



**CITY OF INDEPENDENCE,  
OREGON**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

City of Independence, Oregon

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2015

Prepared by  
The Finance and Administration Department  
City of Independence, Oregon

**CITY OF INDEPENDENCE, OREGON**  
**TABLE OF CONTENTS**

---

**Page**

**INTRODUCTORY SECTION**

Letter of Transmittal ..... i  
    Organizational Chart ..... vi  
    City Officials..... vii

**FINANCIAL SECTION**

    Independent Auditor’s Report..... 1  
    Management Discussion and Analysis .....5  
**Basic Financial Statements**..... 13  
    Government-Wide Financial Statements:  
        Statement of Net Position ..... 14  
        Statement of Activities ..... 15  
    Fund Financial Statements: ..... 17  
        Governmental Funds:  
            Balance Sheet ..... 18  
            Statement of Revenues, Expenditures, and Changes in Fund Balance ..... 20  
            Reconciliation of the Statement of Revenues, Expenditures, and  
                Changes in Fund Balance to the Statement of Activities..... 22  
        Proprietary Funds: ..... 23  
            Statement of Net Position ..... 24  
            Statement of Revenues, Expenses, and Changes in Net Position..... 25  
            Statement of Cash Flows ..... 26  
  
Notes to the Basic Financial Statements ..... 27  
**Required Supplementary Information** ..... 57

    Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
        Combined General Fund – Generally Accepted Accounting Principles ..... 58  
        Transportation SDC Fund ..... 59  
        Transportation Fund..... 60  
    Schedule of the Proportionate Share of the Net Pension Liability ..... 61  
    Schedule of Contributions ..... 62  
Notes to the Required Supplementary Information ..... 63

**Other Supplementary Information** ..... 65

Combining Statements: ..... 66  
    Nonmajor Governmental Funds Combining Balance Sheet ..... 67  
    Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures, and  
        Changes in Fund Balance..... 68  
    Nonmajor Special Revenue Funds Combining Balance Sheet ..... 69  
    Nonmajor Special Revenue Funds Combining Statement of Revenues, Expenditures, and  
        Changes in Fund Balance..... 71  
    Nonmajor Debt Service Funds Combining Balance Sheet ..... 73

**CITY OF INDEPENDENCE, OREGON**  
**TABLE OF CONTENTS**

---

Nonmajor Debt Service Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balance.....	74
General Fund – Generally Accepted Accounting Principles Combining Balance Sheet.....	75
Combined General Fund – Generally Accepted Accounting Principles Combining Statement of Revenues, Expenditures, and Changes in Fund Balance.....	76
Budgetary Comparison Schedules: .....	77
General Fund – Budgetary Basis Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	78
General Fund – Budgetary Basis Schedule of Expenditures – Budget and Actual .....	79
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Governmental Funds:	
Budgetary Basis (Combined with General Fund for Generally Accepted Accounting Principles and required for Oregon Budget Law):	
General Equipment and Vehicle Reserve Fund .....	80
Information Services Equipment Fund .....	81
Parks Capital Reserve Fund .....	82
Major Funds Not Presented as Required Supplementary Information:	
MINET Debt Fund.....	83
Urban Renewal Debt Service Fund.....	84
Urban Renewal Projects Fund .....	85
Non-major Special Revenue Funds:	
Building Inspection Fund.....	86
Economic Development Fund.....	87
Tourism and Events Fund .....	88
Halo Program Fund.....	89
Parks SDC Fund.....	90
Non-major Debt Service Funds:	
General Obligation Bond Fund.....	91
Special Assessment Fund.....	92
Non-major Capital Project Fund:	
Building Repair and Replacement Fund .....	93
Enterprise Funds: .....	94
Water Operations Combined.....	95
Water Fund.....	96
Water SDC Fund.....	97
Sewer Operations Combined.....	98
Sewer Fund .....	99
Sewer SDC Fund.....	100
Storm Drain Operations Combined.....	101
Storm Drain Fund .....	102
Storm Drain SDC Fund.....	103

**REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	104
Independent Auditor’s Report Required by Oregon State Regulation .....	106

**CITY OF INDEPENDENCE, OREGON**  
**TABLE OF CONTENTS**

---

**STATISTICAL SECTION**

Introduction	
Net Position by Component (Last Ten Fiscal Years) .....	109
Changes in Net Position (Last Ten Fiscal Years) .....	111
Fund Balances, Governmental Funds (Last Ten Fiscal Years).....	113
Changes in Fund Balances, Governmental Funds (Last Ten Fiscal Years).....	115
Program Revenues by Function/Program (Last Ten Fiscal Years).....	117
Assessed and Estimated Value of Taxable Property (Last Ten Fiscal Years) .....	119
Property Tax Rates – All Direct and Overlapping Governments (Last Ten Fiscal Years).....	121
Principal Taxpayers of Polk County (Current Year and Ten Years Ago) .....	123
Property Tax Levies and Collections (Last Ten Fiscal Years) .....	124
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita (Last Ten Fiscal Years) .....	125
Computation of Direct and Overlapping Government Activities Debt .....	126
Computation of Legal Debt Margin .....	127
Schedule of Pledged Revenue Bond Coverage (Last Ten Fiscal Years) .....	128
Demographic and Economic Statistics (Last Ten Fiscal Years).....	129
Principle Employers (Current Year and Ten Years Ago) .....	130
Full-Time Equivalent City Employees by Function (Last Ten Fiscal Years).....	131
Operating Indicators (Last Ten Fiscal Years) .....	132
Capital Asset Statistics by Function (Last Ten Fiscal Years).....	133

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## **INTRODUCTORY SECTION**



# City of Independence, Oregon

December 30, 2015

To the Honorable Mayor, City Council, City Manager and citizens of Independence:

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Independence, Oregon for the fiscal year ended June 30, 2015. This report is published to provide the City Council, city staff, citizens, and other readers with detailed information concerning the financial position and activities of the City. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The State of Oregon requires an annual audit of the fiscal affairs of the City by independent public accountants. The City's financial statements have been audited by Merina & Company, LLP, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements included in this report are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Independence' financial statements for the fiscal year ended June 30, 2015 are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

The Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. It complements this letter of transmittal and should be read in conjunction with it and the notes to the financial statements.

## **City Profile**

The City of Independence, founded in 1845 and incorporated in 1874, is located in the Mid-Willamette Valley, just southwest of Salem, the state's capitol. The City currently occupies a land area of approximately 2.8 square miles and serves a population of 8,775. The City of Independence is empowered to levy a property tax on real properties located within its boundaries.

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# City of Independence, Oregon

The City of Independence operates under the council-manager form of government. Policy-making and legislative authority are vested in a City Council consisting of the mayor and six other members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the city manager, city attorney and the municipal judge. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for appointing the heads of various departments. The Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with three council members elected every two years. The mayor is elected to serve a two-year term.

The City provides a full range of services, including police protection, library services, a museum and historical preservation services, parks and recreational activities, land use planning and building inspection services, and a municipal court. The City also operates municipal water, sanitary sewer and storm drain utilities. These utilities function as departments of the City of Independence and have been included as an integral part of the financial statements. The financial statements also include the Independence Urban Renewal Agency, a legally separate blended component unit of the City of Independence.

The City of Independence sponsors many opportunities for citizens to gather as well as to generate interest in Independence as a travel destination. The City maintains the annual Summer Series which includes Thursday night “Movie in the Park” and Friday night “Concert Series” both of which are held in the beautiful downtown amphitheater nestled along the Willamette in the Independence Riverview Park. There is also the annual Western Days celebration, which is held during the 4<sup>th</sup> of July holiday, and the Hops & Heritage Festival held in September. The City police department, in partnership with the Monmouth police department host an annual “Clean-Up Day” event in May that gives citizens the opportunity to dispose of yard debris and other garbage and litter that has accumulated during the winter. These are just a highlight of events that enjoy high attendance.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Independence operates.

## **Local Economy**

The City of Independence has several significant employers including Marquis Spas, Medallion Cabinetry, Forest River (utility trailer manufacturer), Central School District #13J and Robert Lloyd Sheet Metal. In 2004 the City of Independence partnered with the City of Monmouth and

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# City of Independence, Oregon

formed the Monmouth Independence Network (MInet) an ORS 190 organization. The cities provided the funding to lay a fiber network in both communities. MInet (a legally separate entity) began providing high speed internet and digital television services to residents of both communities in April 2006. Though MInet struggles to service the debt from operations that both the City of Independence and the City of Monmouth are ultimately responsible for, the service has provided the cities with significant impact in economic development. This year, because of MInet a large data center located its operations in commercial space in the City of Independence. A large upscale apartment complex is near completion, which was developed on a 12 acre piece of land that the city had purchased out of a bankruptcy and sold to the developer. The property is located along the Willamette River and the city retained a large section of the property for the development of ball fields. In partnership with the developer of the apartments, two of the ball fields were completed.

## **Long-term Financial Planning**

Over the past three years the City of Independence has taken large steps toward recovery from the Great Recession. In 2013 the City was successful in receiving voter approval of \$15M GO Bond to refinance seven (7) outstanding debt obligations for a significant savings throughout the life of the bonds. In 2013 the City Council adopted Comprehensive Financial Policies which, among other things, sets fund balance policy and a fiscal management plan. Also in fiscal year 2013-14 the City Council adopted a strategic plan. This tool is used by staff in development of the annual budget for achievement of Council financial goals. Ahead of budget development for the 2015-16 fiscal year, staff developed a Capital Improvement Plan which lays out by year the capital needs in both response to the deferred maintenance during the recession, and as defined in the newly completed water, sewer and parks master plans.

Independence remains committed to providing essential services and infrastructure to its residential and commercial population. With concern over the rising costs of public safety, operating materials like asphalt, ammunition and fuel, and employee healthcare and retirement benefits, City officials were careful with spending during the past few years. While revenue came in as expected, costs were kept to minimum operating standards. This conservative approach seems to have been a good strategy to rebuild financial reserves for cash flow purposes and unforeseen expenses. But in order to keep pace with the rising costs, the city is in constant pursuit of new revenue.

In support of long-term planning, the City of Independence has an aggressive economic development program. The city has partnered with Travel Oregon, SEDCOR, and leaders in technology and hospitality to bring business, technology, housing and hospitality industries to Independence.

## **Financial Information**

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# City of Independence, Oregon

## **Internal Controls**

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Since the cost of internal controls should not outweigh the benefits, the City's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

Policies and procedures have been in were written and implemented in 2011 and 2012, which are reviewed and updated annually. The City converted its financial software in 2014 and it has internal auditing capability to record and track changes made by staff. City staff are in the process of adding additional software modules for community development functions and timekeeping which will help streamline workflow and reporting.

## **Budget Process**

The annual budget serves as the foundation for the City of Independence's financial planning and control. All departments of the City are required to submit requests for appropriations to the Finance Director in March of each year. The Finance Director serves as the budget officer and coordinates the development of the proposed budget. The proposed budget and budget message is presented to the budget committee in an open public meeting where citizen comments are encouraged. After the budget committee approves the proposed budget, it is presented to the City Council through a public hearing process. The City Council is required to adopt a final budget by no later than June 30, the close of the fiscal year. The budget for the General Fund is appropriated at the department level, while all other funds are appropriated at the object classification level. Once adopted, transfers of appropriations in the budget may only be made by the approval of City Council. Budget-to actual comparisons are provided in this report for all funds.

## **Relevant Financial Policies**

As noted earlier, the City adopted Comprehensive Financial Policies. These were adopted at the City Council level. Financial Policies and Procedures have also been adopted and implemented at the administrative level to offer staff more defined guidance in the day-to-day functions of the City.

The City maintains a general checking account to fund daily operations. Cash in excess of daily operating needs is typically pooled and invested in the Local Government Investment Pool (LGIP). However, with banking fees increasing on the general checking account and interest at

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# City of Independence, Oregon

the LGIP continuing to stay low, city staff maintained a higher balance in the general checking account during the last few fiscal years to help offset bank fees.

The City has risk management policies and a formal safety committee to address issues of employee safety, health and injury. The committee implements policies and procedures that include employee and employer accountability for safety and employee accident prevention training. The City participates in an insurance trust pool of Oregon cities and county governments for property, automobile, liability and worker's compensation insurance coverage. There is also staff involved in the Oregon Chapter of the Public Risk Management Association (PRIMA), which provides training and support for entity Risk Managers.

## **Major Initiatives**

The City has continued to establish and work toward clearly defined goals and objectives. During the budget review process, goals and objectives are developed and prioritized by the City Council and staff. The process is a continuing cycle of setting goals and objectives, reviewing short and long term goals, evaluating results, and reassessing goals and their priorities.

To prepare for the budget, the City Council defines and adopts new goals. The list of goals during the 2013-2014 fiscal year included these major policy areas: Achieve a more stable, long term financial basis for the City; Increase the ratio of commercial/industrial assessed valuation relative to residential valuation, Increase local employment and create a healthier business climate; Increase the involvement of people in local government and community activities; Continue to improve the quality of the City's public services and infrastructure; and Collaborate with neighboring units of government, citizens, not-for profits and the business sector to promote the interests of Independence.

## **Awards and Acknowledgements**

The City of Independence received the All American City award in 2014.

The preparation of this report would not have been possible without the dedicated services of all City staff. I sincerely appreciate their efforts. I also extend appreciation to the Mayor, City Council, and the City Manager, whose continuing support and dedication is vital to the financial health of the City of Independence, Oregon.

Respectfully submitted,

Gloria Butsch  
Finance Director

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# CITY OF INDEPENDENCE

FY 2014-2015



**CITY OF INDEPENDENCE**  
**CITY OFFICIALS**  
**June 30, 2015**

---

John McArdle  
675 Monmouth Street  
Independence, Oregon 97351

**CITY COUNCIL**

Forrest Peck  
727 Luscombe Street  
Independence, Oregon 97351

Diana Lindskog  
111 S. Gun Club Road  
Independence, Oregon 97351

Marilyn Morton  
1312 B Street  
Independence, Oregon 97351

Tom Takacs  
386 Monmouth Street  
Independence, Oregon 97351

Nancy Lodge  
1220 D Street  
Independence, Oregon 97351

Jerry Hoffman  
1302 B Street  
Independence, Oregon 97351

**CITY ADMINISTRATION**

David Clyne, City Manager

Robert Mason, Chief of Police

Gloria Butsch, Finance Director

Karin Johnson, City Recorder

Mike Danko, Community Development Director/  
Public Works Director

Ken Perkins, Public Works Supervisor

Robin Puccetti, Community Services Director

Carolyn Connelly, City Attorney

Shawn Irvine, Economic Development Director

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## **FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and City Council  
City of Independence  
Independence, Oregon

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Independence, Oregon, (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity'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 entity'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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Note 14 and Note 15 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

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

We have applied certain limited procedures to management's discussion and analysis, schedule of the proportionate share of the net pension liability, and schedule of contributions, as listed in the table of contents under required supplementary information, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not

express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and the statistical section have 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 them.

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

##### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report December 30, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant

agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

**Other Reporting Required by Oregon Minimum Standards**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 30, 2015, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Merina & Company, LLP  
West Linn, Oregon  
December 30, 2015

**CITY OF INDEPENDENCE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

As management of the City of Independence, we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015.

**FINANCIAL HIGHLIGHTS**

	<u>June 30</u>		
	<u>2015</u>	<u>2014</u>	<u>Change</u>
Net Position	12,796,462	17,545,525	(4,749,063)
Change in Net Position	(3,608,174)	473,191	(4,081,365)
Governmental Net Position	836,246	8,264,771	(7,428,525)
Proprietary Net Position	11,960,216	9,280,754	2,679,462
Change in Governmental Net Position	(6,433,356)	(69,044)	(6,364,312)
Change in Proprietary Net Position	2,825,182	542,235	2,282,947

**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.* The *statement of net position* presents information on all of the assets and liabilities of the City as of the date on the statement. Net position is what remains after the liabilities have been paid off or otherwise satisfied. 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.* The *statement of activities* presents information showing how the 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. All changes in net position are reported as soon as funds are received or paid. Thus, revenues and expenditures are reported in this statement as cash flows occur.

In the government-wide financial statements, the City's activities are shown as governmental activities. All basic functions are shown here, such as police, planning, court, parks, community

development and administration. These activities are primarily financed through property taxes and other intergovernmental revenues.

*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 that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All 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 to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

*Proprietary Funds* Proprietary funds are reported in the same way that all activities are reported in the Statement of Net position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information. The Proprietary funds report charges to customers for services provided and the cost of those services.

*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 *required and other supplementary information* including combining statements, schedules of revenues, expenditures and changes in fund balance-budget and actual for all funds.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

*Statement of Net position.* The statement of net position 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 and deferred inflows by \$12,796,462 as of June 30, 2015. Current liabilities consist of accounts payable and other accrued expenses. Long-term liabilities, specifically debt is in the notes to the financial statements. Restricted net position represents resources that are subject to external restrictions on their use, such as debt service payments or construction of capital assets. Unrestricted net position is available for general operations of the City.

**Statement of Net Position**  
**June 30,**

	2015			2014		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Cash and Investments	\$ 1,083,434	\$ 2,847,734	\$ 3,931,168	\$ 1,247,379	\$ 701,714	\$ 1,949,093
Other Assets	7,326,694	1,489,343	8,816,037	12,616,839	2,380,933	14,997,772
Non-depreciable Capital Assets	2,518,022	240,822	2,758,844	1,887,107	201,804	2,088,911
Depreciable Capital Assets, net	<u>21,333,778</u>	<u>10,454,082</u>	<u>31,787,860</u>	<u>22,048,007</u>	<u>10,757,028</u>	<u>32,805,035</u>
Deferred Outflows of Resources	<u>266,907</u>	<u>39,083</u>	<u>305,990</u>	<u>-</u>	<u>9,348</u>	<u>9,348</u>
Total Assets and Deferred Outflows of Resources	<u>32,528,835</u>	<u>15,071,064</u>	<u>47,599,899</u>	<u>37,799,332</u>	<u>14,050,827</u>	<u>51,850,159</u>
Liabilities	234,218	29,096	263,314	640,678	72,102	712,780
Deposits	-	156,822	156,822	-	162,244	162,244
Long-term Liabilities			-			
Portion due within one year	1,103,740	145,318	1,249,058	765,301	141,130	906,431
Portion due in more than one year	<u>29,317,562</u>	<u>2,627,757</u>	<u>31,945,319</u>	<u>28,128,582</u>	<u>4,394,597</u>	<u>32,523,179</u>
Total Liabilities	<u>30,655,520</u>	<u>2,958,993</u>	<u>33,614,513</u>	<u>29,534,561</u>	<u>4,770,073</u>	<u>34,304,634</u>
Deferred Inflows of Resources	<u>1,037,069</u>	<u>151,855</u>	<u>1,188,924</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position:						
Net investment in Capital Assets	5,243,257	7,944,263	13,187,520	6,780,505	6,423,105	13,203,610
Restricted	501,226	1,696,318	2,197,544	392,938	181,269	574,207
Unrestricted	<u>(4,908,237)</u>	<u>2,319,635</u>	<u>(2,588,602)</u>	<u>1,091,328</u>	<u>2,676,380</u>	<u>3,767,708</u>
Total Net Position	<u>836,246</u>	<u>11,960,216</u>	<u>12,796,462</u>	<u>8,264,771</u>	<u>9,280,754</u>	<u>17,545,525</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 32,528,835</u>	<u>\$ 15,071,064</u>	<u>\$ 47,599,899</u>	<u>\$ 37,799,332</u>	<u>\$ 14,050,827</u>	<u>\$ 51,850,159</u>

*Statement of Activities* The City's net position decreased by \$3,608,174 during the current fiscal year. The key elements of the change in the City's net position for the year ended June 30, 2015 are as follows:

- Capital grants were \$92,952 more than the previous year.
- Operating grants decreased by \$211,135 over the prior year.
- Charges for services government-wide increased by \$2,213,571 over the previous year.
- Miscellaneous revenues were \$60,240 less than the previous year.
- Expenditures for general government decreased by \$501,193 and increased for business activities by only \$84,463.
- An allowance for doubtful accounts in the amount of \$6,594,884 contributed to the decrease.

**Statement of Activities**

	2015			2014		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 1,173,340	\$ 5,669,838	\$ 6,843,178	\$ 644,393	\$ 3,985,214	\$ 4,629,607
Operating Grants	173,190	-	173,190	384,325	-	384,325
Capital Grants	14,126	83,727	97,853	4,901	-	4,901
General Receipts						
Property Taxes & Assessments	2,467,848	-	2,467,848	2,412,538	-	2,412,538
Interest & Investment Earnings	14,861	-	14,861	6,968	13,955	20,923
Franchise Taxes	610,168	-	610,168	631,682	-	631,682
Intergovernmental	1,432,080	-	1,432,080	1,398,173	-	1,398,173
Miscellaneous	154,692	262	154,954	184,377	30,817	215,194
<b>Total Revenues</b>	<b>6,040,305</b>	<b>5,753,827</b>	<b>11,794,132</b>	<b>5,667,357</b>	<b>4,029,986</b>	<b>9,697,343</b>
<b>Expenses</b>						
General Government	1,707,068	-	1,707,068	1,611,602	-	1,611,602
Public Safety	2,188,843	-	2,188,843	2,334,198	-	2,334,198
Transportation	262,555	-	262,555	397,394	-	397,394
Community Development	834,303	-	834,303	1,111,469	-	1,111,469
Culture and Recreation	578,362	-	578,362	673,431	-	673,431
Interest on Long-term Debt	1,572,457	-	1,572,457	1,516,687	-	1,516,687
Water	-	678,701	678,701	-	697,000	697,000
Sewer	-	789,521	789,521	-	700,065	700,065
Storm	-	195,612	195,612	-	182,306	182,306
<b>Total Expenses</b>	<b>7,143,588</b>	<b>1,663,834</b>	<b>8,807,422</b>	<b>7,644,781</b>	<b>1,579,371</b>	<b>9,224,152</b>
Capital Contributions MINET	(5,200,000)	(1,394,884)	(6,594,884)	-	-	-
Transfers	(130,073)	130,073	-	1,908,380	(1,908,380)	-
<b>Change in Net Position</b>	<b>(1,233,356)</b>	<b>4,220,066</b>	<b>2,986,710</b>	<b>(69,044)</b>	<b>542,235</b>	<b>473,191</b>
Net Position, beginning of year	8,264,771	9,280,754	17,545,525	7,592,788	7,254,369	14,847,157
Restatement due to Change in Basis	(995,169)	(145,720)	(1,140,889)	741,027	1,484,150	2,225,177
<b>Net Position, end of year</b>	<b>\$ 7,269,602</b>	<b>\$ 9,135,034</b>	<b>\$ 16,404,636</b>	<b>\$ 8,264,771</b>	<b>\$ 9,280,754</b>	<b>\$ 17,545,525</b>

**Governmental activities**

The cost for all governmental activities was \$7,143,588 for the year ended June 30, 2015. The amount that our taxpayers paid was \$2,467,848 through property taxes. Those who directly benefited from the programs (fines, fees and charges for services) paid \$1,173,340 or %16.

Net position of the governmental-type activities decreased by \$6,433,356 during the fiscal year ended June 30, 2015 primarily due to calculation of an allowance for doubtful accounts.

**Business-type activities**

As shown in the Statement of Activities, the City's net position of the business-type activities increased by \$2,825,182 during the year.

Charges for services are revenues that arise from charges to customers, applicants, or others who

purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services. Revenues primarily consist of fees charged for water, sewer and storm drain utilities.

Grants and contributions are receipts arising from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program. Receipts primarily consist of federal and state grants, system development charges (e.g. water, sewer) and developer infrastructure contributions (e.g. fair market value of subdivisions' infrastructure such as water, sewer, storm drain and right-of-way/easements).

Transfers represent resources moved between the business-type activities and the governmental activities. Costs that are accumulated in several of the City's General Fund departments are beneficial to the water, sewer and storm drain utilities. The transfer recognizes the benefit that these utilities receive for the services provided (accounts payable, billing, personnel, legal, etc.).

## **FINANCIAL ANALYSIS OF THE CITY'S 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 on a fund basis. 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.

The City's governmental funds reported combined fund balances of \$371,883 at June 30, 2015, a decrease of \$225,648 from the previous year. The General Fund had a decrease of \$153,732 during the year.

**General Fund** The General Fund accounts for all of the financial resources of the City, which are not accounted for in any other fund. Unassigned fund balance was \$1,051,790 at the end of the current fiscal year. As a measure of the fund's liquidity, it may be useful to compare the fund balance to the fund's expenditures. Unassigned fund balance represents 22% of the total General Fund expenditures.

**Transportation SDC Fund** The Transportation SDC fund is used to receive system development charges designated for upgrades to the transportation system. Disbursements in this fund are for capital projects related to transportation.

**MINET Fund** This fund accounts for receipts from MINET that pass through for servicing MINET debt obtained by the City for MINET infrastructure and capital projects.

**Urban Renewal Debt Service Fund** The Urban Renewal Debt Service fund is used to receive property taxes designated for debt service payments. Expenditures in this fund are for principal and interest on long-term debt.

*Proprietary Funds* The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

**Water, Sewer, Storm Drain** The Water and Water SDC, Sewer and Sewer SDC, and Storm Drain and Storm Drain SDC funds account for the operations, maintenance, debt service, and capital construction of the water distribution, sewer collection and treatment service, and storm drain collection for the City. The primary sources of revenues are user fees, system development charges, borrowings, and interest earnings.

The primary component of each proprietary fund net position balance is investment in capital assets. The unrestricted net position (available for current disbursements) for the Water Operations was \$758,376 at year end. The unrestricted net position for Sewer was \$1,734,195 at year end. For the Storm Drain the unrestricted net position was \$(172,936).

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The City of Independence’s capital assets for its governmental and business-type activities as of June 30, 2015 amounts to \$34,546,704 (net of accumulated depreciation), a net decrease of \$347,242. Capital assets include land, buildings, distribution systems (water, sanitary sewer, and storm drain), major improvements, machinery and equipment, park facilities, roads and sidewalks. The City made significant capital outlays during the year.

Major capital events during the current fiscal year included the following:

- Purchase of a vactor & trailer
- Purchase of a truck for public works
- Replacement of storm water catch basins
- Purchase of a backhoe/loader
- Work in progress to convert the financial software
- Purchase of 3 new police vehicles
- Audio upgrade for Council chamber
- Purchase of old Valley Concrete Site

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 2,407,873	\$ 1,823,870	\$ 39,018	\$ 201,804	\$ 2,446,891	\$ 2,025,674
Work in Progress	110,149	63,237	201,804		311,953	63,237
Intangibles	54,136	54,136			54,136	54,136
Buildings	15,613,927	15,562,899	917,071	917,071	16,530,998	16,479,970
Equipment & Vehicles	1,349,243	1,229,897	1,164,562	1,051,221	2,513,805	2,281,118
Infrastructure	17,953,951	17,971,116	-	-	17,953,951	17,971,116
Water and Sewer Systems	-	-	17,373,998	17,356,199	17,373,998	17,356,199
	37,489,279	36,705,155	19,696,453	19,526,295	57,185,732	56,231,450
Less:						
Accumulated Depreciation	(13,637,479)	(12,770,041)	(9,001,549)	(8,567,463)	(22,639,028)	(21,337,504)
	<u>\$ 23,851,800</u>	<u>\$ 23,935,114</u>	<u>\$ 10,694,904</u>	<u>\$ 10,958,832</u>	<u>\$ 34,546,704</u>	<u>\$ 34,893,946</u>

Most of the financing for the vehicle and equipment purchases came from capital lease agreements. The audio upgrade and software financing are from capital reserves.

The City depreciates all its capital assets except for land and construction in progress.

Additional information on the City’s capital assets can be found in the notes to the basic financial statements of this report.

### Debt Administration

The City had total debt outstanding of \$32,945,181 at the end of the current fiscal year.

The City’s total debt decreased by \$484,429 during the year. The City refinanced the OCCED MINET Loan significant savings for the life of the debt with reduced interest costs.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its total assessed valuation. The assessed valuation of the City of Independence is \$462,021,759 therefore the current general obligation debt limitation for the City of Independence is \$13,860,653. Current GO Bond indebtedness is \$5,045,000.

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 5,045,000	\$ 3,486,281	\$ -	\$ -	\$ 5,045,000	\$ 3,486,281
Full Faith & Credit Obligations	24,850,809	21,130,000	-	-	24,850,809	21,130,000
Notes	198,839	4,272,872	-	-	198,839	4,272,872
Water Revenue Bonds	-	-	-	1,795,962	-	1,795,962
Sewer Revenue Bonds	-	-	2,670,611	2,735,035	2,670,611	2,735,035
Capital Leases	99,892	4,730	80,030	4,730	179,922	9,460
	<u>\$ 30,194,540</u>	<u>\$ 28,893,883</u>	<u>\$ 2,750,641</u>	<u>\$ 4,535,727</u>	<u>\$ 32,945,181</u>	<u>\$ 33,429,610</u>

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

### BUDGETARY HIGHLIGHTS

There was one supplemental budget which resulted in changes to the original budget for the Transportation SDC Fund, Economic Development Loan Fund, and the Water Fund. An amended budget approved adjustments to the General Fund, Building Inspection Fund, Transportation Fund, Tourism and Events Fund, Sewer Fund, Storm Drain Fund and the Storm SDC Fund.

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

In May 2013 voters approved to extend the GO Bond rate that would end in 2013/14 and also approved an additional \$0.25 per 1,000 to refund (refinance) a major portion of the city's debt obligations. The result of this refinancing allows the city to maintain the current level of services provided to our citizens.

The City's Budget Committee considered all the following factors while preparing the budget for the 2015-16 fiscal year.

- Expected rates and consumption for business-type funds
- Staffing requirements and the desired level of service
- Capital outlay, infrastructure maintenance and improvements to sewer, water and parks facilities

## **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 Independence  
Attn: Finance Director  
555 Main St.  
PO Box 7  
Independence, Oregon 97351

## **BASIC FINANCIAL STATEMENTS**

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include interrelated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements
  - Governmental Funds
  - Proprietary Funds

In addition, the notes to the basic financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

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**CITY OF INDEPENDENCE, OREGON**  
**STATEMENT OF NET POSITION**  
**June 30, 2015**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 1,083,434	\$ 2,847,734	\$ 3,931,168
Property taxes receivable	195,897	-	195,897
Accounts receivable, net	207,836	532,663	740,499
Assessments receivable	137,069	-	137,069
Prepays	81,073	-	81,073
Internal balances	(842,561)	842,561	-
Total current assets	<u>862,748</u>	<u>4,222,958</u>	<u>5,085,706</u>
Noncurrent assets:			
Loans receivable, net	7,018,000	36,604	7,054,604
Net pension asset	529,380	77,515	606,895
Capital assets:			
Non-depreciable	2,518,022	240,822	2,758,844
Depreciable	<u>21,333,778</u>	<u>10,454,082</u>	<u>31,787,860</u>
Total noncurrent assets	<u>31,399,180</u>	<u>10,809,023</u>	<u>42,208,203</u>
Total assets	<u>32,261,928</u>	<u>15,031,981</u>	<u>47,293,909</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows related to pensions	<u>266,907</u>	<u>39,083</u>	<u>305,990</u>
Total assets and deferred outflows of resources	<u>\$ 32,528,835</u>	<u>\$ 15,071,064</u>	<u>\$ 47,599,899</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 154,061	\$ 22,221	\$ 176,282
Deposits	-	156,822	156,822
Interest payable	80,157	6,875	87,032
Current portion of long-term debt	<u>1,103,740</u>	<u>145,318</u>	<u>1,249,058</u>
Total current liabilities	<u>1,337,958</u>	<u>331,236</u>	<u>1,669,194</u>
Noncurrent liabilities:			
Noncurrent portion of long-term debt	<u>29,317,562</u>	<u>2,627,757</u>	<u>31,945,319</u>
Total noncurrent liabilities	<u>29,317,562</u>	<u>2,627,757</u>	<u>31,945,319</u>
Total liabilities	<u>30,655,520</u>	<u>2,958,993</u>	<u>33,614,513</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows related to pensions	<u>1,037,069</u>	<u>151,855</u>	<u>1,188,924</u>
<b>NET POSITION:</b>			
Net investment in capital assets	5,243,257	7,944,263	13,187,520
Restricted for:			
System development	389,810	1,696,318	2,086,128
Debt service	111,416	-	111,416
Unrestricted	<u>(4,908,237)</u>	<u>2,319,635</u>	<u>(2,588,602)</u>
Total net position	<u>836,246</u>	<u>11,960,216</u>	<u>12,796,462</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 32,528,835</u>	<u>\$ 15,071,064</u>	<u>\$ 47,599,899</u>

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

**CITY OF INDEPENDENCE, OREGON**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 1,707,068	\$ 157,987	\$ -	\$ -
Public safety	2,188,843	156,002	38,395	4,747
Highways and streets	262,555	453,406	994	-
Community development	834,303	237,163	75,000	9,379
Culture and recreation	578,362	168,782	58,801	-
Interest on long-term debt	1,572,457	-	-	-
<b>Total governmental activities</b>	<b>7,143,588</b>	<b>1,173,340</b>	<b>173,190</b>	<b>14,126</b>
<b>Business type activities:</b>				
Water Operations	678,701	2,656,085	-	-
Sewer Operations	789,521	2,486,911	-	83,727
Storm Drain Operations	195,612	526,842	-	-
<b>Total business type activities</b>	<b>1,663,834</b>	<b>5,669,838</b>	<b>-</b>	<b>83,727</b>
<b>Total government</b>	<b>\$ 8,807,422</b>	<b>\$ 6,843,178</b>	<b>\$ 173,190</b>	<b>\$ 97,853</b>

**General revenues:**

**Taxes:**

Property taxes

Public service taxes and state revenue sharing

Franchise taxes

Interest and investment earnings

Miscellaneous revenues

Capital contributions MINET - Note 4C

Transfers in (out)

Total general revenues and transfers

Change in net position

Net position, beginning restated

Net position, ending

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

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business Type Activities	Total
\$ (1,549,081)	\$ -	\$ (1,549,081)
(1,989,699)	-	(1,989,699)
191,845	-	191,845
(512,761)	-	(512,761)
(350,779)	-	(350,779)
(1,572,457)	-	(1,572,457)
(5,782,932)	-	(5,782,932)
-	1,977,384	1,977,384
-	1,781,117	1,781,117
-	331,230	331,230
-	4,089,731	4,089,731
(5,782,932)	4,089,731	(1,693,201)
2,467,848	-	2,467,848
1,432,080	-	1,432,080
610,168	-	610,168
14,861	-	14,861
154,692	262	154,954
(5,200,000)	(1,394,884)	(6,594,884)
(130,073)	130,073	-
(650,424)	(1,264,549)	(1,914,973)
(6,433,356)	2,825,182	(3,608,174)
7,269,602	9,135,034	16,404,636
\$ 836,246	\$ 11,960,216	\$ 12,796,462

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

**FUND FINANCIAL STATEMENTS**  
**Major Governmental Funds**

**General Fund Generally Accepted Accounting Principles**

The General Fund accounts for the financial operations of the City not accounted for in any other fund. Principal sources of revenues are property taxes, licenses and permits, franchise fees and State shared revenues. Primary expenditures are for police protection, insurance and general administration.

**Transportation SDC Fund**

This fund accounts for system development charges designated for transportation projects.

**MINET Debt Fund**

This fund accounts for revenues from MINET that pass through for servicing of MINET-related debt incurred by the City for MINET infrastructure and capital projects.

**Urban Renewal Debt Service Fund**

This fund accounts for revenues from property taxes. Expenditures are earmarked for debt service incurred by the City of Independence Urban Renewal Agency.

**Transportation Fund**

This fund accounts for street maintenance and improvements. Primary sources of revenues are from motor vehicle fuel taxes and expenditures are for street maintenance and improvements.

**Urban Renewal Projects Fund**

This fund accounts for the acquisition and construction of facilities financed by the issuance of bonds.

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**CITY OF INDEPENDENCE, OREGON**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**June 30, 2015**

	General Fund Generally Accepted Accounting Principles	Transportation SDC Fund	MINET Debt Fund	Urban Renewal Debt Service Fund
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 76,656	\$ 489,810	\$ 3,145	\$ -
Property taxes receivable	140,282	-	-	32,497
Accounts receivable, net	138,659	-	-	-
Assessments receivable	-	-	-	-
Prepays	40,259	-	-	-
Loans receivable, net	-	24,744	6,510,000	-
Due from other funds	718,781	-	-	46,012
Interfund loan receivables	238,876	-	-	-
Total assets	<u>\$ 1,353,513</u>	<u>\$ 514,554</u>	<u>\$ 6,513,145</u>	<u>\$ 78,509</u>
<b>LIABILITIES:</b>				
Accounts payable and accrued expenses	\$ 71,138	-	\$ -	\$ -
Interfund loan payable	-	100,000	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>71,138</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - property taxes	108,605	-	-	25,247
Unavailable revenue - loan receivables	-	24,744	6,510,000	-
Unavailable revenue - municipal court receivables	47,399	-	-	-
Unavailable revenue - special assessments	-	-	-	-
Total deferred inflows of resources	<u>156,004</u>	<u>24,744</u>	<u>6,510,000</u>	<u>25,247</u>
<b>FUND BALANCES:</b>				
Nonspendable:				
Prepaid items	40,259	-	-	-
Restricted for:				
System development	-	389,810	-	-
Debt service	-	-	3,145	53,262
Committed to:				
Equipment and vehicle replacement	34,322	-	-	-
Assigned to:				
Building inspections	-	-	-	-
Capital projects	-	-	-	-
Special events	-	-	-	-
Community development	-	-	-	-
Unassigned	1,051,790	-	-	-
Total fund balances	<u>1,126,371</u>	<u>389,810</u>	<u>3,145</u>	<u>53,262</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,353,513</u>	<u>\$ 514,554</u>	<u>\$ 6,513,145</u>	<u>\$ 78,509</u>

Amounts reported in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

The net pension asset and deferred outflows and inflows related to pensions are not available and, therefore, are not reported in the funds.

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Long-term debt  
 Compensated absences  
 Interest payable

Net Position of governmental activities

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

Transportation Fund	Urban Renewal Projects Fund	Other Governmental	Total Governmental
\$ 101,993	\$ -	\$ 411,830	\$ 1,083,434
-	-	23,118	195,897
46,244	-	22,933	207,836
-	-	137,069	137,069
-	-	40,814	81,073
-	195,136	288,120	7,018,000
-	-	361,586	1,126,379
-	-	660,000	898,876
<u>\$ 148,237</u>	<u>\$ 195,136</u>	<u>\$ 1,945,470</u>	<u>\$ 10,748,564</u>
-	-	-	-
\$ 6,109	\$ 7,611	\$ 69,203	\$ 154,061
246,738	1,331,250	63,449	1,741,437
-	1,107,598	18,781	1,126,379
<u>252,847</u>	<u>2,446,459</u>	<u>151,433</u>	<u>3,021,877</u>
-	-	18,484	152,336
-	195,136	288,120	7,018,000
-	-	-	47,399
-	-	137,069	137,069
-	195,136	443,673	7,354,804
-	-	40,814	81,073
-	-	-	389,810
-	-	55,009	111,416
-	-	-	34,322
-	-	154,637	154,637
-	-	124,452	124,452
-	-	18,868	18,868
-	-	1,026,355	1,026,355
(104,610)	(2,446,459)	(69,771)	(1,569,050)
<u>(104,610)</u>	<u>(2,446,459)</u>	<u>1,350,364</u>	<u>371,883</u>
<u>\$ 148,237</u>	<u>\$ 195,136</u>	<u>\$ 1,945,470</u>	

23,851,800

7,354,804

(240,782)

(30,194,540)

(226,762)

(80,157)

\$ 836,246

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

**CITY OF INDEPENDENCE, OREGON**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2015**

	General Fund Generally Accepted Accounting Principles	Transportation SDC Fund	MINET Debt Fund
<b>REVENUES:</b>			
Property taxes	\$ 1,653,673	\$ -	\$ -
Franchise fees	610,168	-	-
Licenses, permits and fees	47,029	-	-
Intergovernmental	286,536	-	918,752
Assessments	-	-	-
Grants	127,392	-	-
Fines and forfeitures	122,407	-	-
Charges for services	95,293	-	-
Rent	25,489	-	-
Interest revenue	14,822	-	-
Miscellaneous revenue	66,893	321,753	-
Loan repayments	-	-	-
Royalties	-	-	-
System development charges	-	425,095	-
	<u>3,049,702</u>	<u>746,848</u>	<u>918,752</u>
Total revenues			
<b>EXPENDITURES:</b>			
Current:			
General government	989,054	-	85,079
Public safety	2,621,402	-	-
Highways and streets	-	1,639	-
Community development	376,477	-	-
Culture and recreation	516,947	-	-
Capital outlay	231,544	1,595	-
Debt service:			
Principal	2,257	-	4,174,274
Interest	455	-	801,254
	<u>4,738,136</u>	<u>3,234</u>	<u>5,060,607</u>
Total expenditures			
Revenues over (under) expenditures	<u>(1,688,434)</u>	<u>743,614</u>	<u>(4,141,855)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Issuance of debt	98,890	-	4,145,000
Transfers in	2,050,812	-	-
Transfers out	(615,000)	(25,531)	-
	<u>1,534,702</u>	<u>(25,531)</u>	<u>4,145,000</u>
Total other financing sources (uses)			
Net change in fund balance	(153,732)	718,083	3,145
<b>FUND BALANCE, BEGINNING</b>	<u>1,280,103</u>	<u>(328,273)</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,126,371</u>	<u>\$ 389,810</u>	<u>\$ 3,145</u>

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

Urban Renewal Debt Service Fund	Transportation Fund	Urban Renewal Projects Fund	Other Governmental	Total Governmental
\$ 415,903	\$ -	\$ -	\$ 417,560	\$ 2,487,136
-	-	-	-	610,168
-	-	-	287,298	334,327
-	546,770	-	-	1,752,058
-	-	5,000	54,995	59,995
-	-	-	59,924	187,316
-	-	-	-	122,407
-	-	-	2,585	97,878
-	-	-	1,900	27,389
39	-	-	-	14,861
-	127	-	87,672	476,445
-	-	-	46,640	46,640
-	-	-	3,398	3,398
-	-	-	106,467	531,562
<u>415,942</u>	<u>546,897</u>	<u>5,000</u>	<u>1,068,439</u>	<u>6,751,580</u>
-	-	-	-	1,074,133
-	-	-	-	2,621,402
-	213,161	-	-	214,800
-	-	-	157,965	534,442
-	-	-	114,973	631,920
-	36,576	934,320	300,288	1,504,323
295,000	5,000	-	264,105	4,740,636
622,400	1,231	-	203,659	1,628,999
<u>917,400</u>	<u>255,968</u>	<u>934,320</u>	<u>1,040,990</u>	<u>12,950,655</u>
<u>(501,458)</u>	<u>290,929</u>	<u>(929,320)</u>	<u>27,449</u>	<u>(6,199,075)</u>
-	28,989	-	-	4,272,879
400,000	-	200,000	173,283	2,824,095
(200,000)	(272,807)	(4,750)	(5,459)	(1,123,547)
<u>200,000</u>	<u>(243,818)</u>	<u>195,250</u>	<u>167,824</u>	<u>5,973,427</u>
(301,458)	47,111	(734,070)	195,273	(225,648)
<u>354,720</u>	<u>(151,721)</u>	<u>(1,712,389)</u>	<u>1,155,091</u>	<u>597,531</u>
<u>\$ 53,262</u>	<u>\$ (104,610)</u>	<u>\$ (2,446,459)</u>	<u>\$ 1,350,364</u>	<u>\$ 371,883</u>

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

**CITY OF INDEPENDENCE, OREGON**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2015**

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Amounts reported in the statement of activities are different because:

Net change in fund balance		\$ (225,648)
Governmental funds report pension contributions as expenditures. However, in the statements of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		754,387
The statement of revenues, expenditures, and changes in fund balance report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Current year depreciation	(953,817)	
Capital asset additions	<u>1,220,503</u>	266,686
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets.		
Proceeds from the sale of assets	(321,753)	
Loss on sale of assets	<u>(28,247)</u>	(350,000)
Some revenue provide current financial resources in the governmental funds and are not reported in the statement of activities.		(276,438)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(7,087,163)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net		
Debt service principal payments	4,757,699	
Loan proceeds	<u>(4,272,879)</u>	<u>484,820</u>
Change in net position of governmental activities		<u><u>\$ (6,433,356)</u></u>

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

## **FUND FINANCIAL STATEMENTS**

### **Proprietary Funds**

#### **Enterprise Funds**

These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges. These funds represent three segments of operations – Water, Sewer, and Storm Drain. Included in these segments are:

#### **Water Operations**

##### **Water Fund**

The Water Fund is used to account for the operations of the City's water department. Primary revenues are sales of water to users and connection fees. Expenditures are for operating costs.

##### **Water SDC Fund**

This fund is used to account for system development charges earmarked for the development and repair of the water system.

#### **Sewer Operations**

##### **Sewer Fund**

This fund is used to account for the operations of the City's sewer utility. Primary revenues are charges to users of the sewer system.

##### **Sewer SDC Fund**

This fund is used to account for system development charges earmarked for the development and repair of the sewer system.

#### **Storm Drain Operations**

##### **Storm Drain Fund**

This fund accounts for storm drain operations, maintenance and capital system improvements. Revenues are charges to users of the system.

##### **Storm Drain SDC Fund**

This fund is used to account for system development charges earmarked for the development and repair of the storm drain system.

For Generally Accepted Accounting Principles purposes, these aforementioned funds are consolidated and included as three separate Enterprise funds.

**CITY OF INDEPENDENCE, OREGON**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**June 30, 2015**

	Business-Type Activities - Enterprise Funds			
	Water Operations	Sewer Operations	Storm Drain Operations	Total
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	\$ 865,235	\$ 1,870,381	\$ 112,118	\$ 2,847,734
Accounts receivable, net	284,037	190,391	58,235	532,663
Loans receivable	14,223	21,553	828	36,604
Interfund loan receivable	508,750	641,781	-	1,150,531
Total current assets	<u>1,672,245</u>	<u>2,724,106</u>	<u>171,181</u>	<u>4,567,532</u>
Noncurrent assets:				
Capital assets, net	4,731,876	5,048,067	914,961	10,694,904
Net pension asset	34,451	30,145	12,919	77,515
Total noncurrent assets	<u>4,766,327</u>	<u>5,078,212</u>	<u>927,880</u>	<u>10,772,419</u>
Total assets	<u>6,438,572</u>	<u>7,802,318</u>	<u>1,099,061</u>	<u>15,339,951</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred outflows related to pensions	<u>17,370</u>	<u>15,199</u>	<u>6,514</u>	<u>39,083</u>
Total assets and deferred outflows of resources	<u>\$ 6,455,942</u>	<u>\$ 7,817,517</u>	<u>\$ 1,105,575</u>	<u>\$ 15,379,034</u>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	\$ 15,292	\$ 5,070	\$ 1,859	\$ 22,221
Accrued interest payable	-	6,875	-	6,875
Interfund loan payable	100,000	-	207,970	307,970
Deposits	156,822	-	-	156,822
Current portion of long-term debt	11,768	125,937	7,613	145,318
Total current liabilities	<u>283,882</u>	<u>137,882</u>	<u>217,442</u>	<u>639,206</u>
Noncurrent liabilities:				
Noncurrent portion of long-term debt	<u>24,882</u>	<u>2,580,077</u>	<u>22,798</u>	<u>2,627,757</u>
Total noncurrent liabilities	<u>24,882</u>	<u>2,580,077</u>	<u>22,798</u>	<u>2,627,757</u>
Total liabilities	<u>308,764</u>	<u>2,717,959</u>	<u>240,240</u>	<u>3,266,963</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred inflows related to pensions	<u>67,491</u>	<u>59,055</u>	<u>25,309</u>	<u>151,855</u>
<b>NET POSITION:</b>				
Net investment in capital assets	4,705,197	2,350,777	888,289	7,944,263
Restricted for:				
System development	616,114	955,531	124,673	1,696,318
Unrestricted	758,376	1,734,195	(172,936)	2,319,635
Total net position	<u>6,079,687</u>	<u>5,040,503</u>	<u>840,026</u>	<u>11,960,216</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 6,455,942</u>	<u>\$ 7,817,517</u>	<u>\$ 1,105,575</u>	<u>\$ 15,379,034</u>

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

**CITY OF INDEPENDENCE, OREGON  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN NET POSITION  
 For the Fiscal Year Ended June 30, 2015**

	Business-Type Activities - Enterprise Funds			
	Water Operations	Sewer Operations	Storm Drain Operations	Total
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 2,150,264	\$ 1,616,961	\$ 414,018	4,181,243
Miscellaneous income	262	-	-	262
Total operating revenues	<u>2,150,526</u>	<u>1,616,961</u>	<u>414,018</u>	<u>4,181,505</u>
<b>OPERATING EXPENSES:</b>				
Personnel service	244,586	204,836	89,277	538,699
Materials and service	244,506	285,786	74,558	604,850
Depreciation	189,154	213,632	31,300	434,086
Total operating expenses	<u>678,246</u>	<u>704,254</u>	<u>195,135</u>	<u>1,577,635</u>
Operating income (loss)	<u>1,472,280</u>	<u>912,707</u>	<u>218,883</u>	<u>2,603,870</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Interest expense	(455)	(85,267)	(477)	(86,199)
Capital grants	-	83,727	-	83,727
System development charges	505,821	869,950	112,824	1,488,595
Total non-operating revenues (expenses)	<u>505,366</u>	<u>868,410</u>	<u>112,347</u>	<u>1,486,123</u>
Net income (loss) before transfers	1,977,646	1,781,117	331,230	4,089,993
<b>TRANSFERS:</b>				
Transfers in (out)	<u>1,055,679</u>	<u>(655,307)</u>	<u>(270,299)</u>	<u>130,073</u>
Net income (loss) before contributions	3,033,325	1,125,810	60,931	4,220,066
<b>CAPITAL CONTRIBUTIONS:</b>				
Capital contributions	<u>(1,394,884)</u>	<u>-</u>	<u>-</u>	<u>(1,394,884)</u>
Change in net position	1,638,441	1,125,810	60,931	2,825,182
<b>NET POSITION, BEGINNING RESTATED</b>	<u>4,441,246</u>	<u>3,914,693</u>	<u>779,095</u>	<u>9,135,034</u>
<b>NET POSITION, ENDING</b>	<u><u>\$ 6,079,687</u></u>	<u><u>\$ 5,040,503</u></u>	<u><u>\$ 840,026</u></u>	<u><u>\$ 11,960,216</u></u>

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

**CITY OF INDEPENDENCE, OREGON**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2015**

	Business-Type Activities - Enterprise Funds			
	Water Operations	Sewer Operations	Storm Drain Operations	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 2,119,553	\$ 1,587,063	\$ 405,019	\$ 4,111,635
Cash paid to employees and others for salaries and benefits	(294,356)	(292,076)	(126,666)	(713,098)
Cash paid to suppliers and others	(233,778)	(238,367)	(54,519)	(526,664)
Net cash provided by (used for) operating activities	1,591,419	1,056,620	223,834	2,871,873
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Payment from (to) other funds	31,250	48,069	(134,364)	(55,045)
Transfers in (out)	(739,848)	(655,307)	(270,299)	(1,665,454)
Loan to MINET	23,955	-	-	23,955
Grant revenue	-	83,727	-	83,727
Net cash provided by (used for) non-capital financing activities	(684,643)	(523,511)	(404,663)	(1,612,817)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchase of capital assets	(76,798)	(37,780)	(55,580)	(170,158)
Principal paid on long-term obligations	(2,257)	(67,257)	(5,753)	(75,267)
Proceeds from the issuance of debt	28,501	29,512	27,695	85,708
Proceeds from system development charges	619,417	1,001,023	124,414	1,744,854
Capital contributions to other governments	(586,500)	-	-	(586,500)
Interest paid	(25,766)	(85,430)	(477)	(111,673)
Net cash provided by (used for) capital and related financing activities	(43,403)	840,068	90,299	886,964
Net increase (decrease) in cash and cash equivalents	863,373	1,373,177	(90,530)	2,146,020
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	1,862	497,204	202,648	701,714
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 865,235</u>	<u>\$ 1,870,381</u>	<u>\$ 112,118</u>	<u>\$ 2,847,734</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>				
Operating Income	\$ 1,472,280	\$ 912,707	\$ 218,883	\$ 2,603,870
Adjustments				
Depreciation and amortization	189,154	213,632	31,300	434,086
Decrease (increase) in:				
Accounts receivable and due from other funds	(25,551)	(29,898)	(8,999)	(64,448)
Increase (decrease) in:				
Accounts payable and accrued expenses	10,808	3,799	1,345	15,952
Deposits	(5,422)	-	-	(5,422)
Net pension liability	(49,094)	(42,958)	(18,411)	(110,463)
Accrued compensated absences	(756)	(662)	(284)	(1,702)
Net cash provided by (used for) operating activities	<u>\$ 1,591,419</u>	<u>\$ 1,056,620</u>	<u>\$ 223,834</u>	<u>\$ 2,871,873</u>
<b>NON-CASH CAPITAL FINANCING ACTIVITIES:</b>				
Transfer of debt to governmental activities	\$ 1,795,527	\$ -	\$ -	\$ 1,795,527
Capital contributions to other governments	(808,384)	-	-	(808,384)
Total non-cash capital financing activities	<u>\$ 987,143</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 987,143</u>

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

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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**1. Summary of Significant Accounting Policies**

The financial statements of the City have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

**A. Description of Reporting Entity**

The City of Independence, Oregon (the City) is governed by an elected mayor and six council members who comprise the City Council. Individual departments are under the direction of the City Manager, who is appointed by City Council.

As defined by accounting principles generally accepted in the United States of America, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The City of Independence's financial statements include the Independence Urban Renewal Agency as a blended component unit. The City Council and Board of Directors of Independence Urban Renewal Agency are composed of the same individuals.

The Independence Urban Renewal Agency was formed to provide for rehabilitation of blighted and deteriorated areas within the City's designated urban renewal areas. Complete financial statements for the Agency may be obtained from the City's administrative offices, 555 Main Street, Independence, OR 97351.

**B. 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 statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include all the financial activities of the City, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. *Program revenues* include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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Fund financial statements

These 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, and fiduciary, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column in the financial section of the basic financial statements and are detailed in the supplemental information.

**C. 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. The various funds are reported by generic classification within the financial statements.

The GASB 34 model sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and proprietary combined) for the determination of major funds. 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 for 2015:

- The *General Fund* is the City's primary operation fund. It accounts for all the financial operations of the City except those required to be accounted for in another fund. Principal sources of revenues are property taxes, franchise fees, charges for services, licenses and permits, and state shared revenue.
- The *Transportation SDC Fund* accounts for system development charges designated for transportation projects.
- The *MINET Debt Fund* accounts for revenue from MINET that pass through for the servicing of MINET-related debt incurred by the City for MINET infrastructure and capital projects.
- The *Urban Renewal Debt Service Fund* principal source of revenue comes from property taxes.
- The *Transportation Fund* accounts for state highway apportionment, federal funds, and grants, which are restricted to road maintenance. The principal source of revenues is public service taxes.
- The *Urban Renewal Projects Fund* accounts for the acquisition and construction of facilities financed by the issuance of bonds.

The City reports each of its three proprietary funds as major funds. These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges. These funds represent three segments of operations – Water, Sewer, and Storm Drain. The City reports the following proprietary funds:

- *Water Operations*
- *Sewer Operations*

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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•*Storm Drain Operations*

**D. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe which transactions are recorded with the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus.

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

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

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

Unavailable revenue arises in the Governmental Funds Balance Sheet when potential revenue does not meet both the measurable and available criteria for recognition in the current period. This unavailable revenue consists primarily of uncollected property taxes and assessments not deemed available to financial operation of the current period. In the government-wide Statement of Net Position, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the liability created on the Governmental Fund Balance Sheet for unavailable revenue is eliminated. Note that unavailable revenues also arise outside the scope of measurement focus and basis of accounting, such as when the City receives resources before it has a legal claim to them. For instance, when grant monies are received prior to the incurrence of qualifying expenditures.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Vested compensated absences are recorded as expenditures only to the extent that they are expended to be liquidated with expendable financial resources. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

---

recognized, thus, the expense and related accrued liability for long term portions of debt and compensated absences must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the City's Water, Sewer, and Storm Drain Funds are charges to customers for sales and services. These funds also recognize fees intended to recover the cost of connecting new customers to the City's utility systems as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and overheads, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The proprietary financial statements have incorporated all applicable GASB pronouncements.

**E. Cash and Cash Equivalents**

For the purposes of the statement of cash flows the City considers all highly liquid investments with an original maturity of three months or less when purchased, to be cash equivalents.

Investments included in cash and cash equivalents are reported at fair value. The City invests in the State of Oregon Local Government Investment Pool, which is authorized by Oregon Revised Statutes. Interest earned from pooled investments is allocated based on a fund's portion of the total investment balance. The City maintains depository insurance under Federal depository insurance funds and state and financial institution collateral pools for its cash deposits and investments, except the Local Government Investment Pool, which is exempt from statutes requiring such insurance.

**F. Receivables**

Uncollected property taxes receivable collected within sixty days following year end are considered measurable and available and are recognized as revenues. All other uncollected property taxes receivable are offset by unavailable revenue and, accordingly, have not been recorded as revenue. Property taxes are assessed and become a lien against the property as of July 1 each year and are payable in three installments on November 15, February 15, and May 15 following the lien date. Taxes unpaid and outstanding on May 16 are considered delinquent.

Assessments receivable are recognized at the time property owners are assessed for property improvements. Assessments receivable expected to be collected within sixty days following year

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

---

end and are considered measurable and available and are recognized as revenue. All other assessments receivable are offset by unavailable revenue and, accordingly, have not been recorded as revenue.

Receivables for grants and state shared revenues, included in accounts receivable are recorded as revenues in governmental fund types as earned. Receivables of the proprietary fund types are recorded as revenues as earned, including services earned but not billed.

**G. Interfund Loans Receivables/Payables**

Short-term interfund loans are classified as “due to and due from other funds”. Long-term interfund loans are classified as “interfund loan receivable” and “interfund loan payable”.

**H. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, street lights, etc.) are reported in the applicable governmental or business-type activities column in the governmental-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost, or estimated historical cost if actual cost is not available. Donated capital assets are recorded at their estimated fair market value at the time received.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and having useful lives extending beyond a single reporting period. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest costs were capitalized during the year ended June 30, 2015.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	40
Distribution systems	20-50
Infrastructure	40
Vehicles	5-10
Furniture and equipment	5-10
Intangibles	5

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

---

Monthly depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

**I. Deferred Outflows/Inflows of Resource**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The City has one item that qualifies for reporting in this category. The deferred amount relating to pensions is deferred and recognized as an outflow of resources in the period when the City's recognizes pension expense/expenditures. Deferred outflows are included in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has items that qualify for reporting in this category. Unavailable revenue from property taxes, receivables, and special assessments is reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amount becomes available. The City also reports deferred amounts related to pensions in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position. This amount is deferred and recognized as an inflow of resources in the period when the City's recognizes pension income.

**J. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**K. Compensated Absences**

Accumulated vested vacation pay is accrued as it is earned. For governmental funds, accumulated vested vacation pay is maintained separately and represents a reconciling item between the fund-level and government-wide presentations. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the fund that will pay it.

Funds used to liquidate accrued compensated absences include the general fund, water fund, sewer fund and storm drain fund.

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

---

**L. Net Position**

In the government-wide financial statements and proprietary funds financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets represents capital assets less accumulated depreciation less outstanding principal of related debt. Net investment in capital assets does not include the unspent proceeds of capital debt. Restricted net position represent net position restricted by parties outside of the City (such as creditors, grantors, contributors, laws, and regulations of other governments) and includes unspent proceeds of bonds issued to acquire or construct capital assets. The nonexpendable portion of permanent funds is reported as a component of restricted net position. The City's other restricted net position is temporarily restricted (ultimately expendable) assets. All other net position is considered unrestricted.

**M. Fund Balance**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – non-spendable, restricted, committed, assigned and unassigned.

**Non-Spendable** – Includes amounts not immediately converted to cash, such as prepaid items and inventory.

**Restricted** – Includes amounts that are restricted by external creditors, grantors or contributors, or restricted by enabling legislation.

**Committed** – Includes amounts that have been committed by resolution by the City Council which is the City's "highest level of decision-making authority." Committed amounts may not be used for any other purpose unless the City Council removes the constraint by similar council action. Commitments of fund balance must be made prior to the end of the fiscal year.

**Assigned** – Includes amounts assigned for specific purposes by council action who authorizes, by resolution, the City Manager or Finance Director to assign fund balance. Assigned fund balance is also established by the Council through adoption or amendment of the budget as intended for specific purpose.

**Unassigned** – This is the residual classification used for those balances not assigned to another category.

**N. Use of Restricted Resources**

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the City's policy to use committed resources first, then assigned, and then unassigned as they are needed.

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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**O. Accounting Estimates**

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

**2. Cash and Cash Equivalents**

At June 30, 2015 investments included in cash and cash equivalents consist of the following:

	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Investments in the State Treasurer's Local Government Investment Pool	0.00	<u>\$ 1,658,706</u>

**A. Interest Rate Risk**

The City does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Currently, the City maintains excess cash in the Local Government Investment Pool.

**B. Credit Risk**

State statutes authorize the City to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, and the State Treasurer's Oregon Local Government Investment Pool, among others. The City has no investment policy that would further limit its investment choices. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations, but is not regulated by other laws, organizations or regulations. The reported value of the Pool is the same as the fair value of Pool shares. Investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The State Treasurer's Oregon Local Government Investment Pool is not registered with the SEC as an investment company and is unrated.

The City's investment in the Local Government Investment Pool is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

**C. Concentration of Credit Risk**

All investments of the City shall be made in accordance with Oregon Revised Statutes: ORS 294.035 (Investment of surplus funds of political subdivisions; approved investments), ORS 294.040 (Restriction on investments under ORS 294.035), ORS 294.135 (Investment maturity dates), ORS 294.145 (Prohibited conduct for custodial officer), ORS 294.805 to 294.895 (Local Government Investment Pool). Any revisions or extensions of these sections of the ORS shall be assumed to be part of this investment policy immediately upon being enacted.

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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**D. Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a deposit policy for custodial credit risk. The Federal Depository Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) provides insurance for the City's deposits up to \$250,000 for the combined total of all deposit accounts at each financial institution. The remaining deposits are covered by the Public Funds Collateralization program (PFCP) of the State of Oregon in accordance with ORS 295. Depositories qualified under this program are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank failure or loss. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable. ORS 295 creates a shared liability structure for participating depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. As of June 30, 2015, the book value of the City's deposits was \$2,282,506 and the bank balance was \$2,306,226. Approximately, \$1,952,599 of the City's bank balances were exposed to custodial credit risk as they were collateralized under PFCP.

**3. Property Taxes and Assessments Receivable**

Property taxes receivable, which have been collected within sixty days subsequent to year end, are considered measurable and available and are therefore recognized as revenue.

All other property taxes receivable are offset by deferred inflows and, accordingly, have not been recorded as revenue. Property taxes are levied as of July 1 of each fiscal year on values assessed as of that date. Property taxes attach as an enforceable lien on both real and personal property as of July 1 and are due and payable in three installments on November 15, February 15, and May 15. All property taxes are billed and collected by Polk County and remitted to the City.

Assessments receivable are amounts billed to property owners upon completion of the benefiting project. Uncollected taxes and assessments are deemed to be substantially collectible or recoverable through liens. Therefore, no allowance for uncollectible accounts has been established.

**4. Loans Receivable**

The City makes loans for several purposes, including financing of system development charges, economic development loans to local businesses and has loaned MINET funds for infrastructure received from Oregon Economic and Community Development Special Public Works Fund.

**A. System Development Charges**

The City offers financing of system development charges to customers. All loans carry an interest rate of 7% per annum over 10 years. Monthly repayments are required.

**B. Economic Development Loans**

The City operates a loan program through its Economic Development Loan Fund. Twenty year loans are made to local businesses at below-market rates for the purpose of stimulating economic growth. The screening and approval process is contracted through the Mid-Willamette Valley Council of Governments. As of June 30, 2015 there were six loans outstanding totaling \$279,867 with interest rates ranging between 3-5%. Monthly repayments are required.

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

---

**C. MINET**

The City incurred debt for the purpose of providing MINET the necessary capital needed to provide services to the community. As of June 30, 2015, the loan receivable balance from MINET is \$13,104,883. The City has estimated the collectability of the loan receivable and has recorded an allowance for doubtful accounts in the amount of \$6,594,883 which is recognized as a capital contribution to MINET on the Statement of Activities. The loan receivable is as follows:

	MINET Debt		
	<u>Service Fund</u>	<u>Water Fund</u>	<u>Total</u>
Loan receivable balance	\$ 11,710,000	\$ 1,394,883	\$ 13,104,883
Allowance for doubtful accounts	<u>(5,200,000)</u>	<u>(1,394,883)</u>	<u>(6,594,883)</u>
Loan balance	<u>\$ 6,510,000</u>	<u>\$ -</u>	<u>\$ 6,510,000</u>

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

**5. Capital Assets**

Capital asset activity for the governmental activities for the year ended June 30, 2015 was as follows:

Primary Government	Beginning Balance	Additions	Deletions	Ending Balance
<b>Capital assets, non-depreciable:</b>				
Land	\$ 1,823,870	\$ 934,003	\$ (350,000)	\$ 2,407,873
Work in progress	63,237	46,912	-	110,149
Total capital assets, non-depreciable	1,887,107	980,915	(350,000)	2,518,022
<b>Capital assets, depreciable:</b>				
Intangibles	54,136	-	-	54,136
Buildings	15,562,899	51,028	-	15,613,927
Equipment	539,599	79,404	-	619,003
Vehicles	690,298	116,454	(76,512)	730,240
Infrastructure	17,971,116	-	(17,165)	17,953,951
Total capital assets, depreciable	34,818,048	246,886	(93,677)	34,971,257
<b>Less accumulated depreciation for:</b>				
Intangibles	(21,654)	(10,827)	-	(32,481)
Buildings	(2,464,066)	(405,247)	-	(2,869,313)
Equipment	(332,842)	(36,849)	-	(369,691)
Vehicles	(617,786)	(52,986)	73,935	(596,837)
Infrastructure	(9,333,693)	(447,908)	12,444	(9,769,157)
Total accumulated depreciation	(12,770,041)	(953,817)	86,379	(13,637,479)
Net depreciable capital assets	22,048,007	(706,931)	(7,298)	21,333,778
<b>Net capital assets</b>	\$ 23,935,114	\$ 273,984	\$ (357,298)	\$ 23,851,800
<b>Governmental activities:</b>				
General government		\$ 532,934		
Public safety		54,402		
Community development		58,219		
Roads and highways		10,211		
Urban renewal		298,051		
Total depreciation expense - governmental activities		\$ 953,817		

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

Capital asset activity for the business-type activities for the year ended June 30, 2015 was as follows:

<b>Business-type Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Capital assets, non-depreciable:</b>				
Land	\$ -	\$ 39,018	\$ -	\$ 39,018
Work in progress	201,804	-	-	201,804
Total capital assets, non-depreciable	<u>201,804</u>	<u>39,018</u>	<u>-</u>	<u>240,822</u>
<b>Capital assets, depreciable:</b>				
Buildings	917,071	-	-	917,071
Distribution systems	17,356,198	17,800	-	17,373,998
Equipment	1,051,222	113,340	-	1,164,562
Total capital assets, depreciable	<u>19,324,491</u>	<u>170,158</u>	<u>-</u>	<u>19,455,631</u>
<b>Less accumulated depreciation for:</b>				
Buildings	(251,214)	(22,564)	-	(273,778)
Distribution systems	(7,626,067)	(354,282)	-	(7,980,349)
Equipment	(690,182)	(57,240)	-	(747,422)
Total accumulated depreciation	<u>(8,567,463)</u>	<u>(434,086)</u>	<u>-</u>	<u>(9,001,549)</u>
Net depreciable capital assets	<u>10,757,028</u>	<u>(302,946)</u>	<u>-</u>	<u>10,454,082</u>
<b>Net capital assets</b>	<u>\$ 10,958,832</u>	<u>\$ (263,928)</u>	<u>\$ -</u>	<u>\$ 10,694,904</u>
<b>Business-type activities:</b>				
Sewer		\$ 213,632		
Water		189,154		
Storm drain		<u>31,300</u>		
Total depreciation expense - business-type activities		<u>\$ 434,086</u>		

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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**6. Interfund Transfers, Loans, Receivables, Payables,**

**A. Interfund Transfers**

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

	<u>Transfers In</u>	<u>Transfer Out</u>
Major Governmental Funds:		
General Fund- GAAP	\$ 2,050,812	\$ 615,000
Transportation SDC Fund	-	25,531
Urban Renewal Debt Service Fund	400,000	200,000
Transportation Fund	-	272,807
Urban Renewal Projects Fund	200,000	4,750
Total Major Governmental Funds	<u>2,650,812</u>	<u>1,118,088</u>
Non-Major Governmental Funds:		
Building Inspection Fund	-	77
Economic Development Fund	1,283	-
Tourism and Events Fund	60,000	42
Parks SDC Fund	40,000	5,340
Special Assessment Fund	12,000	-
Building Repair and Replacement	60,000	-
Total Non-Major Governmental Funds	<u>173,283</u>	<u>5,459</u>
Major Enterprise Funds:		
Water Operations	-	772,442
Sewer Operations	-	657,807
Storm Operations	-	270,299
		<u>1,700,548</u>
Total All Funds	<u>\$ 2,824,095</u>	<u>\$ 2,824,095</u>

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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**B. Interfund Loans Receivables and Payables**

Interfund capital loans are to replenish cash balances in funds that have experienced fund balance shortfalls for operations or capital projects. Interfund capital loans are scheduled to be repaid over a five or ten year period.

Interfund Capital Loans due over a 5- year period:

<u>From (Receivable)</u>	<u>To (Payable)</u>	<u>Balance</u>
General Fund	Transportation	\$ 86,738
General Fund	Parks SDC	31,549
General Fund	Storm SDC	38,689
Sewer Fund	Storm Drain	17,981
Water SDC	Urban Renewal Projects	218,750
Sewer SDC	Urban Renewal Projects	612,500
		<u>\$ 1,006,207</u>

Interfund Capital Loans due over a 10-year period:

<u>From (Receivable)</u>	<u>To (Payable)</u>	<u>Balance</u>
Economic Development	Transportation	\$ 60,000
Sewer Fund	Storm SDC	11,300
General Fund	Parks SDC	6,900
Economic Development	Water Fund	100,000
Water Fund	Storm Drain	125,000
Water Fund	Storm SDC	15,000
Water Fund	Transportation	50,000
Water Fund	Transportation SDC	100,000
General Fund	Transportation	50,000
General Fund	Tourism & Events	25,000
Economic Development	UR Projects	500,000
		<u>\$ 1,043,200</u>
Total Interfund Loans		<u>\$ 2,049,407</u>

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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**C. Franchise Fees Payables**

The Proprietary funds paid franchise fees to the General Fund for fiscal year ended June 30, 2015 as follows:

Water Fund	\$ 144,656
Sewer Fund	113,178
Storm Drain Fund	<u>28,977</u>
Total	<u>\$ 286,811</u>

**D. Interfund Receivables and Payables**

Interfund balances which represent unsettled overdrafts of pooled cash as of June 30, 2015 are as follows:

	Due To Other Funds	Due From Other Funds
General Fund	\$ -	\$ 704,243
Economic Development Fund	-	361,586
Urban Renewal Debt Service Fund	-	46,012
Urban Renewal Projects Fund	1,107,598	-
Parks SDC Fund	18,781	-
Parks Capital Reserve Fund	<u>-</u>	<u>14,538</u>
Total	<u>\$ 1,126,379</u>	<u>\$ 1,126,379</u>

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

**7. Long Term Debt**

During the year ended June 30, 2015, governmental long-term liability activity was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Bonds						
2010 Full Faith & Credit Series A & B (MINET)	\$ 7,720,000	\$ -	\$ -	\$ 155,000	\$ 7,565,000	\$ 160,000
2010 Civic Center Bond	13,410,000	-	-	295,000	13,115,000	305,000
2013 GO Refunding Bond	3,468,300	1,786,700	-	210,000	5,045,000	215,000
2015 FF&C MINET Bond	-	-	4,145,000	-	4,145,000	220,000
Bond Premium	17,981	9,262	-	1,434	25,809	-
Total Bonds	<u>24,616,281</u>	<u>1,795,962</u>	<u>4,145,000</u>	<u>661,434</u>	<u>29,895,809</u>	<u>900,000</u>
Notes Payable						
SPWF Loan - Hoffman	253,598	-	-	54,759	198,839	19,076
OECCD MINET Loan #1	4,019,274	-	-	4,019,274	-	-
Total Notes Payable	<u>4,272,872</u>	<u>-</u>	<u>-</u>	<u>4,074,033</u>	<u>198,839</u>	<u>19,076</u>
Capital Leases						
Capital Lease Payable	4,730	-	127,879	32,717	99,892	33,489
Total Bonds, Notes, and Leases	<u>28,893,883</u>	<u>1,795,962</u>	<u>4,272,879</u>	<u>4,768,184</u>	<u>30,194,540</u>	<u>952,565</u>
Compensated Absences	217,711	-	9,051	-	226,762	151,175
<b>Total Governmental Activities</b>	<u>\$ 29,111,594</u>	<u>\$ 1,795,962</u>	<u>\$ 4,281,930</u>	<u>\$ 4,768,184</u>	<u>\$ 30,421,302</u>	<u>\$ 1,103,740</u>

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

**A. Governmental Bonds and Notes Payable**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds outstanding at June 30, 2015 are as follows:

Governmental Activities	
During the 2010-2011 fiscal year, the City issued bonds in the amount of 7,995,000 to assist refinancing by MINET. Interest rate ranges from 2.00% to 5.00%. The bond principal is payable annually and interest is payable semi-annually. The bonds mature in 2040.	\$ 7,565,000
In April 2010, the City issued \$13,410,000 Full Faith and Credit Obligation bonds. Proceeds were used for the construction and to equip a new City Hall (Civic Center). Interest rates range from 3.00% to 5.00%. The bonds mature in 2040.	13,115,000
In July 2013, the City issued \$3,468,000 of general obligation bonds at rates varying from 2% and 4.375% to retire other debt of the City. Interest is payable semiannually on December 15 and June 15 of each year. The bonds mature in 2033.	5,045,000
In May of 2015, the City issued \$4,145,000 of general obligation bonds at rate interest rates varying from 0.65% to 4.05% to retire other debt of the City. Interest is payable semiannually on December 1 and June 1 of each year. The bonds mature in 2032.	<u>4,145,000</u>
Total bonds payable	<u>\$ 29,870,000</u>

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

Fiscal Year	2010 Full Faith & Credit Series A & B (Minet)		2010 Civic Center Bond		2013 GO Refunding Bonds		2015 FF&C MINET Bond		Total Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 160,000	\$ 373,462	\$ 305,000	\$ 613,550	\$ 215,000	\$ 180,369	\$ 220,000	\$ 131,049	\$ 900,000	\$ 1,298,429
2017	170,000	365,875	315,000	604,400	215,000	176,069	230,000	120,513	930,000	1,266,856
2018	175,000	357,814	325,000	593,375	220,000	171,669	200,000	117,898	920,000	1,240,755
2019	185,000	349,515	335,000	582,000	225,000	164,919	205,000	114,754	950,000	1,211,188
2020	195,000	340,743	350,000	568,600	235,000	157,869	210,000	110,650	990,000	1,177,862
2021-25	1,135,000	1,532,709	1,965,000	2,622,000	1,275,000	661,744	1,130,000	466,558	5,505,000	5,283,010
2026-30	1,490,000	1,164,735	2,435,000	2,148,250	1,565,000	372,931	1,335,000	259,029	6,825,000	3,944,945
2031-35	1,855,000	788,050	3,110,000	1,475,250	1,095,000	49,219	615,000	25,211	6,675,000	2,337,730
2036-40	2,200,000	312,533	3,975,000	615,500	-	-	-	-	6,175,000	928,033
	<u>\$ 7,565,000</u>	<u>\$ 5,585,436</u>	<u>\$ 13,115,000</u>	<u>\$ 9,822,925</u>	<u>\$ 5,045,000</u>	<u>\$ 1,934,788</u>	<u>\$ 4,145,000</u>	<u>\$ 1,345,660</u>	<u>\$ 29,870,000</u>	<u>\$ 18,688,808</u>

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

---

The City is obligated to the State of Oregon Economic Development Department to repay a Special Public Works Fund (SPWF) loan, dated January 23, 2002. The loan, in the original amount of \$892,775 (“Hoffman”), was used to finance street and industrial park improvements. The loan carries interest rates of 5.00%.

\$ 198,839

Total notes payable

\$ 198,839

Annual debt service requirements to maturity for notes payable are as follows:

Fiscal Year	SPWF Loan- Hoffman	
	Principal	Interest
2016	\$ 19,076	\$ 8,866
2017	18,954	8,988
2018	19,901	8,040
2019	20,896	7,045
2020	21,941	6,001
2021-25	<u>98,071</u>	<u>12,470</u>
	<u>\$ 198,839</u>	<u>\$ 51,410</u>

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

During the year ended June 30, 2015, business-type long-term liability activity was as follows:

<b>Business Activities</b>	<b>Beginning Balances</b>	<b>Tranfers</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balances</b>	<b>Due in One Year</b>
Revenue Bonds						
2013 Sewer Bond	\$ 2,750,000	\$ -	\$ -	\$ 65,000	\$ 2,685,000	\$ 115,000
Bond Discount	(14,965)	-	-	(576)	(14,389)	-
2013 Water Refunding Bond	1,786,700	(1,786,700)	-	-	-	-
Bond Premium	9,262	(9,262)	-	-	-	-
<b>Total Bonds</b>	<b>4,530,997</b>	<b>(1,795,962)</b>	<b>-</b>	<b>64,424</b>	<b>2,670,611</b>	<b>115,000</b>
Capital Leases	4,730	-	86,967	11,667	80,030	15,362
<b>Total Bonds and Leases</b>	<b>4,535,727</b>	<b>(1,795,962)</b>	<b>86,967</b>	<b>76,091</b>	<b>2,750,641</b>	<b>130,362</b>
Compensated Absences	24,136	-	-	1,702	22,434	14,956
<b>Total Business Activities</b>	<b>\$ 4,559,863</b>	<b>\$ (1,795,962)</b>	<b>\$ 86,967</b>	<b>\$ 77,793</b>	<b>\$ 2,773,075</b>	<b>\$ 145,318</b>

**B. Business-type Bonds Payable**

The City also issued bonds where income derived from net revenue of the City's water system is pledged to pay debt service. Revenue bonds outstanding are as follows as of June 30, 2015:

Business Type Activities

In 2013, the City issued \$2,900,000 in sewer system revenue bonds, series 2013, to refund the City's loan with the State of Oregon Department of Environmental Quality (DEQ loan) and its sewer revenue bond, series 2000, issued to the US Department of Agriculture Rural Utilities Service, and to pay costs of issuance of the bonds. Interest of the bonds will be payable semiannually on June 1 and December 1 of each year. Interest rate is 3% and bond maturity is June 1, 2040.

\$ 2,685,000

Total bonds payable

\$ 2,685,000

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

---

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

Fiscal Year	2013 Sewer Revenue Bonds	
	Principal	Interest
2016	\$ 115,000	\$ 82,500
2017	115,000	79,050
2018	120,000	75,600
2019	125,000	73,200
2020	105,000	70,700
2021-25	420,000	313,300
2026-30	480,000	246,700
2031-35	560,000	169,625
2036-40	645,000	69,125
	<u>\$ 2,685,000</u>	<u>\$ 1,179,800</u>

**C. Capital Lease**

The City entered into various lease purchase agreements during the 2014-2015 year for the purpose of purchasing a backhoe, a vactor & trailer, and vehicles. The total lease purchase agreements totaled \$214,846 and the purchase term is for 60 months. Capital lease payments are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 48,851	\$ 5,339	\$ 54,190
2017	49,943	4,196	54,139
2018	27,836	3,002	30,838
2019	29,031	1,808	30,839
2020	15,733	441	16,174
	<u>\$171,394</u>	<u>\$ 14,786</u>	<u>\$131,990</u>

**8. Net Position**

The government-wide statement of net position reports \$2,197,544 of restricted net position of which 2,086,128, is restricted by enabling legislation.

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

---

**9. Deficit Fund Balances**

The following funds had deficit fund balances at June 30, 2015. These deficits will be financed through future revenues.

<u>Fund</u>	<u>Amount</u>
Urban Renewal Projects Fund	\$ (2,446,459)
Transportation Fund	\$ (104,610)
Parks SDC Fund	\$ (63,326)

**10. Pension Plan**

**A. Plan Description**

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at [http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx).

**B. Benefits provided**

**1. Tier One/Tier Two Retirement Benefit ORS Chapter 238**

**Pension Benefits**

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

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

### **Death Benefits**

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS covered job,  
or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

### **Disability Benefits**

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police members) when determining the monthly benefit.

### **Benefit Changes**

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

## **2. OPSRP Pension Program (OPSRP DB)**

### **Pension Benefits**

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

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

A member of the OPSRP Pension Program becomes vested on the earliest of the following

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

**Death Benefits**

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

**Disability Benefits**

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

**Benefit Changes After Retirement**

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

**3. OPSRP Individual Account Program (OPSRP IAP)**

**Pension Benefits**

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

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

**Death Benefits**

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

**Recordkeeping**

OPERS contracts with VOYA Financial to maintain IAP participant records.

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

---

**C. Contributions**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. Employer contributions for the year ended June 30, 2015 were \$305,990, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2015 were 12.17 percent for Tier One/Tier Two General Service Member, 12.17 percent for Tier One/Tier Two Police, 8.05 percent for OPSRP Pension Program General Service Members, 10.78 percent for OPSRP Pension Program Police Members, and 6 percent for OPSRP Individual Account Program.

**D. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2015, the City reported an asset of \$606,895 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2012 rolled forward to June 30, 2014. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2014, the City's proportion was 0.02677 percent, which was unchanged from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City's recognized pension expense (income) of (\$560,998). At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

---

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,171,064
Changes in proportion and differences between City contributions and proportionate share of contributions	-	17,860
City contributions subsequent to the measurement date	<u>305,990</u>	<u>-</u>
Total	<u>\$ 305,990</u>	<u>\$ 1,188,924</u>

\$305,990 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2016	\$ (296,649)
2017	(296,649)
2018	(296,649)
2019	(296,649)
2020	(2,328)
Thereafter	-

**E. Actuarial assumptions**

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

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

---

liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years. The total pension liability in the December 31, 2012 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2012 rolled forward to June 30, 2014
Experience Study Report	2012, published September 18, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Investment Rate of Return	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth
Mortality	Health retirees and beneficiaries: PF-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.  Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.  Disabled retirees: Mortality rates are a percentage of the RP-2000 statistic combined disabled mortality sex-distinct table.

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

**F. Long-term expected rate of return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

---

invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00%	3.70%
Intermediate -Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equities	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	1.25%	6.07%
Total	<u>100.00%</u>	
Assumed Inflation - Mean		2.75%

**G. Discount rate**

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

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

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

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

---

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability (asset)	\$ 1,285,187	\$ (606,896)	\$ (2,207,155)

**I. Pension plan fiduciary net position**

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

**J. Changes in Plan Provisions Subsequent to Measurement Date**

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

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

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and has not been included in the net pension liability (asset) proportionate shares provided by OPERS.

**11. Risk Management**

The City is exposed to various risks of loss related to errors and omissions; automobile; damage to or destruction of assets; bodily injury; and worker's compensation for which the City carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year and settled claims have not reached the level of commercial coverage in any of the past three fiscal years.

**12. Contingencies and Commitments**

Management of the City believes that total amount of liability, if any, which may arise from claims and lawsuits pending against the City beyond that, which is covered by insurance, would not have a material effect on the City's financial condition.

Federal and state grants are subject to audit by the grantor agencies and any adjustments may become a liability of the appropriate fund. Management believes that adjustments, if any, will not materially affect the City's financial position.

**13. Concentration of Credit Risk**

The City is exposed to risk of loss through loans made to legally separate entities. As such, the City has incurred a concentration of credit risk for capital loans made to MINET. Terms of the debt are described in the Long-Term Debt footnote. Audited annual financial statements of MINET may be obtained by writing to MINET, 405 N. Hogan Road, Monmouth, OR 97361, or by calling (503) 837-0700.

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

---

The total amount loaned to MINET as of June 30, 2015 is shown below:

<u>MINET Loan</u>	<u>Purpose</u>	<u>Amount</u>	<u>Interest rate</u>	<u>Repayment Terms</u>
2015 Revenue Bond	Capital/Infrastructure	\$ 4,145,000	0.65% - 4.05%	17 years
2010 Revenue Bond	Capital/Infrastructure	\$ 7,565,000	2% -5%	25 years

Summarized financial data for MINET is as follows:

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current assets	\$ 464,106	\$ 689,030
Capital assets (net of depreciation)	<u>14,456,850</u>	<u>15,061,037</u>
<i>Total Assets</i>	<u>14,920,956</u>	<u>15,750,067</u>
<b>LIABILITIES</b>		
Current liabilities	1,300,929	1,214,159
Long-term liabilities	<u>27,760,571</u>	<u>27,238,812</u>
<i>Total Liabilities</i>	<u>29,061,500</u>	<u>28,452,971</u>
<b>NET POSITION</b>		
Net investment in capital assets	(3,328,720)	(2,724,533)
Unrestricted	<u>(10,811,824)</u>	<u>(9,978,371)</u>
<i>Total Net Position</i>	<u>\$ (14,140,544)</u>	<u>\$ (12,702,904)</u>

**14. New Accounting Pronouncement – GASB Statement No. 68 and 71**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB Statement No. 71 addresses an issue regarding application of the transition provisions of GASB Statement No. 68. The City implemented GASB Statement No. 68 and 71 in the year ending June 30, 2015. Additional information can be found in Note 11 - Pension Plan and Note 18 - Change in Accounting Principle.

**15. Change in Accounting Principle**

Based on implementation of GASB Statement No. 68 and 71, the City restated the beginning net position for the Governmental Activities and Business-Type Activities. Net position has been restated as follows:

**CITY OF INDEPENDENCE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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	Governmental Activities	Business-Type Activities	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net position - beginning (as originally reported)	\$ 8,264,771	\$ 9,280,754	\$ 17,545,525
Cumulative effect of change in accounting principle	<u>(995,169)</u>	<u>(145,720)</u>	<u>(1,140,889)</u>
Net position - beginning (as restated)	<u>\$ 7,269,602</u>	<u>\$ 9,135,034</u>	<u>\$ 16,404,636</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

- Budgetary Comparison Schedules
  - Combined General Fund - Generally Accepted Accounting Principles
  - Transportation SDC Fund
  - Transportation Fund
- Schedule of the Proportionate Share of the Net Pension Liability
- Schedule of Contributions

**CITY OF INDEPENDENCE, OREGON**  
**COMBINED GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 1,605,105	\$ 1,605,105	\$ 1,653,673	\$ 48,568
Franchise fees	558,700	558,700	610,168	51,468
Licenses, permits and fees	25,450	25,450	47,029	21,579
Intergovernmental	312,503	312,503	286,536	(25,967)
Grants	41,750	137,650	127,392	(10,258)
Fines and forfeitures	174,000	174,000	122,407	(51,593)
Charges for services	83,600	85,600	95,293	9,693
Rent	20,500	22,900	25,489	2,589
Interest revenue	5,250	5,250	14,822	9,572
Miscellaneous revenue	5,400	20,100	66,893	46,793
Total revenues	<u>2,832,258</u>	<u>2,947,258</u>	<u>3,049,702</u>	<u>102,444</u>
<b>EXPENDITURES:</b>				
General government	908,320	1,069,720	989,054	80,666
Public safety	2,599,910	2,719,910	2,621,402	98,508
Community development	378,616	378,616	376,477	2,139
Culture and recreation	603,251	603,251	516,947	86,304
Capital outlay	151,400	157,600	231,544	(73,944)
Debt service:				
Principal	7,400	4,300	2,257	2,043
Interest	1,100	1,100	455	645
Contingency	638,288	538,788	-	538,788
Total expenditures	<u>5,288,285</u>	<u>5,473,285</u>	<u>4,738,136</u>	<u>735,149</u>
Revenues over (under) expenditures	<u>(2,456,027)</u>	<u>(2,526,027)</u>	<u>(1,688,434)</u>	<u>837,593</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund loan proceeds	79,665	79,665	79,665	-
Transfers in	1,880,036	1,880,036	2,049,635	169,599
Transfers out	(575,000)	(575,000)	(615,000)	(40,000)
Total other financing sources (uses)	<u>1,384,701</u>	<u>1,384,701</u>	<u>1,613,190</u>	<u>228,489</u>
Net change in fund balance	(1,071,326)	(1,141,326)	(75,244)	1,066,082
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>				
	<u>1,003,326</u>	<u>1,113,326</u>	<u>962,739</u>	<u>(150,587)</u>
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>				
	<u>\$ (68,000)</u>	<u>\$ (28,000)</u>	887,495	<u>\$ 915,495</u>
Interfund receivable			<u>238,876</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 1,126,371</u>	

**CITY OF INDEPENDENCE, OREGON**  
**TRANSPORTATION SDC FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Miscellaneous revenue	\$ -	\$ 286,385	\$ 321,753	\$ 35,368
System development charges	32,760	32,760	425,095	392,335
Total revenues	32,760	319,145	746,848	427,703
<b>EXPENDITURES:</b>				
Materials and service	10,000	10,000	1,639	8,361
Capital outlay	5,000	5,000	1,595	3,405
Contingency	42,183	42,183	-	42,183
Total expenditures	57,183	57,183	3,234	53,949
Revenues over (under) expenditures	(24,423)	261,962	743,614	481,652
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund loan payments		(266,385)	(266,385)	-
Transfers out	(4,138)	(24,138)	(24,646)	(508)
Total other financing sources (uses)	(4,138)	(290,523)	(291,031)	(508)
Net change in fund balance	(28,561)	(28,561)	452,583	481,144
<b>FUND BALANCE, BEGINNING- BUDGETARY BASIS</b>	28,561	28,561	37,227	8,666
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ -	\$ -	489,810	\$ 489,810
Interfund loan payable			(100,000)	
<b>FUND BALANCE, ENDING</b>			\$ 389,810	

**CITY OF INDEPENDENCE, OREGON  
TRANSPORTATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 613,978	\$ 613,978	\$ 546,770	\$ (67,208)
Miscellaneous revenue	-	-	127	127
Total revenues	613,978	613,978	546,897	(67,081)
<b>EXPENDITURES:</b>				
Personnel service	74,600	89,600	70,940	18,660
Materials and service	157,825	167,825	142,221	25,604
Capital outlay	136,680	125,558	36,576	88,982
Debt service:				
Principal	-	5,000	5,000	-
Interest	-	1,122	1,231	(109)
Contingency	22,897	2,897	-	2,897
Total expenditures	392,002	392,002	255,968	136,034
Revenues over (under) expenditures	221,976	221,976	290,929	68,953
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund loan proceeds	75,000	75,000	70,735	(4,265)
Interfund loan payments	(44,019)	(44,019)	(44,019)	-
Issuance of debt	-	-	28,989	28,989
Transfers out	(275,391)	(275,391)	(272,391)	3,000
Total other financing sources (uses)	(244,410)	(244,410)	(216,686)	27,724
Net change in fund balance	(22,434)	(22,434)	74,243	96,677
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	22,434	22,434	67,885	45,451
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ -	\$ -	142,128	\$ 142,128
Interfund loan payable			(246,738)	
<b>FUND BALANCE, ENDING</b>			\$ (104,610)	

**CITY OF INDEPENDENCE, OREGON**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**For the Last Two Fiscal Years**

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<u>Year Ended June 30,</u>	<u>City's proportion of the net pension liability (asset)</u>	<u>City's proportionate share of the net pension liability (asset)</u>	<u>City's covered payroll</u>	<u>City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2015	0.02677427%	\$ (606,896)	\$ 2,374,283	-25.56%	103.60%
2014	0.02677427%	1,366,330	2,259,338	60.47%	91.97%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**CITY OF INDEPENDENCE, OREGON**  
**SCHEDULE OF CONTRIBUTIONS**  
**For the Last Two Fiscal Years**

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<u>Year Ended June 30,</u>	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>City's covered payroll</u>	<u>Contributions as a percent of covered payroll</u>
2015	\$ 305,990	\$ 305,990	\$ -	\$ 2,374,283	12.89%
2014	225,441	225,441	-	2,259,338	9.98%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**CITY OF INDEPENDENCE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2015**

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**1. Stewardship, Compliance, and Accountability**

**A. Budgetary information**

On or before June 30 of each year, the City enacts a resolution approving the budget, appropriating the expenditures, and levying the property taxes. The City’s budget is presented on the modified accrual basis of accounting which is the same basis as GAAP. Prior to enacting this resolution, the proposed budget is presented to a budget committee. The budget committee presents the budget to the City Council for budget hearings prior to enactment of the resolution. The City budgets all funds as required by Oregon Local Budget Law.

The resolution authorizing appropriations for each fund sets the legal level of control by which expenditures cannot legally exceed appropriations. Total expenditures by department as established by the resolution are the legal level of control for the General Fund. Expenditure categories of personnel service, materials and service, capital outlay, debt service, transfers, and contingency are the legal level of control for all other funds. The detail budget document, however, is required to contain more specific information for the above mentioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and adoption by the City Council. Management may modify original and supplemental budgets by the use of appropriation transfers between the legal levels of control within a fund. Such transfers require approval by the City Council. Management may not amend the budget without seeking the approval of the Council. The City had appropriation transfers during the year-ended June 30, 2015. The City had a supplemental budget during the year-ended June 30, 2015. Appropriations lapse as of year-end.

Expenditures in the following funds exceeded appropriations for the year ended June 30, 2015:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
General Fund	Economic development	\$ 2,906
Transportation SDC Fund	Transfers out	\$ 508
Transportation Fund	Debt service	\$ 109
General Equipment & Vehicle Reserve Fund	Capital outlay	\$ 65,846
Parks Capital Reserve Fund	Capital outlay	\$ 17,140
Parks SDC Fund	Capital outlay	\$ 2,702
Water Fund	Materials and services	\$ 5,817
Sewer Fund	Capital outlay	\$ 28,848
Storm Drain SDC Fund	Personnel services	\$ 171
Storm Drain SDC Fund	Transfers out	\$ 214

**B. Deficit Fund Balances**

At June 30, 2015, the following funds had a deficit budgetary basis fund balance:

<u>Fund</u>	<u>Amount</u>
Urban Renewal Projects Fund	\$ (1,115,209)
Parks SDC Fund	\$ (24,877)

**CITY OF INDEPENDENCE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2015**

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**2. Changes in Plan Provisions**

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at:

[http://www.oregon.gov/pers/EMP/docs/er\\_general\\_information/opers\\_gasb\\_68\\_disclosure\\_information\\_revised.pdf](http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf)

**3. Changes of Assumptions**

A summary of key changes implemented since the December 31, 2011 valuation are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at:

[http://www.oregon.gov/pers/EMP/docs/er\\_general\\_information/opers\\_gasb\\_68\\_disclosure\\_information\\_revised.pdf](http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf)

Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2012 Experience Study for the System, which was published on September 18, 2013, and can be found at:

<http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>

## **OTHER SUPPLEMENTARY INFORMATION**

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Combining Statements – Nonmajor Governmental Funds
- Combining Statement - General Fund - Generally Accepted Accounting Principles
- Budgetary Comparison Schedules
- Budgetary Comparison Schedules – Enterprise Funds

## COMBINING STATEMENTS

### Nonmajor Governmental Funds

#### **Special Revenue Funds**

These funds account for revenue derived from specific taxes or other earmarked revenue sources, which are legally restricted to expenditures for specified purposes. Funds included in this category are:

#### **Building Inspection Fund**

The Building Inspection Fund accounts for revenues and expenditures relating to building inspection services.

#### **Economic Development Fund**

This fund accounts for expenditures related to economic development within the City.

#### **Tourism and Events Fund**

This fund accounts for revenues received through various City commissioned or sponsored events.

#### **Halo Program Fund**

This fund accounts for revenues and expenditures that "pass-through" the City as the fiscal agent of the Job Growers grant.

#### **Parks SDC Fund**

This fund accounts for system development charges designated for development and maintenance of parks.

#### **Debt Service Funds**

These funds are used to account for revenues and expenditures related to the servicing of general long-term debt:

#### **General Obligation Bond Fund**

This fund accounts for revenues from property taxes. Expenditures are earmarked for general obligation debt service.

#### **Special Assessment Fund**

This fund accounts for revenues from a local improvement district. Expenditures are earmarked for debt incurred for making improvements to the district.

#### **Capital Projects Fund**

This fund is used to account for financial resources to be used for the acquisition or construction of major capital items and facilities. The fund included in this category is:

#### **Building Repair & Replacement Fund**

This fund is for the exclusive purpose of financing major repairs or replacement of City-owned buildings.

**CITY OF INDEPENDENCE, OREGON  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
June 30, 2015**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Building Repair & Replacement Fund	Total
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 212,626	\$ 50,375	\$ 148,829	\$ 411,830
Property taxes receivable	-	23,118	-	23,118
Accounts receivable, net	22,933	-	-	22,933
Assessments receivable	-	137,069	-	137,069
Prepays	40,814	-	-	40,814
Loans receivable, net	288,120	-	-	288,120
Due from other funds	361,586	-	-	361,586
Interfund loan receivables	660,000	-	-	660,000
	<u>\$ 1,586,079</u>	<u>\$ 210,562</u>	<u>\$ 148,829</u>	<u>\$ 1,945,470</u>
Total assets				
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable and accrued expenses	\$ 44,826	\$ -	\$ 24,377	\$ 69,203
Interfund loan payable	63,449	-	-	63,449
Due to other funds	18,781	-	-	18,781
	<u>127,056</u>	<u>-</u>	<u>24,377</u>	<u>151,433</u>
Total liabilities				
<b>DEREFFED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - property taxes	-	18,484	-	18,484
Unavailable revenue - loan receivables	288,120	-	-	288,120
Unavailable revenue - special assessments	-	137,069	-	137,069
	<u>288,120</u>	<u>155,553</u>	<u>-</u>	<u>443,673</u>
Total deferred inflows of resources				
<b>FUND BALANCE:</b>				
Nonspendable:				
Prepaid items	40,814	-	-	40,814
Restricted for:				
Debt service	-	55,009	-	55,009
Assigned to:				
Building inspections	154,637	-	-	154,637
Capital projects	-	-	124,452	124,452
Community development	1,026,355	-	-	1,026,355
Unassigned	(69,771)	-	-	(69,771)
	<u>1,170,903</u>	<u>55,009</u>	<u>124,452</u>	<u>1,350,364</u>
Total fund balance				
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,586,079</u>	<u>\$ 210,562</u>	<u>\$ 148,829</u>	<u>\$ 1,945,470</u>

**CITY OF INDEPENDENCE, OREGON  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2015**

	Total Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Building Repair & Replacement Fund	Total
<b>REVENUES:</b>				
Property taxes	\$ -	\$ 417,560	\$ -	\$ 417,560
Licenses, permits and fees	287,298	-	-	287,298
Assessments	-	54,995	-	54,995
Grants	50,545	-	9,379	59,924
Charges for services	2,585	-	-	2,585
Rent	1,900	-	-	1,900
Miscellaneous revenue	87,672	-	-	87,672
Loan repayments	46,640	-	-	46,640
Royalties	3,398	-	-	3,398
System development charges	106,467	-	-	106,467
	<u>586,505</u>	<u>472,555</u>	<u>9,379</u>	<u>1,068,439</u>
<b>EXPENDITURES:</b>				
Community development	157,965	-	-	157,965
Culture and recreation	114,973	-	-	114,973
Capital outlay	206,402	-	93,886	300,288
Debt service:				
Principal	-	264,105	-	264,105
Interest	-	203,659	-	203,659
	<u>479,340</u>	<u>467,764</u>	<u>93,886</u>	<u>1,040,990</u>
Revenues over (under) expenditures	<u>107,165</u>	<u>4,791</u>	<u>(84,507)</u>	<u>27,449</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	101,283	12,000	60,000	173,283
Transfers out	(5,459)	-	-	(5,459)
	<u>95,824</u>	<u>12,000</u>	<u>60,000</u>	<u>167,824</u>
Net change in fund balance	202,989	16,791	(24,507)	195,273
<b>FUND BALANCE, BEGINNING</b>	<u>967,914</u>	<u>38,218</u>	<u>148,959</u>	<u>1,155,091</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,170,903</u>	<u>\$ 55,009</u>	<u>\$ 124,452</u>	<u>\$ 1,350,364</u>

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**CITY OF INDEPENDENCE, OREGON  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
June 30, 2015**

	Building Inspection Fund	Economic Development Fund	Tourism and Events Fund
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 140,975	\$ 16,769	\$ 36,014
Accounts receivable, net	22,933	-	-
Prepays	29,714	-	11,100
Loans receivable, net	-	279,867	-
Due from other funds	-	361,586	-
Interfund loan receivables	-	660,000	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 193,622</u>	<u>\$ 1,318,222</u>	<u>\$ 47,114</u>
<b>LIABILITIES:</b>			
Accounts payable and accrued expenses	\$ 9,271	\$ 12,000	\$ 17,459
Interfund loan payable	-	-	25,000
Due to other funds	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>9,271</u>	<u>12,000</u>	<u>42,459</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue- loans receivable	-	279,867	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>FUND BALANCE:</b>			
Nonspendable:			
Prepaid items	29,714	-	11,100
Assigned to:			
Building inspections	154,637	-	-
Special events	-	-	-
Community development	-	1,026,355	-
Unassigned	-	-	(6,445)
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balance	<u>184,351</u>	<u>1,026,355</u>	<u>4,655</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 193,622</u>	<u>\$ 1,318,222</u>	<u>\$ 47,114</u>

Halo Program Fund	Parks SDC Fund	Total
\$ 18,868	\$ -	\$ 212,626
-	-	22,933
-	-	40,814
-	8,253	288,120
-	-	361,586
-	-	660,000
<u>\$ 18,868</u>	<u>\$ 8,253</u>	<u>\$ 1,586,079</u>
\$ -	\$ 6,096	\$ 44,826
-	38,449	63,449
-	18,781	18,781
-	63,326	127,056
-	8,253	288,120
-	-	40,814
-	-	154,637
18,868	-	18,868
-	-	1,026,355
-	(63,326)	(69,771)
<u>18,868</u>	<u>(63,326)</u>	<u>1,170,903</u>
<u>\$ 18,868</u>	<u>\$ 8,253</u>	<u>\$ 1,586,079</u>

**CITY OF INDEPENDENCE, OREGON  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2015**

	Building Inspection Fund	Economic Development Fund	Tourism and Events Fund
<b>REVENUES:</b>			
Licenses, permits and fees	\$ 287,298	\$ -	\$ -
Grants	-	-	12,825
Charges for services	-	-	2,585
Rent	-	-	1,900
Miscellaneous revenue	-	25,025	62,647
Loan repayments	-	46,640	-
Royalties	-	-	3,398
System development charges	-	-	-
Total revenues	<u>287,298</u>	<u>71,665</u>	<u>83,355</u>
<b>EXPENDITURES:</b>			
Community development	145,965	12,000	-
Culture and recreation	-	-	114,973
Capital outlay	-	-	-
Total expenditures	<u>145,965</u>	<u>12,000</u>	<u>114,973</u>
Revenues over (under) expenditures	<u>141,333</u>	<u>59,665</u>	<u>(31,618)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	1,283	60,000
Transfers out	(77)	-	(42)
Total other financing sources (uses)	<u>(77)</u>	<u>1,283</u>	<u>59,958</u>
Net change in fund balance	141,256	60,948	28,340
<b>FUND BALANCE, BEGINNING</b>	<u>43,095</u>	<u>965,407</u>	<u>(23,685)</u>
<b>FUND BALANCE, ENDING</b>	<u><u>\$ 184,351</u></u>	<u><u>\$ 1,026,355</u></u>	<u><u>\$ 4,655</u></u>

Halo Program Fund	Parks SDC Fund	Total
\$ -	\$ -	\$ 287,298
-	37,720	50,545
-	-	2,585
-	-	1,900
-	-	87,672
-	-	46,640
-	-	3,398
-	106,467	106,467
-	144,187	586,505
-	-	157,965
-	-	114,973
-	206,402	206,402
-	206,402	479,340
-	(62,215)	107,165
-	40,000	101,283
-	(5,340)	(5,459)
-	34,660	95,824
-	(27,555)	202,989
18,868	(35,771)	967,914
<u>\$ 18,868</u>	<u>\$ (63,326)</u>	<u>\$ 1,170,903</u>

**CITY OF INDEPENDENCE, OREGON  
NONMAJOR DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
June 30, 2015**

	General Obligation Bond Fund	Special Assessment Fund	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 39,702	\$ 10,673	\$ 50,375
Property taxes receivable	23,118	-	23,118
Assessments receivable	-	137,069	137,069
Total assets	<u>\$ 62,820</u>	<u>\$ 147,742</u>	<u>\$ 210,562</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue- property taxes	\$ 18,484	\$ -	\$ 18,484
Unavailable revenue- assessments	-	137,069	137,069
Total deferred inflows of resources	<u>18,484</u>	<u>137,069</u>	<u>155,553</u>
<b>FUND BALANCE:</b>			
Restricted for:			
Debt service	<u>44,336</u>	<u>10,673</u>	<u>55,009</u>
Total fund balance	<u>44,336</u>	<u>10,673</u>	<u>55,009</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 62,820</u>	<u>\$ 147,742</u>	<u>\$ 210,562</u>

**CITY OF INDEPENDENCE, OREGON  
NONMAJOR DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2015**

	General Obligation Bond Fund	Special Assessment Fund	Total
<b>REVENUES:</b>			
Property taxes	\$ 417,560	\$ -	\$ 417,560
Assessments	-	54,995	54,995
Total revenues	<u>417,560</u>	<u>54,995</u>	<u>472,555</u>
<b>EXPENDITURES:</b>			
Debt service:			
Principal	210,000	54,105	264,105
Interest	<u>188,868</u>	<u>14,791</u>	<u>203,659</u>
Total expenditures	<u>398,868</u>	<u>68,896</u>	<u>467,764</u>
Revenues over (under) expenditures	<u>18,692</u>	<u>(13,901)</u>	<u>4,791</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	<u>-</u>	<u>12,000</u>	<u>12,000</u>
Total other financing sources (uses)	<u>-</u>	<u>12,000</u>	<u>12,000</u>
Net change in fund balance	18,692	(1,901)	16,791
<b>FUND BALANCE, BEGINNING</b>	<u>25,644</u>	<u>12,574</u>	<u>38,218</u>
<b>FUND BALANCE, ENDING</b>	<u><u>\$ 44,336</u></u>	<u><u>\$ 10,673</u></u>	<u><u>\$ 55,009</u></u>

**CITY OF INDEPENDENCE, OREGON**  
**GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**  
**COMBINING BALANCE SHEET**  
**June 30, 2015**

	General Fund - Budgetary Basis	General Equipment & Vehicle Reserve Fund - Budgetary Basis	Information Services Equipment Fund - Budgetary Basis	Parks Capital Reserve Fund- Budgetary Basis	Total General Fund Generally Accepted Accounting Principles
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 56,872	\$ 9,849	\$ 9,935	\$ -	\$ 76,656
Property taxes receivable	140,282	-	-	-	140,282
Accounts receivable, net	138,659	-	-	-	138,659
Prepays	40,259	-	-	-	40,259
Due from other funds	704,243	-	-	14,538	718,781
Interfund loan receivables	238,876	-	-	-	238,876
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,319,191</u>	<u>\$ 9,849</u>	<u>\$ 9,935</u>	<u>\$ 14,538</u>	<u>\$ 1,353,513</u>
<b>LIABILITIES:</b>					
Accounts payable and accrued expenses	\$ 71,138	\$ -	\$ -	\$ -	\$ 71,138
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>71,138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,138</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue - property taxes	108,605	-	-	-	108,605
Unavailable revenue - municipal court receivables	47,399	-	-	-	47,399
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows of resources	<u>156,004</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,004</u>
<b>FUND BALANCE:</b>					
Nonspendable:					
Prepaid items	40,259	-	-	-	40,259
Committed to:					
Equipment and vehicle replacement	-	9,849	9,935	14,538	34,322
Unassigned	1,051,790	-	-	-	1,051,790
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balance	<u>1,092,049</u>	<u>9,849</u>	<u>9,935</u>	<u>14,538</u>	<u>1,126,371</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,319,191</u>	<u>\$ 9,849</u>	<u>\$ 9,935</u>	<u>\$ 14,538</u>	<u>\$ 1,353,513</u>

**CITY OF INDEPENDENCE, OREGON**  
**COMBINED GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2015**

	General Fund - Budgetary Basis	General Equipment & Vehicle Reserve Fund - Budgetary Basis	Information Services Equipment Fund - Budgetary Basis	Parks Capital Reserve Fund- Budgetary Basis	Total General Fund Generally Accepted Accounting Principles
<b>REVENUES:</b>					
Property taxes	\$ 1,653,673	\$ -	\$ -	\$ -	\$ 1,653,673
Franchise fees	610,168	-	-	-	610,168
Licenses, permits and fees	47,029	-	-	-	47,029
Intergovernmental	286,536	-	-	-	286,536
Grants	127,392	-	-	-	127,392
Fines and forfeitures	122,407	-	-	-	122,407
Charges for services	95,293	-	-	-	95,293
Rent	25,489	-	-	-	25,489
Interest revenue	14,822	-	-	-	14,822
Miscellaneous revenue	51,103	15,790	-	-	66,893
<b>Total revenues</b>	<b>3,033,912</b>	<b>15,790</b>	<b>-</b>	<b>-</b>	<b>3,049,702</b>
<b>EXPENDITURES:</b>					
General government	989,054	-	-	-	989,054
Public safety	2,621,402	-	-	-	2,621,402
Community development	376,477	-	-	-	376,477
Culture and recreation	516,947	-	-	-	516,947
Capital outlay	-	130,846	60,958	39,740	231,544
Debt service:					
Principal	-	-	-	2,257	2,257
Interest	-	-	-	455	455
<b>Total expenditures</b>	<b>4,503,880</b>	<b>130,846</b>	<b>60,958</b>	<b>42,452</b>	<b>4,738,136</b>
Revenues over (under) expenditures	(1,469,968)	(115,056)	(60,958)	(42,452)	(1,688,434)
<b>OTHER FINANCING SOURCES (USES):</b>					
Interfund loan proceeds	79,665	-	-	-	79,665
Issuance of debt	-	69,900	-	28,990	98,890
Transfers in	1,881,635	50,000	50,000	68,000	2,049,635
Transfers out	(575,000)	-	-	(40,000)	(615,000)
<b>Total other financing sources (uses)</b>	<b>1,386,300</b>	<b>119,900</b>	<b>50,000</b>	<b>56,990</b>	<b>1,613,190</b>
Net change in fund balance	(83,668)	4,844	(10,958)	14,538	(75,244)
<b>FUND BALANCE, BEGINNING -BUDGETARY BASIS</b>					
	936,841	5,005	20,893	-	962,739
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>					
	853,173	9,849	9,935	14,538	887,495
Interfund receivable	238,876	-	-	-	238,876
<b>FUND BALANCE, ENDING</b>	<b>\$ 1,092,049</b>	<b>\$ 9,849</b>	<b>\$ 9,935</b>	<b>\$ 14,538</b>	<b>\$ 1,126,371</b>

## BUDGETARY COMPARISON SCHEDULES

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balance - budget and actual be displayed for each fund where legally adopted budgets are required.

Governmental Budgetary Comparison schedules not included in required supplemental information include the following:

- General Fund - Budgetary Basis Schedule of Revenues, Expenditures and Changes in Fund Balance
- General Fund - Budgetary Basis Schedule of Expenditures
- General Equipment & Vehicle Reserve Fund - Budgetary Basis Schedule of Revenues, Expenditures and Changes in Fund Balance
- Information Services Equipment Fund - Budgetary Basis Schedule of Revenues, Expenditures and Changes in Fund Balance
- Parks Capital Reserve Fund - Budgetary Basis Schedule of Revenues, Expenditures and Changes in Fund Balance
- MINET Debt Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance
- Urban Renewal Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance
- Urban Renewal Projects Fund - Budgetary Basis Schedule of Revenues, Expenditures and Changes in Fund Balance

Governmental Budgetary Comparison schedules included the following:

- Special Revenue Funds
  - Building Inspection Fund
  - Economic Development Fund
  - Tourism and Events Fund
  - Halo Program Fund
  - Parks SDC Fund
- Debt Service Funds
  - General Obligation Bond Fund
  - Special Assessment Fund
- Capital Project Fund
  - Building Repair & Replacement Fund

**CITY OF INDEPENDENCE, OREGON**  
**GENERAL FUND - BUDGETARY BASIS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 1,605,105	\$ 1,605,105	\$ 1,653,673	\$ 48,568
Franchise fees	558,700	558,700	610,168	51,468
Licenses, permits and fees	25,450	25,450	47,029	21,579
Intergovernmental	312,503	312,503	286,536	(25,967)
Grants	41,750	137,650	127,392	(10,258)
Fines and forfeitures	174,000	174,000	122,407	(51,593)
Charges for services	83,600	85,600	95,293	9,693
Rent	20,500	22,900	25,489	2,589
Interest revenue	5,250	5,250	14,822	9,572
Miscellaneous revenue	5,400	5,100	51,103	46,003
Total revenues	<u>2,832,258</u>	<u>2,932,258</u>	<u>3,033,912</u>	<u>101,654</u>
<b>EXPENDITURES:</b>				
General government	908,320	1,069,720	989,054	80,666
Public safety	2,599,910	2,719,910	2,621,402	98,508
Community development	378,616	378,616	376,477	2,139
Culture and recreation	603,251	603,251	516,947	86,304
Contingency	600,000	528,600	-	528,600
Total expenditures	<u>5,090,097</u>	<u>5,300,097</u>	<u>4,503,880</u>	<u>796,217</u>
Revenues over (under) expenditures	<u>(2,257,839)</u>	<u>(2,367,839)</u>	<u>(1,469,968)</u>	<u>897,871</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund loan proceeds	79,665	79,665	79,665	-
Transfers in	1,780,036	1,780,036	1,881,635	101,599
Transfers out	(575,000)	(575,000)	(575,000)	-
Total other financing sources (uses)	<u>1,284,701</u>	<u>1,284,701</u>	<u>1,386,300</u>	<u>101,599</u>
Net change in fund balance	(973,138)	(1,083,138)	(83,668)	999,470
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	<u>973,138</u>	<u>1,083,138</u>	<u>936,841</u>	<u>(146,297)</u>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	853,173	<u>\$ 853,173</u>
Interfund receivable			<u>238,876</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 1,092,049</u>	

**CITY OF INDEPENDENCE, OREGON**  
**GENERAL FUND - BUDGETARY BASIS**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Police operations:				
Personnel service	\$ 1,997,200	\$ 2,107,200	\$ 2,050,256	\$ 56,944
Materials and service	494,874	494,874	456,992	37,882
Subtotal	2,492,074	2,602,074	2,507,248	94,826
Municipal court:				
Personnel service	80,500	88,500	94,141	(5,641)
Materials and service	27,336	29,336	20,013	9,323
Subtotal	107,836	117,836	114,154	3,682
Administration & finance services:				
Personnel service	568,600	598,600	581,584	17,016
Materials and service	339,720	471,120	407,470	63,650
Subtotal	908,320	1,069,720	989,054	80,666
Parks:				
Materials and service	115,527	115,527	83,596	31,931
Subtotal	115,527	115,527	83,596	31,931
Community Development:				
Personnel service	179,300	179,300	170,259	9,041
Materials and service	50,256	50,256	54,252	(3,996)
Subtotal	229,556	229,556	224,511	5,045
Library:				
Personnel service	289,000	289,000	271,685	17,315
Materials and service	97,700	97,700	80,870	16,830
Subtotal	386,700	386,700	352,555	34,145
Museum:				
Personnel service	39,600	39,600	39,881	(281)
Materials and service	20,550	20,550	13,481	7,069
Subtotal	60,150	60,150	53,362	6,788
Pool:				
Materials and service	40,874	40,874	27,434	13,440
Subtotal	40,874	40,874	27,434	13,440
Economic development:				
Personnel service	114,600	114,600	111,599	3,001
Materials and service	34,460	34,460	40,367	(5,907)
Subtotal	149,060	149,060	151,966	(2,906)
Total expenditures	\$ 4,490,097	\$ 4,771,497	\$ 4,503,880	\$ 267,617

**CITY OF INDEPENDENCE, OREGON  
GENERAL EQUIPMENT & VEHICLE RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2015**

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	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Miscellaneous revenue	\$ -	\$ 15,000	\$ 15,790	\$ 790
Total revenues	-	15,000	15,790	790
<b>EXPENDITURES:</b>				
Capital outlay	50,000	65,000	130,846	(65,846)
Contingency	5,000	5,000	-	5,000
Total expenditures	55,000	70,000	130,846	(60,846)
Revenues over (under) expenditures	(55,000)	(55,000)	(115,056)	(60,056)
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of debt	-	-	69,900	69,900
Transfers in	50,000	50,000	50,000	-
Total other financing sources (uses)	50,000	50,000	119,900	69,900
Net change in fund balance	(5,000)	(5,000)	4,844	9,844
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	5,000	5,000	5,005	5
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ -	\$ -	\$ 9,849	\$ 9,849

**CITY OF INDEPENDENCE, OREGON  
 INFORMATION SERVICES EQUIPMENT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2015**

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	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES:</b>				
Capital outlay	\$ 70,000	\$ 70,000	\$ 60,958	\$ 9,042
Contingency	5,188	5,188	-	5,188
Total expenditures	75,188	75,188	60,958	14,230
Revenues over (under) expenditures	(75,188)	(75,188)	(60,958)	14,230
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	50,000	50,000	50,000	-
Total other financing sources (uses)	50,000	50,000	50,000	-
Net change in fund balance	(25,188)	(25,188)	(10,958)	14,230
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	25,188	25,188	20,893	(4,295)
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,935</u>	<u>\$ 9,935</u>

**CITY OF INDEPENDENCE, OREGON  
PARKS CAPITAL RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES:</b>				
Capital outlay	\$ 31,400	\$ 22,600	\$ 39,740	\$ (17,140)
Debt service:				-
Principal	7,400	4,300	2,257	2,043
Interest	1,100	1,100	455	645
Contingency	28,100	-	-	-
 Total expenditures	<u>68,000</u>	<u>28,000</u>	<u>42,452</u>	<u>(14,452)</u>
 Revenues over (under) expenditures	<u>(68,000)</u>	<u>(28,000)</u>	<u>(42,452)</u>	<u>(14,452)</u>
 <b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of debt	-	-	28,990	28,990
Transfers in	68,000	68,000	68,000	-
Transfers out	-	(40,000)	(40,000)	-
 Total other financing sources (uses)	<u>68,000</u>	<u>28,000</u>	<u>56,990</u>	<u>28,990</u>
 Net change in fund balance	-	-	14,538	14,538
 <b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,538</u>	<u>\$ 14,538</u>

**CITY OF INDEPENDENCE, OREGON**  
**MINET DEBT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

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	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 918,752	\$ 918,752	\$ 918,752	\$ -
Total revenues	918,752	918,752	918,752	-
<b>EXPENDITURES:</b>				
Materials and service	-	-	85,079	(85,079) *
Debt service:				
Principal	311,709	311,709	4,174,274	(3,862,565) *
Interest	607,043	607,043	801,254	(194,211) *
Total expenditures	918,752	918,752	5,060,607	(4,141,855)
Revenues over (under) expenditures	-	-	(4,141,855)	(4,141,855)
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of debt		-	4,145,000	4,145,000
Total other financing sources (uses)	-	-	4,145,000	4,145,000
Net change in fund balance	-	-	3,145	3,145
<b>FUND BALANCE, BEGINNING</b>	-	-	-	-
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 3,145	\$ 3,145

\* Exempt from Oregon Budget Law

**CITY OF INDEPENDENCE, OREGON**  
**URBAN RENEWAL DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 423,699	\$ 423,699	\$ 415,903	\$ (7,796)
Interest revenue	40	40	39	(1)
Total revenues	423,739	423,739	415,942	(7,797)
<b>EXPENDITURES:</b>				
Debt service:				
Principal	295,000	295,000	295,000	-
Interest	622,400	622,400	622,400	-
Contingency	10,000	10,000	-	10,000
Total expenditures	927,400	927,400	917,400	10,000
Revenues over (under) expenditures	(503,661)	(503,661)	(501,458)	2,203
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	400,000	400,000	400,000	-
Transfers out	-	(200,000)	(200,000)	-
Total other financing sources (uses)	400,000	200,000	200,000	-
Net change in fund balance	(103,661)	(303,661)	(301,458)	2,203
<b>FUND BALANCE, BEGINNING</b>	340,418	540,418	354,720	(185,698)
<b>FUND BALANCE, ENDING</b>	\$ 236,757	\$ 236,757	\$ 53,262	\$ (183,495)

**CITY OF INDEPENDENCE, OREGON**  
**URBAN RENEWAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Assessments	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Total revenues	5,000	5,000	5,000	-
<b>EXPENDITURES:</b>				
Capital outlay	-	950,000	934,320	15,680
Total expenditures	-	950,000	934,320	15,680
Revenues over (under) expenditures	5,000	(945,000)	(929,320)	15,680
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund loan proceeds	-	500,000	500,000	-
Transfers in	-	-	76,500	76,500
Total other financing sources (uses)	-	500,000	576,500	76,500
Net change in fund balance	5,000	(445,000)	(352,820)	92,180
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<u>(762,390)</u>	<u>(312,390)</u>	<u>(762,389)</u>	<u>(449,999)</u>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ (757,390)</u>	<u>\$ (757,390)</u>	(1,115,209)	<u>\$ (357,819)</u>
Interfund loan payable			<u>(1,331,250)</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ (2,446,459)</u>	

**CITY OF INDEPENDENCE, OREGON  
BUILDING INSPECTION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2015**

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	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Licenses, permits and fees	\$ 48,450	\$ 101,527	\$ 287,298	\$ 185,771
Total revenues	48,450	101,527	287,298	185,771
<b>EXPENDITURES:</b>				
Personnel service	103,750	128,750	124,516	4,234
Materials and service	19,048	24,048	21,449	2,599
Contingency	13,337	13,337	-	13,337
Total expenditures	136,135	166,135	145,965	20,170
Revenues over (under) expenditures	(87,685)	(64,608)	141,333	205,941
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund loan payments	-	(23,077)	(23,077)	-
Transfers in	59,403	59,403	-	(59,403)
Transfers out	-	-	-	-
Total other financing sources (uses)	59,403	36,326	(23,077)	(59,403)
Net change in fund balance	(28,282)	(28,282)	118,256	146,538
<b>FUND BALANCE, BEGINNING</b>	28,282	28,282	66,095	37,813
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 184,351	\$ 184,351

**CITY OF INDEPENDENCE, OREGON  
ECONOMIC DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Miscellaneous revenue	\$ -	\$ -	\$ 25,025	\$ 25,025
Loan repayments	45,674	444,408	46,640	(397,768)
Total revenues	45,674	444,408	71,665	(372,743)
<b>EXPENDITURES:</b>				
Materials and service	416,000	314,734	12,000	302,734
Contingency	1,529	1,529	-	1,529
Total expenditures	417,529	316,263	12,000	304,263
Revenues over (under) expenditures	(371,855)	128,145	59,665	(68,480)
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund loan proceeds	-	-	398,733	398,733
Interfund loan payments	-	(500,000)	(500,000)	-
Total other financing sources (uses)	-	(500,000)	(101,267)	398,733
Net change in fund balance	(371,855)	(371,855)	(41,602)	330,253
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	371,855	371,855	407,957	36,102
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ -	\$ -	366,355	\$ 366,355
Interfund loan receivable			660,000	
<b>FUND BALANCE, ENDING</b>			\$ 1,026,355	

**CITY OF INDEPENDENCE, OREGON**  
**TOURISM AND EVENTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Grants	\$ 10,000	\$ 10,000	\$ 12,825	\$ 2,825
Charges for services	-	-	2,585	2,585
Rent	-	-	1,900	1,900
Miscellaneous revenue	78,975	78,975	62,647	(16,328)
Royalties	7,000	7,000	3,398	(3,602)
Total revenues	<u>95,975</u>	<u>95,975</u>	<u>83,355</u>	<u>(12,620)</u>
<b>EXPENDITURES:</b>				
Materials and service	144,074	144,074	114,973	29,101
Contingency	4,026	-	-	-
Total expenditures	<u>148,100</u>	<u>144,074</u>	<u>114,973</u>	<u>29,101</u>
Revenues over (under) expenditures	<u>(52,125)</u>	<u>(48,099)</u>	<u>(31,618)</u>	<u>16,481</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund loan payments	-	(25,042)	(25,042)	-
Transfers in	50,000	50,000	60,000	10,000
Total other financing sources (uses)	<u>50,000</u>	<u>24,958</u>	<u>34,958</u>	<u>10,000</u>
Net change in fund balance	(2,125)	(23,141)	3,340	26,481
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	2,125	23,141	26,315	3,174
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	29,655	<u>\$ 29,655</u>
Interfund loan payable			<u>(25,000)</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 4,655</u>	

**CITY OF INDEPENDENCE, OREGON  
 HALO PROGRAM FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2015**

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	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 22,614	\$ 22,614	\$ -	\$ (22,614)
Total revenues	22,614	22,614	-	(22,614)
Revenues over (under) expenditures	22,614	22,614	-	(22,614)
Net change in fund balance	22,614	22,614	-	(22,614)
<b>FUND BALANCE, BEGINNING</b>	(22,614)	(22,614)	18,868	41,482
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 18,868	\$ 18,868

**CITY OF INDEPENDENCE, OREGON**  
**PARKS SDC FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Grants	\$ -	\$ 17,500	\$ 37,720	\$ 20,220
System development charges	17,650	166,150	106,467	(59,683)
Total revenues	17,650	183,650	144,187	(39,463)
<b>EXPENDITURES:</b>				
Capital outlay	3,700	203,700	206,402	(2,702)
Contingency	421	421	-	421
Total expenditures	4,121	204,121	206,402	(2,281)
Revenues over (under) expenditures	13,529	(20,471)	(62,215)	(41,744)
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund loan payments	(16,011)	(16,011)	(16,011)	-
Transfers in	-	40,000	40,000	-
Transfers out	(883)	(6,883)	(5,104)	1,779
Total other financing sources (uses)	(16,894)	17,106	18,885	1,779
Net change in fund balance	(3,365)	(3,365)	(43,330)	(39,965)
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	3,365	3,365	18,453	15,088
		-		
<b>FUND BALANCE, ENDING -BUDGETARY BASIS</b>	\$ -	\$ -	(24,877)	\$ (24,877)
Interfund loan payable			(38,449)	
<b>FUND BALANCE, ENDING</b>			\$ (63,326)	

**CITY OF INDEPENDENCE, OREGON  
GENERAL OBLIGATION BOND FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2015**

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	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 398,996	\$ 398,996	\$ 417,560	\$ 18,564
Total revenues	398,996	398,996	417,560	18,564
<b>EXPENDITURES:</b>				
Debt service:				
Principal	210,000	210,000	210,000	-
Interest	188,869	188,869	188,868	1
Total expenditures	398,869	398,869	398,868	1
Revenues over (under) expenditures	127	127	18,692	18,565
Net change in fund balance	127	127	18,692	18,565
<b>FUND BALANCE, BEGINNING</b>	98,705	98,705	25,644	(73,061)
<b>FUND BALANCE, ENDING</b>	<u>\$ 98,832</u>	<u>\$ 98,832</u>	<u>\$ 44,336</u>	<u>\$ (54,496)</u>

**CITY OF INDEPENDENCE, OREGON  
SPECIAL ASSESSMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Assessments	\$ 18,012	\$ 49,702	\$ 54,995	\$ 5,293
Total revenues	18,012	49,702	54,995	5,293
<b>EXPENDITURES:</b>				
Debt service:				
Principal	15,262	54,105	54,105	-
Interest	12,680	14,792	14,791	1
Total expenditures	27,942	68,897	68,896	1
Revenues over (under) expenditures	(9,930)	(19,195)	(13,901)	5,294
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	10,000	12,000	12,000	-
Total other financing sources (uses)	10,000	12,000	12,000	-
Net change in fund balance	70	(7,195)	(1,901)	5,294
<b>FUND BALANCE, BEGINNING</b>	7,271	14,536	12,574	(1,962)
<b>FUND BALANCE, ENDING</b>	\$ 7,341	\$ 7,341	\$ 10,673	\$ 3,332

**CITY OF INDEPENDENCE, OREGON**  
**BUILDING REPAIR & REPLACEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Grants	\$ -	\$ -	\$ 9,379	\$ 9,379
Total revenues	-	-	9,379	9,379
<b>EXPENDITURES:</b>				
Capital outlay	140,000	140,000	93,886	46,114
Contingency	6,941	6,941	-	6,941
Total expenditures	146,941	146,941	93,886	53,055
Revenues over (under) expenditures	(146,941)	(146,941)	(84,507)	62,434
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	60,000	60,000	60,000	-
Total other financing sources (uses)	60,000	60,000	60,000	-
Net change in fund balance	(86,941)	(86,941)	(24,507)	62,434
<b>FUND BALANCE, BEGINNING</b>	86,941	86,941	148,959	62,018
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 124,452	\$ 124,452

## **BUDGETARY COMPARISON SCHEDULES**

### **Enterprise Funds**

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balance - budget and actual be displayed for each fund where legally adopted budgets are required.

Enterprise Budgetary Comparison schedules include the following:

- Water Operations
  - Water Fund
  - Water SDC Fund
  
- Sewer Operations
  - Sewer Fund
  - Sewer SDC Fund
  
- Storm Drain Operations
  - Storm Drain Fund
  - Storm Drain SDC Fund

**CITY OF INDEPENDENCE, OREGON  
WATER OPERATIONS COMBINED  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2015**

	Water Fund	Water SDC Fund	Total Water Operations
<b>REVENUES:</b>			
Charges for services	\$ 2,147,834	\$ -	\$ 2,147,834
Rent	2,430	-	2,430
Miscellaneous revenue	262	-	262
System development charges	-	601,929	601,929
	<u>-</u>	<u>601,929</u>	<u>601,929</u>
Total revenues	<u>2,150,526</u>	<u>601,929</u>	<u>2,752,455</u>
<b>EXPENDITURES:</b>			
Personnel service	294,438	-	294,438
Materials and service	219,537	16,200	235,737
Capital outlay	85,567	-	85,567
Debt service:			
Principal	2,257	-	2,257
Interest	455	-	455
	<u>602,254</u>	<u>16,200</u>	<u>618,454</u>
Total expenditures	<u>602,254</u>	<u>16,200</u>	<u>618,454</u>
Revenues over (under) expenditures	<u>1,548,272</u>	<u>585,729</u>	<u>2,134,001</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Interfund loan proceeds	50,510	32,500	83,010
Interfund loan payments	-	(50,510)	(50,510)
Issuance of debt	28,989	-	28,989
Capital contributions MINET - Note 4C	(562,545)	-	(562,545)
Transfers out	(743,795)	(29,897)	(773,692)
	<u>(1,226,841)</u>	<u>(47,907)</u>	<u>(1,274,748)</u>
Total other financing sources (uses)	<u>(1,226,841)</u>	<u>(47,907)</u>	<u>(1,274,748)</u>
Net change in fund balance	321,431	537,822	859,253
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>			
	<u>15,329</u>	<u>78,292</u>	<u>93,621</u>
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>			
	<u>\$ 336,760</u>	<u>\$ 616,114</u>	<u>\$ 952,874</u>

	Revenues	Expenditures
Total revenue and expenditures above	\$ 2,752,455	\$ 618,454
Transfers in/out	-	773,692
Transfers in/out interfund loan interest	-	1,250
Transfers in/out debt	-	(1,830,621)
Expenditures capitalized	-	(76,798)
Debt service principal payments	-	(2,257)
Payments on SDC loans	(96,108)	-
Depreciation	-	189,154
Capital contributions MINET - Note 4C	-	1,394,884
Pension expense	-	(49,095)
Increase/decrease compensated absences	-	(757)
	<u>-</u>	<u>(757)</u>
Total revenues and expenses - generally accepted accounting principles	<u>\$ 2,656,347</u>	<u>1,017,906</u>
Change in net position		<u>\$ 1,638,441</u>

**CITY OF INDEPENDENCE, OREGON**  
**WATER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 2,165,437	\$ 2,165,437	\$ 2,147,834	\$ (17,603)
Rent	-	-	2,430	2,430
Miscellaneous revenue	25,000	25,000	262	(24,738)
<b>Total revenues</b>	<b>2,190,437</b>	<b>2,190,437</b>	<b>2,150,526</b>	<b>(39,911)</b>
<b>EXPENDITURES:</b>				
Personnel service	287,300	303,600	294,438	9,162
Materials and service	202,620	213,720	219,537	(5,817)
Capital outlay	255,600	255,600	85,567	170,033
Debt service:				
Principal	7,400	7,400	2,257	5,143
Interest	1,100	1,100	455	645
Contingency	345,508	106,073	-	106,073
<b>Total expenditures</b>	<b>1,099,528</b>	<b>887,493</b>	<b>602,254</b>	<b>285,239</b>
Revenues over (under) expenditures	1,090,909	1,302,944	1,548,272	245,328
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund loan proceeds	-	50,510	50,510	-
Interfund loan payments	(75,000)	(75,000)	-	75,000
Issuance of debt	-	-	28,989	28,989
Capital contributions MINET - Note 4C	(300,000)	(562,545)	(562,545)	-
Transfers out	(772,882)	(772,882)	(743,795)	29,087
<b>Total other financing sources (uses)</b>	<b>(1,147,882)</b>	<b>(1,359,917)</b>	<b>(1,226,841)</b>	<b>133,076</b>
Net change in fund balance	(56,973)	(56,973)	321,431	378,404
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	<b>306,973</b>	<b>306,973</b>	<b>15,329</b>	<b>(291,644)</b>
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	<b>\$ 250,000</b>	<b>\$ 250,000</b>	<b>\$ 336,760</b>	<b>\$ 86,760</b>

**CITY OF INDEPENDENCE, OREGON**  
**WATER SDC FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
System development charges	\$ 25,036	\$ 114,736	\$ 601,929	\$ 487,193
Total revenues	25,036	114,736	601,929	487,193
<b>EXPENDITURES:</b>				
Materials and service	20,000	20,000	16,200	3,800
Capital outlay	50,000	50,000	-	50,000
Contingency	11,930	11,930	-	11,930
Total expenditures	81,930	81,930	16,200	65,730
Revenues over (under) expenditures	(56,894)	32,806	585,729	552,923
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund loan proceeds	-	-	32,500	32,500
Interfund loan payments	-	(50,510)	(50,510)	-
Transfers out	(1,247)	(40,437)	(29,897)	10,540
Total other financing sources (uses)	(1,247)	(90,947)	(47,907)	43,040
Net change in fund balance	(58,141)	(58,141)	537,822	595,963
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	58,141	58,141	78,292	20,151
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ -	\$ -	\$ 616,114	\$ 616,114

**CITY OF INDEPENDENCE, OREGON  
SEWER OPERATIONS COMBINED  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2015**

	Sewer Fund	Sewer SDC Fund	Total Sewer Operations
<b>REVENUES:</b>			
Grants	\$ -	\$ 83,727	\$ 83,727
Charges for services	1,616,961	-	1,616,961
System development charges	114,650	893,153	1,007,803
	<u>1,731,611</u>	<u>976,880</u>	<u>2,708,491</u>
<b>EXPENDITURES:</b>			
Personnel service	248,456	-	248,456
Materials and service	146,003	101,115	247,118
Capital outlay	76,448	-	76,448
Debt service:			
Principal	67,257	-	67,257
Interest	84,905	-	84,905
	<u>623,069</u>	<u>101,115</u>	<u>724,184</u>
Total expenditures	<u>623,069</u>	<u>101,115</u>	<u>724,184</u>
Revenues over (under) expenditures	<u>1,108,542</u>	<u>875,765</u>	<u>1,984,307</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Interfund loan proceeds	2,672	91,000	93,672
Interfund loan payments	-	(42,140)	(42,140)
Issuance of debt	28,989	-	28,989
Transfers out	(616,854)	(44,416)	(661,270)
	<u>(585,193)</u>	<u>4,444</u>	<u>(580,749)</u>
Total other financing sources (uses)	<u>(585,193)</u>	<u>4,444</u>	<u>(580,749)</u>
Net change in fund balance	523,349	880,209	1,403,558
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>			
	<u>581,105</u>	<u>75,322</u>	<u>656,427</u>
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>			
	<u>\$ 1,104,454</u>	<u>\$ 955,531</u>	<u>\$ 2,059,985</u>
		<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above		\$ 2,708,491	\$ 724,184
Transfers in/out		-	661,270
Transfers in/out interfund loan interest		-	(5,963)
Expenditures capitalized		-	(37,780)
Debt service principal payments		-	(67,257)
Payments on SDC loan receivable		(137,853)	-
Depreciation		-	213,632
Interest expense		-	362
Pension expense		-	(42,958)
Increase/decrease compensated absences		-	(662)
		<u>\$ 2,570,638</u>	<u>1,444,828</u>
Total revenues and expenses - generally accepted accounting principles		<u>\$ 2,570,638</u>	<u>1,444,828</u>
Change in net position			<u>\$ 1,125,810</u>

**CITY OF INDEPENDENCE, OREGON  
SEWER FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 1,544,964	\$ 1,544,964	\$ 1,616,961	\$ 71,997
System development charges	2,000	2,000	114,650	112,650
Total revenues	1,546,964	1,546,964	1,731,611	184,647
<b>EXPENDITURES:</b>				
Personnel service	251,200	262,000	248,456	13,544
Materials and service	154,320	169,120	146,003	23,117
Capital outlay	47,600	47,600	76,448	(28,848)
Debt service:				
Principal	72,400	72,400	67,257	5,143
Interest	85,551	85,551	84,905	646
Contingency	42,699	42,699	-	42,699
Total expenditures	653,770	679,370	623,069	56,301
Revenues over (under) expenditures	893,194	867,594	1,108,542	240,948
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund loan proceeds	2,672	2,672	2,672	-
Interfund loan payments	(125,000)	(117,889)	-	117,889
Issuance of debt	-	-	28,989	28,989
Transfers out	(630,312)	(611,823)	(616,854)	(5,031)
Total other financing sources (uses)	(752,640)	(727,040)	(585,193)	141,847
Net change in fund balance	140,554	140,554	523,349	382,795
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>				
	509,446	509,446	581,105	71,659
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>				
	\$ 650,000	\$ 650,000	\$ 1,104,454	\$ 454,454

**CITY OF INDEPENDENCE, OREGON**  
**SEWER SDC FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Grants	\$ -	\$ 150,000	\$ 83,727	\$ (66,273)
System development charges	36,600	136,000	893,153	757,153
Total revenues	36,600	286,000	976,880	690,880
<b>EXPENDITURES:</b>				
Materials and service	15,000	165,000	101,115	63,885
Capital outlay	42,000	42,000	-	42,000
Contingency	24,558	24,558	-	24,558
Total expenditures	81,558	231,558	101,115	130,443
Revenues over (under) expenditures	(44,958)	54,442	875,765	821,323
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund loan proceeds	-	-	91,000	91,000
Interfund loan payments	-	(42,140)	(42,140)	-
Transfers out	(1,823)	(59,083)	(44,416)	14,667
Total other financing sources (uses)	(1,823)	(101,223)	4,444	105,667
Net change in fund balance	(46,781)	(46,781)	880,209	926,990
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	46,781	46,781	75,322	28,541
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ -	\$ -	\$ 955,531	\$ 955,531

**CITY OF INDEPENDENCE, OREGON  
STORM DRAIN OPERATIONS COMBINED  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2015**

	Storm Drain Fund	Storm Drain SDC Fund	Total Storm Drain Operations
<b>REVENUES:</b>			
Charges for services	\$ 414,018	\$ 123,950	\$ 537,968
Total revenues	414,018	123,950	537,968
<b>EXPENDITURES:</b>			
Personnel service	107,971	-	107,971
Materials and service	70,639	-	70,639
Capital outlay	59,499	-	59,499
Debt service:			
Principal	5,753	-	5,753
Interest	477	-	477
Total expenditures	244,339	-	244,339
Revenues over (under) expenditures	169,679	123,950	293,629
<b>OTHER FINANCING SOURCES (USES):</b>			
Interfund loan payments	(115,496)	(19,635)	(135,131)
Issuance of debt	28,989	-	28,989
Transfers out	(262,235)	(7,297)	(269,532)
Total other financing sources (uses)	(348,742)	(26,932)	(375,674)
Net change in fund balance	(179,063)	97,018	(82,045)
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	223,716	27,655	251,371
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ 44,653	\$ 124,673	\$ 169,326

	Revenues	Expenditures
Total revenue and expenditures above	\$ 537,968	\$ 244,339
Transfers in/out	-	269,532
Transfers in/out interfund loan interest	-	767
Expenditures capitalized	-	(55,580)
Debt service principal payments	-	(5,753)
Payments on SDC loans	(11,126)	-
Depreciation	-	31,300
Pension expense	-	(18,410)
Increase/decrease compensated absences	-	(284)
Total revenues and expenses - generally accepted accounting principles	\$ 526,842	465,911
Change in net position		\$ 60,931

**CITY OF INDEPENDENCE, OREGON**  
**STORM DRAIN FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 371,603	\$ 371,603	\$ 414,018	\$ 42,415
Miscellaneous revenue	1,500	1,500	-	(1,500)
Total revenues	<u>373,103</u>	<u>373,103</u>	<u>414,018</u>	<u>40,915</u>
<b>EXPENDITURES:</b>				
Personnel service	107,800	107,800	107,971	(171)
Materials and service	80,302	81,302	70,639	10,663
Capital outlay	30,600	30,600	59,499	(28,899)
Debt service:				
Principal	10,966	10,966	5,753	5,213
Interest	1,122	1,122	477	645
Contingency	18,661	-	-	-
Total expenditures	<u>249,451</u>	<u>231,790</u>	<u>244,339</u>	<u>(12,549)</u>
Revenues over (under) expenditures	<u>123,652</u>	<u>141,313</u>	<u>169,679</u>	<u>28,366</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund loan proceeds	100,000	100,000	-	(100,000)
Interfund loan payments	(2,672)	(115,498)	(115,496)	2
Issuance of debt		-	28,989	28,989
Transfers out	(267,846)	(262,021)	(262,235)	(214)
Total other financing sources (uses)	<u>(170,518)</u>	<u>(277,519)</u>	<u>(348,742)</u>	<u>(71,223)</u>
Net change in fund balance	(46,866)	(136,206)	(179,063)	(42,857)
<b>FUND BALANCE, BEGINNING -</b>				
<b>BUDGETARY BASIS</b>	<u>46,866</u>	<u>136,206</u>	<u>223,716</u>	<u>87,510</u>
<b>FUND BALANCE, ENDING -</b>				
<b>BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,653</u>	<u>\$ 44,653</u>

**CITY OF INDEPENDENCE, OREGON**  
**STORM DRAIN SDC FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
System development charges	\$ 8,350	\$ 8,350	\$ 123,950	\$ 115,600
Total revenues	8,350	8,350	123,950	115,600
<b>EXPENDITURES:</b>				
Materials and service	50	50	-	50
Capital outlay	5,000	5,000	-	5,000
Contingency	17,566	10,466	-	10,466
Total expenditures	22,616	15,516	-	15,516
Revenues over (under) expenditures	(14,266)	(7,166)	123,950	131,116
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund loan proceeds	25,000	25,000	-	(25,000)
Interfund loan payments	(19,635)	(19,635)	(19,635)	-
Transfers out	(2,918)	(10,018)	(7,297)	2,721
Total other financing sources (uses)	2,447	(4,653)	(26,932)	(22,279)
Net change in fund balance	(11,819)	(11,819)	97,018	108,837
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	11,819	11,819	27,655	15,836
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ -	\$ -	\$ 124,673	\$ 124,673

**REPORTS OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

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

The Honorable Mayor and City Council  
City of Independence, Oregon  
Independence, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Independence, Oregon (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 30, 2015.

**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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did

not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



Merina & Company, LLP  
West Linn, Oregon  
December 30, 2015

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

We have audited the basic financial statements of the City of Independence, Oregon, (the City), as of and for the year ended June 30, 2015 and have issued our report thereon dated December 30, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the City'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 the 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- 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, and 279C).
- Accountability for collecting or receiving money by elected officials. The City does not have any elected officials collecting or receiving money.

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 the Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows:

Expenditures in the following funds exceeded appropriations for the year ended June 30, 2015:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
General Fund	Economic development	\$ 2,906
Transportation SDC Fund	Transfers out	\$ 508
Transportation Fund	Debt service	\$ 109
General Equipment & Vehicle Reserve Fund	Capital outlay	\$ 65,846
Parks Capital Reserve Fund	Capital outlay	\$ 17,140
Parks SDC Fund	Capital outlay	\$ 2,702
Water Fund	Materials and services	\$ 5,817
Sewer Fund	Capital outlay	\$ 28,848
Storm Drain SDC Fund	Personnel services	\$ 171
Storm Drain SDC Fund	Transfers out	\$ 214

At June 30, 2015, the following funds had a deficit budgetary basis fund balance:

<u>Fund</u>	<u>Amount</u>
Urban Renewal Projects Fund	\$ (1,115,209)
Parks SDC Fund	\$ (24,877)

### **OAR 162-10-0230 Internal Control**

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

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

or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

A handwritten signature in cursive script that reads "Merina & Company".

Merina & Company, LLP  
West Linn, Oregon  
December 30, 2015

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## **STATISTICAL SECTION**

## **STATISTICAL SECTION**

This part of the Government's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### **CONTENTS**

#### **Financial Trends**

- These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

#### **Revenue Capacity**

- These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

#### **Debt Capacity**

- These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

#### **Demographic and Economic Information**

- These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

**CITY OF INDEPENDENCE, OREGON  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013*</u>	<u>2012*</u>
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 5,243,257	\$ 6,780,505	\$ 7,294,947	\$ 6,222,772
Restricted for special purposes	501,226	392,938	112,937	386,098
Unrestricted	(4,908,237)	1,091,328	108,704	(127,906)
Total governmental activities net position	<u>\$ 836,246</u>	<u>\$ 8,264,771</u>	<u>\$ 7,516,588</u>	<u>\$ 6,480,964</u>
<b>Business-type activities:</b>				
Net investment in capital assets	\$ 7,944,263	\$ 6,423,105	\$ 6,625,777	\$ 6,807,162
Restricted for special purposes	1,696,318	181,269	284,770	75,755
Unrestricted	2,319,635	2,676,380	343,822	628,277
Total business-type activities net position	<u>\$ 11,960,216</u>	<u>\$ 9,280,754</u>	<u>\$ 7,254,369</u>	<u>\$ 7,511,194</u>
<b>Primary government:</b>				
Net investment in capital assets	\$ 13,187,520	\$ 13,203,610	\$ 13,920,724	\$ 13,029,934
Restricted for special purposes	2,197,544	574,207	397,707	461,853
Unrestricted	(2,588,602)	3,767,708	452,526	500,371
Total primary government net position	<u>\$ 12,796,462</u>	<u>\$ 17,545,525</u>	<u>\$ 14,770,957</u>	<u>\$ 13,992,158</u>

\* Modified Cash Basis

Source: City of Independence Annual Financial Reports

<b>2011*</b>	<b>2010*</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
\$ 6,079,167	\$ 6,218,908	\$ 7,651,354	\$ 6,585,792	\$ 6,162,180	\$ 4,127,208
944,830	1,083,519	803,178	414,035	123,000	100,168
(476,079)	1,366,884	1,236,351	1,584,604	2,344,494	6,300,566
<u>\$ 6,547,918</u>	<u>\$ 8,669,311</u>	<u>\$ 9,690,883</u>	<u>\$ 8,584,431</u>	<u>\$ 8,629,674</u>	<u>\$ 10,527,942</u>
\$ 6,805,179	\$ 6,590,020	\$ 6,156,016	\$ 5,850,126	\$ 5,803,372	\$ 3,698,573
963,630	1,767,604	1,689,388	400,682	392,494	201,351
533,305	169,814	414,923	403,095	408,898	2,819,756
<u>\$ 8,302,114</u>	<u>\$ 8,527,438</u>	<u>\$ 8,260,327</u>	<u>\$ 6,653,903</u>	<u>\$ 6,604,764</u>	<u>\$ 6,719,680</u>
\$ 12,884,346	\$ 12,808,928	\$ 13,807,370	\$ 12,435,918	\$ 11,965,552	\$ 7,825,781
1,908,460	2,851,123	2,492,566	814,717	515,494	301,519
57,226	1,536,698	1,651,274	1,987,699	2,753,392	9,120,322
<u>\$ 14,850,032</u>	<u>\$ 17,196,749</u>	<u>\$ 17,951,210</u>	<u>\$ 15,238,334</u>	<u>\$ 15,234,438</u>	<u>\$ 17,247,622</u>

**CITY OF INDEPENDENCE, OREGON  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS**

	<b>2015</b>	<b>2014</b>	<b>2013*</b>	<b>2012*</b>	
<b>EXPENSES</b>					
<b>Governmental activities:</b>					
General government	\$ 1,707,068	\$ 1,611,602	\$ 1,206,797	\$ 1,432,755	\$
Public safety	2,188,843	2,334,198	2,233,640	2,185,628	
Highways and streets	262,555	397,394	200,845	916,075	
Culture and recreation	578,362	673,431	632,274	585,293	
Community development	834,303	1,111,469	1,789,060	2,104,561	
Interest on long-term debt	1,572,457	1,516,687	849,221	724,145	
Total governmental activities expenses	<u>7,143,588</u>	<u>7,644,781</u>	<u>6,911,837</u>	<u>7,948,457</u>	
<b>Business-type activities:</b>					
Sewer	789,521	700,064	852,976	539,307	
Water	678,701	697,000	1,097,348	1,349,908	
Storm Drain	195,612	182,306	195,624	168,862	
Total business-type activities expenses	<u>1,663,834</u>	<u>1,579,370</u>	<u>2,145,948</u>	<u>2,058,077</u>	
Total expenses	<u>\$ 8,807,422</u>	<u>\$ 9,224,151</u>	<u>\$ 9,057,785</u>	<u>\$ 10,006,534</u>	<u>\$</u>
<b>PROGRAM REVENUES</b>					
<b>Governmental activities:</b>					
Charges for services					
General Government	\$ 157,987	\$ 66,517	\$ 48,379	\$ 474,083	\$
Public Safety	156,002	136,690	191,118	167,566	
Highways and streets	453,406	72,952	7,112	18,715	
Culture and recreation	168,782	139,067	88,237	38,637	
Community development	237,163	229,167	674,258	38,166	
Operating grants and contributions	173,190	384,325	689,067	1,439,440	
Capital grants and contributions	14,126	4,901	685,210	66,094	
Total governmental activities program revenues	<u>1,360,656</u>	<u>1,033,619</u>	<u>2,383,381</u>	<u>2,242,701</u>	
<b>Business-type activities:</b>					
Charges for services	5,669,838	3,985,214	3,522,844	3,035,091	
Operating grants and contributions	-	-	-	-	
Capital grants and contributions	83,727	-	16,720	85,962	
Total business-type activities program revenues	<u>5,753,565</u>	<u>3,985,214</u>	<u>3,539,564</u>	<u>3,121,053</u>	
Total program revenues	<u>\$ 7,114,221</u>	<u>\$ 5,018,833</u>	<u>\$ 5,922,945</u>	<u>\$ 5,363,754</u>	<u>\$</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (5,782,932)	\$ (6,611,162)	\$ (4,528,456)	-	(5,705,756) \$
Business-type activities	4,089,731	2,405,844	1,393,616	-	1,062,976
Total net expense	<u>\$ (1,693,201)</u>	<u>\$ (4,205,318)</u>	<u>\$ (3,134,840)</u>	<u>\$ (4,642,780)</u>	<u>\$</u>
<b>General Revenues and Other Changes in Net Position</b>					
<b>Governmental activities:</b>					
Taxes and assessments	\$ 2,467,848	\$ 2,412,538	\$ 2,347,911	\$ 2,253,938	\$
Franchise fees	610,168	631,682	542,630	468,450	
Intergovernmental	1,432,080	1,398,173	893,622	249,643	
Miscellaneous	169,553	191,345	154,824	233,808	
Capital contributions	(5,200,000)	-	-	-	
Proceeds from issuance of debt	-	-	-	-	
Transfers	(130,073)	1,908,380	1,651,073	2,289,358	
Total governmental activities	<u>(650,424)</u>	<u>6,542,118</u>	<u>5,590,060</u>	<u>5,495,197</u>	
<b>Business-type activities:</b>					
Miscellaneous	262	44,772	632	47,270	
Proceeds from issuance of debt	-	-	-	386,209	
Gain on sale of land	-	-	-	-	
Capital contributions	(1,394,884)	-	-	-	
Transfers	130,073	(1,908,380)	(1,651,073)	(2,289,358)	
Total business-type activities	<u>(1,264,549)</u>	<u>(1,863,608)</u>	<u>(1,650,441)</u>	<u>(1,855,879)</u>	
Total	<u>\$ (1,914,973)</u>	<u>\$ 4,678,510</u>	<u>\$ 3,939,619</u>	<u>\$ 3,639,318</u>	<u>\$</u>
<b>Change in Net Position</b>					
Governmental activities	\$ (6,433,356)	\$ (69,044)	\$ 1,061,604	\$ (210,559)	\$
Business-type activities	2,825,182	542,236	(256,825)	(792,903)	
Total	<u>\$ (3,608,174)</u>	<u>\$ 473,192</u>	<u>\$ 804,779</u>	<u>\$ (1,003,462)</u>	<u>\$</u>

\*Modified Cash Basis

Source: City of Independence Comprehensive Annual Financial Reports

2011*		2010*		2009		2008		2007		2006
1,059,885	\$	3,739,887	\$	911,597	\$	923,225	\$	647,946	\$	348,032
2,098,160		1,982,927		1,969,192		1,855,162		1,689,815		1,457,143
547,707		852,001		827,086		959,287		719,534		826,998
557,784		1,028,148		834,785		804,253		585,058		631,794
10,251,763		6,240,658		1,230,152		748,761		609,110		4,588,520
1,657,817		239,953		244,200		129,639		253,243		322,431
16,173,116		14,083,574		6,017,012		5,420,327		4,504,706		8,174,918
924,803		1,045,526		987,620		1,225,532		1,073,853		815,166
1,416,399		1,394,073		1,005,747		1,168,306		1,569,716		1,073,718
193,839		483,483		165,633		155,729		184,785		205,248
2,535,041		2,923,082		2,159,000		2,549,567		2,828,354		2,094,132
18,708,157	\$	17,006,656	\$	8,176,012	\$	7,969,894	\$	7,333,060	\$	10,269,050
47,719	\$	354,254	\$	654,033	\$	947,223	\$	1,112,639	\$	74,461
283,012		187,469		330,400		214,626		286,779		207,890
-		-		-		-		-		-
137,069		134,323		59,571		232,591		29,910		33,505
61,636		45,856		135,387		47,797		138,243		683,348
950,218		1,612,441		915,864		909,209		758,260		570,018
3,373,147		273,905		1,861,659		238,770		181,413		5,490,821
4,852,801		2,608,248		3,956,914		2,590,216		2,507,244		7,060,043
2,565,267		2,338,768		2,337,734		2,612,662		2,727,073		2,181,591
-		-		-		-		-		-
61,567		45,764		1,747,331		-		-		793,298
2,626,834		2,384,532		4,085,065		2,612,662		2,727,073		2,974,889
7,479,635	\$	4,992,780	\$	8,041,979	\$	5,202,878	\$	5,234,317	\$	10,034,932
(11,320,315)	\$	(11,475,326)	\$	(2,060,098)	\$	(2,830,111)	\$	(1,997,462)	\$	(1,114,875)
91,793		(538,550)		1,926,065		63,095		(101,281)		880,757
(11,228,522)	\$	(12,013,876)	\$	(134,033)	\$	(2,767,016)	\$	(2,098,743)	\$	(234,118)
2,170,665	\$	2,085,277	\$	2,061,375	\$	1,957,450	\$	1,691,080	\$	1,596,835
469,913		442,816		448,065		383,804		-		-
215,008		189,789		150,890		195,851		192,104		185,980
1,037,160		180,169		147,157		177,763		77,971		73,892
-		-		-		-		-		-
298,927		16,009,252		359,063		70,000		70,000		65,000
4,191,673		(364,190)		359,063		70,000		70,000		65,000
4,191,673		18,543,113		3,166,550		2,784,868		2,031,155		1,921,707
40,663		26,235		39,422		56,044		56,365		86,162
-		93,627		-		-		-		-
-		-		-		-		-		-
(298,927)		-		(359,063)		(70,000)		(70,000)		(65,000)
(258,264)		364,190		(319,641)		(13,956)		(13,635)		21,162
3,933,409	\$	484,052	\$	2,846,909	\$	2,770,912	\$	2,017,520	\$	1,942,869
(7,128,642)	\$	7,067,787	\$	1,106,452	\$	(45,243)	\$	33,693	\$	806,832
(166,471)		(54,498)		1,606,424		49,139		(114,916)		901,919
(7,295,113)	\$	7,013,289	\$	2,712,876	\$	3,896	\$	(81,223)	\$	1,708,751

**CITY OF INDEPENDENCE, OREGON  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013*</u>	<u>2012*</u>	<u>2011*</u>
<b>General Fund:</b>					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	40,259	-	-	-	-
Restricted	-	-	-	-	-
Committed	34,322	25,898	-	-	-
Assigned	-	-	-	-	-
Unassigned	1,051,790	1,254,205	-	6,988	887,353
Total General Fund	<u>\$ 1,126,371</u>	<u>\$ 1,280,103</u>	<u>\$ -</u>	<u>\$ 6,988</u>	<u>\$ 887,353</u>
<b>Special Revenue Funds:</b>					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	40,814	-	-	-	-
Restricted	-	-	76,201	146,654	-
Committed	-	-	-	-	897,611
Assigned	1,199,860	1,027,370	13,498	33,376	-
Unassigned	(111,055)	(151,721)	-	-	(36,800)
Total Special Revenue Funds	<u>\$ 1,129,619</u>	<u>\$ 875,649</u>	<u>\$ 89,699</u>	<u>\$ 180,030</u>	<u>\$ 860,811</u>
<b>Debt Service Funds:</b>					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Restricted	111,416	392,938	112,937	206,068	293,783
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Debt Service Funds	<u>\$ 111,416</u>	<u>\$ 392,938</u>	<u>\$ 112,937</u>	<u>\$ 206,068</u>	<u>\$ 293,783</u>
<b>Capital Projects Funds:</b>					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Restricted	389,810	-	-	-	651,047
Committed	-	-	-	882,462	93,037
Assigned	124,452	148,959	457,885	-	-
Unassigned	(2,509,785)	(2,100,118)	(362,679)	(1,017,356)	(2,317,280)
Total Capital Projects Funds	<u>\$ (1,995,523)</u>	<u>\$ (1,951,159)</u>	<u>\$ 95,206</u>	<u>\$ (134,894)</u>	<u>\$ (1,573,196)</u>
<b>All Governmental Funds:</b>					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	81,073	-	-	-	-
Restricted	501,226	392,938	189,138	352,722	944,830
Committed	34,322	25,898	-	882,462	990,648
Assigned	1,324,312	1,176,329	471,383	33,376	-
Unassigned	(1,569,050)	(997,634)	(362,679)	(1,010,368)	(1,466,727)
Total All Governmental Funds	<u>\$ 371,883</u>	<u>\$ 597,531</u>	<u>\$ 297,842</u>	<u>\$ 258,192</u>	<u>\$ 468,751</u>

Source: City of Independence Annual Financial Reports

Notes:

<u>2010*</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ -	\$ -	\$ 33,652	\$ -	\$ -
1,816,503	254,131	443,048	674,710	514,628
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 1,816,503</u>	<u>\$ 254,131</u>	<u>\$ 476,700</u>	<u>\$ 674,710</u>	<u>\$ 514,628</u>
\$ -	\$ -	\$ -	\$ -	\$ 100,168
(171,305)	(98,848)	36,328	290,878	377,008
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ (171,305)</u>	<u>\$ (98,848)</u>	<u>\$ 36,328</u>	<u>\$ 290,878</u>	<u>\$ 477,176</u>
\$ -	\$ -	\$ -	\$ -	\$ -
222,286	201,045	72,822	46,518	41,812
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 222,286</u>	<u>\$ 201,045</u>	<u>\$ 72,822</u>	<u>\$ 46,518</u>	<u>\$ 41,812</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	(842,325)
-	-	-	-	-
5,729,909	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 5,729,909</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (842,325)</u>
\$ -	\$ -	\$ 33,652	\$ -	\$ 100,168
1,645,198	155,283	479,376	965,588	49,311
-	-	-	-	-
222,286	201,045	72,822	46,518	41,812
5,729,909	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 7,597,393</u>	<u>\$ 356,328</u>	<u>\$ 585,850</u>	<u>\$ 1,012,106</u>	<u>\$ 191,291</u>

**CITY OF INDEPENDENCE, OREGON**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>REVENUES</b>				
Taxes and assessments	\$ 3,078,693	\$ 2,488,517	\$ 2,366,786	\$ 2,276,167
Licenses and permits	334,327	178,113	46,035	564,299
Intergovernmental	1,752,058	2,059,033	2,892,575	2,037,006
Franchise fees	610,168	631,682	542,630	-
Charges for services	97,878	223,781	91,179	88,734
Fines and forfeitures	122,407	119,180	174,994	180,294
Miscellaneous	756,049	294,173	476,793	302,040
Total Revenues	<u>6,751,580</u>	<u>5,994,479</u>	<u>6,590,992</u>	<u>5,448,540</u>
<b>EXPENDITURES</b>				
Current operating:				
General government	1,074,133	1,038,201	967,602	1,071,165
Highways and streets	214,800	202,998	188,691	193,479
Culture and recreation	631,920	652,163	632,274	386,358
Public Safety	2,621,402	2,332,784	2,233,640	2,185,628
Community development	534,442	812,711	832,520	964,111
Capital outlay	1,504,323	312,295	1,066,295	789,469
Debt service				
Interest	4,740,636	1,480,903	1,480,495	1,523,648
Principal	1,628,999	4,030,581	851,116	834,599
Total Expenditures	<u>12,950,655</u>	<u>10,862,636</u>	<u>8,252,633</u>	<u>7,948,457</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(6,199,075)	(4,868,157)	(1,661,641)	(2,499,917)
<b>OTHER FINANCING SOURCES (USES)</b>				
Repayment of short-term debt	-	-	-	-
Transfers in	2,824,095	2,945,802	3,354,315	3,478,784
Transfers out	(1,123,547)	(1,037,422)	(1,703,242)	(1,189,426)
Principal payments received	-	-	-	-
Debt proceeds	127,879	3,487,227	-	-
Bond refunding	4,145,000	-	-	-
Total Other Financing Sources (Uses)	<u>5,973,427</u>	<u>5,395,607</u>	<u>1,651,073</u>	<u>2,289,358</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (225,648)</u>	<u>\$ 527,450</u>	<u>\$ (10,568)</u>	<u>\$ (210,559)</u>
Debt service as a percentage of noncapital expenditures	<u>50.16%</u>	<u>52.40%</u>	<u>34.35%</u>	<u>32.84%</u>

Source: City of Independence Annual Financial Reports

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$	2,170,665	\$ 2,066,861	\$ 2,391,886	\$ 2,012,949	\$ 1,726,703	\$ 1,592,028
	576,814	538,630	1,948,011	425,875	641,647	572,264
	4,561,443	2,278,348	1,167,684	1,172,448	824,066	704,344
	-	-	448,065	605,387	558,587	514,699
	67,922	104,203	92,464	112,992	102,661	89,180
	196,252	170,411	153,255	220,438	204,458	189,558
	1,172,451	347,845	258,338	744,682	528,010	200,934
	<u>8,745,547</u>	<u>5,506,298</u>	<u>6,459,703</u>	<u>5,294,771</u>	<u>4,586,132</u>	<u>3,863,007</u>
	645,918	598,945	856,243	901,059	462,158	322,527
	373,992	391,321	471,938	647,965	382,122	449,389
	546,658	921,345	678,666	580,176	496,034	503,867
	2,098,160	1,982,927	1,919,221	1,807,588	1,650,572	1,402,868
	640,815	1,550,153	1,198,591	702,497	941,172	4,347,670
	7,354,535	5,247,243	1,328,178	613,576	-	2,164,998
						621,657
	1,657,817	454,497	248,572	258,530	270,632	-
	2,855,221	431,517	346,879	417,252	1,766,790	-
	<u>16,173,116</u>	<u>11,577,948</u>	<u>7,048,288</u>	<u>5,928,643</u>	<u>5,969,480</u>	<u>9,812,976</u>
	(7,427,569)	(6,071,650)	(588,585)	(633,872)	(1,383,348)	(5,949,969)
	(7,995,000)	(2,505,625)	-	-	-	-
	414,524	11,399,130	1,182,120	70,050	1,820,692	65,000
	(115,597)	(11,763,320)	(823,057)	(50)	(1,750,692)	-
	-	-	-	-	-	248,066
	7,995,000	16,009,252	-	137,615	3,504,397	5,115,388
	-	-	-	-	-	-
	<u>298,927</u>	<u>13,139,437</u>	<u>359,063</u>	<u>207,615</u>	<u>3,574,397</u>	<u>5,428,454</u>
\$	<u>(7,128,642)</u>	<u>\$ 7,067,787</u>	<u>\$ (229,522)</u>	<u>\$ (426,257)</u>	<u>\$ 2,191,049</u>	<u>\$ (521,515)</u>
	<u>29.59%</u>	<u>8.27%</u>	<u>11.42%</u>	<u>16.51%</u>	<u>41.79%</u>	<u>0.00%</u>

**CITY OF INDEPENDENCE, OREGON  
PROGRAM REVENUES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>FUNCTIONS/PROGRAMS</b>				
<b>Governmental Activities:</b>				
General government	\$ 157,987	\$ 66,517	\$ 78,269	\$ 477,145
Public safety	199,144	159,127	382,008	197,146
Highways and streets	454,400	72,952	658,157	498,340
Culture and recreation	227,583	183,502	139,413	166,840
Community development	321,542	551,521	1,125,534	265,402
Total Governmental Activities	<u>1,360,656</u>	<u>1,033,619</u>	<u>2,383,381</u>	<u>1,604,873</u>
<b>Business-type Activities:</b>				
Sewer	2,570,638	1,564,687	1,364,908	1,207,453
Water	2,656,085	2,015,666	1,838,734	1,664,360
Storm Drain	526,842	404,861	335,922	249,240
Total Business-type Activities	<u>5,753,565</u>	<u>3,985,214</u>	<u>3,539,564</u>	<u>3,121,053</u>
Total Activities	<u>\$ 7,114,221</u>	<u>\$ 5,018,833</u>	<u>\$ 5,922,945</u>	<u>\$ 4,725,926</u>

Source: City of Independence Annual Financial Reports

<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
\$ 95,398	\$ 409,854	\$ 730,970	\$ 949,714	\$ 1,119,301	\$ 74,461
360,664	299,998	474,461	304,932	391,102	348,483
623,669	671,973	1,613,732	350,923	370,931	904,308
182,655	165,140	547,897	475,723	472,358	304,002
3,590,415	1,061,283	589,854	508,924	153,549	5,428,789
<u>4,852,801</u>	<u>2,608,248</u>	<u>3,956,914</u>	<u>2,590,216</u>	<u>2,507,241</u>	<u>7,060,043</u>
1,029,256	893,535	1,733,741	1,053,917	1,094,826	1,228,692
1,367,089	1,274,612	1,958,396	1,335,404	1,391,990	1,488,293
230,489	216,385	392,928	223,341	240,257	257,904
<u>2,626,834</u>	<u>2,384,532</u>	<u>4,085,065</u>	<u>2,612,662</u>	<u>2,727,073</u>	<u>2,974,889</u>
<u>\$ 7,479,635</u>	<u>\$ 4,992,780</u>	<u>\$ 8,041,979</u>	<u>\$ 5,202,878</u>	<u>\$ 5,234,314</u>	<u>\$ 10,034,932</u>

**CITY OF INDEPENDENCE, OREGON**  
**ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

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<b>Fiscal Year Ended June 30,</b>	<b>Real Property Assessed Value</b>	<b>Personal Property* Assessed Value</b>	<b>Public Utility Property Assessed Value</b>
2006	242,294,077	12,213,035	8,337,300
2007	267,191,459	11,327,140	8,209,300
2008	295,603,378	11,432,385	7,996,601
2009	310,730,462	12,712,752	8,003,130
2010	321,120,957	11,472,348	8,625,750
2011	337,620,906	11,362,417	8,386,980
2012	348,855,461	9,992,465	8,414,100
2013	356,205,697	9,742,607	7,108,600
2014	362,146,881	9,624,992	7,627,050
2015	374,713,304	9,450,908	7,398,497

All property is assessed as of July 1 of the fiscal year.

\* Includes mobile homes

Source: Polk County Department of Assessment and Taxation

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<b>Assessed Value</b>	<b>Total Estimated Actual Value</b>	<b>Ratio of Total Assessed to Total Estimated Actual Value</b>	<b>Total Direct Tax Rate</b>
262,844,412	368,751,437	71.28	5.55
286,727,899	454,134,681	63.14	5.65
315,032,364	521,076,373	60.46	5.65
331,446,344	569,937,853	58.15	5.62
341,219,055	530,378,150	64.34	5.58
357,370,303	517,985,003	68.99	5.64
367,262,026	511,531,479	71.80	5.65
373,056,904	466,938,455	79.89	5.66
379,398,923	458,658,686	82.72	5.85
391,562,709	472,700,818	82.84	5.69

**CITY OF INDEPENDENCE, OREGON  
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING  
GOVERNMENTS (PER \$1,000 OF ASSESSED VALUE)  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	City of Independence			Polk County			Cental School District No. 13J		
	General	Debt	Total City	General	Debt	Total County	General	Debt	Total School District
2006	4.5897	1.0867	5.6764	1.7160	0.2963	2.0123	4.8834	3.3973	8.2807
2007	4.5897	1.0589	5.6486	1.7160	0.2662	1.9822	4.8834	2.6993	7.5827
2008	4.5897	1.0587	5.6484	1.7160	0.6880	2.4040	4.8834	3.3617	8.2451
2009	4.5897	1.0281	5.6178	1.7160	0.5561	2.2721	4.8834	3.3630	8.2464
2010	4.5897	0.9905	5.5802	1.7160	0.5390	2.2550	4.8834	3.2335	8.1169
2011	4.5897	1.0487	5.6384	1.7160	0.5291	2.2451	4.8834	3.2075	8.0909
2012	4.5897	1.0562	5.6459	1.7160	0.5431	2.2591	4.8834	3.2036	8.0870
2013	4.5897	1.0673	5.6570	1.7160	0.5337	2.2497	4.8834	3.2395	8.1229
2014	4.5897	1.2627	5.8524	1.7160	0.5440	2.2600	4.8834	3.1863	8.0697
2015	4.5897	1.1042	5.6939	1.7160	0.5438	2.2598	4.8834	3.5324	8.4158

Source: Polk County Department of Assessment and Taxation

**Overlapping Rates**

**Special Districts**

<b>Chemeketa Community College</b>	<b>Chemeketa Regional Library</b>	<b>Willamette ESD</b>	<b>Ash Creek WCD</b>	<b>Polk County FD#1</b>	<b>Polk County FD#1 LO/Bonds</b>	<b>Polk Soil/Water CD</b>	<b>Hilltop Cemetary District</b>	<b>Total</b>
0.9643	0.0818	0.2967	0.1069	1.9575	0.7700	0.0500	0.1132	30.6028
0.9422	0.0818	0.2967	0.1069	1.9922	0.7200	0.0500	0.1132	29.0814
0.6986	0.0818	0.2967	0.1069	1.9940	0.6000	0.0500	0.1132	30.8878
0.7089	0.0818	0.2967	0.1069	1.5038	0.5500	0.0500	0.1132	30.0661
0.8901	0.0818	0.2967	0.1069	1.5038	0.5000	0.0500	0.1132	29.8665
0.7932	0.0818	0.2967	0.1069	1.5038	-	0.0500	0.1132	29.2560
0.8803	0.0818	0.2967	0.1069	1.5038	-	0.0500	0.1132	29.3708
0.8979	0.0818	0.2967	0.1069	1.5038	-	0.0500	0.1132	29.4525
0.8593	0.0818	0.2967	0.1069	1.5038	-	0.0500	0.1132	29.5235
0.8942	0.0818	0.2967	0.1069	1.5038	0.3303	0.0500	0.1132	30.4220

**CITY OF INDEPENDENCE, OREGON  
 PRINCIPAL TAXPAYERS FOR POLK COUNTY  
 CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	2015			2006		
	Assessed Value	Rank	% of Total City Taxable Assessed Value	Assessed Value	Rank	% of Total City Taxable Assessed Value
ELKAY WOOD PRODUCTS COMPANY	10,339,380	1	1.25%	\$ -		0.00%
PRT INVESTORS LLC ETAL	10,175,050	3	1.23%	-		0.00%
RIVERPLACE APARTMENT HOMES LLC	5,983,860	2	0.72%	-		0.00%
SPURLOCK JAMES H & MARY ANN	4,647,900	4	0.56%	3,562,310	3	0.65%
CREEKSIDE MEADOWS, LLC	4,374,910	5	0.53%	3,469,440	5	0.64%
CITY OF INDEPENDENCE	3,275,000	6	0.40%	-		0.00%
NORTHWEST NATURAL GAS CO	3,265,000	7	0.39%	3,713,000	2	0.68%
CENTRAL PLAZA SHOPPING CENTER LLC	3,222,610	8	0.39%	3,530,380	4	0.65%
SLEGGERS TRUST	2,881,170	9	0.35%	2,245,420	7	0.41%
FOX LAND ASSOCIATES, LTD	2,452,570	10	0.30%	2,115,210	8	0.39%
BOISE BUILDING SOLUTIONS MANUF, LLC	-	-	0.00%	5,851,642	1	1.07%
QWEST CORPORATION	-	-	0.00%	3,286,800	6	0.60%
CAPITAL GROWTH, LLC	-	-	0.00%	1,698,660	9	0.31%
WINCO FOODS, LLC	-	-	0.00%	1,698,180	10	0.31%
				-		
	<u>\$ 50,617,450</u>		<u>6.12%</u>	<u>\$ 31,171,042</u>		<u>5.71%</u>

Source: Polk County Department of Assessment and Taxation

**CITY OF INDEPENDENCE, OREGON  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

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<b>Fiscal Year Ended June 30,</b>	<b>Total tax levy (net of discounts)</b>	<b>Collected in year of levy</b>		<b>Collected in subsequent years</b>	<b>Total collections to date</b>	
		<b>Amount</b>	<b>Percent of Levy</b>		<b>Amount</b>	<b>Percent of Levy</b>
2006	1,459,248	1,373,535	94.13	50,871	1,424,406	97.61
2007	1,536,339	1,481,931	96.46	56,300	1,538,231	100.12
2008	1,626,178	1,563,462	96.14	69,799	1,633,261	100.44
2009	1,689,717	1,601,749	94.79	110,906	1,712,655	101.36
2010	2,088,428	1,991,256	95.35	105,412	2,096,668	100.39
2011	2,191,753	2,089,150	95.32	96,835	2,185,985	99.74
2012	2,253,975	2,149,062	95.35	72,977	2,222,039	98.58
2013	2,314,240	2,217,612	95.82	38,942	2,256,554	97.51
2014	2,419,024	2,336,497	96.59	35,785	2,372,282	98.07
2015	2,520,529	2,381,798	94.50	-	2,381,798	94.50

Source: Information derived from Annual Financial Reports for all governmental funds.

**CITY OF INDEPENDENCE, OREGON**  
**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED**  
**VALUE AND NET BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**

GOVERNMENTAL ACTIVITIES:

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Population</u>	<u>Assessed</u> <u>Value</u>	<u>Bonded</u> <u>Debt</u>	<u>Ratio of</u> <u>Bonded Debt to</u> <u>Assessed Value</u>	<u>Debt as %</u> <u>Personal</u> <u>Income</u>	<u>Bonded</u> <u>Debt Per</u> <u>Capita</u>
2006	7,515	262,844,412	8,119,920	0.0309	3.63%	1,080.50
2007	7,905	286,727,899	11,357,527	0.0396	4.65%	1,436.75
2008	8,030	315,032,364	11,076,886	0.0352	4.34%	1,379.44
2009	8,240	331,446,344	12,030,654	0.0363	4.75%	1,460.03
2010	8,590	341,219,055	25,496,228	0.0747	9.74%	2,968.13
2011	8,600	357,370,303	30,636,007	0.0857	11.41%	3,562.33
2012	8,585	367,262,026	30,244,800	0.0824	10.99%	3,522.98
2013	8,585	373,056,904	29,413,074	0.0788	10.01%	3,426.10
2014	8,605	379,398,923	28,889,153	0.0761	9.79%	3,357.25
2015	8,775	391,562,709	30,068,839	0.0768	N/A	3,426.65

BUSINESS-TYPE ACTIVITIES:

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Population</u>	<u>Assessed</u> <u>Value</u>	<u>Notes Payable</u> <u>and Bonded</u> <u>Debt</u>	<u>Ratio of</u> <u>Bonded Debt to</u> <u>Assessed Value</u>	<u>Debt as %</u> <u>Personal</u> <u>Income</u>	<u>Bonded</u> <u>Debt Per</u> <u>Capita</u>
2006	7,515	262,844,412	6,071,008	0.0231	2.71%	807.85
2007	7,905	286,727,899	5,827,067	0.0203	2.39%	737.14
2008	8,030	315,032,364	5,582,837	0.0177	2.19%	695.25
2009	8,240	331,446,344	5,315,403	0.0160	2.10%	645.07
2010	8,590	341,219,055	5,120,253	0.0150	1.96%	596.07
2011	8,600	357,370,303	4,763,083	0.0133	1.77%	553.85
2012	8,585	367,262,026	4,855,755	0.0132	1.76%	565.61
2013	8,585	373,056,904	4,706,403	0.0126	1.60%	548.21
2014	8,605	379,398,923	4,530,997	0.0119	1.54%	526.55
2015	8,775	391,562,709	2,685,000	0.0069	N/A	305.98

TOTAL DEBT:

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Population</u>	<u>Assessed</u> <u>Value</u>	<u>Notes Payable</u> <u>and Bonded</u> <u>Debt</u>	<u>Ratio of</u> <u>Bonded Debt to</u> <u>Assessed Value</u>	<u>Debt as %</u> <u>Personal</u> <u>Income</u>	<u>Bonded</u> <u>Debt Per</u> <u>Capita</u>
General Revenues and Other Changes in Net Position						
2006	7,515	262,844,412	14,190,928	0.0540	6.34%	1,888.35
2007	7,905	286,727,899	17,184,594	0.0599	7.04%	2,173.89
2008	8,030	315,032,364	16,659,723	0.0529	6.53%	2,074.69
2009	8,240	331,446,344	17,346,057	0.0523	6.85%	2,105.10
2010	8,590	341,219,055	30,616,481	0.0897	11.70%	3,564.20
2011	8,600	357,370,303	35,399,090	0.0991	13.18%	4,116.17
2012	8,585	367,262,026	35,100,555	0.0956	12.75%	4,088.59
2013	8,585	373,056,904	34,119,477	0.0915	11.61%	3,974.31
2014	8,605	379,398,923	33,420,150	0.0881	11.33%	3,883.81
2015	8,775	391,562,709	32,753,839	0.0836	N/A	3,732.63

**CITY OF INDEPENDENCE, OREGON  
 COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 JUNE 30, 2015**

<u>Governmental Unit</u>	<u>Real Market values of overlapping districts</u>	<u>Tax-supported debt outstanding<sup>1</sup></u>	<u>Percentage overlapping<sup>2</sup></u>	<u>Overlapping debt applicable to the City of Independence</u>
Debt Repaid with Property Taxes				
Chemeketa Community College	40,978,157,065	92,590,000	1.13 %	1,043,952
Willamette ESD	45,143,581,557	1,180,000	1.02	12,076
Polk County FD #1	1,364,568,375	1,980,000	33.86 %	670,398
Central SD 13J	1,430,939,352	80,843,792	32.29 %	26,102,843
Polk County	5,923,530,682	7,100,000	7.80 %	553,786
Subtotal, overlapping debt	94,840,777,031	183,693,792		28,383,055
<b>Direct debt outstanding: City of Independence</b>	<u>462,021,759</u>	<u>18,358,839</u>	100.00 %	<u>\$ 18,358,839</u>
<b>Total Direct and Overlapping Debt</b>	<u>\$ 95,302,798,790</u>	<u>\$ 202,052,631</u>		<u>\$ 46,741,894</u>

**NOTE:**

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The percentage of overlap is determined by how much of the real market value is shared by each entity with the City of Dallas. This information is provided by the Oregon Department of Revenue and used by the Oregon State Treasury Department to develop the overlapping debt reports for the City.

<sup>1</sup> Tax supported debt outstanding includes General Obligation (GO) bonds and Full Faith & Credit Bonds related to non-business type activities.

<sup>2</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the government's boundaries and dividing it by the City's total taxable assessed value.

Source: State of Oregon-Oregon State Treasury, Debt Management Division

**CITY OF INDEPENDENCE, OREGON**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**JUNE 30, 2015**

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ORS 287.004 provides a debt limit of 3% of true cash value of all taxable property within the City boundaries:

Real Market value	\$ 462,021,759
Rate	x 3%
Debt limit	<u>13,860,653</u>
Debt applicable to limit	<u>(5,045,000)</u>
Legal debt margin	<u>\$ 8,815,653</u>

<u>Fiscal year ended June 30,</u>	<u>Debt Limit</u>	<u>Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>
2006	11,062,543	2,708,738	8,353,805
2007	13,624,040	2,314,238	11,309,802
2008	15,632,291	2,096,869	13,535,422
2009	17,098,136	1,859,410	15,238,726
2010	15,911,345	1,606,852	14,304,493
2011	15,539,550	1,317,451	14,222,099
2012	15,345,944	1,011,414	14,334,530
2013	14,008,154	683,518	13,324,636
2014	13,759,761	3,468,300	10,291,461
2015	13,860,653	5,045,000	8,815,653

Source: Polk County Department of Assessment and Taxation and City of Independence

**CITY OF INDEPENDENCE, OREGON  
SCHEDULE OF PLEDGED REVENUE BOND COVERAGE  
LAST TEN FISCAL YEARS**

**WATER REVENUE BONDS**

Fiscal Year Ended June 30,	Gross Revenue	Expenditures	Net Revenue Available for Debt Service	Debt Service Requirements			Percent Coverage
				Principal	Interest	Total	
				2006	1,381,689	775,586	
2007	1,429,784	1,298,451	131,333	175,000	193,148	368,148	35.67
2008	1,383,574	864,587	518,987	175,000	131,303	306,303	169.44
2009	1,762,992	648,542	1,114,450	195,000	124,088	319,088	349.26
2010	1,290,783	816,515	474,268	200,000	112,533	312,533	151.75
2011	1,350,193	776,253	573,940	205,000	106,959	311,959	183.98
2012	1,700,381	532,497	1,167,884	210,000	97,737	307,737	379.51
2013	1,838,937	438,628	1,400,309	189,265	99,022	288,287	485.73
2014	2,038,704	451,626	1,587,078	194,709	88,544	283,253	560.30
2015	-	-	-	-	-	-	-

**SEWER REVENUE BONDS**

Fiscal Year Ended June 30,	Gross Revenue	Expenditures	Net Revenue Available for Debt Service	Debt Service Requirements			Percent Coverage
				Principal	Interest	Total	
				2006	1,094,634	523,420	
2007	1,131,805	756,130	375,675	68,941	169,507	238,448	157.55
2008	1,095,629	855,656	239,973	69,230	132,227	201,457	119.12
2009	1,998,736	700,854	1,297,882	71,989	131,043	203,032	639.25
2010	901,364	709,803	191,561	74,860	126,597	201,457	95.09
2011	1,047,395	614,787	432,608	72,905	128,552	201,457	214.74
2012	1,217,118	363,140	853,978	80,957	120,500	201,457	423.90
2013	1,365,337	421,467	943,870	84,192	117,265	201,457	468.52
2014	1,565,230	387,561	1,177,669	-	84,450	84,450	1,394.52
2015	2,570,638	789,521	1,781,117	65,000	84,450	149,450	1,191.78

**SPECIAL ASSESSMENT BONDS**

Fiscal Year Ended June 30,	Assessment Principal Collections	Debt Service Requirements			Percent Coverage
		Principal	Interest	Total	
		2006	64,577	23,979	
2007	61,755	24,108	34,647	58,755	105.11
2008	61,025	24,258	36,767	61,025	100.00
2009	23,458	24,420	35,845	60,265	38.92
2010	24,620	24,597	34,868	59,465	41.40
2011	24,619	29,785	33,860	63,645	38.68

**CITY OF INDEPENDENCE, OREGON  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30,</b>	<b>Population</b>	<b>Per Capita Personal Income</b>	<b>Total Personal Income (in 000's)</b>	<b>Area in square miles</b>	<b>Average Density (persons / square mile)</b>	<b>Average Annual Unemployment</b>
2006	7,515	29,771	223,729	2.41	3,118.3	5.0%
2007	7,905	30,888	244,170	2.41	3,280.1	5.0%
2008	8,030	31,762	255,049	2.41	3,332.0	4.6% *
2009	8,240	30,768	253,528	2.60	3,169.2	9.2% *
2010	8,590	30,476	261,789	2.73	3,146.5	9.9% *
2011	8,600	31,223	268,518	2.73	3,150.2	9.3% *
2012	8,585	32,070	275,321	2.73	3,144.7	8.9% *
2013	8,662	33,911	293,737	2.73	3,172.9	8.4% *
2014	8,605	34,296	295,117	2.73	3,152.0	7.1%
2015	8,775	N/A	N/A	2.82	3,111.7	5.8% *

N/A - information is not available

\*Polk County

Source: U.S. Department of Commerce-Bureau of Economic Analysis  
 Oregon Employment Department  
 Portland State University Population Research and Census

**CITY OF INDEPENDENCE, OREGON  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND TEN YEARS AGO**

<b>Employer</b>	<b>2015</b>			<b>2006</b>		
	<b>Employees</b>	<b>Rank</b>	<b>% of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>% of Total City Employment</b>
Central School District 13J	374	1	19.63%	310	4	12.97%
Elkay Wood Products	220	2	11.55%	415	1	17.36%
FCR	200	3	10.50%	-	-	0.00%
Forest River Cargo Trailers	180	4	9.45%	-	-	0.00%
Marquis Spa	175	5	9.19%	350	2	14.64%
Walmart	60	6	3.15%	-	-	0.00%
Roth's	50	7	2.62%	65	10	2.72%
City of Independence	47	8	2.47%	-	-	0.00%
Robert Llyod Sheet Metal	40	9	2.10%	100	5	4.18%
Siletz Trucking	40	10	2.10%	-	-	0.00%
Mountain Forestry Inc	-	-	0.00%	323	3	13.51%
Boise Cascade	-	-	0.00%	75	6	3.14%
Rod McClellan Co.	-	-	0.00%	75	7	3.14%
Frank Schmidt & Sons Co	-	-	0.00%	70	8	2.93%
Independence Health Corp.	-	-	0.00%	70	9	2.93%
	<u>1,012</u>		<u>53.12%</u>	<u>1,543</u>		<u>64.53%</u>

Source: Independence Economic Development Dept. and Employers

**CITY OF INDEPENDENCE, OREGON**  
**FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

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<b>Function</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
General government	9	10	12	11	11	8	8	8	9	10
Public safety	9	14	16	18	14	15	15	15	17	18
Highways and streets	2	2	2	2	2	2	2	2	2	2
Culture and recreation	4	3	3	6	6	6	3	3	3	4
Sewer	2	2	2	2	2	2	2	2	1	1
Water	3	3	3	3	3	2	2	2	3	3
Storm Drain	2	2	2	2	1	1	1	1	1	1
<b>Total</b>	<b>31</b>	<b>36</b>	<b>40</b>	<b>44</b>	<b>39</b>	<b>36</b>	<b>33</b>	<b>33</b>	<b>36</b>	<b>39</b>

Source: City of Independence

**CITY OF INDEPENDENCE, OREGON  
OPERATING INDICATORS  
LAST TEN FISCAL YEARS**

<b>Function</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>#</b>	<b>2014</b>	<b>#</b>	<b>2015</b>
Police												
Arrests	889	780	1,032	747	710	826	651	591		631		507
Traffic violations	917	965	1,415	844	930	870	828	724		662		684
Municipal Court Cases	915	1,026	943	866	838	965	783	522		508		826
Charges	1,127	1,255	1,107	1,042	1,000	1,178	993	664		620		1,015
Building Activity												
Permits Issued	102	91	85	75	17	19	30	45		76		47
Estimated Value	\$12,686,903	\$28,774,958	\$21,179,324	\$53,450,254	\$3,507,076	\$2,570,464	\$1,621,941	\$4,618,919		\$23,105,490		\$12,559,620
Planning Applications	10	11	9	22	13	16	7	6		7		7
Library												
Circulation	74,147	77,228	80,123	98,749	119,117	132,723	146,015	143,728		146,262		141,519
Miles of Streets Maintained	27.40	27.40	27.40	27.60	27.60	27.60	27.60	27.60		27.60		27.60
Water												
Connections	2,124	2,167	2,265	2,266	2,261	2,235	2,256	2,262		2,297		2,378
Sewer												
Connections	1,993	2,029	2,059	2,070	2,078	2,058	2,071	2,067		2,275		2,317

Source: City of Independence

**CITY OF INDEPENDENCE, OREGON  
 CAPITAL ASSET STATISTICS BY FUNCTION  
 LAST TEN FISCAL YEARS**

<b>Function</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Public safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	27.4	27.4	27.4	27.6	27.6	27.6	27.6	27.6	27.6	27.6
Culture and recreation										
Number of parks	8	8	8	8	8	9	9	9	9	9
Acreage	114	114	114	114	114	114.3	114.3	114.3	114.3	114.3
Pool (sq ft)	2400	2400	2400	2400	2400	2400	2400	2400	2400	2400
Sewage disposal										
Max daily capacity	2.0 mgd									
Water										
Max daily capacity	1.8 mgd	1.8 mgd	1.9 mgd	1.9 mgd	1.9 mgd	1.9 mgd	2.0 mgd	2.1 mgd	2.1 mgd	2.1 mgd
Fire hydrants	206	206	210	210	210	210	210	210	212	214

Source: City of Independence

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