



**HAPPY VALLEY, OR**  
**EST. 1965**

Annual Financial Report  
For the Year Ended June 30, 2014



CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

TABLE OF CONTENTS

	<u>PAGE</u>
<b>INTRODUCTORY SECTION</b>	
City Officials	1
City of Happy Valley Organization Chart	2
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	4
Management's Discussion and Analysis	8
<b>Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Assets	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet—Governmental Funds	18
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets	19
Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	20
Reconciliation of Statements of Revenues, Expenditures and Changes In Fund Balances	
Governmental Funds – to the Statement of Activities	21
Notes to Basic Financial Statements	23
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance—Actual and Budget	
General Fund – Generally Accepted Accounting Principles	38
Street Fund – Generally Accepted Accounting Principles	39
System Development Fund	40
Pedestrian Improvement Project Fund	41
Public Safety Fund – Generally Accepted Accounting Principles	42
<b>Other Supplementary Information</b>	
Combining Schedules:	
General Fund – Generally Accepted Accounting Principles Combining Balance Sheet	44
Street Fund – Generally Accepted Accounting Principles Combining Balance Sheet	45
General Fund – Generally Accepted Accounting Principles Combining Schedule of	
Revenues, Expenditures and Changes in Fund Balance	46
Street Fund – Generally Accepted Accounting Principles Combining Schedule of	
Revenues, Expenditures and Changes in Fund Balance	47
Public Safety Fund – Generally Accepted Accounting Principles Combining Schedule of	
Revenues, Expenditures and Changes in Fund Balance	48
Schedule of Revenues, Expenditures and Changes in Fund Balance—Actual and Budget	
General Fund – Budgetary Basis	49
Street Fund – Budgetary Basis	51
Public Safety Fund – Budgetary Basis	52
Reserve for Pension Fund – Budgetary Basis	53
General Operations Reserve Fund – Budgetary Basis	54
Reserve for Replacement Fund – Budgetary Basis	55
Reserve for Debt Service Fund – Budgetary Basis	56
<b>Other Financial Schedules</b>	
Schedule of Property Tax Transactions and Balances of Taxes Uncollected –	
General Fund	58

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

TABLE OF CONTENTS, CONTINUED

	<u>PAGE</u>
<b>STATISTICAL SECTION</b>	
Net Position by Component	61
Changes in Net Position	62
Fund Balances of Governmental Funds	63
Changes in Fund Balances of Governmental Funds	64
Assessed Value and Estimated Actual Value of Taxable Property	65
Property Tax Rates - Direct and Overlapping Governments	66
Principal Property Taxpayers	67
Property Tax Levies and Collections	68
Ratios of General Bonded Debt Outstanding	69
Full-time Equivalent Employees by Function	70
<b>COMPLIANCE SECTION</b>	
Independent Auditor's Report Required by Oregon State Regulations	72

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

CITY OFFICIALS AS OF JUNE 30, 2014

<u>NAME</u>	<u>TERM EXPIRES</u>
Lori DeRemer – Mayor	December 31, 2014
Markley Drake – Council President	December 31, 2014
Michael Morrow	December 31, 2015
Tom Ellis	December 31, 2015

All council members receive mail at the address below.

ADMINISTRATIVE

Jason Tuck, City Manager  
16000 SE Misty Drive  
Happy Valley, Oregon 97086  
(503) 783-3800  
[www.happyvalleyor.gov](http://www.happyvalleyor.gov)

# City of Happy Valley Organization Chart

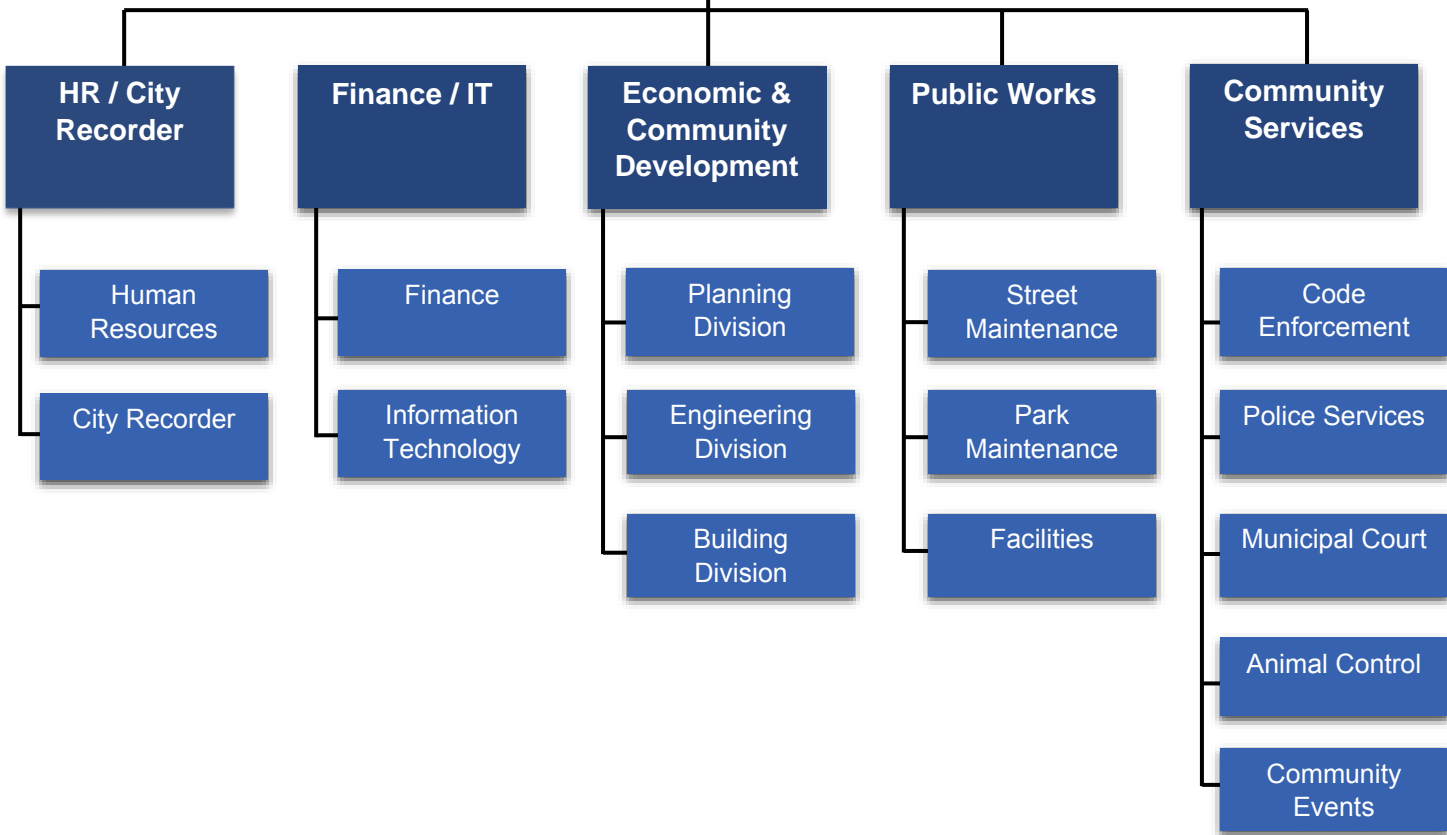
**Citizens of Happy Valley**



**Mayor and Council**

**City Manager**

**City Attorney**



INDEPENDENT AUDITOR'S REPORT

## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and City Council  
City of Happy Valley, Oregon  
Happy Valley, Oregon

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Happy Valley, Oregon (the City) as of and for the year ended June 30, 2014, 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. 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 and each major fund of the City, as of June 30, 2014, and, the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that 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 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 required supplementary information, as listed in the table of contents under required supplementary information, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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.

### *Other Information*

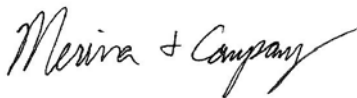
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a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

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

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 10, 2014, 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.

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

Merina & Company, LLP  
West Linn, Oregon  
December 10, 2014

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS

## **CITY OF HAPPY VALLEY, OREGON MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

The management of the City of Happy Valley presents this analysis of the City's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the City's financial statements and notes, which follow this section.

### **Financial Highlights**

At June 30, 2014 the City's total net position was \$62,318,899 which was an increase of \$899,969 over the previous year. The increase of \$1,409,021 in the previous year was higher due to a prior period adjustment associated with the implementation of GASB Statement No. 65 Items Previously Reported as Assets and Liabilities. This year's increase can be attributed to a thirty percent jump in licenses and permits revenue. These fees are associated with development within in the City.

The General Fund ended the fiscal year with a total fund balance of \$9,058,400. Of that balance, \$595,947 was nonspendable and restricted for prepaid expenses as well as franchise fees. The remaining \$8,462,453 was unrestricted with \$3,413,463 committed and \$5,048,990 unassigned. Committed funds are comprised of general operations reserve to be used to offset the cyclical nature of revenue and maintain agreed upon service levels, construction related fees, and replacement reserves to be used to purchase items based on an agreed upon replacement schedule. Unassigned fund balance is available for the general operations of the City.

The full faith and credit obligations end of the year balance was \$3,965,000. This decrease of \$205,000 is per the principle payment schedule as presented in the Official Statement for the obligations.

### **Overview of the Financial Statements**

This financial report consists of; *management's discussion and analysis* (this section), *basic financial statements*, *required supplementary information*, and *other supplementary information*.

The basic financial statements include two kinds of statements which present different views of the City as well as the notes. The first two statements are *government-wide financial statements* and provide both *long-term* and *short-term* information about the City's overall financial status. The remaining statements are *fund financial statements* and focus on *individual parts* of the government, reporting the City's operations in more detail than the government-wide statements. The *governmental fund* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending. The notes contain information to help explain some of the information in the financial statements and provide more detailed data.

The basic financial statements are followed by a section of *required supplementary information* and *other supplementary information* to further explain and support the information in the basic financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

## **Government-wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all City assets and liabilities. All current year revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the City's net position and how it has changed. Net position is the difference between the City's assets and liabilities and are a way to measure the City's financial health. Over time, increases or decreases in the City's net position are indicators of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the City, one must consider additional non-financial factors such as the City's tax base, local and statewide economic and legislative climate, as well as other factors.

The government-wide financial statements include *Governmental activities* which encompass most of the City's basic services. These include general government, public safety, planning, building, streets, and parks. Property taxes, franchise taxes, permits and fees, and intergovernmental revenues finance most of these activities.

## **Fund Financial Statements**

The fund financial statements provide detailed information about each of the City's most significant funds but do not provide information about the City as a whole. Funds are accounting tools the City uses to track specific sources of funding and spending for particular purposes.

The City has governmental funds which are explained as follows:

- *Governmental funds* are used to account for the City's basic services. Governmental funds focus on near-term inflows and outflows of spendable resources and the balances of spendable resources available at fiscal year-end. As a result, the governmental fund statements provide a detailed short-term view to determine whether there are more or fewer financial resources available to finance the City's services in the near future. Reconciliations are provided to explain the relationship (or differences) between these statements and the long-term focus of the government-wide statements.

## **Other Information**

In addition to the basic financial statements and notes, this report also presents certain required supplementary information and other supplementary information concerning the City's compliance with its annual appropriated budget amounts. A budgetary comparison statement for each fund is provided in the supplementary and other supplementary information to demonstrate compliance with the budget.

### **Financial Analysis of the City**

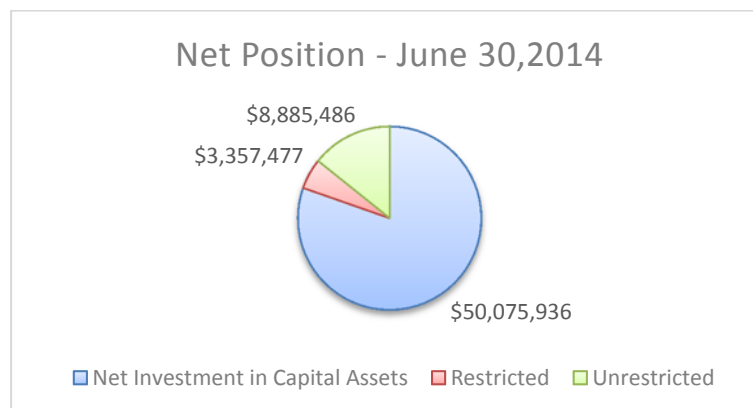
For the year ended June 30, 2014 the City's assets exceeded its liabilities by \$62,318,899. Cash and Investments represent 20% of total assets. Long lived capital assets including land, buildings, streets, equipment, and vehicles comprise 79% of total assets. The remaining assets include prepaid items, accounts and property tax receivables.

Repayment of full faith and credit obligations issued for construction of the city hall facility equals 67% of the City's liabilities. Remaining liabilities are payments to vendors, governments, and accrued personnel costs.

#### City of Happy Valley - Net Position

	Total 2014	Total 2013
Assets:		
Current and Other Assets	\$ 14,201,364	\$ 11,943,970
Capital Assets	54,069,887	55,088,902
Total Assets	68,271,251	67,032,872
Liabilities:		
Current and Other Liabilities	2,175,628	1,619,991
Non-Current Liabilities	3,776,724	3,993,951
Total Liabilities	5,952,352	5,613,942
Net Position:		
Net Investment in Capital Assets	50,075,936	50,887,724
Restricted	3,357,477	3,169,038
Unrestricted	8,885,486	7,362,168
Total Net Position	\$ 62,318,899	\$ 61,418,930

The largest part of net position is investment in capital assets less any outstanding debt used to acquire the assets. The City uses capital assets to provide services to citizens but those capital assets are not available for future spending. The resources needed to repay related debt must come from a source other than the capital assets themselves. The City did not issue general obligation debt, which allows for the imposition of a tax for debt repayment, so we must have a revenue source adequate to fund our debt as well as the general operations. Total net position of the City is positive and has increased from the prior fiscal year.





### Changes in Net Position

	Total 2014	Total 2013
Revenues:		
Program Revenues- Charges for Service	\$ 3,704,993	\$ 3,008,804
General Revenues		
Property Taxes	3,724,620	3,437,933
Other Taxes	875,088	803,621
Intergovernmental	851,229	790,718
Other Revenue	1,411,651	855,677
Total Revenues	<u>10,567,581</u>	<u>8,896,753</u>
Expenses:		
General Government	8,447,692	7,446,207
Parks	281,561	255,454
Storm Drainage	99,158	146,494
Streets	671,559	950,813
Interest on long term debt	167,642	176,141
Total Expenses	<u>9,667,612</u>	<u>8,975,109</u>
Change in net position	899,969	(78,356)
Beginning net position	<u>61,418,930</u>	<u>60,009,909</u>
Prior Period Adjustment	-	1,487,377
Ending net position	<u>\$ 62,318,899</u>	<u>\$ 61,418,930</u>

The City's total revenues were \$10,567,581 and net position increased by \$899,969. This is a large increase compared to prior year's decrease of \$78,356. This is a result of program revenues and property taxes increasing at a faster rate than expenses. It is also due to an increase in Other Revenues consisting of a refund on a street project that was completed in a prior year.

The City's development and building is cyclical in nature as are the revenues associated with these activities. To offset this, a reserve fund was created with the 2012-13 budget and additional funding appropriated in the 2013-14 budget as well as the 2014-15. The General Operations Reserve fund now has a ending fund balance of \$1,200,000. With the completion of the 2014-15 fiscal year the fund balance will be \$2,000,000 which was determined by policy.

Our street inventory increases as land within the City is developed. City streets account for 75% of all capital assets owned by the City and 82% of the accumulated depreciation expense. Excluding new development, many streets within the City do not meet acceptable standards. Although many streets in the City were built within the last 5 to 10 years, some are already showing signs of wear. Given the City's low permanent tax rate the General Fund cannot subsidize street maintenance. There is currently no adequate revenue source to improve streets to acceptable standards or prepare for the eventual replacement of streets.

Police services are funded through a local option levy and currently contracted through Clackamas County. The committee convened to determine desired level of police services concluded an increase in the levy amount would be required. That increased levy amount was placed on the ballot in November 2014 and turned down by voters. The committee will re-assess the desired level of services and rate for the May 2015 ballot.

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

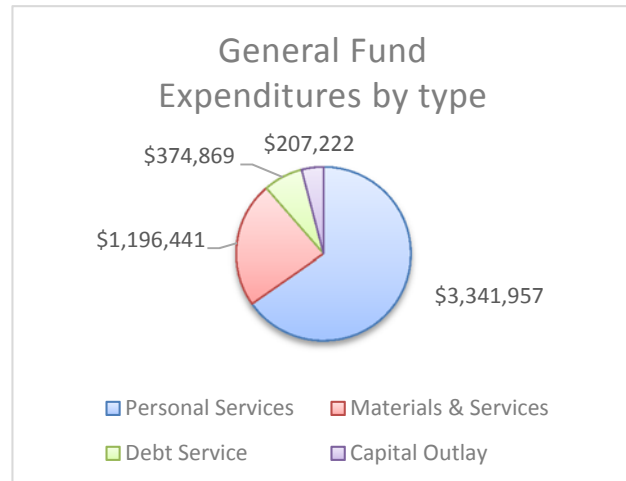
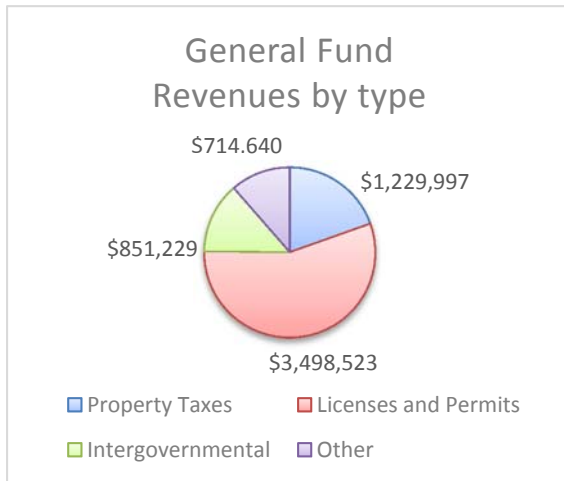
Revenues from governmental fund types totaled \$10,199,535 in 2014. Governmental fund balances totaled \$12,133,844 at June 30, 2014. A summary of changes in governmental fund balances follows:

#### **City of Happy Valley - Changes in Governmental Fund Balances**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Change</u>
General Fund	\$ 9,058,400	\$ 7,477,979	\$ 1,580,421
Street Fund	921,838	694,963	226,875
System Development Fund	693,579	778,312	(84,733)
Pedestrian Impr Proj Fund	684,633	628,618	56,015
Public Safety Fund	775,394	871,113	(95,719)

The General Fund increase was due to an increase in development, construction, and building. The Street Fund increase was due to smaller scale street maintenance projects completed in the current year compared to the prior year. The revenue collected in the Street Fund is adequate to complete one major resurfacing project per year along with street maintenance per the pavement quality index. The Public Safety Fund decrease is due to the difference between tax revenue collected and service provided. This difference was evaluated as part of the committee convened to review desired level of service and the required tax level to provide that level of service.

### **General Fund Budgetary Highlights**



The General Fund – Budgetary Basis ending fund balance increased \$654,102 from the previous year. The increase is due to increased fees related to the increase in development and building as well as higher Traffic fines, and increased intergovernmental revenues. Intergovernmental revenues in the General Fund increased due to an increase in population which increases the City's apportionment of state shared revenues and a contribution toward a park project.

The following General Fund revenues were in excess of budget estimates by the following amounts:

<b>Revenue Source</b>	<b>Budget</b>	<b>Actual</b>	<b>Difference</b>
Building Permits and Fees	\$ 1,182,300	\$ 1,850,301	\$ 668,001
Planning Fees	103,000	257,370	154,370
Engineering Fees	65,000	215,683	150,683
Intergovernmental Revenue	702,300	851,229	148,929
Miscellaneous Revenue	62,000	205,004	143,004

### **Capital Assets**

At June 30, 2014, the City had \$54,069,887 invested in capital assets net of depreciation expense. This is a decrease of \$1,019,015 from the previous year. The largest capital asset additions were the street additions totaling \$376,370 and the 122<sup>nd</sup> Monument Sign which totaled \$58,138, and six vehicles from the replacement schedule totaling \$175,641. The decrease is the effect of almost \$1.73M of depreciation expense versus \$720K of capital asset additions. Details of the changes in the City's capital assets are presented in the notes to the financial statements.



### **Long Term Debt**

At June 30, 2014, the City had outstanding debt of \$3,965,000. The City issued \$5,000,000 of Full Faith and Credit Obligations Series August 2007 to finance a portion of the new city hall facility. The remaining amount for the project was financed using the fund balance accumulated by transfers from the General Fund and the Building Department Fund. With the 2013-14 and 2014-15 budgets, amounts are being reserved to allow for the early repayment of bonds. Detailed information about the City's long term debt is presented in the notes to the financial statements.

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

The City is currently negotiating with Clackamas County to take over library operations. This transition of service was discussed during the initial formation of the library district in 2009 and is currently on schedule to occur July 1, 2015. This change will significantly increase the total number of employees and create a new service provided by the City.

The City continues to evaluate street maintenance levels. An additional revenue source is required if we are to maintain streets at an acceptable level. Streets are the City's most expensive asset and as such require us to ensure they are maintained at a level that provides the best service to our citizens.

The approval of our urban growth management agreement with Clackamas County ensures our area of annexation around the current borders and gives us the ability to diversify our tax base to include more commercial and industrial properties. This diversification will offset the high percentage of residential properties within the City.

We believe the housing market improvement will continue and result in further commercial and residential construction within the City. This increase in construction will reduce the number of currently developed lots. That reduction in developed lots will require undeveloped areas in the City to be planned and

developed which will generate planning and engineering fees and ultimately, building permit fees. We believe this development cycle will continue for the next 20 to 25 years.

The volatility of the development cycle can make it difficult to effectively project so our budget reflects a cautious but optimistic outlook. We projected both increased revenues and increased expenditures based on a higher population, higher service levels, and increased development. We use our annual budget process in conjunction with our five year projection process to assess the long term direction of the City. These processes along with an ongoing review of revenues and expenditures will ensure our long term organizational sustainability. Our review process is ongoing to allow us to make changes based on the economic outlook along with what we see happening in real time.

#### **Contacting the City's Financial Management**

The City's financial report is designed to provide the user with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about this report or need clarification of the information please contact the City of Happy Valley Director of Finance and IT at: 16000 SE Misty Drive, Happy Valley, OR 97086, phone number 503-783-3800.

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

**CITY OF HAPPY VALLEY**  
**CLACKAMAS COUNTY, OREGON**

**STATEMENT OF NET POSITION**  
**June 30, 2014**

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**ASSETS**

Cash and Investments	\$ 13,585,186
Prepaid items	20,963
Accounts Receivable	373,682
Property Taxes Receivable	221,533
Capital Assets:	
Land, non-depreciable, and construction in progress	3,435,117
Building, improvements, equipment, and other capital assets (net of accumulated depreciation)	<u>50,634,770</u>
Total Assets	<u>68,271,251</u>

**LIABILITIES**

Accounts Payable	664,431
Accrued Payroll Liabilities	101,626
Developer Deposits	199,043
Intergovernmental Payable	900,853
Compensated Absences	92,448
Noncurrent liabilities:	
Bond Related - Due within one year	217,227
Bond Related - noncurrent	<u>3,776,724</u>
Total Liabilities	<u>5,952,352</u>

**NET POSITION**

Net Investment in Capital Assets	50,075,936
Restricted	3,357,477
Unrestricted	<u>8,885,486</u>
Total Net Position	<u>\$ 62,318,899</u>

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



**CITY OF HAPPY VALLEY**  
**CLACKAMAS COUNTY, OREGON**

**STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2014**

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u> Charges for Services	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Governmental Activities			
General Government	\$ 8,447,692	\$ 3,498,523	\$ (4,949,169)
Parks	281,561	-	(281,561)
Storm Drainage	99,158	93,194	(5,964)
Streets	671,559	113,276	(558,283)
Interest on long term debt	167,642	-	(167,642)
Total Governmental Activities	<u>\$ 9,667,612</u>	<u>\$ 3,704,993</u>	<u>(5,962,619)</u>
General Revenues			
		Property Taxes	3,724,620
		Other Taxes	875,088
		Intergovernmental	851,229
		Other Revenue	1,411,651
		Total General Revenues	<u>6,862,588</u>
		Change in Net Position	899,969
		Beginning Net Position	<u>61,418,930</u>
		Ending Net Position	<u>\$ 62,318,899</u>

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

**CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
For the year ended June 30, 2014**

	General Fund Generally Accepted Accounting Principles	Street Fund Generally Accepted Accounting Principles	System Development Fund	Pedestrian Improvement Project Fund	Public Safety Fund Generally Accepted Accounting Principles	Total
<b>ASSETS</b>						
Cash and Investments	\$ 9,552,087	\$ 860,225	\$ 1,726,915	\$ 684,633	\$ 761,326	\$ 13,585,186
Prepaid items	20,963	-	-	-	-	20,963
Accounts Receivable	281,029	78,437	-	-	14,216	373,682
Property Taxes Receivable	72,673	-	-	-	148,860	221,533
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 9,926,752</u>	<u>\$ 938,662</u>	<u>\$ 1,726,915</u>	<u>\$ 684,633</u>	<u>\$ 924,402</u>	<u>\$ 14,201,364</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ 499,257	\$ 11,202	\$ 140,476	\$ -	\$ 13,496	\$ 664,431
Accrued Payroll Liabilities	96,004	5,622	-	-	-	101,626
Developer Deposits	199,043	-	-	-	-	199,043
Intergovernmental Payable	7,993	-	892,860	-	-	900,853
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>802,297</u>	<u>16,824</u>	<u>1,033,336</u>	<u>-</u>	<u>13,496</u>	<u>1,865,953</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	<u>66,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,512</u>	<u>201,567</u>
<b>FUND BALANCES</b>						
Fund Balance By Category						
Nonspendable	20,963	-	-	-	-	20,963
Restricted	574,984	607,924	693,579	684,633	775,394	3,336,514
Committed	3,413,463	313,914	-	-	-	3,727,377
Unassigned	5,048,990	-	-	-	-	5,048,990
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>9,058,400</u>	<u>921,838</u>	<u>693,579</u>	<u>684,633</u>	<u>775,394</u>	<u>12,133,844</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 9,926,752</u>	<u>\$ 938,662</u>	<u>\$ 1,726,915</u>	<u>\$ 684,633</u>	<u>\$ 924,402</u>	<u>\$ 14,201,364</u>

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

**CITY OF HAPPY VALLEY**  
**CLACKAMAS COUNTY, OREGON**

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO STATEMENT OF NET POSITION**  
**For the year ended June 30, 2014**

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Explanation of certain differences between the balance sheet - governmental funds  
and the statement of net position.

Total Fund Balances - governmental funds	\$ 12,133,844
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	54,069,887
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(92,448)
Long-term liabilities including bonds payable, are not due and payable in the current period and are not reported in the funds. The premium paid when the bonds were issued was expensed in the governmental funds however it is amortized over the life of the bonds.	(3,993,951)
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.	
Unavailable revenue - property taxes	<u>201,567</u>
Total Net Position	<u><u>\$ 62,318,899</u></u>

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

**CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the year ended June 30, 2014**

	General Fund Generally Accepted Accounting Principles	Street Fund Generally Accepted Accounting Principles	System Development Fund	Pedestrian Improvement Project Fund	Public Safety Generally Accepted Accounting Principles	Total
<b>REVENUES</b>						
Property Taxes	\$ 1,229,997	\$ -	\$ -	\$ -	\$ 2,502,947	\$ 3,732,944
Gas Tax Revenue	-	875,088	-	-	-	875,088
Licenses and Permits	3,498,523	-	-	113,276	-	3,611,799
System Development Charges	-	-	93,194	-	-	93,194
Intergovernmental Revenues	851,229	-	-	-	-	851,229
Other Revenue	714,640	50,616	58,024	63,029	148,972	1,035,281
<b>Total Revenues</b>	<b>6,294,389</b>	<b>925,704</b>	<b>151,218</b>	<b>176,305</b>	<b>2,651,919</b>	<b>10,199,535</b>
<b>EXPENDITURES</b>						
Personal Services	3,341,957	280,497	-	-	-	3,622,454
Materials & Services	1,196,441	188,271	-	-	2,479,857	3,864,569
Debt Service	374,869	-	-	-	-	374,869
Capital Outlay	207,222	129,516	235,951	55,895	26,200	654,784
<b>Total Expenditures</b>	<b>5,120,489</b>	<b>598,284</b>	<b>235,951</b>	<b>55,895</b>	<b>2,506,057</b>	<b>8,516,676</b>
Excess of Revenues Over, (Under) Expenditures	1,173,900	327,420	(84,733)	120,410	145,862	1,682,859
<b>OTHER FINANCING SOURCES, (USES)</b>						
Transfers In	1,913,384	-	-	-	11,695	1,925,079
Transfers Out	(1,506,863)	(100,545)	-	(64,395)	(253,276)	(1,925,079)
<b>Total Other Financing Sources, (Uses)</b>	<b>406,521</b>	<b>(100,545)</b>	<b>-</b>	<b>(64,395)</b>	<b>(241,581)</b>	<b>-</b>
Net Change in Fund Balance	1,580,421	226,875	(84,733)	56,015	(95,719)	1,682,859
Beginning Fund Balance	7,477,979	694,963	778,312	628,618	871,113	10,450,985
Ending Fund Balance	<u>\$ 9,058,400</u>	<u>\$ 921,838</u>	<u>\$ 693,579</u>	<u>\$ 684,633</u>	<u>\$ 775,394</u>	<u>\$ 12,133,844</u>

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

**CITY OF HAPPY VALLEY**  
**CLACKAMAS COUNTY, OREGON**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS - TO STATEMENT OF ACTIVITIES**

**For the year ended June 30, 2014**

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Explanation of certain differences between the statement of revenues, expenditures, and changes in fund balance - governmental funds and the statement of activities.

Net Change in Fund Balances - Governmental Funds	\$ 1,682,859
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Governmental funds 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 depreciation exceeded capital outlay in the current period.

Fixed Asset Additions	\$ 710,079	
Depreciation Expense	(1,729,094)	
Net Adjustment		(1,019,015)

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.

Compensated Absences	37,222
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Repayment of long term debt principal is an expenditure in governmental funds. It is not an expense but a reduction of long-term liabilities on the Statement of Net Position. The premium paid when the debt was issued is amortized over the life of the debt on the Statement of Activities.

Long term debt	205,000	
Amortization of LTD Premium	2,227	
Net Adjustment		207,227

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Unavailable revenue - Property Taxes	(8,324)
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Change in Net Position	\$ 899,969
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The accompanying notes are an integral part of the basic financial statements.

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CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. THE FINANCIAL REPORTING ENTITY

The City of Happy Valley was organized in November of 1965, as a Council-Mayor form of government. From January 1991 to December 2000 the City operated under Ordinance 105 that created the position of City Administrator and the City operated under the Council-Administrator form of government. On November 7, 2000 the voters approved a new charter now referred to as the 2000 Happy Valley Charter. The new charter created the position of City Manager. The new form of government formed by the new charter is the Council-Manager. The City Manager is the administrative head of the city government. Beginning with the November 2002 general election, the mayor was elected for a 4-year term and will be at each subsequent general election thereafter. At each general election two council members will be elected each for a 4-year term. The City Manager reports to and is responsible to the Mayor and City Council.

These financial statements include all funds, organizations, departments and offices that are not legally separate from the City of Happy Valley. The elected governing body, the City Council, is not financially accountable for any legally separate organization. In addition, there are no organizations, due to either their nature or significance to the City that would make these basic financial statements incomplete or misleading by their exclusion. The City of Happy Valley has no component units.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Position and Statements of Activities display information about the reporting government as a whole.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues included in the Statement of Activities derive directly from the program itself or from parties outside the City's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues.

The City reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to report only the net effect on assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

NET POSITION

GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* reports equity as Net Position rather than Net Assets. The net position balance of \$62,318,899 at June 30, 2014 includes \$50,075,936 invested in capital assets, \$3,357,477 of restricted net position, and \$8,885,486 of unrestricted net position - available for other purposes.

FUND FINANCIAL STATEMENTS

The accounts of the City are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

GOVERNMENTAL FUND TYPES

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 government 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, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. DESCRIPTION OF FUNDS

The City reports the following major funds:

GENERAL FUND - GAAP

This fund accounts for all financial resources and expenditures of the City, except those required to be accounted for in another fund. The principal revenue sources are property taxes, intergovernmental revenues, various fees for provided services, and interest income. This fund includes

STREET FUND - GAAP

This fund accounts for the shared state highway revenues and the expenditures authorized by the Oregon Constitution to be made from those revenues.

SYSTEMS DEVELOPMENT CHARGE RESERVE FUND

This fund accounts for the City's development of infrastructure and improvements. Expenditures include credits to developers and capital outlay. Revenues are derived primarily from fees collected from developers.

PEDESTRIAN IMPROVEMENT PROJECTS FUND

This fund accounts for pedestrian improvement projects such as bike lanes, pedestrian crossings, pedestrian refuge, sidewalks, and pathways. Revenues in this fund are from other entities, 1.5% privilege tax collected by Portland General Electric which began in 2004, and transfers from the General Fund.

PUBLIC SAFETY FUND - GAAP

This fund accounts for the operations and maintenance of public safety in the City. Revenues in this fund are derived primarily from the four-year law enforcement levy passed by the voters of Happy Valley in 2010.

The following funds are shown in the Other Supplementary Information section and are rolled into the above major funds in the Basic Financial Statements in accordance with GASB Statement number 54.

RESERVE FOR PENSION FUND

This fund sets aside funds to be expended in the future to offset the volatility of the City's pension liability. Revenues are derived from transfers from the General Fund.

RESERVE FOR GENERAL OPERATIONS FUND

This fund holds amounts to be expended in the future to offset the cyclical nature of resources used to provide the general operations of the City. Revenues are derived from transfers from the General Fund.

RESERVE FOR REPLACEMENT FUND

This fund accounts for the future purchase of large dollar items, both maintenance and capital, according to the replacement schedule which is reviewed annually. Revenues are derived from transfers from the General Fund, Street Fund, and Public Safety Fund.

RESERVE FOR DEBT SERVICE FUND

This fund accounts for the debt service payments for City of Happy Valley, Oregon Full Faith and Credit Obligations Series 2007 issued August 15, 2007. Revenues are derived from transfers from the General Fund.

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. PROPERTY TAXES RECEIVABLE

In the Government-Wide Financial Statements uncollected property taxes are recorded on the Statement of Net Position. In the Fund Financial Statements property taxes that are collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as Deferred Inflows - Unavailable Revenue because it is not deemed available to finance operation of the current period. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the property. Property taxes are levied on all taxable property as of July 1, the beginning of the fiscal year, and become a lien on that date. Property taxes are payable on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

E. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

**Budgetary Information** A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting in the main program categories required by Oregon Local Budget Law. Budgets for all budgeted funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

The City begins its budget process early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The Council may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is then adopted, appropriations are made and the tax levy declared no later than June 30th.

Expenditure budgets are appropriated at the following levels for each fund: Personal Services, Materials and Services, Capital Outlay, Operating Contingency, and Interfund Transactions.

Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Council approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Council approves them due to a need which exists which was not determined at the time the budget was adopted. Expenditures of the various funds were within authorized appropriations.

**Budget/GAAP Reporting Differences** Financial position, results of operations, and changes in fund balance/net position are reported on the basis of accounting principles generally accepted in the United States of America. The budgetary statements provided as part of the required supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The budgetary basis of accounting is essentially the same as accounting principles generally accepted in the United States of America with some exceptions. Those exceptions include capital outlay expenditures are expensed when purchased, depreciation and amortization are not calculated, property taxes are recorded as revenue when received, and debt is expensed as paid instead of when incurred.

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. CAPITAL ASSETS

Capital assets are recorded at the original or estimated cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The City defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of five years. Currently the City does not own any intangible assets as defined by GASB Statement No. 51 *Accounting and Financial Reporting for Intangible Assets*. Intangible assets can include water rights, rights of way, and internal software development. Interest incurred during construction, maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	15 to 75 years
Equipment	5 to 15 years
Streets	40 years

G. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expenditure) until then. The City does not currently have any deferred outflows of resources.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and as such will not be recognized as an inflow of resources (revenue) until that time. The City has one type of deferred inflow which arises under a modified accrual basis of accounting that qualifies for reporting in this category. The item is shown as unavailable revenue and reported in the governmental funds balance sheet as Unavailable Revenue - Property Taxes. This amount will be recognized as an inflow of resources in the period the amount becomes available.

H. LONG-TERM DEBT

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium.

In the fund financial statements bond premiums and discounts, as well as bond issuance costs, are recognized when incurred. The face amount of the debt issued and premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. RETIREMENT PLAN

City employees are participants in the Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged to expenditures.

J. VESTED COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned unused compensated absences and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service. Unused compensated absence pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation or retirement.

K. ESTIMATES

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

L. PREPAID ITEMS

Certain payments to vendors reflect costs that will benefit periods beyond June 30, 2014 and as such are recorded as prepaid items. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

M. NET POSITION

Net position is classified in the following three categories:

Invested in capital assets, net of related debt – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There are no restricted assets.

Unrestricted net position – consists of all other assets that are not included in the other two categories.

On the **Balance Sheet – Governmental Funds**, fund balances are segregated into separate classifications indicating the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent.

Non-spendable fund balance – The portion that cannot be spent because of form and/or legally or contractually required to remain intact.



CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. NET POSITION (CONTINUED)

Restricted fund balance – Constraints imposed by creditors, grantors, contributors, or laws and regulations of other governments. Constraints also imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – Constraints imposed by City Council in the form of a resolution and requires resolution to remove.

Assigned fund balance – Constraints imposed by City Council who grants that authority to the City Manager. The form used to assign fund balance is a memorandum.

Unassigned fund balance – Fund balance not categorized in one of the other classifications. Only the general fund should report a positive unassigned fund balance amount. For other funds a negative fund balance should be reported if more resources are used than are available in the fund.

The City will use restricted resources first then unrestricted resources as necessary. When only unrestricted resources are available for use the City will use committed resources, then assigned, and then unassigned resources as required.

2. CASH AND INVESTMENTS

Cash and Investments consisted of:

Deposits with Financial Institutions:	
Petty Cash	\$ 2,935
Demand Deposits	446,603
Investments	<u>13,135,648</u>
Total Cash and Investments	<u>\$ 13,585,186</u>

DEPOSITS - Deposits with financial institutions include bank demand deposits. The total bank balance per the bank statements is \$834,765. Of the current year bank balance, all is covered by federal depository insurance and are held at financial institutions on the list of qualified depositories found on the State of Oregon Treasurer's website. The accounts are non-interest bearing demand deposit accounts.

INVESTMENTS - The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board (OSTFB), which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund was in compliance with all portfolio guidelines at June 30, 2014.

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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2. CASH AND INVESTMENTS (CONTINUED)

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. There is no material difference between the fair value of the District's position in the State Treasurer's Local Investment Pool and the value of the pool shares at June 30, 2014. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

At year-end, the City's investment balances were as follows (carrying value is the same as fair market value):

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-18	18-59
State Treasurer's Local Government Investment Pool	\$ 13,135,648	\$ 13,135,648	\$ -	\$ -
Total	\$ 13,135,648	\$ 13,135,648	\$ -	\$ -

**INTEREST RATE RISK** – Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy submitted to and reviewed by the OSTFB. The City does not have any investments with a maturity date exceeding 18 months.

**CREDIT RISK** – Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Treasurer's Local Government Investment Pool is not rated.

**CONCENTRATION OF RISK** – At June 30, 2014, the City had 100% of total investments in the State Treasurer's Local Government Investment Pool. State statutes do not limit the percentage of investments in this instrument.

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

**3. CAPITAL ASSETS**

Changes in fixed assets for the fiscal year ended June 30, 2014 are as follows:

	Governmental Activities Capital Assets			
	June 30, 2013	Additions	Disposals	June 30, 2014
Capital Assets, not being depreciated				
Land and Improvements	\$ 3,435,117	\$ -	\$ -	\$ 3,435,117
Totals, capital assets not being depreciated	3,435,117	-	-	3,435,117
Capital Assets, being depreciated				
Buildings	10,107,762	-	-	10,107,762
Vehicles	504,120	175,641	-	679,761
Other Equipment	505,140	44,204	(10,518)	538,826
Park Improvements	2,660,586	117,895	-	2,778,481
Park Equipment	45,965	6,487	-	52,452
Streets	51,529,693	376,370	-	51,906,063
Totals, capital assets being depreciated	65,353,266	720,597	(10,518)	66,063,345
Less: Accumulated Depreciation for:				
Buildings	(959,518)	(208,425)	-	(1,167,943)
Vehicles	(245,127)	(53,043)	-	(298,170)
Other Equipment	(174,287)	(49,371)	-	(223,658)
Park Improvements	(985,821)	(126,490)	-	(1,112,311)
Park Equipment	(20,161)	(4,268)	-	(24,429)
Streets	(11,314,567)	(1,287,497)	-	(12,602,064)
Total Accumulated Depreciation	(13,699,481)	(1,729,094)	-	(15,428,575)
Total capital assets, being depreciated, net	51,653,785	(1,008,497)	(10,518)	50,634,770
Total Governmental Activities	\$ 55,088,902	\$ (1,008,497)	\$ (10,518)	\$ 54,069,887

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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**3. CAPITAL ASSETS (CONTINUED)**

**Governmental Activities Depreciation Allocation to Functions**

General Government	\$ 1,537,568
Parks	51,247
Streets	<u>140,279</u>
Total	<u><u>\$ 1,729,094</u></u>

**4. LONG-TERM DEBT**

**Full Faith and Credit Obligation Bonds**

In August 2007 the City issued \$5,000,000 of full faith and credit obligation bonds to provide funds for the construction of a new city hall building. Interest coupon rates range from 4% to 4.25%. The bonds are direct obligations and pledge the full faith and credit of the City. They are issued as 20-year serial bonds with increasing principal amounts due each year.

Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2015	215,000	160,944	375,944
2016	220,000	151,700	371,700
2017	230,000	142,138	372,138
2018	240,000	132,450	372,450
2019	250,000	122,650	372,650
2020	260,000	112,288	372,288
2021	270,000	101,356	371,356
2022	285,000	89,909	374,909
2023	295,000	77,947	372,947
2024	310,000	65,469	375,469
2025	325,000	52,169	377,169
2026	340,000	38,038	378,038
2027	355,000	23,269	378,269
2028	370,000	7,863	377,863
	<u><u>\$ 3,965,000</u></u>	<u><u>\$ 1,278,188</u></u>	<u><u>\$ 5,243,188</u></u>

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. LONG-TERM DEBT (CONTINUED)

Change in long-term liabilities

Long-term liability activity for the fiscal year ending June 30, 2014, was as follows:

	<u>6/30/2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2014</u>	<u>Due within one Year</u>
Bonds Payable					
Full Faith & Credit Obligation, Series 2007, Interest 4%- 4.25%	\$ 4,170,000	\$ -	\$ 205,000	\$ 3,965,000	\$ 215,000
Plus deferred amounts:					
Bond Premium	31,178	-	2,227	28,951	2,227
Total bonds payable	<u>4,201,178</u>	<u>-</u>	<u>207,227</u>	<u>3,993,951</u>	<u>217,227</u>
Compensated Absences	<u>129,670</u>	<u>92,448</u>	<u>129,670</u>	<u>92,448</u>	<u>92,448</u>
Total Long-term liabilities	<u>\$ 4,330,848</u>	<u>\$ 92,448</u>	<u>\$ 336,897</u>	<u>\$ 4,086,399</u>	<u>\$ 309,675</u>

5. INTERFUND TRANSFERS

The composition of interfund transfers is as follows:

	<u>General Fund - GAAP</u>	<u>Street Fund - GAAP</u>	<u>Public Safety Fund - GAAP</u>	<u>Pedestrian Improvement Projects</u>	<u>Total Interfund Transfers</u>
Transfers In	\$ 1,913,384	\$ -	\$ 11,695	\$ -	\$ 1,925,079
Transfers Out	(1,506,863)	(100,545)	(253,276)	(64,395)	(1,925,079)
	<u>\$ 406,521</u>	<u>\$ (100,545)</u>	<u>\$ (241,581)</u>	<u>\$ (64,395)</u>	<u>\$ -</u>

Transfers are budgeted and recorded to show legal commitments between funds.

6. COMPENSATED ABSENCES PAYABLE

At June 30, 2014, the City's liability for compensated absences is estimated at \$92,448.

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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**7. RETIREMENT PLANS**

**Plan Description**

The City participates in the State of Oregon Public Employees Retirement System (PERS), a cost-sharing multiple -employer public employee retirement system. All employees of the City who work more than 600 hours each year are covered by the plans after six months of employment. PERS is a defined pension plan to which employee and employer contribute. Retirement is allowed at age 58 with full benefits, but retirement is generally available after age 55 with reduced benefits. Compulsory retirement is age 70. Retirement benefits are payable in lump sum or monthly amounts using several payment options. PERS also provides death and disability benefits. Benefits are established by State statute. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

**Funding Policy**

Covered employees are required by State statute to contribute 6% of their salary to the plan. Beginning in July 2003, the City began paying this amount for the employee. Employee contributions for the year ended June 30, 2014 were \$146,922. The City is required to contribute at actuarially determined rates, as adopted by the PERS Board. The current rate effective July 1, 2013 is 15.07% of covered payroll for Tier 1/2 employees and 11.11% for OPSRP employees.

**Annual Pension Cost**

The City's contribution to the plan for the years ending June 30, 2014, 2013, and 2012 was \$309,867, \$245,631, and \$238,305 respectively, and was equal to the required contributions for the year.

**8. DEFERRED COMPENSATION**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees of the City, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, are the property of the participants, and, accordingly are not recorded as assets of the City.

**9. PROPERTY TAX LIMITATIONS**

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

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

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

**10. CABLE PEG FEES**

Cable PEG access is defined as Public, Educational and Governmental access collectively where the general public, schools and governmental institutions have the availability of equipment to create and the editorial control over non-commercial programming. The City has an existing cable franchise agreement that stipulates PEG access capital funds in the amount of 3% dedicated for the development of capital projects related to providing PEG access. PEG funds in the amount of \$574,984 are currently held as Restricted Fund Balance.

**11. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three years.

**12. FUND BALANCE DETAIL**

	General Fund GAAP	Street Fund GAAP	SDC Fund	Pedestrian Improv Project	Public Safety GAAP	Total
<b>Fund Balances:</b>						
<b>Nonspendable</b>	\$ 20,963	\$ -	\$ -	\$ -	\$ -	\$ 20,963
<b>Restricted</b>						
PEG	574,984	-	-	-	-	574,984
Street Maint	-	607,924	-	-	-	607,924
SDC Projects	-	-	693,579	-	-	693,579
Ped Improvements	-	-	-	684,633	-	684,633
Public Safety	-	-	-	-	775,394	775,394
	<u>574,984</u>	<u>607,924</u>	<u>693,579</u>	<u>684,633</u>	<u>775,394</u>	<u>3,336,514</u>
<b>Committed</b>						
Construction Fees	1,029,900	-	-	-	-	1,029,900
General Ops	1,200,000	-	-	-	-	1,200,000
Replacement	567,432	313,914	-	-	-	881,346
Pension	240,000	-	-	-	-	240,000
Debt Service	376,131	-	-	-	-	376,131
	<u>3,413,463</u>	<u>313,914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,727,377</u>
<b>Unassigned</b>	<u>5,048,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,048,990</u>
<b>Total Fund Balances</b>	<u>\$ 9,058,400</u>	<u>\$ 921,838</u>	<u>\$ 693,579</u>	<u>\$ 684,633</u>	<u>\$ 775,394</u>	<u>\$ 12,133,844</u>

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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13. SEPARATION INCENTIVE OFFER

The City authorized a separation incentive for Public Works employees over the age of 65. The incentive provided for a split lump sum distribution of two-thirds month salary based on length of service. The incentive was calculated using the following formula: 66 and 2/3% of the employee's current monthly base salary for each year of service up to the half year at the time of separation. Those employees who chose to accept the incentive package would terminate employment either December 31, 2013 or February 1, 2014. Staff eligible for the incentive had 45 days from the date they received the incentive package to elect to participate. The amount attributable to the employees who accepted the package is reported as a payroll liability in the current financial statements.



CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

Other Financial Schedules

**CITY OF HAPPY VALLEY**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the year ended June 30, 2014**

<u>GENERAL FUND - GAAP BASIS</u>				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 1,152,000	\$ 1,152,000	\$ 1,229,997	\$ 77,997
Licenses & Permits	2,271,800	2,271,800	3,498,523	1,226,723
Intergovernmental	702,300	702,300	851,229	148,929
Other Revenue	451,000	451,000	714,640	263,640
Total Revenues	4,577,100	4,577,100	6,294,389	1,717,289
<b>EXPENDITURES</b>				
Personal Services	4,009,340	4,009,340 (1)	3,341,957	667,383
Materials & Services	1,757,123	1,729,473 (1)	1,196,441	533,032
Debt Service	380,000	380,000 (1)	374,869	5,131
Capital Outlay	435,095	435,095 (1)	207,222	227,873
Contingency	1,571,418	1,200,418 (1)	-	1,200,418
Total Expenditures	8,152,976	7,754,326	5,120,489	2,633,837
Excess of Revenues Over, (Under) Expenditures	(3,575,876)	(3,177,226)	1,173,900	4,351,126
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers In	1,542,384	1,913,384	1,913,384	-
Transfers Out	(1,135,863)	(1,506,863) (1)	(1,506,863)	-
Total Other Financing Sources, (Uses)	406,521	406,521	406,521	-
Net Change in Fund Balance	(3,169,355)	(2,770,705)	1,580,421	4,351,126
Beginning Fund Balance - Budgetary Basis	4,567,791	4,567,791	7,477,979	2,910,188
Ending Fund Balance - Budgetary Basis	\$ 1,398,436	\$ 1,797,086	\$ 9,058,400	\$ 7,261,314

(1) Appropriation Level

**CITY OF HAPPY VALLEY**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the year ended June 30, 2014**

<u>STREET FUND - GAAP BASIS</u>				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Gas Tax Revenue	\$ 824,000	\$ 824,000	\$ 875,088	\$ 51,088
Other Revenue	62,000	62,000	50,616	(11,384)
Total Revenues	886,000	886,000	925,704	39,704
EXPENDITURES				
Personal Services	445,520	445,520 (1)	280,497	165,023
Materials and Services	223,500	223,500 (1)	188,271	35,229
Capital Outlay	441,435	441,435 (1)	129,516	311,919
Total Expenditures	1,110,455	1,110,455	598,284	512,171
Excess of Revenues Over, (Under) Expenditures	(224,455)	(224,455)	327,420	551,875
OTHER FINANCING SOURCES, (USES)				
Transfers Out To:				
General Fund	(100,545)	(100,545) (1)	(100,545)	-
Total Other Financing Sources, (Uses)	(100,545)	(100,545)	(100,545)	-
Net Change in Fund Balance	(325,000)	(325,000)	226,875	551,875
Beginning Fund Balance - Budgetary Basis	638,914	638,914	694,963	56,049
Ending Fund Balance - Budgetary Basis	<u>\$ 313,914</u>	<u>\$ 313,914</u>	<u>\$ 921,838</u>	<u>\$ 607,924</u>

(1) Appropriation Level

**CITY OF HAPPY VALLEY**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the year ended June 30, 2014**

**SYSTEM DEVELOPMENT FUND**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Miscellaneous Revenue	\$ 4,000	\$ 4,000	\$ 58,024	\$ 54,024
SDC-Storm Drainage	41,800	41,800	93,194	51,394
Total Revenues	45,800	45,800	151,218	105,418
<b>EXPENDITURES</b>				
Capital Outlay				
SDC Projects-Transportation	146,800	146,800	75,518	71,282
SDC Projects-Storm Drainage	383,000	383,000	99,158	283,842
SDC Projects-Parks	414,000	414,000	61,275	352,725
Total Capital Outlay	943,800	943,800 (1)	235,951	707,849
Total Expenditures	943,800	943,800	235,951	707,849
Net Change in Fund Balance	(898,000)	(898,000)	(84,733)	813,267
Beginning Fund Balance	898,000	898,000	778,312	(119,688)
Ending Fund Balance	\$ -	\$ -	\$ 693,579	\$ 693,579

(1) Appropriation Level

**CITY OF HAPPY VALLEY**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the year ended June 30, 2014**

PEDESTRIAN IMPROVEMENT PROJECTS FUND

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Miscellaneous Revenue	\$ 2,000	\$ 2,000	\$ 63,029	\$ 61,029
Privilege Tax	108,000	108,000	113,276	5,276
Total Revenues	110,000	110,000	176,305	66,305
<b>EXPENDITURES</b>				
Materials and Services				
Contract Engineering	10,000	10,000	-	10,000
Total Materials and Services	10,000	10,000 (1)	-	10,000
Capital Outlay				
Bicycle & Ped Pathways	585,605	585,605	55,895	529,710
Total Capital Outlay	585,605	585,605 (1)	55,895	529,710
Total Expenditures	595,605	595,605	55,895	539,710
Excess of Revenues Over, (Under) Expenditures	(485,605)	(485,605)	120,410	606,015
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers Out To:				
General Fund	(64,395)	(64,395) (1)	(64,395)	-
Net Change in Fund Balance	(550,000)	(550,000)	56,015	606,015
Beginning Fund Balance	550,000	550,000	628,618	78,618
Ending Fund Balance	\$ -	\$ -	\$ 684,633	\$ 684,633

(1) Appropriation Level

**CITY OF HAPPY VALLEY**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the year ended June 30, 2014**

<u>PUBLIC SAFETY FUND - GAAP BASIS</u>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Property Taxes	\$ 2,411,000	\$ 2,411,000	\$ 2,502,947	\$ 91,947
Other Revenue	<u>25,000</u>	<u>25,000</u>	<u>148,972</u>	<u>123,972</u>
Total Revenues	<u>2,436,000</u>	<u>2,436,000</u>	<u>2,651,919</u>	<u>215,919</u>
<b>EXPENDITURES</b>				
Materials and Services	2,518,697	2,518,697 (1)	2,479,857	38,840
Capital Outlay	26,200	26,200 (1)	26,200	-
Contingency	<u>549,027</u>	<u>549,027 (1)</u>	<u>-</u>	<u>549,027</u>
Total Expenditures	<u>3,093,924</u>	<u>3,093,924</u>	<u>2,506,057</u>	<u>587,867</u>
Excess of Revenues Over, (Under) Expenditures	<u>(657,924)</u>	<u>(657,924)</u>	<u>145,862</u>	<u>803,786</u>
<b>OTHER FINANCING (USES)</b>				
Transfers In	11,695	11,695 (1)	11,695	-
Transfers Out	<u>(253,276)</u>	<u>(253,276) (1)</u>	<u>(253,276)</u>	<u>-</u>
Total Other Financing Sources, (Uses)	<u>(241,581)</u>	<u>(241,581)</u>	<u>(241,581)</u>	<u>-</u>
Net Change in Fund Balance	(899,505)	(899,505)	(95,719)	803,786
Beginning Fund Balance - Budgetary Basis	<u>885,000</u>	<u>885,000</u>	<u>871,113</u>	<u>(13,887)</u>
Ending Fund Balance - Budgetary Basis	<u>\$ (14,505)</u>	<u>\$ (14,505)</u>	<u>\$ 775,394</u>	<u>\$ 789,899</u>

(1) Appropriation Level

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

OTHER SUPPLEMENTARY INFORMATION

Other Financial Schedules

**CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON**

**COMBINING BALANCE SHEET  
GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES  
For the year ended June 30, 2014**

	General Fund Budgetary Basis	General Ops Reserve Fund Budgetary Basis	Pension Reserve Fund Budgetary Basis	Reserve For Replacement Budgetary Basis*	Debt Service Budgetary Basis	General Fund Generally Accepted Accounting Principles
<b>ASSETS</b>						
Cash and Investments	\$ 7,123,126	\$ 1,200,000	\$ 240,000	\$ 612,830	\$ 376,131	\$ 9,552,087
Prepaid Items	20,963	-	-	-	-	20,963
Accounts Receivable	246,749	-	-	34,280	-	281,029
Property Taxes Receivable	72,673	-	-	-	-	72,673
Total Assets	<u>\$ 7,463,511</u>	<u>\$ 1,200,000</u>	<u>\$ 240,000</u>	<u>\$ 647,110</u>	<u>\$ 376,131</u>	<u>\$ 9,926,752</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ 492,856	\$ -	\$ -	\$ 6,401	\$ -	\$ 499,257
Payroll and Taxes Payable	96,004	-	-	-	-	96,004
Development Deposits	199,043	-	-	-	-	199,043
Due to Other Governments	7,993	-	-	-	-	7,993
Total Liabilities	<u>795,896</u>	<u>-</u>	<u>-</u>	<u>6,401</u>	<u>-</u>	<u>802,297</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue - Property Taxes	<u>66,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,055</u>
<b>FUND BALANCES</b>						
Fund Balance By Category						
Nonspendable	20,963	-	-	-	-	20,963
Restricted	501,707	-	-	73,277	-	574,984
Committed	1,029,900	1,200,000	240,000	567,432	376,131	3,413,463
Unassigned	5,048,990	-	-	-	-	5,048,990
Total Fund Balances	<u>6,601,560</u>	<u>1,200,000</u>	<u>240,000</u>	<u>640,709</u>	<u>376,131</u>	<u>9,058,400</u>
Total Liabilities, Deferred Outflows, and Fund Balances	<u>\$ 7,463,511</u>	<u>\$ 1,200,000</u>	<u>\$ 240,000</u>	<u>\$ 647,110</u>	<u>\$ 376,131</u>	<u>\$ 9,926,752</u>

\* Portion of this fund is allocated to the COMBINING BALANCE SHEET -  
PUBLIC SAFETY FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES  
STREET FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES



**CITY OF HAPPY VALLEY**  
**CLACKAMAS COUNTY, OREGON**

**COMBINING BALANCE SHEET**  
**STREET FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**  
**For the year ended June 30, 2014**

	Street Fund Budgetary Basis	Reserve For Replacement Budgetary Basis*	Street Fund Generally Accepted Accounting Principles
<b>ASSETS</b>			
Cash and Investments	\$ 546,311	\$ 313,914	\$ 860,225
Accounts Receivable	78,437	-	78,437
Total Assets	<u>\$ 624,748</u>	<u>\$ 313,914</u>	<u>\$ 938,662</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 11,202	\$ -	\$ 11,202
Accrued Payroll	5,622	-	5,622
Total Liabilities	<u>16,824</u>	<u>-</u>	<u>16,824</u>
<b>FUND BALANCES</b>			
Fund Balance By Category			
Restricted	607,924	-	607,924
Committed	<u>-</u>	<u>313,914</u>	<u>313,914</u>
Total Fund Balances	<u>607,924</u>	<u>313,914</u>	<u>921,838</u>
Total Liabilities and Fund Balances	<u>\$ 624,748</u>	<u>\$ 313,914</u>	<u>\$ 938,662</u>

\* Portion of this fund is allocated to the COMBINING BALANCE SHEET -  
GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES  
PUBLIC SAFETY FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

**CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES  
For the year ended June 30, 2014**

	General Fund Budgetary Basis	Gen Ops Reserve Fund Budgetary Basis	Pension Reserve Fund Budgetary Basis	Reserve for Replacement Budgetary Basis *	Debt Service Budgetary Basis	General Fund Generally Accepted Accounting Principles
<b>REVENUES</b>						
Property Taxes	\$ 1,229,997	\$ -	\$ -	\$ -	\$ -	\$ 1,229,997
Licenses & Permits	3,365,785	-	-	132,738	-	3,498,523
Intergovernmental	851,229	-	-	-	-	851,229
Other Revenue	714,640	-	-	-	-	714,640
Total Revenues	6,161,651	-	-	132,738	-	6,294,389
<b>EXPENDITURES</b>						
Personal Services	3,341,957	-	-	-	-	3,341,957
Materials & Services	1,065,250	-	-	131,191	-	1,196,441
Debt Service	-	-	-	-	374,869	374,869
Capital Outlay	-	-	-	207,222	-	207,222
Total Expenditures	4,407,207	-	-	338,413	374,869	5,120,489
Excess of Revenues Over, (Under) Expenditures	1,754,444	-	-	(205,675)	(374,869)	1,173,900
<b>OTHER FINANCING SOURCES, (USES)</b>						
Transfers In	406,521	200,000	60,000	495,863	751,000	1,913,384
Transfers Out	(1,506,863)	-	-	-	-	(1,506,863)
Total Other Financing Sources, (Uses)	(1,100,342)	200,000	60,000	495,863	751,000	406,521
Net Change in Fund Balance	654,102	200,000	60,000	290,188	376,131	1,580,421
Beginning Fund Balance	5,947,458	1,000,000	180,000	350,521	-	7,477,979
Ending Fund Balance	\$ 6,601,560	\$ 1,200,000	\$ 240,000	\$ 640,709	\$ 376,131	\$ 9,058,400

\* Portion of this fund is allocated to the COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

- STREET FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

- PUBLIC SAFETY FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

**CITY OF HAPPY VALLEY**  
**CLACKAMAS COUNTY, OREGON**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - STREET FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

**For the year ended June 30, 2014**

	Street Fund Budgetary Basis	Reserve for Replacement Budgetary Basis*	Street Fund Generally Accepted Accounting Principles
	<hr/>	<hr/>	<hr/>
REVENUES			
Gas Tax Revenue	\$ 875,088	\$ -	\$ 875,088
Other Revenue	50,616	-	50,616
	<hr/>	<hr/>	<hr/>
Total Revenues	925,704	-	925,704
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Personal Services	280,497	-	280,497
Materials & Services	188,271	-	188,271
Capital Outlay	129,516	-	129,516
	<hr/>	<hr/>	<hr/>
Total Expenditures	598,284	-	598,284
	<hr/>	<hr/>	<hr/>
Excess of Revenues Over, (Under) Expenditures	327,420	-	327,420
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES, (USES)			
Transfers Out	(100,545)	-	(100,545)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources, (Uses)	(100,545)	-	(100,545)
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	226,875	-	226,875
	<hr/>	<hr/>	<hr/>
Beginning Fund Balance	381,049	313,914	694,963
	<hr/>	<hr/>	<hr/>
Ending Fund Balance	\$ 607,924	\$ 313,914	\$ 921,838
	<hr/>	<hr/>	<hr/>

\* Portion of this fund is allocated to the COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
- GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES  
- PUBLIC SAFETY FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

**CITY OF HAPPY VALLEY**  
**CLACKAMAS COUNTY, OREGON**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - PUBLIC SAFETY FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

**For the year ended June 30, 2014**

	Public Safety Fund Budgetary Basis	Reserve for Replacement Budgetary Basis*	Public Safety Fund Generally Accepted Accounting Principles
REVENUES			
Property Taxes	\$ 2,502,947	\$ -	\$ 2,502,947
Other Revenue	148,972	-	148,972
Total Revenues	2,651,919	-	2,651,919
EXPENDITURES			
Materials & Services	2,479,857	-	2,479,857
Capital Outlay	-	26,200	26,200
Total Expenditures	2,479,857	26,200	2,506,057
Excess of Revenues Over, (Under) Expenditures	172,062	(26,200)	145,862
OTHER FINANCING SOURCES, (USES)			
Transfers In	-	11,695	11,695
Transfers Out	(253,276)	-	(253,276)
Total Other Financing Sources, (Uses)	(253,276)	11,695	(241,581)
Net Change in Fund Balance	(81,214)	(14,505)	(95,719)
Beginning Fund Balance	856,608	14,505	871,113
Ending Fund Balance	\$ 775,394	\$ -	\$ 775,394

\* Portion of this fund is allocated to the COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
- GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES  
- STREET FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

**CITY OF HAPPY VALLEY**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the year ended June 30, 2014**

<u>GENERAL FUND - BUDGETARY BASIS</u>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Property Taxes	<u>\$ 1,152,000</u>	<u>\$ 1,152,000</u>	<u>\$ 1,229,997</u>	<u>\$ 77,997</u>
Licenses, Fees, and Permits:				
Franchise Fees	778,300	778,300	813,862	35,562
Building Permits and Fees	1,182,300	1,182,300	1,850,301	668,001
Planning Fees	103,000	103,000	257,370	154,370
Engineering Fees	65,000	65,000	215,683	150,683
User Related Fees	<u>143,200</u>	<u>143,200</u>	<u>228,569</u>	<u>85,369</u>
Total Licenses, Fees, and Permits	<u>2,271,800</u>	<u>2,271,800</u>	<u>3,365,785</u>	<u>1,093,985</u>
Intergovernmental:				
State Shared Revenues	321,500	321,500	386,622	65,122
Intergovernmental	<u>380,800</u>	<u>380,800</u>	<u>464,607</u>	<u>83,807</u>
Total Intergovernmental	<u>702,300</u>	<u>702,300</u>	<u>851,229</u>	<u>148,929</u>
Other Revenue:				
Traffic Fines	350,000	350,000	420,854	70,854
Municipal Court	39,000	39,000	88,782	49,782
Miscellaneous Revenue	<u>62,000</u>	<u>62,000</u>	<u>205,004</u>	<u>143,004</u>
Total Other Revenue	<u>451,000</u>	<u>451,000</u>	<u>714,640</u>	<u>263,640</u>
Total Revenues	<u>4,577,100</u>	<u>4,577,100</u>	<u>6,161,651</u>	<u>1,584,551</u>

Continued on next page

**CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON**

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

<u>GENERAL FUND - BUDGETARY BASIS</u>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>EXPENDITURES</b>				
Personal Services				
Salaries	\$ 2,258,500	\$ 2,258,500	\$ 2,205,509	\$ 52,991
Employee Benefits	1,750,840	1,750,840	1,136,448	614,392
Total Personal Services	<u>4,009,340</u>	<u>4,009,340 (1)</u>	<u>3,341,957</u>	<u>667,383</u>
Materials and Services				
Supplies	79,400	79,400	73,994	5,406
Professional Development	148,800	148,800	125,379	23,421
Public Accountability	34,300	34,300	31,468	2,832
Utilities	135,500	135,500	100,618	34,882
Vehicle Operation and Maintenance	56,000	56,000	61,296	(5,296)
Repairs and Maintenance	105,100	105,100	124,110	(19,010)
Facility & Office Service Contracts	95,000	95,000	103,960	(8,960)
Public Outreach	80,000	80,000	119,119	(39,119)
General Operating	136,500	136,500	112,957	23,543
Legal	96,000	96,000	66,173	29,827
Public Safety Related	50,400	50,400	25,801	24,599
Contract Services	250,000	250,000	120,375	129,625
Total Materials and Services	<u>1,267,000</u>	<u>1,267,000 (1)</u>	<u>1,065,250</u>	<u>201,750</u>
Contingency	<u>1,571,418</u>	<u>1,200,418 (1)</u>	<u>-</u>	<u>1,200,418</u>
Total Expenditures	<u>6,847,758</u>	<u>6,476,758</u>	<u>4,407,207</u>	<u>2,069,551</u>
Excess of Revenues Over, (Under) Expenditures	(2,270,658)	(1,899,658)	1,754,444	3,654,102
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers In	406,521	406,521	406,521	-
Transfers Out To:				
Reserve for Pension Fund	(60,000)	(60,000) (1)	(60,000)	-
Reserve for General Operations Fund	(200,000)	(200,000) (1)	(200,000)	-
Reserve for Replacement Fund	(495,863)	(495,863) (1)	(495,863)	-
Debt Service Fund	(380,000)	(751,000) (1)	(751,000)	-
Total Other Financing Sources, (Uses)	<u>(729,342)</u>	<u>(1,100,342)</u>	<u>(1,100,342)</u>	<u>-</u>
Net Change in Fund Balance	(3,000,000)	(3,000,000)	654,102	3,654,102
Beginning Fund Balance - Budgetary Basis	<u>3,000,000</u>	<u>3,000,000</u>	<u>5,947,458</u>	<u>2,947,458</u>
Ending Fund Balance - Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,601,560</u>	<u>\$ 6,601,560</u>

(1) Appropriation Level

Continued from previous page

**CITY OF HAPPY VALLEY**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the year ended June 30, 2014**

<b><u>STREET FUND - BUDGETARY BASIS</u></b>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 60,000	\$ 60,000	\$ 48,196	\$ (11,804)
Gas Tax Revenue	824,000	824,000	875,088	51,088
Miscellaneous Revenue	<u>2,000</u>	<u>2,000</u>	<u>2,420</u>	<u>420</u>
Total Revenues	<u>886,000</u>	<u>886,000</u>	<u>925,704</u>	<u>39,704</u>
<b>EXPENDITURES</b>				
Personal Services				
Salaries	224,500	224,500	175,476	49,024
Employee Benefits	<u>221,020</u>	<u>221,020</u>	<u>105,021</u>	<u>115,999</u>
Total Personal Services	<u>445,520</u>	<u>445,520</u> (1)	<u>280,497</u>	<u>165,023</u>
Materials and Services				
Supplies	7,500	7,500	2,039	5,461
Professional Development	5,300	5,300	4,482	818
Utilities	10,700	10,700	7,112	3,588
Vehicle Expenses	37,000	37,000	49,764	(12,764)
Repairs and Maintenance	120,000	120,000	98,905	21,095
General Operating	16,000	16,000	19,915	(3,915)
Contract Services	<u>27,000</u>	<u>27,000</u>	<u>6,054</u>	<u>20,946</u>
Total Materials and Services	<u>223,500</u>	<u>223,500</u> (1)	<u>188,271</u>	<u>35,229</u>
Capital Outlay				
Street Reconstruction	<u>441,435</u>	<u>441,435</u>	<u>129,516</u>	<u>311,919</u>
Total Capital Outlay	<u>441,435</u>	<u>441,435</u> (1)	<u>129,516</u>	<u>311,919</u>
Total Expenditures	<u>1,110,455</u>	<u>1,110,455</u>	<u>598,284</u>	<u>512,171</u>
Excess of Revenues Over, (Under) Expenditures	<u>(224,455)</u>	<u>(224,455)</u>	<u>327,420</u>	<u>551,875</u>
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers Out To:				
General Fund	<u>(100,545)</u>	<u>(100,545)</u> (1)	<u>(100,545)</u>	<u>-</u>
Total Other Financing Sources, (Uses)	<u>(100,545)</u>	<u>(100,545)</u>	<u>(100,545)</u>	<u>-</u>
Net Change in Fund Balance	(325,000)	(325,000)	226,875	551,875
Beginning Fund Balance - Budgetary Basis	<u>325,000</u>	<u>325,000</u>	<u>381,049</u>	<u>56,049</u>
Ending Fund Balance - Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 607,924</u>	<u>\$ 607,924</u>

(1) Appropriation Level

**CITY OF HAPPY VALLEY**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the year ended June 30, 2014**

<u>PUBLIC SAFETY FUND - BUDGETARY BASIS</u>				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Misc Revenue	\$ 25,000	\$ 25,000	\$ 148,972	\$ 123,972
Property Taxes	2,411,000	2,411,000	2,502,947	91,947
Total Revenues	2,436,000	2,436,000	2,651,919	215,919
<b>EXPENDITURES</b>				
Materials and Services				
Office Supplies	10,000	10,000	22,904	(12,904)
Professional Development	10,000	10,000	8,894	1,106
Utilities	14,000	14,000	15,597	(1,597)
Vehicle Operation and Maintenance	8,000	8,000	11,558	(3,558)
Repairs and Maintenance	15,000	15,000	18,095	(3,095)
Public Outreach	17,000	17,000	15,115	1,885
Legal	5,000	5,000	-	5,000
Contract Services	30,000	30,000	15,037	14,963
Contract Police Protection	2,409,697	2,409,697	2,372,657	37,040
Total Materials and Services	2,518,697	2,518,697 (1)	2,479,857	38,840
Contingency	549,027	549,027 (1)	-	549,027
Total Expenditures	3,067,724	3,067,724	2,479,857	587,867
Excess of Revenues Over, (Under) Expenditures	(631,724)	(631,724)	172,062	803,786
<b>OTHER FINANCING (USES)</b>				
Transfers Out To:				
General Fund	(241,581)	(241,581)	(241,581)	-
Reserve for Replacement	(11,695)	(11,695)	(11,695)	-
Total Other Financing Sources, (Uses)	(253,276)	(253,276) (1)	(253,276)	-
Net Change in Fund Balance	(885,000)	(885,000)	(81,214)	803,786
Beginning Fund Balance - Budgetary Basis	885,000	885,000	856,608	(28,392)
Ending Fund Balance - Budgetary Basis	\$ -	\$ -	\$ 775,394	\$ 775,394

(1) Appropriation Level



**CITY OF HAPPY VALLEY**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the year ended June 30, 2014**

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PENSION RESERVE FUND - BUDGETARY BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES				
Contingency	\$ -	\$ -	\$ -	\$ -
Total Expenditures	-	-	-	-
OTHER FINANCING SOURCES				
Transfers In From:				
General Fund	60,000	60,000	60,000	-
Net Change in Fund Balance	60,000	60,000	60,000	-
Beginning Fund Balance - Budgetary Basis	180,000	180,000	180,000	-
Ending Fund Balance - Budgetary Basis	<u>\$ 240,000</u>	<u>\$ 240,000</u>	<u>\$ 240,000</u>	<u>\$ -</u>

**CITY OF HAPPY VALLEY**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the year ended June 30, 2014**

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GENERAL OPERATIONS RESERVE FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OTHER FINANCING SOURCES				
Transfers In From:				
General Fund	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Net Change in Fund Balance	200,000	200,000	200,000	-
Beginning Fund Balance - Budgetary Basis	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Ending Fund Balance - Budgetary Basis	<u><u>\$ 1,200,000</u></u>	<u><u>\$ 1,200,000</u></u>	<u><u>\$ 1,200,000</u></u>	<u><u>\$ -</u></u>

**CITY OF HAPPY VALLEY**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the year ended June 30, 2014**

RESERVE FOR REPLACEMENT - BUDGETARY BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
PEG Fees	\$ -	\$ -	\$ 132,738	\$ 132,738
Total Revenues	-	-	132,738	132,738
<b>EXPENDITURES</b>				
Materials and Services				
Equipment under \$5,000	275,000	275,000	77,650	197,350
Repairs and Maintenance	200,123	172,473	53,541	118,932
Education Benefits	15,000	15,000	-	15,000
Total Materials and Services	490,123	462,473 (1)	131,191	331,282
Capital Outlay				
Vehicles	261,295	261,295	175,641	85,654
Equipment over \$5,000	500,000	500,000	57,781	442,219
Total Capital Outlay	761,295	761,295 (1)	233,422	527,873
Total Expenditures	1,251,418	1,223,768	364,613	859,155
Excess of Revenues Over, (Under) Expenditures	(1,251,418)	(1,223,768)	(231,875)	991,893
<b>OTHER FINANCING SOURCES</b>				
Transfers In From:				
General Fund	495,863	495,863	495,863	-
Public Safety Fund	11,695	11,695	11,695	-
Total Other Financing Sources, (Uses)	507,558	507,558	507,558	-
Net Change in Fund Balance	1,758,976	1,731,326	275,683	859,155
Beginning Fund Balance - Budgetary Basis	716,210	716,210	678,940	(37,270)
Ending Fund Balance - Budgetary Basis	\$ 2,475,186	\$ 2,447,536	\$ 954,623	\$ 821,885

(1) Appropriation Level

**CITY OF HAPPY VALLEY**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the year ended June 30, 2014**

**DEBT SERVICE - BUDGETARY BASIS**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>EXPENDITURES</b>				
Debt Service				
Principal Payments	\$ 210,000	\$ 210,000	\$ 205,000	\$ 5,000
Interest Payments	<u>170,000</u>	<u>170,000</u>	<u>169,869</u>	<u>131</u>
Total Debt Services	<u>380,000</u>	<u>380,000</u> (1)	<u>374,869</u>	<u>5,131</u>
Total Expenditures	<u>380,000</u>	<u>380,000</u>	<u>374,869</u>	<u>5,131</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In				
From General Fund	<u>380,000</u>	<u>751,000</u>	<u>751,000</u>	<u>-</u>
Net Change in Fund Balance	-	371,000	376,131	(5,131)
Beginning Fund Balance - Budgetary Basis	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance - Budgetary Basis	<u><u>\$ -</u></u>	<u><u>\$ 371,000</u></u>	<u><u>\$ 376,131</u></u>	<u><u>\$ (5,131)</u></u>
(1) Appropriation Level				

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

OTHER FINANCIAL SCHEDULES

**CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES  
OF TAXES UNCOLLECTED - GENERAL FUND**

**For the year ended June 30, 2014**

<u>Tax Year</u>	<u>Imposed Levy or Uncollected At 7/1/13</u>	<u>Deduct Discounts</u>	<u>Adjustments To Rolls</u>	<u>Add Interest</u>	<u>Cash Collections</u>	<u>Uncollected at 6/30/14</u>
<b>CURRENT:</b>						
2013-2014	<u>\$ 3,819,691</u>	<u>\$ (96,981)</u>	<u>\$ (6,260)</u>	<u>\$ 1,257</u>	<u>\$ 3,621,704</u>	<u>\$ 96,003</u>
<b>PRIOR YEARS:</b>						
2012-2013	104,431	55	(2,859)	3,121	53,823	50,925
2011-2012	58,193	18	(907)	3,413	25,229	35,488
2010-2011	37,133	4	(258)	3,909	20,417	20,371
2009-2010	20,698	1	(391)	1,761	7,709	14,360
2008-2009 & Prior	<u>6,443</u>	<u>2</u>	<u>(896)</u>	<u>(59)</u>	<u>1,104</u>	<u>4,386</u>
Total Prior	<u>226,898</u>	<u>80</u>	<u>(5,311)</u>	<u>12,145</u>	<u>108,282</u>	<u>125,530</u>
Total	<u><u>\$ 4,046,589</u></u>	<u><u>\$ (96,901)</u></u>	<u><u>\$ (11,571)</u></u>	<u><u>\$ 13,402</u></u>	<u><u>\$ 3,729,986</u></u>	<u><u>\$ 221,533</u></u>

**RECONCILIATION OF REVENUE:**

Cash Collections by County Treasurer Above	\$ 3,729,986
Accrual of Receivables:	
June 30, 2013	(17,008)
June 30, 2014	<u>19,966</u>
Total Revenue	<u><u>\$ 3,732,944</u></u>

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

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.

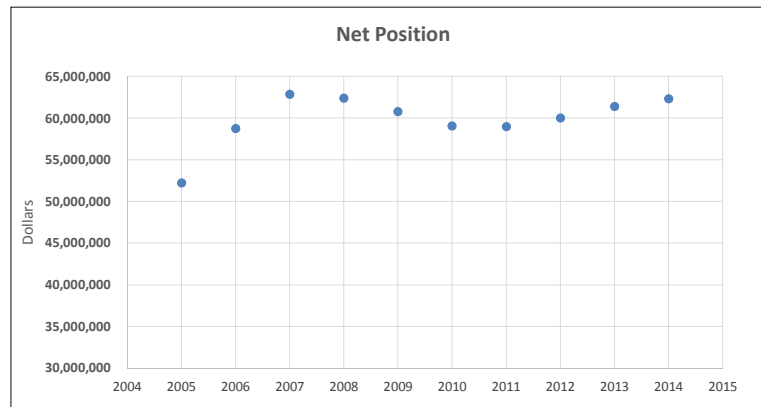
<b>Contents</b>	<b>Page</b>
Financial Trends	61-64
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	65-68
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	69
<i>This schedule presents information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Operating Information	70
<i>This schedule contains servicedata 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.</i>	



**CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON**

**NET POSITION BY COMPONENT  
Last Ten Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 44,338,445	\$ 48,222,368	\$ 51,064,396	\$ 50,638,277	\$ 53,377,979	\$ 52,107,967	\$ 51,755,194	\$ 51,692,187	\$ 50,887,724	\$ 50,075,936
Restricted	-	-	-	-	-	-	-	3,968,439	3,169,038	3,357,477
Unrestricted	7,896,461	10,547,823	11,796,592	11,748,377	7,390,456	6,946,138	7,224,869	4,349,283	7,362,168	8,885,486
Total governmental activities net position	<u>\$ 52,234,906</u>	<u>\$ 58,770,191</u>	<u>\$ 62,860,988</u>	<u>\$ 62,386,654</u>	<u>\$ 60,768,435</u>	<u>\$ 59,054,105</u>	<u>\$ 58,980,063</u>	<u>\$ 60,009,909</u>	<u>\$ 61,418,930</u>	<u>\$ 62,318,899</u>



**CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON**

**CHANGES IN NET POSITION  
Last Ten Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities:										
General government	\$ 130,869	\$ 1,523,824	\$ 1,936,126	\$ 4,909,642	\$ 6,429,265	\$ 6,813,644	\$ 5,845,840	\$ 5,288,728	\$ 7,446,207	\$ 8,447,692
Building*	860,846	1,164,901	920,768	797,763	707,295	459,832	449,108	354,939	-	-
Parks	32,388	20,723	48,768	2,054,712	126,200	97,482	104,307	228,276	255,454	281,561
Storm Drainage	-	-	-	24,302	58,962	1,900	22,219	233,290	146,494	99,158
Streets	161,525	171,315	182,429	4,366	252,246	614,011	315,636	688,684	950,813	671,559
Interest of long term debt	-	-	-	181,666	205,360	199,728	192,185	184,322	176,141	167,642
Total Expenses	<u>1,185,628</u>	<u>2,880,763</u>	<u>3,088,091</u>	<u>7,972,451</u>	<u>7,779,328</u>	<u>8,186,597</u>	<u>6,929,295</u>	<u>6,978,239</u>	<u>8,975,109</u>	<u>9,667,612</u>
Program Revenues										
Governmental Activities:										
Charges for services										
General government	\$ 1,375,356	\$ 2,183,616	\$ 1,808,138	\$ 1,324,799	\$ 1,314,049	\$ 1,080,402	\$ 1,090,411	\$ 1,179,696	\$ 2,684,628	\$ 3,498,523
Building*	1,416,876	2,004,082	1,142,954	840,582	516,393	359,716	419,030	1,086,750	N1	N1
Parks	1,032,679	1,944,209	30,913	22,651	71,006	36,668	16,063	28,499	-	-
Storm Drainage	78,302	133,837	63,295	44,250	67,766	32,052	29,579	82,626	214,139	93,194
Streets	-	-	-	75,686	88,763	100,250	99,992	107,439	110,037	113,276
Operating grants and contributions	14,500	-	-	-	-	-	-	-	-	-
Total Program Revenues	<u>3,917,713</u>	<u>6,265,744</u>	<u>3,045,300</u>	<u>2,307,968</u>	<u>2,057,977</u>	<u>1,609,088</u>	<u>1,655,075</u>	<u>2,485,010</u>	<u>3,008,804</u>	<u>3,704,993</u>
Net (Expense)/Revenue										
Governmental Activities	<u>\$ 2,732,085</u>	<u>\$ 3,384,981</u>	<u>\$ (42,791)</u>	<u>\$ (5,664,483)</u>	<u>\$ (5,721,351)</u>	<u>\$ (6,577,509)</u>	<u>\$ (5,274,220)</u>	<u>\$ (4,493,229)</u>	<u>\$ (5,966,305)</u>	<u>\$ (5,962,619)</u>
General Revenues										
Governmental Activities:										
Property Taxes	1,399,978	1,723,220	2,197,477	\$ 2,633,223	\$ 3,014,825	\$ 3,189,193	\$ 3,270,206	3,378,350	3,437,933	3,724,620
Other Taxes	312,783	367,268	389,193	428,381	422,485	475,910	602,531	774,660	803,621	875,088
Intergovernmental-unrestrictec	233,821	311,452	498,671	559,998	567,585	542,842	587,554	653,180	790,718	851,229
Other Revenue	315,464	748,364	1,048,247	1,036,599	749,804	655,234	739,887	716,885	855,677	1,411,651
Gain (loss) on sale of capital assets	-	-	-	531,948	-	-	-	-	-	-
Total general revenues, transfers, and special item	<u>\$ 2,262,046</u>	<u>\$ 3,150,304</u>	<u>\$ 4,133,588</u>	<u>\$ 5,190,149</u>	<u>\$ 4,754,699</u>	<u>\$ 4,863,179</u>	<u>\$ 5,200,178</u>	<u>\$ 5,523,075</u>	<u>\$ 5,887,949</u>	<u>\$ 6,862,588</u>
Change in Net Position	<u>\$ 4,994,131</u>	<u>\$ 6,535,285</u>	<u>\$ 4,090,797</u>	<u>\$ (474,334)</u>	<u>\$ (966,652)</u>	<u>\$ (1,714,330)</u>	<u>\$ (74,042)</u>	<u>\$ 1,029,846</u>	<u>\$ (78,356)</u>	<u>\$ 899,969</u>

\*Note - In 2013, the Building Department was rolled into General Governmer

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

FUND BALANCES OF GOVERNMENTAL FUNDS  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,744	\$ 20,963
Restricted	-	-	-	-	-	-	-	604,874	501,707	574,984
Committed	-	-	-	-	-	-	-	-	2,645,793	3,413,463
Assigned	-	-	-	-	-	-	497,608	537,122	-	-
Unassigned	2,576,799	2,312,092	1,379,393	815,253	786,385	1,708,335	1,966,658	3,319,453	4,307,735	5,048,990
Total general fund	<u>\$ 2,576,799</u>	<u>\$ 2,312,092</u>	<u>\$ 1,379,393</u>	<u>\$ 815,253</u>	<u>\$ 786,385</u>	<u>\$ 1,708,335</u>	<u>\$ 2,464,266</u>	<u>\$ 4,461,449</u>	<u>\$ 7,477,979</u>	<u>\$ 9,058,400</u>
 All other governmental funds										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,361,626	\$ 3,363,565	\$ 2,644,587	\$ 2,761,530
Committed	-	-	-	-	-	-	-	836,210	328,419	313,914
Assigned	-	-	-	-	-	-	210,683	-	-	-
Unassigned	5,321,430	8,242,769	10,416,995	10,749,472	6,401,003	5,033,388	-	-	-	-
Total all other governmental funds	<u>\$ 5,321,430</u>	<u>\$ 8,242,769</u>	<u>\$ 10,416,995</u>	<u>\$ 10,749,472</u>	<u>\$ 6,401,003</u>	<u>\$ 5,033,388</u>	<u>\$ 4,572,309</u>	<u>\$ 4,199,775</u>	<u>\$ 2,973,006</u>	<u>\$ 3,075,444</u>

**CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

**Last Ten Fiscal Years**

**(modified accrual basis of accounting)**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>REVENUES</b>										
Property taxes	\$ 1,394,371	\$ 1,716,791	\$ 2,176,495	\$ 2,595,325	\$ 2,961,417	\$ 3,173,950	\$ 3,279,877	\$ 3,344,880	\$ 3,434,415	\$ 3,732,944
Gas Tax	312,783	367,268	389,193	428,381	422,485	475,910	602,531	774,660	803,621	875,088
Licenses and permits	2,822,078	4,207,578	2,965,117	2,263,718	1,934,931	1,560,507	1,625,496	2,402,384	2,794,665	3,611,799
System Development Charges	1,095,635	2,058,166	80,183	44,250	123,046	48,581	29,579	82,626	214,139	93,194
Intergovernmental	233,821	311,452	498,671	559,998	567,585	542,842	587,554	653,180	790,718	851,229
Other Revenue	315,464	748,364	1,048,247	1,036,599	749,804	655,234	739,887	716,885	855,677	1,035,281
Total Revenues	<u>6,174,152</u>	<u>9,409,619</u>	<u>7,157,906</u>	<u>6,928,271</u>	<u>6,759,268</u>	<u>6,457,024</u>	<u>6,864,924</u>	<u>7,974,615</u>	<u>8,893,235</u>	<u>10,199,535</u>
<b>EXPENDITURES</b>										
Current:										
Personal Services	1,523,830	2,084,880	2,361,712	2,573,378	2,824,943	2,952,546	2,900,904	2,875,971	3,200,252	3,622,454
Materials & Services	1,617,701	1,886,269	2,012,428	2,202,367	3,134,640	3,184,748	2,973,049	3,083,355	3,445,210	3,864,569
Debt Service:										
Principal	-	-	-	-	90,000	175,000	180,000	190,000	195,000	205,000
Interest and fiscal charges	-	-	-	183,894	207,588	201,956	194,413	186,550	178,369	169,869
Capital Outlay	955,100	2,781,838	1,542,239	10,130,390	4,879,434	386,439	321,706	551,212	1,152,157	654,784
Total Expenditures	<u>4,096,631</u>	<u>6,752,987</u>	<u>5,916,379</u>	<u>15,090,029</u>	<u>11,136,605</u>	<u>6,900,689</u>	<u>6,570,072</u>	<u>6,887,088</u>	<u>8,170,988</u>	<u>8,516,676</u>
Excess (Deficiency) of Revenues over Expenditures	2,077,521	2,656,632	1,241,527	(8,161,758)	(4,377,337)	(443,665)	294,852	1,087,527	722,247	1,682,859
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	1,214,541	4,268,503	4,388,198	1,796,143	1,142,440	2,061,390	342,900	884,083	2,652,413	1,925,079
Transfers out	(1,214,541) (1)	(4,268,503)	(4,388,198)	(1,796,143)	(1,142,440)	(2,061,390)	(342,900)	(884,083)	(2,652,413)	(1,925,079)
Bond Proceeds	-	-	-	5,044,546	-	-	-	-	-	-
Proceeds from Land Sale	-	-	-	2,885,549	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,930,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 2,077,521</u>	<u>\$ 2,656,632</u>	<u>\$ 1,241,527</u>	<u>\$ (231,663)</u>	<u>\$ (4,377,337)</u>	<u>\$ (443,665)</u>	<u>\$ 294,852</u>	<u>\$ 1,087,527</u>	<u>\$ 722,247</u>	<u>\$ 1,682,859</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	3.71%	4.76%	5.79%	5.99%	5.94%	5.32%	4.77%

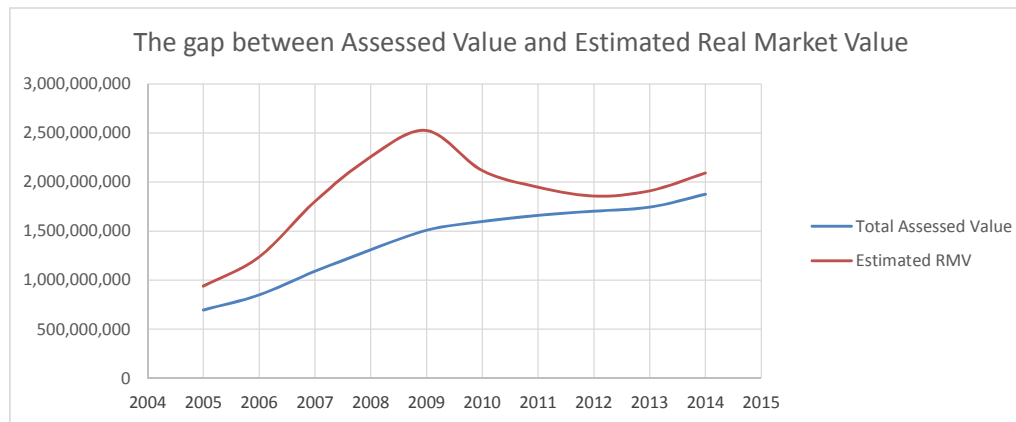
**CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON**

**ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Assessed Value					Total direct tax rate	RMV	Assessed value as percentage of RMV
	Real property	Personal property	Manuf'd structure	Public utility	Total assessed value		Estimated real market value (RMV)	
2005	\$ 676,633,373	\$ 3,939,159	\$ 918,943	\$ 13,661,413	\$ 695,152,888	\$ 2.05	\$ 938,703,822	74.05
2006	828,827,404	4,387,149	1,102,142	14,052,959	848,369,654	2.05	1,235,549,836	68.66
2007	1,067,150,898	5,132,513	1,089,594	17,162,800	1,090,535,805	2.05	1,802,196,431	60.51
2008	1,279,795,614	5,357,440	1,092,109	22,157,590	1,308,402,753	2.05	2,257,260,873	58.00
2009	1,473,382,597	9,569,639	1,150,881	24,327,080	1,508,430,197	2.05	2,525,081,387	59.70
2010	1,548,398,234	8,249,070	1,072,634	39,468,140	1,597,188,078	2.05	2,116,716,946	75.46
2011	1,610,806,718	8,698,169	1,046,052	40,575,700	1,661,126,639	2.05	1,947,677,381	85.30
2012	1,651,831,555	7,806,424	1,052,525	42,239,100	1,702,929,604	2.05	1,857,342,675	91.70
2013	1,694,660,433	6,990,997	1,174,223	40,380,600	1,743,206,253	2.05	1,909,870,958	91.30
2014	1,825,265,969	7,350,321	1,181,489	41,387,160	1,875,184,939	2.05	2,092,293,811	89.60

Source: Clackamas County Assessor's Office

Note: Property is generally assessed as of July 1st of each fiscal year

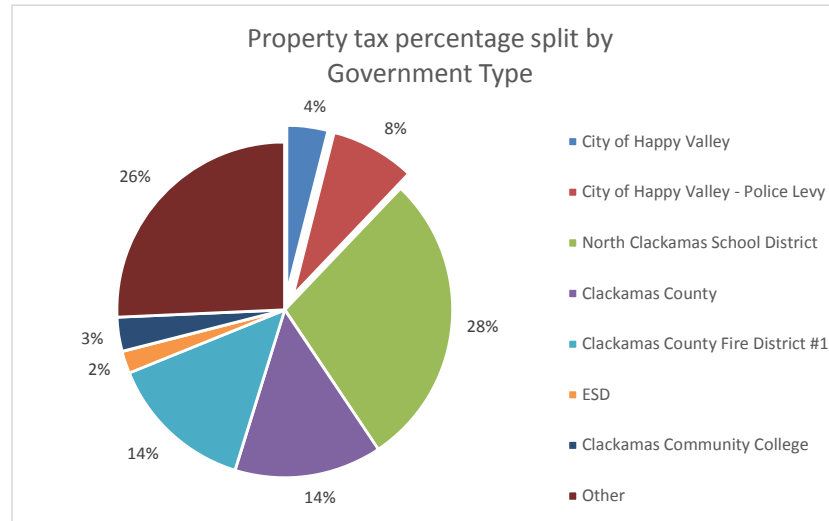


**CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON**

**PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
Last Ten Fiscal Years**

City direct rates				Overlapping Rates						
Fiscal Year	General Operating	Police Levy	Total Direct Rate	School District	Clackamas County	Clackamas County Fire Dist #1	Education Service District	Clackamas Community College	Other	Total Direct and Overlapping
2005	\$ 0.671	\$ 1.38	2.05	\$ 4.46	\$ 2.40	\$ 2.21	\$ 0.3591	0.5408	2.9117	\$ 14.95
2006	0.671	1.38	2.05	4.47	2.40	2.24	0.3590	0.5411	2.8831	14.95
2007	0.671	1.38	2.05	4.64	2.40	2.31	0.3624	0.5481	2.9576	15.27
2008	0.671	1.38	2.05	4.62	2.40	2.30	0.3620	0.5476	4.2262	16.52
2009	0.671	1.38	2.05	4.60	2.40	2.31	0.3611	0.5463	4.1153	16.39
2010	0.671	1.38	2.05	4.57	2.40	2.30	0.3620	0.5450	4.7103	16.94
2011	0.671	1.38	2.05	4.57	2.40	2.30	0.3619	0.5449	4.7269	16.95
2012	0.671	1.38	2.05	4.59	2.40	2.30	0.3624	0.5459	5.1649	17.42
2013	0.671	1.38	2.05	4.58	2.40	2.30	0.3623	0.5455	4.7792	17.02
2014	0.671	1.38	2.05	4.82	2.40	2.38	0.3676	0.5560	4.3478	16.93

Source: Clackamas County Assessor's Office



**CITY OF HAPPY VALLEY**  
**CLACKAMAS COUNTY, OREGON**

**PRINCIPAL PROPERTY TAXPAYERS**  
**Current Year and Nine Years Ago**

Rank	Taxpayer	2013-14			2004-05		
		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
1	Sunrise Terrace Apartments LLC	\$25,464,576	1	1.36%			
2	ROIC Oregon LLC	24,349,237	2	1.30%			
3	TADC LLC	20,590,644	3	1.10%			
4	DR Horton Inc- Portland	13,146,359	4	0.70%			
5	Comcast Corporation	12,397,300	5	0.66%	1,860,097	9	0.27%
6	Portland General Electric Co	12,167,000	6	0.65%	4,032,000	3	0.58%
7	TRC MM LLC	7,852,559	7	0.42%	5,640,583	1	0.81%
8	Northwest Natural Gas Co	7,629,000	8	0.41%	4,262,900	2	0.61%
9	Sabal Financial Group LP	7,327,098	9	0.39%			
10	Providence Health & Services- OR	4,983,608	10	0.27%			
	NNP-Taralon LLC				3,474,612	4	0.50%
	Sprint Nextel Group				2,546,700	5	0.37%
	Geo LLC				2,522,696	6	0.36%
	TPOR-A LLC				2,168,766	7	0.31%
	JT Smith Companies				1,953,961	8	0.28%
	Austria Camilo Trustee				1,500,761	10	0.22%
		<u>\$ 135,907,381</u>		<u>7.25%</u>	<u>\$ 29,963,076</u>		<u>4.31%</u>

Source: Clackamas County Assessor's Office

**CITY OF HAPPY VALLEY**  
**CLACKAMAS COUNTY, 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 for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>		<b>Total Collections to Date</b>	
		<b>Amount Collected</b>	<b>Percentage of Levy</b>			<b>Amount Collected</b>	<b>Percentage of Levy</b>
2005	\$1,443,486	\$1,365,186	94.58%	\$27,857	\$	1,393,043	96.51%
2006	1,770,442	1,682,647	95.04%	33,802		1,716,449	96.95%
2007	2,253,189	2,134,326	94.72%	40,005		2,174,331	96.50%
2008	2,699,731	2,538,635	94.03%	54,227		2,592,862	96.04%
2009	3,092,721	2,880,037	93.12%	74,628		2,954,665	95.54%
2010	3,271,293	3,064,203	93.67%	108,798		3,173,001	97.00%
2011	3,379,779	3,163,897	93.61%	115,825		3,279,722	97.04%
2012	3,456,635	3,248,651	93.98%	97,334		3,345,985	96.80%
2013	3,532,604	3,331,232	94.30%	102,808		3,434,040	97.21%
2014	3,819,691	3,621,704	94.82%	108,282		3,729,986	97.65%

Source: Annual financial statements of the City of Happy Valley



**CITY OF HAPPY VALLEY**  
**CLACKAMAS COUNTY, OREGON**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>General Obligation Bonds (2)</b>	<b>Less: Amounts Available in Debt Service Fund (3)</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property (1)</b>	<b>Per Capita</b>
2005	\$0	\$0	\$0	0.00%	\$0
2006	0	0	0	0.00%	0
2007	0	0	0	0.00%	0
2008	5,042,318	0	5,042,318	0.22%	440
2009	4,950,090	0	4,950,090	0.20%	432
2010	4,772,862	0	4,772,862	0.23%	339
2011	4,590,634	0	4,590,634	0.24%	320
2012	4,398,406	0	4,398,406	0.24%	294
2013	4,201,178	0	4,201,178	0.22%	270
2014	3,993,951	376,131	3,617,820	0.17%	220

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements

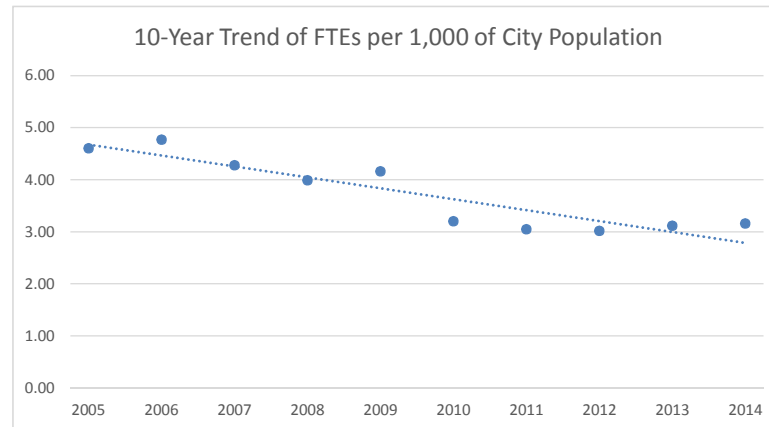
- (1) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property on page 65 for property value data.
- (2) Presented net of original issuance discounts and premiums
- (3) This is the amount available to make debt service principal payments

**CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON**

**FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION  
Last Ten Fiscal Years**

Function	Full-time Equivalent Employees as of June 30									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Administration	9	6.5	5.5	5.5	7	6	9	7.5	6	7
Community Services and Public Safety	3	5	6.5	8	8.5	9	8.5	10	10.5	10.5
Economic and Community Development	10	19	18	16	12	10	8	8.5	11.5	14
Public Works / Parks / Streets	5	7	7	7	9	9	7	8	9	9
Public Safety - Police Officers	6.4	6.4	7.4	9.15	11.15	11.15	11.15	11.15	11.5	11.5
Total FTE's	<u>33.4</u>	<u>43.9</u>	<u>44.4</u>	<u>45.65</u>	<u>47.65</u>	<u>45.15</u>	<u>43.65</u>	<u>45.15</u>	<u>48.5</u>	<u>52</u>
City Population	7,264	9,210	10,380	11,455	11,465	14,100	14,337	14,965	15,575	16,480
FTE's per 1,000 of population	4.60	4.77	4.28	3.99	4.16	3.20	3.04	3.02	3.11	3.16

Sources: Various city departments



CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATION

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

We have audited the basic financial statements of the City of Happy Valley, Oregon (the City) as of and for the year ended June 30, 2014 and have issued our report thereon dated December 10, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**Compliance**

As part of obtaining reasonable assurance about whether the 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*.

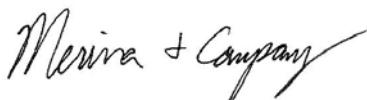
### **OAR 162-10-0230 Internal Control**

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 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 10, 2014