



ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2010

CITY OF SILVERTON
For the Year Ended June 30, 2010

Term Expires
January,

MAYOR

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2011

CITY COUNCIL

Randal Thomas
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2011

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CITY MANAGER

Bryan Cosgrove

FINANCE DIRECTOR

Kathleen Zaragoza

CITY OF SILVERTON

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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, 2010, 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 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, 2010, 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 January 3, 2011 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 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual fund statements and schedules and the schedule of expenditures of federal awards 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.

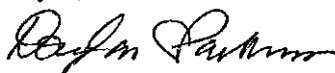
Boldt, Carlisle & Smith, LLC

Certified Public Accountants

Salem, Oregon

January 3, 2011

By:



Douglas C. Parham, Member

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF SILVERTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2010

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, 2010 by \$40,609,100 (*net assets*). Of this amount, \$27,216,288 was invested in capital assets; \$5,811,361 was restricted for specific purposes resulting in unrestricted assets of \$7,581,451.

The City's total net assets increased by \$3,136,570 (or 8.4%), which was due primarily to the increase of net assets in the invested in capital assets section in governmental activities.

The City's business-type activities had a decrease in net assets of \$647,233, which is primarily due to the use of SDC net assets for development projects.

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 water and sewer 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 column and the remaining funds are combined into a column titled "Other Governmental Funds." Budgetary comparison statements are presented for the General Fund, Street Fund, and Community Development Block Grant Housing Rehabilitation Fund, which comprise the City's general and major special revenue funds.

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 on non-major funds can find it in this section of the report. 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, Street Fund, and Special Grants Funds, which are presented within the basic financial statements, are presented here.
- Capital assets and other financial schedules complete the financial section of the report.

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, 2010 are \$40,609,100. 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.

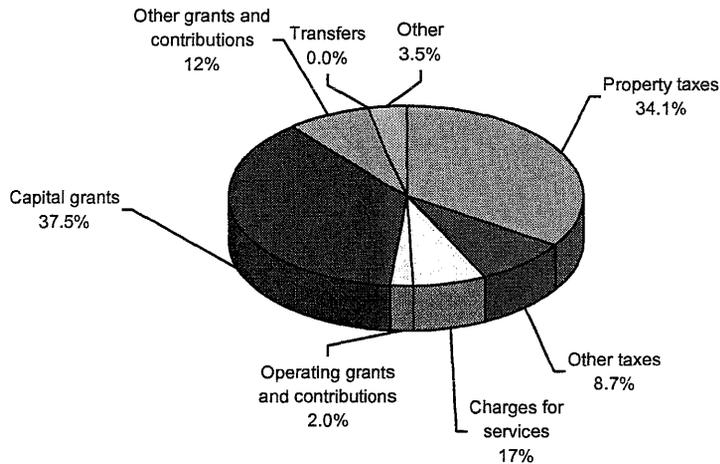
NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
<u>Assets</u>						
Current and other assets	\$12,408,032	\$ 10,531,658	\$ 4,531,556	\$ 5,033,481	\$ 16,939,588	\$ 15,565,139
Capital assets	<u>11,323,897</u>	<u>9,083,387</u>	<u>30,260,958</u>	<u>30,148,514</u>	<u>41,584,855</u>	<u>39,231,901</u>
Total assets	<u>23,731,929</u>	<u>19,615,045</u>	<u>34,792,514</u>	<u>35,181,995</u>	<u>58,524,443</u>	<u>54,797,040</u>
<u>Liabilities</u>						
Long-term liabilities	5,860,669	6,128,654	10,582,997	10,279,318	16,443,666	16,423,967
Other liabilities	<u>1,190,138</u>	<u>589,072</u>	<u>281,539</u>	<u>327,466</u>	<u>1,471,677</u>	<u>916,538</u>
Total liabilities	<u>7,050,807</u>	<u>6,717,726</u>	<u>10,864,536</u>	<u>10,606,784</u>	<u>17,915,343</u>	<u>17,324,510</u>
<u>Net assets</u>						
Invested in capital assets, net of related debt	6,899,273	4,371,238	20,317,015	20,511,023	27,216,288	24,882,261
Restricted	3,064,110	4,870,632	2,747,251	3,946,696	5,811,361	8,817,328
Unrestricted	<u>6,717,739</u>	<u>3,655,449</u>	<u>863,712</u>	<u>117,492</u>	<u>7,581,451</u>	<u>3,772,941</u>
Total net assets	<u>\$16,681,122</u>	<u>\$ 12,897,319</u>	<u>\$ 23,927,978</u>	<u>\$ 24,575,211</u>	<u>\$ 40,609,100</u>	<u>\$ 37,472,530</u>

The net assets of governmental activities increased \$3,783,803, which is primarily due to an increase in capital assets. A smaller part of the increase is due to an increase in cash and investments.

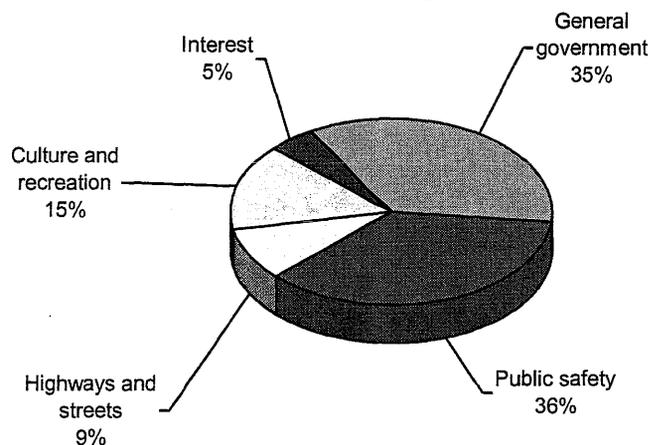
The governmental activities revenue comes primarily from property taxes, charges for services and various grants and contributions. The city's governmental expenses cover a wide variety of services, with general government, public safety and highways and streets accounting for most of these expenses.

City of Silverton Governmental Activities Revenue



Property taxes are the city's primary source of revenue comprising 34.1% 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 for public safety for 36%. General government is a close second with 35% of the expenses.

Net assets of the governmental activities increased by \$3,783,803, this represents a 29.3% increase. Net assets of the City's business-type activities decreased by \$647,233 or 2.6% from the prior year. Key elements of these changes are as follows:

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenues						
Program:						
Charges for services	\$ 520,944	\$ 510,098	\$ 3,737,783	\$ 3,417,439	\$ 4,258,727	\$ 3,927,537
Operating grants and contributions	155,652	168,990	-	2,942	155,652	171,932
Capital grants and contributions	2,948,172	924,775	211,883	166,310	3,160,055	1,091,085
General:						
Property taxes	2,681,953	2,567,528	-	-	2,681,953	2,567,528
Other taxes	683,851	596,309	-	-	683,851	596,309
Other grants and contributions	594,659	681,888	-	-	594,659	681,888
Other	<u>272,392</u>	<u>272,313</u>	<u>30,454</u>	<u>93,669</u>	<u>302,846</u>	<u>365,982</u>
Total revenues	<u>7,857,623</u>	<u>5,721,901</u>	<u>3,980,120</u>	<u>3,680,360</u>	<u>11,837,743</u>	<u>9,402,261</u>
Expenses						
General government	1,903,895	1,914,156	-	-	1,903,895	1,914,156
Public safety	1,954,308	1,890,024	-	-	1,954,308	1,890,024
Highways and streets	497,455	412,150	-	-	497,455	412,150
Culture and recreation	812,613	513,969	-	-	812,613	513,969
Interest on long-term obligations	251,023	276,275	-	-	251,023	276,275
Sewer	-	-	2,073,513	2,083,794	2,073,513	2,083,794
Water	<u>-</u>	<u>-</u>	<u>1,208,366</u>	<u>1,229,954</u>	<u>1,208,366</u>	<u>1,229,954</u>
Total expenses	<u>5,419,294</u>	<u>5,006,574</u>	<u>3,281,879</u>	<u>3,313,748</u>	<u>8,701,173</u>	<u>8,320,322</u>
Increase in net assets before transfers	2,438,329	715,327	698,241	366,612	3,136,570	1,081,939
Transfers	<u>1,345,474</u>	<u>(419,735)</u>	<u>(1,345,474)</u>	<u>419,735</u>	<u>-</u>	<u>-</u>
Change in net assets	3,783,803	295,592	(647,233)	786,347	3,136,570	1,081,939
Net assets - beginning	<u>12,897,319</u>	<u>12,601,727</u>	<u>24,575,211</u>	<u>23,788,864</u>	<u>37,472,530</u>	<u>36,390,591</u>
Net assets - ending	<u>\$ 16,681,122</u>	<u>\$ 12,897,319</u>	<u>\$ 23,927,978</u>	<u>\$ 24,575,211</u>	<u>\$ 40,609,100</u>	<u>\$ 37,472,530</u>

Governmental Activities

The change in net assets for governmental activities was an increase of \$3,783,803. This change is mostly the result of the new senior center that was constructed during this fiscal year; however, it will not be completed until the first part of the new fiscal year.

Business-type Activities

The decrease in net assets is from a change in the transfer portion having more transfers out than transfers in. Overall, these types of activities remained stable.

FINANCIAL ANALYSIS OF FUNDS

As of June 30, 2010, the City's governmental funds reported a combined fund balance of \$6,665,836, which is an increase of \$593,397 from June 30, 2009. The increase in fund balance is primarily from the net change in other governmental funds. The majority of the change is an increase in Capital Projects within the other governmental funds for the Senior Center.

The General Fund is the primary operating fund of the City. As of June 30, 2010, the fund balance for the General Fund is \$2,298,529, which is an increase of \$279,742 from June 30, 2009. This increase is primarily the result of revenues for funding capital assets.

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 \$24,076,744 as of June 30, 2010, which is a decrease of \$630,509 from June 30, 2009.

BUDGETARY HIGHLIGHTS

There were seven budget transfer resolutions adopted by City Council during the fiscal year ended June 30, 2010. Two resolutions were passed at the September 2009 council meeting. One was to increase appropriation authority for storm water repairs on Welch Street and the second was to allow replacement of two pumps at the Oregon Garden. The third and fourth were passed November 2009. The third was for Historic Preservation Services and for expanded Trolley service hours. The fourth was to allow for a part-time electrical inspector. The fifth resolution was passed December 2009 and was to provide additional resources for developer SDC credit reimbursements. The sixth resolution was passed February 2010 and was for a pedestrian crossing. The seventh resolution was passed April 2010 and was for the pool cover and repairs as well as an additional developer SDC credit reimbursement.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2010, the City had invested \$56,745,802 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 \$2,552,877, and business-type activities increased by \$885,858. Significant additions during the year ended June 30, 2010 in governmental activities was the related to the Ike Mooney land donation, the purchase of the Funrue property, replacement of one of the old trolley's and the purchase of a new van used for trolley operations. The major addition for business-type activities was related to the Westfield, Welch and Phelps sewer improvement and the Apple, Jerome and Chester water project.

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

The governmental long-term obligations outstanding as of June 30, 2010 was \$5,860,669 and business-type long-term obligations was \$10,582,997.

During the year, the City retired a total of \$9,998,882 of principal on long-term obligations. The City refinanced all of the sewer bond debt during the year to reduce the interest expense and length of the obligation. With the refunding of the sewer debt, the City refinanced one of the General Obligations to reduce the number of payments and the total interest expenses. The City also entered into one new debt to finance the James, Jefferson, Western and First local improvement.

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

General Obligation Refunding Bonds, Series 2010	\$	1,175,000
General Obligation Bonds, Series 2003		465,000
Pension Obligation Bonds		1,844,743
Sewer Revenue Bonds payable to Bank of New York		8,170,000
Water Revenue Bonds payable to USDA		1,773,944
Note payable to Oregon Economic Development Department		1,064,926
Note payable to West Coast Bank – JJWF LID		369,258
Urban Renewal Loan to Silver Falls School District 4J		1,350,440
Compensated absences		230,355

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

ECONOMIC FACTORS

During the 2010, fiscal year and continuing into the 2011 fiscal year the City, as well as citizens have seen significant changes in value of housing and availability of jobs. This has an impact on the City property tax dollars, which are based on either the real market value or the assessed value.

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, 2008 there was one business that closed their operations, which was one of the top ten taxpayers. This property still does not have a new business in place so property taxes will be based on the structure and land only. One positive note is that the new Oregon Garden Resort opened late in 2009 and is a top ten taxpayer. Tax revenues should remain stable, as the assessed value will continue to grow by 3% until it is equal to or greater than the real market value. During the fiscal year 2010, the real market values for many properties declined due to the negative economic factors, which may offset some of the assessed value growth.

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, 2010

	Governmental	Business-type	
	Activities	Activities	Totals
<u>ASSETS</u>			
Cash and investments	\$ 8,301,486	\$ 3,620,435	\$ 11,921,921
Receivables, net	3,183,954	335,887	3,519,841
Inventories	11,531	135,628	147,159
Prepaid pension costs, net	911,061	439,606	1,350,667
Capital assets:			
Land, improvements and construction in progress	5,218,766	2,416,329	7,635,095
Other capital assets, net	<u>6,105,131</u>	<u>27,844,629</u>	<u>33,949,760</u>
TOTAL ASSETS	<u>23,731,929</u>	<u>34,792,514</u>	<u>58,524,443</u>
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	709,319	167,667	876,986
Accrued interest payable	54,595	40,020	94,615
Deposits	426,224	73,852	500,076
Long-term liabilities:			
Due within one year	633,135	398,840	1,031,975
Due in more than one year	<u>5,227,534</u>	<u>10,184,157</u>	<u>15,411,691</u>
TOTAL LIABILITIES	<u>7,050,807</u>	<u>10,864,536</u>	<u>17,915,343</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	6,899,273	20,317,015	27,216,288
Restricted for:			
Capital projects	1,070,275	2,625,395	3,695,670
Debt service	1,746,258	121,856	1,868,114
Other purposes	247,577	-	247,577
Unrestricted	<u>6,717,739</u>	<u>863,712</u>	<u>7,581,451</u>
TOTAL NET ASSETS	<u>\$ 16,681,122</u>	<u>\$ 23,927,978</u>	<u>\$ 40,609,100</u>

CITY OF SILVERTON

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010**

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	\$ 1,903,895	\$ 462,437	\$ 127,977	\$ 44,748	\$ (1,268,733)		\$ (1,268,733)
Public safety	1,954,308	38,357	27,232	-	(1,888,719)		(1,888,719)
Highways and streets	497,455	5,517	-	545,127	53,189		53,189
Culture and recreation	812,613	14,633	443	2,358,297	1,560,760		1,560,760
Interest on long-term obligations	251,023	-	-	-	(251,023)		(251,023)
TOTAL GOVERNMENTAL ACTIVITIES	<u>5,419,294</u>	<u>520,944</u>	<u>155,652</u>	<u>2,948,172</u>	<u>(1,794,526)</u>		<u>(1,794,526)</u>
Business-type activities:							
Sewer	2,073,513	2,469,315	-	132,483		\$ 528,285	528,285
Water	1,208,366	1,268,468	-	79,400		139,502	139,502
TOTAL BUSINESS-TYPE ACTIVITIES	<u>3,281,879</u>	<u>3,737,783</u>	<u>-</u>	<u>211,883</u>		<u>667,787</u>	<u>667,787</u>
TOTALS	<u>\$ 8,701,173</u>	<u>\$ 4,258,727</u>	<u>\$ 155,652</u>	<u>\$ 3,160,055</u>	<u>(1,794,526)</u>	<u>667,787</u>	<u>(1,126,739)</u>
General revenues:							
Taxes levied for:							
General purposes					2,059,137	-	2,059,137
Debt service					622,816	-	622,816
Miscellaneous taxes					145,316	-	145,316
Franchise fees					538,535	-	538,535
Grants and contributions not restricted to specific programs					594,659	-	594,659
Unrestricted investment earnings					77,698	25,105	102,803
Miscellaneous					194,694	5,349	200,043
Transfers					1,345,474	(1,345,474)	-
TOTAL GENERAL REVENUES AND TRANSFERS					<u>5,578,329</u>	<u>(1,315,020)</u>	<u>4,263,309</u>
Change in net assets					3,783,803	(647,233)	3,136,570
Net assets - beginning					12,897,319	24,575,211	37,472,530
Net assets - ending					<u>\$ 16,681,122</u>	<u>\$ 23,927,978</u>	<u>\$ 40,609,100</u>

CITY OF SILVERTON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	General	Community Development Block Grant Housing Rehabilitation	Senior Center	Other Governmental Funds	Totals
<u>ASSETS</u>					
Cash and investments	\$ 2,115,487	\$ 401,678	\$ -	\$ 4,755,784	\$ 7,272,949
Receivables	992,203	688,101	541,902	961,748	3,183,954
Due from other funds	325,601	-	-	3,761	329,362
Inventories	2,620	-	-	8,911	11,531
TOTAL ASSETS	<u>\$ 3,435,911</u>	<u>\$ 1,089,779</u>	<u>\$ 541,902</u>	<u>\$ 5,730,204</u>	<u>\$ 10,797,796</u>
<u>LIABILITIES</u>					
Accounts payable and accrued items	\$ 208,822	\$ 128	\$ 410,902	\$ 89,467	\$ 709,319
Due to other funds	-	-	-	329,362	329,362
Consumer deposits	74,183	-	-	352,041	426,224
Deferred revenue	854,377	688,085	366,365	758,228	2,667,055
TOTAL LIABILITIES	<u>1,137,382</u>	<u>688,213</u>	<u>777,267</u>	<u>1,529,098</u>	<u>4,131,960</u>
<u>FUND BALANCES</u>					
Reserved for:					
Debt service	-	-	-	1,012,966	1,012,966
Inventory	2,620	-	-	8,911	11,531
Unreserved, reported in:					
General fund	2,295,909	-	-	-	2,295,909
Special revenue funds	-	401,566	-	2,215,011	2,616,577
Capital projects funds	-	-	(235,365)	964,218	728,853
TOTAL FUND BALANCES	<u>2,298,529</u>	<u>401,566</u>	<u>(235,365)</u>	<u>4,201,106</u>	<u>6,665,836</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,435,911</u>	<u>\$ 1,089,779</u>	<u>\$ 541,902</u>	<u>\$ 5,730,204</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	11,323,897
Prepaid pension costs are not financial resources available for current period expenditures and, therefore, are not reported in the funds.	911,061
Other long-term assets are not available for current period expenditures and, therefore, are deferred in the funds.	2,667,055
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(5,915,264)
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>1,028,537</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 16,681,122**

CITY OF SILVERTON

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010**

	General	Community Development Block Grant Housing Rehabilitation	Senior Center	Other Governmental Funds	Totals
REVENUES					
Property taxes	\$ 2,040,493	\$ -	\$ -	\$ 615,594	\$ 2,656,087
Transient tax	-	-	-	145,316	145,316
Franchise fees	538,535	-	-	-	538,535
Licenses, permits and fees	78,851	-	-	332,196	411,047
Fines and forfeitures	232,275	-	-	-	232,275
Charges for services	37,757	-	-	-	37,757
Assessments	-	-	-	324,852	324,852
Intergovernmental	237,684	-	641,020	555,913	1,434,617
Rentals	13,804	-	-	-	13,804
Loan repayments	-	70,421	-	-	70,421
Interest	19,559	3,040	967	33,317	56,883
Miscellaneous	66,681	-	139,639	135,242	341,562
TOTAL REVENUES	<u>3,265,639</u>	<u>73,461</u>	<u>781,626</u>	<u>2,142,430</u>	<u>6,263,156</u>
EXPENDITURES					
Current					
General government	1,401,354	22,757	-	419,593	1,843,704
Public safety	1,834,516	-	-	-	1,834,516
Highways and streets	-	-	-	277,306	277,306
Culture and recreation	353,570	-	-	8,400	361,970
Debt service	-	-	-	741,122	741,122
Capital outlay	135,816	-	1,347,011	412,522	1,895,349
TOTAL EXPENDITURES	<u>3,725,256</u>	<u>22,757</u>	<u>1,347,011</u>	<u>1,858,943</u>	<u>6,953,967</u>
Excess (deficiency) of revenues over expenditures	<u>(459,617)</u>	<u>50,704</u>	<u>(565,385)</u>	<u>283,487</u>	<u>(690,811)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term obligations	-	-	-	1,990,318	1,990,318
Transfers in	1,105,369	-	212,598	389,039	1,707,006
Payment on refunded obligations	-	-	-	(1,526,970)	(1,526,970)
Transfers out	(366,010)	(54,672)	-	(465,464)	(886,146)
TOTAL OTHER FINANCING SOURCES (USES)	<u>739,359</u>	<u>(54,672)</u>	<u>212,598</u>	<u>386,923</u>	<u>1,284,208</u>
Net change in fund balances	279,742	(3,968)	(352,787)	670,410	593,397
Fund balances at beginning of year	<u>2,018,787</u>	<u>405,534</u>	<u>117,422</u>	<u>3,530,696</u>	<u>6,072,439</u>
Fund balance at end of year	<u>\$ 2,298,529</u>	<u>\$ 401,566</u>	<u>\$ (235,365)</u>	<u>\$ 4,201,106</u>	<u>\$ 6,665,836</u>

See notes 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, 2010**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 593,397

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

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	\$ 1,438,177	
Depreciation	<u>(317,667)</u>	1,120,510

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds as follows:

Taxes	25,866	
Grants	366,365	
Special assessments	104,110	
Fines and forfeitures	27,732	
Housing rehabilitation loans	(56,171)	
Contribution of capital asset	<u>1,120,000</u>	1,587,902

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		(25,321)
----------------------	--	----------

Bond proceeds provide current financial resources to governmental funds, however, issuing debt increases long-term liabilities in the Statement of Net Assets.

(1,990,318)

Additional transfer from Business-type activities for debt issued by the Sewer fund used to payoff Governmental Activities debt.

337,900

Net premiums and discounts on the issuance of long-term obligations charged to charged to interest expense in the current year.

43,387

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.

1,927,527

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.

239,434

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 3,783,803

CITY OF SILVERTON

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2010**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 1,889,360	\$ 1,889,360	\$ 2,040,493	\$ 151,133
Franchise fees	477,000	477,000	538,535	61,535
Licenses, permits and fees	84,195	84,195	78,851	(5,344)
Fines and forfeitures	158,000	158,000	232,275	74,275
Charges for services	18,250	18,250	37,757	19,507
Intergovernmental	176,430	176,430	400,485	224,055
Rentals	13,000	13,000	13,804	804
Interest	18,000	18,000	19,559	1,559
Miscellaneous	54,750	54,750	66,681	11,931
TOTAL REVENUES	<u>2,888,985</u>	<u>2,888,985</u>	<u>3,428,440</u>	<u>539,455</u>
EXPENDITURES				
City council	73,700	73,700	30,552	43,148
City management	317,458	317,458	295,505	21,953
Finance and court	332,473	332,473	304,826	27,647
Police	2,239,195	2,239,195	1,901,310	337,885
Community development	323,059	323,059	266,464	56,595
Public works	895,260	895,260	718,374	176,886
Non-departmental	266,350	266,350	208,225	58,125
Contingency and reserves	716,997	716,997	-	716,997
TOTAL EXPENDITURES	<u>5,164,492</u>	<u>5,164,492</u>	<u>3,725,256</u>	<u>1,439,236</u>
Excess (deficiency) of revenues over expenditures	<u>(2,275,507)</u>	<u>(2,275,507)</u>	<u>(296,816)</u>	<u>1,978,691</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	70,000	70,000	-	(70,000)
Transfers in	1,105,369	1,105,369	1,105,369	-
Transfers out	(539,912)	(539,912)	(366,010)	173,902
TOTAL OTHER FINANCING SOURCES (USES)	<u>635,457</u>	<u>635,457</u>	<u>739,359</u>	<u>103,902</u>
Net change in fund balance	(1,640,050)	(1,640,050)	442,543	2,082,593
Fund balance at beginning of year	<u>1,640,050</u>	<u>1,640,050</u>	<u>2,018,787</u>	<u>378,737</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	2,461,330	<u>\$ 2,461,330</u>
Reconciliation to generally accepted accounting principles				
Repayment of interfund loan			<u>(162,801)</u>	
Net assets at end of year			<u>\$ 2,298,529</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, 2010**

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Loan repayments	\$ 31,150	\$ 31,150	\$ 70,421	\$ 39,271
Interest	2,075	2,075	3,040	965
TOTAL REVENUES	33,225	33,225	73,461	40,236
EXPENDITURES				
Materials and services	105,000	105,000	22,757	82,243
Contingency and reserves	14,645	14,645	-	14,645
TOTAL EXPENDITURES	119,645	119,645	22,757	96,888
Excess (deficiency) of revenues over expenditures	(86,420)	(86,420)	50,704	137,124
OTHER FINANCING SOURCES (USES)				
Transfers out	(204,672)	(204,672)	(54,672)	150,000
Net change in fund balance	(291,092)	(291,092)	(3,968)	287,124
Fund balance at beginning of year	291,092	291,092	405,534	114,442
Fund balance at end of year	\$ -	\$ -	\$ 401,566	\$ 401,566

CITY OF SILVERTON

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010**

	Enterprise				Governmental
				Totals	Activities
	Sewer	Water	Other Enterprise Funds		Internal Service
<u>ASSETS</u>					
Current assets					
Cash and investments	\$ 707,588	\$ 261,032	\$ 2,651,815	\$ 3,620,435	\$ 1,028,537
Receivables, net	219,273	116,614	-	335,887	-
Inventories	12,997	122,631	-	135,628	-
Total current assets	939,858	500,277	2,651,815	4,091,950	1,028,537
Capital assets					
Land and construction in progress	2,289,869	126,460	-	2,416,329	-
Other capital assets, net of depreciation	19,198,859	8,645,770	-	27,844,629	-
TOTAL ASSETS	22,428,586	9,272,507	2,651,815	34,352,908	1,028,537
<u>LIABILITIES</u>					
Current liabilities					
Accounts payable and accrued items	83,932	57,315	26,420	167,667	-
Consumer deposits	-	73,852	-	73,852	-
Accrued interest payable	27,138	7,819	-	34,957	-
Accumulated unpaid vacation	32,667	23,078	-	55,745	-
Long-term obligations due within one year	300,000	35,370	-	335,370	-
Total current liabilities	443,737	197,434	26,420	667,591	-
Long-term obligations due in more than one year	7,870,000	1,738,573	-	9,608,573	-
TOTAL LIABILITIES	8,313,737	1,936,007	26,420	10,276,164	-
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	13,318,728	6,998,287	-	20,317,015	-
Restricted for:					
Capital projects	-	-	2,625,395	2,625,395	-
Debt service	-	121,856	-	121,856	-
Unrestricted	796,121	216,357	-	1,012,478	1,028,537
TOTAL NET ASSETS	\$ 14,114,849	\$ 7,336,500	\$ 2,625,395	\$ 24,076,744	\$ 1,028,537
Prepaid pension costs allocable to business-type activities in the statement of net assets				439,606	
Long-term obligations issued to prepay the PERS unfunded actuarial liability are allocable to business-type activities in the statement of net assets				(588,372)	
Net assets of business-type activities				<u>\$ 23,927,978</u>	

CITY OF SILVERTON

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2010**

	Enterprise Funds				Governmental Activities
	Sewer	Water	Other Enterprise Funds	Totals	Internal Service
OPERATING REVENUES					
Charges for services	\$ 2,469,315	\$ 1,268,468	\$ -	\$ 3,737,783	\$ -
OPERATING EXPENSES					
Personal services	653,775	504,356	-	1,158,131	-
Materials and services	524,646	289,065	41,135	854,846	-
Depreciation	478,118	295,295	-	773,413	-
Total operating expenses	1,656,539	1,088,716	41,135	2,786,390	-
Operating income (loss)	812,776	179,752	(41,135)	951,393	-
NON-OPERATING REVENUES (EXPENSES)					
System development charges	-	-	211,883	211,883	-
Interest	3,104	2,092	19,909	25,105	6,565
Miscellaneous	2,726	2,623	-	5,349	-
Interest	(344,628)	(87,982)	-	(432,610)	-
Total non-operating revenue (expenses)	(338,798)	(83,267)	231,792	(190,273)	6,565
Income before transfers	473,978	96,485	190,657	761,120	6,565
TRANSFERS					
Transfers in	385,166	553,173	-	938,339	232,869
Transfers out	(856,279)	(480,801)	(992,888)	(2,329,968)	-
Total transfers	(471,113)	72,372	(992,888)	(1,391,629)	232,869
Change in net assets	2,865	168,857	(802,231)	(630,509)	239,434
Total net assets at beginning of year	14,111,984	7,167,643	3,427,626		789,103
Total net assets - ending	\$ 14,114,849	\$ 7,336,500	\$ 2,625,395		\$ 1,028,537
Amortization of prepaid pension costs related to enterprise funds				(24,423)	
Adjustment to reflect the changes in the pension bond related to enterprise funds				7,699	
CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES				\$ (647,233)	

CITY OF SILVERTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2010

	Enterprise				Governmental
				Totals	Activities
	Sewer	Water	Other Enterprise Funds		Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 2,461,813	\$ 1,279,987	\$ -	\$ 3,741,800	\$ -
Payments to suppliers	(521,439)	(360,148)	(42,269)	(923,856)	-
Payments to employees	(654,866)	(499,005)	-	(1,153,871)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>1,285,508</u>	<u>420,834</u>	<u>(42,269)</u>	<u>1,664,073</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	73,859	-	73,859	232,869
Transfers out	(518,379)	(480,801)	(128,408)	(1,127,588)	-
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>(518,379)</u>	<u>(406,942)</u>	<u>(128,408)</u>	<u>(1,053,729)</u>	<u>232,869</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from long-term obligations	7,832,100	-	-	7,832,100	-
System development charges received	-	-	211,883	211,883	-
Other	2,726	2,623	-	5,349	-
Proceeds from sale of capital assets	-	-	-	-	-
Acquisition of capital assets	(9,414)	(11,963)	(845,357)	(866,734)	-
Principal paid on long-term obligations	(7,829,434)	(33,726)	-	(7,863,160)	-
Interest paid on long-term obligations	(356,743)	(88,130)	-	(444,873)	-
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(360,765)</u>	<u>(131,196)</u>	<u>(633,474)</u>	<u>(1,125,435)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	3,104	2,092	19,909	25,105	6,565
Net increase (decrease) in cash	409,468	(115,212)	(784,242)	(489,986)	239,434
Cash - beginning of year	298,120	376,244	3,436,057	4,110,421	789,103
Cash - end of year	<u>\$ 707,588</u>	<u>\$ 261,032</u>	<u>\$ 2,651,815</u>	<u>\$ 3,620,435</u>	<u>\$ 1,028,537</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ 812,776	\$ 179,752	\$ (41,135)	\$ 951,393	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	478,118	295,295	-	773,413	-
Decrease (increase) in assets					
Receivables, net	(7,502)	12,111	-	4,609	-
Inventories	(658)	(16,435)	-	(17,093)	-
Increase (decrease) in liabilities					
Accounts payable and accrued items	3,865	(54,648)	(1,134)	(51,917)	-
Consumer deposits	-	(592)	-	(592)	-
Accumulated unpaid vacation	(1,091)	5,351	-	4,260	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 1,285,508</u>	<u>\$ 420,834</u>	<u>\$ (42,269)</u>	<u>\$ 1,664,073</u>	<u>\$ -</u>

See notes to basic financial statements

CITY OF SILVERTON

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2010

1. Summary of significant accounting policies

A. Financial reporting entity

The City

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.

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.

The basis of accounting described above is in accordance with accounting principles generally accepted in the United States of America.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

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

The City reports the following major governmental funds:

- *General* - accounts for all financial resources of the City, except those required to be accounted for in another 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.
- *CDBG Housing Rehabilitation* - accounts for various grant programs used for housing rehabilitation.
- *Senior Center* - accounts for the cost of constructing a new senior center funded by grants.

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 accumulate unused sick leave at the rate of one day per month with no maximum.

L. 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, 2010, the City had the following investments:

	<u>Maturities</u>	<u>Fair Value</u>
State Treasurer's Investment Pool	N/A	<u>\$ 11,527,233</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, 2010, none of the City's bank balances were exposed to custodial risk.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and investments (continued)

A. The City's deposits and investments at June 30, 2010 are as follows:

Total investments	\$ 11,527,233
Cash on hand	2,500
Deposits with financial institutions	<u>392,188</u>
Total deposits and investments	<u>\$ 11,921,921</u>

B. Cash and investments by fund:

Governmental activities/funds

Unrestricted

General	\$ 2,115,487
CDBG housing rehabilitation	401,678
Other governmental	<u>4,755,784</u>

Governmental funds 7,272,949

Internal service 1,028,537

Total governmental activities 8,301,486

Business-type activities/funds

Sewer	707,588
Water	261,032
Other enterprise	<u>2,651,815</u>

Total business-type activities/funds 3,620,435

Total cash and investments \$ 11,921,921

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables

A. The City's receivables at June 30, 2010 are shown below:

	Governmental Activities / Funds				Business-type Activities / Funds			
	General	CDBG Housing Rehab	Senior Center Project	Other	Totals	Sewer	Water	Totals
User charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 213,450	\$ 114,827	\$ 328,277
Property assessments	-	-	-	761,316	761,316	-	-	-
Property taxes	157,853	-	-	44,655	202,508	-	-	-
County treasurer	18,467	-	-	9,436	27,903	-	-	-
Accounts	119,359	-	-	146,341	265,340	6,479	2,450	8,929
Grants	-	-	541,902	-	541,902	-	-	-
Notes	-	688,101	-	-	688,101	-	-	-
Fines	96,524	-	-	-	96,524	-	-	-
Loans	600,000	-	-	-	600,000	-	-	-
Allowance for doubtful accounts	-	-	-	-	-	(656)	(663)	(1,319)
	<u>\$ 992,203</u>	<u>\$ 688,101</u>	<u>\$ 541,902</u>	<u>\$ 961,748</u>	<u>\$ 3,183,594</u>	<u>\$ 219,273</u>	<u>\$ 116,614</u>	<u>\$ 335,887</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. 2009-10 property tax transactions

	Balances July 1, 2009	2009-10 Levy	Adjust- ments	Net Interest (Discounts)	Collec- tions	Balances June 30, 2010
Current	\$ -	\$ 2,765,646	\$ (11,243)	\$ (67,262)	\$ (2,572,403)	\$ 114,738
Prior	<u>176,642</u>	<u>-</u>	<u>(5,628)</u>	<u>8,917</u>	<u>(92,161)</u>	<u>87,770</u>
	<u>\$ 176,642</u>	<u>\$ 2,765,646</u>	<u>\$ (16,871)</u>	<u>\$ (58,345)</u>	<u>\$ (2,664,564)</u>	<u>\$ 202,508</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 2010-11.

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 \$272,967 for payment of long-term debt principal and interest due in 2010-11.

4. Capital assets

A. Capital asset activity for the year ended June 30, 2010 was as follows:

	Balances			Balances	
	June 30, 2009	Additions	Deletions	June 30, 2010	
<i>Governmental Activities</i>					
Capital assets not being depreciated					
Land	\$ 2,322,898	\$ 1,219,689	\$ -	\$ 3,542,587	
Right of way	479,624	-	-	479,624	
Construction in progress	199,385	997,170	-	1,196,555	
Total capital assets not being depreciated	<u>3,001,907</u>	<u>2,216,859</u>	<u>-</u>	<u>5,218,766</u>	
Capital assets being depreciated					
Buildings and improvements	1,621,613	33,001	-	1,654,614	
Equipment	1,557,351	191,413	(5,300)	1,743,464	
Land improvements	1,928,345	49,059	-	1,977,404	
Infrastructure	3,045,921	67,845	-	3,113,766	
Total capital assets being depreciated	<u>8,153,230</u>	<u>341,318</u>	<u>(5,300)</u>	<u>8,489,248</u>	
Less accumulated depreciation for:					
Buildings and improvements	360,883	64,191	-	425,074	
Equipment	1,237,192	149,105	(5,300)	1,380,997	
Land improvements	250,183	-	-	250,183	
Infrastructure	223,492	104,371	-	327,863	
Total accumulated depreciation	<u>2,071,750</u>	<u>317,667</u>	<u>(5,300)</u>	<u>2,384,117</u>	
Total capital assets being depreciated, net	<u>6,081,480</u>	<u>23,651</u>	<u>-</u>	<u>6,105,131</u>	
Governmental activities capital assets, net	<u>\$ 9,083,387</u>	<u>\$ 2,240,510</u>	<u>\$ -</u>	<u>\$ 11,323,897</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital assets (continued)

A. Capital asset activity for the year ended June 30, 2010 was as follows (continued):

	Balances June 30, 2009	Additions	Deletions	Balances June 30, 2010
<i>Business-type Activities</i>				
Capital assets not being depreciated				
Land	\$ 2,254,610	\$ -	\$ -	\$ 2,254,610
Construction in progress	313,076	34,501	(185,858)	161,719
Total capital assets not being depreciated	<u>2,567,686</u>	<u>34,501</u>	<u>(185,858)</u>	<u>2,416,329</u>
Capital assets being depreciated				
Water and sewer lines	14,303,976	991,606	-	15,295,582
Buildings and improvements	6,690,253	4,845	-	6,695,098
Plant and equipment	18,342,752	40,764	-	18,383,516
Land improvements	247,263	-	-	247,263
Total capital assets being depreciated	<u>39,584,244</u>	<u>1,037,215</u>	<u>-</u>	<u>40,621,459</u>
Less accumulated depreciation for:				
Water and sewer lines	5,573,938	254,184	-	5,828,122
Buildings and improvements	1,482,929	133,678	-	1,616,607
Plant and equipment	4,786,254	380,115	-	5,166,369
Land improvements	160,296	5,436	-	165,732
Total accumulated depreciation	<u>12,003,417</u>	<u>773,413</u>	<u>-</u>	<u>12,776,830</u>
Total capital assets being depreciated, net	<u>27,580,827</u>	<u>263,802</u>	<u>-</u>	<u>27,844,629</u>
Business-type activities capital assets, net	<u>\$ 30,148,513</u>	<u>\$ 298,303</u>	<u>\$ (185,858)</u>	<u>\$ 30,260,958</u>

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

<i>Governmental activities</i>	
General government	\$ 42,943
Public safety	69,624
Highways and streets	108,550
Culture and recreation	96,550
Total depreciation expense - governmental activities	<u>\$ 317,667</u>
<i>Business-type activities</i>	
Sewer	\$ 478,118
Water	295,295
Total depreciation expense - business-type activities	<u>\$ 773,413</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Deferred revenue

	Governmental Funds				Totals
	General	CDBG Housing Rehab	Senior Center Project	Other	
Loans	\$ 600,000	\$ 688,085	\$ -	\$ -	\$ 1,288,085
Property taxes	157,853	-	-	44,655	202,508
Property assessments	-	-	-	713,573	713,573
Grants	-	-	366,365	-	366,365
Fines	96,524	-	-	-	96,524
	<u>\$ 854,377</u>	<u>\$ 688,085</u>	<u>\$ 366,365</u>	<u>\$ 758,228</u>	<u>\$ 2,667,055</u>

6. Interfund transactions

The interfund transfers during the year ended June 30, 2010 were as follows:

	<u>In</u>	<u>Out</u>
<u>Governmental</u>		
General	\$ 1,105,369	\$ 366,010
CDBG Housing Rehabilitation	-	54,672
Senior Center	212,598	-
Other	389,039	465,464
<u>Proprietary</u>		
Enterprise		
Sewer	-	518,379
Sewer - non-cash	385,166	-
Water	73,859	480,801
Water - non-cash	479,314	-
Other	-	128,408
Other - non-cash	-	864,480
Internal Service		
Internal Service	<u>232,869</u>	<u>-</u>
Totals	<u>\$ 2,878,214</u>	<u>\$ 2,878,214</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6. Interfund transactions (continued)

As part of the budget preparation and adoption, 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, 2010 were as follows:

	Outstanding June 30, 2009	Additions	Reductions	Outstanding June 30, 2010	Balances Due Within One Year
Note payable - Capmark Finance, original issue of \$2,092,000 due over 40 years in semi-annual installments of interest at 5 percent payable on April 20 and October 20 with principal annually October 20					
Principal	\$ 1,224,047	\$ -	\$ 1,224,047	\$ -	
Interest	<u>13,917</u>	<u>75,141</u>	<u>89,058</u>	<u>-</u>	
	<u>1,237,964</u>	<u>75,141</u>	<u>1,313,105</u>	<u>-</u>	
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	-	1,175,000	\$ 175,000
Interest	<u>-</u>	<u>2,704</u>	<u>-</u>	<u>2,704</u>	
	<u>-</u>	<u>1,177,704</u>	<u>-</u>	<u>1,177,704</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	600,000	-	135,000	465,000	145,000
Interest	<u>1,788</u>	<u>22,050</u>	<u>22,500</u>	<u>1,338</u>	
	<u>601,788</u>	<u>22,050</u>	<u>157,500</u>	<u>466,338</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Long-term obligations (continued)

A. Transactions for the governmental activities for the year ended June 30, 2010 were as follows (continued):

	Outstanding June 30, 2009	Additions	Reductions	Outstanding June 30, 2010	Balances Due Within One Year
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	\$ 1,868,211	\$ -	\$ 23,468	\$ 1,844,743	\$ 24,430
Interest	<u>16,891</u>	<u>121,619</u>	<u>122,499</u>	<u>16,011</u>	
	1,885,102	121,619	145,967	1,860,754	
Allocable to business-type activities					
Principal	(590,730)	-	(7,421)	(583,309)	(7,725)
Interest	<u>(5,341)</u>	<u>(38,456)</u>	<u>(38,734)</u>	<u>(5,063)</u>	
	<u>1,289,031</u>	<u>83,163</u>	<u>99,812</u>	<u>1,272,382</u>	
Note payable - 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	1,101,212	-	36,286	1,064,926	36,475
Interest	<u>29,508</u>	<u>46,239</u>	<u>47,212</u>	<u>28,535</u>	
	<u>1,130,720</u>	<u>46,239</u>	<u>83,498</u>	<u>1,093,461</u>	
Note payable - Oregon Economic Development Department (OEDD), original issue of \$582,000, due over 20 years in various annual installments payable on December 1, including interest at 4.75 percent. The Oregon Garden has pledged to provide resources for the required annual payments					
Principal	365,357	-	365,357	-	
Interest	<u>10,603</u>	<u>15,226</u>	<u>25,829</u>	<u>-</u>	
	<u>375,960</u>	<u>15,226</u>	<u>391,186</u>	<u>-</u>	
Note payable - 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	-	459,221	89,963	369,258	39,105
Interest	<u>-</u>	<u>15,286</u>	<u>15,286</u>	<u>-</u>	
	<u>-</u>	<u>474,507</u>	<u>105,249</u>	<u>369,258</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Long-term obligations (continued)

A. Transactions for the governmental activities for the year ended June 30, 2010 were as follows
(continued):

	Outstanding June 30, 2009	Additions	Reductions	Outstanding June 30, 2010	Balances Due Within One Year
Note payable - 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	\$ 1,223,407	\$ -	\$ 52,048	\$ 1,171,359	\$ 40,716
Interest	<u>10,766</u>	<u>6,788</u>	<u>7,952</u>	<u>9,602</u>	
	<u>1,234,173</u>	<u>6,788</u>	<u>60,000</u>	<u>1,180,961</u>	
Note payable - 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	187,860	-	8,779	179,081	5,523
Interest	<u>1,653</u>	<u>1,036</u>	<u>1,221</u>	<u>1,468</u>	
	<u>189,513</u>	<u>1,036</u>	<u>10,000</u>	<u>180,549</u>	
Accumulated unpaid vacation	<u>149,290</u>	<u>174,611</u>	<u>149,290</u>	<u>174,611</u>	<u>174,611</u>
Total governmental activities long-term obligations	6,208,439	2,076,465	2,369,640	5,915,264	<u>\$ 633,135</u>
Accrued interest payable	<u>79,785</u>	<u>267,633</u>	<u>292,823</u>	<u>54,595</u>	
Principal	<u>\$ 6,128,654</u>	<u>\$ 1,808,832</u>	<u>\$ 2,076,817</u>	<u>\$ 5,860,669</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, 2010 were as follows:

	Outstanding July 1, 2009	Additions	Reductions	Outstanding June 30, 2010	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	\$ 1,807,670	\$ -	\$ 33,726	\$ 1,773,944	\$ 35,371
Interest	7,967	87,982	88,130	7,819	
	<u>1,815,637</u>	<u>87,982</u>	<u>121,856</u>	<u>1,781,763</u>	
Note payable - Oregon Economic Development Department (OEDD), original issue of \$1,349,460, due in annual installments over 20 years of various amounts payable on December 1 including interest at 5.1409 percent					
Principal	626,101	-	626,101	-	
Interest	19,665	28,980	48,645	-	
	<u>645,766</u>	<u>28,980</u>	<u>674,746</u>	<u>-</u>	
Note payable - Oregon Economic Development Department (OEDD), original issue of \$270,592, due in annual installments over 10 years of \$30,124 beginning December 1, 2006 including interest at 6 percent					
Principal	205,235	-	205,235	-	
Interest	7,523	10,305	17,828	-	
	<u>212,758</u>	<u>10,305</u>	<u>223,063</u>	<u>-</u>	
Sewer Revenue Bond payable to Rural Utilities Services (RUS), due over 40 years in annual installments of \$306,164 payable June 30 including interest at 4.875 percent					
Principal	4,843,441	-	4,843,441	-	
Interest	2,588	216,709	219,297	-	
	<u>4,846,029</u>	<u>216,709</u>	<u>5,062,738</u>	<u>-</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, 2010 were as follows (continued):

	Outstanding July 1, 2009	Additions	Reductions	Outstanding June 30, 2010	Balances Due Within One Year
Sewer Revenue Bond payable to U.S. Department of Agriculture (USDA), Rural Utilities Service (RUS), original issue of \$350,000 due in annual installments over 40 years of \$18,683 payable on November 3 including interest at 4.375 percent					
Principal	\$ 332,657	\$ -	\$ 332,657	\$ -	
Interest	8,453	13,977	22,430	-	
	<u>341,110</u>	<u>13,977</u>	<u>355,087</u>	<u>-</u>	
Sewer Revenue Bond payable to Rural Utilities Services (RUS), original issue of \$2,000,000 due over 40 years in annual installments of \$118,560 payable June 30 including interest at 5.125 percent					
Principal	1,822,000	-	1,822,000	-	
Interest	1,024	85,701	86,725	-	
	<u>1,823,024</u>	<u>85,701</u>	<u>1,908,725</u>	<u>-</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 payments annually in June.					
Principal	-	8,170,000	-	8,170,000	\$ 300,000
Interest	-	-	-	27,138	
	<u>-</u>	<u>8,170,000</u>	<u>-</u>	<u>8,197,138</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, 2010 were as follows (continued):

	Outstanding July 1, 2009	Additions	Reductions	Outstanding June 30, 2010	Balances Due Within One Year
Pension Obligation Bonds amount allocated from governmental activities					
Principal	\$ 590,730	\$ -	\$ 7,421	\$ 583,309	\$ 7,725
Interest	5,341	38,456	38,734	5,063	
	<u>596,071</u>	<u>38,456</u>	<u>46,155</u>	<u>588,372</u>	
Accumulated unpaid vacation	<u>51,484</u>	<u>55,744</u>	<u>51,484</u>	<u>55,744</u>	<u>55,744</u>
Total business-type activities long-term obligations	10,331,879	8,707,854	8,443,854	10,623,017	<u>\$ 398,840</u>
Accrued interest payable	<u>52,561</u>	<u>482,110</u>	<u>521,789</u>	<u>40,020</u>	
Principal	<u>\$ 10,279,318</u>	<u>\$ 8,225,744</u>	<u>\$ 7,922,065</u>	<u>\$ 10,582,997</u>	

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

Fiscal Year	General Obligation Refunding Bonds Series 2003		General Obligation Refunding Bonds Series 2003		Pension Obligation Bonds		OEDD	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 175,000	\$ 35,152	\$ 145,000	\$ 17,438	\$ 16,705	\$ 86,527	\$ 36,475	\$ 46,123
2012	75,000	30,000	155,000	12,000	18,896	91,174	41,688	44,919
2013	80,000	27,750	165,000	6,188	19,120	94,369	41,926	43,439
2014	235,000	25,350	-	-	20,712	99,615	42,177	41,920
2015	250,000	18,300	-	-	20,325	103,422	42,450	40,317
2016-20	360,000	13,650	-	-	119,463	588,161	252,049	173,168
2021-25	-	-	-	-	591,487	285,954	307,121	113,442
2026-30	-	-	-	-	454,726	57,614	301,040	35,404
	<u>\$1,175,000</u>	<u>\$ 150,202</u>	<u>\$ 465,000</u>	<u>\$ 35,626</u>	<u>\$1,261,434</u>	<u>\$ 1,406,836</u>	<u>\$ 1,064,926</u>	<u>\$ 538,732</u>

Fiscal Year	West Coast Bank		Silver Falls SD		Silver Falls SD		Accumulated Unpaid Vacation	Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2011	\$ 39,105	\$ 17,393	\$ 40,716	\$ 29,284	\$ 5,523	\$ 4,477	\$ 174,611	\$ 633,135	\$ 236,394
2012	40,742	15,755	61,734	28,266	5,661	4,339	-	398,721	226,453
2013	42,534	13,963	73,277	26,723	20,803	4,197	-	442,660	216,629
2014	44,361	12,136	75,109	24,891	21,323	3,677	-	438,682	207,589
2015	46,267	10,231	76,987	23,013	21,856	3,144	-	457,885	198,427
2016-20	156,249	20,203	414,785	85,215	103,915	7,247	-	1,406,461	887,644
2021-25	-	-	428,751	30,708	-	-	-	1,327,359	430,104
2026-30	-	-	-	-	-	-	-	755,766	93,018
	<u>\$ 369,258</u>	<u>\$ 89,681</u>	<u>\$ 1,171,359</u>	<u>\$ 248,100</u>	<u>\$ 179,081</u>	<u>\$ 27,081</u>	<u>\$ 174,611</u>	<u>\$ 5,860,669</u>	<u>\$ 2,496,258</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Long-term obligations (continued)

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

Fiscal Year	Water Revenue Bond USDA		Sewer Revenue Refunding Bonds		Pension Obligation Bonds		Accumulated Unpaid Vacation	Totals	
	Principal	Interest	Principal	Interest	Principal	Interest		Principal	Interest
2011	\$ 35,371	\$ 86,486	\$ 300,000	\$ 327,918	\$ 7,725	\$ 40,011	\$ 55,744	\$ 398,840	\$ 454,415
2012	37,095	84,761	250,000	319,831	8,738	42,160	-	295,833	446,752
2013	38,903	82,953	265,000	312,331	8,842	43,637	-	312,745	438,921
2014	40,800	81,056	295,000	304,381	9,578	46,063	-	345,378	431,500
2015	42,789	79,067	295,000	295,531	9,398	47,824	-	347,187	422,422
2016-20	247,345	361,937	1,295,000	1,341,680	55,241	271,975	-	1,597,586	1,975,592
2021-25	313,807	295,475	1,335,000	1,100,580	273,513	132,229	-	1,922,320	1,528,284
2026-30	398,126	211,154	1,635,000	798,624	210,274	26,642	-	2,243,400	1,036,420
2031-35	505,104	104,177	2,035,000	398,445	-	-	-	2,540,104	502,622
2036-40	114,604	5,593	465,000	21,509	-	-	-	579,604	27,102
	<u>\$ 1,773,944</u>	<u>\$ 1,392,659</u>	<u>\$ 8,170,000</u>	<u>\$ 5,220,830</u>	<u>\$ 583,309</u>	<u>\$ 650,541</u>	<u>\$ 55,744</u>	<u>\$ 10,582,997</u>	<u>\$ 7,264,030</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. For employees hired before August 29, 2003, the City's contribution rate is 9.52 percent of covered compensation. For employees hired on or after August 29, 2003, the City's contribution rate for police officers is 13.48 percent of covered compensation and 10.21 percent of covered compensation for all other employees.

The City's contribution to the plan for the years ending June 30, 2010, 2009, and 2008, were equal to the City's required contributions for each year as follows:

Year Ended June 30,	City Contribution	Member paid Contribution	Totals
2010	\$ 193,793	\$ 154,745	\$ 348,538
2009	259,436	154,927	414,363
2008	243,798	147,235	395,042

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) restrict the use to capital improvements which expand the capacity of the system for which the charge was made \$ 1,070,275

Highways and streets – Article IX, Section 3a of the Oregon State Constitution restricts the use of revenue from taxes on motor vehicle fuel use 177,297

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 1,160,186

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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, 2010 is as follows:

Condensed statement of net assets	<u>Sewer</u>	<u>Water</u>
Assets		
Current	\$ 2,498,100	\$ 1,593,850
Capital	<u>21,488,728</u>	<u>8,772,230</u>
Total assets	<u>23,986,828</u>	<u>10,366,080</u>
Liabilities		
Current	447,192	220,399
Noncurrent	<u>7,870,000</u>	<u>1,738,573</u>
Total liabilities	<u>8,317,192</u>	<u>1,958,972</u>
Net assets		
Invested in capital assets, net of related debt	13,318,728	6,998,287
Restricted	1,946,386	1,192,464
Unrestricted	<u>404,522</u>	<u>216,357</u>
Total net assets	<u>\$ 15,669,636</u>	<u>\$ 8,407,108</u>
Condensed statement of revenues, expenses and changes in fund net assets		
Operating revenue	\$ 2,469,315	\$ 1,268,468
Depreciation expense	478,118	295,295
Other operating expenses	<u>1,216,857</u>	<u>796,120</u>
Operating income	774,340	177,053
Nonoperating revenues (expenses)	<u>(195,236)</u>	<u>4,963</u>
Income before transfers	579,104	182,016
Transfers in	385,166	553,173
Transfers out	<u>(1,270,649)</u>	<u>(1,059,319)</u>
Change in net assets	(306,379)	(324,130)
Net assets – beginning	<u>15,976,015</u>	<u>8,731,238</u>
Net assets – ending	<u>\$ 15,669,636</u>	<u>\$ 8,407,108</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Segment information for Enterprise Funds (continued)

Condensed statement of cash flows	Sewer	Water
Net cash provided by (used in):		
Operating activities	\$ 1,245,938	\$ 418,135
Non-capital financing activities	(547,583)	(506,146)
Capital and related financing activities	(617,290)	(508,145)
Investing activities	14,183	10,922
Net increase (decrease) in cash	95,248	(585,234)
Cash and cash equivalents - beginning	2,170,582	1,939,839
Cash and cash equivalents - ending	\$ 2,265,830	\$ 1,354,605

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, 2010, City employees had accumulated 1,686 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. Deficit fund balances

As of June 30, 2010, the Senior Center Fund had a deficit fund balance of \$(235,365),

The deficit will be eliminated when the State of Oregon reimburses the City for grant revenue earned on this project.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF SILVERTON

**SENIOR CENTER - CAPITAL PROJECTS FUND (A MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 1,200,000	\$ 641,020	\$ (558,980)
Interest	3,000	967	(2,033)
Miscellaneous	<u>60,000</u>	<u>139,639</u>	<u>79,639</u>
TOTAL REVENUES	1,263,000	781,626	(481,374)
EXPENDITURES			
Capital outlay	<u>2,102,295</u>	<u>1,347,011</u>	<u>755,284</u>
Excess (deficiency) of revenues over expenditures	(839,295)	(565,385)	273,910
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>677,000</u>	<u>212,598</u>	<u>(464,402)</u>
Net change in fund balance	(162,295)	(352,787)	(190,492)
Fund balance at beginning of year	<u>162,295</u>	<u>117,422</u>	<u>(44,873)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ (235,365)</u>	<u>\$ (235,365)</u>

CITY OF SILVERTON

**COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2010**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
<u>ASSETS</u>				
Cash and investments	\$ 2,820,533	\$ 971,033	\$ 964,218	\$ 4,755,784
Receivables	178,406	783,342	-	961,748
Due from other funds	-	3,761	-	3,761
Inventories	<u>8,911</u>	<u>-</u>	<u>-</u>	<u>8,911</u>
TOTAL ASSETS	<u>\$ 3,007,850</u>	<u>\$ 1,758,136</u>	<u>\$ 964,218</u>	<u>\$ 5,730,204</u>
<u>LIABILITIES</u>				
Accounts payable and accrued items	\$ 77,589	\$ 11,878	\$ -	\$ 89,467
Due to other funds	329,362	-	-	329,362
Deposits	352,041	-	-	352,041
Deferred revenue	<u>24,936</u>	<u>733,292</u>	<u>-</u>	<u>758,228</u>
TOTAL LIABILITIES	<u>783,928</u>	<u>745,170</u>	<u>-</u>	<u>1,529,098</u>
<u>FUND BALANCES</u>				
Reserved for:				
Debt service	-	1,012,966	-	1,012,966
Inventory	8,911	-	-	8,911
Unreserved reported in:				
Special revenue funds	2,215,011	-	-	2,215,011
Capital project funds	<u>-</u>	<u>-</u>	<u>964,218</u>	<u>964,218</u>
TOTAL FUND BALANCES	<u>2,223,922</u>	<u>1,012,966</u>	<u>964,218</u>	<u>4,201,106</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,007,850</u>	<u>\$ 1,758,136</u>	<u>\$ 964,218</u>	<u>\$ 5,730,204</u>

CITY OF SILVERTON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010**

	Special Revenue	Debt Service	Capital Projects	Totals
REVENUES				
Property taxes	\$ 352,802	\$ 262,792	\$ -	\$ 615,594
Transient tax	145,316	-	-	145,316
Licenses and permits	332,196	-	-	332,196
Assessments	-	324,852	-	324,852
Intergovernmental	555,913	-	-	555,913
Interest	19,577	7,390	6,350	33,317
Miscellaneous	135,111	131	-	135,242
TOTAL REVENUES	<u>1,540,915</u>	<u>595,165</u>	<u>6,350</u>	<u>2,142,430</u>
EXPENDITURES				
Current				
General government	419,593	-	-	419,593
Highways and streets	277,306	-	-	277,306
Culture and recreation	8,400	-	-	8,400
Debt service	71,587	669,535	-	741,122
Capital outlay	312,731	-	99,791	412,522
TOTAL EXPENDITURES	<u>1,089,617</u>	<u>669,535</u>	<u>99,791</u>	<u>1,858,943</u>
Excess (deficiency) of revenues over expenditures	<u>451,298</u>	<u>(74,370)</u>	<u>(93,441)</u>	<u>283,487</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term obligations	-	1,531,097	459,221	1,990,318
Transfers in	100,000	239,039	50,000	389,039
Payment on refunded obligations	-	(1,526,970)	-	(1,526,970)
Transfers out	(465,464)	-	-	(465,464)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(365,464)</u>	<u>243,166</u>	<u>509,221</u>	<u>386,923</u>
Net change in fund balances	85,834	168,796	415,780	670,410
Fund balances at beginning of year	2,138,088	844,170	548,438	3,530,696
Fund balances at end of year	<u>\$ 2,223,922</u>	<u>\$ 1,012,966</u>	<u>\$ 964,218</u>	<u>\$ 4,201,106</u>

CITY OF SILVERTON

COMBINING BALANCE SHEET

SPECIAL REVENUE FUNDS

June 30, 2010

	Building Operations	Transportation	Electrical Inspection	Abatement	Street Improvement SDC	Storm Water Improvement SDC
<u>ASSETS</u>						
Cash and investments	\$ 278,471	\$ 16,479	\$ 56,026	\$ 21,635	\$ 79,997	\$ 667,041
Receivables	-	63,941	-	5,192	-	-
Inventories	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 278,471</u>	<u>\$ 80,420</u>	<u>\$ 56,026</u>	<u>\$ 26,827</u>	<u>\$ 79,997</u>	<u>\$ 667,041</u>
<u>LIABILITIES</u>						
Accounts payable and accrued items	\$ 9,565	\$ 18,694	\$ 1,014	\$ 430	\$ 14,728	\$ 2,000
Due to other funds	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
TOTAL LIABILITIES	<u>9,565</u>	<u>18,694</u>	<u>1,014</u>	<u>430</u>	<u>14,728</u>	<u>2,000</u>
<u>FUND BALANCES</u>						
Reserved for inventory	-	-	-	-	-	-
Unreserved	<u>268,906</u>	<u>61,726</u>	<u>55,012</u>	<u>26,397</u>	<u>65,269</u>	<u>665,041</u>
TOTAL FUND BALANCES	<u>268,906</u>	<u>61,726</u>	<u>55,012</u>	<u>26,397</u>	<u>65,269</u>	<u>665,041</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 278,471</u>	<u>\$ 80,420</u>	<u>\$ 56,026</u>	<u>\$ 26,827</u>	<u>\$ 79,997</u>	<u>\$ 667,041</u>

Street Lights Improvement	Parks and Recreation Improvements SDC	Street Reimbursement SDC	Urban Renewal	Transient Tax	General Operating Reserve	Street	Totals
\$ 64,462	\$ 303,860	\$ 36,105	\$ 480,633	\$ 20,499	\$ 302,865	\$ 492,460	\$ 2,820,533
-	-	-	32,065	43,736	-	33,472	178,406
-	-	-	-	-	-	8,911	8,911
<u>\$ 64,462</u>	<u>\$ 303,860</u>	<u>\$ 36,105</u>	<u>\$ 512,698</u>	<u>\$ 64,235</u>	<u>\$ 302,865</u>	<u>\$ 534,843</u>	<u>\$ 3,007,850</u>
\$ -	\$ -	\$ -	\$ 306	\$ 25,347	\$ -	\$ 5,505	\$ 77,589
-	-	-	325,601	3,761	-	-	329,362
-	-	-	-	-	-	352,041	352,041
-	-	-	24,936	-	-	-	24,936
-	-	-	350,843	29,108	-	357,546	783,928
-	-	-	-	-	-	8,911	8,911
<u>64,462</u>	<u>303,860</u>	<u>36,105</u>	<u>161,855</u>	<u>35,127</u>	<u>302,865</u>	<u>168,386</u>	<u>2,215,011</u>
<u>64,462</u>	<u>303,860</u>	<u>36,105</u>	<u>161,855</u>	<u>35,127</u>	<u>302,865</u>	<u>177,297</u>	<u>2,223,922</u>
<u>\$ 64,462</u>	<u>\$ 303,860</u>	<u>\$ 36,105</u>	<u>\$ 512,698</u>	<u>\$ 64,235</u>	<u>\$ 302,865</u>	<u>\$ 534,843</u>	<u>\$ 3,007,850</u>

CITY OF SILVERTON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2010**

	Building Operations	Transportation	Electrical Inspection	Abatement	Special Opportunity	Street Improvement SDC
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transient tax	-	-	-	-	-	-
Licenses, permits and fees	95,857	-	14,716	5,968	-	79,053
Intergovernmental	-	158,539	-	-	-	-
Interest	2,684	239	478	162	419	420
Miscellaneous	997	5,732	76	-	-	-
TOTAL REVENUES	<u>99,538</u>	<u>164,510</u>	<u>15,270</u>	<u>6,130</u>	<u>419</u>	<u>79,473</u>
EXPENDITURES						
Current						
General government	243,518	54,565	22,764	6,425	-	-
Highways and streets	-	-	-	-	-	2,636
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	113,827	750	-	-	56,779
TOTAL EXPENDITURES	<u>243,518</u>	<u>168,392</u>	<u>23,514</u>	<u>6,425</u>	<u>-</u>	<u>59,415</u>
Excess (deficiency) of revenues over expenditures	<u>(143,980)</u>	<u>(3,882)</u>	<u>(8,244)</u>	<u>(295)</u>	<u>419</u>	<u>20,058</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(89,670)	(28,694)	(20,762)	-	(127,000)	(14,602)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(89,670)</u>	<u>(28,694)</u>	<u>(20,762)</u>	<u>-</u>	<u>(127,000)</u>	<u>(14,602)</u>
Net Change in fund balances	(233,650)	(32,576)	(29,006)	(295)	(126,581)	5,456
Fund balances at beginning of year	502,556	94,302	84,018	26,692	126,581	59,813
Fund balances at end of year	<u>\$ 268,906</u>	<u>\$ 61,726</u>	<u>\$ 55,012</u>	<u>\$ 26,397</u>	<u>\$ -</u>	<u>\$ 65,269</u>

Storm Water Improvement SDC	Street Lights Improvement	Parks and Recreation Improvements SDC	Street Reimbursement SDC	Urban Renewal	Transient Tax	General Operating Reserve	Street	Totals
\$ -	\$ -	\$ -	\$ -	\$ 352,802	\$ -	\$ -	\$ -	\$ 352,802
-	-	-	-	-	145,316	-	-	145,316
27,662	-	93,973	9,450	-	-	-	5,517	332,196
-	-	-	-	-	-	-	397,374	555,913
4,335	560	1,635	198	4,771	205	1,509	1,962	19,577
-	-	319	-	317	-	-	127,670	135,111
<u>31,997</u>	<u>560</u>	<u>95,927</u>	<u>9,648</u>	<u>357,890</u>	<u>145,521</u>	<u>1,509</u>	<u>532,523</u>	<u>1,540,915</u>
-	-	-	-	3,147	89,174	-	-	419,593
-	-	-	-	-	-	-	274,670	277,306
-	-	8,400	-	-	-	-	-	8,400
-	-	-	-	71,587	-	-	-	71,587
<u>6,084</u>	<u>31,061</u>	<u>1,649</u>	<u>-</u>	<u>94,408</u>	<u>-</u>	<u>-</u>	<u>8,173</u>	<u>312,731</u>
<u>6,084</u>	<u>31,061</u>	<u>10,049</u>	<u>-</u>	<u>169,142</u>	<u>89,174</u>	<u>-</u>	<u>282,843</u>	<u>1,089,617</u>
<u>25,913</u>	<u>(30,501)</u>	<u>85,878</u>	<u>9,648</u>	<u>188,748</u>	<u>56,347</u>	<u>1,509</u>	<u>249,680</u>	<u>451,298</u>
-	-	-	-	-	-	100,000	-	100,000
<u>(14,602)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,783)</u>	<u>-</u>	<u>(130,351)</u>	<u>(465,464)</u>
<u>(14,602)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,783)</u>	<u>100,000</u>	<u>(130,351)</u>	<u>(365,464)</u>
11,311	(30,501)	85,878	9,648	188,748	16,564	101,509	119,329	85,834
<u>653,730</u>	<u>94,963</u>	<u>217,982</u>	<u>26,457</u>	<u>(26,893)</u>	<u>18,563</u>	<u>201,356</u>	<u>57,968</u>	<u>2,138,088</u>
<u>\$ 665,041</u>	<u>\$ 64,462</u>	<u>\$ 303,860</u>	<u>\$ 36,105</u>	<u>\$ 161,855</u>	<u>\$ 35,127</u>	<u>\$ 302,865</u>	<u>\$ 177,297</u>	<u>\$ 2,223,922</u>

CITY OF SILVERTON

**COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
June 30, 2010**

	Bonded Debt			
	Service	Debt Service	Assessment	Totals
<u>ASSETS</u>				
Cash and investments	\$ 119,537	\$ 74,884	\$ 776,612	\$ 971,033
Receivables	22,026	-	761,316	783,342
Due from other fund	-	3,761	-	3,761
TOTAL ASSETS	<u>\$ 141,563</u>	<u>\$ 78,645</u>	<u>\$ 1,537,928</u>	<u>\$ 1,758,136</u>
<u>LIABILITIES</u>				
Accounts payable and accrued items	\$ -	\$ -	\$ 11,878	\$ 11,878
Deferred revenue	19,719	-	713,573	733,292
TOTAL LIABILITIES	19,719	-	725,451	745,170
<u>FUND BALANCES</u>				
Reserved for debt service	<u>121,844</u>	<u>78,645</u>	<u>812,477</u>	<u>1,012,966</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 141,563</u>	<u>\$ 78,645</u>	<u>\$ 1,537,928</u>	<u>\$ 1,758,136</u>

CITY OF SILVERTON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
For the Year Ended June 30, 2010**

	Bonded Debt			
	Service	Debt Service	Assessment	Totals
REVENUES				
Property taxes	\$ 262,792	\$ -	\$ -	\$ 262,792
Assessments	-	-	324,852	324,852
Interest	1,630	783	4,977	7,390
Miscellaneous	131	-	-	131
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	264,553	783	329,829	595,165
EXPENDITURES				
Debt service	281,535	199,253	188,747	669,535
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (dificiency) of revenues over expenditures	(16,982)	(198,470)	141,082	(74,370)
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term obligations	1,193,197	337,900	-	1,531,097
Transfers in	-	239,039	-	239,039
Payment on refunded obligations	(1,189,070)	(337,900)	-	(1,526,970)
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	4,127	239,039	-	243,166
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	(12,855)	40,569	141,082	168,796
Fund balances at beginning of year	134,699	38,076	671,395	844,170
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances at end of year	<u>\$ 121,844</u>	<u>\$ 78,645</u>	<u>\$ 812,477</u>	<u>\$ 1,012,966</u>

CITY OF SILVERTON

**COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
June 30, 2010**

	Reserve	Building Capital Improvement Reserve	Dam Early Warning System
<u>ASSETS</u>			
Cash and investments	\$ 47,519	\$ 431,829	\$ 237,293
<u>FUND BALANCE</u>			
Unreserved	\$ 47,519	\$ 431,829	\$ 237,293

Steelhammer	
<u>LID</u>	<u>Totals</u>
<u>\$ 247,577</u>	<u>\$ 964,218</u>
<u>\$ 247,577</u>	<u>\$ 964,218</u>

CITY OF SILVERTON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2010**

	Reserve	Building Capital Improvement Reserve	Dam Early Warning System
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Interest	\$ 518	\$ 2,655	\$ 1,558
EXPENDITURES			
Capital outlay	<u>99,689</u>	<u>-</u>	<u>102</u>
Excess (deficiency) of revenues over expenditures	<u>(99,171)</u>	<u>2,655</u>	<u>1,456</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term obligations	-	-	-
Transfers in	<u>-</u>	<u>50,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>50,000</u>	<u>-</u>
Net change in fund balances	(99,171)	52,655	1,456
Fund balances at beginning of year	<u>146,690</u>	<u>379,174</u>	<u>235,837</u>
Fund balances at end of year	<u>\$ 47,519</u>	<u>\$ 431,829</u>	<u>\$ 237,293</u>

JJWF Sewer LID	Steelhammer LID	Totals
\$ -	\$ 1,619	\$ 6,350
<u>-</u>	<u>-</u>	<u>99,791</u>
<u>-</u>	<u>1,619</u>	<u>(93,441)</u>
459,221	-	459,221
<u>-</u>	<u>-</u>	<u>50,000</u>
<u>459,221</u>	<u>-</u>	<u>509,221</u>
459,221	1,619	415,780
<u>(459,221)</u>	<u>245,958</u>	<u>548,438</u>
<u>\$ -</u>	<u>\$ 247,577</u>	<u>\$ 964,218</u>

CITY OF SILVERTON

**BUILDING OPERATIONS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2010**

	Budget	Actual	Variance
REVENUES			
Permits and fees	\$ 109,500	\$ 95,857	\$ (13,643)
Interest	6,500	2,684	(3,816)
Miscellaneous	-	997	997
TOTAL REVENUES	116,000	99,538	(16,462)
EXPENDITURES			
Personal services	247,319	236,602	10,717
Materials and services	20,375	6,916	13,459
Contingency	229,429	-	229,429
TOTAL EXPENDITURES	497,123	243,518	253,605
Excess (deficiency) of revenues over expenditures	(381,123)	(143,980)	237,143
OTHER FINANCING SOURCES (USES)			
Transfers out	(89,670)	(89,670)	-
Net change in fund balance	(470,793)	(233,650)	237,143
Fund balance at beginning of year	470,793	502,556	31,763
Fund balance at end of year	\$ -	\$ 268,906	\$ 268,906

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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 215,951	\$ 158,539	\$ (57,412)
Interest	910	239	(671)
Miscellaneous	<u>2,500</u>	<u>5,732</u>	<u>3,232</u>
 TOTAL REVENUES	 <u>219,361</u>	 <u>164,510</u>	 <u>(54,851)</u>
 EXPENDITURES			
Personal services	56,281	38,789	17,492
Materials and services	65,031	15,776	49,255
Capital outlay	116,675	113,827	2,848
Contingency	<u>47,102</u>	<u>-</u>	<u>47,102</u>
 TOTAL EXPENDITURES	 <u>285,089</u>	 <u>168,392</u>	 <u>116,697</u>
 Excess (deficiency) of revenues over expenditures	 (65,728)	 (3,882)	 61,846
 OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(28,694)</u>	<u>(28,694)</u>	<u>-</u>
 Net change in fund balance	 (94,422)	 (32,576)	 61,846
Fund balance at beginning of year	<u>94,422</u>	<u>94,302</u>	<u>(120)</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 61,726</u>	 <u>\$ 61,726</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses, permits and fees	\$ 15,000	\$ 14,716	\$ (284)
Interest	1,090	478	(612)
Miscellaneous	<u>-</u>	<u>76</u>	<u>76</u>
 TOTAL REVENUES	 <u>16,090</u>	 <u>15,270</u>	 <u>(820)</u>
 EXPENDITURES			
Personal services	23,452	16,118	7,334
Materials and services	7,683	6,646	1,037
Capital outlay	750	750	-
Contingency	<u>43,690</u>	<u>-</u>	<u>43,690</u>
 TOTAL EXPENDITURES	 <u>75,575</u>	 <u>23,514</u>	 <u>52,061</u>
 Excess (deficiency) of revenues over expenditures	 (59,485)	 (8,244)	 51,241
 OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(20,762)</u>	<u>(20,762)</u>	<u>-</u>
 Net change in fund balance	 (80,247)	 (29,006)	 51,241
Fund balance at beginning of year	<u>80,247</u>	<u>84,018</u>	<u>3,771</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 55,012</u>	 <u>\$ 55,012</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses, permits and fees	\$ 1,500	\$ 5,968	\$ 4,468
Interest	<u>280</u>	<u>162</u>	<u>(118)</u>
TOTAL REVENUES	1,780	6,130	4,350
EXPENDITURES			
Materials and services	<u>28,515</u>	<u>6,425</u>	<u>22,090</u>
Net change in fund balance	(26,735)	(295)	26,440
Fund balance at beginning of year	<u>26,735</u>	<u>26,692</u>	<u>(43)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 26,397</u>	<u>\$ 26,397</u>

CITY OF SILVERTON

**SPECIAL OPPORTUNITY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ -	\$ 419	\$ 419
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(127,000)</u>	<u>(127,000)</u>	<u>-</u>
Net change in fund balance	(127,000)	(126,581)	419
Fund balance at beginning of year	<u>127,000</u>	<u>126,581</u>	<u>(419)</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF SILVERTON

**STREET IMPROVEMENT SDC - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fees and permits	\$ 61,700	\$ 79,053	\$ 17,353
Interest	<u>3,000</u>	<u>420</u>	<u>(2,580)</u>
TOTAL REVENUES	<u>64,700</u>	<u>79,473</u>	<u>14,773</u>
EXPENDITURES			
Materials and services	2,540	2,636	(96)
Capital outlay	56,910	56,779	131
Contingency	<u>38,329</u>	<u>-</u>	<u>38,329</u>
TOTAL EXPENDITURES	<u>97,779</u>	<u>59,415</u>	<u>38,364</u>
Excess (deficiency) of revenues over expenditures	(33,079)	20,058	53,137
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(14,602)</u>	<u>(14,602)</u>	<u>-</u>
Net change in fund balance	(47,681)	5,456	53,137
Fund balance at beginning of year	<u>47,681</u>	<u>59,813</u>	<u>12,132</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 65,269</u>	<u>\$ 65,269</u>

CITY OF SILVERTON

**STORM WATER IMPROVEMENT SDC - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses, permits and fees	\$ 35,000	\$ 27,662	\$ (7,338)
Interest	<u>6,118</u>	<u>4,335</u>	<u>(1,783)</u>
TOTAL REVENUES	<u>41,118</u>	<u>31,997</u>	<u>(9,121)</u>
EXPENDITURES			
Capital outlay	270,000	6,084	263,916
Contingency	<u>417,746</u>	<u>-</u>	<u>417,746</u>
TOTAL EXPENDITURES	<u>687,746</u>	<u>6,084</u>	<u>681,662</u>
Excess (deficiency) of revenues over expenditures	(646,628)	25,913	672,541
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(14,602)</u>	<u>(14,602)</u>	<u>-</u>
Net change in fund balance	(661,230)	11,311	672,541
Fund balance at beginning of year	<u>661,230</u>	<u>653,730</u>	<u>(7,500)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 665,041</u>	<u>\$ 665,041</u>

CITY OF SILVERTON

**STREET LIGHTS IMPROVEMENT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 272,589	\$ -	\$ (272,589)
Interest	<u>630</u>	<u>560</u>	<u>(70)</u>
TOTAL REVENUES	273,219	560	(272,659)
EXPENDITURES			
Capital outlay	<u>318,536</u>	<u>31,061</u>	<u>287,475</u>
Excess (deficiency) of revenues over expenditures	(45,317)	(30,501)	14,816
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
Net change in fund balance	(95,317)	(30,501)	64,816
Fund balance at beginning of year	<u>95,317</u>	<u>94,963</u>	<u>(354)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 64,462</u>	<u>\$ 64,462</u>

CITY OF SILVERTON

**PARKS AND RECREATION IMPROVEMENTS SDC - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses, permits and fees	\$ 90,000	\$ 93,973	\$ 3,973
Intergovernmental	250,000	-	(250,000)
Interest	2,590	1,635	(955)
Miscellaneous	<u>-</u>	<u>319</u>	<u>319</u>
 TOTAL REVENUES	 <u>342,590</u>	 <u>95,927</u>	 <u>(246,663)</u>
EXPENDITURES			
Capital outlay	415,500	10,049	405,451
Contingency	<u>137,408</u>	<u>-</u>	<u>137,408</u>
 TOTAL EXPENDITURES	 <u>552,908</u>	 <u>10,049</u>	 <u>542,859</u>
Net change in fund balance	(210,318)	85,878	296,196
Fund balance at beginning of year	<u>210,318</u>	<u>217,982</u>	<u>7,664</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 303,860</u>	 <u>\$ 303,860</u>

CITY OF SILVERTON

**STREET REIMBURSEMENT SDG - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses, permits and fees	\$ 13,000	\$ 9,450	\$ (3,550)
Interest	<u>140</u>	<u>198</u>	<u>58</u>
 TOTAL REVENUES	 13,140	 9,648	 (3,492)
EXPENDITURES			
Contingency	<u>14,865</u>	<u>-</u>	<u>14,865</u>
 Net change in fund balance	 (1,725)	 9,648	 11,373
Fund balance at beginning of year	<u>1,725</u>	<u>26,457</u>	<u>24,732</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 36,105</u>	 <u>\$ 36,105</u>

CITY OF SILVERTON

**URBAN RENEWAL - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2010**

	Budget	Actual	Variance
REVENUES			
Property taxes	\$ 274,500	\$ 352,802	\$ 78,302
Interest	3,000	4,771	1,771
Miscellaneous	-	317	317
TOTAL REVENUES	277,500	357,890	80,390
EXPENDITURES			
Materials and services	34,400	3,147	31,253
Debt service	241,010	234,388	6,622
Capital outlay	259,000	94,408	164,592
Contingency	187,474	-	187,474
TOTAL EXPENDITURES	721,884	331,943	389,941
Net change in fund balance	(444,384)	25,947	470,331
Fund balance at beginning of year	444,384	461,509	17,125
Fund balance at end of year	\$ -	487,456	\$ 487,456
Reconciliation to generally accepted accounting principles (gaap)			
Due to General Fund		(325,601)	
Fund balance at end of year (gaap)		\$ 161,855	

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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Transient room tax	\$ 132,611	\$ 145,316	\$ 12,705
Interest	<u>90</u>	<u>205</u>	<u>115</u>
 TOTAL REVENUES	 132,701	 145,521	 12,820
EXPENDITURES			
Materials and services	<u>102,918</u>	<u>89,174</u>	<u>13,744</u>
 Excess (deficiency) of revenues over expenditures	 29,783	 56,347	 26,564
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(39,783)</u>	<u>(39,783)</u>	<u>-</u>
 Net change in fund balance	 (10,000)	 16,564	 26,564
Fund balance at beginning of year	<u>10,000</u>	<u>18,563</u>	<u>8,563</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 35,127</u>	 <u>\$ 35,127</u>

CITY OF SILVERTON

**GENERAL OPERATING RESERVE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 250	\$ 1,509	\$ 1,259
EXPENDITURES			
Contingency	<u>201,050</u>	<u>-</u>	<u>201,050</u>
Excess (deficiency) of revenues over expenditures	<u>(200,800)</u>	<u>1,509</u>	<u>202,309</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(100,000)	-	100,000
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Net change in fund balance	(200,800)	101,509	302,309
Fund balance at beginning of year	<u>200,800</u>	<u>201,356</u>	<u>556</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 302,865</u></u>	<u><u>\$ 302,865</u></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, 2010**

	Budget	Actual	Variance
REVENUES			
Licenses, permits and fees	\$ 8,000	\$ 5,517	\$ (2,483)
Intergovernmental	401,000	397,374	(3,626)
Interest	500	1,962	1,462
Miscellaneous	1,256	127,670	126,414
TOTAL REVENUES	410,756	532,523	121,767
EXPENDITURES			
Personal services	215,272	201,228	14,044
Materials and services	85,600	73,442	12,158
Capital outlay	15,000	8,173	6,827
Contingency	71,750	-	71,750
TOTAL EXPENDITURES	387,622	282,843	104,779
Excess (deficiency) of revenues over expenditures	23,134	249,680	226,546
OTHER FINANCING SOURCES (USES)			
Transfers in	6,455	-	(6,455)
Transfers out	(132,967)	(130,351)	2,616
TOTAL OTHER FINANCING SOURCES (USES)	(126,512)	(130,351)	(3,839)
Net change in fund balance	(103,378)	119,329	222,707
Fund balance at beginning of year	103,378	57,968	(45,410)
Fund balance at end of year	\$ -	\$ 177,297	\$ 177,297

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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 260,859	\$ 262,792	\$ 1,933
Interest	3,250	1,630	(1,620)
Miscellaneous	<u>-</u>	<u>131</u>	<u>131</u>
 TOTAL REVENUES	 264,109	 264,553	 444
EXPENDITURES			
Debt service	<u>285,535</u>	<u>281,535</u>	<u>4,000</u>
 Excess (deficiency) of revenues over expenditures	 <u>(21,426)</u>	 <u>(16,982)</u>	 <u>4,444</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term obligations	-	1,193,197	1,193,197
Payment on refunded obligations	<u>-</u>	<u>(1,189,070)</u>	<u>(1,189,070)</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>-</u>	 <u>4,127</u>	 <u>4,127</u>
 Net change in fund balance	 (21,426)	 (12,855)	 8,571
Fund balance at beginning of year	<u>116,188</u>	<u>134,699</u>	<u>18,511</u>
 Fund balance at end of year	 <u>\$ 94,762</u>	 <u>\$ 121,844</u>	 <u>\$ 27,082</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 1,625	\$ 783	\$ (842)
EXPENDITURES			
Debt service	199,255	199,253	2
Contingency	<u>79,059</u>	<u>-</u>	<u>79,059</u>
TOTAL EXPENDITURES	<u>278,314</u>	<u>199,253</u>	<u>79,061</u>
Excess (deficiency) of revenues over expenditures	<u>(276,689)</u>	<u>(198,470)</u>	<u>78,219</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term obligations	-	337,900	337,900
Transfers in	239,039	239,039	-
Payment on refunded obligations	<u>-</u>	<u>(337,900)</u>	<u>(337,900)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>239,039</u>	<u>239,039</u>	<u>-</u>
Net change in fund balance	(37,650)	40,569	78,219
Fund balance at beginning of year	<u>37,650</u>	<u>38,076</u>	<u>426</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 78,645</u>	<u>\$ 78,645</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Assessments	\$ 85,331	\$ 324,852	\$ 239,521
Interest	<u>8,000</u>	<u>4,977</u>	<u>(3,023)</u>
TOTAL REVENUES	<u>93,331</u>	<u>329,829</u>	<u>236,498</u>
EXPENDITURES			
Materials and services	2,000	-	2,000
Debt service	188,965	188,747	218
Contingency	<u>326,811</u>	<u>-</u>	<u>326,811</u>
TOTAL EXPENDITURES	<u>517,776</u>	<u>188,747</u>	<u>329,029</u>
Excess (deficiency) of revenues over expenditures	(424,445)	141,082	565,527
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(150,000)</u>	<u>-</u>	<u>150,000</u>
Net change in fund balance	(574,445)	141,082	715,527
Fund balance at beginning of year	<u>574,445</u>	<u>671,395</u>	<u>96,950</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 812,477</u>	<u>\$ 812,477</u>

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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 2,070	\$ 518	\$ (1,552)
EXPENDITURES			
Capital outlay	<u>150,867</u>	<u>99,689</u>	<u>51,178</u>
Net change in fund balance	(148,797)	(99,171)	49,626
Fund balance at beginning of year	<u>148,797</u>	<u>146,690</u>	<u>(2,107)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 47,519</u>	<u>\$ 47,519</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 5,315	\$ 2,655	\$ (2,660)
EXPENDITURES			
Contingency	<u>434,460</u>	<u>-</u>	<u>434,460</u>
Excess (deficiency) of revenues over expenditures	(429,145)	2,655	431,800
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance	(379,145)	52,655	431,800
Fund balance at beginning of year	<u>379,145</u>	<u>379,174</u>	<u>29</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 431,829</u></u>	<u><u>\$ 431,829</u></u>

CITY OF SILVERTON

**DAM EARLY WARNING SYSTEM - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 650,000	\$ -	\$ (650,000)
Interest	<u>3,440</u>	<u>1,558</u>	<u>(1,882)</u>
 TOTAL REVENUES	 653,440	 1,558	 (651,882)
 EXPENDITURES			
Capital outlay	<u>889,519</u>	<u>102</u>	<u>889,417</u>
 Net change in fund balance	 (236,079)	 1,456	 237,535
Fund balance at beginning of year	<u>236,079</u>	<u>235,837</u>	<u>(242)</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 237,293</u>	 <u>\$ 237,293</u>

CITY OF SILVERTON

**JJWF SEWER LID - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term obligations	-	459,221	459,221
Transfers out	<u>(39,579)</u>	<u>-</u>	<u>39,579</u>
Net change in fund balance	(39,579)	459,221	498,800
Fund balance at beginning of year	<u>39,579</u>	<u>(459,221)</u>	<u>(498,800)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 2,800	\$ 1,619	\$ (1,181)
EXPENDITURES			
Capital outlay	<u>248,603</u>	<u>-</u>	<u>248,603</u>
Net change in fund balance	(245,803)	1,619	247,422
Fund balance at beginning of year	<u>245,803</u>	<u>245,958</u>	<u>155</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 247,577</u></u>	<u><u>\$ 247,577</u></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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 2,328,400	\$ 2,469,315	\$ 140,915
Interest	4,900	3,104	(1,796)
Other	<u>-</u>	<u>2,726</u>	<u>2,726</u>
TOTAL REVENUES	<u>2,333,300</u>	<u>2,475,145</u>	<u>141,845</u>
EXPENDITURES			
Personal services	702,055	653,775	48,280
Materials and services	500,400	524,646	(24,246)
Capital outlay	20,454	9,414	11,040
Debt service	588,481	167,131	421,350
Contingency	<u>483,475</u>	<u>-</u>	<u>483,475</u>
TOTAL EXPENDITURES	<u>2,294,865</u>	<u>1,354,966</u>	<u>939,899</u>
Excess (deficiency) of revenues over expenditures	<u>38,435</u>	<u>1,120,179</u>	<u>1,081,744</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term obligations	-	7,870,281	7,870,281
Transfers in	80,405	-	(80,405)
Transfers out	(524,553)	(518,379)	6,174
Payment on refunded obligations	<u>-</u>	<u>(8,057,227)</u>	<u>(8,057,227)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(444,148)</u>	<u>(705,325)</u>	<u>(261,177)</u>
Net change in fund balance	(405,713)	414,854	820,567
Fund balance at beginning of year	<u>405,713</u>	<u>408,405</u>	<u>2,692</u>
Fund balance at end of year	<u>\$ -</u>	<u>823,259</u>	<u>\$ 823,259</u>
Reconciliation to generally accepted accounting principles			
Capital assets, net		21,488,728	
Accrued interest payable		(27,138)	
Long-term obligations		<u>(8,170,000)</u>	
Net assets at end of year		<u>\$ 14,114,849</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, 2010**

	Budget	Actual	Variance
REVENUES			
Charges for services	\$ 1,351,800	\$ 1,268,468	\$ (83,332)
Interest	6,300	2,092	(4,208)
Other	<u>21,000</u>	<u>2,623</u>	<u>(18,377)</u>
TOTAL REVENUES	<u>1,379,100</u>	<u>1,273,183</u>	<u>(105,917)</u>
EXPENDITURES			
Personal services	532,436	504,356	28,080
Materials and services	384,170	271,174	112,996
Capital outlay	162,000	29,854	132,146
Debt service	121,857	121,856	1
Contingency	<u>201,416</u>	<u>-</u>	<u>201,416</u>
TOTAL EXPENDITURES	<u>1,401,879</u>	<u>927,240</u>	<u>474,639</u>
Excess (deficiency) of revenues over expenditures	<u>(22,779)</u>	<u>345,943</u>	<u>368,722</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	82,649	73,859	(8,790)
Transfers out	<u>(480,801)</u>	<u>(480,801)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(398,152)</u>	<u>(406,942)</u>	<u>(8,790)</u>
Net change in fund balance	(420,931)	(60,999)	359,932
Fund balance at beginning of year	<u>420,931</u>	<u>407,031</u>	<u>(13,900)</u>
Fund balance at end of year	<u>\$ -</u>	346,032	<u>\$ 346,032</u>
Reconciliation to generally accepted accounting principles			
Capital assets, net		8,772,230	
Accrued interest payable		(7,819)	
Long-term obligations		<u>(1,773,943)</u>	
Net assets at end of year		<u>\$ 7,336,500</u>	

CITY OF SILVERTON

COMBINING STATEMENT OF NET ASSETS
OTHER ENTERPRISE FUNDS
June 30, 2010

	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	\$ 82,826	\$ 10,207	\$ 998,242	\$ 95,331	\$ 1,465,209	\$ 2,651,815
<u>LIABILITIES</u>						
Current liabilities						
Accounts payable and accrued items	3,455	-	22,965	-	-	26,420
<u>NET ASSETS</u>						
Restricted for capital projects	\$ 79,371	\$ 10,207	\$ 975,277	\$ 95,331	\$ 1,465,209	\$ 2,625,395

CITY OF SILVERTON

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
OTHER ENTERPRISE FUNDS
For the Year Ended June 30, 2010

	Sewer Improvement SDC	Sewer Reimburse- ment SDC	Water Improvement SDC	Water Reimburse- ment SDC	WWTP Digester Project	Totals
OPERATING EXPENSES						
Materials and services	\$ 38,436	\$ -	\$ 2,699	\$ -	\$ -	\$ 41,135
Operating (loss)	(38,436)	-	(2,699)	-	-	(41,135)
NON-OPERATING REVENUES (EXPENSES)						
System development charges	95,277	37,206	46,569	32,831	-	211,883
Interest	410	892	7,241	1,589	9,777	19,909
Total non-operating revenues (expenses)	95,687	38,098	53,810	34,420	9,777	231,792
Income before transfers	57,251	38,098	51,111	34,420	9,777	190,657
TRANSFERS						
Transfers out	(27,415)	(352,454)	(186,379)	(392,139)	(34,501)	(992,888)
Change in net assets	29,836	(314,356)	(135,268)	(357,719)	(24,724)	(802,231)
Total net assets at beginning of year	49,535	324,563	1,110,545	453,050	1,489,933	3,427,626
Total net assets at end of year	\$ 79,371	\$ 10,207	\$ 975,277	\$ 95,331	\$ 1,465,209	\$ 2,625,395

CITY OF SILVERTON

**COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
For the Year Ended June 30, 2010**

	Sewer Improvement SDC	Sewer Reimbursement SDC
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers	\$ (34,981)	\$ (4,589)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers out	<u>(14,602)</u>	<u>(14,602)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
System development charges received	95,277	37,206
Acquisition of capital assets	<u>(12,813)</u>	<u>(337,852)</u>
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>82,464</u>	<u>(300,646)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>410</u>	<u>892</u>
Net increase (decrease) in cash	33,291	(318,945)
Cash - beginning of year	<u>49,535</u>	<u>329,152</u>
Cash - end of year	<u>\$ 82,826</u>	<u>\$ 10,207</u>

Water Improvement SDC	Water Reimbursement SDC	WWTP Digester Project	Totals
\$ (2,699)	\$ -	\$ -	\$ (42,269)
(84,602)	(14,602)	-	(128,408)
46,569	32,831	-	211,883
(78,812)	(377,537)	(38,343)	(845,357)
(32,243)	(344,706)	(38,343)	(633,474)
7,241	1,589	9,777	19,909
(112,303)	(357,719)	(28,566)	(784,242)
1,110,545	453,050	1,493,775	3,436,057
<u>\$ 998,242</u>	<u>\$ 95,331</u>	<u>\$ 1,465,209</u>	<u>\$ 2,651,815</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 76,000	\$ 95,277	\$ 19,277
Interest	<u>200</u>	<u>410</u>	<u>210</u>
TOTAL REVENUES	<u>76,200</u>	<u>95,687</u>	<u>19,487</u>
EXPENDITURES			
Capital outlay	51,250	51,249	1
Contingency	<u>2,509</u>	<u>-</u>	<u>2,509</u>
TOTAL EXPENDITURES	<u>53,759</u>	<u>51,249</u>	<u>2,510</u>
Excess (deficiency) of revenues over expenditures	22,441	44,438	21,997
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(28,352)</u>	<u>(14,602)</u>	<u>13,750</u>
Net change in fund balance	(5,911)	29,836	35,747
Fund balance at beginning of year	<u>5,911</u>	<u>49,535</u>	<u>43,624</u>
Fund balance at end of year	<u>\$ -</u>	<u>79,371</u>	<u>\$ 79,371</u>
Reconciliation to generally accepted accounting principles			
Net assets at end of year		<u>\$ 79,371</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 55,000	\$ 37,206	\$ (17,794)
Interest	<u>3,000</u>	<u>892</u>	<u>(2,108)</u>
TOTAL REVENUES	<u>58,000</u>	<u>38,098</u>	<u>(19,902)</u>
EXPENDITURES			
Capital outlay	348,794	337,852	10,942
Contingency	<u>10,396</u>	<u>-</u>	<u>10,396</u>
TOTAL EXPENDITURES	<u>359,190</u>	<u>337,852</u>	<u>21,338</u>
Excess (deficiency) of revenues over expenditures	<u>(301,190)</u>	<u>(299,754)</u>	<u>1,436</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	27,424	-	(27,424)
Transfers out	<u>(59,602)</u>	<u>(14,602)</u>	<u>45,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(32,178)</u>	<u>(14,602)</u>	<u>17,576</u>
Net change in fund balance	(333,368)	(314,356)	19,012
Fund balance at beginning of year	<u>333,368</u>	<u>324,563</u>	<u>(8,805)</u>
Fund balance at end of year	<u>\$ -</u>	<u>10,207</u>	<u>\$ 10,207</u>
Reconciliation to generally accepted accounting principles			
Net assets at end of year		<u>\$ 10,207</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 76,290	46,569	\$ (29,721)
Interest	<u>14,000</u>	<u>7,241</u>	<u>(6,759)</u>
TOTAL REVENUES	<u>90,290</u>	<u>53,810</u>	<u>(36,480)</u>
EXPENDITURES			
Capital outlay	1,073,643	104,476	969,167
Contingency	<u>34,398</u>	<u>-</u>	<u>34,398</u>
TOTAL EXPENDITURES	<u>1,108,041</u>	<u>104,476</u>	<u>1,003,565</u>
Excess (deficiency) of revenues over expenditures	(1,017,751)	(50,666)	967,085
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(84,602)</u>	<u>(84,602)</u>	<u>-</u>
Net change in fund balance	(1,102,353)	(135,268)	967,085
Fund balance at beginning of year	<u>1,102,353</u>	<u>1,110,545</u>	<u>8,192</u>
Fund balance at end of year	<u>\$ -</u>	<u>975,277</u>	<u>\$ 975,277</u>
Reconciliation to generally accepted accounting principles			
Net assets at end of year		<u>\$ 975,277</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 55,000	\$ 32,831	\$ (22,169)
Interest	<u>2,800</u>	<u>1,589</u>	<u>(1,211)</u>
TOTAL REVENUES	<u>57,800</u>	<u>34,420</u>	<u>(23,380)</u>
EXPENDITURES			
Capital outlay	452,237	377,537	74,700
Contingency	<u>82,198</u>	<u>-</u>	<u>82,198</u>
TOTAL EXPENDITURES	<u>534,435</u>	<u>377,537</u>	<u>156,898</u>
Excess (deficiency) of revenues over expenditures	(476,635)	(343,117)	133,518
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(14,602)</u>	<u>(14,602)</u>	<u>-</u>
Net change in fund balance	(491,237)	(357,719)	133,518
Fund balance at beginning of year	<u>491,237</u>	<u>453,050</u>	<u>(38,187)</u>
Fund balance at end of year	<u>\$ -</u>	<u>95,331</u>	<u>\$ 95,331</u>
Reconciliation to generally accepted accounting principles			
Net assets at end of year		<u>\$ 95,331</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 140,000	\$ 9,777	\$ (130,223)
Miscellaneous	<u>8,140,000</u>	<u>-</u>	<u>(8,140,000)</u>
TOTAL REVENUES	<u>8,280,000</u>	<u>9,777</u>	<u>(8,270,223)</u>
EXPENDITURES			
Capital outlay	9,201,000	34,501	9,166,499
Contingency	<u>497,434</u>	<u>-</u>	<u>497,434</u>
TOTAL EXPENDITURES	<u>9,698,434</u>	<u>34,501</u>	<u>9,663,933</u>
Net change in fund balance	(1,418,434)	(24,724)	1,393,710
Fund balance at beginning of year	<u>1,418,434</u>	<u>1,489,933</u>	<u>71,499</u>
Fund balance at end of year	<u>\$ -</u>	<u>1,465,209</u>	<u>\$ 1,465,209</u>
Reconciliation to generally accepted accounting principles			
Net assets at end of year		<u>\$ 1,465,209</u>	

CITY OF SILVERTON

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2010

	<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	\$ 462,452	\$ 473,361	\$ 92,724	\$ 1,028,537
<u>NET ASSETS</u>				
Unrestricted	<u>\$ 462,452</u>	<u>\$ 473,361</u>	<u>\$ 92,724</u>	<u>\$ 1,028,537</u>

CITY OF SILVERTON

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2010**

	Fleet Replacement	Major Equipment Replacement	Extended Leave	Totals
NON-OPERATING REVENUES (EXPENSES)				
Interest	\$ 2,951	\$ 3,014	\$ 600	\$ 6,565
TRANSFERS				
Transfers in	99,356	123,028	10,485	232,869
Change in net assets	102,307	126,042	11,085	239,434
Total net assets at beginning of year	360,145	347,319	81,639	789,103
Total net assets at end of year	\$ 462,452	\$ 473,361	\$ 92,724	\$ 1,028,537

CITY OF SILVERTON

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2010**

	<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	\$ 99,356	\$ 123,028	\$ 10,485	\$ 232,869
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	<u>2,951</u>	<u>3,014</u>	<u>600</u>	<u>6,565</u>
Net increase in cash	102,307	126,042	11,085	239,434
Cash - beginning of year	<u>360,145</u>	<u>347,319</u>	<u>81,639</u>	<u>789,103</u>
Cash - end of year	<u>\$ 462,452</u>	<u>\$ 473,361</u>	<u>\$ 92,724</u>	<u>\$ 1,028,537</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, 2010**

	Budget	Actual	Variance
REVENUES			
Interest	\$ 4,550	\$ 2,951	\$ (1,599)
EXPENDITURES			
Contingency	464,417	-	464,417
Excess (deficiency) of revenues over expenditures	(459,867)	2,951	462,818
OTHER FINANCING SOURCES (USES)			
Transfers in	99,356	99,356	-
Net change in fund balance	(360,511)	102,307	462,818
Fund balance at beginning of year	360,511	360,145	(366)
Fund balance at end of year	\$ -	462,452	\$ 462,452
Reconciliation to generally accepted accounting principles			
Net assets at end of year		\$ 462,452	

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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 4,760	\$ 3,014	\$ (1,746)
EXPENDITURES			
Capital outlay	50,000	-	50,000
Contingency	<u>365,410</u>	<u>-</u>	<u>365,410</u>
TOTAL EXPENDITURES	<u>415,410</u>	<u>-</u>	<u>415,410</u>
Excess (deficiency) of revenues over expenditures	(410,650)	3,014	413,664
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>123,028</u>	<u>123,028</u>	<u>-</u>
Net change in fund balance	(287,622)	126,042	413,664
Fund balance at beginning of year	<u>287,622</u>	<u>347,319</u>	<u>59,697</u>
Fund balance at end of year	<u>\$ -</u>	<u>473,361</u>	<u>\$ 473,361</u>

Reconciliation to generally accepted accounting principles

Net assets at end of year \$ 473,361

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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 1,220	\$ 600	\$ (620)
EXPENDITURES			
Personal services	<u>93,529</u>	<u>-</u>	<u>93,529</u>
Excess (deficiency) of revenues over expenditures	(92,309)	600	(94,149)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>10,485</u>	<u>10,485</u>	<u>-</u>
Net change in fund balance	(81,824)	11,085	92,909
Fund balance at beginning of year	<u>81,824</u>	<u>81,639</u>	<u>(185)</u>
Fund balance at end of year	<u>\$ -</u>	<u>92,724</u>	<u>\$ 92,724</u>

Reconciliation to generally accepted accounting principles

Net assets at end of year \$ 92,724

CITY OF SILVERTON

**COMPARATIVE STATEMENT OF NET ASSETS
SEWER SYSTEM FUNDS
June 30, 2010 and 2009**

	2010	2009
<u>ASSETS</u>		
Current assets		
Cash and investments	\$ 2,265,830	\$ 2,170,582
Receivables, net	219,273	211,771
Inventories	12,997	12,339
Total current assets	2,498,100	2,394,692
Capital assets, net	21,488,728	21,572,266
TOTAL ASSETS	23,986,828	26,361,650
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued items	87,387	88,498
Accrued interest payable	27,138	39,253
Accumulated unpaid vacation	32,667	33,758
Long-term obligations due within one year	300,000	201,584
Total current liabilities	447,192	363,093
Long-term obligations	7,870,000	7,627,850
TOTAL LIABILITIES	8,317,192	7,990,943
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	13,318,728	13,742,832
Restricted for:		
Capital projects	1,465,209	1,489,933
Debt service	391,599	391,599
Other purposes	89,578	374,098
Unrestricted	404,522	(22,447)
TOTAL NET ASSETS	\$ 15,669,636	\$ 15,976,015

CITY OF SILVERTON

**COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
SEWER SYSTEM FUNDS
For the Years Ended June 30, 2010 and 2009**

	2010	2009
OPERATING REVENUES		
Charges for services	\$ 2,469,315	\$ 2,174,986
OPERATING EXPENSES		
Personal services	653,775	713,440
Materials and services	563,082	443,488
Depreciation	478,118	468,117
Total operating expenses	1,694,975	1,625,045
Operating income	774,340	549,941
NONOPERATING REVENUES (EXPENSES)		
System development charges	132,483	89,442
Interest	14,183	45,792
Miscellaneous	2,726	(4,426)
Interest	(344,628)	(419,199)
Total nonoperating revenues (expenses)	(195,236)	(288,391)
Income before transfers	579,104	261,550
TRANSFERS		
Transfers in	385,166	1,452,614
Transfers out	(1,270,649)	(637,903)
Total transfers	(885,483)	814,711
Change in net assets	(306,379)	1,076,261
Net assets at beginning of year	15,976,015	14,899,754
Net assets at end of year	\$ 15,669,636	\$ 15,976,015

CITY OF SILVERTON

**COMPARATIVE STATEMENT OF NET ASSETS
WATER SYSTEM FUNDS
June 30, 2010 and 2009**

	2010	2009
<u>ASSETS</u>		
Current assets		
Cash and investments	\$ 1,354,605	\$ 1,939,839
Receivables, net	116,614	128,725
Inventories	122,631	106,196
Total current assets	1,593,850	2,174,760
Capital assets, net	8,772,230	8,576,248
TOTAL ASSETS	10,366,080	10,751,008
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued items	80,280	111,963
Consumer deposits	73,852	74,444
Accrued interest payable	7,819	7,967
Accumulated unpaid vacation	23,078	17,727
Long-term obligations due within one year	35,370	33,727
Total current liabilities	220,399	245,828
Long-term obligations	1,738,573	1,773,942
TOTAL LIABILITIES	1,958,972	2,019,770
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	6,998,287	6,768,579
Restricted for:		
Debt service	121,856	121,856
Other purposes	1,070,608	1,563,595
Unrestricted	216,357	277,208
TOTAL NET ASSETS	\$ 8,407,108	\$ 8,731,238

CITY OF SILVERTON

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

For the Years Ended June 30, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Charges for services	\$ 1,268,468	\$ 1,242,453
OPERATING EXPENSES		
Personal services	504,356	489,436
Materials and services	291,764	307,668
Depreciation	295,295	305,561
Total operating expenses	1,091,415	1,102,665
Operating income	177,053	139,788
NONOPERATING REVENUES (EXPENSES)		
System development charges	79,400	76,868
Interest	10,922	42,870
Miscellaneous	2,623	7,374
Interest	(87,982)	(97,682)
Total nonoperating revenues (expenses)	4,963	29,430
Income before transfers	182,016	169,218
TRANSFERS		
Transfers in	553,173	162,422
Transfers out	(1,059,319)	(601,972)
Total transfers	(506,146)	(439,550)
Change in net assets	(324,130)	(270,332)
Net assets at beginning of year	8,731,238	9,001,570
Net assets at end of year	\$ 8,407,108	\$ 8,731,238

**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, 2010, and have issued our report thereon dated January 3, 2011. 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 except as follows:

The budget was executed in compliance with legal requirements, except that expenditures in excess of appropriations (which is prohibited by ORS 294.435) were made in the following category:

<u>Fund/Category</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
Sewer			
Materials and services	\$ 500,400	\$ 524,646	\$ (24,246)

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
January 3, 2011

GRANT COMPLIANCE – SINGLE AUDIT



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, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 3, 2011. 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*.

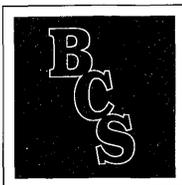
This report is intended for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Boldt, Carlisle & Smith, LLC

Certified Public Accountants

Salem, Oregon

January 3, 2011



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the City's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2010. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, **CITY OF SILVERTON** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (Continued)**

Internal Control Over Compliance

Management of **CITY OF SILVERTON** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

This report is intended solely for the information and use of management, City Council, others within the entity, 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
January 3, 2011

CITY OF SILVERTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010

Section I Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal controls over financial reporting:
Material weakness(es) identified? No

Significant deficiencies identified that are not considered to be material weakness(es)? None reported

Noncompliance material to financial statements noted? No

Federal awards

Internal control over major programs:
Material weakness(es) identified? No

Significant deficiencies identified that are not considered to be material weakness(es)? None reported

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No

Identification of major programs:

CFDA

Number(s)

Name of Federal Program or Cluster

14.255 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - (Recovery Act Funded) (State-Administered Small Cities Program)

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as a low-risk auditee: No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

CITY OF SILVERTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>Department of Transportation</i>			
Department of Housing and Urban Development			
<i>Passed through Oregon Economic and Community Development Department</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (State-Administered Small Cities Program)	14.228	CO7004	\$ 8,367
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - (Recovery Act Funded) (State-Administered Small Cities Program)	14.255	CR0902	<u>899,018</u>
Total Department of Housing and Urban Development			<u>907,385</u>
Department of the Interior			
<i>Passed through Oregon State Parks & Recreation Department</i>			
Federal Historic Preservation Act	15.904	OR-09-20	6,220
Federal Historic Preservation Act	15.904	OR-08-22	<u>7,966</u>
Total Department of the Interior			<u>14,186</u>
Department of Justice			
Bulletproof Vest Partnership Program	16.607		<u>1,730</u>
Department of Transportation			
<i>Passed through Oregon Department of Transportation</i>			
Formula Grants for Other Than Urbanized Areas	20.509	25833	29,674
Formula Grants for Other Than Urbanized Areas	20.509	25644 (ARRA)	94,717
New Freedom Program	20.521	25876	30,415
Job Access Reverse Commute	20.600	Silverton Police Speed Grant	2,000
<i>Passed through Oregon Association of Chiefs of Police</i>			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		<u>720</u>
Total Department of Transportation			<u>157,526</u>
Total Expenditures of Federal Awards			<u>\$ 1,080,827</u>

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. *Basis of Presentation*

The accompanying schedule of expenditures of federal awards is a summary of the City's federal award programs presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles.