

# Notice of Public Meeting

## City Council Meeting

### AGENDA

#### CITY COUNCIL - CITY OF FALLS CITY, OREGON

Meeting Location: 320 N Main Street, Falls City, Oregon 97344

Thursday November 10, 2016 7:00 p.m.

Posted on November 4, 2016

- 1) **Call to Order**  
A) Roll Call: Julee Bishop \_\_\_\_ Dennis Sickles \_\_\_\_ Lori Jean Sickles \_\_\_\_ Jennifer Drill \_\_\_\_  
Tony Meier \_\_\_\_ Gerald Melin \_\_\_\_ Terry Ungricht, Mayor \_\_\_\_
- 2) **Pledge of Allegiance**
- 3) **Motion to Adopt the Entire Agenda**
- 4) **Consent Agenda: Motion Action Approving Consent Agenda Items**  
A. Approval of the Bills .....pages 1-3  
B. Approval of September 8, 2016 Council Meeting Minutes .....pages 4-26  
C. Leak adjustment, Lewis Street.....pages 26b-26c
- 5) **Public Comments:** Citizens may address the Council or introduce items for Council consideration on any matters. Council may not be able to provide an immediate answer or response, but may direct staff to follow up on any questions raised. Out of respect to the Council and others in attendance, please limit your comment to five (5) minutes. Please state your name and city of residence for the record.
- 6) **New Business:**  
A. Budget Audit (Councilors received hard copy audit pages not numbered).....Pages 27  
B. Code Enforcement Update.....pages 28  
C. Resolution 20-2016 FEMA Dutch Creek funds.....pages 29-31  
D. Resolution 21-2016 Assumption of Falls City Alliance Loan..... pages 32-33  
E. New Business License, Falls City Grow Supply..... pages 34-38  
F. Michael Harding Park, Barricades..... pages 39-43
- 7) **Correspondence, Comments, and Ex-Officio Reports**  
A. Mayor Report.....pages 44-45  
B. Council Reports  
    Polk County Sheriff Garton's report.....page N/A  
    Fire Department Monthly Report, January through May.....pages N/A  
    Public Works Department Monthly Report .....pages 46  
    Library Monthly Report .....pages
- 8) **Council Announcements**  
A. Joint Council School Board Meeting December 8, 2016 at 6:30 p.m. (on Library)  
B. Next regular City Council meeting December 8, 2016 at 7:00 p.m.
- 9) **Adjourn**

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**Paid Bills Report**  
As of October 14, 2016

	Date	Memo	Account	Class	Amount
<b>Branom Instrument Co.</b>					
	10/14/2016	calibrate meters. 571513	Accounts Payable		-775.00
	10/14/2016	Inv # 571513 recalibrate meter	Equipment Maintenance/Repair	20 WATER OPERATING FUND	775.00
					0.00
<b>Buhler &amp; Meyer CPAs LLP</b>					
	10/14/2016	September	Accounts Payable		-442.40
	10/14/2016	35% Admin, September	Professional Services	01 GENERAL FUND:01.01 Administrative	154.84
	10/14/2016	5% Court	Professional Services	01 GENERAL FUND:01.04 Municipal Ce	22.12
	10/14/2016	10% Street	Professional Services	11 STREET FUND	44.24
	10/14/2016	15% Sewer	Professional Services	13 SEWER FUND	66.36
	10/14/2016	35% Water	Professional Services	20 WATER OPERATING FUND	154.84
					0.00
<b>Cascade Columbia Distribution Company</b>					
	10/14/2016	Invoice 677874, 678483	Accounts Payable		-1,112.46
	10/14/2016	Invoice 677874, 678483	Chlorine Supplies	20 WATER OPERATING FUND	1,112.46
					0.00
<b>Dallas Auto Parts</b>					
	10/14/2016	Statement 09.30	Accounts Payable		-29.99
	10/14/2016	Statement 09.30	Vehicle Maintenance/Repair	20 WATER OPERATING FUND	29.99
					0.00
<b>Dave's Mobile Repair, Inc.</b>					
	10/14/2016	Inv 18160	Accounts Payable		-424.72
	10/14/2016	Backhoe repair, Inv. 18160	Equipment Maintenance/Repair	20 WATER OPERATING FUND	424.72
					0.00
<b>Edge Analytical</b>					
	10/14/2016	16-25077	Accounts Payable		-20.00
	10/14/2016	16-25077	Lab Analysis Services	20 WATER OPERATING FUND	20.00
					0.00
<b>Grove, Mueller &amp; Swank, PC</b>					
	10/14/2016	80821	Accounts Payable		-5,250.00
	10/14/2016	80821	Audit Fees	01 GENERAL FUND:01.01 Administrative	5,250.00
					0.00
<b>HBH Consulting Engineering</b>					
	10/14/2016	October	Accounts Payable		-2,550.00
	10/14/2016	October	Professional Services	20 WATER OPERATING FUND	2,550.00
					0.00
<b>Hughes Fire Equipment</b>					
	10/14/2016	Customer # 16555, Inv # 507642	Accounts Payable		-93.45
	10/14/2016	Inv # 507642	Vehicle Maintenance/Repair	01 GENERAL FUND:01.07 Fire Departm.	93.45
					0.00
<b>L &amp; L Equipment</b>					
	10/14/2016	INV 0128171	Accounts Payable		-35.26
	10/14/2016	INV 0128171	Equipment Maintenance/Repair	01 GENERAL FUND:01.03 Parks	35.26
					0.00
<b>Mid Willamette Valley COG</b>					
	10/14/2016	1617115	Accounts Payable		-1,113.25
	10/14/2016	Inv 1617115, land use	Council of Governments Planning	01 GENERAL FUND:01.01 Administrative	1,113.25
					0.00
<b>Total Mid Willamette Valley COG Mountain Valley Monitoring</b>					
	10/14/2016	INV#1688	Accounts Payable		-90.00
	10/14/2016	Security Monitoring Oct-Dec #1688	Professional Services	01 GENERAL FUND:01.01 Administrative	45.00
	10/14/2016	Security Monitoring Oct-Dec #1688	Professional Services	01 GENERAL FUND:01.07 Fire Departm.	45.00
					0.00
<b>Total Mountain Valley Monitoring Net Assets Corporation</b>					
	10/14/2016	66-201609	Accounts Payable		-31.00
	10/14/2016	50% Lien service -66-201609	Professional Services	13 SEWER FUND	15.50

**Paid Bills Report**  
As of October 14, 2016

	Date	Memo	Account	Class	Amount
<b>Total Net Assets Corporation</b>					
<b>Pacific Power</b>					
	10/14/2016	50% Lien service -66-201609	Professional Services	20 WATER OPERATING FUND	15.50
					0.00
	10/14/2016	multiple accounts, 21091561-006 2	Accounts Payable	01 GENERAL FUND:01.07 Fire Departm	-1,455.31
	10/14/2016	October	Power/Heat	01 GENERAL FUND:01.01 Administrativ	318.80
	10/14/2016	multiple accounts, 21091561-006 2	Power/Heat	01 GENERAL FUND:01.01 Administrativ	171.94
	10/14/2016	multiple accounts, 21091561-006 2	Power/Heat	01 GENERAL FUND:01.03 Parks	55.80
	10/14/2016	multiple accounts, 21091561-006 2	Power/Heat	13 SEWER FUND	230.53
	10/14/2016	multiple accounts, 21091561-006 2	Street Lights	11 STREET FUND	620.60
	10/14/2016	multiple accounts, 21091561-006 2	Power/Heat	20 WATER OPERATING FUND	57.64
					0.00
<b>Total Pacific Power</b>					0.00
<b>Petro Card</b>					
	10/14/2016	C1038893	Accounts Payable	11 STREET FUND	-88.59
	10/14/2016	20% C108893	Vehicle Operation	13 SEWER FUND	17.71
	10/14/2016	20%	Vehicle Operation	20 WATER OPERATING FUND	17.71
	10/14/2016	60%	Vehicle Operation	20 WATER OPERATING FUND	53.17
					0.00
<b>Total Petro Card</b>					0.00
<b>Polk County Sheriff's Office</b>					
	10/14/2016	61892	Accounts Payable	01 GENERAL FUND:01.07 Fire Departm	-223.00
	10/14/2016	2nd Qtr 2016-2017 INV#61892	Intergovernmental Services	01 GENERAL FUND:01.07 Fire Departm	223.00
					0.00
<b>Total Polk County Sheriff's Office</b>					0.00
<b>Speer Hoyt LLC</b>					
	10/14/2016	37451	Accounts Payable	01 GENERAL FUND:01.01 Administrativ	-969.00
	10/14/2016	INV: 37541	Attorney/Special Council	01 GENERAL FUND:01.01 Administrativ	969.00
					0.00
<b>Total Speer Hoyt LLC</b>					0.00
<b>Surplus Cashier</b>					
	10/14/2016	ARK42345	Accounts Payable	01 GENERAL FUND:01.02 City Council	-140.00
	10/14/2016	ARK42345, notes	Council Approved Projects	01 GENERAL FUND:01.02 City Council	140.00
					0.00
<b>Total Surplus Cashier</b>					0.00
<b>US Bank Visa</b>					
	10/14/2016	Account Number: 4798 5312 1498 1146	Accounts Payable	01 GENERAL FUND:01.01 Administrativ	-82.93
	10/14/2016	Account Number: 4798 5312 1498 1146	Office Supplies	01 GENERAL FUND:01.01 Administrativ	82.93
					0.00
<b>Total US Bank Visa</b>					0.00
<b>Wastech Engineering</b>					
	10/14/2016	21808	Accounts Payable	01 GENERAL FUND:01.01 Administrativ	-2,161.00
	10/14/2016	Land use	Professional Services	01 GENERAL FUND:01.01 Administrativ	568.00
	10/14/2016	CDBG application	Professional Services	13 SEWER FUND	1,593.00
					0.00
<b>Total Wastech Engineering</b>					0.00
<b>CenturyLink</b>					
	10/23/2016	multiple phone bills October	Accounts Payable	01 GENERAL FUND:01.01 Administrativ	-423.80
	10/23/2016	October	Telephone	20 WATER OPERATING FUND	183.85
	10/23/2016	multiple phone bills October	Telephone	01 GENERAL FUND:01.07 Fire Departm	68.75
	10/23/2016	multiple phone bills October	Telephone	01 GENERAL FUND:01.07 Fire Departm	171.20
					0.00
<b>Total CenturyLink</b>					0.00
<b>City of Dallas</b>					
	10/23/2016	INV# 201610181885	Accounts Payable	11 STREET FUND	-300.00
	10/23/2016	INV# 201610181885-September	Streets Maintenance/Repair	11 STREET FUND	300.00
					0.00
<b>Total City of Dallas</b>					0.00
<b>CLA Laboratory Program</b>					
	10/23/2016	38D2053623	Accounts Payable	01 GENERAL FUND:01.07 Fire Departm	-150.00
	10/23/2016	Glucose Certificate	Permits	01 GENERAL FUND:01.07 Fire Departm	150.00
					0.00
<b>Total CLA Laboratory Program</b>					0.00
<b>Consumers Power Inc</b>					
	10/23/2016	Account # 1155501	Accounts Payable	20 WATER OPERATING FUND	-199.59
	10/23/2016	October Power	Power/Heat	20 WATER OPERATING FUND	199.59
					0.00
<b>Total Consumers Power Inc</b>					0.00

**Paid Bills Report**  
As of October 14, 2016

	Date	Memo	Account	Class	Amount
<b>Falls City Fire Association</b>					
	10/23/2016	Fire Works	Accounts Payable		-484.00
	10/23/2016	Fire Works	Council Approved Projects	01 GENERAL FUND:01.07 Fire Departm	484.00
					0.00
<b>Total Falls City Fire Association</b>					
<b>Karl Wagner</b>					
	10/23/2016	Rain Gear	Accounts Payable		-184.90
	10/23/2016	Rain Gear	Uniforms and Protective Gear	20 WATER OPERATING FUND	184.90
					0.00
<b>Total Karl Wagner</b>					
<b>MNOP</b>					
	10/23/2016	A282921-IN	Accounts Payable		-607.30
	10/23/2016	A282921-IN	Power/Heat	01 GENERAL FUND:01.01 Administrativ	607.30
					0.00
<b>Total MNOP</b>					
<b>Petro Card</b>					
	10/23/2016	C114091	Accounts Payable		-190.93
	10/23/2016	20% C114091	Vehicle Operation	11 STREET FUND	38.18
	10/23/2016	20%	Vehicle Operation	13 SEWER FUND	38.18
	10/23/2016	60%	Vehicle Operation	20 WATER OPERATING FUND	114.57
					0.00
<b>Total Petro Card</b>					
<b>Pitney Bowes</b>					
	10/23/2016	8000-9000-0969-9830	Accounts Payable		-301.50
	10/23/2016	Postage 20%	Office Supplies	01 GENERAL FUND:01.01 Administrativ	60.30
	10/23/2016	30%	Office Supplies	13 SEWER FUND	90.45
	10/23/2016	50%	Office Supplies	20 WATER OPERATING FUND	150.75
					0.00
<b>Total Pitney Bowes</b>					
<b>Pitney Bowes Global Financial Services LL</b>					
	10/23/2016	Acct# 8158702, inv 3301824934	Accounts Payable		-196.80
	10/23/2016	July 35% inv 3301824934	Postage & Freight	13 SEWER FUND	68.88
	10/23/2016	July 50%	Postage & Freight	20 WATER OPERATING FUND	98.40
	10/23/2016	July 15%	Postage & Freight	01 GENERAL FUND:01.01 Administrativ	29.52
					0.00
<b>Total Pitney Bowes Global Financial Services LL</b>					
<b>Sharon Volk Greene</b>					
	10/23/2016	reimbursement	Accounts Payable		-259.73
	10/23/2016	Reimburse expense, supplis and training	Medical Supplies	01 GENERAL FUND:01.07 Fire Departm	259.73
					0.00
<b>Total Sharon Volk Greene</b>					
<b>Edge Analytical</b>					
	10/26/2016	16-25050	Accounts Payable		-198.00
	10/26/2016	16-25050	Lab Analysis Services	13 SEWER FUND	198.00
					0.00
<b>Total Edge Analytical</b>					
<b>Portland State University</b>					
	10/26/2016	SRLL102, Falls City Income Survey	Accounts Payable		-5,905.89
	10/26/2016	Income Survey, SRL102	Professional Services	13 SEWER FUND	5,905.89
					0.00
<b>Total Portland State University</b>					
<b>Xerox Corporation</b>					
	10/26/2016	inv 086471685	Accounts Payable		-8.63
	10/26/2016	inv 086471685	Maintenance Supplies	01 GENERAL FUND:01.01 Administrativ	8.63
					0.00
<b>Total Xerox Corporation</b>					
<b>TOTAL</b>					<b>0.00</b>

City of Falls City  
City Council Regular Meeting  
Meeting Minutes  
October 13, 2016 7:00 PM  
Meeting Location: 320 N Main Street, Falls City, Oregon 97344

**Council Present:** Mayor Terry Ungricht, Lori Jean Sickles, Jennifer Drill, Tony Meier, Gerald Melin, Dennis Sickles

**Staff Present:** Domenica Protheroe, City Clerk; Don Poe, Public Works Lead Worker

Mayor Ungricht called the meeting to order at 7:00 PM.

**1) Roll Call**

Clerk Protheroe took roll call. Councilor Bishop was absent.

**2) Pledge of Allegiance**

Mayor Ungricht led the pledge.

**3) Motion to adopt the entire Agenda**

A motion was made by Councilor Meier and seconded by Councilor L. Sickles to adopt the entire agenda with the addition of Item D (Exhibit A). Motion carried 5-0-0. Ayes: Lori Jean Sickles, Jennifer Drill, Tony Meier, Gerald Melin, Dennis Sickles.

**4) Consent Agenda**

A motion was made by Councilor Drill and seconded by Councilor Meier to adopt the Consent Agenda. Motion carried 5-0-0. Ayes: Lori Jean Sickles, Jennifer Drill, Tony Meier, Gerald Melin, Dennis Sickles.

**5) Public Comments**

Charlie Flynn of Falls City questioned the Basic Emergency Preparedness Plan B meeting place because the building is for sale. Councilor Drill stated a new location would be selected when the building is sold.

Mike Bowman of Falls City distributed a packet to Councilors containing a blank Green Haven Recreational Vehicle Agreement, draft Recreational Park Rules and Regulations, an excerpt of Oregon State Statutes (ORS) 197.493, and a letter from Mr. Dick Bowman (Exhibit B). Mike Bowman read Mr. Dick Bowman's letter into the record. He stated that the Conditional Use Permit was 20 years old and needed an update, it conflicted with this State Law for length of stay, and it was not necessary because the RV Park is a commercial use.

Mayor Ungricht stated that the City Council directed Green Haven RV Park follow the Condition Use Permit and he assured Mike Bowman that Council, and staff wanted his business to succeed.

Mike Bowman reported that they were cleaning up Green Haven RV Park and had brought in better people. He wanted to work with the City. Mayor Ungricht and Councilors thanked Mike Bowman.

Tracy Young of Falls City reported that the ditches were not flooding in her area of town, yet.

**6) New Business**

**A. Code Enforcement Update**

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Mayor Ungricht reported to Council that City Attorney had verified current code would allow Council to hear cases' providing the City has an Enforcement Officer. Mayor Ungricht considered it a top priority to contract with a Code Enforcement Officer. The Polk County Code Enforcement Officer could not help due to family obligations. He had not been able to reach a prior Falls City Code Enforcement officer Bob Crowson. He had contacted Western Oregon University to explore an opportunity to have student to update our code and/or serve as an Enforcement Officer. Councilor Drill suggested contacting the Code Enforcement Association in The Dalles.

Mayor Ungricht asked Council if they would like to explore the option of code enforcement hearings held by two Councilors. Cases that result in a tie vote would be brought before Council for a ruling. He invited Councilors to contact him with suggestions for an affordable, effective, and efficient code enforcement process.

Councilor Drill asked for the status of complaints and enforcements. Several vehicles were tagged and moved. Green Haven RV Park was the top priority because of the large number of complaints. There are many complaints on file that need action. Mayor Ungricht informed Council that he planned to review the junk and trash complaint on South Main as a test case to determine steps and costs to abate which he will bring before Council. Councilor D. Sickles thought the City lacks the money needed for abatement.

**B. Ordinance 542-2016**

Councilor Drill questioned the street name because there was of an access road off 1<sup>st</sup> Avenue to the property. Mayor Ungricht reported that the owner decided to develop the lot on West Avenue and the approved site plan indicated a West Blvd driveway. Staff recommended an address of 505 West Blvd.

A motion was made by Councilor D. Sickles and seconded by Councilor Meier to adopt Ordinance 542-2016, An Ordinance assigning an address number for a residential structure; and declaring an emergency. Motion carried 5-0-0. Ayes: Lori Jean Sickles, Jennifer Drill, Tony Meier, Gerald Melin, Dennis Sickles.

**C. Library**

Mayor Ungricht reported that he had attended the Library Advisory Board meeting and had consulted with the new Librarian. He briefly reviewed the difference between a levy and a Library District. A library district would require a new governing body, separate from the City and School District. The library district governing body would elect officers and adopt bylaws and would work with the County to establish a tax district and a permanent tax rate, whereas, a levy would be considered thought a ballot measure by either the City of Falls City or the School Board. Election dates were unknown.

Falls City has 654 taxable accounts and the Falls City School District has 1075 taxable accounts. The annual wage package is approximately \$50,000.

- Falls City: 654 taxable accounts would require a \$0.26 per \$1,000 assessed value to raise \$10,000. To raise \$50,000 a levy of \$1.30 per \$1,000 would be required.
- School District: 1075 taxable accounts would require a \$0.12 per \$1,000 assessed value to raise \$10,000. To raise \$50,000 a levy of \$0.60 per \$1,000 would be required.

Douglas Schmidt, Polk County Assessor, could attend the December joint meeting of the City of Falls City and the Falls City School District to discuss the options. Council selected December 8, 2016 at 6:30 PM for the next joint meeting. Councilor D. Sickles will ask the School Board if they can attend a Joint Meeting on December 8, 2016 at 6:30 PM.

Tracy Young of Falls City asked for a status of the Grand Ronde Grant application for the library. No one was aware of a Grand Ronde grant application. Councilor Drill will look into the grant.

**D. Resolution 19-2016 an Agreement Between Falls City and Oregon IFA**

(Exhibit A) The Federal Emergency Management Agency (FEMA) had awarded 75% of the cost of repairing/replacing the Dutch Creek Crossing and the Infrastructure Finance Authority (IFA) had awarded the remaining 25% of the cost, but an agreement with IFA was never signed. The City Attorney had approved the agreement. Under the agreement, all funds must come through the City. A supplemental budget will go before Council for the grant amounts.

Councilor Drill asked if the agreement had any red flags. Infrastructure Finance Authority (IFA) will pay if the Federal Emergency Management Agency (FEMA) pays. FEMA will pay if they approve the work, the County would be accountable under the IGA because they will perform the work.

A motion was made by Councilor D. Sickles to adopt Resolution 09-2016 – A Resolution authorizing an agreement between the City of Falls City and Oregon Infrastructure Finance Authority for funding on the FEMA emergency declaration on Dutch Creek and authorize the Mayor to sign the agreement.

Mayor Ungricht reported that the Resolution number was incorrect on the Agenda Report and requested that the motion be amended to Resolution 19-2016.

Councilor D. Sickles amended his motion and Councilor Meier seconded to adopt Resolution 19-2016 – A Resolution authorizing an agreement between the City of Falls City and Oregon Infrastructure Finance Authority for funding on the FEMA emergency declaration on Dutch Creek and authorize the Mayor to sign the agreement. Motion carried 5-0-0. Ayes: Lori Jean Sickles, Jennifer Drill, Tony Meier, Gerald Melin, Dennis Sickles.

**7) Correspondence, Comments and Ex-Officio Reports**

**A. Mayors Report**

Mayor Ungricht reported that the Sheriff was sorry he could not attend the meeting.

The Sewer Community Development Block Grant application for 2.5 million was submitted on September 30 with only hours to spare. IFA completed their review of the grant application, with no questions, and forwarded the grant application to the next review level.

Mayor Ungricht had applied for a grant reimbursement of \$2,360.00 from Infrastructure Finance Authority for the Portland State University Income Study. He hoped to close the grant soon.

Mayor Ungricht was very disappointed with Knife River because they did not start the roadwork on South Main Street as scheduled. The cold and wet weather might delay the project until next year. In the future, Mayor Ungricht will set paving dates for August or September. Councilor Drill inquired about the \$250.00 per day penalty and wanted Knife River held accountable. Mayor Ungricht agreed and will look at the penalty clause but was unsure if the penalty would apply if the City rejected the job based on cold and rainy weather. The Oregon Department of Transportation had assured Mayor Ungricht that the City has two years to complete the work under the grant.

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Mayor Ungricht had met with members of the Falls City Alliance and with Rita Grady of Polk Community Development Corporation (Polk CDC) to consider options for taking ownership of the parkland. Mayor Ungricht recommended that the City initially take over the Falls City Alliance Loan and ownership of the land in order to move forward with the change of zoning from residential to public. The zone change is a requirement of the grant.

The grant will provide a \$55,000 to pay down the principal balance of \$129,000. The land is valued at \$85,000. Mayor Ungricht reported that under the terms of the grant the City will be required to remove invasive species, the grant provides \$22,000 for this purpose. The status of the prior grant awarded to the Falls City Alliance was unknown.

Councilor Drill asked about Plan B. The City could repossess the land and pay the balance of the loan without the grant. In essence, there was not a Plan B.

Councilor L. Sickles asked about the steps to purchase. Mayor Ungricht reported that the Falls City Alliance and City Council would sign a purchase agreement. The purchase agreement will go to the title company for a title and lien search. The City will take ownership of the property and assume the Falls City Alliance loan under the purchase agreement. The City will not make loan payments until the next budget cycle, because the payments were not budgeted; Polk CDC has agreed. Once the City changes the zone and receives the grant funds, Polk CDC will issue a new 40-year loan with an interest rate of one percent (1%) and annual payments estimated at \$2,420. Polk CDC has agreed to waive the penalties accrued to date for non-payment by the Falls City Alliance.

Mayor Ungricht asked Council to confirm if they wanted to assume the Falls City Alliance Loan under the purchase agreement, take ownership of the land, change the zoning, and apply the grant award toward the new loan with Polk CDC as previously defined. Council gave their approval by consensus.

It will cost approximately \$2,323.00 to purchase and install the blocks at the Michael Harding Park.

HBH Engineering will present the first draft of the Water Master Plan to Council at the November meeting and Council will consider adoption of the plan at the December meeting, after which the Plan will go to the State of Oregon for approval.

The annual audit report looked good. The balance of the Sewer Fund is very low. Mayor Ungricht will invite Tom Glogau to present the audit report to Council at the November City Council meeting.

The Volunteer Fire Department had ordered fireworks for the traditional July 3, 2016 fireworks show well before the show was cancelled. The Volunteer Fire Association incurred a cancellation penalty of \$968.75 and requested, though Mayor Ungricht that the City pay for half of the penalty charge. The Falls City Volunteer Fire Association bill was past due.

A motion was made by Councilor Drill and seconded by Councilor Melin to pay half of the cost of the cancellation of the firework for the 2016 fireworks show. Motion carried 3-2-0. Ayes: Jennifer Drill, Gerald Melin, Dennis Sickles. Nays: Lori Jean Sickles and Tony Meier.

Mayor Ungricht asked Council if they wanted the City to mail Green Haven RV Park the letter found on page 71-79. Council discussed Green Haven Park and wondered if the City could

enforce the Conditional Use Permit 180 day rule. Mayor Ungricht will ask the City Attorney to give an opinion on ORS 197.493 and will inform Mike Bowman and Council of the City Attorney opinion. Tracy Young of Falls City informed Council that in the past she moved trailers to different spots about two to three times a month. The next step for the City was to issue Notices of Violations (NOV). Under the Municipal Code, NOV's go before Council. Council authorized Mayor Ungricht to send the letter based on the Conditional Use Permit CUP 05-01.

**B. Council Reports**

Councilor L. Sickles announced that it was Breast Cancer Awareness month. The Boondocks Bar and Grill will hold a Breast Cancer Awareness Drag Queen fundraiser on October 22. The event will be fun and everyone is invited. She expected eighty people to attend and asked Council to consider waiving the rental fees for table and chairs for the event. Council agreed by consensus.

Councilor Drill reported that seven people attended the recent CPR and Emergency Preparedness class led by Sharon Volk Greve of the Volunteer Fire Association. Sharon did a great job. Councilor Drill highly recommended attending the two-hour November CPR class. The class will cover CPR, emergency first aid and emergency preparation.

Councilor Drill invited the audience to the October 25, 2016 open discussion Town Hall Meeting. Two people attended the September Town Hall meeting.

Mayor Ungricht had contacted the person that orders and programs the radios used by the Volunteer Fire Association. Councilors could purchase a radio/scanner programed for NOAA and emergency channels at \$45-50 dollars. The radio would serve as a scanner, unless a City of Falls City Emergency channel could be added; Mayor Ungricht will ask the programmer. Mayor Ungricht planned to take orders for radios at the upcoming Neighborhood Watch meeting. Councilor L. Sickles and Councilor Drill wanted to buy a radio.

Councilor Meier wanted Council to take a strong look at Code Enforcement because citizens think code enforcement is a joke.

Councilor Melin announced that the Economic Development Committee was stalled because they need a Committee secretary.

Councilor D. Sickles invited everyone to attend the High School Volleyball game at Dayton High School and the Football Friday night home game.

**8) Council Announcements**

November 10, 2016 at 7:00 PM is the next City Council meeting.  
The Community Thanksgiving Potluck will be on Saturday November 19, 2016.  
The Community Tree Lighting will be on Saturday December 3, 2016

**9) Adjourn**

The meeting adjourned at 8:03 pm.

\_\_\_\_\_ Mayor Terry Ungricht

Attested: \_\_\_\_\_ City Clerk Domenica Protheroe

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## AGENDA REPORT

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**TO:** CITY COUNCIL  
**FROM:** MAYOR UNGRICHT  
**SUBJECT:** CONTRACT BETWEEN IFA AND FALLS CITY  
**DATE:** 10/12/2016

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### **SUMMARY**

The December 7, 2015 storm event that washed out Mitchell Street at Dutch Creek was awarded FEMA emergency declaration 4258-DR-OR and the City was awarded funding by FEMA to cover 75% of the cost of repairing/replacing the crossing. Staff applied to IFA for funding through their emergency funding program for the remaining 25% of the cost.

### **BACKGROUND**

Council has been updated on the status of the FEMA emergency declaration from the December 7, 2015 storm event. Council has directed staff to apply for the funding and to work with the Federal and State Emergency Management Departments on the permanent repair of this crossing. Council agreed through resolution 16-2016 to have the County manage the project and through resolution 03-2016 to accept the agreement with FEMA for the 75% funding of Dutch Creek crossing.

We were successful in our request for the additional 25% of funding for the project. This resolution will approve the agreement and authorize the Mayor to sign the agreement.

### **PREVIOUS COUNCIL ACTION**

PASSED RESOLUTION 03-2016 ENTERING INTO AN AGREEMENT WITH FEMA TO REPAIR THE RIVER CROSSING.

### **ALTERNATIVES/FINANCIAL IMPLICATIONS**

Staff is working to limit the costs of this project to the City, but there will be staff time and some unanticipated costs for the project.

### **STAFF RECOMMENDATION**

Pass Resolution 19-2016.

### **EXHIBIT**

Copy of Agreement.

### **PROPOSED MOTION**

I move that the City Council of the City of Falls City adopt resolution 09-2016, A RESOLUTION AUTHORIZING AN AGREEMENT BETWEEN THE CITY OF FALLS CITY AND OREGON INFRASTRUCTURE FINANCE AUTHORITY FOR FUNDING ON THE FEMA EMERGENCY DECLARATION ON DUTCH CREEK and authorizes the Mayor to sign the agreement.

**RESOLUTION 19-2016**

A RESOLUTION AUTHORIZING AN AGREEMENT BETWEEN THE CITY OF FALLS CITY AND OREGON INFRASTRUCTURE FINANCE AUTHORITY FOR FUNDING ON THE FEMA EMERGENCY DECLARATION ON DUTCH CREEK.

FINDINGS:

1. The City of Falls City granted through the Federal Emergency Management Agency under declaration DR-4528-OR to cover 75% of project costs on the replacement of the Dutch Creek crossing.
2. The City of Falls City does not have the funds to cover the remaining 25% and submitted an application for emergency funding with the Oregon Infrastructure Authority.
3. The City of Falls City was successful in the grant application and desires to accept the agreement with Oregon Infrastructure Finance Authority and to delegate authority to the City Manager to sign the agreement.

Whereas, the Oregon Infrastructure Finance Authority has accepted and awarded the application for the emergency funding for the Dutch Creek crossing; and

Whereas, the City of Falls City desires to rebuild the Dutch Creek Crossing using a combination of FEMA and IFA funds;

NOW THEREFORE;

THE COMMON COUNCIL OF THE CITY OF FALLS CITY RESOLVES AS FOLLOWS:

Section 1. The City Council approves the agreement between the City of Falls City and Oregon Infrastructure Finance Authority for emergency funding on the Dutch Creek Crossing.

Section 2. This Resolution was duly PASSED and ADOPTED by the Falls City Council this Thirteenth (13) Day of October, 2016, and takes effect upon signing by the Mayor.

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Terry Ungricht, Mayor

Attest:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Domenica Protheroe, City Clerk

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SPECIAL PUBLIC WORKS FUND EMERGENCY PROJECT  
FINANCING CONTRACT

Project Name: Falls City Dutch Creek Crossing Permanent Repairs (FEMA Match)

Project Number: L17002

This financing contract (“Contract”), dated as of the date the Contract is fully executed, is made by the State of Oregon, acting by and through the Oregon Infrastructure Finance Authority (“IFA”), and the City of Falls City (“Recipient”) for financing of the project referred to above and described in Exhibit B (“Project”). This Contract becomes effective only when fully signed and approved as required by applicable law. Capitalized terms not defined in Section 1 and elsewhere in the body of the Contract have the meanings assigned to them by Exhibit A.

This Contract includes the following exhibits, listed in descending order of precedence for purposes of resolving any conflict between two or more of the parts:

Exhibit A	General Definitions
Exhibit B	Project Description; Project Special Condition
Exhibit C	Project Budget

**SECTION 1 - KEY TERMS**

The following capitalized terms have the meanings assigned below.

“Estimated Project Cost”: \$250,000

“Grant Amount”: \$62,500

“Project Closeout Deadline”: 90 days after the earlier of the Project Completion Date or the Project Completion Deadline.

“Project Completion Deadline”: 36 months after the date of this Contract.

**SECTION 2 - FINANCIAL ASSISTANCE**

The IFA shall provide Recipient, and Recipient shall accept from IFA, a grant (the “Grant”) in an aggregate amount not to exceed the Grant Amount; provided however that total disbursements under this Grant shall not exceed the total local matching funds requirement for federal disaster relief or 25 percent of the total Costs of the Project, whichever is less.

**SECTION 3 - DISBURSEMENTS**

- A. Reimbursement Basis. The Financing Proceeds shall be disbursed to Recipient on an expense reimbursement or costs-incurred basis. The Recipient must submit each disbursement request for the Financing Proceeds on an IFA-provided or IFA-approved disbursement request form (“Disbursement Request”).
- B. Financing Availability. The IFA’s obligation to make and Recipient’s right to request disbursements under this Contract shall terminate on the Project Closeout Deadline.

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#### SECTION 4 - CONDITIONS PRECEDENT

- A. Conditions Precedent to Funding Commitment. The IFA's obligations are subject to the receipt of the following items, in form and substance satisfactory to IFA and its Counsel:
- (1) This Contract duly signed by an authorized officer of Recipient.
  - (2) Such other certificates, documents, opinions and information as IFA may reasonably require.
- B. Conditions to Disbursements. As to any disbursement, IFA has no obligation to disburse funds unless all following conditions are met:
- (1) There is no Default or Event of Default.
  - (2) The representations and warranties made in this Contract are true and correct on the date of disbursement as if made on such date.
  - (3) The IFA, in the reasonable exercise of its administrative discretion, has sufficient moneys in the Fund for use in the Project and has sufficient funding, appropriations, limitations, allotments and other expenditure authority to make the disbursement.
  - (4) The IFA (a) has received a completed Disbursement Request, (b) has received any written evidence of materials and labor furnished to or work performed upon the Project, itemized receipts or invoices for payment, and releases, satisfactions or other signed statements or forms as IFA may require, (c) is satisfied that all items listed in the Disbursement Request are reasonable and that the costs for labor and materials were incurred and are properly included in the Costs of the Project, and (d) has determined that the disbursement is only for costs defined as eligible costs under the Act and any implementing administrative rules and policies.
  - (5) Department receives and approves evidence of (a) OR Emergency Management / FEMA approval of activities as described in the approved Project Worksheet (as described in Exhibit B) and (b) FEMA's payment of 75% of the requested reimbursement.
  - (6) Recipient has delivered documentation satisfactory to IFA that, in addition to the Financing Proceeds, Recipient has available or has obtained binding commitments for all funds necessary to complete the Project.
  - (7) Any conditions to disbursement elsewhere in this Contract are met.

#### SECTION 5 - USE OF FINANCIAL ASSISTANCE

- A. Use of Proceeds. The Recipient shall use the Financing Proceeds only for the activities described in Exhibit B and according to the Project Budget in Exhibit C. Recipient may not transfer Financing Proceeds among line items in the Project Budget without the prior written consent of IFA. Recipient may not use any of the Grant proceeds for costs that are not allowed under the FEMA Project Worksheet described in Exhibit B or not in the Project Budget.
- B. Costs of the Project. The Recipient shall apply the Financing Proceeds to the Costs of the Project in accordance with the Act, and Oregon law as applicable. Financing Proceeds cannot be used for costs in excess of one hundred percent (100%) of the total Costs of the Project and cannot be used for pre-Award Costs of the Project, unless permitted by Exhibit B.
- C. Costs Paid for by Others. The Recipient may not use any of the Financing Proceeds to cover costs to be paid for by other financing for the Project from another State of Oregon agency or any third party.

**SECTION 6 - REPRESENTATIONS AND WARRANTIES OF RECIPIENT**

The Recipient represents and warrants to IFA:

- A. Estimated Project Cost. A reasonable estimate of the Costs of the Project is shown in Section 1, and the Project is fully funded.
- B. Organization and Authority.
- (1) The Recipient is a Municipality under the Act, and validly organized and existing under the laws of the State of Oregon.
  - (2) The Recipient has all necessary right, power and authority under its organizational documents and under Oregon law to (a) execute and deliver this Contract, and (b) incur and perform its obligations under this Contract.
  - (3) This Contract, executed and delivered by Recipient has been authorized by an ordinance, order or resolution of Recipient's governing body, and voter approval, if necessary, that was adopted in accordance with applicable law and requirements for filing public notices and holding public meetings.
  - (4) This Contract has been duly executed by Recipient, and when executed by IFA, is legal, valid and binding, and enforceable in accordance with its terms.
- C. Full Disclosure. The Recipient has disclosed in writing to IFA all facts that materially adversely affect the Project, or the ability of Recipient to perform all obligations required by this Contract. The Recipient has made no false statements of fact, nor has it omitted information necessary to prevent any statements from being misleading. The information contained in Exhibit B and Exhibit C is true and accurate in all respects.
- D. Pending Litigation. The Recipient has disclosed in writing to IFA all proceedings pending (or to the knowledge of Recipient, threatened) against or affecting Recipient, in any court or before any governmental authority or arbitration board or tribunal, that, if adversely determined, would materially adversely affect the Project or the ability of Recipient perform all obligations required by this Contract.
- E. No Defaults.
- (1) No Defaults or Events of Default exist or occur upon authorization, execution or delivery of this Contract.
  - (2) The Recipient has not violated, and has not received notice of any claimed violation of, any agreement or instrument to which it is a party or by which the Project or its property may be bound, that would materially adversely affect the Project or the ability of Recipient to perform all obligations required by this Contract.
- F. Compliance with Existing Agreements and Applicable Law. The authorization and execution of, and the performance of all obligations required by, this Contract will not: (i) cause a breach of any agreement, indenture, mortgage, deed of trust, or other instrument, to which Recipient is a party or by which the Project or any of its property or assets may be bound; (ii) cause the creation or imposition of any third party lien, charge or encumbrance upon any property or asset of Recipient; (iii) violate any provision of the charter or other document pursuant to which Recipient was organized or established; or (iv) violate any laws, regulations, ordinances, resolutions, or court orders related to Recipient, the Project or its properties or operations.
- G. Governmental Consent. The Recipient has obtained or will obtain all permits and approvals, and has made or will make all notifications, declarations, filings or registrations, required for the making and performance of its obligations under this Contract, and undertaking and completion of the Project.

## SECTION 7 - COVENANTS OF RECIPIENT

The Recipient covenants as follows:

A. Notice of Adverse Change. Recipient shall promptly notify IFA of any adverse change in the activities, prospects or condition (financial or otherwise) of Recipient or the Project related to the ability of Recipient to perform all obligations required by this Contract.

B. Compliance with Laws. The Recipient shall comply with all applicable laws, rules, regulations and orders of any court or governmental authority that relate to this Contract, the Project and the operation of the road system of which the Project is a component. In particular, but without limitation, Recipient shall comply with the following, as applicable:

(1) State procurement regulations found in the Oregon Public Contracting Code, ORS Chapter 279A, 279B and 279C.

(2) State labor standards and wage rates found in ORS Chapter 279C.

(3) OAR 123-042-0165 (5) requirements for signs and notifications.

These laws, rules, regulations and orders are incorporated by reference in this Contract to the extent required by law.

C. Project Completion Obligations. Recipient shall:

(1) Provide IFA with copies of all plans and specifications relating to the Project.

(2) Provide a copy of the bid tabulation and notice of award to IFA.

(3) Permit IFA to conduct field engineering and inspection of the Project at any time.

(4) Complete the Project using its own fiscal resources or money from other sources to pay for any Costs of the Project in excess of the total amount of financial assistance provided pursuant to this Contract.

(5) Complete the Project no later than the Project Completion Deadline, unless otherwise permitted by the IFA in writing.

(6) No later than the Project Closeout Deadline, provide IFA with a final project completion report on a form provided by IFA, including Recipient's certification that the Project is complete, all payments are made, and no further disbursements are needed; provided however, for the purposes of this Contract, IFA will be the final judge of the Project's completion.

(7) Obtain and maintain as-built drawings for all facilities constructed as part of the Project.

D. Ownership of Project. The Project is and will continue to be owned by Recipient for ten years after the Project Completion Date. The Project will be operated by Recipient or by a person under a management contract or operating agreement with Recipient. Any such management contract or operating agreement will be structured as a "qualified management contract" as described in IRS Revenue Procedure 97-13, as amended or supplemented.

E. Operation and Maintenance of the Project. Recipient shall operate and maintain the Project in good repair and operating condition so as to preserve the long term public benefits of the Project, including making all necessary and proper repairs, replacements, additions, and improvements, for ten years after the Project Completion Date. On or before the Project Closeout Deadline, Recipient shall adopt a plan acceptable to IFA for the on-going operation and maintenance of the Project without reliance on IFA financing and furnish IFA, at its request, with evidence of such adoption. The plan must include

measures for generating revenues sufficient to assure the operation and maintenance of the Project during the usable life of the Project.

- F. Insurance, Damage. The Recipient shall maintain, or cause to be maintained, until ten years after the Project Completion Date, insurance policies with responsible insurers or self insurance programs, insuring against liability and risk of direct physical loss, damage or destruction of the Project, at least to the extent that similar insurance is customarily carried by governmental units constructing, operating and maintaining similar facilities. Nothing in this provision precludes Recipient from exerting a defense against any party other than IFA, including a defense of immunity. If the Project or any portion is destroyed, any insurance proceeds will be paid to IFA, not to exceed the Grant Amount, unless IFA agrees in writing that the insurance proceeds may be used to rebuild the Project.
- G. Sales, Leases and Encumbrances. Unless specifically described in Exhibit B, for ten years after the Project Completion Date, Recipient shall not sell, lease, exchange, abandon, transfer or otherwise dispose of any substantial portion of or interest in the Project unless worn out, obsolete, or, in the reasonable business judgment of Recipient, no longer useful in the operation of the Project. Nevertheless, IFA may consent to such disposition if it has received 90 days' prior written notice from Recipient. Such consent may require payment of IFA's costs related to such consent and be conditioned upon receipt by IFA of an opinion of Bond Counsel to the effect that such disposition complies with applicable law and will not adversely affect the exclusion of interest on any Lottery Bonds from gross income for purposes of federal income taxation under Section 103(a) of the Code. The term "Bond Counsel" means a law firm determined by IFA to have knowledge and expertise in the field of municipal law and whose opinions are generally accepted by purchasers of municipal bonds. In the case of sale, lease, exchange, transfer or other disposition of any substantial portion of or interest in the Project, Recipient shall, within 30 days of receipt of any proceeds from such disposition, pay such proceeds to IFA, not to exceed the Grant Amount, unless IFA agrees otherwise in writing. If Recipient abandons the Project, Recipient shall repay the Grant Amount immediately upon demand by IFA, unless otherwise agreed by IFA.
- H. Condemnation Proceeds. Until ten years after the Project Completion Date, if the Project or any portion is condemned, within 30 days of receipt of any proceeds from such disposition, Recipient shall pay such proceeds to IFA, not to exceed the Grant Amount, unless IFA agrees otherwise in writing.
- I. Records; Accounts. The Recipient shall keep accurate books and records for the use of all Financing Proceeds and the expenditure or utilization of all resources used in the Project, separate and distinct from its other books and records, and maintain them according to generally accepted accounting principles established by the Government Accounting Standards Board in effect at the time.
- J. Inspections; Information. The Recipient shall permit IFA and any party designated by IFA: (i) to inspect, at any reasonable time, the property, if any, constituting the Project; and (ii) at any reasonable time, to inspect and make copies of any accounts, books and records, including, without limitation, its records regarding receipts, disbursements, contracts, investments and any other related matters. The Recipient shall supply any related reports and information as IFA may reasonably require.
- K. Records Maintenance. The Recipient shall retain and keep accessible all books, documents, papers, and records that are directly related to this Contract, the Project or the Financing Proceeds until the date that is three years following the later of the final maturity of the Lottery Bonds or the final maturity or redemption date of any obligation, or series of obligations, that refinanced the Lottery Bonds, or such longer period as may be required by other provisions of this Contract or applicable law. Such documentation includes, but may not be limited to, all documentation necessary to establish the uses and investment of the Loan proceeds, all construction contracts and invoices detailing the costs paid

from Loan proceeds, and all contracts related to the uses of the Project, including leases, management contracts and service contracts.

- L. Economic Benefit Data. The IFA may require Recipient to submit specific data on the economic development benefits of the Project and other information to evaluate the success and economic impact of the Project, from the date of this Contract until six years after the Project Completion Date. The Recipient shall, at its own expense, prepare and submit the data within the time specified by IFA.
- M. Disadvantaged Business Enterprises. ORS 200.090 requires all public agencies to “aggressively pursue a policy of providing opportunities for disadvantaged business enterprises, minority-owned businesses, woman-owned businesses, businesses that service-disabled veterans owned and emerging small businesses...” The IFA encourages Recipient in any contracting activity to follow good faith efforts as described in ORS 200.045, available at [https://www.oregonlegislature.gov/bills\\_laws/ors/ors200.html](https://www.oregonlegislature.gov/bills_laws/ors/ors200.html). Additional resources are provided by the Governor’s Policy Advisor for Economic and Business Equity. Also, the Certification Office for Business Inclusion and Diversity at the Oregon Business Development Department maintains a list of certified firms and can answer questions. Search for certified firms on the web at: <https://oregon4biz.diversitysoftware.com/FrontEnd/VendorSearchPublic.asp>.
- N. Professional Responsibility. A professional engineer or architect, as applicable, registered and in good standing in Oregon, will be responsible for the design and construction of the Project. All service providers retained for their professional expertise will be certified, licensed, or registered, as appropriate, in the State of Oregon for their specialty. Recipient shall follow standard construction practices, such as bonding requirements for construction contractors, requiring errors and omissions insurance, and performing testing and inspections during construction.
- O. Notice of Default. The Recipient shall give IFA prompt written notice of any Default as soon as any senior administrative or financial officer of Recipient becomes aware of its existence or reasonably believes a Default is likely.
- P. Indemnity. To the extent authorized by law, Recipient shall defend (subject to ORS chapter 180), indemnify, save and hold harmless IFA and its officers, employees and agents from and against any and all claims, suits, actions, proceedings, losses, damages, liability and court awards including costs, expenses, and attorneys’ fees incurred related to any actual or alleged act or omission by Recipient, or its employees, agents or contractors; however, the provisions of this Section are not to be construed as a waiver of any defense or limitation on damages provided for under Chapter 30 of the Oregon Revised Statutes or under the laws of the United States or other laws of the State of Oregon.
- Q. Further Assurances. The Recipient shall, at the request of IFA, authorize, sign, acknowledge and deliver any further resolutions, conveyances, transfers, assurances, financing statements and other instruments and documents as IFA reasonably determines may be necessary or desirable.
- R. Exclusion of Interest from Federal Gross Income and Compliance with Code.
  - (1) The Recipient shall not take any action or omit to take any action that would result in the loss of the exclusion of the interest on any Lottery Bonds used by IFA to fund the Financing Proceeds from gross income for purposes of federal income taxation, as governed by Section 103(a) of the Code. IFA may decline to disburse Financing Proceeds if it finds that the federal tax exemption of the Lottery Bonds cannot be assured.
  - (2) The Recipient shall not take any action (including but not limited to the execution of a management agreement for the operation of the Project) or omit to take any action that would cause any Lottery Bonds to be “private activity bonds” within the meaning of Section 141(a) of the Code. Accordingly, unless Recipient receives the prior written approval of IFA, Recipient shall not permit in excess of ten

percent (10%) of either (a) the Financing Proceeds or (b) the Project financed or refinanced with the Financing Proceeds to be directly or indirectly used in any manner that would constitute “private business use” within the meaning of Section 141(b)(6) of the Code, including not permitting more than one half of any permitted private business use to be “disproportionate related business use” or private business use unrelated to the government use of the Financing Proceeds. Unless Recipient receives the prior written approval of IFA, Recipient shall not directly or indirectly use any Financing Proceeds to make or finance loans to persons other than governmental units, as that term is used in Section 141(c) of the Code.

- (3) The Recipient shall not directly or indirectly use or permit the use of any of the Financing Proceeds or any other funds, or take any action or omit to take any action, which would cause any Lottery Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code.
- (4) The Recipient shall not cause any Lottery Bonds to be treated as “federally guaranteed” for purposes of Section 149(b) of the Code, as may be modified in any applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service with respect to “federally guaranteed” obligations described in Section 149(b) of the Code. For purposes of this paragraph, any Lottery Bonds will be treated as “federally guaranteed” if: (a) all or any portion of the principal or interest is or will be guaranteed directly or indirectly by the United States of America or any agency or instrumentality thereof, or (b) five percent (5%) or more of the proceeds of the Lottery Bonds will be (i) used in making loans if the payment of principal or interest that is guaranteed in whole or in part by the United States of America or any agency or instrumentality thereof, or (ii) is invested directly or indirectly in federally insured deposits or accounts, and (c) none of the exceptions described in Section 149(b)(3) of the Code apply.
- (5) The Recipient shall assist IFA to ensure that all required amounts are rebated to the United States of America pursuant to Section 148(f) of the Code. Recipient shall, at the request of IFA, cooperate with IFA to provide information IFA may need to compute any arbitrage rebate payments which may be due in connection with the Lottery Bonds. Recipient shall, at the request of IFA, report any information on expenditure of amounts that are paid to the Recipient under this Contract, which IFA reasonably requires to comply with the arbitrage compliance and rebate requirements which apply to the Lottery Bonds. The Recipient shall pay to IFA such amounts as may be directed by IFA to satisfy the requirements of Section 148(f) applicable to the portion of the proceeds of any tax-exempt bonds. The Recipient further shall reimburse IFA for the portion of any expenses it incurs related to the Financing Proceeds that is necessary to satisfy the requirements of Section 148(f) of the Code.
- (6) Upon IFA’s request, Recipient shall furnish written information regarding its investments and use of Financing Proceeds, and of any facilities financed or refinanced therewith, including providing IFA with any information and documentation that IFA reasonably determines is necessary to comply with the arbitrage and private use restrictions that apply to the Lottery Bonds.
- (7) Notwithstanding anything to the contrary, so long as is necessary to maintain the exclusion from gross income for purposes of federal income taxation of interest on any Lottery Bonds, the covenants contained in this subsection will survive the payment of the Lottery Bonds, and the interest thereon, including the application of any unexpended Financing Proceeds. The Recipient acknowledges that the Grant may be funded with the proceeds of the Lottery Bonds and that failure to comply with the requirements of this subsection could adversely affect any exclusion of the interest on the Lottery Bonds from gross income for federal income tax purposes.

## SECTION 8 - DEFAULTS

Any of the following constitutes an “Event of Default”:

- A. Any false or misleading representation is made by or on behalf of Recipient, in this Contract, or in any document provided by Recipient related to the Project, or in regard to compliance with the requirements of Section 103 and Sections 141 through 150 of the Code.
- B. Recipient fails to perform any obligation required under this Contract, other than that referred to in subsection A of this section 8, and that failure continues for a period of 30 calendar days after written notice specifying such failure is given to Recipient by IFA. The IFA may agree in writing to an extension of time if it determines Recipient instituted and has diligently pursued corrective action.

## SECTION 9 - REMEDIES

- A. Remedies. Upon any Event of Default, IFA may pursue any or all remedies in this Contract, and any other remedies available at law or in equity to enforce the performance of any obligation of Recipient. Remedies may include, but are not limited to:
  - (1) Terminating IFA’s commitment and obligation to make the Grant or disbursements under the Contract.
  - (2) Barring Recipient from applying for future awards.
  - (3) Withholding amounts otherwise due to Recipient for application to the payment of amounts due under this Contract, including as provided in ORS 285B.449.
  - (4) Requiring repayment of the Grant and all interest earned by Recipient on those Grant funds.
- B. Application of Moneys. Any moneys collected by IFA pursuant to section 9.A will be applied first, to pay any attorneys’ fees and other fees and expenses incurred by IFA; second, as applicable, to repay any Grant proceeds owed; third, to pay any other amounts due and payable under this Contract.
- C. No Remedy Exclusive; Waiver; Notice. No remedy available to IFA is intended to be exclusive, and every remedy will be in addition to every other remedy. No delay or omission to exercise any right or remedy will impair or is to be construed as a waiver of such right or remedy. No single or partial exercise of any right power or privilege under this Contract shall preclude any other or further exercise thereof or the exercise of any other such right, power or privilege. The IFA is not required to provide any notice in order to exercise any right or remedy, other than notice required in section 8 of this Contract.
- D. Default by IFA. In the event IFA defaults on any obligation in this Contract, Recipient’s remedy will be limited to injunction, special action, action for specific performance, or other available equitable remedy for performance of IFA’s obligations.

## SECTION 10 - MISCELLANEOUS

- A. Time is of the Essence. Recipient agrees that time is of the essence under this Contract.
- B. Relationship of Parties; Successors and Assigns; No Third Party Beneficiaries.
  - (1) The parties agree that their relationship is that of independent contracting parties and that Recipient is not an officer, employee, or agent of the State of Oregon as those terms are used in ORS 30.265.
  - (2) Nothing in this Contract gives, or is to be construed to give, directly or indirectly, to any third persons any rights and benefits greater than those enjoyed by the general public.

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recover its reasonable attorneys' fees and costs at trial and on appeal. Reasonable attorneys' fees cannot exceed the rate charged to IFA by its attorneys.

- I. Choice of Law; Designation of Forum; Federal Forum. The laws of the State of Oregon (without giving effect to its conflicts of law principles) govern all matters arising out of or relating to this Contract, including, without limitation, its validity, interpretation, construction, performance, and enforcement.

Any party bringing a legal action or proceeding against any other party arising out of or relating to this Contract shall bring the legal action or proceeding in the Circuit Court of the State of Oregon for Marion County (unless Oregon law requires that it be brought and conducted in another county). Each party hereby consents to the exclusive jurisdiction of such court, waives any objection to venue, and waives any claim that such forum is an inconvenient forum.

Notwithstanding the prior paragraph, if a claim must be brought in a federal forum, then it must be brought and adjudicated solely and exclusively within the United States District Court for the District of Oregon. This paragraph applies to a claim brought against the State of Oregon only to the extent Congress has appropriately abrogated the State of Oregon's sovereign immunity and is not consent by the State of Oregon to be sued in federal court. This paragraph is also not a waiver by the State of Oregon of any form of defense or immunity, including but not limited to sovereign immunity and immunity based on the Eleventh Amendment to the Constitution of the United States.

- J. Integration. This Contract (including all exhibits, schedules or attachments) constitutes the entire agreement between the parties on the subject matter. There are no unspecified understandings, agreements or representations, oral or written, regarding this Contract.

- K. Execution in Counterparts. This Contract may be signed in several counterparts, each of which is an original and all of which constitute one and the same instrument.

The Recipient, by its signature below, acknowledges that it has read this Contract, understands it, and agrees to be bound by its terms and conditions.



**STATE OF OREGON**  
acting by and through the  
Oregon Infrastructure Finance Authority



**CITY OF FALLS CITY**

By: \_\_\_\_\_  
Robert Ault, Manager  
Program Services Division

By: \_\_\_\_\_  
The Honorable Terry Ungricht  
Mayor of Falls City

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**APPROVED AS TO LEGAL SUFFICIENCY IN ACCORDANCE WITH ORS 291.047:**

\_\_\_\_\_  
Not Required per OAR 137-045-0030

## EXHIBIT A - GENERAL DEFINITIONS

As used in this Contract, the following terms have the meanings below.

“Act” means ORS 285B.410 through 285B.482, as amended.

“Award” means the award of financial assistance to Recipient by IFA dated 5 October 2016.

“C.F.R.” means the Code of Federal Regulations.

“Code” means the Internal Revenue Code of 1986, as amended, including any implementing regulations and any administrative or judicial interpretations.

“Costs of the Project” means Recipient’s actual costs (including any financing costs properly allocable to the Project) that are (a) reasonable, necessary and directly related to the Project, (b) permitted by generally accepted accounting principles to be Costs of the Project, and (c) are eligible or permitted uses of the Financing Proceeds under applicable state or federal statute and rule.

“Counsel” means an attorney at law or firm of attorneys at law duly admitted to practice law before the highest court of any state, who may be of counsel to, or an employee of, IFA or Recipient.

“Default” means an event which, with notice or lapse of time or both, would become an Event of Default.

“Financing Proceeds” means the proceeds of the Grant.

“Lottery Bonds” means any bonds issued by the State of Oregon that are special obligations of the State of Oregon, payable from unobligated net lottery proceeds, the interest on which is exempt from federal income taxation, together with any refunding bonds, used to finance or refinance the Project through the initial funding or refinancing of all or a portion of the Loan or Grant.

“Municipality” means any entity described in ORS 285B.410(9).

“ORS” means the Oregon Revised Statutes.

“Project Completion Date” means the date on which Recipient completes the Project.

## EXHIBIT B - PROJECT DESCRIPTION

The Recipient, with the assistance of a professional engineer licensed in Oregon, shall complete engineering and construction activities for the replacement of the culvert known as “Dutch Creek Crossing” as per FEMA standards and requirements and all state and local regulations, and as allowed by FEMA project worksheet PA-10-OR-4258-PW-00069.



Exhibit B

GreentHaven RV Pk

10-13-16

To Falls City Council,

On Oct. 3 a friend and I traveled to West Salem Oregon Code Office to inquire about RV Park Laws and rules to get current information. We explained to the man in charge about our situation. He went back and brought out this amendment to ORS 90-155.90-30. This amendment was passed in 2001. The city was unaware as were we.

I hope we can put this behind us and move on to better days. We intend to follow this state law which was not you or us, but for the tenants. Only landlord and tenants laws apply now same as for all rentals in Oregon.

Please find our application and rules we are now implementing.

Especially note # 15 concerning police call

Thanks a lot,

Dick Bowman's family  
23

(2) 'Recreational vehicle park':

(a) Means a place where two or more recreational vehicles are located within 500 feet of one another on a lot, tract or parcel of land under common ownership and having as its primary purpose:

(A) The renting of space and related facilities for a charge or fee; or

(B) The provision of space for free in connection with securing the patronage of a person.

(b) Does not mean:

(A) An area designated only for picnicking or overnight camping; or

(B) A manufactured dwelling park or mobile home park. + }

SECTION 12. { + (1) A state agency or local government may not prohibit the placement or occupancy of a recreational vehicle, or impose any limit on the length of occupancy of a recreational vehicle, solely on the grounds that the occupancy is in a recreational vehicle, if the recreational vehicle is:

(a) Located in a manufactured dwelling park, mobile home park or recreational vehicle park;

(b) Occupied as a residential dwelling; (and)

(c) Lawfully connected to water and electrical supply systems and a sewage disposal system.

(2) Subsection (1) of this section does not limit the authority of a state agency or local government to impose other special conditions on the placement or occupancy of a recreational vehicle. + }

ORS 90.725?

ORS.  
197.492  
197.493

SECTION 13. { + Section 14 of this 2005 Act is added to and made a part of ORS 90.100 to 90.459. + }

SECTION 14. { + (1) If a tenancy is for the occupancy of a recreational vehicle in a manufactured dwelling park, mobile home park or recreational vehicle park, all as defined in section 11 of this 2005 Act, the landlord shall provide a written rental agreement for a month-to-month, week-to-week or fixed-term tenancy. The rental agreement must state:

(a) If applicable, that the tenancy may be terminated by the landlord under ORS 90.427 without cause upon 30 days' written notice for a month-to-month tenancy or upon 10 days' written notice for a week-to-week tenancy.

(b) That any accessory building or structure paid for or provided by the tenant belongs to the tenant and is subject to a demand by the landlord that the tenant remove the building or structure upon termination of the tenancy.

(c) That the tenancy is subject to the requirements of section 12 (1) of this 2005 Act for exemption from placement and occupancy restrictions.

(2) If a tenant described in subsection (1) of this section moves following termination of the tenancy by the landlord under ORS 90.427, and the landlord failed to provide the required written rental agreement before the beginning of the tenancy, the tenant may recover the tenant's actual damages or twice the periodic rent, whichever is greater.

(3) If the occupancy fails at any time to comply with the requirements of section 12 (1) of this 2005 Act for exemption

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## RECREATIONAL PARK RULES AND REGULATIONS

1. All recreational vehicles must be in good condition with sewer, water and electrical connections in good working order. All units must be approved by Park management prior to moving in if more than 10 years old. No pickup/campers by the month with prior approval.

2. Sewer and sink waste water connections must be airtight. State law prohibits wastewater to run on bare ground.

3. Monthly rents are due on the **first day of the rental period** and will be considered late after 12:00 midnight on the 7th day, and by 12:00 midnight on the 4th day following the due date if renting weekly. A charge of **\$25.00** will be assessed on late rents. Checkout time is 1:00 pm.

4. Pets will be limited to one small (15-20 pounds) dog or indoor cat **unless otherwise approved by management**. All dogs must be on a leash or under the owner's control while being exercised and will at no time be allowed to run at large in the Park. Pet droppings must be picked up immediately and put in to a airtight container and disposed of in dumpster. Dogs must not be left outside unattended while owners are away. (We do not accept Pit Bull breeds, Chows, Rottweilers, Doberman Pinschers, German Shepherds or any dogs with a known bite history.)

5. Commercial business operations inside the Park are prohibited. Solicitation is not allowed unless approved by management.

6. Quiet hours are from 10:00pm to 8:00am. Radios, TV, musical instruments or other equipment which produces noise (e.g. cell phones, tablets, laptops) must be operated at a level that will not disturb other residents in the Park. Residents and their guests will not operate radios, CD players, etc. inside vehicles with the volume at a level which can be heard outside the vehicle.

7. Alcoholic beverages and smoking are not allowed in restrooms, laundry rooms or community buildings in the Park. **Marijuana use is only allowed inside TENANT'S residence. No public consumption of marijuana is allowed in the Park.**

8. Leaking roofs on RV units must be repaired. Tarps or other coverings on roofs will not be allowed unless approved by management for a short period of time.

9. Sites are to be kept clear of clutter. Items must not be stored under motor homes or RV trailers.

10. Motorcycles, mini-bikes and other similar vehicles may be used for transportation in and out of the Park only. All motorized vehicles must be properly muffled. Site will accommodate only two motor vehicles. No ATVs are to be operated in the Park.

11. No heavy auto repairs are allowed. Please check with management if you need to make a minor repair to your vehicle.

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12. Residents are responsible for their guests, pets and others in their control. If damage to Park property occurs as a result of the actions or negligence of residents or their guests, resident may be liable for cost of repairs to and/or replacement of such property.

13. Heat tape will be installed by TENANT on water pipes leading from the outside connection to the RV during winter months. **During freezing weather it may be necessary to allow faucets to run slightly inside the unit and maintain heat to pipes by opening cupboard doors beneath sinks.**

14. **Speed limit in the Park is 10 mph at all times.** Please watch for bicycles and pedestrian traffic.

15. 3 or more unnecessary police contacts in a month. You will be asked to leave the park. 25  
\_\_\_\_\_ read and sign.

RECREATIONAL VEHICLES RENTAL AGREEMENT

TENANT: \_\_\_\_\_

TENANT ADDRESS: \_\_\_\_\_ SPACE #: \_\_\_\_\_

CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP: \_\_\_\_\_

RV MAKE/MODEL \_\_\_\_\_ YEAR: \_\_\_\_\_

LICENSE #: \_\_\_\_\_ STATE: \_\_\_\_\_ LENGTH \_\_\_\_\_

DATE IN: \_\_\_\_\_ DATE OUT: \_\_\_\_\_

The parties agree as follows:

1. LANDLORD rents to TENANT the space referred to above. The rent amount shall be \$ \_\_\_\_\_ per week per month \$ \_\_\_\_\_.

2. TENANT agrees to read and comply with all park rules and regulations (INITIALS \_\_\_\_\_)

3. If this is a week to week tenancy, LANDLORD may terminate the tenancy upon 10 days written notice to tenant. If this is a month to month tenancy, LANDLORD may terminate the tenancy upon 30 to 60 days written notice to tenant.

4. NOTICES FROM LANDLORD TO TENANT. The persons authorized to act for and on behalf of the LANDLORD for the purpose of service or process and receipt of notices and demands are: Richard Bowman, residing at 200 Church St., Falls City, OR 97344. Phone 503-787-4510. Notices may be served by attaching in a secure manner to the main entrance of the dwelling unit and mailed first class.

5. NOTICES FROM TENANT TO LANDLORD. Notices from TENANT TO LANDLORD may be delivered to the Green Haven RV Park, LLC in person or mailed first class to Green Haven RV Park LLC 200 Church St., Falls City, OR 97344.

6. The tenancy is subject to the requirement of ORS 197.493(1) for exemption from placement and occupancy restrictions.

7. If the occupancy fails at any time to comply with the requirements of ORS 197.493(1) for exemption from the placement and occupancy restrictions and a state agency or local government requires the tenant to move as a result of non compliance, the TENANT may recover the TENANTS actual damages or twice the periodic rent, whichever is greater. This subsection does not apply if the noncompliance was caused by the TENANT.

8. If the LANDLORD fails to provide the TENANT with a written agreement before the beginning of the tenancy and if the TENANT moves following termination of the tenancy by the LANDLORD under ORS 90.427, TENANT may recover the TENANTS actual damages or twice the periodic rent, whichever is greater.

9. TENANT agrees not to permit or allow any act to be done within the premises which violates any law, statute, rule or regulation.

10. TENANT agrees to hold harmless Green Haven RV Part, LLC for any act by other TENANT'S guests or pets that causes personal harm or damage to the property or person of TENANT. TENANT is required to provide insurance for all vehicles operated on the premises of the park and to maintain rented space in a safe and sanitary manner.

Initial that you have read the terms above \_\_\_\_\_

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**AGENDA REPORT**

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**TO:** MAYOR AND COUNCIL  
**FROM:** JOHANNA BIRR, CITY CLERK  
**SUBJECT:** LEAK ADJUSTMENT REQUEST - LEWIS  
**DATE:** 11/03/2016

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**SUMMARY**

Bernard Lewis of 830 Parry Rd has requested a leak adjustment for the month of September 2016. He has provided a receipt for parts purchased and performed repairs. The September 2016 high usage registered at 42,000 gallons amounting in a \$136.31 water charge. The twelve-month average water consumption for this property is 18,250 gallons per month.

Staff has calculated a leak adjustment for Council, using the approved formula.

**BACKGROUND**

To date, we've tested two typical methods of leak adjustments. The first was where we adjusted a customer's bill to 1.5 times the average usage. The Public Works Committee thought the adjustments were too generous using this calculation. To address their concerns, the new trial adjustment calculation considers the 12-month average water charge including the month where the leak occurred.

The trial leak adjustment policy considers an adjustment to a single month water charge, in this case the June 2016 charge of \$158.76.

Average water bill amount over 12 months	\$ 80.62	
Multiply the average bill amount by 1.5 times	\$ 120.93	= Calculated base for adjustment
Actual water service charge for month of leak	<b>\$ 136.31</b>	
Subtracted by the calculated base for adjustment	\$ 80.62	
<b>Credit Amount</b>		<b>\$ 55.69</b>

**PREVIOUS COUNCIL ACTION**

The Council has not taken previous action on this request. Past leak requests have been evaluated on a case-by-case basis.

**ALTERNATIVES/FINANCIAL IMPLICATIONS**

The financial impact to the city would be a charge waiver of \$ 55.69.

**STAFF RECOMMENDATION**

Staff recommends this leak request approved by Council.

**EXHIBIT N/A**

**PROPOSED MOTION**

This item is added under the consent agenda. Approving the consent agenda as presented would give approval for the leak adjustment.

26<sup>d</sup>

RECEIVED

727114

NOV 03 2016

CUSTOMER'S ORDER NO.

DEPARTMENT: *SP*

DATE

*A-26-K*

NAME

*B. Lewis*

ADDRESS

*830 Parry Rd.*

CITY, STATE, ZIP

SOLD BY

CASH

C.O.D.

CHARGE

ON. ACCT.

MDSE. RETD.

PAID OUT

*X*

QUANTITY	DESCRIPTION	PRICE	AMOUNT
1	<i>PVC Union misc</i>		<i>25.50</i>
2	<i>Att</i>		
3			
4			
5			
6	<i>Pd Cash</i>		
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			

RECEIVED BY

A-5805  
T-46320/46350

KEEP THIS SLIP FOR REFERENCE

01-11

*26c*

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## AGENDA REPORT

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**TO:** CITY COUNCIL  
**FROM:** MAYOR TERRY UNGRICHT  
**SUBJECT:** 2015/2016 BUDGET AUDIT  
**DATE:** 10/21/2016

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### **SUMMARY**

The City of Falls City is required under State Law to have an Audit performed on our accounting procedures.

### **BACKGROUND**

Every Budget year Falls City is audited. This year's audit shows decreases in the debt and increases in all of the funds.

All in all it was a very good audit for the change in personnel that we had through the year.

### **PREVIOUS COUNCIL/COMMITTEE ACTION**

N/A

### **ALTERNATIVES/FINANCIAL IMPLICATIONS**

Maintaining clear and accurate financial reporting and maintaining clear and regular internal controls offers greater protection to the City's limited resources.

### **STAFF RECCOMENDATION**

### **EXHIBIT**

City of Falls City Annual Financial Report, Year ended June 30, 2016.  
(Councilors received hard copies; please bring them to the meeting)

### **PROPOSED MOTIONS**

I move the City Council of the City of Falls accept the Annual Finance Report for fiscal year 2015-2016.

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***CITY OF FALLS CITY  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2016***

**CITY OF FALLS CITY, OREGON**  
**CITY OFFICIALS**  
**JUNE 30, 2016**

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***Mayor***

Terry Ungricht  
635 Chamberlain Road  
Falls City, Oregon 97344

***Council***

Dennis Sickles, President  
523 Terrace Street  
Falls City, Oregon 97344

Lori Jean Sickles  
P.O. Box 81  
Falls City, Oregon 97344

Julee Bishop  
540 Hopkins Rd.  
Falls City, Oregon 97344

Tony Meier  
P.O. Box 223  
Falls City, Oregon 97344

Jennifer Drill  
136 Carey Court  
Falls City, Oregon 97344

Gerald Melin  
199 Pine Street  
Falls City, Oregon 97344

***City Staff***

Domenica Protheroe, City Clerk  
Don Poe, Public Works Lead Worker  
Karl Wagner, Public Works Worker

**CITY OF FALLS CITY, OREGON**  
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***FINANCIAL SECTION***



## **GROVE, MUELLER & SWANK, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***INDEPENDENT AUDITOR'S REPORT***

Honorable Mayor and Members of the City Council  
City of Falls City  
299 Mill Street  
Falls City, Oregon 97344

#### ***Report on the Financial Statements***

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Falls City, Oregon, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in the notes to the financial statements. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these modified cash basis financial statements based on our audit. 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 financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Falls City as of June 30, 2016, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in the notes to the financial statements.

### ***Basis of Accounting***

We draw attention to the notes to financial statements, which describe the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Report on Supplemental and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The management's discussion and analysis, budgetary comparison information, combining nonmajor fund financial statements, and other schedules, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Management's discussion and analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### ***Report on Other Legal and Regulatory Requirements***

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated September 26, 2016, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

GROVE, MUELLER & SWANK, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

By 

Devan W. Esch, A Shareholder  
September 26, 2016

# CITY OF FALLS CITY, OREGON

## Management's Discussion and Analysis June 30, 2016

As management of the City of Falls City, we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2016.

### Financial Highlights

	June 30,		change
	2016	2015	
Net position	\$ 1,165,475	\$ 1,019,505	\$ 145,970
Change in net position	145,970	143,544	2,426
Governmental net position	566,909	437,348	129,561
Proprietary net position	598,566	582,157	16,409
Change in governmental net position	129,561	32,835	96,726
Change in proprietary net position	16,409	110,709	(94,300)

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Falls City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**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 a private-sector business. These statements include:

*The Statement of Net Position (Modified Cash Basis).* This presents information on the assets and liabilities of the City as of the date on the statement utilizing the modified cash basis of accounting. Net position is the difference between the assets and liabilities recorded using the modified cash basis of accounting. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

*The Statement of Activities (Modified Cash Basis).* The *statement of activities* presents information showing how the cash basis net position of the City changed over the most recent fiscal year by tracking revenues, expenditures and other transactions that increase or reduce net position utilizing the modified cash basis of accounting.

In the government-wide financial statements, the City's basic activities are shown as governmental activities. All basic City government functions are shown here, such as general government, community development, fire service, parks and street. These activities are primarily financed through property taxes and other intergovernmental activities. The business-type activities of the City include utility operations.

**Fund financial statements.** The *fund financial statements* provide more detailed information about the City's funds, focusing on its most significant or "major" funds – not the City of Falls City as a whole. A fund is a

grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City of Falls City, like state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** The *governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful in obtaining an understanding of each fund's activity.

**Proprietary funds.** The City of Falls City charges customers for the utility services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *supplemental information*, including the budgetary comparison schedules, the combining nonmajor fund financial statements, and other schedules.

**Government-wide Financial Analysis**

**City of Falls City  
Statements of Net Position (Modified Cash Basis)  
June 30,**

	2016			2015		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 567,210	\$ 598,566	\$ 1,165,776	\$ 437,348	\$ 582,157	\$ 1,019,505
Liabilities	301	-	301	-	-	-
Net position:						
Restricted	168,869	65,473	234,342	197,672	65,473	263,145
Unrestricted	398,040	533,093	931,133	239,676	516,684	756,360
Total Net Position	<u>\$ 566,909</u>	<u>\$ 598,566</u>	<u>\$ 1,165,475</u>	<u>\$ 437,348</u>	<u>\$ 582,157</u>	<u>\$ 1,019,505</u>

**Statement of Net Position.** The Statement of Net Position (modified cash basis) is provided on a comparative basis. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Falls City, assets exceeded liabilities by \$1,165,475 as of June 30, 2016. Overall, the City's financial position increased.

Net position - restricted represent sources that are subject to external restrictions on their use, such as debt service or capital projects. Net position - unrestricted is available for general operations of the City.

**City of Falls City**  
**Statements of Activities (Modified Cash Basis)**  
**Year Ended June 30,**

	2016			2015		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
<b>Revenues</b>						
Program revenues						
Charges for service	\$ 6,525	\$ 451,316	\$ 457,841	\$ 7,351	\$ 424,694	\$ 432,045
Operating grants	82,903	-	82,903	160,605	-	160,605
General revenues						
Property taxes	107,755	-	107,755	102,382	-	102,382
Franchise taxes	52,906	-	52,906	50,373	-	50,373
Intergovernmental	21,570	-	21,570	23,900	-	23,900
Miscellaneous	97,854	-	97,854	68,552	-	68,552
<i>Total revenues</i>	<u>369,513</u>	<u>451,316</u>	<u>820,829</u>	<u>413,163</u>	<u>424,694</u>	<u>837,857</u>
<b>Expenses</b>						
General government	152,153	-	152,153	202,242	-	202,242
Community development	49,776	-	49,776	19,251	-	19,251
Fire service	65,642	-	65,642	116,848	-	116,848
Parks	6,510	-	6,510	10,927	-	10,927
Street	24,946	-	24,946	29,669	-	29,669
Interest on long-term debt	925	-	925	1,391	-	1,391
Water	-	234,777	234,777	-	202,843	202,843
Sewer	-	140,130	140,130	-	111,142	111,142
<i>Total expenses</i>	<u>299,952</u>	<u>374,907</u>	<u>674,859</u>	<u>380,328</u>	<u>313,985</u>	<u>694,313</u>
Transfers	60,000	(60,000)	-	-	-	-
Change in net position	129,561	16,409	145,970	32,835	110,709	143,544
Net position, beginning of year	437,348	582,157	1,019,505	404,513	471,448	875,961
Net position, end of year	<u>\$ 566,909</u>	<u>\$ 598,566</u>	<u>\$ 1,165,475</u>	<u>\$ 437,348</u>	<u>\$ 582,157</u>	<u>\$ 1,019,505</u>

**Statement of Activities (Modified Cash Basis).** The City's net position increased by \$145,970 during fiscal 2015-2016. This increase is explained in the governmental and business-type activities as follows:

*Governmental activities* - The City's net position increased by \$129,561 from governmental activities. This increase is due mainly to a decrease in general government and fire service expenses, and transfers from business-type activities.

*Business-type activities* - The City's net position increased by \$16,409 from business-type activities. This increase was due to a combination of an increase in charges for services and expenses which were less than revenues.

**Financial Analysis of the City of Falls City's Government Funds**

As noted earlier, 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 relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the City’s financing requirements. In particular, *fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of a fiscal year.

**General Fund Budget**

There were no changes to the General Fund budget during the year.

**Significant Fund Transactions**

Major Governmental Funds:

- General: The General fund had an increase in fund balance of \$72,790 during the year, which is primarily due to expenditures less than what were budgeted. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 85% of total General fund expenditures.
- Street: The Street fund had an increase in fund balance of \$41,377 during the year due to expenditures less than what were budgeted and a \$10,000 transfer in.
- Community Development Revolving Loan: The Community Development Revolving Loan fund had an increase in fund balance of \$85,574 during the year due to loan repayments received and no expenditures.

Major Proprietary Funds:

- Sewer: The Sewer fund had an increase in net position of - during the year due mainly to revenues in excess of budget and expenditures less than budget. There were minimal capital outlay expenditures in the current year.
- Water: The Water fund had an increase in net position of - during the year due mainly to revenues in excess of budget and expenditures less than budget. There were minimal capital outlay expenditures in the current year.
- City Utility Reserve: The City Utility Reserve fund had a decrease in net position of - during the year due to a \$60,000 transfer out.

**Debt Administration**

Long-term debt: The City had total revenue-backed bonded debt outstanding of \$948,744 at the end of the current fiscal year, a fire truck loan of \$10,000 and a Polk County Community Development loan of \$53,508 outstanding.

The City’s total debt decreased by \$28,761 during the current fiscal year.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its total assessed valuation. The City had no outstanding general obligation debt.

**City of Falls City  
Outstanding Debt**

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Loans	\$ 63,508	\$ 70,470	\$ -	\$ -	\$ 63,508	\$ 70,470
Revenue bonds	-	-	948,744	970,543	948,744	970,543
<b>Total</b>	<b>\$ 63,508</b>	<b>\$ 70,470</b>	<b>\$ 948,744</b>	<b>\$ 970,543</b>	<b>\$ 1,012,252</b>	<b>\$ 1,041,013</b>

Additional information on the City of Falls City's long-term debt can be found in the notes to the basic financial statements of this report.

### **Economic Factors and the Next Year's Budget**

The City of Falls City's Budget Committee considered all the following factors while preparing the City budget for the 2016-17 fiscal year:

- a. Prior history of revenue and expenditures
- b. Capital projects in the water and sewer
- c. Expected property tax revenue

### **Requests for Information**

This financial report is designed to present the user (citizens, taxpayers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

City of Falls City  
299 Mill Street  
Falls City, Oregon 97344

***BASIC FINANCIAL STATEMENTS***

**CITY OF FALLS CITY, OREGON**  
**STATEMENT OF NET POSITION (MODIFIED CASH BASIS)**  
**JUNE 30, 2016**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 567,210	\$ 598,566	\$ 1,165,776
<b>LIABILITIES</b>			
Payroll withholdings	301	-	301
<b>NET POSITION</b>			
Restricted for:			
Debt service	-	65,473	65,473
Community development	89,228	-	89,228
Streets	79,641	-	79,641
Unrestricted	398,040	533,093	931,133
<i>Total Net Position</i>	<u>\$ 566,909</u>	<u>\$ 598,566</u>	<u>\$ 1,165,475</u>

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

**CITY OF FALLS CITY, OREGON**  
**STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)**  
**YEAR ENDED JUNE 30, 2016**

<b>FUNCTIONS/PROGRAMS</b>	<b>Expenses</b>	<b>Program Revenues</b>	
		<b>Fees, Fines and Charges for Services</b>	<b>Operating Grants and Contributions</b>
<b>Governmental activities:</b>			
General government	\$ 152,153	\$ 6,525	\$ 26,580
Community development	49,776	-	-
Fire service	65,642	-	-
Parks	6,510	-	-
Street	24,946	-	56,323
Interest on long-term debt	925	-	-
<i>Total Governmental activities</i>	299,952	6,525	82,903
<b>Business-type activities:</b>			
Water	234,777	304,767	-
Sewer	140,130	146,549	-
<i>Total Business-type activities</i>	374,907	451,316	-
<i>Total Activities</i>	<u>\$ 674,859</u>	<u>\$ 457,841</u>	<u>\$ 82,903</u>
<b>General Revenues:</b>			
Property taxes			
Franchise taxes			
Intergovernmental			
Miscellaneous			
<i>Total General Revenues</i>			
<b>Transfers</b>			
<b>Change in net position</b>			
<b>Net Position - beginning of year</b>			
<b>Net Position - end of year</b>			

*Net (Expenses) Revenues  
and Changes in Net Position*

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
\$ (119,048)	\$ -	\$ (119,048)
(49,776)	-	(49,776)
(65,642)	-	(65,642)
(6,510)	-	(6,510)
31,377	-	31,377
(925)	-	(925)
(210,524)	-	(210,524)
-	69,990	69,990
-	6,419	6,419
-	76,409	76,409
(210,524)	76,409	(134,115)
107,755	-	107,755
52,906	-	52,906
21,570	-	21,570
97,854	-	97,854
280,085	-	280,085
60,000	(60,000)	-
129,561	16,409	145,970
437,348	582,157	1,019,505
\$ 566,909	\$ 598,566	\$ 1,165,475

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

**CITY OF FALLS CITY, OREGON**  
**BALANCE SHEET (MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	<i>Special Revenue</i>		
	<i>General</i>	<i>Street Fund</i>	<i>Community Development Revolving Loan Fund</i>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 234,222	\$ 79,641	\$ 164,119
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Payroll withholdings	\$ 301	\$ -	\$ -
<b>Fund Balance:</b>			
Restricted for:			
Community development	-	-	-
Streets	-	79,641	-
Committed to:			
Community development	-	-	164,119
Unassigned	233,921	-	-
<i>Total Fund Balance</i>	233,921	79,641	164,119
<b>Total Liabilities and Fund Balance</b>	<b>\$ 234,222</b>	<b>\$ 79,641</b>	<b>\$ 164,119</b>

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<i>Other Governmental Funds</i>	<i>Total</i>
\$ 89,228	\$ 567,210
-	301
89,228	89,228
-	79,641
-	164,119
-	233,921
89,228	566,909
\$ 89,228	\$ 567,210

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

**CITY OF FALLS CITY, OREGON****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****(MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS****YEAR ENDED JUNE 30, 2016**

		<i>Special Revenue</i>	
	<i>General Fund</i>	<i>Street Fund</i>	<i>Community Development Revolving Loan Fund</i>
<b>REVENUES</b>			
Taxes and assessments	\$ 107,755	\$ -	\$ -
Licenses and permits	59,221	-	-
Charges for services	210	-	-
Intergovernmental	48,149	56,323	-
Miscellaneous	12,281	-	85,574
<i>Total Revenues</i>	<u>227,616</u>	<u>56,323</u>	<u>85,574</u>
<b>EXPENDITURES</b>			
Current			
General government	150,191	-	-
Community development	49,776	-	-
Fire service	60,642	-	-
Parks	6,510	-	-
Streets	-	24,946	-
Debt Payments			
Principal	6,962	-	-
Interest	925	-	-
<i>Total Expenditures</i>	<u>275,006</u>	<u>24,946</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(47,390)	31,377	85,574
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	120,180	10,000	-
Transfers out	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>120,180</u>	<u>10,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>72,790</u>	<u>41,377</u>	<u>85,574</u>
<b>FUND BALANCE, beginning of year</b>	<u>161,131</u>	<u>38,264</u>	<u>78,545</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 233,921</u>	<u>\$ 79,641</u>	<u>\$ 164,119</u>

<i>Other Governmental Funds</i>	<i>Total</i>
\$ -	\$ 107,755
-	59,221
-	210
-	104,472
-	97,855
-	369,513
-	150,191
-	49,776
-	60,642
-	6,510
-	24,946
-	6,962
-	925
-	299,952
-	69,561
-	130,180
(70,180)	(70,180)
(70,180)	60,000
(70,180)	129,561
159,408	437,348
<u>\$ 89,228</u>	<u>\$ 566,909</u>

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

**CITY OF FALLS CITY, OREGON**  
**STATEMENT OF FUND NET POSITION (MODIFIED CASH BASIS) - PROPRIETARY FUNDS**  
**JUNE 30, 2016**

	<u>Sewer</u>	<u>Water</u>	<u>City Utility Reserve</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 98,628	\$ 257,407	\$ 242,531	\$ 598,566
<b>LIABILITIES</b>				
	\$ -	\$ -	\$ -	\$ -
<b>NET POSITION</b>				
Restricted for:				
Debt service	-	65,473	-	65,473
Unrestricted	98,628	191,934	242,531	533,093
<i>Total Net Position</i>	<u>\$ 98,628</u>	<u>\$ 257,407</u>	<u>\$ 242,531</u>	<u>\$ 598,566</u>

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

**CITY OF FALLS CITY, OREGON****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION (MODIFIED CASH BASIS) - PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016**

	<u>Sewer</u>	<u>Water</u>	<u>City Utility Reserve</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 108,535	\$ 304,767	\$ 38,014	\$ 451,316
<b>OPERATING EXPENSES</b>				
Personal services	60,779	71,081	-	131,860
Materials and services	39,357	94,737	-	134,094
<i>Total Operating Expenses</i>	<u>100,136</u>	<u>165,818</u>	<u>-</u>	<u>265,954</u>
<b>OPERATING INCOME</b>	8,399	138,949	38,014	185,362
<b>NONOPERATING ITEMS</b>				
Capital acquisitions	(366)	(3,486)	(39,628)	(43,480)
Debt payments				
Principal	-	(21,799)	-	(21,799)
Interest	-	(43,674)	-	(43,674)
<i>Total Nonoperating Items</i>	<u>(366)</u>	<u>(68,959)</u>	<u>(39,628)</u>	<u>(108,953)</u>
<b>NET INCOME BEFORE TRANSFERS</b>	8,033	69,990	(1,614)	76,409
Transfers in	20,000	60,000	-	80,000
Transfers out	-	(80,000)	(60,000)	(140,000)
<i>Net transfers</i>	<u>20,000</u>	<u>(20,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>
<b>CHANGE IN NET POSITION</b>	28,033	49,990	(61,614)	16,409
<b>NET POSITION, beginning of year</b>	<u>70,595</u>	<u>207,417</u>	<u>304,145</u>	<u>582,157</u>
<b>NET POSITION, end of year</b>	<u>\$ 98,628</u>	<u>\$ 257,407</u>	<u>\$ 242,531</u>	<u>\$ 598,566</u>

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

***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The City of Falls City, Oregon is governed by an elected mayor and six council members who comprise the City Council. The City Council exercises supervisory responsibilities over the City operations, but day-to-day management control is the responsibility of a city administrator. All significant activities and organizations for which the City is financially accountable are included in the financial statements.

There are certain governmental agencies and various service districts which provide services within the City. These agencies have independently elected governing boards and the City is not financially accountable for these organizations. Therefore, financial information for these agencies is not included in the accompanying basic financial statements.

As discussed further under *Measurement Focus and Basis of Accounting*, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

*Basic Financial Statements*

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

*Government-wide financial statements* display information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position (Modified Cash Basis) and the Statement of Activities (Modified Cash Basis).

The Statement of Net Position (Modified Cash Basis) presents the assets and liabilities of the City. Net position, representing assets less liabilities, is shown in two components: Restricted for special purposes, amounts which must be spent in accordance with legal restrictions, and unrestricted, the amount available for ongoing City activities.

The Statement of Activities (Modified Cash Basis) demonstrates the degree to which the direct expenditures 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. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

*Fund financial statements* display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the City has governmental and proprietary type funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the supplemental information.

**CITY OF FALLS CITY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2016*

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Basis of Presentation*

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

Government accounting standards set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures / expenses of either fund category or the government and enterprise combined) for the determination of major funds. The City may electively add funds as major funds, which either have debt outstanding or specific community focus. Non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The City reports the following major governmental funds:

*General Fund*

This fund accounts for all transactions not accounted for in other funds. Property taxes are the primary revenues. Expenditures are primarily for general government.

*Street Fund*

Gas tax apportionments received from the State are recorded in this fund. Expenditures are for construction and maintenance of public streets.

*Community Development Revolving Loan Fund*

This fund accounts for rehabilitation housing loan repayments received from Polk CDC. At June 30, 2016, Polk CDC had \$532,976 of loans outstanding. Collections from these loans will either be remitted to the City or loaned to qualified applicants.

The City reports the following non-major governmental special revenue funds:

*Wagner Reserve Library #71 Fund*

This fund accounts for the distributions from the Wagner Trust which are designated for library purposes.

*Wagner Reserve Library #72 Fund*

This fund accounts for revenues and expenditures related to the funds designated for library expansion.

The City reports three of its proprietary funds as major funds. These funds are used to account for the acquisition, operation, and maintenance of the sewer and water systems. These funds are entirely or predominantly self-supported through user charges to customers. The City reports the following proprietary funds as major:

*Sewer*

This fund accounts for the operation of the City's sewer system.

**CITY OF FALLS CITY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2016*

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Basis of Presentation (Continued)*

*Water*

This fund accounts for the operation of the City's water system.

*City Utility Reserve*

This fund accounts for funds reserved for capital improvements and repairs for water and sewer.

The city reports the no proprietary funds as non-major.

*Fund Balance*

In governmental funds, the City's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications - committed and then assigned fund balances before using unassigned fund balances.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council takes formal action that places specific constraints on how the resources may be used. The City Council can modify or rescind the commitment at any time through taking a similar formal action.

Resources that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the City Council approves which resources should be "reserved" during the adoption of the annual budget. The City Administrator uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's Annual Financial Report.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

*Definitions of Governmental Fund Types*

The General Fund is used to account for all financial resources not accounted for in another fund. In addition, certain Special Revenue Funds are reported as part of the General Fund because their source of funds is primarily transfers from the General Fund.

**CITY OF FALLS CITY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Definitions of Governmental Fund Types (Continued)*

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenues sources" means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

Capital Projects Funds are utilized to account for financial resources to be used for the acquisition or construction of capital equipment and facilities.

*Measurement Focus and Basis of Accounting*

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

In the government-wide Statement of Net Position (Modified Cash Basis) and Statement of Activities (Modified Cash Basis), both governmental and business-type activities are presented using the economic resource measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an economic resource measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, change in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include:

1. Interfund receivables and payables that are temporary borrowing and result from transactions involving cash or cash equivalents are recognized.
2. Assets that normally convert to cash or cash equivalents (e.g., certificates of deposit, external cash pools, and marketable investments) that arise from transactions and events involving cash or cash equivalents are recognized.
3. Liabilities for cash (or cash equivalents) held on behalf of others or held in escrow are recognized.

**CITY OF FALLS CITY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2016*

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Measurement Focus and Basis of Accounting (Continued)*

The modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods and services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value. Additionally, capital assets such as property and equipment, and long-term liabilities such as debt are only reported in the notes to the financial statements.

If the City utilized the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for the governmental funds would use the modified accrual basis of accounting, and the fund financial statements for the enterprise funds would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

The City's policy, although not in accordance with accounting principles generally accepted in the United States of America, is acceptable under Oregon Law (ORS 294.333), which leaves the selection of the method of accounting to the discretion of the municipal corporation.

Enterprise funds distinguish between operating revenues and expenses and nonoperating items. Operating revenues and expenses result from providing services to customers in connection with ongoing utility operations. The principal operating revenues are charges to customers for service. Operating expenses include payroll and related costs, and materials and supplies. All revenues not considered operating are reported as nonoperating items.

*Cash and Cash Equivalents*

The City maintains cash and cash equivalents in a common pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as cash and cash equivalents. The City considers cash on hand, demand deposits and savings accounts, and short-term investments with an original maturity of three months or less from the date of acquisition to be cash and cash equivalents.

Oregon Revised Statutes authorize the City to invest in certificates of deposit, savings accounts, bank repurchase agreements, bankers' acceptances, general obligations of U.S. Government and its agencies, certain bonded obligations of Oregon municipalities and the State Treasurer's Local Government Investment Pool, among others.

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are stated at cost, which approximates fair value.

**CITY OF FALLS CITY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2016*

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Property Taxes*

Property taxes are levied by the County Assessor and collected by the County Tax Collector. The taxes are levied and become a lien as of July 1. They may be paid in three installments payable in equal payments due November 15, February 15, and May 15. The City's property tax collection records show that most of the property taxes due are collected during the year of levy and delinquent taxes are collected in the next few years.

*Capital Assets*

The City does not maintain historical cost or depreciation records for capital assets. Therefore, capital assets are not reported on the government-wide Statement of Net Position or the Enterprise Funds Statement of Net Position.

*Long-Term Debt*

Long-term debt is presented only in the notes to the financial statements. Payments of principal and interest are recorded as expenditures / expenses when paid.

*Accrued Compensated Absences*

Accumulated unpaid vacation pay is not accrued. Earned but unpaid vacation pay is recorded as an expenditure when paid. The amount payable for accumulated vacation time as of June 30, 2016 was not available.

*Budgets and Budgetary Accounting*

The City adopts the budget on a department basis for the General fund and a program basis (equivalent to a fund), for all other funds. Therefore, cash expenditures of a fund may not legally exceed that object's appropriations for cash expenditures. The City Council may amend the budget to expend unforeseen revenues by supplemental appropriations. All supplemental appropriations are included in the budget comparison statements. Appropriations lapse at year-end and may not be carried over. The City does not use encumbrance accounting.

*Use of Estimates*

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect reporting amounts of certain assets, liabilities, revenues and expenditures as of June 30, 2016. Actual results may differ from those estimates.

**CITY OF FALLS CITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are comprised of the following at June 30, 2016:

	<u>Carrying Value</u>	<u>Fair Value</u>
<b>Cash</b>		
Cash on hand	\$ 350	\$ 350
Deposits with financial institutions	19,996	19,996
Cash held by fiscal agents	164,117	164,117
<b>Investments</b>		
Local Government Investment Pool	981,313	981,313
	<u>\$ 1,165,776</u>	<u>\$ 1,165,776</u>

*Deposits*

The book balance of the City's bank deposits (checking accounts) was \$19,996 and the bank balance was \$43,252 at year end. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS295 under a collateral program administered by the Oregon State Treasurer.

*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 for up to \$250,000 each for the aggregate of all demand deposits and the aggregate of all time deposit and savings accounts at each financial institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2016, all of the City's bank balances were covered by FDIC insurance.

*Local Government Investment Pool*

The State Treasurer of the State of Oregon maintains the Oregon Short-Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations.

The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2016, the fair value of the position in the Oregon State Treasurer's Short-Term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short-Term Fund is not subject to risk evaluation. LGIP is not rated for credit quality.

Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

**CITY OF FALLS CITY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2016*

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**CASH AND CASH EQUIVALENTS (Continued)**

*Interest Rate Risk*

In accordance with its investment policy, the City manages its exposure to declines in fair value of its investments by limiting its investments to the LGIP.

*Custodial Risk - Investments*

For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City's investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments.

The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

*Cash Held by Fiscal Agents*

Cash held by fiscal agents is held by West Valley Housing Authority. Information on collateralization of this cash is contained in the annual financial report of the Authority. The Authority is subject to the same regulations regarding collateralization as the City.

**CITY OF FALLS CITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

**LONG-TERM DEBT**

As a result of the use of the modified cash basis of accounting in this report, obligations related to long-term debt and other obligations are not reported as liabilities in the financial statements. Long-term debt transactions for the year were as follows:

	<u>Outstanding July 1, 2015</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2016</u>	<u>Due Within One Year</u>
<i>Governmental activities</i>					
Fire truck loan, semiannual interest payments at 3.0% to 4.5% and irregular principal payments per schedule	\$ 15,000	\$ -	\$ (5,000)	\$ 10,000	\$ 5,000
Polk County Community Development, original amount \$65,000, interest rate 1.0%	55,470	-	(1,962)	53,508	1,984
	<u>\$ 70,470</u>	<u>\$ -</u>	<u>\$ (6,962)</u>	<u>\$ 63,508</u>	<u>\$ 6,984</u>
	<u>Outstanding July 1, 2015</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2016</u>	<u>Due Within One Year</u>
<i>Business-type activities</i>					
Revenue Bonds, original amount \$1,204,650, issued May 25, 2003 interest rate 4.5%	\$ 970,543	\$ -	\$ (21,799)	\$ 948,744	\$ 22,779

Future debt service requirements are as follows:

*Governmental Activities*

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,984	\$ 985	\$ 7,969
2018	7,003	740	7,744
2019	2,023	495	2,519
2020	2,042	476	2,519
2021	2,064	455	2,519
2022-2026	10,633	1,960	12,593
2027-2031	11,176	1,417	12,593
2032-2036	11,746	847	12,593
2037-2040	9,837	247	10,084
	<u>\$ 63,508</u>	<u>\$ 7,624</u>	<u>\$ 71,132</u>

**CITY OF FALLS CITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

**LONG-TERM DEBT (Continued)**

*Business-type Activities*

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 22,779	\$ 42,694	\$ 65,473
2018	23,805	41,668	65,473
2019	24,876	40,597	65,473
2020	25,995	39,478	65,473
2021	27,165	38,308	65,473
2022-2026	155,299	172,066	327,365
2027-2031	193,531	133,834	327,365
2032-2036	241,176	86,189	327,365
2037-2040	234,118	26,858	260,976
	<b>\$ 948,744</b>	<b>\$ 621,692</b>	<b>\$ 1,570,436</b>

*Debt Service Reserve Accounts*

Reserves required by the water debt are maintained in the Water fund. The City was in compliance with the reserve requirements of \$65,473 for the water bonds.

**PENSION PLAN**

The Oregon Public Employees Retirement System (OPERS) is a cost-sharing multiple employer defined benefit plan. Qualified employees of the City are provided with pensions through OPERS. Employees hired before August 29, 2003 belong to the Tier One/Tier Two Retirement Benefit Program (established pursuant to ORS Chapter 238), while employees hired on or after August 29, 2003 belong to the OPSRP Pension Program (established pursuant to ORS Chapter 238A). OPERS issues a publicly available financial report that can be obtained at

[http://www.oregon.gov/pers/pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/pages/section/financial_reports/financials.aspx).

**Benefits provided under ORS Chapter 238 – Tier One/ Tier Two**

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

**CITY OF FALLS CITY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2016*

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***PENSION PLAN (Continued)***

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

*Death Benefits:* Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met: the member was employed by a PERS employer at the time of death; the member died within 120 days after termination of PERS-covered employment; the member died as a result of injury sustained while employed in a PERS-covered job, or; the member was on an official leave of absence from a PERS-covered job at the time of death.

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

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

**Benefits provided under Chapter 238A - OPSRP Pension Program (OPSRP DB)**

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age: General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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

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

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

**CITY OF FALLS CITY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2016*

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***PENSION PLAN (Continued)***

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

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

*Benefit Changes After Retirement:* Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2016 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

**Contributions**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation. The City's contribution rates in effect for the fiscal year ended June 30, 2016 were 13.22 percent for Tier One/Two members, 8.44 percent for OPSRP general service members, and 12.55 percent for OPSRP uniformed members. The City's contributions for the year ended June 30, 2016 were \$15,112, excluding amounts to fund employer specific liabilities.

Members of PERS are required to contribute 6% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The total contributed by the City on behalf of employees for the year ended December 31, 2015 was \$15,112.

**Actuarial Methods and Assumptions:**

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set by OPERS using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

**CITY OF FALLS CITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

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**PENSION PLAN (Continued)**

Valuation Date	December 31, 2013 rolled forward to June 30, 2015
Experience Study Report	2014, published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increases	3.75 percent overall payroll growth
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

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

Discount Rate

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

**CITY OF FALLS CITY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

**PENSION PLAN (Continued)***Long-Term Expected Rate of Return*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target</u>	<u>Compound Annual Return (Geometric)</u>
Core Fixed Income	8.00 %	4.10 %
Short-Term Bonds	8.00	3.65
Bank/Leveraged Loans	3.00	5.69
High Yield Bonds	1.00	6.67
Large/Mid Cap US Equities	15.75	7.96
Small Cap US Equities	1.31	8.93
Micro Cap US Equities	1.31	9.37
Developed Foreign Equities	13.13	8.34
Emerging Market Equities	4.13	10.56
Non-US Small Cap Equities	1.88	9.01
Private Equity	17.50	11.60
Real Estate (Property)	10.00	6.48
Real Estate (REITS)	2.50	8.74
Hedge Fund of Funds - Diversified	2.50	4.94
Hedge Fund - Event-driven	0.63	7.07
Timber	1.88	6.60
Farmland	1.88	7.11
Infrastructure	3.75	8.31
Commodities	1.88	6.07
Assumed Inflation - Mean		2.50

**CITY OF FALLS CITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

**PENSION PLAN (Continued)**

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate

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

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Proportionate share of the net pension liability	\$ 289,606	\$ 119,996	\$ (22,941)

**OVEREXPENDITURES OF APPROPRIATIONS**

Oregon law prohibits expenditures of a fund in excess of Council approved appropriations. The City Council approves appropriations by department for the General Fund and by major object class (personal services, materials and services, capital outlay and debt service) for all other funds.

Expenditures in excess of appropriations in individual funds for the year ended June 30, 2016 occurred as follows:

<u>Fund / Appropriation category</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<i>Street</i>			
Personal services	\$ -	\$ 1,870	\$ (1,870)

**INTERFUND TRANSACTIONS**

Interfund transactions during the current fiscal year were as follows.

	<u>Transfers in</u>	<u>Transfers out</u>
General	\$ 120,180	\$ -
Street	10,000	-
Library Reserve Fund	-	70,180
Sewer	20,000	-
Water	60,000	80,000
Utility Reserve	-	60,000
	<u>\$ 210,180</u>	<u>\$ 210,180</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move revenues restricted to debt service from the funds collecting the revenues to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**CITY OF FALLS CITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

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***CONTINGENCIES***

The City purchases commercial insurance to cover all commonly insurable risks, which includes property damage, liability and employee bonds. Most policies carry a small deductible amount. There were no open claims at the time of this report. There were no claims in the prior three years exceeding insurance coverage.

From time to time, the City is a defendant in various litigation proceedings. Management believes any losses arising from these actions will not materially affect the City's financial position.

***RELATED PARTY TRANSACTIONS***

The City paid \$100 to Boondocks and \$240 to Robert C. Young Construction. The payments were in the normal course of business.

***SUBSEQUENT EVENTS***

Management has evaluated subsequent events through September 26, 2016, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

***SUPPLEMENTAL INFORMATION***

**CITY OF FALLS CITY, OREGON**

**COMBINING BALANCE SHEET (MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2016**

	<i>Special Revenue</i>		<i>Total</i>
	<i>Wagner Reserve Library #71</i>	<i>Wagner Reserve Library #72</i>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 54,593	\$ 34,635	\$ 89,228
<b>LIABILITIES AND FUND BALANCE</b>			
<i>Liabilities:</i>	\$ -	\$ -	\$ -
<i>Fund Balance:</i>			
Restricted for:			
Community development	54,593	34,635	89,228
<i>Total Liabilities and Fund Balance</i>	\$ 54,593	\$ 34,635	\$ 89,228

**CITY OF FALLS CITY, OREGON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016**

	<i>Special Revenue</i>		<i>Total</i>
	<i>Wagner Reserve Library #71</i>	<i>Wagner Reserve Library #72</i>	
<b>REVENUES</b>	\$ -	\$ -	
<b>EXPENDITURES</b>	-	-	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(70,180)	-	(70,180)
<b>NET CHANGE IN FUND BALANCE</b>	(70,180)	-	(70,180)
<b>FUND BALANCE, beginning of year</b>	124,773	34,635	159,408
<b>FUND BALANCE, end of year</b>	\$ 54,593	\$ 34,635	\$ 89,228

**CITY OF FALLS CITY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - GENERAL FUND**

**YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 100,000	\$ 100,000	\$ 107,755	\$ 7,755
Licenses and permits	49,950	49,950	59,221	9,271
Charges for services	100	100	210	110
Intergovernmental	165,800	165,800	48,149	(117,651)
Miscellaneous	2,325	2,325	12,281	9,956
<i>Total Revenues</i>	318,175	318,175	227,616	(90,559)
<b>EXPENDITURES</b>				
City Council	1,500	1,500	490	1,010
Library	70,180	70,180	49,776	20,404
Court	8,480	8,480	540	7,940
Fire	71,006	71,006	66,010	4,996
Parks	11,850	11,850	6,510	5,340
Administration	230,570	230,570	148,801	81,769
Other/Debt	125,219	125,219	2,879	122,340
Contingency	19,550	19,550	-	19,550
<i>Total Expenditures</i>	538,355	538,355	275,006	263,349
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(220,180)	(220,180)	(47,390)	172,790
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	120,180	120,180	120,180	-
<b>NET CHANGE IN FUND BALANCE</b>	(100,000)	(100,000)	72,790	172,790
<b>FUND BALANCE, beginning of year</b>	100,000	100,000	161,131	61,131
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 233,921	\$ 233,921

**CITY OF FALLS CITY, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - STREET FUND**  
**YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 54,775	\$ 54,775	\$ 56,323	\$ 1,548
<b>EXPENDITURES</b>				
Personal services	-	-	1,870	(1,870)
Materials and services	35,900	35,900	23,076	12,824
Capital outlay	13,000	13,000	-	13,000
Contingency	15,875	15,875	-	15,875
<i>Total Expenditures</i>	<u>64,775</u>	<u>64,775</u>	<u>24,946</u>	<u>39,829</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(10,000)	(10,000)	31,377	41,377
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	10,000	10,000	10,000	-
<b>NET CHANGE IN FUND BALANCE</b>	-	-	41,377	41,377
<b>FUND BALANCE, beginning of year</b>	-	-	38,264	38,264
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,641</u>	<u>\$ 79,641</u>

**CITY OF FALLS CITY, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**(MODIFIED CASH BASIS) – BUDGET AND ACTUAL – COMMUNITY DEVELOPMENT REVOLVING**  
**LOAN FUND**  
**YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 25,100	\$ 25,100	\$ 85,574	\$ 60,474
<b>EXPENDITURES</b>				
Materials and services	83,170	83,170	-	83,170
<b>NET CHANGE IN FUND BALANCE</b>	(58,070)	(58,070)	85,574	143,644
<b>FUND BALANCE, beginning of year</b>	58,070	58,070	78,545	20,475
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 164,119	\$ 164,119

**CITY OF FALLS CITY, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - WAGNER RESERVE LIBRARY #71 FUND**  
**YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Contingency	54,593	54,593	-	54,593
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(54,593)	(54,593)	-	54,593
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(70,180)	(70,180)	(70,180)	-
<b>NET CHANGE IN FUND BALANCE</b>	(124,773)	(124,773)	(70,180)	54,593
<b>FUND BALANCE, beginning of year</b>	124,773	124,773	124,773	-
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 54,593	\$ 54,593

**CITY OF FALLS CITY, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - WAGNER RESERVE LIBRARY #72 FUND**  
**YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Materials and services	34,635	34,635	-	34,635
<b>NET CHANGE IN FUND BALANCE</b>	(34,635)	(34,635)	-	34,635
<b>FUND BALANCE, beginning of year</b>	34,635	34,635	34,635	-
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 34,635	\$ 34,635

**CITY OF FALLS CITY, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - SEWER FUND**  
**YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 94,000	\$ 94,000	\$ 108,535	\$ 14,535
<b>EXPENDITURES</b>				
Personal services	81,000	81,000	60,779	20,221
Materials and services	63,000	63,000	39,357	23,643
Capital outlay	5,000	5,000	366	4,634
Contingency	26,389	26,389	-	26,389
<i>Total Expenditures</i>	<u>175,389</u>	<u>175,389</u>	<u>100,502</u>	<u>74,887</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(81,389)	(81,389)	8,033	89,422
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	(61,389)	(61,389)	28,033	89,422
<b>FUND BALANCE, beginning of year</b>	<u>61,389</u>	<u>61,389</u>	<u>70,595</u>	<u>9,206</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,628</u>	<u>\$ 98,628</u>

**CITY OF FALLS CITY, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - WATER FUND**  
**YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 279,800	\$ 279,800	\$ 304,767	\$ 24,967
<b>EXPENDITURES</b>				
Personal services	89,500	89,500	71,081	18,419
Materials and services	153,400	153,400	94,737	58,663
Debt service				
Principal	21,760	21,760	21,799	(39)
Interest	43,713	43,713	43,674	39
Capital outlay	17,500	17,500	3,486	14,014
Contingency	33,454	33,454	-	33,454
<i>Total Expenditures</i>	<u>359,327</u>	<u>359,327</u>	<u>234,777</u>	<u>124,550</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(79,527)	(79,527)	69,990	149,517
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	60,000	60,000	60,000	-
Transfers out	(80,000)	(80,000)	(80,000)	-
<i>Total Other Financing Sources and Uses</i>	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	(99,527)	(99,527)	49,990	149,517
<b>FUND BALANCE, beginning of year</b>	<u>165,000</u>	<u>165,000</u>	<u>207,417</u>	<u>42,417</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 65,473</u>	<u>\$ 65,473</u>	<u>\$ 257,407</u>	<u>\$ 191,934</u>

**CITY OF FALLS CITY, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - CITY UTILITY RESERVE FUND**  
**YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 37,250	\$ 37,250	\$ 38,014	\$ 764
<b>EXPENDITURES</b>				
Capital outlay	50,000	50,000	39,628	10,372
Contingency	221,850	221,850	-	221,850
<i>Total Expenditures</i>	271,850	271,850	39,628	232,222
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(234,600)	(234,600)	(1,614)	232,986
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(60,000)	(60,000)	(60,000)	-
<b>CHANGE IN FUND BALANCE</b>	(294,600)	(294,600)	(61,614)	232,986
<b>FUND BALANCE, beginning of year</b>	294,600	294,600	304,145	9,545
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 242,531	\$ 242,531

***COMPLIANCE SECTION***



**GROVE, MUELLER & SWANK, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

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

Honorable Mayor and Members of the City Council  
City of Falls City  
299 Mill Street  
Falls City, Oregon 97344

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Falls City, Oregon as of and for the year ended June 30, 2016, and have issued our report thereon dated September 26, 2016.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City of Falls City, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in 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.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials - no money was collected or received by elected officials.**

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except for the following:

1. Overexpenditures of appropriations as noted in the notes to the basic financial statements.
2. The City does not maintain historical cost records for capital assets.

***Internal Control over Financial Reporting***

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

***Restriction on Use***

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

GROVE, MUELLER & SWANK, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

By: 

Devan W. Esch, A Shareholder  
September 26, 2016

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## AGENDA REPORT

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**TO:** CITY COUNCIL  
**FROM:** MAYOR UNGRICHT  
**SUBJECT:** CODE ENFORCEMENT UPDATE  
**DATE:** 11/2/2016

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### **SUMMARY**

Council has had multiple discussions on creating an enforceable code enforcement program.

### **BACKGROUND**

Staff wanted to update and discuss with Council on where we are in creating an affordable and enforceable code enforcement program.

I have reached out to President Fuller of Western Oregon University for help on code enforcement. He assigned my request to Mark Henkels, Ph.D. Professor, Politics, Policy and Administration and he has a graduate student that might be willing to help us find a solution. We are waiting to schedule a meeting.

I also contacted the Oregon Code Enforcement Association by email requesting any contract code enforcement officers that are in our area, waiting for reply.

I will be meeting with City of Dallas City Manager Foggin on November 7<sup>th</sup>; I will bring this issue up in our discussion.

Staff is still reviewing the information provided by Mike Bowman from the Green Haven RV Park. I contacted the Attorney, a code enforcement officer, and other City's on ORS 197.493 the law that regulates placement and occupancy of recreational vehicles. All the advice I have received is that the City cannot require the movement of the RV's that are lawfully connected to water, sewer, and electricity. We still have ongoing violations of other sections of the conditional use permit, but we want to audit the park and work with Green Haven for voluntary compliance.

### **PREVIOUS COUNCIL ACTION**

### **ALTERNATIVES/FINANCIAL IMPLICATIONS**

### **STAFF RECOMMENDATION**

We would like discussion and direction from Council.

### **EXHIBIT**

N/A

### **PROPOSED MOTION**

N/A

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## AGENDA REPORT

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**TO:** CITY COUNCIL  
**FROM:** MAYOR UNGRICHT  
**SUBJECT:** RESOULTION 20-2016 DECLARING THE SPENDING OF UNFORESEEN FUNDS  
**DATE:** 11/1/2016

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### **SUMMARY**

The December 7, 2015 storm event that washed out Mitchell Street at Dutch Creek was awarded FEMA emergency declaration 4258-DR-OR and an IFA grant, project number L17002 for 75% and 25% respectively for the funding of the Dutch Creek Crossing. The Council elected to receive these project funds with Resolution 09-2016 and 19-2016.

### **BACKGROUND**

The City of Falls City was awarded grant funds from FEMA and IFA for the December 7, 2015 storm event to replace the Dutch Creek Crossing on Mitchell Street. The award and application was after the City had adopted the 2016-17 Budget.

The Falls City Council adopted resolution 16-2016 an Intergovernmental Agreement with Polk County accepting contract 16-337 for the management of the complete project with the agreement that any funds received from FEMA and IFA would be turned over to the County resulting from the Dutch Creek project.

Under Oregon budget law, ORS 294.388 (2) the City can expend unforeseen grants for a specific purpose by resolution. This resolution will allow the City to honor the agreement with Polk County by allowing payments for service performed and billed on the Dutch Creek project.

If I have to submit a supplemental budget at a later time under Oregon Budget Law I will update this project in the supplemental document then.

### **PREVIOUS COUNCIL ACTION**

Passed Resolution 09-2016 adopting an agreement with Oregon Emergency Department under declaration 4258-DR-OR for Dutch Creek Crossing funding (75%).

Passed Resolution 19-2016 adopting an agreement with Oregon Infrastructure Finance Authority, contract number L17002, for Dutch Creek Crossing funding (25%).

Passed Resolution 16-2016 for an IGA with Polk County to manage the project under contract number 16-137.

### **ALTERNATIVES/FINANCIAL IMPLICATIONS**

### **STAFF RECOMMENDATION**

Pass Resolution 20-2016.

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**EXHIBIT**

N/A

**PROPOSED MOTION**

I move that the City Council of the City of Falls City adopt resolution 20-2016, A RESOLUTION OF THE CITY COUNCIL OF FALLS CITY, OREGON DECLARING UNFORESEEN REVENUES AND APPROPRIATIONS FOR FEMA DECLARATION 4258-DR-OR AND OREGON INFRASTRUCTURE FINANCE AUTHORITY (IFA) PROJECT NUMBER L17002 GRANT AWARDS FOR THE PERMENANT REPAIRS ON THE DUTCH CREEK CROSSING AND FOR THE FUNDS TO BE TRANSFERRED TO POLK COUNTY PER THE SIGNED CONTRACT 16-137.

**RESOLUTION 20-2016**

A RESOLUTION OF THE CITY COUNCIL OF FALLS CITY, OREGON DECLARING UNFORESEEN REVENUES AND APPROPRIATIONS FOR FEMA DECLARATION 4258-DR-OR AND OREGON INFRASTRUCTURE FINANCE AUTHORITY (IFA) PROJECT NUMBER L17002 GRANT AWARDS FOR THE PERMENANT REPAIRS ON THE DUTCH CREEK CROSSING AND FOR THE FUNDS TO BE TRANSFERRED TO POLK COUNTY PER THE SIGNED CONTRACT 16-137.

Findings:

1. At the time the 2016-17 budget was adopted Falls City did not know they would be awarded funding for the repairs on Dutch Creek Crossing.
2. Under Oregon Budget Law, ORS 294.338 (2) specific purpose grants it is required for the City to adopt a resolution authorizing the expenditure.
3. The City of Falls City has been awarded \$187,500 from the Federal Emergency Management Agency and \$62,500 from Oregon IFA for the Dutch Creek project.
4. The Falls City Council has adopted Resolution 16-2016 an Intergovernmental Agreement with Polk County to manage all aspects of the Dutch Creek project with the understanding that any funds received by Falls City on the project will be turned over to the County.

**NOW THEREFORE, the City of Falls City resolves as follows:**

Section 1. Pursuant to ORS 294.338, the City hereby elects to declare the grant award funds for the permanent repairs of Dutch Creek is unforeseen revenue at the time the 2016-17 budget document was adopted.

Section 2. The grant funds are unforeseen revenue under ORS 294.338(2) and the City of Falls City hereby appropriates the grant funds in the amount of \$250,000 to the Streets and Pathways fund and authorizes expenditure of the grant funds during the current fiscal year for construction activities under contract 16-137 between the City of Falls City and Polk County.

Section 3. The City Mayor/Manager hereby is authorized to turnover payments from the grant awards to Polk County as the City receives billing statements per contract 16-137.

Introduced and adopted November 10, 2016:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Terry Ungricht, Mayor/City Manager

Attest:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Domenica Protheroe, City Clerk

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## AGENDA REPORT

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**TO:** CITY COUNCIL  
**FROM:** MAYOR UNGRICHT  
**SUBJECT:** RESOLUTION 21-2016 ALLOWING THE MANAGER TO SIGN FOR ASSUMPTION OF FALLS ALLIANCE LOAN AND EXECUTE A PURCHASE AGREEMENT  
**DATE:** 11/2/2016

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### **SUMMARY**

We were awarded an Oregon Parks and Recreation grant to purchase the Falls property from the Alliance to add onto Michael Harding Park.

### **BACKGROUND**

The City of Falls City was awarded grant funds to purchase the falls property from the Falls City Alliance. I have been negotiating the best way to complete the purchase with OPRD and Polk Community Development Corporation.

We decided the best way to move forward is to assume the current Alliance loan, transfer ownership to the City, and work on the zone change for the property. I have drawn up a purchase agreement to start negotiations with the Alliance on assuming their loan, setting up an escrow, and doing a title search policy. Once the land is in the City's name we will move forward on rezoning the property per the requirements of the OPRD land acquisition portion of the grant.

Polk CDC and I thought it would be best to have a resolution adopted that will allow me to legally sign for the assumption of the property and loan.

### **PREVIOUS COUNCIL ACTION**

Passed Resolution 18-2016 accepting the agreement for the land acquisition with OPRD.

### **ALTERNATIVES/FINANCIAL IMPLICATIONS**

we will take over the current Alliance loan which has a \$1500.00 every three month loan payment, we will not have to make any payments until the new budget is adopted for 2017-18 budget year. We are hoping to have the land zoning changed and fulfilled the terms of the grant to receive the funds before June of 2017. We will then refinance the loan and expect the yearly loan payment to be under \$3000.00.

### **STAFF RECOMMENDATION**

Pass Resolution 21-2016.

### **EXHIBIT**

N/A

### **PROPOSED MOTION**

I move that the City Council of the City of Falls City adopt resolution 21-2016, A RESOLUTION OF THE CITY COUNCIL OF FALLS CITY, OREGON ALLOWING MAYOR UNGRICHT TO EXECUTE A PURCHASE AGREEMENT BETWEEN FALLS CITY AND FALLS CITY ALLIANCE AND SIGN FOR THE ASSUMPTION OF THE LOAN BETWEEN FALLS CITY ALLIANCE AND POLK COMMUNITY DEVELOPMENT CORPORATION FOR THE PURCHASE OF LOTS 11, 12, 13, 14, 15, AND 16 OF BLOCK R, FIRST ADDITION TO FALLS CITY, POLK COUNTY, OREGON.

**RESOLUTION 21-2016**

A RESOLUTION OF THE CITY COUNCIL OF FALLS CITY, OREGON ALLOWING MAYOR UNGRICHT TO EXECUTE A PURCHASE AGREEMENT BETWEEN FALLS CITY AND FALLS CITY ALLIANCE AND SIGN FOR THE ASSUMPTION OF THE LOAN BETWEEN FALLS CITY ALLIANCE AND POLK COMMUNITY DEVELOPMENT CORPORATION FOR THE PURCHASE OF LOTS 11, 12, 13, 14, 15, AND 16 OF BLOCK R, FIRST ADDITION TO FALLS CITY, POLK COUNTY, OREGON.

Findings:

1. The City of Falls City applied and was awarded a grant for land acquisition to expand the Michael Harding Park from Oregon Parks and Recreation Department (OPRD).
2. The City of Falls City Council adopted agreement LG16-011 between the City and OPRD for the expansion of Michael Harding Park.
3. The City of Falls City has negotiated with the Falls City Alliance on assuming the current loan for the property.
4. Polk County Development Corporation is the owner of the note on the property and has agreed to the City assuming the loan on the condition that Council appoints by resolution a specified signer to the agreement.

**NOW THEREFORE, the City of Falls City resolves as follows:**

Section 1. The City hereby elects to assume the current loan between the Falls City Alliance and Polk Community Development Corporation for the purchase of Lots 11, 12, 13, 14, 15, and 16 of Block R, First Addition to Falls City, located in Polk County, Oregon.

Section 2. The Falls City Council grants authority to Mayor/Manager Ungricht to sign for the assumption of the loan between Falls City Alliance and Polk Community Development Corporation and to execute a purchase agreement on the property.

Introduced and adopted November 10, 2016:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Terry Ungricht, Mayor/City Manager

Attest:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Domenica Protheroe, City Clerk

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## AGENDA REPORT

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**TO:** CITY COUNCIL  
**FROM:** JOHANNA BIRR THOUGH MAYOR UNGRICHT  
**SUBJECT:** NEW BUSINESS LICENSE – FALLS CITY GROW SUPPLY  
**DATE:** 10/26/2016

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### SUMMARY

Falls City Municipal Code requires Council approval of all new business licenses.

### BACKGROUND

Michael Petrin of Newberg, Oregon has submitted an application for a business license in Falls City. This business would be operated at 420 N. Main Street which is zoned as Commercial/Residential. No new development or alterations to the existing building would take place.

The business would sell hydroponic and other greenhouse and garden growing supplies such as fertilizers and nutrients, plant containers, soil, lighting, filters, fan etc.

This type of retail business is allowed by Falls City Zoning and Development Code standards in Commercial/Residential zoning. The downtown corridor offers ample parking and loading areas. Acceptable pH levels for the sewer system range from five and one-half to nine and one-half. Staff has discussed the business type with Public Works and they have no concerns of negative pH impact on the City's sewer system.

#### 2.102 COMMERCIAL-RESIDENTIAL ZONE (CR)

##### 2.102.01 PURPOSE

*To provide for a mixture of residential uses and general commercial uses in areas of mixed land use.*

##### 2.102.02 AREA OF APPLICATION

*This district is to be applied to those areas designated Commercial-Residential on the Comprehensive Plan Map.*

##### 2.102.03 PERMITTED USES:

*N. Greenhouse and garden supply.*

##### 2.102.06 DEVELOPMENT STANDARDS AND SIGNS

*A. Commercial uses shall be subject to the development standards, sign provisions and limitations on use set forth in the Commercial-Industrial Zone.*

#### 2.103 COMMERCIAL-INDUSTRIAL ZONE (CI)

##### 2.103.01 PURPOSE

*This section is adopted to provide areas to meet the commercial and industrial needs of the residents of the city.*

*A. One free-standing or ground mounted identification sign shall be allowed for a development. Such signs shall be limited to 40 square feet of area, but may be double-faced. Identification signs shall not exceed 25 feet in height.*

**2.103.11 SIGNS**

*B. On-building signs shall be limited to 20 square feet in area and shall not project outward from the surface of the building more than 12 inches.*

*C. Signs may be internally or indirectly illuminated but shall not be intermittently lit or flashing.*

**PREVIOUS COUNCIL ACTION**

None

**ALTERNATIVES/FINANCIAL IMPLICATIONS**

No financial impact to the City.

**STAFF RECOMMENDATION**

Staff recommends approval of this business license.

**EXHIBIT**

Exhibit A – Business License Application

**PROPOSED MOTIONS**

I move the City Council of the City of Falls City approve the business license application for Falls City Grow Supply.

CITY OF FALLS CITY  
299 Mill Street, Falls City, Oregon 97344  
Phone: 503.787.3631 Fax: 503.787.3023  
[www.fallscityoregon.gov](http://www.fallscityoregon.gov)  
This organization is an equal opportunity provider

**OFFICIAL USE:**  
BUSINESS LICENSE NUMBER:  
2016 - \_\_\_\_\_

**APPLICATION FOR CITY BUSINESS LICENSE**

**TERM OF LICENSE**  
**JULY 1, 2016 – June 30, 2017**

Check one: First Time License:  or Renewal:

Business Name: Falls City Grow Supply Zoning: C/R

Owner(s): Michael Petrin

Location of Business: 420 N. Main St. Falls City

Mailing address (if different): 29101 NE Mtn. Top Rd Newberg OR 97132

Business Phone: 503 558 5922 Business Fax: NA

Email Address: Service 10 @ me . com

Website: \_\_\_\_\_

Number of Employees: Self-only X Part-Time \_\_\_\_\_ Full-Time \_\_\_\_\_

Home-Based Business: (Circle one) YES NO

Please review the list of business types below and circle the most appropriate classification.

- |  |   |
|--|---|
| 110000 Ag, Forestry, Fishing & Hunting | 540000 Professional, Scientific, Technical Services |
| 210000 Mining                          | 550000 Management of Company & Enterprises          |
| 220000 Utilities                       | 560000 Admin Support/Waste Management & Remediation |
| 230000 Construction                    | 610000 Education Services                           |
| 310000 Manufacturing                   | 620000 Health Care & Social Assistance              |
| 420000 Wholesale Trade                 | 710000 Arts, Entertainment & Recreation             |
| <u>440000 Retail</u>                   | 720000 Accommodation & Food Services                |
| 480000 Transportation Warehousing      | 810000 Other Services (excluding Public Admin)      |
| 510000 Information                     | 920000 Public Administration                        |
| 520000 Finance & Insurance             |   |
| 530000 Real Estate/Rental & leasing    |   |

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**PRODUCTS SOLD OR SERVICES RENDERED**

fertilizers, soils, lighting, filters, fans and other  
garden supplies

**DESCRIBE AVAILABLE PARKING**

1 spot at retail location and street  
parking

**IMPACT ON LOCAL TRAFFIC**

minimal

**ENVIRONMENTAL IMPACTS (i.e. noise, waste products, odors, storage of hazardous materials)**

None

**DOES THE BUSINESS COMPLY WITH REQUIRED BUSINESS RECYCLING AS DEFINED IN FALLS CITY MUNICIPAL CODE SECTION CHAPTER 53.04.150: BUSINESS RECYCLING (See Attached)**

YES  NO

**OREGON STATE LIQUOR CONTROL COMMISSION (OLCC):**

Will alcohol be sold on the premises? (Circle one): YES  **NO**

If YES, provide OLCC PREMISE # \_\_\_\_\_ OLCC LICENSE # \_\_\_\_\_

**COUNTY AND STATE LICENSING INFORMATION:**

State Business Registry #: 123755092

Please describe information pertaining to Polk County or State Issued Licenses that you currently hold.

Limited Liability Company

**FEE SCHEDULE.** Resolution 2013-03 defines business license fees.

Type of License	Employees	License Fee
Home Occupation, no employees	0 (Self)	\$50.00
Home Occupation, with employees	1 +	\$75.00
Commercial	n/a	\$100.00
Temporary		Same fee as business licenses categories

I hereby certify that the information contained herein is true to the best of my knowledge. I agree to abide by all applicable codes and ordinances of the City of Falls City and to correct any hazards or violations as they may pertain to the above business. Issuance of this license does not guarantee that the site or use conforms to the City of Falls City land use regulations.

NAME: Michael Petron

BUSINESS NAME: Falls City Grow Supply

SIGNATURE OF APPLICANT: *[Signature]*

Office Use Only:

RECEIVED BY: *[Signature]* DATE: 10/26/2014

TYPE OF LICENSE: Commercial AMOUNT PAID: \$100<sup>00</sup>

RECEIPT #: 393664 APPROVED BY: \_\_\_\_\_

DATE COUNCIL APPROVED: \_\_\_\_\_

CONDITIONS OF APPROVAL: New business licenses - Required Council approval.

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## AGENDA REPORT

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**TO:** CITY COUNCIL  
**FROM:** MAYOR UNGRICHT  
**SUBJECT:** MICHAEL HARDING PARK, BARRACADES  
**DATE:** 11/4/2016

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### **SUMMARY**

At the August 4<sup>th</sup> Council work session Council discussed vandalism in parks, break-ins, neighborhood watch, and other law related issues. This is a follow up on the issue that was brought forward on closing off vehicle access to the Michael Harding Park.

### **BACKGROUND**

Council directed staff to work with Jeff Propps and Public Works to find a solution to closing off vehicle access beyond the parking lot at Michael Harding Park. Jeff gave me information on purchasing barricades at a reduced price from Advantage Precast. I contacted Advantage Precast and we were able to get a \$250.00 a piece price for the 24 SF Block.

After discussion and onsite planning it was decided we could use 4 barricades to set along the parking lot, we would then fill up the ends with concrete, the middle with gravel and dirt, and set a gate post on two ends to build a gate for emergency equipment access. On the Street side we decided that we could build up big boulders, setting them three deep in a shallow ditch to block access from there. Weyerhaeuser donated some boulders to be used for this area.

I contacted Ole Bergman Excavating to bid on leveling the area for the barricades, setting the boulders, and transporting the barricades from Salem. Ole's bid is \$1,333.00 and the barricades will be \$1000.00. We are looking at \$2,333.00 for known costs. I have met with Cliff Lauder on the cement work and building a secure gate, but we do not have costs for those yet, I estimate \$1000.00 but believe we can come in under with all volunteer help.

Looking over the to date parks budget I can come up with \$2800.00, but this will leave us struggling to finish the year if there are any problems, such as vandalism. It will also possible affect when we can bring in the porta potties. Another issue we have is the land use change on the Alliance property, estimated at \$1500.00; this is a requirement of the OPRD land acquisition grant. We will also have closing costs to transfer the loan over to the City; I can roll them over in to the loan assumption.

Council will need to decide on how much of general fund resources they will want to fund parks. If all goes according to plans we will be increasing yearly operation costs for the park expansion by \$3000.00 a year, this does not include increased maintenance/operating costs with the added land.

### **PREVIOUS COUNCIL ACTION**

### **ALTERNATIVES/FINANCIAL IMPLICATIONS**

Listed

### **STAFF RECOMMENDATION**

We would like discussion and direction from Council.

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**EXHIBIT**

- 1) to date park expenses and balance.
- 2) Estimate on costs from COG on land use change.
- 3) Bid from Ole Bergman

**PROPOSED MOTION**

N/A

City of Falls City  
 01.03 Parks Expense Budget vs. Actual  
 July 2016 through June 2017

2016/2017

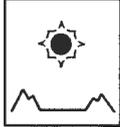
01.03 Parks

(01 GENERAL FUND)

Expense	Jul '16 - Jun 17	Budget	\$ Over Budget	% of Budget
<b>EXPENSES</b>				
Materials & Services				
3rd of July	0.00	2,000.00	-2,000.00	0.0%
Uniforms and Protective Gear	0.00	100.00	-100.00	0.0%
Professional Services				
Liability Insurance	548.72	0.00	548.72	100.0%
Property Insurance	344.43	0.00	344.43	100.0%
Professional Services - Other	882.58	2,500.00	-1,617.42	35.3%
Total Professional Services	1,775.73	2,500.00	-724.27	71.03%
Building Maintenance & Repair	0.00	1,500.00	-1,500.00	0.0%
Equipment O&M				
Equipment Maintenance/Repair	230.00	0.00	230.00	100.0%
Equipment O&M - Other	0.00	1,000.00	-1,000.00	0.0%
Total Equipment O&M	230.00	1,000.00	-770.00	23.0%
Operational Supplies				
Maintenance Supplies	44.00	0.00	44.00	100.0%
Operational Supplies - Other	0.00	1,000.00	-1,000.00	0.0%
Total Operational Supplies	44.00	1,000.00	-956.00	4.4%
Utilities				
Power/Heat	275.18	0.00	275.18	100.0%
Water/Sewer/Cap Imp	634.64	0.00	634.64	100.0%
Utilities - Other	0.00	5,000.00	-5,000.00	0.0%
Total Utilities	909.82	5,000.00	-4,090.18	18.2%
Total Materials & Services	2,959.55	13,100.00	-10,140.45	22.59%
<b>PERSONNEL SERVICES</b>				
Payroll Expenses				
Worker's Comp Insurance	184.80	600.00	-415.20	30.8%
Total Payroll Expenses	184.80	600.00	-415.20	30.8%
Total PERSONNEL SERVICES	184.80	600.00	-415.20	30.8%
Total EXPENSES	3,144.35	13,700.00	-10,555.65	22.95%
Total Expense	3,144.35	13,700.00	-10,555.65	22.95%
Net Income	-3,144.35	-13,700.00	10,555.65	22.95%

Council okayed \$484.00 for 0.0% fire works, I can charge to fire. 2000  
 0.0% will use  
 1500  
 35.3% will exceed on land use change of  
 71.03%  
 0.0%  
 100.0%  
 0.0%  
 23.0%  
 100.0%  
 0.0%  
 100.0%  
 0.0%  
 4.4%  
 100.0%  
 100.0%  
 0.0%  
 18.2%  
 22.59%  
 30.8%  
 30.8%  
 30.8%  
 22.95%  
 22.95%  
 22.95%  
 \$2800 available, can charge landuse for park expansion off in admin, but this will leave us seriously under funded for next year porta potties and emergencies. 2800

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**Mid-Willamette Valley Council of Governments**

100 High St SE Ste.200, Salem OR 97301  
 Phone 503-588-6177 Fax 503-588-6094  
 mwvcog@mwvcog.org www.mwvcog.org

**Proposed Budget for Falls City Comprehensive Plan and Zone Map Amendment**

**Assumptions:**  
 No objections to the land use action are filed and the decision is not appealed.

**Charges:**  
 Labor: \$79 per hour

Tasks/Products	Hours	Labor Cost	Material Cost	Total Cost
1. Application Completeness Review	1	\$79		\$79
2. Creation of map showing proposed comp plan and zone map change (for notice, staff report, ORD).	1.25	\$99		\$99
3. DLCD Notice of Proposed Change (Form 1) completed; Supplement Notice Materials created; all documents submitted electronically to DLCD 45-days prior to evidentiary hearing; affidavit completed.	2	\$158		\$158
4. Creation and distribution of Request for Comments form.	1	\$79		\$79
5. Surrounding property owner notice created; mailing list created (250'); notice mailed; affidavit completed.	1	\$79		\$79
6. Property Notice created. *To be posted by City staff. *City staff to complete affidavit of posting.	0.5	\$40		\$40
7. Staff report completed. *City staff to distribute to City Council. COG to mail to interested parties.	5	\$395		\$395
8. Public Hearing. Creation of public hearing script; COG attendance.	3	\$237		\$237
9. Creation and distribution of Notice of Decision. COG to mail to applicant and interested parties not later than five days after the decision.	1.5	\$119		\$119
10. Creation of draft Ordinance.	1	\$79		\$79
11. DLCD Notice of Adopted Change (Form 2) completed and submitted electronically to DLCD not later than 20 days the ordinance implementing the change has been signed by the Mayor.	1	\$79	42	\$79
12. Notification of decision sent to County.	0.75	\$59		\$59
<b>TOTAL</b>	<b>19</b>	<b>\$1,501</b>		<b>\$1,501</b>



**Mayor's Report,  
October 13, 2016 Council Meeting**

We were able to close out the \$2360.00 grant from IFA on the income survey. I feel good that we were finally able to close out one of our open grants. Grants are great, they help with projects we do not have funding for, but I have learned the easy part is getting the grant, closing out projects and getting agency approval is the hard part.

The pavement is laid on South Main. I was getting extremely worried that the project would not be completed until next summer. I feel bad that I had just drafted and mailed a letter complaining that Knife River had not followed the terms of our agreement, it went out in the mail and they called that same afternoon to schedule the project. As soon as we get the approval from the engineer on the project we will submit to close out the \$50,000.00 small city allotment grant. I added a few items on to the project, 4 feet of shoulder rock instead of 2, a dig out new pavement, and we were able to get loads to fill in potholes around town. We had short notice on Knife River coming to do the project and Don Poe was on vacation, so he had to come in to help with the pothole filling, thanks goes out to all of the Public Works workers, especially Don for cutting vacation short, for their hard work on filling potholes.

We will be submitting the next allotment grant on Mitchell Street, I agreed to that as funds towards the FLAP grant with Polk County. If we are not awarded that grant by the application date on the Small City Allotment we will look at either the end of Sheldon to pave from the gravel portion to edge of City limits, 5<sup>th</sup> Street, or negotiate with the timber companies to add funds to pave the gravel portion of Mitchell Street. The grant needs to be on a major street, so if you have any preferences let me know.

I have been working with the Fire Department on an application for SCBA's, self-contained breathing apparatus, which is due by November 15<sup>th</sup>. If they are able to get me all of the call numbers, volunteer time, age of current SCBA's, amount and cost of new SCBA's we will be coming to Council for approval. I would like a motion to allow me to submit the grant application, since we will not meet again until after the grant due date.

While working on the CDBG funding for the Sewer upgrades I had to estimate costs out for 5 years and compare them to our current rates and expected rate increases. I have identified that we will need at least a \$20.00 increase for operations capitol. As you know these are enterprise funds and need to be self-financing. As of right now I think asking for a \$5.00 a year increase will be put forward to the budget committee. I am open to any ideas or feedback from Council. One thought I have been kicking around is looking into a property bond for \$10.00 a month for 5 years and holding the sewer increase to \$2.50 a year for the 4 years, this would allow all of our properties to start buying into the sewer to eventually have the whole town on the system. Your thoughts?

# MONTHLY EXPENSE REPORT

## MAYOR UNGRICHT

10/05/2016:	20 Miles Dallas, Talk with Assessor's office.
10/05/2016:	25 Miles, Monmouth, Bank.
10/07/2016:	25 Miles: Monmouth, Bank.
10/10/2016:	20 Miles, Dallas Meet with Polk CDC.
10/11/2016:	25 Miles, Monmouth, Bank.
10/12/2016:	25 Miles, Monmouth, Bank.
10/17/2016:	25 Miles, Monmouth, Bank.
10/18/2016:	20 Miles, Dallas, Assessor.
10/19/2016:	20 Miles, Dallas, Polk Co. Hazard mitigation meeting.
10/19/2016:	25 Miles, Monmouth, Bank.
10/20/2016:	25 Miles, Monmouth, Bank.
10/21/2016:	25 Miles, Monmouth, Bank.
10/27/2016:	25 Miles, Monmouth, Bank.
10/31/2016:	25 Miles, Monmouth, Bank.
11/01/2016:	25 Miles, Monmouth Bank.

350 Miles x .54 = \$189.00 mileage.

**Total reimbursement = \$189.00**

PUBLIC WORKS STAFF REPORT, OCTBER, 2016

Saturday, 1 Routine water and sewer, pump up bellows Waste Water Treatment Plant.

Sunday, 2 Routine water and sewer.

Monday, 3 Change out chlorine pump Water Treatment Plant, all so chlorine delivery, close upper park grounds and rest rooms.

Tuesday, 4 Graveling some city streets on north side of town, finish up float problem on 130 South Main.

Wednesday, 5 Shoulder work on South Main, ditch work Chamberlain.

Thursday, 6 State report for DEQ.

Friday, 7 PR work check on West BLVD, for possible leak, service reconnect 130 Dayton Street, ran grader.

Saturday, 8, Sunday, 9 Routine water and sewer.

Monday, 10 Service city utility vehicles, switch over intakes.

Tuesday, 11 Clean inlets and out lets of culverts, around town.

Wednesday, 12 Made preparation for possible storm.

Thursday, 13 No power outage, but heavy rain intake problems.

Friday, 14 Intake cleaning, and made repairs to the box.

Saturday, 15, Sunday, 16 Routine water and sewer.

Monday, 17 Deliver shut off notices.

Tuesday, 18 Gravel filter maintenance, Waste Water Plant, grading city streets.

Wednesday, 19 Waste Water Plant maintenance, grading city streets.

Thursday, 20 Sewer maintenance, grading, physical shut offs to customers.

Friday, 21 Water Treatment Plant maintenance, intake problems, with all the early rain.

Saturday, 22, Sunday, 23 Routine water and sewer.

Monday, 24 Meter reading.

Tuesday, 25 Finish meter reading, Waste Water flow meter problem, may need of repair,

Wednesday, 26 Repairing residential meters, working on repair on flow meter.

Thursday, 27 Repairing meter, Waste Water maintenance, UV system.

Friday, 28 Clean North Main Street corners, Waste Water Treatment maintenance, grade roads.

Saturday, 29, Sunday, 30 Routine water and sewer.

MONDAY, 31, REPAIRED FLOW METER WASTE WATER, DEQ REPORTS