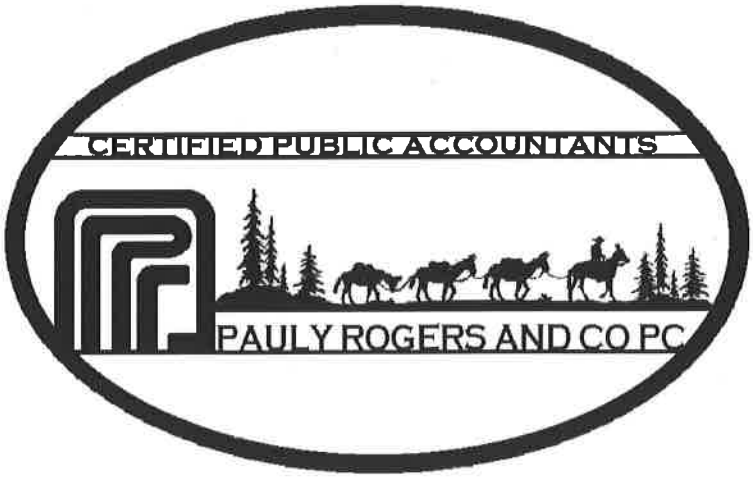
CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014



12700 SW 72nd Ave.
Tigard, OR 97223

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

For the Year Ended June 30, 2014

ANNUAL FINANCIAL REPORT

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CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

City Council as of June 30, 2014

NAME	TERM EXPIRES
Brent Dodrill, Mayor	December 31, 2014
Michele Conditt	December 31, 2014
Edward Smith	December 31, 2016
Rob Gaskill	December 31, 2014
Sean Drinkwine	December 31, 2016
Emil Hnidey	December 31, 2014

All council members receive mail at the address listed below:

475 SE Main Street
P.O. Box 958
Estacada, Oregon 97023

CITY MANAGER

William Elliott

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CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON
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CLACKAMAS COUNTY, OREGON
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PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

September 24, 2014

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Estacada
Clackamas County, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Estacada, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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 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.

Basis for Modified Opinion

The City does not maintain depreciation records for streets and street improvements acquired prior to June 30, 2014. We were unable to apply alternative procedures to satisfy ourselves regarding the depreciation of streets and street improvements.

Modified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Modified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Estacada, as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The City adopted the provisions of GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities,* for the year ended June 30, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the Management's Discussion and Analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have 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 records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The listing of board members containing their term expiration dates, located before the table of contents, 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.

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards,* we have issued our report dated September 24, 2014, on our consideration of internal control over financial reporting and on compliance and other matters. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated September 24, 2014, on our consideration of 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.

Roy R Rogers

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

City of Estacada

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following narrative is an overview of the financial position of the City of Estacada for the fiscal year ending June 30, 2014. This Management Discussion and Analysis presented by the City will be the foundation for future comparative analyses.

Financial Highlights

- The assets of the City of Estacada exceeded its liabilities at the close of the most recent fiscal year by $30,597,220 (net position). Of this amount, $3,847,190 (unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased $175,356 from the prior year. This increase is the result of prudent spending practices to increase cash reserves for future equipment purchases and facility maintenance.
- A major water line project at 4th Avenue and Ginseng Drive was completed. This project tied in the Ginseng intermediate water pressure zone into the high water pressure zone connected to the high level reservoir 3 on Moss Hill Road. This resulted in increased water pressure to those customers. The total cost of this project was $88,674 and was paid with water and water SDC funds.
- The city purchased a high capacity river pump and rehabilitated one of the two existing pumps at the water treatment plant. The new pump will be capable of pumping 1.5 million gallons of water a day and after rehabilitation, the existing pump will also pump 1.5 million gallons of water a day. This will give us the potential to be a plant capacity by running only two pumps. The third pump will be rehabilitated in the FY 2014-15 giving the city three high capacity river pumps. The cost of this project was $38,654 with the funds from the water and water SDC funds.
- The city began the Northwest Industrial Sanctuary infrastructure project funded by IFA in the FY 2013-14 and completed it in this fiscal year. The project included the construction of water, sewer, storm sewer, and the street system for the industrial area. The completion of this project added 28 shovel-ready industrial lots to inventory in the City of Estacada. The total cost of the project in this fiscal year was $2,596,516.
- The city received a $50,000 Special Cities Allotment grant for the reconstruction paving of Wade Street from Hwy 224 to 2nd Avenue. The total project was $62,591 and was completed with additional funds from the street fund.
- The clean water tank #2 at the Water Treatment Plant was sandblasted and repainted for a cost of $44,431.
- In the FY 2013-14 a 48'x84'x16' pole building was constructed next to the City Shop at 777 NW Tulip to provide parking and storage for city trucks and equipment. The shell of the building was constructed in 2013-14 ($44,580) and the lighting, electric work, gutters, and concrete work were completed in this fiscal year for $14,363. This was paid with funds from the park fund, street fund, water fund, storm sewer fund and sewer fund.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Estacada's basic financial statements. The City of Estacada's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This overview and analysis is intended to explain the changes in the financial positions of the City of Estacada and why they occurred.

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

The *Statement of Net Position* presents information on all the City's assets and liabilities with the difference between the two reported as *net position*. 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* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes, accounts receivable, grants receivable, deferred revenue, accounts payable, and earned but unused vacation leave).

Both the government-wide financial statements distinguish functions of the City that are principally supported by taxes, fees, licenses, franchises and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Another function of the City is supported by special revenue activities that are legally restricted to expenditures for specified purposes such as street maintenance, library services and building permit services. The governmental activities of the City include general government, public safety, planning and parks. The business-type activities of the City include wastewater collection/treatment, storm sewer, and domestic water distribution.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The City of Estacada maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, library fund, street fund, urban renewal fund, street system improvement fund and the Hwy 224 Industrial Park fund, all of which are considered to be major funds. Data from the other 5 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Estacada adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The City of Estacada maintains proprietary funds, or enterprise funds, for its Water, Sewer, and Storm Sewer. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, and Storm Sewer, all of which are considered to be major funds.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of Estacada, assets exceeded liabilities by $30,597,220 at the close of the most recent fiscal year.

By far the largest portion of the City's net position reflects its investments in capital assets (e.g. land, buildings, roads, vehicles, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending unless real estate is sold. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF ESTACADA NET POSITION

	2014	2013
CURRENT AND OTHER ASSETS	$ 4,538,536	$ 4,485,696
CAPITAL ASSETS	31,530,102	28,969,106
TOTAL ASSETS	**$ 36,068,638**	**$33,454,802**
CURRENT AND OTHER LIABILITIES	$ 466,366	$ 468,571
NONCURRENT LIABILITIES	5,005,052	2,564,367
TOTAL LIABILITIES	**$ 5,471,418**	**$ 3,032,938**
NET POSITION:		
NET INVESTMENT IN CAPITAL ASSETS	$ 26,369,218	$26,251,633
RESTRICTED	380,812	207,513
UNRESTRICTED	3,847,190	3,962,718
TOTAL NET POSITION	**$ 30,597,200**	**$30,421,864**

The *Noncurrent Liabilities* are the water bonds and notes payables, and includes unearned revenue in the form of uncollected property taxes.

The *Restricted* portion of net position is revenues received in specific funds such as Buildings, Library, Parks, Streets and Debt Service that are restricted by law as to their use.

The City's total net position increased $175,356 from the prior year. This increase is the results of prudent spending practices of the city to build up cash reserves for future equipment and system maintenance.

CITY OF ESTACADA
CHANGES IN NET POSITION

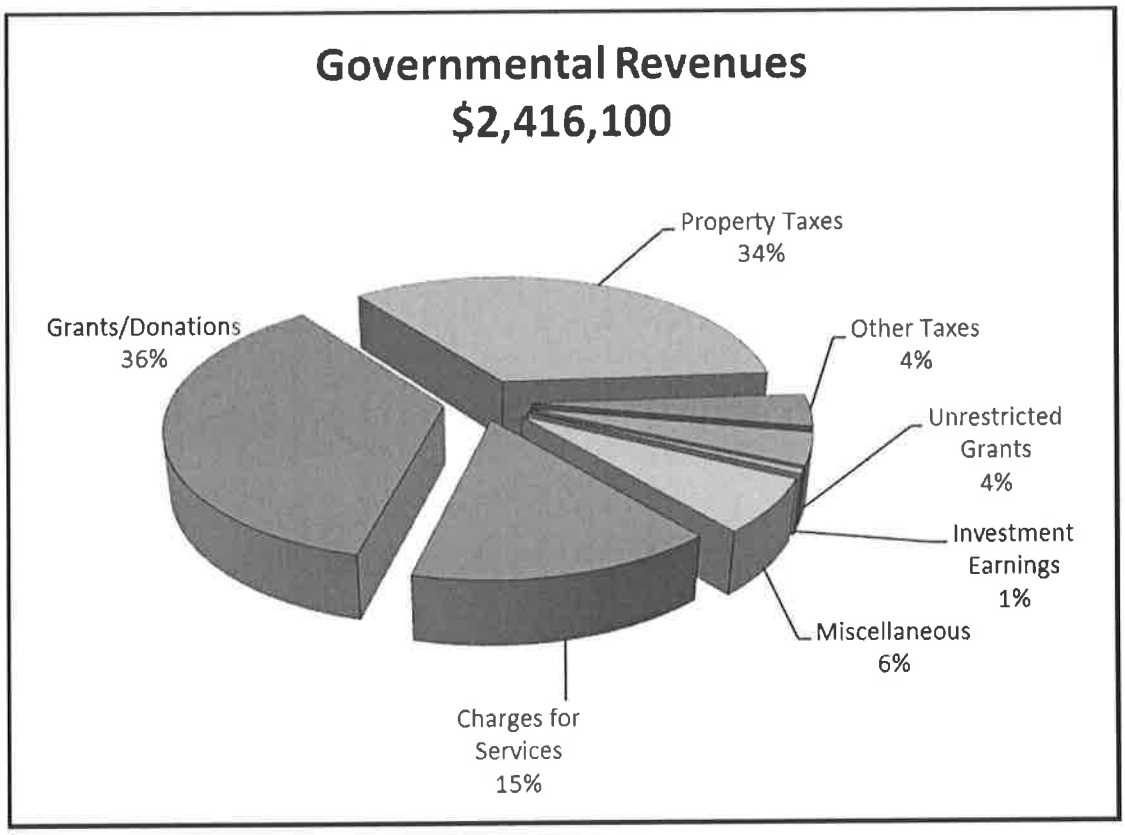
The City's total revenues were $5,985,195, of this 29% or $1,756,310 are from Charges for Services and 55% or $3,276,542 from grants, interest earnings, and other non-tax sources. Only 16% or $921,579 comes from the various sources of property taxes and intergovernmental taxes.

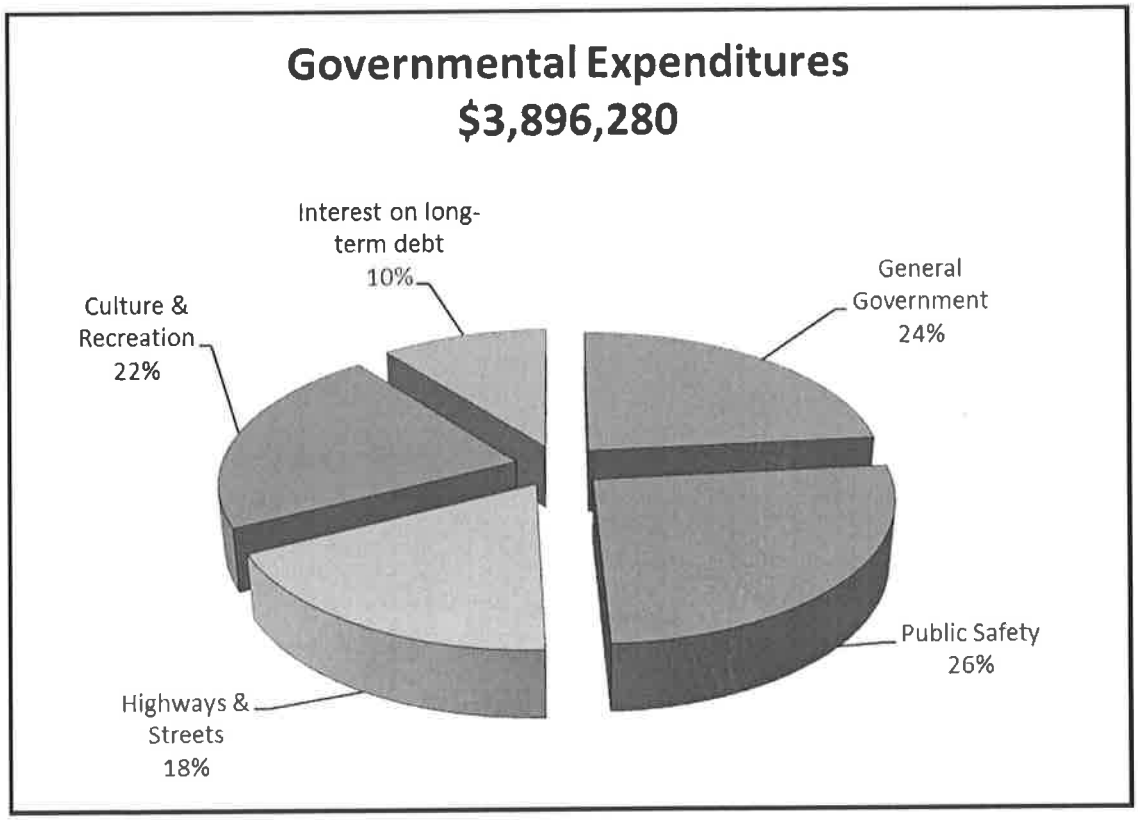
The total cost of all programs and services was $5,809,839; $1,913,430 (33%) is for utilities and the remainder is for General Government, Library, Building, Public Safety, Streets, Culture & Recreation, and Debt Service Principal and Interest.

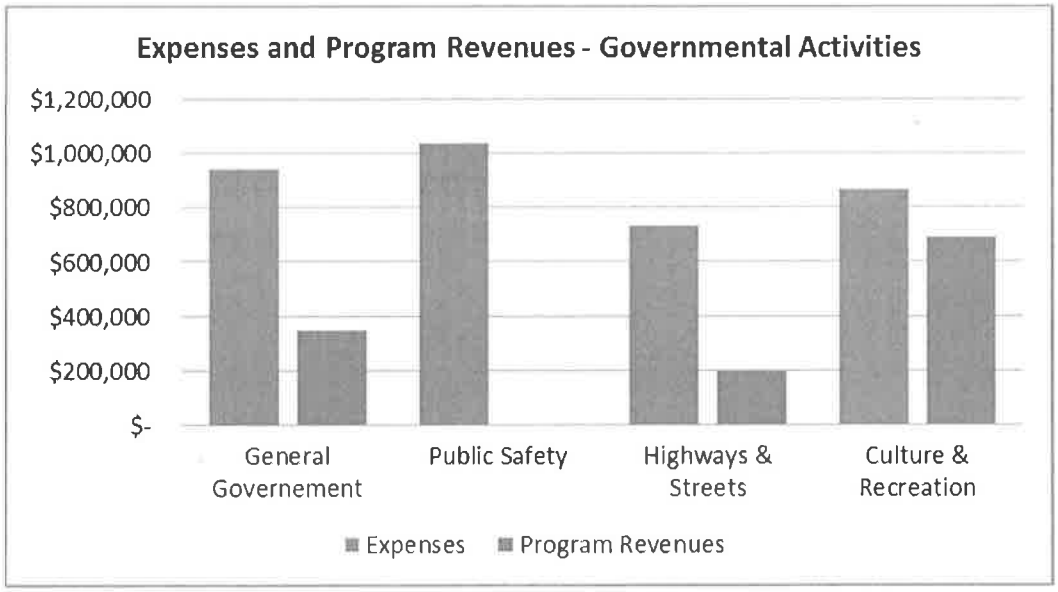
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2014	2013	2014	2013	2014	2013
PROGRAM REVENUES:						
Charges for services	$ 364,202	$ 427,678	$ 1,392,108	$ 1,297,958	$ 1,756,310	$ 1,725,636
Grants & Contributions	867,705	834,961	2,146,223	171,286	3,013,928	1,006,247
GENERAL REVENEUES:						
Property Taxes	825,685	716,298			825,685	716,298
Other Taxes & Assessments	95,894	50,026			95,894	50,026
Unrestriced Grants	92,869	178,503			92,869	178,503
Investment Earnings	13,062	16,484	8,649	8,895	21,711	25,379
Miscellaneous	156,683	106,842	22,115	12,222	178,798	119,064
TOTAL REVENUES	**2,416,100**	**2,330,792**	**3,569,095**	**1,490,361**	**5,985,195**	**3,821,153**
PROGRAM EXPENSES:						
General Government	918,623	412,721			918,623	412,721
Public Safety	1,007,899	630,186			1,007,899	630,186
Highways & Streets	708,195	311,363			708,195	311,363
Culture & Recreation	856,649	663,085			856,649	663,085
Interest & Other Charges	404,914	125,422			404,914	125,422
Water			853,385	639,086	853,385	639,086
Storm Water			168,038	172,031	168,038	172,031
Sewer			892,136	653,252	892,136	653,252
TOTAL EXPENSES	**$ 3,896,280**	**$ 2,142,777**	**$ 1,913,559**	**$ 1,464,369**	**$ 5,809,839**	**$ 3,607,146**
Prior Period Adjustment	**-**	**-**	**-**	**(73,696)**	**-**	**(73,696)**
CHANGE IN NET POSITION	**$ (1,480,180)**	**$ 188,015**	**$ 1,655,536**	**$ (47,704)**	**$ 175,356**	**$ 140,311**

- Property taxes increased by $109,387 (15.3%) during the year, representing the city's increase in totaled assessed value used to compute the tax rate.
- Charges for services increased by $30,674 (1.8%) resulting from a 3% increase of all fees.

GOVERNMENTAL ACTIVITIES

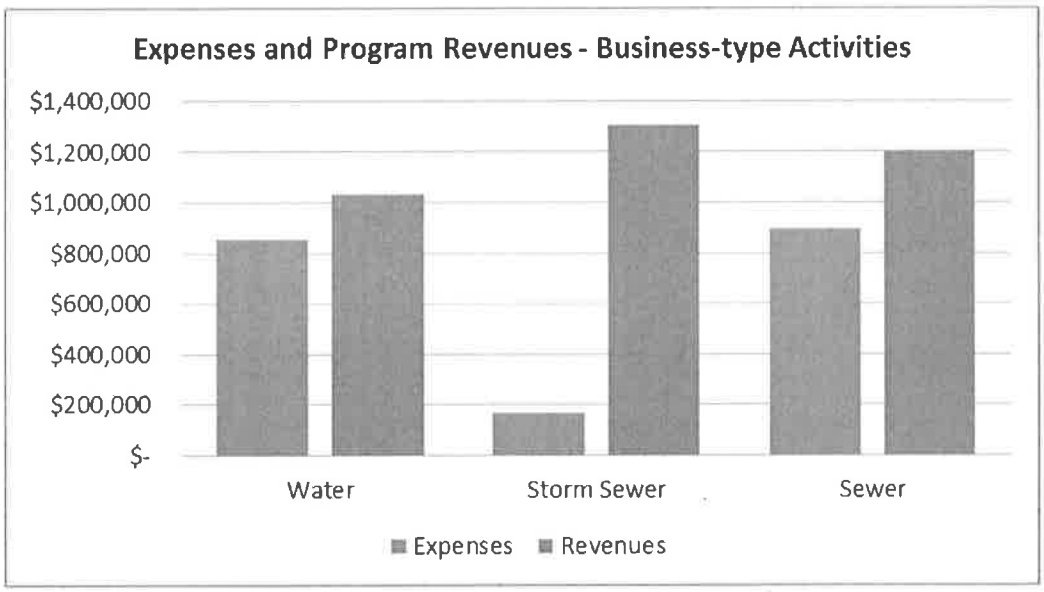


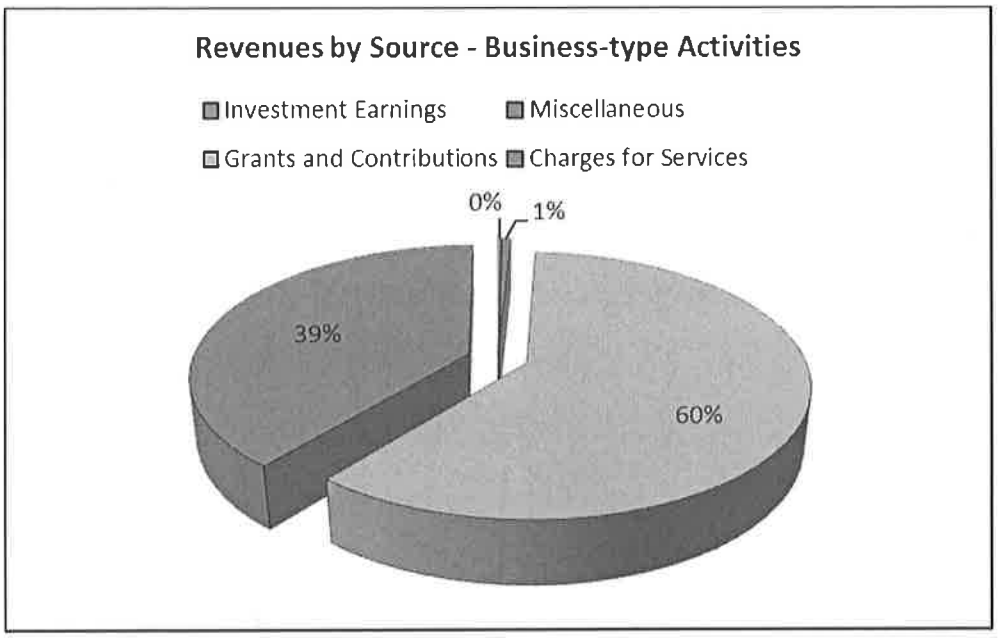




The cost for all governmental activities this year was $3,896,280. However, the amount that our taxpayers paid for these activities through property taxes was only $825,685 (34%). Those who directly benefited from the programs (charges for service) paid $364,202 or 15%. The remaining amount was from operating grants, capital grants and contributions.

Business-type activities. Business-type activities increased net position by $1,655,536. This increase is the result of a significant increase in revenue generated from grants and contributions.





FINANCIAL ANALYSIS OF THE CITY OF ESTACDA FUNDS

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

Governmental funds. The focus of the City of Estacada's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Estacada's financing requirements.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual expenditures were $379,360 below final budgeted amounts as a result of a budgeted $323,416 contingency that was not expended. Revenues came in $30,505 higher than budgeted. Property taxes, franchise fees, planning fees, and grants and donations came in lower than budgeted by approximately $16,300 below budget, but this deficit was offset by a $41,500 increase in miscellaneous and a $4,362 increase in intergovernmental.

FUTURE ECONOMIC FACTORS FOR THE CITY OF ESTACADA

The City of Estacada developed the "Estacada Downtown and Riverside Area Plan" and implemented amendments to the Development Code to create a new Downtown zoning district along with amendments to the Estacada Zoning Map and Comprehensive Plan. This plan provides for a lively downtown that is pedestrian and bicycle friendly. It also increases the potential for downtown to capture economic growth, and the type of growth that is feasible, which in turn will guide the City's next steps on zoning for the OR 224 corridor outside of downtown.

The City was awarded a CDBG grant for street, sidewalk, water, and storm drain improvements on Laurel and Maple Streets in the amount of $300,000. This grant money was available in July 2014 and the county is currently working on the environmental study required for the area. Construction is expected to start in 2015. The city will be responsible for the 20% match that will come from the Street, Water, and Storm Sewer Reserve funds.

SCA grants have been increased from $25,000 to $50,000 but there are fewer of them. The City received a grant for FY 2013-14 to improve SW Wade Street and will continue to apply annually for these funds to use for street reconstruction.

In 2011 the City received a violation from DEQ for failure to meet ammonia discharge levels into the Clackamas River from the wastewater system according to the National Pollutant Discharge Elimination System (NPDES) Waste Discharge Permit. City engineers prepared an Analysis of Treated Wastewater Effluent Ammonia Control Alternatives and submitted it to the council. The Council's proposal to DEQ to use a fixed film oxidation method to process the ammonia was accepted by DEQ. This project will cost approximately $650,000. The council asked the voters in November, 2012 to approve a sewer rate increase to pay for the loan for this project. The voters approved the increase and collection of the increase began in December 2012. This increase brings in approximately $4,500 per month and these funds are deposited into the Sewer Reserve Fund. The funds will be used for engineering and for payment of principal and interest on future debt service issued to pay for the ammonia project. This issue must be resolved by 2015 per a mutual agreement between the city and DEQ. Funding for the project should be secured in the fall 2014 with construction beginning in early 2015.

In the November 2009 General Election, the citizens of Estacada approved a charter amendment that requires the City Council to submit any new tax, charge or fee, or any increase of an existing tax or fee greater than 3% to an election at which at least 50% of registered voters cast a ballot or at a general election in an even-numbered year. This has already had and will continue to have a substantial impact on future budgets since any new fees or increases over 3% will generally be limited to the general elections in even numbered years to assure that the results will be valid.

The City Council has placed a measure on the November 4, 2014 ballot asking citizens to approve a $.03 per gallon seasonal fuel tax. The Council has discussed the need for a dedicated funding source for streets for some time now. This "user charge" will allow the City to maintain and repair its streets using revenue collected from those who actually use the streets, including visitors who pass through Estacada on their way to the upper Clackamas recreational area. Net tax revenue received through this tax would be used for construction, reconstruction, improvement, and repair of streets, roads and public highways within Estacada. Annual expected revenue is expected to be between $35,000 and $55,000 per year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide City of Estacada citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Estacada Finance Department at 475 SE Main Street, Estacada, Oregon, 97023, (503) 630-8270.

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	$ 2,179,351	$ 1,352,261	$ 3,531,612
Receivables:			
Accounts, Net	71,984	134,603	206,587
Property Taxes	47,523	-	47,523
Other Taxes	10,725	-	10,725
Notes and Assessments	-	18,718	18,718
Intergovernmental	681,112	-	681,112
Supply Inventories	18,254	24,005	42,259
Total Current Assets	3,008,949	1,529,587	4,538,536
Noncurrent Assets:			
Capital Assets, Net of Accumulated Depreciation, Where Applicable:			
Land	664,114	86,512	750,626
Construction in Progress	16,617	71,066	87,683
Infrastructure	19,285,584	-	19,285,584
Building and Improvements	2,952,507	3,928,441	6,880,948
Distribution and Collection Systems	-	4,467,775	4,467,775
Furniture, Fixtures and Equipment	57,486	-	57,486
Total Noncurrent Assets	22,976,308	8,553,794	31,530,102
Total Assets	25,985,257	10,083,381	36,068,638
LIABILITIES			
Current Liabilities:			
Accounts Payable	110,070	3,408	113,478
Accrued Interest Payable	76,613	-	76,613
Payroll Liabilities	33,270	30,795	64,065
Customer Deposits	2,133	12,550	14,683
Compensated Absences Payable	27,974	13,722	41,696
Long Term Debt:			
Due Within One Year	155,831	-	155,831
Long-Term Liabilities:			
Due After One Year	5,005,052	-	5,005,052
Total Liabilities	5,410,943	60,475	5,471,418
Net Position:			
Net Investment in Capital Assets	17,815,424	8,553,794	26,369,218
Restricted	380,812	-	380,812
Unrestricted	2,378,078	1,469,112	3,847,190
Total Net Position	$ 20,574,314	$ 10,022,906	$ 30,597,220

See accompanying notes to the basic financial statements

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	$ 918,623	$ 347,590	$ -	$ -
Public Safety	1,007,899	-	-	-
Highways and Streets	708,195	-	164,469	31,039
Culture and Recreation	856,649	16,612	623,713	48,484
Interest Expense on Long-Term Debt	404,914	-	-	-
Total Governmental Activities	3,896,280	364,202	788,182	79,523
Business- Type Activities				
Water	853,385	593,382	-	439,024
Storm Sewer	168,038	172,775	-	1,133,133
Sewer	892,136	625,951	-	574,066
Total Business-Type Activities	1,913,559	1,392,108	-	2,146,223
Total Primary Government	$ 5,809,839	$ 1,756,310	$ 788,182	$ 2,225,746

See accompanying notes to the basic financial statements

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	$ (571,033)	$ -	$ (571,033)
	(1,007,899)	-	(1,007,899)
	(512,687)	-	(512,687)
	(167,840)	-	(167,840)
	(404,914)	-	(404,914)
	(2,664,373)	-	(2,664,373)
	-	179,021	179,021
	-	1,137,870	1,137,870
	-	307,881	307,881
	-	1,624,772	1,624,772
	(2,664,373)	1,624,772	(1,039,601)
General Revenues:			
Property Taxes	825,685	-	825,685
Other Taxes & Assessments	95,894	-	95,894
Unrestricted Grants	92,869	-	92,869
Interest and Investment Earnings	13,062	8,649	21,711
Miscellaneous	156,683	22,115	178,798
Total General revenues	1,184,193	30,764	1,214,957
Change in Net Position	(1,480,180)	1,655,536	175,356
Net Position – Beginning	22,054,494	8,367,370	30,421,864
Net Position – Ending	$ 20,574,314	$ 10,022,906	$ 30,597,220

See accompanying notes to the basic financial statements

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

COMBINED BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	GENERAL FUND	LIBRARY FUND	STREET FUND	URBAN RENEWAL FUND
ASSETS:				
Cash and Cash Equivalents	$ 529,710	$ 529,479	$ 9,948	$ 261,483
Receivables:				
Property Taxes	33,029	-	-	9,654
Other Taxes	10,725	-	-	-
Accounts	8,955	-	63,029	-
Intergovernmental	-	-	-	-
Inventory	-	-	18,254	-
Total Assets	$ 582,419	$ 529,479	$ 91,231	$ 271,137
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	$ 36,042	$ 1,971	$ 62,863	$ -
Payroll Related Liabilities	8,409	18,530	5,306	-
Deposits	-	2,133	-	-
Total Liabilities	$44,451	$22,634	$68,169	
DEFERRED INFLOWS OF RESOURCES				
Unavailable Tax Revenue	30,465	-	-	8,806
Unavailable Assessments	-	-	-	-
Total Deferred Inflows of Resources	30,465	-	-	8,806
Fund Balances:				
Nonspendable	-	-	18,254	-
Restricted	-	-	-	262,331
Assigned	-	506,845	4,808	-
Unassigned	507,503	-	-	-
Total Fund Balances	507,503	506,845	23,062	262,331
Total Liabilities, Deferred Inflows, and Fund Balances	$ 582,419	$ 529,479	$ 91,231	$ $271,137

See accompanying notes to the basic financial statements

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

COMBINED BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

STREET SYSTEM IMPROVEMENT FUND	HWY 224 INDUSTRIAL PARK FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
$ 353,520	$ 55,977	$ 439,234	$ 2,179,351
-	-	4,840	47,523
-	-	-	10,725
-	-	-	71,984
-	681,112	-	681,112
-	-	-	18,254
$ 353,520	$ 737,089	$ 444,074	$ 3,008,949
$ -	$ -	$ 9,194	$ 110,070
-	-	1,025	33,270
-	-	-	2,133
		10,219	$145,473
-	-	4,456	43,727
-	681,112	-	681,112
-	681,112	4,456	724,839
-	-	-	18,254
-	-	131,795	394,126
353,520	55,977	297,604	1,218,754
-	-	-	507,503
353,520	55,977	429,399	2,138,637
$ 353,520	$ 737,089	$ 444,074	$ 3,008,949

See accompanying notes to the basic financial statements

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CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
June 30, 2014

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

Total Fund Balances		$ 2,138,637
Capital assets are not financial resources and thus are not reported in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.		
Capital Assets	$ 23,979,623	
Less Accumulated Depreciation	(1,003,315)	22,976,308
Property taxes collected after year end but are not available soon enough to pay for current obligations are deferred in governmental funds but are recognized as revenue in the Statement of Activities.		43,727
All liabilities are reported in the Statement of Net Position whereas in governmental funds, liabilities not due and payable in the current period are not reported.		
Accrued Interest Payable	(76,613)	
Accrued Compensated Absences	(27,974)	
Bonds Payable	(2,221,633)	
Loans Payable	(2,939,250)	
Total liabilities not due and payable in current period		(5,265,470)
Other Long-Term Assets are not available to pay for current period expenditures and, therefore are deferred in the fund statements		
Unavailable Assessment Revenue		681,112
Total Net Position		$ 20,574,314

See accompanying notes to the basic financials

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	GENERAL FUND	LIBRARY FUND	STREET FUND	URBAN RENEWAL FUND
REVENUES:				
Property Taxes	$ 527,377	$ -	$ -	$ 224,009
Street Taxes	-	-	164,469	-
Licenses and Fees	273,350	-	-	-
Intergovernmental	73,112	623,713	-	-
Fines and Forfeitures	-	16,612	-	-
System Development Charges	-	-	-	-
Assessments	-	-	-	-
Interest	4,495	2,341	71	1,231
Grants and Donations	22,896	3,853	50,000	-
Miscellaneous	49,500	32,706	3,645	1,436
Total Revenues	950,730	679,225	218,185	226,676
EXPENDITURES:				
Current:				
General Government	279,003	-	-	5,933
Library	-	620,224	-	-
Personal Service				
Materials & Services	-	-	-	-
Public Safety	398,164	-	-	-
Highways and Streets	-	-	279,768	-
Culture and Recreation	93,398	-	-	-
Capital Outlay	-	-	-	11,666
Debt Service:				
Principal	-	-		42,950
Interest	-	-	-	
Total Expenditures	770,565	620,224	279,768	60,549
Excess of Revenues Over, (Under) Expenditures	180,165	59,001	(61,583)	166,127
Other Financing Sources, (Uses)				
Loan Proceeds - Principal	-	-	-	-
Transfers In	-	-	46,000	17,132
Transfers Out	(96,288)	(13,285)	-	(17,132)
Total Other Financing Sources (Uses)	(96,288)	(13,285)	46,000	-
Net Change in Fund Balance	83,877	45,716	(15,583)	166,127
Fund Balance – Beginning of Year	423,626	461,129	38,645	96,204
Fund Balance – End of Year	$ 507,503	$ 506,845	$ 23,062	$ 262,331

See accompanying notes to the basic financial statements

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

STREET SYSTEM IMPROVEMENT FUND	HWY 224 INDUSTRIAL PARK FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
$ -	$ -	$ 77,992	$ 829,378
-	-	-	164,469
-	-	74,239	347,589
-	-	-	696,825
-	-	-	16,612
31,039	-	48,484	79,523
-	107,822	52,928	160,750
2,017	872	2,035	13,062
16,120	-	-	92,869
-	-	299	87,586
49,176	108,694	255,977	2,488,663
-	-	-	284,936
-	-	-	620,224
		24,744	24,744
-		172,602	172,602
-	-	-	398,164
-	-	-	279,768
-	-	-	93,398
24,099	-	2,485,093	2,520,858
-	443,201	17,371	503,522
-		58,621	58,621
24,099	443,201	2,758,431	4,956,837
25,077	(334,507)	(2,502,454)	(2,468,174)
-	-	2,596,516	2,596,516
-	50,000	13,573	126,705
-	-	-	(126,705)
-	50,000	2,610,089	2,596,516
25,077	(284,507)	107,635	128,342
328,443	340,484	321,764	2,010,295
$ 353,520	$ 55,977	$ 429,399	$ 2,138,637

See accompanying notes to the basic financial statements

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - TO STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

The change in net position reported in the Statement of Activities is different because:

Net changes in fund balances – total governmental funds		$	128,342
Capital asset additions are reported as capital outlay expenditures in governmental funds. However, the Statement of Activities allocated the cost of these assets over their estimated useful lives as depreciation expense.			
Capital Asset Additions, Net	$ 999,910		
Current Year Depreciation, Net	(96,582)		
			903,328
Long-term debt issued in the current year is reported as revenue in the governmental funds. In the Statement of Activities, revenues are not recognized, but a liability is accrued on the Statement of Net Position.			
Loan Payable			(2,596,516)
Changes of long-term debt principal are reported as expenditures and revenues in governmental funds, whereas they are reported as changes in bonds payable in the Statement of Net Position.			
Change in Accrued Interest	3,457		
Payments on Bonds Payable	113,949		
Payments on Loan Payable	39,157		156,563
Property taxes and other revenues that do not meet the measurable and available criteria do not provide current financial resources and are recorded as deferred revenue in the governmental funds. In the Statement of Activities, these revenues are recognized as revenue when they are earned (or levied in the case of property taxes).			
Unavailable Property Taxes	(3,693)		
Unavailable Assessments	(64,856)		
Unavailable SDC Revenue	(4,014)		(72,563)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.			
Change in Compensated Absences			666
Changes in net position of governmental activities		$	(1,480,180)

See accompanying notes to the basic financials

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014

	Business-Type Activities – Enterprise Funds			
	ALL WATER FUNDS	ALL SEWER FUNDS	ALL STORM SEWER FUNDS	TOTAL
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	$ 317,585	$ 740,242	$ 294,434	$ 1,352,261
Receivables:				
Accounts, net	55,772	62,214	16,617	134,603
Assessments/SDC Receivable	4,806	1,631	12,281	18,718
Inventories	19,396	4,609	-	24,005
Total Current Assets	397,559	808,696	323,332	1,529,587
Noncurrent Assets:				
Capital Assets:				
Land	84,462	2,050	-	86,512
Depreciable Assets	6,901,618	6,420,249	1,743,296	15,065,163
Less Accumulated Depreciation	(3,137,803)	(3,208,501)	(251,577)	(6,597,881)
Total Net Capital Assets	3,848,277	3,213,798	1,491,719	8,553,794
Total Assets	4,245,836	4,022,494	1,815,051	10,083,381
LIABILITIES:				
Current Liabilities				
Accounts Payable	1,756	861	791	3,408
Payroll and Related Liabilities	13,303	12,731	4,761	30,795
Deposits and Refunds Payable	4,570	7,980	-	12,550
Compensated Absences Payable	4,574	4,574	4,574	13,722
Total Current Liabilities	24,203	26,146	10,126	60,475
Total Liabilities	24,203	26,146	10,126	60,475
Net Position:				
Net Investment in Capital Assets	3,848,277	3,213,798	1,491,719	8,553,794
Unrestricted	373,356	782,550	313,206	1,469,112
Total Net Position	$ 4,221,633	$ 3,996,348	$ 1,804,925	$ 10,022,906

See accompanying notes to the basic financial statements

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	ALL WATER FUNDS	ALL SEWER FUNDS	ALL STORM SEWER FUNDS	TOTAL
OPERATING REVENUES:				
Charges for Services	$ 593,382	$ 625,951	$ 172,775	$ 1,392,108
Miscellaneous	9,498	8,971	3,646	22,115
Total Operating Revenues	602,880	634,922	176,421	1,414,223
OPERATING EXPENSES:				
Personal Services	310,944	299,713	109,700	720,357
Contractual Services	29,935	114,247	7,782	151,964
Projects	50,880	83,754	-	134,634
Utilities	61,134	53,485	3,724	118,343
Repair and Maintenance	32,720	24,179	7,194	64,093
Other Supplies and Expenses	181,203	110,991	11,066	303,260
Insurance Claims and Expenses	15,000	15,973	3,000	33,973
Depreciation	171,569	189,794	25,572	386,935
Total Operating Expenses	853,385	892,136	168,038	1,913,559
Operating Income (Loss)	(250,505)	(257,214)	8,383	(499,336)
Nonoperating Revenues (Expenses):				
Interest Revenue	2,197	4,144	2,308	8,649
Total Non-Operating Revenues (Expenses)	2,197	4,144	2,308	8,649
Income (Loss) Before Contributions and Transfers	(248,308)	(253,070)	10,691	(490,687)
Capital Contributions	439,024	574,066	1,133,133	2,146,223
Change in Net Position	190,716	320,996	1,143,824	1,655,536
Beginning Net Position	4,030,917	3,675,352	661,101	8,367,370
Ending Net Position	$ 4,221,633	$ 3,996,348	$ 1,804,925	$ 10,022,906

See accompanying notes to the basic financial statements

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	Business-Type Activities – Enterprise Funds			
	WATER FUND	SEWER FUND	STORM SEWER FUND	TOTAL
Cash Flows from Operating Activities:				
Receipts from Customers and Uses	$ 657,308	$ 635,657	$ 181,051	$ 1,474,016
Payments to Suppliers	(370,005)	(395,667)	(29,585)	(795,257)
Payments to Employees	(324,705)	(315,678)	(113,097)	(753,480)
Net Cash Provided from (used by) Operating Activities	(37,402)	(75,688)	38,369	(74,721)
Cash Flows From Investing Activities				
Interest Earned	2,197	4,144	2,308	8,649
Net Cash Flows From Investing Activities	2,197	4,144	2,308	8,649
Cash Flows from Capital and Related Financing Activities				
Capital Contributions	439,024	574,066	1,133,133	2,146,223
Acquisition of Capital Assets	(429,287)	(498,938)	(1,116,377)	(2,044,602)
Net Cash Flows from (used by) Capital and Related Financing Activities	9,737	75,128	16,756	101,621
Net Increase (Decrease) in Cash and Cash Equivalents	(25,468)	3,584	57,433	35,549
Balances – Beginning of the Year	343,053	736,658	237,001	1,316,712
Balances – End of the Year	$ 317,585	$ 740,242	$ 294,434	$ 1,352,261
Reconciliation of Operating Income (Loss) to Net Cash Provided from (used by) Operating Activities:				
Operating Income	$ (250,505)	$ (257,214)	$ 8,383	$ (499,336)
Cash Flow Reported in Other Activities:				
Depreciation Expense	171,569	189,794	25,572	386,935
(Increase) Decrease in Assets				
Receivables	54,428	735	4,630	59,793
Inventory	(4,310)	1,052	-	(3,258)
Increase (Decrease) in Liabilities				
Accounts and Other Payables	(9,823)	(10,083)	181	(19,725)
Deposits	-	20	-	20
Payroll Liabilities	1,239	8	(397)	850
Net Cash Provided from (used by) Operating Activities	$ (37,402)	$ (75,688)	$ 38,369	$ (74,721)

See accompanying notes to the basic financial statements

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Estacada, Oregon, have been prepared in conformity with accounting principles generally accepted in the United State of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

A. THE FINANCIAL REPORTING ENTITY

The City, an Oregon Municipal Corporation, is organized with an elected mayor and council consisting of six members. The City Charter provides for a Council-City Manager form of government. The City Council hired a City Manager to administer polices and to coordinate the activities of the City. The heads of the various departments, formed to provide various services, are to be under the direct supervision of the City Manager. A full range of municipal services are provided to the community, which include police and fire protection, emergency medical services, traffic control and improvement, street maintenance and improvement, water, sanitary, sewer, and surface water management services, planning and zoning regulation, building inspection and regulation, and parks and recreational activities.

Management, in determining what potential component entities should be included for financial reporting purposes, considered accountability for fiscal matters, other manifestations of oversight responsibility, scope of public service, and special financing relationships. Fiscal accountability, the most significant of all criteria, refers to conditions of financial interdependence between two entities including budgetary adoption, taxing authority, responsibility for debt, control over or responsibility for financial management. Other manifestations of oversight responsibility encompass the ability to select governing authority, designate management, or significantly influence operations. The scope of public service evaluates the benefits derived in terms of the citizenry served or the geographic boundaries included.

The accompanying financial statements present the City (primary government) and its blended component unit (Estacada Urban Renewal Agency), an entity for which the City is considered to be financially responsible. Component units, as defined by the Governmental Accounting Standards Board (GASB) Statement No. 61, are separate organizations that are included in the City of Estacada's reporting entity because of the significance of their operational or financial relationships with the City.

Estacada Urban Renewal Agency

The Estacada Urban Renewal Agency (the Agency) is a legally separate entity from the City of Estacada, and was formed to undertake urban renewal projects and activities pursuant to the City's redevelopment plan. The Board of Directors of the Agency consists of a seven member board, all of which are members of the Estacada City Council. The City is required to certify to the County Assessor any incremental taxes to be levied for the benefit of the Agency. Since the City Council appoints its governing board and services are provided almost entirely within the City of Estacada, it has been included as a blended component unit in the financial statements. Complete financial statements for the Agency may be obtained at the City's administrative offices, 475 SE Main Street Estacada, Oregon 97023.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Eliminations have been made to eliminate the double counting of internal activities. Direct expenses are not eliminated from the various functional categories.

The statement of activities demonstrates the degree to which the direct expenses of a given function (i.e., general government, public safety, streets, etc.) is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Each fund is considered to be a separate accounting entity. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Remaining governmental funds are aggregated and reported as non-major funds.

GOVERNMENTAL FUND TYPES AND FUND FINANCIAL STATEMENTS

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION (CONT.)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net positions that applies to a future period(s) and so will not be recognized as on outflow of resources (expense/expenditure) until then. The City does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

FUND EQUITY

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

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION (CONT.)

FUND EQUITY (CONT.)

- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. Authority to make assignments has been delegated to the City Manager and the Finance Director.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

It is the policy of the City that General Fund resources are to be expended – when multiple fund balance types are available for a specific purpose – in the following order: Restricted, Committed, Assigned, and Unassigned. All other funds are to expend fund balances in the following order: Assigned, Committed and Restricted.

There were no committed funds at year end.

DESCRIPTION OF FUNDS

The following major governmental funds are reported:

General Fund
This is the primary operating fund. It accounts for the financial operations, which are not accounted for in any other fund. Principal sources of revenue are property taxes, intergovernmental revenues, licenses and fees, charges for services, and other miscellaneous revenues. Primary expenditures are for police and transfers to other funds.

Library Fund
This fund is used to accumulate resources for the library system. Revenues are from property taxes.

Street Fund
This fund accounts for revenues received from state gasoline tax, which are to be expended for the construction, maintenance and use of the streets.

Urban Renewal Agency Fund
This fund is a separate reporting entity and has its own financial audit conducted. The majority of revenue comes from property taxes.

Street System Improvement Fund
This fund accounts for revenues from street development charges and the usage of such resources.

HWY 224 Industrial Park
This fund is used to record revenue and expenditures of the industrial park.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION (CONT.)

DESCRIPTION OF FUNDS (CONT.)

The following non-major governmental funds are reported:

Other Governmental Funds
This includes special revenue, capital projects, and debt service funds. These funds are used to: finance particular functions and activities as well as major construction and equipment purchases, and pay principal and interest on long term debt.

The following major proprietary funds are reported:

Water Funds
This fund accounts for the activities of the water distribution system. Revenue is derived primarily from water service charges.

Sewer Funds
This fund accounts for the activities of the wastewater collection and treatment system. Revenue is derived primarily from sewer service charges.

Storm Sewer Funds
This fund accounts for the activities of the wastewater collection and treatment system. Revenue is derived primarily from sewer service charges.

C. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

Deposits and Investments
Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, and cash and investments in the investment pool. Investments, including equity in pooled cash and investments, approximate fair value.

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONT.)

Receivables and Payables
Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/ from other funds" (i.e., the current portion of inter fund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property taxes are levied on and become a lien against the property on July 1, when they are levied, in the year in which they are due. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. In the fund financial statements, property taxes receivable that are collected by the County prior to year end are reported as revenue. The remaining balance is reported as unavailable revenue. In the government-wide financial statements, property taxes are recognized as revenue when earned.

Assessments are recognized as receivables at the time property owners are assessed on property improvements. These assessments are liens on the affected properties. These receivables are offset by unavailable revenue, as assessment revenue is recognized upon collection. The assessments are repaid over a ten year period on a semi-annual basis including interest. The interest rate charged on the assessments range from 6.5% to 7% depending when the project was assessed. Management has determined that no provision for uncollectible assessments is considered necessary. In the government-wide financial statements, assessment receivables are recognized as revenue when earned.

Uncollected property taxes are shown in the combined balance sheet. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. Property taxes collected within approximately sixty days of fiscal year - end are recognized as revenue. The remaining balance of taxes receivable is recorded as deferred revenue because it is not deemed available to finance operations of the current period.

Receivables of the enterprise funds are recognized as revenue when earned, including services provided but not billed. Receivables in governmental and enterprise funds are stated net of an allowance for uncollectibles.

Supply Inventories
Inventories are valued at cost or estimated cost, which approximate market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased (Purchase Method). Inventories in the governmental funds are offset by a fund balance reserve in the government fund financial statements to indicate they do not represent "available spendable resources." In the government-wide financial statements, inventories are not offset by a reserve. The inventory amounts presented in the proprietary funds for materials and supplies are based on estimated quantities and costs.

Capital Assets
Capital assets, which include land, buildings, improvements, equipment, and infrastructure (e.g., streets, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as tangible assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capitalized costs for a majority of the older assets are based on estimated costs established by engineering studies performed by personnel, since there was no election to report major general infrastructure retroactively.

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONT.)

Capital Assets (cont.)
The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation on exhaustible assets are depreciated using the straight line method over the following estimated useful lives:

Assets	
Buildings and Improvements	40 - 50
Distribution and Collection Systems	20 - 40
Equipment and Vehicles	5 - 10

Capital assets include contribution of capital assets from outside developers. Revenues from these capital contributions are reflected in business-type activities funds as capital contributions. Revenues from these contributions are not reported in the governmental fund financial statements, but are reflected in the statement of activities as capital contributions revenue in the governmental activities.

Capital assets contributed by governmental funds to business-type activities are reflected in the business-type financial statements as contributions. The contribution is not reflected in the governmental fund financial statements. The contribution is reclassified as a transfer to\from governmental fund type to business-type in the statement of activities.

Compensated Absences
It is the policy to permit employees to accumulate earned but unused vacation and compensatory time. There is no liability for unpaid accumulated sick leave since the City does not pay these amounts when employees separate from service with the City. Vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For the governmental activities, compensated absences are generally liquidated from the General, Building, Library and Street Funds.

Long-Term Obligations
In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETS

A budget is prepared for all funds, in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon Local Budget Law. The budget process begins in each fiscal year with the establishment of the Budget Committee. Recommendations are developed through late winter with the Budget Committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The Council may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is then adopted, appropriations are made and the tax levy declared no later than June 30th.

Expenditure budgets are appropriated at the following levels for each fund other than the General Fund:

Level Of Control	
Personal Services	Interfund Transactions
Materials and Services	Pass Through Payment
Capital Outlay	Operating Contingency
Debt Service	

The General Fund is appropriated at the department level along with materials and services, transfers, and contingencies. Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Council approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Council approves them due to a need which exists which was not determined at the time the budget was adopted.

Budget amounts shown in the basic financial statements reflect the original budget amount, one appropriation transfer and one supplemental budget.

Expenditures of the various funds were within authorized appropriations except for Materials and Services in the Street Fund and the Urban Renewal Fund and Bond Payment in the HWY 224 Industrial Fund, which were over expended by $37,376, $33, and $1 respectively.

Budgetary Basis of Accounting

While the financial position, results of operations, and changes in fund balance/net assets is reported on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis of accounting differs from generally accepted accounting principles. The budgetary statements provided as part of supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The primary differences between the budgetary basis and GAAP basis are that capital outlay is expensed when purchased, depreciation and amortization expenses are not reported, property taxes, assessments and SDC's are recognized as revenue when received instead of when levied, inventory is expensed as purchased, compensated absences are expensed when paid, and proceeds of long-term borrowing are recognized as an "other financing source" and principal paid is considered an expenditure when paid.

3. CASH AND INVESTMENTS

A cash pool is maintained that is available for use by all funds. Cash and Investments (recorded at cost) consisted of the following as of June 30, 2014:

Deposits with Financial Institutions:		
Petty Cash	$	300
Deposits in Financial Institutions		47,311
Local Government Investment Pool		3,484,001
Total Cash and Investments	$	3,531,612

Deposits

Deposits with financial institutions consist of bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2014 the bank balance was $83,260, none of which was exposed to custodial credit risk because it was insured or collateralized.

Investments

State statutes authorize investment primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's Oregon Short-Term Fund Local Government Investment Pool.

Investments are valued at fair value as required by GASB 31. At June 30, 2014, the value of the Pool shares as reported in the Oregon Short Term Fund represent the full fair value position of LGIP.

As of June 30, 2014, there were the following investments and maturities:

		Investment Maturities (in months)		
Investment Type	Fair Value	Less than 3	3-17	18-59
Local Government Investment Pool	$ 3,484,001	$ 3,484,001	$ -	$ -

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date over 3 months.

3. CASH AND INVESTMENTS (CONT.)

Credit Risk

There is no policy regarding credit risk. All investments that are with the Clackamas County Investment Pool are not rated. Authorized Pool investments are prescribed in the Oregon Revised Statutes. The Clackamas County Investment Pool is not SEC registered. Clackamas County, including the pool, is audited annually in compliance with Oregon Revised Statutes.

Concentration of Credit Risk

There is no limit placed on the amount invested in any one issuer. 100% of the investments are in the Local Government Investment Pool. Investments in the Oregon Local Investment Pool are limited as to the amount. With the exception of pass-through funds, the maximum amount of pooled investments that can be placed in the Oregon Local Government Investment Pool is not limited by the State.

4. ACCRUED COMPENSATED ABSENCES

The compensated absences balances at June 30, 2014 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental	$ 28,640	$ -	$ (666)	$ 27,974
Business Type	14,046	-	(324)	13,722
	$ 42,686	$ -	$ (990)	$ 41,696

5. CAPITAL ASSETS

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

	GOVERNMENTAL ACTIVITIES				
Description	July 1, 2013	Adjustments	Additions	Disposals	June 30, 2014
Capital assets not being Depreciated					
Land	$ 664,114	$ -	$ -	$ -	$ 664,114
Infrastructure	18,340,177	-	945,407	-	19,285,584
Construction in Progress	550	-	16,617	(550)	16,617
Total Capital Assets not being Depreciated	19,004,841		962,024	(550)	19,966,315
Other Capital Assets					
Buildings and Improvements	3,683,768	-	3,590	-	3,687,358
Equipment	291,103	-	34,847	-	325,950
Total other Capital Assets	3,974,871	-	38,437	-	4,013,308
Less Accumulated Depreciation					
Buildings and Improvements	658,730	4,259	71,862	-	734,851
Equipment	248,003	1,026	19,435	-	268,464
Total Accumulated Depreciation	906,733	5,285	91,297	-	1,003,315
Total Capital Assets Being Depreciated, Net	3,068,138	-	(52,860)	-	3,009,993
Total Governmental Activities	$ 22,072,979	$ (5,285)	$ 909,164	$ (550)	$ 22,976,308

5. CAPITAL ASSETS (CONT.)

Adjustments were made to capital assets and depreciation to properly reflect asset values.

Depreciation Expense for governmental activities is charged to functions as follows:

Program	Governmental Funds
General Government	$ 26,028
Highway and Streets	25,652
Public Safety	36,371
Culture and Recreation	8,532
Total	$ 96,582

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

	BUSINESS TYPE ACTIVITIES				
Description	July 1, 2013	Adjustments	Additions	Disposals	June 30, 2014
Capital Assets not being Depreciated					
Land	$ 86,512	$ -	$ -	$ -	$ 86,512
Construction in Progress	-	-	71,066	-	71,066
Total Capital Assets not being Depreciated	86,512	-	71,066	-	157,578
Other Capital Assets					
Buildings & Improvements	4,856,929	(7,430)	597,199	-	5,446,698
Equipment	482,526	-	-	-	482,526
System & Improvements	7,681,105	(3,715)	1,384,561	-	9,061,951
Total other Capital Assets	13,020,560	(11,145)	1,981,760	-	14,991,175
Less Accumulated Depreciation					
Buildings & Improvements	1,405,235	(435)	113,457	-	1,518,257
Equipment	456,269	4,498	21,759	-	482,526
System & Improvements	4,349,441	(7,878)	252,613	-	4,594,176
Total Accumulated Depreciation	6,210,945	(3,815)	387,829	-	6,594,959
Total Capital Assets being Depreciated, Net	6,809,615	-	1,593,931	-	8,396,216
Total Business Type Activities	$ 6,896,127	$ (7,330)	$ 1,664,997	$ -	$ 8,553,794

5. CAPITAL ASSETS (CONT.)

Adjustments were made to capital assets and depreciation to properly reflect asset values.

Depreciation expense for business type activities is charged to functions as follows:

Function	Business Type Funds
Water	$ 172,463
Sewer	189,794
Storm Sewer	25,572
Total	$ 387,829

6. LONG TERM DEBT

General Obligation Bonds

General obligation bonds have been issued to provide funds for the acquisition and construction of major capital facilities:

General obligation bonds are direct obligations and pledge the full faith and credit of the City. There are covenants with the bond owners to levy annually, a direct ad valorem tax upon all of the taxable property within the City in an amount, after taking into consideration other monies available for the payment of debt service on the bonds to pay interest accruing and the principal maturing on the bonds promptly when and as they become due. These bonds generally are issued as 35 to 40 year serial bonds with equal amounts of principal maturing each year. The original amount of bond outstanding that was issued in prior years was $1,157,771.

	Government-Type
2002 Water System - issued September 2002, rates 4.75%, maturing 2042	$ 1,139,575

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

Year Ending June 30	Principal	Interest	Total
2015	$ 19,061	$ 54,130	$ 73,191
2016	19,966	53,224	73,190
2017	20,914	52,276	73,190
2018	21,908	51,283	73,191
2019	22,949	20,242	43,191
2020-2024	132,167	233,786	365,953
2025-2029	166,684	199,269	365,953
2030-2034	210,214	155,738	365,952
2035-2039	265,114	100,866	365,980
2040-2043	260,598	31,627	292,225
	$ 1,139,575	$ 952,441	$ 2,092,016

6. LONG TERM DEBT (CONT.)

Special Assessment Debts

In 1998, $2,152,600 of special assessment bonds were issued to finance special public works involving the River Mill Industrial Area Infrastructure Expansion project from the Oregon Economic Development Department. The loan requires annual payments for 25 years with an annual interest rate of 4.79%, and will be repaid from assessments to the benefiting property owners.

Current special assessment debts outstanding are as follows:

	Government - Type
1998 General Government - issued July 1998, rates 4.79%, maturing 2023	$ 1,082,058

Future maturities of the special assessment bond are as follows:

Year Ending June 30	Principal	Interest	Total
2015	$ 96,525	$ 54,008	$ 150,533
2016	102,334	49,278	151,612
2017	108,201	44,162	152,363
2018	114,111	38,752	152,863
2019	120,067	33,046	153,113
2020-2023	540,820	69,132	609,952
	$ 1,082,058	$ 288,378	$ 1,370,436

Other Long-Term Debts

Urban Renewal Agency Loan Payable:

In April 2012, a loan agreement was entered into with Clackamas County Bank at an interest rate of 2.75% in the amount of $200,000. The purpose of this loan was to finance the completion of an agreement with the Estacada Fire District. The loan matures March 2017, with the current balance outstanding at June 30, 2014 of $113,382.

Annual requirements to pay the loan are as follows:

Year Ending June 30	Principal	Interest	Total
2015	$ 40,245	$ 2,705	$ 42,950
2016	41,363	1,587	42,950
2017	31,774	438	32,212
	$ 113,382	$ 4,730	$ 118,112

6. LONG TERM DEBT (CONT.)

Other Long-Term Debts (CONT.)

Capital Projects Loan Payable:

On January 11, 2013 the City was awarded a loan in the amount $2,999,825 with 0.60% interest until November 30, 2013. The rate beginning December 1, 2013 was adjusted to 3.42% for a maximum term of 20 years. The loan is to fund the Estacada Industrial Campus Infrastructure within the Capital Projects Fund. The funds are accessed through repayment of the projects invoices, and the repayment and amortization schedule will be available upon the project's completion. The outstanding balance as of June 30, 2014 was $2,825,868.

Changes in Long Term Debt Liabilities

Long-term liability activity for the year ended June 30, 2014, is as follows:

	Balance 7/1/2013	Additions	Reductions	Balance 6/30/2014	Due Within One Year
Governmental Activities:					
Special Public Works Loans:					
River Mill Industrial Area	$ 1,177,811	$ -	$ 95,753	$ 1,082,058	$ 96,525
G.O. Bonds Payable	1,157,771	-	18,196	1,139,575	19,061
URA Loan Payable	152,539	-	39,157	113,382	40,245
Capital Projects Loan Payable	229,352	2,596,516	-	2,825,868	-
Total	$ 2,717,473	$ 2,596,516	$ 153,106	$ 5,160,883	$ 155,831

7. EMPLOYEE RETIREMENT PLAN

Two pension plans are contributed to and are administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: The Pension Program, the defined benefit portion of the plan, applies to qualifying employees hired after August 29, 2003. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. As of January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account. Both PERS plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost-of living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statue Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to PERS, P.O. Box 23700, Tigard, OR 97281-3700 or by calling 503-598-7377.

7. EMPLOYEE RETIREMENT PLAN

Members of PERS are required to contribute 6% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The employer is allowed to pay any or all of the employees' contribution in addition to the required employer's contribution. ORS 238.225 requires contributions at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan. The OPSRP rates for the year ended June 30, 2014 was 12.05% for general members and 14.78% for police and fire. The PERS rates for Tier 1 and 2 for the year ended June 30, 2014 was 13.63%. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Total contributions to PERS for the years ending June 30, 2014, 2013, and 2012 were $159,160, $147,991, and $151,044 respectively, which equaled the required contribution for the year.

An actuary has determined that no material implicit rate subsidy exists and therefore there is no OPEB obligation for implicit post-employment benefits.

8. INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2014 are as follows:

	Transfers from other funds	Transfers to other funds
GOVERNMENTAL FUNDS		
General Fund	$ -	$ (96,288)
Street Fund	46,000	-
Building Fund	288	-
Library Fund	-	(13,285)
Other Governmental Funds	13,285	-
Urban Renewal Fund	17,132	(17,132)
1998 HWY Industrial Park Fund	50,000	-
Total Fund Transfers	$ 126,705	$ (126,705)

Transfers are used to move revenues from the fund that statute or budget requires to collect and to the fund that statute or budget requires to expend them and use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

9. PROPERTY TAX LIMITATIONS

The State of Oregon has a constitutional limit on property taxes for schools and nonschool government operations. The limitation provides that property taxes for nonschool operations are limited to $10.00 for each $1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

An additional limit reduces the amount of operating property tax revenues available. This reduction was accomplished by rolling property values for 1997-98 back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The Constitution also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues.

10. RISK MANAGEMENT

There is exposure to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions, injuries to employees, and natural disasters for which commercial insurance is carried. There have been no significant reductions in coverage from the prior year. Settled claims have not exceeded coverage in any of the last three fiscal years.

11. CONTINGENCIES & LITIGATION

A number of federal and state assisted programs are participated in. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grant. Management believes that such disallowance, if any, will be immaterial.

12. FUND BALANCE CONSTRAINTS

The specific purposes for each of the categories of fund balance as of June 30, 2014 are as follows:

GOVERNMENTAL

Fund Balances:	General	Library	Street	URA	Street System Improvement	Industrial Park	Other	Total
Nonspendable:								
Inventory	$ -	$ -	$ 18,254	$ -	$ -	$ -	$ -	$ 18,254
Restricted:								
URA	-	-	-	262,331	-	-	-	262,331
GO Bond Debt	-	-	-	-	-	-	118,481	118,481
								380,812
Assigned to:								
Library	-	506,845	-	-	-	-	-	506,845
Street	-	-	4,808	-	-	-	-	4,808
St. Sys. Improv.	-	-	-	-	353,520	-	-	353,520
Hwy 224	-	-	-	-	-	55,977	-	55,977
Other	-	-	-	-	-	-	310,918	310,918
								1,232,068
Unassigned:	507,503	-	-	-	-	-		507,503
Total Fund Balances	$ 507,503	$ 506,845	$ 23,062	$ 262,331	$ 353,520	$ 55,977	$ 429,399	$ 2,138,637

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

REQUIRED SUPPLEMENTARY DATA

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CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Property Taxes	$ 529,975	$ 529,975	$ 527,377	$ (2,598)
Licenses, Fees, and Permits	280,000	280,000	273,350	(6,650)
Intergovernmental	68,750	68,750	73,112	4,362
Interest	3,500	3,500	4,495	995
Grants and Donations	30,000	30,000	22,896	(7,104)
Miscellaneous	8,000	8,000	49,500	41,500
Total Revenue	920,225	920,225	950,730	30,505
EXPENDITURES:				
Administration	94,085	94,085 (1)	91,059	3,026
Police	443,300	400,300 (1)	398,164	2,136
Planning	78,560	89,560 (1)	82,908	6,652
Park	105,895	105,895 (1)	93,398	12,497
Non-Departmental Materials and Services	88,625	136,969 (1)	105,036	31,933
Contingency	328,760	312,416 (1)	-	312,416
Total Expenditures	1,139,225	1,139,225	770,565	368,660
Excess of Revenues Over, (Under) Expenditures	(219,000)	(219,000)	180,165	399,165
OTHER FINANCING SOURCES (USES):				
Transfers Out	(106,000)	(106,000) (1)	(96,288)	9,712
Total Other Financing Sources (Uses)	(106,000)	(106,000)	(96,288)	9,712
Net Change in Fund Balance	(325,000)	(325,000)	83,877	408,877
Beginning Fund Balance	325,000	325,000	423,626	98,626
Ending Fund Balance	$ -	$ -	$ 507,503	$ 507,503

(1) Appropriation Level

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

LIBRARY FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Library Funds	$ 597,500	$ 597,500	$ 623,713	$ 26,213
Library Grants	3,000	3,000	3,853	853
Library Fines	20,000	20,000	16,612	(3,388)
Interest	2,500	2,500	2,341	(159)
Miscellaneous	12,000	12,000	32,706	20,706
Total Revenues	635,000	635,000	679,225	44,225
EXPENDITURES:				
Personal Services	456,025	456,025	438,139	17,886
Materials and Services	191,440	191,440	182,085	9,355
Contingency	399,250	399,250	-	399,250
Total Expenditures	1,046,715	1,046,715 (1)	620,224	426,491
Excess of Revenues Over, (Under) Expenditures	(411,715)	(411,715)	59,001	470,716
OTHER FINANCING SOURCES (USES)				
Transfers Out	(13,285)	(13,285)	(13,285)	-
Net Change in Fund Balance	(425,000)	(425,000)	45,716	470,716
Beginning Fund Balance	425,000	425,000	461,129	36,129
Ending Fund Balance	$ -	$ -	$ 506,845	$ 506,845

(1) Appropriation Level

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

STREET FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
State Street Tax	$ 163,150	$ 163,150	$ 164,469	$ 1,319
Sca Grant	50,000	50,000	50,000	-
Interest	150	150	71	(79)
Miscellaneous	-	-	3,645	3,645
Total Revenues	213,300	213,300	218,185	4,885
EXPENDITURES:				
Personal Services	132,720	132,720 (1)	121,117	11,603
Materials and Services	121,275	121,275 (1)	158,651	(37,376)
Contingency	305	305 (1)	-	305
Capital Outlay	56,000	56,000 (1)	-	56,000
Total Expenditures	310,300	310,300	279,768	30,532
Excess of Revenues Over, (Under) Expenditures	(97,000)	(97,000)	(61,583)	35,417
OTHER FINANCING SOURCES (USES):				
Transfers In	46,000	46,000	46,000	-
Total Other Financing Sources (Uses)	46,000	46,000	46,000	-
Net Change in Fund Balance	(51,000)	(51,000)	(15,583)	35,417
Beginning Fund Balance	51,000	51,000	38,645	(12,355)
Ending Fund Balance	$ -	$ -	$ 23,062	$ 23,062

(1) Appropriation Level

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

URBAN RENEWAL AGENCY

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Property Taxes	$ 112,000	$ 112,000	$ 224,009	$ 112,009
Interest	200	200	1,231	1,031
Miscellaneous	50	50	1,436	1,386
Total Revenues	112,250	112,250	226,676	114,426
EXPENDITURES:				
Materials and Services	5,900	5,900 (1)	5,933	(33)
Capital Outlay	150,000	150,000 (1)	11,666	138,334
Debt Service	43,000	43,000 (1)	42,950	50
Contingency	8,350	8,350 (1)	-	8,350
Total Expenditures	207,250	207,250	60,549	146,701
Excess of Revenues Over, (Under) Expenditures	(95,000)	(95,000)	166,127	261,127
OTHER FINANCING SOURCES (USES)				
Transfers In	155,900	155,900	17,132	(138,768)
Transfers Out	(155,900)	(155,900) (1)	(17,132)	138,768
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(95,000)	(95,000)	166,127	261,127
Beginning Fund Balance	95,000	95,000	96,204	1,204
Ending Fund Balance	$ -	$ -	$ 262,331	$ 262,331

(1) Appropriation Level

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

OTHER INFORMATION

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CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

STREET SYSTEM IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
System Development Charges	$ 21,000	$ 21,000	$ 31,039	$ 10,039
Pole Purchase Funds	-	-	16,120	16,120
Interest	2,300	2,300	2,017	(283)
Total Revenues	23,300	23,300	49,176	25,876
EXPENDITURES:				
Capital Outlay	354,300	354,300 (1)	24,099	330,201
Total Expenditures	354,300	354,300	24,099	330,201
Net Change in Fund Balance	(331,000)	(331,000)	25,077	356,077
Beginning Fund Balance	331,000	331,000	328,443	(2,557)
Ending Fund Balance	$ -	$ -	$ 353,520	$ 353,520

(1) Appropriation Level

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

HWY 224 INDUSTRIAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Assessment	$ 120,000	$ 120,000	$ 107,822	$ (12,178)
Interest	1,000	1,000	872	(128)
Total Revenues	121,000	121,000	108,694	(12,306)
EXPENDITURES:				
Bond Payment	443,200	443,200 (1)	443,201	(1)
Total Expenditures	443,200	443,200	443,201	(1)
Excess of Revenues Over, (Under) Expenditures	(322,200)	(322,200)	(334,507)	(12,307)
OTHER FINANCING SOURCES (USES):				
Transfers In	50,000	50,000	50,000	-
Total Other Financing Sources (Uses)	50,000	50,000	50,000	-
Net Change in Fund Balance	(272,200)	(272,200)	(284,507)	(12,307)
Beginning Fund Balance	333,525	333,525	340,484	6,959
Ending Fund Balance	$ 61,325	$ 61,325	$ 55,977	$ (5,348)

(1) Appropriation Level

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2014

	BUILDING FUND	PARK IMPROVEMENT RESERVE FUND	LID BONDING FUND	LIBRARY RESERVE FUND	CAPITAL PROJECTS FUND	G.O. BOND DEBT FUND	TOTAL OTHER GOVERNMENTAL FUNDS
ASSETS:							
Cash and Cash Equivalents	$ 10,219	$ 247,456	$ 50,148	$ 13,314	$ -	$ 118,097	$ 439,234
Receivables, Net:							
Property Taxes	-	-	-	-	-	4,840	4,840
Total Assets	$ 10,219	$ 247,456	$ 50,148	$ 13,314	$ -	$ 122,937	$ 444,074
LIABILITIES AND FUND BALANCES:							
Liabilities:							
Accounts Payable	$ 9,194	$ -	$ -	$ -	$ -	$ -	$ 9,194
Payroll and Related Liabilities	1,025	-	-	-	-	-	1,025
Total Liabilities	10,219	-	-	-	-	-	10,219
Deferred Inflows of Resources:							
Unavailable Revenue	$ -	$ -	$ -	$ -	$ -	$ 4,456	$ 4,456
Total Deferred Inflows of Resources	-	-	-	-	-	4,456	4,456
Fund Balances:							
Restricted	-	-	-	13,314		118,481	131,795
Assigned	-	247,456	50,148	-	-	-	297,604
Total Fund Balances	-	247,456	50,148	13,314	-	118,481	429,399
Total Liabilities, Deferred Inflows, and Fund Balances	$ 10,219	$ 247,456	$ 50,148	$ 13,314	$ -	$ 122,937	$ 444,074

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	BUILDING FUND	PARK IMPROVEMENT RESERVE FUND	LID BONDING FUND	LIBRARY RESERVE FUND	CAPITAL PROJECTS FUND	G.O. BOND DEBT FUND	TOTAL OTHER GOVERNMENTAL FUNDS
REVENUES:							
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ 77,992	$ 77,992
Licenses and Fees	74,239	-	-	-	-	-	74,239
System Development Charges	-	48,484	-	-	-	-	48,484
LID Loan	-	-	-	-			-
Assessments	-	-	52,928	-	-	-	52,928
Interest	52	1,126	22	29	-	806	2,035
Miscellaneous	-	-	-	-	-	299	299
Total Revenues	74,291	49,610	52,950	29	-	79,097	255,977
EXPENDITURES:							
Current:							
Personal Services	24,744						24,744
Material & Services	56,379		-	-	116,223	-	172,602
Debt Service:							
Principal	-	-	-	-	-	17,371	17,371
Interest	-	-	2,802	-	-	55,819	58,621
Capital Outlay	-	4,800	-	-	2,480,293	-	2,485,093
Total Expenditures	81,123	4,800	2,802	-	2,596,516	73,190	2,758,431
Excess of Revenues Over, (Under) Expenditures	(6,832)	44,810	50,148	29	(2,596,516)	5,907	(2,502,454)
Other Financing Sources, (Uses)							
Loan Proceeds - Principal	-	-	-	-	2,596,516	-	2,596,516
Transfers In	288	-	-	13,285	-	-	13,573
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	288	-	-	13,285	2,596,516	-	2,610,089
Net Change in Fund Balance	(6,544)	44,810	50,148	13,314	-	5,907	107,635
Fund Balance - Beginning of Year	6,544	202,646	-	-	-	112,574	321,764
Fund Balance - End of Year	$ -	$ 247,456	$ 50,148	$ 13,314	$ -	$ 118,481	$ 429,399

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

BUILDING FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Building Permit Fees	$ 80,000	$ 80,000	$ 74,239	$ (5,761)
Interest	100	100	52	(48)
Total Revenues	80,100	80,100	74,291	(5,809)
EXPENDITURES:				
Personal Services	25,270	25,270 (1)	24,744	526
Materials and Services	63,010	63,010 (1)	56,379	6,631
Contingency	1,820	1,820 (1)	-	1,820
Total Expenditures	90,100	90,100	81,123	8,977
Excess of Revenues Over, (Under) Expenditures	(10,000)	(10,000)	(6,832)	3,168
OTHER FINANCING SOURCES (USES):				
Transfers In	10,000	10,000	288	(9,712)
			-	
Net Change in Fund Balance	-	-	(6,544)	(6,544)
Beginning Fund Balance	-	-	6,544	6,544
Ending Fund Balance	$ -	$ -	$ -	$ -

(1) Appropriation Level

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

PARK IMPROVEMENT RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
System Development Charges	$ 38,000	$ 38,000	$ 48,484	$ 10,484
Interest	800	800	1,126	326
Total Revenues	38,800	38,800	49,610	10,810
EXPENDITURES:				
Capital Outlay	218,800	218,800 (1)	4,800	214,000
Total Expenditures	218,800	218,800	4,800	214,000
Net Change in Fund Balance	(180,000)	(180,000)	44,810	224,810
Beginning Fund Balance	180,000	180,000	202,646	22,646
Ending Fund Balance	$ -	$ -	$ 247,456	$ 247,456

(1) Appropriation Level

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

LID BONDING FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Assessments Principal & Int.	$ 120,000	$ 120,000	$ 52,928	$ (67,072)
Interest	400	400	22	(378)
Total Revenues	120,400	120,400	52,950	(67,450)
EXPENDITURES:				
Bond Redemption	120,000	120,000 (1)	2,802	117,198
Total Expenditures	120,000	120,000	2,802	117,198
Net Change in Fund Balance	400	400	50,148	49,748
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	$ 400	$ 400	$ 50,148	$ 49,748

(1) Appropriation Level

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

LIBRARY RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Interest	200	200	29	(171)
Total Revenues	200	200	29	(171)
EXPENDITURES:				
Capital Outlay	13,485	13,485 (1)	-	13,485
Total Expenditures	13,485	13,485	-	13,485
Excess of Revenues Over, (Under) Expenditures	(13,285)	(13,285)	29	13,314
OTHER FINANCING SOURCES (USES):				
Transfer In	13,285	13,285 (1)	13,285	-
Net Change in Fund Balance	-	-	13,314	13,314
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	$ -	$ -	$ 13,314	$ 13,314

(1) Appropriation Level

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

CAPITAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
EXPENDITURES:				
Materials and Services	$ 252,800	$ 252,800 (1)	$ 116,223	$ 252,800
Capital Outlay	2,554,000	2,554,000 (1)	2,480,293	73,707
Total Expenditures	2,806,800	2,806,800	2,596,516	326,507
Excess of Revenues Over, (Under) Expenditures	(2,806,800)	(2,806,800)	(2,596,516)	326,507
OTHER FINANCING SOURCES (USES):				
Loan Proceeds	2,806,800	2,806,800	2,596,516	210,284
Total Other Financing Sources (Uses)	2,806,800	2,806,800	2,596,516	210,284
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	$ -	$ -	$ -	$ -

(1) Appropriation Level

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

G.O. BOND DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Property Tax Revenue	$ 76,000	$ 76,000	$ 77,992	$ 1,992
Interest	750	750	806	56
Miscellaneous	-	-	299	299
Total Revenue	76,750	76,750	79,097	2,347
EXPENDITURES:				
Bond Payments	73,500	73,500 (1)	73,190	310
Total Expenditures	73,500	73,500	73,190	310
Net Change in Fund Balance	3,250	3,250	5,907	2,657
Beginning Fund Balance	113,965	113,965	112,574	(1,391)
Ending Fund Balance	$ 117,215	$ 117,215	$ 118,481	$ 1,266

(1) Appropriation Level

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

WATER OPERATING FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
Collection for Services	$ 560,000	$ 560,000		$ 573,880	$ 13,880
Connection Fees	15,000	15,000		19,502	4,502
Interest	1,000	1,000		1,359	359
Miscellaneous	5,000	5,000		9,498	4,498
Total Revenues	581,000	581,000		604,240	23,240
EXPENDITURES:					
Treatment:					
Personal Services	163,695	163,695		155,435	8,260
Materials and Services	164,380	164,380		111,864	52,516
Capital Outlay	87,000	87,000		50,880	36,120
Total Treatment	415,075	415,075	(1)	318,179	96,896
Distribution and Storage:					
Personal Services	170,420	170,420		155,617	14,803
Materials and Services	134,575	134,575		107,145	27,430
Contingencies	90,930	90,930			90,930
Total Distribution & Storage	395,925	395,925	(1)	262,762	133,163
Total Expenditures	811,000	811,000		580,941	230,059
Net Change in Fund Balance	(230,000)	(230,000)		23,299	253,299
Beginning Fund Balance	230,000	230,000		296,242	66,242
Ending Fund Balance	$ -	$ -		$ 319,541	$ 319,541

RECONCILIATION TO NET POSITION:

Water System Improvement Ending Fund Balance	53,583
Capital Assets, Net	3,848,277
Compensated Absences	(4,574)
SDC Receivable	4,806
TOTAL NET POSITION -- ALL WATER FUNDS	$ 4,221,633

(1) Appropriation Level

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

WATER SYSTEM IMPROVEMENT RESERVE

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
System Development Charges	$ 22,000	$ 22,000		$ 35,457	$ 13,457
Water SDC - Reimbursement	18,000	18,000		28,320	10,320
Interest	500	500		838	338
Total Revenues	40,500	40,500		64,615	24,115
EXPENDITURES:					
SDC Capital Outlay	130,450	130,450	(1)	100,983	29,467
Total Expenditures	130,450	130,450		100,983	29,467
Net Change in Fund Balance	(89,950)	(89,950)		(36,368)	53,582
Beginning Fund Balance	89,950	89,950		89,951	1
Ending Fund Balance	$ -	$ -		$ 53,583	$ 53,583

(1) Appropriation Level

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

SEWER FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Collection for Services	$ 545,000	$ 545,000	$ 569,488	$ 24,488
Connection Fees	2,000	2,000	2,738	738
Interest	1,300	1,300	1,569	269
Miscellaneous	5,000	5,000	8,971	3,971
Total Revenues	553,300	553,300	582,766	29,466
EXPENDITURES:				
Treatment:				
Personal Services	194,390	194,390	185,660	8,730
Materials and Services	154,630	154,630	120,985	33,645
Capital Outlay	20,000	20,000	19,975	25
Total Treatment	369,020	369,020 (1)	326,620	42,400
Collection:				
Personal Services	126,225	126,225	114,161	12,064
Materials and Services	72,175	72,175	44,544	27,631
Capital Outlay	200,000	200,000	101,445	98,555
Contingencies	81,445	81,445	-	81,445
Total Collection	479,845	479,845 (1)	260,150	219,695
Total Expenditures	848,865	848,865	586,770	262,095
Net Change in Fund Balance	(295,565)	(295,565)	(4,004)	291,561
Beginning Fund Balance	295,565	295,565	350,514	54,949
Ending Fund Balance	$ -	$ -	$ 346,510	$ 346,510

RECONCILIATION TO NET POSITION:

Sewer System Improvement Fund Ending Fund Balance	438,983
Capital Assets, Net	3,213,798
Compensated Absences	(4,574)
SDC Receivable	1,631
TOTAL NET POSITION – ALL SEWER FUNDS	$ 3,996,348

(1) Appropriation Level

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

SEWER SYSTEM IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Collection for Service	$ 54,000	$ 54,000	$ 53,725	$ (275)
System Development Charges	68,000	68,000	76,838	8,838
Interest	2,000	2,000	2,575	575
Total Revenues	124,000	124,000	133,138	9,138
EXPENDITURES:				
Capital Outlay	55,000	55,000 (1)	51,901	3,099
SDC Capital	462,500	462,500 (1)	63,779	398,721
Total Expenditures	517,500	517,500	115,680	398,721
Net Change in Fund Balance	(393,500)	(393,500)	17,458	410,958
Beginning Fund Balance	393,500	393,500	421,525	28,025
Ending Fund Balance	$ -	$ -	$ 438,983	$ 438,983

(1) Appropriation Level

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

STORM SEWER FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Collection for Service	$ 166,000	$ 166,000	$ 172,775	$ 6,775
Interest	300	300	434	134
Miscellaneous	200	200	3,646	3,446
Total Revenues	166,500	166,500	176,855	10,355
EXPENDITURES:				
Personal Services	119,910	119,910 (1)	109,808	10,102
Materials and Services	60,195	60,195 (1)	32,766	27,429
Contingency	51,895	51,895 (1)	-	51,895
Total Expenditures	232,000	232,000	142,574	89,426
Net Change in Fund Balance	(65,500)	(65,500)	34,281	99,781
Beginning Fund Balance	65,500	65,500	83,621	18,121
Ending Fund Balance	$ -	$ -	$ 117,902	$ 117,902

RECONCILIATION TO NET POSITION:

Storm Sewer Reserve Fund Ending Fund Balance	187,597
Capital Assets, Net	1,491,719
Compensated Absences	(4,574)
SDC Receivable	12,281
TOTAL NET POSITION – ALL STORM SEWER FUNDS	$ 1,804,925

(1) Appropriation Level

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

STORM SEWER RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
System Development Charges	$ 16,000	$ 16,000		$ 22,069	$ 6,069
Interest	2,000	2,000		1,874	(126)
Total Revenues	18,000	18,000		23,943	5,943
EXPENDITURES:					
Capital Outlay	172,500	172,500	(1)	-	172,500
Total Expenditures	172,500	172,500		-	172,500
Net Change in Fund Balance	(154,500)	(154,500)		23,943	178,443
Beginning Fund Balance	154,500	154,500		163,654	9,154
Ending Fund Balance	$ -	$ -		$ 187,597	$ 187,597

(1) Appropriation Level

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF TAX COLLECTIONS AND UNPAID BALANCES

For the Year Ended June 30, 2014

GENERAL FUND

TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/13	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/14
Current:						
2013-14	$ 543,293	$ 13,794	$ (1,131)	$ 241	$ 514,954	$ 13,655
Prior years						
2012-13	16,420	(9)	(1,346)	652	7,850	7,885
2011-12	9,486	(3)	(1,464)	700	3,322	5,403
2010-11	6,100	(1)	(1,407)	792	2,455	3,031
2009-10	4,036	-	(1,321)	354	898	2,171
Prior years	1,738	-	(798)	156	212	884
Total Prior	37,780	(13)	(6,336)	2,654	14,737	19,374
Total	$ 581,073	$ 13,781	$ (7,467)	$ 2,895	$ 529,691	$ 33,029

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	$ 529,691
Accrued June 30, 2013	(2,388)
Accrued June 30, 2014	2,564
Other Taxes	(2,490)
Total Revenue per General Fund Budgetary Statement	$ 527,377

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF TAX COLLECTIONS AND UNPAID BALANCES

For the Year Ended June 30, 2014

DEBT SERVICE FUND

TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/13	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/14
Current:						
2013-14	$ 80,434	$ 2,042	$ (168)	$ 36	$ 76,238	$ 2,022
Prior years						
2012-13	2,326	(1)	(191)	92	1,112	1,117
2011-12	1,391	-	(214)	103	487	792
2010-11	912	-	(211)	118	367	453
2009-10	603	-	(198)	53	134	324
Prior years	259	-	(119)	23	32	132
			-			
Total Prior	5,492	(1)	(933)	390	2,132	2,818
Total	$ 85,926	$ 2,041	$ (1,101)	$ 426	$ 78,370	$ 4,840

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	$ 78,370
Accrued June 30, 2013	(352)
Accrued June 30, 2014	384
Other Taxes	(410)
Total Revenue per GO Bond Debt Fund Budgetary Statement	$ 77,992

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
June 30, 2014

URBAN RENEWAL AGENCY

TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/13	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/14
Current:						
2013-14	$ 233,670	$ 5,933	$ (487)	$ 104	$ 221,481	$ 5,873
Prior Years:						
2012-13	3,482	(2)	(285)	138	1,665	1,673
2011-12	2,090	(1)	(323)	154	732	1,191
2010-11	1,146	(0)	(265)	149	461	568
2009-10	622	(0)	(185)	57	144	349
Prior years	71	-	(71)	-	-	-
Total Prior	7,411	(3)	(1,129)	498	3,002	3,780
Total	$ 241,081	$ 5,930	$ (1,616)	$ 602	$ 224,483	$ 9,654

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	$ 224,483
Add Additional Tax Payments by County	
Accrual of Receivables:	
Accrued June 30, 2013	(522)
Accrued June 30, 2014	848
Other Taxes	(800)
Total Revenue	$ 224,009

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CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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September 24, 2014

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Estacada as of and for the year ended June 30, 2014, and have issued our report thereon dated September 24, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statues 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).**

In connection with our testing nothing came to our attention that caused us to believe the City of Estacada 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 as follows:

1. Expenditures of the various funds were within authorized appropriations except as noted on page 20.

OAR 162-10-0230 Internal Control

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

We noted a matter involving the internal control structure and its operation that we consider to be a material weakness and a matter we consider to be a significant deficiency under standards established by the American Institute of Certified Public Accountants, which are noted in our management letter dated September 24, 2104.

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

Roy R Rogers

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

CITY OF ESTACADA, OREGON
CLACKAMAS COUNTY, OREGON

GRANT COMPLIANCE REVIEW

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September 24, 2014

To the City Council
City of Estacada
Clackamas County, Oregon

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Estacada as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated September 24, 2014.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider a deficiency described in the separately issued management letter dated September 24, 2014 to be a significant deficiency.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. However, as described in a separately issued management letter dated September 24, 2014, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Roy R Rogers

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C