039</b>	<b>20,254</b>
Cash and Cash Equivalents at July 1, 2014	770,519	2,803,593	221,169	3,795,281
<b>Cash and Cash Equivalents at June 30, 2015</b>	<b>\$ 844,928</b>	<b>\$ 3,276,584</b>	<b>\$ 226,238</b>	<b>\$ 4,347,750</b>

**RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS**

**TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:**

Income (loss) from operations	\$ 965,431	\$ 1,390,134	\$ (87,322)	\$ 2,268,243
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:				
Depreciation	84,924	456,533	38,002	579,459
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	6,653	(16,728)	54	(10,021)
Increase (decrease) in deposits	6,758	5,510	-	12,268
Increase (decrease) in payables	(4,111)	(24,592)	27,471	(1,232)
<b>Net cash provided (used) by operating activities</b>	<b>\$ 1,059,655</b>	<b>\$ 1,810,857</b>	<b>\$ (21,795)</b>	<b>\$ 2,848,717</b>

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

**BASIC FINANCIAL**  
**STATEMENTS**

**Notes to the Basic**  
**Financial Statements**

# CITY OF STAYTON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

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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 (Continued)

June 30, 2015

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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.

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, Trust & Agency Fund and Grants Fund.

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

**Proprietary Funds** are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net 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.

# CITY OF STAYTON

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2015

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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 (Continued)**

**June 30, 2015**

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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. 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.

# **CITY OF STAYTON**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

**June 30, 2015**

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

#### **G. Receivables**

Amounts due from individuals, organizations or other governmental units are recorded as receivables at year-end. These amounts include charges for services rendered, or for goods and material provided by the City. All receivables are expected to be collected. Accordingly, receivables are reported at the gross amount without an allowance for uncollectible accounts.

Receivables are also recognized for property taxes and intergovernmental grants. Property taxes receivable consist of uncollected taxes levied and payable at the end of the fiscal year. All taxes are considered collectible. Consequently no allowance for uncollectible taxes has been established. In the governmental fund financial statements, property taxes not collected within sixty days of the end of the fiscal year are reported as a deferred inflow or resources. (See note 1.J.)

#### **H. Deferred Inflows/Outflows of Resources:**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the City has only one item that qualifies for reporting in this category, deferred pension contributions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting in this category, deferred earnings on pension assets. In the governmental funds balance sheet, a different category of deferred inflow of resources, delinquent property tax revenue not available, is reported. Property taxes levied and considered receivable at the end of the fiscal year, but not collected within sixty days of the end of the fiscal year are reported in this category. These amounts are recognized as an inflow of resources (revenue) in the period that the amounts become available.

#### **I. 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.

#### **J. 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 (Continued)

June 30, 2015

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

#### K. 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	15-75 years

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

#### L. 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.

#### M. Equity Classifications:

##### *Government-wide Statements and Proprietary Fund Financial Statements*

Equity is classified as net position, which represents the difference between assets and liabilities, and deferred accounts. 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 (Continued)

June 30, 2015

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

#### M. Equity Classifications (Cont):

##### *Governmental 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, 2015.
- 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's policy is to 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 the constrained fund balances.

#### N. 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 (Continued)**

**June 30, 2015**

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

#### **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.

#### **P. Pensions**

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

### **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. ORS 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Oregon Public Funds Collateralization Program (PFCP). 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.

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, 2015, the reported amount of the City's deposits was \$129,562 and the bank balance was \$393,465. Of the bank balance, the entire amount was insured by the FDIC or covered by the collateral held in a multiple financial institutions collateral pool administered by the Oregon State Treasurer.

# CITY OF STAYTON

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2015

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### 2. CASH AND INVESTMENTS (CONT.):

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, 2015, the City's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

At June 30, 2015, 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)	\$ 8,174,046	N/A
Total Investments	<u>\$ 8,174,046</u>	

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

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:

	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property Taxes	\$ 97,307	\$ -	\$ 8,303	\$ 105,610
Accounts	120,027	175,922	3,339	299,288
Total	<u>\$ 217,334</u>	<u>\$ 175,922</u>	<u>\$ 11,642</u>	<u>\$ 404,898</u>

# CITY OF STAYTON

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2015

### 4. CAPITAL ASSETS:

The following is a summary of capital asset activity for the fiscal year ended June 30, 2015:

<b>Governmental Activities</b>	June 30, 2014	Additions	Deletions	June 30, 2015
<b>Assets not being depreciated:</b>				
Land	\$ 1,759,203	\$ -	\$ -	\$ 1,759,203
Construction-In-Process	-	51,530	-	51,530
<b>Assets being depreciated:</b>				
Infrastructure	51,483,406	183,815	-	51,667,221
Buildings & Improvements	3,926,360	9,975	-	3,936,335
Equipment & Vehicles	1,231,164	75,699	-	1,306,863
Other Capital Assets	1,606,817	-	-	1,606,817
Total Depreciable Assets	58,247,747	269,489	-	58,517,236
<b>Less: Accumulated Depreciation</b>				
Infrastructure	22,293,391	734,113	-	23,027,504
Buildings & Improvements	1,358,461	91,317	-	1,449,778
Equipment & Vehicles	692,802	60,421	-	753,223
Other Capital Assets	1,339,438	35,809	-	1,375,247
Total Accumulated Depreciation	25,684,092	921,660	-	26,605,752
Net Value of Capital Assets Being Depreciated	32,563,655	(652,171)	-	31,911,484
Total Governmental Activities--Net Value of Capital Assets	\$ 34,322,858	\$ (652,171)	\$ -	\$ 33,722,217
<b>Business-type Activities</b>				
<b>Assets not being depreciated:</b>				
Land	\$ 247,157	\$ -	\$ -	\$ 247,157
<b>Assets being depreciated:</b>				
Infrastructure	34,041,742	179,624	191,326	34,030,040
Buildings & Improvements	6,121,964	122,334	-	6,244,298
Equipment & Vehicles	1,713,544	191,559	-	1,905,103
Other Capital Assets	1,371,836	-	-	1,371,836
Total Depreciable Assets	43,249,086	493,517	191,326	43,551,277
<b>Less: Accumulated Depreciation</b>				
Infrastructure	8,337,790	410,164	191,326	8,556,628
Buildings & Improvements	1,195,287	43,951	-	1,239,238
Equipment & Vehicles	864,559	110,499	-	975,058
Other Capital Assets	1,205,725	14,845	-	1,220,570
Total Accumulated Depreciation	11,603,361	579,459	191,326	11,991,494
Net Value of Capital Assets Being Depreciated	31,645,725	(85,942)	-	31,559,783
Total Business-type Activities--Net Value of Capital Assets	\$ 31,892,882	\$ (85,942)	\$ 191,326	\$ 31,806,940
Total Net Position of Primary Government	\$ 66,215,740	\$ (738,113)	\$ 191,326	\$ 65,529,157
<b>Depreciation expense was charged to functions of the primary government as follows:</b>				
Governmental Activities:			Business-Type Activities	
General Government	829,598		Water Utilities	\$ 84,924
Police	22,526		Sewer Utilities	456,533
Library	69,536		Swimming Pool	38,002
Total depreciation expense - governmental activities	\$ 921,660			\$ 579,459

\* 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 (Continued)

June 30, 2015

### 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:

	<u>Outstanding Balance July 1, 2014</u>	<u>New Issues and Interest Matured</u>	<u>Principal and Interest Retired</u>	<u>Outstanding Balance June 30, 2015</u>	<u>Due within One Year</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
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	\$ 5,240,000		\$ 325,000	\$ 4,915,000	\$ 330,000
Interest	-	158,240	158,240	-	151,750
Totals	\$ 5,240,000	\$ 158,240	\$ 483,240	\$ 4,915,000	\$ 481,750
Business Oregon Water State Revolving Loan					
- Original Balance \$5,138,700					
Dated: February 18, 2009					
Interest Rate: 3.4%					
Principal	\$ 4,766,860	\$ -	\$ 196,738	\$ 4,570,122	\$ 203,427
Interest	-	162,073	162,073	-	148,468
Totals	\$ 4,766,860	\$ 162,073	\$ 358,811	\$ 4,570,122	\$ 351,895
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	\$ 8,199,243		\$ 119,968	\$ 8,079,275	\$ 123,267
Interest	-	225,479	225,479	-	222,180
Totals	\$ 8,199,243	\$ 225,479	\$ 345,447	\$ 8,079,275	\$ 345,447
<b>TOTAL BUSINESS-TYPE ACTIVITIES DEBT AGREEMENTS:</b>					
Principal	\$ 18,206,103	\$ -	\$ 641,706	\$ 17,564,397	\$ 656,694
Interest	-	545,792	545,792	-	522,398
Totals	\$ 18,206,103	\$ 545,792	\$ 1,187,498	\$ 17,564,397	\$ 1,179,092
<b>TOTAL DEBT AGREEMENTS:</b>					
Principal	\$ 18,206,103	\$ -	\$ 641,706	\$ 17,564,397	\$ 656,694
Interest	-	545,792	545,792	-	522,398
Totals	\$ 18,206,103	\$ 545,792	\$ 1,187,498	\$ 17,564,397	\$ 1,179,092

# CITY OF STAYTON

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

**June 30, 2015**

### **5. LONG-TERM DEBT (Cont.):**

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

	Due Fiscal Year Ending June 30,	Principal	Interest	Total
<b><u>Business-Type Activities</u></b>				
Full Faith & Credit Refinancing Obligations, Series 2013- US Bank NA, -Original Balance \$2,810,000				
	2016	330,000	151,750	481,750
	2017	335,000	145,150	480,150
	2018	345,000	135,100	480,100
	2019	355,000	124,750	479,750
	2020	365,000	114,100	479,100
	2021-2025	1,995,000	373,250	2,368,250
	2026-2028	1,190,000	67,650	1,257,650
	Total	\$ 4,915,000	\$ 1,111,750	\$ 6,026,750
Business Oregon Water State Revolving Loan - Original Balance \$5,138,700				
	2016	203,427	148,468	351,895
	2017	210,343	148,468	358,811
	2018	217,495	141,316	358,811
	2019	224,890	133,921	358,811
	2020	232,536	126,275	358,811
	2021-2025	1,286,788	507,267	1,794,055
	2026-2030	1,520,934	273,121	1,794,055
	2031-2032	673,709	34,394	708,103
	Total	\$ 4,570,122	\$ 1,513,230	\$ 6,083,352
Sewer Revenue Bonds, US Department of Agriculture Original Balance \$8,316,000 Dated September 6, 2012				
	2016	123,267	222,180	345,447
	2017	126,657	218,790	345,447
	2018	130,140	215,307	345,447
	2019	133,719	211,728	345,447
	2020	137,396	208,051	345,447
	2021-2025	745,777	981,458	1,727,235
	2026-2030	854,119	873,116	1,727,235
	2031-2035	978,199	749,036	1,727,235
	2036-2040	1,120,305	606,930	1,727,235
	2041-2045	1,283,056	444,179	1,727,235
	2046-2050	1,469,450	257,785	1,727,235
	2051-2053	977,190	54,095	1,031,285
	Total	\$ 8,079,275	\$ 5,042,655	\$ 13,121,930

# CITY OF STAYTON

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2015

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**6. 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 twenty-three 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 2014-15 was 22.7% of employee earnings. The contribution for the year ended June 30, 2015 was \$276,259 which consists of \$207,358 for the City's portion, and \$68,901 for the employees' portion.

For the year ended June 30, 2015, the City's annual pension cost is *estimated* to be \$276,259. For the two preceding years ended June 30, 2014 and 2013, the City's pension cost was \$281,972 and \$314,908 respectively. The actual contribution was \$273,782 and \$305,604 respectively for the two preceding years ended June 30, 2014 and 2013. The required contribution was determined as part of the July 1, 2014 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
7/1/2014	\$5,485,884	\$5,814,484	\$328,600	94.3%	\$1,051,497	31.3%
7/1/2013	4,873,071	5,460,247	587,176	89.2%	1,107,765	53.0%
7/1/2012	4,462,962	5,094,628	631,666	87.6%	1,177,580	53.6%

# CITY OF STAYTON

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2015

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### 6. PENSION PLAN (Cont.):

#### A. Name of Pension Plan

The Oregon Public Employees Retirement System (PERS) consists of a cost-sharing multiple-employer defined benefit pension plan.

#### B. Description of Benefit Terms

##### Plan Benefits

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

**1. Tier One/Tier Two Retirement Benefit (Chapter 238).** Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

##### *Pension Benefits*

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

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

##### *Death Benefits*

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

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

##### *Disability Benefits*

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



# CITY OF STAYTON

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2015

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### **6. PENSION PLAN (Cont.):**

#### *Benefit Changes After Retirement*

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

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

**2. OPSRP Defined Benefit Pension Program (OPSRP DB).** The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

#### *Pension Benefits*

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

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

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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

#### *Death Benefits*

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

#### *Disability Benefits*

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

#### *Benefit Changes After Retirement*

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

### **3. IAP Plan Description:**

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

#### *Pension Benefits*

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

# CITY OF STAYTON

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2015

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### **6. PENSION PLAN (Cont.):**

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

#### *Death Benefits*

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

#### *Recordkeeping*

PERS contracts with VOYA Financial to maintain IAP participant records.

### **C. Contributions**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer contributions for the year ended June 30, 2015 were \$185,123, excluding amounts to fund employer specific liabilities.

### **D. Pension Plan CAFR**

Oregon PERS produces an independently audited CAFR which can be found at:  
[http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx)

### **E. Actuarial Valuations**

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

# CITY OF STAYTON

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2015

### 6. PENSION PLAN (Cont.):

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

Valuation Date	December 31, 2012 rolled forward to June 30, 2014.
Experience Study Report	2012, published September 18, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increases	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

#### *Discount Rate*

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

# CITY OF STAYTON

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2015

### 6. PENSION PLAN (Cont.):

#### *Assumed Asset Allocation*

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real estate	9.4%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100%</u>

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

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target</u>	<u>Compound Annual Return (Geometric)</u>
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00%	3.70%
Intermediate-Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equity	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	7.71%	6.07%
Assumed Inflation – Mean		2.75%

**CITY OF STAYTON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

**June 30, 2015**

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

**G. Sensitivity Analysis**

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	6.75%	7.75%	8.75%
Employer's proportionate share of the net pension liability	\$ 650,763	\$ (307,306)	\$ (1,117,608)

**H. Changes in Assumptions**

A summary of key changes implemented since the December 31, 2011 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2012 Experience Study for the System, which was published on September 18, 2013, and can be found at: <http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>

*Changes in Actuarial Methods and Allocation Procedures*

Actuarial Cost Method - The Actuarial Cost Method was changed from the Projected Unit Credit (PUC) Cost Method to the Entry Age Normal (EAN) Cost Method. This change will allow PERS to use the same cost method for contribution rate calculations as required for financial reporting under GASB Statements 67 and 68.

Tier 1/Tier 2 UAL Amortization - In combination with the change in cost method, the Board chose to re-amortize the outstanding Tier 1/Tier 2 UAL as of December 31, 2013 over a closed period of 20 years as a level percentage of projected payroll. Gains and losses between subsequent rate-setting valuations will be amortized over a closed 20 year period from the valuation in which they are first recognized.

*Contribution Rate Stabilization Method*

The "grade-in range" over which the rate collar gradually doubles was modified so that the collar doubles as funded status (excluding side accounts) decreases from 70% to 60% or increases from 130% to 140%. Previously the ranges had been 80% to 70% and 120% to 130%. The modification to the grade-in range was made in combination with the change to actuarial cost method, as discussed at the July 2013 PERS Board public meeting.

*Allocation of Liability for Service Segments*

For purposes of allocating Tier 1/Tier 2 member's actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by PERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier 1/Tier 2 population. For the December 31, 2010 and December 31, 2011 valuations, the Money Match was weighted 40 percent for General Service members and 10 percent for Police & Fire members. For the December 31, 2012 and December 31, 2013 valuations, this weighting has been adjusted to 30 percent for General Service members and 5 percent for Police & Fire members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

*Changes in Economic Assumptions*

Investment Return and Interest Crediting - The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.75%. Previously, the assumed investment return and interest crediting to regular account balances was 8.00% and the assumed interest crediting to variable account balances was 8.25%.

# CITY OF STAYTON

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2015

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### **6. PENSION PLAN (Cont.):**

OPSRP Administrative Expenses - Assumed administrative expenses for the OPSRP System were reduced from \$6.6 million per year to \$5.5 million per year.

Healthcare Cost Inflation - The healthcare cost inflation for the maximum RHIPA subsidy was updated based on analysis performed by Milliman's healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced in 2018 by the Patient Protection and Affordable Care Act

#### *Changes in Demographic Assumptions*

Healthy Mortality - The healthy mortality assumption is based on the RP2000 generational mortality tables with group-specific class and setback adjustments. The group-specific adjustments have been updated to more closely match recently observed system experience.

Disabled Mortality - The disabled mortality assumption base was changed from the RP2000 healthy tables to the RP2000 disabled tables. Gender-specific adjustments were applied to align the assumption with recently observed system experience.

Disability, Retirement from Active Status, and Termination - Rates for disability, retirement from active status, and termination were adjusted. Termination rates were changed from being indexed upon age to being indexed upon duration from hire date.

#### *Changes in Salary Increase Assumptions*

Merit Increases, Unused Sick Leave, and Vacation Pay - Assumed merit increases were lowered, while unused sick leave and vacation pay rates were adjusted upward.

Retiree Healthcare Participation - The RHIA participation rate for healthy retirees was reduced from 48% to 45%. The RHIPA participation rate was changed from a uniform rate of 13% to a service-based table of rates.

#### *Change in Proportionate Share*

There was no change in proportionate share for fiscal years ending June 30, 2013 and June 30, 2014. Because the proportionate share is actuarially determined, it was calculated as of the December 31, 2012 valuation date used to develop results for both the June 30, 2013 and June 30, 2014 Measurement Dates. In future measurement periods, there will be changes in proportionate shares from the beginning of the period to the end.

#### *Changes in Plan Provisions*

Senate Bill 822, signed into law in May 2013, eliminated the SB 656/HB 3349 tax remedy payments for beneficiaries not subject to Oregon income tax and limited the 2013 post-retirement COLA to 1.5 percent of annual benefit. The effects of this legislation were reflected in the December 31, 2012 valuation.

Senate Bill 861, signed into law in October 2013, limited the post-retirement COLA for years beyond 2013 to 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000. The effects of this legislation were reflected in the December 31, 2012 valuation.

The December 31, 2012 valuation was rolled forward to the measurement date of June 30, 2014.

### **I. Employer Contributions**

PERS includes accrued contributions when due pursuant to legal requirements, as of June 30 in its Statement of Changes in Fiduciary Net Position. These are normally included in the employer statements cut off as of the fifth of the following month. PERS does not try to accrue contributions based on paydate.

Beginning with fiscal year 2015, PERS will be able to report cash contributions and UAL side account amortization by employer, and will publish this information on the PERS Website. Prior to fiscal year 2015, contributions to the OPSRP Defined Benefit plan were not accounted for by employer, as all employers were pooled for actuarial purposes.

# CITY OF STAYTON

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2015

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

J. Elements of Changes in Net Position

This information can be found in the Schedule of Changes in Net Pension Liability found on page 57, of the June 30, 2014 PERS CAFR.

*Pension Liabilities/(Assets), Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions*

At June 30, 2015, the employer reported an asset of \$307,306 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on a projection of the employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2014, the employer's proportion was 0.01355733 percent.

For the year ended June 30, 2015, the employer recognized pension income of \$282,099. At June 30, 2015, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on investements	-	592,976
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,966
Total (prior to post- measurement date contributions)	\$ -	\$ 594,942
Contributions subsequent to the measurement date	TBD	N/A
Net Deferred Outflow/(Inflow) of Resources		\$ (594,942)

\$594,942 reported as deferred inflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction/(increase) of the net pension liability/(asset) in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ (148,672)
2nd Fiscal Year	(148,672)
3rd Fiscal Year	(148,672)
4th Fiscal Year	(148,672)
5th Fiscal Year	(254)
Thereafter	-
Total	\$ (594,942)

# CITY OF STAYTON

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2015

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### **6. PENSION PLAN (Cont.):**

#### *Changes in Plan Provisions Subsequent to Measurement Date*

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. We will make restoration payments to those benefit recipients.

PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and will not be included in the net pension liability (asset) proportionate shares provided to employers in June 2015.

### **7. OTHER POST-EMPLOYMENT BENEFITS (OPEB):**

#### *Oregon Public Employees Retirement Systems' (PERS) Retiree Health Insurance Account (RHIA)*

##### Plan Description

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

##### Funding Policy

Participating employers are contractually required to contribute at a rate assessed bi-annually by the OPERB, currently 0.59% of annual covered PERS payroll and 0.50% for OPSRP payroll. The OPERB sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to PERS' RHIA for the year ended June 30, 2015, was *estimated* to be \$7,848, 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, 2015, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:



# CITY OF STAYTON

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2015

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

Annual required contribution	\$ 8,132
Interest on net OPEB obligation	299
Adjustment to the annual required contribution	<u>-</u>
Annual OPEB cost (expense)	8,431
Contributions made	<u>(7,848)</u>
Increase in net OPEB obligation	583
Net OPEB obligation, beginning of year	<u>9,956</u>
Net OPEB obligation, end of year	<u>\$ 10,539</u>

*Union Bank of California*

Plan Description

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

Funding Policy

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

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

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

Participating employers are required to contribute at a rate currently 0.7% of annual covered payroll. The pension administrator sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of 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, 2015, was \$8,190, which equaled the estimated required contributions for the year, based on amounts from the July 1, 2014 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, 2015, the amount *estimated* to be contributed to the plans, and the *estimated* changes in the City's net OPEB obligation:

# CITY OF STAYTON

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2015

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

Annual required contribution	\$ 7,618
Interest on net OPEB obligation	689
Adjustment to the annual required contribution	<u>(3,129)</u>
Annual OPEB cost (expense)	5,178
Contributions made	<u>(8,190)</u>
Increase in net OPEB obligation	(3,012)
Net OPEB obligation, beginning of year	<u>9,838</u>
Net OPEB obligation, end of year	<u><u>\$ 6,826</u></u>

**8. 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.

**9. 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.

**10. RESTATEMENT OF BEGINNING NET POSITION:**

The Governmental Accounting Standards Board (GASB) has approved the following:

Statement No. 68, Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No.27 – This statement will require the employer to change the accounting for the pensions costs related to the employer's participation in the Oregon PERS. In addition, the employer will also be recognizing a net pension liability (asset), deferred outflows and inflows of resources related to the employer's proportionate share of the collective amount in PERS. Management is evaluating the impact of these changes. The application of these standards result in a restatement of beginning net positions in the financial statements to include the estimated impacts of these new requirements prior to the current year.

**CITY OF STAYTON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

**June 30, 2015**

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**11. INTERFUND TRANSFERS:**

Interfund transfers for the year ended June 30, 2015 were as follows:

	Transfers <u>Out</u>	Transfers <u>In</u>
General Fund	\$ 295,000	\$ 347,335
Library Fund	2,000	139,500
Street Fund	122,937	-
Street SDC Fund	2,120	-
Parks SDC Fund	30,400	-
Public Works Fund	-	413,000
Vehicle Replacement Fund	-	232,263
Grants Fund	-	2,000
Parks Construction Fund	-	70,000
Facilities Development Fund	-	85,509
Water Fund	398,919	-
Water SDC Fund	870	-
Sewer Fund	414,466	-
Sewer SDC Fund	1,915	-
Swimming Pool Fund	-	15,000
Storm Water Fund	73,980	38,000
Total	<u>\$ 1,342,607</u>	<u>\$ 1,342,607</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.

**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, 2015

	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	\$ 1,718,144	\$ 1,718,144	\$ 1,789,003	\$ 70,859
Charges for Services	7,200	7,200	3,215	(3,985)
Intergovernmental	175,190	175,190	192,667	17,477
Franchise Taxes	765,000	765,000	855,286	90,286
Licenses, Permits and Fees	16,000	16,000	33,889	17,889
Fines and Forfeitures	213,700	213,700	119,532	(94,168)
Investment Revenue	500	500	1,247	747
Grants	1,500	1,500	1,000	(500)
Rents	29,360	29,360	29,538	178
Other Revenue	15,500	15,500	7,550	(7,950)
<b>Total Revenues</b>	<b>2,942,094</b>	<b>2,942,094</b>	<b>3,032,927</b>	<b>90,833</b>
<b><u>EXPENDITURES:</u></b>				
Personnel Services	2,159,338	2,146,338	2,089,308	(57,030)
Materials and Services	1,047,849	1,060,849	820,863	(239,986)
Capital Outlay	39,500	39,500	15,259	(24,241)
Contingency	261,163	261,163	-	(261,163)
<b>Total Expenditures</b>	<b>3,507,850</b>	<b>3,507,850</b>	<b>2,925,430</b>	<b>(582,420)</b>
Excess (Deficiency) of Revenues Over Expenditures	(565,756)	(565,756)	107,497	673,253
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer In	347,335	347,335	347,335	-
Operating Transfer (Out)	(295,500)	(295,500)	(295,000)	(500)
<b>Total Other Financing Sources (Uses)</b>	<b>51,835</b>	<b>51,835</b>	<b>52,335</b>	<b>(500)</b>
Net Change in Fund Balance	(513,921)	(513,921)	159,832	672,753
Fund Balance - July 1, 2014	700,000	700,000	1,065,126	365,126
<b>Fund Balance - June 30, 2015</b>	<b>\$ 186,079</b>	<b>\$ 186,079</b>	<b>\$ 1,224,958</b>	<b>\$ 1,037,879</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note 1)</u>	<u>Variance</u> <u>with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Taxes and Assessments	\$ 84,000	\$ 84,000	\$ 85,969	\$ 1,969
Intergovernmental	435,000	435,000	478,862	43,862
Grants	81,876	81,876	126,534	44,658
Investment Revenue	900	900	1,926	1,026
Miscellaneous Revenue	50,250	50,250	3,840	(46,410)
<b>Total Revenues</b>	<b>652,026</b>	<b>652,026</b>	<b>697,131</b>	<b>45,105</b>
<b><u>EXPENDITURES:</u></b>				
Personnel Services	84,470	84,470	81,521	(2,949)
Materials and Services	232,780	232,780	80,360	(152,420)
Capital Outlay	360,000	360,000	127,818	(232,182)
Contingency	51,839	51,839	-	(51,839)
<b>Total Expenditures</b>	<b>729,089</b>	<b>729,089</b>	<b>289,699</b>	<b>(439,390)</b>
Excess (Deficiency) of Revenues Over Expenditures	(77,063)	(77,063)	407,432	484,495
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer (Out)	(122,937)	(122,937)	(122,937)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(122,937)</b>	<b>(122,937)</b>	<b>(122,937)</b>	<b>-</b>
Net Change In Fund Balance	(200,000)	(200,000)	284,495	484,495
Fund Balance - July 1, 2014	200,000	200,000	262,968	62,968
<b>Fund Balance - June 30, 2015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 547,463</b>	<b>\$ 547,463</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, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
<b>REVENUES:</b>				
Investment Revenue	\$ 5,000	\$ 5,000	\$ 4,462	\$ (538)
Other Revenue	15,000	15,000	-	(15,000)
<b>Total Revenues</b>	<b>20,000</b>	<b>20,000</b>	<b>4,462</b>	<b>(15,538)</b>
<b>EXPENDITURES:</b>				
Materials and Services	5,000	5,000	-	(5,000)
Capital Outlay	85,000	85,000	76,743	(8,257)
Contingency	740,000	740,000	-	(740,000)
<b>Total Expenditures</b>	<b>830,000</b>	<b>830,000</b>	<b>76,743</b>	<b>(753,257)</b>
Excess (Deficiency) of Revenues Over Expenditures	(810,000)	(810,000)	(72,281)	737,719
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfer In	232,263	232,263	232,263	-
<b>Total Other Financing Sources (Uses)</b>	<b>232,263</b>	<b>232,263</b>	<b>232,263</b>	<b>-</b>
Net Change in Fund Balance	(577,737)	(577,737)	159,982	737,719
Fund Balance - July 1, 2014	901,556	901,556	860,019	(41,537)
<b>Fund Balance - June 30, 2015</b>	<b>\$ 323,819</b>	<b>\$ 323,819</b>	<b>\$ 1,020,001</b>	<b>\$ 696,182</b>

# **CITY OF STAYTON**

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

### **PERS**

#### **Last 10 Fiscal Years\***

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	<u>2015</u>
Employer's proportion of the net pension liability (asset)	0.01355733%
Employer's proportionate share of the net pension liability (asset)	\$ (307,306)
Employer's covered - employee payroll	\$ 967,205
Employer's proportionate share of the net pension liability (asset)	-31.77%
Plan fiduciary net position as a percentage of the total pension liability	103.6%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available



**CITY OF STAYTON**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**PERS**  
**Last 10 Fiscal Years**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually required contribution	\$ 185,123	\$ 172,899	\$ 185,481	\$ 184,103	\$ 161,214	\$ 160,015	\$ 131,615	\$ 134,193	N/A	N/A
Contributions in relation to the contractually required contribution	<u>185,123</u>	<u>172,899</u>	<u>185,481</u>	<u>184,103</u>	<u>161,214</u>	<u>160,015</u>	<u>131,615</u>	<u>134,193</u>	<u>N/A</u>	<u>N/A</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Employer's covered - employee payroll	\$ 967,205	\$ 903,339	\$ 968,064	\$ 960,872	\$1,160,648	\$1,152,016	\$ 947,552	\$ 966,112	N/A	N/A
Contributions as a percentage of covered - employee payroll	19.14%	19.14%	19.16%	19.16%	13.89%	13.89%	13.89%	13.89%	N/A	N/A

**BASIC FINANCIAL**  
**STATEMENTS**

**Proprietary Fund**  
**Financial Statements**

***Water Funds***

# **CITY OF STAYTON**

## **COMBINING STATEMENT OF NET POSITION**

### **WATER UTILITY FUNDS**

**June 30, 2015**

	<u>Water Fund</u>	<u>Water SDC Fund</u>	<u>Total</u>
<b><u>ASSETS:</u></b>			
Current Assets:			
Cash & Investments	\$ 636,657	\$ 208,271	\$ 844,928
Accounts Receivable	130,681	-	130,681
Total Current Assets	767,338	208,271	975,609
Capital Assets:			
Land	31,825	-	31,825
Infrastructure	12,666,022	-	12,666,022
Buildings & Improvements	4,760,274	-	4,760,274
Equipment & Vehicles	809,880	-	809,880
Other Capital Assets	33,316	-	33,316
Less: Accumulated Depreciation	(5,821,987)	-	(5,821,987)
Total Capital Assets, Net of Depreciation	12,479,330	-	12,479,330
<b>Total Assets</b>	<b>\$13,246,668</b>	<b>\$ 208,271</b>	<b>\$ 13,454,939</b>
<b><u>LIABILITIES:</u></b>			
Current Liabilities:			
Accounts Payable	\$ 14,779	\$ -	\$ 14,779
Interest Payable	89,825	-	89,825
Customer Deposits	47,794	-	47,794
Compensated Absences Payable	12,658	-	12,658
OPEB Payable	2,567	-	2,567
Current Portion of Long-Term Debt	203,427	-	203,427
Total Current Liabilities:	371,050	-	371,050
Long-Term Debt, Non-Current Portion	4,366,695	-	4,366,695
<b>Total Liabilities</b>	<b>\$ 4,737,745</b>	<b>\$ -</b>	<b>\$ 4,737,745</b>
<b><u>NET POSITION:</u></b>			
Invested in capital assets, net of related debt	7,909,208	-	7,909,208
Restricted for:			
Capital Projects	-	208,271	208,271
Unrestricted	599,714	-	599,714
<b>Total Net Position</b>	<b>\$ 8,508,922</b>	<b>\$ 208,271</b>	<b>\$ 8,717,193</b>

# **CITY OF STAYTON**

## **Combining Statement of Revenues, Expenses, and Changes in Net Position**

### **WATER UTILITY FUNDS**

**For the Fiscal Year Ended June 30, 2015**

	<u>Water Fund</u>	<u>Water SDC Fund</u>	<u>Total</u>
<b><u>OPERATING REVENUES:</u></b>			
Charges for Services	1,771,901	-	1,771,901
System Development Charges	-	47,662	47,662
<b>Total Operating Revenues</b>	<b>1,771,901</b>	<b>47,662</b>	<b>1,819,563</b>
<b><u>OPERATING EXPENSES:</u></b>			
Personnel Services	384,106	-	384,106
Materials and Services	382,728	2,374	385,102
Depreciation	84,924	-	84,924
<b>Total Operating Expenses</b>	<b>851,758</b>	<b>2,374</b>	<b>854,132</b>
Operating Income (loss)	920,143	45,288	965,431
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>			
Investment Revenue	3,351	954	4,305
Interest Expense	(10,786)	-	(10,786)
Miscellaneous	3,446	-	3,446
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(3,989)</b>	<b>954</b>	<b>(3,035)</b>
Income (loss) before transfers	916,154	46,242	962,396
<b><u>TRANSFERS:</u></b>			
Operating Transfers (Out)	(398,919)	(870)	(399,789)
<b>Total Transfers</b>	<b>(398,919)</b>	<b>(870)</b>	<b>(399,789)</b>
Changes in Net Position	517,235	45,372	562,607
Net Position, July 1, 2014	7,991,687	162,899	8,154,586
<b>Net Position, June 30, 2015</b>	<b>\$ 8,508,922</b>	<b>\$208,271</b>	<b>\$ 8,717,193</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, 2015

	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	\$ 1,754,000	\$ 1,754,000	\$ 1,731,851	\$ (22,149)
Licenses, Permits and Fees	30,000	30,000	40,050	10,050
Investment Revenue	3,500	3,500	3,351	(149)
Other Revenue	10,000	10,000	3,446	(6,554)
<b>Total Revenues</b>	<b>1,797,500</b>	<b>1,797,500</b>	<b>1,778,698</b>	<b>(18,802)</b>
<b><u>EXPENDITURES:</u></b>				
Personnel services	450,572	450,572	387,779	(62,793)
Materials and supplies	497,244	497,244	442,717	(54,527)
Capital Outlay	220,000	220,000	174,408	(45,592)
Contingency	372,954	372,954	-	(372,954)
<b>Total Expenditures</b>	<b>1,899,581</b>	<b>1,899,581</b>	<b>1,363,715</b>	<b>(535,866)</b>
Excess (Deficiency) of Revenues Over Expenditures	(102,081)	(102,081)	414,983	517,064
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer In	1,000	1,000	-	(1,000)
Operating Transfer (Out)	(398,919)	(398,919)	(398,919)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(397,919)</b>	<b>(397,919)</b>	<b>(398,919)</b>	<b>(1,000)</b>
Net Change In Fund Balance	(500,000)	(500,000)	16,064	516,064
Fund Balance - July 1, 2014	700,000	700,000	685,804	(14,196)
<b>Fund Balance - June 30, 2015</b>	<b>\$ 200,000</b>	<b>\$ 200,000</b>	<b>\$ 701,868</b>	<b>\$ 501,868</b>

#### Reconciliation to generally accepted accounting principles basis

Net change in fund balance from above	16,064
Debt Repayment - Principal	196,738
Capital outlay that is capitalized	234,397
Depreciation Expense	(84,924)
Change in Vacation Payable	2,542
Change in Interest Payable	151,287
OPEB Expense	1,131
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Position	<u><u>\$ 517,235</u></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, 2015

	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	\$ 21,360	\$ 21,360	\$ 47,662	\$ 26,302
Investment Revenue	700	700	954	254
<b>Total Revenues</b>	<b>22,060</b>	<b>22,060</b>	<b>48,616</b>	<b>26,556</b>
<b><u>EXPENDITURES:</u></b>				
Materials and Services	67,000	67,000	2,374	(64,626)
Capital Outlay	100,000	100,000	-	(100,000)
<b>Total Expenditures</b>	<b>167,000</b>	<b>167,000</b>	<b>2,374</b>	<b>(164,626)</b>
Excess (Deficiency) of Revenues Over Expenditures	(144,940)	(144,940)	46,242	191,182
<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	(145,810)	(145,810)	45,372	191,182
Fund Balance - July 1, 2014	158,000	158,000	162,899	4,899
<b>Fund Balance - June 30, 2015</b>	<b>\$ 12,190</b>	<b>\$ 12,190</b>	<b>\$ 208,271</b>	<b>\$ 196,081</b>

**BASIC FINANCIAL**  
**STATEMENTS**

**Proprietary Fund**  
**Financial Statements**

***Sewer Funds***

# **CITY OF STAYTON**

## **COMBINING STATEMENT OF NET POSITION**

### **SEWER UTILITY FUNDS**

**June 30, 2015**

	<u>Sewer Fund</u>	<u>Sewer SDC Fund</u>	<u>Total</u>
<b><u>ASSETS:</u></b>			
Current Assets:			
Cash & Investments	\$ 2,875,176	\$ 401,407	\$ 3,276,583
Accounts Receivable	284,465	-	284,465
Total Current Assets	3,159,641	401,407	3,561,048
Capital Assets:			
Land	215,332	-	215,332
Infrastructure	21,364,018	-	21,364,018
Buildings & Improvements	581,837	-	581,837
Equipment & Vehicles	1,058,513	-	1,058,513
Other Capital Assets	1,090,319	-	1,090,319
Less: Accumulated Depreciation	(5,351,843)	-	(5,351,843)
Total Capital Assets, Net of Depreciation	18,958,176	-	18,958,176
Total Assets	\$ 22,117,817	\$ 401,407	\$ 22,519,224
<b><u>LIABILITIES:</u></b>			
Current Liabilities:			
Accounts Payable	25,916	-	25,916
Interest Payable	191,527	-	191,527
Customer Deposits	43,930	-	43,930
Compensated Absences Payable	11,275	-	11,275
OPEB Payable	4,261	-	4,261
Current Portion of Long-Term Debt	453,267	-	453,267
Total Current Liabilities	730,176	-	730,176
Long-Term Debt, Non-Current Portion	12,096,040	-	12,096,040
Total Liabilities	\$ 12,826,216	\$ -	\$ 12,826,216
<b><u>NET POSITION:</u></b>			
Invested in capital assets, net of related debt	6,408,869	-	6,408,869
Restricted for:			
Capital Projects	-	401,407	401,407
Debt Service	522,379	-	522,379
Unrestricted	2,360,352	-	2,360,352
Total Net Position	\$ 9,291,600	\$ 401,407	\$ 9,693,007



# **CITY OF STAYTON**

## **Combining Statement of Revenues, Expenses, and Changes in Net Position**

### **SEWER UTILITY FUNDS**

**For the Fiscal Year Ended June 30, 2015**

	Sewer Fund	Sewer SDC Fund	Total
<b><u>OPERATING REVENUES:</u></b>			
Charges for Services	\$ 2,986,052	\$ -	\$ 2,986,052
System Development Charges	-	57,296	57,296
<b>Total Operating Revenues</b>	<b>2,986,052</b>	<b>57,296</b>	<b>3,043,348</b>
<b><u>OPERATING EXPENSES:</u></b>			
Personnel Services	499,170	-	499,170
Materials and Services	649,733	47,778	697,511
Depreciation	456,533	-	456,533
<b>Total Operating Expenses</b>	<b>1,605,436</b>	<b>47,778</b>	<b>1,653,214</b>
Operating Income (loss)	1,380,616	9,518	1,390,134
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>			
Investment Revenue	12,953	1,957	14,910
Interest Expense	(321,501)	-	(321,501)
Miscellaneous Revenue	15,224	-	15,224
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(293,324)</b>	<b>1,957</b>	<b>(291,367)</b>
Income (loss) before transfers	1,087,292	11,475	1,098,767
<b><u>TRANSFERS:</u></b>			
Operating Transfers (Out)	(414,466)	(1,915)	(416,381)
<b>Total Transfers</b>	<b>(414,466)</b>	<b>(1,915)</b>	<b>(416,381)</b>
Changes in Net Position	672,826	9,560	682,386
Net Position, July 1, 2014	8,618,774	391,847	9,010,621
<b>Net Position, June 30, 2015</b>	<b>\$ 9,291,600</b>	<b>\$ 401,407</b>	<b>\$ 9,693,007</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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for Services	\$ 3,019,230	\$ 3,019,230	\$ 2,985,977	\$ (33,253)
Investment Revenue	12,500	12,500	12,953	453
Other Revenue	12,500	12,500	15,299	2,799
<b>Total Revenues</b>	<b>3,044,230</b>	<b>3,044,230</b>	<b>3,014,229</b>	<b>(30,001)</b>
<b>EXPENDITURES:</b>				
Personnel services	657,968	657,968	501,580	(156,388)
Materials and supplies	1,041,542	1,041,542	724,889	(316,653)
Capital Outlay	685,000	685,000	47,776	(637,224)
Debt Service				
Principal	444,968	444,968	444,968	-
Interest	383,729	383,729	383,719	(10)
Contingency	1,324,900	1,324,900	-	(1,324,900)
<b>Total Expenditures</b>	<b>4,538,107</b>	<b>4,538,107</b>	<b>2,102,932</b>	<b>(2,435,175)</b>
Excess (Deficiency) of Revenues Over Expenditures	(1,493,877)	(1,493,877)	911,297	2,405,174
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfer (Out)	(414,466)	(414,466)	(414,466)	-
Reserved for Future Expenditure	(431,447)	(431,447)	-	(431,447)
<b>Total Other Financing Sources (Uses)</b>	<b>(845,913)</b>	<b>(845,913)</b>	<b>(414,466)</b>	<b>431,447</b>
Net Change In Fund Balance	(2,339,790)	(2,339,790)	496,831	2,836,621
Fund Balance - July 1, 2014	2,450,000	2,450,000	2,589,427	139,427
<b>Fund Balance - June 30, 2015</b>	<b>\$ 110,210</b>	<b>\$ 110,210</b>	<b>\$ 3,086,258</b>	<b>\$ 2,976,048</b>

#### Reconciliation to generally accepted accounting principles basis

Net change in fund balance from above	496,831
Change in Interest Payable	62,218
Debt Repayment - Principal	444,968
Capital outlay that is capitalized	122,932
Depreciation Expense	(456,533)
Change in Vacation Payable	531
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Position	<u>\$ 670,947</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, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
<b><u>REVENUES:</u></b>				
Licenses, Permits and Fees	\$ 42,336	\$ 42,336	\$ 57,296	\$ 14,960
<b>Total Revenues</b>	<b>43,836</b>	<b>43,836</b>	<b>59,253</b>	<b>15,417</b>
<b><u>EXPENDITURES:</u></b>				
Personnel Services	-	-	-	-
Materials and Services	90,000	90,000	47,778	(42,222)
Capital Outlay	100,000	100,000	-	(100,000)
<b>Total Expenditures</b>	<b>190,000</b>	<b>190,000</b>	<b>47,778</b>	<b>(142,222)</b>
Excess (Deficiency) of Revenues Over Expenditures	(146,164)	(146,164)	11,475	157,639
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer (Out)	(231,915)	(231,915)	(1,915)	230,000
<b>Total Other Financing Sources (Uses)</b>	<b>(231,915)</b>	<b>(231,915)</b>	<b>(1,915)</b>	<b>230,000</b>
Net Change In Fund Balance	(378,079)	(378,079)	9,560	387,639
Fund Balance - July 1, 2014	385,000	385,000	391,847	6,847
<b>Fund Balance - June 30, 2015</b>	<b>\$ 6,921</b>	<b>\$ 6,921</b>	<b>\$ 401,407</b>	<b>\$ 394,486</b>

**BASIC FINANCIAL**  
**STATEMENTS**

**Proprietary Fund**  
**Financial Statements**

***Other Enterprise Funds***

# **CITY OF STAYTON**

## **COMBINING STATEMENT OF NET POSITION**

### **NON-MAJOR ENTERPRISE FUNDS**

**June 30, 2015**

	<u>Swimming Pool Fund</u>	<u>Sublimity RECD Fund</u>	<u>Storm Water Fund</u>	<u>Storm SDC Fund</u>	<u>Total</u>
<b><u>ASSETS:</u></b>					
Currents Assets:					
Cash & Investments	\$ 37,707	\$ 95,877	\$ 89,021	\$ 3,634	\$ 226,239
Accounts Receivable	-	-	976	-	976
Property Tax Receivable	8,973	-	-	-	8,973
Total Current Assets	46,680	95,877	89,997	3,634	236,188
Capital Assets:					
Buildings & Improvements	902,187	-	-	-	902,187
Equipment & Vehicles	36,710	-	-	-	36,710
Other Capital Assets	248,201	-	-	-	248,201
Less: Accumulated Depreciation	(817,664)	-	-	-	(817,664)
Total Capital Assets, Net of Depreciation	369,434	-	-	-	369,434
Total Assets	\$ 416,114	\$ 95,877	\$ 89,997	\$ 3,634	\$ 605,622
<b><u>LIABILITIES:</u></b>					
Accounts Payable	7,526	-	21,363	-	28,889
Total Liabilities	7,526	-	21,363	-	28,889
<b><u>NET POSITION:</u></b>					
Invested in capital assets, net of related debt	369,434	-	-	-	369,434
Unrestricted	39,154	95,877	68,634	3,634	207,299
Total Net Position	\$ 408,588	\$ 95,877	\$ 68,634	\$ 3,634	\$ 576,733

# CITY OF STAYTON

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

### NON-MAJOR ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2015

	Swimming Pool Fund	Sublimity RECD Fund	Storm Water Fund	Storm SDC Fund	Total
<b><u>OPERATING REVENUES:</u></b>					
Charges for Services	-	-	214,767	-	214,767
System Development Charges	-	-	-	3,634	3,634
<b>Total Operating Revenues</b>	-	-	214,767	3,634	218,401
<b><u>OPERATING EXPENSES:</u></b>					
Personnel Services	-	-	29,013	-	29,013
Materials and Services	156,867	-	81,841	-	238,708
Depreciation	38,002	-	-	-	38,002
<b>Total Operating Expenses</b>	194,869	-	110,854	-	305,723
Operating Income (loss)	(194,869)	-	103,913	3,634	(87,322)
<b><u>NON-OPERATING REV. (EXP.):</u></b>					
Property Taxes	157,593	-	-	-	157,593
Investment Revenue	279	459	301	-	1,039
Miscellaneous Revenues	25,000	-	400	-	25,400
<b>Total Non-Operating Rev. (Exp.)</b>	182,872	459	701	-	184,032
Income (Loss) Before Transfers	(11,997)	459	104,614	3,634	96,710
<b><u>TRANSFERS:</u></b>					
Operating Transfers In	15,000	-	38,000	-	53,000
Operating Transfers (Out)	-	-	(73,980)	-	(73,980)
<b>Total Transfers</b>	15,000	-	(35,980)	-	(20,980)
Changes in Net Position	3,003	459	68,634	3,634	75,730
Net Position, July 1, 2014	405,585	95,418	-	-	501,003
<b>Net Position, June 30, 2015</b>	<b>\$ 408,588</b>	<b>\$ 95,877</b>	<b>\$ 68,634</b>	<b>\$ 3,634</b>	<b>\$ 576,733</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, 2015

	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	\$ 154,000	\$ 154,000	\$ 158,558	\$ 4,558
Grants and Contributions	23,367	25,000	25,000	-
Investment Revenue	250	250	279	29
<b>Total Revenues</b>	<b>177,617</b>	<b>179,250</b>	<b>183,837</b>	<b>4,587</b>
<b><u>EXPENDITURES:</u></b>				
Materials and Services	157,928	157,928	150,825	(7,103)
Capital Outlay	105,000	155,000	142,385	(12,615)
Contingency	4,689	6,322	-	(6,322)
<b>Total Expenditures</b>	<b>267,617</b>	<b>319,250</b>	<b>293,210</b>	<b>(26,040)</b>
Excess (Deficiency) of Revenues Over Expenditures	(90,000)	(140,000)	(109,373)	30,627
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer In	15,000	15,000	15,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>-</b>
Net Change In Fund Balance	(75,000)	(125,000)	(94,373)	30,627
Fund Balance - July 1, 2014	75,000	125,000	127,076	2,076
<b>Fund Balance - June 30, 2015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 32,703</b>	<b>\$ 32,703</b>

#### Reconciliation to generally accepted accounting principles basis

Net change in fund balance from above	(94,373)
Change in Deferred Revenue	(965)
Capital outlay that is capitalized	136,188
OPEB Expense	155
Depreciation Expense	(38,002)
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Position	<u>\$ 3,003</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, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with
			(Budgetary Basis	Final Budget
			(See Note 1)	Positive
				(Negative)
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 500	\$ 500	\$ 459	\$ (41)
Miscellaneous Revenue	-	-	-	-
<b>Total Revenues</b>	<b>500</b>	<b>500</b>	<b>459</b>	<b>(41)</b>
<b><u>EXPENDITURES:</u></b>				
Materials and Services	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over Expenditures	500	500	459	(41)
Fund Balance - July 1, 2014	96,000	96,000	95,418	(582)
<b>Fund Balance - June 30, 2015</b>	<b>\$ 96,500</b>	<b>\$ 96,500</b>	<b>\$ 95,877</b>	<b>\$ (623)</b>



# CITY OF STAYTON

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

### STORM WATER ENTERPRISE FUND

For the Fiscal Year Ended June 30, 2015

	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	\$ 237,000	\$ 237,000	\$ 214,767	\$ (22,233)
Investment Revenue	200	200	301	101
Miscellaneous Revenue	10,000	10,000	400	(9,600)
<b>Total Revenues</b>	<b>247,200</b>	<b>247,200</b>	<b>215,468</b>	<b>(31,732)</b>
<b><u>EXPENDITURES:</u></b>				
Personnel Services	36,821	36,821	29,013	(7,808)
Materials and Services	82,929	82,929	76,403	(6,526)
Capital Outlay	250,000	250,000	5,438	(244,562)
Contingency	50,000	50,000	-	(50,000)
<b>Total Expenditures</b>	<b>419,750</b>	<b>419,750</b>	<b>110,854</b>	<b>(308,896)</b>
Excess (Deficiency) of Revenues Over Expenditures	(172,550)	(172,550)	104,614	277,164
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer In	268,000	268,000	38,000	(230,000)
Operating Transfer (Out)	(73,980)	(73,980)	(73,980)	-
<b>Total Other Financing Sources (Uses):</b>	<b>194,020</b>	<b>194,020</b>	<b>(35,980)</b>	<b>(230,000)</b>
Net Change In Fund Balance	21,470	21,470	68,634	47,164
Fund Balance - July 1, 2014	-	-	-	-
<b>Fund Balance - June 30, 2015</b>	<b>\$ 21,470</b>	<b>\$ 21,470</b>	<b>\$ 68,634</b>	<b>\$ 47,164</b>

# CITY OF STAYTON

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

### STORM SDC FUND

For the Fiscal Year Ended June 30, 2015

	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	\$ 24,000	\$ 24,000	\$ 3,634	\$ (20,366)
<b>Total Revenues</b>	24,000	24,000	3,634	(20,366)
<b><u>EXPENDITURES:</u></b>				
Materials and Services	10,000	10,000	-	(10,000)
<b>Total Expenditures</b>	10,000	10,000	-	(10,000)
Excess (Deficiency) of Revenues Over Expenditures	14,000	14,000	3,634	(10,366)
Fund Balance - July 1, 2014	-	-	-	-
<b>Fund Balance - June 30, 2015</b>	<b>\$ 14,000</b>	<b>\$ 14,000</b>	<b>\$ 3,634</b>	<b>\$ (10,366)</b>

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

**Non-Major**  
**Governmental Funds**

**CITY OF STAYTON**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2015**

	Combined Non-Major Special Revenue Funds	Combined Non-Major Capital Projects Funds	Total
<b><u>ASSETS:</u></b>			
Cash & Investments	\$ 756,629	\$ 560,869	\$1,317,498
Accounts Receivable	2,339	1,000	3,339
Property Tax Receivable	8,303	-	8,303
<b>Total Assets</b>	<b>767,271</b>	<b>561,869</b>	<b>1,329,140</b>
<b><u>LIABILITIES:</u></b>			
Accounts Payable	17,753	8,595	26,348
Deferred Revenue	5,860	-	5,860
<b>Total Liabilities</b>	<b>23,613</b>	<b>8,595</b>	<b>32,208</b>
<b><u>FUND BALANCES:</u></b>			
Restricted for:			
Street Projects	394,072	-	394,072
Misc Community Projects	4,653	-	4,653
Parks & Recreation Programs	51,197	-	51,197
Committed for:			
Library Programs	120,543	-	120,543
Public Works Programs	81,152	-	81,152
Misc Community Projects	92,041	-	92,041
Misc Capital Projects	-	553,274	553,274
<b>Total Fund Balances</b>	<b>743,658</b>	<b>553,274</b>	<b>1,296,932</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 767,271</b>	<b>\$ 561,869</b>	<b>\$1,329,140</b>

# CITY OF STAYTON

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### NON-MAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2015

	Combined Non-Major Special Revenue Funds	Combined Non-Major Capital Projects Funds	Total
<b><u>REVENUES:</u></b>			
Taxes and Assessments	\$ 153,430	\$ 10,413	\$ 163,843
Intergovernmental	1,351	-	1,351
Licenses and Permits	68,436	-	68,436
Charges for Services	67,421	-	67,421
Grants	47,020	94,863	141,883
Fines and Forfeitures	14,653	-	14,653
Investment Revenue	2,903	1,590	4,493
Other Revenue	139,212	41,211	180,423
<b>Total Revenues</b>	<b>494,426</b>	<b>148,077</b>	<b>642,503</b>
<b><u>EXPENDITURES:</u></b>			
General Government	227,920	-	227,920
Highway and Street	399,482	-	399,482
Culture and Recreation	331,060	54,577	385,637
Capital Outlay	51,888	115,150	167,038
<b>Total Expenditures</b>	<b>1,010,350</b>	<b>169,727</b>	<b>1,180,077</b>
Excess (Deficiency) of Revenues Over Expenditures	(515,924)	(21,650)	(537,574)
<b><u>OTHER FINANCING SOURCES (USES):</u></b>			
Operating Transfers In	554,500	155,509	710,009
Operating Transfers Out	(34,520)	-	(34,520)
<b>Total Other Financing Sources (Uses)</b>	<b>519,980</b>	<b>155,509</b>	<b>675,489</b>
Net Change In Fund Balances	4,056	133,859	137,915
Fund Balance - July 1, 2014	739,602	419,415	1,159,017
<b>Fund Balance - June 30, 2015</b>	<b>\$ 743,658</b>	<b>\$ 553,274</b>	<b>\$ 1,296,932</b>

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

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

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

**June 30, 2015**

	Library Fund	Street SDC Fund	Parks SDC Fund	Public Works Admin. Fund	Trust Fund	Grants Fund	Total
<b><u>ASSETS:</u></b>							
Cash & Investments	\$ 119,158	\$ 394,072	\$ 51,197	\$ 85,018	\$ 102,531	\$ 4,653	\$ 756,629
Accounts Receivable	2,339	-	-	-	-	-	2,339
Property Tax Receivable	8,303	-	-	-	-	-	8,303
<b>Total Assets</b>	<b>129,800</b>	<b>394,072</b>	<b>51,197</b>	<b>85,018</b>	<b>102,531</b>	<b>4,653</b>	<b>767,271</b>
<b><u>LIABILITIES:</u></b>							
Accounts Payable	3,397	-	-	3,866	10,490	-	17,753
Deferred Revenue	5,860	-	-	-	-	-	5,860
<b>Total Liabilities</b>	<b>9,257</b>	<b>-</b>	<b>-</b>	<b>3,866</b>	<b>10,490</b>	<b>-</b>	<b>23,613</b>
<b><u>FUND BALANCES:</u></b>							
Restricted for:							
Street Projects	-	394,072	-	-	-	-	394,072
Misc Community Projects	-	-	-	-	-	4,653	4,653
Parks & Recreation Programs	-	-	51,197	-	-	-	51,197
Committed for:							
Library Programs	120,543	-	-	-	-	-	120,543
Public Works Programs	-	-	-	81,152	-	-	81,152
Misc Community Projects	-	-	-	-	92,041	-	92,041
<b>Total Fund Balances</b>	<b>120,543</b>	<b>394,072</b>	<b>51,197</b>	<b>81,152</b>	<b>92,041</b>	<b>4,653</b>	<b>743,658</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 129,800</b>	<b>\$ 394,072</b>	<b>\$ 51,197</b>	<b>\$ 85,018</b>	<b>\$ 102,531</b>	<b>\$ 4,653</b>	<b>\$ 767,271</b>

# CITY OF STAYTON

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

### NON-MAJOR SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 2015

	Library Fund	Street SDC Fund	Parks SDC Fund	Works Admin Fund	Trust Fund	Grants Fund	Total
<b><u>REVENUES:</u></b>							
Taxes and Assessments	\$ 153,430	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 153,430
Intergovernmental	1,351	-	-	-	-	-	1,351
Licenses and Permits	7,142	35,303	25,991	-	-	-	68,436
Charges for Services	67,421	-	-	-	-	-	67,421
Grants	25,090	-	-	-	-	21,930	47,020
Fines and Forfeitures	14,653	-	-	-	-	-	14,653
Investment Revenue	374	1,863	365	301	-	-	2,903
Other Revenue	-	-	-	48	130,387	8,777	139,212
<b>Total Revenues</b>	269,461	37,166	26,356	349	130,387	30,707	494,426
<b><u>EXPENDITURES:</u></b>							
General Government	-	-	-	-	186,154	41,766	227,920
Highways and Street	-	608	-	398,874	-	-	399,482
Culture and Recreation	331,060	-	-	-	-	-	331,060
Capital Outlay	44,293	-	-	-	-	7,595	51,888
<b>Total Expenditures</b>	375,353	608	-	398,874	186,154	49,361	1,010,350
Excess (Deficiency) of Revenues Over Expenditures	(105,892)	36,558	26,356	(398,525)	(55,767)	(18,654)	(515,924)
<b><u>OTHER FINANCING SOURCES (USES):</u></b>							
Operating Transfers In	139,500	-	-	413,000	-	2,000	554,500
Operating Transfers (Out)	(2,000)	(2,120)	(30,400)	-	-	-	(34,520)
<b>Total Other Financing Sources (Uses)</b>	137,500	(2,120)	(30,400)	413,000	-	2,000	519,980
Net Change In Fund Balances	31,608	34,438	(4,044)	14,475	(55,767)	(16,654)	4,056
Fund Balances, July 1, 2014	88,935	359,634	55,241	66,677	147,808	21,307	739,602
<b>Fund Balances, June 30, 2015</b>	\$ 120,543	\$ 394,072	\$ 51,197	\$ 81,152	\$ 92,041	\$ 4,653	\$ 743,658



# CITY OF STAYTON

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

### LIBRARY FUND

For the Fiscal Year Ended June 30, 2015

	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	\$ 151,000	\$ 151,000	\$ 153,430	\$ 2,430
Intergovernmental	1,339	1,339	1,351	12
Licenses, Permits and Fees	9,500	9,500	7,142	(2,358)
Charges for Services	62,823	62,823	67,421	4,598
Grants and Contributions	25,200	25,200	25,090	(110)
Fines and Forfeitures	15,000	15,000	14,653	(347)
Investment Revenue	400	400	374	(26)
Miscellaneous Revenue	1,000	1,000	-	(1,000)
<b>Total Revenues</b>	<b>266,262</b>	<b>266,262</b>	<b>269,461</b>	<b>3,199</b>
<b><u>EXPENDITURES:</u></b>				
Personnel Services	371,580	361,580	266,923	(94,657)
Materials and Services	67,659	77,659	64,137	(13,522)
Capital Outlay	51,600	51,600	44,293	(7,307)
Contingency	2,923	2,923	-	(2,923)
<b>Total Expenditures</b>	<b>493,762</b>	<b>493,762</b>	<b>375,353</b>	<b>(118,409)</b>
Excess (Deficiency) of Revenues				
Over Expenditures	(227,500)	(227,500)	(105,892)	121,608
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer In	139,500	139,500	139,500	-
Operating Transfer (Out)	(2,000)	(2,000)	(2,000)	-
<b>Total Other Financing Sources (Uses):</b>	<b>137,500</b>	<b>137,500</b>	<b>137,500</b>	<b>-</b>
Net Change In Fund Balance	(90,000)	(90,000)	31,608	121,608
Fund Balance - July 1, 2014	90,000	90,000	88,935	(1,065)
<b>Fund Balance - June 30, 2015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 120,543</b>	<b>\$ 120,543</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note 1)</u>	<u>Variance</u> <u>with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Licenses, Permits and Fees	\$ 83,000	\$ 83,000	\$ 35,303	\$ (47,697)
Investment Revenue	1,200	1,200	1,863	663
<b>Total Revenues</b>	<b>84,200</b>	<b>84,200</b>	<b>37,166</b>	<b>(47,034)</b>
<b>EXPENDITURES:</b>				
Materials and Services	108,500	108,500	608	(107,892)
Capital Outlay	250,000	250,000	-	(250,000)
<b>Total Expenditures</b>	<b>358,500</b>	<b>358,500</b>	<b>608</b>	<b>(357,892)</b>
Excess (Deficiency) of Revenues Over Expenditures	(274,300)	(274,300)	36,558	310,858
<b>OTHER FINANCING SOURCES (USES):</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	(276,420)	(276,420)	34,438	310,858
Fund Balance - July 1, 2014	327,000	327,000	359,634	32,634
<b>Fund Balance - June 30, 2015</b>	<b>\$ 50,580</b>	<b>\$ 50,580</b>	<b>\$ 394,072</b>	<b>\$ 343,492</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u> <u>(See Note 1)</u>	<u>Positive</u> <u>(Negative)</u>
<b><u>REVENUES:</u></b>				
Licenses, Permits and Fees	\$ 23,050	\$ 23,050	\$ 25,991	\$ 2,941
Investment Revenue	120	120	365	245
<b>Total Revenues</b>	<b>23,170</b>	<b>23,170</b>	<b>26,356</b>	<b>3,186</b>
<b><u>EXPENDITURES:</u></b>				
Materials and Services	3,500	3,500	-	(3,500)
Capital Outlay	25,000	25,000	-	(25,000)
<b>Total Expenditures</b>	<b>28,500</b>	<b>28,500</b>	<b>-</b>	<b>(28,500)</b>
Excess (Deficiency) of Revenues Over Expenditures	(5,330)	(5,330)	26,356	31,686
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer (Out)	(30,400)	(30,400)	(30,400)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(30,400)</b>	<b>(30,400)</b>	<b>(30,400)</b>	<b>-</b>
Net Change In Fund Balance	(35,730)	(35,730)	(4,044)	31,686
Fund Balance - July 1, 2014	50,000	50,000	55,241	5,241
<b>Fund Balance - June 30, 2015</b>	<b>\$ 14,270</b>	<b>\$ 14,270</b>	<b>\$ 51,197</b>	<b>\$ 36,927</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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 100	\$ 100	\$ 301	\$ 201
Miscellaneous Revenue	1,000	1,000	48	(952)
<b>Total Revenues</b>	1,100	1,100	349	(751)
<b><u>EXPENDITURES:</u></b>				
Personnel Services	337,460	262,460	218,443	(44,017)
Materials and Services	107,550	182,550	180,431	(2,119)
Contingency	5,090	5,090	-	(5,090)
<b>Total Expenditures</b>	450,100	450,100	398,874	(51,226)
Excess (Deficiency) of Revenues Over Expenditures	(449,000)	(449,000)	(398,525)	50,475
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer In	413,000	413,000	413,000	-
<b>Total Other Financing Sources (Uses):</b>	413,000	413,000	413,000	-
Net Change In Fund Balance	(36,000)	(36,000)	14,475	50,475
Fund Balance - July 1, 2014	36,000	36,000	66,677	30,677
<b>Fund Balance - June 30, 2015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 81,152</b>	<b>\$ 81,152</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note 1)</u>	<u>Variance</u> <u>with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Miscellaneous Revenue	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ 130,387</u>	<u>\$ (219,613)</u>
<b>Total Revenues</b>	<b>350,000</b>	<b>350,000</b>	<b>130,387</b>	<b>(219,613)</b>
<b><u>EXPENDITURES:</u></b>				
Materials and Services	<u>350,000</u>	<u>350,000</u>	<u>186,154</u>	<u>(163,846)</u>
<b>Total Expenditures</b>	<b>350,000</b>	<b>350,000</b>	<b>186,154</b>	<b>(163,846)</b>
Excess (Deficiency) of Revenues Over Expenditures	-	-	(55,767)	(55,767)
Fund Balance - July 1, 2014	<u>150,000</u>	<u>150,000</u>	<u>147,808</u>	<u>(2,192)</u>
<b>Fund Balance - June 30, 2015</b>	<b><u>\$ 150,000</u></b>	<b><u>\$ 150,000</u></b>	<b><u>\$ 92,041</u></b>	<b><u>\$ (57,959)</u></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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES:</u></b>				
Grants	\$ 324,000	\$ 324,000	\$ 21,930	\$ (302,070)
Miscellaneous Revenue	108,000	108,000	8,777	(99,223)
<b>Total Revenues</b>	<b>432,000</b>	<b>432,000</b>	<b>30,707</b>	<b>(401,293)</b>
<b><u>EXPENDITURES:</u></b>				
Personnel Services	97,000	97,000	18,175	(78,825)
Materials and Services	254,500	254,500	23,591	(230,909)
Capital Outlay	111,000	111,000	7,595	(103,405)
<b>Total Expenditures</b>	<b>462,500</b>	<b>462,500</b>	<b>49,361</b>	<b>(413,139)</b>
Excess (Deficiency) of Revenues Over Expenditures	(30,500)	(30,500)	(18,654)	11,846
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer In	42,500	42,500	2,000	(40,500)
<b>Total Other Financing Sources (Uses)</b>	<b>42,500</b>	<b>42,500</b>	<b>2,000</b>	<b>(40,500)</b>
Net Change In Fund Balance	12,000	12,000	(16,654)	(28,654)
Fund Balance - July 1, 2014	100	100	21,307	21,207
<b>Fund Balance - June 30, 2015</b>	<b>\$ 12,100</b>	<b>\$ 12,100</b>	<b>\$ 4,653</b>	<b>\$ (7,447)</b>

# CITY OF STAYTON

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

### BLOCK GRANT FUND

For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis) (See Note 1)	Positive (Negative)
<b><u>REVENUES:</u></b>				
Grants	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
<b>Total Revenues</b>	100,000	100,000	-	(100,000)
<b><u>EXPENDITURES:</u></b>				
Materials and Services	100,000	100,000	-	(100,000)
<b>Total Expenditures</b>	100,000	100,000	-	(100,000)
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
Fund Balance - July 1, 2014	-	-	-	-
<b>Fund Balance - June 30, 2015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

**Capital Projects Funds**  
**(Non-Major)**



# CITY OF STAYTON

## COMBINING BALANCE SHEET

### NON-MAJOR CAPITAL PROJECTS FUNDS

June 30, 2015

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	Facilities Development Fund	Parks Construction Fund	Total
<b><u>ASSETS:</u></b>			
Cash & Investments	\$ 390,165	\$ 170,704	\$ 560,869
Interest Receivable			-
Accounts Receivable	1,000	-	1,000
<b>Total Assets</b>	<b>\$ 391,165</b>	<b>\$ 170,704</b>	<b>\$ 561,869</b>
<b><u>LIABILITIES:</u></b>			
Accounts Payable	\$ 2,723	\$ 5,872	\$ 8,595
<b>Total Liabilities</b>	<b>2,723</b>	<b>5,872</b>	<b>8,595</b>
<b><u>FUND BALANCES:</u></b>			
Committed for:			
Miscellaneous Capital Projects	388,442	164,832	553,274
<b>Total Fund Balances</b>	<b>388,442</b>	<b>164,832</b>	<b>553,274</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 391,165</b>	<b>\$ 170,704</b>	<b>\$ 561,869</b>

# **CITY OF STAYTON**

## **Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances NON-MAJOR CAPITAL PROJECTS FUNDS For the Fiscal Year Ended June 30, 2015**

	Facilities Development Fund	Parks Construction Fund	Total
<b><u>REVENUES:</u></b>			
Taxes and Assessments	\$ -	\$ 10,413	\$ 10,413
Grants	-	94,863	94,863
Investment Revenue	1,590	-	1,590
Other Revenue	41,211	-	41,211
<b>Total Revenues</b>	<b>42,801</b>	<b>105,276</b>	<b>148,077</b>
<b><u>EXPENDITURES:</u></b>			
Materials and Services	54,577	-	54,577
Capital Outlay	63,620	51,530	115,150
<b>Total Expenditures</b>	<b>118,197</b>	<b>51,530</b>	<b>169,727</b>
Excess (Deficiency) of Revenues Over Expenditures	(75,396)	53,746	(21,650)
<b><u>OTHER FINANCING SOURCES (USES):</u></b>			
Operating Transfers In	85,509	70,000	155,509
<b>Total Other Financing Sources (Uses)</b>	<b>85,509</b>	<b>70,000</b>	<b>155,509</b>
Net Change In Fund Balances	10,113	123,746	133,859
Fund Balance - July 1, 2014	378,329	41,086	419,415
<b>Fund Balance - June 30, 2015</b>	<b>\$ 388,442</b>	<b>\$ 164,832</b>	<b>\$ 553,274</b>

# CITY OF STAYTON

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

### FACILITIES DEVELOPMENT FUND (A Non-Major Fund)

For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 2,400	\$ 2,400	\$ 1,590	\$ (810)
Rents	45,546	45,546	40,033	(5,513)
Miscellaneous Revenue	10,000	10,000	1,178	(8,822)
<b>Total Revenues</b>	<b>57,946</b>	<b>57,946</b>	<b>42,801</b>	<b>(15,145)</b>
<b><u>EXPENDITURES:</u></b>				
Materials and Services	110,000	110,000	54,577	(55,423)
Capital Outlay	260,000	260,000	63,620	(196,380)
Contingency	67,000	67,000	-	(67,000)
<b>Total Expenditures</b>	<b>437,000</b>	<b>437,000</b>	<b>118,197</b>	<b>(318,803)</b>
Excess (Deficiency) of Revenues Over Expenditures	(379,054)	(379,054)	(75,396)	303,658
<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	(293,545)	(293,545)	10,113	303,658
Fund Balance - July 1, 2014	321,000	321,000	378,329	57,329
<b>Fund Balance - June 30, 2015</b>	<b>\$ 27,455</b>	<b>\$ 27,455</b>	<b>\$ 388,442</b>	<b>\$ 360,987</b>

# **CITY OF STAYTON**

## **Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

### **PARKS CONSTRUCTION FUND (A Non-Major Fund)**

**For the Fiscal Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Positive Negative</u>
			<u>(See Note 1)</u>	<u>(Negative)</u>
<b><u>REVENUES:</u></b>				
Taxes and Assesments	\$ 15,000	\$ 15,000	\$ 10,413	\$ (4,587)
Grants	462,900	462,900	94,863	(368,037)
<b>Total Revenues</b>	<b>477,900</b>	<b>477,900</b>	<b>105,276</b>	<b>(372,624)</b>
<b><u>EXPENDITURES:</u></b>				
Materials and Services	6,500	6,500	-	(6,500)
Capital Outlay	482,400	482,400	51,530	(430,870)
Contingency	19,000	19,000	-	(19,000)
<b>Total Expenditures</b>	<b>507,900</b>	<b>507,900</b>	<b>51,530</b>	<b>(456,370)</b>
Excess (Deficiency) of Revenues Over Expenditures	(30,000)	(30,000)	53,746	83,746
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer In	30,000	30,000	70,000	40,000
<b>Total Other Financing Sources (Uses)</b>	<b>30,000</b>	<b>30,000</b>	<b>70,000</b>	<b>40,000</b>
Net Change In Fund Balance	-	-	123,746	123,746
Fund Balance - July 1, 2014	-	-	41,086	41,086
<b>Fund Balance - June 30, 2015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 164,832</b>	<b>\$ 164,832</b>

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

**Additional Supporting**  
**Schedules**

# CITY OF STAYTON

## SCHEDULE OF PROPERTY TAXES

For the Fiscal Year Ended June 30, 2015

	General Fund Permanent Rate Tax, Subject to Measure 5	Local Option	Total
Assessed Valuation, 2014-15 Tax Roll	\$ 547,257,803	\$ 547,257,803	\$ 547,257,803
General Fund Permanent Rate Levy, Per \$1,000	0.0033280		
Local Option Levy Rate, Per \$1,000		0.0006000	
Amount Levy Rates Will Raise	1,821,274	328,355	2,149,629
Additional Taxes Outside Measure 5 Limits - Farmland	2,663	480	3,143
Roll Corrections & Omitted Property	73	13	86
Net Tax Levy Imposed	\$ 1,824,010	\$ 328,848	\$ 2,152,858

	Uncollected Balance July 1, 2014	Collector's Adjustment & Discounts Increase (Decrease)	Collections During the Year	Uncollected Balance June 30, 2015
2014-15	\$ 2,152,858	\$ (68,997)	\$ 2,027,740	\$ 56,121
2013-14	62,363	6,312	41,572	27,103
2012-13	32,231	1,559	17,120	16,670
2011-12	18,483	778	12,804	6,457
2010-11	6,888	6,242	10,670	2,460
2009-10	2,490	865	1,553	1,802
2008-09 & Prior	5,433	(450)	1,014	3,969
<b>Total Cash Collections</b>	<b>\$ 2,280,746</b>	<b>\$ (53,691)</b>	<b>\$ 2,112,473</b>	<b>\$ 114,582</b>

Less Accrued Revenue - June 30, 2014	(33,739)
Add Accrued Revenue - June 30, 2015	32,670
<b>Total Property Tax Revenue</b>	<b>\$ 2,111,404</b>

	Prior Year Taxes	Current Year Taxes	Total	Receivable
Revenue Reconciliation by Fund:				
Permanent Rate Measure 5 Levy				
General Fund	\$ 54,219	\$ 1,734,784	\$ 1,789,003	\$ 97,307
Local Option Levy:				
General Fund - Parks	-	10,413	10,413	-
Library Fund	7,202	146,228	153,430	8,303
Swimming Pool Fund	8,114	150,444	158,558	8,973
<b>Totals</b>	<b>\$ 69,535</b>	<b>\$ 2,041,869</b>	<b>\$ 2,111,404</b>	<b>\$ 114,583</b>

# CITY OF STAYTON

## SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2015

	Outstanding Balance July 1, 2014	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2015	Due within One Year
<b>BUSINESS-TYPE ACTIVITIES</b>					
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	\$ 5,240,000		\$ 325,000	\$ 4,915,000	\$ 330,000
Interest	-	158,240	158,240	-	151,750
Totals	\$ 5,240,000	\$ 158,240	\$ 483,240	\$ 4,915,000	\$ 481,750
Business Oregon Water State Revolving Loan					
- Original Balance \$5,138,700					
Dated: February 18, 2009					
Interest Rate: 3.4%					
Principal	\$ 4,766,860	\$ -	\$ 196,738	\$ 4,570,122	\$ 203,427
Interest	-	162,073	162,073	-	148,468
Totals	\$ 4,766,860	\$ 162,073	\$ 358,811	\$ 4,570,122	\$ 351,895
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	\$ 8,199,243		\$ 119,968	\$ 8,079,275	\$ 123,267
Interest	-	225,479	225,479	-	222,180
Totals	\$ 8,199,243	\$ 225,479	\$ 345,447	\$ 8,079,275	\$ 345,447
<b>TOTAL BUSINESS-TYPE ACTIVITIES DEBT AGREEMENTS:</b>					
Principal	\$ 18,206,103	\$ -	\$ 641,706	\$ 17,564,397	\$ 656,694
Interest	-	545,792	545,792	-	522,398
Totals	\$ 18,206,103	\$ 545,792	\$ 1,187,498	\$ 17,564,397	\$ 1,179,092
<b>TOTAL DEBT AGREEMENTS:</b>					
Principal	\$ 18,206,103	\$ -	\$ 641,706	\$ 17,564,397	\$ 656,694
Interest	-	545,792	545,792	-	522,398
Totals	\$ 18,206,103	\$ 545,792	\$ 1,187,498	\$ 17,564,397	\$ 1,179,092

# CITY OF STAYTON

## SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT For the Fiscal Year Ended June 30, 2015

	Fiscal Year Ended June 30,	Total Payment	Principal	Interest	Fiscal Year-end Balance
<b><u>Business-Type Activities</u></b>					
Full Faith and Credit Refunding Obligations	2016	481,750	330,000	151,750	4,585,000
US Bank N.A.	2017	480,150	335,000	145,150	4,250,000
Original Balance -\$5,810,000	2018	480,100	345,000	135,100	3,905,000
Dated: January 3, 2013	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>\$ 6,026,750</b>	<b>\$4,915,000</b>	<b>\$1,111,750</b>	
Business Oregon Water State Revolving Loan	2016	358,811	203,427	148,468	4,366,695
Original Balance \$5,138,700	2017	358,811	210,343	148,468	4,156,352
Dated: February 18, 2009	2018	358,811	217,495	141,316	3,938,857
	2019	358,811	224,890	133,921	3,713,967
	2020	358,811	232,536	126,275	3,481,431
	2021	358,811	240,442	118,369	3,240,989
	2022	358,811	248,617	110,194	2,992,372
	2023	358,811	257,070	101,741	2,735,302
	2024	358,811	265,811	93,000	2,469,491
	2025	358,811	274,848	83,963	2,194,643
	2026	358,811	284,193	74,618	1,910,450
	2027	358,811	293,856	64,955	1,616,594
	2028	358,811	303,847	54,964	1,312,747
	2029	358,811	314,178	44,633	998,569
	2030	358,811	324,860	33,951	673,709
	2031	358,811	335,905	22,906	337,804
	2032	349,292	337,804	11,488	-
<b>Totals</b>		<b>\$ 6,090,268</b>	<b>\$4,570,122</b>	<b>\$1,513,230</b>	

Continued



# CITY OF STAYTON

## SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT (Continued)

For the Fiscal Year Ended June 30, 2015

	Fiscal Year Ended June 30,	Total Payment	Principal	Interest	Fiscal Year-end Balance
<b><u>Business-Type Activities (Cont.)</u></b>					
Sewer Revenue Bonds, US Department of Agriculture Water System Improvement Project	2016	345,447	123,267	222,180	7,956,008
Original Balance \$8,316,000	2017	345,447	126,657	218,790	7,829,351
Dated: September 6, 2012	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>13,126,986</b>	<b>8,079,275</b>	<b>5,042,655</b>	

**ACCOMPANYING**  
**INFORMATION**

**CITY OF STAYTON**  
**INDEPENDENT AUDITOR'S REPORT**  
**REQUIRED BY OREGON STATE REGULATIONS**  
**As of June 30, 2015**

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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, 2015, and have issued our report thereon dated October 26, 2015. 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  
October 26, 2015

# CITY OF STAYTON

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2015

Grantor/Lender Program and Title	Loan Balances
ENVIRONMENTAL PROTECTION AGENCY Passed through Oregon Economic and Community Development Department Capitalization Grants for Safe Drinking Water	\$ 4,570,122
U.S. DEPARTMENT OF AGRICULTURE Water and Waste Water Systems for Rural Communities Revolving Loan	8,079,275
<b>TOTAL FEDERAL LOAN BALANCES</b>	<b>\$ 12,649,397</b>

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, 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 the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Stayton as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise City of Stayton's basic financial statements and have issued my report thereon dated October 26, 2015.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered City of Stayton's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, I do not express an opinion on the effectiveness of City of Stayton's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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  
October 26, 2015