CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013

12700 SW 72nd Ave.
Tigard, OR 97223

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

For the Year Ended June 30, 2013

ANNUAL FINANCIAL REPORT

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CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

City Council as of June 30, 2013

NAME	TERM EXPIRES
Brent Dodrill, Mayor	December 31, 2014
Michele Conditt	December 31, 2014
Rob Gaskill	December 31, 2014
Jodi Scott	December 31, 2014
Edward Smith	December 31, 2016
Sean Drinkwine	December 31, 2016
Curt Steininger	December 31, 2016

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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October 14, 2013

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, 2013, 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. The financial statements of the Estacada Urban Renewal Agency were not audited in accordance with *Government Auditing Standards.* 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, 2013. 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 the City of Estacada, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary 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, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The listing of council 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.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 14, 2013, 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.

In accordance with *Government Auditing Standards*, we have issued our report dated October 14, 2013, 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*.

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, 2013. 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 $30,421,864 (net position). Of this amount, $3,961,453 (unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased $140,311 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 sewer line rehab project across the mill property was completed. The project upsized the sewer main from a 10" to 12" pipe and increased the slope of the pipe to increase capacity as well as flow in the northwest section of town during peak flows. The total cost of this project was $115,163.70 and was paid with sewer SDC funds.
- The City began the Northwest Industrial Sanctuary infrastructure project funded by IFA. Preliminary engineering, a wetland inventory required by DEQ, bidding announcements, and applying for required permits have been completed. A supplemental budget was adopted by the council for the project. A total of $229,352 was spent in this budget year on the preliminary work leaving $2,770,473 remaining for next year's budget.
- The percent for arts project was completed in Wade Creek Park at a cost of $8,500. This was the final portion of completing Phase II and was built with park SDC funds.
- A portion of clean water tank #2 at the Water Treatment Plant was sandblasted and repainted for a cost of $22,719.
- A 48'x84'x16' pole building was constructed next to the City Shop at 777 NW Tulip. This building will provide parking and storage for city trucks and equipment. The total cost of the building was $44,580 and paid with funds from the 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.

The government-wide financial statements can be found on pages 4-5 of this report.

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.

The basic governmental fund financial statements can be found on pages 6-9 of this report.

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.

The basic proprietary fund financial statements can be found on pages 10-12 of this report.

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 $30,421,864 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (86 percent) 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

	2013	2012
CURRENT AND OTHER ASSETS	$ 4,485,696	$ 3,871,356
CAPITAL ASSETS	28,969,106	29,325,020
TOTAL ASSETS	**$ 33,454,802**	**$33,196,376**
CURRENT AND OTHER LIABILITIES	$ 468,571	$ 420,457
NONCURRENT LIABILITIES	2,564,367	2,494,366
TOTAL LIABILITIES	**$ 3,032,938**	**$2,914,823**
NET POSITION:		
NET INVESTMENT IN CAPITAL ASSETS	$ 26,251,633	$26,665,894
RESTRICTED	207,513	152,507
UNRESTRICTED	3,962,718	3,463,152
TOTAL NET POSITION	**$ 30,421,864**	**$30,281,553**

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 government's total net position increased $140,311 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

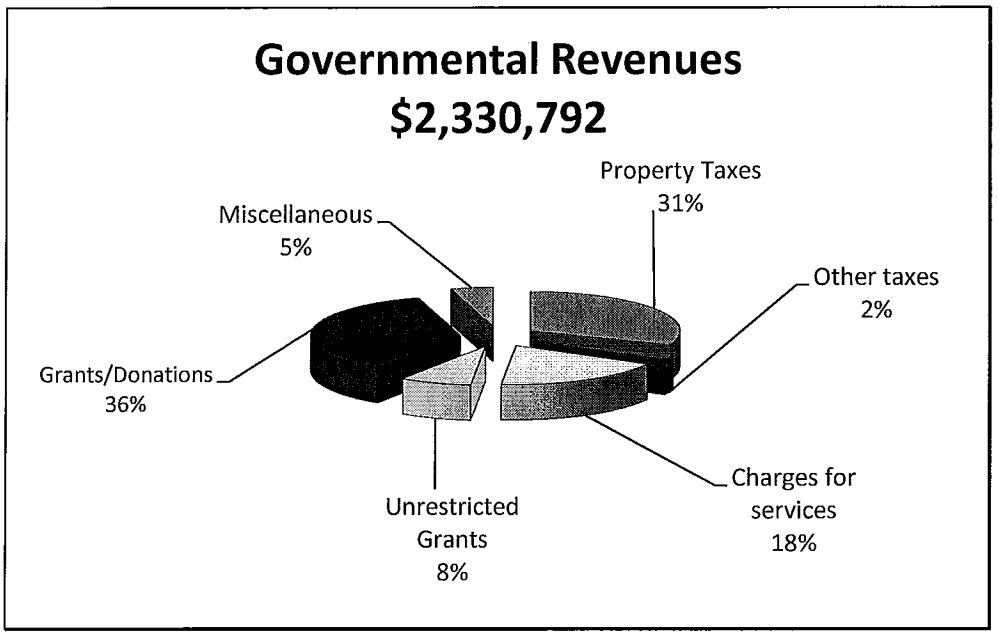
The City's total revenues were $3,821,153, of this 45% or $1,725,636 are from Charges for Services and $1,329,193 from grants, interest earnings, and other non-tax sources. Only 20% or $766,324 comes from the various sources of property taxes and intergovernmental taxes.

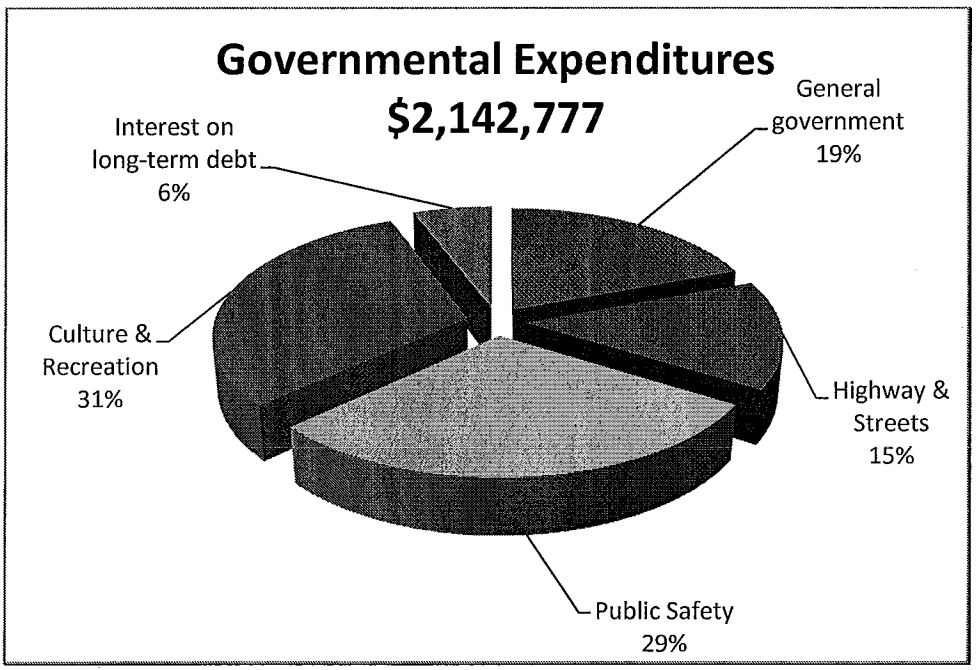
The total cost of all programs and services was $3,607,146; $1,464,369 (40.5%) is for utilities and the remainder is for General Government, Library, Building, Public Safety, Streets, Culture & Recreation, and Debt Service Principal and Interest.

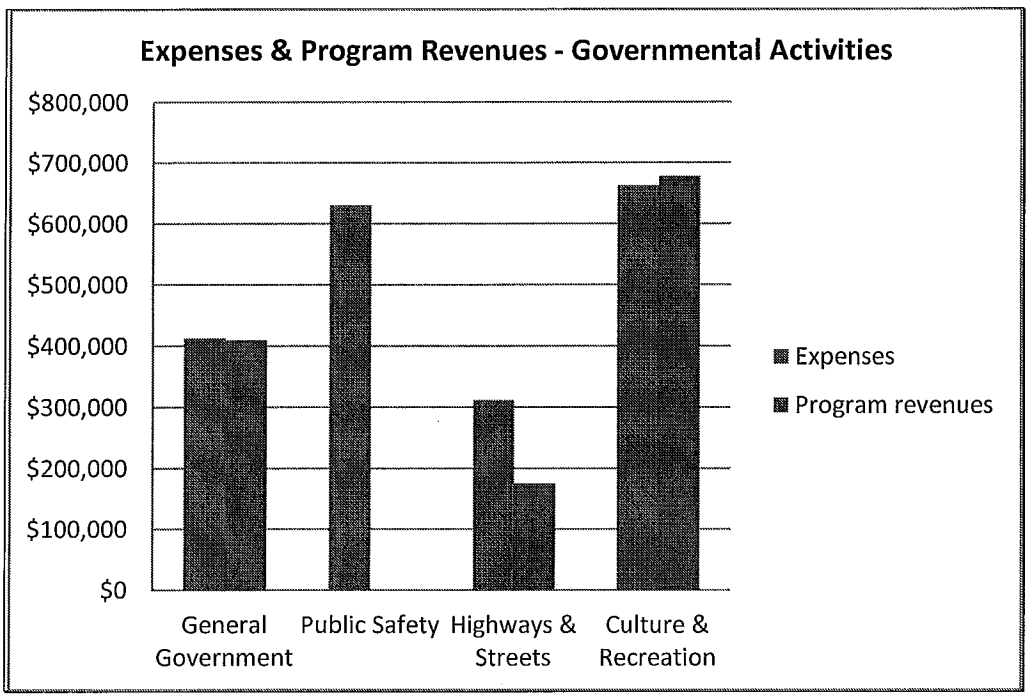
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2013	2012	2013	2012	2013	2012
PROGRAM REVENUES:						
Charges for Services	$ 427,678	$ 422,791	$1,297,958	$1,237,711	$1,725,636	$1,660,502
Grants & Contributions	834,961	1,177,291	171,286	103,000	1,006,247	1,280,291
GENERAL REVENUES:						
Property Taxes	716,298	706,074	-	-	716,298	706,074
Other Taxes & Assessments	50,026	5,910	-	-	50,026	5,910
Unrestricted Grants	178,503	33,422	-	-	178,503	33,422
Investment Earnings	16,484	11,664	8,895	11,248	25,379	22,912
Miscellaneous	106,842	75,043	12,222	38,499	119,064	113,542
TOTAL REVENUES	**2,330,792**	**2,432,195**	**1,490,361**	**1,390,458**	**3,821,153**	**3,822,653**
PROGRAM EXPENSES:						
General Government	412,721	425,123	-	-	412,721	425,123
Public Safety	630,186	612,149	-	-	630,186	612,149
Highways and Streets	311,363	311,859	-	-	311,363	311,859
Culture & Recreation	663,085	679,609	-	-	663,085	679,609
Interest and Other Charges	125,422	123,088	-	-	125,422	123,088
Water	-	-	639,086	593,643	639,086	593,643
Storm Sewer	-	-	172,031	149,211	172,031	149,211
Sewer	-	-	653,252	665,350	653,252	665,350
TOTAL EXPENSES	**$2,142,777**	**$2,151,828**	**$1,464,369**	**$1,408,204**	**$3,607,146**	**$3,560,032**
Prior Period Adjustment		**30,409**	**(73,696)**	**17,287**	**(73,696)**	**47,696**
CHANGE IN NET POSITION	**$ 188,015**	**$ 310,776**	**$ (47,704)**	**$ (459)**	**$ 140,311**	**$ 310,317**

- Property taxes increased by $10,224 (1.5%) during the year, representing the city's increase in totaled assessed value used to compute the tax rate.
- Charges for services increased by $65,134 (4%) resulting from a 3% increase of all fees.

GOVERNMENTAL ACTIVITIES

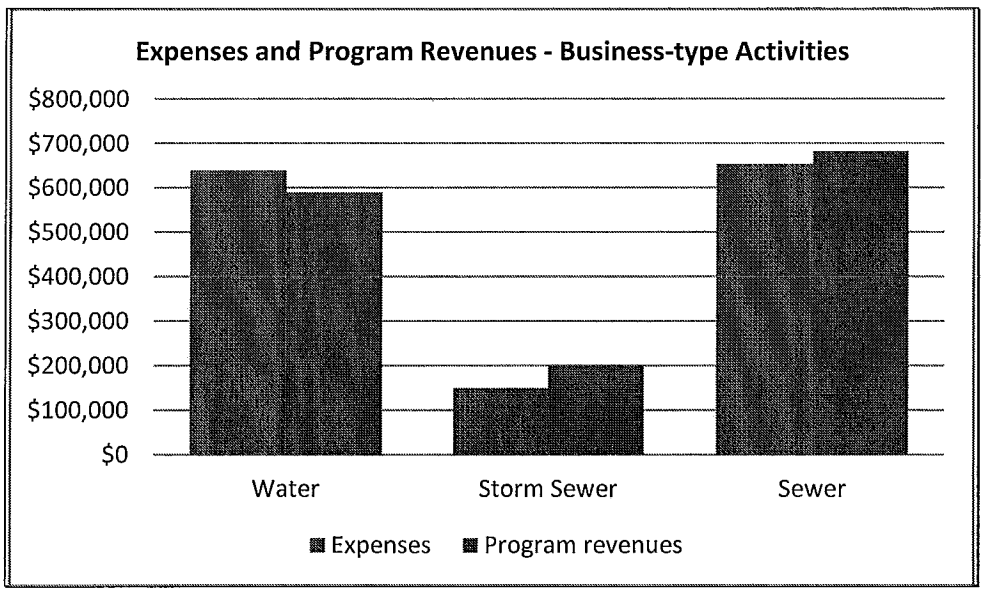


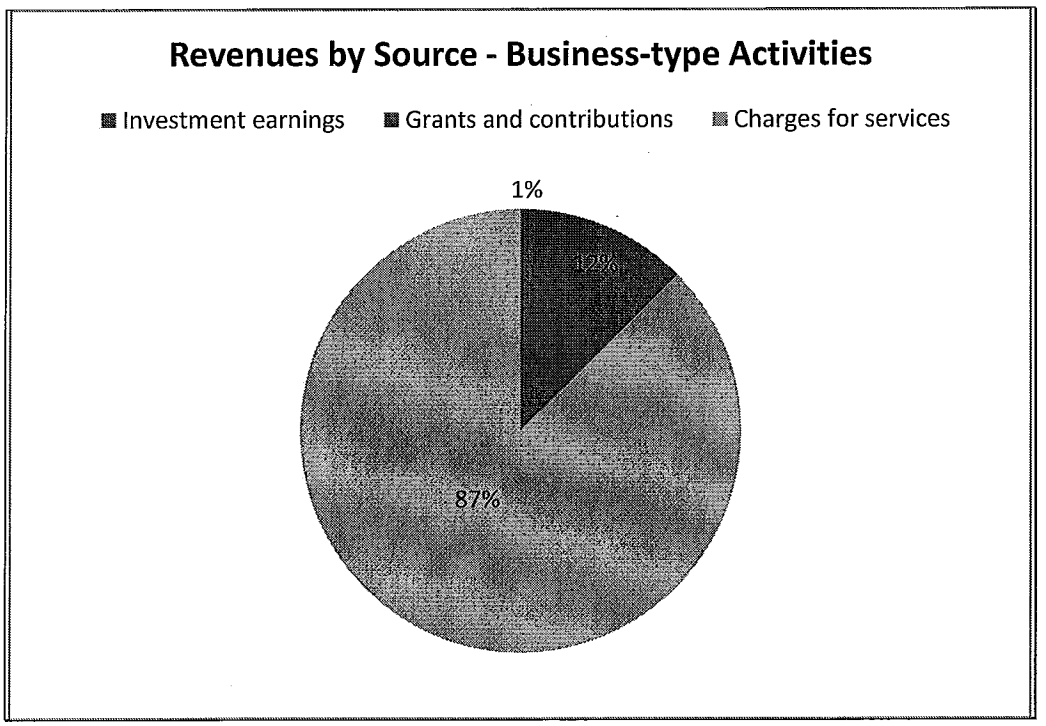




The cost for all governmental activities this year was $2,142,777. However, the amount that our taxpayers paid for these activities through property taxes was only $716,298 (36%). Those who directly benefited from the programs (charges for service) paid $427,678 or 21%. The remaining amount was from operating grants, capital grants and contributions.

Business-type activities. Business-type activities decreased net position by $47,704. This decrease is the result of corrections to the depreciation schedule. Also, the inability of the city council to raise rates more than 3% has kept revenues from increasing at the same rate as expenditures in the water and sewer funds. The result is a decrease in net position for the business-type activities.





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

The City revised the budget two times with supplemental budgets. Actual expenditures were $60,656 below final budgeted amounts showing that the budget prepared for adoption was extremely accurate. Revenues came in $49,318 higher than budgeted. Property taxes, franchise fees, planning fees, state shared revenues and miscellaneous revenues all came in higher than budgeted by approximately $73,000 but this increase was offset by a $13,000 deficit for court fines and a $10,000 deficit for grant/donation revenues.

Beginning in January, 2013 the city stopped receiving the E-911 funds from the state. These funds are being sent directly to Clackamas County for the city's portion of the 911 service that is provided by the county. The city received approximately $14,000 in E-911 money that will not be included in future budgets.

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 Street in the amount of $160,000. This grant money will be available in July 2014. 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 was not awarded a grant for 2011-12 or 2012-13 but 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.

In March 2012 the council initiated a local improvement project requested by Mike Park for the development of industrial property inside the city limits. The city secured funding in the amount of $2,999,825 from the Infrastructure Finance Authority (IFA). These funds will provide infrastructure in the Northwest Industrial Sanctuary. The bid closing date for construction closed on June 26, 2013 and the council will award the bid in July. The project has a completion date of December 2013. Debt service payments on the loan will begin in the 2014-15 budget year. These payments will be made by the property owner in the Local Improvement District.

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.

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.

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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, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	$ 2,055,822	$ 1,316,712	$ 3,372,534
Receivables:			
Accounts, Net	51,527	133,332	184,859
Property Taxes	50,682	-	50,682
Other Taxes	9,900	-	9,900
Notes and Assessments	4,015	79,782	83,797
Intergovernmental	745,968	-	745,968
Supply Inventories	17,209	20,747	37,956
Total Current Assets	2,935,123	1,550,573	4,485,696
Noncurrent Assets:			
Capital Assets, Net of Accumulated Depreciation, Where Applicable:			
Land	664,114	86,512	750,626
Construction in Progress	550	-	550
Infrastructure	18,340,177	-	18,340,177
Building and Improvements	3,025,038	3,451,694	6,476,732
Distribution and Collection Systems	-	3,331,664	3,331,664
Furniture, Fixtures and Equipment	43,100	26,257	69,357
Total Noncurrent Assets	22,072,979	6,896,127	28,969,106
Total Assets	25,008,102	8,446,700	33,454,802
LIABILITIES			
Current Liabilities:			
Accounts Payable	96,372	23,133	119,505
Accrued Interest Payable	80,070	-	80,070
Payroll Liabilities	29,021	29,621	58,642
Customer Deposits	2,032	12,530	14,562
Compensated Absences Payable	28,640	14,046	42,686
Long Term Debt:			
Due Within One Year	153,106	-	153,106
Long-Term Liabilities:			
Due After One Year	2,564,367	-	2,564,367
Total Liabilities	2,953,608	79,330	3,032,938
Net Position:			
Net Investment in Capital Assets	19,355,506	6,896,127	26,251,633
Restricted	208,778	-	208,778
Unrestricted	2,490,210	1,471,243	3,961,453
Total Net Position	$ 22,054,494	$ 8,367,370	$ 30,421,864

See accompanying notes to the basic financial statements

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	$ 412,721	$ 409,510	$ -	$ -
Public Safety	630,186	-	-	-
Highways and Streets	311,363	-	155,865	19,068
Culture and Recreation	663,085	18,168	594,667	65,361
Interest Expense on Long-Term Debt	125,422	-	-	-
Total Governmental Activities	2,142,777	427,678	750,532	84,429
Business- Type Activities				
Water	639,086	578,022	-	11,338
Storm Sewer	172,031	168,896	-	28,962
Sewer	653,252	551,040	-	130,986
Total Business-Type Activities	1,464,369	1,297,958	-	171,286
Total Primary Government	$ 3,607,146	$ 1,725,636	$ 750,532	$ 255,715

See accompanying notes to the basic financial statements

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	$ (3,211)	$ -	$ (3,211)
	(630,186)	-	(630,186)
	(136,430)	-	(136,430)
	15,111	-	15,111
	(125,422)	-	(125,422)
	(880,138)	-	(880,138)
	-	(49,726)	(49,726)
	-	25,827	25,827
	-	28,774	28,774
	-	4,875	4,875
	(880,138)	4,875	(875,263)
General Revenues:			
Property Taxes	716,298	-	716,298
Other Taxes & Assessments	50,026	-	50,026
Unrestricted Grants	178,503	-	178,503
Interest and Investment Earnings	16,484	8,895	25,379
Miscellaneous	106,842	12,222	119,064
Total General revenues	1,068,153	21,117	1,089,270
Change in Net Position	188,015	25,992	214,007
Net Position – Beginning	21,866,479	8,415,074	30,281,553
Prior Period Adjustment	-	(73,696)	(73,696)
Net Position – Ending	$ 22,054,494	$ 8,367,370	$ 30,421,864

See accompanying notes to the basic financial statements

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

COMBINED BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	GENERAL FUND	LIBRARY FUND	STREET FUND	URBAN RENEWAL FUND
ASSETS:				
Cash and Cash Equivalents	$ 443,035	$ 488,363	$ 18,393	$ 95,682
Receivables:				
Property Taxes	37,780	-	-	7,411
Other Taxes	9,900	-	-	-
Accounts	9,491	-	13,684	-
Notes and Assessments	-	-	-	-
Intergovernmental	-	-	-	-
Inventory	-	-	17,209	-
Due from Other Funds	273	-	-	-
Total Assets	$ 500,479	$ 488,363	$ 49,286	$ 103,093
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	$ 36,109	$ 7,906	$ 5,256	$ -
Payroll Related Liabilities	5,352	17,296	5,385	-
Deposits	-	2,032	-	-
Unearned Tax Revenue	35,392	-	-	6,889
Unearned Assessments	-	-	-	-
Unearned SDC Revenue	-	-	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	76,853	27,234	10,641	6,889
Fund Balances:				
Nonspendable	-	-	17,209	-
Restricted	-	-	-	96,204
Assigned	-	461,129	21,436	-
Unassigned	423,626	-	-	-
Total Fund Balances	423,626	461,129	38,645	96,204
Total Liabilities and Fund Balances	$ 500,479	$ 488,363	$ 49,286	$ 103,093

See accompanying notes to the basic financial statements

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

COMBINED BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

STREET SYSTEM IMPROVEMENT FUND	HWY 224 INDUSTRIAL PARK FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
$ 328,443	$ 340,484	$ 341,422	$ 2,055,822
-	-	5,491	50,682
-	-	-	9,900
-	-	28,352	51,527
4,015	-	-	4,015
-	745,968	-	745,968
-	-	-	17,209
-	-	-	273
$ 332,458	$ 1,086,452	$ 375,265	$ 2,935,396
$ -	$ -	$ 47,101	$ 96,372
-	-	988	29,021
-	-	-	2,032
-	-	5,139	47,420
-	745,968	-	745,968
4,015	-	-	4,015
-	-	273	273
4,015	745,968	53,501	925,101
-	-	-	17,209
-	-	112,574	208,778
328,443	340,484	209,190	1,360,682
-	-	-	423,626
328,443	340,484	321,764	2,010,295
$ 332,458	$ 1,086,452	$ 375,265	$ 2,935,396

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, 2013

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

Total Fund Balances		$ 2,010,295
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	$ 22,979,712	
Less Accumulated Depreciation	(906,733)	22,072,979
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.		47,420
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	(80,070)	
Accrued Compensated Absences	(28,640)	
Bonds Payable	(2,335,582)	
Loans Payable	(381,891)	
Total liabilities not due and payable in current period		(2,826,183)
Other Long-Term Assets are not available to pay for current period expenditures and, therefore are deferred in the fund statements		
Unearned Assessment Revenue	745,968	
Unearned SDC Revenue	4,015	749,983
Total Net Position		$ 22,054,494

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, 2013

	GENERAL FUND	LIBRARY FUND	STREET FUND	URBAN RENEWAL FUND
REVENUES:				
Property Taxes	$ 527,541	$ -	$ -	$ 112,102
Street Taxes	-	-	155,865	-
Licenses and Fees	280,485	-	-	-
Intergovernmental	72,605	594,667	-	-
Fines and Forfeitures	20,973	18,168	-	-
System Development Charges	-	-	-	-
Assessments	-	-	-	-
Interest	4,097	1,951	156	291
Grants and Donations	19,603	2,746	6,398	-
Miscellaneous	27,062	18,080	1,669	5
Total Revenues	952,366	635,612	164,088	112,398
EXPENDITURES:				
Current:				
General Government	218,675	-	-	4,733
Library	-	549,694	-	-
Building	-	-	-	-
Public Safety	460,407	-	-	-
Highways and Streets	-	-	227,478	-
Culture and Recreation	82,842	-	-	-
Capital Outlay	-	-	-	35,000
Debt Service:				
Principal	-	-	6,512	37,957
Interest	-	-	-	4,993
Total Expenditures	761,924	549,694	233,990	82,683
Excess of Revenues Over, (Under) Expenditures	190,442	85,918	(69,902)	29,715
Other Financing Sources, (Uses)				
Loan Proceeds - Principal	-	-	-	-
Transfers In	-	-	45,000	40,000
Transfers Out	(80,350)	-	-	(40,000)
Total Other Financing Sources (Uses)	(80,350)	-	45,000	-
Net Change in Fund Balance	110,092	85,918	(24,902)	29,715
Fund Balance – Beginning of Year	313,534	375,211	63,547	66,489
Fund Balance – End of Year	$ 423,626	$ 461,129	$ 38,645	$ 96,204

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, 2013

STREET SYSTEM IMPROVEMENT FUND	HWY 224 INDUSTRIAL PARK FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
$ -	$ -	$ 74,871	$ 714,514
-	-	-	155,865
-	-	108,052	388,537
-	-	-	667,272
-	-	-	39,141
19,068	-	65,361	84,429
-	301,879	-	301,879
2,141	6,046	1,802	16,484
149,756	-	-	178,503
-	-	347	47,163
170,965	307,925	250,433	2,593,787
-	-	-	223,408
-	-	-	549,694
-	-	106,930	106,930
-	-	-	460,407
-	-	-	227,478
-	-	-	82,842
3,000	-	240,857	278,857
-	90,024	29,859	164,352
-	63,065	55,960	124,018
3,000	153,089	433,606	2,217,986
167,965	154,836	(183,173)	375,801
-	-	229,352	229,352
-	-	35,350	120,350
-	-	-	(120,350)
-	-	264,702	229,352
167,965	154,836	81,529	605,153
160,478	185,648	240,235	1,405,142
$ 328,443	$ 340,484	$ 321,764	$ 2,010,295

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, 2013

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

Net changes in fund balances – total governmental funds		$	605,153
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.			
Current Year Depreciation			(87,739)
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			(229,352)
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	$ 3,234		
Payments on Bonds Payable	107,395		
Payments on Loan Payable	38,098		
Payments on Note Payable	12,489		
Payments on Capital Lease	6,512		167,728
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).			
Deferred Property Taxes	1,784		
Deferred Assessments	(251,853)		
Deferred SDCs	(12,926)		(262,995)
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			(4,780)
Changes in net position of governmental activities		$	188,015

See accompanying notes to the basic financials

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	Business-Type Activities – Enterprise Funds			
	ALL WATER FUNDS	ALL SEWER FUNDS	ALL STORM SEWER FUNDS	TOTAL
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	$ 343,053	$ 736,658	$ 237,001	$ 1,316,712
Receivables:				
Accounts, net	56,159	61,239	15,934	133,332
Assessments/SDC Receivable	58,847	3,341	17,594	79,782
Inventories	15,086	5,661	-	20,747
Total Current Assets	473,145	806,899	270,529	1,550,573
Noncurrent Assets:				
Capital Assets:				
Land	84,462	2,050	-	86,512
Depreciable Assets	6,472,331	5,921,311	626,919	13,020,561
Less Accumulated Depreciation	(2,966,234)	(3,018,707)	(226,005)	(6,210,946)
Total Net Capital Assets	3,590,559	2,904,654	400,914	6,896,127
Total Assets	4,063,704	3,711,553	671,443	8,446,700
LIABILITIES:				
Current Liabilities				
Accounts Payable	11,579	10,944	610	23,133
Payroll and Related Liabilities	11,956	12,615	5,050	29,621
Deposits and Refunds Payable	4,570	7,960	-	12,530
Compensated Absences Payable	4,682	4,682	4,682	14,046
Total Liabilities	32,787	36,201	10,342	79,330
Net Position:				
Net Investment in Capital Assets	3,590,559	2,904,654	400,914	6,896,127
Unrestricted	440,358	770,698	260,187	1,471,243
Total Net Position	$ 4,030,917	$ 3,675,352	$ 661,101	$ 8,367,370

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, 2013

	ALL WATER FUNDS	ALL SEWER FUNDS	ALL STORM SEWER FUNDS	TOTAL
OPERATING REVENUES:				
Charges for Services	$ 578,022	$ 551,040	$ 168,896	$ 1,297,958
Miscellaneous	5,632	6,468	122	12,222
Total Operating Revenues	583,654	557,508	169,018	1,310,180
OPERATING EXPENSES:				
Personal Services	285,847	304,254	119,270	709,371
Contractual Services	46,533	34,145	7,271	87,949
Utilities	68,717	59,423	5,595	133,735
Repair and Maintenance	31,858	25,005	7,129	63,992
Other Supplies and Expenses	22,316	20,213	3,954	46,483
Insurance Claims and Expenses	13,800	13,800	-	27,600
Depreciation	170,015	196,412	28,812	395,239
Total Operating Expenses	639,086	653,252	172,031	1,464,369
Operating Income (Loss)	(55,432)	(95,744)	(3,013)	(154,189)
Nonoperating Revenues (Expenses):				
Interest Revenue	2,616	3,783	2,496	8,895
Total Non-Operating Revenues (Expenses)	2,616	3,783	2,496	8,895
Income (Loss) Before Contributions and Transfers	(52,816)	(91,961)	(517)	(145,294)
Capital Contributions	11,338	130,986	28,962	171,286
Change in Net Position	(41,478)	39,025	28,445	25,992
Beginning Net Position	4,086,687	3,693,405	634,982	8,415,074
Prior Period Adjustment	(14,292)	(57,078)	(2,326)	(73,696)
Ending Net Position	$ 4,030,917	$ 3,675,352	$ 661,101	$ 8,367,370

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, 2013

	Business-Type Activities – Enterprise Funds			
	WATER FUND	SEWER FUND	STORM SEWER FUND	TOTAL
Cash Flows from Operating Activities:				
Receipts from Customers and Uses	$ 589,727	$ 548,480	$ 174,484	$ 1,312,691
Payments to Suppliers	(177,828)	(139,934)	(27,686)	(345,448)
Payments to Employees	(301,575)	(318,358)	(119,485)	(739,418)
Net Cash Provided from (used by) Operating Activities	110,324	90,188	27,313	227,825
Cash Flows From Investing Activities				
Interest Earned	2,616	3,783	2,496	8,895
Net Cash Flows From Investing Activities	2,616	3,783	2,496	8,895
Cash Flows from Capital and Related Financing Activities				
Capital Contributions	11,338	130,986	28,962	171,286
Acquisition of Capital Assets	(33,109)	(81,421)	(12,534)	(127,064)
Principal Paid on Long-Term Obligations	-	-	(6,511)	(6,511)
Interest Paid on Long-Term Obligations	-	-	-	-
Net Cash Flows from (used by) Capital and Related Financing Activities	(21,771)	49,565	9,917	37,711
Net Increase (Decrease) in Cash and Cash Equivalents	91,169	143,536	39,726	274,431
Balances – Beginning of the Year	266,176	650,200	199,601	1,115,977
Balances – End of the Year	$ 343,053	$ 736,658	$ 237,001	$ 1,316,712
Reconciliation of Operating Income (Loss) to Net Cash Provided from (used by) Operating Activities:				
Operating Income	$ (55,432)	$ (95,744)	$ (3,013)	$ (154,189)
Cash Flow Reported in Other Activities:				
Depreciation Expense	170,015	196,412	28,812	395,239
(Increase) Decrease in Assets				
Receivables	6,073	(9,028)	5,466	2,511
Inventory	(4,999)	(3,026)	-	(8,025)
Increase (Decrease) in Liabilities				
Accounts and Other Payables	(3,735)	958	(3,737)	(6,514)
Deposits	330	920	-	1,250
Payroll Liabilities	(1,928)	(304)	(215)	(2,447)
Net Cash Provided from (used by) Operating Activities	$ 110,324	$ 90,188	$ 27,313	$ 227,825

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 seven 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. There are no other component units.

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 accrue 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.

FUND EQUITY

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

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. 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.

C. 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.

The following non-major governmental fund types are reported:

Special Revenue Funds
These funds account for revenues derived from specific taxes or other earmarked revenue sources including gas taxes, licenses and fees, intergovernmental revenues, sales and services, and charges for services that are restricted to finance particular functions or activities.

Capital Projects Funds
These funds account for expenditures on major construction projects or equipment acquisition. The principal sources of revenues are proceeds from long-term obligations issued to finance capital acquisitions and improvements.

Debt Service Funds
These funds account for the resources accumulated and payment made for principal and interest on long-term debt of governmental fund.

The following major proprietary funds are reported:

Water Funds
These funds account for the activities of the water distribution system. Revenue is derived primarily from water service charges.

C. DESCRIPTION OF FUNDS (CONT.)

Sewer Funds
These funds account for the activities of the wastewater collection and treatment system. Revenue is derived primarily from sewer service charges.

Storm Sewer Funds
These funds account for the activities of the wastewater collection and treatment system. Revenue is derived primarily from sewer service charges.

D. 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.

E. 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.

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 deferred revenue. Management has determined that no provision for uncollectible property taxes is considered necessary. 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 deferred 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 upon 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.

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONT.)

Receivables and Payables (Cont.)
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.

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.

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONT.)

Capital Assets (Cont.)
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, 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 position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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	

A. BUDGETS (CONT.)

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.

Budgetary Basis of Accounting

While the financial position, results of operations, and changes in fund balance/net position 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 income" and principal paid is considered an expenditure when paid. Bond issue costs are recognized as expenditures when bonds are issued (rather than amortizing over the life of the bonds).

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, 2013:

Deposits with Financial Institutions:		
Petty Cash	$	200
Deposits in Financial Institutions		208,931
Local Government Investment Pool		3,163,403
Total Cash and Investments	$	3,372,534

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.

3. CASH AND INVESTMENTS (CONT.)

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, 2013 the bank balance was $249,372 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, 2013, 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, 2013, 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	$ 3,163,403	$ 3,163,403	$ -	$ -

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.

Credit Risk

The Local Government Investment Pool is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

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. 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 limited by the State.

4. ACCRUED COMPENSATED ABSENCES

The compensated absences balances at June 30, 2013 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental	$ 23,860	$ 4,780	$ -	$ 28,640
Business Type	16,899	-	(2,853)	14,046
	$ 40,759	$ 4,780	$ (2,853)	$ 42,686

5. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2013 was as follows:

	GOVERNMENTAL ACTIVITIES			
Description	June 30, 2012	Additions	Disposals	June 30, 2013
Capital assets not being Depreciated				
Land	$ 664,114	$ -	$ -	$ 664,114
Infrastructure	18,340,177	-	-	18,340,177
Construction in Progress	22,706	-	(22,156)	550
Total Capital Assets not being Depreciated	19,026,997	-	(22,156)	19,004,841
Other Capital Assets				
Buildings and Improvements	3,683,768	-	-	3,683,768
Equipment	268,947	22,156	-	291,103
Total other Capital Assets	3,952,715	22,156	-	3,974,871
Less Accumulated Depreciation				
Buildings and Improvements	586,868	71,862	-	658,730
Equipment	232,126	15,877	-	248,003
Total Accumulated Depreciation	818,994	87,739	-	906,733
Total Capital Assets Being Depreciated, Net	3,133,721	(65,583)	-	3,068,138
Total Governmental Activities	$ 22,160,718	$ (65,583)	$ (22,156)	$ 22,072,979

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

Program	Governmental Funds
General Government	$ 19,717
Highway and Streets	20,077
Public Safety	40,634
Culture and Recreation	7,311
Total	$ 87,739

5. CAPITAL ASSETS (CONT.)

Capital asset activity for business type activities for the year ended June 30, 2013 was as follows:

	BUSINESS TYPE ACTIVITIES				
Description	June 30, 2012	Adjustments	Additions	Disposals	June 30, 2013
Capital Assets not being Depreciated					
Land	$ 86,512	$ -	$ -	$ -	$ 86,512
Construction in Progress	10,988	-	-	(10,988)	-
Total Capital Assets not being Depreciated	97,500	-	-	(10,988)	86,512
Other Capital Assets					
Buildings & Improvements	4,786,193	-	70,736	-	4,856,929
System & Improvements	7,608,229	-	130,024	(57,148)	7,681,105
Equipment	482,526	-	-	-	482,526
Total other Capital Assets	12,876,948	-	200,760	(57,148)	13,020,560
Less Accumulated Depreciation					
Buildings & Improvements	1,290,342	-	114,893	-	1,405,235
System & Improvements	4,079,471	5,560	264,410	-	4,349,441
Equipment	440,333	-	15,936	-	456,269
Total Accumulated Depreciation	5,810,146	5,560	395,239	-	6,210,945
Total Capital Assets being Depreciated, Net	7,066,802	-	(194,479)	(57,148)	6,809,615
Total Business Type Activities	$ 7,164,302	$ (5,560)	$ (194,479)	$ (68,136)	$ 6,896,127

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

Function	Business Type Funds
Water	$ 170,015
Sewer	196,412
Storm Sewer	28,812
Total	$ 395,239

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 the bond issued in prior years was $1,191,730.

	Government - Type
2002 Water System - issued September 2002, rates 4.75%, maturing 2042	$ 1,157,771

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

Year Ending June 30	Principal	Interest	Total
2014	$ 18,196	$ 54,994	$ 73,190
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
2019-2023	126,174	239,779	365,953
2024-2028	159,126	206,828	365,954
2029-2033	200,681	165,270	365,951
2034-2038	253,093	112,888	365,981
2039-2043	318,652	46,763	365,415
	$ 1,157,771	$ 1,037,435	$ 2,195,206

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.

6. LONG TERM DEBT (CONT.)

Special Assessment Debts (Cont.)

Current special assessment debts outstanding are as follows:

	Government - Type
1998 General Government - issued July 1998, rates 4.79%, maturing 2023	$ 1,177,811

Future maturities of the special assessment bond are as follows:

Year Ending June 30	Principal	Interest	Total
2014	$ 95,753	$ 58,700	$ 154,453
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
2019-2023	660,887	94,958	755,845
	$ 1,177,811	$ 339,858	$ 1,517,669

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, 2013 of $152,539.

Annual requirements to pay the loan are as follows:

Year Ending June 30	Principal	Interest	Total
2014	$ 39,157	$ 3,793	$ 42,950
2015	40,245	2,705	42,950
2016	41,363	1,587	42,950
2017	31,774	438	32,212
	$ 152,539	$ 8,523	$ 161,062

6. LONG TERM DEBT (CONT.)

Note Payable

On November 20, 2000, a total of $136,941 were borrowed out of a maximum loan of $150,000 from Clackamas County Bank to finance the Espinosa LID project involving street improvements. This loan expired in April 2007, and the refinancing contract was made. The new balance is $61,738 with interest rate 7.25%. Nine semi-annual payments of $3,288 plus accrued interest due starting October 1, 2006 with one final payment of all principal and interest due in April 2011. On April 1, 2011, the City refinanced the loan to pay the remaining balance of $25,158 in seven semi-annual payments of $3,310. The interest rate of the loan after refinancing is the prime rate less one percent which was 2.25% at June 30, 2013. Any remaining balances will be due in full on March 1, 2016. The City decided to pay off the remaining principal balance of $12,489 which reduced the interest owed to $141 to make the Note Payable no longer outstanding as of June 30, 2013.

Lease Payable

On November 25, 2009, a lease agreement was entered into for financing a 2003 Schwarze Regenerative Air Sweeper with Bank of the West. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date as part of the long-term liabilities. There is no longer a liability for the capital lease.

The asset acquired through the capital lease is reported as follows:

	Governmental Activities	Storm Drain	Total
Assets:			
Equipment and Vehicles	$ 33,828	$ 33,829	$ 67,657
Less: Accumulated and Depreciation	(24,244)	(24,244)	(48,488)
Total	$ 9,584	$ 9,585	$ 19,169

Capital Projects Loan Payable

On January 11, 2013 the City was awarded a loan in the amount of $2,999,825 with 0.60% interest until November 30, 2013. The rate beginning December 1, 2013 will adjust 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 project's invoices, and the repayment and amortization schedule will be available upon the project's completion. See the following schedule for the loan portion received as of June 30, 2013.

6. LONG TERM DEBT (CONT.)

Changes in Long Term Debt Liabilities

Long-term liability activity for the year ended June 30, 2013, is as follows:

Future maturities are as follows:

	Balance 7/1/2012	Additions	Reductions	Balance 6/30/2013	Due Within One Year
Governmental Activities:					
Special Public Works Loans					
River Mill Industrial Area	$ 1,267,835	$ -	$ 90,024	$ 1,177,811	$ 95,753
G.O. Bonds Payable	1,175,142	-	17,371	1,157,771	18,196
Clackamas County Bank Loan	12,489	-	12,489	-	-
Capital Projects Loan	-	229,352	-	229,352	-
URA Loan Payable	190,637	-	38,098	152,539	39,157
Capital Lease	6,512	-	6,512	-	-
Total	$ 2,652,615	$ 229,352	$ 164,494	$ 2,717,473	$ 153,106
Business-Type Activities:					
Capital Lease	6,511	-	6,511	-	-
Total	$ 6,511	$ -	$ 6,511	$ -	$ -

7. EMPLOYEE RETIREMENT PLAN

Plan Description

Contributions are made to the State of Oregon Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit plan administered by the Oregon Public Employees Retirement System. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan member and beneficiaries. The Oregon Public Employees Retirement fund ("OPERF") applies to the City's contribution for qualifying employees who were hired before August 29, 2003. Oregon Revised Statutes 238 assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees and the State Legislature.

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan ("OPSRP") is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who return to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the "Pension Program") and a defined contribution portion (the Individual Account Program or "IAP"). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. 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 and a factor that varies based on type of service (general versus police or fire).

Beginning January 1, 2004, all PERS member's contributions go into the IAP portion of OPSRP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the members IAP, not the member's PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be the members of both the PERS and OPSRP system as long as they remain in covered employment.

7. EMPLOYEE RETIREMENT PLAN (CONT.)

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board ("OPERB"). The comprehensive annual financial report for the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling (503) 598-7377, or by accessing the PERS web site at www.pers.state.or.us.

Funding Policy

Members of PERS are required to contribute 6.00% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The City is required by ORS 238.225 to contribute at an actuarially determined rate for all 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, 2013 was 12.32% for general members and 14.94% for police and fire. The PERS rates for the year ended June 30, 2013 was 13.32%. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Annual Pension Cost

Employer contributions are calculated in conformance with the provisions of GASB Statement No. 27 as a percentage of covered payroll. Therefore, the contributions transmitted to the System are equal to the Annual Required Contribution (ARC) and there is no Net Pension Obligation (NPO) necessary to amortize any unmade contributions.

For the year ended June 30, 2013 the annual pension cost of $147,991 was equal to the required and actual contributions. The required contribution was determined as part of the December 31, 2011 actuarial evaluation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8.0% per year, (b) projected salary increase of 3.75% per year attributable to general wage adjustments, with additional increases for promotion and longevity that vary by age and service, (c) CPI increases of 2.75% per year, and (d) demographic assumptions that were chosen to reflect the best estimate of emerging experience of the members of the System.

Total contributions to PERS for the years ending June 30, 2013, 2012, and 2011 were $147,991, $151,044, and $124,119 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, 2013 are as follows:

	Transfers from other funds	Transfers to other funds	Net
GOVERNMENTAL FUNDS			
General Fund	$ -	$ (80,350)	$ (80,350)
Street Fund	45,000	-	45,000
Urban Renewal Fund	40,000	(40,000)	-
LID Bonding Fund	35,350	-	35,350
Total	$ 120,350	$ (120,350)	$ -

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. INTERFUND RECEIVABLE / PAYABLE

The composition of interfund balances as of June 30, 2013 is as follows:

	Due from other funds	Due to other funds
General Fund	$ 273	$ -
LID Bonding Fund	-	273
Total	$ 273	$ 273

10. PROPERTY TAX LIMITATIONS

The State of Oregon has a constitutional limit on property taxes for schools and non-school government operations. The limitation provides that property taxes for non-school 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.

11. 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.

12. 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.

13. FUND BALANCE CONSTRAINTS

The specific purposes for each of the categories of fund balance as of June 30, 2013 are as follows:

GOVERNMENTAL

Fund Balances:	General	Library	Street	Street System Improvement	Hwy 224 Industrial Park	Other
Nonspendable:						
Inventory	$ -	$ -	$ 17,209	$ -	$ -	$ -
Restricted:						
URA	-	-	-	-	-	96,204
GO Bond Debt	-	-	-	-	-	112,574
	-	-	-	-	-	208,778
Assigned to:						
Library	-	461,129	-	-	-	-
Street	-	-	21,436	-	-	-
St. Sys. Improv.	-	-	-	328,443	-	-
Hwy 224	-	-	-	-	340,484	-
Other	-	-	-	-	-	209,190
	-	461,129	21,436	328,443	340,484	209,190
Unassigned:	423,626	-	-	-	-	-
Total Fund Balances	$ 423,626	$ 461,129	$ 38,645	$ 328,443	$ 340,484	$ 417,968

14. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made in the Water, Sewer, and Storm Sewer Funds for the total amount of $73,696 to adjust incorrect calculations in the prior year's proprietary accumulated depreciation.

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

REQUIRED SUPPLEMENTARY 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, 2013

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Property Taxes	$ 523,348	$ 523,348	$ 527,541	$ 4,193
Licenses, Fees, and Permits	235,000	235,000	280,485	45,485
Intergovernmental	69,700	69,700	72,605	2,905
Fines and Forfeitures	34,000	34,000	20,973	(13,027)
Interest	3,000	3,000	4,097	1,097
Grants and Donations	30,000	30,000	19,603	(10,397)
Miscellaneous	8,000	8,000	27,062	19,062
Total Revenue	903,048	903,048	952,366	49,318
EXPENDITURES:				
Administration	76,485	76,485 (1)	74,723	1,762
Police	464,600	464,600 (1)	460,407	4,193
Planning	92,505	92,505 (1)	74,104	18,401
Park	86,725	86,725 (1)	82,842	3,883
Non-Departmental Materials and Services	102,265	102,265 (1)	69,848	32,417
Contingency	250,868	250,868 (1)	-	250,868
Total Expenditures	1,073,448	1,073,448	761,924	311,524
Excess of Revenues Over, (Under) Expenditures	(170,400)	(170,400)	190,442	360,842
OTHER FINANCING SOURCES (USES):				
Transfers Out	(103,600)	(103,600) (1)	(80,350)	23,250
Total Other Financing Sources (Uses)	(103,600)	(103,600)	(80,350)	23,250
Net Change in Fund Balance	(274,000)	(274,000)	110,092	384,092
Beginning Fund Balance	274,000	274,000	313,534	39,534
Ending Fund Balance	$ -	$ -	$ 423,626	$ 423,626

(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, 2013

LIBRARY FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Library Funds	$ 581,900	$ 581,900	$ 594,667	$ 12,767
Library Grants	2,000	2,000	2,746	746
Library Fines	27,000	27,000	18,168	(8,832)
Interest	800	800	1,951	1,151
Miscellaneous	7,000	7,000	18,080	11,080
Total Revenues	618,700	618,700	635,612	16,912
EXPENDITURES:				
Personal Services	476,880	476,880	383,433	93,447
Materials and Services	192,975	192,975	166,261	26,714
Contingency	268,845	268,845	-	268,845
Total Expenditures	938,700	938,700 (1)	549,694	389,006
Net Change in Fund Balance	(320,000)	(320,000)	85,918	405,918
Beginning Fund Balance	320,000	320,000	375,211	55,211
Ending Fund Balance	$ -	$ -	$ 461,129	$ 461,129

(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, 2013

STREET FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
State Street Tax	$ 159,000	$ 159,000	$ 155,865	$ (3,135)
Sca Grant	50,000	50,000	-	(50,000)
Plan Review Fees	-	-	6,398	6,398
Interest	150	150	156	6
Miscellaneous	-	-	1,669	1,669
Total Revenues	209,150	209,150	164,088	(45,062)
EXPENDITURES:				
Personal Services	134,420	134,420	126,872	7,548
Materials and Services	164,220	164,220	107,118	57,102
Contingency	4,510	4,510	-	4,510
Total Expenditures	303,150	303,150 (1)	233,990	69,160
Excess of Revenues Over, (Under) Expenditures	(94,000)	(94,000)	(69,902)	24,098
OTHER FINANCING SOURCES (USES):				
Transfers In	45,000	45,000	45,000	-
Total Other Financing Sources (Uses)	45,000	45,000	45,000	-
Net Change in Fund Balance	(49,000)	(49,000)	(24,902)	24,098
Beginning Fund Balance	49,000	49,000	63,547	14,547
Ending Fund Balance	$ -	$ -	$ 38,645	$ 38,645

(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, 2013

URBAN RENEWAL AGENCY

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Property Taxes	$ 129,569	$ 129,569	$ 112,102	$ (17,467)
Interest	200	200	291	91
Miscellaneous	50	50	5	(45)
Total Revenues	129,819	129,819	112,398	(17,421)
EXPENDITURES:				
Materials and Services	20,050	20,050 (1)	4,733	15,317
Capital Outlay	129,550	129,550 (1)	35,000	94,550
Debt Service	43,000	43,000 (1)	42,950	50
Contingency	819	819 (1)	-	819
Total Expenditures	193,419	193,419	82,683	110,736
Excess of Revenues Over, (Under) Expenditures	(63,600)	(63,600)	29,715	93,315
OTHER FINANCING SOURCES (USES)				
Transfers In	149,600	149,600	40,000	(109,600)
Transfers Out	(149,600)	(149,600) (1)	(40,000)	109,600
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(63,600)	(63,600)	29,715	93,315
Beginning Fund Balance	63,600	63,600	66,489	2,889
Ending Fund Balance	$ -	$ -	$ 96,204	$ 96,204

(1) Appropriation Level

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SUPPLEMENTARY 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, 2013

STREET SYSTEM IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
System Development Charges	$ 31,500	$ 31,500	$ 19,068	$ (12,432)
Pole Purchase Funds	-	-	149,756	149,756
Interest	3,000	3,000	2,141	(859)
Total Revenues	34,500	34,500	170,965	136,465
EXPENDITURES:				
Capital Outlay	174,500	174,500 (1)	3,000	171,500
Total Expenditures	174,500	174,500	3,000	171,500
Net Change in Fund Balance	(140,000)	(140,000)	167,965	307,965
Beginning Fund Balance	140,000	140,000	160,478	20,478
Ending Fund Balance	$ -	$ -	$ 328,443	$ 328,443

(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, 2013

HWY 224 INDUSTRIAL FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
Assessment	$ 150,000	$ 150,000		$ 301,879	$ 151,879
Interest	1,000	1,000		6,046	5,046
Total Revenues	151,000	151,000		307,925	156,925
EXPENDITURES:					
Debt Service	153,200	153,200	(1)	153,089	111
Total Expenditures	153,200	153,200		153,089	111
Net Change in Fund Balance	(2,200)	(2,200)		154,836	157,036
Beginning Fund Balance	145,000	145,000		185,648	40,648
Ending Fund Balance	$ 142,800	$ 142,800		$ 340,484	$ 197,684

(1) Appropriation Level

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2013

	BUILDING FUND	PARK IMPROVEMENT FUND	LID BONDING FUND	CAPITAL PROJECTS FUND	G.O. BOND DEBT FUND	TOTAL OTHER GOVERNMENTAL FUNDS
ASSETS:						
Cash and Cash Equivalents	$ 26,554	$ 202,646	$ -	$ -	$ 112,222	$ 341,422
Receivables, Net:						
Accounts	-	-	-	28,352	-	28,352
Property Taxes	-	-	-	-	5,491	5,491
Assessment	-	-	-	-	-	-
Total Assets	$ 26,554	$ 202,646	$ -	$ 28,352	$ 117,713	$ 375,265
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts Payable	$ 19,022	$ -	$ -	$ 28,079	$ -	$ 47,101
Payroll and Related Liabilities	988	-	-	-	-	988
Deferred Revenue	-	-	-	-	5,139	5,139
Deferred Assessment	-	-	-	-	-	-
Due to Other Funds	-	-	-	273	-	273
Total Liabilities	20,010	-	-	28,352	5,139	53,501
Fund Balances:						
Restricted	-	-	-	-	112,574	112,574
Assigned	6,544	202,646	-	-	-	209,190
Total Fund Balances	6,544	202,646	-	-	112,574	321,764
Total Liabilities and Fund Balances	$ 26,554	$ 202,646	$ -	$ 28,352	$ 117,713	$ 375,265

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, 2013

	BUILDING FUND	PARK IMPROVEMENT FUND	LID BONDING FUND	CAPITAL PROJECTS FUND	G.O. BOND DEBT FUND	TOTAL OTHER GOVERNMENTAL FUNDS
REVENUES:						
Property Taxes	$ -	$ -	$ -	$ -	$ 74,871	$ 74,871
Licenses and Fees	108,052	-	-	-	-	108,052
System Development Charges	-	65,361	-	-	-	65,361
LID Loan	-	-	-	-		-
Assessments	-	-	-	-	-	-
Interest	69	924	-	-	809	1,802
Miscellaneous	-	-	-	-	347	347
Total Revenues	108,121	66,285	-	-	76,027	250,433
EXPENDITURES:						
Current:						
Building	106,930	-	-	-	-	106,930
Debt Service:						
Principal	-	-	12,488	-	17,371	29,859
Interest	-	-	141	-	55,819	55,960
Capital Outlay	-	11,505	-	229,352	-	240,857
Total Expenditures	106,930	11,505	12,629	229,352	73,190	433,606
Excess of Revenues Over, (Under) Expenditures	1,191	54,780	(12,629)	(229,352)	2,837	(183,173)
Other Financing Sources, (Uses)						
Loan Proceeds - Principal	-	-	-	229,352	-	229,352
Transfers In	-	-	35,350	-	-	35,350
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	35,350	229,352	-	264,702
Net Change in Fund Balance	1,191	54,780	22,721	-	2,837	81,529
Fund Balance - Beginning of Year	5,353	147,866	(22,721)	-	109,737	240,235
Fund Balance - End of Year	$ 6,544	$ 202,646	$ -	$ -	$ 112,574	$ 321,764

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2013

BUILDING FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Building Permit Fees	$ 80,000	$ 120,500	$ 108,052	$ (12,448)
Interest	100	100	69	(31)
Total Revenues	80,100	120,600	108,121	(12,479)
EXPENDITURES:				
Personal Services	25,505	25,505	24,111	1,394
Materials and Services	62,975	103,475	82,819	20,656
Contingency	620	620	-	620
Total Expenditures	89,100	129,600 (1)	106,930	22,670
Excess of Revenues Over, (Under) Expenditures	(9,000)	(9,000)	1,191	10,191
OTHER FINANCING SOURCES (USES):				
Transfers In	5,000	5,000	-	(5,000)
Total Other Financing Sources (Uses)	5,000	5,000	-	(5,000)
Net Change in Fund Balance	(4,000)	(4,000)	1,191	5,191
Beginning Fund Balance	4,000	4,000	5,353	1,353
Ending Fund Balance	$ -	$ -	$ 6,544	$ 6,544

(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, 2013

PARK IMPROVEMENT RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
System Development Charges	$ 32,500	$ 32,500	$ 65,361	$ 32,861
Interest	800	800	924	124
Total Revenues	33,300	33,300	66,285	32,985
EXPENDITURES:				
Capital Outlay	156,800	156,800 (1)	11,505	145,295
Total Expenditures	156,800	156,800	11,505	145,295
Net Change in Fund Balance	(123,500)	(123,500)	54,780	178,280
Beginning Fund Balance	123,500	123,500	147,866	24,366
Ending Fund Balance	$ -	$ -	$ 202,646	$ 202,646

(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, 2013

LID BONDING FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
EXPENDITURES:					
Debt Service	$ 53,600	$ 53,600	(1)	$ 12,629	$ 40,971
OTHER FINANCING SOURCES (USES):					
Transfers In	53,600	53,600		35,350	18,250
Total Other Financing Sources (Uses)	53,600	53,600		35,350	18,250
Net Change in Fund Balance	-	-		22,721	22,721
Beginning Fund Balance		-		(22,721)	(22,721)
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, 2013

CAPITAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
EXPENDITURES:					
Capital Outlay	$ -	$ 2,999,825	(1)	$ 229,352	$ 2,770,473
OTHER FINANCING SOURCES (USES):					
Loan Proceeds	-	2,999,825		229,352	2,770,473
Total Other Financing Sources (Uses)	-	2,999,825		229,352	2,770,473
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, 2013

G.O. BOND DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Property Tax Revenue	$ 75,500	$ 75,500	$ 74,871	$ (629)
Interest	750	750	809	
Miscellaneous	-	-	347	347
Total Revenue	76,250	76,250	76,027	(223)
EXPENDITURES:				
Debt Service	73,400	73,400 (1)	73,190	210
Total Expenditures	73,400	73,400	73,190	210
Net Change in Fund Balance	2,850	2,850	2,837	(13)
Beginning Fund Balance	109,000	109,000	109,737	737
Ending Fund Balance	$ 111,850	$ 111,850	$ 112,574	$ 724

(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, 2013

WATER OPERATING FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
Plan Review Fees	$ -	$ -		$ 1,854	$ 1,854
Collection for Services	545,000	545,000		552,868	7,868
Connection Fees	15,000	15,000		23,300	8,300
Interest	750	750		1,213	463
Miscellaneous	5,000	5,000		5,632	632
Total Revenues	565,750	565,750		584,867	19,117
EXPENDITURES:					
Treatment:					
Personal Services	141,590	141,590		140,910	680
Materials and Services	247,835	247,835		140,763	107,072
Total Treatment	389,425	389,425	(1)	281,673	107,752
Distribution and Storage:					
Personal Services	150,680	150,680		145,888	4,792
Materials and Services	108,180	108,180		80,712	27,468
Contingencies	93,465	93,465		-	93,465
Total Distribution & Storage	352,325	352,325	(1)	226,600	125,725
Total Expenditures	741,750	741,750		508,273	233,477
Net Change in Fund Balance	(176,000)	(176,000)		76,594	252,594
Beginning Fund Balance	176,000	176,000		219,648	43,648
Ending Fund Balance	$ -	$ -		$ 296,242	$ 296,242

RECONCILIATION TO NET POSITION:

Water System Improvement Ending Fund Balance	89,951
Capital Assets, Net	3,590,559
Compensated Absences	(4,682)
SDC Receivable	58,847
TOTAL NET POSITION – ALL WATER FUNDS	$ 4,030,917

(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, 2013

WATER SYSTEM IMPROVEMENT RESERVE

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
System Development Charges	$ 30,900	$ 30,900	$ 10,771	$ (20,129)
Water SDC - Reimbursement	28,425	28,425	4,175	(24,250)
Interest	2,500	2,500	1,403	(1,097)
Total Revenues	61,825	61,825	16,349	(45,476)
EXPENDITURES:				
Capital Outlay				
SDC Capital	106,270	106,270 (1)	9,150	97,120
Operational Capital	29,555	29,555 (1)	-	29,555
Total Expenditures	135,825	135,825	9,150	126,675
Net Change in Fund Balance	(74,000)	(74,000)	7,199	81,199
Beginning Fund Balance	74,000	74,000	82,752	8,752
Ending Fund Balance	$ -	$ -	$ 89,951	$ 89,951

(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, 2013

SEWER FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
Collection for Services	$ 538,000	$ 538,000		$ 547,242	$ 9,242
Connection Fees	2,000	2,000		1,980	(20)
Plan Review Fee	-	-		1,818	1,818
Interest	1,000	1,000		1,498	498
Miscellaneous	5,000	5,000		6,468	1,468
Total Revenues	546,000	546,000		559,006	13,006
EXPENDITURES:					
Treatment:					
Personal Services	194,280	194,280		186,472	7,808
Materials and Services	177,705	177,705		120,096	57,609
Total Treatment	371,985	371,985	(1)	306,568	65,417
Collection:					
Personal Services	121,830	121,830		118,733	3,097
Materials and Services	77,375	77,375		51,904	25,471
Capital Outlay	100,000	100,000		-	100,000
Contingencies	98,810	98,810		-	98,810
Total Collection	398,015	398,015	(1)	170,637	227,378
Total Expenditures	770,000	770,000		477,205	292,795
Net Change in Fund Balance	(224,000)	(224,000)		81,801	305,801
Beginning Fund Balance	224,000	224,000		268,713	44,713
Ending Fund Balance	$ -	$ -		$ 350,514	$ 350,514

RECONCILIATION TO NET POSITION:

Sewer System Improvement Fund Ending Fund Balance	421,525
Capital Assets, Net	2,904,654
Compensated Absences	(4,682)
SDC Receivable	3,341
TOTAL NET POSITION – ALL SEWER FUNDS	$ 3,675,352

(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, 2013

SEWER SYSTEM IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
System Development Charges	$ 49,500	$ 49,500	$ 134,057	$ 84,557
Interest	2,000	2,000	2,285	285
Total Revenues	51,500	51,500	136,342	84,842
EXPENDITURES:				
Capital Outlay:				
SDC Capital	393,500	393,500 (1)	115,987	277,513
Operational Capital	45,000	45,000 (1)	3,098	41,902
Total Expenditures	438,500	438,500	119,085	319,415
Net Change in Fund Balance	(387,000)	(387,000)	17,257	404,257
Beginning Fund Balance	387,000	387,000	404,268	17,268
Ending Fund Balance	$ -	$ -	$ 421,525	$ 421,525

(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, 2013

STORM SEWER FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Collection for Service	$ 162,000	$ 162,000	$ 166,610	$ 4,610
Plan Review Fees	-	-	2,286	2,286
Interest	300	300	385	85
Miscellaneous	100	100	122	22
Total Revenues	162,400	162,400	169,403	7,003
EXPENDITURES:				
Personal Services	127,765	127,765	120,221	7,544
Materials and Services	65,475	65,475	45,320	20,155
Contingency	39,707	39,707	-	39,707
Total Expenditures	232,947	232,947 (1)	165,541	67,406
Net Change in Fund Balance	(70,547)	(70,547)	3,862	74,409
Beginning Fund Balance	70,547	70,547	79,759	9,212
Ending Fund Balance	$ -	$ -	$ 83,621	$ 83,621

RECONCILIATION TO NET POSITION:

Storm Sewer Reserve Fund Ending Fund Balance	163,654
Capital Assets, Net	400,914
Compensated Absences	(4,682)
SDC Receivable	17,594
TOTAL NET POSITION – ALL STORM SEWER FUNDS	$ 661,101

(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, 2013

STORM SEWER RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
System Development Charges	$ 22,000	$ 22,000		$ 35,577	$ 13,577
Interest	3,100	3,100		2,111	(989)
Total Revenues	25,100	25,100		37,688	12,588
EXPENDITURES:					
Capital Outlay	146,100	146,100	(1)	-	146,100
Total Expenditures	146,100	146,100		-	146,100
Net Change in Fund Balance	(121,000)	(121,000)		37,688	158,688
Beginning Fund Balance	121,000	121,000		125,966	4,966
Ending Fund Balance	$ -	$ -		$ 163,654	$ 163,654

(1) Appropriation Level

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF TAX COLLECTIONS AND UNPAID BALANCES

For the Year Ended June 30, 2013

GENERAL FUND

TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/12	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/13
Current:						
2012-13	$ 547,104	$ 13,669	$ (1,659)	$ 250	$ 515,606	$ 16,420
Prior years						
2011-12	14,639	(15)	1,908	626	7,702	9,486
2010-11	5,809	(8)	2,304	577	2,598	6,100
2009-10	2,379	(1)	3,443	774	2,561	4,036
2008-09	253	-	1,497	379	1,173	956
Prior years	112	-	717	100	147	782
Total Prior	23,192	(24)	9,869	2,456	14,181	21,360
Total	$ 570,296	$ 13,645	$ 8,210	$ 2,706	$ 529,787	$ 37,780

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	$ 529,787
Accrued June 30, 2012	(2,297)
Accrued June 30, 2013	2,388
Other Taxes	(2,337)
Total Revenue per General Fund Budgetary Statement	$ 527,541

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF TAX COLLECTIONS AND UNPAID BALANCES

For the Year Ended June 30, 2013

DEBT SERVICE FUND

TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/12	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/13
Current:						
2012-13	$ 77,491	$ 1,936	$ (234)	$ 35	$ 73,030	$ 2,326
Prior years						
2011-12	2,524	(2)	(97)	92	1,130	1,391
2010-11	1,515	(1)	(302)	86	388	912
2009-10	1,003	-	(133)	116	383	603
2008-09	285	-	(24)	57	175	143
Prior years	131	-	(8)	15	22	116
Total Prior	5,458	(3)	(564)	366	2,098	3,165
Total	$ 82,949	$ 1,933	$ (798)	$ 401	$ 75,128	$ 5,491

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	$ 75,128
Accrued June 30, 2012	(356)
Accrued June 30, 2013	352
Other Taxes	(253)
Total Revenue per GO Bond Debt Fund Budgetary Statement	$ 74,871

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED
June 30, 2013

URBAN RENEWAL AGENCY

TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/12	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/13
Current:						
2012-13	$ 116,030	$ 2,899	$ (352)	$ 53	$ 109,350	$ 3,482
Prior Years:						
2011-12	3,792	(3)	(146)	138	1,697	2,090
2010-11	1,608	(2)	(84)	108	488	1,146
2009-10	908	-	(10)	119	395	622
2008-09	132	-	(2)	28	87	71
Prior years	-	-	-	-	-	-
Total Prior	6,440	(5)	(242)	393	2,667	3,929
Total	$ 122,470	$ 2,894	$ (594)	$ 446	$ 112,017	$ 7,411

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	$ 112,017
Add Additional Tax Payments by County	
Accrual of Receivables:	
Accrued June 30, 2012	(452)
Accrued June 30, 2013	522
Other Taxes	15
Total Revenue	$ 112,102

CITY OF ESTACADA
CLACKAMAS COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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October 14, 2013

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Estacada, Oregon as of and for the year ended June 30, 2013, and have issued our report thereon dated October 14, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of 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, Oregon was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

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

We noted matters involving the internal control structure and its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, which are noted in our management letter dated October 14, 2013.

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

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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October 14, 2013

To the City Council
City of Estacada, 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 the basic financial statements of City of Estacada, Oregon, as of and for the year ended June 30, 2013, and have issued our report thereon dated October 14, 2013. 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.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as reported to management in a separate letter issued October 14, 2013, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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. We did not identify deficiencies considered to be material weaknesses.

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 the deficiencies described in the separately issued management letter dated October 14, 2013 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of 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*.

This report is intended solely for the information and use of management, the Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Roy R Rogers

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