

Notice of Public Meeting Notice of Council Meeting

AGENDA

CITY COUNCIL - CITY OF FALLS CITY, OREGON

Meeting Location: 320 N Main Street, Falls City

Thursday December 10, 2015 7:00 p.m.

Posted on December 4, 2015

- 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 1-4
B) Approval of November 12, 2015 Council Meeting Minutes.....pages 5-10
- 4) **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.
- 5) **New Business:**
A) Resolution 143-2015, Establishing an Economic Development Committee.....pages 11-13
B) Resolution 14-2015, Small Cities Allotment contract.....pages 14-23
C) Public Works Committee Rate Recommendation.....pages 24
D) Marijuana update.....pages 25-28
E) 3rd of July Event.....pages 29-33
F) 2014-15 Budget Audit(note Council provided hard copy, no page numbers for audit)page 34
G) City Property Audit.....pages 35-42
H) Fire Assistance Grant.....pages 43-51
- 6) **Correspondence, Comments, and Ex-Officio Reports**
A) Council Reports
B) Mayor Reports pages 52-56
Fire Department Monthly Report, not submitted
Public Works Department Monthly Reportpages 57-58
Library Monthly Reportpage 59
- 7) **Council Announcements**
A)
B)
- 8) **Adjourn**

The City of Falls City does not discriminate in providing access to its programs, services, and activities on the basis of race, color, religion, ancestry, national origin, political affiliation, sex, age, marital status, physical or mental disability, or any other inappropriate reason prohibited by law or policy of the state or federal government. Should a person need special accommodations or interpretation services, contact the City at 503.787.3631 at least one working day prior to the need for services and every reasonable effort to accommodate the need will be made.

City of Falls City
Paid Bills Report
 As of November 8, 2015

	Date	Memo	Account	Class	Amount
Buhler & Meyer CPA's LLP	11/08/2015	October	Accounts Payable		-582.40
	11/08/2015	35% Admin	Professional Services	01 GENERAL FUND:01.01 Administrative	203.84
	11/08/2015	5% Court	Professional Services	01 GENERAL FUND:01.04 Municipal Co	29.12
	11/08/2015	10% Street	Professional Services	11 STREET FUND	58.24
Total Buhler & Meyer CPA's LLP	11/08/2015	15% Sewer	Professional Services	13 SEWER FUND	87.36
	11/08/2015	35% Water	Professional Services	20 WATER OPERATING FUND	203.84
Complete Wireless Solutions	11/08/2015	88406	Accounts Payable		-215.40
	11/08/2015	Fire Radios, 88406	Equipment O&M	01 GENERAL FUND:01.07 Fire Department	215.40
Total Complete Wireless Solutions	11/08/2015	62274	Accounts Payable		-1,110.00
	11/08/2015	Inv # 62274 Insp/repair reservoir	Tanks Maintenance/Repair	20 WATER OPERATING FUND	1,110.00
Corpro Companies	11/08/2015	Statement 10/31	Accounts Payable		-41.93
	11/08/2015	Statement 10/31	Equipment Maintenance/Repair	11 STREET FUND	41.93
Total Corpro Companies	11/08/2015	Account: 50936 Invoice: 0487288, 0488	Accounts Payable		-329.58
	11/08/2015	INV:0487288, 0488477	Maintenance Supplies	20 WATER OPERATING FUND	329.58
Ferguson Enterprises, Inc	11/08/2015	Statement 103	Accounts Payable		-200.00
	11/08/2015	Statement # 103 Community Center floor Community Center Maint/Repairs	Accounts Payable	01 GENERAL FUND:01.07 Fire Department	100.00
Total Ferguson Enterprises, Inc	11/08/2015	Statement # 103 Community Center floor Community Center Maint/Repairs	Accounts Payable	01 GENERAL FUND:01.01 Administrative	100.00
	11/08/2015	INV 0115137	Vehicle Maintenance/Repair		0.00
John W. Gilbert	11/08/2015	21632373	Accounts Payable		-24.40
	11/08/2015	21632373 Chevrolet tire repair	Vehicle Maintenance/Repair	01 GENERAL FUND:01.03 Parks	24.40
Total John W. Gilbert	11/08/2015	INV# 1347	Accounts Payable		0.00
	11/08/2015	Security Monitoring Oct.-Dec 2015 INV# 1	Accounts Payable	20 WATER OPERATING FUND	-32.12
L & L Equipment	11/08/2015	Security Monitoring Oct.-Dec 2015 INV# 1	Professional Services	01 GENERAL FUND:01.01 Administrative	45.00
	11/08/2015	Security Monitoring Oct.-Dec 2015 INV# 1	Professional Services	01 GENERAL FUND:01.07 Fire Department	45.00
Total L & L Equipment	11/08/2015	66-201508	Accounts Payable		0.00
	11/08/2015	50% Lien service -66-201508	Professional Services	01 GENERAL FUND:01.07 Fire Department	-90.00
Les Schwab	11/08/2015	50% Lien service -66-201508	Professional Services	13 SEWER FUND	11.00
	11/08/2015	50% Lien service -66-201508	Professional Services	20 WATER OPERATING FUND	11.00
Total Les Schwab	11/08/2015	multiple accounts, 21091561-006 2	Accounts Payable		0.00
	11/08/2015	November	Power/Heat	01 GENERAL FUND:01.07 Fire Department	-813.71
Mountain Valley Monitoring	11/08/2015	November	Power/Heat	01 GENERAL FUND:01.07 Fire Department	389.67
	11/08/2015	November	Power/Heat	01 GENERAL FUND:01.01 Administrative	83.26
Total Mountain Valley Monitoring	11/08/2015	multiple accounts, 21091561-006 2	Accounts Payable		-813.71
	11/08/2015	November	Power/Heat	01 GENERAL FUND:01.07 Fire Department	389.67
Net Assets Corporation	11/08/2015	November	Power/Heat	01 GENERAL FUND:01.01 Administrative	83.26
	11/08/2015	November	Power/Heat		
Total Net Assets Corporation	11/08/2015	multiple accounts, 21091561-006 2	Accounts Payable		-813.71
	11/08/2015	November	Power/Heat	01 GENERAL FUND:01.07 Fire Department	389.67
Pacific Power	11/08/2015	November	Power/Heat	01 GENERAL FUND:01.01 Administrative	83.26
	11/08/2015	November	Power/Heat		
Total Pacific Power	11/08/2015	multiple accounts, 21091561-006 2	Accounts Payable		-813.71
	11/08/2015	November	Power/Heat	01 GENERAL FUND:01.07 Fire Department	389.67

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Total Pacific Power	11/08/2015	November	Power/Heat	13 SEWER FUND	262.81
	11/08/2015	November	Street Lights	11 STREET FUND	20.31
	11/08/2015	November	Power/Heat	20 WATER OPERATING FUND	57.66
Petro Card					0.00
Total Pacific Power					340.78
Total Petro Card	11/08/2015	C995375	Accounts Payable	11 STREET FUND	-104.39
	11/08/2015	20% C995375	Vehicle Operation	13 SEWER FUND	20.88
	11/08/2015	20% C995375	Vehicle Operation	20 WATER OPERATING FUND	20.88
	11/08/2015	60% C995375	Vehicle Operation		62.63
Speer Hoyt LLC					0.00
Total Speer Hoyt LLC	11/08/2015	32931	Accounts Payable	01 GENERAL FUND:01.01 Administrative	-437.00
	11/08/2015	INV: 32931	Attorney/Special Council		437.00
Terry Ungficht					0.00
Total Terry Ungficht	11/08/2015	October Expenses	Accounts Payable	01 GENERAL FUND:01.01 Administrative	-320.67
	11/08/2015	October Expenses	Travel/Leasing Expense		320.67
Verizon Wireless					0.00
Total Verizon Wireless	11/08/2015	975494406	Accounts Payable	01 GENERAL FUND:01.01 Administrative	-37.62
	11/08/2015	October	Telephone		18.81
	11/08/2015	October	Telephone	20 WATER OPERATING FUND	18.81
Xerox Corporation					0.00
Total Xerox Corporation	11/08/2015	082042121	Accounts Payable	01 GENERAL FUND:01.01 Administrative	-232.09
	11/08/2015		copier		150.86
	11/08/2015		copier	13 SEWER FUND	23.21
	11/08/2015		copier	11 STREET FUND	23.21
	11/08/2015		copier	20 WATER OPERATING FUND	34.81
AllSafe Fire & Security					0.00
Total AllSafe Fire & Security	11/14/2015	Invoice 30616	Accounts Payable	01 GENERAL FUND:01.07 Fire Department	-312.55
	11/14/2015	Invoice # 30616	Community Center Maint/Repairs		312.55
BHH Kalpakoff					0.00
Total BHH Kalpakoff	11/14/2015		Accounts Payable	11 STREET FUND	-125.00
	11/14/2015	10/26/2015 repair road grader, dump truck Equipment Maintenance/Repair		01 GENERAL FUND:01.07 Fire Department	80.00
	11/14/2015	10/26/2015 start fire truck and QRT van Equipment Maintenance/Repair			45.00
Cascade Water Works, Inc					0.00
Total Cascade Water Works, Inc	11/14/2015	Invoice 20150105	Accounts Payable	20 WATER OPERATING FUND	-816.01
	11/14/2015	Invoice 20150105, new pump	System Maintenance/Repair		816.01
CenturyLink					0.00
Total CenturyLink	11/14/2015	multiple phone bills	Accounts Payable	01 GENERAL FUND:01.01 Administrative	-419.69
	11/14/2015	November	Telephone	20 WATER OPERATING FUND	163.02
	11/14/2015	November	Telephone		64.43
	11/14/2015	November	Telephone	01 GENERAL FUND:01.07 Fire Department	172.24

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Edge Analytical	11/14/2015	15-24015	Accounts Payable		-20.00
	11/14/2015	15-24015	Lab Analysis Services	20 WATER OPERATING FUND	20.00
Total Edge Analytical					0.00
OHA Cashier	11/14/2015	QC 104 50204-51061-2220	Accounts Payable		-75.00
	11/14/2015	Cross Connection Fee QC 104 50204-51C Permits		20 WATER OPERATING FUND	75.00
Total OHA Cashier					0.00
Polk County Sheriff's Office	11/14/2015	57586	Accounts Payable		-220.00
	11/14/2015	2ndQtr2015-2016 INV#57586	911 Fee - Fire Department	01 GENERAL FUND:01.07 Fire Departme	220.00
Total Polk County Sheriff's Office					0.00
State Forester	11/14/2015	Inv 16143	Accounts Payable		-174.80
	11/14/2015	Inv 16143 Fire Distrct 59 West	Contractual Services	01 GENERAL FUND:01.01 Administrative	174.80
Total State Forester					0.00
US Bank Visa	11/14/2015	Account Number- 4798 5312 1498 1146	Accounts Payable		-11.50
	11/14/2015	November credit card	Travel/Meeting Expense	01 GENERAL FUND:01.01 Administrative	11.50
Total US Bank Visa					0.00
C & B Carpeting	11/27/2015	Invoice 968	Accounts Payable		-150.00
	11/27/2015	Community Center Bathroom floor repair	Bathroom Maint/Repair	01 GENERAL FUND:01.01 Administrative	75.00
	11/27/2015	Community Center Bathroom floor repair	Bathroom Maint/Repair	01 GENERAL FUND:01.07 Fire Departme	75.00
Total C & B Carpeting					0.00
Consumers Power Inc	11/27/2015	Account # 1155301	Accounts Payable		-148.60
	11/27/2015	November Power	Power/Heat	20 WATER OPERATING FUND	148.60
Total Consumers Power Inc					0.00
Edge Analytical	11/27/2015	15-25144, 15-24014, 15-25100	Accounts Payable		-381.00
	11/27/2015	15-25144	Lab Analysis Services	20 WATER OPERATING FUND	17.00
	11/27/2015	15-24014, 15-25100	Lab Analysis Services	13 SEWER FUND	364.00
Total Edge Analytical					0.00
Falls City Fire Association	11/27/2015	November, December Donation	Accounts Payable		-1,833.32
	11/27/2015	Nov & Dec Donation to Falls City Fire Ass Point System		01 GENERAL FUND:01.07 Fire Departme	1,833.32
Total Falls City Fire Association					0.00
Fortes Plumbing	11/27/2015	Inv- 11814	Accounts Payable		-3.00
	11/27/2015	Inv #11814	Maintenance Supplies	20 WATER OPERATING FUND	3.00
Total Fortes Plumbing					0.00
Frink's General Store	11/27/2015	Invoice 739557	Accounts Payable		-171.06
	11/27/2015	Invoice 739557	Miscellaneous	01 GENERAL FUND:01.03 Parks	10.53
	11/27/2015	Invoice 739557	Small Tools & Supplies	11 STREET FUND	10.53
	11/27/2015	Invoice 739557	Contractual Services	20 WATER OPERATING FUND	150.00
Total Frink's General Store					0.00
Grove, Mueller & Swank, PC	11/27/2015	77815	Accounts Payable		-12,500.00

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Total Grove, Mueller & Swank, PC	11/27/2015	Inv 77815, 2015 Audit	Audit Fees	01 GENERAL FUND:01.01 Administrative	12,500.00
King's Pumping Service	11/27/2015	12252	Accounts Payable		0.00
Total King's Pumping Service	11/27/2015	Inv 12252	Professional Services	13 SEWER FUND	-625.50
League of Oregon Cities	11/27/2015	Inv 130	Accounts Payable		0.00
Total League of Oregon Cities	11/27/2015	Budgeting Class, Inv 130	League of Oregon Cities Dues	01 GENERAL FUND:01.01 Administrative	-150.00
Mid Willamette Valley COG	11/27/2015	1516154	Accounts Payable		0.00
Total Mid Willamette Valley COG	11/27/2015	Inv. 1516154 COG Land Use	Professional Services	01 GENERAL FUND:01.01 Administrative	192.50
OHA-Drinking Water Services	11/27/2015	2016-17, 4 certs, 2 operators	Accounts Payable		-192.50
Total OHA-Drinking Water Services	11/27/2015	Karl water/sewer recnt	Materials & Services	13 SEWER FUND	-240.00
Oregon Department of Revenue	11/27/2015	Don water/sewer recnt	Materials & Services	20 WATER OPERATING FUND	120.00
Total Oregon Department of Revenue	11/27/2015	1108389-1 Haz-mat fee	Accounts Payable		0.00
Petro Card	11/27/2015	Haz-mat Fee	Intergovernmental Services	20 WATER OPERATING FUND	-136.00
Total Petro Card	11/27/2015	Haz-mat Fee	Intergovernmental Services	01 GENERAL FUND:01.03 Parks	27.20
Pitney Bowes	11/27/2015	Haz-mat Fee	Intergovernmental Services	01 GENERAL FUND:01.07 Fire Departm	27.20
Total Pitney Bowes	11/27/2015	Haz-mat Fee	Intergovernmental Services	11 STREET FUND	27.20
Total Oregon Department of Revenue	11/27/2015	Haz-mat Fee	Intergovernmental Services	13 SEWER FUND	27.20
Petro Card	11/27/2015	C00376	Accounts Payable		0.00
Total Petro Card	11/27/2015	20% C00376	Vehicle Operation	11 STREET FUND	-127.32
Pitney Bowes	11/27/2015	20% C00376	Vehicle Operation	13 SEWER FUND	25.46
Total Pitney Bowes	11/27/2015	60% C00376	Vehicle Operation	20 WATER OPERATING FUND	25.46
Secretary of State	11/27/2015	Acct# 1965946866	Accounts Payable		0.00
Total Secretary of State	11/27/2015	Nov 35%	Postage & Freight	13 SEWER FUND	-301.50
Walter E. Nelson Co.	11/27/2015	Nov 50%	Postage & Freight	20 WATER OPERATING FUND	105.52
Total Walter E. Nelson Co.	11/27/2015	Nov 15%	Postage & Freight	01 GENERAL FUND:01.01 Administrative	150.75
Secretary of State	11/27/2015	Filing Fee Audit 14-15	Accounts Payable		45.23
Total Secretary of State	11/27/2015	Filing Fee 14-15 audit	Audit Fees	01 GENERAL FUND:01.01 Administrative	0.00
Walter E. Nelson Co.	11/27/2015	Inv. 29894	Accounts Payable		-200.00
Total Walter E. Nelson Co.	11/27/2015	Invoice #29894	Maintenance Supplies	01 GENERAL FUND:01.07 Fire Departm	147.45
Community Center	11/27/2015	Community Center	Maintenance Supplies	01 GENERAL FUND:01.01 Administrative	36.86
Total Community Center	11/27/2015				110.59

City of Falls City
City Council Regular Meeting
Thursday November 12, 2015
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, Julee Bishop

Staff Present: Domenica Protheroe, City Clerk; JoHanna Hewitt, 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. Mayor Ungricht announced Councilor D. Sickles would be late due to an awards event at the school. Councilor D. Sickles arrived at 7:36 pm.

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 Melin to adopt the entire Agenda. Motion carried 5-0-0. Ayes: Lori Jean Sickles, Jennifer Drill, Tony Meier, Gerald Melin, Julee Bishop

4) Consent Agenda: Motion Action Approving Consent Agenda Items

Councilor Drill questioned several payments to which Mayor Ungricht explained, as regular billings for water testing, power, heating fuel and annual maintenance for City owned properties, as well as City Attorney fees. Clerk Protheroe explained that one of the expenditures was an overpayment refund to a water customer.

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

5) Public Comments:

None.

6) New Business:

A) Worker's Compensation Audit- Mayor Ungricht announced \$3561.81 would be refunded.

B) Council Absences-

Councilor Meier called attention to the Charter adopted by Council, specifically, Section 31. Vacancies: (b)(4) Absence from 5 Council meetings in a calendar year. Councilor Bishop has missed a March two day Work Session and 3 regular meetings 2015. Councilor Meier asked others to define "Meeting". Mayor Ungricht then asked Council to determine if it includes the Work Sessions. Discussion followed whether the two-day work session be considered two meetings or one. Councilor Bishop stated it is impossible for her to make mid-day Work Sessions as she works as a school bus driver. Councilor Meier reassured Councilor Bishop that Vacancy rules were not established to be political. Mayor Ungricht reported the Charter Review Committee had held a lengthy discussion on absences. Councilor Melin expressed the need to be clear and not after the fact, to be open and flexible to work with people but also held accountable. Councilors L. Sickles and Drill concurred that while scheduling Work Sessions last spring, Councilor Bishop's needs went

ignored. Councilors agreed Work Sessions to be interpreted as regular meetings because all are publicly posted. Councilor Drill reminded all of the Councilors of their Oath of Office. Councilor Bishop asked that Council take into account working people. Councilor Bishop said she does not feel mid-day Work Sessions are appropriate. She feels down the road we will have real problems. Councilor L. Sickles added that multiple meetings in a month is hard. All Councilors agreed to try to work with everyone's work schedule when planning Work Sessions in the future. Council determined the March 2015 two-day Work Session be considered a single meeting due to only one public posting.

A motion was made by Councilor Meier and seconded by Councilor L. Sickles that the City Council of the City of Falls City interpret "Meetings" as all meetings publicly posted. Motion carried 3-2-0. Ayes: Jennifer Drill, Tony Meier, Gerald Melin. Nays: Lori Jean Sickles and Julee Bishop

C) Chapter 32 of the Municipal Code, created by Ordinance 538-2014 outlines Committee duties and requirements as well as terms for removal. City Clerk Protheroe advised roll call must be taken at all public meetings, even when no quorum is present to make note of members in attendance and those in absence. Mayor Ungricht commented the Parks and Recreation Committee have not held a quorum in 60 days.

Councilor D. Sickles arrived at 7:36pm.

D) Council Goals Update

Mayor Ungricht informed Council the engineers responding to our Request for Qualifications (RFQ) were shown around the water source intake and are in process of writing proposals. Clerk Protheroe has been experiencing higher than usual land use demands. Code enforcement continues to be a problem. The Mayor is working to address it. He has inquired of several cities to enter into an Inter-governmental Agreement (IGA) to provide code enforcement, but none expressed interest. Councilor Meier asked about Mark Garton- Polk County's newly appointed interim Sheriff and if he would be willing to help. Mayor Ungricht offered to introduce himself to Sheriff Garton. Councilor Drill has scheduled Town Hall meetings as outlined in Goal #3 and incorporated Goal #6 by helping to form a Basic Preparedness and Disaster Plan. Councilor Drill asked if we were having a Special Council meeting to go over code enforcement issues. Mayor Ungricht answered no because there was not additional information to consider. Public Works is in process of placing the newly purchased stop signs.

Councilor Drill thanked the Mayor for his update.

Mayor Ungricht turned on the tape recorder, which previously went overlooked.

E) Planning Assistance Grant

A 2015-2017 planning assistance grant is available from the Department of Land Conservation and Development for \$1000. Mayor Ungricht explained this type of assistance usually goes to the Council of Governments (COG) to pay for services we use. He asked for a motion for Clerk Protheroe to proceed in the application process. Councilor Drill asked if COG was the only option the planning grant could be used for. Mayor Ungricht explained yes, only for planning expenses and that the monies go to COG for their routine services we use.

A motion was made by Councilor G. Melin and seconded by Councilor L. Sickles that the City Council of the City of Falls City allows staff to apply for the Department of Land Conservation and Development 2015-2017 Planning Assistance Grant for \$1000. Motion carried 6-0-0 Ayes: Lori Jean Sickles, Jennifer Drill, Tony Meier, Gerald Melin, Dennis Sickles and Julee Bishop

F) Waste Water Funding

Mayor Ungricht went over the 2014 One Stop project summary showing all funding agencies and shows scenarios through loans and interest rates. He informed Council that if we do not act on improving our present waste water system, the Department of Environmental Quality (DEQ) will step in and mandate improvements causing rates will be considerably higher, perhaps upwards of \$80 or more. Mayor Ungricht said staff is concentrating on the Water Master Plan now, but he is always inquiring with engineers on the wastewater subject. He stressed the City currently has a Facility Plan that was not designed well. The Facility Plan may be modified but needs to be done within original plan parameters in order to be funded. The engineers Mayor Ungricht has conferred with say the original Facility Plan is not as bad as he thinks. Councilor Drill asked why the City has the present predicament to which Mayor Ungricht explained; in order to obtain acceptance for funding in the form of a grant to pay the current Wastewater Plan, the status was changed to a Facility Plan- due to inferiority. A New Wastewater Plan needs to be successful to make up for the failed Facility Plan. The Water Mater Plan bid would be awarded and once in the works, a Request for Personnel (RFP), City Engineer will be released. It is an identified need the for the City. Councilor Drill inquired as to a time frame for the Water Master Plan project. Mayor Ungricht replied one year and 3 months from January 1' 2016 for the Water Plan. For the sewer, City needs more users. Once the Wastewater Plan has been modified, it should be about a year or so.

G) United States Department of Agriculture (USDA) Special Evaluation assistance for Rural Communities and Households (SEARCH) program grant

Mayor Ungricht asked Council to allow staff to proceed in applying for the \$30,000 SEARCH grant available from the USDA to use toward City reimbursement for expenditures on the Water Master Plan.

A motion was made by Councilor D. Sickles and seconded by Councilor Meier that the City Council of the City of Falls City allows staff to apply for the \$30,000 USDA SEARCH program grant. Motion carried 6-0-0
Ayes: Lori Jean Sickles, Jennifer Drill, Tony Meier, Gerald Melin, Dennis Sickles and Julee Bishop

H) Library Advisory Board Appointment

Mayor Ungricht announced Ms. Hake has resigned. She is moving and will be very missed, as she has been an integral part of the Library Advisory Board. The Intergovernmental Agreement (IGA) between the City of Falls City and the Falls City School District, item #4 as set in Resolution 17-2014 allows the City of Falls City and the Falls City School District (FCSD) to establish an advisory board for the Wagner Library. The FCSD has received, approved and recommended to Council a request from Sandra Parks appointing her to the Library Advisory Board. Mayor Ungricht asked for a motion to accept and appoint Sandra Parks to the Board. Councilor Drill would like introductions before voting. Mayor Ungricht said he would get contact information and set up an introduction if Council wishes. Councilor Meier noted that Sandra Parks comes highly recommended from the library as well as the school board.

A motion was made by D. Sickles and seconded by Councilor T. Meier that the City Council of the City of Falls City appoints Sandra Parks to serve on the Wagner Community Library Board. Motion carried 5-1-0
Ayes: Lori Jean Sickles, Tony Meier, Gerald Melin, Dennis Sickles and Julee Bishop. Nays: Jennifer Drill

7) Correspondence, Comments and Ex-Officio Reports

Councilor D. Sickles apologized for his late entrance.

Councilor Melin announced a special event he would like the City to plan for on August 21, 2017. It is a two-minute total solar eclipse. Councilor Melin informed Council that the City of Falls City is

well situated on the direct path from Lincoln City, Oregon on its travel toward the Carolinas which will only take 1 ½ hours for the journey across the US. He added Oregon would have the best weather to view the event. He asked Council for a motion to set up a committee to take advantage and promote the likely tourism. Clerk Protheroe stated a resolution would be needed to set up a committee. Mayor Ungricht said he would put a resolution before Council.

A motion was made by Councilor Melin and seconded by Councilor L. Sickles that City Council of the City of Falls City form a committee to prepare for an event at the time of the total solar eclipse. Motion carried 6-0-0 Ayes: Lori Jean Sickles, Jennifer Drill, Tony Meier, Gerald Melin, Dennis Sickles and Julee Bishop.

Councilor Drill read an announcement from Mid-Willamette Valley Council of Governments (MWVCOG) for Planning Commission training. Mayor Ungricht has spoken to them and there may be a cost break for grouping with other smaller cities. Councilor Drill also announced the fourth Annual Christmas Tree Lighting event will be held December 5, 2015 beginning at 6:30pm and the lighting will take place at 7pm. The Garden Club will be selling holiday crafts at the Mt. Gospel church and refreshments will be available. She announced the next Town Hall meeting set for December 18, 2015 at 7pm. Councilor Drill asked the status of the Falls property. Mayor Ungricht had attempted to set a meeting with Polk County Development Corporation, unfortunately he was preoccupied with an audit was unable to meet. He said he would talk with them and should have an answer next week. Vehicle traffic within the Fay Wilson Riverside Park (basketball court) and the George Kitchen Upper Park (playground equipment) was a concern. Councilor Drill gave totals on two estimates and proposed fencing and gates to keep vehicle traffic out. Mayor Ungricht suggested bringing it up at the upcoming Park and Recreation Committee meeting. He also offered to provide a slightly outdated (2 months old) budget for their review. He urged prioritizing and reminded Council parks bring virtually no monies to the City. Clerk Protheroe clarified that only the gazebo structure rents out, not the park as a whole. Mayor Ungricht added that he is only trying to do what is best for the community and is happy to have direction.

Councilor Bishop touched on Law Enforcement and discussion followed. Mayor Ungricht expressed his disappointment with Polk County Sheriff's Office not responding to our needs. 24-hour patrols will not resume until some point next year in 2016. Councilor Drill shared a recent experience of calling the County for over 4 hours before someone there answered.

Councilor Meier asked Councilor D. Sickles for status of #2 Council Goals- Explore the development of an electric generation facility to power City Operations- a project assigned by Council. Councilor D. Sickles did research on identifying the agencies the City would need to work with for acquiring approval for such a project. Councilor D. Sickles stated he has spent quite a few hours and several phone calls and feels we are not in a position to move forward at the moment due to lack of funding and engineering. He referred to an outdated study done by Oregon State University and that the project would need to start from zero again. He added it would take a significant grant for this project type.

Councilor Drill thanked him for looking into it.

8) **Mayors Report**

Mayor Ungricht has met with the City Attorney concerning Council's decision for restrictions placed on dispensaries allowed within the City incorporating a 1000-foot rule from parks, excluding virtually all commercial and industrial land from dispensary usage. The City Attorney advised there is a difference between making it difficult and making it impossible for dispensaries to locate within City limits. He recommends using the House Bill 3400 (HB3400) provision to ban dispensaries by putting a ban on the ballot before voters in 2016. He also advised that our zoning code does not

need changed to accommodate the federal stipulation as it is not a land use employee's responsibility to make rulings of federal nature. Councilor Drill expressed confusion regarding the City's options and discussion followed to clarify. Councilor Drill offered to contact the City of Wilsonville to which she reports has no dispensaries. The Mayor gave her his encouragement and support to do so. Mayor Ungricht went on to explain that the federal government granted waivers to states who have approved recreational marijuana. This waiver overrides the schedule 1 designation of the substance at the state level. State law prohibits usage 1000 feet from schools. Mayor Ungricht said he understands Council's desire to ban dispensaries, but has "hit a wall". Land use may be restricted but not made so restrictive as to be impossible for a dispensary to locate. Councilor D. Sickles asked what would happen if Council did nothing. Mayor Ungricht responded by saying if there were such a land use application received, we would have to process it and under state law, which limits locations for marijuana dispensaries. He reassured Council he wants to uphold their wishes but the proposed restriction goes against HB3400, and would the door legal actions.

Mayor recognized Vicky Tatum of Falls City- Ms. Tatum stated her concern for the very low economy of Falls City and suggested a dispensary may help to bring in revenue. Ms. Tatum explained she has no vices but used marijuana for pain management the past 5 years, adding she has been a Certified Nursing Assistant for 22 years. She urged Council not to stifle anything like marijuana dispensaries out here. Ms. Tatum reminded Council Falls City has no law enforcement and that the County does not want to come out for these things. She feels economically it makes sense to bring revenue to town, collect taxes and bring in money & products from outlying areas. People would otherwise have to drive to Salem, Albany, Portland and Eugene. Ms. Tatum closed by saying that marijuana can really be a helpful thing.

Mayor Ungricht thanked Ms. Tatum for her input. He then noted that if there is a ballot vote to ban marijuana dispensaries, the City would not receive a share of taxes collected by the State. He added that under legal counsel, if someone should submit an application for a dispensary with suitable land within City limits, the City would be hard-pressed not to move forward. Mayor Ungricht advised Council that the City of Cave Junction is in process of litigation for denying a marijuana dispensary application based on their interpretation of laws and their zoning code. Councilor Drill is uncomfortable with these limited options and is not willing to fold and urged Council not go along with everyone else. Mayor Ungricht reiterated that Council decision is subject to federal and state laws, which are limiting factors to Council options.

Mayor Ungricht said the Federal Land Access Program (FLAP) Grant application was denied, most likely due to Weyerhaeuser's gates being closed preventing access to Federal Lands. He spoke with Todd Whitaker, Director of Polk County Public Works/County Engineer, Weyerhaeuser and County Commissioner Mike Ainsworth. Whitaker would like to reapply for this grant next year. Whitaker and Ainsworth are in process of negotiating with Weyerhaeuser to keep the gates open. Mayor Ungricht noted the City still has \$95,000 that was awarded for the Dutch Creek Crossing and it is available during the next 4 ½ years. Blocked access to Federal Land does not affect City residents, only county, Black Rock bicycle users and log trucks. Weyerhaeuser has been notified the City would not put more monies into Dutch Creek Crossing if the gates do not remain open.

The Fire Department appointed a small group to identify a nonprofit group to take over the planning and execution of the July 3rd events. Council voted to turn it over to another group to protect the City's recreational immunity. Mayor Ungricht asked if Council wanted to appoint a sub group to work with the Fire Department to organize the event or to wait for Parks and Recreation to handle it. He reiterated Parks and Recreation Committee has not met for 60 days and a decision

needs to be made. He added staff would prefer a local community group. This sub group would formulate viable means of revenue, coordinate and run the 3rd of July event.

Several women in the community are putting a calendar together to raise monies for our parks.

Mayor Ungricht will be out of town November 19 through 24, 2015.

Mayor Ungricht brought to Council's attention of rates hikes with Oregon Health Authority (OHA), which administers water regulations affecting the City. Mayor Ungricht noted our fees have gone from \$750.00 to \$4,125.00. In addition, our water rights have increased from \$600.00 to \$3,300.00. He wanted to make Council aware of the increases.

Mayor Ungricht requested Council to approve his attendance at for Budget training to be held in Coos Bay, Oregon sponsored by League of Oregon Cities (LOC) with a cost of \$150.00. It would also require expenses for one night's lodging.

A motion was made by Councilor D. Sickles and seconded by T. Meier for the City Council of the City of Falls City to allow Mayor Ungricht to attend budgeting training and approve the cost of his 1 night lodging. Motion carried. Ayes: Lori Jean Sickles, Jennifer Drill, Tony Meier, Gerald Melin, Dennis Sickles and Julee Bishop

9) Council Announcements

City Clerk Protheroe announced a legislative Town Hall Meeting with state Representative David Gromberg, Wednesday November 18 between 5-6 pm.

City Clerk Protheroe reminded all present of the free Community Thanksgiving Dinner Potluck taking place on Saturday, November 21, from 11am until 3pm at the Community Center. Food donations are needed and lists of items are available at the store and City Hall.

10) Adjourn

The meeting adjourned at 8:35 pm.

_____ Mayor Terry Ungricht

Attested: _____ City Clerk JoHanna Hewitt

AGENDA REPORT

TO: CITY COUNCIL
FROM: MAYOR UNGRICHT
SUBJECT: ECONOMIC DEVELOPMENT COMMITTEE
DATE: 12/3/2015

SUMMARY

At the November 12, 2015 Falls City Council meeting Staff was directed to establish an economic development committee.

BACKGROUND

Falls City Council directed staff to bring a resolution establishing an economic development committee. The Committee is to be tasked with creating an event for the August 21, 2015 solar eclipse and to follow goal #4, item 1, of the 2015 Council Goals.

PREVIOUS COUNCIL ACTION

N/A

ALTERNATIVES/FINANCIAL IMPLICATIONS

N/A

STAFF RECOMMENDATION

Staff recommends approval of Resolution 13-2015 approving the establishment of an Economic Development Committee.

EXHIBIT

Resolution 13-2015.

PROPOSED MOTION

I move the City Council of the City of Falls City approve Resolution 13-2015 A Resolution establishing an Economic Development Committee.

RESOLUTION 13-2015

A RESOLUTION OF THE CITY COUNCIL OF FALLS CITY, OREGON ESTABLISHING AN ECONOMIC DEVELOPMENT COMMITTEE TO EVALUATE AND MAKE RECOMMENDATIONS TO THE COUNCIL FOR GUIDANCE ON WAYS TO BRING IN EMPLOYMENT, ENCOURAGE NEW BUSINESSES, AND ENCOURAGE SPECIAL EVENTS.

FINDINGS:

1. Goal # 4, item 1, of the 2015 Council Goals is to create an Economic Development Committee.
2. The Mayor and Council values input of its citizens
3. To increase the viability and stability of the economy of Falls City as a rural residential and commercial center.
4. There will be a total solar eclipse on August 21, 2017 and Council would like to weigh the possibilities of creating an event to draw tourist.

**NOW THEREFORE,
THE COMMON COUNCIL OF THE CITY OF FALLS CITY RESOLVES AS
FOLLOWS:**

Section 1. The Economic Development Committee is hereby established as follows:

- A. The Economic Development Committee shall be comprised of no more than seven members all of whom shall be residents of the City.
- B. The City shall solicit applications for the Economic Development Committee from members of the public.
- C. There will be two members of the City Council and 5 members appointed by City Council.
- D. The Committee will keep minutes per the Oregon Public Meetings Law.

Section 2. The Economic Development Committee has the following duties and responsibilities:

- A. To solicit citizen input regarding these issues by public forums or other processes.
- B. To keep Council informed of direction of discussions.
- C. To prepare a final report by February 9, 2017 or before.
- D. Committee will be deemed void after final report is submitted.

Section 3. Minimum Attendance Requirements:

- A. It is expected that appointed members should attend each meeting. Should a member fail to attend two (2) consecutive meetings, that member shall be deemed to have vacated his or her position.
- B. A Majority of the Committee shall constitute a quorum.

Section 4. All meetings of the Economic Development Committee shall be noticed and open to the public. The public shall be encouraged to submit verbal and written comments to the Committee. The Committee shall have minutes of each meeting, which minutes shall be promptly recorded with City Staff and such records will be open to the public for inspection.

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Section 5. This Resolution was duly PASSED and ADOPTED by the Falls City Council this Tenth (10) day of December, 2015, and takes effect upon signing by the Mayor.

Introduced and adopted December 10, 2015:

Date

Terry Ungricht, Mayor

Attest:

Date

Domenica Protheroe, City Clerk

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AGENDA REPORT

TO: CITY COUNCIL
FROM: MAYOR UNGRICHT
SUBJECT: SMALL CITY ALLOTMENT GRANT
DATE: 12/3/2015

SUMMARY

The State of Oregon Transportation Commission administers a portion of state highways funds. These funds are to be allotted to small cities with populations of less than 5,000 for streets that are locally managed and are inadequate for the capacity they serve or in a condition detrimental to safety.

BACKGROUND

Falls City has limited resources and road maintenance is a safety concern. The City has applied for this allotment in the past and has been awarded funds for paving on Bridge Street. The proposed project is S. Main Street from the intersection at Bridge Street and heading East approximately 550 feet. This would greatly improve the approach to the intersection where the pavement is worn, cracked and beginning to form potholes. This is a high traffic street and repaving this area would reduce safety concerns.

The Falls City Council approved Resolution 10-2015 that allowed the City to apply for the grant. Resolution 14-2015 would allow the City to enter into an agreement with the Oregon Department of Transportation for the prescribed work.

PREVIOUS COUNCIL ACTION

Acceptance of Resolution 10-2015 to apply for the grant.

ALTERNATIVES/FINANCIAL IMPLICATIONS

the alternative is not to enter into the agreement.

STAFF RECOMMENDATION

Staff recommends approval of Resolution 14-2015 approving the agreement between the City of Falls City and the Oregon Department of Transportation.

EXHIBIT

Resolution 14-2015 and the agreement.

PROPOSED MOTION

I move the City Council of the City of Falls City approve Resolution 14-2015 A Resolution entering into an agreement between Falls City and the Oregon Department of Transportation.

RESOLUTION 14-2015

A RESOLUTION AUTHORIZING AN AGREEMENT WITH THE STATE OF OREGON DEPARTMENT OF TRANSPORTATION TO RECEIVE THE SMALL CITIES ALLOTMENT GRANT.

FINDINGS:

1. The City of Falls City desires to accept the Small Cities Allotment Grant from the Oregon Department of Transportation.

NOW THEREFORE,

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

Section 1. The agreement, which is attached hereto and incorporated herein by this reference is hereby approved and adopted by this Resolution.

Section 2. This Resolution was duly PASSED and ADOPTED by the Falls City Council this Tenth (10) day of December 2015, and takes effect upon signing by the Mayor.

Approved:

Date

Terry Ungricht, Mayor

Attest:

Date

Domenica Protheroe, City Clerk

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2016 SPECIAL CITY ALLOTMENT AGREEMENT
South Main Street: Bridge Street to 500 Feet East
City of Falls City

THIS AGREEMENT is made and entered into by and between the STATE OF OREGON, acting by and through its Department of Transportation, hereinafter referred to as "State;" and the CITY OF FALLS CITY, acting by and through its elected officials, hereinafter referred to as "Agency," both herein referred to individually or collectively as "Party" or "Parties."

RECITALS

1. South Main Street is part of the city street system under the jurisdiction and control of Agency.
2. By the authority granted in Oregon Revised Statutes (ORS 190.110, 366.800, and 366.805), there has been withdrawn from State Highway Funds appropriated for allocation to cities of the State of Oregon the sum of \$500,000 and an additional \$500,000 available to the Oregon Department of Transportation from the State Highway Fund. These sums have been set up in a separate account to be administered by the Oregon Department of Transportation. The \$1,000,000 shall be allotted each year by State for use upon city streets that are not a part of the state highway system, that are within cities with populations of 5,000 or fewer persons, and that are inadequate for the capacity they serve or are in a condition detrimental to safety. No one project can receive more than \$50,000.

NOW THEREFORE, the premises being in general as stated in the foregoing Recitals, it is agreed by and between the Parties hereto as follows:

TERMS OF AGREEMENT

1. By the authority granted in ORS 366.805(2), Agency has requested monies from this account for a new pavement overlay along South Main Street starting at the intersection of Bridge Street to approximately 500 feet east, hereinafter referred to as "Project." The total estimated cost of the Project is \$49,950. The location of the Project is approximately as shown on the map attached hereto, marked "Exhibit A," and by this reference made a part hereof.
2. State has considered Agency's request for the Project and has determined that this Project is eligible for funding under the Special City Allotment (SCA) Program.
3. The Parties hereto mutually agree and understand that the cost of the Project will be paid for with SCA funds and by Agency as follows: SCA funds will pay for eligible Project costs up to an amount not to exceed \$50,000, and Agency shall pay any costs in excess of \$50,000. State shall issue payments after January 1, 2016. Only work

begun after the effective date of this Agreement is eligible for reimbursement with SCA funds.

4. Documented cost of preliminary engineering and construction engineering services performed by the Agency, or the Agency's consultant, are eligible Project costs.
5. The term of this Agreement will begin upon execution and will terminate two (2) years following the date of final execution unless extended by an executed amendment.

AGENCY OBLIGATIONS

1. Agency shall conduct all right of way activities in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, ORS Chapter 35, Federal-Aid Policy Guide, Code of Federal Regulations (CFR) and the ODOT Right of Way Manual, and Title 23 CFR Part 710 and Title 49 CFR Part 24.
2. Agency shall assume management and financial responsibility for the acquisition of all right of way. Right of way may be acquired by Agency or on behalf of Agency (by consultants or State) at Agency's choice. If State performs the acquisition, a Right of Way Services Agreement shall be executed setting forth the responsibilities of each Party.
3. Agency shall assume management and financial responsibility (at no expense to State) for the adjustment, reconstruction, and relocation of utility installations, including all privately or publicly owned utility conduits, lines, poles, mains, pipes and all other facilities of every kind and nature where such relocation or reconstruction is required for Project completion.
4. Agency shall prepare, or cause to be prepared, the plans and specifications for the Project, advertise the Project, contract the work, perform the construction engineering, and make the necessary contract payments.
5. Agency shall, during the course of the work, accumulate and retain documentation of all Project costs.
6. Agency shall, upon completion of Project, certify to State that Project is complete and in substantial conformance with the plans and controlling specifications. Agency shall submit an invoice for the remaining cost of Project which, when added to the amount previously advanced by State, shall not exceed the actual total cost of Project or \$50,000, whichever is less.
7. Agency shall assume management and financial responsibility for the ongoing maintenance of Project following construction completion.

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8. Agency understands those streets or portions of streets, upon which SCA funds have been expended, are not eligible for additional SCA funds for a period of ten (10) years following the approval of such funds.
9. Agency understands that if Project is canceled by Agency, or not completed within the time requirements or in accordance with the terms of this Agreement, after Agency has received the advance of one-half (50 percent) of the estimated cost of Project or \$25,000, whichever is less, Agency shall immediately repay to State the full amount of the advance.
10. All employers, including Agency, that employ subject workers who work under this Agreement in the State of Oregon shall comply with ORS 656.017 and provide the required Workers' Compensation coverage unless such employers are exempt under ORS 656.126. Employers Liability insurance with coverage limits of not less than \$500,000 must be included. Agency shall ensure that each of its contractors complies with these requirements.
11. Agency shall comply with all federal, state, and local laws, regulations, executive orders and ordinances applicable to the work under this Agreement, including, without limitation, the provisions of ORS 279C.505, 279C.515, 279C.520, 279C.530, and 279B.270 incorporated herein by reference and made a part hereof. Without limiting the generality of the foregoing, Agency expressly agrees to comply with (i) Title VI of Civil Rights Act of 1964; (ii) Title V and Section 504 of the Rehabilitation Act of 1973; (iii) the Americans with Disabilities Act of 1990 and ORS 659A.142; (iv) all regulations and administrative rules established pursuant to the foregoing laws; and (v) all other applicable requirements of federal and state civil rights and rehabilitation statutes, rules and regulations.
12. Agency acknowledges and agrees that State, the Oregon Secretary of State's Office, the federal government, and their duly authorized representatives shall have access to the books, documents, papers, and records of Agency which are directly pertinent to this Agreement for the purpose of making audit, examination, excerpts, and transcripts for a period of six (6) years after final payment. Copies of applicable records shall be made available upon request. Payment for costs of copies is reimbursable by State.
13. Agency certifies and represents that the individual(s) signing this Agreement has been authorized to enter into and execute this Agreement on behalf of Agency, under the direction or approval of its governing body, commission, board, officers, members or representatives, and to legally bind Agency.
14. Agency shall require its contractor(s) and subcontractor(s) that are not units of local government as defined in ORS 190.003, if any, to indemnify, defend, save and hold harmless the State of Oregon, Oregon Transportation Commission and its members, Oregon Department of Transportation and its officers, employees and agents from

and against any and all claims, actions, liabilities, damages, losses, or expenses, including attorneys' fees, arising from a tort, as now or hereafter defined in ORS 30.260, caused or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Agency's contractor or any of the officers, agents, employees or subcontractors of the contractor ("Claims"). It is the specific intention of the Parties that State shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the State, be indemnified by the contractor and subcontractor from and against any and all Claims.

15. Any such indemnification shall also provide that neither Agency's contractor and subcontractor nor any attorney engaged by Agency's contractor and subcontractor shall defend any claim in the name of the State of Oregon or any agency of the State of Oregon, nor purport to act as legal representative of the State of Oregon or any of its agencies, without the prior written consent of the Oregon Attorney General. The State of Oregon may, at any time at its election assume its own defense and settlement in the event that it determines that Agency's contractor is prohibited from defending the State of Oregon, or that Agency's contractor is not adequately defending the State of Oregon's interests, or that an important governmental principle is at issue or that it is in the best interests of the State of Oregon to do so. The State of Oregon reserves all rights to pursue claims it may have against Agency's contractor if the State of Oregon elects to assume its own defense.
16. Agency's Project Manager of this Project is Terry Ungricht, Mayor/City Manager, City of Falls City, 299 Mill Street, Falls City, Oregon 97344; phone: (503) 787-3631; email: mayorungricht@fallscityoregon.gov, or assigned designee upon individual's absence. Agency shall notify the other Party in writing of any contact information changes during the term of this Agreement.

STATE OBLIGATIONS

1. State shall administer the funds in the SCA account in the following manner:
 - a. After January 1, 2016, at Agency's request, State may, upon execution of this Agreement, and concurrence on the plans and specifications, forward to the Agency an advance deposit equal one-half (50 percent) of the estimated cost of the Project, not to exceed \$25,000.
 - b. State shall, upon satisfactory final inspection by State and certification of acceptance of work by the Agency, accompanied by documentation of all Project costs, make final payment to Agency. Total payments to Agency, including advance deposit payment, shall not exceed a total of \$50,000.
2. State's Project Manager for this Project is Brennan Burbank, Local Project Delivery Coordinator, ODOT, Region 2, 455 Airport Road SE, Building B, Salem, Oregon 97301; phone: (503) 986-2650; email: brennan.s.burbank@odot.state.or.us, or

assigned designee upon individual's absence. State shall notify the other Party in writing of any contact information changes during the term of this Agreement.

GENERAL PROVISIONS

1. This Agreement may be terminated by mutual written consent of both Parties.
2. State may terminate this Agreement effective upon delivery of written notice to Agency, or at such later date as may be established by State, under any of the following conditions:
 - a. If Agency fails to provide services called for by this Agreement within the time specified herein or any extension thereof.
 - b. If Agency fails to perform any of the other provisions of this Agreement, or so fails to pursue the work as to endanger performance of this Agreement in accordance with its terms, and after receipt of written notice from State fails to correct such failures within ten (10) days or such longer period as State may authorize.
 - c. If State fails to receive funding, appropriations, limitations, or other expenditure authority sufficient to allow State, in the exercise of its reasonable administrative discretion, to continue to make payments for performance of this Agreement.
 - d. If federal or state laws, regulations or guidelines are modified or interpreted in such a way that either the work under this Agreement is prohibited or State is prohibited from paying for such work from the planned funding source.
3. Any termination of this Agreement shall not prejudice any rights or obligations accrued to the Parties prior to termination.
4. If any third party makes any claim or brings any action, suit or proceeding alleging a tort as now or hereafter defined in ORS 30.260 ("Third Party Claim") against State or Agency with respect to which the other Party may have liability, the notified Party must promptly notify the other Party in writing of the Third Party Claim and deliver to the other Party a copy of the claim, process, and all legal pleadings with respect to the Third Party Claim. Each Party is entitled to participate in the defense of a Third Party Claim, and to defend a Third Party Claim with counsel of its own choosing. Receipt by a Party of the notice and copies required in this paragraph and meaningful opportunity for the Party to participate in the investigation, defense and settlement of the Third Party Claim with counsel of its own choosing are conditions precedent to that Party's liability with respect to the Third Party Claim.
5. With respect to a Third Party Claim for which the State is jointly liable with Agency (or would be if joined in the Third Party Claim), State shall contribute to the amount of expenses (including attorneys' fees), judgments, fines, and amounts paid in

settlement actually and reasonably incurred and paid or payable by Agency in such proportion as is appropriate to reflect the relative fault of State on the one hand and of Agency on the other hand in connection with the events which resulted in such expenses, judgments, fines or settlement amounts, as well as any other relevant equitable considerations. The relative fault of State on the one hand and of Agency on the other hand shall be determined by reference to, among other things, the Parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such expenses, judgments, fines or settlement amounts. State's contribution amount in any instance is capped to the same extent it would have been capped under Oregon law, including the Oregon Tort Claims Act, ORS 30.260 to 30.300, if the State had sole liability in the proceeding.

6. With respect to a Third Party Claim for which Agency is jointly liable with State (or would be if joined in the Third Party Claim), Agency shall contribute to the amount of expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by State in such proportion as is appropriate to reflect the relative fault of Agency on the one hand and of State on the other hand in connection with the events which resulted in such expenses, judgments, fines or settlement amounts, as well as any other relevant equitable considerations. The relative fault of Agency on the one hand and of State on the other hand shall be determined by reference to, among other things, the Parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such expenses, judgments, fines or settlement amounts. Agency's contribution amount in any instance is capped to the same extent it would have been capped under Oregon law, including the Oregon Tort Claims Act, ORS 30.260 to 30.300, if it had sole liability in the proceeding.
7. The Parties shall attempt in good faith to resolve any dispute arising out of this Agreement. In addition, the Parties may agree to utilize a jointly selected mediator or arbitrator (for non-binding arbitration) to resolve the dispute short of litigation.
8. Agency maintenance responsibilities shall survive termination of this Agreement if Project is completed and accepted.
9. This Agreement may be executed in several counterparts (facsimile or otherwise) all of which when taken together shall constitute one Agreement binding on all Parties, notwithstanding that all Parties are not signatories to the same counterpart. Each copy of this Agreement so executed shall constitute an original.
10. This Agreement and attached exhibits constitute the entire agreement between the Parties on the subject matter hereof. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Agreement. No waiver, consent, modification or change of terms of this Agreement shall bind either Party unless in writing and signed by both Parties and all necessary approvals have been obtained. Such waiver, consent, modification or change, if made, shall be

effective only in the specific instance and for the specific purpose given. The failure of State to enforce any provision of this Agreement shall not constitute a waiver by State of that or any other provision.

THE PARTIES, by execution of this Agreement, hereby acknowledge that its signing representatives have read this Agreement, understand it, and agree to be bound by its terms and conditions.

The Project was approved on October 14, 2015 by the Program and Funding Services Manager.

CITY OF FALLS CITY, by and through its elected officials

By Terry Ungricht
Mayor

Date 11/17/2015

APPROVED AS TO LEGAL FORM

By Ross Williamson
City Legal Counsel Ross Williamson

Date 11/17/2015

Agency Contact:

Terry Ungricht, Mayor/City Manager
City of Falls City
299 Mill Street
Falls City, OR 97344
Phone: (503) 787-3631
Email: mavorungricht@fallscityoregon.gov

STATE OF OREGON, by and through its Department of Transportation

By _____
Region 2 Manager

Date _____

APPROVAL RECOMMENDED

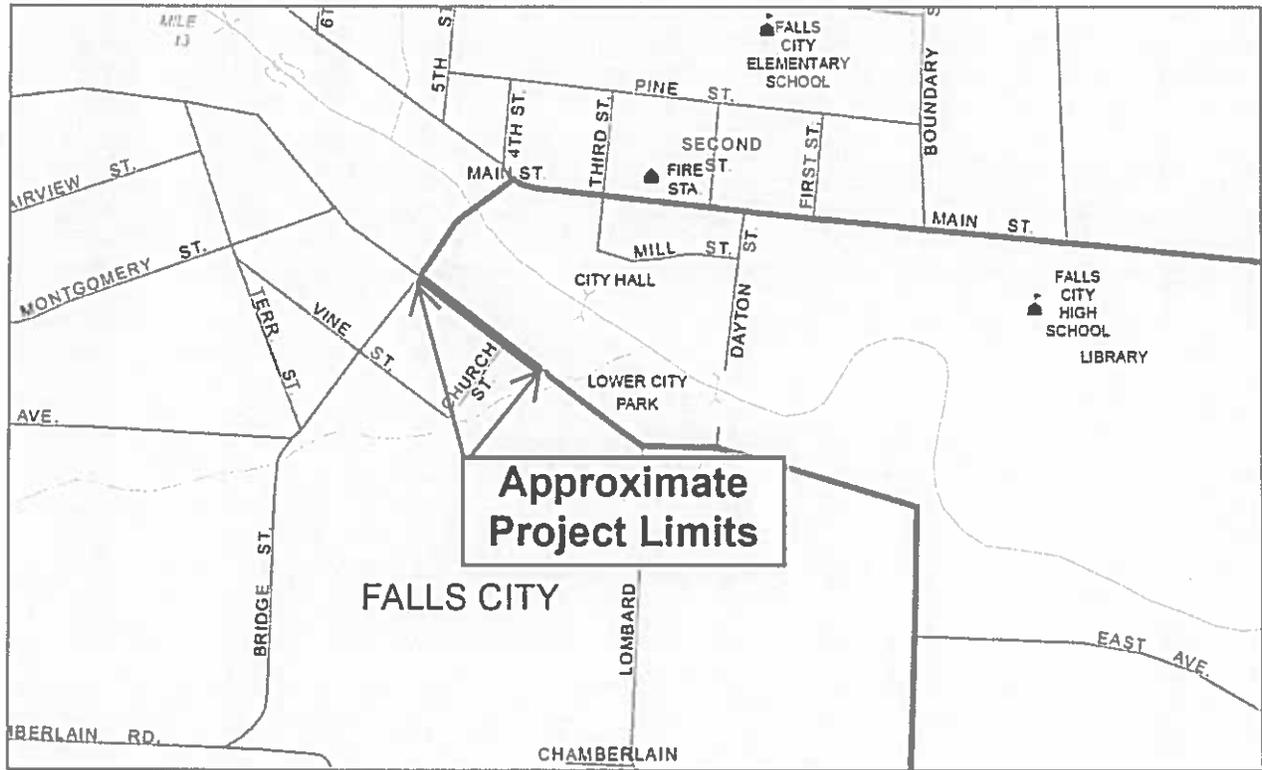
By _____
Region 2 Planning and Development
Manager

Date _____

State Contact:

Brennan Burbank
Local Project Delivery Coordinator
ODOT, Region 2
455 Airport Road SE, Bldg. B
Salem, OR 97301
Phone: (503) 986-2650
Email: brennan.s.burbank@odot.state.or.us

EXHIBIT A
Project Location Map
South Main Street: Bridge Street to 500 Feet East



AGENDA REPORT

TO: CITY COUNCIL
FROM: MAYOR TERRY UNGRICHT
SUBJECT: PUBLIC WORKS COMMITTEE RECOMMENDATION
DATE: 11/18/2015

SUMMARY

The Council directed the Public Works Committee to give a recommendation on utility rates.

BACKGROUND

At the September 10, 2015 City Council meeting there was a discussion on a rate increase in the Waste Water user fees. Council moved the issue to the Public Works Committee. The issue was put forward at the November 5, 2015 Public Works Committee. After studying the issue the Committee decided that there was a need to increase the sewer user fees but felt that \$3.00 to \$5.00 would not have a great impact on raising needed revenue for the fund. They recommended that Staff keep working towards a solution on upgrading the system, which will lead to setting new rates.

During the meeting the Committee did also look at the current Utility Reserve Account rates and felt that a rate increase was warranted. The Committee moved forward two recommendations, a motion was made and passed to raise rates to the Utility Reserve fund by \$3.00, from the current \$7.00 to \$10.00 which passed 4 ayeas-2 nays. In order to try and bring a unanimous decision to Council a 2nd motion was made to raise the fees by \$2.00, this motion also passed 4 ayes-nays.

So the final recommendation to Council is that the Council raises the Utility Reserve Fund by 2 to 4 dollars

PREVIOUS COUNCIL/COMMITTEE ACTION

Moved to have the Public Works Committee give recommendation on utility rates.

ALTERNATIVES/FINANCIAL IMPLICATIONS

A \$2.00 increase would raise an estimated \$800.00 monthly/\$9600.00 yearly.
A \$3.00 increase would raise an estimated \$1200.00 monthly/\$14,400.00 yearly.

STAFF RECCOMENDATION

Staff recommends supporting the \$3.00 increase. This will create reserves for when we look at upgrading the water and sewer system and more importantly help cover costs if there are any major break downs within the waste water system.

EXHIBIT

PROPOSED MOTIONS

I move that the City Council of the City of Falls City direct staff to submit a resolution raising the Capitol Improvement Fees by \$3.00 per month to take effect on the March Billing.

I move that the City Council of the City of Falls City direct staff to submit a resolution raising the Capitol Improvement Fees by \$2.00 per month to take effect on the March Billing.

AGENDA REPORT

TO: CITY COUNCIL
FROM: MAYOR TERRY UNGRICHT
SUBJECT: MARIJUANA UPDATE
DATE: 11/18/2015

SUMMARY

Falls City Council declined to license Medical Dispensaries by using the Federal Regulations.

BACKGROUND

With the passage of Recreational Marijuana, Initiative 91, Council needs to direct Staff on the licensing of sales, processing, and production of Marijuana in Falls City. If Council bans outside of the allowable bans under HB-3400, we could be looking at defending those procedures in Court. HB-3400 allows banning under the following procedures, Counties that voted against the measure by 55% can ban, Polk was 52.25% against. Jurisdictions in Counties that voted less than the 55% against can ban by ordinance which is in effect until the first general election where they have to submit the Ordinance to the voters. Falls City voted in favor of recreational Marijuana by 58.2%. If Falls City votes to ban it restricts the city from collecting any taxes and restricts our ability to add the 3% City tax on Marijuana.

With HB 3400, we are now dealing with two marijuana systems (medical and recreational) with a total of seven licenses.

Under the medical system, we have licenses for: medical dispensary, medical producer (grow), and medical processor.

Under the recreational system, we have licenses for: recreational retail, recreational producer (grow), recreational processor, and recreational wholesaler.

State law provides the following restrictions on the licenses:

- Medical dispensary. A medical dispensary cannot be closer than 1,000 feet of a school, or closer than 1,000 feet of another medical dispensary. A medical dispensary cannot be at the same address as a medical grow site (medical producers). A medical dispensary cannot be located in a residential zone.
- Medical producer and recreational producer. These licenses are for grow sites. There is no state law zoning limitations on location of producers. There are also no state law setback limitations. There are limits on the number of plants for medical producers and the size of the grow area for recreational retailers.
- Medical processors and recreational processors. These licenses are for the folks that trim plants or turn leaf into other products (like edibles or liquids). The only state limitation is that a processor that makes extracts (e.g., oils) cannot locate in a residential zone. Otherwise, no state law zoning limitations on location. No state law setback limitations. So, a processor that does not make extracts has no limitations on location under state law.

- Recreational wholesalers. These licenses are for the folks that buy marijuana from producers and processors and sell it to retailers. A wholesaler cannot sell directly to the public. A wholesaler may not locate in a residential zone.
- Recreational retailers. State law states that recreational retail businesses may not locate within 1,000 feet of a school. State law also provides that a retailer may not locate in a residential zone. Otherwise, no state limits on zoning location or setback limitations.

There are four motion examples below. Motion 1 would allow the City to collect their portion of recreational taxes and protect us under State Law. Motion 2 would follow the banning procedure under HB-3400, also protecting us under State Law. Motion 3 would open us to Court action; Cave Junction is already involved in a suit under this form of ban. There are other ways of banning that could be explored in Land Use, but this would take time, so if Council is firm in banning I would suggest motion number 4 that directs opening our Development Code to explore legal ways of prohibiting the sales, production, and processing of Marijuana or to allow the citizens to decide the issue at the ballot, this also carries risk of legal action.

PREVIOUS COUNCIL/COMMITTEE ACTION

Passed Ordinance 539-2014 and 541-2015, did not pass Ordinance 537-2014, and passed resolution 11-2015.

ALTERNATIVES/FINANCIAL IMPLICATIONS

Without changing the land use process Falls City could be subject to a lawsuit and Legislation has voided our procedure for taxing Marijuana.

STAFF RECCOMENDATION

Communicate to staff how Council would like to proceed on zoning and taxing of Marijuana. Staff recommends following under the procedures of HB-3400.

EXHIBIT

Exhibit A, Falls City Map

Exhibit B, Precinct and County vote totals on Measure 91.

PROPOSED MOTIONS

I move the City Council of the City of Falls City follow the procedures of HB-3400 in regulating Measure 91 and that staff produce an ordinance to submit to voters in November 2016 General Election to add a 3% City tax on the sales and processing of Marijuana.

I move the City Council of the City of Falls City direct staff to draft an Ordinance to ban the sales, production, and processing of Recreational Marijuana allowed under Measure 91 and submit the Ordinance to the voters in the November 2016 General Election.

I move that the City Council of the City of Falls City direct staff to create a plan, cost estimate, and supplemental budget if required by the cost estimate, for a Legislative amendment to the Falls City Zoning and Development Code Ordinance to limit marijuana dispensaries and grow facilities within the commercial and commercial/industrial zone.

I move the City Council of the City of Falls City ban the sales, processing, and production of Marijuana per the Federal rules of our Land and Development Code.

The State offers a map showing the 1000 foot distance from schools.
google: olcc marijuana, click on Medical Marijuana on left side,
Dispensary Program

Click on School locator Map, left side.

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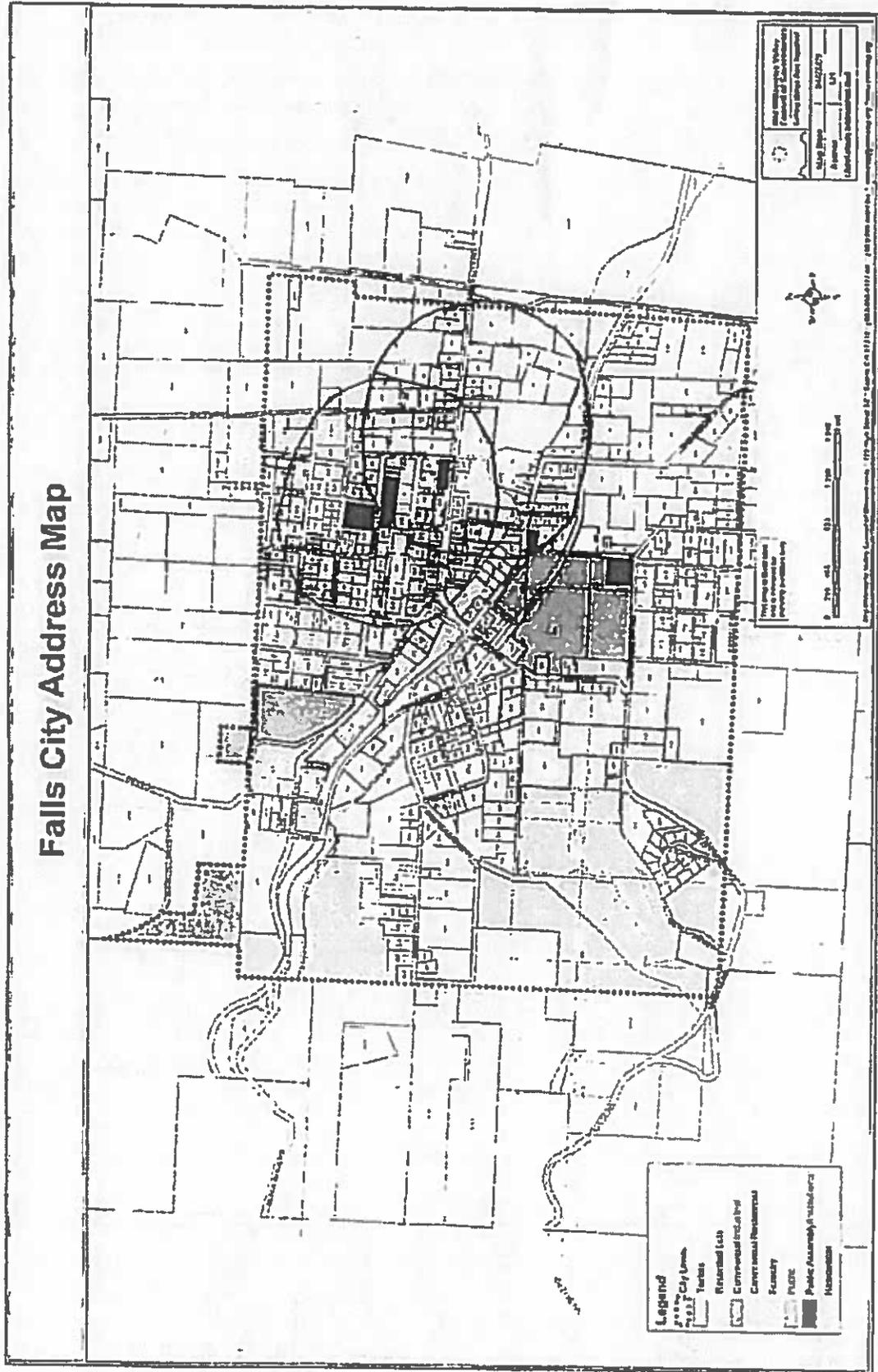


EXHIBIT A

NAME HEADING CANVASS

RUN DATE: 11/18/14 05:03 PM

State Measure 91

Vote For 1

Polk County, Oregon
General Election
November 4, 2014

	Y e s (NON)	N o (NON)	OV E T R E S	UV V O T E R S
0102 102	252	345	0	7
0106 106	518	555	2	9
0110 110	274	194	0	7
0118 118	1038	1194	0	19
0122 122	461	588	0	10
0134 134	1625	1949	1	38
0136 136	1072	1300	2	25
0140 140	761	509	0	12
0146 146	1409	1573	1	40
0152 152	1372	1858	4	32
0154 154	1060	1442	1	33
0156 156	918	859	0	26
0162 162	720	1054	0	29
0166 166	330	237	1	8
0178 178	1533	1397	2	36
0182 182	1354	1030	1	31
CANDIDATE TOTALS	14697	16084	15	362
CANDIDATE PERCENT	47.74	52.25		

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AGENDA REPORT

TO: CITY COUNCIL
FROM: MAYOR TERRY UNGRICHT
SUBJECT: 3RD OF JULY
DATE: 11/25/2015

SUMMARY

The City of Falls City has co-sponsored with the Falls City Fire Association an annual 3rd of July event.

BACKGROUND

With the confusion on the 3rd of July 2015 event, staff wanted to update Council on where we were for the 2016 event. At the follow up meeting with the Parks Committee in August it was recommended that we have an early plan in place for the 2016 event. I attended the September Fire Association meeting and they appointed 3 members to meet with 3 City/Committee members to plan for the feasibility of the 2016 event. I have approached the Parks Committee and Council for members; no one has stepped forward to volunteer.

For the 2016 year, staff is going to be extremely busy with the Master Water Plan and the modifying of the Waste Water Facility Plan. Both of these plans will take a lot of staff time. It has been discussed that (and we tried last year) to hand the 3rd of July event over to a community group to plan, organize, and administer. It is hoped that with a group running the function that there will be a way for that organization to earn some income off the event.

The Fire Association is concerned on the increase of the costs of Fireworks, they have historically purchased and put on the show, while the City covered insurance, toilets, security, and clean up. The insurance rider costs \$870 last year and is expected to rise, the porta potties were \$690, and the Security firm was \$385.00 plus staff time. We budgeted \$1000.00 and spent out \$1945.00.

PREVIOUS COUNCIL/COMMITTEE ACTION

N/A

ALTERNATIVES/FINANCIAL IMPLICATIONS

N/A

STAFF RECOMMENDATION

Staff will not have time to plan and administer the event. If there is not a citizen group that wants to take on the event we recommend scaling the celebration down to a cook out and games in the upper park.

EXHIBIT

1) An Explanation on Recreational Immunity from CIS.

PROPOSED MOTIONS

N/A



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Oregon's Recreational Immunity

Oregonians have enjoyed immunity from liability arising from injuries sustained by users of their land for certain recreational purposes (ORS 105.682 et seq.). The immunity was broadly available so long as the land owner did not charge for use of the property and the use was for recreational purposes. This immunity has been a real help in keeping the number and cost of claims down when, for instance, people are injured while using skateboard parks, BMX tracks, play equipment, hiking trails, beaches, etc.

Recent court decisions have chipped away at this immunity, however. Many public entities have charged for RV or other camping sites in a park, or for parking while using the park or for cleanup of the park. It had long been believed that these charges were not 'charges for use of the park' and thus the charge would not cancel out the immunity. Now, fees for use of certain areas of the park may result in loss of the immunity in the entire park unless certain steps are taken.

Fees for the use of certain areas in parks and other public lands will no longer result in the automatic loss of recreational immunity for the remainder of the land, if HB 2673 is signed by Governor Kulongoski.

The bill was passed by the Legislature during the recently concluded Special Session; if signed, it will go into effect immediately.

The new law allows for the landowner to charge a fee for permission to use a specific part of the land, without waiving recreational immunity for the remainder of the land. The land owner must provide notice of land use limitations and immunities.

The bill was a response to the 2009 Oregon Supreme Court decision in the case of *Bradley Coleman v. Oregon Parks and Recreation Department*. Mr. Coleman was injured riding a bicycle over a defective bridge in Tugman State Park in Coos County, where the Colemans were camping. The Court found that the state lost

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CLAIMS OFFICE • PO Box 1469, Lake Oswego, OR 97035 • Phone 503-763-3875 or 800-922-2684 ext 3875 • Fax 503-763-3901

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immunity protection because the paying of a fee for camping removed the immunity protection for all other recreational use of the land.

While HB 3673 restores some of the protection lost in the *Coleman* case, it is not without new notice requirements.

For example, suppose that a county operates a county campground with access to sand dunes for ATVs. Under the new law, the county may charge a fee for the campground without waiving recreational immunity for use of the sand dunes. *In order to not waive recreational immunity for the remainder of the land, the county must provide notice by posting or as part of the receipt.*

What should your entity do to protect itself, while providing access to recreational land? Here are some recommendations:

- Consider whether the potential loss of recreational immunity, if all the notice requirements are not met, is worth the revenue received from the fee charged. Even a small clean-up or maintenance fee in one area can waive recreational immunity for the rest of the associated recreational lands and purposes (parks, playgrounds, trails, etc.). However, keep in mind if the fee is for parking and is \$15 or less it does not result in a loss of the immunity.
- If a fee (other than a \$15 or less parking fee) must be charged, we suggest the following:
 - Where practical, separate the fee use area from the non-fee use area by a physical barrier such as fencing or landscaping.
 - Always provide notice “by means reasonably calculated to apprise a person of the limited uses of the land for which the charge is made, ... or the portion of the land which is subject to the charge...”, and the immunities that apply to other uses for which no fee is charged. The statute mentions two possible means of providing such notice: “posting” (i.e., signs) and “as part of a receipt.” In the sand dunes example above, the following notice procedures would probably satisfy the statutory requirements (we would recommend doing both):

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- ✓ Issue receipts for the camping fee with languages such as

“NOTICE: Oregon law (ORS 105.682, et seq.) provides the owner of land is not liable in contract or tort for injury death or property damage that arises out of use of the land for recreational purposes (known as “recreational use immunity”). That immunity from liability does not apply if the owner makes a charge for permission to use the land. This fee is only for use of the assigned campsite for camping purposes and for use of the camping-related amenities in the designated campsite area. Other uses of this park, or any use of the property outside the designated campsite area are not subject to a charge and, therefore, ___(name of public entity)___ is not liable for injurys, death, or property damage arising out of such uses of the property for which no specific charge has been made.

- ✓ Post signs in the campground area and elsewhere as appropriate such as:

“NOTICE: Oregon law (ORS 105.682, et seq.) provides the owner of land is not liable in contract or tort for injury death or property damage that arises out of use of the land for recreational purposes (known as “recreational use immunity”). That immunity from liability does not apply if the owner makes a charge for permission to use the land. Fees charged for a particular use in this park, such as camping, do not apply to other uses of the park, or to your ability to enter other areas of the park. Therefore, ___(name of public entity)___ is not liable for injuries, death or property damage arising out of any use of this park for recreational purposes when no specific charge has been made for that use or for the right to enter that part of the property. .

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By way of reminder, the 2009 Legislature made two other important changes to recreational immunity:

- The immunity provided by the statute now applies to all paths, trails, roads, watercourses and other rights of way being used by a person to reach land for recreational purposes that are on land adjacent to the land to being accessed for recreational purposes.
- Land owners can charge up to \$25 for participation in community gardening without waiving recreational immunity; within the community garden land, a charge of up to \$75 is allowed for woodcutting.

AGENDA REPORT

TO: CITY COUNCIL
FROM: MAYOR TERRY UNGRICHT
SUBJECT: 2014/2015 BUDGET AUDIT
DATE: 11/25/2015

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. There were a couple of exceptions; I forgot to add the Fire Truck Loan onto to the LB-1 which is filed with the State. The way we have carried the actual revenues to expenditures has been wrong since 2013 and will be corrected on the next budget. We spent over what we appropriated in a couple of accounts; this was mainly the way I was charging for the workers comp.

All in all it was a very good audit for the change in personnel that we had through the year. Last year the Council had the Auditor present the Audit, and Tom is willing to attend a meeting if Council would like.

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

If Council wishes to question the Auditor staff can have him attend the January meeting.

EXHIBIT

City of Falls City Annual Financial Report, Year ended June 30, 2015.
(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 2014-2015.

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***CITY OF FALLS CITY
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2015***

CITY OF FALLS CITY, OREGON
CITY OFFICIALS
JUNE 30, 2015

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2015, 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.

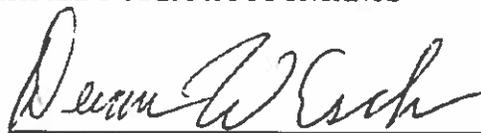
The budgetary comparison information, combining nonmajor fund financial statements and other schedules as listed in the table of contents are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial 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 November 13, 2015, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

By: 

Devan W. Esch, A Shareholder
November 13, 2015

CITY OF FALLS CITY, OREGON

Management's Discussion and Analysis June 30, 2015

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, 2015.

Financial Highlights

	June 30,		change
	2015	2014	
Net position	\$ 1,020,897	\$ 875,962	\$ 144,935
Change in net position	144,935	(56,458)	201,393
Governmental net position	438,739	404,513	34,226
Proprietary net position	582,158	471,449	110,709
Change in governmental net position	34,226	(127,344)	161,570
Change in proprietary net position	110,709	70,886	39,823

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, cemetery, 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,

	2015			2014		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 437,348	\$ 582,158	\$ 1,019,506	\$ 406,369	\$ 471,449	\$ 877,818
Liabilities	-	-	-	1,856	-	1,856
Net position:						
Restricted	197,672	65,473	263,145	193,734	65,473	259,207
Unrestricted	239,676	516,685	756,361	210,779	405,976	616,755
Total Net Position	\$ 437,348	\$ 582,158	\$ 1,019,506	\$ 404,513	\$ 471,449	\$ 875,962

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 \$1,019,506 as of June 30, 2015. 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,

	2015			2014		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues						
Program revenues						
Charges for service	\$ 7,351	\$ 424,694	\$ 432,045	\$ 4,435	\$ 408,126	\$ 412,561
Operating grants	160,605	-	160,605	63,874	-	63,874
Capital grants	-	-	-	25,000	7,321	32,321
General revenues						
Property taxes	102,382	-	102,382	100,539	-	100,539
Franchise taxes	50,373	-	50,373	52,951	-	52,951
Intergovernmental	23,900	-	23,900	23,059	-	23,059
Miscellaneous	68,552	-	68,552	153,494	338	153,832
<i>Total revenues</i>	<u>413,163</u>	<u>424,694</u>	<u>837,857</u>	<u>423,352</u>	<u>415,785</u>	<u>839,137</u>
Expenses						
General government	202,242	-	202,242	130,687	-	130,687
Community development	19,251	-	19,251	227,058	-	227,058
Fire service	116,848	-	116,848	52,152	-	52,152
Parks	10,927	-	10,927	12,931	-	12,931
Street	29,669	-	29,669	109,773	-	109,773
Water	-	202,843	202,843	-	240,060	240,060
Sewer	-	111,142	111,142	-	122,934	122,934
<i>Total expenses</i>	<u>378,937</u>	<u>313,985</u>	<u>692,922</u>	<u>532,601</u>	<u>362,994</u>	<u>895,595</u>
Transfers	-	-	-	(18,095)	18,095	-
Change in net position	34,226	110,709	144,935	(127,344)	70,886	(56,458)
Net position, beginning of year	404,513	471,449	875,962	531,857	400,563	932,420
Net position, end of year	<u>\$ 438,739</u>	<u>\$ 582,158</u>	<u>\$ 1,020,897</u>	<u>\$ 404,513</u>	<u>\$ 471,449</u>	<u>\$ 875,962</u>

Statement of Activities (Modified Cash Basis). The City's net position increased by \$144,935 during fiscal 2014-2015. This increase is explained in the governmental and business-type activities as follows:

Governmental activities - The City's net position increased by \$34,226 from governmental activities. This increase is due mainly to an increase in operating grants and a decrease in community development and street expenses.

Business-type activities - The City's net position increased by \$110,709 from business-type activities. This increase was due to a combination of an increase in charges for services, a decrease in water expenditures, and a decrease in sewer expenditures.

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

As detailed in the notes to the financial statements, the City follows the provisions of GASB Statement #54 Fund Balance Reporting and Governmental Fund Type Definitions. Therefore, special revenue funds whose primary source of funding is transfers from the General fund are reported as part of the General fund. In the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances, the Cemetery fund has been combined with the General fund.

Major Governmental Funds:

- **General:** The General fund had a decrease in fund balance of \$422 during the year, which is primarily due to increases in expenditures and no transfers in. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 47% of total General fund expenditures.
- **Street:** The Street fund had an increase in fund balance of \$24,359 during the year due to a decrease in expenditures from the prior year.
- **Community Development Revolving Loan:** The Community Development Revolving Loan fund had an increase in fund balance of \$20,475 during the year due to a decrease in community development loan disbursements.
- **Wagner Reserve Library #71:** The Wagner Reserve Library #71 fund had an increase in fund balance of \$43,485 during the year due to trust fund principal and interest received during the year. There were no expenditures in the fund this year.

Major Proprietary Funds:

- **Sewer:** The Sewer fund had an increase in net position of \$9,206 during the year due mainly to reduced spending. There were no capital outlay expenditures in the current year.
- **Water:** The Water fund had an increase in net position of \$73,748 during the year due mainly to reduced spending. There were minimal capital outlay expenditures in the current year.
- **City Utility Reserve:** The City Utility Reserve fund had an increase in net position of \$35,076 during the year due to more revenues collected than capital outlay expenditures.

Debt Administration

Long-term debt: The City had total revenue-backed bonded debt outstanding of \$970,543 at the end of the current fiscal year, a fire truck loan of \$15,000 and a Polk County Community Development Loan of \$55,470 outstanding.

The City's total debt decreased by \$27,804 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	
	2015	2014	2015	2014	2015	2014
Loans	\$ 70,470	\$ 77,414	\$ -	\$ -	\$ 70,470	\$ 77,414
Revenue bonds	-	-	970,543	991,403	970,543	991,403
Total	\$ 70,470	\$ 77,414	\$ 970,543	\$ 991,403	\$1,041,013	\$1,068,817

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 2015-16 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 Administrator
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, 2015

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
ASSETS			
Cash and cash equivalents	\$ 437,348	\$ 582,158	\$ 1,019,506
LIABILITIES			
	-	-	-
NET POSITION			
Restricted for:			
Debt service	-	65,473	65,473
Community development	159,408	-	159,408
Streets	38,264	-	38,264
Unrestricted	239,676	516,685	756,361
<i>Total Net Position</i>	\$ 437,348	\$ 582,158	\$ 1,019,506

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, 2015

FUNCTIONS/PROGRAMS	Expenses	Program Revenues	
		Fees, Fines and Charges for Services	Operating Grants and Contributions
Governmental activities:			
General government	\$ 202,242	\$ 7,351	\$ 60,177
Community development	19,251	-	-
Fire service	116,848	-	21,400
Parks	10,927	-	-
Street	29,669	-	79,028
Interest on long-term debt	1,391	-	-
Total Governmental activities	380,328	7,351	160,605
Business-type activities:			
Water	202,843	276,590	-
Sewer	111,142	148,104	-
Total Business-type activities	313,985	424,694	-
Total Activities	\$ 694,313	\$ 432,045	\$ 160,605
General Revenues:			
Property taxes			
Franchise taxes			
Intergovernmental			
Miscellaneous			
Total General Revenues			
Change in net position			
Net Position - beginning of year			
Net Position - end of year			

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

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
\$ (134,714)	\$ -	\$ (134,714)
(19,251)	-	(19,251)
(95,448)	-	(95,448)
(10,927)	-	(10,927)
49,359	-	49,359
(1,391)	-	(1,391)
(212,372)	-	(212,372)
-	73,747	73,747
-	36,962	36,962
-	110,709	110,709
(212,372)	110,709	(101,663)
102,382	-	102,382
50,373	-	50,373
23,900	-	23,900
68,552	-	68,552
245,207	-	245,207
32,835	110,709	143,544
404,513	471,449	875,962
\$ 437,348	\$ 582,158	\$ 1,019,506

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, 2015

	<u>Special Revenue</u>		
	<u>General</u>	<u>Street Fund</u>	<u>Community Development Revolving Loan Fund</u>
ASSETS			
Cash and cash equivalents	\$ 161,131	\$ 38,264	\$ 78,545
LIABILITIES AND FUND BALANCE			
Liabilities:	\$ -	\$ -	\$ -
Fund Balance:			
Restricted for:			
Community development	-	-	-
Streets	-	38,264	-
Committed to:			
Community development	-	-	78,545
Unassigned	161,131	-	-
Total Fund Balance	161,131	38,264	78,545
Total Liabilities and Fund Balance	\$ 161,131	\$ 38,264	\$ 78,545

<u>Special Revenue</u>	<u>Other Governmental Funds</u>	
<u>Wagner Reserve Library #71</u>	<u>Wagner Reserve Library #72</u>	<u>Total</u>
\$ 124,773	\$ 34,635	\$ 437,348
-	-	-
124,773	34,635	159,408
-	-	38,264
-	-	78,545
-	-	161,131
124,773	34,635	437,348
\$ 124,773	\$ 34,635	\$ 437,348

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, 2015**

		<i>Special Revenue</i>	
	<i>General Fund</i>	<i>Street Fund</i>	<i>Community Development Revolving Loan Fund</i>
REVENUES			
Taxes and assessments	\$ 102,382	\$ -	\$ -
Licenses and permits	57,568	-	-
Charges for services	157	-	-
Intergovernmental	105,477	54,028	-
Miscellaneous	13,661	-	24,570
<i>Total Revenues</i>	<u>279,245</u>	<u>54,028</u>	<u>24,570</u>
EXPENDITURES			
Current			
General government	200,298	-	-
Community development	14,551	-	4,095
Fire service	111,848	-	-
Parks	10,927	-	-
Streets	-	29,656	-
Debt Payments			
Principal	6,944	-	-
Interest	1,391	-	-
Capital outlay	-	13	-
<i>Total Expenditures</i>	<u>345,959</u>	<u>29,669</u>	<u>4,095</u>
REVENUES OVER (UNDER) EXPENDITURES	(66,714)	24,359	20,475
OTHER FINANCING SOURCES (USES)			
Transfers in	67,136	-	-
Transfers out	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>67,136</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	422	24,359	20,475
FUND BALANCE, beginning of year	160,709	13,905	58,070
FUND BALANCE, end of year	<u>\$ 161,131</u>	<u>\$ 38,264</u>	<u>\$ 78,545</u>

Special Revenue

<u>Wagner Reserve Library #71</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ 102,382
-	-	57,568
-	-	157
-	25,000	184,505
24,256	6,064	68,551
<u>24,256</u>	<u>31,064</u>	<u>413,163</u>
-	-	200,298
605	-	19,251
-	-	111,848
-	-	10,927
-	-	29,656
-	-	6,944
-	-	1,391
-	-	13
<u>605</u>	<u>-</u>	<u>380,328</u>
23,651	31,064	32,835
-	-	67,136
(67,136)	-	(67,136)
<u>(67,136)</u>	<u>-</u>	<u>-</u>
(43,485)	31,064	32,835
168,258	3,571	404,513
<u>\$ 124,773</u>	<u>\$ 34,635</u>	<u>\$ 437,348</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, 2015

	<u>Sewer</u>	<u>Water</u>	<u>City Utility Reserve</u>
ASSETS			
Cash and cash equivalents	\$ 70,595	\$ 207,417	\$ 304,145
LIABILITIES	\$ -	\$ -	\$ -
NET POSITION			
Restricted for:			
Debt service	-	-	65,473
Unrestricted	70,595	207,417	238,672
Total Net Position	\$ 70,595	\$ 207,417	\$ 304,145

<i>Sewer Master Plan</i>		<i>Total</i>	
\$	1	\$	582,158
\$	-	\$	-
	-		65,473
	1		516,685
\$	1	\$	582,158

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, 2015**

	<u>Sewer</u>	<u>Water</u>	<u>City Utility Reserve</u>
OPERATING REVENUES			
Charges for services	\$ 111,108	\$ 276,591	\$ 36,995
OPERATING EXPENSES			
Personal services	61,199	85,218	-
Materials and services	40,703	52,152	-
<i>Total Operating Expenses</i>	<u>101,902</u>	<u>137,370</u>	<u>-</u>
OPERATING INCOME	9,206	139,221	36,995
NONOPERATING ITEMS			
Capital acquisitions	-	-	(1,919)
Debt payments			
Principal	-	(20,860)	-
Interest	-	(44,613)	-
<i>Total Nonoperating Items</i>	<u>-</u>	<u>(65,473)</u>	<u>(1,919)</u>
CHANGE IN NET POSITION	9,206	73,748	35,076
NET POSITION, beginning of year	<u>61,389</u>	<u>133,669</u>	<u>269,069</u>
NET POSITION, end of year	<u>\$ 70,595</u>	<u>\$ 207,417</u>	<u>\$ 304,145</u>

<i>Sewer Master Plan</i>	<i>Total</i>
\$ -	\$ 424,694
-	146,417
5,821	98,676
5,821	245,093
(5,821)	179,601
(1,500)	(3,419)
-	(20,860)
-	(44,613)
(1,500)	(68,892)
(7,321)	110,709
7,322	471,449
<u>\$ 1</u>	<u>\$ 582,158</u>

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

CITY OF FALLS CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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, 2015

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 / 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 electively added funds as major funds, which either had 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 loans issued and loan repayments received through West Valley Housing Authority. At June 30, 2015, there were \$463,683 of loans outstanding.

Wagner Reserve Library #71 Fund

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

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

Wagner Reserve Library #72 Fund

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

Small City Allotment Grant

This fund accounts for grant revenues received for improvement. Expenditures are for bridge improvements. This fund was closed in the current year.

CITY OF FALLS CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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.

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 following proprietary funds as non-major:

Sewer Master Plan

This fund accounts for the master plan for the City's sewer system.

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.

CITY OF FALLS CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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.

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.

CITY OF FALLS CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Definitions of Governmental Fund Types (Continued)

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.

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.

CITY OF FALLS CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents (Continued)

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.

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 Fund Statements 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, 2015 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, 2015. Actual results may differ from those estimates.

CITY OF FALLS CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following at June 30, 2015:

	<u>Carrying Value</u>	<u>Fair Value</u>
<i>Cash</i>		
Cash on hand	\$ 350	\$ 350
Deposits with financial institutions	71,116	71,116
Cash held by fiscal agents	78,545	78,545
<i>Investments</i>		
Local Government Investment Pool	869,495	869,495
	<u>\$ 1,019,506</u>	<u>\$ 1,019,506</u>

Deposits

The book balance of the City's bank deposits (checking accounts) was \$71,116 and the bank balance was \$77,204 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, 2015, 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, 2015, 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, 2015

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, 2015

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, 2014</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2015</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	\$ 20,000	\$ -	\$ (5,000)	\$ 15,000	\$ 5,000
Polk County Community Development, original amount \$65,000, interest rate 1.0%	57,414	-	(1,944)	55,470	1,962
	<u>\$ 77,414</u>	<u>\$ -</u>	<u>\$ (6,944)</u>	<u>\$ 70,470</u>	<u>\$ 6,962</u>
	<u>Outstanding July 1, 2014</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2015</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%	\$ 991,403	\$ -	\$ (20,860)	\$ 970,543	\$ 21,799

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>
2016	\$ 6,962	\$ 1,231	\$ 8,194
2017	6,984	985	7,969
2018	7,003	740	7,744
2019	2,023	495	2,519
2020	2,042	476	2,519
2021-2025	10,528	2,065	12,593
2026-2030	11,065	1,528	12,593
2031-2035	11,630	963	12,593
2036-2040	12,233	370	12,603
	<u>\$ 70,470</u>	<u>\$ 8,855</u>	<u>\$ 79,325</u>

CITY OF FALLS CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

LONG-TERM DEBT (Continued)

Business-type Activities

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2016	\$ 21,799	\$ 43,674	\$ 65,473
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
2021-2025	148,612	178,753	327,365
2026-2030	185,197	142,168	327,365
2031-2035	230,790	96,575	327,365
2036-2040	286,690	39,759	326,449
	<u>\$ 970,543</u>	<u>\$ 665,366</u>	<u>\$ 1,635,909</u>

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

Defined Benefit Plan

Name of the pension plan: The Oregon Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer defined benefit plan.

Plan description. Employees of the City are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. OPERS issues a publicly available financial report. This report can be obtained at the PERS website: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Benefits provided under Chapter 238-Tier One / Tier Two

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

CITY OF FALLS CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

Defined Benefit Plan (Continued)

Benefits provided under Chapter 238-Tier One / Tier Two (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.

2. ***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:
 - Member was employed by a OPERS employer at the time of death,
 - Member died within 120 days after termination of OPERS-covered employment,
 - Member died as a result of injury sustained while employed in a OPERS-covered job, or
 - Member was on an official leave of absence from a OPERS-covered job at the time of death.
3. ***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 OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
4. ***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)

1. ***Pension Benefits.*** The ORS 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

CITY OF FALLS CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

Defined Benefit Plan (Continued)

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

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.

2. ***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.
3. ***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.
4. ***Benefit Changes After Retirement.*** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

Contributions

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

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation, as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer contributions for the year ended June 30, 2015 were \$33,468, excluding amounts to fund employer specific liabilities. These contributions were allocated \$20,040 to PERS/OPSRP, \$12,260 to the IAP, and \$1,168 to the Retiree Health Insurance accounts.

CITY OF FALLS CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

Defined Benefit Plan (Continued)

Contributions (Continued)

The rates in effect for the fiscal year ended June 30, 2015 were: (1) Tier1/Tier 2 – 10.90%, (2) OPSRP general service – 7.99%, and (3) OPSRP uniformed – 10.72%.

Actuarial Valuations

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

Actuarial Methods and Assumptions

Valuation Date	December 31, 2012 rolled forward to June 30, 2014
Experience Study Report	2012, published September 18, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Investment Rate of Return	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

CITY OF FALLS CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

Defined Benefit Plan (Continued)

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

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.

Depletion Date Projection

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

- Oregon PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

CITY OF FALLS CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

Defined Benefit Plan (Continued)

Assumed Asset Allocation

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Cash	0.0 %	3.0 %	0.0 %
Debt Securities	15.0	25.0	20.0
Public Equity	32.5	42.5	37.5
Private Equity	16.0	24.0	20.0
Real Estate	9.5	15.5	12.5
Alternative Equity	0.0	10.0	10.0
Opportunity Portfolio	0.0	3.0	0.0
Total			<u>100.0 %</u>

Long-Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target</u>	<u>Compound Annual Return (Geometric)</u>
Core Fixed Income	7.20 %	4.50 %
Short-Term Bonds	8.00	3.70
Intermediate-Term Bonds	3.00	4.10
High Yield Bonds	1.80	6.66
Large Cap US Equities	11.65	7.20
Mid Cap US Equities	3.88	7.30
Small Cap US Equities	2.27	7.45
Developed Foreign Equities	14.21	6.90
Emerging Foreign Equities	5.49	7.40
Private Equity	20.00	8.26
Opportunity Funds/Absolute Return	5.00	6.01
Real Estate (Property)	13.75	6.51
Real Estate (REITS)	2.50	6.76
Commodities	7.71	6.07
Assumed Inflation - Mean		2.75

CITY OF FALLS CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

Defined Benefit Plan (Continued)

Long-Term Expected Rate of Return (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 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.75 percent) or 1% higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Proportionate share of the net pension liability	\$ 94,654	\$ (44,697)	\$ (162,556)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City had an asset of \$44,697 for its proportionate share of the net pension asset. As the City utilizes the modified cash basis of accounting, this asset is not reported on the Statement of Net Position. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2012 and rolled forward to June 30, 2014. Therefore, these calculations did not reflect current year amounts paid. The City's proportion of the net pension asset was based on the City's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers.

Rates of every employer have at least two major components:

1. **Normal Cost Rate:** The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.
2. **UAL Rate:** If system assets are less than the actuarial liability, an Unfunded Actuarial Liability (UAL) exists. UAL can arise in a biennium when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises in a given biennium over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The present value of all projected UAL Rate contributions is simply the Unfunded Actuarial Liability (UAL) itself. The UAL represents the portion of the projected long-term contribution effort related to past service.
3. Looking at both rate components, the projected long-term contribution effort is just the sum of the PVFNC and the UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings.

CITY OF FALLS CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

Defined Benefit Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The UAL has Tier 1/Tier 2 and OPSRP pieces. The Tier 1/Tier 2 piece is based on the employer's Tier 1/Tier 2 pooling arrangement. If an employer participates in one of the two large Tier 1/Tier 2 rate pools [State & Local Government Rate Pool (SLGRP) or School Districts Rate Pool], then the employer's Tier 1/Tier 2 UAL is just their pro-rata share of their pool's UAL. The pro-rata calculation is based on the employer's payroll in proportion to the pool's total payroll. For example, if the employer's payroll is one percent of the pool's total payroll, the employer will be allocated one percent of the pool's UAL. The OPSRP piece of the UAL follows a parallel pro-rata approach, as OPSRP experience is mandatorily pooled at a state-wide level. Employers that do not participate in a Tier 1/Tier 2 pooling arrangement, who are referred to as "Independent Employers", have their Tier 1/Tier 2 UAL tracked separately in the actuarial valuation. The division of the UAL across employers is shown graphically below.

An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier 1/Tier 2 payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

The employer's Normal Cost Rates for each payroll are combined with system-wide present value factors for each payroll to develop an estimated PVFNC. The present value factors are actuarially determined at a system level for simplicity and to allow for the PVFNC calculations to be audited in a timely, cost-effective manner. Thus for each and every system employer, the PVFNC is calculated following the format in the table below.

Since many governments in Oregon have sold pension obligation bonds and deposited the proceeds with OPERS (referred to as side accounts or transitional liability or surplus), adjustments are required. After each employer's projected long-term contribution effort is calculated, that amount is reduced by the value of the employer's side account, transitional liability/surplus, and pre-SLGRP liability/surplus (if any). This is done as those balances increase/decrease the employer's projected long-term contribution effort because side accounts are effectively pre-paid contributions.

Looking at both rate components, the projected long-term contribution effort is just the sum of the PVFNC and UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings. Each of the two contribution effort components are calculated at the employer-specific level. The sum of these components across all employers is the total projected long-term contribution effort.

At June 30, 2015, the City's proportion was 0.00197191%.

For the year ended June 30, 2015, the City reported pension expense of \$21,831.

Changes in Plan Provisions Subsequent to Measurement Date

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

CITY OF FALLS CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

Defined Benefit Plan (Continued)

Changes in Plan Provisions Subsequent to Measurement Date (Continued)

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

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and will not be included in the net pension liability (asset) proportionate shares provided to employers in June 2015.

It is estimated that this change will increase overall PERS net pension liability by \$178 million.

Changes in Assumptions

A summary of key changes implemented since the December 31, 2011 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2012 Experience Study for the System, which was published on September 18, 2013, and can be found at the PERS website: <http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>

Changes in Actuarial Methods and Allocation Procedures

Actuarial Cost Method

The Actuarial Cost Method was changed from the Projected Unit Credit (PUC) Cost Method to the Entry Age Normal (EAN) Cost Method. This change will allow PERS to use the same cost method for contribution rate calculations as required for financial reporting under GASB Statements 67 and 68.

Tier 1/Tier 2 UAL Amortization

In combination with the change in cost method, the Board chose to re-amortize the outstanding Tier 1/Tier 2 UAL as of December 31, 2013 over a closed period of 20 years as a level percentage of projected payroll. Gains and losses between subsequent rate-setting valuations will be amortized over a closed 20 year period from the valuation in which they are first recognized.

Contribution Rate Stabilization Method

The "grade-in range" over which the rate collar gradually doubles was modified so that the collar doubles as funded status (excluding side accounts) decreases from 70% to 60% or increases from 130% to 140%. Previously the ranges had been 80% to 70% and 120% to 130%. The modification to the grade-in range was made in combination with the change to actuarial cost method, as discussed at the July 2013 PERS Board public meeting.

Allocation of Liability for Service Segments

For purposes of allocating Tier 1/Tier 2 member's actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by PERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier 1/Tier 2 population. For the December 31, 2010 and December 31, 2011 valuations, the Money Match was weighted 40 percent for General Service members and 10 percent for Police & Fire members. For the

CITY OF FALLS CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

Defined Benefit Plan (Continued)

Allocation of Liability for Service Segments (Continued)

December 31, 2012 and December 31, 2013 valuations, this weighting has been adjusted to 30 percent for General Service members and 5 percent for Police & Fire members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

Changes in Economic Assumptions

Investment Return and Interest Crediting

The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.75%. Previously, the assumed investment return and interest crediting to regular account balances was 8.00% and the assumed interest crediting to variable account balances was 8.25%.

OPSRP Administrative Expenses

Assumed administrative expenses for the OPSRP System were reduced from \$6.6 million per year to \$5.5 million per year.

Healthcare Cost Inflation

The healthcare cost inflation for the maximum RHIPA subsidy was updated based on analysis performed by Milliman's healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced in 2018 by the Patient Protection and Affordable Care Act.

Changes in Demographic Assumptions

Healthy Mortality

The healthy mortality assumption is based on the RP2000 generational mortality tables with group-specific class and setback adjustments. The group-specific adjustments have been updated to more closely match recently observed system experience.

Disabled Mortality

The disabled mortality assumption base was changed from the RP2000 healthy tables to the RP2000 disabled tables. Gender-specific adjustments were applied to align the assumption with recently observed system experience.

Disability, Retirement from Active Status, and Termination

Rates for disability, retirement from active status, and termination were adjusted. Termination rates were changed from being indexed upon age to being indexed upon duration from hire date.

CITY OF FALLS CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

Defined Benefit Plan (Continued)

Changes in Salary Increase Assumptions

Merit Increases, Unused Sick Leave, and Vacation Pay

Unused Sick Leave and Vacation Pay rates were adjusted.

Retiree Healthcare Participation

The RHIA participation rate for healthy retirees was reduced from 48% to 45%. The RHIPA participation rate was changed from a uniform rate of 13% to a service-based table of rates. (Source: December 31, 2012 Actuarial Valuation p.89)

Defined Contribution Plan

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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

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

Death Benefits

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

Contributions

The City has chosen to pay the employees contributions to both plans. 6% of covered payroll is paid for general service employees and 6% of covered payroll is paid for firefighters and police officers.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records

CITY OF FALLS CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF THE OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Last Two Fiscal Years¹

	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (asset)	0.00197191%	0.00197191%
Proportionate share of the net pension liability (asset)	\$ (44,697)	\$ 100,629
Covered-employee payroll	185,078	166,561
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-24.15%	60.42%

CONTRIBUTIONS TO THE OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Last Two Fiscal Years¹

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 21,831	\$ 16,375
Contributions in relation to the contractually required contribution	21,831	16,375
Contribution deficiency (excess)	-	-
City's covered-employee payroll	185,078	166,561
Contributions as a percentage of covered-employee payroll	11.80%	9.83%

¹ Ten year trend information as required by GASB Statement No. 68 will be presented on a prospective basis.

CITY OF FALLS CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

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, 2015 occurred as follows:

<u>Fund / Appropriation category</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General			
Parks	\$ 10,600	\$ 10,927	\$ (327)
Other/Debt	3,519	4,155	(636)
Street			
Personal services	-	1,423	(1,423)
Wagner Reserve Library #71			
Personal services	-	605	(605)
Water			
Personal services	70,277	85,218	(14,941)
Sewer Master			
Materials and services	-	5,821	(5,821)
Capital outlay	-	1,500	(1,500)

INTERFUND TRANSACTIONS

Interfund transactions during the current fiscal year were as follows.

	<u>Transfers in</u>	<u>Transfers out</u>
General	\$ 67,136	\$ -
Library Reserve Fund	-	67,136
	<u>\$ 67,136</u>	<u>\$ 67,136</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.

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.

CITY OF FALLS CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

NEW PRONOUNCEMENTS

GASB Statement No. 68 “Accounting and Reporting for Pension Plans—an amendment of GASB Statement No. 27.” The statement establishes accounting and financial reporting requirements related to pensions provided by governments. The statement was implemented in the current year.

GASB Statement No. 69 “Government Combinations and Disposals of Government Operations.” The statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The statement was implemented in the current year.

GASB Statement No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date”. The statement amends transition provisions of GASB Statement No. 68, establishes accounting and financial reporting standards for recognition of contributions made between the measurement date of the net pension liability and implementation of GASB Statement No. 68. The statement was implemented in the current year.

The City will implement applicable new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements from implementing any of the following pronouncements.

GASB Statement No. 72 “Fair Value Measurement and Application” addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for determining a fair value measurement for financial reporting purposes, as well as guidance for applying fair value to certain investments, and disclosures related to all fair value measurements. The statement is effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 73 “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68”, completes the suite of pension standards. The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. The statement is generally effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. It requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The statement is effective for fiscal years beginning after June 15, 2016.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 13, 2015, 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 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	<u>Wagner Reserve Library #72</u>	<u>Small Cities Allotment Grant</u>	<u>Total</u>
REVENUES			
Intergovernmental	\$ -	\$ 25,000	\$ 25,000
Miscellaneous	6,064	-	6,064
<i>Total Revenues</i>	6,064	25,000	31,064
EXPENDITURES	-	-	-
NET CHANGE IN FUND BALANCE	6,064	25,000	31,064
FUND BALANCE (Deficit), beginning of year	28,571	(25,000)	3,571
FUND BALANCE, end of year	\$ 34,635	\$ -	\$ 34,635

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, 2015

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 99,400	\$ 99,400	\$ 102,382	\$ 2,982
Licenses and permits	51,700	51,700	57,568	5,868
Charges for services	100	100	157	57
Intergovernmental	143,006	143,006	105,477	(37,529)
Fines and forfeitures	200	200	-	(200)
Miscellaneous	3,055	3,055	13,661	10,606
<i>Total Revenues</i>	<u>297,461</u>	<u>297,461</u>	<u>279,245</u>	<u>(18,216)</u>
EXPENDITURES				
City Council	1,150	1,150	558	592
Library	67,136	67,136	14,551	52,585
Court	16,020	16,020	3,500	12,520
Fire	186,316	186,316	117,664	68,652
Parks	10,600	10,600	10,927	(327)
Administration	217,851	217,851	194,604	23,247
Other/Debt	3,519	3,519	4,155	(636)
Contingency	17,853	17,853	-	17,853
<i>Total Expenditures</i>	<u>520,445</u>	<u>520,445</u>	<u>345,959</u>	<u>174,486</u>
REVENUES OVER (UNDER) EXPENDITURES	(222,984)	(222,984)	(66,714)	156,270
OTHER FINANCING SOURCES (USES)				
Transfers in	145,626	145,626	67,136	(78,490)
Transfers out	(27,642)	(27,642)	-	27,642
<i>Total Other Financing Sources and Uses</i>	<u>117,984</u>	<u>117,984</u>	<u>67,136</u>	<u>(50,848)</u>
NET CHANGE IN FUND BALANCE	(105,000)	(105,000)	422	105,422
FUND BALANCE, beginning of year	<u>105,000</u>	<u>105,000</u>	<u>160,709</u>	<u>55,709</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,131</u>	<u>\$ 161,131</u>

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, 2015

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 52,500	\$ 52,500	\$ 54,028	\$ 1,528
EXPENDITURES				
Personal services	-	-	1,423	(1,423)
Materials and services	47,511	47,511	28,233	19,278
Capital outlay	13,000	13,000	13	12,987
Contingency	26,396	26,396	-	26,396
<i>Total Expenditures</i>	<u>86,907</u>	<u>86,907</u>	<u>29,669</u>	<u>57,238</u>
REVENUES OVER (UNDER) EXPENDITURES	(34,407)	(34,407)	24,359	58,766
OTHER FINANCING SOURCES (USES)				
Transfers out	(26,837)	(26,837)	-	26,837
NET CHANGE IN FUND BALANCE	(61,244)	(61,244)	24,359	85,603
FUND BALANCE, beginning of year	<u>61,244</u>	<u>61,244</u>	<u>13,905</u>	<u>(47,339)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,264</u>	<u>\$ 38,264</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, 2015

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 27,500	\$ 27,500	\$ 24,570	\$ (2,930)
EXPENDITURES				
Materials and services	105,364	105,364	4,095	101,269
NET CHANGE IN FUND BALANCE	(77,864)	(77,864)	20,475	98,339
FUND BALANCE, beginning of year	77,864	77,864	58,070	(19,794)
FUND BALANCE, end of year	\$ -	\$ -	\$ 78,545	\$ 78,545

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, 2015

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 24,256	\$ 24,256
EXPENDITURES				
Personal services	-	-	605	(605)
Contingency	123,134	123,134	-	123,134
<i>Total Expenditures</i>	123,134	123,134	605	122,529
REVENUES OVER (UNDER) EXPENDITURES	(123,134)	(123,134)	23,651	146,785
OTHER FINANCING SOURCES (USES)				
Transfers out	(67,136)	(67,136)	(67,136)	-
NET CHANGE IN FUND BALANCE	(190,270)	(190,270)	(43,485)	146,785
FUND BALANCE, beginning of year	190,270	190,270	168,258	(22,012)
FUND BALANCE, end of year	\$ -	\$ -	\$ 124,773	\$ 124,773

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, 2015

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 6,064	\$ 6,064
EXPENDITURES				
Materials and services	26,575	26,575	-	26,575
NET CHANGE IN FUND BALANCE	(26,575)	(26,575)	6,064	32,639
FUND BALANCE, beginning of year	26,575	26,575	28,571	1,996
FUND BALANCE, end of year	\$ -	\$ -	\$ 34,635	\$ 34,635

CITY OF FALLS CITY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - SMALL CITIES ALLOTMENT GRANT
YEAR ENDED JUNE 30, 2015

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 25,000	\$ 25,000
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	25,000	25,000
FUND BALANCE (Deficit), beginning of year	-	-	(25,000)	(25,000)
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ -

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, 2015

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 103,500	\$ 103,500	\$ 111,108	\$ 7,608
EXPENDITURES				
Personal services	65,000	65,000	61,199	3,801
Materials and services	58,230	58,230	40,703	17,527
Capital outlay	2,094	2,094	-	2,094
Contingency	13,424	13,424	-	13,424
<i>Total Expenditures</i>	<u>138,748</u>	<u>138,748</u>	<u>101,902</u>	<u>36,846</u>
REVENUES OVER (UNDER) EXPENDITURES	(35,248)	(35,248)	9,206	44,454
OTHER FINANCING SOURCES (USES)				
Transfers in	49,209	49,209	-	(49,209)
Transfers out	(38,461)	(38,461)	-	38,461
<i>Total Other Financing Sources and Uses</i>	<u>10,748</u>	<u>10,748</u>	<u>-</u>	<u>(10,748)</u>
CHANGE IN FUND BALANCE	(24,500)	(24,500)	9,206	33,706
FUND BALANCE, beginning of year	<u>24,500</u>	<u>24,500</u>	<u>61,389</u>	<u>36,889</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,595</u>	<u>\$ 70,595</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, 2015

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 264,450	\$ 264,450	\$ 276,591	\$ 12,141
EXPENDITURES				
Personal services	70,277	70,277	85,218	(14,941)
Materials and services	79,740	79,740	52,152	27,588
Debt service				
Principal	20,860	20,860	20,860	-
Interest	44,613	44,613	44,613	-
Capital outlay	15,437	15,437	-	15,437
Contingency	32,477	32,477	-	32,477
<i>Total Expenditures</i>	<u>263,404</u>	<u>263,404</u>	<u>202,843</u>	<u>60,561</u>
REVENUES OVER (UNDER) EXPENDITURES	1,046	1,046	73,748	72,702
OTHER FINANCING SOURCES (USES)				
Transfers in	38,650	38,650	-	(38,650)
Transfers out	(70,923)	(70,923)	-	70,923
<i>Total Other Financing Sources and Uses</i>	<u>(32,273)</u>	<u>(32,273)</u>	<u>-</u>	<u>32,273</u>
CHANGE IN FUND BALANCE	(31,227)	(31,227)	73,748	104,975
FUND BALANCE, beginning of year	<u>96,700</u>	<u>96,700</u>	<u>133,669</u>	<u>36,969</u>
FUND BALANCE, end of year	<u>\$ 65,473</u>	<u>\$ 65,473</u>	<u>\$ 207,417</u>	<u>\$ 141,944</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, 2015

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 35,950	\$ 35,950	\$ 36,995	\$ 1,045
EXPENDITURES				
Capital outlay	100,000	100,000	1,919	98,081
Contingency	210,950	210,950	-	210,950
<i>Total Expenditures</i>	<u>310,950</u>	<u>310,950</u>	<u>1,919</u>	<u>309,031</u>
CHANGE IN FUND BALANCE	(275,000)	(275,000)	35,076	310,076
FUND BALANCE, beginning of year	<u>275,000</u>	<u>275,000</u>	<u>269,069</u>	<u>(5,931)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 304,145</u>	<u>\$ 304,145</u>

CITY OF FALLS CITY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - SEWER MASTER PLAN FUND
YEAR ENDED JUNE 30, 2015

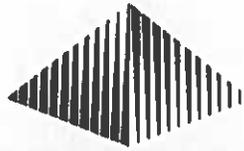
	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Materials and services	-	-	5,821	(5,821)
Capital outlay	-	-	1,500	(1,500)
<i>Total Expenditures</i>	-	-	7,321	(7,321)
CHANGE IN FUND BALANCE	-	-	(7,321)	(7,321)
FUND BALANCE, beginning of year	-	-	7,322	7,322
FUND BALANCE, end of year	\$ -	\$ -	\$ 1	\$ 1

OTHER SCHEDULES

CITY OF FALLS CITY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2015

<i>Tax Year</i>	<i>Uncollected Balances July 1, 2014</i>	<i>2014-2015 Levy</i>	<i>Added To Rolls</i>	<i>Interest, Discounts & Adjustments</i>	<i>Turnovers</i>	<i>Uncollected Balances June 30, 2015</i>
2014-2015	\$ -	\$ 103,529	\$ 10	\$ (2,807)	\$ (97,795)	\$ 2,937
2013-2014	3,372	-	14	(15)	(1,718)	1,653
2012-2013	2,060	-	-	(6)	(860)	1,194
2011-2012	1,502	-	-	(4)	(762)	736
2010-2011	833	-	-	(4)	(486)	343
2009-2010	379	-	-	(1)	(82)	296
2008-2009	42	-	-	(1)	(15)	26
Prior Years	141	-	-	(15)	(5)	121
Total	\$ 8,329	\$ 103,529	\$ 24	\$ (2,853)	\$ (101,723)	\$ 7,306

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, 2015, and have issued our report thereon dated November 13, 2015.

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. The fire truck loan was not included in the summary of indebtedness on the LB-1.
2. Excess of actual revenues over actual expenditures in the second preceding year did not equal the beginning balance in the first preceding year in the Wagner Library Reserve funds.
3. Overexpenditures of appropriations as noted in the notes to the basic financial statements.

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
November 13, 2015

AGENDA REPORT

TO: CITY COUNCIL
FROM: MAYOR TERRY UNGRICHT
SUBJECT: PROPERTY INSURANCE AUDIT
DATE: 11/30/2015

SUMMARY

Falls City had an Insurance Audit on our properties and Councilor Drill asked for the Coverage packet.

BACKGROUND

Falls City carries the insurance on property, auto, and general liability through City/County Insurance Services. It was getting harder to find private firms that would cover local governments so Oregon Cities and Counties banded together to create an Insurance Company that was designed to cover local governments. Most all Cities and Counties use CIS.

At a discussion at the Parks meeting insurance costs was brought up. Councilor Drill requested the riders on our policies. We also have workers comp through CIS, which was included in the last month's packet.

PREVIOUS COUNCIL/COMMITTEE ACTION

N/A

ALTERNATIVES/FINANCIAL IMPLICATIONS

STAFF RECCOMENDATION

EXHIBIT

1. List of City properties and different schedules covered by policy.

PROPOSED MOTIONS

Hi Terry ! Log Out



Citycounty Insurance Services

Search

- About CIS
- CIS Benefits
- Property/Liability
- Workers' Compensation
- Risk Management
- Publications
- My Profile

Interim Changes

Member Entity:

Falls City

[Back to Interim Changes Home](#)

1. To change an existing exposure, click on the line item. After the window appears, click the Edit button at the top or bottom of the window or Cancel to cancel the transaction. Click Save when done.
2. To delete/terminate an exposure, click the X to the right of the exposure item. A window will appear for you to enter the deletion/termination date. Click Save when done.
3. To add an exposure, simply click on the Add New button at the top of the schedule's page and fill in the fields as noted. Click Save when done. Click Cancel to cancel any transaction you do not want to complete.

After each change is completed and saved, an acknowledgement window will appear letting you know that the change has been submitted for processing. You may view all your pending changes by clicking on [Back to Interim Changes Home](#). Once you are back to that page, click on [Pending Changes](#)

You can also view completed changes. Just click on [Completed Changes](#) to view those that have been processed and imported into the database.

- [Add New Property](#)
- [View Pending Schedule Changes](#)

Current Property

Location #	Description	Address	Building Value	Contents Value	PIO Value	Total Value	Year Built	Eff. Date	Term. Date	Delete
001.01	CITY HALL/MAINTENANCE SHOP	299 MILL ST	\$482,958.94	\$181,024.11	\$0.00	\$663,983.05	1910	7/1/2015	7/1/2016	X
004.01	FIRE STATION (W/PIO VALUE)	320 3RD ST	\$1,038,179.79	\$221,404.40	\$19,632.35	\$1,279,216.54	2006	7/1/2015	7/1/2016	X
004.03	STORAGE SHED	320 N MAIN ST	\$10,612.08	\$8,406.43	\$0.00	\$19,018.51	2008	7/1/2015	7/1/2015	X
005.01	PARK RESTROOM W/STORAGE (W/PIO VALUE)	7TH ST	\$167,776.98	\$2,101.61	\$40,435.09	\$210,363.68	2000	7/1/2015	7/1/2016	X
005.03	PICNIC SHELTER	7TH ST- UPPER PARK	\$73,633.53	\$0.00	\$0.00	\$73,633.53	1964	7/1/2015	7/1/2016	X
006.01	TEMPORARY STORAGE BUILDING	120 PARR / RD	\$158,010.69	\$72,925.80	\$0.00	\$230,936.49	2005	7/1/2015	7/1/2016	X
007.01	ADMINISTRATION/CONTROL BUILDING (W/PIO VALUE)	6666 TEAL CREEK RD	\$483,804.73	\$52,540.20	\$29,846.48	\$566,191.40	1999	7/1/2015	7/1/2016	X
007.02	INFLUENT WEIR STRUCTURE	6666 TEAL CREEK RD	\$126,602.11	\$0.00	\$0.00	\$126,602.11	1999	7/1/2015	7/1/2016	X
007.03	CLEARWELL	6666 TEAL CREEK RD	\$1,868,778.80	\$0.00	\$0.00	\$1,868,778.80	1999	7/1/2015	7/1/2016	X
007.04	FILTER HOLDING POND	6666 TEAL CREEK RD	\$3,022,214.26	\$0.00	\$0.00	\$3,022,214.26	1999	7/1/2015	7/1/2016	X
007.05	EFFLUENT WEIR STRUCTURE	6666 TEAL CREEK RD	\$160,136.29	\$0.00	\$0.00	\$160,136.29	1999	7/1/2015	7/1/2016	X
007.06	PROCESS PIPING	6666 TEAL CREEK RD	\$486,776.11	\$0.00	\$0.00	\$486,776.11	1999	7/1/2015	7/1/2016	X
008.01	STEEL TANK (W/PIO VALUE)	VALSETZ RD	\$699,738.27	\$0.00	\$8,622.32	\$708,360.58	2001	7/1/2015	7/1/2016	X
009.01	DOSING TANK BUILDING (W/PIO VALUE)	111 N MAIN ST	\$108,667.70	\$0.00	\$27,856.71	\$136,524.41	1985	7/1/2015	7/1/2016	X
009.02	GRAVEL FILTER BUILDING	111 N MAIN ST	\$732,233.52	\$0.00	\$0.00	\$732,233.52	1985	7/1/2015	7/1/2016	X
009.03	RECIRCULATION TANK	111 N MAIN ST	\$338,495.64	\$0.00	\$0.00	\$338,495.64	1985	7/1/2015	7/1/2016	X
009.04	UV DISINFECTION SYSTEM BUILDING	111 N MAIN ST	\$313,056.36	\$0.00	\$0.00	\$313,056.36	1985	7/1/2015	7/1/2016	X
009.05	DRAIN FIELD	111 N MAIN ST	\$663,956.46	\$0.00	\$0.00	\$663,956.46	1985	7/1/2015	7/1/2016	X
010.01	PUMP STATION (4' DIA X 12' D)	FAIR OAKS ST	\$49,115.94	\$0.00	\$0.00	\$49,115.94	1990	7/1/2015	7/1/2016	X
012.01	PEDESTRIAN BRIDGE	S MAIN ST / BRIDGE ST	\$213,010.98	\$0.00	\$0.00	\$213,010.98	2004	7/1/2015	7/1/2016	X
013.01	PEDESTRIAN BRIDGE	DAYTON ST	\$111,061.78	\$0.00	\$0.00	\$111,061.78	1985	7/1/2015	7/1/2016	X
014.01	HIGHWAY BRIDGE	BRIDGE ST	\$1,618,766.68	\$0.00	\$0.00	\$1,618,766.68	1960	7/1/2015	7/1/2016	X

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Property and/or Liability Proposal Summary



citycounty insurance services

Member

City of Falls City
299 Mill St.
Falls City, OR 97344

Agent

Craven-Woods Insurance
PO Box 1130
Dallas, OR 97338

Member Number	Effective Date	Termination Date	Proposal Date
10067	7/1/2015	7/1/2016	5/6/2015

Coverage	Description	Amount	Total Due
General Liability (Standard Plan)	Contribution Limit: \$5,000,000	\$12,821.47	
	Multi-Line Credit	(\$961.61)	
	Bonus Program Credits (0)*	\$0.00	\$11,859.86
Auto Liability	Contribution	\$2,520.76	
	Multi-Line Credit	(\$189.06)	\$2,331.70
Auto Physical Damage	Contribution	\$1,872.94	
	Multi-Line Credit	(\$140.47)	\$1,732.47
Property	Contribution	\$17,537.28	
	Multi-Line Credit	(\$1,315.30)	
	Bonus Program Credits (0)*	\$0.00	\$16,221.98
Optional Excess Liability	Contribution	Not Purchased	\$0.00
Optional Excess Quake	Contribution	Not Purchased	\$0.00
Optional Excess Flood	Contribution	Not Purchased	\$0.00
Optional Excess Crime	Contribution	\$979.00	\$979.00
Optional Excess Cyber Liability	Contribution	Not Purchased	\$0.00
Difference In Conditions	Contribution	Not Purchased	\$0.00
Summary	Contribution	\$35,731.45	
	Multi-Line Credit	(\$2,606.44)	
	Bonus Program Credit	\$0.00	

* Each Bonus Program Credit equals 1% of GL and PR Contribution, up to \$1,000.

This is not an invoice. Information Only

Total:	\$33,125.01
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CIS Liability Coverage Proposal



citycounty insurance services

CIS
1212 Court St NE
Salem, OR 97301

Named Member
City of Falls City
299 Mill St.
Falls City, OR 97344

Agent of Record
Craven-Woods Insurance
PO Box 1130
Dallas, OR 97338

This Proposal Does Not Bind Coverage
Refer to Coverage Forms for terms, conditions, and limitations of coverage

Coverage Period: 7/1/2015 to 7/1/2016		5/6/2015		
Coverage*	Per Occurrence Limit*	Annual Aggregate*	Per Occurrence Deductible / SIR*	Agg/Retro Deductible
Public Entity Liability Coverage (Including Auto Liability) as described in CIS General & Auto Liability Coverage Agreement	\$200,000	\$600,000	None	None

Forms Applicable: CIS General & Auto Liability Coverage Agreement - CIS GL/LAL (7/1/2015)

Coverage*	Per Occurrence Limit	Annual Aggregate		
Excess Public Entity Liability Coverage as described in the CIS Excess Liability Coverage Agreement (limits shown are excess of primary coverage limits)	\$4,800,000	\$14,400,000		

Forms Applicable: CIS Excess Liability Coverage Agreement - CIS XS/GL (7/1/2015)

Coverage**	Per Occurrence Limit	Annual Aggregate		
Torus National				

* Refer to the CIS General & Auto Liability Coverage Agreement and CIS Excess Liability Coverage Agreement and endorsements (if any) for detailed coverages, special deductibles, limits, sublimits, exclusions, and conditions that may apply.
Excess Liability Coverage does not provide Uninsured Motorist coverage.

** Refer to Torus National Insurance Company Policy for details on coverage limitations and exclusions in this layer.

Coverage	Contribution
General Liability	\$12,821.47
Auto Liability	\$2,520.76
Liability Total	\$15,342.23

To effect coverage, please sign, date and return this form before requested effective date. Fax is acceptable

Accepted by: _____

Authorized Representative / Agent

Date: _____

CIS Auto Physical Damage Coverage Proposal



citycounty insurance services

CIS
1212 Court St NE
Salem, OR 97301

Named Member
City of Falls City
299 Mill St.
Falls City, OR 97344

Agent of Record
Craven-Woods Insurance
PO Box 1130
Dallas, OR 97338

This Proposal Does Not Bind Coverage
Refer to Coverage Forms for terms, conditions, and limitations of coverage

Coverage Period: 7/1/2015 to 7/1/2016		5/6/2015		
Autos Covered*	Coverage Limit	Comprehensive Deductible	Collision Deductible	Contribution
Scheduled Autos	Per Schedule**	Per Schedule**	Per Schedule**	\$1,872.94
Rented or Leased Autos (60 days or less)	ACV Not to Exceed \$100,000	\$100	\$500	Included
Newly Acquired Autos	Included	\$100	\$500	Included

* This represents only a brief summary of coverages. Please refer to CIS Auto Physical Damage Coverage Agreement for detailed coverages, exclusions, and conditions that may apply.

Total Contribution: \$1,872.94

Forms Applicable: CIS Auto Physical Damage Coverage Agreement - CIS APD (7/12/2015)

**Current CIS Auto Schedule

To effect coverage, please sign, date and return this form before requested effective date. Fax is acceptable

Accepted by: _____

Authorized Representative / Agent

Date: _____

CIS Property Coverage Proposal



citycounty insurance services

CIS
1212 Court St NE
Salem, OR 97301

Named Member
City of Falls City
299 Mill St.
Falls City, OR 97344

Agent of Record
Craven-Woods Insurance
PO Box 1130
Dallas, OR 97338

This Proposal Does Not Bind Coverage
Refer to Coverage Forms for terms, conditions, and limitations of coverage

Coverage Period: 7/1/2015 to 7/1/2016	5/6/2015
Coverage Limits (Per Occurrence):*	
Building and Contents and PIO	Per current CIS Property Schedule
Mobile Equipment	Per current CIS Mobile Equipment Schedule
Earthquake	\$5,000,000
Excess Earthquake - Coverage applies only if coverage limit is shown.	None
Flood	\$5,000,000
Excess Flood - Coverage applies only if coverage limit is shown.	None
Combined Loss of Revenue and Rental Value	\$150,000
Combined Extra Expense and Rental Expense	\$250,000
Property In Transit	\$150,000
Hired, Rented or Borrowed Equipment	\$150,000
Restoration/Reproduction of Books, Records, etc.	\$100,000
Electronic Data Restoration/Reproduction	\$250,000
Pollution Cleanup	\$25,000
Crime Coverage	\$50,000
Police Dogs (if scheduled)	\$15,000
Off Premises Service Interruption	\$100,000
Miscellaneous Coverage	\$50,000
Personal Property at Unscheduled Locations	\$15,000
Personal Property of Employees or Volunteers	\$15,000
Unscheduled Fine Arts	\$100,000
Temporary Emergency Shelter Restoration	\$50,000
Difference in Conditions - Earthquake & Flood (if any):	\$0
Extra Items (if any):	

* This represents only a brief summary of coverages. Please refer to the CIS Property Coverage Agreement for detailed coverages, exclusions, and conditions that may apply.

Locations Covered: Per current CIS Property Schedule.

Perils Covered: Risks of Direct Physical Loss subject to the terms, conditions and exclusions contained in the coverage forms listed below under Forms Applicable.

Deductibles: \$1,000 Per occurrence except as noted and as follows (if any).

\$1,000 Per occurrence on scheduled mobile equipment items.

Earthquake and Flood: Special deductibles and restrictions per Section 2 of the CIS Property Coverage Agreement.

Total Contribution: \$17,537.28 (Property)

\$0.00 (Excess Earthquake)

Forms Applicable: CIS Property Coverage Agreement - CIS PR (7/1/2015)

To effect coverage, please sign, date and return this form before requested effective date. Fax is acceptable

Accepted by:

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Authorized Representative / Agent

Date:

CIS Equipment Breakdown Coverage Proposal



citycounty insurance services

CIS
1212 Court St NE
Salem, OR 97301

Named Member
City of Falls City
299 Mill St.
Falls City, OR 97344

Agent of Record
Craven-Woods Insurance
PO Box 1130
Dallas, OR 97338

This Proposal Does Not Bind Coverage
Refer to Coverage Forms for terms, conditions, and limitations of coverage

Coverage Period: 7/1/2015 to 7/1/2016	5/6/2015
Coverage Limits:*	
Property Damage	Per current CIS Property Schedule or \$100,000,000, whichever is less.
Rental Value/Rental Expense	Included in Property Damage
Extra Expense	Included in Property Damage
Service Interruption	Included in Property Damage
Drying out following a flood	Included in Property Damage
Course of Construction	Included in Property Damage
Computer Equipment	Included in Property Damage
Portable Equipment	Included in Property Damage
CFC Refrigerants	Included in Property Damage
Hazardous Substance	\$2,000,000
Data Restoration	\$250,000
Perishable Goods	\$2,000,000
Expediting Expense	\$2,000,000
Demolition	\$2,000,000
Ordinance or Law	\$2,000,000
Off Premises Property Damage	\$250,000
Contingent Rental Value/Rental Expense	\$250,000
Newly Acquired Locations	\$1,000,000 / 365 days max.
Extended Period of Restoration	30 Days

* This represents only a brief summary of coverages. Please refer to CIS Equipment Breakdown Coverage Agreement for detailed coverages, exclusions, and conditions that may apply.

Locations Covered: Per current CIS Property Schedule.

Deductible: \$1,000 All Coverages: 24 hour waiting period applies for service interruption.

Contribution: Included

Forms Applicable: Equipment Breakdown Coverage Agreement - CIS BM (7/1/2015)

To effect coverage, please sign, date and return this form before requested effective date. Fax is acceptable

Accepted by: _____

Authorized Representative / Agent

Date: _____

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CIS Excess Crime Coverage Proposal



citycounty insurance services

CIS
1212 Court St NE
Salem, OR 97301

Named Member
City of Falls City
299 Mill St.
Falls City, OR 97344

Agent of Record
Craven-Woods Insurance
PO Box 1130
Dallas, OR 97338

This Proposal Does Not Bind Coverage
Refer to Coverage Forms for terms, conditions, and limitations of coverage

Coverage Period: 7/1/2015 to 7/1/2016

5/6/2015

Excess Crime Coverage

Coverage Limits excess of \$50,000 crime coverage provided under the CIS Property Coverage Agreement *

Employee Theft - Per Loss Coverage	\$500,000
Forgery or Alteration	Included
Inside Premises - Theft of Money & Securities	Included
Inside Premises - Robbery, Safe Burglary - Other	Included
Outside Premises	Included
Computer Fraud	Included
Money Orders and Counterfeit Paper Currency	Included
Funds Transfer Fraud	Included
Additional Coverages:	
Faithful Performance of Duty	Included

* This represents only a brief summary of coverages. Please refer to the Excess Crime Policy for detailed coverages, exclusions, and conditions that may apply.

Locations Covered: Per current CIS Property Schedule.

Contribution: \$979.00

Forms Applicable: National Union Fire Insurance/Excess Crime Policy

To effect coverage, please sign, date and return this form before requested effective date. Fax is acceptable

Accepted by: _____

Authorized Representative / Agent

Date: _____

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AGENDA REPORT

TO: CITY COUNCIL
FROM: MAYOR UNGRICHT
SUBJECT: VOLUNTEER FIRE ASSISTANCE GRANT
DATE: 12/3/2015

SUMMARY

The Falls City Fire Department submitted a grant at the beginning of the year. They were awarded the grant, but it was not put forward for acceptance by Council.

BACKGROUND

The US Department of Agriculture administers wildland fire grants. The Falls City Fire Volunteer Department submitted a grant for tools to fight wildland fires. The Department was awarded the grant on May 31, 2015 and has until December 15, 2015 to purchase the equipment, gather all receipts, and show the matching funds/in kind service to be reimbursed.

The Department did not contact staff on the grant award until November 23, 2015. Staff will train the Department on the procedure of receiving Council approval before submitting grants and to coordinate with staff on the administration of grants.

Staff feels that we have time to purchase and submit documentation under the award portion of the grant. The grant will supply the Fire Department with needed supplies and tools, in the amount of \$2429.50 and the Department can show in kind service in the form of trainings and clerical work of \$2429.50. If all of the documentation is accepted by USDA and the Department of Forestry the full cost of the tools will be recouped.

PREVIOUS COUNCIL ACTION

N/A

ALTERNATIVES/FINANCIAL IMPLICATIONS

Could cost the City \$2429.50 if we are unable to complete all of the paper work before December 15, 2015. If paper work is submitted and approved the City would be getting needed supplies at no cost to the City.

STAFF RECOMMENDATION

Staff recommends approval of motion to accept the terms of the grant.

EXHIBIT

Grant application.

PROPOSED MOTION

I move the City Council of the City of Falls City approve the terms of the Volunteer Fire Assistance Grant Application.



2015 VOLUNTEER FIRE ASSISTANCE GRANT APPLICATION
OREGON DEPARTMENT OF FORESTRY AND U.S. DEPARTMENT OF AGRICULTURE, FOREST SERVICE

Fire Department Applicant Name	FALLS CITY FIRE DEPARTMENT
Fire Chief	ROBERT YOUNG
Mailing Address	PO Box 152
City State, Zip	Falls City OR 97344
Contact Person	LORI ALBERT
Contact Email Address	LORILECT@AOL.COM
Business Phone	503-787-3767
Home Phone	917-922-0461
County	POLK
Federal DUNS #	# 039043695
TIN (Tax Identification #)	# 93-6002162
Does district include an incorporated city of 10,000 or more?	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> If YES, does not qualify for VFA.
How many paid and/or volunteer staff/fire fighters?	PAID:# <u>0</u> VOLUNTEER: # <u>36</u>
Check one: <input checked="" type="checkbox"/> Tax Base Dept/District - What is the tax rate per \$1,000 of assessed value? \$ <u>2.9202</u> <input type="checkbox"/> Non Profit Dept/District <input type="checkbox"/> Subscription Based Organization (see Page 3 of the VFA Manual re eligibility) <input type="checkbox"/> Rangeland Association <input type="checkbox"/> Other (please describe) _____	
State Fire Marshall Fire Department/District Identification Number (FDID)	# 0118

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Annual operating FIRE budget (see page 2 of the VFA Manual)?	\$ <u>40,000</u>
Does this application request funding for annexation, formation of a new fire department or other related administrative costs?	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
District Statistics. (Estimates are acceptable.)	Coverage area (mi ²): <u>1.23 sq mls</u> Number of Structures: <u>445 +</u>

FOR ODF USE ONLY

Date Received	Date Reviewed	VEA \$ Awarded
		\$

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Response boxes will expand to fit type.

OPERATING BUDGET

On the front page of this application form LOCAL FIRE AGENCY has provided the FIRE operating budget. The operating budget should exclude any capital outlay, construction, or grant budget related categories. Call volume adjustment should be factored; provide just the FIRE budget amount. The FIRE budget may be used to break ties among fire departments who receive the same point value. In the box below, provide any additional information that will further clarify specifics about the budget dollar amount.

OUR BUDGET NUMBERS (FIRE ONLY) AS FOLLOWS: Adopted 2014-15

• FUEL IS SUPPLIED BY THE CITY STOPS, AS IS OUR INSURANCE.

- OPERATIONAL SUPPLIES - \$ 1,200
- EQUIPMENT - O&M - 7,400
- BUILDING - O&M - 3,600
- UTILITIES - 11,000
- EDUCATION/TRAINING/DUES - 300
- INSURANCE - 6,500
- PROFESSIONAL SERVICES - 550
- UNIFORMS/PROTECTIVE GEAR - 300
- INTERGOVERNMENTAL SERVICES - 9,500
- REIMBURSABLE EXPENSE - 0
- MISC. - 0

\$ 39,950

COMMUNITY WILDFIRE PROTECTION PLAN (CWPP)

The local CWPP process has become increasingly important as recognition of local planning and involvement efforts to address wildland fire community at risk issues. Numerous federal agencies (i.e., FEMA, US Forest Service and BLM) are referencing the need for a CWPP as part of their competitive grant criteria and/or as planning strategies emerge at a national level for addressing wildfire mitigation activities. Please answer the following questions regarding the LOCAL FIRE AGENCY role with the local CWPP.

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Does the LOCAL FIRE AGENCY participate (attend meetings, endorse, provide input, provide leadership) on the local CWPP group process? Describe LOCAL FIRE AGENCY role with the local CWPP process.

FALLS CITY FIRE CHIEF ATTENDS MEETINGS OF THE POLK COUNTY FIRE DEFENSE BOARD WHICH OUTLINES THE PLANNING STRAT. AND MITIGATION OF WILDLAND RESPONSES IN OUR LOCAL & MUTUAL AID AREAS, WHICH INCLUDE ODF.

THE DEPARTMENT'S VOLUNTEERS THEN TRAIN IN ACCORDANCE TO NATION^{AL} WILDFIRE STANDARDS

Are the items being requested in this VFA application found within the local CWPP document?

YES

FEPP/FFP VEHICLE

The FEPP/FFP programs are valuable resources for local fire departments. In order to recognize VFA support, the purchasing, transportation, and restoration of the FEPP/FFP vehicles with VFA is considered an important priority. Does this VFA application include the purchase, upgrade, or repair of a FEPP/FFP vehicle? Describe below, briefly, what FEPP/FFP activity will be funded (purchase, repaint, repair, etc.).

NO VEHICLES

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CALL VOLUME

Please provide the LOCAL FIRE AGENCY calendar year 2014 wildland and structural fire call volume count. This number should also be reflected in the Oregon State Fire Marshal reporting data.

of wildland calls: 7

of structure calls: 6

TIME SINCE LAST AWARD

When was the last received VFA award?

FALLS CITY HAS NEVER BEEN A RECIPIENT

TRAINING

Will this award be used for any training activities, such as instructor costs, modules, training equipment?

No

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PROJECT DETAIL INFORMATION
(50% MATCH REQUIREMENT)

NOTE: If awarded a grant, reimbursement will be only for items that are listed below. Refer to the manual for instructions on how to get prior approval to make changes to this list of items.

There are four types of expenses, either wildland or structural, that can be funded under VFA. It should be clear from your description that the item clearly fits within one of these categories:

- **Organizational Improvements** – legal and administration fees, elections, advertising, etc. associated with forming a district, annexing an area to an existing district, or improving the administration of a newly formed district.
- **Equipment, Tools/Supplies, or Safety Improvements** – refer to the instruction manual for description of allowable items
- **Training – both Wildland or Structural**
- **Communications Equipment** – (MUST BE P25 COMPLIANT) refer to the instruction manual for description of allowable items

If in-kind for match is used, list the type (hours attending training, donated time from attorney, meeting facility used for training, etc.) on one of the lines of the chart. If you have any questions regarding if certain activities are eligible as in-kind match, contact the VFA Coordinator prior to the application deadline.

MAXIMUM FUNDING AWARD IS \$10,000

Please indicate below if this item is to be used for Wildland (Wild), Structural (Struc), or Both.

Wild	Struc	Both	Quantity	Description Item @ cost/item	Total Cost	Grant Dollars	MATCH Cash or In-kind	ODF USE ONLY APPROVED
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10	Manual Example "A": Fire shelters @ \$300	\$3000	\$1500	\$1500	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10	Manual Example "B": Fire shelters @ \$300	\$3000	\$3000		<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	200 hr	In-kind Match: Equip Maint, meetings, trainings			\$3000	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10	Manual Example "C" Fire Shelters @ \$300	\$3000	\$2250	\$750	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	100	In-kind Match: Equip Maint, meetings, trainings			\$1500	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	500'	1" HOSE	\$650	650		<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(1)	1.5" WYE	\$225	225		<input type="checkbox"/>

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	(2)	STD SHOVEL	\$ 35	35-	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	(1)	HALLIGAN	\$ 190	190-	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(1)	HOE	\$ 87	87-	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(3)	SHELFERS	\$ 1155	1155-	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(5)	POLY NOZZLES	\$ 87 ⁵⁰	87 ⁵⁰ -	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16 L/hr	IN KIND MATERIAL:			<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		TRAININGS			<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		MEETING			<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		VOL CLOCKIN		\$ 2415 ⁰⁰	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	.96 hr.	CASIT		\$ 14.40	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					<input type="checkbox"/>
TOTALS:					\$ 2429 ⁵⁰	\$ 2429 ⁵⁰	\$ 2429 ⁵⁰

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SIGNATURE AND CERTIFICATION PAGE

Is LOCAL FIRE AGENCY compliant (self certified) and does it use the National Incident Management Systems (NIMS) in day-to-day emergency operations?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> <i>If NO, does not qualify</i>
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If LOCAL FIRE AGENCY is a subscription organization (i.e. annual subscription fee to receive fire protection is charged) DOES LOCAL FIRE AGENCY RESPOND TO ALL FIRE CALLS REGARDLESS OF WHETHER LANDOWNER IS A SUBSCRIBER OR NOT?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> <i>If NO, does not qualify</i>
---	---

Certification

Signator below has the authority to obligate funds (i.e., Fire Chief, Treasurer, or Board Member). If submitting an electronic version of the form (as an attachment to an email), the email is accepted as the signature authorization.

The applicant certifies to the best of their knowledge and belief, that the information on this application is true and correct, and if awarded a VFA grant, will use those funds for the sole purpose of completing the project described on this application.

The applicant also certifies that they will comply with guidance, procedures, and rules identified in the 2015 Volunteer Fire Assistance Grant Manual.

Signature	<i>Robert Young</i>	Date	<i>4/15/15</i>
Type or Print Name	<i>Robert Young</i>	Title	<i>Chief</i>

DEADLINE: Must be received by APRIL 15TH, 2015 at 5:00 pm

Choose ONE of the following methods:

EMAIL: Tim.J.Holschbach@oregon.gov

FAX: Tim Holschbach at 503-945-7416
Please be aware the fax is very busy on the last day and verification of receipt is not available.

MAIL: Tim Holschbach, VFA Coordinator
 Oregon Department of Forestry
 2600 State Street, Building D
 Salem, OR 97310

QUESTIONS: Call Tim Holschbach at 503-945-7341

An electronic version of this application form (Microsoft Word format) is available at <http://www.oregon.gov/odf/pages/fire/grantopps.aspx>, Volunteer Fire Assistance, 2015.

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DECEMBER MAYOR'S REPORT

So far this Month we have not had any water main breaks, hopefully with the replacement of the section of pipe on Mill Street we have temporally cured our problem in that area. Staff has been busy cleaning City properties up for the insurance inspection and winterizing. We are getting estimates for a heat pump up at the treatment plant, there are old electric ceiling heaters that keep kicking the thermostats and cost a lot to run. We identified last summer that we will need air conditioning for the control room of the plant, hotter summers and logging around the plant has created this need. So if the heat pumps make more cost efficiency sense we will recommend that, or we will repair the thermostats and add an air conditioner.

Staff has been gearing up for the information requests that we will receive once the Master Plan is awarded. We have updated our comp plan and located system mapping. We are expecting to have to dedicate 40 to 50 hours a week for staff time, so all employees will be pitching in to make sure that the Engineer has all the information they will need.

Don, Carl, and I will be attending a PERS class on December 10th and I have the Coos Bay class on December 6 and 7.

The Thanksgiving Annual Dinner was a success. A total of 400 meals were served, 280 at the Community Center, 100 to go, and 20 delivered to the RV Park. Thanks to all that volunteered their time. Staff would like to wish everyone a Merry Christmas and a safe New Year.

I am still working on the USDA SEARCH grant, the way the grant is set up, it pays out after all other budgeted money is spent. I budgeted \$30,000 from the City and \$20,000 from IFA, so depending on the Engineering firm we choose we might not be drawing much of the USDA grant. USDA put forward the idea of including an Environmental Report, which is needed before any construction project moves forward. I let them know, after reviewing, that I felt this would be a waste of tax

payer funds. Until the projects are identified in the plan and Council decides on which project, it would be hard to complete an ER. So I am waiting to hear from USDA, my suggestion is that we still move forward with the Grant and if approved we can use the funds for filing fees and incidentals. We wouldn't use the total \$30,000 allowed but it would lock the City into \$30,000 total funds for the project.

MONTHLY EXPENSE REPORT

MAYOR UNGRICHT

11/03/2015: 25 Miles, Monmouth, Bank.
11/05/2015: 25 Miles, Monmouth, Bank.
11/09/2015: 54 Miles, Salem, Saffron Plumbing, Bank
11/10/2015: 25 Miles, Monmouth, Bank.
11/12/2015: 25 Miles, Monmouth Bank.
11/13/2015: 80 Miles, Tangent, Small Cities meeting, LOC.
11/16/2015: 25 Miles, Monmouth Bank.
11/17/2015: 64 Miles, Corvallis Edge Lab.
11/18/2015: 53 Miles, Salem Saffron plumbing, pump for reservoir.
11/23/2015: 25 Miles, Monmouth Bank.
11/25/2015: 25 Miles, Monmouth Bank

Total Miles 426 Miles x .57.5 cents = \$244.95

11/25/2015

RE: Falls City meeting follow up

From: "Rep Gomberg" <rep.davidgomberg@state.or.us>
Subject: RE: Falls City meeting follow up
Date: Tue, November 24, 2015 4:56 pm
To: "Terry Ungricht" <mayorungricht@fallscityoregon.gov>

Hi Terry,

We'll dig into this. It was great seeing you the other night as well!

Warm regards,

David

Rep. David Gomberg
Oregon House District 10
900 Court St NE H-471
Salem, OR 97301
503-986-1410

-----Original Message-----

From: Terry Ungricht [mailto:mayorungricht@fallscityoregon.gov]
Sent: Thursday, November 19, 2015 9:19 AM
To: Rep Gomberg <GomberD@leg.state.or.us>
Subject: Falls City meeting follow up

Dear Representative Gomberg,

Thank you for hosting the area meeting in Falls City, it is great that you give our residents an opportunity to raise issues and get a chance to talk with you.

I am following up on your request to provide information on the scheduled fee increases on water operators planned by the Oregon Health Authority. I am attaching the Administrative Rules, listing changes in fees and procedures, for OHA, chapter 333, division 61. As you can tell all of the fees have huge price increases, note changes in reviewing plans, page 2 and also the changes in certification on page 6. I know fees have not gone up in a while, but this is excessive. It really hurts small water providers like Falls City, we currently have around 434 hook ups on our system.

As the discussion highlighted, small Cities are having a hard time in providing the basic Governmental services that are expected by our citizens. I believe when you asked the group to prioritize the concerns; Code Enforcement and Law Enforcement was at the fore front. The idea of legislation to add one Police officer to each City in Oregon would greatly help small Cities that are struggling to control enforcement issues. I cannot believe the amount of hard drug use I witness in this community any advice or help in what small Cities can do to fight their enforcement problems would be great.

Also I will keep looking into who controls the gates to the Coastal Range, but Falls City would benefit if we could encourage tourism on the State and Federal lands that are closed behind those gates.

Last I hope that you look into the unfair way that the Wild Land Wild Fire fees are being generated. Falls City no longer receives many employment opportunities in the extraction and milling of timber. We fund a first response fire Department, we have the impact of heavy equipment destroying our roads, we are locked out of the land areas, but we are expected to pay even more to protect Timber revenue. This is not fair. The Legislature either needs to look at a fee for all property owners in the State or look at adjusting the fees to land owners that have Timber deferment.

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Thank you,
Terry Ungricht
Mayor/Manger
City of Falls City

November Staff Report

Sunday 1: Routine Water and Sewer.

Monday 2: Help Falls City High School with leak, put stop signs up.

Tuesday 3: Tried to put pump in recirculation tank, didn't have right parts. Put more stop signs up. Heater repair at Water Treatment Plant.

Wednesday 4: Grading roads, stop sign maintenance.

Thursday 5: Water and sewer samples, Glaze Creek intakes.

Friday 6: Installed pump at Water Treatment Plant.

Saturday 7: Routine water and sewer, worked on pump at Water Treatment Plant.

Sunday 8: Routine water and sewer, finished pump at Water Treatment Plant.

Monday 9: Took engineers to the intakes, stop signs, state sewer DMR's.

Tuesday 10: Graded roads, took engineer's to intakes, hauled rock.

Wednesday 11: Routine water and sewer, Holiday.

Thursday 12: Graded roads north side of town, hauled gravel, chlorine delivery.

Friday 13: Pump 108 North Main septic tank, tree removal on Mitchell Street, flag down from holiday.

Saturday 14: Routine water and sewer.

Sunday 15: Routine water and sewer.

Monday 16: Cleaning shops.

Tuesday 17: Hach Company calibrate instruments at Water Treatment Plant, finished cleaning shops.

Wednesday 18: Cleaning distribution lines at Water Treatment Plant gravel filter.

Thursday 19: Working on Water Treatment Plant gravel filter, water sample for nitrates.

Friday 20: Working at Water Treatment Plant flow meter, reconnect on Clark Street.

Saturday 21: Routine Water and sewer.

Sunday 22: Routine water and sewer.

Monday 23: Meter readings, reconnect 84 Boundary Street.

Tuesday 24: Finished meter readings, ran grader.

Wednesday 25: Rereads, shutoff, and lock 502 Lewis Street, meet contractor, Water Treatment Plant heating system, grading roads.

Thursday 26: Routine water and sewer. Holiday.

Friday 27: Routine water and sewer. Holiday.

Saturday 28: Routine water and sewer.

Sunday 29: Routine water and sewer.

Monday 30: State report, reread on Montgomery Street.

Library Director's Report

November 2015

Attendance total for the public library November 2015: 503. The breakdown is as follows: Adults 217 and Youth 286 regular hours.

Even though November is riddled with holidays, special student programs helped boost the statistics this month. Chemeketa sponsored a pre-literacy assembly for elementary students which was well received. There is increased after school and Saturday teen use of the library. The Lego Build-In and Movie also enjoyed a healthy turn out. There is an advertisement on the school's website recruiting library volunteers.

At the Elementary School, I am enthusiastic about the weekly pre-school story activities. Yamhill County's Building Blocks Program continues to offer a preschool activity at the Wagner Community Library on the second Thursday, monthly. I have offered detailed curriculum to Kindergarten students about dinosaurs and how to use the library. Similar lessons are presented to grades 1-2 and 3-4 with bats as the subject matter.

Follett, the software at the elementary school is offering trainings in cataloguing and collection development in November and December. I completed the Final Ready to Read Grant report and ordered the reading incentives for Wagner's Summer Reading Program emphasizing fitness.

The Library Advisory Board honored Mary Hake for her service. Financial reports were presented and programming for the Winter Break was discussed. The Library will offer basic computer skills to senior citizens during winter break. The refreshing twist is that teaching the workshop will be three teenagers. Call for more information. Dates to be arranged by the instructors.

Patrons have been taking advantage of "food for fines". Come on in and make a clean slate for the New Year. The program will be active through December. For December, the library will be offering ongoing craft projects.

Respectfully submitted,

Cynthia Hovind

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