

## NOTICE OF CITY COUNCIL MEETING

The City Council of the City of King City will hold a Regular City Council Meeting at 7:00 p.m., Wednesday-February 7, 2018 at the King City Hall, 15300 SW 116<sup>th</sup> Ave, King City, Oregon 97224

AGENDA		Action Item
<b>***REGULAR SESSION***</b>		
<i>Moment of Silence</i>		Time:
7:00 p.m.	1. <b>CALL TO ORDER</b>	
	2. <b>ROLL CALL</b>	
	3. <b>PLEDGE OF ALLEGIANCE</b>	
	4. <b>APPROVAL OF MINUTES:</b> November 1, 2017	M S A
7:05 p.m.	5. <b>OPEN FORUM:</b> We welcome public comment. At this time, the Council will be happy to receive your comment on any item on the agenda (including, questions, suggestions, complaints and items for future agendas). Each person's time will be limited to three minutes.	
7:15 p.m.	6. <b>UNFINISHED BUSINESS:</b> NONE	
7:20 p.m.	7. <b>NEW BUSINESS:</b>	
7:20 p.m.	7.1 New Master Fees Schedule Discussion & Review (Resolution R- 2018-02)	
7:25 p.m.	7.2 FY 2016-2017 Financial Audit Report Presentation – Hannah Sirpless	M S A
7:35 p.m.	7.3 First Annual Mayor Golf Tournament – Donation	M S A
7:40 p.m.	7.4 SCJ Agreement for Professional Services – URA 6D Concept Plan Traffic Analysis	M S A
7:45 p.m.	8. <b>POLICE CHIEF'S REPORT</b>	
7:50 p.m.	9. <b>CITY MANAGER'S REPORT</b>	
8:00 p.m.	10. <b>MAYOR'S AND COUNCILOR'S REPORTS</b>	
8:15 p.m.	11. <b>ADJOURN</b>	M S A
		Time:
<p><b>*** OPEN HOUSE URA 6D RE-SCHEDULED FOR MARCH 6, 2018 @ 5:00 P.M. ***</b></p> <p><b>DEER CREEK ELEMENTARY SCHOOL</b></p> <p><b>NEXT MEETING SCHEDULED FOR FEBRUARY 21, 2018 @ 7:00 PM</b></p> <p>The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired, or for other accommodations for persons with disabilities, should be made at least 48 hours in advance of the meeting to Mike Weston, City Recorder, 503-639-4082.</p>		
M=Motion; S=Second; A=Action/Vote		



# REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: February 7, 2018

Order \_\_\_ Ordinance \_\_\_ Resolution X Motion \_\_\_ Information \_\_\_ Review X  
No. R-2018-02

**SUBJECT:** A RESOLUTION REVISING FEES, CHARGES, FINES AND ASSESSMENTS OF THE CITY OF KING CITY, OREGON AND RESCINDING RESOLUTION R-06-03.

**Contact Person (Preparer) for this Motion:** Ronnie Smith, City Recorder  
Jordan Ramis, City Attorney  
**Dept.:** Administration

## RECOMMENDATION:

Adopt Resolution R-2018-02 revising fees, charges, fines and assessments of the City of King City, Oregon and rescinding Resolution R-06-03.

## EXECUTIVE SUMMARY:

The City of King City provides a full range of municipal services to the community, including police protection, traffic control and improvement, street maintenance and improvement, planning and zoning regulation, building inspection and regulation. This Master Fee Schedule consolidates all City fees and charges adopted by City Council resolution for the various services that the City provides.

The City has not adjusted its fees since April 5<sup>th</sup>, 2006. This Resolution adopts current Building fee and adjusted the Public Records, City Parking Permits, and City Parking fines sections were increased by the Consumer Price Index-All Urban Consumers. Base period was 1982-84=100. Year range was 2005 to 2017 and was rounded to the nearest five dollars.

Business Registration was lowered from \$175.00 to \$150. This will help be more comparable to other cities in the metro area. The staff is proposing a 10% delinquent business registration of the original business tax plus interest at 9% per annum from the due date until full payment is received. The delinquent business registration will apply 30 days after July 1<sup>st</sup>.

Staff is recommending a 5-year moratorium surcharge for cuts and excavations in a newly paved or resurfaced street pending on an Ordinance that is being developed for March 7<sup>th</sup>, 2018 Council meeting. The first year will cost \$250 per Square foot and the fifth year at \$50 per square foot.

**FISCAL IMPACT:** There will be some staff time required to train staff on the new changes.

## STRATEGIC ASSESSMENT:

While this is not a Council Priority, it is recommended that the City review fees, charges, fines and assessments on an annual basis.

**File can be found at:** S:\City Manager\2018 Council  
Packes\20180207\Draft\_Review\_master\_fee\_schedule\_fy\_2017-2018-2019.docx



# **MASTER FEE SCHEDULE**

## **FY 2017-2018 & 2018-2019**

**File can be found at:** S:\City Manager\2018 Council Packes\20180207\Draft\_Review\_master\_fee\_schedule\_fy\_2017-2018-2019.docx



## City of King City, Oregon

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The City of King City provides a full range of municipal services to the community, including police protection, traffic control and improvement, street maintenance and improvement, planning and zoning regulation, building inspection and regulation. This Master Fee Schedule consolidates all City fees and charges adopted by City Council resolution for the various services that the City provides. Typically, it is updated annually and reflects all fee resolutions passed by Council during the year.

## Fee Variance and Waiver Statement

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Based upon an unusual circumstance or event, past practices, demonstrated hardship, or public benefit, the City Manager is authorized to waive or decrease a fee(s) or charge(s) in a particular matter or establish a fee not yet authorized in this schedule. When a new fee is established by the City Manager it shall be incorporated into this document, and it shall be included and specified during the next update to this document.

A waiver or reduction request must be in writing and communicated to Council to allow opportunity for comment. If the City Manager or his designee agrees to said waiver or reduction, he/she shall inform the City Council, in writing, of the request and his/her decision, except in minor matters (defined as waivers or reductions valued at \$1,000 or less).

## Effective Dates and Resolutions

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The FY 2017 – 2018 and 2018 – 2019 Master Fees Schedule fees are effective as of February 21, 2018 with the adoption of resolution #R-2018-02, adopted by City Council on February 21, 2018, which is incorporated in full by this reference.

CITY OF KING CITY  
RESOLUTION NO. R-2018-02

**A RESOLUTION REVISING FEES, CHARGES, FINES AND ASSESSMENTS OF THE CITY OF KING CITY, OREGON AND RESCINDING RESOLUTION R-06-01.**

**WHEREAS,** The City adopted Resolution R-06-01, which outlined a City policy revising fees, charges, fines and assessments of the City of King City and rescinding Resolution R-02-10.

**WHEREAS,** the City is allowed by law to establish fees, charges and fines that may be assessed individuals requesting services and materials to be supplied by the City staff, or for costs that may be incurred by the City on behalf of any member of the public, or that may be assessed as a fine; and

**WHEREAS,** the City of King City provides a full range of municipal services to the community, including police protection, traffic control and improvement, street maintenance and improvement, planning and zoning regulation, and building inspection and regulation. This Master Fee Schedule consolidates all City fees and charges adopted by City Council resolution for the various services that the City provides. Typically, it is updated annually and reflects all fee resolutions passed by Council during the year; and

**WHEREAS,** prudent use of the City's financial resource requires that the City charge fees sufficient to recover the cost in personnel time and materials to render the service requested; and

**WHEREAS,** based upon an unusual circumstance or event, demonstrated hardship, or public benefit, the City Manager is authorized to waive or decrease a fee(s) or charge(s) in a particular matter or establish a fee not yet authorized in this schedule. When a new fee is established by the City Manager it shall be incorporated into the Master Fee Schedule, and it shall be included and specified during the next update to the Master Fee Schedule; and

**WHEREAS,** the City Manager is authorized to make non-substantive changes to Master Fee Schedule (e.g., typographical errors) following passage by City Council; and

**WHEREAS,** the City Council desires to update its prior master fee schedule to include new fees, charges and fines established by the City Manager and Council.

**THE CITY OF KING CITY RESOLVES AS FOLLOWS:**

1. Rescind Resolution R-06-01
2. Adopt the Master Fees, charges, and assessments schedule as authorized in the King City Municipal Code as stated in Exhibit A, which is incorporated in full by this reference:
3. This resolution will take effect on February 21, 2018.

**ADOPTED THIS 21<sup>TH</sup> DAY OF FEBRUARY 2018.**

\_\_\_\_\_  
Kenneth Gibson, Mayor

ATTEST:

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Ronnie L. Smith, City Recorder

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## 1. ADMINISTRATION

### a. Billable Hourly Rates

Any work performed during overtime hours shall be billed as the calculated hourly rate multiplied by 125 percent. The City Manager and/or department directors are authorized to adjust calculated billings to reflect the impact of unusual circumstances or situations.

<b>Department</b>	<b><u>Hourly Rate</u></b>
<b>Community Development, GIS, Records, Court and Public Works Administration</b>	
City Manager	\$ 150
Community Development Director	140
Administrative Specialists	120
<b>Engineering</b>	
Engineering	Current Engineering billing rate
<b>Planning</b>	
Planning Director	140
Senior Planner	120
Associate Planner	100
Assistant Planner	95

**Billable Hourly Rates, continued**

<b>Department</b>	<b><u>Hourly Rate</u></b>
<b>Operations</b>	
City Manager	\$ 150
Operations Supervisor	140
Facilities Maintenance Technician	120
<b>Code Compliance</b>	
Code Compliance Coordinator	95
Enforcement Officer	95

**b. Public Records<sup>i</sup>**

Photo Copy	
i. Black & white single or double sided	0.25
ii. Color single or double sided	0.50
Municipal Code Copy	130
Annual Budget/Audit Report	65
Business License Listing	10
Postage	Actual Cost
Other City-created documents	See Billable Hourly Rates. Plus, materials.
Photographs and Videos	
i. Audio Tapes	15
ii. Pictures	5
iii. Negatives	5
iv. Digital Photographs	5
v. Lien Search	30
vi. Police or Admin Policy Manual	30

**c. Miscellaneous Administration Fees**

Notary Public Fee Schedule According to OAR 160-100-410	
i. For taking an acknowledgement	10
ii. For taking a verification upon a oath or affirmation.	10
iii. For certifying a copy of a document.	
iv. For witnessing or attesting a signature.	
v. For protesting commercial paper (except \$0 for a check drawn on an insolvent financial institution)	10
vi. For administering an oath or affirmation without a signature.	10

## 2. BUILDING

Building fees include structural, mechanical, plumbing, and electrical charges. Fees are applicable to residential, commercial, and industrial properties unless otherwise specified.

### a. Structural Permits

Valuation shall be calculated in accordance with OAR 918-050-0100  
(Residential/Commercial/Industrial):

<b>Total Valuation</b>	<b><u>Fee</u></b>	<b><u>Plus each additional \$1,000 or fraction thereof</u></b>
\$1.00 - \$2,000	\$62.50	for the first \$2,000 in value plus \$9.60 for each additional \$1,000 or fraction thereof
\$2,001 - \$25,000	62.50	for the first \$25,000 in value plus \$7.50 for each additional \$1,000 or fraction thereof
\$25,001 - \$50,000	283.30	for the first \$50,000 in value plus \$5.47 for each additional \$1,000 or fraction thereof
\$50,001 - \$100,000	470.80	for the first \$50,000 in value plus \$5.47 for each additional \$1,000 or fraction thereof
\$100,001- \$250,000	744.30	for the first \$100,000 in value plus \$3.90 for each additional \$1,000 or fraction thereof
\$250,001- \$600,000	1329.30	for the first \$250,000 in value plus \$3.85 for each additional \$1,000 or fraction thereof
\$600,001- \$1,200,000	2676.80	for the first \$600,000 in value plus \$3.51 for each additional \$1,000 or fraction thereof
\$1,200,001- \$2,000,000	4782.80	for the first \$1,200,000 in value plus \$2.73 for each additional \$1,000 or fraction thereof
\$2,000,001 and up	6966.60	for the first \$2,000,000 in value plus \$2.72 for each additional \$1,000 or fraction thereof.
<b>State Surcharge</b>	12%	of the building permit fee
<b>Building Plan Review</b>	65%	of the building permit fee
<b>Fire and Life Safety Plan Review</b>	40%	of the building permit fee
<b>Solar Installation Permits</b>		
a) Prescriptive system	150	
b) Non-Prescriptive system		shall have permit fees and plan review calculated in accordance with the above fee schedule

**Exhibit A**

<b>Phased Projects</b>	<b>Fee</b> \$200	plus 10% of the total project building permit fee not to exceed \$1,500 for each phase.
<b>Deferred Submittals</b>	65%	of the building permit fee calculated according to OAR 918-050-0110 (2) and (3) using the value of the particular deferred portion or portions of the project, with minimum fee of \$200.00. This is in addition to the project plan review fee based on the total project valuation.

**Residential Fire Suppression Permits (Stand Alone System)***See plumbing permit for multipurpose or continuous loop system*

0 sq. ft. to 2,000 sq. ft.	<b>Fee</b> \$115
2,001 sq. ft. to 3,600 sq. ft.	160
3,600 sq. ft. to 7,200 sq. ft.	220
<b>7,201 sq. ft. and greater</b>	<b>309</b>

**Other Inspections and Fees**

Re-inspection	\$85/inspection
Each additional inspection over the allowable	85/inspection
Inspections for which no fee is specifically indicated	85/inspection
Investigation fee	85/hour
Additional plan review	89/hour
Inspections outside normal business hours (minimum charge of 2 hours)	127.50/hour

**b. Mechanical Permits****Residential:**

<b>Heating/Cooling</b>	<b>Fee</b>
Furnace up to 100,000 BTU (including ducts and vents)	\$14
Furnace 100,000 BTU and over (including ducts and vents)	17.40
Floor furnace (including vent)	14
Air conditioner	14
Heat pump	14
Mini-split system	14
Ductwork	14
Hydronic hot water system	14
Residential boiler (radiator or hydronic)	14
Unit heaters (fuel-type, not electric), in-wall, in-duct, suspended	14
Suspended heater, wall heater, or floor mounted heater	\$14
Flue / vent for any of above	10
Repair units	12.15
Vent not included in appliance permit	6.80
Other heating / cooling	14

## Exhibit A

### Other Fuel Appliances

Water heater	10
Gas fireplace	10
Flue vent for water heater or gas fireplace	10
Log lighter (gas)	10
Wood / pellet stove	10
Wood fireplace / insert	10
Chimney / liner / flue / vent	10
Other fuel appliances	10

### Environmental Exhaust & Ventilation

Range hood/other kitchen equipment	10
Clothes dryer exhaust	10
Single-duct exhaust (bathrooms, toilet compartments, utility rooms)	6.80
Attic / crawlspace fans	10
Other environmental exhaust & ventilation	10

### Fuel Piping

For first four (4)	5.40
Each additional over four (4)	1

### Boiler / Compressor / Absorption System

<3HP: absorb unit to 100K BTU	14
3-15 HP: absorb unit 100K to 500K BTU	25.60
15-30 HP: absorb unit .5-1 mil BTU	35
30-50 HP: absorb unit 1-1.75 mil BTU	52.20
>50 HP: absorb unit >1.75 mil BTU	87.20

### Other

Air handling unit to 10,000 CFM	10
Air handling unit 10,000 CFM+	17.20
Non-portable evaporate cooler	10
Vent fan connected to a single duct	6.80
Ventilation system not included in appliance permit	10
Hood served by mechanical exhaust	10
Domestic incinerators	17.40
Commercial or industrial type incinerator	69.95
Other units, including wood stoves	10

<b>Minimum Permit Fee</b>	<b>72.50</b>
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<b>State Surcharge</b>	12% of the mechanical permit fee
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## Mechanical Permits (cont.)

<b>Mechanical Plan Review Fee</b>	25% of the mechanical permit fee
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## Exhibit A

### **Commercial/Industrial:**

Valuation shall be calculated on the value of the equipment and installation costs. Use this section for commercial installation, replacement or relocation of non-portable mechanical equipment, or mechanical work not covered previously. Indicate the value of all mechanical labor, materials, and equipment.

<b>Total Valuation:</b>	<b><u>Fee</u></b>	<b><u>Other Fees</u></b>
\$1 to \$5,000	\$72.50	\$ -
\$5,001 to \$10,000	72.50	for first \$5,000 and \$1.52 for each additional \$100 or fraction thereof, to and including \$10,000
\$10,001 to \$25,000	148.50	for first \$10,000 and \$1.54 for each additional \$100 or fraction thereof, to and including \$25,000
\$25,001 to \$50,000	379.50	for first \$25,000 and \$1.45 for each additional \$100 or fraction thereof, to and including \$50,000
\$50,001 and up	742	for first \$50,000 and \$1.20 for each additional \$100 or fraction thereof
<b>Minimum Permit Fee</b>		72.50
<b>State Surcharge</b>		12% of the mechanical permit fee
<b>Mechanical Plan Review Fee</b>		25% of the mechanical permit fee
<b>Other Residential, Commercial and Industrial Mechanical Inspections and Fees</b>		
Re-inspection		62.50/inspection
Each additional inspection over the allowable		62.50/inspection
Inspections for which no fee is specifically indicated		62.50/inspection
Investigation fee		62.50/hour
Additional plan review		62.50/hour
Inspections outside normal business hours (minimum charge of 2 hours)		62.50/hour

### c. Plumbing Permits

**Medical Gas** - Plumbing permit fees for medical gas shall be determined, based on the value of installation costs and the system equipment, including, but not limited to, inlets, outlets, fixtures, and appliances, and applied to the City's fee schedule with a set minimum fee. The plan review fee shall be equal to 25% of this permit fee.

<b>Total Valuation</b>	<b>Fee</b>	<b>Other fees</b>
\$1.00 to \$5,000	\$72.50	
\$5,001 to \$10,000	72.50	for first \$5,000 and \$1.52 for each additional \$100 or fraction thereof, to and including \$10,000
\$10,001 to \$25,000	148.50	for first \$10,000 and \$1.54 for each additional \$100 or fraction thereof, to and including \$25,000
\$25,001 to \$50,000	379.50	for first \$25,000 and \$1.45 for each additional \$100 or fraction thereof, to and including \$50,000
\$50,001 and up	742	for first \$50,000 and \$1.20 for each additional \$100 or fraction thereof

<b>New 1-2 family dwellings (includes 100 feet for each utility connection)</b>	<b>Fee</b>
SFR (1) bath	\$249.20
SFR (2) bath	350.00
SFR (3) bath	399.00
Each additional bath/kitchen	45.00
Rain drain, single family dwelling	65.25

#### Site Utilities

Catch basin or area drain	16.60
Drywell, leach line, or trench drain	16.60
Manufactured home utilities	110.00
Manholes	16.60
Rain drain connector	16.60
Footing drain – 1 <sup>st</sup> 100'	55.00
Footing drain – each additional 100'	46.40
Sewer – 1 <sup>st</sup> 100'	55.00
Sewer – each additional 100'	46.40
Water service – 1 <sup>st</sup> 100'	55.00
Water service – each additional 100'	46.40
Storm & rain drain – 1 <sup>st</sup> 100'	55.00
Storm & rain drain – each additional 100'	46.40
Interior mainline (sewer or water piping) – 1 <sup>st</sup> 100'	55.00
Interior mainline (sewer or water piping) – each add'l 100'	46.40

#### Fixture or item

Absorption valve	16.60
Commercial backflow prevention device	46.40
Residential backflow prevention device	27.55
Backwater valve	16.60



**Exhibit A****Plumbing Permit (cont.)**

	16.60
Clothes washer	
Dishwasher	16.60
Drinking fountain	16.60
Ejectors/sump	16.60
Expansion tank	16.60
Fixture/sewer cap	16.60
Floor drain / floor sink / hub	16.60

**Fixture or item**

Garbage disposal	16.60
Hose bib	16.60
Ice maker	16.60
Interceptor / grease trap	16.60
Primer	16.60
Roof drain (commercial)	16.60
Sink / basin / lavatory	16.60
Tub / shower / shower pan	16.60
Urinal	16.60
Water closet	16.60
Water heater	16.60

**Minimum Permit Fee**

72.50

**State Surcharge**

12% of the plumbing permit fee

**Plumbing Plan Review Fee**25% of the plumbing permit fee when applicable  
(OAR 918-780-0040)**Residential Fire Suppression Permits (multipurpose or continuous loop system)****Fee**

0 sq. ft. to 2,000 sq. ft.	\$115
2,001 sq. ft. to 3,600 sq. ft.	160
3,600 sq. ft. to 7,200 sq. ft.	220
7,201 sq. ft. and greater	309

**Other Inspections and Fees**

Re-inspection fee	72.50/inspection
Each additional inspection over the allowable	72.50/inspection
Inspections for which no fee is specifically indicated	72.50/inspection
Investigation fee	72.50/hour
Additional plan review	89/hour
Inspections outside normal business hours (minimum charge of 2 hours)	108.75/hour

**Exhibit A****d. Electrical Permits****New 1-2 family dwellings (includes attached garage)**

1,000 square feet or less	\$145.15
Each additional 500 square feet or portion	33.40
Limited energy, residential	75.00
Limited energy, non-residential	75.00
Each manufactured or modular dwelling, service and/or feeder	90.90

**Services or feeders installation, alteration, and/or relocation**

200 amps or less	80.30
201 amps to 400 amps	106.85
401 amps to 600 amps	160.60
601 amps to 1,000 amps	240.60
Over 1,000 amps or volts	454.65
Reconnect only	66.85

**Temporary services or feeders installation, alteration, and/or relocation**

200 amps or less	66.85
201 amps to 400 amps	100.30
401 amps to 600 amps	133.75

**Branch circuits – new, alteration, or extension, per panel**

Fee for branch circuits <i>with</i> service or feeder fee, each branch circuit	6.65
Fee for branch circuits <i>without</i> service or feeder fee, each branch circuit	46.85
Each additional branch circuits	6.65

**Miscellaneous (service or feeder not included)**

Pump or irrigation circle	53.40
Sign or outline lighting	53.40
Signal circuit(s) or limited-energy panel, alteration, or extension	75.

**Renewable Energy****Fee**

5KVA	80.30
5.01-15KVA	106.85
15.01-25KVA	160.60
Wind generation 25-50KVA	240.60
Wind generation 50-100KVA	454.65
Solar generation excess of 25KVA, charge an additional 8/KVA, No increase beyond the calculation for 100KVA	

**State Surcharge**

12% of the electrical permit fee

**Electrical Plan Review Fee**25% of the electrical permit fee when applicable  
(OAR 918-780-0040)**Electrical Permits (cont.)**

## Exhibit A

### Other Inspections and Fees

Re-inspection fee	62.50/inspection
Each additional inspection over the allowable	62.50/inspection
Inspections for which no fee is specifically indicated	62.50/inspection
Investigation fee	62.50/hour
Additional plan review	89/hour
Inspections outside normal business hours (minimum charge of 2 hours)	93.75/hour

### e. Permit Related Fees

**State surcharge shall be collected in an amount as required by State Law.**

#### Building Moving/Demolition Permits

Deposit for services	\$500
Services	Billable Hourly Rates
Plan Review Fee	75% of the permit fee

#### Administrative fee for refunds

20% of the permit fee

## 3. BUSINESS REGISTRATION

Business Registration is required annually for all businesses doing business in the City. There will be no prorating of tax for any business.

Standard first year base fee (original business tax)	\$ 150
Renewal after first year	85
3 months of any year	65
Temporary Business (up to 30 days)	45

Delinquent Registration	10% of the original business tax plus interest at 9% per annum from the due date until full payment is received
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Business Registrations are considered delinquent thirty (30) day after July 1<sup>st</sup> every year.

#### **Metro Business License versus City Business Registration or Both:**

Instead of obtaining separate business licenses/registrations within each Portland-area city that you conduct business in, you can purchase a single license from Metro to construct, alter, and repair structures in 20 cities that have licensing/registration requirements in the metropolitan area, excluding Portland. The license covers all construction trades, both commercial and residential, as well as all landscape contractors. Exception: if your principal place of business is inside the City of King City, the business is required to apply for a City of King City Business Registration in addition to the Metro license.

For Metro applications, contact Metro at 503-797-1620 or visit their website at: <http://www.oregonmetro.gov/tools-working/regional-contractors-business-license>

## 4. PARKING

### Parking Permit Fees

Recreational Vehicles (Parking Permit per day. Also includes Pods)	\$ 30
Maximum (3 permits per year per address)	100

## 5. ENGINEERING

Engineering fees consist of inspections, permits, printed and electronic maps, as well as erosion control charges.

### a. Inspections and Permits

Right-of-Way Permit Applications	
Construction Permit Application	\$ 250
Sidewalk Permit	50
Street Opening Permit	65
Right-of-Way Use Permit	65
Major Encroachment Permit Application	150
Minor Encroachment Permit Application	50
Right-of-way Re-inspection (beyond standard of 2)	95
5-Year Moratorium Surcharge:	
1 <sup>st</sup> year of moratorium	\$250 per square foot
2 <sup>nd</sup> year of moratorium	\$200 per square foot
3 <sup>rd</sup> year of moratorium	\$150 per square foot
4 <sup>th</sup> year of moratorium	\$100 per square foot
5 <sup>th</sup> year of moratorium	\$50 per square foot
Grading Permit	
Minor (0 to 100cy)	150
Major (100+ cy)	250
Floodplain Review	Actual Costs
Inspection	Actual Costs
Street Vacation/Rename Request \$2,500 Deposit (actual cost billed per hourly rate)	
Franchise Permit Application	No cost
Transportation Fee Review Application \$75 Deposit (actual cost billed per hourly rate)	
Appeal to City Council	600

### Electronic Drawings:

Paper – All sizes	\$ 5
Other format (plus \$70/hr. for additional work)	7
Reproduction charges (\$0.10 for additional pages)	\$ 1

### Printed and Electronic Maps (GIS)

#### Standard Selection of GIS maps

Full Sheet (34" x 44")	\$ 65
1/2 Sheet (22" x 34")	55
1/4 Sheet (17" x 22")	45
1/8 Sheet (11" x 17")	15
Electronic file (via electronic mail in PDF, JPG, GIF or TIF formats)	12
Electronic file (for mailed media includes postage, handling, and charges)	\$ 25

#### Aerial Maps

Full Sheet (34" x 44")	\$ 65
1/2 Sheet (22" x 34")	55
1/4 Sheet (17" x 22")	45
1/8 Sheet (11" x 17")	15
Electronic file (via electronic mail in PDF, JPG, GIF, or TIF formats)	12

**Exhibit A**

Electronic file (for mailed media includes postage, handling, and charges) \$ 25

**Custom Maps**

Flat charge per hour plus cost of materials See Billable Hourly Rates  
Electronic file (for mailed media includes postage, handling, and charges) See Billable Hourly Rates

**6. MISCELLANEOUS****Miscellaneous Permits**

Filming Permit – Fee varies based upon production budget and time to review application. Fee may be waived under certain conditions. Up to \$ 1,200

Temporary Event Permit – Fee may be charged to cover costs \$5.00  
incurred by the City for assisting with an event. Staff time will be based upon billable hourly rates.

**7. MUNICIPAL COURT**

King City Municipal Court collects fines for traffic citations, parking violations, and miscellaneous programs approved by the Judge. Traffic fine amounts are set by State legislature based on the offense classification.

**Fees and Charges**

Payment Plan Installment Fee	\$ 2 5
Failure to Appear	75
Reinstatement Fee	15
Returned Check Fee	30

**Traffic Fines**

Penalty	Presumptive Fine ORS 153.019	Special Zone Fine ORS 153.020
Class A	\$ 440	\$ 875
Class B	265	525
Class C	165	325
Class D	\$ 115	\$ 225

## Exhibit A

### Parking Fines

Abandoned Vehicle	\$ 80
Angle Parking	40
Bicycle Lane	80
Blocking Driveway	65
Blocking Mail Box	30
Blocking Disabled Parking Space	300
Blocking Emergency Vehicles	80
Bank Zone/Bus Zone/Taxi Zone	50
Construction Zone	65
Hotel/Motel Zone	30
For Hire Zone	30
Double Parking	50
During Prohibited Times	50
Emergency/Safety Zone	80
10 ft. from Fire Hydrant	30
Head in Only Parking	50
Leaving Motor Running	30
Leaving Keys in Vehicle	30
Loading Zone	30
No Parking Zone/Tow Away Zone	65
On Crosswalk/Sidewalk	30
Over 1 Ft. from Curb	30
Over Space Line	30
Overtime Parking	30
Permit Only Parking	50
Traffic Hazard	80
Disabled Parking Space	300
Residential Parking Zone	50
Reserved/Restricted Area	30
School Zone	65
Wrong Side of Street	30
Where Prohibited	50
Parking not listed	30

## 8. PLANNING

The City Planning Department oversees land use applications, annexations, special requests, and procurement of City maps and master plans.

### Land Use Applications

The following standard base fees apply to all land use applications listed below. Some applications may require additional fees as described below under Additional Application Fees:

Application Category	Application Type	Base Fee
Administrative Review – permit action identified in Title 16 as administrative actions.		
City Manager Review – uses and activities permitted through City Manager review as identified in Title 16.		
<b>Accessory Dwelling Unit</b>		
Annexation	Less than 10 acres	\$2,000
	More than 10 acres	\$2,700
Appeal of Decision	To Planning Commission	\$250
	To City Council	\$600
Communication Facilities and Structures	Administrative Review	See above
	City Manager Review	See above
<b>Planning Commission review</b>		
Community Development Code and/or Zoning Map Amendment	Title 16 text/zoning map amendment	\$2,500
Comprehensive Plan Amendment	Text and/or map	\$2,500
Conditional Use		\$1,500
Expedited Land Division		\$2,500
Flood Plain and Drainage Hazard	City Manager review	\$1,200
	Planning Commission review	\$2,000
Goal 5 Safe Harbor		\$800
Home Occupation	Type I	\$350
	Type II	\$1,050
Lot Line Adjustment		\$500
Partition	Minor Partition – Preliminary Plat	\$850
	Major Partition– Preliminary Plat	\$850
	Minor Partition – Final Plat	\$850
	Major Partition– Final Plat	\$850
<b>Planned Development</b>		
Site Plan Review		\$2,200
Subdivision	Preliminary Plat	\$2,000
	Final Plat	\$800
	Replat	\$1,500
Temporary Use		\$250
Tree Removal Permit		\$50
Variance		\$900



## Exhibit A

### Discounts for Land Use Applications

	Discount
Two or More Applications (no discount for most expensive application) b This discount applies to applications which relate to the same unit of land and which will be reviewed and decided concurrently.	25%
Senior Citizens Seniors must be at least 65 years of age and must be the property owner. Applicant may only receive one discount.	10%

### Early Assistance

#### Pre-application meeting:

First meeting	\$325
Second meeting	No Fee
Third and subsequent meetings <sup>1</sup>	100/mtg.

### Sign Permit Review and Inspections

Additional Planning Inspection Fee	50
Original Art Mural <sup>2</sup>	100
Sign Permit Review (per sign area) 0-25 sq. ft.	65
Sign Permit Review (per Sign area) All square footage in excess of 25'	\$2.00/sq.ft.
Temporary Sign Permit	35

### Permit Review and Inspections

Additional Planning Inspection Fee	50
------------------------------------	----

### Materials

Most materials are available online for free or contact Planning for additional information:

[http://www.ci.king-city.or.us/departments/community\\_development/index.php](http://www.ci.king-city.or.us/departments/community_development/index.php)

Community Development Code	\$ 51
Comprehensive Plan	21
GIS Maps (e.g., large Zoning Map)	See Engineering

<sup>1</sup> Applies to optional meetings attended by a maximum of two City staff. No written notes provided.

<sup>2</sup> The sign code (CDC 16.148) doesn't allow wall murals. They would simply be considered wall signs and subject to the maximum size requirements for commercial signs in 16.148.030 C.

## Exhibit A

### 9. POLICE

The City's Police Department collects fees for permits, licenses, and other miscellaneous services listed below:

#### Permits/Licenses

Alarm Permit—Original Residential	\$45
Alarm Permit— Original Business	45
Alarm Renewal – Every three years	10
False Alarms	See page 23
Liquor License (Original Application)	100
Liquor License (Name or Other Change)	75
Liquor License (Renewal Application)	35
Liquor License (Temporary License)	\$ 35

#### Police Reports

Video tape copy	\$ 35
Police report	15
Photo CD	15
Traffic Citation Discovery	\$ 10
(additional research charges may apply for unusual/complex requests)	

#### Police Services

False Alarm Response (first three)	No cost
False Alarm Response (each alarm after third)	\$ 160
Good Conduct Background Letter	5
Vehicle Impound	100

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## 10. SYSTEMS DEVELOPMENT CHARGES & CONSTRUCTION EXCISE TAXES

Please note that fees associated with Water, Sanitary, and Stormwater are estimated based on the information provided by the respective organization and may be subject to additional fees and terms. Based on Oregon State Statute (ORS 223.304), the charges are broken down into three components; (1) reimbursement (to recover existing facility capacity available for growth), (2) improvement (to recover planned capacity improvements for growth), and (3) administration (to recover direct costs).

### Stormwater System Development Charge

The stormwater unit is equal to 2640 square feet of impervious surface on the property.

	Reimbursement	Improvement	Administration	TOTAL
Single Family Detached	-	\$510	-	<b>\$510</b>
Apartments	-	\$510	-	<b>\$510</b>
Residential Condominium	-	\$510	-	<b>\$510</b>
Manufactured Housing	-	\$510	-	<b>\$510</b>
Hospital/Nursing Home/Daycare		\$510	-	<b>\$510</b>

### Sanitary System Development Charge

This charge is set by the Cleanwater Services. Rates herein are updated as changes are adopted by their governing board.

	Reimbursement	Improvement	Administration	TOTAL
Single Family Detached	-	\$5,300	-	<b>\$5,300</b>
Apartments	-	\$5,300	-	<b>\$5,300</b>
Residential Condominium	-	\$5,300	-	<b>\$5,300</b>
Manufactured Housing	-	\$5,300	-	<b>\$5,300</b>
Hospital/Nursing Home/Daycare		\$5,300	-	<b>\$5,300</b>

### Engineering Development Charge

Single-Family Detached	\$26.50 per Application
Apartments/Multi-Family Dwellings	\$26.50 per Application
Residential Condominium	\$26.50 per Application
Manufactured Housing	\$26.50 per Application
Non-Residential	\$26.50 Per Application

### Planning Development Charge

Single-Family Detached	\$27.50 per Application
Apartments/Multi-Family Dwellings	\$27.50 per Application
Residential Condominium	\$27.50 per Application
Manufactured Housing	\$27.50 per Application
Non-Residential	\$27.50 Per Application

### Reserve space for Transportation System Development Charge

## Exhibit A

### Parks and Recreation System Development Charge

The following Parks SDCs are based on formulas contained in Resolution R-06-10. These figures will be adjusted annually per the Construction Cost Index (CCI).

Single-Family Detached	\$3,195 per ERU
Apartments/Multi-Family Dwellings	\$1,981 per ERU
Residential Condominium	\$1,981 per ERU
Manufactured Housing	\$2,876 per ERU
Commercial	\$1,936 per 1,000 S.F.
Retail/restaurant/Nigh Club	\$1,936 per 1,000 S.F.
Industrial/School/Assembly Hall/Motel &Hotel	\$1,613 per 1,000 S.F.
Hospital/Nursing home/day care	\$2,420 per 1,000 S.F.

### School Construction Excise Tax

This charge is set by the Tigard – Tualatin School District. Rates herein are updated as changes are adopted by their governing board.

Residential	\$ 1.20 per square foot
Non-Residential	\$ 0.63 per square foot
Non-Residential Maximum	\$31,400

### Metro Construction Excise Tax

This charge is set by Metro. Rates herein are updated as changes are adopted by their governing board.

Metro Construction Excise Tax	.12%	of	Valuation	(Value*
.0012=Tax)				

Permits for construction projects valued at \$100,000 or less will be exempted from this tax as well as permits for development of affordable housing units and permits issued to 501(c)(3) nonprofit organizations for other projects aimed at serving low-income populations. Permits for construction valued at more than \$10 million will be assessed a flat \$12,000 fee (0.12 percent of \$10 million).

### Transportation Development Tax (TDT)

This charge is set by Washington County. Rates herein are updated as changes are adopted by their governing board. Please see TDT tax rate schedule for more details.

Single-Family Detached	\$8,278 per Dwelling Unit
Apartments	\$5,415 per Dwelling Unit
Residential Condominium/Townhouse	\$4,951 per Dwelling Unit
Manufactured Housing (in Park)	\$4,142 per Dwelling Unit
Commercial	See TDT Tax Rate Schedule
Motel &Hotel	\$2,349 per room

## 11. VIOLATIONS OF THE MUNICIPAL CODE

Violation of the King City Municipal Code may result in the following fees or penalties. Each day that a violation exists is a separate offense.

### General

General penalty (applies to any Municipal Code violation where no other penalty is specified)	\$ 150 to 200
Third or subsequent violation (applies to any Municipal Code violation)	1,000
Nuisance violations	Maximum 720
Noise control violation	Maximum 500
Commercial Garbage Containers/Solid waste violation	50 per day
Smoking Restrictions (applies to any Municipal Code title 8 violation)	50

### Animal Control Penalties per Title 6.04

First Violation Not less than	\$50
Not more than	100
All Subsequent Offenses Not less than	150
Not more than	500

### Dog and Cats Penalties per Title 6.08

Violation	500
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### Engineering Penalties

Flood hazard violation <sup>11</sup>	up to 1,000
Right-of-way encroachment	up to 250
Unpermitted tree cutting in the public right-of-way <sup>15</sup>	\$ 1,000

### Police Penalties

#### No active alarm permit on file for property (when dispatched)

First Offense	\$0
Second Offense	55
Third Offense	85
Four or more	150
Failure to Obtain Alarm Permit	50
Alarm Certificate of Reinstatement	25

Traffic violation penalty at least 50% of maximum under Oregon Statute

### Planning Penalties

Violation of Sign Ordinance	\$100 Per day
Removal and Storage of Nuisance signs	\$50 per day

### Business Registration Penalties

Violation of business registration requirements	\$100 Per Day
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**City of King City  
15300 S.W. 116<sup>th</sup>  
Avenue  
King City, Oregon  
97224**

**503-639-4082**

<http://www.ci.king-city.or.us/>

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<sup>i</sup> Public Record, City Parking Permit, and City Parking fines sections were increased by the Consumer Price Index-All Urban Consumers. Base period was 1982-84=100. Year range was 2005 to 2017 and was rounded to the nearest five dollars.

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

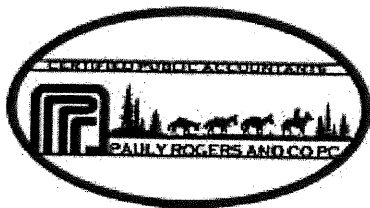
**COMMUNICATION TO THE GOVERNING BODY**

**FOR THE YEAR ENDED JUNE 30, 2017**



12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223





PAULY, ROGERS AND Co., P.C.  
12700 SW 72<sup>nd</sup> Ave. ♦ Tigard, OR 97223  
(503) 620-2632 ♦ (503) 684-7523 FAX  
www.paulyrogersandcpcpas.com

November 17, 2017

To the City Council  
The City of King City  
Washington County, Oregon

We have audited the basic financial statements of the governmental activities, and each major fund of the City of King City for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

#### **Purpose of the Audit**

Our audit was conducted using sampling, inquiries and analytical work to opine on the fair presentation of the basic financial statements and compliance with:

- generally accepted accounting principles and auditing standards
- the Oregon Municipal Audit Law and the related administrative rules

#### **Our Responsibility under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the basic financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the basic financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide assurance on the internal control over financial reporting.

Our responsibility for the supplementary information accompanying the basic financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the basic financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas to be tested.

Our audit included obtaining an understanding of the City and its environment, including internal control, sufficient to assess the risks of material misstatement of the basic financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City. We also communicated any internal control related matters that are required to be communicated under professional standards.

## **Results of Audit**

1. Audit opinion letter – a modified opinion on the basic financial statements has been issued due to the City not maintaining adequate fixed asset records. This means we have given an opinion with certain specified reservations
2. State minimum standards – We found no exceptions or issues requiring comment.
3. Management letter – We issued a separate management letter dated November 17, 2017 detailing a material weakness in internal control.

## **Significant Audit Findings**

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2017, except for the implementation of GASB Statement No. 73 – *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68*, GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* and GASB Statement No. 77 – *Tax Abatement Disclosures*. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the basic financial statements in the proper period.

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the basic financial statements were Management's estimates of receivables, net pension liability and deferrals for PERS and capital asset depreciation, which are based on estimated collectability of receivables, actuarial assumptions, and useful lives of assets. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures in the basic financial statements are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements or determined that their effects are immaterial. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, taken as a whole. There were immaterial uncorrected misstatements noted during the audit which were discussed with management.

Pauly, Rogers and Co., P.C.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the basic financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the basic financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to our retention as the auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### *Required Supplementary Information*

We applied certain limited procedures to the required supplementary information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the required supplementary information and do not express an opinion or provide any assurance on it except for the fund budgetary statements.

### *Supplementary Information*

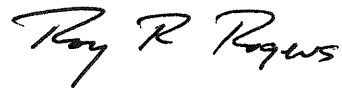
We were engaged to report on the supplementary information, which accompany the basic financial statements but are not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

### *Other Information*

With respect to the council list containing their term expiration dates, located before the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements.

Pauly, Rogers and Co., P.C.

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

A handwritten signature in black ink that reads "Roy R Rogers". The signature is written in a cursive style with a large, stylized "R" in the middle.

Roy R. Rogers, CPA  
PAULY, ROGERS AND CO., P.C.

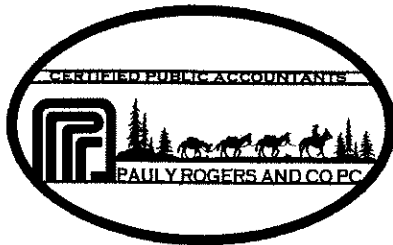
**CITY OF KING CITY**  
**WASHINGTON COUNTY, OREGON**

**MANAGEMENT LETTER**

**FOR THE YEAR ENDED JUNE 30, 2017**



12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223



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12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
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November 17, 2017

To the City Council  
City of King City  
Washington County, Oregon

In planning and performing our audit of the basic financial statements of the governmental activities and each major fund of City of King City as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we do not express an opinion on the effectiveness of the internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

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

1. The City does not maintain historical cost and depreciation records for streets and street improvements acquired prior to June 30, 2013. We were unable to apply alternative procedures to satisfy ourselves regarding the historical cost and depreciation of streets and street improvements. We recommend the City implement procedures to assist in documenting and tracking acquisition and depreciation of the City's infrastructure assets.

#### **Best Practices - No Significant Deficiencies**

##### **1. Governing Body Monitoring**

An integral part of internal controls is the monitoring of financial activities by those charged with the governance (the Council). This can be accomplished by asking specifically designed questions to senior staff, by reviewing financial statements and projections and by comparing financial results to pre-established benchmarks. While the Council participates in the budget adoption process and receives staff prepared financial statements, these only partially fulfill the monitoring function.

We recommend that the Council articulate their monitoring practices and record in the minutes when those activities occur.

2. Fidelity Insurance Coverage

In reviewing fidelity (employee honesty) insurance coverage, we noticed that the City often carries cash and investment balances in excess of the insurance coverage amount. We recommend that the Council examine this exposure risk and make a determination as to the amount of insurance coverage they feel is prudent in regard to their oversight.

3. Segregation of Duties

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. We recommend that the Council continually monitor the financial activities to mitigate this risk and consider obtaining additional fidelity insurance coverage to compensate for this risk.

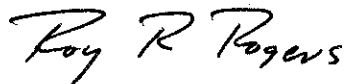
4. Quickbooks Accounting Software

QuickBooks accounting software is used. QuickBooks is not designed to segregate self-balancing funds and may allow users to delete transactions without any audit trail remaining. We recommend that the City evaluate the risk of using this program and consider purchasing an accounting software package specifically designed for governmental accounting.

5. Intellectual Property/Use of City Assets

In the documents provided to us, we saw no indication of a City policy regarding the use of City's assets for personal reasons or the ownership of intellectual property developed by staff either using City assets or during employment hours at the City. We recommend the creation of a City policy, if one is not already in place, to address the potential creation of patents, copyrights, and other claims on intellectual property using City assets or time, as well as use of City assets for personal reasons.

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



Roy R. Rogers, CPA  
PAULY, ROGERS AND CO., P.C.



## Oregon Secretary of State – Audits Division

# Summary of Revenues and Expenditures

Please refer to instructions on next page.

### A. Municipal corporation information

Municipality name:		
Address line 1:		Reporting period: From
Address line 2:		To
City, state, ZIP:		Report type:
Check if new address: <input type="checkbox"/>		Opinion issued:
If this is the final report, please enter the last date of operations:		Basis of accounting:

### B. Financial statement audit – Reported deficiencies

1. Regarding internal controls over financial reporting, how many significant deficiencies and material weaknesses were reported? _____	3. How were deficiencies communicated? Check all that apply. <input type="checkbox"/> Report issued in accordance with Government Auditing Standards <input type="checkbox"/> Communication in accordance with Statements on Auditing Standards AU-C 265 "Communicating Internal Control Related Matters Identified in an Audit" <input type="checkbox"/> Other (specify communication): _____ <input type="checkbox"/> No deficiencies
2. Of those control deficiencies reported, how many resulted in the following: Accounting errors/Misstatements: _____ Noncompliance: _____	Per OAR 162-010-0230, a copy must be filed with Secretary of State.

### C. Summary of revenues and expenditures

Revenues and/or receipts	Expenditures and/or disbursements
a. Revenues from government-wide statement of activities:	a. Expenditures from government-wide statement of activities:
b. Fiduciary fund additions:	b. Fiduciary fund deductions:
<b>c. Gross revenues subtotal (a + b):</b>	<b>c. Gross expenditures subtotal (a + b):</b>
d. Revenues of component units:	d. Component unit expenditures reported with primary government:
e. Taxes, assessments and other collections to be distributed to other governments:	e. Turnovers to other municipal corporations:
<b>f. Exempt revenue subtotal (d + e):</b>	<b>f. Exempt expenditures subtotal (d + e):</b>
<b>g. Net revenues (c – f):</b>	<b>g. Net expenditures (c – f):</b>

### D. Filing fee:

### E. Submitted by

Auditor name:	Municipal license number:
Firm name:	Date:
Municipal contact name, title:	Municipal phone:

**Submit:** Click the "Submit" button on the right to submit this form via email. Save a copy for your records.

Within 30 days of delivering the audit report to the municipal corporation, one copy of this summary must be filed with the Secretary of State, Audits Division, and one copy must be delivered to the municipal corporation. If deficiencies are communicated in a separate letter or in a report issued in accordance with *Government Auditing Standards*, a copy of that communication must also be filed. (OAR 162-010-0230)



# Instructions

## Section A: Municipal corporation information

Type information or use drop-down menu to complete this section. Indicate new address by checking the box.

- **Report type:** Select Audit or Review
- **Opinion issued:** Select from unmodified, qualified, adverse, or disclaimer. If any opinion unit received other than unmodified, please identify that opinion type.
- **Basis of accounting:** Identify whether GAAP, cash, or modified cash basis statements are presented.

## Section B: Financial statement audit – Reported deficiencies

### B.1. How many significant deficiencies and material weaknesses were communicated?

Include the total number of *material weaknesses* and *significant deficiencies* reported in accordance with AU-C 265, ORS 297.466, and OAR 162-010-0230. Do not count “other matters” communicated.

If none were reported, insert a zero.

### B.2. Of those control deficiencies reported, how many resulted in accounting errors/misstatements or noncompliance?

Most deficiencies relate to internal controls over financial reporting. Some control deficiencies might also directly result in accounting errors and misstatements or non-compliance. If any of the findings communicated resulted in accounting errors and misstatements or noncompliance, indicate the number of deficiencies included in the total for B.1 that also pertain to those categories.

### B.3. How were deficiencies communicated?

Select the format used to communicate deficiencies to those charged with governance. Check all that apply. If no material weaknesses or significant deficiencies were communicated select No Deficiencies.

*NOTE: If deficiencies are communicated (including other matters), **the auditor shall file a copy** of the communication with the Secretary of State within 30 days of delivering the report to the municipal corporation. (OAR 162-010-0230)*

## Section C: Summary of revenues and expenditures

Revenues/receipts and expenditures/disbursements information is derived from amounts reported for government-wide and fiduciary activities and on the basis of accounting used in the audited or reviewed financial statements.

## Section D: Filing fee

The filing fee is based on net expenditures; section C, line g.  
Enter the fee based on the chart below:

Net expenditures over	Net expenditures do not exceed	Fee
\$ 0	\$ 50,000	\$ 20
\$ 50,000	\$ 150,000	\$ 40
\$ 150,000	\$ 500,000	\$ 150
\$ 500,000	\$ 1,000,000	\$ 200
\$ 1,000,000	\$ 5,000,000	\$ 250
\$ 5,000,000	\$ 10,000,000	\$ 300
\$ 10,000,000	\$ 50,000,000	\$ 350
\$ 50,000,000		\$ 400

### ORS 297.485(1):

#### Net expenditures and/or disbursements

The filing fee shall be determined by the total **expenditures** made by the municipal corporation for any and all purposes during the calendar or fiscal year audited, except that **expenditures** for principal of bonded debt, principal of short-term loans, principal of warrants redeemed which were issued during prior audit periods, transfers or loans between funds and turnovers of taxes or other trust moneys to other municipal corporations shall not be included in the **total expenditures** upon which the amount of the fee is based.

## Section E: Submitted by

Include the name of the licensed municipal auditor who performed the engagement and is submitting this form. Also include their title, firm name, and date this summary form was completed.

**To submit:** • Click the “Submit” button on page one to submit this form via email

• Save and email the completed form to [municipalfilings.sos@oregon.gov](mailto:municipalfilings.sos@oregon.gov) or

• Print a hardcopy and mail to: Audits Division, 255 Capitol St NE, Ste 500, Salem, Oregon 97310-0720

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2017**



**12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223**

**CITY OF KING CITY**  
**WASHINGTON COUNTY, OREGON**

**2016-2017**  
**FINANCIAL REPORT**

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**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**2016-2017  
FINANCIAL REPORT**

<u>CITY COUNCIL</u>	<u>TERM EXPIRES</u>
Ken Gibson, Mayor	January 2019
Robert Olmstead, President	January 2019
Billie Reynolds	January 2019
Chi Nguyen-Ventura	January 2019
Smart Ocholi	January 2020
John Boylston	January 2020
Gretchen Buehner	January 2020

All council members receive mail at the address shown below.

**ADMINISTRATION**

Michael Weston, City Manager  
15300 S.W. 116<sup>th</sup> Avenue  
King City, Oregon 97224

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**CITY OF KING CITY**  
**WASHINGTON COUNTY, OREGON**  
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PAULY, ROGERS AND CO., P.C.  
12700 SW 72<sup>nd</sup> Ave. ♦ Tigard, OR 97223  
(503) 620-2632 ♦ (503) 684-7523 FAX  
www.paulyrogersandcpcas.com

November 17, 2017

To the Mayor and City Council  
City of King City  
Washington County, Oregon

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the governmental activities and each major fund of the City of King City, as of and for the year ended June 30, 2017, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these basic 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 the basic financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these basic 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 basic financial statements are free from material misstatement.

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

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

### **Basis for Modified Opinion**

The City does not maintain historical cost records for streets and street improvements acquired prior to June 30, 2013 or depreciation records for those assets. We were unable to apply alternative procedures to satisfy ourselves regarding the historical cost and depreciation of streets and street improvements.

### **Modified Opinion**

In our opinion, except for the effects of the matter described in the "Basis for Modified Opinion" paragraph, the basic 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 of King City, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

The City adopted the provisions of GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 77 *Tax Abatement Disclosures* for the year ended June 30, 2017. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the 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, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Supplementary Information*

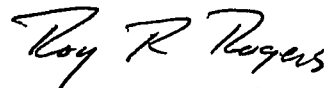
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic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

### *Other Information*

The listing of City Council members containing their term expiration dates, located before the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

## Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 17, 2017, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink that reads "Roy R. Rogers". The signature is written in a cursive style with a large, stylized "R" and "R".

Roy R. Rogers, CPA  
PAULY, ROGERS AND CO., P.C

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

This section of the City of King City's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2017. Please read it in conjunction with the City's financial statements and notes, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- The City's total net position was \$16,126,838 at June 30, 2017.
- During the year, the City's net position decreased by \$315,421.
- The general fund reported a fund balance this year of \$1,340,587.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the City. The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the City, reporting the operations in more detail than the government-wide statements. The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.

The basic financial statements also include notes that explain some of the information in the basic financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the 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 of the City's assets and liabilities. All of the current year's 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 they have changed. Net position is the difference between the City's assets and liabilities. This is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City's tax base.

The government-wide financial statements of the City include the Governmental activities. The City's basic services are included here, such as general government, public safety, planning and building, streets, parks, and interest on long-term debt. Property taxes, franchise taxes, permits and fees, and intergovernmental revenues finance most of these activities.

## Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds - not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

The City has the following kinds of funds:

- Governmental funds - The City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

### CITY OF KING CITY – NET POSITION

	<u>2017</u>	<u>2016</u>	<u>% Change</u>
<b>ASSETS:</b>			
Current and other assets	\$ 5,135,585	\$ 4,739,531	8.36%
Capital assets (net)	<u>12,052,602</u>	<u>12,087,046</u>	<u>-0.28%</u>
Total assets	<u>17,188,187</u>	<u>16,826,577</u>	<u>2.15%</u>
<b>DEFERRED OUTFLOWS OF</b>			
<b>RESOURCES:</b>	<u>357,976</u>	<u>74,390</u>	<u>381.22%</u>
<b>LIABILITIES:</b>			
Current and other liabilities	1,377,255	370,181	272.05%
Noncurrent liabilities (net)	<u>21,283</u>	<u>21,283</u>	<u>0.00%</u>
Total liabilities	<u>1,398,538</u>	<u>391,464</u>	<u>257.26%</u>
<b>DEFERRED INFLOWS OF</b>			
<b>RESOURCES:</b>	<u>20,787</u>	<u>67,244</u>	<u>-69.09%</u>
<b>NET POSITION:</b>			
Net investment in capital assets	12,031,319	12,046,010	-0.12%
Restricted	2,231,470	2,460,059	-9.29%
Unrestricted	<u>1,864,049</u>	<u>1,936,190</u>	<u>-3.73%</u>
Total net position	<u>\$ 16,126,838</u>	<u>\$ 16,442,259</u>	<u>-1.92%</u>

## CITY OF KING CITY – CHANGES IN NET POSITION

	<u>2017</u>	<u>2016</u>	<u>% Change</u>
<b>REVENUES:</b>			
Program Revenues:			
Charges for Services	\$ 1,031,244	\$ 1,727,019	-40.29%
Grant and Contributions	28,837	11,900	142.33%
General Revenues:			
Property Tax	831,419	797,142	4.30%
Other	<u>437,941</u>	<u>420,664</u>	<u>4.11%</u>
Total Revenues	<u>2,329,441</u>	<u>2,956,725</u>	<u>-21.22%</u>
<b>EXPENSES:</b>			
General Government	1,248,685	1,133,320	10.18%
Street	163,128	119,100	36.97%
Police	<u>1,233,049</u>	<u>950,243</u>	<u>29.76%</u>
Total Expenses	<u>2,644,862</u>	<u>2,202,663</u>	<u>20.08%</u>
Change in Net Position	-315,421	754,062	-141.83%
Beginning Net Position	<u>16,442,259</u>	<u>15,688,197</u>	<u>4.81%</u>
Ending Net Position	<u>\$ 16,126,838</u>	<u>\$ 16,442,259</u>	<u>-1.92%</u>

The City's total revenues were \$2,329,441. The Net Position decreased by \$315,421 indicating a decrease in the City's financial position.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Revenues from governmental fund types totaled \$2,325,583 in 2016-17. Governmental fund balances totaled \$4,405,892 at June 30, 2017. A summary of changes in governmental fund balances follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Change</u>
General Fund	\$1,340,587	\$1,245,996	\$94,591
Street Fund	376,117	341,951	\$34,166
Transportation Development Fund	2,231,470	2,460,059	(\$228,589)
Local Option Levy Fund	21,189	19,537	\$1,652
Parks SDC Fund	436,162	442,020	(\$5,858)
Transportation Improvement Fund	<u>367</u>	<u>125,406</u>	<u>(\$125,039)</u>
Total	<u>\$4,405,892</u>	<u>\$4,634,969</u>	<u>(\$229,077)</u>

## **BUDGETARY HIGHLIGHTS**

During the year, actual revenues were less than budgetary estimates and actual expenditures were less than budgetary appropriations.

Total net change for all governmental fund types during the year was a decrease of \$229,077.

## **CAPITAL ASSETS**

At June 30, 2017, the City had \$12,052,602 invested in capital assets. More detailed information about the City's capital assets is presented in the notes to the financial statements.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

Our financial report is designed to provide our taxpayers, ratepayers, investors and creditors with an overview of the City's finances. If you have any questions about this report or need any clarification of information please contact the City of King City. Our address is: 15300 SW 116<sup>th</sup> Avenue, King City, Oregon 97224-2693.

A handwritten signature in black ink, appearing to read "Michael Weston", is written over a horizontal line.

Michael Weston  
City Manager



**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**BASIC FINANCIAL STATEMENTS**

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**CITY OF KING CITY**  
**WASHINGTON COUNTY, OREGON**

**STATEMENT OF NET POSITION**  
**June 30, 2017**

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**ASSETS:**

Cash and Investments	\$ 4,842,484
Property Taxes Receivable	38,748
Accounts Receivable	214,775
Prepaid Expenses	39,578
Capital Assets, not being depreciated	11,901,120
Capital Assets, net of depreciation	<u>151,482</u>
 Total Assets	 17,188,187

**DEFERRED OUTFLOWS OF RESOURCES:**

Pension Related Deferrals	<u>357,976</u>
Total Assets and Pension Related Deferrals	<u>17,546,163</u>

**Current Liabilities**

Accounts Payable	688,467
Unearned Revenue	3,365
Net Pension Liability	658,717
Vested Compensated Absences	26,706
Long-Term Debt Due in One Year	<u>21,283</u>
 Total Liabilities	 1,398,538

**DEFERRED INFLOWS OF RESOURCES:**

Pension Related Deferrals	<u>20,787</u>
Total Liabilities and Pension Related Deferrals	<u>1,419,325</u>

**NET POSITION:**

Net Investment in Capital Assets	12,031,319
Restricted	2,231,470
Unrestricted	<u>1,864,049</u>
 Total Net Position	 <u><u>\$ 16,126,838</u></u>

See accompanying notes to basic financial statements

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2017**

FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANT AND CONTRIBUTIONS	
General Government	\$ 1,248,685	\$ 694,543	\$ 28,837	\$ (525,305)
Street	163,128	288,522	-	125,394
Police	1,233,049	48,179	-	(1,184,870)
Total Governmental Activities	<u>\$ 2,644,862</u>	<u>\$ 1,031,244</u>	<u>\$ 28,837</u>	<u>(1,584,781)</u>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

831,419

Interest and Investment Earnings

51,367

Miscellaneous

386,574

Total General Revenues

1,269,360

Changes in Net Position

(315,421)

Net Position – Beginning

16,442,259

Net Position – Ending

\$ 16,126,838

See accompanying notes to basic financial statements

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2017**

	GENERAL FUND	STREET FUND	TRANSPORTATION DEVELOPMENT TAX FUND	LOCAL OPTION LEVY FUND	PARKS SDC FUND	TRANSPORTATION IMPROVEMENT FUND	TOTAL
<b>ASSETS:</b>							
Cash and Investments	\$ 4,842,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,842,484
Taxes Receivable	38,748	-	-	-	-	-	38,748
Accounts Receivable	214,775	-	-	-	-	-	214,775
Prepaid Expenses	39,578	-	-	-	-	-	39,578
Due From Other Funds	-	376,117	2,231,837	21,189	436,162	367	3,065,672
Total Assets	<u>\$ 5,135,585</u>	<u>\$ 376,117</u>	<u>\$ 2,231,837</u>	<u>\$ 21,189</u>	<u>\$ 436,162</u>	<u>\$ 367</u>	<u>\$ 8,201,257</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE:</b>							
<b>LIABILITIES:</b>							
Due to Other Funds	\$ 3,065,305	\$ -	\$ 367	\$ -	\$ -	\$ -	\$ 3,065,672
Accounts Payable	688,467	-	-	-	-	-	688,467
Unearned Revenue - Other	3,365	-	-	-	-	-	3,365
Total Liabilities	<u>3,757,137</u>	<u>-</u>	<u>367</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,757,504</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Unearned Revenue - Taxes	<u>37,861</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,861</u>
Total Deferred Inflows of Resources	<u>37,861</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,861</u>
<b>FUND BALANCE:</b>							
<b>Fund Balances:</b>							
Nonspendable	39,578	-	-	-	-	-	39,578
Restricted	-	-	2,231,470	-	-	-	2,231,470
Committed	-	376,117	-	21,189	436,162	367	833,835
Unassigned	<u>1,301,009</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,301,009</u>
Total Fund Balances	<u>1,340,587</u>	<u>376,117</u>	<u>2,231,470</u>	<u>21,189</u>	<u>436,162</u>	<u>367</u>	<u>4,405,892</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 5,135,585</u>	<u>\$ 376,117</u>	<u>\$ 2,231,837</u>	<u>\$ 21,189</u>	<u>\$ 436,162</u>	<u>\$ 367</u>	<u>\$ 8,201,257</u>

See accompanying notes to basic financial statements

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**RECONCILIATION OF GOVERNMENTAL BALANCE SHEET TO THE STATEMENT OF NET POSITION  
June 30, 2017**

---

Total Fund Balances - Governmental Funds	\$ 4,405,892
Capital assets are not financial resources and therefore are not reported in the governmental funds.	12,052,602
The Net Pension Asset (Liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.	(658,717)
All liabilities are reported in the Statement of Net Position whereas in governmental funds, liabilities not due and payable in the current period are not reported.	
Capital Leases Payable	(21,283)
Vested compensated absences are not accounted for in the governmental funds.	(26,706)
A portion of the City's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.	37,861
Deferred Inflows and Outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projected and actual earnings, and contributions subsequent to the measurement date.	
Deferred Outflows	357,976
Deferred Inflows	<u>(20,787)</u>
Net Position	<u>\$ 16,126,838</u>

See accompanying notes to basic financial statements

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2017**

	GENERAL FUND	STREET FUND	TRANSPORTATION DEVELOPMENT TAX FUND	LOCAL OPTION LEVY FUND	PARKS SDC FUND	TRANSPORTATION IMPROVEMENT FUND	TOTAL
<b>REVENUES:</b>							
Property Taxes	\$ 611,494	\$ -	\$ -	\$ 216,067	\$ -	\$ -	\$ 827,561
City Franchise Fees	203,648	-	-	-	-	-	203,648
Alcoholic Beverage Tax	53,572	-	-	-	-	-	53,572
Cigarette Tax	3,684	-	-	-	-	-	3,684
Motel Tax	52,262	-	-	-	-	-	52,262
State Gas Tax	-	206,552	-	-	-	-	206,552
Washington Co. Gas Tax	-	13,075	-	-	-	-	13,075
City Privilege Tax	-	32,509	-	-	-	-	32,509
State Revenue Sharing	34,970	-	-	-	-	-	34,970
Bike Path	-	2,085	-	-	-	-	2,085
Grants	12,400	-	-	-	16,437	-	28,837
Court Fines	48,179	-	-	-	-	-	48,179
Metro Excise Tax	10,155	-	-	-	-	-	10,155
Licenses/Permits/Fees	187,414	-	-	-	-	-	187,414
New Development Deposit	614	-	-	-	-	-	614
School CET	102,104	-	-	-	-	-	102,104
OR State Surcharge	11,178	-	-	-	-	-	11,178
Passport Fees	66,200	-	-	-	-	-	66,200
Traffic Development Tax	-	-	239,402	-	-	-	239,402
Interest on Investments	12,785	3,517	28,408	585	4,911	1,161	51,367
Developmental charges	-	-	-	-	31,616	-	31,616
Water Revenue	65,177	-	-	-	-	-	65,177
CWS/Surface Water Mgmt Fees	-	49,120	-	-	-	-	49,120
Miscellaneous	4,302	-	-	-	-	-	4,302
<b>Total Revenues</b>	<b>1,480,138</b>	<b>306,858</b>	<b>267,810</b>	<b>216,652</b>	<b>52,964</b>	<b>1,161</b>	<b>2,325,583</b>
<b>EXPENDITURES:</b>							
Personal Services	1,000,878	-	-	-	-	-	1,000,878
Materials & Services	692,041	111,279	-	-	-	-	803,320
Capital Outlay	35,194	92,369	472,399	-	24,300	126,200	750,462
<b>Total Expenditures</b>	<b>1,728,113</b>	<b>203,648</b>	<b>472,399</b>	<b>-</b>	<b>24,300</b>	<b>126,200</b>	<b>2,554,660</b>
Excess of Revenues Over, (Under) Expenditures	(247,975)	103,210	(204,589)	216,652	28,664	(125,039)	(229,077)
<b>Other Financing Sources, (Uses)</b>							
Transfers In	342,566	-	-	-	-	-	342,566
Transfer Out	-	(69,044)	(24,000)	(215,000)	(34,522)	-	(342,566)
<b>Total Other Financing Sources, (Uses)</b>	<b>342,566</b>	<b>(69,044)</b>	<b>(24,000)</b>	<b>(215,000)</b>	<b>(34,522)</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	94,591	34,166	(228,589)	1,652	(5,858)	(125,039)	(229,077)
Beginning Fund Balance	1,245,996	341,951	2,460,059	19,537	442,020	125,406	4,634,969
Ending Fund Balance	\$ 1,340,587	\$ 376,117	\$ 2,231,470	\$ 21,189	\$ 436,162	\$ 367	\$ 4,405,892

See accompanying notes to the basic financial statements

**CITY OF KING CITY**  
**WASHINGTON COUNTY, OREGON**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2017**

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Net Changes in Fund Balances - Governmental Funds	\$ (229,077)
Payment of vested compensated absences is an expenditure in the governmental funds, but the payment reduces the liability in the Statement of Net Position. Additions to vested compensated absences is an expense for the Statement of Activities but not for the governmental funds.	(11,265)
Property tax revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the City recognizes a deferred revenue for all property taxes levied but not received, however in the Statement of Net Position, there is no deferred revenue and the full property tax receivable is accrued.	3,858
Principle payment of debt service over the life of the loan reduce the loan amount in governmental funds. However, in the Statement of Activites these are expensed because fixed assets are not recorded on the books. Principle Debt Service Payments	19,753
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are: Depreciation Expense	(34,444)
The Pension Expense represents the changes in Net Pension Asset (Liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.	<u>(64,246)</u>
Change in Net Position	<u>\$ (315,421)</u>

See accompanying notes to basic financial statements



NOTES TO THE  
BASIC FINANCIAL STATEMENTS

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**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements 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 principles. The more significant of the accounting policies are described below.

**A. THE FINANCIAL REPORTING ENTITY**

The City of King City is a municipal corporation governed by an elected council. Accounting principles generally accepted in the United States of America require that these basic financial statements present the City of King City (the primary government) and all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate organizations that are included in the City's reporting because of the significance of their operational or financial relationships with the City. There are 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, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Non-exchange Transactions."

Program Revenues included in the Statement of Activities derives 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 general revenues.

All direct expenses are reported by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest on general long-term debt, if any, is considered an indirect expense and is reported separately on the Statement of Activities. In the process of aggregating data for the Statement of Net Position and the Statement of Activities and Changes in Net Position, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.

**FUND FINANCIAL STATEMENTS**

The accounts 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 number of funds is maintained consistent with legal and managerial requirements.

**CITY OF KING CITY  
WASHINGTON 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 (CONTINUED)**

**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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension costs, 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.

**FUND EQUITY**

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

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

**CITY OF KING CITY  
WASHINGTON 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 (CONTINUED)**

There are no assigned fund balances at year end.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

**C. DESCRIPTION OF FUNDS**

There are the following major funds:

**GENERAL FUND**

The General Fund accounts for all financial resources and expenditures, except those required to be accounted for in another fund. Its main sources of revenues are property taxes, franchise fees, interest and revenue from the State of Oregon.

**STREET FUND**

Accounts for revenue and expenditures of the road maintenance program. Principal revenue sources are state highway funds and Washington County gas tax.

**TRANSPORTATION DEVELOPMENT TAX FUND**

Accounts for revenue received from systems development charges, which are spent on street capacity improvements. The principal revenue source is traffic impact fees.

**LOCAL OPTION LEVY FUND**

Accounts for revenue received from Local Option Levy. The amount is then transferred to the General Fund.

**PARKS SDC FUND**

Accounts for revenue received from METRO Grant and Park SDC Fees, which are spent on Park Improvements.

**TRANSPORTATION IMPROVEMENT FUND**

Accounts for street capacity improvements.

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. BUDGET**

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 the Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except capital outlay is expensed when purchased, depreciation expense is not recorded, compensated absences are expensed when paid, inventory is expensed when purchased, pension costs are not recorded until paid, and property taxes are recorded when received.

The budget process begins 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 of control for:

<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>
City Council	Personal Services
Administration	Materials and Services
Police Department	Capital Outlay
General Services	Interagency/Fund Transactions
Interagency/Fund Transaction	Operating Contingency
Operating Contingency	

Expenditures cannot legally exceed the above appropriation levels except in the case of restricted revenues 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.

**E. CASH AND CASH EQUIVALENTS**

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**F. ACCOUNTS RECEIVABLE**

Accounts receivable consists of fines and fees that are sent to collections at year end and other amounts due that are yet to be received. There is no allowance for doubtful accounts because management believes all fines and fees to be collectible. The amount of accounts receivable over 90 days old is \$147,722.

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. 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 unearned revenue because it is not deemed available to finance operations of the current period.

An allowance for doubtful accounts is not deemed necessary by management, 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.

**H. 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. Capital assets are defined as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Interest incurred during construction, maintenance and repairs that does not add to the value of the asset or materially extend assets' lives is not capitalized.

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

Buildings and improvements	30 to 50 years
Equipment	5 to 10 years

**I. RETIREMENT PLAN**

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

**J. VESTED COMPENSATED ABSENCES**

It is the policy to permit employees to accumulate earned unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since there is no policy to pay any amounts when employees separate from service with the City. All unused vacation pay is accrued when earned in the government-wide basic financial statements.

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. ESTIMATES**

The preparation of the basic 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 basic financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**L. INVESTMENTS**

Investments are reported at fair value. The investments, authorized under state statutes, are comprised of investments in the state administered Oregon State Treasurer's Local Government Investment Pool.

**M. SUPPLY INVENTORY**

Detailed supply inventory records are not maintained. Supply inventories are considered to be immaterial by management at year end.

**N. INTANGIBLE ASSETS**

Intangible assets (such as easements and right of ways) are recorded at their original cost if purchased or estimated value at date of donation if donated. The city has not adopted a policy on capitalization of intangible assets. There were no intangible assets purchased or donated in fiscal year 2016-2017.

**O. PREPAID ITEMS**

Payments made to vendors for services that will benefit periods beyond June 30, 2017 are recorded as prepaid items.

**P. INTERFUND TRANSACTIONS**

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Operating interfund transactions are reported as transfers.

**Q. NET POSITION**

Net position is comprised of the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

Net Investment in Capital Assets – 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.



**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Q. NET POSITION (CONTINUED)**

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.

Unrestricted assets – consists of all other assets that are not included in the other categories previously mentioned.

**R. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES**

In addition to assets, the basic financial statements 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2017, there were deferred outflows of \$357,976 representing pension related deferrals in the Statement of Net Position.

In addition to liabilities, the basic financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2017, the City has two types of items, which qualify for reporting in this category. The first of this category is unavailable revenue of \$37,861 reported in the governmental funds balance sheet for property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City's Statement of Net Position shows another Deferred Inflow of \$20,787 representing pension related deferrals.

**S. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

**Level 1** – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

**Level 2** – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

**Level 3** – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**S. FAIR VALUE IMPUTS AND METHODOLOGIES AND HIERARCHY (CONTINUED)**

Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

**2. CASH AND INVESTMENTS**

**DEPOSITS**

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

**CREDIT RISK – DEPOSITS**

In the case of deposits, this is the risk that in the event of a bank failure, deposits may not be returned. As of June 30, 2017, all of the bank balance of \$82,161 was insured by FDIC.

**INVESTMENTS**

The Policy is to follow state statutes governing cash management. Statutes authorize investing in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, 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's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)

If the link has expired please contact the Oregon Short Term Fund directly

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**2. CASH AND INVESTMENTS (CONTINUED)**

Cash and Investments at June 30, 2017 (recorded at fair value) consisted of:

Deposits With Financial Institutions:	2017
Petty Cash	\$ 150
Demand Deposits:	
Checking	80,485
Investments	4,761,849
	<u>4,761,849</u>
Total	<u>\$ 4,842,484</u>

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-18	19-59
State Treasurer's Investment Pool	\$ 4,761,849	\$ 4,761,849	\$ -	\$ -
Total	<u>\$ 4,761,849</u>	<u>\$ 4,761,849</u>	<u>\$ -</u>	<u>\$ -</u>

**Interest Rate Risk -Investments**

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

**Credit Risk**

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

**Concentration of Credit Risk**

At June 30, 2017, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in these instruments. Oregon Revised Statutes require no more than 25 percent of the moneys of a local government be invested in bankers' acceptances of any qualified financial institution. At June 30, 2017, there was compliance with all percentage restrictions.

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**3. CAPITAL ASSETS**

The changes in Capital assets are as follows:

	<u>7/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2017</u>
Governmental Activities:				
Non-Depreciable Capital Assets				
Infrastructure	\$ 11,901,120	\$ -	\$ -	\$ 11,901,120
Total Non-Depreciable Capital Assets	11,901,120	-	-	11,901,120
Depreciable Capital Assets				
Buildings & Improvements	283,656	-	-	283,656
Equipment	251,150	-	-	251,150
Total Depreciable Capital Assets	534,806	-	-	534,806
Accumulated Depreciation	348,880	\$ 34,444	\$ -	383,324
Net Depreciable Capital Assets	185,926			151,482
Total Capital Assets	<u>\$ 12,087,046</u>			<u>\$ 12,052,602</u>

Depreciation expense for the year was charged as follows:

Governmental Activities:	
General Government	\$ 16,262
Street	2,124
Police	<u>16,058</u>
Total Depreciation Expense	<u>\$ 34,444</u>

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**4. CAPITAL LEASES**

There are two lease agreements for police automobiles. The lease terms are as follows:

	<u>Original Issue</u>	<u>Outstanding July 1, 2016</u>	<u>Issued</u>	<u>Matured and Redeemed</u>	<u>Outstanding June 30, 2017</u>
2013 Lease	\$ 66,453	\$ 27,458	\$ -	\$ 13,217	\$ 14,241
2014 Lease	32,861	13,578	-	6,536	7,042
		<u>\$ 41,036</u>	<u>\$ -</u>	<u>\$ 19,753</u>	<u>\$ 21,283</u>

Future lease payments are as follows:

	<u>Principal</u>	<u>Interest</u>
2017-18	<u>\$ 21,283</u>	<u>\$ 1,650</u>
Total	<u>\$ 21,283</u>	<u>\$ 1,650</u>

**5. DEFINED BENEFIT PENSION PLAN**

**PLAN DESCRIPTION**

The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

If the link is expired please contact Oregon PERS for this information.

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
- i) **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**5. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**PLAN DESCRIPTION (CONTINUED)**

- ii) **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following contributions are met:
  - member was employed by PERS employer at the time of death,
  - member died within 120 days after termination of PERS covered employment,
  - member died as a result of injury sustained while employed in a PERS-covered job, or
  - member was on an official leave of absence from a PERS-covered job at the time of death.
- iii) **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
- iv) **Benefit Changes After Retirement.** Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

- i) **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
  - Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
  - General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**5. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**PLAN DESCRIPTION (CONTINUED)**

- ii) **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
- iii) **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
- iv) **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

**CONTRIBUTIONS**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation, which became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2017 were \$53,336 excluding amounts to fund employer specific liabilities. In addition approximately \$21,198 in employee contributions were paid or picked up by the City in fiscal 2017.

**PENSION ASSET OR LIABILITY**

At June 30, 2017, the City reported a net pension liability of \$658,717 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City's proportion was .004 percent.

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**5. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 21,793	\$ -
Changes in assumptions	140,488	-
Net difference between projected and actual earnings on pension plan investments	130,135	-
Net changes in proportionate share and differences between City contributions and proportionate share of contributions	<u>12,224</u>	<u>(20,787)</u>
Subtotal - Amortized Deferrals (below)	304,640	(20,787)
City contributions subsequent to measurement date	<u>53,336</u>	<u>-</u>
Net deferred outflow (inflow) of resources	<u>\$ 357,976</u>	<u>\$ (20,787)</u>

**FUNDING POLICY**

Subtotal amounts related to pension as deferred outflows of resources, \$304,640, and deferred inflows of resources, (\$20,787), net to \$283,853 and will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2018	\$ 50,449
2019	50,449
2020	98,570
2021	74,280
2022	10,105
Thereafter	<u>-</u>
Total	<u>\$ 283,853</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 8, 2017. Oregon PERS produces an independently audited CAFR which can be found at:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>



**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**5. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**ACTUARIAL VALUATIONS**

The employer contribution rates effective July 1, 2015 through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessarily to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

**Actuarial Methods and Assumptions**

Valuation date	December 31, 2014 rolled forward to June 30, 2016
Experience Study Report	2014, Published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.50 percent(reduced from 2.75%)
Investment rate of return	7.50 percent(reduced from 7.75%)
Projected salary increase	3.50 percent overall payroll growth; salaries for individuals are assumed to grow at 3.50 percent plus assumed rates of merit/longevity increases based on service(reduced from 3.75%). For COLA, a blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB(changed from Scale AA), with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males and 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**5. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**ACTUARIAL VALUATIONS (CONTINUED)**

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2014 Experience Study which is reviewed for the four-year period ending December 31, 2014

**Discount Rate** – The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Assumed Asset allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100%

*Source: June 30, 2014 PERS CAFR; p. 54 – 55)*

**Long-Term Expected Rate of Return:**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**5. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**ACTUARIAL VALUATIONS(CONTINUED)**

<b>Asset Class</b>	<b>Target</b>	<b>Compound Annual Return (Geometric)</b>
Core Fixed Income	7.20%	4.50%
Short-term Bonds	8.00%	3.70%
Intermediate-Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equity	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	7.71%	6.07%
<i>Assumed Inflation</i>		2.75%

Source: June 30, 2014 PERS CAFR; p. 54 – 55)

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

	Decrease (6.50%)	Rate (7.50%)	Increase (8.50%)
City's proportionate share of the net pension liability (asset)	\$ 1,063,608	\$ 658,717	\$ 320,299

**Changes Subsequent to the Measurement Date:**

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**5. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016. The actuarial effect of this change on the net pension liability has not yet been determined.

As reflected in the December 31, 2014 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions passed by the 2013 Oregon Legislature, which increased the benefits projected to be paid by Employers compared to those previously developed and consequently increased plan liabilities. The employers' projected long-term contribution effort reflects the estimated impact of the Moro Decision. Following the completion of the December 31, 2014 actuarial valuation, the PERS Board adopted several assumption changes, including lowering the investment return assumption from 7.75% to 7.50%.

**Individual Account Program** - In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment. Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online at the below website, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700,

<http://www.oregon.gov/pers/EMP/Documents/GASB/2014/GASB-Disclosure-Information.pdf>

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**6. OTHER QUALIFIED PLAN**

There is available to permanent employees, other than public safety employees, a 401(k) qualified retirement plan.

The plan is a defined contribution plan, where by council resolution the City contributes an amount equivalent to the combined employer and employee contributions made for employees who participate in PERS. The employee is not required to contribute. The total amount contributed to the plan in the current fiscal year was \$44,747.

Benefits vest 50% after one year and 100% after two years of permanent employment. Under the plan employees may not withdraw funds until reaching age 62. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the City.

**7. DEFERRED COMPENSATION**

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the City for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the City.

**8. RISK MANAGEMENT**

There is exposure 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. Commercial insurance is purchased to minimize exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three years.

**9. PROPERTY TAX LIMITATIONS**

The State of Oregon voters imposed a constitutional limit on property taxes for schools and non-school government operations. School operations include community colleges, local school districts, and education service districts. 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. The State voters further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. 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 exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**10. INTERFUND RECEIVABLES / PAYABLES**

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”.

The composition of due to/from is as follows:

<u>Fund</u>	<u>Due From other Funds</u>	<u>Due To other Funds</u>
General Fund	\$ -	\$ 3,065,305
Street Fund	376,117	-
Transportation Development Tax Fund	2,231,837	367
Local Option Levy Fund	21,189	-
Parks SDC Fund	436,162	-
Transportation Improvement Fund	367	-
	<u>\$ 3,065,672</u>	<u>\$ 3,065,672</u>

**11. INTERFUND TRANSFERS**

The composition of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ -	\$ 342,566
Local Option Levy Fund	215,000	-
Street Fund	69,044	-
Transportation Development Tax Fund	24,000	-
Parks System Development	34,522	-
	<u>\$ 342,566</u>	<u>\$ 342,566</u>

The internal transfers are budgeted and recorded to show legal and operational commitments between funds such as cost sharing.

**12. TAX ABATEMENTS**

As of June 30, 2017, City of King City potentially had tax abatements through various state allowed programs that impacted levied taxes. Based on the information available from the county as of the date of issuance of these basic financial statements, there were no material abatements disclosed by the county for the year ended June 30, 2017 for any program covered under GASB 77.

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION**

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CITY OF KING CITY  
WASHINGTON COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

At June 30, 2017

**PERS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.0044 %	\$ 658,717	\$ 352,707	186.8 %	80.5 %
2016	0.0046	264,428	350,407	75.5	91.9
2015	0.0040	(91,744)	300,611	(30.5)	103.6
2014	0.0040	206,546	273,970	75.4	92.0

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented

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

**SCHEDULE OF CONTRIBUTIONS**

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2017	\$ 53,336	\$ 53,336	\$ -	\$ 357,392	14.9 %
2016	50,548	50,548	-	352,707	14.3
2015	45,565	45,565	-	350,407	13.0
2014	36,360	36,360	-	300,611	12.1

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented

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

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2017**

<u>GENERAL FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>REVENUES:</b>				
Property Taxes - Current	\$ 600,000	\$ 600,000	\$ 603,940	\$ 3,940
Property Taxes - Delinquent	10,000	10,000	7,554	(2,446)
City Franchise Fees	210,000	219,800	203,648	(16,152)
Alcoholic Beverage Tax	48,000	48,800	53,572	4,772
Cigarette Tax	4,500	4,800	3,684	(1,116)
Motel Tax	44,000	44,000	52,262	8,262
State Revenue Sharing	30,000	32,000	34,970	2,970
Grants	13,295	13,295	12,400	(895)
Court Fines	75,000	40,000	48,179	8,179
Licenses/Permits/Fees	20,000	20,000	18,731	(1,269)
Metro Excise Tax	12,500	18,000	10,155	(7,845)
School CET	125,000	180,000	102,104	(77,896)
OR State Surcharge	17,300	20,000	11,178	(8,822)
Site Review Fees	3,000	3,000	1,084	(1,916)
New Development Review	3,000	12,000	12,097	97
New Development Deposit	-	-	614	614
Building Permits	165,000	190,000	155,502	(34,498)
Passport Fees	40,000	60,000	66,200	6,200
Interest on Investments	4,500	4,500	12,785	8,285
Water Revenue	61,150	65,177	65,177	-
Miscellaneous	1,000	1,000	4,302	3,302
<b>Total Revenues</b>	<b>\$ 1,487,245</b>	<b>\$ 1,586,372</b>	<b>\$ 1,480,138</b>	<b>\$ (106,234)</b>

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**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2017**

	<u>GENERAL FUND</u>			VARIANCE POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
City Council				
Materials and Services	\$ 34,410	\$ 44,510	\$ 37,761	\$ 6,749
Total City Council	34,410	44,510 (1)	37,761	6,749
Administration Department				
Personal Services	303,105	330,195	287,541	42,654
Materials and Services	561,908	940,818	527,490	413,328
Capital Outlay	62,000	67,000	20,751	46,249
Total Administration	927,013	1,338,013 (1)	835,782	502,231
Police Department				
Personal Services	763,995	759,252	713,337	45,915
Materials and Services	166,425	159,425	126,790	32,635
Capital Outlay	14,750	18,750	14,443	4,307
Total Police Department	945,170	937,427 (1)	854,570	82,857
General Services				
Contingency	1,051,010	841,787 (1)	-	841,787
Total Expenditures	2,957,603	3,161,737	1,728,113	1,433,624
Excess of Revenues Over, (Under)				
Expenditures	(1,470,358)	(1,575,365)	(247,975)	1,327,390
Other Financing Sources, (Uses):				
Transfers In	270,358	342,566	342,566	-
Net Change in Fund Balance	(1,200,000)	(1,232,799)	94,591	1,327,390
Beginning Fund Balance	1,200,000	1,232,799	1,245,996	13,197
Ending Fund Balance	\$ -	\$ -	\$ 1,340,587	\$ 1,340,587

(1) Appropriation Level  
Continued from page -28-

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2017**

**STREET FUND**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>REVENUES:</b>				
State Gas Tax	\$ 170,000	\$ 170,000	\$ 206,552	\$ 36,552
Washington County Gas Tax	12,000	12,000	13,075	1,075
City Privilege Tax	32,000	32,000	32,509	509
Bike Path	1,700	1,700	2,085	385
Interest on Investments	1,500	1,500	3,517	2,017
CWS/SWM Fees	46,000	46,000	49,120	3,120
Miscellaneous	500	500	-	(500)
Total Revenues	<u>263,700</u>	<u>263,700</u>	<u>306,858</u>	<u>43,158</u>
<b>EXPENDITURES:</b>				
Materials and Services	194,960	195,960 (1)	111,279	84,681
Capital Outlay	210,000	225,000 (1)	92,369	132,631
Contingency	61,311	19,696 (1)	-	19,696
Total Expenditures	<u>466,271</u>	<u>440,656</u>	<u>203,648</u>	<u>237,008</u>
Excess of Revenues Over, (Under) Expenditures	(202,571)	(176,956)	103,210	280,166
Other Financing Sources, (Uses):				
Transfer Out	(43,429)	(69,044) (1)	(69,044)	-
Total Other Sources, (Uses)	<u>(43,429)</u>	<u>(69,044)</u>	<u>(69,044)</u>	<u>-</u>
Net Change in Fund Balance	(246,000)	(246,000)	34,166	280,166
Beginning Fund Balance	<u>246,000</u>	<u>246,000</u>	<u>341,951</u>	<u>95,951</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 376,117</u>	<u>\$ 376,117</u>

(1) Appropriation Level

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2017**

TRANSPORTATION DEVELOPMENT TAX FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:				
Traffic Development Tax	\$ 242,650	\$ 332,000	\$ 239,402	\$ (92,598)
Interest On Investments	10,000	25,000	28,408	3,408
Total Revenues	<u>252,650</u>	<u>357,000</u>	<u>267,810</u>	<u>(89,190)</u>
EXPENDITURES:				
Capital Outlay	673,800	673,800 (1)	472,399	201,401
Contingency	<u>1,912,680</u>	<u>2,119,259 (1)</u>	<u>-</u>	<u>2,119,259</u>
Total Expenditures	<u>2,586,480</u>	<u>2,793,059</u>	<u>472,399</u>	<u>2,320,660</u>
Excess of Revenues, Over (Under) Expenditures	(2,333,830)	(2,436,059)	(204,589)	2,231,470
Other Financing Sources, (Uses):				
Transfer Out	<u>-</u>	<u>(24,000) (1)</u>	<u>(24,000)</u>	<u>-</u>
Total Other Sources, (Uses)	<u>-</u>	<u>(24,000)</u>	<u>(24,000)</u>	<u>-</u>
Net Change in Fund Balance	(2,333,830)	(2,436,059)	(228,589)	2,207,470
Beginning Fund Balance	<u>2,333,830</u>	<u>2,460,059</u>	<u>2,460,059</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ 24,000</u>	<u>\$ 2,231,470</u>	<u>\$ 2,207,470</u>

(1) Appropriations Level

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2017**

LOCAL OPTION LEVY FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Interest On Investments	\$ 200	\$ 200	\$ 585	\$ 385
Property Delinquent	3,000	3,000	2,722	(278)
Serial Levy	211,800	211,800	213,345	1,545
Total Revenues	215,000	215,000	216,652	1,652
EXPENDITURES:				
Personal Services	-	- (1)	-	-
Excess of Revenues Over, (Under) Expenditures	215,000	215,000	216,652	1,652
Other Financing Sources, (Uses):				
Transfers Out	(215,000)	(215,000) (1)	(215,000)	-
Total Other Sources, (Uses)	(215,000)	(215,000)	(215,000)	-
Net Change in Fund Balance	-	-	1,652	1,652
Beginning Fund Balance	-	-	19,537	19,537
Ending Fund Balance	\$ -	\$ -	\$ 21,189	\$ 21,189

(1) Appropriations Level

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2017**

<u>PARKS SDC FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>REVENUES:</b>				
Interest on Investments	\$ 1,800	\$ 5,000	\$ 4,911	\$ (89)
METRO	16,000	16,000	16,437	437
Developmental Charges	16,640	33,280	31,616	(1,664)
Total Revenues	<u>34,440</u>	<u>54,280</u>	<u>52,964</u>	<u>(1,316)</u>
<b>EXPENDITURES:</b>				
Capital Outlay	16,000	47,000 (1)	24,300	22,700
Contingency	459,511	414,778 (1)	-	414,778
Total Expenditures	<u>475,511</u>	<u>461,778</u>	<u>24,300</u>	<u>437,478</u>
Excess of Revenue Over, (Under) Expenditures	(441,071)	(407,498)	28,664	436,162
Other Financing Sources, (Uses):				
Transfers Out	<u>(11,929)</u>	<u>(34,522) (1)</u>	<u>(34,522)</u>	<u>-</u>
Total Other Sources, (Uses)	<u>(11,929)</u>	<u>(34,522)</u>	<u>(34,522)</u>	<u>-</u>
Net Change in Fund Balance	(453,000)	(442,020)	(5,858)	436,162
Beginning Fund Balance	<u>453,000</u>	<u>442,020</u>	<u>442,020</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 436,162</u>	<u>\$ 436,162</u>

(1) Appropriations Level

**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2017**

TRANSPORTATION IMPROVEMENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:				
Interest On Investments	\$ 800	\$ 800	\$ 1,161	\$ 361
Total Revenues	<u>800</u>	<u>800</u>	<u>1,161</u>	<u>361</u>
EXPENDITURES:				
Capital Outlay	<u>126,200</u>	<u>126,200 (1)</u>	<u>126,200</u>	<u>-</u>
Total Expenditures	<u>126,200</u>	<u>126,200</u>	<u>126,200</u>	<u>-</u>
Net Change in Fund Balance	(125,400)	(125,400)	(125,039)	361
Beginning Fund Balance	<u>125,400</u>	<u>125,400</u>	<u>125,406</u>	<u>6</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 367</u>	<u>\$ 367</u>

(1) Appropriations Level



**CITY OF KING CITY**  
**WASHINGTON COUNTY, OREGON**  
**SUPPLEMENTARY INFORMATION**

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**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES  
OF TAXES UNCOLLECTED  
For the Year Ended June 30, 2017**

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/01/16</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>ADD INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/17</u>
<u>General Fund:</u>						
CURRENT:						
2016-17	\$ 857,115	\$ 23,038	\$ (2,087)	\$ 195	\$ 818,231	\$ 13,954
PRIOR YEARS:						
2015-16	13,697	18	(1,035)	360	6,459	6,545
2014-15	6,961	-	(51)	262	1,682	5,490
2013-14	4,933	(1)	(47)	367	1,565	3,689
2012-13	3,123	-	(46)	152	574	2,655
Prior	6,600	-	(69)	82	198	6,415
Total Prior	35,314	17	(1,248)	1,223	10,478	24,794
Total All Funds	\$ 892,429	\$ 23,055	\$ (3,335)	\$ 1,418	\$ 828,709	\$ 38,748

RECONCILIATION OF REVENUE:

	<u>Revenue</u>
Per County Treasurer Above	\$ 828,709
Accrual of Receivables:	
June 30, 2016	(1,311)
June 30, 2017	887
Taxes in lieu	3,134
Total Fund Collections per Financial Statements	<u>\$ 831,419</u>

Revenue by Fund:

General	\$ 615,352
Local Option Levy	<u>216,067</u>
	<u>\$ 831,419</u>

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**CITY OF KING CITY  
WASHINGTON COUNTY, OREGON**

**INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS**

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PAULY, ROGERS, AND CO., P.C.  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
www.paulyrogersandcpcpas.com

November 17, 2017

### **Independent Auditors' Report Required by Oregon State Regulations**

We have audited the basic financial statements of the City of King City as of and for the year ended June 30, 2017, and have issued our report thereon dated November 17, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

#### **Compliance**

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

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

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

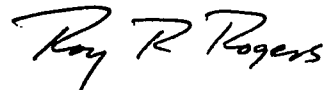
In connection with our testing nothing came to our attention that caused us to believe that the City of King City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative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

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

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

We noted a matter involving the internal control structure and its operation that we consider to be a material weakness under standards established by the American Institute of Certified Public Accountants, which is noted in our management letter dated November 17, 2017.

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

A handwritten signature in black ink that reads "Roy R. Rogers". The signature is written in a cursive style with a large, stylized "R" and "R".

Roy R. Rogers, CPA  
PAULY, ROGERS AND CO., P.C





**SHEA, CARR & JEWELL, INC.**  
**AGREEMENT FOR PROFESSIONAL SERVICES**

This Agreement for Professional Services (or this "Agreement") is dated February 1, 2018, and is made and entered into by and between:

**Firm:** Shea, Carr & Jewell, Inc. (dba SCJ Alliance) ("SCJ")  
**Address:** 8730 Tallon Lane NE, Suite 200, Lacey, WA 98516  
**Telephone:** 360-352-1465  
**Fax:** 360-352-1509

and

**Client:** City of King City, Mike Weston, City Manager ("Client")  
**Address:** 15300 SW 116<sup>th</sup> Avenue, King City, OR 97224  
**Telephone:** 503-639-4082  
**Fax:** NA  
**Email:** [mweston@ci.king-city.or.us](mailto:mweston@ci.king-city.or.us)

**Section 1 – The Project.** SCJ shall perform all services, as described in Section 2 below, for the following project:

- a. Project Name:** URA 6D Concept Plan Traffic Analysis (the "Project")
- b. Project Number:** SCJ# 0780.01 Client# NA
- c. Project Location:** King City, OR

**d. Project Timeline:** SCJ shall perform its services as expeditiously as is consistent with the professional skill and care and the orderly progress of the Project. If SCJ is delayed in meeting this projected timeline due to causes beyond its control (including, but not limited to, war, riot, civil disorder, fire, labor trouble, strikes, accidents, energy failure, equipment breakdown, delays of suppliers, printers, or carriers, action of government or civil authority, or acts of God), then the projected timeline shall be extended accordingly.

**Section 2 – Scope of Work.** SCJ shall perform the services (the "Work") described in Attachment A:

**Section 3 – Compensation to SCJ.** SCJ shall perform the Work for Client for the following compensation:

<u>Budget Summary</u>	<u>Fee Amount</u>	<u>Fee Basis</u>
<b>Phase 01 – URA 6D Concept Plan Traffic Analysis</b>	<b>\$ 3,825</b>	<b>T&amp;M (NTE)</b>
<b>TOTAL MAXIMUM FEE:</b>	<b>\$ 3,825</b>	

**Time and Materials.** When the basis of SCJ's compensation is time and materials, Client will pay SCJ for the time SCJ spends and all the expenses SCJ incurs (see expenses addressed below) in performing the Work, pursuant to the Billing Rate Schedule shown in Attachment B. SCJ may change its billing rates and/or the reimbursement rate for the expenses it incurs from time to time due to market conditions with prior notice to Client. If SCJ changes any of its billing rates and/or reimbursement rates for its expenses, SCJ shall promptly provide a copy of its revised Billing Rate Schedule to Client.



Changes in billing rates and/or reimbursement rates for expenses is not a basis for increasing the Total Maximum Fee shown above.

**Lump Sum.** When the basis of SCJ's compensation is a lump sum, Client will pay SCJ on a percent-complete basis of the Total Maximum Fee for the Work described in Section 2 of this Agreement. SCJ will be compensated in full upon completion of the Work. Any out-of-scope or extra services requested by the Client will be paid to SCJ on a time and materials basis in accordance with the provisions described above under Time and Materials.

**Retainers.** Client will pay a retainer to SCJ for the services in the amount of \$ N/A. This fee shall be payable in advance upon contract signing. The retainer will not be applied to invoices until a history of timely invoice payment has been established and will not be completely released until the final project invoice. The specific retainer application schedule will be project specific and will be established by mutual agreement between the Client and SCJ.

**Expenses.** Expenses will include, but not be limited to, the following: transportation costs, including mileage; meals and lodging; laboratory tests and analyses; computer services; word processing services; telephone, printing, binding, and reproduction charges; all costs associated with outside consultants and other outside services and facilities; and other similar costs. Expenses which SCJ incurs on Client's behalf for outside consultants and other outside services or facilities shall include a 10% markup to compensate SCJ for its activities related to these expenses, such as: excise tax, liability insurance, profit, and additional administrative overhead.

**Section 4 – Billing and Payment.** SCJ will provide Client with an invoice once per month for Work on the Project during the prior month. Client agrees to pay SCJ within 30 days of receiving SCJ's invoice, after which date, if the invoice has not been paid in full, Client's account will become delinquent. Client is deemed to have received an invoice three days after SCJ mailed it to Client at its address provided in this Agreement, postage prepaid. If Client's account becomes delinquent at any time, the following shall apply:

- SCJ may, in its sole discretion, cease all Work on the Project and retain all records and work product in its possession related to the Project until such time as Client's account is brought current; and/or
- SCJ will assess interest at the rate of 1.5 percent per month against any delinquent invoice balance, unless such rate of interest exceeds the legal limit, in which case interest will be assessed against the delinquent invoice balance at the highest legal rate.

**Section 5 – Standard of Care; No Warranties.** SCJ will perform the Work consistent with the professional skill and care ordinarily provided by professionals practicing in the same or similar locality under the same or similar circumstances at the time the Work is performed. SCJ does not make or intend to make any warranty, expressed or implied, by performing any of the Work.

**Section 6 – No Third-Party Beneficiaries.** The parties do not intend, and no such intent shall be inferred, that SCJ assumes a direct obligation to any third party by entering into this Agreement.

**Section 7 – Notice to Cure a Default.** If SCJ materially breaches a provision of this Agreement, SCJ may be deemed in default. If SCJ fails within five (5) business days after written notification to commence and continue satisfactory correction of such default with diligence and promptness, then Client shall give SCJ a second written notice of termination within three (3) business days following the end of the five (5) day period.



## **Section 8 – Termination by Client.**

- 8.1 Client may terminate this Agreement as provided in Section 7 in addition to any other remedy provided by this Agreement. If Client's costs arising out of SCJ's failure to cure the default, including the cost of completing the Work, exceed the unpaid Compensation to SCJ, SCJ shall be liable to the Client for such excess costs as limited by Section 10 below. If Client's costs are less than the unpaid Compensation to SCJ, Client shall pay the difference to SCJ. In the event Client exercises its rights under this Section 8, Client shall furnish to SCJ a detailed accounting of the costs incurred by Client.
- 8.2 Client may terminate this Agreement for its own convenience upon fourteen (14) days written notice to SCJ. Upon any termination for convenience, Client shall pay SCJ for all sums due through the effective date of the termination including, but not limited to, the amounts provided in Section 3 above and any expected profits.
- 8.3 If Client terminates this Agreement, with or without cause, before SCJ completes all of the Work, SCJ shall have the right to complete such services, analysis, and records, within its sole discretion, as are necessary to place SCJ's files in order and to complete a report on the services performed pursuant to this Agreement ("Project Closeout"). The time expended and expenses incurred by SCJ in carrying out the Project Closeout shall be billed to Client in addition to all time expended and expenses incurred by SCJ up to the date of termination.

## **Section 9 – Termination by SCJ.**

- 9.1 SCJ may terminate this Agreement upon five (5) days written notice of the following:
  - a. Client fails to pay SCJ in accordance with this Agreement.
  - b. Client otherwise materially breaches this Agreement.
- 9.2 Upon termination by SCJ pursuant to this Agreement, SCJ shall be entitled to recover from Client payment for all sums due through the date of termination and for any proven loss, cost, or expense including, but not limited to, the amounts owing from Section 3 above, expected profits, and Project Closeout.

**Section 10 – Limitation of Liability.** The parties agree that the liability of SCJ (which includes SCJ's shareholders, directors, officers, employees, and agents) to Client for any loss or damage (whether damage or destruction of property or personal injury or death) related in any way to SCJ's performance or nonperformance under this Agreement shall be limited to the total Compensation in Section 3 above or one hundred thousand dollars (\$100,000), whichever is greater. IN NO EVENT SHALL SCJ BE LIABLE FOR ANY INDIRECT, CONSEQUENTIAL, INCIDENTAL, LOST PROFITS OR LIFE EXPECTANCY DAMAGES ARISING OUT OF THIS AGREEMENT.

## **Section 11 – Indemnification.**

- 11.1 SCJ shall indemnify and hold Client harmless from all claims, demands or lawsuits at law or equity for personal injury or property damage ("Claim") arising in whole or in part from the negligence of SCJ or SCJ's agents, employees, or subconsultants; provided that nothing herein shall require SCJ to indemnify and hold harmless Client from Claims based solely upon the negligence of Client, its agents, officers or employees.
- 11.2 Client shall indemnify and hold harmless SCJ, its officers, directors, shareholders, and employees, from all claims, demands, or lawsuits at law or equity for personal injury or property damage ("Claim") arising in whole or in part from the negligence of Client or Client's agents, employees, contractors, or subcontractors; providing that nothing herein shall require Client to indemnify and hold harmless SCJ from Claims based solely upon the negligence of SCJ, its agents, officers, or employees.



- 11.3 The indemnifications contained in Sections 11.1 and 11.2 are valid and enforceable only to the extent of the indemnitor's negligence where the damages arise out of services or work in connection with or collateral to, a contract or agreement relative to construction, alteration, repair, addition to, subtraction from, improvement to, or maintenance of, any building, highway, road, railroad, excavation, or other structure, project, development, or improvement attached to real estate, including moving and demolition in connection therewith, a contractor agreement for architectural, landscape architectural, engineering, or land surveying services and where the damages are caused by or result from the concurrent negligence of (i) SCJ or its officers, employees, and agents, and (ii) Client or its officers, employees, and agents. This paragraph is intended to comply with RCW 4.24.115.
- 11.4 Both SCJ and Client expressly waive any immunity, from claims against each other, provided by the Washington State Industrial Insurance Act (RCW 51) or similar act of any other state. The provisions of this section shall not be limited in any way by any limitation on benefits payable to or for any third party under any State's Workers' Compensation Act. This waiver is not intended to waive and does not waive SCJ's design professional immunity from claims by an injured worker or beneficiary provided by RCW 51.24.035.
- 11.5 Both SCJ and Client acknowledge that they have mutually negotiated this waiver of immunity under the Washington State Industrial Insurance Act (RCW 51).

Initial here for Voluntary Waiver

SCJ \_\_\_\_\_

Client \_\_\_\_\_

**Section 12 – Concurrent Work.** This Agreement shall not limit, in any way, other work SCJ may undertake for any other client.

**Section 13 – Insurance.** SCJ shall obtain and keep in force during the terms of this Agreement insurance coverage as follows: (a) Workers' Compensation, as required by applicable statute; (b) Comprehensive General Liability, \$2 million per occurrence and \$4 million in the aggregate; (c) Automobile, \$1 million combined single limit; and (d) Professional Liability, \$1 million per claim and \$2 million in the aggregate.

SCJ will provide Client with thirty (30) day notice prior to cancelling any of the aforementioned policies.

**Section 14 – Dispute Resolution, Jurisdiction, Venue, Attorney Fees, and Applicable Law.**

- 14.1 **Mediation.** In the event that any dispute arises between the parties related to this Agreement, the parties agree to submit the dispute to non-binding mediation upon either party providing the other with written notice describing the dispute in detail. The parties shall cooperate in selecting the mediator, and the mediation shall occur within 30 days of a party providing written notice to the other party of the dispute. The mediation shall take place in Tacoma, Washington.
- 14.2 **Arbitration.** Except as provided below in Section 14.3., if such mediation does not resolve the dispute, such dispute shall be submitted to final and binding arbitration pursuant to the Washington's Uniform Arbitration Act (RCW 7.04A). The arbitration shall be conducted in Tacoma, Washington. The prevailing party in any such arbitration shall be entitled to recover its reasonable costs and attorney fees.
- 14.3 **Fee Disputes.** Following mediation pursuant to Section 14.1, any dispute involving only Client's failure to pay SCJ pursuant to this Agreement for SCJ's performance of the Work, may be resolved by commencing a lawsuit in court. Venue for the lawsuit shall be Pierce County, Washington. The prevailing party in any such lawsuit shall be entitled to recover its reasonable costs and attorney fees.
- 14.4 **Applicable Law.** This Agreement shall be governed by the laws of the State of Washington.



**Section 15 – Ownership of Work Product and Confidentiality.** All reports, plans, specifications, field data, notes and other documents, including all documents on electronic media, which SCJ prepares in connection with the Project (which information is collectively referred to herein as “SCJ’s Work Product”) are instruments of SCJ’s service and shall remain the sole property of SCJ, unless agreed otherwise in writing. Client shall not reuse or modify SCJ’s Work Product, without SCJ’s prior written authorization, which authorization SCJ may not unreasonably withhold. Any unauthorized use of the SCJ’s Work Product shall be at the Client’s sole risk and without liability to SCJ and the Client agrees to defend, indemnify and hold harmless SCJ for all claims and liability resulting from such unauthorized use.

Client shall maintain the confidentiality of information specifically designated as confidential by SCJ, unless withholding such information would violate the law, create the risk of significant harm to the public or prevent the Client from establishing a claim or defense in an adjudicatory proceeding. Only information designated as confidential by SCJ shall be deemed confidential as provided by this paragraph.

**Section 16 – Electronic Files and Data.** Subject to Section 15 above, if requested, SCJ will provide electronic files to Client for its use and reference in connection with the Project. Client acknowledges and agrees that it shall be solely responsible for inspecting and testing any such electronic files before accessing or using them to verify they are free from bugs, viruses, or other destructive or harmful programs (referred to collectively herein as “Viruses”). Further, SCJ does not make or intend to make any warranty, expressed or implied, that any electronic file it provides to Client will be free from Viruses. Therefore, Client waives any claim it may have against SCJ which waiver includes all measures of damages, including, but not limited to, general, special, direct, indirect, consequential (including loss of profits and/or business), exemplary, statutory, and punitive damages) because any electronic files SCJ provides to client contain any Viruses.

All deliverables provided to Client for the Work shall be hard copies unless otherwise stated in Attachment B. If requested, SCJ may provide electronic files to Client; however, Client acknowledges and agrees that it shall be solely responsible for verifying consistency between electronic files and hard copy deliverables. In the event of any inconsistency between hard copy deliverables and electronic files, the hard copy deliverable shall govern.

**Section 17 – Notices.** Any written notice provided by one of the parties to the other in connection with this Agreement shall be received when personally delivered, when received by facsimile, or on the third day following mailing by USPS, postage prepaid, to:

SCJ:	SCJ Alliance	Client:	City of King City
	<b>Attn: Amy Head, PE, Principal</b>		<b>Attn: Mike Weston, City Manager</b>
	8730 Tallon Lane NE		15300 SW 116 <sup>th</sup> Avenue
	Suite 200		King City, OR 97224
	Lacey, WA 98516		Fax: NA
	Fax: 360-352-1509		Email: <a href="mailto:mweston@ci.king-city.or.us">mweston@ci.king-city.or.us</a>
	Email: <a href="mailto:amy.head@scjalliance.com">amy.head@scjalliance.com</a>		

**Section 18 – Survival and Severability.** The terms and conditions of this Agreement shall survive the completion of the Work and the termination of this Agreement, whether for cause or for convenience. If any term or condition of this Agreement is ever held to be unenforceable, all remaining terms and conditions shall continue in full force and effect.

**Section 19 – Modifications.** This Agreement represents the entire and integrated Agreement between the parties hereto and supersedes all prior negotiations, representations, or agreements, either written or oral. Except as provided in Section 3 above regarding the periodic adjustment of SCJ’s billing rates and/or reimbursement rate of expense, this Agreement may only be amended, modified, or added to by written instrument properly signed by both parties. The parties acknowledge the general contract rule that a clause in a contract, such as this one,



prohibiting oral modifications is itself generally subject to oral modification. However, in order to ensure certainty as to the terms and conditions of this Agreement, the parties waive this general contract rule.

**Section 20 – Assignment.** Neither party may assign all or a portion of its rights under this Agreement or delegate all or a portion of its obligations under this Agreement without the express written consent of the other party.

**Section 21 – Independent Review.** The parties acknowledge that they have read this Agreement and fully understand its terms. The parties further acknowledge that the terms of this Agreement have been mutually negotiated at arms-length. The parties waive the general rule of construction, therefore, that an agreement shall be construed against its drafter.

**Section 22 – Acceptance and Authorization to Proceed.** By signing this Agreement, Client agrees that the terms and conditions of this Agreement are acceptable and approved. If Client is a legal entity (e.g., a corporation, partnership, or limited liability company), then the person who signs on behalf of Client certifies that he or she has the authority to bind Client to the terms and conditions of this Agreement. If Client is a legal entity and it claims at any time that the person who signed this Agreement lacked the authority to do so, SCJ may name such person, in addition to Client, in any lawsuit or arbitration which arises relating to this Agreement and seek to hold such person liable, along with Client, in such proceeding. Upon SCJ's receipt of this fully executed Agreement, SCJ shall have authority to commence the Work.

**Section 23 – Attachments.** The following attachments are hereby made a part of this Agreement.

- Attachment A – Scope of Work
- Attachment B – Billing Rate Schedule

SCJ:

CLIENT:

SCJ Alliance

City of King City

By: \_\_\_\_\_

By: \_\_\_\_\_

Amy Head, PE (Print name)

\_\_\_\_\_ (Print name)

Principal (Title)

\_\_\_\_\_ (Title)

\_\_\_\_\_ (Date)

\_\_\_\_\_ (Date)



January 31, 2018

Jamie Stasny, Senior Project Manager  
Metropolitan Land Group, LLC  
17933 NW Evergreen Place, Suite 300  
Beaverton, OR 97006

Re: Proposal for Traffic Engineering Services – King City URA 6D Concept Plan

Dear Ms. Stasny:

Based on our conversation yesterday, I have prepared the attached Scope of Services and Fee Estimate to provide professional transportation engineering services associated with King City's URA 6D Concept Plan. The purpose of this effort is to define the key issues involved in preparing a defensible transportation impact analysis to support the Concept Plan. This proposal addresses the work tasks needed to define the additional analysis that will be required to make the URA 6D Concept Plan more competitive in the 2018 UGB Expansion process.

***SCOPE OF SERVICES***

As noted in the comments you provided to me, Washington County is concerned about the level of technical detail in the transportation analysis conducted for the Concept Plan. To help address the County's comments (as well as previous input I received from Metro and ODOT) this scope of services will involve:

1. Coordination and discussion with Washington County, the Oregon Department of Transportation and Metro to define the scope of transportation analysis that will be needed to provide more confidence in the nature and magnitude of the transportation infrastructure improvements needed to support the Concept Plan.
2. Review available information from other planning studies currently underway as part of the 2018 UGB Expansion process. I believe that these include: Cooper Mountain (City of Beaverton), expansion of existing development in South Hillsboro, West Sherwood, and the vicinity of Meridian Creek Middle School (City of Wilsonville). This review is intended to provide insight into the level of technical detail that will be presented by these other communities as part of the UGB Expansion process.
3. Contact Steve Kelley of Washington County to provide advance notice of a future travel demand modeling request. This request would actually be made once the full transportation analysis has been authorized.
4. Develop detailed work scope and fee estimate for conducting full transportation analysis.

***FEE ESTIMATE***

SCJ will provide the foregoing services for a not-to-exceed fee of \$3,825. All costs will be invoiced on a time-and-materials basis.

I appreciate the opportunity to provide this proposal and further participate in the King City URA 6D Concept Plan project. Please feel free to call me at (503) 341-6248 if you have any questions about our proposal. I look forward to working with you.

Respectfully,  
SCJ Alliance

A handwritten signature in blue ink that reads "Anne Sylvester". The signature is fluid and cursive, with the first name "Anne" and last name "Sylvester" clearly legible.

Anne Sylvester, PTE  
Senior Consultant





## "Attachment B"

### SCJ Alliance Billing Rate Schedule - May 2017

Classification	Hourly Billing Rate
Senior Principal Consultant	\$250.00 - \$295.00
Principal	\$175.00 - \$245.00
Principal Environmental Scientist	\$140.00 - \$180.00
Principal Landscape Architect	\$140.00 - \$175.00
Senior Consultant	\$180.00 - \$225.00
Senior Project Manager	\$142.00 - \$205.00
Project Manager	\$130.00 - \$155.00
Project Engineer II	\$125.00 - \$140.00
Project Engineer I	\$115.00 - \$130.00
Senior Designer	\$110.00 - \$125.00
Design Engineer	\$90.00 - \$115.00
Project Landscape Architect	\$105.00 - \$130.00
Landscape Architect I	\$100.00 - \$115.00
Landscape Designer	\$80.00 - \$100.00
Senior Planner	\$125.00 - \$145.00
Planner	\$95.00 - \$120.00
Environmental Scientist	\$135.00 - \$160.00
Environmental Planner	\$105.00 - \$120.00
Senior Transportation Planner	\$140.00 - \$160.00
Transportation Planner	\$110.00 - \$125.00
Traffic Analyst	\$95.00 - \$115.00
Designer	\$95.00 - \$110.00
Graphic Designer	\$95.00 - \$125.00
Project Coordinator II	\$95.00 - \$110.00
Project Coordinator I	\$75.00 - \$90.00
Project Accountant	\$95.00 - \$145.00
Administrative Assistant	\$70.00 - \$85.00
Information Technology Specialist	\$80.00 - \$165.00
Communications Director	\$100.00 - \$130.00

#### **Other Fees:**

- Direct project expenses and reproduction costs are billed at cost plus 15%

#### **Reimbursable Expenses:**

- Mileage \$0.65/Mile
- Bond Paper Plots \$2.50/Sheet
- Mylar \$20.00/Sheet
- Reports \$35.00/Each