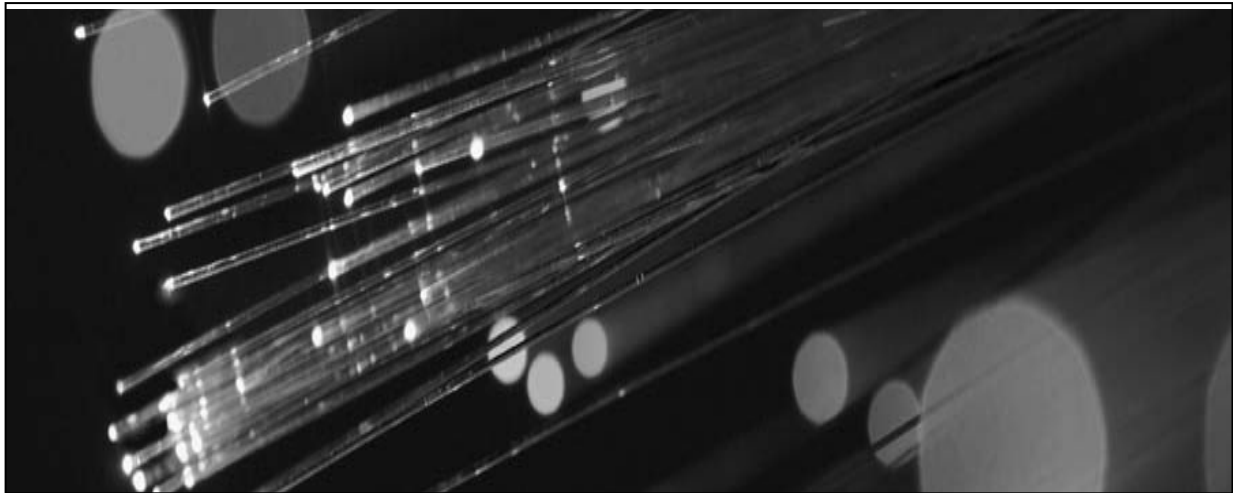


Comprehensive Annual Financial Report

Fiber-To-The-Home



Sandynet.fiber



City of Sandy, Oregon

Fiscal Year Ended June 30, 2014

CITY OF SANDY, OREGON

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended
June 30, 2014

Prepared by
City of Sandy, Finance Department

CITY OF SANDY, OREGON
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INTRODUCTORY SECTION



CITY OF SANDY

39250 PIONEER BOULEVARD ♦ SANDY, OR 97055

PHONE (503) 668-5533

FAX (503) 668-8714

Gateway to Mt. Hood

December 8, 2014

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

The Comprehensive Annual Financial Report of the City of Sandy, Oregon for the fiscal year ended June 30, 2014 is hereby submitted.

This report presents the City's financial position as of June 30, 2014 and the results of its operations for the fiscal year then ended. The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and meet the requirements of the standards as prescribed by the Secretary of State Audits Division. We believe the data, as presented, is accurate in all material respects and presented in a manner designed to fairly present the financial position and results of operations of the various funds of the City.

The accuracy of the City's financial statements and the completeness and fairness of their presentation are the responsibility of City management. The City maintain a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded against loss or unauthorized use and that financial records can be relied upon to produce financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that the cost of maintaining the system of internal accounting controls should not exceed benefits likely to be derived.

The Comprehensive Annual Financial Report is presented in five sections: Introductory, Financial, Statistical, Audit Comments and Disclosures which are required to be made by our auditor as specified by State regulations, and Federal Single Audit Grant Compliance. GAAP requires management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A is located on page 5 immediately following the independent auditor's opinion. This report includes all activities considered to be a part of the reporting entity of the City of Sandy, Oregon.

Independent Audit. The provisions of Oregon Revised Statutes Section 297.405 through 297.555 and 297.990 require that an independent audit of all City funds, financial records and affairs be completed within six months following the close of the fiscal year. Merina

& Company, LLP, Certified Public Accountants, have issued an unqualified or “clean” opinion on the City’s financial statements for the fiscal year ended June 30, 2013. The independent auditor’s opinion is located at page 1 in the Financial Section of this report.

Single Audit. Federal grant revenue in fiscal year 2013-14 exceeded the threshold for the single audit requirement, primarily due to funding for the City’s transit system and water capital improvement project. Information related to this single audit, including the schedule of expenditures of federal awards, is included in this report.

CITY PROFILE

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 has a population of 9,990 (Portland State University, 2013 Oregon Population Report–Sandy), and is the commercial center of a rural area with a population of approximately 20,000.



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 7 department heads with approximately 74 full time equivalent employees.

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, 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.

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 ¾ mile area of downtown Sandy. In 2008, the City adopted new design standards known as the “Sandy Style.” The guidelines promote more attractive and appealing architecture in Sandy.

For public school purposes, the State of Oregon is divided into subdivisions known as school districts. Oregon Trail School District provides elementary and secondary education services to students within the jurisdiction of the City of Sandy. The Oregon Trail School District is totally autonomous from the City and financial data for it is not included in this report. Similarly, 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.

INFORMATION USEFUL IN ASSESSING THE GOVERNMENT'S ECONOMIC CONDITION

LOCAL ECONOMY

The distressed housing market is showing signs of improvement. For the fiscal year ended June 30, 2014, the City issued building permits for 82 new single family homes, representing an increase from the previous year's total of 54.

An economic indicator for local business health is often business license revenue. Business license fees for FY 2014 increased slightly compared to the prior year. This indicates that the business economy is still recovering from the lengthy recession of the past several years.

LONG-TERM FINANCIAL PLANNING

In order to properly plan for Sandy's growth, the City has completed the development of master plans for sewage facilities and water system utilities, streets, and for parks. In October, 1997, the City Council adopted a comprehensive plan (the "Sandy 2040 Plan"), the first major revision to the city's land use plan since 1980.

In May 1997, the voters approved a statewide ballot measure (Ballot Measure 50) to clarify Ballot Measure 47 approved by the voters in November 1996. The measure limits growth of assessed value to 3% per year, and affects city, county and school governments. Under Ballot Measure 50, the State of Oregon determined permanent tax rates for all taxing jurisdictions. The City of Sandy's permanent tax rate was computed at \$4.1152 per thousand dollars of assessed value.

The City maintains a rolling six-year capital improvement plan to aid in assessing costs for future capital projects. These projects are associated with the City utility funds, general government, parks, and urban renewal. With the addition of several new buildings in the last few years, the City has created a capital asset replacement fund. This will help to defray future costs associated with major repairs and replacement.

MAJOR INITIATIVES

A number of significant initiatives, outlined below are underway in Sandy to ensure the City's continued economic health and ability to provide service to its residents and businesses.

Downtown Development - The façade grant program has encouraged a number of businesses within the downtown corridor to upgrade building exteriors to follow the "Sandy Style" design standards found in the city's development code. In FY 2014 projects were completed on the Wheatland Building and the Sah Building.

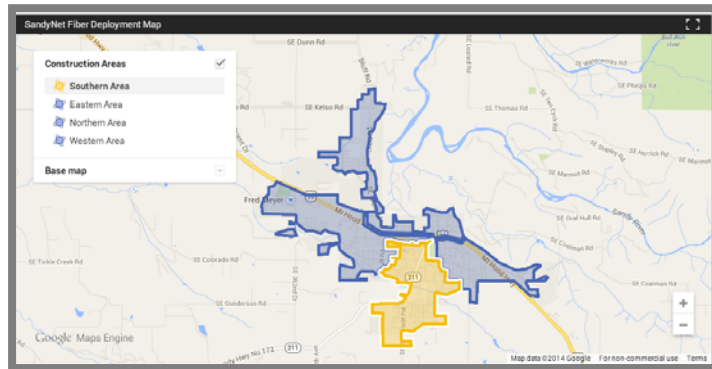


Since the start of the facade enhancement program about 45 projects have been completed in the downtown corridor. All conform to the style outlined in the City's development code and are excellent additions to the downtown corridor.

The City continued with its Main Street Program in FY 2013-14 to promote and revitalize the downtown central business district. First Friday events continued to draw people into the downtown district from April to October and were generally slightly more successful than the previous year, continuing the expansive trend of this event series. The Trick or Treat Trail was very successful this year, drawing about as many participants as the previous year. The 2013 Christmas Tree Lighting Ceremony brought together half a dozen businesses donating food and beverages and drew close to 300 people, a considerable crowd considering the temperature at the time the tree was lit was 11 degrees.

Fiber-To-The-Home (FTTH) Project

The City of Sandy has been operating an Internet Service Provider (ISP), known as SandyNet, for the past 10 years using a combination of fiber access for businesses, Wi-Fi, and resold DSL. The City provides services to a total of 3,242 premises locations. In looking to the future, City leadership wanted to provide the community with a high capacity FTTH network utilizing an affordable, expandable network design. The FTTH project is underway and



is estimated to be completed in March 2015. Sandy has come a long way in the last 10 years, and as a fiber connected community using new services that improve the quality of life and will provide a foundation of fiber fueled economic development for years to come.

Bull Run Intertie Water Line and Reservoir Project - The City's water fund constructed a new water line connecting the City of Portland's Bull Run water source and the City of Sandy's water system. It included a pump station, transmission line and 1-million gallon reservoir. Federal law protects the Portland's Bull Run water, and is one of the purest sources of drinking water in the world. This will provide an opportunity for the City of Sandy to purchase additional water to supplement its existing water source for our growing community.

Bornstedt Park – Phase I of the Bornstedt Park Master Plan has been completed. This included the installation of fields, splash pad, paths, a playground, and community garden boxes. As additional housing development occurs, Phase II will be built. The second phase has a half-court basketball hoop, a gazebo, and a viewing mound near the playground to show the view of Mt. Hood. The park will serve the neighborhood and growing community of Sandy.



Public Safety – Rolled out the first of six new police vehicles for patrol use. The vehicles will be fully equipped with AWD, better visibility and up to date laptop hardware and system software. The new computer equipment will allow the police officers to do their job more efficiently.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls. The City's budget document is prepared for a 24-month period beginning July 1 through June 30. The budget is presented in accordance with provisions of the Oregon Local Budget Law (ORS Chapter 294), which provides standard procedures for the preparation, administration and approval of budgets. The budget

serves as the foundation for the City's financial planning and control.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions of Oregon Local Budget Law and to ensure that spending at the City is in accordance with the objectives of the citizens of the City of Sandy.

Budgetary control is maintained at the department level for the General Fund and other funds are maintained by the type of expenditure - personal services, materials and services, capital outlay, debt service and transfers. The City uses the following policies to guide their budget process:

1. Continuing expenses should be covered by continuing revenues.
2. Cash balances in the general fund at the beginning of the biennium should be sufficient to cover expenses until property tax is received in November.
3. New development should pay for itself.

The City has adhered to each of these policies within the past fiscal year. The end of fiscal year 2014 marked the end of the first year of our biennial budget. Cash balances are on track to cover expenses until property tax payments are received in November.

AWARDS AND ACKNOWLEDGEMENTS

Award. 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, 2013. This was the twenty-second 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. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Acknowledgments. The preparation of this report was made possible by the dedicated service of the finance and administrative department. Each member has our sincere appreciation for the contributions made in the preparation of this report and their dedication and expertise in financial reporting. We would also like to express our appreciation to the 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,



Seth Atkinson
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, 2013

Executive Director/CEO



ELECTED CITY OFFICIALS

NAME

TERM EXPIRES

Mayor

Bill King

December 2014

Councilors

Jeremy Pietzold

December 2014

Brian Adams

December 2016

Grant Baker

December 2016

Lois Coleman

December 2014

Carl Exner

December 2014

Olga Gerberg

December 2016

CITY STAFF

City Manager

Seth Atkinson

Finance Director

Lisa Young

Police Chief

Kim Yamashita

Library Director

Sarah McIntyre

Planning Director

Tracy Brown

Public Works Director

Mike Walker

Community Services Director

Nancy Enabnit

IT Director

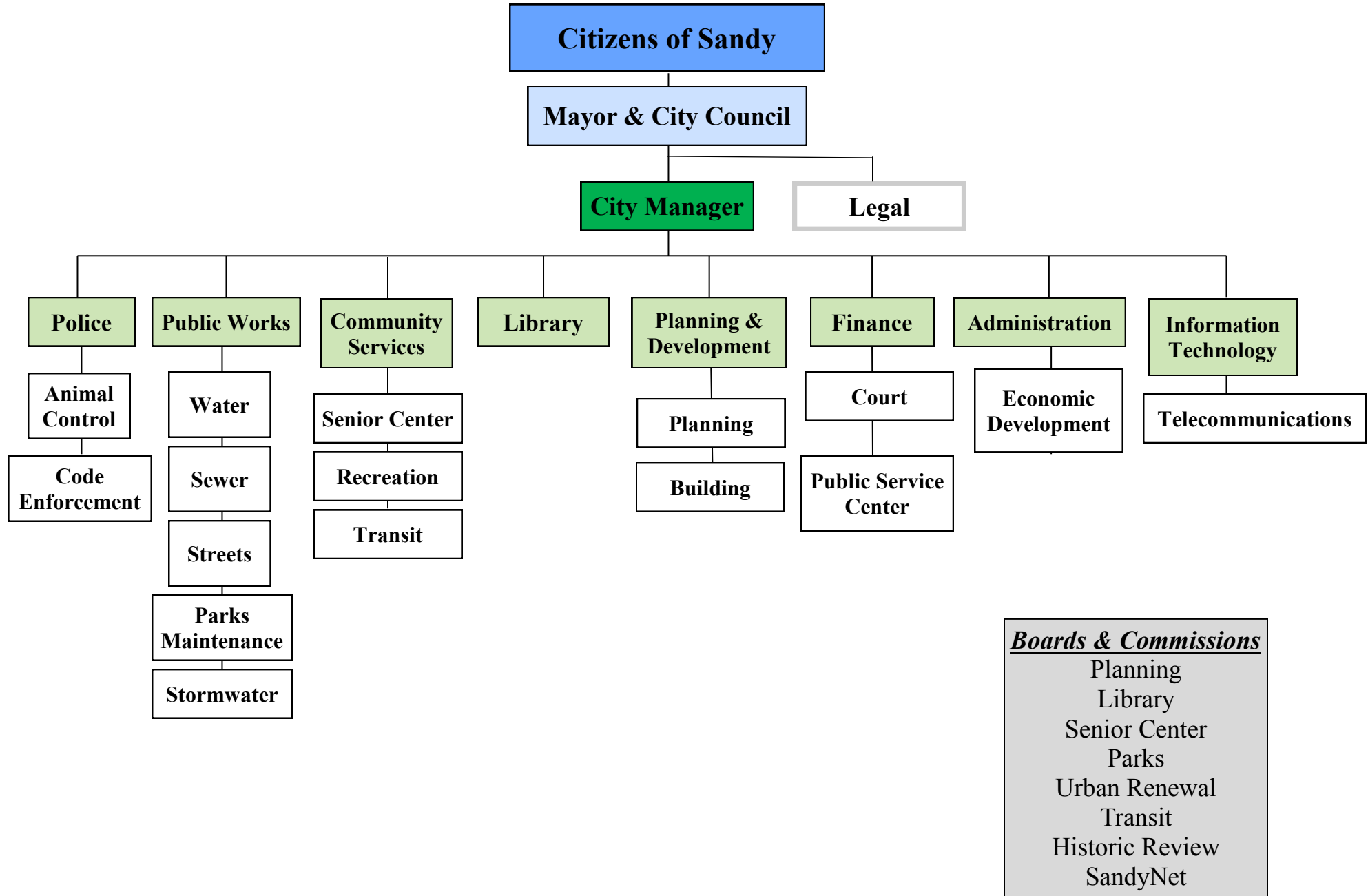
Joe Knapp

MAILING ADDRESS

39250 Pioneer Blvd.
Sandy, Oregon 97055

www.ci.sandy.or.us

City of Sandy Organizational Chart





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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

City Council
City of Sandy, Oregon
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, 2014, and the related notes to the financial statements, which collectively comprise the City of Sandy, Oregon's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandy, Oregon, as of June 30, 2014, 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.

Change in Accounting Principle

As discussed in Note 14 to the financial statements, the City of Sandy, Oregon adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and required supplementary 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 management's discussion and analysis, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 December 8, 2014 on our consideration of the 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 the 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 December 8, 2014, on our consideration of the 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.

Merina & Company

Merina & Company, LLP
West Linn, Oregon
December 8, 2014

BASIC FINANCIAL STATEMENTS

**CITY OF SANDY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

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, 2014. We encourage readers to consider the information presented here in conjunction with the additional information furnished in the letter of transmittal on pages i-vi and the financial statements that follow.

FINANCIAL HIGHLIGHTS

- Net Position - The assets of the City of Sandy exceeded its liabilities at the close of the most recent fiscal year by \$41,771,240. Of this amount \$6,019,890, may be used to meet the government's ongoing obligations to citizens and creditors.
- Change in Net Position - The City's total net position increased by \$1,739,215. This is mainly attributed to the increase in current assets and completion of capital assets less newly issued debt. See Table 1 – Summary of Net Position for more details.
- The City's governmental activities reported total net position of \$26,626,811, which is an increase of \$1,871,077. Approximately 12% of the total, or \$3,126,571, is unrestricted and thus available for spending at the City's discretion.
- The City's business-type activities reported total net position of \$15,144,429, which is a decrease of \$131,862 from the prior year. Approximately 19% of the total, or \$2,893,319, is unrestricted and thus available for spending at the City's discretion.
- The City of Sandy's total debt increased by \$11,041,817 driven primarily by the addition of a Revenue Bond of approximately \$7 million for the Fiber-To-The-Home project and the PWB Intertie project remaining loan balance of approximately \$4 million.

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

CITY OF SANDY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

periods (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 14 and 15 of this report

Governmental activities of the City include the following:

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

Business-type activities of the City include the following:

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

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 in the governmental fund balance sheet and in the governmental fund statement of

**CITY OF SANDY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

revenues, expenditures, and changes in fund balances for the General Fund, State Tax 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 18.

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 32 through 51 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 52 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 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 net position balance increased by \$1.74 million from the prior year. 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, 2014**

**Table 1
City of Sandy's Summary of Net Position
as of June 30**

	Governmental Activities		Business-type Activities		Total	
	2013		2013		2013	
	2014	Restated	2014	2013	2014	Restated
Current assets	\$ 6,119,112	\$ 4,086,762	\$ 9,687,686	\$ 4,549,597	\$ 15,806,798	\$ 8,636,359
Other assets	377,723	551,756	1,180,413	1,806,185	1,558,136	2,357,941
Capital assets	24,490,429	24,616,275	24,970,585	19,315,086	49,461,014	43,931,361
Total assets	30,987,264	29,254,793	35,838,684	25,670,868	66,825,948	54,925,661
Other liabilities	536,202	490,746	1,286,759	2,237,445	1,822,961	2,728,191
Long term debt outstanding	3,770,575	4,042,091	19,407,496	8,157,132	23,178,071	12,199,223
Total liabilities	4,306,777	4,532,837	20,694,255	10,394,577	25,001,032	14,927,414
Deferred inflows of						
Deferred gain on refunding	53,676	-	-	-	53,676	-
Net position:						
Net investment in capital	20,935,026	20,839,659	11,534,372	11,209,225	32,469,398	32,048,884
Restricted for:						
Debt Service	-	-	167,211	167,211	167,211	167,211
System Development	-	-	549,527	533,904	549,527	533,904
State/Local Gas Tax	1,968,555	1,168,740	-	-	1,968,555	1,168,740
Contributions	-	-	-	-	-	-
State Statute	596,659	500,716	-	-	596,659	500,716
Unrestricted (deficit)	3,126,571	2,212,841	2,893,319	3,365,951	6,019,890	5,578,792
Total net position	\$ 26,626,811	\$ 24,721,956	\$ 15,144,429	\$ 15,276,291	\$ 41,771,240	\$39,998,247

By far the largest portion of the City of Sandy's net position (78% percent) 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.

The unrestricted net position of \$6,019,890 may be used to meet the City's ongoing obligations to citizens and creditors.

Analysis of Changes in Net Position:

The Table 2, on the next page, summarizes revenues and expenses for the current fiscal year and provides a comparison to prior year.

**CITY OF SANDY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

**Table 2
City of Sandy's Changes in Net Position
as of June 30**

	Governmental Activities		Business-type Activities		Total		Total Change
	2014	2013 Restated	2014	2013	2014	2013 Restated	+ (-)
REVENUES							
Program revenues							
Charges for services	\$ 1,690,950	\$ 1,644,692	\$ 3,286,481	\$ 3,102,695	\$ 4,977,431	\$ 4,747,387	\$ 230,044
Operating grants and contributions	831,258	852,686			831,258	852,686	(21,428)
Capital grants and contributions	253,991	509,265			253,991	509,265	(255,274)
General revenues							-
Property taxes	3,964,881	3,778,756			3,964,881	3,778,756	186,125
Franchise fees and public services taxes	3,160,456	3,146,276			3,160,456	3,146,276	14,180
Interest and investment earnings	33,501	22,920	37,038	28,280	70,539	51,200	19,339
Other	832,452	218,122	103,032	32,917	935,484	251,039	684,445
Total revenues	<u>10,767,489</u>	<u>10,172,717</u>	<u>3,426,551</u>	<u>3,163,892</u>	<u>14,194,040</u>	<u>13,336,609</u>	<u>857,431</u>
EXPENSES							
General Government	1,142,042	1,379,588			1,142,042	1,379,588	(237,546)
Highways and streets	726,932	1,079,975			726,932	1,079,975	(353,043)
Public transportation	1,320,926	1,324,145			1,320,926	1,324,145	(3,219)
Economic development	954,397	877,759			954,397	877,759	76,638
Public safety	2,536,548	2,300,675			2,536,548	2,300,675	235,873
Culture and recreation	2,156,408	2,133,445			2,156,408	2,133,445	22,963
Interest on long-term debt	142,205	159,415			142,205	159,415	(17,210)
Water			1,103,969	1,842,775	1,103,969	1,842,775	(738,806)
Wastewater			1,340,742	1,344,220	1,340,742	1,344,220	(3,478)
Stormwater			192,790	184,970	192,790	184,970	7,820
Telecommunications			736,669	563,449	736,669	563,449	173,220
Total Expenses	<u>8,979,458</u>	<u>9,255,002</u>	<u>3,374,170</u>	<u>3,935,414</u>	<u>12,353,628</u>	<u>13,190,416</u>	<u>(836,788)</u>
Increase in net position before transfers	1,788,031	917,715	52,381	(771,522)	1,840,412	146,193	1,694,219
Transfers	116,824	167,030	(116,824)	(167,030)	-	-	-
Changes in net position	<u>1,904,855</u>	<u>1,084,745</u>	<u>(64,443)</u>	<u>(938,552)</u>	<u>1,840,412</u>	<u>146,193</u>	<u>1,694,219</u>
Net position, July 1	24,721,956	23,678,069	15,276,291	16,230,763	39,998,247	39,908,832	89,415
Prior period adjustment	-	(7,080)	(67,419)	(15,920)	(67,419)	(23,000)	(44,419)
Cumulative effect to implement GASB Statement No. 65	-	(33,778)	-	-	-	(33,778)	33,778
Net position, June 30	<u>\$26,626,811</u>	<u>\$24,721,956</u>	<u>\$15,144,429</u>	<u>\$15,276,291</u>	<u>\$41,771,240</u>	<u>\$39,998,247</u>	<u>\$1,772,993</u>

Governmental activities increased the City of Sandy's net position by \$1,904,855. This increase in net position is larger than the prior fiscal year, partly due to the sale of property, property taxes were slightly higher while costs have decreased during the same period. The 2014 net position as of July 1 was restated and reduced by \$33,778 due to the implementation of GASB 65 for the unamortized bond issue costs reported in the prior year.

Business-type activities decreased the City of Sandy's net position by \$131,862 of which 52% is due to the write-off of an uncollectable grant.

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

**CITY OF SANDY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

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 \$5,455,646. Approximately 52% percent of this total amount (\$2,855,355) 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 38.

The *General Fund* is the chief operating fund of the City. At the end of the audited fiscal year, it saw an increase of \$826,916 from the prior year. This mainly due the receipt of the \$692,172 from the sale of property.

The *Street Fund* provides for the maintenance and construction of City streets. The fund saw a modest increase of \$271,229 from an increase in local and state gas tax revenue and conservative spending.

The *Parks Capital Projects Fund* balance decreased by \$261,889 due to the completion construction of a local neighborhood park.

The *Transit Fund* balance increased by \$120,716 as Federal grants assisted in covering operational expenses and lack of major capital expenditures.

The *Urban Renewal Fund* increased by \$669,749 is a result of a slight increase in revenues and a reduction in capital outlay and debt service costs compared to prior year.

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.

The Water Fund had an increase in net position of \$245,652. This mainly due to operating revenue exceeded operating expenses. The Sewer Fund saw a decrease in net position of \$186,776 from increases in operating expenses and reductions in system development charge revenue. The Stormwater Fund had an increase in net position of \$4,498 which can be tied to higher program revenues combined with higher outgoing transfers. The Telecommunications Fund decreased its net position by \$127,817 as expenses were higher due to the implementation of the Fiber-To-The-Home project and delayed customer activations.

BUDGET VARIANCES IN THE GENERAL FUND

The City of Sandy currently employs a biennial budget. The fiscal year ending June 30, 2014 marks the end of the City's first-year budget cycle. Revenues were available to cover the expenditures and the budget has not been amended.

**CITY OF SANDY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

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, 2014 amounts to \$49,461,014 (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.

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

- ❖ Completion of the Bull Run water connection and reservoir
- ❖ Completion of the Bornstedt Park
- ❖ Purchase of police vehicles and laptop equipment

The following, Table 3, summarizes capital assets and changes as of June 30, 2014.

**Table 3
City of Sandy's Capital Assets, Net of Accumulated Depreciation
as of June 30**

	Governmental Activities		Business-type Activities		Total		Change
	2014	2013	2014	2013	2014	2013	+ (-)
Land	\$ 3,139,563	\$ 3,123,513	\$ 1,099,674	\$ 1,099,674	\$ 4,239,237	\$ 4,223,187	\$ 16,050
Construction in Progress	83,603	165,132	1,565,418	4,892,742	1,649,021	5,057,874	(3,408,853)
Improvements	8,227,785	8,509,035	20,427,317	11,251,310	28,655,102	19,760,345	8,894,757
Buildings	11,632,460	11,326,790	698,652	717,075	12,331,112	12,043,865	287,247
Furniture and equipment	171,959	171,557	990,941	1,149,285	1,162,900	1,320,842	(157,942)
Vehicles	1,188,189	1,257,269	188,583	205,000	1,376,772	1,462,269	(85,497)
Intangible Assets	46,870	62,979	-	-	46,870	62,979	(16,109)
Total	\$24,490,429	\$24,616,275	\$24,970,585	\$19,315,086	\$49,461,014	\$43,931,361	\$5,529,653

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 \$23,241,040. The City's total debt increased by \$11,041,817 and was driven by a combination of the issuance of new debt for the Telecommunication Fund of \$7.5 million and final financing of in the Water Fund of \$4 million.

During the fiscal year ended June 30, 2014 all scheduled debt payments were met. The following table summarizes outstanding debt as of June 30, 2014.

**CITY OF SANDY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

**Table 4
City of Sandy's Outstanding Debt
as of June 30**

	Government Activities		Business Activities		Total		Total Change
	2014	2013	2014	2013	2014	2013	+ (-)
Bonds payable	\$ 2,243,584	\$ 2,510,000	\$ 9,182,865	\$ 1,820,000	\$ 11,426,449	\$ 4,330,000	\$ 7,096,449
Bond premium	-	74,285	271,394	-	271,394	74,285	197,109
Notes payable	1,311,819	1,192,331	9,916,536	6,285,861	11,228,355	7,478,192	3,750,163
Compensated absences	268,965	265,475	45,877	51,271	314,842	316,746	(1,904)
Total	<u>\$ 3,824,368</u>	<u>\$ 4,042,091</u>	<u>\$ 19,416,672</u>	<u>\$ 8,157,132</u>	<u>\$ 23,241,040</u>	<u>\$ 12,199,223</u>	<u>\$ 11,041,817</u>

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 Finance Department at 39250 Pioneer Blvd, Sandy, Oregon 97055.

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, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 6,119,112	\$ 9,138,159	\$ 15,257,271
Property taxes receivable	240,313	-	240,313
Due from other governments	22,778	-	22,778
Accounts receivable, net	81,829	926,447	1,008,276
Municipal court receivable	61,091	-	61,091
Internal balances	(180,000)	180,000	-
Grants receivable	116,635	-	116,635
Prepays	35,077	73,966	109,043
Total current assets	<u>6,496,835</u>	<u>10,318,572</u>	<u>16,815,407</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	549,527	549,527
Capital assets:			
Nondepreciable	3,223,166	2,665,092	5,888,258
Depreciable, net	<u>21,267,263</u>	<u>22,305,493</u>	<u>43,572,756</u>
Total noncurrent assets	<u>24,490,429</u>	<u>25,520,112</u>	<u>50,010,541</u>
Total assets	<u>\$ 30,987,264</u>	<u>\$ 35,838,684</u>	<u>\$ 66,825,948</u>
LIABILITIES:			
Current liabilities:			
Accounts payable and accrued expenses	\$ 360,650	\$ 1,010,839	\$ 1,371,489
Interest payable	21,775	263,695	285,470
Deposits	99,984	3,049	103,033
Current portion of accrued compensated absences payable	53,793	9,176	62,969
Current portion of long-term debt	<u>552,498</u>	<u>612,757</u>	<u>1,165,255</u>
Total current liabilities	<u>1,088,700</u>	<u>1,899,516</u>	<u>2,988,216</u>
Noncurrent liabilities:			
Noncurrent portion of accrued compensated absences payable	215,172	36,701	251,873
Noncurrent portion of long-term obligations	<u>3,002,905</u>	<u>18,758,038</u>	<u>21,760,943</u>
Total noncurrent liabilities	<u>3,218,077</u>	<u>18,794,739</u>	<u>22,012,816</u>
Total liabilities	<u>4,306,777</u>	<u>20,694,255</u>	<u>25,001,032</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred gain on refunding	<u>53,676</u>	<u>-</u>	<u>53,676</u>
NET POSITION:			
Net investment in capital assets	20,935,026	11,534,372	32,469,398
Restricted for:			
Debt service	-	167,211	167,211
System development charges	-	549,527	549,527
State/local gas tax	1,968,555	-	1,968,555
Urban renewal projects	596,659	-	596,659
Unrestricted	<u>3,126,571</u>	<u>2,893,319</u>	<u>6,019,890</u>
Total net position	<u>26,626,811</u>	<u>15,144,429</u>	<u>41,771,240</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 30,987,264</u>	<u>\$ 35,838,684</u>	<u>\$ 66,825,948</u>

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, 2014

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 1,142,042	\$ 146,919	\$ 18,780	\$ -
Highways and streets	726,932	202,105	-	-
Public transportation	1,320,926	124,528	634,266	-
Economic development	954,397	267,911	-	-
Public safety	2,536,548	591,311	-	-
Culture and recreation	2,156,408	358,176	178,212	253,991
Interest on long-term debt	142,205	-	-	-
Total governmental activities	<u>8,979,458</u>	<u>1,690,950</u>	<u>831,258</u>	<u>253,991</u>
Business type activities:				
Water Fund	1,103,969	1,309,276	-	-
Sewer Operations	1,340,742	1,208,109	-	-
Stormwater Fund	192,790	217,365	-	-
Telecom. Fund	736,669	551,731	-	-
Total business type activities	<u>3,374,170</u>	<u>3,286,481</u>	<u>-</u>	<u>-</u>
Total government	<u>\$ 12,353,628</u>	<u>\$ 4,977,431</u>	<u>\$ 831,258</u>	<u>\$ 253,991</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				
Restated net position - beginning				
Prior period adjustment				
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
\$ (976,343)	\$ -	\$ (976,343)
(524,827)	-	(524,827)
(562,132)	-	(562,132)
(686,486)	-	(686,486)
(1,945,237)	-	(1,945,237)
(1,366,029)	-	(1,366,029)
(142,205)	-	(142,205)
<u>(6,203,259)</u>	<u>-</u>	<u>(6,203,259)</u>
-	205,307	205,307
-	(132,633)	(132,633)
-	24,575	24,575
<u>-</u>	<u>(184,938)</u>	<u>(184,938)</u>
<u>-</u>	<u>(87,689)</u>	<u>(87,689)</u>
<u>(6,203,259)</u>	<u>(87,689)</u>	<u>(6,290,948)</u>
3,964,881	-	3,964,881
2,629,914	-	2,629,914
530,542	-	530,542
33,501	37,038	70,539
832,452	103,032	935,484
116,824	(116,824)	-
<u>8,108,114</u>	<u>23,246</u>	<u>8,131,360</u>
1,904,855	(64,443)	1,840,412
24,721,956	15,276,291	39,998,247
<u>-</u>	<u>(67,419)</u>	<u>(67,419)</u>
<u>\$ 26,626,811</u>	<u>\$ 15,144,429</u>	<u>\$ 41,771,240</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.

State Tax Street Fund

State Tax Street Fund accounts for revenue derived from the state gas tax that is used for repair, maintenance and construction 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

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

**CITY OF SANDY, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2014**

	General Fund	State Tax Street Fund	Urban Renewal Agency Fund	Transit Fund	Parks Capital Project Fund	Total Governmental
ASSETS						
Cash and cash equivalents	\$ 2,075,116	\$ 1,939,817	\$ 771,545	\$ 1,168,379	\$ -	\$ 5,954,857
Property taxes receivable	161,691	-	78,622	-	-	240,313
Due from other governments	15,276	-	7,502	-	-	22,778
Accounts receivable, net	36,945	44,884	-	-	-	81,829
Prepays	-	-	-	35,077	-	35,077
Municipal court receivable	61,091	-	-	-	-	61,091
Grants receivable	-	-	-	116,635	-	116,635
Due from other funds	295,206	-	-	-	-	295,206
Total assets	<u>\$ 2,645,325</u>	<u>\$ 1,984,701</u>	<u>\$ 857,669</u>	<u>\$ 1,320,091</u>	<u>\$ -</u>	<u>\$ 6,807,786</u>
LIABILITIES:						
Accounts payable and other current liabilities	\$ 259,047	\$ 16,146	\$ 9,890	\$ 60,719	\$ 11,861	\$ 357,663
Deposits	99,984	-	-	-	-	99,984
Due to other funds	-	-	-	-	295,206	295,206
Interfund loan payable	-	-	180,000	-	-	180,000
Total liabilities	<u>359,031</u>	<u>16,146</u>	<u>189,890</u>	<u>60,719</u>	<u>307,067</u>	<u>932,853</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	146,415	-	71,120	-	-	217,535
Unavailable revenue -account receivable	85,117	-	-	116,635	-	201,752
Total deferred inflows of resources	<u>231,532</u>	<u>-</u>	<u>71,120</u>	<u>116,635</u>	<u>-</u>	<u>419,287</u>
FUND BALANCES:						
Non-spendable:						
Pre-paid items	-	-	-	35,077	-	35,077
Restricted:						
Street and roadside maintenance	-	1,968,555	-	-	-	1,968,555
Urban renewal projects	-	-	596,659	-	-	596,659
Assigned:						
Public transportation	-	-	-	1,107,660	-	1,107,660
Unassigned, reported in:						
General fund	2,054,762	-	-	-	-	2,054,762
Capital projects fund	-	-	-	-	(307,067)	(307,067)
Total fund balance	<u>2,054,762</u>	<u>1,968,555</u>	<u>596,659</u>	<u>1,142,737</u>	<u>(307,067)</u>	<u>5,455,646</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,645,325</u>	<u>\$ 1,984,701</u>	<u>\$ 857,669</u>	<u>\$ 1,320,091</u>	<u>\$ -</u>	

Amounts reported in the statement of net position are

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 24,490,429

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred outflows in the funds. Unavailable revenue 419,287

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. 161,268

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. (53,676)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (3,846,143)

Net position \$ 26,626,811

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, 2014

	General Fund	State Tax Street Fund	Urban Renewal Agency Fund
REVENUES:			
Property taxes	\$ 2,660,418	\$ -	\$ 1,317,702
Public service taxes	1,285,452	827,062	-
Franchise fees	530,542	-	-
Grants	196,992	-	-
Charges for services	615,099	-	-
Licenses and permits	242,868	-	-
Fines and forfeitures	312,995	-	-
Special assessments	1,488	7,336	-
System development charges	-	194,769	-
Interest	15,868	9,354	3,285
Miscellaneous	743,485	21,814	2,453
Payment in lieu of land dedication	-	-	-
	<u>6,605,207</u>	<u>1,060,335</u>	<u>1,323,440</u>
EXPENDITURES:			
Current:			
General government	794,177	-	-
Highways and streets	-	544,161	-
Public transportation	-	-	-
Economic development	644,225	-	116,707
Public safety	2,357,543	-	-
Culture and recreation	1,844,854	-	-
Capital outlay	388,627	117,646	132,405
Debt service:			
Principal	116,837	49,944	2,546,157
Interest	23,701	10,712	131,657
	<u>6,169,964</u>	<u>722,463</u>	<u>2,926,926</u>
Total expenditures	<u>6,169,964</u>	<u>722,463</u>	<u>2,926,926</u>
Revenues over (under) expenditures	435,243	337,872	(1,603,486)
OTHER FINANCING SOURCES (USES):			
Issuance of debt	286,269	-	2,279,741
Transfers in	265,404	-	-
Transfers out	(160,000)	(66,643)	(6,506)
	<u>391,673</u>	<u>(66,643)</u>	<u>2,273,235</u>
Total other financing sources (uses)	<u>391,673</u>	<u>(66,643)</u>	<u>2,273,235</u>
Net changes in fund balances	826,916	271,229	669,749
FUND BALANCES, BEGINNING	<u>1,227,846</u>	<u>1,697,326</u>	<u>(73,090)</u>
FUND BALANCES, ENDING	<u>\$ 2,054,762</u>	<u>\$ 1,968,555</u>	<u>\$ 596,659</u>

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

<u>Transit Fund</u>	<u>Parks Capital Project Fund</u>	<u>Total Governmental</u>
\$ -	\$ -	\$ 3,978,120
517,400	-	2,629,914
-	-	530,542
660,686	253,991	1,111,669
124,528	12,698	752,325
-	-	242,868
-	-	312,995
-	-	8,824
-	176,758	371,527
4,750	-	33,257
89	-	767,841
20,084	44,527	64,611
<u>1,327,537</u>	<u>487,974</u>	<u>10,804,493</u>
-	-	794,177
-	-	544,161
1,095,818	-	1,095,818
-	-	760,932
-	-	2,357,543
-	822	1,845,676
1,340	613,364	1,253,382
-	-	2,712,938
-	-	166,070
<u>1,097,158</u>	<u>614,186</u>	<u>11,530,697</u>
230,379	(126,212)	(726,204)
-	-	2,566,010
-	-	265,404
(109,663)	-	(342,812)
<u>(109,663)</u>	<u>-</u>	<u>2,488,602</u>
120,716	(126,212)	1,762,398
<u>1,022,021</u>	<u>(180,855)</u>	<u>3,693,248</u>
<u>\$ 1,142,737</u>	<u>\$ (307,067)</u>	<u>\$ 5,455,646</u>

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, 2014

Amounts reported in the statement of activities are different because:

Net changes in fund balance		\$ 1,762,398
<p>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.</p>		
Current year depreciation	(1,112,555)	
Capital assets	<u>986,709</u>	(125,846)
<p>Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds.</p>		
		(37,248)
<p>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.</p>		
Accrued interest expense		23,865
<p>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.</p>		
Change in compensated absences	(3,490)	
Debt service principal payments	2,712,938	
Debt proceeds	<u>(2,566,010)</u>	143,438
<p>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.</p>		
		<u>138,248</u>
Change in net position of governmental activities		<u><u>\$ 1,904,855</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.

Stormwater Fund

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

Telecom. Fund

The Telecommunications Funds accounts for the city-owed 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, 2014

	Water Fund	Sewer Operations
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,750,104	\$ 846,482
Accounts receivables, net	613,179	121,056
Interfund loan receivable	-	298,524
Prepays	18,017	50,100
Total current assets	<u>2,381,300</u>	<u>1,316,162</u>
Noncurrent assets:		
Restricted cash and cash equivalents	-	549,527
Capital assets, net	14,935,650	7,203,375
Total noncurrent assets	<u>17,316,950</u>	<u>9,069,064</u>
Total assets	<u>\$ 17,316,950</u>	<u>\$ 9,069,064</u>
LIABILITIES AND NET POSITION		
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 596,610	\$ 3,214
Accrued compensated absences payable	3,073	3,073
Accrued interest payable	157,594	9,931
Deposits	3,049	-
Interfund loan payable	-	-
Loans payable within one year	476,674	52,426
Total current liabilities	<u>1,237,000</u>	<u>68,644</u>
Noncurrent liabilities:		
Loans payable, net of current portion	7,955,458	2,404,843
Accrued compensated absences payable	12,291	12,291
Total noncurrent liabilities	<u>7,967,749</u>	<u>2,417,134</u>
Total liabilities	<u>9,204,749</u>	<u>2,485,778</u>
NET POSITION:		
Net investment in capital assets	6,503,518	4,746,106
Restricted for:		
Debt service	-	167,211
System development charges	-	549,527
Unrestricted	1,608,683	1,120,442
Total net position	<u>8,112,201</u>	<u>6,583,286</u>
Total liabilities and net position	<u>\$ 17,316,950</u>	<u>\$ 9,069,064</u>

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

Enterprise Funds			Governmental Activities
Stormwater Fund	Telecom. Fund	Total	Operations Center Internal Service Fund
\$ 436,224	\$ 6,105,349	\$ 9,138,159	\$ 164,255
26,542	165,670	926,447	-
-	-	298,524	-
-	5,849	73,966	-
<u>462,766</u>	<u>6,276,868</u>	<u>10,437,096</u>	<u>164,255</u>
-	-	549,527	-
<u>793,422</u>	<u>2,038,138</u>	<u>24,970,585</u>	<u>-</u>
<u>1,256,188</u>	<u>8,315,006</u>	<u>35,957,208</u>	<u>164,255</u>
<u>\$ 1,256,188</u>	<u>\$ 8,315,006</u>	<u>\$ 35,957,208</u>	<u>\$ 164,255</u>
\$ 4,689	\$ 406,326	\$ 1,010,839	\$ 2,987
1,132	1,898	9,176	-
2,373	93,797	263,695	-
-	-	3,049	-
-	118,524	118,524	-
<u>70,733</u>	<u>12,924</u>	<u>612,757</u>	<u>-</u>
<u>78,927</u>	<u>633,469</u>	<u>2,018,040</u>	<u>2,987</u>
639,267	7,758,470	18,758,038	-
<u>4,527</u>	<u>7,592</u>	<u>36,701</u>	<u>-</u>
<u>643,794</u>	<u>7,766,062</u>	<u>18,794,739</u>	<u>-</u>
<u>722,721</u>	<u>8,399,531</u>	<u>20,812,779</u>	<u>2,987</u>
83,422	201,326	11,534,372	-
-	-	167,211	-
-	-	549,527	-
<u>450,045</u>	<u>(285,851)</u>	<u>2,893,319</u>	<u>161,268</u>
<u>533,467</u>	<u>(84,525)</u>	<u>15,144,429</u>	<u>161,268</u>
<u>\$ 1,256,188</u>	<u>\$ 8,315,006</u>	<u>\$ 35,957,208</u>	<u>\$ 164,255</u>

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, 2014

	<u>Water Fund</u>	<u>Sewer Operations</u>
OPERATING REVENUES:		
Charges for services	\$ 1,168,325	\$ 1,031,586
Special assessments and surcharges	140,951	176,523
Miscellaneous	98,856	3,656
	<u>1,408,132</u>	<u>1,211,765</u>
OPERATING EXPENSES:		
Salaries, fringe benefits and payroll taxes	193,909	193,910
Utilities	20,488	28,140
Operating supplies	68,306	10,854
Insurance	12,074	14,334
Maintenance and repairs	470	13,605
Contractual services	288,785	575,541
General, administration, and other	149,657	66,889
Depreciation	333,432	315,632
	<u>1,067,121</u>	<u>1,218,905</u>
Operating income (loss)	341,011	(7,140)
NON-OPERATING INCOME (EXPENSE):		
Interest income	7,863	15,616
Interest expense	(36,848)	(121,837)
	<u>(28,985)</u>	<u>(106,221)</u>
Total non-operating income (expenses)	(28,985)	(106,221)
Net income (loss) before transfers	312,026	(113,361)
TRANSFERS:		
Transfers in (out)	(66,374)	(73,415)
Change in net position	245,652	(186,776)
NET POSITION, BEGINNING	7,866,549	6,770,062
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>
NET POSITION, ENDING	<u>\$ 8,112,201</u>	<u>\$ 6,583,286</u>

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

Enterprise Funds			Governmental Activities
Stormwater Fund	Telecom. Fund	Total	Operations Center Internal Service Fund
\$ 217,365	\$ 551,731	\$ 2,969,007	\$ -
-	-	317,474	-
-	520	103,032	-
<u>217,365</u>	<u>552,251</u>	<u>3,389,513</u>	<u>-</u>
79,628	204,230	671,677	-
2,483	8,024	59,135	30,309
7,669	5,055	91,884	8,026
-	643	27,051	4,117
2,443	38,488	55,006	6,129
1,056	36,058	901,440	7,647
13,506	338,162	568,214	-
59,088	99,469	807,621	-
<u>165,873</u>	<u>730,129</u>	<u>3,182,028</u>	<u>56,228</u>
51,492	(177,878)	207,485	(56,228)
2,123	11,436	37,038	244
<u>(26,917)</u>	<u>(6,540)</u>	<u>(192,142)</u>	<u>-</u>
<u>(24,794)</u>	<u>4,896</u>	<u>(155,104)</u>	<u>244</u>
26,698	(172,982)	52,381	(55,984)
<u>(22,200)</u>	<u>45,165</u>	<u>(116,824)</u>	<u>194,232</u>
4,498	(127,817)	(64,443)	138,248
528,969	110,711	15,276,291	23,020
-	(67,419)	(67,419)	-
<u>\$ 533,467</u>	<u>\$ (84,525)</u>	<u>\$ 15,144,429</u>	<u>\$ 161,268</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, 2014

	<u>Water Fund</u>	<u>Sewer Operations</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 2,048,634	\$ 1,220,625
Cash paid to employees and others for salaries and benefits	(198,048)	(198,049)
Cash paid to suppliers and others	(2,077,522)	(734,747)
Other cash receipts (disbursements)	150,331	(509)
Net cash provided by operating activities	<u>(76,605)</u>	<u>287,320</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Payment from (to) other funds for interfund loans and interest	-	183,153
Transfers in (out)	(66,374)	(73,415)
Advances to/from other funds	-	-
Net cash provided by non-capital financing activities	<u>(66,374)</u>	<u>109,738</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(4,830,214)	(49,431)
Proceeds from loans	4,925,292	41,391
Principal paid on loans	(1,037,516)	(143,201)
Interest paid on loans	(36,848)	(121,837)
Proceeds from grant	-	-
Net cash provided by capital and related financing activities	<u>(979,286)</u>	<u>(273,078)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest revenue	7,863	15,616
Net cash provided by investing activities	7,863	15,616
Net increase in cash and cash equivalents	(1,114,402)	139,596
CASH AND CASH EQUIVALENTS, BEGINNING	<u>2,864,506</u>	<u>1,256,413</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1,750,104</u>	<u>\$ 1,396,009</u>
COMPRISED AS FOLLOWS:		
Unrestricted	\$ 1,750,104	\$ 846,482
Restricted	-	549,527
Total	<u>\$ 1,750,104</u>	<u>\$ 1,396,009</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 341,011	\$ (7,140)
Adjustments:		
Depreciation	333,432	315,632
Decrease (increase) in:		
Accounts receivable	640,440	8,860
Prepaid items	4,096	(3,111)
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,541,838)	(22,273)
Accrued compensated absences	(4,139)	(4,139)
Accrued interest payable	150,331	(509)
Deposits	62	-
Net cash provided by operating activities	<u>\$ (76,605)</u>	<u>\$ 287,320</u>

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

Enterprise Funds			Activities	
Stormwater Fund	Telecom. Fund	Total	Operations Center Internal Service Fund	
\$ 219,232	\$ 443,924	\$ 3,932,415	\$ -	
(79,762)	(201,212)	(677,071)	-	
(23,635)	(64,585)	(2,900,489)	(54,594)	
(2,900)	91,848	238,770	-	
<u>112,935</u>	<u>269,975</u>	<u>593,625</u>	<u>(54,594)</u>	
-	(31,476)	151,677	-	
(22,200)	45,165	(116,824)	194,232	
-	(164,771)	(164,771)	-	
<u>(22,200)</u>	<u>(151,082)</u>	<u>(129,918)</u>	<u>194,232</u>	
(9,176)	(1,574,298)	(6,463,119)	-	
-	7,799,063	12,765,746	-	
(47,494)	(272,599)	(1,500,810)	-	
(26,917)	(6,540)	(192,142)	-	
-	27,669	27,669	-	
<u>(83,587)</u>	<u>5,973,295</u>	<u>4,637,344</u>	<u>-</u>	
2,123	11,436	37,038	244	
<u>2,123</u>	<u>11,436</u>	<u>37,038</u>	<u>244</u>	
9,271	6,103,624	5,138,089	139,882	
426,953	1,725	4,549,597	24,373	
<u>\$ 436,224</u>	<u>\$ 6,105,349</u>	<u>\$ 9,687,686</u>	<u>\$ 164,255</u>	
\$ 436,224	\$ 6,105,349	\$ 9,138,159	\$ 164,255	
-	-	549,527	-	
<u>\$ 436,224</u>	<u>\$ 6,105,349</u>	<u>\$ 9,687,686</u>	<u>\$ 164,255</u>	
\$ 51,492	\$ (177,878)	\$ 207,485	\$ (56,228)	
59,088	99,469	807,621	-	
1,867	(108,327)	542,840	-	
-	(50)	935	-	
3,522	361,895	(1,198,694)	1,634	
(134)	3,018	(5,394)	-	
(2,900)	91,848	238,770	-	
-	-	62	-	
<u>\$ 112,935</u>	<u>\$ 269,975</u>	<u>\$ 593,625</u>	<u>\$ (54,594)</u>	

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

FUND FINANCIAL STATEMENTS

Fiduciary Funds

These 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.

Private-Purpose Trust Funds

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.

Watershed Council 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 Watershed Council.

CITY OF SANDY, OREGON
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2014

	<u>Private-Purpose Trust Funds</u>
ASSETS:	
Cash and cash equivalents	\$ 118,220
Total assets	<u>\$ 118,220</u>
LIABILITIES:	
Accounts payable and other current liabilities	<u>\$ 21,954</u>
Total liabilities	<u>21,954</u>
NET POSITION:	
Held in trust for:	
Library	7,676
Adopt a book	1,345
Seniors	44,839
Meinig park	4,224
Recreation	923
Fantasy forest	8,690
Youth basketball	7,002
GREAT	3,047
Police explorers	3,151
Riparian	4,261
Emergency services	287
EASEY	6,311
Sandy times	(63)
Noah's Quest	1,946
DARE	(980)
Shop with a cop	<u>3,607</u>
Total net position	<u>96,266</u>
Total liabilities and net position	<u>\$ 118,220</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, 2014

	Private-Purpose Trust Funds
ADDITIONS:	
Seniors	\$ 7,709
Meinig park	30
Youth basketball	222
Noah's Quest	2,405
Interest:	
Library	638
	<hr/>
Total additions	11,004
	<hr/>
DEDUCTIONS:	
Seniors	29,001
Meinig park	92
Emergency services	20
EASEY	174
Sandy times	10,958
Noah's Quest	15,026
Watershed council	4,750
	<hr/>
Total deductions	60,021
	<hr/>
Change in net position	(49,017)
NET POSITION, BEGINNING	145,283
	<hr/>
NET POSITION, ENDING	\$ 96,266
	<hr/> <hr/>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF SANDY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

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, 2014

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 *State Tax 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

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

- *Water Fund*
- *Sewer Fund Operations*
- *Stormwater 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, Stormwater, 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 funds are private-purpose trust funds. 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, Sandy Times and the Watershed Council and thus do not involve measurement of results of operations. The City reports the following fiduciary funds:

- *Trust Fund*
- *Watershed Council 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

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they are collectible within the current period or soon enough thereafter to pay liabilities of the 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

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delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the City's Water, Sewer, Stormwater, 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 Cash Equivalents

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.

F. Investments

Investments are stated at share value, which approximates fair value.

G. Receivables

Uncollected property taxes receivable collected within sixty 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 sixty 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.

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H. Interfund Loans Receivables/Payables

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

I. 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 their estimated fair market 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. \$250,365 of interest costs were capitalized during the year ended June 30, 2014.

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.

J. Deferred Inflows

Deferred inflows represent uncollected property taxes and other revenues not deemed available to finance operations of the current period.

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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 position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category, which arises only under the modified accrual basis of accounting. Accordingly, the item “unavailable revenue,” is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and other receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

K. 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, state tax street fund, transit fund, urban renewal fund, water fund, sewer fund, stormwater fund, and telecommunications fund.

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.

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.

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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.

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. Deficit Fund Balance/Net Position

The Parks Capital Project Fund and Telecom Fund had a deficit of \$370,067 and \$84,525, respectively at June 30, 2014. These deficits will be financed through future revenues of the funds.

3. Cash and Cash Equivalents

At June 30, 2014 the cash equivalents of the City and its component unit consist of the following:

	Weighted Average Maturity	Fair Value
Investments in the State Treasurer’s Local Government Investment Pool	0.00	\$11,467,350
US agencies	1.39	3,698,536
 Total cash equivalents	 0.34	 \$15,165,886

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Cash and cash equivalents are displayed on the financial statements as:

Cash and cash equivalents - government-wide	\$ 15,257,271
Restricted cash and cash equivalents – government-wide	549,527
Cash and cash equivalents - fiduciary funds	<u>118,220</u>
Total cash and cash equivalents	<u>\$ 15,925,018</u>

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 Cities investments in were rated Aaa, Aa1, Aa2, Aa3, and A1 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 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 Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits up to \$250,000 for the combined total of all deposit accounts at each financial institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are considered fully collateralized. As of June 30, 2014, none of the City's bank balances were exposed to custodial credit risk.

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4. 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.

5. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

Primary Government	Beginning Balance	Additions	Deletions	Ending Balance
<i>Capital assets, not being depreciated:</i>				
Land	\$ 3,123,513	\$ 16,050	\$ -	\$ 3,139,563
Construction in Progress	165,132	83,603	(165,132)	83,603
Total capital assets, not being depreciated	<u>3,288,645</u>	<u>99,653</u>	<u>(165,132)</u>	<u>3,223,166</u>
<i>Capital assets, being depreciated:</i>				
Improvements	10,325,740	84,060	-	10,409,800
Buildings	12,760,957	702,325	-	13,463,282
Furniture and equipment	1,138,768	68,760	-	1,207,528
Vehicles	2,905,410	197,043	-	3,102,453
Intangible Assets	96,326	-	-	96,326
Total capital assets, being depreciated	<u>27,227,201</u>	<u>1,052,188</u>	<u>-</u>	<u>28,279,389</u>
<i>Less accumulated depreciation for:</i>				
Improvements	(1,816,705)	(365,310)	-	(2,182,015)
Buildings	(1,434,167)	(396,655)	-	(1,830,822)
Furniture and equipment	(967,211)	(68,358)	-	(1,035,569)
Vehicles	(1,648,141)	(266,123)	-	(1,914,264)
Intangible Assets	(33,347)	(16,109)	-	(49,456)
Total accumulated depreciation	<u>(5,899,571)</u>	<u>(1,112,555)</u>	<u>-</u>	<u>(7,012,126)</u>
Total capital assets, being depreciated, net	<u>21,327,630</u>	<u>(60,367)</u>	<u>-</u>	<u>21,267,263</u>
Governmental activities capital assets, net	<u>\$ 24,616,275</u>	<u>\$ 39,286</u>	<u>\$ (165,132)</u>	<u>\$ 24,490,429</u>

CITY OF SANDY, OREGON
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Business-type activities:	Beginning Balance	Additions	Deletions	Ending Balance
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,099,674	\$ -	\$ -	\$ 1,099,674
Construction in progress	4,892,742	1,565,418	(4,892,742)	1,565,418
Total capital assets , not being depreciated	5,992,416	1,565,418	(4,892,742)	2,665,092
<i>Capital assets, being depreciated:</i>				
Improvements	19,068,929	9,754,035	-	28,822,964
Buildings	944,698	-	-	944,698
Furniture and equipment	2,415,237	8,880	-	2,424,117
Vehicles	561,386	27,528	-	588,914
Total capital assets, being depreciated	22,990,250	9,790,443	-	32,780,693
<i>Less accumulated depreciation for:</i>				
Improvements	(7,817,618)	(578,029)	-	(8,395,647)
Buildings	(227,623)	(18,423)	-	(246,046)
Furniture and equipment	(1,265,952)	(167,224)	-	(1,433,176)
Vehicles	(356,386)	(43,945)	-	(400,331)
Total accumulated depreciation	(9,667,579)	(807,621)	-	(10,475,200)
Total capital assets, being depreciated, net	13,322,671	8,982,822	-	22,305,493
Business-type activities capital assets, net	\$19,315,087	\$10,548,240	\$ (4,892,742)	\$24,970,585

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Depreciation expense was charged to functions/programs as follows:

Governmental activities:	Depreciation
General government	\$ 161,479
Public safety	161,203
Highways and streets	148,927
Public transportation	223,251
Economic development	145,113
Culture and recreation	272,582
Total depreciation expense - governmental activities	<u>\$ 1,112,555</u>
Business-type activities:	
Water	\$ 333,432
Sewer	315,632
Stormwater	59,088
Telecommunications	99,469
Total depreciation expense - business-type activities	<u>\$ 807,621</u>

6. Interfund Receivables, Payables, and Transfers

A. Interfund Receivables and Payables

On June 18, 2012 the Sewer Bond Reserve Fund loaned the Urban Renewal Fund \$200,000. The loan is to be repaid within five years with an annual interest rate of two percent.

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.

The Interfund loan receivables and payables are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Bond Reserve Fund	Urban Renewal Fund	\$ 180,000
Sewer Bond Reserve Fund	Telecommunications Fund	118,524
Total		<u>\$ 298,524</u>

CITY OF SANDY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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	\$ 265,404	\$ 160,000
State Tax Street Fund	-	66,643
Transit Fund	-	109,663
Urban Renewal Fund	-	6,506
Operations Center Internal Service Fund	194,232	-
Total Major Governmental Funds	<u>459,636</u>	<u>342,812</u>
Proprietary Funds:		
Water Fund	-	66,374
Sewer Fund	-	173,415
Sewer Bond Reserve Fund	100,000	-
Stormwater Fund	-	22,200
Telecommunications Fund	75,000	29,835
Total Proprietary Funds	<u>175,000</u>	<u>291,824</u>
Total All Funds	<u>\$ 634,636</u>	<u>\$ 634,636</u>

7. Unavailable Revenues

Unavailable revenues on June 30, 2014 consisted of the following:

Property taxes receivable	\$ 217,535
Other receivables	201,752
Total unavailable revenues	<u>\$ 419,287</u>

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8. Long Term Debt

During the year ended June 30, 2014, long-term liability activity was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities					
Bonds payable	\$ 2,510,000	\$ 2,279,741	\$ 2,546,157	\$ 2,243,584	\$ 396,994
Bond premium	74,285	-	74,285	-	-
Notes payable	1,192,331	286,269	166,781	1,311,819	155,504
Total bonds and notes payable	3,776,616	2,566,010	2,787,223	3,555,403	552,498
Compensated absences	265,475	9,078	5,588	268,965	53,793
Total governmental activities	<u>\$ 4,042,091</u>	<u>\$ 2,575,088</u>	<u>\$ 2,792,811</u>	<u>\$ 3,824,368</u>	<u>\$ 606,291</u>
Business-type Activities					
Bonds payable	\$ 1,820,000	\$ 8,488,545	\$ 1,125,680	9,182,865	\$ 184,707
Bond premium	-	271,394	-	271,394	12,924
Notes payable	6,285,861	4,005,807	375,132	9,916,536	415,126
Total bonds and notes payable	8,105,861	12,765,746	1,500,812	19,370,795	612,757
Compensated absences	51,271	3,018	8,412	45,877	9,176
Total business-type activities	<u>\$ 8,157,132</u>	<u>\$ 12,768,764</u>	<u>\$ 1,509,224</u>	<u>\$ 19,416,672</u>	<u>\$ 621,933</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.

Governmental Activities

Series 2014: original amount 2,279,741; interest rate 1.85%; final payment due June 2022.

Total bonds payable	<u>\$ 2,243,584</u>
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CITY OF SANDY, OREGON
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Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year	Bonds Payable Governmental Activities	
	UR Series 2014	
	Principal	Interest
2015	\$ 396,994	\$ 42,819
2016	426,836	39,148
2017	448,357	31,704
2018	473,564	23,546
2019	497,833	14,862
	<u>\$ 2,243,584</u>	<u>\$ 152,079</u>

Business-Type Activities

Series 2014: original amount \$947,154; interest rate 1.85%; final payment due June 2022.

\$ 932,132

Series 2014: original amount \$41,391; interest rate 1.85%; final payment due June 2015.

40,733

Series 2011: original amount \$800,000; interest rate 4.60%; final payment due June 2031.

710,000

Series 2014: original amount \$7,500,000; interest rate 1.375 to 4.00%; final payment due March 2035.

7,500,000

Total bonds payable

\$ 9,182,865

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Bonds Payable Business-Type Activities						
Fiscal Year	Sewer Fund Series 2014		Water Fund Series 2014		Storm Water Series 2011	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 40,733	\$ 4,391	\$ 113,974	\$ 12,294	\$ 30,000	\$ 28,480
2016	-	-	110,661	10,150	30,000	27,580
2017	-	-	108,224	7,651	35,000	26,680
2018	-	-	110,834	5,512	35,000	25,543
2019	-	-	113,369	3,385	35,000	24,318
2020-24	-	-	375,070	13,956	195,000	101,250
2025-29	-	-	-	-	240,000	58,469
2030-34	-	-	-	-	110,000	7,590
	<u>\$ 40,733</u>	<u>\$ 4,391</u>	<u>\$ 932,132</u>	<u>\$ 52,948</u>	<u>\$710,000</u>	<u>\$ 299,910</u>

Bonds Payable		
Fiscal Year	TC Revenue Bond Series 2014	
	Principal	Interest
2015	\$ -	\$ 284,590
2016	-	287,788
2017	70,000	287,788
2018	135,000	286,825
2019	185,000	284,968
2020-24	1,385,000	1,310,725
2025-29	2,120,000	979,625
2030-34	2,945,000	494,400
2035-39	660,000	26,400
	<u>\$ 7,500,000</u>	<u>\$ 4,243,109</u>

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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.	\$ 334,756
Clackamas County Bank Loan - Library: original amount \$799,999; interest rate 2.75%; final payment due June 2037.	736,270
IBM Loan: original amount \$75,583; interest rate 3.99%; final payment due June 2015.	19,880
Clackamas County Bank - Police: original amount \$112,500; interest rate 2.50%; final payment due June 2017.	83,457
First Capital Loan: original amount \$173,769; interest rate 3.344%; final payment due October 2017.	137,456
Total bonds payable	\$ 1,311,819

Notes Payable Governmental Activities						
Fiscal Year	Wedbush		CCB - Library		IBM Credit	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 52,226	\$ 8,430	\$ 24,016	\$ 20,072	\$ 19,880	\$ 658
2016	53,603	7,053	24,681	19,407	-	-
2017	55,016	5,640	25,312	18,776	-	-
2018	56,468	4,189	26,065	18,023	-	-
2019	57,957	2,699	26,787	17,301	-	-
2020-24	59,486	1,171	145,431	75,009	-	-
2025-29	-	-	166,695	53,745	-	-
2030-34	-	-	191,137	29,302	-	-
2035-39	-	-	106,146	4,398	-	-
	\$ 334,756	\$ 29,182	\$ 736,270	\$ 256,033	\$ 19,880	\$ 658

CITY OF SANDY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

Fiscal Year	Notes Payable Governmental Activities			
	CCB - Police		First Capital Lease - Police	
	Principal	Interest	Principal	Interest
2015	\$ 27,126	\$ 2,086	\$ 32,256	\$ 4,536
2016	27,800	1,412	33,335	3,458
2017	28,531	653	34,449	2,343
2018	-	-	37,416	1,191
	<u>\$ 83,457</u>	<u>\$ 4,151</u>	<u>\$ 137,456</u>	<u>\$ 11,528</u>

Business-Type Activities

USDA Sewer Facility Loan: Original amount \$2,970,000; interest amount 4.75%; final payment due June 2039.	\$ 2,416,536
OBDD water intertie loan: original amount 7,500,000; interest amount 2.77%; final payment due June 2035.	<u>7,500,000</u>
Total notes payable	<u>\$ 9,916,536</u>

Notes Payable Business-Type Activities

Fiscal Year	USDA		OBDD Water Intertie		OBDD Water Intertie Forgivable	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 52,426	\$ 114,785	\$ -	\$ 239,540	\$ 362,700	\$ -
2016	54,917	112,294	271,892	197,703	-	-
2017	57,525	109,686	279,424	190,172	-	-
2018	60,258	106,953	287,164	182,432	-	-
2019	63,120	104,091	295,118	174,477	-	-
2020-24	363,523	472,532	1,602,836	745,140	-	-
2025-29	458,461	377,594	1,837,471	510,504	-	-
2030-34	578,193	257,862	2,106,456	241,518	-	-
2035-39	728,113	106,862	456,939	12,657	-	-
	<u>\$ 2,416,536</u>	<u>\$ 1,762,659</u>	<u>\$ 7,137,300</u>	<u>\$ 2,494,143</u>	<u>\$ 362,700</u>	<u>\$ -</u>

9. Net Position

The government-wide statement of net position reports \$3,281,952 of restricted net position, of which \$2,565,214 is restricted by enabling legislation.

CITY OF SANDY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

10. Pension Plan

A. Plan Description

The City contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the City’s contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: The Pension Program, the defined benefit portion of the plan, applies to qualifying City employees hired after August 29, 2003, and to inactive employees who return to employment following a six-month or greater break in service. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member’s IAP, not the member’s PERS account.

Both PERS plans provide retirement and disability benefits, post employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

B. Funding Policy

Members of PERS are required to contribute 6.00% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The City pays this employee portion for unionized and general employees. The City is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan. The annual pension cost was \$631,547. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

C. Annual Pension Cost

Contribution information for the years ended June 30, 2014, 2013, and 2012 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>
6/30/12	549,559	100%
6/30/13	578,757	100%
6/30/14	631,547	100%

CITY OF SANDY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

11. 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.

12. Contingencies and Commitments

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.

Construction commitments. The City has an active construction project as of June 30, 2014. The project includes constructing a fiber-to-the-premises (FTTP) network to residents and businesses within the City limits. The project is approximately 20.01% complete. Costs incurred to date are \$1,471,621 with a total estimated costs of \$7,355,986. The remaining commitment amount of \$5,884,365 is for completing the city-wide network by May 2015.

13. Prior Period Adjustment

During the year ended June 30, 2014 it was determined that the City would not receive a grant reimbursement recorded as a receivable in the prior year. The grant receivable of \$67,419 was removed as a prior period adjustment.

14. New Accounting Pronouncement – GASB Statement No. 65

The Governmental Accounting Standards Board (GASB) has issued statement No. 65, *Items Previously Reported as Assets and Liabilities*. The City implemented GASB Statement No. 65 in the year ended June 30, 2014.

15. Restated Beginning Net Position

The City restated the beginning net position for the Governmental Activities based on implementation of GASB Statement No. 65, which states that bond issue costs, excluding prepaid insurance costs, are current period costs. The beginning net position was reduced by \$33,778, the amount of the unamortized bond issue costs reported on June 30, 2013.

REQUIRED SUPPLEMENTAL 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
- State Tax Street Fund
- Urban Renewal Agency Fund
- Transit Fund

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, 2014

	Biennial Budget	
	Original	Final
REVENUES:		
Property taxes	\$ 5,298,000	\$ 5,298,000
Public service taxes	2,450,513	2,450,513
Franchise fees	1,247,714	1,247,714
Grants	282,932	282,932
Charges for services	976,357	976,357
Licenses and permits	296,200	296,200
Fines and forfeitures	449,000	449,000
Special assessments	-	-
Interest	50,000	50,000
Contributions and donations	5,000	5,000
Miscellaneous	42,518	42,518
Total revenues	11,098,234	11,098,234
EXPENDITURES:		
General government	1,695,994	1,695,994
Economic development	1,386,735	1,386,735
Public safety	4,629,697	4,629,697
Culture and recreation	4,003,268	4,003,268
Capital outlay	553,847	553,847
Debt service:		
Principal	95,705	95,705
Interest	43,456	43,456
Contingency	768,059	768,059
Total expenditures	13,176,761	13,176,761
Revenues over (under) expenditures	(2,078,527)	(2,078,527)
OTHER FINANCING SOURCES (USES):		
Issuance of debt	-	-
Transfers in	511,708	511,708
Transfers out	(235,000)	(235,000)
Total other financing sources (uses)	276,708	276,708
Net changes in fund balance	(1,801,819)	(1,801,819)
FUND BALANCE, BEGINNING	1,801,819	1,801,819
FUND BALANCE, ENDING	\$ -	\$ -

	Actual			Variance with
FY 2014	FY 2015	Biennial		Final Budget
\$ 2,660,418	\$ -	\$ 2,660,418	\$	(2,637,582)
1,285,452	-	1,285,452		(1,165,061)
530,542	-	530,542		(717,172)
196,992	-	196,992		(85,940)
615,099	-	615,099		(361,258)
242,868	-	242,868		(53,332)
312,995	-	312,995		(136,005)
1,488	-	1,488		1,488
15,868	-	15,868		(34,132)
-	-	-		(5,000)
743,485	-	743,485		700,967
<u>6,605,207</u>	<u>-</u>	<u>6,605,207</u>		<u>(4,493,027)</u>
794,177	-	794,177		901,817
644,225	-	644,225		742,510
2,357,543	-	2,357,543		2,272,154
1,844,854	-	1,844,854		2,158,414
388,627	-	388,627		165,220
116,837	-	116,837		(21,132)
23,701	-	23,701		19,755
-	-	-		768,059
<u>6,169,964</u>	<u>-</u>	<u>6,169,964</u>		<u>7,006,797</u>
435,243	-	435,243		2,513,770
286,269	-	286,269		286,269
265,404	-	265,404		(246,304)
(160,000)	-	(160,000)		75,000
<u>391,673</u>	<u>-</u>	<u>391,673</u>		<u>114,965</u>
826,916	-	826,916		2,628,735
<u>1,227,846</u>	<u>-</u>	<u>1,227,846</u>		<u>(573,973)</u>
<u>\$ 2,054,762</u>	<u>\$ -</u>	<u>\$ 2,054,762</u>	<u>\$</u>	<u>2,054,762</u>

CITY OF SANDY, OREGON
STATE TAX STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Biennial Budget	
	Original	Final
REVENUES:		
Public service taxes	\$ 1,500,000	\$ 1,500,000
Grants	555,500	555,500
Charges for services	6,000	6,000
Special assessments	-	-
System development charges	250,000	250,000
Interest	2,000	2,000
Miscellaneous	12,000	12,000
Total revenues	<u>2,325,500</u>	<u>2,325,500</u>
EXPENDITURES:		
Personnel services	392,257	392,257
Materials and services	675,621	675,621
Capital outlay	1,870,824	1,870,824
Debt service:		
Principal	104,461	104,461
Interest	18,852	18,852
Contingency	107,129	107,129
Total expenditures	<u>3,169,144</u>	<u>3,169,144</u>
Revenues over (under) expenditures	(843,644)	(843,644)
OTHER FINANCING SOURCES (USES):		
Transfers out	<u>(121,031)</u>	<u>(121,031)</u>
Total other financing sources (uses)	<u>(121,031)</u>	<u>(121,031)</u>
Net changes in fund balance	(964,675)	(964,675)
FUND BALANCE, BEGINNING	<u>964,675</u>	<u>964,675</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>

<u>FY 2014</u>	<u>Actual FY 2015</u>	<u>Biennial</u>	<u>Variance with Final Budget</u>
\$ 827,062	\$ -	\$ 827,062	\$ (672,938)
-	-	-	(555,500)
-	-	-	(6,000)
7,336	-	7,336	7,336
194,769	-	194,769	(55,231)
9,354	-	9,354	7,354
21,814	-	21,814	9,814
<u>1,060,335</u>	<u>-</u>	<u>1,060,335</u>	<u>(1,265,165)</u>
182,210	-	182,210	210,047
361,951	-	361,951	313,670
117,646	-	117,646	1,753,178
49,944	-	49,944	54,517
10,712	-	10,712	8,140
-	-	-	107,129
<u>722,463</u>	<u>-</u>	<u>722,463</u>	<u>2,446,681</u>
337,872	-	337,872	1,181,516
<u>(66,643)</u>	<u>-</u>	<u>(66,643)</u>	<u>54,388</u>
<u>(66,643)</u>	<u>-</u>	<u>(66,643)</u>	<u>54,388</u>
271,229	-	271,229	1,235,904
<u>1,697,326</u>	<u>-</u>	<u>1,697,326</u>	<u>732,651</u>
<u>\$ 1,968,555</u>	<u>\$ -</u>	<u>\$ 1,968,555</u>	<u>\$ 1,968,555</u>

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, 2014

	Biennial Budget	
	Original	Final
REVENUES:		
Property taxes	\$ 2,463,000	\$ 2,463,000
Interest	-	-
Miscellaneous	-	-
Total revenues	2,463,000	2,463,000
EXPENDITURES:		
Personnel services	142,415	142,415
Materials and services	13,012	13,012
Capital outlay	1,236,000	1,236,000
Debt service:		
Principal	726,344	726,344
Interest	195,520	195,520
Contingency	7,226	7,226
Total expenditures	2,320,517	2,320,517
Revenues over (under) expenditures	142,483	142,483
OTHER FINANCING SOURCES (USES):		
Issuance of debt	-	-
Interfund loan payments	(56,000)	(56,000)
Transfers out	-	-
Total other financing sources (uses)	(56,000)	(56,000)
Net changes in fund balance	86,483	86,483
FUND BALANCE, BEGINNING BUDGETARY BASIS	(86,483)	(86,483)
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -
Interfund loan payable		
FUND BALANCE, ENDING		

* This is due to the refinancing of debt. Not subject to Oregon Budget Law.

FY 2014	Actual FY 2015	Biennial	Variance with Final Budget
\$ 1,317,702	\$ -	\$ 1,317,702	\$ (1,145,298)
3,285	-	3,285	3,285
2,453	-	2,453	2,453
1,323,440	-	1,323,440	(1,139,560)
70,410	-	70,410	72,005
46,297	-	46,297	(33,285) *
132,405	-	132,405	1,103,595
2,546,157	-	2,546,157	(1,819,813) *
131,657	-	131,657	63,863
-	-	-	7,226
2,926,926	-	2,926,926	(606,409)
(1,603,486)	-	(1,603,486)	(1,745,969)
2,279,741	-	2,279,741	2,279,741
(16,000)	-	(16,000)	40,000
(6,506)	-	(6,506)	(6,506)
2,257,235	-	2,257,235	2,313,235
653,749	-	653,749	567,266
122,910	-	122,910	209,393
776,659	-	\$ 776,659	\$ 776,659
(180,000)	-		
\$ 596,659	\$ -		

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, 2014

	Biennial Budget	
	Original	Final
REVENUES:		
Public service taxes	\$ 900,000	\$ 900,000
Grants	1,834,649	1,834,649
Charges for services	217,200	217,200
Interest	-	-
Miscellaneous	5,000	5,000
Payment in lieu of land dedication	40,167	40,167
Total revenues	<u>2,997,016</u>	<u>2,997,016</u>
EXPENDITURES:		
Personnel services	306,969	306,969
Materials and services	1,887,700	1,887,700
Capital outlay	705,500	705,500
Contingency	1,004,688	1,004,688
Total expenditures	<u>3,904,857</u>	<u>3,904,857</u>
Revenues over (under) expenditures	(907,841)	(907,841)
OTHER FINANCING SOURCES (USES):		
Transfers out	<u>(175,879)</u>	<u>(175,879)</u>
Total other financing sources (uses)	<u>(175,879)</u>	<u>(175,879)</u>
Net changes in fund balance	(1,083,720)	(1,083,720)
FUND BALANCE, BEGINNING	<u>1,083,720</u>	<u>1,083,720</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>

FY 2014	Actual FY 2015	Biennial	Variance with Final Budget
\$ 517,400	\$ -	\$ 517,400	\$ (382,600)
660,686	-	660,686	(1,173,963)
124,528	-	124,528	(92,672)
4,750	-	4,750	4,750
89	-	89	(4,911)
20,084	-	20,084	(20,083)
<u>1,327,537</u>	<u>-</u>	<u>1,327,537</u>	<u>(1,669,479)</u>
157,530	-	157,530	149,439
938,288	-	938,288	949,412
1,340	-	1,340	704,160
-	-	-	1,004,688
<u>1,097,158</u>	<u>-</u>	<u>1,097,158</u>	<u>2,807,699</u>
230,379	-	230,379	1,138,220
<u>(109,663)</u>	<u>-</u>	<u>(109,663)</u>	<u>66,216</u>
<u>(109,663)</u>	<u>-</u>	<u>(109,663)</u>	<u>66,216</u>
120,716	-	120,716	1,204,436
<u>1,022,021</u>	<u>-</u>	<u>1,022,021</u>	<u>(61,699)</u>
<u>\$ 1,142,737</u>	<u>\$ -</u>	<u>\$ 1,142,737</u>	<u>\$ 1,142,737</u>

CITY OF SANDY, OREGON
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2014

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. Expenditure categories of personal services, materials and services, capital outlay, debt service transfers, and contingency are the legal level of control for all other 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.

Expenditures in the following fund exceeded appropriations for the year ended June 30, 2014:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
Parks Capital Project Fund	Capital outlay	\$ 2,364
Parks Capital Project Fund	Interfund loan payment	135,677
Urban Renewal Agency Fund	Transfers out	6,506
Telecommunications	Capital outlay	1,255,713
Telecommunications	Interfund loan payment	31,476
Telecommunications	Transfers out	29,835

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:

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

CITY OF SANDY, OREGON
FIDUCIARY FUNDS
COMBINING SCHEDULE OF NET POSITION
June 30, 2014

	Private-Purpose Trust Funds		
	Trust Fund	Watershed Council Fund	Total
ASSETS:			
Cash and cash equivalents	\$ 118,220	\$ -	\$ 118,220
Total assets	<u>\$ 118,220</u>	<u>\$ -</u>	<u>\$ 118,220</u>
LIABILITIES:			
Accounts payable and other current liabilities	\$ 21,954	\$ -	\$ 21,954
Total liabilities	<u>21,954</u>	<u>-</u>	<u>21,954</u>
NET POSITION:			
Held in trust for:			
Library	7,676	-	7,676
Adopt a book	1,345	-	1,345
Seniors	44,839	-	44,839
Meinig park	4,224	-	4,224
Recreation	923	-	923
Fantasy forest	8,690	-	8,690
Youth basketball	7,002	-	7,002
GREAT	3,047	-	3,047
Police explorers	3,151	-	3,151
Riparian	4,261	-	4,261
Emergency services	287	-	287
EASEY	6,311	-	6,311
Sandy Skate Association	(63)	-	(63)
Noah's Quest	1,946	-	1,946
DARE	(980)	-	(980)
Shop with a cop	3,607	-	3,607
Total net position	<u>96,266</u>	<u>-</u>	<u>96,266</u>
Total liabilities and net position	<u>\$ 118,220</u>	<u>\$ -</u>	<u>\$ 118,220</u>

CITY OF SANDY, OREGON
FIDUCIARY FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2014

	Private-Purpose Trust Funds		
	Trust Fund	Watershed Council Fund	Total
ADDITIONS:			
Seniors	\$ 7,709	\$ -	\$ 7,709
Meinig park	30	-	30
Youth basketball	222	-	222
Noah's Quest	2,405	-	2,405
Interest:			
Interest	638	-	638
Total additions	11,004	-	11,004
DEDUCTIONS:			
Seniors	29,001	-	29,001
Meinig park	92	-	92
Emergency services	20	-	20
EASEY	174	-	174
Sandy Times	10,958	-	10,958
Noah's Quest	15,026	-	15,026
Watershed council	-	4,750	4,750
Total deductions	55,271	4,750	60,021
Change in net position	(44,267)	(4,750)	(49,017)
NET POSITION, BEGINNING	140,533	4,750	145,283
NET POSITION, ENDING	\$ 96,266	\$ -	\$ 96,266

CITY OF SANDY, OREGON
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Biennial Budget		FY 2014
	Original	Final	
Mayor and city council			
Materials and services	\$ 26,042	\$ 26,042	\$ 17,869
Capital outlay	4,000	4,000	-
Subtotal	30,042	30,042	17,869
Administration			
Personnel services	420,022	420,022	182,995
Materials and services	24,365	24,365	6,275
Capital outlay	10,000	10,000	246
Contingency	20,914	20,914	-
Subtotal	475,301	475,301	189,516
Legal			
Materials and services	243,923	243,923	116,476
Subtotal	243,923	243,923	116,476
Municipal court			
Personnel services	105,023	105,023	50,463
Materials and services	24,146	24,146	9,173
Capital outlay	-	-	375
Contingency	2,454	2,454	-
Subtotal	131,623	131,623	60,011
Finance			
Personnel services	438,511	438,511	207,533
Materials and services	100,470	100,470	55,011
Capital outlay	1,500	1,500	1,139
Contingency	21,127	21,127	-
Subtotal	561,608	561,608	263,683
Library			
Personnel services	1,605,555	1,605,555	762,214
Materials and services	460,200	460,200	180,311
Capital outlay	69,000	69,000	15,236
Debt service	88,176	88,176	44,088
Contingency	40,420	40,420	-
Subtotal	2,263,351	2,263,351	1,001,849

Actual FY 2015	Biennial	Variance with Final Budget
\$ -	\$ 17,869	\$ 8,173
-	-	4,000
-	17,869	12,173
-	182,995	237,027
-	6,275	18,090
-	246	9,754
-	-	20,914
-	189,516	285,785
-	116,476	127,447
-	116,476	127,447
-	50,463	54,560
-	9,173	14,973
-	375	(375)
-	-	2,454
-	60,011	71,612
-	207,533	230,978
-	55,011	45,459
-	1,139	361
-	-	21,127
-	263,683	297,925
-	762,214	843,341
-	180,311	279,889
-	15,236	53,764
-	44,088	44,088
-	-	40,420
-	1,001,849	1,261,502

CITY OF SANDY, OREGON
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Biennial Budget		FY 2014
	Original	Final	
Continued			
Police			
Personnel services	3,468,895	3,468,895	1,826,063
Materials and services	898,286	898,286	399,513
Capital outlay	53,500	53,500	289,960
Debt service	-	-	66,004
Contingency	54,701	54,701	-
Subtotal	<u>4,475,382</u>	<u>4,475,382</u>	<u>2,581,540</u>
Animal control and code enforcement			
Personnel services	133,347	133,347	72,325
Materials and services	-	-	6
Contingency	2,429	2,429	-
Subtotal	<u>135,776</u>	<u>135,776</u>	<u>72,331</u>
Recreation			
Personnel services	394,035	394,035	171,003
Materials and services	249,900	249,900	103,771
Capital outlay	4,500	4,500	1,064
Contingency	12,236	12,236	-
Subtotal	<u>660,671</u>	<u>660,671</u>	<u>275,838</u>
Seniors			
Personnel services	611,889	611,889	288,546
Materials and services	233,100	233,100	98,662
Capital outlay	25,172	25,172	1,056
Contingency	6,261	6,261	-
Subtotal	<u>876,422</u>	<u>876,422</u>	<u>388,264</u>
Parks maintenance			
Personnel services	348,388	348,388	190,447
Materials and services	100,201	100,201	49,900
Capital outlay	47,100	47,100	23,237
Contingency	6,498	6,498	-
Subtotal	<u>502,187</u>	<u>502,187</u>	<u>263,584</u>

Actual FY 2015	Biennial	Variance with Final Budget
-	1,826,063	1,642,832
-	399,513	498,773
-	289,960	(236,460)
-	66,004	(66,004)
-	-	54,701
-	2,581,540	1,893,842
-	72,325	61,022
-	6	(6)
-	-	2,429
-	72,331	63,445
-	171,003	223,032
-	103,771	146,129
-	1,064	3,436
-	-	12,236
-	275,838	384,833
-	288,546	323,343
-	98,662	134,438
-	1,056	24,116
-	-	6,261
-	388,264	488,158
-	190,447	157,941
-	49,900	50,301
-	23,237	23,863
-	-	6,498
-	263,584	238,603

CITY OF SANDY, OREGON
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Biennial Budget		FY 2014
	Original	Final	
Continued			
Planning			
Personnel services	268,113	268,113	129,391
Materials and services	33,600	33,600	7,594
Capital outlay	3,000	3,000	-
Contingency	6,089	6,089	-
Subtotal	<u>310,802</u>	<u>310,802</u>	<u>136,985</u>
Building			
Personnel services	422,331	422,331	209,340
Materials and services	61,400	61,400	29,591
Capital outlay	5,000	5,000	1,497
Contingency	9,713	9,713	-
Subtotal	<u>498,444</u>	<u>498,444</u>	<u>240,428</u>
Main Street			
Personnel services	146,929	146,929	70,858
Materials and services	125,620	125,620	58,945
Capital outlay	200	200	50
Contingency	3,081	3,081	-
Subtotal	<u>275,830</u>	<u>275,830</u>	<u>129,853</u>
Non departmental			
Personnel services	25,063	25,063	7,360
Materials and services	417,598	417,598	200,658
Capital outlay	315,000	315,000	49,753
Transfer	85,000	85,000	-
Contingency	579,596	579,596	-
Subtotal	<u>1,422,257</u>	<u>1,422,257</u>	<u>257,771</u>
Information Technology			
Personnel services	204,172	204,172	93,922
Materials and services	124,570	124,570	44,584
Capital outlay	15,875	15,875	5,014
Debt service	50,985	50,985	30,446
Contingency	2,540	2,540	-
Subtotal	<u>398,142</u>	<u>398,142</u>	<u>173,966</u>
Total expenditures	<u>\$ 13,261,761</u>	<u>\$ 13,261,761</u>	<u>\$ 6,169,964</u>

Actual FY 2015	Biennial	Variance with Final Budget
-	129,391	138,722
-	7,594	26,006
-	-	3,000
-	-	6,089
-	136,985	173,817
-	209,340	212,991
-	29,591	31,809
-	1,497	3,503
-	-	9,713
-	240,428	258,016
-	70,858	76,071
-	58,945	66,675
-	50	150
-	-	3,081
-	129,853	145,977
-	7,360	17,703
-	200,658	216,940
-	49,753	265,247
-	-	85,000
-	-	579,596
-	257,771	1,164,486
-	93,922	110,250
-	44,584	79,986
-	5,014	10,861
-	30,446	20,539
-	-	2,540
-	173,966	224,176
\$ -	\$ 6,169,964	\$ 7,091,797

**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, 2014**

	Biennial Budget	
	Original	Final
REVENUES:		
Grants	\$ 354,403	\$ 354,403
Charges for services	28,000	28,000
System development charges	170,000	170,000
Interest	1,000	1,000
Payment in lieu of land dedication	200,000	200,000
	<hr/>	<hr/>
Total revenues	753,403	753,403
	<hr/>	<hr/>
EXPENDITURES:		
Materials and services	7,000	7,000
Capital outlay	611,000	611,000
Debt service:		
Principal	133,673	133,673
Interest	2,005	2,005
	<hr/>	<hr/>
Total expenditures	753,678	753,678
	<hr/>	<hr/>
Revenues over (under) expenditures	(275)	(275)
OTHER FINANCING SOURCES (USES):		
Interfund loan payments	-	-
	<hr/>	<hr/>
Total other financing sources (uses)	-	-
	<hr/>	<hr/>
Net changes in fund balance	(275)	(275)
FUND BALANCE, BEGINNING	<hr/> 275	<hr/> 275
	<hr/>	<hr/>
FUND BALANCE, ENDING	<hr/> <hr/> \$ -	<hr/> <hr/> \$ -

	Actual			Variance with
FY 2014	FY 2015	Biennial		Final Budget
\$ 253,991	\$ -	\$ 253,991	\$	(100,412)
12,698	-	12,698		(15,302)
176,758	-	176,758		6,758
-	-	-		(1,000)
44,527	-	44,527		(155,473)
487,974	-	487,974		(265,429)
822	-	822		6,178
613,364	-	613,364		(2,364)
-	-	-		133,673
-	-	-		2,005
614,186	-	614,186		139,492
(126,212)	-	(126,212)		(125,937)
(135,677)	-	(135,677)		(135,677)
(135,677)	-	(135,677)		(135,677)
(261,889)	-	(261,889)		(261,614)
(45,178)	-	(45,178)		(45,453)
<u>\$ (307,067)</u>	<u>\$ -</u>	<u>\$ (307,067)</u>	<u>\$</u>	<u>(307,067)</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
- Stormwater Fund
- Telecom. 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, 2014

	Biennial Budget	
	Original	Final
REVENUES:		
Charges for services	\$ 2,203,000	\$ 2,203,000
System development charges	175,000	175,000
Interest	30,000	30,000
Miscellaneous	30,000	30,000
	<hr/>	<hr/>
Total revenues	2,438,000	2,438,000
	<hr/>	<hr/>
EXPENDITURES:		
Personnel services	406,269	406,269
Materials and services	862,800	862,800
Capital outlay	6,162,750	6,162,750
Debt service:		
Principal	498,204	498,204
Interest	287,637	287,637
Contingency	1,209,710	1,209,710
	<hr/>	<hr/>
Total expenditures	9,427,370	9,427,370
	<hr/>	<hr/>
Revenues over (under) expenditures	(6,989,370)	(6,989,370)
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):		
Issuance of debt	3,617,000	3,617,000
Transfers out	(120,491)	(120,491)
	<hr/>	<hr/>
Total other financing sources (uses)	3,496,509	3,496,509
	<hr/>	<hr/>
Changes in fund balance	(3,492,861)	(3,492,861)
	<hr/>	<hr/>
FUND BALANCE, BEGINNING BUDGETARY BASIS	3,492,861	3,492,861
	<hr/>	<hr/>
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>

Total revenue and expenditures above
Operating transfers in/out
Expenditures capitalized
Debt service principal payments
Depreciation
Interest revenue/expense
Accrued vacation

Total revenues and expenses - generally accepted accounting principles

Change in net position

* This is due to the refinancing of debt. Not subject to Oregon Budget Law.

	Actual			Variance with
FY 2014	FY 2015	Biennial		Final Budget
\$ 1,168,325	\$ -	\$ 1,168,325	\$	(1,034,675)
140,951	-	140,951		(34,049)
7,863	-	7,863		(22,137)
98,856	-	98,856		68,856
1,415,995	-	1,415,995		(1,022,005)
198,048	-	198,048		208,221
539,310	-	539,310		323,490
4,674,116	-	4,674,116		1,488,634
1,037,516	-	1,037,516		(539,312) *
43,087	-	43,087		244,550
-	-	-		1,209,710
6,492,077	-	6,492,077		2,935,293
(5,076,082)	-	(5,076,082)		1,913,288
4,925,292	-	4,925,292		1,308,292
(66,374)	-	(66,374)		54,117
4,858,918	-	4,858,918		1,362,409
(217,164)	-	(217,164)		3,275,697
2,020,956	-	2,020,956		(1,471,905)
\$ 1,803,792	\$ -	\$ 1,803,792	\$	1,803,792

Revenues	Expenditures
\$ 1,415,995	\$ 6,492,077
-	66,374
-	(4,673,646)
-	(1,037,516)
-	333,432
-	(6,239)
-	(4,139)
\$ 1,415,995	1,170,343
	\$ 245,652

CITY OF SANDY, OREGON
SEWER OPERATIONS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2014

	Sewer Fund	Sewer Bond Reserve Fund	Total Sewer Operations
REVENUES:			
Charges for services	\$ 1,031,586	\$ -	\$ 1,031,586
System development charges	176,523	-	176,523
Interest	4,283	11,333	15,616
Miscellaneous	3,656	-	3,656
	<u>1,216,048</u>	<u>11,333</u>	<u>1,227,381</u>
EXPENDITURES:			
Personnel services	198,049	-	198,049
Materials and services	695,758	-	695,758
Capital outlay	63,036	-	63,036
Debt service:			
Principal	143,201	-	143,201
Interest	120,346	-	120,346
	<u>1,220,390</u>	<u>-</u>	<u>1,220,390</u>
Revenues over (under) expenditures	(4,342)	11,333	6,991
OTHER FINANCING SOURCES (USES):			
Issuance of debt	41,391	-	41,391
Interfund loan receipts	-	181,149	181,149
Transfers in	-	100,000	100,000
Transfers out	(173,415)	-	(173,415)
	<u>(132,024)</u>	<u>281,149</u>	<u>149,125</u>
Net changes in fund balance	(136,366)	292,482	156,116
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>477,083</u>	<u>882,870</u>	<u>1,359,953</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 340,717</u>	<u>\$ 1,175,352</u>	<u>\$ 1,516,069</u>
		<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above		\$ 1,227,381	\$ 1,220,390
Transfers in/out		-	73,415
Expenditures capitalized		-	(49,431)
Debt service principal payments		-	(143,201)
Depreciation		-	315,632
Interest revenue/expense		-	1,491
Accrued vacation		-	(4,139)
		<u>\$ 1,227,381</u>	<u>1,414,157</u>
Total revenues and expenses - generally accepted accounting principles		<u>\$ 1,227,381</u>	<u>1,414,157</u>
Change in net position			<u>\$ (186,776)</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, 2014

	Biennial Budget	
	Original	Final
REVENUES:		
Charges for services	\$ 2,143,000	\$ 2,143,000
System development charges	140,000	140,000
Interest	7,500	7,500
Miscellaneous	5,000	5,000
Total revenues	2,295,500	2,295,500
EXPENDITURES:		
Personnel services	406,269	406,269
Materials and services	1,402,375	1,402,375
Capital outlay	307,000	307,000
Debt service:		
Principal	224,969	224,969
Interest	246,284	246,284
Contingency	89,376	89,376
Total expenditures	2,676,273	2,676,273
Revenues over (under) expenditures	(380,773)	(380,773)
OTHER FINANCING SOURCES (USES):		
Issuance of debt	160,000	160,000
Transfers out	(234,574)	(234,574)
Total other financing sources (uses)	(74,574)	(74,574)
Net changes in fund balance	(455,347)	(455,347)
FUND BALANCE, BEGINNING BUDGETARY BASIS	455,347	455,347
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -

<u>FY 2014</u>	<u>Actual FY 2015</u>	<u>Biennial</u>	<u>Variance with Final Budget</u>
\$ 1,031,586	\$ -	\$ 1,031,586	\$ (1,111,414)
176,523	-	176,523	36,523
4,283	-	4,283	(3,217)
3,656	-	3,656	(1,344)
<u>1,216,048</u>	<u>-</u>	<u>1,216,048</u>	<u>(1,079,452)</u>
198,049	-	198,049	208,220
695,758	-	695,758	706,617
63,036	-	63,036	243,964
143,201	-	143,201	81,768
120,346	-	120,346	125,938
-	-	-	89,376
<u>1,220,390</u>	<u>-</u>	<u>1,220,390</u>	<u>1,455,883</u>
(4,342)	-	(4,342)	376,431
41,391	-	41,391	(118,609)
(173,415)	-	(173,415)	61,159
<u>(132,024)</u>	<u>-</u>	<u>(132,024)</u>	<u>(57,450)</u>
(136,366)	-	(136,366)	318,981
477,083	-	477,083	21,736
<u>\$ 340,717</u>	<u>\$ -</u>	<u>\$ 340,717</u>	<u>\$ 340,717</u>

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, 2014

	Biennial Budget	
	Original	Final
REVENUES:		
Interest	\$ 17,525	\$ 17,525
Total revenues	17,525	17,525
EXPENDITURES:		
Contingency	1,318,536	1,318,536
Total expenditures	1,318,536	1,318,536
Revenues over (under) expenditures	(1,301,011)	(1,301,011)
OTHER FINANCING SOURCES (USES):		
Interfund loan receipts	215,855	215,855
Transfers in	100,000	100,000
Total other financing sources (uses)	315,855	315,855
Changes in fund balance	(985,156)	(985,156)
FUND BALANCE, BEGINNING BUDGETARY BASIS	985,156	985,156
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -

<u>FY 2014</u>	<u>Actual FY 2015</u>	<u>Biennial</u>	<u>Variance with Final Budget</u>
\$ 11,333	\$ -	\$ 11,333	\$ (6,192)
<u>11,333</u>	<u>-</u>	<u>11,333</u>	<u>(6,192)</u>
-	-	-	1,318,536
-	-	-	1,318,536
11,333	-	11,333	1,312,344
181,149	-	181,149	(34,706)
<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
<u>281,149</u>	<u>-</u>	<u>281,149</u>	<u>(34,706)</u>
292,482	-	292,482	1,277,638
<u>882,870</u>	<u>-</u>	<u>882,870</u>	<u>(102,286)</u>
<u>\$ 1,175,352</u>	<u>\$ -</u>	<u>\$ 1,175,352</u>	<u>\$ 1,175,352</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, 2014

	Biennial Budget	
	Original	Final
REVENUES:		
Charges for services	\$ 422,000	\$ 422,000
Interest	2,300	2,300
Miscellaneous	500	500
Total revenues	424,800	424,800
EXPENDITURES:		
Personnel services	137,874	137,874
Materials and services	89,415	89,415
Capital outlay	125,200	125,200
Debt service:		
Principal	78,231	78,231
Interest	57,560	57,560
Contingency	449,052	449,052
Total expenditures	937,332	937,332
Revenues over (under) expenditures	(512,532)	(512,532)
OTHER FINANCING SOURCES (USES):		
Transfers out	(32,284)	(32,284)
Total other financing sources (uses)	(32,284)	(32,284)
Changes in fund balance	(544,816)	(544,816)
FUND BALANCE, BEGINNING BUDGETARY BASIS	544,816	544,816
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -

Total revenue and expenditures above
Operating transfers in/out
Expenditures capitalized
Debt service principal payments
Depreciation
Interest revenue/expense
Accrued vacation

Total revenues and expenses - generally accepted accounting principles

Change in net position

<u>FY 2014</u>	<u>Actual FY 2015</u>	<u>Biennial</u>	<u>Variance with Final Budget</u>
\$ 217,365	\$ -	\$ 217,365	\$ (204,635)
2,123	-	2,123	(177)
-	-	-	(500)
<u>219,488</u>	<u>-</u>	<u>219,488</u>	<u>(205,312)</u>
79,762	-	79,762	58,112
24,714	-	24,714	64,701
11,619	-	11,619	113,581
47,494	-	47,494	30,737
29,817	-	29,817	27,743
-	-	-	449,052
<u>193,406</u>	<u>-</u>	<u>193,406</u>	<u>743,926</u>
26,082	-	26,082	538,614
<u>(22,200)</u>	<u>-</u>	<u>(22,200)</u>	<u>10,084</u>
<u>(22,200)</u>	<u>-</u>	<u>(22,200)</u>	<u>10,084</u>
3,882	-	3,882	548,698
<u>506,059</u>	<u>-</u>	<u>506,059</u>	<u>(38,757)</u>
<u>\$ 509,941</u>	<u>\$ -</u>	<u>\$ 509,941</u>	<u>\$ 509,941</u>

<u>Revenues</u>	<u>Expenditures</u>
\$ 219,488	\$ 193,406
-	22,200
-	(9,176)
-	(47,494)
-	59,088
-	(2,900)
-	(134)
<u>\$ 219,488</u>	<u>214,990</u>
	<u>\$ 4,498</u>

**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, 2014**

	Biennial Budget	
	Original	Final
REVENUES:		
Charges for services	\$ 1,872,531	\$ 1,872,531
Interest	-	-
Miscellaneous	-	-
Total revenues	1,872,531	1,872,531
EXPENDITURES:		
Personnel services	403,467	403,467
Materials and services	1,615,515	1,615,515
Capital outlay	263,276	263,276
Debt service:		
Principal	125,375	125,375
Interest	-	-
Contingency	36,943	36,943
Total expenditures	2,444,576	2,444,576
Revenues over (under) expenditures	(572,045)	(572,045)
OTHER FINANCING SOURCES (USES):		
Issuance of debt	-	-
Interfund loan receipts	243,276	243,276
Interfund loan payments	-	-
Transfers in	150,000	150,000
Transfers out	-	-
Total other financing sources (uses)	393,276	393,276
Changes in fund balance	(178,769)	(178,769)
FUND BALANCE, BEGINNING BUDGETARY BASIS	178,769	178,769
PRIOR PERIOD ADJUSTMENT	-	-
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -

Total revenue and expenditures above
Operating transfers in/out
Expenditures capitalized
Debt service principal payments
Depreciation
Interest revenue/expense
Accrued vacation

Total revenues and expenses - generally accepted accounting principles

Change in net position

* This is due to refinancing of debt. Not subject to Oregon Budget Law

<u>FY 2014</u>	<u>Actual FY 2015</u>	<u>Biennial</u>	<u>Variance with Final Budget</u>
\$ 551,731	\$ -	\$ 551,731	\$ (1,320,800)
11,436	-	11,436	11,436
520	-	520	520
<u>563,687</u>	<u>-</u>	<u>563,687</u>	<u>(1,308,844)</u>
201,212	-	201,212	202,255
387,942	-	387,942	1,227,573
1,518,989	-	1,518,989	(1,255,713)
272,599	-	272,599	(147,224) *
8,493	-	8,493	(8,493) *
-	-	-	36,943
<u>2,389,235</u>	<u>-</u>	<u>2,389,235</u>	<u>55,341</u>
(1,825,548)	-	(1,825,548)	(1,253,503)
7,799,063	-	7,799,063	7,799,063
-	-	-	(243,276)
(31,476)	-	(31,476)	(31,476)
75,000	-	75,000	(75,000)
<u>(29,835)</u>	<u>-</u>	<u>(29,835)</u>	<u>(29,835)</u>
<u>7,812,752</u>	<u>-</u>	<u>7,812,752</u>	<u>7,419,476</u>
5,987,204	-	5,987,204	6,165,973
157,107	-	157,107	(21,662)
<u>(67,419)</u>	<u>-</u>	<u>(67,419)</u>	<u>(67,419)</u>
<u>\$ 6,076,892</u>	<u>\$ -</u>	<u>\$ 6,076,892</u>	<u>\$ 6,076,892</u>

<u>Revenues</u>	<u>Expenditures</u>
\$ 563,687	\$ 2,389,235
45,165	-
-	(1,480,501)
-	(272,599)
-	99,469
-	(1,953)
-	3,018
<u>\$ 608,852</u>	<u>736,669</u>
	<u>\$ (127,817)</u>

COMBINING STATEMENTS AND 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, 2014

	Biennial Budget	
	Original	Final
REVENUES:		
Interest	\$ 500	\$ 500
Total revenues	500	500
EXPENDITURES:		
Materials and services	97,500	105,643
Capital outlay	36,000	30,000
Contingency	82,143	80,000
Total expenditures	215,643	215,643
Revenues over (under) expenditures	(215,143)	(215,143)
OTHER FINANCING SOURCES (USES):		
Transfers in	194,232	194,232
Total other financing sources (uses)	194,232	194,232
Changes in fund balance	(20,911)	(20,911)
FUND BALANCE, BEGINNING BUDGETARY BASIS	20,911	20,911
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -

<u>FY 2014</u>	<u>Actual FY 2015</u>	<u>Biennial</u>	<u>Variance with Final Budget</u>
\$ 244	\$ -	\$ 244	\$ (256)
244	-	244	(256)
56,228	-	56,228	49,415
-	-	-	30,000
-	-	-	80,000
56,228	-	56,228	159,415
(55,984)	-	(55,984)	159,159
194,232	-	194,232	-
194,232	-	194,232	-
138,248	-	138,248	159,159
23,020	-	23,020	2,109
<u>\$ 161,268</u>	<u>\$ -</u>	<u>\$ 161,268</u>	<u>\$ 161,268</u>

OTHER FINANCIAL SCHEDULES

- Schedule of Property Tax Transactions and Outstanding Balances

- 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
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
For the Fiscal Year Ended June 30, 2014

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2013</u>	<u>Add Levy as Extended By Assessor</u>	<u>Deduct Collections</u>	<u>Adjustments/ Discounts</u>	<u>Uncollected Balance June 30, 2014</u>
2013-14	\$ -	\$ 4,065,109	\$ (3,853,063)	\$ (109,876)	\$ 102,170
2012-13	114,782	-	(55,726)	(3,084)	55,972
2011-12	64,343	-	(24,120)	(982)	39,241
2010-11	40,369	-	(17,947)	(275)	22,147
2009-10	22,353	-	(6,422)	(423)	15,508
2008-09	3,684	-	(672)	(515)	2,497
2007-08	1,362	-	(299)	(189)	874
2006-07	716	-	(92)	(160)	464
2005-06	450	-	(58)	(36)	356
2004-05	344	-	(83)	(28)	233
Prior years	998	-	(96)	(51)	851
Totals	<u>\$ 249,401</u>	<u>\$ 4,065,109</u>	<u>\$ (3,958,578)</u>	<u>\$ (115,619)</u>	<u>\$ 240,313</u>

Taxes receivable classified by fund:

General Fund	\$ 161,691
Urban Renewal Agency Fund	<u>78,622</u>
	<u>\$ 240,313</u>

CITY OF SANDY, OREGON
SEWER FUND
COMPARATIVE SCHEDULE OF NET POSITION
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 846,482	\$ 722,509
Accounts receivables, net	121,056	129,917
Interfund loan receivable	298,524	479,673
Interfund interest receivable	-	2,004
Prepays	50,100	46,989
Total current assets	<u>1,316,162</u>	<u>1,381,092</u>
Noncurrent assets:		
Restricted cash and cash equivalents	549,527	533,904
Capital assets, net	7,203,375	7,469,576
Total assets	<u>\$ 9,069,064</u>	<u>\$ 9,384,572</u>
LIABILITIES AND NET POSITION		
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,214	\$ 25,487
Accrued compensated absences payable	3,073	3,901
Accrued interest payable	9,931	10,440
Loans payable within one year	52,426	102,544
Total current liabilities	<u>68,644</u>	<u>142,372</u>
Noncurrent liabilities:		
Accrued compensated absences payable	12,291	15,602
Loans payable, net of current portion	2,404,843	2,456,536
Total noncurrent liabilities	<u>2,417,134</u>	<u>2,472,138</u>
Total liabilities	<u>2,485,778</u>	<u>2,614,510</u>
NET POSITION:		
Net investment in capital assets	4,746,106	4,910,496
Restricted for:		
Debt service	167,211	167,211
System development charges	549,527	533,904
Unrestricted	1,120,442	1,158,451
Total net position	<u>6,583,286</u>	<u>6,770,062</u>
Total liabilities and net position	<u>\$ 9,069,064</u>	<u>\$ 9,384,572</u>

CITY OF SANDY, OREGON
SEWER OPERATIONS
COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES:		
Charges for services	\$ 1,031,586	\$ 1,041,044
Special assessments and surcharges	176,523	140,957
Miscellaneous	3,656	3,399
Total operating revenues	<u>1,211,765</u>	<u>1,185,400</u>
OPERATING EXPENSES:		
Salaries, fringe benefits and payroll taxes	193,910	199,255
Utilities	28,140	25,678
Operating supplies	10,854	6,171
Insurance	14,334	14,029
Maintenance and repairs	13,605	5,961
Contractual services	575,541	572,769
General, administration, and other	66,889	83,468
Depreciation	315,632	312,648
Total operating expenses	<u>1,218,905</u>	<u>1,219,979</u>
Operating income (loss)	<u>(7,140)</u>	<u>(34,579)</u>
NON-OPERATING INCOME (EXPENSE):		
Interest income	15,616	16,381
Interest expense	(121,837)	(124,241)
Total non-operating income (expenses)	<u>(106,221)</u>	<u>(107,860)</u>
Net income (loss) before transfers	(113,361)	(142,439)
TRANSFERS:		
Transfers in (out)	<u>(73,415)</u>	<u>(65,636)</u>
Change in net position	(186,776)	(208,075)
NET POSITION, BEGINNING	6,770,062	6,994,057
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>(15,920)</u>
NET POSITION, ENDING	<u>\$ 6,583,286</u>	<u>\$ 6,770,062</u>

CITY OF SANDY, OREGON
SEWER FUND
COMPARATIVE SCHEDULE OF CASH FLOWS
For the fiscal years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,220,625	\$ 1,176,760
Cash paid to employees and others for salaries and benefits	(198,049)	(192,884)
Cash paid to suppliers and others	(734,747)	(684,905)
Other cash receipts (disbursements)	(509)	(685)
	<u>287,320</u>	<u>298,286</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Payment from (to) other funds for interfund loans and interest	183,153	(10,322)
Transfers in (out)	(73,415)	(65,636)
	<u>109,738</u>	<u>(75,958)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(49,431)	(56,210)
Proceeds from loans	41,391	-
Principal paid on loans	(143,201)	(99,565)
Interest paid on loans	(121,837)	(124,241)
	<u>(273,078)</u>	<u>(280,016)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest revenue	15,616	16,381
	<u>15,616</u>	<u>16,381</u>
Net cash provided by investing activities	<u>15,616</u>	<u>16,381</u>
Net increase in cash and cash equivalents	139,596	(41,307)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,256,413</u>	<u>1,297,720</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1,396,009</u>	<u>\$ 1,256,413</u>
COMPRISED AS FOLLOWS:		
Cash and cash equivalents	\$ 846,482	\$ 722,509
Restricted cash and cash equivalents	549,527	533,904
	<u>\$ 1,396,009</u>	<u>\$ 1,256,413</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (7,140)	\$ (34,579)
Adjustments:		
Depreciation	315,632	312,648
Decrease (increase) in:		
Accounts receivable	8,860	(8,640)
Prepaid items	(3,111)	(1,352)
Increase (decrease) in:		
Accounts payable and accrued expenses	(22,273)	24,523
Accrued compensated absences	(4,139)	6,371
Accrued interest payable	(509)	(685)
	<u>\$ 287,320</u>	<u>\$ 298,286</u>
Net cash provided by operating activities	<u>\$ 287,320</u>	<u>\$ 298,286</u>

**INDEPENDENT AUDITOR'S REPORT REQUIRED
BY OREGON STATE REGULATION**

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATION**

We have audited the basic financial statements of the City of Sandy, Oregon, as of and for the year ended June 30, 2014 and have issued our report thereon dated December 8, 2014. 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.

Compliance

As part of obtaining reasonable assurance about whether the 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 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- 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.

In connection with our testing, nothing came to our attention that caused us to believe the City of Sandy, Oregon 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 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows:

<u>1. Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
Parks Capital Project	Capital outlay	\$ 2,364
Parks Capital Project	Interfund loan payment	135,677
Urban Renewal Agency	Transfers out	6,506
Telecommunications	Capital outlay	1,255,713
Telecommunications	Interfund loan payment	31,476
Telecommunications	Transfers out	29,835

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the 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 the 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.

We have noted certain matters that we reported to management of the City of Sandy, Oregon in a separate letter to management dated December 8, 2014.

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

Merina & Company

Merina & Company, LLP
West Linn, Oregon
December 8, 2014



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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 ¹
(accrual basis of accounting)

	2005	2006	2007
Governmental activities			
Invested in capital assets, net of related debt	\$ 3,349,183	\$ 4,600,163	\$ 8,466,702
Restricted	-	-	-
Unrestricted	4,500,484	5,078,164	4,542,671
	<u>7,849,667</u>	<u>9,678,327</u>	<u>13,009,373</u>
Business-type activities			
Invested in capital assets, net of related debt	9,124,058	9,754,224	9,684,737
Restricted	100,332	117,054	133,776
Unrestricted	5,210,207	5,252,062	6,395,660
	<u>14,434,597</u>	<u>15,123,340</u>	<u>16,214,173</u>
Primary government			
Invested in capital assets, net of related debt	12,473,241	14,354,387	18,151,439
Restricted	100,332	117,054	133,776
Unrestricted	9,710,691	10,330,226	10,938,331
	<u>22,284,264</u>	<u>24,801,667</u>	<u>29,223,546</u>

¹ Information is presented for years ended subsequent to the implementation of GASB 34

Fiscal Year				
2008	2009	2010	2011	2012
\$ 16,167,647	\$ 15,264,097	\$ 14,792,221	\$ 17,294,763	\$ 20,290,178
-	94,640	225,534	1,041,008	1,401,086
798,099	2,968,169	4,418,018	2,754,589	1,986,805
<u>16,965,746</u>	<u>18,326,906</u>	<u>19,435,773</u>	<u>21,090,360</u>	<u>23,678,069</u>
10,126,036	10,537,027	10,811,472	10,894,694	10,640,033
150,498	1,086,946	798,553	651,686	716,993
6,196,297	4,573,609	4,882,195	5,080,354	4,873,737
<u>16,472,831</u>	<u>16,197,582</u>	<u>16,492,220</u>	<u>16,626,734</u>	<u>16,230,763</u>
26,293,683	25,801,124	25,603,693	28,189,457	30,930,211
150,498	1,181,586	1,024,087	1,692,694	2,118,079
6,994,396	7,541,778	9,300,213	7,834,943	6,860,542
<u>\$ 33,438,577</u>	<u>\$ 34,524,488</u>	<u>\$ 35,927,993</u>	<u>\$ 37,717,094</u>	<u>\$ 39,908,832</u>

CITY OF SANDY, OREGON

Changes in Net Position

Last Ten Fiscal Years ¹

(accrual basis of accounting)

Expenses	2005	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:									
General government	\$ 582,617	\$ 1,234,919	\$ 1,058,042	\$ 1,405,946	\$ 1,787,542	\$ 1,768,755	\$ 1,562,910	\$ 1,379,588	\$ 1,142,042
Highways and streets	466,764	473,626	468,176	841,515	699,170	783,448	629,133	1,079,975	726,932
Public transportation	839,559	939,675	1,151,594	1,105,187	1,132,246	1,200,628	1,242,779	1,324,145	1,320,926
Economic development	424,952	501,272	522,321	560,696	531,202	654,159	841,913	877,759	954,397
Public safety	1,243,777	1,518,707	1,682,857	1,676,200	1,926,190	1,851,295	2,147,400	2,300,675	2,536,548
Culture and recreation	1,385,657	793,232	1,283,055	1,392,293	1,681,938	1,759,911	1,929,199	2,133,445	2,156,408
Interest on long-term debt	69,025	122,923	86,386	179,247	161,700	170,068	204,824	159,415	142,205
Total Governmental Activities	5,012,351	5,584,354	6,252,431	7,161,084	7,919,988	8,188,264	8,558,158	9,255,002	8,979,458
Business-type activities:									
Water	916,371	935,998	959,364	1,034,437	940,997	953,653	1,133,360	1,842,775	1,103,969
Sewer	1,048,860	1,082,481	1,197,262	1,208,052	1,239,009	1,303,929	1,364,194	1,344,220	1,340,742
Stormwater	29,279	44,138	40,572	54,537	102,562	129,405	161,039	184,970	192,790
Telecommunications	114,424	123,275	170,925	201,596	333,167	435,006	561,618	563,449	736,669
Total Business-type Activities	2,108,934	2,185,892	2,368,123	2,498,622	2,615,735	2,821,993	3,220,211	3,935,414	3,374,170
Total Expenses	\$ 7,121,285	\$ 7,770,246	\$ 8,620,554	\$ 9,659,706	\$ 10,535,723	\$ 11,010,257	\$ 11,778,369	\$ 13,190,416	\$ 12,353,628
Program Revenues									
Governmental Activities:									
Charges for services:									
General government	\$ 252,764	\$ 139,522	\$ (42,878)	\$ 106,598	\$ 251,263	\$ 646,572	\$ 418,536	\$ 493,910	146,919
Highways and streets	262,362	659,553	480,835	86,811	184,760	210,337	913,090	707,329	202,105
Public transportation	8,751	8,143	8,537	5,533	10,800	12,067	12,623	11,638	124,528
Economic development	202,586	534,513	533,388	152,018	153,758	155,172	95,782	127,400	267,911
Public safety	192,137	191,630	191,630	170,914	170,914	170,914	22,051	19,576	591,311
Culture and recreation	438,431	557,454	303,817	205,731	233,532	170,983	231,351	284,839	358,176
Operating grants and contributions	1,074,137	975,631	1,842,827	919,272	881,069	585,554	2,195,743	852,686	831,258
Capital grants and contributions	-	1,122,765	1,205,459	1,095,545	835,808	1,208,545	303,345	509,265	253,991
Total Governmental Activities	2,431,168	4,189,211	4,523,615	2,742,422	2,721,904	3,160,144	4,192,521	3,006,643	2,776,199

¹ Information is presented for years ended subsequent to the implementation of GASB 34

	Fiscal Year								
	2005	2007	2008	2009	2010	2011	2012	2013	2014
Business-type Activity:									
Charges for services:									
Water	996,090	1,259,361	1,109,369	1,084,396	1,141,833	1,044,486	1,088,305	1,250,120	1,309,276
Sewer	1,108,882	1,390,293	1,238,675	1,080,780	1,186,746	1,097,313	1,252,907	1,182,001	1,208,109
Stormwater	23,376	183,273	225,585	190,451	194,167	200,643	200,892	217,803	217,365
Telecommunications	55,211	103,820	131,592	178,035	185,765	250,310	367,838	452,771	551,731
Operating grants and contributions	657	-	-	-	-	412,702	95,668	-	-
Total Business-Type Activity	2,184,216	2,936,747	2,705,221	2,533,662	2,708,511	3,005,454	3,005,610	3,102,695	3,286,481
Total Program Revenues	\$ 4,615,384	\$ 7,125,958	\$ 7,228,836	\$ 5,276,084	\$ 5,430,415	\$ 6,165,598	\$ 7,198,131	\$ 6,109,338	\$ 6,062,680
Net(Expense)/Revenue									
Governmental Activities	\$ (2,581,183)	\$ (1,395,143)	\$ (1,728,816)	\$ (4,418,662)	\$ (5,198,084)	\$ (5,028,120)	\$ (4,365,637)	\$ (6,248,359)	\$ (6,203,259)
Business-type Activity	75,282	750,855	337,098	35,040	92,776	183,461	(214,601)	(832,719)	(87,689)
Total Net Expense	\$ (2,505,901)	\$ (644,288)	\$ (1,391,718)	\$ (4,383,622)	\$ (5,105,308)	\$ (4,844,659)	\$ (4,580,238)	\$ (7,081,078)	\$ (6,290,948)
General Revenues and Other Changes in Net Position									
Governmental Activities:									
Taxes:									
Property taxes	1,983,360	2,465,762	2,807,837	3,058,149	3,444,846	3,555,116	3,734,876	3,778,756	3,964,881
Public service taxes	1,344,296	1,399,670	1,485,220	1,440,467	2,081,774	2,349,078	2,511,993	2,667,041	2,629,914
Franchise taxes	276,012	380,719	434,856	444,977	526,488	446,783	471,245	479,235	530,542
Investment earnings	184,703	405,055	225,486	87,307	48,111	53,742	27,728	22,920	33,501
Miscellaneous	61,064	120,646	272,654	199,095	208,228	121,564	115,158	218,122	832,452
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers	91,353	(45,663)	564,169	549,827	(2,496)	156,424	92,346	167,030	116,824
Total Governmental Activities	3,940,788	4,726,189	5,790,222	5,779,822	6,306,951	6,682,707	6,953,346	7,333,104	8,108,114
Business-type Activity:									
Investment earnings	104,372	234,921	313,000	217,574	116,787	84,557	61,592	28,280	37,038
Miscellaneous	36,234	59,394	38,968	21,964	82,579	22,920	55,735	32,917	103,032
Transfers	(91,353)	45,663	(564,169)	(549,827)	2,496	(156,424)	(92,346)	(167,030)	(116,824)
Total Business-type Activity	49,253	339,978	(212,201)	(310,289)	201,862	(48,947)	24,981	(105,833)	23,246
Total Primary Government	\$ 3,990,041	\$ 5,066,167	\$ 5,578,021	\$ 5,469,533	\$ 6,508,813	\$ 6,633,760	\$ 6,978,327	\$ 7,227,271	\$ 8,131,360
Change in Net Position									
Governmental Activities	\$ 1,359,605	\$ 3,331,046	\$ 4,061,406	\$ 1,361,160	\$ 1,108,867	\$ 1,654,587	\$ 2,587,709	\$ 1,084,745	\$ 1,904,855
Business-type Activity	124,535	1,090,833	124,897	(275,249)	294,638	134,514	(189,620)	(938,552)	(64,443)
Total Primary Government	\$ 1,484,140	\$ 4,421,879	\$ 4,186,303	\$ 1,085,911	\$ 1,403,505	\$ 1,789,101	\$ 2,398,089	\$ 146,193	\$ 1,840,412

¹ Information is presented for years ended subsequent to the implementation of GASB 34

CITY OF SANDY, OREGON
Fund Balance of Government Funds
Last Ten Fiscal Years ¹
(modified accrual basis of accounting)

	Fiscal Year							
	2005	2007	2008	2009	2010	2011 ²	2012	2013
General Fund								
Unreserved	\$ 2,573,805	\$ 3,372,245	\$ 2,584,996	\$ 1,618,073	\$ 1,552,233	\$ -	\$ -	\$ -
Unassigned						2,255,935	1,398,559	1,226,361
Total General Fund	\$ 2,573,805	\$ 3,372,245	\$ 2,584,996	\$ 1,618,073	\$ 1,552,233	\$ 2,255,935	\$ 1,398,559	\$ 1,226,361
All other governmental funds								
Reserved	\$ 579,181	\$ 687,192	\$ 639,460	\$ 94,640	\$ 225,534	\$ -	\$ -	\$ -
Non-spendable						33,481	33,240	35,578
Restricted						1,041,008	1,401,086	1,669,456
Committed								
Assigned						595,826	1,065,076	1,015,798
Unreserved, reported in:								
Special revenue funds	1,502,294	1,630,455	(131,080)	1,716,541	2,934,781			
Capital project funds	(392,437)	(1,259,318)	(2,284,459)	(370,009)	(212,196)			
Unassigned, reported in:								
Special revenue funds							(422,050)	(73,090)
Capital project funds						(209,352)	(227,981)	(180,855)
Total all other governmental funds	\$ 1,689,038	\$ 1,058,329	\$ (1,776,079)	\$ 1,441,172	\$ 2,948,119	\$ 1,460,963	\$ 1,849,371	\$ 2,466,887

¹ Information is presented for years ended subsequent to the implementation of GASB 34

² 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									
	2005	2007	2008	2009	2010	2011	2012	2013	2014	
REVENUES										
Property taxes	\$ 1,989,413	\$ 2,450,798	\$ 2,773,107	\$ 3,009,608	\$ 3,424,362	\$ 3,563,863	\$ 3,695,501	\$ 3,774,389	\$ 3,978,120	
Public service taxes	1,344,296	1,399,670	1,485,220	1,440,467	2,081,774	2,349,078	2,511,993	2,667,041	2,629,914	
Franchise fees	276,012	380,719	434,856	444,977	526,488	446,783	471,245	479,235	530,542	
Grants	1,074,137	2,096,683	2,816,914	1,549,601	1,715,396	1,185,893	2,465,820	1,181,665	1,111,669	
Charges for services	445,637	631,670	485,553	232,392	349,718	398,354	306,383	910,085	752,325	
Licenses and permits	197,069	315,484	205,437	118,477	156,709	454,501	158,075	166,873	242,868	
Fines and forfeitures	182,154	219,532	226,429	197,566	230,409	267,688	240,963	305,148	312,995	
Special assessments	178,511	2,250	1,125	2,250	-	-	-	-	8,824	
System development charges	546,503	922,656	567,388	177,466	264,747	240,644	985,283	253,041	371,527	
Interest	115,773	405,055	225,486	87,307	47,768	53,527	27,413	22,716	33,257	
Contributions and donations	-	1,713	174,532	522,056	1,481	608,206	33,268	15,130	-	
Miscellaneous	61,064	27,762	66,593	194,275	133,172	78,122	84,430	87,290	767,841	
Payment in lieu of land dedication	-	92,884	206,061	4,820	75,056	43,442	30,728	130,832	64,611	
Total Revenues	6,410,569	8,946,876	9,668,701	7,981,262	9,007,080	9,690,101	11,011,102	9,993,445	10,804,493	
EXPENDITURES										
General government	\$ 562,129	\$ 1,072,720	\$ 757,908	\$ 801,538	\$ 824,832	\$ 980,363	\$ 851,307	\$ 850,713	\$ 794,177	
Highways and streets	333,370	376,250	367,622	730,134	576,450	650,026	488,763	932,379	544,161	
Public transportation	715,659	807,447	1,015,526	911,805	960,993	1,015,792	1,041,295	1,092,627	1,095,818	
Economic and physical development	365,735	439,003	461,514	528,990	483,213	479,737	662,156	697,441	760,932	
Public safety	1,193,897	1,475,280	1,623,183	1,614,402	1,867,840	1,776,439	2,045,058	2,137,180	2,357,543	
Culture and recreation	1,099,181	1,095,784	1,203,796	1,318,144	1,613,233	1,690,249	1,845,109	1,901,358	1,845,676	
Capital outlay:	2,085,879	3,894,775	8,078,557	2,073,667	2,738,043	3,322,344	4,595,447	1,280,416	1,253,382	
Debt Service:										
Principal	247,412	335,453	125,547	1,027,923	504,710	543,007	619,857	1,039,842	522,938	
Interest	71,071	113,265	87,113	173,407	170,414	172,022	195,467	160,821	166,070	
Total Expenditures	6,674,333	9,609,977	13,720,766	9,180,010	9,739,728	10,629,979	12,344,459	10,092,777	9,340,697	
Excess (Deficiency) of Revenues expenditures over Expenditures	(263,764)	(663,101)	(4,052,065)	(1,198,748)	(732,648)	(939,878)	(1,333,357)	(99,332)	1,463,796	
OTHER FINANCING SOURCES(USES)										
Transfers in	\$ 278,957	\$ 593,621	\$ 2,822,059	\$ 2,657,535	\$ 258,465	\$ 258,465	\$ 276,735	\$ 269,906	\$ 265,404	
Transfers out	(187,604)	(639,284)	(2,257,890)	(2,107,708)	(382,061)	(102,041)	(287,930)	(102,876)	(342,812)	
Proceeds from bond	-	-	-	2,899,249	2,297,351	-	875,584	-	2,279,741	
Proceeds from note	-	-	-	-	-	-	-	384,700	286,269	
Total Other Financing Sources (Uses)	91,353	(45,663)	564,169	3,449,076	2,173,755	156,424	864,389	551,730	2,488,602	
Net change in fund balances	\$ (172,411)	\$ (708,764)	\$ (3,487,896)	\$ 2,250,328	\$ 1,441,107	\$ (783,454)	\$ (468,968)	\$ 452,398	\$ 3,952,398	
Debt service as a percentage of noncapital expenditures	6.5%	7.8%	3.5%	17.1%	8.7%	9.0%	9.8%	13.3%	7.8%	

Note: Non-capital expenditures include depreciation and non-capitalized capital outlay expenditures from 2004 to present after the implementation of GASB 34. Information is not available for years

CITY OF SANDY, OREGON
Government Activities Tax Revenue By Sources
Last Ten Fiscal Years ¹
(accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Franchise Tax</u>	<u>Public Service Tax</u>	<u>Total</u>
2014	\$ 3,978,120	\$ 530,542	\$ 2,629,914	\$ 7,138,576
2013	3,778,756	479,235	2,667,041	6,925,032
2012	3,734,876	471,245	2,511,993	6,718,114
2011	3,555,116	446,783	2,349,078	6,350,977
2010	3,444,846	526,488	2,081,774	6,053,108
2009	3,058,149	444,977	1,440,467	4,943,593
2008	2,807,838	434,856	1,485,220	4,727,914
2007	2,465,762	380,719	1,399,670	4,246,151
2006	2,260,851	318,741	1,355,877	3,935,469
2005	1,983,360	276,012	1,344,296	3,603,668

¹ Information is presented for years ended subsequent to the implementation of GASB 34

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

Taxpayer	2014			2005*		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
FRED MEYER STORES INC	17,703,805	1	23.17%	N/A	1	N/A
PHILLIPS EDISION & Co LTD	9,736,287	2	12.74%	N/A	2	N/A
JAKSISH PROPERTIES LLC	8,659,185	3	11.33%	N/A	3	N/A
SANDY SAFEWAY CENTER LLC	7,449,151	4	9.75%	N/A	4	N/A
PORTLAND GENERAL ELEC CO	6,219,000	5	8.14%	N/A	5	N/A
MOUNTAIN WEST RETIREMENT CORP	5,683,144	6	7.44%	N/A	6	N/A
CASCADE CREST APARTMENTS LLC	5,635,950	7	7.37%	N/A	7	N/A
PLR PROPERTIES LLC	5,348,470	8	7.00%	N/A	8	N/A
VENTAS INC	5,341,381	9	6.99%	N/A	9	N/A
WAVE DIVISION HOLDING LLC	4,648,000	10	6.08%	N/A	10	N/A
Total Assessed Valuation	\$ 76,424,373			N/A		

Source: Clackamas County Assessor's Office
N/A - Information at City level not available.

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 School District No. 46
	General Fund	Urban Renewal	Total			
2014	3.67	1.88	5.56	0.06	2.15	4.13
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
2007	3.77	1.25	5.02	0.06	2.20	4.02
2006	3.78	1.19	4.97	0.06	2.21	4.08
2005	3.85	0.97	4.82	0.06	2.25	4.75

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

Overlapping Rates

Mt. Hood Community College	Clackamas County ESD	Vector Control	Fire District No. 72	Clackamas County Urban Renewal	Total Direct & Overlapping Rates
0.44	0.33	0.02	1.94	0.02	20.21
0.44	0.32	0.03	1.95	0.12	23.06
0.44	0.32	0.03	1.95	0.12	22.92
0.44	0.32	0.03	1.95	0.13	22.88
0.44	0.33	0.03	1.96	0.14	22.88
0.42	0.33	0.03	1.97	0.37	19.80
0.43	0.33	0.03	2.28	0.32	15.01
0.43	0.33	0.03	2.32	0.35	14.76
0.44	0.33	0.03	2.33	0.34	14.79
0.45	0.34	0.01	2.04	0.30	15.01

CITY OF SANDY, OREGON
General Government Tax Revenues By Source
Last Ten Fiscal Years ¹
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Franchise Tax</u>	<u>Public Service Tax</u>	<u>Total</u>
2014				-
2013	\$ 3,774,389	\$ 479,235	\$ 2,667,041	6,920,665
2012	3,695,501	471,245	2,511,993	6,678,739
2011	3,563,863	446,783	2,349,078	6,359,724
2010	3,424,362	526,488	2,081,774	6,032,624
2009	3,009,608	444,977	1,440,467	4,895,052
2008	2,773,107	434,856	1,485,220	4,693,183
2007	2,450,798	380,719	1,399,670	4,231,187
2006	2,265,011	318,741	1,355,877	3,939,629
2005	1,989,413	276,012	1,344,296	3,609,721

¹ Information is presented for years ended subsequent to the implementation of GASB 34

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

Fiscal Year Ended		
June 30	Total Assessed Value	Real Market Value
2014	662,735,210	817,332,995
2013	635,361,440	776,203,139
2012	628,001,896	819,168,170
2011	604,776,986	862,772,904
2010	585,596,691	944,171,169
2009	551,473,814	1,050,613,214
2008	505,927,418	947,449,253
2007	459,424,453	789,451,125
2006	428,843,094	654,644,392
2005	395,762,117	561,816,757

Source: Clackamas County Assessor's Office

CITY OF SANDY, OREGON
Property Tax Levies and Collections
Last Ten Fiscal Years
(modified accrual basis of accounting)

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
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%
2007	2,526,288	2,392,064	94.69%	51,382	2,443,446	96.72%
2006	2,326,241	2,209,848	95.00%	48,875	2,258,723	97.10%
2005	2,048,115	1,936,011	94.53%	50,667	1,986,678	97.00%

Source: Comprehensive Annual Financial Reports
and Clackamas County Assessor's Office

CITY OF SANDY, OREGON
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years ¹

Fiscal Year	Governmental Activities			Business-Type Activities		Total Outstanding Debt	Percentage of Personal Income ²	Per Capita ²
	Local Improvement District Bonds	Special Assessment Bonds	Notes Payable	Notes Payable	Bonds Payable			
2014	\$ 2,243,584	\$ -	\$ 1,192,331	\$ 6,285,861	\$ 1,820,000	11,541,776	N/A	1,155
2013	2,584,285	-	1,192,331	7,025,861	1,080,000	11,882,477	N/A	1,203
2012	3,589,450	-	857,473	4,703,579	-	9,150,502	0.05%	936
2011	4,184,455	-	26,746	4,202,822	-	8,414,023	0.048%	879
2010	4,739,460	-	34,753	4,487,257	-	9,261,470	0.056%	1,129
2009	2,957,114	-	-	4,470,076	-	7,427,190	0.046%	928
2008	537,135	557,923	-	4,507,034	-	5,602,092	0.032%	738
2007	566,530	603,470	50,000	4,648,018	-	5,868,018	0.035%	835
2006	640,925	823,923	50,000	4,784,191	-	6,299,039	0.040%	926
2005	90,000	1,035,138	50,000	4,910,741	-	6,085,879	0.042%	957

¹ Information is presented for years ended subsequent to the implementation of GASB 34

² See Schedule of Demographic and Economic Statistics for personal income and population data

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

Fiscal Year Ended June 30	Population	Total Taxable Assessed Value	General Obligation Bonds	Percentage of Debt to Value of Property	Net Bonded Debt Per Capita Value
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	585,596,691	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%	-
2007	7,030	459,424,453	-	0.00%	-
2006	6,800	428,843,094	-	0.00%	-
2005	6,360	395,762,117	-	0.00%	-
1996	4,685	213,031,800	274,089	0.13%	59

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

** Amount excludes the Limited Obligation Bonds

CITY OF SANDY, OREGON
Operating Indicators by Function
Last Ten Fiscal Years ¹

FUNCTION	2005	2006	2007	2008	2009	2010	2011	2012	2013
Government Activities:									
Public Safety									
Police:									
Stations	1	1	1	1	1	1	1	1	1
Patrol units	11	11	11	11	11	14	14	14	14
Highways and streets									
Streets (miles)	30.5	30.5	33.0	34.0	34.0	34.0	34.0	34.0	34.6
Culture and recreation									
Parks acreage	156	156	156	156	165	165	165	165	165
Community centers	1	1	1	1	1	1	1	1	1
Business-type Activities:									
Water									
Maximum daily capacity (gallons)	1,840,000	1,840,000	1,840,000	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000
Sewer									
Maximum wet weather treatment capacity (gallons)	1,250,000	1,250,000	1,250,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000

Source: City Departments

CITY OF SANDY, OREGON
Demographics and Economic Statistics
Last Ten Fiscal Years ¹

Fiscal Year	Population ¹	Personal Income ²	Per capita personal income ³	Unemployment Rate ⁴
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%
2007	7,030	16,678,152	45,468	4.60%
2006	6,800	15,872,775	43,666	5.10%
2005	6,360	14,601,351	40,637	6%

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
Direct and Overlapping Governmental Activities Debt
As of June 30, 2014

<u>Government Unit:</u>	<u>Outstanding Gross Property Tax-Backed Debt</u>	<u>Percentage¹ Applicable to City</u>	<u>Gross General Obligation Bonded Debt Outstanding</u>
City of Sandy	\$ 3,926,449	100.0000%	\$ 3,926,449
Clackamas County	105,205,000	1.76%	1,849,188
Mt. Hood Community College	68,037,683	2.95%	2,008,268
Clackamas County ESD	24,190,000	1.86%	449,426
Clackamas County SD 46 (Oregon Trail)	109,595,487	26.38%	28,909,536
Port of Portland	<u>66,738,667</u>	0.40%	<u>265,286</u>
Total overlapping debt	<u>373,766,837</u>		<u>33,481,704</u>
Total direct and overlapping debt	<u>\$ 377,693,286</u>		<u>\$ 37,408,153</u>

Source: Municipal Debt Advisory Commission of the State of Oregon

Overlapping governments are those that overlap the geographic boundaries of the City. This schedule calculates the portion of the outstanding debt of those overlapping governments that is taxed to the residents and businesses of the City.

(1) The percentage applicable to government is determined on the assessed value of the overlapping districts. The numerator is the City's assessed value and the denominator is the assessed value of the overlapping district.

Source: Oregon State Treasury (including percentage applicable to the City)

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

FUNCTION	Full-Time Equivalent Employees as of June 30				
	2005-07	2007-09	2009-11	2011-13	2013-15
Government activities:					
General Government	5.5	5.9	6.4	6.0	6.3
Public Safety					
Police					
Officers	11.0	12.0	13.0	14.0	14.0
Civilians	2.8	2.0	3.3	3.0	3.9
Economic Development	-	-	-	1.0	1.1
Planning & Development	4.6	4.9	4.9	4.6	3.9
Urban Renewal	0.3	0.3	0.3	0.3	0.7
Culture & Recreation					
Library	7.1	7.9	11.4	12.6	13.2
Recreation & Senior Center	5.3	5.5	5.7	5.7	6.4
Parks Maintenance	1.8	1.8	2.3	2.3	2.3
Highways & Streets	2.0	2.0	2.4	2.4	2.5
Public Transportation	1.7	2.2	1.8	1.8	1.8
Business-type activities:					
Water	2.9	2.9	2.4	2.4	2.4
Sewer	2.1	2.1	2.4	2.4	2.4
Stormwater	0.5	1.0	0.7	0.7	1.0
Telecommunications	0.5	0.5	1.2	2.2	2.2
Total	48.0	51.0	58.2	61.4	64.1

Source: Various city departments

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

Employer¹	2014			2005 *		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Oregon Trail School District	407	1	8.1%			
Fred Meyer #663	203	2	4.0%			
City of Sandy	86	3	1.7%			
AEC, Inc	80	4	1.6%			
Johnson RV	68	5	1.4%			
Suburban Ford	57	6	1.1%			
Safeway #0782	54	7	1.1%			
Mt. Hood Cleaners and Laundry	53	8	1.1%			
Avamere Sandy	52	9	1.0%			
Konell Construction	51	10	1.0%			
Total	704		14.0%			

Information for 2004-2005 is not readily available

Source:

1 Business License Data, Oregon Trail School District

* Data unavailable prior to 2012

CITY OF SANDY, OREGON
Operating Indicators by Function
Last Ten Fiscal Years ¹

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Physical arrests	741	736	827	766	657	727	618	723	620	876
Parking violations	124	130	140	42	55	57	79	114	420	105
Traffic violations	1,495	1,413	1,561	1,480	1,296	1,481	1,696	1,563	1,197	1,154
Highways and streets										
Street resurfacing (SF)	155,000	0	0	761,763	155,908	469,530	0	611,076	111,440	184,000
Water										
Meter connections	2,821	2,623	3,086	3,179	3,250	3,312	3,337	3,357	3,455	3,460
Average daily consumption (gallons)	1,140,000	1,140,000	790,000	1,113,011	1,114,467	1,119,488	1,028,334	1,081,000	1,068,000	824,887
Wastewater										
Average daily sewage treatment (gallons)	800,000	800,000	850,000	1,144,466	1,077,753	1,277,068	1,378,795	1,245,000	1,460,000	1,302,550

¹ Information is presented for years ended subsequent to the implementation of GASB 34 (information is gathered from department heads)