



# **STAYTON, OREGON**

**June 30, 2010**

**Audit Report**

**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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## AUDIT REPORT

**JUNE 30, 2010**

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## CITY OFFICIALS

GERRY ABOUD . . . . . 836 E. Kathy Street, Stayton, OR 97383	Mayor
STEVE FRANK . . . . . 1515 E. Jefferson Street, Stayton, OR 97383	Council Member
JAMES LOFTUS . . . . . 633 N. Third Avenue, Stayton, OR 97383	Council Member
SCOTT VIGIL . . . . . 160 N. Evergreen, Stayton, OR 97383	Council Member
DON WALTERS . . . . . 450 W. Locus Street, Stayton, OR 97383	Council Member
CATHERINE HEMSHORN (resigned May 17, 2010) . . . . . 642 N. Third Avenue, Stayton, OR 97383	Council Member

## CITY ADMINISTRATION

DON EUBANK . . . . .	City Administrator
CHRISTINE SHAFFER . . . . .	Finance Director

**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 City of Stayton, Oregon, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Stayton, Oregon's management. My responsibility is to express opinions on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stayton, Oregon, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 10, 2010, on my consideration of the City of Stayton, Oregon's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of my audit.

The management's discussion and analysis on pages 2 through 8 and the budgetary comparison information on pages 35 through 37 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Stayton, Oregon's basic financial statements. The supplementary information and combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of City of Stayton, Oregon. The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Steve Tuchscherer, CPA  
September 10, 2010

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

**CITY OF STAYTON**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2010**  
**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, 2010. 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, 2010 are as follows:

- The City's net assets increased by \$290,463 which represents a 0.57 percent increase from the previous year. Net assets are \$37,267,172 for governmental activities and \$13,635,049 for business-type activities.
- General revenues from governmental activities accounted for \$3,402,341 in revenue, or 85.28 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$587,374 or 14.72 percent of all revenues for governmental activities. Total revenue from governmental activities is \$3,989,715.
- General revenues from business-type activities accounted for \$180,193 in revenue, or 4.43 percent of all revenues from business-type activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,891,483 or 95.57 percent of all revenues for business-type activities. Total revenue from business-type activities is \$4,071,676.
- The City had \$7,770,927 in program expenses. Of the program expenses, \$1,027,731 was for providing water service, \$1,399,110 was for providing sewer service, and \$353,981 was for operating the municipal pool.
- Among the governmental funds, the General Fund had \$2,794,460 in revenues, which primarily consisted of property taxes. Actual amounts available for appropriation in the General Fund were \$16,037 less than budgeted. General Fund expenditures totaled \$3,302,340 including \$424,800 in interfund transfers out. The General Fund's fund balance decreased \$203,510 to \$725,026 from \$928,536.
- Among proprietary funds, the Water Fund had \$1,501,351 in revenues, which primarily consisted of user fees. The Sewer Fund had \$2,204,506 in revenues, which primarily consisted of user fees. The Swimming Pool Fund had \$286,795 in revenues which primarily consisted of property taxes and user fees. Actual amounts available for appropriations in the Water Fund were \$167,103 less than budgeted. Actual amounts available for appropriations in the Sewer Fund were \$97,532 more than budgeted. Actual amounts available for appropriations in the Swimming Pool Fund were \$50,510 less than budgeted.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

*Government-wide Financial Statements*

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



**CITY OF STAYTON**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2010**  
**Unaudited**

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

*Fund Financial Statements*

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

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

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

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

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

*Notes to the Financial Statements*

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

**CITY OF STAYTON**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2010**  
**Unaudited**

*Other Information*

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

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

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

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

The City's net assets at fiscal year-end are \$50,902,221 this is an increase of \$290,463 or 0.57%.

A significant portion of the City's net assets (88.65% percent) reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, improvements other than buildings, vehicles, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

	<b><u>Summary of Net Assets</u></b>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Assets</b>						
Current and Other Assets	\$ 2,899,627	\$ 2,864,947	\$ 3,358,923	\$ 4,645,503	\$ 6,258,550	\$ 7,510,450
Capital Assets	34,768,922	35,007,570	22,306,060	17,915,704	57,074,982	52,923,274
Total Assets	<u>37,668,549</u>	<u>37,872,517</u>	<u>25,664,983</u>	<u>22,561,207</u>	<u>63,333,532</u>	<u>60,433,724</u>
<b>Liabilities</b>						
Current Liabilities	401,377	506,779	798,452	1,373,226	1,199,829	1,880,005
Long-Term Liabilities	-	9,492	11,231,482	7,932,469	11,231,482	7,941,961
Total Liabilities	<u>401,377</u>	<u>516,271</u>	<u>12,029,934</u>	<u>9,305,695</u>	<u>12,431,311</u>	<u>9,821,966</u>
<b>Net Assets</b>						
Invested in Capital Assets						
Net of Debt	34,768,922	34,986,266	10,356,012	9,569,986	45,124,934	44,556,252
Restricted	-	602,337	1,210,262	1,361,509	1,210,262	1,963,846
Unrestricted	2,498,250	1,767,643	2,068,775	2,324,017	4,567,025	4,091,660
Total Net Assets	<u>\$ 37,267,172</u>	<u>\$ 37,356,246</u>	<u>\$ 13,635,049</u>	<u>\$ 13,255,512</u>	<u>\$ 50,902,221</u>	<u>\$ 50,611,758</u>

**CITY OF STAYTON**  
**Management's Discussion and Analysis (MD&A)**  
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**Changes in net assets** - The City's total revenues for the fiscal year ended June 30, 2010 were \$8,061,391. The total cost of all programs and services was \$7,770,927. The following table shows a comparative analysis of government-wide revenues, expenses and changes in net assets.

**Summary of Changes in Net Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009-10</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2008-09</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 553,172	\$ 487,204	\$ 3,819,031	\$ 3,644,158	\$ 4,372,203	\$4,131,362
Operating Grants and Contributions	822	4,003	-	-	822	4,003
Capital Grants and Contributions	33,380	259,070	72,452	24,792	105,832	283,862
Total Program Revenues	587,374	750,277	3,891,483	3,668,950	4,478,857	4,419,227
General Revenues						
Local Sources						
Property Taxes	1,805,482	1,739,788	123,978	96,026	1,929,460	1,835,814
Franchise Fees	592,567	617,481	-	-	592,567	617,481
Other Taxes	62,595	51,592	-	-	62,595	51,592
Intergovernmental	578,899	503,709	-	-	578,899	503,709
Interest & Investment Earnings	13,776	38,146	17,955	87,806	31,731	125,952
Other Revenues	349,022	28,794	38,260	46,708	387,282	75,502
Total General Revenues	3,402,341	2,979,510	180,193	230,540	3,582,534	3,210,050
Total Revenues	3,989,715	3,729,787	4,071,676	3,899,490	8,061,391	7,629,277
<b>Program Expenses</b>						
General Government	1,593,925	715,030	-	-	1,593,925	715,030
Public Safety	1,937,255	1,983,893	-	-	1,937,255	1,983,893
Highways and Streets	657,579	1,336,371	-	-	657,579	1,336,371
Culture and Recreation	518,885	654,298	-	-	518,885	654,298
Interest Expense	1,582	-	280,879	-	282,461	-
<b>Utility Services</b>						
Water Utilities	-	-	1,027,731	1,007,369	1,027,731	1,007,369
Sewer Utilities	-	-	1,399,110	1,486,330	1,399,110	1,486,330
Swimming Pool	-	-	353,981	363,137	353,981	363,137
Total Program Expenses	4,709,226	4,689,592	3,061,701	2,856,836	7,770,927	7,546,428
<b>Transfers</b>	630,437	353,083	(630,437)	(353,083)	-	-
<b>Prior Period Adjustment</b>	-	1,798,678	-	(65,483)	-	1,733,195
<b>Change in Net Assets</b>	<u>\$ (89,074)</u>	<u>\$ 1,191,956</u>	<u>\$ 379,538</u>	<u>\$ 624,088</u>	<u>\$ 290,464</u>	<u>\$ 1,816,044</u>

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

**CITY OF STAYTON**  
**Management's Discussion and Analysis (MD&A)**  
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**Unaudited**

**Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net (Cost) Profit of Services</u>	
	<u>2009-10</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2008-09</u>
General Government	\$ 1,593,925	\$ 715,030	\$(1,560,909)	\$ (619,217)
Public Safety	1,937,255	1,983,893	(1,609,836)	(1,682,989)
Public Works	657,579	1,336,371	(593,151)	(1,244,375)
Culture and Recreation	518,885	654,298	(356,374)	(392,734)
Interest Expense	<u>1,582</u>	<u>-</u>	<u>(1,582)</u>	<u>-</u>
Total Program Expenses	<u>\$ 4,709,226</u>	<u>\$ 4,689,592</u>	<u>\$(4,121,852)</u>	<u>\$(3,939,315)</u>

The dependence on general revenues for general government activities is apparent. For 2009-10 87.53 percent of general government activities are supported through general revenues

**Business-Type Activities**

	<u>Total Cost of Services</u>		<u>Net (Cost) Profit of Services</u>	
	<u>2009-10</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2008-09</u>
Utility Services	\$ 2,426,841	\$ 2,493,699	\$ 1,342,984	\$ 1,024,553
Swimming Pool	353,981	363,137	(232,323)	(212,439)
Interest on Long-Term Debt	<u>280,879</u>	<u>-</u>	<u>(280,879)</u>	<u>-</u>
Total Program Expenses	<u>\$ 3,061,701</u>	<u>\$ 2,856,836</u>	<u>\$ 829,782</u>	<u>\$ 812,114</u>

Business type activities increased the City's net assets by \$379,538. Of the business-type activities, the Sewer Fund, Water Fund and Swimming Pool Fund accounted for approximately 39.41%, 57.40% and 3.19% of revenues, respectively.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

***Governmental Funds***

As the City completed the year, its governmental funds reported a combined fund balance of \$2,534,312, an increase of \$154,695. The fund balance constitutes unreserved, undesignated, reserved, and designated amounts. Of the current fund balances, \$1,528,400 is reserved for special revenue funds, \$280,886 is reserved for capital projects and \$725,026 is unreserved or undesignated and available for spending at the City's discretion.

**CITY OF STAYTON**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2010**  
**Unaudited**

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The General Fund is the principal operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$725,026, a decrease of \$203,510.

*Proprietary Funds*

The City's enterprise funds reported unrestricted net assets of \$2,068,775, a decrease of \$255,242. The enterprise funds also report \$336,767 in restricted net assets for debt service, \$290,582 in restricted net assets for capital projects, \$582,913 in restricted net assets for other purposes and \$10,356,012 in net assets invested in capital assets, net of related debt.

**Budgetary Highlights**

General Fund resources were budgeted and anticipated to be collected in the amount of \$4,043,403 during the fiscal year. Actual resources of \$4,027,366 were available, \$16,037 less than budgeted. General Fund expenditures budget was under-spent by \$586,063. The ending fund balance was greater than what was budgeted by \$570,026 but less than the prior year by \$203,510.

The Sewer Fund balance decreased during the fiscal year while the Water Fund balance increased. Both funds remained within the expenditure budgets in all appropriation areas. The Water Fund's actual resources were less than budgeted by \$167,103 primarily as a result of user fees being less than anticipated. The Sewer Fund's actual resources were more than budgeted by \$97,532 primarily as a result of the beginning fund balance being greater than budgeted.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2010, the City had invested, before net reduction for accumulated depreciation, \$87,798,628 in capital assets, including buildings, land, vehicles, water and sewer utility systems, and other equipment. This amount represents an increase of \$5,345,559 over the prior year.

Total depreciation expense for the year was \$1,226,934. 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, 2010 the City had total debt outstanding of \$11,653,856. The City received additional loan proceeds during the year in the amount of \$3,721,425 for water system improvements. Existing debt was reduced by \$570,041. Interest paid on the debt amounted to \$296,981.

Additional information on the City's long-term debt can be found in Note 4 of the Notes to the Basic Financial Statements.

**CITY OF STAYTON**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2010**  
**Unaudited**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Many factors were considered by the City's officials during the process of developing the fiscal year 2010-2011 budget. The City's budget for the fiscal year ending June 30, 2011 is fairly consistent with the current fiscal year. The City considered the current economic environment, no increase in the current property tax rate, limited growth in revenues, and expected inflationary increases in expenditures when establishing the budget.

Amounts available for appropriation in the General Fund are \$3,829,296 for the fiscal year 2010-11, a decrease of \$214,107 or 5.3%. The significant cause of this decrease is the beginning fund balance being less than the prior year. No new programs were added to the 2010-2011 budget.

The City is budgeting a \$175,398 or 8.97 percent increase in Water Fund revenues, due to rate increases to customers. The Water Fund is budgeting a \$382,990 increase in debt service expenditures to pay for loans associated with the water system improvements recently completed. The City is budgeting a \$613,896 or 11.91 percent decrease in Sewer Fund Revenue. The beginning fund balance is expected to be \$602,363 less than the current fiscal year. In addition, the city elected to postpone the proposed rate increase.

With the exceptions noted above, operating costs of both governmental activities and business-type activities are expected to be similar to those of the 2009-10 period.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

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

**BASIC FINANCIAL**  
**STATEMENTS**

**GOVERNMENT-WIDE**  
**FINANCIAL STATEMENTS**



**CITY OF STAYTON**  
**STATEMENT OF NET ASSETS**

**JUNE 30, 2010**

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Investments	\$ 2,358,181	\$ 2,954,139	\$ 5,312,320
Receivables	473,283	404,784	878,067
Advances to Other Funds	68,163	-	68,163
Total Current Assets	2,899,627	3,358,923	6,258,550
Capital Assets:			
Land	1,728,657	225,743	1,954,400
Construction in Progress	-	5,555,970	5,555,970
Buildings & Improvements	3,734,047	21,493,361	25,227,408
Equipment & Vehicles	1,153,023	963,687	2,116,710
Infrastructure	48,720,555	1,018,753	49,739,308
Other Capital Assets	1,720,754	1,484,078	3,204,832
Less: Accumulated Depreciation	(22,288,114)	(8,435,532)	(30,723,646)
Total Capital Assets, Net of Depreciation	34,768,922	22,306,060	57,074,982
<b>Total Assets</b>	<b>\$ 37,668,549</b>	<b>\$ 25,664,983</b>	<b>\$ 63,333,532</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 58,592	\$ 162,027	\$ 220,619
Interest Payable	-	66,848	66,848
Customer Deposits	100	48,036	48,136
Deferred Revenue	200,000	-	200,000
Advances from Other Funds	-	68,163	68,163
Accrued Compensated Absences	124,428	19,782	144,210
OPEB Payable	18,257	11,222	29,479
Current Portion of Long-Term Liabilities:			
Bonds Payable	-	422,374	422,374
Total Current Liabilities	401,377	798,452	1,199,829
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Bonds Payable	-	11,231,482	11,231,482
Total Long-Term Liabilities	-	11,231,482	11,231,482
<b>Total Liabilities</b>	<b>\$ 401,377</b>	<b>\$ 12,029,934</b>	<b>\$ 12,431,311</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 34,768,922	\$ 10,356,012	\$ 45,124,934
Restricted for:			
Capital Projects	276,018	290,582	566,600
Debt Service	695,043	336,767	1,031,810
Other Projects	570,378	582,913	1,153,291
Unrestricted	956,811	2,068,775	3,025,586
<b>Total Net Assets</b>	<b>\$ 37,267,172</b>	<b>\$ 13,635,049</b>	<b>\$ 50,902,221</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, 2010**

	<u>(Expenses)</u>	<u>Program Revenues</u>			<u>Net</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>(Expense) Revenue and Change in Net Assets</u>
<b>Governmental Activities:</b>					
General Government	\$ 1,593,925	\$ 32,194	\$ 822	\$ -	\$ (1,560,909)
Public Safety	1,937,255	304,039	-	23,380	(1,609,836)
Highway and Streets	657,579	64,428	-	-	(593,151)
Culture and Recreation	518,885	152,511	-	10,000	(356,374)
Interest Expense	1,582	-	-	-	(1,582)
<b>Total Governmental Activities</b>	<b>\$ 4,709,226</b>	<b>\$ 553,172</b>	<b>\$ 822</b>	<b>\$ 33,380</b>	<b>\$ (4,121,852)</b>
<b>Business-type Activities:</b>					
Water Utilities	\$ 1,027,731	\$ 1,505,089	\$ -	\$ 72,452	\$ 549,810
Sewer Utilities	1,399,110	2,192,284	-	-	793,174
Swimming Pool	353,981	121,658	-	-	(232,323)
Interest on Long-Term Debt	280,879	-	-	-	(280,879)
<b>Total Business-type Activities</b>	<b>\$ 3,061,701</b>	<b>\$ 3,819,031</b>	<b>\$ -</b>	<b>\$ 72,452</b>	<b>\$ 829,782</b>
<b>Total Primary Government</b>	<b>\$ 7,770,927</b>	<b>\$ 4,372,203</b>	<b>\$ 822</b>	<b>\$ 105,832</b>	<b>\$ (3,292,070)</b>
			<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Changes in Net Assets:</b>					
<b>Net (expense) revenue</b>			\$ (4,121,852)	\$ 829,782	\$ (3,292,070)
<b>General Revenues:</b>					
Local Sources:					
Property Taxes, levied for general purposes			1,805,482	123,978	1,929,460
Intergovernmental Tax Turnovers			578,899	-	578,899
State Revenue Sharing			62,595	-	62,595
Franchise Taxes			592,567	-	592,567
Interest and Investment Earnings			13,776	17,955	31,731
Other Revenue			349,022	38,260	387,282
Interfund Transfers			630,437	(630,437)	-
<b>Subtotal - General Revenues</b>			<b>4,032,778</b>	<b>(450,244)</b>	<b>3,582,534</b>
Change in Net Assets			(89,074)	379,538	290,464
Net Assets, July 1, 2009			37,356,246	13,255,511	50,611,757
<b>Net Assets, June 30, 2010</b>			<b>\$ 37,267,172</b>	<b>\$ 13,635,049</b>	<b>\$ 50,902,221</b>

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

**GOVERNMENTAL FUND**

**FINANCIAL STATEMENTS**

**CITY OF STAYTON**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

	<b>General Fund</b>	<b>Housing Rehabilitation Fund</b>	<b>Vehicle Replacement Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and Investments	\$ 616,523	\$ -	\$ 624,451	\$ 1,117,207	\$ 2,358,181
Receivables:					
Accounts	109,473	-	-	28,111	137,584
Loans	-	200,000	-	-	200,000
Property Tax	124,001	-	-	11,698	135,699
Advances to Other Funds	-	-	68,163	-	68,163
<b>Total Assets</b>	<b>\$ 849,997</b>	<b>\$ 200,000</b>	<b>\$ 692,614</b>	<b>\$ 1,157,016</b>	<b>\$ 2,899,627</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 27,349	\$ -	\$ -	\$ 31,243	\$ 58,592
Deposits	100	-	-	-	100
Deferred Revenue	97,522	200,000	-	9,101	306,623
<b>Total Liabilities</b>	<b>124,971</b>	<b>200,000</b>	<b>-</b>	<b>40,344</b>	<b>365,315</b>
Fund Balances:					
Unreserved	725,026	-	-	-	725,026
Reserved for:					
Special Revenue Funds	-	-	692,614	835,786	1,528,400
Capital Projects Funds	-	-	-	280,886	280,886
<b>Total Fund Balances</b>	<b>725,026</b>	<b>-</b>	<b>692,614</b>	<b>1,116,672</b>	<b>2,534,312</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 849,997</b>	<b>\$ 200,000</b>	<b>\$ 692,614</b>	<b>\$ 1,157,016</b>	<b>\$ 2,899,627</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 ASSETS**

**JUNE 30, 2010**

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**Total Fund Balances - Governmental Funds** \$ 2,534,312

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

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

The cost of the assets is -	\$ 57,057,036	
The accumulated depreciation is -	<u>(22,288,114)</u>	
Net Value of Assets		34,768,922

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

Property Taxes	106,623
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Other Post-Employment Benefits Payable	(18,257)
Accrued Compensated Absences	<u>(124,428)</u>

<b>Net Assets of Governmental Activities</b>	<b><u><u>\$ 37,267,172</u></u></b>
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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 BALANCE**

**GOVERNMENTAL FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<b>General Fund</b>	<b>Housing Rehabilitation Fund</b>	<b>Vehicle Replacement Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>					
Taxes and Assessments	\$ 1,628,512	\$ -	\$ -	\$ 196,160	\$ 1,824,672
Intergovernmental	162,244	-	-	479,250	641,494
Franchise Fees	592,567	-	-	-	592,567
Licenses & Permits	32,194	-	-	79,091	111,285
Charges for Service	261,749	-	-	58,070	319,819
Fines and Forfeitures	43,292	-	-	16,571	59,863
Investment Revenue	-	-	4,748	9,028	13,776
Grants	822	-	-	95,585	96,407
Other Revenue	73,080	-	-	275,942	349,022
<b>Total Revenues</b>	<b>2,794,460</b>	<b>-</b>	<b>4,748</b>	<b>1,209,697</b>	<b>4,008,905</b>
<b>EXPENDITURES:</b>					
Current Operating:					
General Government	679,969	-	-	95,955	775,924
Public Safety	1,892,974	-	-	30,370	1,923,344
Highway and Streets	88,150	-	-	568,907	657,057
Culture and Recreation	183,079	-	-	334,971	518,050
Debt Service	22,886	-	-	-	22,886
Capital Outlay	10,482	-	56,330	520,574	587,386
<b>Total Expenditures</b>	<b>2,877,540</b>	<b>-</b>	<b>56,330</b>	<b>1,550,777</b>	<b>4,484,647</b>
Excess (Deficiency) of Revenues					
Over Expenditures	(83,080)	-	(51,582)	(341,080)	(475,742)
<b>OTHER FINANCING SOURCES (USES):</b>					
Interfund Transfers In	304,370	-	197,267	685,500	1,187,137
Interfund Transfers (Out)	(424,800)	-	-	(131,900)	(556,700)
<b>Total Other Financing Sources (Uses)</b>	<b>(120,430)</b>	<b>-</b>	<b>197,267</b>	<b>553,600</b>	<b>630,437</b>
<b>Net Change in Fund Balances</b>	<b>(203,510)</b>	<b>-</b>	<b>145,685</b>	<b>212,520</b>	<b>154,695</b>
FUND BALANCES, July 1, 2009	928,536	-	546,929	904,152	2,379,617
<b>FUND BALANCES, June 30, 2010</b>	<b>\$ 725,026</b>	<b>\$ -</b>	<b>\$ 692,614</b>	<b>\$ 1,116,672</b>	<b>\$ 2,534,312</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 BALANCE - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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**Net changes in fund balances - total governmental funds** \$ 154,695

**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	\$ 559,239	
Less current year depreciation	<u>(797,887)</u>	(238,648)

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	(19,190)	(19,190)
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Additions to certain payroll liabilities are reported as an expense in the Statement of Activities.

Vacation Payable	11,022	
Other Post-Employment Benefits Payable	(18,257)	

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

Retirement of debt principal is as follows:

Capital Leases Payable	<u>21,304</u>	21,304
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<b>Changes in net assets of governmental assets</b>	<b>\$ (89,074)</b>
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**PROPRIETARY FUND**  
**FINANCIAL STATEMENTS**



**CITY OF STAYTON**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2010**

	<b>Enterprise Funds</b>			<b>Total Proprietary Funds</b>
	<b>Water Utility Fund</b>	<b>Sewer Utility Fund</b>	<b>Other Funds</b>	
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 569,465	\$ 2,264,151	\$ 120,523	\$ 2,954,139
Advances to Other Funds	-	188,564	-	188,564
Receivables	157,547	\$ 238,188	9,049	404,784
<b>Total Current Assets</b>	<b>727,012</b>	<b>2,690,903</b>	<b>129,572</b>	<b>3,547,487</b>
Capital Assets:				
Land	10,411	215,332	-	225,743
Construction in Progress	4,519,468	1,036,502	-	5,555,970
Infrastructure	11,592,336	9,901,025	-	21,493,361
Buildings & Improvements	50,087	440,554	473,046	963,687
Equipment & Vehicles	398,974	601,125	18,654	1,018,753
Other Capital Assets	33,316	953,538	497,224	1,484,078
Less: Accumulated Depreciation	(3,766,753)	(3,976,047)	(692,732)	(8,435,532)
<b>Total Capital Assets, Net of Depreciation</b>	<b>12,837,839</b>	<b>9,172,029</b>	<b>296,192</b>	<b>22,306,060</b>
<b>Total Assets</b>	<b>13,564,851</b>	<b>11,862,932</b>	<b>425,764</b>	<b>25,853,547</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	110,438	48,386	3,203	162,027
Interest Payable	7,546	59,302	-	66,848
Customer Deposits	24,018	24,018	-	48,036
Accrued Compensated Absences	10,125	5,434	4,223	19,782
OPEB Payable	4,488	4,271	2,463	11,222
Advances from Other Funds	-	188,564	68,163	256,727
Current Portion of Long-Term Obligations	196,025	226,349	-	422,374
<b>Total Current Liabilities</b>	<b>352,640</b>	<b>556,324</b>	<b>78,052</b>	<b>987,016</b>
Long-Term Obligations	4,893,555	6,337,927	-	11,231,482
<b>Total Long-Term Liabilities</b>	<b>4,893,555</b>	<b>6,337,927</b>	<b>-</b>	<b>11,231,482</b>
<b>Total Liabilities</b>	<b>5,246,195</b>	<b>6,894,251</b>	<b>78,052</b>	<b>12,218,498</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	7,748,259	2,607,753	-	10,356,012
Restricted for:				
Capital Projects	49,827	240,755	-	290,582
Debt Service	-	336,767	-	336,767
Other Purposes	211,183	24,018	347,712	582,913
Unrestricted	309,387	1,759,388	-	2,068,775
<b>Total Net Assets</b>	<b>\$ 8,318,656</b>	<b>\$ 4,968,681</b>	<b>\$ 347,712</b>	<b>\$ 13,635,049</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 ASSETS

### PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Enterprise Funds			Total Proprietary Funds
	Water Utility Funds	Sewer Utility Funds	Other Funds	
OPERATING REVENUES:				
Charges for Services & Fees	\$ 1,499,749	\$ 2,185,228	\$ 121,658	\$ 3,806,635
Developer Reimbursements	5,340	7,056	-	12,396
<b>Total Revenues</b>	<b>1,505,089</b>	<b>2,192,284</b>	<b>121,658</b>	<b>3,819,031</b>
OPERATING EXPENSES:				
Personal Services	456,681	446,949	228,436	1,132,066
Materials and Supplies	360,580	749,851	109,279	1,219,710
Depreciation Expense	210,470	202,310	16,266	429,046
<b>Total Operating Expenses</b>	<b>1,027,731</b>	<b>1,399,110</b>	<b>353,981</b>	<b>2,780,822</b>
<b>Income (Loss) from Operations</b>	<b>477,358</b>	<b>793,174</b>	<b>(232,323)</b>	<b>1,038,209</b>
NON-OPERATING REVENUES (EXPENSES):				
Property Taxes	-	-	123,978	123,978
Intergovernmental- Grants	72,452	-	-	72,452
Investment Revenue	2,637	14,575	743	17,955
Interest Expense	(16,456)	(262,623)	(1,800)	(280,879)
Miscellaneous	615	8,017	29,628	38,260
<b>Total Non-Operating Revenues (Expenses)</b>	<b>59,248</b>	<b>(240,031)</b>	<b>152,549</b>	<b>(28,234)</b>
<b>Income before Transfers</b>	<b>536,606</b>	<b>553,143</b>	<b>(79,774)</b>	<b>1,009,975</b>
TRANSFERS:				
Transfers from Other Funds	108,140	999,000	91,300	1,198,440
Transfers to Other Funds	(434,547)	(1,394,330)	-	(1,828,877)
<b>Changes in Net Assets</b>	<b>210,199</b>	<b>157,813</b>	<b>11,526</b>	<b>379,538</b>
TOTAL NET ASSETS, June 30, 2009	8,108,457	4,810,868	336,186	13,255,511
<b>TOTAL NET ASSETS, June 30, 2010</b>	<b>\$ 8,318,656</b>	<b>\$ 4,968,681</b>	<b>\$ 347,712</b>	<b>\$ 13,635,049</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, 2010**

	<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>Cash Flows from Operating Activities:</u></b>				
Cash Received from User Charges	\$ 1,543,190	\$ 2,108,692	\$ 125,579	\$ 3,777,461
Cash Payments for Employee Services	(457,465)	(447,360)	(228,616)	(1,133,441)
Cash Payments to Suppliers	(475,302)	(967,382)	(108,287)	(1,550,971)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>610,423</b>	<b>693,950</b>	<b>(211,324)</b>	<b>1,093,049</b>
<b><u>Cash Flows from Non-capital Financing Activities:</u></b>				
Transfer from Other Funds	108,140	999,000	91,300	1,198,440
Transfer to Other Funds	(434,547)	(1,394,330)	-	(1,828,877)
Repayment of Short Term Borrowing	(5,154)	(147,721)	-	(152,875)
<b>Net Cash Provided (Used) by Non-capital Financing Activities</b>	<b>(331,561)</b>	<b>(543,051)</b>	<b>91,300</b>	<b>(783,312)</b>
<b><u>Cash Flows from Capital and Related Financing Activities:</u></b>				
Proceeds from Long-Term Debt	3,721,425	-	-	3,721,425
Proceeds from collection of Property Taxes	-	-	123,978	123,978
Proceeds from collection of Grants Other Non-Operating Revenue	73,067	8,017	29,628	110,712
Acquisition of Capital Assets	(3,846,884)	(960,331)	(12,187)	(4,819,402)
Principal Paid on Long Term Debt	(194,247)	(219,040)	(21,837)	(435,124)
Interest Paid on Long Term Debt	(20,339)	(271,177)	(1,800)	(293,316)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(266,978)</b>	<b>(1,442,531)</b>	<b>117,782</b>	<b>(1,591,727)</b>
<b><u>Cash Flows from Investing Activities:</u></b>				
Investment Income	2,637	14,575	743	17,955
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>2,637</b>	<b>14,575</b>	<b>743</b>	<b>17,955</b>
Cash and Cash Equivalents at July 1, 2009	550,455	3,536,939	119,559	4,206,953
<b>Cash and Cash Equivalents at June 30, 2010</b>	<b>\$ 564,976</b>	<b>\$ 2,259,882</b>	<b>\$ 118,060</b>	<b>\$ 2,942,918</b>
<b><u>Reconciliation of income (loss) from operations</u></b>				
<b><u>to net cash provided (used) by operating activities:</u></b>				
Income (loss) from operations	\$ 477,358	\$ 793,174	\$ (232,323)	\$ 1,038,209
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:				
Depreciation	210,470	202,310	16,266	429,046
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	141,442	131,278	3,921	276,641
Increase (decrease) in deposits	721	721	-	1,442
Increase (decrease) in payables	(115,506)	(217,942)	812	(332,636)
Increase (decrease) in deferred revenues	(104,062)	(215,591)	-	(319,653)
Net cash provided (used) by operating activities	<b>\$ 610,423</b>	<b>\$ 693,950</b>	<b>\$ (211,324)</b>	<b>\$ 1,093,049</b>

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

**NOTES**

**TO THE BASIC**

**FINANCIAL STATEMENT**

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

JUNE 30, 2010

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

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

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

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

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

JUNE 30, 2010

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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.

Housing Rehabilitation Fund – The Housing Rehabilitation Fund is used to account for grant proceeds and expenditures used to improve buildings within the city limits.

Vehicle Replacement Fund – The Vehicle Replacement Fund provides funds to replace 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 Fund, Street SDC Fund, Park SDC Fund, Public Works Administration Fund, Grants Fund, 911 Agency Fund, Trust Fund, and NEDCO Fund.

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

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

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

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

Swimming Pool Fund - The Swimming Pool Fund is used to account for the operation of the Stayton Memorial Pool. The pool provides a variety of aquatic activities to Stayton area residents.

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

JUNE 30, 2010

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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 assets available to finance the program. It is the city's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the city's Sewer and Water Funds are charges to customers for sales and services. These funds also recognize fees intended to recover the cost of connecting new customers to the city's utility systems as operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

JUNE 30, 2010

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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

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

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

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

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

F. Property Taxes

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

G. Accumulated Compensated Absences

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



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

JUNE 30, 2010

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

H. Receivables & Payables

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

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

I. Deferred Revenue

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

J. Inventory

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

K. Restricted Assets and Liabilities

Certain resources are set aside and restricted for future bond payments and the related liability, are segregated in the statements of net assets and are classified as restricted assets on the Statement of Net Assets because their use is limited. For the fiscal year ended June 30, 2010 the City had sinking funds for debt service of \$336,767 in restricted assets.

L. Long-Term Debt

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

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

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

JUNE 30, 2010

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

**M. Capital Assets**

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

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

The estimated useful lives are as follows:

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

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

**N. 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.

**O. Equity Classifications**

*Government-wide Statements*

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

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

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

JUNE 30, 2010

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

O. Equity Classifications (Cont.)

*Fund Financial Statements*

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

P. 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.

**2. CASH AND INVESTMENTS:**

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

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

Investments, including amounts held in pool cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market prices, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

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

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

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

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

JUNE 30, 2010

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

As of June 30, 2010, the reported amount of the City's deposits was \$88,383 and the bank balance was \$475,628. Of the bank balance, the entire amount was covered by federal depository insurance or by pledged securities with the qualifying depository banks.

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

Credit Risk - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2010, the City's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

At June 30, 2010, the City's investments in financial institutions were exposed to custodial credit risk as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government Investment Pool (LGIP)	<u>\$ 5,234,947</u>	N/A
Total Investments	<u><u>\$ 5,234,947</u></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.

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

JUNE 30, 2010

**3. CAPITAL ASSETS:**

The following is a summary of capital asset activity for the fiscal year ended June 30, 2010:

<b>Governmental Activities</b>	June 30, 2009	Additions	Deletions	June 30, 2010
<b>Assets not being depreciated:</b>				
Land	\$ 1,537,242	\$ 191,415	\$ -	\$ 1,728,657
<b>Assets being depreciated:</b>				
Building and Building Improvements	3,683,122	50,925	-	3,734,047
Other Improvements	1,708,567	12,187	-	1,720,754
Equipment and Vehicles	1,076,564	83,258	6,799	1,153,023
Infrastructure*	48,499,101	221,454	-	48,720,555
Total Depreciable Assets	54,967,354	367,824	6,799	55,328,379
<b>Less: Accumulated Depreciation</b>				
Building and Building Improvements	997,472	16,813	-	1,014,285
Other Improvements	520,557	58,262	-	578,819
Equipment and Vehicles	515,066	70,942	6,799	579,209
Infrastructure*	19,463,931	651,870	-	20,115,801
Total Accumulated Depreciation	21,497,026	797,887	6,799	22,288,114
Net Value of Capital Assets Being Depreciated	33,470,328	(430,063)	-	33,040,265
Total Governmental Activities--Net Value of Capital Assets	<u>\$ 35,007,570</u>	<u>\$ (238,648)</u>	<u>\$ -</u>	<u>\$ 34,768,922</u>
<b>Business-type Activities</b>				
<b>Assets not being depreciated:</b>				
Land	\$ 225,743	\$ -	\$ -	\$ 225,743
Construction-In-Process	1,017,229	4,538,741	-	5,555,970
<b>Assets being depreciated:</b>				
Building and Building Improvements	911,613	52,074	-	963,687
Other Improvements	1,484,078	-	-	1,484,078
Equipment and Vehicles	945,503	99,533	26,283	1,018,753
Infrastructure*	21,364,307	129,054	-	21,493,361
Total Depreciable Assets	24,705,501	280,661	26,283	24,959,879
<b>Less: Accumulated Depreciation</b>				
Building and Building Improvements	492,922	38,885	-	531,807
Other Improvements	1,382,840	4,115	-	1,386,955
Equipment and Vehicles	477,582	85,814	26,283	589,679
Infrastructure*	5,679,425	300,233	-	5,979,658
Total Accumulated Depreciation	8,032,769	429,047	26,283	8,488,099
Net Value of Capital Assets Being Depreciated	16,672,732	(148,386)	-	16,471,780
Total Business-type Activities--Net Value of Capital Assets	<u>\$ 17,915,704</u>	<u>\$ 4,390,355</u>	<u>\$ -</u>	<u>\$ 22,253,493</u>
Total Net Assets of Primary Government	<u>\$ 52,923,274</u>	<u>\$ 4,151,707</u>	<u>\$ -</u>	<u>\$ 57,022,415</u>

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

Governmental Activities:		Business-Type Activities	
General Government	\$ 797,887	Water Utilities	\$ 210,470
		Sewer Utilities	202,310
		Swimming Pool	16,267
Total depreciation expense - governmental activities	<u>\$ 797,887</u>		<u>\$ 429,047</u>

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

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

JUNE 30, 2010

**4. LONG-TERM DEBT:**

In the following paragraphs, long-term debt information is presented separately with respect to governmental and business-type activities. The table below presents current year changes in those obligations and the current portions due for each issue.

	Outstanding Balance July 1, 2009	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2010	Due within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
<u>Capital Leases</u>					
Lease Payable to Old National Bank for purchase of a police car					
Interest Rate: 7.92%					
Principal	\$ 21,304	\$ -	\$ 21,304	\$ -	\$ -
Interest	-	1,582	1,582	-	-
Totals	\$ 21,304	\$ 1,582	\$ 22,886	\$ -	\$ -
<b>TOTAL GOVERNMENTAL ACTIVITIES DEBT AGREEMENTS:</b>					
Principal	\$ 156,754	\$ -	\$ 156,754	\$ -	\$ -
Interest	-	1,582	1,582	-	-
Totals	\$ 156,754	\$ 1,582	\$ 158,336	\$ -	\$ -
<b>BUSINESS-TYPE ACTIVITIES</b>					
<u>Compensated Absences</u>	\$ 21,157	\$ 19,782	\$ 21,157	\$ 19,782	\$ 19,782
OEDD Bonds, series 1993 for special public works projects					
- Original Balance \$510,000					
Dated: December 21, 1993					
Interest Rate: 5.19%					
Principal	\$ 189,957	\$ -	\$ 34,247	\$ 155,710	\$ 36,025
Interest	5,699	9,859	10,886	4,672	-
Totals	\$ 195,656	\$ 9,859	\$ 45,133	\$ 160,382	\$ 36,025
GO Refunding Bonds, series 2001					
- Original Balance \$1,295,000					
Dated: December 1, 2001					
Interest Rate: 4.00% - 4.40%					
Principal	\$ 320,000	\$ -	\$ 160,000	\$ 160,000	\$ 160,000
Interest	5,730	10,480	13,336	2,874	-
Totals	\$ 325,730	\$ 10,480	\$ 173,336	\$ 162,874	\$ 160,000
Sewer Revenue Bonds, US Department of Agriculture					
- Original Balance \$2,952,000					
Dated: May 28, 1997					
Interest Rate: 5.00%					
Principal	\$ 2,560,509	\$ -	\$ 44,018	\$ 2,516,491	\$ 46,179
Interest	12,630	126,771	128,025	11,376	-
Totals	\$ 2,573,139	\$ 126,771	\$ 172,043	\$ 2,527,867	\$ 46,179

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

JUNE 30, 2010

**4. LONG-TERM DEBT (Cont.):**

	Outstanding Balance July 1, 2009	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2010	Due within One Year
Oregon Department of Environmental Quality (ODEQ) Clean Water Revolving Loan - Original Balance \$4,382,000					
Dated: September 27, 2007					
Interest Rate: 2.92%					
Principal	\$ 4,222,807	\$ -	\$ 175,022	\$ 4,047,785	\$ 180,170
Interest	55,226	135,852	143,152	47,926	
Totals	\$ 4,278,033	\$ 135,852	\$ 318,174	\$ 4,095,711	\$ 180,170
Oregon Economic and Community Development Department (OECD) Water State Revolving Loan - Approved Balance \$4,761,900					
Dated: February 18, 2009					
Interest Rate: 3.4%					
Principal	\$ 1,052,445	\$ 3,721,425	\$ -	\$ 4,773,870	\$ -
Interest	-	-	-	-	
Totals	\$ 1,052,445	\$ 3,721,425	\$ -	\$ 4,773,870	\$ -
Sewer Revenue Bonds, US Department of Agriculture - Approved Balance \$8,316,000					
Dated: June 23, 2010					
Interest Rate: 3.25%					
Principal	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	
Totals	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL BUSINESS-TYPE ACTIVITIES DEBT AGREEMENTS:</b>					
Principal	\$ 8,366,875	\$ 3,721,425	\$ 413,287	\$ 11,653,856	\$ 422,374
Interest	79,285	282,962	295,399	66,848	-
Totals	\$ 8,446,160	\$ 4,004,387	\$ 708,686	\$ 11,720,704	\$ 422,374
<b>TOTAL DEBT AGREEMENTS:</b>					
Principal	\$ 8,523,629	\$ 3,721,425	\$ 570,041	\$ 11,653,856	\$ 422,374
Interest	79,285	284,544	296,981	66,848	-
Totals	\$ 8,602,914	\$ 4,005,969	\$ 867,022	\$ 11,720,704	\$ 422,374

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

JUNE 30, 2010

**4. LONG-TERM DEBT (Cont.):**

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

	Due Fiscal Year Ending June 30,	Principal	Interest	Total
<b><u>Business-Type Activities</u></b>				
OEDD Bonds, series 1993 for special public works projects - Original Balance \$510,000	2011	\$ 36,025	\$ 8,081	\$ 44,106
	2012	37,894	6,212	44,106
	2013	39,861	4,245	44,106
	2014	41,930	2,176	44,106
	Total	<u>\$ 155,710</u>	<u>\$ 20,714</u>	<u>\$ 176,424</u>
GO Refunding Bonds, series 2001 - Original Balance \$1,295,000	2011	\$ 160,000	\$ 3,520	\$ 163,520
	Total	<u>\$ 160,000</u>	<u>\$ 3,520</u>	<u>\$ 163,520</u>
Sewer Revenue Bonds, US Department of Agriculture - Original Balance \$2,952,000	2011	\$ 43,980	\$ 128,063	\$ 172,043
	2012	46,179	125,865	172,044
	2013	48,149	123,894	172,043
	2014	50,895	121,148	172,043
	2015	53,440	118,603	172,043
	2016-2020	306,326	553,889	860,215
	2021-2025	386,751	473,464	860,215
	2026-2030	488,273	371,942	860,215
	2031-2035	616,446	243,769	860,215
	2036-2039	476,052	80,402	556,454
	Total	<u>\$ 2,516,491</u>	<u>\$ 2,341,039</u>	<u>\$ 4,857,530</u>
Oregon Department of Environmental Quality (ODEQ) Clean Water Revolving Loan - Original Balance \$4,382,000	2011	\$ 180,170	\$ 116,890	\$ 297,060
	2012	185,470	111,590	297,060
	2013	190,925	106,135	297,060
	2014	196,541	100,519	297,060
	2015	202,322	94,738	297,060
	2016-2020	1,104,451	380,849	1,485,300
	2021-2025	1,276,718	208,582	1,485,300
	2026-2028	711,188	31,450	742,638
Total	<u>\$ 4,047,785</u>	<u>\$ 1,150,753</u>	<u>\$ 5,198,538</u>	
Oregon Economic and Community Development Department (OECD) Water State Revolving Loan - Approved Balance \$4,761,900	2011	\$ 170,551	\$ 162,312	\$ 332,863
	2012	176,350	156,513	332,863
	2013	182,346	150,517	332,863
	2014	188,546	144,317	332,863
	2015	194,956	137,907	332,863
	2016-2020	1,078,835	585,480	1,664,315
	2021-2025	1,275,138	389,177	1,664,315
	2026-2030	1,507,148	157,153	1,664,301
Total	<u>\$ 4,773,870</u>	<u>\$ 1,883,376</u>	<u>\$ 6,657,246</u>	



**CITY OF STAYTON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2010

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**5. PENSION PLAN:**

***Union Bank of California***

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

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

The rate of employee contribution is established in the Plan document as 6% of the basic monthly earnings. The rate of employer contributions is determined annually, based on an actuarial evaluation by Milliman USA. The employer rate for 2009-10 was 15% of employee earnings. The contribution for the year ended June 30, 2010 was \$304,652 which consists of \$225,178 for the City's portion, and \$79,475 for the employees' portion.

For the year ended June 30, 2010, the City's annual pension cost of \$304,652 was equal to the City's actual contributions. The required contribution was determined as part of the July 1, 2008 actuarial valuation using the aggregate actuarial cost method. The actuarial assumptions included (a) 6.5 percent investment rate of return (net of administrative expenses) and (b) projected salary increases due to inflation and seniority/merit raises of 5.0 percent per year, compounded annually. For this valuation, the actuarial value of assets is equal of the plan's net assets, which is the fund balance of the insurance contract at the valuation date.

**Oregon Public Employees' Retirement System**

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

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan ("OPSRP") is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who return to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the "Pension Program") and a defined contribution portion (the Individual Account Program or "IAP"). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on type of service.

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

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

**CITY OF STAYTON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

*Funding Policy.* Plan members are required to contribute 6% of their annual covered salary. The City "picks up" employee contributions at a rate of 6% as allowed under ORS 237.075. The City is required to contribute at an actuarially determined rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2010 were 13.89% and 10.79% respectively. The contribution requirements of plan members and the City are established and may be amended by the PERS Board of Trustees.

*Annual Pension Cost.* The City's contribution to PERS for the years ending June 30, 2010, 2009, and 2008 were \$160,015, \$131,615 and \$134,193 respectively. The contributions actually made are equivalent to the Annual Pension Cost.

**6. 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.

**7. RISK MANAGEMENT:**

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

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

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

**8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

Interfund balances at June 30, 2010 consisted of the following individual fund receivables and payables:

	Due From Other Funds	Due To Other Funds
Vehicle Replacement Fund	\$ 68,163	
Sewer Fund	188,564	
Swimming Pool Fund		\$ 68,163
Sewer Construction Fund		188,564
Total	\$ 256,727	\$ 256,727

**CITY OF STAYTON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONT.):**

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

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

Interfund transfers for the year ended June 30, 2010 were as follows:

	Transfers Out	Transfers In
General Fund	\$ 424,800	\$ 304,370
Library Fund	-	155,500
Street Fund	129,415	50,000
Street SDC Fund	2,120	-
Parks SDC	365	-
Public Works Fund	-	405,000
Vehicle Replacement	-	197,267
Facilities Development	-	75,000
Muni Water	325,537	108,140
Water SDC	109,010	-
Sewer	1,242,415	150,000
Sewer SDC	151,915	-
Sewer Construction	-	849,000
Swimming Pool	-	91,300
Total	\$ 2,385,577	\$ 2,385,577

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.

**9. DEFERRED REVENUE:**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. In addition, governmental funds and proprietary funds report deferred revenue in connection with resources that have been received but not yet earned. At June 30, 2010, the various components of deferred revenue consist of the following:

**CITY OF STAYTON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**9. DEFERRED REVENUE (CONT.):**

Governmental Funds – Budget Basis:

	<b>Governmental Activities / Funds</b>			<b>Total</b>
	<b>General</b>	<b>Housing</b>	<b>Other</b>	
	<b>Fund</b>	<b>Rehabilitation</b>	<b>Governmental</b>	
Property Taxes	\$ 97,522	\$ -	\$ 9,101	\$ 106,623
Housing Rehab Loans	-	200,000	-	200,000
<b>Total</b>	<b>\$ 97,522</b>	<b>\$ 200,000</b>	<b>\$ 9,101</b>	<b>\$ 306,623</b>

**10. DEFICIT FUND BALANCE**

The following funds ended the year with a negative fund balance:

Fund	Fund Balance
Sewer Construction Fund	\$ (213,419)

**11. SEGMENT INFORMATION FOR ENTERPRISE FUNDS:**

The City maintains two Enterprise Funds which account for the municipal water and sewer activities. Key financial data for these operations for the year ended June 30, 2010 are as follows:

	Water	Sewer	Total
<b>Condensed Statement of Net Assets</b>			
Current Assets	727,012	2,690,903	3,417,915
Capital Assets	12,837,839	9,172,029	22,009,868
<b>Total Assets</b>	<b>\$ 13,564,851</b>	<b>\$ 11,862,932</b>	<b>\$ 25,427,783</b>
Current Liabilities	352,640	556,324	908,964
Non-Current Liabilities	4,893,555	6,337,927	11,231,482
<b>Total Liabilities</b>	<b>5,246,195</b>	<b>6,894,251</b>	<b>12,140,446</b>
<b>Total Net Assets</b>			
Invested in Capital Assets, net of related debt	7,748,259	2,607,753	10,356,012
Restricted for Capital Projects	49,827	240,755	290,582
Restricted for Debt Service	-	336,767	336,767
Restricted for Other Purposes	211,183	24,018	235,201
Unrestricted	309,387	1,759,388	2,068,775

**CITY OF STAYTON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**11. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (CONT.):**

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

Operating Revenues	1,505,089	2,192,284	3,697,373
Operating Expenses			
Depreciation	210,470	202,310	412,780
Operating Income (Loss)	477,358	793,174	1,270,532
Non-Operating Revenues (Expenses)	59,248	(240,031)	(180,783)
Transfers To (From)	(326,407)	(395,330)	(721,737)
Change In Net Assets	210,199	157,813	368,012
Beginning Net Assets	8,108,457	4,810,868	12,919,325
Ending Net Assets	8,318,656	4,968,681	13,287,337

Condensed Statement of Cash Flows

Cash Provided (Used) by:			
Operating Activities	610,423	693,950	1,304,373
Non Capital Financing Activities	(331,561)	(543,051)	(874,612)
Capital & Related Financing	(266,978)	(1,442,531)	(1,709,509)
Investing Activities	2,637	14,575	17,212
Beginning Cash	550,455	3,536,939	4,087,394
Ending Cash	\$ 564,976	\$ 2,259,882	\$ 2,824,858

**REQUIRED**  
**SUPPLEMENTARY**  
**INFORMATION**

**Major Funds –**  
**Governmental Activities**

# CITY OF STAYTON

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Taxes and Assessments	\$ 1,639,973	\$ 1,639,973	\$ 1,628,512	\$ (11,461)
Charges for Services	248,400	248,400	261,749	13,349
Intergovernmental	155,200	155,200	162,244	7,044
Franchise Fees	622,000	622,000	592,567	(29,433)
Licenses, Permits and Fees	27,500	27,500	32,194	4,694
Fines and Forfeitures	48,500	48,500	43,292	(5,208)
Investment Revenue	20,000	20,000	-	(20,000)
Grants	1,500	1,500	822	(678)
Rents	28,460	28,460	25,257	(3,203)
Other Revenue	32,500	32,500	47,823	15,323
<b>Total Revenues</b>	<b>2,824,033</b>	<b>2,824,033</b>	<b>2,794,460</b>	<b>(29,573)</b>
<b><u>EXPENDITURES:</u></b>				
Personal Services	2,350,075	2,350,075	2,101,093	(248,982)
Materials and Services	894,839	870,864	743,079	(127,785)
Capital Outlay	41,800	41,800	10,482	(31,318)
Debt Service	-	23,975	22,886	(1,089)
Contingency	176,889	176,889	-	(176,889)
<b>Total Expenditures</b>	<b>3,463,603</b>	<b>3,463,603</b>	<b>2,877,540</b>	<b>(586,063)</b>
Excess (Deficiency) of Revenues Over Expenditures	(639,570)	(639,570)	(83,080)	556,490
<b><u>Other Financing Sources / (Uses)</u></b>				
Operating Transfer In	304,370	304,370	304,370	-
Operating Transfer (Out)	(424,800)	(424,800)	(424,800)	-
<b>Total Other Financing Sources</b>	<b>(120,430)</b>	<b>(120,430)</b>	<b>(120,430)</b>	<b>-</b>
Net Change in Fund Balances	(760,000)	(760,000)	(203,510)	556,490
<b>Budgetary Fund Balance - July 1, 2009</b>	<b>915,000</b>	<b>915,000</b>	<b>928,536</b>	<b>13,536</b>
<b>Budgetary Fund Balance - June 30, 2010</b>	<b>\$ 155,000</b>	<b>\$ 155,000</b>	<b>\$ 725,026</b>	<b>\$ 570,026</b>

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



**CITY OF STAYTON**

**HOUSING REHABILITATION FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
			<u>(Budgetary Basis)</u>	<u>Final Budget</u>
			<u>(See Note 1)</u>	<u>Positive</u>
				<u>(Negative)</u>
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
<b>Budgetary Fund Balance - July 1, 2009</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Budgetary Fund Balance - June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

**CITY OF STAYTON**  
**VEHICLE REPLACEMENT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 9,800	\$ 9,800	\$ 4,748	\$ (5,052)
<b>Total Revenues</b>	9,800	9,800	4,748	(5,052)
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	251,000	251,000	56,330	(194,670)
Contingency	507,906	507,906	-	(507,906)
<b>Total Expenditures</b>	758,906	758,906	56,330	(702,576)
Excess (Deficiency) of Revenues Over Expenditures	(749,106)	(749,106)	(51,582)	697,524
<b><u>Other Financing Sources / (Uses)</u></b>				
Interfund Loan Repayment	21,836	21,836	21,837	1
Operating Transfer In	187,270	187,270	197,267	9,997
<b>Total Other Financing Sources</b>	209,106	209,106	219,104	9,998
Net Change in Fund Balances	(540,000)	(540,000)	167,522	707,522
<b>Budgetary Fund Balance - July 1, 2009</b>	540,000	540,000	456,929	(83,071)
<b>Budgetary Fund Balance - June 30, 2010</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 624,451</u>	<u>\$ 624,451</u>

**Reconciliation to Generally Accepted Accounting Principles**

Net change in fund balance from above	167,522
Repayment of Interfund Loan	<u>(21,837)</u>
Net Change in Fund Balance, GAAP Basis	<u>\$ 145,685</u>

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

**OTHER**

**SUPPLEMENTARY**

**INFORMATION**

## **Proprietary Funds**

## **Water Funds**

**CITY OF STAYTON**  
**COMBINING STATEMENT OF NET ASSETS**  
**WATER UTILITY FUNDS**

**JUNE 30, 2010**

	<u>Water Fund</u>	<u>Water SDC Fund</u>	<u>Water Construction Fund</u>	<u>Total</u>
<b>ASSETS:</b>				
Current Assets:				
Cash & Investments	\$ 281,870	\$ 187,165	\$ 100,430	\$ 569,465
Accounts Receivable	111,890	-	45,657	157,547
Total Current Assets	393,760	187,165	146,087	727,012
Capital Assets:				
Land	10,411	-	-	10,411
Construction in Progress	4,519,468	-	-	4,519,468
Infrastructure	11,592,336	-	-	11,592,336
Buildings & Improvements	50,087	-	-	50,087
Equipment & Vehicles	398,974	-	-	398,974
Other Capital Assets	33,316	-	-	33,316
Less: Accumulated Depreciation	(3,766,753)	-	-	(3,766,753)
Total Capital Assets, Net of Depreciation	12,837,839	-	-	12,837,839
<b>Total Assets</b>	<b>\$ 13,231,599</b>	<b>\$ 187,165</b>	<b>\$ 146,087</b>	<b>\$ 13,564,851</b>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable	\$ 14,178	\$ -	\$ 96,260	\$ 110,438
Interest Payable	7,546	-	-	7,546
Customer Deposits	24,018	-	-	24,018
Compensated Absences Payable	10,125	-	-	10,125
OPEB Payable	4,488	-	-	4,488
Current Portion of Long-Term Debt	196,025	-	-	196,025
Total Current Liabilities:	256,380	-	96,260	352,640
Long-Term Debt	4,893,555	-	-	4,893,555
<b>Total Liabilities</b>	<b>5,149,935</b>	<b>-</b>	<b>96,260</b>	<b>5,246,195</b>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	7,748,259	-	-	7,748,259
Restricted for:				
Capital Projects	-	-	49,827	49,827
Other Purposes	24,018	187,165	-	211,183
Unrestricted	309,387	-	-	309,387
<b>Total Net Assets</b>	<b>\$ 8,081,664</b>	<b>\$ 187,165</b>	<b>\$ 49,827</b>	<b>\$ 8,318,656</b>

# CITY OF STAYTON

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS WATER UTILITY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Water Fund</u>	<u>Water SDC Fund</u>	<u>Water Construction Fund</u>	<u>Total</u>
<b><u>OPERATING REVENUES:</u></b>				
Charges for Services	1,499,749	-	-	1,499,749
System Development Charges	-	5,340	-	5,340
<b>Total Operating Revenues</b>	<b>1,499,749</b>	<b>5,340</b>	<b>-</b>	<b>1,505,089</b>
<b><u>OPERATING EXPENSES:</u></b>				
Personal Services	456,681	-	-	456,681
Materials and Services	342,573	18,007	-	360,580
Depreciation	210,470	-	-	210,470
<b>Total Operating Expenses</b>	<b>1,009,724</b>	<b>18,007</b>	<b>-</b>	<b>1,027,731</b>
Operating Income (loss)	490,025	(12,667)	-	477,358
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>				
Capital Grants	-	-	72,452	72,452
Investment Revenue	987	1,650	-	2,637
Interest Expense	(16,456)	-	-	(16,456)
Miscellaneous	615	-	-	615
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(14,854)</b>	<b>1,650</b>	<b>72,452</b>	<b>59,248</b>
Income (loss) before transfers	475,171	(11,017)	72,452	536,606
<b><u>TRANSFERS:</u></b>				
Operating Transfers In	108,140	-	-	108,140
Operating Transfers (Out)	(325,537)	(109,010)	-	(434,547)
<b>Total Transfers:</b>	<b>(217,397)</b>	<b>(109,010)</b>	<b>-</b>	<b>(326,407)</b>
Changes in Net Assets	257,774	(120,027)	72,452	210,199
<b>NET ASSETS, July 1, 2009</b>	<b>7,798,784</b>	<b>335,893</b>	<b>(26,220)</b>	<b>8,108,457</b>
<b>EQUITY TRANSFER IN (OUT)</b>	<b>25,106</b>	<b>(28,701)</b>	<b>3,595</b>	<b>-</b>
<b>NET ASSETS, June 30, 2010</b>	<b>\$8,081,664</b>	<b>\$ 187,165</b>	<b>\$ 49,827</b>	<b>\$ 8,318,656</b>

# CITY OF STAYTON

## WATER FUND

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

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
	<b>Revenues:</b>			
Charges for Services	\$ 1,600,080	\$ 1,600,080	\$ 1,470,931	\$ (129,149)
Licenses, Permits and Fees	29,000	29,000	28,818	(182)
Investment Revenue	9,000	9,000	987	(8,013)
Other Revenue	29,000	29,000	615	(28,385)
<b>Total Revenues</b>	<b>1,667,080</b>	<b>1,667,080</b>	<b>1,501,351</b>	<b>(165,729)</b>
<b>Expenditures</b>				
Personal services	463,019	463,019	452,977	(10,042)
Materials and supplies	446,768	446,768	390,701	(56,067)
Capital Outlay	76,500	76,500	52,225	(24,275)
Debt Service				
Principal	194,250	194,250	194,247	(3)
Interest	20,480	20,480	20,339	(141)
Contingency	163,057	163,057	-	(163,057)
<b>Total Expenditures</b>	<b>1,364,074</b>	<b>1,364,074</b>	<b>1,110,489</b>	<b>(253,585)</b>
Excess (Deficiency of Revenues over Expenditures)	303,006	303,006	390,862	87,856
<b>Other Financing Sources / (Uses)</b>				
Operating Transfer In	108,140	108,140	108,140	-
Operating Transfer (Out)	(506,723)	(506,723)	(325,537)	181,186
<b>Total Other Financing Sources</b>	<b>(398,583)</b>	<b>(398,583)</b>	<b>(217,397)</b>	<b>181,186</b>
Net Change In Fund Balance	(95,577)	(95,577)	173,465	269,042
<b>Budgetary Fund Balance - July 1, 2009</b>	<b>180,577</b>	<b>180,577</b>	<b>179,203</b>	<b>(1,374)</b>
<b>Budgetary Fund Balance - June 30, 2010</b>	<b>\$ 85,000</b>	<b>\$ 85,000</b>	<b>\$ 352,668</b>	<b>\$ 267,668</b>

#### Reconciliation to generally accepted accounting principles basis

Net change in fund balance from above	173,465
Debt Repayment - Principal	194,247
Capital outlay that is capitalized	125,459
Depreciation Expense	(210,470)
Change in Vacation Payable	784
Change in Interest Payable	3,883
OPEB Expense	(4,488)
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Assets	<u>\$ 282,880</u>

# CITY OF STAYTON

## WATER SDC FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Actual</u>	<u>Original &amp; Final Budget</u>	<u>Over (Under) Budget</u>
<b><u>REVENUES</u></b>			
Licenses, Permits and Fees	\$ 5,340	\$ 30,000	\$ (24,660)
Investment Revenue	1,650	8,000	(6,350)
<b>Total Revenues</b>	6,990	38,000	(31,010)
<b><u>EXPENDITURES:</u></b>			
Materials and Services	18,007	122,000	(103,993)
Capital Outlay	28,701	100,000	(71,299)
<b>Total Expenditures</b>	46,708	222,000	(175,292)
Excess of Revenues Over (Under) Expenditures	(39,718)	(184,000)	144,282
<b><u>Other Financing Sources / (Uses)</u></b>			
Operating Transfer (Out)	(109,010)	(109,010)	-
<b>Total Other Financing Sources</b>	(109,010)	(109,010)	-
Net Change In Fund Balances	(148,728)	(293,010)	144,282
FUND BALANCE, July 1, 2009	335,893	340,000	(4,107)
<b>FUND BALANCE, June 30, 2010</b>	<b>\$ 187,165</b>	<b>\$ 46,990</b>	<b>\$ 140,175</b>

#### Reconciliation to generally accepted accounting principles basis

Net change in fund balance from above	(148,728)
Capital outlay that is capitalized	28,701
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Assets	<u><u>\$ (120,027)</u></u>



**CITY OF STAYTON**  
**WATER CONSTRUCTION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Actual</u>	<u>Original &amp; Final Budget</u>	<u>Over (Under) Budget</u>
<b><u>REVENUES</u></b>			
Grants	\$ 72,452	\$ 72,000	\$ 452
<b>Total Revenues</b>	72,452	72,000	452
<b><u>EXPENDITURES:</u></b>			
Materials and Services	284,033	453,497	(169,464)
Capital Outlay	3,433,797	3,446,413	(12,616)
Contingency	-	109,049	(109,049)
<b>Total Expenditures</b>	3,717,830	4,008,959	(291,129)
Excess of Revenues Over (Under) Expenditures	(3,645,378)	(3,936,959)	291,581
<b><u>Other Financing Sources / (Uses)</u></b>			
Loan Proceeds	3,721,425	3,884,592	(163,167)
<b>Total Other Financing Sources</b>	3,721,425	3,884,592	(163,167)
Net Change In Fund Balances	76,047	(52,367)	128,414
FUND BALANCE, July 1, 2009	(26,220)	52,367	(78,587)
<b>FUND BALANCE, June 30, 2010</b>	<b>\$ 49,827</b>	<b>\$ -</b>	<b>\$ 49,827</b>

**Reconciliation to generally accepted accounting principles basis**

Net change in fund balance from above	76,047
Loan Proceeds	(3,721,425)
Expenditures that are capitalized	<u>3,717,830</u>
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Assets	<u>\$ 72,452</u>

## **Proprietary Funds**

### **Sewer Funds**

**CITY OF STAYTON**  
**COMBINING STATEMENT OF NET ASSETS**  
**SEWER UTILITY FUNDS**

**JUNE 30, 2010**

	<u>Sewer Fund</u>	<u>Sewer SDC Fund</u>	<u>Sewer Construction Fund</u>	<u>Total</u>
<b>ASSETS:</b>				
Current Assets:				
Cash & Investments	\$ 1,809,977	\$ 454,174	\$ -	\$ 2,264,151
Interfund Loans Receivable	188,564	-	-	188,564
Accounts Receivable	238,188	-	-	238,188
Total Current Assets	<u>2,236,729</u>	<u>454,174</u>	<u>-</u>	<u>2,690,903</u>
Capital Assets:				
Land	215,332	-	-	215,332
Construction in Progress	1,036,502	-	-	1,036,502
Infrastructure	9,901,025	-	-	9,901,025
Buildings & Improvements	440,554	-	-	440,554
Equipment & Vehicles	601,125	-	-	601,125
Other Capital Assets	953,538	-	-	953,538
Less: Accumulated Depreciation	<u>(3,976,047)</u>	<u>-</u>	<u>-</u>	<u>(3,976,047)</u>
Total Capital Assets, Net of Depreciation	<u>9,172,029</u>	<u>-</u>	<u>-</u>	<u>9,172,029</u>
<b>Total Assets</b>	<b><u>\$ 11,408,758</u></b>	<b><u>\$ 454,174</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 11,862,932</u></b>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable	\$ 23,531	\$ -	\$ 24,855	\$ 48,386
Interest Payable	59,302	-	-	59,302
Customer Deposits	24,018	-	-	24,018
Compensated Absences Payable	5,434	-	-	5,434
OPEB Payable	4,271	-	-	4,271
Interfund Loans Payable	-	-	188,564	188,564
Current Portion of Long-Term Debt	<u>226,349</u>	<u>-</u>	<u>-</u>	<u>226,349</u>
Total Current Liabilities	342,905	-	213,419	556,324
Long-Term Debt	<u>6,337,927</u>	<u>-</u>	<u>-</u>	<u>6,337,927</u>
<b>Total Liabilities</b>	<b><u>6,680,832</u></b>	<b><u>-</u></b>	<b><u>213,419</u></b>	<b><u>6,894,251</u></b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	2,607,753	-	-	2,607,753
Restricted for:				
Capital Projects	-	454,174	(213,419)	240,755
Debt Service	336,767	-	-	336,767
Other Purposes	24,018	-	-	24,018
Unrestricted	<u>1,759,388</u>	<u>-</u>	<u>-</u>	<u>1,759,388</u>
<b>Total Net Assets</b>	<b><u>\$ 4,727,926</u></b>	<b><u>\$ 454,174</u></b>	<b><u>\$ (213,419)</u></b>	<b><u>\$ 4,968,681</u></b>

**CITY OF STAYTON**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**SEWER UTILITY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Sewer Fund</u>	<u>Sewer SDC Fund</u>	<u>Sewer Construction Fund</u>	<u>Total</u>
<b><u>OPERATING REVENUES:</u></b>				
Charges for Services	\$ 2,185,228	\$ -	\$ -	\$ 2,185,228
System Development Charges	-	7,056	-	7,056
<b>Total Operating Revenues</b>	<b>2,185,228</b>	<b>7,056</b>	<b>-</b>	<b>2,192,284</b>
<b><u>OPERATING EXPENSES:</u></b>				
Personal Services	446,949	-	-	446,949
Materials and Services	749,445	406	-	749,851
Depreciation	202,310	-	-	202,310
<b>Total Operating Expenses</b>	<b>1,398,704</b>	<b>406</b>	<b>-</b>	<b>1,399,110</b>
Operating Income (loss)	786,524	6,650	-	793,174
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>				
Investment Revenue	11,261	3,314	-	14,575
Interest Expense	(262,623)	-	-	(262,623)
Miscellaneous Revenue	8,017	-	-	8,017
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(243,345)</b>	<b>3,314</b>	<b>-</b>	<b>(240,031)</b>
Income (loss) before transfers	543,179	9,964	-	553,143
<b><u>TRANSFERS:</u></b>				
Operating Transfers In	150,000	-	849,000	999,000
Operating Transfers (Out)	(1,242,415)	(151,915)	-	(1,394,330)
<b>Total Transfers:</b>	<b>(1,092,415)</b>	<b>(151,915)</b>	<b>849,000</b>	<b>(395,330)</b>
Changes in Net Assets	(549,236)	(141,951)	849,000	157,813
<b>NET ASSETS, July 1, 2009</b>	<b>4,456,251</b>	<b>596,125</b>	<b>(241,508)</b>	<b>4,810,868</b>
<b>EQUITY TRANSFER IN (OUT)</b>	<b>820,911</b>	<b>-</b>	<b>(820,911)</b>	<b>-</b>
<b>NET ASSETS, June 30, 2010</b>	<b>\$ 4,727,926</b>	<b>\$ 454,174</b>	<b>\$ (213,419)</b>	<b>\$ 4,968,681</b>

# CITY OF STAYTON

## SEWER FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for Services	\$ 2,295,445	\$ 2,295,445	\$ 2,185,228	\$ (110,217)
Investment Revenue	53,083	53,083	11,261	(41,822)
Other Revenue	-	-	8,017	8,017
<b>Total Revenues</b>	<b>2,348,528</b>	<b>2,348,528</b>	<b>2,204,506</b>	<b>(144,022)</b>
<b>Expenditures</b>				
Personal services	560,094	560,094	443,089	(117,005)
Materials and supplies	851,965	851,965	777,481	(74,484)
Capital Outlay	300,000	300,000	111,384	(188,616)
Debt Service				
Principal	218,922	218,922	219,040	118
Interest	271,300	271,300	271,177	(123)
Contingency	849,096	96	-	(96)
<b>Total Expenditures</b>	<b>3,051,377</b>	<b>2,202,377</b>	<b>1,822,171</b>	<b>(380,206)</b>
Excess (Deficiency of Revenues over Expenditures)	(702,849)	146,151	382,335	236,184
<b>Other Financing Sources / (Uses)</b>				
Operating Transfer In	150,000	150,000	150,000	-
Operating Transfer (Out)	(884,685)	(1,242,415)	(1,242,415)	-
<b>Total Other Financing Sources</b>	<b>(734,685)</b>	<b>(1,092,415)</b>	<b>(1,092,415)</b>	<b>-</b>
Net Change In Fund Balance	(1,437,534)	(946,264)	(710,080)	236,184
<b>Budgetary Fund Balance - July 1, 2009</b>	<b>2,654,170</b>	<b>2,654,170</b>	<b>2,895,724</b>	<b>241,554</b>
<b>Budgetary Fund Balance - June 30, 2010</b>	<b>\$ 1,216,636</b>	<b>\$ 1,707,906</b>	<b>\$ 2,185,644</b>	<b>\$ 477,738</b>

#### Reconciliation to generally accepted accounting principles basis

Net change in fund balance from above	(710,080)
Change in Interest Payable	8,554
Debt Repayment - Principal	219,040
Capital outlay that is capitalized	960,331
Depreciation Expense	(202,310)
Change in Vacation Payable	411
OPEB Expense	(4,271)
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Assets	<u>\$ 271,675</u>

**CITY OF STAYTON**

**SEWER SDC FUND**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Actual</u>	<u>Original &amp; Final Budget</u>	<u>Over (Under) Budget</u>
<b><u>REVENUES</u></b>			
Licenses, Permits and Fees	\$ 7,056	\$ 39,000	\$ (31,944)
Investment Revenue	3,314	12,500	(9,186)
<b>Total Revenues</b>	10,370	51,500	(41,130)
<b><u>EXPENDITURES:</u></b>			
Materials and Services	406	112,000	(111,594)
Capital Outlay	-	277,585	(277,585)
<b>Total Expenditures</b>	406	389,585	(389,179)
Excess of Revenues Over (Under) Expenditures	9,964	(338,085)	348,049
<b><u>Other Financing Sources / (Uses)</u></b>			
Operating Transfer (Out)	(151,915)	(151,915)	-
<b>Total Other Financing Sources</b>	(151,915)	(151,915)	-
Net Change In Fund Balances	(141,951)	(490,000)	348,049
FUND BALANCE, July 1, 2009	596,125	580,000	16,125
<b>FUND BALANCE, June 30, 2010</b>	<b>\$ 454,174</b>	<b>\$ 90,000</b>	<b>\$ 364,174</b>

**CITY OF STAYTON**  
**SEWER CONSTRUCTION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Actual</u>	<u>Final Budget</u>	<u>Over (Under) Budget</u>
<b><u>REVENUES</u></b>			
Investment Revenue	\$ -	\$ -	\$ -
<b>Total Revenues</b>	-	-	-
<b><u>EXPENDITURES:</u></b>			
Materials and Services	820,606	934,000	(113,394)
Capital Outlay	305	4,465,000	(4,464,695)
Debt Service			
Principal	-	354,000	(354,000)
Contingency	-	77,000	(77,000)
<b>Total Expenditures</b>	820,911	5,830,000	(5,009,089)
Excess of Revenues Over (Under) Expenditures	(820,911)	(5,830,000)	5,009,089
<b><u>Other Financing Sources / (Uses)</u></b>			
Operating Transfer In	849,000	-	849,000
Loan Proceeds	-	5,830,000	(5,830,000)
<b>Total Other Financing Sources</b>	849,000	5,830,000	(4,981,000)
Net Change In Fund Balances	28,089	-	28,089
FUND BALANCE, July 1, 2009	(241,508)	-	(241,508)
<b>FUND BALANCE, June 30, 2010</b>	<b>\$ (213,419)</b>	<b>\$ -</b>	<b>\$ (213,419)</b>

**Reconciliation to generally accepted accounting principles basis**

Net change in fund balance from above	28,089
Expenditures that are capitalized	820,911
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Assets	<u>\$ 849,000</u>

## **Proprietary Funds**

## **Other Funds**



**CITY OF STAYTON**  
**COMBINING STATEMENT OF NET ASSETS**  
**NON-MAJOR ENTERPRISE FUNDS**

**JUNE 30, 2010**

	<u>Swimming Pool Fund</u>	<u>Sublimity RECD Fund</u>	<u>Total</u>
<b>ASSETS:</b>			
Currents Assets:			
Cash & Investments	\$ 27,228	\$ 93,295	\$ 120,523
Accounts Receivable	375	-	375
Property Tax Receivable	8,674	-	8,674
Total Current Assets	<u>36,277</u>	<u>93,295</u>	<u>129,572</u>
Capital Assets:			
Buildings & Improvements	473,046	-	473,046
Equipment & Vehicles	18,654	-	18,654
Other Capital Assets	497,224	-	497,224
Less: Accumulated Depreciation	<u>(692,732)</u>	<u>-</u>	<u>(692,732)</u>
Total Capital Assets, Net of Depreciation	<u>296,192</u>	<u>-</u>	<u>296,192</u>
<b>Total Assets</b>	<b><u>\$ 332,469</u></b>	<b><u>\$ 93,295</u></b>	<b><u>\$ 425,764</u></b>
<b>LIABILITIES:</b>			
Accounts Payable	\$ 3,203	\$ -	\$ 3,203
Compensated Absences Payable	4,223	-	4,223
OPEB Payable	2,463	-	2,463
Interfund Loans Payable	<u>68,163</u>	<u>-</u>	<u>68,163</u>
<b>Total Liabilities</b>	<b><u>78,052</u></b>	<b><u>-</u></b>	<b><u>78,052</u></b>
<b>NET ASSETS</b>			
Restricted for:			
Other Purposes	<u>254,417</u>	<u>93,295</u>	<u>347,712</u>
<b>Total Net Assets</b>	<b><u>\$ 254,417</u></b>	<b><u>\$ 93,295</u></b>	<b><u>\$ 347,712</u></b>

# CITY OF STAYTON

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

### NON-MAJOR ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Swimming Pool Fund	Sublimity RECD Fund	Total
<b><u>OPERATING REVENUES:</u></b>			
Charges for Services	121,658	-	121,658
<b>Total Operating Revenues</b>	<b>121,658</b>	<b>-</b>	<b>121,658</b>
<b><u>OPERATING EXPENSES:</u></b>			
Personal Services	228,436	-	228,436
Materials and Services	109,279	-	109,279
Depreciation	16,266	-	16,266
<b>Total Operating Expenses</b>	<b>353,981</b>	<b>-</b>	<b>353,981</b>
Operating Income (loss)	(232,323)	-	(232,323)
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>			
Property Taxes	123,978	-	123,978
Investment Revenue	173	570	743
Interest Expense	(1,800)	-	(1,800)
Miscellaneous Revenues	29,628	-	29,628
<b>Total Non-Operating Revenues (Expenses)</b>	<b>151,979</b>	<b>570</b>	<b>152,549</b>
Income (Loss) Before Transfers	(80,344)	570	(79,774)
<b><u>TRANSFERS:</u></b>			
Operating Transfers In	91,300	-	91,300
Operating Transfers (Out)	-	-	-
<b>Total Transfers:</b>	<b>91,300</b>	<b>-</b>	<b>91,300</b>
Changes in Net Assets	10,956	570	11,526
<b>NET ASSETS, July 1, 2009</b>	<b>243,461</b>	<b>92,725</b>	<b>336,186</b>
<b>NET ASSETS, June 30, 2010</b>	<b>\$ 254,417</b>	<b>\$ 93,295</b>	<b>\$ 347,712</b>

**CITY OF STAYTON**

**SWIMMING POOL FUND**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Actual</u>	<u>Original &amp; Final Budget</u>	<u>Over (Under) Budget</u>
<b><u>REVENUES</u></b>			
Taxes and Assessments	\$ 123,978	\$ 125,600	\$ (1,622)
Charges for Services	121,658	137,300	(15,642)
Grants and Contributions	7,359	100	7,259
Investment Revenue	173	600	(427)
Miscellaneous Revenue	22,437	23,195	(758)
<b>Total Revenues</b>	<b>275,605</b>	<b>286,795</b>	<b>(11,190)</b>
<b><u>EXPENDITURES:</u></b>			
Personal Services	226,153	235,359	(9,206)
Materials and Services	107,280	128,689	(21,409)
Capital Outlay	14,186	48,000	(33,814)
Debt Service			
Interfund Loan - Principal	21,837	21,837	-
Interfund Loan - Interest	1,800	1,800	-
Contingency	-	12,410	(12,410)
<b>Total Expenditures</b>	<b>371,256</b>	<b>448,095</b>	<b>(76,839)</b>
Excess of Revenues Over (Under) Expenditures	(95,651)	(161,300)	65,649
<b><u>Other Financing Sources / (Uses)</u></b>			
Operating Transfer In	91,300	91,300	-
Loan Proceeds	-	35,000	(35,000)
<b>Total Other Financing Sources</b>	<b>91,300</b>	<b>126,300</b>	<b>(35,000)</b>
Net Change In Fund Balances	(4,351)	(35,000)	30,649
FUND BALANCE, July 1, 2009	30,680	35,000	(4,320)
<b>FUND BALANCE, June 30, 2010</b>	<b>\$ 26,329</b>	<b>\$ -</b>	<b>\$ 26,329</b>

**Reconciliation to generally accepted accounting principles basis**

Net change in fund balance from above	(4,351)
Change in Deferred Revenue	(168)
Interfund Loan Repayment - Principal	21,837
Capital outlay that is capitalized	12,187
OPEB Expense	(2,283)
Depreciation Expense	(16,266)
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Assets	<u>\$ 10,956</u>

**CITY OF STAYTON**

**SUBLIMITY RECD FUND**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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	<u>Actual</u>	<u>Original &amp; Final Budget</u>	<u>Over (Under) Budget</u>
<b><u>REVENUES</u></b>			
Investment Revenue	\$ 570	\$ 2,200	\$ (1,630)
<b>Total Revenues</b>	570	2,200	(1,630)
<b><u>EXPENDITURES:</u></b>			
Personal Services	-	-	-
<b>Total Expenditures</b>	-	-	-
Net Change In Fund Balances	570	2,200	(1,630)
FUND BALANCE, July 1, 2009	92,725	93,000	(275)
<b>FUND BALANCE, June 30, 2010</b>	<u>\$ 93,295</u>	<u>\$ 95,200</u>	<u>\$ (1,905)</u>

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

**Combining and Individual Fund Statements  
Of  
Non-Major Funds**

**Additional Supporting Schedules**

**CITY OF STAYTON**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2010**

	Combined Non-Major Special Revenue Funds	Combined Non-Major Capital Projects Funds	Total
<b>ASSETS:</b>			
Cash & Investments	\$ 835,965	\$ 281,242	\$ 1,117,207
Accounts Receivable	28,111	-	28,111
Property Tax Receivable	11,698	-	11,698
<b>Total Assets</b>	<b>875,774</b>	<b>281,242</b>	<b>1,157,016</b>
<b>LIABILITIES:</b>			
Accounts Payable	30,887	356	31,243
Deferred Revenue	9,101	-	9,101
<b>Total Liabilities</b>	<b>39,988</b>	<b>356</b>	<b>40,344</b>
<b>FUND EQUITY:</b>			
Unreserved,			
Special Revenue Funds	835,786	-	835,786
Capital Projects Funds	-	280,886	280,886
<b>Total Fund Equity</b>	<b>835,786</b>	<b>280,886</b>	<b>1,116,672</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 875,774</b>	<b>\$ 281,242</b>	<b>\$ 1,157,016</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, 2010**

	Combined Non-Major Special Revenue Funds	Combined Non-Major Capital Projects Funds	Total
<b><u>REVENUES:</u></b>			
Taxes and Assessments	\$ 196,160	\$ -	\$ 196,160
Intergovernmental	479,250	-	479,250
Licenses and Permits	79,091	-	79,091
Charges for Services	58,070	-	58,070
Grants	85,585	10,000	95,585
Fines and Forfeitures	16,571	-	16,571
Investment Revenue	3,754	5,274	9,028
Other Revenue	241,808	34,134	275,942
<b>Total Revenues</b>	<b>1,160,289</b>	<b>49,408</b>	<b>1,209,697</b>
<b><u>EXPENDITURES:</u></b>			
General Government	83,579	12,376	95,955
Public Safety	30,370	-	30,370
Highway and Street	568,907	-	568,907
Culture and Recreation	331,573	3,398	334,971
Capital Outlay	520,574	-	520,574
<b>Total Expenditures</b>	<b>1,535,003</b>	<b>15,774</b>	<b>1,550,777</b>
Excess of Revenues Over (Under) Expenditures	(374,714)	33,634	(341,080)
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfers In	610,500	75,000	685,500
Operating Transfers Out	(131,900)	-	(131,900)
<b>Total Other Financing Sources (Uses):</b>	<b>478,600</b>	<b>75,000</b>	<b>553,600</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	103,886	108,634	212,520
FUND BALANCE, July 1, 2009	731,900	172,252	904,152
<b>FUND BALANCE, June 30, 2010</b>	<b>\$ 835,786</b>	<b>\$ 280,886</b>	<b>\$ 1,116,672</b>

**NON-MAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

**Library Fund**

**Street Fund**

**Street SDC Fund**

**Parks SDC Fund**

**Grants Fund**

**911 Agency Fund**

**Trust Fund**

**NEDCO Fund**



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

**JUNE 30, 2010**

	Library Fund	Street Fund	Street SDC Fund	Parks SDC Fund	Public Works Admin- istration Fund	Grants Fund	911 Fund	Trust Fund	NEDCO Fund	Total
<b>ASSETS:</b>										
Cash & Investments	\$ 86,957	\$45,864	\$ 293,590	\$ 184,505	\$26,869	\$ 7,375	\$ -	\$ 190,805	\$ 11,008	\$ 835,965
Accounts Receivable	319	27,303	-	-	-	489	-	-	-	28,111
Property Tax Receivable	11,698	-	-	-	-	-	-	-	-	11,698
<b>Total Assets</b>	<b>98,974</b>	<b>73,167</b>	<b>293,590</b>	<b>184,505</b>	<b>26,869</b>	<b>7,864</b>	<b>-</b>	<b>190,805</b>	<b>11,008</b>	<b>875,774</b>
<b>LIABILITIES:</b>										
Accounts Payable	2,419	14,432	3,347	-	2,591	734	-	7,364	11,008	30,887
Deferred Revenue	9,101	-	-	-	-	-	-	-	-	9,101
<b>Total Liabilities</b>	<b>11,520</b>	<b>14,432</b>	<b>3,347</b>	<b>-</b>	<b>2,591</b>	<b>734</b>	<b>-</b>	<b>7,364</b>	<b>11,008</b>	<b>39,988</b>
<b>FUND EQUITY:</b>										
Reserved for:										
Programs	87,454	58,735	290,243	184,505	24,278	7,130	-	183,441	-	835,786
<b>Total Fund Equity</b>	<b>87,454</b>	<b>58,735</b>	<b>290,243</b>	<b>184,505</b>	<b>24,278</b>	<b>7,130</b>	<b>-</b>	<b>183,441</b>	<b>-</b>	<b>835,786</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 98,974</b>	<b>\$73,167</b>	<b>\$ 293,590</b>	<b>\$ 184,505</b>	<b>\$26,869</b>	<b>\$ 7,864</b>	<b>\$ -</b>	<b>\$ 190,805</b>	<b>\$ 11,008</b>	<b>\$ 875,774</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, 2010**

	Library Fund	Street Fund	Street SDC Fund	Parks SDC Fund	Public Works Admin- istration Fund	Grants Fund	911 Fund	Trust Fund	NEDCO Fund	Total
<b>REVENUES:</b>										
Taxes and Assessments	\$165,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$30,370	\$ -	\$ -	\$ 196,160
Intergovernmental	1,346	477,904	-	-	-	-	-	-	-	479,250
Licenses and Permits	10,053	-	64,428	4,610	-	-	-	-	-	79,091
Charges for Services	58,070	-	-	-	-	-	-	-	-	58,070
Grants	25,000	-	-	-	-	49,577	-	-	11,008	85,585
Fines and Forfeitures	16,571	-	-	-	-	-	-	-	-	16,571
Investment Revenue	299	162	2,140	1,113	40	-	-	-	-	3,754
Other Revenue	1,774	3,503	-	-	-	572	-	235,959	-	241,808
<b>Total Revenues</b>	<b>278,903</b>	<b>481,569</b>	<b>66,568</b>	<b>5,723</b>	<b>40</b>	<b>50,149</b>	<b>30,370</b>	<b>235,959</b>	<b>11,008</b>	<b>1,160,289</b>
<b>EXPENDITURES:</b>										
General Government	-	-	-	-	-	20,053	-	52,518	11,008	83,579
Public Safety	-	-	-	-	-	-	30,370	-	-	30,370
Highways and Street	-	164,496	1,002	-	403,409	-	-	-	-	568,907
Culture and Recreation	330,247	-	0	1,326	-	-	-	-	-	331,573
Capital Outlay	80,748	221,714	195,068	-	-	23,044	-	-	-	520,574
<b>Total Expenditures</b>	<b>410,995</b>	<b>386,210</b>	<b>196,070</b>	<b>1,326</b>	<b>403,409</b>	<b>43,097</b>	<b>30,370</b>	<b>52,518</b>	<b>11,008</b>	<b>1,535,003</b>
Excess of Revenues Over (Under) Expenditures	(132,092)	95,359	(129,502)	4,397	(403,369)	7,052	-	183,441	-	(374,714)
<b>OTHER FINANCING SOURCES (USES):</b>										
Operating Transfers In	155,500	50,000	-	-	405,000	-	-	-	-	610,500
Operating Transfers (Out)	-	(129,415)	(2,120)	(365)	-	-	-	-	-	(131,900)
<b>Total Other Financing Sources (Uses):</b>	<b>155,500</b>	<b>(79,415)</b>	<b>(2,120)</b>	<b>(365)</b>	<b>405,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>478,600</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	23,408	15,944	(131,622)	4,032	1,631	7,052	-	183,441	-	103,886
FUND BALANCE, July 1, 2009	64,046	42,791	421,865	180,473	22,647	78	-	-	-	731,900
<b>FUND BALANCE, June 30, 2010</b>	<b>\$ 87,454</b>	<b>\$ 58,735</b>	<b>\$290,243</b>	<b>\$184,505</b>	<b>\$ 24,278</b>	<b>\$ 7,130</b>	<b>\$ -</b>	<b>\$183,441</b>	<b>\$ -</b>	<b>\$ 835,786</b>

**CITY OF STAYTON**

**LIBRARY FUND**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Actual</u>	<u>Budget</u>	Over (Under) <u>Budget</u>
<b><u>REVENUES</u></b>			
Taxes and Assessments	\$ 165,790	\$ 166,432	\$ (642)
Intergovernmental	1,346	1,530	(184)
Licenses, Permits and Fees	10,053	10,600	(547)
Charges for Services	58,070	58,225	(155)
Grants and Contributions	25,000	25,000	-
Fines and Forfeitures	16,571	13,500	3,071
Investment Revenue	299	800	(501)
Miscellaneous Revenue	1,774	-	1,774
<b>Total Revenues</b>	<b>278,903</b>	<b>276,087</b>	<b>2,816</b>
<b><u>EXPENDITURES:</u></b>			
Personal Services	279,811	295,184	(15,373)
Materials and Services	50,436	54,660	(4,224)
Capital Outlay	80,748	82,970	(2,222)
Contingency	-	18,773	(18,773)
<b>Total Expenditures</b>	<b>410,995</b>	<b>451,587</b>	<b>(40,592)</b>
Excess of Revenues Over (Under) Expenditures	(132,092)	(175,500)	43,408
<b><u>Other Financing Sources / (Uses)</u></b>			
Operating Transfer In	155,500	155,500	-
<b>Total Other Financing Sources</b>	<b>155,500</b>	<b>155,500</b>	<b>-</b>
Net Change In Fund Balances	23,408	(20,000)	43,408
FUND BALANCE, July 1, 2009	64,046	20,000	44,046
<b>FUND BALANCE, June 30, 2010</b>	<b>\$ 87,454</b>	<b>\$ -</b>	<b>\$ 87,454</b>

**CITY OF STAYTON**

**STREET FUND**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Actual</u>	<u>Budget</u>	Over (Under) <u>Budget</u>
<b><u>REVENUES</u></b>			
Taxes and Assessments	\$ -	\$ 600	\$ (600)
Intergovernmental	477,904	669,860	(191,956)
Investment Revenue	162	1,000	(838)
Miscellaneous Revenue	<u>3,503</u>	<u>-</u>	<u>3,503</u>
<b>Total Revenues</b>	<b>481,569</b>	<b>671,460</b>	<b>(189,891)</b>
<b><u>EXPENDITURES:</u></b>			
Personal Services	74,842	78,180	(3,338)
Materials and Services	89,654	222,465	(132,811)
Capital Outlay	221,714	313,000	(91,286)
Contingency	<u>-</u>	<u>32,244</u>	<u>(32,244)</u>
<b>Total Expenditures</b>	<b>386,210</b>	<b>645,889</b>	<b>(259,679)</b>
Excess of Revenues Over (Under) Expenditures	95,359	25,571	69,788
<b><u>Other Financing Sources / (Uses)</u></b>			
Operating Transfer In	50,000	50,000	-
Operating Transfer (Out)	<u>(129,415)</u>	<u>(129,415)</u>	<u>-</u>
<b>Total Other Financing Sources</b>	<b>(79,415)</b>	<b>(79,415)</b>	<b>-</b>
Net Change In Fund Balances	15,944	(53,844)	69,788
FUND BALANCE, July 1, 2009	<u>42,791</u>	<u>53,844</u>	<u>(11,053)</u>
<b>FUND BALANCE, June 30, 2010</b>	<b><u>\$ 58,735</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 58,735</u></b>

**CITY OF STAYTON**

**STREETS SDC FUND**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
<b><u>REVENUES</u></b>			
Licenses, Permits and Fees	\$ 64,428	\$ 32,500	\$ 31,928
Investment Revenue	2,140	12,000	(9,860)
<b>Total Revenues</b>	<b>66,568</b>	<b>44,500</b>	<b>22,068</b>
<b><u>EXPENDITURES:</u></b>			
Materials and Services	1,002	55,000	(53,998)
Capital Outlay	195,068	200,000	(4,932)
<b>Total Expenditures</b>	<b>196,070</b>	<b>255,000</b>	<b>(58,930)</b>
Excess of Revenues Over (Under) Expenditures	(129,502)	(210,500)	80,998
<b><u>Other Financing Sources / (Uses)</u></b>			
Operating Transfer (Out)	(2,120)	(2,120)	-
<b>Total Other Financing Sources</b>	<b>(2,120)</b>	<b>(2,120)</b>	<b>-</b>
Net Change In Fund Balances	(131,622)	(212,620)	80,998
FUND BALANCE, July 1, 2009	421,865	253,401	168,464
<b>FUND BALANCE, June 30, 2010</b>	<b>\$ 290,243</b>	<b>\$ 40,781</b>	<b>\$ 249,462</b>

**CITY OF STAYTON**

**PARKS SDC FUND**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
<b><u>REVENUES</u></b>			
Licenses, Permits and Fees	\$ 4,610	\$ 18,000	\$ (13,390)
Investment Revenue	<u>1,113</u>	<u>3,500</u>	<u>(2,387)</u>
<b>Total Revenues</b>	<b>5,723</b>	<b>21,500</b>	<b>(15,777)</b>
<b><u>EXPENDITURES:</u></b>			
Materials and Services	1,326	8,000	(6,674)
Capital Outlay	<u>-</u>	<u>170,000</u>	<u>(170,000)</u>
<b>Total Expenditures</b>	<b>1,326</b>	<b>178,000</b>	<b>(176,674)</b>
Excess of Revenues Over (Under) Expenditures	4,397	(156,500)	160,897
<b><u>Other Financing Sources / (Uses)</u></b>			
Operating Transfer (Out)	<u>(365)</u>	<u>(365)</u>	<u>-</u>
<b>Total Other Financing Sources</b>	<b>(365)</b>	<b>(365)</b>	<b>-</b>
Net Change In Fund Balances	4,032	(156,865)	160,897
FUND BALANCE, July 1, 2009	<u>180,473</u>	<u>184,465</u>	<u>(3,992)</u>
<b>FUND BALANCE, June 30, 2010</b>	<b><u>\$ 184,505</u></b>	<b><u>\$ 27,600</u></b>	<b><u>\$ 156,905</u></b>

**CITY OF STAYTON**  
**PUBLIC WORKS ADMINISTRATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Actual	Budget	Over (Under) Budget
<b><u>REVENUES</u></b>			
Investment Revenue	\$ 40	\$ -	\$ 40
Miscellaneous Revenue	-	100	(100)
<b>Total Revenues</b>	<b>40</b>	<b>100</b>	<b>(60)</b>
<b><u>EXPENDITURES:</u></b>			
Personal Services	313,142	330,953	(17,811)
Materials and Services	90,267	97,785	(7,518)
Contingency	-	2,812	(2,812)
<b>Total Expenditures</b>	<b>403,409</b>	<b>431,550</b>	<b>(28,141)</b>
Excess of Revenues Over (Under) Expenditures	(403,369)	(431,450)	28,081
<b><u>Other Financing Sources / (Uses)</u></b>			
Operating Transfer In	405,000	405,000	-
<b>Total Other Financing Sources</b>	<b>405,000</b>	<b>405,000</b>	<b>-</b>
Net Change In Fund Balances	1,631	(26,450)	28,081
FUND BALANCE, July 1, 2009	22,647	26,450	(3,803)
<b>FUND BALANCE, June 30, 2010</b>	<b>\$ 24,278</b>	<b>\$ -</b>	<b>\$ 24,278</b>

**CITY OF STAYTON**

**GRANTS FUND**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Actual</u>	<u>Budget</u>	Over (Under) <u>Budget</u>
<b><u>REVENUES</u></b>			
Grants	\$ 49,577	\$ 250,000	\$ (200,423)
Miscellaneous Revenue	572	-	572
<b>Total Revenues</b>	<b>50,149</b>	<b>250,000</b>	<b>(199,851)</b>
<b><u>EXPENDITURES:</u></b>			
Personal Services	11,474	100,000	(88,526)
Materials and Services	8,579	55,400	(46,821)
Capital Outlay	23,044	95,000	(71,956)
<b>Total Expenditures</b>	<b>43,097</b>	<b>250,400</b>	<b>(207,303)</b>
Excess of Revenues Over (Under) Expenditures	7,052	(400)	7,452
FUND BALANCE, July 1, 2009	78	400	(322)
<b>FUND BALANCE, June 30, 2010</b>	<b>\$ 7,130</b>	<b>\$ -</b>	<b>\$ 7,130</b>



**CITY OF STAYTON**

**911 FUND**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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	<u>Actual</u>	<u>Budget</u>	Over (Under) <u>Budget</u>
<b><u>REVENUES</u></b>			
Taxes and Assessments	<u>\$ 30,370</u>	<u>\$ 50,000</u>	<u>\$ (19,630)</u>
<b>Total Revenues</b>	<b>30,370</b>	<b>50,000</b>	<b>(19,630)</b>
<b><u>EXPENDITURES:</u></b>			
Materials and Services	<u>30,370</u>	<u>50,000</u>	<u>(19,630)</u>
<b>Total Expenditures</b>	<b>30,370</b>	<b>50,000</b>	<b>(19,630)</b>
Excess of Revenues Over (Under) Expenditures	-	-	-
FUND BALANCE, July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, June 30, 2010</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

**CITY OF STAYTON**  
**TRUST AND AGENCY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
<b><u>REVENUES</u></b>			
Miscellaneous Revenue	\$ 235,959	\$ 180,000	\$ 55,959
<b>Total Revenues</b>	235,959	180,000	55,959
<b><u>EXPENDITURES:</u></b>			
Materials and Services	52,518	180,000	(127,482)
<b>Total Expenditures</b>	52,518	180,000	(127,482)
Excess of Revenues Over (Under) Expenditures	183,441	-	183,441
FUND BALANCE, July 1, 2009	-	-	-
<b>FUND BALANCE, June 30, 2010</b>	<b>\$ 183,441</b>	<b>\$ -</b>	<b>\$ 183,441</b>

**CITY OF STAYTON**

**NEDCO FUND**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
<b><u>REVENUES</u></b>			
Grants	\$ 11,008	\$ 48,000	\$ (36,992)
<b>Total Revenues</b>	11,008	48,000	(36,992)
<b><u>EXPENDITURES:</u></b>			
Materials and Services	11,008	48,000	(36,992)
<b>Total Expenditures</b>	11,008	48,000	(36,992)
Excess of Revenues Over (Under) Expenditures	-	-	-
FUND BALANCE, July 1, 2009	-	-	-
<b>FUND BALANCE, June 30, 2010</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NON-MAJOR GOVERNMENTAL FUNDS**

**CAPITAL PROJECTS FUNDS**

**Facilities Development Fund**

**Parks Construction Fund**

**CITY OF STAYTON**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**

**JUNE 30, 2010**

	Facilities Development Fund	Parks Construction Fund	Total
<b>ASSETS:</b>			
Cash & Investments	\$ 276,374	\$ 4,868	\$ 281,242
<b>Total Assets</b>	<b>276,374</b>	<b>4,868</b>	<b>281,242</b>
<b>LIABILITIES:</b>			
Accounts Payable	356	-	356
<b>Total Liabilities</b>	<b>356</b>	<b>-</b>	<b>356</b>
<b>FUND EQUITY:</b>			
Reserved for:			
Capital Projects	276,018	4,868	280,886
<b>Total Fund Equity</b>	<b>276,018</b>	<b>4,868</b>	<b>280,886</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 276,374</b>	<b>\$ 4,868</b>	<b>\$ 281,242</b>

**CITY OF STAYTON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Facilities Development Fund	Parks Construction Fund	Total
<b><u>REVENUES:</u></b>			
Grants	\$ -	\$ 10,000	\$ 10,000
Investment Revenue	5,274	-	5,274
Other Revenue	34,134	-	34,134
<b>Total Revenues</b>	<b>39,408</b>	<b>10,000</b>	<b>49,408</b>
<b><u>EXPENDITURES:</u></b>			
Materials and Services	12,376	3,398	15,774
<b>Total Expenditures</b>	<b>12,376</b>	<b>3,398</b>	<b>15,774</b>
Excess of Revenues Over (Under) Expenditures	27,032	6,602	33,634
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	75,000	-	75,000
<b>Total Total Other Financing Sources (Uses):</b>	<b>75,000</b>	<b>-</b>	<b>75,000</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	102,032	6,602	108,634
FUND BALANCE, July 1, 2009	173,986	(1,734)	172,252
<b>FUND BALANCE, June 30, 2010</b>	<b>\$ 276,018</b>	<b>\$ 4,868</b>	<b>\$ 280,886</b>

**CITY OF STAYTON**

**CAPITAL PROJECTS FUND - FACILITIES DEVELOPMENT FUND**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Actual</u>	<u>Budget</u>	Over (Under) <u>Budget</u>
<b><u>REVENUES</u></b>			
Investment Revenue	\$ 5,274	\$ 4,000	\$ 1,274
Rents	34,134	31,546	2,588
<b>Total Revenues</b>	<b>39,408</b>	<b>35,546</b>	<b>3,862</b>
<b><u>EXPENDITURES:</u></b>			
Materials and Services	12,376	60,000	(47,624)
Capital Outlay	-	100,000	(100,000)
Contingency	-	92,646	(92,646)
<b>Total Expenditures</b>	<b>12,376</b>	<b>252,646</b>	<b>(240,270)</b>
Excess of Revenues Over (Under) Expenditures	27,032	(217,100)	244,132
<b><u>Other Financing Sources / (Uses)</u></b>			
Operating Transfer In	75,000	75,000	-
<b>Total Other Financing Sources</b>	<b>75,000</b>	<b>75,000</b>	<b>-</b>
Net Change In Fund Balances	102,032	(142,100)	244,132
FUND BALANCE, July 1, 2009	173,986	165,000	8,986
<b>FUND BALANCE, June 30, 2010</b>	<b>\$ 276,018</b>	<b>\$ 22,900</b>	<b>\$ 253,118</b>

**CITY OF STAYTON**  
**CAPITAL PROJECTS - PARKS CONSTRUCTION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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	<u>Actual</u>	<u>Budget</u>	Over (Under) <u>Budget</u>
<b><u>REVENUES</u></b>			
Grants	\$ 10,000	\$ 73,450	\$ (63,450)
<b>Total Revenues</b>	<b>10,000</b>	<b>73,450</b>	<b>(63,450)</b>
<b><u>EXPENDITURES:</u></b>			
Personal Services	-	-	-
Materials and Services	3,398	20,000	(16,602)
Capital Outlay	-	53,450	(53,450)
<b>Total Expenditures</b>	<b>3,398</b>	<b>73,450</b>	<b>(70,052)</b>
Net Change In Fund Balances	6,602	-	6,602
FUND BALANCE, July 1, 2009	(1,734)	-	(1,734)
<b>FUND BALANCE, June 30, 2010</b>	<b>\$ 4,868</b>	<b>\$ -</b>	<b>\$ 4,868</b>



**ADDITIONAL**  
**SUPPORTING**  
**SCHEDULES**

**CITY OF STAYTON**

**SCHEDULE OF PROPERTY TAXES**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	General Fund Permanent Rate Tax, Subject to Measure 5	Local Option	Total	
Assessed Valuation, 2009-10 Tax Roll	\$ 500,584,473	\$ 500,584,473	\$ 500,584,473	
General Fund Permanent Rate Levy, Per \$1,000	0.0033280			
General Obligation Bond Levy Rate, Per \$1,000		0.0005992		
Amount Levy Rates Will Raise	1,665,945	299,950	1,965,895	
Additional Taxes Outside Measure 5 Limits - Farmland	471	85	556	
Roll Corrections & Omitted Property	638	115	753	
Net Tax Levy Imposed	<u>\$ 1,667,054</u>	<u>\$ 300,150</u>	<u>\$ 1,967,204</u>	
	Collector's Adjustment & Discounts Increase (Decrease)	Collections During the Year	Uncollected Balance June 30, 2010	
	Uncollected Balance July 1, 2009			
2009-10	\$ 1,967,204	\$ (55,132)	\$ 1,830,459	\$ 81,613
2008-09	80,027	(1,575)	42,317	36,135
2007-08	27,402	(635)	10,673	16,094
2006-07	11,844	(516)	5,820	5,508
2005-06	4,052	(538)	2,178	1,336
2004-05 & PRIOR	5,007	(1,096)	224	3,687
Total Cash Collections	<u>\$ 2,095,536</u>	<u>\$ (59,492)</u>	<u>\$ 1,891,671</u>	<u>\$ 144,373</u>
Less Accrued Revenue - June 30, 2009			(14,363)	
Add Accrued Revenue - June 30, 2010			31,004	
Total Property Tax Revenue			<u>\$ 1,908,312</u>	

**CITY OF STAYTON**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Outstanding Balance July 1, 2009</u>	<u>New Issues and Interest Matured</u>	<u>Principal and Interest Retired</u>	<u>Outstanding Balance June 30, 2010</u>	<u>Due within One Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
<u>Capital Leases</u>					
Lease Payable to Old National Bank for purchase of a police car					
Interest Rate: 7.92%					
Principal	\$ 21,304	\$ -	\$ 21,304	\$ -	\$ -
Interest	-	1,582	1,582	-	-
<b>Totals</b>	<b>\$ 21,304</b>	<b>\$ 1,582</b>	<b>\$ 22,886</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL GOVERNMENTAL ACTIVITIES DEBT AGREEMENTS:</b>					
Principal	\$ 156,754	\$ -	\$ 156,754	\$ -	\$ -
Interest	-	1,582	1,582	-	-
<b>Totals</b>	<b>\$ 156,754</b>	<b>\$ 1,582</b>	<b>\$ 158,336</b>	<b>\$ -</b>	<b>\$ -</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
OEDD Bonds, series 1993 for special public works projects					
- Original Balance \$510,000					
Dated: December 21, 1993					
Interest Rate: 5.19%					
Principal	\$ 189,957	\$ -	\$ 34,247	\$ 155,710	\$ 36,025
Interest	5,699	9,859	10,886	4,672	-
<b>Totals</b>	<b>\$ 195,656</b>	<b>\$ 9,859</b>	<b>\$ 45,133</b>	<b>\$ 160,382</b>	<b>\$ 36,025</b>
GO Refunding Bonds, series 2001					
- Original Balance \$1,295,000					
Dated: December 1, 2001					
Interest Rate: 4.00% - 4.40%					
Principal	\$ 320,000	\$ -	\$ 160,000	\$ 160,000	\$ 160,000
Interest	5,730	10,480	13,336	2,874	-
<b>Totals</b>	<b>\$ 325,730</b>	<b>\$ 10,480</b>	<b>\$ 173,336</b>	<b>\$ 162,874</b>	<b>\$ 160,000</b>
Sewer Revenue Bonds, US Department of Agriculture					
- Original Balance \$2,952,000					
Dated: May 28, 1997					
Interest Rate: 5.00%					
Principal	\$ 2,560,509	\$ -	\$ 44,018	\$ 2,516,491	\$ 46,179
Interest	12,630	126,771	128,025	11,376	-
<b>Totals</b>	<b>\$ 2,573,139</b>	<b>\$ 126,771</b>	<b>\$ 172,043</b>	<b>\$ 2,527,867</b>	<b>\$ 46,179</b>
Oregon Department of Environmental Quality					
(ODEQ) Clean Water Revolving Loan					
- Original Balance \$4,382,000					
Dated: September 27, 2007					
Interest Rate: 2.92%					
Principal	\$ 4,222,807	\$ -	\$ 175,022	\$ 4,047,785	\$ 180,170
Interest	55,226	135,852	143,152	47,926	-
<b>Totals</b>	<b>\$ 4,278,033</b>	<b>\$ 135,852</b>	<b>\$ 318,174</b>	<b>\$ 4,095,711</b>	<b>\$ 180,170</b>

**CITY OF STAYTON**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Outstanding Balance July 1, 2009</u>	<u>New Issues and Interest Matured</u>	<u>Principal and Interest Retired</u>	<u>Outstanding Balance June 30, 2010</u>	<u>Due within One Year</u>
Oregon Economic and Community Development Department (OECD) Water State Revolving Loan - Approved Balance \$4,761,900					
Dated: February 18, 2009					
Interest Rate: 3.4%					
Principal	\$ 1,052,445	\$ 3,721,425	\$ -	\$ 4,773,870	\$ -
Interest	-	-	-	-	-
<b>Totals</b>	<b>\$ 1,052,445</b>	<b>\$ 3,721,425</b>	<b>\$ -</b>	<b>\$ 4,773,870</b>	<b>\$ -</b>
Sewer Revenue Bonds, US Department of Agriculture - Approved Balance \$8,316,000					
Dated: June 23, 2010					
Interest Rate: 3.25%					
Principal	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-
<b>Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL BUSINESS-TYPE ACTIVITIES DEBT AGREEMENTS:</b>					
Principal	\$ 8,366,875	\$ 3,721,425	\$ 413,287	\$ 11,653,856	\$ 422,374
Interest	79,285	282,962	295,399	66,848	-
<b>Totals</b>	<b>\$ 8,446,160</b>	<b>\$ 4,004,387</b>	<b>\$ 708,686</b>	<b>\$ 11,720,704</b>	<b>\$ 422,374</b>
<b>TOTAL DEBT AGREEMENTS:</b>					
Principal	\$ 8,523,629	\$ 3,721,425	\$ 570,041	\$ 11,653,856	\$ 422,374
Interest	79,285	284,544	296,981	66,848	-
<b>Totals</b>	<b>\$ 8,602,914</b>	<b>\$ 4,005,969</b>	<b>\$ 867,022</b>	<b>\$ 11,720,704</b>	<b>\$ 422,374</b>

**CITY OF STAYTON**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Fiscal Year Ended June 30,	Sinking Fund Require- ment	Total Payment	Principal	Interest	Fiscal Year- end Balance
<b>Business-Type Activities</b>						
OEDD Bonds, series 1993 for special public works projects - Original Balance \$510,000	2011	\$ -	\$ 44,106	\$ 36,025	\$ 8,081	\$ 119,685
	2012	-	44,106	37,894	6,212	81,791
	2013	-	44,106	39,861	4,245	41,930
	2014	-	44,106	41,930	2,176	-
<b>Totals</b>		\$ -	\$ 176,424	\$ 155,710	\$ 20,714	
GO Refunding Bonds, series 2001 - Original Balance \$1,295,000	2011	\$ -	\$ 163,520	\$ 160,000	\$ 3,520	\$ -
<b>Totals</b>			\$ 163,520	\$ 160,000	\$ 3,520	
Sewer Revenue Bonds, US Department of Agriculture - Original Balance \$2,952,000	2011	\$ -	\$ 172,043	\$ 43,980	\$ 128,063	\$ 2,472,511
	2012	-	172,044	46,179	125,865	2,426,332
	2013	-	172,043	48,149	123,894	2,378,183
	2014	-	172,043	50,895	121,148	2,327,288
	2015	-	172,043	53,440	118,603	2,273,848
	2016	-	172,043	55,679	116,364	2,218,169
	2017	-	172,043	58,351	113,692	2,159,818
	2018	-	172,043	61,135	110,908	2,098,683
	2019	-	172,043	64,052	107,991	2,034,631
	2020	-	172,043	67,109	104,934	1,967,522
	2021	-	172,043	70,311	101,732	1,897,211
	2022	-	172,043	73,667	98,376	1,823,544
	2023	-	172,043	77,182	94,861	1,746,362
	2024	-	172,043	80,866	91,177	1,665,496
	2025	-	172,043	84,725	87,318	1,580,771
	2026	-	172,043	88,768	83,275	1,492,003
	2027	-	172,043	93,004	79,039	1,398,999
	2028	-	172,043	97,443	74,600	1,301,556
	2029	-	172,043	102,093	69,950	1,199,463
	2030	-	172,043	106,965	65,078	1,092,498
	2031	-	172,043	112,070	59,973	980,428
	2032	-	172,043	117,418	54,625	863,010
	2033	-	172,043	123,022	49,021	739,988
	2034	-	172,043	128,892	43,151	611,096
	2035	-	172,043	135,044	36,999	476,052
	2036	-	172,043	141,488	30,555	334,564
	2037	-	172,043	148,240	23,803	186,324
	2038	-	172,043	155,315	16,728	31,009
	2039	-	40,325	31,009	9,316	-
<b>Totals</b>			\$ 4,857,530	\$ 2,516,491	\$ 2,341,039	
Oregon Department of Environmental Quality (ODEQ) Clean Water Revolving Loan - Original Balance \$4,382,000	2011	\$ 150,387	\$ 297,060	\$ 180,170	\$ 116,890	\$ 3,867,615
	2012	150,387	297,060	185,470	111,590	3,682,145
	2013	150,387	297,060	190,925	106,135	3,491,220
	2014	150,387	297,060	196,541	100,519	3,294,679
	2015	150,387	297,060	202,322	94,738	3,092,357
	2016	150,387	297,060	208,273	88,787	2,884,084
	2017	150,387	297,060	214,398	82,662	2,669,686
	2018	150,387	297,060	220,705	76,355	2,448,981
	2019	150,387	297,060	227,196	69,864	2,221,785
	2020	150,387	297,060	233,879	63,181	1,987,906
	2021	150,387	297,060	240,758	56,302	1,747,148
	2022	150,387	297,060	247,840	49,220	1,499,308
	2023	150,387	297,060	255,129	41,931	1,244,179
	2024	150,387	297,060	262,633	34,427	981,546
	2025	150,387	297,060	270,358	26,702	711,188
	2026	150,387	297,060	278,311	18,749	432,877
	2027	150,387	297,060	286,496	10,564	146,381
	2028	150,387	148,518	146,381	2,137	-
<b>Totals</b>		\$ 1,503,870	\$ 5,198,538	\$ 4,047,785	\$ 1,150,753	

Continued

**City of STAYTON**  
**SCHEDULE OF FUTURE REQUIREMENTS FOR**  
**RETIREMENT OF LONG-TERM DEBT (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Fiscal Year Ended June 30,	Sinking Fund Require- ment	Total Payment	Principal	Interest	Fiscal Year- end Balance
Oregon Economic and Community Development Department (OECD) Water State Revolving Loan - Approved Balance \$4,761,900	2011	\$ -	\$ 332,863	\$ 170,551	\$ 162,312	\$ 4,603,319
	2012	-	332,863	176,350	156,513	4,426,969
This loan is currently in process and a final amortization schedule has not been established. Amounts presented are estimated based on loan proceeds which have been received through June 30, 2010	2013	-	332,863	182,346	150,517	4,244,623
	2014	-	332,863	188,546	144,317	4,056,077
	2015	-	332,863	194,956	137,907	3,861,121
	2016	-	332,863	201,585	131,278	3,659,536
	2017	-	332,863	208,439	124,424	3,451,097
	2018	-	332,863	215,526	117,337	3,235,571
	2019	-	332,863	222,854	110,009	3,012,717
	2020	-	332,863	230,431	102,432	2,782,286
	2021	-	332,863	238,265	94,598	2,544,021
	2022	-	332,863	246,366	86,497	2,297,655
	2023	-	332,863	254,743	78,120	2,042,912
	2024	-	332,863	263,404	69,459	1,779,508
	2025	-	332,863	272,360	60,503	1,507,148
	2026	-	332,863	281,620	51,243	1,225,528
	2027	-	332,863	291,195	41,668	934,333
	2028	-	332,863	301,096	31,767	633,237
	2029	-	332,863	311,333	21,530	321,904
	2030	-	332,849	321,904	10,945	-
<b>Totals</b>			<b>\$ 6,657,246</b>	<b>\$ 4,773,870</b>	<b>\$ 1,883,376</b>	

**INDEPENDENT AUDITOR'S**  
**COMMENTS AND DISCLOSURES**  
**REQUIRED BY**  
**STATE REGULATION**

**CITY OF STAYTON**  
**AUDITOR'S COMMENTS AND DISCLOSURES**  
**REQUIRED BY STATE REGULATION (Continued)**  
**As of June 30, 2010**

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

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

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

**ACCOUNTING RECORDS AND INTERNAL CONTROL:**

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

As part of our examination of the financial statements, we obtained an understanding of the accounting system and the controls incorporated into that system. The purpose of understanding the accounting system and its controls is to assist in planning the nature and scope of our examination. The process involved in obtaining an understanding of the system is more limited than a study and evaluation necessary to express an opinion on the internal control system as a whole. Based on our understanding, we determined that our examination could be more efficiently done without placing reliance on certain internal accounting controls. Therefore, we did not test internal accounting controls but adjusted the nature and extent of other auditing procedures as deemed necessary.

Our examination of the combined financial statements would not necessarily disclose all weaknesses in the system because it was based on selective testing. Accordingly, we do not express an opinion on the system of internal control.

Although the City's system of internal control is somewhat limited by the number of administrative personnel available, our study did not disclose any conditions which we considered to be material weaknesses in the limited controls.

As part of our audit of the basic financial statements, we reviewed and tested the City's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The accounting records were properly maintained and the accounting and internal control structure was adequate.

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

**COLLATERAL:**

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

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



**CITY OF STAYTON**  
**AUDITOR'S COMMENTS AND DISCLOSURES**  
**REQUIRED BY STATE REGULATION (Continued)**  
**As of June 30, 2010**

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**INDEBTEDNESS:**

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

**BUDGET:**

Minutes and resolutions of the Budget Committee and City Council were reviewed for compliance of Oregon Budget Law in preparation, adoption and execution of the current year's budget and preparation and adoption of the ensuing year's budget. I found no instances of non-compliance of Oregon Budget Law by the City for the 2009-10 fiscal year or in preparation and adoption of the 2010-11 budget.

**INVESTMENTS:**

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

**INSURANCE AND FIDELITY BONDS:**

I have examined the City's fidelity bonds and insurance coverage at June 30, 2010 and ascertained that such policies appeared to be in force as of that date and appeared to comply with the legal requirements. I recommend periodic review of insurance by qualified individuals, as I do not possess expertise in this area.

**PUBLIC CONTRACTING:**

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

**PROGRAMS FUNDED FROM OUTSIDE SOURCES:**

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

**HIGHWAY FUNDS:**

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

**CITY OF STAYTON**  
**AUDITOR'S COMMENTS AND DISCLOSURES**  
**REQUIRED BY STATE REGULATION (Continued)**  
**As of June 30, 2010**

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**STATEMENT OF ACCOUNTABILITY FOR INDEPENDENTLY ELECTED OFFICIALS:**

This statement is not applicable to the City.

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

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

Roseburg, Oregon  
September 10, 2010

# CITY OF STAYTON

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2010

Grantor Program and Title	Federal CFDA Number	State Project Number	Amount Awarded	Receipts	Expenditures
U.S. DEPARTMENT OF JUSTICE					
Bulletproof Vest Partnership	16.607		822	822	822
JAG Grant	16.804		20,120	20,120	20,120
U.S. DEPARTMENT OF TRANSPORTATION					
Passed through Oregon Association of Chiefs of Police					
Oregon Bicycle Traffic Safety Alliance	20.605		4,235	4,235	4,235
Occupation Protection	20.602		480	480	480
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		300	300	300
ENVIRONMENTAL PROTECTION AGENCY					
Passed through Oregon Economic and Community Development Department					
Capitalization Grants for Safe Drinking Water	66.468		4,773,870	3,721,425	3,717,830
U.S. DEPARTMENT OF AGRICULTURE					
Water and Waste Water Systems for Rural Communities	10.760				
U.S. DEPARTMENT OF HOMELAND SECURITY					
Law Enforcement Terrorism Prevention Program	97.074		20,120	20,120	20,120
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b>\$ 4,819,947</b>	<b>\$ 3,767,502</b>	<b>\$ 3,763,907</b>

This schedule has been prepared using the cash basis of accounting, a comprehensive basis of accounting other than generally accepted accounting principles.



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

Honorable Mayor and City Council  
City of Stayton, Oregon

I have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Stayton, as of and for the year ended June 30, 2010, which collectively comprise City of Stayton's basic financial statements and have issued my report thereon dated September 10, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Stayton's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Stayton's financial statements that is more than inconsequential will not be prevented or detected by the City of Stayton's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Stayton's internal control.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of 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*.

I noted certain other matters that I reported to management of the City of Stayton in a separate letter dated September 10, 2010.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Steve Tuchscherer, CPA  
September 10, 2010

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REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and City Council  
City of Stayton, Oregon

Compliance

I have audited the compliance of City of Stayton, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. City of Stayton's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Stayton's management. My responsibility is to express an opinion on City of Stayton's compliance based on my audit.

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

In my opinion, City of Stayton, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control over Compliance

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

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

City of Stayton's response to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit City of Stayton's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Steve Tuchscherer, CPA  
September 10, 2010

# **CITY OF STAYTON, OREGON**

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

June 30, 2010

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### **Section I—Summary of Auditor’s Results**

1. The auditor’s report expresses an unqualified opinion on the financial statements of City of Stayton, Oregon.
2. No significant deficiencies in internal control were disclosed by the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of City of Stayton, Oregon were disclosed during the audit.
4. No significant deficiencies in internal control were disclosed by the audit of the financial statements.
5. No significant deficiencies in internal controls over major programs were disclosed by the audit.
6. The auditor’s report on compliance for the major federal award program expresses an unqualified opinion.
7. The audit did not disclose any findings that are required to be reported.
8. The programs tested as a major program was Capitalization Grants for Drinking Water State Revolving Fund, CFDA 64.468.
9. The threshold for distinguishing between Type A and B programs was \$300,000.
10. The District was not determined to be a low-risk auditee.

### **Section II—Financial Statements Findings**

No findings related to the financial statements are reported for the year ended June 30, 2010.

### **Section III—Findings and Questioned Costs for Federal Awards.**

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