



## City of Falls City

299 Mill St • Falls City, Oregon • 97344  
Ph. (503) 787-3631 • [www.fallscityoregon.gov](http://www.fallscityoregon.gov)

### **PUBLIC NOTICE: City Council Meeting**

**Date:** Monday, May 10, 2021 **Time:** 6:00 pm

**Location:** Telephone, Web Application, in writing

### **How to Attend and/or Participate:**

1. **Call-in:**
  - a. 1-253-215-8782
  - b. Meeting ID: **986 5676 6387**
  - c. Passcode: **585730**
  - d. You will be muted but may “raise your hand” to indicate you wish to comment.
2. **Web Application: Zoom**
  - a. <https://zoom.us/j/98656766387?pwd=bEVRRjBwbnlJWVdhQXpITDFpVG9Wdz09>
  - b. Meeting ID: 986 5676 6387
  - c. Passcode: 585730
  - d. You will be muted but may “raise your hand” to indicate you wish to comment.
3. **Write-In:** Using regular mail or email.
  - a. [info@fallscityoregon.gov](mailto:info@fallscityoregon.gov); 299 Mill St. Falls City, OR 97344

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

### **AGENDA**

#### 1. CALL TO ORDER & ROLL CALL

Jeremy Gordon, Mayor \_\_\_ Dennis Sickles \_\_\_ Lori Jean Sickles \_\_\_

Jennifer Drill \_\_\_ Tony Meier \_\_\_ Amy Houghtaling \_\_\_ TJ Bailey \_\_\_

#### 2. PLEDGE OF ALLEGIANCE

#### 3. MOTION TO ADOPT THE ENTIRE AGENDA

#### 4. ANNOUNCEMENTS, APPOINTMENTS, APPRECIATION, PROCLAMATIONS'

a. Charlie Flynn Budget Committee Application-----pg. 1-2

b. Art Houghtaling Budget Committee Application-----pg. 3-4

c. Jason Evens Budget Committee Application-----pg. 5-6

#### 6. COMMUNITY & GOVERNMENT ORGANIZATIONS

- a. Falls City Public Works Report-----pg. 7
- b. Falls City Fire Report -----pg. 8-9
- c. Polk County Sheriff's Report-----pg. 10

**5. REPORTS**

- a. Mayor -----pg. 11-12
- b. Council
- c. Manager Report-----pg. 13-14

**6. CONSENT AGENDA**

- a. Approval of the Bills-----pg. 15-22

**7. PUBLIC COMMENTS & LETTER COMMUNICATIONS**

*In order to encourage an environment of openness, courtesy and respect for differing points of view, please refrain from behavior that is disruptive to the meeting such as making loud noises, clapping, shouting, booing, or any other activity that disrupts the orderly conduct of the meeting. Abusive language will not be tolerated.*

- a. Please limit your commentary to three (3) minutes or less.

**8. NEW BUSINESS**

- a. SR Supplemental Budget 2----- pg. 23-24
  - Resolution 05-2021----- pg. 25
  - Exhibits A-C----- pg. 26-32
- b. Step by Step Horse Therapy Business License Application-----pg. 33-35
- c. 2019-2020 Fiscal Year Audit Letter -----pg. 36-43
  - 2019-2020 Fiscal Year Audit-----pg. 44-90
- d. SR on MWVCOG and Falls City Agreement-----pg. 91
  - MWVCOG Agreement with Falls City-----pg. 92-93

**9. OLD BUSINESS**

None

**10. Good of the Order**

**11. ADJOURN**

RECEIVED APR 15 2021



## City of Falls City

299 Mill St • Falls City, Oregon • 97344  
Ph. (503) 787-3631 • [www.fallscityoregon.gov](http://www.fallscityoregon.gov)

Instructions: Fill out both sides of form and submit to City Hall.

### Contact Information

Name: Charles Flynn  
Street Address: 592 Wood St  
Mailing Address: Same  
City/State/Zip Code: Falls City/OR/97344  
Home Phone: 971-718-7307 Cell  
Work Phone: N/A  
E-Mail Address: A50flash@gmail.com

### Background

Years of Residence in Falls City: Seven as of June 1, 2021  
Place of Employment: Retired  
Occupation: Gardener, Community Interest Trendsetter, Church Helper, etc.  
Educational Background: Some College, Graduate of the School of Hard Experiences

### Prior Civic Activities:

Falls City Produce Giveaway, Falls City City Councilor, Ministry of Helps wherever needed.

### Committees of Interest

Please check all of the following Committees that interest you:

- Budget Review Committee
- Parks and Recreation Committee
- Public Works Committee
- Historic Landmark Commission
- Planning Commission

*\*Please continue to reverse side of form for completion.*

**Special Skills or Qualifications**

Summarize any special training, skills or experience you may have pertinent to the Committees to which you are applying.

Familiarization with City Budgets by having served as a City Councilor for the City of Falls City.  
Asst. Treasurer & Bookkeeper for Mountain Gospel Fellowship FMC.  
Treasurer for several small businesses from 1975 to 2000.

**Motivation**

Discuss your motivation for serving on this Committee.

Because of my past experiences, I believe I may be of service to the City of Falls City in this area.

**Special Notice**

Please be advised that members of the City Council and Planning Commission are required to file an annual **Statement of Economic Interest** with the State of Oregon.

**Agreement and Signature**

By submitting this application, I affirm that the facts set forth in it are true and complete. I understand that if, I am accepted as a volunteer, any false statements, omissions, or other misrepresentations made by me on this application may result in my immediate dismissal.

Name (printed)

Charles Flynn

Signature



Date

14 April 2021

**Thank you for completing this application form and for your interest in volunteering with us.**



RECEIVED MAY 03 2021

# City of Falls City

299 Mill St • Falls City, Oregon • 97344  
Ph. (503) 787-3631 • www.fallscityoregon.gov

Instructions: Fill out both sides of form and submit to City Hall.

## Contact Information

Name: Art Houghtaling  
Street Address: 137 Carey Ct.  
Mailing Address: 137 Carey Ct  
City/State/Zip Code: Falls city OR 97344  
Home Phone: 503-787-3521  
Work Phone: 503 437-4588  
E-Mail Address: acaahfamily25@msn.com

## Background

Years of Residence in Falls City: 13  
Place of Employment: Falls city SD  
Occupation: Superintendent  
Educational Background: MS Education  
Prior Civic Activities: None

## Committees of Interest

Please check all of the following Committees that interest you:

- Budget Review Committee
- Parks and Recreation Committee
- Public Works Committee
- Historic Landmark Commission
- Planning Commission

*\*Please continue to reverse side of form for completion.*

**Special Skills or Qualifications**

Summarize any special training, skills or experience you may have pertinent to the Committees to which you are applying.

I am a superintendent and I understand budgets and law. In addition, I have an understanding on how city governments function

**Motivation**

Discuss your motivation for serving on this Committee.

To provide input on the budget committee and a different perspective

**Special Notice**

Please be advised that members of the City Council and Planning Commission are required to file an annual Statement of Economic Interest with the State of Oregon.

**Agreement and Signature**

By submitting this application, I affirm that the facts set forth in it are true and complete. I understand that if, I am accepted as a volunteer, any false statements, omissions, or other misrepresentations made by me on this application may result in my immediate dismissal.

Name (printed)

Signature

Date

Art Houghtaling  
Art Houghtaling  
4/29/21

**Thank you for completing this application form and for your interest in volunteering with us.**



# City of Falls City

299 Mill St • Falls City, Oregon • 97344  
Ph. (503) 787-3631 • www.fallscityoregon.gov

Instructions: Fill out both sides of form and submit to City Hall.

## Contact Information

Name: JASON A. EVANS  
Street Address: 217 N. MAIN ST  
Mailing Address:  
City/State/Zip Code: FALLS CITY, OR 97344  
Home Phone: (503) 787-4218  
Work Phone: (503) 787-3521 EXT. 1104  
E-Mail Address: jason.laura.evans@gmail.com

## Background

Years of Residence in Falls City: 2 1/2 YEARS  
Place of Employment: FALLS CITY HIGH SCHOOL  
Occupation: MATH TEACHER  
Educational Background: B.S., OREGON STATE UNIVERSITY, WOOD SCIENCE + TECHNOLOGY  
MAT WILLAMETTE UNIVERSITY TEACHING  
Prior Civic Activities: NONE TO DATE

## Committees of Interest

Please check all of the following Committees that interest you:

- Budget Review Committee
- Parks and Recreation Committee
- Public Works Committee
- Historic Landmark Commission
- Planning Commission

\*Please continue to reverse side of form for completion.

### Special Skills or Qualifications

Summarize any special training, skills or experience you may have pertinent to the Committees to which you are applying.

SEVERAL YEARS EXPERIENCE IN QUALITY CONTROL (MANUFACTURING + STRUCTURAL WELDING); MY BACHELORS DEGREE IS IN WOOD SCIENCE + TECHNOLOGY AND I UNDERSTAND THE USE OF WOOD PRODUCTS IN CIVIC PROJECTS; MY BACHELORS HAD A STRONG CIVIL ENGINEERING LEARNING; AND MY CAREER IS IN MATHEMATICS, SO ALL THINGS NUMBERS ACTUALLY BRINGS ME JOY IN MY LIFE.

### Motivation

Discuss your motivation for serving on this Committee.

WHILE I'M RELATIVELY NEW TO TOWN, THIS IS MY EIGHTH YEAR TEACHING HERE; AND I'M FEELING THE NEED TO GIVE BACK TO THIS COMMUNITY, MY NEW HOME-TOWN. I FEEL MY SKILLSET IS BEST TAILORED TO BEING ON THE PUBLIC WORKS COMMITTEE, BUT I'M NOT OPPOSED TO OTHER COMMITTEES IF THE NEED IS THERE INSTEAD. I BELIEVE I'M A PROBLEM SOLVER, THAT SEEKS THE BEST QUALITY DECISION GIVEN THE CONSTRAINTS PRESENTED. I'M AN OUT-OF-THE-BOX THINKER, THAT DOESN'T MIND SHARING UNIQUE PERSPECTIVES WHEN THE

### Special Notice

Please be advised that members of the City Council and Planning Commission are required to file an annual Statement of Economic Interest with the State of Oregon.

(CONTINUE BELOW)

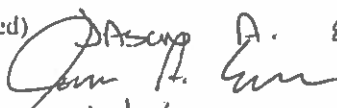
### Agreement and Signature

By submitting this application, I affirm that the facts set forth in it are true and complete. I understand that if, I am accepted as a volunteer, any false statements, omissions, or other misrepresentations made by me on this application may result in my immediate dismissal.

Name (printed)

Signature

Date

JASON A. EVANS  
  
11/1/20

Thank you for completing this application form and for your interest in volunteering with us.

TIME IS APPROPRIATE. I'M LOOKING FORWARD TO HELPING FALLS CITY MOVE FORWARD WITH OUR PUBLIC WORKS PLAN, WHILE MEETING THE NEEDS OF OUR FELLOW CITIZENS





# City of Falls City

299 Mill St • Falls City, Oregon • 97344  
Ph. (503) 787-3631 • [www.fallscityoregon.gov](http://www.fallscityoregon.gov)

---

## Public Works Report April of 2021

### **Administration**

*Jay's last day was the 16th.  
Rob Kapple started on the 19th*

### **Water Division**

*Normal operations.*

### **Sewer Division**

*On the 11<sup>th</sup> we lost power due to a motor vehicle accident on the highway. The generators were on for 4 hours.*

### **Streets Division**

*Normal operations.*

### **Parks & Cemeteries Division**

*Normal operations.*

### **Non-Sewer Wastewater Division (TMDL)**

*Normal operations.*

## Falls City Fire Dept. Activity Report for City Council Meeting for May, 2021

Greetings everyone!

April 2021 was a busy month for the fire department Volunteers. We had 21 Emergency Calls for April which is about 4 calls over our average for the month of April.

Due to the dry, warmer weather, we have already had 5 grass or brush fires in April. (All from homeowners burning yard debris that got away from them), half were outside of the City limits. An early "No Burn Ban" also caused 3 "Burning Complaints" for homeowners caught off guard on the earlier than normal burning bans in effect twice for April.

Our other emergency calls were:

7 Emergency Medical Calls

3 Vehicle accidents

3 Public assists or welfare checks

1 Assist with Polk County Deputy, Medical check for person in custody.

We re-certified two EMT Intermediates this last month. Sharon was able to receive a fee waiver again from the State of Oregon for our renewal license fees for both medics, saving the City \$190.00 for the two year licenses.

Fire training has been very busy with both Wild Land Fire and Structural Fire training. The Fire Dept is working on getting more members state certified in both fields soon. These volunteers must put in many, many hours of training, both class room and real, hands on training, to receive these certifications.

Medical training is also on going every week. We are also working on getting at least 5 more folks state certified as Emergency Medical Responders, which takes about 60 hrs of training per person. We currently have 5 Junior Fire Fighter-medics enrolled in our junior program. These young folks attend all drills and as many calls as they can, which will provide us much needed and valued, experienced adult responders in the future.

The fire department has been busy researching and applying for any available grants. We hope to hear soon on at least one of those grants.

Thank you for your continued support, hard work and earnest efforts for the community and our fire department. Take care and stay well.

Respectfully,  
Sharon Volk Greve  
Assistant Chief  
Falls City Fire and EMS  
(Cell): 503-871-5140

*Falls City Fire Dept. Volunteer Activity Report APRIL 2021*

	Name	Rank/Cert	DPST	Active "Yes" or "No"	
1	Albert, Lori (4-11)	Eng /EMT I	12941	Y	
2	Bishop, Julee' (2-07)	Sup.Prob E/M	24016	Y	
3	Creekmore, Donna (8-18)	Chaplain		Y	
4	Creekmore, Jonathon G. 10-07	AC/EMR	24943	Y	
5	*Cushway, Mason (1-2019)	Junior (E/M)		Y	
6	Dennis, Wyatt (8-20)	Junior F/M)		Y	
7	Dunmire, Brody(5-20)	Prob FF		Y	
8	Gusarov, (Geno) Gennadiy (9-20)	Prob FF M		Y	
9	Jennifer, Drill (9-19)	Prob FF		Y	
10	Epperson, Jay (7-20) (1-14)	Cpt. EMR	14346	Y	
11	Gilbert, John (9-06)	BC/EMR	23390	Y	
12	Inman, Larry (5-19)	Prob FF/M	15572	Y	
13	Rasnake, Mikayla (8-20)	Prob. Junior		Y	
14	Richardson, Abbey (9-18)	ProbFF	38799	Y	
15	Schwarz, Hannah (7-20)	Prob. Junior		Y	
16	Schwarz, Staci (9-19)	Sup Prob/FF/M		Y	
17	Schwarz, Jeff (5-17)	Junior Prob FF/ M		Y	
18	Schwarz, Jon, Jr. (5-16) Adult 12-19	Prob FF	37498	Y	
19	Schwarz, Jon, Sr. (5-17)	Prob FF/M	37498	Y	
20	Symolon, Corrine (9-20)	Prob FF M		LOA (Medical)	
21	Smith, Paul (1-96)	BC /EMR	11555	Y	
22	Volk Greve, Sharon (2-96)	AC/EMT I	11590	Y	
23	Wagner, Danielle 7-16	Prob FF	37501	LOA (Maternity)	
24	Wagner, Karl C. (1-00)	Capt FF	15575	LOA (work)	
25	Weems, Zachary 3-11	Prob FF	36235	Y	
26	Young, Robert (1-82)	Chief EMR	06608	Y	

Report submitted by Sharon Volk Greve, Assistant Chief, Falls City Fire and EMS UPDATED APRIL 14TH, 2021

## April 2021 Falls City Stats

Falls City Calls for Service					
Assault	Harassment	Misc Crime	Susp Activity		
Area Chk	Driving	Miss Person	Susp Person	1	3
Animal	Domestic Dist	Noise	Susp Vehicle	1	2
Community Event	Found Property	EDP	Theft	3	1
Burglary	FIR	Ordin Vio	Trauma	1	
Assist Other Agency	Fraud	Overdose	traffic assist		
ATL (attempt to locate)	Follow up	Natural Gas	Traffic Stops	3	3
DUI	911 hangup	runaway	Trespass	1	1
Citizen Contact	Illegal Park	sex offense	Warrant		
Civil Paper Service	Gen Disturb	Shots Fired	Welfare Check	2	
Criminal Misch	Alarm	Stolen Veh	Uncon	1	1

Falls City Calls for Service	Of the FC Calls for Service
Total Calls for Service (county wide)	9 involved crimes
Falls City % of Total Calls	FC Cases Cleared by Arrest
	6 66.7% clearance
	Total Arrests in Falls City
	5 6.6% of total arrests

Total Service Calls (Polk County)	1671
Cases Cleared by arrest	Crimes Occ
Total Arrests (county wide)	171
	101
	76
	59.1%
	Crimes Occ
	4 (county wide)
	0 (Falls City)
	(only true crimes reported here)



City of Falls City  
299 Mill Street  
Falls City, OR 97344  
Ph 503.787.3631

**OFFICE OF THE MAYOR  
JEREMY GORDON**

Mayor's Report, May 10, 2022

**Falls City Wastewater Project and ARPA Funding Advocacy**

Please join me in thanking Jon and Donna Creekmore, Amy and Art Houghtaling, the full School Board, and public works committee members, Guy Mack and Jeff Propp, for providing written testimony to the Joint Committee on Ways and Means in support of American Rescue Plan appropriations for the Falls City Wastewater Project. I provided live testimony to the full Joint Committee on Saturday, April 24<sup>th</sup> and stressed the need for additional, non-grant funding to help keep sewer rates reasonable for our sewer users. I was pleased that the chair selected me to speak as there were hundreds of folks in the queue waiting to provide testimony. I also submitted written testimony by pulling citizen statements drawn from the community-wide survey the City conducted in 2019, which included many unprompted statements of support for the sewer project, and none against. State Representative, David Gomberg, submitted materials in support of our project, and I believe the project is included on the Regional Solutions list. As expected, the total ask of the Oregon legislature far exceeds the total federal dollars appropriated for capital projects in Oregon. Though it is highly unlikely that my full ask of \$800k will be appropriated, let us all hope that at least some of the funds are appropriated, which are literally intended for projects like these in low-moderate income rural communities.

Given the misinformation about this project expressed on social media during the election season, and in response to a recent letter shared in the council packet by a resident who questioned the very existence of the project, I'd like to propose the following constituency outreach measures:

- Beginning in June, I will hold constituent "office hours" every Friday from 9am – 12pm for citizens to drop by City Hall and ask any questions about matters that are before the Council. If there are no objections, it might be a good idea to include "mayor office hours" in the city newsletter. As always, my email and phone number are posted on the City website and folks are free to make appointments or give me a call/email and often do so.
- I'd like to ask a City Councilor to volunteer to gather sewer or water project websites that other cities have created. I will then use those samples to draft an appropriate webpage for the Falls City sewer project and present to Council/staff/funding partners/engineer for approval.
- I'd like to ask for Council's blessing to draft a brief sewer update from the full City Council to include in an upcoming newsletter. Given that this project has been unanimously placed as the #1 Council Goal for several years, and given that we discuss details of the project in virtually every Council meeting, we should be able to come to a consensus on appropriate messaging that clearly reflects the project's status.

## Community Center Volunteer Cleaning Schedule

Due to periodic issues with the cleanliness of the Community Center common areas, I would like to propose a few solutions that can help keep the space clean, integrate our efforts better with the Fire Department, and ensure we are equipped for COVID-19 related safety issues and compliance.

- Use of some remaining CARE Act funds for the purchase of cleaning and disinfecting supplies. John Gilbert, Fire Association President/FSCD Facilities Manager provided a list of supplies and equipment that will help both the Fire Dept. and other volunteers. Manager Foscoli is on board with this plan.
- I'd like to ask willing councilors and committee members to participate in a monthly cleaning schedule. I will work with John to create a manageable checklist of tasks.

## Fire Department Discussions

- Councilor Foscoli, Chief Young, and Association President Gilbert met recently to discuss fire budget issues, fire levy renewal timeline/options, and potential consolidation discussions. We had a productive discussion about conditions for partnerships and some of the difficulties with past negotiations with SW Polk. During a recent visit to the Polk County BOC, Commissioner Pope and I discussed his involvement as a regional convener to discuss possible consolidation scenarios in the County. Manager Foscoli, Commissioner Pope, Chief Young, and I are meeting on May 14<sup>th</sup> to discuss Falls City's positions and potential involvement with these efforts. We are all committed to ensuring quality public safety services at optimal cost for citizens. And it is in Falls City's best interest to participate in these discussions in advance of any Council/citizen decisions.

## City Council Email Standards

"No quorum of a governing body shall meet in private for the purpose of deciding on or deliberating toward a decision on any matter except as otherwise provided by ORS 192.610 to 192.690." As we were trained recently, and as has been communicated many times in the past, it is a possible violation of public meetings laws to discuss by email with a quorum of the Council, any matters that might require deliberation toward a decision outside public meetings, including interpretation of public meeting requirements. I appreciate that Council raised this issue during our previous meeting and identified two violations. There was some 'damage control' responses that should also wait until a public meeting. Let's agree to keep any discussions about any future violations confined to the state statute and address in a public meeting.

## Good of the Order (quoted from Robert's Rules, 11<sup>th</sup> Edition, FYI)

"This heading refers to the *general welfare of the organization* (emphasis mine) and may vary in character. Under this heading (in contrast to the general parliamentary rule that allows discussion only with reference to a pending motion), members who obtain the floor commonly are permitted to offer informal observations regarding the work of the organization, the public reputation of the society [City Council], or its membership [individual public officials] or the like."

Thanks to all of you for your continued service. It is my privilege work with all of you for the betterment of Falls City.

Sincerely,



Jeremy Gordon, Mayor



City of Falls City  
299 Mill Street  
Falls City, OR 97344  
Ph 503.787.3631

## City Manager's Report May 10, 2021

### **Introduction**

Since our last meeting, our community started enjoying some freedom of movement as the Governor's restrictions for Polk County were eased, and then unfortunately, those restrictions came back to tamp down the growing enthusiasm. We have adapted to these dynamic conditions and have found that the community is following suit. Our foyer has been open for some time and it has helped our customer service improve during these COVID-influenced times. We're hoping that as Falls City has supported its citizens in vaccinating, enough others around the county will do so as well, to allow us to have a summer better than the last.

**Wastewater Project** – I have been continuing to attend the regular meetings with the multi-organizational team putting together the ultimate application for financing through USDA-RD. As specified in previous city manager's reports, we're still working through the logistics of securing a grant award to cover the costs of the Cultural Resource Survey. As previously stated, the extension of our deadline and modification of the contract for completion of work under the CDBG Grant with the State of Oregon is allowing us more time to cover the cost of the Biological Assessment required by USDA. In order to pay for this administrative requirement, the state's DEQ representative is coordinating with the Army Corps of Engineers in order to identify whether this falls under a programmatic agreement between federal agencies. We will know the outcome of this effort to mitigate upfront costs in the next few weeks. In order to cover all of the additional prerequisite assessments to qualify for USDA funding, we have submitted an additional CDBG grant, as well as a DEQ interim loan request that will then be rolled into the USDA construction funding.

**IT Project** – The work to ensure that council chambers have the ability to livestream council meetings using laptops, microphones and YouTube is complete. The video-camera/microphone set up will be operational for the May meetings, though we are still taking precautionary measures regarding in person meetings. According to the Governor's restrictions for Polk County, we will be returning to the High Risk category, meaning virtual meeting protocols will be in place, with the possibility of indoor participation with social distancing.

Note: If you have questions/concerns, please respond to me individually by email, phone, or in person. This way we avoid violating any public meetings laws with a "reply all" response, or multiple councilors discussing on the same thread.

**Doctor's Office Renovation** – The promotion of the Luckiamute Clinic building space for occupancy by local businesses, non-profits and public partners has been very successful. The RFI (Request for Information) from potential tenants received interest from 9 parties. The next steps are to enter into short-medium term agreements with those tenants able to occupy sections on the building in the coming months. As for the facility itself, we outfitted it with Wi-Fi for future tenants and are holding off on adding heating upgrades until the next fiscal year.

**Vaccination Event** – Salem Health, with its mobile vaccination unit, held a vaccination event at our Community Center and 150 people received the 1-shot Johnson & Johnson COVID-19 vaccine. Though in the following week, the CDC (Center for Disease Control) & FDA (Food & Drug Administration) paused the use of that particular vaccine due to an overabundance of caution from 6 extremely rare cases of blood clotting in vaccine recipients, the pause has since been lifted. The more than 6.8 million doses administered with few to no adverse effects, have been pointed to as clear indication that the vaccination efforts to help the country get back to normal are proceeding successfully.

Note: If you have questions/concerns, please respond to me individually by email, phone, or in person. This way we avoid violating any public meetings laws with a "reply all" response, or multiple councilors discussing on the same thread.



City of Falls City  
**Paid Bills Report**  
As of April 12, 2021

Date	Memo	Account	Class	Amount
<b>A-Team Locksmiths, Inc.</b>				
04/12/2021	20200537	Accounts Payable		-150.00
04/12/2021	Padlocks X6	Professional Services	SHARED SERVICES	150.00
Total A-Team Locksmiths, Inc.				0.00
<b>City of Independence</b>				
04/12/2021	Inv 1244	Accounts Payable		-200.00
04/12/2021	IT Consulting Fees 03/05/2...	Professional Services	SHARED SERVICES	200.00
Total City of Independence				0.00
<b>De Lage Landen Public Finance</b>				
04/12/2021	INV 72017442	Accounts Payable		-18,960.90
04/12/2021	Principal Payment 3 of 5 Fi...	Eng 123 Principal (Fire ...	82 FIRE EQUIPMENT/OP...	16,073.77
04/12/2021	Interest Payment 3 of 5 Fir...	Eng 123 Interest (Fire L...	82 FIRE EQUIPMENT/OP...	2,887.13
Total De Lage Landen Public Finance				0.00
<b>Ferguson Waterworks</b>				
04/12/2021	Inv. 0959206	Accounts Payable		-550.00
04/12/2021	Sensus 650 HHD Repair	Equipment O & M	20 WATER OPERATING ...	550.00
Total Ferguson Waterworks				0.00
<b>Local Government Law Group P.C.</b>				
04/12/2021	Inv 58968	Accounts Payable		-60.00
04/12/2021	Correspond with AJ roadw...	Professional Services	01 GENERAL FUND:01.0...	60.00
Total Local Government Law Group P.C.				0.00
<b>Martha Jirovec</b>				
04/12/2021	Mar2021	Accounts Payable		-700.00
04/12/2021	Budget Work wiht City Ma...	Travel/Training/Dues/St...	01 GENERAL FUND:01.0...	700.00
Total Martha Jirovec				0.00
<b>Mid Willamette Valley COG</b>				
04/12/2021	Inv #202103FALLSCLUP	Accounts Payable		-2,066.25
04/12/2021	Project #340358 Planning ...	Professional Services	01 GENERAL FUND:01.0...	2,066.25
Total Mid Willamette Valley COG				0.00
<b>MNOP</b>				
04/12/2021	March' 21 statement & Inv...	Accounts Payable		-376.96
04/12/2021	Off Road Fuel City Hall	Equipment O & M	SHARED SERVICES	289.05
04/12/2021	PW Fuel	Equipment O & M	SHARED SERVICES	87.91
Total MNOP				0.00
<b>Office Craft</b>				
04/12/2021	Inv #1149	Accounts Payable		-76.63
04/12/2021	B/W & Color Copies	Facilities O & M	SHARED SERVICES	76.63
Total Office Craft				0.00

City of Falls City  
**Paid Bills Report**  
As of April 12, 2021

Date	Memo	Account	Class	Amount
<b>Oregon Department of Surplus</b>				
04/12/2021	ARK44664	Accounts Payable		-60.00
04/12/2021	Misc. MRE's 6 cases	Facilities O & M	01 GENERAL FUND:01.0...	60.00
Total Oregon Department of Surplus				0.00
<b>Petro Card</b>				
04/12/2021	C724142	Accounts Payable		-350.28
04/12/2021	PW Fuel	Equipment O & M	SHARED SERVICES	350.28
Total Petro Card				0.00
<b>Polk County Emergency Management</b>				
04/12/2021	Inv 210403-003	Accounts Payable		-277.25
04/12/2021	Qtr 4 Radio Communicatio...	Professional Services	82 FIRE EQUIPMENT/OP...	277.25
Total Polk County Emergency Management				0.00
<b>Polk IO</b>				
04/12/2021	inv 17458	Accounts Payable		-123.50
04/12/2021	Public Notice and Notice of...	Travel/Training/Dues/St...	01 GENERAL FUND:01.0...	123.50
Total Polk IO				0.00
<b>Spectrum Business</b>				
04/12/2021	Inv #0019641022321	Accounts Payable		-116.69
04/12/2021	CC/Fire phone/internet M...	UTILITIES	SHARED SERVICES	116.69
Total Spectrum Business				0.00
<b>Van Well Building Supply</b>				
04/12/2021	March 21' Statement	Accounts Payable		-5.03
04/12/2021	Finance Charge x 2 month	Equipment O & M	SHARED SERVICES	5.03
Total Van Well Building Supply				0.00
<b>Verizon Wireless</b>				
04/12/2021	Inv 9876197580	Accounts Payable		-55.30
04/12/2021	PW Duty Phone 3/21	Internet/Phone	SHARED SERVICES	55.30
Total Verizon Wireless				0.00
<b>Williamson &amp; Aebi, LLP</b>				
04/12/2021	Mar/21 Accountant	Accounts Payable		-364.00
04/12/2021	03/21 Accountant	Professional Services	SHARED SERVICES	364.00
Total Williamson & Aebi, LLP				0.00
<b>Xerox Financial Services</b>				
04/12/2021	2543547	Accounts Payable		-230.75
04/12/2021	March Lease Payment Lat...	Professional Services	SHARED SERVICES	230.75
Total Xerox Financial Services				0.00
<b>TOTAL</b>				<b>0.00</b>

**City of Falls City**  
**Paid Bills Report**  
As of April 23, 2021

Date	Memo	Account	Class	Amount
<b>CenturyLink</b>				
04/23/2021	Acct 5037874719562B	Accounts Payable		-189.41
04/23/2021	03/20 Telephone-WTP	UTILITIES	20 WATER OPERATING ...	189.41
Total CenturyLink				0.00
<b>Consumers Power Inc</b>				
04/23/2021	Account # 1155301; April '...	Accounts Payable		-285.82
04/23/2021	04/21 Power- WTP	Power	20 WATER OPERATING ...	285.82
Total Consumers Power Inc				0.00
<b>Dallas School District</b>				
04/23/2021	9084529	Accounts Payable		-40.00
04/23/2021	Printing Service	Professional Services	82 FIRE EQUIPMENT/OP...	40.00
Total Dallas School District				0.00
<b>Frink's General Store</b>				
04/23/2021	Invoice No.03292021	Accounts Payable		-130.58
04/23/2021	Jay-Napa Light	Equipment O & M	11 STREET FUND	17.99
04/23/2021	Gloves/Chain loop	Uniforms and Protectiv...	11 STREET FUND	16.53
04/23/2021	Bolts/Nuts	Equipment O & M	SHARED SERVICES	2.03
04/23/2021	Battery End	Equipment O & M	11 STREET FUND	3.49
04/23/2021	Hydro Oli	Equipment O & M	11 STREET FUND	77.99
04/23/2021	Gloves	Uniforms and Protectiv...	SHARED SERVICES	8.38
04/23/2021	Hardware	Facilities O & M	SHARED SERVICES	4.17
Total Frink's General Store				0.00
<b>King's Pumping Service</b>				
04/23/2021	18747	Accounts Payable		-670.00
04/23/2021	tank pump, 285 N. Main 1...	Professional Services	13 SEWER FUND	670.00
Total King's Pumping Service				0.00
<b>Pacific Power</b>				
04/23/2021	multiple accounts, 210915...	Accounts Payable		-2,220.01
04/23/2021	04/21 Parks	UTILITIES	01 GENERAL FUND:01.0...	47.68
04/23/2021	04/21 Sewer Power	UTILITIES	13 SEWER FUND	408.25
04/23/2021	04/21 Fire Power	UTILITIES	82 FIRE EQUIPMENT/OP...	298.54
04/23/2021	04/21 Street Power	UTILITIES	11 STREET FUND	504.08
04/23/2021	04/21 Water Power	UTILITIES	20 WATER OPERATING ...	66.39
04/23/2021	03/21 City Hall & Dr Ofc P...	UTILITIES	SHARED SERVICES	895.07
Total Pacific Power				0.00
<b>Petro Card</b>				
04/23/2021	C730849	Accounts Payable		-392.01
04/23/2021	PW Fuel	Equipment O & M	SHARED SERVICES	392.01
Total Petro Card				0.00

City of Falls City  
**Paid Bills Report**  
 As of April 23, 2021

Date	Memo	Account	Class	Amount
<b>Spectrum Business</b>				
04/23/2021	Inv #0019088041021	Accounts Payable		-184.95
04/23/2021	City Hall phone/internet Ma...	UTILITIES	SHARED SERVICES	184.95
Total Spectrum Business				0.00
<b>TOTAL</b>				<b>0.00</b>

City of Falls City  
**Paid Bills Report**  
 As of April 27, 2021

Date	Memo	Account	Class	Amount
<b>Great American Financial Services</b>				
04/19/2021	Inv29168874	Accounts Payable		-189.00
04/19/2021	Copier Lease Payment 05/...	Professional Services	SHARED SERVICES	189.00
Total Great American Financial Services				
0.00				
<b>Polk Community Development Corporation</b>				
04/22/2021	Loan ID 00092211	Accounts Payable		-2,518.63
04/22/2021	Annual Loan Payment PC...	92211 Land Principal (G...	01 GENERAL FUND:01.0...	2,065.26
04/22/2021	Annual Interest PCDC	92211 Land Purchase I...	01 GENERAL FUND:01.0...	453.37
Total Polk Community Development Corporation				
0.00				
<b>Quadient</b>				
04/19/2021	Credit for overpayment	Accounts Payable		257.05
04/19/2021	Credit for overpayment	Operational Expenses	SHARED SERVICES	-257.05
04/20/2021	Acct: 7900 0440 8064 7419	Accounts Payable		-300.00
04/20/2021	Postage & Machine 03/21	Operational Expenses	SHARED SERVICES	300.00
Total Quadient				
0.00				
<b>TOTAL</b>				
<b>0.00</b>				

City of Falls City  
**Paid Bills Report**  
 As of May 3, 2021

Date	Memo	Account	Class	Amount
<b>CUSI</b>				
05/03/2021	Inv 04/20/2021	Accounts Payable		-1,300.00
05/03/2021	Tech Supp fy 21-22	Professional Services	SHARED SERVICES	1,300.00
	<b>Total CUSI</b>			<b>0.00</b>
	<b>Dallas Auto Parts</b>			
05/03/2021	Acct 3020; Feb '21 Statem...	Accounts Payable		-483.61
05/03/2021	Oil 15x40	Equipment O & M	SHARED SERVICES	45.99
05/03/2021	Hydrolic Oil	Equipment O & M	SHARED SERVICES	15.50
05/03/2021	XL Raven SAS	Equipment O & M	SHARED SERVICES	24.35
05/03/2021	Tran s Flu Qt. Type FA _G...	Equipment O & M	11 STREET FUND	8.97
05/03/2021	Inv #495956/495957/4958...	Equipment O & M	20 WATER OPERATING ...	136.84
05/03/2021	Antifreeze_Grader	Equipment O & M	11 STREET FUND	46.32
05/03/2021	Water Pump Generator H2O	Equipment O & M	20 WATER OPERATING ...	39.86
05/03/2021	Invoice 497166_PW 2017 ...	Equipment O & M	SHARED SERVICES	91.73
05/03/2021	VAL Durabland 5wx30 oil fl...	Equipment O & M	SHARED SERVICES	69.29
05/03/2021	Int. 1.5%	Facilities O & M	01 GENERAL FUND:01.0...	4.76
	<b>Total Dallas Auto Parts</b>			<b>0.00</b>
	<b>KAMIND IT, Inc.</b>			
05/03/2021	0521-0111	Accounts Payable		-172.00
05/03/2021	05/21Ofc 365	Operational Expenses	SHARED SERVICES	172.00
	<b>Total KAMIND IT, Inc.</b>			<b>0.00</b>
	<b>Net Assets Corporation</b>			
05/03/2021	66-202104	Accounts Payable		-38.00
05/03/2021	Lien Searches April '21	Professional Services	SHARED SERVICES	38.00
	<b>Total Net Assets Corporation</b>			<b>0.00</b>
	<b>Quadient</b>			
04/19/2021	Credit for overpayment	Accounts Payable		257.05
04/19/2021	Credit for overpayment	Operational Expenses	SHARED SERVICES	-257.05
	<b>Total Quadient</b>			<b>0.00</b>

20

City of Falls City  
**Paid Bills Report**  
 As of May 3, 2021

Date	Memo	Account	Class	Amount
<b>Spectrum Business</b>				
05/03/2021	Inv #0019641042321	Accounts Payable		-113.25
05/03/2021	320 N. Main phone/interne...	UTILITIES	SHARED SERVICES	113.25
Total Spectrum Business				
0.00				
<b>TerryByte Computer Repair</b>				
05/03/2021	Inv001082	Accounts Payable		-250.00
05/03/2021	April MSP 3 Hours , Remo...	Professional Services	SHARED SERVICES	225.00
05/03/2021	Remote Connection	Professional Services	SHARED SERVICES	25.00
Total TerryByte Computer Repair				
0.00				
<b>US Bank Visa</b>				
05/03/2021	Account: 47985312149811...	Accounts Payable		-1,130.25
05/03/2021	League of Oregon Cities	Professional Services	SHARED SERVICES	71.00
05/03/2021	League of Oregon Cities	Travel/Training/Dues/St...	01 GENERAL FUND:01.0...	15.00
05/03/2021	WSU Prof ED- Clerk CMC ...	Travel/Training/Dues/St...	01 GENERAL FUND:01.0...	475.00
05/03/2021	Zoom Monthly	Facilities O & M	01 GENERAL FUND:01.0...	14.99
05/03/2021	2120 Photo Contest winne...	MISCELLANEOUS	01 GENERAL FUND:01.0...	54.95
05/03/2021	Amazon MSA Evolution 50...	Equipment O & M	01 GENERAL FUND:01.0...	20.68
05/03/2021	Office Depot_Falls City en...	Facilities O & M	SHARED SERVICES	379.90
05/03/2021	Amazon_04/21' Fee	Facilities O & M	SHARED SERVICES	12.99
05/03/2021	Amazon MSA Evolution 50...	Facilities O & M	SHARED SERVICES	23.05
05/03/2021	Office Supply_Office cleani...	Facilities O & M	SHARED SERVICES	62.69
Total US Bank Visa				
0.00				
<b>Valley Electric Company, LLC</b>				
05/03/2021	April '21 Statements	Accounts Payable		-335.14
05/03/2021	Sewer Plant Cycle Counter...	Professional Services	13 SEWER FUND	175.06
05/03/2021	Water Plant Lighting	Professional Services	20 WATER OPERATING ...	160.08
Total Valley Electric Company, LLC				
0.00				

21

City of Falls City  
**Paid Bills Report**  
 As of May 3, 2021

Date	Memo	Account	Class	Amount
<b>Van Well Building Supply</b>				
05/03/2021	April 21' Statement	Accounts Payable		-71.95
05/03/2021	6 piece screwdriver set	Facilities O & M	SHARED SERVICES	11.99
05/03/2021	2pack 500w quartz hal bulb	Facilities O & M	SHARED SERVICES	19.99
05/03/2021	3x5 Poly Cotton Flag	Equipment O & M	01 GENERAL FUND:01.0...	12.99
05/03/2021	36" grade stake 50 PC/BDL	Facilities O & M	SHARED SERVICES	26.98
Total Van Well Building Supply				0.00
<b>Verizon Wireless</b>				
05/03/2021	Inv 9878333794	Accounts Payable		-60.63
05/03/2021	PW Duty Phone 4/21	Internet/Phone	SHARED SERVICES	60.63
Total Verizon Wireless				0.00
<b>TOTAL</b>				<b>0.00</b>

22



---

---

## AGENDA REPORT

---

---

**TO:** HONORABLE MAYOR AND CITY COUNCIL  
**FROM:** AJ FOSCOLI, CITY MANAGER  
**SUBJECT:** SUPPLEMENTAL BUDGET 2 FOR FY 20-21  
**DATE:** MAY 6, 2021

---

---

### **SUMMARY**

A budget amendment request to account for Grants that were not awarded, Grants that were funded in multiple Fiscal Years, and unanticipated Worker's Compensation increases.

### **BACKGROUND**

Oregon Public Budget Law requires that a city budget be balanced and that the agency will not spend more than budgeted. The law does allow provisions for adjustments for unforeseen revenues, or expenditures that would not have been known were needed at the time of the preparation of the budget.

This supplemental budget does not change any fund's overall expenditures by 10% or more, thus no public hearing and special notice, relevant thereto, is required.

This supplement does require notice to be posted no less than 5 days prior to the meeting, and a statement on the agenda that a supplemental budget will be considered.

### **PREVIOUS COUNCIL ACTION**

The Council approved the FY 20-21 Budget on June 06, 2020.

### **ALTERNATIVES/FINANCIAL IMPLICATIONS**

Mostly housekeeping, most of this supplemental budget are monies earned by the 123 Brush Truck assisting on the Holiday Farm Fire. A portion, \$6,888.33 of the \$20,673.33 will go to the General fund for payroll adjustments leaving \$13,785.00 to help offset the fire departments needs for the remainder of FY 20-21.

The Oregon Forestry Grant (ODF) was applied for by the Falls City Fire Department and received.

A \$3800.00 quote to Les Schwab was paid for by City Staff for a request for tires on Falls City Fire trucks, those tires were never purchased and the \$3800.00 was returned. This will go back into the fire general fund.

Funds were received in the amount of \$2319.57 to offset the payroll cost for the Brattain Fire. These funds go back to the general fund.

### **STAFF RECOMMENDATION**

Staff recommends the City Council approve the resolution allowing the adjustments and making appropriations.

**ATTACHMENTS**

Resolution 05-2021 Supplemental Budget No. 2

Exhibit A- Supplemental Budget

Exhibit B- fund disbursement request from Sharon Volk Greve, Falls City Volunteer Fire Department Assistant Chief.

Exhibit C- Current invoices for paid services

**PROPOSED MOTION**

I move that the Falls City Council adopt Resolution 05-2021, A RESOLUTION AMENDING THE FISCAL YEAR 2020-2021 FALLS CITY BUDGET

**Resolution 05-2021**

**FISCAL YEAR 2020-2021 SUPPLEMENTAL BUDGET 2**

Whereas, a Supplemental Budget is the appropriate mechanism to recognize sources of revenue or expense that were unknown at the beginning of the fiscal year; and

Whereas, each adjustment in this supplemental budget meets one of the exception criteria to avoid the full budget process; and

Whereas, this type of Supplemental Budget can be properly adopted through the resolution process at a regular meeting of the City Council, without a public hearing;

**Now therefore, be it resolved by the City Council of Falls City as follows:**

Section 1. The City Council adopts FY20-21 Supplemental Budget 2, on file in City Hall located at City Hall 299 Mill Street, Falls City Oregon 97344.

Section 2. The appropriations for FY20-21 Supplemental Budget 2 are hereby adopted.

Section 3. The attached exhibit "A," represents the entirety of FY20-21 Supplemental Budget 2 and is hereby made part of this resolution.

Section 4. This Resolution was duly PASSED and ADOPTED by the Falls City Council and takes effect upon signature of the Mayor.

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Jeremy Gordon, Mayor

Attest:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Jamie Ward, City Clerk

**Falls City 2020-2021 Budget Adjustment 2**  
**Resolution 05-2021**

Fund	Account	Original Budget	Increase	Decrease	Revised Budget
<b>1. General Fund: Fire</b>					
Revenues	Les Schuab Tire	\$ 3,800.00		\$ -	\$ 3,800.00
<b>2. General Fund: Fire</b>					
Revenues	Holiday Farm Fire		\$ 20,673.33		\$ 20,673.33
<b>3. General Fund:</b>					
Revenues	Brattain Fire		\$ 2,319.57		\$ 2,319.57
<b>4. General Fund: Fire</b>					
Revenues	VFA		\$ 4,800.00		\$ 4,800.00
<b>Total</b>		<b>\$ 3,800.00</b>	<b>\$ 27,792.90</b>		<b>\$ 31,592.90</b>

1. This was originally budgeted for tires and payment was made but the funds were returned.
2. These funds were paid out for sending the 123 brush truck and one fire fighter to the Holiday Farm Fire, \$6,888.33 will need to go back to the general fund for paying out work hours to the FF, that leaves \$13,785.00 to fire fund.
3. These fires were paid for Brattain Fire reimbursement for fire fighter pay.
4. VFA grant funds spent this is reimbursement to general fund.

Falls City Fire Dept.  
 Budget/Grant updates  
 April 9<sup>th</sup>, 2021

**ATTENTION: AJ, CITY MANAGER  
 ROBERT YOUNG, FIRE CHIEF**

**Wild Land (Conflagration Fire) for Brush Truck 123 RECEIVED (Apprx) \$14,000.00+**

Per Chief Expenditure estimates;

Brush 123 Equip updates	-2,000.00
Lights/Radio for Chief's Pickup	-2,000.00
Air Machine repairs	-3,840.00
Electrical work in Bays	-1,500.00
Fire fighter LOSAP retirement fund	<u>-2,000.00</u>
(Sub Total)	-11,340.00

\* Approx Balance left

\* \$2,660.00+

Chief Young would like you to post \$2,000. into our Equipment purchases and the balance of the Conflagration payment (660.00+) into our Building Maint fund please.

**ODF 2020 Grant paid. \$4,288.00** (This was budgeted in last years budget for this grant. Show as reimbursement, can put it in again for the budget for next year's in kind grant)

\* Note . ODF will mail us one more check for \$512.00 in the next few weeks, as a final payment. (Put it in with the 4288.00 please)

<b>AFG COVID PPE SUPPLEMENTAL GRANT</b>	<b>Total Award</b>	<b>\$3,342.03</b>
Less monetary match (per Lori) unconfirmed		<u>- 167.10 match</u>
	<b>Balance Total</b>	<b>3,174.93</b>

We would like this to be put into our dept budget, Supply Purchases please. (this money can only be used for PPE and disinfectant, gloves, etc. per grant.) When I purchase these items I will note on the invoices for you. And I will keep a running tally on the total so we know where we are on this grant.

If you have any questions. Please do not hesitate to call me.

Thank you!  
 Take care,  
 Sharon  
 FCFD  
 Cell: (503) 871-5140

HOLIDAY FARM 09/08/2020 TO 09/16/2020

CONFLAGRATION: Holiday Farm

09/08/2020 06:21 to 09/19/2020 16:03

Total Hrs: 273.7 hrs

Volunteer Jay Epperson-App. Operator

\$17.50 + w/c @ 0.03 = \$17.53 ST Rate

ST Hours 40.00 ST Rate \$17.53 TOTAL \$ 701.20

OT Hours 233.70 OT Rate (no w/c) 61.34 63

233.70 Restore Hrs 92.50

2.00 Restore Hrs 6187.13

2.00  
275.70

<b>TOTALS</b>	
HOURS:	273.700
Restore:	2.00 OT
<b>TOTAL HRS:</b>	<b>275.70</b>
<b>TOTAL PAY:</b>	<b>\$6,888.33</b>

Date: 09/16/2020 Check # 4001 Pmt #VALU1



# Invoice

RECEIVED MAY 05 2021

Wire Works LLC  
 2525 Commercial St NE  
 Salem OR 97301

Date	Invoice #
4/30/2021	9905

Bill To
Fall City Fire Department Bob Young 320 N Main St Falls City, OR 97344

Ship To

P.O. Number	Terms	Rep	Ship
Chief Garrett Verbal		GC	4/30/2021

A 3.75% processing will be applied to all invoices paid with a credit card

Quantity	Item Code	Description	Price Each	Amount
1	Misc	WHI/ELEN CENATOR SOLO WC 50" W CMK9S STUDS FOR MOUNTING TO CAB RACK	1,595.00	1,595.00T
2	IONR	Whelen ION Series Super-LED Light Red	90.00	180.00T
2	II-2209RW	Cannon 120 Red White	80.00	160.00T
		Out-of-state sale, exempt from sales tax	0.00%	0.00
<i>Emergency Lights For Chief Youngs Pick up.</i>				

Thank you for your business.		<b>Total</b>	\$1,935.00
		<b>Payments/Credits</b>	\$0.00
		<b>Balance Due</b>	\$1,935.00

Phone #
503-990-8750

201

**BRATTAIN 09/14/2020 TO 09/19/2020**

**CONFIRMATION: Brattain**

09/14/2020 21:01 to 09/19/2020 00:00

Total Hrs: 99.65 hrs

Volunteer **John Gilbert-App. Operator**

\$17.50 w/c @ 0.03 - \$17.53 ST Rate

ST Hours	ST Rate	TOTAL \$
40.00	\$17.53	701.20

OT Hours	OT Rate (no w/c)	TOTAL
59.65	26.250	1565.81
2.00	Restore Hrs	52.50
99.65		1618.31
2.00		
101.65		

TOTALS	
HOURS:	99.650
Restore:	2.00
TOTAL HRS:	101.65
TOTAL PAY:	\$2,319.51

Date pd	Check #	amt	pd
	Balance	#VALUE!	



# TY PARKER'S WILDLAND WAREHOUSE

WILDLAND GEAR • CUSTOM SKID UNITS • INITIAL ATTACK TRUCKS

**INVOICE**  
**83796**

PO Box 425 • Blirstown, NJ 07825 • Ph: 866.WILDLAND • Fax: (908)362-6236  
sales@wildlandwarehouse.com • www.wildlandwarehouse.com

Date: 02/11/21

Bill To  
Falls City Fire  
Jay Epperson  
320 N Main ST  
Falls City, OR 97344

Ship To  
Falls City Fire  
Jay Epperson  
320 N Main ST  
Falls City, OR 97344

Phone: (406)599-8573  
E-Mail: jayfallscityfire@gmail.com

PO Number	Salesperson	Requisitioner	Ship Via - UPS Ground	Terms	
	Paul Yachimiak		1Z3F17V30392019456	Net 20 Days	
Ord	Rec	Item	Description	Price	Amount
3	3	081202-Y	Bullard Wildland Style Helmet - Yellow, Full Brim	61.00	183.00
2	2	081202-W	Bullard Wildland Style Helmet - White, Full Brim	61.00	122.00
2	2	081202-R	Bullard Wildland Style Helmet - Red, Full Brim	61.00	122.00
13	13	170001	NFPA Approved Backdraft Goggle	34.00	442.00
10	10	092304	6oz. Nomex Shroud w/Velcro	26.95	269.50
3	3	066501-X	Rough Rider Leather Driver w/ Pull Back Strap - Small	14.50	43.50
3	3	066501-X	Rough Rider Leather Driver w/ Pull Back Strap - Medium	14.50	43.50
3	3	066501-X	Rough Rider Leather Driver w/ Pull Back Strap - Large	14.50	43.50
3	3	066501-X	Rough Rider Leather Driver w/ Pull Back Strap - X-Large	14.50	43.50
1	1	066501-X	Rough Rider Leather Driver w/ Pull Back Strap - 2X-Large	14.50	14.50
6	6	047901	Wildland Gear Bag 2200 cubic inch capacity. (18" x 13" x 9.5").	56.00	336.00
7	7	707101	Standard New Generation Fire Shelter - Regular Size	435.00	3045.00
1	1		Additional UPS tracking # 1Z3F17V30394477065	0.00	0.00

Thank you for your business!

Subtotal: 4,708.00  
Tax: Out of State  
Shipping/Handling: 91.98  
Total: \$ 4,799.98

31

CITY OF FALLS CITY

Ty Parkers Woodland Warehouse

Date 2/16/2021

Type Bill

Original Amt. 4,799.98

Balance Due 4,799.98

2/16/2021

Discount

Check Amount

18039

Payment 4,799.98  
4,799.98

US Bank Checking

Inv. 83796

4,799.98

PAYMENT RECEIVED



10065



100651



Rev 2/14



**OFFICIAL USE:**  
BUSINESS LICENSE NUMBER:  
2021-27

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

**APPLICATION FOR CITY BUSINESS LICENSE**  
**TERM OF LICENSE**  
JULY 1, 2020 – June 30, 2021

Check one:  
First Time License:  Renewal:

*Falls City Municipal Code 110.01- First time business licenses shall be reviewed and approved by City Council prior to a license being issued to a business for the first time.*

Business Name: Step by Step horse therapy zoning: 8A-8b

Owner(s): Mabel Fisher

Location of Business: 249 Sheldon Ave

Mailing address (if different): \_\_\_\_\_

Business Phone: 503-510-3614 Business Fax: \_\_\_\_\_

Email Address: Mabel.Ashley46@icloud.com

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

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

Home-Based Business: (Circle one) YES NO

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

- |  |                                   |
|--|-----------------------------------|
| 110000 Ag, Forestry, Fishing & Hunting | 420000 Wholesale Trade            |
| 210000 Mining                          | 440000 Retail                     |
| 220000 Utilities                       | 480000 Transportation Warehousing |
| 230000 Construction                    | 510000 Information                |
| 310000 Manufacturing                   | 520000 Finance & Insurance        |

530000 Real Estate/Rental & leasing  
540000 Professional, Scientific, Technical  
Services  
550000 Management of Company & Enterprises  
560000 Admin Support/Waste Management &  
Remediation  
610000 Education Services

620000 Health Care & Social Assistance  
710000 Arts, Entertainment & Recreation  
720000 Accommodation & Food Services  
810000 Other Services (excluding Public  
Admin)  
920000 Public Administration

**PRODUCTS SOLD OR SERVICES RENDERED**

horse Back Riding Lessons

**DESCRIBE AVAILABLE PARKING**

I have a turn AROUND drive way

**IMPACT ON LOCAL TRAFFIC**

NONE

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

NONE

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

YES  NO

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

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

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

**COUNTY AND STATE LICENSING INFORMATION:**

State Business Registry #: \_\_\_\_\_

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

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

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

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

NAME: Mabel Fisher

BUSINESS NAME: \_\_\_\_\_

SIGNATURE OF APPLICANT: Mabel Fisher

Office Use Only:
RECEIVED BY: <u>JW</u>
DATE: <u>05/05/2021</u>
TYPE OF LICENSE: <u>610000</u>
AMOUNT PAID: <u>\$ 50.00</u>
RECEIPT #: <u>893824</u>
APPROVED BY: _____
DATE COUNCIL APPROVED: _____
CONDITIONS OF APPROVAL:



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

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

[www.gmscpa.com](http://www.gmscpa.com)

(503) 581-7788 • FAX (503) 581-0152

475 Cottage Street NE, Suite 200 • Salem, Oregon 97301-3814

January 26, 2021

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

We have audited the financial statements of the City of Falls City (the City) as of and for the year ended June 30, 2020 and have issued our report thereon dated January 26, 2021. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated May 14, 2020, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with the modified cash basis of accounting. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you in our letter dated May 14, 2020.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

34

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in the notes to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is net pension the liability for PERS which is disclosed in the notes to the financial statements.

### *Financial Statement Disclosures*

The financial statement disclosures are neutral, consistent and clear.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule summarizes misstatements that we identified as a result of our audit procedures were brought to the attention, and corrected by, management.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter dated January 26, 2021.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the City, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

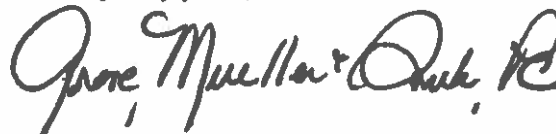
We were engaged to report on supplemental information, which accompanies the financial statements but is not RSI. With respect to this supplemental information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplemental information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the management's discussion and analysis, which accompanies the financial statements but is not RSI. Such information 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.

### **Restriction on Use**

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

Very truly yours,



*CERTIFIED PUBLIC ACCOUNTANTS*



Client: 31890 - City of Falls City  
 Engagement: Audit 2020 - City of Falls City  
 Period Ending: 6/30/2020  
 Trial Balance: TB  
 Workpaper: 3700 - Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>		<b>4103</b>		
To record Polk CDC transactions				
60-00-6000	Materials and services		19,154.26	
99-00-1001	Cash with fiscal agent		190,563.06	
60-00-5000	Interest income			10,656.32
60-00-5100	Principal income			179,906.74
99-00-1001	Cash with fiscal agent			19,154.26
<b>Total</b>			<b>209,717.32</b>	<b>209,717.32</b>
<b>Adjusting Journal Entries JE # 2</b>		<b>7105</b>		
To reclassify interest income				
01-01-4407	State Revenue Sharing		3,055.15	
01-01-4700	Interest Income			3,055.15
<b>Total</b>			<b>3,055.15</b>	<b>3,055.15</b>
<b>Adjusting Journal Entries JE # 3</b>		<b>7303</b>		
To record PERS accrual adjustment				
01-01-2105	PERS		6,476.98	
11-00-1000	Cash		321.89	
13-00-1000	Cash		2,358.01	
20-00-1000	Cash		1,025.62	
01-01-1000	Cash			3,705.52
01-01-5007	Retirement			2,771.46
11-00-5007	Retirement			321.89
13-00-5007	Retirement			2,358.01
20-00-5007	Retirement			1,025.62
<b>Total</b>			<b>10,182.50</b>	<b>10,182.50</b>
<b>Adjusting Journal Entries JE # 13</b>		<b>7401</b>		
To reclassify funds received from school district				
71-00-9905	Transfer from Wagner Trust 20%		26,150.00	
71-00-4600	Miscellaneous Revenue			26,150.00
<b>Total</b>			<b>26,150.00</b>	<b>26,150.00</b>



January 26, 2021

Grove, Mueller & Swank, P.C.  
475 Cottage Street NE, Suite 200  
Salem, OR 97301

This representation letter is provided in connection with your audit of the financial statements of the City of Falls City (the City) as of June 30, 2020, and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the City in accordance with the modified cash basis of accounting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of January \*\*, 2021.

#### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 14, 2020, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with the modified cash basis of accounting and for preparation of the supplementary information in accordance with the applicable criteria.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
5. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
6. We have a process to track the status of audit findings and recommendations.
7. We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
8. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
9. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements modified cash basis of accounting.
10. All events subsequent to the date of the financial statements that would require adjustment or disclosure have been properly made.

11. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the City's accounts.
12. All funds and activities are properly classified.
13. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
14. All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
15. Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
16. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
17. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
18. All interfund and intra-entity transactions and balances have been properly classified and reported.
19. Deposit and investment risks have been properly and fully disclosed.
20. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
21. All required supplementary information is measured and presented within the prescribed guidelines.
22. With respect to the supplemental information:
  - We acknowledge our responsibility for presenting the supplemental information in accordance with the modified cash basis of accounting, and we believe the supplemental information, including its form and content, is fairly presented in accordance with the modified cash basis of accounting. The methods of measurement and presentation of the supplemental information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplemental information.
  - If the supplemental information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplemental information no later than the date we issue the supplemental information and the auditor's report thereon.
23. With respect to your preparation of the financial statements and related notes, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained internal controls, including monitoring ongoing activities.

## Information Provided

24. We have provided you with:

- Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
- Minutes of the meetings of City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.

25. All transactions have been recorded in the accounting records and are reflected in the financial statements.

26. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

27. We have no knowledge of any fraud or suspected fraud that affects the City and involves:

- Management;
- Employees who have significant roles in internal control; or
- Others where the fraud could have a material effect on the financial statements.

28. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the City's financial statements communicated by employees, former employees, vendors, regulators, or others.

29. We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements, and we have not consulted legal counsel concerning litigation, claims or assessments.

30. We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions of which we are aware.

31. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.

32. The City has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

33. We have disclosed to you all guarantees, whether written or oral, under which the City is contingently liable.

34. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

35. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

36. There are no:

- Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
37. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral.
38. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.



---

AJ Foscoli, City Manager



---

Jeremy Gordon, Mayor

***CITY OF FALLS CITY  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2020***

**CITY OF FALLS CITY, OREGON**  
**CITY OFFICIALS**  
**JUNE 30, 2020**

---

**MAYOR AND COUNCIL MEMBERS**

<u>Name</u>	<u>Term Expires</u>
<b>Mayor</b>	
Jeremy Gordon	December 31, 2020
<b>Council Members</b>	
Tony Meier	December 31, 2022
Lori Jean Sickles	December 31, 2022
Jenn Drill	December 31, 2022
Cliff Lauder	December 31, 2020
Dennis Sickles	December 31, 2020
T.J. Bailey	December 31, 2020

The above individuals may be contacted at the address below.

**City Manager Pro Tem**  
David Clyne

**City Staff**  
Jamie Ward, City Clerk

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

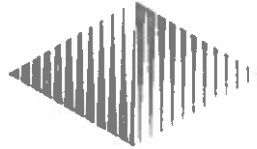
**CITY OF FALLS CITY, OREGON**  
**TABLE OF CONTENTS**

---

	<u>Page</u>
<i>FINANCIAL SECTION</i>	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-7
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position (Modified Cash Basis)	8
Statement of Activities (Modified Cash Basis)	9
Fund Financial Statements	
Balance Sheet (Modified Cash Basis) - Governmental Funds	10
Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) - Governmental Funds	11
Statement of Fund Net Position (Modified Cash Basis) - Proprietary Funds	12
Statement of Revenues, Expenses and Changes in Fund Net Position (Modified Cash Basis) - Proprietary Funds	13
Statement of Cash Flows (Modified Cash Basis) - Proprietary Funds	14
Notes to Basic Financial Statements	15 -27
Supplemental Information	
Governmental Funds	
Combining Balance Sheet (Budgetary Basis) - Non-major Governmental Funds	28
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Budgetary Basis) - Non-major Governmental Funds	29
Schedules of Revenues, Expenditures and Changes in Fund Balances (Budgetary Basis) - Budget and Actual	
General Fund	30
Street Fund	31
Polk Community Development Fund	32
Wagner Library Reserve Fund	33
Fire Equipment/Operations Levy	34
Proprietary Funds	
Schedules of Revenues, Expenditures and Changes in Fund Balance (Budgetary Basis) - Budget and Actual	
Sewer Fund	35
Water Fund	36
Utility Reserve Fund	37
Shared Services Fund	38
<i>COMPLIANCE SECTION</i>	
Independent Auditor's Comments Required by Oregon State Regulations	39-40



***FINANCIAL SECTION***



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

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

[www.gmscpa.com](http://www.gmscpa.com)

(503) 581-7788 • FAX (503) 581-0152

475 Cottage Street NE, Suite 200 • Salem, Oregon 97301-3814

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

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

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

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Falls City, Oregon (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these modified cash basis financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

*Opinions*

In our opinion, the modified cash basis financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Falls City as of June 30, 2020, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting described in the notes to the financial statements.

*Basis of Accounting*

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

*Other Matters*

*Report on Supplemental and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. Management's discussion and analysis and supplemental information, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements.


The supplemental 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in notes to the financial statements.

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

*Report on Other Legal and Regulatory Requirements*

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 26, 2021, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

By:   
Devan W. Esch, A Shareholder  
January 26, 2021

CITY OF FALLS CITY, OREGON  
Management's Discussion and Analysis  
June 30, 2020

As management of the City of Falls City, we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2020.

**Financial Highlights**

	June 30,		change
	2020	2019	
Net position	\$ 1,494,020	\$ 1,364,971	\$ 129,049
Change in net position	129,049	74,864	54,185
Governmental net position	886,813	669,941	216,872
Proprietary net position	607,207	695,030	(87,823)
Change in governmental net position	216,872	84,179	132,693
Change in proprietary net position	(87,823)	(9,315)	(78,508)

**Overview of the Financial Statements**

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

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

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

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

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

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

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

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

**Proprietary funds.** The City maintains two types of proprietary funds – enterprise and internal service. The City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. The City uses enterprise funds to account for its water and sewer activities. Internal service funds account for activities furnishing goods or services to other units of the government. Internal service funds are reported with governmental activities in the government-wide financial statements.

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

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

### Government-wide Financial Analysis

**Statement of Net Position.** The Statement of Net Position (Modified Cash Basis) is provided on a comparative basis. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$1,494,020 as of June 30, 2020. Overall, the City's financial position increased.

Net position - restricted represent sources that are subject to external restrictions on their use, such as fire service, debt service, or capital projects.

Net position - unrestricted is available for general operations of the City.

	2020			2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 886,942	\$ 607,207	\$ 1,494,149	\$ 671,560	\$ 695,030	\$ 1,366,590
Liabilities	129	-	129	1,619	-	1,619
Net position:						
Restricted	246,424	61,762	308,186	293,977	63,513	357,490
Unrestricted	640,389	545,445	1,185,834	375,964	631,517	1,007,481
<b>Total Net Position</b>	<b>\$ 886,813</b>	<b>\$ 607,207</b>	<b>\$ 1,494,020</b>	<b>\$ 669,941</b>	<b>\$ 695,030</b>	<b>\$ 1,364,971</b>

**Statement of Activities (Modified Cash Basis).** The City's net position increased by \$129,049 during fiscal 2019-20. This increase is explained in the governmental and business-type activities as follows:

**Governmental activities** - The City's net position increased by \$216,872 from governmental activities. This increase is due mainly to revenues approximately \$154,000 more than expenditures.

**Business-type activities** - The City's net position decreased by \$87,823 from business-type activities. This decrease is mainly due to approximately \$115,000 of anticipated federal grant revenues not received.

	2020			2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>						
Program revenues						
Charges for service	\$ 112,865	\$ 496,146	\$ 609,011	\$ 39,778	\$ 479,990	\$ 519,768
Operating grants	359,533	154,574	514,107	137,153	61,584	198,737
General revenues						
Property taxes	168,859	-	168,859	164,121	-	164,121
Franchise taxes	53,953	-	53,953	58,478	-	58,478
Intergovernmental	31,081	-	31,081	30,666	-	30,666
Miscellaneous	270,457	31,174	301,631	37,837	186	38,023
<b>Total revenues</b>	<b>996,748</b>	<b>681,894</b>	<b>1,678,642</b>	<b>468,033</b>	<b>541,760</b>	<b>1,009,793</b>
<b>Expenses</b>						
General government	359,065	-	359,065	316,566	-	316,566
Community development	37,315	-	37,315	23,849	-	23,849
Fire service	147,821	-	147,821	28,134	-	28,134
Parks	22,643	-	22,643	8,836	-	8,836
Street	207,964	-	207,964	64,832	-	64,832
Interest on long-term debt	5,068	-	5,068	1,637	-	1,637
Water	-	359,777	359,777	-	292,117	292,117
Sewer	-	409,940	409,940	-	198,958	198,958
<b>Total expenses</b>	<b>779,876</b>	<b>769,717</b>	<b>1,549,593</b>	<b>443,854</b>	<b>491,075</b>	<b>934,929</b>
Transfers	-	-	-	60,000	(60,000)	-
Change in net position	216,872	(87,823)	129,049	84,179	(9,315)	74,864
Net position, beginning of year	669,941	695,030	1,364,971	585,762	704,345	1,290,107
Net position, end of year	<b>\$ 886,813</b>	<b>\$ 607,207</b>	<b>\$ 1,494,020</b>	<b>\$ 669,941</b>	<b>\$ 695,030</b>	<b>\$ 1,364,971</b>

### Financial Analysis of the City's Government Funds

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

**Governmental funds.** The focus of the City's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the City's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

## General Fund Budget

There were two supplemental budgets that affected balances in the General fund during the year. The first supplemental budget increased the LEOF grant revenues by \$29,410, decreased cemetery grants and the RARE grant by \$8,000 and \$7,000, respectively, decreased personnel expenditures in fire services by \$3,700 and increased administrative and parks and cemeteries personnel expenditures by \$2,815 and \$885, respectively. The second supplemental budget increased the DLCDD Planning, Assistance to Firefighters, and Pacific Power Energy grants by \$1,000, \$83,905 and \$3,000, respectively, reallocated \$5,500 of fire services expenditures, and reduce \$6,500 of transfers out.

## Significant Fund Transactions

**Governmental Funds.** The focus of the City's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the City's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

*General Fund.* The General fund is the primary operating fund of the City. The General fund had an increase in fund balance of \$49,366 during the year, which is primarily due to expenditures less than what were budgeted.

As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 89% of total General fund expenditures.

*Street Fund.* The Street fund is used to account for revenues and expenditures of State gas tax and other revenue related to streets. The Street fund had a decrease in fund balance of \$43,988 during the year due to expenditures in excess of revenues and transfers out.

*Polk Community Development Fund.* The Polk Community Development fund had an increase in fund balance of \$171,468 during the fiscal year. The increase was due to loan payments received in excess of loan disbursements.

**Proprietary funds - Enterprise.** The focus of the City's enterprise funds is to provide water and sewer services to customers. As with the governmental funds, net position may serve as a useful measure of net resources available for spending at the end of a fiscal year.

*Sewer Fund.* The Sewer fund is used to account for revenues and expenditures related to the operation of the City's sewer operations. The Sewer fund had a decrease in net position of \$78,137 during the year due mainly to capital outlay expenses for a City housing project.

*Water Fund.* The Water fund is used to account for revenues and expenses related to the operation of the City's water operations. The Water fund had an increase in net position of \$39,271 during the year primarily due to an increase in user fees.

*Utility Reserve Fund.* The Utility Reserve fund is used for major projects in water, wastewater, and as a reserve for grant funds. The Utility Reserve fund had a decrease in net position of \$48,957 during the year due to capital acquisitions.

## Debt Administration

Long-term debt: The City had total revenue-backed bonded debt outstanding of \$805,000 at the end of the current fiscal year, and loans in the amount of \$148,929 outstanding.

The City's total debt decreased by \$59,823 during the current fiscal year.

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

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Loans	\$ 148,928	\$ 173,750	\$ -	\$ -	\$ 148,928	\$ 173,750
Revenue bonds	-	-	805,000	840,000	805,000	840,000
<b>Total</b>	<b>\$ 148,928</b>	<b>\$ 173,750</b>	<b>\$ 805,000</b>	<b>\$ 840,000</b>	<b>\$ 953,928</b>	<b>\$ 1,013,750</b>

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

**Economic Factors and the Next Year’s Budget**

The City’s Budget Committee considered all the following factors while preparing the City budget for the 2020-21 fiscal year:

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

**Requests for Information**

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

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



***BASIC FINANCIAL STATEMENTS***

**CITY OF FALLS CITY, OREGON**  
**STATEMENT OF NET POSITION (MODIFIED CASH BASIS)**  
**JUNE 30, 2020**

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 886,942	\$ 607,207	\$ 1,494,149
<b>LIABILITIES</b>			
Payroll withholdings	129	-	129
<b>NET POSITION</b>			
Restricted for:			
Debt service	-	61,762	61,762
Community development	67,215	-	67,215
Fire service	4,920	-	4,920
Streets	174,289	-	174,289
Unrestricted	640,389	545,445	1,185,834
<i>Total Net Position</i>	<u>\$ 886,813</u>	<u>\$ 607,207</u>	<u>\$ 1,494,020</u>

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

**CITY OF FALLS CITY, OREGON**  
**STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)**  
**YEAR ENDED JUNE 30, 2020**

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>						
<b>Governmental activities:</b>						
General government	\$ 359,065	\$ 112,865	\$ 195,557	\$ (50,643)	\$ -	\$ (50,643)
Community development	37,315	-	-	(37,315)	-	(37,315)
Fire service	147,821	-	-	(147,821)	-	(147,821)
Parks	22,643	-	-	(22,643)	-	(22,643)
Street	207,964	-	163,976	(43,988)	-	(43,988)
Interest on long-term debt	5,068	-	-	(5,068)	-	(5,068)
<b>Total Governmental activities</b>	<b>779,876</b>	<b>112,865</b>	<b>359,533</b>	<b>(307,478)</b>	<b>-</b>	<b>(307,478)</b>
<b>Business-type activities:</b>						
Water	359,777	318,547	-	-	(41,230)	(41,230)
Sewer	409,940	177,599	154,574	-	(77,767)	(77,767)
<b>Total Business-type activities</b>	<b>769,717</b>	<b>496,146</b>	<b>154,574</b>	<b>-</b>	<b>(118,997)</b>	<b>(118,997)</b>
<b>Total Activities</b>	<b>\$ 1,549,593</b>	<b>\$ 609,011</b>	<b>\$ 514,107</b>	<b>(307,478)</b>	<b>(118,997)</b>	<b>(426,475)</b>
<b>General Revenues:</b>						
Property taxes				168,859	-	168,859
Franchise taxes				53,953	-	53,953
Intergovernmental				31,081	-	31,081
Miscellaneous				270,457	31,174	301,631
<b>Total General Revenues</b>				<b>524,350</b>	<b>31,174</b>	<b>555,524</b>
<b>Change in net position</b>				<b>216,872</b>	<b>(87,823)</b>	<b>129,049</b>
<b>Net Position - beginning of year</b>				<b>669,941</b>	<b>695,030</b>	<b>1,364,971</b>
<b>Net Position - end of year</b>				<b>\$ 886,813</b>	<b>\$ 607,207</b>	<b>\$ 1,494,020</b>

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

**CITY OF FALLS CITY, OREGON**  
**BALANCE SHEET (MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS**  
**JUNE 30, 2020.**

	<u>Special Revenue</u>				
	<u>General</u>	<u>Streets Fund</u>	<u>Polk Community Development Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 348,910	\$ 174,289	\$ 285,159	\$ 72,135	\$ 880,493
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Payroll withholdings	\$ 129	\$ -	\$ -	\$ -	\$ 129
<b>Fund Balance:</b>					
Restricted for:					
Community development	-	-	-	67,215	67,215
Fire services	-	-	-	4,920	4,920
Streets	-	174,289	-	-	174,289
Committed to:					
Community development	-	-	285,159	-	285,159
Unassigned	348,781	-	-	-	348,781
<b>Total Fund Balance</b>	<b>348,781</b>	<b>174,289</b>	<b>285,159</b>	<b>72,135</b>	<b>880,364</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 348,910</b>	<b>\$ 174,289</b>	<b>\$ 285,159</b>	<b>\$ 72,135</b>	<b>\$ 880,493</b>

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

**CITY OF FALLS CITY, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**(MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	<u>Special Revenue</u>				
	<u>General Fund</u>	<u>Streets Fund</u>	<u>Polk Community Development Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>					
Taxes and assessments	\$ 126,190	\$ -	\$ -	\$ 42,669	\$ 168,859
Licenses and permits	63,078	-	-	-	63,078
Charges for services	315	-	-	-	315
Intergovernmental	226,638	163,976	-	-	390,614
Miscellaneous	36,685	-	207,622	26,150	270,457
<b>Total Revenues</b>	<b>452,906</b>	<b>163,976</b>	<b>207,622</b>	<b>68,819</b>	<b>893,323</b>
<b>EXPENDITURES</b>					
General government	258,646	-	-	-	258,646
Community development	-	-	19,154	-	19,154
Fire service	134,491	-	-	13,330	147,821
Parks	22,643	-	-	-	22,643
Streets	-	70,238	-	-	70,238
Debt payments					
Principal	3,742	-	-	15,210	18,952
Interest	1,018	-	-	3,751	4,769
Capital acquisitions	-	137,726	-	2,951	140,677
<b>Total Expenditures</b>	<b>420,540</b>	<b>207,964</b>	<b>19,154</b>	<b>35,242</b>	<b>682,900</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>32,366</b>	<b>(43,988)</b>	<b>188,468</b>	<b>33,577</b>	<b>210,423</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	17,000	-	-	-	17,000
Transfers out	-	-	(17,000)	-	(17,000)
<b>Total Other Financing Sources (Uses)</b>	<b>17,000</b>	<b>-</b>	<b>(17,000)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>49,366</b>	<b>(43,988)</b>	<b>171,468</b>	<b>33,577</b>	<b>210,423</b>
<b>FUND BALANCE, beginning of year</b>	<b>299,415</b>	<b>218,277</b>	<b>113,691</b>	<b>38,558</b>	<b>669,941</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 348,781</b>	<b>\$ 174,289</b>	<b>\$ 285,159</b>	<b>\$ 72,135</b>	<b>\$ 880,364</b>

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

**CITY OF FALLS CITY, OREGON**  
**STATEMENT OF FUND NET POSITION (MODIFIED CASH BASIS) - PROPRIETARY FUNDS**  
**JUNE 30, 2020**

	<u>Sewer</u>	<u>Water</u>	<u>Utility Reserve</u>	<u>Total</u>	<u>Governmental Activities</u>
					<u>Shared Services</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 92,598	\$ 199,814	\$ 314,795	\$ 607,207	\$ 6,449
<b>LIABILITIES</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>FUND NET POSITION</b>					
Restricted for:					
Debt service	-	61,762	-	61,762	-
Unrestricted	92,598	138,052	314,795	545,445	6,449
<i>Total Liabilities and Fund Net Position</i>	<u>\$ 92,598</u>	<u>\$ 199,814</u>	<u>\$ 314,795</u>	<u>\$ 607,207</u>	<u>\$ 6,449</u>

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

60

**CITY OF FALLS CITY, OREGON**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**(MODIFIED CASH BASIS) - PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2020**

					<i>Governmental Activities</i>
	<i>Sewer</i>	<i>Water</i>	<i>Utility Reserve</i>	<i>Total</i>	<i>Shared Services</i>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 127,066	\$ 318,392	\$ 50,533	\$ 495,991	\$ 103,425
Miscellaneous	-	155	31,174	31,329	-
<i>Total Operating Revenues</i>	127,066	318,547	81,707	527,320	103,425
<b>OPERATING EXPENSES</b>					
Personal services	74,216	112,263	-	186,479	-
Materials and services	46,241	103,511	-	149,752	90,807
<i>Total Operating Expenses</i>	120,457	215,774	-	336,231	90,807
<b>OPERATING INCOME (LOSS)</b>	6,609	102,773	81,707	191,089	12,618
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Intergovernmental	154,574	-	-	154,574	-
Capital acquisitions	(239,320)	-	(130,664)	(369,984)	-
Debt payments					
Principal	-	(35,000)	-	(35,000)	(5,870)
Interest	-	(28,502)	-	(28,502)	(299)
<i>Total Nonoperating Revenues (Expenses)</i>	(84,746)	(63,502)	(130,664)	(278,912)	(6,169)
<b>CHANGE IN FUND NET POSITION</b>	(78,137)	39,271	(48,957)	(87,823)	6,449
<b>FUND NET POSITION, beginning of year</b>	170,735	160,543	363,752	695,030	-
<b>FUND NET POSITION, end of year</b>	\$ 92,598	\$ 199,814	\$ 314,795	\$ 607,207	\$ 6,449

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

**CITY OF FALLS CITY, OREGON**  
**STATEMENT OF CASH FLOWS (MODIFIED CASH BASIS) - PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	<u>Sewer</u>	<u>Water</u>	<u>Utility Reserve</u>	<u>Total</u>	<u>Governmental Activities</u>
					<u>Shared Services</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 127,066	\$ 318,392	\$ 50,533	\$ 495,991	\$ 103,425
Cash received from other sources	-	155	31,174	31,329	-
Cash paid to employees and others for salaries and benefits	(74,216)	(112,263)	-	(186,479)	-
Cash paid to suppliers and others	(46,241)	(103,511)	-	(149,752)	(90,807)
<i>Net Cash Provided by Operating Activities</i>	6,609	102,773	81,707	191,089	12,618
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Intergovernmental	154,574	-	-	154,574	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	(239,320)	-	(130,664)	(369,984)	-
Principal paid on debt	-	(35,000)	-	(35,000)	(5,870)
Interest paid on debt	-	(28,502)	-	(28,502)	(299)
<i>Net Cash Used for Capital and Related Financing Activities</i>	(239,320)	(63,502)	(130,664)	(433,486)	(6,169)
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	(78,137)	39,271	(48,957)	(87,823)	6,449
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	170,735	160,543	363,752	695,030	-
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<b>\$ 92,598</b>	<b>\$ 199,814</b>	<b>\$ 314,795</b>	<b>\$ 607,207</b>	<b>\$ 6,449</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income	\$ 6,609	\$ 102,773	\$ 81,707	\$ 191,089	\$ 12,618
<i>Net Cash Provided by Operating Activities</i>	<b>\$ 6,609</b>	<b>\$ 102,773</b>	<b>\$ 81,707</b>	<b>\$ 191,089</b>	<b>\$ 12,618</b>

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

42



**CITY OF FALLS CITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

*Basic Financial Statements*

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

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

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

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

**CITY OF FALLS CITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2020**

---

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

*Basic Financial Statements (Continued)*

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

*Basis of Presentation*

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

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

The City reports the following major governmental funds:

*General Fund* – This fund is the City’s primary operating fund. It accounts for all financial resources of the City, except for those requiring separate accounting in another fund. Principal sources of revenues are property taxes, franchise fees, and State shared revenues. Expenditures are primarily for general government.

*Street Fund* – Expenditures of this fund are restricted under Article IX of the Constitution of the State of Oregon for construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads, and streets within the City. Principal revenues include state gas tax apportionments and federal and state grants. Expenditures are for construction and maintenance of public streets.

*Polk Community Development Fund* – This fund accounts for rehabilitation housing loan repayments received from Polk CDC. At June 30, 2020, Polk CDC had \$256,517 of loans outstanding. Collections from these loans will either be remitted to the City or loaned to qualified applicants.

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

*Sewer* – This fund accounts for the operations, maintenance, debt service, and capital construction projects for the City’s sewer system, which is funded through utility fees, construction fees, and debt proceeds.

*Water* – This fund accounts for the operations, maintenance, debt service, and capital construction projects for the City’s water system, which is funded through utility fees, construction fees, and debt proceeds

**CITY OF FALLS CITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2020**

---

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

*Basis of Presentation (Continued)*

*Utility Reserve* – This fund accounts for funds reserved for capital improvements and repairs for water and sewer and is funded by utility capital improvement fees.

*Fund Balance*

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

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

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

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

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

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

*Definitions of Governmental Fund Types*

The General Fund is used to account for all financial resources not accounted for in another fund.

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

Capital Projects Funds are utilized to account for financial resources to be used for the acquisition or construction of capital equipment and facilities. The City does not have any capital projects funds in the current fiscal year.

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

*Measurement Focus and Basis of Accounting*

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

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

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

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

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

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

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

**CITY OF FALLS CITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2020**

---

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

*Measurement Focus and Basis of Accounting (Continued)*

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

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

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

*Cash and Cash Equivalents*

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

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

Investments are stated at cost, which approximates fair value.

*Property Taxes*

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

*Capital Assets*

The City does not maintain historical cost or depreciation records for capital assets. Therefore, capital assets are not reported on the government-wide Statement of Net Position or the Proprietary Funds Statement of Fund Net Position or in the notes to the financial statements.

*Long-Term Debt*

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

**CITY OF FALLS CITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2020**

---

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

*Accrued Compensated Absences*

Accumulated unpaid vacation pay is not accrued. Earned but unpaid vacation pay is recorded as an expenditure when paid. The amount payable for accumulated vacation time as of June 30, 2020 was not available.

*Budgets and Budgetary Accounting*

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

*Use of Estimates*

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect reporting amounts of certain assets, liabilities, revenues and expenditures as of June 30, 2020. Actual results may differ from those estimates.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are comprised of the following at June 30, 2020:

<b>Cash</b>	
Cash on hand	\$ 306
Deposits with financial institutions	20,138
Cash held by fiscal agents	285,099
<b>Investments</b>	
Local Government Investment Pool	1,188,606
	<hr/>
	\$ 1,494,149
	<hr/> <hr/>

*Deposits*

The book balance of the City's bank deposits (checking accounts) was \$20,138 and the bank balance was \$72,774 at year end. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS295 under a collateral program administered by the Oregon State Treasurer.

*Custodial Credit Risk - Deposits*

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions for up to \$250,000 each for the aggregate of all demand deposits and the aggregate of all time deposit and savings accounts at each financial institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected.

68

**CITY OF FALLS CITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2020**

---

**CASH AND CASH EQUIVALENTS**

*Custodial Credit Risk – Deposits (Continued)*

Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2020, all of the City's bank balances were covered by FDIC insurance.

*Local Government Investment Pool*

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

The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2020, the fair value of the position in the Oregon State Treasurer's Short Term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short Term Fund is not subject to risk evaluation. LGIP is not rated for credit quality.

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

*Interest Rate Risk*

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

*Custodial Risk – Investments*

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

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

The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution.

**CITY OF FALLS CITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2020**

**CASH AND CASH EQUIVALENTS (Continued)**

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. The LGIP is not rated for credit quality. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

*Cash Held by Fiscal Agents*

Cash held by fiscal agents is held by Polk Community Development Corporation. Information on collateralization of this cash is contained in the annual financial report of the corporation. The corporation is subject to the same regulations regarding collateralization as the City.

**LONG-TERM DEBT**

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

	<u>Outstanding July 1, 2019</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2020</u>	<u>Due Within One Year</u>
<i>Governmental activities - direct borrowings</i>					
Fire truck lease	\$ 66,209	\$ -	\$ (15,210)	\$ 50,999	\$ 16,072
Polk County CDC loan	47,382	-	(2,044)	45,338	2,064
Public works truck loan	5,870	-	(5,870)	-	-
Park expansion loan	54,291	-	(1,699)	52,592	1,714
	<u>\$ 173,752</u>	<u>\$ -</u>	<u>\$ (24,823)</u>	<u>\$ 148,929</u>	<u>\$ 19,850</u>
<i>Business-type activities - direct placement</i>					
Full Faith and Credit Refunding Obligations	<u>\$ 840,000</u>	<u>\$ -</u>	<u>\$ (35,000)</u>	<u>\$ 805,000</u>	<u>\$ 35,000</u>

*Loans from Direct Borrowings – Governmental Activities*

**Fire Truck Lease:** On May 7, 2019 the City entered into a lease-purchase agreement with GM Financial to acquire a fire truck. The loan was for \$ 85,170 and calls for annual payments of \$18,961 including interest at 5.66% through May 7, 2023. In the event of default, the lender may declare all amounts immediately due and payable or may take possession of the vehicle.

**Polk County CDC Loan:** On May 1, 2010 the City entered into a loan agreement with Polk County Community Development Corporation in the amount of \$65,000 with annual payments of \$2,519 which include interest at 1% through May 1, 2040. The purpose of the loan was for capital improvements. In the event of default, the lender may exercise any remedy available at law or in equity.



**CITY OF FALLS CITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2020**

**LONG-TERM DEBT (Continued)**

*Loans from Direct Borrowings – Governmental Activities (Continued)*

**Public Works Truck Loan:** On June 2, 2017 the City entered into a loan agreement with GM Financial to acquire a truck used in the public works department. The loan was for \$22,941 and calls for annual payments of \$6,169 including interest at 5.09% through June 2, 2020. In the event of default, the lender may declare all amounts immediately due and payable or may take possession of the vehicle. The loan was paid in full in the current year.

**Park Expansion Loan:** On October 1, 2017 the City entered into a loan agreement with Polk County Community Development Corporation in the amount of \$57,856 with annual payments of \$2,242 which include interest at 1% through October 1, 2046. The purpose of the loan was for capital improvements to Michael Harding park. In the event of default, the lender may exercise any remedy available at law or in equity.

*Bonds Payable from Direct Placement – Business Type Activities*

**Full Faith and Credit Obligation:** On October 11, 2017 the City borrowed \$925,000 from U.S. Bank through the Oregon Cities Financing Pool to refinance USDA water revenue bonds that had been issued in 2003. The bonds call for semiannual payments at coupon rates ranging from 2% to 4%. Annual debt service requirements range from \$61,263 to \$65,287. The bonds are secured by the full faith and credit of the City. In the event of default, the bonds are not subject to acceleration.

Future debt service requirements are as follows:

*Governmental Activities*

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021	\$ 19,850	\$ 3,872	\$ 23,722
2022	20,800	2,922	23,722
2023	21,801	1,921	23,722
2024	3,836	925	4,761
2025	3,873	888	4,761
2026-2030	20,264	3,541	23,805
2031-2035	21,297	2,508	23,805
2036-2040	22,392	1,413	23,805
2041-2044	10,679	531	11,210
2045-2047	4,136	61	4,197
	<u>\$ 148,928</u>	<u>\$ 18,582</u>	<u>\$ 167,510</u>

**CITY OF FALLS CITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2020**

**LONG-TERM DEBT (Continued)**

*Business-type Activities*

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 35,000	\$ 26,762	\$ 61,762
2022	35,000	25,712	60,712
2023	40,000	24,662	64,662
2024	40,000	23,062	63,062
2025	40,000	21,462	61,462
2026-2030	✓ 235,000	82,510	317,510
2031-2035	✓ 275,000	42,480	317,480
2036-2040	✓ 105,000	4,726	109,726
	<b>\$ 805,000</b>	<b>\$ 251,376</b>	<b>\$ 1,056,376</b>

**PENSION PLAN**

**Plan Description** – City employees are provided pension benefits through the Oregon Public Employees Retirement System (PERS). PERS is a cost-sharing multiple-employer defined benefit pension plan for units of state and local government in Oregon, containing multiple actuarial pools. Benefits are established and amended by the Oregon State Legislature pursuant to ORS Chapters 238 and 238A. The legislature has delegated the authority to administer and manage PERS to the Public Employees Retirement Board. PERS issues a publicly available financial report that can be found at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

**Benefits Provided** - PERS provides retirement, disability, and death benefits which vary based on a qualified employee's hiring date and employment class (general service or police/fire). All City employees are eligible to participate after six months of covered employment. Details applicable to police/fire employees are noted in [square brackets] where different.

The Tier One/Tier Two Retirement Plan applies to qualifying employees hired before August 29, 2003 and is closed to new members.

Monthly retirement benefits are based on final 3-year average salary multiplied by years of service and a factor of 1.67% [2.00%]. Benefits may also be based on a money match computation, or formula plus annuity (for members contributing before August 21, 1981), if a greater benefit results. Employees are fully vested after making contributions in each of five calendar years and are eligible to retire at age 55 [50]. Tier One benefits are reduced if retirement occurs prior to age 58 [55] with less than 30 [25] years of service; Tier Two benefits are reduced for retirement prior to age 60.

Employees are eligible for service-related disability benefits regardless of length of service; 10 years of service is required for nonservice-related benefits. Disability benefits are determined in the same manner as retirement benefits with service time computed to age 58 [55].

**CITY OF FALLS CITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2020**

---

**PENSION PLAN (Continued)**

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance. The beneficiary may also receive a matching lump-sum payment from employer funds if the member was in covered employment at the time of death, or if the member died less than 120 days after termination, while on official leave of absence, or as a result of a job-related injury.

Monthly benefits are subject to annual cost-of-living adjustments (COLA). For benefits earned after the relevant effective dates, the COLA is subject to a cap of 1.25% on the first \$60,000 of annual benefits and 0.15% thereafter (ORS 238.360).

The Oregon Public Service Retirement Plan (OPSRP) applies to qualifying employees hired on or after August 29, 2003.

Monthly retirement benefits are based on final 3-year average salary multiplied by years of service and a factor of 1.50% [1.80%]. Employees are fully vested after completing 600 hours of service in each of five calendar years and are eligible to retire at age 58 [53] with 30 [25] years of service, or at age 65 [60] otherwise.

Employees are eligible for service-related disability benefits regardless of length of service; 10 years of service is required for nonservice-related benefits. The benefit is 45% of the employee's salary during the last full month of employment before the disability occurred.

Upon the death of a non-retired member, the beneficiary receives a monthly benefit equal to 50% of the retirement benefit that would have been paid to the member.

Monthly benefits are subject to annual cost-of-living adjustments (COLA). For benefits earned after the relevant effective dates, the COLA is subject to a cap of 1.25% on the first \$60,000 of annual benefits and 0.15% thereafter (ORS 238A.210).

Contribution Requirements – As a participating employer, the City is required to make monthly contributions to PERS based on actuarially determined percentages of covered payroll. Rates in effect for fiscal year 2019-20 were 21.88% for Tier One/Tier Two employees, 15.01% for OPSRP general service employees, and 19.64% for OPSRP police/fire employees. The City's total contributions to PERS were \$31,683, for fiscal year ended June 30, 2020.

Contribution requirements are established by Oregon statute and may be amended by an act of the Oregon State Legislature. Employer contribution rates for fiscal year 2020 were based on the December 31, 2017 actuarial valuation using the entry age normal actuarial cost method. It is important to note that the actuarial valuations used for rate setting are based on different methods and assumptions than those used for financial reporting which are described later in this note.

Employee contributions are set by statute at 6% of salary and are remitted by participating employers, who may agree to make employee contributions on the employee's behalf. Prior to January 1, 2004, employee contributions were credited to the defined benefit pension plan. Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan described further at the end of this note.

Pension Assets/Liabilities, Pension Expense, and Pension-Related Deferrals – At June 30, 2020, the City reported a net pension liability of \$289,621 as its proportionate share of the collective net pension liability for PERS, measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on a

**CITY OF FALLS CITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2020**

---

**PENSION PLAN (Continued)**

December 31, 2017, actuarial valuation, rolled forward to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to PERS relative to the projected contributions of all participating employers, as actuarially determined. The City's proportion was 0.00167434% as of the June 30, 2019 measurement date, compared to 0.00154006% as of June 30, 2018.

Actuarial Methods and Assumptions – The total pension liability in the December 31, 2017, actuarial valuation was determined using the entry age normal method and the following actuarial assumptions, applied to all periods included in the measurement: inflation rate of 2.50%, projected salary increases of 3.50%, investment rate of return of 7.20%, and mortality rates based on the RP-2014 sex-distinct mortality tables, with generational adjustments per scale BB. These assumptions were based on the results of an actuarial experience study for the four-year period ending December 31, 2016.

The long-term expected rate of return on pension plan investments was developed by combining estimated rates of return for each major asset class weighted by target asset allocation percentages and adjusting for inflation.

Target allocations and estimated geometric rates of return for each major asset class are available in the PERS publicly available financial report previously mentioned.

The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following chart shows the sensitivity of the net pension liability (asset) to changes in the discount rate, based on calculations using discount rates of 6.20%, 7.20%, and 8.20%.

	<u>1% Decrease</u> <u>(6.20%)</u>	<u>Discount Rate</u> <u>(7.20%)</u>	<u>1% Increase</u> <u>(8.20%)</u>
Proportionate share of the net pension liability	\$ 463,802	\$ 289,621	\$ 143,855

Pension Plan Fiduciary Net Position – Detailed information about PERS' net position is available in its separately issued financial report.

Defined Contribution Plan – PERS-eligible employees are statutorily required to contribute 6% of their annual covered salary to the OPSRP Individual Account Program (IAP), a defined contribution pension plan. Benefits terms, including contribution requirements, are established by the Oregon Legislature. The City has opted not to pick-up the contributions on behalf of employees. Employees are fully vested after completing 600 hours of service in each of five calendar years. PERS contracts with VOYA Financial to administer the IAP. Total paid by employees for the fiscal year was \$13,568.

**CITY OF FALLS CITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2020**

**INTERFUND TRANSACTIONS**

Interfund transactions during the current fiscal year were as follows.

	<u>Transfers in</u>	<u>Transfers out</u>
General	\$ 17,000	\$ -
Polk CDC	-	17,000
	<u>\$ 17,000</u>	<u>\$ 17,000</u>

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

**OVEREXPENDITURES OF APPROPRIATIONS AND DEFICIT FUND BALANCES**

Oregon law prohibits expenditures in excess of Council approved appropriations. Overexpenditures of appropriations in the current year were as follows:

<u>Fund / Appropriation category</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>General</b>			
Parks and cemeteries	\$ 22,066	\$ 22,643	\$ (577)
<b>Polk CDC</b>			
Materials and services	\$ -	\$ 19,154	\$ (19,154)
<b>Water</b>			
Debt service			
Interest	\$ 27,814	\$ 28,502	\$ (688)

**CONTINGENCIES**

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

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

**SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 26, 2021, the date on which the financial statements were available to be issued. As a result of the recent coronavirus pandemic (COVID-19) and wildfire disaster that occurred this summer, numerous sectors of the community are suffering damage, and long-term economic consequences remain unknown.

***SUPPLEMENTAL INFORMATION***

**CITY OF FALLS CITY, OREGON**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

---

	<u>Special Revenue</u>		
	<u>Wagner Library 80% Fund</u>	<u>Fire Levy</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 67,215	\$ 4,920	\$ 72,135
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>	\$ -	\$ -	\$ -
<b>Fund Balance:</b>			
Restricted for:			
Fire service	-	4,920	4,920
Community development	67,215	-	67,215
<b>Total Liabilities and Fund Balance</b>	<u>\$ 67,215</u>	<u>\$ 4,920</u>	<u>\$ 72,135</u>

**CITY OF FALLS CITY, OREGON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	<u>Special Revenue</u>		
	<u>Wagner Library 80% Fund</u>	<u>Fire Levy</u>	<u>Total</u>
<b>REVENUES</b>			
Taxes and assessments	\$ -	\$ 42,669	\$ 42,669
Miscellaneous	26,150	-	26,150
<i>Total Revenues</i>	26,150	42,669	68,819
<b>EXPENDITURES</b>			
Fire service	-	13,330	13,330
Debt service			-
Principal	-	15,210	15,210
Interest	-	3,751	3,751
Capital outlay	-	2,951	2,951
<i>Total Expenditures</i>	-	35,242	35,242
<b>NET CHANGE IN FUND BALANCE</b>	26,150	7,427	33,577
<b>FUND BALANCE (Deficit), beginning of year</b>	41,065	(2,507)	38,558
<b>FUND BALANCE, end of year</b>	<u>\$ 67,215</u>	<u>\$ 4,920</u>	<u>\$ 72,135</u>



**CITY OF FALLS CITY, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**(BUDGETARY BASIS) - BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 115,900	\$ 115,900	\$ 126,190	\$ 10,290
Licenses and permits	57,300	57,300	63,078	5,778
Charges for services	-	-	315	315
Intergovernmental	96,100	193,510	226,638	33,128
Fines and forfeitures	500	500	-	(500)
Miscellaneous	21,880	22,280	36,685	14,405
<i>Total Revenues</i>	291,680	389,490	452,906	63,416
<b>EXPENDITURES</b>				
Council	1,000	1,000	556	444
Code enforcement and court	21,032	21,032	8,036	12,996
Fire	68,209	148,414	134,491	13,923
Parks and cemeteries	29,181	22,066	22,643	(577)
Administration	223,605	246,330	219,659	26,671
Other	30,395	30,395	30,395	-
Debt service				
Principal	3,636	3,636	3,742	(106)
Interest	1,131	1,131	1,018	113
Contingency	60,000	55,495	-	55,495
<i>Total Expenditures</i>	438,189	529,499	420,540	108,959
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(146,509)	(140,009)	32,366	172,375
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	23,500	17,000	17,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(123,009)	(123,009)	49,366	172,375
<b>FUND BALANCE, beginning of year</b>	250,000	250,000	299,415	49,415
<b>FUND BALANCE, end of year</b>	\$ 126,991	\$ 126,991	\$ 348,781	\$ 221,790

\* Debt service is appropriated in total, therefore this is not an overexpenditure of appropriations.

**CITY OF FALLS CITY, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**(BUDGETARY BASIS) - BUDGET AND ACTUAL - STREETS FUND**  
**YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 563,000	\$ 923,000	\$ 163,976	\$ (759,024)
<b>EXPENDITURES</b>				
Personnel services	52,422	53,807	41,690	12,117
Materials and services	33,296	33,296	28,548	4,748
Capital outlay	500,000	860,000	137,726	722,274
Contingency	30,000	28,615	-	28,615
<i>Total Expenditures</i>	<u>615,718</u>	<u>975,718</u>	<u>207,964</u>	<u>767,754</u>
<b>NET CHANGE IN FUND BALANCE</b>	(52,718)	(52,718)	(43,988)	8,730
<b>FUND BALANCE, beginning of year</b>	<u>120,000</u>	<u>120,000</u>	<u>218,277</u>	<u>98,277</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 67,282</u>	<u>\$ 67,282</u>	<u>\$ 174,289</u>	<u>\$ 107,007</u>

**CITY OF FALLS CITY, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**(BUDGETARY BASIS) - BUDGET AND ACTUAL - POLK COMMUNITY DEVELOPMENT FUND**  
**YEAR ENDED JUNE 30, 2020**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ 9,000	\$ 9,000	\$ 207,622	\$ 198,622
<b>EXPENDITURES</b>				
Materials and services	-	-	19,154	(19,154)
Contingency	10,000	16,500	-	16,500
<i>Total Expenditures</i>	10,000	16,500	19,154	(2,654)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(1,000)	(7,500)	188,468	195,968
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(23,500)	(17,000)	(17,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	(24,500)	(24,500)	171,468	195,968
<b>FUND BALANCE, beginning of year</b>	100,000	100,000	113,691	13,691
<b>FUND BALANCE, end of year</b>	<u>\$ 75,500</u>	<u>\$ 75,500</u>	<u>\$ 285,159</u>	<u>\$ 209,659</u>

81

**CITY OF FALLS CITY, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**(BUDGETARY BASIS) - BUDGET AND ACTUAL - WAGNER LIBRARY 80% FUND**  
**YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ 26,150	\$ 26,150
<b>EXPENDITURES</b>				
Contingency	41,000	41,000	-	41,000
<b>NET CHANGE IN FUND BALANCE</b>	(41,000)	(41,000)	26,150	67,150
<b>FUND BALANCE, beginning of year</b>	41,000	41,000	41,065	65
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 67,215	\$ 67,215

82

**CITY OF FALLS CITY, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**(BUDGETARY BASIS) - BUDGET AND ACTUAL - FIRE LEVY FUND**  
**YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 40,000	\$ 40,000	\$ 42,669	\$ 2,669
<b>EXPENDITURES</b>				
Materials and services	26,271	26,271	13,330	12,941
Debt service				
Principal	23,000	15,210	15,210	-
Interest	-	3,751	3,751	-
Capital outlay	-	4,039	2,951	1,088
<i>Total Expenditures</i>	49,271	49,271	35,242	14,029
<b>NET CHANGE IN FUND BALANCE</b>	(9,271)	(9,271)	7,427	16,698
<b>FUND BALANCE (Deficit), beginning of year</b>	10,000	10,000	(2,507)	(12,507)
<b>FUND BALANCE, end of year</b>	\$ 729	\$ 729	\$ 4,920	\$ 4,191

83

**CITY OF FALLS CITY, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**(BUDGETARY BASIS) - BUDGET AND ACTUAL - SEWER FUND**  
**YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 113,000	\$ 113,000	\$ 127,066	\$ 14,066
Intergovernmental	270,000	270,000	154,574	(115,426)
<i>Total Revenues</i>	<u>383,000</u>	<u>383,000</u>	<u>281,640</u>	<u>(101,360)</u>
<b>EXPENDITURES</b>				
Personnel services	85,581	85,981	74,216	11,765
Materials and services	68,487	68,487	46,241	22,246
Capital outlay	270,000	270,000	239,320	30,680
Contingency	40,000	39,600	-	39,600
<i>Total Expenditures</i>	<u>464,068</u>	<u>464,068</u>	<u>359,777</u>	<u>104,291</u>
<b>CHANGE IN FUND BALANCE</b>	(81,068)	(81,068)	(78,137)	2,931
<b>FUND BALANCE, beginning of year</b>	<u>140,000</u>	<u>140,000</u>	<u>170,735</u>	<u>30,735</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 58,932</u>	<u>\$ 58,932</u>	<u>\$ 92,598</u>	<u>\$ 33,666</u>

84

**CITY OF FALLS CITY, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**(BUDGETARY BASIS) - BUDGET AND ACTUAL - WATER FUND**  
**YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 289,500	\$ 289,500	\$ 318,392	\$ 28,892
Miscellaneous	-	-	155	155
<i>Total Revenues</i>	289,500	289,500	318,547	29,047
<b>EXPENDITURES</b>				
Personnel services	116,299	116,299	112,263	4,036
Materials and services	115,372	115,372	103,511	11,861
Debt service				
Principal	35,000	35,000	35,000	-
Interest	27,814	27,814	28,502	(688)
Capital outlay	-	-	-	-
Contingency	50,000	50,000	-	50,000
<i>Total Expenditures</i>	344,485	344,485	279,276	65,209
<b>CHANGE IN FUND BALANCE</b>	(54,985)	(54,985)	39,271	94,256
<b>FUND BALANCE, beginning of year</b>	195,000	195,000	160,543	(34,457)
<b>FUND BALANCE, end of year</b>	\$ 140,015	\$ 140,015	\$ 199,814	\$ 59,799

8/5

**CITY OF FALLS CITY, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**(BUDGETARY BASIS) - BUDGET AND ACTUAL - UTILITY RESERVE FUND**  
**YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 46,000	\$ 46,000	\$ 50,533	\$ 4,533
Miscellaneous	-	-	31,174	31,174
<i>Total Revenues</i>	46,000	46,000	81,707	35,707
<b>EXPENDITURES</b>				
Capital outlay	150,000	150,000	130,664	19,336
Contingency	231,000	231,000	-	231,000
<i>Total Expenditures</i>	381,000	381,000	130,664	250,336
<b>CHANGE IN FUND BALANCE</b>	(335,000)	(335,000)	(48,957)	286,043
<b>FUND BALANCE, beginning of year</b>	335,000	335,000	363,752	28,752
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 314,795	\$ 314,795

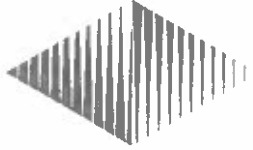
Sp



**CITY OF FALLS CITY, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**(BUDGETARY BASIS) - BUDGET AND ACTUAL - SHARED SERVICES FUND**  
**YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 110,327	\$ 110,327	\$ 103,425	\$ (6,902)
<b>EXPENDITURES</b>				
Materials and services	94,157	94,157	90,807	3,350
Debt service				
Principal	6,170	5,871	5,870	1
Interest	-	299	299	-
Contingency	10,000	10,000	-	10,000
<i>Total Expenditures</i>	<u>110,327</u>	<u>110,327</u>	<u>96,976</u>	<u>13,351</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	6,449	6,449
<b>FUND BALANCE, beginning of year</b>	-	-	-	-
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,449</u>	<u>\$ 6,449</u>

***COMPLIANCE SECTION***



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

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

www.gmscpa.com

(503) 581-7788 • FAX (503) 581-0152

475 Cottage Street NE, Suite 200 • Salem, Oregon 97301-3814

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Falls City, Oregon as of and for the year ended June 30, 2020, and have issued our report thereon dated January 26, 2021.

#### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City of Falls City, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials - no money was collected or received by elected officials.**

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

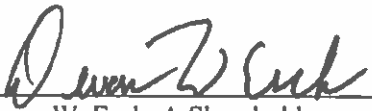
***Internal Control over Financial Reporting***

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

***Restriction on Use***

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

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

By:   
Devan W. Esch, A Shareholder  
January 26, 2021

---

## **AGENDA REPORT**

---

**TO:** CITY COUNCIL  
**FROM:** CITY MANAGER FOSCOLI  
**SUBJECT:** COUNCIL OF GOVERNMENTS CONTRACT FOR CDBG GRANT WORK  
  
**DATE:** MAY 10, 2021

---

### **BACKGROUND**

On May 18, 2018, Falls City and MWVCOG entered a contract for assistance in administration of certain portions of the awarded Community Development Block Grant. However, as the Wastewater Treatment plant project has spanned several fiscal years, our collaboration with the Council of Governments has had to adjust our legal agreements for the work we have received.

### **SUMMARY**

A revised contract to split the costs of the current contract in two installments of \$10,000 to the Mid-Willamette Valley Council of Governments CDBG administration contract for the ongoing effort to support the Community Development Block Grant work (Environmental Review Record).

### **STAFF RECOMMENDATION**

Staff recommends authorizing the mayor to sign the updated contract.

### **PROPOSED MOTION**

Recommend a motion to direct the mayor to sign the update contract between the city of Falls City and the Mid-Willamette Valley Council of Governments (MWVCOG, or COG).

**Attachments A: COG CONTRACT**

**AGREEMENT AMENDMENT FOUR**  
**between**  
**MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS**  
**and**  
**CITY OF FALLS CITY**

WHEREAS, on the 10<sup>th</sup> day of May 2018 the Mid-Willamette Valley Council of Governments (COG) and City of Falls City (CITY) entered into an agreement for COG for assistance with the administration of a 2017 Oregon Community Development Block Grant (P17004) for a Wastewater Systems Improvements Final Design project, and

WHEREAS, the agreement provided that its provisions would be in effect from May 10, 2018 to May 31, 2021; and

WHEREAS, the environmental and consultations have taken more time than originally anticipated, and

WHEREAS, the agreement was previously amended in June 2019, July 2020 and November 2020 to provide further contract extensions and add/increase eligible environmental associated costs.

NOW THEREFORE, BE IT AGREED by COG and CITY that the agreement of May 10, 2018, is amended as follows:

- A. Page 1, sentence beginning with the words "IN CONSIDERATION of the mutual benefits" is amended to read:

"IN CONSIDERATION of the mutual benefits and obligations set out herein, the parties agree that from the date of this agreement's execution to the estimated completion date of ~~May 31, 2021~~ **February 28, 2022**, the following provision shall apply:"

- B. Under Section II, Method of Payment and Payment Schedule:

For environment review record and activities described in I.A above, the COG shall submit invoices on a lump sum basis at the following milestones:


- E. Upon **50% completion and publication** of Environmental Review Record.  
~~\$15,000~~ **\$10,000**
- F. Upon **publication and close out** of the Environmental Review Record ~~\$5,000~~  
**\$10,000**
- 

And, BE IT FURTHER AGREED that, except as specifically amended herein, all provisions of the agreement shall remain in full force and effect as originally written.

92

IN WITNESS OF WHEREOF, the parties hereto have caused this agreement to be signed in their respective names by their duly authorized representatives.

MID-WILLAMETTE VALLEY COUNCIL  
OF GOVERNMENTS

By  \_\_\_\_\_  
Scott Dadson  
Executive Director

Date 5-4-21

CITY OF FALLS CITY

By \_\_\_\_\_  
Jeremy Gordon  
Mayor

Date \_\_\_\_\_