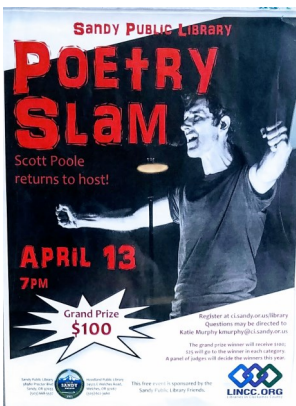
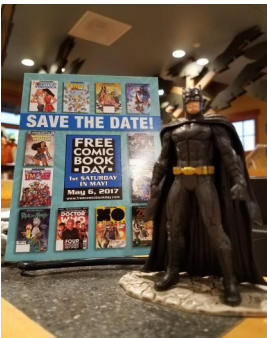


## Comprehensive Annual Finance Report

### City of Sandy

#### For the Fiscal Year Ended June 30, 2017



***Public Libraries Help Build Healthy Communities*** ~ The Sandy and Hoodland Public Libraries go well beyond lending out books, they are a critical link to our community by offering programming and events for kids, teens, and adults. The cover offers a glimpse of some of these programs and events. The City of Sandy recognizes that our library is a key hub in our community.

Thank you to Thea Kuziemski, Library Assistant for providing all the library pictures.

**CITY OF SANDY, OREGON**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Fiscal Year Ended  
June 30, 2017**

Prepared by  
City of Sandy, Finance Department

**CITY OF SANDY, OREGON**  
**TABLE OF CONTENTS**

---

**Page**

**INTRODUCTORY SECTION**

Letter of Transmittal ..... i  
Certificate of Achievement ..... vi  
Officials of the City of Sandy, Oregon ..... vii  
Organization Chart..... viii

**FINANCIAL SECTION**

Independent Auditor’s Report..... 1  
Management’s Discussion and Analysis..... 4

**Basic Financial Statements:**..... 12

Government-Wide Financial Statements:  
Statement of Net Position ..... 13  
Statement of Activities..... 14  
Fund Financial Statements:  
Governmental Funds: ..... 16  
Balance Sheet ..... 17  
Statement of Revenues, Expenditures, and Changes in Fund Balances ..... 18  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities..... 20  
Proprietary Funds..... 21  
Statement of Net Position..... 22  
Statement of Revenues, Expenses, and Changes in Net Position..... 24  
Statement of Cash Flows..... 26  
Fiduciary Funds: ..... 28  
Statement of Fiduciary Net Position..... 29  
Statement of Changes in Fiduciary Net Position..... 30

Notes to the Basic Financial Statements ..... 31

**Required Supplementary Information**..... 61

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:  
General Fund..... 62  
Street Fund..... 64  
Urban Renewal Agency Fund..... 66  
Transit Fund..... 68  
Schedule of the Proportionate Share of the Net Pension Liability ..... 70  
Schedule of Contributions ..... 71

Notes to the Required Supplementary Information..... 72

**CITY OF SANDY, OREGON  
TABLE OF CONTENTS**

---

	<u>Page</u>
<b><u>Other Supplementary Information</u></b> .....	74
Budgetary Comparison Schedules:	
Schedule of Expenditures – Budget and Actual:	
General Fund.....	75
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Parks Capital Project Fund.....	81
Enterprise Funds: .....	83
Water Fund.....	84
Sewer Operations Combined.....	86
Sewer Fund.....	87
Sewer Bond Reserve Fund .....	89
Storm Water Fund .....	91
Telecommunications Fund .....	93
Internal Service Fund.....	95
Operations Center Internal Service Fund .....	96
Other Financial Schedules	
Sewer Fund: .....	98
Comparative Schedule of Net Position.....	99
Comparative Schedule of Revenues, Expenses, and Changes in Net Position .....	100
Comparative Schedule of Cash Flows.....	101
<b><u>Independent Auditor’s Report on Compliance and on Internal Control Over Financial Reporting on an Audit of Financial Statements Performed in Accordance with Oregon State Regulation</u></b> .....	102

**STATISTICAL SECTION**

Introduction .....	105
Financial Trends	
Net Position by Component (Last Ten Fiscal Years).....	106
Changes in Net Position (Last Ten Fiscal Years).....	108
Fund Balance of Governmental Funds (Last Ten Fiscal Years) .....	110
Changes in Fund Balance of Governmental Funds (Last Ten Fiscal Years).....	111
Revenue Capacity	
Assessed Values and Estimated Actual Value of Taxable Property (Last Ten Fiscal Years).....	112
Property Tax Rates – Direct and Overlapping Governments (Last Ten Fiscal Years) .....	113
Principal Property Taxpayers .....	115
Property Tax Levies and Collections (Last Ten Fiscal Years).....	116
Debt Capacity	
Ratios of Outstanding Debt by Type (Last Ten Fiscal Years) .....	117
Ratios of General Bonded Debt Outstanding (Last Ten Fiscal Years) .....	118
Direct and Overlapping Governmental Activities Debt .....	119
Demographic and Economic Information	
Demographics and Economic Statistics .....	120
Principal Employers (Current Year and Nine Years Ago).....	121
Operating Information	
Full-Time Equivalent City Government by Function (Last Ten Fiscal Years).....	122
Operating Indicators by Function.....	123
Capital Asset Statistics by Function (Last Ten Fiscal Years) .....	124

## **INTRODUCTORY SECTION**





# CITY OF SANDY

39250 PIONEER BOULEVARD ♦ SANDY, OR 97055

PHONE (503) 668-5533

FAX (503) 668-8714

---

*Gateway to Mt. Hood*

October 12, 2017

Honorable Mayor William King,  
Members of the City Council and Citizens of the City of Sandy:

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. The Comprehensive Annual Financial Report of the City of Sandy, Oregon for the fiscal year ended June 30, 2017 is hereby submitted.

Management assumes full responsibility for the completeness and responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introductions, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## **CITY AND THE GOVERNMENTAL STRUCTURE**

**Location** ~ The City is located about 26 miles from downtown Portland and approximately 10 miles from the Portland Urban Area. Portland is the largest city in the State of Oregon. Over the past several decades, Sandy has gone through a change from being timber dependent to a more diversified economy.

Sandy is becoming increasingly popular as a recreational community. It serves as the last full service city before entering the Mt. Hood recreational area. As such, Sandy has become recognized as the "Gateway to Mt. Hood." Skiing, hiking, hunting and fishing are very popular in this area and the City is able to attract many visitors to do business in the City. Sandy has also been selected because of its location to serve as a hub for many events. Sandy is the home of the Sandy Mountain Festival which is estimated to attract over 50,000 people. Each year, tourism has become more important in stabilizing Sandy's economy. The City of Sandy's certified population in 2016 was 10,655. Extrapolating annual growth to 2017 yields an estimate of 10,915. In addition, Sandy is the commercial center of a rural

area with a population of approximately 20,000.

**Government** ~ The City was incorporated in 1911. The governing body for the City of Sandy is the City Council. The Council is composed of the Mayor and six City Council members. They are all elected at-large (i.e., by all city voters); the Mayor serves a two-year term and the Council members serve four-year terms, with half the positions elected in the November general election of even-numbered years.

As with most Oregon cities, Sandy uses the "council-manager" form of government. The City Council members are unpaid volunteers who typically hold full-time jobs in other areas. They are responsible for all city policies, legislation, and the city budget. The City Council appoints a city manager, who is assigned responsibility of day-to-day operation of the city and a staff of 8 department heads with approximately 71 full-time equivalent employees (FTE).

The City provides a full range of municipal services which include police, a municipal court, community services, planning, building permit and inspection activities, economic development, library, transit, recreation, water, sewer, stormwater, construction and maintenance of streets, sidewalks, and other public facilities. The City also operates a wireless and fiber optic internet service. Fire service for the City of Sandy is provided by a special service district and is autonomous from the City. Financial data for the Sandy Fire District is not included in this report.

In addition to the above general government activities, the City has a Sandy Urban Renewal Agency (SURA). SURA is a legally separate entity first established in 1998 to address redevelopment of the  $\frac{3}{4}$  mile area of downtown Sandy. In 2008, the City adopted new design standards known as the "Sandy Style" and the debt limitation increased to \$18 million. The guidelines promote more attractive and appealing architecture in Sandy. In 2015 SURA has had three adopted amendments, the most recent dated July 7, 2015 with the debt limitation increased to \$67 million. The accompanying financial statements include the activities of SURA.

**Budget** ~ The City's budget is prepared for a 24-month period beginning July 1 of odd-numbered years. The City's budget is prepared in accordance with provisions of the Oregon Local Budget Law (ORS Chapter 294), which provides standard procedures for the preparation, presentation, administration and appraisal of budgets. The law mandates public involvement in budget preparation and public exposure of its proposed programs. More information on the budget is listed in the Notes on page 72.

## **ECONOMIC CONDITION AND OUTLOOK**

Since 2009, the economic growth and investment in Sandy has been \$198.2 million dollars in a mix of residential and commercial development. This development increase is a combination with an easy commute to the nearby cities and the presence of high recreation, and education facilities has strengthened the city's economic base. Single family permits remained steady compared to prior year, and commercial permits increased by 12% which include large projects valuing \$16.0 million. The housing market is continuing to show signs of improvement with 66 new homes built.



The City continues to examine opportunities to incrementally invest in services which meet the need of the growing community, while also maintaining existing capital assets in a manner that ensures future years are not overly burdened with costs of our most basic and vital infrastructure.

## LONG-TERM FINANCIAL PLANNING

The City’s current and on-going planning efforts include annual goals set by the City Council, a comprehensive plan (the “Sandy 2040 Plan”), and rolling six-year capital improvement plan supporting shorter-term strategic decisions. Developing and utilizing these plans enhances the City’s ability to address future fiscal needs in a proactive and measured approach.

## MAJOR INITIATIVES

A number of significant initiatives, outlined below, ensures the City’s continued economic health and ability to provide service to its residents and businesses.

***Cedar Ridge Project*** ~ The city purchased 40- acre school campus and aquatic center from the Oregon Trail School District. Our vision is a multi-generational use community center, hiking trails, sports complex in addition to an aquatic venue. The first phase will be completing a master plan.



***Tenant Improvement Grant Program*** ~ The economic development incentive program designed to promote business recruitment in Sandy by helping eligible restaurant businesses address the cost barrier with new or existing improvements. This program will pay for 50% of eligible project costs, up to a maximum total of \$25,000 per project.

***SandyNet*** ~ The City of Sandy has come a long way in the last 13 years as an Internet Service Provider (ISP), known as SandyNet, a combination of fiber access for businesses, Wi-Fi, fiber-optic service, phone service to residential fiber customers. SandyNet continues to be recognized at the regional and national level in 2016 & 2015.



***Fiber-To-The-Home (FTTH)*** ~ Sandy is now a fiber connected community offering an improved quality of life and will provide a foundation of fiber fueled economic development for years to come. The City provides services to a total of 3,400 premises locations. SandyNet has experienced a consistent level of sign-ups. Approximately

71% of homes have a connection built o the premise, approximately 62% have active service.

***Multiple Dwelling Units (MDU) Deployment*** ~ This project is for construction to deploy fiber services to apartment complexes. The first apartment complex was Cascade Crest. Staff will continue exploring opportunities with other apartment complexes.

**New Subdivisions** ~ All newly developed neighborhoods are required to install fiber pathways during the early stages of the construction. By August 2017, two new neighborhoods have fiber, accounting for over 6,000 feet of fiber placed as well as many new terminals for customer connections. These two neighborhoods have capacity for an additional 109 homes/customers in Sandy.



**Urban Renewal Business Fiber Project** ~ This project covers the construction of conduit pathways to fifty (50) sites in the urban renewal district connecting to the existing SandyNet infrastructure. The conduit construction and restoration were completed in June 2017. The next phase of the project is to place fiber and splice the entire commercial area.

**Fleet Management** ~ The city has entered into a contract for fleet management and lease to purchase of vehicles for the following departments; Public Works, SandyNet/IT and the Police Department. The fleet management software will ensure our vehicles are performing at maximize efficiency, be able reduce fuel costs and track repair & maintenance per vehicle, and will provide a consolidate billing/lease statement.



## **INDEPENDENT AUDIT**

State statutes require an annual audit by independent certified public accountants. The firm, Merina & Company, LLP, was selected by the City. The auditors have issued an unqualified (“clean”) opinion on the City’s financial statements for the fiscal year ended June 30, 2017. The independent auditor’s opinion is located at front of the financial section of this report.

## **CERTIFICICATE OF ACHIEVEMENT**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sandy for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the 26<sup>th</sup> year that the City has achieved this prestigious award. A Certificate of Achievement is valid for a period of one year only and to obtain it the City must publish an easily readable and efficiently organized comprehensive annual financial report. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

***ACKNOWLEDGEMENTS***

The preparation of this report was made possible by the dedicated service of the finance and administrative department. We wish to thank all the departments for their assistance in providing the data necessary to prepare this report.

Credit also is due to the mayor, City Council and the Budget Committee for their interest and support in planning and conducting the operations of the City in a responsible and professional manner.

Respectfully submitted,

  
Kim Yamashita  
City Manager

  
Lisa Young  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Sandy  
Oregon**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO



## ELECTED CITY OFFICIALS

NAME

TERM EXPIRES

**Mayor**

Bill King

December 2018

**Councilors**

Jeremy Pietzold

December 2018

John Hamblin

December 2020

Donald Hollis

December 2020

Lois Coleman

December 2018

Carl Exner

December 2018

Olga Gerberg

December 2020

## CITY STAFF

**City Manager**

Kim Yamashita

**Finance Director**

Lisa Young

**Police Chief**

Ernie Roberts

**Library Director**

Sarah McIntyre

**Planning Director**

Kelly O' Neill

**Public Works Director**

Mike Walker

**Community Services Director**

Tanya Richardson

**IT Director**

Joe Knapp

**Transit Director**

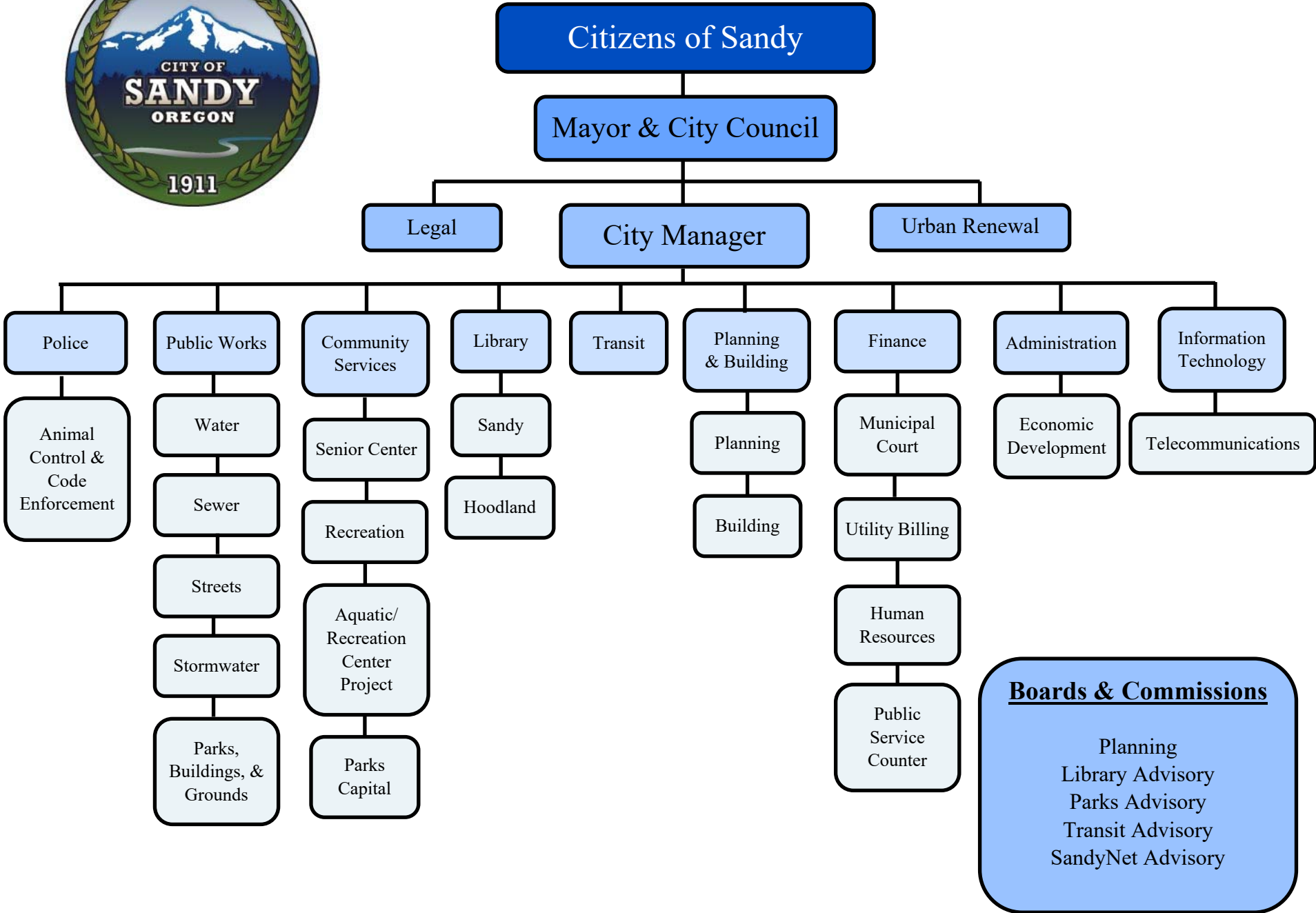
Andi Howell

## MAILING ADDRESS

39250 Pioneer Blvd.  
Sandy, Oregon 97055

[www.ci.sandy.or.us](http://www.ci.sandy.or.us)

# ORGANIZATIONAL CHART





## **FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and City Council  
City of Sandy, Oregon

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Sandy, Oregon, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise City of Sandy, Oregon's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the

respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Sandy, Oregon as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis and budgetary comparison information as listed in the table of contents, 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 management's discussion and analysis, schedule of the proportionate share of the net pension liability, and schedule of contributions, as listed in the table of contents under 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.

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Sandy, Oregon's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States

of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

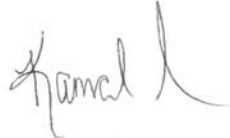
**Reports on Other Legal and Regulatory Requirements**

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2017 on our consideration of City of Sandy, Oregon’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 issued separately and is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Sandy, Oregon’s internal control over financial reporting and compliance.

**Other Reporting Required by Oregon Minimum Standards**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated November 3, 2017, on our consideration of City of Sandy, Oregon’s compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



For Merina & Company, LLP  
West Linn, Oregon  
November 3, 2017

# CITY OF SANDY, OREGON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### JUNE 30, 2017

---

The Management's Discussion and Analysis (MD&A) is a narrative overview and analysis of the financial activities of the City of Sandy for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the additional information furnished in the letter of transmittal on pages i-iv and the financial statements that follow.

#### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Sandy exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$41,880,662. Of this amount \$4,394,634 which represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$1,897,464. This is mainly attributed to the increase in debt financing for capital assets. See Table 1 – Summary of Net Position for more details.
- The City's governmental activities reported total net position of \$27,206,704, which is a decrease of \$1,345,874. Approximately 6% of the total, or \$1,633,945, is unrestricted and thus available for spending at the City's discretion.
- The City's business-type activities reported total net position of \$14,673,978, which is a decrease of \$551,590 from the prior year. Approximately 19% of the total, or \$2,760,689, is unrestricted and thus available for spending at the City's discretion.
- The City of Sandy's total outstanding debt increased by \$8,274,335 during the current fiscal year. New debt of \$10,115,000 was issued for the financing capital improvement projects; Cedar Ridge and Sandy Fire District and purchase of land.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis is intended to serve as an introduction to the City of Sandy's basic financial statements. The statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City of Sandy's finances in a manner similar to a private sector business.

The *Statement of Position* presents information on all assets of the City (including infrastructure) as well as all liabilities (including long term debt). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Sandy is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods

# CITY OF SANDY, OREGON MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

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(e.g. uncollected taxes and earned but unused vacation leave).

The government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues, referred to as government activities, from business functions intended to recover their costs through user fees and charges. The governmental-wide financial statements can be found on pages 13 and 14 of this report

Governmental activities of the City include the following:

- ❖ General government
- ❖ Highways and streets
- ❖ Public transportation
- ❖ Economic development
- ❖ Public safety
- ❖ Culture and recreation

Business-type activities of the City include the following:

- ❖ Water
- ❖ Sewer
- ❖ Stormwater
- ❖ Telecommunications

**Fund financial statements.** A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Sandy, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's funds are divided into three categories:

- ❖ Governmental funds
- ❖ Proprietary funds
- ❖ Fiduciary funds

*Governmental funds* are used to account for City functions that are supported primarily by taxes and intergovernmental revenues. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Sandy maintains five individual governmental funds. Information is presented separately



**CITY OF SANDY, OREGON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

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in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Street Fund, Transit Fund, Parks Capital Projects Fund, and Urban Renewal Agency Fund.

All of the funds considered to be major funds are shown on page 17.

*Proprietary Funds* are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges. These funds represent four segments of operations: Water, Sewer, Stormwater and Telecommunications.

Additionally, the government reports the Operations Center Internal Service Fund as a proprietary fund. An internal service fund is used to account for an activity that provides goods or services to other departments on a cost-reimbursement basis. This internal service fund is to pool resources from departments that occupy the Operations Center building to allocate costs associated with shared invoices. Revenue sources are transfers from the Water, Sewer, Stormwater, Street, Transit, and General Funds.

The basic proprietary fund financial statements begin on page 22 of this report.

*Fiduciary funds* are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature and do not involve measurement of results of operations.

The fiduciary fund financial statements begin on page 29 of this report.

**Notes to the Basic Financial Statements.** The Notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements and are found on pages 31 through 60 of this report.

**Required Supplementary Information.** Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Budgetary comparison schedule for the general fund and major special revenue funds are presented immediately following the notes to the basic financial statements. Required supplementary information can be found on page 62 of this report.

**Other Supplementary Information.** The budgetary comparison schedules for capital projects and the proprietary funds are presented immediately following the required supplementary information.

## **GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS**

### **Statement of Net Position:**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the current year, the City's assets and deferred outflows of resources exceeded liabilities by \$41,880,682. Table 1, on the next page, reflects a Summary of Net Position compared to prior fiscal year.

**CITY OF SANDY, OREGON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**Table 1  
Summary of Net Position  
(in thousands)**

	Governmental Activities		Business-type Activities		Total		+ (-)
	2017	2016	2017	2016	2017	2016	
Current assets	\$ 17,994	\$ 10,933	\$ 3,540	\$ 3,646	\$ 21,534	\$ 14,579	\$6,955
Other assets	-	-	369	313	369	313	56
Capital assets	24,991	23,532	29,477	30,506	54,468	54,038	429
Total assets	42,985	34,465	33,386	34,465	76,371	68,930	7,440
Deferred outflows of resources	3,123	575	583	106	3,706	681	3,024
Other liabilities	2,001	1,229	981	940	2,982	2,169	813
Long term debt outstanding	16,628	4,611	18,267	18,292	34,895	22,903	11,992
Total liabilities	18,629	5,840	19,248	19,232	37,877	25,072	12,805
Deferred inflows of resources	271	647	47	114	318	761	(443)
Net position:							
Net investment in capital	13,474	20,958	11,671	12,114	25,145	33,072	(7,928)
Restricted for:							
Capital Projects	220	-	-	-	220	-	220
Debt Service	-	-	167	167	167	167	-
System Development Charges	2,722	2,554	75	207	2,797	2,761	36
State/Local Gas Tax	709	546	-	-	709	546	164
Grants	6	3	-	-	6	3	3
Parks Projects	151	-	-	-	151	-	151
Peg fees	12	8	-	-	12	8	4
Urban renewal projects	8,277	1,954	-	-	8,277	1,954	6,323
Unrestricted	1,634	2,529	2,761	2,737	4,395	5,266	(871)
Total net position	\$ 27,205	\$ 28,552	\$ 14,674	\$ 15,225	\$ 41,879	\$ 43,777	\$ (1,897)

By far the largest portion of the City of Sandy's net position (60% percent or \$25,144,843) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Sandy uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Sandy's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In addition, portion of the City of Sandy's net position 29.47% represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,394,634 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Sandy is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

However, the City of Sandy's overall net position decreased by \$1,897,464 from the prior year. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

**CITY OF SANDY, OREGON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**Analysis of Changes in Net Position:**

The Table 2 below summarizes revenues and expenses for the current fiscal year and provides a comparison to prior year.

**Table 2  
City of Sandy's Changes in Net Position  
(in thousands)**

	Governmental Activities		Business-type Activities		Total		Total Change + (-)
	2017	2016	2017	2016	2017	2016	
<b>REVENUES</b>							
Program revenues							
Charges for services	\$ 2,115	\$ 2,326	\$ 4,462	\$ 4,484	\$ 6,577	\$ 6,810	\$ (233)
Operating grants and contributions	216	1,087	-	16	216	1,103	(887)
Capital grants and contributions	1,423	-	-	-	1,423	-	1,423
General revenues							
Property taxes	4,611	4,428	-	-	4,611	4,428	183
Franchise fees and public services taxes	3,674	3,645	-	-	3,674	3,645	29
Interest and investment earnings	154	63	42	48	196	111	85
Other	133	90	97	92	230	182	48
Total revenues	<u>12,326</u>	<u>11,639</u>	<u>4,601</u>	<u>4,640</u>	<u>16,927</u>	<u>16,279</u>	<u>648</u>
<b>EXPENSES</b>							
General Government	2,080	1,914	-	-	2,080	1,914	166
Highways and streets	949	1,133	-	-	949	1,133	(184)
Public transportation	1,343	1,336	-	-	1,343	1,336	7
Economic development	3,530	975	-	-	3,530	975	2,555
Public safety	3,076	3,602	-	-	3,076	3,602	(526)
Culture and recreation	2,586	2,660	-	-	2,586	2,660	(74)
Interest on long-term debt	128	63	-	-	128	63	65
Water	-	-	1,694	1,739	1,694	1,739	(45)
Wastewater	-	-	1,588	1,628	1,588	1,628	(40)
Stormwater	-	-	232	288	232	288	(56)
Telecommunications	-	-	1,619	1,077	1,619	1,077	542
Total Expenses	<u>13,692</u>	<u>11,683</u>	<u>5,133</u>	<u>4,732</u>	<u>18,825</u>	<u>16,415</u>	<u>2,410</u>
Increase in net position before transfers	(1,367)	(44)	(531)	(92)	(1,898)	(136)	(1,762)
Transfers	21	171	(21)	(171)	-	-	-
Changes in net position	<u>(1,346)</u>	<u>127</u>	<u>(552)</u>	<u>(263)</u>	<u>(1,898)</u>	<u>(136)</u>	<u>(1,762)</u>
Net position, July 1	<u>28,553</u>	<u>28,425</u>	<u>15,226</u>	<u>15,488</u>	<u>43,779</u>	<u>43,913</u>	<u>(134)</u>
Net position, June 30	<u>\$ 27,207</u>	<u>\$ 28,553</u>	<u>\$ 14,674</u>	<u>\$ 15,226</u>	<u>\$ 41,881</u>	<u>\$ 43,778</u>	<u>\$ (1,762)</u>

*Governmental activities.* During the current fiscal year, net position for governmental activities decreased \$1,345,874 from the prior year for an ending balance of \$27,206,704. The net change is a result of modest increase in program revenues offset by a large capital purchase of \$2,200,000.

*Business-type activities.* For the City of Sandy's business-type activities, the results for the current fiscal year were positive. The total decrease in net position for business-type activities (Water, Sewer, Stormwater and Telecommunication) was \$551,590 or -3.6% from prior year. The Water Fund, Sewer Fund, and Telecommunications Fund all had a negative change in net position of \$205,491, 213,719, and \$132,563 respectively. Compared to prior year operating revenues stayed roughly the same while operating expenses increased by 10% due to the continual level of signups for service to SandyNet and fiber connections to residential homes. Acquisitions of capital assets and principal payments on long-term debt are not reported as direct expenses, but are reported as additions to assets and reductions to liabilities respectively on the Statement of Net Positions.

**CITY OF SANDY, OREGON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

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

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements.

**Governmental funds.** The focus of the City of Sandy's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Sandy's financing requirements. In particular, unassigned and assigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Although assigned fund balance has been allocated for some purpose, the amount can be reallocated according to the City Council's discretion.

At the end of the fiscal year, the City of Sandy's governmental funds reported combined ending fund balances of \$16,125,480. Approximately 26% percent of this total amount (\$4,246,725) constitutes assigned and unassigned fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been designated as non-spendable or restricted. For more information about fund balance designations, see Note 1 L. in the Notes to the Financial Statements beginning on page 37.

The *General Fund* is the chief operating fund of the City. At the end of the audited fiscal year, the General Fund decreased \$479,421 from the prior year.

The *Street Fund* provides for the maintenance and construction of City streets. The fund had an increase of \$311,658 which is a comparable increase to prior year.

The *Parks Capital Projects Fund* balance increased by \$237,890 due in part to increased payments of in lieu of land dedication for various developments totaling \$158,204 and 41% increase in system development charges collected.

The *Transit Fund* balance increase \$82,532 as Federal grants assisted in covering operational expenses and capital outlay expenses, making the fund relatively stable.

The *Urban Renewal Fund* increased by \$6,323,157 due in part to the financing of urban renewal projects and spending \$3.4 million in the current fiscal and approximately \$6.5 million budgeted in the next biennium.

**Proprietary funds.** The City's proprietary funds are comprised of the enterprise funds. An enterprise fund is used to account for activities for which a fee is charged to external users for services. These funds provide the same type of information found in the government-wide financial statements, but in more detail.

Overall the Water Fund, Sewer Fund, and Stormwater Fund were stable. The Water and Sewer Funds' fund balances had slight decreases of \$105,042 and \$54,166, respectively, whereas the Stormwater Fund had a slight increase of \$28,470. The Telecommunications Fund's fund balance decreased by \$62,460. With the large percentage residential and business fiber connected, the revenues are starting to cover most of the program expenses compared to prior year.

**CITY OF SANDY, OREGON  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the fiscal year, there were two budget adjustments to the original budget. The major adjustment in June was to account for loan proceeds for police, SandyNet and IT equipment, and a tax-exempt bank placement for the urban renewal agency to finance urban renewal capital projects.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The City of Sandy’s investment in capital assets for its governmental and business type activities as of June 30, 2017 amounts to \$54,467,288 (net of accumulated depreciation). This investment in capital assets includes land, buildings, motor vehicles and equipment, office furniture and equipment, infrastructure and construction in progress. The total net increase in capital assets for the current fiscal year was approximately .79%.

On the following page, Tables 3 and 4 summarizes capital assets and changes as of June 30, 2017.

**Table 3  
City of Sandy’s Capital Assets, Net of Accumulated Depreciation  
as of June 30  
(in thousands)**

	Governmental Activities		Business-Type Activities		Total		Change
	2017	2016	2017	2016	2017	2016	+ (-)
Land	\$ 3,207	\$ 3,207	\$ 1,100	\$ 1,100	\$ 4,307	\$ 4,307	\$ -
Construction in Progress	1,680	545	-	-	1,680	545	1,135
Improvements	8,051	7,792	26,609	27,528	34,660	35,320	(660)
Buildings	10,284	10,734	674	693	10,958	11,427	(469)
Furniture and equipment	277	290	1,000	1,062	1,277	1,352	(75)
Vehicles	1,226	949	94	123	1,320	1,072	248
Intangible Assets	266	15	-	-	266	15	251
Total	<u>\$ 24,991</u>	<u>\$ 23,532</u>	<u>\$ 29,477</u>	<u>\$ 30,506</u>	<u>\$ 54,468</u>	<u>\$ 54,038</u>	<u>\$ 430</u>

Major capital asset events during the fiscal year included the following:

- ❖ Governmental Activities
  - General Fund - Tyler Technologies Software - \$263,354
  - Transit Fund – Three (3) buses - \$584,585
- ❖ Business-Type Activities
  - Fiber Equipment - \$93,338

**CITY OF SANDY, OREGON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**Table 4  
City of Sandy's Changes in Capital Assets  
(in thousands)**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Beginning balance	\$ 23,532	\$ 23,862	\$ 30,506	\$ 30,784	\$ 54,038	\$ 54,646
Additions	2,958	1,092	192	9,681	3,150	10,773
Depreciation	(1,142)	(1,181)	(1,222)	(1,163)	(2,364)	(2,344)
Deletions	(357)	(241)	-	(8,796)	(357)	(9,037)
Ending balance	\$ 24,991	\$ 23,532	\$ 29,476	\$ 30,506	\$ 54,467	\$ 54,038

Additional information on the City's capital assets can be found in the notes to the basic financial statements – Note 5.

**Long-term debt.** At the end of the current fiscal year, the City had total long-term debt outstanding of \$29,580,564. The City's total debt increased by \$8,274,337 (38.8%). During the fiscal year ended June 30, 2017 all scheduled debt payments were met. In 2017, the issued a tax-exempt bank placement for \$10,000,000 for urban renewal capital projects.

On the following page, Table 5 summarizes outstanding debt as of June 30, 2017.

**Table 5  
City of Sandy's Outstanding Debt  
as of June 30  
(in thousands)**

	Government Activities		Business Activities		Total		Total Change
	2017	2016	2017	2016	2017	2016	+ (-)
Bonds payable	\$ 971	\$ 1,420	\$ 8,644	\$ 8,857	\$ 9,615	\$ 10,277	\$ (662)
Bond premium	-	-	233	246	233	246	(13)
Notes payable	10,411	1,071	8,838	9,175	19,249	10,246	9,003
Compensated absences	240	327	39	46	279	373	(94)
Lease payable	113	50	91	115	204	165	39
Total	\$ 11,735	\$ 2,868	\$17,845	\$ 18,439	\$ 29,580	\$ 21,307	\$ 8,273

State statutes limit the amount of general obligation debt an Oregon city may issue to 3% of total real market value of all taxable property within its boundary. The current debt amount is well within the limits set by state statute.

Additional information on the City's long-term debt can be found in the Note 8.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide users with a general overview of the City of Sandy's financial condition and demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed the Lisa Young, Finance Director at 39250 Pioneer Blvd, Sandy, Oregon 97055.





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## **BASIC FINANCIAL STATEMENTS**

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include interrelated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements
  - Governmental Funds
  - Proprietary Funds
  - Fiduciary Funds

In addition, the notes to the basic financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.



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**CITY OF SANDY, OREGON**  
**STATEMENT OF NET POSITION**  
**June 30, 2017**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Current assets:			
Cash and investments	\$ 15,742,486	\$ 4,063,104	\$ 19,805,590
Property taxes receivable	267,263	-	267,263
Due from other governments	18,851	-	18,851
Accounts receivable, net	372,842	388,004	760,846
Inventories	-	72,306	72,306
Prepaid	3,188	-	3,188
Long term receivable	49,366	-	49,366
Internal balances	983,322	(983,322)	-
Grants receivable	541,296	-	541,296
Notes receivable	15,349	-	15,349
<b>Total current assets</b>	<b>17,993,963</b>	<b>3,540,092</b>	<b>21,534,055</b>
Noncurrent assets:			
Restricted cash and investments	-	208,807	208,807
Notes receivable	-	160,577	160,577
Capital assets:			
Nondepreciable	4,887,456	1,099,674	5,987,130
Depreciable, net	20,103,158	28,377,000	48,480,158
<b>Total noncurrent assets</b>	<b>24,990,614</b>	<b>29,846,058</b>	<b>54,836,672</b>
<b>Total assets</b>	<b>42,984,577</b>	<b>33,386,150</b>	<b>76,370,727</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflow related to pension	3,122,715	582,825	3,705,540
<b>Total deferred outflows of resources</b>	<b>3,122,715</b>	<b>582,825</b>	<b>3,705,540</b>
<b>Total assets &amp; deferred outflows of resources</b>	<b>\$ 46,107,292</b>	<b>\$ 33,968,975</b>	<b>\$ 80,076,267</b>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 905,322	\$ 90,142	\$ 995,464
Interest payable	33,441	213,761	247,202
Deposits	84,781	3,746	88,527
Current portion of accrued compensated absences payable	48,067	7,851	55,918
Current portion of long-term debt	929,217	665,523	1,594,740
<b>Total current liabilities</b>	<b>2,000,828</b>	<b>981,023</b>	<b>2,981,851</b>
Noncurrent liabilities:			
Noncurrent portion of accrued compensated absences payable	192,268	31,404	223,672
Net pension liability	5,870,104	1,095,598	6,965,702
Noncurrent portion of long-term obligations	10,565,922	17,140,312	27,706,234
<b>Total noncurrent liabilities</b>	<b>16,628,294</b>	<b>18,267,314</b>	<b>34,895,608</b>
<b>Total liabilities</b>	<b>18,629,122</b>	<b>19,248,337</b>	<b>37,877,459</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred gain on refunding	21,471	-	21,471
Deferred inflow related to pension	249,995	46,660	296,655
<b>Total deferred inflows of resources</b>	<b>271,466</b>	<b>46,660</b>	<b>318,126</b>
<b>NET POSITION:</b>			
Net investment in capital assets	13,474,004	11,670,839	25,144,843
Restricted for:			
Capital projects	220,000	-	220,000
Debt service	-	167,211	167,211
System development charges	2,722,045	75,239	2,797,284
State/local gas tax	709,332	-	709,332
Grants	6,350	-	6,350
Peg fees	12,353	-	12,353
Park projects	151,396	-	151,396
Urban renewal projects	8,277,279	-	8,277,279
Unrestricted	1,633,945	2,760,689	4,394,634
<b>Total net position</b>	<b>27,206,704</b>	<b>14,673,978</b>	<b>41,880,682</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 46,107,292</b>	<b>\$ 33,968,975</b>	<b>\$ 80,076,267</b>

*The accompanying notes are an integral part of the basic financial statements.*

**CITY OF SANDY, OREGON**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 2,079,599	\$ 579,773	\$ 197,067	\$ -
Highways and streets	949,494	226,673	18,307	-
Public transportation	1,342,559	110,593	-	1,264,505
Economic development	3,530,321	542,806	500	-
Public safety	3,075,745	264,520	-	-
Culture and recreation	2,586,407	390,169	-	158,204
Interest on long-term debt	128,348	-	-	-
Total governmental activities	<u>13,692,473</u>	<u>2,114,534</u>	<u>215,874</u>	<u>1,422,709</u>
Business type activities:				
Water Fund	1,693,799	1,477,543	-	-
Sewer Operations	1,587,507	1,405,713	-	-
Storm Water Fund	231,738	240,349	-	-
Telecommunications Fund	1,619,089	1,338,632	-	-
Total business type activities	<u>5,132,133</u>	<u>4,462,237</u>	<u>-</u>	<u>-</u>
Total government	<u>\$ 18,824,606</u>	<u>\$ 6,576,771</u>	<u>\$ 215,874</u>	<u>\$ 1,422,709</u>
General revenues:				
Taxes:				
Property taxes				
Public service taxes				
Franchise fees				
Interest and investment earnings				
Other revenues				
Transfers in (out)				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

*The accompanying notes are an integral part of the basic financial statements.*



Net Expense Revenue and  
Change in Net Position

Governmental Activities	Business Type Activities	Total
\$ (1,302,759)	\$ -	\$ (1,302,759)
(704,514)	-	(704,514)
32,539	-	32,539
(2,987,015)	-	(2,987,015)
(2,811,225)	-	(2,811,225)
(2,038,034)	-	(2,038,034)
(128,348)	-	(128,348)
<u>(9,939,356)</u>	<u>-</u>	<u>(9,939,356)</u>
-	(216,256)	(216,256)
-	(181,794)	(181,794)
-	8,611	8,611
-	(280,457)	(280,457)
<u>-</u>	<u>(669,896)</u>	<u>(669,896)</u>
<u>(9,939,356)</u>	<u>(669,896)</u>	<u>(10,609,252)</u>
4,610,794	-	4,610,794
3,084,818	-	3,084,818
589,446	-	589,446
154,048	42,435	196,483
133,473	96,774	230,247
20,903	(20,903)	-
<u>8,593,482</u>	<u>118,306</u>	<u>8,711,788</u>
(1,345,874)	(551,590)	(1,897,464)
<u>28,552,578</u>	<u>15,225,568</u>	<u>43,778,146</u>
<u>\$ 27,206,704</u>	<u>\$ 14,673,978</u>	<u>\$ 41,880,682</u>

*The accompanying notes are an integral part of the basic financial statements.*

**FUND FINANCIAL STATEMENTS**  
**Major Governmental Funds**

**General Fund**

This fund accounts for all activities not accounted for by other funds of the City. Principal sources of revenues are property taxes, franchise fees, state and county shared revenues, and licenses and permits. Primary expenditures are made for police protection, culture and recreation, and general government.

**Street Fund**

Street Fund accounts for revenues received from state gasoline taxes apportioned by the State of Oregon, local imposed gasoline taxes, and system development charges and expenditures involved in the construction, maintenance, and repair of streets.

**Urban Renewal Agency Fund**

Urban Renewal Agency Fund accounts for revenues from tax increment financing (property taxes) that are used to fund the urban renewal plan.

**Transit Fund**

Transit Fund accounts for revenue from a 0.6% employer payroll tax and intergovernmental sources that are used to operate the Sandy Area Metro (SAM) transit service.

**Parks Capital Project Fund**

Parks Capital Project Fund accounts for revenue received for system development charges, in lieu of land and grants to fund park projects.

**CITY OF SANDY, OREGON  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2017**

	General Fund	Street Fund	Urban Renewal Agency Func	Transit Fund	Parks Capital Project Fund	Total Governmental
<b>ASSETS</b>						
Cash and investments	\$ 1,636,663	\$ 3,108,343	\$ 8,625,259	\$ 1,741,741	\$ 409,809	\$ 15,521,815
Property taxes receivable	178,949	-	88,314	-	-	267,263
Due from other governments	12,567	-	6,284	-	-	18,851
Accounts receivable, net	123,310	86,885	25,100	137,547	-	372,842
Prepays	3,188	-	-	-	-	3,188
Notes receivable	-	15,349	-	-	-	15,349
Long term receivable	49,366	-	-	-	-	49,366
Grants receivable	-	-	-	541,296	-	541,296
Due from other funds	983,322	-	-	-	-	983,322
Total assets	<u>\$ 2,987,365</u>	<u>\$ 3,210,577</u>	<u>\$ 8,744,957</u>	<u>\$ 2,420,584</u>	<u>\$ 409,809</u>	<u>\$ 17,773,292</u>
<b>LIABILITIES:</b>						
Accounts payable and other current liabilities	\$ 245,992	\$ 27,329	\$ 385,648	\$ 240,990	\$ 4,931	\$ 904,890
Deposits	84,781	-	-	-	-	84,781
Total liabilities	<u>330,773</u>	<u>27,329</u>	<u>385,648</u>	<u>240,990</u>	<u>4,931</u>	<u>989,671</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	166,381	-	82,030	-	-	248,411
Unavailable revenue - receivables	96,217	15,349	-	298,164	-	409,730
Total deferred inflows of resources	<u>262,598</u>	<u>15,349</u>	<u>82,030</u>	<u>298,164</u>	<u>-</u>	<u>658,141</u>
<b>FUND BALANCES:</b>						
Restricted:						
System development charges	-	2,458,567	-	-	263,478	2,722,045
Street and roadside maintenance	-	709,332	-	-	-	709,332
Grants	6,350	-	-	-	-	6,350
Peg fees	12,353	-	-	-	-	12,353
Park projects	-	-	-	-	151,396	151,396
Urban renewal projects	-	-	8,277,279	-	-	8,277,279
Assigned:						
Public transportation	-	-	-	1,881,430	-	1,881,430
Park district	56,500	-	-	-	-	56,500
Youth scholarship	1,500	-	-	-	-	1,500
Grant	9,506	-	-	-	-	9,506
Fiber extension and various equipment	4,003	-	-	-	-	4,003
Unassigned, reported in:						
General fund	2,303,782	-	-	-	-	2,303,782
Capital projects fund	-	-	-	-	(9,996)	(9,996)
Total fund balance	<u>2,393,994</u>	<u>3,167,899</u>	<u>8,277,279</u>	<u>1,881,430</u>	<u>404,878</u>	<u>16,125,480</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,987,365</u>	<u>\$ 3,210,577</u>	<u>\$ 8,744,957</u>	<u>\$ 2,420,584</u>	<u>\$ 409,809</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 24,990,614

Pension related changes. (2,997,384)

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred outflows in the funds. Unavailable revenue 658,141

Internal service funds are used by management to charge the costs of administrative services department to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 220,239

The difference between the reacquisition price and the net carrying amount of the old debt is a deferred inflow of resources and is not reported in the funds. (21,471)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (11,768,915)

Net position \$ 27,206,704

*The accompanying notes are an integral part of the basic financial statements.*

**CITY OF SANDY, OREGON**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended June 30, 2017**

	General Fund	Street Fund	Urban Renewal Agency Fund
<b>REVENUES:</b>			
Property taxes	\$ 3,096,105	\$ -	\$ 1,507,787
Public service taxes	1,508,528	969,012	-
Franchise fees	590,900	-	-
Grants	123,314	-	-
Charges for services	945,211	-	-
Licenses and permits	413,572	-	-
Fines and forfeitures	245,562	-	-
Special assessments	-	19,167	-
System development charges	-	207,506	-
Interest	48,305	27,122	56,468
Contributions and donations	6,016	-	-
Miscellaneous	82,257	7,203	-
	<u>7,059,770</u>	<u>1,230,010</u>	<u>1,564,255</u>
<b>EXPENDITURES:</b>			
Current:			
General government	1,047,460	-	-
Highways and streets	-	718,169	-
Public transportation	-	-	-
Economic development	738,689	-	98,047
Public safety	2,727,687	-	-
Culture and recreation	2,229,855	-	-
Capital outlay	838,172	84,428	3,992,137
Debt service:			
Principal	117,324	55,017	988,713
Interest	26,339	5,640	92,949
Other Fees	-	-	63,000
	<u>7,725,526</u>	<u>863,254</u>	<u>5,234,846</u>
Total expenditures			
Revenues over (under) expenditures	(665,756)	366,756	(3,670,591)
<b>OTHER FINANCING SOURCES (USES):</b>			
Issuance of debt	115,000	-	10,000,000
Sale of capital assets	3,205	4,450	-
Transfers in	260,630	-	-
Transfers out	(192,500)	(59,548)	(6,252)
	<u>186,335</u>	<u>(55,098)</u>	<u>9,993,748</u>
Total other financing sources (uses)			
Net changes in fund balances	(479,421)	311,658	6,323,157
<b>FUND BALANCES, BEGINNING</b>	<u>2,873,415</u>	<u>2,856,241</u>	<u>1,954,122</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 2,393,994</u>	<u>\$ 3,167,899</u>	<u>\$ 8,277,279</u>

*The accompanying notes are an integral part of the basic financial statements.*

Transit Fund	Parks Capital Project Fund	Total Governmental
\$ -	\$ -	\$ 4,603,892
607,278	-	3,084,818
-	-	590,900
1,264,505	-	1,387,819
110,593	-	1,055,804
-	-	413,572
-	-	245,562
-	-	19,167
-	213,121	420,627
17,910	2,810	152,615
-	158,204	164,220
11,792	-	101,252
2,012,078	374,135	12,240,248
-	-	1,047,460
-	-	718,169
1,113,823	-	1,113,823
-	-	836,736
-	-	2,727,687
-	861	2,230,716
746,228	135,384	5,796,349
-	-	1,161,054
-	-	124,928
-	-	63,000
1,860,051	136,245	15,819,922
152,027	237,890	(3,579,674)
-	-	10,115,000
19,900	-	27,555
-	-	260,630
(89,395)	-	(347,695)
(69,495)	-	10,055,490
82,532	237,890	6,475,816
1,798,898	166,988	9,649,664
\$ 1,881,430	\$ 404,878	\$ 16,125,480

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

**CITY OF SANDY, OREGON**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2017**

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Amounts reported in the statement of activities are different because:

Net changes in fund balance		\$ 6,475,816
Governmental funds report pension contributions as expenditures. However, in the statements of activities, the cost of pension benefits earned net of employee contributions is reports as pension expense.		(528,065)
The statement of revenues, expenditures, and changes if fund balances report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Current year depreciation	(1,218,411)	
Capital assets	<u>2,677,158</u>	1,458,747
Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds.		56,460
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.		
Accrued interest expense		(3,420)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount by which proceeds exceeded repayments.		
Change in compensated absences	86,585	
Debt service principal payments	1,161,024	
Debt proceeds	<u>(10,115,000)</u>	(8,867,391)
Internal service funds are used by management to charge the costs of the administrative services department to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		<u>61,979</u>
Change in net position of governmental activities		<u><u>\$ (1,345,874)</u></u>

*The accompanying notes are an integral part of the basic financial statements.*

## **FUND FINANCIAL STATEMENTS**

### **Proprietary Funds**

#### Enterprise Funds

These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges. These funds represent four segments of operations – Water, Sewer, Storm water, and Telecommunications. Included in these segments are:

#### **Water Fund**

The Water Fund accounts for the financial activities of the city-owned water utility operations. Sales of water and related charges are the major revenue sources.

#### **Sewer Operations**

##### **Sewer Fund**

The Sewer Fund accounts for the financial activities of the city-owned sewer service. Wastewater charges are the major revenue source.

##### **Sewer Bond Reserve Fund**

The Sewer Bond Reserve Fund accounts for the establishment of a sinking fund to allow the City to retire the debt on the sewer treatment plant by 2019.

#### **Storm Water Fund**

The Storm Water Fund accounts for the city-owned storm drainage system. Revenues consist primarily of storm drainage charges.

#### **Telecommunications Fund**

The Telecommunications Funds accounts for the city-owned internet data access system. User charges are the major revenue sources.

For Generally Accepted Accounting Principles purposes, these aforementioned funds are consolidated and included as four separate Enterprises funds.

#### Internal Service Funds

These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

#### **Operations Center Internal Service Fund**

The Operations Center Internal Service Fund pools resources from departments that occupy the Operations Center building to allocate costs associated with shared invoices. Revenue sources are transfers from the public works and transit departments.

**CITY OF SANDY, OREGON**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**June 30, 2017**

	Enterprise Funds		
	Water Fund	Sewer Operations	Storm Water Fund
<b>ASSETS:</b>			
Current assets:			
Cash and investments	\$ 1,900,963	\$ 1,651,493	\$ 510,648
Accounts receivables, net	126,723	115,268	19,788
Interfund loan receivable	-	334,296	-
Inventories	-	-	-
Total current assets	<u>2,027,686</u>	<u>2,101,057</u>	<u>530,436</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	-	-
Capital assets, net	13,502,875	6,316,878	620,019
Notes receivable	147,513	13,064	-
Total noncurrent assets	<u>13,650,388</u>	<u>6,329,942</u>	<u>620,019</u>
Total assets	<u>15,678,074</u>	<u>8,430,999</u>	<u>1,150,455</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflow related to pension asset	<u>122,837</u>	<u>122,837</u>	<u>55,293</u>
Total deferred outflows of resources	<u>122,837</u>	<u>122,837</u>	<u>55,293</u>
Total assets & deferred outflows of resources	<u>\$ 15,800,911</u>	<u>\$ 8,553,836</u>	<u>\$ 1,205,748</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 63,672	\$ 9,641	\$ 3,318
Accrued compensated absences payable	2,587	2,587	743
Accrued interest payable	106,878	8,913	2,129
Deposits	3,746	-	-
Interfund loan payable	-	-	-
Loans payable within one year	397,998	60,258	35,000
Due to other funds	-	-	-
Total current liabilities	<u>574,881</u>	<u>81,399</u>	<u>41,190</u>
Noncurrent liabilities:			
Net pension liability	230,910	230,909	103,940
Loans payable, net of current portion	6,787,259	2,191,408	580,000
Accrued compensated absences payable	10,349	10,349	2,972
Total noncurrent liabilities	<u>7,028,518</u>	<u>2,432,666</u>	<u>686,912</u>
Total liabilities	<u>7,603,399</u>	<u>2,514,065</u>	<u>728,102</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflow related to pension liability	<u>9,834</u>	<u>9,834</u>	<u>4,427</u>
Total deferred inflows of resources	<u>9,834</u>	<u>9,834</u>	<u>4,427</u>
<b>NET POSITION:</b>			
Net investment in capital assets	6,317,618	4,065,212	5,019
Restricted for:			
Capital projects	-	-	-
Debt service	-	167,211	-
System development charges	-	75,239	-
Unrestricted	<u>1,870,060</u>	<u>1,722,275</u>	<u>468,200</u>
Total net position	<u>8,187,678</u>	<u>6,029,937</u>	<u>473,219</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 15,800,911</u>	<u>\$ 8,553,836</u>	<u>\$ 1,205,748</u>

*The accompanying notes are an integral part of the basic financial statements.*



Telecommunications Fund	Total	Governmental Activities
		Operations Center Internal Service Fund
\$ -	\$ 4,063,104	\$ 220,671
126,225	388,004	-
-	334,296	-
72,306	72,306	-
198,531	4,857,710	220,671
208,807	208,807	-
9,036,902	29,476,674	-
-	160,577	-
9,245,709	29,846,058	-
9,444,240	34,703,768	220,671
281,858	582,825	-
281,858	582,825	-
\$ 9,726,098	\$ 35,286,593	\$ 220,671
\$ 13,511	\$ 90,142	\$ 432
1,934	7,851	-
95,841	213,761	-
-	3,746	-
334,296	334,296	-
172,267	665,523	-
983,322	983,322	-
1,601,171	2,298,641	432
529,839	1,095,598	-
7,581,645	17,140,312	-
7,734	31,404	-
8,119,218	18,267,314	-
9,720,389	20,565,955	432
22,565	46,660	-
22,565	46,660	-
1,282,990	11,670,839	-
-	-	220,000
-	167,211	-
-	75,239	-
(1,299,846)	2,760,689	239
(16,856)	14,673,978	220,239
\$ 9,726,098	\$ 35,286,593	\$ 220,671

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

**CITY OF SANDY, OREGON**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**For the Fiscal Year Ended June 30, 2017**

	Enterprise Funds		
	Water Fund	Sewer Operations	Storm Water Fund
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 1,367,307	\$ 1,264,927	\$ 240,349
Special assessments and surcharges	110,236	140,786	-
Miscellaneous	52,155	12,578	2,079
Total operating revenues	<u>1,529,698</u>	<u>1,418,291</u>	<u>242,428</u>
<b>OPERATING EXPENSES:</b>			
Salaries, fringe benefits and payroll taxes	244,603	240,390	107,290
Utilities	-	-	-
Operating supplies	-	-	-
Insurance	-	-	-
Operating costs	792,409	927,616	41,840
Contract services	-	-	-
Depreciation	463,659	310,044	56,022
Total operating expenses	<u>1,500,671</u>	<u>1,478,050</u>	<u>205,152</u>
Operating income (loss)	29,027	(59,759)	37,276
<b>NON-OPERATING INCOME (EXPENSE):</b>			
Interest income	17,149	19,652	5,634
Interest expense	(193,128)	(109,457)	(26,586)
Gain on the sale of assets	750	1,900	750
Other Fees	-	-	-
Total non-operating income (expenses)	<u>(175,229)</u>	<u>(87,905)</u>	<u>(20,202)</u>
Net income (loss) before transfers	(146,202)	(147,664)	17,074
<b>TRANSFERS:</b>			
Transfers in (out)	(59,289)	(66,055)	(16,891)
Change in net position	(205,491)	(213,719)	183
<b>NET POSITION, BEGINNING</b>	<u>8,393,169</u>	<u>6,243,656</u>	<u>473,036</u>
<b>NET POSITION, ENDING</b>	<u>\$ 8,187,678</u>	<u>\$ 6,029,937</u>	<u>\$ 473,219</u>

*The accompanying notes are an integral part of the basic financial statements.*

		Governmental Activities
Telecommunications Fund	Total	Operations Center Internal Service Fund
\$ 1,338,632	\$ 4,211,215	\$ -
-	251,022	-
26,562	93,374	-
<u>1,365,194</u>	<u>4,555,611</u>	<u>-</u>
543,913	1,136,196	-
-	-	27,016
-	-	1,890
-	-	4,942
394,645	2,156,510	4,701
-	-	8,873
392,116	1,221,841	-
<u>1,330,674</u>	<u>4,514,547</u>	<u>47,422</u>
34,520	41,064	(47,422)
-	42,435	1,433
(287,415)	(616,586)	-
-	3,400	-
(1,000)	(1,000)	-
<u>(288,415)</u>	<u>(571,751)</u>	<u>1,433</u>
(253,895)	(530,687)	(45,989)
<u>121,332</u>	<u>(20,903)</u>	<u>107,968</u>
(132,563)	(551,590)	61,979
115,707	15,225,568	158,260
<u>\$ (16,856)</u>	<u>\$ 14,673,978</u>	<u>\$ 220,239</u>

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

**CITY OF SANDY, OREGON**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2017**

	Water Fund	Sewer Operations
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 1,547,993	\$ 1,402,368
Cash paid to employees and others for salaries and benefits	(223,393)	(199,480)
Cash paid to suppliers and others	(765,852)	(984,194)
Net cash provided by operating activities	<u>558,748</u>	<u>218,694</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Payment from (to) other funds for interfund loans and interest	-	208,677
Transfers in (out)	(59,289)	(66,055)
Advances to/from other funds	-	-
Net cash provided by non-capital financing activities	<u>(59,289)</u>	<u>142,622</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	-	-
Principal paid on loans	(387,648)	(57,526)
Interest paid on loans	(197,822)	(109,685)
Proceeds from disposal of capital assets	750	-
Net cash provided by capital and related financing activities	<u>(584,720)</u>	<u>(167,211)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest revenue	17,149	19,652
Notes receivable	6,537	3,222
Net cash provided by investing activities	<u>23,686</u>	<u>22,874</u>
Net increase (decrease) in cash and cash equivalents	(61,575)	216,979
<b>CASH AND INVESTMENTS, BEGINNING</b>	<u>1,962,538</u>	<u>1,432,614</u>
<b>CASH AND INVESTMENTS, ENDING</b>	<u>\$ 1,900,963</u>	<u>\$ 1,649,593</u>
<b>COMPRISED AS FOLLOWS:</b>		
Unrestricted	\$ 1,900,963	\$ 1,651,493
Restricted	-	-
Total	<u>\$ 1,900,963</u>	<u>\$ 1,651,493</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 29,027	\$ (59,759)
Adjustments:		
Depreciation	463,659	310,044
Decrease (increase) in:		
Accounts receivable	18,195	(15,923)
Inventories	-	-
Increase (decrease) in:		
Accounts payable and accrued expenses	26,557	(36,123)
Accrued compensated absences	(1,094)	(1,094)
Deposits	100	-
Net pension liability	22,304	21,549
Net cash provided by operating activities	<u>\$ 558,748</u>	<u>\$ 218,694</u>

*The accompanying notes are an integral part of the basic financial statements.*

Enterprise Funds			Activities	
Storm Water Fund	Telecommunications Fund	Total	Operations Center Internal Service Fund	
\$ 242,365	\$ 1,341,852	\$ 4,534,578	\$ -	
(92,948)	(449,805)	(965,626)	-	
(54,462)	(394,843)	(2,199,351)	(49,155)	
94,955	497,204	1,369,601	(49,155)	
-	(128,677)	80,000	-	
(16,891)	120,332	(21,903)	107,968	
-	163,745	163,745	-	
(16,891)	155,400	221,842	107,968	
-	(192,146)	(192,146)	-	
(35,000)	(106,441)	(586,615)	-	
(25,930)	(287,806)	(621,243)	-	
-	-	750	-	
(60,930)	(586,393)	(1,399,254)	-	
5,634	-	42,435	1,433	
-	-	9,759	-	
5,634	-	52,194	1,433	
22,768	66,211	244,383	60,246	
487,880	142,596	4,025,628	160,425	
\$ 510,648	\$ 208,807	\$ 4,270,011	\$ 220,671	
\$ 510,648	\$ -	\$ 4,063,104	\$ 220,671	
-	208,807	208,807	-	
\$ 510,648	\$ 208,807	\$ 4,271,911	\$ 220,671	
\$ 37,276	\$ 34,520	\$ 41,064	\$ (47,422)	
56,022	392,116	1,221,841	-	
(63)	(23,342)	(21,133)	-	
-	57,606	57,606	-	
(5,451)	(16,599)	(31,616)	(1,733)	
(2)	(4,251)	(6,441)	-	
-	-	100	-	
7,173	51,305	102,331	-	
\$ 94,955	\$ 497,204	\$ 1,369,601	\$ (49,155)	

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

## **FUND FINANCIAL STATEMENTS**

### **Fiduciary Funds**

This fund is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

#### **Private-Purpose Trust Fund**

##### **Trust Fund**

The Trust Fund accounts for contributions from private sources that are held by the City in a fiduciary capacity. Expenditures are made for the benefit of the library, senior center, recreation, emergency services, and Sandy Times.

**CITY OF SANDY, OREGON**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2017**

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	Private-Purpose Trust Fund
<b>ASSETS:</b>	
Cash and investments	\$ 97,970
Total assets	<u>\$ 97,970</u>
<b>LIABILITIES:</b>	
Accounts payable and other current liabilities	<u>\$ 728</u>
Total liabilities	<u>728</u>
<b>NET POSITION:</b>	
Held in trust for:	
Library	8,814
Adopt a book	1,360
Seniors	40,240
Meinig park	13,395
Recreation	934
Fantasy forest	8,791
Youth basketball	7,726
GREAT	3,082
Police explorers	3,187
Riparian	4,311
Emergency services	270
EASEY	5,995
Sandy times	(64)
Noah's Quest	151
DARE	(991)
Shop with a cop	<u>41</u>
Total net position	<u>97,242</u>
Total liabilities and net position	<u>\$ 97,970</u>

*The accompanying notes are an integral part of the basic financial statements.*

**CITY OF SANDY, OREGON**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Fiscal Year Ended June 30, 2017**

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	<u>Private-Purpose Trust Fund</u>
<b>ADDITIONS:</b>	
Donations:	
Library	\$      653
Seniors	9,156
Meinig park	3,371
Noah's Quest	5,557
Interest:	
Library	994
Meinig park	175
	<hr/>
Total additions	19,906
	<hr/>
<b>DEDUCTIONS:</b>	
Seniors	12,576
Noah's Quest	4,352
	<hr/>
Total deductions	19,817
	<hr/>
Change in net position	89
	<hr/>
<b>NET POSITION, BEGINNING</b>	97,153
	<hr/>
<b>NET POSITION, ENDING</b>	<u>\$      97,242</u>

*The accompanying notes are an integral part of the basic financial statements.*



**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

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**1. Summary of Significant Accounting Policies**

The financial statements of the City have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

**A. Description of Reporting Entity**

The City is a municipal corporation governed by an elected mayor and six-member council. As required by GAAP, these financial statements present the government and its component unit (Sandy Urban Renewal Agency), entities for which the government is considered to be financially accountable.

Sandy Urban Renewal Agency – The Agency was formed to plan, direct, and manage certain projects within Sandy. Pursuant to ORS 457.055, the City Council has been appointed governing body of the Agency. The Urban Renewal Agency Capital Projects Fund and Urban Renewal Agency Debt Service Fund are reported as governmental fund types.

Blended component units, although legally separate entities are, in substance, part of the government's operations and data from these units are combined with data of the primary government. The Sandy Urban Renewal Agency has a June 30 year-end. The Sandy Urban Renewal Agency is governed by the City Council of The City of Sandy and representatives from the Sandy Fire District and the Sandy Area Chamber of Commerce. Complete financial statements for the Agency may be obtained at: City of Sandy - City Hall 39250 Pioneer Blvd. Sandy, OR 97055-8001.

**B. Basic Financial Statements**

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally 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.

Government-wide statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include all the financial activities of the City, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. *Program revenues* include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

---

program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements

These statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, and fiduciary, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column in the financial section of the basic financial statements and are detailed in the supplemental information. The City has no non-major funds.

**C. Basis of Presentation**

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB 34 model sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and proprietary combined) for the determination of major funds. Non-major funds are combined in a column in the fund financial statements and detailed in the combining section. The City has no non-major funds.

The City reports the following major governmental funds:

The *General Fund* accounts for all activities not accounted for by other funds of the City. Principal sources of revenues are property taxes, state and county shared revenues, and licenses and permits. Primary expenditures are made for police protection, culture and recreation, and general government.

The *Street Fund* accounts for revenue derived from the state gas tax that is used for repair, maintenance, and construction of streets.

The *Transit Fund* accounts for revenue from a 0.6% employer payroll tax and intergovernmental sources that are used to operate the Sandy Area Metro (SAM) transit service.

The *Urban Renewal Agency Fund* accounts for revenues from tax increment financing (property taxes) that are used to fund the urban renewal plan.

The *Parks Capital Project Fund* accounts for System Development Charges (SDC) and grant money to fund park projects.

The City reports each of its four proprietary funds as major funds. These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges. These funds

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

---

represent four segments of operations – Water, Sewer, Storm Water, and Telecommunications. The City reports the following proprietary funds:

- *Water Fund*
- *Sewer Fund Operations*
- *Storm Water Fund*
- *Telecommunications Fund*

Additionally, the government reports the following internal service fund also classified as a proprietary fund. An internal service fund is used to account for an activity that provides goods or services to other departments on a cost-reimbursement basis. This internal service fund is used to pool resources from departments that occupy the Operations Center building to allocate costs associated with shared invoices. Revenue sources are transfers from the Water, Sewer, Storm Water, Street, Transit, and General Funds.

- *Operations Center Internal Service Fund*

Fiduciary Funds reporting focuses on net position and changes in net position. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Fiduciary funds are used to account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The City's only fiduciary fund is a private-purpose trust fund. Private-purpose trust funds are used to report contributions from private sources held in trust for the use of making purchases for the benefit of the library, senior center, recreation, emergency services, and Sandy Times and thus do not involve measurement of results of operations. The City reports the following fiduciary fund:

- *Trust Fund*

#### **D. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe which transactions are recorded with the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus.

The government-wide financial statements and the proprietary funds financial statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*, as are the fiduciary 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

---

current period. For this purpose, the City considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, long-term compensated absences are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Unavailable revenue arises in the Governmental Funds Balance Sheet when potential revenue does not meet both the measurable and available criteria for recognition in the current period. This unavailable revenue consists primarily of uncollected property taxes and assessments not deemed available to financial operation of the current period. In the government-wide Statement of Net Position, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the liability created on the Governmental Fund Balance Sheet for unavailable revenue is eliminated. Note that unavailable revenues also arise outside the scope of measurement focus and basis of accounting, such as when the City receives resources before it has a legal claim to them. For instance, when grant monies are received prior to the incurrence of qualifying expenditures.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Vested compensated absences are recorded as expenditures only to the extent that they are expended and are liquidated with expendable financial resources. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized. Thus, the expense and related accrued liability for long term portions of debt and compensated absences must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements. 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. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

---

principle operating revenues of the City's Water, Sewer, Storm Water, and Telecommunications Funds are charges to customers for sales and services. These funds also recognize fees intended to recover the cost of connecting new customers to the City's utility systems as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and overheads, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The proprietary financial statements have incorporated all applicable GASB pronouncements.

**E. Cash and Investments**

For the purposes of the statement of cash flows, the City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments included in cash and cash equivalents are reported at fair value. The City invests in the State of Oregon Local Government Investment Pool, which is authorized by Oregon Revised Statutes. Interest earned from pooled investments is allocated based on a fund's portion of the total investment balance. The City maintains depository insurance under Federal depository insurance funds and state and financial institution collateral pools for its cash deposits and investments, except the Local Government Investment Pool, which is exempt from statutes requiring such insurance. Investments are stated at fair value.

**F. Receivables**

Uncollected property taxes receivable collected within thirty days following year end are considered measurable and available and are recognized as revenues. All other uncollected property taxes receivable are offset by unavailable revenues and, accordingly, have not been recorded as revenue. Property taxes are assessed and become a lien against the property as of July 1 each year and are payable in three installments on November 15, February 15, and May 15 following the lien date. Taxes unpaid and outstanding on May 16 are considered delinquent.

Assessments receivable are recognized at the time property owners are assessed for property improvements. Assessments receivable expected to be collected within thirty days following year end and are considered measurable and available and are recognized as revenue. All other assessments receivable are offset by unavailable revenues and, accordingly, have not been recorded as revenue.

Receivables for grants and state shared revenues, included in accounts receivable are recorded as revenues in governmental fund types as earned. Receivables of the proprietary fund types are recorded as revenues as earned, including services earned but not billed.

**G. Interfund Loans Receivables/Payables**

Long-term interfund loans are classified as "interfund loan receivable" and "interfund loan payable."

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

---

**H. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, street lights, etc.), are reported in the applicable governmental or business-type activities column in the governmental-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost, or estimated historical cost if actual cost is not available. Donated capital assets are recorded at acquisition value at the time received.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and having useful lives extending beyond a single reporting period. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	40
Improvements	7 - 20
Infrastructure	10 - 50
Vehicles	5 - 10
Furniture and equipment	5 - 20

Monthly depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

**I. Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenditure/expense) until then. The City has one item that qualifies for reporting in this category. It is the deferred amount relating to pensions. This amount is deferred and recognized as an outflow of resources in the period when the City's recognizes pension expense/expenditures. Deferred outflows are included in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

---

position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category. Unavailable revenue from property taxes is reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amount becomes available. The City also reports a deferred amount related to pensions. This amount is deferred and recognized as an inflow of resources in the period when the City's recognizes pension income. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt.

**J. Compensated Absences**

Accumulated vested vacation pay is accrued as it is earned. For governmental funds, accumulated vested vacation pay is maintained separately and represents a reconciling item between the fund-level and government-wide presentations. Compensated absences are reported in governmental funds only if they have matured. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Funds used to liquidate accrued compensated absences included the general fund, street fund, transit fund, urban renewal fund, water fund, sewer fund, storm water fund, and telecommunications fund.

**K. Pensions**

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

**L. Net Position and Fund Balance**

In the government-wide financial statements and proprietary funds financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets represents capital assets less accumulated depreciation less outstanding principal of related debt. Net position invested in capital assets, net of related debt does not include the unspent proceeds of capital debt. Restricted net position represents net position restricted by parties outside of the City (such as creditors, grantors, contributors, laws, and regulations of other governments) and includes unspent proceeds of bonds issued to acquire or construct capital assets. The nonexpendable portion of permanent funds is reported as a component of restricted net position. The City's other restricted net position is temporarily restricted (ultimately expendable) assets. All other net position is considered unrestricted.

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

---

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – non-spendable, restricted, committed, assigned and unassigned.

**Non-Spendable** – Includes amounts not immediately converted to cash, such as prepaid items and inventory.

**Restricted** – Includes amounts that are restricted by external creditors, grantors or contributors, or restricted by enabling legislation.

**Committed** – Includes amounts that have been committed by resolution by the City Council which is the City’s “highest level of decision-making authority.” Committed amounts may not be used for any other purpose unless the City Council removes the constraint by similar council action. Commitments of fund balance must be made prior to the end of the fiscal year.

**Assigned** – Includes amounts assigned for specific purposes by council action who authorizes, by resolution, the City Manager to assign fund balance. Assigned fund balance is also established by the Council through adoption or amendment of the budget as intended for specific purpose.

**Unassigned** – This is the residual classification used for those balances not assigned to another category.

**M. Use of Restricted Resources**

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. When unrestricted resources (committed, assigned, and unassigned) are available for use it is the City’s policy to use committed resources first, then assigned, and then unassigned as they are needed.

The general fund is the only fund to report a positive unassigned fund balance. In other governmental funds, other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, these funds may report a negative unassigned fund balance.

**N. Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted requires that management make estimates and assumptions which affect the reporting amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimated.

**2. Cash and Investments**

At June 30, 2017 the cash equivalents of the City and its component unit consist of the following:



**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

---

	Weighted Average Maturity	Fair Value
Investments in the State Treasurer’s Local Government Investment Pool	0.00	\$15,829,775
US Treasuries	0.78	900,749
US Agencies	2.39	2,472,995
Corporate Bonds	1.24	382,918
	<hr/>	<hr/>
Total cash equivalents	0.36	\$19,586,437
	<hr/> <hr/>	<hr/> <hr/>

Cash and investments are displayed on the financial statements as:

Cash and investments - government-wide	\$ 19,805,590
Restricted cash and investments – government-wide	208,807
Cash and investments - fiduciary funds	97,970
	<hr/>
Total cash and investments	\$ 20,112,367
	<hr/> <hr/>

**A. Interest Rate Risk**

In accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the weighted average maturity of its investments portfolio to 36 months.

**B. Credit Risk**

State statutes authorize the City to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers’ acceptances, and the State Treasurer’s Oregon Local Government Investment Pool, among others. The City has no investment policy that would further limit its investment choices.

The City’s investment in the Local Government Investment Pool is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

**C. Concentration of Credit Risk**

The City’s investment policy allows the City to have a maximum of up to 35% of total portfolio in either Commercial paper or Corporate Indebtedness to limit concentration of credit risk. The City’s investments were rated A or AA by Moody’s Investors Service.

The State Treasurer’s Investment Pool operates in accordance with appropriate state laws and regulations, but is not regulated by other laws, organizations or regulations. The reported value of the Pool is the same as the fair value of Pool shares. Investments are regulated by the Oregon

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

---

Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The Pool is not registered with the SEC as an investment company and is unrated.

**D. Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a deposit policy for custodial credit risk. The Federal Depository Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) provides insurance for the City's deposits up to \$250,000 for the combined total of all deposit accounts at each financial institution. The remaining deposits are covered by the Public Funds Collateralization program (PFCP) of the State of Oregon in accordance with ORS 295. Depositories qualified under this program are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank failure or loss. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable. ORS 295 creates a shared liability structure for participating depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. As of June 30, 2017, the book value of the City's deposits was \$523,580 and the bank balance was \$706,296. The City's bank balances of \$247,287 were exposed to custodial credit risk as they were collateralized under PFCP. The City has \$2,350 cash on hand.

**E. Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or price paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

---

	Fair Value Measurements Value as of June 30, 2016			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
State Treasurer's Local				
Government Investment Pool	\$ -	\$ 15,829,775	\$ -	\$ 15,829,775
US Treasuries	900,749	-	-	900,749
US Agencies	2,472,995	-	-	2,472,995
Corporate Bonds	-	382,918	-	382,918
	<u>\$ 3,373,744</u>	<u>\$ 16,212,693</u>	<u>\$ -</u>	<u>\$ 19,586,437</u>

**3. Property Taxes and Assessments Receivable**

Uncollected taxes and assessments are deemed to be substantially collectible or recoverable through liens. Therefore, no allowance for uncollectible accounts has been established.

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

---

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2017 was as follows:

Primary Government	Beginning Balance	Additions	Deletions	Ending Balance
<b><i>Capital assets, not being depreciated:</i></b>				
Land	\$ 3,207,088	\$ -	\$ -	\$ 3,207,088
Construction in progress	545,143	1,411,978	(276,753)	1,680,368
Total capital assets, not being depreciated	<u>3,752,231</u>	<u>1,411,978</u>	<u>(276,753)</u>	<u>4,887,456</u>
<b><i>Capital assets, being depreciated:</i></b>				
Improvements	10,708,908	657,750	-	11,366,658
Buildings	13,473,568	-	-	13,473,568
Furniture and equipment	1,412,254	40,000	(5,995)	1,446,259
Vehicles	3,439,333	584,583	(73,879)	3,950,037
Intangible assets	96,326	263,354	-	359,680
Total capital assets, being depreciated	<u>29,130,389</u>	<u>1,545,687</u>	<u>(79,874)</u>	<u>30,596,202</u>
<b><i>Less accumulated depreciation for:</i></b>				
Improvements	(2,916,810)	(398,993)	-	(3,315,803)
Buildings	(2,739,889)	(450,062)	-	(3,189,951)
Furniture and equipment	(1,122,506)	(53,071)	5,995	(1,169,582)
Vehicles	(2,490,424)	(303,549)	70,125	(2,723,848)
Intangible assets	(81,124)	(12,736)	-	(93,860)
Total accumulated depreciation	<u>(9,350,753)</u>	<u>(1,218,411)</u>	<u>76,120</u>	<u>(10,493,044)</u>
Total capital assets, being depreciated, net	<u>19,779,636</u>	<u>327,276</u>	<u>(3,754)</u>	<u>20,103,158</u>
Governmental activities capital assets, net	<u>\$ 23,531,867</u>	<u>\$ 1,739,254</u>	<u>\$ (280,507)</u>	<u>\$ 24,990,614</u>

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

Business-type activities:	Beginning Balance	Additions	Deletions	Ending Balance
<b><i>Capital assets, not being depreciated:</i></b>				
Land	\$ 1,099,674	\$ -	\$ -	\$ 1,099,674
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>1,099,674</u>	<u>-</u>	<u>-</u>	<u>1,099,674</u>
<b><i>Capital assets, being depreciated:</i></b>				
Improvements	37,618,893	98,808	-	37,717,701
Buildings	976,801	-	-	976,801
Furniture and equipment	2,807,936	93,338	-	2,901,274
Vehicles	608,926	-	(3,061)	605,865
Total capital assets, being depreciated	<u>42,012,556</u>	<u>192,146</u>	<u>(3,061)</u>	<u>42,201,641</u>
<b><i>Less accumulated depreciation for:</i></b>				
Improvements	(10,091,221)	(1,017,067)	-	(11,108,288)
Buildings	(283,521)	(19,208)	-	(302,729)
Furniture and equipment	(1,745,629)	(155,752)	-	(1,901,381)
Vehicles	(485,490)	(29,814)	3,061	(512,243)
Total accumulated depreciation	<u>(12,605,861)</u>	<u>(1,221,841)</u>	<u>3,061</u>	<u>(13,824,641)</u>
Total capital assets, being depreciated, net	<u>29,406,695</u>	<u>(1,029,695)</u>	<u>-</u>	<u>28,377,000</u>
Business-type activities capital assets, net	<u>\$ 30,506,369</u>	<u>\$ (1,029,695)</u>	<u>\$ -</u>	<u>\$ 29,476,674</u>

Depreciation expense was charged to functions/programs as follows:

<b>Governmental activities:</b>	<b>Depreciation</b>
General government	\$ 234,808
Public safety	164,527
Highways and streets	134,954
Public transportation	223,976
Economic development	132,858
Culture and recreation	327,288
Total depreciation expense - governmental activities	<u>\$ 1,218,411</u>

**Business-type activities:**

Water	\$ 463,659
Sewer	310,044
Stormwater	56,022
Telecommunications	392,116
Total depreciation expense - business-type activities	<u>\$ 1,221,841</u>

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

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**5. Interfund Receivables, Payables, and Transfers**

**A. Interfund Receivables and Payables**

On December 17, 2013 the Sewer Bond Reserve Fund loaned the Telecommunications Fund \$150,000. The loan is to be repaid within five years with an annual interest rate of 2.1 percent.

On June 1, 2015 the Sewer Bond Reserve Fund loaned the Telecommunications Fund \$500,000. The loan is to be repaid within five years with an annual interest rate of 2.0 percent.

The Interfund loan receivables and payables are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Bond Reserve	Telecommunications Fund	<u>\$ 334,295</u>

**B. Interfund Transfers**

Interfund transfers are used to pay for administrative services provided by the general fund, provide funds for debt service, and contribute to the cost of capital projects.

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Governmental Funds:		
General Fund	\$ 260,630	\$ 192,500
State Tax Street Fund	-	59,548
Transit Fund	-	89,395
Urban Renewal Fund	-	6,252
Operations Center Internal Service Fund	<u>107,968</u>	<u>-</u>
Total Major Governmental Funds	<u>368,598</u>	<u>347,695</u>
Proprietary Funds:		
Water Fund	-	59,289
Sewer Fund	-	166,055
Sewer Bond Reserve Fund	100,000	-
Stormwater Fund	-	16,891
Telecommunications Fund	<u>150,000</u>	<u>28,668</u>
Total Proprietary Funds	<u>250,000</u>	<u>270,903</u>
Total All Funds	<u>\$ 618,598</u>	<u>\$ 618,598</u>

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

---

**6. Unavailable Revenues**

Unavailable revenues on June 30, 2017 consisted of the following:

Property taxes receivable	\$ 248,411
Other receivables	409,730
Total deferred revenues	<u>\$ 658,141</u>

**7. Long Term Debt**

During the year ended June 30, 2017, long-term liability activity was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
<b>Governmental Activities</b>					
Bonds and notes payable:					
Bonds payable	\$ 1,419,788	\$ -	\$ 448,358	\$ 971,430	\$ 473,564
Notes payable	945,007	10,115,000	649,232	10,410,775	362,999
Total bonds and notes payable	<u>2,364,795</u>	<u>10,115,000</u>	<u>1,097,590</u>	<u>11,382,205</u>	<u>836,563</u>
Compensated absences	326,920	-	86,585	240,335	48,067
Leases payable	176,368	-	63,434	112,934	67,448
Total governmental activities	<u>\$ 2,868,083</u>	<u>\$ 10,115,000</u>	<u>\$ 1,247,609</u>	<u>\$ 11,735,474</u>	<u>\$ 952,078</u>
<b>Business-type Activities</b>					
Bonds payable	\$ 8,857,497	\$ -	\$ 213,224	\$ 8,644,273	\$ 280,834
Bond premium	245,546	-	12,927	232,619	12,924
Notes payable	9,174,600	-	336,950	8,837,650	347,422
Total bonds and notes payable	<u>18,277,643</u>	<u>-</u>	<u>563,101</u>	<u>17,714,542</u>	<u>641,180</u>
Compensated absences	45,696	-	6,441	39,255	7,851
Leases payable	114,807	-	23,514	91,293	24,343
Total business-type activities	<u>\$ 18,438,146</u>	<u>\$ -</u>	<u>\$ 593,056</u>	<u>\$ 17,845,090</u>	<u>\$ 673,374</u>

**A. Bonds Payable**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year.

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

Governmental Activities

Series 2014: original amount \$2,279,741; interest rate 1.85%; final payment due June 2019.	\$ 971,430
Total bonds payable	\$ 971,430

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year	UR Series 2014 Principal	UR Series 2014 Interest
2018	\$ 473,564	\$ 23,546
2019	497,866	14,862
	\$ 971,430	\$ 38,408

Business-Type Activities

Series 2014: original amount \$947,154; interest rate 1.85%; final payment due June 2022.	\$ 599,273
Series 2011: original amount \$800,000; interest rate 4.60%; final payment due June 2031.	615,000
Series 2014: original amount \$7,500,000; interest rate 1.375 to 4.00%; final payment due March 2035.	7,430,000
Total bonds payable	\$ 8,644,273

Bonds Payable Business-Type Activities

Fiscal Year	Water Fund Series 2014		Storm Water Series 2011		TC Revenue Bond Series 2014	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 110,834	\$ 5,512	\$ 35,000	\$ 25,543	\$ 135,000	\$ 286,825
2019	113,369	3,385	35,000	24,318	185,000	284,968
2020	122,817	6,939	35,000	22,918	230,000	282,425
2021	125,280	4,667	40,000	21,763	255,000	273,225
2022	126,973	2,350	40,000	20,363	275,000	263,025
2023-2027	-	-	220,000	77,655	1,850,000	1,129,275
2028-2032	-	-	210,000	24,610	2,595,000	708,800
2033-2037	-	-	-	-	1,905,000	154,400
	\$ 599,273	\$ 22,853	\$ 615,000	\$ 217,170	\$ 7,430,000	\$ 3,382,943



**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

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**B. General Obligation Notes Payable**

Governmental Activities	
Washington Federal Loan: original amount \$605,000; interest rate 2.62%; final payment due January 2020.	\$ 173,910
Clackamas County Bank Loan - Library: original amount \$799,999; interest rate 2.75%; final payment due June 2037.	662,220
Series 2017: original amount \$10,000,000; interest rate 2.44%; final payment due June 2031.	9,459,645
Clackamas County Bank Loan - Library: original amount \$799,999; interest rate 0%; final payment due December 2017	115,000
Total notes payable	\$ 10,410,775

Notes Payable Governmental Activities				
Fiscal Year	UR Series 2017		CCB - Library	
	Principal	Interest	Principal	Interest
2018	\$ 165,466	\$ 230,815	\$ 26,065	\$ 18,023
2019	153,992	226,778	26,787	17,301
2020	664,796	223,021	27,529	16,559
2021	681,017	206,800	28,246	15,842
2022	697,634	190,183	29,073	15,015
2023-2027	3,751,964	687,119	157,857	62,583
2028-2032	3,344,776	206,490	180,967	39,473
2033-2037	-	-	185,696	12,982
	\$ 9,459,645	\$ 1,971,206	\$ 662,220	\$ 197,778

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

Notes Payable Governmental Activities

Fiscal Year	Washington Federal		Northwest Housing Alternatives	
	Principal	Interest	Principal	Interest
2018	\$ 56,468	\$ 4,189	\$ 115,000	\$ -
2019	57,957	2,700	-	-
2020	59,485	1,171	-	-
	<u>\$ 173,910</u>	<u>\$ 8,060</u>	<u>\$ 115,000</u>	<u>\$ -</u>

Business-Type Activities

USDA Sewer Facility Loan: Original amount \$2,970,000; interest amount 4.75%; final payment due June 2039.	\$ 2,251,666
OBDD water intertie loan: original amount 7,500,000; interest amount 2.77%; final payment due June 2035.	<u>6,585,984</u>
Total notes payable	<u>\$ 8,837,650</u>

Notes Payable Business-Type Activities

Fiscal Year	OBDD Water Intertie Loan		USDA Sew. Fac. Loan	
	Principal	Interest	Principal	Interest
2018	\$ 287,164	\$ 182,432	\$ 60,258	\$ 106,953
2019	295,118	174,477	63,120	104,091
2020	303,293	166,303	66,118	101,093
2021	311,694	157,901	69,259	97,952
2022	320,328	149,267	72,548	94,663
2023-2027	1,739,754	608,221	417,824	418,231
2028-2032	1,994,434	353,540	526,945	309,110
2033-2037	1,334,199	74,587	664,560	171,495
2038-2042	-	-	311,034	22,306
	<u>\$6,585,984</u>	<u>\$1,866,728</u>	<u>\$2,251,666</u>	<u>\$1,425,894</u>

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

**C. Leases Payable**

Governmental Activities	
Kansas State Bank: original amount \$173,769; interest rate 3.344%; final payment due October 2017.	\$ 37,416
Kansas State Bank: original amount \$69,225; interest rate 3.96%; final payment due June 2020.	41,493
HP- USA 1 – Computers: original amount \$46,526; interest rate 3.08%; final payment due May 2019	10,118
HP – USA 2 – Servers: original amount \$20,250; interest rate 3.83%; final payment September 2018	<u>23,907</u>
<b>Total leases payable</b>	<u><u>\$ 1,064,064</u></u>

Leases Payable Governmental Activities				
Fiscal Year	Kanas State Bank		Kanas State Bank	
	Principal	Interest	Principal	Interest
2018	\$ 37,416	\$ 1,191	\$ 13,298	\$ 1,643
2019	-	-	13,824	1,117
2020	-	-	14,371	569
	<u>\$ 37,416</u>	<u>\$ 1,191</u>	<u>\$ 41,493</u>	<u>\$ 3,329</u>

Leases Payable Governmental Activities				
Fiscal Year	HP -USA1 - Computers		HP- USA2 - Server	
	Principal	Interest	Principal	Interest
2018	\$ 4,964	\$ 388	\$ 11,770	\$ 601
2019	5,154	198	12,137	234
	<u>\$ 10,118</u>	<u>\$ 586</u>	<u>\$ 23,907</u>	<u>\$ 835</u>

Business-Type Activities	
HP – Ditch Witch: original amount \$124,363; interest at 3.5%	<u>\$ 91,292</u>
<b>Total leases payable</b>	<u><u>\$ 91,292</u></u>

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

---

Fiscal Year	Leases Payable	
	HP - Ditch Witch Principal	Interest
2018	\$ 24,343	\$ 2,799
2019	25,206	1,936
2020	28,316	1,042
2021	13,427	183
	<u>\$ 91,292</u>	<u>\$ 5,960</u>

**7. Net Position**

The government-wide statement of net position reports \$12,341,205 of restricted net position, of which \$12,155,291 is restricted by enabling legislation.

**8. Deferred Inflows of Resources**

In fiscal year 2013-2014, the City refunded revenue bonds which resulted in a difference between the reacquisition price and the net carrying value of the old debt that was deferred and will be amortized over the life of the bond. The balance at June 30, 2017 is \$21,471.

**9. Pension Plan**

**A. Plan Description**

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at

<http://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx>.

**B. Benefits Provided**

**1. Tier One/Tier Two Retirement Benefit ORS Chapter 238**

**Pension Benefits**

The PERS retirement allowance is payable monthly for life. It may be selected from 13

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

---

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

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

**Death Benefits**

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

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

**Disability Benefits**

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

**Benefit Changes**

After Retirement Members may choose to continue participation in a variable equities

investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

## **2. OPSRP Pension Program (OPSRP DB)**

### **Pension Benefits**

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

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

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

### **Death Benefits**

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

### **Disability Benefits**

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

### **Benefit Changes After Retirement**

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living

changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

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

#### **Pension Benefits**

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

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

#### **Death Benefits**

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

#### **Recordkeeping**

OPERS contracts with VOYA Financial to maintain IAP participant records.

### **C. Contributions**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30, 2017 were \$550,058, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2016 were 16.91 percent for Tier One/Tier Two General Service Member, 16.91 percent for Tier One/Tier Two Police, 10.23 percent for OPSRP Pension Program General Service Members, 14.34 percent for OPSRP Pension Program Police Members,

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

---

and 6 percent for OPSRP Individual Account Program.

**D. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2017, the City reported a liability of \$6,965,702 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to June 30, 2016. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, the City's proportion was 0.0463999 percent, which was increased from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the City's recognized pension expense (income) of \$1,187,245. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 230,456	\$ -
Changes of assumptions	1,485,617	-
Net difference between projected and actual earnings on investments	1,376,131	-
Changes in proportion	20,382	201,402
Differences between employer contributions and proportionate share of contributions	42,895	95,252
Total (prior to post-MD contributions)	<u>3,155,481</u>	<u>296,654</u>
Contributions subsequent to the MD	<u>550,058</u>	<u>-</u>
Total	<u>\$ 3,705,539</u>	<u>\$ 296,654</u>



**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

---

\$550,058 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 488,591
2019	488,593
2020	999,417
2021	772,940
2022	<u>109,286</u>
Total	<u>\$ 2,858,827</u>

**E. Actuarial Assumptions**

The employer contribution rates effective July 1, 2013, through June 30, 2015, and effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2014
Measurement Date	June 30, 2016
Experience Study Report	2014, published September 2015
Actuarial Assumptions:	
Inflation Rate	2.50 percent (reduced from 2.75%)
Long-Term Expected Rate of Return <sup>1</sup>	7.50 percent (reduced from 7.75%)
Discount Rate	7.50 percent (reduced from 7.75%)

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

Projected Salary Increases	3.50 percent (reduced from 3.75%)
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service.
Mortality	<p><i>Health retirees and beneficiaries:</i> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Active Members:</i> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><i>Disabled retirees:</i> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>
At its September 25, 2015 meeting, the PERS Board reduced the assumed rate of return on investments from 7.75 percent to 7.5 percent	

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

**F. Long-term Expected Rate of Return**

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

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

---

<u>Asset Class/Strategy</u>	<u>Target Allocation</u>
Cash	0.0%
Debt Securities	20.0%
Public Equity	37.5%
Private Equity	17.5%
Real Estate	12.5%
Alternative Equity	12.5%
Opportunity Portfolio	0.0%
Total	<u>100.0%</u>

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.30%	6.99%
Micro Cap US Equities	1.30%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Foreign Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equities	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.64%
Hedge Fund - Event-Driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Total	<u>100.00%</u>	
Assumed Inflation - Mean		2.50%

### **G. Depletion Date Projection**

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

### **H. Discount Rate**

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

### **I. Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

---

liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
City's proportionate share of the net pension liability (asset)	\$ 11,247,287	\$ 6,965,702	\$ 3,387,047

**J. Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

**K. Changes in Plan Provisions During the Measurement Period**

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

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

This change in benefit terms were reflected in the current valuation.

**L. Changes in Plan Provisions Subsequent to Measurement Date**

There were no changes subsequent to the June 30, 2016 measurement date.

**10. Risk Management**

The City is exposed to various risks of loss related to errors and omissions; automobile; damage to a 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.

**11. Contingencies**

The City has received several federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Based upon prior experience, City management believes such disallowance, if any, will be immaterial.

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

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**12. Subsequent Event**

In March, the City Manager entered into a Purchase and Sale, and Promissory Note with the Oregon Trail School District (OTSD) for the purchase of the Cedar Ridge Middle School and Olin Y. Bignall Aquatic Center for \$3,000,000. At that time, City paid the OSTD \$2,000,000. The remaining balance of \$800,000 is due when the OSTD has official vacated the property. Estimate date is January 2018.

**REQUIRED SUPPLEMENTARY INFORMATION**

## REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

- Budgetary Comparison Schedules
  - General Fund
  - Street Fund
  - Urban Renewal Agency Fund
  - Transit Fund
- Schedule of the Proportionate Share of the Net Pension Liability
- Schedule of Contributions



**CITY OF SANDY, OREGON**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2017**

	Biennial Budget	
	Original	Final
<b>REVENUES:</b>		
Property taxes	\$ 5,733,400	\$ 5,733,400
Public service taxes	478,890	478,890
Franchise fees	1,104,830	1,104,830
Grants	40,000	40,000
Charges for services	27,600	64,151
Licenses and permits	114,370	114,370
Fines and forfeitures	-	155,704
Interest	31,700	31,700
Contributions and donations	-	-
Miscellaneous	12,000	13,000
<b>Total revenues</b>	<b>7,542,790</b>	<b>7,736,045</b>
<b>EXPENDITURES:</b>		
General government	1,810,581	1,811,581
Economic development	1,471,782	1,494,635
Public safety	5,210,372	5,388,277
Culture and recreation	4,465,969	4,465,969
Capital outlay	801,700	938,272
Debt service:		
Principal	220,195	220,195
Interest	32,269	32,269
Contingency	1,343,027	1,343,027
Indirect service	1,169,634	1,169,634
<b>Total expenditures</b>	<b>16,525,529</b>	<b>16,863,859</b>
Revenues over (under) expenditures	(8,982,739)	(9,127,814)
<b>OTHER FINANCING SOURCES (USES):</b>		
Issuance of debt	-	136,222
Sale of capital assets		-
Transfers in	1,690,893	1,690,893
Transfers out	(85,000)	(85,000)
<b>Total other financing sources (uses)</b>	<b>1,605,893</b>	<b>1,742,115</b>
Net changes in fund balance	(7,376,846)	(7,385,699)
<b>FUND BALANCE, BEGINNING</b>	<b>2,309,688</b>	<b>2,318,541</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ (5,067,158)</b>	<b>\$ (5,067,158)</b>

	Actual			Variance with
FY 2016	FY 2017	Biennial		Final Budget
\$ 2,920,002	\$ 3,096,105	\$ 6,016,107	\$	282,707
1,470,262	1,508,528	2,978,790		2,499,900
578,703	590,900	1,169,603		64,773
178,070	123,314	301,384		261,384
1,003,643	945,211	1,948,854		1,884,703
346,636	413,572	760,208		645,838
270,353	245,562	515,915		360,211
21,837	48,305	70,142		38,442
10,807	6,016	16,823		16,823
40,012	82,257	122,269		109,269
<u>6,840,325</u>	<u>7,059,770</u>	<u>13,900,095</u>		<u>6,164,050</u>
787,433	1,047,460	1,834,893		(23,312)
720,480	738,689	1,459,169		35,466
2,652,119	2,727,687	5,379,806		8,471
2,114,542	2,229,855	4,344,397		121,572
558,176	838,172	1,396,348		(458,076)
117,541	117,324	234,865		(14,670)
25,215	26,339	51,554		(19,285)
-	-	-		1,343,027
<u>584,816</u>	<u>584,818</u>	<u>1,169,634</u>		<u>-</u>
<u>7,560,322</u>	<u>8,310,344</u>	<u>15,870,666</u>		<u>993,193</u>
(719,997)	(1,250,574)	(1,970,571)		7,157,243
136,222	115,000	251,222		115,000
-	3,205	3,205		3,205
845,444	845,448	1,690,892		(1)
<u>(42,500)</u>	<u>(192,500)</u>	<u>(235,000)</u>		<u>(150,000)</u>
<u>939,166</u>	<u>771,153</u>	<u>1,710,319</u>		<u>(31,796)</u>
219,169	(479,421)	(260,252)		7,125,447
<u>2,654,246</u>	<u>2,873,415</u>	<u>2,654,246</u>		<u>335,705</u>
<u>\$ 2,873,415</u>	<u>\$ 2,393,994</u>	<u>\$ 2,393,994</u>	<u>\$</u>	<u>7,461,152</u>

**CITY OF SANDY, OREGON**  
**STREET FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2017**

	Biennial Budget	
	Original	Final
<b>REVENUES:</b>		
Public service taxes	\$ 1,640,000	\$ 1,640,000
Grants	60,000	60,000
Special assessments	234,000	234,000
System development charges	230,000	230,000
Interest	8,000	8,000
Miscellaneous	23,050	23,050
Total revenues	2,195,050	2,195,050
<b>EXPENDITURES:</b>		
Personnel services	404,931	404,931
Materials and services	1,025,025	1,025,025
Capital outlay	2,609,229	2,609,229
Debt service:		
Principal	108,620	108,620
Interest	12,693	12,693
Contingency	22,993	22,993
Total expenditures	4,183,491	4,183,491
Revenues over (under) expenditures	(1,988,441)	(1,988,441)
<b>OTHER FINANCING SOURCES (USES):</b>		
Sale of capital assets	-	-
Transfers out	(119,097)	(119,097)
Total other financing sources (uses)	(119,097)	(119,097)
Net changes in fund balance	(2,107,538)	(2,107,538)
<b>FUND BALANCE, BEGINNING</b>	2,107,538	2,107,538
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -

\* Appropriation level is at the department level which is below budget

FY 2016	Actual FY 2017	Biennial	Variance with Final Budget
\$ 970,317	\$ 969,012	\$ 1,939,329	\$ 299,329
-	-	-	(60,000)
63,880	19,167	83,047	(150,953)
354,518	207,506	562,024	332,024
17,785	27,122	44,907	36,907
9,528	7,203	16,731	(6,319)
1,416,028	1,230,010	2,646,038	450,988
193,045	212,250	405,295	(364)
527,849	505,919	1,033,768	(8,743)
195,774	84,428	280,202	2,329,027
53,603	55,017	108,620	-
7,053	5,640	12,693	-
-	-	-	22,993
977,324	863,254	1,840,578	2,342,913
438,704	366,756	805,460	2,793,901
-	4,450	4,450	4,450
(59,549)	(59,548)	(119,097)	-
(59,549)	(55,098)	(114,647)	4,450
379,155	311,658	690,813	2,798,351
2,477,086	2,856,241	2,477,086	369,548
\$ 2,856,241	\$ 3,167,899	\$ 3,167,899	\$ 3,167,899

**CITY OF SANDY, OREGON**  
**URBAN RENEWAL AGENCY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2017**

	Biennial Budget	
	Original	Final
<b>REVENUES:</b>		
Property taxes	\$ 2,843,615	\$ 3,002,415
Interest	3,000	3,000
Total revenues	2,846,615	3,005,415
<b>EXPENDITURES:</b>		
Personnel services	159,017	161,473
Materials and services	23,003	27,003
Capital outlay	2,558,000	12,558,000
Debt service:		
Principal	875,193	1,415,548
Interest	75,252	134,897
Other Fees	-	-
Contingency	49,839	49,839
Total expenditures	3,740,304	14,346,760
Revenues over (under) expenditures	(893,689)	(11,341,345)
<b>OTHER FINANCING SOURCES (USES):</b>		
Issuance of debt	-	10,000,000
Interfund loan payments	(140,000)	(140,000)
Transfers out	-	(12,503)
Total other financing sources (uses)	(140,000)	9,847,497
Net changes in fund balance	(1,033,689)	(1,493,848)
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	1,033,689	1,493,848
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	\$ -	\$ -
Interfund loan payable		
<b>FUND BALANCE, ENDING</b>		

	Actual			Variance with
FY 2016	FY 2017	Biennial		Final Budget
\$ 1,492,005	\$ 1,507,787	\$ 2,999,792	\$	(2,623)
12,747	56,468	69,215		66,215
<u>1,504,752</u>	<u>1,564,255</u>	<u>3,069,007</u>		<u>63,592</u>
76,522	83,024	159,546		1,927
10,127	15,023	25,150		1,853
342,794	3,992,137	4,334,931		8,223,069
426,836	988,713	1,415,549		(1)
41,948	92,949	134,897		-
-	63,000	63,000		(63,000)
-	-	-		49,839
<u>898,227</u>	<u>5,234,846</u>	<u>6,133,073</u>		<u>8,213,687</u>
606,525	(3,670,591)	(3,064,066)		8,277,279
-	10,000,000	10,000,000		-
(60,000)	(80,000)	(140,000)		-
<u>(6,251)</u>	<u>(6,252)</u>	<u>(12,503)</u>		<u>-</u>
<u>(66,251)</u>	<u>9,913,748</u>	<u>9,847,497</u>		<u>-</u>
540,274	6,243,157	6,783,431		8,277,279
<u>1,493,848</u>	<u>2,034,122</u>	<u>1,493,848</u>		<u>-</u>
2,034,122	8,277,279	<u>\$ 8,277,279</u>	<u>\$</u>	<u>8,277,279</u>
<u>(80,000)</u>	<u>-</u>			
<u>\$ 1,954,122</u>	<u>\$ 8,277,279</u>			

**CITY OF SANDY, OREGON**  
**TRANSIT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2017**

	Biennial Budget	
	Original	Final
<b>REVENUES:</b>		
Public service taxes	\$ 1,000,000	\$ 1,000,000
Grants	2,580,000	2,580,000
Charges for services	297,400	297,400
Interest	10,000	10,000
Miscellaneous	10,100	10,100
Indirect service	47,334	47,334
Total revenues	<u>3,944,834</u>	<u>3,944,834</u>
<b>EXPENDITURES:</b>		
Personnel services	360,713	360,713
Materials and services	1,856,570	1,856,570
Capital outlay	1,168,000	1,168,000
Contingency	1,818,879	1,818,879
Total expenditures	<u>5,204,162</u>	<u>5,204,162</u>
Revenues over (under) expenditures	(1,259,328)	(1,259,328)
<b>OTHER FINANCING SOURCES (USES):</b>		
Sale of capital assets	-	-
Transfers out	(178,789)	(178,789)
Total other financing sources (uses)	<u>(178,789)</u>	<u>(178,789)</u>
Net changes in fund balance	(1,438,117)	(1,438,117)
<b>FUND BALANCE, BEGINNING</b>	<u>1,438,117</u>	<u>1,438,117</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>

	Actual			Variance with
FY 2016	FY 2017	Biennial		Final Budget
\$ 640,798	\$ 607,278	\$ 1,248,076	\$	248,076
672,542	1,264,505	1,937,047		(642,953)
120,834	110,593	231,427		(65,973)
9,586	17,910	27,496		17,496
35	11,792	11,827		1,727
-	-	-		(47,334)
<u>1,443,795</u>	<u>2,012,078</u>	<u>3,455,873</u>		<u>(488,961)</u>
168,403	159,313	327,716		32,997
869,049	954,510	1,823,559		33,011
1,293	746,228	747,521		420,479
-	-	-		1,818,879
<u>1,038,745</u>	<u>1,860,051</u>	<u>2,898,796</u>		<u>2,305,366</u>
405,050	152,027	557,077		1,816,405
-	19,900	19,900		19,900
(89,394)	(89,395)	(178,789)		-
<u>(89,394)</u>	<u>(69,495)</u>	<u>(158,889)</u>		<u>19,900</u>
315,656	82,532	398,188		1,836,305
<u>1,483,242</u>	<u>1,798,898</u>	<u>1,483,242</u>		<u>45,125</u>
<u>\$ 1,798,898</u>	<u>\$ 1,881,430</u>	<u>\$ 1,881,430</u>	<u>\$</u>	<u>1,881,430</u>



**CITY OF SANDY, OREGON**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**For the Last Four Fiscal Years**

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Measurement Date June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.04639990%	6,965,702	\$ 4,182,946	166.53%	80.53%
2016	0.05014105%	2,878,829	3,743,111	76.91%	92.00%
2015	0.04860486%	(1,101,733)	3,678,613	-29.95%	103.60%
2014	0.05014105%	673,613	3,634,578	18.53%	91.97%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**CITY OF SANDY, OREGON**  
**SCHEDULE OF CONTRIBUTIONS**  
**For the Last Four Fiscal Years**

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Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2017	\$ 550,058	\$ 550,058	\$ -	\$ 4,309,198	12.76%
2016	499,561	499,561	-	4,182,946	11.94%
2015	439,953	439,953	-	3,743,111	19.59%
2014	400,323	400,323	-	3,678,613	20.77%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary

**1. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

On a biennial basis, the City enacts a resolution approving the budget, appropriating the expenditures, and levying the property taxes. Prior to enacting this resolution, the proposed budget is presented to a budget committee consisting of members of the City Council and a like number of interested citizens. The budget committee presents the budget to the City Council for budget hearings prior to enactment of the resolution. The City budgets all funds, except the Fiduciary Funds, as required by Oregon Local Budget Law. The basis of budgeting for all major funds is the modified accrual basis of accounting.

The resolution authorizing appropriations for each fund sets the legal level of control by which expenditures cannot legally exceed appropriations. Total expenditures by department as established by the resolution are the legal level of control for the General Fund. Total expenditures by program level for operations and capital outlay are the legal level of control for all other funds except for the Parks Capital Project Fund and the Urban Renewal Agency Fund. Expenditure categories of personnel services, materials and services, capital outlay, debt service, transfers, and contingency are the legal level of control for these funds. The detail budget document, however, is required to contain more specific information for the above mentioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and adoption by the City Council. Management may modify original and supplemental budgets by the use of appropriation transfers between the legal levels of control within a fund. Such transfers require approval by the City Council.

**B. Deficit Fund Balance**

At June 30, 2016, the Telecommunications Fund had a deficit budgetary basis fund balance of (\$660,819).

**C. Changes in Benefit Terms**

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

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

This is a change in benefit terms was not included in the net pension liability (asset) proportionate shares provided by OPERS for the years ending June 30, 2015 and June 30, 2014.

**CITY OF SANDY, OREGON**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2017**

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**D. Changes of Assumptions**

Details and a comprehensive list of changes in methods and assumptions can be found in the 2012 and 2014 Experience Study for the System, which were published on September 18, 2013 and September 23, 2015.

These reports can be found at:

[http://www.oregon.gov/pers/Pages/section/financial\\_reports/mercerc\\_reports.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/mercerc_reports.aspx).



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## **OTHER SUPPLEMENTARY INFORMATION**

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparisons
  - General Fund - Expenditures
  - Major Capital Project Fund
  - Enterprise Funds
  - Internal Service Fund
  
- Other Financial Schedules

**CITY OF SANDY, OREGON**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2017**

	Biennial Budget		FY 2016
	Original	Final	
Mayor and city council			
Materials and services	\$ 33,312	\$ 34,312	\$ 20,933
Capital outlay	500	500	-
Indirect service	23,996	23,996	11,998
Subtotal	57,808	58,808	32,931
Administration			
Personnel services	414,774	414,774	196,656
Materials and services	25,625	25,625	11,027
Capital outlay	10,000	10,000	66
Contingency	39,496	39,496	-
Subtotal	489,895	489,895	207,749
Legal			
Materials and services	248,778	248,778	85,560
Subtotal	248,778	248,778	85,560
Municipal court			
Personnel services	62,548	62,548	23,978
Materials and services	24,825	24,825	9,618
Capital outlay	-	-	2,321
Indirect services	26,440	26,440	13,220
Contingency	56,848	56,848	-
Subtotal	170,661	170,661	49,137
Finance			
Personnel services	430,118	430,118	205,195
Materials and services	111,200	111,200	52,260
Capital outlay	4,000	4,000	442
Contingency	97,837	97,837	-
Subtotal	643,155	643,155	257,897
Library			
Personnel services	1,956,747	1,956,747	904,981
Materials and services	423,155	423,155	206,092
Capital outlay	91,000	91,000	101,028
Debt service	88,176	88,176	44,088
Indirect service	286,230	286,230	143,115
Contingency	45,000	45,000	-
Subtotal	2,890,308	2,890,308	1,399,304



	Actual FY 2017	Biennial	Variance with Final Budget
\$	13,717	\$ 34,650	\$ (338)
	113	113	387
	11,998	23,996	-
	<u>25,828</u>	<u>58,759</u>	<u>49 *</u>
	219,048	415,704	(930)
	7,317	18,344	7,281
	3,351	3,417	6,583
	<u>-</u>	<u>-</u>	<u>39,496</u>
	<u>229,716</u>	<u>437,465</u>	<u>52,430 *</u>
	<u>95,200</u>	<u>180,760</u>	<u>68,018</u>
	<u>95,200</u>	<u>180,760</u>	<u>68,018 *</u>
	32,563	56,541	6,007
	14,285	23,903	922
	1,570	3,891	(3,891)
	13,220	26,440	-
	<u>-</u>	<u>-</u>	<u>56,848</u>
	<u>61,638</u>	<u>110,775</u>	<u>59,886 *</u>
	212,592	417,787	12,331
	50,459	102,719	8,481
	4,303	4,745	(745)
	<u>-</u>	<u>-</u>	<u>97,837</u>
	<u>267,354</u>	<u>525,251</u>	<u>117,904 *</u>
	985,719	1,890,700	66,047
	220,337	426,429	(3,274)
	69,179	170,207	(79,207)
	45,012	89,100	(924)
	143,115	286,230	-
	<u>-</u>	<u>-</u>	<u>45,000</u>
	<u>1,463,362</u>	<u>2,862,666</u>	<u>27,642 *</u>

**CITY OF SANDY, OREGON**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2017**

	Biennial Budget		FY 2016
	Original	Final	
Continued			
Police			
Personnel services	4,090,974	4,220,879	2,097,201
Materials and services	887,605	935,605	456,599
Capital outlay	102,000	171,575	99,013
Debt service	132,008	132,008	80,945
Indirect service	425,797	425,797	212,899
Contingency	25,043	25,043	-
Subtotal	5,663,427	5,910,907	2,946,657
Animal control and code enforcement			
Personnel services	144,420	144,420	64,723
Indirect service	10,913	10,913	5,456
Subtotal	155,333	155,333	70,179
Recreation			
Personnel services	396,967	396,967	174,601
Materials and services	259,300	259,300	118,292
Capital outlay	13,500	13,500	6,584
Indirect service	60,619	60,619	30,309
Contingency	129,555	129,555	-
Subtotal	859,941	859,941	329,786
Seniors			
Personnel services	639,776	639,776	303,538
Materials and services	218,900	218,900	119,248
Capital outlay	56,500	56,500	4,719
Indirect service	89,196	89,196	44,598
Contingency	18,684	18,684	-
Subtotal	1,023,056	1,023,056	472,103
Parks maintenance			
Personnel services	432,044	432,044	203,570
Materials and services	139,080	139,080	84,220
Capital outlay	25,500	25,500	1,636
Indirect service	54,088	54,088	27,044
Contingency	5,928	5,928	-
Subtotal	656,640	656,640	316,470

Actual FY 2017	Biennial	Variance with Final Budget
2,208,926	4,306,127	(85,248)
402,440	859,039	76,566
23,233	122,246	49,329
80,928	161,873	(29,865)
212,898	425,797	-
-	-	25,043
<u>2,928,425</u>	<u>5,875,082</u>	<u>35,825 *</u>
69,473	134,196	10,224
5,457	10,913	-
<u>74,930</u>	<u>145,109</u>	<u>10,224 *</u>
189,457	364,058	32,909
133,781	252,073	7,227
7,864	14,448	(948)
30,310	60,619	-
-	-	129,555
<u>361,412</u>	<u>691,198</u>	<u>168,743 *</u>
334,388	637,926	1,850
104,689	223,937	(5,037)
2,367	7,086	49,414
44,598	89,196	-
-	-	18,684
<u>486,042</u>	<u>958,145</u>	<u>64,911 *</u>
207,727	411,297	20,747
53,757	137,977	1,103
1,078	2,714	22,786
27,044	54,088	-
-	-	5,928
<u>289,606</u>	<u>606,076</u>	<u>50,564 *</u>

**CITY OF SANDY, OREGON**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2017**

	Biennial Budget		FY 2016
	Original	Final	
Continued			
Planning			
Personnel services	335,064	335,064	163,287
Materials and services	37,950	37,950	14,989
Capital outlay	7,000	7,000	2,144
Indirect service	60,837	60,837	30,418
Contingency	97,385	97,385	-
Subtotal	538,236	538,236	210,838
Building			
Personnel services	496,113	496,113	235,848
Materials and services	77,450	77,450	36,202
Capital outlay	10,500	10,500	2,424
Indirect service	109,489	109,489	54,745
Contingency	121,411	121,411	-
Subtotal	814,963	814,963	329,219
Main Street			
Personnel services	145,033	145,033	67,573
Materials and services	50,230	73,083	41,600
Capital outlay	200	200	2,822
Revenue Distribution	22,029	22,029	11,014
Contingency	2,389	2,389	-
Subtotal	219,881	242,734	123,009
Non departmental			
Personnel services	29,734	29,734	3,871
Materials and services	517,040	517,040	211,931
Capital outlay	462,000	462,000	249,547
Transfer	85,000	85,000	42,500
Contingency	703,287	703,287	-
Subtotal	1,797,061	1,797,061	507,849
Information Technology			
Personnel services	235,463	235,463	116,017
Materials and services	94,479	94,479	44,964
Capital outlay	19,000	85,997	85,430
Debt service	32,280	32,280	17,723
Contingency	164	164	-
Subtotal	381,386	448,383	264,134
Total expenditures	\$ 16,610,529	\$ 16,948,859	\$ 7,602,822

\* Appropriation level is at the department level which is below budget

Actual FY 2017	Biennial	Variance with Final Budget
172,906	336,193	(1,129)
22,583	37,572	378
6,581	8,725	(1,725)
30,419	60,837	-
-	-	97,385
<u>232,489</u>	<u>443,327</u>	<u>94,909 *</u>
248,752	484,600	11,513
41,224	77,426	24
4,501	6,925	3,575
54,744	109,489	-
-	-	121,411
<u>349,221</u>	<u>678,440</u>	<u>136,523 *</u>
71,934	139,507	5,526
27,654	69,254	3,829
1,849	4,671	(4,471)
11,015	22,029	-
-	-	2,389
<u>112,452</u>	<u>235,461</u>	<u>7,273 *</u>
8,301	12,172	17,562
440,826	652,757	(135,717)
726,380	975,927	(513,927)
192,500	235,000	(150,000)
-	-	703,287
<u>1,368,007</u>	<u>1,875,856</u>	<u>(78,795) *</u>
123,577	239,594	(4,131)
30,059	75,023	19,456
(14,197)	71,233	14,764
17,723	35,446	(3,166)
-	-	164
<u>157,162</u>	<u>421,296</u>	<u>27,087 *</u>
<u>\$ 8,502,844</u>	<u>\$ 16,105,666</u>	<u>\$ 843,193</u>

**CITY OF SANDY, OREGON  
PARKS CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2017**

---

	Biennial Budget	
	Original	Final
<b>REVENUES:</b>		
Grants	\$ 250,000	\$ 250,000
System development charges	350,000	350,000
Interest	-	-
Contributions and donations	-	-
Indirect service	100,000	100,000
Total revenues	<u>700,000</u>	<u>700,000</u>
<b>EXPENDITURES:</b>		
Materials and services	7,200	22,200
Capital outlay	680,871	665,871
Total expenditures	<u>688,071</u>	<u>688,071</u>
Revenues over (under) expenditures	11,929	11,929
<b>FUND BALANCE, BEGINNING</b>	<u>(11,929)</u>	<u>(11,929)</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>

	Actual			Variance with
FY 2016	FY 2017	Biennial		Final Budget
\$ -	\$ -	\$ -	\$	(250,000)
162,757	213,121	375,878		25,878
466	2,810	3,276		3,276
-	158,204	158,204		158,204
45,192	-	45,192		(54,808)
<u>208,415</u>	<u>374,135</u>	<u>582,550</u>		<u>(117,450)</u>
9,135	861	9,996		12,204
<u>73,728</u>	<u>135,384</u>	<u>209,112</u>		<u>456,759</u>
<u>82,863</u>	<u>136,245</u>	<u>219,108</u>		<u>468,963</u>
125,552	237,890	363,442		351,513
<u>41,436</u>	<u>166,988</u>	<u>41,436</u>		<u>53,365</u>
<u>\$ 166,988</u>	<u>\$ 404,878</u>	<u>\$ 404,878</u>	<u>\$</u>	<u>404,878</u>

## **BUDGETARY COMPARISON SCHEDULES**

### **Enterprise Funds**

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances - budget and actual be displayed for each fund where legally adopted budgets are required.

Enterprise Budgetary Comparison schedules include the following:

- Water Fund
- Sewer Operations
  - Sewer Fund
  - Sewer Bond Reserve Fund
- Storm Water Fund
- Telecommunications Fund





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**CITY OF SANDY, OREGON**  
**WATER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2017**

---

	Biennial Budget	
	Original	Final
<b>REVENUES:</b>		
Grants	\$ -	\$ -
Charges for services	2,311,000	2,311,000
System development charges	200,000	200,000
Interest	10,000	10,000
Miscellaneous	45,000	45,000
	<hr/>	<hr/>
Total revenues	2,566,000	2,566,000
	<hr/>	<hr/>
<b>EXPENDITURES:</b>		
Personnel services	438,201	438,201
Materials and services	1,295,525	1,295,525
Capital outlay	211,000	211,000
Debt service:		
Principal	770,201	770,201
Interest	645,217	645,217
Contingency	1,159,208	1,159,208
	<hr/>	<hr/>
Total expenditures	4,519,352	4,519,352
	<hr/>	<hr/>
Revenues over (under) expenditures	(1,953,352)	(1,953,352)
	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES):</b>		
Sale of capital assets	-	-
Transfers out	(118,579)	(118,579)
	<hr/>	<hr/>
Total other financing sources (uses)	(118,579)	(118,579)
	<hr/>	<hr/>
Changes in fund balance	(2,071,931)	(2,071,931)
	<hr/>	<hr/>
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	2,071,931	2,071,931
	<hr/>	<hr/>
<b>PRIOR PERIOD ADJUSTMENT</b>	-	-
	<hr/>	<hr/>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	\$ -	\$ -
	<hr/>	<hr/>

**RECONCILIATION TO NET POSITION - GAAP BASIS**

Allowance for doubtful accounts  
Capital assets, net  
Deferred outflows related to pensions  
Notes receivable  
Accrued interest  
Accrued compensated absence  
Loans payable  
Net pension liability  
Deferred inflows of resources

**NET POSITION**

	Actual			Variance with
FY 2016	FY 2017	Biennial		Final Budget
\$ 15,640	\$ -	\$ 15,640	\$ 15,640	
1,412,048	1,375,229	2,787,277	476,277	
208,643	110,236	318,879	118,879	
19,928	17,149	37,077	27,077	
43,787	52,155	95,942	50,942	
<u>1,700,046</u>	<u>1,554,769</u>	<u>3,254,815</u>	<u>688,815</u>	
207,200	223,393	430,593	7,608	
769,897	713,089	1,482,986	(187,461)	
9,455	79,320	88,775	122,225	
382,553	387,648	770,201	-	
447,393	197,822	645,215	2	
-	-	-	1,159,208	
<u>1,816,498</u>	<u>1,601,272</u>	<u>3,417,770</u>	<u>1,101,582</u>	
(116,452)	(46,503)	(162,955)	1,790,397	
-	750	750	750	
(59,290)	(59,289)	(118,579)	-	
<u>(59,290)</u>	<u>(58,539)</u>	<u>(117,829)</u>	<u>750</u>	
(175,742)	(105,042)	(280,784)	1,791,147	
2,259,981	2,066,695	2,259,981	188,050	
<u>(17,544)</u>	<u>-</u>	<u>(17,544)</u>	<u>(17,544)</u>	
<u>\$ 2,066,695</u>	<u>1,961,653</u>	<u>\$ 1,961,653</u>	<u>\$ 1,961,653</u>	

(1,385)  
13,502,875  
122,837  
147,513  
(106,878)  
(12,936)  
(7,185,257)  
(230,910)  
(9,834)  
\$ 8,187,678

**CITY OF SANDY, OREGON  
SEWER OPERATIONS COMBINED  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2017**

	Sewer Fund	Sewer Bond Reserve Fund	Total Sewer Operations
<b>REVENUES:</b>			
Charges for services	\$ 1,265,875	\$ -	\$ 1,265,875
System development charges	144,008	-	144,008
Interest	2,290	6,444	8,734
Miscellaneous	12,578	-	12,578
	<u>1,424,751</u>	<u>6,444</u>	<u>1,431,195</u>
Total revenues			
<b>EXPENDITURES:</b>			
Personnel services	219,935	-	219,935
Materials and services	778,764	-	778,764
Capital outlay	148,852	-	148,852
Debt service:			
Principal	57,526	-	57,526
Interest	109,685	-	109,685
	<u>1,314,762</u>	<u>-</u>	<u>1,314,762</u>
Total expenditures			
Revenues over (under) expenditures	109,989	6,444	116,433
<b>OTHER FINANCING SOURCES (USES):</b>			
Issuance of debt	-	-	-
Payments of bond principal	-	-	-
Interfund loan receipts	-	219,595	219,595
Sale of capital assets	1,900	-	1,900
Transfers in	-	100,000	100,000
Transfers out	(166,055)	-	(166,055)
	<u>(164,155)</u>	<u>319,595</u>	<u>155,440</u>
Total other financing sources (uses)			
Net changes in fund balance	(54,166)	326,039	271,873
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<u>523,801</u>	<u>962,394</u>	<u>1,486,195</u>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ 469,635</u>	<u>\$ 1,288,433</u>	1,758,068
<b>RECONCILIATION TO NET POSITION - GAAP BASIS</b>			
Interfund Loan			334,296
Allowance for doubtful accounts			(948)
Capital assets, net			6,316,878
Deferred outflows related to pensions			122,837
Notes receivable			13,064
Accrued interest			(8,913)
Accrued compensated absence			(12,936)
Loans payable			(2,251,666)
Net pension liability			(230,909)
Deferred inflows of resources			(9,834)
<b>NET POSITION</b>			<u>\$ 6,029,937</u>



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**CITY OF SANDY, OREGON**  
**SEWER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2017**

	Biennial Budget	
	Original	Final
<b>REVENUES:</b>		
Charges for services	\$ 2,409,500	\$ 2,409,500
System development charges	338,239	338,239
Interest	4,000	4,000
Miscellaneous	5,000	5,000
<b>Total revenues</b>	<b>\$ 2,756,739</b>	<b>2,756,739</b>
<b>EXPENDITURES:</b>		
Personnel services	438,191	438,191
Materials and services	1,469,365	1,469,365
Capital outlay	571,500	571,500
Debt service:		
Principal	112,444	112,444
Interest	221,979	221,979
Contingency	91,989	91,989
<b>Total expenditures</b>	<b>\$ 2,905,468</b>	<b>2,905,468</b>
Revenues over (under) expenditures	(148,729)	(148,729)
<b>OTHER FINANCING SOURCES (USES):</b>		
Sale of capital assets	\$ -	-
Transfers out	(232,110)	(232,110)
<b>Total other financing sources (uses)</b>	<b>(232,110)</b>	<b>(232,110)</b>
Net changes in fund balance	(380,839)	(380,839)
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<b>380,839</b>	<b>380,839</b>
<b>PRIOR PERIOD ADJUSTMENT</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<b>\$ -</b>	<b>\$ -</b>

FY 2016	Actual FY 2017	Biennial	Variance with Final Budget
\$ 1,181,242	\$ 1,265,875	\$ 2,447,117	\$ 37,617
210,516	144,008	354,524	16,285
5,000	2,290	7,290	3,290
33,159	12,578	45,737	40,737
1,429,917	1,424,751	2,854,668	97,929
208,075	219,935	428,010	10,181
807,097	778,764	1,585,861	(116,496)
154,204	148,852	303,056	268,444
54,917	57,526	112,443	1
112,294	109,685	221,979	-
-	-	-	91,989
1,336,587	1,314,762	2,651,349	254,119
93,330	109,989	203,319	352,048
-	1,900	1,900	1,900
(66,055)	(166,055)	(232,110)	-
(66,055)	(164,155)	(230,210)	1,900
27,275	(54,166)	(26,891)	353,948
446,244	523,801	446,244	65,405
50,282	-	50,282	50,282
\$ 523,801	\$ 469,635	\$ 469,635	\$ 469,635

**CITY OF SANDY, OREGON**  
**SEWER BOND RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2017**

---

	Biennial Budget	
	Original	Final
<b>REVENUES:</b>		
Interest	\$ 303,832	\$ 303,832
Total revenues	303,832	303,832
<b>EXPENDITURES:</b>		
Contingency	1,557,120	1,557,120
Total expenditures	1,557,120	1,557,120
Revenues over (under) expenditures	(1,253,288)	(1,253,288)
<b>OTHER FINANCING SOURCES (USES):</b>		
Interfund loan receipts	-	-
Transfers in	-	-
Total other financing sources (uses)	-	-
Changes in fund balance	(1,253,288)	(1,253,288)
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	1,253,288	1,253,288
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	\$ -	\$ -



---

<u>FY 2016</u>	<u>Actual FY 2017</u>	<u>Biennial</u>	<u>Variance with Final Budget</u>
\$ 5,483	6,444	\$ 11,927	\$ (291,905)
<u>5,483</u>	<u>6,444</u>	<u>11,927</u>	<u>(291,905)</u>
-	-	-	1,557,120
-	-	-	1,557,120
5,483	6,444	11,927	1,265,215
200,795	219,595	420,390	420,390
-	100,000	100,000	100,000
<u>200,795</u>	<u>319,595</u>	<u>520,390</u>	<u>520,390</u>
206,278	326,039	532,317	1,785,605
<u>756,116</u>	<u>962,394</u>	<u>756,116</u>	<u>(497,172)</u>
<u>\$ 962,394</u>	<u>\$ 1,288,433</u>	<u>\$ 1,288,433</u>	<u>\$ 1,288,433</u>

**CITY OF SANDY, OREGON**  
**STORM WATER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2017**

---

	Biennial Budget	
	Original	Final
<b>REVENUES:</b>		
Charges for services	\$ 441,000	\$ 441,000
Interest	3,000	3,000
Miscellaneous	-	-
Total revenues	<u>444,000</u>	<u>444,000</u>
<b>EXPENDITURES:</b>		
Personnel services	202,358	202,358
Materials and services	58,965	58,965
Capital outlay	53,500	53,500
Debt service:		
Principal	65,000	65,000
Interest	54,260	54,260
Contingency	534,338	534,338
Total expenditures	<u>968,421</u>	<u>968,421</u>
Revenues over (under) expenditures	(524,421)	(524,421)
<b>OTHER FINANCING SOURCES (USES):</b>		
Sale of capital assets	-	-
Transfers out	<u>(33,782)</u>	<u>(33,782)</u>
Total other financing sources (uses)	<u>(33,782)</u>	<u>(33,782)</u>
Changes in fund balance	(558,203)	(558,203)
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	558,203	558,203
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

\* Appropriation level is at the program level

**RECONCILIATION TO NET POSITION - GAAP BASIS**

Allowance for doubtful accounts  
Capital assets, net  
Deferred outflows related to pensions  
Accrued interest  
Accrued compensated absence  
Loans payable  
Net pension liability  
Deferred inflows of resources

**NET POSITION**

	Actual			Variance with
FY 2016	FY 2017	Biennial		Final Budget
\$ 230,640	\$ 240,537	\$ 471,177	\$	30,177
3,025	5,634	8,659		5,659
410	2,079	2,489		2,489
<u>234,075</u>	<u>248,250</u>	<u>482,325</u>		<u>38,325</u>
99,767	100,119	199,886		2,472
61,648	40,784	102,432		(43,467) *
1,056	1,056	2,112		51,388
30,000	35,000	65,000		-
27,580	26,680	54,260		-
-	-	-		534,338
<u>220,051</u>	<u>203,639</u>	<u>423,690</u>		<u>544,731</u>
14,024	44,611	58,635		583,056
-	750	750		750
<u>(16,891)</u>	<u>(16,891)</u>	<u>(33,782)</u>		<u>-</u>
<u>(16,891)</u>	<u>(16,141)</u>	<u>(33,032)</u>		<u>750</u>
(2,867)	28,470	25,603		583,806
555,412	498,836	555,412		(2,791)
<u>(53,709)</u>	<u>-</u>	<u>-</u>		<u>-</u>
<u>\$ 498,836</u>	<u>527,306</u>	<u>\$ 581,015</u>	<u>\$</u>	<u>581,015</u>

(188)  
620,019  
55,293  
(2,129)  
(3,715)  
(615,000)  
(103,940)  
(4,427)  
\$ 473,219

**CITY OF SANDY, OREGON  
TELECOMMUNICATIONS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2017**

	Biennial Budget	
	Original	Final
<b>REVENUES:</b>		
Charges for services	\$ 1,934,315	\$ 2,702,951
Miscellaneous	-	57,000
Total revenues	1,934,315	2,759,951
<b>EXPENDITURES:</b>		
Personnel services	638,951	913,951
Materials and services	532,230	607,230
Capital outlay	248,059	770,059
Debt service:		
Principal	70,000	103,000
Interest	575,575	582,575
Other Fees	-	2,000
Contingency	12,074	12,074
Total expenditures	2,076,889	2,990,889
Revenues over (under) expenditures	(142,574)	(230,938)
<b>OTHER FINANCING SOURCES (USES):</b>		
Issuance of debt	-	124,364
Interfund loan payments	(241,365)	(277,365)
Transfers in	150,000	150,000
Transfers out	(57,335)	(57,335)
Total other financing sources (uses)	(148,700)	(60,336)
Changes in fund balance	(291,274)	(291,274)
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	291,274	291,274
<b>PRIOR PERIOD ADJUSTMENT</b>	-	-
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	\$ -	\$ -

\* Appropriation level is at the program level

**RECONCILIATION TO NET POSITION - GAAP BASIS**

Interfund loan payable  
Allowance for doubtful accounts  
Inventory  
Capital assets, net  
Deferred outflows related to pensions  
Accrued interest  
Accrued compensated absence  
Loans payable  
Net pension liability  
Deferred inflows of resources

**NET POSITION**

	Actual			Variance with
FY 2016	FY 2017	Biennial		Final Budget
\$ 1,094,076	\$ 1,339,614	\$ 2,433,690	\$	(269,261)
14,949	26,562	41,511		(15,489)
<u>1,109,025</u>	<u>1,366,176</u>	<u>2,475,201</u>		<u>(284,750)</u>
436,213	496,859	933,072		(19,121)
266,579	296,803	563,382		43,848
533,099	232,382	765,481		4,578
9,556	93,514	103,070		(70)
290,654	291,415	582,069		506
-	1,000	1,000		1,000
-	-	-		12,074
<u>1,536,101</u>	<u>1,411,973</u>	<u>2,948,074</u>		<u>42,815</u>
(427,076)	(45,797)	(472,873)		(241,935)
124,363	-	124,363		(1)
(137,995)	(137,995)	(275,990)		1,375
-	150,000	150,000		-
<u>(28,667)</u>	<u>(28,668)</u>	<u>(57,335)</u>		<u>-</u>
<u>(42,299)</u>	<u>(16,663)</u>	<u>(58,962)</u>		<u>1,374</u>
(469,375)	(62,460)	(531,835)		(240,561)
79,252	(598,359)	79,252		(212,022)
<u>(208,236)</u>	<u>-</u>	<u>(208,236)</u>		<u>(208,236)</u>
<u>\$ (598,359)</u>	<u>(660,819)</u>	<u>\$ (660,819)</u>	<u>\$</u>	<u>(660,819)</u>

(334,296)  
(982)  
72,306  
9,036,902  
281,858  
(95,841)  
(9,668)  
(7,753,912)  
(529,839)  
(22,565)  
\$ (16,856)

**BUDGETARY COMPARISON SCHEDULES**  
**Internal Service Funds**

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances - budget and actual be displayed for each fund where legally adopted budgets are required.

Proprietary Budgetary Comparison schedules include the following:

- Operations Center Internal Service Fund



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**CITY OF SANDY, OREGON**  
**OPERATIONS CENTER INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2017**

	Biennial Budget	
	Original	Final
<b>REVENUES:</b>		
Grants	\$ -	\$ 7,500
Interest	500	500
Total revenues	500	8,000
<b>EXPENDITURES:</b>		
Materials and services	99,000	106,500
Capital outlay	53,000	53,000
Contingency	176,191	176,191
Total expenditures	328,191	335,691
Revenues over (under) expenditures	(327,691)	(327,691)
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers in	215,936	215,936
Total other financing sources (uses)	215,936	215,936
Changes in fund balance	(111,755)	(111,755)
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	111,755	111,755
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	\$ -	\$ -



<u>FY 2016</u>	<u>Actual FY 2017</u>	<u>Biennial</u>	<u>Variance with Final Budget</u>
\$ 7,500	\$ -	\$ 7,500	\$ -
737	1,433	2,170	1,670
<u>8,237</u>	<u>1,433</u>	<u>9,670</u>	<u>1,670</u>
56,813	47,422	104,235	2,265
10,286	-	10,286	42,714
-	-	-	176,191
<u>67,099</u>	<u>47,422</u>	<u>114,521</u>	<u>221,170</u>
(58,862)	(45,989)	(104,851)	222,840
<u>107,969</u>	<u>107,968</u>	<u>215,937</u>	<u>1</u>
<u>107,969</u>	<u>107,968</u>	<u>215,937</u>	<u>1</u>
49,107	61,979	111,086	222,841
<u>109,153</u>	<u>158,260</u>	<u>109,153</u>	<u>(2,602)</u>
<u>\$ 158,260</u>	<u>\$ 220,239</u>	<u>\$ 220,239</u>	<u>\$ 220,239</u>

## OTHER FINANCIAL SCHEDULES

- Sewer Operations
  - Comparative Schedule of Net Position
  - Comparative Schedule of Revenues, Expenses, and Changes in Net Position
  - Comparative Schedule of Cash Flows

**CITY OF SANDY, OREGON**  
**SEWER FUND**  
**COMPARATIVE SCHEDULE OF NET POSITION**  
**June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS:</b>		
Current assets:		
Cash and investments	\$ 1,651,493	\$ 1,432,614
Accounts receivables, net	115,268	99,345
Interfund loan receivable	<u>334,296</u>	<u>542,973</u>
Total current assets	<u>2,101,057</u>	<u>2,074,932</u>
Noncurrent assets:		
Capital assets, net	6,316,878	6,626,922
Notes receivable	<u>13,064</u>	<u>16,286</u>
Total noncurrent assets	<u>6,329,942</u>	<u>6,643,208</u>
Total assets	<u>8,430,999</u>	<u>8,718,140</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred outflow related to pension asset	<u>122,837</u>	<u>22,429</u>
Total deferred outflows of resources	<u>122,837</u>	<u>22,429</u>
Total assets & deferred outflows of resources	<u>\$ 8,553,836</u>	<u>\$ 8,740,569</u>
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 9,641	\$ 45,764
Accrued compensated absences payable	2,587	2,806
Accrued interest payable	8,913	9,141
Loans payable within one year	<u>60,258</u>	<u>57,525</u>
Total current liabilities	<u>81,399</u>	<u>115,236</u>
Noncurrent liabilities:		
Net pension liability	230,909	94,790
Accrued compensated absences payable	10,349	11,224
Loans payable, net of current portion	<u>2,191,408</u>	<u>2,251,667</u>
Total noncurrent liabilities	<u>2,432,666</u>	<u>2,357,681</u>
Total liabilities	<u>2,514,065</u>	<u>2,472,917</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred inflow related to pension liability	<u>9,834</u>	<u>23,996</u>
Total deferred inflows of resources	<u>9,834</u>	<u>23,996</u>
<b>NET POSITION:</b>		
Net investment in capital assets	4,065,212	4,317,730
Restricted for:		
Debt service	167,211	167,211
System development charges	75,239	207,059
Unrestricted	<u>1,722,275</u>	<u>1,551,656</u>
Total net position	<u>6,029,937</u>	<u>6,243,656</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 8,553,836</u>	<u>\$ 8,740,569</u>

**CITY OF SANDY, OREGON**  
**SEWER OPERATIONS**  
**COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**For the fiscal years ended June 30, 2017 and 2016**

---

	<u>2017</u>	<u>2016</u>
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 1,264,927	\$ 1,181,242
Special assessments and surcharges	140,786	210,795
Miscellaneous	12,578	33,159
	<u>1,418,291</u>	<u>1,425,196</u>
<b>OPERATING EXPENSES:</b>		
Salaries, fringe benefits and payroll taxes	240,390	284,688
Operating costs	927,616	917,651
Depreciation	310,044	313,406
	<u>1,478,050</u>	<u>1,515,745</u>
Operating income (loss)	<u>(59,759)</u>	<u>(90,549)</u>
<b>NON-OPERATING INCOME (EXPENSE):</b>		
Interest income	19,652	25,154
Interest expense	(109,457)	(112,077)
	<u>(89,805)</u>	<u>(86,923)</u>
Total non-operating income (expenses)	<u>(89,805)</u>	<u>(86,923)</u>
Net income (loss) before transfers	(149,564)	(177,472)
<b>TRANSFERS:</b>		
Transfers in (out)	<u>(66,055)</u>	<u>(66,055)</u>
Change in net position	(215,619)	(243,527)
<b>NET POSITION, BEGINNING</b>	<u>6,243,656</u>	<u>6,487,183</u>
<b>NET POSITION, ENDING</b>	<u><u>\$ 6,028,037</u></u>	<u><u>\$ 6,243,656</u></u>

**CITY OF SANDY, OREGON**  
**SEWER FUND**  
**COMPARATIVE SCHEDULE OF CASH FLOWS**  
**For the fiscal years ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 1,402,368	\$ 1,430,131
Cash paid to employees and others for salaries and benefits	(199,480)	(131,462)
Cash paid to suppliers and others	(984,194)	(951,101)
Net cash provided by operating activities	<u>218,694</u>	<u>347,568</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Payment from (to) other funds for interfund loans and interest	208,677	186,124
Transfers in (out)	(66,055)	(66,055)
Net cash provided by noncapital financing activities	<u>142,622</u>	<u>120,069</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	-	(43,650)
Principal paid on loans	(57,526)	(54,917)
Interest paid on loans	(109,685)	(112,294)
Net cash provided by capital and related financing activities	<u>(167,211)</u>	<u>(210,861)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest revenue	19,652	25,154
Notes receivable	3,222	(279)
Net cash provided by investing activities	<u>22,874</u>	<u>24,875</u>
Net increase in cash and cash equivalents	216,979	281,651
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>1,432,614</u>	<u>1,150,963</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 1,649,593</u>	<u>\$ 1,432,614</u>
<b>COMPRISED AS FOLLOWS:</b>		
Cash and cash equivalents	<u>\$ 1,651,493</u>	<u>\$ 1,432,614</u>
Total cash and cash equivalents	<u>\$ 1,651,493</u>	<u>\$ 1,432,614</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (59,759)	\$ (90,549)
Adjustments:		
Depreciation	310,044	313,406
Decrease (increase) in:		
Accounts receivable	(15,923)	4,935
Increase (decrease) in:		
Accounts payable and accrued expenses	(36,123)	43,163
Accrued compensated absences	(1,094)	(1,025)
Net pension liability	21,549	77,638
Net cash provided by operating activities	<u>\$ 218,694</u>	<u>\$ 347,568</u>



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *OREGON STATE REGULATION***

**INDEPENDENT AUDITOR'S REPORT**  
**ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL**  
**REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN**  
**ACCORDANCE WITH *OREGON STATE REGULATION***

Honorable Mayor and City Council  
City of Sandy, Oregon

We have audited the basic financial statements of City of Sandy, Oregon as of and for the year ended June 30, 2017 and have issued our report thereon dated November 3, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether City of Sandy, Oregon'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 the Oregon Administrative Rules 162 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 statement amounts:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- 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, and 279C).
- Accountability for collecting or receiving money by elected officials. The City does not have any elected officials collecting or receiving money.

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. In connection with our testing, nothing



came to our attention that caused us to believe City of Sandy was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows.

Expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
Urban Renewal Fund	Debt Service	\$63,001
Water Fund	Capital Improvements	\$5,519
Sewer Fund	Capital Improvements	\$11,010

At June 30, 2017, the Telecommunications Fund had a deficit budgetary basis fund balance of (\$660,819).

### **OAR 162-10-0230 Internal Control**

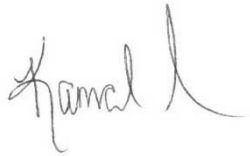
In planning and performing our audit, we considered City of Sandy, Oregon’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the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

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

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

## **Purpose of this Report**

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

A handwritten signature in cursive script, appearing to read "Samuel L.", written in dark ink.

For Merina & Company, LLP  
West Linn, Oregon  
November 3, 2017



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## **STATISTICAL SECTION**

## STATISTICAL SECTION

This part of the Government's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### **CONTENTS**

#### **Financial Trends**

- These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

#### **Revenue Capacity**

- These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

#### **Debt Capacity**

- These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

#### **Demographic and Economic Information**

- These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

**CITY OF SANDY, OREGON**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 16,168	\$ 15,264	\$ 14,792	\$ 17,295
Restricted	-	95	226	1,041
Unrestricted	798	2,968	4,418	2,755
Total governmental activities net position	<u>16,966</u>	<u>18,327</u>	<u>19,436</u>	<u>21,090</u>
Business-type activities				
Invested in capital assets, net of related debt	10,126	10,537	10,811	10,895
Restricted	150	1,087	799	652
Unrestricted	6,196	4,574	4,882	5,080
Total business-type activities net position	<u>16,473</u>	<u>16,198</u>	<u>16,492</u>	<u>16,627</u>
Primary government				
Invested in capital assets, net of related debt	26,294	25,801	25,604	28,189
Restricted	150,498	1,182	1,024	1,693
Unrestricted	6,994	7,542	9,300	7,835
Total primary government net position	<u>\$183,786</u>	<u>\$ 34,524</u>	<u>\$ 35,928</u>	<u>\$ 37,717</u>

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**Fiscal Year (in thousands)**

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ 20,290	\$ 20,840	\$ 20,935	\$ 20,860	\$ 20,958	\$ 13,474
1,401	1,669	2,565	3,872	5,065	11,389
1,987	2,247	3,127	3,693	2,529	2,343
<u>23,678</u>	<u>24,756</u>	<u>26,627</u>	<u>28,425</u>	<u>28,553</u>	<u>27,207</u>
10,640	11,209	11,534	12,026	12,114	11,671
717	701	717	790	374	242
4,874	3,366	2,893	2,672	2,737	2,761
<u>16,231</u>	<u>15,276</u>	<u>15,144</u>	<u>15,488</u>	<u>15,226</u>	<u>14,674</u>
30,930	32,049	32,469	32,885	33,072	25,145
2,118	2,371	3,282	4,663	5,440	11,632
6,861	5,613	6,020	6,365	5,266	5,104
<u>\$ 39,909</u>	<u>\$ 40,032</u>	<u>\$ 41,771</u>	<u>\$ 43,914</u>	<u>\$ 43,778</u>	<u>\$ 41,881</u>

**CITY OF SANDY, OREGON**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

Expenses	Fiscal Year (in thousands)									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities:</b>										
General government	\$ 1,058	\$ 1,406	\$ 1,788	\$ 1,769	\$ 1,563	\$ 1,380	\$ 1,142	\$ 775	\$ 1,914	\$ 2,080
Highways and streets	468	842	699	783	629	1,080	727	937	1,133	949
Public transportation	1,152	1,105	1,132	1,201	1,243	1,324	1,321	1,315	1,336	1,343
Economic development	522	561	531	654	842	878	954	1,075	975	3,530
Public safety	1,683	1,676	1,926	1,851	2,147	2,301	2,537	2,161	3,602	3,076
Culture and recreation	1,283	1,392	1,682	1,760	1,929	2,133	2,156	1,860	2,660	2,586
Interest on long-term debt	86	179	162	170	205	159	142	68	63	128
<b>Total Governmental Activities</b>	<b>6,252</b>	<b>7,161</b>	<b>7,920</b>	<b>8,188</b>	<b>8,558</b>	<b>9,255</b>	<b>8,979</b>	<b>8,191</b>	<b>11,683</b>	<b>13,692</b>
<b>Business-type activities:</b>										
Water	959	1,034	941	954	1,133	1,843	1,104	1,485	1,739	1,694
Sewer	1,197	1,208	1,239	1,304	1,364	1,344	1,341	1,350	1,628	1,588
Stormwater	41	55	103	129	161	185	193	180	288	232
Telecommunications	171	202	333	435	562	563	737	528	1,077	1,619
<b>Total Business-type Activities</b>	<b>2,368</b>	<b>2,499</b>	<b>2,616</b>	<b>2,822</b>	<b>3,220</b>	<b>3,935</b>	<b>3,374</b>	<b>3,542</b>	<b>4,731</b>	<b>5,132</b>
<b>Total Expenses</b>	<b>\$ 8,621</b>	<b>\$ 9,660</b>	<b>\$ 10,536</b>	<b>\$ 11,010</b>	<b>\$ 11,778</b>	<b>\$ 13,190</b>	<b>\$ 12,354</b>	<b>\$ 11,733</b>	<b>\$ 16,414</b>	<b>\$ 18,825</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges for services:</b>										
General government	\$ (43)	\$ 107	\$ 251	\$ 647	\$ 419	\$ 494	\$ 147	\$ 751	\$ 260	\$ 580
Highways and streets	481	87	185	210	913	707	202	316	418	227
Public transportation	9	6	11	12	13	12	125	136	121	111
Economic development	533	152	154	155	96	127	268	268	454	543
Public safety	192	171	171	171	22	20	591	591	734	265
Culture and recreation	304	206	234	171	231	285	358	122	340	390
Operating grants and contributions	1,843	919	881	586	2,196	853	831	1,385	1,087	216
Capital grants and contributions	1,205	1,096	836	1,209	303	509	254	254	-	1,423
<b>Total Governmental Activities</b>	<b>4,524</b>	<b>2,742</b>	<b>2,722</b>	<b>3,160</b>	<b>4,193</b>	<b>3,007</b>	<b>2,776</b>	<b>3,822</b>	<b>3,413</b>	<b>3,753</b>



	Fiscal Year (in thousands)									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type Activity:										
Charges for services:										
Water	1,109	1,084	1,142	1,044	1,088	1,250	1,309	1,405	1,767	-
Sewer	1,239	1,081	1,187	1,097	1,253	1,182	1,208	1,343	1,392	-
Stormwater	226	190	194	201	201	218	217	219	231	-
Telecommunications	132	178	186	250	368	453	552	635	1,094	-
Operating grants and contributions	-	-	-	413	96	-	-	363	16	-
<b>Total Business-Type Activity</b>	<b>2,705</b>	<b>2,534</b>	<b>2,709</b>	<b>3,005</b>	<b>3,006</b>	<b>3,103</b>	<b>3,286</b>	<b>3,965</b>	<b>4,499</b>	<b>-</b>
<b>Total Program Revenues</b>	<b>\$ 7,229</b>	<b>\$ 5,276</b>	<b>\$ 5,430</b>	<b>\$ 6,166</b>	<b>\$ 7,198</b>	<b>\$ 6,109</b>	<b>\$ 6,063</b>	<b>\$ 7,787</b>	<b>\$ 7,912</b>	<b>\$ 3,753</b>
Net (Expense)/Revenue										
Governmental Activities	\$ (1,729)	\$ (4,419)	\$ (5,198)	\$ (5,028)	\$ (4,366)	\$ (6,248)	\$ (6,203)	\$ (4,369)	\$ (8,270)	\$ (9,939)
Business-type Activity	337	35	93	183	(215)	(833)	(88)	423	(232)	(5,132)
<b>Total Net Expense</b>	<b>\$ (1,392)</b>	<b>\$ (4,384)</b>	<b>\$ (5,105)</b>	<b>\$ (4,845)</b>	<b>\$ (4,580)</b>	<b>\$ (7,081)</b>	<b>\$ (6,291)</b>	<b>\$ (3,946)</b>	<b>\$ (8,502)</b>	<b>\$ (15,071)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes:										
Property taxes	\$ 2,808	\$ 3,058	\$ 3,445	\$ 3,555	\$ 3,735	\$ 3,779	\$ 3,965	\$ 4,222	\$ 4,428	\$ -
Public service taxes	1,485	1,440	2,082	2,349	2,512	2,667	2,630	2,800	3,081	-
Franchise taxes	435	445	526	447	471	479	531	605	563	-
Investment earnings	225	87	48	54	28	23	34	41	63	-
Miscellaneous	273	199	208	122	115	218	832	278	90	-
Transfers	564	550	(2)	156	92	167	117	80	171	-
<b>Total Governmental Activities</b>	<b>5,790</b>	<b>5,780</b>	<b>6,307</b>	<b>6,683</b>	<b>6,953</b>	<b>7,333</b>	<b>8,108</b>	<b>8,026</b>	<b>8,397</b>	<b>-</b>
Business-type Activity:										
Investment earnings	313	218	117	85	62	28	37	50	48	-
Miscellaneous	39	22	83	23	56	33	103	153	92	-
Transfers	(564)	(550)	2	(156)	(92)	(167)	(117)	(80)	(171)	-
<b>Total Business-type Activity</b>	<b>(212)</b>	<b>(310)</b>	<b>202</b>	<b>(49)</b>	<b>25</b>	<b>(106)</b>	<b>23</b>	<b>123</b>	<b>(30)</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 5,578</b>	<b>\$ 5,470</b>	<b>\$ 6,509</b>	<b>\$ 6,634</b>	<b>\$ 6,978</b>	<b>\$ 7,227</b>	<b>\$ 8,131</b>	<b>\$ 8,149</b>	<b>\$ 8,366</b>	<b>\$ -</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 4,061	\$ 1,361	\$ 1,109	\$ 1,655	\$ 2,588	\$ 1,085	\$ 1,905	\$ 3,658	\$ 127	\$ (9,939)
Business-type Activity	125	(275)	295	135	(190)	(939)	(64)	546	(263)	(5,132)
<b>Total Primary Government</b>	<b>\$ 4,186</b>	<b>\$ 1,086</b>	<b>\$ 1,404</b>	<b>\$ 1,789</b>	<b>\$ 2,398</b>	<b>\$ 146</b>	<b>\$ 1,840</b>	<b>\$ 4,203</b>	<b>\$ (135)</b>	<b>\$ (15,071)</b>

**CITY OF SANDY, OREGON**  
**Fund Balance of Government Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year (in thousands)									
	2008	2009	2010	2011 <sup>1</sup>	2012	2013	2014	2015	2016	2017
General Fund										
Unreserved	\$ 2,585	\$ 1,618	\$ 1,552	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned				2,256	1,226	1,226	2,055	2,654	2,646	2,304
Total General Fund	<u>\$ 2,585</u>	<u>\$ 1,618</u>	<u>\$ 1,552</u>	<u>\$ 2,256</u>	<u>\$ 1,226</u>	<u>\$ 1,226</u>	<u>\$ 2,055</u>	<u>\$ 2,654</u>	<u>\$ 2,646</u>	<u>\$ 2,304</u>
All other governmental funds										
Reserved	\$ 639	\$ 95	\$ 226	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -
Non-spendable				33	33	36	35	8		
Restricted				1,041	1,401	1,669	2,565	3,872	5,065	11,879
Committed										
Assigned				596	1,065	1,016	1,108	1,475	1,939	1,953
Unreserved, reported in:							-			
Special revenue funds	(131)	1,717	2,935							
Capital project funds	(2,284)	(370)	(212)							
Unassigned, reported in:										
Special revenue funds					(422)	(73)				
Capital project funds				(209)	(228)	(181)	(307)			(10)
Total all other governmental funds	<u>\$ (1,776)</u>	<u>\$ 1,441</u>	<u>\$ 2,948</u>	<u>\$ 1,461</u>	<u>\$ 1,849</u>	<u>\$ 2,467</u>	<u>\$ 3,401</u>	<u>\$ 5,356</u>	<u>\$ 7,004</u>	<u>\$ 13,822</u>

<sup>1</sup> Information in subsequent years is presented in accordance with GASB 54: Fund Balance

**CITY OF SANDY, OREGON**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year (in thousands)									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>REVENUES</b>										
Property taxes	\$ 2,773	\$ 3,010	\$ 3,424	\$ 3,564	\$ 3,696	\$ 3,774	\$ 3,978	\$ 4,214	\$ 4,412	\$ 4,604
Public service taxes	1,485	1,440	2,082	2,349	2,512	2,667	2,630	2,800	3,081	3,085
Franchise fees	435	445	526	447	471	479	531	605	579	591
Grants	2,817	1,550	1,715	1,186	2,466	1,182	1,112	1,747	851	1,388
Charges for services	486	232	350	398	306	910	752	1,004	1,124	1,056
Licenses and permits	205	118	157	455	158	167	243	358	347	414
Fines and forfeitures	226	198	230	268	241	305	313	277	270	246
Special assessments	1	2	-	-	-	-	9	36	64	19
System development charges	567	177	265	241	985	253	372	472	517	421
Interest	225	87	48	54	27	23	33	40	62	153
Contributions and donations	175	522	1	608	33	15	-	-	11	164
Miscellaneous	67	194	133	78	84	87	768	47	50	101
Payment in lieu of land dedication	206	5	75	43	31	131	65	232	45	-
<b>Total Revenues</b>	<b>9,669</b>	<b>7,981</b>	<b>9,007</b>	<b>9,690</b>	<b>11,011</b>	<b>9,993</b>	<b>10,804</b>	<b>11,833</b>	<b>11,413</b>	<b>12,240</b>
<b>EXPENDITURES</b>										
Current:										
General government	\$ 758	\$ 802	\$ 825	\$ 980	\$ 851	\$ 851	\$ 794	\$ 728	\$ 787	\$ 1,047
Highways and streets	368	730	576	650	489	932	544	484	721	718
Public transportation	1,016	912	961	1,016	1,041	1,093	1,096	1,102	1,037	1,114
Economic and physical development	462	529	483	480	662	697	761	837	807	837
Public safety	1,623	1,614	1,868	1,776	2,045	2,137	2,358	2,374	2,652	2,728
Culture and recreation	1,204	1,318	1,613	1,690	1,845	1,901	1,846	2,051	2,124	2,231
Capital outlay:	8,079	2,074	2,738	3,322	4,595	1,280	1,253	1,169	1,172	5,796
Debt Service:										-
Principal	126	1,028	505	543	620	1,040	2,713	552	598	1,161
Interest	87	173	170	172	195	161	166	82	74	188
<b>Total Expenditures</b>	<b>13,721</b>	<b>9,180</b>	<b>9,740</b>	<b>10,630</b>	<b>12,344</b>	<b>10,093</b>	<b>11,531</b>	<b>9,378</b>	<b>9,973</b>	<b>15,820</b>
Excess (Deficiency) of Revenues over Expenditures	(4,052)	(1,199)	(733)	(940)	(1,333)	(99)	(726)	2,455	1,441	(3,580)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	\$ 2,822	\$ 2,658	\$ 258	\$ 258	\$ 277	\$ 270	\$ 265	\$ 282	\$ 261	\$ 261
Transfers out	(2,258)	(2,108)	(382)	(102)	(288)	(103)	(343)	(202)	(198)	(348)
Sale of capital assets	-	-	-	-	-	-	-	-	-	27.56
Proceeds from bond	-	2,899	2,297	-	876	-	2,280	-	-	-
Proceeds from note	-	-	-	-	-	385	286	-	136	10,115
<b>Total Other Financing Sources (Uses)</b>	<b>564</b>	<b>3,449</b>	<b>2,174</b>	<b>156</b>	<b>864</b>	<b>552</b>	<b>2,489</b>	<b>80</b>	<b>199</b>	<b>10,055</b>
<b>Net change in fund balances</b>	<b>\$ (3,488)</b>	<b>\$ 2,250</b>	<b>\$ 1,441</b>	<b>\$ (783)</b>	<b>\$ (469)</b>	<b>\$ 452</b>	<b>\$ 1,762</b>	<b>\$ 2,535</b>	<b>\$ 1,640</b>	<b>\$ 6,476</b>
Debt service as a percentage of noncapital expenditures	3.61%	15.78%	8.75%	9.07%	9.89%	13.17%	27.30%	7.17%	7.37%	9.01%

**CITY OF SANDY, OREGON**  
**Assessed Values and Estimated Actual Value**  
**of Taxable Property**  
**Last Ten Fiscal Years**

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<b>Fiscal Year Ended June 30</b>	<b>Real Property</b>	<b>Manufactured Structure</b>	<b>Personal Property</b>	<b>Public Utility</b>	<b>Less Urban Renewal Excess</b>	<b>Total Assessed Value</b>	<b>Total M5 Value</b>	<b>Taxable Assessed Value As a Percentage of Estimated Actual Value</b>
2017	813,445,713	3,936,785	18,402,810	27,632,300	89,830,142	773,587,466	1,167,454,337	66.26%
2016	771,821,532	3,580,913	17,849,834	24,394,900	87,184,331	730,462,848	1,032,175,837	70.77%
2015	733,190,302	3,350,268	19,136,695	22,033,200	83,248,892	694,461,573	931,218,558	74.58%
2014	698,952,246	3,270,241	17,205,910	19,987,180	76,680,367	662,735,210	817,332,995	81.09%
2013	666,954,675	3,306,018	18,491,458	20,552,300	73,943,011	635,361,440	776,203,139	81.86%
2012	654,881,300	3,251,093	17,820,060	22,712,390	70,662,947	628,001,896	819,168,170	76.66%
2011	630,020,828	3,498,390	17,929,701	20,867,500	67,539,433	604,776,986	862,772,904	70.10%
2010	604,737,137	4,545,224	18,847,145	21,402,130	63,734,945	585,796,691	944,171,169	62.04%
2009	568,216,289	4,688,694	18,522,380	18,289,930	58,243,479	551,473,814	1,050,613,214	52.49%
2008	518,860,617	4,884,668	17,403,515	16,804,220	52,025,602	505,927,418	947,449,253	53.40%

Source: Clackamas County Assessor's Office



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**CITY OF SANDY, OREGON**

**Property Tax Rates - Direct and Overlapping Governments**

**(Per \$1,000 of Assessed Valuation)**

**Last Ten Fiscal Years**

Fiscal Year Ended June 30	City of Sandy			Port of Portland	Clackamas County	Oregon Trail
	General Fund	Urban Renewal	Total			School District No. 46
2017	3.69	1.80	5.48	0.06	2.82	6.19
2016	3.68	1.87	5.54	0.06	2.81	6.16
2015	3.67	1.88	5.56	0.06	2.81	6.21
2014	3.69	1.83	5.52	0.06	2.82	6.25
2013	3.69	1.84	5.53	0.06	2.81	6.28
2012	3.70	1.78	5.47	0.06	2.82	6.23
2011	3.70	1.76	5.46	0.06	2.81	6.20
2010	3.71	1.73	5.44	0.06	2.83	6.23
2009	3.72	1.41	5.13	0.06	2.44	3.92
2008	3.73	1.41	5.14	0.06	2.45	3.97

Note: Prior to fiscal year 1998, the tax rate per \$1,000 was calculated using real market value; effective July 1, 1997,

the tax rate is calculated using assessed value. See Note 1 of the City's annual report.

Source: Clackamas County Assessor's Office, Tax Code 046-017

<http://www.clackamas.us/at/documents/2011/ratedetail.pdf>

\* Rate after compression due to Measure 5

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**Overlapping Rates**

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<b>Mt. Hood Community College</b>	<b>Clackamas County ESD</b>	<b>Vector Control</b>	<b>Fire District No. 72</b>	<b>Clackamas County Urban Renewal</b>	<b>Total Direct &amp; Overlapping Rates</b>
0.44	0.33	0.03	1.95	0.0047	17.31
0.44	0.33	0.03	1.94	0.0039	17.32
0.44	0.33	0.03	1.94	0.0034	17.37
0.44	0.33	0.03	1.95	0.0031	17.40
0.44	0.32	0.03	1.95	0.1248	17.54
0.44	0.32	0.03	1.95	0.1191	17.45
0.44	0.32	0.03	1.95	0.1349	17.42
0.44	0.33	0.03	1.96	0.1352	17.45
0.42	0.33	0.03	1.97	0.3698	14.67
0.43	0.33	0.03	2.28	0.3228	15.01

**CITY OF SANDY, OREGON**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
FRED MEYER STORES INC	18,910,125	1	22.45%	13,861,403	1	22.31%
ACS SANDY MARKETPLACE	10,253,575	2	12.17%	6,979,454	3	11.23%
JAKSISH PROPERTIES LLC	9,632,006	3	11.43%	7,101,786	2	11.43%
SANDY SAFEWAY CENTER LLC	7,938,454	4	9.42%	5,656,279	4	9.10%
PORTLAND GENERAL ELEC CO	7,227,000	5	8.58%	5,324,000	5	8.57%
COMCAST CORPORATION	6,916,600	6	8.21%	5,248,500	6	8.45%
MOUNTAIN WEST RETIREMENT CORP	6,029,247	7	7.16%	4,802,283	7	7.73%
CASCADE CREST APARTMENTS LLC	5,979,179	8	7.10%	4,582,542	8	7.38%
PLR PROPERTIES LLC	5,685,731	9	6.75%	4,225,075	10	6.80%
VENTAS INC	5,666,671	10	6.73%	4,343,031	9	6.99%
Total Assessed Valuation	<u>\$ 84,238,588</u>			<u>\$ 62,124,353</u>		

Source: Clackamas County Assessor's Office



**CITY OF SANDY, OREGON**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

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Fiscal Year Ended June 30	Total Tax Levy for Fiscal year	Collected with the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections To Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2017	\$ 4,733,648	\$ 4,515,453	95.39%	88,440	4,603,893	97.26%
2016	4,540,854	4,318,289	95.10%	82,971	4,401,260	96.93%
2015	4,328,297	4,110,192	94.96%	94,287	4,204,479	97.14%
2014	4,065,109	3,853,063	94.78%	105,515	3,958,578	97.38%
2013	3,882,695	3,660,054	94.27%	100,847	3,760,901	96.86%
2012	3,821,943	3,590,784	93.95%	93,767	3,684,551	96.41%
2011	3,674,144	3,438,155	93.58%	113,452	3,551,607	96.66%
2010	3,533,039	3,308,913	93.66%	104,885	3,413,798	96.62%
2009	3,136,139	2,919,723	93.10%	76,581	2,996,304	95.54%
2008	2,877,493	2,704,771	94.00%	59,610	2,764,381	96.07%

Source: Clackamas County Assessor's Office

**CITY OF SANDY, OREGON**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

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Fiscal Year	Governmental Activities				Business-Type Activities		Total Outstanding Debt	Population <sup>1</sup>	Per Capita
	General Obligation Bonds	Local Improvement District Bonds	Special Assessment Bonds	Capital Leases and Notes Payable	Notes Payable	Bonds Payable			
2017	\$ 431,075	-	-	\$ 11,064,034	\$ 8,837,650	\$ 8,968,187	29,300,946	10,655	2,750
2016	1,419,788	-	-	1,121,375	9,174,600	9,103,043	20,818,806	10,395	2,003
2015	1,846,624	-	-	1,156,297	9,501,409	9,256,628	21,760,958	9,990	2,178
2014	2,243,584	-	-	1,311,819	9,916,536	9,182,865	22,654,804	9,990	2,268
2013	2,584,285	-	-	1,192,331	7,025,861	1,080,000	11,882,477	9,880	1,203
2012	-	3,589,450	-	857,473	4,703,579	-	9,150,502	9,780	936
2011	-	4,184,455	-	26,746	4,202,822	-	8,414,023	9,570	879
2010	-	4,739,460	-	34,753	4,487,257	-	9,261,470	8,205	1,129
2009	-	2,957,114	-	-	4,470,076	-	7,427,190	8,005	928
2008	-	537,135	557,923	-	4,507,034	-	5,602,092	7,595	738

**CITY OF SANDY, OREGON**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

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<b>Fiscal Year</b>	<b>Population</b>	<b>Total Taxable Assessed Value</b>	<b>General Obligation Bonds</b>	<b>Percentage of Debt to Value of Property</b>	<b>Net Bonded Debt Per Capita Value</b>
2017	10,655	\$ 773,587,466	\$ 431,075	0.06%	40
2016	10,395	730,462,848	1,846,624	0.25%	178
2015	10,395	694,461,573	1,846,624	0.27%	178
2014	9,990	662,735,210	2,243,584	0.34%	225
2013	9,880	635,361,440	2,584,285	0.41%	262
2012	9,780	628,001,896	3,184,895	0.51%	326
2011	9,570	604,776,986	3,745,505	0.62%	391
2010	8,205	585,796,691	4,266,115	0.73%	520
2009	8,005	551,473,814	2,449,374	0.44%	306
2008	7,595	505,927,418	-	0.00%	-

Source: Current and prior years' financials, Clackamas County Assessor's Office,  
and Center of Population Research and Census at Portland State University

**CITY OF SANDY, OREGON**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2017**

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<u>Government Unit:</u>	<u>Outstanding Gross Property Tax-Backed Debt</u>	<u>Percentage Applicable to City</u>	<u>Gross General Obligation Bonded Debt Outstanding</u>
Clackamas County	\$ 156,730,136	1.82%	\$ 2,849,667
Mt. Hood Community College	57,756,704	3.07%	1,773,189
Clackamas County ESD	22,820,637	1.91%	435,851
Clackamas County SD 46 (Oregon Trail)	94,905,487	28.18%	26,744,651
Port of Portland	<u>62,106,214</u>	0.40%	<u>251,414</u>
Subtotal, overlapping debt	394,319,178		32,054,772
City of Sandy, direct debt	<u>19,480,185</u>	100.00%	<u>19,480,185</u>
Total direct and overlapping debt	<u>\$ 413,799,363</u>		<u>\$ 51,534,957</u>

Source: Oregon State Treasury

Note: Overlapping governments are those that coincide, at least in part with geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Sandy. This process recognized that, when considering the government's ability to issue and repay long-term debt, the entire debt burden by the property taxpayers should be taken into account.

**CITY OF SANDY, OREGON**  
**Demographics and Economic Statistics**  
**Last Ten Fiscal Years <sup>1</sup>**

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<b>Fiscal Year</b>	<b>Population <sup>1</sup></b>	<b>Personal Income <sup>2</sup></b>	<b>Per capita personal income <sup>3</sup></b>	<b>Unemployment Rate <sup>4</sup></b>
2017	10,655	N/A	N/A	3.80%
2016	10,395	N/A	N/A	4.80%
2015	10,395	N/A	N/A	4.80%
2014	9,990	N/A	N/A	7.30%
2013	9,880	19,200,727	49,453	7.20%
2012	9,780	18,535,004	48,286	8.10%
2011	9,570	17,457,115	45,915	9.30%
2010	8,205	16,537,551	43,871	10.40%
2009	8,005	16,315,504	43,614	8.30%
2008	7,595	17,482,238	47,109	4.70%

Source:

- 1 Portland State University, 2012 Oregon Population Report (Sandy), FY 2012 Population Figure from Portland State University, 2012 Oregon Population Report (Sandy), FY 2011 Population Figure from Census 2010
  - 2 Bureau of Economic Analysis (BEA) (Clackamas County in thousands of dollars)
  - 3 Bureau of Economic Analysis (BEA) (Clackamas County)
  - 4 Bureau of Labor Statistics (BLS) (Clackamas County not seasonally adjusted)
- N/A - Information not available.

**CITY OF SANDY, OREGON**  
**Principal Employers**  
**Current Year and Nine Years Ago**

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<b>Employer<sup>1</sup></b>	<b>2017</b>			<b>Employer</b>	<b>2008*</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>		<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Oregon Trail School District	428	1	12.6%				
Fred Meyer #663	233	2	6.9%				
Mt. Hood Corporations, Inc.	90	3	2.7%				
Johnson RV	80	4	2.4%				
City of Sandy	70	5	2.1%				
Cascadia Village Retirement Community	68	6	2.0%				
AEC, Inc.	66	7	1.9%				
Safeway #0782	63	8	1.9%				
Avamere at Sandy	60	9	1.8%				
Konell Construction & Demolition Corp.	60	9	1.8%				
<b>Total</b>	<b>790</b>		<b>23.3%</b>				

Information for 2007-2008 is not readily available

Source:

1 Business License Data, Oregon Trail School District

\* Data unavailable prior to 2012

**CITY OF SANDY, OREGON**  
**Full-time Equivalent City Government**  
**By Functions**  
**Last Ten Fiscal Years**

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FUNCTION	Full-Time Equivalent Employees as of June 30				
	2007-09	2009-11	2011-13	2013-15	2015-17
<b>Government activities:</b>					
General Government	5.9	6.4	6.0	6.3	6.7
Public Safety					
Police					
Officers	12.0	13.0	14.0	14.0	16.0
Civilians	2.0	3.3	3.0	3.9	3.8
Economic Development	-	-	1.0	1.1	0.9
Planning & Development	4.9	4.9	4.6	3.9	4.6
Urban Renewal	0.3	0.3	0.3	0.7	0.6
Culture & Recreation					
Library	7.9	11.4	12.6	13.2	13.6
Recreation & Senior Center	5.5	5.7	5.7	6.4	6.0
Parks Maintenance	1.8	2.3	2.3	2.3	2.3
Highways & Streets	2.0	2.4	2.4	2.5	2.4
Public Transportation	2.2	1.8	1.8	1.8	1.8
<b>Business-type activities:</b>					
Water	2.9	2.4	2.4	2.4	2.5
Sewer	2.1	2.4	2.4	2.4	2.5
Stormwater	1.0	0.7	0.7	1.0	1.3
Telecommunications	0.5	1.2	2.2	2.2	6.1
<b>Total</b>	<b>51.0</b>	<b>58.2</b>	<b>61.4</b>	<b>64.1</b>	<b>71.0</b>

Source: Various city departments

**CITY OF SANDY, OREGON**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

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Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Physical arrests	766	657	727	618	723	620	876	650	371	218
Parking violations	42	55	57	79	114	420	105	150	152	128
Traffic violations	1,480	1,296	1,481	1,696	1,563	1,197	1,154	1,011	1,664	405
Highways and streets										
Street resurfacing (SF)	761,763	155,908	469,530	-	611,076	111,440	184,000	73,972	296,631	-
Water										
Meter connections	3,179	3,250	3,312	3,337	3,357	3,455	3,460	3,637	3,729	3,779
Average daily consumption (gallons)	1,113,011	1,114,467	1,119,488	1,028,334	1,081,000	1,068,000	824,887	930,000	1,190,000	1,200,000
Wastewater										
Average daily sewage treatment (gallons)	1,144,466	1,077,753	1,277,068	1,378,795	1,245,000	1,460,000	1,302,550	1,360,000	1,488,000	1,600,000



**CITY OF SANDY, OREGON**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

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FUNCTION	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Government Activities:</b>										
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	11	11	14	14	14	14	14	14	14	14
Highways and streets										
Streets (miles)	34.0	34.0	34.0	34.0	34.0	34.6	34.6	34.7	34.9	35
Culture and recreation										
Parks acreage	156	165	165	165	165	165	172	172	172	172
Community centers	1	1	1	1	1	1	1	1	1	1
<b>Business-type Activities:</b>										
Water										
Maximum daily capacity (gallons)	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000	3,700,000	3,700,000	3,700,000	3,700,000
Sewer										
Maximum wet weather treatment capacity (gallons)	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000

Source: City Departments



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