



ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2011

CITY OF SILVERTON

Officers and Directors For the Year Ended June 30, 2011

	<u>Term Expires</u> <u>January,</u>
<u>MAYOR</u>	
Stu Rasmussen 417 N Water Street Silverton, OR 97381	2013
<u>CITY COUNCIL</u>	
Randal Thomas 111 Coolidge Street Silverton, OR 97381	2015
Bill Cummins 104 Breyona Way Silverton, OR 97381	2015
Kyle Palmer 429 S. Third Street Silverton, OR 97381	2013
Judy Schmidt 595 Edgewood Dr. Silverton, OR 97381	2013
Laurie A. Carter 805 Shelokum Dr Silverton, OR 97381	2013
Scott Walker 717 Eureka Ave Silverton, OR 97381	2015

CITY MANAGER

Bryan Cosgrove – Term ended June 16, 2011
Rick Lewis – Interim from June 17, 2011 to January 2, 2012
Bob Willoughby – Term began January 3, 2012

FINANCE DIRECTOR

Kathleen Zaragoza

CITY OF SILVERTON

TABLE OF CONTENTS
For the Year Ended June 30, 2011

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	A – B
MANAGEMENT'S DISCUSSION AND ANALYSIS	a – f
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements.....	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements	
Governmental Funds	
Balance Sheet	3
Statement of Revenues, Expenditures and Changes in Fund Balances.....	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	5
Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General	6
Community Development and Block Grant Housing Rehabilitation.....	7
Proprietary Funds	
Statement of Net Assets	8
Statement of Revenues, Expenses and Changes in Net Assets	9
Statement of Cash Flows.....	10
Notes to Basic Financial Statements	11 – 31
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Combining General Funds Balance Sheet	32
Combining General Funds Statement of Revenues, Expenditures and Changes in Fund Balances.....	33
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Operating Reserve.....	34
Other Governmental Funds	
Combining Balance Sheets	35
Combining Schedules of Revenues, Expenditures and Changes in Fund Balances.....	36
Special Revenue Funds	
Combining Balance Sheets	37, 38
Combining Schedules of Revenues, Expenditures and Changes in Fund Balances.....	39, 40
Debt Service Funds:	
Combining Balance Sheets	41
Combining Schedules of Revenues, Expenditures and Changes in Fund Balances.....	42
Capital Projects Funds:	
Combining Balance Sheets	43, 44
Combining Schedules of Revenues, Expenditures and Changes in Fund Balances.....	45, 46

CITY OF SILVERTON
TABLE OF CONTENTS (Continued)

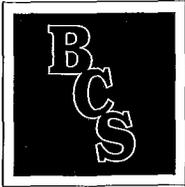
Page

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)

Other Governmental Funds (continued):	
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Special Revenue Funds	
Building Operations	47
Transportation	48
Electrical Inspection	49
Abatement	50
Transient Tax.....	51
Street.....	52
Debt Service Funds	
Bonded Debt Service.....	53
Debt Service	54
Assessment	55
Urban Renewal	56
Capital Projects Funds	
Reserve	57
Building Capital Improvement Reserve.....	58
Dam Early Warning System.....	59
Steelhammer LID	60
Senior Center.....	61
Street Improvement SDC	62
Storm Water Improvement SDC.....	63
Street Lights Improvement.....	64
Parks and Recreation Improvement SDC.....	65
Street Reimbursement SDC	66
Enterprise Funds:	
Sewer (A Major Fund).....	67
Water (A Major Fund).....	68
Other Enterprise Funds	
Combining Statement of Net Assets.....	69
Combining Statement of Revenues, Expenses and Changes in Net Assets	70
Combining Statement of Cash Flows	71, 72
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Sewer Improvement SDC.....	73
Sewer Reimbursement SDC.....	74
Water Improvement SDC.....	75
Water Reimbursement SDC.....	76
WWTP Digester Project.....	77

CITY OF SILVERTON
TABLE OF CONTENTS (Continued)

	<u>Page</u>
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)	
Internal Service Funds	
Combining Statement of Net Assets	78
Combining Statement of Revenues, Expenses and Changes in Net Assets	79
Combining Statement of Cash Flows.....	80
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Fleet Replacement.....	81
Major Equipment Replacement	82
Extended Leave.....	83
Sewer System Funds	
Comparative Statement of Net Assets.....	84
Comparative Statements of Revenues, Expenses and Changes in Net Assets.....	85
Water System Funds	
Comparative Statement of Net Assets.....	86
Comparative Statement of Revenues, Expenses and Changes in Net Assets	87
 INDEPENDENT AUDITOR’S REPORT REQUIRED BY THE MINIMUM	
STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS.....	88, 89
 GRANT COMPLIANCE - Yellow Book	
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.....	90, 91



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

INDEPENDENT AUDITOR'S REPORT

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

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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, the respective changes in financial position, cash flows, where applicable, thereof, and the respective budgetary comparisons for the General and Community Development Block Grant Housing Rehabilitation Funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2012 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* and should be considered in assessing the results of our audit.

A

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Established - 1968

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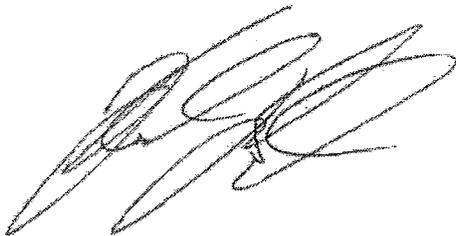
INDEPENDENT AUDITOR'S REPORT (Continued)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages *a* through *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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Boldt, Carlisle & Smith, LLC
Certified Public Accountants
Salem, Oregon
February 6, 2012

By:



Bradley G. Bingenheimer

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF SILVERTON

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2011

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, 2011 by \$41,307,464 (*net assets*). Of this amount, \$28,211,503 was invested in capital assets; \$6,040,563 was restricted for specific purposes resulting in unrestricted assets of \$7,055,398.

The City's total net assets increased by \$698,364 (or 1.7%), which was due primarily to the increase of net assets invested in capital assets section in governmental activities.

The City's business-type funds had an increase in net assets of \$18,079, which is primarily due to the decrease in long-term liabilities as total assets decreased from the previous year.

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. 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 assets, a statement of activities, fund financial statements and the notes to the financial statements.

The statements of net assets 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 assets; revenues, expenses and changes in fund net assets; 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 assets as of June 30, 2011 are \$41,307,464. By far the largest portion of net assets 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.

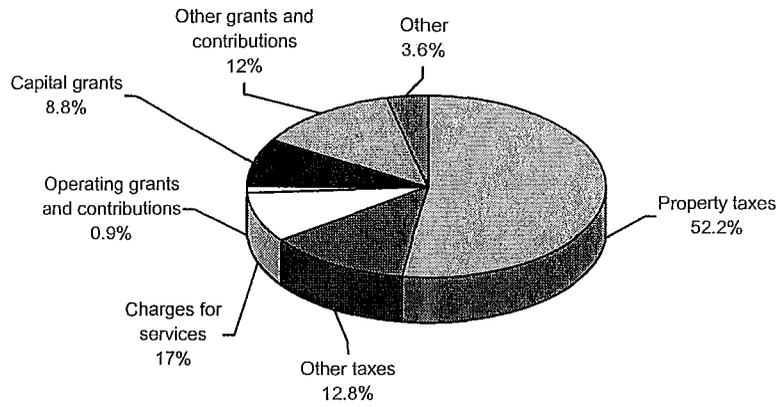
NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2010	2011	2010	2011	2010	2011
<u>Assets</u>						
Current and other assets	\$12,408,032	\$ 11,964,770	\$ 4,531,556	\$ 4,288,383	\$ 16,939,588	\$ 16,253,153
Capital assets, net	<u>11,323,897</u>	<u>11,560,584</u>	<u>30,260,958</u>	<u>30,163,356</u>	<u>41,584,855</u>	<u>41,723,940</u>
Total assets	<u>23,731,929</u>	<u>23,525,354</u>	<u>34,792,514</u>	<u>34,451,739</u>	<u>58,524,443</u>	<u>57,977,093</u>
<u>Liabilities</u>						
Long-term liabilities	5,860,669	5,177,033	10,582,997	10,165,437	16,443,666	15,342,470
Other liabilities	<u>1,190,138</u>	<u>986,914</u>	<u>281,539</u>	<u>340,245</u>	<u>1,471,677</u>	<u>1,327,159</u>
Total liabilities	<u>7,050,807</u>	<u>6,163,947</u>	<u>10,864,536</u>	<u>10,505,682</u>	<u>17,915,343</u>	<u>16,669,629</u>
<u>Net assets</u>						
Invested in capital assets, net of related debt	6,899,273	7,656,720	20,317,015	20,554,783	27,216,288	28,211,503
Restricted	3,064,110	3,872,398	2,747,251	2,168,165	5,811,361	6,040,563
Unrestricted	<u>6,717,739</u>	<u>5,832,289</u>	<u>863,712</u>	<u>1,223,109</u>	<u>7,581,451</u>	<u>7,055,398</u>
Total net assets	<u>\$16,681,122</u>	<u>\$ 17,361,407</u>	<u>\$ 23,927,978</u>	<u>\$ 23,946,057</u>	<u>\$ 40,609,100</u>	<u>\$41,307,464</u>

The unrestricted net assets of governmental activities decreased \$885,450, which is primarily due to a decrease in cash and receivables.

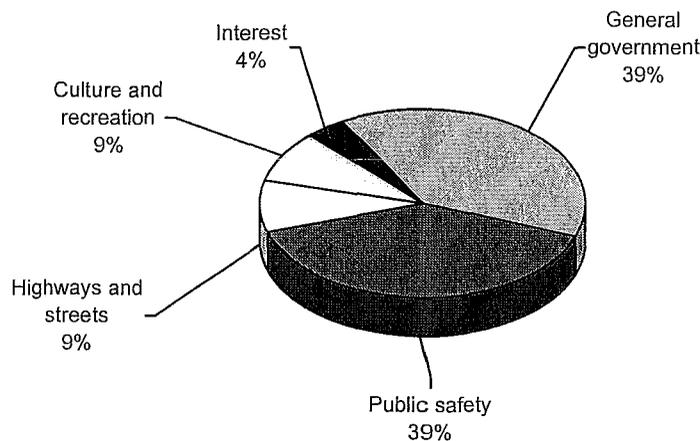
The governmental activities revenue comes primarily from property taxes, charges for services and various grants and contributions. The city's governmental expenses cover a wide variety of services, with general government, public safety and streets accounting for most of these expenses.

City of Silverton Governmental Activities Revenue



Property taxes are the City's primary source of revenue comprising 52.2% 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 capital grants.

City of Silverton Governmental Activities Functional Expenses



The primary expenses for governmental activities are 39% for both public safety and general government. Public safety exceeds general government expenses by \$ 47,443.

Net assets of the governmental activities increased by \$ 680,285, or 4.1%. Net assets of the City's business-type activities increased by \$ 18,079 or 0.1%. Key elements of these changes are as follows:

	Governmental Activities		Business-type Activities		Totals	
	2010	2011	2010	2011	2010	2011
Revenues						
Program:						
Charges for services	\$ 520,944	\$ 476,191	\$ 3,737,783	\$ 3,882,109	\$ 4,258,727	\$ 4,358,300
Operating grants and contributions	155,652	50,282	-	-	155,652	50,282
Capital grants and contributions	2,948,172	465,328	211,883	90,855	3,160,055	556,183
General:						
Property taxes	2,681,953	2,762,936	-	-	2,681,953	2,762,936
Other taxes	683,851	678,504	-	-	683,851	678,504
Other grants and contributions	594,659	667,506	-	-	594,659	667,506
Other	272,392	193,135	30,454	28,198	302,846	221,333
Total revenues	<u>7,857,623</u>	<u>5,293,882</u>	<u>3,980,120</u>	<u>4,001,162</u>	<u>11,837,743</u>	<u>9,295,044</u>
Expenses						
General government	1,903,895	2,109,615	-	-	1,903,895	2,109,615
Public safety	1,954,308	2,157,058	-	-	1,954,308	2,157,058
Highways and streets	497,455	483,714	-	-	497,455	483,714
Culture and recreation	812,613	480,418	-	-	812,613	480,418
Interest on long-term obligations	251,023	212,151	-	-	251,023	212,151
Sewer	-	-	2,073,513	1,962,962	2,073,513	1,962,962
Water	-	-	1,208,366	1,190,762	1,208,366	1,190,762
Total expenses	<u>5,419,294</u>	<u>5,442,956</u>	<u>3,281,879</u>	<u>3,153,724</u>	<u>8,701,173</u>	<u>8,596,680</u>
Increase in net assets before transfers	2,438,329	(149,074)	698,241	847,438	3,136,570	698,364
Transfers	<u>1,345,474</u>	<u>829,359</u>	<u>(1,345,474)</u>	<u>(829,359)</u>	<u>-</u>	<u>-</u>
Increase in net assets	3,783,803	680,285	(647,233)	18,079	3,136,570	698,364
Net assets - beginning	<u>12,897,319</u>	<u>16,681,122</u>	<u>24,575,211</u>	<u>23,927,978</u>	<u>37,472,530</u>	<u>40,609,100</u>
Net assets - ending	<u>\$ 16,681,122</u>	<u>\$ 17,361,407</u>	<u>\$ 23,927,978</u>	<u>\$ 23,946,057</u>	<u>\$ 40,609,100</u>	<u>\$ 41,307,464</u>

Governmental Activities

The change in net assets for governmental activities for 2011 was an increase of \$ 680,285. This change is mostly the result of the transfers in.

Business-type Activities

The small increase in net assets is from a change in the transfer portion and the expenses.

FINANCIAL ANALYSIS OF FUNDS

As of June 30, 2011, the City's governmental funds reported a combined fund balance of \$6,721,135, which is an increase of \$55,299 from June 30, 2010. The increase is a small change and most fund balances remained stable.

The General Fund is the primary operating fund of the City. As of June 30, 2011, the fund balance for the General Fund is \$2,337,307, which is a decrease of \$ (264,087) from June 30, 2010.

Proprietary funds provide the same type of information as presented in the government-wide statements of net assets and activities, but in more detail. The proprietary funds net assets amounted to \$23,946,057 as of June 30, 2011, which is a small increase of \$ 18,079 from June 30, 2010.

BUDGETARY HIGHLIGHTS

There were nine budget transfer resolutions and one supplemental budget resolution adopted by City Council during the fiscal year ended June 30, 2011.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2011, the City had invested \$57,951,764 in capital assets of its governmental and business-type activities. 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 \$541,526, and business-type activities increased by \$664,436. Significant additions during the year ended June 30, 2011 in governmental activities was the related to the roofing improvement at City Hall, the Reservoir improvements, ADA ramp improvements funded by an ODOT grant and improvements to streets for a safe routes to school project.

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, 2011 was \$5,177,033 and business-type principal debt was \$10,165,437.

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

General Obligation refunding Bond series 2010	\$	1,000,000
General Obligation Bonds - Pool		320,000
Pension Obligation Bond		1,600,313
Sewer Revenue Bonds payable to Bank of New York		7,870,000
Water Revenue Bond payable to USDA		1,738,573
Notes payable to Oregon Economic and Community Development Department		1,028,451
Notes payable to West Coast Bank - JJWF Lid		328,221
Urban Renewal Loan to School District		1,227,192
Compensated absences		229,720

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

ECONOMIC FACTORS

During the 2011, fiscal year and continuing into the 2012 fiscal year the City, as well as citizens have continued to see decreasing property values. This has an impact on the City property tax dollars, which are based on either the real market value or the assessed value, whichever is lower.

New construction for residential housing has decreased significantly, which affects many programs and funds within the City's budget. During the fiscal year, ending June 30, 2011 there were many businesses that did not renew their licenses, mostly construction type operations. During the fiscal year 2011, the real market values for many properties continue to decline due to the negative economic factors and number of foreclosures on the market.

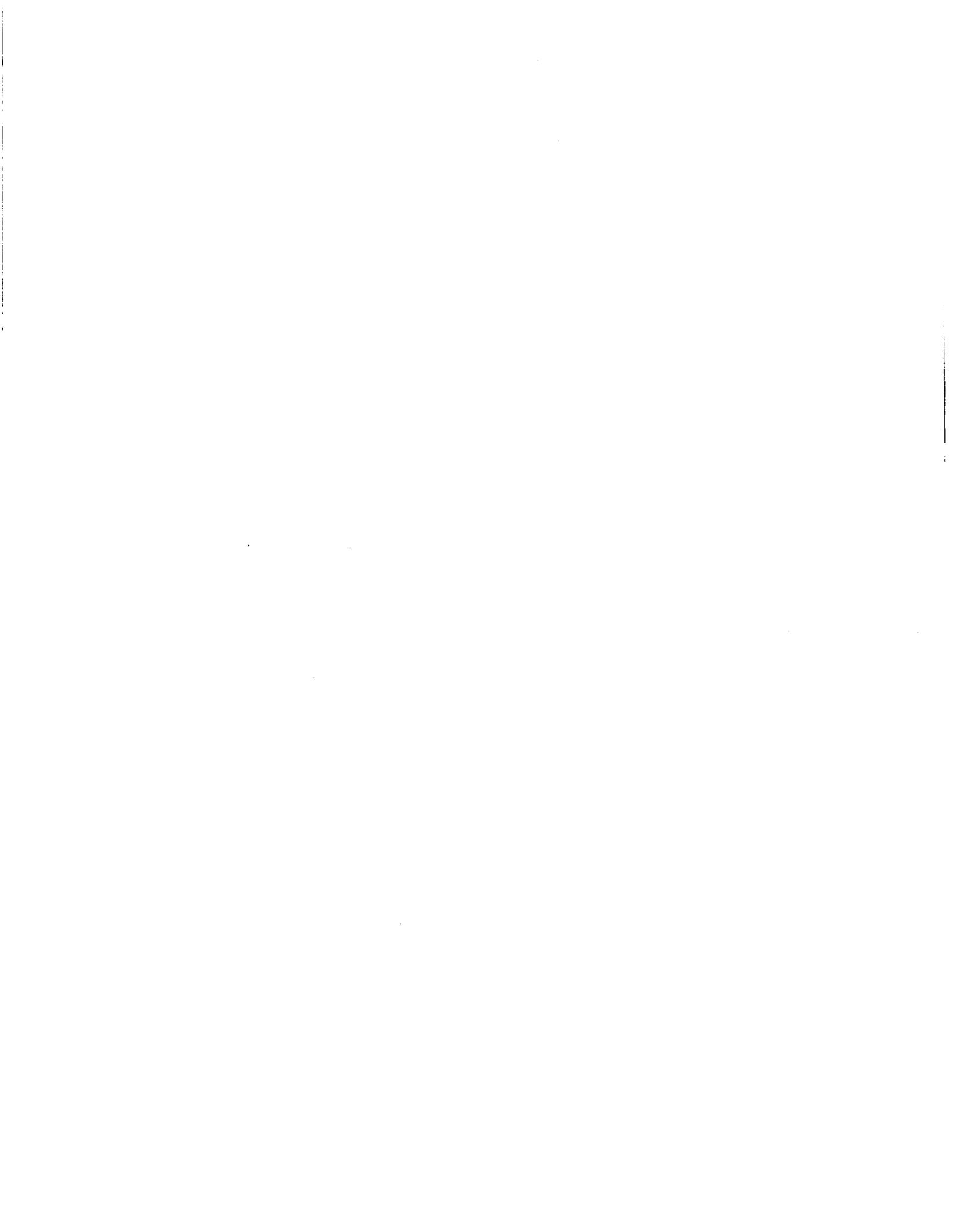
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FINANCIAL CONTACT

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



CITY OF SILVERTON

STATEMENT OF NET ASSETS

June 30, 2011

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash and investments	\$ 8,433,558	\$ 3,398,538	\$ 11,832,096
Receivables, net	2,659,812	362,598	3,022,410
Inventories	10,954	112,064	123,018
Prepaid pension costs, net	860,446	415,183	1,275,629
Capital assets:			
Land, improvements and construction in progress	5,522,358	2,983,593	8,505,951
Other capital assets, net	<u>6,038,226</u>	<u>27,179,763</u>	<u>33,217,989</u>
 TOTAL ASSETS	 <u>23,525,354</u>	 <u>34,451,739</u>	 <u>57,977,093</u>
 <u>LIABILITIES</u>			
Accounts payable and accrued expenses	537,003	193,634	730,637
Accrued interest payable	41,282	76,932	118,214
Deposits	408,629	69,679	478,308
Long-term liabilities:			
Due within one year	604,066	346,677	950,743
Due in more than one year	<u>4,572,967</u>	<u>9,818,760</u>	<u>14,391,727</u>
 TOTAL LIABILITIES	 <u>6,163,947</u>	 <u>10,505,682</u>	 <u>16,669,629</u>
 <u>NET ASSETS</u>			
Invested in capital assets, net of related debt	7,656,720	20,554,783	28,211,503
Restricted for:			
Capital projects	1,287,119	2,046,309	3,333,428
Debt service	2,026,928	121,856	2,148,784
Other purposes	558,351	-	558,351
Unrestricted	<u>5,832,289</u>	<u>1,223,109</u>	<u>7,055,398</u>
 TOTAL NET ASSETS	 <u>\$ 17,361,407</u>	 <u>\$ 23,946,057</u>	 <u>\$ 41,307,464</u>

CITY OF SILVERTON

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 2,109,615	\$ 234,546	\$ 35,161	\$ 78,964	\$ (1,760,944)		\$ (1,760,944)
Public safety	2,157,058	229,051	8,017	-	(1,919,990)		(1,919,990)
Highways and streets	483,714	-	-	171,951	(311,763)		(311,763)
Culture and recreation	480,418	12,594	7,104	214,413	(246,307)		(246,307)
Interest on long-term obligations	212,151	-	-	-	(212,151)		(212,151)
TOTAL GOVERNMENTAL ACTIVITIES	<u>5,442,956</u>	<u>476,191</u>	<u>50,282</u>	<u>465,328</u>	<u>(4,451,155)</u>		<u>(4,451,155)</u>
Business-type activities:							
Sewer	1,962,962	2,351,185	-	49,555		\$ 437,778	437,778
Water	1,190,762	1,530,924	-	41,300		381,462	381,462
TOTAL BUSINESS-TYPE ACTIVITIES	<u>3,153,724</u>	<u>3,882,109</u>	<u>-</u>	<u>90,855</u>		<u>819,240</u>	<u>819,240</u>
TOTALS	<u>\$ 8,596,680</u>	<u>\$ 4,358,300</u>	<u>\$ 50,282</u>	<u>\$ 556,183</u>	<u>(4,451,155)</u>	<u>819,240</u>	<u>(3,631,915)</u>
General revenues:							
Taxes levied for:							
General purposes					2,146,929	-	2,146,929
Debt service					616,007	-	616,007
Miscellaneous taxes					166,031	-	166,031
Franchise fees					512,473	-	512,473
Grants and contributions not restricted to specific programs							
Unrestricted investment earnings					667,506	-	667,506
Miscellaneous					95,942	19,115	115,057
Miscellaneous					97,193	9,083	106,276
Transfers					829,359	(829,359)	-
TOTAL GENERAL REVENUES AND TRANSFERS					<u>5,131,440</u>	<u>(801,161)</u>	<u>4,330,279</u>
Change in net assets					680,285	18,079	698,364
Net assets - beginning					16,681,122	23,927,978	40,609,100
Net assets - ending					<u>\$ 17,361,407</u>	<u>\$ 23,946,057</u>	<u>\$ 41,307,464</u>

CITY OF SILVERTON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General	Community Development Block Grant Housing Rehabilitation	Other Governmental Funds	Totals
<u>ASSETS</u>				
Cash and investments	\$ 2,357,857	\$ 373,715	\$ 4,444,537	\$ 7,176,109
Receivables	966,461	713,537	979,814	2,659,812
Due from other funds	154,800	-	-	154,800
Inventories	1,339	-	9,615	10,954
TOTAL ASSETS	<u>\$ 3,480,457</u>	<u>\$ 1,087,252</u>	<u>\$ 5,433,966</u>	<u>\$ 10,001,675</u>
<u>LIABILITIES</u>				
Accounts payable and accrued items	\$ 246,461	\$ 7,544	\$ 282,998	\$ 537,003
Due to other funds	-	-	154,800	154,800
Consumer deposits	73,895	-	334,734	408,629
Deferred revenue	822,794	713,093	644,221	2,180,108
TOTAL LIABILITIES	<u>1,143,150</u>	<u>720,637</u>	<u>1,416,753</u>	<u>3,280,540</u>
<u>FUND BALANCES</u>				
Nonspendable	1,339	-	9,615	10,954
Restricted	-	-	3,228,177	3,228,177
Assigned	437,483	366,615	779,421	1,583,519
Unassigned	1,898,485	-	-	1,898,485
TOTAL FUND BALANCES	<u>2,337,307</u>	<u>366,615</u>	<u>4,017,213</u>	<u>6,721,135</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,480,457</u>	<u>\$ 1,087,252</u>	<u>\$ 5,433,966</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	11,560,584
Prepaid pension costs are not financial resources available for current period expenditures and, therefore, are not reported in the funds.	860,446
Other long-term assets are not available for current period expenditures and, therefore, are deferred in the funds.	2,180,108
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(5,218,315)
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 assets.	<u>1,257,449</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 17,361,407**

CITY OF SILVERTON

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011**

	General	Community Development Block Grant Housing Rehabilitation	Other Governmental Funds	Totals
REVENUES				
Property taxes	\$ 2,130,257	\$ -	\$ 608,243	\$ 2,738,500
Transient tax	-	-	166,031	166,031
Franchise fees	512,473	-	-	512,473
Licenses, permits and fees	87,714	-	209,807	297,521
Fines and forfeitures	272,208	-	-	272,208
Assessments	-	-	157,245	157,245
Intergovernmental	245,500	-	1,158,265	1,403,765
Rentals	8,005	-	-	8,005
Loan repayments	-	12,162	-	12,162
Interest	23,690	2,541	21,496	47,727
Miscellaneous	138,320	-	20,604	158,924
TOTAL REVENUES	<u>3,418,167</u>	<u>14,703</u>	<u>2,341,691</u>	<u>5,774,561</u>
EXPENDITURES				
Current				
General government	1,525,910	44,818	445,933	2,016,661
Public safety	2,067,467	-	-	2,067,467
Highways and streets	-	-	289,110	289,110
Culture and recreation	367,815	-	-	367,815
Debt service	-	-	1,007,586	1,007,586
Capital outlay	136,988	-	538,571	675,559
TOTAL EXPENDITURES	<u>4,098,180</u>	<u>44,818</u>	<u>2,281,200</u>	<u>6,424,198</u>
Excess (deficiency) of revenues over expenditures	<u>(680,013)</u>	<u>(30,115)</u>	<u>60,491</u>	<u>(649,637)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,005,339	-	550,395	1,555,734
Transfers out	(589,413)	(4,836)	(256,549)	(850,798)
TOTAL OTHER FINANCING SOURCES (USES)	<u>415,926</u>	<u>(4,836)</u>	<u>293,846</u>	<u>704,936</u>
Net change in fund balances	(264,087)	(34,951)	354,337	55,299
Fund balances at beginning of year	<u>2,601,394</u>	<u>401,566</u>	<u>3,662,876</u>	<u>6,665,836</u>
Fund balance at end of year	<u>\$ 2,337,307</u>	<u>\$ 366,615</u>	<u>\$ 4,017,213</u>	<u>\$ 6,721,135</u>

See notest to basic financial statements

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, 2011**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	55,299
<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	\$ 562,855	
Depreciation	<u>(322,168)</u>	240,687
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds as follows:		
Taxes	24,436	
Grants	(366,365)	
Special assessments	(121,771)	
Fines and forfeitures	(48,255)	
Housing rehabilitation loans	<u>25,008</u>	(486,947)
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		(4,265)
Additional transfer from Governmental activities for capital assets purchased by governmental funds and capitalized in Sewer Fund.		
		(4,000)
Net premiums and discounts on the issuance of long-term obligations charged to interest expense in the current year.		
		13,313
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 Assets.		
		687,901
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>228,912</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>680,285</u>

CITY OF SILVERTON

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2011**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 1,895,000	\$ 1,895,000	\$ 2,130,257	\$ 235,257
Franchise fees	440,500	440,500	512,473	71,973
Licenses, permits and fees	69,475	69,475	87,714	18,239
Fines and forfeitures	160,000	160,000	272,208	112,208
Intergovernmental	202,798	202,798	416,301	213,503
Rentals	8,000	8,000	8,005	5
Interest	15,000	15,000	21,775	6,775
Miscellaneous	56,965	56,965	105,617	48,652
TOTAL REVENUES	<u>2,847,738</u>	<u>2,847,738</u>	<u>3,554,350</u>	<u>706,612</u>
EXPENDITURES				
City council	55,700	60,700	39,877	20,823
City management	376,726	376,726	361,368	15,358
Finance and court	345,566	345,566	332,296	13,270
Police	2,321,098	2,321,098	2,073,409	247,689
Community development	368,500	368,500	292,143	76,357
Public works	900,863	900,863	764,032	136,831
Non-departmental	327,625	327,625	235,055	92,570
Contingency and reserves	547,429	272,566	-	272,566
TOTAL EXPENDITURES	<u>5,243,507</u>	<u>4,973,644</u>	<u>4,098,180</u>	<u>875,464</u>
Excess (deficiency) of revenues over expenditures	<u>(2,395,769)</u>	<u>(2,125,906)</u>	<u>(543,830)</u>	<u>1,582,076</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	980,339	980,339	905,339	(75,000)
Transfers out	<u>(399,213)</u>	<u>(669,076)</u>	<u>(589,413)</u>	<u>79,663</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>581,126</u>	<u>311,263</u>	<u>315,926</u>	<u>4,663</u>
Net change in fund balance	(1,814,643)	(1,814,643)	(227,904)	1,586,739
Fund balance at beginning of year	<u>1,814,643</u>	<u>1,814,643</u>	<u>2,298,529</u>	<u>483,886</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>2,070,625</u>	<u>\$ 2,070,625</u>
Reconciliation to generally accepted accounting principles				
Repayment of interfund loan			<u>(170,801)</u>	
Net assets at end of year			<u>\$ 1,899,824</u>	

See notes to basic financial statements

CITY OF SILVERTON

**COMMUNITY DEVELOPMENT BLOCK GRANT
HOUSING REHABILITATION FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2011**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Loan repayments	\$ 29,436	\$ 29,436	\$ 12,162	\$ (17,274)
Interest	2,495	2,495	2,541	46
TOTAL REVENUES	<u>31,931</u>	<u>31,931</u>	<u>14,703</u>	<u>(17,228)</u>
EXPENDITURES				
Materials and services	205,000	205,000	44,818	160,182
Contingency and reserves	259,151	259,151	-	259,151
TOTAL EXPENDITURES	<u>464,151</u>	<u>464,151</u>	<u>44,818</u>	<u>419,333</u>
Excess (deficiency) of revenues over expenditures	(432,220)	(432,220)	(30,115)	402,105
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,836)	(4,836)	(4,836)	-
Net change in fund balance	(437,056)	(437,056)	(34,951)	402,105
Fund balance at beginning of year	437,056	437,056	401,566	(35,490)
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 366,615</u>	<u>\$ 366,615</u>

CITY OF SILVERTON

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

June 30, 2011

	Enterprise			Totals	Governmental
	Sewer	Water	Other		Activities
			Enterprise Funds		Internal Service
ASSETS					
Current assets					
Cash and investments	\$ 807,622	\$ 479,205	\$ 2,111,711	\$ 3,398,538	\$ 1,257,449
Receivables, net	226,043	136,555	-	362,598	-
Inventories	14,859	97,205	-	112,064	-
Total current assets	1,048,524	712,965	2,111,711	3,873,200	1,257,449
Capital assets					
Land and construction in progress	2,825,426	158,167	-	2,983,593	-
Other capital assets, net	18,749,997	8,429,766	-	27,179,763	-
TOTAL ASSETS	22,623,947	9,300,898	2,111,711	34,036,556	1,257,449
LIABILITIES					
Current liabilities					
Accounts payable and accrued items	52,620	75,612	65,402	193,634	-
Consumer deposits	-	69,679	-	69,679	-
Accrued interest payable	67,221	6,966	-	74,187	-
Accumulated unpaid vacation	28,453	22,391	-	50,844	-
Long-term obligations due within one year	250,000	37,095	-	287,095	-
Total current liabilities	398,294	211,743	65,402	675,439	-
Long-term obligations due in more than one year	7,620,000	1,701,478	-	9,321,478	-
TOTAL LIABILITIES	8,018,294	1,913,221	65,402	9,996,917	-
NET ASSETS					
Invested in capital assets, net of related debt	13,705,423	6,849,360	-	20,554,783	-
Restricted for:					
Capital projects	-	-	2,046,309	2,046,309	-
Debt service	-	121,856	-	121,856	-
Unrestricted	900,230	416,461	-	1,316,691	1,257,449
TOTAL NET ASSETS	\$ 14,605,653	\$ 7,387,677	\$ 2,046,309	24,039,639	\$ 1,257,449
Prepaid pension costs allocable to business-type activities in the statement of net assets				415,183	
Long-term obligations issued to prepay the PERS unfunded actuarial liability are allocable to business-type activities in the statement of net assets				(508,765)	
Net assets of business-type activities				<u>\$ 23,946,057</u>	

CITY OF SILVERTON

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

For the Year Ended June 30, 2011

	Enterprise			Totals	Governmental
	Sewer	Water	Other Enterprise Funds		Activities
					Internal Service
OPERATING REVENUES					
Charges for services	\$ 2,351,185	\$ 1,530,924	\$ -	\$ 3,882,109	\$ -
OPERATING EXPENSES					
Personal services	617,097	478,641	-	1,095,738	-
Materials and services	476,797	276,055	50,426	803,278	-
Depreciation	479,078	282,960	-	762,038	-
Total operating expenses	1,572,972	1,037,656	50,426	2,661,054	-
Operating income (loss)	778,213	493,268	(50,426)	1,221,055	-
NON-OPERATING REVENUES (EXPENSES)					
System development charges	-	-	90,855	90,855	-
Interest	4,447	2,092	12,576	19,115	6,268
Miscellaneous	1,053	8,030	-	9,083	-
Interest	(368,001)	(85,632)	-	(453,633)	-
Total non-operating revenue (expenses)	(362,501)	(75,510)	103,431	(334,580)	6,268
Income before transfers	415,712	417,758	53,005	886,475	6,268
TRANSFERS					
Transfers in	554,464	79,244	-	633,708	222,644
Transfers out	(479,372)	(445,825)	(632,091)	(1,557,288)	-
Total transfers	75,092	(366,581)	(632,091)	(923,580)	222,644
Change in net assets	490,804	51,177	(579,086)	(37,105)	228,912
Total net assets at beginning of year	14,114,849	7,336,500	2,625,395		1,028,537
Total net assets - ending	\$ 14,605,653	\$ 7,387,677	\$ 2,046,309		\$ 1,257,449
Amortization of prepaid pension costs related to enterprise funds				(24,423)	
Adjustment to reflect the changes in the pension bond related to enterprise funds				79,607	
CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES				\$ 18,079	

CITY OF SILVERTON

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2011

	Enterprise				Governmental
				Totals	Activities
	Sewer	Water	Other Enterprise Funds		Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 2,344,415	\$ 1,506,810	\$ -	\$ 3,851,225	\$ -
Payments to suppliers	(509,971)	(232,332)	(11,444)	(753,747)	-
Payments to employees	(621,311)	(479,328)	-	(1,100,639)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>1,213,133</u>	<u>795,150</u>	<u>(11,444)</u>	<u>1,996,839</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	47,537	-	47,537	222,644
Transfers out	(479,372)	(445,825)	(49,920)	(975,117)	-
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>(479,372)</u>	<u>(398,288)</u>	<u>(49,920)</u>	<u>(927,580)</u>	<u>222,644</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
System development charges received	-	-	90,855	90,855	-
Other	1,053	8,030	-	9,083	-
Acquisition of capital assets	(11,309)	(66,955)	(582,171)	(660,435)	-
Principal paid on long-term obligations	(300,000)	(35,371)	-	(335,371)	-
Interest paid on long-term obligations	(327,918)	(86,485)	-	(414,403)	-
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(638,174)</u>	<u>(180,781)</u>	<u>(491,316)</u>	<u>(1,310,271)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	4,447	2,092	12,576	19,115	6,268
Net increase (decrease) in cash	<u>100,034</u>	<u>218,173</u>	<u>(540,104)</u>	<u>(221,897)</u>	<u>228,912</u>
Cash - beginning of year	707,588	261,032	2,651,815	3,620,435	1,028,537
Cash - end of year	<u>\$ 807,622</u>	<u>\$ 479,205</u>	<u>\$ 2,111,711</u>	<u>\$ 3,398,538</u>	<u>\$ 1,257,449</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ 778,213	\$ 493,268	\$ (50,426)	\$ 1,221,055	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	479,078	282,960	-	762,038	-
Decrease (increase) in assets					
Receivables, net	(6,770)	(19,941)	-	(26,711)	-
Inventories	(1,862)	25,426	-	23,564	-
Increase (decrease) in liabilities					
Accounts payable and accrued items	(31,312)	18,297	38,982	25,967	-
Consumer deposits	-	(4,173)	-	(4,173)	-
Accumulated unpaid vacation	(4,214)	(687)	-	(4,901)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 1,213,133</u>	<u>\$ 795,150</u>	<u>\$ (11,444)</u>	<u>\$ 1,996,839</u>	<u>\$ -</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS					
Transfers in	554,464	31,707	-	586,171	-
Transfers out	-	-	(582,171)	(582,171)	-
Total non-cash transactions	<u>\$ 554,464</u>	<u>\$ 31,707</u>	<u>\$ (582,171)</u>	<u>\$ 4,000</u>	<u>\$ -</u>

The Sewer Fund received non-cash transfers of \$4,000 from the Building Capital Improvement Reserve Fund.

CITY OF SILVERTON

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

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 board 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 assets 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.

The government-wide statements and proprietary funds have applied all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements. The City has elected to not follow FASB pronouncements issued after November 30, 1989.

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.

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 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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

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

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.

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 (police), 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.
- *CDBG Housing Rehabilitation* - accounts for various grant programs used for housing rehabilitation.

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.

The City also includes the following fund types as other governmental funds and other enterprise funds:

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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

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

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.

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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

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.

I. Capital assets

Capital assets are recorded in the Statement of Net Assets 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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

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.

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 assets and displayed in three components:

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

Restricted – Consists of net assets 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 – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Governmental Fund Type Fund Balance Reporting

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This Statement defines the different fund balance categories that a governmental entity must use for financial reporting purposes in its governmental fund types.

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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

L. Equity classification (continued)

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 decisionmaking 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.

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.

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, 2011, the City had the following investments:

	<u>Maturities</u>	<u>Fair Value</u>
State Treasurer's Investment Pool	N/A	\$ <u>11,750,766</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, 2011, none of the City's bank balances were exposed to custodial risk.

A. The City's deposits and investments at June 30, 2011 are as follows:

Total investments	\$ 11,750,766
Cash on hand	2,500
Deposits with financial institutions	<u>78,830</u>
Total deposits and investments	<u>\$ 11,832,096</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and investments (continued)

B. Cash and investments by fund:

<u>Governmental activities/funds</u>	
General	\$ 2,357,857
CDBG Housing Rehabilitation	373,715
Other governmental	<u>4,444,537</u>
Governmental funds	7,176,109
Internal service	<u>1,257,449</u>
Total governmental activities	<u>8,433,558</u>
<u>Business-type activities/funds</u>	
Sewer	807,622
Water	479,205
Other enterprise	<u>2,111,711</u>
Total business-type activities/funds	<u>3,398,538</u>
Total cash and investments	<u>\$ 11,832,096</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables

A. The City's receivables at June 30, 2011 are shown below:

	Governmental Activities / Funds				Business-type Activities / Funds		
	General	CDBG Housing Rehab	Other	Totals	Sewer	Water	Totals
User charges	\$ -	\$ -	\$ -	\$ -	\$ 226,265	\$ 130,168	\$ 356,433
Property assessments	-	-	644,992	644,992			-
Property taxes	174,525	-	52,419	226,944			-
County treasurer	13,135	-	4,080	17,215			-
Accounts	130,532	-	217,842	348,374	249	7,310	7,559
Grants	-	-	60,481	60,481			-
Notes	-	713,537	-	713,537	-	-	-
Fines	48,269	-	-	48,269	-	-	-
Loans	600,000	-	-	600,000			-
Allowance for doubtful accounts	-	-	-	-	(471)	(923)	(1,394)
	<u>\$ 966,461</u>	<u>\$ 713,537</u>	<u>\$ 979,814</u>	<u>\$ 2,659,812</u>	<u>\$ 226,043</u>	<u>\$ 136,555</u>	<u>\$ 362,598</u>

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. 2010-11 property tax transactions

	Balances July 1, 2010	2010-11 Levy	Adjust- ments	Net Interest (Discounts)	Collec- tions	Balances June 30, 2011
Current	\$ -	\$ 2,858,283	\$ (9,054)	\$ (70,513)	\$ (2,660,924)	\$ 117,792
Prior	<u>202,508</u>	<u>-</u>	<u>(1,835)</u>	<u>12,956</u>	<u>(104,477)</u>	<u>109,152</u>
	<u>\$ 202,508</u>	<u>\$ 2,858,283</u>	<u>\$ (10,889)</u>	<u>\$ (57,557)</u>	<u>\$ (2,765,401)</u>	<u>\$ 226,944</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables (continued)

B. Property taxes receivable (continued)

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 2011-12.

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 \$299,378 for payment of long-term debt principal and interest due in 2011-12.

4. Capital assets

A. Capital asset activity for the year ended June 30, 2011 was as follows:

	Balances June 30, 2010	Additions	Deletions	Balances June 30, 2011
<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	1,196,555	303,592	-	1,500,147
Total capital assets not being depreciated	<u>5,218,766</u>	<u>303,592</u>	<u>-</u>	<u>5,522,358</u>
Capital assets being depreciated				
Buildings and improvements	1,654,614	85,930	-	1,740,544
Equipment	1,743,464	5,951	(17,329)	1,732,086
Land improvements	1,977,404	163,382	-	2,140,786
Infrastructure	3,113,766	-	-	3,113,766
Total capital assets being depreciated	<u>8,489,248</u>	<u>255,263</u>	<u>(17,329)</u>	<u>8,727,182</u>
Less accumulated depreciation for:				
Buildings and improvements	425,074	70,461	-	495,535
Equipment	1,380,997	139,423	(17,329)	1,503,091
Land improvements	250,183	-	-	250,183
Infrastructure	327,863	112,284	-	440,147
Total accumulated depreciation	<u>2,384,117</u>	<u>322,168</u>	<u>(17,329)</u>	<u>2,688,956</u>
Total capital assets being depreciated, net	<u>6,105,131</u>	<u>(66,905)</u>	<u>-</u>	<u>6,038,226</u>
Governmental activities capital assets, net	<u>\$ 11,323,897</u>	<u>\$ 236,687</u>	<u>\$ -</u>	<u>\$ 11,560,584</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital assets (continued)

A. Capital asset activity for the year ended June 30, 2011 was as follows (continued):

	Balances June 30, 2010	Additions	Deletions	Balances June 30, 2011
<i>Business-type Activities</i>				
Capital assets not being depreciated				
Land	\$ 2,254,610	\$ -	\$ -	\$ 2,254,610
Construction in progress	161,719	567,264	-	728,983
Total capital assets not being depreciated	<u>2,416,329</u>	<u>567,264</u>	<u>-</u>	<u>2,983,593</u>
Capital assets being depreciated				
Water and sewer lines	15,295,582	14,907	-	15,310,489
Buildings and improvements	6,695,098	9,795	-	6,704,893
Plant and equipment	18,383,516	72,470	-	18,455,986
Land improvements	247,263	-	-	247,263
Total capital assets being depreciated	<u>40,621,459</u>	<u>97,172</u>	<u>-</u>	<u>40,718,631</u>
Less accumulated depreciation for:				
Water and sewer lines	5,828,122	254,434	-	6,082,556
Buildings and improvements	1,616,607	134,389	-	1,750,996
Plant and equipment	5,166,369	367,780	-	5,534,149
Land improvements	165,732	5,435	-	171,167
Total accumulated depreciation	<u>12,776,830</u>	<u>762,038</u>	<u>-</u>	<u>13,538,868</u>
Total capital assets being depreciated, net	<u>27,844,629</u>	<u>(664,866)</u>	<u>-</u>	<u>27,179,763</u>
Business-type activities capital assets, net	<u>\$ 30,260,958</u>	<u>\$ (97,602)</u>	<u>\$ -</u>	<u>\$ 30,163,356</u>

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

<i>Governmental activities</i>	
General government	\$ 49,487
Public safety	59,943
Highways and streets	114,780
Culture and recreation	97,958
Total depreciation expense - governmental activities	<u>\$ 322,168</u>
<i>Business-type activities</i>	
Sewer	\$ 479,078
Water	282,960
Total depreciation expense - business-type activities	<u>\$ 762,038</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Deferred revenue

	Governmental Funds			
	General	CDBG Housing		Totals
		Rehab	Other	
Loans	\$ 600,000	\$ 713,093	\$ -	\$ 1,313,093
Property taxes	174,525	-	52,419	226,944
Property assessments	-	-	591,802	591,802
Grants	-	-	-	-
Fines	48,269	-	-	48,269
	<u>\$ 822,794</u>	<u>\$ 713,093</u>	<u>\$ 644,221</u>	<u>\$ 2,180,108</u>

6. Interfund transactions

The interfund transfers during the year ended June 30, 2011 were as follows:

	In	Out
<u>Governmental</u>		
General	\$ 1,005,339	\$ 589,413
CDBG Housing Rehabilitation	-	4,836
Other	550,395	256,549
Governmental activities - non-cash	-	4,000
<u>Proprietary</u>		
Enterprise		
Sewer	-	479,372
Sewer - non-cash	554,464	-
Water	47,537	445,825
Water - non-cash	31,707	-
Other	-	49,920
Other - non-cash	-	582,171
Internal Service		
Internal Service	222,644	-
Totals	<u>\$ 2,412,086</u>	<u>\$ 2,412,086</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6. Interfund transactions (continued)

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.

7. Long-term obligations

A. Transactions for the governmental activities for the year ended June 30, 2011 were as follows:

	Outstanding June 30, 2010	Additions	Reductions	Outstanding June 30, 2011	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	\$ 1,175,000	\$ -	\$ 175,000	\$ 1,000,000	\$ 75,000
Interest	<u>2,704</u>	<u>38,366</u>	<u>35,152</u>	<u>5,918</u>	
	<u>1,177,704</u>	<u>38,366</u>	<u>210,152</u>	<u>1,005,918</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	465,000	-	145,000	320,000	155,000
Interest	<u>1,338</u>	<u>16,988</u>	<u>17,438</u>	<u>888</u>	
	<u>466,338</u>	<u>16,988</u>	<u>162,438</u>	<u>320,888</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	1,844,743	-	244,430	1,600,313	27,634
Interest	<u>16,011</u>	<u>112,513</u>	<u>119,843</u>	<u>8,681</u>	
	1,860,754	112,513	364,273	1,608,994	
Allocable to business-type activities					
Principal	(583,309)	-	(77,289)	(506,020)	(8,738)
Interest	<u>(5,063)</u>	<u>(35,577)</u>	<u>(37,894)</u>	<u>(2,746)</u>	
	<u>1,272,382</u>	<u>76,936</u>	<u>249,090</u>	<u>1,100,228</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Long-term obligations (continued)

A. Transactions for the governmental activities for the year ended June 30, 2011 were as follows (continued):

	Outstanding June 30, 2010	Additions	Reductions	Outstanding June 30, 2011	Balances Due Within One Year
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	\$ 1,064,926	\$ -	\$ 36,475	\$ 1,028,451	\$ 41,688
Interest	28,536	43,539	46,123	25,952	
	<u>1,093,462</u>	<u>43,539</u>	<u>82,598</u>	<u>1,054,403</u>	
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	369,258	-	41,037	328,221	40,742
Interest	-	15,460	15,460	-	
	<u>369,258</u>	<u>15,460</u>	<u>56,497</u>	<u>328,221</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	1,171,359	-	114,143	1,057,216	84,714
Interest	9,602	(1,515)	5,857	2,230	
	<u>1,180,961</u>	<u>(1,515)</u>	<u>120,000</u>	<u>1,059,446</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	179,081	-	9,105	169,976	9,150
Interest	1,468	(214)	895	359	
	<u>180,549</u>	<u>(214)</u>	<u>10,000</u>	<u>170,335</u>	
Compensated absences	<u>174,611</u>	<u>178,876</u>	<u>174,611</u>	<u>178,876</u>	<u>178,876</u>
Total governmental activities long-term obligations	5,915,265	368,436	1,065,386	5,218,315	\$ 604,066
Accrued interest payable	<u>54,596</u>	<u>189,560</u>	<u>202,874</u>	<u>41,282</u>	
Principal	<u>\$ 5,860,669</u>	<u>\$ 178,876</u>	<u>\$ 862,512</u>	<u>\$ 5,177,033</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, 2011 were as follows:

	Outstanding July 1, 2010	Additions	Reductions	Outstanding June 30, 2011	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	\$ 1,773,944	\$ -	\$ 35,371	\$ 1,738,573	\$ 37,095
Interest	7,819	85,632	86,485	6,966	
	<u>1,781,763</u>	<u>85,632</u>	<u>121,856</u>	<u>1,745,539</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 on June 1 and December 1 including variable interest rates at 3.00% to 4.625%, average coupon rate of 4.33%, with principal pyaments annually in June.					
Principal	8,170,000	-	300,000	7,870,000	250,000
Interest	27,137	368,001	327,918	67,220	
	<u>8,197,137</u>	<u>368,001</u>	<u>627,918</u>	<u>7,937,220</u>	
Pension Obligation Bonds amount allocated from governmental activities					
Principal	583,309	-	77,289	506,020	8,738
Interest	5,063	35,577	37,894	2,746	
	<u>588,372</u>	<u>35,577</u>	<u>115,183</u>	<u>508,766</u>	
Compensated absences	<u>55,744</u>	<u>50,844</u>	<u>55,744</u>	<u>50,844</u>	<u>50,844</u>
Total business-type activities long-term obligations	10,623,016	540,054	920,701	10,242,369	<u>\$ 346,677</u>
Accrued interest payable	<u>40,019</u>	<u>489,210</u>	<u>452,297</u>	<u>76,932</u>	
Principal	<u>\$ 10,582,997</u>	<u>\$ 50,844</u>	<u>\$ 468,404</u>	<u>\$ 10,165,437</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 Refunding Bonds Series 2010		General Obligation Refunding Bonds Series 2003		Pension Obligation Bonds		OEDD	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 75,000	\$ 30,000	\$ 155,000	\$ 12,000	\$ 18,896	\$ 81,245	\$ 41,688	\$ 44,919
2013	80,000	27,750	165,000	6,188	19,120	84,440	41,926	43,439
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
2017-21	95,000	2,850	-	-	187,177	500,403	258,818	162,564
2022-26	-	-	-	-	519,688	206,097	324,512	99,351
2027-31	-	-	-	-	287,195	26,464	229,132	21,481
2032-36	-	-	-	-	-	-	-	-
	<u>\$ 1,000,000</u>	<u>\$ 115,050</u>	<u>\$ 320,000</u>	<u>\$ 18,188</u>	<u>\$1,094,293</u>	<u>\$ 1,181,303</u>	<u>\$ 1,028,451</u>	<u>\$ 492,610</u>

Fiscal Year	West Coast Bank		Silver Falls SD		Silver Falls SD		Compensated Absences	Totals	
	Principal	Interest	Principal	Interest	Principal	Interest		Principal	Interest
2012	\$ 40,742	\$ 15,755	\$ 84,714	\$ 5,286	\$ 9,150	\$ 850	\$ 178,876	\$ 604,066	\$ 190,055
2013	42,534	13,963	95,137	4,862	24,196	804	-	467,913	181,446
2014	44,361	12,136	95,613	4,387	24,317	683	-	462,180	174,162
2015	46,267	10,231	96,091	3,909	24,438	562	-	479,571	166,812
2016	48,233	8,265	96,572	3,428	24,561	439	-	503,294	161,026
2017-21	106,084	11,938	490,151	9,849	63,314	579	-	1,200,544	688,183
2022-26	-	-	98,938	495	-	-	-	943,138	305,943
2027-31	-	-	-	-	-	-	-	516,327	47,945
2032-36	-	-	-	-	-	-	-	-	-
	<u>\$ 328,221</u>	<u>\$ 72,288</u>	<u>\$1,057,216</u>	<u>\$ 32,216</u>	<u>\$ 169,976</u>	<u>\$ 3,917</u>	<u>\$ 178,876</u>	<u>\$ 5,177,033</u>	<u>\$ 1,915,572</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	Revenue Bond USDA		Sewer Revenue Refunding Bonds		Pension Obligation Bonds		Compensated	Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Absences	Principal	Interest
2012	\$ 37,095	\$ 84,761	\$ 250,000	\$ 319,831	\$ 8,738	\$ 37,569	\$ 50,844	\$ 346,677	\$ 442,161
2013	38,903	82,953	265,000	312,331	8,842	39,046	-	312,745	434,330
2014	40,800	81,056	295,000	304,381	9,578	41,472	-	345,378	426,909
2015	42,789	79,067	295,000	295,531	9,398	43,233	-	347,187	417,831
2016	44,875	76,981	300,000	286,681	9,794	45,999	-	354,669	409,661
2017-21	259,403	349,879	1,240,000	1,295,555	86,553	231,394	-	1,585,956	1,876,828
2022-26	329,105	280,177	1,390,000	1,047,180	240,312	95,302	-	1,959,417	1,422,659
2027-31	417,535	191,746	1,705,000	727,093	132,805	12,238	-	2,255,340	931,077
2032-36	528,068	79,553	2,130,000	304,329	-	-	-	2,658,068	383,882
	<u>\$ 1,738,573</u>	<u>\$ 1,306,173</u>	<u>\$ 7,870,000</u>	<u>\$ 4,892,912</u>	<u>\$ 506,020</u>	<u>\$ 546,253</u>	<u>\$ 50,844</u>	<u>\$ 10,165,437</u>	<u>\$ 6,745,338</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 5.16 percent of covered compensation and City's contribution rate for police officers is 13.54% of covered compensation. For employees hired on or after August 29, 2003, the City's contribution rate for police officers is 8.91 percent of covered compensation and 6.2 percent of covered compensation for all other employees.

The City's contribution to the plan for the years ending June 30, 2011, 2010, and 2009, were equal to the City's required contributions for each year as follows:

Year Ended June 30,	City Contribution	Member paid Contribution	Totals
2011	\$ 211,625	\$ 165,994	\$ 377,619
2010	193,793	154,745	348,538
2009	259,436	154,927	414,363

9. Net assets restricted through enabling legislation

The amount of net assets 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 \$ 1,287,119

Highways and streets – Article IX, Section 3a of the Oregon State Constitution restricts the use of revenue from taxes on motor vehicle fuel use 303,897

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 1,109,857

10. Segment information for Enterprise Funds

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

Summary financial information for the sewer and water systems for the year ended June 30, 2011 is as follows:

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Segment information for Enterprise Funds (continued)

Condensed statement of net assets	Sewer	Water
Assets		
Current	\$ 2,149,992	\$ 1,723,208
Capital	21,575,423	8,587,933
Total assets	23,725,415	10,311,141
Liabilities		
Current	463,571	211,868
Noncurrent	7,620,000	1,701,478
Total liabilities	8,083,571	1,913,346
Net assets		
Invested in capital assets, net of related debt	13,705,423	6,849,360
Restricted	1,036,191	1,131,974
Unrestricted	900,230	416,461
Total net assets	\$ 15,641,844	\$ 8,397,795

Condensed statement of revenues, expenses and changes in fund net assets

Operating revenue	\$ 2,351,185	\$ 1,530,924
Depreciation expense	479,078	282,960
Other operating expenses	1,093,894	805,122
Operating income	778,213	442,842
Nonoperating revenues (expenses)	(305,673)	(28,907)
Income before transfers	472,540	413,935
Transfers in	554,464	79,244
Transfers out	(1,054,796)	(502,492)
Change in net assets	(27,792)	(9,313)
Net assets – beginning	15,669,636	8,407,108
Net assets – ending	\$ 15,641,844	\$ 8,397,795

Condensed statement of cash flows

Net cash provided by (used in):		
Operating activities	\$ 1,274,955	\$ 721,884
Non-capital financing activities	(504,332)	(423,248)
Capital and related financing activities	(1,139,082)	(171,189)
Investing activities	11,720	7,395
Net increase (decrease) in cash	(356,739)	134,842
Cash and cash equivalents - beginning	2,265,830	1,354,605
Cash and cash equivalents - ending	\$ 1,909,091	\$ 1,489,447

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. 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	\$ 554,464	\$ 31,707
Transfers out	<u>(550,464)</u>	<u>(31,707)</u>
Total non-cash transfers	<u>\$ 4,000</u>	<u>\$ -</u>

The Sewer Fund received non-cash transfers of \$4,000 from Governmental Funds.

11. 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, 2011, City employees had accumulated 1,729 days of sick leave.

12. 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.

13. Net assets - reserved

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

Water	\$ 121,856
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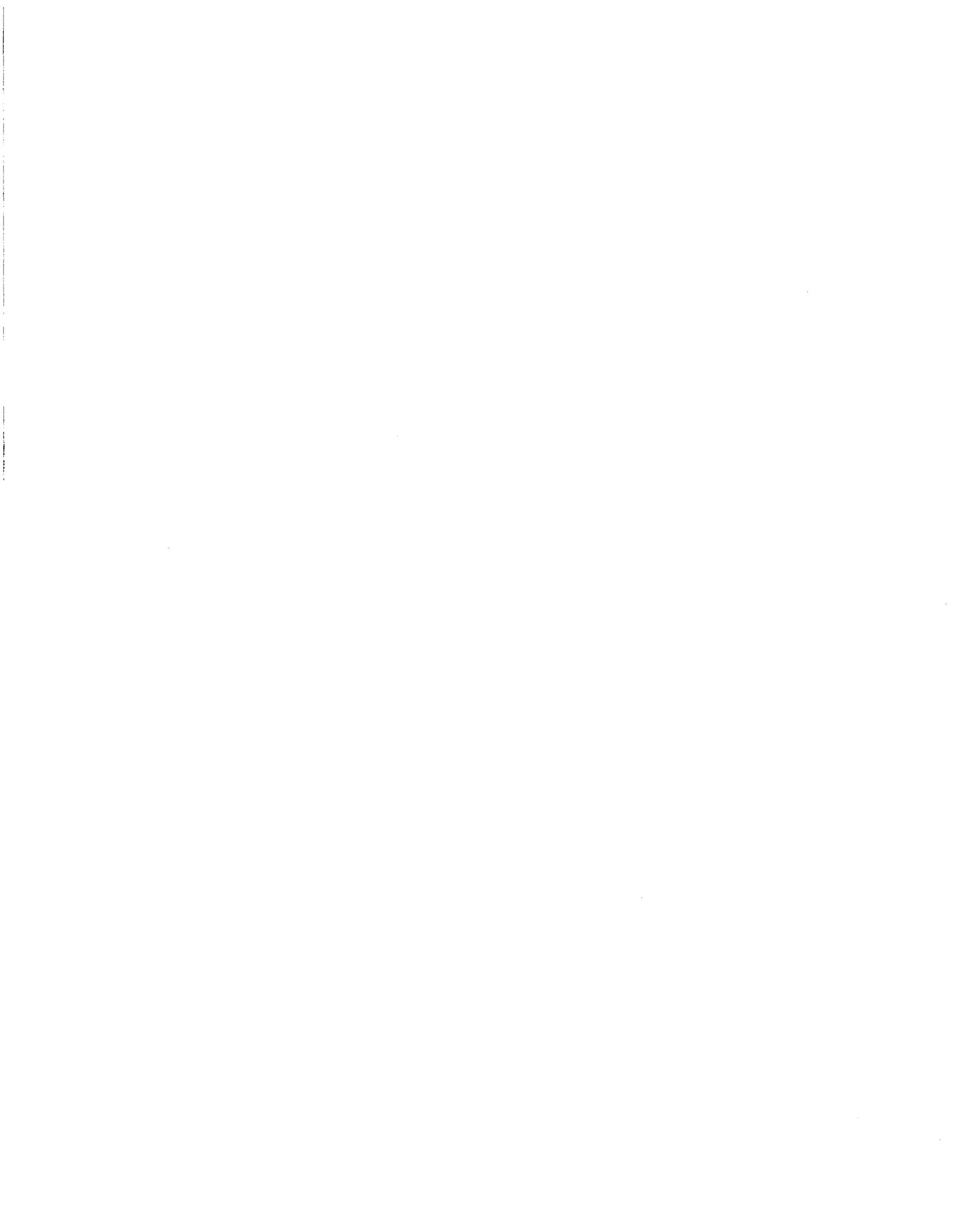
14. Construction commitment

The City has entered into contracts with remaining commitments for construction, as follows:

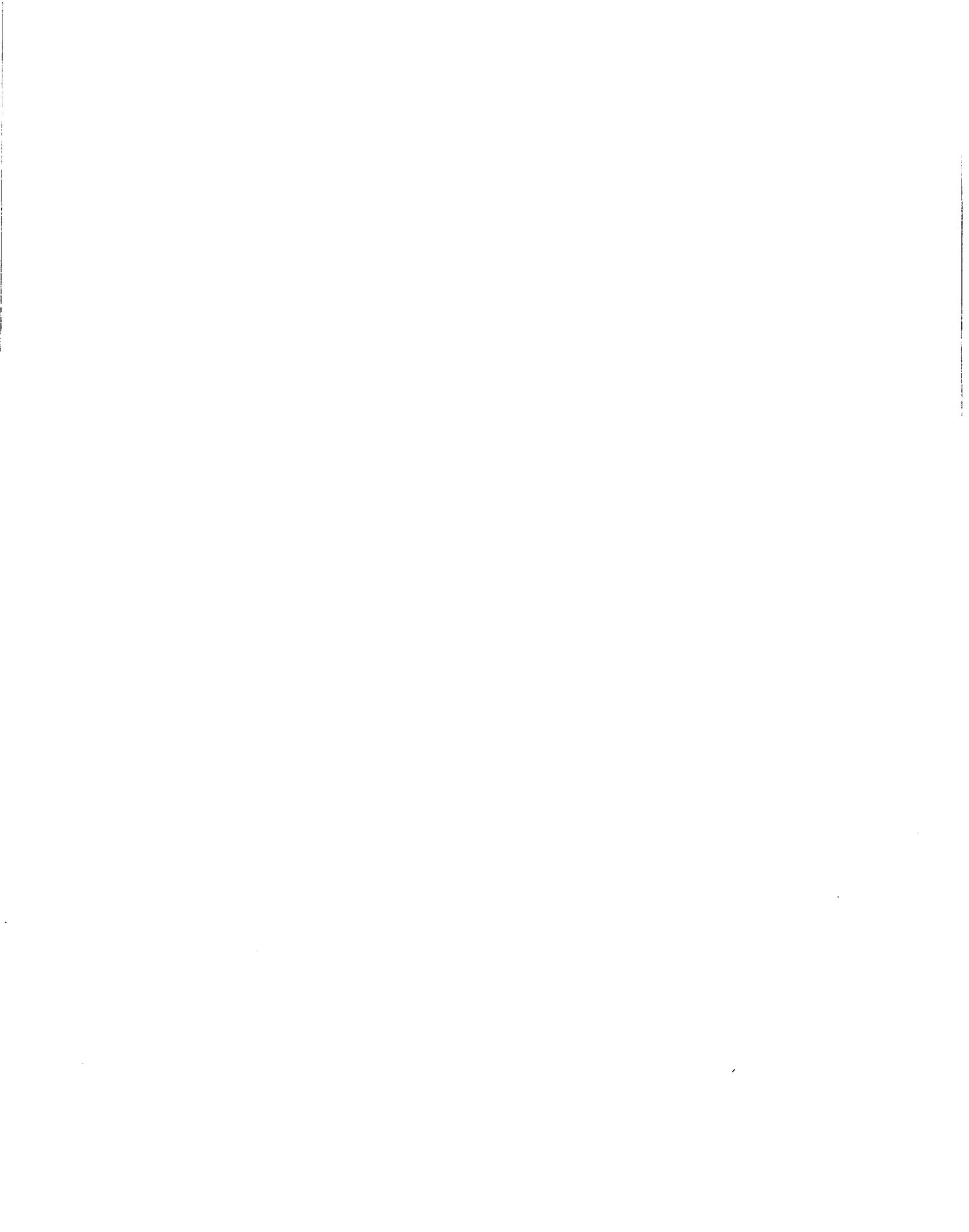
	<u>Commitment</u>
Waste Water Treatment Digester Plant	\$ 287,525

15. Subsequent events

On August 18, 2011, the City issued \$4,055,000 of Series 2011C LOCAP bonds to finance an upgrade of the City's wastewater treatment plant. The interest rate on the bonds ranges from 2.0 - 4.6 percent with the maturity dates ranging from June 1, 2012 to June 1, 2031.



**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



CITY OF SILVERTON

COMBINING BALANCE SHEET

GENERAL FUNDS

June 30, 2011

	General	General Operating Reserve	Totals
	_____	_____	_____
<u>ASSETS</u>			
Cash and investments	\$ 1,920,374	\$ 437,483	\$ 2,357,857
Receivables	966,461	-	966,461
Due from other fund	154,800	-	154,800
Inventories	1,339	-	1,339
	_____	_____	_____
TOTAL ASSETS	\$ 3,042,974	\$ 437,483	\$ 3,480,457
	_____	_____	_____
<u>LIABILITIES</u>			
Accounts payable and accrued items	\$ 246,461	\$ -	\$ 246,461
Consumer deposits	73,895	-	73,895
Deferred revenue	822,794	-	822,794
	_____	_____	_____
TOTAL LIABILITIES	1,143,150	-	1,143,150
	_____	_____	_____
<u>FUND BALANCES</u>			
Nonspendable	1,339	-	1,339
Assigned	-	437,483	437,483
Unassigned	1,898,485	-	1,898,485
	_____	_____	_____
TOTAL FUND BALANCES	1,899,824	437,483	2,337,307
	_____	_____	_____
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,042,974	\$ 437,483	\$ 3,480,457
	_____	_____	_____

CITY OF SILVERTON

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

GENERAL FUNDS

For the Year Ended June 30, 2011

	General	General Operating Reserve	Totals
REVENUES			
Property taxes	\$ 2,130,257	\$ -	\$ 2,130,257
Franchise fees	512,473	-	512,473
Licenses, permits and fees	87,714	-	87,714
Fines and forfeitures	272,208	-	272,208
Intergovernmental	245,500	-	245,500
Rentals	8,005	-	8,005
Interest	21,775	1,915	23,690
Miscellaneous	105,617	32,703	138,320
	<u>3,383,549</u>	<u>34,618</u>	<u>3,418,167</u>
TOTAL REVENUES			
	<u>3,383,549</u>	<u>34,618</u>	<u>3,418,167</u>
EXPENDITURES			
Current			
General government	1,525,910	-	1,525,910
Public safety	2,067,467	-	2,067,467
Culture and recreation	367,815	-	367,815
Capital outlay	136,988	-	136,988
	<u>4,098,180</u>	<u>-</u>	<u>4,098,180</u>
TOTAL EXPENDITURES			
	<u>4,098,180</u>	<u>-</u>	<u>4,098,180</u>
Excess (deficiency) of revenues over expenditures	<u>(714,631)</u>	<u>34,618</u>	<u>(680,013)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	905,339	100,000	1,005,339
Transfers out	(589,413)	-	(589,413)
	<u>315,926</u>	<u>100,000</u>	<u>415,926</u>
TOTAL OTHER FINANCING SOURCES (USES)			
	<u>315,926</u>	<u>100,000</u>	<u>415,926</u>
Net change in fund balances	(398,705)	134,618	(264,087)
Fund balances at beginning of year	<u>2,298,529</u>	<u>302,865</u>	<u>2,601,394</u>
Fund balance at end of year	<u>\$ 1,899,824</u>	<u>\$ 437,483</u>	<u>\$ 2,337,307</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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 1,000	\$ 1,915	\$ 915
Miscellaneous	<u>-</u>	<u>32,703</u>	<u>32,703</u>
TOTAL REVENUES	1,000	34,618	33,618
EXPENDITURES			
Contingency	<u>403,356</u>	<u>-</u>	<u>403,356</u>
Excess (deficiency) of revenues over expenditures	(402,356)	34,618	436,974
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	(302,356)	134,618	436,974
Fund balance at beginning of year	<u>302,356</u>	<u>302,865</u>	<u>509</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 437,483</u>	<u>\$ 437,483</u>

CITY OF SILVERTON

**COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2011**

	Special Revenue	Debt Service	Capital Projects	Totals
<u>ASSETS</u>				
Cash and investments	\$ 796,512	\$ 1,496,411	\$ 2,151,614	\$ 4,444,537
Receivables	217,842	701,491	60,481	979,814
Inventories	9,615	-	-	9,615
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,023,969	\$ 2,197,902	\$ 2,212,095	\$ 5,433,966
	<hr/>	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>				
Accounts payable and accrued items	\$ 121,269	\$ 16,174	\$ 145,555	\$ 282,998
Due to other funds	-	154,800	-	154,800
Deposits	334,734	-	-	334,734
Deferred revenue	-	644,221	-	644,221
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	456,003	815,195	145,555	1,416,753
	<hr/>	<hr/>	<hr/>	<hr/>
<u>FUND BALANCES</u>				
Non-spendable				
Inventory	9,615		-	9,615
Restricted for:				
Debt service	-	1,382,707	-	1,382,707
Building Operations	88,917	-	-	88,917
Transportation	71,021	-	-	71,021
Electrical Inspection	36,690	-	-	36,690
Abatement	27,414	-	-	27,414
Transient Tax	40,027	-	-	40,027
Street	294,282	-	-	294,282
Capital projects			1,287,119	1,287,119
Assigned for:				
Capital projects	-	-	779,421	779,421
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	567,966	1,382,707	2,066,540	4,017,213
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,023,969	\$ 2,197,902	\$ 2,212,095	\$ 5,433,966
	<hr/>	<hr/>	<hr/>	<hr/>

CITY OF SILVERTON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011**

	Special Revenue	Debt Service	Capital Projects	Totals
REVENUES				
Property taxes	\$ -	\$ 608,243	\$ -	\$ 608,243
Transient tax	166,031	-	-	166,031
Licenses and permits	106,765	-	103,042	209,807
Assessments	-	157,245	-	157,245
Intergovernmental	619,770	-	538,495	1,158,265
Interest	4,122	11,499	5,875	21,496
Miscellaneous	8,422	-	12,182	20,604
TOTAL REVENUES	<u>905,110</u>	<u>776,987</u>	<u>659,594</u>	<u>2,341,691</u>
EXPENDITURES				
Current				
General government	442,664	3,269	-	445,933
Highways and streets	289,110	-	-	289,110
Debt service	-	1,007,586	-	1,007,586
Capital outlay	78,832	25,592	434,147	538,571
TOTAL EXPENDITURES	<u>810,606</u>	<u>1,036,447</u>	<u>434,147</u>	<u>2,281,200</u>
Excess (deficiency) of revenues over expenditures	<u>94,504</u>	<u>(259,460)</u>	<u>225,447</u>	<u>60,491</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	33,049	467,346	50,000	550,395
Transfers out	(184,052)	-	(72,497)	(256,549)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(151,003)</u>	<u>467,346</u>	<u>(22,497)</u>	<u>293,846</u>
Net change in fund balances	(56,499)	207,886	202,950	354,337
Fund balances at beginning of year	<u>624,465</u>	<u>1,174,821</u>	<u>1,863,590</u>	<u>3,662,876</u>
Fund balances at end of year	<u>\$ 567,966</u>	<u>\$ 1,382,707</u>	<u>\$ 2,066,540</u>	<u>\$ 4,017,213</u>

CITY OF SILVERTON

COMBINING BALANCE SHEET

SPECIAL REVENUE FUNDS

June 30, 2011

	Building Operations	Transportation	Electrical Inspection
<u>ASSETS</u>			
Cash and investments	\$ 97,925	\$ 31,142	\$ 37,591
Receivables	-	41,792	-
Inventories	-	-	-
TOTAL ASSETS	\$ 97,925	\$ 72,934	\$ 37,591
<u>LIABILITIES</u>			
Accounts payable and accrued items	\$ 9,008	\$ 1,913	\$ 901
Deposits	-	-	-
TOTAL LIABILITIES	9,008	1,913	901
<u>FUND BALANCES</u>			
Nonspendable	-	-	-
Restricted	88,917	71,021	36,690
TOTAL FUND BALANCES	88,917	71,021	36,690
TOTAL LIABILITIES AND FUND BALANCES	\$ 97,925	\$ 72,934	\$ 37,591

Abatement	Transient Tax	Street	Totals
\$ 21,137	\$ 16,093	\$ 592,624	\$ 796,512
6,277	51,063	118,710	217,842
-	-	9,615	9,615
<u>\$ 27,414</u>	<u>\$ 67,156</u>	<u>\$ 720,949</u>	<u>\$ 1,023,969</u>
\$ -	\$ 27,129	\$ 82,318	\$ 121,269
-	-	334,734	334,734
-	27,129	417,052	456,003
-	-	9,615	9,615
<u>27,414</u>	<u>40,027</u>	<u>294,282</u>	<u>558,351</u>
<u>27,414</u>	<u>40,027</u>	<u>303,897</u>	<u>567,966</u>
<u>\$ 27,414</u>	<u>\$ 67,156</u>	<u>\$ 720,949</u>	<u>\$ 1,023,969</u>

CITY OF SILVERTON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2011**

	<u>Building Operations</u>	<u>Transportation</u>	<u>Electrical Inspection</u>
REVENUES			
Transient tax	\$ -	\$ -	\$ -
Licenses, permits and fees	88,543	-	16,571
Intergovernmental	627	78,931	-
Interest	944	157	245
Miscellaneous	<u>2,323</u>	<u>5,541</u>	<u>150</u>
TOTAL REVENUES	<u>92,437</u>	<u>84,629</u>	<u>16,966</u>
EXPENDITURES			
Current			
General government	245,118	54,314	25,004
Highways and streets	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>245,118</u>	<u>54,314</u>	<u>25,004</u>
Excess (deficiency) of revenues over expenditures	<u>(152,681)</u>	<u>30,315</u>	<u>(8,038)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	33,049	-	-
Transfers out	<u>(60,357)</u>	<u>(21,020)</u>	<u>(10,284)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(27,308)</u>	<u>(21,020)</u>	<u>(10,284)</u>
Net Change in fund balances	(179,989)	9,295	(18,322)
Fund balances at beginning of year	<u>268,906</u>	<u>61,726</u>	<u>55,012</u>
Fund balances at end of year	<u>\$ 88,917</u>	<u>\$ 71,021</u>	<u>\$ 36,690</u>

Abatement	Transient Tax	Street	Totals
\$ -	\$ 166,031	\$ -	\$ 166,031
1,651	-	-	106,765
-	-	540,212	619,770
107	213	2,456	4,122
-	-	408	8,422
<u>1,758</u>	<u>166,244</u>	<u>543,076</u>	<u>905,110</u>
741	117,487	-	442,664
-	-	289,110	289,110
-	-	78,832	78,832
<u>741</u>	<u>117,487</u>	<u>367,942</u>	<u>810,606</u>
<u>1,017</u>	<u>48,757</u>	<u>175,134</u>	<u>94,504</u>
-	-	-	33,049
-	(43,857)	(48,534)	(184,052)
-	(43,857)	(48,534)	(151,003)
1,017	4,900	126,600	(56,499)
<u>26,397</u>	<u>35,127</u>	<u>177,297</u>	<u>624,465</u>
<u>\$ 27,414</u>	<u>\$ 40,027</u>	<u>\$ 303,897</u>	<u>\$ 567,966</u>

CITY OF SILVERTON

**COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
June 30, 2011**

	Bonded Debt Service	Debt Service	Assessment	Urban Renewal	Totals
<u>ASSETS</u>					
Cash and investments	\$ 1,636	\$ 182,744	\$ 797,499	\$ 514,532	\$ 1,496,411
Receivables	<u>25,669</u>	<u>-</u>	<u>644,992</u>	<u>30,830</u>	<u>701,491</u>
TOTAL ASSETS	<u>\$ 27,305</u>	<u>\$ 182,744</u>	<u>\$ 1,442,491</u>	<u>\$ 545,362</u>	<u>\$ 2,197,902</u>
<u>LIABILITIES</u>					
Accounts payable and accrued items	\$ -	\$ -	\$ 16,003	\$ 171	\$ 16,174
Due to other funds	-	-	-	154,800	154,800
Deferred revenue	<u>23,872</u>	<u>-</u>	<u>591,802</u>	<u>28,547</u>	<u>644,221</u>
TOTAL LIABILITIES	23,872	-	607,805	183,518	815,195
<u>FUND BALANCES</u>					
Restricted for debt service	<u>3,433</u>	<u>182,744</u>	<u>834,686</u>	<u>361,844</u>	<u>1,382,707</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 27,305</u>	<u>\$ 182,744</u>	<u>\$ 1,442,491</u>	<u>\$ 545,362</u>	<u>\$ 2,197,902</u>

CITY OF SILVERTON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
For the Year Ended June 30, 2011**

	Bonded Debt Service	Debt Service	Assessment	Urban Renewal	Totals
REVENUES					
Property taxes	\$ 252,488	\$ -	\$ -	\$ 355,755	\$ 608,243
Assessments	-	-	157,245	-	157,245
Interest	1,691	1,026	4,059	4,723	11,499
TOTAL REVENUES	<u>254,179</u>	<u>1,026</u>	<u>161,304</u>	<u>360,478</u>	<u>776,987</u>
EXPENDITURES					
Current					
General government	-	-	-	3,269	3,269
Debt service	372,590	364,273	139,095	131,628	1,007,586
Capital outlay	-	-	-	25,592	25,592
TOTAL EXPENDITURES	<u>372,590</u>	<u>364,273</u>	<u>139,095</u>	<u>160,489</u>	<u>1,036,447</u>
Excess (deficiency) of revenues over expenditures	(118,411)	(363,247)	22,209	199,989	(259,460)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	467,346	-	-	467,346
Net change in fund balances	(118,411)	104,099	22,209	199,989	207,886
Fund balances at beginning of year	121,844	78,645	812,477	161,855	1,174,821
Fund balances at end of year	<u>\$ 3,433</u>	<u>\$ 182,744</u>	<u>\$ 834,686</u>	<u>\$ 361,844</u>	<u>\$ 1,382,707</u>

CITY OF SILVERTON

COMBINING BALANCE SHEET

CAPITAL PROJECTS FUNDS

June 30, 2011

	Building Capital Improvement Reserve	Dam Early Warning System	Steelhammer LID	Senior Center
<u>ASSETS</u>				
Cash and investments	\$ 471,776	\$ 238,501	\$ 248,837	\$ 74,128
Receivables	-	-	-	60,481
TOTAL ASSETS	\$ 471,776	\$ 238,501	\$ 248,837	\$ 134,609
<u>LIABILITIES</u>				
Accounts payable and accrued items	\$ 26,883	\$ -	\$ -	\$ 102,950
<u>FUND BALANCE</u>				
Restricted	-	-	248,837	-
Assigned	444,893	238,501	-	31,659
TOTAL FUND BALANCE	444,893	238,501	248,837	31,659
TOTAL LIABILITIES AND FUND BALANCES	\$ 471,776	\$ 238,501	\$ 248,837	\$ 134,609

Street Improvement SDC	Storm Water Improvement SDC	Street Lights Improvement	Parks and Recreation Improvement SDC	Street Reimbursement SDC	Totals
\$ 30,868	\$ 640,946	\$ 64,368	\$ 341,260	\$ 40,930	\$ 2,151,614
-	-	-	-	-	60,481
<u>\$ 30,868</u>	<u>\$ 640,946</u>	<u>\$ 64,368</u>	<u>\$ 341,260</u>	<u>\$ 40,930</u>	<u>\$ 2,212,095</u>
\$ 555	\$ 15,167	\$ -	\$ -	\$ -	\$ 145,555
30,313	625,779	-	341,260	40,930	1,287,119
-	-	64,368	-	-	779,421
<u>30,313</u>	<u>625,779</u>	<u>64,368</u>	<u>341,260</u>	<u>40,930</u>	<u>2,066,540</u>
<u>\$ 30,868</u>	<u>\$ 640,946</u>	<u>\$ 64,368</u>	<u>\$ 341,260</u>	<u>\$ 40,930</u>	<u>\$ 2,212,095</u>

CITY OF SILVERTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2011

	Reserve	Building Capital Improvement Reserve	Dam Early Warning System	Steelhammer LID
REVENUES				
Liscenses, permits and fees	\$ -	\$ -	\$ -	\$ -
Intergovernmental	18	2,291	1,208	1,260
Interest	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	18	2,291	1,208	1,260
EXPENDITURES				
Capital outlay	-	39,227	-	-
Excess (deficiency) of revenues over expenditures	18	(36,936)	1,208	1,260
OTHER FINANCING SOURCES (USES)				
Transfers in	-	50,000	-	-
Transfers out	(47,537)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(47,537)	50,000	-	-
Net change in fund balances	(47,519)	13,064	1,208	1,260
Fund balances at beginning of year	47,519	431,829	237,293	247,577
Fund balances at end of year	\$ -	\$ 444,893	\$ 238,501	\$ 248,837

Senior Center	Street Improvement SDC	Storm Water Improvement SDC	Street Lights Improvement	Parks and Recreation Improvement SDC	Street Reimbursement SDC	Totals
\$ -	\$ 42,232	\$ 14,620	\$ -	\$ 41,560	\$ 4,630	\$ 103,042
533,718	-	-	-	-	-	538,495
171	272	3,311	326	1,600	195	5,875
5,500	-	-	-	6,682	-	12,182
539,389	42,504	17,931	326	49,842	4,825	659,594
272,365	64,980	44,713	420	12,442	-	434,147
267,024	(22,476)	(26,782)	(94)	37,400	4,825	225,447
-	-	-	-	-	-	50,000
-	(12,480)	(12,480)	-	-	-	(72,497)
-	(12,480)	(12,480)	-	-	-	(22,497)
267,024	(34,956)	(39,262)	(94)	37,400	4,825	202,950
(235,365)	65,269	665,041	64,462	303,860	36,105	1,863,590
\$ 31,659	\$ 30,313	\$ 625,779	\$ 64,368	\$ 341,260	\$ 40,930	\$ 2,066,540

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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Permits and fees	\$ 77,500	\$ 88,543	\$ 11,043
Intergovernmental	-	627	627
Charges for services	2,500	-	(2,500)
Interest	1,400	944	(456)
Miscellaneous	-	2,323	2,323
	<u>81,400</u>	<u>92,437</u>	<u>11,037</u>
TOTAL REVENUES			
EXPENDITURES			
Personal services	246,896	236,905	9,991
Materials and services	12,850	8,213	4,637
Contingency	25,767	-	25,767
	<u>285,513</u>	<u>245,118</u>	<u>40,395</u>
TOTAL EXPENDITURES			
Excess (deficiency) of revenues over expenditures	<u>(204,113)</u>	<u>(152,681)</u>	<u>51,432</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	40,549	33,049	(7,500)
Transfers out	<u>(60,357)</u>	<u>(60,357)</u>	<u>-</u>
	<u>(19,808)</u>	<u>(27,308)</u>	<u>(7,500)</u>
TOTAL OTHER FINANCING SOURCES (USES)			
Net change in fund balance	(223,921)	(179,989)	43,932
Fund balance at beginning of year	<u>223,921</u>	<u>268,906</u>	<u>44,985</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 88,917</u>	<u>\$ 88,917</u>

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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 156,430	\$ 78,931	\$ (77,499)
Interest	100	157	57
Miscellaneous	<u>4,500</u>	<u>5,541</u>	<u>1,041</u>
 TOTAL REVENUES	 <u>161,030</u>	 <u>84,629</u>	 <u>(76,401)</u>
 EXPENDITURES			
Personal services	50,788	42,012	8,776
Materials and services	18,850	12,302	6,548
Contingency	<u>109,293</u>	<u>-</u>	<u>109,293</u>
 TOTAL EXPENDITURES	 <u>178,931</u>	 <u>54,314</u>	 <u>124,617</u>
 Excess (deficiency) of revenues over expenditures	 (17,901)	 30,315	 48,216
 OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(21,020)</u>	<u>(21,020)</u>	<u>-</u>
 Net change in fund balance	 (38,921)	 9,295	 48,216
Fund balance at beginning of year	<u>38,921</u>	<u>61,726</u>	<u>22,805</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 71,021</u>	 <u>\$ 71,021</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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses, permits and fees	\$ 12,000	\$ 16,571	\$ 4,571
Interest	450	245	(205)
Miscellaneous	<u>-</u>	<u>150</u>	<u>150</u>
TOTAL REVENUES	<u>12,450</u>	<u>16,966</u>	<u>4,516</u>
EXPENDITURES			
Personal services	29,661	17,013	12,648
Materials and services	8,500	7,991	509
Contingency	<u>12,105</u>	<u>-</u>	<u>12,105</u>
TOTAL EXPENDITURES	<u>50,266</u>	<u>25,004</u>	<u>25,262</u>
Excess (deficiency) of revenues over expenditures	(37,816)	(8,038)	29,778
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(10,284)</u>	<u>(10,284)</u>	<u>-</u>
Net change in fund balance	(48,100)	(18,322)	29,778
Fund balance at beginning of year	<u>48,100</u>	<u>55,012</u>	<u>6,912</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 36,690</u>	<u>\$ 36,690</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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses, permits and fees	\$ 1,500	\$ 1,651	\$ 151
Interest	<u>150</u>	<u>107</u>	<u>(43)</u>
TOTAL REVENUES	1,650	1,758	108
EXPENDITURES			
Materials and services	<u>20,519</u>	<u>741</u>	<u>19,778</u>
Net change in fund balance	(18,869)	1,017	19,886
Fund balance at beginning of year	<u>18,869</u>	<u>26,397</u>	<u>7,528</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 27,414</u>	<u>\$ 27,414</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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Transient room tax	\$ 146,190	\$ 166,031	\$ 19,841
Interest	80	213	133
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	146,270	166,244	19,974
EXPENDITURES			
Materials and services	125,782	117,487	8,295
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	20,488	48,757	28,269
OTHER FINANCING SOURCES (USES)			
Transfers out	(43,857)	(43,857)	-
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(23,369)	4,900	28,269
Fund balance at beginning of year	23,369	35,127	11,758
	<hr/>	<hr/>	<hr/>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 40,027</u>	<u>\$ 40,027</u>

CITY OF SILVERTON

**STREET - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2011**

	Budget	Actual	Variance
REVENUES			
Licenses, permits and fees	\$ 1,500	\$ -	\$ (1,500)
Intergovernmental	365,000	540,212	175,212
Interest	900	2,456	1,556
Miscellaneous	1,500	408	(1,092)
TOTAL REVENUES	368,900	543,076	174,176
EXPENDITURES			
Personal services	209,830	195,997	13,833
Materials and services	116,000	93,113	22,887
Capital outlay	90,000	78,832	11,168
Contingency	31,180	-	31,180
TOTAL EXPENDITURES	447,010	367,942	79,068
Excess (deficiency) of revenues over expenditures	(78,110)	175,134	253,244
OTHER FINANCING SOURCES (USES)			
Transfers out	(48,534)	(48,534)	-
Net change in fund balance	(126,644)	126,600	253,244
Fund balance at beginning of year	126,644	177,297	50,653
Fund balance at end of year	\$ -	\$ 303,897	\$ 303,897

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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 281,924	\$ 252,488	\$ (29,436)
Interest	<u>690</u>	<u>1,691</u>	<u>1,001</u>
 TOTAL REVENUES	 282,614	 254,179	 (28,435)
 EXPENDITURES			
Debt service	<u>372,591</u>	<u>372,590</u>	<u>1</u>
 Net change in fund balance	 (89,977)	 (118,411)	 (28,434)
Fund balance at beginning of year	<u>89,977</u>	<u>121,844</u>	<u>31,867</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 3,433</u>	 <u>\$ 3,433</u>

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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 200	\$ 1,026	\$ 826
EXPENDITURES			
Debt service	423,490	364,273	59,217
Contingency	<u>122,390</u>	<u>-</u>	<u>122,390</u>
TOTAL EXPENDITURES	<u>545,880</u>	<u>364,273</u>	<u>181,607</u>
Excess (deficiency) of revenues over expenditures	(545,680)	(363,247)	182,433
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>467,346</u>	<u>467,346</u>	<u>-</u>
Net change in fund balance	(78,334)	104,099	182,433
Fund balance at beginning of year	<u>78,334</u>	<u>78,645</u>	<u>311</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 182,744</u>	<u>\$ 182,744</u>

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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Assessments	\$ 103,891	\$ 157,245	\$ 53,354
Interest	<u>4,025</u>	<u>4,059</u>	<u>34</u>
TOTAL REVENUES	<u>107,916</u>	<u>161,304</u>	<u>53,388</u>
EXPENDITURES			
Materials and services	2,000	-	2,000
Debt service	139,100	139,095	5
Contingency	<u>727,336</u>	<u>-</u>	<u>727,336</u>
TOTAL EXPENDITURES	<u>868,436</u>	<u>139,095</u>	<u>729,341</u>
Net change in fund balance	(760,520)	22,209	782,729
Fund balance at beginning of year	<u>760,520</u>	<u>812,477</u>	<u>51,957</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 834,686</u>	<u>\$ 834,686</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, 2011**

	Budget	Actual	Variance
REVENUES			
Property taxes	\$ 357,885	\$ 355,755	\$ (2,130)
Interest	2,500	4,723	2,223
TOTAL REVENUES	360,385	360,478	93
EXPENDITURES			
Materials and services	4,875	3,269	1,606
Debt service	302,575	302,429	146
Capital outlay	410,635	25,592	385,043
Contingency	100,000	-	100,000
TOTAL EXPENDITURES	818,085	331,290	486,795
Net change in fund balance	(457,700)	29,188	486,888
Fund balance at beginning of year	457,700	487,456	29,756
Fund balance at end of year	\$ -	516,644	\$ 516,644
Reconciliation to generally accepted accounting principles (GAAP)			
Due to General Fund		(154,800)	
Fund balance at end of year (GAAP)		\$ 361,844	

CITY OF SILVERTON

RESERVE - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ -	\$ 18	\$ 18
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(47,559)</u>	<u>(47,537)</u>	<u>22</u>
Net change in fund balance	(47,559)	(47,519)	40
Fund balance at beginning of year	<u>47,559</u>	<u>47,519</u>	<u>(40)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2011**

	Budget	Actual	Variance
REVENUES			
Interest	\$ 2,800	\$ 2,291	\$ (509)
EXPENDITURES			
Capital outlay	258,000	39,227	218,773
Contingency	226,864	-	226,864
TOTAL EXPENDITURES	484,864	39,227	445,637
Excess (deficiency) of revenues over expenditures	(482,064)	(36,936)	445,128
OTHER FINANCING SOURCES (USES)			
Transfers in	50,000	50,000	-
Net change in fund balance	(432,064)	13,064	445,128
Fund balance at beginning of year	432,064	431,829	(235)
Fund balance at end of year	\$ -	\$ 444,893	\$ 444,893

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, 2011**

	Budget	Actual	Variance
REVENUES			
Interest	\$ -	\$ 1,208	\$ 1,208
EXPENDITURES			
General government	<u>187,000</u>	<u>-</u>	<u>187,000</u>
Excess (deficiency) of revenues over expenditures	(187,000)	1,208	188,208
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(50,380)</u>	<u>-</u>	<u>50,380</u>
Net change in fund balance	(237,380)	1,208	238,588
Fund balance at beginning of year	<u>237,380</u>	<u>237,293</u>	<u>(87)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 238,501</u>	<u>\$ 238,501</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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 1,622	\$ 1,260	\$ (362)
EXPENDITURES			
Contingency	<u>249,279</u>	<u>-</u>	<u>249,279</u>
Net change in fund balance	(247,657)	1,260	248,917
Fund balance at beginning of year	<u>247,657</u>	<u>247,577</u>	<u>(80)</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 248,837</u></u>	<u><u>\$ 248,837</u></u>

CITY OF SILVERTON

**SENIOR CENTER - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2011**

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 193,335	\$ 533,718	\$ 340,383
Interest	-	171	171
Miscellaneous	-	5,500	5,500
TOTAL REVENUES	193,335	539,389	346,054
EXPENDITURES			
Capital outlay	338,000	272,365	65,635
Excess (deficiency) of revenues over expenditures	(144,665)	267,024	411,689
OTHER FINANCING SOURCES (USES)			
Transfers in	49,263	-	(49,263)
Net change in fund balance	(95,402)	267,024	362,426
Fund balance at beginning of year	95,402	(235,365)	(330,767)
Fund balance at end of year	\$ -	\$ 31,659	\$ 31,659

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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses, permits and fees	\$ 61,700	\$ 42,232	\$ (19,468)
Intergovernmental	278,774	-	(278,774)
Interest	<u>280</u>	<u>272</u>	<u>(8)</u>
 TOTAL REVENUES	 <u>340,754</u>	 <u>42,504</u>	 <u>(298,250)</u>
 EXPENDITURES			
Capital outlay	346,274	64,980	281,294
Contingency	<u>23,466</u>	<u>-</u>	<u>23,466</u>
 TOTAL EXPENDITURES	 <u>369,740</u>	 <u>64,980</u>	 <u>304,760</u>
 Excess (deficiency) of revenues over expenditures	 (28,986)	 (22,476)	 6,510
 OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(19,980)</u>	<u>(12,480)</u>	<u>7,500</u>
 Net change in fund balance	 (48,966)	 (34,956)	 14,010
Fund balance at beginning of year	<u>48,966</u>	<u>65,269</u>	<u>16,303</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 30,313</u>	 <u>\$ 30,313</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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses, permits and fees	\$ 20,000	\$ 14,620	\$ (5,380)
Interest	<u>4,515</u>	<u>3,311</u>	<u>(1,204)</u>
TOTAL REVENUES	<u>24,515</u>	<u>17,931</u>	<u>(6,584)</u>
EXPENDITURES			
Capital outlay	103,000	44,713	58,287
Contingency	<u>570,483</u>	<u>-</u>	<u>570,483</u>
TOTAL EXPENDITURES	<u>673,483</u>	<u>44,713</u>	<u>628,770</u>
Excess (deficiency) of revenues over expenditures	(648,968)	(26,782)	622,186
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(12,480)</u>	<u>(12,480)</u>	<u>-</u>
Net change in fund balance	(661,448)	(39,262)	622,186
Fund balance at beginning of year	<u>661,448</u>	<u>665,041</u>	<u>3,593</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 625,779</u>	<u>\$ 625,779</u>

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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 630	\$ 326	\$ (304)
EXPENDITURES			
Capital outlay	<u>61,361</u>	<u>420</u>	<u>60,941</u>
Net change in fund balance	(60,731)	(94)	60,637
Fund balance at beginning of year	<u>60,731</u>	<u>64,462</u>	<u>3,731</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 64,368</u>	<u>\$ 64,368</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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses, permits and fees	\$ 50,000	\$ 41,560	\$ (8,440)
Intergovernmental	190,000	-	(190,000)
Interest	1,610	1,600	(10)
Miscellaneous	<u>-</u>	<u>6,682</u>	<u>6,682</u>
 TOTAL REVENUES	 <u>241,610</u>	 <u>49,842</u>	 <u>(191,768)</u>
 EXPENDITURES			
Capital outlay	488,686	12,442	476,244
Contingency	<u>54,985</u>	<u>-</u>	<u>54,985</u>
 TOTAL EXPENDITURES	 <u>543,671</u>	 <u>12,442</u>	 <u>531,229</u>
 Excess (deficiency) of revenues over expenditures	 (302,061)	 37,400	 339,461
 OTHER FINANCING SOURCES (USES)			
Transfers in	<u>30,400</u>	<u>-</u>	<u>(30,400)</u>
 Net change in fund balance	 (271,661)	 37,400	 309,061
Fund balance at beginning of year	<u>271,661</u>	<u>303,860</u>	<u>32,199</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 341,260</u>	 <u>\$ 341,260</u>

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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses, permits and fees	\$ 5,000	\$ 4,630	\$ (370)
Interest	<u>190</u>	<u>195</u>	<u>5</u>
 TOTAL REVENUES	 5,190	 4,825	 (365)
 EXPENDITURES			
Contingency	<u>36,851</u>	<u>-</u>	<u>36,851</u>
 Net change in fund balance	 (31,661)	 4,825	 36,486
Fund balance at beginning of year	<u>31,661</u>	<u>36,105</u>	<u>4,444</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 40,930</u>	 <u>\$ 40,930</u>

CITY OF SILVERTON

**SEWER - ENTERPRISE FUND (A MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2011**

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Charges for services	\$ 2,461,471	\$ 2,461,471	\$ 2,351,185	\$ (110,286)
Interest	2,625	2,625	4,447	1,822
Other	-	-	1,053	1,053
TOTAL REVENUES	<u>2,464,096</u>	<u>2,464,096</u>	<u>2,356,685</u>	<u>(107,411)</u>
EXPENDITURES				
Personal services	677,201	677,201	617,097	60,104
Materials and services	518,700	518,700	467,907	50,793
Capital outlay	33,400	39,400	20,199	19,201
Debt service	627,918	627,918	627,918	-
Contingency	789,094	783,094	-	783,094
TOTAL EXPENDITURES	<u>2,646,313</u>	<u>2,646,313</u>	<u>1,733,121</u>	<u>913,192</u>
Excess (deficiency) of revenues over expenditures	<u>(182,217)</u>	<u>(182,217)</u>	<u>623,564</u>	<u>805,781</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(479,372)</u>	<u>(479,372)</u>	<u>(479,372)</u>	<u>-</u>
Net change in fund balance	(661,589)	(661,589)	144,192	805,781
Fund balance at beginning of year	<u>661,589</u>	<u>661,589</u>	<u>823,259</u>	<u>161,670</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	967,451	<u>\$ 967,451</u>
Reconciliation to generally accepted accounting principles				
Capital assets, net			21,575,423	
Accrued interest payable			(67,221)	
Long-term obligations			<u>(7,870,000)</u>	
Net assets at end of year			<u>\$ 14,605,653</u>	

CITY OF SILVERTON

WATER - ENTERPRISE FUND (A MAJOR FUND)
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
 For the Year Ended June 30, 2011

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Charges for services	\$ 1,531,712	\$ 1,531,712	\$ 1,530,924	\$ (788)
Interest	1,950	1,950	2,092	142
Other	4,000	4,000	8,030	4,030
TOTAL REVENUES	<u>1,537,662</u>	<u>1,537,662</u>	<u>1,541,046</u>	<u>3,384</u>
EXPENDITURES				
Personal services	512,992	512,992	478,641	34,351
Materials and services	303,750	327,250	274,028	53,222
Capital outlay	182,000	182,000	68,982	113,018
Debt service	121,880	121,880	121,856	24
Contingency	280,292	256,792	-	256,792
TOTAL EXPENDITURES	<u>1,400,914</u>	<u>1,400,914</u>	<u>943,507</u>	<u>457,407</u>
Excess (deficiency) of revenues over expenditures	<u>136,748</u>	<u>136,748</u>	<u>597,539</u>	<u>460,791</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	97,939	97,939	47,537	(50,402)
Transfers out	(445,825)	(445,825)	(445,825)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(347,886)</u>	<u>(347,886)</u>	<u>(398,288)</u>	<u>(50,402)</u>
Net change in fund balance	(211,138)	(211,138)	199,251	410,389
Fund balance at beginning of year	<u>211,138</u>	<u>211,138</u>	<u>346,032</u>	<u>134,894</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	545,283	<u>\$ 545,283</u>
Reconciliation to generally accepted accounting principles				
Capital assets, net			8,587,933	
Accrued interest payable			(6,966)	
Long-term obligations			(1,738,573)	
Net assets at end of year			<u>\$ 7,387,677</u>	

CITY OF SILVERTON

**COMBINING STATEMENT OF NET ASSETS
OTHER ENTERPRISE FUNDS
June 30, 2011**

	Sewer Improve- ment SDC	Sewer Reimburse- ment SDC	Water Improve- ment SDC	Water Reimburse- ment SDC	WWTP Digester Project	Totals
<u>ASSETS</u>						
Current assets						
Cash and investments	\$ 81,758	\$ 17,981	\$ 909,869	\$ 100,374	\$ 1,001,729	\$ 2,111,711
<u>LIABILITIES</u>						
Current liabilities						
Accounts payable and accrued items	-	-	125	-	65,277	65,402
<u>NET ASSETS</u>						
Restricted for capital projects	\$ 81,758	\$ 17,981	\$ 909,744	\$ 100,374	\$ 936,452	\$ 2,046,309

CITY OF SILVERTON

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
OTHER ENTERPRISE FUNDS
For the Year Ended June 30, 2011

	Sewer Improvement SDC	Sewer Reimburse- ment SDC	Water Improvement SDC	Water Reimburse- ment SDC	WWTP Digester Project	Totals
OPERATING EXPENSES						
Materials and services	\$ -	\$ -	\$ 50,426	\$ -	\$ -	\$ 50,426
Operating (loss)	-	-	(50,426)	-	-	(50,426)
NON-OPERATING REVENUES (EXPENSES)						
System development charges	29,370	20,185	24,270	17,030	-	90,855
Interest	404	69	4,810	493	6,800	12,576
Total non-operating revenues (expenses)	29,774	20,254	29,080	17,523	6,800	103,431
Income (loss) before transfers	29,774	20,254	(21,346)	17,523	6,800	53,005
TRANSFERS						
Transfers out	(27,387)	(12,480)	(44,187)	(12,480)	(535,557)	(632,091)
Change in net assets	2,387	7,774	(65,533)	5,043	(528,757)	(579,086)
Total net assets at beginning of year	79,371	10,207	975,277	95,331	1,465,209	2,625,395
Total net assets at end of year	\$ 81,758	\$ 17,981	\$ 909,744	\$ 100,374	\$ 936,452	\$ 2,046,309

CITY OF SILVERTON

**COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
For the Year Ended June 30, 2011**

	Sewer Improvement SDC	Sewer Reimbursement SDC
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers	\$ (3,455)	\$ -
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers out	(12,480)	(12,480)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
System development charges received	29,370	20,185
Acquisition of capital assets	(14,907)	-
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	14,463	20,185
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	404	69
Net increase (decrease) in cash	(1,068)	7,774
Cash - beginning of year	82,826	10,207
Cash - end of year	\$ 81,758	\$ 17,981
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS		
Transfers out	(14,907)	-

Water Improvement SDC	Water Reimbursement SDC	WWTP Digester Project	Totals
\$ (73,266)	\$ -	\$ 65,277	\$ (11,444)
(12,480)	(12,480)	-	(49,920)
24,270	17,030	-	90,855
(31,707)	-	(535,557)	(582,171)
(7,437)	17,030	(535,557)	(491,316)
4,810	493	6,800	12,576
(88,373)	5,043	(463,480)	(540,104)
998,242	95,331	1,465,209	2,651,815
<u>\$ 909,869</u>	<u>\$ 100,374</u>	<u>\$ 1,001,729</u>	<u>\$ 2,111,711</u>
<u>(31,707)</u>	<u>-</u>	<u>(535,557)</u>	<u>(582,171)</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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 40,000	\$ 29,370	\$ (10,630)
Interest	<u>371</u>	<u>404</u>	<u>33</u>
TOTAL REVENUES	<u>40,371</u>	<u>29,774</u>	<u>(10,597)</u>
EXPENDITURES			
Capital outlay	20,000	14,907	5,093
Contingency	<u>68,004</u>	<u>-</u>	<u>68,004</u>
TOTAL EXPENDITURES	<u>88,004</u>	<u>14,907</u>	<u>73,097</u>
Excess (deficiency) of revenues over expenditures	(47,633)	14,867	62,500
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(12,480)</u>	<u>(12,480)</u>	<u>-</u>
Net change in fund balance	(60,113)	2,387	62,500
Fund balance at beginning of year	<u>60,113</u>	<u>79,371</u>	<u>19,258</u>
Fund balance at end of year	<u>\$ -</u>	<u>81,758</u>	<u>\$ 81,758</u>
Reconciliation to generally accepted accounting principles			
Net assets at end of year		<u>\$ 81,758</u>	

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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 20,000	\$ 20,185	\$ 185
Interest	<u>-</u>	<u>69</u>	<u>69</u>
TOTAL REVENUES	20,000	20,254	254
EXPENDITURES			
Contingency	<u>20,094</u>	<u>-</u>	<u>20,094</u>
Excess (deficiency) of revenues over expenditures	<u>(94)</u>	<u>20,254</u>	<u>20,348</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(12,480)</u>	<u>(12,480)</u>	<u>-</u>
Net change in fund balance	(12,574)	7,774	20,348
Fund balance at beginning of year	<u>12,574</u>	<u>10,207</u>	<u>(2,367)</u>
Fund balance at end of year	<u>\$ -</u>	<u>17,981</u>	<u>\$ 17,981</u>
Reconciliation to generally accepted accounting principles			
Net assets at end of year		<u>\$ 17,981</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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 36,405	24,270	\$ (12,135)
Interest	<u>7,805</u>	<u>4,810</u>	<u>(2,995)</u>
TOTAL REVENUES	<u>44,210</u>	<u>29,080</u>	<u>(15,130)</u>
EXPENDITURES			
Capital outlay	237,000	82,133	154,867
Contingency	<u>743,802</u>	<u>-</u>	<u>743,802</u>
TOTAL EXPENDITURES	<u>980,802</u>	<u>82,133</u>	<u>898,669</u>
Excess (deficiency) of revenues over expenditures	(936,592)	(53,053)	883,539
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(12,480)</u>	<u>(12,480)</u>	<u>-</u>
Net change in fund balance	(949,072)	(65,533)	883,539
Fund balance at beginning of year	<u>949,072</u>	<u>975,277</u>	<u>26,205</u>
Fund balance at end of year	<u>\$ -</u>	<u>909,744</u>	<u>\$ 909,744</u>
Reconciliation to generally accepted accounting principles			
Net assets at end of year		<u>\$ 909,744</u>	

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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 25,545	\$ 17,030	\$ (8,515)
Interest	<u>210</u>	<u>493</u>	<u>283</u>
TOTAL REVENUES	25,755	17,523	(8,232)
EXPENDITURES			
Contingency	<u>95,950</u>	<u>-</u>	<u>95,950</u>
Excess (deficiency) of revenues over expenditures	(70,195)	17,523	87,718
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(12,480)</u>	<u>(12,480)</u>	<u>-</u>
Net change in fund balance	(82,675)	5,043	87,718
Fund balance at beginning of year	<u>82,675</u>	<u>95,331</u>	<u>12,656</u>
Fund balance at end of year	<u>\$ -</u>	<u>100,374</u>	<u>\$ 100,374</u>
Reconciliation to generally accepted accounting principles			
Net assets at end of year		<u>\$ 100,374</u>	

CITY OF SILVERTON

**WWTP DIGESTER PROJECT - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 10,255	\$ 6,800	\$ (3,455)
Miscellaneous	<u>2,900,000</u>	<u>-</u>	<u>(2,900,000)</u>
TOTAL REVENUES	2,910,255	6,800	(2,903,455)
EXPENDITURES			
Capital outlay	<u>4,360,373</u>	<u>535,557</u>	<u>3,824,816</u>
Net change in fund balance	(1,450,118)	(528,757)	921,361
Fund balance at beginning of year	<u>1,450,118</u>	<u>1,465,209</u>	<u>15,091</u>
Fund balance at end of year	<u>\$ -</u>	<u>936,452</u>	<u>\$ 936,452</u>

Reconciliation to generally accepted accounting principles

Net assets at end of year	<u>\$ 936,452</u>
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CITY OF SILVERTON

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2011

	<u>Fleet</u>	<u>Major</u>	<u>Extended</u>	<u>Totals</u>
	<u>Replacement</u>	<u>Equipment</u>	<u>Leave</u>	
		<u>Replacement</u>		
<u>ASSETS</u>				
Current assets				
Cash and cash investments	<u>\$ 556,055</u>	<u>\$ 599,369</u>	<u>\$ 102,025</u>	<u>\$ 1,257,449</u>
<u>NET ASSETS</u>				
Unrestricted	<u>\$ 556,055</u>	<u>\$ 599,369</u>	<u>\$ 102,025</u>	<u>\$ 1,257,449</u>

CITY OF SILVERTON

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2011**

	Fleet Replacement	Major Equipment Replacement	Extended Leave	Totals
NON-OPERATING REVENUES (EXPENSES)				
Interest	\$ 2,775	\$ 2,980	\$ 513	\$ 6,268
TRANSFERS				
Transfers in	<u>90,828</u>	<u>123,028</u>	<u>8,788</u>	<u>222,644</u>
Change in net assets	93,603	126,008	9,301	228,912
Total net assets at beginning of year	<u>462,452</u>	<u>473,361</u>	<u>92,724</u>	<u>1,028,537</u>
Total net assets at end of year	<u>\$ 556,055</u>	<u>\$ 599,369</u>	<u>\$ 102,025</u>	<u>\$ 1,257,449</u>

CITY OF SILVERTON

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2011**

	<u>Fleet</u>	<u>Major</u> <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	\$ 90,828	\$ 123,028	\$ 8,788	\$ 222,644
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	<u>2,775</u>	<u>2,980</u>	<u>513</u>	<u>6,268</u>
Net increase in cash	93,603	126,008	9,301	228,912
Cash - beginning of year	<u>462,452</u>	<u>473,361</u>	<u>92,724</u>	<u>1,028,537</u>
Cash - end of year	<u>\$ 556,055</u>	<u>\$ 599,369</u>	<u>\$ 102,025</u>	<u>\$ 1,257,449</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, 2011**

	Budget	Actual	Variance
REVENUES			
Interest	\$ 1,800	\$ 2,775	\$ 975
EXPENDITURES			
Contingency	555,021	-	555,021
Excess (deficiency) of revenues over expenditures	(553,221)	2,775	555,996
OTHER FINANCING SOURCES (USES)			
Transfers in	90,828	90,828	-
Net change in fund balance	(462,393)	93,603	555,996
Fund balance at beginning of year	462,393	462,452	59
Fund balance at end of year	\$ -	556,055	\$ 556,055
 Reconciliation to generally accepted accounting principles			
Net assets at end of year		\$ 556,055	

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, 2011**

	Budget	Actual	Variance
REVENUES			
Interest	\$ 1,889	\$ 2,980	\$ 1,091
EXPENDITURES			
Capital outlay	50,000	-	50,000
Contingency	547,869	-	547,869
TOTAL EXPENDITURES	597,869	-	597,869
Excess (deficiency) of revenues over expenditures	(595,980)	2,980	598,960
OTHER FINANCING SOURCES (USES)			
Transfers in	123,028	123,028	-
Net change in fund balance	(472,952)	126,008	598,960
Fund balance at beginning of year	472,952	473,361	409
Fund balance at end of year	\$ -	599,369	\$ 599,369
Reconciliation to generally accepted accounting principles			
Net assets at end of year		\$ 599,369	

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, 2011**

	Budget	Actual	Variance
REVENUES			
Interest	\$ 360	\$ 513	\$ 153
EXPENDITURES			
Personal services	101,861	-	101,861
Excess (deficiency) of revenues over expenditures	(101,501)	513	(101,708)
OTHER FINANCING SOURCES (USES)			
Transfers in	8,788	8,788	-
Net change in fund balance	(92,713)	9,301	102,014
Fund balance at beginning of year	92,713	92,724	11
Fund balance at end of year	\$ -	102,025	\$ 102,025
Reconciliation to generally accepted accounting principles			
Net assets at end of year		\$ 102,025	

CITY OF SILVERTON

**COMPARATIVE STATEMENT OF NET ASSETS
SEWER SYSTEM FUNDS
June 30, 2011 and 2010**

	2011	2010
<u>ASSETS</u>		
Current assets		
Cash and investments	\$ 1,909,090	\$ 2,265,830
Receivables, net	226,043	219,273
Inventories	14,859	12,997
Total current assets	2,149,992	2,498,100
Capital assets, net	21,575,423	21,488,728
TOTAL ASSETS	23,725,415	23,986,828
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued items	117,897	87,387
Accrued interest payable	67,221	27,138
Accumulated unpaid vacation	28,453	32,667
Long-term obligations due within one year	250,000	300,000
Total current liabilities	463,571	447,192
Long-term obligations	7,620,000	7,870,000
TOTAL LIABILITIES	8,083,571	8,317,192
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	13,705,423	13,318,728
Restricted for:		
Capital projects	1,036,191	1,465,209
Debt service	-	391,599
Other purposes	-	89,578
Unrestricted	900,230	404,522
TOTAL NET ASSETS	\$ 15,641,844	\$ 15,669,636

CITY OF SILVERTON

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

For the Years Ended June 30, 2011 and 2010

	2011	2010
OPERATING REVENUES		
Charges for services	\$ 2,351,185	\$ 2,469,315
OPERATING EXPENSES		
Personal services	617,097	653,775
Materials and services	476,797	563,082
Depreciation	479,078	478,118
Total operating expenses	1,572,972	1,694,975
Operating income	778,213	774,340
NONOPERATING REVENUES (EXPENSES)		
System development charges	49,555	132,483
Interest	11,720	14,183
Miscellaneous	1,053	2,726
Interest	(368,001)	(344,628)
Total nonoperating revenues (expenses)	(305,673)	(195,236)
Income before transfers	472,540	579,104
TRANSFERS		
Transfers in	554,464	385,166
Transfers out	(1,054,796)	(1,270,649)
Total transfers	(500,332)	(885,483)
Change in net assets	(27,792)	(306,379)
Net assets at beginning of year	15,669,636	15,976,015
Net assets at end of year	\$ 15,641,844	\$ 15,669,636

CITY OF SILVERTON

**COMPARATIVE STATEMENT OF NET ASSETS
WATER SYSTEM FUNDS
June 30, 2011 and 2010**

	2011	2010
<u>ASSETS</u>		
Current assets		
Cash and investments	\$ 1,489,448	\$ 1,354,605
Receivables, net	136,555	116,614
Inventories	97,205	122,631
Total current assets	1,723,208	1,593,850
Capital assets, net	8,587,933	8,772,230
TOTAL ASSETS	10,311,141	10,366,080
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued items	75,737	80,280
Consumer deposits	69,679	73,852
Accrued interest payable	6,966	7,819
Accumulated unpaid vacation	22,391	23,078
Long-term obligations due within one year	37,095	35,370
Total current liabilities	211,868	220,399
Long-term obligations	1,701,478	1,738,573
TOTAL LIABILITIES	1,913,346	1,958,972
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	6,849,360	6,998,287
Restricted for:		
Debt service	121,856	121,856
Other purposes	1,070,608	1,563,595
Unrestricted	355,971	(276,630)
TOTAL NET ASSETS	\$ 8,397,795	\$ 8,407,108

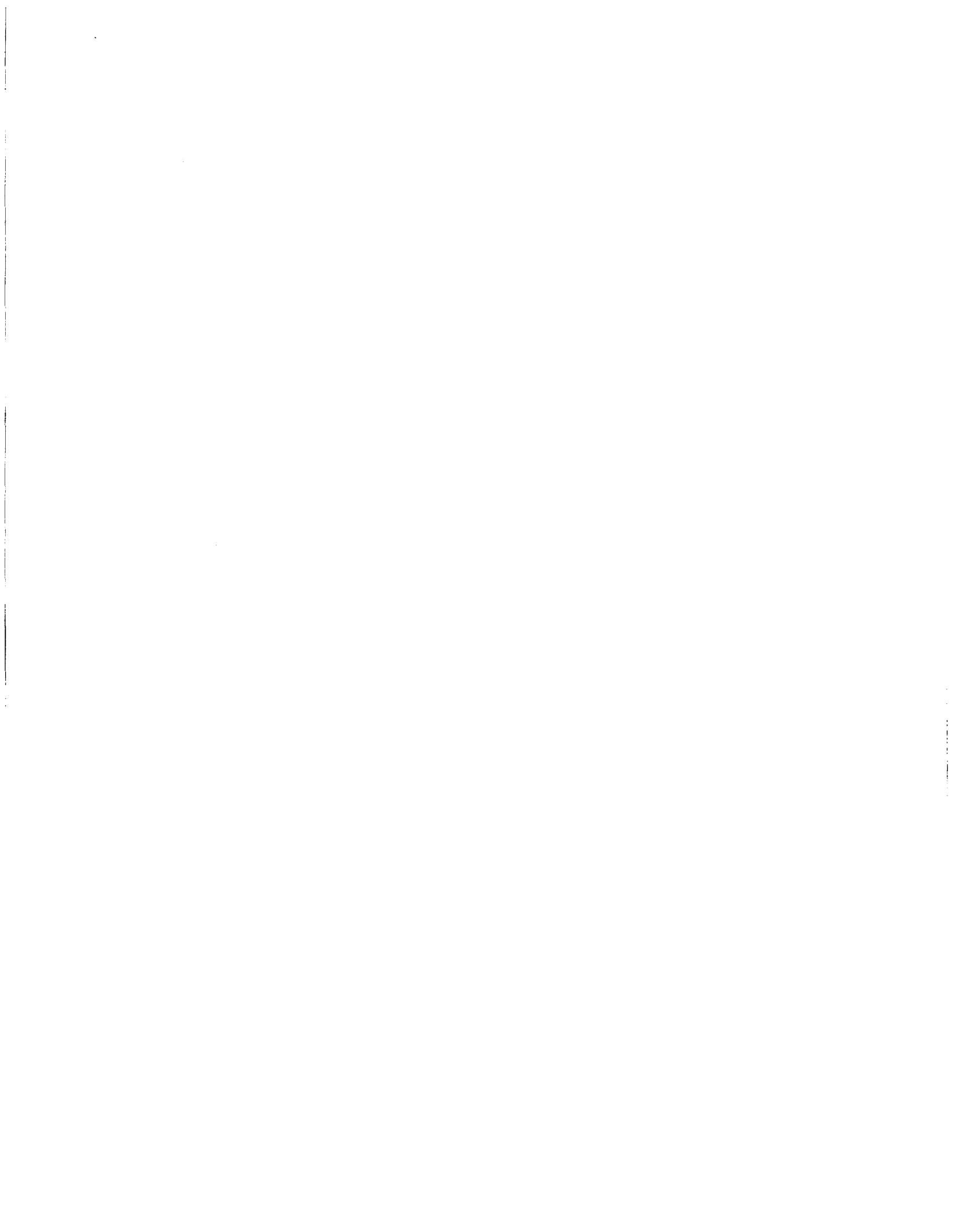
CITY OF SILVERTON

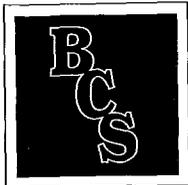
**COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
WATER SYSTEM FUNDS**

For the Years Ended June 30, 2011 and 2010

	2011	2010
OPERATING REVENUES		
Charges for services	\$ 1,530,924	\$ 1,268,468
OPERATING EXPENSES		
Personal services	478,641	504,356
Materials and services	326,481	291,764
Depreciation	282,960	295,295
Total operating expenses	1,088,082	1,091,415
Operating income	442,842	177,053
NONOPERATING REVENUES (EXPENSES)		
System development charges	41,300	79,400
Interest	7,395	10,922
Miscellaneous	8,030	2,623
Interest	(85,632)	(87,982)
Total nonoperating revenues (expenses)	(28,907)	4,963
Income before transfers	413,935	182,016
TRANSFERS		
Transfers in	79,244	553,173
Transfers out	(502,492)	(1,059,319)
Total transfers	(423,248)	(506,146)
Change in net assets	(9,313)	(324,130)
Net assets at beginning of year	8,407,108	8,731,238
Net assets at end of year	\$ 8,397,795	\$ 8,407,108

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





BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

**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 the basic financial statements of the **CITY OF SILVERTON** as of and for the year ended June 30, 2011, and have issued our report thereon dated February 6, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City'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 162-10-240 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 162-10-240 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

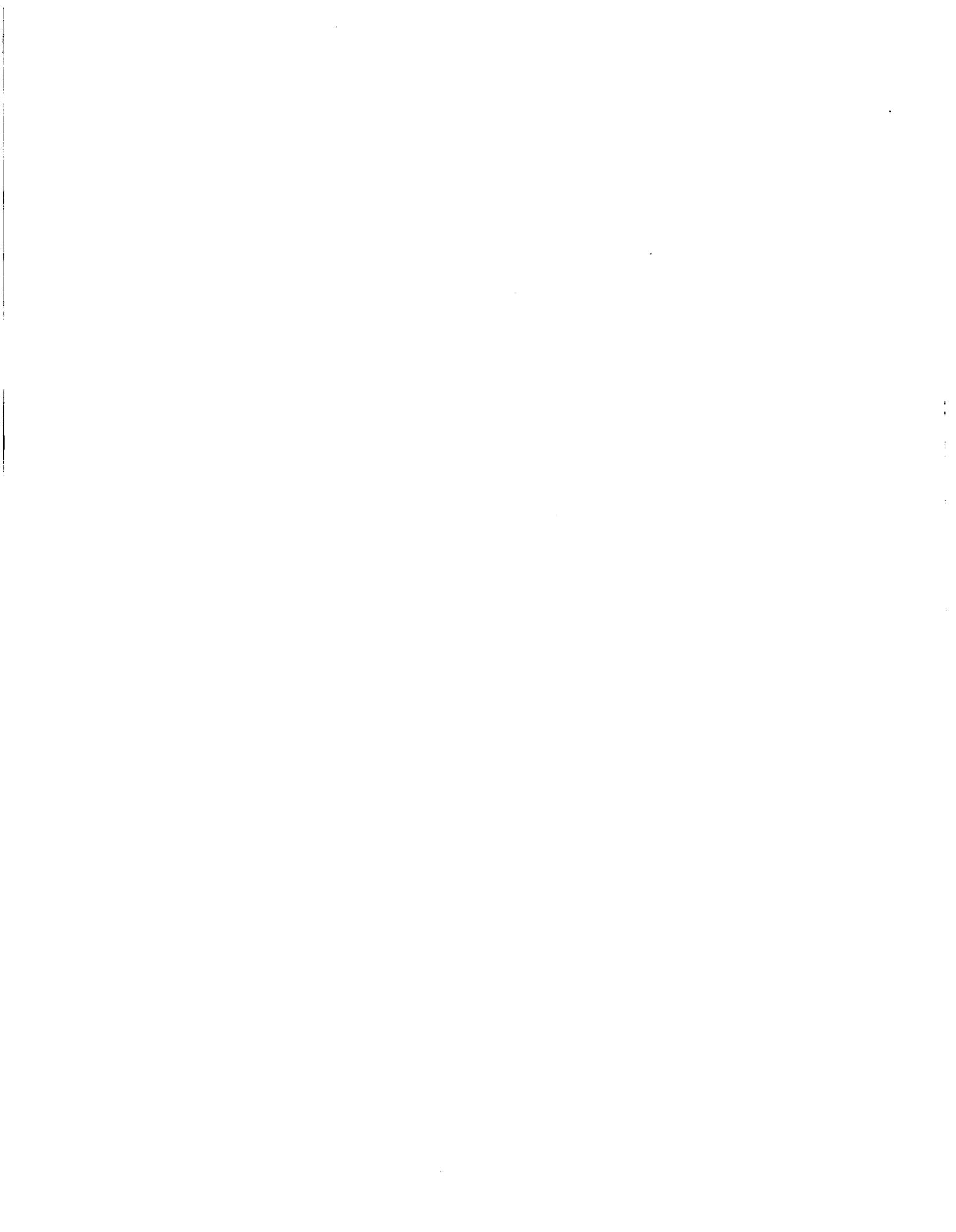
OAR 162-10-0230 Internal Control

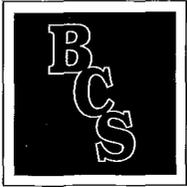
In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the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

This report is intended solely for the information and use of the board of directors/council members/commissioners 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 LLC
Certified Public Accountants
Salem, Oregon
February 6, 2012

GRANT COMPLIANCE – YELLOW BOOK





BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

**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 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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 6, 2012. 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.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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.

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

**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*.

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

Boldt, Carlisle & Smith, LLC

Certified Public Accountants
Salem, Oregon
February 6, 2012