

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2011



12700 SW 72nd Ave.
Tigard, OR 97223

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

FINANCIAL REPORT

**WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2011

CITY OF HALSEY
DOUGLAS COUNTY, OREGON

Mayor & City Council

June 30, 2011

<u>Name</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Denny Cameron	Mayor	December 31, 2012
Patrica Klassen	Council President	December 31, 2014
Tom Boggs	City Councilor	December 31, 2014
Frank Egbert	City Councilor	December 31, 2014
Tim Bradley	City Councilor	December 31, 2012
Adam Sarnoski	City Councilor	December 31, 2012
Forrest Stone	City Councilor	December 31, 2012

All council members will receive mail at the following address:

City of Sutherlin
126 East Central Ave.
Sutherlin, Oregon 97479

ADMINISTRATION

Robb Corbett, City Manager
Ron Harker, Finance Director

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

TABLE OF CONTENTS

	<u>PAGE</u> <u>NUMBER</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	I - XIII
FINANCIAL STATEMENTS AND SCHEDULES:	
BASIC FINANCIAL STATEMENTS:	
Statement of Net Assets	2
Statement of Activities	3
Balance Sheet - Governmental Funds	4
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets	5
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	6
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds - To Statement of Activities	7
Statement of Proprietary Net Assets	8
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	9
Combining Statement of Cash Flows - All Proprietary Funds	10
Statement of Fiduciary Assets	11
Notes to Basic Financial Statements	12
REQUIRED SUPPLEMENTARY DATA:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget:	
Governmental Funds:	
General Fund	24
Fire Operating Fund	25
SUPPLEMENTARY DATA:	
Street Construction Fund	26
Enterprise Funds:	
Ambulance Fund	27
Water Fund	28
Wastewater Fund	29
Combining Balance Sheet - Nonmajor Governmental Funds	30
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	31

CITY OF COLUMBIA CITY
DOUGLAS COUNTY, OREGON

TABLE OF CONTENTS

PAGE
NUMBER

Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget:	
Street / Storm Drainage Fund	32
Street System Development Charges Fund	33
Tourism – Motel Tax Fund	34
Library Board Fund	35
Dial-A-Ride Fund	36
Special Public Works Debt Service Fund	37
Library GO Bond Fund	38
Library Building Construction Fund	39
Parks Construction Fund	40
Skate park Construction Fund	41
Bicycle Footpath Fund	42
Fire Reserve Fund	43
Police Reserve Fund	44
Public Works Operations Reserve Fund	45
Parks / Facilities Reserve Fund	46
Combining Balance Sheet – Nonmajor Enterprise Funds	47
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Enterprise Funds	48
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	49
Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget – Nonmajor Enterprise Funds	
Ambulance Reserve Fund	50
Water Reserve Fund	51
Public Works Wastewater Reserve Fund	52
Knolls Estate Step Surcharge Fund	53
Water Construction Fund	54
Wastewater Construction Fund	55
Water Debt Service Fund	56
Wastewater Debt Service Fund	57
Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget – Internal Service Fund	
Public Works Operations Fund	58
Combining Statement of Changes in Assets and Liabilities – Agency Funds	59
Schedule of Property Tax Transactions and Balances of Taxes Uncollected - General Fund	60
INDEPENDENT AUDITORS’ REPORT REQUIRED BY OREGON STATE REGULATIONS	61



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

-
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
 - (503) 620-2632 • FAX (503) 684-7523

November 9, 2011

To the City Council
City of Sutherlin
Sutherlin, Oregon

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sutherlin as of and for the year ended June 30, 2011, as listed in the table of contents. The basic financial statements are the responsibility of management. Our responsibility is to express opinions on these financial statements based on our audit. The financial statements of the City of Sutherlin as of and for the year ended June 30, 2010, were audited by other auditors, whose report dated January 3, 2011 expressed an unqualified opinion.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sutherlin at June 30, 2011 and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The supplementary data of individual fund statements and other financial schedules, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Management Discussion and Analysis, as listed on the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Pauly Rogers and Co., P.C.

PAULY, ROGERS AND CO., P.C.

CITY OF SUTHERLIN
Management's Discussion and Analysis
For the Year Ended June 30, 2011

The management of the City of Sutherlin, Oregon presents this narrative overview and analysis to facilitate both a short and a long-term analysis of the financial activities of the City for the fiscal year ended June 30, 2011. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report.

Financial Highlights

- The City's total assets decreased \$3,491,850 from \$51,855,864 to \$48,364,014, or 6.7% during the year ended June 30, 2011. Capital assets, net of depreciation decreased \$3.34 million or 7.1%. Additionally, cash and investments decreased by \$185,431 from \$3,320,739 to \$3,135,308, or -5.6%.
- The City's total liabilities decreased \$167,089 from \$5,753,630 to \$5,586,541, or -2.9% for the year ended June 30, 2011.
- The net assets of the City (assets minus liabilities) at June 30, 2011 were \$42,777,473. This was a decrease of \$3,324,761 from June 30, 2010; a 7.2% decrease. Total net assets of \$2,460,656 were unrestricted.
- At June 30, 2011, the City's governmental funds reported combined ending fund balances of \$2,160,669, an increase of \$567,369 in comparison to the prior year. \$996,802 is unassigned and available for spending at the government's discretion.
- The General Fund's unassigned fund balance is \$996,802 at the end of the current fiscal year, or 32.5% of General Fund expenditures in 2011.

Overview of the Financial Statements

The City's basic financial statements comprise three components:

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

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

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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 result in cash flows in a future fiscal period. Examples of such items include earned (assessed/levied), but uncollected property taxes, and earned, but unused compensated absences.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the City include the following:

- General government,
- Public safety,
- Highways and streets,
- Culture and recreation, and
- Tourism.

The Business-type activities of the City include the following:

- Wastewater,
- Water,
- Ambulance.

The government-wide financial statements can be found on pages two through three-A in the basic financial statements.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current 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 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 government's near-term financial decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages four through six-A in the basic financial statements.

The City maintains 18 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 those funds that are considered significant (major) to the City taken as a whole. These financial statements report three major funds: General, Fire Operating, and Street Construction. Data for the other 15 governmental funds are aggregated into a single column in the fund financials.

Summary fund data by fund-type for these non-major governmental funds is provided in the form of combining statements on pages 30 through 31-A. Individual fund data for each of these non-major governmental funds is provided as supplementary information in the form of schedules of revenues, expenditures and changes in fund balance on pages 32 through 46.

In order to provide prudent and responsible control over city expenditures and revenues, the City adopts an annual budget for all governmental funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the General Fund and the other major funds as required supplementary information on pages 24 through 26. Budgetary comparisons for all other governmental funds have been provided as other supplementary information on pages 32 through 46.

The governmental fund financial statements can be found on pages four through seven in the basic financial statements.

Proprietary funds. Proprietary funds are used to account for activities where the emphasis is placed on net income determination. The City maintains two types of proprietary funds; namely, enterprise funds and internal service funds.

Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for its ambulance services, water utility, and wastewater utility operations. The enterprise funds are reported separately in the proprietary fund financial statements in the basic financial statements and can be found on pages eight through 10-A.

Internal service funds act like a rental agency of personnel, equipment and materials to support the activities of other funds. Internal service funds are supported by direct charges to other funds and do not accrue a cash balance. The City uses an internal service fund to support the city building/facilities, streets/drainage, water, and wastewater activities. The internal service fund is reported separately in the proprietary fund financial statements in the basic financial statements and can be found on pages eight through 10-A.

In order to provide prudent and responsible control over City expenditures and revenues, the City adopts an annual budget for all proprietary funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the enterprise and internal service funds as other supplementary information on pages 50 through 58.

Fiduciary funds. Fiduciary funds of the City are agency funds which hold assets on behalf of others. The City maintains three agency funds: Municipal Court, Fire Volunteer Projects, and the I-5/Central Avenue Flag.

Since the funds are held in trust for other parties the City does not budget these funds. The funds are however audited and corresponding information on their activities can be found on pages 11 and 59.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the financial statements and should be read in conjunction with them. The notes can be found on pages 12 through 23.

Other supplementary information. The combining statements and schedules referred to earlier follow the notes in this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$42,777,473 at the close of the most recent fiscal year.

The largest portion of the City's net assets (91%) reflects its investment in capital assets (e.g., land and right of way, buildings, improvements, equipment, and infrastructure, net of accumulated depreciation), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City'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.

City of Sutherlin's Net Assets						
	Governmental Activities		Business-type Activities		Totals	
	2010	2011	2010	2011	2010	2011
Assets						
Current assets	\$ 1,203,912	\$ 1,715,605	\$ 3,533,859	\$ 2,765,850	\$ 4,737,771	\$ 4,481,455
Noncurrent Assets	28,956,456	25,465,836	18,161,637	18,416,723	47,118,093	43,882,559
Total assets	30,160,368	27,181,441	21,695,496	21,182,573	51,855,864	48,364,014
Liabilities						
Noncurrent liabilities	652,195	599,158	4,039,122	3,962,904	4,691,317	4,562,062
Other liabilities	281,209	207,764	781,104	816,715	1,062,313	1,024,479
Total liabilities	933,404	806,922	4,820,226	4,779,619	5,753,630	5,586,541
Net assets						
Invested in capital assets, net of related debt	28,251,827	24,789,998	13,701,072	14,077,437	41,952,899	38,867,435
Restricted	573,435	566,363	1,624,139	883,019	2,197,574	1,449,382
Unrestricted	401,702	1,018,158	1,550,059	1,442,498	1,951,761	2,460,656
Total net assets	\$ 29,226,964	\$ 26,374,519	\$ 16,875,270	\$ 16,402,954	\$ 46,102,234	\$ 42,777,473

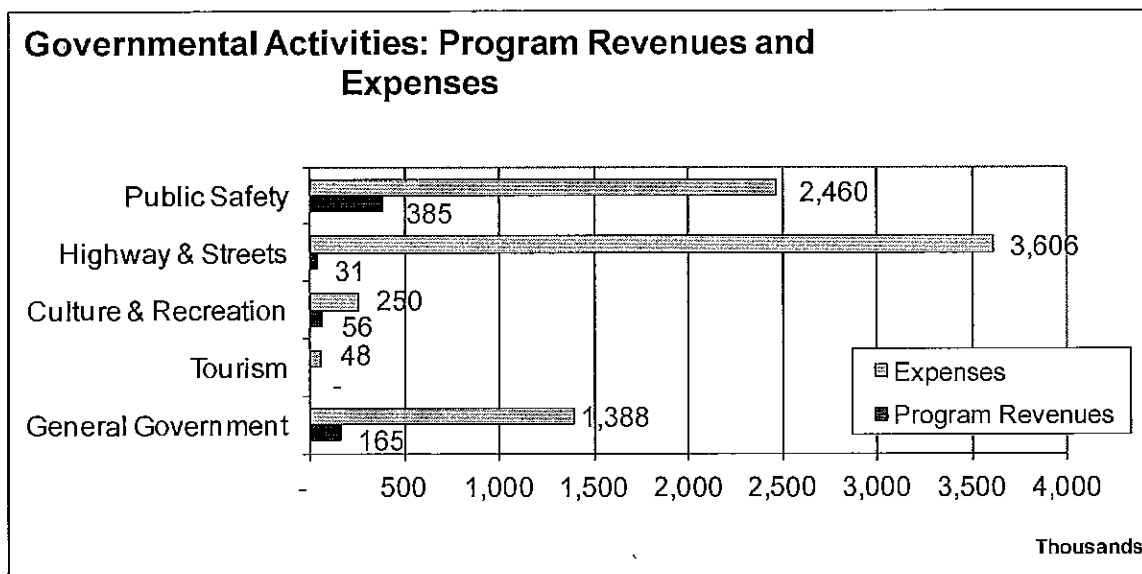
An additional portion of the City's assets (3.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$2,460,656 may be used to meet the government's ongoing obligations to citizens and creditors.

City of Sutherlin's Change in Net Assets						
	Governmental Activities		Business-type Activities		Totals	
	2010	2011	2010	2011	2010	2011
Revenues:						
Program						
Fines, fees, and charges for services	\$ 628,621	\$ 565,514	\$ 3,655,631	\$ 3,300,942	\$ 4,284,252	\$ 3,866,456
Operating grants and contributions	679,369	70,671	257	-	679,626	70,671
Capital grants and contributions	307,823	-	86,522	-	394,345	-
General						
Property Taxes	2,369,487	2,457,230	-	-	2,369,487	2,457,230
Franchise fees	375,029	382,054	-	-	375,029	382,054
Intergovernmental	164,976	684,837	-	-	164,976	684,837
Interest	13,899	11,174	41,702	32,116	55,601	43,290
Miscellaneous	194,191	180,783	-	3,376	194,191	184,159
Gain (loss) on sale of property	10,500	-	-	-	10,500	-
Total revenues	4,743,895	4,352,263	3,784,112	3,336,434	8,528,007	7,688,697
Expenses:						
General government	1,573,451	1,387,883	-	-	1,573,451	1,387,883
Public safety	2,236,404	2,460,324	-	-	2,236,404	2,460,324
Highway and streets	3,589,248	3,606,087	-	-	3,589,248	3,606,087
Culture and recreation	207,253	249,743	-	-	207,253	249,743
Tourism	58,596	48,099	-	-	58,596	48,099
Interest on long-term debt	36,096	38,522	-	-	36,096	38,522
Wastewater	-	-	1,436,306	1,580,180	1,436,306	1,580,180
Water	-	-	1,356,297	1,514,091	1,356,297	1,514,091
Ambulance	-	-	658,418	128,529	658,418	128,529
Total expenses	7,701,048	7,790,658	3,451,021	3,222,800	11,152,069	11,013,458
Increase (decrease) in net assets before transfers	(2,957,153)	(3,438,395)	333,091	113,634	(2,624,062)	(3,324,761)
Transfers	350,365	585,951	(350,365)	(585,951)	-	-
Change in net assets	(2,606,788)	(2,852,444)	(17,274)	(472,317)	(2,624,062)	(3,324,761)
Net assets, July 1	31,833,752	29,226,963	16,892,544	16,875,271	48,726,296	46,102,234
Prior Period Adjustment	-	-	-	-	-	-
Net assets, June 30	\$ 29,226,964	\$ 26,374,519	\$ 16,875,270	\$ 16,402,954	\$ 46,102,234	\$ 42,777,473

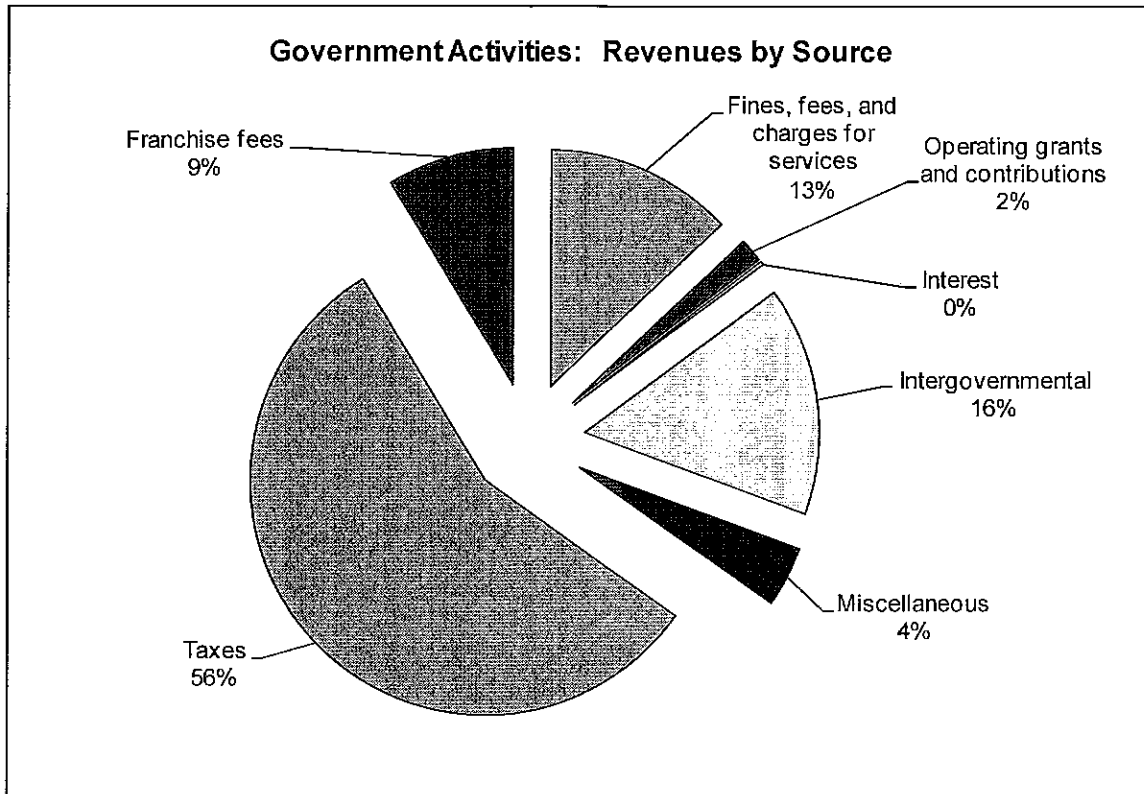
Expenses above include the indirect expenses as allocated in the Statement of Activities on page three of the basic financial statements.

Governmental activities. Governmental-type activities decreased the City's total net assets by \$2,852,444, thereby accounting for 86% of the decrease in total net assets. Total depreciation attributed to the governmental activities was \$3.595 million as detailed on page 19 of the notes to basic financial statements. Additionally, the net increase in fund balances for the governmental funds was \$567,369.

The next chart compares program revenues and expenses for the individual governmental activities for the fiscal year. As the chart reflects, all governmental activities relied on general revenues to support their functions.

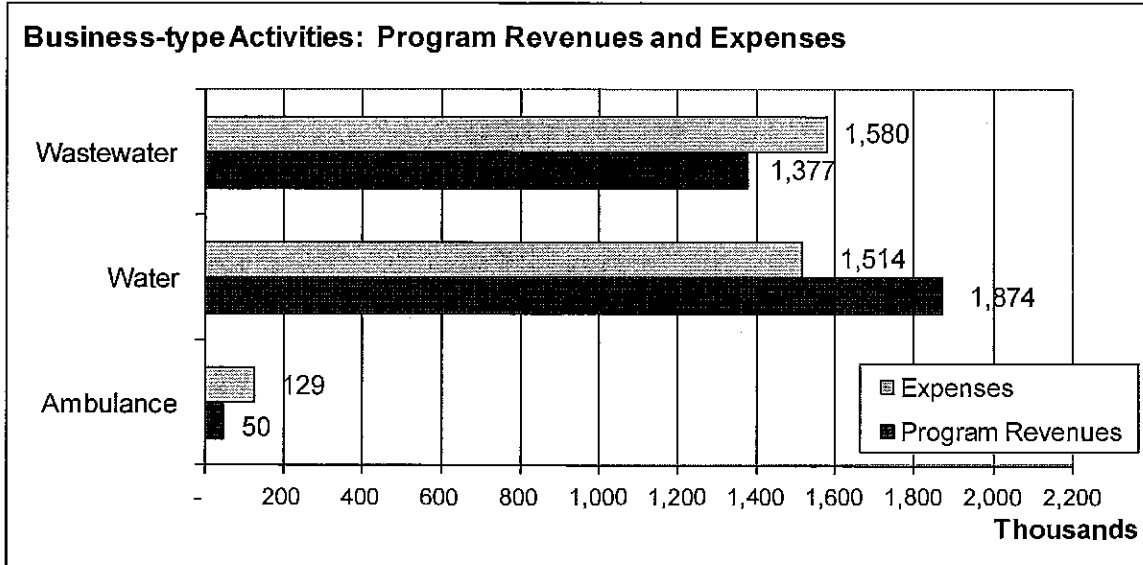


The next chart shows the percent of the total for each source of revenue supporting governmental activities.

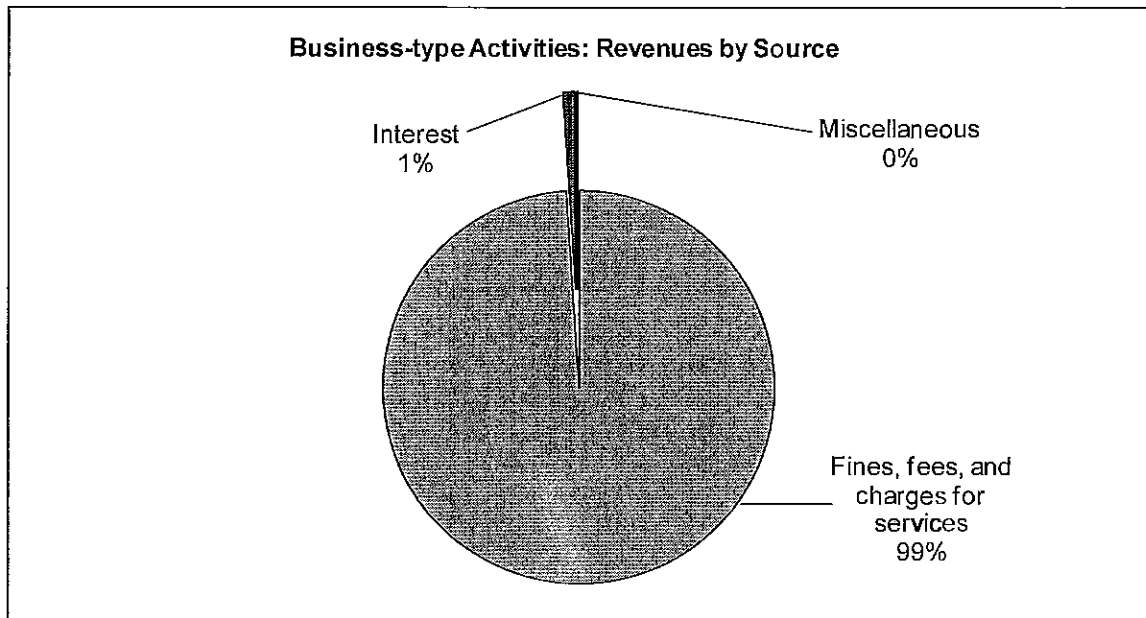


Business-type activities. Business-type activities decreased the City's net assets by \$472,317. Total depreciation attributed to the business-type funds was \$1,027,184 as detailed on page 20 of the notes to basic financial statements.

The following chart compares program revenues to expenses by individual business-type activity for the current year. Although these business-type activities recover more costs through program revenues than governmental activities, the wastewater enterprise still generated a significant deficit, warranting a review of user rates in 2012. Additionally, the ambulance enterprise operated with a deficit due to the enterprise being inactive.



The following chart shows that 99% of revenues for business-type activities are generated by fines, fees, and charges for services.



Capital assets. The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2011 amounted to \$43.8 million (net of accumulated depreciation). This investment in capital assets includes land, right-of-way (included with land), construction in progress, infrastructure (water distribution lines, wastewater collection lines, pump stations, reservoirs, etc.), water rights (developing of), buildings and plant (includes the water treatment plants and the wastewater treatment plant), and vehicles and equipment.

City of Sutherlin's Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Totals	
	2010	2011	2010	2011	2010	2011
Land	\$ 1,004,752	\$ 1,004,752	\$ 165,076	\$ 165,076	\$ 1,169,828	\$ 1,169,828
Construction in progress	38,055	-	530,568	1,007,139	568,623	1,007,139
Water Rights	-	-	595,000	595,000	595,000	595,000
Infrastructure	25,138,516	21,867,113	16,408,936	16,091,952	41,547,452	37,959,065
Buildings and plant	2,504,989	2,371,253	142,066	205,471	2,647,055	2,576,724
Vehicles and equipment	270,144	199,314	319,991	272,753	590,135	472,067
	<u>\$ 28,956,456</u>	<u>\$ 25,442,432</u>	<u>\$ 18,161,637</u>	<u>\$ 18,337,391</u>	<u>\$ 47,118,093</u>	<u>\$ 43,779,823</u>

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

- Ongoing construction of the Airport wastewater Lift Station,
- Ongoing construction of the Everett wastewater lift station,
- Improvements at the Festival Grounds that included drainage and fencing improvements,
- Reconstructive repairs of the Calapooia Reservoir's base,
- Glen / Waite water main line replacement and upgrade,
- Water main line extension at Central and Silver Glen,
- Engineering of Highway 138 water main improvements,
- Construction of pump station structures at Ridgewater and Umpua,
- Construction of the Non-Pariel generator building,
- Construction of the South Calapooia wastewater step system, and
- Final engineering of the Cooper Creek Water Treatment Plant.

Additional information on the City's capital assets can be found in note four to the basic financial statements (pages 19 and 20).

Long-term obligations. At the end of the fiscal year, the City had total long-term obligations of \$4.832 million. Outstanding long-term obligations included: \$2,132,529 to be serviced by water user rates and connection fees, \$315,000 in refunding bonds to be serviced by water user rates and connection fees (all backed by the full faith and credit of the City), \$1,518,155 in notes payable to be serviced by water and wastewater revenues; and \$131,166 in capital leases and accumulated compensated absences to be serviced by water, wastewater, and ambulance revenues. The remaining \$736,129 in long-term

obligations, or 15% of the total long-term obligations, are to be paid by existing general government revenue sources.

City of Sutherlin's Long-term Obligations						
	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
General obligation bonds	\$ 650,000	615,000	-	-	650,000	615,000
Revenue bonds	-	-	2,220,646	2,132,529	2,220,646	2,132,529
Refunding bonds	-	-	415,000	315,000	415,000	315,000
Note payables	20,541	14,025	1,581,474	1,518,155	1,602,015	1,532,180
Capital leases	34,088	23,409	243,445	82,750	277,533	106,159
Accumulated compensated absences	81,891	83,695	57,705	48,416	139,596	132,111
	\$ 786,520	736,129	4,518,270	4,096,850	5,304,790	4,832,979

The City's total long-term obligations decreased by \$471,811 (8.8%) during the fiscal year. General Obligation, revenue and refunding bonds' long-term debt obligations decreased by \$223,117 due to annual debt payments. Notes payable decreased by \$69,835 also due to annual debt payments. Capital leases netted a decrease of \$171,374. Accumulated compensated absences netted a decrease of \$7,485.

ORS 287.004 limits the amount of general obligation bond indebtedness which an Oregon city may have outstanding at any time, in the aggregate, to three percent (3.00%) of the Real Market Value of the city, although general obligation improvement bonds, water and sewer bonds are legally exempt from this debt limitation.

In addition, ORS 223.295 limits the amount of general obligation assessment bonded debt which a city may have outstanding at any one time to three percent (3.00%) of the Real Market Value of the City. The City had only the refunding bonds and the Library GO bond as outstanding bonded debt at June 30, 2011. The City's outstanding obligations subject to bonded debt limitations was \$930,000 or 4.6% of debt capacity.

City of Sutherlin's Remaining Debt Capacity	
Real Market Value (fiscal year 2010-2011 Douglas County)	\$ 669,200,294
Debt capacity (3.00% of RMV)	20,076,009
Outstanding Obligations	- 930,000
Remaining Debt Capacity	\$ 19,146,009

Additional information on the City's long-term obligations can be found in note five to the basic financial statements (see pages 20 and 21).

Fund-based Financial Analysis

As previously discussed, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City'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's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$2,160,669, an increase of \$567,369 in comparison with the prior year. Approximately 46% of this total amount, \$996,802, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance has some level of restrictions placed upon them, as follows:

- *Nonspendable fund balance* (amounts that are not in a spendable form or are required to be maintained intact) was \$390.00,
- *Restricted fund balance* (amounts constrained to specific purposes by their providers such as grantors, bondholders, and higher levels of government, through constitutional provisions, or by enabling legislation) was \$566,363,
- *Committed fund balance* (amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint) was \$364,595, and
- *Assigned fund balance* (amounts a government *intends* to use for a specific purpose) was \$232,519.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$996,802. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 32% of total General Fund expenditures.

The General Fund's fund balance increased by \$428,258 during the fiscal year.

The Fire Operating fund balance increased \$9,033 during the fiscal year.

The fund balance of the Street Construction fund increased \$32,628 during the fiscal year.

Finally, the fund balance for all other governmental funds increased \$97,450.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets and its percent to total net assets of each proprietary fund are as follows:

- Ambulance \$ 58,027 (30%)
- Water 336,656 (8%)
- Wastewater 197,188 (2%)
- Other Enterprise Funds 49,532 (5%)

Total business-type net assets increased \$11,039 in the fiscal year.

Restrictions on net assets exist in the Other Enterprise Funds totaling \$883,019; debt service restrictions total \$276,752 and capital projects restrictions total \$606,267. These restrictions generally limit the use of monies in the funds for related activities.

Other factors concerning the finances of proprietary funds can be found in the previous discussion of the City's business-type activities.

General Fund Budgetary Highlights

There was no difference between the original budget and the final amended budget as there were no adjustments made to the General Fund during the fiscal year.

For the year ending June 30, 2011, there were variations between the final amended budget and the actual budget-basis amounts in the General Fund; actual expenditures were \$272,192 (8%) less than the adjusted budget. Also, revenues were greater than the adjusted budget by \$57,617 (1.6%).

During the year, prior to transfers in and out, actual revenues exceeded actual expenditures by \$594,849. Net transfers out of the General Fund amounted to \$-230,926. The net effect of revenues, expenditures, and transfers was a \$363,923 increase in fund balance.

Economic Factors and Next Year's Budgets and Rates

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. The following are the major assumptions used in developing the FY 2012 budget:

- New Construction is anticipated to increase property tax revenues by 1.5%, this new construction rate added to the 3% annual increase in property values means that the City anticipates an increase in property tax revenue of 4.5% for FY 2012.

- Health care insurance will increase 4.31% for FY 2012.
- Oregon Public Employees Retirement System's (PERS) employer rates will increase due to losses experienced by the PERS pool accounts in 2009. Employer's PERS rates are increasing effective July 1, 2011; employer rate for tier one and tier two employees will be 10.42%, 5.55% for OPSRP General Service employees, and 8.26% for OPSRP Police employees.
- Cost of Living Adjustment (COLA) is calculated to be 0.0% for non-represented employees. Employees represented by the Sutherlin Police Officer's Association will receive a 1.0% COLA.
- Water revenues which are directly tied to consumption will continue to be depressed or even decline further due to conservation efforts made by the utility's customers during this economic downturn.
- The local economy will see very limited growth.
- Interest rates on investments will average during the fiscal year to 0.5%.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Ron Harker,
Finance Director
City of Sutherlin
126 E. Central Ave.
Sutherlin, OR 97479

**CITY OF COLUMBIA CITY
DOUGLAS COUNTY, OREGON**

BASIC FINANCIAL STATEMENTS

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**STATEMENT OF NET ASSETS
June 30, 2011**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS TYPE	TOTAL
ASSETS			
Cash and Investments	\$ 2,010,897	\$ 1,124,411	\$ 3,135,308
Receivables	505,413	796,154	1,301,567
Deposits	-	44,190	44,190
Prepays	390	-	390
Internal Balances	(801,095)	801,095	-
Total Current Assets	1,715,605	2,765,850	4,481,455
Noncurrent Assets:			
Bond Issuance Costs	23,404	79,332	102,736
Capital Assets, net	25,442,432	18,337,391	43,779,823
Total Assets	27,181,441	21,182,573	48,364,014
LIABILITIES			
Accounts Payable	36,909	385,144	422,053
Accrued Expenses	19,122	-	19,122
Bond Premium, net	12,539	23,339	35,878
Customer Deposits	-	21,900	21,900
Accrued Interest Payable	2,223	89,282	91,505
Long-term Debt:			
Due Within One Year	136,971	297,050	434,021
Due In More Than One Year	599,158	3,962,904	4,562,062
Total Liabilities	806,922	4,779,619	5,586,541
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	24,789,998	14,077,437	38,867,435
Restricted for:			
Debt Service	49,898	276,752	326,650
Capital Projects	516,465	606,267	1,122,732
Unrestricted	1,018,158	1,442,498	2,460,656
Total Net Assets	\$ 26,374,519	\$ 16,402,954	\$ 42,777,473

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

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

Functions/Programs	Program Revenues			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 1,387,883	\$ 164,298	\$ 555	\$ -
Public Safety	2,460,324	344,021	40,762	-
Highways and Streets	3,606,087	30,920	-	-
Culture and Recreation	249,743	26,275	29,354	-
Tourism	48,099	-	-	-
Interest on Long-term Debt	38,522	-	-	-
Total Governmental Activities	<u>7,790,658</u>	<u>565,514</u>	<u>70,671</u>	<u>-</u>
Business-Type Activities				
Wastewater	1,580,180	1,377,171	-	-
Water	1,514,091	1,873,876	-	-
Ambulance	128,529	49,895	-	-
Total Business Activities	<u>3,222,800</u>	<u>3,300,942</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 11,013,458</u>	<u>\$ 3,866,456</u>	<u>\$ 70,671</u>	<u>\$ -</u>

General Revenues:
Property Taxes
Franchise Taxes
Intergovernmental
Miscellaneous
Interest
Transfers

Total General Revenues and Transfers

Change in Net Assets

Beginning Net Assets

Ending Net Assets

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

Net Revenues (Expenses) and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (1,223,030)	\$ -	\$ (1,223,030)
(2,075,541)	-	(2,075,541)
(3,575,167)	-	(3,575,167)
(194,114)	-	(194,114)
(48,099)	-	(48,099)
(38,522)	-	(38,522)
(7,154,473)	-	(7,154,473)
-	(203,009)	(203,009)
-	359,785	359,785
-	(78,634)	(78,634)
-	78,142	78,142
(7,154,473)	78,142	(7,076,331)
2,457,230	-	2,457,230
382,054	-	382,054
684,837	-	684,837
180,783	3,376	184,159
11,174	32,116	43,290
585,951	(585,951)	-
4,302,029	(550,459)	3,751,570
(2,852,444)	(472,317)	(3,324,761)
29,226,963	16,875,271	46,102,234
\$ 26,374,519	\$ 16,402,954	\$ 42,777,473

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

	GENERAL FUND	FIRE OPERATING FUND	STREET CONSTRUCTION FUND
ASSETS			
Cash and Cash Equivalents	\$ 1,027,124	\$ -	\$ 57,643
Accounts Receivable	431,292	-	-
Prepays	390	-	-
Total Assets	\$ 1,458,806	\$ -	\$ 57,643
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 25,116	\$ -	\$ -
Accrued Expenses	19,019	-	-
Due to Other Funds	-	-	-
Deferred Revenue	277,595	-	-
Total Liabilities	321,730	-	-
Fund Balances:			
Nonspendable	390	-	-
Restricted	-	-	-
Committed	-	-	57,643
Assigned	139,884	-	-
Unassigned	996,802	-	-
Total Fund Balances	1,137,076	-	57,643
Total Liabilities and Fund Balances	\$ 1,458,806	\$ -	\$ 57,643

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

OTHER GOVERNMENTAL FUNDS	TOTAL
\$ 926,130	\$ 2,010,897
74,121	505,413
-	390
\$ 1,000,251	\$ 2,516,700

\$ 11,793	\$ 36,909
103	19,122
-	-
22,405	300,000
34,301	356,031

-	390
566,363	566,363
306,952	364,595
92,635	232,519
-	996,802
965,950	2,160,669
\$ 1,000,251	\$ 2,516,700

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET ASSETS
June 30, 2011

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

Fund Balances	\$ 2,160,669
<p>The cost of capital assets (land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) is reported as an expenditure in governmental funds. The statement of net assets includes those capital assets among the assets of the City as a whole.</p>	
Net Capital Assets	25,442,432
<p>Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.</p>	
Long-term Obligations	(736,129)
Bond Issuance Costs	23,404
Bond Premium	(12,539)
Accrued Interest on Long Term Debt	(2,223)
<p>The internal service fund is not reported in the governmental funds but is included in the government-wide governmental activities.</p>	
Net assets of internal service fund	(801,095)
<p>Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.</p>	
Deferred Revenue	<u>300,000</u>
Total Net Assets	<u>\$ 26,374,519</u>

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

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

	GENERAL FUND	FIRE OPERATING FUND	STREET CONSTRUCTION FUND
REVENUES			
Property Taxes	\$ 2,352,441	\$ -	\$ -
Franchise Fees	382,054	-	-
System Development Charges	-	-	-
Assessments	-	-	-
Grants and Contributions	-	-	-
Licences, Permits and Fees	595	-	-
Fines and Forfeitures	160,753	-	-
Charges for Services	157,703	-	-
Intergovernmental	451,031	55,511	8,873
Interest	5,458	-	263
Miscellaneous	102,260	-	-
Total Revenues	3,612,295	55,511	9,136
EXPENDITURES			
Current:			
General Government	1,307,376	-	-
Culture and Recreation	98,865	-	-
Tourism	-	-	-
Highways and Streets	-	-	-
Public Safety	1,566,476	788,500	-
Debt Service	21,414	-	-
Capital Outlay	77,127	-	-
Total Expenditures	3,071,258	788,500	-
Excess of Revenues Over, (Under) Expenditures	541,037	(732,989)	9,136
OTHER FINANCING SOURCES, (USES)			
Intefund Loans	6,671	-	(6,671)
Transfers In	799,107	798,544	30,163
Transfers Out	(918,557)	(56,522)	-
Total Other Financing Sources, (Uses)	(112,779)	742,022	23,492
Net Change in Fund Balance	428,258	9,033	32,628
Beginning Fund Balance	708,818	(9,033)	25,015
Ending Fund Balance	<u>\$ 1,137,076</u>	<u>\$ -</u>	<u>\$ 57,643</u>

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

OTHER GOVERNMENTAL FUNDS		TOTAL	
\$	64,351	\$	2,416,792
	-		382,054
	48,607		48,607
	84,410		84,410
	28,265		28,265
	-		595
	-		160,753
	-		157,703
	403,452		918,867
	5,453		11,174
	-		102,260
	<u>634,538</u>		<u>4,311,480</u>
	-		1,307,376
	18,431		117,296
	47,302		47,302
	126,693		126,693
	-		2,354,976
	70,387		91,801
	24,123		101,250
	<u>286,936</u>		<u>4,146,694</u>
	347,602		164,786
	-		-
	1,000		1,628,814
	<u>(251,152)</u>		<u>(1,226,231)</u>
	<u>(250,152)</u>		<u>402,583</u>
	97,450		567,369
	<u>868,500</u>		<u>1,593,300</u>
\$	<u>965,950</u>	\$	<u>2,160,669</u>

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS - TO STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2011

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

Excess of Revenues over Expenditures	\$ 567,369
<p>Governmental funds 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 capital outlays exceeded depreciation in the current period.</p>	
Capital Outlay	81,702
Depreciation Expense	(3,595,726)
<p>Internal service funds are used by management to charge the costs of various function to the individual funds. The net revenue (expense) of the internal service fund is allocated between governmental and business-type activities.</p>	
	1,985
<p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes in liability balances.</p>	
Principal payments on long-term obligations	52,195
Amortization of bond issuance costs/premiums	(724)
Accrued Vacation	(1,804)
Accrued Interest	1,808
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Deferred Revenues	<u>40,751</u>
Change in Net Assets	<u>\$ (2,852,444)</u>

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

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

STATEMENT OF PROPRIETARY NET ASSETS
June 30, 2011

	<u>AMBULANCE FUND</u>	<u>WATER FUND</u>	<u>WASTEWATER FUND</u>
ASSETS			
Current Assets			
Cash and Investments	\$ 48,492	\$ 198,189	\$ 110,806
Accounts Receivable, net	9,837	179,114	129,997
Deposits	-	1,226	-
Total Current Assets	<u>58,329</u>	<u>378,529</u>	<u>240,803</u>
Noncurrent Assets			
Bond Issue Costs, net	-	79,332	
Capital Assets, Net	218,066	7,312,888	10,806,437
Total Noncurrent Assets	<u>218,066</u>	<u>7,392,220</u>	<u>10,806,437</u>
Total Assets	<u>\$ 276,395</u>	<u>\$ 7,770,749</u>	<u>\$ 11,047,240</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 302	\$ 11,027	\$ 19,272
Accrued Expenses		-	-
Bond Premium, net		23,339	
Customer Deposits		21,900	-
Accrued Interest Payable	-	64,939	24,343
Long Term Debt, Current Position	40,530	211,520	45,000
Total Current Liabilities	<u>40,832</u>	<u>332,725</u>	<u>88,615</u>
Long-term Liabilities			
Long Term Debt, Net of Current Position	42,220	3,190,684	730,000
Total Long-term Liabilities	<u>42,220</u>	<u>3,190,684</u>	<u>730,000</u>
Total Liabilities	<u>83,052</u>	<u>3,523,409</u>	<u>818,615</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	135,316	3,910,684	10,031,437
Restricted for:			
Debt Services	-	-	-
Capital Projects	-	-	-
Unrestricted	58,027	336,656	197,188
Total Net Assets	<u>193,343</u>	<u>4,247,340</u>	<u>10,228,625</u>
Total Liabilities and Fund Equity	<u>\$ 276,395</u>	<u>\$ 7,770,749</u>	<u>\$ 11,047,240</u>

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

OTHER NONMAJOR FUNDS	TOTAL	INTERNAL SERVICE FUND
\$ 766,924	\$ 1,124,411	\$ 2,592
477,206	796,154	
42,964	44,190	-
<u>1,287,094</u>	<u>1,964,755</u>	<u>2,592</u>
-	79,332	
-	18,337,391	-
-	18,416,723	-
<u>\$ 1,287,094</u>	<u>\$ 20,381,478</u>	<u>\$ 2,592</u>
\$ 354,543	\$ 385,144	\$ 2,024
-	-	568
-	23,339	-
-	21,900	-
-	89,282	-
-	297,050	-
<u>354,543</u>	<u>816,715</u>	<u>2,592</u>
-	3,962,904	-
-	3,962,904	-
<u>354,543</u>	<u>4,779,619</u>	<u>2,592</u>
-	14,077,437	-
276,752	276,752	-
606,267	606,267	-
49,532	641,403	-
<u>932,551</u>	<u>15,601,859</u>	<u>-</u>
<u>\$ 1,287,094</u>	<u>\$ 20,381,478</u>	<u>\$ 2,592</u>

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011**

	AMBULANCE FUND	WATER FUND	WASTEWATER FUND
OPERATING REVENUES			
Charges for Services	\$ 49,895	\$ 1,819,036	\$ 1,343,607
Miscellaneous	-	193	269
Total Operating Revenues	<u>49,895</u>	<u>1,819,229</u>	<u>1,343,876</u>
OPERATING EXPENSES			
Personal Service	-	-	-
Materials and Services	74,158	266,435	681,155
Depreciation and Amortization	52,452	347,018	630,883
Total Operating Expenses	<u>126,610</u>	<u>613,453</u>	<u>1,312,038</u>
Operating Income -Loss	<u>(76,715)</u>	<u>1,205,776</u>	<u>31,838</u>
NONOPERATING REVENUES, (EXPENSES)			
Interest	196	2,168	738
Interest Expense	-	-	-
System Development Charges	-	3,211	-
Capital Contributions	42,061	931,653	488,683
Transfers In	-	-	-
Transfers Out	(52,000)	(1,537,943)	(750,213)
Other	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(9,743)</u>	<u>(600,911)</u>	<u>(260,792)</u>
Change in Net Assets	<u>(86,458)</u>	<u>604,865</u>	<u>(228,954)</u>
Net Assets (Deficit), Beginning of Year	<u>279,801</u>	<u>3,642,475</u>	<u>10,457,579</u>
Net Assets (Deficit), end of year	<u>\$ 193,343</u>	<u>\$ 4,247,340</u>	<u>\$ 10,228,625</u>

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

OTHER NONMAJOR FUNDS	TOTAL	INTERNAL SERVICE FUND
\$ 44,737	\$ 3,257,275	\$ -
-	462	32
<u>44,737</u>	<u>3,257,737</u>	<u>32</u>
-	-	982,245
1,189,718	2,211,466	39,809
-	1,030,353	-
<u>1,189,718</u>	<u>3,241,819</u>	<u>1,022,054</u>
<u>(1,144,981)</u>	<u>15,918</u>	<u>(1,022,022)</u>
29,014	32,116	
(602,739)	(602,739)	-
39,994	43,205	-
-	1,462,397	-
904,513	904,513	1,182,282
-	(2,340,156)	(149,221)
<u>3,376</u>	<u>3,376</u>	<u>-</u>
<u>374,158</u>	<u>(497,288)</u>	<u>1,033,061</u>
(770,823)	(481,370)	11,039
<u>1,703,374</u>	<u>16,083,229</u>	<u>(11,039)</u>
<u>\$ 932,551</u>	<u>\$ 15,601,859</u>	<u>\$ -</u>

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

	AMBULANCE FUND	WATER FUND	WASTEWATER FUND
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 101,581	\$ 1,826,734	\$ 1,322,253
Cash Paid to Suppliers	<u>(78,749)</u>	<u>(263,378)</u>	<u>(671,965)</u>
Net Cash Provided (Used) by Operating Activities	<u>22,832</u>	<u>1,563,356</u>	<u>650,288</u>
Cash Flows from Noncapital Financing Activities:			
Miscellaneous	-	3,211	-
Transfers	<u>(52,000)</u>	<u>(1,537,943)</u>	<u>(750,213)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(52,000)</u>	<u>(1,534,732)</u>	<u>(750,213)</u>
Cash Flows from Capital and Related Financing Activities:			
Payments on long term debt	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:			
Earnings on Investments	<u>196</u>	<u>2,168</u>	<u>738</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(28,972)	30,792	(99,187)
Cash and Investments at Beginning of Year	<u>77,464</u>	<u>167,397</u>	<u>209,993</u>
Cash and Investments at End of Year	<u>\$ 48,492</u>	<u>\$ 198,189</u>	<u>\$ 110,806</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income, (Loss)	\$ (76,715)	\$ 1,205,776	\$ 31,838
Noncash Items Included in Income:			
Depreciation	52,452	347,018	630,883
Decrease (Increase) in Accounts Receivable	51,686	8,731	(21,623)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(4,591)	5,282	9,190
Increase (Decrease) in Customer Deposits	<u>-</u>	<u>(3,451)</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 22,832</u>	<u>\$ 1,563,356</u>	<u>\$ 650,288</u>

Noncash Transactions:

All of the enterprise funds have their debt and capital assets purchased/paid for them. The funds recognized capital contributions on the Statement of Revenues and Expenses to account for this activity. The Ambulance, Water and Wastewater funds had the following noncash transactions for capital contributions: \$42,061, \$931,653 and \$488,683, respectively.

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

OTHER NONMAJOR FUNDS	TOTAL	INTERNAL SERVICE FUND
\$ 44,737 (976,945)	\$ 3,295,305 (1,991,037)	\$ 32 (39,809)
<u>(932,208)</u>	<u>1,304,268</u>	<u>(39,777)</u>
75,328 843,206	(1,496,950)	- 1,033,061
<u>918,534</u>	<u>(1,496,950)</u>	<u>1,033,061</u>
<u>(541,432)</u>	<u>(541,432)</u>	<u>-</u>
<u>(541,432)</u>	<u>(541,432)</u>	<u>-</u>
29,014	32,116	-
(526,092)	(623,459)	993,284
<u>1,293,016</u>	<u>1,747,870</u>	<u>-</u>
<u>\$ 766,924</u>	<u>\$ 1,124,411</u>	<u>\$ 993,284</u>
\$ (1,144,981)	\$ 15,918	\$ (1,022,022)
-	1,030,353	-
	38,794	-
212,773	222,654	(8,447)
<u>-</u>	<u>(3,451)</u>	<u>-</u>
<u>\$ (932,208)</u>	<u>\$ 1,304,268</u>	<u>\$ (1,030,469)</u>

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

STATEMENT OF FIDUCIARY ASSETS
FIDUCIARY FUNDS
June 30, 2011

	<u>Agency</u>
ASSETS	
Cash and Cash Equivalents	\$ 5,979
Accounts Receivable	<u>3,991</u>
Total Assets	<u><u>\$ 9,970</u></u>
LIABILITIES	
Accounts Payable	\$ 4,174
Amounts held in trust	<u>5,796</u>
Total Liabilities	<u><u>\$ 9,970</u></u>

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

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION (REPORTING ENTITY)

The City was incorporated in 1911. Control of the City is vested in its mayor and council members who are elected to office by voters within the City. Administrative functions are delegated to individuals who report to and are responsible to the Mayor and Council. The chief administrative officer is the City Manager.

The accompanying financial statements present all activities, funds, and component units for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of this criteria, the City is a primary government with no includable component units.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING & FINANCIAL STATEMENT PRESENTATION

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

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

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING & FINANCIAL STATEMENT PRESENTATION (CONTINUED)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the City, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

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

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

General - accounts for all financial resources of the City, except those required to be accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, and state shared revenues. Expenditures are primarily for general government operations, highways and streets, public safety, tourism, and culture and recreation.

Fire Operating - accounts for the cost of providing fire protection services.

Street Construction - accounts for the cost of construction of City streets and storm water drainage systems.

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING & FINANCIAL STATEMENT PRESENTATION (CONTINUED)

The City reports the following major proprietary funds:

Ambulance – accounts for the operation of the emergency medical transport system.

Water – accounts for the operation of the water system.

Wastewater – accounts for the operation of the wastewater treatment plant and collection system.

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

Special revenue – accounts for revenue derived from specific taxes or other revenue sources, which are legally restricted to particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make expenditures.

Debt service – accounts for repayment of principal and interest on its outstanding loan.

Capital projects – accounts for expenditures on major construction projects. The principal sources of revenues are proceeds from donations.

Enterprise – accounts for the operations of predominantly self-supporting activities. Enterprise funds account for services rendered to the public on a user charge basis, and internal service funds account for services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

Agency – accounts for resources received and held by the County in a fiduciary capacity. Disbursements from these funds are made in accordance with applicable legislative enactment.

D. BUDGETS POLICIES AND BUDGETARY CONTROL

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency funds. The modified accrual of accounting is used for all budgets. All annual appropriations lapse at fiscal year end.

The City begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The City council adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The City established the levels of budgetary control at the personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds.

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BUDGETS POLICIES AND BUDGETARY CONTROL (CONTINUED)

Budget amounts shown in the basic financial statements have been revised since the original budget amounts were adopted. The City council must authorize all appropriation transfers and supplementary budgetary appropriations.

E. COMPENSATED ABSENCES - SICK LEAVE

The City has a policy which permits full-time employees to accumulate sick leave at the rate of one day per month up to 2,000 hours.

F. USE OF ESTIMATES

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

G. CASH AND CASH EQUIVALENTS

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts, and any highly-liquid debt instruments purchased with a maturity of three months or less.

H. RECEIVABLES

Property taxes are assessed and become a lien on all taxable property as of July 1. Property taxes are levied on November 15. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Property taxes receivable collected within 60 days subsequent to year-end are considered measurable and available, and are recognized as revenues. All other property taxes receivable are offset by deferred revenue because they are not deemed available to finance operations of the current period.

Receivables for federal and state grants and state, county, and local shared revenue are recorded as revenue in all fund types as earned. Receivables of the Proprietary Funds are recorded as revenue in all funds as earned. The allowance for doubtful accounts is established on a historical view of delinquencies.

I. CAPITAL ASSETS

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed fixed assets are recorded at estimated fair market value at the time received. Public domain (infrastructure) capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems acquired since July 1, 2003 are recorded at cost. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. CAPITAL ASSETS (CONITNUED)

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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. Net revenue bond interest cost incurred during the construction periods is capitalized when material.

Capital assets are depreciated using the straight line method over the following estimated useful lives.

Assets	10- 50
Buildings	20-40
Improvements other than buildings	4-10
Equipment	20-30
Streets	20-50
Distribution and collection systems	18

K. FUND EQUITY

In March 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- *Nonspendable* fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.
- *Restricted* fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- *Committed* fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- *Assigned* fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The City Council has granted the City Manager and the Finance Director the authority to classify portions of ending fund balance as Assigned.
- *Unassigned* fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. FUND EQUITY

The Council has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

To preserve a sound financial system and to provide a stable financial base, the Council has adopted the following fund balance policy: The City shall strive to maintain the General Fund undesignated fund balance at 35% or four months of regular general fund operating expenditures. In enterprise funds, the City shall strive to maintain positive retained earnings positions to provide sufficient reserves for emergencies and revenue shortfalls. Specifically, in the Water and Sewer Enterprise Fund, an operating reserve will be established and maintained at 20 percent of the current year's budget appropriation for operation and maintenance, which is defined as the total budget less debt service and capital projects expenditures. The City shall not regularly maintain positive retained earnings in internal service funds. When an internal service fund builds up retained earnings, the City shall transfer it to other operating funds. The City shall maintain sufficient reserves in its debt service funds which shall equal or exceed the reserve fund balances required by bond ordinances.

2. DEPOSITS AND INVESTMENTS

The City maintains a pool of cash and investments that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and investments. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments, including amounts held in pooled cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year, at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any City, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the City's position in the LGIP is the same as the value of the pool shares.

Credit risk: Oregon statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-I by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

2. DEPOSITS AND INVESTMENTS (CONTINUED)

As of June 30, 2011, the City had the following investments:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-17	18-59
State Treasurer's investment pool	\$ 743,828	\$ 743,828	\$ -	\$ -
US Government Agencies	2,521,618	2,521,618		
Total	<u>\$ 3,265,446</u>	<u>\$ 3,265,446</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk: The City's policy to manage its exposure to fair-value losses arising from increases in interest rates is to limit investment maturities to 18 months.

Concentration of Credit Risk: 77.2 percent of the City's investments are in an overnight repurchase agreement of U.S. Government Agencies with the City's banking institution. The City policy does not allow for an investment in anyone issuer that is in excess of 50 percent of the City's total investments with the exception of the LGIP, Treasury Direct, or the City's banking institution.

Custodial Credit Risk - Investments: This is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. None of the City's investments have custodial credit risk. The City's policy does not limit the amount of investments that can be held by counterparties.

Custodial Credit Risk - Deposits: This is the risk that, in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides Insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the financial institution. As of June 30, 2011, none of the City's bank balances were exposed to credit risk.

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

Deposits with Financial Institutions:	
Petty Cash	\$ 600
Demand Deposits	(122,167)
Investments	<u>3,265,446</u>
Total Cash and Investments	<u>\$ 3,143,879</u>

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

3. RECEIVABLES

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

Property Taxes	\$	299,295
Accounts		465,000
Utility Accounts		308,455
Other		228,817
	\$	<u>1,301,567</u>

4. CAPITAL ASSETS

Changes in Governmental Capital Assets for the year ended June 30, 2011 are as follows:

<u>Governmental Activities</u>	<u>7/1/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2011</u>
Capital assets not being depreciated:				
Land (non depreciable)	\$ 1,004,752	\$ -	\$ -	\$ 1,004,752
Construction in process	38,055	-	38,055	-
Total	<u>1,042,807</u>	<u>-</u>	<u>38,055</u>	<u>1,004,752</u>
Capital assets being depreciated:				
Infrastructure	99,530,566	86,757	-	99,617,323
Buildings and improvements	3,886,162	-	-	3,886,162
Vehicles and Equipment	2,059,522	33,000	-	2,092,522
Total	105,476,250	119,757	-	105,596,007
Less accumulated depreciation for:				
Infrastructure	74,392,050	3,358,160	-	77,750,210
Buildings and improvements	1,381,173	133,736	-	1,514,909
Vehicles and Equipment	1,789,378	103,830	-	1,893,208
Total accumulated depreciation	77,562,601	0 3,595,726	-	81,158,327
Total capital assets being depreciated, net	<u>27,913,649</u>	<u>0 (3,475,969)</u>	<u>-</u>	<u>24,437,680</u>
Total capital assets, net	<u>\$ 28,956,456</u>			<u>\$ 25,442,432</u>

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

General government	72,239
Public safety	93,704
Highways and streets	3,381,218
Culture and recreation	48,002
Tourism	563
Total	<u>\$ 3,595,726</u>

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

4. CAPITAL ASSETS (CONTINUED)

Changes in Business-Type Capital Assets for the year ended June 30, 2011 are as follows:

<u>Business-Type Activities</u>	<u>7/1/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2011</u>
Capital assets not being depreciated:				
Land (non depreciable)	\$ 165,076	\$ -	\$ -	\$ 165,076
Construction in Progress	530,568	476,571	-	1,007,139
Water Rights	595,000	-	-	595,000
Total	<u>1,290,644</u>	<u>476,571</u>	<u>-</u>	<u>1,767,215</u>
Capital assets being depreciated:				
Infrastructure	40,995,875	611,332	-	41,607,207
Buildings	188,166	70,505	-	258,671
Vehicles and Equipment	1,073,002	44,530	22,314	1,095,218
Total	<u>42,257,043</u>	<u>726,367</u>	<u>22,314</u>	<u>42,961,096</u>
Less accumulated depreciation for:				
Infrastructure	24,586,939	928,316	-	25,515,255
Buildings	46,100	7,100	-	53,200
Vehicles and Equipment	753,011	91,768	22,314	822,465
Total accumulated depreciation	<u>25,386,050</u>	<u>1,027,184</u>	<u>22,314</u>	<u>26,390,920</u>
Total capital assets being depreciated, net	<u>16,870,993</u>	<u>(300,817)</u>	<u>-</u>	<u>16,570,176</u>
Total capital assets, net	<u>\$ 18,161,637</u>			<u>\$ 18,337,391</u>

5. LONG-TERM OBLIGATIONS

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

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due within</u> <u>One Year</u>
Notes Payable (original amount \$940,000 & 5% interest)	\$ 20,541	\$ -	\$ 6,516	\$ 14,025	\$ 6,842
General Obligation Bonds (original amount \$800,000, & 3-5% interest)	650,000	-	35,000	615,000	35,000
Capital Leases (original amounts \$584,052, 2.96-5.55% interest)	34,088	-	10,679	23,409	11,434
Compensated Absences	81,891	1,804	-	83,695	83,695
Total	<u>\$ 786,520</u>	<u>\$ 1,804</u>	<u>\$ 52,195</u>	<u>\$ 736,129</u>	<u>\$ 136,971</u>

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

5. LONG-TERM OBLIGATIONS (CONTINUED)

B. Transactions for business-type activities for the year ended June 30, 2011 were as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due within One Year
USDA Rural Development (original amount \$450,000, 3.25-5% interest)	\$ 20,646	\$ -	\$ 3,117	\$ 17,529	\$ 3,101
Water Refunding Series 2004 (original amount \$955,000, 2-3.5% interest)	415,000	-	100,000	315,000	100,000
Water Revenue Series 2008 (original amount \$2,360,000, 3.75-5.5% interest)	2,200,000	-	85,000	2,115,000	90,000
OECCDD (original amount \$1,125,000, 4.45-5.5% interest)	820,000	-	45,000	775,000	45,000
OECCDD (original amount \$779,697, 3-4.75% interest)	761,474	-	18,319	743,155	18,419
Capital Leases (original amount \$194,861, 4.17% interest)	243,445	-	160,695	82,750	40,530
Compensated Absences	57,705	-	9,289	48,416	48,416
Total	\$ 4,518,270	\$ -	\$ 421,420	\$ 4,096,850	\$ 345,466

Future maturities of long-term debt are as follows:

Governmental:

YEAR	GO Bonds		Notes and Capital Leases	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2011-2012	35,000	26,662	18,276	1,808
2012-2013	35,000	25,436	19,158	925
2013-2014	35,000	24,168	-	-
2014-2015	40,000	22,856	-	-
2015-2016	40,000	21,356	-	-
2017-2022	215,000	82,574	-	-
2022-2027	215,000	27,750	-	-
	\$ 615,000	\$ 230,802	\$ 37,434	\$ 2,733

Business Type

YEAR	GO Bonds		Notes and Contracts	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2011-2012	190,000	95,836	107,050	79,527
2012-2013	195,000	88,988	113,943	74,821
2013-2014	205,000	81,974	76,951	69,683
2014-2015	100,000	74,324	82,186	66,123
2015-2016	105,000	70,576	82,448	62,173
2016-2021	585,000	286,474	453,126	247,107
2021-2026	720,000	159,124	357,514	139,799
2026-2031	330,000	13,820	199,969	64,005
2031-2036	-	-	145,247	13,836
	\$ 2,430,000	\$ 871,116	\$ 1,618,434	\$ 817,074

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

6. DEFINED BENEFIT PENSION PLAN

Plan Description:

The City contributes to the Oregon Public Employees' Retirement System (PERS); a cost-sharing, multiple-employer, defined benefit pension plan and the Oregon Public Service Retirement Plan (OPSRP); a cost-sharing, multiple-employer, hybrid pension plan. Both PERS and OPSRP are governed by the Public Employees' Retirement Board (PERB) under the provisions of Oregon Revised Statutes 238. PERS provides retirement benefits under a variety of benefit options, as selected by retiring employees, and provides death and disability benefits. OPSRP provides a combination of retirement benefits under a defined benefit plan and an individual account program (IAP), the balance of which will be paid out in either a lump sum or over a 5, 10, 15, or 20 year period. Employees hired on or after August 29, 2003, participate only in OPSRP. Beginning January 1, 2006, active PERS members hired before August 29, 2003, became members of the IAP of OPSRP. These members retain their existing PERS account; however, any future member contributions will be placed in the IAP. A copy of the Oregon Public Employees' Retirement System annual financial report may be obtained by writing to Public Employees' Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377 or at www.oregon.gov/PERS.

City employees are eligible to participate after completing six months of service. Covered employees are required by state statute to contribute 6 percent of their compensation to the plan. Current law permits the City to pay this amount on behalf of the employees. The City's contribution rate is set by PERB and is periodically adjusted based upon actuarial computations of the amount needed to provide retirement benefits. For employees hired before August 29, 2003, the City's contribution rate is 7.19 percent of covered compensation. For employees hired on or after August 29, 2003, the City's contribution rate is 4.03 percent of covered compensation. The contribution to the plan for the years ending June 30, 2011, 2010, and 2009 were \$255,407, \$326,896, and \$461,488, respectively.

7. INTERFUND TRANSFERS

Cash transfers are indicative of funding for capital projects, debt service, subsidies of various city operations and re-allocations of special revenues. The following schedule briefly summarizes the City's transfer activity for the year ended June 30, 2011:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 799,107	\$ 918,557
Fire Operating	798,544	56,522
Street Construction	30,163	-
Other Governmental	1,000	251,152
Ambulance	-	52,000
Water	-	1,537,943
Wastewater	-	750,213
Other Business Type	904,513	-
Internal Service	1,182,281	149,221
	<u>\$ 3,715,608</u>	<u>\$ 3,715,608</u>

CITY OF SUTHERLIN
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

9. FUND DEFICITS

As of June 30, 2011, the City had deficit fund balance in the Water Construction Fund of (\$16,835). Deficits in the fund will be resolved in the 2011-12 fiscal year by transfers from other funds.

10. FUND BALANCE CONSTRAINTS

The specific purposes for each of the categories of fund balance as of June 30, 2011 are as follows:

Fund Balances:	General Fund	Fire Operating Fund	Street Construction Fund	Other Governmental Funds	Total
<u>Nonspendable:</u>					
Prepays	\$ 390	\$ -	\$ -	\$ -	\$ 390
<u>Restricted:</u>					
Street Storm Drainage Maintenance	-	-	-	154,981	154,981
System Development Charges	-	-	-	361,484	361,484
Debt Payments	-	-	-	49,898	49,898
	-	-	-	566,363	566,363
<u>Committed to:</u>					
Street Construction	-	-	57,643	-	57,643
Tourism	-	-	-	90,476	90,476
Parks Capital Projects	-	-	-	199,631	199,631
Skate Park Capital Projects	-	-	-	16,845	16,845
	-	-	57,643	306,952	364,595
<u>Assigned to:</u>					
General City	139,884	-	-	-	139,884
Library	-	-	-	28,607	28,607
Dial A Ride	-	-	-	48,269	48,269
Special Public Works Debt Payments	-	-	-	2,916	2,916
Library Capital Projects	-	-	-	12,843	12,843
	139,884	-	-	92,635	232,519
Unassigned:	996,802	-	-	-	996,802
Total Fund Balances	\$ 1,137,076	\$ -	\$ 57,643	\$ 965,950	\$ 2,160,669

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

REQUIRED SUPPLEMENTARY DATA

CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2011

	<u>GENERAL FUND</u>			VARIANCE POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Property Taxes	\$ 2,350,867	\$ 2,350,867	\$ 2,352,441	\$ 1,574
Franchise Fees	361,624	361,624	382,054	20,430
Licences, Permits and Fees	1,000	1,000	595	(405)
Fines and Forfeitures	148,940	148,940	160,753	11,813
Charges for Services	159,057	159,057	157,703	(1,354)
Intergovernmental	479,234	479,234	451,031	(28,203)
Interest	4,500	4,500	4,856	356
Miscellaneous	48,854	48,854	102,260	53,406
Total Revenues	<u>3,554,076</u>	<u>3,554,076</u>	<u>3,611,693</u>	<u>57,617</u>
EXPENDITURES				
City Manager's Office	127,745	130,831 (1)	130,457	374
City Attorney	59,000	59,000 (1)	52,300	6,700
Mayor & Council	11,500	20,500 (1)	19,641	859
Non-Departmental	296,902	284,816 (1)	181,300	103,516
City Recorder/HR	170,648	170,648 (1)	162,013	8,635
Municipal Court	184,890	184,890 (1)	173,916	10,974
Finance	391,309	391,309 (1)	384,483	6,826
Planning	229,362	229,362 (1)	206,025	23,337
Police	1,653,191	1,653,191 (1)	1,566,476	86,715
Parks/Facilities	164,489	164,489 (1)	140,233	24,256
Total Expenditures	<u>3,289,036</u>	<u>3,289,036</u>	<u>3,016,844</u>	<u>272,192</u>
Excess of Revenues Over, (Under) Expenditures	265,040	265,040	594,849	329,809
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(975,707)	(975,707) (1)	(928,557)	47,150
Transfers In	728,207	728,207	697,631	(30,576)
Net Change in Fund Balance	17,540	17,540	363,923	346,383
Beginning Fund Balance	618,294	618,294	633,269	14,975
Ending Fund Balance	<u>\$ 635,834</u>	<u>\$ 635,834</u>	<u>\$ 997,192</u>	<u>\$ 361,358</u>
Reconciliation to GAAP Fund Balance:				
Ending Fund Balances				
Bicycle / Footpath Fund			6,997	
Fire Reserve Fund			-	
Police Reserve			51,220	
Public Works Operations Reserve			31,552	
Parks Facilities Reserve Fund			50,115	
			<u>\$ 1,137,076</u>	

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

<u>FIRE OPERATIONS FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	\$	\$ -	\$	\$ -
Intergovernmental	56,523	56,523	55,511	(1,012)
Interest		-	-	-
Total Revenues	<u>56,523</u>	<u>56,523</u>	<u>55,511</u>	<u>(1,012)</u>
EXPENDITURES				
Materials and Services	788,500	788,500 (1)	788,500	-
Contingency	<u>52,000</u>	<u>52,000 (1)</u>	<u>-</u>	<u>52,000</u>
Total Expenditures	<u>840,500</u>	<u>840,500</u>	<u>788,500</u>	<u>52,000</u>
Excess of Revenues Over, (Under) Expenditures	(783,977)	(783,977)	(732,989)	50,988
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(56,523)	(56,523) (1)	(56,522)	1
Transfers In	<u>840,500</u>	<u>840,500</u>	<u>798,544</u>	<u>(41,956)</u>
Net Change in Fund Balance	-	-	9,033	9,033
Beginning Fund Balance		-	<u>(9,033)</u>	<u>(9,033)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

SUPPLEMENTARY DATA

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

STREET CONSTRUCTION CAPITAL PROJECTS FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ 8,874	\$ 8,874	\$ 8,873	\$ (1)
Interest	50	50	263	213
Total Revenues	<u>8,924</u>	<u>8,924</u>	<u>9,136</u>	<u>212</u>
EXPENDITURES				
Contingency	-	-	(1)	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over, (Under) Expenditures	8,924	8,924	9,136	212
OTHER FINANCING SOURCES, (USES)				
Transfers In	<u>30,164</u>	<u>30,164</u>	<u>30,163</u>	<u>1</u>
Total Other Financing Sources, (Uses)	30,164	30,164	30,163	1
Net Change in Fund Balance	39,088	39,088	39,299	211
Beginning Fund Balance	<u>26,700</u>	<u>26,700</u>	<u>18,344</u>	<u>(8,356)</u>
Ending Fund Balance	<u>\$ 65,788</u>	<u>\$ 65,788</u>	<u>\$ 57,643</u>	<u>\$ (8,145)</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

<u>AMBULANCE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	\$ 52,000	\$ 52,000	\$ 49,895	\$ (2,105)
Interest	-	-	196	196
Miscellaneous	-	-	-	-
Total Revenues	<u>52,000</u>	<u>52,000</u>	<u>50,091</u>	<u>(1,909)</u>
EXPENDITURES				
Materials and Services	<u>85,000</u>	<u>85,000</u> (1)	<u>74,158</u>	<u>10,842</u>
Total Expenditures	<u>85,000</u>	<u>85,000</u>	<u>74,158</u>	<u>10,842</u>
OTHER FINANCING SOURCES, (USES)				
Transfers Out	<u>(52,000)</u>	<u>(52,000)</u> (1)	<u>(52,000)</u>	<u>-</u>
Net Change in Fund Balance	(85,000)	(85,000)	(76,067)	8,933
Beginning Fund Balance	<u>85,000</u>	<u>85,000</u>	<u>134,094</u>	<u>49,094</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>58,027</u>	<u>\$ 58,027</u>
Reconciling Items:				
Capital Assets, Net			218,066	
Long-Term Obligations			<u>(82,750)</u>	
Net Assets			<u>\$ 193,343</u>	

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

<u>WATER OPERATIONS FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	\$ 2,076,299	\$ 2,076,299	\$ 1,819,056	\$ (257,243)
System Development Charges	8,454	8,454	3,211	(5,243)
Interest	4,500	4,500	2,168	(2,332)
Other	-	-	193	193
	<u>2,089,253</u>	<u>2,089,253</u>	<u>1,824,628</u>	<u>(264,625)</u>
Total Revenues				
EXPENDITURES				
Materials and Services	715,550	712,284 (1)	266,435	445,849
Contingency	50,000	50,000 (1)	-	50,000
	<u>765,550</u>	<u>762,284</u>	<u>266,435</u>	<u>50,000</u>
Total Expenditures				
Excess of Revenues Over, (Under) Expenditures	<u>1,323,703</u>	<u>1,326,969</u>	<u>1,558,193</u>	<u>231,224</u>
OTHER FINANCING SOURCES, (USES)				
Transfers Out	<u>(1,576,328)</u>	<u>(1,579,594) (1)</u>	<u>(1,537,943)</u>	<u>41,651</u>
Net Change in Fund Balance	(252,625)	(252,625)	20,250	272,875
Beginning Fund Balance	<u>371,580</u>	<u>371,580</u>	<u>289,850</u>	<u>(81,730)</u>
Ending Fund Balance	<u>\$ 118,955</u>	<u>\$ 118,955</u>	<u>310,100</u>	<u>\$ 191,145</u>
Reconciling Items:				
Capital Assets, Net			7,312,888	
Bond Issue Costs			79,332	
Deferred Revenue			35,502	
Bond Premium			(23,339)	
Accrued Interest			(64,939)	
Long-Term Obligations			<u>(3,402,204)</u>	
Net Assets			<u>\$ 4,247,340</u>	

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

<u>WASTEWATER OPERATIONS FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	\$ 1,328,162	\$ 1,328,162	\$ 1,337,470	\$ 9,308
Miscellaneous	-	-	269	269
Interest	1,000	1,000	738	(262)
Total Revenues	<u>1,329,162</u>	<u>1,329,162</u>	<u>1,338,477</u>	<u>9,315</u>
EXPENDITURES				
Materials and Services	746,050	740,784 (1)	681,155	59,629
Contingency	100,000	100,000 (1)	-	100,000
Total Expenditures	<u>846,050</u>	<u>840,784</u>	<u>681,155</u>	<u>159,629</u>
Excess of Revenues over Expenditures	483,112	488,378	657,322	(150,314)
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(775,306)	(780,572)	(750,213)	30,359
Net Change in Fund Balance	(292,194)	(292,194)	(92,891)	39,674
Beginning Fund Balance	<u>316,872</u>	<u>316,872</u>	<u>288,598</u>	<u>(28,274)</u>
Ending Fund Balance	<u>\$ 24,678</u>	<u>\$ 24,678</u>	<u>\$ 195,707</u>	<u>\$ 171,029</u>
Reconciling Items:				
Capital Assets, Net			10,806,437	
Deferred Revenue			25,824	
Accrued Interest			(24,343)	
Long-Term Obligations			<u>(775,000)</u>	
Net Assets			<u>\$ 10,228,625</u>	

(1) Appropriation Level

#

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2011

	STREET STORM DRAINAGE FUND	STREET SDC FUND	TOURISM MOTEL TAX	LIBRARY BOARD FUND	DIAL A RIDE FUND
ASSETS					
Cash and Equivalents	\$ 125,576	\$ 361,484	\$ 83,600	\$ 28,672	\$ 45,688
Accounts Receivable	37,132	-	8,078	-	5,483
Total Assets	\$ 162,708	\$ 361,484	\$ 91,678	\$ 28,672	\$ 51,171
LIABILITIES					
Accounts Payable	\$ 7,727	-	\$ 1,099	\$ 65	\$ 2,902
Accrued Expenses	-	-	103	-	-
Due to other funds	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Total Liabilities	7,727	-	1,202	65	2,902
FUND BALANCES					
Restricted	154,981	361,484	-	-	-
Committed	-	-	90,476	-	-
Assigned	-	-	-	28,607	48,269
Total Fund Balances	154,981	361,484	90,476	28,607	48,269
Total Liabilities and Fund Balances	\$ 162,708	\$ 361,484	\$ 91,678	\$ 28,672	\$ 51,171

DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS			TOTAL
SPECIAL PUBLIC WORKS	LIBRARY GO BOND FUND	LIBRARY BUILDING FUND	PARKS CONSTRUCTION FUND	SKATE PARK CONSTRUCTION	
\$ 2,916	\$ 48,875	\$ 12,843	\$ 199,631	\$ 16,845	\$ 926,130
12,986	10,442			-	74,121
<u>\$ 15,902</u>	<u>\$ 59,317</u>	<u>\$ 12,843</u>	<u>\$ 199,631</u>	<u>\$ 16,845</u>	<u>\$ 1,000,251</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,793
-	-			-	103
-	-			-	-
12,986	9,419			-	22,405
<u>12,986</u>	<u>9,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,301</u>
-	49,898	-	-	-	566,363
-	-	-	199,631	16,845	306,952
2,916	-	12,843	-	-	92,635
<u>2,916</u>	<u>49,898</u>	<u>12,843</u>	<u>199,631</u>	<u>16,845</u>	<u>965,950</u>
<u>\$ 15,902</u>	<u>\$ 59,317</u>	<u>\$ 12,843</u>	<u>\$ 199,631</u>	<u>\$ 16,845</u>	<u>\$ 1,000,251</u>

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

	STREET STORM DRAINAGE FUND	STREET SDC FUND	TOURISM MOTEL TAX	LIBRARY BOARD FUND	DIAL A RIDE FUND
REVENUES					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
System Development Charges	-	30,920	-	-	-
Assessments	-	-	78,571	-	-
Grants and Contributions	-	-	-	322	22,943
Intergovernmental	393,452	-	-	-	-
Interest	450	1,886	407	181	234
Miscellaneous	-	-	-	-	-
Total Revenues	\$ 393,902	\$ 32,806	\$ 78,978	\$ 503	\$ 23,177
EXPENDITURES					
Current					
Culture and Recreation	-	-	-	8,735	9,696
Tourism	-	-	47,302	-	-
Public Safety	-	-	-	-	-
Highways and Streets	126,693	-	-	-	-
Capital Outlay	-	-	1,200	-	-
Debt Service	-	-	-	-	-
Total Expenditures	126,693	-	48,502	8,735	9,696
Excess of Revenues Over, (Under) Expenditures	267,209	32,806	30,476	(8,232)	13,481
OTHER FINANCING SOURCES, (USES)					
Interfund Loans	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	(196,896)	-	(13,478)	-	(10,615)
Total Other Financing Sources, (Uses)	(196,896)	-	(13,478)	-	(10,615)
NET CHANGE IN FUND BALANCES	70,313	32,806	16,998	(8,232)	2,866
BEGINNING FUND BALANCES	84,668	328,678	73,478	36,839	45,403
ENDING FUND BALANCES	\$ 154,981	\$ 361,484	\$ 90,476	\$ 28,607	\$ 48,269

DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS				TOTAL
SPECIAL PUBLIC WORKS	LIBRARY GO BOND FUND	LIBRARY BUILDING FUND	PARKS CONSTRUCTION FUND	SKATE PARK CONSTRUCTION		
\$ -	\$ 64,351	\$ -	\$ -	\$ -	\$ 64,351	
-	-	-	17,687	-	48,607	
5,839	-	-	-	-	84,410	
-	-	-	-	5,000	28,265	
-	-	-	10,000	-	403,452	
934	149	85	1,039	88	5,453	
-	-	-	-	-	-	
<u>\$ 6,773</u>	<u>\$ 64,500</u>	<u>\$ 85</u>	<u>\$ 28,726</u>	<u>\$ 5,088</u>	<u>\$ 634,538</u>	
-	-	-	-	-	18,431	
-	-	-	-	-	47,302	
-	-	-	-	-	-	
-	-	-	22,923	-	126,693	
7,543	62,844	-	-	-	24,123	
<u>7,543</u>	<u>62,844</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,387</u>	
<u>7,543</u>	<u>62,844</u>	<u>-</u>	<u>22,923</u>	<u>-</u>	<u>286,936</u>	
(770)	1,656	85	5,803	5,088	347,602	
-	-	-	-	-	-	
1,000	-	-	-	-	1,000	
-	-	(30,163)	-	-	(251,152)	
<u>1,000</u>	<u>-</u>	<u>(30,163)</u>	<u>-</u>	<u>-</u>	<u>(250,152)</u>	
230	1,656	(30,078)	5,803	5,088	97,450	
2,686	48,242	42,921	193,828	11,757	868,500	
<u>\$ 2,916</u>	<u>\$ 49,898</u>	<u>\$ 12,843</u>	<u>\$ 199,631</u>	<u>\$ 16,845</u>	<u>\$ 965,950</u>	

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

	<u>STREET / STORM DRAINAGE</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ 404,573	\$ 404,573	\$ 393,452	\$ (11,121)
Interest	100	100	450	350
Total Revenues	<u>404,673</u>	<u>404,673</u>	<u>393,902</u>	<u>(10,771)</u>
EXPENDITURES				
Materials and Services	143,350	143,350 (1)	126,693	16,657
Contingency	-	- (1)	-	-
Total Expenditures	<u>143,350</u>	<u>143,350</u>	<u>126,693</u>	<u>16,657</u>
Excess of Revenues Over, (Under) Expenditures	261,323	261,323	267,209	5,886
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(206,516)	(206,516) (1)	(196,896)	9,620
Transfers In	-	-	-	-
Net Change in Fund Balance	54,807	54,807	70,313	15,506
Beginning Fund Balance	<u>89,631</u>	<u>89,631</u>	<u>84,668</u>	<u>(4,963)</u>
Ending Fund Balance	<u>\$ 144,438</u>	<u>\$ 144,438</u>	<u>\$ 154,981</u>	<u>\$ 10,543</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

STREET SDC SPECIAL REVENUE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
System Development Charges	\$ 101,449	\$ 101,449	\$ 30,920	\$ (70,529)
Interest	2,300	2,300	1,886	(414)
Total Revenues	<u>103,749</u>	<u>103,749</u>	<u>32,806</u>	<u>(70,943)</u>
EXPENDITURES				
Contingency	<u>300,000</u>	<u>300,000</u> (1)	<u>-</u>	<u>300,000</u>
Total Expenditures	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Excess of Revenues Over, (Under) Expenditures	(196,251)	(196,251)	32,806	229,057
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(1)	(1) (1)	-	1
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(196,252)	(196,252)	32,806	229,058
Beginning Fund Balance	<u>337,646</u>	<u>337,646</u>	<u>328,678</u>	<u>(8,968)</u>
Ending Fund Balance	<u>\$ 141,394</u>	<u>\$ 141,394</u>	<u>\$ 361,484</u>	<u>\$ 220,090</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

<u>TOURISM - MOTEL TAX FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Assessments	\$ 63,965	\$ 63,965	\$ 78,571	\$ 14,606
Interest	525	525	407	
Miscellaneous	120	120	-	(120)
Total Revenues	<u>64,610</u>	<u>64,610</u>	<u>78,978</u>	<u>14,368</u>
EXPENDITURES				
Personnel	26,791	26,791 (1)	17,165	9,626
Materials and Services	59,630	59,630 (1)	30,137	29,493
Capital Outlay	2,000	2,000 (1)	1,200	800
Contingency	15,000	15,000 (1)	-	15,000
Total Expenditures	<u>103,421</u>	<u>103,421</u>	<u>48,502</u>	<u>54,919</u>
Excess of Revenues Over, (Under) Expenditures	(38,811)	(38,811)	30,476	69,287
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(14,069)	(14,069) (1)	(13,478)	591
Transfers In	-	-	-	-
Net Change in Fund Balance	(52,880)	(52,880)	16,998	69,878
Beginning Fund Balance	<u>68,809</u>	<u>68,809</u>	<u>73,478</u>	<u>4,669</u>
Ending Fund Balance	<u>\$ 15,929</u>	<u>\$ 15,929</u>	<u>\$ 90,476</u>	<u>\$ 74,547</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

<u>LIBRARY BOARD FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Grants and Contributions	\$ 350	\$ 350	\$ 322	\$ (28)
Interest	280	280	181	(99)
Total Revenues	<u>630</u>	<u>630</u>	<u>503</u>	<u>(127)</u>
EXPENDITURES				
Materials and Services	8,975	8,975 (1)	8,735	240
Contingency	1,000	1,000 (1)	-	1,000
Total Expenditures	<u>9,975</u>	<u>9,975</u>	<u>8,735</u>	<u>1,240</u>
Excess of Revenues Over, (Under) Expenditures	(9,345)	(9,345)	(8,232)	1,113
OTHER FINANCING SOURCES, (USES)				
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(9,345)	(9,345)	(8,232)	1,113
Beginning Fund Balance	<u>37,049</u>	<u>37,049</u>	<u>36,839</u>	<u>(210)</u>
Ending Fund Balance	<u>\$ 27,704</u>	<u>\$ 27,704</u>	<u>\$ 28,607</u>	<u>\$ 903</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

<u>DIAL-A-RIDE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Grants and Contributions	\$ 28,569	\$ 28,569	\$ 22,943	\$ (5,626)
Interest	200	200	234	34
Total Revenues	<u>28,769</u>	<u>28,769</u>	<u>23,177</u>	<u>(5,592)</u>
EXPENDITURES				
Materials and Services	12,500	12,500 (1)	9,696	2,804
Contingency	15,000	15,000 (1)	-	15,000
Total Expenditures	<u>27,500</u>	<u>27,500</u>	<u>9,696</u>	<u>17,804</u>
Excess of Revenues Over, (Under) Expenditures	1,269	1,269	13,481	12,212
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(11,080)	(11,080) (1)	(10,615)	465
Transfers In	-	-	-	-
Net Change in Fund Balance	(9,811)	(9,811)	2,866	12,677
Beginning Fund Balance	<u>47,721</u>	<u>47,721</u>	<u>45,403</u>	<u>(2,318)</u>
Ending Fund Balance	<u>\$ 37,910</u>	<u>\$ 37,910</u>	<u>\$ 48,269</u>	<u>\$ 10,359</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

SPECIAL PUBLIC WORKS DEBT SERVICE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Assessments	\$ 5,839	\$ 5,839	\$ 5,839	\$ -
Interest	940	940	934	(6)
Total Revenues	<u>6,779</u>	<u>6,779</u>	<u>6,773</u>	<u>(6)</u>
EXPENDITURES				
Debt Service	7,543	7,543 (1)	7,543	-
Contingency	-	- (1)	-	-
Total Expenditures	<u>7,543</u>	<u>7,543</u>	<u>7,543</u>	<u>-</u>
Excess of Revenues Over, (Under) Expenditures	(764)	(764)	(770)	(6)
OTHER FINANCING SOURCES, (USES)				
Transfers Out	-	- (1)	-	-
Transfers In	1,000	1,000	1,000	-
Net Change in Fund Balance	236	236	230	(6)
Beginning Fund Balance	<u>2,688</u>	<u>2,688</u>	<u>2,686</u>	<u>(2)</u>
Ending Fund Balance	<u>\$ 2,924</u>	<u>\$ 2,924</u>	<u>\$ 2,916</u>	<u>\$ (8)</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

<u>LIBRARY GO BOND FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Property Taxes	\$ 67,300	\$ 67,300	\$ 64,351	\$ (2,949)
Interest	100	100	149	49
Total Revenues	<u>67,400</u>	<u>67,400</u>	<u>64,500</u>	<u>(2,900)</u>
EXPENDITURES				
Debt Service	62,845	62,845 (1)	62,844	1
Contingency	<u> </u>	<u>- (1)</u>	<u> </u>	<u>-</u>
Total Expenditures	<u>62,845</u>	<u>62,845</u>	<u>62,844</u>	<u>1</u>
Excess of Revenues Over, (Under) Expenditures	4,555	4,555	1,656	(2,899)
OTHER FINANCING SOURCES, (USES)				
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	4,555	4,555	1,656	(2,899)
Beginning Fund Balance	<u>47,290</u>	<u>47,290</u>	<u>48,242</u>	<u>952</u>
Ending Fund Balance	<u>\$ 51,845</u>	<u>\$ 51,845</u>	<u>\$ 49,898</u>	<u>\$ (1,947)</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

LIBRARY BUILDING CONSTRUCTION FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interest	\$ -	\$ -	\$ 85	\$ 85
Miscellaneous	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>85</u>	<u>85</u>
EXPENDITURES				
Contingency	-	- (1)	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over, (Under) Expenditures	-	-	85	85
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(30,163)	(30,163) (1)	(30,163)	-
Transfers In	-	-	-	-
Net Change in Fund Balance	(30,163)	(30,163)	(30,078)	85
Beginning Fund Balance	<u>30,163</u>	<u>30,163</u>	<u>42,921</u>	<u>12,758</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,843</u>	<u>\$ 12,843</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

<u>PARKS CONSTRUCTION FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
System Development Charges	\$ 65,985	\$ 65,985	\$ 17,687	\$ (48,298)
Intergovernmental	-	-	10,000	10,000
Interest	1,000	1,000	1,039	39
Total Revenues	<u>66,985</u>	<u>66,985</u>	<u>28,726</u>	<u>(38,259)</u>
EXPENDITURES				
Capital Outlay	25,000	25,000 (1)	22,923	2,077
Contingency	300,000	300,000 (1)	-	300,000
Total Expenditures	<u>325,000</u>	<u>325,000</u>	<u>22,923</u>	<u>302,077</u>
Excess of Revenues Over, (Under) Expenditures	(258,015)	(258,015)	5,803	263,818
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(1)	(1) (1)	-	1
Transfers In	-	-	-	-
Net Change in Fund Balance	(258,016)	(258,016)	5,803	263,819
Beginning Fund Balance	<u>272,063</u>	<u>272,063</u>	<u>193,828</u>	<u>(78,235)</u>
Ending Fund Balance	<u>\$ 14,047</u>	<u>\$ 14,047</u>	<u>\$ 199,631</u>	<u>\$ 185,584</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

SKATE PARK CONSTRUCTION FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Grants and Contributions	\$ -	\$ -	\$ 5,000	\$ 5,000
Interest	50	50	88	38
Total Revenues	<u>50</u>	<u>50</u>	<u>5,088</u>	<u>5,038</u>
EXPENDITURES				
Capital Outlay	1	1 (1)	-	1
Contingency	10,000	10,000 (1)	-	10,000
Total Expenditures	<u>10,001</u>	<u>10,001</u>	<u>-</u>	<u>10,001</u>
Excess of Revenues Over, (Under) Expenditures	(9,951)	(9,951)	5,088	15,039
OTHER FINANCING SOURCES, (USES)				
Transfers In	1	1	-	(1)
Net Change in Fund Balance	(9,950)	(9,950)	5,088	15,038
Beginning Fund Balance	<u>11,750</u>	<u>11,750</u>	<u>11,757</u>	<u>7</u>
Ending Fund Balance	<u>\$ 1,800</u>	<u>\$ 1,800</u>	<u>\$ 16,845</u>	<u>\$ 15,045</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

<u>BICYCLE FOOTPATH FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interest	\$ 50	\$ 50	\$ 26	\$ (24)
Miscellaneous	-	-	-	-
Total Revenues	<u>50</u>	<u>50</u>	<u>26</u>	<u>(24)</u>
EXPENDITURES				
Capital Outlay	5,000	5,000 (1)	-	5,000
Contingency	-	- (1)	-	-
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Excess of Revenues Over, (Under) Expenditures	(4,950)	(4,950)	26	4,976
OTHER FINANCING SOURCES, (USES)				
Transfers In	<u>4,046</u>	<u>4,046</u>	<u>3,935</u>	<u>(111)</u>
Net Change in Fund Balance	(904)	(904)	3,961	4,865
Beginning Fund Balance	<u>2,932</u>	<u>2,932</u>	<u>3,036</u>	<u>104</u>
Ending Fund Balance	<u>\$ 2,028</u>	<u>\$ 2,028</u>	<u>\$ 6,997</u>	<u>\$ 4,969</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

<u>FIRE RESERVE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interest	\$ 5	\$ 5	\$ -	\$ (5)
Miscellaneous	-	-	-	-
Total Revenues	<u>5</u>	<u>5</u>	<u>-</u>	<u>(5)</u>
EXPENDITURES				
Debt Service	12,542	12,542 (1)	12,541	1
Contingency	-	- (1)	-	-
Total Expenditures	<u>12,542</u>	<u>12,542</u>	<u>12,541</u>	<u>1</u>
Excess of Revenues Over, (Under) Expenditures	(12,537)	(12,537)	(12,541)	(4)
OTHER FINANCING SOURCES, (USES)				
Transfers Out	-	- (1)	-	-
Transfers In	<u>12,542</u>	<u>12,542</u>	<u>12,541</u>	<u>(1)</u>
Net Change in Fund Balance	5	5	-	(5)
Beginning Fund Balance	<u>3</u>	<u>3</u>	<u>-</u>	<u>(3)</u>
Ending Fund Balance	<u>\$ 8</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ (8)</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

<u>POLICE RESERVE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Interest	400	400	286	
Miscellaneous	500	500	-	(500)
Total Revenues	<u>5,900</u>	<u>5,900</u>	<u>286</u>	<u>(5,614)</u>
EXPENDITURES				
Materials and Services	-	- (1)	-	-
Capital Outlay	33,000	33,000 (1)	33,000	-
Contingency	10,000	10,000 (1)	-	10,000
Total Expenditures	<u>43,000</u>	<u>43,000</u>	<u>33,000</u>	<u>10,000</u>
Excess of Revenues Over, (Under) Expenditures	(37,100)	(37,100)	(32,714)	4,386
OTHER FINANCING SOURCES, (USES)				
Transfers In	35,000	35,000	35,000	-
Net Change in Fund Balance	(2,100)	(2,100)	2,286	4,386
Beginning Fund Balance	48,947	48,947	48,934	(13)
Ending Fund Balance	<u>\$ 46,847</u>	<u>\$ 46,847</u>	<u>\$ 51,220</u>	<u>\$ 4,373</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

PUBLIC WORKS OPERATIONS RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interest	\$ 50	\$ 50	\$ 175	\$ 125
Miscellaneous	-	-	-	-
Total Revenues	<u>50</u>	<u>50</u>	<u>175</u>	<u>125</u>
EXPENDITURES				
Debt Service	8,874	8,874 (1)	8,873	1
Contingency	-	- (1)	-	-
Total Expenditures	<u>8,874</u>	<u>8,874</u>	<u>8,873</u>	<u>1</u>
Excess of Revenues Over, (Under) Expenditures	(8,824)	(8,824)	(8,698)	126
OTHER FINANCING SOURCES, (USES)				
Transfers In	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net Change in Fund Balance	1,176	1,176	1,302	126
Beginning Fund Balance	<u>14,128</u>	<u>14,128</u>	<u>30,250</u>	<u>16,122</u>
Ending Fund Balance	<u>\$ 15,304</u>	<u>\$ 15,304</u>	<u>\$ 31,552</u>	<u>\$ 16,248</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

<u>PARKS/FACILITIES RESERVE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interest	\$ 50	\$ 50	\$ 115	\$ 65
Miscellaneous	-	-	-	-
Total Revenues	<u>50</u>	<u>50</u>	<u>115</u>	<u>65</u>
EXPENDITURES				
Capital Outlay	1	1 (1)	-	1
Contingency	<u>50,000</u>	<u>50,000 (1)</u>	<u>-</u>	<u>50,000</u>
Total Expenditures	<u>50,001</u>	<u>50,001</u>	<u>-</u>	<u>50,001</u>
Excess of Revenues Over, (Under) Expenditures	(49,951)	(49,951)	115	50,066
OTHER FINANCING SOURCES, (USES)				
Transfers In	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net Change in Fund Balance	49	49	50,115	50,066
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ 49</u>	<u>\$ 49</u>	<u>\$ 50,115</u>	<u>\$ 50,066</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**COMBINING STATEMENT OF NET ASSETS -
NONMAJOR ENTERPRISE FUNDS**

June 30, 2011

	AMBULANCE RESERVE FUND	WATER RESERVE FUND	WASTEWATER RESERVE FUND	KNOLLS ESTATE STEP SURCHARGE FUND
ASSETS				
Cash and Cash Equivalents	\$ 3,473	\$ 29,836	\$ 3,750	\$ 12,473
Accounts Receivable	-	-	-	-
Prepays	-	-	-	-
Total Assets	\$ 3,473	\$ 29,836	\$ 3,750	\$ 12,473
LIABILITIES				
Current Liabilities				
Accounts Payable	-	-	-	-
Total Liabilities	-	-	-	-
NET ASSETS				
Restricted for Debt Services	\$ -	\$ -	\$ -	\$ -
Restricted for Capital Projects	-	-	-	-
Unrestricted	3,473	29,836	3,750	12,473
Total Net Assets	3,473	29,836	3,750	12,473
Total Liabilities and Net Assets	\$ 3,473	\$ 29,836	\$ 3,750	\$ 12,473

<u>WATER CONSTRUCTION FUND</u>	<u>WASTEWATER CONSTRUCTION FUND</u>	<u>WATER DEBT SERVICE FUND</u>	<u>WASTEWATER DEBT SERVICE FUND</u>	<u>TOTAL</u>
\$ 109,648	\$ 373,253	\$ 233,788	\$ 703	\$ 766,924
-	-	-	477,206	477,206
-	-	42,964	-	42,964
<u>\$ 109,648</u>	<u>\$ 373,253</u>	<u>\$ 276,752</u>	<u>\$ 477,909</u>	<u>\$ 1,287,094</u>
126,483	228,060	-	-	354,543
<u>126,483</u>	<u>228,060</u>	<u>-</u>	<u>-</u>	<u>354,543</u>
\$ -	\$ -	\$ 276,752	\$ -	\$ 276,752
(16,835)	145,193	-	477,909	606,267
-	-	-	-	49,532
<u>(16,835)</u>	<u>145,193</u>	<u>276,752</u>	<u>477,909</u>	<u>932,551</u>
<u>\$ 109,648</u>	<u>\$ 373,253</u>	<u>\$ 276,752</u>	<u>\$ 477,909</u>	<u>\$ 1,287,094</u>

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET ASSETS - NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2011**

	<u>AMBULANCE RESERVE FUND</u>	<u>WATER RESERVE FUND</u>	<u>WASTEWATER RESERVE FUND</u>	<u>KNOLLS ESTATE STEP SURCHARGE FUND</u>
OPERATING REVENUES				
Charges for Services	\$ -	\$ -	\$ -	\$ 14,141
OPERATING EXPENSES				
Materials and Services	-	22,266	22,266	11,220
Operating income (loss)	-	(22,266)	(22,266)	2,921
NONOPERATING REVENUES (EXPENSES)				
Interest	19	165	60	60
Interest Expense	(43,980)	-	(17,327)	-
Transfers In	43,981	13,266	12,266	-
Transfers Out	-	-	-	-
Miscellaneous	-	1,688	1,688	-
SDC's	-	-	-	-
Total Nonoperating Revenues (Expenses)	20	15,119	(3,313)	60
Change in Net Assets	20	(7,147)	(25,579)	2,981
Beginning Net Assets	3,453	36,983	29,329	9,492
Ending Net Assets	<u>\$ 3,473</u>	<u>\$ 29,836</u>	<u>\$ 3,750</u>	<u>\$ 12,473</u>

<u>WATER CONSTRUCTION FUND</u>	<u>WASTEWATER CONSTRUCTION FUND</u>	<u>WATER DEBT SERVICE FUND</u>	<u>WASTEWATER DEBT SERVICE FUND</u>	<u>TOTAL</u>
\$ -	\$ 30,596	\$ -	\$ -	\$ 44,737
855,978	277,988	-	-	# 1,189,718
(855,978)	(247,392)	-	-	(1,144,981)
2,484	1,737	1,269	23,220	29,014
-	-	(452,396)	(89,036)	(602,739)
250,000	100,000	450,000	35,000	904,513
-	-	-	-	-
-	-	-	-	3,376
37,295	2,699	-	-	39,994
289,779	104,436	(1,127)	(30,816)	374,158
(566,199)	(142,956)	(1,127)	(30,816)	(770,823)
549,364	288,149	277,879	508,725	1,703,374
<u>\$ (16,835)</u>	<u>\$ 145,193</u>	<u>\$ 276,752</u>	<u>\$ 477,909</u>	<u>\$ 932,551</u>

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

	AMBULANCE RESERVE FUND	WATER RESERVE FUND	WASTEWATER RESERVE FUND
Cash Flows from Operating Activities:			
Cash from Customers	\$ -	\$ -	\$ -
Cash paid to Suppliers	-	(22,266)	(22,266)
Cash flow from Operations	-	(22,266)	(22,266)
Cash Flows from Investing Activities:			
Earnings on Investments and Other	19	165	60
Cash Flows from Noncapital Financing Activities:			
Miscellaneous	-	1,688	1,688
Transfers	1	13,266	(5,061)
Cash flow from Noncapital Financing	1	14,954	(3,373)
Cash Flows from Capital and Related Financing Activities:			
Payments on long term debt	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	20	(7,147)	(25,579)
Cash and Cash Equivalents, Beginning	3,453	36,983	29,329
Cash and Cash Equivalents, Ending	<u>\$ 3,473</u>	<u>\$ 29,836</u>	<u>\$ 3,750</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income, (Loss)	\$ -	\$ (22,266)	\$ (22,266)
Noncash Items Included in Income:			
Increase (Decrease) in Accounts Payable and Accrued Liabilities	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ -</u>	<u>\$ (22,266)</u>	<u>\$ (22,266)</u>

<u>KNOLLS ESTATE STEP SURCHARGE FUND</u>	<u>WATER CONSTRUCTION FUND</u>	<u>WASTEWATER CONSTRUCTION FUND</u>	<u>WATER DEBT SERVICE FUND</u>	<u>WASTEWATER DEBT SERVICE FUND</u>	<u>TOTAL</u>
\$ 14,141 (11,220)	\$ - (860,664)	\$ 30,596 (60,529)	\$ - -	\$ - -	\$ 44,737 (976,945)
2,921	(860,664)	(29,933)	-	-	(932,208)
60	2,484	1,737	1,269	23,220	29,014
-	37,295	2,699	1,751	30,207	75,328
-	250,000	100,000	450,000	35,000	843,206
-	287,295	102,699	451,751	65,207	918,534
-	-	-	(452,396)	(89,036)	(541,432)
2,981	(570,885)	74,503	624	(609)	(526,092)
9,492	680,533	298,750	233,164	1,312	1,293,016
<u>\$ 12,473</u>	<u>\$ 109,648</u>	<u>\$ 373,253</u>	<u>\$ 233,788</u>	<u>\$ 703</u>	<u>\$ 766,924</u>
\$ 2,921	\$ (855,978)	\$ (247,392)	\$ -	\$ -	\$ (1,144,981)
-	(4,686)	217,459	-	-	212,773
<u>\$ 2,921</u>	<u>\$ (860,664)</u>	<u>\$ (29,933)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (932,208)</u>

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

AMBULANCE RESERVE FUND
A NONMAJOR ENTERPRISE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interest	\$ -	\$ -	\$ 19	\$ 19
Total Revenues	-	-	19	19
EXPENDITURES				
Debt Service	43,981	43,981 (1)	43,980	1
Total Expenditures	43,981	43,981	43,980	1
OTHER FINANCING SOURCES				
Transfers In	-	-	43,981	43,981
Net Change in Fund Balance	43,981	43,981	20	44,001
Beginning Fund Balance	3,456	3,456	3,453	(3)
Ending Fund Balance	<u>\$ 47,437</u>	<u>\$ 47,437</u>	<u>\$ 3,473</u>	<u>\$ (43,964)</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

WATER RESERVE FUND
A NONMAJOR ENTERPRISE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interest	\$ 200	\$ 200	\$ 165	\$ (35)
Miscellaneous	-	-	1,688	1,688
Total Revenues	<u>200</u>	<u>200</u>	<u>1,853</u>	<u>1,653</u>
EXPENDITURES				
Capital Outlay	19,000	22,266 (1)	22,266	-
Contingency	<u>10,000</u>	<u>10,000</u> (1)	<u>-</u>	<u>10,000</u>
Total Expenditures	<u>29,000</u>	<u>32,266</u>	<u>22,266</u>	<u>10,000</u>
Excess of Revenues Over, (Under) Expenditures	(28,800)	(32,066)	(20,413)	11,653
OTHER FINANCING SOURCES, (USES)				
Transfers Out	-	- (1)	-	-
Transfers In	<u>10,000</u>	<u>13,266</u>	<u>13,266</u>	<u>-</u>
Net Change in Fund Balance	(18,800)	(18,800)	(7,147)	11,653
Beginning Fund Balance	<u>36,969</u>	<u>36,969</u>	<u>36,983</u>	<u>14</u>
Ending Fund Balance	<u>\$ 18,169</u>	<u>\$ 18,169</u>	<u>\$ 29,836</u>	<u>\$ 11,667</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

PUBLIC WORKS WASTEWATER RESERVE FUND
A NONMAJOR ENTERPRISE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	\$ -	\$ -	\$ -	\$ -
Interest	200	200	60	
Miscellaneous	-	-	1,688	1,688
Total Revenues	<u>200</u>	<u>200</u>	<u>1,748</u>	<u>1,548</u>
EXPENDITURES				
Capital Outlay	17,000	22,266 (1)	22,266	-
Debt Service	17,327	17,327 (1)	17,327	-
Contingency	2,000	2,000 (1)	-	2,000
Total Expenditures	<u>36,327</u>	<u>41,593</u>	<u>39,593</u>	<u>2,000</u>
Excess of Revenues Over, (Under) Expenditures	(36,127)	(41,393)	(37,845)	3,548
OTHER FINANCING SOURCES, (USES)				
Transfers Out	-	- (1)	-	-
Transfers In	9,000	14,266	12,266	(2,000)
Net Change in Fund Balance	(27,127)	(27,127)	(25,579)	1,548
Beginning Fund Balance	<u>29,324</u>	<u>29,324</u>	<u>29,329</u>	<u>5</u>
Ending Fund Balance	<u>\$ 2,197</u>	<u>\$ 2,197</u>	<u>\$ 3,750</u>	<u>\$ 1,553</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

KNOLLS ESTATE STEP SURCHARGE FUND
A NONMAJOR ENTERPRISE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	\$ 13,882	\$ 13,882	\$ 14,141	\$ 259
Interest	50	50	60	10
Miscellaneous	-	-	-	-
Total Revenues	<u>13,932</u>	<u>13,932</u>	<u>14,201</u>	<u>269</u>
EXPENDITURES				
Materials and Services	21,000	21,000 (1)	11,220	9,780
Capital Outlay	-	- (1)	-	-
Contingency	-	- (1)	-	-
Total Expenditures	<u>21,000</u>	<u>21,000</u>	<u>11,220</u>	<u>9,780</u>
Excess of Revenues Over, (Under) Expenditures	(7,068)	(7,068)	2,981	10,049
OTHER FINANCING SOURCES, (USES)				
Transfers In	-	-	-	-
Net Change in Fund Balance	(7,068)	(7,068)	2,981	10,049
Beginning Fund Balance	<u>7,561</u>	<u>7,561</u>	<u>9,492</u>	<u>1,931</u>
Ending Fund Balance	<u>\$ 493</u>	<u>\$ 493</u>	<u>\$ 12,473</u>	<u>\$ 11,980</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

WATER CONSTRUCTION FUND
A NONMAJOR ENTERPRISE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
System Development Charges	\$ 79,672	\$ 79,672	\$ 37,295	\$ (42,377)
Charges for Services	-	-	-	-
Interest	12,000	12,000	2,484	(9,516)
Miscellaneous	-	-	-	-
Total Revenues	<u>91,672</u>	<u>91,672</u>	<u>39,779</u>	<u>(51,893)</u>
EXPENDITURES				
Materials and Services	3,300	3,300 (1)	-	3,300
Capital Outlay	8,220,000	8,220,000 (1)	855,978	7,364,022
Contingency	100,000	100,000 (1)	-	100,000
Total Expenditures	<u>8,323,300</u>	<u>8,323,300</u>	<u>855,978</u>	<u>7,467,322</u>
Excess of Revenues Over, (Under) Expenditures	(8,231,628)	(8,231,628)	(816,199)	7,415,429
OTHER FINANCING SOURCES, (USES)				
Debt Proceeds	7,500,000	7,500,000	-	(7,500,000)
Transfers In	250,000	250,000	250,000	-
Net Change in Fund Balance	(481,628)	(481,628)	(566,199)	(84,571)
Beginning Fund Balance	<u>581,030</u>	<u>581,030</u>	<u>549,364</u>	<u>(31,666)</u>
Ending Fund Balance	<u>\$ 99,402</u>	<u>\$ 99,402</u>	<u>\$ (16,835)</u>	<u>\$ (116,237)</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

WASTEWATER CONSTRUCTION FUND
A NONMAJOR ENTERPRISE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
System Development Charges	\$ 12,673	\$ 12,673	\$ 2,699	\$ (9,974)
Charges for Services	30,342	30,342	30,596	254
Interest	1,000	1,000	1,737	737
Miscellaneous	-	-	-	-
Total Revenues	<u>44,015</u>	<u>44,015</u>	<u>35,032</u>	<u>(8,983)</u>
EXPENDITURES				
Capital Outlay	405,000	405,000 (1)	277,988	127,012
Contingency	-	- (1)	-	-
Total Expenditures	<u>405,000</u>	<u>405,000</u>	<u>277,988</u>	<u>127,012</u>
Excess of Revenues Over, (Under) Expenditures	(360,985)	(360,985)	(242,956)	118,029
OTHER FINANCING SOURCES, (USES)				
Transfers Out	-	- (1)	-	-
Transfers In	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net Change in Fund Balance	(260,985)	(260,985)	(142,956)	118,029
Beginning Fund Balance	<u>294,182</u>	<u>294,182</u>	<u>288,149</u>	<u>(6,033)</u>
Ending Fund Balance	<u>\$ 33,197</u>	<u>\$ 33,197</u>	<u>\$ 145,193</u>	<u>\$ 111,996</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

WATER DEBT SERVICE FUND
A NONMAJOR ENTERPRISE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	\$ -	\$ -	\$ -	\$ -
Interest	1,800	1,800	1,269	(531)
Miscellaneous	-	-	-	-
Total Revenues	<u>1,800</u>	<u>1,800</u>	<u>1,269</u>	<u>(531)</u>
EXPENDITURES				
Materials and Services	-	- (1)	-	-
Debt Service	452,403	452,403 (1)	452,396	7
Contingency	-	- (1)	-	-
Total Expenditures	<u>452,403</u>	<u>452,403</u>	<u>452,396</u>	<u>7</u>
Excess of Revenues Over, (Under) Expenditures	(450,603)	(450,603)	(451,127)	(524)
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(177,775)	(177,775) (1)	-	177,775
Debt Proceeds	-	-	-	-
Transfers In	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>-</u>
Net Change in Fund Balance	(178,378)	(178,378)	(1,127)	177,251
Beginning Fund Balance	<u>277,312</u>	<u>277,312</u>	<u>277,879</u>	<u>567</u>
Ending Fund Balance	<u>\$ 98,934</u>	<u>\$ 98,934</u>	<u>\$ 276,752</u>	<u>\$ 177,818</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

<u>WASTEWATER DEBT SERVICE FUND</u>				
<u>A NONMAJOR ENTERPRISE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Assesments	\$ 26,422	\$ 26,422	\$ 26,422	\$ -
Interest	27,010	27,010	27,005	(5)
Miscellaneous	-	-	-	-
Total Revenues	<u>53,432</u>	<u>53,432</u>	<u>53,427</u>	<u>(5)</u>
EXPENDITURES				
Debt Service	89,073	89,073 (1)	89,036	37
Contingency	-	- (1)	-	-
Total Expenditures	<u>89,073</u>	<u>89,073</u>	<u>89,036</u>	<u>37</u>
Excess of Revenues Over, (Under) Expenditures	(35,641)	(35,641)	(35,609)	32
OTHER FINANCING SOURCES, (USES)				
Transfers In	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Net Change in Fund Balance	(641)	(641)	(609)	32
Beginning Fund Balance	<u>1,313</u>	<u>1,313</u>	<u>1,312</u>	<u>(1)</u>
Prior Period Adjustment			-	
Ending Fund Balance	<u>\$ 672</u>	<u>\$ 672</u>	<u>\$ 703</u>	<u>\$ 31</u>
Reconciliation to GAAP:				
			Deferred Revenue	<u>\$ 477,206</u>
			GAAP Net Assets	<u>\$ 477,909</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

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

PUBLIC WORKS OPERATIONS FUND - INTERNAL SERVICE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	\$ -	\$ -	\$ -	\$ -
Earnings on Investements	-	-	-	-
Miscellaneous	-	-	32	32
Total Revenues	<u>-</u>	<u>-</u>	<u>32</u>	<u>32</u>
EXPENDITURES				
Personnel	1,014,254	1,014,254 (1)	982,245	32,009
Materials and Services	76,000	76,000 (1)	39,809	36,191
Contingency	-	- (1)	-	-
Total Expenditures	<u>1,090,254</u>	<u>1,090,254</u>	<u>1,022,054</u>	<u>68,200</u>
Excess of Revenues Over, (Under) Expenditures	(1,090,254)	(1,090,254)	(1,022,022)	68,232
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(155,323)	(155,323) (1)	(149,221)	6,102
Debt Proceeds	-	-	-	-
Transfers In	1,245,577	1,245,577	1,182,282	(63,295)
Net Change in Fund Balance	-	-	11,039	11,039
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>(11,039)</u>	<u>(11,039)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
For the Year Ended June 30, 2011**

	Balance at June 30, 2010	Additions	Deductions	Balance at June 30, 2011
Municipal Court				
Assets				
Cash	\$ 5,045	\$ 5,979	\$ 5,045	\$ 5,979
Accounts Receivable	1,347	3,991	1,347	3,991
Total Assets	\$ 6,392	\$ 9,970	\$ 6,392	\$ 9,970
Liabilities				
Accounts Payable	\$ 3,698	\$ 4,174	\$ 3,698	\$ 4,174
Amounts held in trust	2,694	5,796	2,694	5,796
Total Liabilities	\$ 6,392	\$ 9,970	\$ 6,392	\$ 9,970
Fire Volunteer Projects				
Assets				
Cash	\$ 5,299	\$ -	\$ 5,299	\$ -
Total Assets	\$ 5,299	\$ -	\$ 5,299	\$ -
Liabilities				
Amounts held in trust	\$ 5,299	\$ -	\$ 5,299	\$ -
Total Liabilities	\$ 5,299	\$ -	\$ 5,299	\$ -
I-5 / Central Avenue Flag				
Assets				
Cash	\$ 758	\$ -	\$ 758	\$ -
Total Assets	\$ 758	\$ -	\$ 758	\$ -
Liabilities				
Amounts held in trust	\$ 758	\$ -	\$ 758	\$ -
Total Liabilities	\$ 758	\$ -	\$ 758	\$ -
Total Agency Funds				
Assets				
Cash	\$ 11,102	\$ 5,979	\$ 11,102	\$ 5,979
Accounts Receivable	1,347	3,991	1,347	3,991
Total Assets	\$ 12,449	\$ 9,970	\$ 12,449	\$ 9,970
Liabilities				
Accounts Payable	\$ 3,698	\$ 4,174	\$ 3,698	\$ 4,174
Amounts held in trust	8,751	5,796	8,751	5,796
Total Liabilities	\$ 12,449	\$ 9,970	\$ 12,449	\$ 9,970

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED - GENERAL FUND
For the Year Ended June 30, 2011**

<u>TAX YEAR</u>	<u>IMPOSED LEVY OR UNCOL- LECTED AT 7-1-10</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUST- MENTS TO ROLLS</u>	<u>INTEREST</u>	<u>CASH COLLEC- TIONS BY COUNTY TREAS- URER</u>	<u>BALANCE UNCOL- LECTED OR UNSEG- REGATED AT 6-30-11</u>
CURRENT:						
2010-2011	\$ 2,530,157	\$ 60,056	\$ (8,595)	\$ 1,810	\$ 2,309,893	\$ 153,423
PRIOR YEARS:						
2009-2010	144,462	(506)	(17,116)	6,800	53,809	80,844
2008-2009	67,046	(5)	(366)	4,065	26,173	44,577
2007-2008	31,890	(3)	(241)	5,199	22,582	14,270
2006-2007	10,736	(4)	(234)	3,056	11,168	2,393
2005-2006 & Prior	4,705	(0)	(68)	542	1,392	3,787
Total Prior	<u>258,839</u>	<u>(519)</u>	<u>(18,025)</u>	<u>19,662</u>	<u>115,124</u>	<u>145,871</u>
Total	<u>\$ 2,788,996</u>	<u>\$ 59,538</u>	<u>\$ (26,620)</u>	<u>\$ 21,472</u>	<u>\$ 2,425,016</u>	<u>\$ 299,294</u>

RECONCILIATION OF REVENUE:	<u>GENERAL FUND</u>
Cash Collections by County Treasurer Above	\$ 2,425,016
Accrual of Receivables:	
Other	(6,455)
June 30, 2010	(20,396)
June 30, 2011	<u>18,627</u>
Total Revenue	<u>\$ 2,416,792</u>

**CITY OF SUTHERLIN
DOUGLAS COUNTY, OREGON**

**INDEPENDENT AUDITORS' REPORT REQUIRED BY
OREGON STATE REGULATIONS**



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

-
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
 - (503) 620-2632 • FAX (503) 684-7523

November 9, 2011

Independent Auditors' Report Required by Oregon State Requirements

We have audited the basic financial statements of the City of Sutherlin as of and for the year ended June 30, 2011, and have issued our report thereon dated November 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 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 statements 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:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the City of Sutherlin was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for we noted one purchase where the City did not obtain written quotes.

OAR 162-10-0230 Internal Control

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

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


PAULY, ROGERS AND CO., P.C.