

CITY OF CASCADE LOCKS
Cascade Locks, Oregon
ANNUAL FINANCIAL REPORT
For Year Ended June 30, 2011

ONSTOTT, BROEHL & CYPHERS, P.C.
Certified Public Accountants
100 East 4th Street
The Dalles, Oregon 97058

CITY OF CASCADE LOCKS, OREGON

**Names and Addresses of Officers
and Members of the City Council
June 30, 2011**

MEMBERS OF THE CITY COUNCIL

George Fischer, Mayor
P.O. Box 675
Cascade Locks, Oregon 97014

Eva Zerfing, Councilmember
P.O. Box 742
Cascade Locks, Oregon 97014

Tiffany Pruitt, Councilmember
P.O. Box 461
Cascade Locks, Oregon 97014

Lance Masters, Councilmember
P.O. Box 599
Cascade Locks, Oregon 97014

Kevin Benson, Councilmember
P.O. Box 369
Cascade Locks, Oregon 97014

Don Haight, Councilmember
P.O. Box 276
Cascade Locks, Oregon 97014

Tom Cramblett, Councilmember
P.O. Box 511
Cascade Locks, Oregon 97014

OTHER OFFICERS

Rich Carson, Interim City Administrator
Marjanne Bump, Finance Officer
Registered Office
P.O. Box 308
Cascade Locks, Oregon 97014

LEGAL COUNSEL

Jordan Schrader Ramis, PC
Attorneys at Law
PO Box 230669
Portland, Oregon 97281

CITY OF CASCADE LOCKS, OREGON

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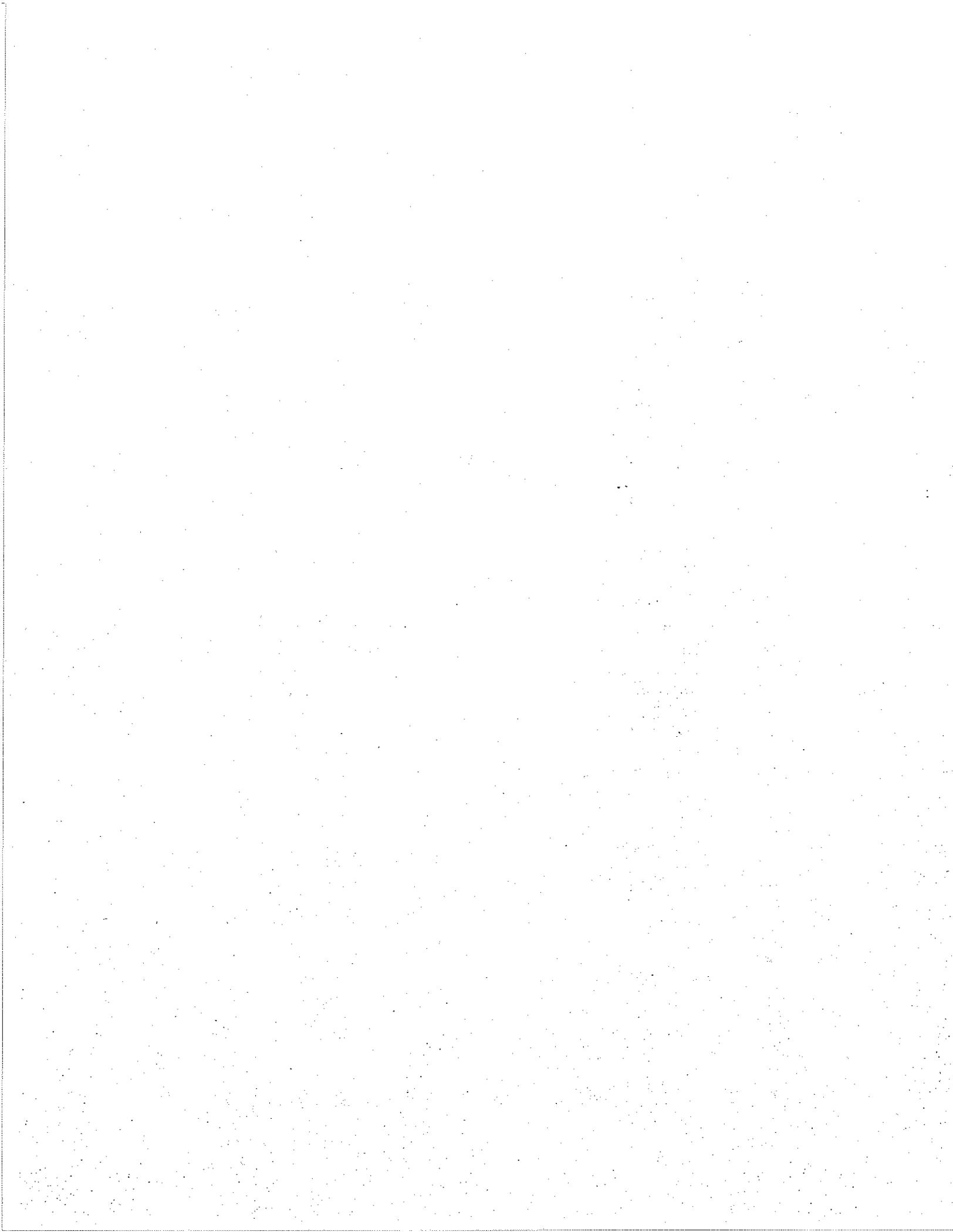
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FINANCIAL SECTION



Onstott, Broehl & Cyphers, P. C.

Certified Public Accountants

KENNETH L. ONSTOTT, c.p.a.
JAMES T. BROEHL, c.p.a.
RICK M. CYPHERS, c.p.a.

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MEMBERS:
American Institute of c.p.a.'s
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council Members
City of Cascade Locks, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Cascade Locks as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Cascade Locks, as of June 30, 2011, and the respective changes in financial position, and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2012, on our consideration of the City of Cascade Locks' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8, and 29 through 33 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 response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cascade Locks' financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and other financial information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory section 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.

Onstott, Broehl & Cyphers, P.C.

By: 
a Shareholder

February 13, 2012

City of Cascade Locks
Management's Discussion and Analysis
Fiscal Year 2010/2011

As management of the City of Cascade Locks, Oregon (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the City's financial statements that follow.

This Management Discussion and Analysis (MD&A) is intended to explain the significant changes in financial position and differences in operations between the current and prior years.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities at June 30 2011, by \$ 12,738,206 (net assets). Of this amount, \$ 174,518 is restricted for system/equipment upgrade and replacement, and capital improvement projects, and \$ 93,036 is restricted for future years' debt service.
- The total net assets decreased by \$ 127,255 for FY 10/11, as a result of an increase in liabilities.
- As of the close of FY10/11, the City's governmental funds reported combined ending fund balances of \$ 1,317,435.
- The City's bonded and long-term debt decreased by \$ 56,568 (5%) during the fiscal year as a result of no additional debt and making contractual payments on current debt.

STATEMENT OF NET ASSETS:

The focus of the statement of Net Assets is to present the unrestricted assets of governmental and business-type activities. This includes the capital assets, including infrastructure and long-term liabilities, of governmental activities. A condensed version of the Statement of Net Assets at June 30, 2011 is shown here:

Net Assets at June 30, 2011:

	Governmental Activities	Business-Type Activities	Total
Cash and Investments	1,272,187	924,160	2,196,347
Other Assets	137,834	624,331	762,165
Capital Assets	1,262,429	10,022,915	11,285,344
Total Assets	2,672,450	11,571,406	14,243,856
Other Liabilities	92,586	199,085	291,671
Long-term Debt Outstanding	25,674	1,188,305	1,213,979
Total Liabilities	118,260	1,387,390	1,505,650
Net Assets:			
Invested in capital assets, net of related debt	1,262,429	8,939,607	10,202,036
Restricted	174,518	93,036	267,554
Unrestricted	1,117,243	1,151,373	2,268,616
Total Net Assets	2,554,190	10,184,016	12,738,206

Governmental Activities

Infrastructure, land, buildings, equipment and other improvements total \$ 1,262,429. Non-land portion of governmental capital assets are now depreciated and the accumulated depreciation at fiscal yearend is \$ 1,510,118. Governmental activities' assets, exclusive of capital assets, total \$1,410,021 compared to total assets of \$ 2,672,450 inclusive of capital assets. The City had no governmental long-term debt as of June 30, 2011.

Business-type Activities

Infrastructure and long-term debt have historically been included in the City's reporting of assets within the Water, Sewer, CATV/Telecom, and Light Funds. GASB 34 now requires that the infrastructure and debt associated with Streets and Cemetery also be reported. Capital assets at June 30, 2011 total \$ 10,022,915. Accumulated depreciation totals \$ 5,360,070. Business-type assets, exclusive of capital assets, total \$ 1,548,491 compared to total assets of \$ 11,571,406 inclusive of capital assets. The City had \$ 891,064 in long-term business-type sewer plant debt as of June 30, 2011. Principal and interest is payable from sewer user fees and sewer system development charges. The City also had \$222,446 in long-term debt on the firehall at June 30, 2011.

Restricted Net Assets

A portion of the year-end net assets is restricted for specific purposes. The restrictions represent legal or contractual limitations on how the assets may be expended. Within both the governmental and business-type activities are system development charges, sewer bond reserves and sewer revenues that are limited to repayment of debt. Restrictions are also imposed on the assets within the Capital Reserve Fund by State Budget Regulations on the use of Capital Reserve Funds and by the City's resolve to use those funds for specific purposes, including facilities, system, vehicle and equipment purchase, upgrade or replacement.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2011: This section will discuss and analyze significant differences between the current and prior year.

Governmental Activities

Governmental related revenues increased by \$512,330 from 09/10 to FY10/11, due to an increase in Capital grants and contributions. Grants for Safety Gear and 911 Communication improvements.

Governmental Expenses increased by \$509,696, due to an increase in Public Safety (grant).

Business-type Activities

Business-type related revenues decreased from FY09/10 by \$80,864 in FY10/11.

Business-type related expenses increased from FY09/10 by \$ 260,656 in FY 10/11.

A summary version of the Statement of Activities follows:

Comparison of Statement of Activities for FY10/11 and FY09/10

	Governmental Activities	FY10/11 Business-type Activities	Total	Governmental Activities	FY09/10 Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	9,987	2,540,873	2,550,860	16,405	2,474,122	2,490,527
Operating grants and contributions	406,599	31,139	437,738	418,253	44,777	463,030
Capital grants and contributions	516,976	-	516,976	-	132,948	132,948
General revenues:						
Property taxes	191,517	-	191,517	179,114	-	179,114
Payments in lieu of taxes	113,177	-	113,177	111,766	-	111,766
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Unrestricted investment earnings	5,287	4,708	9,995	5,675	5,737	11,412
Total revenues	1,243,543	2,576,720	3,820,263	731,213	2,657,584	3,388,797
Expenses:						
General government	349,265	-	349,265	300,664	-	300,664
Public safety	580,696	-	580,696	110,067	-	110,067
Highways and streets	125,002	-	125,002	138,667	-	138,667
Culture and recreation	78,817	-	78,817	65,676	-	65,676
Electric	-	1,604,759	1,604,759	-	1,398,213	1,398,213
Emergency Services	-	393,847	393,847	-	350,749	350,749
Sewer	-	424,395	424,395	-	420,152	420,152
Other	-	390,747	390,747	-	383,978	383,978
Total expenses	1,133,770	2,813,748	3,947,518	624,074	2,553,092	3,177,166
Increase (decrease) in net assets before transfers	109,773	(237,028)	(127,255)	107,139	104,492	211,631
Transfers	(5,258)	5,258	-	(12,918)	12,918	-
Increase (decrease) in net assets	104,515	(231,770)	(127,255)	94,221	117,410	211,631
Net assets - beginning of year	2,448,675	10,415,786	12,865,461	2,355,454	10,288,376	12,653,830
Net assets - end of year	2,554,190	10,184,016	12,738,206	2,449,675	10,415,786	12,865,461

General Fund Budgetary Highlights

New rates for administration of the Cascade Locks Fire Regulations were established by Resolution No. 1068 in January of 2006.

System Development Charges were established for Sewer and Water by Resolutions No. 1069 and 1070 for Municipal Parks in February of 2006.

New rates were established for electrical use by Resolutions No. 1073 and 1074 in March 2006.

Water and Sewer rates were established by Resolution No. 1006 & 1007 in February 2004.

Resolution No. 1147 was approved October 2008 to dissolve capital reserve fund 55 for the purpose of changing the description of use.

Resolution No. 1148 was approved October 2008 to establish a new capital reserve fund for the purpose of including Facilities in the description of use.

Resolution No. 1153 was approved November 2008 to loan \$450,000 to EMS from the Electric portion of capital reserve to provide financing for the new Fire Station. Repealed June 2011

Resolution No. 1156 & 1157 were approved December 2008 to comply with the newly approved Charter Amendments that prevent the City from raising rates and fees without voter approval, ballot measure 14-33.

Resolution No. 1158 was approved December 2008 to receive a loan in the amount of \$150,000 to provide financing for the new Fire Station.

Resolution No. 1174 was approved June 2009 to close out the Urban Renewal Fund.

Resolution No. 1175 was approved June of 2009 to Loan EMS \$24,280 from Water portion of capital reserve for the finance completion of purchasing a new Fire Truck. Repealed June 2011

Resolution No. 1177 was approved June of 2009 to receive a loan in the amount of \$125,000 to complete the financing of the Fire Station.

Resolution No. 1212 was approved June 2011, to loan \$450,000 to EMS from Electric portion of Capital Reserve with a repayment schedule and adding interest of \$14,789.29 in accumulated unpaid interest from November 2008, and repealing Resolution No. 1153.

Resolution No. 1213 was approved June 2011 to loan EMS \$24,280 from Water portion of Capital Reserve with a repayment schedule and adding interest of \$309.86 in accumulated unpaid interest from June 2009, and repealing Resolution No. 1175.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2011, the City had invested \$ 11,285,344 in capital assets, net of depreciation, as reflected in the following table.

Capital Assets at Fiscal Year-End (Net of Depreciation)

	Governmental Activities	Business-Type Activities	Total
Land and other	171,265	167,432	338,697
Buildings and improvements	133,257	1,560,665	1,693,922
System	-	7,617,628	7,617,628
Machinery and equipment	125,684	663,258	788,942
Infrastructure	832,223		832,223
Construction in progress		13,932	13,932
Total Assets	1,262,429	10,022,915	11,285,344

Increase/Decrease of Capital Assets between FY10/11 and Prior Fiscal Year FY09/10
(Net of Depreciation)

	Governmental Activities	Business-Type Activities	Total
Land and other	-	-	-
Buildings and improvements	(6,226)	(32,516)	(38,742)
System	-	(124,486)	(124,486)
Machinery and equipment	24,347	(51,382)	(27,035)
Infrastructure	(44,213)	-	(44,213)
Construction in progress	-	13,932	13,932
Total Assets	(26,092)	(194,452)	(220,544)

Debt Outstanding

As of June 30, 2011, the City had \$ 1,113,510 in debt outstanding, compared to \$ 1,170,078 as of June 30, 2010. As of June 30, 2011, \$ 58,374 is due within one year. Of this total, 2 loan payments are for sewer plant and 1 loan payment for Fire Station.

Outstanding Debt at Year End

	2011	2010
Governmental	-	-
Business-type:		
Fire Station - OIB Loan (Oregon Investment Board)	222,446	246,436
Sewer - OEDD Loan (Oregon Economic Development Department)	104,931	123,521
Sewer - Rural Utilities	786,133	800,121
Total Assets	1,113,510	1,170,078

For more detailed information on the City's debt and amortization terms, please refer to the *Schedule of Future Debt Service Requirements* in the *Other Information* section of this report.

ECONOMIC FACTORS

The City's Governmental activities are supported by a variety of revenues, with the majority of funds being received through Property Taxes, Internal Payments and Property Use Fees paid by the enterprise funds, 70% of the Transient Room Taxes, and Emergency Services Department Revenues. The City's economic flat line has not provided for any significant increases in any of these major funding sources. Estimated property tax revenues increased by approximately 6% between FY09/10 and FY10/11.

The City's Business-type activities are funded through utility charges, user fees, and system development charges. In the past, the City Council has directed staff to complete rate analysis at least annually and to contract for a formal rate study every two to three years, so that small rate increases can be made annually, instead of waiting for a long period and then initiating a large rate increase. The new charter amendment removes the Council's ability to increase rates in accordance with these principles. Electrical rate studies were completed in FY05/06.

The City of Cascade Locks has shown signs of stagnation for several decades. Its unemployment rate is high, and its downtown is marked by a steady number of vacant storefronts and a general lack of new development. The City's population growth has not matched the growth of the State, or Hood River County, over the last decade, and is at a pause if not a very slow decline.

Many issues continue to challenge Cascade Locks economically. In 1986 the Columbia River National Scenic Area legislation was passed. The legislation encouraged environmental protection within the boundary and economic and recreational opportunities for cities in the area. The legislation has preserved the scenic character of the area which has maintained the quality of life for many communities in the gorge. However, with the general economic impact of this legislation, there have been continued challenges for resource based economies attempting to shift to tourism and new industries. The result of this stipulation has limited economic growth for the city.

The economic base of Cascade Locks continues to shift. Since the closure of the timber and aluminum plants the local economy has been largely dependent on tourism and the few remaining forest products businesses. The passage of Measures 5 and 50 has reduced property taxes collected by the city, the only steady revenue source for the small municipality, not including its enterprise funds. Subsequently, the 2008 charter amendment subjecting all fees, taxes, and charges to voter approval has and continues to impact enterprise revenue throughout the City's operations. With decreasing available funds each year, the City must seek funding for special projects from outside sources through grants, loans, assistance programs, and state and federal agencies.

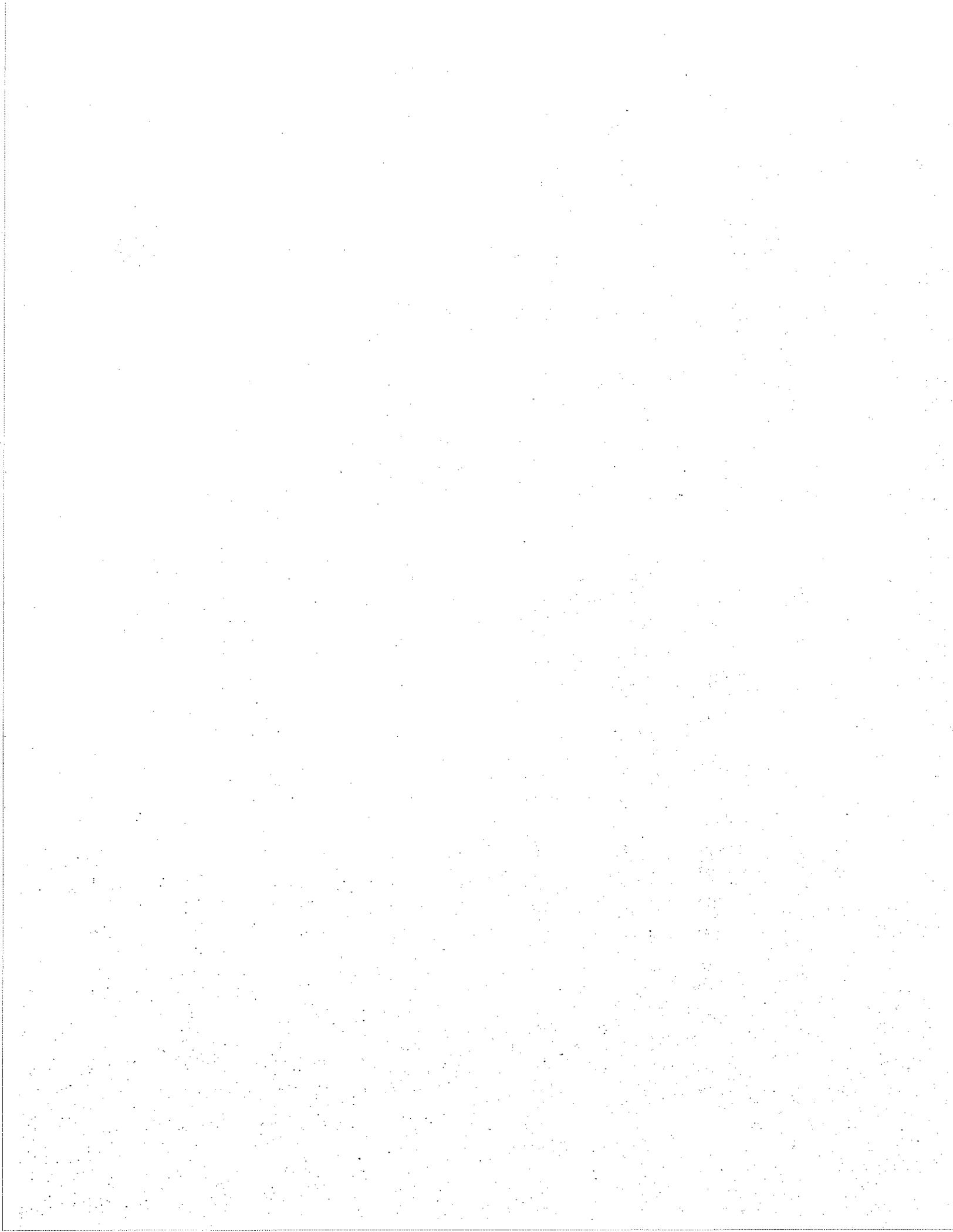
During the past several years, the City has been working with the Confederated Tribes of the Warm Springs on bringing a tribal resort and casino to the industrial area of Cascade Locks. A draft memorandum of agreement has been negotiated between the City and the Tribes, and a ceremony where Governor Kulongoski and Tribal Chief Suppah signed the compact between the State and the Tribes. This event was held in Cascade Locks on April 6, 2005. An Environmental Impact Statement is now awaiting final approval at the Department of Interior. The proposed resort/casino would give a much needed economic boost to the City and other public entities via the memorandum of agreement. Increases in jobs, businesses and housing demand are also anticipated as a result of siting a resort of this scope in Cascade Locks. The second project that holds potential for stimulating the City's economic environment is a partnership with the Nestle Waters Group who is interested in siting a \$50,000,000 bottling plant in Cascade Locks. If successful, this project would bring a significant boost to the City's property tax, utility revenues, and jobs base.

The City Council, in collaboration with the Port of Cascade Locks has just approved a new multi-faceted approach to economic development and is working very close with the County and State to enhance the local economy. The City Council, in setting its budget priorities for 2012-13 has established economic development and job creation among the very highest priorities for the city.

FINANCIAL CONTACT

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City's Finance Officer at PO Box 308, Cascade Locks OR 97014.

BASIC FINANCIAL STATEMENTS



CITY OF CASCADE LOCKS, OREGON
Statement of Net Assets
June 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$1,272,187	\$924,160	\$2,196,347
Receivables - net of allowance for uncollectibles	137,834	262,440	400,274
Prepaid expenses		3,994	3,994
Inventory		264,861	264,861
Restricted cash and investment		93,036	93,036
Capital assets (net of accumulated depreciation):			
Land and other	171,265	167,432	338,697
Buildings and improvements	133,257	1,560,665	1,693,922
System		7,617,628	7,617,628
Machinery and equipment	125,684	663,258	788,942
Infrastructure	832,223		832,223
Construction in progress		13,932	13,932
Total Assets	<u>2,672,450</u>	<u>11,571,406</u>	<u>14,243,856</u>
LIABILITIES			
Liabilities:			
Accounts payable	68,283	61,024	129,307
Accrued expenses	14,213	53,276	67,489
Customer deposits		84,785	84,785
Deferred revenue	10,090		10,090
Noncurrent liabilities:			
Payable within one year		58,374	58,374
Payable in more than one year	25,674	1,129,931	1,155,605
Total Liabilities	<u>118,260</u>	<u>1,387,390</u>	<u>1,505,650</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,262,429	8,939,607	10,202,036
Restricted for:			
System development	81,587		81,587
Highways and streets	54,372		54,372
Culture and recreation	31,078		31,078
Cemetery maintenance	7,481		7,481
Debt service		93,036	93,036
Unrestricted:	1,117,243	1,161,373	2,278,616
Total Net Assets	<u>\$2,554,190</u>	<u>\$10,184,016</u>	<u>\$12,738,206</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CASCADE LOCKS, OREGON
Statement of Activities
Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:					
General government	\$ 349,255	\$ 9,987	\$ 225,309	\$ (113,959)	\$ (113,959)
Public safety	580,696		59,089	(4,631)	(4,631)
Highways and streets	125,062		70,740	(54,282)	(54,282)
Culture and recreation	76,617		51,461	(27,356)	(27,356)
Total Governmental Activities	1,133,770	9,987	406,599	(200,208)	(200,208)
Business-type activities:					
Electric	1,694,759	1,825,714	31,139	52,094	52,094
Emergency services	383,847	295,454		(188,393)	(188,393)
Sewer	424,395	358,582		(65,813)	(65,813)
Other	390,747	351,123		(39,624)	(39,624)
Total Business-type Activities	2,893,748	2,540,873	31,139	(241,736)	(241,736)
Total	\$ 3,947,518	\$ 2,550,860	\$ 437,738	(200,208)	(441,944)
General Revenues:					
Property taxes				191,517	191,517.00
Payments in lieu of taxes				113,177	113,177.00
Unrestricted investment earnings				5,287	9,995.00
Transfers				(5,258)	0
Total General Revenues and Transfers				304,723	314,689
Change in Net Assets				(231,770)	(127,255)
Net Assets - July 1, 2010				2,449,675	12,865,461
Net Assets - June 30, 2011				\$ 2,554,190	\$12,738,206

The notes to the financial statements are an integral part of this statement.

CITY OF CASCADE LOCKS, OREGON
 Balance Sheet
 Governmental Funds
 June 30, 2011

ASSETS	General	Street	Grants	Capital Reserve OS	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$72,238	\$58,899	\$64,308	\$947,266	\$108,899	\$1,247,596
Receivables, net of allowance for uncollectibles	44,281		59,082	103,394	37,272	241,229
Total Assets	\$116,519	\$58,899	\$120,388	\$1,050,650	\$144,171	\$1,488,825

LIABILITIES AND FUND BALANCES

Liabilities:						
Accounts payable	\$2,674	\$420	\$54,870		\$10,366	\$68,430
Accrued expenses	12,458	1,538				13,994
Due to other funds			65,217		13,587	78,804
Deferred revenue	9,889		201			10,090
Total Liabilities	25,021	1,958	120,388	0	23,953	171,318
Fund Balances:						
Restricted for:						
Emergency maintenance					7,481	7,481
Highways and streets					54,943	54,943
Public works					81,587	81,587
Committed for:						
Tourism					34,078	34,078
Capital projects				1,050,650		1,050,650
Unassigned	\$1,898	\$4,943	0	1,050,650	129,146	91,698
Total Fund Balances	\$19,217	\$58,899	\$120,388	\$1,050,650	\$144,099	1,317,435
Total Liabilities and Fund Balances	\$135,736	\$116,857	\$240,776	\$1,050,650	\$288,270	\$2,554,190

Accounts reported for governmental activities in the statement of net assets are different because: Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

Prepaid construction deposits are not reported in the funds
 Accrued vacation pay in governmental activities is not reported in the funds

Net assets of governmental activities

CITY OF CASCADE LOCKS, OREGON
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2011

	General	Street	Grants	Capital Reserve 08	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$191,517					\$191,517
Payments in lieu of taxes from other public funds	113,177					113,177
Intergovernmental revenues	24,640	\$51,226	\$517,976		\$5,335	599,147
Charges for services	3,312					3,312
Fines and forfeitures	676				504	676
Interest on investments	842	256		\$3,865		5,287
Miscellaneous	140,285	19,514	53,754	23,236	83,484	320,273
Total Revenues	480,419	70,996	571,730	26,921	89,323	1,239,389
EXPENDITURES						
Current						
General government	256,203		38,004			294,207
Public safety	106,245				5,335	111,580
Highways and streets		72,187			297	72,484
Culture and recreation	17,990				60,838	78,818
Capital outlay	4,000	1,098	540,324	43,065		588,487
Total Expenditures	384,438	73,285	578,328	43,065	66,470	1,145,576
Revenues Over (Under) Expenditures	95,981	(2,289)	(6,598)	(16,144)	22,853	93,813
OTHER FINANCING SOURCES (USES)						
Operating transfers in			6,598			6,598
Operating transfers out	(122,181)	(3,400)				(125,581)
Total Other Financing Sources (Uses)	(122,181)	(3,400)	6,598	156,491	0	37,508
Net Change in Fund Balances	(26,190)	(5,689)	0	140,347	22,853	131,321
FUND BALANCE - July 1, 2010	117,886	60,632	0	910,303	97,293	1,186,114
FUND BALANCE - June 30, 2011	\$81,696	\$54,943	\$0	\$1,050,650	\$120,146	\$1,317,435

The notes to the financial statements are an integral part of this statement.

CITY OF CASCADE LOCKS, OREGON
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
To the Statement of Activities
Year Ended June 30, 2011

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$131,321
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period	(26,091)
Changes in accrued vacation pay which is classified as long-term debt are not reported in the fund expenditures	<u>(715)</u>
Change in net assets of governmental activities	<u>\$104,515</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CASCADE LOCKS, OREGON
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-type Activities - Enterprise Funds				Total
	Electrical Fund	Emergency Services Fund	Sewer Fund	Other Enterprise Funds	
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$746,368	(\$35,020)	\$114,222	\$123,180	\$948,750
Accounts receivable	143,230	56,999	37,875	38,068	276,172
Less allowance for doubtful accounts	(225)	(13,507)			(13,732)
Prepaid expenses		3,994			3,994
Inventory of materials	239,553		2,131	23,177	264,861
Total Current Assets	1,128,926	12,466	154,228	184,425	1,480,045
RESTRICTED ASSETS					
Debt service:					
Cash and investments			93,036		93,036
PROPERTY, PLANT AND EQUIPMENT - net of accumulated depreciation					
	2,270,742	2,231,691	4,543,645	976,837	10,022,915
Total Assets	\$3,399,668	\$2,244,157	\$4,790,909	\$1,161,262	\$11,595,996
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	\$39,419	\$5,812	\$2,988	\$12,805	\$61,024
Accrued expenses	36,616	6,414	2,944	7,302	53,276
Due to other funds		24,590			24,590
Customer deposits	62,175			2,610	64,785
Current portion of long-term debt		24,967	33,407		58,374
Total Current Liabilities	158,210	61,783	39,339	22,717	282,049
LONG-TERM DEBT					
Bonds and notes payable		197,479	857,657		1,055,136
Accrued vacation and other	50,031	17,453	2,322	4,988	74,795
Total Long-Term Debt	50,031	214,932	859,979	4,989	1,129,931
Total Liabilities	208,241	276,716	899,318	27,706	1,411,980
NET ASSETS					
Invested in capital assets, net of related debt	2,270,742	2,009,245	3,652,581	1,007,039	8,939,607
Restricted for debt service (expendable)			93,036		93,036
Unrestricted	920,685	(41,803)	145,974	126,517	1,151,373
Total Net Assets	\$,191,427	1,967,442	3,891,591	1,133,556	10,184,016
Total Liabilities and Net Assets	\$3,399,668	\$2,244,157	\$4,790,909	\$1,161,262	\$11,595,996

The notes to the financial statements are an integral part of this statement.

CITY OF CASCADE LOCKS, OREGON
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds				Totals
	Electrical Fund	Emergency Services Fund	Sewer Fund	Other Enterprise Funds	
OPERATING REVENUES					
Sales and service charges	\$1,577,179	\$201,214	\$358,128	\$342,349	\$2,478,870
Connection fees and other	48,535	4,240	454	8,774	62,003
Total Operating Revenues	<u>1,625,714</u>	<u>205,454</u>	<u>358,582</u>	<u>351,123</u>	<u>2,540,873</u>
OPERATING EXPENSES					
Purchased power	620,854				620,854
Personal services	576,602	111,809	58,306	135,827	882,544
Contractual services	90,476	12,902	105,240	34,403	243,021
Materials and supplies	25,794	21,614	9,251	19,269	75,928
Depreciation	96,059	96,461	133,845	56,234	382,599
Other	194,974	141,640	71,332	145,014	552,960
Total Operating Expenses	<u>1,604,759</u>	<u>384,426</u>	<u>377,974</u>	<u>390,747</u>	<u>2,757,906</u>
Operating Income (Loss)	<u>20,955</u>	<u>(178,972)</u>	<u>(19,392)</u>	<u>(39,624)</u>	<u>(217,033)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest on investments	3,177		878	653	4,708
Bond and other interest expense		(9,421)	(46,421)		(55,842)
Miscellaneous nonoperating income	31,139				31,139
Total Nonoperating Revenues (Expenses)	<u>34,316</u>	<u>(9,421)</u>	<u>(45,543)</u>	<u>653</u>	<u>(19,995)</u>
Income (Loss) Before Operating Transfers	<u>55,271</u>	<u>(188,393)</u>	<u>(64,935)</u>	<u>(38,971)</u>	<u>(237,028)</u>
OPERATING TRANSFERS					
Operating transfers in		152,947		3,600	156,547
Operating transfers out	(77,600)	(6,598)	(28,000)	(39,091)	(151,289)
Total Operating Transfers	<u>(77,600)</u>	<u>146,349</u>	<u>(28,000)</u>	<u>(35,491)</u>	<u>5,258</u>
Change in Net Assets	<u>(22,328)</u>	<u>(42,044)</u>	<u>(92,935)</u>	<u>(74,462)</u>	<u>(231,770)</u>
Total net assets - July 1, 2010	<u>3,213,756</u>	<u>2,009,486</u>	<u>3,984,526</u>	<u>1,208,018</u>	<u>10,415,786</u>
Total net assets - June 30, 2011	<u>\$3,191,427</u>	<u>\$1,967,442</u>	<u>\$3,891,591</u>	<u>\$1,133,556</u>	<u>\$10,184,016</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CASCADE LOCKS, OREGON

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2011

	Electrical Fund	Emergency Services Fund	Sewer Fund	Other Enterprise Funds	Totals
CASH FLOW FROM OPERATING ACTIVITIES					
Cash received from customers	\$1,692,450	\$227,650	\$355,389	\$344,050	\$2,619,539
Cash paid to suppliers	(783,382)	(177,610)	(166,714)	(177,832)	(1,305,538)
Cash paid to employees	(563,562)	(108,496)	(57,617)	(134,165)	(863,840)
Payments in lieu of taxes	(78,859)		(17,906)	(16,412)	(113,177)
Interest received	3,177	0	878	653	4,708
Net Cash Provided (Used) by Operating Activities	269,824	(58,456)	114,030	16,294	341,692
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating transfers from other funds		152,947		3,600	156,547
Operating transfers to other funds	(77,600)	(6,598)	(28,000)	(39,091)	(151,289)
Net Cash Provided (Used) by Noncapital Financing Activities	(77,600)	146,349	(28,000)	(35,491)	5,258
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(138,487)	(44,095)		(5,565)	(188,147)
Principal paid on maturity of long-term debt		(23,990)	(32,578)		(56,568)
Interest paid on long-term debt		(9,421)	(46,421)	0	(55,842)
Net Cash Used for Capital and Related Financing Activities	(138,487)	(77,506)	(78,999)	(5,565)	(300,557)
CASH FLOWS FROM INVESTING ACTIVITIES					
Decrease (increase) in restricted cash and investments for debt service			24,929		24,929
Net Cash Used by Investing Activities	0	0	24,929	0	24,929
Increase (Decrease) in Cash	53,737	10,387	31,960	(24,762)	71,322
CASH & CASH EQUIVALENTS - July 1, 2010	692,631	(45,407)	82,262	147,942	877,428
CASH & CASH EQUIVALENTS - June 30, 2011	\$746,368	(\$35,020)	\$114,222	\$123,180	\$948,750
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$20,955	(\$178,972)	(\$19,392)	(\$39,624)	(\$217,033)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	96,059	96,461	193,845	56,234	382,599
Non-operating income	31,139				31,139
Interest received	3,177	0	878	653	4,708
Changes in assets - Decrease in:					
Accounts receivable	54,221	22,196	(3,193)	(5,673)	67,551
Inventory	20,305		0	(702)	19,603
Changes in liabilities - Increase (decrease) in:					
Accounts payable	18,413	(1,764)	1,203	5,144	22,996
Accrued expenses	13,618	2,926	900	2,446	19,890
Accrued vacation	(578)	387	(211)	(784)	(1,186)
Due to other funds		310			310
Customer deposits	12,515			(1,400)	11,115
Net cash provided (used) by operating activities	\$269,824	(\$58,456)	\$114,030	\$16,294	\$341,692

The notes to the financial statements are an integral part of this statement.

CITY OF CASCADE LOCKS, OREGON

Notes to Financial Statements

June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Cascade Locks (the City) is a municipal corporation governed by a mayor and six council members elected by the citizens of the City. Administrative functions are delegated to individuals who report to and are responsible to the council. The chief administrative officer is the city administrator.

The accompanying financial statements present all funds and component units for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of these criteria, the City is a primary government with no includable component units.

Government-wide and Fund Financial Statements

The government-wide financials statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent, on fees and charges for support.

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus

The government-wide financial statements and proprietary funds financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**Measurement Focus - continued**

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 claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *street fund* accounts for the receipt and expenditure of funds associated with the construction and maintenance of streets within the City.

The *grants fund* accounts for the receipt and expenditure of funds associated with federal and state grants received.

The *capital reserve 08 fund* is established to account for monies accumulated for major fixed asset additions. Principal funding is provided by annual budgeted transfers from other funds.

The City reports the following major proprietary funds:

The *electrical fund* accounts for the activities of the City's electric distribution operations.

The *emergency services fund* accounts for the activities of the City's fire and ambulance operations.

The *sewer fund* accounts for the activities of the City's sewage collection and treatment operations.

Additionally the City reports the following fund types:

Special revenue funds that account for revenues derived from specific sources that have been restricted to finance particular functions or activities. These include the *system development fund, tourism fund, 911 emergency fund, museum trust fund, and cemetery trust fund.*

Other *proprietary funds* including the *CATV, water, and cemetery funds* that account for the respective revenues and expenditures of these activities.

CITY OF CASCADE LOCKS, OREGON

Notes to Financial Statements

June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Measurement Focus – continued

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those pronouncements do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's electric, water, sewer, and cable television functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, and Net Assets or Equity

Cash and Cash Equivalents

For financial reporting purposes, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Deposits and Investments

Oregon Revised Statutes authorize the City to invest in obligations of the U.S. Treasury and its agencies, certain bonded obligations of Oregon municipalities, certificates of deposit, certain commercial paper, banker's acceptance, corporate debt, bank repurchase agreements, and the Oregon State Treasurer's Local Government Investment Pool. Investments for the City are reported at fair value.

Receivables and payables

All trade and property tax receivables are shown net of an allowance for uncollectible accounts.

CITY OF CASCADE LOCKS, OREGON

Notes to Financial Statements

June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Assets, Liabilities, and Net Assets or Equity - continued

Receivables and payables - continued

Ad valorem property taxes are levied on all taxable property as of January 1 preceding the beginning of the fiscal year. Property taxes become a lien on January 1 for personal property and on July 1 for real property. Collection dates are 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. Uncollected property taxes are shown in the combined balance sheet. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. Property taxes collected within approximately sixty days after fiscal year end are recognized as revenue. The remaining balance of taxes receivable is recorded as deferred revenue because it is not deemed available to finance operations of the current period. All property taxes receivable are due from property owners within the City.

Inventory of Materials and Supplies

Inventories of materials and supplies in Enterprise Funds are stated at the lower of cost or market using the first-in first-out (FIFO) method of costing. Inventories in the governmental type funds are not considered material and consequently are recorded by the City as expenditures at the time of purchase.

Restricted Assets

Certain fund balances are restricted to the purpose for which the fund was created. Restricted assets in the sewer fund result from sewer revenue bond debt service requirements specified by United States Department of Agriculture, Rural Utilities Service. These assets have been set aside to pay principal and interest on bonds payable in future years and emergency repairs or replacement caused by unforeseen catastrophe. Such restricted amounts at June 30, 2011 were \$93,036. Included in this amount is the RUS required restricted reserve of \$53,711.

Other net assets are restricted by enabling legislation for system development, highway and street maintenance and construction, culture and recreation and cemetery maintenance.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of one year. Such assets are stated at historical cost, or estimated historical cost if purchased or constructed. In a prior year the City hired consultants to prepare an estimate of the original cost of the City's enterprise fund capital assets. Substantially all of the cost of such assets is based on this estimate. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

CITY OF CASCADE LOCKS, OREGON

Notes to Financial Statements

June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Assets, Liabilities, and Net Assets or Equity – continued

Capital Assets – continued

The City's policy is to capitalize material interest costs as part of the cost of capital assets based on the borrowing costs incurred. Such costs were not considered material in 2011.

Property, plant, and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-50
Public domain infrastructure	30-100
System infrastructure	25-50
Vehicles	10-20
Office and other equipment	5-10

Compensated Absences and Sick Pay

Compensated absences for vacation pay are accrued in the government-wide and proprietary fund financial statements. Sick pay, which does not vest, is recognized in all funds when leave is taken.

Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets.

Fund Equity

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable fund balance**—amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- **Restricted fund balance**—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed fund balance**—amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- **Assigned fund balance**—amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- **Unassigned fund balance**—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

CITY OF CASCADE LOCKS, OREGON

Notes to Financial Statements

June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Assets, Liabilities, and Net Assets or Equity – continued

Use of Estimates

In preparing the City's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – DETAILED NOTES ON ALL FUNDS

Deposits and investments

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Oregon Treasurer. At June 30, 2011, the carrying amount of the City's deposits was \$284,210 and the bank balance was \$301,269. Of the bank balance, \$250,000 was covered by Federal depository insurance. The balance of \$51,269 was subject to custodial credit risk but was collateralized in accordance with Oregon Revised Statutes.

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. The City has not adopted a formal policy for these risks. At June 30, 2011 the City's investment balances were as follows:

	<u>Cost</u>	<u>Reported Amount/ Fair Value</u>
Oregon Local Government Investment Pool	<u>\$2,005,171</u>	<u>\$2,005,171</u>

The Local Government Investment Pool is included in the Oregon Short Term Fund (OSTF), which was established by the State Treasurer. OSTF is not subject to SEC regulation. OSTF is subject to requirements established in Oregon Revised Statutes, investment policies adopted by the Oregon Investment Council, and portfolio guidelines established by the Oregon Short Term Fund Board. The Governor appoints the members of the Oregon Investment Council and the Oregon Short Term Fund Board. The pool is unrated as to credit quality rating.

Cash and investments are reflected on the combined balance sheet as follows:

Unrestricted	\$2,196,347
Restricted for debt service	<u>93,036</u>
	<u>\$2,289,383</u>

CITY OF CASCADE LOCKS, OREGON
Notes to Financial Statements
June 30, 2011

NOTE 2 – DETAILED NOTES ON ALL FUNDS - continued

Receivables

Receivables as of June 30, 2011 for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Accounts Receivable	Grants Receivable	Taxes Receivable	Total	Less Allowance for Uncollectibles	Total
General	\$45,862		\$11,219	\$57,081	(\$12,600)	\$44,481
Grants		\$56,081		56,081		56,081
Electrical	143,230			143,230	(225)	143,005
Emergency Services	56,999			56,999	(13,507)	43,492
Sewer	37,875			37,875		37,875
Nonmajor Funds	75,340			75,340		75,340
	<u>\$359,306</u>	<u>\$56,081</u>	<u>\$11,219</u>	<u>\$426,606</u>	<u>(\$26,332)</u>	<u>\$400,274</u>

Capital assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balances July 1, 2010	Additions	Deletions	Balances June 30, 2011
Governmental activities:				
Capital assets, not being depreciated:				
Land	<u>\$171,265</u>			<u>\$171,265</u>
Total capital assets, not being depreciated	<u>171,265</u>	<u>0</u>	<u>0</u>	<u>171,265</u>
Capital assets, being depreciated:				
Buildings and improvements	<u>272,281</u>			<u>272,281</u>
Machinery and equipment	<u>441,544</u>	<u>45,291</u>		<u>486,835</u>
Infrastructure	<u>1,842,166</u>			<u>1,842,166</u>
Total capital assets being depreciated	<u>2,555,991</u>	<u>45,291</u>	<u>0</u>	<u>2,601,282</u>
Less accumulated depreciation for:				
Buildings and improvements	<u>(132,798)</u>	<u>(6,226)</u>		<u>(139,024)</u>
Machinery and equipment	<u>(340,207)</u>	<u>(20,944)</u>		<u>(361,151)</u>
Infrastructure	<u>(965,730)</u>	<u>(44,213)</u>		<u>(1,009,943)</u>
Total accumulated depreciation	<u>(1,438,735)</u>	<u>(71,383)</u>	<u>0</u>	<u>(1,510,118)</u>
Total capital assets, being depreciated, net	<u>1,117,256</u>	<u>(26,092)</u>	<u>0</u>	<u>1,091,164</u>
Governmental activities capital assets, net	<u>\$1,288,521</u>	<u>(\$26,092)</u>	<u>\$0</u>	<u>\$1,262,429</u>

CITY OF CASCADE LOCKS, OREGON

Notes to Financial Statements

June 30, 2011

NOTE 2 – DETAILED NOTES ON ALL FUNDS – continued

Capital assets - continued

	<u>Balances July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances June 30, 2011</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$133,927			\$133,927
Construction in progress		\$13,932		13,932
Other	33,505			33,505
Total capital assets, not being depreciated	167,432	13,932	0	181,364
Capital assets, being depreciated:				
Buildings	1,631,036			1,631,036
System	11,643,993	140,682	7,275	11,777,400
Machinery and equipment	1,759,652	33,533		1,793,185
Total capital assets, being depreciated	15,034,681	174,215	7,275	15,201,621
Less accumulated depreciation for:				
Buildings	(37,855)	(32,516)		(70,371)
System	(3,901,879)	(265,168)	(7,275)	(4,159,772)
Machinery and equipment	(1,045,012)	(84,915)		(1,129,927)
Total accumulated depreciation	(4,984,746)	(382,599)	(7,275)	(5,360,070)
Total capital assets, being depreciated, net	10,049,935	(208,384)	0	9,841,551
Business-type activities capital assets, net	\$10,217,367	(\$194,452)	\$0	\$10,022,915

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:

General government \$19,794

Highways and streets, including depreciation of
general infrastructure assets 51,589

Total depreciation expense - governmental activities \$71,383

Business-type activities:

Water \$30,202

Sewer 133,845

CATV 26,032

Electric 96,050

Public safety 96,461

Total depreciation expense - business-type activities \$382,599

CITY OF CASCADE LOCKS, OREGON

Notes to Financial Statements
June 30, 2011

NOTE 2 – DETAILED NOTES ON ALL FUNDS – continued

Interfund transfers

The City routinely makes transfers between funds. These are primarily to the Capital Reserve Fund for future major capital purchases and other funds for current capital outlay. Interfund transfers for the year were as follows:

Transfer Out:	Transfer In:					Total
	General	Capital Reserve	Grants	Emergency Services	Nonmajor Proprietary	
General		\$12,000		\$110,181		\$122,181
Street		3,400				3,400
Grants				42,766		42,766
Capital Reserve	\$41,291					41,291
Sewer		28,000				28,000
Electrical		74,000			\$3,600	77,600
Emergency Services			\$6,598			6,598
Nonmajor proprietary		39,091				39,091
Total transfers out	\$41,291	\$156,491	\$6,598	\$152,947	\$3,600	\$360,927

Bonds payable and long-term debt

Bonds payable consists of a sewer revenue serial bond issue. The interest rate for the 1998 Rural Utilities Service Sewer Revenue Bond issue is 4.75. Long-term debt consists of a loan from Oregon Economic Development Department at an average rate of 5.1358%. During 2008-09 the City borrowed \$275,000 from the Oregon Investment Board at a rate of 4%. Interest in the amount of \$55,842 is included as a direct expense on the statement of activities. Other long-term debt consists of accrued vacation and construction deposits. Maturities of bond principal and other long-term debt at June 30, 2011 were as follows:

	OEDD Loan		1998 Sewer Revenue Bonds		OIB Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011-12	\$18,755	\$5,713	\$14,652	\$39,058	\$24,967	\$6,443	\$58,374	\$53,214
2012-13	18,931	4,710	15,348	38,362	25,985	7,426	60,264	50,498
2013-14	22,213	3,687	16,077	37,633	27,043	6,368	65,393	47,688
2014-15	22,410	2,477	16,841	36,870	28,145	5,266	67,396	44,613
2015-16	22,622	1,244	17,641	36,070	29,292	4,119	69,655	41,433
2016-21			101,599	166,956	87,014	5,120	188,613	172,076
2021-26			126,132	140,421			126,132	140,421
2026-31			161,595	106,959			161,595	106,959
2031-36			203,798	64,756			203,798	64,756
2036-39			110,450	14,123			110,450	14,123
	\$104,931	\$17,831	\$766,133	\$681,208	\$222,446	\$36,742	\$1,113,610	\$735,781

CITY OF CASCADE LOCKS, OREGON

Notes to Financial Statements

June 30, 2011

NOTE 2 – DETAILED NOTES ON ALL FUNDS – continued

Bonds payable and long-term debt - continued

Changes in Long-Term Debt were as follows:

	1998 Sewer Revenue Bonds	OEDD Loan	OIB Loan	Other	Total
Governmental-type activities:					
Balance - July 1, 2010				\$23,508	\$23,508
Additions				2,166	2,166
Balance - June 30, 2011				25,674	25,674
Business-type activities:					
Balance - July 1, 2010	\$800,121	\$123,521	\$246,436	75,981	1,246,059
Payments	(13,988)	(18,590)	(23,990)	(1,186)	(57,754)
Balance - June 30, 2011	786,133	104,931	222,446	74,795	1,188,305
Total - June 30, 2011	<u>\$786,133</u>	<u>\$104,931</u>	<u>\$222,446</u>	<u>\$100,469</u>	<u>\$1,213,979</u>

NOTE 3 – OTHER INFORMATION

Risk management

The City is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. No settlements have exceeded coverage during the previous three years.

Employee Retirement Plan

Plan Description. The City is a participating employer in the Oregon Public Employees Retirement Fund (PERS), a cost-sharing multiple-employer defined benefit pension public employee retirement plan established under Oregon Revised Statute Chapter 238.600 that acts as a common investment and administrative agent for public employers in the State of Oregon. PERS provides retirement and disability benefits, postemployment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by state statute.

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and also applies to any inactive PERS members who return to employment following a six month or greater break in service. The 1998 Oregon Legislature established a different level of benefits for employees who began their six month waiting period on or after January 1, 1996. This level is called Tier Two.

Both PERS and OPSRP are administered by the Public Employees Retirement Board (OPERB). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700, by calling 1-503-598-7377 or by accessing the PERS web site at <http://www.oregon.gov/PERS>.

CITY OF CASCADE LOCKS, OREGON

Notes to Financial Statements

June 30, 2011

NOTE 3 – OTHER INFORMATION – continued

Employee Retirement Plan - continued

Funding Policy. Members of PERS are required to contribute 6.00% of their salary covered under the plan. The City is required by ORS 238.225 to contribute at an actuarially determined rate. The rates for the year were: PERS Tier 1/Tier 2 – 14.97%; OPSRP general service members – 16.36%; and OPSRP police and fire – 19.07% of salary covered under the plan. The contribution requirements for plan members and the City are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Annual Pension Cost. For the year ended June 30, 2011, the City's annual pension cost for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2010 actuarial valuation using the projected unit credit cost method. The actuarial assumptions included (a) 8.00% investment rate of return (net of administrative expenses), (b) projected salary increases was 3.75% per year, (c) future interest credits on member contributions of 8.00% on regular member accounts and 8.25% on variable member accounts, and (d) 2.75% per year post-retirement cost-of-living increases. The underlying long-term assumed rate of inflation is 2.75% per year. The actuarial value of PERS assets are valued on the fair market value method. The City's unfunded actuarial liability is being amortized as a level percentage of payroll over a closed 20 year period for Tier 1/Tier 2 and 16 years for OPSRP.

Annual Pension Cost

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of <u>APC Contributed</u>	Net Pension <u>Obligation</u>
6-30-09	\$128,608	100%	0
6-30-10	170,010	100%	0
6-30-11	138,563	100%	0

Trend Information

Trend information is designed to give an indication of the progress made in accumulating sufficient assets to pay benefits when due. Actuarial information for calendar year 2011 is the most recent available. As noted in the table, the City's actuarial valuation of assets and accrued liability is pooled as of the 2011 valuation.

Schedule of Funding Progress for City of Cascade Locks

Actuarial Valuation Date	Unfunded Actuarial Liability	Funded Ratio	Covered Payroll	UAL / Payroll
12-31-08	\$1,581,966	72%	\$669,697	82%
12-31-09	1,436,720	77%	748,152	192%
12-31-10	1,436,259	79%	800,925	179%

CITY OF CASCADE LOCKS, OREGON

Notes to Financial Statements

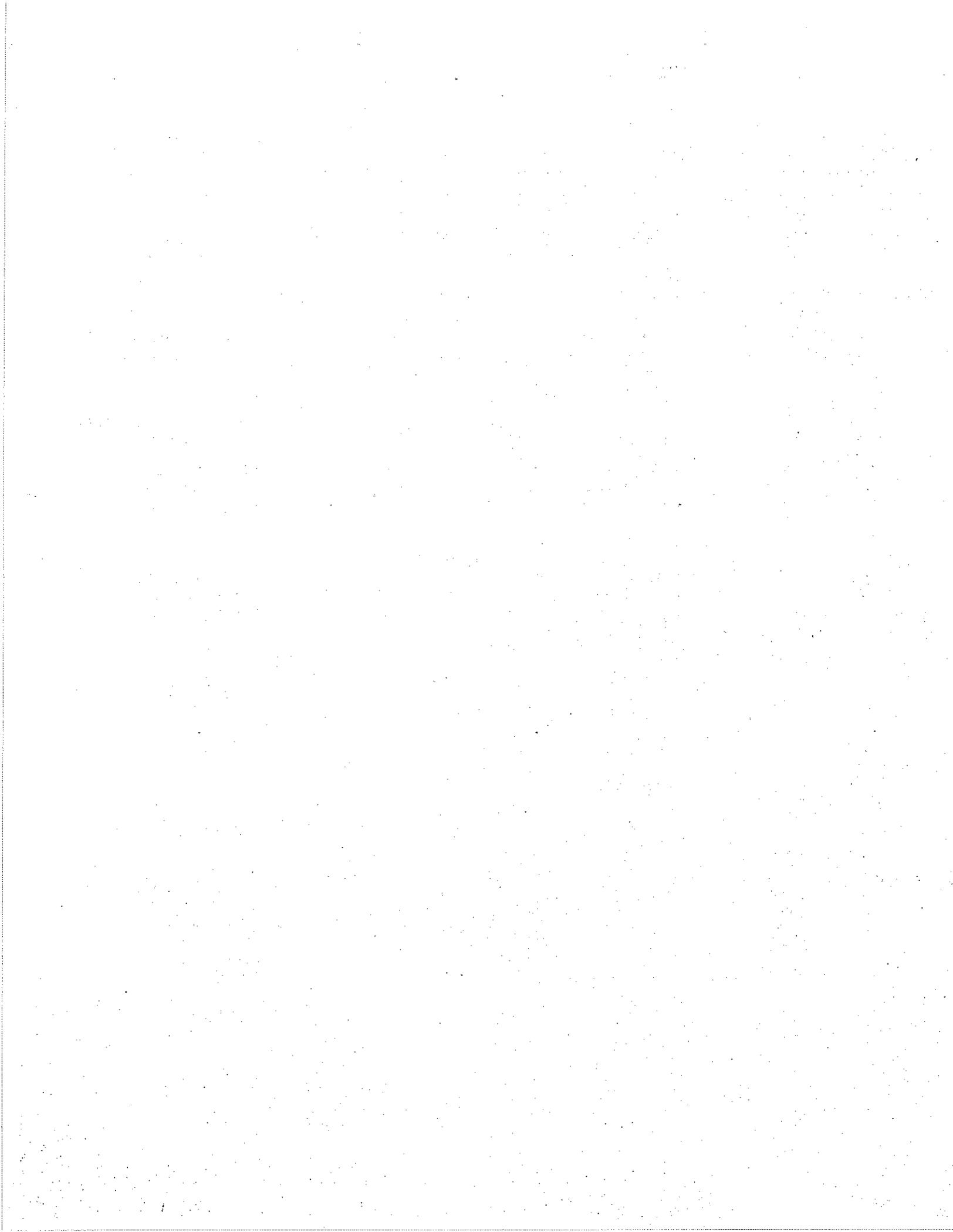
June 30, 2011

NOTE 3 – OTHER INFORMATION – continued

Employee Retirement Plan, continued

Retirement Health Insurance Account (RHIA): As a member of Oregon Public Employees Retirement System (OPERS), the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. Eligible PERS retirees who receive benefits and are enrolled in certain PERS administered health insurance programs may receive a subsidy towards the payment of health insurance premiums. This report can be obtained within the same PERS report as stated in the PERS note. The authority to establish and amend the benefit provision of RHIA resides with the Oregon Legislature. Under ORS 238.420 retirees may receive a subsidy for Medicare supplemental health insurance of up to \$60 per month towards the cost of their health insurance premium under the RHIA. Participating governments are contractually required to contribute to the RHIA at a rate assessed each year by OPERS, currently .29% for tier 1/tier 2 and .19% for OPSRP annual covered payroll. The OPERS Board sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. The City's allocated RHIA unfunded actuarial liability at December 31, 2011, 2010, and 2009 is \$28,816, \$26,109, and \$25,548, respectively. The City's contributions to RHIA for the years ended June 30, 2011, 2010, and 2009 were approximately \$2,300, \$1,800, and \$2,000, respectively, which equaled the required contributions each year.

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF CASCADE LOCKS, OREGON
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2011

GENERAL FUND	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Property taxes and interest	\$170,600	\$170,600	\$191,517	\$20,917
Payments in lieu of taxes from Enterprise Funds	111,400	111,400	113,177	1,777
Intergovernmental revenues:				
State liquor taxes	12,588	12,588	13,575	987
Cigarette taxes	1,527	1,527	1,642	115
State revenue sharing funds	6,000	6,000	8,393	2,393
Museum state grant	1,000	1,000	1,000	0
	21,115	21,115	24,610	3,495
Charges for services:				
Use of city property fees	39,000	39,000	39,000	0
Copy and fax charges	375	375	572	197
Information service fees	150	150	77	(73)
Planning fees	140,000	140,000	6,683	(133,317)
Planning engineering estimates	150,000	150,000	500	(149,500)
Recreation fees	200	200	489	289
City hall rental	400	400	490	90
	330,125	330,125	47,811	(282,314)
Fines and forfeitures	1,000	1,000	676	(324)
Miscellaneous revenues:				
Interest on investments	750	750	842	92
Transient room assessment	80,500	80,500	94,843	14,343
Telephone franchises	3,500	3,500	4,984	1,484
Garbage service franchise fee	1,000	1,000	1,000	0
Other	3,500	3,500	5,113	1,613
	89,250	89,250	106,782	17,532
Total Revenues	723,490	723,490	484,573	(238,917)
EXPENDITURES				
Administrative:				
Personal services	60,110	62,110	56,779	5,331
Materials and services	41,289	42,289	42,312	(23)
Capital outlay	8,000	4,000	4,000	0
	109,399	108,399	103,091	5,308

CITY OF CASCADE LOCKS, OREGON
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Planning:				
Personal services	63,898	63,898	60,407	3,491
Materials and services	313,946	313,946	23,601	290,345
	<u>377,844</u>	<u>377,844</u>	<u>84,008</u>	<u>293,836</u>
Museum:				
Personal services	11,060	11,060	10,053	1,007
Materials and services	2,000	2,000	1,438	562
	<u>13,060</u>	<u>13,060</u>	<u>11,491</u>	<u>1,569</u>
Governmental/ Community Relations:				
Materials and services	15,730	13,530	9,755	3,775
Property department:				
Personal services	42,777	48,777	49,750	(973)
Materials and services	28,050	26,050	18,639	7,411
	<u>70,827</u>	<u>74,827</u>	<u>68,389</u>	<u>6,438</u>
Recreation department:				
Personal services	5,340	6,540	5,690	850
Materials and services	1,660	1,660	798	862
	<u>7,000</u>	<u>8,200</u>	<u>6,488</u>	<u>1,712</u>
Police Services:				
Personal services	24,830	22,830	21,319	1,511
Materials and services	91,030	91,030	84,926	6,104
	<u>115,860</u>	<u>113,860</u>	<u>106,245</u>	<u>7,615</u>
Contingencies	<u>1,500</u>	<u>1,500</u>	<u>0</u>	<u>1,500</u>
Total Expenditures	<u>711,220</u>	<u>711,220</u>	<u>389,467</u>	<u>321,753</u>
Revenues Over Expenditures	12,270	12,270	95,106	82,836
OTHER FINANCING (USES)				
Operating transfers out	(122,270)	(122,270)	(122,181)	89
Revenues Over (Under) Expenditures and Other Uses	<u>(110,000)</u>	<u>(110,000)</u>	<u>(27,075)</u>	<u>82,925</u>
FUND BALANCE - July 1, 2010	<u>110,000</u>	<u>110,000</u>	<u>93,668</u>	<u>(16,332)</u>
FUND BALANCE - June 30, 2011	<u>\$0</u>	<u>\$0</u>	<u>\$66,593</u>	<u>\$66,593</u>

CITY OF CASCADE LOCKS, OREGON
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
STATE TAX STREET			
REVENUES			
State gas tax apportionment	\$44,741	\$51,226	\$6,485
Interest on investments	300	256	(44)
Miscellaneous revenue	18,300	19,514	1,214
Total Revenues	<u>63,341</u>	<u>70,996</u>	<u>7,655</u>
EXPENDITURES			
Personal services	44,709	27,377	17,332
Materials and services	54,250	44,641	9,609
Capital outlay	43,000	1,098	41,902
Contingencies	7,982		7,982
Total Expenditures	<u>149,941</u>	<u>73,116</u>	<u>76,825</u>
Revenues Over (Under) Expenditures	<u>(86,600)</u>	<u>(2,120)</u>	<u>84,480</u>
OTHER FINANCING (USES)			
Operating transfers out	<u>(3,400)</u>	<u>(3,400)</u>	<u>0</u>
Revenues Over (Under) Expenditures and Other Uses	<u>(90,000)</u>	<u>(5,520)</u>	<u>84,480</u>
FUND BALANCE - July 1, 2010	<u>90,000</u>	<u>59,893</u>	<u>(30,107)</u>
FUND BALANCE - June 30, 2011	<u>\$0</u>	<u>\$54,373</u>	<u>\$54,373</u>

CITY OF CASCADE LOCKS, OREGON
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
GRANTS FUND			
REVENUES			
Grant revenues	\$1,099,333	\$566,536	(\$532,797)
Miscellaneous revenue	0	5,195	5,195
Total Revenues	<u>1,099,333</u>	<u>571,731</u>	<u>(527,602)</u>
EXPENDITURES			
Materials and services	14,270	3,788	10,482
Capital outlay	1,088,333	574,541	513,792
Total Expenditures	<u>1,102,603</u>	<u>578,329</u>	<u>524,274</u>
Revenues Over (Under) Expenditures	(3,270)	(6,598)	(3,328)
OTHER FINANCING SOURCES			
Operating transfers in	3,270	6,598	3,328
Revenues Over Expenditures and Other Sources	0	0	0
FUND BALANCE - July 1, 2010	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE - June 30, 2011	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

CITY OF CASCADE LOCKS, OREGON
Notes to Required Supplementary Information
June 30, 2011

NOTE 1 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 - Local Budget Law) for all governmental funds. All annual appropriations lapse at fiscal year end.

Each year, the budget officer submits a proposed budget to the Budget Committee for public hearing. The budget committee consists of the City Council and an equal number of lay citizens of the City appointed by the council. The budget committee reviews the proposed budget and approves the budget document. The Council holds a public hearing and adopts a final budget no later than June 30.

The budget is prepared by category (i.e., personal service, materials and services, capital outlay, debt service and other requirements) within funds. Adjustments to the budgetary appropriations require approval of the Council. Expenditure appropriations may not be overexpended except in the case of grant funding issued during the fiscal year. Council may transfer amounts between categories by resolution. Unexpected additional resources may be added to the budget through the use of a supplemental budget.

The following budgetary category had expenditures exceeding appropriations for the year:

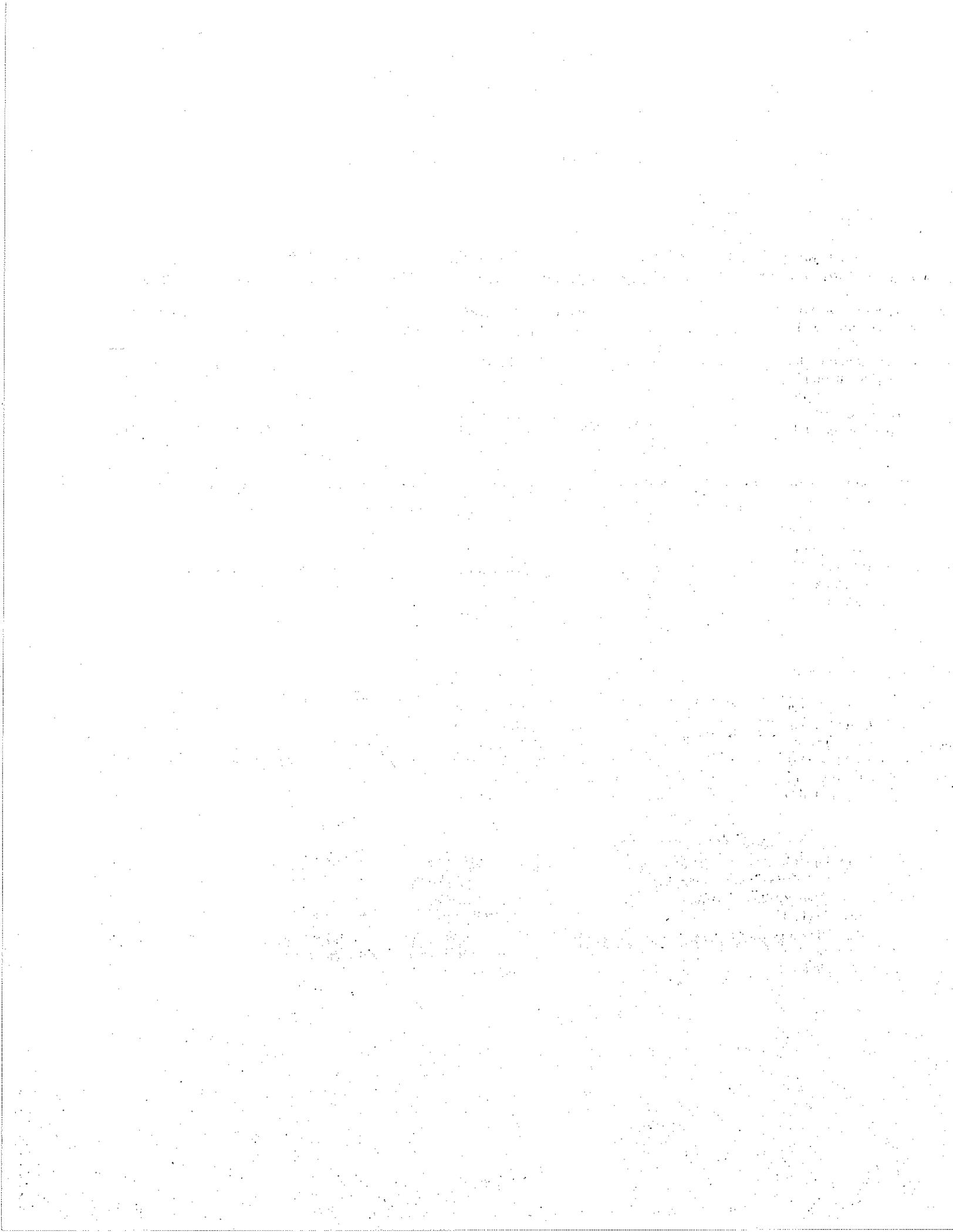
Fund	Category	Amount
Water	Transfers out	\$91

On a budgetary basis, the Emergency Services Fund had a deficit fund balance of \$45,795.

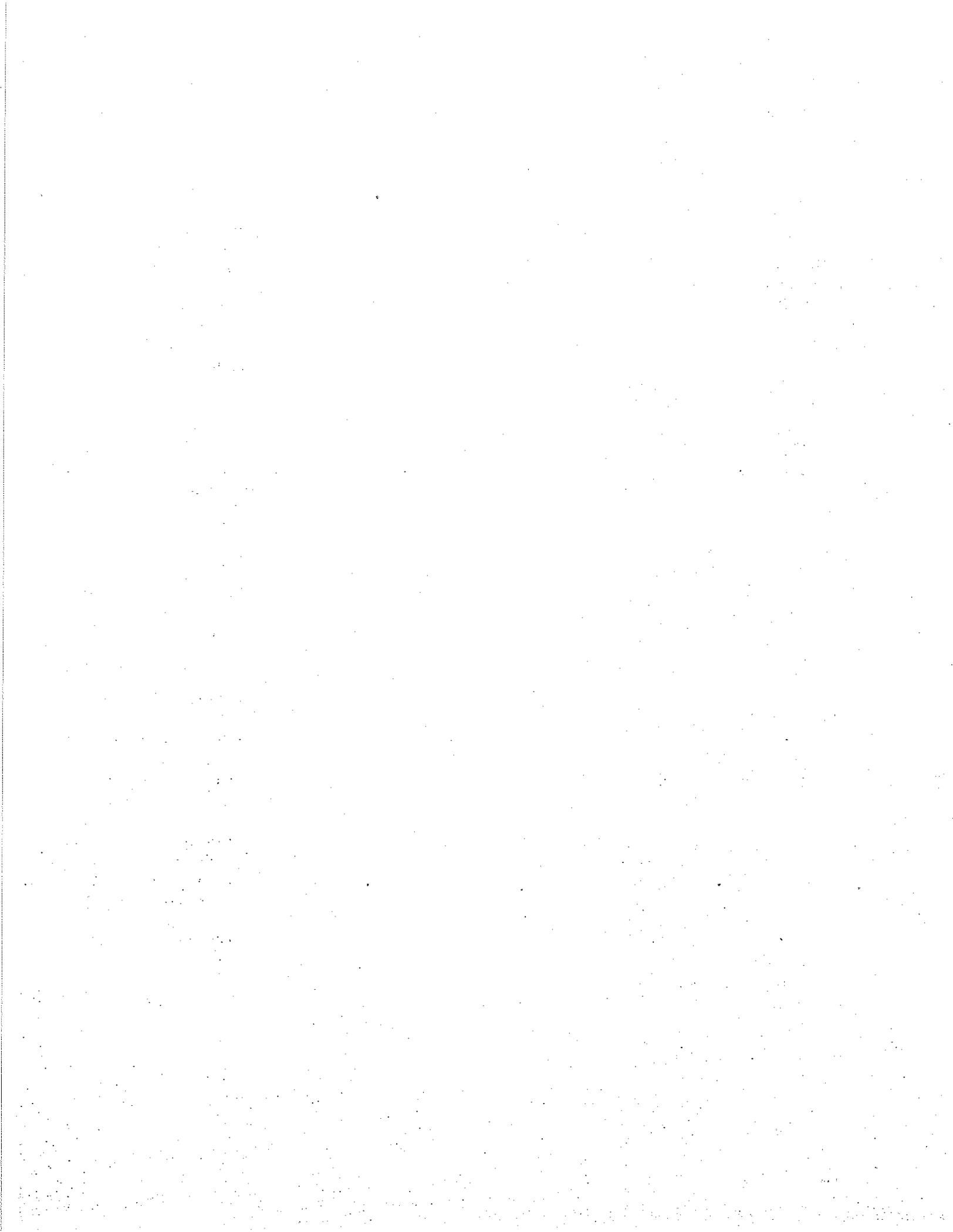
Reconciliation of Budgetary Information with GAAP Information

Following is a reconciliation of the budgetary basis of accounting with the GAAP basis of accounting for the General Fund and Street Fund:

	General	Street
Revenues over expenditures and other uses - budget basis	(\$27,075)	(\$5,520)
Depreciation expense	(19,794)	(51,589)
Capitalized expenses	45,292	
Change in net assets - GAAP basis	(\$1,577)	(\$57,109)



OTHER INFORMATION



CITY OF CASCADE LOCKS, OREGON
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
ELECTRICAL FUND				
REVENUES				
Residential sales	\$725,000	\$725,000	\$760,175	\$35,175
Commercial sales	580,000	580,000	524,614	(55,386)
Street lights	27,000	27,000	28,800	1,800
Sales to public bodies	237,000	237,000	263,589	26,589
Customer installation	6,300	6,300	6,590	290
Pole contacts	3,825	3,825	3,917	92
Interest on investments	2,500	2,500	3,177	677
Miscellaneous	1,998,200	1,998,200	69,166	(1,929,034)
Total Revenues	3,579,825	3,579,825	1,660,028	(1,919,797)
EXPENDITURES				
Operating:				
Personal services	890,150	952,650	497,756	454,894
Materials and services	2,761,850	2,699,350	907,357	1,791,993
Capital outlay	115,500	115,500	25,379	90,121
Contingencies	157,943	157,943	0	157,943
	3,925,443	3,925,443	1,430,492	2,494,951
Administration:				
Personal services	142,430	142,430	142,585	(155)
Materials and services	54,352	54,352	53,777	575
	196,782	196,782	196,362	420
Total Expenditures	4,122,225	4,122,225	1,626,854	2,495,371
Revenues Over (Under) Expenditures	(542,400)	(542,400)	33,174	575,574
OTHER FINANCING USES				
Operating transfers out	(77,600)	(77,600)	(77,600)	0
Revenues Over (Under) Expenditures and Other Uses	(620,000)	(620,000)	(44,426)	575,574
FUND BALANCE - July 1, 2010	620,000	620,000	725,558	105,558
FUND BALANCE - June 30, 2011	\$0	\$0	\$681,132	\$681,132

CITY OF CASCADE LOCKS, OREGON
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
WATER OPERATING FUND				
REVENUES				
Water sales	\$181,000	\$181,000	\$187,967	\$6,967
Connection charges	1,750	1,750	1,925	175
Interest on investments	650	650	435	(215)
Miscellaneous revenues	50,050	50,050	4,825	(45,225)
Total Revenues	233,450	233,450	195,152	(38,298)
EXPENDITURES				
Operating:				
Personal services	85,258	83,258	41,393	41,865
Materials and services	101,225	103,225	69,971	33,254
Capital outlay	55,500	55,500	1,250	54,250
Contingencies	21,899	21,899		21,899
	263,882	263,882	112,614	151,268
Administration:				
Personal services	46,849	46,849	45,821	1,028
Materials and services	15,319	15,319	14,764	555
	62,168	62,168	60,585	1,583
Total Expenditures	326,050	326,050	173,199	152,851
Revenues Over (Under) Expenditures	(92,600)	(92,600)	21,953	114,553
OTHER FINANCING SOURCES (USES)				
Operating transfers in	3,600	3,600	3,600	0
Operating transfers out	(36,000)	(36,000)	(36,091)	(91)
Total Other Financing Sources (Uses)	(32,400)	(32,400)	(32,491)	(91)
Revenues Over (Under) Expenditures and Other Uses	(125,000)	(125,000)	(10,538)	114,462
FUND BALANCE - July 1, 2010	125,000	125,000	99,591	(25,409)
FUND BALANCE - June 30, 2011	\$0	\$0	\$89,053	\$89,053

CITY OF CASCADE LOCKS, OREGON
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
SEWER OPERATING FUND				
REVENUES				
Sewer service fees	\$335,000	\$335,000	\$358,128	\$23,128
Miscellaneous revenues	25,100	25,100	454	(24,646)
Interest on investments	750	750	519	(231)
Total Revenues	360,850	360,850	359,101	(1,749)
EXPENDITURES				
Operating:				
Personal services	47,310	45,810	16,929	28,881
Materials and services	204,900	206,400	170,986	35,414
Capital outlay	11,500	11,500	0	11,500
Contingencies	24,563	24,563	0	24,563
	288,273	288,273	187,915	100,358
Administration:				
Personal services	41,841	41,841	41,378	463
Materials and services	15,025	15,025	14,836	189
	56,866	56,866	56,214	652
Total Expenditures	345,139	345,139	244,129	101,010
Revenues Over Expenditures	15,711	15,711	114,972	99,261
OTHER FINANCING USES				
Operating transfers out	(81,711)	(81,711)	(81,711)	0
Revenues Over (Under) Expenditures and Other Uses	(66,000)	(66,000)	33,261	99,261
FUND BALANCE - July 1, 2010	66,000	66,000	110,583	44,583
FUND BALANCE - June 30, 2011	\$0	\$0	\$143,844	\$143,844

CITY OF CASCADE LOCKS, OREGON
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2011

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
1998 SEWER BOND FUND			
REVENUES			
Interest on investments	\$300	\$359	\$59
EXPENDITURES			
Principal payments	13,988	13,988	0
Interest payments	39,723	39,723	0
Contingencies	89,800		89,800
Total Expenditures	143,511	53,711	89,800
Revenues Over (Under) Expenditures	(143,211)	(53,352)	89,859
OTHER FINANCING SOURCES			
Operating transfers in	63,711	53,711	(10,000)
Revenues and Other Sources Over (Under) Expenditures	(79,500)	359	79,859
FUND BALANCE - July 1, 2010	79,500	79,965	465
FUND BALANCE - June 30, 2011	\$0	\$80,324	\$80,324

OEDD LOAN FUND

EXPENDITURES			
Principal payments	\$72,500	\$18,590	\$53,910
Interest payments	6,700	6,698	2
Total Expenditures	79,200	25,288	53,912
OTHER FINANCING SOURCES			
Operating transfers in	41,200	0	(41,200)
Other Sources Over (Under) Expenditures	(38,000)	(25,288)	12,712
FUND BALANCE - July 1, 2010	38,000	38,000	0
FUND BALANCE - June 30, 2011	\$0	\$12,712	\$12,712

CITY OF CASCADE LOCKS, OREGON
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
TELEVISION SYSTEM FUND				
REVENUES				
Cable service fees	\$82,000	\$82,000	\$78,267	(\$3,733)
HBO service fees	10,000	10,000	9,609	(391)
Channel 23 advertising income	700	700	630	(70)
Cable internet sales	57,000	57,000	58,489	1,489
Cable modem sales	700	700	900	200
Connection charges	2,300	2,300	2,290	(10)
Interest on investments	200	200	152	(48)
Miscellaneous revenues	10,590	10,590	1,124	(9,466)
Total Revenues	163,490	163,490	151,461	(12,029)
EXPENDITURES				
Operating CATV:				
Personal services	12,240	13,740	4,014	9,726
Materials and services	85,400	83,900	74,046	9,854
Capital outlay	4,100	4,100	2,735	1,365
Contingencies	1,732	1,732	0	1,732
	103,472	103,472	80,795	22,677
Operating Cable Internet:				
Personal services	11,260	11,260	4,535	6,725
Materials and services	33,274	33,274	30,398	2,876
Capital outlay	500	500	0	500
	45,034	45,034	34,933	10,101
Administration:				
Personal services	43,962	43,962	42,642	1,320
Materials and services	8,022	8,022	6,958	1,064
	51,984	51,984	49,600	2,384
Total Expenditures	200,490	200,490	165,328	35,162
Revenues Over (Under) Expenditures	(37,000)	(37,000)	(13,867)	23,133
OTHER FINANCING (USES) -				
Operating transfers out	(3,000)	(3,000)	(3,000)	0
Revenues Over (Under) Expenditures and Other Uses	(40,000)	(40,000)	(16,867)	23,133
FUND BALANCE - July 1, 2010	40,000	40,000	45,373	5,373
FUND BALANCE - June 30, 2011	\$0	\$0	\$28,506	\$28,506

CITY OF CASCADE LOCKS, OREGON
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
EMERGENCY SERVICES FUND				
REVENUES				
Fire and ambulance fees	\$260,400	\$260,400	\$201,214	(\$59,186)
Miscellaneous income	1,400	1,400	4,240	2,840
Total Revenues	261,800	261,800	205,454	(56,346)
EXPENDITURES				
Operating:				
Personal services	102,416	101,416	99,062	2,354
Materials and services	186,078	187,078	170,576	16,502
Capital outlay	17,581	17,581	6,234	11,347
	306,075	306,075	275,872	30,203
Administration:				
Personal services	13,061	13,061	12,747	314
Materials and services	1,684	1,664	674	990
	14,725	14,725	13,421	1,304
Total Expenditures	320,800	320,800	289,293	31,507
Revenues Over (Under) Expenditures	(59,000)	(59,000)	(83,839)	(24,839)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	76,770	76,770	76,770	0
Operating transfers out	(17,770)	(17,770)	(6,598)	11,172
Total Other Financing Sources (Uses)	59,000	59,000	70,172	11,172
Revenues Over (Under) Expenditures and Other Sources	0	0	(13,667)	(13,667)
FUND BALANCE (DEFICIT) - JULY 1, 2010	0	0	(32,128)	(32,128)
FUND BALANCE (DEFICIT) - JUNE 30, 2011	\$0	\$0	(\$45,795)	(\$45,795)

CITY OF CASCADE LOCKS, OREGON
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
CEMETERY FUND			
REVENUES			
Sales and fees	\$2,350	\$5,098	\$2,748
Interest on investments	100	66	(34)
Total Revenues	<u>2,450</u>	<u>5,164</u>	<u>2,714</u>
EXPENDITURES			
Personal services	3,005	1,132	1,873
Materials and services	3,450	1,119	2,331
Contingencies	7,995		7,995
Total Expenditures	<u>14,450</u>	<u>2,251</u>	<u>12,199</u>
Revenues Over (Under) Expenditures	(12,000)	2,913	14,913
FUND BALANCE - July 1, 2010	<u>12,000</u>	<u>13,075</u>	<u>1,075</u>
FUND BALANCE - June 30, 2011	<u>\$0</u>	<u>\$15,988</u>	<u>\$15,988</u>

CITY OF CASCADE LOCKS, OREGON
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
SYSTEM DEVELOPMENT FUND			
REVENUES			
Interest on investments	\$200	\$271	\$71
Miscellaneous revenue	121,000	40,808	(80,192)
Total Revenues	121,200	41,079	(80,121)
EXPENDITURES -			
Capital outlay	96,413	297	96,116
Revenues Over Expenditures	24,787	40,782	15,995
OTHER FINANCING USES			
Operating transfers out	(64,787)	0	64,787
Revenues Over (Under) Expenditures and Other Uses	(40,000)	40,782	80,782
FUND BALANCE - July 1, 2010	40,000	40,804	804
FUND BALANCE - June 30, 2011	\$0	\$81,586	\$81,586

911 EMERGENCY TELEPHONE FUND

REVENUES			
Telephone tax distribution	\$6,000	\$5,335	(\$665)
EXPENDITURES			
Materials and services	6,000	5,335	665
Revenues Over Expenditures	0	0	0
FUND BALANCE - July 1, 2010	0	0	0
FUND BALANCE - June 30, 2011	\$0	\$0	\$0

CITY OF CASCADE LOCKS, OREGON
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TOURISM FUND			
REVENUES			
Room assessment	\$34,500	\$40,501	\$6,001
Interest on investments	200	200	0
Miscellaneous income	2,200	400	(1,800)
Total Revenues	<u>36,900</u>	<u>41,101</u>	<u>4,201</u>
EXPENDITURES			
Personal services	3,292	2,460	832
Materials and services	79,151	56,828	22,323
Capital outlay	1,500	0	1,500
Contingencies	4,957	0	4,957
Total Expenditures	<u>88,900</u>	<u>59,288</u>	<u>29,612</u>
Revenues Over (Under) Expenditures	<u>(52,000)</u>	<u>(18,187)</u>	<u>33,813</u>
FUND BALANCE - July 1, 2010	<u>52,000</u>	<u>49,265</u>	<u>(2,735)</u>
FUND BALANCE - June 30, 2011	<u>\$0</u>	<u>\$31,078</u>	<u>\$31,078</u>

CITY OF CASCADE LOCKS, OREGON
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
CEMETERY TRUST FUND			
REVENUES			
Interest on investments	\$100	\$33	(\$67)
EXPENDITURES			
Contingencies	7,400	0	7,400
Revenues Over (Under) Expenditures	(7,300)	33	7,333
OTHER FINANCING SOURCES -			
Operating transfers in	300	225	(75)
Revenues and Other Sources Over (Under) Expenditures	(7,000)	258	7,258
FUND BALANCE - July 1, 2010	7,000	7,223	223
FUND BALANCE - June 30, 2011	<u>\$0</u>	<u>\$7,481</u>	<u>\$7,481</u>

MUSEUM TRUST FUND

REVENUES			
Miscellaneous	\$2,500	\$1,550	(\$950)
EXPENDITURES			
Materials and services	2,500	1,550	950
Revenues Over Expenditures	0	0	0
FUND BALANCE - July 1, 2010	0	0	0
FUND BALANCE - June 30, 2011	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

CITY OF CASCADE LOCKS, OREGON
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OIB FIRE HALL DEBT FUND			
EXPENDITURES			
Principal payments	\$24,000	\$23,990	\$10
Interest payments	9,500	9,421	79
Total Expenditures	<u>33,500</u>	<u>33,411</u>	<u>89</u>
OTHER FINANCING SOURCES			
Operating transfers in	<u>33,500</u>	<u>33,411</u>	<u>(89)</u>
Other Sources Over Expenditures	0	0	0
FUND BALANCE - July 1, 2010	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE - June 30, 2011	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

CITY OF CASCADE LOCKS, OREGON
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
CAPITAL RESERVE FUND - 08			
REVENUES			
Interest on investments	\$3,000	\$3,685	\$685
Miscellaneous revenue	450,000	23,237	(426,763)
Total Revenues	453,000	26,922	(426,078)
EXPENDITURES -			
Capital outlay	1,277,487	43,065	1,234,422
Revenues Over (Under) Expenditures	(824,487)	(16,143)	808,344
OTHER FINANCING SOURCES (USES)			
Operating transfers in	184,487	156,491	(27,996)
Operating transfers out	(10,000)		10,000
Total Other Financing Sources (Uses)	174,487	156,491	(17,996)
Revenues and Other Sources (Uses) Over (Under) Expenditures	(650,000)	140,348	790,348
FUND BALANCE - July 1, 2010	650,000	910,302	260,302
FUND BALANCE - June 30, 2011	\$0	\$1,050,650	\$1,050,650

CITY OF CASCADE LOCKS, OREGON
 Combining Balance Sheet
 Non-major Governmental Funds
June 30, 2011

	Special Revenue Funds					Total Non-major Governmental Funds
	System Development	Tourism	911 Emergency	Museum Trust	Cemetery Trust	
Cash and cash equivalents	\$69,680	\$29,568		\$170	\$7,481	\$106,899
Receivables - net of allowance for uncollectibles	<u>25,494</u>	<u>10,334</u>	<u>1,444</u>			<u>37,272</u>
Total Assets	<u>\$95,174</u>	<u>\$39,902</u>	<u>\$1,444</u>	<u>\$170</u>	<u>\$7,481</u>	<u>\$144,171</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable		\$8,752	1,444	\$170		\$10,366
Accrued expenses		72				72
Due to other funds	<u>\$13,587</u>					<u>13,587</u>
Total Liabilities	<u>13,587</u>	<u>8,824</u>	<u>1,444</u>	<u>170</u>	<u>0</u>	<u>24,025</u>
Fund Balances:						
Restricted for:						
Cemetery maintenance	81,587				7,481	7,481
Public works		31,078	0	0		31,078
Committed for tourism						
Total Fund Balances	<u>81,587</u>	<u>31,078</u>	<u>0</u>	<u>0</u>	<u>7,481</u>	<u>120,146</u>
Total Liabilities and Fund Balances	<u>\$95,174</u>	<u>\$39,902</u>	<u>\$1,444</u>	<u>\$170</u>	<u>\$7,481</u>	<u>\$144,171</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CASCADE LOCKS, OREGON
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended June 30, 2011

	Special Revenue Funds					Total Non-major Governmental Funds
	System Development	Tourism	911 Emergency	Museum Trust	Cemetery Trust	
REVENUES						
Intergovernmental revenues			\$5,335			\$5,335
Interest on investments	\$271	\$200			\$33	504
Miscellaneous	40,805	40,901		\$1,550	225	83,484
Total Revenues	<u>41,079</u>	<u>41,101</u>	<u>5,335</u>	<u>1,550</u>	<u>258</u>	<u>89,323</u>
EXPENDITURES						
Current	297		5,335			297
Highways and streets						5,335
Public safety		59,288		1,550		60,838
Culture and recreation						
Total Expenditures	<u>297</u>	<u>59,288</u>	<u>5,335</u>	<u>1,550</u>	<u>0</u>	<u>66,470</u>
Net Change in Fund Balances	<u>40,782</u>	<u>(18,187)</u>	<u>0</u>	<u>0</u>	<u>258</u>	<u>22,853</u>
FUND BALANCE - July 1, 2010	<u>40,805</u>	<u>49,265</u>	<u>0</u>	<u>0</u>	<u>7,223</u>	<u>97,293</u>
FUND BALANCE - June 30, 2011	<u>\$81,587</u>	<u>\$31,078</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,481</u>	<u>\$120,146</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CASCADE LOCKS, OREGON
Combining Schedule of Net Assets
Non-major Proprietary Funds
June 30, 2011

ASSETS	Non-major Funds			Total Non-major Proprietary Funds
	Television System Fund	Cemetery Fund	Water Fund	
CURRENT ASSETS				
Cash and cash equivalents	\$23,501	\$16,407	\$83,272	\$123,180
Accounts receivable	15,408		22,660	38,068
Inventory of materials	13,962		9,215	23,177
Total Current Assets	52,871	16,407	115,147	184,425
PROPERTY, PLANT AND EQUIPMENT - net of accumulated depreciation	196,659	30,817	749,361	976,837
Total Assets	\$249,530	\$47,224	\$864,508	\$1,161,262
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$5,849	\$199	\$6,757	\$12,805
Accrued expenses	2,715	221	4,366	7,302
Customer deposits	165		2,445	2,610
Total Current Liabilities	8,729	420	13,568	22,717
LONG-TERM DEBT				
Accrued vacation	1,678		3,311	4,989
Total Liabilities	10,407	420	16,879	27,706
NET ASSETS				
Invested in capital assets, net of related debt	196,659	30,817	779,563	1,007,039
Unrestricted	42,464	15,987	68,066	126,517
Total Net Assets	239,123	46,804	847,629	1,133,556
Total Liabilities and Net Assets	\$249,530	\$47,224	\$864,508	\$1,161,262

The notes to the financial statements are an integral part of this statement.

CITY OF CASCADE LOCKS, OREGON
Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets
Non-major Proprietary Funds
Year Ended June 30, 2011

	Television System Fund	Cemetery Fund	Water Fund	Total Non-major Proprietary Funds
OPERATING REVENUES				
Sales and service charges	\$149,284	\$5,098	\$187,967	\$342,349
Connection fees and other	2,024		6,750	8,774
Total Operating Revenues	151,308	5,098	194,717	351,123
OPERATING EXPENSES				
Personal services	47,480	1,133	87,214	135,827
Contractual services	12,410		21,993	34,403
Materials and supplies	3,114	412	15,743	19,269
Depreciation	26,032		30,202	56,234
Other	96,760	707	47,547	145,014
Total Operating Expenses	185,796	2,252	202,699	390,747
Operating Income (Loss)	(34,488)	2,846	(7,982)	(39,624)
NONOPERATING REVENUES -				
Interest on investments	152	66	435	653
Income (Loss) Before Operating Transfers	(34,336)	2,912	(7,547)	(38,971)
OPERATING TRANSFERS				
Operating transfers in			3,600	3,600
Operating transfers out	(3,000)		(36,091)	(39,091)
Total Operating Transfers	(3,000)	0	(32,491)	(35,491)
Change in Net Assets	(37,336)	2,912	(40,038)	(74,462)
Total net assets - July 1, 2010	276,459	43,892	887,667	1,208,018
Total net assets - June 30, 2011	\$239,123	\$46,804	\$847,629	\$1,133,556

CITY OF CASCADE LOCKS, OREGON
Comparative Balance Sheet
Sewer Fund
June 30, 2011 and 2010

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$114,222	\$82,262
Accounts receivable	37,875	34,682
Inventory	2,131	2,131
Total Current Assets	154,228	119,075
RESTRICTED ASSETS		
Debt service:		
Cash and investments	93,036	117,965
Total Restricted Assets	93,036	117,965
PROPERTY, PLANT AND EQUIPMENT - net of accumulated depreciation		
	4,543,645	4,677,490
Total Assets	\$4,790,909	\$4,914,530
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$2,988	\$1,785
Accrued expenses	2,944	2,044
Current portion of long-term debt	33,407	32,578
Total Current Liabilities	39,339	36,407
LONG-TERM DEBT		
Bonds and notes payable	857,657	891,064
Accrued vacation	2,322	2,533
Total Long-term Debt	859,979	893,597
Total Liabilities	899,318	930,004
NET ASSETS		
Invested in capital assets, net of related debt	3,652,581	3,753,848
Restricted for debt service	93,036	117,965
Unrestricted	145,974	112,713
Total Net Assets	3,891,591	3,984,526
Total Liabilities and Net Assets	\$4,790,909	\$4,914,530

CITY OF CASCADE LOCKS, OREGON
 Comparative Schedule of Revenues and Expenses
 Sewer Fund
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Sales and service charges	\$358,128	\$343,633
Connection fees and other	454	
	<u>358,582</u>	<u>343,633</u>
OPERATING EXPENSES		
Personal services	58,306	75,088
Contractual services	105,240	86,789
Materials and supplies	9,251	8,610
Depreciation	133,845	133,835
Other	71,332	66,888
	<u>377,974</u>	<u>371,210</u>
Total Operating Expenses	<u>377,974</u>	<u>371,210</u>
Operating Income (Loss)	<u>(19,392)</u>	<u>(27,577)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest on investments	878	1,069
Bond and other interest expense	(46,421)	(48,942)
	<u>(45,543)</u>	<u>(47,873)</u>
Total Nonoperating Revenues (Expenses)	<u>(45,543)</u>	<u>(47,873)</u>
Income (Loss) Before Operating Transfers	(64,935)	(75,450)
OPERATING TRANSFERS		
Operating transfers out	(28,000)	
	<u>(28,000)</u>	
Net Income (Loss)	<u><u>(\$92,935)</u></u>	<u><u>(\$75,450)</u></u>

CITY OF CASCADE LOCKS, OREGON
 Schedule of Property Tax Transactions
 Year Ended June 30, 2011

<u>Tax Year</u>	<u>Current Levy and Balance Receivable July 1, 2010</u>	<u>Adjustments</u>	<u>Discount</u>	<u>Cash Collections</u>	<u>Balance Receivable June 30, 2011</u>
GENERAL FUND					
2010-11	\$197,808	(\$796)	(\$4,823)	(\$185,818)	\$6,371
2009-10	6,020	(116)	1	(3,176)	2,729
2008-09	2,515	(26)	1	(913)	1,577
2007-08	801	(26)	1	(429)	347
2006-07	295	(25)	1	(203)	68
2005-06 and prior	227	(95)	58	(63)	127
	<u>\$207,666</u>	<u>(\$1,084)</u>	<u>(\$4,761)</u>	<u>(\$190,602)</u>	<u>\$11,219</u>

CITY OF CASCADE LOCKS, OREGON

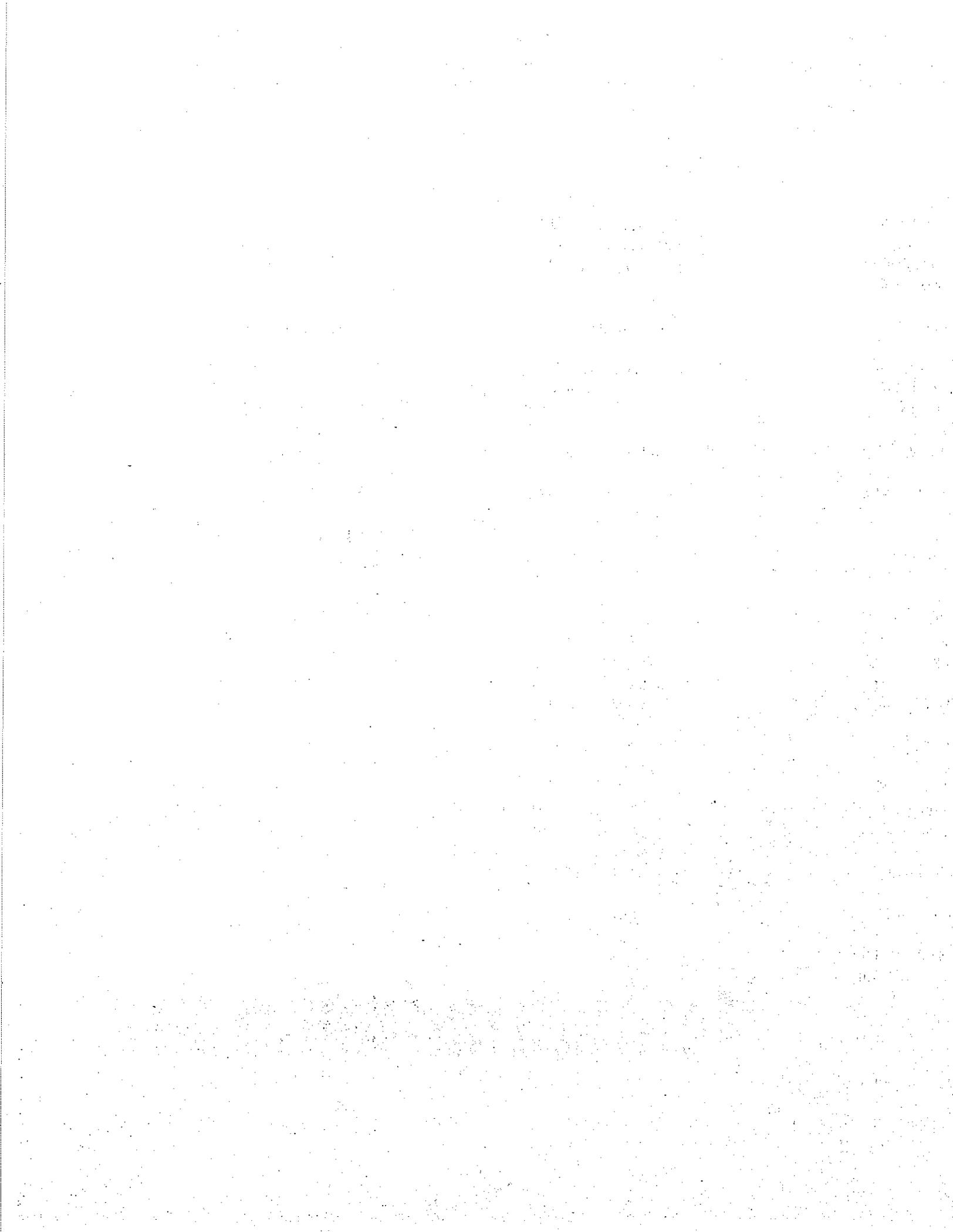
Schedule of Bonded and Long-Term Debt Transactions

Year Ended June 30, 2011

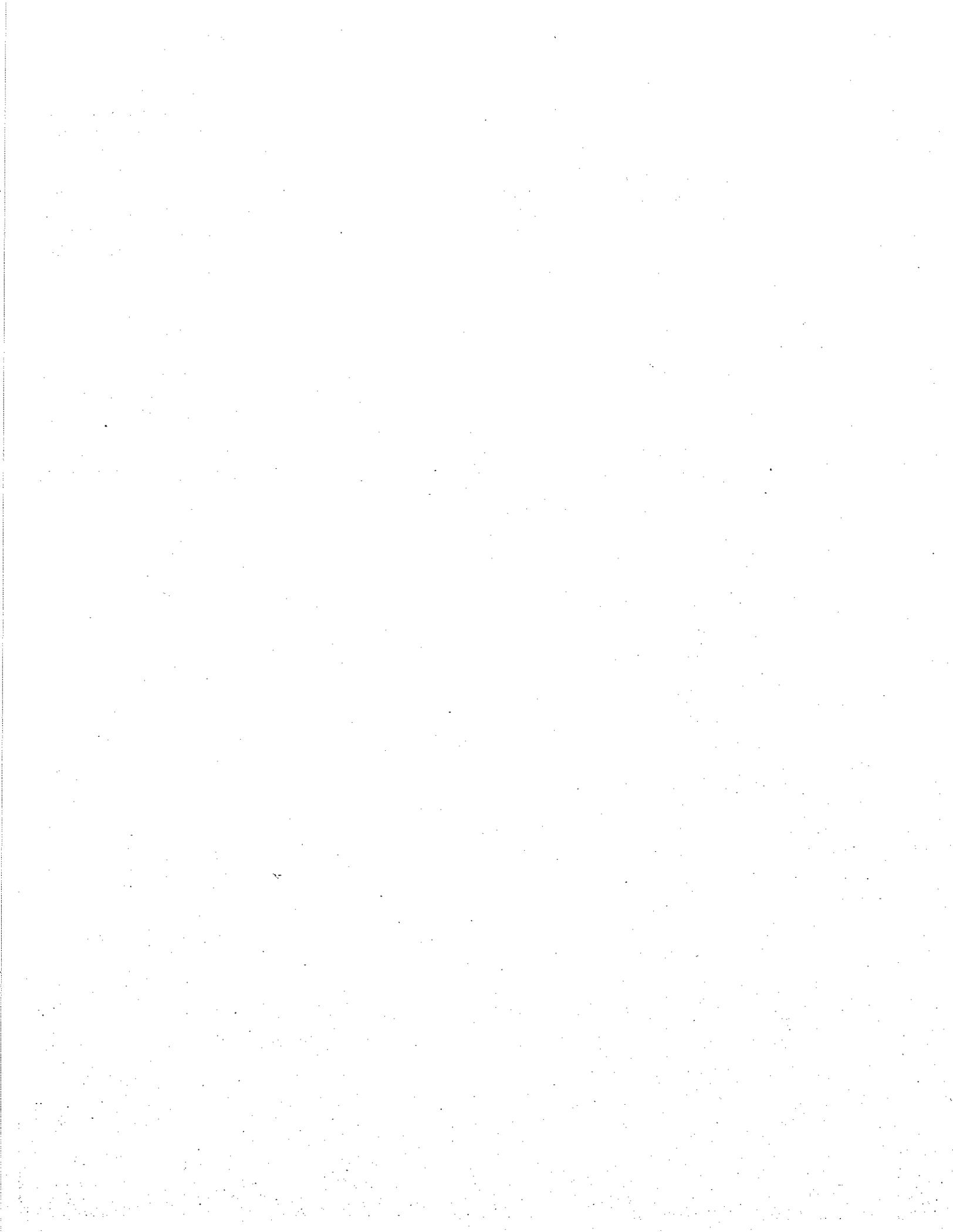
	Oregon Economic Development Department Loan	Rural Utilities Service Sewer Revenue Bond	Oregon Investment Board Loan
	Principal	Interest	Principal
Original issue	<u>\$500,000</u>	<u>\$954,000</u>	<u>\$275,000</u>
Matured during year	\$18,590	\$39,723	\$9,421
Paid during year	<u>(18,590)</u>	<u>(39,723)</u>	<u>(23,990)</u>
Matured and outstanding at June 30, 2011	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
		Interest	Interest
		<u>\$0</u>	<u>(9,421)</u>

CITY OF CASCADE LOCKS, OREGON
 Schedule of Future Debt Service Requirements
June 30, 2011

Year of Maturity	Oregon Economic Development Department		Rural Utilities Service Sewer Revenue Bond		Oregon Investment Board Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2011-12	\$18,785	\$5,713	\$14,652	\$39,058	\$24,967	\$8,443
2012-13	18,931	4,710	15,348	38,362	25,985	7,426
2013-14	22,213	3,687	16,077	37,633	27,043	6,368
2014-15	22,410	2,477	16,841	36,870	28,145	5,266
2015-16	22,622	1,244	17,641	36,070	29,292	4,119
2016-17			18,479	35,232	30,485	2,926
2017-18			19,357	34,354	31,727	1,684
2018-19			20,276	33,435	22,282	498
2019-20			21,239	32,472	2,520	12
2020-21			22,248	31,463		
2021-22			23,305	30,406		
2022-23			24,412	29,299		
2023-24			25,571	28,139		
2024-25			26,786	26,925		
2025-26			28,058	25,652		
2026-27			29,391	24,320		
2027-28			30,787	22,924		
2028-29			32,250	21,461		
2029-30			33,781	19,929		
2030-31			35,386	18,325		
2031-32			37,067	16,644		
2032-33			38,828	14,883		
2033-34			40,672	13,039		
2034-35			42,604	11,107		
2035-36			44,627	9,083		
2036-37			46,747	6,963		
2037-38			48,968	4,743		
2038-39			14,735	2,417		
			<u>\$786,133</u>	<u>\$681,208</u>	<u>\$222,446</u>	<u>\$36,742</u>
			<u>\$104,931</u>	<u>\$17,831</u>		



**FEDERAL PROGRAMS AND
SINGLE AUDIT REQUIREMENTS**



Onstott, Broehl & Cyphers, P. C.

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

Honorable Mayor and Council Members
City of Cascade Locks, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cascade Locks, Oregon as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting. This is referenced as finding 2011-1. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material

weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2011-2.

We also noted certain other matters that we reported to management of City of Cascade Locks, in a separate letter dated February 13, 2012.

City of Cascade Locks' response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit City of Cascade Locks response, and, accordingly, we express no opinion on it.

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

Onstott, Buehl & Cyphers, PC

February 13, 2012

Onstott, Broehl & Cyphers, P. C.

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and Council Members
City of Cascade Locks, Oregon

Compliance

We have audited the City of Cascade Locks' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, City of Cascade Locks complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Item 2011-2.

Internal Control Over Compliance

Management of City of Cascade Locks is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and accordingly, we express no opinion on the responses.

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

Omstott, Buehl & Cyphers, PC

February 13, 2012

CITY OF CASCADE LOCKS, OREGON
Schedule of Expenditures of Federal Awards

Year Ended June 30, 2011

<u>Federal Grantor, Pass-Through Grantor, Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant/ Contract Period</u>	<u>Expenditures</u>
Department of Homeland Security			
Direct Programs - FEMA Assistance to Firefighters	97.044	02-27-09 to 12-31-10	\$482,760
Direct Programs - FEMA Assistance to Firefighters	97.044	06-18-10 to 06-17-11	34,217
			<u>\$516,977</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF CASCADE LOCKS, OREGON

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2011

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Cascade Locks, Oregon and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

CITY OF CASCADE LOCKS, OREGON
Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of City of Cascade Locks, Oregon.
2. One significant deficiency disclosed during the audit of the financial statements is reported in the report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*. This deficiency was not considered a material weakness.
3. No instances of noncompliance material to the financial statements of City of Cascade Locks, Oregon, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One significant deficiency relating to the audit of the major federal award programs is reported in the report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award program for City of Cascade Locks, Oregon expresses an unqualified opinion on its major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs includes:
FEMA Assistance to Firefighters CFDA No.
97.044
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. City of Cascade Locks, Oregon was determined to not be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCY

2011-1 In-house Accounting Controls

Condition The City does not presently have a system for performing some of the necessary procedures and processes to adequately prepare financial statements in accordance with generally accepted accounting principles. These include:

- A functioning workorder system to properly capitalize system construction projects performed by City personnel.
- Personnel with the necessary training and expertise to prepare the annual financial report.

Criteria Internal controls specify that an entity have the personnel and systems in place to prepare complete and accurate financial statements in accordance with generally accepted accounting principles.

Effect Because the City does not have the in-house expertise to properly capitalize system construction projects and prepare the annual financial report, these must be completed by the independent accountants as part of the annual audit.

Recommendation The City should carefully consider the cost-benefit of acquiring the expertise to complete these processes.

City of Cascade Locks Response:

- The City implemented a new accounting system in April 2011. Staff will receive additional training in April 2012 to help with implementing the remaining modules which includes the Asset, Materials, and Project Management. This will be a big step in working towards complying with the recommendation of a work order system.
- Hiring a third-party accountant to prepare the annual financial report would be limited by the City's size and funds. The City acknowledges this shortfall and will examine alternatives and the inherent risk of each to address these concerns. A more practical solution to this issue would be to invest in training for staff so they could learn how to prepare annual financials instead of having the auditors prepare.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2011-2 Reporting

Condition The federal grants to the City contained requirements for periodic interim and final reporting. As a result of turnover in personnel, we were unable to verify if such reports had been completed. The City was not able to locate copies of grant reports.

Criteria One of the compliance requirements for federal funding under A-133 is for periodic and final reporting of the receipt and expenditure of grant funds.

Effect The effect of this is that we were unable to audit and evaluate the accuracy and compliance with this requirement.

Recommendation It is recommended that the City establish a system for all future grants that will assure that reporting is completed on a timely and accurate basis.

City of Cascade Locks Response:

- The City acknowledges this deficiency in our current grant process. The City will be looking at the overall process and develop a more stringent process with a periodic reporting requirement to be given to the Finance Department by the staff member that is overseeing the grant.

CITY OF CASCADE LOCKS, OREGON
Summary Schedule of Prior Audit Findings

Year Ended June 30, 2011

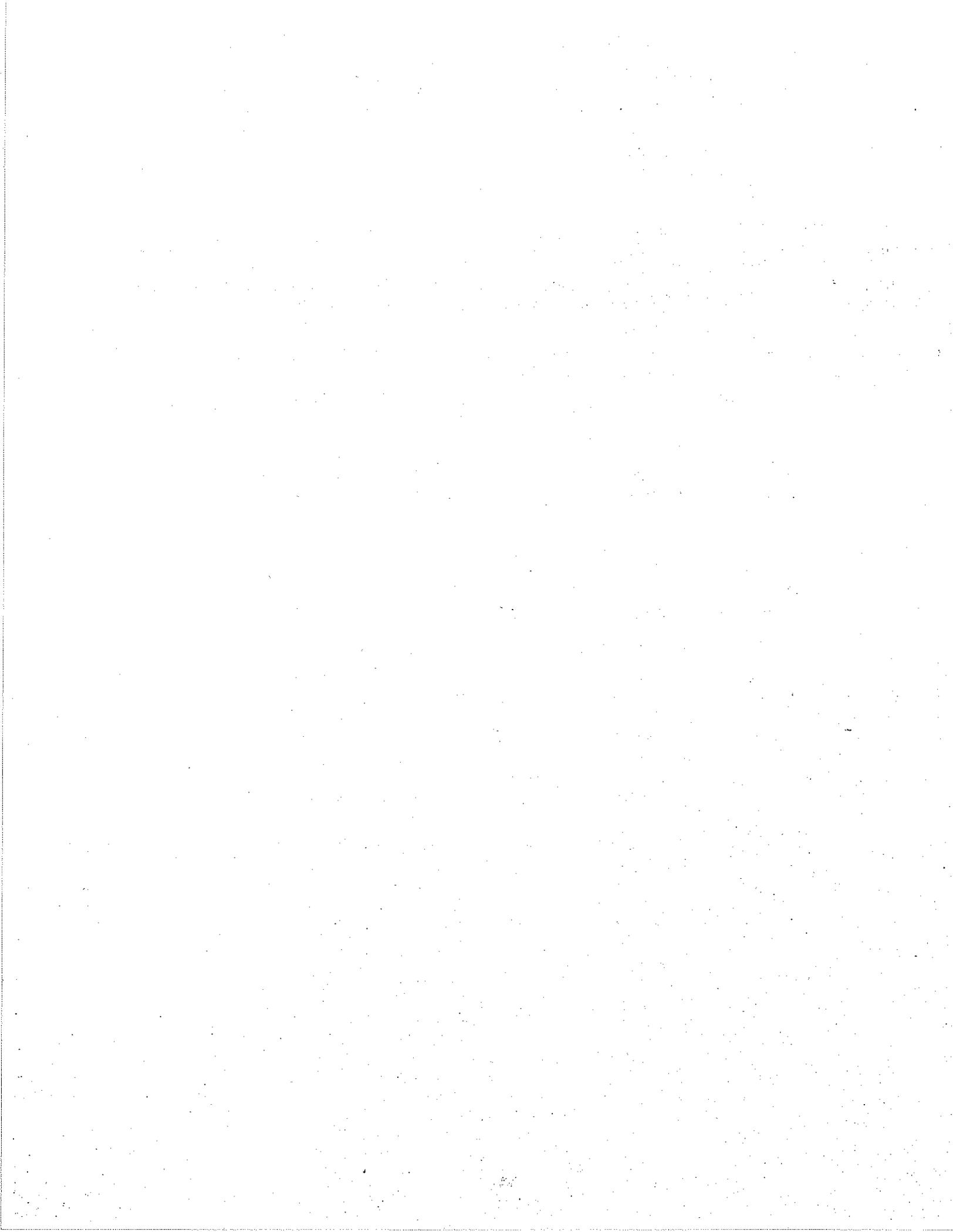
U.S. DEPARTMENT OF AGRICULTURE

Finding 2010-1

Condition and Criteria: It was noted that the City did not have a system for performing some of the necessary procedures and processes to adequately prepare financial statement in accordance with generally accepted accounting principles.

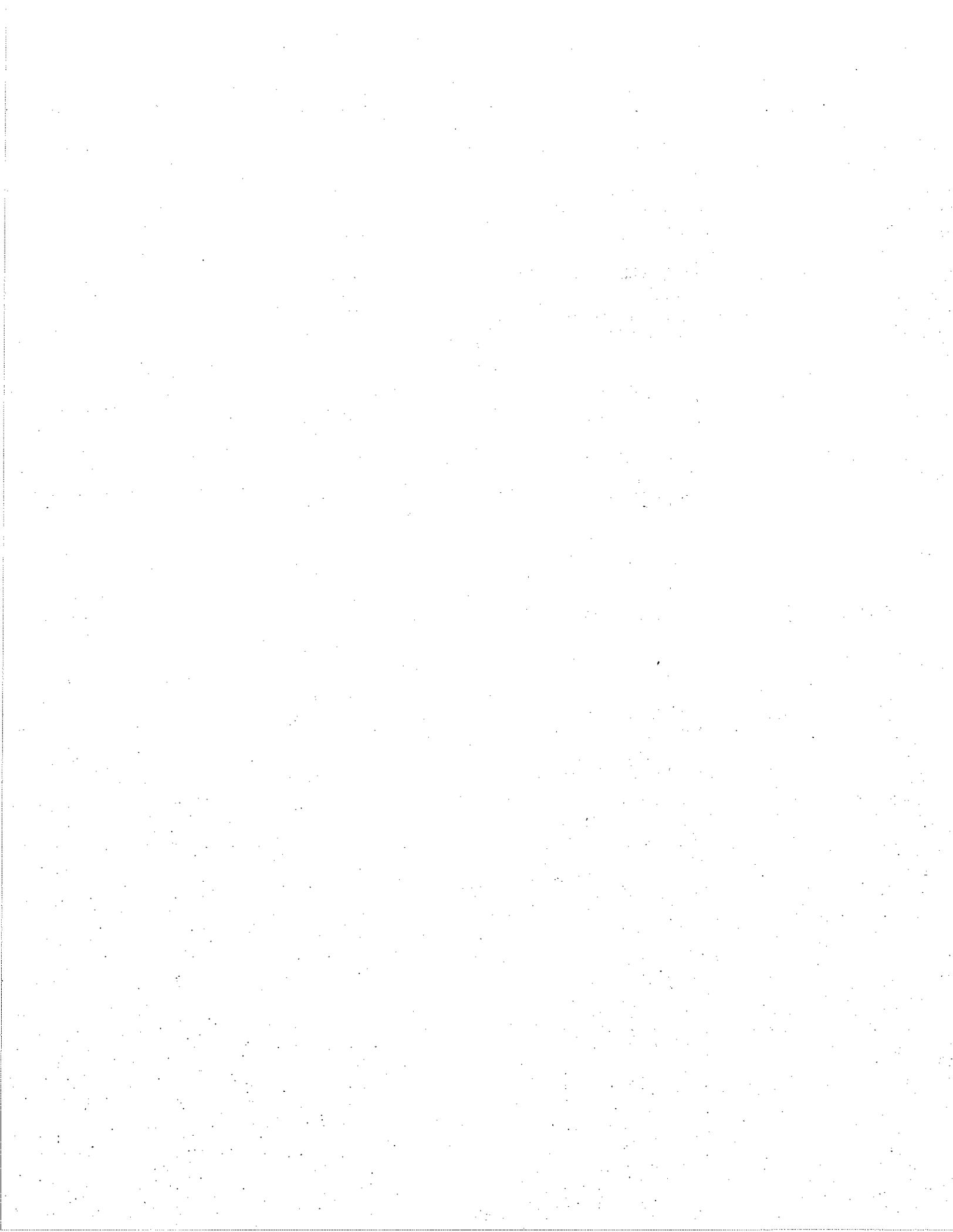
Auditor's Recommendation: It was recommended that the City consider the cost-benefit of acquiring the expertise to complete these processes.

Current Status: There has been no change in this item and it is repeated as finding 2011-1.



AUDIT COMMENTS AND DISCLOSURES

REQUIRED BY STATE REGULATIONS



Onstott, Broehl & Cyphers, P. C.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH OREGON MINIMUM STANDARDS

We have audited the basic financial statements of the City of Cascade Locks as of and for the year ended June 30, 2011 and have issued our report thereon dated February 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The accounting records and related internal control structure.
- The amount and adequacy of collateral pledged by depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2011 and 2012.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.
- Requirements for the expenditure of taxes on motor vehicle use fuel and the requirements pertaining to the use of road funds.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, except those noted below.

Oregon Local Budget Law Compliance

The results of our tests disclosed several instances of noncompliance with Oregon Local Budget Law. See note 1 of the notes to required supplementary information of the City's financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for determining our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting. A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

This report is intended solely for the information of City of Cascade Locks' management, and State of Oregon and is not intended to be and should not be used by anyone other than those specified parties.

Orrin, Orzech & Cyphars, PC

February 13, 2012

Onstott, Broehl & Cyphers, P. C.

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LETTER TO MANAGEMENT

February 13, 2012

Mayor and City Council Members
City of Cascade Locks
Cascade Locks, Oregon 97014

We have audited the financial statements of City of Cascade Locks as of and for the year ended June 30, 2011 and have issued our report thereon dated February 13, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Minimum Standards for Audits of Oregon Municipal Corporations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of the City of Cascade Locks for the year ended June 30, 2011, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. However, we noted certain matters involving the internal control structure and its operation that we consider to be deficiencies under standards established by the American Institute of Certified Public Accountants. A deficiency in internal control exists when the design or operation of a control does not allow management to prevent, or detect and correct misstatements on a timely basis.

Management's responsibility for establishing and maintaining an internal control structure and limitations on the scope of this letter are outlined on pages 55 through 56 of the report referred to above and are incorporated by reference herein.

Comments and recommendations follow.

COMMENTS AND RECOMMENDATIONS

STATUS OF ITEMS REPORTED IN PRIOR YEAR

In prior years we have commented on several items. Following is the current status of these recommendations.

Ambulance Billings

Ambulance billings were not always submitted to Springfield on a timely basis to be processed. Delays of several months between the time of the charge being incurred to the time it was submitted for billing were noted. These delays not only have a detrimental effect on cash flows but also on the collectibility of the account.

Current Status

This continues to be an area of concern as similar delays were noted in the year under audit.

Cashier Drawer

It was recommended that an electronic system for receiving and recording utility payments would improve internal controls over the collection of these payments and reduce the amount of manual entry and processing of collections.

Current Status

The City is in the process of implementing this recommendation with the new software.

Utility Workorder System

It was recommended that the City implement a workorder system for utility material and labor expenditures to more accurately account for such expenditures.

Current Status:

During a prior fiscal year, the City purchased software to implement this recommendation. City staff attended training in the implementation and use of these programs. To date, however, the necessary information has not been input in order to use this software. The City should take the necessary steps to begin using this software.

CURRENT YEAR ITEMS

Grants Management

The City has been awarded various federal and state grants over the past few years. In most cases these grants were administered by persons outside of the City Finance Department. Communication of accounting information between the grant administrators and the Finance Department has often been inadequate. In some cases the Finance Department does not have copies of reports to the issuing agencies. Consequently, there have been discrepancies between the City's records and the amounts reported to grantor agencies. In several instances, we were unable to locate such reports. These compliance issues could possibly jeopardize funding and require reimbursement of federal funds. The City's share of the matching requirement of the FEMA Communications grant was miscalculated resulting in the City assuming a larger percentage of the matching amount than intended. This cost the City \$3,810.

Recommendation

The City should implement procedures to insure that the Finance Department receives timely and accurate information on all federal and state grants and that it is in compliance with all reporting requirements.

Administrative Allocations

The City currently allocates administrative expenses to the various funds and departments based on criteria developed in a prior year. It has been a number of years since this allocation formula was reviewed and evaluated. There are various ways that indirect and administrative expenses can be allocated to the many functions of the City. Over time the conditions and assumptions used in developing the allocation percentages can change and require modification.

Recommendation

The City should perform a study to evaluate the allocation percentages and procedures used to allocate administrative expenses to the various functions of the City. This would include time studies, equipment and space usage studies, and overhead allocation studies.

Budget Issues

There were several budget overexpenditures noted in the audit. These are outlined on page ~~xxx~~³³ of the audit report. The Oregon Local Budget Law prohibits overexpenditure of funds in the various budget categories. In addition, the Emergency Services Fund reflects a deficit balance of \$45,795 (budget basis) at June 30, 2011. This represents unauthorized borrowing from other funds.

Recommendation

Procedures should be implemented to assure that there are no overexpenditures of the categories of the City budget. Funds should be monitored closely for the last few months of the fiscal year and appropriate budget transfers made where necessary. A plan should be formed to resolve the deficit in the Emergency Services Fund.

We commend the City for its progress in establishing procedures to improve the accuracy of the accounting records. We encourage the City to make improvements in the areas noted above. While, independence requirements limit our ability to participate in the implementation of these recommendations, we will be pleased to assist you in any way possible.

This report is intended solely for the information and use of the City Council, State of Oregon and others within the organization.

Onstott, Broehl & Cyphers, PC

Onstott, Broehl & Cyphers, P.C.

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