



*Jonsrud Viewpoint Park*

CITY OF  
**SANDY**  
OREGON

COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT



*Tickle Creek Park*



*Meinig Memorial Park*

FOR THE  
FISCAL YEAR  
ENDED



**JUNE 30, 2015**

**CITY OF SANDY, OREGON**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

For the Fiscal Year Ended  
June 30, 2015

Prepared by  
City of Sandy, Finance Department

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

---

**Page**

**INTRODUCTORY SECTION**

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

**FINANCIAL SECTION**

Independent Auditor’s Report..... 1  
Management’s Discussion and Analysis..... 5

**Basic Financial Statements:**..... 13

Government-Wide Financial Statements:  
Statement of Net Position ..... 14  
Statement of Activities..... 15  
Fund Financial Statements:  
Governmental Funds: ..... 17  
Balance Sheet ..... 18  
Statement of Revenues, Expenditures, and Changes in Fund Balances ..... 19  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities..... 21  
Proprietary Funds..... 22  
Statement of Net Position..... 23  
Statement of Revenues, Expenses, and Changes in Fund Net Position..... 25  
Statement of Cash Flows..... 27  
Fiduciary Funds: ..... 29  
Statement of Fiduciary Net Position..... 30  
Statement of Changes in Fiduciary Net Position..... 31

Notes to the Basic Financial Statements ..... 32

**Required Supplementary Information**..... 60

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:  
General Fund..... 61  
State Tax Street Fund..... 63  
Urban Renewal Agency Fund..... 65  
Transit Fund ..... 67  
Schedule of the Proportionate Share of the Net Pension Liability ..... 69  
Schedule of Contributions ..... 70

Notes to the Required Supplementary Information..... 71

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

---

	<u>Page</u>
<b><u>Other Supplementary Information</u></b> .....	73
Budgetary Comparison Schedules:	
Schedule of Expenditures – Budget and Actual:	
General Fund.....	74
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Parks Capital Project Fund.....	80
Enterprise Funds: .....	82
Water Fund.....	83
Sewer Operations Combined.....	85
Sewer Fund.....	86
Sewer Bond Reserve Fund .....	88
Storm Water Fund .....	90
Telecommunications Fund .....	92
Internal Service Fund.....	94
Operations Center Internal Service Fund .....	95
Other Financial Schedules:	
Sewer Fund: .....	97
Comparative Schedule of Net Position.....	98
Comparative Schedule of Revenues, Expenses, and Changes in Net Position .....	99
Comparative Schedule of Cash Flows.....	100
<b><u>Independent Auditor’s Report Required By Oregon State Regulation</u></b> .....	101

**STATISTICAL SECTION**

Introduction .....	103
Net Position by Component (Last Ten Fiscal Years) .....	104
Changes in Net Position (Last Ten Fiscal Years).....	106
Fund Balance of Governmental Funds (Last Ten Fiscal Years).....	108
Changes in Fund Balance of Governmental Funds (Last Ten Fiscal Years).....	109
Government Activities Tax Revenue by Sources (Last Ten Fiscal Years) .....	110
Principal Property Taxpayers .....	111
Property Tax Rates – Direct and Overlapping Governments (Last Ten Fiscal Years).....	112
Assessed Values and Estimated Actual Value (Last Ten Fiscal Years) .....	114
Property Tax Levies and Collections (Last Ten Fiscal Years) .....	115
Ratios of Outstanding Debt by Type (Last Ten Fiscal Years).....	116
Ratios of General Bonded Debt Outstanding (Last Ten Fiscal Years) .....	117
Operating Indicators by Function (Last Ten Fiscal Years) .....	118
Demographic and Economic Statistics .....	119
Direct and Overlapping Governmental Activities Debt .....	120
Full-Time Equivalent City Government by Function (Last Ten Fiscal Years) .....	121
Principal Employers .....	122
Operating Indicators by Function .....	123

## **INTRODUCTORY SECTION**



# CITY OF SANDY

39250 PIONEER BOULEVARD ♦ SANDY, OR 97055

PHONE (503) 668-5533  
FAX (503) 668-8714

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*Gateway to Mt. Hood*

December 2, 2015

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, 2015 is hereby submitted.

This report presents the City's financial position as of June 30, 2015 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 3 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 2014-15 exceeded the threshold for the single audit requirement, primarily due to funding for the City’s transit system. Information related to this single audit, including the schedule of expenditures of federal awards, is included in this report.

## **CITY PROFILE**

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

Sandy is becoming increasingly popular as a recreational community. It serves as the last full service city before entering the Mt. Hood recreational area. As such, Sandy has become recognized as the "Gateway to Mt. Hood." Skiing, hiking, hunting and fishing are very popular in this area and the City is able to attract many visitors to do business in the City. Sandy has also been selected because of its location to serve as a hub for many events. Sandy is the home of the Sandy Mountain Festival which is estimated to attract over 50,000 people. Each year, tourism has become more important in stabilizing Sandy's economy. The City of Sandy has a population of 10,395 and is the commercial center of a rural area with a population of approximately 20,000.

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

As with most Oregon cities, Sandy uses the "council-manager" form of government. The City Council members are unpaid volunteers who typically hold full-time jobs in other areas. They are responsible for all city policies, legislation, and the city budget. The City Council appoints a city manager, who is assigned responsibility of day-to-day operation of the city and a staff of 7 department heads with approximately 80 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. Fire service for the City of Sandy is provided by a special service district and is autonomous from the City. Financial data for the Sandy Fire District is not included in this report.

In addition to the above general government activities, the City has a Sandy Urban Renewal Agency (SURA). SURA is a legally separate entity first established in 1998 to address redevelopment of the 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.

## *INFORMATION USEFUL IN ASSESSING THE GOVERNMENT’S ECONOMIC CONDITION*

### **LOCAL ECONOMY**

The housing market is continuing to show signs of improvement. For the fiscal year ended June 30, 2015, the City issued building permits for 115 new single family homes, representing a 41% increase from the previous year’s total of 82.

An economic indicator for local business health is often business license revenue. Business license fees for FY 2015 increased by 17% compared to the prior year. Also, the number of 2015 business licenses increased by 5%. This indicates that the business economy is continue to recover from the lengthy recession of the past several years.

### **LONG-TERM FINANCIAL PLANNING**

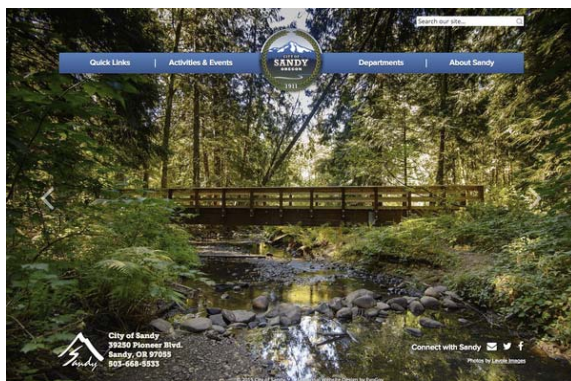
In order to properly plan for Sandy's growth, the City has completed the development of master plans for sewage facilities and water system utilities, streets, and for parks. In October, 1997, the City Council adopted a comprehensive plan (the "Sandy 2040 Plan"), the first major revision to the city's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



**Website** – The City’s website was redesigned to become more customer based, rather than department-based. Another driving force for site design was



to make it more mobile-friendly for website users now using their smart phones or tablets to view the site. Finally, the new design is a photo-rich website, which is not cluttered or difficult to use. We are proud of our design and its gets quite of bit of attention.

**Wayfinding Signage** ~ A welcome gateway to a town and an easy way to navigate – for residents and tourists – is an important part of downtown revitalization. The City of Sandy completed its Wayfinding Signage program with the following components: 2 new gateway signs, numerous parking directional signs, vehicle directional signs, pedestrian signs and street name signs. The downtown signage is uniform and complementary throughout the city.

**Facade Improvement Grant Program** ~ The façade matching grant program continues to encourage businesses within the downtown corridor to upgrade building exteriors to follow the “Sandy Style” design standards found in the city’s development code. Since the start of the facade enhancement program about 47 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.

**SandyNet** ~ The City of Sandy has come a long way in the last 12 years as an Internet Service Provider (ISP), known as SandyNet, a combination of fiber access for businesses, Wi-Fi, and resold DSL. New services include; fiber-optic service within city limits to residents, and phone service to residential fiber customers. During the year, SandyNet has been recognized at the national level; receiving the National Association for Telecommunication Officers and Advisors (NATOA) Broadband Heroes of the Year Award, an article in the OSP magazine highlighting case studies for municipal fiber, and our IT Director speaking at the Calix User Group Conference in Las Vegas, NV.

**Fiber-To-The-Home (FTTH) Project** ~ In 2014, the City began the implementation of the Fiber-To-The-Home (FTTH) project, offering a high capacity affordable fiber network to the residents. Sandy is now a fiber connected community offering an improved quality of life and will provide a foundation of fiber fueled economic development for years to come. The City provides services to a total of 3,400 premises locations with 1,700 active customers and growing. The project is estimated to be completed by October 2015.



**Sandy Transit** – Sandy Area Metro, a local bus system continues to enhance our community and surrounding areas by offering exceptional and diversified transportation options. Purchased a new van (88% coverage by grant) that services out-of-area trips for elderly and disability persons. It is fully accessible van-type vehicle with more seating than the current mini-vans, with seating for 4 ambulatory plus 1 wheelchair passenger. In addition, the Transit Department purchased a new bus (89% coverage by grant) for the Sandy/Gresham route which is low-floor style bus providing the best quality customer experience.

## **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 2015 marked the end of the second 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, 2014. This was the 24<sup>th</sup> year that the City has achieved this prestigious award. A Certificate of Achievement is valid for a period of one year only and to obtain it the City must publish an easily readable and efficiently organized comprehensive annual financial report. 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,

A handwritten signature in black ink, appearing to read "Seth Atkinson", with a long horizontal flourish extending to the right.

Seth Atkinson  
City Manager

A handwritten signature in black ink, appearing to read "Lisa Young", with a long horizontal flourish extending to the right.

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, 2014**

Executive Director/CEO



## ELECTED CITY OFFICIALS

NAME

TERM EXPIRES

**Mayor**

Bill King

December 2016

**Councilors**

Jeremy Pietzold

December 2018

John Hamblin

December 2016

Preston Farnar

December 2016

Lois Coleman

December 2018

Carl Exner

December 2018

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**

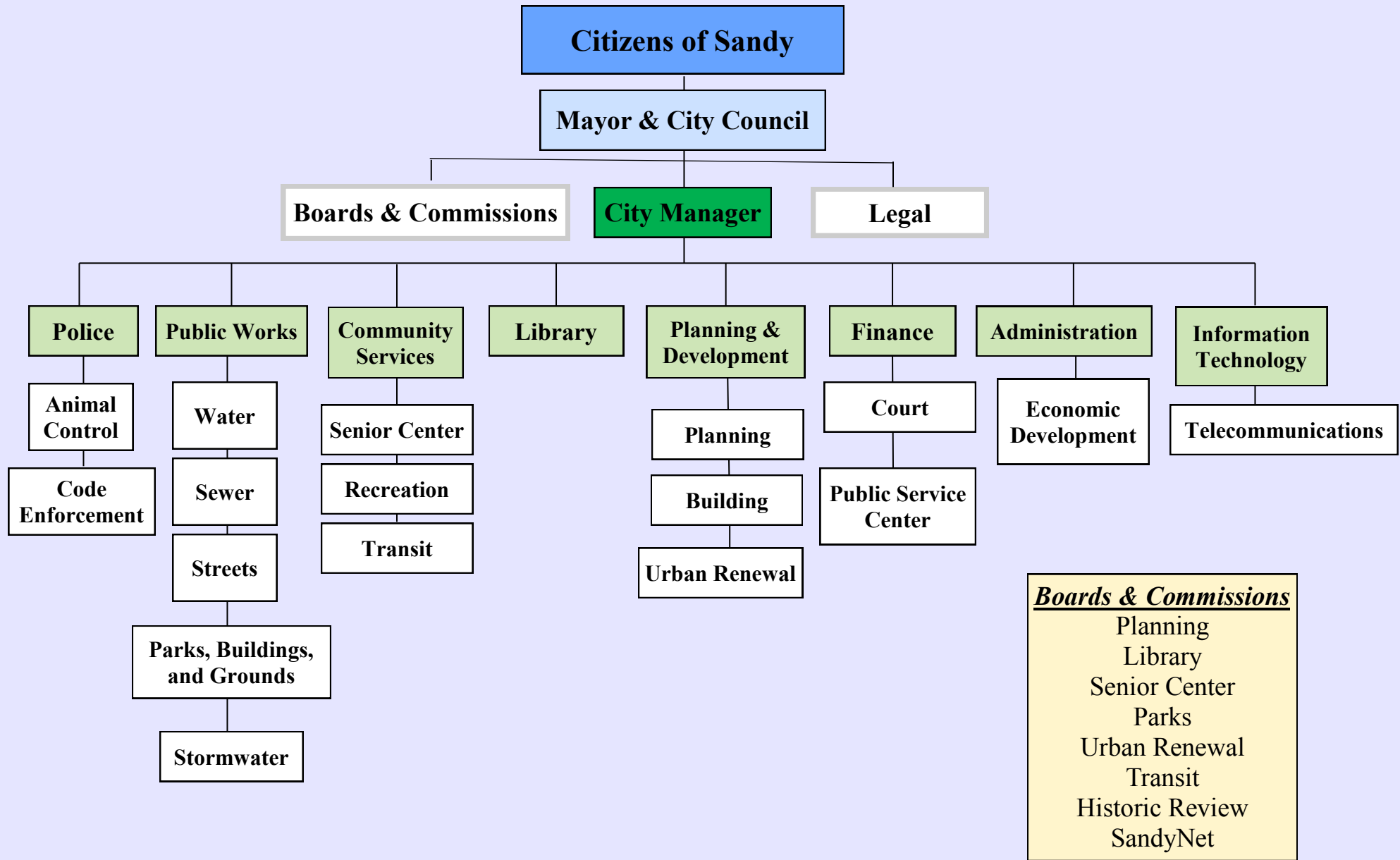
Joe Knapp

## MAILING ADDRESS

39250 Pioneer Blvd.  
Sandy, Oregon 97055

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

# ORGANIZATIONAL CHART





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## **FINANCIAL SECTION**



**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and 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 the City of Sandy, Oregon (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, 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 adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

## **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, schedule of the proportionate share of the net pension liability, and schedule of contributions, as listed in the table of contents under required supplementary information, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City'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 2, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is

issued separately and is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

**Other Reporting Required by Oregon Minimum Standards**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 2, 2015, on our consideration of the City'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.

A handwritten signature in cursive script that reads "Merina & Company".

Merina & Company, LLP  
West Linn, Oregon  
December 2, 2015

# CITY OF SANDY, OREGON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### JUNE 30, 2015

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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, 2015. 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

- The assets and deferred outflows of resources of the City of Sandy exceeded its liabilities at the close of the most recent fiscal year by \$43,913,504. Of this amount \$6,365,447, may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$2,145,264. This is mainly attributed to the increase in capital assets. See Table 1 – Summary of Net Position for more details.
- The City's governmental activities reported total net position of \$28,425,312, which is an increase of \$1,798,501. Approximately 13% of the total, or \$3,693,413, is unrestricted and thus available for spending at the City's discretion.
- The City's business-type activities reported total net position of \$15,488,192, which is an increase of \$343,763 from the prior year. Approximately 17% of the total, or \$2,672,034, is unrestricted and thus available for spending at the City's discretion.
- The City of Sandy's total debt decreased by \$1,122,847 during the current fiscal year of which 33% or \$362,000 includes debt forgiveness by the Business Oregon, Safe Drinking Water Loan program. No new debt was issued in FY 2014-15.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

# CITY OF SANDY, OREGON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### JUNE 30, 2015

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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 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.

**CITY OF SANDY, OREGON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

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

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

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

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

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

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

**Notes to the Basic Financial Statements.** The Notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements and are found on pages 32 through 59 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 60 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, 2015**

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

	Governmental Activities		Business-type Activities		Total		
	2015	2014	2015	2014	2015	2014	+ (-)
Current assets	\$ 8,581	\$ 6,119	\$ 3,223	\$ 9,688	\$ 11,803	\$ 15,807	(\$4,003)
Other assets	1,485	378	1,334	1,180	2,820	1,558	1,261
Capital assets	23,862	24,490	30,784	24,971	54,646	49,461	5,185
Total assets	<u>33,928</u>	<u>30,987</u>	<u>35,341</u>	<u>35,839</u>	<u>69,269</u>	<u>66,826</u>	<u>2,443</u>
Deferred outflows of resources	397	-	43	-	440	-	440
Other liabilities	1,216	536	1,371	1,286.76	2,587	1,823	764
Long term debt outstanding	2,686	3,771	18,314	19,407	21,000	23,178	(2,178)
Total liabilities	<u>3,902</u>	<u>4,307</u>	<u>19,685</u>	<u>20,694</u>	<u>23,587</u>	<u>25,001</u>	<u>(1,414)</u>
Deferred inflows of resources	1,999	54	210	-	2,209	54	2,155
Net position:							
Net investment in capital	20,860	20,935	12,026	11,534	32,885	32,469	416
Restricted for:							
Debt Service	-	-	167	167	167	167	-
System Development Charges	1,158	-	623	550	1,781	550	1,231
State/Local Gas Tax	1,319	1,969	-	-	1,319	1,969	(649)
Parks Projects	41	-	-	-	41	-	41
State Statute	1,354	597	-	-	1,354	597	757
Unrestricted (deficit)	3,693	3,127	2,672	2,893	6,365	6,020	346
Total net position	<u>\$ 28,425</u>	<u>\$ 26,627</u>	<u>\$ 15,488</u>	<u>\$ 15,144</u>	<u>\$ 43,914</u>	<u>\$ 41,771</u>	<u>\$ 2,142</u>

By far the largest portion of the City of Sandy's net position (75% percent or \$32,885,417) 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 \$6,365,447 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, 2015**

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

	Governmental Activities		Business-type Activities		Total		Total Change
	2015	2014	2015	2014	2015	2014	+ (-)
<b>REVENUES</b>							
Program revenues							
Charges for services	\$ 2,183	\$ 1,691	\$ 3,602	\$ 3,286	\$ 5,786	\$ 4,977	\$ 808
Operating grants and contributions	1,243	831	-	-	1,243	831	412
Capital grants and contributions	396	254	363	-	758	254	504
General revenues	-	-	-	-	-	-	-
Property taxes	4,222	3,965	-	-	4,222	3,965	257
Franchise fees and public services taxes	3,405	3,160	-	-	3,405	3,160	244
Interest and investment earnings	41	34	50	37	91	71	21
Other	278	832	153	103	431	935	(504)
Total revenues	<u>11,768</u>	<u>10,767</u>	<u>4,168</u>	<u>3,427</u>	<u>15,936</u>	<u>14,194</u>	<u>1,742</u>
<b>EXPENSES</b>							
General Government	775	1,142	-	-	775	1,142	(367)
Highways and streets	937	727	-	-	937	727	210
Public transportation	1,315	1,321	-	-	1,315	1,321	(6)
Economic development	1,075	954	-	-	1,075	954	121
Public safety	2,161	2,537	-	-	2,161	2,537	(376)
Culture and recreation	1,860	2,156	-	-	1,860	2,156	(296)
Interest on long-term debt	68	142	-	-	68	142	(74)
Water	-	-	1,485	1,104	1,485	1,104	381
Wastewater	-	-	1,350	1,341	1,350	1,341	10
Stormwater	-	-	180	193	180	193	(13)
Telecommunications	-	-	528	737	528	737	(209)
Total Expenses	<u>8,191</u>	<u>8,979</u>	<u>3,542</u>	<u>3,374</u>	<u>11,733</u>	<u>12,354</u>	<u>(620)</u>
Increase in net position before transfers	3,577	1,788	626	52	4,203	1,840	2,363
Transfers	80	117	(80)	(117)	-	-	-
Changes in net position	<u>3,658</u>	<u>1,905</u>	<u>546</u>	<u>(64)</u>	<u>4,203</u>	<u>1,840</u>	<u>2,363</u>
Net position, July 1	26,627	24,722	15,144	15,276	41,771	39,998	1,773
Change in accounting principle	(1,878)	-	(202)	-	(2,080)	-	(2,080)
Beginning net position, restated	<u>24,749</u>	<u>24,722</u>	<u>14,943</u>	<u>15,276</u>	<u>39,691</u>	<u>39,998</u>	<u>(307)</u>
Prior period adjustment	19	-	-	(67)	19	(67)	87
Net position, June 30	<u>\$ 28,425</u>	<u>\$ 26,627</u>	<u>\$ 15,488</u>	<u>\$ 15,144</u>	<u>\$ 43,914</u>	<u>\$ 41,771</u>	<u>\$ 2,142</u>

*Governmental activities.* During the current fiscal year, net position for government activities increased \$1,798,501 from the prior year for an ending balance of \$28,425,312. This increase is partly due to an increase in charge for services and operating grants received during the year. The 2014 net position as of July 1 was restated and reduced by \$1,878,288 due to the change in accounting principle, GABS 68.

*Business-type activities.* For the City of Sandy's business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$15,448,192. The total increase in net position for business-type activities (water, sewer, stormwater and telecommunication) was \$343,763 or 2.27% from prior year. The growth is attributable to a 4% water rate increase, 6% sewer rate increase and high interested in fiber services.

**CITY OF SANDY, OREGON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

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

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

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

At the end of the fiscal year, the City of Sandy's governmental funds reported combined ending fund balances of \$8,009,858. Approximately 52% percent of this total amount (\$4,129,319) 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 M. 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 \$599,484 from the prior year.

The *Street Fund* provides for the maintenance and construction of City streets. The fund saw an increase of \$508,531 from high revenues received from local gas tax, street system development charges and delay of major street expenses.

The *Parks Capital Projects Fund* balance increased by \$348,503 is due to payments of \$207,199 in lieu of land dedication for various developments and a modest increase in system development charges. This resulted in a positive ending fund balance at the end of the fiscal year.

The *Transit Fund* balance increase of \$406,720 as Federal grants assisted in covering operational expenses and the majority capital expenditure of new transit vehicles.

The *Urban Renewal Fund* increased by \$737,999 is a result of a modest increase in property tax revenues, a reduction in capital outlay and comparative debt service costs 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 \$232,650. This is mainly due to operating revenue exceeded operating expenses. The Sewer Fund saw a decrease in net position of \$96,103 from increases in operating expenses and reductions in system development charge revenue. The Stormwater Fund had an increase in net position of \$10,245 in which can be tied to constant program revenues combined with conservative spending. The Telecommunications Fund increased its net position by \$196,971 as expenses reduced with the Fiber-To-The-Home project

**CITY OF SANDY, OREGON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

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were closer to completion and increased customer activations.

**BUDGET VARIANCES IN THE GENERAL FUND**

The City of Sandy currently employs a biennial budget. The fiscal year ending June 30, 2015 marks the end of the City's second-year budget cycle. Supplemental budget adjustments made during the fiscal year were as follows; General Fund increased by \$842,067 to account for increase services provided by the Police department, remodel of Hoodland Library and unexpected costs for economic development activity which were offset by increased revenues received, Parks Capital Project Fund increased by \$126,000 to account for the completion of Bornstedt Park improvements which were offset by higher than expected system development charges, Telecommunication Fund increase by \$8,322,400 to account for the financing the project through a revenue bond and interfund loan proceeds.

**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, 2015 amounts to \$54,646,375 (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:

- ❖ Near completion of the Fiber-to-the-home project
- ❖ Purchase of transit bus.

The following Tables 3 and 4 summarizes capital assets and changes as of June 30, 2015.

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

	Governmental Activities		Business-Type Activities		Total		Change + (-)
	2015	2014	2015	2014	2015	2014	
Land	\$ 3,155	\$ 3,140	\$ 1,100	\$ 1,100	\$ 4,255	\$ 4,239	\$ 16
Construction in Progress	228	84	8,327	1,565	8,555	1,649	6,906
Improvements	7,914	8,228	19,675	20,427	27,589	28,655	(1,066)
Buildings	11,178	11,632	680	699	11,858	12,331	(473)
Furniture and equipment	237	172	839	991	1,076	1,163	(87)
Vehicles	1,119	1,188	164	189	1,283	1,377	(94)
Intangible Assets	31	47	-	-	31	47	(16)
<b>Total</b>	<b>\$ 23,862</b>	<b>\$24,490</b>	<b>\$ 30,784</b>	<b>\$24,971</b>	<b>\$ 54,646</b>	<b>\$49,461</b>	<b>\$ 5,185</b>

**CITY OF SANDY, OREGON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Beginning balance	\$ 24,490	\$ 24,616	\$ 24,971	\$ 19,315	\$ 49,461	\$ 43,931
Additions	614	1,152	6,781	11,356	7,395	12,508
Depreciation	(1,158)	(1,113)	(968)	(808)	(2,126)	(1,920)
Deletions	(84)	(165)	-	(4,893)	(84)	(5,058)
Ending balance	\$ 23,862	\$ 24,490	\$ 30,784	\$ 24,971	\$ 54,646	\$ 49,461

Additional information on the City's capital assets can be found in the notes to the basic financial statements – Note 4.

**Long-term debt.** At the end of the current fiscal year, the City had total long-term debt outstanding of \$22,118,193. The City's total debt decreased by \$1,122,847 and was driven by a debt forgiveness of \$362,000 by Business Oregon for the Bull Run waterline project. During the fiscal year ended June 30, 2015 all scheduled debt payments were met.

The Table 5 summarizes outstanding debt as of June 30, 2015.

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

	Government Activities		Business Activities		Total		Total Change
	2015	2014	2015	2014	2015	2014	+ (-)
Bonds payable	\$ 1,847	\$ 2,244	\$ 8,998	\$ 9,183	\$ 10,845	\$ 11,426	\$ (582)
Bond premium	-	-	258	271	258	271	(13)
Notes payable	1,156	1,312	9,501	9,917	10,658	11,228	(571)
Compensated absences	312	269	46	46	357	315	42
Total	\$ 3,315	\$ 3,824	\$18,804	\$19,417	\$22,118	\$23,241	\$ (1,123)

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 7.

**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, 2015**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 8,580,684	\$ 3,222,616	\$ 11,803,300
Property taxes receivable	243,349	-	243,349
Due from other governments	17,684	-	17,684
Accounts receivable, net	130,999	301,252	432,251
Long term receivable	118,293	-	118,293
Internal balances	(140,000)	140,000	-
Grants receivable	112,000	-	112,000
Prepays	8,169	5,849	14,018
<b>Total current assets</b>	<b>9,071,178</b>	<b>3,669,717</b>	<b>12,740,895</b>
Noncurrent assets:			
Restricted cash and cash equivalents	-	756,312	756,312
Notes receivable	-	23,890	23,890
Net pension asset	994,866	106,868	1,101,734
Capital assets:			
Nondepreciable	3,383,526	9,426,233	12,809,759
Depreciable, net	20,478,924	21,357,692	41,836,616
<b>Total noncurrent assets</b>	<b>24,857,316</b>	<b>31,670,995</b>	<b>56,528,311</b>
<b>Total assets</b>	<b>33,928,494</b>	<b>35,340,712</b>	<b>69,269,206</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflow related to pension	397,277	42,677	439,954
<b>Total assets &amp; deferred outflows of resources</b>	<b>\$ 34,325,771</b>	<b>\$ 35,383,389</b>	<b>\$ 69,709,160</b>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 463,238	\$ 415,084	\$ 878,322
Interest payable	19,295	463,223	482,518
Deposits	104,876	3,146	108,022
Current portion of accrued compensated absences payable	62,320	9,127	71,447
Current portion of long-term debt	566,255	480,394	1,046,649
<b>Total current liabilities</b>	<b>1,215,984</b>	<b>1,370,974</b>	<b>2,586,958</b>
Noncurrent liabilities:			
Noncurrent portion of accrued compensated absences payable	249,278	36,510	285,788
Noncurrent portion of long-term obligations	2,436,666	18,277,643	20,714,309
<b>Total noncurrent liabilities</b>	<b>2,685,944</b>	<b>18,314,153</b>	<b>21,000,097</b>
<b>Total liabilities</b>	<b>3,901,928</b>	<b>19,685,127</b>	<b>23,587,055</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred gain on refunding	42,941	-	42,941
Deferred inflow related to pension	1,955,590	210,070	2,165,660
<b>Total deferred inflows of resources</b>	<b>1,998,531</b>	<b>210,070</b>	<b>2,208,601</b>
<b>NET POSITION:</b>			
Net investment in capital assets	20,859,529	12,025,888	32,885,417
Restricted for:			
Debt service	-	167,211	167,211
System development charges	1,157,692	623,059	1,780,751
State/local gas tax	1,319,394	-	1,319,394
Park projects	41,436	-	41,436
Urban renewal projects	1,353,848	-	1,353,848
Unrestricted	3,693,413	2,672,034	6,365,447
<b>Total net position</b>	<b>28,425,312</b>	<b>15,488,192</b>	<b>43,913,504</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 34,325,771</b>	<b>\$ 35,383,389</b>	<b>\$ 69,709,160</b>

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



**CITY OF SANDY, OREGON**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 775,240	\$ 215,301	\$ -	\$ -
Highways and streets	936,712	315,599	297,316	-
Public transportation	1,314,585	135,537	848,940	145,600
Economic development	1,074,987	449,094	20,000	-
Public safety	2,160,821	677,743	12,228	-
Culture and recreation	1,860,267	390,129	64,651	250,000
Interest on long-term debt	68,307	-	-	-
Total governmental activities	<u>8,190,919</u>	<u>2,183,403</u>	<u>1,243,135</u>	<u>395,600</u>
Business type activities:				
Water Fund	1,484,640	1,405,096	-	362,700
Sewer Operations	1,350,379	1,343,441	-	-
Storm Water Fund	179,719	218,593	-	-
Telecommunications Fund	527,525	635,053	-	-
Total business type activities	<u>3,542,263</u>	<u>3,602,183</u>	<u>-</u>	<u>362,700</u>
Total government	<u>\$ 11,733,182</u>	<u>\$ 5,785,586</u>	<u>\$ 1,243,135</u>	<u>\$ 758,300</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
\$ (559,939)	\$ -	\$ (559,939)
(323,797)	-	(323,797)
(184,508)	-	(184,508)
(605,893)	-	(605,893)
(1,470,850)	-	(1,470,850)
(1,155,487)	-	(1,155,487)
(68,307)	-	(68,307)
<u>(4,368,781)</u>	<u>-</u>	<u>(4,368,781)</u>
-	283,156	283,156
-	(6,938)	(6,938)
-	38,874	38,874
<u>-</u>	<u>107,528</u>	<u>107,528</u>
<u>-</u>	<u>422,620</u>	<u>422,620</u>
<u>(4,368,781)</u>	<u>422,620</u>	<u>(3,946,161)</u>
4,221,960	-	4,221,960
2,800,038	-	2,800,038
604,725	-	604,725
41,070	50,098	91,168
278,391	153,005	431,396
80,196	(80,196)	-
<u>8,026,380</u>	<u>122,907</u>	<u>8,149,287</u>
3,657,599	545,527	4,203,126
24,748,523	14,942,665	39,691,188
<u>19,190</u>	<u>-</u>	<u>19,190</u>
<u>\$ 28,425,312</u>	<u>\$ 15,488,192</u>	<u>\$ 43,913,504</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, 2015**

	General Fund	State Tax Street Fund	Urban Renewal Agency Fund	Transit Fund	Parks Capital Project Fund	Total Governmental
<b>ASSETS</b>						
Cash and cash equivalents	\$ 3,056,342	\$ 2,452,311	\$ 1,487,281	\$ 1,427,549	\$ 46,512	\$ 8,469,995
Property taxes receivable	162,541	-	80,808	-	-	243,349
Due from other governments	11,736	-	5,948	-	-	17,684
Accounts receivable, net	76,344	54,655	-	-	-	130,999
Prepays	-	-	-	8,169	-	8,169
Long term receivable	98,833	19,460	-	-	-	118,293
Grants receivable	-	-	-	112,000	-	112,000
Total assets	<u>\$ 3,405,796</u>	<u>\$ 2,526,426</u>	<u>\$ 1,574,037</u>	<u>\$ 1,547,718</u>	<u>\$ 46,512</u>	<u>\$ 9,100,489</u>
<b>LIABILITIES:</b>						
Accounts payable and other current liabilities	\$ 356,942	\$ 29,880	\$ 5,328	\$ 64,476	\$ 5,076	\$ 461,702
Deposits	104,876	-	-	-	-	104,876
Interfund loan payable	-	-	140,000	-	-	140,000
Total liabilities	<u>461,818</u>	<u>29,880</u>	<u>145,328</u>	<u>64,476</u>	<u>5,076</u>	<u>706,578</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	150,804	-	74,861	-	-	225,665
Unavailable revenue - receivables	138,928	19,460	-	-	-	158,388
Total deferred inflows of resources	<u>289,732</u>	<u>19,460</u>	<u>74,861</u>	<u>-</u>	<u>-</u>	<u>384,053</u>
<b>FUND BALANCES:</b>						
Non-spendable:						
Pre-paid items	-	-	-	8,169	-	8,169
Restricted:						
System development charges	-	1,157,692	-	-	-	1,157,692
Street and roadside maintenance	-	1,319,394	-	-	-	1,319,394
Park projects	-	-	-	-	41,436	41,436
Urban renewal projects	-	-	1,353,848	-	-	1,353,848
Assigned:						
Public transportation	-	-	-	1,475,073	-	1,475,073
Unassigned, reported in:						
General fund	<u>2,654,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,654,246</u>
Total fund balance	<u>2,654,246</u>	<u>2,477,086</u>	<u>1,353,848</u>	<u>1,483,242</u>	<u>41,436</u>	<u>8,009,858</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 3,405,796</u>	<u>\$ 2,526,426</u>	<u>\$ 1,574,037</u>	<u>\$ 1,547,718</u>	<u>\$ 46,512</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.	23,862,450
Pension related changes.	(563,447)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred outflows in the funds. Unavailable revenue	384,053
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.	109,153
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.	(42,941)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(3,333,814)</u>
Net position	<u>\$ 28,425,312</u>

*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, 2015**

	General Fund	State Tax Street Fund	Urban Renewal Agency Fund
<b>REVENUES:</b>			
Property taxes	\$ 2,781,196	\$ -	\$ 1,432,634
Public service taxes	1,419,099	872,737	-
Franchise fees	604,725	-	-
Grants	441,320	297,316	-
Charges for services	851,914	-	-
Licenses and permits	358,495	-	-
Fines and forfeitures	277,188	-	-
Special assessments	1,978	33,670	-
System development charges	-	281,929	-
Interest	18,107	9,209	7,135
Miscellaneous	30,635	10,902	-
Payment in lieu of land dedication	-	-	-
	<u>6,784,657</u>	<u>1,505,763</u>	<u>1,439,769</u>
<b>EXPENDITURES:</b>			
Current:			
General government	727,726	-	-
Highways and streets	-	484,483	-
Public transportation	-	-	-
Economic development	736,356	-	100,226
Public safety	2,374,015	-	-
Culture and recreation	2,041,001	-	-
Capital outlay	382,751	397,704	152,319
Debt service:			
Principal	103,297	52,226	396,960
Interest	27,332	8,431	45,759
	<u>6,392,478</u>	<u>942,844</u>	<u>695,264</u>
Revenues over (under) expenditures	392,179	562,919	744,505
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	282,305	-	-
Transfers out	(75,000)	(54,388)	(6,506)
	<u>207,305</u>	<u>(54,388)</u>	<u>(6,506)</u>
Net changes in fund balances	599,484	508,531	737,999
<b>FUND BALANCES, BEGINNING</b>	<u>2,054,762</u>	<u>1,968,555</u>	<u>596,659</u>
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>-</u>	<u>-</u>	<u>19,190</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 2,654,246</u>	<u>\$ 2,477,086</u>	<u>\$ 1,353,848</u>

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

Transit Fund	Parks Capital Project Fund	Total Governmental
\$ -	\$ -	\$ 4,213,830
508,202	-	2,800,038
-	-	604,725
994,540	14,110	1,747,286
135,537	17,021	1,004,472
-	-	358,495
-	-	277,188
-	-	35,648
-	190,484	472,413
5,946	24	40,421
5,183	-	46,720
24,472	207,199	231,671
<u>1,673,880</u>	<u>428,838</u>	<u>11,832,907</u>
-	-	727,726
-	-	484,483
1,101,706	-	1,101,706
-	-	836,582
-	-	2,374,015
-	9,837	2,050,838
165,454	70,498	1,168,726
-	-	552,483
-	-	81,522
<u>1,267,160</u>	<u>80,335</u>	<u>9,378,081</u>
406,720	348,503	2,454,826
-	-	282,305
(66,215)	-	(202,109)
<u>(66,215)</u>	<u>-</u>	<u>80,196</u>
340,505	348,503	2,535,022
<u>1,142,737</u>	<u>(307,067)</u>	<u>5,455,646</u>
-	-	19,190
<u>\$ 1,483,242</u>	<u>\$ 41,436</u>	<u>\$ 8,009,858</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, 2015**

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Amounts reported in the statement of activities are different because:

Net changes in fund balance		\$ 2,535,022
Governmental funds report pension contributions as expenditures. However, in the statements of activities, the cost of pension benefits earned net of employee contributions is reports as pension expense.		1,314,841
The statement of revenues, expenditures, and changes if fund balances report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Current year depreciation	(1,157,892)	
Capital assets	<u>529,913</u>	(627,979)
Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds.		(35,234)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued interest expense		13,215
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount by which proceeds exceeded repayments.		
Change in compensated absences	(42,634)	
Debt service principal payments	<u>552,483</u>	509,849
Internal service funds are used by management to charge the costs of the administrative services department to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		<u>(52,115)</u>
Change in net position of governmental activities		<u><u>\$ 3,657,599</u></u>

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

## **FUND FINANCIAL STATEMENTS**

### **Proprietary Funds**

#### Enterprise Funds

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

#### **Water Fund**

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

#### **Sewer Operations**

##### **Sewer Fund**

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

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

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

#### **Storm Water Fund**

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

#### **Telecommunications Fund**

The Telecommunications Funds accounts for the city-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, 2015**

	Enterprise Funds		
	Water Fund	Sewer Operations	Storm Water Fund
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 2,045,561	\$ 527,904	\$ 475,454
Accounts receivables, net	89,262	104,280	27,470
Interfund loan receivable	-	729,097	-
Prepays	-	-	-
Total current assets	<u>2,134,823</u>	<u>1,361,281</u>	<u>502,924</u>
Noncurrent assets:			
Restricted cash and cash equivalents	133,253	623,059	-
Capital assets, net	14,439,475	6,896,678	734,104
Notes receivable	7,883	16,007	-
Net pension asset	33,052	33,052	11,017
Total noncurrent assets	<u>14,613,663</u>	<u>7,568,796</u>	<u>745,121</u>
Total assets	<u>16,748,486</u>	<u>8,930,077</u>	<u>1,248,045</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflow related to pension asset	13,199	13,199	4,400
Total assets & deferred outflows of resources	<u>\$ 16,761,685</u>	<u>\$ 8,943,276</u>	<u>\$ 1,252,445</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 22,492	\$ 2,601	\$ 1,221
Accrued compensated absences payable	3,011	3,011	726
Accrued interest payable	355,713	9,358	2,223
Deposits	3,146	-	-
Interfund loan payable	-	-	-
Loans payable within one year	382,553	54,917	30,000
Total current liabilities	<u>766,915</u>	<u>69,887</u>	<u>34,170</u>
Noncurrent liabilities:			
Loans payable, net of current portion	7,572,905	2,309,192	650,000
Accrued compensated absences payable	12,044	12,044	2,906
Total noncurrent liabilities	<u>7,584,949</u>	<u>2,321,236</u>	<u>652,906</u>
Total liabilities	<u>8,351,864</u>	<u>2,391,123</u>	<u>687,076</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflow related to pension asset	64,970	64,970	21,657
<b>NET POSITION:</b>			
Net investment in capital assets	6,484,017	4,532,569	54,104
Restricted for:			
Debt service	-	167,211	-
System development charges	-	623,059	-
Unrestricted	1,860,834	1,164,344	489,608
Total net position	<u>8,344,851</u>	<u>6,487,183</u>	<u>543,712</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 16,761,685</u>	<u>\$ 8,943,276</u>	<u>\$ 1,252,445</u>

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

Telecommunications Fund	Total	Governmental Activities Operations Center Internal Service Fund
\$ 173,697	\$ 3,222,616	\$ 110,689
80,240	301,252	-
-	729,097	-
5,849	5,849	-
259,786	4,258,814	110,689
-	756,312	-
8,713,668	30,783,925	-
-	23,890	-
29,747	106,868	-
8,743,415	31,670,995	-
9,003,201	35,929,809	110,689
11,879	42,677	-
\$ 9,015,080	\$ 35,972,486	\$ 110,689
\$ 388,770	\$ 415,084	\$ 1,536
2,379	9,127	-
95,929	463,223	-
-	3,146	-
589,097	589,097	-
12,924	480,394	-
1,089,099	1,960,071	1,536
7,745,546	18,277,643	-
9,516	36,510	-
7,755,062	18,314,153	-
8,844,161	20,274,224	1,536
58,473	210,070	-
955,198	12,025,888	-
-	167,211	-
-	623,059	-
(842,752)	2,672,034	109,153
112,446	15,488,192	109,153
\$ 9,015,080	\$ 35,972,486	\$ 110,689

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, 2015**

	<u>Water Fund</u>	<u>Sewer Operations</u>
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 1,216,023	\$ 1,079,967
Special assessments and surcharges	189,073	263,474
Miscellaneous	55,192	20,163
	<u>1,460,288</u>	<u>1,363,604</u>
<b>OPERATING EXPENSES:</b>		
Salaries, fringe benefits and payroll taxes	154,134	154,133
Utilities	-	-
Operating supplies	-	-
Insurance	-	-
Maintenance and repairs	33,996	25,543
Contractual services	-	-
General, administration, and other	577,459	737,195
Depreciation	506,181	316,703
	<u>1,271,770</u>	<u>1,233,574</u>
Total operating expenses		
Operating income (loss)	188,518	130,030
<b>NON-OPERATING INCOME (EXPENSE):</b>		
Interest income	10,820	14,233
Interest expense	(212,870)	(116,805)
Capital grants	362,700	-
	<u>160,650</u>	<u>(102,572)</u>
Total non-operating income (expenses)		
Net income (loss) before transfers	349,168	27,458
<b>TRANSFERS:</b>		
Transfers in (out)	(54,117)	(61,160)
Change in net position	295,051	(33,702)
<b>NET POSITION, BEGINNING AS RESTATED</b>	<u>8,049,800</u>	<u>6,520,885</u>
<b>NET POSITION, ENDING</b>	<u>\$ 8,344,851</u>	<u>\$ 6,487,183</u>

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

Enterprise Funds			Governmental Activities
Storm Water Fund	Telecommunications Fund	Total	Operations Center Internal Service Fund
\$ 218,593	\$ 635,053	\$ 3,149,636	\$ -
-	-	452,547	-
-	77,650	153,005	-
<u>218,593</u>	<u>712,703</u>	<u>3,755,188</u>	<u>-</u>
66,109	193,329	567,705	-
-	-	-	29,934
-	-	-	5,357
-	-	-	3,746
1,409	20,250	81,198	5,473
-	-	-	8,254
24,553	227,978	1,567,185	-
59,318	85,611	967,813	-
<u>151,389</u>	<u>527,168</u>	<u>3,183,901</u>	<u>52,764</u>
67,204	185,535	571,287	(52,764)
2,256	22,789	50,098	649
(28,330)	(357)	(358,362)	-
-	-	362,700	-
<u>(26,074)</u>	<u>22,432</u>	<u>54,436</u>	<u>649</u>
41,130	207,967	625,723	(52,115)
<u>(10,084)</u>	<u>45,165</u>	<u>(80,196)</u>	<u>-</u>
31,046	253,132	545,527	(52,115)
<u>512,666</u>	<u>(140,686)</u>	<u>14,942,665</u>	<u>161,268</u>
<u>\$ 543,712</u>	<u>\$ 112,446</u>	<u>\$ 15,488,192</u>	<u>\$ 109,153</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, 2015**

	<u>Water Fund</u>	<u>Sewer Operations</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 1,984,302	\$ 1,380,380
Cash paid to employees and others for salaries and benefits	(242,116)	(242,115)
Cash paid to suppliers and others	(1,123,565)	(669,260)
Other cash receipts (disbursements)	198,119	(573)
Net cash provided by operating activities	<u>816,740</u>	<u>468,432</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Payment from (to) other funds for interfund loans and interest	-	(430,573)
Transfers in (out)	(54,117)	(61,160)
Net cash provided by non-capital financing activities	<u>(54,117)</u>	<u>(491,733)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	(10,006)	(10,006)
Principal paid on loans	(476,674)	(93,160)
Interest paid on loans	(212,870)	(116,805)
Proceeds from grants	362,700	-
Net cash provided by capital and related financing activities	<u>(336,850)</u>	<u>(219,971)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest revenue	10,820	14,233
Notes receivable	(7,883)	(16,007)
Net cash provided by investing activities	<u>2,937</u>	<u>(1,774)</u>
Net increase in cash and cash equivalents	428,710	(245,046)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>1,750,104</u>	<u>1,396,009</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 2,178,814</u>	<u>\$ 1,150,963</u>
<b>COMPRISED AS FOLLOWS:</b>		
Unrestricted	\$ 2,045,561	\$ 527,904
Restricted	133,253	623,059
Total	<u>\$ 2,178,814</u>	<u>\$ 1,150,963</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 188,518	\$ 130,030
Adjustments:		
Depreciation	506,181	316,703
Decrease (increase) in:		
Accounts receivable	523,917	16,776
Prepaid items	18,017	50,100
Increase (decrease) in:		
Accounts payable and accrued expenses	(574,118)	(613)
Accrued compensated absences	(309)	(309)
Accrued interest payable	198,119	(573)
Deposits	97	-
Net pension liability	(43,682)	(43,682)
Net cash provided by operating activities	<u>\$ 816,740</u>	<u>\$ 468,432</u>

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

Enterprise Funds			Activities	
Storm Water Fund	Telecommunications Fund	Total	Operations Center Internal Service Fund	
\$ 217,665	\$ 798,133	\$ 4,380,480	\$ -	
(99,285)	(267,147)	(850,663)	-	
(12,842)	(228,875)	(2,034,542)	(54,215)	
(150)	2,132	199,528	-	
<u>105,388</u>	<u>304,243</u>	<u>1,694,803</u>	<u>(54,215)</u>	
-	470,573	40,000	-	
(10,084)	45,165	(80,196)	-	
<u>(10,084)</u>	<u>515,738</u>	<u>(40,196)</u>	<u>-</u>	
-	(6,761,141)	(6,781,153)	-	
(30,000)	(12,924)	(612,758)	-	
(28,330)	(357)	(358,362)	-	
-	-	362,700	-	
<u>(58,330)</u>	<u>(6,774,422)</u>	<u>(7,389,573)</u>	<u>-</u>	
2,256	22,789	50,098	649	
-	-	(23,890)	-	
<u>2,256</u>	<u>22,789</u>	<u>26,208</u>	<u>649</u>	
39,230	(5,931,652)	(5,708,758)	(53,566)	
436,224	6,105,349	9,687,686	164,255	
<u>\$ 475,454</u>	<u>\$ 173,697</u>	<u>\$ 3,978,928</u>	<u>\$ 110,689</u>	
\$ 475,454	\$ 173,697	\$ 3,222,616	\$ 110,689	
-	-	756,312	-	
<u>\$ 475,454</u>	<u>\$ 173,697</u>	<u>\$ 3,978,928</u>	<u>\$ 110,689</u>	
\$ 67,204	\$ 185,535	\$ 571,287	\$ (52,764)	
59,318	85,611	967,813	-	
(928)	85,430	625,195	-	
-	-	68,117	-	
(3,468)	(17,556)	(595,755)	(1,451)	
(2,027)	2,405	(240)	-	
(150)	2,132	199,528	-	
-	-	97	-	
<u>(14,561)</u>	<u>(39,314)</u>	<u>(141,239)</u>	<u>-</u>	
<u>\$ 105,388</u>	<u>\$ 304,243</u>	<u>\$ 1,694,803</u>	<u>\$ (54,215)</u>	

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

## **FUND FINANCIAL STATEMENTS**

### **Fiduciary Funds**

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

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

##### **Trust Fund**

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

**CITY OF SANDY, OREGON**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2015**

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	Private-Purpose Trust Fund
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 99,109
Total assets	<u>\$ 99,109</u>
<b>LIABILITIES:</b>	
Accounts payable and other current liabilities	<u>\$ 84</u>
Total liabilities	<u>84</u>
<b>NET POSITION:</b>	
Held in trust for:	
Library	8,311
Adopt a book	1,345
Seniors	43,516
Meinig park	8,574
Recreation	923
Fantasy forest	8,690
Youth basketball	7,281
GREAT	3,047
Police explorers	3,151
Riparian	4,261
Emergency services	267
EASEY	6,153
Sandy times	(63)
Noah's Quest	942
DARE	(980)
Shop with a cop	<u>3,607</u>
Total net position	<u>99,025</u>
Total liabilities and net position	<u>\$ 99,109</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, 2015**

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	<u>Private-Purpose Trust Fund</u>
<b>ADDITIONS:</b>	
Donations:	
Library	\$ 159
Seniors	4,552
Meinig park	4,475
Youth basketball	279
Noah's Quest	3,081
Interest:	
Library	<u>476</u>
Total additions	<u>13,022</u>
<b>DEDUCTIONS:</b>	
Seniors	5,875
Meinig park	125
Emergency services	20
EASEY	158
Noah's Quest	<u>4,085</u>
Total deductions	<u>10,263</u>
Change in net position	2,759
<b>NET POSITION, BEGINNING</b>	<u>96,266</u>
<b>NET POSITION, ENDING</b>	<u><u>\$ 99,025</u></u>

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

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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**1. Summary of Significant Accounting Policies**

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

**A. Description of Reporting Entity**

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

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

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

**B. Basic Financial Statements**

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide statements

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

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

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

---

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

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

---

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 fund is a private-purpose trust fund. Private-purpose trust funds are used to report contributions from private sources held in trust for the use of making purchases for the benefit of the library, senior center, recreation, emergency services, and Sandy Times and thus do not involve measurement of results of operations. The City reports the following fiduciary fund:

- *Trust Fund*

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement *focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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

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

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

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

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

---

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.

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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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. \$286,722 of interest costs were capitalized during the year ended June 30, 2015.

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 Outflows and Inflows of Resources**

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenditure/expense) until then. The City has one item that qualifies for

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

---

reporting in this category. It is the deferred amounts relating to pensions. This amount is deferred and recognized as an outflow of resources in the period when the City's recognizes pension expense/expenditures. Deferred outflows are included in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

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

**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. Pensions**

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

**M. 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



**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

---

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.

**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.

#### **N. 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.

#### **O. 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.

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

---

**2. Cash and Cash Equivalents**

At June 30, 2015 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	\$ 8,590,276
US Treasuries	1.09	356,456
US Agencies	0.95	3,150,807
Corporate bonds	0.71	206,449
	<hr/>	<hr/>
Total cash equivalents	<u>0.29</u>	<u>\$ 12,303,988</u>

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

Cash and cash equivalents - government-wide	\$ 11,803,300
Restricted cash and cash equivalents – government-wide	756,312
Cash and cash equivalents - fiduciary funds	<u>99,109</u>
Total cash and cash equivalents	<u>\$ 12,658,721</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.

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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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 City does not have a deposit policy for custodial credit risk. The Federal Depository Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) provides insurance for the City's deposits up to \$250,000 for the combined total of all deposit accounts at each financial institution. The remaining deposits are covered by the Public Funds Collateralization program (PFCP) of the State of Oregon in accordance with ORS 295. Depositories qualified under this program are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank failure or loss. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable. ORS 295 creates a shared liability structure for participating depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. As of June 30, 2015, the book value of the City's deposits was \$353,574 and the bank balance was \$639,898. The City's bank balances of \$293,969 were exposed to custodial credit risk as they were collateralized under PFCP.

**3. Property Taxes and Assessments Receivable**

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

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

---

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2015 was as follows:

Primary Government	Beginning Balance	Additions	Deletions	Ending Balance
<i><b>Capital assets, not being depreciated:</b></i>				
Land	\$ 3,139,563	\$ 15,525	\$ -	\$ 3,155,088
Construction in Progress	83,603	228,438	(83,603)	228,438
Total capital assets, not being depreciated	<u>3,223,166</u>	<u>243,963</u>	<u>(83,603)</u>	<u>3,383,526</u>
<i><b>Capital assets, being depreciated:</b></i>				
Improvements	10,409,800	54,020	-	10,463,820
Buildings	13,463,282	-	-	13,463,282
Furniture and equipment	1,207,528	104,178	-	1,311,706
Vehicles	3,102,453	211,355	-	3,313,808
Intangible Assets	96,326	-	-	96,326
Total capital assets, being depreciated	<u>28,279,389</u>	<u>369,553</u>	<u>-</u>	<u>28,648,942</u>
<i><b>Less accumulated depreciation for:</b></i>				
Improvements	(2,182,015)	(367,673)	-	(2,549,688)
Buildings	(1,830,822)	(454,378)	-	(2,285,200)
Furniture and equipment	(1,035,569)	(39,232)	-	(1,074,801)
Vehicles	(1,914,264)	(280,500)	-	(2,194,764)
Intangible Assets	(49,456)	(16,109)	-	(65,565)
Total accumulated depreciation	<u>(7,012,126)</u>	<u>(1,157,892)</u>	<u>-</u>	<u>(8,170,018)</u>
Total capital assets, being depreciated, net	<u>21,267,263</u>	<u>(788,339)</u>	<u>-</u>	<u>20,478,924</u>
Governmental activities capital assets, net	<u>\$ 24,490,429</u>	<u>\$ (544,376)</u>	<u>\$ (83,603)</u>	<u>\$ 23,862,450</u>

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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	1,565,418	6,761,141	-	8,326,559
Total capital assets , not being depreciated	<u>2,665,092</u>	<u>6,761,141</u>	<u>-</u>	<u>9,426,233</u>
<i>Capital assets, being depreciated:</i>				
Improvements	28,822,964	-	-	28,822,964
Buildings	944,698	-	-	944,698
Furniture and equipment	2,424,117	-	-	2,424,117
Vehicles	588,914	20,012	-	608,926
Total capital assets, being depreciated	<u>32,780,693</u>	<u>20,012</u>	<u>-</u>	<u>32,800,705</u>
<i>Less accumulated depreciation for:</i>				
Improvements	(8,395,647)	(752,313)	-	(9,147,960)
Buildings	(246,046)	(18,423)	-	(264,469)
Furniture and equipment	(1,433,176)	(152,235)	-	(1,585,411)
Vehicles	(400,331)	(44,842)	-	(445,173)
Total accumulated depreciation	<u>(10,475,200)</u>	<u>(967,813)</u>	<u>-</u>	<u>(11,443,013)</u>
Total capital assets, being depreciated, net	<u>22,305,493</u>	<u>(947,801)</u>	<u>-</u>	<u>21,357,692</u>
Business-type activities capital assets, net	<u>\$ 24,970,585</u>	<u>\$ 5,813,340</u>	<u>\$ -</u>	<u>\$ 30,783,925</u>

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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Depreciation expense was charged to functions/programs as follows:

<b>Governmental activities:</b>	<b>Depreciation</b>
General government	\$ 160,859
Public safety	146,978
Highways and streets	148,591
Public transportation	238,713
Economic development	131,700
Culture and recreation	331,051
Total depreciation expense - governmental activities	<u>\$ 1,157,892</u>
<b>Business-type activities:</b>	
Water	506,181
Sewer	316,703
Stormwater	59,318
Telecommunications	85,611
Total depreciation expense - business-type activities	<u>967,813</u>

**5. 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.

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

The Interfund loan receivables and payables are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Bond Reserve	Urban Renewal Fund	\$ 140,000
Sewer Bond Reserve	Telecommunications Fund	589,097
Total		<u>\$ 729,097</u>

**B. Interfund Transfers**

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

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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	<u>Transfer In</u>	<u>Transfer Out</u>
Major Governmental Funds:		
General Fund	\$ 282,305	\$ 75,000
State Tax Street Fund	-	54,388
Transit Fund	-	66,215
Urban Renewal Fund	-	6,506
	<u>282,305</u>	<u>202,109</u>
Total Major Governmental Funds	<u>282,305</u>	<u>202,109</u>
Proprietary Funds:		
Water Fund	-	54,117
Sewer Fund	-	61,160
Stormwater Fund	-	10,084
Telecommunications Fund	75,000	29,835
	<u>75,000</u>	<u>155,196</u>
Total Proprietary Funds	<u>75,000</u>	<u>155,196</u>
Total All Funds	<u>\$ 357,305</u>	<u>\$ 357,305</u>

**6. Unavailable Revenues**

Unavailable revenues on June 30, 2015 consisted of the following:

Property taxes receivable	\$ 225,665
Other receivables	158,388
Total unavailable revenue	<u>\$ 384,053</u>

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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**7. Long Term Debt**

During the year ended June 30, 2015, long-term liability activity was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
<b>Governmental Activities</b>					
Bonds and notes payable:					
Bonds payable	\$ 2,243,584	\$ -	\$ 396,960	\$ 1,846,624	\$ 426,836
Notes payable	1,311,819	-	155,522	1,156,297	139,419
Total bonds and notes payable	3,555,403	-	552,482	3,002,921	566,255
Compensated absences	268,965	42,633	-	311,598	62,320
Total governmental activities	<u>\$ 3,824,368</u>	<u>\$ 42,633</u>	<u>\$ 552,482</u>	<u>\$ 3,314,519</u>	<u>\$ 628,575</u>
<b>Business-type Activities</b>					
Bonds payable	\$ 9,182,865	\$ -	\$ 184,707	8,998,158	\$ 140,661
Bond premium	271,394	-	12,924	258,470	12,924
Notes payable	9,916,536	-	415,127	9,501,409	326,809
Total bonds and notes payable	19,370,795	-	612,758	18,758,037	480,394
Compensated absences	45,877	2,405	2,645	45,637	9,127
Total business-type activities	<u>\$ 19,416,672</u>	<u>\$ 2,405</u>	<u>\$ 615,403</u>	<u>\$ 18,803,674</u>	<u>\$ 489,521</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.

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**Governmental Activities**

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

Total bonds payable	<u>\$ 1,846,624</u>
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**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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

<u>Bonds Payable Governmental Activities</u>		
Fiscal Year	UR Series 2014	
	Principal	Interest
2016	\$ 426,836	\$ 39,148
2017	448,357	31,704
2018	473,564	23,546
2019	497,867	14,862
	<u>\$ 1,846,624</u>	<u>\$ 109,260</u>

**Business-Type Activities**

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Series 2014: original amount \$947,154; interest rate 1.85%; final payment due June 2022.	\$ 818,158
Series 2011: original amount \$800,000; interest rate 4.60%; final payment due June 2031.	680,000
Series 2014: original amount \$7,500,000; interest rate 1.375 to 4.00%; final payment due March 2035.	<u>7,500,000</u>
<b>Total bonds payable</b>	<u><b>\$ 8,998,158</b></u>

Fiscal Year	<u>Bonds Payable Business-Type Activities</u>					
	Water Fund Series 2014		Storm Water Series 2011		TC Revenue Bond Series 2014	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 110,661	\$ 10,150	\$ 30,000	\$ 27,580	\$ -	\$ 287,788
2017	108,224	7,651	35,000	26,680	70,000	287,788
2018	110,834	5,512	35,000	25,543	135,000	286,825
2019	113,369	3,385	35,000	24,318	185,000	284,968
2020	122,817	6,939	35,000	22,918	230,000	282,425
2021-25	252,253	7,017	205,000	94,005	1,550,000	1,255,325
2026-30	-	-	250,000	47,856	2,270,000	896,800
2031-35	-	-	55,000	2,530	3,060,000	376,600
	<u>\$ 818,158</u>	<u>\$ 40,654</u>	<u>\$ 680,000</u>	<u>\$ 271,430</u>	<u>\$ 7,500,000</u>	<u>\$ 3,958,519</u>

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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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.	\$ 282,530
Clackamas County Bank Loan - Library: original amount \$799,999; interest rate 2.75%; final payment due June 2037.	712,252
Clackamas County Bank - Police: original amount \$112,500; interest rate 2.50%; final payment due June 2017.	56,315
First Capital Loan: original amount \$173,769; interest rate 3.344%; final payment due October 2017.	105,200
Total bonds payable	\$ 1,156,297

Notes Payable Governmental Activities					
Fiscal Year	Wedbush		CCB - Library		
	Principal	Interest	Principal	Interest	
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	59,486	1,171	27,529	16,559	
2021-25	-	-	149,422	71,018	
2026-30	-	-	171,346	49,094	
2031-35	-	-	196,429	24,009	
2036-40	-	-	64,681	1,774	
	\$ 282,530	\$ 20,752	\$ 712,252	\$ 235,961	

Notes Payable Governmental Activities				
Fiscal Year	CCB - Police		First Capital Lease - Police	
	Principal	Interest	Principal	Interest
2016	\$ 27,800	\$ 1,412	\$ 33,335	\$ 3,458
2017	28,515	653	34,449	2,343
2018	-	-	37,416	1,191
	\$ 56,315	\$ 2,065	\$ 105,200	\$ 6,992

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

Business-Type Activities

USDA Sewer Facility Loan: Original amount \$2,970,000; interest amount 4.75%; final payment due June 2039.	\$ 2,364,109
OBDD water intertie loan: original amount 7,500,000; interest amount 2.77%; final payment due June 2035.	<u>7,137,300</u>
Total notes payable	<u>\$ 9,501,409</u>

Fiscal Year	Notes Payable Business-Type Activities			
	USDA		OBDD Water Intertie	
	Principal	Interest	Principal	Interest
2016	\$ 54,917	\$ 112,294	\$ 271,892	\$ 437,243
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	66,118	101,093	303,293	166,303
2021-25	380,790	455,265	1,647,234	700,741
2026-30	480,238	355,817	1,888,369	459,605
2031-35	605,657	230,398	2,164,806	183,170
2036-40	595,486	72,277	-	-
	<u>\$ 2,364,109</u>	<u>\$ 1,647,874</u>	<u>\$ 7,137,300</u>	<u>\$ 2,494,143</u>

**8. Net Position**

The government-wide statement of net position reports \$4,662,640 of restricted net position, of which \$3,100,145 is restricted by enabling legislation.

**9. Deferred Inflows of Resources**

In fiscal year 2013-2014, the City refunded revenue bonds which resulted in a difference between the reacquisition price and the net carrying value of the old debt that was deferred and will be amortized over the life of the bond. The balance at June 30, 2015 is \$42,941.

**10. Pension Plan**

**A. Plan Description**

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003.

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at [http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx).

**B. Benefits Provided**

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

**Pension Benefits**

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

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

**Death Benefits**

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

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

### **Disability Benefits**

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

### **Benefit Changes**

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

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

### **Pension Benefits**

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

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

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

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

### **Death Benefits**

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life

50 percent of the pension that would otherwise have been paid to the deceased member.

### **Disability Benefits**

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

### **Benefit Changes After Retirement**

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

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

### **Pension Benefits**

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

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

### **Death Benefits**

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

### **Recordkeeping**

OPERS contracts with VOYA Financial to maintain IAP participant records.

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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**C. Contributions**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. Employer contributions for the year ended June 30, 2015 were \$439,954, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2015 were 14.19 percent for Tier One/Tier Two General Service Member, 14.19 percent for Tier One/Tier Two Police, 7.36 percent for OPSRP Pension Program General Service Members, 11.46 percent for OPSRP Pension Program Police Members, and 6 percent for OPSRP Individual Account Program.

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

At June 30, 2015, the City reported an asset of \$1,101,733 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2012 rolled forward to June 30, 2014. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2014, the City's proportion was 0.04860 percent, which was unchanged from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City's recognized pension expense (income) of \$1,020,006. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,125,899
Changes in proportion and differences between City contributions and proportionate share of contributions	-	39,761
City contributions subsequent to the measurement date	<u>439,954</u>	<u>-</u>
Total	<u>\$ 439,954</u>	<u>\$ 2,165,660</u>

\$439,954 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2016	\$ (540,119)
2017	(540,119)
2018	(540,119)
2019	(540,119)
2020	(5,185)
Thereafter	-

**E. Actuarial Assumptions**

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



**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years. The total pension liability in the December 31, 2012 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2012 rolled forward to June 30, 2014
Experience Study Report	2012, published September 18, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Investment Rate of Return	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth
Mortality	Health retirees and beneficiaries: PF-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.  Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.  Disabled retirees: Mortality rates are a percentage of the RP-2000 statistic combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00%	3.70%
Intermediate -Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equities	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	1.25%	6.07%
 Total	 <u>100.00%</u>	
 Assumed Inflation - Mean		 2.75%

**G. Discount Rate**

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

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability (asset)	\$ 2,333,074	\$ (1,101,734)	\$ (4,006,775)

**I. Pension Plan Fiduciary Net Position**

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

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

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

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

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and has not been included in the net pension liability (asset) proportionate shares provided by OPERS.

**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.

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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**12. Contingencies**

The potential exists for the City to be involved in litigation regarding the land sale of the old Public Works site in 2013. Although there were several efforts to mitigate any hazardous soils on this site, there may still be some residual levels that would need to be addressed. Regardless of whether or not litigation is filed, the City will most likely be responsible for some level of soil contamination mitigation. Costs are unknown at this time. Funding for soil cleanup would be borne by the General Fund and/or the utility funds associated with Public Works.

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.

**13. Construction commitments**

The City has an active construction project as of June 30, 2015. The project includes constructing a fiber-to-the-premises (FTTP) network to residents and businesses within the City limits. The project is approximately 96% complete. Costs incurred to date are \$7,946,040 with total estimated costs of \$8,322,400. The remaining commitment amount of \$376,360 is for completing the city-wide network by November 2015.

**14. Prior Period Adjustment**

During the year ended June 30, 2015 a prior period adjustment in the amount of \$19,190 was made to the Urban Renewal Fund due to a payment made by the City related to debt refinancing.

**15. New Accounting Pronouncement – GASB Statement No. 68 and 71**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB Statement No. 71 addresses an issue regarding application of the transition provisions of GASB Statement No. 68. The City implemented GASB Statement No. 68 and 71 in the year ending June 30, 2015. Additional information can be found in Note 9 - Pension Plan and Note 14 - Change in Accounting Principle.

**CITY OF SANDY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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**16. Change in Accounting Principle**

Based on implementation of GASB Statement No. 68 and 71, the City restated the beginning net position for the Governmental Activities and Business-Type Activities. Net position has been restated as follows:

	Governmental Activities	Business-Type Activities	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net position - beginning (as originally reported)	\$ 26,626,811	\$ 15,144,429	\$ 41,771,240
Cumulative effect of change in accounting principle	<u>(1,878,288)</u>	<u>(201,764)</u>	<u>(2,080,052)</u>
Net position - beginning (as restated)	<u>\$ 24,748,523</u>	<u>\$ 14,942,665</u>	<u>\$ 39,691,188</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

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

**CITY OF SANDY, OREGON**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Biennial Budget	
	Original	Final
<b>REVENUES:</b>		
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	532,932
Charges for services	976,357	1,316,531
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	46,918
Total revenues	<u>11,098,234</u>	<u>11,692,808</u>
<b>EXPENDITURES:</b>		
General government	1,695,994	1,693,048
Economic development	1,386,735	1,401,735
Public safety	4,629,697	4,949,371
Culture and recreation	4,003,268	4,027,338
Capital outlay	553,847	1,090,116
Debt service:		
Principal	88,128	88,128
Interest	51,033	51,033
Contingency	768,059	768,059
Indirect service	1,212,050	1,212,050
Total expenditures	<u>14,388,811</u>	<u>15,280,878</u>
Revenues over (under) expenditures	(3,290,577)	(3,588,070)
<b>OTHER FINANCING SOURCES (USES):</b>		
Issuance of debt	-	-
Transfers in	511,708	511,708
Transfers out	(85,000)	(85,000)
Total other financing sources (uses)	<u>426,708</u>	<u>426,708</u>
Net changes in fund balance	(2,863,869)	(3,161,362)
<b>FUND BALANCE, BEGINNING</b>	<u>1,801,819</u>	<u>1,755,873</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ (1,062,050)</u>	<u>\$ (1,405,489)</u>



	Actual			Variance with
FY 2014	FY 2015	Biennial		Final Budget
\$ 2,660,418	\$ 2,781,196	\$ 5,441,614	\$	143,614
1,285,452	1,419,099	2,704,551		254,038
530,542	604,725	1,135,267		(112,447)
196,992	441,320	638,312		105,380
615,099	851,914	1,467,013		150,482
242,868	358,495	601,363		305,163
312,995	277,188	590,183		141,183
1,488	1,978	3,466		3,466
15,868	18,107	33,975		(16,025)
-	-	-		(5,000)
743,485	30,635	774,120		727,202
<u>6,605,207</u>	<u>6,784,657</u>	<u>13,389,864</u>		<u>1,697,056</u>
794,177	727,726	1,521,903		171,145
644,225	736,356	1,380,581		21,154
2,357,543	2,374,015	4,731,558		217,813
1,844,854	2,041,001	3,885,855		141,483
388,627	382,751	771,378		318,738
116,837	103,297	220,134		(132,006)
23,701	27,332	51,033		-
-	-	-		768,059
-	-	-		1,212,050
<u>6,169,964</u>	<u>6,392,478</u>	<u>12,562,442</u>		<u>2,718,436</u>
435,243	392,179	827,422		4,415,492
286,269	-	286,269		286,269
265,404	282,305	547,709		36,001
(160,000)	(75,000)	(235,000)		(150,000)
<u>391,673</u>	<u>207,305</u>	<u>598,978</u>		<u>172,270</u>
826,916	599,484	1,426,400		4,587,762
<u>1,227,846</u>	<u>2,054,762</u>	<u>1,227,846</u>		<u>(528,027)</u>
<u>\$ 2,054,762</u>	<u>\$ 2,654,246</u>	<u>\$ 2,654,246</u>	<u>\$</u>	<u>4,059,735</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, 2015**

	Biennial Budget	
	Original	Final
<b>REVENUES:</b>		
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>
<b>EXPENDITURES:</b>		
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)
<b>OTHER FINANCING SOURCES (USES):</b>		
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)
<b>FUND BALANCE, BEGINNING</b>	<u>964,675</u>	<u>964,675</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>

<u>FY 2014</u>	<u>Actual FY 2015</u>	<u>Biennial</u>	<u>Variance with Final Budget</u>
\$ 827,062	\$ 872,737	\$ 1,699,799	\$ 199,799
-	297,316	297,316	(258,184)
-	-	-	(6,000)
7,336	33,670	41,006	41,006
194,769	281,929	476,698	226,698
9,354	9,209	18,563	16,563
21,814	10,902	32,716	20,716
<u>1,060,335</u>	<u>1,505,763</u>	<u>2,566,098</u>	<u>240,598</u>
182,210	183,624	365,834	26,423
361,951	300,859	662,810	12,811
117,646	397,704	515,350	1,355,474
49,944	52,226	102,170	2,291
10,712	8,431	19,143	(291)
-	-	-	107,129
<u>722,463</u>	<u>942,844</u>	<u>1,665,307</u>	<u>1,503,837</u>
337,872	562,919	900,791	1,744,435
<u>(66,643)</u>	<u>(54,388)</u>	<u>(121,031)</u>	<u>-</u>
<u>(66,643)</u>	<u>(54,388)</u>	<u>(121,031)</u>	<u>-</u>
271,229	508,531	779,760	1,744,435
<u>1,697,326</u>	<u>1,968,555</u>	<u>1,697,326</u>	<u>732,651</u>
<u>\$ 1,968,555</u>	<u>\$ 2,477,086</u>	<u>\$ 2,477,086</u>	<u>\$ 2,477,086</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, 2015**

	Biennial Budget	
	Original	Final
<b>REVENUES:</b>		
Property taxes	\$ 2,463,000	\$ 2,496,000
Interest	-	-
Miscellaneous	-	-
Total revenues	<u>2,463,000</u>	<u>2,496,000</u>
<b>EXPENDITURES:</b>		
Personnel services	142,415	145,415
Materials and services	13,012	88,243
Capital outlay	1,236,000	1,236,000
Debt service:		
Principal	726,344	2,831,557
Interest	195,520	324,817
Contingency	7,226	7,226
Total expenditures	<u>2,320,517</u>	<u>4,633,258</u>
Revenues over (under) expenditures	142,483	(2,137,258)
<b>OTHER FINANCING SOURCES (USES):</b>		
Issuance of debt	-	2,279,741
Interfund loan payments	(56,000)	(56,000)
Transfers out	-	-
Total other financing sources (uses)	<u>(56,000)</u>	<u>2,223,741</u>
Net changes in fund balance	86,483	86,483
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	(86,483)	(86,483)
<b>PRIOR PERIOD ADJUSTMENT</b>	-	-
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>
Interfund loan payable		
<b>FUND BALANCE, ENDING</b>		

	Actual			Variance with
FY 2014	FY 2015	Biennial		Final Budget
\$ 1,317,702	\$ 1,432,634	\$ 2,750,336	\$	254,336
3,285	7,135	10,420		10,420
2,453	-	2,453		2,453
<u>1,323,440</u>	<u>1,439,769</u>	<u>2,763,209</u>		<u>267,209</u>
70,410	71,959	142,369		3,046
46,297	28,267	74,564		13,679
132,405	152,319	284,724		951,276
2,546,157	396,960	2,943,117		(111,560)
131,657	45,759	177,416		147,401
-	-	-		7,226
<u>2,926,926</u>	<u>695,264</u>	<u>3,622,190</u>		<u>1,011,068</u>
(1,603,486)	744,505	(858,981)		1,278,277
2,279,741	-	2,279,741		-
(16,000)	(40,000)	(56,000)		-
(6,506)	(6,506)	(13,012)		(13,012)
<u>2,257,235</u>	<u>(46,506)</u>	<u>2,210,729</u>		<u>(13,012)</u>
653,749	697,999	1,351,748		1,265,265
122,910	776,659	122,910		209,393
-	19,190	-		-
776,659	1,493,848	<u>\$ 1,474,658</u>	<u>\$</u>	<u>1,474,658</u>
(180,000)	(140,000)			
<u>\$ 596,659</u>	<u>\$ 1,353,848</u>			

**CITY OF SANDY, OREGON**  
**TRANSIT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Biennial Budget	
	Original	Final
<b>REVENUES:</b>		
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>
<b>EXPENDITURES:</b>		
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)
<b>OTHER FINANCING SOURCES (USES):</b>		
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)
<b>FUND BALANCE, BEGINNING</b>	<u>1,083,720</u>	<u>1,083,720</u>
<b>FUND BALANCE, ENDING</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

	Actual			Variance with
FY 2014	FY 2015	Biennial		Final Budget
\$ 517,400	\$ 508,202	\$ 1,025,602	\$	125,602
660,686	994,540	1,655,226		(179,423)
124,528	135,537	260,065		42,865
4,750	5,946	10,696		10,696
89	5,183	5,272		272
20,084	24,472	44,556		4,389
<u>1,327,537</u>	<u>1,673,880</u>	<u>3,001,417</u>		<u>4,401</u>
157,530	163,217	320,747		(13,778)
938,288	938,489	1,876,777		10,923
1,340	165,454	166,794		538,706
-	-	-		1,004,688
<u>1,097,158</u>	<u>1,267,160</u>	<u>2,364,318</u>		<u>1,540,539</u>
230,379	406,720	637,099		1,544,940
<u>(109,663)</u>	<u>(66,215)</u>	<u>(175,878)</u>		<u>1</u>
<u>(109,663)</u>	<u>(66,215)</u>	<u>(175,878)</u>		<u>1</u>
120,716	340,505	461,221		1,544,941
<u>1,022,021</u>	<u>1,142,737</u>	<u>1,022,021</u>		<u>(61,699)</u>
<u>\$ 1,142,737</u>	<u>\$ 1,483,242</u>	<u>\$ 1,483,242</u>	<u>\$</u>	<u>1,483,242</u>

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

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Year Ended June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.04860486%	\$ (1,101,734)	\$ 3,743,111	-29.43%	103.60%
2014	0.04860486%	2,480,377	3,678,613	67.43%	91.97%

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

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



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

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Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2015	\$ 439,953	\$ 439,953	\$ -	\$ 3,743,111	11.75%
2014	400,323	400,323	-	3,678,613	10.88%

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

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

**CITY OF SANDY, OREGON**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2015**

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

**A. Budgetary Information**

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

The resolution authorizing appropriations for each fund sets the legal level of control by which expenditures cannot legally exceed appropriations. Total expenditures by department as established by the resolution are the legal level of control for the General Fund. Total expenditures by program level for operations and capital outlay are the legal level of control for all other funds except for the Parks Capital Project Fund. Expenditure categories of personnel services, materials and services, capital outlay, debt service, transfers, and contingency are the legal level of control for the Parks Capital Projects fund. 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, 2015:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
Parks Capital Project Fund	Materials and services	\$ 659
Water Fund	Operations	\$ 35,373
Operations Center Internal Service	Operations	\$ 3,349

**B. Changes in Plan Provisions**

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at: [http://www.oregon.gov/pers/EMP/docs/er\\_general\\_information/opers\\_gasb\\_68\\_disclosure\\_information\\_revised.pdf](http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf)

**C. Changes of Assumptions**

A summary of key changes implemented since the December 31, 2011 valuation are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at:

**CITY OF SANDY, OREGON**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2015**

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[http://www.oregon.gov/pers/EMP/docs/er\\_general\\_information/opers\\_gasb\\_68\\_disclosure\\_information\\_revised.pdf](http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf) Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2012 Experience Study for the System, which was published on September 18, 2013, and can be found at:

<http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>



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## **OTHER SUPPLEMENTARY INFORMATION**

## **OTHER SUPPLEMENTARY INFORMATION**

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

Such statements and schedules include:

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

**CITY OF SANDY, OREGON**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Biennial Budget		FY 2014
	Original	Final	
Mayor and city council			
Materials and services	\$ 26,042	\$ 30,096	\$ 17,869
Capital outlay	4,000	4,000	-
Indirect service	24,973	24,973	-
Subtotal	55,015	59,069	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
Indirect services	27,517	27,517	-
Contingency	2,454	2,454	-
Subtotal	159,140	159,140	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	319,000	15,236
Debt service	88,176	88,176	44,088
Indirect service	297,888	297,888	-
Contingency	40,420	40,420	-
Subtotal	2,561,239	2,811,239	1,001,849

Actual FY 2015	Biennial	Variance with Final Budget
\$ 12,762	\$ 30,631	\$ (535)
2,520	2,520	1,480
-	-	24,973
<u>15,282</u>	<u>33,151</u>	<u>25,918</u>
181,128	364,123	55,899
7,892	14,167	10,198
-	246	9,754
-	-	20,914
<u>189,020</u>	<u>378,536</u>	<u>96,765</u>
<u>88,302</u>	<u>204,778</u>	<u>39,145</u>
<u>88,302</u>	<u>204,778</u>	<u>39,145</u>
55,642	106,105	(1,082)
6,802	15,975	8,171
2,136	2,511	(2,511)
-	-	27,517
-	-	2,454
<u>64,580</u>	<u>124,591</u>	<u>34,549</u>
178,651	386,184	52,327
45,229	100,240	230
1,927	3,066	(1,566)
-	-	21,127
<u>225,807</u>	<u>489,490</u>	<u>72,118</u>
856,866	1,619,080	(13,525)
247,642	427,953	32,247
178,116	193,352	125,648
44,088	88,176	-
-	-	297,888
-	-	40,420
<u>1,326,712</u>	<u>2,328,561</u>	<u>482,678</u>



**CITY OF SANDY, OREGON**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Biennial Budget		FY 2014
	Original	Final	
Continued			
Police			
Personnel services	3,468,895	3,687,569	1,826,063
Materials and services	898,286	999,286	399,513
Capital outlay	53,500	339,769	289,960
Debt service	-	-	66,004
Indirect service	437,918	437,918	-
Contingency	54,701	54,701	-
Subtotal	4,913,300	5,519,243	2,581,540
Animal control and code enforcement			
Personnel services	133,347	133,347	72,325
Materials and services	-	-	6
Indirect service	11,357	11,357	-
Contingency	2,429	2,429	-
Subtotal	147,133	147,133	72,331
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
Indirect service	63,088	63,088	-
Contingency	12,236	12,236	-
Subtotal	723,759	723,759	275,838
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
Indirect service	92,829	92,829	-
Contingency	6,261	6,261	-
Subtotal	969,251	969,251	388,264
Parks maintenance			
Personnel services	348,388	348,388	190,447
Materials and services	100,201	124,271	49,900
Capital outlay	47,100	47,100	23,237
Indirect service	56,291	56,291	-
Contingency	6,498	6,498	-
Subtotal	558,478	582,548	263,584

Actual FY 2015	Biennial	Variance with Final Budget
1,855,738	3,681,801	5,768
388,612	788,125	211,161
45,286	335,246	4,523
66,004	132,008	(132,008)
-	-	437,918
-	-	54,701
2,355,640	4,937,180	582,063
67,227	139,552	(6,205)
(6)	-	-
-	-	11,357
-	-	2,429
67,221	139,552	7,581
169,608	340,611	53,424
106,335	210,106	39,794
2,299	3,363	1,137
-	-	63,088
-	-	12,236
278,242	554,080	169,679
302,578	591,124	20,765
107,894	206,556	26,544
1,289	2,345	22,827
-	-	92,829
-	-	6,261
411,761	800,025	169,226
191,336	381,783	(33,395)
58,742	108,642	15,629
21,141	44,378	2,722
-	-	56,291
-	-	6,498
271,219	534,803	47,745

**CITY OF SANDY, OREGON**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	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	-
Indirect service	63,315	63,315	-
Contingency	6,089	6,089	-
Subtotal	<u>374,117</u>	<u>374,117</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
Indirect service	113,948	113,948	-
Contingency	9,713	9,713	-
Subtotal	<u>612,392</u>	<u>612,392</u>	<u>240,428</u>
Main Street			
Personnel services	146,929	146,929	70,858
Materials and services	125,620	133,620	58,945
Capital outlay	200	200	50
Indirect service	22,926	22,926	-
Contingency	3,081	3,081	-
Subtotal	<u>298,756</u>	<u>306,756</u>	<u>129,853</u>
Non departmental			
Personnel services	25,063	25,063	7,360
Materials and services	417,598	410,598	200,658
Capital outlay	315,000	315,000	49,753
Transfer	85,000	85,000	160,000
Contingency	579,596	579,596	-
Subtotal	<u>1,422,257</u>	<u>1,415,257</u>	<u>417,771</u>
Information Technology			
Personnel services	204,172	204,172	93,922
Materials and services	124,570	131,570	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>405,142</u>	<u>173,966</u>
Total expenditures	<u>\$ 14,473,811</u>	<u>\$ 15,365,878</u>	<u>\$ 6,329,964</u>

Actual FY 2015	Biennial	Variance with Final Budget
143,033	272,424	(4,311)
18,676	26,270	7,330
2,167	2,167	833
-	-	63,315
-	-	6,089
163,876	300,861	73,256
221,473	430,813	(8,482)
40,441	70,032	(8,632)
802	2,299	2,701
-	-	113,948
-	-	9,713
262,716	503,144	109,248
77,488	148,346	(1,417)
65,750	124,695	8,925
342	392	(192)
-	-	22,926
-	-	3,081
143,580	273,433	33,323
8,301	15,661	9,402
205,461	406,119	4,479
117,302	167,055	147,945
75,000	235,000	(150,000)
-	-	579,596
406,064	823,835	591,422
114,423	208,345	(4,173)
55,072	99,656	31,914
7,424	12,438	3,437
20,537	50,983	2
-	-	2,540
197,456	371,422	33,720
\$ 6,467,478	\$ 12,797,442	\$ 2,568,436

**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, 2015**

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	Biennial Budget	
	Original	Final
<b>REVENUES:</b>		
Grants	\$ 354,403	\$ 354,403
Charges for services	28,000	28,000
System development charges	170,000	296,000
Interest	1,000	1,000
Payment in lieu of land dedication	200,000	200,000
Total revenues	<u>753,403</u>	<u>879,403</u>
<b>EXPENDITURES:</b>		
Materials and services	7,000	10,000
Capital outlay	611,000	734,000
Total expenditures	<u>618,000</u>	<u>744,000</u>
Revenues over (under) expenditures	135,403	135,403
<b>OTHER FINANCING SOURCES (USES):</b>		
Interfund loan payments	<u>(135,678)</u>	<u>(135,678)</u>
Total other financing sources (uses)	<u>(135,678)</u>	<u>(135,678)</u>
Net changes in fund balance	(275)	(275)
<b>FUND BALANCE, BEGINNING</b>	<u>275</u>	<u>275</u>
<b>FUND BALANCE, ENDING</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

	Actual			Variance with
FY 2014	FY 2015	Biennial		Final Budget
\$ 253,991	\$ 14,110	\$ 268,101	\$	(86,302)
12,698	17,021	29,719		1,719
176,758	190,484	367,242		71,242
-	24	24		(976)
44,527	207,199	251,726		51,726
487,974	428,838	916,812		37,409
822	9,837	10,659		(659)
613,364	70,498	683,862		50,138
614,186	80,335	694,521		49,479
(126,212)	348,503	222,291		86,888
(135,677)	-	(135,677)		1
(135,677)	-	(135,677)		1
(261,889)	348,503	86,614		86,889
(45,178)	(307,067)	(45,178)		(45,453)
\$ (307,067)	\$ 41,436	\$ 41,436	\$	41,436

## **BUDGETARY COMPARISON SCHEDULES**

### **Enterprise Funds**

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

Enterprise Budgetary Comparison schedules include the following:

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



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**CITY OF SANDY, OREGON**  
**WATER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Biennial Budget	
	Original	Final
<b>REVENUES:</b>		
Grants	\$ -	\$ -
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
<b>Total revenues</b>	<b>2,438,000</b>	<b>2,438,000</b>
<b>EXPENDITURES:</b>		
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
<b>Total expenditures</b>	<b>9,427,370</b>	<b>9,427,370</b>
Revenues over (under) expenditures	(6,989,370)	(6,989,370)
<b>OTHER FINANCING SOURCES (USES):</b>		
Issuance of debt	3,617,000	3,617,000
Transfers out	(120,491)	(120,491)
<b>Total other financing sources (uses)</b>	<b>3,496,509</b>	<b>3,496,509</b>
Changes in fund balance	(3,492,861)	(3,492,861)
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<b>3,492,861</b>	<b>3,492,861</b>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<b>\$ -</b>	<b>\$ -</b>

Total revenue and expenditures above  
Operating transfers in/out  
Expenditures capitalized  
Allowance for doubtful accounts  
Debt service principal payments  
Depreciation  
Interest revenue/expense  
SDC loan receivable  
Accrued vacation  
Net pension asset  
Deferred outflow related to pension  
Deferred inflow related to pension

Total revenues and expenses - generally accepted accounting principles

Change in net position

	Actual			Variance with
FY 2014	FY 2015	Biennial		Final Budget
\$ -	\$ 362,700	\$ 362,700	\$	362,700
1,168,325	1,211,415	2,379,740		176,740
140,951	181,190	322,141		147,141
7,863	10,820	18,683		(11,317)
98,856	55,192	154,048		124,048
1,415,995	1,821,317	3,237,312		799,312
198,048	198,125	396,173		10,096
539,310	577,459	1,116,769		(253,969)
4,674,116	44,002	4,718,118		1,444,632
1,037,516	476,674	1,514,190		(1,015,986)
43,087	14,751	57,838		229,799
-	-	-		1,209,710
6,492,077	1,311,011	7,803,088		1,624,282
(5,076,082)	510,306	(4,565,776)		2,423,594
4,925,292	-	4,925,292		1,308,292
(66,374)	(54,117)	(120,491)		-
4,858,918	(54,117)	4,804,801		1,308,292
(217,164)	456,189	239,025		3,731,886
2,020,956	1,803,792	2,020,956		(1,471,905)
\$ 1,803,792	\$ 2,259,981	\$ 2,259,981	\$	2,259,981

Revenues	Expenditures
\$ 1,821,317	\$ 1,311,011
-	54,117
-	(10,006)
4,608	-
-	(476,674)
-	506,181
-	198,119
7,883	-
-	(309)
-	(107,463)
-	(1,189)
-	64,970
\$ 1,833,808	1,538,757
	\$ 295,051

**CITY OF SANDY, OREGON  
SEWER OPERATIONS COMBINED  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2015**

	Sewer Fund	Sewer Bond Reserve Fund	Total Sewer Operations
<b>REVENUES:</b>			
Charges for services	\$ 1,077,567	\$ -	\$ 1,077,567
System development charges	247,467	-	247,467
Interest	2,896	11,337	14,233
Miscellaneous	20,163	-	20,163
	<u>1,348,093</u>	<u>11,337</u>	<u>1,359,430</u>
<b>EXPENDITURES:</b>			
Personnel services	198,124	-	198,124
Materials and services	737,195	-	737,195
Capital outlay	35,549	-	35,549
Debt service:			
Principal	93,160	-	93,160
Interest	117,378	-	117,378
	<u>1,181,406</u>	<u>-</u>	<u>1,181,406</u>
Total expenditures	1,181,406	-	1,181,406
Revenues over (under) expenditures	166,687	11,337	178,024
<b>OTHER FINANCING SOURCES (USES):</b>			
Issuance of debt	-	(500,000)	(500,000)
Interfund loan receipts	-	69,427	69,427
Transfers out	(61,160)	-	(61,160)
	<u>(61,160)</u>	<u>(430,573)</u>	<u>(491,733)</u>
Total other financing sources (uses)	(61,160)	(430,573)	(491,733)
Net changes in fund balance	105,527	(419,236)	(313,709)
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<u>340,717</u>	<u>1,175,352</u>	<u>1,516,069</u>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ 446,244</u>	<u>\$ 756,116</u>	<u>\$ 1,202,360</u>

	Revenues	Expenditures
Total revenue and expenditures above	\$ 1,359,430	\$ 1,181,406
Transfers in/out	-	61,160
Expenditures capitalized	-	(10,006)
Allowance for doubtful accounts	2,400	-
Debt service principal payments	-	(93,160)
Depreciation	-	316,703
Interest revenue/expense	-	(573)
SDC loan receivable	16,007	-
Accrued vacation	-	(309)
Net pension asset	-	(107,463)
Deferred outflow related to pension	-	(1,189)
Deferred inflow related to pension	-	64,970
	<u>\$ 1,377,837</u>	<u>1,411,539</u>
Total revenues and expenses - generally accepted accounting principles	\$ 1,377,837	1,411,539
Change in net position		<u>\$ (33,702)</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, 2015**

	Biennial Budget	
	Original	Final
<b>REVENUES:</b>		
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
<b>EXPENDITURES:</b>		
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)
<b>OTHER FINANCING SOURCES (USES):</b>		
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)
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	455,347	455,347
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	\$ -	\$ -

	Actual			Variance with
FY 2014	FY 2015	Biennial		Final Budget
\$ 1,031,586	\$ 1,077,567	\$ 2,109,153	\$	(33,847)
176,523	247,467	423,990		283,990
4,283	2,896	7,179		(321)
3,656	20,163	23,819		18,819
<u>1,216,048</u>	<u>1,348,093</u>	<u>2,564,141</u>		<u>268,641</u>
198,049	198,124	396,173		10,096
695,758	737,195	1,432,953		(30,578)
63,036	35,549	98,585		208,415
143,201	93,160	236,361		(11,392)
120,346	117,378	237,724		8,560
-	-	-		89,376
<u>1,220,390</u>	<u>1,181,406</u>	<u>2,401,796</u>		<u>274,477</u>
(4,342)	166,687	162,345		543,118
41,391	-	41,391		(118,609)
(173,415)	(61,160)	(234,575)		(1)
<u>(132,024)</u>	<u>(61,160)</u>	<u>(193,184)</u>		<u>(118,610)</u>
(136,366)	105,527	(30,839)		424,508
477,083	340,717	477,083		21,736
<u>\$ 340,717</u>	<u>\$ 446,244</u>	<u>\$ 446,244</u>	<u>\$</u>	<u>446,244</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, 2015**

	Biennial Budget	
	Original	Final
<b>REVENUES:</b>		
Interest	\$ 17,525	\$ 17,525
Total revenues	17,525	17,525
<b>EXPENDITURES:</b>		
Contingency	1,318,536	818,536
Total expenditures	1,318,536	818,536
Revenues over (under) expenditures	(1,301,011)	(801,011)
<b>OTHER FINANCING SOURCES (USES):</b>		
Issuance of debt	-	(500,000)
Interfund loan receipts	215,855	215,855
Transfers in	100,000	100,000
Total other financing sources (uses)	315,855	(184,145)
Changes in fund balance	(985,156)	(985,156)
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	985,156	985,156
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	\$ -	\$ -

<u>FY 2014</u>	<u>Actual FY 2015</u>	<u>Biennial</u>	<u>Variance with Final Budget</u>
\$ 11,333	\$ 11,337	\$ 22,670	\$ 5,145
<u>11,333</u>	<u>11,337</u>	<u>22,670</u>	<u>5,145</u>
-	-	-	818,536
-	-	-	818,536
11,333	11,337	22,670	823,681
-	(500,000)	(500,000)	-
181,149	69,427	250,576	34,721
<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
<u>281,149</u>	<u>(430,573)</u>	<u>(149,424)</u>	<u>34,721</u>
292,482	(419,236)	(126,754)	858,402
<u>882,870</u>	<u>1,175,352</u>	<u>882,870</u>	<u>(102,286)</u>
<u>\$ 1,175,352</u>	<u>\$ 756,116</u>	<u>\$ 756,116</u>	<u>\$ 756,116</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, 2015**

	Biennial Budget	
	Original	Final
<b>REVENUES:</b>		
Charges for services	\$ 422,000	\$ 422,000
Interest	2,300	2,300
Miscellaneous	500	500
Total revenues	424,800	424,800
<b>EXPENDITURES:</b>		
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)
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers out	(32,284)	(32,284)
Total other financing sources (uses)	(32,284)	(32,284)
Changes in fund balance	(544,816)	(544,816)
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	544,816	544,816
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	\$ -	\$ -

Total revenue and expenditures above  
Operating transfers in/out  
Allowance for doubtful accounts  
Debt service principal payments  
Depreciation  
Interest revenue/expense  
Accrued vacation  
Net pension asset  
Deferred outflow related to pension  
Deferred inflow related to pension

Total revenues and expenses - generally accepted accounting principles

Change in net position

FY 2014	Actual FY 2015	Biennial	Variance with Final Budget
\$ 217,365	\$ 220,438	\$ 437,803	\$ 15,803
2,123	2,256	4,379	2,079
-	-	-	(500)
219,488	222,694	442,182	17,382
79,762	82,697	162,459	(24,585)
24,714	24,553	49,267	40,148
11,619	1,409	13,028	112,172
47,494	30,000	77,494	737
29,817	28,480	58,297	(737)
-	-	-	449,052
193,406	167,139	360,545	576,787
26,082	55,555	81,637	594,169
(22,200)	(10,084)	(32,284)	-
(22,200)	(10,084)	(32,284)	-
3,882	45,471	49,353	594,169
506,059	509,941	506,059	(38,757)
\$ 509,941	\$ 555,412	\$ 555,412	\$ 555,412

Revenues	Expenditures
\$ 222,694	\$ 167,139
-	10,084
(1,845)	-
-	(30,000)
-	59,318
-	(150)
-	(2,027)
-	(35,821)
-	(397)
-	21,657
\$ 220,849	189,803
	\$ 31,046

**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, 2015**

	Biennial Budget	
	Original	Final
<b>REVENUES:</b>		
Charges for services	\$ 1,872,531	\$ 1,872,531
Interest	-	23,300
Miscellaneous	-	-
<b>Total revenues</b>	<b>1,872,531</b>	<b>1,895,831</b>
<b>EXPENDITURES:</b>		
Personnel services	403,467	403,467
Materials and services	1,615,515	1,615,515
Capital outlay	263,276	8,585,676
Debt service:		
Principal	125,375	125,375
Interest	-	-
Contingency	36,943	36,943
<b>Total expenditures</b>	<b>2,444,576</b>	<b>10,766,976</b>
Revenues over (under) expenditures	(572,045)	(8,871,145)
<b>OTHER FINANCING SOURCES (USES):</b>		
Issuance of debt	-	7,799,100
Interfund loan receipts	243,276	743,276
Interfund loan payments	-	-
Transfers in	150,000	150,000
Transfers out	-	-
<b>Total other financing sources (uses)</b>	<b>393,276</b>	<b>8,692,376</b>
Changes in fund balance	(178,769)	(178,769)
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<b>178,769</b>	<b>178,769</b>
<b>PRIOR PERIOD ADJUSTMENT</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<b>\$ -</b>	<b>\$ -</b>

Total revenue and expenditures above  
Operating transfers in/out  
Expenditures capitalized  
Allowance for doubtful accounts  
Depreciation  
Interest revenue/expense  
Accrued vacation  
Net pension asset  
Deferred outflow related to pension  
Deferred inflow related to pension

Total revenues and expenses - generally accepted accounting principles

Change in net position

	Actual			Variance with
FY 2014	FY 2015	Biennial		Final Budget
\$ 551,731	\$ 636,939	\$ 1,188,670	\$	(683,861)
11,436	11,997	23,433		133
520	77,650	78,170		78,170
563,687	726,586	1,290,273		(605,558)
201,212	230,238	431,450		(27,983)
387,942	227,978	615,920		999,595
1,518,989	6,494,669	8,013,658		572,018
272,599	-	272,599		(147,224)
8,493	287,079	295,572		(295,572)
-	-	-		36,943
2,389,235	7,239,964	9,629,199		1,137,777
(1,825,548)	(6,513,378)	(8,338,926)		532,219
7,799,063	-	7,799,063		(37)
-	500,000	500,000		(243,276)
(31,476)	(29,427)	(60,903)		(60,903)
75,000	75,000	150,000		-
(29,835)	(29,835)	(59,670)		(59,670)
7,812,752	515,738	8,328,490		(363,886)
5,987,204	(5,997,640)	(10,436)		168,333
157,107	6,076,892	157,107		(21,662)
(67,419)	-	(67,419)		(67,419)
\$ 6,076,892	\$ 79,252	\$ 79,252	\$	79,252

Revenues		Expenditures	
\$	726,586	\$	7,239,964
	45,165		-
	-		(6,761,141)
	(1,886)		-
	-		85,611
	-		(10,792)
	-		2,405
	-		(96,717)
	-		(1,070)
	-		58,473
\$	769,865		516,733
		\$	253,132

**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, 2015**

---

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

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<u>FY 2014</u>	<u>Actual FY 2015</u>	<u>Biennial</u>	<u>Variance with Final Budget</u>
\$ 244	\$ 649	\$ 893	\$ 393
<u>244</u>	<u>649</u>	<u>893</u>	<u>393</u>
56,228	52,764	108,992	(11,492)
-	-	-	36,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>82,143</u>
<u>56,228</u>	<u>52,764</u>	<u>108,992</u>	<u>106,651</u>
(55,984)	(52,115)	(108,099)	107,044
<u>194,232</u>	<u>-</u>	<u>194,232</u>	<u>-</u>
<u>194,232</u>	<u>-</u>	<u>194,232</u>	<u>-</u>
138,248	(52,115)	86,133	107,044
<u>23,020</u>	<u>161,268</u>	<u>23,020</u>	<u>2,109</u>
<u>\$ 161,268</u>	<u>\$ 109,153</u>	<u>\$ 109,153</u>	<u>\$ 109,153</u>



## OTHER FINANCIAL SCHEDULES

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

**CITY OF SANDY, OREGON**  
**SEWER FUND**  
**COMPARATIVE SCHEDULE OF NET POSITION**  
**June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 527,904	\$ 846,482
Accounts receivables, net	104,280	121,056
Interfund loan receivable	729,097	298,524
Prepays	-	50,100
	<u>1,361,281</u>	<u>1,316,162</u>
Noncurrent assets:		
Restricted cash and cash equivalents	623,059	549,527
Capital assets, net	6,896,678	7,203,375
Notes receivable	16,007	-
Net pension asset	33,052	-
	<u>7,568,796</u>	<u>7,752,902</u>
	<u>8,930,077</u>	<u>9,069,064</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred outflow related to pension asset	13,199	-
	<u>\$ 8,943,276</u>	<u>\$ 9,069,064</u>
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,601	\$ 3,214
Accrued compensated absences payable	3,011	3,073
Accrued interest payable	9,358	9,931
Loans payable within one year	54,917	52,426
	<u>69,887</u>	<u>68,644</u>
Noncurrent liabilities:		
Accrued compensated absences payable	12,044	12,291
Loans payable, net of current portion	2,309,192	2,404,843
	<u>2,321,236</u>	<u>2,417,134</u>
	<u>2,391,123</u>	<u>2,485,778</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred inflow related to pension asset	64,970	-
<b>NET POSITION:</b>		
Net investment in capital assets	4,532,569	4,746,106
Restricted for:		
Debt service	167,211	167,211
System development charges	623,059	549,527
Unrestricted	1,164,344	1,120,442
	<u>6,487,183</u>	<u>6,583,286</u>
	<u>\$ 8,943,276</u>	<u>\$ 9,069,064</u>

**CITY OF SANDY, OREGON**  
**SEWER OPERATIONS**  
**COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**For the fiscal years ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 1,079,967	\$ 1,031,586
Special assessments and surcharges	263,474	176,523
Miscellaneous	20,163	3,656
	<u>1,363,604</u>	<u>1,211,765</u>
<b>OPERATING EXPENSES:</b>		
Salaries, fringe benefits and payroll taxes	154,133	193,910
Utilities	-	28,140
Operating supplies	-	10,854
Insurance	-	14,334
Maintenance and repairs	25,543	13,605
Contractual services	-	575,541
General, administration, and other	737,195	66,889
Depreciation	316,703	315,632
	<u>1,233,574</u>	<u>1,218,905</u>
Total operating expenses	<u>1,233,574</u>	<u>1,218,905</u>
Operating income (loss)	<u>130,030</u>	<u>(7,140)</u>
<b>NON-OPERATING INCOME (EXPENSE):</b>		
Interest income	14,233	15,616
Interest expense	(116,805)	(121,837)
	<u>(102,572)</u>	<u>(106,221)</u>
Total non-operating income (expenses)	<u>(102,572)</u>	<u>(106,221)</u>
Net income (loss) before transfers	27,458	(113,361)
<b>TRANSFERS:</b>		
Transfers in (out)	(61,160)	(73,415)
Change in net position	(33,702)	(186,776)
<b>NET POSITION, BEGINNING</b>	6,583,286	6,770,062
<b>CHANGE IN ACCOUNTING PRINCIPAL</b>	<u>(62,401)</u>	<u>-</u>
<b>NET POSITION, ENDING</b>	<u>\$ 6,487,183</u>	<u>\$ 6,583,286</u>

**CITY OF SANDY, OREGON**  
**SEWER FUND**  
**COMPARATIVE SCHEDULE OF CASH FLOWS**  
**For the fiscal years ended June 30, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 1,380,380	\$ 1,220,625
Cash paid to employees and others for salaries and benefits	(242,115)	(198,049)
Cash paid to suppliers and others	(669,260)	(734,747)
Other cash receipts (disbursements)	(573)	(509)
Net cash provided by operating activities	<u>468,432</u>	<u>287,320</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Payment from (to) other funds for interfund loans and interest	(430,573)	183,153
Transfers in (out)	(61,160)	(73,415)
Net cash provided by noncapital financing activities	<u>(491,733)</u>	<u>109,738</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	(10,006)	(49,431)
Proceeds from loans	-	41,391
Principal paid on loans	(93,160)	(143,201)
Interest paid on loans	(116,805)	(121,837)
Net cash provided by capital and related financing activities	<u>(219,971)</u>	<u>(273,078)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest revenue	14,233	15,616
Notes receivable	(16,007)	-
Net cash provided by investing activities	<u>(1,774)</u>	<u>15,616</u>
Net increase in cash and cash equivalents	(245,046)	139,596
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>1,396,009</u>	<u>1,256,413</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 1,150,963</u>	<u>\$ 1,396,009</u>
<b>COMPRISED AS FOLLOWS:</b>		
Cash and cash equivalents	\$ 527,904	\$ 846,482
Restricted cash and cash equivalents	<u>623,059</u>	<u>549,527</u>
Total cash and cash equivalents	<u>\$ 1,150,963</u>	<u>\$ 1,396,009</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 130,030	\$ (7,140)
Adjustments:		
Depreciation	316,703	315,632
Decrease (increase) in:		
Accounts receivable	16,776	8,860
Prepaid items	50,100	(3,111)
Increase (decrease) in:		
Accounts payable and accrued expenses	(613)	(22,273)
Accrued compensated absences	(309)	(4,139)
Accrued interest payable	(573)	(509)
Net pension liability	(43,682)	-
Net cash provided by operating activities	<u>\$ 468,432</u>	<u>\$ 287,320</u>



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**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, 2015 and have issued our report thereon dated December 2, 2015. 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>Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
Parks Capital Project Fund	Materials and services	\$ 659
Water Fund	Operations	\$ 35,373
Operations Center Internal Service	Operations	\$ 3,349


**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 the 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.

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, LLP  
West Linn, Oregon  
December 2, 2015



## **STATISTICAL SECTION**

## STATISTICAL SECTION

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

### CONTENTS

#### **Financial Trends**

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

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

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

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

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

	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets	\$ 4,600	\$ 8,467	\$ 16,168	\$ 15,264
Restricted	-	-	-	95
Unrestricted	5,078	4,543	798	2,968
Total governmental activities net position	<u>9,678</u>	<u>13,009</u>	<u>16,966</u>	<u>18,327</u>
Business-type activities				
Net investment in capital assets	9,754	9,685	10,126	10,537
Restricted	117	134	150	1,087
Unrestricted	5,252	6,396	6,196	4,574
Total business-type activities net position	<u>15,123</u>	<u>16,214</u>	<u>16,473</u>	<u>16,198</u>
Primary government				
Net investment in capital assets	14,354	18,151	26,294	25,801
Restricted	117	134	150,498	1,182
Unrestricted	10,330	10,938	6,994	7,542
Total primary government net position	<u>\$ 24,802</u>	<u>\$ 29,224</u>	<u>\$ 183,786</u>	<u>\$ 34,524</u>

Fiscal Year (in thousands)						
	2010	2011	2012	2013	2014	2015
\$	14,792	\$ 17,295	\$ 20,290	\$ 20,840	\$ 20,935	\$ 20,860
	226	1,041	1,401	1,669	2,565	3,872
	4,418	2,755	1,987	2,247	3,127	3,693
	<u>19,436</u>	<u>21,090</u>	<u>23,678</u>	<u>24,756</u>	<u>26,627</u>	<u>28,425</u>
	10,811	10,895	10,640	11,209	11,534	12,026
	799	652	717	701	717	790
	4,882	5,080	4,874	3,366	2,893	2,672
	<u>16,492</u>	<u>16,627</u>	<u>16,231</u>	<u>15,276</u>	<u>15,144</u>	<u>15,488</u>
	25,604	28,189	30,930	32,049	32,469	32,885
	1,024	1,693	2,118	2,371	3,282	4,663
	9,300	7,835	6,861	5,613	6,020	6,365
\$	<u>35,928</u>	<u>37,717</u>	<u>39,909</u>	<u>40,032</u>	<u>41,771</u>	<u>43,914</u>

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

<b>Expenses</b>	<b>Fiscal Year (in thousands)</b>									
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Governmental Activities:</b>										
General government	\$ 583	\$ 1,235	\$ 1,058	\$ 1,406	\$ 1,788	\$ 1,769	\$ 1,563	\$ 1,380	\$ 1,142	\$ 775
Highways and streets	467	474	468	842	699	783	629	1,080	727	937
Public transportation	840	940	1,152	1,105	1,132	1,201	1,243	1,324	1,321	1,315
Economic development	425	501	522	561	531	654	842	878	954	1,075
Public safety	1,244	1,519	1,683	1,676	1,926	1,851	2,147	2,301	2,537	2,161
Culture and recreation	1,386	793	1,283	1,392	1,682	1,760	1,929	2,133	2,156	1,860
Interest on long-term debt	69	123	86	179	162	170	205	159	142	68
<b>Total Governmental Activities</b>	<b>5,012</b>	<b>5,584</b>	<b>6,252</b>	<b>7,161</b>	<b>7,920</b>	<b>8,188</b>	<b>8,558</b>	<b>9,255</b>	<b>8,979</b>	<b>8,191</b>
<b>Business-type activities:</b>										
Water	916	936	959	1,034	941	954	1,133	1,843	1,104	1,485
Sewer	1,049	1,082	1,197	1,208	1,239	1,304	1,364	1,344	1,341	1,350
Stormwater	29	44	41	55	103	129	161	185	193	180
Telecommunications	114	123	171	202	333	435	562	563	737	528
<b>Total Business-type Activities</b>	<b>2,109</b>	<b>2,186</b>	<b>2,368</b>	<b>2,499</b>	<b>2,616</b>	<b>2,822</b>	<b>3,220</b>	<b>3,935</b>	<b>3,374</b>	<b>3,542</b>
<b>Total Expenses</b>	<b>\$ 7,121</b>	<b>\$ 7,770</b>	<b>\$ 8,621</b>	<b>\$ 9,660</b>	<b>\$ 10,536</b>	<b>\$ 11,010</b>	<b>\$ 11,778</b>	<b>\$ 13,190</b>	<b>\$ 12,354</b>	<b>\$ 11,733</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges for services:</b>										
General government	\$ 253	\$ 140	\$ (43)	\$ 107	\$ 251	\$ 647	\$ 419	\$ 494	\$ 147	\$ 215
Highways and streets	262	660	481	87	185	210	913	707	202	316
Public transportation	9	8	9	6	11	12	13	12	125	136
Economic development	203	535	533	152	154	155	96	127	268	449
Public safety	192	192	192	171	171	171	22	20	591	678
Culture and recreation	438	557	304	206	234	171	231	285	358	390
Operating grants and contributions	1,074	976	1,843	919	881	586	2,196	853	831	1,243
Capital grants and contributions	-	1,123	1,205	1,096	836	1,209	303	509	254	396
<b>Total Governmental Activities</b>	<b>\$ 2,431</b>	<b>\$ 4,189</b>	<b>\$ 4,524</b>	<b>\$ 2,742</b>	<b>\$ 2,722</b>	<b>\$ 3,160</b>	<b>\$ 4,193</b>	<b>\$ 3,007</b>	<b>\$ 2,776</b>	<b>\$ 3,822</b>

	Fiscal Year (in thousands)									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type Activity:										
Charges for services:										
Water	996	1,259	1,109	1,084	1,142	1,044	1,088	1,250	1,309	1,405
Sewer	1,109	1,390	1,239	1,081	1,187	1,097	1,253	1,182	1,208	1,343
Stormwater	23	183	226	190	194	201	201	218	217	219
Telecommunications	55	104	132	178	186	250	368	453	552	635
Operating grants and contributions	1	-	-	-	-	413	96	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	363
<b>Total Business-Type Activity</b>	<b>2,184</b>	<b>2,937</b>	<b>2,705</b>	<b>2,534</b>	<b>2,709</b>	<b>3,005</b>	<b>3,006</b>	<b>3,103</b>	<b>3,286</b>	<b>3,965</b>
<b>Total Program Revenues</b>	<b>\$ 4,615</b>	<b>\$ 7,126</b>	<b>\$ 7,229</b>	<b>\$ 5,276</b>	<b>\$ 5,430</b>	<b>\$ 6,166</b>	<b>\$ 7,198</b>	<b>\$ 6,109</b>	<b>\$ 6,063</b>	<b>\$ 7,787</b>
Net(Expense)/Revenue										
Governmental Activities	\$ (2,581)	\$ (1,395)	\$ (1,729)	\$ (4,419)	\$ (5,198)	\$ (5,028)	\$ (4,366)	\$ (6,248)	\$ (6,203)	\$ (4,369)
Business-type Activity	75	751	337	35	93	183	(215)	(833)	(88)	423
<b>Total Net Expense</b>	<b>\$ (2,506)</b>	<b>\$ (644)</b>	<b>\$ (1,392)</b>	<b>\$ (4,384)</b>	<b>\$ (5,105)</b>	<b>\$ (4,845)</b>	<b>\$ (4,580)</b>	<b>\$ (7,081)</b>	<b>\$ (6,291)</b>	<b>\$ (3,946)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes:										
Property taxes	\$ 1,983	\$ 2,466	\$ 2,808	\$ 3,058	\$ 3,445	\$ 3,555	\$ 3,735	\$ 3,779	\$ 3,965	\$ 4,222
Public service taxes	1,344	1,400	1,485	1,440	2,082	2,349	2,512	2,667	2,630	2,800
Franchise taxes	276	381	435	445	526	447	471	479	531	605
Investment earnings	185	405	225	87	48	54	28	23	34	41
Miscellaneous	61	121	273	199	208	122	115	218	832	278
Transfers	91	(46)	564	550	(2)	156	92	167	117	80
<b>Total Governmental Activities</b>	<b>3,941</b>	<b>4,726</b>	<b>5,790</b>	<b>5,780</b>	<b>6,307</b>	<b>6,683</b>	<b>6,953</b>	<b>7,333</b>	<b>8,108</b>	<b>8,026</b>
Business-type Activity:										
Investment earnings	104	235	313	218	117	85	62	28	37	50
Miscellaneous	36	59	39	22	83	23	56	33	103	153
Transfers	(91)	46	(564)	(550)	2	(156)	(92)	(167)	(117)	(80)
<b>Total Business-type Activity</b>	<b>49</b>	<b>340</b>	<b>(212)</b>	<b>(310)</b>	<b>202</b>	<b>(49)</b>	<b>25</b>	<b>(106)</b>	<b>23</b>	<b>123</b>
<b>Total Primary Government</b>	<b>\$ 3,990</b>	<b>\$ 5,066</b>	<b>\$ 5,578</b>	<b>\$ 5,470</b>	<b>\$ 6,509</b>	<b>\$ 6,634</b>	<b>\$ 6,978</b>	<b>\$ 7,227</b>	<b>\$ 8,131</b>	<b>\$ 8,149</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 1,360	\$ 3,331	\$ 4,061	\$ 1,361	\$ 1,109	\$ 1,655	\$ 2,588	\$ 1,085	\$ 1,905	\$ 3,658
Business-type Activity	125	1,091	125	(275)	295	135	(190)	(939)	(64)	546
<b>Total Primary Government</b>	<b>\$ 1,484</b>	<b>\$ 4,422</b>	<b>\$ 4,186</b>	<b>\$ 1,086</b>	<b>\$ 1,404</b>	<b>\$ 1,789</b>	<b>\$ 2,398</b>	<b>\$ 146</b>	<b>\$ 1,840</b>	<b>\$ 4,203</b>

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

	<b>Fiscal Year (in thousands)</b>									
	2006	2007	2008	2009	2010	2011 <sup>2</sup>	2012	2013	2014	2015
General Fund										
Unreserved	\$ 2,574	\$ 3,372	\$ 2,585	\$ 1,618	\$ 1,552	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned						2,256	1,226	1,226	2,055	2,654
<b>Total General Fund</b>	<b>\$ 2,574</b>	<b>\$ 3,372</b>	<b>\$ 2,585</b>	<b>\$ 1,618</b>	<b>\$ 1,552</b>	<b>\$ 2,256</b>	<b>\$ 1,226</b>	<b>\$ 1,226</b>	<b>\$ 2,055</b>	<b>\$ 2,654</b>
All other governmental funds										
Reserved	579	687	639	\$ 95	\$ 226	\$ -	\$ -	\$ -	\$ -	\$ -
Non-spendable						33	33	36	35	8
Restricted						1,041	1,401	1,669	2,565	3,872
Committed									-	-
Assigned						596	1,065	1,016	1,108	1,475
Unreserved, reported in:									-	-
Special revenue funds	1,502	1,630	(131)	1,717	2,935				-	-
Capital project funds	(392)	(1,259)	(2,284)	(370)	(212)				-	-
Unassigned, reported in:									-	-
Special revenue funds							(422)	(73)	-	-
Capital project funds						(209)	(228)	(181)	(307)	-
<b>Total all other governmental funds</b>	<b>\$ 1,689</b>	<b>\$ 1,058</b>	<b>\$ (1,776)</b>	<b>\$ 1,441</b>	<b>\$ 2,948</b>	<b>\$ 1,461</b>	<b>\$ 1,849</b>	<b>\$ 2,467</b>	<b>\$ 3,401</b>	<b>\$ 5,356</b>

<sup>1</sup> Information is presented for years ended subsequent to the implementation of GASB 34

<sup>2</sup> Information in subsequent years is presented in accordance with GASB 54: Fund Balance

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

	Fiscal Year (in thousands)									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>REVENUES</b>										
Property taxes	\$1,989	\$2,451	\$ 2,773	\$3,010	\$3,424	\$3,564	\$3,696	\$3,774	\$ 3,978	\$ 4,214
Public service taxes	1,344	1,400	1,485	1,440	2,082	2,349	2,512	2,667	2,630	2,800
Franchise fees	276	381	435	445	526	447	471	479	531	605
Grants	1,074	2,097	2,817	1,550	1,715	1,186	2,466	1,182	1,112	1,747
Charges for services	446	632	486	232	350	398	306	910	752	1,004
Licenses and permits	197	315	205	118	157	455	158	167	243	358
Fines and forfeitures	182	220	226	198	230	268	241	305	313	277
Special assessments	179	2	1	2	-	-	-	-	9	36
System development charges	547	923	567	177	265	241	985	253	372	472
Interest	116	405	225	87	48	54	27	23	33	40
Contributions and donations	-	2	175	522	1	608	33	15	-	-
Miscellaneous	61	28	67	194	133	78	84	87	768	47
Payment in lieu of land dedication	-	93	206	5	75	43	31	131	65	232
<b>Total Revenues</b>	<b>6,411</b>	<b>8,947</b>	<b>9,669</b>	<b>7,981</b>	<b>9,007</b>	<b>9,690</b>	<b>11,011</b>	<b>9,993</b>	<b>10,804</b>	<b>11,833</b>
<b>EXPENDITURES</b>										
General government	\$ 562	\$1,073	\$ 758	\$ 802	\$ 825	\$ 980	\$ 851	\$ 851	\$ 794	\$ 728
Highways and streets	333	376	368	730	576	650	489	932	544	484
Public transportation	716	807	1,016	912	961	1,016	1,041	1,093	1,096	1,102
Economic and physical development	366	439	462	529	483	480	662	697	761	837
Public safety	1,194	1,475	1,623	1,614	1,868	1,776	2,045	2,137	2,358	2,374
Culture and recreation	1,099	1,096	1,204	1,318	1,613	1,690	1,845	1,901	1,846	2,051
Capital outlay:	2,086	3,895	8,079	2,074	2,738	3,322	4,595	1,280	1,253	1,169
Debt Service:										
Principal	247	335	126	1,028	505	543	620	1,040	2,713	552
Interest	71	113	87	173	170	172	195	161	166	82
<b>Total Expenditures</b>	<b>6,674</b>	<b>9,610</b>	<b>13,721</b>	<b>9,180</b>	<b>9,740</b>	<b>10,630</b>	<b>12,344</b>	<b>10,093</b>	<b>11,531</b>	<b>9,378</b>
Excess of Revenues over (under) Expenditures	(264)	(663)	(4,052)	(1,199)	(733)	(940)	(1,333)	(99)	(726)	2,455
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	\$ 279	\$ 594	\$ 2,822	\$2,658	\$ 258	\$ 258	\$ 277	\$ 270	\$ 265	\$ 282
Transfers out	(188)	(639)	(2,258)	(2,108)	(382)	(102)	(288)	(103)	(343)	(202)
Proceeds from bond	-	-	-	2,899	2,297	-	876	-	2,280	-
Proceeds from note	-	-	-	-	-	-	-	385	286	-
<b>Total Other Financing Sources (Uses)</b>	<b>91</b>	<b>(46)</b>	<b>564</b>	<b>3,449</b>	<b>2,174</b>	<b>156</b>	<b>864</b>	<b>552</b>	<b>2,489</b>	<b>80</b>
<b>Net change in fund balances</b>	<b>\$ (172)</b>	<b>\$ (709)</b>	<b>\$ (3,488)</b>	<b>\$ 2,250</b>	<b>\$ 1,441</b>	<b>\$ (783)</b>	<b>\$ (469)</b>	<b>\$ 452</b>	<b>\$ 1,762</b>	<b>\$ 2,535</b>
Debt service as a percentage of noncapital expenditures	0.0%	0.1%	0.0%	0.1%	0.0%	0.1%	0.1%	0.1%	2.1%	0.5%

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 prior to the implementation of GASB 34.



**CITY OF SANDY, OREGON**  
**Government Activities Tax Revenue By Sources**  
**Last Ten Fiscal Years <sup>1</sup> (in thousands)**  
**(accrual basis of accounting)**

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<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Franchise Tax</u>	<u>Public Service Tax</u>	<u>Total</u>
2015	\$ 4,214	\$ 605	\$ 2,800	\$ 7,619
2014	3,978	531	2,630	7,139
2013	3,774	479	2,667	6,921
2012	3,696	471	2,512	6,679
2011	3,564	447	2,349	6,360
2010	3,424	526	2,082	6,033
2009	3,010	445	1,440	4,895
2008	2,773	435	1,485	4,693
2007	2,451	381	1,400	4,231
2006	1,989	276	1,344	3,610

<sup>1</sup> 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**

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Taxpayer	2015			2006*		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
FRED MEYER STORES INC	18,209,914	1	22.54%	13,888,687	1	23.56%
ACS SANDY MARKETPLACE	10,028,375	2		6,776,169	2	11.50%
JAKSISH PROPERTIES LLC	9,351,461	3	11.58%	6,736,052	3	11.43%
SANDY SAFEWAY CENTER LLC	7,707,237	4	9.54%	5,491,533	4	9.32%
PORTLAND GENERAL ELEC CO	7,637,000	5	9.45%	4,435,000	8	7.52%
VERIZON COMMUNICATIONS				4,885,600	5	8.29%
MOUNTAIN WEST RETIREMENT CORP	5,853,638	6	7.25%	4,662,411	6	7.91%
CASCADE CREST APARTMENTS LLC	5,805,028	7	7.19%	4,449,070	7	7.55%
PLR PROPERTIES LLC	5,520,127	8	6.83%			
VENTAS INC	5,501,622	9	6.81%	4,216,535	9	7.15%
WAVE DIVISION HOLDING LLC	5,160,800	10	6.39%			
NORTHWEST NATURAL GAS CO				3,397,400	10	5.76%
Total Assessed Valuation	<u>\$ 80,775,202</u>			<u>\$ 58,938,457</u>		

Source: Clackamas County Assessor's Office

**CITY OF SANDY, OREGON**

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

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

**Last Ten Fiscal Years**

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**City of Sandy**

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<b>Fiscal Year Ended June 30</b>	<b>General Fund</b>	<b>Urban Renewal</b>	<b>Total</b>	<b>Port of Portland</b>	<b>Clackamas County</b>	<b>Oregon Trail School District No. 46</b>
2015	3.68	1.88	5.56	0.06	2.81	4.14
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

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

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

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

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

\* Rate after compression due to Measure 5

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**Overlapping Rates**

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<b>Mt. Hood Community College</b>	<b>Clackamas County ESD</b>	<b>Vector Control</b>	<b>Fire District No. 72</b>	<b>Clackamas County Urban Renewal</b>	<b>Total Direct &amp; Overlapping Rates</b>
0.44	0.33	0.03	1.94	0.0039	15.32
0.44	0.33	0.02	1.94	0.003	14.63
0.44	0.32	0.03	1.95	0.125	17.54
0.44	0.32	0.03	1.95	0.119	17.45
0.44	0.32	0.03	1.95	0.135	17.42
0.44	0.33	0.03	1.96	0.135	17.45
0.42	0.33	0.03	1.97	0.370	14.67
0.43	0.33	0.03	2.28	0.323	15.01
0.43	0.33	0.03	2.32	0.351	14.76
0.44	0.33	0.03	2.33	0.341	14.79

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

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<b>Fiscal Year Ended</b>		
<b>June 30</b>	<b>Total Assessed Value</b>	<b>Real Market Value</b>
2015	730,462,848	1,032,175,837
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

Source: Clackamas County Assessor's Office

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

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

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 <sup>1</sup>**

Fiscal Year	Governmental Activities				Business-Type Activities		Total Outstanding Debt	Percentage of Personal Income <sup>2</sup>	Per Capita <sup>2</sup>
	General Obligation Bonds	Local Improvement District Bonds	Special Assessment Bonds	Capital Leases and Notes Payable	Notes Payable	Bonds Payable			
2015	\$ 1,846,624	\$ -	\$ -	\$ 1,156,297	\$ 9,501,409	\$ 9,256,628	21,760,958	N/A	2,178
2014	2,243,584	-	-	1,311,819	9,916,536	9,182,865	22,654,804	N/A	2,268
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

<sup>1</sup> Information is presented for years ended subsequent to the implementation of GASB 34

<sup>2</sup> 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**

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<b>Fiscal Year</b>	<b>Population</b>	<b>Total Taxable Assessed Value</b>	<b>General Obligation Bonds</b>	<b>Percentage of Debt to Value of Property</b>	<b>Net Bonded Debt Per Capita Value</b>
2015	10,395	\$ 730,462,848	\$ 1,846,624	0.25%	178
2014	9,990	662,735,210	2,243,584	0.34%	225
2013	9,880	635,361,440	2,584,285	0.41%	262
2012	9,780	628,001,896	3,184,895	0.51%	326
2011	9,570	604,776,986	3,745,505	0.62%	391
2010	8,205	585,596,691	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%	-

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 <sup>1</sup>**

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<b>FUNCTION</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Government Activities:</b>										
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	11	11	11	11	14	14	14	14	14	14
Highways and streets										
Streets (miles)	30.5	33.0	34.0	34.0	34.0	34.0	34.0	34.6	34.6	34.7
Culture and recreation										
Parks acreage	156	156	156	165	165	165	165	165	172	172
Community centers	1	1	1	1	1	1	1	1	1	1
<b>Business-type Activities:</b>										
Water										
Maximum daily capacity (gallons)	1,840,000	1,840,000	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000	3,700,000	3,700,000
Sewer										
Maximum wet weather treatment capacity (gallons)	1,250,000	1,250,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000

Source: City Departments

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

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<b>Fiscal Year</b>	<b>Population <sup>1</sup></b>	<b>Personal Income <sup>2</sup></b>	<b>Per capita personal income <sup>3</sup></b>	<b>Unemployment Rate <sup>4</sup></b>
2015	10,395	N/A	N/A	4.80%
2014	9,990	N/A	N/A	7.30%
2013	9,880	19,200,727	49,453	7.20%
2012	9,780	18,535,004	48,286	8.10%
2011	9,570	17,457,115	45,915	9.30%
2010	8,205	16,537,551	43,871	10.40%
2009	8,005	16,315,504	43,614	8.30%
2008	7,595	17,482,238	47,109	4.70%
2007	7,030	16,678,152	45,468	4.60%
2006	6,800	15,872,775	43,666	5.10%

Source:

Portland State University, 2012 Oregon Population Report (Sandy), FY 2012 Population Figure from Portland State University, 2012

<sup>1</sup> Oregon Population Report (Sandy), FY 2011 Population Figure from Census 2010

<sup>2</sup> Bureau of Economic Analysis (BEA) (Clackamas County in thousands of dollars)

<sup>3</sup> Bureau of Economic Analysis (BEA) (Clackamas County)

<sup>4</sup> 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, 2015**

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<b>Government Unit:</b>	Outstanding Gross Property Tax-Backed Debt	Percentage <sup>1</sup> Applicable to City	Gross General Obligation Bonded Debt Outstanding
City of Sandy	\$ 3,344,782	100.0000%	\$ 3,344,782
Clackamas County	100,180,000	1.80%	1,806,346
Mt. Hood Community College	65,483,056	3.01%	1,971,236
Clackamas County ESD	23,405,000	1.90%	444,952
Clackamas County SD 46 (Oregon Trail)	107,595,487	27.13%	29,194,206
Port of Portland	67,911,971	0.41%	277,217
Total overlapping debt	364,575,514		33,693,957
Total direct and overlapping debt	\$ 367,920,296		\$ 37,038,739

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	2015-17
<b>Government activities:</b>						
General Government	5.5	5.9	6.4	6.0	6.3	6.7
Public Safety						
Police						
Officers	11.0	12.0	13.0	14.0	14.0	15.0
Civilians	2.8	2.0	3.3	3.0	3.9	3.9
Economic Development	-	-	-	1.0	1.1	1.4
Planning & Development	4.6	4.9	4.9	4.6	3.9	3.9
Urban Renewal	0.3	0.3	0.3	0.3	0.7	0.6
Culture & Recreation						
Library	7.1	7.9	11.4	12.6	13.2	12.8
Recreation & Senior Center	5.3	5.5	5.7	5.7	6.4	5.8
Parks Maintenance	1.8	1.8	2.3	2.3	2.3	2.3
Highways & Streets	2.0	2.0	2.4	2.4	2.5	2.4
Public Transportation	1.7	2.2	1.8	1.8	1.8	1.8
<b>Business-type activities:</b>						
Water	2.9	2.9	2.4	2.4	2.4	2.4
Sewer	2.1	2.1	2.4	2.4	2.4	2.4
Stormwater	0.5	1.0	0.7	0.7	1.0	1.0
Telecommunications	0.5	0.5	1.2	2.2	2.2	2.9
<b>Total</b>	<b>48.0</b>	<b>51.0</b>	<b>58.2</b>	<b>61.4</b>	<b>64.1</b>	<b>65.1</b>

Source: Various city departments

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

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<b>Employer <sup>1</sup></b>	<b>2015</b>			<b>2006 *</b>			
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Oregon Trail School District	417	1	8.3%				
Fred Meyer #663	174	2	3.5%	Information for 2005-2006 is not readily available			
City of Sandy	80	3	1.6%				
AEC, Inc	78	4	1.6%				
Johnson RV	68	5	1.4%				
Suburban Ford	57	6	1.1%				
Mt. Hood Cleaners and Laundry	53	8	1.1%				
Avamere Sandy	52	9	1.0%				
Safeway #0782	51	7	1.0%				
Konell Construction	48	10	1.0%				
<b>Total</b>	<b>661</b>		<b>13.2%</b>				

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 <sup>1</sup>**

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Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Physical arrests	736	827	766	657	727	618	723	620	876	650
Parking violations	130	140	42	55	57	79	114	420	105	150
Traffic violations	1,413	1,561	1,480	1,296	1,481	1,696	1,563	1,197	1,154	1,011
Highways and streets										
Street resurfacing (SF)	0	0	761,763	155,908	469,530	0	611,076	111,440	184,000	73,972
Water										
Meter connections	2,623	3,086	3,179	3,250	3,312	3,337	3,357	3,455	3,460	3,637
Average daily consumption (gallons)	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	930,000
Wastewater										
Average daily sewage treatment (gallons)	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	1,360,000

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



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