



Silverton, Oregon
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2013

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CITY OF SILVERTON

OFFICERS AND MEMBERS OF THE GOVERNING BODY

For the Year Ended June 30, 2013

	<u>Term Expiration</u> <u>January,</u>
<u>MAYOR</u>	
Stu Rasmussen 313 N. James St. Silverton, OR 97381	2015
<u>CITY COUNCIL</u>	
Randal Thomas 111 Coolidge Street Silverton, OR 97381	2015
Bill Cummins 104 Breyona Way Silverton, OR 97381	2015
Jason Freilinger 1316 Frontier St. Silverton, OR 97381	2017
Ken Hector 310 Apple Ave. Silverton, OR 97381	2017
Laurie A. Carter 805 Shelokum Dr Silverton, OR 97381	2017
Scott Walker 717 Eureka Ave Silverton, OR 97381	2015
Kyle Palmer 429 S. Third Street Silverton, OR 97381	2013

CITY MANAGER

Bob Willoughby

FINANCE DIRECTOR

Kathleen Zaragoza

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
CITY OF SILVERTON
Silverton, Oregon

Report on the Financial Statements

We 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 SILVERTON, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF SILVERTON, as of June 30, 2013, the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the General and Street Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages *a-f* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 13, 2013, on our consideration of the City's compliance with certain provisions of laws and regulation, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 13, 2013

By:


Bradley G. Bingenheimer

MANAGEMENT'S DISCUSSION AND ANALYSIS

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CITY OF SILVERTON

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2013

This discussion and analysis presents the highlights of financial activities and financial position for the City of Silverton. The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City.

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

FINANCIAL HIGHLIGHTS

The City's assets exceeded its liabilities at June 30, 2012 by \$43,856,750 (*net position*). Of this amount, \$29,721,971 was invested in capital assets; \$5,487,771 was restricted for specific purposes resulting in unrestricted net position of \$8,647,008.

The City's total net position increased by \$1,744,090 (or 4.14%), which was due primarily to the increase of net position invested in capital assets section in governmental activities.

The City's business-type funds had an increase in net position of \$622,585, which is primarily due to the increase in net investment in capital assets.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's Annual Financial Report consists of several sections. Taken together they provide a Comprehensive Financial Report of the City's financial position. The components of the report include the following:

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

Basic Financial Statements They include a statement of net position, a statement of activities, fund financial statements and the notes to the financial statements.

The statements of net position and activities focus on an entity-wide presentation using the accrual basis of accounting and provide both long-term and short-term information about the City's financial status. The Governmental activities include most of the City's basic services such as police, street maintenance and improvement, community planning and governance. The Business-type activities include the operation of the City's sewer and water utilities.

Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental Fund Statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own columns and the remaining funds are combined into a column titled "Other Governmental Funds." Budgetary comparison statements are presented for the General Fund and the Community Development Block Grant Housing Rehabilitation Fund.

Statements for the City's proprietary funds follow the governmental funds and include net position; revenues, expenses and changes in fund net position; and cash flows.

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

Combining and Individual Fund Statements and Schedules. Readers wanting additional information about other major funds not presented in the basic financial statements and non-major funds can find it in this section. Included within this section are:

- Combining statements of other governmental funds, which are classified as non-major. These statements include balance sheets and statements of revenues, expenditures and changes in fund balances.
- Budgetary comparisons. Budgetary information for all funds, except General Fund and Community Development Block Grant Housing Rehabilitation Fund, which are presented within the basic financial statements, are presented here.
- Combining statements of other proprietary funds which are classified as non-major. These statements include balance sheets, statements of revenues, expenses, and changes in fund net assets, and cash flows.

Audit comments and disclosures required by state regulations. These are supplemental communications on the city's compliance and internal controls as required by Oregon State Statutes.

FINANCIAL SUMMARY AND ANALYSIS

As mentioned earlier, the City's net position as of June 30, 2013 are \$43,856,750. The largest portion of net position is comprised of the City's investment in capital assets (e.g., land, buildings, equipment and public infrastructure); less any related debt outstanding used to acquire those assets. The City uses capital assets to provide services to citizens; therefore, these assets are not available for future spending. The resources to repay the related debt is not provided by capital assets, but will be provided from other sources such as charges for services.

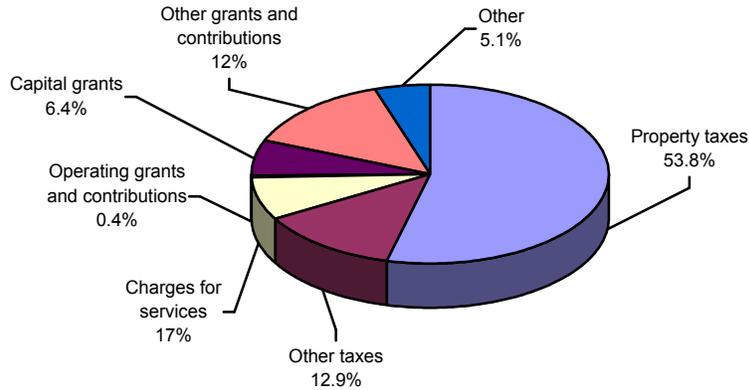
NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2012	2013	2012	2013	2012	2013
<u>Assets</u>						
Current and other assets	\$11,205,374	\$ 11,314,442	\$ 8,199,682	\$ 5,395,716	\$ 19,405,056	\$ 16,710,158
Capital assets, net	<u>11,825,767</u>	<u>12,007,346</u>	<u>30,231,502</u>	<u>33,188,094</u>	<u>42,057,269</u>	<u>45,195,440</u>
Total assets	<u>23,031,141</u>	<u>23,321,788</u>	<u>38,431,184</u>	<u>34,583,810</u>	<u>61,462,325</u>	<u>61,905,598</u>
<u>Liabilities</u>						
Long-term liabilities	4,677,698	3,816,837	13,839,869	13,435,872	18,517,567	17,252,709
Other liabilities	<u>382,693</u>	<u>986,914</u>	<u>449,405</u>	<u>340,245</u>	<u>832,098</u>	<u>1,327,159</u>
Total liabilities	<u>5,060,391</u>	<u>4,229,533</u>	<u>14,289,274</u>	<u>13,819,315</u>	<u>19,349,665</u>	<u>18,048,848</u>
<u>Net position</u>						
Net investment in capital assets	8,400,333	9,408,890	16,955,024	20,313,081	25,355,357	29,721,971
Restricted	3,880,083	3,315,901	5,465,797	2,171,870	9,345,880	5,487,771
Unrestricted	<u>5,690,334</u>	<u>6,367,464</u>	<u>1,721,089</u>	<u>2,279,544</u>	<u>7,411,423</u>	<u>8,647,008</u>
Total net position	<u>\$17,970,750</u>	<u>\$ 19,092,255</u>	<u>\$ 24,141,910</u>	<u>\$ 24,764,495</u>	<u>\$ 42,112,660</u>	<u>\$43,856,750</u>

The unrestricted net position of governmental activities increased by \$1,121,505, which is primarily due to the increase in the net investments in capital assets.

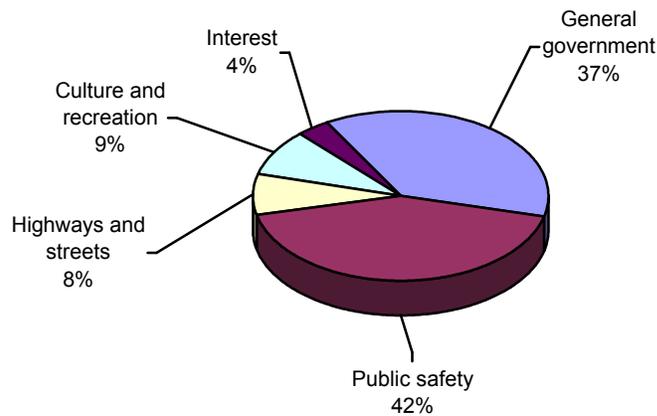
The governmental activities revenue comes primarily from property taxes, charges for services and various grants and contributions. The city's governmental expenses cover a wide variety of services, with general government, public safety and streets accounting for most of these expenses.

City of Silverton Governmental Activities Revenue



Property taxes are the City's primary source of revenue comprising 53% of the City's governmental revenue. The City's permanent tax rate is \$3.6678 per \$1,000 of assessed value. Additional taxes are levied, for the repayment of bonded indebtedness. The next largest revenue source is from other taxes, which is for transient taxes and franchise fees.

City of Silverton Governmental Activities Functional Expenses



The primary expenses for governmental activities are public safety at 42% and general government activities at 37%. Public safety is greater than general government expenses by \$ 254,820. Both general government expenses and public safety expenses are down for the 2013 fiscal year as compared to the 2012 fiscal year.

Net position of the governmental activities increased by \$1,121,505, or 6.24%. Net position of the City's business-type activities increased by \$622,585 or 2.58%. Key elements of these changes are as follows:

	Governmental Activities		Business-type Activities		Totals	
	2012	2013	2012	2013	2012	2013
Revenues						
Program:						
Charges for services	\$ 436,017	\$ 419,009	\$ 3,954,845	\$ 4,328,587	\$ 4,390,862	\$ 4,747,596
Operating grants and contributions	13,598	20,971	-	-	13,598	20,971
Capital grants and contributions	348,537	346,336	96,448	107,460	444,985	453,796
General:						
Property taxes	2,804,200	2,907,204	-	-	2,804,200	2,907,204
Other taxes	696,817	695,334	-	-	696,817	695,334
Other grants and contributions	719,358	739,236	-	-	719,358	739,236
Other	182,197	274,113	49,697	40,242	231,894	314,355
Total revenues	<u>5,200,724</u>	<u>5,402,203</u>	<u>4,100,990</u>	<u>4,476,289</u>	<u>9,301,714</u>	<u>9,878,492</u>
Expenses						
General government	1,942,676	1,816,055	-	-	1,942,676	1,816,055
Public safety	2,222,085	2,070,875	-	-	2,222,085	2,070,875
Highways and streets	420,059	375,306	-	-	420,059	375,306
Culture and recreation	472,033	436,228	-	-	472,033	436,228
Interest on long-term obligations	183,480	170,790	-	-	183,480	170,790
Sewer	-	-	2,020,781	2,098,907	2,020,781	2,098,907
Water	-	-	1,235,404	1,149,167	1,235,404	1,149,167
Total expenses	<u>5,240,333</u>	<u>4,869,254</u>	<u>3,256,185</u>	<u>3,248,074</u>	<u>8,496,518</u>	<u>8,117,328</u>
Change in net position before transfers	(39,609)	532,949	844,805	1,228,215	805,196	1,761,164
Transfers	<u>648,952</u>	<u>588,556</u>	<u>(648,952)</u>	<u>(588,556)</u>	-	-
Increase in net position	609,343	1,121,505	195,853	639,659	805,196	1,761,164
Net position - beginning	<u>17,361,407</u>	<u>17,970,750</u>	<u>23,946,057</u>	24,141,910	<u>41,307,464</u>	42,112,660
Prior period adjustment				(17,074)		(17,074)
Net position - ending	<u>\$ 17,970,750</u>	<u>\$ 19,092,255</u>	<u>\$ 24,141,910</u>	<u>\$ 24,764,495</u>	<u>\$ 42,112,660</u>	<u>\$ 43,856,750</u>

Governmental Activities

The change in net position for governmental activities for 2013 was an increase of \$ 1,121,505. A large part of the change is due to the decrease in all expenditure categories. The largest decrease is in the Public Safety category, which is partially due to the discontinuance of the School Resource Officer position. Revenues also increased by a small amount in the property tax and other category.

Business-type Activities

The increase in net position for business activities is \$ 622,585 and is from an increase in revenues and a slight decrease in transfers. Charges for services were up by \$373,742, which was more than half of the increase in net position.

FINANCIAL ANALYSIS OF FUNDS

As of June 30, 2013, the City's governmental funds reported a combined fund balance of \$6,809,753, which is an increase of \$181,434 from June 30, 2012. The increase is the result of an increase in cash and investments and a decrease in the consumer deposits.

The General Fund is the primary operating fund of the City. As of June 30, 2013, the fund balance for the General Fund is \$2,753,566, which is an increase of \$ 338,870 from June 30, 2012. Of the increased amount, \$311,263 is an increase in cash and investments.

Proprietary funds provide the same type of information as presented in the government-wide statements of net position and activities, but in more detail. The proprietary fund's net position amounted to \$24,889,160 as of June 30, 2013, which is an increase of \$ 639,659 from June 30, 2012. The primary change is mostly an increase in the charges for services of the sewer related services.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were ten budget transfer resolutions adopted by City Council during the fiscal year ended June 30, 2013. The General Fund budget was changed with contingency appropriations being reduced due to less resources being transferred to General Fund from the Street Fund in the amount of \$61,181, which allowed the Street Fund to purchase a used street sweeper.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2013, the City has invested \$63,568,131 in capital assets of its governmental and business-type activities, before accumulated depreciation. This investment includes land and land improvements, buildings, equipment and public infrastructure of roads and bridges. The investment in governmental activities capital assets increased by \$ 453,496, and business-type activities increased by \$3,741,274. Significant additions during the year ended June 30, 2013 in governmental activities were related to the improvements to Silver Creek East Bank Trail, Sidewalk improvements, the purchase of a police Dodge Charger with equipment and a Ford rear-lift ADA conversion van. The investment in business-type activities increased primarily due to the wastewater treatment plant improvement project that is ongoing.

Additional information regarding the City's capital assets may be found in note 4 of the financial statements.

The governmental long-term principal debt outstanding as of June 30, 2013 was \$3,816,837 and business-type principal debt was \$13,435,872.

A summary of the City's principal long-term debt outstanding is as follows:

General Obligation refunding Bond series 2010	\$	845,000
Pension Obligation Bond		1,544,717
Sewer Revenue Bonds payable to Bank of New York		7,355,000
Sewer LOCAP Rev Bonds payable to Bank of New York		3,860,000
Water Revenue Bond payable to USDA		1,662,575
Notes payable to Oregon Economic and Community Development Department		944,837
Urban Renewal Loan to School District		814,157
Compensated absences		226,423

Additional information pertaining to the City's long-term debt may be found in Note 7 of the financial statements.

ECONOMIC FACTORS

During the 2013, fiscal year and continuing into the 2014 fiscal year the City, as well as citizens have continued to see decreasing property values. The impact of foreclosures has created a larger impact on property tax revenues, as property values have continued to be lowered by an even larger amount. The impact on the City property tax dollars, which are based on either the real market value or the assessed value, whichever is lower will continue as property assessed values have been decreased below assessed value by properties that were sold at very reduced values. The main problem is that the new assessed value can only increase by 3%, but the real market value has the ability to increase by larger percentages as the housing market demand increases. The City of Silverton has been fortunate in that the City has not experienced a decrease in the amount of property taxes it has received.

New construction for residential housing is still down and is expected to remain low for the next several years. This has a major impact on planning revenues and system development charges.

FINANCIAL CONTACT

The City's financial statements are intended to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability.

If you have questions about the financial report or need additional financial information, please contact Kathleen Zaragoza, Finance Director at 306 S Water St, Silverton, OR 97381. Financial information can also be found on the City of Silverton website.

BASIC FINANCIAL STATEMENTS

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CITY OF SILVERTON

STATEMENT OF NET POSITION

June 30, 2013

	Governmental Activities	Business-type Activities	Totals
<u>ASSETS</u>			
Cash and investments	\$ 8,151,364	\$ 4,513,615	\$ 12,664,979
Receivables, net	2,386,238	419,568	2,805,806
Inventories	17,624	96,196	113,820
Prepaid pension costs, net	759,216	366,337	1,125,553
Capital assets:			
Land, improvements and construction in progress	4,140,297	7,079,531	11,219,828
Other capital assets, net	7,867,049	26,108,563	33,975,612
TOTAL ASSETS	23,321,788	38,583,810	61,905,598
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	319,582	271,807	591,389
Accrued interest payable	33,013	40,723	73,736
Deposits	60,101	70,913	131,014
Long-term liabilities:			
Due within one year	549,366	485,235	1,034,601
Due in more than one year	3,267,471	12,950,637	16,218,108
TOTAL LIABILITIES	4,229,533	13,819,315	18,048,848
<u>NET POSITION</u>			
Net investment in capital assets	9,408,890	20,313,081	29,721,971
Restricted for:			
Capital projects	1,102,395	2,050,014	3,152,409
Debt service	1,780,656	121,856	1,902,512
Other purposes	432,850	-	432,850
Unrestricted	6,367,464	2,279,544	8,647,008
TOTAL NET POSITION	\$ 19,092,255	\$ 24,764,495	\$ 43,856,750

See accompanying notes

CITY OF SILVERTON

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 1,816,055	\$ 198,423	\$ 14,500	\$ 84,006	\$ (1,519,126)		\$ (1,519,126)
Public safety	2,070,875	204,178	6,074	-	(1,860,623)		(1,860,623)
Highways and streets	375,306	3,608	-	128,163	(243,535)		(243,535)
Culture and recreation	436,228	12,800	397	134,167	(288,864)		(288,864)
Interest on long-term obligations	170,790	-	-	-	(170,790)		(170,790)
TOTAL GOVERNMENTAL ACTIVITIES	<u>4,869,254</u>	<u>419,009</u>	<u>20,971</u>	<u>346,336</u>	<u>(4,082,938)</u>		<u>(4,082,938)</u>
Business-type activities:							
Sewer	2,098,907	2,703,601	-	50,841		\$ 655,535	655,535
Water	1,149,167	1,624,986	-	56,619		532,438	532,438
TOTAL BUSINESS-TYPE ACTIVITIES	<u>3,248,074</u>	<u>4,328,587</u>	<u>-</u>	<u>107,460</u>		<u>1,187,973</u>	<u>1,187,973</u>
TOTALS	<u>\$ 8,117,328</u>	<u>\$ 4,747,596</u>	<u>\$ 20,971</u>	<u>\$ 453,796</u>	<u>(4,082,938)</u>	<u>1,187,973</u>	<u>(2,894,965)</u>
General revenues:							
Taxes levied for:							
General purposes					2,213,753	-	2,213,753
Debt service					693,451	-	693,451
Miscellaneous taxes					198,810	-	198,810
Franchise fees					496,524	-	496,524
Grants and contributions not restricted to specific programs					739,236	-	739,236
Unrestricted investment earnings					98,752	34,022	132,774
Miscellaneous					172,861	6,220	179,081
Gain on sale of asset					2,500	-	2,500
Transfers					588,556	(588,556)	-
TOTAL GENERAL REVENUES AND TRANSFERS					<u>5,204,443</u>	<u>(548,314)</u>	<u>4,656,129</u>
Change in net position					1,121,505	639,659	1,761,164
Net position - beginning					17,970,750	24,141,910	42,112,660
Prior period adjustment					-	(17,074)	(17,074)
Net position - ending					<u>\$ 19,092,255</u>	<u>\$ 24,764,495</u>	<u>\$ 43,856,750</u>

See accompanying notes

CITY OF SILVERTON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General	Street	Total Nonmajor Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and investments	\$ 2,793,812	\$ 338,560	\$ 3,590,128	\$ 6,722,500
Receivables	963,184	117,371	1,305,683	2,386,238
Inventories	1,645	15,979	-	17,624
TOTAL ASSETS	\$ 3,758,641	\$ 471,910	\$ 4,895,811	\$ 9,126,362
<u>LIABILITIES</u>				
Accounts payable and accrued items	\$ 151,228	\$ 39,060	\$ 129,294	\$ 319,582
Consumer deposits	60,101	-	-	60,101
TOTAL LIABILITIES	211,329	39,060	129,294	379,683
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue	793,746	-	1,143,180	1,936,926
<u>FUND BALANCES</u>				
Nonspendable	1,645	15,979	-	17,624
Restricted	-	416,871	2,913,776	3,330,647
Assigned	643,340	-	709,561	1,352,901
Unassigned	2,108,581	-	-	2,108,581
TOTAL FUND BALANCES	2,753,566	432,850	3,623,337	6,809,753
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,758,641	\$ 471,910	\$ 4,895,811	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	12,007,346
Prepaid pension costs are not financial resources available for current period expenditures and, therefore, are not reported in the funds.	759,216
Other long-term assets are not available for current period expenditures and, therefore, are unavailable in the funds.	1,936,926
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(3,849,850)
Internal service funds are used by management to charge the cost of certain activities such as capital asset replacement and payment of extended leave benefits. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	1,428,864
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 19,092,255

See accompanying notes

CITY OF SILVERTON

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013**

	General	Street	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 2,206,378	\$ -	\$ 694,223	\$ 2,900,601
Transient tax	-	-	198,810	198,810
Franchise fees	496,524	-	-	496,524
Licenses, permits and fees	87,305	3,608	211,916	302,829
Fines and forfeitures	186,688	-	-	186,688
Charges for services	988	-	-	988
Assessments	-	-	117,829	117,829
Intergovernmental	246,235	507,475	164,877	918,587
Rentals	8,000	-	-	8,000
Loan repayments	-	-	18,869	18,869
Interest	26,105	1,632	21,112	48,849
Miscellaneous	110,830	78,713	20,801	210,344
TOTAL REVENUES	<u>3,369,053</u>	<u>591,428</u>	<u>1,448,437</u>	<u>5,408,918</u>
EXPENDITURES				
Current				
General government	1,417,579	-	321,255	1,738,834
Public safety	2,016,468	-	-	2,016,468
Highways and streets	-	222,009	12,436	234,445
Culture and recreation	317,292	-	-	317,292
Debt service	-	-	1,062,295	1,062,295
Capital outlay	40,398	187,403	310,562	538,363
TOTAL EXPENDITURES	<u>3,791,737</u>	<u>409,412</u>	<u>1,706,548</u>	<u>5,907,697</u>
Excess (deficiency) of revenues over expenditures	<u>(422,684)</u>	<u>182,016</u>	<u>(258,111)</u>	<u>(498,779)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,068,068	-	376,065	1,444,133
Transfers out	(306,514)	(56,926)	(400,480)	(763,920)
TOTAL OTHER FINANCING SOURCES (USES)	<u>761,554</u>	<u>(56,926)</u>	<u>(24,415)</u>	<u>680,213</u>
Net change in fund balances	338,870	125,090	(282,526)	181,434
Fund balances at beginning of year	<u>2,414,696</u>	<u>307,760</u>	<u>3,905,863</u>	<u>6,628,319</u>
Fund balance at end of year	<u>\$ 2,753,566</u>	<u>\$ 432,850</u>	<u>\$ 3,623,337</u>	<u>\$ 6,809,753</u>

See accompanying notes

CITY OF SILVERTON

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	181,434
<i>Amounts reported for governmental activities in the Statement of Activities are different because of the following</i>		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between those two amounts is:		
Capital outlay	\$ 514,077	
Depreciation	<u>(332,498)</u>	181,579
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds as follows:		
Taxes	6,603	
Special assessments	(56,171)	
Fines and forfeitures	14,058	
Housing rehabilitation loans	<u>17,519</u>	(17,991)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Compensated absences		20,301
Accrued interest		3,057
Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.		840,560
Governmental funds do not report amortization of the unfunded pension liability as an expenditure, while the government-wide statements report the portion allocable to the current period only.		(50,615)
Internal service funds are used by management to charge the cost of certain activities, such as major equipment replacement and extended leave payments, to individual funds. The net revenue (expense) of internal services funds, adjusted for interfund activity, is reported with governmental activities.		<u>(36,820)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>1,121,505</u></u>

See accompanying notes

CITY OF SILVERTON

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 1,934,313	\$ 1,934,313	\$ 2,206,378	\$ 272,065
Franchise fees	464,000	464,000	496,524	32,524
Licenses, permits and fees	76,675	76,675	87,305	10,630
Fines and forfeitures	163,700	163,700	186,688	22,988
Charges for services	4,000	4,000	988	(3,012)
Intergovernmental	194,525	194,525	246,235	51,710
Rentals	8,000	8,000	8,000	-
Interest	19,200	19,200	22,773	3,573
Miscellaneous	73,700	73,700	110,830	37,130
TOTAL REVENUES	<u>2,938,113</u>	<u>2,938,113</u>	<u>3,365,721</u>	<u>427,608</u>
EXPENDITURES				
City council	16,800	16,800	7,933	8,867
City management	358,349	358,349	308,472	49,877
Finance and court	383,324	383,324	316,525	66,799
Police	2,235,685	2,235,685	2,028,587	207,098
Community development	324,516	324,516	248,304	76,212
Public works	748,670	775,170	628,217	146,953
Non-departmental	359,600	359,600	253,699	105,901
Contingency and reserves	624,131	555,881	-	555,881
TOTAL EXPENDITURES	<u>5,051,075</u>	<u>5,009,325</u>	<u>3,791,737</u>	<u>1,217,588</u>
Excess (deficiency) of revenues over expenditures	<u>(2,112,962)</u>	<u>(2,071,212)</u>	<u>(426,016)</u>	<u>1,645,196</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	982,472	982,472	968,068	(14,404)
Transfers out	<u>(269,764)</u>	<u>(311,514)</u>	<u>(306,514)</u>	<u>5,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>712,708</u>	<u>670,958</u>	<u>661,554</u>	<u>(9,404)</u>
Net change in fund balance	(1,400,254)	(1,400,254)	235,538	1,635,792
Fund balance at beginning of year	<u>1,400,254</u>	<u>1,400,254</u>	<u>1,874,688</u>	<u>474,434</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,110,226</u>	<u>\$ 2,110,226</u>

See accompanying notes

CITY OF SILVERTON

**STREET
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	Original and Final Budget	Actual	Variance
REVENUES			
Licenses, permits and fees	\$ 1,500	\$ 3,608	\$ 2,108
Intergovernmental	380,000	507,475	127,475
Interest	500	1,632	1,132
Miscellaneous	20,500	78,713	58,213
TOTAL REVENUES	402,500	591,428	188,928
EXPENDITURES			
Personal services	168,861	155,227	13,634
Materials and services	112,700	66,782	45,918
Capital outlay	198,900	187,403	11,497
Contingency	17,465	-	17,465
TOTAL EXPENDITURES	497,926	409,412	88,514
Excess (deficiency) of revenues over expenditures	(95,426)	182,016	277,442
OTHER FINANCING SOURCES (USES)			
Transfers out	(56,926)	(56,926)	-
Net change in fund balance	(152,352)	125,090	277,442
Fund balance at beginning of year	152,352	307,760	155,408
Fund balance at end of year	\$ -	\$ 432,850	\$ 432,850

See accompanying notes

CITY OF SILVERTON

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 June 30, 2013**

	Business-type Activities					Governmental
			WWTP	Total	Total	Internal
	Sewer	Water	Digester Project	Nonmajor Funds	Enterprise Funds	Service Funds
ASSETS						
Current assets						
Cash and investments	\$ 347,766	\$ 589,639	\$ 1,120,731	\$ 2,455,479	\$ 4,513,615	\$ 1,428,864
Receivables, net	271,767	147,801	-	-	419,568	-
Inventories	16,761	79,435	-	-	96,196	-
Total current assets	636,294	816,875	1,120,731	2,455,479	5,029,379	1,428,864
Capital assets						
Land and construction in progress	6,829,951	249,580	-	-	7,079,531	-
Other capital assets, net	18,157,517	7,951,046	-	-	26,108,563	-
TOTAL ASSETS	25,623,762	9,017,501	1,120,731	2,455,479	38,217,473	1,428,864
LIABILITIES						
Current liabilities						
Accounts payable and accrued items	45,253	31,854	81,730	112,970	271,807	-
Consumer deposits	-	70,913	-	-	70,913	-
Accrued interest payable	31,499	6,662	-	-	38,161	-
Accumulated unpaid vacation	40,530	29,327	-	-	69,857	-
Long-term obligations due within one year	365,000	40,800	-	-	405,800	-
Total current liabilities	482,282	179,556	81,730	112,970	856,538	-
Long-term obligations due in more than one year	10,850,000	1,621,775	-	-	12,471,775	-
TOTAL LIABILITIES	11,332,282	1,801,331	81,730	112,970	13,328,313	-
NET POSITION						
Net investment in capital assets	13,772,468	6,538,051	-	-	20,310,519	-
Restricted for:						
Capital projects	-	-	1,039,001	1,011,013	2,050,014	-
Debt service	-	121,856	-	-	121,856	-
Unrestricted	519,012	556,263	-	1,331,496	2,406,771	1,428,864
TOTAL NET POSITION	\$ 14,291,480	\$ 7,216,170	\$ 1,039,001	\$ 2,342,509	\$ 24,889,160	\$ 1,428,864
Prepaid pension costs allocable to business-type activities in the statement of net position					366,337	
Long-term obligations issued to prepay the PERS unfunded actuarial liability are allocable to business-type activities in the statement of net position					(491,002)	
Net position of business-type activities					<u>\$ 24,764,495</u>	

See accompanying notes

CITY OF SILVERTON

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2013**

	Business-type Activities				Governmental	
	Sewer	Water	WWTP	Total	Total	
			Digester Project	Nonmajor Funds	Enterprise Funds	Internal Service Funds
OPERATING REVENUES						
Charges for services	<u>\$ 2,703,601</u>	<u>\$ 1,624,986</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,328,587</u>	<u>\$ -</u>
OPERATING EXPENSES						
Personal services	680,122	505,504	-	-	1,185,626	-
Materials and services	406,542	230,880	-	31,402	668,824	-
Depreciation	<u>501,606</u>	<u>283,076</u>	<u>-</u>	<u>-</u>	<u>784,682</u>	<u>-</u>
Total operating expenses	<u>1,588,270</u>	<u>1,019,460</u>	<u>-</u>	<u>31,402</u>	<u>2,639,132</u>	<u>-</u>
Operating income (loss)	<u>1,115,331</u>	<u>605,526</u>	<u>-</u>	<u>(31,402)</u>	<u>1,689,455</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES)						
Interest	1,901	2,818	15,673	13,630	34,022	8,776
Miscellaneous	296	5,924	-	-	6,220	-
Interest	<u>(462,812)</u>	<u>(82,797)</u>	<u>-</u>	<u>-</u>	<u>(545,609)</u>	<u>-</u>
Total nonoperating revenue (expenses)	<u>(460,615)</u>	<u>(74,055)</u>	<u>15,673</u>	<u>13,630</u>	<u>(505,367)</u>	<u>11,276</u>
Income (loss) before capital contributions and transfers	654,716	531,471	15,673	(17,772)	1,184,088	11,276
Capital contributions	-	-	-	107,460	107,460	-
Transfers in	3,560,230	153,470	-	795,341	4,509,041	149,367
Transfers out	<u>(656,897)</u>	<u>(760,024)</u>	<u>(3,182,422)</u>	<u>(546,142)</u>	<u>(5,145,485)</u>	<u>(197,463)</u>
Change in net position	3,558,049	(75,083)	(3,166,749)	338,887	655,104	(36,820)
Net position at beginning of year	10,758,751	7,283,007	4,205,750	2,003,622		1,465,684
Prior period adjustment, net	<u>(25,320)</u>	<u>8,246</u>	<u>-</u>	<u>-</u>		<u>-</u>
Net position - ending	<u>\$ 14,291,480</u>	<u>\$ 7,216,170</u>	<u>\$ 1,039,001</u>	<u>\$ 2,342,509</u>		<u>\$ 1,428,864</u>
Amortization of prepaid pension costs related to enterprise funds					(24,423)	
Adjustment to reflect the changes in the pension bond related to enterprise funds					<u>8,978</u>	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES					<u>\$ 639,659</u>	

See accompanying notes

CITY OF SILVERTON

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2013**

	Business-type Activities					Governmental
	Sewer	Water	WWTP	Total	Total	Internal
			Digester Project	Nonmajor Funds	Enterprise Funds	Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 2,676,340	\$ 1,627,526	\$ -	\$ -	\$ 4,303,866	\$ -
Payments to suppliers	(435,500)	(261,293)	(111,653)	81,568	(726,878)	-
Payments to employees	(675,693)	(506,185)	-	-	(1,181,878)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>1,565,147</u>	<u>860,048</u>	<u>(111,653)</u>	<u>81,568</u>	<u>2,395,110</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	-	795,341	795,341	149,367
Transfers out	(656,897)	(760,024)	-	(208,000)	(1,624,921)	-
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>(656,897)</u>	<u>(760,024)</u>	<u>-</u>	<u>587,341</u>	<u>(829,580)</u>	<u>149,367</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
System development charges received	-	-	-	107,460	107,460	-
Due from other funds proceeds	-	-	-	20,513	20,513	-
Other	296	5,924	-	-	6,220	-
Sale of capital assets	-	-	-	-	-	2,500
Acquisition of capital assets	(27,574)	-	(3,182,422)	(338,142)	(3,548,138)	(197,463)
Increase in receivable related to sale	-	-	-	-	-	3,150
Principal paid on long-term obligations	(360,000)	(38,903)	-	-	(398,903)	-
Interest paid on long-term obligations	(470,141)	(82,953)	-	-	(553,094)	-
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(857,419)</u>	<u>(115,932)</u>	<u>(3,182,422)</u>	<u>(210,169)</u>	<u>(4,365,942)</u>	<u>(191,813)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	1,901	2,818	15,673	13,630	34,022	8,776
Net increase (decrease) in cash	52,732	(13,090)	(3,278,402)	472,370	(2,766,390)	(33,670)
Cash - beginning of year	295,034	602,729	4,399,133	1,983,109	7,280,005	1,462,534
Cash - end of year	<u>\$ 347,766</u>	<u>\$ 589,639</u>	<u>\$ 1,120,731</u>	<u>\$ 2,455,479</u>	<u>\$ 4,513,615</u>	<u>\$ 1,428,864</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	\$ 1,115,331	\$ 605,526	\$ -	\$ (31,402)	\$ 1,689,455	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	501,606	283,076	-	-	784,682	-
Decrease (increase) in assets						
Receivables, net	(27,261)	(1,483)	-	-	(28,744)	-
Inventories	(9,210)	3,564	-	-	(5,646)	-
Increase (decrease) in liabilities						
Accounts payable and accrued items	(19,748)	(33,977)	(111,653)	112,970	(52,408)	-
Consumer deposits	-	4,023	-	-	4,023	-
Accumulated unpaid vacation	4,429	(681)	-	-	3,748	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 1,565,147</u>	<u>\$ 860,048</u>	<u>\$ (111,653)</u>	<u>\$ 81,568</u>	<u>\$ 2,395,110</u>	<u>\$ -</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS						
Transfers in	3,560,230	153,470	-	-	3,713,700	-
Transfers out	-	-	(3,182,422)	(338,142)	(3,520,564)	(197,463)
Total non-cash transactions	<u>\$ 3,560,230</u>	<u>\$ 153,470</u>	<u>\$ (3,182,422)</u>	<u>\$ (338,142)</u>	<u>\$ 193,136</u>	<u>\$ (197,463)</u>

See accompanying notes

CITY OF SILVERTON

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. Summary of significant accounting policies

A. Financial reporting entity

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

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

The City Council serves as the governing body of the Silverton Urban Renewal Agency. Therefore, the accounts of the agency are included in the financial statements of the City.

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

B. Government-wide and fund financial statements

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

C. Measurement Focus, basis of accounting and financial statement presentation

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

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

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

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

The City reports the following major governmental funds:

- *General* - accounts for the financial resources of the City that are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, and state shared revenues. Expenditures are primarily for general government operations, public safety, and culture and recreation. With the implementation of GASB 54, the General Operating Reserve Fund has been combined with the General Fund for financial reporting purposes.
- *Street* - revenue from taxes on motor vehicle fuel use for street construction and maintenance.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

C. Measurement Focus, basis of accounting and financial statement presentation (continued)

The City reports the following major proprietary funds:

- *Sewer* - accounts for the operation of the City's sewer system.
- *Water* - accounts for the operation of the City's water system.
- *WWTP Digester Project* – accounts for the construction of wastewater treatment plant digester construction.

The City includes the following nonmajor governmental fund types:

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

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

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

The City includes the following nonmajor proprietary fund types:

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

Internal service - accounts for services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The principal source of revenues is interfund charges and transfers.

D. Budget policies and budgetary control

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

D. Budget policies and budgetary control

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The City established the levels of budgetary control at the personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds.

E. Use of estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

F. Cash and cash equivalents

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

G. User charges and fines receivable

User charges and fines receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off, as of year-end, all balances that have not been collected by the time the financial statements are issued.

H. Inventories

Inventories are valued at the lower of cost (first-in, first-out method) or market. Inventories consist of expendable supplies held for consumption.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

I. Capital assets

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

Public domain (infrastructure) capital assets (e.g., roads, bridges, sidewalks, storm sewers, and other assets that are immovable and of value to the City) that have been acquired or significantly reconstructed since 1980 have been capitalized at estimated historical cost.

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	50
Plant in service	50
Machinery and equipment	10
Infrastructure	60

J. Long-term obligations

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

Long-term obligations expected to be repaid from Proprietary Funds are accounted for in the business-type activities and Proprietary Funds.

Long-term obligations expected to be repaid from Governmental Funds are accounted for in the governmental activities.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

K. Compensated absences - sick leave

The City has a policy which permits employees to earn sick leave at the rate of one day per month with no limit on accumulation.

L. Equity classification

Government-wide and Proprietary Fund Reporting

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

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

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

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

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

Governmental Fund Type Fund Balance Reporting

GASB 54 requires governmental type fund balance amounts to be properly reported within one of the fund balance categories list below:

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

L. Equity classification (continued)

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

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

M. Risk management

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

2. Deposits and investments

The City maintains a pool of cash and investments that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and investments. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

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

The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any City, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the City's position in the LGIP is the same as the value of the pool shares.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and investments (continued)

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

As of June 30, 2013, the City had the following investments:

	<u>Maturities</u>	<u>Fair Value</u>
State Treasurer's Investment Pool	N/A	<u>\$ 12,497,400</u>

Interest Rate Risk: The City does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increases in interest rates.

Concentration of Credit Risk: The City does not have a formal policy that places a limit on the amount that may be invested in any one issuer. 100 percent of the City's investments are in the State Treasurer's Investment Pool.

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

Custodial Credit Risk - Deposits. This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2013, none of the City's bank balances were exposed to custodial risk.

A. The City's deposits and investments at June 30, 2013 are as follows:

Total investments	\$ 12,497,400
Cash on hand	2,500
Deposits with financial institutions	<u>165,079</u>
Total deposits and investments	<u>\$ 12,664,979</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and investments (continued)

B. Cash and investments by fund:

<u>Governmental activities/funds</u>	
General	\$ 2,793,812
Street	338,560
Nonmajor governmental	<u>3,590,128</u>
Governmental funds	6,722,500
Internal service	<u>1,428,864</u>
Total governmental activities	<u>8,151,364</u>
 <u>Business-type activities/funds</u>	
Sewer	347,766
Water	589,639
WWTP digester project	1,120,731
Nonmajor enterprise funds	<u>2,455,479</u>
Total business-type activities/funds	<u>4,513,615</u>
Total cash and investments	<u><u>\$ 12,664,979</u></u>

3. Receivables

A. The City's receivables at June 30, 2013 are shown below:

	<u>Governmental Activities / Funds</u>				<u>Business-type Activities / Funds</u>		
	<u>General</u>	<u>Street</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Sewer</u>	<u>Water</u>	<u>Total Enterprise Funds</u>
User charges	\$ -	\$ -	\$ -	\$ -	\$ 273,446	\$ 153,141	\$ 426,587
Property assessments	-	-	448,175	448,175	-	-	-
Property taxes	167,254	-	45,074	212,328	-	-	-
County treasurer	15,291	-	3,737	19,028	-	-	-
Accounts	122,829	117,371	90,302	330,502	-	6,858	6,858
Notes	-	-	718,395	718,395	-	-	-
Fines	57,810	-	-	57,810	-	-	-
Loans	600,000	-	-	600,000	-	-	-
Allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,679)</u>	<u>(12,198)</u>	<u>(13,877)</u>
	<u>\$ 963,184</u>	<u>\$ 117,371</u>	<u>\$ 1,305,683</u>	<u>\$ 2,386,238</u>	<u>\$ 271,767</u>	<u>\$ 147,801</u>	<u>\$ 419,568</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables (continued)

B. Property taxes receivable

i. Collection procedures

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

ii. 2012-13 property tax transactions

	Balances July 1, 2012	2012-13 Levy	Adjust- ments	Net Interest (Discounts)	Collections	Balances June 30, 2013
2012-13	\$ -	\$ 2,990,023	\$ (19,779)	\$ (75,053)	\$ 2,792,252	\$ 102,939
2011-12	103,862	-	(3,676)	3,356	50,226	53,316
2010-11	52,725	-	(1,233)	5,126	24,327	32,291
2009-10	31,067	-	(1,278)	6,149	25,649	10,289
2008-09	11,713	-	(94)	2,817	11,317	3,119
2007-08	2,595	-	(98)	337	878	1,956
Prior	8,766	-	(108)	535	775	8,418
	<u>\$ 210,728</u>	<u>\$ 2,990,023</u>	<u>\$ (26,266)</u>	<u>\$ (56,733)</u>	\$ 2,905,424	<u>\$ 212,328</u>
				Prior year accrual	(43,582)	
				Current year accrual	<u>38,759</u>	
					<u>\$ 2,900,601</u>	

iii. Ensuing year's levy

The City's permanent tax rate is \$3.6678 per \$1,000 assessed value as limited by the Constitution of the State of Oregon.

The Urban Renewal Agency will levy 100 percent of the amount of its authority under option one of ORS 457.435(2)(a) for the retirement of long-term obligations principal and interest without making a special levy in 2013-14.

The tax rate limit of \$10.00 per thousand of assessed value imposed by the Oregon Constitution is not expected to affect these levies.

In addition, the City will levy \$223,142 for payment of long-term debt principal and interest due in 2013-14.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital assets

A. Capital asset activity for the year ended June 30, 2013 was as follows:

	Balances July 1, 2012	Additions	Deletions	Balances June 30, 2013
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 3,542,587	\$ -	\$ -	\$ 3,542,587
Right of way	479,624	-	-	479,624
Construction in progress	<u>22,245</u>	<u>118,086</u>	<u>(22,245)</u>	<u>118,086</u>
Total capital assets not being depreciated	<u>4,044,456</u>	<u>118,086</u>	<u>(22,245)</u>	<u>4,140,297</u>
Capital assets being depreciated				
Buildings and improvements	3,554,486	-	-	3,554,486
Equipment	1,799,497	164,023	(60,581)	1,902,939
Land improvements	2,140,786	-	-	2,140,786
Infrastructure	<u>3,295,221</u>	<u>254,213</u>	<u>-</u>	<u>3,549,434</u>
Total capital assets being depreciated	<u>10,789,990</u>	<u>418,236</u>	<u>(60,581)</u>	<u>11,147,645</u>
Less accumulated depreciation for:				
Buildings and improvements	580,437	86,621	-	667,058
Equipment	1,617,046	121,522	(60,581)	1,677,987
Land improvements	250,183	-	-	250,183
Infrastructure	<u>561,013</u>	<u>124,355</u>	<u>-</u>	<u>685,368</u>
Total accumulated depreciation	<u>3,008,679</u>	<u>332,498</u>	<u>(60,581)</u>	<u>3,280,596</u>
Total capital assets being depreciated, net	<u>7,781,311</u>	<u>85,738</u>	<u>-</u>	<u>7,867,049</u>
Governmental activities capital assets, net	<u>\$ 11,825,767</u>	<u>\$ 203,824</u>	<u>\$ (22,245)</u>	<u>\$ 12,007,346</u>
<i>Business-type Activities</i>				
Capital assets not being depreciated				
Land	\$ 2,254,610	\$ -	\$ -	\$ 2,254,610
Construction in progress	<u>1,511,417</u>	<u>3,313,504</u>	<u>-</u>	<u>4,824,921</u>
Total capital assets not being depreciated	<u>3,766,027</u>	<u>3,313,504</u>	<u>-</u>	<u>7,079,531</u>
Capital assets being depreciated				
Water and sewer lines	15,310,489	35,009	-	15,345,498
Buildings and improvements	6,708,098	11,514	-	6,719,612
Plant and equipment	18,507,038	347,643	-	18,854,681
Land improvements	<u>247,263</u>	<u>33,604</u>	<u>-</u>	<u>280,867</u>
Total capital assets being depreciated	<u>40,772,888</u>	<u>427,770</u>	<u>-</u>	<u>41,200,658</u>
Less accumulated depreciation for:				
Water and sewer lines	6,337,150	260,229	-	6,597,379
Buildings and improvements	1,885,385	135,540	-	2,020,925
Plant and equipment	5,908,276	383,478	-	6,291,754
Land improvements	<u>176,602</u>	<u>5,435</u>	<u>-</u>	<u>182,037</u>
Total accumulated depreciation	<u>14,307,413</u>	<u>784,682</u>	<u>-</u>	<u>15,092,095</u>
Total capital assets being depreciated, net	<u>26,465,475</u>	<u>(356,912)</u>	<u>-</u>	<u>26,108,563</u>
Business-type activities capital assets, net	<u>\$ 30,231,502</u>	<u>\$ 2,956,592</u>	<u>\$ -</u>	<u>\$ 33,188,094</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital assets (continued)

B. Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities

General government	\$ 68,638
Public safety	31,845
Highways and streets	130,072
Culture and recreation	<u>101,943</u>
Total depreciation expense - governmental activities	<u>\$ 332,498</u>

Business-type activities

Sewer	\$ 501,606
Water	<u>283,076</u>
Total depreciation expense - business-type activities	<u>\$ 784,682</u>

5. Unavailable revenue

	<u>Governmental Funds</u>		
		Total	Total
	<u>General</u>	<u>Nonmajor Funds</u>	<u>Governmental Funds</u>
Loans	\$ 600,000	\$ -	\$ 600,000
Property taxes	135,936	37,633	173,569
Property assessments	-	387,900	387,900
Notes	-	717,647	717,647
Fines	<u>57,810</u>	<u>-</u>	<u>57,810</u>
	<u>\$ 793,746</u>	<u>\$ 1,143,180</u>	<u>\$ 1,936,926</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6. Interfund transactions

The interfund transfers during the year ended June 30, 2013 were as follows:

	<u>In</u>	<u>Out</u>
<u>Governmental</u>		
General	\$ 1,068,068	\$ 306,514
Street	-	56,926
Nonmajor governmental	376,065	400,480
Governmental activities - non-cash	23,815	19,488
<u>Proprietary</u>		
Enterprise		
Sewer	-	656,897
Sewer - non-cash	3,560,230	-
Water	-	760,024
Water - non-cash	153,470	-
WWTP digester project - non-cash	-	3,182,422
Nonmajor enterprise	795,341	208,000
Nonmajor enterprise - non-cash	-	338,142
Internal Service		
Internal service	149,367	-
Internal service - non-cash	-	197,463
Totals	<u>\$ 6,126,356</u>	<u>\$ 6,126,356</u>

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

Non-cash transfers occur when a fund acquires capital assets which will be used in the operation of a different fund's activities, issues long-term obligations which will be repaid out of a different fund's resources or pays principal on long-term obligations reported in a different fund.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Long-term obligations

A. Transactions for the governmental activities for the year ended June 30, 2013 were as follows:

	Outstanding June 30, 2012	Additions	Reductions	Outstanding June 30, 2013	Balances Due Within One Year
General Obligation Refunding Bond, Series 2010 - original issue \$1,175,000, due over 7 years, in semi-annual installments of interest at 3.00 percent payable on June 1 and December 1 with principal payments annually June					
Principal	\$ 925,000	\$ -	\$ 80,000	\$ 845,000	\$ 235,000
Interest	<u>2,205</u>	<u>27,559</u>	<u>27,750</u>	<u>2,014</u>	
	<u>927,205</u>	<u>27,559</u>	<u>107,750</u>	<u>847,014</u>	
General Obligation Refunding Bond, Series 2003 - original issue \$1,200,000, due over 10 years, in semi-annual installments of interest at 3.75 percent payable on June 1 and December 1 with principal payments annually June					
Principal	165,000	-	165,000	-	
Interest	<u>492</u>	<u>5,558</u>	<u>6,050</u>	<u>-</u>	
	<u>165,492</u>	<u>5,558</u>	<u>171,050</u>	<u>-</u>	
Pension Obligation Bonds, original issue of \$1,957,495, due over 27 years in semi-annual installments payable on June 1 and December 1 including variable interest rates at 2 to 7.36 percent with principal payments annually June 1					
Principal	1,572,679	-	27,962	1,544,717	30,290
Interest	<u>8,531</u>	<u>123,054</u>	<u>123,485</u>	<u>8,100</u>	
	1,581,210	123,054	151,447	1,552,817	
Allocable to business-type activities					
Principal	(497,282)	-	(8,842)	(488,440)	(9,578)
Interest	<u>(2,698)</u>	<u>(38,910)</u>	<u>(39,046)</u>	<u>(2,562)</u>	
	<u>1,081,230</u>	<u>84,144</u>	<u>103,559</u>	<u>1,061,815</u>	
Note payable - [WEVP LID] Oregon Economic Development Department (OEDD), original issue of \$1,275,000, due over 25 years in various annual installments payable on December 1, including interest at 3 to 4.625 percent					
Principal	986,763	-	41,926	944,837	42,177
Interest	<u>25,137</u>	<u>42,257</u>	<u>43,439</u>	<u>23,955</u>	
	<u>1,011,900</u>	<u>42,257</u>	<u>85,365</u>	<u>968,792</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Long-term obligations (continued)

A. Transactions for the governmental activities for the year ended June 30, 2013 were as follows (continued):

	Outstanding June 30, 2012	Additions	Reductions	Outstanding June 30, 2013	Balances Due Within One Year
Note payable - [JJWF LID] West Coast Bank, original issue of \$459,221, due over 10 years in semi annual installments payable on May 25 and November 25, including interest at 4.25 percent.					
Principal	\$ 245,343	\$ -	\$ 245,343	\$ -	
Interest	<u>-</u>	<u>5,549</u>	<u>5,549</u>	<u>-</u>	
	<u>245,343</u>	<u>5,549</u>	<u>250,892</u>	<u>-</u>	
Note payable - [URA] Silver Falls School District 4J, original issue of \$1,255,000, due over 14 years in various annual installments payable on February 15, including interest at the rate of the prevailing rate of the local Government Investment Pool on December 31 of each year.					
Principal	942,502	-	128,345	814,157	\$ 94,911
Interest	<u>2,053</u>	<u>5,108</u>	<u>5,655</u>	<u>1,506</u>	
	<u>944,555</u>	<u>5,108</u>	<u>134,000</u>	<u>815,663</u>	
Note payable - [URA] Silver Falls School District 4J, original issue of \$195,000, due over 11 years in various annual installments payable on February 15, including interest at the rate of the prevailing rate of the local Government Investment Pool on December 31 of each year.					
Principal	160,826	-	160,826	-	
Interest	<u>350</u>	<u>615</u>	<u>965</u>	<u>-</u>	
	<u>161,176</u>	<u>615</u>	<u>161,791</u>	<u>-</u>	
Compensated absences	<u>176,867</u>	<u>156,566</u>	<u>176,867</u>	<u>156,566</u>	<u>156,566</u>
Total governmental activities long-term obligations	4,713,768	327,356	1,191,274	3,849,850	<u>\$ 549,366</u>
Accrued interest payable	<u>36,070</u>	<u>170,790</u>	<u>173,847</u>	<u>33,013</u>	
Principal	<u>\$4,677,698</u>	<u>\$ 156,566</u>	<u>\$ 1,017,427</u>	<u>\$ 3,816,837</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Long-term obligations (continued)

B. Transactions for the business-type activities for the year ended June 30, 2013 were as follows:

	Outstanding July 1, 2012	Additions	Reductions	Outstanding June 30, 2013	Balances Due Within One Year
Water Revenue Bond payable to U.S. Department of Agriculture (USDA), Rural Development, original issue of \$2,127,000, due in annual installments over 40 years of \$121,856 payable on May 31 including interest at 4.875 percent					
Principal	\$ 1,701,478	\$ -	\$ 38,903	\$ 1,662,575	\$ 40,800
Interest	<u>6,818</u>	<u>82,797</u>	<u>82,953</u>	<u>6,662</u>	
	<u>1,708,296</u>	<u>82,797</u>	<u>121,856</u>	<u>1,669,237</u>	
Sewer Revenue Refunding Bonds payable to Bank of NY, original issue of \$8,170,000 due over 25 years, in semi-annual installments payable on June 1 and December 1 including variable interest rates at 3.00% to 4.625%, average coupon rate of 4.33%, with principal payments annually in June.					
Principal	7,620,000	-	265,000	7,355,000	295,000
Interest	<u>32,543</u>	<u>305,153</u>	<u>312,331</u>	<u>25,365</u>	
	<u>7,652,543</u>	<u>305,153</u>	<u>577,331</u>	<u>7,380,365</u>	
Local Oregon Capital Assets Program Bonds payable to Bank of NY, original issue of \$4,055,000 due over 20 years, annual installments payable on June 1 including variable interest rates at 2.00% to 4.60%.					
Principal	3,955,000	-	95,000	3,860,000	70,000
Interest	<u>6,285</u>	<u>157,659</u>	<u>157,810</u>	<u>6,134</u>	
	<u>3,961,285</u>	<u>157,659</u>	<u>252,810</u>	<u>3,866,134</u>	
Pension Obligation Bonds amount allocated from governmental activities					
Principal	497,282	-	8,842	488,440	9,578
Interest	<u>2,698</u>	<u>38,910</u>	<u>39,046</u>	<u>2,562</u>	
	<u>499,980</u>	<u>38,910</u>	<u>47,888</u>	<u>491,002</u>	
Compensated absences	<u>66,109</u>	<u>69,857</u>	<u>66,109</u>	<u>69,857</u>	<u>69,857</u>
Total business-type activities long-term obligations	13,888,213	654,376	1,065,994	13,476,595	<u>\$ 485,235</u>
Accrued interest payable	<u>48,344</u>	<u>584,519</u>	<u>592,140</u>	<u>40,723</u>	
Principal	<u>\$ 13,839,869</u>	<u>\$ 69,857</u>	<u>\$ 473,854</u>	<u>\$ 13,435,872</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Long-term obligations (continued)

C. The future maturities of governmental activities long-term obligations are as follows:

Fiscal Year	General Obligation		Pension Obligation Bonds		OEDD	
	Refunding Bonds Series 2010 Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 235,000	\$ 25,350	\$ 20,712	\$ 89,686	\$ 42,177	\$ 41,920
2015	250,000	18,300	20,325	93,493	42,450	40,317
2016	265,000	10,800	21,180	99,475	47,748	38,619
2017	95,000	2,850	20,731	103,343	48,057	36,709
2018	-	-	21,408	109,504	48,388	34,739
2019-23	-	-	363,853	391,073	282,716	139,511
2024-28	-	-	588,068	129,044	354,663	68,800
2029-33	-	-	-	-	78,638	3,637
	<u>\$ 845,000</u>	<u>\$ 57,300</u>	<u>\$ 1,056,277</u>	<u>\$ 1,015,618</u>	<u>\$ 944,837</u>	<u>\$ 404,252</u>

Fiscal Year	Silver Falls SD		Compensated	Totals	
	Principal	Interest	Absences	Principal	Interest
2013	\$ 94,911	\$ 5,089	\$ 156,566	\$ 549,366	\$ 162,045
2014	95,001	4,999	-	407,776	157,109
2015	95,571	4,429	-	429,499	153,323
2016	96,144	3,856	-	259,932	146,758
2017	96,721	3,279	-	166,517	147,522
2018-22	335,809	8,880	-	982,378	539,464
2023-27	-	-	-	942,731	197,844
2028-39	-	-	-	78,638	3,637
	<u>\$ 814,157</u>	<u>\$ 30,532</u>	<u>\$ 156,566</u>	<u>\$ 3,816,837</u>	<u>\$ 1,507,702</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Long-term obligations (continued)

D. The future maturities of business-type activities long-term obligations are as follows:

Fiscal Year	Water Revenue Bond USDA		Sewer Revenue Refunding Bonds		Sewer LOCAP	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 40,800	\$ 81,056	\$ 295,000	\$ 304,381	\$ 70,000	\$ 155,910
2014	42,789	79,067	295,000	295,531	85,000	154,510
2015	44,875	76,981	300,000	286,681	90,000	151,960
2016	47,063	74,794	265,000	277,681	135,000	149,260
2017	49,357	72,499	270,000	268,406	145,000	144,873
2018-22	285,311	323,971	1,225,000	1,200,780	1,095,000	621,673
2023-27	361,974	247,307	1,510,000	930,149	1,305,000	392,980
2028-32	459,237	150,044	1,860,000	571,800	935,000	87,170
2033-36	331,169	32,740	1,335,000	125,341	-	-
	<u>\$ 1,662,575</u>	<u>\$ 1,138,459</u>	<u>\$ 7,355,000</u>	<u>\$ 4,260,750</u>	<u>\$ 3,860,000</u>	<u>\$ 1,858,336</u>

Fiscal Year	Pension Obligation Bonds		Compensated Absences	Totals	
	Principal	Interest		Principal	Interest
2013	\$ 9,578	\$ 41,472	\$ 69,857	\$ 485,235	\$ 582,819
2014	9,398	43,233	-	432,187	572,341
2015	9,794	45,999	-	444,669	561,621
2016	9,587	47,787	-	456,650	549,522
2017	9,899	50,637	-	474,256	536,415
2018-22	168,252	180,838	-	2,773,563	2,327,262
2023-27	271,932	59,672	-	3,448,906	1,630,108
2028-32	-	-	-	3,254,237	809,014
2033-36	-	-	-	1,666,169	158,081
	<u>\$ 488,440</u>	<u>\$ 469,638</u>	<u>\$ 69,857</u>	<u>\$ 13,435,872</u>	<u>\$ 7,727,183</u>

8. Defined benefit pension plan

The City contributes to the Oregon Public Employees' Retirement System (PERS); a cost-sharing, multiple-employer, defined benefit pension plan and the Oregon Public Service Retirement Plan (OPSRP); a cost-sharing, multiple-employer, hybrid pension plan. Both PERS and OPSRP are governed by the Public Employees' Retirement Board (PERB) under the provisions of Oregon Revised Statutes 238. PERS provides retirement benefits under a variety of benefit options, as selected by retiring employees, and provides death and disability benefits. OPSRP provides a combination of retirement benefits under a defined benefit plan and an individual account program (IAP), the balance of which will be paid out in either a lump sum or over a 5, 10, 15, or 20 year period. Employees hired on or after August 29, 2003, participate only in OPSRP. Beginning January 1, 2004, active PERS members hired before August 29, 2003, became members of the IAP of OPSRP. These members retain their existing PERS account; however, any future member contributions will be placed in the IAP. A copy of the Oregon Public Employees' Retirement System annual financial report may be obtained by writing to Public Employees' Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377 or at www.oregon.gov/PERS.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Defined benefit pension plan (continued)

City employees are eligible to participate after completing six months of service. Covered employees are required by state statute to contribute 6 percent of their compensation to the plan. Current law permits the City to pay this amount on behalf of the employees. The City’s contribution rate is set by PERB and is periodically adjusted based upon actuarial computations of the amount needed to provide retirement benefits. Effective July 1, 2009 the City elected to have the contribution rate for employees hired before August 29, 2003 split by employee class. The City’s contribution rate for general service employees is 9.52 percent of covered compensation and City’s contribution rate for police officers is 17.8 percent of covered compensation. For employees hired on or after August 29, 2003, the City’s contribution rate for police officers is 11.2 percent of covered compensation and 8.49 percent of covered compensation for all other employees.

The City’s contribution to the plan for the years ending June 30, 2013, 2012, and 2011, were equal to the City’s required contributions for each year as follows:

Year Ended June 30,	City Contribution	Member paid Contribution	Totals
2013	\$ 310,588	\$ 148,096	\$ 458,684
2012	317,094	157,835	474,929
2011	211,625	165,994	377,619

9. Net position restricted through enabling legislation

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

Governmental Activities

Capital Projects – Ordinances imposing System Development Charges (SDC) and Local Improvement District (LID) assessments restrict the use to capital improvements which expand the capacity of the system for which the charge was made \$ 1,102,395

Highways and streets – Article IX, Section 3a of the Oregon State Constitution restricts the use of revenue from taxes on motor vehicle fuel use 432,850

Business-type Activities

Capital Projects – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made 1,011,013

10. Net position restricted for debt service

As required by agreement with the U. S. Department of Agriculture, Rural Utilities Services the City has restricted a portion of the net position in the Water Fund for future debt service, as follows:

Water	\$ 121,856
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NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Governmental Fund Balances

Fund balances for governmental funds have been reported in the categories of nonspendable, restricted, committed, assigned and unassigned. The specific purposes for these amounts are as follows:

Fund balances:	<u>General</u>	<u>Street</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Nonspendable	\$ 1,645	\$ 15,979	\$ -	\$ 17,624
Restricted for:				
Transportation	-	-	35,161	35,161
Transient Tax	-	-	50,542	50,542
Highways and streets	-	416,871	-	416,871
CDBG Housing Rehabilitation	-	-	351,310	351,310
Debt service	-	-	1,355,123	1,355,123
Capital projects	-	-	1,102,395	1,102,395
Other purposes	-	-	19,245	19,245
Assigned for:				
Unexpected future expenditures	643,340	-	-	643,340
Capital projects	-	-	697,571	697,571
Debt service	-	-	11,990	11,990
Unassigned	<u>2,108,581</u>	<u>-</u>	<u>-</u>	<u>2,108,581</u>
 Total fund balances	 <u>\$ 2,753,566</u>	 <u>\$ 432,850</u>	 <u>\$ 3,623,337</u>	 <u>\$ 6,809,753</u>

12. Segment information for Enterprise Funds

The City has issued revenue bonds to finance sewer and water systems. The two systems are accounted for in ten funds.

Summary financial information for the sewer and water systems for the year ended June 30, 2013 is as follows:

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. Segment information for Enterprise Funds (continued)

Condensed statement of net position	Sewer	Water
Assets		
Current	\$ 2,930,821	\$ 2,098,558
Capital	<u>24,987,468</u>	<u>8,200,626</u>
Total assets	<u>27,918,289</u>	<u>10,299,184</u>
Liabilities		
Current	634,075	222,463
Noncurrent	<u>10,850,000</u>	<u>1,621,775</u>
Total liabilities	<u>11,484,075</u>	<u>1,844,238</u>
Net position		
Net investment in capital assets	13,772,468	6,538,051
Restricted	1,212,641	1,360,632
Unrestricted	<u>1,449,105</u>	<u>556,263</u>
Total net position	<u>\$ 16,434,214</u>	<u>\$ 8,454,946</u>
 Condensed statement of revenues, expenses and changes in fund net position		
Operating revenue	\$ 2,703,601	\$ 1,624,986
Depreciation expense	501,606	283,076
Other operating expenses	<u>1,100,352</u>	<u>754,098</u>
Operating income	1,101,643	587,812
Nonoperating revenues (expenses)	<u>(438,494)</u>	<u>(66,873)</u>
Income before capital contributions and transfers	663,149	520,939
Capital contributions	50,841	56,619
Transfers in	3,832,571	676,470
Transfers out	<u>(4,047,560)</u>	<u>(1,097,925)</u>
Change in net position	499,001	156,103
Net position – beginning	15,960,533	8,290,597
Prior period adjustment	<u>(25,320)</u>	<u>8,246</u>
Net position – ending	<u>\$ 16,434,214</u>	<u>\$ 8,454,946</u>
 Condensed statement of cash flows		
Net cash provided by (used in):		
Operating activities	\$ 1,509,869	\$ 885,241
Non-capital financing activities	(384,556)	(445,024)
Capital and related financing activities	(4,176,728)	(189,214)
Investing activities	<u>24,022</u>	<u>10,000</u>
Net increase (decrease) in cash	(3,027,393)	261,003
Cash and cash equivalents - beginning	<u>5,669,686</u>	<u>1,610,319</u>
Cash and cash equivalents - ending	<u>\$ 2,642,293</u>	<u>\$ 1,871,322</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. Segment information for Enterprise Funds (continued)

Condensed statement of cash flows (continued)	<u>Sewer</u>	<u>Water</u>
Supplementary disclosure of non-cash transactions		
Transfers in	\$ 3,560,230	\$ 153,470
Transfers out	<u>(3,307,314)</u>	<u>(213,250)</u>
Total non-cash transfers	<u>\$ 252,916</u>	<u>\$ (59,780)</u>

13. Contingencies - accumulated sick leave

Portions of sick leave accumulated at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2013, City employees had accumulated 1,863 days of sick leave.

14. Risk management

The City is exposed to various risks of loss related to theft of, damage to, and destruction of assets; torts; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

15. Prior period adjustment

A prior period adjustment was made to the Sewer and Water fund balances to decrease accounts payable and accrued expenses for amounts recorded twice. Beginning fund balances have been increased \$22,223 and \$8,246, respectively.

Beginning net position in the sewer fund decreased due to the implementation of GASB 63 and 65. A prior period adjustment in the amount of \$47,543 was made for bond premium and issuance costs.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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CITY OF SILVERTON

**COMBINING BALANCE SHEET
GENERAL FUNDS
June 30, 2013**

	General	General Operating Reserve	Totals
<u>ASSETS</u>			
Cash and investments	\$ 2,150,472	\$ 643,340	\$ 2,793,812
Receivables	963,184	-	963,184
Inventories	1,645	-	1,645
	<u>\$ 3,115,301</u>	<u>\$ 643,340</u>	<u>\$ 3,758,641</u>
<u>LIABILITIES</u>			
Accounts payable and accrued items	\$ 151,228	\$ -	\$ 151,228
Consumer deposits	60,101	-	60,101
	<u>211,329</u>	<u>-</u>	<u>211,329</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue	793,746	-	793,746
	<u>793,746</u>	<u>-</u>	<u>793,746</u>
<u>FUND BALANCES</u>			
Nonspendable	1,645	-	1,645
Assigned	-	643,340	643,340
Unassigned	2,108,581	-	2,108,581
	<u>2,110,226</u>	<u>643,340</u>	<u>2,753,566</u>
TOTAL FUND BALANCES	<u>2,110,226</u>	<u>643,340</u>	<u>2,753,566</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,115,301</u>	<u>\$ 643,340</u>	<u>\$ 3,758,641</u>

CITY OF SILVERTON

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
GENERAL FUNDS**

For the Year Ended June 30, 2013

	General	General Operating Reserve	Totals
REVENUES			
Property taxes	\$ 2,206,378	\$ -	\$ 2,206,378
Franchise fees	496,524	-	496,524
Licenses, permits and fees	87,305	-	87,305
Fines and forfeitures	186,688	-	186,688
Charges for services	988	-	988
Intergovernmental	246,235	-	246,235
Rentals	8,000	-	8,000
Interest	22,773	3,332	26,105
Miscellaneous	110,830	-	110,830
	<u>3,365,721</u>	<u>3,332</u>	<u>3,369,053</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
General government	1,417,579	-	1,417,579
Public safety	2,016,468	-	2,016,468
Culture and recreation	317,292	-	317,292
Capital outlay	40,398	-	40,398
	<u>3,791,737</u>	<u>-</u>	<u>3,791,737</u>
TOTAL EXPENDITURES			
Excess (deficiency) of revenues over expenditures	<u>(426,016)</u>	<u>3,332</u>	<u>(422,684)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	968,068	100,000	1,068,068
Transfers out	(306,514)	-	(306,514)
	<u>661,554</u>	<u>100,000</u>	<u>761,554</u>
TOTAL OTHER FINANCING SOURCES (USES)			
Net change in fund balances	235,538	103,332	338,870
Fund balances at beginning of year	<u>1,874,688</u>	<u>540,008</u>	<u>2,414,696</u>
Fund balance at end of year	<u>\$ 2,110,226</u>	<u>\$ 643,340</u>	<u>\$ 2,753,566</u>

CITY OF SILVERTON

**GENERAL OPERATING RESERVE - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
Interest	\$ 1,900	\$ 3,332	\$ 1,432
EXPENDITURES			
Contingency	641,183	-	641,183
Excess (deficiency) of revenues over expenditures	(639,283)	3,332	642,615
OTHER FINANCING SOURCES (USES)			
Transfers in	100,000	100,000	-
Net change in fund balance	(539,283)	103,332	642,615
Fund balance at beginning of year	539,283	540,008	725
Fund balance at end of year	\$ -	\$ 643,340	\$ 643,340

CITY OF SILVERTON

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
<u>ASSETS</u>				
Cash and investments	\$ 427,373	\$ 1,314,906	\$ 1,847,849	\$ 3,590,128
Receivables	<u>785,871</u>	<u>496,986</u>	<u>22,826</u>	<u>1,305,683</u>
TOTAL ASSETS	<u>\$ 1,213,244</u>	<u>\$ 1,811,892</u>	<u>\$ 1,870,675</u>	<u>\$ 4,895,811</u>
<u>LIABILITIES</u>				
Accounts payable and accrued items	\$ 39,339	\$ 19,246	\$ 70,709	\$ 129,294
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue	<u>717,647</u>	<u>425,533</u>	<u>-</u>	<u>1,143,180</u>
<u>FUND BALANCES</u>				
Restricted	456,258	1,355,123	1,102,395	2,913,776
Assigned	<u>-</u>	<u>11,990</u>	<u>697,571</u>	<u>709,561</u>
TOTAL FUND BALANCES	<u>456,258</u>	<u>1,367,113</u>	<u>1,799,966</u>	<u>3,623,337</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,213,244</u>	<u>\$ 1,811,892</u>	<u>\$ 1,870,675</u>	<u>\$ 4,895,811</u>

CITY OF SILVERTON

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013**

	Special Revenue	Debt Service	Capital Projects	Totals
REVENUES				
Property taxes	\$ -	\$ 694,223	\$ -	\$ 694,223
Transient tax	198,810	-	-	198,810
Licenses and permits	88,337	-	123,579	211,916
Assessments	-	117,829	-	117,829
Intergovernmental	84,006	-	80,871	164,877
Loan repayments	18,869	-	-	18,869
Interest	3,050	12,403	5,659	21,112
Miscellaneous	5,479	270	15,052	20,801
TOTAL REVENUES	<u>398,551</u>	<u>824,725</u>	<u>225,161</u>	<u>1,448,437</u>
EXPENDITURES				
Current				
General government	294,865	2,821	23,569	321,255
Highways and streets	-	-	12,436	12,436
Debt service	-	1,062,295	-	1,062,295
Capital outlay	38,785	2,070	269,707	310,562
TOTAL EXPENDITURES	<u>333,650</u>	<u>1,067,186</u>	<u>305,712</u>	<u>1,706,548</u>
Excess (deficiency) of revenues over expenditures	<u>64,901</u>	<u>(242,461)</u>	<u>(80,551)</u>	<u>(258,111)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	151,448	224,617	376,065
Transfers out	(113,230)	-	(287,250)	(400,480)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(113,230)</u>	<u>151,448</u>	<u>(62,633)</u>	<u>(24,415)</u>
Net change in fund balances	(48,329)	(91,013)	(143,184)	(282,526)
Fund balances at beginning of year	504,587	1,458,126	1,943,150	3,905,863
Fund balances at end of year	<u>\$ 456,258</u>	<u>\$ 1,367,113</u>	<u>\$ 1,799,966</u>	<u>\$ 3,623,337</u>

CITY OF SILVERTON

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2013**

	Building Operations	Transportation	Electrical Inspection	Transient Tax	Community Development Block Grant Housing Rehabilitation	Totals
<u>ASSETS</u>						
Cash and investments	\$ 11,268	\$ 24,850	\$ 16,423	\$ 24,270	\$ 350,562	\$ 427,373
Receivables	-	12,195	-	55,281	718,395	785,871
TOTAL ASSETS	\$ 11,268	\$ 37,045	\$ 16,423	\$ 79,551	\$ 1,068,957	\$ 1,213,244
<u>LIABILITIES</u>						
Accounts payable and accrued items	\$ 7,636	\$ 1,884	\$ 810	\$ 29,009	\$ -	\$ 39,339
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable revenue	-	-	-	-	717,647	717,647
<u>FUND BALANCES</u>						
Restricted	3,632	35,161	15,613	50,542	351,310	456,258
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 11,268	\$ 37,045	\$ 16,423	\$ 79,551	\$ 1,068,957	\$ 1,213,244

CITY OF SILVERTON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2013

	Building Operations	Transportation	Electrical Inspection	Abatement	Transient Tax	Community Development Block Grant Housing Rehabilitation	Totals
REVENUES							
Transient tax	\$ -	\$ -	\$ -	\$ -	\$ 198,810	\$ -	\$ 198,810
Licenses, permits and fees	75,086	-	13,251	-	-	-	88,337
Intergovernmental	-	84,006	-	-	-	-	84,006
Loan repayments	-	-	-	-	-	18,869	18,869
Interest	20	115	103	-	262	2,550	3,050
Miscellaneous	-	5,479	-	-	-	-	5,479
TOTAL REVENUES	<u>75,106</u>	<u>89,600</u>	<u>13,354</u>	<u>-</u>	<u>199,072</u>	<u>21,419</u>	<u>398,551</u>
EXPENDITURES							
Current							
General government	62,305	60,511	11,868	-	130,838	29,343	294,865
Capital outlay	-	38,785	-	-	-	-	38,785
TOTAL EXPENDITURES	<u>62,305</u>	<u>99,296</u>	<u>11,868</u>	<u>-</u>	<u>130,838</u>	<u>29,343</u>	<u>333,650</u>
Excess (deficiency) of revenues over expenditures	12,801	(9,696)	1,486	-	68,234	(7,924)	64,901
OTHER FINANCING SOURCES (USES)							
Transfers out	(10,815)	(2,698)	(5,306)	(29,581)	(59,643)	(5,187)	(113,230)
Net change in fund balances	1,986	(12,394)	(3,820)	(29,581)	8,591	(13,111)	(48,329)
Fund balances at beginning of year	1,646	47,555	19,433	29,581	41,951	364,421	504,587
Fund balances at end of year	<u>\$ 3,632</u>	<u>\$ 35,161</u>	<u>\$ 15,613</u>	<u>\$ -</u>	<u>\$ 50,542</u>	<u>\$ 351,310</u>	<u>\$ 456,258</u>

CITY OF SILVERTON

**COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
June 30, 2013**

	Bonded Debt Service	Debt Service	Assessment	Urban Renewal	Totals
<u>ASSETS</u>					
Cash and investments	\$ 70,459	\$ 11,990	\$ 548,958	\$ 683,499	\$ 1,314,906
Receivables	<u>19,463</u>	<u>-</u>	<u>448,175</u>	<u>29,348</u>	<u>496,986</u>
TOTAL ASSETS	<u>\$ 89,922</u>	<u>\$ 11,990</u>	<u>\$ 997,133</u>	<u>\$ 712,847</u>	<u>\$ 1,811,892</u>
<u>LIABILITIES</u>					
Accounts payable and accrued items	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,060</u>	<u>\$ 186</u>	<u>\$ 19,246</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue	<u>15,977</u>	<u>-</u>	<u>387,900</u>	<u>21,656</u>	<u>425,533</u>
<u>FUND BALANCES</u>					
Restricted	73,945	-	590,173	691,005	1,355,123
Assigned	<u>-</u>	<u>11,990</u>	<u>-</u>	<u>-</u>	<u>11,990</u>
TOTAL FUND BALANCES	<u>73,945</u>	<u>11,990</u>	<u>590,173</u>	<u>691,005</u>	<u>1,367,113</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 89,922</u>	<u>\$ 11,990</u>	<u>\$ 997,133</u>	<u>\$ 712,847</u>	<u>\$ 1,811,892</u>

CITY OF SILVERTON

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
For the Year Ended June 30, 2013**

	Bonded Debt Service	Debt Service	Assessment	Urban Renewal	Totals
REVENUES					
Property taxes	\$ 312,499	\$ -	\$ -	\$ 381,724	\$ 694,223
Assessments	-	-	117,829	-	117,829
Interest	1,607	448	3,599	6,749	12,403
Miscellaneous	148	-	-	122	270
TOTAL REVENUES	<u>314,254</u>	<u>448</u>	<u>121,428</u>	<u>388,595</u>	<u>824,725</u>
EXPENDITURES					
Current					
General government	-	-	-	2,821	2,821
Debt service	278,800	151,447	336,257	295,791	1,062,295
Capital outlay	-	-	-	2,070	2,070
TOTAL EXPENDITURES	<u>278,800</u>	<u>151,447</u>	<u>336,257</u>	<u>300,682</u>	<u>1,067,186</u>
Excess (deficiency) of revenues over expenditures	35,454	(150,999)	(214,829)	87,913	(242,461)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	151,448	-	-	151,448
Net change in fund balances	35,454	449	(214,829)	87,913	(91,013)
Fund balances at beginning of year	<u>38,491</u>	<u>11,541</u>	<u>805,002</u>	<u>603,092</u>	<u>1,458,126</u>
Fund balances at end of year	<u>\$ 73,945</u>	<u>\$ 11,990</u>	<u>\$ 590,173</u>	<u>\$ 691,005</u>	<u>\$ 1,367,113</u>

CITY OF SILVERTON

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2013**

	Building Capital Improvement Reserve	Dam Early Warning System	Steelhammer LID	Street Improvement SDC
<u>ASSETS</u>				
Cash and investments	\$ 358,946	\$ 218,874	\$ 252,522	\$ 67,864
Receivables	-	-	-	-
 TOTAL ASSETS	<u>\$ 358,946</u>	<u>\$ 218,874</u>	<u>\$ 252,522</u>	<u>\$ 67,864</u>
 <u>LIABILITIES</u>				
Accounts payable and accrued items	\$ -	\$ 1,349	\$ -	\$ 3,897
 <u>FUND BALANCE</u>				
Restricted	-	-	252,522	63,967
Assigned	358,946	217,525	-	-
 TOTAL FUND BALANCE	<u>358,946</u>	<u>217,525</u>	<u>252,522</u>	<u>63,967</u>
 TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 358,946</u>	<u>\$ 218,874</u>	<u>\$ 252,522</u>	<u>\$ 67,864</u>

Storm Water Improvement SDC	Parks and Recreation Improvement SDC	Street Reimbursement SDC	Street Projects	Storm Water Projects	Parks Projects	Totals
\$ 493,836	\$ 219,274	\$ 50,488	\$ 23,936	\$ 79,414	\$ 82,695	\$ 1,847,849
<u>-</u>	<u>22,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,826</u>
<u>\$ 493,836</u>	<u>\$ 242,100</u>	<u>\$ 50,488</u>	<u>\$ 23,936</u>	<u>\$ 79,414</u>	<u>\$ 82,695</u>	<u>\$ 1,870,675</u>
<u>\$ 503</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,301</u>	<u>\$ 32,644</u>	<u>\$ 70,709</u>
493,333	242,085	50,488	-	-	-	1,102,395
<u>-</u>	<u>-</u>	<u>-</u>	<u>23,936</u>	<u>47,113</u>	<u>50,051</u>	<u>697,571</u>
<u>493,333</u>	<u>242,085</u>	<u>50,488</u>	<u>23,936</u>	<u>47,113</u>	<u>50,051</u>	<u>1,799,966</u>
<u>\$ 493,836</u>	<u>\$ 242,100</u>	<u>\$ 50,488</u>	<u>\$ 23,936</u>	<u>\$ 79,414</u>	<u>\$ 82,695</u>	<u>\$ 1,870,675</u>

CITY OF SILVERTON

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2013**

	Building Capital Improvement Reserve	Dam Early Warning System	Steelhammer LID	Street Improvement SDC
REVENUES				
Liscenses, permits and fees	\$ -	\$ -	\$ -	\$ 30,841
Intergovernmental	1,960	1,351	1,428	-
Interest	-	-	-	326
Miscellaneous	-	-	961	-
TOTAL REVENUES	1,960	1,351	2,389	31,167
EXPENDITURES				
Current				
Highways and streets	-	-	-	12,436
General government	-	23,569	-	-
Capital outlay	-	-	-	10,000
TOTAL EXPENDITURES	-	23,569	-	22,436
Excess (deficiency) of revenues over expenditures	1,960	(22,218)	2,389	8,731
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net change in fund balances	1,960	(22,218)	2,389	8,731
Fund balances at beginning of year	356,986	239,743	250,133	55,236
Fund balances at end of year	\$ 358,946	\$ 217,525	\$ 252,522	\$ 63,967

Storm Water Improvement SDC	Street Lights Improvement	Parks and Recreation Improvement SDC	Street Reimbursement SDC	Street Projects	Storm Water Projects	Parks Projects	Totals
\$ 25,698	\$ -	\$ 58,035	\$ 9,005	\$ -	\$ -	\$ -	\$ 123,579
-	-	76,132	-	-	-	-	80,871
2,781	-	1,175	250	70	433	624	5,659
-	-	-	-	14,030	-	61	15,052
<u>28,479</u>	<u>-</u>	<u>135,342</u>	<u>9,255</u>	<u>14,100</u>	<u>433</u>	<u>685</u>	<u>225,161</u>
-	-	-	-	-	-	-	12,436
-	-	-	-	-	-	-	23,569
<u>14,120</u>	<u>-</u>	<u>126,852</u>	<u>-</u>	<u>164</u>	<u>38,320</u>	<u>80,251</u>	<u>269,707</u>
<u>14,120</u>	<u>-</u>	<u>126,852</u>	<u>-</u>	<u>164</u>	<u>38,320</u>	<u>80,251</u>	<u>305,712</u>
<u>14,359</u>	<u>-</u>	<u>8,490</u>	<u>9,255</u>	<u>13,936</u>	<u>(37,887)</u>	<u>(79,566)</u>	<u>(80,551)</u>
-	-	-	-	10,000	85,000	129,617	224,617
<u>(85,000)</u>	<u>(64,703)</u>	<u>(127,547)</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(287,250)</u>
<u>(85,000)</u>	<u>(64,703)</u>	<u>(127,547)</u>	<u>(10,000)</u>	<u>10,000</u>	<u>85,000</u>	<u>129,617</u>	<u>(62,633)</u>
(70,641)	(64,703)	(119,057)	(745)	23,936	47,113	50,051	(143,184)
<u>563,974</u>	<u>64,703</u>	<u>361,142</u>	<u>51,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,943,150</u>
<u>\$ 493,333</u>	<u>\$ -</u>	<u>\$ 242,085</u>	<u>\$ 50,488</u>	<u>\$ 23,936</u>	<u>\$ 47,113</u>	<u>\$ 50,051</u>	<u>\$ 1,799,966</u>

CITY OF SILVERTON

**BUILDING OPERATIONS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
Permits and fees	\$ 79,800	\$ 75,086	\$ (4,714)
Interest	100	20	(80)
TOTAL REVENUES	79,900	75,106	(4,794)
EXPENDITURES			
Personal services	16,061	11,273	4,788
Materials and services	53,844	51,032	2,812
Contingency	8,738	-	8,738
TOTAL EXPENDITURES	78,643	62,305	16,338
Excess (deficiency) of revenues over expenditures	1,257	12,801	11,544
OTHER FINANCING SOURCES (USES)			
Transfers out	(21,068)	(10,815)	10,253
Net change in fund balance	(19,811)	1,986	21,797
Fund balance at beginning of year	19,811	1,646	(18,165)
Fund balance at end of year	\$ -	\$ 3,632	\$ 3,632

CITY OF SILVERTON

**TRANSPORTATION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 114,944	\$ 84,006	\$ (30,938)
Interest	200	115	(85)
Miscellaneous	<u>3,500</u>	<u>5,479</u>	<u>1,979</u>
TOTAL REVENUES	<u>118,644</u>	<u>89,600</u>	<u>(29,044)</u>
EXPENDITURES			
Personal services	63,732	46,957	16,775
Materials and services	22,850	13,554	9,296
Capital outlay	45,000	38,785	6,215
Contingency	<u>22,385</u>	<u>-</u>	<u>22,385</u>
TOTAL EXPENDITURES	<u>153,967</u>	<u>99,296</u>	<u>54,671</u>
Excess (deficiency) of revenues over expenditures	(35,323)	(9,696)	25,627
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(2,698)</u>	<u>(2,698)</u>	<u>-</u>
Net change in fund balance	(38,021)	(12,394)	25,627
Fund balance at beginning of year	<u>38,021</u>	<u>47,555</u>	<u>9,534</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 35,161</u>	<u>\$ 35,161</u>

CITY OF SILVERTON

**ELECTRICAL INSPECTION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
Licenses, permits and fees	\$ 15,000	\$ 13,251	\$ (1,749)
Interest	<u>75</u>	<u>103</u>	<u>28</u>
TOTAL REVENUES	<u>15,075</u>	<u>13,354</u>	<u>(1,721)</u>
EXPENDITURES			
Personal services	3,307	2,330	977
Materials and services	10,850	9,538	1,312
Contingency	<u>9,722</u>	<u>-</u>	<u>9,722</u>
TOTAL EXPENDITURES	<u>23,879</u>	<u>11,868</u>	<u>12,011</u>
Excess (deficiency) of revenues over expenditures	(8,804)	1,486	10,290
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(5,306)</u>	<u>(5,306)</u>	<u>-</u>
Net change in fund balance	(14,110)	(3,820)	10,290
Fund balance at beginning of year	<u>14,110</u>	<u>19,433</u>	<u>5,323</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 15,613</u></u>	<u><u>\$ 15,613</u></u>

CITY OF SILVERTON

**ABATEMENT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>\$ (33,457)</u>	<u>\$ (29,581)</u>	<u>\$ (3,876)</u>
Net change in fund balance	(33,457)	(29,581)	3,876
Fund balance at beginning of year	<u>33,457</u>	<u>29,581</u>	<u>(3,876)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SILVERTON

**TRANSIENT TAX - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
Transient room tax	\$ 182,000	\$ 198,810	\$ 16,810
Interest	-	262	262
	<u>182,000</u>	<u>199,072</u>	<u>17,072</u>
TOTAL REVENUES	<u>182,000</u>	<u>199,072</u>	<u>17,072</u>
EXPENDITURES			
Materials and services	152,612	130,838	21,774
Contingency	15,000	-	15,000
	<u>167,612</u>	<u>130,838</u>	<u>36,774</u>
TOTAL EXPENDITURES	<u>167,612</u>	<u>130,838</u>	<u>36,774</u>
Excess (deficiency) of revenues over expenditures	14,388	68,234	53,846
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(81,020)</u>	<u>(59,643)</u>	<u>21,377</u>
Net change in fund balance	(66,632)	8,591	75,223
Fund balance at beginning of year	<u>66,632</u>	<u>41,951</u>	<u>(24,681)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 50,542</u>	<u>\$ 50,542</u>

CITY OF SILVERTON

**COMMUNITY DEVELOPMENT BLOCK GRANT
HOUSING REHABILITATION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
Loan repayments	\$ 7,500	\$ 18,869	\$ 11,369
Interest	1,600	2,550	950
TOTAL REVENUES	9,100	21,419	12,319
EXPENDITURES			
Materials and services	130,000	29,343	100,657
Contingency and reserves	218,317	-	218,317
TOTAL EXPENDITURES	348,317	29,343	318,974
Excess (deficiency) of revenues over expenditures	(339,217)	(7,924)	331,293
OTHER FINANCING SOURCES (USES)			
Transfers out	(5,187)	(5,187)	-
Net change in fund balance	(344,404)	(13,111)	331,293
Fund balance at beginning of year	344,404	364,421	20,017
Fund balance at end of year	\$ -	\$ 351,310	\$ 351,310

CITY OF SILVERTON

**BONDED DEBT SERVICE - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
Property taxes	\$ 279,141	\$ 312,499	\$ 33,358
Interest	700	1,607	907
Miscellaneous	-	148	148
TOTAL REVENUES	279,841	314,254	34,413
EXPENDITURES			
Debt service	278,938	278,800	138
Net change in fund balance	903	35,454	34,551
Fund balance at beginning of year	(903)	38,491	39,394
Fund balance at end of year	\$ -	\$ 73,945	\$ 73,945

CITY OF SILVERTON

**DEBT SERVICE - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
Interest	\$ 800	\$ 448	\$ (352)
EXPENDITURES			
Debt service	151,448	151,447	1
Contingency	12,380	-	12,380
TOTAL EXPENDITURES	163,828	151,447	12,381
Excess (deficiency) of revenues over expenditures	(163,028)	(150,999)	12,029
OTHER FINANCING SOURCES (USES)			
Transfers in	151,448	151,448	-
Net change in fund balance	(11,580)	449	12,029
Fund balance at beginning of year	11,580	11,541	(39)
Fund balance at end of year	\$ -	\$ 11,990	\$ 11,990

CITY OF SILVERTON

**ASSESSMENT - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Assessments	\$ 86,000	\$ 117,829	\$ 31,829
Interest	<u>3,500</u>	<u>3,599</u>	<u>99</u>
 TOTAL REVENUES	 <u>89,500</u>	 <u>121,428</u>	 <u>31,928</u>
 EXPENDITURES			
Materials and services	4,000	-	4,000
Debt service	438,289	336,257	102,032
Contingency	<u>430,992</u>	<u>-</u>	<u>430,992</u>
 TOTAL EXPENDITURES	 <u>873,281</u>	 <u>336,257</u>	 <u>537,024</u>
 Net change in fund balance	 (783,781)	 (214,829)	 568,952
Fund balance at beginning of year	<u>783,781</u>	<u>805,002</u>	<u>21,221</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 590,173</u>	 <u>\$ 590,173</u>

CITY OF SILVERTON

**URBAN RENEWAL - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
Property taxes	\$ 322,500	\$ 381,724	\$ 59,224
Interest	2,750	6,749	3,999
Miscellaneous	-	122	122
TOTAL REVENUES	325,250	388,595	63,345
EXPENDITURES			
Materials and services	5,100	2,821	2,279
Debt service	298,487	295,791	2,696
Capital outlay	468,208	2,070	466,138
Contingency	98,500	-	98,500
TOTAL EXPENDITURES	870,295	300,682	569,613
Net change in fund balance	(545,045)	87,913	632,958
Fund balance at beginning of year	545,045	603,092	58,047
Fund balance at end of year	\$ -	691,005	\$ 691,005

CITY OF SILVERTON

**BUILDING CAPITAL IMPROVEMENT RESERVE - CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
 For the Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 1,500	\$ 1,960	\$ 460
EXPENDITURES			
Capital outlay	15,000	-	15,000
Contingency	<u>191,235</u>	<u>-</u>	<u>191,235</u>
TOTAL EXPENDITURES	<u>206,235</u>	<u>-</u>	<u>206,235</u>
Net change in fund balance	(204,735)	1,960	206,695
Fund balance at beginning of year	<u>204,735</u>	<u>356,986</u>	<u>152,251</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 358,946</u></u>	<u><u>\$ 358,946</u></u>

CITY OF SILVERTON

**DAM EARLY WARNING SYSTEM - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 1,180	\$ 1,351	\$ 171
EXPENDITURES			
Materials and services	<u>240,861</u>	<u>23,569</u>	<u>217,292</u>
Net change in fund balance	(239,681)	(22,218)	217,463
Fund balance at beginning of year	<u>239,681</u>	<u>239,743</u>	<u>62</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 217,525</u>	<u>\$ 217,525</u>

CITY OF SILVERTON

**STEELHAMMER LID - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ -	\$ 1,428	\$ 1,428
Miscellaneous	<u>4,510</u>	<u>961</u>	<u>(3,549)</u>
 TOTAL REVENUES	 4,510	 2,389	 (2,121)
 EXPENDITURES			
Contingency	<u>254,547</u>	<u>-</u>	<u>254,547</u>
 Net change in fund balance	 (250,037)	 2,389	 252,426
Fund balance at beginning of year	<u>250,037</u>	<u>250,133</u>	<u>96</u>
 Fund balance at end of year	 <u><u>\$ -</u></u>	 <u><u>\$ 252,522</u></u>	 <u><u>\$ 252,522</u></u>

CITY OF SILVERTON

**STREET IMPROVEMENT SDC - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
Licenses, permits and fees	\$ 18,410	\$ 30,841	\$ 12,431
Interest	175	326	151
	<u>18,585</u>	<u>31,167</u>	<u>12,582</u>
TOTAL REVENUES			
EXPENDITURES			
Materials and services	15,500	12,436	3,064
Capital outlay	10,000	10,000	-
Contingency	50,785	-	50,785
	<u>76,285</u>	<u>22,436</u>	<u>53,849</u>
TOTAL EXPENDITURES			
Net change in fund balance	(57,700)	8,731	66,431
Fund balance at beginning of year	57,700	55,236	(2,464)
	<u>57,700</u>	<u>55,236</u>	<u>(2,464)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 63,967</u>	<u>\$ 63,967</u>

CITY OF SILVERTON

**STORM WATER IMPROVEMENT SDC - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
Licenses, permits and fees	\$ 7,310	\$ 25,698	\$ 18,388
Interest	3,000	2,781	(219)
TOTAL REVENUES	10,310	28,479	18,169
EXPENDITURES			
Capital outlay	23,000	14,120	8,880
Contingency	457,447	-	457,447
TOTAL EXPENDITURES	480,447	14,120	466,327
Excess (deficiency) of revenues over expenditures	(470,137)	14,359	484,496
OTHER FINANCING SOURCES (USES)			
Transfers out	(85,000)	(85,000)	-
Net change in fund balance	(555,137)	(70,641)	484,496
Fund balance at beginning of year	555,137	563,974	8,837
Fund balance at end of year	\$ -	\$ 493,333	\$ 493,333

CITY OF SILVERTON

**STREET LIGHTS IMPROVEMENT - CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
 For the Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 300	\$ -	\$ (300)
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(64,978)</u>	<u>(64,703)</u>	<u>275</u>
Net change in fund balance	(64,678)	(64,703)	(25)
Fund balance at beginning of year	<u>64,678</u>	<u>64,703</u>	<u>25</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF SILVERTON

**PARKS AND RECREATION IMPROVEMENTS SDC - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
Licenses, permits and fees	\$ 20,780	\$ 58,035	\$ 37,255
Intergovernmental	80,000	76,132	(3,868)
Interest	1,000	1,175	175
TOTAL REVENUES	101,780	135,342	33,562
EXPENDITURES			
Capital outlay	253,000	126,852	126,148
Contingency	60,277	-	60,277
TOTAL EXPENDITURES	313,277	126,852	186,425
Excess (deficiency) of revenues over expenditures	(211,497)	8,490	219,987
OTHER FINANCING SOURCES (USES)			
Transfers out	(127,547)	(127,547)	-
Net change in fund balance	(339,044)	(119,057)	219,987
Fund balance at beginning of year	339,044	361,142	22,098
Fund balance at end of year	\$ -	\$ 242,085	\$ 242,085

CITY OF SILVERTON

**STREET REIMBURSEMENT SDC - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
Licenses, permits and fees	\$ 2,315	\$ 9,005	\$ 6,690
Interest	200	250	50
TOTAL REVENUES	2,515	9,255	6,740
EXPENDITURES			
Contingency	41,138	-	41,138
Excess (deficiency) of revenues over expenditures	(38,623)	9,255	47,878
OTHER FINANCING SOURCES (USES)			
Transfers out	(10,000)	(10,000)	-
Net change in fund balance	(48,623)	(745)	47,878
Fund balance at beginning of year	48,623	51,233	2,610
Fund balance at end of year	\$ -	\$ 50,488	\$ 50,488

CITY OF SILVERTON

**STREET PROJECTS - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 132,653	\$ -	\$ (132,653)
Interest	-	70	70
Miscellaneous	<u>-</u>	<u>14,030</u>	<u>14,030</u>
 TOTAL REVENUES	 132,653	 14,100	 (118,553)
EXPENDITURES			
Capital outlay	<u>157,316</u>	<u>164</u>	<u>157,152</u>
Excess (deficiency) of revenues over expenditures	(24,663)	13,936	38,599
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>24,663</u>	<u>10,000</u>	<u>(14,663)</u>
Net change in fund balance	-	23,936	23,936
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 23,936</u>	 <u>\$ 23,936</u>

CITY OF SILVERTON

**STORM WATER PROJECTS - CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
 For the Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ -	\$ 433	\$ 433
EXPENDITURES			
Capital outlay	<u>85,000</u>	<u>38,320</u>	<u>46,680</u>
Excess (deficiency) of revenues over expenditures	(85,000)	(37,887)	47,113
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>85,000</u>	<u>85,000</u>	<u>-</u>
Net change in fund balance	-	47,113	47,113
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 47,113</u></u>	<u><u>\$ 47,113</u></u>

CITY OF SILVERTON

**PARKS PROJECTS - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 360,991	\$ -	\$ (360,991)
Interest	-	624	624
Miscellaneous	7,924	61	(7,863)
TOTAL REVENUES	368,915	685	(368,230)
EXPENDITURES			
Materials and services	450	90	360
Capital outlay	503,082	80,161	422,921
TOTAL EXPENDITURES	503,532	80,251	423,281
Excess (deficiency) of revenues over expenditures	(134,617)	(79,566)	55,051
OTHER FINANCING SOURCES (USES)			
Transfers in	134,617	129,617	(5,000)
Net change in fund balance	-	50,051	50,051
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ 50,051	\$ 50,051

CITY OF SILVERTON

**SEWER - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
Charges for services	\$ 2,612,400	\$ 2,703,601	\$ 91,201
Interest	4,250	1,901	(2,349)
Other	-	296	296
TOTAL REVENUES	2,616,650	2,705,798	89,148
EXPENDITURES			
Personal services	702,575	680,122	22,453
Materials and services	546,550	391,897	154,653
Capital outlay	79,900	42,219	37,681
Debt service	830,145	830,141	4
Contingency	103,311	-	103,311
TOTAL EXPENDITURES	2,262,481	1,944,379	318,102
Excess (deficiency) of revenues over expenditures	354,169	761,419	407,250
OTHER FINANCING SOURCES (USES)			
Transfers out	(656,897)	(656,897)	-
Net change in fund balance	(302,728)	104,522	407,250
Fund balance at beginning of year	302,728	423,766	121,038
Prior period adjustment	-	22,223	22,223
Fund balance at end of year	\$ -	550,511	\$ 550,511
Reconciliation to generally accepted accounting principles			
Capital assets, net		24,987,468	
Accrued interest payable		(31,499)	
Long-term obligations		(11,215,000)	
Net position at end of year		\$ 14,291,480	

CITY OF SILVERTON

**WATER - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
Charges for services	\$ 1,553,000	\$ 1,624,986	\$ 71,986
Interest	2,000	2,818	818
Other	500	5,924	5,424
TOTAL REVENUES	1,555,500	1,633,728	78,228
EXPENDITURES			
Personal services	528,022	505,504	22,518
Materials and services	371,650	220,587	151,063
Capital outlay	28,400	10,293	18,107
Debt service	121,856	121,856	-
Contingency	309,089	-	309,089
TOTAL EXPENDITURES	1,359,017	858,240	500,777
Excess (deficiency) of revenues over expenditures	196,483	775,488	579,005
OTHER FINANCING SOURCES (USES)			
Transfers out	(760,024)	(760,024)	-
Net change in fund balance	(563,541)	15,464	579,005
Fund balance at beginning of year	563,541	661,071	97,530
Prior period adjustment	-	8,246	8,246
Fund balance at end of year	\$ -	684,781	\$ 684,781
Reconciliation to generally accepted accounting principles			
Capital assets, net		8,200,626	
Accrued interest payable		(6,662)	
Long-term obligations		(1,662,575)	
Net position at end of year		\$ 7,216,170	

CITY OF SILVERTON

**WWTP DIGESTER PROJECT - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 19,428	\$ 15,673	\$ (3,755)
EXPENDITURES			
Capital outlay	<u>4,809,358</u>	<u>3,182,422</u>	<u>1,626,936</u>
Net change in fund balance	(4,789,930)	(3,166,749)	1,623,181
Fund balance at beginning of year	<u>4,789,930</u>	<u>4,205,750</u>	<u>(584,180)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,039,001</u>	<u>\$ 1,039,001</u>

CITY OF SILVERTON

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS**

June 30, 2013

	Sewer Improvement SDC	Sewer Reimbursement SDC	Water Improvement SDC
<u>ASSETS</u>			
Current assets			
Cash and investments	\$ 116,412	\$ 49,284	\$ 778,447
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable and accrued items	12,107	-	16,740
<u>NET POSITION</u>			
Restricted for capital projects	104,305	49,284	761,707
Unrestricted	-	-	-
TOTAL NET POSITION	\$ 104,305	\$ 49,284	\$ 761,707

Water Reimbursement SDC	Sewer Debt Reserve	Sewer Capital Project	Water Capital Project	Totals
<u>\$ 95,717</u>	<u>\$ 930,093</u>	<u>\$ 78,007</u>	<u>\$ 407,519</u>	<u>\$ 2,455,479</u>
<u>-</u>	<u>-</u>	<u>57,956</u>	<u>26,167</u>	<u>112,970</u>
95,717	-	-	-	1,011,013
<u>-</u>	<u>930,093</u>	<u>20,051</u>	<u>381,352</u>	<u>1,331,496</u>
<u>\$ 95,717</u>	<u>\$ 930,093</u>	<u>\$ 20,051</u>	<u>\$ 381,352</u>	<u>\$ 2,342,509</u>

CITY OF SILVERTON

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2013**

	Sewer Improvement SDC	Sewer Reimbursement SDC	Water Improvement SDC
OPERATING EXPENSES			
Materials and services	\$ 13,617	\$ -	\$ 13,617
Operating (loss)	(13,617)	-	(13,617)
NON-OPERATING REVENUES (EXPENSES)			
Interest	581	183	4,371
Income before capital contributions and transfers	(13,036)	183	(9,246)
Capital contributions	29,876	20,965	37,656
Transfers in	-	-	30,000
Transfers out	(15,000)	-	(198,009)
Change in net position	1,840	21,148	(139,599)
Net position at beginning of year	102,465	28,136	901,306
Net position at end of year	<u>\$ 104,305</u>	<u>\$ 49,284</u>	<u>\$ 761,707</u>

Water Reimbursement SDC	Sewer Debt Reserve	Sewer Capital Project	Water Capital Project	Totals
\$ -	\$ -	\$ 71	\$ 4,097	\$ 31,402
-	-	(71)	(4,097)	(31,402)
<u>470</u>	<u>5,019</u>	<u>665</u>	<u>2,341</u>	<u>13,630</u>
470	5,019	594	(1,756)	(17,772)
18,963	-	-	-	107,460
-	59,643	212,698	493,000	795,341
<u>(30,000)</u>	<u>-</u>	<u>(193,241)</u>	<u>(109,892)</u>	<u>(546,142)</u>
(10,567)	64,662	20,051	381,352	338,887
<u>106,284</u>	<u>865,431</u>	<u>-</u>	<u>-</u>	<u>2,003,622</u>
<u>\$ 95,717</u>	<u>\$ 930,093</u>	<u>\$ 20,051</u>	<u>\$ 381,352</u>	<u>\$ 2,342,509</u>

CITY OF SILVERTON

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2013**

	Sewer Improvement SDC	Sewer Reimbursement SDC	Water Improvement SDC
	<u> </u>	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITES			
Payments to suppliers	\$ (1,510)	\$ -	\$ 3,123
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	-	30,000
Transfers out	<u>-</u>	<u>-</u>	<u>(178,000)</u>
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>(148,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
System development charges received	29,876	20,965	37,656
Due from other funds proceeds	-	-	-
Acquisition of capital assets	<u>(15,000)</u>	<u>-</u>	<u>(20,009)</u>
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>14,876</u>	<u>20,965</u>	<u>17,647</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>581</u>	<u>183</u>	<u>4,371</u>
Net increase (decrease) in cash	13,947	21,148	(122,859)
Cash - beginning of year	<u>102,465</u>	<u>28,136</u>	<u>901,306</u>
Cash - end of year	<u>\$ 116,412</u>	<u>\$ 49,284</u>	<u>\$ 778,447</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating (loss)	\$ (13,617)	\$ -	\$ (13,617)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Increase in liabilities			
Accounts payable and accrued items	<u>12,107</u>	<u>-</u>	<u>16,740</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (1,510)</u>	<u>\$ -</u>	<u>\$ 3,123</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS			
Transfers out	<u>\$ (15,000)</u>	<u>\$ -</u>	<u>\$ (20,009)</u>

Water Reimbursement SDC	Sewer Debt Reserve	Sewer Capital Project	Water Capital Project	Totals
\$ -	\$ -	\$ 57,885	\$ 22,070	\$ 81,568
- (30,000)	59,643 -	212,698 -	493,000 -	795,341 (208,000)
<u>(30,000)</u>	<u>59,643</u>	<u>212,698</u>	<u>493,000</u>	<u>587,341</u>
18,963 - -	- 20,513 -	- - (193,241)	- - (109,892)	107,460 20,513 (338,142)
<u>18,963</u>	<u>20,513</u>	<u>(193,241)</u>	<u>(109,892)</u>	<u>(210,169)</u>
470 (10,567) 106,284	5,019 85,175 844,918	665 78,007 -	2,341 407,519 -	13,630 472,370 1,983,109
<u>\$ 95,717</u>	<u>\$ 930,093</u>	<u>\$ 78,007</u>	<u>\$ 407,519</u>	<u>\$ 2,455,479</u>
\$ -	\$ -	\$ (71)	\$ (4,097)	\$ (31,402)
-	-	57,956	26,167	112,970
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,885</u>	<u>\$ 22,070</u>	<u>\$ 81,568</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (193,241)</u>	<u>\$ (109,892)</u>	<u>\$ (338,142)</u>

CITY OF SILVERTON

**SEWER IMPROVEMENT SDC - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
System development charges	\$ 14,130	\$ 29,876	\$ 15,746
Interest	350	581	231
	14,480	30,457	15,977
TOTAL REVENUES			
EXPENDITURES			
Capital outlay	35,000	28,617	6,383
Contingency	68,340	-	68,340
	103,340	28,617	74,723
TOTAL EXPENDITURES			
Net change in fund balance	(88,860)	1,840	90,700
Fund balance at beginning of year	88,860	102,465	13,605
	-	104,305	104,305
Fund balance at end of year	\$ -	\$ 104,305	\$ 104,305

CITY OF SILVERTON

**SEWER REIMBURSEMENT SDC - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 9,185	\$ 20,965	\$ 11,780
Interest	<u>85</u>	<u>183</u>	<u>98</u>
 TOTAL REVENUES	 9,270	 21,148	 11,878
 EXPENDITURES			
Contingency	<u>28,212</u>	<u>-</u>	<u>28,212</u>
 Net change in fund balance	 (18,942)	 21,148	 40,090
Fund balance at beginning of year	<u>18,942</u>	<u>28,136</u>	<u>9,194</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 49,284</u>	 <u>\$ 49,284</u>

CITY OF SILVERTON

**WATER IMPROVEMENT SDC - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
System development charges	\$ 16,345	37,656	\$ 21,311
Interest	2,000	4,371	2,371
TOTAL REVENUES	18,345	42,027	23,682
EXPENDITURES			
Capital outlay	45,000	33,626	11,374
Contingency	686,860	-	686,860
TOTAL EXPENDITURES	731,860	33,626	698,234
Excess (deficiency) of revenues over expenditures	(713,515)	8,401	721,916
OTHER FINANCING SOURCES (USES)			
Transfers in	30,000	30,000	-
Transfers out	(178,000)	(178,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(148,000)	(148,000)	-
Net change in fund balance	(861,515)	(139,599)	721,916
Fund balance at beginning of year	861,515	901,306	39,791
Fund balance at end of year	\$ -	\$ 761,707	\$ 761,707

CITY OF SILVERTON

**WATER REIMBURSEMENT SDC - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 8,515	\$ 18,963	\$ 10,448
Interest	<u>300</u>	<u>470</u>	<u>170</u>
TOTAL REVENUES	8,815	19,433	10,618
EXPENDITURES			
Contingency	<u>76,551</u>	<u>-</u>	<u>76,551</u>
Excess (deficiency) of revenues over expenditures	(67,736)	19,433	87,169
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Net change in fund balance	(97,736)	(10,567)	87,169
Fund balance at beginning of year	<u>97,736</u>	<u>106,284</u>	<u>8,548</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 95,717</u>	<u>\$ 95,717</u>

CITY OF SILVERTON

**SEWER DEBT RESERVE - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 850	\$ 5,019	\$ 4,169
EXPENDITURES			
Contingency	<u>910,504</u>	<u>-</u>	<u>910,504</u>
Excess (deficiency) of revenues over expenditures	(909,654)	5,019	914,673
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>66,357</u>	<u>59,643</u>	<u>(6,714)</u>
Net change in fund balance	(843,297)	64,662	907,959
Fund balance at beginning of year	<u>843,297</u>	<u>865,431</u>	<u>22,134</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 930,093</u></u>	<u><u>\$ 930,093</u></u>

CITY OF SILVERTON

**SEWER CAPITAL PROJECT - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ -	\$ 665	\$ 665
EXPENDITURES			
Capital outlay	<u>212,698</u>	<u>193,312</u>	<u>19,386</u>
Excess (deficiency) of revenues over expenditures	(212,698)	(192,647)	20,051
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>212,698</u>	<u>212,698</u>	<u>-</u>
Net change in fund balance	-	20,051	20,051
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 20,051</u></u>	<u><u>\$ 20,051</u></u>

CITY OF SILVERTON

**WATER CAPITAL PROJECT - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
Interest	\$ -	\$ 2,341	\$ 2,341
EXPENDITURES			
Capital outlay	<u>493,000</u>	<u>113,989</u>	<u>379,011</u>
Excess (deficiency) of revenues over expenditures	(493,000)	(111,648)	381,352
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>493,000</u>	<u>493,000</u>	<u>-</u>
Net change in fund balance	-	381,352	381,352
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 381,352</u></u>	<u><u>\$ 381,352</u></u>

CITY OF SILVERTON

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2013**

	<u>Fleet Replacement</u>	<u>Major Equipment Replacement</u>	<u>Extended Leave</u>	<u>Totals</u>
<u>ASSETS</u>				
Current assets				
Cash and cash investments	<u>\$ 702,831</u>	<u>\$ 605,396</u>	<u>\$ 120,637</u>	<u>\$ 1,428,864</u>
<u>NET POSITION</u>				
Unrestricted	<u>\$ 702,831</u>	<u>\$ 605,396</u>	<u>\$ 120,637</u>	<u>\$ 1,428,864</u>

CITY OF SILVERTON

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2013**

	Fleet Replacement	Major Equipment Replacement	Extended Leave	Totals
NON-OPERATING REVENUES (EXPENSES)				
Interest	\$ 4,104	\$ 3,992	\$ 680	\$ 8,776
Sale of capital assets	2,500	-	-	2,500
Income before transfers	6,604	3,992	680	11,276
TRANSFERS				
Transfers in	75,631	65,166	8,570	149,367
Transfers out	(23,815)	(173,648)	-	(197,463)
Total transfers	51,816	(108,482)	8,570	(48,096)
Change in net position	58,420	(104,490)	9,250	(36,820)
Net position at beginning of year	644,411	709,886	111,387	1,465,684
Net position at end of year	\$ 702,831	\$ 605,396	\$ 120,637	\$ 1,428,864

CITY OF SILVERTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2013

	<u>Fleet</u>	Major <u>Equipment</u>	<u>Extended</u>	<u>Totals</u>
	<u>Replacement</u>	<u>Replacement</u>	<u>Leave</u>	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	\$ 75,631	\$ 65,166	\$ 8,570	\$ 149,367
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(23,815)	(173,648)	-	(197,463)
Decrease in receivable related to sale	3,150	-	-	3,150
Sale of capital assets	2,500	-	-	2,500
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(18,165)</u>	<u>(173,648)</u>	<u>-</u>	<u>(191,813)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	4,104	3,992	680	8,776
Net increase (decrease) in cash	61,570	(104,490)	9,250	(33,670)
Cash - beginning of year	641,261	709,886	111,387	1,462,534
Cash - end of year	<u>\$ 702,831</u>	<u>\$ 605,396</u>	<u>\$ 120,637</u>	<u>\$ 1,428,864</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS				
Transfers out	<u>\$ (23,815)</u>	<u>\$ (173,648)</u>	<u>\$ -</u>	<u>\$ (197,463)</u>

CITY OF SILVERTON

**FLEET REPLACEMENT - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
Interest	\$ 2,500	\$ 4,104	\$ 1,604
EXPENDITURES			
Capital outlay	27,600	23,815	3,785
Contingency	693,481	-	693,481
TOTAL EXPENDITURES	721,081	23,815	697,266
Excess (deficiency) of revenues over expenditures	(718,581)	(19,711)	698,870
OTHER FINANCING SOURCES (USES)			
Transfers in	75,631	75,631	-
Sale of capital assets	-	2,500	2,500
TOAL OTHER FINANCING SOURCES (USES)	75,631	78,131	2,500
Net change in fund balance	(642,950)	58,420	701,370
Fund balance at beginning of year	642,950	644,411	1,461
Fund balance at end of year	\$ -	\$ 702,831	\$ 702,831

CITY OF SILVERTON

**MAJOR EQUIPMENT REPLACEMENT - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
Interest	\$ 3,800	\$ 3,992	\$ 192
EXPENDITURES			
Capital outlay	203,000	173,648	29,352
Contingency	576,218	-	576,218
TOTAL EXPENDITURES	779,218	173,648	605,570
Excess (deficiency) of revenues over expenditures	(775,418)	(169,656)	605,762
OTHER FINANCING SOURCES (USES)			
Transfers in	65,166	65,166	-
Net change in fund balance	(710,252)	(104,490)	605,762
Fund balance at beginning of year	710,252	709,886	(366)
Fund balance at end of year	\$ -	\$ 605,396	\$ 605,396

CITY OF SILVERTON

**EXTENDED LEAVE - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
Interest	\$ 450	\$ 680	\$ 230
EXPENDITURES			
Personal services	96,078	-	96,078
Contingency	24,355	-	24,355
TOTAL EXPENDITURES	120,433	-	120,433
Excess (deficiency) of revenues over expenditures	(119,983)	680	120,663
OTHER FINANCING SOURCES (USES)			
Transfers in	8,570	8,570	-
Net change in fund balance	(111,413)	9,250	120,663
Fund balance at beginning of year	111,413	111,387	(26)
Fund balance at end of year	\$ -	\$ 120,637	\$ 120,637

CITY OF SILVERTON

**COMPARATIVE STATEMENT OF NET POSITION
SEWER SYSTEM FUNDS
June 30, 2013 and 2012**

	2013	2012
<u>ASSETS</u>		
Current assets		
Cash and investments	\$ 2,642,293	\$ 5,669,686
Receivables, net	271,767	244,506
Due from other funds	-	20,513
Inventories	16,761	7,551
Total current assets	2,930,821	5,942,256
Capital assets, net	24,987,468	21,901,270
TOTAL ASSETS	27,918,289	27,891,069
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued items	197,046	280,607
Accrued interest payable	31,499	38,828
Accumulated unpaid vacation	40,530	36,101
Long-term obligations due within one year	365,000	360,000
Total current liabilities	634,075	715,536
Long-term obligations	10,850,000	11,215,000
TOTAL LIABILITIES	11,484,075	11,930,536
<u>NET POSITION</u>		
Net investment in capital assets	13,772,468	10,326,270
Restricted for capital projects	1,212,641	4,336,351
Unrestricted	1,449,105	1,297,912
TOTAL NET POSITION	\$ 16,434,214	\$ 15,960,533

CITY OF SILVERTON

**COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
SEWER SYSTEM FUNDS**

For the Years Ended June 30, 2013 and 2012

	2013	2012
OPERATING REVENUES		
Charges for services	\$ 2,703,601	\$ 2,421,016
OPERATING EXPENSES		
Personal services	680,122	645,528
Materials and services	420,230	436,657
Depreciation	501,606	485,585
Total operating expenses	1,601,958	1,567,770
Operating income	1,101,643	853,246
NONOPERATING REVENUES (EXPENSES)		
Interest	24,022	28,636
Miscellaneous	296	10,523
Amortization	-	(2,502)
Interest	(462,812)	(417,066)
Total nonoperating revenues (expenses)	(438,494)	(380,409)
Income before capital contributions and transfers	663,149	472,837
Capital contributions	50,841	53,541
Transfers in	3,832,571	5,625,190
Transfers out	(4,047,560)	(5,832,879)
Change in net position	499,001	318,689
Net position at beginning of year	15,960,533	15,641,844
Prior period adjustment	(25,320)	-
Net position at end of year	\$ 16,434,214	\$ 15,960,533

CITY OF SILVERTON

**COMPARATIVE STATEMENT OF NET POSITION
WATER SYSTEM FUNDS
June 30, 2013 and 2012**

	2013	2012
<u>ASSETS</u>		
Current assets		
Cash and investments	\$ 1,871,322	\$ 1,610,319
Receivables, net	147,801	146,318
Inventories	79,435	82,999
Total current assets	2,098,558	1,839,636
Capital assets, net	8,200,626	8,330,232
TOTAL ASSETS	10,299,184	10,169,868
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued items	74,761	74,077
Consumer deposits	70,913	66,890
Accrued interest payable	6,662	6,818
Accumulated unpaid vacation	29,327	30,008
Long-term obligations due within one year	40,800	38,903
Total current liabilities	222,463	216,696
Long-term obligations	1,621,775	1,662,575
TOTAL LIABILITIES	1,844,238	1,879,271
<u>NET POSITION</u>		
Net investment in capital assets	6,538,051	6,628,754
Restricted for:		
Debt service	121,856	121,856
Other purposes	1,238,776	1,070,608
Unrestricted	556,263	469,379
TOTAL NET POSITION	\$ 8,454,946	\$ 8,290,597

CITY OF SILVERTON

**COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
WATER SYSTEM FUNDS**

For the Years Ended June 30, 2013 and 2012

	2013	2012
OPERATING REVENUES		
Charges for services	\$ 1,624,986	\$ 1,533,829
OPERATING EXPENSES		
Personal services	505,504	497,801
Materials and services	248,594	341,528
Depreciation	283,076	282,960
Total operating expenses	1,037,174	1,122,289
Operating income	587,812	411,540
NONOPERATING REVENUES (EXPENSES)		
Interest	10,000	8,199
Miscellaneous	5,924	2,339
Interest	(82,797)	(84,613)
Total nonoperating revenues (expenses)	(66,873)	(74,075)
Income before capital contributions and transfers	520,939	337,465
System development charges	56,619	42,907
Transfers in	676,470	25,259
Transfers out	(1,097,925)	(512,829)
Change in net position	156,103	(107,198)
Net position at beginning of year	8,290,597	8,397,795
Prior period adjustment	8,246	-
Net position at end of year	\$ 8,454,946	\$ 8,290,597

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY THE
MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL
CORPORATIONS**

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**INDEPENDENT AUDITOR’S REPORT REQUIRED BY THE
 MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS**

**Honorable Mayor and Members of the City Council
 CITY OF SILVERTON
 Silverton, Oregon**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the **CITY OF SILVERTON** as of and for the year ended June 30, 2013, and have issued our report thereon dated December 13, 2013.

Compliance

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

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

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

Honorable Mayor and Members of the City Council
CITY OF SILVERTON
Silverton, Oregon

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

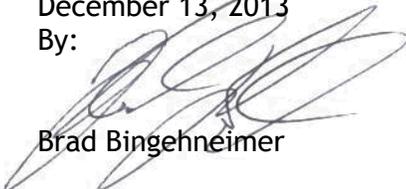
OAR 162-10-0230 Internal Control

In planning and performing our audit of the financial statements, we considered the City internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control. Deficiencies in internal control, if any, were communicated separately.

Restriction on Use

This report is intended solely for the information and use of the council members and management of the **CITY OF SILVERTON** and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 13, 2013
By:



Brad Bingeheimer

GRANT COMPLIANCE – YELLOW BOOK

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

Honorable Mayor and Members of the City Council
CITY OF SILVERTON
Silverton, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of CITY OF SILVERTON, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 13, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Silverton's Response to Finding

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Boldt Carlisle & Smith

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 13, 2013

CITY OF SILVERTON
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2013

2013-1 Preparation of the financial statements

Criteria: The preparation of the financial statements is the responsibility of management. Management is also responsible for designing and implementing internal controls over the preparation of the financial statements.

Condition: The auditor has prepared the financial statements (a nonattest service) on behalf of management. Management has identified the Finance Director as having suitable skills, knowledge or experience to accept responsibility for the financial statements. Therefore management has not designed or implemented controls over the preparation of the financial statements.

Cause: Management has performed a cost-benefit analysis and determined it is most efficient to have the auditors prepare the financial statements in conjunction with the audit of the financial statements.

Effect: Management believes there are no negative effects, or potentially negative effects on the financial statements.

Response: Management has determined that it is not cost effective to correct this deficiency in internal controls.